

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4141/Add.16
21 October 1975

Limited Distribution

Original: French

SUBSIDIES

Notifications Pursuant to Article XVI:1

Addendum

SWITZERLAND

I. Milk and Dairy Products

A. Dairy balance sheet of the Confederation

Dairying is the most important branch of Swiss agriculture; it brings in more than one third of the adjusted gross yield of agricultural production. The dairy balance sheet of the Confederation shown below gives a general picture of the financial measures taken in this sector. The details of these measures will be studied in the subsequent chapters dealing with the various groups of dairy products.

<u>Accounting period</u> (1 November-31 October)	(Sw F'000)		
	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>
<u>Expenditure</u>			
<u>Total</u>	315,346	437,848	496,404
including:			
- valorization of butter*	147,855	157,786	204,622
- valorization of cheese*	127,001	240,731	242,423
- valorization of preserved milk products*	15,883	15,315	14,440
- contribution to producers delivering neither milk nor dairy products	3,020	10,734	16,053
- other measures	21,587	13,282	18,866

*This expenditure includes a proportion of the sum representing losses due to contamination by pesticides during treatment against the capricorn beetle.

<u>Coverage</u>			
<u>Total resources</u>	315,346	437,848	496,404
including:			
<u>Payments by the Confederation</u>	282,236	391,088	441,083
of which:			
- general funds	206,737	279,597	345,495
- revenue from taxes and price supplements	75,499	111,491	95,588
<u>Share of losses payable by producers</u>	33,110	46,760	55,321

B. Butter

1. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Order of the Federal Assembly of 29 September 1953 concerning milk, dairy products and edible fats
- Federal Law of 21 December 1960 concerning goods with protected prices
- Federal Order of 25 June 1971 concerning supplementary economic and financial measures applicable to dairy production.

The Swiss butter market is governed by the Swiss Central Office for Butter Supplies (BUTYRA) - a co-operative society under public law which holds the monopoly on butter imports. It levies a charge on imported butter, purchases at a price corresponding to the base price of milk any domestic butter which cannot be readily sold and arranges for its disposal with the help of funds granted by the Confederation.

b. Incidence

The following types of subsidies, which may be granted concurrently, are intended to promote the sale of butter on the domestic market only:

- (1) (a) The Confederation pays a subsidy to the butter centres to enable them to sell table butter without loss at prices fixed by the Federal Council.
- (b) The Confederation allocates to BUTYRA the sums necessary to enable it to sell fresh or resolidified cooking butter at a reduced price; the amount of the price reduction, and consequently also of the loss entailed varies according to the destination (households, trade, industry) and the quality of the product.
- (2) BUTYRA meets certain marketing costs by means of the following subsidies:
 - (a) marginal supplements for wholesale trade;
 - (b) marginal supplements for collection.
- (3) BUTYRA shares in the cost of propaganda to promote the butter consumption.
- (4) In order to ensure that valorization of skimmed milk does not negatively affect consumption of this product, BUTYRA pays a subsidy to users of fresh skimmed milk intended for animal feed.

c. Amount of subsidy

		(Sw F'000)		
Accounting period (1 November-31 October)		1971/72	1972/73	1973/74
(1a)	Reduction in price of table butter	50,222	62,236	80,130
(1b)	Reduction in price of cooking and resolidified butter	82,196	78,602	103,950
(2a)	Marginal supplements for wholesalers	263	252	262
(2b)	Marginal supplements for collection	150	145	143
(3)	Propaganda for butter	1,879	2,554	3,160
(4)	Use of fresh skimmed milk for animal feed	13,042	13,932	16,880
Total (including interest on liabilities)		147,752	157,721	204,525

d. Amount per unit

- (1) (a) Subsidies for table butter varied, according to quality, as follows:

From 1. 5.1971: 2.84 or 2.89 frs per kg.
 From 1.11.1971: 2.46 or 2.51 frs per kg.
 From 1. 5.1972: 2.90 or 2.95 frs per kg.
 From 1. 1.1973: 3.38 or 3.48 frs per kg.
 From 1. 1.1974: 3.12 or 3.22 frs per kg.
 From 1. 5.1974: 4.60 or 4.70 frs per kg.

- (1) (b) Subsidies for cooking and resolidified butter varied, according to the quality of the butter used, as follows:

	Cooking butter Sw F per kg.	Resolidified butter Sw F per kg.
From 1.11.1971	4.51 to 6.68	7.09 to 9.44
From 1. 5.1972	4.66 to 7.25	7.17 to 9.76
From 1. 1.1973	4.66 to 7.78	7.17 to 10.29
From 1. 1.1974	4.84 to 7.48	7.36 to 10.00
From 1. 5.1974	6.32 to 8.96	8.96 to 11.60

- (2) (a) The marginal supplement to wholesale trade is granted according to a sliding scale, in inverse proportion to turnover. In recent years the average marginal supplement per kilogramme of butter was:

1971/72 2.6 centimes
 1972/73 3.0 centimes
 1973/74 3.1 centimes

- (2) (b) The marginal supplement for the collection of butter for cheese-making is still 3.5 centimes per kilogramme, there having been no change in recent years.

2. Effect of subsid

a. The increases in the base price of milk which occurred in 1970 and 1971 /cf. (E) Measures in the field of dairy policy/ could not be entirely passed on to the retail price of butter, lest there be a return to the precarious situation of 1967. However, with the standardization of production and a marked recovery in butter consumption it has been possible gradually to reduce the butter subsidies, as is shown in Table (1)(b) above, without at the same time inhibiting consumption.

The following tables show the trend of prices and of butter consumption from November 1968 onwards:

Trend of butter prices and consumption since 1969- Retail prices (Sw F per kg.)

	From <u>1.11.69</u>	From <u>1.11.71</u>
Special butter (packages of 200 grs.)	12.30	12.30
Fresh cooking butter (packages of 250 grs.)	7	7.80
Resolidified butter (packages of 1 kg.)	6.50	6.50

- Annual consumption (in wagon loads of 10 tons)

	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	Evolution from 1973/74 to	
				<u>1972/73</u>	<u>1973/74</u>
<u>Total consumption of butter</u>	4,493	4,569	4,580	+ 2%	+ 2%
including:					
Special butter	1,482	1,479	1,475	0%	0%
Fresh cooking butter	2,305	2,392	2,398	+ 4%	+ 4%
resolidified butter (in terms of fresh butter)	280	297	321	+ 6%	+15%
<u>Consumption per head of population</u> (kgs. per annum)	6.9	7.0	7.0	+ 1%	0%

It should also be noted that, in order to limit as far as possible the losses incurred in the valorization of milk, an order of priority is laid down; the largest possible proportion of domestic production has to be used to meet the demand for fresh milk and fresh dairy products, which can be sold without loss.

Apart from that, the manufacture of cheese and preserved milk products take priority over butter, imports of which are encouraged. The loss per kilogramme of milk involved in the production of butter is higher than in other uses, and the proceeds from a compensatory tax levied on imported butter (equal to the difference between the price of imported butter and the wholesale price of domestic butter) are credited to the "dairy balance sheet". In this connexion, under the Federal Order of 25 June 1971 concerning the dairy industry, milk producers bear a larger share of the expenditure not covered by the initial grants from the Confederation in respect of the valorization of butter (40 per cent of the expenditure) than in the case of the valorization of cheese or preserved milk products (10 per cent of the expenditure not covered).

b. Production, imports, exports and total consumption of butter (in tons)

<u>Calendar year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption*</u>
1972	30,967	11,963	4	45,940
1973	30,963	15,646	1	45,660
1974	33,114	12,419	0	45,899

* Allowing for variations in stocks.

c. Cheese

1. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Order of the Federal Assembly of 29 September 1953 concerning milk, dairy products and edible fats, as amended by Federal Order of 27 June 1957
- Federal Order of 25 June 1971 supplementary economic and financial measures applicable to dairy production.

In accordance with these legislative provisions, the organizations of milk producers and of manufacturers and exporters of cheese established the Swiss Union for the Cheese Trade (USF), which purchases at fixed prices the domestic output of hard cheese (Emmental, Gruyère, Sbrinz, representing 80 per cent of the total output) and resells it through private firms at the best prices obtainable. However, in these operations, the USF incurs losses which are charged to the dairy balance sheet of the Confederation (see page 1).

b. Incidence

The deficit resulting from the USF operations is largely met by the Confederation, which meets the entire amount of any losses due to increases 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 in the case of other types of cheese which are not required to be delivered to the USF.

c. Amount of subsidy (cf. Dairy balance sheet, page 1)d. Amount per unit

It is not possible to calculate the price reduction resulting from the subsidy to cover losses on the valorization of cheese, because the prices obtained in the various markets can vary.

2. Effect of subsidy

a. The fact that the Confederation covers part of any deficits in the dairy balance sheet (the remainder being charged to milk producers - see page 1) offsets the difference between earnings from cheese sales in domestic and external markets¹ and production costs for the same cheese, established according to the base price for milk.

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

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption*</u>
1972	95,600	21,150	45,842	69,126
1973	97,000	19,970	52,633	69,860
1974	100,400	21,073	52,104	72,165

* Allowing for fluctuations in stocks.

D. Preserved milk products1. Nature and extent of the subsidya. Background and authority

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

¹ Under its statutes, the USF is obliged to place cheese at the highest possible prices.

- Federal Order of 25 June 1971 concerning supplementary economic and financial measures applicable to dairy production.

b. Incidence

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

c. Amount of subsidy (cf. Dairy balance sheet, page 1)

d. Amount per unit

From 1 May 1971 to 31 December 1972 the subsidy was 20 centimes per kilogramme of milk used for the manufacture of these products; from 1 January 1973 to 31 August it was 22 centimes, from 1 September 1973 to 30 April 1974 it was 27 centimes, and from 1 May 1974 onwards, 30 centimes. Since the amount of milk used for the preparation of 1 kilogramme of preserved product varies according to the product, it is impossible to determine the amount of the subsidy per unit of preserved milk products.

2. Effect of subsidy

a. Since foreign selling prices do not cover the production price of milk these subsidies are necessary in order to maintain traditional exports.

b. Production, imports, exports and consumption (in tons of fresh milk used)

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>		<u>Consumption</u>
			<u>Commer- cial</u>	<u>Welfare schemes</u>	
1972	175,000	25,900	35,200	16,900	148,800
1973	176,000	29,000	26,400	16,300	162,300
1974	165,000	28,700	19,100	14,100	100,500

E. Measures taken in the field of dairy policy

a. On 1 May 1971 the base price paid to the producer for milk offered in the market, which is fixed by the Federal Council, was raised to 62 centimes per kg./litre; it was increased to 65 centimes on 1 May 1972, to 67 centimes on 1 January 1973 and to 73 centimes on 1 January 1974.

b. The overall quota system governing the quantity of milk for which the price is guaranteed was formally established by the new Order of 25 June 1971 concerning dairy production. Under that Order, at the beginning of each accounting period (1 November to 31 October) the Federal Council determines the quantity of milk to be paid for at the full price less the normal deduction. In the case of deliveries above this amount, the producers must share collectively in the cost of valorizing the additional quantities in accordance with the following scale.

- for the first 25,000 tons	10 centimes per kg.
- from 25,000 to 50,000 tons	20 centimes per kg.
- from 50,000 to 75,000 tons	30 centimes per kg.
- over 75,000 tons	40 centimes per kg.

c. The above-mentioned Order also provides for the continuation of the campaign to eliminate dairy farms and to encourage their conversion into under-takings for fattening heavy cattle.

d. In order to reduce milk deliveries, the above-mentioned Order also provides measures to encourage utilization of milk on the farm. In this perspective, the contribution paid for calf-fattening has been extended since 1 November 1973 to all producers delivering no milk. Its amount was then fixed at Frs. 400 per cow (Frs. 300 for the first cow); as from 1 November 1974 it was raised to Frs. 500 per cow (except for the first cow, on which it is no longer paid). In addition, since 1 November 1973 retention of mother-cows and foster-cows is encouraged by the payment of contributions for increased fattening resulting from this form of livestock-raising.

II. Breeding and Dairy Cattle

1. Nature and extent of the 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
- Federal Law of 28 June 1974 on contributions to cost of cattle-farmers in mountain regions and the sub-alpine hill zone.

The various measures taken in this sector are intended primarily 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 are at a disadvantage both because of their geographical situation and because of the climate.

The measures are aimed at improving animal husbandry and facilitating a better distribution of labour between the low-lying and the mountainous areas as regards the breeding and rearing of cattle. The purpose is to enable good-quality breeding and dairy cattle to be sold at prices which in general cover production costs. These measures are financed out of the proceeds of the price supplements charged on imported fodder and also out of the general funds of the Confederation.

b. Incidence

(1) Promotion of sales within the country

- (a) In order to avoid difficulties in the disposal of breeding and dairy cattle from mountain areas, the Confederation grants subsidies to the cantons and to authorized bodies which purchase animals from stock breeders from those areas at markets, shows or fairs and thereby incur losses.
- (b) The Confederation refunds part of their expenditure to cantons which grant subsidies to breeders in mountain areas for the slaughter of breeding and dairy cattle which are of inferior quality or unfit to be kept. In addition, in 1974 a special elimination campaign was launched in the plain. Farmers wishing to receive bonuses under the campaign were required to purchase stock from mountain regions to replace culled animals.
- (c) The Confederation contributes to the cost of transporting animals from remote mountain areas.

(2) Maintenance of traditional exports

Subsidies are granted in order to bring the prices of animals into line with those prevailing in traditional export markets. These contributions are calculated as a percentage of the selling price, adjusted by a uniform supplement per animal; they are paid up to a fixed maximum. The Confederation also pays the cost of transport to the Swiss frontier.

(3) Contribution to the expenses of cattle breeders in mountain areas

Having regard to the unfavourable production in mountain areas, the Confederation grants an annual allowance to cattle breeders in such areas. The amount of the allowance was increased retroactively as from 1 January 1971, and the number of head of cattle in respect of which the allowance is payable is 15 per holding. The number of cattle covered by the allowance reached 598,000 in 1974.

c. Amount of subsidy

(1) Promotion of sales within the country

	<u>1972</u>	<u>1973</u> (Sw F'000)	<u>1974</u>
(a) subsidies to relieve market pressure	446	1,932	2,971
(b) subsidies for elimination	7,671	9,489	17,389
(c) contribution to transport costs	583	556	546
(2) Maintenance of exports	13,361	10,348	5,932
(3) Contribution to expenses of cattle breeders in mountain areas	85,246	85,498	130,000
Total	107,307	107,722	156,838

d. Amount per unit

	<u>1972</u>	<u>1973</u> (francs per head)	<u>1974</u>
(1) (a) Subsidies to relieve market pressure (average)	219	552	779
(b) subsidies for elimination (average)	231	280	325
(c) contribution to transport costs for cattle (average)	18	23	35
(2) Export subsidies (average)	1,012	1,090	1,241
(3) Contribution to expenses of cattle breeders in mountain areas			
- sub-alpine hill area	50	50	80
- mountain zone I	90	90	140
- mountain zone II	180	180	270
- mountain zone III	270	270	400

2. Effect of subsidy

a. Purchases intended to relieve market pressure are limited in time and geographically; their purpose is to prevent a collapse in prices on markets in mountain areas. They thus help to stabilize the income of farmers in those areas. The subsidies for elimination campaigns aim at improving the quality and productivity of the 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 breeding in mountain areas. Despite these subsidies, prices of Swiss breeding and dairy cattle are generally higher than those of animals of foreign origin.

The contribution to the costs of cattle breeders in hill and mountain areas is intended to ensure higher incomes for the farming population in those areas in view of the difficult production conditions which are prevalent there.

b. Production and exports of breeding and dairy cattle

<u>Year</u>	<u>Production</u> *	<u>Exports</u> ** (head of cattle)
1972	198,500	9,984
1973	219,800	13,280
1974	203,600	5,512

III. Wool

1. Nature and extent of the 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.

* Total number of calves for breeding, of which about a quarter are placed on the market

** Total exports of breeding and dairy cattle

Note: Switzerland imports practically no breeding and dairy cattle.

There are at present some 350,000 head of sheep, the great majority being in mountain areas. The subsidy enables the Swiss wool industry to purchase domestic wool, while at the same time it guarantees to producers, for part of their output, 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, on the other, to ensure to some extent a supply of domestic wool in case of emergency.

The subsidy is now payable up to a certain maximum; it 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 (CLI), which is a subsidiary of the Swiss Sheepfarmers' Federation, organizes the purchase of domestic wool from producers, and its taxation and taking over by the wool industry. The Board purchases domestic wool. The price received by the producer comprises a federal contribution fixed by the Department of Public Economy and an amount that varies with the prices obtained by the Board when re-selling in the domestic market.

c. Amount of subsidy

1972:	Sw F 1,400,000 for 584 tons of wool delivered
1973:	Sw F 1,362,000 for 498 tons of wool delivered
1974:	Sw F 1,361,000 for 538 tons of wool delivered

d. Amount per unit

1972:	Sw F 2,397 per ton of wool delivered
1973:	Sw F 2,735 per ton of wool delivered
1974:	Sw F 2,530 per ton of wool delivered

2. 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 4 to 5 per cent of total consumption. It should be stressed that there are no restrictions whatsoever on imports, and that the exports referred to below do not consist of domestic wool.

b. Production imports, exports and consumption

(in tons)				
<u>Year</u>	<u>Production</u> *	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1972	570	14,456	3,297	11,729
1973	576	12,888	3,253	10,211
1974**	620	12,256	3,141	9,735

*Including domestic supplies

** Estimated production

IV. Eggs

1. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Federal Law of 21 December 1960 concerning goods at protected prices and the price equalization 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 used mainly to reduce the price of domestic eggs taken over whether compulsorily or voluntarily, by the importers. The reduced take-over prices and the producer prices for eggs are fixed by the authorities.

b. Incidence

The price equalization fund for eggs and egg products is financed entirely out of the proceeds from the charges on imported eggs and egg products. It pays subsidies to the bodies 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 make grants for other measures designed to facilitate disposal of domestic eggs.

c. Amount of subsidy

1972: Sw F 7,067,000
1973: Sw F 8,131,000
1974: Sw F 5,444,000

d. Amount per unit

1972: 4.16 centimes per egg taken over
1973: 4.49 centimes per egg taken over
1974: 3.52 centimes per egg taken over

2. Effect of the subsidy

a. The subsidy facilitates the import trade to take over domestic eggs collected by bodies responsible. Such take-overs affect less than 25 per cent of total domestic production. This production accounts for between 63 and 66 per cent of total consumption of eggs in the shell.

b. Production, imports and consumption of eggs in the shell

<u>Year</u>	<u>Production</u> [*] (millions of eggs)	<u>Imports</u>	<u>Consumption</u>
1972	720	414	1,134
1973	740	383	1,123
1974	720	405	1,125

V. Bread Grains

1. Nature and extent of the subsidy

a. Background and authority

- Law on Wheat of 20 March 1959 (entered into force on 1 January 1960).

The subsidies are aimed at keeping under wheat an area which would help to ensure national supplies in time 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 wheat has no longer been a State monopoly

* Including consumption on the farm.

and is free of any quantitative restriction. The Wheat Board purchases domestic bread wheat of good quality at prices which cover average production costs and which are fixed by the Federal Council. Commercial millers buy the 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 rate of the bonus is fixed in such a way that the bread made with the producer's own flour will cost him approximately the same as if he bought it from a bakery.

c. Amount of subsidy

The amounts spent by the Wheat Administration on the purchase of domestic bread wheat were as follows:

1972:	Sw F 130.3 million
1973:	Sw F 121.0 million
1974:	Sw F 160.0 million

The milling bonus amounted to:

1972.	Sw F 8.9 million
1973:	Sw F 9.1 million
1974:	Sw F 9.9 million

d. Amount per unit (francs per 100 kgs.)

	<u>1972</u>	<u>1973</u>	<u>1974</u>
(a) Purchase of bread wheat	33.44 *	36.13 *	47.33 *
(b) Milling bonus per 100 kgs.	20 to 38 **	25 to 43 **	25 to 43 **

* Average

** According to the altitude of the farm

2. Effect of the 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, wheat may be imported by private firms without quantitative restriction.

Switzerland does not export bread wheat.

b. Production, imports and consumption of bread grains (allowing for fluctuations in stocks)

<u>Year</u>	<u>Production</u> (1000 tons)	<u>Imports*</u> (1000 tons)	<u>Consumption</u> (1000 tons)
1971/72	465	445	898
1972/73	462	460	962
1973/74	392	394	756

VI. Feed Grains

1. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951

In order to ensure the national supplies during periods of emergency, to maintain the possibility of extending cultivation and to relieve the strain on animal production, cultivation bonuses are paid, as in the past, to encourage the growing of feed grains. The 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) To grow feed grains costs more than to buy like imported grains, and cultivation bonuses in proportion to the area under cultivation are therefore paid to domestic producers of oats, barley, maize, field beans and three other local types of feed grains. There is a basic bonus and supplementary bonuses for the mountain area. They are fixed annually before the spring sowings. The cost is covered by the price supplements levied on imported fodder.

*Including flour

(2) In addition, allowances are paid to importers 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 bonus

1972:	52,381,000 francs
1973:	55,378,000 francs
1974:	61,955,000 francs

(2) Marketing and transport allowance

1972:	2,279,000 francs
1973:	1,724,000 francs
1974:	3,045,000 francs

d. Amount per unit

(1) Cultivation bonus

	<u>1972</u>	<u>1973</u>	<u>1974</u>
- Basic bonus	700	750	750
	(maize and field beans 750)		
- Supplements:			
Mountain zone I and steeply sloping land outside the mountain zones	200	200	200
Mountain zone II	350	350	350

(2) Marketing and transport allowance

The amount of the allowance for marketing operations is fixed at 25 francs per ton. The allowance for transport costs varies according to the distance being about 12.60 francs per ton on the average in 1972 14 francs in 1973 and 15 francs in 1974.

2. Effect of the subsidy

a. (1) The increase in cultivation bonuses for feed grains which took place in 1973 forms part of the measures intended to modify the structure of agricultural production in order to relieve the pressure on dairy production. In the last few years there has been an appreciable increase in the area under feed grains, from less than 65,000 hectares in 1971 to more than 80,000 hectares in 1974. However, this increase in output has not had any appreciable effect on import demand.

(2) The share of total domestic production affected by the allowances paid to importers for the marketing of domestic feed grains has been about 19 per cent on average over the past three years.

b. Production, imports and consumption
(allowing for fluctuations in stocks)

<u>Year</u>	<u>Production</u> ('000 tons)	<u>Imports</u> ('000 tons)	<u>Consumption</u> ('000 tons)
1971/72	311	926	1 235
1972/73	276	967	1 239
1973/74	358	1 211	1 553

VII. Colza Seeds1. Nature and extent of the subsidya. Background and authority

-- Law on Agriculture of 3 October 1951.

The measures taken to promote colza cultivation are aimed at maintaining a minimum area under oilseed cultivation in order to enable the country to be self-sufficient in periods of emergency. The Federal Council fixes annually the area in respect of which it guarantees to producers the purchase of the colza crop. This area was 10,000 hectares during the period under reference in this report. 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 appropriate organizations for the conclusion of cultivation contracts producers. It concludes agreements with the oil processing plants for 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 refunds 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

1972:	15,499,000 francs
1973:	15,417,000 francs
1974:	21,000,000 francs

d. Amount per unit (per ton of seed)

1972:	645 francs
1973:	759 francs
1974:	750 francs

2. Effect of the 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 crop would disappear. Domestic production covers on average only about 10 per cent of Swiss consumption of vegetable oils and fats.

b. Production and consumption

Imports of colza fats and oils are irregular and small in quantity. There are no exports.

The consumption of domestic colza oil was:

1972:	10,155 tons
1973:	8,500 tons
1974:	11,700 tons

VIII. Sugar Beet

1. Nature and extent of the subsidy

a. Background and authority

-- Federal Order of 20 December 1952 (amended on 19 December 1963) to promote the cultivation of sugar beet and safeguard the country's sugar supply.

- Federal Order of 27 June 1969 concerning the domestic sugar industry.
- Federal Order of 28 June 1974 concerning the domestic sugar industry.

In order to enable the sugar refineries to take over, at prices fixed by the Federal Council, the beet produced in accordance with the cultivation contracts concluded with the planters, the Confederation grants them a subsidy in the form of a guarantee against any deficit. The price of beet corresponds to the cost of production on efficient farms. Imports of sugar are unrestricted. Consequently the sugar refineries must sell sugar refined in Switzerland at the price prevailing in the free market, and this may mean a loss for them when the world price is very low, as was the case from 1959 to 1962 and from 1964 onwards.

b. Incidence

The Federal Order of 28 June 1974 concerning the domestic sugar industry came into force on 1 October 1974. Like the earlier Order of 1969, it stipulates how any excess deficit of the two sugar refineries is to be covered if it exceeds the 20 million francs guaranteed by the Confederation.

It prescribes in particular that:

- (1) the Confederation may make an additional grant of from 1 to 10 million francs;
- (2) the Confederation may impose a charge of between 1 and 10 francs per quintal on imported sugar (headings Nos. 1701.20 to 50 of the customs tariff);
- (3) the producers make a contribution of between 6 and 60 centimes per quintal of sugar beet delivered.

These three measures operate concurrently; in other words, for each additional million francs granted by the Government, there will be a charge on imports of 1 franc for 100 kgs. and a deduction of 6 centimes per quintal of sugar beet.

In addition, each year the Federal Council determines the area to be devoted to this crop (not to exceed 14,000 hectares) and the quantity of beet for which the Confederation guarantees disposal at the price fixed (not to exceed 700,000 tons).

c. Amount of subsidy (in millions of francs)

<u>Accounting period</u> (1.10 to 30.9)	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>
Confederation subsidy	7.379	2.625	-

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

1971: 10.8 centimes
1972: 4.3 centimes
1973: 0 centimes

2. Effect of the subsidy

a. Due to the guarantee of the Confederation, the sugar refineries are able to process the domestic sugar beet, even when sugar prices on the world market are extremely low with a view to ensuring the country's supplies in time of emergency. Since the second refinery came into operation, domestic production meets about 25 per cent of total consumption.

b. Production, imports, exports and consumption of sugar (in tons)

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1972	61,582	227,275	58	288,799
1973	71,573	207,462	85	277,955
1974	66,436	216,845	122	283,209

IX. Potatoes

1. Nature and extent of the subsidy

a. Background and authority

- Article 32 bis of the Federal Constitution
- Federal Law of 21 June 1932 on alcohol, 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.

This provision is intended, inter alia, 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. The subsidies therefore serve to promote the use of potatoes for food and fodder.

The price of potatoes at the production stage is fixed annually before the beginning of the main harvest taking into account the average production costs and the possibility of utilizing any surplus. The subsidies are financed out of the receipts of the Federal Alcohol Administration and the general funds of the Confederation.

b. Incidence

The subsidies take the following forms:

- (1) Subsidies for the transport of potatoes for use as food, for seed or for fodder, as well as potato products.
- (2) Sale of potatoes to needy persons at reduced prices for use as food.
- (3) Subsidies to reduce the price of domestic seed potatoes.
- (4) Subsidies for the utilization of surpluses in the form of aids to processing them as flakes or flour for fodder.
- (5) Promotion of exports.
- (6) To maintain rational cultivation of potatoes in mountain areas or on sloping ground in other areas, subsidies have been granted since 1 March 1966 in the form of sharing in the higher production costs involved.
- (7) Information, propaganda, etc.

c. Amount of subsidy

	<u>1.7 to 30.6</u>	<u>Millions of francs</u>
(1) Transport subsidies	1971/72 1972/73 1973/74	815 1,947 <u>976</u>
(2) Sale of potatoes to needy persons at reduced prices	1971/72 1972/73 1973/74	1,005 1,024 <u>1,396</u>
(3) Subsidies to reduce the price of seed potatoes	1971/72 1972/73 1973/74	1,353 1,153 <u>1,158</u>

(4) Subsidies for the utilization of potato surpluses	1971/72	12,969
	1972/73	2,825
	1973/74	<u>2,940</u>
(5) Promotion of exports	1971/72	18,139
	1972/73	1,572
	1973/74	<u>10,140</u>
(6) Subsidies for cultivation of potatoes in mountain areas and on sloping ground	1971/72	977
	1972/73	881
	1973/74	<u>1,559</u>
(7) Information, propaganda, etc.	1971/72	812
	1972/73	1,021
	1973/74	<u>961</u>

d. Amount per unit

Francs per 100 kgs.

(1) Subsidies for transport per 100 kgs. of potatoes	1971/72	1.29
	1972/73	2.75
	1973/74	<u>1.43</u>
(2) Reduction in price for needy persons, per 100 kgs. of potatoes for food	1971/72	9.02
	1972/73	9.16
	1973/74	<u>13.68</u>
(3) Reduction in price of seed potatoes, quality A, per 100 kgs.	1971/72	2.50
	1972/73	2.50
	1973/74	<u>2.50</u>
(4) Utilization of surpluses of potatoes for food, ungraded, and fodder potatoes, per 100 kgs., on average	1971/72	6.78
	1972/73	3.57
	1973/74	<u>2.96</u>
(5) Promotion of exports	1971/72	25.26
	1972/73	5.70
	1973/74	<u>12.87</u>

2. Effect of subsidy

a. The subsidies do not affect imports. For a long time past, domestic production has been sufficient to meet the country's requirements (except for new potatoes and potato seedlings); the subsidies tend to protect public health by promoting the utilization of domestic distillable materials for purposes other than the production of alcohol.

The amount of the export aids depends on the difference between the producer price in Switzerland and the price on the market of the purchasing country. This policy of assistance for exports does not involve undercutting and does not cause the prices of the exported Swiss products to be lower than the prices of the corresponding domestic products in the market of the country of destination.

b. Production, imports, exports, consumption

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u> total of potatoes for food, seed and fodder
1971	1,175,000	7,336	74,854	1,107,482
1972	1,000,000	9,847	46,204	963,643
1973	1,025,000	9,336	59,090	975,246
1974	1,085,000	5,048	84,586	1,006,062

X. Fruit

1. Nature and extent of the subsidy

a. Background and authority

- Article 32 is of the Federal Constitution.
- Federal Law of 21 June 1932 concerning alcohol, as 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 promoting the production of dessert fruit. Thanks to these measures, the per capita consumption of fresh fruit is one of the highest in Europe.

Measures have been taken to:

- (1) influence production by means of subsidies to reduce the number of trees, make cultivation more efficient and improve the quality of the fruit;
- (2) influence consumption by information and propaganda, by introducing new forms of distribution, and by the sale of fruit at reduced prices to needy persons and to those living in mountain areas;
- (3) (a) to encourage the utilization of surpluses otherwise than for distillation by granting subsidies to fruit juice manufacturers for the manufacture and storage of concentrated fruit juice, as well as consumption subsidies.

(b) In order to prevent a collapse in dessert fruit prices on the domestic market and its harmful consequences on farmers' income, special measures can be taken for the utilization of surpluses. In recent years these measures have consisted mainly in subsidies to facilitate the disposal of apricots (price reductions, contributions towards various subsidiary costs - sorting, quality checking, advertising, storage, etc. - and industrial processing). The disposal of domestic apricots takes place after the period of importation, in a market where there is very keen competition from other imported fruits.

(c) To promote exports of fruit and of concentrated fruit juice.

b. Incidence

The subsidies are granted in different ways according to their nature.

- (1) Subsidies intended to influence production by adjusting the number of trees to the marketing possibilities, making cultivation more efficient and improving the quality of fruit are granted in co-operation with the cantons. They are granted only to cantons which themselves take corresponding measures.
- (2) (a) In principle, the authorities pay 50 per cent of the cost of information and propaganda to encourage fruit consumption. The remaining 50 per cent is paid by the business groups concerned (producers, user undertakings and importers).

(b) As a general rule, the authorities pay the cost of transport and part of the trading margins for the sale of fruit at reduced prices to needy persons. An additional reduction is made for persons living in mountain areas.
- (3) (a) Surpluses are in most cases utilized in industry; first of all, the utilization must be for non-alcoholic purposes.

(b) The granting of these subsidies (as also those mentioned in 3(a)) is conditional on adherence to the prices laid down by the Federal Council for the fruit in question.

(c) Export subsidies may be granted in particular cases in order to maintain exports to traditional markets.

c. Amount of subsidy

		<u>Sw F'000</u>
(1) Subsidies to influence production	1971/72	4,226
	1972/73	4,061
(2) Subsidies to promote the consumption of stone fruit	1973/74	1,530
(a) propaganda	1971/72	2,193
	1972/73	1,949
	1973/74	2,201
(b) supply of fruit at reduced prices to persons with low incomes or living in mountain areas	1971/72	599
	1972/73	331
	1973/74	729
(3) Subsidies for the utilization of surpluses of various fruits	1971/72	17,643
	1972/73	3,630
	1973/74	2,142

d. Amount per unit

The subsidies to reduce the price of fruit for needy persons and those in mountain areas have fluctuated on the average at between 20 and 24 centimes per kilogramme.

The subsidies for the utilization of surpluses of dessert fruits (apricots) amounted on the average to 39 centimes in 1972 and 38 centimes in 1973.

The amount of the other subsidies per unit cannot be indicated because it varies too much for the different products and according to the market situation.

2. Effect of subsidy

a. The main effect of the subsidies is to ensure, to a much greater extent than formerly, that the pip-fruit crop is used for purposes other than the production of alcohol. As per capita consumption of fruit is very high in

Switzerland, domestic production covers only between 55 and 70 per cent of the country's requirements, according to the year.

b. Production, imports, exports and consumption of fruit

(1) Fresh fruit

<u>Year</u>	<u>Production</u>	<u>Imports</u> (thousands of tons)	<u>Exports</u>	<u>Consumption</u>
1971/72	615	336	19	932
1972/73	442	353	6	789
1973/74	646	319	7	958

(2) Fruit juice, pulp, preserved and dried fruits

1971/72	125	78	43	160
1972/73	70	87	13	144
1973/74	not yet available			

XI. Wine, Grape Juice, Dessert Grapes

1. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Federal Order of 6 June 1958, extended on 28 September 1967, instituting temporary measures for viticulture.

Vine growing is restricted to the areas suitable for wine production, as determined by the vineyard survey. Outside that area, the planting of new vines is prohibited; within the area, permission must be obtained.

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

- (1) Propaganda to encourage consumption of wine, dessert grapes and grape juice.
- (2) Non-alcoholic use of grapes (dessert grapes and grape juice).

These measures are financed out of the vineyard fund, which is constituted from the proceeds of a charge of Sw F 8.00 per quintal on wine imported in casks.

b. Incidence

(1) Contributions to propaganda costs are paid to the Propaganda Office for Swiss Agricultural Products and the Society of Swiss Wine Exporters.

(2) Subsidies for the non-alcoholic utilization of grapes are granted to traders and manufacturers of grape juice, provided that they pay the fixed prices to the producer. Any price reductions resulting from these subsidies must be passed on to the consumer.

c. Amount of subsidy

(1) Propaganda to encourage consumption of wine, dessert grapes and grape juice:

		<u>Sw F'000</u>
(a) Wine	1972	400
	1973	411
	1974	365

(b) Grape juice	1972	101
	1973	205
	1974	361

(2) Non-alcoholic utilization of grapes

(a) Non-alcoholic grape juice	1972	637
	1973	-
	1974	-
(b) Dessert grapes	1972	-
	1973	14
	1974	109*

d. Amount per unit

(1) Propaganda: impossible to determine the amount per unit;

(2) Non-alcoholic utilization of grapes;

(a) Grape juice	1972	1.36 frs per litre
	1973	- frs per litre
	1974	- frs per litre

(b) Dessert grapes	<u>Sw F'000</u>	
	1972	- frs per litre
	1973	15 frs per litre
	1974	15 frs per litre

2. Effect of subsidy

a. The subsidies for propaganda and the non-alcoholic utilization of grapes facilitate disposal of the grape harvest. In particular, they make it possible to reduce consumer prices of dessert grapes and grape juice.

b. Production, imports, exports, consumption

	<u>Production</u> hl	<u>Imports</u> hl	<u>Exports</u> hl	<u>Consumption</u> hl
<u>Wine*</u> (1/7 to 30/6)				
1971/72	860,850	1,675,594	2,582	2,646,080
1972/73	987,574	1,895,693	1,942	2,729,604
1973/74	1,280,841	1,753,843	2,084	2,678,787
<u>Grape juice</u> (1/7 to 30/6)				
1971/72	20,712	100,679	1,752	107,388
1972/73	16,290	98,254	1,712	113,849
1973/74	17,988	110,980	2,088	106,003
<u>Dessert grapes</u>	t	t	t	t
1972	194	31,231	5	31,420
1973	515	33,058	3	33,570
1974	510	34,252	2	34,760

* Imports of wine include only wine in casks. Imports of wine in bottles were:

in 1971/72 - 29,867,000 q.
in 1972/73 - 44,195,000 q.
in 1973/74 - 49,125,000 q..

The variation in stocks of wine imported in bottles being unknown, the consumption statistics do not include consumption of wine imported in bottles.