

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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SWEDEN

Information Supplied in Respect of Dairy Products

A. Production: Production measures and policies

A.1. Statistical data on total volume of production

	<u>1965</u>	<u>1966</u>	<u>1967</u>
Cow numbers, thousands	994	954	877
Yield, kg	3,680	3,720	3,790
Total milk production, 1,000 m.t.	3,655	3,545	3,325
Milk delivered to dairies, 1,000 m.t.	3,311	3,239	3,054
Butter, 1,000 m.t.	79.3	74.3	65.1
Cheese, 1,000 m.t.	58.7	59.1	59.9
Skim milk powder, 1,000 m.t.	30.9	33.1	31.1
Whole milk powder, 1,000 m.t.	11.8	11.3	10.2

A.2. Trends in production and estimates for 1970

	<u>Trend, per cent/year</u>	<u>Estimate for 1970, 1,000 m.t.</u>
Total milk production	- 1.5	3,175
Milk delivered to dairies	- 1.2	2,950
Butter	- 3.7	58
Cheese	+ 1.8	63
Whole milk powder	- 1.0	10
Skim milk powder	- 1.0	30

A.3. Statistical data on carry-over stocks

Stocks at the beginning of the
year, 1,000 m.t.

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Butter	3.7	8.9	10.8	7.8
Cheese	20.6	22.0	23.5	23.9
Dried milk	5.4	7.2	7.9	7.4

A.4. Factors which affect production

A.5. Policies and measures of governments or other bodies likely to influence production, other than those listed under B

B. Protection and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

The internal prices of dairy products are supported through import levies. The system allows for the fluctuation of the prices in response to changes in the market situation but within predetermined limits on either side of so-called middle prices. The import levies are kept unchanged as long as domestic prices remain within these predetermined limits.

In addition to this system the producer prices for dairy products are raised by special contributions from the State budget. However, in order to reduce the milk production, and avoid costly surpluses, which is one of the aims of the Swedish agricultural policy, these contributions were decreased on 1 September 1967 and will be further reduced on 1 July 1968. Thus the special subsidy to small farmers in the form of delivery supplement for milk, was abolished as from 1 September 1967. Furthermore the general supplement for all milk delivered to dairies was reduced by SKr 0.01 per kg. to SKr 0.02 on 1 September 1967. This supplement is to be reduced by another SKr 0.01 per kg. on 1 July 1968. The extra price supplement paid for milk delivered from small farms in the northern part of Sweden remains, however, unchanged. In total these special contributions primarily amount to SKr 111 million during the current marketing year. During the marketing year 1966/67 the corresponding amount was SKr 134 million. Further certain budgetary means are granted for market regulation purposes, i.a. to facilitate the policy change within the dairy sector. For the marketing year 1967/68 these means are estimated to SKr 64.5 million.

B.I.2. Levels of guaranteed prices or support prices

The production of butter is estimated to 48,400 tons during the marketing year 1967/68 (ten months) and to 55,000 tons in 1968/69 (twelve months). However, the producers are guaranteed to sell 47,000 tons of butter at SKr 6.30 per kg. during the marketing year 1967/68 and 49,000 tons at SKr 7.30 during 1968/69.

For other dairy products there are no guaranteed prices. However, the lower price limits might be regarded as the nearest equivalent to guaranteed prices in view of the fact that certain counter-measures are taken when a domestic price falls below the lower price limit. On the other hand there is no guarantee that producers return is always kept at a certain minimum level.

The lower price limits for the principal dairy products are during the crop year 1967/68 as follows (SKr per 100 kg):

<u>Cheese</u> with a fat content of 45 per cent	591
<u>Whole milk powder</u>	420
<u>Skin milk powder</u>	240

For liquid milk no lower price limit is fixed since in practice there are no imports of liquid milk. However, in the interests of the consumers, an upper price limit has been determined, which is an average for the whole country of the maximum prices allowed at sales from dairies. The upper price limit is at present SKr 75.14 per 100 kg and is to be reduced by SKr 2 on 1 July 1968.

B.I.3. Amount of producer subsidies

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B.I.4. Average return to producers

	<u>1965</u>	<u>1966</u>	<u>1967</u>
	(SKr per 100 kgs)		
Milk delivered to dairies	57.15	55.44	56.86

B.I.5. Method of determining returns for producers

Information on average returns to producers has been obtained from the head organizations of the farmers co-operatives, to which the farmers sell the major part of their production. The prices paid are determined according to the quality of each delivery and according to the payment capacity of the co-operatives. This capacity is, in turn, determined by such factors as the prices prevailing on the domestic and export markets, the size of the equalization funds, etc. Dividends are paid on certain products at the end of the financial year.

By means of an equalization system the producers receive the same price for their milk deliveries regardless of utilization. This is made possible through the equalization fund, which is financed by the proceeds from levies on the production of liquid milk, cream and cheese on the domestic market and to a less extent by levies on imports of feeding stuffs. The fund is administered by the Association for Trade in Milk and Dairy Products¹, which supervises the market for milk and dairy products.

¹Semi-official market regulation body for dairy products.

B.II Measures at the frontier

As has been mentioned above the domestic market is protected by means of import levies. As long as domestic prices fluctuate between predetermined price limits the import levies remain unchanged. If the price on a product falls below the lower price limit as a consequence of decreasing world market prices the price has to be supported by a temporary rise of the import levy and in exceptional cases by import restrictions. If the price falls below the lower price limit as a consequence of an abnormal development of production within the country and imports are insignificant these measures should be used with a certain discretion.

Imports of all dairy products are restricted when imported from Eastern Germany, Japan and Rhodesia. Imports of milk and cream, preserved or sweetened (BN 04.02)¹ and butter are restricted also when imported from Albania, Bulgaria, China, Mongolia, North Korea, North Viet-Nam, Poland, Rumania, the Union of Soviet Socialist Republics, Czechoslovakia and Hungary.

No minimum import prices, import calendars or other measures are used, which might prevent imports.

Beside import levies a compensatory fee is levied on imported commodities in those cases, where the corresponding home-produced commodities are subject to marketing and/or processing fees.

Import levies and compensatory fees as per 1 April 1968 for the most important dairy products are shown below (SKr per 100 kgs):

<u>BN</u>	<u>Product</u>	<u>Import levy</u>	<u>Comp. fee</u>
ex 04.02	Milk condensed	121:-	-
ex 04.02	Skim milk	180:-	
ex 04.02	Whole milk	210-600:- ^x	
ex 04.03	Butter	330:-	24:-
ex 04.04	Cheese with a fat content of 45 per cent	180:-	111:-

^xAccording to the fat content

¹When imported from North, Central and South America import licences are required for these products. This measure is, however, only of a formal character and does not involve any quantitative restrictions.

C. Consumption and internal prices

C.1. Statistical data on consumption

Human Consumption, 1,000 m.t.

	<u>1965</u>	<u>1966</u>	<u>1967</u>
Milk sold outside dairies or consumed on farms	194	176	161
Dairy fluid milk ¹ and cream	1,127	1,167	1,193
Butter	67.2	65.4	63.3
Cheese	62.1	62.6	64.6
Skim milk powder	29.9	23.9	28.6
Whole milk powder	8.3	11.7	11.4
Condensed milk	5.7	5.2	4.4

C.2. Trends in consumption and estimates for 1970

Estimates for 1970

	1,000 m.t.
Milk sold outside dairies or consumed on farms	125
Dairy fluid milk ¹ and cream	1,250
Butter	57
Cheese	68
Skim milk powder	30
Whole milk powder	11
Condensed milk	3

C.3. Retail and wholesale prices

	<u>Retail prices</u>			<u>Wholesale prices</u>		
	(SKr per kg)					
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Dairy fluid milk (3%) ²	0.98	1.02	1.05	0.74	0.76	0.77
Butter	8.17	7.44	7.48	6.67	5.80	5.79
Cheese	9.51	10.14	10.70	5.65	5.87	6.08
Skim milk powder	9.09	9.64	10.22	6.52	6.79	7.14
Whole milk powder	11.10	11.54	12.22	7.96	8.13	8.54

¹Including skimmed milk

²SKr per litre

C.4. Factors which condition the evolution of internal consumption

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C.5. Policies and measures affecting consumption

During the marketing year 1967/68 (ten months) an amount of SKr 20.8 millions has been allocated for subsidizing the consumer price of milk for liquid consumption. Further, sales of butter to hospitals, schools etc., are allowed a discount of the difference between the wholesale price of butter and SKr 3.75 per kg. This difference amounts at present to SKr 2.55 per kg. Total quantities sold under this programme amount to about 2,500 tons a year. The costs for this programme are covered by the equalization fund.

D. International trade and pricesD.1. Statistical data on the volume and value of imports and exportsIMPORTMetric tons

BN	Product	1965	1966	1967
ex 04.01	Milk and cream, fresh			
	<u>Total</u>	<u>-</u>	<u>62</u>	<u>125</u>
	Denmark	-	60	123
ex 04.02	Condensed milk			
	<u>Total</u>	<u>190</u>	<u>227</u>	<u>192</u>
	Norway	-	-	106
	Denmark	128	116	34
	Netherlands	38	93	38
ex 04.02	Skim milk powder			
	<u>Total</u>	<u>63</u>	<u>51</u>	<u>16</u>
ex 04.02	Whole milk powder			
	<u>Total</u>	<u>27</u>	<u>14</u>	<u>12</u>
	Denmark	13	13	10
ex 04.03	Butter			
	<u>Total</u>	<u>655</u>	<u>254</u>	<u>231</u>
	Netherlands	4	246	230
ex 04.04	Hard cheese			
	<u>Total</u>	<u>7,186</u>	<u>7,037</u>	<u>7,307</u>
	Norway	258	236	321
	Denmark	3,797	3,710	3,682
	Finland	842	870	904
	Netherlands	1,752	1,639	1,772
	France	35	142	184
	Switzerland	342	306	332

IMPORT (cont'd)
Metric tons

BN	Product	1965	1966	1967
ex 04.04	Processed cheese			
	<u>Total</u>	<u>765</u>	<u>946</u>	<u>1,252</u>
	Denmark	343	394	590
	Finland	52	151	179
	United Kingdom	146	137	149
	France	25	38	77
	Switzerland	107	116	119
	United States	2	24	78
ex 04.04	Whey cheese			
	<u>Total</u>	<u>97</u>	<u>106</u>	<u>117</u>
	Norway	97	106	117
ex 04.04	Other cheese			
	<u>Total</u>	<u>712</u>	<u>774</u>	<u>877</u>
	Denmark	495	513	503
	France	94	118	198
	Italy	105	99	115

EXPORT
Metric tons

BN	Product	1965	1966	1967
ex 04.02	Condensed milk			
	<u>Total</u>	<u>21</u>	<u>36</u>	<u>53</u>
ex 04.02	Skin milk powder			
	<u>Total</u>	<u>726</u>	<u>9,367</u>	<u>2,702</u>
	Denmark	6	1,114	554
	Germany, F.R.	10	40	456
	Netherlands	500	3,102	1,144
	India	-	4,648	300
ex 04.02	Whole milk powder			
	<u>Total</u>	<u>16</u>	<u>2</u>	<u>50</u>
04.03	Butter			
	<u>Total</u>	<u>7,484</u>	<u>7,286</u>	<u>5,214</u>
	Germany, F.R.	96	248	68
	United Kingdom	4,705	5,073	4,505
	France	45	310	459
ex 04.04	Hard cheese			
	<u>Total</u>	<u>3,457</u>	<u>4,110</u>	<u>4,072</u>
	Eastern Germany	1,239	993	769
	Germany, F.R.	566	451	186
	United Kingdom	190	162	164
	Italy	436	589	577
	Japan	291	953	1,002
	United States	354	737	964
ex 04.04	Processed cheese			
	<u>Total</u>	<u>140</u>	<u>152</u>	<u>4</u>
ex 04.04	Whey cheese			
	<u>Total</u>	<u>6</u>	<u>2</u>	<u>2</u>
ex 04.04	Other cheese			
	<u>Total</u>	<u>74</u>	<u>52</u>	<u>53</u>
	Italy	51	49	35

D.2. Levels of export prices in various markets; levels of import prices

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D.3. Export aid measures and policies

According to the price support system used in Sweden the difference between the higher domestic prices and the prices on the world market must be levelled out when products covered by the system are exported. For dairy products, aid to exports is made possible by means of the equalization fund, administered by the Association for Trade in Milk and Dairy Products. The fund is financed as far as export aid is concerned by the legally compulsory fees on the production of various dairy products (see I.5). No export subsidies are granted over the State budget.

Below are shown export subsidies for dairy products during the last three calendar years.

	<u>1965</u>		<u>1966</u>		<u>1967</u>	
	(SKr mill.)	(tons)	(SKr mill.)	(tons)	(SKr mill.)	(tons)
Butter	16.01	7,484	11.3	7,286	8.2	5,214
Cheese	7.4	3,677	9.3	4,182	10.0	4,138

D.4. Description of bilateral agreements affecting imports or exports

There are no bilateral agreements affecting imports or exports.