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IS THERE EFFECTIVELY A LEVEL PLAYING FIELD FOR DEVELOPING COUNTRY EXPORTS?

by

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ABSTRACT

This paper investigates the extent to which recent progress in reducing impediments and distortions to trade has levelled the playing field for developing country exports. It finds that the competitive situation remains severely distorted by high protection rates in developed countries to domestic producers in agriculture, consumer goods and other industries. Other instruments to reduce competition from developing country exports such as budget subsidies and enforcement of anti-competitive practices were also identified. The key sector of concern for developing countries is the agriculture industry which accounts for 60 per cent of budget and price transfers in OECD countries. The paper also emphasizes that even if developing countries enjoyed favourable market access for their products, the unequal competitive strength of their firms should not be overlooked during multilateral trade negotiations.

EXECUTIVE SUMMARY

The post-Uruguay Round Multilateral Trading System (MTS) has brought about major progress towards a rules-based and more reliable framework for international trade. However, an analysis of the extent to which developing countries effectively enjoy a level playing field for their exports to major markets reveals the persistence of major imperfections. The competitive situation remains severely distorted by high protection granted to domestic producers in agriculture, consumer goods and other industries, by major budget subsidies in agriculture, various industries and services, by trends in corporate policies and anti-competitive firm practices.

Developed countries continue to support agricultural and industrial producers on a large scale: in 1997 developed countries transferred an estimated US$ 470 billion to agricultural and industrial producers in the form of budget transfers or higher consumer prices. Developed countries could save 2.2 per cent of their GDP on subsidies every year. This is equivalent to almost 10 per cent of developing countries' GDP, more than half of developed countries' imports from developing countries, or 10 times their concessional official development assistance (ODA) flows.

Protection, and the resulting transfers from consumers to producers through higher prices, remains the major form of support, even after full implementation of the Uruguay Round commitments, as they account for almost 60 per cent of the total. Consumer transfers for industrial products (in high protection sectors) still exceed somewhat transfers in the agricultural sector. There remains a large degree of asymmetry in market access in both sectors: developing countries continue to face high trade barriers for their most important export products on their major export markets, whereas tariffs are now low or nil for many products which most of those countries can hardly aspire to export in the foreseeable future. While developing countries are increasingly obliged to assume reciprocal obligations in multilateral and regional arrangements, the opportunities provided are often only equal in theory, as their firms do not have equal strength to translate such facilities into actual production or exports. Opportunities require complementary investment, financing and technology to materialize. But thus far, international action and obligatory multilateral commitments to support developing countries requiring such action remain scarce.

Establishing equal trading opportunities with regard to *import protection* would imply action primarily in the following problem areas: (i) peak tariffs on industrial and agricultural products; (ii) evasive implementation of the Multi-Fibre Arrangement (MFA) liberalization, which risks causing problems if stringent quota protection is suddenly removed in 2005; (iii) animal and plant health in developing countries and import restrictions on such products in major markets; (iv) increasing use of selective measures protecting producers from foreign competition[1]: as tariffs tend to decrease[2], protection tends

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[1] See The Post-Uruguay Round tariff environment for developing country exports: tariff peaks and tariff escalation Joint UNCTAD/WTO study. In: TD/B/COM.1/14/Rev.1, January 2000 (available on the Internet).

[2] See Market access: developments since the Uruguay Round, implications, opportunities and challenges, in particular for the developing countries and the least developed among them, in the context of globalization and liberalization. Report prepared by UNCTAD and WTO for the Economic and Social Council. In: E/1998/55, May 1998.

to shift from tariffs to anti-dumping and countervailing action, safeguards and informal market arrangements.

Budget subsidies to agricultural and industrial producers of developed countries amounted to about US$ 200 billion in 1997. This is equivalent to 4 per cent of the GDP of the developing countries. Such transfers were three times as high in the agricultural sector as in industry. The WTO Agreements tightened essentially the disciplines for those governmental subsidies which are principally applied by developing countries, for example, industrial export subsidies and project-specific investment subsidies. However, they left relatively large possibilities for continued support to producers through measures intensively applied by developed countries, such as agricultural export and producer subsidies, regional investment subsidies, public support to small and medium-sized enterprises (SMEs) and for research and development (R&D) and energy programmes. Government subsidies to export financing, in particular for agricultural products, and support through government procurement remain major distortions to international trading conditions and market access.

Agriculture remains the sector of priority concern: it accounts for 60 per cent of overall budget and price transfers. According to the OECD, total transfers to agricultural and livestock producers from consumers and budgets due to agricultural policy measures amounted to US$ 280 billion in 1997, or 1.3 per cent of the GDP of developed countries.[3] Export subsidies remain extremely important, alongside substantial support to domestic producers in the form of direct income support, price guarantees, credit support, including export credits, and food aid (see annex tables 1 and 2).

In this sector, developing countries have neither obtained equal opportunities for their exports to developed countries, nor are they on an equal footing in international trade. They even continue to face major export subsidies, to the detriment of developing their own production for domestic and foreign markets. The Uruguay Round only initiated the agricultural reform process, starting with a shift of the forms of support away from the most distortionary practices. However, the Agreements hardly diminished as yet the level of protection of developed country markets nor the amount of subsidies for developed country producers, as WTO disciplines provide major special exceptions for agriculture. For developing country exports, the most prejudicial exceptions include the possibility of imposing special agricultural safeguard measures against imports; extensive use of export subsidies (which are otherwise prohibited in WTO for industry); and virtually free leeway for producer subsidies. Barriers to access to developed countries' markets accumulate: extremely high most-favoured-nation (MFN) tariffs; limited access possibilities under tariff quotas; anti- dumping and countervailing action against exports of non-traditional products; stringent health and sanitary regulations and sweeping import prohibitions for such reasons; large scale subsidies for production and investment, as well as sizeable export subsidies and marketing support. The situation is analogous in food processing industries which ought to constitute a major gate for many developing countries to enter export oriented industrialization.

Industrial subsidies continue to feature prominently in international trade and are a cornerstone

[3] Agricultural Policies in OECD Countries, Measurement of Support and Background Information. OECD, Paris, 1998, p. 9.

of structural policies in developed countries. According to the OECD, industrial support programmes in 1993 transferred US$ 45 billion from public budgets to the enterprise sector, equivalent to 1 per cent of manufacturing value added.[4] Consumer transfers to industry in sectors of high protection are almost three times as high. Combined transfers exceeded an estimated US$ 190 billion in 1997. The long-term effects of such sizeable subsidies should not be underestimated, as they affect competition, trade, investment and future technological capacities. Developing countries do not have the means to compete on that scale with developed countries to strengthen and rationalize their industries, attract new investments, finance and promote their exports or spur industrial research and technological development.

By contrast, *policy freedom for developing countries* is diminishing with regard to their main types of subsidies and other policy support preferably used by them to develop their industries. Thus, the new MTS rules out local content rules and export balancing requirements, while patent protection had to be significantly extended, delaying access to foreign technologies for a much longer period. There may be good economic reasons for these WTO rules, but their choice is highly selective. There is now an urgent need for re-establishing similar competitive conditions by subjecting the other forms of government support to equally stringent discipline. In parallel, it is necessary to strengthen developing countries= capacity to pursue the same policy goals by alternative instruments: for example, to strengthen domestic component production and suppliers no longer by local content rules, but rather by reinforcing enterprise capacities and supporting the building of supplier networks.

To that effect it is also necessary to turn existing support promises by developed countries contained in WTO Agreements, such as the promise to foster technology transfer, into firm commitments and action. Other WTO Agreements contain similar provisions which could help to strengthen productive, technological and trading capacities of developing countries. However, thus far they remain largely without concrete follow-up, as they lack operational programmes and finance for their implementation.

Even if developing countries enjoyed similarly favourable market access for their products as developed country firms usually enjoy for their own, even if levels of government subsidies and government support were substantially reduced, the unequal competitive strength of firms would still make a striking difference in results. Only a tiny number of developing country firms have the productive, financial and managerial capacity to participate in the globalization process on an equal footing or to aspire to become international market leaders in their core business: Only 10 companies from four developing countries rank among the top 200 largest industrial groups of the world (half of them are engaged in petroleum refinery). In the overwhelming majority, developing country firms lack the capacities to draw equal with their international

[4] Spotlight on Public Support to Industry. OECD, Paris, 1998.

competitors. Structural deficiencies in domestic supply conditions and policy constraints may render this task even more difficult.

While government protection is progressively reduced, *anti-competitive enterprise practices* remain outside any binding multilateral discipline. Their effects escape control of individual Governments of smaller countries the more firms become globalized. On the other hand, the share of intra-firm trade and production networks in international trade is increasing; they provide captive markets and internal marketing channels directing or restraining exports and imports within the corporate network. Outside, anti-competitive firm practices for restricting market access or limiting export and price competition are becoming more important as liberalization has removed many government trade barriers. Globalization of corporate strategies calls for a concomitant strengthening of cooperation between Governments to enhance the effectiveness of their national competition rules. Stronger international cooperation and the establishment of multilateral basic principles and disciplines for some major trade- restrictive practices would form possible responses to the new conditions of a "global village".

Further multilateral trade negotiations could improve significantly the competitive position for developing country exports on world markets if they comprise the following elements:

(a) In the field of market access:

Liberalization of peak tariffs and tariff escalation for developing countries' agricultural and industrial exports, through harmonization at significantly lower levels;

Ensuring and accelerating effective implementation of the MFA liberalization by removing a sizeable proportion of quotas before 2005, by multilateralizing bilateral quotas among the countries concerned, or by unifying growth rates of quotas;

Tighter disciplines on the initiation of anti-dumping and anti-subsidy investigations and the application of remedial measures; and

Greater support to programmes for improving plant and animal health and strengthening domestic inspection capacities, combined with the removal of related import prohibitions and mutual recognition.

(b) In the field of subsidies:

A programme and calendar for terminating the agricultural reform process and the full integration of the agricultural sector into the general WTO disciplines, including the rules for safeguards and subsidies;

Rapid and general elimination of export subsidies by all countries. This should include less transparent forms, including export financing in agriculture, as well as appropriate adjustments regarding application rules for developing countries;

A radical reduction of the level of investment subsidies, in order to end multilaterally the race of national competition for foreign direct investment (FDI) locations. Some flexibility should, however, be maintained for developing countries to support, within limited ceilings, investments in the context of comprehensive structural reform, development and liberalization programmes;

A programme for a substantial reduction of agricultural support to producers over the reform period, including the removal of support having a significant impact on foreign trade; and

Reopening the Agreen box@ for authorized subsidies in the context of the scheduled review of the Subsidies Agreement with a view to renegotiating exemptions; substantially reducing regional subsidies; precluding subsidies for operative losses; restricting SME subsidies to really small companies; and removing subsidy cumulation. Within such a new framework, a "green box for developing countries" should specify the conditions, types, time frame and extent to which these countries may continue to apply certain subsidies for development purposes.

(c) Filling major gaps in the multilateral trading framework, in particular:

Liberalization of services of major export interest to developing countries: liberalization of the movement of workers, tourism and professional services which can be exported by certain developing countries (such as software programming, accounting, etc.);

Strengthening multilateral cooperation regarding international competition and, eventually, establishing multilateral principles and some specific disciplines to match increasing globalization of corporate strategies;

More effective special and differential treatment (SDT) to provide developing countries with effective equal treatment and tangible results. This requires measures which go beyond mere transition periods, thresholds and similar formal exceptions and which support effective change in production and trading conditions. Such measures are needed not only by least developed countries (LDCs), but also by the many other commodity- dependent and vulnerable developing countries. To that effect, the next trade negotiations should:

Liberalize in a lasting manner those products which LDCs, structurally weak and vulnerable countries can effectively export;

Introduce throughout the various WTO agreements measures of international cooperation and support to strengthen supply capacities and capabilities of developing countries, including operational programmes and provisions for their financing; and

Provide flexibility for developing countries to apply policy instruments necessary to foster their development in the context of comprehensive trade reforms and structural adjustment programmes. A green box for developing countries could stipulate the conditions, measures and limits within which developing countries can apply support measures in favour of rationalization of production and investments.

Such improvements would go a long way towards rectifying the level playing field. But even such measures will neither entail automatically equality in effective results, nor an equitable participation of all developing countries and all strata of their population in the expected benefits of trade. Establishing an effective equivalence in terms of export expansion, diversification and trade impact presupposes that developing country producers and exporters can match the rapidly increasing challenges of international competition. This requires strengthened national policies and international support to improve, broaden and diversify supply capacities and technologies, upgrade management capabilities, improve productivity, international competitiveness and marketing.

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CONTENTS

INTRODUCTION

This study considers the question of the extent to which the post- Uruguay multilateral trading system has actually fulfilled its promise that all participating countries would not only undertake in principle the same commitments, but would also enjoy substantial additional trade advantages and new opportunities for economic growth and development. Has this basic principle of the Uruguay Round brought about tangible benefits and an effective level playing field for developing countries to integrate into world trade and the world economy?

The study provides some empirical evidence on the extent to which the post- Uruguay Round trading conditions do or do not allow developing countries to compete on equal terms on major world markets. It is based on data regarding measures continuing to affect competition with domestic producers and exporters of developed countries on their home and export markets. This includes all types of support measures that imply transfers to domestic producers in developed countries from budgets or consumers, whether they result from governmental or corporate measures: (i) protective measures resulting in price increases and hence transfers from consumers to producers; (ii) direct trade, production and investment subsidies from budgets; and (iii) anti-competitive firm practices limiting market access of foreign products or raising prices, involving similar transfers from consumers to producers. These measures are interchangeable: each of them can provide broadly equivalent economic advantages to firms (see Chapter I).

The study looks furthermore into whether, and how, critical measures and disparities in post-Uruguay Round practice are actually dealt with by the international trading framework, i.e., relevant provisions of the WTO Agreements and other rules of international or regional organizations. However, no attempt is made to evaluate present practice in legal terms or with regard to WTO compatibility. The examples of measures used are purely illustrative. They indicate remaining issues regarding lack of equal footing in international trade and point to areas which merit further attention.

Where appropriate, the study also refers to effects that foreign subsidies and corporate measures may have on imports and competition in home markets of developing countries.

The data relate to tariffs and other trade barriers, subsidies and corporate practices which influence competitive positions of developing country suppliers in major developed country markets.[5] Alongside these measures, the exports of developing countries are also indicated (including exports of products important to LDCs). The data on measures relate essentially to the period from 1997 to autumn 1999 (including budget data for subsidies up to 2000); tariff data relate to the final post- Uruguay Round rates; and trade data are for 1997.[6]

However, there is a severe lack of transparency regarding subsidies, as countries rarely break down such information by the sectors receiving them. Therefore, annex tables 1 and 3 (for agriculture and industry respectively) provide a general overview of the wide range of support measures in application and examples for various countries applying and reporting them. Annex tables 2 and 4 present some examples of subsidies and support measures for which information is available at a sectoral or product level.[7] Publicly available information is also incomplete with regard to country coverage and measures applied at sub-federal government levels. Therefore, no direct comparison can be made between countries regarding the frequency of measures applied by each of them. Nonetheless, the examples demonstrate the high importance, type and overall frequency of support measures applied in the post-Uruguay Round setting at the level of States and provinces.

It would make a major contribution to the transparency of subsidies and government support if governments would provide information on the sectoral breakdown by major beneficiary industries and service sectors. While the absence of such information is often justified by the argument that the support measure in question is of general application throughout all sectors, the breakdown by specific user sectors should still be possible. It would provide an important indicator for an evaluation of the effects.

[5] The markets of the developing countries chosen for their dynamic growth and export prospects for other developing countries in the tariff peak study have collapsed due to the crisis, and their trade policy and fiscal policy responses are presently subject change.

[6] See: The Post-Uruguay Round tariff environment, op. cit.

[7] Main sources of information include: Agricultural Policies in OECD Countries 1998 and 1997, Spotlight on Public Support to Industry, OECD, 1998; the Budget of the United States Government for Fiscal Year 2000; the General Budget of the European Communities for 1998; notifications made by WTO member countries in the context of the WTO Committee on Subsidies and Countervailing Measures and the WTO Committee on Anti-Dumping Practices (1995-1999); national schedules of concessions of WTO member countries resulting from the Uruguay Round Agreements; The Competition Policy of the European Union 1997, EU Commission; Sixth Report on State Aids in Manufacturing and Certain Other Sectors of the European Union, COM(1998) 417 final, Commission of the European Communities; Incentives and Foreign Direct Investment, UNCTAD, 1996; EC Commission Notices on State Aids published in various issues of the Official Journal of the European Communities (1997- 1999); Trade Policy Reviews of WTO; Information from Departments of Commerce, Bureaus of Economic Analysis, Commissions of Economic European Communities; information from departments of commerce, investment promotion institutions, economic development corporations, etc. of various United States.

I. RANGE AND IMPORTANCE OF SUBSIDIES

A. Equivalence of subsidy measures

As the purpose of this study is to analyse whether chances in international competition are effectively equivalent and the same opportunities open for all, or whether they are distorted by deliberate government or corporate action interfering with market forces, a broad definition of subsidies has been chosen. Subsidies relate to all advantages to the benefit of producers which would not be available on the market under full competition. This comprises transfers from government budgets to producers; transfers from consumers to producers in the form of higher prices through government measures; and transfers from consumers to producers in the form of higher than international prices obtained through company measures.

Such a broad definition aims at establishing a common conceptual basis for economically equivalent measures: a country can support a particular agricultural or industrial producer either through tariffs through anti-dumping or countervailing duties or safeguards, or alternatively by granting a subsidy or other forms of support; or by tolerating the use by a firm of anti-competitive practices to exclude competitors from the domestic market.

The various types of subsidies can be mutually interchangeable. Examples include the prohibitive agricultural import levies and industrial import prohibitions which have been replaced by no less prohibitive peak tariffs. For certain products, where tariffs are already low or nil, anti-dumping and countervailing duties are now used to protect producers; the EU accords cash subsidies to producers of animal feeds, as tariffs are zero. In sectors with low tariff protection, foreign investors are frequently expecting investment subsidies. Anti-dumping measures in the form of undertakings may lead to the formation of international cartels.

There are some shifts in the application of these various types of support. In many traditional labour-intensive consumer good industries and agricultural sectors, peak tariffs, tariff escalation and other traditional trade instruments still loom large, in combination with a range of direct subsidies and safeguards. However, in the case of products or sectors moving towards low or zero tariffs (albeit not exclusively in these products), there is increasing recourse to protection through anti-dumping action and countervailing duties against subsidies. Furthermore, there is a trend away from firm or industry-specific subsidies towards the granting of generally applied support, and more particularly towards subsidies for the purposes of regional development, promotion of SMEs, research and technological development, employment promotion, energy efficiency, environmental purposes, vocational training, infrastructure support and combinations thereof. While enterprise-specific subsidies are being progressively constrained by WTO rules, these rules provide for substantial flexibility for measures of the latter type and purposes. From an analytical point of view, the exclusion of any of these forms of support measures, or sole reliance on the juridical categories of the WTO Subsidies Agreement, would therefore not reflect actual practice appropriately.

Some of the main reasons why Governments grant subsidies and other forms of support include the following:

(1) To protect domestic producers facing difficulties as a result of stiffer international competition against the background of changing comparative advantages of countries and changing international competitiveness of firms;

(2) To salvage or restructure enterprises in severe difficulties or sunset industries;

(3) To dispose surplus production through export subsidies, food aid, etc.

(4) To provide competitive subsidization enabling domestic exporters to match the conditions offered by competitors on foreign markets, leading to subsidy escalation;

(5) To promote exports in view of reaping associated efficiency gains (such as learning processes, improved quality, standards, product development, competitiveness and scale economies in production and investment cost);

(6) To facilitate exit;

(7) To reconvert depressed regions and regions heavily dependent on declining agricultural or industrial branches through attracting investment in new industries;

(8) To promote the development of research; training to create new human and managerial capacities; the development of new technologies; or the improvement of the environment;

(9) To attract new foreign investment to the country; and

(10) To promote the development of a country or underdeveloped region through measures to compensate the higher cost of locating new production or services activities there; to compensate for higher actual or perceived risks of foreign investors as compared to alternative locations; or to provide the necessary infrastructure for a successful new investment operation.

The rationale for subsidies can therefore vary substantially, depending on whether subsidies and government support are defensive and aim at preserving uncompetitive existing production; whether they facilitate structural adjustment, exit and conversion to new production lines; or whether they are proactive with development. Defensive subsidies imply high cost for the national economies of the countries granting them in terms of the cost of producer subsidies for the budgets and, ultimately, for the consumers: they raise prices paid by consumers; restrict the availability and amount of imported products they could otherwise afford; and such subsidies fall on them finally also as taxpayers. Substantial additional losses arise for developed economies, as the resources used for maintaining sunset sectors could be more efficiently used by high-productivity sectors with greater comparative advantage.

The implications of developed countries' subsidies for developing countries vary accordingly: developed country subsidies facilitating structural adjustment and exit open new opportunities for their export trade and development. The far more important conservative and protectionist subsidies foreclose such opportunities and reduce drastically overall demand and, hence, exports to heavily subsidizing markets.

B. The importance of subsidies

OECD estimated the cost to consumers and taxpayers of subsidies deriving from agricultural policies of developed member countries at US$ 280 billion in 1997 and US$ 350 billion in 1998. Government subsidies to industrial producers were estimated at US$ 44 billion in 1993. In order to complete these estimates, an additional estimate was made of the cost of protection afforded by consumers of developed countries to producers in highly import-sensitive industries (i.e. industries still enjoying very high tariff and/or quota protection, in terms of post-Uruguay Round tariffs, of the value of production for the domestic market): essentially clothing, finished textiles, leather products, shoes and highly processed food industry products. These costs may be estimated at about US$ 140 billion in 1997.[8]

Total transfers by consumers and budgets to agriculture and highly protected industries may be estimated at about US$ 470 billion in 1997. Developed countries could save 2.2 per cent of their GDP annually on subsidies, corresponding to almost 10 per cent of the GDP of developing countries. Total subsidies amount to more than half of developed country imports from developing countries and 10 times their concessional ODA. In a free-trade, no-subsidy situation, export sales of developing countries could be a multiple of this amount.

Transfers paid by consumers in the form of higher prices are still the main form of protection, as they constitute almost 60 per cent of total transfers; budget transfers account for the other 40 per cent (or about US$ 200 million). While agriculture represents almost 60 per cent of these subsidies, industry accounts nonetheless for 40 per cent. There are also indications that subsidies may be important in various service industries in developed countries as well. In agriculture, budget subsidies exceed somewhat consumer transfers. By contrast, in industry transfers from consumers are triple the budget transfers.

[8] This estimate relates only to selected high-protection sectors and does not include the protection accorded to producers through anti-dumping, countervailing and safeguard duties. Neither was it attempted to estimate the consumer transfers arising from restrictive business practices. (This limitation is due to important methodological problems and limited availability of data for production values by products, and their use for final consumption or intermediate inputs.)

II. PROTECTION

A. Peak tariffs and quotas

Consumer transfers through persistent high import barriers remain important. There will still be substantial scope for tariff liberalization once developed countries have fully implemented all Uruguay Round concessions.[9] Low average duties conceal high tariffs and tariff escalation left in place for major agricultural and industrial export products of developing countries. Extremely high and often prohibitive *peak tariffs* of 100 to 900 per cent continue to be applied by many developed countries for such major agricultural products as sugar, rice, cereals, dairy products and meat, as well as for food industry exports and footwear. Many of the low tariff quotas for such imports are tied to major traditional suppliers or captured by preferential suppliers so that they offer little effective access to new exporters. Even the tariff quotas often carry peak tariffs and lack dynamism. LDCs, however, benefit from duty-free access to many of these tariff quotas under the Generalized System of Preferences (GSP). Peak tariffs[10] also affect a range of fruits, vegetables, other canned and prepared food and fruit, textiles, clothing, leather and leather products, as well as certain technology-intensive products, such as trucks, buses, consumer electronics and watches.

Peak tariffs constitute about one eighth of the MFN tariff universe of the developed countries (taken as a group), and one tenth, if general preferential GSP tariffs are taken into account. Most MFN tariff peaks resulting from tariffication of former non-tariff restrictions are not covered by GSP schemes (or only within restrictive tariff quotas); major import-sensitive industrial sectors are either excluded from GSP coverage (in the United States and Canada), enjoy only limited GSP tariff margins (in the EU), or are restricted by import ceilings (in Japan). Furthermore, progressing country and country-sector graduation and imposition of non-trade conditionalities by GSP schemes reduce GSP benefits. Even LDCs remain subject to a large proportion of peak tariffs for their exports of food, food industry products, clothing, textiles and shoes in some developed country markets (some developed countries also exclude several LDCs from special LDC provisions, the GSP or even MFN treatment).

Post-Uruguay Round tariffs of developed countries incorporate several cases where, the lower the price of imports, tariffs rise: for example, the EU's tariffs for many fruits and vegetables rise proportionally to falling import prices. The United States applies higher duties for low-priced footwear, drinking glasses, etc. Under the agricultural safeguard clause, United States tariffs increase progressively if the import price sinks below a certain level: this is, for example, the case for cotton, sugar and sugar products, beef, milk and milk products, cheese, groundnuts and peanut butter (see annex tables 2 and 4).[1)] Such tariffs provide equivalent protection to anti-dumping duties without, however, being subject to the need for proving injury or any other condition of the WTO

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[9] See: The Post-Uruguay Round tariff environment, op. cit.

[10] Defined as tariffs above 12 per cent ad valorem, which may result in effective rates of protection of up to 50 per cent.

Agreement: they could be called "*anti- dumping tariffs*".

Tariff escalation remains important for major processed exports from developing countries. In the food processing industries, escalating tariffs provide high effective protection to producers in certain developed countries, for example, for instant and roasted coffee, tea preparations, chocolate, soybean and olive oil, orange and pineapple juices and other canned fruit products, peanut butter, canned fish, cigarettes and smoking tobacco. Processing of industrial raw materials is affected by tariff escalation for leather products and shoes, plywood, and jointly with continuing quota protection, textiles and clothing.[11]

Five years after the conclusion of the Uruguay Round, *import quotas* remain important barriers to textile and clothing exports of developing countries to most developed countries. Evasive integration of clothing and textiles into the WTO largely avoids the removal of quotas for the highly restricted textile and clothing products. Instead, chemical fibers, rubber and glass fibre products, as well as yarns and handicrafts, take a disproportionate share in this integration process. Unless these implementation practices are changed, a high proportion of major textile clothing exports may only be liberalized by 2005. Integration through quota growth is equally hesitant: growth rates are low for sensitive products, large-sized quotas and, hence, the major proportion of clothing and textiles imports into developed countries applying MFA quotas. In addition, tariffs are high and will continue to afford substantial protection after 2005, while anti-dumping actions are becoming more frequent.

Furthermore, *state trading* continues to be applied by certain major markets for food products and minerals. Large-scale sales of commodities by government agencies from their stocks may still affect world market prices and developing country exports. Market dominance by sole agencies and international trading firms, as well as a high share of intra-firm trade within transnational corporations (TNCs), provide captive markets and disadvantage independent competitors.

Many small and medium-sized developing countries face difficulties in managing the transition from commodity exporters to industrial exporters. Progress towards higher value added and more income-elastic products has often been slow; in several countries diversification even regressed over the 1990s. The problems of their commodity sector remain serious. While export prices tend to decrease in the face of saturated consumption and compensate part of the rationalization effects, export revenues remain highly sensitive to international crisis. The best chances for such countries to diversify into export-oriented industrialization are in the food industry, textiles, clothing and leather goods and similar processing industries. An accelerated opening of market access for exports of these industries could inspire dynamism in their industrialization processes and allow such countries to reach the scales of production required for becoming internationally competitive.

The establishment of an equitable playing field therefore implies a substantial reduction of agricultural and industrial peak tariffs and tariff escalation, in particular for exports of high relevance for smaller and medium-sized developing countries. Tariff harmonization at sub-

[11] See: The Post-Uruguay tariff environment, op cit.; Jostein Lindland, The Impact of the Uruguay Round on Tariff Escalation in Agricultural Products, ESCP/No.3, FAO, 1997; and Tariff Escalation, Note by WTO secretariat (WT/CTE/W/25), 1996.

stantially lower, commercially meaningful levels, and a genuine multilateralization and rapid increases of tariff quotas, could be main targets. Possible options for the extremely high tariffs of tariffied products include, for example, the application of the "Swiss formula" already used in the Tokyo Round, or an agreement on a common ceiling rate, with an immediate reduction of all rates 50 per cent or so above that level, coupled with a reduction plan over an agreed period.

Acceleration of the effective implementation of the Agreement on Textiles and Clothing could help to avoid major problems caused by a sudden liberalization of quotas for the most sensitive products on 31 December 2004. Progressive liberalization of restrictive quotas before that date, multilateralization of bilateral quotas, and the application of a uniform growth rate could facilitate that transition. Furthermore, a major reduction of MFN tariffs is also essential for developing country exports in these and other industries. For example, in the case of textiles and clothing, econometric estimates indicate that welfare gains for developing country exporters could more than double, if the major developed countries not only remove MFA quotas but also reduce their tariffs to zero. To the extent that tariff reductions may also be requested from developing countries, the reduction in protection could raise efficiency gains, in particular in countries with a long producer/exporter tradition. However, in certain developing countries, particularly in Africa, adjustment costs are likely to arise from liberalization commitments or reduced exports to preferential markets.[12]

B. Shift to anti-dumping and anti-subsidy measures to protect firms from competition

As quotas and voluntary export restraints (VERs) have been largely removed and tariffs tend to decrease, Governments rely increasingly on *anti-dumping and anti-subsidy measures, as well as safeguards* to protect domestic producers from foreign competition.[13] This form of transfer at the cost of user industries and consumers takes place for a wide range of industrial, agricultural and food industry products. Annex tables 2 and 4 show various examples, including recently liberalized or low-tariff products, such as steel, certain base chemicals, cotton and polyester fibers and yarns, cement, synthetic rubber and paper. However, anti-dumping and anti- subsidy measures are also frequently used in combination with high tariffs or quotas, mainly against imports from developing countries, of cotton and polyester fabrics; various finished textile, leather and rubber products; footwear; bicycles; and glass and ceramic products. Examples of anti-dumping measures against imports of high-technology products from industrially advanced developing and other countries include colour TV receivers and picture tubes, semiconductors, electrolytic capacitors, micro-discs, telephone systems and fax machines. Major examples of agricultural and fishery products include non-traditional and food industry products, such as canned fruit and vegetables (frozen orange juice, canned pineapples, preserved mushrooms), tomatoes, pistachio nuts, cut flowers, soybean and sunflower oil, salmon and pasta.

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[12] Irene Trela, Phasing out the MFA in the Uruguay Round: implications for developing countries. In: Uruguay Round results and the emerging trade agenda. UNCTAD, PUBL/98/23, United Nations publication, New York and Geneva, 1998.

[13] Market access: developments since the Uruguay Round…, op. cit.

Anti-dumping and countervailing measures affect a wide range of developing and transition countries. Such measures spread progressively over all major exporters and their main dynamic export sectors: China, Taiwan Province of China, Hong Kong, China, Republic of Korea, India, Indonesia, Malaysia, Pakistan, Singapore and Thailand; Argentina, Brazil, Chile and Mexico; South Africa; and Turkey, Kazakhstan, Romania, Slovenia and Yugoslavia. Anti-dumping measures and countervailing duties also affected exports from smaller and medium-sized developing countries, such as cut flowers from Kenya, Colombia and Peru; ferro-alloys, cotton fabrics and bed linen from Egypt; cotton towels from Bangladesh; and steel wire from Trinidad and Tobago.

The analysis of actual practice under the new WTO Agreements points to a number of persistent problems. Several procedures resulted in bilateral agreements for suspension of anti-dumping measures in exchange for price undertakings. In spite of the WTO Agreements, quantitative ceilings reemerge in the context of suspension agreements. Faced by the threat of high anti-dumping duties (up to 100 per cent) and the stopping of purchasing orders by importers, exporters are pressed to accept commitments to reduce their exports below actual levels and to respect domestic prices. In certain cases, such as aluminium, such solutions lead to secondary effects on competition beyond the direct price and volume limits on imports, as they favour the formation of international cartels or cartel-like behaviour.

In spite of the new rules, a significant number of dumping and subsidy procedures were still initiated by administrations which did not result in conclusive proof that dumping and injury had actually occurred. Even though the complaints were not proven, exporters had to bear heavy costs for lost export business, as most importers stopped their purchases as soon as the procedures were initiated. The risk of introducing a complaint is asymmetrical: even if a case is won, the costs are borne by exporters, who have no right to compensation from producers.

Certain AD duties and CVD live forever: "grandfathered" measures (stemming from the pre-Uruguay Round era, such as the United States AD duties on imports of terry towels from Bangladesh since 1992 or of frozen concentrated orange juice from Brazil since 1987), are still in force five years after the WTO Agreements entered into force.

Many new cases of investigations arose in the wake of the recent financial crisis, which brought about major currency devaluations and a slump in world market prices for many commodities and basic manufactures, such as steel, aluminium and textiles. However, neither low-priced imports due to devaluation in the exporting country, nor consequential import increases justify the initiation of anti-dumping procedures. In parallel, safeguard action was taken particularly for certain textiles, clothing, agricultural and steel products.

In view of further tariff and quota liberalization, there is therefore a need to prevent future shifts towards anti-dumping and anti-subsidy action and safeguards. Present WTO disciplines should be reviewed in view of minimizing their protectionist use. Possible options include tighter conditions for launching anti-dumping investigations to reduce the number, cost and damage of unjustified complaints to exporters. In view of frequent mergers, a higher share of the domestic industry should be required to support a claim (such as 40-50 per cent instead of the present 25 per cent). Taking advantage of new information and telecommunications facilities and extensive networks of trade representations, government authorities can reasonably be expected to verify the claims of producers and make an initial inquiry into the actual cost and price situation in the exporting country. Reliance upon information provided by the plaintiffs themselves is insufficient and likely to be biased. Determination of dumping and dumping margin should be deepened as well, to take full account of product and legitimate market differences. Raising present *de minimis* margins would correspond more closely to the large currency and price fluctuations taking place on world markets in the normal course of business. In the face of such fluctuations, it is doubtful that it can actually be proven that dumping occurs or major injury is caused by price margins of 2 or 3 per cent for a major industry of a large country.

Criteria and procedures for the injury test and causality should be reexamined. Possibly, a negative list of examples may be drawn up of what does not constitute injury caused by dumping or subsidies. It may sometimes be difficult to distinguish damage caused by foreign competition from structural or management deficiencies of certain domestic enterprises, or the impact of technological change and international competitive conditions. Whereas in the case of safeguards the industry may be required to adopt adjustment measures, government relief through anti-dumping or anti-subsidy action has been granted to domestic industry for long periods without imposing such requirements. An examination of possible structural adjustment needs of complaining enterprises and possible remedial action through structural adjustment might therefore provide a possible avenue for a lasting solution to the underlying economic problems and should be included as part of injury investigations. Cumulation of protection through a combination of anti-dumping with countervailing duties, or a combination of such remedies with producer subsidies, should be avoided. In order to prevent cumulative distortions of competition, domestic subsidies should form part of the injury investigations.

An alternative option for resolving the problem of unjustified harassment procedures could be to require that domestic producers pursuing unjustified dumping claims compensate exporters for their cost.

Certain procedural aspects also merit attention. Thus, review procedures should be reviewed and the “grandfathering” practice for perennial ADDs terminated: existing measures should expire upon the entry into force of a revised agreement, requests for renewal should be subject to the revised rules and criteria; and future renewals should be for a shorter duration. National implementation rules, administrative guidelines, criteria and application practice merit continued close scrutiny. In application and dispute settlement, the validity of economic arguments needs to be strengthened vis-à-vis a legalistic interpretation of the Agreements.

C. Sanitary and phytosanitary import restrictions

The new WTO Agreement on Sanitary and Phytosanitary (SPS) Measures provides for the first time a multilateral framework for dealing with SPS problems in international trade. It aims at constraining their use for protectionist purposes.

For developing countries, SPS issues nonetheless remain acute even after the establishment of this new Agreement. First, few of them can meet the tight health and sanitary standards imposed by major developed countries on their exports of such products as groundnuts, beef, pork and chicken meat, tomatoes, many types of fruit, and processed products. Second, developed countries frequently continue to apply radical and sweeping import restrictions, such as outright import prohibitions, for large groups of countries. Such measures, which frequently predate the SPS Agreement, are originally motivated to shut out any health or sanitary risks that might be provoked by imports, but they also effectively shut out imports from many potential world market suppliers, including major export products of developing countries (see annex table 2). Often, such measures are not transparent, as no notifications have been made as yet to the WTO; the scientific need has not been proven for a total prohibition of imports; nor has their WTO conformity been established.

The SPS Agreement contains some provisions, concepts and criteria which can potentially help to tackle prohibitive or excessive standards and import regulations: it requires scientific justification of standards; advocates limiting import restrictions on products of affected regions of an exporting country; provides that standards should not be used for protectionist purposes; and requires that trade effects should be taken into account. The SPS Agreement also has the objective of assisting developing countries to participate more effectively in standard-setting, surveillance and implementation of the Agreement.

The active participation of developing countries in the implementation of this Agreement and in the various standard-setting bodies could contribute significantly to making its provisions work. In these forums, developing countries have an opportunity for drawing attention to long-standing import restrictions; and they can try to ensure that international standard-setting takes account of their particular production conditions.

However, regulatory action alone is not enough. Developing countries need substantially increased help from the international community to tackle persistent long-term animal and plant health problems, such as foot and mouth disease, which prevents acceptance of beef exports; aflatoxin, which prevents export of groundnuts and groundnut products; and (sub-)tropical fruit flies, which slow down diversification into fruit and vegetable exports. To make disease control in view of export-oriented diversification a success, future access to foreign markets needs to be assured before embarking on cost-intensive investments. The successful campaign against foot and mouth disease in the Southern Common Market (MERCOSUR) and some Central American countries led to the eradication of the disease a few years ago. These efforts have been rewarded by an expansion of exports to certain major developed country markets, which had hitherto prohibited beef imports from these countries. However, this opening occurred only after a waiting period of several years and after lengthy bilateral negotiations by individual countries on the territorial extension and specific conditions for marketing opening.[14] Bilateral and regional agreements could play a major role in facilitating mutual inspection and recognition and provide technical and financial support

[14] Severely restrictive clauses of international or national standards which are difficult for developing country exporters to meet may be included even after the eradication of a disease and delay import liberalization and exports. Examples are requirements that animals should not be vaccinated against the disease; a three-year waiting period after eradication; or the proviso that not a single case of disease should occur in the entire exporting country throughout the waiting period.

to improve plant and animal health in developing country partners.

Similar problems arise with respect to technical, quality and environmental standards covered by the Agreement on Technical Barriers to Trade, in particular as to restrictive effects of such standards and the technological and financial capacity of developing country suppliers to comply with them.

D. Government procurement

Government procurement constitutes a large market in developed country economies, where competition is far from perfect. That market is still to a large degree closed to developing country suppliers. According to OECD,[15] considerable uncertainties remain as to the role of procurement as an instrument of industrial policy and as a tool to support manufacturing industry in spite of progress towards open competition for the awarding of public contracts for manufacturing products in developed countries. There are still some countries with regulations allowing preferential treatment of domestic industry and discrimination against foreign suppliers. It is furthermore difficult to ascertain the extent to which open regulations are respected in day-to-day procurement procedures and decisions and to evaluate how large the actual support element for procurement may be. Even where the support element may be only a small percentage of the transactions, the market impact may be great in view of the large size of overall government procurement markets.

The Plurilateral Agreement on Government Procurement requires, in principle, extending national treatment and non-discrimination in government procurement of goods and services to third country suppliers. This Agreement restricts application of its provisions to member countries only, essentially developed countries. As it does not respect the MFN principle, it has a similar character as preferential trade arrangements on an interregional scale.

The Plurilateral Agreement also sets out a framework of regulations to ensure fair treatment for foreign suppliers regarding technical specifications, tendering procedures, qualification and selection procedures for suppliers and service providers, time limits for tendering and delivery, tender documentation, and the awarding of contracts and transparency. But their application is limited to procurement by government entities specified in the Agreement and for contracts which exceed certain threshold values. Furthermore, procurement in the vast market of the defence industries is excluded from its coverage.

As the provisions of this Agreement and the specific commitments have been negotiated according to strict reciprocity, only a couple of developing countries found themselves in a position to participate. Therefore, the commitments under the Agreement need not be applied to procurement from other developing countries. The importing countries may continue to discriminate against developing country supplier for example, by not including them among selected suppliers, by giving priority or price preferences to national suppliers in the adjudication of bids, or by privileging their firms through administrative practices.

The Plurilateral Agreement on Government Procurement should be brought fully within the multilateral framework of the WTO. In that

[15] See OECD, Spotlight on public support to industry.

context, the terms and conditions for participation of developing countries need to be reviewed with a view to facilitating that participation. In the case of government procurement, it is particularly evident that strictly reciprocal commitments do not necessarily result in equal contract values being obtained. Different size and scope of competing firms, financial strength and contracting experiences play an important role in the adjudication of contracts. While few developing country firms may be able to obtain contracts in the telecommunications or aircraft markets of developed countries, many would risk losing their domestic markets for construction, office supplies, clothing and similar products if they were opened to worldwide competition. Therefore, some degree of preferences in favour of developing countries could facilitate their participation in a multilateral procurement agreement and enhance their chances for equitable benefits.

E. A glance into the future

After the next round of multilateral trade negotiations, tariff protection will be low over wide ranges of industrial sectors. However, it is likely that protection will remain high in certain sectors, and that trade defence measures and standards for health, safety, and environmental and consumer protection will remain important. Protection that will survive the next round risks to increase its economic impact, due to progress and extension of large-scale North-South arrangements. The establishment of a free trade area of the Americas, the extension of the membership of the European Union to Eastern and Central European countries and various new free trade areas involving major trading nations are planned for the years between 2002 and 2010. They risk further concentrating mutual trade and investment in agriculture, the food industry, and textile and clothing products, as well as raising the share of the developed country partners in industrial products in the developing country partner markets. While developing countries signatory to such large-scale North-South arrangements will have to cope with the challenges and costs of reciprocity extended to major world market players within their groupings, they risk losing exports and potential markets in the other major North-South groupings.

ENDNOTE

[1] The Harmonized Customs Schedule of the United States (1999), Subchapter IV, Safeguard Measures pursuant to the Agreement on Agriculture and Additional Import Restrictions:
Examples of additional duties, under value-based safeguards:

9904.52.22 Cotton, not carded or combed, with a staple length under 1-1/8 inches:

		Ad valorem equivalent of Additional duty
Valued US$ 1 /kg or more :	no additional duty	0
Valued 80 c/kg- US$ 1/kg :	2.3 c/kg	2- 3%
Valued 60 - 80 c/kg:	8.3 c/kg	11- 14%
Valued 40 - 60 c/kg:	16.7 c/kg	28- 42%
Valued 20 - 40 c/kg	28.3 c/kg	70-140%
Valued less than 20 c/kg:	44.2 c/kg	> 220%

(In 1998, the average monthly world market price for cotton (Index A (M 1- 3/32) ranged between 63.7 and 67.1 cents /lb).

9904.17.01 Sugars, syrups and molasses

.02	Valued 25 c/kg or more :	no additional duty	0
	20 c- 25 c/kg	1.5 c/kg	6- 7.5%
	15 c- 20 c/kg	3.0 c/kg	15- 20%
	10 c- 15 c/kg	5.5 c/kg	37- 55%
	5 c- 10 c/kg	8.7 c/kg	87- 174%
	Less than 5 c/kg	12.9 c/kg	> 260%

(In early March 1999 the world market price for raw sugar reached 12.7 c/kg, corresponding to an additional duty of 43% under value safeguards).

III. EXPORT SUBSIDIES AND EXPORT SUPPORT

A. Export subsidies for agricultural and food industry products

Agricultural export subsidies continue on a large scale and constitute a major problem for competition on world markets for major staple foods and food industry products. Contrary to what applies to industry, the WTO Agreement on Agriculture has not ruled out agricultural export subsidies, but only subjected them to commitments for reduction: even in this respect, flexibility is granted during the first five years of implementation. Thus, important export subsidies are still granted by major trading nations to dispose of agricultural surplus production and to enhance the competitiveness of domestic producers on foreign markets (see annex tables 1a and 2).

Within its Common Agricultural Policy, the European Union provides export subsidies and support on a large scale to its agricultural and livestock producers, as well as to its food industry.[16] Export refunds amounted to US$ 5.5 billion in 1997. The main beneficiary is the livestock and dairy sector, with about US$ 3.8 billion, or 80 per cent of the total. Considerable export subsidies are also granted to cereals (US$ 620 million) and food industry products (US$ 650 million for canned and prepared fruit and vegetables, olive oil and processed milk-, sugar- and cereal-based products). These amounts include substantial food aid.

Under its Export Enhancement Programme, the United States provides export assistance in the form of cash bonuses for a range of different agricultural products. This programme is intended to enable United States exporters to compete with commercial prices in selected foreign markets. The United States Dairy Export Incentives Programme offers bonuses at varying levels for several different types of dairy products,[17] and the Commodity Credit Corporation may carry out mandated export sales of dairy stocks. In 1996, the United States granted export subsidies[18] for dairy products (US$ 20 million for cheese and dry milk) and frozen poultry (US$ 5 million). The Export Enhancement Programme (EEP) has been applied in the past to a wide range of other agricultural and processed products. The budgetary provisions for export subsidies have been expanded for 1999 and 2000 (to US$ 550 million annually under the EEP and to about US$ 100 million for dairy products). Furthermore, the United States applies major special programmes for agricultural export financing, export promotion and food aid to promote agricultural exports.

Switzerland provides export subsidies mainly to bovine meat (US$ 12 million), cheese

[16] General budget of the European Union for the financial year 1998, Official Journal of the European Communities, L 44, 16.2.1998.

[17] Subsidies". Updating Notification to WTO, G/SCM/N/25/USA, May 1998.

[18] See table 2.

and preserved milk.[19] Canada provides special export credits for agricultural products.[20]

Total export subsidies of these countries for agricultural products may be estimated at close to US$ 7 billion. The size of these export subsidies cannot be matched by developing countries. For example, European beef subsidies are equal to the total value of developing countries' beef exports. Many subsidized products are important exports of a large number of developing countries. Fruit and vegetables, meat, sugar, vegetable oils and other frequently subsidized exports constitute a considerable share of exports of many smaller and medium-sized developing countries, including LDCs, and are often considered as a major opportunity for their export diversification (see table 2). Direct export subsidies by developed countries diminish these exports to world markets and even regional markets of developing countries. They also risk hampering the expansion of domestic production in developing countries for home consumption.

Other forms of export support continue to provide an important competitive edge to agricultural exporters of developed countries, in particular export credits, export credit guarantees and insurance programmes and barter trade (some examples are contained in table 1). Export financing programmes can continue, as they are not subject to multilateral or international discipline despite the WTO Agreements. And in spite of WTO commitments undertaken to that effect, no OECD arrangement on agricultural export credits has been agreed upon thus far.[21]

Other governmental measures may also affect fair competition, even if their main purpose lies in another area: this may be the case, for example, for food aid in a situation of severe domestic oversupplies and price decline; for the disposal of government reserve stocks initially intended for ensuring food security; or for assistance to producer associations to manage marketing support and stabilization. Such measures affect primarily wheat and other cereals, beef and pork, and fruit and vegetables.

With respect to food aid, existing WTO standards should ensure that such aid is not tied to commercial purchases of agricultural products by recipient countries; takes the form of grants; and is carried out according to the FAO Principles of Surplus Disposal and Consultative Obligations. Disposal of domestic excess stocks under food aid programmes can distort international competition to the disadvantage of efficient agricultural exporters. It may also act as a disincentive to domestic production in the recipient countries and risk reducing domestic food production and investment. On the other hand, several developing countries, including LDCs and other net food-importing developing countries (NFIDCs), still depend heavily on food aid for ensuring supplies to their poor. Already the initial steps to implement the Agreement on Agriculture helped raise international prices for major food products (before their steep fall during the Asian crisis). It may be expected that in the longer run suppliers will react and raise production, but meanwhile the

[19] Subsidies. Updating Notification to WTO by Switzerland, G/SCM/N/25/CHE, October 1997.

[20] Subsidies. Updating Notification to WTO by Canada, G/SCM/N/25/CAN, December 1997.

[21] Article 10 of the WTO Agreement on Agriculture commits members to work toward the development of internationally agreed disciplines on such measures. The Arrangement negotiated in the context of OECD does not extend to agricultural products.

import bills of NFIDCs and highly sensitive domestic food prices are likely to rise temporarily.

In order to avoid food aid becoming exporter-driven, multilateral disciplines should ensure that it is not surplus disposal, but corresponds to the specific requirements of recipient countries. More attention might be placed on targeting the actual recipients in need and products actually required by the poor.

Removing the possibility of granting export subsidies would not affect all developing countries in the same way. At present, several developing countries do not grant such subsidies. Some grant subsidies to their exporters in order to enable them to compete with subsidized exports from other countries in neighbouring or third country markets. In other cases, developing countries assist exporters which would otherwise be competitive, only in order to match important subsidization of domestic producers in developed country markets (whether in the yellow, green or blue box). In yet other cases, developing countries assist their companies or new investors to carry the high extra risks and costs of launching new export products or new export markets. In the case of competitive export subsidies, it would be more efficient if export subsidies were saved by both exporting countries. In cases where export subsidies compensate domestic producer subsidies in an importing country, a substantial reduction or removal of domestic subsidies in the latter would remove many needs for export subsidization. If appropriate multilateral disciplines could be commonly agreed on for these purposes, developing countries could also avoid granting export subsidies and having their high cost benefit mainly the recipient country.

From a perspective of efficiency and saving of scarce resources, it would be reasonable to target the removal of agricultural export subsidies within a specified time frame. Some degree of special and differential treatment will, however, remain necessary to enable developing countries to develop and rationalize export-oriented production, promote diversification and support investments into export marketing during a limited starting period. A fair deal taking into account the interests of all groups of developing countries would furthermore imply complementary measures for strengthening food production capacities, in particular in LDCs and NFIDCs, as well as assistance for rationalizing their food import procurement.

B. Export subsidies and support to industrial and service enterprises

The WTO Agreement on Subsidies and Countervailing Measures in principle prohibits industrial export subsidies, i.e., subsidies contingent on export performance. However, in developed countries, other programmes intended to promote exports and international trade continue to play a significant role in national support to industry. The OECD estimates the net expenditure of its member States on such programmes at US$ 7.3 billion, or one sixth of total support granted to industry.[22]

The most frequent type of programmes reported to the OECD (40 per cent of the number of programmes), with net expenditures of close to US$ 300 million, provide assistance to manufacturing industry export activities in the form of support to export market penetration; promotional activities in foreign markets; and participation of firms in foreign trade fairs and trade missions. Some OECD countries assist exporters in case of exchange rate fluctuations, support export-oriented investment or provide tax advantages to firms establishing export trading subsidiaries abroad. Often such export promotion measures are also offered by provincial, state and regional Governments (see annex table 3).

The bulk of government support, amounting to about US$ 5.5 billion, takes the form of *export credits, export credit guarantees and export credit insurance* against political risks. Additional export finance programmes are offered by States and provinces. Export finance constitutes one of the main channels for providing public finance to the manufacturing industry. Given the financial volumes involved, the OECD suggests that further attention should be given to the issue of export credits and export credit guarantees in post-Uruguay Round trade policies.

Some data provided by the United States Export-Import Bank illustrate the magnitudes involved: at an average loan level of US$ 1.4 billions p.a., budget costs amounted to US$ 94 million, or 6,7 per cent of the value of the loans; export credit insurance and guarantees of US$ 10.3 billion gave rise to budget costs of US$ 660 million, or 6.4 per cent of the credits insured. Interest subsidies on export credits amounted to US$ 420 million in Finland.

Such amounts are clearly beyond the reach of developing countries. They cannot match such support on a scale provided to developed country firms in backing up or reducing the cost of export operations and marketing campaigns. Even in cases of general export support where individual amounts involved in missions or fairs abroad may be small, many developing countries cannot offer similar incentives to their exporters for expanding into new markets or establishing new partnerships abroad.

The disparity in the capacity to offer equal conditions is particularly pronounced with regard to export credits, guarantees and export

[22] See OECD, Spotlights.

credit insurance. The WTO Agreement and OECD Arrangements rule out, in principle, the provision of export credits, guarantees and insurance at premium rates which are inadequate to cover the long-term operating costs and which would cause losses of such programmes. However, financial market conditions and budgetary possibilities of developing countries are not comparable to those of developed countries. Furthermore, the recent financial crisis abruptly raised the cost and reduced the accessibility of international credits for developing countries, whereas international banks adopted more prudent risk-taking policies for their investments and lending to these countries.

In principle, interest rates for export credits should not be below those which Governments would have to pay for such funds if borrowed on the domestic or international capital market. However, interest rates which are in conformity with the OECD Guidelines for Officially Supported Export Credits are not considered as an export subsidy. This Arrangement stipulates minimum interest reference rates applicable to governmental export credits: these commercial reference rates varied at the beginning of 1999 from 4.2 per cent to 5.6 per cent for the Euro, the United States dollar and the pound sterling; 2.7 per cent for the Japanese yen; and 9.1 per cent for the Korean won.[23] By contrast, in other developing countries domestic interest rates ranged frequently from 14 to 40 per cent. Costs of borrowing on international markets were substantially higher for them than for developed countries. While export credits in domestic currencies carry uncompetitive interest rates, access to foreign refinancing is difficult and also more expensive.

The new OECD rules for export credit premium rates, which entered into effect in 1999, should lead to more discipline in the field of export risk guarantees and insurance. Before, there had been no rules on the pricing of the risks inherent in officially supported export credits: Governments could use premiums as a competitive tool to promote the interests of their exporters. The new "gentleman's agreement" represents progress towards the elimination of this type of subsidies. It sets minimum premium rates for country and sovereign risks; requires that pricing should be risk-based and that the premium rates charged should be adequate to cover long-term operating costs and losses; and calls for different qualities of export credit products to be reflected in the price.[24]

Two major problem areas remain, however, even after this revision of the OECD Arrangement:

This OECD arrangement does not apply to agricultural products; and

Tied aid continues with regard to upper middle- and high-income developing countries.[25] Untying of aid to all developing countries would remove a major market distortion, improve the competitive position of other developing country suppliers and significantly reduce the cost of procurement for the importing country.

[23] OECD secretariat, Paris, 14 January 1999.

[24] Arrangement on Guidelines for Officially Supported Export Credits, developed within the OECD framework, April 1978, as revised in 1997 by incorporating new rules on minimum premium, a methodology for country risk classification, minimum premium benchmarks, related conditions, premium feedback tools, review procedures and a comprehensive electronic exchange of information between the participants.

[25] I.e. about 20 developing and transition countries whose GNP per capita exceeded US$ 3,115 in 1996.

An effective levelling of the playing field for developing countries would imply:

(i) Strengthening the capacities of export financing, guarantee and insurance institutes of developing countries, with respect to both commercial banks and government instruments;

(ii) Tightening multilateral disciplines on export support, including general cash export support, and export financing;

(iii) Untying of aid in favour of all developing countries; and

(iv) Continued special and differential treatment for developing countries, in particular regarding pre-shipment financing; interest rates for export credits in national currencies; and financing and incentives for export-oriented investments.

IV. AGRICULTURAL PRODUCTION AND INVESTMENT SUBSIDIES

Large amounts and a wide variety of subsidies granted to agricultural and livestock producers in developed countries constitute a major distortion of international competition and trade. The OECD estimates the total agricultural price, income and marketing subsidies of developed member countries at about US$ 267 billion in 1997, or 1.3 per cent of their GDP.[26] In 1999 the total amount of agricultural support was US$ 361 billion, or 1.4 per cent of GDP of the OECD region as a whole. This rise was mainly due to the sharp decline in world market prices in that year, whereas domestic prices are still considerably isolated from world prices. Domestic production management has remained largely in place for major staple products. Many import tariffs are prohibitive and tariff quotas at lower rates are too small to have an impact on domestic prices. The combination of these factors prevented domestic prices from falling in proportion to world market prices and resulted in a major increase of consumer transfers to agricultural producers. The producer subsidy equivalent (PSE) amounted to about 35 per cent of the value of agricultural production. The strongest support is granted for milk, sugar and rice, the domestic prices for which often exceed world market prices by up to 70 per cent.

While there is some trend away from price support towards direct payments and other policy measures, market price subsidies remain the predominant practice in most OECD countries. Much of the support is linked to current production. While many agricultural policies involve significant costs to consumers and taxpayers, they often do not achieve their intended outcomes or do not do so in the most efficient and equitable way.

These support measures raise important policy issues: the implications and cost of high levels of domestic support, including direct income and price support to farmers, for domestic consumers and foreign producers; the persistent high levels of import protection in the form of very high tariffs and tariff escalation for tariffied food and fibers; large-scale export subsidies; the lack of any international discipline for agricultural export credits; highly restrictive sanitary and phytosanitary standards and frequent use of import prohibitions; similar problems with other standards; and the persistence of trading monopolies and bilateral trading practices. The magnitude of the support granted by developed countries to their agricultural producers tends to slow down structural adjustment in these countries and reduces export opportunities for third countries, including developing countries.

In 1997, gross transfers from OECD taxpayers to the farm sector amounted to US$ 150 billion. By comparison, this amount represents three times the tax income of the Republic of Korea and exceeds the tax income of all MERCOSUR countries and Chile. Transfers from consumers amounted to US$ 130 billion.

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[26] Agricultural Policies in OECD Countries: Volume I, Monitoring and Evaluation 2000, and Volume II, Measurement of Support and Background Information 2000. OECD, Paris, 2000.

The European Union, United States and Japan accounted for 94 per cent of agricultural subsidies (US$ 264 billion in 1997), the EU alone for 40 per cent, or US$ 110 billion. Under its Agenda 2000 and agricultural reform programme, the EU embarked on a major shift from production-based price subsidies to direct producer support. Beginning in 2000, the European Union will reduce its cereal prices over several stages by 15 per cent and its beef prices by 20 per cent. Milk prices will only be reduced as of 2005. In compensation for the price decrease, direct income support to producers will be raised. These reforms should enable the EU to stabilize budget subsidies in real terms, to create room for accommodating the fiscal implications of accession to the European Union by new Central European member States, and to provide scope for reducing export subsidies. However, as a result of shifts in aid and asymmetrical application within sectors, the reforms are unlikely to prevent a further rise in the overall level of agricultural subsidies, taking consumer and budget transfers together. The postponement of a systematic change from price to income aids throughout the agricultural sector is likely to imply further rising transfer costs as well as fewer export opportunities for third countries. On the other hand, the inclusion of new member States under the Common Agricultural Policy is likely to stimulate agricultural production and intra-EU trade. The effects of the EU's agricultural reform and of the EU enlargement on third country imports, in particular those from developing countries, therefore merit continuous monitoring and further study.

In relative terms, i.e. the share of transfers in GDP or per capita transfers, Switzerland and Norway take the lead among the developed country members with 2.2 per cent and 2 per cent, respectively, corresponding to US$ 800 and US$ 700 per capita. By comparison, the GDP shares are 1.2 per cent for the EU and 0.9 per cent for the United States, with per capita subsidies amounting to US$ 300 and US$ 270, respectively. The two developing countries for which data are available rely to very different degrees on agricultural subsidies: in Turkey and Mexico, per capita levels are substantially lower than in the developed OECD countries, which is also the case for Mexico=s GDP ratio. Turkey=s high total agricultural subsidies are largely tariff-based.

The major developed countries apply a wide variety of subsidies and domestic support measures in order to stabilize, support and protect farm income and prices and to assist in the marketing and processing of farm products. The main forms include: product-specific price support to producers through production refunds, price subsidies, public purchases at fixed prices, or price rebates for industrial users/wholesalers; price support loans and interest rebates on crop loans; and direct income support to farmers in the form of per hectare aids for agricultural producers and headage aids for livestock or production related deficiency payments. Often, subsidies are granted for storage and the cost of depreciation of stored products; input, fuel and transport cost; the use of agricultural products as animal feeds or as industrial inputs; for investments in processing industries; promotion of domestic sales, marketing and advertising of agricultural and food industry products; and for exports by processing industries to compensate for higher domestic input prices (see annex tables 1a and 2).

Text table 1

Transfers associated with agricultural policies of developed OECD countries, 1997, in billion US$

Country	Total transfers (net)	Transfers from taxpayers	Transfers from consumers	Share of consumer transfers in per cent
European Union	111.3	62.8	48.6	44
United States	72.4	59.2	13.5	19
Japan	67.3	20.2	59.7	89
Switzerland	5.7	2.7	3.4	60
Canada	4.3	2.4	1.9	44
Norway	3.0	1.8	1.3	43
Australia	1.4	1.0	0.4	29
OECD (23)	265.8	150.4	129.0	49
Turkey	14.4	3.2	12.3	85
Mexico	2.8	2.8	0.0	0

Source: OECD secretariat.

Text table 2

Relative importance of agricultural subsidies in developed OECD member countries, 1997

Country	Share of total transfers in GDP, in per cent	Total transfers per capita, in US$
Switzerland	2.2	796
Norway	2.0	691
Japan	1.6	533
European Union	1.2	297
United States	0.9	270
Canada	0.7	143
Australia	0.4	78
OECD (23)	1.3	312
Turkey	7.6	226
Mexico	0.7	28

Source: OECD secretariat

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Support to agricultural R&D and investment, including for irrigation and other structural improvements, support to farming investment and multi-annual livestock and crop production costs, and interest rate subsidies for farm modernization and upgrading are gaining importance, Subsidies are also granted to mountain farmers, to remote regions and for environmental preservation. Farmers' organizations are supported for their schemes for marketing, extension services or training (see annex tables 1c and 2).

Further support is given on a smaller scale to facilitate structural adjustment of agricultural and livestock production and exit, such as aids to producers ceasing specific production lines; for acreage reduction and diversification plans and compensatory payments for permanent acreage idling; and for farmers who are diversifying into non-farming activities and creating supplementary income through tourist activities, etc.

The WTO Agreement on Agriculture (AoA) does not rule out domestic support to prices and income of agricultural and livestock producers. It only subjects the most directly distorting forms of trade and production subsidies to commitments to reduce the aggregate measurement of support (AMS), in particular direct price support. However, no reduction commitments are required for measures contained in the "blue" and "green" boxes, such as direct payments under production-limiting programmes based on fixed acreage, yields or headage; decoupled income support; payments under food security, regional and environmental programmes; and general government programmes for marketing and promotion services, R&D, pest and disease control, training, extension and advisory services. Furthermore, product-specific domestic support is tolerated for products whose share is less than 5 per cent of the value of basic agricultural production.

The limited coverage of reduction commitments may be illustrated by the example of Norway: only half of its total budget outlays for agriculture in 1997 were subject to the AMS and hence to commitments to reduce that support, mainly market price support and, to a minor extent, not exempt forms of direct support. The exempt half of total support consisted mainly of direct payments to farmers (one third of total support); of structural support, mainly expenditures by the Agricultural Development Fund and for R&D (6 per cent); of grain price support for food security purposes (4 per cent); and of social welfare cost for farmers (6 per cent).

Milk, beef and veal account for by far the largest share of the value of agricultural subsidies of OECD countries, followed by wheat, maize and other grains. Support granted for milk and sugar amounted to about half or more of the value of production throughout most OECD countries (except Australia and New Zealand). Producer subsidy equivalents reach up to 60-100 per cent in Japan for wheat, other grains, rice and milk; in Switzerland, for all individual crops and livestock products; in Norway, for wheat, other grains, milk, beef and sheep meat; in the EU, for beef and veal; and in Canada, for milk. Actual differences between domestic and world prices can exceed these levels.

In order to introduce some market orientation into the agricultural sector, a substantial reduction of domestic agricultural price, income and marketing support to producers needs still to materialize. This is particularly the case for products where market distortions have been pronounced and lasted over decades, such as sugar, rice, wheat and other cereals, dairy products, beef and other meat products, certain fruit and vegetables, groundnuts, olives and vegetable oils. Direct payments to producers and decoupled income support need to be subject to the liberalization process: for example, in 1996 the United States spent US$ 5.6 billion for direct support to producers, and the EU is turning towards making direct support its main support instrument. Developing countries have the right to do the same, but many of them do not use such measures or have substantially cut back on them in the course of their structural reforms. Most of them are not in a position to use this flexibility to a similarly large extent due to resource constraints.

The wide range of environmental, regional, insurance**,** stocking, investment and other aids which may be exempt from agricultural reduction commitments needs to be cut down for the same reasons. The agricultural "blue" and "green" boxes should be aligned with the rules that will be applied to industry after the mandatory review of the Subsidies Agreement.

Developing countries continue to require special and differential treatment for certain specific development, social and environmental purposes, in particular to enable their Governments to undertake and promote investment in promoting agricultural productivity as well as the expansion and diversification into new products with growing international demand, higher quality and higher and more stable value added. If complemented by adequate levels of technical and financial assistance, productivity-oriented S&D treatment could also provide an avenue for raising the level of food security and a lasting structural improvement of supply and export capacities of the net food-importing and least developed countries.

The AoA marks a beginning for reducing agricultural protection and getting agricultural subsidies under control. Nonetheless, if the long-term objective of substantial progressive reductions in support and protection is to be achieved within a reasonable period, substantial further commitments to liberalization, subsidy and domestic support reduction programmes will be required.

In order to put developing country exporters on an equal footing in agricultural trade, the various special disciplines and exceptions established under the AoA need to be aligned with the general disciplines of the WTO Agreements. As in principle foreseen in the AoA, the agricultural reform process should be terminated in the foreseeable future under a timebound programme.

Such a programme could include, *inter alia*, a calendar for:

An accelerated reduction of agricultural peak tariffs and tariff escalation;

Effective measures to reduce the scope of import protection for health reasons to the necessary minimum;

A rapid phasing-out of the special agricultural safeguard provisions;

The removal of export subsidies and the establishment of effective international discipline for agricultural export finance and other forms of support to agricultural exports;

A gradual reduction of domestic support, the removal of exceptions to reduction commitments, and a thorough review of the green and blue boxes with a view to the progressive application of the general WTO rules for domestic subsidies to the agricultural sector;

A special programme of technical and financial cooperation to strengthen supply capacities and export capabilities of developing countries, including support for diversification and rationalization of production, strengthening of food production and improving plant and animal health; and

Special and differential treatment for developing countries in justified cases, under specified conditions and criteria, such as: less intensive liberalization commitments by commodity-dependent, structurally weak and vulnerable developing countries, in particular LDCs, and flexibility for the promotion of investments in the diversification and rationalization of production and for launching new exports.

V. INDUSTRIAL PRODUCTION AND INVESTMENT SUBSIDIES

According to the OECD, government subsidies to industry amounted to US$ 44 billion in 1993 (rising to about US$ 51 billion in 1997 if aid intensity is assumed unchanged) in its 23 developed country members (including support to exports). By comparison, this amount exceeded both Mexico's budget revenue and the GDP of Egypt. Developed countries' average budget support has remained stable at about 1 per cent of the value added in manufacturing industries since 1988: while support increased in two thirds of them, it decreased in the other third. Furthermore, transfers from consumers to producers as a result of high government protection of import-sensitive industries in 1997 may be estimated at US$ 140 billion.

These figures still exclude important forms of direct and indirect support to industrial enterprises, such as industrial sites and infrastructure[27] (see annex table 3b). Indirect means of support, such as public procurement, R&D contracts and R&D intermediary institutions, channel far more financial resources to manufacturing industry than does direct support.

The policy focus of direct support lies with regional programmes, R&D and technological innovation and exports (31 per cent, 19 per cent and 17 per cent, respectively, of reported OECD expenditures for 1993). Specific sectoral and crisis aids (more than 7 per cent each) remain as important as aids to SMEs and general investment (9 per cent and 6 per cent, respectively). In contrast to the policy emphasis put on environment by OECD countries, the share of public support for programmes with this objective remains modest (at less than 1 per cent); support to energy programmes is growing rapidly, but accounted for only 3 per cent of direct support to industry.

Budget subsidies extend to a wide range of sectors and branches, from raw material-based industries with standard technologies to high-tech branches. Policy emphasis lies on the revitalization of distressed regions and the restructuring and rationalization of existing industries**,** *inter alia* the steel, shipbuilding[28], automotive, textiles and clothing industries, forestry and wood manufacturing, fishery and fish processing, and coal mining. Attraction of new large-scale investments and the promotion of new technologies are major goals of government support to the automotive, electronic and information technology industries, civil aviation, pharmaceuticals and biotechnology (see annex table 4).

Certain national programmes reach a large size (see table 4). The European and United States Governments accorded aid to attract individual new investment projects in the auto-

[27] The OECD definition of public support covers all types of selective financial government support to manufacturing industry (excluding the provision of real estate, goods and services at below-market prices; specific tariff support; financial support for consumer purchases in certain industries; or regulatory measures that alter market prices). It covers, in principle, all support granted at the central or subcentral government level, including through intermediary institutions: however, substantial gaps exist, as three major OECD countries (Canada, Italy, United States) did not report subcentral support, or reported it only very insufficiently.

[28] The European Union stopped providing subsidies to the shipbuilding industry at the end of 2000.

motive and electronic industries, ranging from US$ 80 million to US$ 500 million. Some restructuring and rescue aids to shipyards and coal mines, and support for oil exploration, exceeded US$ 100 million. Certain programmes of the EU and its member States for regional assistance or for the reconversion of textile-, steel- and coal-dependent regions range from US$ 300 million to US$ 500 million annually. The overall aid component of the programmes of the EU's Regional Development Fund amounts to US$ 2.7 billion. R&D subsidies exceed US$ 1 billion in Canada and France, US$ 500 million in Japan and US$ 2.3 billion in the United States (not counting State programmes). The EU's Community R&D Framework Programme for the area of industrial and material technologies alone spent US$ 630 million in 1998. Country expenditures for specific R&D projects or programmes range frequently from US$ 5 million to US$ 50 million, but reached US$ 230 million for the development of a highly fuel-efficient car in the United States.

The continuing significant amounts of support and the large number of programmes in the areas of sectoral aid, crisis aid, and exports and foreign trade point to a challenge for policy makers. In the view of the OECD, in the spirit of positive adjustment policies and stronger international discipline, a more marked shift from sector-, enterprise- and product-specific support towards horizontal policy measures could have been expected.

The European Union is presently engaged in a major reform of its policy on government support to industry, its guidelines for state aids, and its sectoral codes limiting the granting of state aids by member States. In spite of existing EU disciplines, state aids of the EU-12 averaged more than US$ 50 billion annually during the period 1992-1994, corresponding to 4 per cent of value added in manufacturing, or about US$ 1,700 per job in the industries concerned. The share of ad hoc aids to industry rose from 7 per cent of total aids in 1990 to 36 per cent in 1994. The EU Commission considers such a high level of state aids to be a major source of distortion of competition that can endanger the proper functioning of the internal EU market.[29]

As shown in annex table 4, government support to an industry may often meet several major policy objectives: aid granted to existing enterprises facing particular difficulties for their restructuring may be justified by regional considerations and combined with support for SMEs, technology consultancy and training programmes, or energy-saving investments.

A. Sectoral, restructuring and rescue aids

Support programmes to specific sectors continued to play a dominant role throughout the OECD, even under (i.e. during) the new WTO Subsidy Agreement. This includes sizeable support to sunset industries of developed countries, such as steel, textile and clothing industries, shipbuilding and coal mines. Another major group of beneficiary industries includes raw materials and their processing industries, such as fishery and fish processing, forestry and wood processing, petroleum and refinery, as well as certain service sectors, such as tourism and professional services (see also annex table 4). Many of these industries are amongst the primary export industries of a large number of developing countries.

[29] The Competition Policy of the European Union, XXVIIth. Report on the Competition Policy 1997. European Commission, Luxembourg, 1998.

Support by OECD Governments to rescue individual manufacturing enterprises in difficulty is still quite considerable: three quarters of the support measures were taken in favour of private enterprises (accounting for 85 per cent of net expenditures in 1993).

These forms of support have their own unique potential and risk of distorting competition, slowing down inevitable structural adjustment, curtailing imports and, hence, reducing market opportunities for foreign firms.

The WTO Agreement on Subsidies subjects sector- or enterprise-specific government support for industries to multilateral discipline. Such subsidies are actionable if they have adverse effects on other WTO members, i.e. injury to their domestic industry; nullification or impairment of benefits of concessions negotiated; or serious prejudice to their interest. A serious prejudice is deemed to exist a priori, without need of proof by the partner country, in case of subsidies covering operating losses, or in case of debt canceling and grants to cover debt repayments of an enterprise. Serious prejudice may also arise if the subsidy displaces or impedes imports from another member country or leads to an increase in the world market share of the subsidizing country for a primary product. However, important exceptions allow continued granting of specific subsidies: they may be maintained if subsidies amount to less than 5 per cent of the annual sales of the product concerned. Subsidies also remain possible to cover operating losses of individual enterprises, if they are one-time measures, not repeated, and lead to long-term solutions which avoid acute social problems.

The EU established additional rules of its own to limit restructuring and rescue aids by member States. Sectoral framework regulations and codes exist for state aids to shipbuilding, the steel industry, coal mining, the automotive and components industries, the synthetic fibre industry, and the textile and clothing industry.[30] Recently, the EU Council adopted further measures to rationalize and strengthen the capacity of the EC Commission to monitor and control state aids granted by member States. The sectoral codices essentially restrict permitted state aids to R&D, environmental protection, training programmes and closure aids. Aid may still be granted for partial closures if it is not redirected to the benefit of the surviving parts of the enterprise. Nonetheless, a number of cases of specific rescue and restructuring aids still occurred in 1997/1998 within the EU, including in these industries.

Both the WTO regulations and the EU framework show that the enforcement of regulations on rescue and restructuring may face difficulties in view of the particular sensitivity of Governments regarding job losses and factory closures. Nonetheless, existing multilateral and regional rules offer substantial leeway for taking positive structural adjustment measures to mitigate such adverse effects or to reorient production towards new activities and sectors with greater international competitiveness.

The basic criterion of *specificity* of the WTO Agreement leaves room for varying interpretations. It may in practice be difficult to distinguish between general subsidies granted on the basis of Aobjective criteria and conditions, which are neutral, economic and horizontal, and do not favour certain enterprises over others and specific subsidies whose access is limited to certain enterprises".[31] This can be

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[30] The Competition Policy of the European Union, 1997, op. cit.

[31] WTO Agreement on Subsidies and Countervailing Measures", Article 2, in The Results of the

the case where entire industrial sectors are in difficulty, or where support measures are taken by provincial or municipal authorities of regions depending on sunset sectors.

Furthermore, it is difficult for an exporting country to make use of the remedies of the Subsidies Agreement. This would require proving injury or serious prejudice to its own industry if a subsidy displaces or impedes imports of its products into the market of a third country. While it is certain that such measures distort competition and curtail global imports to the benefit of domestic producers of the subsidizing country, it would be difficult to attribute the negative effects to a single foreign supplier amongst all others. Moreover, it is not only the present market position that matters, but also the prospects for increasing market opportunities which would arise under market conditions, i.e. without subsidies.

B. Regional subsidies

Conservative measures to keep certain enterprises alive form an important part of programmes in support of disadvantaged regions, including frequent support measures by provincial or other sub-federal Governments. This mainly takes the form of loans, grants, interest rebates and guarantees for salvaging enterprises, covering losses or rationalization investments or upgrading of products and marketing. A frequent case is aid to regions which are highly dependent on sunset industries, with combined conservation and diversification objectives.

Several examples in annex table 4 demonstrate that general regional measures, especially those taken by provincial Governments, may in fact have similar scope and equivalent effects as specific subsidies. Such situations may arise, for example, if a whole country or province qualifies as a disadvantaged region for high levels of regional aid. While specific aids to industries or enterprises are ruled out by the WTO Agreement, regional aids are largely permitted. In fact, regional subsidies are effectively applied with high aid intensities to large proportions of individual countries, States, and in the case of the EU, to almost the entire territory of several member States.

There is broad agreement that Governments should enhance, rather than resist, structural adjustment processes based on comparative advantage throughout countries, regions and industries. UNCTAD member States agreed that structural adjustment policies should not aim at maintaining inefficient production structures. Governments should rather adopt a positive approach to promote shifts in patterns of production and trade in line with changes in comparative advantage and encourage shifts away from sectors with declining international competitiveness towards more capital- and skill-intensive activities. Such policies benefit the developed countries and open significant

Uruguay Round of the Multilateral Trade Negotiations, The Legal Texts, WTO, Geneva, 1995.

trade and development opportunities for developing countries as well.[32]

From this perspective, WTO rules should be reviewed to (i) limit rescue and restructuring aids and facilitate exit by enterprises from sunset activities which have lost their comparative advantage; (ii) exclude subsidies to cover operating losses and debt relief for individual enterprises; and (iii) maintain some degree of flexibility for developing countries for supporting adjustment by enterprises in the context of comprehensive structural adjustment and liberalization programmes.

C. Support to SMEs

As is the case for regional aids, WTO rules provide substantial leeway for governmental support to SMEs. Many such support programmes focus on strengthening the technological capacities and management capabilities of small enterprises. Three quarters of the support programmes for SMEs in 1993 promoted investments for modernization and rationalization, or for the extension or establishment of new enterprises. Tax concessions are the main form of SME support, together with investment loans, grants and interest subsidies (see annex tables 3b and c). SME aid is frequently combined with regional, R&D, training, or other forms of aid. Information on the sectors into which SME support is flowing is scarce. Examples can be found across the various industrial branches, including the metalworking and machinery industries, plastic and chemical products, the food industry, tourism and other industries and services with a predominantly SME character (see also annex tables 3 and 4).

As long as beneficiary SMEs are restricted to small industries, the external trade effect may remain small. However, trade effects may become important if medium-sized enterprises with between 100 and 500 employees can also benefit from SME programmes; if service sectors such as tourism or professional services are included; or if SME aid, combined with regional and other support, achieves high aid intensity.

D. Subsidies to attract new investments

Governments of developed countries continue to provide substantial investment subsidies to attract foreign investment: this mainly takes the form of special investment financing on favourable conditions, interest and fiscal subsidies, and the provision of infrastructure and facilities for firm-specific vocational training and technology development.

Most investment support is granted and justified under regional development programmes, and about 70 per cent of all regional support relates to investments. Governments consider investment in manufacturing and tourism as engines for the development of disadvantaged regions.

Major government incentives seek to attract foreign investment in high-technology sectors, such as the automotive and components industries and the electronics and com-

[32] See Agreed Conclusions 422 (XLI) of the Trade and Development Board regarding agenda item 2: Trade policies, structural adjustment and economic reform: developments relating to structural adjustment policies in developed countries and their implications. In: Report of the Trade and Development Board on the Second Part of its Forty-First Session, TD/B/41(2)/15 (Vol. I), United Nations, Geneva, May 1995.

puter industries[33] (see annex table 4). Most subsidies to large-scale new investment projects are justified as regional aids.

Other major investment support focuses on the reconversion of steel- or textile-dependent regions and defence industries. While part of the support may target rationalization of existing enterprises, a major focus is often on diversifying investments into alternative industries, other than the sector in decline. Main forms of aid are tax concessions, investment loans, and interest subsidies and grants for the establishment of new plants and the acquisition of new equipment. Several countries provide aid for the creation of new jobs through premium payments or tax concessions. Sub-federal investment incentives and subsidies also play a particular role in this context (see annex table 4).

Investment policies in general and government incentives for attracting FDI in particular have been traditionally important instruments of industrial and development policy. Where a country is successful in attracting new greenfield investments, the new enterprises may give a boost to the economy and change the patterns of production, technology and exports. Therefore, competition for attracting new FDI projects has substantially intensified between countries and regions. A veritable race in competitive incentives can develop for a specific project among developed, transition and developing countries, within regional groupings and between different regions of a country. In many cases, the potential TNC investor has a stronger negotiating position than Governments, as it disposes of a wide range of locational options. On the other hand, investment incentives are very costly for actual and future government revenue: major transnational corporations have high expectations regarding the contributions of host countries to the investment costs and operating facilities. Licitation raises the cost of attraction to all Governments involved. Developing countries do not have the budgetary resources to outbid developed countries, which can always offer more.

If the present scope of investment subsidies is maintained, the multilateral trading system should recognize the different capacities of developed and developing countries to use specific types of investment incentives. Most investment subsidies granted by developed countries take the form of one-time cash grants, subsidized loans and the provision of buildings and infrastructure. Developing countries, however, still provide investment incentives mainly through traditional tariff protection, in order to keep the cash burden to a minimum. Many developing countries therefore need some flexibility for assisting temporarily the start-up of new domestic and foreign industries by means of tariffs. Foreign investors also expect compensation for higher actual or perceived risks and operational disadvantages persisting in their countries. A much more efficient use of resources could be achieved by all countries if international competition in incentives for FDI was effectively constrained. This would imply, as a first step, a radical reduction or removal of all investment subsidies by developed countries, including those in the "green box".

The effectiveness of incentives for raising the overall levels of investments and FDI is frequently called into question. Investment incentives are one of the factors for the selection of the specific country or regional location of FDI. But most FDI impact studies have concluded that investment incentives are not the main or only determinant for localization decisions by foreign investors. In a world without

[33] Incentives and foreign direct investment, UNCTAD/DTCI/28. United Nations, 1996.

subsidies for foreign investment, FDI would neither be stopped nor reduced. Rather, competitive distortions would be eliminated and productive resources allocated more efficiently.

A drastic worldwide reduction of investment subsidies would release funds badly needed for basic development purposes in developing and transition countries. It would enable Governments to raise public investments and develop alternative instruments for promoting domestic and foreign investments to replace traditional investment incentives. Budget savings could be better used for vocational training, improvements of basic services and infrastructure, rationalizing the financial services sector and upgrading productivity and the production, technological and managerial capacities of domestic enterprises.[34]

It would not be easy for a single country to move ahead individually and remove or reduce all investment subsidies unilaterally, as that would risk the loss of foreign investments. Such action would be easier to take multilaterally, if all major FDI destination countries acted jointly, to avoid undesirable relocation and evasion effects of FDI. There is already scope for such measures within the present WTO Agreements, notably within the Agreement on Subsidies. They could include (i) a provision to eliminate investment subsidies for individual large-scale FDI projects; (ii) the revision of the Agreen box@ of non- actionable subsidies, with a view to eliminating regional subsidies for new FDI projects; and (iii) tightening the criteria for qualifying regions able to grant incentives.[35]

Some flexibility should be left for developing countries to provide compensation in cases of significantly higher risks and costs encountered by investors in manufacturing and service industries. Developing countries need further to preserve their existing policy options for developing their infrastructure and basic services and should be able to provide support for agricultural and export-oriented investments during an initial start-up and learning period.

E. Support to R&D, technology, environment and energy

Government support to R&D and technological development has been rapidly expanding during the 1990s, reaching almost one fifth of total government support to industry (amounting to US$ 10 billion in 1993). According to the OECD survey, a large majority of R&D programmes are directed towards general R&D objectives. Many programmes focus support on collective R&D efforts of firms and on collaborative research between firms and public research institutes. About a third of the support programmes directly promote selected tech-

[34] See Incentives and foreign direct investment, op. cit.

[35] Under present rules, disadvantaged regions can be defined very flexibly: the criterion of 85 per cent of per capita GDP allows large proportions of a country to be designated as disadvantaged regions. In the case of the EU, this will be the case for 43 per cent of the territory. If this criterion were applied worldwide, in terms of average per capita GDP of major developed countries, virtually all but a very few developing countries and economies in transition would qualify as disadvantaged regions (as a per capita GDP of US$ 22,000 is exceeded only by such countries as Singapore; Hong Kong, China; and Brunei); certain developed countries would also qualify (including Canada, United Kingdom, New Zealand, Italy, Spain, Portugal, Greece and Ireland). By comparison, the World Bank sets its GDP threshold for high-income countries at close to US$ 10,000 per capita. The unemployment criterion (110 per cent of the country average) further extends the scope of disadvantaged regions.

nologies, mainly in the sectors of microelectronics, information technology, energy savings, aircraft and space industries, biotechnology and new materials. Some programmes provide funds for technology parks and R& D venture capital (see also annex tables 3b and 4). There is a strong concentration of support on large-scale projects and existing production (only one sixth of technological support relates to new capital investment). Support mainly takes the form of grants and often reaches a high share of total costs of a research project.

R&D subsidies are often considered as a major instrument for facilitating structural adjustment processes and smoothing the shift of production towards higher technology products. The WTO Agreement on Subsidies for pre-competitive technological research and development. Nonetheless, various examples of actual practice in the automotive, aeronautic and steel industries (see table 4) could raise questions regarding their possible implications for international competition.

For example, certain technology research projects might be undertaken by the firms even in the absence of government support, which would turn R&D incentives into an operational subsidy. Furthermore, firms can currently enjoy double protection for their technologies, i.e. they can benefit from public subsidies allowed by the Subsidies Agreement as well as from a 20-year monopoly protection under the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement) for technologies developed with such public subsidies. Many developing countries had in turn substantially to extend their previous protection periods and have now to wait much longer before they can access these new technologies. Large-scale government subsidies for R&D, environment and energy may further imply important indirect subsidies resulting from contracts and purchases of machinery and of electrical and other industries at more favourable prices and conditions than under market conditions. Finally, there is as much a case for avoiding inter-country races for new technologies as for avoiding fierce competition to attract FDI projects.

Developing countries are at a particular disadvantage in this area, as technological research by Governments and firms is still relatively undeveloped. Furthermore, the technological advantage of developed countries and, in particular, of transnational corporations, should in principle derive from their own capacities rather than from government support. The large-scale support to R&D in developed countries today will result in developing countries lagging even further behind international technological development in future.

The competitive conditions could be improved by reopening the “green box” to review the criteria and ceilings of public support for R&D and environmental subsidies. Furthermore, enterprises might be offered a choice to opt either for government subsidies or for protection concerning trade-related investment measures (TRIMs). If they opted for subsidies, they would have to agree to make the research results rapidly and publicly available. Procurement under government contracts for publicly supported R&D might be opened for international competition: this would protect both the purchasing country against the double cost of subsidies and high procurement prices, and the interests of potential third country suppliers.

F. The review of the Agreement on Subsidies

The review of some major provisions foreseen in the Subsidies Agreement provides an opportunity to remedy imperfections in the level playing field between developed and developing countries. In their present form, the relevant WTO Agreements provide equal rights for all countries only theoretically, but do not lead effectively to equal results for all. The large majority of developing countries do not have the fiscal capacity to support their producers, exporters and investors on a scale comparable with developed countries. In the incentive race for attracting new investments, developed countries can always outbid developing countries through their greater financial and fiscal capacities, superior technological support and specialized vocational training. At present, there is a de facto inversion of the SDT principle: the "green box" provides developed countries with the right to maintain their major subsidy practices, whereas the Subsidies Agreement rules out those subsidies which were most used by developing countries. On the other hand, the granting of subsidies on comparable scales by developing countries would not necessarily concord with their development priorities for the allocation of scarce resources.

These key issues can be reexamined, as the "green box" of non-actionable subsidies, the definition of those subsidies which are automatically deemed to cause injury, as well as the provisions regarding related remedies are only applied provisionally. Their operation is subject to review as of 1999 with a view to determining whether to extend their application or to modify them, which provides an opportunity for raising proposals for improvements.[36]

[36] See Article 31 of the WTO Agreement on Subsidies.

VI. THE IMPACT OF CORPORATE POLICIES AND ANTI-COMPETITIVE PRACTICES ON THE LEVEL PLAYING FIELD FOR DEVELOPING COUNTRIES

Certain features of market structures and anti-competitive practices of enterprises may cut off developing country enterprises from access to developed country markets or otherwise restrain competition, just as governmental trade barriers or the effects of government subsidies can do.[37] Provision of a level playing field implies that Governments of developed countries maintain and actively stimulate a competitive domestic market. To that end they need to prevent and control the use of restrictive business practices that adversely affect access to their domestic markets and to regulate practices by their enterprises which affect competition and prices on third country markets. They also need to exercise constraint in applying remedies against foreign competition, such as anti-dumping measures, countervailing duties and safeguards (see chapter II above).

The trend towards mega-mergers and worldwide market leaders seriously affects the chances for developing countries of accessing developed country markets for goods and services. Dominant market leaders may make it very difficult for developing countries to penetrate into a new developed country market, in view of the unequal strength and financial capacity for marketing, trade financing and publicity support to distributors. They also have a much greater capacity to offer rebates and fidelity premiums to distributors; and they can integrate the distribution networks into their company. Vertically integrated multinational companies provide captive markets within their own enterprise network and can effectively preempt markets from the raw material to the final distribution stages. Vertical integration and the acquisition of independent competing firms can also be a means to overcome certain limitations that would otherwise be faced under the competition laws of most countries: for example, acquisition of a licensee not respecting export restrictions, or of an uncomfortable independent producer competing fiercely for international tenders.

World market leadership and large TNCs affect competition and chances for developing country enterprises to participate in world trade, but do not necessarily constitute by themselves a deliberate restriction of market forces and competition or restrictive business practices. Under certain circumstances, however, such enterprise behaviour may constitute an abuse of a dominant position of market power which limits access to markets or otherwise unduly restrains competition, to the detriment of developing countries. This may particularly be the case when a developing country supplier has no other option for entering a market or expanding production. On the other hand, to some degree such measures are also applied to ensure quality, safety and adequate distribution and servicing.

Important anti-competitive practices which do affect market access of developing countries or isolate developed country markets from

[37] See Concentration of market power and its effects on international markets. Report by the UNCTAD secretariat, TD/B/RBP/80/Rev.2, Geneva and New York, 1993.

external competition include the following:

(a) Restrictions on exports by foreign suppliers, by forbidding subcontractors or licensees to export to the home market of the parent company or to other major world markets, or by restricting parallel imports;

(b) Enterprise measures to ensure their products' exclusivity on the domestic market through the use of a dominant market position, cartels, etc.;

(c) A range of specific conditions imposed to shelter domestic markets against foreign competition, such as the practice of granting production or technology licences only to manufacturers who agree to cease manufacturing and distributing competing goods; the granting of large fidelity premiums or quantity rebates in exchange for exclusive distribution of the company's own brand or product; the practice of granting exclusive distribution rights to a distributor in exchange for sole distribution of the company's own products; requiring that only the original manufacturer's parts and components can be used for servicing and repairs; restricting product guarantees in the case of use of non-original components, and so forth. The latter measures are frequently applied in the automotive and home electronic industries. Restrictions on exports to home and world markets can more generally be found across various industries, whereas enterprise-imposed access barriers to the domestic market extend beyond industry to agricultural and services products as well.

Adverse effects on developing countries can also arise from anti-competitive practices regarding their imports. For example, mergers between major world market suppliers of commodities can lead to a substantial rise in import prices for importing countries. Import prices may also be raised artificially as a result of international price cartels for exports of basic industrial products or of submission cartels for international tenders. Restrictions on a pharmaceutical licensee in a low-price producer country which prevent him from exporting to other developing countries can have similar effects.

Such problems do not only exist in manufacturing industries, but also hamper the development of exports of agricultural products and services from developing countries. Monopoly practices in air freight have substantially hampered the expansion of exports of fresh fruit and vegetables from West African countries. High Conference freight rates continue seriously to affect the competitiveness of many developing country exports shipped by sea. The development of independent tourism exports are affected by strong, vertically integrated oligopolies of tourist operators dominating major tourist markets and disposing of their own hotels, airlines and closed distribution systems. Even in more open markets, domestic tour operators may be unwilling to market offers of other tour operators in their retail outlets. And even tourist operations located in developing countries may be totally separated from local procurement of goods, transport services, tourist guides, etc., all being provided by an integrated foreign tour operator from abroad. Restrictive access to computerized airline and hotel reservation systems hampers the development of air services and tourism of developing countries alike. Access to information systems and networks may in future pose similar problems for developing countries.

Many of these anti-competitive practices are, in principle, ruled out by The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices negotiated in UNCTAD and endorsed by the United Nations General Assembly.[38] However, these Rules are not legally binding, even if several of their provisions have since been incorporated into the national legislation of developed, developing and transition countries. Their effective application continues to depend on the effective enforcement of competition legislation at the national level; on the economic interests of the foreign enterprise concerned in the country and its other options; and on the effectiveness of bilateral and regional cooperation among developed countries in matters of competition.[39]

The strengthening of bilateral cooperation through mutual agreements, such as those already existing between developed countries, could improve the competitive situation for developing countries. A multilateral agreement could multilateralize the network of bilateral and regional cooperation agreements and extend cooperation in competition matters to developing and other countries; it could further confer legal strength on several principles and rules contained in the Set. Such an agreement could also clarify certain competition issues which were the object of disputes and settled bilaterally to the advantage of one or both parties, and would lay the basis for extending the same advantages to all parties. Substantial further study is, however, still required to identify the interests of developing countries as to the implications and options for multilateral disciplines and rules. In view of the imbalance between the respective capacities of developed and developing countries to administer and enforce competition rules vis-à-vis transnational companies, any multilateral agreement on competition will achieve a balanced result only if it includes a programme of support to developing countries. Such a programme should focus on capacity-building in developing countries in order to strengthen their competition institutions and enforcement and include intensive support by developed countries' competition agencies in enforcement.

[38] TD/RBP/CONF/10/Rev.1, contained in United Nations Publication, Sales No. E.81.II.D.5.

[39] Some legal provisions already exist within the present WTO Agreements with regard to enterprise measures on international competition: Article 11 of the WTO Agreement on Safeguards provides that member States shall not encourage or support the adoption of non-governmental arrangements amongst their enterprises equivalent to voluntary export restraints, orderly marketing arrangements, or any other similar measures on the export or import side (including compulsory import cartels). Article VIII of the GATS Agreement established rules on monopolies and exclusive service suppliers with regard to services covered by specific commitments.

ANNEXES:

TABLES

Table 1a : AGRICULTURE, GENERAL MEASURES

Export subsidies, export assistance, food aid	
Country	**Measure**
United States	Commodity Credit Corporation (CCC): direct export sales, export credits and risk assumption payments and other export operations Assistance to export activities $3,5 billion, 1999 (incl. export subsidies and loan guarantees to foreign buyers)
EXPORT SUBSIDIES	
United States	Export Enhancement Programme (cash bonuses for agricultural exports to offer competitive prices, $550 mill. 99 B; $580 mill. 2000 B) Dairy Export Incentive Programme (cash bonuses: $103 mill., 1998) Foreign Agricultural Service (FAS) facility for offsetting foreign exchange rate losses ($2 mill. in 2000)
European Union	Export refunds ($3,8 billion, plus a part of the non- differentiated refunds for wheat, rice, sugar, etc.)
Switzerland	Export subs. for dairy products, cattle, horses
Canada	Interest free marketing credits for storable crops
EXPORT ASSISTANCE	
Canada	Agri-Food Trade Service (ATS): export intelligence, advice, fairs; reimbursing costs for export market development
European Union	Quality promotion measures ($40 mill.)
European Union Member States	Quality promotion ($80 mill.)
Italy	Facilitation to create agricultural exporter associations (grant, $2 mill.)
United States	FAS for export market assistance ($200 mill., 99 B, for market development, intelligence, etc.) Market Access Programme (CCC $92 mill., 1998) Agricultural Marketing Service ($96 mill., 1998, for market protection and promotion for cotton, meat, eggs, dairy products, potatoes, soybeans, watermelons, etc.)
Australia	Assistance to producers to develop export opportunities for niche food products in Asia ($1 million)

Export subsidies, export assistance, food aid	
Country	**Measure**
EXPORT CREDITS	
United States	EXIM Bank: Export credits, insurance, guarantees (see Table 3c)
	CCC Export Credit Guarantee Programme (guarantees $4.700 mill., loan subsidy $440 mill., 99 B, average subs. rate: 9.3%)
	Bilateral Export credits (United States Bilateral Agreement - Korea, Republic of $1.000 mill., 1998)
Canada	Agro- Food Credit Facility export credit and credit insurance
FOOD AID	
United States	PL 480 food credits soft terms, or for local currency, grants ($970 mill., 99 B; subsidy $180 mill.)
	PL 480 grants for emergency relief & LDCs ($860 mill., 99 B)
	Food aid to Russia, grants ($815 mill., 99 B)
	Subs. for ocean freight cost for food aid ($680 mill., 99 B)
European Union	Food Aid ($970 mill., 99 B)
	Products, stocking, etc. ($800 mill., 99 B)
	Refunds for food aid of rice, sugar, cereals, milk powder ($100 mill., 98 B)
	Transport, distribution ($114 mill., 99 B)

Notes: Measures applied during some years during the period 1995-1999. 99 B, 2000 B refers to budget data for 1999 and budget plans for 2000.

Table 1b : AGRICULTURE, GENERAL MEASURES

Domestic support price and income support, marketing	
Country	**Measure**
PRICE, INCOME AND MARKETING SUPPORT	
European Union	Agricultural budget, incl. structural support ($52 billion, 1998) European Agricultural Guidance and Guarantee Fund: Guarantee Section ($45.000 mill., 99B), PSE 42% (in 1997): direct income support (31% of total support); price and export subs., market interventions & promotion, input support; Compensation for exchange rate changes to producers of certain European Union Member States ($600 mill., 98 B) Surplus disposal programmes: free domestic distribution of school milk, fruit, vegetables in European Union ($400 mill, 98 B)
Spain	CAP accompanying measures ($85 mill., 1994) Management of agricultural supply ($27 mill., 1994) Agricultural income compensation ($85 mill., 1994)
Spain (Castilla)	Income loss compensation to farmers for environmental production methods ($25 mill., 1994)
United Kingdom (Scotland)	Grants, loans to farmers ($10 mill., 1996)
Switzerland	Production and marketing subsidies, direct payments to producers ($2.300 mill. per annum 2000- 2003)
Norway	Total agricultural budget: $3.000 mill., 1997 (incl. structural support, 6%) Direct payments to producers ($1140 mill., 1997, of which 90% exempt from reduction commitments) Price support and market regulation ($1.500 mill., 1997) Market promotion, storage, transport subs. ($12 mill., 1997)
United States	Federal Budget expenditures for agriculture: $27.000 mill., 99 B (not included: individual States budgets, loans, guarantees) Acreage based aids to farmers: predetermined annual payments to farmers under Production Flexibility Contracts (PFC) for crops (excl. fruit & vegetables): up to $40.000 per farmer for crops (excl. fruit & vegetables): up to $40.000 per farmer ($8.400 mill., 1999) Commodity loans ($8.800 mill. in 99 B, $10.100 in 2000) Commodity purchases by CCC ($1.450 mill., 99 B) Commodity storage, transports ($107 mill. 99 B)

Domestic support price and income support, marketing	
Country	**Measure**
United States	Guaranteed minimum prices through marketing assistance loans for major agricultural products ($2.000 mill., 99 B)
	Domestic food distribution: Food Stamp Program ($21.600 mill., 1999)
	Domestic surplus disposal ($400 mill., 99 B)
	Emergency surplus removal ($210 mill., 1998)
	Marketing loan write offs ($340 mill. in 99 B; $745 mill. in 2000)
	Financing of farm operating expenses and farmland purchases (direct loans $1.000 mill. with subs. cost $760 mill., 99B; loan guarantees $1.800 mill.; uncollectible loans and interest $1.500 mill., 99 B)
	Tax concessions for multi-annual livestock and crop production
	Tax concessions on loans, capital gains in agriculture ($640 mill., 1999)
	Reduction of fuel tax
Canada	Total budget transfers to farmers ($2.400 mill., 1997) incl. structural support
	Agricultural Marketing Programs (guarantees on cash advances to farmers ($600 mill.)
	Supply management & price support: milk, poultry, eggs
	Farm income stabilization program: grains, oilseeds, beef, hogs, horticulture
	Net Income Stabilization Account (NISA): farm income stabilization for non- supply managed commodities
	Companion Programs (Canada & Provinces): to foster viability and competitiveness of Canadian agriculture
	Canadian Adaptation and Rural Development Fund ($42 mill. per annum) adjustment assistance, improved competitiveness, diversification and value added, partnerships
Japan	Budget for agriculture, forestry, fisheries ($30.000 mill., 1997)
	Budget transfers to farmers ($20.200 mill., 1997)
	Price support, government purchases, minimum producer prices (rice, wheat, barley, sugar, calves); direct payments to farmers
	Producer subsidies ($4000 mill., 1997)
	Direct payments to encourage diversification
Australia	Total budget support to farmers ($1.000 mill., 1997)
	Producer support for milk processing ($140 mill.)

Domestic support price and income support, marketing

Country	Measure
Australia	Integrated rural policy initiative ($100 mill. per annum): improvement of management skills and marketing; tax concessions for farmer's deposits; incentives for structural adjustment and farmer retirement; rural development; farmer welfare safety- net Relief payments scheme for droughts, etc. (interest subs., direct income payments $120 mill., 1997)
SANITARY AND PHYTOSANITARY SUPPORT, INSURANCE…	
European Union	Veterinary programs ($100 mill., 98 B) Support against epizooties ($1 mill., 1996)
Netherlands	Plan to contain epidemy (swine fever: $2 mill.)
United Kingdom	Foods Standards Agency
Spain	Animal & plant health ($5 mill., 1994) Crop Insurance Program Animal reproduction & selection ($4 mill., 1994)
Norway	Veterinary services, plant and animal diseases ($12 mill., 1997) Natural disaster payments for crop damage ($4 mill., 1997)
Canada	Crop Insurance against Natural Hazards ($10 mill.) Crop insurance programs
Canada (Alberta)	Farm Income Insurance Program
United States	Federal Crop Insurance ($1.300 mill. outlays in 99 B) Pest and disease controls for crops, poultry ($500 mill. per annum) Income Protection Program

Domestic support price and income support, marketing	
Country	**Measure**
United States	Assistance Program for crops not insured ($62 mill., 1997) Emergency livestock and tree assistance programs ($134 mill., 1997) Risk Management Agency, risk management education initiative

Notes: Measures applied during some years during the period 1995-1999. 99 B, 2000 B refers to budget data for 1999 and budget plans for 2000

Table 1c : AGRICULTURE, GENERAL MEASURES

Domestic support: structural improvements, new investments	
Country	**Measure**
STRUCTURAL IMPROVEMENTS, NEW INVESTMENTS	
European Union	European Agricultural Guidance and Guarantee Fund
	Guidance Section ($5.700 mill., 99 B): investment aids for farm modernization projects; adjustment aids to reform agricultural and fishery structures; compensatory payments per livestock unit; subs. for processing and marketing, diversification; environment and infrastructure improvements, retention of farmers, etc.
	Rural development initiative of the European Social Fund ($420 mill., 98 B)
Germany	Improvement of agricultural structures ($1.800 mill.): aid to farm farm investments, compensation payments in disadvantaged regions
	Support for the improvement of regional economic structures (investment subs. 18- 50%)
Italy (Sardinia)	Investment aids (35% grant element)
Spain	Modernization of agricultural structures ($225 mill., 1994)
	Improvement of agricultural productivity ($7 mill.)
	Restructuring sectors of production ($78 mill.)
	Promotion of agricultural industrialization (national, $84 mill.)
	Promotion of agricultural investment in special regions ($130 mill.)
	Promotion of cooperatives ($3 mill.)
Spain (Castilla)	Improvement of agricultural efficiency (grants, interest subs., $6 mill.)
Spain (Navarra)	Improvement of farm efficiency (grants up to 25%, interest subs. 4-8% for investment in farm development, new farms, conversion to forests, accountancy, training: $8 mill.)
Spain (Galicia)	Improvement of agricultural structures (grants, interest subs. > 8% for investment, land purchases, 20-45% depending on region, 45- 70% for young farmers: $32 mill.)
United Kingdom / EC	Wales, Integrated rural development ($4 mill., 1997)

Domestic support: structural improvements, new investments	
Country	**Measure**
United Kingdom	Grants for Rural Development Areas ($9 mill., 1997)
Belgium (Flemish Region)	Agricultural Investment Fund for agriculture & horticulture (investment grants $12 mill.; interest subs. $57 mill.; loan guarantees $65 mill., 1997, cofinanced by EAGGF): farm improvements, setting up of young farmers, etc.
Denmark	Grants for development of new agricultural products, processed agriculture & fishery products, marketing (40- 50% of cost, $80 mill., 1998)
	Investment grants for processing and marketing for agriculture & forestry products (up to 17,5% of investment, $9 mill., 1998)
	Development of Rural Areas (Grants for improving production methods, new products, etc. $12 mill., 1998)
Finland (Regions)	Investment aids for structural adjustment, diversification, horticulture
	Investment subs. to companies processing agricultural products
Greece	Investment grants (agriculture, cattle, forestry, fish: $7 mill.)
Ireland	Farm improvement program (75% European Union / 25% Ireland)
	Tax relief from Capital Acquisition Tax, tax on land leasing
Sweden	Grants for development projects for adaptation and new activities ($4 mill., 1994)
Switzerland	Support to structural improvement ($180 mill. per annum, 2000- 2003)
Norway	Agricultural Development Fund ($90 mill., 1997)
	Infrastructure services, investment ($10 mill., 1997)
Japan	Farming Modernization Fund (interest subs. $440 mill. per annum)
	Agriculture, Forest and Fisheries Finance Corporation (subsidized interest loans, $480 mill. per annum)
United States	Conservation Reserve Program (annual rental payments to encourage planting of trees, grass, etc.: $1.500 mill., 99 B)
	Farm Credit System (loan guarantees up to 95% for new farmers on operating and ownership loans)
	Tax concessions for capital outlays by agriculture (revenue loss $70 mill., 99 B)

Domestic support: structural improvements, new investments	
Country	**Measure**
United States	Rural development program: grants, loans to business, industry, rural enterprises; for rural community facilities, water systems, waste disposal (grants & loan subs. $830 mill., loan guarantees $1.300 mill., 99 B)
	Rural Business- Cooperative Service: loans, grants, technical assistance to rural business and cooperatives ($34 mill., 99 B)
	Rural Utilities Service: loans, guarantees to suppliers of electricity, telecommunications, water, waste disposal services in rural areas (loans $2.600 mill., guarantees $620 mill., 99 B)
United States (Florida, North Dakota, Illinois, Wisconsin, etc.)	Rural Community Development Loan Programs and Funds (for land, machines, renovation by companies settling in rural areas)
United States (Alaska)	Agricultural fund (loans for equipment, operational costs)
United States (Mississippi)	Income tax credits (for debt service) and job development fees for rural development projects of Small and Medium Enterprises and industries
United States (Minnesota)	Rural Initiative Program: grants to Regional Funds providing loans for investment in new or expanding business Research & Development
European Union	Research & Technology Development in agriculture and fishery ($250 mill., 98 B, incl. agro-industry, food technology, forestry…)
Norway	Aids to Research, advisory services, training ($65 mill., 1997)
Japan	Support to joint research in new agricultural and biological technologies ($48 mill.)
United States	Grants for agricultural research, enhancing productivity, competitiveness in global markets, pest and disease problems risk management, water quality ($1.800 mill. per annum)
	Agricultural Research Service ($860 mill., 99 B)
	Economic Research Service ($70 mill., 99 B)
ENVIRONMENT PROTECTION	
United States	Environmental Quality Incentives Program (incentive payments cost sharing, technical assistance: $136 mill., 99 B)
	Wetlands Reserve Program ($118 mill. 1999)
	Support to environmental measures ($2.000 mill., 98 B)
European Union	Agri- environmental measures by European Union Member States (about as high as the European Union budget)

Domestic support: structural improvements, new investments	
Country	**Measure**
European Union	Afforestation programs (all European Union Member States)
Ireland	Pollution controls of farmland (75% by European Union)
	Rural environment protection
Norway	Subsidies for ecological production, etc. ($25 mill., 1997)
Japan	Project for the preservation of landscapes, ecosystems, traditional culture ($88 mill.)
Australia	Natural Heritage Trust ($190 mill. per annum) for environmental protection, natural resource management and sustainable agriculture
Canada	National Soil and Water Conservation Progr. ($4 mill.)
	Green Plan of Canada: agricultural component

Notes: Measures applied during some years during the period 1995-1999. 99 B, 2000 B refers to budget data for 1999 and budget plans for 2000

Table 2: AGRICULTURE, SECTOR- AND PRODUCT SPECIFIC MEASURES

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
VEGETABLE PRODUCTS			European Union	Payments by EAGGF, incl. food aid ($910 mill., 1997 / $ 650 mill., 1996 / $1.780 mill., 1995)	European Union	European Agricultural Guidance and Guarantee Fund Guarantees for management of common market ($30.000 mill., 99B)	Japan	Agriculture, Forest and Fisheries Finance Corporation: subsidized interest loans ($480 mill.)
					Norway	Acreage and Cultural Landscape Scheme (payments based on fixed areas and yields ($450 mill., 1997)	European Union	EAGGF- Guidance measures
					United States	Direct government subs. to producers under Production Flexibility Contracts (PFC) for wheat, feed grains, rice, cotton ($5.570 mill., 1996) Price support through commodity based loans at fixed prices (reimbursed or commodities forfeited to Commodity Credit Corporation (CCC)): cereals, rice, sugar, oilseeds, cotton, tobacco (Net lending cost $85 mill., 1997)		
ANIMAL PRODUCTS			European Union	($3.900 mill., 1997) Payments ($3.900 mill., 1996 $5.000 mill., 1995)	European Union	European Agricultural Guidance and Guarantee Funds Guarantees ($10.600 mill., 99B) Support against epizooties ($1 mill.) Veterinary programs ($100 mill.)	European Union	EAGGF- Guidance measures

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Ireland	Regional: Headage grants: cattle, sheep, goats, horses (65% by European Union)		
					Spain	Animal reproduction & selection ($4 mill.)		
					Norway	Income support and deficiency payments ($560 mill., 1997)		
A. SUGAR	Japan	100%	European Union	Export & Food aid refunds ($4 mill., 1997)	European Union	Purchases at intervention prices, within production quotas		
Raw: Developing Country Exports: $5.600 mill.	United States	90%	Australia	Export monopoly		Refunds for sugar, including for sugar contents of processed fruit and vegetable products ($1.700 mill., gross, 99 B)		
Refined: Developing Country Exports $2000	European Union	73% + additional safeguard duty				Cost of storage, industrial use, disposal ($580 mill., gross, 99B)		
	United States	Additional tariffs if import price below reference price (Agric. safeguard)				Total sugar subsidies, net (fees deducted) ($940 mill., 99B)		
					Portugal	National payments to sugar beet producers		
					Spain (Navarra)	Income aid to sugar beet farmers ($6/t.)		
					Norway	Price support ($340 mill.)		
					Japan	Compensatory payments to sugar producers ($130 mill. per annum)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					United States	Price Support Programs (loans to sugar industry paying minimum prices to sugar farmers; non- recourse based forfeiting sugar to the CCC). Market price support in 1998: 52%; domestic price 80% above world prices Acreage based income support (PFC payments)		
					United States (Hawaii)	Supplementary loans to sugar growers (at low interest rates to cover deficits)		
					Switzerland	Price guarantee for sugar beet; purchase guarantee within quotas ($28 mill./ 15c/ kg of refined sugar)		
					Australia	Monopoly of marketing arrangements		
					Canada (Alberta)	Sugar Beeet Industry Development Fund		
B. CEREALS	Japan	State trading	European Union	Export and food aid refunds ($620 mill., 1997)	United States	Acreage based income support (payments under fixed production contracts for crops, excl. fruits and vegetables) Price support programs	European Union & Member States	Joint actions for structural improvements for processing, marketing of cereals
			Australia	Export monopoly				
			Canada	Agro- Food export credit facility	Japan	Staple food subsidies ($2 mill. per annum) Gov. purchases, prices and subsidies		
					European Union	Total cereal subs. ($19.600 mill., 99B), of which:		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					European Union	Producer aids (acreage based direct payments) for cereals ($12.000 mill., 99B) Purchases at intervention price for cereals ($960 mill., 99B) Public storage cost ($720 mill., 99B) Payments for set aside land (per hectare) ($1.400 mill., 99B)		
					Portugal	Additional price subsidy for cereals (to offset fall in cereal prices resulting from European Union) ($130 mill. European Union / + $70 mill. Portugal)		
					Norway	Food security, Guaranteed prices ($100 mill., 1997) Market price support ($200 mill., 1997) Income support (acreage based, $450 mill., 1997)		
					Australia	Grain marketing monopoloy		
Rice: Developing Country Exports: $4.700 mill.	Japan	900%	European Union	Export refunds ($80 mill., 1997)	United States	Acreage based income support (PFC paym. $700 mill., 99B)		
	European Union	70%	United States	Export Enhancement Program (113.000 t. in 1995)		Price Support Programs: marketing and non- recourse loans		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Japan	Import prohibition for unhulled rice, rice plants and straw: foreign countries, incl. the Developing Countries, Republic of Korea and Taiwan Province of China State trading			European Union	Subsidies for rice ($280 mill., 99B), including: Compensatory payments to producers, per ha ($90 mill., 99B) Refunds ($33 mill., 99B) Storage and depreciation cost ($60 mill., 99B)		
Wheat: Developing Country Exports: $1600 mill.	Canada	77%	United States	Export Enhancement Program (14 mill. t. in 1995)	Canada	Guarantees on cash advances		
	European Union	65%	Canada	Canadian Wheat Board: sole agent for marketing & exports Special export credits	United States	Price Support Program (loans, purchase contracts, $27 mill.) Acreage based income support (direct producer payments under PFCs: $2290 mill., 99B) Gov. purchases (CCC: 5 mill. t. wheat and flour, 1999 and 2000 for donations, incl. food aid for		
	Japan	290% State trading	European Union	Export refunds, wheat and wheat flour ($104 mill., 98B)				
					European Union	Acreage based income aids (included under cereals) Refunds, incl. exports of processed products ($430 mill., 99B) Stockage aids (included under cereals)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Norway	Price support ($50 mill., 1997)		
Durum wheat: Developing Country Exports: $130 mill.	Japan	State trading	European Union	Export refunds, durum wheat, flour, meal ($1 mill.)	European Union	Producer aids (supplementary to cereals: $1.200 mill., 98B)		
					Portugal	Additional price subs. ($65 mill.)		
					Austria	National premium		
Maize: Developing Country Exports: $2000 mill.	European Union	84%	European Union	Food aid	European Union	Compensatory payments to maize farmers ($1.300 mill., 99B)		
	Japan	70%				Stockage aids (included under cereals)		
					United States	Direct producer payments (feed grains: $6.150 mill., 99B) Marketing and non- recourse loans to producers (in support of minimum prices)		
Feed grains: barley, oats, sorghum: Developing Country Exports: $200 mill.	Japan	Barley: State trading	Canada	Canadian Wheat Board: sole agent (barley)	European Union	Producer aids (acreage based):		
				Special export credits		Barley ($360 mill., 99B)		
			European Union	Export refunds, barley, grain and malt ($240 mill., 98B)		Other cereals ($170 mill., 99B)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
			European Union	Export refunds, other cereals ($130 mill., 98B)	Portugal	Addit price subs. (millet $30 mill. / barley $40 mill. / sorghum $30 mill.)		
			United States	Export Enhancement Program (1995)	Canada	Barley Guarantees on cash advances		
					United States	Barley, oats, grain sorghum (minimum prices supported by loans, purchase programs) Acreage based income support (PFC payments)		
					Japan	Compensatory payments to producers		
					Switzerland	Crop bonuses by acreage ($390- 530/ha) Norway Price support, barley, oats ($150 mill., 1997)		
Manioc, dried	European Union	75%						
Manioc, etc.: Developing Country Exports: $900 mill.	Japan	15%						
C. FRUIT and VEGETABLES FRESH	Japan	Import prohibitions: fresh fruit from Africa, most Latin American and Caribbean countries, ... citrus fruit from South + South East Asia, apples, pears, plums, apricots, cherries, etc. from Africa, European Union, United States, Argentina, Brazil, Chile, Colombia, Peru, West Asia, China, India,…	European Union	Export refunds for fruit and vegetables ($93 mill., 1997)	European Union	Total Support to fruit & vegetables ($1.800 mill., 99B), incl.: Price support, withdrawals ($200 mill., 99B)	European Union	Restructuration of fruit and vegetable sector of Spain and Portugal ($50 mill.)

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		**Export subsidies**		**Domestic support price and income support marketing…**		**Domestic support: structural improvements**	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	Price dependent tariffs			European Union	Support of producer organizations (incl. cofinancing of 50% of cost of supplementary market withdrawals, plant health, environment, \$290 mill., 99B) Aids to fruit and veget. production on remote islands (\$120 mill.) Aids to specific products, processing (see products)	European Union & Member States	Joint actions for structural improvements of marketing and processing of fruit and vegetables
					Japan	Subsidy to farmers for processing or converting to superior quality (\$8 mill. per annum)		
					Norway	Regional deficiency payments (\$9 mill., 1997) Transport and storage subs.		
					Switzerland	Subs. for quality control, consumption promotion		
					Australia	Development of horticultural enterprises (interest subs., grants: \$3 mill. per annum)		
FRUIT	European Union	Price dependent tariffs			European Union	Withdrawal purchases by producer organizations for citrus fruit, grapes, apples, pears, peaches, apricots	Norway	Support to Research & Development, promotion of fruit and berries (\$4 mill., 1997) Regional deficiency payments, storage (\$9 mill., 1997)
Fruit & nuts: Developing Country Exports: \$12000 mill.								

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Bananas: Developing Country Exports: $3500 mill.	European Union	220%			European Union	Income aids to European Union banana producers ($270 mill., 99B)		
	Japan	23%				Promotion of the formation of producers organizations (for control of prices, etc.)		
Oranges, mandarines, etc.: Developing Country Exports: $850 mill.	Japan	32%	European Union	Export refunds	Australia	Interest subs., redevelopment grants (citrus enterprises)		
	European Union	16%, citrus fruit tariffs increase at decreasing prices			European Union	Withdrawal purchases by producer organisations, Promotion for marketing of fresh citrus fruit & Promotion of processing (aid to producer organisations)		
					Spain (Valencia)	Grants for restoring citrus fruit groves (after virus: 16% of investment, $7 mill.)		
Apples, pears, peaches, etc.	Developed Countries	Sanitary & Phytosanitary restrictions on many	European Union	Export refunds	Switzerland	Price subs. for apricots, industrial use & replanting	European Union	Aid to improve production, etc. ($80 mill., 99B)
Apples: Developing Country Exports: $680 mill.	European Union	11%			European Union	Withdrawal purchases by producer organisations		
	Japan	17%				Promotion of consumption of table apples & processed products		
	European Union	Price dependent tariff for apples, pears						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Grapes: Developing Country Exports: $1100 mill.	Japan	12%	European Union	Export refunds	Switzerland	Price subsidies for dessert grapes ($1 mill.)		
	European Union	18%, price dependent tariff			Australia	Interest subs., redevelopment grants		
	Developed Countries	Sanitary & Phytosanitary restrictions on many			European Union	Withdrawal purchases by producer organisations Production aids		
Nuts, hazelnuts: Developing Country Exports: $2500	United States	Pistachios: ADD & CVD/Iran	European Union	Export refunds	European Union	Support for nuts, hazelnuts ($110 mill., 99B)		
VEGETABLES								
Vegetables, fresh, dried, frozen	European Union	Price dependent tariffs			European Union	See above: Fruit & Vegetables	Canada	Horticulture, financial assistance for long- term restructuring or development ($1 mill.)
	Canada	Garlic: ADD: China			Switzerland	See above: Fruit & Vegetables	France	Investment grants, restructuring loans
	European Union	Coumarin: ADD: China			Australian	See above: Fruit & Vegetables	Sweden	Horticult. loan guarantees (for improvements, new establishments: cost of losses:
					Japan	See above: Fruit & Vegetables		
					European Union	Withdrawal purchases by producer organizations for tomatoes, cauliflower, aubergines		
					Japan	Vegetable Supply Stablilization Fund compensatory payments below guaranteed prices, purchase and stocking of vegetables ($76 mill. per annum)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Norway	Regional deficiency payments for vegetables Transport and storage support		
					Ireland	Fuel tax reduction for greenhouses and mushroom growing		
Tomatoes: Developing Country Exports: $730 mill.	Canada	13%	European Union	Export refunds	European Union	Withdrawal purchases by producer organizations		
	European Union	14%, price dependent tariff			Ireland	Grants to tomato producers for quality and hygiene control (50% of cost)		
	United States	Susp. Agreement/Mexico Import restrictions/prohibitions due to risks of tropical/semi tropical fruit flies						
Potatoes: Developing Country Exports: $ 300 mill.					European Union	Compensatory payments to farmers, minimum prices and special premium for starch producers	Ireland	Aid for investment in facilities for production, storage, marketing of potatos
					Ireland	Aid for potato producers groups	United Kingdom	Potato Industry Development Council (for marketing and promotion)
					Sweden	Regional subsidy for potato producers	European Union & Member States	Joint actions for structural improvement of processing, marketing
					Switzerland	Price fixing and subsidies for consumption, industrial use, fodder, transport, advertising, research ($11 mill. /$140/t.)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Norway	Price support ($25 mill., 1997); Deficiency payments ($6 mill.)		
Grain legumes, dried fodder: Beans, peas, sweet lupines: Developing Country Exports: $1300 mill.	Japan	Dried peas: 530%	European Union	Peas: Food aid	European Union	Producer aids, per hectare, for beans, peas, sweet lupins ($800 mill., 99B)		
		Dried beans: 370%				Producer aids for dried fodder ($430 mill., 99B)		
					Switzerland	Crop bonus ($870/ha)		
FLOWERS							European Union & Member States	Joint actions for structural improvements of marketing, etc. of flowers and plants
Cut flowers	United States	ADD: Colombia, Ecuador, Mexico						
Carnations, etc.	United States	ADD: Chili, Kenya						
		CVD: Chili, Peru						
D. LIVE ANIMALS, MEAT	Japan	Import surveillance (all live animals)			European Union	Price and income support ($10.600 mill., 99 B)	European Union & Member States	Joint actions for structural improvements of processing, marketing of cattle and other animals
						Production support to remote areas, islands ($120 mill.) Epizootic disease control: European Union ($1,2 mill., 1996)		
					Spain (Castilla)	Subs. for moderniz. & alternative livestock farming subs. 15-33% for investment in improvements, equipment, $2 mill.		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Norway	Structural Income support, headage support, deficiency payments for farmers, milk and meat production ($600 mill., 1997) Price support ($120 mill. per annum) Transport support ($10 mill. per annum)		
					Japan	Gov. price stabilization for bovine and pig meat withdrawals of domestic supplies at low prices, compensatory payments for calfs ($590 mill. per annum)		
					Australia	Enhanced food safety and quality control in meat processing industry for exports ($8 mill. per annum)		
Bovine cattle					European Union	Direct producer and price subs. (see above)		
					Austria	National aid for suckler cows		
					Finland	National headage aids		
					United Kingdom	Supplementary compensation payments ($73 mill., 1996)		
					Switzerland	Domestic price subsidy ($2 mill./ $400/ unit)		
					Norway	Income and headage support ($430 mill., 1997)		
					United States	Livestock assistance ($200 mill., 99B)		
Bovine meat: Developing Country Exports: $1700 mill.	Canada	Chilled meat: 26%	European Union	Export refunds, beef & veal ($1.720 mill., 1997)	European Union	Total subs. ($5.400 mill., 99B): purchases at intervention prices price & income support, special premiums, storage, depreciation	European Union	Investment support (if capacity reduced)

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	Chilled: 86%	Switzerland	Export subs. ($12 mill.)	European Union Member States	National withdrawal purchases of surplus production	Spain (Castilla)	Modernization, creation of slaughtering houses, health standards (grants, interest subs.: $0,5 mill., 1994)
	Japan	Chilled: 40%			Sweden (North)	Regional headage subs., price additions, transport cost		
	United States	26%, progressive tariffs at low prices			Switzerland	Domestic purchase, storage scheme (subs. $1,90-5 / kg)		
	Canada	Frozen, boneless: 26%,			Norway	Deficiency payments for meat production ($107 mill., 1997) Price support, beef and veal ($270 mill., 1997) Transport subs. ($4 mill., 1997)		
	European Union	Frozen, boneless: 215%						
	Japan	Frozen, boneless: 40%; progressive tariff below reference price						
	United States	26% Import restrictions/prohibitions for most Developing Countries because of risks of foot and mouth disease, rinder pest, etc.						
Sheeps, goats & meat: Developing Country Exports: $120 mill.					European Union	Headage payments to producers ($1.500 mill., 99B) Premium ($400 mill., 99B)		
					Sweden (North)	Regional headage subs.		
					Spain (Castilla)	Subs. for improving quality, health of sheep & goats		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Norway	Price support ($90 mill., 1997); Deficiency payments ($15 mill.) Small Animal Fund: loss compensation, promotion ($6 mill.)		
Pigmeat, Pork, frozen: Developing Country Exports: $2200 mill.	European Union	38%	European Union	Food aid & export refunds ($83 mill., 1997)	European Union	($290 mill., 99B) Purchases at intervention prices refunds and exceptional market support	European Union Member States	Investment aids (subject to no increase of capacity)
	Japan	100%	United States	Export Enhancement Program (1995)	European Union Member States	National withdrawal purchases of surplus production	Belgium (Flemish Region)	Investment premiums
	Developed Countries	Import restrictions/prohibitions for most Developing Countries due to Sanitary & Phytosanitary risks: various			France	Financial relief to producers due to low prices ($45 mill., 1998) Quality improvement (70-100% of cost, $5 mill.)		
					Sweden (North)	Regional headage subs and price additions		
					Norway	Price support ($250 mill., 1997); Transport subs. ($5 mill., 1997)		
					Australia	Subs. to pigmeat industry ($3 mill. per annum) for adjusting to import competition arising from SPS changes and improving export performance		
Poultry: Developing Country Exports: $2200 mill.	Canada	238%	United States	Export bonus ($5 mill., 1996)	Canada	Regional Marketing Boards: Price and production support, within quotas	European Union Member States	Investment aids (if no capacity increase)

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Japan	12%	European Union	Export refunds ($90 mill., 1997, incl. eggs)	Denmark	Grants for control of animal diseases in poultry ($5 mill., 1997)	United States (Ohio)	(Exemption from sales tax of materials used in building poultry structures)
	European Union	32% + additional safeguard duties			Norway	Price support ($76 mill., 1997)		
	Developed Countries	Import restrictions/prohibitions for most Developing Countries due to Sanitary & Phytosanitary risks: various						
	United States	Suspension Agreement / China						
Honey, Bee-keeping: Developing Country Exports: $310 mill.					European Union	Production aids ($33 mill., 98B)		
					Spain (Castilla-Mancha)	Pollination subs. for bee farms ($1,2 mill.)		
					Denmark	Grants for improving		
E. OILSEEDS					United States	Oilseeds loan deficiency ($2.140 mill., 99B): Commodity loans for oilseeds producers	European Union & Member States	Joint actions for structural improvements of processing, marketing
Groundnuts: Developing Country Exports: $720 mill.	Japan	470%			Unites States	Price Support Program: loans at support prices; purchase agreements within quotas for domestic human consumption; excess production for exports, industrial use or CCC loan ($100 mill., 99B)		
	United States	132%, progressive tariff below reference price						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Developed Countries	Import restrictions/prohibitions for many Developing Country because of Sanitary & Phytosanitary risks (aflatoxin)						
Olives, green	European Union	24%			European Union	Production aids, table olives: ($1 mill.)	European Union	Quality improvement of olive production
Soybeans: Developing Country Exports: $2.200 mill.					Japan	Producer subs., soybeans and rapeseed ($23 mill.)		
					United States	Price Support Program (commodity loans)		
					Switzerland	Price subs. for soya ($4 mill.)		
					European Union	Producer aids per ha, for soya beans, rape and sunflower seeds ($2.200 mill., 99B); set aside payments		
Sunflower, flax, coza, rape and other oilseeds					United States	Price Support Program (commodity loans)		
Sunflower Seeds: Developing Country Exports: $220 mill.					Switzerland	Price subs. for sunflower seeds and colza ($16 mill.)		
					European Union	Per hectare payments for sunflower, colza seeds (see soya) Producer aids, flax seeds (non-textile) ($150 mill., 98B)		
F. TEXTILE FIBRES					European Union	Subs.: Fibre sector ($1.060 mill., 99B)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Cotton: Developing Country Exports: $6.000 mill.	United States	Up to 80%, progressive tariff below reference price			United States	Acreage based income support for upland cotton (PFC payments $1.600 mill., 99B) Price support program for cotton (commodity loans $46 mill. per annum)		
					European Union	Production aid ($900 mill., 99B)		
Wool: Developing Country Exports: $220 mill.					Switzerland	Domestic purchase price subsidy ($1 mill.)		
					Norway	Wool deficiency payment ($22 mill., 1997)		
Silk: Developing Country Exports: $290	Japan	220% (cocoons), 120% (raw silk)			Japan	Subsidy for silk cocoons ($1 mill.)	European Union	Aid to quality improvement of silkworms
					European Union	Production aid, silk worms ($0,3 mill., 1997)		
G. TOBACCO								
Tobacco, stemmed, stripped Unmanuf. T.: Developing Country Exports: $4.900 mill.	United States	350%	European Union	Export refunds ($3 mill., 1996)	United States	Price Support Loans to farmers (and national marketing quota)	European Union	Community fund for research & information ($10 mill., 98B)
					European Union	Price and Income support ($1.080 mill., 99B)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
H. DAIRY PRODUCTS	Japan	Sole importer for tariff quota imports	European Union	Export & food aid refunds ($2.000 mill., 1997)	United States	Price Support Program for milk through CCC purchases from manufacturers at support prices (75% above border prices)	United States	Dairy option pilot program ($10 mill., 99B)
		Agriculture and Livestock Industries Corporation	United States	Dairy Export Incentive Program (98B and 99B: $100 mill. per annum)		Recourse commodity loans (reimbursable: $8.800 mill., 99B)	United States (Wisconsin)	Dairy 2002 Initiative (grants and loans to dairy producers and processors for modernization or expansion
						Dairy marketing loss assistance ($200 mill., 99B)		
Milk: Developing Country Exports: $250 mill.	Canada	241%	United States	Exports from Government agency stocks (1995 subsidy $7 mill.)	Japan	Subsidy for supplies of industrial milk, premium for supply of milk for cheese and milk manufacturers ($330 mill. per annum)	United Kingdom	Milk Development Council: funds for Research & Development, services to the industry ($7 mill., 1997)
	European Union	113%			Canada	Subsidy to Industry (within milk production quota for domestic consumption, $140 mill.)	European Union & Member States	Joint actions for structural improvements of processing, marketing of milk and milk products
	Japan	220%			Australia	Producer support for milk for manufacturing ($140 mill.)		
	United States	66%, progressive tariff at low prices			European Union	Total subs. for milk and dairy products ($2.800, 99B) Administered prices, production quotas, price, income, storage support ($1.600 mill., 98B, excl. export Subs.) Subs. for use of milk for casein, calves feed ($360 mill., 98B) Surplus disposal of milk on European Union market ($135 mill., 98B)		
					Ireland	Subs. for milk quality improvement, health standards		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Switzerland	Price and producer subs., marketing support ($770 mill.)		
					Norway	Deficiency payments, farm level quotas ($95 mill., 1997) Price support ($530 mill., 1997)		
Milk powder, without sugar: Developing Country Exports: $580 mill.	Canada	243%	United States	Export bonus (43.000 t.)	European Union	Purchases at intervention prices, cost of storage and depreciation, use of animal feed ($450 mill., 99B)		
	European Union	66%	Switzerland	Export subs. for preserved milk products (34- 45 c/ kg of milk and milk products)		Aids for transformation into casein ($320 mill., 99B)		
	Japan	160%, sole importer			Canada	Support prices		
	United States	55%						
Milk powder, with sugar	Canada	243%	European Union	Export refunds ($180 mill., 98B) Food aid refunds ($26 mill.)	European Union	See above		
	European Union	54%			Canada	See above		
	Japan	280%, sole importer						
	United States	85%						
Milk preserved, concentrated	United States	Progressive tariff at low prices						
Butter: Developing Country Exports: $30 mill.	Canada	300%	European Union	Export refunds ($560 mill., 98B)	United States	Purchases at support prices by CCC		
	European Union	68%		Food aid refunds ($2 mill.)	Switzerland	Domestic disposal programs (price subsidies, $216 mill.)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Japan	300%			European Union	Purchases at intervention prices, storage support and other interventions ($570 mill., 99B) Surplus disposal on European Union market ($10 mill., 98B)		
	United States	80%, progressive tariff at lower prices						
	Japan	Sole Importer			Canada	Support prices		
	Switzerland	Import monopoly						
Cheese: Developing Country Exports: $200 mill.	Canada	246%	United States	Export bonus (2.500 t.)	United States	Purchases at support prices by CCC		
	European Union	120%	Switzerland	Export subsidies		Price support loans		
	Japan	30%	European Union	Export refunds ($240 mill., 99B)	Japan	Strengthening of management of Small & Medium Enterprises in processing industries (tax credits, special		
	United States	42%, progressive tariff at lower prices			Switzerland	Purchases at support prices; Cheese disposal programs (price and advertising subs.: $380 mill., incl. export subs.)		
	Switzerland	Import monopoly			European Union	Subs. for private storage		
Other milk products	Japan	Sole Importer	European Union	Export refunds ($800 mill., 98B)	European Union	Interventions for other milk products ($100 mill., 99B)		
Yoghurt: Developing Country Exports: $17 mill.	Canada	238%						
	European Union	69%						
	Japan	620%						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		**Export subsidies**		**Domestic support price and income support marketing…**		**Domestic support: structural improvements**	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	United States	63%, increasing at lower prices						
I. Wine: Developing Country Exports: $800 mill.	Japan	State trading (industrial alcohol)	European Union	Export refunds ($70 mill., 1997)	European Union	Subs. to wine sector ($730 mill., 99B)	European Union & Member States	Joint actions for structural improvements of marketing and processing of wine and alcohols
	Canada (Regions)	Wineries must use at least 25% local grapes		Export refunds for cereal prices for alcoholic beverages ($25 mill., 99B)		Subsidized distillation of wine at guaranteed minimum prices, including: Refunds ($40 mill., 99B)	Spain (Castilla)	Restructuring of vineyards, improving quality and profitability (subs. up to 25% of investment)
			Austria	Subs. for wine sales in European Union ($4 mill., max. 80% of costs)		Cost of distillation of wine and by- products, alcohol purchases ($610 mill., 99B)	Portugal	Restructuring of processing company (garantee on $3 mill. loan)
						Aid to private storage of wine, must ($60 mill., 99B)	European Union Member States	Investment aids (if no capacity increase)
J. Eggs: Developing Country Exports: $220 mill.	Canada	164%	European Union	Export refunds ($24 mill., 98B)	Norway	Price support ($60 mill., 1997)		
	Japan	21%	United States	Export Enhancement Program (1995)	Japan	Compensatory payments at low prices ($14 mill. per annum)		
	European Union	42% + additional safeguard duties (yolks)			Canada	Domestic price support		
					Switzerland	Price equalization, grants for transport, collection, surplus disposal, consumption promotion ($8 mill. per annum)		
					European Union	Price support ($22 mill.)		
					Ireland	Grants for egg grading		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
K. FOOD INDUSTRIES			European Union	Export refunds ($650 mill., 1997)	European Union	Promotion of food processing: European Union $40 mill.; Member States $80 mill.	Euuropean Union & Member States	Joint actions for structural improvements in processing, marketing
			Sweden	Export subs. for highly processed products ($2 mill., 1994-1995)	Italy	Compensation of losses of producer incomes after devaluation (ex. $300 mill. by European Union + National contributions/ general < 50% for farm investment: 35%-75% depending on region, investment)	Finland	Investment aids for agricultural processing industries
					Italy (Piemonte)	Investment aids for food industries ($4 mill., 25%)	Ireland	Investment grants for food and drinks industry
					Spain	Technical assistance and management improvement in food industry ($1 mill., 1997)	Spain (Madrid)	Investment grants up to 55% aid intensity
					Spain (Castilla)	Subs. to wine sector ($730 mill., 99B): subsidized distillation of wine at guaranteed minimum prices, including: commercial promotion ($13 mill.)	Spain (Navarra)	Grants up to 35%, interest subs. 4-8%
					Spain (Andalusia)	Up to 50% of inv., interest subs. ($15 mill.)	Spain (Extremadura)	Grants, subsidized loans to establish or modernize agro-industry (subs. up to 40% in special zones, $2mill., 1997)
					Spain (Castilla-Mancha)	Improving quality of food processing ($6 mill.)	Denmark	Research & Development for food products
					Spain (Murcia)	Food processing and marketing ($2 mill. per annum)	United States (Mississippi	Interest free loans (up to 20% of project cost)
					Austria	(Soft loans, aid intensity> 7.5%/20% if combined ($17 mill.)	United States (Kentucky)	Low-interest loans (up to 25% of project cost, max. $500.000)

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
					Finland	Aid for ajustment to European Union membership (up to 45% of cost)	United States (North Dakota)	Loans for food processors
					Czekoslovakia	Support to private industries	Finland	Investment aids (aid intensity 20-30%; $10 mill., 1997)
							United States (Maryland)	Bioprocessing Fund: equity capital incentives for establishment of bioprocessing enterprises
PROCESSED FRUIT AND VEGETABLES			European Union	Export refunds ($13 mill., 98B) (see also food industry above)	European Union	Production aid for fruit-based products ($120 mill., 98B) Specific interventions, production ($14 mill.) Refunds for higher sugar price (see sugar)		
Vegetables, prepared, preserved: Developing Country Exports: $2400 mill.	United States	Preserved mushrooms: ADInvestigation: Chili, China, India, Idonesia						
					Switzerland	Subsidies to promote processing of fruit surpluses		
Tomatoes, preserved: Developing Country Exports: $35 mill.	Canada	12%			European Union	Production aid for processed tomato products Total ($350 mill., 99B)		
	European Union	14%						
	Japan	16%						
	United States	13%						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Tomato paste, ketch-up: Developing Country Exports: $330 mill.	Canada	Ketchup: 13%			European Union	Production aid		
	European Union	Ketchup: 10%						
	Japan	Ketchup: 21%						
Tomato juice: Developing Country Exports: $3 mill.	Canada	13%			European Union	Production aid		
	European Union	17%						
	Japan	30%						
Fruit, prepared and preserved: Developing Country Exports: $5300 mill.			European Union	Export refunds				
Citrus fruit products					European Union	Compensation to encourage processing ($210 mill., 99B)		
Processed peaches, pears, figs, etc.					European Union	Production aid for processing ($110 mill., 99B)		
Dried grape products					European Union	Compensation to encourage processed dried grape products ($150 mill., 99B)		
Fruit jams, marmelades, etc.: Developing Country Exports: $190 mill.	European Union	39%			European Union	Price compensation for sugar contents		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Japan	34%						
	United States	10%						
Pineapples: prepared, preserved: Developing Country Exports: $600 mill.	European Union	25%			European Union	Direct aid for tinned pineapple ($10 mill., 99B)		
	Japan	30%						
	United States	ADD/Thailand						
Fruit juices: Developing Country Exports: $2800 mill.	European Union	Price dependent tariffs			European Union	Compensation for sugar contents		
Orange juice: Developing Country Exports: $1600 mill.	Japan	30%						
	United States	31%						
	European Union	52%, price dependent tariff						
	United States	Suspension Agreement (CVD, ADD): Brazil						
Grapefruit juice: Developing Country Exports: $18 mill.	Japan	30%						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	United States	19%						
	European Union	44%, price dependent tariff						
Pineapple juice: Developing Country Exports: $200	Japan	30%						
	United States	12%						
	European Union	46%, price dependent tariff						
Apple juice: Developing Country Exports: $150 mill.	Japan	34%						
	European Union	63%, price dependent tariff						
Grape juice	Canada	10%			European Union	Production aids for the use of grape must for production of grape juice ($170 mill., 98B)		
	Japan	30%						
	United States	14%						
	European Union	215%, price dependent tariff						
CEREAL PRODUCTS	Japan	State trading	European Union	Export refunds ($120 mill., 99B)	Japan	Strengthening management of SMEs in processing industries (tax credits, special depreciation)		
Wheat flour: Developing Country Exports: $880 mill.	Canada	33%	United States	Export Enhancement Program (310.000 t. in 1995)				

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	44%						
	Japan	200%						
	Japan	State trading						
Malt of wheat: Developing Country Exports: $160 mill.	Canada	25%	United States	Export Enhancement Program (1995)				
	European Union	52%	European Union	Export refunds				
	Japan	42%						
Malt of barley	Japan	42%, etc.						
Wheat starch: Developing Country Exports: $3 mill.	Canada	22%	European Union	Export refunds	European Union	Price refunds to users of starch (maize, wheat, potato, barley) for production of chemicals, paper, pharmaceuticals ($390 mill., 99B)		
	European Union	32%						
	Japan	240% State trading						
Noodles, pasta: Developing Country Exports: $660 mill.	European Union	39%						
	Japan	22%						
	United States	ADD/Turkey						
Biscuits: Developing Country Exports: $580 mill.	European Union	26%						
	Japan	20%						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Canada	16%						
VEGETABLE OILS, PRODUCTS			European Union	Export subsidies, food aid				
Groundnut oil: Developing Country Exports: $150 mill.	Developed Countries	Sanitary & Phytosanitary restricitions and prohibitions (aflatoxin risks)	United States	Eligible for Export Enhancement Program				
Groundnut products, roasted, canned	United States	132%, progressive tariff at low prices						
	European Union	11%						
	Japan	21%						
	Developed Countries	Sanitary & Phytosanitary restrictions and probitions						
Peanut butter	United States	132%, progressive tariff						
	European Union	13%						
	Japan	12%						
	On most Developing Countries	Sanitary & Phytosanitary restrictions and probitions (aflatoxin risks)						
Olive oil, refined: Developing Country Exports: $220 mill.	European Union	60%	European Union	Export refunds ($49 mill., 1997)	European Union	Production aids: purchases at intervention price, within quotas ($2.300 mill., 99B)		
						Consumption aid and promotion ($180 mill., 98B)		

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
						Subs. for private storage, depreciation, canning ($60 mill., 98B)		
Soya bean oil, refined: Developing Country Exports: $2000 mill.	Canada	10%	United States	Export Enhancement Program				
	European Union	10%						
	Japan	13%						
	United States	19%						
	Australia	ADD: Malaysia, Singapore						
Sunflower oil: Developing Country Exports: $980 mill.	Australia	ADD: Malaysia, Singapore	United States	Export Enhancement Program				
				Food aid				
Castor oil	United States	CVD: Brazil						
Blended vegetable oils	Australia	ADD: Malaysia , Singapore						
Margarine: Developing Country Exports: $190 mill.	Canada	56%						
	European Union	31%						
	Japan	30%						
	United States	10%						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
COCOA, COFFEE, TEA PROD.								
Chocolate & Cocoa preparations: Developing Country Exports: $530 mill.								
Cocoa powder, sweetened	European Union	22%						
	Japan	30%						
	United States	44%, progressive at lower prices						
Chocolate	European Union	21%						
	Japan	30%						
	United States	39%, progressive at lower prices						
Coffee preparations	Japan	130%, progressive at low prices						
	United States	27%, progressive at low prices						
Coffee extracts: Developing Country Exports: $960 mill.								
Tea preparations	Japan	100%						
	United States	91%, progressive at low prices						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Tea extract: Developing Country Exports: $35 mill.								
SUGAR PRODUCTS	United States	Progressive additional tariffs at lower prices	European Union	Export refunds ($240 mill., 99B)				
Sugar confectionery & other prod.: Developing Country Exports: $1040 mill.								
Sugar confectionery	European Union	21%						
	Japan	25%						
	United States	33%, progressive						
Chewing gum	European Union	18%						
	Japan	24%						
MILK- BASED PRODUCTS	United States	Progressive tariffs at low prices	European Union	Export refunds ($170 mill., 99B)				
BUTTER PRODUCTS	United States	Progressive tariffs at low prices	European Union	Export refunds ($80 mill., 99B)				
MEAT PRODUCTS			United States	Price support loans				
Beef, prepared: Developing Country Exports: $1.200 mill.	Canada	10%						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	26%						
	Japan	21%,						
	Developed Countries	Sanitary & Phytosanitary restrictions						
L. TOBACCO PRODUCTS	Japan	State trading						

	Tariff peaks, tariff escalation, anti dumping measures, countervailing duties, other import measures		Export subsidies		Domestic support price and income support marketing…		Domestic support: structural improvements	
Sectors	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Cigarettes: Developing Country Exports: $4.000 mill.	Canada	13%						
	European Union	58%						
	United States	10%						
Smoking tobacco: Developing Country Exports: $130 mill.	European Union	75%						
	Japan	30%						
	United States	310%						

Notes: Exports of developing countries in 1997 (or total imports of reporting countries from the developing country, 1997) in million $; Peak tariffs: post Uruguay Round MFN tariffs or total import charges above 12%; ad valorem equivalents of specific rates based on average import values 1996/1997 for 6 digit HS positions or international market prices ADD, CVD, Sanitary & Phytosanitary: Anti- dumping duties, countervailing duties against subsidies, sanitary and phytosanitary import prohibitions applied during some period between 1995 and 1999; 99B, 2000B: budget figures and plans for 1999 and 2000.

Table 3a : INDUSTRY, GENERAL MEASURES

Production support	
Country	**Measure**
RATIONALIZATION, MODERNIZATION OF EXISTING INDUSTRIES	
European Union	Aid to Industry 1992-1994: average $50 billion per anum, or 4% of industrial value added/ or $1.700/ job
	The share of ad hoc aid in total aid to manufacturing rose from 7% in 1990 to 36% in 1994
	Regional Fund ($17.200 mill., 99B): cofinancing of investments in infrastructure, regional support to industries, agriculture, aid to firms up to 30% of net investment costs, up to 50% in regions specially lagging behind (projects of SMEs, new investments, extensions of current enterprises; soft aid for market studies, consultancies, etc.)
	Social Fund ($10.600 mill., 99B) (training and employment programs, support to reconversion and restructuring, etc.)
RECONVERSION, RESCUE & RESTRUCTURING, MODERNIZATION	
European Union	Aids for reconversion of coal, steel, textile dependent regions ($310 mill.)
	Conversion aids of European Union Social Fund ($440 mill.)
France	Rescue of ailing industrial enterprises, reconversion (exemption from professional tax<5 y, $200 mill.)
	Regional Advisory Assistance Fund (Subs. for enterprises up to 500 employees for 50- 80% of costs of consultants, laboratories, capacity building $43 mill., 1997)
	SME-SMI Development Fund: subsidies to improve technological level and quality in enterprises up to 250 employees (grants 7,5 -75% of gross costs, $150 mill., 1997)
Germany	Aid to enterprises for technology upgrading, in particular SMEs ($90 mill. per annum, 25- 35% of costs)
Italy	Tax incentives to industrial enterprises in disadvantaged regions ($16 mill., 1997)
Spain	Promotion of enterprise cooperation (grants, $4 mill.)
Spain (Andalusia)	Modernization of industry, grants for renewing machinery, improving quality, technological upgrading, processing, etc. (up to 30% of investment, 70% of current cost, $16 mill., 1997)

Production support	
Country	**Measure**
Spain (Cantabria)	Aid to companies in serious difficulties (loans, equity up to 45%, $3 mill., 1997)
	Investment grants for renewal of equipment and support to employment in industry and services ($3 mill., 1997)
Spain (Castilla- La Mancha)	Rationalization, adjustment and new investments (grants, interest subs., $20 mill., 1997)
Spain (Madrid)	Subs. for reactivation of plants ($100 mill., 20% grant element, 30% for SMEs)
Spain (Navarra)	Reorganization and revival of enterprises in crisis grants, loans without interest, interest subs., guarantees)
United Kingdom	See Regional Selective Assistance ($500 mill.)
Austria (Carinthia)	Restructuring, modernization, specialization investments, tourism improvement (grants, interest subs., loans $30 mill., 1997)
Belgium	Tax exemption for firm conversions (designated regions, cost $100 mill., 1997)
	Premiums for rationalization investment in use of materials, utilities, energy; adaptation to European Union standards; general investments, consultancies ($4 mill., 1997)
Finland	Accelerated depreciation in designated regions (cost $9 mill., 1997)
Greece	Promotion of productive investments for restructuring increased competitiveness (investment grants 15-40%, tax exemptions 40-100%, interest subs.)
Portugal	Strategic Program for Revitalization, Modernization of Industry (grants, reimbursable financial participation $260 mill., 1997)
	State guarantees for restructuring enterprises in financial difficulties ($580 mill.)
Japan	Industrial Structure Improvement Fund (loans, guarantees, special depreciation, tax rebates for research expenses for sectors in difficulties (up to $22 mill.)
United States	Community Block Development Grant Loans lent through cities and counties for fixed asset financing for restructuring or expansion (at interest below market rates and subordinate security)
	See also Regional Investments
United States (Arizona)	Defense contractors (tax credits, incentives for employment, investment on corporate and property taxes)
United States (Connecticut)	Low interest loans for capital expenditures, machinery, training, recruiting in manufacturing enterprises

Production support	
Country	**Measure**
United States (Delaware)	Loans up to 30% of financing of fixed assets or working capital; Retention and expansion tax credits
United States (Florida)	Tax refunds for acquisition of new or consolidation of existing defense contracts, conversion of defense industries to civilian production (max. $5000/job saved or created)
United States (Kentucky)	Industrial rehabilitation investments in manufacturing plants in danger of closing: state income tax credits, etc. for max 10 years and 50% of rehabilitation cost
United States (Maryland)	Low interest loans to enterprises in high unemployment regions (3% subs.)
United States (Massachusetts)	Venture Capital Fund: loans to retain or expand employment
United States (Michigan)	Brownfield redevelopment: tax credits up to 10% of investment on brownfield site
United States (Missouri)	Low- cost, long- term industrial revenue bonds for financing cost of fixed assets for redevelopment
United States (New Mexico)	Tax credit on investment in manufacturing machinery
United States (Ohio)	Loans (up to 30% of fixed assets or $1 mill.)
United States (Oklahoma)	Low- interest loans for industrial investment, job creation in depressed regions (loans up to $3 mill.)
United States (Texas)	Low cost loans to businesses in depressed regions
United States (Vermont)	Mortgage insurance for commercial bank loans for machinery, equipment, working capital, etc.
United States (West Virginia)	Tax incentives for rationalization (min. investment $50 mill.); investment tax credit for revitalization (expansion 10% for 10 years)
United States (Kentucky, Nebraska, New Jersey, Rhode Island, etc.)	Reduced rates for electricity, gas, etc., for large industrial consumers or new investments
AID TO SMEs FOR ADJUSTMENT, RATIONALIZATION	
European Union	SME promotion: about 7% of aid to industry
	Multi-annual Program for SMEs: improvement of administrative, operational and financial environment, aid to European Union and foreign marketing & cooperation, enhancing competitiveness (grants for cofinanced projects, services contracts, $40 mill. per annum, 1997- 2000)
	SME Initiative of the European Union Social Fund: adaptation of SMEs to the internal market ($250 mill., 98B)

Production support	
Country	**Measure**
Germany (Bavaria)	Loan program for SMEs ($50 mill., 1998)
Germany (Regions)	Liquidity aids for consolidation of SMEs (Loans)
Italy (Umbria)	Investment aids for SMEs, incl. environment protection ($12 mill., 7,5%- 35% gross grant element)
Italy (Molise)	Guarantee fund for SMEs (2% grant element)
Spain	SME development: cost of business cooperation, info. services, industrial design, access to finance & technology (up to 250 workers, 11-31% of cost, $66 mill., 1997)
Spain (Castilla-Leon)	Investment grants to SMEs for rationalization, restructuring, modernization, expansion ($15 mill., 1997)
Spain (Navarra)	Investment & employment aid to SMEs (grants<20%, 3.800$/job created, <5% interest points: $4 mill.)
Spain (Rioja)	Investment aids to SMEs for modernization in areas of industrial decline, rural areas (grants, $5 mill., 1997)
United Kingdom	Loan guarantees to SMEs lacking security ($68 mill., 1997)
Austria	Business structure improvement of SME (interest subs. $30 mill., guarantees $35 mill., 1997)
Austria (& Regions)	Facilitating credit access for SMEs (credit guarantees, interest subs. up to 70% of inv. costs, $10 mill.)
Belgium (Brussel)	Adjustment aids to SMEs (interest subs. and investment premium, 14% aid, $8 mill., 1997)
Belgium (Flemish Region)	Adjustment aids to small enterprises (grants, interest subs., tax exemption, loan guarantee)
Dennmark	Support to industrial SMEs ($10 mill., 1998)
Finland	Support to SMEs for improving products, management, marketing (grants $14 mill.; soft loans net cost $5 mill., 1997)
	SME Loan Program: working capital, investments (soft loans for risky projects, net cost $36 mill., 1997)
Sweden	Regional Development Companies to strengthen SMEs competitiveness, profitability, new firms (soft loans, grants, guarantees, risk capital) (risky collaterals, $16 mill., 1997)
Norway	Research & Development grants for cooperation of SME subcontractors with main firms ($5 mill. per annum)

Production support	
Country	**Measure**
United States (California, Illinois, Maryland, Mississippi, New York, Ohio, Texas)	Low interest loans to SMEs for financing equipment, machinery, for renovation, revitalization, expansion
United States (Ohio)	Loans to SMEs < 50% for fixed assets < $6 mill., 10 to 20 years; for renovation, expansion (low interest rates)
	Interest rebate of 3 % on bank loans, 2-5 years for assets, working capital for SMEs
	State income tax credits (20%, max. $0,5 mill.; or 7,5%- 13.5% of additional investments for 7 years for SMEs)
United States (New York)	Assistance to SMEs for improved management and production processes
United States (Colorado, Hawaii, Minnesota, South Carolina, Washington, Delaware, Massachusetts, Minnesota, etc.)	Loans and loan guarantees for SMEs to improve access to commercial bank loans (for construction, machinery, etc.)
MARKETING AIDS	
Germany	Marketing aids for particular enterprises
Spain (Galicia)	Grants to trading companies for cooperative commercial, productive projects in Spain and abroad, to promote international links, competitiveness (up to 75% of costs of SMEs)
Denmark	Loans to SMEs for development of new markets
Finland	Regional transport subs. for SMEs (grant, $4 mill., 1997)
Greece	Aid to the exploitation of business opportunities in Greece and abroad (grants, tax rebates, etc.)
Portugal	Interest subs. for modernization of trading enterprises ($30 mill., 1997)
Sweden	Transport aids for producers distant from main markets ($45 mill., 1997)
Sweden (Northern)	Regional financing facility for marketing, product development, working capital (loans, grants up to 50-70% of investment costs, $5 mill., 1997)
United States (Oklahoma)	Quarterly cash payments to companies with > 75% sales outside Oklahoma (up to 5% of payroll/10 y)

Production support	
Country	**Measure**
United States (California)	Small Business Development Centers providing marketing support, technical assistance
United States (North Carolina)	Companies with sales outside N.C. are only taxed on the fraction of their income corresponding to their sales in N.C.
United States (Nevada)	Procurement Outreach Program helps companies to bid for government contracts
United States (Pennsylvania)	Assistance for federal procurement bids and new product markets
COMPETITIVENESS, STANDARDS, QUALITY	
European Union	Industrial competitiveness policy ($7 mill.) to strengthen competitiveness of European industry through horizontal measures, research, information, etc. Standardization, testing ($60 mill.)
Spain	Industrial Quality and Safety Program (grants to promote quality management, standardization ($35 mill., 1997)
Spain (Castilla Leon)	Grants for business analysis, quality, competitiveness (up to 50% of cost, $2 mill., 1997)
United Kingdom (Wales)	Business Advisory Services to existing or new SMEs (cost $8 mill., 1997)
United Kingdom (North Ireland)	Compete Program (grants, $10 mill., 1997)
Belgium (Flemish Region)	Grants for consultancy during start- up ($8 mill., 1997)
Denmark	Development of competence and technology in industry ($80 mill., 1998: Results must be accessible to other firms)
United States (New York)	Grants for competitiveness improvements of productivity and quality, cost reduction, employee training (costs of supplies and materials, instruction, new- hire wages for on-the -job training, etc.)
United States (Connecticut)	Corporate tax credit for purchases of computers and data processing equipment
EMPLOYMENT SUPPORT AND INCENTIVES FOR JOB CREATING INVESTMENTS	

Production support	
Country	**Measure**
France	Regional employment premium for SME extension, conversion, resumption, creation with new jobs ($12 mill.)
	Tax exemption for enterprises in urban areas in difficulty (profit taxes, 5 years)
France (French Overseas Departments)	Enterprises exempt from payroll tax ($80 mill.), reduced corporation tax ($35 mill., 1997)
Germany (Bavaria)	Regional promotion of industry, employment creation ($160 mill.)
Italy (Sicily)	Promotion of employment/order books operating aid, aid intensity max 50% gross, 15% net
Spain (Navarra)	Employment subs. ($2 mill., 1997)
United Kingdom	Training and Enterprise Councils (vocational training for specific enterprise requirements, average $2.500/job)
United Kingdom (Wales)	Grants, loans to enterprises for (re-) training ($12 mill., 1997)
United Kingdom (North Ireland)	Training & management improvement program (grants, $20 mill., 1997)
Belgium (Flemish Region)	Wage premiums to new enteprises for recruitment of workers with low qualifications ($1 mill., 1997)
Denmark	Wage subs. for recruitment of unemployed ($35 mill., 1997)
	Wage subs. to enterprises for vocational training, 2.5 years ($5 mill., 1997)
Finland	Employment aid for structural changes ($2 mill., 1997)
Austria	Support for labour market (guarantees, loans, grants $20 mill., 1997)
Belgium	Reductions of social taxes for additional employment
Sweden	Support for vocational training in firms ($18 mill.)
	Wage subs. to firms for recruiting unemployed ($30 mill.)
	Reduction of social fees for on- the- job training by firms ($6 mill.)
	Regional employment grants to reduce extra cost of additional labour ($38 mill., 1997)
	Reduced Social Security Contributions in designated areas ($52 mill., 1997)

Production support	
Country	**Measure**
Sweden	Regional Development Grants, Loans to promote new employment in designated areas ($83 mill., 1997)
United States	States Incentives for employment retention, creation (frequently linked to new investments or investments in distressed zones)
United States (California)	Health Insurance Plan for SMEs (at 8- 25% lower cost)
United States (Florida)	Tax refunds for new jobs in target industries ($5000/job created or saved)
	Provision of start-up training tailored to company needs
	Tax refunds to defense industries preserving and promoting high technology employment
United States (Georgia)	Job tax credits ($500- $2500/ job)
United States (Illinois)	Loans for projects to retain or create jobs
United States (Iowa)	Tax credit for creating new jobs (6% of wages)
	Reduced unemployment insurance
United States (Louisiana)	$2.500 income tax credit per permanent employee
United States (Maryland)	Tax credits for creation of high wage jobs
United States (North Carolina)	Job creation tax credit (up to $2.800/job)
	Training tax credit
United States (Ohio)	Corporate tax reduction in proportion to new jobs created ($1.000/new job)
	Long- term, fixed-rate, tax-exempt bonds for job creating enterprises and more cost effective financing
United States (Vermont)	Tax credit up to 10% of increased wage and salary cost
United States (Virginia)	Income tax credits (3 years) per job created in larger firms
United States (West Virginia)	Tax credit for investments creating > 50 jobs (up to 80% of state business tax liability)
United States (Arkansas, Colorado, Hawaii, Kentucky, Louisiana, Maine, North Dakota, Washington, Wisconsin, etc.)	States Customized Occupational Training provided to to new and expanding companies or grants

Production support	
Country	**Measure**
United States (Texas)	Smart Jobs Fund: grants for training, existing or new jobs
United States (Illinois)	Industrial training program: grants up to 50% of cost of training and upgrading skills; up to 100% for retraining
United States (Nebraska)	On-the-job training program reimbursing up to 50% of employees' training wages
United States (Michigan)	Job Development Fund ($31 mill.) for training or retraining of workers
United States (Vermont)	Income tax credits of 10% of training expenses of companies

Notes: Measures applied during some years between 1995 and 1999; (B 99) means budget data for 1999.

Table 3b : INDUSTRY, GENERAL MEASURES

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
INVESTMENT FINANCING, SUBSIDIES, TAX CONCESSIONS	
United States, Japan, United Kingdom, France, etc.	Industrial parks/zones
Canada (Provinces)	Strategic Investment and Industrialization Development Program (grants for development of export industries, services, $50 mill.)
Germany (Provinces)	Investment grants to industry, trade, infrastructure (Examples: (i) $10 mill.; (ii) $5 mill., 1997)
Spain (Andalusia)	Investment grants, interest subs. to investment projects, start-up, consolidation ($110 mill., 1997)
United Kingdom	Industrial Development Board: Finances acquisition of sites and standard factories provided to companies
	Government contribution to cost of industrial & office buildings
	Shortfall Guarantee Scheme for factory sales
Austria	Guarantees for investment project financing ($240 mill. committed by 1997)
Austria (Tyrol)	Creation of key industries (grants $4.000/job, 1997)
	Industrial site development (grants, 25-50% of project costs)
Austria (Upper Austria)	Investment grants ($14 mill., 1997)
Austria (Lower Austria)	Investment grants, soft loans ($52 mill., 1997)
Austria (Carinthia)	Industrial Settlement and Participation Company (equity participations, $3 mill., 1997)
Belgium	Tax deductions for new investment (Research & Development, energy saving, SMEs; continuing for investments before 1992: $280 mill., 1997)
	Tax exemption of firms in high-tech sectors (if created before 1990, cost $10 mill., 1997)

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
Belgium (Flemish Region)	Investment aids to medium & large scale enterprises (outside zones) (investment grants $40 mill., interest free credits & guarantees $4 mill., tax exemption)
Finland	Start- up Loans for Entrepreneurs establishing an enterprise (interest subs., inadequate collaterals, net cost $30 mill., 1997)
Greece	Investment aids, all sectors (grants 15- 40%, tax reduction 40- 100%, interest subs.)
Ireland	Investment grant ($15.000/job, 30%), reduced corporate tax (10%)
	International Fund for Ireland: United Kingdom + European Union contribut. ($20 mill.)
	Aid to the two regions of Ireland: European Union ($140 mill.)
Sweden	Investment grants, guarantees, conditional loans ($13 mill.)
United States	See also Enterprise Zones under Regional Investment
United States (Colorado)	Job creation tax credits for new investments
United States (Connecticut)	Development Authority: low- interest loans, etc. for new investment
United States (Georgia)	Investment tax credit (income tax: 1-8% of investment)
United States (Iowa)	New Jobs and Income Program (tax credits and exemptions if investment >$10 mill. and > 50 new jobs)
United States (Kansas)	High performance incentive program to attract high wage investments: loans, tax credits (10% of investment; worker training credits, etc.)
United States (Louisiana)	Venture Capital Coinvestment Program (up to 25% of toal equity, max $0,5 mill. equity participation)
United States (Michigan)	Technology Parks: Tax reduction for new activities (50% of property taxes)
United States (Nebraska)	Tax credits for new investments >$ 3mill.: 10% tax credit on investment and 5% tax credit on payroll up to 7 years
United States (New Jersey)	Low interest investment loans ($7 mill., 1993)
United States (New York)	Loans, loan guarantees, interest subsidies, direct grants for enterprises to locate or expand operations in N.Y. (up to 33% of project cost)

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
United States (New York)	State incentive programs accessible to foreign investors
United States (North Carolina)	Loans for industrial access roads
United States (North Dakota)	Development Fund: Gap financing to manufacturers, food processors, export- service industries
United States (Oklahoma)	Industrial Finance Authority: loans for investment inbuildings and equipment
United States (Pennsylvania)	Industrial Development Authority (loans up to 70% of project, interest 2- 5%, $90 mill. 1993-1994)
United States (Virginia)	Loans for investment in new and expanding industries if more than 50% of their sales outside Virginia
	Opportunity Fund: capital for site acquisition, development, transportation access, construction, etc.
	Industrial access road and rail programs for new or expanding manufacturing or processing companies
United States (West Virginia)	Low interest loans and guarantees for companies locating to or expanding in West Virginia
	Tax credit for investment in venture capital companies (< 50%)
United States (Wyoming)	Industrial Development Agency: low interest loans for investment projects creating substantial jobs
United States	Incentives to attract location of company headquarters, for example:
United States (Pennsylvania)	Loans 30-40% of project costs
United States (South Carolina)	Income tax credit of 20% of construction costs for 5 years
INVESTMENT IN EXPORT ORIENTED INDUSTRIES, PROMOTION OF INTERNATIONAL JOINT VENTURES	
Canada	EXINVEST provides equity & export financing

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
Canada (Regions)	Investment capital fund for export- oriented industries
Austria	Guarantees for financing investment projects in Eastern Europe ($250 mill. committed by 1997)
REGIONAL INVESTMENT AIDS TO NEW INDUSTRIES	
European Union	European Regional Development Fund (loans for infrastructure, HRD, productive investments): aid component ($2,7 billion per annum)
	Aids to reconversion of coal, steel, textile dependent regions ($310 mill.)
	Conversion aids of the European Union Social Fund ($440 mill.) for: restructuring & diversification of coal mining areas ($94 mill.); steel ind. areas ($100 mill.); textile industry areas ($120 mill.) defense industries ($120 mill.)
	European Social Fund measures for most remote regions of the European Union ($140 mill., 98 B)
	CECA loans for steel industry conversion: for new investments in other industries outside steel ($400 mill. per annum, interest subs. up to 3%)
	Regional aids by European Union Member States covering 43% of population and on average 56% of all aid to industry
	Investment aids to new enterprises and expansion by Member States up to 15%- 33% of investment costs, plus 10% for SMEs (grants, soft loans, equity, interest subs., guarantees)
France	Exemption from profit or professional taxes for creation of enterprises in disadvantaged, rural or urban regions (5 years, $800 mill., 1997)
	Enterprise zones (tax concessions, $380 mill.)
	Investment premiums in certain zones ($100 mill., on average $7.000/ job)
	Reconversion of Coal Mining Areas (Long term loans with interest subs. without security, $15 mill. per annum)
France (Corsica)	New investments (exemption from pofit & professional taxes, 8 years)
France (French Overseas Departments)	Promotion of new investment projects (exemption from corporate tax on reinvested profits ($250 mill.) and certain import duties and fees, 25-30 years)
	Deduction of proceeds and profits on investments in FODs from corporate and income taxes ($600 mill., 1997)
Germany	Investment grants to industry and commerce in assisted regions ($2.350 mill., 1997)
Germany (East)	Special Investment allowance (tax allowance up to 20% for industrial projects, $1.000 mill., 1997)
Germany (Bavaria)	Grants, soft loans for investment in assisted areas (investment grants $53 mill.; interest subs $8 mill., 1997)

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
Italy (Southern Regions)	Investment grants ($2.100 mill.)
Spain	Investment grants for location in disadvantaged areas: ($95 mill., 1997)
	Regional Investment grants for enterprise creation, expansion:
Spain (Basque Regions)	Investment grants and interest subs. for industrial or mining projects creating large scale jobs ($40 mill., 1997)
	Interest subs. for new SME investments (3%, $65 mill., 1997)
Spain (Castilla- La Mancha)	EU- RETEX Program for diversification of textile industry regions (grants, interest subs.: $25 mill.,1997)
Spain (Extremadura)	Interest subs. for SME investments ($6 mill., 1997)
Spain (Murcia)	Investment grants, interest subs. ($15 mill., 1997)
Spain (Navarra)	Investment grants for manufacturing (max. 20%, $30 mill. 1997)
United Kingdom	Regional Selective Assistance
United Kingdom (Great Britan)	Investment grants in disadvantaged regions, 15-20% of investment ($8300/ job, $500 mill., 1997)
United Kingdom (Scotland)	Aid to investment in new businesses (20 year loans 4 year interest relief, 50% building grants, $130 mill., 1998)
	Investment support program: subs. for buildings, roads, wages
United Kingdom (England)	Regional investment grants in deprived & coal areas (15% of cost for SMEs, $6 mill., 1997)
United Kingdom (Northern Irleand)	Industrial development grants, loans, equity for SMEs, new projects & export oriented businesses, etc., $23 mill., 1997)
United Kingdom (Cardiff Bay)	Regional Investment grants (20- 30%, $17 mill., 1998)
Austria	Soft loans for investment projects, special areas ($430 mill., 1997)

Investment support and subsidies main objective: new industries diversification

Country	Measure
Austria (Styria**)**	Investment grants, industry, services (15- 33% of investment costs, up to 50% for services, $17 mill., 1997)
Belgium (Walloon Region)	Investment aids to enterprises < 250 workers (investment premium, income tax exemption, accelerated depreciation, $410 mill., 1997)
	Promotion of large scale investment in disadvantaged regions (investment premium, tax exemption 5 years, $100 mill. 1997)
Belgium (Flemish Region)	Investment aids to medium and large enterpr. (investment premium & interest subs. $80 mill.: tax reductions; loan guarantees & interest free loans $12 mill.): special areas
Denmark	Regional Industrial Development ($20 mill., 1998)
Finland	Regional Investment grants ($60 mill., 1997)
Ireland	Tax incentives for investment to develop enterprise areas (10 years, $10 mill.)
Luxembourg	Regional investment subs. (capital subs., $34 mill., 1997)
Netherlands	Investment subsidies (Reg.) for industry, services (grants, $25 mill., 1997)
Portugal	Regional Investment Incentives (grants and repayable financial participation, $560 mill., 1997)
	RETEX Program: reconversion of textile dependent areas (Subs. $25 mill., risk capital $7 mill., loans $12 mill., 1997)
Norway	Regional Investment Grants ($88 mill. per annum, up to 30% of investment costs/45% for SMEs) and aid for specific regions ($64 mill.)
	Program for Regional Development (grants, $12 mill.)
	Scheme for restructuring regions dependent on single industry (grants, $13 mill. per annum)
Switzerland	Support to new investment, diversification, restructuring of threatened mountain regions (loan guarantees, interest subs., tax reductions $33 mill.)
Canada (Regions)	Investment loans, guarantees to industrial and services firms
United States	Empowerment Zones and Enterprise Communities: tax incentives to encourage investment in distressed areas (additional expensing of investments, tax credit for employment & training, tax exempt bonds: revenue loss $320 mill. per annum)

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
United States (Alabama, Arizona, Arkansas, California,Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Pennsylvania, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Wisconsin)	Incentives for investments in distressed zones, regions with high unemployment, designated enterprise zones: corporate income tax credit for new investments and/or low interest loans, grants, infrastructure assistance, tax credits for new jobs/recruitment (more than 30 States)
United States (California)	Credits, tax incentives, bonds and other subs.
	Tax credits for new hires (up to $20.000/new job over 5 years)
United States (Florida)	Corporate income taxe credit (10-15% of wages paid for new employees in first year, exempt from utility taxes)
United States (Kentucky)	Income tax credits (up to 100% of debt service cost on land, building, equipment)
United States (Missouri)	Investment tax credit up to 10%, job credit
United States (New York)	Tax credits for distressed communities on investment, wages and capital, sales tax refunds, utility rate reductions, exemption from real property tax
United States (Texas)	Texas Enterprise Zone Program (local and state incentives, real estate development, program priority, etc.)
United States (Hawaii)	General excise tax exemption, income tax abatement and tax credits for businesses in enterprise zones
United States (Illinois)	Job tax credits, investment tax credits for new companies locating in enterprise zones (91)
United States (Michigan)	Renaissance zones, tax free for business for 12-15 years

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
United States (Nebraska)	Grants, loans, tax exemption for new investments in problem areas (4% of investment costs, $4.500/ new employee)
United States (Ohio)	50- 100% tax abatements for property taxes for new investments (up to 10 years); 100% on real estate taxes
United States (Utah)	Industrial Assistance Fund ($10 mill.): loans and grants for expansion and relocations to designated areas
United States (Virginia)	Reduction of income tax for new investment (80% in first year, degressive, 5 years)
INVESTMENT AIDS TO SME (NEW PROJECTS, EXPANSION)	
Japon	Support to regional SME clusters (special depreciation)
European Union	Access of SMEs to low cost loans for job- creating investment (interest subs. and cost of loan guarantees, $30 mill.)
	Technological facility for high tech SMEs ($60 mill., 1998, subs. on fees for loan guarantees, financing of capital participation)
	Assistance to joint ventures of European SMEs ($12 mill. for cost of joint ventures and financing of capital)
	Promotion of SMEs ($30 mill., 1998, for the multiannual program for SMEs, standardization, management training)
France	SME Development Fund (Direct subsidy for investment projects, cost of research, technol. dev., engineering, training, feasibility studies/ improvement of technological level, quality: 7,5%/15% general, 27%,75% gross depending on region: $300 mill. per annum, average)
Germany (Eastern Provinces)	Investment allowance for SMEs (up to 250 employees, tax allowance up to 10% of cost of industrial projects, $1.000 mill., 1997)
Italy	Development of SMEs (grants, tax rebates: $34 mill.)
Austria	Innovative investment projects of SMEs (soft loans, $28 mill.)
Belgium (Wallon Region)	Grants, loans for industrial Research & Development ($36 mill., 1997)
Finland	Investment aids to SMEs (grants $13 mill., 1997)
Sweden	Investment grants to SMEs ($13 mill., 1997)

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
Sweden	Industrial Cooperation Fund (grants, conditional loans for high risk projects of SMEs up to 50% of cost)
Norway	Industrial Cooperation Fund (grants, conditional loans for high risk projects of SMEs up to 50% of cost)
United States (Oklahoma)	Income tax credit of 20% of cash equity invested in SMEs
RESEARCH AND DEVELOPMENT	
Canada	Technology Partnership Canada: loans, venture capital, for launching high tech projects, coinvestments in new technologies (loans, $180 mill. per annum)
	Subsidies, tax credits for Research & Development by firms, SMEs, research institutes, etc. ($710 mill. per annum)
	Assistance to firms to improve their technological capability (technical advice, research grants: $40 mill.)
Canada (Provinces)	Cooperation Program between government and business associations in projects for product research, market development, productivity, emerging industries ($50 mill.)
Canada (and Provinces)	Cooperation programs between central and regional governments to promote entrepreneurship, innovation, technology transfer, HRD, marketing, exports, environment: grants to provinces, firms ($60 mill.)
Japon	Industrial Science and Technology Frontier Program (Financing of contracts to research associations, universities, companies, $270 mill.)
	Japan Key Technology Center: Capital participation and loans
	High Technology Industry Development Areas (Special depreciation)
	Venture Enterprise Center, Japan: loan guarantees to SMEs for Research & Development
European Union	Community Research & Development Framework Program: 1994-1998 ($15 billion)
	Industrial and material technologies ($630 mill, 1998)
	Investment aids for immaterial expenditures
France	Research and Technology Fund (grants up to 50% of research and technology projects of industrial enterprises, public institutions and partnerships: $70 mill, 1997)

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
France	National Agency for Research Promotion: innovation projects & new technological enterprises (repayable loans if success, up to 50% of immaterial cost, grants, $230 mill, 1997)
	Industrial Innovation Fund (Repayable advances or subs. if failure, for large scale projects for the development of new marketable products or processes, max. 30% of research cost, $300 mill., 1997)
	Tax credit for Research & Development promotion ($600 mill., 1997)
	Advanced Materials Technology: Research & Dissemination by ind. firms (repayable if success, max 50%, $8 mill., 1997)
Germany	Biotechnology Research & Development (grants, $30 mill., 1998)
Italy	Applied Research Fund for industrial research (up to 50% of costs, grants $100 mill., soft loans $150 mill., 1997)
	Technological Innovation Fund (soft loans up to 55% of cost; grants $20 mill., soft loans $120 mill., 1997)
Spain	Industrial Technology Development Program (grants, $107 mill., 1997)
	Spanish Center of Industrial Technology: low or zero interest loans for company res. & development projects ($130 mill.)
Spain (Navarra)	Technological Research & Development (interest free loans < 50% of costs, $5 mill., 1997)
Spain (Basque Reg.)	Grants for multi- annual technol. or innovation projects (<50%, $16 mill.)
Spain (Madrid)	Research & Development grants for industrial research & SME technology projects, investment in technology enterprises ($7 mill., 1997)
United Kingdom	Advanced Technologies Program (grants, encouragement of collaborative research, up to 50% aid intensity, $4 mill., 1997)
	Business Development Program (promote entrepreneurship, encouragement of cooperative research, grants)
	Link Initiative: grants for collaborative research between industry & academia (up to 50% of costs in selected areas)
	Science and Technology Program (START) grants for collaborative research firms/universities (grants 50%, or 100% for strategic research made publicly available, $5 mill., 1997)
	Grants to SMEs for developing new technologies, products, creation of new technology based businesses ($30 mill., 1997)
Austria	Industrial Research Promotion Fund for research enterpr. (loans, grants, guarantees up to 50% of cost, $140 mill., 1997)
	ERP Technology Program (soft loans for Research & Development $110 mill., 1997)
	Innovation and Technology Fund, Research & Development Grants (mainly to manufacturing enterprises, $30 mill., 1997)

Investment support and subsidies main objective: new industries diversification

Country	Measure
Austria	Technology Financing Program (guarantees to support venture capital financing for Research & Development projects, subs. equivalent 7.5%, $250 mill. committed by 1997)
	Seedfinancing for new High-Tech Enterprises (loans, $6 mill., 1997)
Austria (Vienna)	Research & Development grants (22% of investment, $6 mill., 1997)
Belgium	Grants for precompetitive industrial research ($70 mill., 1997)
Belgium (Flemish	Research & Development grants, loans (13- 59% of cost, $60 mill., 1997)
Denmark	Research & Development loans (up to 45% of costs, repayable if success)
Finland	Grants and soft loans for industrial Research & Development (average 40% of cost; grants $120 mill.; loans $45 mill., 1997)
Netherlands	Research & Development promotion (income tax reductions up to 25% of salary costs, $120 mill.)
	Technical Development Loans for high risk projects (loans up to 40% of project cost)
	Subsidies to companies for international cooperation projects in industrial and fundamental research (up to 37% of project cost, $13 mill., 1997)
	Grants for technol. collaboration projects between companies and with research institutions (grants, $43 mill., 1998)
	Grants for cluster projects, for joint Research & Development projects of firms (37% of Research & Development cost, $11 mill., 1997)
	Swedish Board for Industrial and Technical Development (grants, loans to firms, repayable if success, <50%, $120 mill., 1997)
Norway	Public Research & Development Contracts for new products or processes (50 - 60% of research costs)
United States	Expensing of research and experimentation expenditures from taxes ($640 mill. 1999, $1440 mill. 2000B)
	Tax credit for increasing research expenses ($1.655 mill., 99B)
United States (Delaware)	Delaware Innovation Fund: seed capital for companies launching innovative products (long term loans with royalty based payback: funding for establishing patents, start of commercialization)
	Venture capital for investment through public/ private partnership

Investment support and subsidies main objective: new industries diversification	
Country	**Measure**
United States (Maryland)	Equity participation or loans for technology based businesses and acquisitions
	Investment loans for technology- driven companies
United States (Massachusetts)	Emerging Technologies Fund (up to 50% of project cost or $5 mill.) for specialized Research & Development or manufact.
United States (North Carolina)	Technological Development Agency: funds and incubators for new and existing SMEs
United States (North Dakota)	Funding for applied research and development of established and potential businesses, for commercilialization of new technology
United States (Kansas)	Tax credits for research companies investing in Research & Development (max. 6,5% of Research & Development expenditures)
United States (Louisiana)	Louisiana University Research and Development Parks: exemption from corporate income and franchise taxes
United States (Maine)	High technology investment tax credit (for investment in computers, software, electronic equipment, comunications)
United States (Oklahoma)	Tax reduction on the royalty income on technology transferred to SMEs
	Income tax credit for Research & Development data processing, computer jobs
	Tax exemptions on royalties of new products developed and manufactured in Oklahoma (up to 65% of manufact. equipment)
United States (California, Vermont, Massachusetts, Iowa, Maine...)	(10-15%)

Notes: Measures applied during some years between 1995 and 1999; (B 99) means budget data for 1999.

Table 3c : INDUSTRY, GENERAL MEASURES

Export subsidies, export finance and export promotion	
Country	**Measure**
EXPORT FINANCING	
United States, Canada, Japan, Norway, Finland, Germany, France, etc.	Export credits, guarantees
United States, Canada, Japan, Austria, Germany, France, etc.	Export credit insurance
United States	Export- Import Bank: Loans ($1.400 mill., average per annum, budget costs $94 mill., or 6.7%); Insurance, guarantees ($10.300 mill., budget cost $660 mill., 6.4%)
United States (Kansas)	Export Loan Guarantee Program (up to 90% of a loan)
United States (Massachusetts)	Export Finance Guarantee Fund: loan guarantees and risk insurance for exporters, incl. financing of preshipment and production costs
United States (Minnesota)	Export Loan Guarantee Program: loan guarantees (up to 90% of bank loans or $250.000)
United States (Maryland)	Export and import credit insurance for commercial loans (for goods and service providers to overseas markets)
United States (North Dakota)	Loans for export service industries
United States (Pennsylvania)	Export Finance Program: preshipment loans (up to 50% of project costs or $350.000); post export loans (up to 85% of costs or $350.000)
Finland	Interest subs on export credits ($420 mill.)
Germany	Government export guarantees ($17.000 mill., 1998); defaults $1.100 mill.; budget loss $180 mill. (average 1997/1998)
Sweden	Swedish Export Credit Corporation: Long-Term financing for exports of capital goods, services, direct market investments: interest subs. ($17 mill.) Export Credit Guarantees: political and commercial risks (losses $0,7 mill.,1994)

Export subsidies, export finance and export promotion	
Country	**Measure**
EXPORT DEVELOPMENT AND PROMOTION, SUBSIDIES	
Canada	Export Development Corporation: export promotion, market penetration (subs. to firms for foreign missions, fairs, $0,3 mill.)
Japan	External Trade Organization
Italy	Support to companies in submissions for international tenders outside European Union (soft loans, $5 mill., 1997) Support to opening of commercial operations in non- European Union countries (soft loans, max. 85% of expenses, $125 mill., 1997)
Belgium (Brussels)	Aid to promote exports (cost of trade fairs, market surveys, tenders, presence on foreign markets, $1 mill.)
Denmark	Export promotion ($19 mill., 1998)
Finland	Grants to SMEs for international marketing, promotion ($60 mill., 1997)
Ireland	Grants to exporting SMEs for export marketing (max. 50% of cost, 2 years)
Portugal	Support Program for International Development of Trade and Services Enterprises (interest subs. $22 mill., 1997 for zero interest loans)
Sweeden	Swedish Trade Council: information, technical advice, partial financing of export promotion: exhibitions, missions, market surveys ($18 mill.)
Norway	Export promotion ($8 mill.)
United States (New York)	Grants for export trade development
United States (Utah, Nebraska)	Foreign trade zones for manufacturing, etc.
United States (Nevada)	International Trade Program: assistance to gain access to foreign markets (variety of financial programs)
United States (Pennsylvania)	Export market development services (through enterprise zone program)

Export subsidies, export finance and export promotion	
Country	**Measure**
TAX ALLOWANCES RELATED TO EXPORT ACTIVITIES	
Belgium	Tax exemption for export managers
France	Tax deductions for start up cost of trading/export branches abroad
Greece	Tax deductions in proportion to exports
Ireland	Special tax rates for exports by Trading Houses
Netherlands	Income tax: special export reserve for income from export sales
United States (Ohio)	Tax credit of 10 % of profits on export sales increases
United States (North Carolina)	Tax credits for exporters on increases in cargo handling fees and wharfage
United States (Delaware)	Exemption from income and mercantile taxes for export trading companies
United States (Vermont)	Export tax credits against income tax liability

Notes: Measures applied during some years between 1995 and 1999; (B 99) means budget data for 1999.

Table 3d : INDUSTRY, GENERAL MEASURES

Environmental and energy measures	
Country	**Measure**
ENVIRONMENT (general)	
Japan	New Sunshine Program for innovative environmental and energy technologies (Financing of contracts, $400 mill.)
European Union	Research & Technology Development Program: Environment & Climate ($200 mill.)
	Financial Instrument for Environment Projects: Nature protection ($60 mill.)
	Environmental protection ($60 mill.)
	Pilot projects for SMEs (project loans, energy savings, upgrading env. Standards: $6 mill.)
	Marine sciences & technology ($75 mill.)
Germany	Environment Research & Development ($65 mill., industry: max 75%)
Germany (Provinces)	Grants offsetting extra-cost of industry to meet environmental and safety standards ($70 mill.)
Italy (Regions)	Aid to SMEs to adapt to new environment standards ($3 mill., grants: 25-40%)
United Kingdom (EUREKA)	Grants for joint research by firms (50% of costs, $10 mill.)
Austria	Environmental aid to industry (grants, energysaving, Research & Development, up to 35%, $40 mill.; waste water management $4
Austria (Upper	Environmental investment grants, loans ($4 mill., 1997)
Austria (Vienna)	Grants for environmental and energy savings projects (Subs. 6%, $6 mill., 1997)
Denmark	Grants for waste recycling, clean technologies ($14 mill.)
Finland	Grants for environmental protection ($6 mill., 1997)
Luxembourg	Capital subs. for investment protecting environment, rational energy use ($3 mill.)
Netherlands	Investment in environmental protection & energy use (free tax depreciation: $60 mill. per annum)
	Subsidies for environmental research projects (grants, aid intensity 25- 62%, $45 mill., 1997)

Environmental and energy measures

Country	Measure
	Subs. to SMEs for application of new environmental technologies (grants, 25% of cost, $2 mill., 1997)
Netherlands	Loans to SMEs for environment oriented product development (up to 40%, $3 mill., 1997)
	Philips ECODESIGN (grants, 40% of cost for basic research in products to achieve environmental gains: $2 mill. per annum/ 5 years)
Sweden	Energy Research Program (grants, conditional loans: $22 mill., 1997)
	Energy Technology Fund (grants, soft loans, guaran tees to firms, inventors: $23 mill., 1997)
	Research & Development for energy saving, environmental protection in transports & communications (grants, $19 mill., 1997)
	Investment grant for Ecologically Sustainable Development ($15 mill.)
United States (Ohio)	Low interest loans for pollution reducing equipment
United States (Virginia)	Tax credit for processing recyclable materials (up to 10% of cost)
United States (New	Recycling program for companies (capital or process improvements)
United States (Delaware)	Green industries tax credits for corporate income tax: for manufacturers reducing chemical waste
ENERGY	
United States	Biomass Power Program ($16 mill., procurement from producers of combustion engines, turbines, generators, wood products, pulp, paper, etc.)
	Development of advanced gas turbines (grants, cooperative agreements, $25 mill. procurement from turbine manufacturers and their suppliers)
	Industrial Heating and Cooling Program ($8 mill. grants, cost sharing agreements with producers of furnaces, burners, heat pumps & ceramic, petrochem, chemical industries)
	Energy storage systems ($4 mill.)
	Geothermal Energy Program ($28 mill. for grants, cooperative agreements)
	Hydrogen Research & Development Program ($15 mill. grants, cost sharing agreements with producers of petroleum, glass, chemicals, metals, etc.)
United States (Florida)	Energy Loan Program: low- interest loans to SMEs for energy-efficient equipment, improved energy efficiency
United States	Revenue bonds for financing energy projects, hydroelectric facilities, production or saving of energy
United States (New York)	Efficient energy production (funding of up to 50% of project cost)

Environmental and energy measures	
Country	**Measure**
United States	Grants to manufacturers of solar voltaic panels (program max. $5 mill. per annum)
European Union Member States	
Italy	Restoration or construction of new hydroelectric power plants (grants < 30% of investment cost, $4 mill.)
	Construction of new plants/innovations in new energies (grants, $9 mill.)
	Grants for energy saving investments ($33 mill., 1997)
	Grants for reduction of energy consumption ($15 mill., 1997)
Spain	Promotion of energy efficiency in industry, transports & use of renewable energies (grants, $24 mill., 1997)
Spain (Andalusia)	Investment in renwable energy, rural electrification (grants up to 30% of investment, $4 mill., 1997)
United Kingdom	Energy Efficiency Program (up to 100% of cost for basic research, 49% for joint projects of firms, $26 mill.)
	New & Renewable Energy Program (research grants, 25- 50% of costs, $18 mill., 1997)
Denmark	Investment grants in energy saving ($80 mill., 1997)
	Grants for electricity generation from natural gas, small power stations ($107 mill., 1997)
Finland	Grants for energy savings, environment ($10 mill., 1997)
Netherlands	Grants to enterprises, etc. for Research & Development in energy projects (max 50-60% of project cost, $60 mill.)
Portugal	Energy progr. to enterprises, etc. for reducing oil dependency (grants, loans at 0 interest: $350 mill., 1997)
Sweden	Energy research progr. (loans to firms repayable if success, grants to universities, etc.: $4 mill.)
	Swedish Fund for Energy Technology (grants, soft loans, guarantees: $20 mill.)
	Tax exemption to reduce CO_2 emissions for energy intensive enterprises ($7 mill.)

Notes: Measures applied during some years between 1995 and 1999; (B 99) means budget data for 1999.

Environmental and energy measures	
Country	**Measure**

Table 4: INDUSTRY, SECTOR- AND PRODUCT SPECIFIC MEASURES

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
A. CAPITAL-INTENSIVE, INTERMEDIATE TECHNOLOGY INDUSTRIES							
1. Steel and steel products, ferro-alloys: Developing Country Exports 1996, $30 bill.	European Union	Various steeel products	Import quotas ADD/CVD: Kazakhstan, Russian Federation, Ukraine	European Union	Investment loans for steel plants	United Kingdom	Grant ($7.500 / job or 10% / $90 mill., 1996)
	United States	Steel plate, tubes, castings, wire	ADD/CVD: Brazil, Mexico, Trinidad and Tobago, South Africa, China, India, Republic of Korea, Thailand, Romania, Turkey, Taiwan Province of China, Argentina, Indonesia	European Union Member States	Regional, rescue and restructuring aids (average in 1994-1996: $1,8 bill. per annum investment subsidies) tax exemptions, soft loans, interest subsidies, equity infusions: Germany, Spain, Italy, Portugal, Ireland, Belgium, Austria	France	Grant (23%) + Tax exempt. (5 years/ $100 mill., 1996)
		Hot- rolled steel	Suspension Agreement: Russian Federation, Brazil (Quotas for reduced imports)		Approved state aids to steel sector 1997: $330 mill. (19 projects, average $17 mill.)	Spain	Grants ($320 mill. on average in 1995/1996)
		Steel wire rods	Suspension Agreement: Argentina	France	Merger & conversion of steel companies of USINOR-SACILOR Group (capital injections, subsidized loans for rationalization, diversification: $110 mill., 1994- 1997)	European Union + Poland	Grant (22% / $254.000 / job)
		Carbon steel plate	Suspension Agreement: South Africa, Russian Federation, Ukraine, China	Germany	$220 mill. on average per annum (1992-1996), debt relief, etc.	United States	Research & Development Subsidies through government purchases
		Ferrosilicon	CVD: Venezuela		Restructuring of a privatized steel plant ($40 mill.)	European Union	Steel research programs
			ADD: Russian Federation, Ukraine, Brazil	Germany (Region)	Environmental aid, Thyssen Krupp Stahl AG ($2 mill., aid intensity 17%)	United States	Research in steel technology ($9 mill., 1997)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	Steel tubes, pipes, wire, bars, coils, plate	ADInvestigation: Bulgaria, India, Islamic Republic of Iran, South Africa, Republic of Korea, China, Croatia, Thailand, Russian Federation, Yugoslavia, Slovenia, Romania	Germany (Region)	Investment grant for quality improvement ($1 mill., 15%)		
		Stainless steel wire, bars	CVD : Republic of Korea, Indonesia	Greece	Aid for Sovel steel company ($12 mill.)		
		Ferroalloys	ADD: China, South Africa, Egypt, Brazil, Venezuela, Kazakhstan, Russian Federation		Aid for Volos steel company (grants $11 mill., 40% of investment; and interest subs. on loans of $7 mill.)		
	Canada	Steel plate, etc.	ADD, PADD: Argentina, Romania, Yugoslavia, Taiwan, India, Mexico, South Africa, Thailand, Russian Federation, Venezuela, Egypt, Turkmenistan, Brazil, China, Republic of Korea, Turkey, Ukraine		Aid for Sidenor steel company (grant $3 mill., interest subsidies)		
				Spain	Restructuring cost of steel holdings, incl. cost of closures and labour programs ($4.400		
				Austria	Grants for environmental investments in steel industry (29% of investment cost, $34 mill., 1997)		
				Austria (Provinces)	Investm. aid for restructuring ($10 mill., aid 25%)		
				Belgium (Provinces)	Environmental aid to SIDMAR ($1,4 mill., 14 % aid)		
				Portugal	Restructuring aid to steel company (new equity capital, debt relief, subsidies: total $340 mill. 1995-1997)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
2. Aluminium & Other metals Aluminium: Developing Country Exports 1996, $7,7 bill.	United States	Copper wire	ADD: South Africa	Hungary	Metallurgy conversion program	United States	Aluminium technology ($6 mill., 1997)
		Manganese metal	ADD: China	Ireland	Fuel cost subsidy for alumina production	Japan	Research & Development grants for recycling technology
		Silicon metal	ADD: Brazil, China	Canada (Provinces)	Reducted electricity prices for aluminium products		
	European Union	Magnesite, Tungstene carbide, Magnesium,	ADD: China	United States (Alabama)	Property tax exemption for manufacturers of aluminium, aluminium products		
3. Fertilizers, manufactured (Urea…)	European Union	Urea	ADD: Bulgaria, Russian Federation	Portugal	Restructuring of fertilizer industry		
	United States	Urea	ADD: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Republic of Moldova, Romania, Russian Federation, Tajikistan, Turkmemistan, Ukrraine, Uzbekistan	Japan	Ammonia industry: Restructuring loans, special depreciation, tax redits for additional research expenses		
4. Cement, ceramics, glass prod.: Developing Country Exports 1996, $21 bill.	United States	Glasses for kitchen	38%, tariffs higher for low price glasses	Japan	Cement: Restructuring loans, special depreciation, tax credit for additional research expenses ($6 mill.)	Italy	Investment aid to new flatglass factory ($125 mill., 65% of investment costs, plus $28.000 per employee)
		Cooking ware procelaine/steel	ADD, CVD: Mexico, China, Taiwan Province of China	United States (Regions)	Production incentives (tax refund, $4 mill.)	European Union	Research & Development in material technologies, ceramics, composits
	United States	Cement, clinker	ADD: Mexico, China	Belgium (Wallonia)	Consolidation of packaging glass company (equity infusion, $10 mill.)	United States	Research & Development for light- weight transportation materials, Continuous Fibre Ceramic Composite Program (grants, $22 mill.)
		Suspension Agreement	CVD: Venezuela	Italy	Restructuring subsidies for ceramic plant		

Sectors	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
	Country	Industry	Measure	Country	Measure	Country	Measure
	European Union	Glass fibre fabrics	CVInv: Taiwan Province of China	Spain (Galicia)	Rescue aids: kitchenware, ceramics, bottles plant (subsidy $7 mill., guarantee $17 mill.)		
	Australia	Float glass	ADD: China, Philippines, Singapore, Tailand		Restructuring aids for china, tableware plant (Comepor, grants $90 mill., 46% of new investment; and $3.300/ job)		
5. Chemicals, potash, plastics, PVC, polyester bags, synthetic rubber, etc.: Developing Country Exports (SITC 5), $70 bill.	United States	Various products	ADD/CVD/ADInv: Thailand, Bahrain, Mexico, South Africa, China, India, Republic of Korea	Japan	Grants for energy saving technologies to Chemical Ind. Association ($4 mill. per annum)	Developed countries	Chemicals, plastic products: major participants in regional and SME support programs
		Styrene-Butadiene Rubber	ADD/CVD/ADInv: Brazil, Republic of Korea, Mexico			Germany, Spain	Research & Development in chemical technologies
		Melamine Dinnerware	ADD/CVD/ADInv: Indonesia			Belgium (Brussels)	Zero interest loans to new product, process developments for chemicals, pharmaceuticals
	European Union	Potash, etc.	ADD/CVD/ADInv: Belarus, India, Ukraine, Russian Federation, China			Germany	Investment grant for new plant (carbon monoxide, $5 mill., 1997)
		Lighters	ADD/CVD/ADInv: China, Thailand, Philippines, Mexico			United States	Research & Development Hydrogen Research & Development Program (grant $15 mill.)
	Canada		Taiwan, Province of China				
	Australia	Polystyren resin	ADD/CVD/ADInv: Hong kong - China, Republic of Korea, Singapore, Taiwan Province of China				
		PVC resin	ADD/CVD/ADInv: Brazil, China, Mexico, Thailand				
		Polypropylene	ADD/CVD/ADInv: Republic of Korea				

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Australia	Plastic cutlery	ADD/CVD/ADInv: China, Thailand				
6. Paper and pulp	Australia	Woodfree paper	ADD: Republic of Korea, South Africa	Austria	Restructuring of pulp and paper ind. (loans, etc.)	Australia	New investment project, pulp: financial aids ($27 mill.)
		Copy paper	ADD: Brazil, South Africa PU: Indonesia				
B. HIGH TECHNOLOGY AND ASSEMBLY INDUSTRIES	United States	Telephones	ADD: Republic of Korea, Taiwan Province of China	Germany (Bavaria)	CD, speakers, etc., plant ($206 mill. investment grants, guarantees, tax refunds for compensating losses job creation, investment)	United Kingdom	Aid to new investment projects: Samsung (11% of investment, $90 mill.)
7. Information technology, computers, microelectronics, telecom: Developing Country Exports 1996, $134 bill.	United States	Semiconductors	SRAMs, DRAMs: Republic of Korea, Taiwan Province of China			United Kingdom	Aid to new investment projects: Siemens (5% of investment, $77 mill.)
	European Union	Electrolytic capacitors	Republic of Korea, Thailand			Ireland	Aid to new investment projects (30% grant on fixed asset investment: $17 mill. and 10% corprorate tax rate until 2010)
		Laser optical reading systems	Republic of Korea, Taiwan Province of China, China, Malaysia				Regional investment aids for electronic & telecommunication industries: various countries
		Fax machines	Republic of Korea, Taiwan Province of China, China, Malaysia, Singapore, Thailand			Germany	Direct project promotion to Information Technology industry
		Micro- disks	Indonesia, Hong Kong - China, China, Republic of Korea, Malaysia, Taiwan, Mexico				Semiconductor manufacturing technology (grants, $8 mill.)
	United States	Semiconductors (Defense, NASA)	GOVERNMENT PROCUREMENT			Canada	Information Technology Research & Development grants

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Bilateral United States/Japan	Semiconductor Agreement				Canada	Institute for Advanced Research, Networks (grants)
	Bilateral United States/Republic of Korea	Memorandum of Understanding on Information Technology: Liberalization of standards, certification procedures, trade, investment, taxes				Canada (Regions)	Microelectronics and Systems (grants to enhance international competitiveness, company growth $3 mill.)
						United States	Telcom Information Technology Defence contracts
						United States (Alaska)	Grants for Research & Development projects (telecommunications, etc.)
						European Union	Research & Technological Development Framework program: Information Technology Advanced communication, telematics applications ($1.050 mill.) Research & Development program on Information Technologies ($620 mill., 98B, for contracts, purchases) Research & Development grants, tax rebates by Austria, Belgium (Brussels), France
						Spain	National electronic and computer program
						Sweden	Loans to firms for Research & Development (repayable, if success: $10 mill.)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
						Switzerland	Electronics and Micro-engineering Center (grant), training
8. Consumer electronics, TV & tubes, etc.: Developing Country Exports 1996, $120 bill.	European Union	TV tubes	10%			European Union	High definition TV: support to Research & Development and program production
	United States	TV tubes	15%				
	European Union	TV Microwave ovens Electronic scales	ADD: Republic of Korea, China, Thailand, Malaysia ADD: China, Malaysia, Thailand, Republic of Korea ADD: Republic of Korea, Singapore				
	United States	TV, TV tubes	Singapore, Taiwan Province of China				
	Australia	Refrigerators	Min. price UT: Thailand				
9. Automobiles & Components: Developing Country Exports 1996, $50 bill.	European Union	Trucks	22%	Germany, France, Italy	Restructuring and rescue aids (Subsidy, equity injections, tax rebates)	France	Aids to new investment projects, car industry: Mercedes, 23% of investment ($110 mill.)
	United States	Trucks	25%	Spain	SEAT Modernization Plan (Subsidies to VW for technological development training 1995- 1998, $63 mill., 1997)	Germany (Regions)	Aids to new investment projects, car industry: Opel Kaiserslautern, 18% grant element
	European Union	Buses	16%	United Kingdom	Restructuring of Rover (Subsidies $300 mill., 1999-2002)		Aids to new investment projects, car industry: Daimler Benz, investment grant, 35% grant element
		Cars	Voluntary Export Restraint: Japan	United States	Foreign Trade Subzones (producer's choice to pay tariffs on inputs or on cars)	Portugal	Aids to new investment projects, car industry: Ford/ VW: 16% of investment ($480 mill.)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	Cars	Protection of components through stringent NAFTA origin requirements (62.5% by 2002)	United States	Credits for fuel economies	United Kingdom	Aids to new investment projects, car industry: Jaguar, 14% of investment ($130 mill.) Aids to new investment projects, car industry: Rover/BMW ($250 mill., 1999)
	United States	Cars	Stringent labelling of autoparts				
	United States (various states)	Cars	Stringent safety, fuel emission standards			United States (Alabama)	Aids to new investment projects, car industry: Mercedes, 45% of investment ($250 mill.)
						United States (South Carolina)	Aids to new investment projects, car industry: BMW, 11% of investment ($130 mill.)
						Germany (Berlin)	Investment grant for construction of a mechanical engineering user center: Daimler Benz AG ($1 mill.)
						Spain (Valencia)	Investment grant for new engine manufacturing plant, training, energy efficiency : Ford Spain ($22 mill., 1997)
						Various countries	Automobile components subcontractors: regional investment subsidies
						Italy (Calabria)	Investment aid to component producer ($12 mill.)
						United States	Infrastructure, site development, workers training ($108.000-$167.000/job) Alternative Fuel Vehicle Development Program (grants $25 mill. for cooperative res. & development with engine producers, etc.)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
						United States	Electric Hybrid Propulsion Program (grants, $40 mill., cooperative agreement with producers of batteries, engines, components) Research & Development for New generation Vehicles to improve competitiveness of Ford, GM, Chrysler, innovation & development a highly fuel- efficient vehicle ($230 mill. 1997) Heat Engines Program ($5 mill. contracts with automotive, gas turbine manuf, etc. for improved technology for engines)
						Canada, France	Tax credits for Research & Development expenditures
						Canada	Technology Partnership
10. Aircraft and space industry: Developing Country Exports (792), $3,6 bill.	Various countries		Government procurement		Specific sectoral subsidy rules (Plurilateral Agreement)	France, Germany, Spain	Investment support: grants, equity for development of civil aircraft, airbus program ($50 mill.)
				Various countries	Sectoral subsidies, equity injections	France	Subsidies to Research Institutions in Civil Aviation ($5 mill., 1997)
				United States, etc.	Defense contracts	Netherlands	Aircraft technology programs
				United Kingdom (Regions)	Aids to restructuring of aircraft ind.	Spain	Research & Development in aeronautic sector (loans, $27 mill., 1997)
				Belgium	Loans to aircraft parts industry	United Kingdom	Civil Aircraft Research & Demonstration Program (Grants up to 50% of cost, $40 mill., 1997)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
				United States (Arizona)	Tax incentives for aviation or aerospace plants	United Kingdom	Repayable aid for Research & Development (government risk sharing, $2 mill.)
				United States (Arkansas)	Income tax credits for aerospace companies	Japan	Civil aircraft development
						United States	Development of civil aircraft: high speed, subsonic, etc.
11. Ship- building: Developing Country Exports (793), $11 bill.	Various countries		Government procurement	European Union	Total aid to sector 25% of European Union value added	Japan	Research & Development grant for new ships ($4 mill. per annum)
				European Union Member States	Restructuring aids 1994-1996: $430 mill. per annum in Spain + Portugal + Belgium, $350 mill. in Germany on average per annum during 1994-1996 Aids to construction of new ships 1994- 1996: average $70 mill. per annum (ceilings: 9% for ships >12 mill. value)		
				France	Tax reduction for merchant ship owners ($110 mill., 1997) Refunds, social security contributions (<100%, $34 mill.)		
				Germany	Interest subsidies for shipyards (clients credits: $14 mill., 1997) Competition aid for shipyards, restructuring (grants, $134 mill., 1998) Restructuring of shipyard (Stralsund, 2nd phase, $72 mill.)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	Country	Industry	Measure	Country	Measure	Country	Measure
				Germany	Restructuring of shipyard (MTW, 2nd phase, $100 mill.)		
				Italy	Production aids to shipyards (grants, to bridge gap to market prices, $400 mill. 1997) Credit scheme to shipowners (subsidies to bridge gap to foreign interest rates $250 mill., 1997)		
				Spain	Restructuring of shipyards (Grants $180 mill.; interest subsidies $410 mill.,1997) Loss compensation for shipyards		
				United Kingdom	Grants to shipyards to secure contracts againsts international competition ($7 mill., 1997) Loan guarantees for ship-buyers (interest equalization for bank credits)		
				Denmark	Interest subsidies for ship building ($120 mill., 1997) Loan guarantees for ship building ($220 mill., total)		
				Finland	Grants to shipyards ($50 mill., 98B)		
				Netherlands	Tax incentives for purchases of new ships ($20 mill.) Subsidies for shipbuilding orders ($25 mill., 1997)		
				Portugal	Grants to shipyards for loss compensation, new ships, ship conversion (4,5 -9% of contract value, subsidies $12 mill. 1997)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
				Denmark, Finland, Sweden, United Kingdom	Rationalization investments: credits, loan guarantees		
				Belgium (Regions), Finland, France, Germany, Norway, Portugal, Spain, United Kingdom,…	Sectoral subsidies (grants, equity injections or current production aids)		
				Denmark, Norway	Interest subsidies ($11 mill.)		
				Sweden	Interest subsidies		
				Norway	Contract and Construction loan subsidies (up to 9% for new ships, $78 mill. per annum)		
12. Machinery, equipment, metal manufactures							
Machines: Developing Country Exports, $66 bill.	European Union	Ball bearings	ADD, CVD: Turkey	Various countries	Important suppliers for purchasing contracts under public Research & Development schemes	Various countries	Major beneficiaries of investment subsidies, regional and SME
Metal manufactures: Developing Country Exports, $24 bill.		Fasteners, steel	ADD, CVD: China, Taiwan, India, Republic of Korea, Malaysia, Thailand	Germany	Rescue aid to diesel motor plant (loans $12 mill.)		Subsidies
	United States	Agricultural tools	ADD, CVD: Brazil	Germany (Berlin)	Restructuring aid to graphical machinery plant (grant $5 mill.)	Belgium (Brussels)	Zero interest loans on prototype development
		Refrigerator compressors	ADD, CVD: Singapore	Germany	Rescue and restructuring aid to crane manufacturer		
		Cooking ware, steel	ADD, CVD: Republic of Korea	Germany (Saxony)	Loans and contract guarantee ($7 mill.)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	United States	Hammers, sledges Hand tools Brake rotors, axes Ball & roller bearings	ADD, CVD: China ADInvestigation: China ADD, CVD: China ADD, CVD: China, Romania, Singapore, Thailand	Germany (Saxony)	Restructuration of a machine tool factory (loans, guarantees $9 mill., grants $3 mill.)		
13. Bicycles and parts: Developing Country Exports (785.2), $2,7 bill.	European Union - United States		11%				
	Canada		ADD: China, Tawain, Malaysia,				
	European Union		ADD: China, Idonesia, Malaysia, Thailand, Tawain				
14. Pharmaceuticals, biotechnology: Developing Country Exports (SITC 54), $6 bill.	United States	Aspirin	ADD: Turkey	Australia	Government payments to pharma producers (compensation for low regulated prices)	Canada	Technology Partnership Canada (loans, venture capital for launching high tech production) Biotechnology Research & Development grants
	European Union	Streptomycin	China				
	Japan	Vaccines	Import surveillance Separate licence for imports of each product			European Union	Research & technological development: Biotechnology ($190 mill.) Biomedicine & health ($140 mill.)
						Spain	Incentives for Research & Development in Pharma Industry
	United States		Imports of non-approved drugs are prohibited Drug approval takes 8-10 years			Denmark, Germany, Spain	Biotechn: Research & Development grants, tax rebates
						United States (Arkansas)	Biotechnology development (tax credits up to 20% of additional research cost)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	United States		Federal Department Agriculture - Guidelines for production go beyond WHO requirements Imports of patent protected drugs may be prevented by owner for 20-25 years Imports of drugs and ingredients must be tested before exports to United States Bilateral Mutual recognition agreement with Sweden			United States (Louisiana)	Biomedical research and development parks (exemption from corporate income and franchise taxes, etc.)
C. LABOUR INTENSIVE LOW TECHNOLOGY INDUSTRIES							
15. Textiles and Clothing Textiles (yarns, fabrics, products): Developing Country Exports (SITC 65), $65 bill.	European Union	Fabrics (wool)	12%	Japan	Restructuring support (grants, equity capital infusion, loan guarantees, special depreciation)	Germany	Aid to Investment project for synthetic fibres
	United States	Fabrics (wool)	25%		Technical assistance grants to improve weak textile SMEs	Portugal	Aid to investment project of synthetic yarns for twine, cords
	Canada	Fabrics (wool)	14%		Development of new silk products (grants, $0,3 mill.)	Spain	Increasing competitiveness and regional diversification
	European Union	Bed linen (mmf)	11%	European Union	EXPROM: support for trade fairs, missions, exploration of new markets	European Union	RETEX initiative for diversification & conversion of textile & clothing dependent regions, incl. firm cooperation, new technologies ($120 mill., 1998 Payments)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	United States	Bed linen (mmf)	15%	European Union Member States	Aids for restructuring of synthetic fibre industry: <50% of aid ceilings for large enterpr, if no capacity increase <75% of SME ceilings if no capacity increase (<100% for innovative products)	European Union	Research & Development subsidies
	Canada	Bed linen (mmf)	18%	Belgium (Wallonia)	Restructuring of carpet plant	United States	Generic technologies development by Research. Institute AMTEX Program ($10 mill.) Textiles & Clothing Technology Corporation: grant for basic research ($3 mill.)
	Various contries		Tariff escalation	Germany (Regions)	Loans and subsidies for loss compensation, loan cancellation for privatized weaving plant ($120 mill.)		
			ADP/CVD	Spain	Adaptation and diversification of textile and clothing industry areas (grants for rationalization, $20 mill.)		
	United States	Various products	ADD: China	Portugal	Program for modernization of textile and cothing enterprises (grants $27 mill., zero interest loans $90 mill., 1997)		
		Various products	Suspension Agreement: Thailand		Modernization of synthetic fibre plant (loan $5 mill., aid 19%)		
		Cotton yarns	CVD: Brazil		Restructuring of woollen textiles plant (loan guarantee, $2 mill.)		
		Cotton towels	CVD: Pakistan	Italy (Sardegna)	Capital injections into state-holding textile company to cover losses ($20 mill.)		
		Cotton towels	Suspension Agreement: Peru	Sweden	Adjustment aids, loan write offs		
		Cotton towels	ADD: Bangladesh, China	France, Belgium	Reduction of labour costs		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	Country	Industry	Measure	Country	Measure	Country	Measure
	European Union	Polyester fibres	ADD: Republic of Korea, Taiwan, Belgium	United States (Arkansas)	Property tax exemption for manufacturers of cotton and fibre products		
		Polyester yarns	ADD: Republic of Korea, Taiwan, Idonesia, Thailand, Malaysia, Turkey				
		Bed linen, cotton	ADD: Egypt, India, Pakistan				
		Synthetic ropes	ADD: India				
		Polyethylene, etc., sacks	ADD: India, Idonesia, Thailand				
		Twine	PAD: Saudi Arabia				
	Japan	Cotton yarn, etc.	ADD: Pakistan				
	United States	Various textile and clothing products	IMPORT QUOTAS, CONSTRAINTS: Bangladesh, Bahrain, China, Fiji, India, Idonesia, Republic of Korea, Kuwait, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Singapore, Sri Lanka, Taiwan Province of China, Thailand, Turkey, United Arab Emirates, Hong Kong - China, Brazil, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Uruguay, Egypt, Kenya, Mauritius, Bulgaria, Romania				

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Canada	Various textile and clothing products	Indonesia, Malaysia, Philippines, Singapore, Thailand, Bangladesh, India, Pakistan, Sri Lanka, Hong Kong - China, Myanmar, Republic of Korea, Qatar, United Arab Emirates, Turkey, Vietnam, Cameroon, China, Taiwan Province of China, Lao People's Democratic Republic, Lebanon, Nepal, Oman, Syrian Arab Republic, Bulgaria, Romania, Brazil, Costa Rica, Cuba, Dominican Republic, Jamaica, Uruguay, Lesotho, Mauritius, South Africa, Swaziland				
	European Union	Various textile and clothing products	China, Hong Kong - China, India, Idonesia, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Vietnam, Taiwan Province of China, Uzbekistan, Russian Federation, Belgium, Ukraine, Argentina, Brazil, Peru, Bolivia, Chile, Costa Rica, Cuba, Ecuador, El Salvador, Honduras, Nicaragua, Paraguay, Venezuela, Bosnia and Herzegovina, Croatia, Yugoslavia, Democratic People's Republic of Korea				
		Various textile and clothing products	VERs / Egypt, Morocco, Tunisia				
		Various textile and clothing products	Agreement without quotas: Bangladesh, Colombia, Guatemala, Mexico, Uruguay				

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Japan	Silk products Silk fabrics, cocoons	Bilateral consultations: with Republic of Korea, China Import surveillance				
Clothing: Developing Country Exports 1996 (SITC 85), $92 bill.	European Union, Japan	T-shirts (synth.)	11%	Portugal	Restructuring of clothing plant (Loan guarantee, $3 mill.)	Switzerland	CIM Research Center (grant) CIM training (grant)
	Canada	T-shirts (synth.)	18%	Japan	Promotion of restructuring of apparel industry (grants, $0,5 mill. per annum; and loan guarantees)		
	United States	T-shirts (synth.)	32%	Sweden	Adjustment aids, loan write offs Wage subsidies	European Union	Research & Development subsidies
	European Union	Cotton shirts	11%			United States	Research & Development subsidies (TC technologies, $3 mill.)
	Canada	Cotton shirts	17%				
	United States	Cotton shirts	20%				
	Various countries	Various products	Tariff escalation				
	United States, Canada	Various products	NAFTA origin requirements (triple jump)				
	European Union	Various products	Origin requirements (FTAs)				
16. Shoes: Developing Country Exports (SITC 85), $20 bill.	Japan	Leather shoes	140%				
	Canada	Leather shoes	18%				
	United States	Leather shoes Rubber, plast, textile shoes	10% rising at lower prices 37-58%				
	Canada	Rubber, leather footwear	ADD: China				

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	European Union	Leather footwear Textiles footwear	ADD: China, Idonesia, Thailand ADD: China, Idonesia				
17. Leather, leather & rubber products	Japan	Bovine leather, tanned	30%	Japan	Consulting services, training for leather and leather goods industry ($2 mill. per annum)	Australia	Concessional investment loan and grant for export oriented project (automotive leather, $36 mill.)
Leather: Developing Country Exports, $6,6 bill.	United States	Wallets, leather	20%				
	Japan	Wallets, leather	10%				
	United States	Suitcases, plastic	20%				
	European Union	Handbags	ADD: China				
	United States	Industrial belts	ADD: Singapore				
Leather Manuf: Developing Country Exports, $0,5 bill.							
Rubber products	United States	Rubber threads	ADD, CVD: Indonesia	Japan	Restructuring loans, special depreciation, tax credits for additional research expenses for rubber belts ($1 mill.)		
18. Traditional Craft Products, ivory industries, etc				Japan	Promotion of Traditional Crafts (equity, grants $2 mill.) Relief to ivory ind. due to CITES (grant, $3 mill. per annum)		
				Italy	Facilitating access to credits for handicrafts (interest subsidies $220 mill., 1997)		
				Spain (Provinces)	Incentives for craftsmen (up to 75% subs for renovation or new investment, up to 50% for advertising cost)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
D. RAW MATERIAL BASED LOW TECHNOLOGY INDUSTRIES							
19. Forestry and wood processing ind: Wood, rough, sawn (SITC 24): Developing Country Exports, $8,6 bill.				Canada (Regions)	Grant to the Bureau for the Promotion of Wood Industries to promote exports to Europe, etc. ($0,2 mill.)	Japan	Upgrading and stable management funds
					Gov. ownership of land (export tax agreement with US to compensate subsidy equivalent)	European Union	Implementation of European forestry strategy and forest protection (fire, pollution) ($20 mill.) Support to afforestation, etc. ($510 mill., 99 B)
				Japan	Wood Industry Upgrading Fund (rationalization of production, distribution of wood, $30 mill. per annum) Strengthening of forest industry (additional depreciation for forestry machines)	Spain (Castilla)	Aid to convert farm land into forests ($6 mill. per annum)
				United States	Revenue tax reduction for capital gains for certain timber (tax loss $15 mill.)	Norway	Reforestation investments (full tax write offs)
					Timber growing cost: tax reduction (tax loss $400 mill.) Timber logging: reduced fuel tax	United States	Investment credit and accelerated amortization for reforestation cost ($10 mill., 99B) Expensing of multiannual timber growing costs ($510 mill., 99B) Capital tax reduction on certain timber income ($65 mill., 99B)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
Wood Manuf. (63): Developing Country Exports, $12 bill.	European Union	Hardboard	PAD: Brazil, Bulgaria, Estonia, Russian Federation	United States	Reforestation expenses: Investment credit and accelerated amortization ($45 mill. per annum)	United States (Alaska)	Grants for Research & Development projects in forestry
				United States (California)	Loans for new markets, new uses of hardwood	United States (Oregon)	Credits for reforestation (up to 30%)
				United States (Maine)	Property tax exemption for forest products	United States (West Virginia)	Tax credit for new or expanding wood processing companies (10 years)
				Norway	Grants for quality improvements of forests ($13 mill.) Grants for construction of forest roads (up to 75%, $7 mill.) Harvesting grants ($1mill. / 15-20% of harvesting costs)		
				Germany	Promotion of forestry products		
				Sweden	Adjustment aids to wood		
				United Kingdom	Woodland grant scheme ($2 mill., up to 50% of cost) to promote forests and forestry products		
Furniture				Japan	Restructuring of wooden furniture ind. (loans, $15 mill.)		
20. Fishing industry: Developing Country Exports (SITC 03, incl. processed fish), $25 bill.	Japan	Cods, mackerels, sardines…	Import quotas	European Union	European Fisheries Guarantee Fund ($45 mill., 998B):	European Union	Fisheries Guidance Financial Instrument & PESCA

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
	Japan	Tuna, whales…	Import surveillance	European Union	Marketing interventions for fishery products ($32 mill., 1998), for financial compensation, withdrawals by producer organizations, subsidies for use for other than human consumption (subsidies up to 87,5% of withdrawal prices); storage aid	European Union	Community Initative for the Restructuring of the Fisheries Sector ($580 mill., 98B); support to fishing fleet, improved production, processing and port facilities
	United States	Fresh salmon	ADD (prov.): Chile		Compensatory payments for tuna supplied to industry	Portugal	Support to investm. in the fishing sector (purchase of fishing vessels, engines, fishing gear: interest subsidy, etc.)
		Crawfish tailmeat	ADD: China		Support to first stage processing Support to islands ($13 mill.) Social Fund: Restructuring and Development of the Fishery Sector	Denmark	Support to development of new fishery products Grants for renewing & modernizing fishing vessels (up to 30% of investment cost, $20 mill., 1998) Improvements of fishing port facilities ($2 mill., 1998) Modernization and restructuring of fishery sector ($2 mill., 1998)
				European Union Member States	Restructuring of fishery sector ($70 mill., 5% of value added in fishery)		
				Portugal	Promotion of fishery products, processing, marketing (grants, $1 mill., 1997)	Norway, Iceland	Fishery research
					Adjustment, renovation, modernization of fishing fleet (grants up to 65% of investments, $5 mill., 1997)	Canada (Provinces)	Research & Development to firms for efficient use of fish, underutilized species, adding value to traditional products (financial and technical assistance)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	Country	Industry	Measure	Country	Measure	Country	Measure
				Spain	Individual compensatory premiums ($97 mill., 1997, European Union) Improvement of fishing ($0,5 mill., 1997, European Union) Modernization of fishing fleet ($2 mill., 1997) Conversion of fishing fleet, joint ventures, etc. ($19 mill., 1997)	Iceland	Vocational training in fishing ind.
						United States (Alaska)	Grants for Research & Development projects in fisheries
				Spain (Galicia)	Structural aids, purchases, moderniz. of fishing vessels (grants up to 55% of investment, $20 mill. per annum)		
				Spain (Basque Country)	Access to ownership of fishing boats (grants for purchasing $3mill., 1997)		
				Denmark	Market promotion of fishery prod. (grants, $4 mill., 1998)		
				Ireland	Fuel tax reduction		
				Sweden	Grants for fleet modernization, renewal ($1 mill.); exit aids ($1 mill., 1997, etc.)		
				Norway	Debt write offs, equity injections Transport subsidy ($7mill. per annum) Grant for conversion to crab, sprat fishing Subsidies for contracts, construction loans for domestic fishing vessels ($13 mill. per annum) Marketing programm		
				Iceland	Development and marketing in the fishing ind.		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
				United States	Fuel tax reduction for commercial fishing		
				Canada (Regions)	Special Economic Development and Adjustment Fund for fishing Communities (loans, grants)		
				Japan	Fishery modernization fund (interest subsidies $24 mill. per annum) Fishery Trust Fund (subsidy $1 mill. per annum) Restructuring of fishery SMEs (additional depreciation for fishing boats) Preserving hatching and breeding facilties for salmon ($4 mill. per annum)		
21. Fish processing industry: Developing Country Exports, $5,5 bill.				Canada	Export limitations for herrings (to promote canning)	Denmark	Grants for investments in new equipment and installations for fish processing and marketing ($8 mill., 1997)
				European Union	Restructuring of Sardine Processing Industry	Sweden	Investment grants for fish processing ($1,2 mill. 1997)
				Netherlands	Investment aids for fish processing and marketing		
				Portugal	Grants to improve competitiveness of fish canning ind.		
				Sweden	Grants for promotion, marketing ($0,2 mill.)		
				Norway	Restructuring loans for fish processing companies		
				United States (Maryland)	Low interest loans to firms involved in seafood processing or acquaculture (up to 80% of investment)		

Sectors	Tariff peaks, anti- dumping and CVD action other trade measures[1] Country	Industry	Measure	Production support rationalization, modernization of existing industries Country	Measure	Investment support and subsidies main objectives: new industries Country	Measure
22. Mining (Coal, Iron ore, NF metals)				European Union	ECSC Conversion Loans, interest subsidy for investment in new activities (upt to 50% of inv. costs, up to 3% interest subsidies)	European Union Member States	Aids for Research & Development, Environmental protection ($4 mill., 1996)
Coal (SITC 321): Developing Country Exports, $5,2 bill.	Japan	Coal	Import surveillance	European Union Member States	Aids to current production of coal mines ($7.000 mill. or $48/t. in 1993; $50.000/job on average): Germany ($70/t.), Spain ($25/t.), France ($26/t.), United Kingdom	France	Reconversion of coal mining areas (long term loans and interest subsidy, no security, equity participation, free advisory services for any enterprises/SMEs, max. 30% of inv.)
					Aid for inherited liabilities ($1.500 mill., 1996)	Spain	Development of mining, Research & Development, environmental rehabilitation: grants, subsidies, loans ($20
				United Kingdom	Aid to restructuring of coal mines ($600 mill., 1996; $1.600 mill. 1998- 2000)	United Kingdom	Grants for more economic and environmental use of coal ($5 mill., 1997)
				United Kingdom, France, Spain, Germany, Belgium	Financial aids for social charges in coal mines (including closures)	Austria	Mining investments grant (of 7% of investment costs or 25-33% of exploration costs; soft loans, interest subsidies $20 mill. per annum)
				Germany, Spain	Price guarantees for coal	United States	Coal Research & Development Program (grant $100 mill., 1997)
				Spain	Restructuring of coal mines: grants to cover losses, special assistance to workers, cost of closures ($1.000 mill.)	United States (Virginia)	Grants, low interest loans for new or expanding businesses by Coalfield Economic Development Authority
				Japan	Restructuring of coal mines (grants, $154 mill. per annum)	United States (Illinois)	Grants for new clean coal technologies (up to 20%)
				United States	Coal mines (tax concessions on royalties: $65 mill., 1999)	Japan	Research on Technologies for Exploring Deap Seabed Mineral Resources

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
				United States	Minerals (Non- Fuel): tax concessions on exploration & development costs, depletion ($265 mill. 1999)	Japan	Tax allowances for contracts for research in mining technology ($2 mill.)
				United States (Kentucky)	Tax credits up to 4.5% of Kentucky coal used for industrial heating or processing		
Mining: general, iron ore, NFM, etc.	Japan	Salt	State trading	Italy	Restructuring of existing or financing of new mines (interest subsidies up to 70% of investment for excavation, ore dressing, $8 mill.)		
Iron ore (SITC 281): Developing Country Exports, $4,5 bill.	United States	Uranium	Suspension Agreement: Kazakhstan, Kyrgyzstan, Uzbekistan	Spain	Grants for ore prospecting, mining (non-energy, up to 20% of investments in special regions, $66 mill., 1997)		
		Uranium	ADD: Ukraine	Austria	Grants for exploring and prospecting mines (25-37% of investm, $9 mill., 1997)		
		Tungsten ore concentrates	ADD: China	United States	Iron ore: revenue tax concession on capital gains (tax loss $50 mill. per annum)		
		Magnesium	ADD: Russian Federation, Ukraine	United States (Maine)	Property tax exemption for metal mines (10 y)		
		Titanium sponge	ADD: Russian Federation, Ukraine, Kazakhstan	Japan	Subsidy for exploration of NF Metals (grant, $5 mill., per annum; and tax rebates): copper, lead, zinc		
					Promotion of SM Mining Enterprises (grant, $8 mill., per annum): copper, lead, zinc ore		
23. Oil, natural gas: Developing Country Exports (SITC 333), $195 bill.				United States	Oil, Gas and other fuels: cost of exploration, development, depletion: tax concessions (revenue losses $1.300 mill., per annum)	Canada	New oil exploration project (equity participation, direct contribution and 0- interest loans: $770 mill.)

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
				Japan	Oil, Gas and other fuels: cost of exploration, development, depletion: Gas (grants, $35 mill. per annum)	Canada	Research & Development program
				United States	Enhanced oil recovery (tax concession $180 mill., 1999)	United States	Oil & natural gas Research & Development Program (grants $114 mill., 1997) Alternative fuel production (tax credit $810 mill., 1999) Alcohol fuel tax credit ($15 mill., 1999) New energy technology (tax credit $30 mill., 1999)
						Japan	Research in offshore oil exploration technologies (Contracts, $6 mill.)
						United Kingdom	Research & Development for drilling and production technologies by SMEs (50% grants, $3 mill., 1997)
24. Oil refinery: Developing Country Exports, $50 bill.				Japan	Rationalization of oil refineries (interest subsidy, $7 mill.) Gas desulfurization (interest subsidy, $6 mill.) Promotion of oil ind. facilities and distribution systems (Interest subsidy $1,6 mill.) Subsidy to ensure petroleum product quality ($20 mill.) Loan subsidies for petroleum storage facilities		
				Canada	Export permits for oil to ensure supplies to refineries		
				United States	Partial excise tax exemption of gasoline ($670 mill., 1996)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	Country	Industry	Measure	Country	Measure	Country	Measure
E. SERVICES							
25. Software, business services				United States, (Virgin Islands)	Special tax treatment (in EPZs, special zones)	Sweden	Grants for locating certain new businesses
						Japan	Support to development of software businesses
						Netherlands	Credits for development of electronic software (max 40% of cost, max. loan, $2 mill.: $15 mill., 1997)
26. Tourism				Canada (Regions)	Loans or grants for tourism marketing	European Union	Technological Facility for SMEs (subsidies of fees for loan guarantees, financing of capital participations)
				European Union	Action plan to assist tourism ($2,4 mill., 1998 for studies, expert meetings, information, publications, etc.) Program for SME promotion (incl. tourism)	France	New investments in tourism enterprises in French Overseas Departments (total deduction of investment cost from taxes)
						Belgium (Wallon Region)	Investment premium, income tax exemption, accelerated depreciation for tourism enterpr. < 250 employees
				Greece	Investment grants ($1 mill.)		
				Austria	ERP Tourism Program (soft loans, $27 mill., per annum)		
				Austria (Regions)	Grants, interest subsidy for new buildings, equipment, hotel improvement up to 40% of cost ($80 mill.; and equity participation, etc.)		
				Germany (Bavaria)	Programs for rescue, restructuring, quality improvement of tourism enterprises (investment grants $10 mill., soft loans $86 mill., 1997)		

	Tariff peaks, anti- dumping and CVD action other trade measures[1]			Production support rationalization, modernization of existing industries		Investment support and subsidies main objectives: new industries	
Sectors	**Country**	**Industry**	**Measure**	**Country**	**Measure**	**Country**	**Measure**
				Italy (Basilicata)	Investment aids for tourism ($18 mill., 40% net grant element plus 15% gross grant for SMEs)		
				Italy (Regions)	Investment support for tourism enterprises ($2 mill., aid intensity 40%)		
				Portugal	Tourism investments (grants & loans to improve quality of tourism facilities modernization and operating costs ($200 mill.) Regional Incentives: increased competitiveness, job creation, diversification		
				United States (West Virginia)	Tax credit for investment creating more than 50 jobs (offsetting up to 80% of business tax liability)		
				United States (Arkansas)	Sales tax credits for the creation or expansion of tourist facilities (10- 25%)		
				United States (Kentucky)	Low interest state loans for tourims projects (up to 25 % of project cost, max. $500.000)		

[1] Detailed country level data is available from the author upon request.

Notes:

Trade figures: export values of developing countries in 1997 (or import values of all reporters from a developing country in 1997), in million US $.

Tariff peaks refer to final post- Uruguay Round tariff rates and total import charges above 12%.

Ad valorem equivalents of specific rates are based on national indications or estimated on the basis of average import values for 1996/1997 for six digit HS positions (or otherwise, international market prices and import unit values in cases of small trade volumes).

ADD and ADInv: Anti- dumping duties and Anti- dumping investigations applied during some period between 1995 and 1999; PU: Price Undertaking; PAD: Provisional anti-dumping

CVD: Countervailing duties against subsidies applied during some period between 1995 and 1999; CVInv: Investigations.

Subsidy and other support measures applied during some years between 1995 and 1999. (B 99) means budget figures for 1999.

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