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SWITZERLAND

Information Submitted in Respect of Dairy Products

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A. Production: production measures and policies1. Statistical data on total volume of production1.1 Total volume of dairy production, dairy herd and yield

Year	Total milk production (in '000 m.t.)	Total cows (head)	Yield per cow (kg.)
1964	3,038	897,000	3,360
1965	3,117	920,000	3,370
1966	3,153	917,768	3,410
1967	3,267	927,600	3,500

1.2 Milk utilization (in '000 m.t.)

Year	Total quantity available ¹	Milk kept on the farm		Milk sold	
		For live- stock raising	For human consumption	Consumed fresh ²	Processed into dairy products
1964	3,050	500	220	714	1,616
1965	3,132	460	220	715	1,737
1966	3,169	460	215	706	1,788
1967	3,265	400	195	697	1,994

¹Including imported fresh milk.

²Including milk processed into yoghurt and milk-based beverages.

1.3 Milk processed into dairy products (in '000 m.t.)

Year	Cheese	Cream	Butter	Milk preserves
1964	8.70	1.84	4.71	92
1965	9.16	1.95	5.30	96
1966	9.46	2.00	5.50	92
1967	10.20	2.05	6.80	89

1.4 Production of cheese, butter and other dairy products (in '000 m.t.)

Year	Cheese	Butter	Fresh cream	Condensed and sterilized milk	Milk powder ¹		Casein
					Whole	Skimmed	
1964	73.2	30.2	18.4	7.3	11.6	11.6	1.3
1965	77.4	33.4	19.5	7.9	12.2	17.9	1.5
1966	80.1	34.4	20.0	9.3	11.4	24.8	1.7
1967	86.3	40.8	20.5	11.1	10.6 ²	33.5 ²	1.3

¹Including derived food products.

²Provisional.

2. Trends in production

In recent years, trends in dairy production have been affected by the following factors:

- The dairy herd has remained more or less stable. In this connexion the adoption of no-livestock farming, the replacement of cattle grazing by intensive fattening, and even the complete discontinuance of agricultural activity have so far had the effect of concentrating the dairy herd among a smaller number of farmers.
- Yield has increased, as a result of changes in the farming structure, zootechnical selection and dairy productivity control, together with improved livestock health and more rational feeding yield has increased.
- There has been an increase in the quantity of milk marketed, as a result of a decline in direct consumption of milk on the farm, in particular the replacement of whole milk by milk substitutes for livestock feeding.

These factors can be expected to continue to have an influence in the next few years.

In 1967 the quantities of milk marketed, and consequently expenditure by the Confederation for the valorization of dairy products, increased in such a way that corrective measures were adopted by Parliament, acting on a proposal by the Federal Council. These measures are designed to ensure a better adjustment of supply to demand, i.e. long-term reduction and stabilization of production, and are as follows:

- The conditional sum withheld per litre of milk to ensure participation by producers in losses resulting from the valorization of dairy products (see B.I. 4 and 5) may be raised to 5 centimes (1.16 cents). Of this sum, the last centime is to be used to finance short-term campaigns to reduce the dairy herd and to encourage farmers to switch over their production to intensive feeding.
- The Federal Council will be empowered to take the necessary measures to promote the use of whole milk and butterfat in the raising and fattening of calves. In particular, and in order to reduce production of milk for the market, it will be empowered to levy a charge on milk substitutes of any kind manufactured in the country or on the raw materials and semi-manufactures used therein. The proceeds from the charge will be used to cover expenditure connected with the valorization of dairy products.
- If during the budget year 1968 the above-mentioned measures are not sufficient, the Federal Council will have to limit the volume of milk marketed under the provisions concerning the base price (see B.I. 1.1).
- It should be noted furthermore that provision has been made for additional measures to encourage adjustments in production structures, i.e. to promote crop cultivation and meat production rather than milk production.

3. Statistical data on stocks (in '000 m.t.)
(as at 31 December)

Year	Butter	Cheese
	Stocks held by BUTYRA, butter centres and the wholesale trade	Stocks of hard cheese in the wholesale trade
1964	3.7	11.5
1965	3.8	13.0
1966	3.4	12.7
1967 ¹	8.6	18.0

¹ Butter stocks reached a ceiling of 11,000 tons at the end of September 1967. Since October stocks have been declining because of reduced production and increased consumption, due partly to the measures taken on 1 September (see C.5).

4. Factors which affect production

These factors have already been mentioned in section 2 above. No reference has been made, however, to the influence of prices because in our view the influence of this factor on production is bound to be limited in Switzerland. For ordinary farms with a steady and balanced production, the short-term influence of price on production volumes is very limited because it is no easy matter for the farmer to adjust his production structure from one day to the next. Moreover, in areas where milk production is the predominant activity, any extension of crop cultivation would hardly be possible because of particular natural conditions.

5. Policies and measures of governments or other bodies likely to influence production, other than those listed under B

By encouraging crop cultivation, the Confederation is also aiming to reduce milk production. Taking into account the fact that the hill and mountain areas are not very suitable for other agricultural activities and that many small or medium sized farms are more or less specialized in milk production, the scope of such measures cannot of course go beyond certain limits. In this regard the price supplements charged on imported fodder, mainly with a view to adjusting livestock numbers to fodder production on the farm and in the country as a whole, also have some influence.

B. Protection and support measures and policies

I. Internal support measures and policies

1. Inventory of instruments of support

1.1 Base price for milk

Dairy production brings in more than one third of the adjusted gross yield from Swiss agriculture. Because of the fact that generally speaking it plays a fundamental rôle in the formation of farmers' income, returns from it must be regular and sure. The base price for milk paid to producers is therefore fixed by the Federal Council in accordance with certain principles and after consultation in an advisory committee with producers and representatives from other sectors of the economy. The principles just mentioned are as follows:

- the average production costs of farms that are operated in a rational way and taken over in normal conditions must be covered;
- the interests of other economic sectors and other categories of the population must be taken into consideration;
- an equitable ratio must be sought between prices of the various agricultural products and branches of agriculture;
- account must be taken of possibilities for disposing of products in the market. In this connexion, producers are required to participate in losses resulting from the valorization of dairy products, the price of some of those being also fixed by the government.

It should be noted that the co-operative organization in this sector, the Central Union of Swiss Milk Producers, takes the necessary measures for milk producers to be paid the price determined according to the rules mentioned above, throughout the country and for whatever use the milk is intended (as fresh milk or in processed form - cheese, butter, preserved products, etc.). Some precedence is nevertheless established for the valorization of milk. Priority is given to fresh milk, then to the production of cheese or milk preserves, rather than to the manufacture of butter, imports of which the authorities are trying to encourage. Participation by producers in valorization losses is therefore set at a higher level for this latter product (60 per cent of the expenditure not covered by the Confederation) than for the former ones (10 per cent of such expenditure).

1.2 Base price for milk

Base price for milk (free at processing centre)

<u>Period</u>	in centimes per kg/l	in US cents per kg/l ¹
1.4.1964-31.5.1965	50	11.57
1.6.1965-31.10.1965	51	11.81
1.11.1965-30.4.1967	53	12.27
since 1.5.1967	56	12.96

¹US\$1 = 4.32 francs.

1.3 Expenditure for valorization of dairy products

The purpose of this expenditure is, on the one hand, to enable milk producers to obtain the base price established according to the principles mentioned under 1.1 above and, on the other hand, to facilitate the disposal of dairy products. They result from the fact that selling prices - which in certain cases are fixed directly by the Government (butter) or in agreement with the authorities (hard cheese) - do not entirely cover the cost price of the product concerned. Such expenditure is financed by grants from the Confederation which are partly covered by the proceeds from various special taxes - tax on fresh milk and cream, tax on imported butter, price supplements on imported edible oils and fats, skimmed milk powder, cream and cream powder, condensed milk and milk substitutes - as well as by a contribution from the milk producers themselves. In the past four years the total amount of such expenditure for each of the major product categories has been as follows:

<u>Accounting period (1.11-31.10)</u>	<u>In \$'000</u>			
	<u>1963/64</u>	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u>
Valorization of butter	10,241	14,547	15,774	21,175
Valorization of cheese	15,290	19,708	23,044	23,361
Valorization of preserved milk products	348	425	574	733

The level of expenditure per product unit depends on several factors, in particular on the quality and intended use of the merchandise concerned (for direct consumption, cooking or processing).

2. Levels of guaranteed prices or support prices

See above, (1.2).

3. Amount of producer subsidies

Because of the unfavourable production conditions existing in the mountain areas, cattle owners there receive a contribution to their costs, regardless whether or not they deliver milk to the market. The contribution is paid each year for the first ten head of cattle on any farm comprising at least one bovine animal, in the following amounts:

<u>1965/67</u>	<u>As from 1 January 1968</u>	
\$11.57	\$13.89	for mountain zone I
\$23.14	\$27.78	for mountain zone II
\$34.71	\$41.67	for mountain zone III

In recent years the total amount of these contributions has been as follows:

	<u>1965</u>	<u>1966</u>	<u>1967</u>
In \$'000	8,529	8,587	8,533

4. and 5. Average returns to producers and method of determining these returns

As indicated above, producers participate in losses resulting from valorization of dairy products. To ensure this participation, a certain amount is withheld on a conditional basis on the base price for milk. This sum

was 0.9 centime (0.21 cent) per kg/l until 30 April 1967 and 1.35 centime (0.31 cent) from 1 May to 31 October 1967. Since 1 November last the sum withheld has been raised to 3 centimes (0.69 cent) per kg/l (see A.2). It should be noted, however, that the first 8,000 kgs. of milk delivered by a farm is exempt from the deduction; this measure is designed to assist small farms which are particularly numerous in the mountain areas and have only limited possibilities for orientating production.

In addition a tax of 0.15 centime (0.03 cent) per kg/l (0.1 centime - 0.02 cent - prior to 1 May 1967) is charged on all milk deliveries by each producer, the proceeds being used for financing special sales promotion measures (advertising, market studies, etc.).

By deducting from the base price for milk the amount representing participation by producers in losses, together with the advertising tax, one arrives at the producers' fixed price for milk which is related to milk sales and has been as follows in recent years (free at dairy):

	<u>In centimes</u> <u>per kg/l</u>	<u>In cents</u> <u>per kg/l</u>
From 1. 4.1964 to 31.10.1964:	49.8	11.53
" 1.11.1964 to 31. 5.1965:	49.6	11.48
" 1. 6.1965 to 31.10.1965:	50.6	11.71
" 1.11.1965 to 31.10.1966:	52.6	12.18
" 1.11.1966 to 31.10.1967:	53.3	12.34

This price does not exactly correspond to the remuneration actually received by producers because the following elements must also be taken into account:

- Producers generally belong to co-operatives for the marketing of milk and dairy products; they therefore receive profits on the retail sale of dairy products. These additional receipts vary according to the locality, the average for the country as a whole being 1 to 1.5 centime (0.23-0.35 cent) per kg/l.
- Quality premiums are paid by the Central Union of Swiss Milk Producers to producers of milk that is converted into cheese. The premiums are calculated on the basis of prime quality merchandise, plus an allowance to offset the ensilage prohibition enforced in areas where cheese is manufactured. In recent years these quality premiums have been in the region of 0.4 centime (0.09 cent) per kg. of milk used for cheese manufacture. The allowance for the ensilage prohibition was at the average rate of approximately 3.5 centimes (0.81 cent) per kg. of milk delivered in the area concerned.

The total amount of these premiums and allowances was as follows (in thousand dollars):

	<u>Premiums</u>	<u>Allowances</u>
1963/64	631	2,383
1964/65	742	2,676
1965/66	724	2,636
1966/67	747	3,525

- Price deductions for inferior quality may also be applied when milk is paid for.
- The price indicated corresponds to the price free at the processing centre. In order to obtain the value corresponding to the ex-farm price, one should therefore deduct transport costs which amount to an average of 2.6 centimes (0.6 cent) per litre of milk.
- The sum withheld for use of skimmed milk on the farm was recently raised from 5 to 6.5 centimes (1.16 to 1.50 cent) per kg/l of whole milk processed. The sum withheld on whey is 2 centimes (0.46 cent) per kg/l.

II. Measures at the frontier

1. Fresh milk (tariff item No. 0401.10)

Imports of milk, fresh, not concentrated or sweetened, except curds (ex 0401.10) as well as similar milk put up in hermetically sealed cans (ex 0402.30) are restricted within the limits of quotas for imports into Switzerland from the free zones.

The customs duty applicable to item No. 0401.10 is \$2.31 per 100 kgs. and in 1966 this represented an ad valorem duty at the rate of 5.47 per cent.

2. Fresh cream, preserved cream, skimmed milk powder and condensed milk (tariff item Nos. 0401.20, 0402.20, ex 0402.10 and ex 0402.30)

Imports of these products are liberalized and are subject to price supplements; the proceeds from which are used with other resources to finance the valorization of dairy products.

For each of these items, the amount of the price supplements and customs duties is as follows:

Tariff item No.	Product	Price supplements (\$/100 kgs.)	Customs duty			
			\$/100 kgs.	% ad valorem ¹		
				1964	1965	1966
0401.20	Cream, fresh or frozen, not concentrated or sweetened	On a sliding scale according to fat content As from 1.11.66: from 27.78 to 64.81 Previously: from 24.31 to 55.56	32.41	-	-	54.2
ex 0402.20	Idem, put up in hermetically sealed cans	Idem	32.41	40.4	36.9	39.4
ex 0402.20	Cream, preserved, concentrated or sweetened	On a sliding scale according to fat content As from 1.11.66: from 41.67 to 72.92 Previously: from 13.89 to 34.72	32.41	40.4	36.9	39.4
ex 0402.10	Skimmed milk powder	Since 1.4.68: 20.83 From 1.1.68 to 31.3.68: 16.20 From 1.11.67 to 31.12.67: 6.94 Previously (since 1.10.64): 2.31	11.57	43.0	38.9	38.0

Tariff item No.	Product	Price supplements (\$/100 kgs.)	Customs duty			
			\$/100 kgs.	% ad valorem ¹		
				1964	1965	1966
ex 0402.30	Condensed milk	Since 1.4.68: In containers of up to 5 kgs.: 19.68 In containers of more than 5 kgs.: 13.89 From 1.11.61 to 31.3.68: In containers of up to 5 kgs.: 12.96 In containers of more than 5 kgs.: 7.87	5.79	21.7	23.7	23.9

¹The customs duty in ad valorem percentage always refers to the tariff heading as a whole.

3. Whole milk powder (tariff item No. ex 0402.10)

Permission to import is subject to the requirement to take over a certain proportion of the domestic product in ratio with the quantities imported. At present, and since 1 May 1961, this proportion is two parts of domestic product for one part of imported product.

The level of customs duty is the same as for skimmed milk powder (see paragraph 2 above).

4. Butter (tariff item No. 04.03)

The Swiss butter market is controlled by the Swiss Butter Supply Board (BUTYRA), a co-operative society under public law which holds the monopoly on butter imports. It regulates foreign purchases so as to ensure requirements without hindering sales of domestic butter. It levies a variable charge on imported butter, representing the difference between the cost price of imported butter (including customs duties) and the wholesale price of domestic butter as established by the Federal Council. The revenue from this charge is used with other funds to finance valorization expenses for dairy products.

The customs duties are as follows:

Tariff item No.	Product	Duty in \$/100 kgs. gross	% ad valorem		
			1964	1965	1966
0403.10	Butter, fresh, unsalted	4.63 (exemption for EFTA)	4.6	5.2	6.0
0403.12	Butter, salted, resolidified or in airtight containers	6.94	5.1	4.5	3.1

5. Cheese (tariff item No. 04.04)

Imports are liberalized.

Customs duty:

Tariff item No.	Product	Duty in \$/100 kgs. gross	% ad valorem		
			1964	1965	1966
0404.10	Danablu, Gorgonzola, Roquefort	5.79	5.0	4.7	4.7
0402.12	Brie, Camembert, etc.	6.94	5.8	5.9	5.7
0404.14	Other soft cheeses	11.57	10.5	10.1	9.9
0404.22	Grana, Fontina, etc.	5.79	3.4	3.0	2.7
0404.24	St. Paulin, Fontal, etc.	11.57	15.6	14.8	16.6
0404.26	Cantal	13.89	10.0	22.2	10.0
0404.28	Other hard or medium hard cheese	18.52	25.6	24.8	24.2
0404.30	Processed cheese	18.52	26.4	24.3	24.3

C. Consumption and internal prices1. Statistical data on consumption1.1 Total consumption (in '000 metric tons)

Description of product	1963/64	1964/65	1965/66
Fresh milk, yoghurt	930	935	918
Cream	19	21	22
Condensed or evaporated milk	7	6	6
Whole milk powder	8	8	8
Skimmed milk powder:			
- for animal feeding	8	19	26
- for human consumption	8	8	12
Cheese	51	55	55
Butter	39	40	39
Margarine	11	11	11

1.2 Annual per caput consumption of milk and dairy products (in kgs.)

Description of product	1963/64	1964/65	1965/66
Fresh milk	153.6	157.1	152.3
Condensed milk	1.3	1.1	1.0
Whole milk powder	1.4	1.4	1.3
Skimmed milk powder	1.3	1.3	1.9
Cheese	8.6	9.2	9.2
Butter	6.7	6.7	6.5
Cream	3.2	3.4	3.7

2. Trends in consumption

For each of the major product categories the trends recorded in recent years can be expected to continue until 1970, as follows:

- Fresh milk and preserved milk products: per caput consumption declining slightly for fresh milk, more or less stationary for preserved milk products.
- Yoghurt, fresh cream, coffee cream and other milk-based specialities: increase in per caput consumption.
- Cheese and butter: stability in per caput consumption.

3. Retail and wholesale prices in the Swiss market: marketing costs

3.1 Butter

Product	In \$ per kg.					
	1.11. 1962	1.11. 1965	1.11. 1966	1.5. 1967	1.9. 1967	18.1 1968
(a) <u>Special table butter</u>						
- Fixed price to wholesale trade (domestic product)	2.38	2.46	2.69	2.87	2.52*	2.52*
- Wholesale margin	0.06	0.06	0.06	0.06	0.06	0.06
- Price to retail trade	2.44	2.52	2.75	2.93	2.58	2.58
- Retail margin	0.31	0.32	0.32	0.33	0.33	0.33
- Indicative consumer price (for purchase in 100 gr. blocks)	2.75	2.84	3.07	3.26	2.91	2.91
(b) <u>Fresh cooking butter</u>						
- Fixed price to wholesale trade (in blocks)	1.84	1.93	2.16	2.30	1.52	1.10
- Wholesale margin	0.06	0.06	0.06	0.06	0.06	0.06
- Price to retail trade	1.90	1.99	2.22	2.36	1.58	1.16

*Including additional allowance of \$0.35/kg. paid to wholesalers.

(continuation of preceding table)

Product	In S per kg.					
	1.11. 1962	1.11. 1965	1.11. 1966	1.5. 1967	1.9. 1967	18.1. 1968
-- Retail margin	0.23	0.23	0.23	0.23	0.23	0.23
- Indicative consumer price (in 250 gr. blocks)	2.13	2.22	2.45	2.59	1.81	1.39
(c) <u>Resolidified butter</u> *						
-- Fixed price to wholesale trade (in buckets)	2.01	2.01	2.01	2.08	1.74	1.04
-- Wholesale margin	0.05	0.05	0.05	0.05	0.05	0.05
- Price for sale to retail trade	2.06	2.06	2.06	2.13	1.79	1.09
- Retail margin	0.18	0.18	0.18	0.18	0.18	0.18
- Fixed consumer price (1 kg. cartons)	2.24	2.24	2.24	2.31	1.97	1.27

* Merchandise intended for household use and trades.

3.2 Cheese

The organizations of milk producers and of cheese manufacturers and exporters have formed the Swiss Cheese Trade Union (USF). The USF takes up domestic production of hard cheese (representing approximately four fifths of total domestic production). It takes up this cheese through wholesalers who are members of the USF, at prices fixed taking into account the base price for milk and production costs. Wholesale prices are fixed by the USF.

- Takeover and wholesale prices for Emmental and Gruyère cheese (S per 100 kg. prime quality)

Period	Price paid by USF (without quality premium)	Wholesale price, free at consignee's railway station
1.4.1964-31.5.1965	128	142
1.6.1965-31.10.1965	131	142
1.11.1965-1.5.1966	137	148
2.5.1966-30.4.1967	137	160

- Consumer prices for Emmental and Gruyère

Period	Average prices in 34 (or 36*) towns in \$ per kg.
1964	1.65
1965	1.67
January/September 1966	1.76
September 1966	1.77
September 1966	1.79
October/December 1966	1.87

3.3 Fresh milk and milk powder

- Price of fresh milk for direct consumption, delivered to door (or to retail outlet*)

Period	Average prices in 34 or 36 towns in cents per litre
1964	15.3
1965	15.7
June/September 1966	17.1
September/December 1966	16.7*

.. Selling price for milk powder, free at utilizer's premises

Whole milk powder	Skimmed milk powder		
	As from	For human consumption	For animal feed
As from (\$/kg.)		(\$/kg.)	(\$/kg.)
1.4.1964 1.19	2.4.1964	0.43	0.42
1.6.1965 1.20	1.11.1965	0.45	0.44
1.11.1965 1.25	1.11.1967	0.49	0.48
1.5.1967 1.30			

4. Factors which condition the evolution of internal consumption including inter-dependence of products.

In the past few years, for raising and fattening calves, an increasing number of farmers have been using milk substitutes in which the fats contained in milk are replaced by other fats. The result has been an increase in milk deliveries to the market. Present consumption of milk substitutes in Switzerland is estimated at approximately 40,000 tons per annum. In this connexion, price supplements are charged on imported products, the proceeds being used to finance valorization expenses for dairy products; the amount of these price supplements was recently increased (see B.II.2 concerning skimmed milk powder). Acting on a proposal by the Federal Council, the Swiss Parliament has just decided to restore the tax system for domestic milk substitutes which was in force until November 1964.

As regards the relation between butter and margarine consumption, the latter is rather modest in Switzerland. On the other hand, consumption of vegetable oils is fairly substantial. Imports of edible fats and oils are subject to charges which help to narrow the disparity between prices of butter and of other fats and oils. The proceeds from these charges, which were increased on 1 November 1966, are also used to finance valorization expenses for dairy products.

5. Policies and measures affecting consumption

Valorization expenses for dairy products (see B.I. 1.3) are designed inter alia to facilitate disposal of these products by lowering consumer prices. In November 1966 the subsidies in this respect were reduced because of budget difficulties and the further price increase that resulted had an inhibiting effect on butter consumption. Special measures were therefore taken on 1 September 1967 and on 18 January 1968 in order to facilitate disposal of butter of all qualities, but in particular cooking butter. The significance of these measures may be gauged from the table in paragraph 3.1 above, indicating prices of the principal types of butter since 1962.

To encourage disposal of milk and dairy products, extensive use is made of advertising (the special tax levied on milk producers - see B.I. 4 and 5) yields the necessary revenue for a budget of approximately 870,000 per annum) as well as measures to improve quality (premiums for cheese, deductions for milk, etc.). In addition, producers are required to purchase in the form of dairy products part of the quantity of milk that they supply to the market. The take-over proportion was raised from 2 to 3 per cent on 1 November 1967.

Lastly, a credit of 8 million francs (1.35 million) is available for purchases of dairy products designed for international aid programmes over the period 1967 to 1969. A special additional credit of 5 million francs (1.16 million), also designed for supplying dairy products to food-deficient populations, has been opened for 1968. It should make possible the purchase of about 900 tons of whole milk powder for this purpose.

D. International trade and prices

1. Statistical data on the volume and value of imports and exports

1.1 Dried milk, preserved (tariff item No. 0402.10)

Imports

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	11,997	3,380	19,510	6,084	11,473	3,677	21,123	6,241
of which:								
Germany	323	64	2,466	668	3,365	957	2,145	738
France	2,262	679	8,439	2,624	3,890	1,267	5,935	1,542
Belg.-Lux.	21	9	1,020	240	1,303	225	3,163	889
Austria	1,511	692	1,634	812	1,560	770	3,568	1,309
United States	6,989	1,686	5,349	1,518	169	35	-	-

Exports* (principally products for infant feeding - medicinal milk products)

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	4,468	4,860	4,302	4,673	4,268	4,662	4,821	5,595
of which:								
France	2,918	2,900	2,682	2,681	2,511	2,491	2,006	1,967
Thailand	660	820	711	848	657	788	864	1,128

* These figures do not include exports for relief programmes which have been as follows so far as milk powder is concerned:

	<u>Tons</u>	<u>\$'000</u>
1964	635	713
1965	661	768
1966	662	767
1967 (provisional)	500	579

1.2 Condensed and sterilized milk (tariff item No. 0402.30)

Imports (condensed milk)

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	4,641	1,296	5,092	1,311	5,502	1,396	5,200	1,454
of which:								
Netherlands	4,378	1,194	4,889	1,247	5,241	1,317	4,877	1,354

Exports (sterilized milk)

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	5,213	1,767	5,842	2,033	7,598	2,719	3,955	3,235
of which:								
Thailand	1,690	605	2,056	765	2,648	959	3,053	1,106
Philippines	2,639	856	2,873	1,000	3,635	1,292	4,420	1,553

1.3 Fresh butter (tariff item No. 0403.10)

Imports

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	10,217	11,389	6,262	6,083	4,862	4,183	765	1,025
of which:								
Denmark	3,907	4,095	2,399	2,325	1,000	875	-	-
Sweden	1,920	2,066	945	856	1,565	1,280	-	-

Switzerland is not a butter exporter.

1.4 Cheese (tariff item No. 0404)

Imports*

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	11,608	11,005	12,455	12,410	13,396	13,251	14,656	13,952
of which:								
France	4,076	3,279	4,910	4,371	6,453	5,388	7,882	6,633
Italy	3,560	4,856	3,343	5,034	3,209	5,046	3,184	4,605
Netherlands	991	682	1,241	736	1,276	815	1,142	732
Denmark	1,495	1,015	1,429	1,036	1,033	862	1,053	862

Exports*

	1964		1965		1966		1967	
	tons	\$'000	tons	\$'000	tons	\$'000	tons	\$'000
TOTAL	32,992	41,841	35,375	47,035	39,931	52,674	40,355	55,655
of which:								
Italy	11,151	14,019	11,868	15,933	13,680	17,908	13,477	18,347
France	6,197	8,224	7,283	9,804	7,879	10,933	8,244	12,214
United States	4,785	6,795	4,868	7,053	5,495	7,742	5,074	7,343

* For calculating import and export volumes, quantities of processed cheese are reckoned in net weight.

2. Levels of export and import prices

2.1 Export prices (c.o.b.)

- Hard cheese (tariff item No. 0404.28)

<u>Principal destinations</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Italy	1,250	1,341	1,304	1,360
France	1,327	1,345	1,387	1,482
Germany	1,164	1,239	1,218	1,291
United States	1,442	1,494	1,425	1,475
Belgium-Luxemburg	1,176	1,344	1,357	1,431

- Processed cheese (tariff item No. 0404.30)

<u>Principal destinations</u>	<u>Average price in \$ per metric ton*</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Italy	1,299	1,350	1,343	1,375
United States	1,384	1,373	1,373	1,399

* Net weight

- Milk powder (including products for infant feeding; tariff item No. 0402.10)

<u>Principal destinations</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
France	994	1,000	992	981
Iran	1,323	1,363	1,345	1,375
Thailand	1,242	1,192	1,201	1,305
Venezuela	1,316	1,319	1,306	-
Iraq	1,243	1,291	1,286	1,263

- Sterilized and condensed milk (tariff item No. 0402.30)

<u>Principal destinations</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Thailand	358	372	362	362
Philippines	324	348	356	351

2.2 Import prices (free at frontier, not cleared through customs)

- Hard or medium-hard cheese (tariff item No. 0404.24 and 0404.28)

<u>Principal suppliers</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
France (0404.24: Fontal, Saint-Paulin etc.)	575	673	613	618
France (0404.28: other)	643	737	675	650
Netherlands (0404.28)	638	593	638	641
Denmark (04.04.28)	578	597	641	656

- Fresh butter (tariff item No. 0403.10)

<u>Principal suppliers</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Denmark	1,048	969	875	-
Sweden	1,076	906	818	-

- Milk powder (tariff item No. 0402.10)

<u>Total imports of</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Skimmed milk powder	249	300	304	296
Whole milk powder	462	488	473	475

- Condensed milk (tariff item No. 0402.30)

<u>Imported from</u>	<u>Average price in \$ per metric ton</u>			
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Netherlands (principal supplier)	273	255	251	273

3. Export aid measures and policies

3.1 Cheese

Cheese exporters are required to direct their exports towards markets where prices are most favourable. Since their returns do not always cover production costs the Confederation participates in the resulting losses, which have been as follows:

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
In \$'000	12,089	13,026	15,786	18,325

The export volumes to which these sums relate are those shown in Table 1.4 above.

This export aid policy does not imply any under-bidding and does not bring down prices of Swiss export products below those of the corresponding domestic products in the importing country.

3.2 Preserved milk products

In view of the fact that selling prices do not cover the production price of milk, subsidies are necessary in order to maintain traditional exports of specialities such as medicinal milk products. These subsidies are paid on the basis of the milk used in the manufacture of such products, and have been in the following amounts:

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
In \$'000	345	425	574	733

The export volumes to which these sums relate are those indicated in Tables 1.1 and 1.2 above.

4. Description of bilateral agreements affecting imports or exports

Under the agricultural agreement with Denmark (dated 21 December 1959 together with the additional agreement of 11 May 1963) and in order to enable that country to regain the possibility of at least a 45 per cent share in Swiss butter imports, the Swiss Butter Supply Board (BUTYRA) will restrain to some extent its foreign butter purchases, the price of which has been reduced below the world price level by means of subsidies.

In the context of the Kennedy Round, Switzerland has also undertaken to afford to the EEC a minimum 20 per cent share of its total butter imports, to the extent that the quality, price and availability of the merchandise permit.