

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

Sweden

The present document updates the information appearing in L/5603/Add.21 and L/5768/Add.12.

PART ONE: INDUSTRY

I. GENERAL PROMOTION OF TRADE

Amount of subsidy (net cost, million SEK)

Fiscal year 1985/86: 64.2

II. EXPORT CREDITS

Amount of subsidy (million SEK)

Fiscal year 1985/86: 1,371

III. TEMPORARY SUPPORT DIRECTED TO PARTICULAR INDUSTRIAL SECTORS

Amount of subsidy (million SEK)

	<u>Shipbuilding industry</u>	<u>Steel industry</u>	<u>Forestry industry</u>
1985/86	0	0	0

IV. SUPPORT SCHEMES IN FAVOUR OF CERTAIN BRANCHES

Amount of subsidy (million SEK)

	<u>Textile and clothing industry</u>	<u>Wood working industry</u>	<u>Handmade glass industry</u>
1986/87	92.0	13.8	0

The loss coverage in connection with government loan guarantees issued for these branches amounted to (million SEK):

Fiscal year 1985/86: 3.9

The total compensation to companies within the textile and clothing industry which keep workers who are over fifty years of age has amounted to (million SEK):

Fiscal year 1986/87: 119

The compensation may not exceed 5 per cent of the company's wage bill.

V. SUPPORT FOR TECHNICAL RESEARCH AND DEVELOPMENT

Amount of subsidy (million SEK)

Fiscal year 1985/86: 348.9

VI. SUPPORT FOR INDUSTRIAL DEVELOPMENT

Amount of subsidy (million SEK)

Fiscal year 1985/86: 32.5

PART TWO: AGRICULTURE

1. Introduction

The primary goal for Sweden's agricultural policy, as decided by Parliament in May 1985, is to secure food supplies under normal as well as emergency conditions. Under this main objective there are two general objectives of equal importance. One is the consumers' objective, which implies that consumers should have access to foodstuffs of good quality at reasonable prices. The second, the income objective, means that farmers should be assured a standard of living equal to that of comparable occupational groups. Similar objectives, i.e. an "income" objective and a "consumers" objective, apply for the fisheries sector.

In order to achieve these goals, price and market-regulation activities play an important rôle. Prices of agricultural products subject to regulation are supported mainly by means of import levies. There are also other market-regulating means, such as storage, export refunds etc. Export refunds may be applied when world market prices are below domestic prices. These refunds are financed by means derived mainly from internal production fees but also to some extent from import levies.

The market regulation for fish is based on target prices (norm prices). Fishermen receive price additions if target prices are not achieved.

The National Agricultural Market Board is the central administrative authority for matters concerning price and market regulations in the agricultural and fisheries sectors. Most market-regulation operations are carried out by seven market regulation associations, working under directions of the Board.

The price regulations for agricultural and fish products are based on the Law regarding Price Regulation of Agricultural Goods (SFS 1967:340) and the Law regarding Price Regulation of Fish and Fish Products (SFS 1974:226). Horticultural products as well as i.a. coffee, tea, cocoa and spices are not subject to any similar legislation or market regulation.

This notification covers the years 1983/84-1984/85. The figures are presented irrespective of whether or not they should be regarded as subsidies notifiable under Article XVI.

2. Grains etc.

2.1 Nature and extent of subsidy

2.1.1 Background and authority

The following products are subject to market regulations: wheat, rye, barley, oats, mixed grain and flour as well as field beans and peas.

Market regulation activities are carried out by the Market Regulation Association for Grains (Swedish Grain Trade Association).

2.1.2 Incidence

Grains

If world market prices are lower than domestic prices the difference is levelled out when the product is exported. This equalization is carried out by the Association. The Association purchases all surplus grain offered to it at a predetermined price. If not exported, surplus bread grain may be disposed of on the domestic market for feeding purposes at a reduced price. The operations of the Association are financed by milling fees, fertilizer fees and, to a minor extent, import levies.

Field beans etc.

A support is paid to farmers for certified seed and to the feed industry for its use of field beans and peas.

2.1.3 Amount of subsidy (total and per unit)

Grains

Costs of the Association for rebates and storing and costs due to the difference between domestic and world market prices for exported quantities (including raw material price compensation for certain processed products, mainly bread) in 1983/84 and 1984/85 amounted to:

	Export refunds		SEK million		Rebates and storing	
	SEK per 100 kg.		SEK million		SEK million	
	1983/84	1984/85	1983/84	1984/85	1983/84	1984/85
Wheat	45	50	353.4	408.8	26.8	40.9
Rye	54	68	19.3	25.4	8.1	18.9
Barley	40	48	10.6	181.4	4.8	13.9
Oats	41	43	57.1	229.8	3.9	6.2
Products	..	..	14.2	48.0	-	-
Total	..	..	454.6	893.4	43.5	79.9

Field beans etc.

Support for peas and field beans was given as a discount on certified seed and a discount to the feed industry. Total costs for these activities in 1983/84 were SEK 6.3 million (seed) and SEK 5.7 million (feed industry). In 1984/85 SEK 7.5 million (seed) and SEK 4.8 million (feed industry) were paid respectively.

2.2 Effect of subsidy

2.2.1 Trade effects

No estimates are available regarding effects of subsidies and discounts as above.

2.2.2 Statistics

See Annex I.

3. Milk and dairy products

3.1 Nature and extent of subsidy

3.1.1 Background and authority

Milk, butter, cheese and skimmed milk powder are subject to market regulation. Market regulation activities are carried out by the Market Regulation Association for Dairy Products.

3.1.2 Incidence

Market regulating activities comprise export aid, consumer subsidies and regional production support. During recent years various measures have been taken in order to cut surpluses (stimulate consumption, reduce production). These measures include i.a. discounts to public institutions, limitation for investments, non-production grants to elderly dairy farmers etc.

The main sources for financing the dairy products regulation are production fees, budgetary means and means derived from import levies. Budgetary means are used as consumer subsidies (price additions paid to producers in exchange for a lower price to consumers) as well as for regional support. The other means available are used to compensate for differences in profitability between various dairy products (fresh milk, cream, cheese and butter), support to storage, export refunds and measures to promote consumption.

3.1.3 Amount of subsidy (total and per unit)

Consumer subsidies in 1983/84 and 1984/85 were as follows:

Product	1983/84 SEK litre, SEK/kg.	SEK million	1984/85 SEK litre, SEK/kg.	SEK million
Liquid milk:				
0.5-3.0% fat content	1.70	2,484.3	1.70	2,415.8
0.5% fat content	1.81	0.2	1.81	0.1
Cheese, solid ¹	2.58	113.5	-	-
Cheese, other ¹	2.31	5.5	-	-
Total	..	2,603.5	..	2,415.9

¹ Consumer subsidies for cheese were abolished as from 1 December 1983.

In addition budgetary means were used to an amount of SEK 55 million annually in order to reduce the wholesale price of milk.

Regional support was given as a price addition per litre of milk, varying between different dairies depending on geographical location and difference in costs. The amounts of regional support were:

1983/84	SEK 254.8 million
1984/85	SEK 287.5 million

Public institutions were granted discounts on prices of butter and cheese. In 1984/85 total costs for these measures amounted to SEK 8.7 million (SEK 3.35 per kilogramme of butter and on average SEK 2.00 per kilogramme of cheese).

For storing of butter SEK 40.9 million and SEK 55.6 million were paid in 1983/84 and 1984/85 respectively.

Export refunds were paid as follows:

	1983/84 SEK/kg.	SEK million	1984/85 SEK/kg.	SEK million
Butter	4.27	59.3	8.04	108.4
Cheese	8.23	30.8	8.40	29.0
Milk powder	5.87	152.7	7.43	264.8
Other	..	4.5	..	5.9
Total	..	247.3	..	408.1

3.2 Effects of subsidy

3.2.1 Trade effects

Estimates of the effects of consumer subsidies were made in 1982/83 in a special survey. The main result from this survey was that, ceteris paribus, a price reduction on milk by 40 per cent would increase consumption by 9-10 per cent. The corresponding figures for cheese were an additional consumption of 3-6 per cent with a 10 per cent subsidy.

3.2.2 Statistics

See Annex I.

4. Meat

4.1 Nature and extent of subsidy

4.1.1 Background and authority

Products subject to general or regional support under this heading are beef and pork. Regional support is also granted for sheep, goat and reindeer production.

A number of policy measures have been taken to curb production and to expand consumption as shown in the table under 4.1.3 below. The regulatory measures are carried out by the Market Regulation Association for Meat.

4.1.2 Incidence

If world market prices for meat are lower than domestic prices the Association grants export refunds, directly paid to the exporters. The Association also finances storing, rebate campaigns and discounts on meat for public institutions. These activities are mainly financed by slaughter fees paid by producers. Means from import levies are used to a limited extent.

Regional support in the form of price additions are granted to slaughter houses in northern Sweden and paid to the producers. Such regional support is mostly financed out of budgetary means.

4.1.3 Amount of subsidy (total and per unit)

Costs within the market regulation amounted to:

	SEK million	
	1983/84	1984/85
Storage	115.1	175.0
Freight support	2.5	3.5
Public institutions (schools)	21.1	33.5
Regional support:		
of which: Beef and veal	39.4	44.9
Pigmeat	6.6	4.6
Sheep meat (incl. goat)	2.5	2.4
Reindeer meat	10.0	13.1
Rebate campaigns ¹	52.1	106.8

¹In 1983/84 two campaigns were carried out during October–November 1983 and during January–March 1984. Total amount sold was 12 million kilogrammes of beef to an average discount of SEK 4.34/kg. In 1984/85 four different rebate activities were carried out. One concerning beef and veal in the autumn 1984 and the other three during spring 1985 concerning pigmeat, frozen beef and minced meat respectively. Total amount of meat sold was 15.3 million kilogrammes to an average discount of SEK 6.69/kg.

Export refunds have been paid as follows:

	1983/84	SEK	1984/85	SEK
	SEK/kg.	million	SEK/kg.	million
Beef	12.25	264.8	14.34	312.8
Veal	..	4.2	..	6.7
Pigmeat	10.87	722.3	12.13	875.5

4.2 Effects of subsidy

4.2.1 Trade effects

It is estimated that additional consumption due to the 1983/84 price campaigns mentioned above amounted to 2,700–4,000 tonnes of beef, which represents about 2–3 per cent of total beef consumption. The average price reduction was 10 per cent.

4.2.2 Statistics

See Annex I.

5. Eggs and poultry

5.1 Nature and extent of subsidy

5.1.1 Background and authority

Market regulation activities are carried out by the Market Regulation Association for Eggs. Products covered by the regulation are eggs in shell and egg products. Market activities regarding poultry meat are carried out directly by the National Agricultural Market Board.

5.1.2 Incidence

5.1.2.1 Eggs and egg products

Export refunds are paid directly to exporters for eggs exported at prices below the domestic market prices. The Association itself takes care of surplus eggs which are stored and dried and later exported. For covering costs regarding packaging of eggs the Association will also grant support. The export refunds are financed by production fees. Costs due to packaging, storing and drying of eggs are covered by import levies and production fees.

5.1.2.2 Poultry meat

The National Agricultural Market Board stipulates limits for both total costs for exports and for quantities exported. Export costs are covered by slaughter fees.

5.1.3. Amount of subsidy (total and per unit)

Aid to exports and packaging (eggs) amounted to:

	1983/84 SEK/kg.	SEK million	1984/85 SEK/kg.	SEK million
Packaging	0.43	30.5	0.43	30.2
Export refunds:				
Eggs in shell ¹	4.43	20.7	5.62	24.0
Egg products ²	3.79	10.9	4.92	9.0
Surplus eggs ²	5.93	37.8	6.20	36.9
Poultry meat	6.92	22.4	7.24	18.3
Total	..	122.3	..	117.4

¹ Whole egg equivalent

² For storing and drying and later exports

5.2 Effects of subsidy

5.2.1 Trade effects

No estimates on effects of subsidy available.

5.2.2 Statistics

See Annex I.

6. Potatoes

6.1 Nature and extent of subsidy

6.1.1 Background and authority

Potatoes are grown as table potatoes and potatoes for processing (distilleries and starch industry). Market regulation activities are carried out separately for the two by the Market Regulation Association for Potatoes.

6.1.2 Incidence

Regulating activities regarding table potatoes aim at a balance between output and demand. This will be achieved by support purchase, support to storing and exports. Potatoes for processing are sold to the starch industry at a discount. All activities mentioned are financed by import levies, acreage and delivery fees.

6.1.3 Amount of subsidy

Total costs for market regulation activities amounted to (SEK million):

	1983/84 Export refunds	Others	1984/85 Export refunds	Others
Table potatoes	0.0	0.3	8.2	30.1
Potatoes for processing	-	23.2	-	28.8

6.2 Effects of subsidy

6.2.1 Trade effects

No estimates on effects of subsidy available.

6.2.2 Statistics

See Annex I.

7. Sugar

7.1 Nature and extent of subsidy

7.1.1 Background and authority

According to Parliamentary decisions, Swedish sugar production is maintained at a level below domestic consumption.

In order to maintain sugar production in areas where alternative employment opportunities are scarce, certain support measures are taken.

7.1.2 Incidence

Means derived from import levies are used for the following regional support measures: sugar beet producers are offered extra payment when delivering beets to factories in the islands of Gotland and Öland. Sugar factories in the same areas are granted extra support due to additional production and transportation costs. There is also a contribution due to higher transportation costs for sugar to the northern parts of Sweden.

7.1.3 Amount of subsidy

Total payments related to measures mentioned above amounted to about SEK 9 million both in 1983/84 and 1984/85. Of this about SEK 3.5 million was granted to beet producers (between SEK 200 and SEK 500 per hectare), SEK 4.3 million to factories and SEK 1.2 million for transportation costs.

7.2 Effects of subsidy

7.2.1 Trade effects

No estimates on effects of subsidy available.

7.2.2 Statistics

See Annex I.

8. Oilseeds and clover and grass seed

8.1 Nature and extent of subsidy

8.1.1 Background and authority

Market regulation activities are carried out by the Market Regulation Association for Oilseeds. The regulation covers oilseeds, oil and meal from oilseeds and clover and grass seed.

8.1.2 Incidence

Oilseeds

If world market prices are lower than domestic prices the difference is levelled out when the product is exported. This equalization is carried out by the Association. The Association purchases all domestic oilseed (i.e. all contracted oilseed which corresponds to almost a hundred per cent of the total oilseed area) at a predetermined price. The operations of the Association are financed by means derived from a fee imposed on domestically produced as well as imported fats and oils.

Clover and grass seed

Support to production of seed of clover and grass is administered by the Association. This support is directed to contracted growers in relation to area and production (price support) and to wholesalers in relation to exports and stocks. Support is financed by means derived from import levies for agricultural products and internal fees on fertilizers.

8.1.3 Amount of subsidy (total and per unit)

Oilseeds

The costs for exporting oilseeds amounted to:

	SEK/kg.	SEK/million
1983/84	0.79	163.1
1984/85	0.87	226.9

Clover and grass seed

Support to around twenty varieties of clover and grass seed amounted to SEK 9.6 million in 1983/84 and SEK 14.9 million in 1984/85.

	1983/84	1984/85
Acreage support	3.0	8.2
Price support	4.8	5.6
Export support	0.6	-
Storage support	1.2	1.1

Acreage support varied between 200 and 800 SEK/kg. in 1983 and between 300 and 2,500 SEK/kg. in 1984. Price support amounted to between 1 and 4.25 SEK/kg. in 1983 and between 1 and 7 SEK/kg. in 1984.

8.2 Effects of subsidy

8.2.1 Trade effects

No estimates on effects of subsidy available.

8.2.2 Statistics

See Annex I.

9. Fish

9.1. Nature and extent of subsidy

9.1.1 Background and authority

Market regulation activities are carried out by the Market Regulation Association for Fish.

9.1.2 Incidence

Target prices or norm prices are set yearly for the most important species of salt water fish. If target prices are not achieved the Association will grant price additions which are calculated monthly on the basis of average market prices reached during the same month.

A minimum price is also fixed by the Association. Fish not sold above the minimum price is bought by the Association at a surplus price. Both the price additions and the costs for surplus handling are financed by a price regulation fee.

Under certain conditions a freight support is given to fishermen facing extreme transport costs. Budgetary means are made available for this purpose.

9.1.3 Amount of subsidy

	SEK million 1983/84	1984/85
Price additions	55.8	64.8
Costs (net) for surplus	5.1	1.9
Freight support	0.5	0.5

9.2 Effects of subsidy

9.2.1 Trade effects

No estimates on effects of subsidy available.

9.2.2 Statistics

See Annex I.

ANNEX I

Production, Consumption, Imports and Exports
during 1982 (1982/83) - 1984 (1984/85)

('000 metric tons)

	Production	Consumption ¹	Production consump- tion, %	Imports	Exports
<u>Wheat</u> ²					
1982/83	1,490	830	180	36	709
1983/84	1,722	935	184	46	819
1984/85	1,776	856	207	51	846
<u>Rye</u> ²					
1982/83	211	147	144	0	58
1983/84	235	166	142	0	51
1984/85	247	167	148	0	53
<u>Barley</u> ²					
1982/83	2,378	2,176	109	6	219
1983/84	2,026	2,097	97	83	27
1984/85	2,733	2,206	124	5	385
<u>Oats</u> ²					
1982/83	1,663	1,300	128	0	327
1983/84	1,268	1,234	103	7	143
1984/85	1,904	1,302	146	0	543
<u>Butter</u>					
1982	70	55	127	0	14
1983	73	58	126	0	14
1984	78	60	130	0	15
<u>Cheese</u>					
1982	114	117	97	14	7
1983	115	123	93	13	5
1984	116	122	95	14	6
<u>Beef and veal</u>					
1982	161	141	114	6	34
1983	161	142	113	7	24
1984	155	132	117	5	23
<u>Pork</u>					
1982	325	273	119	5	58
1983	318	269	118	6	53
1984	323	259	125	6	75

ANNEX I (cont'd.)Production, Consumption, Imports and Exports
during 1982 (1982/83) - 1984 (1984/85)

('000 metric tons)

	Production	Consumption ¹	Production consump- tion, %	Imports	Exports
<u>Eggs</u>					
1982	116	111	105	0	6
1983	118	107	110	1	12
1984	116	110	105	0	6
<u>Poultry</u>					
1982	46	45	103	0	2
1983	47	45	106	0	2
1984	46	44	104	0	4
<u>Potatoes³</u>					
1982/83	1,036	1,056	98	23	3
1983/84	939	994	94	57	2
1984/85	1,307	1,304	100	7	10
<u>Sugar⁴</u>					
1982	399	365	109	22	21
1983	308	382	81	23	9
1984	399	382	104	51	7
<u>Oilseeds</u>					
1982/83	371	..	..	95	2,126
1983/84	374	..	..	85	2,076
1984/85	383	..	..	125	1,896
<u>Fish</u>					
1982	5,397	..	..	35	85
1983	6,627	..	..	33	85
1984	6,307	..	..	33	86

¹ Residual (including changes in stocks)² Grains (imports and exports including products converted into grains)³ Including potatoes for processing⁴ Raw value⁵ Seeds for "soft" fixed vegetable oil⁶ Including seeds for domestic crushing aimed at for exports⁷ Total landings