

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

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SUBSIDIES

Notification Pursuant to Article XVI:1

SWEDEN

This notification contains updated information relating to agriculture and covers the fiscal year 1987/88.

AGRICULTURE

1. Introduction

The primary goal for Sweden's agricultural policy, as decided by Parliament in May 1985, is to secure food supplies under normal as well as emergency conditions. Under this main objective there are two general objectives of equal importance. One is the consumers objective, which implies that consumers should have access to foodstuffs of good quality at reasonable prices. The second, the income objective, means that farmers should be assured a standard of living equal to that of comparable occupational groups. Similar objectives, i.e. an "income" objective and a "consumers" objective, apply for the fisheries sector.

These goals are implemented by means of various policy measures among which price and market regulation activities play an important rôle. Prices of agricultural products subject to regulation are supported mainly by means of border protective measures (mainly import levies) and by means of market regulating measures, such as storage and exports. Export refunds may be applied in surplus situations when world market prices are below domestic prices. These refunds are financed mainly by means deriving from internal production fees but also to some extent from import levies and budgetary means.

In the fisheries sector a low price line is applied. This means that the price formation on the market is free and that the border protection for fish products is very low.

Support in the form of variable import levies or export subsidies is not applied. The market regulation for fish is based on target prices (norm prices). Fishermen receive price additions if target prices are not achieved.

The National Agricultural Market Board is the central administrative authority for matters concerning price and market regulations in the agricultural and fisheries sectors. Most market regulation operations are carried out by seven market regulation associations, working under directives of the Board.

The price regulations for agricultural and fish products are based on the Law regarding price Regulation of Agricultural Goods (SFS 1967:340) and the Law regarding Price Regulation of Fish and Fish products (SFS 1974:226). Horticultural products as well as i.a. coffee, tea, cocoa and spices are not subject to any similar legislation or market regulation.

This notification covers direct subsidies and payments relevant to agricultural price and market regulation. The notification does not reflect the support given by consumers in the form of protected domestic farm prices higher than world market prices. A more complete attempt to reflect the agricultural support has been made by the OECD. A Country Report on Sweden was distributed 20 May 1988.

This notification covers the years 1987/88. The figures are presented irrespective of whether or not they should be regarded as subsidies notifiable under Article XVI. Recently a number of policy changes have taken and will take place. A parliamentary group is expected to make a proposal for a new agricultural policy by the autumn of 1989. These changes however do not apply to this notification.

2. GRAINS, ETC.

2.1 Nature and extent of subsidy

2.1.1 Background and authority

The following products are subject to price and market regulation: wheat, rye, barley, oats, mixed grain and flour as well as field beans and peas. Market Regulation Association for Grains (Swedish Grain Trade Association).

2.1.2 Incidence

Grains

If world market prices are lower than domestic prices the difference is levelled out when the products are exported. This equalization is carried out by the Association. The Association purchases all surplus grain offered to it at a predetermined price. An alternative to exports of bread grain is disposal on the domestic market for feeding purposes at a

reduced price. The operations of the Association are financed by milling fees and fertilizer fees, etc. In the years covered by this notification budgetary means have also been used in line with the agricultural policy guidelines laid down in 1985 according to which the State takes responsibility for part of the costs due to surpluses in the grains sector during a 5-year transition period.

Peas and field beans, etc.

A support is paid to farmers for certified seed and to the feed industry for its use of field beans and peas.

2.1.3 Amount of subsidy (total and per unit)

Grains

Costs of the Association for rebates and storing and costs due to the difference between domestic and world market prices for exported quantities (including raw material price compensation for certain processed products, mainly bread) in 1987/88 amounted to:

	Export refunds SEK per 100 kg. 1987/88	SEK million 1987/88	Rebates and storing SEK million 1987/88
Wheat	97	533.2	16.4
Rye	101	101	6.5
Barley	83	84.3	0.4
Oats	73	156.6	0.3
Products	-	113.7	-
Total	-	988.8	23.6
Of which budgetary means		300	-

Peas and field beans, etc.

Support for peas and field beans was given as a discount on certified seed. Total cost in 1987/88 was SEK 9.8 million (seed). An acreage support of SEK 29.4 million was also granted.

2.2 Effect of subsidy

2.2.1 Trade effects

Comprehensive analytical work concerning the trade effects of various support measures is made by the OECD in connection with the "NTM-model".

2.2.2 Statistics

See Annex I.

3. MILK AND DAIRY PRODUCTS

3.1 Nature and extent of subsidy

3.1.1 Background and authority

Milk, butter, cheese and skimmed milk powder are subject to market regulation. Market regulation activities are carried out by the Market Regulation Association for Dairy Products.

3.1.2 Incidence

Price and market regulating activities comprise export aid, consumer subsidies and regional production support. During recent years various measures have been taken in order to cut surpluses (stimulate consumption, reduce production). These measures include i.a. a two-price system for milk, an investment ban for animal production, discounts to public institutions, non-production grants to elderly dairy farmers, slaughter premiums for female heifers, etc.

The main sources for financing the dairy products regulation are equalization fees, budgetary means and means deriving from import levies. Budgetary means (consumer subsidies) are used to finance price additions paid to producers in exchange for a lower price to consumers as well as for regional support. The other means available are used to compensate for differences in profitability between various dairy products (fresh milk, cream, cheese and butter), support to storage, export refunds and measures to promote consumption.

3.1.3 Amount of subsidy (total and per unit)

Consumer subsidies in 1987/88 were as follows:

Product	1987/88 SEK/litre SEK/kg.	1987/88 SEK million
Liquid milk:		
0.5-3.0% fat content	1.53	2,045.9
0.05% fat content	1.64	0.1
TOTAL	..	2,046.9

Regional support was given as a price addition per litre of milk, varying between different dairies depending on geographical location and difference in costs. The amounts of regional support in 1987/88 was SEK 437.5 million.

Public institutions were granted discounts on prices of butter and cheese. In 1987/88 total costs for these measures amounted to SEK 8.31 million (SEK 3.35 per kilogramme of butter and on average SEK 2.00 per kilogramme of cheese). Schools were granted discounts on prices of milk. In 1987/88 total costs were SEK 3.04 million per litre.

For storing of butter SEK 44.44 million were paid in 1987/88.

Export refunds were paid as follows:

	1987/88 SEK/kg.	SEK million
Butter	15.67	110.1
Cheese	8.57	21.8
Milk powder	11.25	227.2
Other	..	9.8
Total	..	358.9

3.2 Effects of subsidy

3.2.1 Trade effects

See comments under 2.2.1

3.2.2 Statistics

See Annex I.

4. MEAT

4.1 Nature and extent of subsidy

4.1.1 Background and authority

Products subject to general or regional support under this heading are beef, pork, mutton and lamb and horsemeat. Regional support is also granted for reindeer production.

A number of policy measures i.a. an investment ban in animal production, slaughter premiums, slaughter fees, price rebates, etc., have been taken to curb production and to expand consumption. As concerns measures taken to decrease dairy surpluses such as the two-price system and slaughter premiums for female heifers (see 3.1.2), these also had effects on beef production. The regulatory measures are carried out by the Market Regulation Association for Meat.

4.1.2 Incidence

If world market prices for meat are lower than domestic prices the Association grants export refunds, directly paid to the exporters. The Association also finances storing, rebate campaigns and discounts on meat for public institutions. These activities are mainly financed by slaughter fees paid by producers. Means from import levies are used to a limited extent.

Regional support in the form of price additions are granted to slaughter houses in Northern Sweden and paid to the producers. Such regional support is mostly financed through budgetary means.

4.1.3 Amount of subsidy (total and per unit)

Costs within the market regulation amounted to:

	SEK million 1987/88
Storage	87.7
Freight support	-
Public institutions (schools)	37
Regional support of which:	
Beef and veal	92.6
Pigmeat	10.7
Sheep meat	5.0
Reindeer meat	17.2
Rebate campaigns ¹	44.3

Export refunds have been paid as follows:

	1987/88 SEK/kg.	SEK million
Beef	16.12	63.0
Veal	..	0.0
Pigmeat	14.87	448.3
Other ²	..	135.4
Total	..	646.7

¹In 1987/88 different rebate activities were carried out. Total quantity sold was 8.9 million kilogrammes at an average discount of SEK 4.95/kg.

²Export refunds to edible offals, processed meat, edible slaughter fat and sales to ships in international routes.

4.2 Effects of subsidy

4.2.1 Trade effects

See comments under 2.2.1

4.2.2 Statistics

See Annex I.

5. EGGS AND POULTRY

5.1 Nature and extent of subsidy

5.1.1 Background and authority

Market regulation activities are carried out by the Market Regulation Association for Eggs. Products covered by the regulation are eggs in shell and egg products. Market activities regarding poultrymeat are carried out directly by the National Agricultural Market Board.

5.1.2 Incidence

5.1.2.1 Eggs and egg products

Export refunds are paid directly to exporters for eggs exported at prices below the domestic market prices. The Association itself takes care of surplus eggs which are stored and dried and later exported. For costs regarding packaging of eggs the Association also grants support. The export refunds are financed by production fees. Costs due to packaging, storing and drying of eggs are covered by import levies and production fees.

5.1.2.2 Poultry meat

The National Agricultural Market Board stipulates limits for both total export costs and for quantities exported. Export costs are covered by slaughter fees.

5.1.3 Amount of subsidy (total and per unit)

Aid to packaging (eggs) and exports amounted to:

	1987/88 SEK/kg.	SEK million
Packaging	0.42	26.9
Export refunds:		
Eggs in shell ¹	6.85	20.7
Egg products ²	5.48	12.7
Surplus eggs ²	8.13	34.5
Poultry meat	10.14	5.6
Total	..	101

5.2 Effects of subsidy5.2.1 Trade effects

See comments under 2.2.1

5.2.2 Statistics

See Annex I.

6. POTATOES6.1 Nature and extent of subsidy6.1.1 Background and authority

Potatoes are grown partly for direct consumption (table potatoes) and partly for processing purposes (distilleries and starch industry). Market regulation activities are carried out separately for the respective purposes by the Market Regulation Association for Potatoes.

6.1.2 Incidence

Regulating activities regarding table potatoes aim at a balance between output and demand. This is achieved by means of intervention buying, support to storing and exports. Potatoes for processing are sold to the starch industry at a discount. All activities mentioned are financed by import levies, acreage and delivery fees.

¹Whole egg equivalent.

²For storing and drying and later exports.

6.1.3 Amount of subsidy

6.2 Effects of subsidy

6.2.1 Trade effects

See comments under 2.2.1

6.2.2 Statistics

See Annex I.

7. SUGAR

7.1 Nature and extent of subsidy

7.1.1 Background and authority

According to Parliamentary Decisions Swedish sugar production is to be maintained at a level below domestic consumption. The long-term objective is to leave room for imports of about 10-15 per cent of total sugar consumption.

The support to sugar producers in general is mainly given in the form of price support. In order to maintain sugar production in areas where alternative employment opportunities are scarce, certain support measures are taken in addition.

7.1.2 Incidence

Means deriving from import levies are used for the following regional support measures: sugar beet producers are offered extra payment when delivering beets to factories in the islands of Gotland and Öland. Sugar factories in the same areas are granted extra support due to additional production and transportation costs. There is also a contribution due to higher transportation costs for sugar to the northern parts of Sweden.

7.1.3 Amount of subsidy

Total payment related to measures mentioned above amounted to about SEK 9 million 1987/88. Of this about SEK 3.5 million was granted to beet producers (between SEK 200 and SEK 500 per hectare), SEK 4.3 million to factories and SEK 1.2 million for transportation costs.

7.2 Effects of subsidy

7.2.1 Trade effects

No estimates on effects of subsidy available.

7.2.2 Statistics

See Annex I.

8. OILSEEDS, CLOVER AND GRASS SEED

8.1 Nature and extent of subsidy

8.1.1 Background and authority

Market regulation activities are carried out by the Market Regulation Association for Oilseeds. The regulation covers oilseeds, oil and meal from oilseeds and clover and grass seed.

8.1.2 Incidence

Oilseeds

If world market prices are lower than domestic prices the difference is levelled out when products are exported. This equalization is carried out by the Association. The Association purchases all domestic oilseed (i.e. all contracted oilseed which corresponds to almost 100 per cent of the total oilseed area) at a predetermined price. The operations of the Association are financed by means deriving from a fee imposed on domestically produced as well as imported fats and oils.

Clover and grass seed

Support to production of seed of clover and grass is administered by the Association. This support is directed to contracted growers in relation to area and production (price support) and to wholesalers in relation to exports and stocks. The support is financed by means deriving from import levies on agricultural products and fees on fertilizers.

8.1.3 Amount of subsidy (total and per unit)

Oilseeds and oil

The costs for exporting oilseeds and vegetable oils amounted to:

SEK/million

1987/88

301.0

Clover and grass seed

Support to around twenty varieties of clover and grass seed amounted to SEK 11.8 million in 1987/88.

	1987/88
Acreage support	9.1
Price support	2.7
Export support	-

8.2 Effects of subsidy

Acreage support varied between 300 and 3,500 SEK/kg. in 1987. Price support amounted to between 1 and 3.40 SEK/kg. in 1987.

8.2.1 Trade effects

See comments under 2.2.1

8.2.2 Statistics

See Annex I.

9. FISH9.1 Nature and extent of subsidy9.1.1 Background and authority

Market regulation activities are carried out by the Market Regulation Association for Fish.

9.1.2 Incidence

Target prices or norm prices are set yearly for the most important species of salt water fish. If target prices are not achieved the Association grants price additions which are calculated monthly on the same basis on average market prices reached during the same month.

A minimum price is also fixed by the Association. Fish not sold above minimum price is bought by the Association at a surplus price. Both the price additions and the costs for surplus handling are financed by means derived from a price regulation fee.

Under certain conditions a freight support is given fishermen facing extreme transport costs. Budgetary means are made available for this purpose.

9.1.3 Amount of subsidy

	SEK million 1987/88
Price additions	59.6
Costs (net) for surplus	15.0
Freight support	1.0

9.2 Effects of subsidy

9.2.1 Trade effects

No estimates on effects of subsidy available.

9.2.2 Statistics

See Annex I.

ANNEX i

Production, Consumption, Imports and Exports during 1984
(1984/85) - 1986 (1986/87), 1987 (1987/88), '000 metric tons

	Production	Consumption ¹	Production of consumption, %	Imports	Exports
<u>Wheat</u> ²					
1984/85	1,776	856	207	51	846
1985/86	1,338	860	156	42	614
1986/87	1,730	963	180	51	820
1987/88	1,558	1,050	148	88	590
<u>Rye</u> ²					
1984/85	247	167	148	0	53
1985/86	158	198	80	43	10
1986/87	156	189	83	28	15
1987/88	137	194	71	75	17
<u>Barley</u> ²					
1984/85	2,733	2,206	124	5	385
1985/86	2,309	2,051	113	8	414
1986/87	2,327	2,018	115	14	361
1987/88	1,907	1,858	103	94	103
<u>Oats</u> ²					
1984/85	1,904	1,302	146	0	543
1985/86	1,668	1,226	136	0	477
1986/87	1,486	1,203	124	0	322
1987/88	1,440	1,167	123	0	220
<u>Butter</u>					
1985	75	59	127	0	14
1986	67	57	118	0	8
1987	66	56	118	0	10
1988	62	53	117	0	8
<u>Cheese</u>					
1985	115	123	93	15	5
1986	113	126	90	14	4
1987	114	128	89	16	4
1988	123	133	93	16	4

	Production	Consumption ¹	Production of consump- tion, 2	Imports	Exports
<u>Milkpowder</u> ³					
1984/85	67	36	186	1	38
1985/86	54	31	174	1	23
1986/87	58	34	170	1	19
1987/88	45	34	133	1	23
<u>Beef and veal</u>					
1985	158	138	114	7	34
1986	147	134	110	7	23
1987	135	145	93	16	7
1988	127	141	90	20	5
<u>Pork</u>					
1985	332	262	127	6	75
1986	309	260	119	7	51
1987	288	256	112	13	37
1988	299	270	111	15	38
<u>Eggs</u>					
1985	123	117	105	2	11
1986	123	116	106	4	12
1987	123	110	112	4	6
1988	124	109	114	5	9
<u>Poultry</u>					
1985	46	44	104	0	1
1986	45	44	102	0	1
1987	43	38	113	0	2
1988	41	44	93	0	1
<u>Potatoes</u> ⁴					
1984/85	1,307	1,304	100	7	10
1985/86	1,247	965	129	25	1
1986/87	1,269	971	131	13	11
1987/88	957.5	923	104	162	2
<u>Sugar</u> ⁵					
1985	350	390	90	14	4
1986	391	387	101	58	36
1987	274	375	73	79	33
1988	398	383	104	90	49

	Production	Consumption ¹	Production of consump- tion, %	Imports	Exports
<u>Oilseeds</u> ⁶					
1984/85	327	..	..	0	91
1985/86	317	..	..	0	87
1986/87	322	..	..	0	56
1987/88	250	..	..	0	3
<u>Oil</u> ⁷					
1984/85	87	37	235	0	50
1985/86	86	38	226	0	48
1986/87	99	35	282	0	64
1987/88	99	39	254	0	60
<u>Fish</u>					
1985	226 ⁸	..	..	35	68
1986	201 ⁸	..	..	41	49
1987	197 ⁸	..	..	40	46
1988	230 ^{8*}	..	..	42	54

¹Residual (including changes in stocks)

²Grains (imports and exports including products, converted into grains)

³Whole and skimmed milkpowder

⁴Including potatoes for processing

⁵Raw sugar equivalent

⁶Rapeseed and other oilseeds

⁷Domestic oils

⁸Total landings

*Preliminary