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Addendum

NETHERLANDS

The attached notification has been received from the Government of the Netherlands.

Notification of 31 March 1959

Survey of the Market Organization Policy in the
Agriculture, Horticulture and Fisheries

I. Description of notions used

In describing the market organization measures applied in the Netherlands the following notions have been used:

1. Guaranteed prices - firm prices guaranteed by the Government, realized via the home market prices.
2. Minimum guaranteed prices - minimum prices guaranteed by the government, which are realized by one or more of the following means:
 - (a) via the home market prices;
 - (b) via an allowance from the Equalization Fund for bridging the gap between the minimum guaranteed price and the home market price;
 - (c) via deliveries on the basis of the minimum guaranteed price, losses on the sale of the products delivered being borne by the Equalization Fund.
3. Minimum prices - arrangements by the industry, which with sales guarantee a minimum price to be realized via:
 - (a) possibility of delivery on the basis of the minimum price, any losses on the sale of the products delivered being borne by the joint producers;
 - (b) withdrawing from the market of surpluses unsalable on the basis of the minimum price, for which the producers will receive a lower "compensation price". Any losses on the sale of the products withdrawn from the market are borne by the joint producers.

II. Products

Domestic wheat

A guaranteed price for the producers is determined for delivery free-merchants-storehouse. This price is based on the cost price in the main wheat regions. It increases each month (August-April) so as to compensate farmers for costs of storage. The guaranteed price is realized via the home market price. Under this arrangement an admixture of 35 per cent home grown wheat in the bread flour has been made obligatory, while a possibility for delivery on the basis of the guaranteed price has been created. Deliveries take place only rarely, the system operating in such a way that the guaranteed price is practically always fetched.

Prices of imported wheat are not regulated and are duty-free.

Feed grains

(Barley, oats, rye and maize): minimum guaranteed prices for the producers are determined, which are realized via the home market prices by applying equalization levies on imported grains. In case processed cereals or live-stock products are exported the equalization levies will be refunded (see under livestock products). Producers on the lighter soils are, when the market price level is exceeded, entitled to supplementary premiums. These premiums are paid by the Agricultural Equalization Fund.

Ware potatoes

Minimum guaranteed price for the producers, realized by opening up a possibility for delivery to the Purchase and Sale Office (VIB) twice every season, on the basis of the minimum guaranteed price. The minimum prices has been fixed at such a low level that it will exclusively become operative in the case of catastrophic price drops. During the last few years the possibility for delivery has hardly ever been made use of.

Manufacturing potatoes

Minimum guaranteed price for the producers, realized by means of a premium equal to the difference between the minimum guaranteed price and the average sales price. The difference is paid out of the Agricultural Equalization Fund.

Seed potatoes

Minimum price realized by means of a possibility of delivery to the VIB at the end of the marketing season, on the basis of the minimum price. For seed potatoes there is a private equalization fund, maintained by the growers and by means of export levies. This measure aims at an equalization of the price over a number of years.

Sugar beet

Guaranteed price for the producers for that part of the production which can be absorbed by the home market, realized by means of a firm ex-factory sugar price for quantities sold in the home market.

Milk and dairy products

1. Liquid milk and liquid milk products - Guaranteed price for the joint producers realized via the home market price.
2. Butter and cheese - Minimum price realized via the possibility of delivery to the VIB, on the basis of the minimum prices. Any losses or profits on products delivered will be paid by or into the Dairy Fund, which is financed by the producers.

3. Skim milkpowder - Minimum price realized both via the possibility of delivery on the basis of the minimum price and via equalization levy on imported milk powder. Any losses or profits on products delivered will be paid by or into the Dairy Fund, which is financed by the producers.

4. All milk delivered - The arrangements referred to above which affect the sales price of the milk are, in their turn, directly influenced by a minimum guaranteed price for the producer which applies to a limited quantity only. This guaranteed price is realized by means of a premium to an amount equal to a certain part of the difference between the average proceeds of all milk taken over one year and the guaranteed price. On account of the fact that only one guaranteed price is fixed, and the amount of the premium is based on one average sales price for all milk, the individual dairy factories are encouraged to make as high a price as possible for their products, so as to enable them to pay a price as high as possible to their milk suppliers (cattle farmers) for the milk supplied by them.

The premium is paid out of the Agricultural Equalization Fund.

Pig meat

Hams - Reimbursement of equalization levy on imported feed-grains when exported.

Bacon - Restitution of equalization levy on imported feed-grains when exported.

Eggs, egg-products and table chicks

Reimbursement of equalization levy on imported feed-grains when exported.

Flax (social provision)

Premium payable to the flax processing industry per ha of flax processed. The premium is financed out of the Agricultural Equalization Fund. In 1958 an amount of D. fl. 1.5 million was paid.

Market organization in horticulture

Among the measures within this sector - which comprises vegetables and fruit and ornamental crop growing - a few main outlines stand out more or less clearly, which determine the character of horticultural organization.

1. Control of production potentialities

The limitation of the number of producers to a group of recognized skilled growers on the one hand and the control of the area on the other aim at creating a stable production of high-quality products, the volume of which is adapted as well as possible to the demand to be expected from both home and foreign buyers.

2. Canalization of supply and demand

Concentration of supply and demand, particularly at auctions (sometimes even required by public law), which among other things promotes a correct judgement of market situations, and makes a proper price formation more likely.

3. Free price formation

The control of the production potentialities referred to under 1 is only a rough estimate (per sector), and allows for differences according to types. For each product and/or type the free influence of the principles of supply and demand applies. This tends to prevent the threat of rigidity in the production pattern, and to promote an increase of the productivity.

4. Arrangements in respect of incidental surpluses

Inherent to the production process and the character of the product (liability to deterioration) is the prevention at certain times of daily surpluses. These incidental surpluses are withdrawn from the market. Indications for such procedure are the so-called minimum prices. The level of these prices is determined at the beginning of a period, the idea being on the ground of previous experience to base this level on the proper satiety point of the market. It has appeared that this level is always appreciably lower than the cost price. For the products withdrawn from the market a compensation scheme has been created which is financed from funds procured by the producers themselves.

5. Export arrangements

Under the adopted export policy only such products are exported as comply with rigorous requirements in respect of quality. Undercutting is prevented through a prohibition of consignments. Sometimes the producers of the importing country are protected by fixing minimum export prices.

6. Influence of the Government

Barring one minor case (protection of cabbage to an amount of D.fl. 1 million in behalf of the so-called Geestmerambacht area where social conditions are very poor) the horticultural sector is not state-aided. Giving arrangements the force of law, as is desired by the industry will, however, be homologated by the Government.

Fisheries policy

The main lines, determining the character of the organization of horticulture set out in chapter 2, and those applicable to the fisheries sector are very much alike, although there are, of course, minor differences dictated by the nature of the industry.

1. Control of the production potentialities

On account of the fact that the pursuance of fisheries is subjected to a system of licences and the policy governing the issue of these licences is directly influenced by the development of the marketing possibilities, this system can be considered one of the means to help adapt the supply to the demand. The policy as pursued to-day merely seeks to prevent any undue extension of the machinery of supply. This adaptation is also reflected in regulations regarding the numbers of nets which may be used, and the processing of the product on board of the fishing craft.

2. Canalization of supply and demand

In view of the fact that the transfer of fish from supplier to the trade is affected via the auction, the market situation is quite clear and a justified price formation is promoted.

3. Free price formation

As in horticulture the price fetched at auctions for the fish landed is a reliable indication for the supplier into which direction the production will have to develop. Needless to say that this adaptation is limited by natural circumstances, which especially in fisheries may exercise a great influence.

4. Arrangements in respect of incidental circumstances

As far as the arrangements with regard to incidental surpluses are concerned much about the same measures are taken in the fisheries section as apply to horticulture. Special difficulties, however, attach to the determination of the minimum price at auctions and the relation between this price and the cost price. In the fisheries sector it is not always quite clear what is meant by the term cost price, while, as a result of the adopted system of wage formation, the crew are directly interested in the level of the minimum price.

5. Export regulations

Minimum export prices have been fixed for a great number of fishery products. These minimum prices both aim at protecting the home production of the importing country and the prevention of undercutting.

6. Influence by the Government

Fisheries in this country are not state-aided. As in horticulture, giving arrangements the force of law as desired by the industry is homologated by the Government.

Additional information according to document L/951.
on the Netherlands agricultural policy

All price regulations are based on the Agricultural Law of 1957.

Domestic wheat

The guaranteed price, 17 per cent, moisture, 1959 crop: Dfl. 31.40 per 100 kg delivery free merchants storehouse (Dfl. 30.95 off farm). Increases Dfl. 0.35 per month, from August to April. In December the guaranteed price is reached.

Feed grains

Minimum guaranteed prices, 1959 crop, per 100 kg

	<u>clay soils</u>	<u>light sandy soils</u>
barley	Dfl. 26.45	Dfl.
oats	24.65	28.35
rye	22.50	27.25
wheat	24.50	
maize	24.50	
sorghum	23.-	
millet	22.-	

Equalization levies on imported grains: September 1957 - September 1958
Dfl. 81 million.

In 1957 the deficiency payment for oats and rye amounted to Dfl. 3.54 and 6.25 per kg, respectively.

The unit amount of the deficiency payment for barley is the same as that for oats.

Ware potatoes

Minimum guaranteed price, 1958 crop, Dfl. 6.75 per 100 kg graded clay and sand potatoes.

Manufacturing potatoes

Minimum guaranteed price, 1959 crop, Dfl. 7.30 per 100 kg. Premium paid out of the Equalization Fund: 1958 estimated at Dfl. 18 million.

Sugar beet

Guaranteed price for sugar: Dfl. 61.- per 100 kg refined sugar, ex factory. This comes to Dfl. 53.40 per ton sugar beet with a sugar content of 16 per cent. The guarantee is limited to a quantity of 465,000 tons refined sugar.

Milk and dairy products

1. Liquid milk and liquid milk products.

Guaranteed price, 1958-59 season Dfl. 31.30 with 3.7 per cent fat.

2. Butter and cheese

Minimum price butter Dfl. 3.35 per kg as from 1 February 1959.

Minimum price cheese according to quality and kind Dfl. 1.60 per kg as from 1 February 1959.

3. Skim milkpowder.

Minimum price spray	Dfl. 91.40
Levy on imported milkpowder	Dfl. 19.-- per 100 kg

All milk delivered

Minimum guaranteed price 1958-59 Dfl. 28.90 per 100 kg, 3.7 per cent fat, up to a maximum of 5 million tons of milk.

Of the deficiency between the average proceeds of all milk taken over one year and the guaranteed price only 5 cts per kg and half of the remaining deficiency will be paid from the Equalization Fund, the other half being borne as a loss by the farmers themselves.

Deficiency payments	1956-57	Dfl. 212 million
	1957-58	Dfl. 407.5 "
		(i.c. 7.43 cts per kg)

Pig meat

Restitution of equalization levy on imported feed grains:
hams Dfl. 0.20 - 0.40 per kg ham.

Total amount of restitutions on pigmeat 23 million guilders.

Eggs, egg products and table chicks

Restitution of equalization levy on imported feed grains.

Eggs: 80 cts per 100 pieces from November 1957 to February 1959.

As from 16 February 1959 40 cts.

