

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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International Dairy Arrangement

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## INTERNATIONAL DAIRY PRODUCTS COUNCIL

### Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

#### NORWAY

#### Supplement

#### A. Prices and support programmes

Within the framework of the Agricultural Agreement 1983-84, negotiations were carried out between the Government and the farmers' organizations in the spring of 1983. New measures were introduced for the period 1 July 1983-30 June 1984.

In the Agreement the maximum wholesale prices were increased. Based on the increase in maximum wholesale prices, it was estimated that the price to producer for milk will not increase because the increase of the costs in the dairy industry is at the same level as the increase in milk price. The average price to producer was 231 øre per litre in 1983.

The quantity limited price support on milk deliveries has been increased by 15 øre to 138 øre per litre for quantities up to 20,000 litres per year. For deliveries beyond 20,000 litres and up to 30,000 litres per year there were no increases in 1983/84 and the price support is 63 øre per litre.

#### Measures to stabilize production

In 1983 the total milk deliveries were 1.4 per cent lower than in 1982. However the dairy market is not yet in balance. To curb the milk production and bring the dairy market in balance, supply control measures have been further developed.

The "bonus-system" to producers who stabilize their production was in 1983 replaced by a two-price arrangement.

Each farm is allocated a quota. The size of the quota of milk that will be paid full price is fixed on the basis of the producer's average delivery during the three previous years. The final quota is fixed by means of a ratio expressed as a percentage of the basic quota.

For producers with a delivery of milk up to 40,000 litres the ratio is 100 per cent of the basic quota.

The price of milk delivered in excess of the fixed quota for the producer in question is fixed at NOK 0.60 per litre in 1984.