

GENERAL AGREEMENT ON TARIFFS AND TRADE

Original: English

SUBSIDIES

Notifications Pursuant to Article XVI:1

SWEDEN

The following notification has been received from the Permanent Mission of Sweden.

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Note: This submission is made irrespective of whether the support measures covered are notifiable under Article XVI:1 or not.

PART ONE: INDUSTRY

I GENERAL PROMOTION OF TRADE

1. Nature and extent of the subsidy

(a) Background and authority

The Swedish Government extends annual contributions to the semi-State-owned Swedish Trade Council in order to support the Council's activities in promoting Swedish exports such as market research, trade fairs and information.

The services provided by the Trade Council are restricted to companies which subscribe to it.

The activities of the Council are supported by the trade-promoting efforts of Sweden's overseas trade offices and embassies.

The legal provisions are laid down in many different government statutes.

(b) Incidence

Consulting services and grants (up to 40 per cent of specified and accepted costs), in some cases

with repayment obligations, are given for purposes of market research, trade fairs and information.

(c) Amount of subsidy

Fiscal year	1981/82	168,3 million SEK
Fiscal year	1982/83	183,8 million SEK
Fiscal year	1983/84	164,5 million SEK

(d) Estimated amount per unit

The subsidies have general purposes and cannot be broken down to amounts per unit.

2. Effect of subsidy

No estimates can be given of the trade effects of the measures indicated above.

II EXPORT CREDITS

1. Nature and extent of the subsidy

(a) Background and authority

Medium and long term export credits for capital goods can be refinanced by the Swedish Export Credit Corporation (a financial institution owned jointly by the Government and the banks) at subsidized interest rates at 0,5 per cent higher than the minimum interest rates agreed upon in the Arrangement on Guidelines for Officially Supported Export Credits.

The basic legal provisions are laid down in SFS 1981:665.

(b) Incidence

Credits by exporters or banks will be refinanced when competition from abroad based on official support is encountered.

(c) Amount of subsidy

The total costs were: (1)

Fiscal year	1981/82	364 million SEK
Fiscal year	1982/83	1.664 million SEK
Fiscal year	1983/84	1.356 million SEK

(1) Disbursements

(d) Estimated amount per unit

The coverage of the refinancing is regulated by the Arrangement. Refinancing is provided at interest rates prevailing according to the Arrangement plus 0.5 per cent per annum. Additional spreads are added when financing is made in Swedish currency (1.5 per cent per annum) or when credits are not covered by guarantees from the Swedish Export Credits Guarantee Board (0.5 per cent per annum). A commitment fee of 0.6 per cent per annum is applied.

2. Effect of subsidy

No estimates can be given of the trade effects.

III TEMPORARY SUPPORT DIRECTED TO PARTICULAR
INDUSTRIAL SECTORS

1. Nature and extent of subsidy

(a) Background and authority

Important industrial sectors in Sweden, such as shipbuilding, iron and steel industry and forestry, were seriously affected by the generally deteriorating world economic situation and competition from new suppliers in the late 1970's and the beginning of the 1980's. It proved necessary in certain instances, for social as well as for economic reasons, to take temporary measures to control the pace and orientation of the adjustment process. As a result of these measures, important capacity reductions have been achieved in a socially acceptable manner (cf. L/5102/Add. 14/Suppl. 2).

The Government has strongly underlined the need for a reorientation of industrial policy and a reduction of temporary supports to ailing industries and other subsidies to industry. This declaration is reflected in the level of supports for fiscal years 1983/84 and 1984/85.

The legal provisions for these supports are included in Government Bills 1981/82:56, 1982/83:67, 1982/83:120, 1982/83:147 and other government statutes.

(b) Incidence

The temporary support measures have included equity capital loans, depreciation loans, and guarantees.

(c) Amount of subsidy

Fiscal years	million SEK		
	Shipbuilding industry	Steel industry	Forestry industry
1981/82	--	725 *	37
1982/83	2 348	200	2 030
1983/84	640	--	--

* of which 575 as equity capital

(d) Estimated amount per unit

The support measures can not be broken down to amounts per unit.

2. Effect of subsidy

No estimate can be given of the effects on trade of measures indicated above.

IV SUPPORT SCHEMES IN FAVOUR OF CERTAIN BRANCHES1. Nature and extent of subsidy

(a) Background and authority

The National Board of Industry administers support schemes in favour of certain branches namely, the textile and clothing industry, the wood working industry (furniture manufacturing, joineries, and sawmills), the hand-made glass industry and the foundry industry. The programme for the foundry

industry was terminated 30 June 1983. The programme for the hand-made glass industry was terminated on 30 June 1984.

The legal provisions are laid down in various government statutes.

(b) Incidence

Adjustment support is extended by means of loan guarantees, depreciation loans, educational assistance, technical consultants and marketing assistance. A temporary system of compensation in grant form for elderly workers in the textile and clothing industry is maintained at a reduced level.

(c) Amount of subsidy

Grants under National Board of Industry's support schemes for adjustment assistance, educational assistance and technical consultants amounted to:

		<u>Textile& clothing industry</u>	<u>Wood working industry</u>	<u>Handmade glass industry</u>
		million SEK		
Fiscal year	1981/82	54,5	8,5	6,5
Fiscal year	1982/83	56,5	8,0	7,5
Fiscal year	1983/84	82,0	12,8	7,3
Fiscal year	1984/85	84,5	13,5	--

The loss coverage in connection with government loan guarantees issued for these branches amounted to

Fiscal year	1981/82	12,9 million SEK
Fiscal year	1982/83	6,5 million SEK
Fiscal year	1983/84	8,5 million SEK
Fiscal year	1984/85	(Not available)

Companies within the textile and clothing industry can be granted compensation for retaining elderly employed. The compensation can be extended to companies which keep workers who are over 50 years of age. The grants may as of 1 January 1984 not exceed 12 % of the wage bill of the company. This limit will be reduced during fiscal years 84/85 and 85/86 to 9 % and 7 % respectively. The total compensation under this programme has amounted to:

Fiscal year	1981/82	257 million SEK
Fiscal year	1982/83	283 million SEK
Fiscal year	1983/84	264 million SEK
Fiscal year	1984/85	210 million SEK

(d) Estimated amount per unit

The programme involves many companies in three sectors of industry and can not be broken down to amount per unit.

2. Effect of subsidy

No estimates can be given of the trade effects of the measures indicated above.

V EMERGENCY PREPAREDNESS

1. Nature and extent of subsidy

(a) Background and authority

The National Board for Economic Defence extends loans covering expenses incurred by companies willing and capable to assume the ^{COST} of

guaranteeing supply of commodities necessary in an emergency situation. Loans are mainly extended to the clothing industry, while the chemical and metalworking industries are minor participants in the programme. Loan guarantees are sometimes provided for the same purpose.

The legal provisions are laid down in Government Decree SFS 1982:517.

(b) Incidence

Compensation in the form of loans is normally free of interest for maintaining non-commercial activities such as developing substitutes or emergency stock piling. Depreciation during a period of one to fifteen years provided obligations to the Board are fulfilled.

(c) Amount of subsidy

Loans 1982/83	99 million SEK
Loans 1983/84	87 million SEK
Loans 1984/85	134 million SEK

Existing multiyear limit of 125 million for loan guarantee was in 1984 utilized to about one third.

(d) Estimated amount per unit

The compensation programme involves several companies in different sectors of industry and can not be broken down to amounts per unit.

2. Effect of subsidy

No estimates can be given of the trade effects of the measures indicated above.

VI SUPPORT FOR TECHNICAL RESEARCH AND
DEVELOPMENT

1. Nature and extent of the subsidy

(a) Background and authority

The Swedish Government extends annual grants to the National Board for Technical Development in order to support technical research and development.

The legal provisions are laid down in SFS 1980:473 (changed 1982:573) and SFS 1979:113 (changed 1979:606, 1980:476).

(b) Incidence

The purpose of the grant is to raise the level of technical knowledge, stimulate the creativity and to promote development work from an idea into working system or product prototype. The beneficiaries are universities, institutes, co-operative research institutes, enterprises and private inventors.

The support is in the form of grants, grants with conditional repayment obligations, loans, awards of fellowships, advisory and service activities.

(c) Amount of subsidy

Fiscal year	1981/82	531 million SEK
	1982/83	588 million SEK
	1983/84	610 million SEK

(d) Estimated amount per unit

The supports involve a great variety of activities and recipients and can not be broken down to amounts per unit.

2. Effect of subsidy

No estimates can be given of the trade effects of the measures indicated above.

VII SUPPORT FOR INDUSTRIAL DEVELOPMENT

1. Nature and extent of the subsidy

(a) Background and authority

The Government extends since 1979 annual grants to the Swedish Industrial Fund in order to promote large industrial development projects where technical and commercial risks are large.

Legal provisions are laid down in SFS 1980:470.

(b) Incidence

The Fund administers loans at market rates with conditional repayment obligation (maximum 50 per cent of investment cost) directed to industrial enterprises. Loans must always be repaid if a project becomes commercially viable.

(c) Amount of subsidy

Fiscal year	1981/82	150 million SEK
	1982/83	150 million SEK
	1983/84	150 million SEK

(d) Estimated amount per unit

The programme involves a large number of companies and projects in various sectors of industry and can not be broken down to amounts per unit.

2. Effect of subsidy

No estimates can be given of the trade effects of the measures indicated above.

PART TWO: AGRICULTURE

I INTRODUCTION

As part of the notifications to the "Committee on Trade in Agriculture" Sweden has presented present guidelines for the agricultural policy.

II AVAILABLE PRICE REGULATION MEANS

The Swedish agricultural price and market regulation system is financed by means derived from import levies, internal fees and from the state budget. The amounts available for price and market regulation purposes during the period 1980/81 - 1982/83 (SEK million) are shown in the table below. Means available and utilized within the industrial price compensation system are excluded.

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
Import levies *	778	828	895
Internal fees	425	759	1360
Budgetary means	<u>4747</u>	<u>3849</u>	<u>3692</u>
Total	5950	5436	5947

Import levies and internal fees (milling fees, acreage and production fees, sales fees etc.) are transferred to the agricultural sector to finance price regulation activities.

Budgetary means have been used primarily in order to finance price supplements to farmers, mainly for meat and dairy products in relation to the application of consumer subsidies ("middle price line"). Budgetary means are also used to regional and low income support purposes.

III UTILIZATION OF PRICE REGULATION MEANS

In order to obtain the objectives laid down for the agricultural policy the following amounts have been allocated for different support purposes (SEK million).

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
1. Price supplement	4 110	3 163	3 010
Dairy products	2 576	2 376	2 450
Meat	1 355	636	451
Cereals	97	38	-
Storage etc.	82	113	109
2. Regional aids to production	212	250	263
3. Low income support	469	441	418
4. Export refunds	912	1 288	1 933
Total	5 703	5 142	5 624

In addition to these major outlays means available were used for various other market regulatory measures and similar purposes. Among these are information and development, animal health control, storage costs, crop insurance, administration etc.

1. Price supplements

Price supplements derive from budgetary means and have been paid in order to compensate farmers as a consequence of the application of the middle price line. The consumer subsidies have been discontinued as from December 1, 1983 as regards cheese and meat.

2. Regional aids to production

The regional price support is mainly financed by budgetary means. During 1980/81 - 1982/83 the following amounts, in SEK million, have been granted.

	1980/81		1981/82		1982/83	
	SEK mill.	SEK/kg	SEK mill.	SEK/kg	SEK mill.	SEK/kg
Milk	156.8	0.21	184.9	0.24	194.5	n.a.
Meat	31.9	1.34	37.6	1.55	42.8	1.71
Pork	3.0	0.42	3.5	0.48	3.8	0.52
Other	20.6	..	24.1	..	22.0	..
Total	212.3	..	250.1	..	263.1	..

3. Low income support

This support is financed by budgetary means and is given as a price supplement for milk and a support to piglet production.

4. Export refunds

In order to enable exports at prevailing world market prices a positive difference between domestic and international prices must be levelled out when products covered by the system are exported. The refunds are financed by internal fees and import levies.

Export refunds, excl. refunds within the industrial price compensation system, during the period 1980/81 - 1982/83 were as listed in Annex I.

IV EFFECT OF SUBSIDIES

- (a) No estimates can be given of the trade effects of subsidies.
- (b) Data on production, consumption, imports and exports for 1979/80 - 1982/83 is given in Annex II.

CCCN	Products	1980/81		1981/82		1982/83	
		SEK		SEK		SEK	
		mill.	SEK/kg	mill.	SEK/kg	mill.	SEK/kg
10.01	Wheat	124.4	0.30	237.1	0.54	382.0	0.56
10.02	Rye	9.5	0.25	3.1	0.23	23.1	0.54
10.03	Barley	51.9	0.29	79.0	0.34	122.2	0.58
10.04	Oats	54.3	0.22	142.8	0.38	214.1	0.67
10.01-10.04,							
11.07 ex	Grain products	56.2	..	63.9	..	79.2	..
02.01 ex	Beef	85.6	5.57	128.2	6.47	286.0	9.17
02.02 ex	Veal	0.5	..	9.8	..	3.8	..
02.01,							
02.06 ex	Pork	195.4	5.17	403.1	7.53	406.8	7.23
15.01,	Slaughter						
15.02 ex	fats etc.	48.0	..	44.6	..	62.4	..
04.03	Butter	28.9	3.08	8.3	0.59	-2.0	-0.13
04.04	Cheese	5.7	3.95	6.2	2.01	7.6	2.05
04.01-04.02	Other dairy						
ex	products	2.7	..	4.1	..	4.9	..
04.05 ex	Eggs in shell	8.4	3.78	5.0	4.27	16.0	5.05
04.05 ex	Egg products	9.4	..	10.7	..	11.1	..
02.02 ex	Poultrymeat	4.3	..	2.2	..	10.4	..
12.01 ex	Oilseeds	176.3	1.25	106.6	1.34	144.7	1.41
04.02 ex	Skimmed milk						
	powder	50.2	2.97	32.9	3.37	160.7	4.48
	Total	911.7	..	1287.6	..	1933.0	..

ANNEX II

Production, Consumption, Imports and Exports during 1979/80 - 1982/83

July/June	Production	Consumption ¹⁾	('000 metric tons)		
			Production of consumption, λ	Imports	Exports
<u>Wheat²⁾</u>					
1979/80	1,030	772	133	38.7	306.3
1980/81	1,193	875	146	69.5	317.3
1981/82	1,066	795	134	36.9	335.4
1982/83	1,490	981	152	37.2	618.1
<u>Rye²⁾</u>					
1979/80	194	161	120	0.0	33.7
1980/81	225	188	120	13.3	43.5
1981/82	180	175	103	0.7	11.7
1982/83	211	168	126	0.1	42.1
<u>Barley²⁾</u>					
1979/80	2,346	1,950	120	0.1	258.4
1980/81	2,172	2,164	100	74.5	148.4
1981/82	2,452	2,222	110	0.2	194.5
1982/83	2,378	2,194	108	0.9	130.5
<u>Oats²⁾</u>					
1979/80	1,524	1,193	128	0.5	244.4
1980/81	1,567	1,307	120	0.1	314.5
1981/82	1,816	1,399	130	0.0	324.7
1982/83	1,663	1,308	127	0.6	277.5
<u>Beef and veal</u>					
1979/80	152.4	151.9	100	11.8	12.9
1980/81	158.1	147.7	107	10.1	15.8
1981/82	159.3	144.1	111	5.0	22.0
1982/83	162.4	142.5	114	6.7	31.7
<u>Pork</u>					
1979/80	315.9	293.7	108	6.6	28.9
1980/81	317.0	286.6	110	5.9	36.0
1981/82	326.8	278.0	118	3.8	52.2
1982/83	317.0	273.0	116	9.1	54.5
<u>Butter</u>					
1979/80	66.1	54.0	122	0.2	7.6
1980/81	64.5	55.6	116	0.1	11.4
1981/82	65.9	53.2	123	0.1	13.9
1982/83	74.3	57.4	129	0.0	16.2

Cheese

1979/80	97.2	109.8	89	15.1	2.7
1980/81	104.9	115.3	91	16.4	3.1
1981/82	111.8	114.9	97	15.9	7.3
1982/83	113.9	122.1	93	13.8	5.9

1) Residual (including changes in stocks)

2) Grains