

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notification of Contracting Parties

Addendum

DENMARK

Notification of 13 November 1961

By letter of 13 November 1961, the Government of Denmark has transmitted to the secretariat a notification on subsidies in accordance with the revised questionnaire.

The notification contains information on the modifications made in the Grain Marketing Scheme from the harvest year 1960/61 to the harvest year 1961/62, and also the subsidy provisions of the Act¹ of 16 June 1961 on marketing of Danish agricultural products, etc.

In the Danish subsidy notification of 20 January 1961 (L/1328/Add.9) mention was made of three other schemes. The marketing scheme for milk and dairy products has, however, been discontinued with effect from 13 January 1961. The existing Dollar Export Incentive Scheme, as previously indicated, will be discontinued as from 1 January 1962. The Sugar Scheme has not been subjected to modifications in the course of the year; information submitted and the general observations made by the Danish Government regarding this scheme in the previous notification are still to be noted.

1. The Grain Marketing Scheme for the harvest year 1961/62

A. Bread grain

I.(a)

The rules governing the trade in Danish bread grain of the 1961 harvest and the milling quota of Danish bread grain were laid down by Act No. 209 of 16 June 1961 on a Grain Marketing Scheme for the harvest year 1961/1962 and

¹A copy of the Act in the Danish language is available for consultation at the secretariat.

by the executive orders issued by the Ministry of Agriculture on 21 July 1961 and 12 August 1961 concerning Danish bread grain of the 1961 harvest, etc., and on milling quotas, etc., for Danish wheat and rye.

I.(b) (c) and (d)

For the rules under the present Act, which with certain exceptions have been carried over from the previous Acts on the Grain Marketing Schemes for the harvest years 1959/60 and 1960/61, reference is made to earlier reports thereon.

The prices payable to producers of rye and wheat remain unchanged at respectively Kr.47 per 100 kg. and Kr.49 per 100 kg.

However, the new provisions raised the storage allowance from 40 øre to 45 øre for each half month for six and a half months. The amount by which the prices of rye and wheat, resold by authorized dealers to mills, may exceed the prices (including storage allowance) for delivery to dealers was raised from Kr.2.85 to Kr.3.20 per 100 kg.

A mill grinding Danish bread grain must - for rye: from and after 16 August 1961 and for wheat: from and after 1 September 1961 - pay a milling charge of Kr.6 per 100 kg. as from 15 September 1961; after that date this charge decreases by 45 øre per each half month. The milling charge levied on Danish rye and wheat of the 1961 harvest, ground before 16 August, respectively 1 September 1961, is likewise Kr.6 per 100 kg.

The present rules raised the milling charge from Kr.5.40 to Kr.6 per 100 kg. and the half-monthly decrease from 40 to 45 øre per 100 kg.

In addition, mills receive a storage allowance of 30 øre per 100 kg. during the period 1-15 April 1962, rising by 45 øre for each half month up to the end of July 1962.

The present rules raised the storage allowance from 20 to 30 øre per 100 kg. and the half-monthly increase from 40 to 45 øre per 100 kg.

The State's expenditure on bread grain in connexion with the Grain Marketing Scheme for the harvest year 1960/61 totalled Kr.52 million.

II.(a) and (b)

Reference is made to earlier reports.

Statistical information for the year 1960:

| <u>1,000 tons</u> | <u>Production</u> | <u>Consumption</u> | <u>Import</u> | <u>Export</u> |
|-------------------|-------------------|--------------------|---------------|---------------|
| wheat | 320 | 359 | 41 | 2 |
| rye | 454 | 484 | 30 | - |

Comment: Consumption is calculated as production + import + export.

B. Coarse grain

I.(a) and (b)

By the above-mentioned Act No. 209 of 16 June 1961, on a Grain Marketing Scheme for the harvest year 1961/62 the provisions laid down by Act No. 232 of 10 June 1960, on a Grain Marketing Scheme for the harvest year 1960/61 concerning the compensatory charge on imported coarse grain were prolonged without change for the harvest year 1961/62. As regards these provisions, reference is made to earlier reports.

In this connexion reference is also made to the temporary ban as of 13 September 1961 on the importation of coarse grain. Detailed explanation on this step was given in the course of the balance-of-payments consultations with Denmark on 30 October 1961.

I.(c) and (d)

The compensatory charges levied on imported coarse grain yielded Kr.35 million in the harvest year 1960/61. Of that amount close to Kr.20 million was used for subsidies to small farms in the shape of a fixed subsidy payable in relation to the number of cows held by such farms. These subsidies are granted only to holdings having from 2 to 9 cows. In addition almost Kr.1 million was made available to promote poultry breeding (experimental stations).

II

See earlier report.

C. Skimmed milk powder

I.(a) and (b)

By the above-mentioned Act No. 209 of 16 June 1961, on a Grain Marketing Scheme for the harvest year 1961/62 the rules laid down by Act No. 232 of 10 June 1960, on a Grain Marketing Scheme for the harvest year 1960/61 concerning a compensatory charge on imported milk powder were prolonged without change for the harvest year 1961/62, except that the home market price was raised from about .40 to about Kr.1.50 per kg.

I.(c) and (d)

The compensatory charges levied on imported milk powder during the harvest year 1960/61 yielded Kr. 1.9 million which, in accordance with the Act, was used to reduce the price of Danish skimmed milk powder used for feeding purposes.

II

Due to the limited application of the provisions, the scheme has not had any noticeable effect upon the production, consumption, imports and exports of milk powder.

2. Act on the marketing of Danish agricultural products, etc.

I.(a)

Pursuant to Act No. 195 of 16 June 1961, a fund has been established, designated as the Rationalization Fund of the Farming Industry, to which the State is to allocate for two years an annual amount of Kr.250 million. This includes a grant of Kr.58 million annually based on land tax paid to the county authorities by farm holdings. Furthermore, an annual subsidy of Kr.50 million is given to reduce the price of fertilizers. The Act also authorizes an increase in the home market price for pig-meat of up to 50 øre per kg. on an average for the whole period the Act is in force, i.e. until 30 June 1963.

During the fiscal years 1961/62 and 1962/63 the Minister for Agriculture can make up to Kr.150 million available for measures to promote the marketing of agricultural products. Under this provision, means can be made available for general measures to promote the marketing of agricultural products, for instance through propaganda and advertising campaigns.

I.(b) (c) and (d)

Amounts from the said Fund are allocated to operators of farm holdings for 1961 according to the following criteria:

1. All farm holdings having a land value of Kr.2,500 - Kr.40,000 as of 1 September 1956 receive a fixed amount of Kr.200 - Kr.800 according to the land value. The biggest amount is allowed for holdings having a land value of Kr.5,500 - Kr.14,999. Operators of more than one holding will only receive a fixed amount for the holding which has the highest land value.

Out of Denmark's 196,000 farm holdings, 148,000 have received the fixed amount. The total subsidy represents Kr.94 million.

2. A subsidy given in the form of Kr.80 per cow held by farmers on 16 July 1960. The total number was over 1.4 million cows held by close to 167,000 farmers. The total subsidy amounted to some Kr.114 million.

The subsidy to reduce the price of fertilizers is for the current year payable at 10 per cent of the value of the fertilizers supplied to each holding during the period 1 August 1960 - 1 June 1961. The total subsidy amounted to Kr.47 million.

The increase in the home market price of pig-meat was implemented by an executive order issued by the Ministry of Agriculture on 28 July 1961, according to which a charge of Kr.36 per pig will be levied on all slaughterings made on or after 31 July 1961. Exporters of pig-meat and pig-meat products will receive a compensatory allowance equal to the value of the slaughter charge. This slaughter charge involves an increase of 50 øre per kg. of the home market price. These provisions are so new that the net result cannot be estimated yet.

II.

Apart from the home market price of pig-meat the above-mentioned legislative action does not give reference to any individual commodity or commodity group, but the funds shall accrue to Danish farmers. They will hardly have any impact on the conditions governing imports and exports in Denmark. The main purpose has been, as far as possible, to alleviate the disparity between the incomes of the individual sectors of the Danish economy. In the view of the Danish Government, these measures are not likely to result in any material increase in the production of agricultural products in Denmark.