

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications Pursuant to Article XVI

Addendum

FINLAND¹

Subsidies Granted for 1965 and 1966

	<u>Millions of Fmk</u>	
	<u>1965</u>	<u>1966</u>
I. Equalization of agricultural production costs and rationalization		
1. Subsidy for lowering prices of fertilizers	10.00	-
2. Subsidy to small farms	77.79	76.35
3. Regional support for agricultural production	50.61	53.86
II. Subsidies for lowering prices of agricultural products	520.00	510.00
III. Deficiency payment to sugar beet and wool producers	17.10	33.40
	Total	
	675.50	673.61

I. Equalization of agricultural production costs and rationalization

1. Subsidy for lowering prices of fertilizers

(a) Annual cabinet decision

(b) A subsidy was paid to reduce prices of fertilizers and freight costs of lime

(c) The amount granted in the State budget for 1965 was Fmk10 million. The subsidy was abolished in the budget for 1966.

¹ Previous notification of Finland was issued in L/2326/Add.6.

2. Subsidy to small farms

- (a) Annual cabinet decision.
- (b) According to the law on agricultural price level at least 10 per cent of the compensation for increased costs of agriculture must be paid to small farms as a so-called acreage subsidy.
- (c) The total amount granted in the State budget for 1965 was Fmk/7.79 million and for 1966 Fmk/6.35 million.

3. Regional support for agricultural production

- (a) Annual cabinet decision.
- (b) A production subsidy of milk is paid through dairies in Northern Finland, in the eastern frontier districts and in the outer archipelago. The subsidy in 1965 varied according to the district from 0.39 mk/100 kg. to 5.97 mk/100 kg. in Lapland.

A subsidy is also paid direct to dairy farmers, a certain amount for each dairy cow, in the form of special vouchers for the purchase of fertilizers, lime and other agricultural requisites at a reduced price. The same regional division as above is applied. Members of Milk Recording Associations receive at most 20 per cent higher subsidies per cow.

A subsidy for the transportation of milk is paid to the dairies in Northern Finland, in the eastern frontier districts and in the outer archipelago. The maximum amount of the subsidy was 80 per cent of the amount by which the average costs of transportation per 100 litre of milk exceeded Fmk0.40 or 60 per cent of the amount by which the transportation costs exceeded Fmk0.50 depending on the district.

A production subsidy for beef and pork is paid through slaughterhouses in Northern Finland. The subsidy varied from Fmk12 to Fmk24 per 100 kg. carcass weight.

The State Granary makes contracts with farmers in Northern Finland on the cultivation of barley at prices above the current price level. The losses resulting from these transactions are paid from the State budget.

The producer price of rye in Northern and Middle Finland was Fmk5/100 kg. higher than the price in Southern Finland. Also these expenses were paid from the State budget.

- (c) The amount granted in the State budget for all above-mentioned subsidies was Fmk50.61 million for 1965 and Fmk53.86 million for 1966.

II. Subsidies for lowering prices of agricultural products

- (a) Annual cabinet decision.
- (b) In order to increase domestic consumption the consumer price of butter has been reduced by Fmk285/100 kg.

Export dairies received from the State budget refund which enables them to pay farmers a price almost corresponding to the target price of milk determined annually by the Government.

Similar system is introduced for eggs and pork. The payment prevents the annual average producer price from dropping below the floor price level.

- (c) The amount of all above-mentioned subsidies in the State budget was Fmk520 million for 1965 and Fmk510 million for 1966.

III. Deficiency payment to sugar beet and wool producers

- (a) Sugar Beet Law 214/65 and Wool Law 24/61.
- (b₁) A deficiency payment system is applied to wool. The difference between the fixed producer price of domestic wool and the market price is paid through the Purchasing Organization of Wool Factories.
- (c₁) The amount granted in the State budget for 1965 was Fmk1.4 million and for 1966 Fmk1.4 million.
- (b₂) Similarly the sugar beet producers received a payment through the processing factories which covers the difference between the guaranteed producer price and the market price of sugar.
- (c₂) The amount granted for 1965 was Fmk15.7 million and for 1966 Fmk32.0 million.

