

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/INV/2/Add.9/Suppl.3  
26 September 1985

International Dairy Arrangement

Original: English

## INTERNATIONAL DAIRY PRODUCTS COUNCIL

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

#### SWEDEN

#### Supplement

#### I. General policy framework

##### 1. Guidelines for the agricultural policy

The Swedish Government decided in 1984/85 on guidelines for an integrated agricultural and food policy. The guidelines are based on proposals submitted by the 1983 Parliamentary Commission on Food Policy.

The main objective for the food policy is to secure food supplies under normal as well as emergency conditions. Under the main objective there are two general objectives of equal importance. The consumers' objective implies that consumers should have access to foodstuffs of good quality at reasonable prices and the income objective for the farmers means that these should be assured a standard of living equal to that of comparable groups. In addition agriculture and food production must pay regard to the public need of a good environment and of long term planned economizing with natural resources.

Under the guidelines a balance between production and consumption of animal products is aimed at. Costs due to surpluses have to be borne by the producers themselves.

#### A. Production

##### Two-price system in milk production

The Swedish Government has adopted a voluntary two-price system in milk production. The two-price system, which came into force on 1 July 1985, will be tested during a three-year period.

Farmers that take part in the system are granted a full home market price for a quota equal to 92 per cent of the largest annual delivery from the farm in the base period 1981-1983. For deliveries in excess of the quota the price paid is equivalent to the export's capacity to pay.

Dairy farmers that decide not to take part in the system receive the home market price reduced by an export financing deduction. The export financing deduction, which is levied on their total deliveries, is based on the difference between the prices on the home market and the export market and the total amount of milk delivered by producers that do not participate in the two-price system.