

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4141/Add.5
25 May 1975

Limited Distribution

Original: English

SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

SWEDEN

A. SUBSIDIES ON INDUSTRIAL PRODUCTS

Nil

B. SUBSIDIES ON AGRICULTURAL PRODUCTS

I. Nature and extent of subsidies

The agricultural policy is based on a decision by Parliament of May 1967. The decision is presently being reviewed and new policy guidelines are expected to be introduced on 1 July 1977. For detailed description of the present agricultural subsidy system, reference is made to document COM.AG/W/10 and addenda. A recent and more general description of the agricultural policy may be found in OECD, *Agricultural Policy in Sweden, 1974*.

The total amount of subsidies during the last three years is indicated below.

	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>
		(SKr million)	
1. General subsidies	335.7	351.6	270.2
2. National production subsidies	31.3	172.3	735.7
3. Regional production subsidies	64.5	63.7	67.6
4. Export subsidies	535.2	519.6	191.6
<u>Total</u>	<u>966.7</u>	<u>1,107.2</u>	<u>1,265.1</u>

1. General subsidies

(a) By annual decisions in Parliament, import levies are transferred to the agricultural sector to finance price regulating activities in general. This arrangement may be regarded as a subsidy although import levies for feeding stuffs used in this way should be considered as a restitution of special production costs rather than a subsidy.

(b) The amounts are used by semi-official market regulation bodies mainly for marketing and storage.

(c) During the last three crop years the following amounts have been paid: 1971/72 SKr 335.7 million, 1972/73 SKr 351.6 million, and 1973/74 SKr 270.2 million.

2. National production subsidies

(i) Milk

(a) To enable a reduction in the retail price of milk, budgetary means are put at the disposal of the dairy sector each year.

(b) The amounts are paid to milk producers in accordance with annual Parliamentary decisions.

(c) The milk subsidy amounted to SKr 25 million in 1971/72, SKr 55 million in 1972/73, and SKr 55 million in 1973/74.

(ii) Mutton and lamb

(a) In order to increase the consumption of mutton and lamb, prices are supported by means from the budget.

(b) The subsidies are transferred to producers at fixed amounts per unit.

(c) During the period 1971/72-1973/74, the annual amount of the price support was SKr 6.3 million, SKr 6.3 million, and SKr 9.7 million respectively.

(iii) General price support

(a) To compensate farmers in connexion with the temporary price freeze on food, effective from 1 January 1973, production subsidies are granted for the meat and dairy sector.

(b) The subsidies are financed by budgetary means and paid to producers.

(c) During the first half year of 1973, around SKr 78 million was transferred to the dairy sector and SKr 33 million to the meat sector. Year 1973/74, the corresponding amounts were SKr 458 million and SKr 213 million respectively.

3. Regional production subsidies

(a) To make the profitability of agricultural production in the northern part of Sweden comparable to that in other areas, regional price support is given from the state budget.

(b) The subsidies are paid to producers at a fixed amount per unit decided by annual Parliamentary decisions.

(c) During 1971/72-1973/74 the following amounts (in SKr million) have been granted.

	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>
Milk	53.1	52.4	55.3
Beef	10.1	9.9	10.8
Pork	1.0	1.1	1.1
Mutton and lamb	0.3	0.3	0.4

4. Export subsidies

(a) According to the agricultural price support system, a positive difference between domestic prices and world market prices must be levelled out when products covered by the system are exported. The subsidies are financed by production fees and import levies mainly on feeding stuffs. The decline in subsidies on grains in 1973/74 is due to the fact that world market prices generally were higher than domestic prices in that year.

(b) The export support is paid to producers from equalization funds administered by the above-mentioned market regulation bodies.

(c) Annex I shows the export subsidies during the last three years.

II. Effect of subsidies

(a) No estimates can be given of the trade effects of the subsidies.

(b) Information on production, consumption, imports and exports for 1971/72-1973/74 is given in Annex II.

ANNEX I

Export Subsidies 1971/72-1973/74

BTN	Product	1971/72		1972/73		1973/74	
		SKr million	SKr/kg.	SKr million	SKr/kg.	SKr million	SKr/kg.
10.01	Wheat	25.7	.19	101.0	.22	-	-
10.02	Rye	19.1	.28	45.1	.29	-	-
10.03	Barley	112.0	.28	43.4	.19	.4	-
10.04	Oats	153.0	.30	92.0	.26	-	-
ex 02.01	Beef	47.1	3.24	12.1	2.20	15.2	3.61
ex 02.01	Veal	4.0	3.45	2.0	2.64	1.8	2.77
ex 02.01, 02.06	Pork, including bacon	107.6	2.29	106.6	1.54	80.2	1.74
04.03	Butter	7.1	1.04	43.6	3.68	40.0	3.69
04.04	Cheese	5.8	2.28	6.9	1.87	8.0	2.30
ex 12.01	Rape seeds	53.8	-	66.9	-	46.0	-

ANNEX IIProduction, Consumption, Imports and Exports During
1971/72-1973/74

('000 m.t.)

July/June	Production	Consumption	Production of con- sumption, %	Imports	Exports
<u>Wheat</u>					
1971/72	995	786	127	17	135
1972/73	1,150	857	134	23	471
1973/74	1,335	820	163	13	362
<u>Rye</u>					
1971/72	305	206	148	0	69
1972/73	366	359	141	0	155
1973/74	324	278	117	7	40
<u>Barley</u>					
1971/72	2,029	1,614	126	0	397
1972/73	1,883	1,677	112	0	225
1973/74	1,768	1,823	97	100	21
<u>Oats</u>					
1971/72	1,867	1,333	140	0	511
1972/73	1,623	1,350	120	0	349
1973/74	1,209	1,268	95	64	0
<u>Beef and veal</u>					
1971/72	134.2	130.0	103	10.7	18.3
1972/73	123.3	125.8	98	9.8	6.2
1973/74	135.2	134.9	100	7.9	5.9
<u>Pork, including bacon</u>					
1971/72	269.1	226.7	119	19.4	50.4
1972/73	271.8	225.2	121	16.8	74.3
1973/74	274.2	231.3	119	12.2	53.0
<u>Butter</u>					
1971/72	52.4	41.8	125	.0	6.8
1972/73	54.9	43.9	125	.1	11.8
1973/74	58.0	47.2	123	.1	9.7
<u>Cheese</u>					
1971/72	66.9	73.1	92	13.2	2.5
1972/73	66.1	73.7	90	11.1	3.7
1973/74	71.2	80.1	89	10.5	3.3