

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications of Contracting Parties

Addendum

DENMARK

Notification of 20 January 1961

By letter of 20 January 1961 the Government of Denmark has transmitted to the secretariat a notification of subsidies in Denmark.

The Danish Government still holds the view that it is to be doubted whether the Sugar Scheme which is included in the following arrangements, and aims at smoothing out fluctuations in the sugar prices in Denmark, is covered by the provisions of Article XVI.

GRAIN MARKETING SCHEME FOR THE HARVEST YEAR 1960/61

(a) Breadgrain

Specific rules for the marketing of Danish breadgrain of the 1960 crop and for the milling of Danish breadgrain, are contained in Act No. 232 of 10 June 1960 on the Grain Marketing Scheme for the Harvest Year 1960/61 and in the Ministry of Agriculture Orders of 14 July and 11 August 1960 covering, respectively, Danish breadgrain of the 1960 crop etc. and the obligatory milling etc. of Danish wheat and rye.

In pursuance of Section 1 of the Act, all marketing of the 1960/61 Danish crop of rye and wheat is unrestricted. However, until the end of March 1961, every grower of breadgrain in 1960 is entitled, when selling the above-mentioned breadgrain to a dealer or mill authorized by the Minister for Agriculture, to obtain the following prices for breadgrain of a specified quality, delivered ex nearest railway station or harbour:

for rye: 47 kroner per 100 kgs.,

for wheat: 49 kroner per 100 kgs.

Prices are subject to adjustment according to quality. Furthermore, prices are to be increased by a storage premium of 40 øre per 100 kgs. on the first and sixteenth day of each month, beginning as from 16 September 1960.

Upon resale to mills, the price must not be more than 2.35 kroner per 100 kgs. in excess of the above prices plus a storage surcharge.

All millers shall pay a charge on Danish breadgrain being milled. This milling charge shall be reduced by 40 øre per 100 kgs. per half month, from 5.40 kroner per 100 kgs. for the period 1 to 15 September 1960 in the case of wheat; and for the period 16 August to 15 September 1960 in the case of rye. A subsidy will be received amounting to 20 øre per 100 kgs. during the period 1 to 15 April 1961, thereafter rising by 40 øre per 100 kgs. per half month until the end of July 1961.

The Act furthermore provides that millers milling breadgrain for the time being are obliged to use only Danish breadgrain for flour.

The expenditure incurred by the Government in connexion with the above scheme amounted to 15.7 million kroner for the Harvest Year 1959/60.

The guaranteed prices for rye and wheat have evoked greater interest among farmers in the cultivation of these grains, and has thereby contributed towards some rise in production trends as shown in the figures given below.

Danish production, consumption, imports and exports of wheat and rye

(1,000 tons)

	Production	Consumption	Imports	Exports
<u>Wheat</u>				
1959	364	530	167	2
1958	274	395	122	1
1957	273	468	202	7
1956	266	517	262	11
1955	254	600	351	5
1954	292	577	287	2
<u>Rye</u>				
1959	289	316	27	0
1958	306	339	33	0
1957	313	387	75	1
1956	291	426	137	2
1955	191	359	168	0
1954	276	433	163	6

In the tables given above, consumption is calculated as being equal to: production + imports - exports

(b) Coarse grain

The above Act of 10 June 1960 lays down the following regulations for the importation of coarse grain.

The Minister of Agriculture may levy an equalization charge on unmilled or milled grain and products thereof, which is imported during the period from 1 August 1960 to 31 July 1961.

The equalization charges shall be of such amount that the price, c.i.f. Danish port, with addition of the charge will be:

for oats	37 kroner per 100 kgs.
" milo and millet	39 " " " "
" barley and maize and for rye and wheat used for animal fodder	40 " " " "

If during the eight weeks prior to fixing the above charges, the national quotation for pigs of first grade for the Danish co-operative bacon factories have averaged the prices listed below in column 1, the charges are to be reduced by the amounts given in column 2.

1.	2.
above 370 øre to and including 380 øre	1 krone
" 360 " " " " 370 "	2 kroner
" 350 " " " " 360 "	3 kroner

and by an additional 1 krone for each fall of 10 øre in the eight week average of the above national quotation.

During the Harvest Year 1959/60, equalization charges levied on imported coarse grain totalled 9,770,000 kroner. From this, a sum of 5,740,000 kroner was used to assist farmers who were particularly affected by the drought in 1959, whilst 1,200,000 kroner was allocated towards the erection of a progeny testing station for poultry.

Because of its limited application the scheme has had no significant effect on the production, consumption, imports and exports of coarse grain.

HOME MARKET SCHEME FOR MILK AND DAIRY PRODUCTS

Pursuant to Act No. 183 of 10 June 1959 on home market prices for milk and dairy products, the Minister for Agriculture is authorized to take steps to ensure that the home market prices for milk, cream, and products thereof, do not fall below a figure corresponding to an accounting index for butter of 6 kroner per kg., and that the home market price for butter does not fall below a figure corresponding to an accounting index of 6 kroner per kg.

A home market price of at least 6 kroner per kg. of butter will provide farmers with a safeguard against home prices for milk and dairy products being affected by a possible fall in export prices below this amount. The result is that prices on the home market are not subject, to the same extent as formerly, to the price fluctuations on the export markets.

Under the above Act and according to the Order of the same date issued in pursuance of the Act a tax will be levied on all butterfat sold on the home market in the form of milk or other dairy products, excepting cheese, when the accounting index is below 6 kroner; this tax will correspond to the difference between the said 6 kroner and the lower accounting index fixed by the Dairy Trade Butter Export Committee. According to the Act, this accounting index shall be the average export price for butter.

The proceeds of the tax are to be paid to the dairies in proportion to the quantities of milk weighed in by them.

During the portion of the fiscal year of 1959/60 in which the scheme has been in force, viz. in the period from 12 June 1959 to 31 March 1960 the tax levied in accordance with the scheme on butterfat sold on the home market in the form of milk or other dairy products, excepting cheese, amounted to 22,662,000 kroner.

As the scheme has been in operation for only a small portion of the period under review, and the magnitude of the tax during its period of application has been rather low, the amounts thereby accruing to milk producers have been relatively small. Consequently no noticeable effect from this upon production can be discerned.

Due to the relatively limited tax, no appreciable influence can be noted upon the consumption of milk and other dairy products covered by the scheme.

Danish production, consumption, exports and imports of milk and butter
(1,000 tons)

	Production	Consumption	Exports	Imports
<u>Milk</u>				
1959	5416	642	28	0
1958	5417	628	30	0
1957	5344	583	10	0
1956	5068	560	19	0
1955	5124	564	21	0
<u>Butter</u>				
1959	168	49	118	0
1958	159	61	115	0
1957	175	45	118	0
1956	165	40	121	0
1955	164	38	129	0

THE DOLLAR EXPORT INCENTIVE SCHEME

The Danish incentive scheme for exports to the dollar area was introduced on 6 August 1952 as a result of the very serious competition which was inflicted on Danish exporters by the incentive schemes established by other countries.

Under the original scheme, exporters who submitted evidence of having earned United States or Canadian dollars for Danish goods exported to what was then known as the dollar area were given "titles to import licences" for 10 per cent of the amount of foreign currency earned. On presentation of such "titles" to the licensing authorities, the holders could obtain licences for import from the then ECU area for the face value of the "titles".

These "titles", being negotiable, fetched a certain price which, in 1953, was fixed at 80 per cent. The actual export premium was thus 8 per cent.

From 1 January 1957 the Danish authorities began to liquidate the incentive scheme. The amount of "titles to import licences" was reduced from 10 to 7.5 per cent of the value of goods exported after that date. As the market price remained unchanged at 80 per cent, the actual premium was consequently reduced to 6 per cent.

On 1 January 1961 the amount of the "titles" was reduced to 5 per cent and the actual premium to 4 per cent. From the end of 1961 the Dollar Export Incentive Scheme will be discontinued, but exporters will be given a respite of six months to submit evidence of exports effected in 1961. The scheme will thus be abolished entirely on 30 June 1962.

In order to stabilize the market price of "titles to import licences", for which the demand from importers was very great, an amount of "titles" much larger than that allowed for by exports under the incentive scheme was issued during the years 1953 through 1957. This resulted in the accumulation of a fund. After the extensive liberalization of imports, which has been in progress for a couple of years, the demand for "titles" has shrunk so much that the fixed market price could only be maintained by drawing on the above-mentioned fund.

During the period January-August 1960 exports on which premiums were allowed totalled 836 million kroner. Premiums during that period represented approximately 40 million kroner. Goods imported under the incentive scheme totalled about 8 million kroner, representing a market value of the corresponding "titles" of 6 million kroner. The balance of about 34 million kroner was drawn against the above-mentioned fund.

THE SUGAR SCHEME

The price equalization scheme in force for sugar is maintained in accordance with the Act of 29 March 1950 on the Sugar Scheme, under which the Minister of Commerce is authorized to fix prices for the sale of sugar ex Danish sugar factories.

The purpose of the scheme is to stabilize domestic prices against the violent fluctuations characterizing the international sugar market. This aims at making it possible for long-term planning which, due already to the length of the production period from the cultivation of the sugar beets to the producing of finished sugar, is of importance in counteracting the major fluctuations in the size of output from year to year which might otherwise be feared.

In accordance with the nature of this scheme, which is one of price stabilization, home sugar prices have been fixed so that at times world prices have risen above, and at times have been below, those prevailing in the Danish home market.

Manufacturers engaging in exports and those whose production is sold on the home market in competition with similar foreign products, in the production of which sugar enters as a raw material, may apply for permits to buy sugar from the factories at prevailing world market prices. As the scheme does not aim at subsidizing the sugar consuming industry, the condition attaching to such permits is that these manufacturers must also pay world market prices for sugar consumed in periods during which these are higher than the Danish home market prices.

The proceeds from the price differential arising from some concerns buying sugar at prices sometimes higher and sometimes lower than the home market prices otherwise in force, are equalized through the price equalization fund administered by the sugar factories.