

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### SWITZERLAND

### 1. Milk and Dairy Products

#### (i) Dairy balance sheet of the Confederation

Dairying is the most important branch of Swiss agriculture; it brings in more than one third of the adjusted gross yield of agricultural production. The dairy balance sheet of the Confederation shown below gives a general picture of the financial measures taken in this sector. The details of these measures will be studied in the subsequent chapters dealing with the various groups of dairy products.

<u>Accounting period</u> (1 November - 31 October)	<u>1968/69</u>	Sw F'000 <u>1969/70</u>	<u>1970/71</u>
	<u>Expenditure</u>		
<u>Total</u>	302,501	237,165	236,229
including:			
- valorization of butter*	154,590	115,410	114,650
- valorization of cheese*	120,260	97,062	89,965
- valorization of preserved milk products*	25,451	21,618	25,834

\* This expenditure includes a proportion of the sum representing losses due to contamination by pesticides during treatment against the capricorn beetle.

	<u>Coverage</u>		
<u>Total resources</u>	302,501	237,165	236,229
including:			
<u>Payments by the Confederation</u>	239,494	234,912	228,612
of which:			
- general funds	108,901	108,416	126,679
- revenue from taxes and price supplements	130,593	126,496	101,933
<u>Share of losses payable by producers</u>	63,007	2,253	7,617

(ii) Butter

I. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Order of the Federal Assembly of 29 September 1953 concerning milk, dairy products and edible fats
- Federal Law of 21 December 1960 concerning goods with protected prices
- Federal Order of 16 June 1966 concerning supplementary economic and financial measures applicable to dairy production
- Federal Order of 25 June 1971 concerning supplementary economic and financial measures applicable to dairy production

The Swiss butter market is governed by the Swiss Central Office for Butter Supplies (BUTYRA) - a co-operative society under public law which holds the monopoly on butter imports. It levies a charge on imported butter, purchases at a price corresponding to the base price of milk any domestic butter which cannot be readily sold and arranges for its disposal with the help of funds granted by the Confederation.

b. Incidence

The following types of subsidies, which may be granted concurrently, are intended to promote the sale of butter on the domestic market only:

- (1) (a) The Confederation pays a subsidy to the butter centres to enable them to sell table butter without loss at prices fixed by the Federal Council.
- (b) The Confederation allocates to BUTYRA the sums necessary to enable it to sell fresh or resolidified cooking butter at a reduced price; the amount of the price reduction, and consequently also of the loss entailed, varies according to the destination (households, trade, industry) and the quality of the product.
- (2) BUTYRA meets certain marketing costs by means of the following subsidies:
  - (a) marginal supplements for wholesale trade;
  - (b) marginal supplements for collection.
- (3) BUTYRA shares in the cost of propaganda to promote the butter consumption.

c. Amount of subsidy (Sw F'000)

Accounting period (1 November-31 October)	1968/69	1969/70	1970/71
(1a) Reduction in price of table butter	44,189	43,242	34,955
(1b) Reduction in price of cooking and resolidified butter	108,754	70,578	61,102
(2a) Marginal supplements for wholesalers	285	257	263
(2b) Marginal supplements for collection	179	160	150
(3) Propaganda for butter	863	971	1,347
Total (including interest on liabilities)	154,270	115,208	97,817

d. Amount per unit

- (1) (a)
- Subsidies for table butter
- varied, according to quality, as follows:

From 1.11.1967: 2.16 or 2.21 frs per kg.  
 From 1.11.1968: 2.36 or 2.41 frs per kg.  
 From 1.5.1971: 2.84 or 2.89 frs per kg.  
 From 1.11.1971: 2.46 or 2.51 frs per kg.

- (1) (b)
- Subsidies for cooking and resolidified butter
- varied, according to the quality of the butter used, as follows:

	Cooking butter Sw F per kg.	Resolidified butter Sw F per kg.
From 1.11.1968	6.41 to 8.56	7.92 to 10.07
From 1.11.1969	5.21 to 7.56	6.98 to 9.33
From 1.11.1971	4.51 to 6.86	7.09 to 9.44

- (2) (a)
- The marginal supplement to wholesale trade
- is granted according to a sliding scale, in inverse proportion to turnover. In recent years the average marginal supplement per kilogramme of butter was:

1968/69	3.0 centimes
1969/70	3.0 centimes
1970/71	2.9 centimes

- (2) (b)
- The marginal supplement for the collection of butter for cheese-making
- is still 3.5 centimes per kilogramme, there having been no change in recent years.

## II. Effect of subsidy

a. The increases in the base price of milk which occurred in 1970 and 1971 [cf. (v) Measures in the field of dairy policy] could not be entirely passed on to the retail price of butter, lest there be a return to the precarious situation of 1967. However, with the standardization of production and a marked recovery in butter consumption it has been possible gradually to reduce the butter subsidies, as is shown in Table (1)(b) above, without at the same time inhibiting consumption.

The following tables show the trend of prices and of butter consumption from November 1968 onwards:

### Trend of butter prices and consumption since 1968

#### - Retail prices (Sw F per kg.)

	From <u>18.1.68</u>	From <u>1.4.69</u>	From <u>1.11.69</u>	From <u>1.11.71</u>
Special butter (packages of 200 grs.)	12.30	12.30	12.30	12.30
Fresh cooking butter (packages of 250 grs.)	6	7	7	7.80
Resolidified butter (packages of 500 grs.)	5.50	6.50	6.50	6.50

#### - Annual consumption (in wagon loads of 10 tons)

	Evolution from 1968/69 to				
	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>	<u>1969/70</u>	<u>1970/71</u>
<u>Total consumption of butter</u>	4,600	4,515	4,655	- 2%	+ 1%
including:					
Special butter	1,393	1,452	1,427	+ 4%	+ 2%
Fresh cooking butter	2,244	2,248	2,486	+ 0%	+11%
Resolidified butter (in terms of fresh butter)	376	271	278	-28%	-26%
<u>Consumption per head of population (kgs.)</u>	7.2	7.1	7.2	- 1%	0%

It should also be noted that, in order to limit as far as possible the losses incurred in the valorization of milk, an order of priority is laid down; the largest possible proportion of domestic production has to be used to meet the demand for fresh milk and fresh dairy products, which can be sold without loss. Apart from that, the manufacture of cheese and preserved milk products take priority over butter, imports of which are encouraged. The loss per kilogramme of milk involved in the production of butter is higher than in other uses, and the proceeds from a compensatory tax levied on imported butter (equal to the difference

between the price of imported butter and the wholesale price of domestic butter) are credited to the "dairy balance sheet". In this connexion, under the Federal Order of 16 June 1966 concerning the dairy industry, milk producers bear a larger share of the expenditure not covered by the initial grants from the Confederation in respect of the valorization of butter (60 per cent of the expenditure not covered up to 30 October 1971 and 40 per cent thereafter) than in the case of the valorization of cheese or preserved milk products (10 per cent of the expenditure not covered).

b. Production, imports, exports and total consumption of butter (in tons)

<u>Calendar year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption*</u>
1969	31,600	13,343	190	44,130
1970	28,800	15,887	190	44,064
1971	28,060	19,234	390	45,318

\* Allowing for variations in stocks

(iii) Cheese

I. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Order of the Federal Assembly of 29 September 1953 concerning milk, dairy products and edible fats, as amended by Federal Order of 27 June 1957
- Federal Order of 16 June 1966 concerning supplementary economic and financial measures applicable to dairy production
- Federal Order of 25 June 1971 concerning supplementary economic and financial measures applicable to dairy production

In accordance with these legislative provisions, the organizations of milk producers and of manufacturers and exporters of cheese established the Swiss Union for the Cheese Trade (USF), which purchases at fixed prices the domestic output of hard cheese (Emmental, Gruyère, Sbrinz, representing 80 per cent of the total output) and resells it through private firms at the best prices obtainable. However, in these operations, the USF incurs losses which are covered by subsidies.

b. Incidence

The deficit resulting from the USF operations is largely met by the Confederation, which meets the entire amount of any losses due to increases in the base price of milk where market conditions have not made it possible to pass them on to the retail price of cheese.

It should be noted that certain valorization expenses are also met by the Confederation in the case of other types of cheese which are not required to be delivered to the USF.

c. Amount of subsidy (cf. Dairy balance sheet, page 1)d. Amount per unit

It is not possible to calculate the price reduction resulting from the subsidy to cover losses on the valorization of cheese, because the prices obtained in the various markets can vary.

II. Effect of subsidy

a. Owing to the subsidies, it has been possible to ensure disposal of cheese on the domestic market and to maintain traditional exports. It should be pointed out 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.

b. Production, imports, exports and consumption (in tons)

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption*</u>
1969	81,499	16,283	47,510	55,464
1970	83,648	17,692	48,017	57,771
1971	87,084	19,294	45,792	58,669

\* Allowing for fluctuations in stocks

(iv) Preserved milk productsI. Nature and extent of the subsidya. Background and authority

- Law on Agriculture of 3 October 1951
- Order of the Federal Assembly of 29 September 1953 concerning milk, dairy products and edible fats

- Federal Order of 16 June 1966 concerning supplementary economic and financial measures applicable to dairy production
- Federal Order of 25 June 1971 concerning supplementary economic and financial measures applicable to dairy production

b. Incidence

The subsidy offsets any rise in the base price of milk that cannot be passed on to the prices of preserved milk products that are exported. It is paid on the basis of the quantity of milk used for the manufacture of these products.

c. Amount of subsidy (cf. Dairy balance sheets, page 1)

d. Amount per unit

Up to 31 October 1970 the subsidy was 15 centimes per kilogramme of milk used for the manufacture of the products; from 1 November 1970 to 30 April 1971 it was 17 centimes, and from 1 May 1971 onwards, 20 centimes. Since the amount of milk used for the preparation of 1 kilogramme of preserved product 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. Since foreign selling prices do not cover the production price of milk, these subsidies are necessary in order to maintain traditional exports.

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

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>		<u>Consumption</u>
			<u>Commer- cial</u>	<u>Welfare schemes</u>	
1969	145,000	28,700	40,900	19,700	113,100
1970	140,000	25,900	37,800	12,700	115,400
1971	161,000	29,000	39,700	18,500	131,800

(v) Measures taken in the field of dairy policy

a. On 1 November 1970 the base price paid to the producer for milk offered in the market, which is fixed by the Federal Council, was raised from 56 to 58 centimes per kg./litre, and on 1 May 1971, to 62 centimes.

b. The overall quota system governing the quantity of milk for which the price is guaranteed was formally established by the new Order of 25 June 1971 concerning dairy production. Under that Order, at the beginning of each accounting period (1 November to 31 October) the Federal Council determines the quantity of milk to be paid for at the full price less the normal deduction. In the case of deliveries above this amount, the producers must share progressively in the cost of valorizing the additional quantities in accordance with the following scale.

- for the first 25,000 tons	10 centimes per kg.
- from 25,000 to 50,000 tons	20 centimes per kg.
- from 50,000 to 75,000 tons	30 centimes per kg.
- over 75,000 tons	40 centimes per kg.

c. The above-mentioned Order also provides for the continuation of the campaign to eliminate dairy farms and to encourage their conversion into undertakings for fattening heavy cattle.

d. The measures to encourage the cultivation of crops at the expense of pasture land have also been intensified (cf. Chapter 6, Feed grains: increased cultivation bonuses).

## 2. Breeding and Dairy Cattle

### I. Nature and extent of the subsidy

#### a. Background and authority

- Law on Agriculture of 3 October 1951
- Federal Law of 15 June 1962 to facilitate the sale of breeding and dairy cattle, horses and wool

The various measures taken in this sector are intended primarily to improve conditions in the mountain areas, where animal husbandry is the principal, if not the only, livelihood. Assistance can thus be given to small farms in mountain areas, which are at a disadvantage both because of their geographical situation and because of the climate.

The measures are aimed at improving animal husbandry and facilitating a better distribution of labour between the low-lying and the mountainous areas as regards the breeding and rearing of cattle. The purpose is to enable good-quality breeding and dairy cattle to be sold at prices which in general cover production costs. These measures are financed out of the proceeds of the price supplements charged on imported fodder and also out of the general funds of the Confederation.

#### b. Incidence

##### (1) Promotion of sales within the country

- (a) In order to avoid difficulties in the disposal of breeding and dairy cattle from mountain areas, the Confederation grants subsidies to the cantons and to authorized bodies which purchase animals from stock breeders from those areas at markets, shows or fairs and thereby incur losses.
- (b) The Confederation refunds part of their expenditure to cantons which grant subsidies to breeders in mountain areas for the slaughter of breeding and dairy cattle which are of inferior quality or unfit to be kept.
- (c) The Confederation contributes to the cost of transporting animals from remote mountain areas.

##### (2) Maintenance of traditional exports

Subsidies are granted in order to bring the prices of animals into line with those prevailing in traditional export markets. These contributions are calculated as a percentage of the selling price, adjusted by a uniform supplement per animal; they are paid up to a fixed maximum. The Confederation also pays the cost of transport to the Swiss frontier.

(3) Contribution to the expenses of cattle breeders in mountain areas

Having regard to the unfavourable production conditions in mountain areas, the Confederation grants an annual allowance to cattle breeders in such areas. The amount of the allowance was increased by 50 per cent as from 1 January 1971, and the number of head of cattle in respect of which the allowance is payable was increased from 10 to 15 per holding. Moreover, the allowance has now been extended to a fourth area (the sub-alpine hills). As a result of these two measures, the number of cattle covered by the allowance rose from 363,673 head in 1970 to 447,075 in 1971.

c. Amount of subsidy

## (1) Promotion of sales within the country

	<u>1969</u>	<u>1970</u> (Sw F'000)	<u>1971</u>
(a) subsidies to relieve market pressure	608	1,875	710
(b) subsidies for elimination	8,977	11,389	13,907
(c) contribution to transport costs	849	453	561
(2) Maintenance of exports	8,342	11,002	8,324
(3) Contribution to expenses of cattle breeders in mountain areas	42,634	42,306	85,000
Total	61,410	67,025	108,502

d. Amount per unit

	<u>1969</u>	<u>1970</u> (francs per head)	<u>1971</u>
(1) (a) Subsidies to relieve market pressure (average)	306	424	266
(b) subsidies for elimination (average)	278	276	307
(c) contribution to transport costs for cattle (average)	26	15	20
(2) Export subsidies (average)	705	896	1,000
(3) Contribution to expenses of cattle breeders in mountain areas			
- sub-alpine hill area	-	-	50
- mountain zone I	60	60	90
- mountain zone II	120	120	180
- mountain zone III	180	180	270

## II. Effect of subsidy

a. Purchases intended to relieve market pressure are limited in time and geographically; their purpose is to prevent a collapse in prices on markets in mountain areas. They thus help to stabilize the income of farmers in those areas. The subsidies for elimination campaigns aim at improving the quality and productivity of the animals. In the long term, therefore, they provide a basis for improvement in income.

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

The contribution to the costs of cattle breeders in hill and mountain areas is intended to ensure higher incomes for the farming population in those areas in view of the difficult production conditions which are prevalent there.

### b. Production and exports of breeding and dairy cattle

<u>Year</u>	<u>Production</u> * (head of cattle)	<u>Exports</u> ** (head of cattle)
1969	205,700	9,281
1970	207,200	12,281
1971	183,400	8,154

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\* Total number of calves for breeding, of which about a quarter are placed on the market

\*\* Total exports of breeding and dairy cattle

Note: Switzerland imports practically no breeding and dairy cattle.

### 3. Wool

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

##### a. Background and authority

- Law on Agriculture of 3 October 1951
- Federal Law of 15 June 1962 to facilitate the sale of breeding and dairy cattle, horses and wool

There are at present some 300,000 head of sheep, the great majority being in mountain areas. The subsidy enables the Swiss wool industry to purchase domestic wool, while at the same time it guarantees to producers, for part of their output, prices corresponding more or less to the cost of production. It is therefore designed to raise the income level of the mountain population, on the one hand, and, on the other, to ensure to some extent a supply of domestic wool in case of emergency.

The subsidy is now payable up to a certain maximum; it 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 (CLI), which comprises wool representatives of producers and representatives of the wool industry, organizes the purchase of domestic wool from producers, and its taxation and taking over by the wool industry. 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. On 13 December 1971, the maximum amount for expenditure by the Confederation for this purpose was raised from Sw F 900,000 to Sw F 1,400,000 per annum. Subsidies are no longer paid in respect of supplies of wool exceeding 100 kgs. for the half-yearly clip (200 kgs. for the annual clip) per supplier or sheep-owner, nor for wool processed under contract.

##### c. Amount of subsidy

1969:	Sw F 906,500 for 466 tons of wool delivered
1970:	Sw F 900,000 for 487 tons of wool delivered
1971:	Sw F 1,400,000 for 434 tons of wool delivered

##### d. Amount per unit

1969:	Sw F 1,945 per ton of wool delivered
1970:	Sw F 1,850 per ton of wool delivered
1971:	Sw F 3,226 per ton of wool delivered

## 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 4 to 5 per cent of total consumption. It should be stressed that there are no restrictions whatsoever on imports, and that the exports referred to below do not consist of domestic wool.

### b. Production, imports, exports and consumption (in tons)

<u>Year</u>	<u>Production</u> *	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1969	551	10,962	2,673	8,840
1970**	550	11,241	2,063	9,723
1971	479	11,803	2,338	9,944

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\* Including domestic supplies

\*\* Estimated production

4. Eggs

I. Nature and extent of the subsidy

a. Background and authority

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

No import quotas are applied on 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. A charge is levied on imports of eggs and egg products, and the proceeds from it are used mainly to reduce the price of domestic eggs taken over whether compulsorily or voluntarily, by the importers. The reduced take-over prices and the producer prices for eggs are fixed by the authorities.

b. Incidence

The price equalization fund for eggs and egg products is financed entirely out of the proceeds from the charges on imported eggs and egg products. It pays subsidies to the bodies 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 and can make grants for other measures designed to facilitate disposal of domestic eggs.

c. Amount of subsidy

1969:	Sw F 5,545,000
1970:	Sw F 7,165,000
1971:	Sw F 6,903,000

d. Amount per unit

1969:	3.8 centimes per egg taken over
1970:	4.2 centimes per egg taken over
1971:	4.25 centimes per egg taken over

II. Effect of the subsidy

a. The subsidy facilitates the import trade to take over domestic eggs collected by bodies responsible. Such take-overs affect less than 25 per cent of total domestic production. This production accounts for between 62 and 65 per cent of total consumption of eggs in the shell.

b. Production, imports and consumption of eggs in the shell

<u>Year</u>	<u>Production*</u> (millions of eggs)	<u>Imports</u>	<u>Consumption</u>
1969	665	398	1,063
1970	690	410	1,100
1971	710	393	1,103

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\* Including consumption on the farm

5. Bread Grains

I. Nature and extent of the subsidy

a. Background and authority

- Law on Wheat of 20 March 1959 (entered into force on 1 January 1960).

The subsidies are aimed at keeping under wheat an area which would help to ensure national supplies in time of difficulty 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 wheat has no longer been a State monopoly and is free of any quantitative restriction. The Wheat Board purchases domestic bread wheat of good quality at prices which cover average production costs and which are fixed by the Federal Council. Commercial millers buy the 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 from the sale of domestic wheat is charged to the Government's account.

A producer who uses home-grown wheat on his farm is entitled to a milling bonus. The rate of the bonus is fixed in such a way that the bread made with the producer's own flour will cost him approximately the same as if he bought it from a bakery.

c. Amount of subsidy

The amounts spent by the Wheat Administration on the purchase of domestic bread wheat were as follows:

1969:	Sw F 108.4 million
1970:	Sw F 85.8 million
1971:	Sw F 113.0 million

The milling bonus amounted to:

1969:	Sw F 9.9 million
1970:	Sw F 8.8 million
1971:	Sw F 8.4 million

d. Amount per unit (francs per 100 kgs.)

	<u>1969</u>	<u>1970</u>	<u>1971</u>
(a) Purchase of bread wheat	29.76*	29.04*	31.29*
(b) Milling bonus per 100 kgs.	16 to 32**	16 to 32**	20 to 38**

\* Average

\*\* According to the altitude of the farm

II. Effect of the subsidy

a. The subsidy makes it possible to grow wheat in Switzerland and thus helps to ensure the country's wheat supply in difficult periods. Since 1 January 1960, wheat may be imported by private firms without quantitative restriction.

Switzerland does not export bread wheat.

b. Production, imports and consumption of bread grains  
(allowing for fluctuations in stocks)

<u>Year</u>	<u>Production</u> ( '000 tons)	<u>Imports</u> * ( '000 tons)	<u>Consumption</u> ( '000 tons)
1968-69	473	371	909
1969-70	425	513	910
1970-71	392	555	915

\* Including flour

6. Feed GrainsI. Nature and extent of the subsidya. Background and authority

- Law on Agriculture of 3 October 1951

In order to ensure the national supplies during periods of emergency, to maintain the possibility of extending cultivation and to relieve the strain on animal production, cultivation bonuses are paid, as in the past, to encourage the growing of feed grains. The bonuses are accompanied by a price supplement levied on imported fodder. In addition, subsidies are paid on the small quantities of domestic feed grains sold in the commercial market.

b. Incidence

- (1) To grow feed grains costs more than to buy like imported grains, and cultivation bonuses in proportion to the area under cultivation are therefore paid to domestic producers of oats, barley, maize, field beans and three other local types of feed grains. There is a basic bonus and supplementary bonuses for the mountain area. They are fixed annually before the spring sowings. The cost is covered by the price supplements levied on imported fodder.
- (2) In addition, allowances are paid to importers who purchase domestic feed grains from a merchant or producer. These subsidies cover transport and marketing costs for domestic feed grains.

c. Amount of subsidy(1) Cultivation bonus

1969:	34,567,000 francs
1970:	43,760,000 francs
1971:	46,654,000 francs

(2) Marketing and transport allowance

1969:	733,000 francs
1970:	975,000 francs
1971:	1,346,000 francs

d. Amount per unit

(1) Cultivation bonus

	<u>1969</u>	<u>1970</u>	<u>1971</u>
- Basic bonus	600 (maize 650)	700 (maize 750)	700 or (maize 750) (field beans 350)
- Supplements:			
Mountain zone I and steeply sloping land outside the mountain zones	150	150	150 (field beans 75)
Mountain zone II	250	250	250 (field beans 125)

(2) Marketing and transport allowance

The amount of the allowance for marketing operations is fixed at 25 francs per ton. The allowance for transport costs varies according to the distance, being about 10.90 francs per ton on the average.

II. Effect of the subsidy

a. (1) The increases in cultivation bonuses for feed grains which took place in 1969 and 1970 form part of the measures intended to modify the structure of agricultural production in order to relieve the pressure on dairy production. In the last few years there has been an appreciable increase in the area under feed grains, from less than 50,000 hectares to more than 60,000 hectares. However, this increase in output has not had any appreciable effect on import demand.

(2) The share of total domestic production affected by the allowances paid to importers for the marketing of domestic feed grains has been about 13.8 per cent on average over the past three years.

b. Production, imports and consumption  
(allowing for fluctuations in stocks)

<u>Year</u>	<u>Production</u> ( <u>'000 tons</u> )	<u>Imports*</u> ( <u>'000 tons</u> )	<u>Consumption</u> ( <u>'000 tons</u> )
1968/69	175	935	1,063
1969/70	216	932	1,148
1970/71	228	1,036	1,170*

\* Estimate

## 7. Colza Seeds

### I. Nature and extent of the subsidy

#### a. Background and authority

- Law on Agriculture of 3 October 1951.

The measures taken to promote colza cultivation are aimed at maintaining a minimum area under oilseed cultivation in order to enable the country to be self-sufficient in periods of emergency. The Federal Council fixes annually the area in respect of which it guarantees to producers the purchase of the colza crop. This area was increased to 10,000 hectares in 1970. 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 appropriate organizations for the conclusion of cultivation contracts producers. It concludes agreements with the oil processing plants for 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 refunds 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

1969:	10,000,000 francs
1970:	12,500,000 francs
1971:	14,653,000 francs

#### d. Amount per unit (per ton of seed)

1969:	718.90 francs
1970:	658.90 francs
1971:	621.71 francs

### II. Effect of the subsidy

a. The subsidy has made it possible to maintain a minimum area under colza cultivation as a basis for extension in case of need. Without the subsidy, this crop would disappear. Domestic production covers on average only about 7 per cent of Swiss consumption of vegetable oils and fats.

#### b. Production and consumption

Imports of colza fats and oils are irregular and small in quantity. There are no exports.

The consumption of domestic colza oil was:

1969:	5,964 tons
1970:	7,968 tons
1971:	9,898 tons

### 3. Sugar Beet

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

##### a. Background and authority

- Federal Order of 20 December 1952 (amended on 19 December 1963) to promote the cultivation of sugar beet and safeguard the country's sugar supply.
- Federal Order of 27 June 1969 concerning the domestic sugar industry.

In order to enable the sugar refineries to take over, at prices fixed by the Federal Council, the beet produced in accordance with the cultivation contracts concluded with the planters, the Confederation grants them a subsidy in the form of a guarantee against any deficit. The price of beet corresponds to the cost of production on efficient farms. Imports of sugar are unrestricted. Consequently the sugar refineries must sell sugar refined in Switzerland at the price prevailing in the free market, and this may mean a loss for them when the world price is very low, as was the case from 1959 to 1962 and from 1964 onwards.

##### b. Incidence

The Federal Order of 27 June 1969 concerning the domestic sugar industry came into force on 1 March 1970. It stipulates how any excess deficit of the two sugar refineries is to be covered if it exceeds the 20 million francs guaranteed by the Confederation.

It prescribes in particular that:

- (1) the Confederation may make an additional grant of from 1 to 5 million francs;
- (2) the Confederation may impose a charge of between 1 and 5 francs per quintal on imported sugar (headings Nos. 1701.20 to 50 of the customs tariff);
- (3) the producers make a contribution of between 8 and 40 centimes per quintal of sugar beet delivered.

These three measures operate concurrently; in other words, for each additional million francs granted by the Government, there will be a charge on imports of 1 franc for 100 kgs. and a deduction of 8 centimes per quintal of sugar beet.

In addition, each year the Federal Council determines the area to be devoted to this crop and the quantity of beet for which the Confederation guarantees disposal at the price fixed.

c. Amount of subsidy (in millions of francs)

Accounting period (1.10 to 30.9)	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>
Confederation subsidy	20.0	20.0	13.8

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

1968: 32.1 centimes  
1969: 35.3 centimes  
1970: 25.8 centimes

II. Effect of the subsidy

a. Due to the guarantee of the Confederation, the sugar refineries are able to process the domestic sugar beet, even when sugar prices on the world market are extremely low, with a view to ensuring the country's supplies in time of emergency. Since the second refinery came into operation, domestic production meets about 20 per cent of total consumption. Thus Switzerland is still the country of Western Europe which meets the lowest proportion of its sugar requirements from domestic production.

b. Production, imports, exports and consumption of sugar (in tons)

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1969	56,609	182,603	8,200	231,012
1970	53,529	219,065	7,937	264,657
1971	69,528	239,281	8,485	300,324

## 9. Potatoes

### I. Nature and extent of the subsidy

#### a. Background and authority

- Article 32 bis of the Federal Constitution
- Federal Law of 21 June 1932 on alcohol, 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.

This provision is intended, inter alia, 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. The subsidies therefore serve to promote the use of potatoes for food and fodder.

The price of potatoes at the production stage is fixed annually before the beginning of the main harvest, taking into account the average production costs and the possibility of utilizing any surplus. The subsidies are financed out of the receipts of the Federal Alcohol Administration and the general funds of the Confederation.

#### b. Incidence

The subsidies take the following forms:

- (1) Subsidies for the transport of potatoes for use as food, for seed or for fodder, as well as potato products.
- (2) Sale of potatoes to needy persons at reduced prices for use as food.
- (3) Subsidies to reduce the price of domestic seed potatoes.
- (4) Subsidies for the utilization of surpluses, in the form of aids to processing them as flakes or flour for fodder.
- (5) Promotion of exports.
- (6) To maintain rational cultivation of potatoes in mountain areas or on sloping ground in other areas, subsidies have been granted since 1. March 1966 in the form of sharing in the higher production costs involved.
- (7) Information, propaganda, etc.

c. <u>Amount of subsidy</u>		<u>1.7 to 30.6</u>	<u>Millions of francs</u>
(1) Transport subsidies	1968/69		1.85
	1969/70		1.99
	1970/71		<u>1.22</u>
(2) Sale of potatoes to needy persons at reduced prices	1968/69		1.67
	1969/70		1.31
	1970/71		<u>0.75</u>
(3) Subsidies to reduce the price of seed potatoes	1968/69		1.67
	1969/70		1.33
	1970/71		<u>1.24</u>
(4) Subsidies for the utilization of potato surpluses	1968/69		17.23
	1969/70		9.04
	1970/71		<u>14.59</u>
(5) Promotion of exports	1968/69		13.05
	1969/70		5.10
	1970/71		<u>7.04</u>
(6) Subsidies for cultivation of potatoes in mountain areas and on sloping ground	1968/69		1.25
	1969/70		1.16
	1970/71		<u>1.05</u>
(7) Information, propaganda, etc.	1968/69		0.39
	1969/70		0.49
	1970/71		<u>0.85</u>
d. <u>Amount per unit</u>			
(1) Subsidies for transport per 100 kgs. of potatoes	1968/69		1.23
	1969/70		1.32
	1970/71		<u>1.42</u>
(2) Reduction in price for needy persons, per 100 kgs. of potatoes for food	1968/69		12.26
	1969/70		10.20
	1970/71		<u>6.29</u>
(3) Reduction in price of seed potatoes, quality A, per 100 kgs.	1968/69		2.50
	1969/70		2.49
	1970/71		<u>2.49</u>

(4) Utilization of surpluses of potatoes for food, ungraded, and fodder potatoes, per 100 kgs., on average	1968/69	15.53
	1969/70	10.10
	1970/71	<u>13.69</u>
(5) Promotion of exports	1968/69	14.5
	1969/70	6.68
	1970/71	<u>9.24</u>

## II. Effect of subsidy

a. The subsidies do not affect imports. For a long time past, domestic production has been sufficient to meet the country's requirements (except for new potatoes and potato seedlings); the subsidies tend to protect public health by promoting the utilization of domestic distillable materials for purposes other than the production of alcohol.

The amount of the export aids depends on the difference between the producer price in Switzerland and the price on the market of the purchasing country. This policy of assistance for exports does not involve undercutting and does not cause the prices of the exported Swiss products to be lower than the prices of the corresponding domestic products in the market of the country of destination.

### b. Production, imports, exports, consumption

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption*</u> total of potatoes for food, seed and fodder
	tons	tons	tons	tons
1968	1,270,000	10,220	85,220	1,195,000
1969	1,120,000	13,667	89,489	1,044,178
1970	1,090,000	11,726	76,459	1,025,267

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\* Including utilization of surpluses within the country

## 10. Fruit

### I. Nature and extent of the subsidy

#### a. Background and authority

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

Under Article 32 bis of the Federal Constitution, the legislation must aim at reducing the production and consumption of spirits and promoting the production of dessert fruit. Thanks to these measures, the per capita consumption of fresh fruit is one of the highest in Europe.

Measures have been taken to:

1. influence production by means of subsidies to reduce the number of trees, make cultivation more efficient and improve the quality of the fruit;
2. influence consumption by information and propaganda, by introducing new forms of distribution, and by the sale of fruit at reduced prices to needy persons and to those living in mountain areas;
3. (a) to encourage the utilization of surpluses otherwise than for distillation by granting subsidies to fruit juice manufacturers for the manufacture and storage of concentrated fruit juice, as well as consumption subsidies.  
  
(b) In order to prevent a collapse in dessert fruit prices on the domestic market and its harmful consequences on farmers' income, special measures can be taken for the utilization of surpluses. In recent years these measures have consisted mainly in subsidies to facilitate the disposal of apricots (price reductions, contributions towards various subsidiary costs - sorting, quality checking, advertising, storage, etc. - and industrial processing). The disposal of domestic apricots takes place after the period of importation, in a market where there is very keen competition from other imported fruits.  

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(c) To promote exports of fruit and of concentrated fruit juice.

b. Incidence

The subsidies are granted in different ways according to their nature.

1. Subsidies intended to influence production by adjusting the number of trees to the marketing possibilities, making cultivation more efficient and improving the quality of fruit are granted in co-operation with the cantons. They are granted only to cantons which themselves take corresponding measures.

2. (a) In principle, the authorities pay 50 per cent of the cost of information and propaganda to encourage fruit consumption. The remaining 50 per cent is paid by the business groups concerned (producers, user undertakings and importers).

(b) As a general rule, the authorities pay the cost of transport and part of the trading margins for the sale of fruit at reduced prices to needy persons. An additional reduction is made for persons living in mountain areas.

3. (a) Surpluses are in most cases utilized in industry; first of all, the utilization must be for non-alcoholic purposes.

(b) The granting of these subsidies (as also those mentioned in 3(a)) is conditional on adherence to the prices laid down by the Federal Council for the fruit in question.

(c) Export subsidies may be granted in particular cases in order to maintain exports to traditional markets.

c. Amount of subsidy

		<u>Million francs</u>	
1. Subsidies to influence production	1968/69	1.37	
	1969/70	1.08	
	1970/71	5.09	
2. Subsidies to promote the consumption of stone fruit	(a) propaganda	1968/69	1.28
		1969/70	0.97
		1970/71	1.72
	(b) supply of fruit at reduced prices to persons with low incomes or living in mountain areas	1968/69	0.72
		1969/70	0.68
		1970/71	0.69

		<u>Million francs</u>	
3.	(a) Subsidies for the utilization of surpluses of various fruits otherwise than for distillation	1968/69	3.98
		1969/70	6.36
		1970/71	4.27
	(b) Subsidies for the use of surpluses of dessert fruits	1968/69	1.44
		1969/70	2.78
		1970/71	1.63
	(c) Promotion of exports of fruit and concentrated juice	1968/69	5.52
		1969/70	7.03
		1970/71	9.54
d.	<u>Amount per unit</u>		

The subsidies to reduce the price of fruit for needy persons and those in mountain areas have fluctuated on the average at between 20 and 24 centimes per kilogramme.

The subsidies for the utilization of surpluses of dessert fruits (apricots) amounted on the average to 18 centimes in 1969 and 25 centimes in 1970.

The amount of the other subsidies per unit cannot be indicated because it varies too much for the different products and according to the market situation.

## II. Effect of subsidy

a. The main effect of the subsidies is to ensure, to a much greater extent than formerly, that the pip-fruit crop is used for purposes other than the production of alcohol. As per capita consumption of fruit is very high in Switzerland, domestic production covers only between 65 and 80 per cent of the country's requirements, according to the year.

### b. Production, imports, exports and consumption of fruit

#### 1. Fresh fruit

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
		(thousands of tons)		
1968/69	596	283	4	875
1969/70	834	277	4	1,107
1970/71	573	320	11	882

#### 2. Fruit juice, pulp, preserved and dried fruits

1968/69	75	37	33	124
1969/70	179	69	35	205
1970/71*	78	88	70	125

\* Estimated production and consumption

11. Wine, Grape Juice, Dessert Grapes

I. Nature and extent of the subsidy

a. Background and authority

- Law on Agriculture of 3 October 1951
- Federal Order of 6 June 1958, extended on 28 September 1967, instituting temporary measures for viticulture.

Vine growing is restricted to the areas suitable for wine production, as determined by the vineyard survey. Outside that area, the planting of new vines is prohibited; within the area, permission must be obtained.

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

1. Propaganda to encourage consumption of wine, dessert grapes and grape juice.
2. Non-alcoholic use of grapes (dessert grapes and grape juice).

These measures are financed out of the vineyard fund, which is constituted from the proceeds of a charge of 8 francs per quintal on wine imported in casks.

b. Incidence

1. Contributions to propaganda costs are paid to the Propaganda Office for Swiss Agricultural Products and the Society of Swiss Wine Exporters.
2. Subsidies for the non-alcoholic utilization of grapes are granted to traders and manufacturers of grape juice, provided that they pay the fixed prices to the producer. Any price reductions resulting from these subsidies must be passed on to the consumer.

c. Amount of subsidy

1. Propaganda to encourage consumption of wine, dessert grapes and grape juice:

(a) Wine	1969	415,691.-- frs
	1970	339,970.-- frs
	1971	515,664.-- frs

(b) Grape juice	1969	296,536.-- frs
	1970	300,000.-- frs
	1971	245,000.-- frs

(c) Dessert grapes	1969	---.--
	1970	---.--
	1971	---.--

2. Non-alcoholic utilization of grapes

(a) Non-alcoholic grape juice	1969	2,073,942.-- frs
	1970	700,344.-- frs
	1971	883,097.-- frs
(b) Dessert grapes	1969	106,782.-- frs
	1970	135,909.-- frs
	1971	59,868.-- frs

d. Amount per unit

1. Propaganda: impossible to determine the amount per unit;

2. Non-alcoholic utilization of grapes;

(a) Grape juice:	1969	0.55 frs per litre
	1970	0.56 frs per litre
	1971	0.95 frs per litre
(b) Dessert grapes:	1969	0.20 frs per litre
	1970	0.20 frs per litre
	1971	0.34 frs per litre

II. Effect of subsidy

a. (1) and (2) The subsidies for propaganda and the non-alcoholic utilization of grapes facilitate disposal of the grape harvest. In particular, they make it possible to reduce consumer prices of dessert grapes and grape juice.

b. Production, imports, exports, consumption

	<u>Production</u> hl	<u>Imports</u> hl	<u>Exports</u> hl	<u>Consumption</u> hl
<u>Wine*</u> (1/7 to 30/6)				
1968/69	962,593	1,586,492	1,844	2,424,022
1969/70	775,001	1,646,707	1,663	2,476,235
1970/71	1,232,458	1,566,285	1,877	2,551,663

\* Imports and exports of wine include only wine in casks, which falls within headings 2205.10 to 2205.22 of the customs tariff.

Grape juice  
(1/7 to 30/6)

1968/69	71,622	33,624	1,804	104,304
1969/70	21,400	82,761	1,838	97,900
1970/71	34,842	84,333	1,605	122,909

Dessert grapes

	t	t	t	t
1969	913	37,313	13	38,213
1970	986	37,334	13	38,307
1971	313	35,820	30	36,103

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