

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2601/Add.12  
26 July 1966

Limited Distribution

---

Original: French

## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### SWITZERLAND

#### Table of Contents

	<u>Page</u>
1. Milk and dairy products	2
(i) General	2
(ii) Butter	4
(iii) Cheese	7
(iv) Preserved milk products	8
2. Breeding and dairy cattle	9
3. Wool	12
4. Eggs	13
5. Bread grains	15
6. Feed-grains	17
7. Colza seeds	19
8. Sugar beet	20
9. Potatoes	21
10. Fruit	24
11. Wine, grape juice, dessert grapes	28

1. Milk and dairy products(i) General

Dairy production is the most important branch of Swiss agriculture; it brings in more than one third of the adjusted gross yield from agricultural production. The dairy balance-sheet of the Confederation shown below gives an overall picture of the financial measures taken in this sector. The measures will be examined in detail in the ensuing sections concerning the various groups of dairy products.

Dairy Balance-Sheet of the Confederation

Accounting period (1 November - 31 October)	In thousand francs		
	<u>1962/63</u>	<u>1963/64</u>	<u>1964/65</u>
	<u>Expenditure</u>		
<u>Total expenditure</u>	136,140	130,808	150,191
of which:			
A. Valorization of butter	56,151	44,240	62,842
B. Valorization of cheese	59,374	66,051	85,140
C. Valorization of preserved milk products	1,155	1,505	1,838
D. Allowances to cattle owners in mountain areas	19,301	18,635	(1)
E. Allowances for fattening of calves outside mountain areas <sup>2</sup>	159	377	371

<sup>1</sup>These allowances are covered by special legislation since 1 January 1965 and no longer come within the accounting system for dairy products.

<sup>2</sup>The allowances are paid to farmers who in the course of an accounting period do not supply any milk or dairy products to the trade.

	<u>Coverage</u>		
	In thousand francs		
	<u>1962/63</u>	<u>1963/64</u>	<u>1964/65</u>
<u>Total resources</u>	136,140	130,808	150,191
of which:			
A. <u>Payments by the Confederation</u>	125,604	129,618	143,393
(a) General funds of the Confederation	82,066	58,434	86,358
(b) Revenue from taxes and price supplements	44,538	71,184	57,035
- Tax on fresh milk	3,056	2,725	2,340
- Tax on fresh cream	5,063	5,459	5,705
- Countervailing charge on fresh milk	12	12	13
- Customs duty supplement on butter	2,371	10,737	5,862
- Tax on imported butter	7,817	20,966	14,799
- Price supplements on imported edible fats and oils	20,311	23,018	22,454
- Price supplements on imported skimmed milk powder	589	2,000	2,006
- Price supplements on imported cream and cream powder	296	449	576
- Price supplements on imported condensed milk	3,900	2,491	2,780
- Price supplements on imported milk substitutes	1,123	3,327	400
B. <u>Share of losses payable by producers</u>	9,536	1,190	6,798

The base price paid to the producers for milk offered for sale is fixed by the Federal Council and has been as follows:

From 1 November 1962 to 31 March 1964:	47 cts. per kg.
From 1 April 1964 to 31 May 1965:	50 cts. per kg.
From 1 June 1965 to 31 October 1965:	51 cts. per kg.
Since 1 November 1965	53 cts. per kg.

These increases in the base price of milk have had only a partial effect on prices of dairy products. To ensure participation by producers in losses resulting from the valorization of dairy products, a certain sum is withheld on a conditional basis and since 1 May 1961 this sum has been 1 ct. per kg. on the base price of milk. Since 1 November 1962, however, the first 8,000 kgs. of milk delivered by a farm for sale is exempt from the deduction; this measure is designed to assist small farms which are particularly numerous in the mountain areas and have only limited possibilities for orientating production. According to the results of the dairy year, part of the amount withheld is refunded to producers; thus the milk price actually fixed for producers has been as follows:

From 1 November 1962 to 31 October 1963:	46.5 cts. per kg.
From 1 November 1963 to 31 March 1964:	46.8 cts. per kg.
From 1 April 1964 to 31 October 1964:	49.8 cts. per kg.
From 1 November 1964 to 31 May 1965:	49.5 cts. per kg.
From 1 June 1965 to 31 October 1965:	50.5 cts. per kg.

Contributions to costs of cattle owners in mountain areas were granted from 1962 to 1964 for the first five head of cattle in the amount of 40 francs in mountain zone I, 80 francs in mountain zone II and 120 francs in mountain zone III. Since 1 January 1965, contributions have been granted for the first ten head of cattle in the amount of 50 francs in mountain zone I, 100 francs in zone II and 150 francs in zone III (see note 1 on page 2).

(ii) Butter

I. Nature and extent of the subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Federal Assembly decree of 29 September 1953 concerning milk, dairy products and edible fats.

- Federal Law of 21 December 1960 on goods subject to protected prices
- Federal Decree of 4 October 1962 on supplementary economic and financial measures applicable to dairy products, as modified by Federal Decree of 13 March 1964.

The Swiss butter market is controlled by the Swiss Butter Supply Board (BUTYRA), a co-operative society under public law which holds the monopoly on imported butter. It levies a charge on imported butter, purchases unsold domestic butter at a price corresponding to the base price of milk and arranges for its disposal with the help of funds granted by the Confederation.

(b) Incidence

The following kinds of subsidies, which may be applied simultaneously, are designed to encourage the sale of butter on the domestic market exclusively:

- (1) (a) The Confederation pays a subsidy to the butter centres to enable them to sell table butter without loss at the prices fixed by the Federal Council.
- (b) The Confederation grants the requisite funds to BUTYRA so that fresh or melted cooking butter can be sold at a reduced price; the amount of the price reduction, and consequently the losses incurred, vary according to the use made of the butter (household, trade, industry) and its quality.
- (2) BUTYRA pays certain marketing charges by means of the following subsidies:
  - (a) marginal supplements for the wholesale trade;
  - (b) marginal supplements for collection.
- (3) BUTYRA shares in the cost of propaganda to encourage butter consumption.

(c) Amount of subsidy

(in thousand francs)

Accounting period (1 November - 31 October)	<u>1962/63</u>	<u>1963/64</u>	<u>1964/65</u>
1(a) Reduction of table butter prices	30,955	32,885	45,191
1(b) Reduction of prices of cooking butter and melted butter	24,322	10,149	16,704

2(a)	Marginal supplements for wholesale trade	281	293	290
2(b)	Marginal supplements for collection	188	172	181
(3)	Propaganda for butter	427	743	476
	Total	56,151	44,240	62,842

(d) Amount per unit

- (1) (a) The subsidy on table butter has varied as follows, according to quality:

1 November 1962 to 30 March 1964:	Fr.1.15 or Fr.1.20 per kg.
1 April 1964 to 31 May 1965:	Fr.1.80 or Fr.1.85 per kg.
Since 1 June 1965:	Fr.2.05 or Fr.2.10 per kg.

- (1) (b) Since 1 November 1962, the subsidy on cooking butter and melted butter has varied, depending on the quality of the butter used for processing into fresh cooking butter or melted butter, between Fr.1.17 and Fr.3.56 per kg. When special butter or butter made from separated first quality milk is downgraded for use as cooking butter or for processing into melted butter, the subsidy mentioned under (1) (a) must still be added in order to obtain the total loss (or subsidy) per kg. of butter.

- (2) (a) The marginal supplement is granted to the wholesale trade according to a sliding scale inversely proportional to turnover. In recent years, the average marginal supplement per kg. of butter has been as follows:

1962/63 :	3.4 cts.
1963/64 :	3.3 cts.
1964/65 :	3.1 cts.

- (2) (b) The marginal supplement for collection of dairy butter still amounts to 3.5 cts. per kg; there has been no change in this amount in recent years.

II. Effect of subsidy

(a) The subsidies enable butter producers to sell it at prices corresponding to the price of milk. They also facilitate disposal on the domestic market. These measures have to a large extent prevented a shift in consumption trends towards competing products and have kept per caput consumption of butter at a high level (6.5-7 kgs.).

(b) Production, imports, exports and consumption

<u>Years</u>	<u>Production</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Consumption</u> <sup>1</sup> tons
1963	34,700	2,616	-	38,190
1964	30,200	10,818	-	39,554
1965	32,850	6,202	-	39,800

<sup>1</sup>Taking account of stock variations.

(iii) Cheese

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture, of 3 October 1951.
- Decree of the Federal Assembly of 29 September 1953 on milk, dairy products and edible fats as amended by Federal Decree of 27 June 1957.
- Federal Decree of 4 October 1962 on supplementary economic and financial measures applicable to dairy production, as amended by Federal Decree of 13 March 1964.

In pursuance of these legislative provisions, the organizations of milk producers and of cheese manufacturers and exporters have formed the "Union suisse du commerce de fromage S.A.", (Swiss Cheese Trade Union) (USF). The USF takes up the domestic production of hard cheese at fixed prices (Emmenthal, Gruyère, Sbrinz, i.e. 80 per cent of total production) and resells it through private firms at the best prices obtainable. The USF does, however, suffer losses in the process of this activity which are covered by the subsidies described below.

(b) Incidence

The deficit resulting from the operations of the USF is largely covered by the Confederation, which meets the entire amount of losses due to any increase in the base price of milk where market conditions have not made it possible to pass them on to the retail price of cheese.

It should be noted that certain valorization expenses are also met by the Confederation with respect to other types of cheese that are not required to be delivered to the USF.

(c) Amount of subsidy (see dairy balance-sheet, page 2)

(d) Amount per unit

It is not possible to calculate the price reduction resulting from the subsidy which covers losses due to the valorization of cheese, since the prices obtained on the various markets can vary.

## II. Effect of subsidy

(a) Owing to the subsidies it has been possible to ensure disposal of cheese on the domestic market and to maintain traditional exports. It should be emphasized that Switzerland does not impose either quantitative restrictions or taxes on cheese imports, despite the fact that selling prices of domestic cheese are higher than those of imported cheese.

(b) Production, imports, exports and consumption

<u>Years</u>	<u>Production</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Consumption</u> <sup>1</sup> tons
1963	70,000	10,555	32,846	48,312
1964	73,200	11,608	32,993	50,550
1965	77,400	12,455	35,375	52,809

<sup>1</sup>Taking account of stock variations.

(iv) Preserved milk products

### I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Decree of Federal Assembly of 29 September 1953 concerning milk, dairy products and edible fats.
- Federal Decree of 4 October 1962 on supplementary economic and financial measures applicable to dairy production, as amended by Federal Decree of 13 March 1964.

(b) Incidence

The subsidy compensates any rise in the base price of milk that cannot be passed on to the price of preserved milk products that are exported. It is paid on the basis of the quantity of milk used for the manufacture of such products.

(c) Amount of subsidy (see dairy balance-sheet, page 2)

(d) Amount per unit

Since the amount of milk used for the preparation of 1 kg. of milk preserves varies according to the product, it is impossible to determine the amount of the subsidy per unit of preserved milk products.

II. Effect of subsidy

(a) Since foreign selling prices do not cover the production price of milk, the subsidies are necessary to maintain traditional exports.

(b) Production, imports, exports and consumption

(in tons of fresh milk)

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>		<u>Consumption</u>
			Current	Inter-national welfare action	
1963	89,000	41,000	33,800	5,300	90,900
1964	92,000	48,500	32,000	5,100	103,400
1965	97,000	58,800	31,200	5,300	119,200

2. Breeding and dairy cattle

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Federal Law of 15 June 1962 to facilitate the sale of breeding and dairy cattle, horses and wool.

The various measures taken in this sector are principally designed to improve conditions in the mountain areas, where animal husbandry is the principal, if not the only livelihood. Assistance can thus be given to small farms in mountain areas, which suffer from disadvantages of geographical situation and climate.

The measures are aimed at improving animal husbandry and achieving a better distribution of labour in this sector as between the plain and the mountain areas; the aim is to enable breeding and dairy cattle of good quality to be sold at prices which cover production costs. The subsidies are financed out of the proceeds of the price supplements levied on imported fodder, and out of the general funds of the Confederation.

(b) Incidence

(1) Encouragement of sales within the country

- (a) In order to avoid difficulties which might be encountered in the disposal of breeding or dairy cattle from mountain areas, the Confederation grants subsidies to the cantons or to authorized bodies that purchase cattle from stock breeders from those areas at markets, shows or fairs and thereby incur losses.
- (b) The Confederation reimburses part of their expenses to cantons which pay subsidies to breeders in mountain areas for the slaughter of dairy or breeding animals that are of inferior quality or unfit to be kept.
- (c) The Confederation contributes to the cost of transporting animals from remote mountain districts.

(2) Maintenance of traditional exports

Subsidies are granted in order to bring the prices of animals into line with those prevailing in our traditional export markets. The contributions are payable up to a fixed maximum; they are calculated as a percentage of the selling price and are subject to a uniform supplement per animal. In addition, the Confederation pays the cost of transport as far as the Swiss frontier.

(c) Amount of subsidy

(1) <u>Encouragement of sales within the country</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
	In thousand francs		
(a) subsidies to relieve market pressure	140	167	779
(b) subsidies for elimination	6,931	4,470	4,543
(c) contribution to transport costs	570	626	416
(2) <u>Maintenance of exports</u>	<u>13,356</u>	<u>8,535</u>	<u>5,345</u>
Total	20,997	13,798	11,083

II. Effect of subsidy

(a) The purchases intended to relieve market pressure are limited as regards time and place and are intended to prevent a collapse in prices on markets in the mountain areas. They help to stabilize the income of farmers in those areas. Subsidies for elimination campaigns are designed to improve the quality and productivity of animals. In the long term, therefore, they provide a basis for improvement in income.

The export bonuses have made it possible to maintain traditional exports of cattle, mainly in the interest of cattle breeding in the mountain areas. Despite the subsidies, prices of Swiss breeding and dairy cattle continue in general to be higher than those of animals of foreign origin.

(b) Production and exports of breeding and dairy cattle

<u>Year</u>	<u>Production</u> <sup>1</sup> (head)	<u>Exports</u> <sup>2</sup> (head)
1963	209,200	16,597
1964	210,400	11,455
1965	231,900	7,841

<sup>1</sup> Calves for breeding, of which about one quarter are placed on the market.

<sup>2</sup> Total exports of breeding and dairy cattle.

Note: Switzerland imports practically no breeding and dairy cattle.

3. Wool

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 5 October 1951;
- Federal Law of 15 June 1962 to facilitate the sale of breeding and dairy cattle, horses and wool.

The present number of sheep is approximately 250,000, most of which are in the mountain areas. The subsidy enables the Swiss wool industry to purchase domestic wool and guarantee for producers prices corresponding more or less to the cost of production. It is therefore designed to raise the income level of the mountain population, on the one hand, and to ensure to some extent the country's supplies of domestic wool in periods of emergency, on the other hand.

The subsidy is financed out of the price supplements levied on imported fodder and, if necessary, out of the general funds of the Confederation.

(b) Incidence

The Domestic Wool Board, which is composed of wool producers and representatives of the wool industry, organizes the purchase of domestic wool from producers, and its taxation and taking over by the wool industry. The Board purchases domestic wool at prices fixed by the Federal Department of Public Economy on the basis of average production costs, and sells it to industry at world market prices. The Confederation refunds any difference in price to the Board.

(c) Amount of subsidy

1962: 913,000 francs for 467 tons of wool  
1963: 820,000 francs for 451 tons of wool  
1964: 808,000 francs for 449 tons of wool  
1965: n.s.

(d) Amount per unit

1962: 1,955 francs per ton  
1963: 1,818 francs per ton  
1964: 1,800 francs per ton  
1965: n.s.

## II. Effect of subsidy

(a) The subsidy improves the modest income level of mountain farmers and helps to prevent a decline in the number of sheep.

It has no influence on the wool trade, since domestic production covers only about 2 to 3 per cent of total consumption. It should be emphasized that imports are entirely free and that the exports mentioned below do not consist of domestic wool.

### (b) Production, imports, exports and consumption (in tons)

<u>Year</u>	<u>Production</u> <sup>1</sup>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1962	496	13,822	1,781	12,537
1963	485	15,410	2,128	13,767
1964	487	14,179	1,873	12,793
1965	n.s.	13,745	1,844	n.s.

<sup>1</sup>Including domestic supply.

## 4. Eggs

### I. Nature and extent of subsidy

#### (a) Background and authority

- Law on Agriculture of 3 October 1951;
- Federal Law of 21 December 1960, on merchandise at protected prices and the price compensation fund for eggs and egg products.

No import quotas are applied on eggs or egg products. On the other hand, importers of fresh eggs are obliged to take up domestic eggs, to the extent of 30 per cent of their imports in the two preceding years. A charge is levied on imports of eggs and egg products and the proceeds from it are primarily used to reduce the price of domestic eggs taken over, whether on a compulsory or a voluntary basis, by the importers. The reduced take-over prices and the producer prices for eggs are fixed by the authorities.

(b) Incidence

The taxes levied on imported eggs and egg products are paid into an egg and egg products price compensation fund which has no other source of revenue. The fund pays subsidies to the organizations responsible for collecting domestic eggs to contribute to the cost of collection, transport and distribution of domestic eggs. It also contributes to the cost of propaganda to encourage egg consumption and can - as was the case in 1964, when over-abundant supplies of low-priced foreign eggs were offered on the Swiss market - make grants for other measures designed to facilitate disposal of domestic eggs.

(c) Amount of subsidy

1963:	4,755	thousand	francs
1964:	5,958	"	"
1965:	4,700	"	"

(d) Amount per unit

1963:	3.7	centimes	per	egg	taken	over
1964:	3.6	"	"	"	"	"
1965:	3.4	"	"	"	"	"

II. Effect of subsidy

(a) The subsidy helps the import trade to take over domestic eggs collected by the organizations formed for this purpose. Such take-overs affect approximately 22 per cent of total domestic production. The share of domestic production in total egg consumption is substantially lower than 10 years or so ago (1954: 71 per cent) and varies between 56 and 59 per cent.

(b) Production, imports and consumption

<u>Year</u>	<u>Production</u> <sup>1</sup>	<u>Imports</u>	<u>Consumption</u>
	(in million units)		
1963	535	381	916
1964	540	416	956
1965	575	406	981

<sup>1</sup>Including consumption on the farm.

## 5. Bread grains

### I. Nature and extent of subsidy

#### (a) Background and authority

Law on Wheat of 20 March 1959 (entered into force on 1 January 1960), as amended by the Federal Law of 18 December 1964 (entered into force on 1 July 1965). The amendment made no changes in the existing provisions regarding subsidies. It may be noted, however, that subsidies are granted on wheat cultivated on steeply sloping land situated outside the mountain areas.

The subsidies are aimed at keeping under wheat an area which would help to ensure national supplies in times of difficulty and relieve the pressure on animal production. In addition, they are designed to ensure a fair return to farmers. Since 1 January 1960, the import of bread wheat has no longer been a State monopoly and is free of any quantitative restriction. The Wheat Administration buys domestic good quality bread wheat at prices which cover average costs of production and are fixed by the Federal Council. Commercial millers buy this wheat at prices corresponding to the cost price of foreign wheat of the same quality.

A producer who keeps wheat for his own requirements is entitled to a milling bonus.

#### (b) Incidence

The difference between the prices paid to producers by the Federal Wheat Administration and the proceeds from the sale of domestic wheat is charged to the Government's account.

A producer who uses home-grown wheat on his farm is entitled to a milling bonus. The bonus is fixed in such a way that bread made by the producer costs him about as much as he would pay at a bakery.

#### (c) Amount of subsidy

The expenditure incurred by the Wheat Administration for the purchase of domestic bread wheat amounted to the following:

1963:	78.1 million francs
1964:	99.4 million francs
1965:	82.6 million francs

The milling bonus amounted to the following:

	In million francs		
	<u>1963</u>	<u>1964</u>	<u>1965</u>
	13.2	11.1	13.5
(d) <u>Amount per unit</u>	(in francs)		
	<u>1963</u>	<u>1964</u>	<u>1965</u>
(a) Bread wheat, per 100 kgs.	26.32 <sup>1</sup>	29.- <sup>1</sup>	28.08 <sup>1</sup>
(b) Milling bonus, per 100 kgs.	16.- to 32.- <sup>2</sup>	16.- to 32.- <sup>2</sup>	16.- to 32.- <sup>2</sup>

<sup>1</sup> Average

<sup>2</sup> According to the altitude of the farm.

## II. Effect of subsidy

(a) The subsidy makes it possible to grow wheat in Switzerland and thus helps to ensure the country's wheat supply in difficult periods. Since 1 January 1960, private enterprise has been able to import wheat without quantitative restriction.

Switzerland does not export bread wheat.

## (b) Production<sup>1</sup>, imports, exports, quantities available

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Quantities available</u>
	tons	tons	tons	tons
1962/63	444,906	270,900	22	715,784
1963/64	294,532 <sup>2</sup>	273,500	26	567,806 <sup>2</sup>
1964/65	416,000	243,300	31	659,269 <sup>2</sup>

<sup>1</sup> Bread wheat exclusively.

<sup>2</sup> Estimate.

6. Feed grains

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 5 October 1951.

In order to ensure national supplies during periods of emergency, to maintain the possibility of extending cultivation and to relieve the strain on animal production, cultivation bonuses are granted, as in the past, to encourage the growing of feed grains. These bonuses are accompanied by a price supplement levied on imported fodder. In addition, subsidies are paid on the small quantities of domestic feed grains sold in the commercial market.

(b) Incidence

- (1) Because of the fact that the growing of feed grains leads to expenditure higher than that involved in the purchase of similar imported grains, cultivation bonuses in proportion to the area under cultivation are paid to domestic producers of oats, barley, maize and three other local species of feed grains. The allowances consist of a basic bonus and of supplementary bonuses for the mountain zone. They are fixed annually before the spring sowings, the cost being covered by the price supplements levied on imported fodder.
- (2) In addition, allowances are paid to importers of fodder who purchase domestic feed grains from a merchant or producer. These subsidies cover transport and marketing costs for domestic feed grains.

(c) Amount of subsidy

(1) Cultivation bonuses

1963: 21,882 thousand francs  
1964: 20,735 thousand francs  
1965: 20,191 thousand francs

(2) Marketing and transport allowances

1963: 178 thousand francs  
1964: 265 thousand francs  
1965: 326 thousand francs

(d) Amount per unit

- (1) The amount of the cultivation bonus was the same in 1963 as in 1962, i.e. 400 francs per hectare; the supplementary bonus amounted to 80 francs per hectare in mountain zone I (up to an altitude not exceeding 1,000 metres) and for steeply sloping land in the plateau district, and 150 francs per hectare in mountain zone II (more than 1,000 metres altitude).

In 1964 and 1965, the cultivation bonus remained at the same level as in 1963, but the supplementary bonuses were raised to 100 francs per hectare in mountain zone I and for steeply sloping land in the plateau district, and to 200 francs per hectare in mountain zone II.

- (2) The allowance for marketing operations is fixed at 25 francs per ton. The allowance for transport costs varies according to distance, the average rate being 9.10 francs per ton.

II. Effect of subsidy

- (a) (1) Following the abolition of the regulations applied to cultivation during the war, the system of cultivation bonuses and price supplements on imported fodder has made it possible to maintain the cultivation of feed grains over an area that varies in the region of 50,000 hectares.
- (2) The share of total domestic production affected by the allowances paid to importers for the marketing of domestic feed grains varies around the level of 5 per cent, in other words 2 per cent of barley production and one third of maize production.

(b) Production, imports and consumption (oats, barley and maize)

<u>Year</u>	<u>Production</u> tons	<u>Imports</u> tons	<u>Consumption</u> tons
1963	155,800 <sub>1</sub>	550,657	706,457 <sub>1</sub>
1964	174,700 <sub>1</sub>	573,295 <sub>1</sub>	747,995 <sub>1</sub>
1965	153,500 <sub>1</sub>	595,728 <sub>1</sub>	749,228 <sub>1</sub>

<sup>1</sup>Provisional figure.

Note: Switzerland does not export feed grains.

7. Colza seeds

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.

The measures for the encouragement of colza cultivation are aimed at maintaining a minimum area under oilseed cultivation in order to help the country to be self-sufficient in periods of emergency. Each year the Federal Council fixes the area in respect of which it guarantees to producers the purchase of the colza crop. Since 1962, this area has been 7,000 hectares. The guaranteed price to the producer is fixed at the time of the harvest, on the basis of production costs and possibilities of disposal.

(b) Incidence

The Federal Department of Public Economy makes arrangements with the organizations concerned for the conclusion of cultivation contracts with producers. It concludes agreements with the oil processing plants concerning the purchase of the crop, the processing of the seed and the disposal of the oil. The selling price of colza oil is fixed in relation to prices of other edible oils. The Confederation reimburses to the oil processing plants any loss resulting from the difference between their production costs and the selling price of colza oil.

(c) Amount of subsidy

1963:	6,490	thousand francs
1964:	7,999	thousand francs
1965:	8,400 <sup>1</sup>	thousand francs

(d) Amount per unit (per ton of seeds)

1963:	555.-	francs
1964:	623.35	francs
1965:	610.- <sup>1</sup>	francs

---

<sup>1</sup>Provisional figure.

## II. Effect of subsidy

(a) The subsidy has made it possible to maintain a minimum area under colza cultivation as a basis for extension in case of need. Without the subsidy this cultivation would disappear. Domestic production at present covers only 6-7 per cent of Swiss consumption of vegetable oils and fats.

### (b) Production and consumption

Imports of colza seed and oil are irregular and very small. There are no exports.

Consumption of domestic colza oil has been as follows:

1963:	4,775 tons
1964:	5,590 tons
1965:	5,440 tons

## 8. Sugar beet

### I. Nature and extent of subsidy

#### (a) Background and authority

- Federal Decree of 20 December 1952 (amended on 19 December 1965) for the encouragement of sugar beet cultivation and safeguard of the country's sugar supply.

In order to enable the sugar refineries to purchase at prices fixed by the Federal Council the sugar beet produced in accordance with the cultivation contracts concluded with the planters, the Confederation grants a subsidy in the form of a guarantee against any deficit. The price of sugar beet corresponds to the cost of production in efficient agricultural undertakings. The import of sugar is free. The sugar refineries therefore have to sell sugar refined in Switzerland at the price prevailing on the free market, and this might involve a loss when the world price is very low, as has been the case from 1959 to 1962 and again since 1964.

#### (b) Incidence

Since 1 October 1964, the Federal Council fixes the proportion of Federal participation in any deficit incurred by the sugar refineries, but the amount thereof must not be in excess of 15 million francs per annum for the two refineries together; in exceptional circumstances, the Federal Assembly would be empowered to raise the maximum amount to 20 million francs. Before that date, the Confederation guaranteed to the sugar refineries the refund of half the deficit, up to a maximum of 6 million francs (5.6 million francs so long as only one sugar refinery was in operation).

(c) Amount of subsidy

<u>Accounting period (1 October-30 September)</u>	<u>1962/63</u>	<u>1963/64</u>	<u>1964/65</u>
Subsidy by the Confederation	-	4.2	14.8

(d) Amount per unit (per kg. of domestic refined sugar)

1962:	-
1963:	10.1 cts.
1964:	28.9 cts.

II. Effect of subsidy

(a) Due to the Confederation guarantee, the sugar refineries are able to process domestic sugar beet even when world sugar prices are extremely low, with a view to ensuring Switzerland's supplies in time of emergency. Since the second refinery came into operation, about 20 per cent of total sugar consumption is covered by domestic production; Switzerland therefore remains last among the West European countries as regards the extent to which sugar requirements are covered by domestic production.

(b) Production, imports, exports and consumption  
(in tons)

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1963	41,762	195,888	3,584	234,056
1964	51,269	196,952	1,987	246,254
1965	41,121	244,336	3,058	282,399

9. PotatoesI. Nature and extent of subsidy(a) Background and authority

- Article 32 bis of the Federal Constitution;
- Federal Law on Alcohol, of 21 June 1932, revised on 25 October 1949;
- Law on Agriculture of 3 October 1951.

Under Article 32 bis of the Federal Constitution, Federal legislation must encourage the use of domestic distillable materials - including potatoes - for food or fodder.

One of the purposes of this provision is to reduce the consumption of spirits, and it thus constitutes a public health measure. Article 8 of the Law on Alcohol authorizes the distillation of potatoes only if the crop cannot be used in a more appropriate manner. Accordingly, the subsidies serve to encourage the utilization of potatoes for food and fodder.

The price of potatoes at the production stage is fixed each year before the beginning of the main harvest, on the basis of the average cost of production and having regard to the utilization of surpluses. The subsidies are financed out of the revenues of the Alcohol Administration and the general funds of the Confederation.

(b) Incidence

The subsidies take the following forms:

- (1) Subsidies for the transport of ware potatoes, seed potatoes and potatoes for fodder, as well as potato products.
- (2) Sale of ware potatoes at reduced prices to needy persons.
- (3) Subsidies to reduce the price of domestic seed potatoes.
- (4) Subsidies for the utilization of surpluses, in the form of subsidies on exports and for making potato flakes and flour for use as fodder. After consultation with the representatives of the principal exporting countries, the export price is adjusted to the price current in other countries.
- (5) Information, publicity, etc.

(c) <u>Amount of subsidy</u>	<u>1.7.-30.6</u>	<u>Millions of francs</u>
	(1) Transport subsidies	1962/63 1963/64 1964/65
(2) Sale of ware potatoes at reduced prices to needy persons	1962/63 1963/64 1964/65	1.55 1.89 2.05
(3) Subsidies to reduce seed potato prices	1962/63 1963/64 1964/65	0.47 1.12 <u>0.66</u>
(4) Subsidies for utilization of potato surpluses	1962/63 1963/64 1964/65	10.78 25.95 <u>13.89</u>
(5) Information, publicity, etc.	1962/63 1963/64 1964/65	0.40 0.43 0.45
		<u>Francs</u>
(d) <u>Amount per unit</u>		
(1) Transport subsidy per 100 kgs. of potatoes	1962/63 1963/64 1964/65	1.12 1.10 1.18
(2) Price reduction for needy persons, per 100 kgs. of ware potatoes	1962/63 1963/64 1964/65	8.88 12.81 14.16
(3) Reduction in price of seed potatoes, quality A, per 100 kgs.	1962/63 1963/64 1964/65	1.25 1.25 1.25
(4) Utilization of surplus of ware potatoes, potatoes for general use and fodder potatoes, per 100 kgs., average	1962/63 1963/64 1964/65	8.29 10.38 8.17

## II. Effect of subsidy

(a) The subsidies do not affect imports. For a long time past, domestic production has covered the country's requirements (apart from new potatoes and seedlings) and the subsidies serve mainly for the utilization of surpluses.

The export subsidies also form part of the measures to stimulate the utilization of surpluses. These practically do not affect the exports of the traditional exporting countries.

The subsidies aim at ensuring the utilization of the entire potato crop for food and fodder and at preventing its distillation.

### (b) Production, imports, exports, consumption

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u> <sup>1</sup> total consumption of ware, seed and <u>fodder potatoes</u>
	tons	tons	tons	tons
1962	1,290,000	37,200	32,000	1,295,200
1963	1,480,000	17,000	22,000	1,475,000
1964	1,350,000	9,800	49,000	1,310,800

<sup>1</sup>Including utilization of surpluses within the country.

## 10. Fruit

### I. Nature and extent of subsidy

#### (a) Background and authority

- Article 32 bis of the Federal Constitution;
- Federal Law on Alcohol of 21 June 1952, revised on 25 October 1949;
- Law on Agriculture of 3 October 1951.

Under Article 32 bis of the Federal Constitution, the legislation must aim at reducing the production and consumption of spirits and encouraging the production of dessert fruits. Thanks to these measures also, per caput consumption of fresh fruit in Switzerland is the highest in Europe.

Measures have been adopted for the following purposes:

- (1) to influence production by means of subsidies to reduce the number of trees, make cultivation more efficient and improve the quality of fruit;
- (2) to influence consumption by information and propaganda and by the introduction of new distribution methods, and also by the sale of fruit at reduced prices to needy persons and the mountain population;
- (3) (a) to encourage the utilization of surpluses by means of subsidies to fruit juice manufacturers for the manufacture and storage of concentrated juice and by export subsidies in case of surpluses of cider-making fruits and concentrated juices.  
  
(b) In order to prevent a collapse in dessert fruit prices on the domestic market and its harmful effects on farmers' income, special steps can be taken for the utilization of such surpluses:
  - (i) subsidies for the storage of dessert apples;
  - (ii) subsidies for the industrial utilization of dessert apples;
  - (iii) deliveries at cut prices to the army;
  - (iv) sales campaigns at reduced prices;
  - (v) subsidies for the export of dessert apples and pears.

During the 1964/65 financial period, no subsidies were paid on dessert fruits.

(b) Incidence

Subsidies are granted in different ways according to their nature.

- (1) The subsidies aimed at influencing production by adjusting the number of trees to the market situation, by making cultivation more efficient and by improving the quality of fruit, are granted in co-operation with the cantons. They are only granted to cantons which themselves take corresponding measures.

- (2) (a) The Federal Alcohol Administration pays 50 per cent of the expenses of information and publicity to encourage fruit consumption. The remaining 50 per cent is paid by the business groups concerned (producers, user undertakings, importers).
- (b) As a general rule, the Administration takes responsibility for transport costs and part of the loss on sales of fresh fruit at reduced prices to needy persons. The mountain population has the benefit of a further reduction.

- (3) (a) Surpluses are in most cases utilized in industry; first of all, the utilization must be for non-alcoholic purposes. The Alcohol Administration partly guarantees to factories making concentrated juices the cost of manufacturing such juices. This guarantee only comes into play, however, when the concentrated juices have to be sold in the trade at less than the cost of production.

Export subsidies may be granted in particular cases for cider-making fruits when the surpluses cannot be used otherwise. The same applies to concentrated juices, in the case of which, however, producers must bear 10 per cent of the loss.

- (b) The Agriculture Division has paid these subsidies which are only granted in bumper crop years. The granting of subsidies pursuant to (3) (a) and (b) is conditional on observance of the indicative prices fixed by the Federal Council for these fruits.

<u>(c) Amount of subsidy</u>		<u>millions of francs</u>	
(1)	Subsidy to influence production	1962/63	0.79
		1963/64	1.72
		1964/65	1.55
(2)	Subsidy to encourage consumption	1962/63	1.34
		1963/64	1.48
		1964/65	1.56
(3) (a)	Subsidy for the utilization of surpluses	1962/63	3.49
		1963/64	5.81
		1964/65	2.92
(b)	Subsidy for the utilization of dessert fruit surpluses	1962/63	2.72
		1963/64	0.23
		1964/65	-

(d) Amount per unit

The subsidies mentioned under (1) and (2)(a) above cannot be detailed. The subsidies under (2)(b) average 10 centimes per kg. of fruit for needy persons, and 15 centimes per kg. for the mountain population. Due to certain indirect effects of these subsidies, the reduction in price enjoyed by the recipients of the fruit is in reality much greater.

The sums to be paid for the manufacture and storage of concentrated juices ((3)(a) above) vary, according to the market situation, between 0 and 25 francs per 100 kgs. approximately. Subsidies on the export of concentrated juices also varied, in the three years under comparison, between 0 and 65 francs per 100 kgs., according to market conditions in the importing countries. Producers must also bear part of the loss.

Subsidies for the utilization of surpluses of dessert fruit (3)(a) amounted to approximately 4 francs per 100 kgs. in round figures.

Subsidies granted by the Agriculture Division (3)(b) in 1962 amounted to 16.60 francs per 100 kgs.

II. Effect of subsidy

(a) The subsidies have in particular the effect of permitting to a much greater extent than previously the non-alcoholic utilization of the pip fruit crop. In 1922 only 39.5 per cent of the crop was utilized in a non-alcoholic manner; the percentage is now approximately 80 per cent. The Swiss fruit consumption amounted in 1963/64 to 110 kgs. per head of population, thus exceeding that of any other European country. Domestic production only covers about 61 per cent of this consumption, however.

(b) Production, imports, exports and consumption of pip fruit

	<u>Production</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Consumption</u> tons
(1) <u>Fresh fruit</u>				
1962/63	262,600	9,689	11,412	260,877
1963/64	212,400 <sup>1</sup>	26,734	3,287	235,847
1964/65	220,100 <sup>1</sup>	26,955	1,356	245,699
(2) <u>Cider-making fruit</u>				
1962/63	437,400	-	13,669	423,731
1963/64	283,600 <sup>1</sup>	-	13,393	270,207
1964/65	349,900 <sup>1</sup>	40	10,771	339,169
(3) <u>Fruit concentrates</u>				
1962/63	14,770	2	2,615	
1963/64	7,145	4	6,145	
1964/65	10,732	1	3,803	

<sup>1</sup> Estimate.

11. Wine, grape juice, dessert grapes

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.

- Federal Decree of 6 June 1958, instituting temporary measures for viticulture.

Vine growing is restricted to the regions suitable for wine production, as defined by the vineyard survey. The planting of new vines outside the vineyard zone is prohibited; within that zone, an authorization is required.

Subsidies have been granted for the following measures aimed at encouraging disposal of the harvest:

1. Optional purchase by importers of 6.4 million litres of white wine from French-speaking Switzerland, from the 1963 and 1964 harvests.
2. Propaganda to encourage consumption of wine, dessert grapes and grape juice.
3. Non-alcoholic consumption of grapes (dessert grapes and grape juice).

These measures are financed out of the vineyard fund, which is constituted from the proceeds of a tax of 8 francs per quintal levied on wine imported in casks.

(b) Incidence

1. The subsidy for optional purchase is paid to the proprietors of domestic wine who supply it to importers. The subsidy covers the difference between the price payable to the vendor and the price to be paid by the importer, together with certain costs (transport, inspection, storage, etc.). The wine concerned must be used for the following purposes:
  - blending with imported ordinary red wines;
  - sale under the unified appellation "Chasselas romand" or "Chasselas de Romandic".
2. Contributions to propaganda costs are paid to the Swiss Agricultural Products Propaganda Office, the cantonal propaganda offices and the Society of Swiss Wine Exporters.
3. Subsidies for the non-alcoholic utilization of grapes are granted to grape importers and grape juice manufacturers, on condition that they pay for the goods at the fixed rates. All price reductions achieved by means of these subsidies must be passed on to the consumer.

(c) Amount of subsidy

1. Optional purchase of white wine from 1963 and 1964 harvests.

1965: 4,127,499.-francs.

2. Propaganda in favour of the consumption of wine, dessert grapes and grape juice:

(a) Wine:	1963:	263,764 francs
	1964:	228,558 francs
	1965:	238,351 francs

(b) Grape juice:	1963:	195,973 francs
	1964:	270,646 francs
	1965:	298,455 francs

(c) Dessert grapes:	1963:	-
	1964:	30,000 francs
	1965:	-

3. Non-alcoholic consumption of grapes:

(a) Non-alcoholic grape juice	1963:	2,716,625 francs
	1964:	2,482,310 francs
	1965:	4,501,586 francs

(b) Dessert grapes:	1963:	71,661 francs (balance from 1962 season)
	1964:	1,260,373 francs
	1965:	84,227 francs (balance from 1964 season)

(d) Amount per unit

1. Purchase of white wine, 1963 and 1964: approximately 0.72 francs per litre.

2. Propaganda: it is impossible to calculate the amount per unit.

3. Non-alcoholic consumption of grapes:

(a) Grape juice:	1963:	0.53 francs per litre
	1964:	0.57 francs per litre
	1965:	0.63 francs per litre

(b) Dessert grapes:	1963:	-
	1964:	0.80 francs per kg.
	1965:	-

II. Effect of subsidy

- (a) (1) The subsidy for the purchase of white wine from the 1963 and 1964 harvests in French-speaking Switzerland helped towards the disposal of part of the domestic wine surplus.
- (2) Subsidies for propaganda and the non-alcoholic consumption of grapes encouraged disposal of the grape harvest. In particular, they make it possible to lower consumer prices of dessert grapes and grape juice.
- (3) and (b) Production, imports, exports and consumption

	<u>Production</u> hl	<u>Imports</u> hl	<u>Exports</u> hl	<u>Consumption</u> hl
<u>Wine</u> <sup>1</sup>				
1962/63	764,005	1,220,898	1,202	1,964,513
1963/64	863,061	1,354,211	1,469	2,144,011
1964/65	397,369	1,345,990	1,698	2,200,263
<u>Grape juice</u>				
1963	76,015	20,729	2,068	85,663
1964	74,078	24,015	1,693	96,303
1965	110,800	23,852	1,616	101,049
<u>Dessert grapes</u>				
	tons	tons	tons	tons
1963	771	27,450	12	28,209
1964	2,874	31,695	12	34,557
1965	729	35,633	25	36,379

<sup>1</sup> Imports and exports of wine relate exclusively to wine in casks (tariff headings 22.05.10 to 22.05.22).

