

GENERAL AGREEMENT ON TARIFFS AND TRADE

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UNITED STATES SUBSIDY ON EXPORTS OF SULTANAS

Note by the Greek Government

Since 1949, the Government of the United States has been subsidising domestic production of raisins in order to subsidise exports of this product. This measure, which applies only if and when annual production of this item exceeds the average production figure, has harmful effects on exports of currants and, more particularly, of sultanas. The immediate results have been a decline in demand, then a reduction in prices. Whenever such a subsidy has been announced, prices of raisins of any origin have automatically declined considerably on the consumption markets. As a natural consequence, the domestic market of Greece has been directly affected in view of the low export prices for the purchase of Greek raisins. This fact has already been mentioned in 1949 when the decline in question exceeded 50% of the price paid until then by the export trade for purchases of sultanas.

In view of the existing disparity between the purchasing power of the drachma and the rate of exchange, the cost of Greek raisins is particularly high, as compared with prices paid on consumption markets. In itself, such a situation already involves enough disadvantages and cannot be aggravated by the establishment of a United States subsidy on exports of raisins. It is more than certain that such a subsidy would forthwith paralyse the trade in Greek raisins where purchases have not yet been made and imports are, at most, limited to small purchases effected only to meet the urgent consumption needs, though the import season is already fairly advanced.

It should be noted that prices for raisins on the European markets started and were maintained this year at a considerably lower level than last year as a result of the fact that production of this item in the United States reached a high figure this year as compared with last year and as a result of the intended subsidy.

In view of the limited number of Greek export items, sultanas have been one of the most valuable export products of Greece because Greek exports have been the source of hard currency receipts which are indispensable to urgent reconstruction needs. On the other hand, the growing of sultanas in Greece greatly contributes to solving the

population problem of the country in certain regions and to a certain extent: a few acres of land are sufficient to provide means of livelihood to a family which otherwise would need a much more considerable area for the cultivation of another agricultural product.

In view of the foregoing considerations, it is clear that the only solution lies in the elimination of measures aimed at reducing the price for purchases of raisins to levels lower than production costs.

The continuance of such measures would result in the disappearance of raisin production in economically weak countries which, in view of their limited means, are not in a position to subsidise production.