

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/INV/2/Add.9/Suppl.1
13 April 1984

International Dairy Arrangement

Original: English

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

SWEDEN

Supplement

I. Introduction - general policy framework

1. Guidelines for the agricultural policy

In early 1983 a special committee was assigned by the Government to review the existing guidelines for the agricultural policy and design a comprehensive food policy. One important task is to find measures to deal with the present surplus production.

In October 1983 the Committee presented its first proposals on the basis of which a Bill was passed in the Parliament concerning the price-compensation system to be applied temporarily as from 1 July 1984. The final proposals concerning the long-term objectives for a comprehensive food policy and the principles for future negotiations on prices are expected in the autumn of 1984.

2. Agricultural policy measures during 1983

A number of measures have been taken in order to reach a better balance between supply and demand for animal products. In order to reduce production the following measures were taken: continued limitation of State credits for investments, abandonment of delivery additions for elderly dairy farmers, non-production grants to dairy farmers sixty to sixty-five years of age and restrictions on investment in animal production.

In order to stimulate consumption of beef and pigmeat a price-reduction campaign was carried out in 1983 along the same lines as in 1982.

3. Other measures

In 1973 consumer subsidies were introduced and have since then been applied for a number of foodstuffs, inter alia, liquid milk, cheese, pigmeat, beef and veal, in order to keep consumer prices down. This has meant that parts of the price increases agreed upon during the semi-annual agricultural price negotiations have not taken place and that public means have been used to compensate producers. As an integral part of a package of measures to limit budgetary expenditure all the consumer subsidies with exception for subsidies on liquid milk were abandoned as from 1 December 1983.

II. Dairy products

A. Production

1. Support and/or stabilization measures

(a) Instruments of support and/or stabilization

The general price support programme includes import levies, allowing domestic prices to be kept above the world market price level. Import levies stay fixed as long as domestic wholesale prices remain between certain price limits. In order to stimulate imports, part of the import levy may be restituted. The middle price is a theoretical price between the price limits, which can be said to represent a "target price" according to the agricultural policy objectives. Middle prices, price limits and import levies are regularly adjusted.

Additional market regulatory measures are applied, mainly as regards storage and export. The practical implementation of the market regulation is carried out by the Market Regulation Association for Dairy Products (FFM), a semi-governmental body operating under the directives of the national Agricultural Market Board.

Apart from the general price support programme special support is granted to small farmers and to farmers in Northern Sweden.

(b) Levels of guaranteed prices or support prices

Middle prices and price limits as from 1 January 1984 are as follows (SEK/kg.)¹:

	<u>Lower</u> <u>price limit</u>	<u>Middle</u> <u>price</u>	<u>Upper</u> <u>price limit</u>
Butter	14.49	15.42	16.35
Cheese	20.13	21.41	22.69
Skimmed milk powder	10.26	10.91	11.56

(c) Amount of producer subsidies

Low-income farmers and farmers in Northern Sweden receive special support:

¹US\$1 = SEK 8.20 (January 1984)

Delivery additions for certain dairy farmers constitute part of the low-income support. Additions are at their maximum for producers delivering between 1,000 and 7,000 kg. milk per month and amount in that range to 8 öre/kg. They are successively reduced up to a level of 16,000 kg. per month, above which no addition is granted. No additions are granted to dairy farmers above sixty-five years of age.

Dairy farmers in Northern Sweden are granted special price additions, as a maximum 50 öre/kg. milk (4.1. per cent fat content). Dairies in Northern Sweden also receive a special regional support presently amounting to a maximum of 7.2 öre/kg.

(d) Average returns to producers

Prices for milk delivered to dairies are affected, apart from the support measures described above, mainly by effectiveness and cost development in the dairy industry (most dairies are producer co-operatives). In order to stimulate milk production during the off-peak season August-February, a higher price prevails during these months. Average prices to producers for the fourth quarter 1983, regional support included, amounted to SEK 2.45/kg. for all the country.

2. Policies and measures of governments or other bodies likely to influence production, other than those listed under 1

An essential part of the price regulation system for (milk and) dairy products is the equalization system. Equalization fees are levied on the production or sales of fresh milk, cream and cheese. Means deriving from these fees are used to compensate for the differences in profitability between the dairy products, inter alia, for the granting of price additions to butter production. Thereby all dairies achieve about the same level of profitability regardless of their specialization.

B. Internal prices and consumption

1. Representative retail and wholesale prices on major domestic markets

(a) Average wholesale prices 1 January-31 March 1984

Milk: 266 öre/litre (upper price limit for 3 per cent milk for liquid consumption in 1-litre packages)¹

Butter: 1,550 öre/kg. (national quotation for Swedish Rune Brand)

Cheese: 2,167 öre/kg. (weighted average for the ten most common varieties)

¹The small or possibly even negative difference towards producer prices is explained by the food subsidies (cf. B.3 below).

Skimmed milk powder: 1,098 öre/kg. (sales from factories to wholesalers, quantities of 2,500 kg. or more)

(b) Average retail prices 1 January-31 March 1984

Milk: 382 öre/litre (3 per cent milk for liquid consumption)

Butter: 2,692 öre/kg. (Swedish Rune Brand)¹

Cheese: 4,040 öre/kg. (Herrgård, whole-fat)¹

C. Measures at the frontier

1. Customs duties - none

2. Import levies (temporary levy reductions not taken into account)

Statistical
number

Heading Number	Code Number	Description of Goods	Import Levy	
			SEK/100 kg. (max.) 1 Jan.-30 June 1984	
04.01	000	Milk and cream, fresh, not concentrated or sweetened:		
		Weight of fat:		
		- less than 1% ... 100 l		210
		- 1% but less than 6%		210
		- 6% " " " 20%		650
		- 20% " " " 30%		750
		- 30% " " " 45%		980
		- 45%		1,080
04.02		Milk and cream, preserved, concentrated or sweetened:		
		Milk serum:		
	101	- In solid form		475
	109	- Other		475

¹ December 1983

Statistical
Number

Heading Number	Code Number	Description of Goods	Import Levy SEK/100 kg. (max.) 1 Jan.-30 June 1984
		Other, in solid form:	
	300	- Skim milk (containing not not more than 1.5% by weight of fat)	655
	500	- Other (containing more than 1.5% by weight of fat):	
		Weight of fat:	
		-- more than 1.5% but less than 35%	705
		-- 35% but less than 55%	805
		-- 55%	955
		Other, in other forms:	
	701	- Concentrated milk	210
	709	- Other:	
		Weight of fat:	
		-- Less than 1% ... 100 L	210
		-- 1% but less than 6%	210
		-- 6% " " " 20%	650
		-- 20% " " " 30%	750
		-- 30% " " " 45%	980
		-- 45%	1,080
04.03	000	Butter	510
04.04		Cheese and curd:	
	150	Fresh cheese and curd:	
		- fresh cheese and curd	600
		- pure curd with no flavouring	830

Statistical
Number

Heading Number	Code Number	Description of Goods	Import Levy SEK/100 kg. (max.) 1 Jan.-30 June 1984
	200	Processed cheese	675
	300	Cheese made from milk serum	60
	400	Mould cheese	700
	900	Other:	
		- cheese fondue	520
		- vegetable fat cheese	1,040
		- other	1,040
ex 35.01		Casein, caseinates and other casein derivatives; casein glues:	
	100	Casein	Free

Remarks: 1. The expression "milk" means full cream or skimmed milk, butter-milk, whey curdled milk, kephir, yoghurt and other fermented or acidified milk.

2. Milk and cream put up in hermetically sealed cans are regarded as preserved within the meaning of heading No. 04.02. However, milk and cream are not regarded as so preserved merely by reason of being pasteurised, sterilised or peptonised, if they are not put up in hermetically sealed cans.

3. Export measures (see also A.1(a))

Export and other market regulatory measures applied are necessary for the attainment of the domestic price levels aimed at. The Market Regulation Association for Dairy Products may grant export refunds. Costs of the export refunds are tabled below.

	1982/83	
	<u>SEK million</u>	<u>SEK/kg.</u>
Butter ¹	-	-
Cheese	23.5	6.33

¹ Export prices exceeded domestic prices in 1982/83.

The price and market regulation, including export regulation, for milk powder is handled by Scandmilk AB, an organization independent of the regulation association. Internal production fees are levied and the proceeds herefrom are used, inter alia, to cover export costs.

D. Text or description of bilateral, plurilateral and multilateral agreements

Within the framework of GATT Sweden has concluded a bilateral cheese arrangement with the United States. Sweden has been granted an annual GATT-bound cheese quota of 1,350 metric tons.