

ANNEX 7

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

MTN.GNG/NG5/W/124

15 November 1989

Special Distribution

Negotiating Group on Agriculture

**UNDERTAKINGS PURSUANT TO PARAGRAPH 15 OF THE
MID-TERM REVIEW DECISION ON AGRICULTURE**

Notification from Sweden

One short-term element in the Mid-Term Review package adopted by the GATT Uruguay Round TNC meeting in April is the intention of participants to reduce support and protection levels for 1990 in agriculture. Commitments in this respect are to be notified by October 1989.

The Swedish notification is based on a report from a Parliamentary Working Group published on 25 October 1989.

The background and mandate of the Parliamentary Working Group is set out in the enclosed summary (see Annex). It identifies three points of departure:

- Reduction of present levels of border protection in tandem with efforts by other countries with particular reference to the GATT Uruguay Round negotiation
- Simplification or elimination of internal regulations including review of price and marketing guarantees
- Identification of new ways to meet food security, regional, and environmental goals.

The mandate and points of departure to the Working Group proposed by the Government were in all main aspects shared by Parliament.

The proposals of the Parliamentary Working Group are in essence the following.

Border Protection

From 1991, as foreseen in the mandate of the Working Group and in line with the foreseen GATT Uruguay Round agreement, the objective is substantial progressive reductions in agricultural protection including the possibility of tariffication.

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Internal Regulations

The internal price regulation and price guarantees should be abolished. Prices will be determined freely by market forces (given the border protection referred to above).

Export Subsidies

Export subsidies will no longer be given.

National Security

Geographically limited support will be given to uphold a minimum production capacity and stockpiling necessary in the northernmost regions.

It is not foreseen that overall national production capacity will diminish to reach critical levels (deemed to be around 2 million/ha.). Nevertheless, should this happen, contracts to uphold production based on commercial bidding could be concluded between farmers and Government to address the food security objective. (The latter is in any event not relevant for 1990.)

Environment

In certain areas (mainly pastures in forest or mixed areas in central and southern Sweden and areas of a specific historical value) where arable land, as a result of reform, would otherwise be turned into forest, conservation contracts could be concluded between farmers and public authorities to maintain the open landscape.

Transitory Measures

Since present production capacity is oversized particularly in the grain sector, prices could temporarily fall to levels where only variable costs are recovered (with side effects on other production sectors). In 1991/92 a floor price is therefore proposed. A supplementary income support compensation successively reduced over three years (in the form of a lump sum payment) will be given to assist the adaptation to future equilibrium levels.

It is foreseen that the existing dairy pension scheme will broadly take care of the needs for transitory support in the dairy sector. Support will also be given to highly indebted farmers in order to facilitate a socially acceptable exit from the sector or in financial reconstructions to assist farmers who recently entered the sector.

The principles of the proposals of the Parliamentary Working Group have been agreed upon by its members, representing all parties in Parliament. Differences of opinion have been expressed especially on the timing and content of adjustments to the new policies. The proposals are subject to parliamentary approval and to a consultation process that will be initiated by the Government. The Government will, after hearing comments from various interest groups and agencies, present a bill to

Parliament in the spring of 1990 which will enable implementation of a reform to start 1 July 1990.

The Government's partial five-year transitory responsibility (1,700 milj. kr/5 years) for the surplus acreage ends in 1990. The Working Group proposes that this responsibility will not be prolonged and that the new policy takes effect forthwith.

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ANNEX

Summary*

The above outline makes it clear that Sweden's present food policy has only fulfilled its goals to a limited extent, while contributing to inflation and inhibiting economic growth. This policy is in need of reform in view of our national goals. This need is the greater in view of the ongoing GATT negotiations, whose objective is a reduction in general agricultural subsidies by reducing price support for agricultural products and a transition to various forms of direct support that do not have the effect of distorting trade.

The work of reform must be based on a specification and precise formulation of the various goals of our food policy and the elaboration of new methods to fulfil them.

One point of departure for this task should be reduction of the present levels of protection. The work in progress in the present round of GATT negotiations should be taken into consideration in this connection. Sweden should not, however, consider unilateral reductions of these levels without any sign that other countries are making similar efforts.

A second point of departure is that our domestic regulations, which are more extensive and complex than in most other countries, should be simplified and in certain cases abolished. Price and marketing guarantees should also be reviewed.

Third, new ways should be sought of fulfilling the goals related to preparedness, regional policy and the environment.

The time schedule of reform will be determined by the 1985 parliamentary resolution on food and policy and by the progress of the GATT talks. In conformity with the 1985 resolution, the Government will assume partial responsibility for the grain surplus during a transitional five-year period. The steps taken to reduce this surplus will be evaluated by 1990. The GATT talks are expected to produce certain decisions as early as December this year at the Mid-Term Review meeting in Montreal. Short-term decisions may be taken at this meeting which will have an impact on our food policy starting next year. Discussion will also take place of the agenda of the negotiations in 1989 and the first half of 1990 and of what their objectives should be.

In view of the national and international situation, I intend to propose that the Government appoint a Parliamentary Working Group to act as a drafting committee on food policy. Its task will be to evaluate the 1985 resolution on food policy and, in the light of the results of the GATT

* Background and mandate of the Parliamentary Working Group referred to on page 1 above.

talks, to formulate proposals for a new food policy starting from the year 1990. The Committee will also deal with the possibility of a provisional solution for the year 1989, if this is necessitated by decisions taken at the GATT negotiations. Consumers and producers will be assured every opportunity to contribute to the work of the Committee with their experience and views.

APPENDIX 8

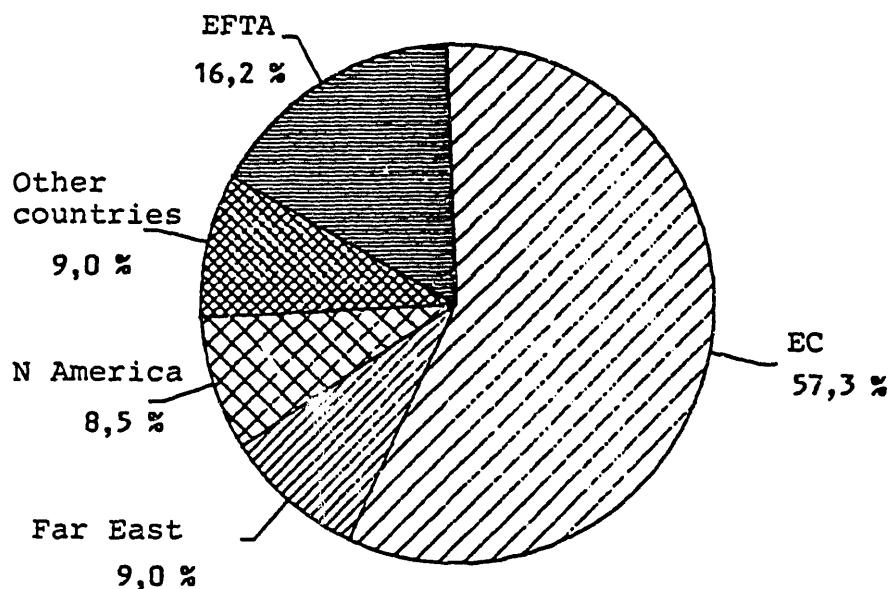
TRADE FLOWS BY PRODUCT AND COUNTRY/GEOGRAPHIC AREA

Swedish Imports by Area

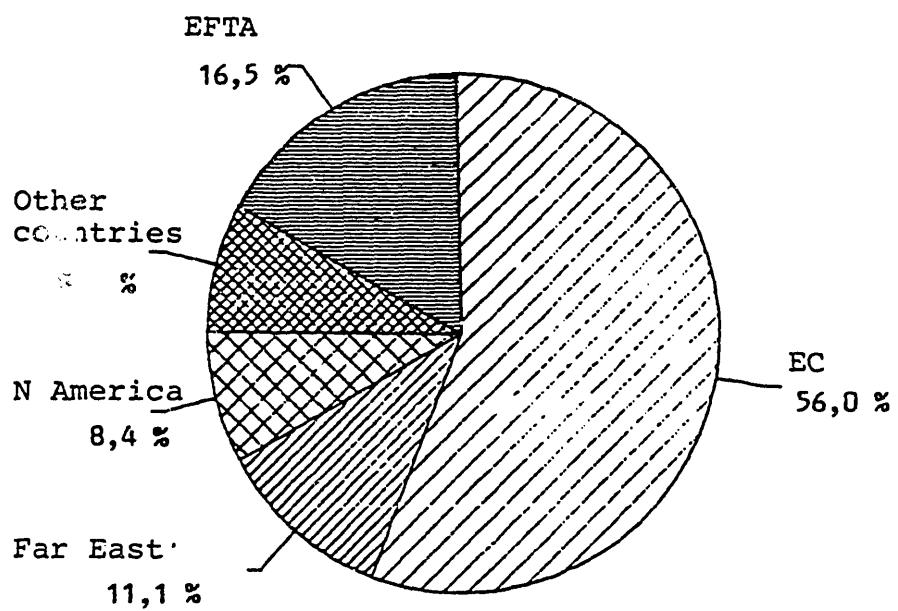
Area	Value, SEK million			Proportion %			Change in Value %	
	1986	1987	Prel 1988	1986	1987	1988	87/86	88/87
EFTA	37607	42177	46299	16,2	16,4	16,5	12	10
EC	133181	147710	156901	57,3	57,3	56,0	11	6
Other W Europe	1263	1420	1594	0,5	0,6	0,6	12	12
E Europe	8711	10489	10330	3,7	4,1	3,7	20	-2
Africa	2403	1691	1248	1,0	0,7	0,4	-30	-26
North Africa	790	571	516	0,3	0,2	0,2	-28	-10
Other Africa	1613	1120	732	0,7	0,4	0,3	-31	-35
Middle East	2013	2002	2367	0,9	0,8	0,8	-1	18
Far East	20866	26702	31079	9,0	10,4	11,1	28	16
S E Asia	7395	10251	12118	3,2	4,0	4,3	39	18
Southern Asia	802	987	1000	0,3	0,4	0,4	23	1
Japan	12669	15464	17961	5,4	6,0	6,4	22	16
Oceania	922	958	1240	0,4	0,4	0,4	4	29
N America	19737	19647	23416	8,5	7,6	8,4	-0	19
Latin America	5911	5074	5727	2,5	2,0	2,0	-14	13
Total	232614	257870	280201	100,0	100,0	100,0	11	9
Industrialized Countries	205732	227679	247536	88,4	88,3	88,3	11	9
State Trading Countries	9656	11878	12132	4,2	4,6	4,3	23	2
Developing Countries	17226	18313	20533	7,4	7,1	7,3	6	12

Source: SCB

Swedish Imports 1986



Swedish Imports 1988

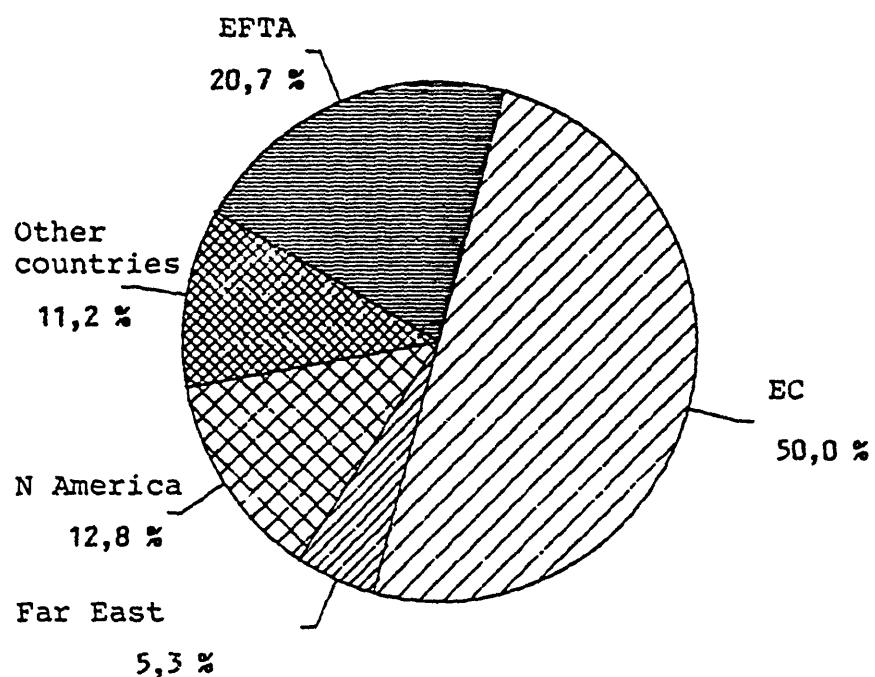


Swedish Exports by Area

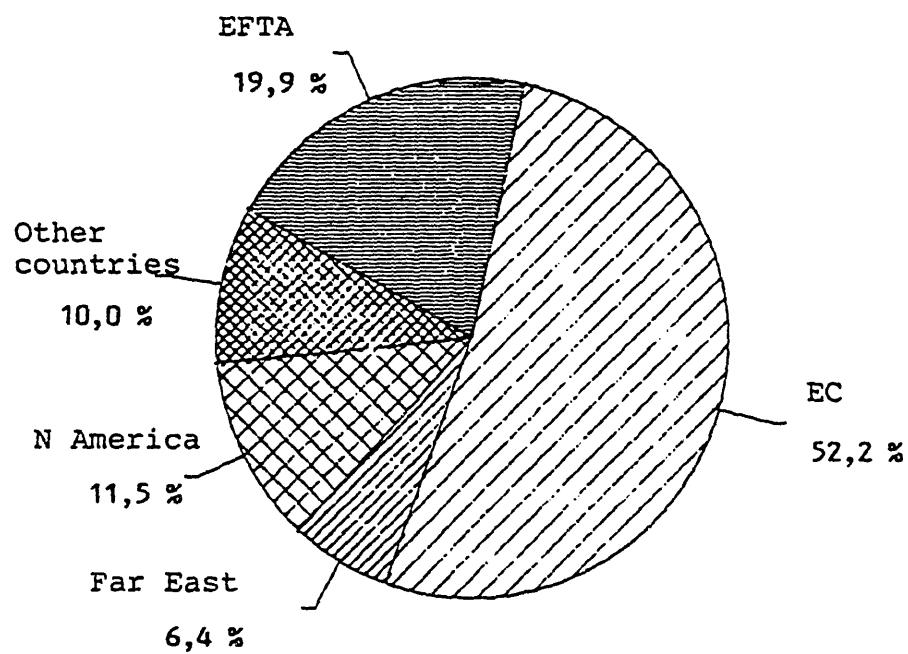
Area	Value, SEK million			Proportion %			Change in Value %	
	1986	1987	Prel 1988	1986	1987	1988	87/86	88/87
EFTA	54854	58353	60648	20,7	20,7	19,9	6	4
EC	132662	143501	159304	50,0	51,0	52,2	8	11
Other W Europe	2406	2355	2785	0,9	0,8	0,9	-2	18
E Europe	5843	5802	6348	2,2	2,1	2,1	-1	9
Africa	6480	6502	5710	2,4	2,3	1,9	0	-12
North Africa	2739	2643	3405	1,0	0,9	1,1	-4	29
Other Africa	3741	3859	2305	1,4	1,4	0,8	3	-40
Middle East	5671	5430	5868	2,1	1,9	1,9	-4	8
Far East	14137	16219	19542	5,3	5,8	6,4	15	20
S E Asia	7899	8205	9208	3,0	2,9	3,0	4	12
Southern Asia	2559	3878	4828	1,0	1,4	1,6	52	24
Japan	3679	4136	5506	1,4	1,5	1,8	12	33
Oceania	3394	3416	3954	1,3	1,2	1,3	1	16
N America	33976	34529	35104	12,8	12,3	11,5	2	2
Latin America	5680	5326	5709	2,1	1,9	1,9	-6	7
Total	265103	281433	304972	100,0	100,0	100,0	6	8
Industrialized Countries	232330	247919	268126	87,6	88,1	87,9	7	8
State Trading Countries	7509	7436	7926	2,8	2,6	2,6	-1	7
Developing Countries	25264	26078	28920	9,5	9,3	9,5	3	11

Source: SCB

Swedish Exports 1986



Swedish Exports 1988



Sweden's 30 largest Supplier Countries

Ranking	Imports from			SEK million Prel 1988	Proportion % 1988	Change in Value % 87/86 88/87	
	1986	1987	1988			87/86	88/87
1	1	1	Germany, Fed. Rep. of	59524	21,2	18	6
2	2	2	Great Britain	24103	8,6	-3	2
3	4	3	USA	21035	7,5	-2	18
5	3	4	Finland	19558	7,0	12	10
4	5	5	Denmark	18649	6,7	9	7
7	6	6	Japan	17961	6,4	22	16
6	7	7	Norway	16978	6,1	16	12
8	8	8	France	14073	5,0	9	6
9	10	9	Netherlands	11366	4,1	7	7
10	9	10	Italy	11301	4,0	19	5
11	11	11	Belgium, Luxembourg	9069	3,2	6	18
12	12	12	Switzerland	5538	2,0	6	2
13	13	13	Soviet Union	4532	1,6	38	-7
14	14	14	Austria	4065	1,5	7	14
16	16	15	Portugal	3215	1,1	24	6
15	15	16	Spain	3194	1,1	5	3
22	17	17	Korea, Rep. of	2841	1,0	70	19
21	19	18	Taiwan	2656	0,9	51	21
18	18	19	Hong Kong	2523	0,9	15	9
23	22	20	Canada	2252	0,8	23	32
19	20	21	Germany, Dem. Rep.	1973	0,7	-0	-0
20	21	22	Poland	1936	0,7	20	3
17	24	23	Brazil	1919	0,7	-30	34
27	25	24	China	1790	0,6	48	30
25	23	25	Ireland	1727	0,6	25	18
34	35	26	Iran	1211	0,4	14	112
29	30	27	Australia	907	0,3	1	25
28	27	28	Yugoslavia	883	0,3	11	8
32	32	29	Hungary	767	0,3	13	16
36	34	30	Chile	754	0,3	29	27

Source: SCB

SITC Rev. 3		Value, SEK million	Proportion %			Charge in Value %	Volume changes in %			
			1986	1987	Prel.		87/88	88/87	87/88	88/87
0-9	TOTAL	232614	257370	280201	100,0	100,0	11	9	8	5
24,25,63,64	Forestry Goods	7443	8642	9586	3,2	3,4	3,4	16	11	13
27,28,66-68,97	Mineral Products	21053	21686	27140	9,1	8,4	9,7	3	25	3
67	- steel	8340	8597	10244	3,6	3,3	3,6	3	19	5
68	- other metals	4875	4830	7009	2,1	1,9	2,5	-1	45	-3
28	- ores, scrap	2645	2466	3736	1,1	1,0	1,3	-7	52	-2
23,5,62	Chemical Products	26248	28834	32431	11,3	11,2	11,6	10	12	8
51,52	- elements, compounds	5681	6376	7215	2,4	2,5	2,6	12	13	9
54	- pharmaceuticals	3087	3329	3727	1,3	1,3	1,3	8	12	5
57,58	- plastics	6578	7364	8864	2,3	2,9	3,2	12	20	7
23,62	- rubber, rubber goods	3480	3864	4307	1,5	1,5	1,5	11	11	8
3	Energy Products	24870	22981	19172	10,7	8,9	6,8	-8	-17	-7
333	- crude oil	12397	12938	9517	5,3	5,0	3,4	4	-26	-4
334,335	- oilproducts	9877	7876	7315	4,2	3,1	2,6	-20	-7	-17
69,7,87,88,891	Engineering Products	100007	116801	129702	43,0	45,3	46,3	17	11	13
69	- metal goods	7053	7907	8453	3,0	3,1	3,0	12	7	12
75-77	- electro industrial products and automatic data processing machines	30528	34493	40077	13,1	13,4	14,3	13	16	14
71-74	- other machines	28448	32747	35039	12,2	12,7	12,5	15	7	9
78	- road vehicles	20529	27632	30851	8,8	10,7	11,0	35	12	..
781.2	-- passenger motor vehicles	9817	14549	16571	4,2	5,6	5,9	48	14	35
784	-- spare parts	7182	8470	8279	3,1	3,3	3,0	18	-2	11
79	- other means of vehicles	4823	4337	4926	2,1	1,7	1,8	-10	14	-12
87,88,891	- other engineering products	8626	9687	10356	3,7	3,8	3,7	12	7	..
1)	Other Products	52993	58926	62170	22,8	22,9	22,2	11	6	..
0,1,22,4	- aliment	17072	17088	18414	7,3	6,6	6,6	0	8	9
65,84	- textile products	17317	19993	19938	7,4	7,8	7,1	15	-0	..
82	- furniture, mattresses etc	2441	3100	3478	1,0	1,2	1,2	27	12	..

1) 0,1,21,22,26,29,4,61,65,81-85,892-899,91-96

Source: SCB

Swedish Exports, by commodity

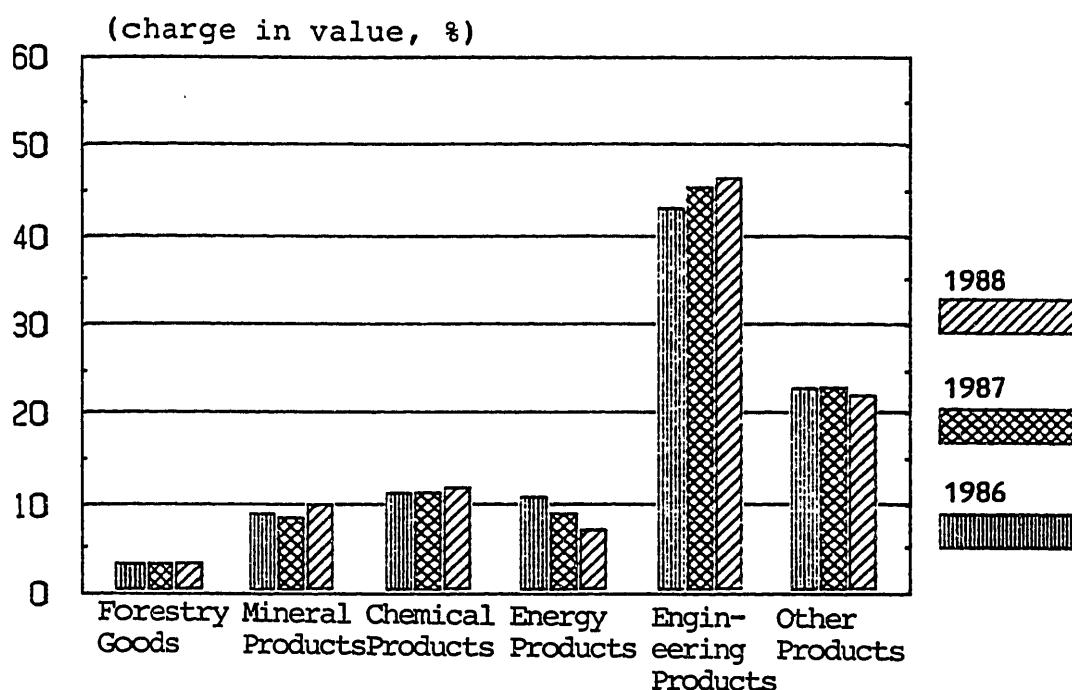
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SITC Rev. 3	TOTAL	Value, SEK million				Proportion %				Charge in Value %				Volume changes in %				Trade Balance			
		1986	1987	1988	Prel	1986	1987	1988	87/86	88/87	87/86	88/87	87/86	88/87	87/86	88/87	SEK million	1986	1987	1988	
0-9	TOTAL	265103	281433	304972	100,0	100,0	100,0	100,0	6	8	4	3	32489	25562	24711						
24,25,63,64	Forestry goods	48033	53593	58760	18,1	19,0	19,3	12	10	4	1	40590	44951	49174							
24	- forestry goods	9572	9970	9945	3,6	3,5	3,3	4	-0	-2	-7	6902	6677	6494							
25	- paper pulp	8795	10449	12122	3,3	3,7	4,0	19	16	3	2	8225	9867	11449							
64	- paper	27056	30433	33832	10,2	10,8	11,1	12	11	8	5	24076	27126	30074							
27,28,66-68,97	Mineral Products	28791	29188	33478	10,9	10,4	11,0	1	15	4	2	7738	7502	6338							
281	- iron ore	2467	2122	2284	0,9	0,8	0,7	-14	8	-2	-2	2446	2104	2248							
67	- steel	16291	16284	19305	6,1	5,8	6,3	-0	19	3	5	7951	7687	9101							
68	- other metals	4600	4906	6166	1,7	1,7	2,0	7	26	4	7	-275	76	-843							
23,5,62	Chemical Products	19770	21308	23968	7,5	7,6	7,9	8	12	7	6	-6478	-7526	-8463							
51,52	- elements, compounds	4703	5066	5303	1,8	1,8	1,7	8	5	6	1	-978	-1310	-1912							
54	- pharmaceuticals	4071	4347	5364	1,5	1,5	1,8	7	23	7	15	984	1018	1637							
57,58	- plastics	4872	5491	6458	1,8	2,0	2,1	13	18	9	7	-1706	-1873	-2406							
3	Energy Products	7583	8176	6641	2,9	2,9	2,2	8	-19	20	-5	-17287	-14805	-12531							
33	- oil products	6563	7379	5762	2,5	2,6	1,9	12	-22	-7	-7	-15711	-13435	-11070							
69,7,87,88,891	Engineering Products	134010	141499	152593	50,6	50,3	50,0	6	8	2	4	34003	24638	22891							
69	- metal goods	9640	9914	10060	3,6	3,5	3,3	3	1	-1	-3	2587	2007	1607							
75-77	- electro industrial products and automatic data processing machines	28664	29455	33588	10,8	10,5	11,0	6	11	1	15	-1864	-5038	-6489							
71-74	- other machines	41591	44062	48744	15,7	15,7	16,0	6	11	1	4	13143	11315	13705							
78	- road vehicles	39414	43322	43811	14,9	15,4	14,4	10	1	..	-4	18885	15690	12960							
781,2	-- passenger motor vehicles	19335	20043	18320	7,3	7,1	6,0	4	-9	-0	..	9518	5494	1749							
782,19	-- motor vehicles for transport of goods	8546	9940	10451	3,2	3,5	3,4	16	5	10	..	6877	7622	7239							
784	-- spare parts	9759	11295	12838	3,7	4,0	4,2	16	14	..	..	2577	2825	4559							
79	- other means of vehicles	6495	4993	4550	2,4	1,8	1,5	-23	-9	..	-14	1672	656	-376							
891	- weapon and ammunition	2400	3336	4987	0,9	1,2	1,6	39	49	..	..	1810	2465	3967							
87,88	- other engineering products	5805	6417	6854	2,2	2,3	2,2	11	7	..	..	-2231	-2399	-2482							
1)	Other Products	26916	27669	29532	10,2	9,8	9,7	3	7	..	..	-26077	-31258	-32638							
0,1,22,4	- aliment	5985	5571	5786	2,3	2,0	1,9	-7	4	-4	-3	-11087	-11517	-12628							
65,84	- textile products	5663	5982	5595	2,1	2,1	1,8	6	-6	..	..	-11654	-14011	-14343							
82	- furniture, mattresses etc	4856	5073	5237	1,8	1,8	1,7	4	3	1	-3	2415	1973	1759							

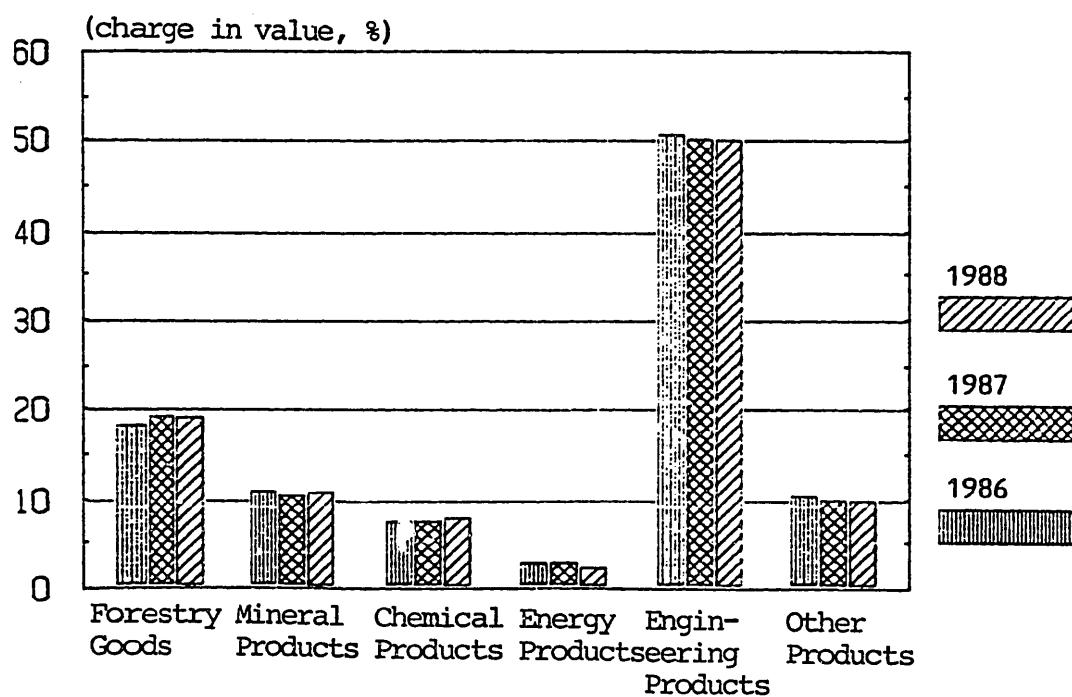
1) 0,1,21,22,26,29,4,61,65,81-85,892-899,91-96

Source: SCB

Swedish Imports by Commodity
1986 - 1988



Swedish Exports by Commodity
1986 - 1988



Sweden's 30 largest Export Markets

<u>Ranking</u>			<u>Export to</u>	SEK million Prel 1988	Proportion % 1988	Change in Value % 87/86 88/87	
1986	1987	1988					
1	1	1	Germany, Fed. Rep. of	36989	12,1	9	11
4	4	2	Great Britain	34246	11,2	4	19
2	3	3	USA	30076	9,9	1	0
3	2	4	Norway	28528	9,4	2	-6
5	5	5	Denmark	21074	6,9	-1	1
6	6	6	Finland	20036	6,6	8	14
7	7	7	France	16091	5,3	11	7
8	8	8	Netherlands	14611	4,8	12	6
9	9	9	Belgium, Luxembourg	12674	4,2	8	9
10	10	10	Italy	12097	4,0	16	14
11	11	11	Switzerland	7199	2,4	18	14
13	12	12	Spain	6541	2,1	33	24
14	14	13	Japan	5506	1,8	12	33
12	13	14	Canada	5018	1,6	9	13
18	17	15	India	4229	1,4	68	44
16	15	16	Austria	4088	1,3	15	20
15	16	17	Australia	3468	1,1	-1	17
25	19	18	Portugal	1971	0,6	44	17
19	22	19	Saudia Arabia	1851	0,6	-7	24
17	18	20	Soviet Union	1771	0,6	-14	-3
21	21	21	Ireland	1663	0,5	4	11
22	25	22	Yugoslavia	1546	0,5	-14	26
40	30	23	Taiwan	1405	0,5	44	37
26	23	24	Singapore	1398	0,5	27	-5
20	20	25	China	1390	0,5	1	-8
31	31	26	Greece	1346	0,4	13	32
33	26	27	Hong Kong	1326	0,4	34	17
30	29	28	Poland	1318	0,4	2	28
29	33	29	Korea, Rep. of	1254	0,4	-5	28
47	46	30	Algeria	1191	0,4	-9	130

Source: SCB