

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## SUBSIDIES

### Notifications Pursuant to Article XVI

#### Addendum

#### SWEDEN

#### A. SUBSIDIES ON NON-PRIMARY PRODUCTS

Nil

#### B. SUBSIDIES ON PRIMARY PRODUCTS

##### I. Nature and extent of subsidy

##### (a) Background and authority

The reason for the subsidy. The objectives of Swedish agricultural policy as laid down by the Parliament in 1947 are to give the agricultural population the same possibilities as certain groups of industrial labour to obtain a reasonable level of income and to participate in future increases in general prosperity. Agricultural policy is also guided by an objective to cover the basic needs of the population in case of emergency. The basic principles of the policy applied since 1947 are still unchanged but certain modifications as regards ways and means for implementing the policy were made in 1956 and 1959.

The price support measures are based on parliamentary decisions, which have usually taken the form of ratifications of agreements between the Government and the farmers' organizations. The parliamentary decision of 1959 covered the period 1 September 1959 to 31 August 1965, the so-called six-year agreement. In 1960 a special Royal Committee was set up to review the objectives and the methods to be used to implement Swedish agricultural policy after the expiration of the six-years agreement. The findings of the Committee are expected in a near future and the question will then be referred to the Government and the Parliament. While waiting for a new regulation, agreements have been concluded as regards provisional arrangements for the time until 31 August 1967. These agreements generally provide for a prolongation of the six-years programme. There are, however, certain deviations, to which special reference is made in the following.

One of the fundamental principles of the system now applied is that the agricultural price support shall, as a rule, not be provided by means of quantitative restrictions on imports but by means of import levies (customs duties have been abolished). The levies are in principle kept unchanged as long as domestic prices remain within predetermined limits. However, for feedingstuffs, no price limits are established and import levies are variable. Further the import levies for all products may be changed according to the so-called 3 per cent rule, which is designed to moderate the influence on the domestic market of excessive fluctuations in the world prices and to compensate Swedish farmers for major changes in the cost level of production.

(b,c) Incidence and amount of subsidy

General subsidy. The six-years agreement was based on the understanding that means derived from import levies might to a certain extent be used for price regulating purposes. A decision was taken every year in the Parliament by which the maximum amount that should accrue to agriculture in this way was settled. The purpose of this arrangement, that might be regarded as a general subsidy, was to facilitate the fulfilment for the agricultural population to obtain a reasonable level of income, which as mentioned above, is the aim of the Swedish agricultural policy. During the year 1964-65 the maximum amount that should accrue to agriculture was fixed to Kr. 160 million.

In general import levies are used mainly for price measures of different kinds, e.g. to cover cost for storage and marketing. Part of the means transferred in this way, e.g. import levies for feedingstuffs, does not in a strict sense have the character of a subsidy but is to be considered as restitution of special costs connected with production.

Production subsidies. In addition to the general price support system a programme of special support is provided. This special support refers to small farmers and farmers in the northern areas and to the dairy field. These special payments are designed to overcome structural or locational disadvantages and to some extent to equalize farm incomes.

According to this programme payments of support are available to farms in the size group between 2 and 10 hectares according to the following scale: (in northern regions also for farms below 2 hectares).

<u>Arable land</u>	<u>Annual subsidy</u>
(ha.)	(Kr. per farm)
2.0-3.0	250
3.1-4.0	375
4.1-7.0	500
7.1-8.0	375
8.1-10.0	250

The total cost for this program for the fiscal year 1964-65 amounted to Kr. 25 million.

The most important support measures apply in the dairy field. The subsidies in this sector are of old standing and are substantially of a social character. They consist of:

(i) A delivery supplement to all producers for quantities up to 30,000 kgs. delivered per farm and year. Total costs for this programme amounted to Kr. 28 million in 1964-65.

(ii) An extra price supplement for milk delivered in the northern regions. The total budgetary cost for this support amounted to Kr. 41 million in 1964-65.

The total State expenditure for these support arrangements amounted to Kr. 94 million in 1964-65 compared with the average annual expenditure of Kr. 111 million in 1956-59.

In addition to the above-mentioned programme a general supplement for all milk delivered to dairies is granted from the State budget. This supplement amounted to Kr. 98 million in 1964-65.

Export aid. The Swedish system is, as mentioned above, characterized at the same time by protection at the frontier and as a rule continuously unrestricted imports. An inherent feature of this system is that when products covered by the system are exported the difference between the higher domestic price and the price on the external market is to be levelled out. The aid to exports is organized by means of special equalization or compensation funds. These funds are administered by semi-official marketing associations, which consist of representatives for the State as well as representatives for farmers' and traders' organizations, the processing industry etc. The associations are free to determine what export aid is to be given. The funds are financed as far as export aid is concerned by the proceeds by the legally compulsory fees paid by the producers (except in the egg sector, where no internal production fees are imposed) and in some sectors by levies on imports of feedingstuffs. No export subsidies are granted over the State budget.

#### Bread grains

The amount of export aid granted for wheat and rye during 1964-65 amounted to Kr. 85.7 million, of which 83.6 million fell on wheat. The aid was Kr. 29.7 per 100 kgs. wheat exported.

Coarse grains

The amount of export aid granted for coarse grains totalled Kr. 46.1 million of which Kr. 23.2 million fell on barley and Kr. 22.9 million on oats.

In the case of live animals and meat export aid was granted for live cattle, bovine meat, pig meat and animal fats. The total amount in this sector was Kr. 133.6 million. (Specification per unit not available.)

In the dairy field the following products received export aid: butter, cheese, condensed milk and milk powder. The aid granted during 1964-65 totalled Kr. 16.5 million. For butter the subsidy average was Kr. 1.86 per kg. exported, for cheese Kr. 0.95, for condensed milk Kr. 0.27 and for milk powder Kr. 0.72.

Export aid for eggs during the year 1964-65 amounted to Kr. 12.2 million or Kr. 1.71 per kg.

II. Effect of Subsidy

(a) No indication can be given as to the estimated trade effects of the subsidies.

(b)(i) See annex.

(ii) No previous representative year meaningful in this context can be given.

STATISTICS OF SWEDEN'S PRODUCTION, CONSUMPTION AND FOREIGN TRADE  
IN IMPORTANT AGRICULTURAL PRODUCTS

Calendar Year Figures 1 January-31 December

WHEAT

Calendar production <sup>1</sup> year '000 tons	Consumption <sup>1</sup> '000 tons	Production of consumption %	Imports		Exports		
			Quantity '000 tons	Value '000 Cr.	Quantity '000 tons	Value '000 Cr.	
1954-58 Average	696.4	669.6	104	48.4	8,040	61.2	7,350
1954-58 Average	799.3	729.1	110	70.4	25,800	206.7	76,260
1959-63 Average	866.9	813.4	107	138.0	50,470	159.6	48,890
1964	695.5	751.2	95	151.4	59,670	218.2	65,310
1965	1,064.5	759.8	140	64.9	25,650	348.9	99,460

<sup>1</sup>From 1959 onwards the calculations are based on the objective crop yield estimation (before 1959 on the subjective method).

STATISTICS OF SWEDEN'S PRODUCTION, CONSUMPTION AND FOREIGN TRADE  
IN IMPORTANT AGRICULTURAL PRODUCTS

Calendar Year Figures 1 January-31 December

RYE

Calendar production <sup>1</sup> year '000 tons	Consumption <sup>1</sup> '000 tons	Production of consumption %	Imports		Exports		
			Quantity '000 tons	Value '000 Cr.	Quantity '000 tons	Value '000 Cr.	
1954-58 Average	409.3	377.8	103	3.5	435	26.8	2,310
1954-58 Average	227.8	259.4	88	41.8	13,830	39.1	11,537
1959-63 Average	203.3	270.8	75	86.6	26,280	31.1	8,600
1964	79.0	194.2	41	82.8	29,110	1.2	370
1965	122.1	177.6	69	49.4	15,750	13.4	3,120

<sup>1</sup> From 1959 onwards the calculations are based on the objective crop yield estimation (before 1959 on the subjective method).

STATISTICS OF SWEDEN'S PRODUCTION, CONSUMPTION AND FOREIGN TRADE  
IN IMPORTANT AGRICULTURAL PRODUCTS

Calendar Year Figures 1 January-31 December

PORK EXCLUDING LARD

(Carcass weight equivalent)<sup>1</sup>

Calendar year	Production tons	Consumption tons	Production of consumption %	Imports <sup>2</sup>		Exports <sup>2</sup>	
				Quantity tons	Value '000 Cr.	Quantity tons	Value '000 Cr.
1954-58 Average	146,300	134,700	109	2,450	2,470	15,730	23,420
1954-58 Average	192,900	182,300	106	3,560	11,830	13,550	37,970
1959-63 Average	216,800	184,900	117	3,180	12,710	35,340	106,220
1964	210,300	191,900	110	8,660	42,210	25,850	86,760
1965	215,600	199,500	108	11,920	54,290	25,920	79,000

<sup>1</sup> Includes meat production converted to carcass weight equivalent; excludes edible offals.

<sup>2</sup> Includes live animals.

STATISTICS OF SWEDEN'S PRODUCTION, CONSUMPTION AND FOREIGN TRADE  
IN IMPORTANT AGRICULTURAL PRODUCTS

Calendar Year Figures 1 January-31 December

BUTTER

Calendar year	Production tons	Consumption tons	Production of consumption %	Imports		Exports	
				Quantity tons	Value '000 Cr.	Quantity tons	Value '000 Cr.
1934-38 Average	91,900	69,000	133	160	300	22,930	39,740
1954-58 Average	37,500	71,500	122	90	480	16,620	74,680
1959-63 Average	84,400	73,900	114	800	3,440	10,440	47,680
1964	79,700	72,700	110	120	690	8,530	45,350
1965	79,700	67,000	119	660	3,440	7,480	33,900

STATISTICS OF SWEDEN'S PRODUCTION, CONSUMPTION AND FOREIGN TRADE  
IN IMPORTANT AGRICULTURAL PRODUCTS

Calendar Year Figures 1 January-31 December

ALL CHEESE

Calendar year	Production tons	Consumption tons	Production of consumption %	Imports		Exports	
				Quantity tons	Value '000 Cr.	Quantity tons	Value '000 Cr.
1934-38 Average	34,500	35,400	93	1,120	1,670	280	370
1954-58 Average	52,700	55,000	96	5,280	17,880	3,450	9,730
1959-63 Average	55,000	58,000	95	7,660	26,070	4,560	11,880
1964	56,600	61,000	93	8,660	33,410	5,330	14,890
1965	58,700	62,100	95	3,760	35,250	3,680	10,470

