

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### FINLAND

The Government of Finland has submitted the following notification of the subsidies granted in Finland in 1967 and 1968.<sup>1</sup>

#### Subsidies Granted for 1967 and 1968

	<u>1967</u>	<u>1968</u>
	(Fmk million)	
I. Equalization of agricultural production costs and rationalization		
1. Subsidy to small farms	81.30	91.58
2. Regional support for agricultural production	50.83	56.46
II. Subsidies for lowering prices of agricultural products	480.00	530.00
III. Support of wool production and sugar beet production	25.90	32.30
Total	638.03	710.34

#### I. Equalization of agricultural production costs and rationalization

##### 1. Subsidy to small farms

- (a) Annual cabinet decision.
- (b) According to the act on the price level of agricultural products, the so-called acreage subsidy is fixed by calendar years so that the subsidy changes in the same relation as the money expense index of farmers has changed.
- (c) The total amount paid to farmers for 1967 was Fmk 81.30 million and for 1968 Fmk 91.58 million.

<sup>1</sup>For last previous notification by Finland, see L/2601/Add.2.

2. Regional support for agricultural production

(a) Annual cabinet decision.

(b) A production subsidy on milk is paid through dairies in northern Finland, in the eastern frontier districts and in the outer archipelago. The subsidy in 1967 varied according to the district from Fmk 0.63/100 kgs. to Fmk 6.65/100 kgs. in Lapland and in 1968 correspondingly from Fmk 0.87/100 kgs. to Fmk 9.81/100 kgs.

A subsidy is also paid direct to dairy farmers, a certain amount for each dairy cow, in the form of special vouchers for the purchase of fertilizers, lime and other agricultural requisites at a reduced price. The same regional division as above is applied. Members of Milk Recording Associations receive at most 20 per cent higher subsidies per cow.

A subsidy for the transportation of milk is paid to the dairies in northern Finland, in the eastern frontier districts and in the outer archipelago. The maximum amount of the subsidy in 1967 was 80 per cent of the amount by which the average costs of transportation per 100 litres of milk exceeded Fmk 0.60 or 60 per cent of the amount by which the transportation costs exceeded Fmk 0.70 depending on the district. The corresponding figures for 1968 were 80 per cent and Fmk 0.85 or 60 per cent and Fmk 0.95.

A production subsidy for beef and pork is paid through slaughterhouses in northern Finland. The same concerns the sheep meat in the three communes in the most northern part of Finland. The subsidy varied in 1967 from Fmk 14 to Fmk 26 and in 1968 from Fmk 11 to Fmk 31 per 100 kgs. carcass weight.

The State Granary has made in 1967 contracts with farmers in northern Finland on the cultivation of barley at prices prevailing above the current price level. The losses resulting from these transactions were paid from the State budget. This conduct was not more valid in 1968.

The subsidy of Fmk 5/100 kgs. for rye was paid to the farmers in northern and middle Finland by the State Granary.

(c) The amount paid for above-mentioned subsidies was Fmk 50.83 million in 1967 and Fmk 56.46 million in 1968.

II. Subsidies for lowering prices of agricultural products

(a) Annual cabinet decision.

(b) In order to increase domestic consumption the consumer price of butter has been reduced by Fmk 285/100 kgs. Export dairies received from the State budget refund which enables them to pay farmers a price almost corresponding to the target price of milk determined annually by the Government.

Similar system is introduced for eggs, beef and pork. The payment prevents the annual average producer price from dropping below the floor price level.

- (c) The amount paid of all above-mentioned subsidies was Fmk 480 million for 1967 and Fmk 530 million for 1968.

### III. Support of wool and sugar beet production

- (a) The annual cabinet decision for wool and the act for the protection of sugar beet production.
- (b<sub>1</sub>) For wool sold by farmers in 1967 and 1968 support subsidy was paid through three delivery factories.
- (c<sub>1</sub>) The payment for 1967 was from Fmk 3 to Fmk 9 per kg. depending on the quality of wool and for 1968 correspondingly from Fmk 2.5 to Fmk 7. In State budget for 1967 and 1968 the amount of Fmk 1 million was granted for the purpose.
- (b<sub>2</sub>) In 1967 and 1968 the Government guaranteed the basic price for the domestic production of 375 million kgs. of sugar beets. If the production was larger, the guaranteed price was to be lowered and vice versa. If the sugar content exceeded 14.5 per cent or was under 14 per cent, the guaranteed price was to be similarly changed. In areas where production costs were higher owing to poorer growing conditions, extra payments were paid to growers. Also a transportation subsidy was paid to them. The sugar producing factories receive a subsidy of 8 penniä for each kg. of sugar beets they receive from domestic producers up to a quantity of 375 million kgs. The subsidy is granted on a basic fixed factory price of 89 penniä per kg. for ordinary crystal sugar. If the quantity received exceeds 375 million kgs. the subsidy paid will be reduced by an amount corresponding to the reduction of the basic price of 12.3 penniä per kg. for sugar beets. If the factory price of 89 penniä per kg. is reduced or increased, the subsidy is reduced or increased by 11.5 per cent of the difference between the basic price and the actual price.
- (c<sub>2</sub>) The amount paid by the Government for sugar beet production in 1967 and 1968 was Fmk 24.9 million and Fmk 31.3 million.