

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
L/5102/Add.14  
22 February 1982  
Limited Distribution

Original: English

## SUBSIDIES

### Notification Pursuant to Article XVI:1

#### SWEDEN

The following notification concerning subsidies in the field of agriculture has been received from the Swedish delegation. This notification replaces an earlier notification circulated in document L/4932/Add.7.

#### I. Introduction

##### Guidelines for the agricultural policy

The present guidelines for Sweden's agricultural policy were decided by Parliament in 1977. The primary goals are to secure a satisfactory supply of food in case of emergency (the production objective), to assure people engaged in agriculture in all parts of the country an economic and social standard equivalent to that of comparable groups (the income objective) and to promote efficient farming so that food can be produced at reasonable costs (the efficiency objective).

Under the guidelines the existing resources of arable land are to be utilized for agricultural production. The agricultural area will be kept at about its current level, implying a surplus production of grain at normal harvests. For animal products balance between domestic production and consumption is aimed at.

In order to attain the income objective, special measures are directed at low income groups. Special support is accorded to agriculture in northern Sweden. Swedish producer price levels are protected by import levies. For a number of basic foodstuffs, though, Sweden applies since 1973 a mixed producer/consumer price line ("middle price line"). This means that government subsidies are paid in order to keep consumer food prices down.

#### II. Price regulation means available

The Swedish agricultural price and market regulation system is financed by means derived from import levies, internal fees and from the State budget. The amounts available for price and market regulation purposes during the period

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1978/79-1980/81 (SEK million) are shown in the table below. The figures are presented irrespective of whether or not they should be regarded as subsidies notifiable under Article XVI.

	1978/79	1979/80	1980/81
Import levies <sup>1</sup>	606.8	685.9	790.3
Internal fees	283.2	310.2	420.7
Budgetary means	4,018.7	4,064.8	4,904.3
Total	4,908.7	5,060.9	6,115.3

Import levies and internal fees (milling fees, acreage and production fees, sales fees etc.) are transferred to the agricultural sector to finance price regulating activities.

Budgetary means are used primarily in order to finance price supplements to farmers, mainly for meat and dairy products. Budgetary means are also used for regional and low income support purposes as well as for price compensation for processed agricultural products.

### III. Utilization of price regulation means

In order to obtain the objectives laid down for the agricultural policy the following amounts have been allocated for different support purposes (SEK million):

	1978/79	1979/80	1980/81
1. Price supplements	3,301.2	3,306.8	4,020.8
Dairy products	2,160.3	2,176.4	2,538.2
Meat	1,014.3	1,001.7	1,385.2
Cereals	126.6	128.7	97.4
2. Regional aids to production	148.2	155.9	217.6
3. Low income support	296.5	348.0	408.7
4. Export refunds (=IV)	745.4	686.4	797.8
Total	4,491.3	4,497.1	5,444.9

In addition to these major outlets means available were used for various other market regulatory measures and similar purposes. Among these are price compensation for processed agricultural products, information and development, animal health control, storage costs, crop insurance, administration etc.

<sup>1</sup>Net (minus restitutions)

1. Price supplements

(a) Price supplements derive from budgetary means and are paid in order to compensate farmers as a consequence of the application of the "middle price line".

2. Regional aids to production

The regional price support is financed by budgetary means. During 1978/79-1980/81 the following amounts, in SEK million, have been granted:

	1978/79		1979/80		1980/81	
	SEK million	SEK/kg.	SEK million	SEK/kg.	SEK million	SEK/kg.
Milk	110.2	0.15	113.8	0.15	156.8	0.18
Meat	22.9	1.04	24.1	1.05	31.9	1.34
Pork	2.6	0.34	2.5	0.33	3.0	0.42
Mutton and lamb	1.1	1.01	1.1	1.02	1.5	1.32
Sugar	7.5	..	7.9	..	8.0	..
Others	3.9	..	6.5	..	16.4	..
Total	148.2	..	155.9	..	217.6	..

3. Low income support

This support is financed by budgetary means and is given as a price supplement for milk and a support to piglet production.

4. Export refunds

In order to enable exports at prevailing world market prices, a positive difference between domestic and international prices must be levelled out when products covered by the system are exported. The refunds are financed by internal fees and import levies.

Export refunds during the period 1978/79-1980/81 were as follows:

	1978/79		1979/80		1980/81	
	SEK million	SEK/ kg.	SEK million	SEK/ kg.	SEK million	SEK/ kg.
10.01 Wheat	118.1	0.32	97.4	0.25	124.4	0.30
10.02 Rye	26.7	0.31	5.9	0.17	9.5	0.25
10.03 Barley	113.6	0.41	81.7	0.30	51.9	0.29
10.04 Oats	123.6	0.43	91.8	0.32	54.3	0.22
02.01 ex Beef	87.5	6.32	63.2	5.06	85.8	5.57
02.01 ex Veal	0.8	7.14	1.0	..	0.5	..
02.01, Pork	68.1	2.99	113.5	3.60	195.5	5.17
02.06 ex						
04.03 Butter	61.9	4.76	51.1	4.76	28.9	3.08
04.04 Cheese	3.0	1.74	2.8	1.84	2.3	1.57
04.05 ex Eggs <sup>1</sup>	22.0	..	17.5	..	17.8	..
02.02 ex Poultry- meat	0.0	..	2.1	..	4.3	..
12.01 ex Oil-seeds	120.1	0.72	138.0	..	206.0	..
Others <sup>2</sup>	-	..	20.4	..	16.6	..
Total	745.4	..	686.4	..	797.8	..

#### IV. Effect of subsidies

No estimates can be given of the trade effects of subsidies.

<sup>1</sup>Eggs in shell (including dried products).

<sup>2</sup>Mixed products (dairy and egg products).

