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Committee on Subsidies  
and Countervailing Measures

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## SUBSIDIES

### Updating Notifications Pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures

## UNITED STATES

The following communication has been received on 29 April 1998 from the Permanent Mission of the United States.

The following notification constitutes the United States' updating subsidies notification for the calendar year 1997. Especially where data on budgeted expenditures is concerned, this notification generally contains information relevant to the fiscal year 1997 (1 October 1996-30 September 1997), while most information using actual expenditures is taken from 1996 fiscal year amounts. In the case of previously notified programmes, this notification generally reports only certain programme modifications and updated information on expenditures/subsidy per unit. For additional background on these programmes, Members should refer to the 1995 new and full notification and the 1996 updating notification of the United States.

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## **AEROSPACE & AERONAUTICS**

**Title: Advanced Communications Technology Satellite (ACTS) Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for this programme for fiscal year 1997 was \$8 million.

**Title: The DC-XA Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

No expenditures were planned, as this programme was completed in fiscal year 1996.

**Title: The X-33 Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Policy objective and/or purpose

In July of 1996, the X-33 programme entered into the second of its three phases of development under a cooperative agreement between the federal government and the private sector partners.

Amount

The amount budgeted for this programme for fiscal year 1997 was \$246.8 million.

**Title: The X-34 Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The budgeted authority for this programme amounted to \$36.7 million for fiscal year 1997.

**Title: High Speed Research Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for this programme for fiscal year 1997 was \$245.5 million.

**Title: Advanced Subsonic Technology Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for this programme for fiscal year 1997 was \$173.6 million.

**AGRICULTURE**

**Export Assistance Measures**

**Title: The Export Enhancement Programme (EEP)**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

For fiscal year 1996, the Commodity Credit Corporation (CCC) committed \$5.153 million in bonuses under EEP. The programme is operated on an ad hoc basis, where varying levels of bonuses may be offered for a range of different agricultural commodities.

Trade Effects

The CCC bonuses offered are intended to enable US exporters to compete at commercial prices in selected foreign markets. The effect of the programme is to enable exporters to offer prices that are competitive with those being offered by other countries' exporters in these selected foreign markets. During fiscal year 1996, awards under EEP totalled 11, 125 metric tons (MT) of frozen poultry.

**Title: The Dairy Export Incentive Programme (DEIP)**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

In fiscal year 1996, government expenditures on DEIP amounted to \$20.4 million for 47,745 metric tons of dairy products. The programme is operated on an ad hoc basis, where varying levels of bonuses may be offered for several different kinds of dairy products.

Trade Effects

In fiscal year 1996, DEIP bonuses were awarded to support the export of 2,491 MT of cheese (cheddar, cream, mozzarella and processed American cheese), 42,674 MT of nonfat dry milk and 2,580 MT of whole milk powder. (Statistics on production, consumption, imports and exports are contained in the Appendix B.)

**Title: Mandated Export Sales of Dairy Stocks**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

There were no export sales of CCC-owned dairy products during fiscal year 1996.

**Agricultural Price Support Programmes**

**Title: Agriculture Price and Income Support for the 1995 Wheat, Feed Grains (Corn, Grain Sorghum, Barley, Oats, and Rye), Upland and Extra Long Staple (ELS) Cotton, Rice, Oilseeds (Soybeans, Sunflower seed, Flaxseed, Canola, Rapeseed, Safflower, and Mustard Seed), Peanuts, Dairy Products, Sugar, Wool and Mohair, Honey, and Tobacco Programmes.**

Period covered by notification

Generally, the period covered for these 1995 crop year programmes is the fiscal year 1996.

Policy objective and/or purpose

- Stabilize, support, and protect farm income and prices.
- Help ensure adequate supplies of quality food, feed and fibre.
- Assist in the orderly marketing of farm commodities.

### Background and authority

These programmes were authorized by the Commodity Credit Corporation (CCC) Charter Act, the Agriculture Adjustment Act of 1938, as amended, the Agricultural Act of 1949, as amended, and the National Wool Act of 1954, as amended. The programmes were financed by the CCC and administered by the Farm Service Agency (FSA).

### Form: To whom and how assistance was provided

#### (a) Wheat, Feed Grains, Upland and ELS Cotton, Rice, and Oilseeds

The programme descriptions that follow cover the 1995 crop year programme. However, it is important to note that the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) was enacted on April 4, 1996. The 1996 Act replaced the production adjustment programmes (including planting restrictions, acreage idling, target prices, and deficiency payments) that were in effect for the 1991-95 programme crops of wheat, feed grains, upland cotton, and rice with fixed production flexibility contract (PFC's) payments for the 1996-2002 crops. Annual PFC payments are based on planted acreage and acreage considered to be planted for the individual crop during the 1991-95 period. Generally, producers may plant any crop except for fruits and vegetables on their contract acreage without loss of eligibility for payments. Price support programmes, with modifications, remain in effect for wheat, feed grains, upland and extra long staple (ELS) cotton, rice, oilseeds (soybeans, sunflower seed, flaxseed, canola, rapeseed, safflower, and mustard seed), peanuts, dairy products, sugar, and tobacco.

Under the 1995 programme, nonrecourse loans and purchase agreements provided price support and marketing assistance for these commodities; deficiency payments provided income support for wheat, feed grains, upland and ELS cotton, and rice producers. To be eligible for programme benefits, wheat, feed grains, upland and ELS cotton, and rice (programme crops) producers had to comply with production adjustment and conservation programme regulations.

Acreage reduction percentages for each programme crop were established by the Secretary of Agriculture. Generally, producers had to devote a percentage of their respective historical programme acreage (base) to a conserving use (acreage reduction requirement) and limit their programme crop plantings to the base acreage less the acreage devoted to a conserving use. Acreage adjustment requirements did not apply to oilseeds and rye.

For each programme commodity, deficiency payments were equal to the farm programme payment yield *times* the farm programme payment acreage *times* the deficiency payment rate. The farm programme payment yields have been frozen since 1986 and were equal to the 5-year average of programme yields, excluding the highest and lowest yields established during the 1981-1985 period. Programme yields for the 1981-1985 period were based on historical harvested yields. The programme payment acreage was defined as 85 per cent of the base acreage less the acreage reduction requirement. The national deficiency payment rate was equal to the amount by which the respective "established" target price exceeded the higher of the average market price or the loan rate for that programme crop. The deficiency payment rate was projected at signup. The projected rate served as a guaranteed deficiency payment rate only for producers complying with the 0-50/85-92 provisions<sup>1</sup>. For all programme crops except rice, payments based on the actual payment rates were zero for the 1995 crop because average

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<sup>1</sup>Under the 0-50/85-92 provisions, payments were guaranteed on up to 92 per cent of the programme payment acreage that was devoted to a conserving use or planted to an oilseed (other than soybeans).



market prices exceeded their respective “established” target prices. Thus, only producers complying with the 0-50/85-92 provisions earned deficiency payments.

Nonrecourse loans are available for all of these commodities to complying producers. The loan rate was established by the Secretary of Agriculture within the discretionary ranges of the law. Price support rates for 1995 were generally below average market prices. Producers who chose to take out a price support loan received the proceeds of the loan after the commodity was harvested, using the commodity as collateral for the loan. The loan period was nine months (10 months for upland cotton). Producers could repay the loan plus accrued interest at any time during the loan period, but had to settle the loan at the end of the loan period either by repaying or by forfeiting the commodity to the CCC.

(Appendix A shows production, imports, exports, relevant programme parameters, average farm prices, loan rates, and deficiency payment rates.)

(b) Peanuts

The programme features include nonrecourse loans and purchase agreements similar to those described above and a supply management programme. A national poundage quota, an amount intended to fill domestic demand for human consumption, was set, and farm quota holders received a farm poundage quota which was a proportionate share of the national poundage quota. For 1995, the national poundage quota was set at 1,350,000 short tons. Peanuts, grown and marketed in excess of the farm poundage quota or by farmers without a quota, could not be consumed domestically for human food and had to be exported, crushed for oil, or put under loan with the CCC.

A marketing assessment of 1.1 per cent was collected for the 1995 crop.

(c) Dairy Products

The CCC supported milk prices by buying butter, cheese, and non-fat dry milk from manufacturers at announced prices which were calculated to allow processors to pay farmers the announced price for milk. The support price of milk was \$10.10 per hundredweight for the October-December 1995 quarter and raised to \$10.35 per hundredweight on January 1, 1996.

(d) Sugar

Sugar prices were supported through nonrecourse loans made to sugar processors who agreed to pay at least the minimum level of support for the applicable region to any producer who delivered sugar beets or sugarcane for processing. The 1995 national average support price was 18 cents per pound for raw cane sugar. The loan rate for refined beet sugar from the 1995 crop was 22.9 cents per pound.

First processors of sugar paid marketing assessments to the CCC at rates of 0.198 cent per pound of raw cane sugar and 0.2123 cent per pound of beet sugar.

(e) Wool and Mohair

Support was provided through incentive payments to producers. Payments were based on the percentage, called the payment rate, needed to bring the average return (market price plus payment) received by all producers up to the support level. To determine a producer's payment, the payment rate was applied to the individual producer's net proceeds from the sale of wool or mohair. The programme was being phased out and, in 1995, wool and mohair producers were paid only 55.9 per

cent and 47.5 per cent, respectively, of the rate, as determined above. The programme terminated on 31 December 1995.

(f) Honey

Honey producers were supported through a price support loan programme. Producers were allowed to repay loans at the lesser of the loan rate plus accrued interest or the loan repayment rate. The loan rate for the 1995 crop was \$0.50 per pound.

(g) Tobacco

Tobacco producers were supported through a price support loan programme and a national marketing quota for flue-cured and burley tobacco. For the 1995 flue-cured tobacco crop, the national average loan level was \$1.601 per pound and the national marketing quota was 873.6 million pounds. For the 1995 burley crop, the national average loan rate was \$1.737 per pound and the national marketing quota was 634 million pounds.

Amount

Government payments for the 1995 programmes were \$781 million— \$725 million for deficiency payments and \$56 million for wool and mohair incentive payments. Net lending costs (including marketing assessment receipts) during fiscal year 1996 was a receipt of \$1,154 million<sup>2</sup> to the federal government. (Appendix A shows the 1995 federal government payments and fiscal year 1996 net lending costs by commodity.)

Duration

The policies described were in effect for the 1995 crop year. As previously reported, the 1996 Act decoupled income support from production for the 1996-2002 crops.

Trade effects

These programmes have not had a significant effect on trade. For all of the commodities except peanuts, market prices were above loan rates. In the case of peanuts, the support price on quota peanuts exceeded the world market price, thereby resulting in no incentive to export these peanuts.

**Other Agricultural Programmes**

**Title: Conservation Reserve Programme**

Period covered by the notification

The period covered is the fiscal year 1996.

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<sup>2</sup>A majority of net lending activity for the 1995 crop occurred in FY 1996.

Policy objective and/or purpose

The Conservation Reserve Programme is a voluntary programme that offers landowners and operators assistance to establish approved conservation practices on highly erodible and other environmentally sensitive cropland. The programme encourages participants to establish permanent areas of grass, trees and other long-term cover to reduce soil erosion, improve water quality, protect wildlife habitats, and achieve other conservation and environmental benefits. The United States does not consider the CRP to be specific, but has included the programme in this notification in the interests of transparency.

Amount

In fiscal year 1996, government expenditures on CRP were \$1.7 billion with total enrolment of 33.5 million acres. Annual per-acre rental payments are based on site-specific soil productivity and local prevailing cash equivalent rental rates.

**Title: Expensing of Certain Capital Outlays Related to Agriculture**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The estimated annual revenue loss for fiscal year 1996 was \$65 million.

**Title: Expensing of Multiperiod Livestock and Crop Production Costs**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The estimated annual revenue loss for fiscal year 1996 was \$80 million.

**Title: Tax Treatment of Loans Forgiven Solvent Farmers As If Insolvent**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The estimated annual revenue loss for fiscal year 1996 was \$10 million.

**Title: Capital Gains Treatment of Certain Agricultural Income**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The estimated annual revenue loss for fiscal year 1996 was \$165 million.

**Title: Farm Use Exemption from Deficit Reduction Component of Gasoline Excise Tax**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The savings per gallon of gasoline amount to 4.3 cents; there are no available estimates of annual revenue loss to the government.

**Title: Exemption from Excise Tax for Tobacco Products Supplied to Tobacco Industry Employees**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The subsidy per unit amounts to the following: (i) for cigarettes, \$12.00 per thousand; (ii) for cigars, \$1.125 to \$30.00 per thousand (depending on size); (iii) for snuff, 36 cents per pound; (iv) for chewing tobacco, 12 cents per pound; and (v) for pipe tobacco, 67.5 cents per pound.

**AUTOMOTIVES/ENGINES/MOTORS**

**Title: Partnership for New Generation of Vehicles (PNGV)**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for fiscal year 1997 totalled \$234 million.

**Title: The Alternative Fuel Vehicle Development Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for fiscal year 1997 totalled \$25.1 million.

**Title: The Motor Challenge Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for fiscal year 1997 totalled \$5.1 million.

**Title: The Heat Engines Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for fiscal year 1997 totalled \$5 million.

**Title: The Electric Hybrid Propulsion Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for fiscal year 1997 totalled \$38.8 million.

**BUILDING EQUIPMENT AND SYSTEMS**

**Title: The Building Equipment Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$18.5 million.

**Title: The Building Systems Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$23.6 million.

**Title: The Building Envelope Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$26.5 million.

**CERAMICS & LIGHT-WEIGHT MATERIALS**

**Title: The Light-Weight Transportation Materials Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$13.9 million.

**Title: The Continuous Fibre Ceramic Composite Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$8.4 million.

## **CHEMICALS & PETROCHEMICALS**

**Title: The Hydrogen Research & Development Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$15 million.

## **ENERGY & FUELS (ENERGY DEVELOPMENT, STORAGE AND TRANSPORTATION & OTHER RELATED SECTORS)**

**Title: The Membrane Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$0.45 million.

**Title: The Geothermal Energy Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$28.3 million.

**Title: The Energy Storage Systems Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$3.9 million.

**Title: The Process Heating and Cooling Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

No fiscal year 1997 appropriations were budgeted for this programme, as its activities have been dispersed among various other Departmental programmes.

**Title: The Biomass Power Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$16 million.

**Title: The Advanced Turbine System Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$24.6 million.

**Title: The Isotope Production and Distribution Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In the fiscal year 1997, the amount budgeted for this programme totalled \$12.7 million (i.e., to provide excess capacity and to bring on line new isotopes.) Commercial customers are charged prices that recover the full cost of isotope production.



**Title: The Uranium Programmes Technology Partnerships Programme - Non-Uranium Enrichment Applications**Period covered by the notification

The period covered is the fiscal year 1997.

Form

As noted in our 1995 new and full notification, participation in the programme through 1995 was primarily accomplished through cooperative research and development agreements (CRADAs), ordinarily based on 50%/50% cost-sharing between the government and the private sector. In 1996 and 1997, private industry began providing 100 per cent of the funds associated with technology commercialization, via either funds stipulated under the CRADA and/or from work undertaken under other agreements.

Amount

The amount expended for this programme in fiscal year 1996 totalled \$1 million, and was budgeted at zero for fiscal year 1997 and beyond.

**Title: The Coal Research and Development Programme**Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted in fiscal year 1997 for this programme came to \$101 million.

**Title: The Fuel Cell for Stationary Applications Programme**Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for this programme for fiscal year 1997 was \$48.8 million.

**Title: The Oil Programme**Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for this programme for fiscal year 1997 approximated \$45.2 million.

**Title: The Natural Gas Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for this programme for fiscal year 1997 approximated \$68.4 million.

**Title: The Clean Coal Technology Demonstration Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

While no net funds were appropriated for this programme in the fiscal year 1997, there were approximately \$2 million in expenditures using funds held over from previous appropriations.

Duration

The final increment of funding is scheduled to become available in fiscal year 1998.

**Title: Expensing of Exploration and Development (E&D) Costs for Oil, Gas and Other Fuels**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The estimated annual revenue loss from this concession is \$200 million.

**Title: Excess of Percentage Over Cost Depletion for Oil, Gas and Other Fuels**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

A deduction from income is allowed for the greater of cost or percentage depletion. Percentage depletion is 15 per cent of revenue for independent (smaller) oil and gas producers and 10 per cent for coal producers. The revenue loss is estimated to be \$1.1 billion annually.

**Title: Alternative Fuel Production Credit**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The revenue loss is estimated to be \$700 million annually.

**Title: Capital Gains Treatment of Royalties on Coal**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The revenue loss is estimated to be less than \$50 million annually.

**Title: Enhanced Oil Recovery (EOR) Credit**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The revenue loss is estimated to be \$100 million annually.

**Title: New Energy Technology Credit**Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The revenue loss is estimated to be \$100 million annually.

**Title: Alcohol Fuel Credit and Partial Exemption from Federal Excise Tax on Gasoline**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The estimated annual revenue loss amounts to \$10 million for the alcohol fuel credit and was \$670 million in fiscal year 1996 with respect to the excise tax exemption.

**Title: Credits for Electricity Production from Wind and Biomass**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The amount of the credit amounts to \$0.015 per kilowatt hour, produced from qualified wind or biomass. The annual revenue loss was estimated to be less than \$100 million.

**Title: Exemption from the Deficit Reduction Component of Motor Fuel Excise Tax for Helicopters Providing Transportation Services for the Development or Removal of Hard Minerals, Oil or Gas**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The subsidy per unit was 4.3 cents per gallon from 1 October 1995.

**FISHERIES**

**Title: Commercial Fishing Exemption from Deficit Reduction Rate Component of Excise Tax on Motor Fuels**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The subsidy per unit is 4.3 cents per gallon from 1 October 1995.

## **LUMBER & TIMBER**

### **Title: Capital Gains Treatment of Certain Timber Income**

#### Period covered by the notification

The period covered is the fiscal year 1996.

#### Amount

The annual revenue loss was estimated to be \$15 million.

### **Title: Expensing of Multiperiod Timber Growing Costs**

#### Period covered by the notification

The period covered is the fiscal year 1996.

#### Amount

The annual revenue loss was estimated to be \$400 million.

### **Title: Investment Credit and Seven-Year Amortization for Reforestation Expenses**

#### Period covered by the notification

The period covered is the fiscal year 1996.

#### Amount

The annual revenue loss was estimated to be \$45 million.

### **Title: Exemption from the Deficit Reduction Component of Motor Fuel Excise Tax for Helicopters in Logging Operations and Other Timber-Related Activities**

#### Period covered by the notification

The period covered is the fiscal year 1996.

#### Amount

The subsidy per unit is 4.3 cents per gallon from 1 October 1995.

**METALS, MINERALS AND EXTRACTION (NON-FUEL)**

**Title: Expensing for Exploration and Development Costs for Non-Fuel Minerals**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The annual revenue loss was estimated to be less than \$50 million.

**Title: Excess of Percentage Over Cost Depletion for Non-Fuel Minerals**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The annual revenue loss was estimated to be \$200 million.

**Title: Capital Gains Treatment of Iron Ore**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The annual revenue loss was estimated to be less than \$50 million.

**Title: Special Rules for Mining Reclamation Reserves**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

The annual revenue loss was estimated to be less than \$50 million.

**Title: Materials and Metals Processing Metals Initiative**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

In fiscal year 1997, this programme was subdivided among constituent metals technology programmes as follows: (i) steel (\$9.1 million); and (ii) aluminum (\$5.6 million).

**TEXTILES & CLOTHING**

**Title: The AMTEX Programme**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

Approximately \$10.1 million was budgeted for this activity for fiscal year 1997 for work performed at the Department of Energy National Laboratories by National Laboratory scientists and engineers. In addition, industry partners will also spend approximately \$12 million for this activity, through cash and in-kind services of their scientists and engineers. No information is available on a per unit subsidy as no product is made under the AMTEX programme. Only generic, precompetitive technologies are developed under this programme.

**Title: The Textile/Clothing Technology Corporation Programme (TC2)**

Period covered by the notification

The period covered is the fiscal year 1997.

Amount

The amount budgeted for fiscal year 1997 totalled \$3 million.

**TIMEPIECES**

**Title: The Insular Possessions Watch Programme**

Period covered by the notification

The period covered are calendar years 1996 and 1997.

Amount

**Production Incentive Certificate ("PIC")**

Year Issued (1)	Total Amount (2)
1997	\$3,159,748

- (1) The amount of each producer's PIC is based on the 1996 creditable wages and the number of watch and watch movement shipments free of duty into the United States.
- (2) 1 per cent is deducted from the total amount of the duty refund shown above to cover the administrative costs of processing by Customs.

#### **Duty Exemption**

1996 approximately \$0.9 million to \$1.2 million. (3)

- (3) The number of duty-free shipments of watches and watch movements into the United States in 1996 amounted to 1,015,199 units. The average unit invoice amount billed to customers was used to approximate the average duty rate per unit. This was used to calculate the approximate duty exemption of \$0.9 to 1.2 million.

#### **OTHER**

**Title: Exemption from Off-Highway Use from the Deficit Reduction Rate Component of the Motor Fuel Excise Tax**

##### Period covered by the notification

The period covered is the fiscal year 1996.

##### Amount

The subsidy per unit is 4.3 cents per gallon from 1 October 1995.

##### Federal-Level Programmes (Regional Assistance)

**Title: Empowerment Zones and Enterprise Communities**

##### Period covered by the notification

The period covered is the fiscal year 1996.

##### Amount

Tax incentives have been available since the zones and communities were designated on 21 December 1994. During the first five years of the programme (i.e. through approximately 1999), the tax incentives are estimated to yield up to \$1.6 billion in Federal government revenue loss. Designation will remain in effect for up to 10 years. The designation may be revoked if the state or local government modifies the boundaries of the area or does not comply with the agreed strategic plan. The employment and training wage credit is 20 per cent of up to \$15,000 of qualified wages from 1994 to 2001. For 2002 through 2004, the credit rate decreases by five percentage points each year.



Federal-Level Programmes  
(General Export Programmes)

**Title: The Export Credit Programmes of the US Export-Import Bank**

Period covered by the notification

The period covered is the fiscal year 1996.

Amount

TABLE I

<u>Fiscal Year</u>	<u>Direct Loan Levels</u> (\$ millions)	<u>Budget Authority</u> (\$ millions)	<u>%</u>
1995 (final)	1,605.3	90.3	5.6
1996	1,236.3	98.3	8.0

TABLE II

<u>Fiscal Year</u>	<u>Guarantee &amp; Insurance Level</u> (\$ millions)	<u>Budget Authority</u> (\$ millions)	<u>%</u>
1995 (final)	10,311.0	532.9	5.2
1996	10,281.4	795.8	7.7

# APPENDIX A

## 1995 Programme Year: Selected Programme Parameters, Average Market Prices, Government Payments and Net Lending Costs

Commodity	Units	Acreage reduction requirement (%)	Price support rate (\$ per unit)	Average market price (\$ per unit)	Deficiency payment rate (\$ per unit)	Government payments <sup>2</sup> (\$ million)	FY 1996 net lending <sup>3</sup> (\$ million)
Corn	Bushel	7.5	1.89	3.24	0.00/0.40	71.0	-412.3
Grain sorghum	Bushel	0	1.80	3.19	0.00/0.39	25.5	-9.5
Barley	Bushel	0	1.54	2.89	0.00/0.40	40.2	-3.7
Oats	Bushel	0	0.97	1.68	0.00/0.10	2.9	-0.1
Wheat	Bushel	0	2.58	4.55	0.00/0.70	108.7	26.6
Rice	Hundredweight	5	6.50	9.15	3.22/4.21	471.3	-127.9
Upland cotton	Pound	0	0.5192	0.7540	0.00/0.037	5.8	45.4
ELS Cotton	Pound	10	0.7965	1.2280	0.00/N.A.	0.00	0.7
Soybeans	Bushel	N.A.	4.92	6.77	N.A.	N.A.	-67.6
Minor oilseeds <sup>4</sup>	Hundredweight	N.A.	8.70	11.50	N.A.	N.A.	--
Rye	Bushel	N.A.	1.61	2.90	N.A.	N.A.	-0.1
Honey	Pound	N.A.	0.50	0.685	N.A.	N.A.	-10.5
Sugar (raw cane/beet)	Pound	N.A.	18.0/22.9	22.76/25.26	N.A.	N.A.	-63.0
Milk	Hundredweight	N.A.	10.29	14.42	N.A.	N.A.	-138.9
Peanuts (quota/additional) <sup>5</sup>	Pound	N.A.	0.339/0.066	0.293	N.A.	N.A.	98.0
Tobacco (flue-cured/burley)	Pound	N.A.	1.601/1.737	1.790/1.854	N.A.	N.A.	-495.9
Wool/mohair	Pound	N.A.	2.210/4.657	1.04/1.84	0.54/1.409	55.9	5.0
TOTAL						781.3	-1,153.8

<sup>1</sup>The first deficiency payment rate is the actual payment rate and the second deficiency payment rate is the guaranteed rate under the 0/85-92 provisions for wheat and feed grains and 50/85-92 provisions for upland cotton and rice.

<sup>2</sup>Incentive payments for wool and mohair.

<sup>3</sup>FY 1996 = 1 October 1995-30 September 1996. Negative number denotes a receipt to the Government. Loans made minus loan repayments minus marketing assessments. Source: History of Budgetary Expenditure of the CCC.FY 1990-1996 Act.

<sup>4</sup>Includes sunflower seed, safflower, canola, rapeseed, mustard seed, and flaxseed. Average market price is for sunflower seed.

<sup>5</sup>Average market price reflects total farm sales of peanuts.

N.A. means not applicable.

-- Less than \$500,000

APPENDIX BUnited StatesStatistics of Production, Consumption, Imports and Exports

Commodity/Year	Production	Consumption	Imports	Exports
Wheat (July-June)	(-----million metric tons-----)			

1991/92	53.9	30.8	1.2	35.1
1992/93	67.1	30.7	1.9	37.1
1993/94	65.2	33.7	3.1	33.1
1994/95	63.2	35.0	2.4	32.2
1995/96	59.4	31.0	1.7	33.6
1996/97 (projected)	62.1	35.7	2.1	25.5

Feedgrains (marketing year)	(-----million metric tons-----)			
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1991/92	218.6	185.1	2.4	49.7
1992/93	277.4	198.6	1.5	50.1
1993/94	186.4	185.8	4.6	40.0
1994/95	285.0	207.9	3.1	65.7
1995/96	209.4	180.1	2.4	58.6
1996/97 (projected)	267.6	200.7	3.3	55.0

Rice (Rough Equivalent)(August-July)	(----million metric tons----)			
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1991/92	7.2	4.1	0.2	2.8
1992/93	8.1	3.9	0.2	3.4
1993/94	7.0	4.5	0.2	3.4
1994/95	8.9	3.3	0.2	3.3
1995/96	7.9	3.4	0.2	2.7
1996/97 (projected)	7.8	3.4	0.3	2.5

Soybeans (September-August)	(-----million metric tons-----)			
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1991/92	54.1	36.9	0.1	18.6
1992/93	59.6	38.3	0.1	20.9
1993/94	50.9	37.3	0.2	16.0
1994/95	68.5	42.4	0.1	22.8
1995/96	58.6	40.1	0.1	22.5
1996/97 (projected)	64.8	42.2	0.1	24.4

Sunflowerseed (September-August)	(----million metric tons-----)			
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1991/92	1.6	1.4	0.1	0.2
1992/93	1.2	1.3	1/	0.1
1993/94	1.2	1.1	1/	0.1
1994/95	2.2	1.9	1/	0.3
1995/96	1.8	1.6	1/	0.2
1996/97 (projected)	1.6	1.4	1/	0.1

Commodity/Year	Production	Consumption	Imports	Exports
Flaxseed (June-May)	(-----million metric tons-----)			
1991/92	0.2	0.2	0.1	1/
1992/93	0.1	0.2	0.2	1/
1993/94	0.1	0.2	0.1	1/
1994/95	0.1	0.2	0.2	1/
1995/96	0.1	0.2	0.2	1/
1996/97 (projected)	1/	0.2	0.2	1/
Rapeseed/Canola (September-August)	(----million metric tons----			
1991/92	0.1	0.1	1/	1/
1992/93	0.1	1/	1/	1/
1993/94	0.1	0.4	0.4	1/
1994/95	0.2	0.4	0.3	0.1
1995/96	0.3	0.4	0.2	0.1
1996/97 (projected)	0.2	0.4	0.3	0.1
Safflowerseed (September-August)	(-----million metric tons-----)			
1991/92	0.1	0.1	1/	1/
1992/93	0.2	0.2	1/	0.1
1993/94	0.2	0.2	1/	0.1
1994/95	0.2	0.2	1/	1/
1995/96	0.2	0.2	1/	1/
1996/97 (projected)	0.2	0.2	1/	1/
Mustardseed (June-May)	(-----million metric tons-----)			
1991/92	1/	0.1	0.1	1/
1992/93	1/	0.1	0.1	1/
1993/94	1/	0.1	0.1	1/
1994/95	1/	0.1	0.1	1/
1995/96	1/	0.1	0.1	1/
1996/97 (projected)	1/	0.1	0.1	1/
Peanuts (August-July)	(-----1,000 metric tons-----)			
1991/92	2,235	1,616	2	452
1992/93	1,943	1,380	1	431
1993/94	1,539	1,420	1	251
1994/95	1,927	1,500	33	398
1995/96	1,570	1,421	68	374
1996/97 (projected)	1,661	1,405	57	324

1/ Less than 50,000 tons.  
NA Not Available.

Commodity/Year	Production	Consumption	Imports	Exports
Dairy/Butter (Calendar Year)	(-----1,000 metric tons-----)			

1991	606	482	2	66
1992	619	502	2	139
1993	596	548	2	145
1994	588	570	1	94
1995	572	532	2	63
1996 (preliminary)	530	517	3	17

Dairy/Cheese (Calendar Year)	(-----1,000 metric tons-----)			
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1991	2730	2870	135	6
1992	2943	3032	129	15
1993	2961	3090	145	19
1994	3054	3193	151	25
1995	3122	3258	153	28
1996 (preliminary)	3255	3349	152	30

Dairy/Nonfat Dry Milk (Calendar Year)	(---1,000 metric tons----)			
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1991	398	308	1	67
1992	396	340	1	118
1993	433	292	1	138
1994	558	418	1	123
1995	560	420	1	161
1996 (preliminary)	480	462	2	34

Beet and Cane Sugar (October-September) a/

1990/91	6,904	8,857	2,298	—
1991/92	7,238	8,846	1,486	—
1992/93	7,773	9,103	1,335	—
1993/94	7,656	9,333	1,768	457
1994/95	7,927	9,337	1,834	520
1995/96	7,370	9,554	2,772	385
1996/97 (projected)	7,250	9,750	2,709	225

a/ in 1,000 short tons, raw value equivalent, deliveries

Honey (Calendar Year)	(-----millions of pounds-----)			
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1991	218.3	303.4	92.2	9.6
1992	220.6	331.0	114.6	10.4
1993	229.3	342.0	133.6	8.5
1994	217.2	354.9	123.2	8.3
1995	210.0	342.0	88.6	9.3
1996	192.0	331.0	132.0	88.2

Commodity/Year Shorn Wool (clean)(Calendar Year)	Production	Consumption	Imports	Exports
	(---millions of pounds---)			
1991	46.7	155.4	86.5	3.9
1992	45.3	158.0	89.3	3.4
1993	41.3	156.8	100.3	2.9
1994	36.5	153.3	91.7	2.9
1995 (programme terminated)	NA	NA	NA	NA
1996 (programme terminated)	NA	NA	NA	NA

Commodity/Year Mohair (greasy)(Calendar Year)	(-----millions of pounds-----)			
1991	12.4	3.5	d/	8.1
1992	12.2	3.5	d/	7.9
1993	14.8	3.9	d/	8.7
1994	12.6	3.9	d/	11.5
1995 (programme terminated)	NA	NA	NA	NA
1996 (programme terminated)	NA	NA	NA	NA

d/ less than 5 metric tons

Commodity/Year Upland and ELS Cotton (August-July)	(---million 480 lb. bales---)			
1991/92	17.61	9.61	0 .013	6.65
1992/93	16.22	10.25	0.001	5.20
1993/94	16.13	10.42	0 .006	6.86
1994/95	19.66	11.20	0 .020	9.40
1995/96	17.90	10.65	0 .408	7.68
1996/97 (estimate)	18.94	10.85	.405	7.05

Commodity/Year Tobacco (unmanufactured, dry weight)	(-----1,000 metric tons-----)			
1991/92	703	755	325	260
1992/93	652	725	360	208
1993/94	641	667	264	197
1994/95	538	670	199	209
1995/96	625	714	326	222
1996/97 (projected)	668	710	340	230