

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

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Addendum

FINLAND

Subsidies Granted for 1969, 1970 and 1971

I. Equalization of agricultural production costs and rationalization

	Millions of Fmk		
	<u>1969</u>	<u>1970</u>	<u>1971</u>
1. Subsidy to small farms	93.2	94.2	86.4
2. Regional support for agricultural production	64.8	62.5	70.8
II. Subsidies for lowering prices of agricultural products	607.0	689.6	805.0
III. Support of wool production and sugar beet production	<u>25.7</u>	<u>31.2</u>	<u>32.2</u>
Total	790.7	877.5	994.4

I. Equalization of agricultural production costs and rationalization

1. Subsidy to small farms

(a) Annual cabinet decision

(b) According to the act on agricultural income and price level, given in July 1969, the so-called acreage subsidy is fixed by calendar years so that the subsidy changes compared with the corresponding amount of 1969 in the same relation as target price level has changed as from the beginning of 1969.

(c) The total amount paid to farmers for 1969 was Fmk 93.2 million, for 1970 Fmk 94.2 million and for 1971 Fmk 86.4 million.

2. Regional support for agricultural production

(a) Annual cabinet decision

(b) A production subsidy for milk is paid through dairies in northern Finland, in the eastern frontier districts and in the outer archipelago. The subsidy in 1969 varied according to the district from Fmk 0.87/100 kg. to Fmk 9.81/100 kg., in 1970 correspondingly from Fmk 2.14/100 kg. to Fmk 10.10/100 kg. during January-April, from Fmk 2.14/100 kg. to Fmk 11.10/100 kg., during May-December and in 1971 correspondingly from Fmk 2.62/100 kg. to Fmk 14.6/100 kg.

A subsidy of Fmk 29-45 per dairy cow is also paid direct to dairy farmers in northern Finland and in the outer archipelago. Members of Milk Record 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 1969, 1970 and 1971 was 80 per cent of the amount by which the average costs of transportation per 100 litres of milk exceeded Fmk 0.90 or 60 per cent of the amount by which the transportation costs exceeded Fmk 1.00 depending on the district.

A production subsidy for beef, pork and mutton is paid through slaughterhouses in northern Finland. The subsidy for beef and mutton varied in 1969 from Fmk 26 to Fmk 76 per 100 kg. carcass weight and for pork from Fmk 14 to Fmk 36. In 1970 the subsidy for beef of cows with live weight above 130 kg. varied from Fmk 35 to Fmk 110 per 100 kg. carcass weight, for beef and sheep with live weight under 130 kg. from Fmk 26 to Fmk 76 and for pork from Fmk 10 to Fmk 30. In 1971 the subsidy for beef of cows with live weight above 130 kg. varied from Fmk 45 to Fmk 155 per 100 kg. carcass weight, for beef of cows with live weight from 80 to 130 kg. from Fmk 36 to Fmk 121, for beef of cows with live weight from 25 to 80 kg. from Fmk 26 to Fmk 96, for sheep meat from Fmk 45 to Fmk 155 and for pork from Fmk 10 to Fmk 40 per 100 kg. carcass weight

The subsidy of Fmk 5/100 kg. for rye was paid in 1969, 1970 and 1971 to the farmers in northern and middle Finland by the State Granary.

(c) The amount paid for above-mentioned subsidies was Fmk 64.8 million in 1969, Fmk 62.5 million in 1970 and Fmk 70.8 million in 1971.

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 kg. Since the beginning of 1971 the consumer price of butter has been reduced by Fmk 345/100 kg. Export dairies

received from the State budget a refund which enables them to pay farmers a price almost corresponding to the target price of milk determined annually by the Government.

A similar system is maintained 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 607 million for 1969 and Fmk 689.6 million for 1970 and Fmk 805 million for 1971.

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

(b₁) For wool sold by farmers in 1969, 1970 and 1971 support subsidy was paid through three delivery factories.

(c₁) The payment for 1969, 1970 and 1971 was from Fmk 2.5 to Fmk 7 per kg. depending on the quality of wool. In the State budget for 1969 and 1970 the amount of Fmk 1 million was granted for the purpose and in 1971 the amount of Fmk 1.4 million.

(b₂) in 1969 and 1970 the Government guaranteed the basic price for domestic production of 375 million kg. of sugar beets. In 1971 the basic price was guaranteed for domestic production of 390 million kg. 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 payment was paid to growers. Also a transportation subsidy was paid to them. The sugar-producing factories received a subsidy of 8 pennies in 1970, 6.94 pennies and in 1971, 6.80 pennies per each kilogramme of sugar beets they received from domestic producers up to a quantity of 375 million kg. in 1969 and 1970, and of 390 million kg. in 1971. The subsidy is granted on a basic fixed factory price of 89 pennies in 1969, 98.25 pennies in 1970 and in 1971 107.70 pennies per kilogramme for ordinary crystal sugar. If the quantity received exceeded 375 million kg. in 1969 and 1970, and 390 million kg. in 1971, the subsidy paid was reduced by an amount corresponding to the reduction of basic price of 12.3 pennies in 1969 and 1970, and 12.8 pennies in 1971 per kilogramme for sugar beets. If the factory price of 89 pennies in 1969, 98.25 pennies in 1970 and 107.70 pennies in 1971 per kilogramme was reduced or increased, the subsidy was reduced or increased by 11.5 per cent of the difference between the basic price and the actual price.

(c₂) The amount paid by the Government for sugar beet production in 1969, 1970 and 1971 was Fmk 24.7 million, Fmk 30.2 million and Fmk 31.2 million.