

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notification Pursuant to Article XVI:1

Addendum

SWEDEN

A. SUBSIDIES ON NON-PRIMARY PRODUCTS

Nil.

B. SUBSIDIES ON PRIMARY PRODUCTS

I. Nature and extent of subsidy

(a) Background and authority

The reason for the subsidy

The Swedish agricultural policy is based on a decision by Parliament in May 1967 which entered into force on 1 September the same year. According to this decision the general aim of the agricultural policy should continue to be to give economic and social security for the people engaged in agriculture. The decision also aims at integrating to a larger extent than previously the agricultural policy with the national economy as a whole and creating a more efficient distribution of resources. Furthermore the decision aims at reducing total agricultural production in order to avoid as far as possible costly surpluses, to disengage resources bound in agriculture for the benefit of more effective investments in other sectors, and to create increased access to the Swedish Market for imports of agricultural products.

As in the past farm prices are supported not by means of quantitative restrictions but by import levies (instead of customs duties). The import levies are kept unchanged as long as domestic prices remain within predetermined price limits. Such price limits are fixed for the main agricultural products with the exception of grains and sugar for which products variable import levies are used. (For a fuller description of the Swedish agricultural system reference is made to document COM/AG/W/10 with addenda.)

(b, c) Incidence and amount of subsidy

General subsidy

A decision is taken in Parliament every year by which the maximum amount of means derived from import levies should accrue to agriculture for price regulating purposes. This arrangement may be regarded as a general subsidy.

During the crop year 1967/68^{1/} an amount of SKr 216 million was, thus, transferred to agriculture.

The means are used by the semi-official market regulation bodies for price measures of different kinds, e.g. to cover cost for marketing and storage. Some means transferred in this way, e.g. import levies for feeding stuffs, do not in a strict sense have the character of a subsidy but are to be considered as a restitution of special costs connected with the production.

Production subsidies

In addition to the general price support system a programme of special support has been provided for. According to the 1967 decision on the agricultural policy most of this support will, however, be gradually abolished. The acreage subsidy, which previously was applied to farms in the size group between 2 and 10 hectares, and the delivery supplement for milk, which was paid to all producers for quantities up to 30,000 kgs. delivered per farm and year, have been abolished as from 1 September 1967.

The general milk price subsidy, which previously amounted to SKr 0.03 per kg., was decreased by one third on 1 September 1967 and another third on 1 July 1968. Total expenditure for this support amounted to SKr 50.2 million in 1967/68.

Certain budgetary means have been granted to facilitate the policy change within the dairy sector, which aims at decreasing milk production. During 1967/68 these means amounted to SKr 59.8 million.

The extra price supplement for milk delivered in the northern regions remains unchanged. The total cost for this support amounted to SKr 31.3 million in 1967/68.

Export aid

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. The aid to exports is organized by means of special equalization or compensation funds. These funds are administered by the market regulation bodies mentioned above. They are financed as far as export aid is concerned by the proceeds from legally compulsory fees paid by the producers (except in the egg sector, where no production fees are imposed) and, in some sectors, import levies mainly on feeding stuffs. No export subsidies are granted over the State budget.

^{1/} Covers the period 1 September 1967-30 June 1968.

Bread grains

The amount of export aid granted for wheat and rye during 1967/68^{1/} amounted to SKr 111.6 million, of which SKr 106.9 million fell on wheat. (Aid per 100 kgs. for wheat SKr 30.26 and for rye SKr 27.07.)

Coarse grains

The amount of export aid granted for coarse grains during 1967/68^{1/} totalled SKr 62.8 million, of which SKr 28.5 million fell on barley and SKr 34.3 million on oats. (Aid per 100 kgs. for barley SKr 22.66 and for oats SKr 20.56.)

Live animals and meat

The total amount of aid granted for these products during 1967/68^{2/} was SKr 164.7 million. Of this SKr 87.6 million fell on pigmeat, including bacon, (aid per kg. SKr 3.06) and SKr 61.9 million on beef and veal (aid per kg. for beef SKr 4.18 and for veal SKr 4.07).

Dairy products

In the dairy field butter and cheese received export aid. Total aid amounted to SKr 18.0 million during 1967/68^{2/}, of which butter SKr 12.0 million and cheese SKr 6.0 million (aid per kg. for butter SKr 2.23 per kg. and for cheese SKr 1.52 per kg.).

Eggs

Export aid for eggs during 1967/68^{3/} amounted to SKr 14.5 million or SKr 2.03 per kg.

II. Effect of subsidy

- (a) No indication can be given as to the estimated trade effects of the subsidies.
- (b) (i) See annex.
 - (ii) No previous representative year meaningful in this context can be given.

^{1/} 1 August 1967-30 June 1968.

^{2/} 1 September 1967-30 June 1968.

^{3/} 1 July 1967-30 June 1968.

STATISTICAL ANNEX

(1000 tons)

	Production	Consumption	Production of consumption %	Imports	Exports
<u>Wheat</u>					
1966	578.8	697.5	83	83.2	155.6
1967	1,130.3	675.4	167	41.1	243.9
1968	1,040.8	835.4	125	57.7	289.6
<u>Rye</u>					
1966	84.8	169.3	50	72.5	16.9
1967	197.1	159.6	123	40.2	2.7
1968	206.9	158.6	130	17.9	22.4
<u>Barley</u>					
1966	1,407.7	1,233.4	114	-	47.0
1967	1,564.0	1,526.5	102	-	153.7
1968	1,730.9	1,493.1	116	9.8	122.3
<u>Oats</u>					
1966	1,153.7	949.0	122	-	155.3
1967	1,395.9	1,283.7	109	0.3	148.8
1968	1,492.6	1,265.6	118	-	126.6
<u>Pork</u>					
1966	221.0	189.9	116	8.6	40.1
1967	227.8	202.0	113	10.6	33.9
1968	237.4	209.1	114	15.2	41.6
<u>Beef and veal</u>					
1966	172.3	149.8	115	6.8	23.8
1967	166.9	150.4	111	8.6	28.2
1968	156.6	148.7	105	12.2	17.6
<u>Butter</u>					
1966	74.3	65.4	114	0.3	7.3
1967	65.1	63.1	103	0.2	5.2
1968	66.1	58.4	113	0.3	7.2
<u>Cheese</u>					
1966	59.1	62.4	95	8.9	4.3
1967	59.9	64.7	93	9.5	4.1
1968	58.7	66.2	89	10.8	4.3
<u>Eggs</u>					
1966	93.0	90.2	103	2.8	3.6
1967	91.0	91.7	99	3.7	2.4
1968	101.0	93.3	108	1.0	7.2