

GENERAL AGREEMENT ON

RESTRICTED

DPC/INV/4/Add.9/Suppl.1
6 April 1990

TARIFFS AND TRADE

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

The present guidelines for Sweden's agricultural and food policy were laid down by two Parliamentary Decisions taken in 1984 and 1985. A full description of the guidelines have been given in the 1989 notification (DPC/INV/4/Add.9).

During the 1989/90 price regulation period, continued attention is given to measures aiming at adjusting production to domestic requirements. Measures concerning both dairy production and beef production include inter alia non-payment of delivery supplements for elderly dairy farmers. Moreover non-production grants are paid to dairy farmers who are sixty to sixty-five years of age. In 1986 a bonus was granted to producers of inter alia young heifers and suckling pigs when ceasing production for a certain number of years. These grants were still applied in 1988/89. Regarding suckling pigs the bonus is however no longer in force.

In order to reduce milk production, a voluntary two-price scheme was introduced in 1985. The scheme which came into force on 1 July 1985 was applied during a trial period of four (three plus one) years.

Like before, price rebates will be given in order to stimulate consumption in schools of beef and pigmeat. To promote consumption of dairy products certain public institutions are granted a discount on cheese, milk and butter.

Consumer subsidies are applied for liquid milk in order to keep consumer prices down. A further reduction of the consumer subsidies was decided by the Parliament in 1989.

II. DAIRY PRODUCTS

A. Production

1. Support and/or stabilization measures

Regarding (a) "Instruments of Support and/or Stabilization" it should be noted that the two-price scheme was abolished on 1 July 1989. Normally cost compensation to producers is given in the form of increased support prices. As a consequence of the GATT Mid-Term Agreement in April 1989 there were however no price increases in the dairy sector as a means of compensation in 1989/90. Instead the compensation for the price regulation period 1989/90 was given in the form of direct payments (decoupled from production) according to the number of animals held by each farmer based on the situation in June 1988. A first payment of SEK 835 per cow was made in December 1989. Another payment will be made in June 1990.

A certain amount of the special price support funds that are granted to farmers in northern Sweden were also paid in the form of direct payments. The amount depended on geographical location up to a level of SEK 1,318 per cow in the most northern area.

Concerning (b) "Levels of Guaranteed Prices or Support Prices" the middle prices and price limits as from 1 December 1989 are as follows:

			(SEK/kg) ¹
	<u>Lower price limit</u>	<u>Middle price</u>	<u>Upper price limit</u>
Butter	20.56	21.87	23.18
Cheese	28.29	30.10	31.91
Skimmed milk powder	18.67	19.86	21.05

¹US\$1 = 6.40 (6 December 1989 - 5 January 1990)

Regarding (c) "Amount of Producer Subsidies" it should be noted that dairy farmers in northern Sweden, as before, are granted special price additions, but since 1 July 1988 with a new maximum of 98 öre/kg. milk (4.2 per cent fat content). Regarding the establishing of a decoupled support to farmers - see II A1(a).

Concerning (d) "Average Returns to Producers" it should be noted that average prices to producers for the fourth quarter 1989, regional support included, amounted to SEK 3.18/kg. on total country basis.

2. Policies and measures of governments or other bodies likely to influence production, other than those listed under 1. (See the 1989 Notification).

B. Internal prices and consumption

1. Representative retail and wholesale prices on major domestic markets

(a) Average wholesale prices January 1990

<u>Milk:</u>	SEK 3.79/litre (upper price limit for 3 per cent milk for liquid consumption in one-litre packages)
<u>Butter:</u>	SEK 21.05/kg. (national quotation for Swedish Rune brand)
<u>Cheese:</u>	SEK 29.44/kg. (Herrgård, whole fat)
<u>Skimmed milk powder:</u>	SEK 20.01/kg. (sales from factories or wholesalers, quantities of 2,500 kg. or more)

(b) Average retail prices December 1989

<u>Milk:</u>	SEK 5.46/litre (3 per cent milk for liquid consumption)
<u>Butter:</u>	SEK 38.88 SEK/kg. (Swedish Rune brand)
<u>Cheese:</u>	SEK 67.35/kg. (Herrgård, whole fat)

C. Measures at the frontier

1. Customs duties - none
2. Import levies - (see enclosure - temporary reductions not taken into account)
3. Export measures (see the 1989 Notification A.1.(a))

Export and other market regulatory measures applied are necessary for the attainment of the domestic price levels aimed at. The Market Regulation Association for Dairy Products may grant export refunds. Costs of export refunds, including restitutions of internal fees, are tabled below.

1988/89

	<u>SEK million</u>	<u>SEK/kg.</u>
Butter	213.7	13.07
Cheese	31.2	10.06

The price and market regulation for milk powder is handled by Scandmilk AB. Internal production fees are levied and the proceeds herefrom are used inter alia to cover export costs.

D. Text or description of bilateral, plurilateral and multilateral agreements

Within the framework of GATT, Sweden has concluded a bilateral cheese arrangement with the United States. Sweden has been granted an annual GATT-bound cheese quota of 1,350 metric tons.

ENCLOSURE

Harmonized System
Statistical number

Heading No.	Code No.	Description of goods	Import levy SEK/100 kg. (max) as from 1 January 1990
04.01		Milk and cream not concentrated nor containing added sugar or other sweetening matter:	
	100	- Of a fat content, by weight, not exceeding 1%	305
	200	- Of a fat content, by weight: exceeding 1% but not exceeding 6%	305
	300	- Of a fat content, by weight:	
		-- exceeding 6% but less than 20%	1,095
		-- exceeding 20% but less than 30%	1,195
		-- exceeding 30% but less than 45%	1,760
		-- 45% and more	1,860
04.02		Milk and cream, concentrated or containing added sugar or other sweetening matter:	
	100	- In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	1,130
		- In powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5%:	
	210	-- Not containing added sugar or other sweetening matter:	
		Weight of fat:	
		--- more than 1.5% but less than 35%	1,180
		--- more than 35% but less than 55%	1,280
		--- 55% and more	1,430

Heading No.	Code No.	Description of goods	Import levy SEK/100 kg. (max) as from 1 January 1990
	290	-- Other:	
		Weight of fat:	
		--- more than 1.5% but less than 35%	1,180
		--- more than 35% but less than 55%	1,280
		--- 55% and more	1,430
		- Other:	
	910	-- Not containing added sugar or other sweetening matter:	
		Weight of fat:	
		--- less than 1% ... 100 l.	305
		--- more than 1% but less than 6%	305
		--- more than 6% but less than 20%	1,095
		--- more than 20% but less than 30%	1,195
		--- more than 30% but less than 45%	1,760
		--- 45% and more	1,860
	990	-- Other:	
	ex. 990	--- Concentrated (condensed) milk	305
	ex. 990	--- Other:	
		Weight of fat:	
		--- less than 1% ... 100 l.	305
		--- more than 1% but less than 6%	305
		--- more than 6% but less than 20%	1,095
		--- more than 20% but less than 30%	1,195
		--- more than 30% but less than 45%	1,760
		--- 45% and more	1,860
04.03		Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa:	

Heading No.	Code No.	Description of goods	Import levy SEK/100 kg. (max) as from 1 January 1990
	100	- Yoghurt:	
ex. 100		-- Flavoured (not only sweetened) or containing added fruit or cocoa	according to levy information
ex. 100		-- Other:	
		Weight of fat:	
		--- less than 1% ... 100 l.	305
		--- more than 1% but less than 6%	305
		--- more than 6% but less than 20%	1,095
		--- more than 20% but less than 30%	1,195
		--- more than 30% but less than 45%	1,760
		--- 45% and more	1,860
	900	- Other:	
ex. 900		-- Flavoured (not only sweetened) or containing added fruit or cocoa	according to levy information
ex. 900		-- Other in powder, granules or other solid forms, of a fat content, by weight:	
		--- not exceeding 1.5%	1,130
		--- more than 1.5% but less than 35%	1,180
		--- more than 35% but less than 55%	1,280
		--- 55% and more	1,430
ex. 900		-- Other:	
		Weight of fat:	
		--- less than 1% ... 100 l.	305
		--- more than 1% but less than 6%	305
		--- more than 6% but less than 20%	1,095
		--- more than 20% but less than 30%	1,195
		--- more than 30% but less than 45%	1,760
		--- 45% and more	1,860

Heading No.	Code No.	Description of goods	Import levy SEK/100 kg. (max) as from 1 January 1990
04.04		Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included:	
	100	- Whey, whether or not concentrated or containing added sugar or other sweetening matter	860
	900	- Other	860
04.05	100	Butter and other fats and oils derived from milk	1,345
04.06		Cheese and curd:	
		- Fresh cheese (including whey cheese), not fermented, and curd:	
	101	-- Whey cheese	60
	109	-- Other	1,100
	200	- Grated or powdered cheese, of all kinds	1,230
	300	- Processed cheese, not grated or powdered	800
	400	- Blue-veined cheese	1,315
		- Other cheese:	
	901	-- Other mould cheese than blue-veined cheese	1,315
	909	-- Other:	
	ex. 909	--- Cheese fondue	615
	ex. 909	--- Fresh fermented cheese	1,100
	ex. 909	--- Other	1,330
35.01	100	Casein	free