# GENERAL AGREEMENT

ON TARIFFS AND TRADE

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# **SUBSIDIES**

### Notifications Pursuant to Article XVI:1

#### **SWEDEN**

The following notification which has been received from the Permanent Mission of Sweden updates the information relating to agriculture and covers Swedish fiscal years 1988/89 and 1989/90.

### **AGRICULTURE**

#### 1. INTRODUCTION

"Old policy (effective until 31 June 1991)"

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, which 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.

These goals are implemented by means of various policy measures among which price and market regulation activities play an important rôle. Prices of agricultural products subject to regulation are supported mainly by means of border protective measures (mainly import levies) and by means of market regulating measures, such as storage and exports. Export refunds may be applied in surplus situations which world market prices are below domestic prices. These refunds are financed mainly by means deriving from internal production fees but also to some extent from import levies and budgetary means.

In the fisheries sector a low price line is applied. This means that the price formation on the market is free and that the border protection for fish products is very low.

Support in the form of variable import levies or export subsidies is not applied. The market regulation for fish is based on target prices (norm prices). Fishermen received 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

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operations are carried out by seven market regulation associations, working under directives 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.

### New policy

New guidelines for Sweden's agricultural and food policy were laid down by Parliament in June 1990. The new policy, which will start to apply on 1 July 1991, will be fully implemented after a 5 year transitional period. The new policy is based on the principle that agriculture should be subject to the same conditions as other sectors. Producers should only be paid for goods and services for which there is a demand. When farmers' services are required in the national interest, they should be paid for out of the budget. The primary goal of the food policy is that it shall be consistent with the general objective of sound management of the country's total resources. The main elements of the new policy are the following: border protection will remain unchanged pending the outcome of the ongoing GATT negotiations and internal market regulations will be phased out starting on 1 July 1991. As a result, collective financing of agricultural exports will be discontinued. These changes however do not apply to this notification, which covers the years 1988/89-1989/90.

This notification covers direct subsidies and payments relevant to agricultural price and market regulation. This notification does not reflect the support given by consumers in the form of protected domestic farm prices higher than world market prices. A more complete attempt to reflect the agricultural support has been made by the OECD. A Country Report on Sweden was distributed in May 1988. Further, country lists on Sweden's internal support, border protection and export competition were distributed in September 1990 in accordance with decisions taken within the Uruguay Round negotiations.

This notification covers the years 1988/89 and 1989/90. 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 price and market regulation: 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 <u>Incidence</u>

### **Grains**

If world market prices are lower than domestic prices the difference is levelled out when the products are exported. This equalization is carried out by the Association. The Association purchases all surplus grain offered to it at a predetermined price. An alternative to exports of bread grain is

disposal on the domestic market for feeding purposes at a reduced price. The operations of the Association are financed by milling fees and fertilizer fees etc. In the years covered by this notification budgetary means have also been used in line with the agricultural policy guidelines laid down in 1985, according to which the State takes responsibility for part of the costs due to surpluses in the grains sector during a 5 year transition period.

# Peas and 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 1988/89 to:

	Export refunds SEK/kg 1988/89	SEK million	Rebates and storing SEK million 1988/89
Wheat	0.8	181	11.9
Rye	1	1	1.7
Barley	0.8	25	-
Oats	1.1	283	-
TOTAL	••	490	13.6
of which budgetary means	-	-	-

# Corresponding figures for 1989/90 are:

	Export refunds SEK/kg 1989/90	SEK million	Rebates and storing SEK million 1989/90
Wheat	0.8	499	28.3
Rye	1	75	19.7
Barley	1	75	1.9
Oats	1.1	352	1.1
TOTAL	••	1001	51.0
of which budgetary means	-	200	-

### Peas and field beans etc

Support for peas and field beans was given as a discount on certified seed. Total costs in 1988/89 was SEK 7.9 million (seed). An acreage support of SEK 31.2 million was also granted. Total cost in 1989/90 was SEK 7.5 million. An acreage support of SEK 25.7 million was also granted.

# 2.2 Effect of subsidy

### 2.2.1 Trade effects

Comprehensive analytical work concerning the trade effects of various support measures is made by the OECD in connection with the "MTM-model".

# 2.2.2 Statistics

See Annex 1.

#### 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

Price and 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. a two-price system for milk (which ceased the 1 July 1989), an investment ban for animal production, discounts to public institutions, non-production grants to elderly dairy farmers, slaughter premiums for female heifers etc.

The main sources for financing the dairy products regulation are equalization fees, budgetary means and means deriving from import levies. Budgetary means (consumer subsidies) are used to finance 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 1988/89 and 1989/90 were as follows:

Product	1988/89 SEK/litre	1988/89 SEK million
	SEK	¼/kg
Liquid Milk:		
0.5-3.0 per cent fat content	1.34	1789.0
0.05 per cent fat content	1.45	0.03
Total	•	1789.0

Corresponding figures for 1989/90 are:

Product	1989/90 SEK/litre	1989/90 SEK million
	SEK	I/kg
Liquid Milk:		
0.5-3.0 per cent fat content	1.15	1492.5
0.05 per cent fat content	1.26	0.0
Total	•	1492.5

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 in 1988/89 was SEK 445.4 million and in 1989/90 was SEK 462.3 million.

Public institutions were granted discounts on prices of butter and cheese. In 1988/89 total costs for these measures amounted to SEK 7.01 million (SEK 3.35 per kilogramme of butter and on average SEK 2.00 per kilogramme of cheese). In 1989/90 total costs for these measures amounted to SEK 8.26 million (SEK 3.35 per kilogramme of butter and average SEK 2.00 per kilogramme of cheese). Schools were granted discounts on prices of milk. In 1988/89 total costs were SEK 5.05 million per litre. In 1989/90 total costs were SEK 4.58 million per litre.

For storing of butter SEK 36.1 million were paid in 1988/89 and in 1989/90 the costs for storing of butter were SEK 65.1 million.

# Export refunds were paid as follows:

	1988/89 SEK/kg	SEK million
Butter	13.13	213.7
Cheese	10.07	31.2
Milk Powder	10.23	131.0
Other	-	11.4
Total	••	387.3

# Corresponding figures for 1989/90 are:

	1989/90 SEK/kg	SEK million
Butter	11.99	313.7
Cheese	11.28	42.8
Milk Powder	10.24	231.0
Other	-	13.4
Total	••	600.9

# 3.2 Effects of subsidy

# 3.2.1 Trade effects

See comments under 2.2.1.

# 3.2.2 Statistics

See Annex 1.

# 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, pork, mutton, lamb and horse meat. Regional support is also granted for reindeer production.

A number of policy measures i.a. an investment ban in animal production, slaughter premiums, slaughter fees, price rebates etc. have been taken to curb production and to expand consumption. As

concerns measures taken to decrease dairy surpluses such as the two-price system and slaughter premiums for female heifers (see 3.1.2), these also had effects on beef production. The regulatory measures are carried out by the Market Regulation Association for Meat.

# 4.1.2 <u>Incidence</u>

If world prices for meat are lower than domestic prices the Association grants export refunds, directly paid to exporters. The Association also financing 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. Such regional support is mostly financed through budgetary means.

# 4.1.3 Amount of subsidy (total and per unit)

Costs within the market regulation amounted to:

	SEK million 1988/89	1989/90
Storage and freezing	99.2	93.4
Freight support	-	-
Price activities	11.6	5.7
Regional support of which:		
Beef and veal	90.3	101.6
Pig meat	6.2	7.3
Sheep meat	4.9	5.4
Reindeer meat	16.5	18.7
Support to trade	2.9	6.4

Export refunds have been paid as follows:

	1988/89 SEK/kg	SEK million
Beef	15.6	56.4
Veal	•	4.2
Pig meat	16.4	866.0
Other*	-	145.1
Total	••	1071.7

# Corresponding figures for 1989/90 are:

	1989/90 SEK/kg	SEK million
Beef	17.2	156.9
Veal	-	-
Pig meat	15.8	707.8
Other*	-	150.9
Total	••	1015.6

<sup>\*</sup>Export refunds to edible offals, processed meat, edible slaughter fat and sales to ships in international routes.

# 4.2 Effects of subsidy

### 4.2.1 Trade effects

See comments under 2.2.1.

### 4.2.2 Statistics

See Annex 1

# 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 <u>Incidence</u>

# 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 costs regarding packaging of eggs the Association also grants 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.

# 5.1.3 Amount of subsidy (total and per unit)

Aid to packaging (eggs) and exports amounted to:

	1988/89 SEK/kg	SEK million
Packaging	0.4	28.7
Export refunds:		
Eggs in shell	8.0	49.9
Egg products*	7.6	15.4
Surplus eggs**	8.6	40.4
Poultry meat	0.0	0.0
Total	••	134.4

<sup>\*</sup>Whole egg equivalent

<sup>\*\*</sup>For storing and drying and later exports

	1989/90 SEK/kg	SEK million
Packaging	0.4	27.3
Export refunds:		
Eggs in shell	7.5	60.8
Egg products*	5.5	6.8
Surplus eggs**	7.8	12.2
Poultry meat	0.0	0.0
Total		107.1

# 5.2 <u>Effects of subsidy</u>

# 5.2.1 Trade effects

See comments under 2.2.1.

# 5.2.2 Statistics

See Annex 1.

# 6. POTATOES

# 6.1 Nature and extent of subsidy

### 6.1.1 Background and authority

Potatoes are grown partly for direct consumption (table potatoes) and partly for processing purposes (distilleries and starch industry). Market regulation activities are carried out separately for respective purposes 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 is achieved by means of intervention buying, support to storing and exports. Potatoes for processing are sold to the starch industry at a discount. All activities mentioned are financed by means derived from import levies, acreage and delivery fees.

# 6.1.3 Amount of subsidy

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

	1988/89 Export refunds	Intervention buying, storing and other
Table potatoes	0.2	14.4
Potatoes for processing	-	53.6

	1989/90 Export refunds	Intervention buying, storing and other
Table potatoes	0.1	5.3
Potatoes for processing	•	49.9

# 6.2 Effects of subsidy

### 6.2.1 Trade effects

See comments under 2.2.1.

### 5.2.2 Statistics

See Annex 1.

#### 7. SUGAR

# 7.1 Nature and extent of subsidy

### 7.1.1 Background and authority

According to Parliamentary decisions sugar production is to be maintained at a level below domestic consumption. The longterm objective is to leave room for imports of about 10-15 per cent of total sugar consumption.

The support to sugar producers in general is mainly given in the form of price support. In order to maintain sugar production in areas where alternative employment opportunities are scarce, certain support measures are taken in addition.

### 7.1.2 Incidence

Means deriving from import levies are used for the following regional support measures: sugar beet producers are offered extra regional 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 payment related to measures mentioned above amounted to about SEK 29.2 million in 1988/89. Of this about SEK 3.5 million was granted to beet producers (between SEK 200 and SEK 500 per hectare), SEK 24.5 million to factories and SEK 1.2 million for transportation costs. Total payment related to the same measures as above for 1989/90 are as follows: total amount paid SEK 69.2 million. Of this about SEK 3.5 million was granted to beet producers (between SEK 200 per hectare and SEK 500 per hectare), SEK 64.5 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 1.

# 8. OILSEEDS, 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

### <u>Oilseeds</u>

If world market prices are lower than domestic prices the difference is levelled out when products are exported. This equalization is carried out by the Association. The Association purchases all domestic oilseeds (i.e. all contracted oilseed which corresponds to almost a 100 per cent of the total oilseed area) at a predetermined price. The operations of the Association are financed by means deriving 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. The support is financed by means deriving from import levies on agricultural products and fees on fertilizers.

# 8.1.3 Amount of subsidy (total and per unit)

### Oilseeds and oil

The costs for exporting oilseeds and vegetable oils amounted to:

	SEK million
1988/89	324
1989/90	689

### Clover and grass seed

Support to around 20 varieties of clover and grass seed amounted to as follows:

	1988/89	1989/90
Acreage support	4.1	4.1
Price support	5.9	9.4
Export support	-	-

### 8.2 <u>Effects of subsidy</u>

Acreage support varied between 300 and 3500 SEK/kg in 1988. In 1989 the acreage support varied between 200 and 2100 SEK/kg. Price support amounted to between 1 and 3.40 SEK/kg in 1988. In 1989 the price support varied between 0.50 and 5.00 SEK/kg.

### 8.2.1 Trade effects

See comments under 2.2.1.

### 8.2.2 Statistics

See Annex 1.

### 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 grants price supplements which are calculated monthly on the basis of average market prices reached during the same month.

In addition to the variable price supplements mentioned above, there has been introduced a system of fixed price supplements for herring exported to state trading countries and for herring used as industrial fish or for animal feeding purposes.

A minium price is also fixed by the Association. Fish not sold to at least minimum price is bought by the Association at surplus price. Both the price supplements and the costs for surplus handling are financed by means derived from a price regulation fee.

A regional price support is given to fishermen living on the east and south coasts of Sweden.

### 9.1.3 Amount of subsidy

	SEK million		
	1988/89	1989/90	
Variable price supplement	36.7 43.6		
Fixed price supplement	30.7	33.8	
Costs (net) for surplus	6.4	5.4	

# 9.2 Effects of subsidy

# 9.2.1 Trade effects

No estimates on effects of subsidy available.

# 9.2.2 Statistics

See Annex 1.

ANNEX 1 Production, Consumption, Imports and Exports during 1985 (1985/86)-1989 (1989/90), '000 metric tons.

	Production	Consumption <sup>1</sup>	Production of consumption, %	Imports	Exports				
Wheat									
1986	1,731	1,314	132	50	467				
1987	1,558	942	166	75	691				
1988	1,295	921	141	70	444				
1989	1,750	1,573	112	49	226				
1990*	2,165	1,523	143	37	679				
Rye									
1986	154	194	80	40	0				
1987	137	186	74	49	0				
1988	128	185	70	57	0				
1989	319	337	95	18	0				
1990*	340	275	124	5	70				
Barley									
1986	2,327	1,999	117	0	328				
1987	1,907	1,714	112	92	285				
1988	1,879	1,841	103	19	57				
1989	1,870	1,865	101	0	5				
1990*	2,114	2,050	104	0	64				
Oats									
1986	1,486	1,016	147	0	470				
1987	1,440	1,229	118	2	213				
1988	1,330	1,112	120	0	218				
1989	1,455	1,189	123	0	266				
1990*	1,556	1,227	127	0	329				

<sup>\*</sup>Preliminary.

lResidual (including changes in stocks).

	Production	Consumption <sup>1</sup>	Production of consumption, %		Exports				
Butter									
1986	67	57	118	0	8				
1987	66	56	118	0	10				
1988	62	53	117	0	8				
1989²	63	47	135	0	18				
1990	76	45	169	0	31				
Cheese									
1986	113	126	90	14	4				
1987	114	128	90	16	4				
1988	123	133	93	16	4				
1989	117	132	89	18	4				
1990	116	137	85	19	4				
Milkpowder <sup>3</sup>									
1985/86	54	31	175	1	23				
1986/87	58	34	171	1	19				
1987/88	45	34	133	1	23				
1988/89	47	29	163	1	11				
1989/90	62	31	200	1	27				
Beef and vea	1								
1986	147	134	110	7	23				
1987	135	145	94	16	7				
1988	127	141	91	20	5				
1989	139	144	97	14	7				
1990	146	111*	132	11*	11*				

<sup>\*</sup>Preliminary.

lResidual (including changes in stocks).

<sup>2</sup>Including edible fat products of butter and butteroil to the margarine industry.

<sup>3</sup>Whole and skimmed milkpowder.

	Production	Consumption <sup>1</sup>	Production of consumption,	Imports	Exports				
Pork									
1986	309	260	119	7	51				
1987	288	256	113	13	37				
1988	299	270	111	15	45				
1989	307	267	115	15	45				
1990	293	192*	153	14	36				
Eggs	Eggs								
1986	123	116	107	4	12				
1987	123	110	112	4	6				
1988	124	109	114	5	9				
1989	126	118	107	4	12				
1990	116	115	101	4	5				
Poultry									
1986	45	44	104	0	1				
1987	43	38	113	0	2				
1988	41	44	93	0	1				
1989	49	49	100	1	0				
1990	51	53	96	1	0				
Sugar⁴									
1986	391	387	101	58	36				
1987	274	375	73	79	33				
1988	398	383	104	90	49				
1989	424	377	113	44	58				
1990	445	379	117	44	45				

<sup>\*</sup>Preliminary.

1Residual (including changes in stocks).

<sup>4</sup>Raw sugar equivalents.

	Production	Consumption <sup>1</sup>	Production of consumption, %		Exports			
Oilseeds <sup>5</sup>								
1985/86	317	•	-	0	62			
1986/87	322	•	•	0	46			
1987/88	250	•	•	14	5			
1988/89	249	•	•	12	9			
1989/90	367	•	•	7	49			
Oil <sup>6</sup>								
1985/86	86	38	227	0	48			
1986/87	99	35	283	0	64			
1987/88	94	39	242	0	55			
1988/89	89	38	235	0	51			
1989/90	109	37	295	0	72			
Fish								
1986	2017	•	•	41	49			
1987	197 <sup>7</sup>	•	•	40	46			
1988	230 <sup>7</sup>	•	•	42	54			
1989	239 <sup>7</sup>	•	•	42	66			
1990	239 <sup>7</sup> *	•	-	40	61			
Potatoes for h	uman consumpt	ion						
1985/86	822	585	141	25	11			
1986/87	622	586	107	19	2			
1987/88	883	587	151	162	1			
1988/89	805	586	138	19	1			
1989/90	851*	586	146	18	1			

<sup>\*</sup>Preliminary.

<sup>1</sup>Residual (including changes in stocks). 5Rapeseed and other oilseeds.

<sup>6</sup>Domestic oils.

<sup>7</sup>Total landings.

	Production	Consumption <sup>1</sup>		Production of consumption %	Imports	Exports
		million kg	million litre			
Potatoes fo	r processing					
1985/86	385	54 <sup>8</sup>	23°	-	85 <sup>10</sup>	2211
1986/87	335	53 <sup>8</sup>	22°		9910	2711
1987/88	400	52 <sup>8</sup>	16°	-	10010	2411
1988/89	375	52 <sup>8</sup>	22°	•	110 <sup>10</sup>	2611
1989/90	328	60 <sup>8</sup>	16°	•	106 <sup>10</sup>	2211

lResidual (including changes in stocks).

<sup>8</sup>Rebate starch for derivative, glucose production, households.

<sup>9</sup>Potatoealcohol.

<sup>10</sup>For example, maize starch, potato starch.

llDerivative.