

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

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SWITZERLAND

I. MILK AND DAIRY PRODUCTS

(1) General

Dairy production is the most important branch of Swiss agriculture as it brings in regularly one third of the adjusted gross yield. Accordingly, measures taken in this sector must be considered as a whole. For this purpose, reference must be made to the dairy balance-sheet of the Confederation, as follows:

Dairy Balance-Sheet of the Confederation

Accounting period	1.11.60 - 31.10.61	1.11.61 - 31.10.62
Government accounts	1961	1962
<u>Expenditure</u>	'000 frs.	'000 frs.
Valorization of butter	37,733	44,362
Valorization of cheese	39,368	43,417
Valorization of preserved milk products	869	755
Mountain allowances	6,639	18,969
International welfare organizations	5,181	--
Other	--	277*
Total	<u>89,790</u>	<u>107,780</u>

*This amount represents expenses resulting from work undertaken in 1961 to determine which producers delivered too much milk.

<u>Coverage</u>	<u>1960/61</u>	<u>1961/62</u>
<u>Taxes and price supplements</u>		
- tax on household milk	3,791	3,483
- tax on household cream	4,423	4,684
- customs duty supplement on butter	6,088	3,492
- countervailing charge on household milk	13	17
- price supplement on edible oils and fats	16,602	21,441
- tax on imported butter	11,288	4,661
- price supplement on skimmed milk powder	378	1,476
- price supplement on cream and cream powder	136	268
- price supplement on condensed milk	8	2,414
Total: taxes and price supplements	42,727	41,936
<u>General funds of the Confederation</u>	<u>36,220</u>	<u>54,317</u>
Total allowances by the Confederation	78,947	96,253
<u>Share payable by producers</u>	<u>10,843</u>	<u>11,527</u>
Total expenditure	<u>89,790</u>	<u>107,780</u>

The base price paid to the producer for milk offered for sale is fixed by the Federal Council. It amounted to 43 centimes per kg. of milk until 31 October 1961 and was raised to 45 centimes per kg. of milk as from 1 November 1961. These increases in the base price of milk had only a partial effect on prices of dairy products. To a certain extent producers participate in losses resulting from the valorization of dairy products. A sum is withheld on the base price of milk; this sum amounted to 3 centimes from 1 November 1960 to 30 April 1961, and to 1 centime from 1 May 1961. According to the results of the dairy fiscal year, part of the amount withheld is refunded to producers. Thus the base price actually received by producers was as follows:

- from 1.11.1960 to 30. 4.1961: 42.0 centimes
- from 1. 5.1961 to 31.10.1961: 42.6 centimes
- from 1.11.1961 to 31.10.1962: 44.4 centimes

Contributions to producers in mountain districts were raised as from 1 November 1961. They are granted for the first five head of cattle and amount to 40 francs per head in mountain zone I, 80 francs in mountain zone II, and 120 francs in mountain zone III; the relevant costs have been met entirely from the general funds of the Confederation since 1 November 1961, whereas previously producers had to bear part of these costs. In 1962 gifts of dairy products to international welfare organizations were financed directly and exclusively by the Confederation and therefore no longer affect the dairy balance-sheet.

(ii) Butter

I. Nature and extent of the subsidy

(a) Background and authority

- Law on Agriculture, of 3 October 1951.
- Federal Assembly Decree of 29 September 1953 concerning milk, dairy products and edible fats.
- Federal Decrees introducing provisions applicable to the maintenance of the control of reduced prices of 28 September 1956 and 21 December 1960.
- Federal Decree on supplementary, economic and financial measures applicable to dairy production of 19 June 1959*.

The Swiss butter market is controlled by the Swiss Butter Supply Board (BUTYRA), a co-operative society under public law. It holds the monopoly for the importation of butter and levies a tax on imported butter. It purchases unsold domestic butter at a price corresponding to the base price of milk and arranges for its disposal with the help of funds granted by the Confederation.

(b) Incidence

A distinction must be made between three kinds of subsidies which may be applied simultaneously and are designed to encourage the sale of butter on the domestic market exclusively:

*Replaced by a Federal Decree with the same title dated 4 October 1962 which came into force on 1 November 1962. The effects of this new legislation are not taken into account in this report as they will be felt in the dairy fiscal year 1 November 1962/31 October 1963 and in the ensuing years.

- (1) The first kind of subsidy compensates the charges borne by milk producers when increases in the base price of milk are not entirely passed on to retail prices of butter. Accordingly, between 1 November 1957 and 30 April 1961, a subsidy amounting to 2 centimes per kg. of processed milk was paid to butter manufacturers. Since the rise in the base price of milk which occurred on 1 November 1961 was passed on in full to retail prices, there was no need to grant a further subsidy.
- (2) (a) The Confederation pays a subsidy to the butter centres to enable them to sell table butter without loss at the prices fixed by the Federal Council.
- (b) The Confederation grants the requisite funds to BUTYRA so that fresh or melted cooking butter can be sold at a reduced price; the amount of the price reduction, and consequently the losses incurred, vary according to the use made of the butter (household, trade, industry) and its quality.
- (3) BUTYRA pays certain marketing charges through the following subsidies:
- (a) marginal supplements for the wholesale trade;
- (b) marginal supplements for collection.
- (4) BUTYRA shares in the cost of propaganda to encourage butter consumption.
- (c) Amount of subsidy

	<u>1960/61</u>	<u>1961/62</u>
	1.11.60-31.10.61	1.11.61-31.10.62
	'000 frs.	'000 frs.
(1) Subsidy on processed milk (until 30 April 1961)	4,713	-
(2a) Reduction of table butter prices	<u>15,151</u>	<u>19,975</u>
Carried forward	19,864	<u>19,975</u>

	<u>1960/61</u> 1.11.60-31.10.61	<u>1961/62</u> 1.11.61-31.10.62
	'000 frs.	'000 frs.
Brought forward	19,864	19,975
(2b) Reduction of prices of cooking butter and melted butter	16,951	23,520
(3a) Marginal supplement for wholesale trade	295	273
(3b) Marginal supplement for collection	187	191
(4) Propaganda for butter	<u>436</u>	<u>403</u>
	37,733	44,362

(d) Amount per unit

- (1) The subsidy on processed milk amounted to 2 centimes per kg. of milk until 30 April 1961, which was equivalent to 50 centimes per kg. of butter.
- (2) (a) The subsidy on table butter has led to a reduction in selling prices. It varies according to region and quality as follows:
- until 30 April 1961:
 - in the plain: 40 or 45 centimes per kg.;
 - in mountain districts: 55 or 60 centimes per kg.;
 - from 1 May 1961:
 - in the plain: 70 or 75 centimes per kg.;
 - in mountain districts: 85 or 90 centimes per kg.
- (b) The subsidy on cooking butter and melted butter. Until 30 April 1961, the subsidy varied in amount between 3.06 francs per kg. and 1.76 francs per kg. according to the quality of the butter used for processing into fresh cooking butter or melted butter.

From 1 May to 31 October 1961, it varied between 3.26 and 1.69 francs per kg.

Since 1 November 1961, the subsidy has been reduced to range between 2.71 and 1.41 francs per kg.

(a) The marginal supplement is granted to the wholesale trade according to a sliding scale, inversely proportional to turnover. It amounts on the average to 3.7 centimes per kg. for private wholesale trade, and 2.4 centimes for the butter centres.

(b) The marginal supplement for collection of dairy butter amounts to 3.5 centimes per kg.

II. Effect of subsidy

(a) The subsidies enable butter producers to sell it at prices corresponding to the price of milk. They also facilitate disposal on the domestic market. These measures have to a large extent prevented a shift in consumption trends towards competing products and have kept per caput consumption of butter at a steady level (7 kg.).

(b) Production, imports, exports and consumption

<u>Years</u>	<u>Production</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Consumption*</u> tons
1960	34,900	350	-	36,840
1961	32,200	6,004	-	39,168
1962	33,900	3,600	-	37,300

*Taking account of stock variations.

(iii) Cheese

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture, of 3 October 1951.
- Decree of the Federal Assembly of 29 September 1953, on milk, dairy products and edible fats; amended by Federal Decree of 27 June 1957;
- Federal Decree of 19 June 1959 on supplementary economic and financial measures applicable to dairy production.

In pursuance of these legislative provisions, the organizations of milk producers and of cheese manufacturers and exporters have formed the "Union suisse du commerce de fromage S.A.", (Swiss Cheese Trade Union) (USCF). The USCF takes up the domestic production of hard cheese at fixed prices (Emmental, Gruyère, Sbrinz, i.e. 80 per cent of total production) and resells it through private firms at the best prices obtainable. The USCF does, however, suffer losses in the process of this activity which are covered by the subsidies described below.

(b) Incidence

- (1) Until 30 April 1961, a subsidy of 2 centimes per kg. of processed milk was paid to producers of cheese of all kinds, corresponding to the rise in the base price of milk which has not been passed on to prices of dairy products.

Since 1 May 1961, the subsidy has no longer been paid except on soft cheeses and special cheeses on which it was continued to be paid until 31 August 1961.

- (2) The losses of the USCF are partly covered by a Federal subsidy.

(c) Amount of subsidy

	1.11.60-31.10.61	1.11.61-31.10.62
	'000 frs.	'000 frs.
(1) Subsidy on processed milk	6,054	-
(2) Share in losses of USCF	<u>33,314</u>	<u>43,417</u>
	39,368	43,417

(d) Amount per unit

- (1) The subsidy of 2 centimes per kg. of processed milk corresponded on an average to a reduction of 25 centimes per kg. in the price of cheese.
- (2) It is impossible to calculate the price reduction resulting from the subsidy which covers USCF losses, since the prices which can be obtained on the various markets can vary.

II. Effect of subsidy

(a) Owing to the subsidies it has been possible to dispose of the cheese output on the domestic market and to maintain traditional exports. It should be emphasized that Switzerland does not impose either quantitative restrictions or taxes on cheese imports, despite the fact that selling prices of domestic cheese are higher than those of imported cheese. The following table shows that imports have increased considerably while production and exports have remained virtually stable.

(b) Production, imports, exports and consumption

<u>Years</u>	<u>Production</u> tons	<u>Imports</u> tcns	<u>Exports</u> tons	<u>Consumption*</u> tons
1960	68,900	6,691	30,107	43,881
1961	69,600	7,897	32,380	46,001
1962	65,511	8,960	31,328	46,357

*Taking account of stock variations.

(iv) Preserved milk productsI. Nature and extent of subsidy(a) Background and authority

- Law on Agriculture of 3 October 1961.
- Decree of Federal Assembly of 29 September 1953, regarding milk, dairy products and edible fats.
- Federal Decree of 19 June 1959 on supplementary economic and financial measures applicable to dairy production.

(b) Incidence

A subsidy was paid to suppliers of milk to industry in cases where the rise in the base price of milk was not passed on to the price of preserved milk products:

- (1) Until 30 April 1961 a uniform subsidy of 2 centimes per kg. of processed milk was paid, corresponding to the rise in the base price of milk since 1 November 1957, and not passed on to the price of dairy products.

- (2) As from 1 May 1961 this increase has been passed on to preserved milk products intended for the domestic market.
- (3) Likewise, the rise of 2 centimes in the base price of milk which occurred on 1 November 1961 has only been passed on to preserved milk products intended for the domestic market.

(c) Amount of subsidy

	1.11.60-31.10.61	1.11.61-31.10.62
	'000 frs.	'000 frs.
(1) Subsidies until 30 April 1961	682	-
(2) and (3) Subsidies since 1 May 1961	<u>187</u>	<u>755</u>
	869	755

(d) Amount per unit

Since the amount of milk used for the preparation of 1 kg. of milk preserves varies according to the product, it is impossible to determine the amount of the subsidy per unit of preserved milk products.

II. Effect of subsidy

(a) The reduction in prices of preserved milk products has a favourable effect on sales. Imports have doubled since 1956 while current exports have remained stable.

(b) Production, imports, exports and consumption (in tons of fresh milk)

Years	Production	Imports	Exports	Consumption
			current international welfare action	
1960	69,249	30,000	41,500*	57,749
1961	80,626	33,100	37,000 7,200	69,526
1962	86,000	32,700	36,600 6,500	75,600

*Total exports

2. FEEDGRAINS

I. Nature and extent of subsidy

(a) Background and authority

Law on Agriculture of 3 October 1951.

In order to ensure supplies during periods of emergency, to retain the possibility of extending cultivation and to relieve the strain on animal production, cultivation bonuses are granted to encourage the growing of feedgrains. These bonuses are accompanied by a price supplement levied on imported fodder. In addition, subsidies are paid on the small quantities of domestic feedgrains sold on the market.

(b) Incidence

- (1) In years when the growing of feedgrains leads to expenditure higher than that involved in the purchase of similar imported grains, cultivation bonuses in proportion to the area under cultivation are paid to domestic producers of oats, barley, maize and three other local species of feedgrains. The allowances consist of a basic bonus and of supplementary bonuses for the mountain zone. They are fixed annually before the spring sowings, the cost being covered by the price supplements levied on imported fodder.
- (2) Since 1 June 1961 allowances have been paid to importers of fodder who purchase domestic feedgrains from a merchant or producer. These subsidies cover transport and marketing costs for domestic feedgrains.

(c) Amount of subsidy

- (1) Cultivation bonuses: 1960: 13.3 million francs
1961: 20.3 million francs
1962: 21.5 million francs
- (2) Marketing allowances:
1961 harvest: 95,782 francs

(d) Amount per unit

- (1) The amount of the cultivation bonus was the same in 1960 as in 1958 and 1959, i.e. 300 francs per hectare; the supplementary bonus amounted to 60 francs per hectare in mountain zone I

(up to an altitude not exceeding 1,000 metres) and 120 francs per hectare in mountain zone II (more than 1,000 metres altitude).

In 1961 and 1962, the cultivation bonuses were higher. The basic bonus was the 400 francs per hectare and the supplementary bonuses were 80 francs per hectare in mountain zone I and 160 francs per hectare in mountain zone II. Furthermore, a new supplementary bonus was introduced for steeply sloping land in the plateau district, amounting to 80 francs per hectare.

- (2) The allowance for marketing transactions is fixed at 25 francs per ton. The allowance for transport costs varies according to distance, the average rate being 6.60 francs per ton.

II. Effect of subsidy

- (a) (1) The system of cultivation bonuses and price supplements on imported fodder has made it possible to retain the cultivation of feedgrains over an area of between 45,000 and 55,000 hectares following the abolition of the regulations applied to cultivation during the war.
- (2) The allowances paid to importers for the marketing of domestic feedgrains had no significant effect during the first year of their application. The subsidies were paid on only 1 per cent of oats and barley production, and 17 per cent of maize production.
- (b) Production, imports and consumption (oats, barley and maize)

	<u>Production</u> (tons)	<u>Imports</u> (tons)	<u>Consumption</u> (tons)
1960	133,600	425,438	559,038
1961	160,900*	412,391	573,291*
1962	179,400*	462,214	641,614*

* Provisional figure.

Switzerland does not export feedgrains.

3. COLZA SEEDS

I. Nature and extent of subsidy

(a) Background and authority

Law on Agriculture of 3 October 1951.

The measures for the encouragement of colza cultivation are aimed at maintaining a minimum area under oilseed cultivation in order that the country may be self-sufficient in periods of emergency. Each year the Federal Council fixes the area in respect of which it guarantees to producers the purchase of the colza crop. This area is at present limited to 6,000 hectares. The guaranteed price to the producer is fixed at the time of the harvest, on the basis of production costs and possibilities of disposal.

(b) Incidence

The Federal Department of Public Economy makes arrangements with the organizations concerned for the conclusion of cultivation contracts with producers. It concludes arrangements with the oil processing plants concerning the purchase of the crop, the processing of the seed and the disposal of the oil. The selling price of colza oil is fixed in relation to prices of other edible oils. The Confederation reimburses to the oil processing plants any loss resulting from the difference between their production costs and the selling price of colza oil.

(c) Amount of subsidy

1960: 5 million francs

1961: 5 million francs

1962: 7 million francs

(d) Amount per unit (per ton of seeds)

1960: 514.25 francs

1961: 557.50 francs

1962: 560.- francs

II. Effect of subsidy

- (a) The subsidy has made it possible to maintain the minimum area under colza cultivation as a basis for extension in case of need. Without the subsidy this cultivation would disappear. Domestic production at present covers only about 5 per cent of Swiss consumption of vegetable oils and fats.

(b) Production and consumption

Imports of colza seed and oil are irregular and very small. There are no exports.

Consumption of domestic colza oil has been as follows:

1960: 4,058 tons of oil

1961: 3,800 tons of oil

1962: 5,200 tons of oil.

4. SUGAR BEETI. Nature and extent of subsidy(a) Background and authority

Federal Decree of 20 December 1957 (entered into force on 15 May 1959), for the encouragement of sugar beet cultivation and safeguard of the country's sugar supply.

In order to enable the sugar refineries to purchase at prices fixed by the Federal Council the sugar beet produced in accordance with the cultivation contracts concluded with the planters, the Confederation grants a subsidy which takes the form of a guarantee against any deficit. The price of sugar beet corresponds to the cost of production in efficient agricultural undertakings. The import of sugar is free. The sugar refineries therefore have to sell sugar refined in Switzerland at the price prevailing on the free market, and this might involve a loss when the world price is very low. This has been the case since 1959.

(b) Incidence

The Confederation guarantees to the sugar refineries the refund of half of any deficit incurred, up to a maximum of 3.6 million francs.

(c) Amount of subsidy

	1959/60*	1960/61*	1961/62*
	million fr.	million fr.	million fr.
Subsidy by the Confederation (half of loss)	1.4	1.75	2.8

* From 1 October to 30 September.

(d) Amount per unit (per kg. of domestic refined sugar)

1959: 3.75 centimes

1960: 5.3 centimes

1961: 8.6 centimes

II. Effect of subsidy

(a) Due to the Confederation guarantee, the sugar refineries are able to process domestic sugar beet even when world sugar prices are extremely low, with a view to ensuring Switzerland's supplies in time of emergency. About 15 per cent of total sugar consumption is covered by domestic production.

(b) Production, imports, exports and consumption

	<u>Production</u> (tons)	<u>Imports</u> (tons)	<u>Exports</u> (tons)	<u>Consumption</u> (tons)
1960	33,113	198,019	2,621	228,511
1961	32,687	245,122	3,291	274,518
1962	26,985	230,525	4,084	253,426

5. BREEDING AND DAIRY CATTLEI. Nature and extent of subsidy(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Federal Decree of 13 December 1957, to facilitate the sale of breeding and dairy cattle, and likewise sheep's wool in Switzerland, abrogated and replaced by:
- Federal Law of 15 June 1963 (entered into force on 12 October 1963), to facilitate the sale of breeding and dairy cattle, and likewise wool.

The various measures taken in this sector are principally designed to improve conditions prevailing in the mountain districts, where animal husbandry is the principal, if not the only livelihood. Assistance can thus be given to small undertakings in mountain districts, which suffer from disadvantages of geographical situation and climate.

The measures are aimed at improving animal husbandry and achieving a better distribution of labour in this sector as between the plain and the mountain districts; the aim is to enable breeding and dairy cattle of good quality to be sold at prices which cover production costs. The subsidies are financed out of the proceeds of the price supplements levied on imported fodder, and out of the general funds of the Confederation.

(b) Incidence

(1) Encouragement of sales within the country

- (a) The Confederation grants subsidies to the cantons or to authorized bodies which make purchases of cattle from stock breeders in the mountain districts to avoid the losses which they might otherwise incur in the event of difficulties in disposing of stock at markets, fairs or exhibitions.
- (b) The Confederation reimburses part of their expenses to cantons which pay subsidies to breeders in mountain districts for the slaughter of dairy or breeding animals which are of inferior quality or unfit to be kept.
- (c) The Confederation contributes to the cost of transporting animals from remote mountain districts.

(2) Maintenance of traditional exports

Subsidies are granted in order to bring the prices of animals into line with those prevailing on our traditional export markets. The contributions are payable up to a fixed maximum; they are calculated as a percentage of the selling price and are subject to a uniform supplement per animal. In addition, the Confederation pays the cost of transport as far as the Swiss frontier.

(c) Amount of subsidy

(1) <u>Encouragement of sales</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
<u>within the country</u>		'000 francs	
(a) subsidies to relieve market pressure	98	61	600*
(b) subsidies for elimination	1,284	2,580	7,520
(c) contribution to transport costs	382	374	416
(2) <u>Maintenance of exports</u>	9,550	7,507	8,000*
Total	11,314	10,522	16,536

* Provisional figures.

(d) Amount per unit

During the three years under consideration the unit amount of the subsidies was approximately as follows:

- (1) (a) and (b): Subsidies for purchases to relieve market pressure and for elimination campaigns vary between 200 and 400 francs per head.
- (1) (c) : Contributions to transport costs vary between 10 and 50 francs per head.
- (2) : Export subsidies amount to an average of 725 francs per head of cattle exported.

II. Effect of subsidy

(a) The purchases intended to relieve market pressure are limited as regards time and place and are intended to prevent a collapse in prices on markets in the mountain districts. They help to stabilize the income of farmers in those districts.

Subsidies for elimination campaigns tend to improve the quantity and productivity of animals in mountain districts. In the long run, therefore, they provide a basis for improvement in income.

The high level of subsidies granted in 1960 is due to exceptional market conditions. The drought had considerably depleted the amount of fodder available and there was consequently strong pressure of demand on the cattle market; a complete collapse in prices was avoided only through action of some considerable scope.

The export bonuses have made it possible to maintain traditional exports of cattle, mainly in the interest of cattle breeding in the mountain districts. Despite the subsidies, prices of Swiss breeding and dairy cattle continue in general to be higher than those of animals of foreign origin.

(b) Production and exports of breeding and dairy cattle

	<u>Production*</u> head	<u>Exports**</u> head
1960	218,000	13,931
1961	216,516	9,623
1962	224,700	11,234

*Calves for breeding, of which about one quarter are placed on the market.

**Total exports of breeding and dairy cattle.

Switzerland imports practically no breeding and dairy cattle.

6. WOOLI. Nature and extent of subsidy(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Federal Decree of 13 December 1957, aimed at facilitating the sale in Switzerland of breeding and dairy cattle and of sheep's wool, abrogated and replaced by:
- Federal Law of 15 June 1962 (entered into force on 12 October 1962), aimed at facilitating the sale of breeding and dairy cattle, horses and wool.

The number of sheep is approximately 220,000, most of which are in the mountain districts. The subsidies enable the Swiss wool industry to purchase domestic wool and guarantee for producers prices corresponding more or less to the cost of production. They are therefore designed to raise the income level of the mountain population, on the one hand, and to ensure to some extent the country's supplies of domestic wool in periods of emergency, on the other hand.

The subsidy is financed out of the price supplements levied on imported fodder and, if necessary, out of the general funds of the Confederation.

(b) Incidence

The Domestic Wool Board, which is composed of wool producers and representatives of the wool industry, organizes the purchase of domestic wool from producers, and its taxation processing. The Board purchases domestic wool at prices fixed by the Federal Department of Public Economy on the basis of average production costs, and sells it to industry at world market prices. The Confederation refunds any difference in price to the Board.

(c) Amount of subsidy

1960: 800,400 francs for 403 tons of wool
1961: 902,600 francs for 406 tons of wool
1962: n.d.

(d) Amount per unit

1960: 1,880 francs per ton
1961: 1,990 francs per ton
1962: n.d.

II. Effect of subsidy

(a) The subsidy improves the modest income level of mountain farmers and helps to prevent a decline in the number of sheep.

It has no influence on the wool trade, since domestic production covers only about 2 to 3 per cent of total consumption. It should be emphasized that imports are entirely free and that the exports mentioned below do not consist of domestic wool.

(b) Production, imports, exports and consumption

	<u>Production*</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Consumption</u> tons
1960	457	12,842	1,042	12,257
1961	492	13,776	1,800	12,468
1962	n.d.	13,821	1,781	n.d.

* Including domestic supply.

7. EGGS

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Federal Law of 21 December 1960, on merchandise at protected prices and the price compensation fund for eggs and egg products.

No import quotas are applied to eggs or egg products. On the other hand, importers of fresh eggs are obliged to take up domestic eggs, to the extent of 30 per cent of their imports in the two preceding years. This purchasing is assisted by the levy of a charge on imports of eggs and egg products. The Federal Council fixes the price paid to producers and the take-over prices, on which compensation is based.

(b) Incidence

The taxes levied on imported eggs and egg products are paid into an egg and egg product price compensation fund. The fund pays subsidies to the organizations responsible for collecting domestic eggs, to

contribute to the cost of collection, transport and distribution of domestic eggs. It also contributes to the cost of propaganda to encourage egg consumption. Although the compensation fund is authorized by law to pay contributions to lower the price of domestic eggs and facilitate disposal, it has not made use of this facility.

(c) Amount of subsidy

1960: 3,950 thousand francs

1961: 4,218 thousand francs

1962: 5,372 thousand francs

(d) Amount per unit

1960: 3.5 centimes per egg

1961

1962: 4 centimes per egg

II. Effect of subsidy

(a) The subsidy helps the import trade to take up domestic eggs collected by the organizations formed for this purpose. The share of domestic production in total egg consumption is declining steadily; between 1954 and 1962, it fell from 71 per cent to 56 per cent.

(b) Production, imports and consumption

	<u>Production</u>	<u>Imports</u> (in '000 units)	<u>Consumption</u>
1960	510	355	865
1961	515	376	891
1962*	520	411	931

* Provisional figures.

Switzerland does not export eggs.

8. WINE, GRAPES, DESSERT GRAPES

I. Nature and extent of subsidy

(a) Background and authority

- Law on Agriculture of 3 October 1951.
- Federal Decree of 6 June 1958, instituting temporary measures for viticulture.

Vine growing is restricted to the regions suitable for wine production, as defined by the vineyard survey. The planting of new vines outside the vineyard zone is prohibited; within that zone, an authorization is required.

Subsidies have been granted for the following measures aimed at encouraging disposal of the harvest:

- (1) Optional purchase by importers of 13.7 million litres of white wine from French-speaking Switzerland, from the 1960 harvest.
- (2) Propaganda to encourage consumption of wine, grapes and grape juice.
- (3) Non-alcoholic consumption of grapes, (dessert grapes and non-alcoholic grape juice).

These measures are financed out of the vineyard fund, which is constituted from the proceeds of a tax of 3 francs per 100 kgs. levied on wine imported in barrels.

(b) Incidence

- (1) The subsidy for optional purchase is paid to the vendors. The wine concerned must be used for the following purposes:
 - blending with imported ordinary red wines;
 - sale of unified white wine under the appellation "Swiss White Wine";
 - industrial use.
- (2) Contributions to propaganda costs are paid to the Swiss Agricultural Products Propaganda Office, the cantonal propaganda offices and the Society of Swiss Wine Exporters.
- (3) Subsidies for the non-alcoholic utilization of grapes are granted to grape importers and grape juice manufacturers, on condition that they pay for the raw materials at the fixed rates. All price reductions must be passed on to the consumer.

II. Effect of subsidy

(a) (1) The subsidy for the purchase of white wine from the 1960 harvest in French-speaking Switzerland helped towards the disposal of part of the domestic wine surplus.

(2) and (3) Subsidies for propaganda and the non-alcoholic consumption of grapes encouraged disposal of the grape harvest. In particular, they make it possible to lower consumer prices of dessert grapes and grape juice.

(b) Production, imports, exports and consumption

	<u>Production</u> hl	<u>Imports</u> hl	<u>Exports</u> hl	<u>Consumption</u> hl
<u>Wine</u>				
1960/61	1,026,197	1,087,698	855	1,985,994
1961/62	783,599	1,108,319	1,109	1,908,172
<u>Grape juice</u>				
1960	74,800	13,746	2,011	72,179
1961	74,976	14,655	2,246	73,934
1962	70,176	27,071	1,819	38,967
<u>Dessert grapes</u>				
	tons	tons	tons	tons
1960	2,650	24,687	5	27,332
1961	6,100	25,080	23	31,157
1962	3,442	27,963	18	31,387

9. BREAD CEREALSI. Nature and extent of subsidy(a) Background and authority

Law on Wheat of 20 March 1959 (entered into force on 1 January 1960). Previously, Law on Wheat of 7 July 1932 and Federal Decree of 19 July 1953 concerning the national supply of bread cereals. The new law made no changes in the provisions regarding subsidies.

The subsidies are aimed at keeping under wheat an area which would facilitate the national supply in times of emergency and relieve the pressure on animal production. In addition, they are designed to ensure a fair return to farmers. Since 1 January 1960, the import of bread wheat has no longer been a State monopoly and is subject to no quantitative restriction. The Wheat Administration buys domestic good quality bread wheat at prices which cover average costs of production and which are fixed by the Federal Council. Commercial millers buy this wheat at prices corresponding to the cost price of foreign wheat of the same quality.

A producer who keeps wheat for his own requirements is entitled to a milling bonus.

(b) Incidence

The difference between the prices paid to producers by the Federal Wheat Administration and the proceeds of the sale of domestic wheat is charged to the Government's account.

A producer who used home-grown wheat on his farm is entitled to a milling bonus. The bonus is fixed in such a way that bread manufactured by the producer costs him about as much as he would pay at a bakery.

(c) Amount of subsidy

The expenditure incurred by the Wheat Administration on the purchase of domestic bread wheat amounted to the following:

1960:	55.1 million frs.
1961:	31.4 million frs.
1962	83.2* million frs.

* Estimate

The milling bonus amounted to the following:

1960: 11.5 million frs.
 1961: 13 million frs.
 1962: 10* million frs.

*Estimate.

(d) Amount per unit

	<u>Fr.</u> <u>1960</u>	<u>Fr.</u> <u>1961</u>	<u>Fr.</u> <u>1962</u>
(a) Bread wheat, per 100 kgs.	26.85*)	27.13*)	27.55*)***)
(b) Milling bonus, per 100 kgs.	15-31**)	15-31**)	16-32**)

* Average.

** According to the altitude of the farm.

*** Estimate.

II. Effect of subsidy

(a) The subsidy makes it possible to grow wheat in Switzerland and thus ensures the country's wheat supply.

Since 1 January 1960, private enterprise has been able to import wheat without quantitative restriction.

Switzerland does not export bread wheat.

(b) Production*, imports, exports, quantities available

	<u>Production</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Quantities</u> <u>available</u> tons
1959/60	332,028	299,500	1	631,527
1960/61	350,189	250,500	6	600,683
1961/62	310,000**	348,900	13	658,887

*Bread wheat exclusively.

**Estimate.

10. POTATOES

I. Nature and extent of subsidy

(a) Background and authority

- Article 32 bis of the Federal Constitution;
- Federal Law on Alcohol, of 21 June 1932, revised on 25 October 1949;
- Law on Agriculture of 3 October 1951.

Under Article 32 bis of the Federal Constitution, Federal legislation must encourage the use of domestic distillable materials - including potatoes - for food or fodder.

One of the purposes of this provision is to reduce the consumption of spirits, and it thus constitutes a public health measure. Article 8 of the Law on Alcohol authorizes the distillation of potatoes only if the crop cannot be used in a more appropriate manner. Accordingly, the subsidies serve to encourage the utilization of potatoes for food and fodder.

The price of potatoes at the production stage is fixed each year before the beginning of the main harvest, on the basis of the average cost of production and having regard to the utilization of surpluses. The subsidies are financed out of the revenues of the Alcohol Administration and the general funds of the Confederation.

(b) Incidence

The subsidies take the following forms:

- (1) Subsidies for the transport of ware potatoes, seed potatoes and potatoes for fodder, as well as potato products.
- (2) Sale of ware potatoes at reduced prices to needy persons.
- (3) Subsidies to reduce the price of domestic seed potatoes.
- (4) Subsidies for the utilization of surpluses, in the form of subsidies on exports and for making potato flakes and flour for use as fodder. After consultation with the representatives of the principal exporting countries, the export price is adjusted to the price current in other countries.
- (5) Information, publicity, etc.

	<u>1 July- 30 June</u>	<u>millions of francs</u>
(c) <u>Amount of subsidy</u>		
(1) Transport subsidies	1959/60	1.46
	1960/61	1.49
	1961/62	1.52
(2) Sale of ware potatoes at reduced prices to needy persons	1959/60	1.46
	1960/61	1.47
	1961/62	1.62
(3) Subsidies to reduce seed potato prices	1959/60	0.44
	1960/61	0.39
	1961/62	0.47
(4) Subsidies for utilization of potato surpluses	1959/60	15.23
	1960/61	16.25
	1961/62	12.26
(5) Information, publicity, etc.	1959/60	0.14
	1960/61	0.32
	1961/62	0.28
		<u>francs</u>
(d) <u>Amount per unit</u>		
(1) Transport subsidy per 100 kgs. of potatoes	1959/60	1.21
	1960/61	1.23
	1961/62	1.15
(2) Price reduction for needy persons, per 100 kgs. of ware potatoes	1959/60	9.64
	1960/61	9.67
	1961/62	10.88
(3) Reduction in price of seed potatoes, quality A, per 100 kgs.	1959/60	1.25
	1960/61	1.25
	1961/62	1.25
(4) Utilization of surplus of ware potatoes, potatoes for general use and fodder potatoes, per 100 kgs., average.	1959/60	6.21
	1960/61	6.77
	1961/62	5.98

II. Effect of subsidy

(a) The subsidies do not affect imports. For a long time past, domestic production has covered the country's requirements (apart from new potatoes and seedlings) and the subsidies serve mainly for the utilization of surpluses.

The export subsidies also form part of the measures to stimulate the utilization of surpluses. These practically do not affect the exports of the traditional exporting countries.

The subsidies aim at ensuring the utilization of the entire potato crop for food and fodder and at preventing its distillation.

(b) Production, imports, exports, consumption

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption*</u> <u>total consumption of</u> <u>ware, seed and fodder</u> <u>potatoes</u>
	tons	tons	tons	tons
1959	1,540,000	29,000	81,000	1,488,000
1960	1,520,000	29,600	53,000	1,496,600
1961	1,450,000	31,100	47,500	1,433,600

*Including utilization of surpluses within the country.

11. FRUITS

I. Nature and extent of subsidy

(a) Background and authority

- Article 32 bis of the Federal Constitution;
- Federal Law on Alcohol of 21 June 1932, revised on 25 October 1949;
- Law on Agriculture of 3 October 1951.

Under Article 32 bis of the Federal Constitution, the law must aim at reducing the production and consumption of spirits and encourage the production of dessert fruits. Thanks to these measures, the consumption of fresh fruit in Switzerland is the highest in Europe.

Measures have been adopted for the following purposes:

- (1) to influence production by means of subsidies to reduce the number of trees, make cultivation more efficient and improve the quality of fruit;
- (2) to influence consumption by information and propaganda and by the sale of fruit at reduced prices to needy persons and the mountain population;
- (3) (a) to encourage the utilization of surpluses by means of subsidies to fruit juice manufacturers for the manufacture and storage of concentrated juice and by export subsidies in case of surpluses of cider-making fruits and concentrated juices.

(b) In 1958 and 1962 record crops of dessert fruits were recorded. In order to prevent a collapse in prices on the domestic market and its harmful effects on farmers' income, special steps had to be taken for the utilization of surpluses:
 - (i) subsidies for the storage of dessert apples;
 - (ii) subsidies for the industrial utilization of dessert apples in 1958;
 - (iii) deliveries at cut prices to the army;
 - (iv) subsidies for the export of dessert apples and pears.

During the 1957 and 1959 financial periods, no subsidies were paid on dessert fruits.

(b) Incidence

Subsidies are granted in different ways according to their nature.

- (1) The subsidies aimed at influencing production by adjusting the number of trees to the market situation, by making cultivation more efficient and by improving the quality of fruit, are granted in co-operation with and paid to the cantons, which distribute them to producers. They are only granted to cantons which themselves take similar measures.
- (2) (a) The Federal Alcohol Administration pays 50 per cent of the expenses of information and publicity to encourage fruit production. The remaining 50 per cent is paid by the business groups concerned (producers, user undertakings, importers).

- (b) The Administration takes responsibility as a rule for transport costs and part of the loss on the sale of fresh fruit at reduced prices to needy persons. The mountain population has the benefit of a further reduction.
- (3) (a) Surpluses are in most cases utilized in industry; the first utilization must be for non-alcoholic purposes. The Alcohol Administration partly guarantees factories making concentrated juices the cost of manufacturing such juices. This guarantee only comes into play, however, when the concentrated juices have to be sold to trade at less than the cost of production.

Export subsidies may be granted in particular cases for cider-making fruits when the surpluses cannot be used otherwise. The same applies to concentrated juices, in the case of which, however, producers must bear 10 per cent of the loss.

- (b) The Agriculture Division has paid subsidies to warehousemen ((i) and (iii)), to the processing industries in 1958 (ii), and to the exporters (iv). The granting of a subsidy is conditional on observance of the indicative prices fixed by the Federal Council for dessert fruits. About 10 per cent of the dessert apple and pear crop had to be utilized as surplus in 1958.

(c) Amount of subsidy

		<u>millions of francs</u>
(1) Subsidy to influence production	1959	0.52
	1960	0.91
	1961	1.29
(2) Subsidy to encourage consumption	1959	0.59
	1960	1.04
	1961	1.04
(3) (a) Subsidy for the utilization of surpluses	1959	3.88
	1960	3.88
	1961	4.01
(b) Subsidy for the utilization of dessert fruit surpluses	1959	-
	1960	2.66
	1961	-

(d) Amount per unit

The subsidies mentioned under (1) and (2a) above cannot be detailed. The subsidies under (2b) average 5 centimes per kg. of fruit for needy persons, and 10 centimes per kg. for the mountain population. Due to certain indirect effects of these subsidies, the reduction in price enjoyed by the recipients of the fruit is in reality much greater.

The sums to be paid for the manufacture and storage of concentrated juices (3a above) vary, according to the market situation, between 0 and 20 frs. per 100 kgs. approximately. Subsidies on the export of concentrated juices also varied, in the two years under comparison, between 0 and 65 frs. per 100 kgs., according to market conditions in the importing countries. Producers must also bear part of the loss.

Subsidies for the utilization of surpluses of dessert fruit of the 1958 harvest (3a) amounted to approximately 11 frs. per 100 kgs.

II. Effect of subsidy

(a) The subsidies have in particular the effect of permitting to a much greater extent than previously the non-alcoholic utilization of the pip fruit crop. In 1922 only 39.5 per cent of the crop was utilized in a non-alcoholic manner; in 1954 the percentage had already reached 71.5 per cent. The Swiss fruit consumption amounted in 1957/58 to 88.3 kgs. per head of population, thus exceeding that of any other European country. Domestic production only covers about 34 per cent of this consumption, however.

(b) Production, imports, exports and consumption of pip fruit

	<u>Production*</u> tons	<u>Imports</u> tons	<u>Exports</u> tons	<u>Consumption</u> tons
1. <u>Fresh fruit</u>				
1960/61**	258,900	8,834	14,462	253,272
1961/62**	209,200	45,096	4,184	250,112
2. <u>Cider-making fruit</u>				
1960/61**	436,100	-	7,116	428,984
1961/62**	260,800	2,974	15,748	248,026
3. <u>Fruit concentrates</u>				
1960/61**	7,603	0	2,763	-
1961/62**	1,845	1	4,907	-

*Estimate.

**From 1 July to 30 June.

