

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TN.64/DP/W/9

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Special Distribution

Group on Dairy Products

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SWITZERLAND

Reply to Questionnaire TN.64/DP/5 of 1 December 1965

I.

(i) Dairy policy of the Confederation

(a) Level of guaranteed prices

Under the relevant provisions of the Law on Agriculture of 3 October 1951 (Articles 29 and 30) and the Milk Statute Decree of 29 September 1953 (Article 4), the price paid to the milk producer is, in principle, fixed at a level covering the average production prices, calculated over a period of several years, of agricultural undertakings which are efficiently run and taken over in normal conditions. The Federal Council fixes this price after consulting the producers and other economic sectors in an advisory committee. The Central Union of Milk Producers, a co-operative organization, makes the necessary arrangements for milk producers to be paid the price which has been determined in this way, throughout the country and for whatever the use the milk is destined (fresh milk, or after conversion into cheese, butter, preserves etc.).

In recent years the base price for milk has been as follows:

<u>Period</u>	<u>Base price for milk</u>	
	In cts./kg	In \$/100 kg. ¹
1 November 1957 - 31 October 1961	43	9.96
1 November 1961 - 31 October 1962	45	10.42
1 November 1962 - 31 March 1964	47	10.88
1 April 1964 - 31 May 1965	50	11.58
1 June 1965 - 31 October 1965	51	11.81
from 1 November 1965	53	12.27

¹The rate of exchange used is 4.319 francs = \$1 (average of purchasing and selling prices for the dollar in Switzerland in 1964).

By contributing to the maintenance and promotion of sales of dairy products, to the extent fixed by the Federal Decree on supplementary economic and financial measures for the dairy sector, dated 4 October 1962, the Confederation ensures that the producers obtain the base price for milk, subject to their participation in valorization costs.

(b) Returns to producers

A conditional amount is withheld on the base price for milk to ensure that producers participate in losses resulting from the valorization of dairy products. Since 1 November 1962 the first 8,000 kgs. of commercial milk delivered by a farm have been exempt from this deduction, by way of relief for small farms which are particularly numerous in mountain districts and have limited possibilities for orienting production. The amount withheld was 2.9 centimes per kg. (\$0.67 per 100 kgs.) until 30 April 1961 and is now 0.9 centime (\$0.21). This sum is partly refunded to producers, depending on results for the milk year.

In addition a charge of 0.1 centime per kg. (\$0.02 per 100kgs.) is applied on overall deliveries of commercial milk by each producer; this is designed to finance special sales promotion measures, for example advertising and market studies.

The fixed return to milk producers is therefore obtained by deducting from the base price for milk the amount of the producers' participation in losses and also the advertising charge. In recent years the return has been as follows:

<u>Period</u>	<u>Fixed return to milk producer</u> ¹	
	cts. per kg.	\$ per 100 kgs.
1 November 1960 - 31 October 1961	42.4	9.82
1 November 1961 - 31 October 1962	44.4	10.28
1 November 1962 - 31 October 1963	46.5	10.77
1 November 1963 - 31 March 1964	46.8	10.84
1 April 1964 - 31 October 1964	49.8	11.53

¹These prices refer to milk that is marketed.

It should be noted, however, that the above prices do not necessarily correspond to the remuneration actually received by producers. The latter generally belong to co-operatives for the marketing of milk and dairy products, and they therefore receive profits on the retail sale of dairy products. These additional receipts vary corresponding to the locality, the average for the country as a whole being 1-1.5 centime per kg. (\$0.23-0.35 per 100 kgs.).

In addition, the Swiss Union for the Cheese Trade (USF) in whose losses the Confederation participates (see below, paragraph (d)(1)) pays quality premiums to the producers of milk that is converted into cheese; the premiums are calculated on the basis of prime quality merchandise plus an allowance to offset the ensilage prohibition enforced in the area where cheese is manufactured. The allowance is composed of a base payment of 2.5 centimes per kg. of milk delivered to the cheese dairy (i.e. \$0.58 per 100 kgs.) plus an additional allowance of 1.5 cts./kg. (\$0.35 per 100 kgs.) on milk turned into cheese [as from 1 November 1962 both these amounts were raised by $\frac{1}{2}$ centime per kg. (\$0.12 per 100 kg.)].

Amount Paid to Milk Suppliers by USF in Quality
Premiums and Ensilage Prohibition Allowances

Year	Quality premiums		Total paid in '000 dollars	Ensilage prohibition allowances in '000 dollars
	Average of pre- miums in \$ per 100 kgs. for top quality cheese			
	<u>Summer</u>	<u>Winter</u>		
1960/61	1.33	1.20	565	1,466
1961/62	1.30	1.10	542	1,569
1962/63	1.30	1.21	574	2,170
1963/64	1.35	1.27	593	2,081

(c) See (a).

(d) Subsidies for the valorization of dairy products¹

(1) Valorization of cheese

The USF, which comprises the organizations of milk producers and of cheese manufacturers and exporters, takes up the domestic production of hard cheese (Emmenthal, Gruyère and Sbrinz) i.e. about four fifths of Switzerland's total cheese production. It does so through the wholesalers belonging to the USF, at fixed prices that take account of the base price for milk and of production costs. Wholesale prices are fixed by the USF both domestic and exports sales. They vary according to type, quality and destination.

¹These subsidies are paid in the general interest and are to the advantage of both the producer and the consumer.

The Confederation covers the major part of the deficit resulting from the operations of the USF, including the entire amount of any losses due to increases in the base price for milk when market conditions have not enabled such increases to be carried over onto the selling price for cheese.

It should be noted that the Confederation also covers the ensilage prohibition allowances paid to milk producers as well as certain valorization expenses, on other sorts of cheese which are not required to be delivered to the USF.

In recent years the total amount of valorization expenditure for cheese has been as follows:

<u>Period (1 November - 31 October)</u>	<u>'000 dollars</u>
1959/60	10,840
1960/61	9,115
1961/62	10,053
1962/63	13,747
1963/64	15,293

(2) Valorization of butter

The Swiss butter market is controlled by the Swiss Butter Supply Board (BUTYRA), a co-operative society under public law. The BUTYRA is required to purchase (and stock), at a price corresponding to the base price for milk, any domestic butter delivered by the butter centres which has not found a purchaser on the free market. As an incentive to butter sales, selling prices to the wholesalers are fixed by the Federal Council at a level lower than the cost price of domestic butter; the ensuing losses are compensated on the one hand by charges applied by BUTYRA on imported butter, the balance being largely covered by Federal subsidies.

The various expenditures for butter valorization can be distinguished according to their purpose:

1. to reduce butter prices:

The amount of losses depends on the quality of butter. It varies according to whether the butter is for table consumption or whether it has been lowered in quality (cooking butter or melted butter). In the latter case the destination of the product (household, trade, industry) also comes into consideration.

Having regard to these elements the amount of loss per 100 kgs. of butter has varied within the following limits in the past few years:

Until 30 April 1961	between	\$ 9.26 and \$ 84.74
1 May 1961 - 31 October 1961	"	\$16.21 and \$ 91.69
1 November 1961 - 31 October 1962	"	\$16.21 and \$ 83.58
1 November 1962 - 31 March 1964	"	\$26.63 and \$110.21
1 April 1964 - 31 May 1965	"	\$41.68 and \$125.26
1 June 1965 - 31 October 1965	"	\$47.46 and \$131.05
Since 1 November 1965	"	\$47.46 and \$139.62

2. to meet certain marketing costs by means of the following subsidies:

2.1 marginal supplements for wholesale trade

These are granted according to a sliding scale, inversely proportional to turnover. In recent years, the average marginal supplement per 100 kgs. of butter has been as follows (in dollars):

1960/61	0.76
1961/62	0.81
1962/63	0.79
1963/64	0.76

2.2 marginal supplements for collection of butter for cheese-making

This amounts to \$0.81 per 100 kgs. and the rate has remained unchanged in recent years.

3. to participate in expenditure on propaganda to promote butter consumption

Since 1960, total expenditure by BUTYRA has been as follows:

Expenditure for butter valorization (in '000 dollars)

Period (1 November - 31 October)	<u>1960/61</u>	<u>1961/62</u>	<u>1962/63</u>	<u>1963/64</u>
1. Reduction of butter price	7,433	10,071	12,793	9,964
2.1 Marginal supplement for wholesale trade	68	63	65	68
2.2 Marginal supplement for collection	43	44	44	40
3. Propaganda	101	93	99	102
4. Other expenditure	1,091	---	---	69
Total	8,736	10,271	13,001	10,243

(3) Valorization of preserved milk products

Since selling prices do not cover the production price of milk, subsidies are necessary in order to maintain traditional exports. The subsidies are paid on the basis of the milk used for the preparation of such products. Their amount is indicated in Section III(iii) (Export Subsidies).

(e) Contribution to expenses of mountain farms

In order to offset the higher production costs of farms in mountain areas which are at a disadvantage because of difficult natural conditions, a contribution to these costs is granted. The farms are classified in zones according to altitude and the amount of the contribution varies according to the zone. It is paid for each head of cattle on the farm, subject to a maximum eligible number.

Year	Amount of contribution (in dollars per unit of cattle)			Number of units of cattle for entitlement to contribution	Total of contributions paid (in '000 dollars)
	Zone I	Zone II	Zone III		
1960	-	9.26	13.89	4	1,566
1961	-	9.26	13.89	4	1,537
1962	9.26	18.52	27.78	5	4,392
1963	9.26	18.52	27.78	5	4,506
1964	9.26	18.52	27.78	5	4,402

(ii)

On the basis of the Order of 26 May 1936 regulating trade in foodstuffs and various current products, minimum standards are set for the fat content of butter and whole milk. There has been no change in this regard over the past five years.

The minimum fat content for special domestic butter and table butter is 83 per cent, compared with 82 per cent for other types.

Whole milk marketed as milk consists of cow's milk with no modification in composition, as obtained from the regular, continuous and complete milking of properly nourished cows. It must have a minimum fat content of 3 per cent. In recent years, the actual fat content of commercial milk has on an average been as follows:

1960: 3.85 per cent	1962: 3.83 per cent	1964: 3.77 per cent
1961: 3.83 per cent	1963: 3.85 per cent	

(iii)

(a) Retail and wholesale prices of milk and dairy products on the Swiss market

- Consumption price of milk, cheese and butter
(average of prices in 34 towns)

Year	Fresh milk delivered to home	Cheese (Emmenthal and Gruyère)	Table butter
	Cents per litre	\$/kg.	\$/kg.
1960	13.2	1.45	2.47
1961	13.4	1.50	2.52
1962	14.1	1.59	2.64
1963	14.6	1.64	2.65
1964	15.3	1.65	2.65

- Selling price of powdered milk, at domicile of consumer

Whole milk powder		Skimmed milk powder		
		For human feeding		For animal feed
<u>As from</u>	\$ per kg.	<u>As from</u>	\$ per kg.	\$ per kg.
1. 5.61	1.03	1. 6.61	0.38	0.36
1.11.61	1.07	1. 9.61	0.39	0.38
1.11.62	1.10	1.11.62	0.41	0.39
1. 1.63	1.11	2. 4.64	0.43	0.42
1. 4.64	1.19	1.11.65	0.45	0.44
1. 6.65	1.20			

- Takeover and wholesale price for Emmenthal and Gruyère cheese
(\$ per 100 kg., prime quality)

<u>As from</u>	Takeover price by USF* (base price plus supplement for expenses)	Wholesale price, at rail head of consignee (fixed by USF)
1. 5.61	107	132
1.11.61	107	137
1. 4.62	112	137
1.11.62	118	142
1.11.63	119	142
1. 4.64	128	142
1. 6.65	131	142

*Not including quality premiums.

- Breakdown of retail price for special table butter

(\$ per kg.)

	<u>1.11.61</u>	<u>1.11.62</u>	<u>1.4.64</u>	<u>1.6.65</u>	<u>1.11.65</u>
Price at purchase by butter centres ¹	2.48	2.58	2.73	2.79	2.87
Price to wholesale trade ²	2.38	2.38	2.38	2.38	2.46
Price to retail trade	2.44	2.44	2.44	2.44	2.52
Retail price	2.76	2.76	2.76	2.76	2.85

¹Guaranteed price to producers plus cost of transporting cream to train.

²In quantities of 10 tons or more.

Note: Since a system of fixed prices is in effect in Switzerland for dairy products, there are no seasonal variations to be reported.

(b) Price of margarine

There are no statistics of prices for this product. According to an enquiry among retailers, the selling price of margarine on the Swiss market is \$1.25 per kg. at present and has been since September 1962. Before that it was \$1.16. No information is available concerning wholesale prices.

(iv)

See (i)(d): Subsidies for the valorization of dairy products.

(v)

Deliveries of dairy products to international aid schemes

Year	Milk powder (tons)	Cheese (tons)	Total value ('000 dollars)
1960-1961	1,443	100	2,010
1962	765	122	912
1963	752	74	863
1964	638	87	813
1965	692	109	889

(vi)

Nothing to report.

(vii)

(a) Description of measures applied on imports

- Butter

BUTYRA controls imports of butter over which it holds a monopoly in order to meet requirements without hindering sales of domestic butter. It levies a variable charge on imported butter, representing the difference between the cost price of imported butter (including customs duties) and the wholesale price of domestic butter as established by the Federal Council. The revenue from this charge contributes with other funds to finance valorization expenses for dairy products. In recent years the average incidence of this charge per kg. of imported butter has been as follows (in dollars):

Utilization of imported butter	Winter 1962/63	Summer 1963	Winter 1963/64	Summer 1964	Winter 1964/65
Table butter	--	--	0.93	1.03	1.00
Cooking butter	0.80	0.47	0.45	0.50	0.44

It should be noted that until the end of 1965 an additional duty of \$23.15 per quintal was levied on butter imports. This was intended to contribute, with other resources, to the compensation fund for milk and dairy products. The fund, which was established in 1942 to compensate higher costs resulting from the collection, transport, processing and distribution of fresh milk, was recently abolished, on 31 December 1965.

- Cheese

Imports are unrestricted.

- Whole milk powder

Permission to import is subject to the requirement to take over a certain proportion of the domestic product in ratio with the quantities imported. This proportion has been as follows:

until 9 December 1956	2/1	share of domestic product	/	share of imported product
from 10 December 1956 to 30 April 1961	1/1	share of domestic product	/	share of imported product
since 1 May 1961	2/1	share of domestic product	/	share of imported product

- Cream, powdered cream, skimmed milk powder, condensed milk

Imports of these products are unrestricted but are subject to the following price supplements, the revenue being used with other resources to finance valorization expenses for dairy products:

Tariff item No.	Description of products	Amount of price supplement (per 100 kgs.)			
0401.20 ex 0402.20	Cream, fresh, not concentrated, sweetened or frozen, whether or not put up in airtight containers	With a fat content of up to 40%	40+ -50%	50+ -60%	60+%
		\$24.31	\$38.20	\$50.94	\$55.57
ex 0402.20	Cream, preserved, concentrated or sweetened (except cream, not concentrated or sweetened, put up in airtight containers or frozen)	With a fat content in dried milk substances of 40+ -45%	45+ -50%	50+ -65%	65+%
		\$13.89	\$15.05	\$27.78	\$34.73
ex 0402.10	Skimmed milk powder	Until 31.10.64 \$6.95	Since 1.11.64 \$2.32		
ex 0402.30	Condensed milk	In containers of not more than 5 kgs. More than 5 kgs.			
		\$12.97	\$7.87		

(b) Customs duties

Tariff item No.	Description of products	Tariff applied \$/100 kgs.	Ad val. incidence of duty in %					
			1960	1961	1962	1963	1964	
0401.	<u>Milk and cream, fresh</u>							
.10	- milk	2.32	24.3	--	24.4	--	--	--
.20	- cream	32.41	--	--	--	--	--	--
0402.	<u>Milk and cream, preserved</u>							
.10	- dried milk	11.58	26.9	37.0	54.0	42.3	43.0	
.20	- cream	32.41	44.3	48.5	47.3	43.5	40.4	
.30	- other	5.79	27.7	27.3	26.3	24.3	21.7	
0403.	<u>Butter</u> ¹							
.10	- fresh, unsalted	4.63 ²	3.8	6.0	6.5	4.4	4.6	
.12	- salted, melted or in airtight containers	6.95	1.1	2.0	4.5	3.2	5.1	

¹Until the end of 1965, an additional customs duty of \$23.15 per 100 kgs. was levied in addition to the customs duty and is not included here.

²The EFTA countries are exempt from this duty.

(b) Customs duties (cont'd)

Tariff item No.	Description of products	Tariff applied \$/100 kgs.	Ad val. incidence of duty in %					
			1960	1961	1962	1963	1964	
0404.	<u>Cheese and curd</u>							
	- soft cheese							
.10	- Danablu, Gorgonzola, Roquefort	5.79	6.5	6.8	6.2	5.4	5.0	
.12	- Brie, Camembert, Crescenza, Italico, Mascarpone, Mozzarello, Pont l'Evêque, Reblochon, Ricotta Romana, Rebiola, Stracchino	6.95	7.3	7.5	7.3	6.7	5.8	
.14	- other	11.58	11.6	11.5	11.1	10.7	10.5	
	- hard or medium-hard cheese							
.20	- green cheese (cheese mixed with herbs)	9.26	--	--	--	--	--	
.22	- Caciocavallo, Canestrato, Fontina of the Aosta Valley, Grana, Pecorino, Provelone	5.79	4.8	4.8	4.9	4.6	3.4	
.24	- Asiago, Bitto, Brà, Fontal, Montasio, Saint- Paulin, Saint-Nectaire	11.58	15.1	15.4	15.0	15.0	15.6	
.26	- Cantal	13.89	--	--		10.5	10.0	
.28	- other	18.52	30.4	28.6	29.2	28.0	25.6	
.30	- processed cheese	18.52	26.9	26.6	28.0	29.0	26.4	

II.

Production, Consumption, Imports, Exports and Stocks
of Dairy Products(1) Total milk production and milk utilization

Years:	1960	1961	1962	1963	1964
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A. Cow numbers and yield

1. Cow numbers ('000 head)	940	943	950	918	897
2. Average annual yield (kg./cow)	3,280	3,250	3,280	3,370	3,360

	1960	1961	1962	1963	1964
B. <u>Quantity of milk available</u>	<u>1,000q</u>	<u>1,000q</u>	<u>1,000q</u>	<u>1,000q</u>	<u>1,000q</u>
1. Total domestic production	31,120	30,940	31,400	31,170	30,380
2. Fresh milk imports	97	97	96	99	123
3. Total 1 + 2	31,217	31,037	31,496	31,269	30,503
C. <u>Utilization of milk available</u>					
1. By producers	7,900	7,800	7,800	7,500	7,200
Of which:					
- for stock raising and fattening	5,200	5,200	5,400	5,300	5,000
- household consumption	2,700	2,600	2,400	2,200	2,200
2. Commercial milk	23,317	23,237	23,696	23,769	23,303
Of which:					
- fresh milk, yoghurt etc.	7,150	7,150	7,150	7,120	7,120
- converted into fresh cream	1,350	1,500	1,590	1,710	1,840
- converted into butter	6,040	5,540	5,980	5,730	4,710
- converted into cheese	8,047	8,207	8,116	8,319	8,713
- converted into preserved milk	730	840	860	890	920

(2) Cheese and butter

Years:	1960	1961	1962	1963	1964
			(in '000 quintals)		

A. Cheese

1. Domestic production (estimate)	689	696	686	700	732
2. Imports	67	79	90	105	116
3. Exports	301	324	316	329	330
4. Variation in end-year stocks ¹	+ 16	- 9	-	- 6	+ 13
5. Total consumption	439	460	460	482	505
6. Stocks of hard and semi-hard cheese in the trade (end October)	114	117	120	111	109

¹Held by manufacturers and in the trade.

	1960	1961	1962	1963	1964
B. <u>Butter</u>					
1. Production	349	322	348	347	302
2. Imports	3	60	36	26	108
3. Variations in end-year stocks	- 16	+ 10	+ 8	- 9	+ 15
4. Total consumption	368	372	374	382	395
5. Stocks held by BUTYRA, butter centres and wholesale trade (end October) ¹	51	49	43	46	69
(3) <u>Preserved products</u>					
			(in '000 quintals)		
	1960	1961	1962	1963	1964
A. <u>Production</u>					
1. Condensed milk and sterilized milk	58	75	60	67	73
2. Milk powder and derived foodstuffs	180	209	219	237	232
B. <u>Imports</u>					
1. Condensed milk and sterilized milk (0402.30)	57	68	43	70	46
2. Milk powder (0402.10)	21	34	63	46	120
3. Cream powder (0402.20)	1	2	3	3	4
C. <u>Exports</u>					
1. Condensed milk and sterilized milk (0402.30)	41	55	41	47	52
2. Milk powder (0402.10)	53	51	51	47	45
D. <u>Products available for domestic consumption</u>					
1. Condensed milk and sterilized milk	74	88	62	90	67
2. Milk powder	148	192	231	236	307
E. <u>Stocks of domestic milk powder held by manufacturers (end October)</u>					
1. Whole milk powder	5	4	6	4	6
2. Skimmed milk powder	16	7	5	24	3

¹Including imported butter.

(4) Annual per caput consumption of milk and dairy products (in kgs.)

	1960	1961	1962	1963	1964
Fresh milk	185.1	178.6	171.7	166.2	158.6
Condensed milk	1.2	1.6	0.8	1.1	1.3
Whole milk powder	1.1	1.3	1.3	1.3	1.4
Skimmed milk powder	0.8	1.1	1.6	1.7	1.3
Cheese	8.6	8.4	7.8	7.9	8.6
Cream	2.5	2.7	2.9	3.0	3.2
Butter	6.5	7.0	6.6	6.6	6.7

(5) Future prospects

Only a general assessment can be given here, as no statistics are available in this regard.

A. Production

A slight decline in dairy cow numbers is expected, together with an increase in yield so that total milk production should remain fairly stable.

B. Consumption

On the basis of the trend in per caput consumption in recent years, and on the assumption that present economic conditions remain unchanged, the following forecasts can be made for consumption of milk and dairy products:

- fresh milk: a slight decline in per caput consumption which means, having regard to an average annual population increase of 1-1.5 per cent in Switzerland, that total consumption will remain relatively stable;
- cream: an increase in per caput consumption;
- yoghurt and specialities: an increase in per caput consumption;
- cheese: stability in per caput consumption;
- butter: stability in per caput consumption;
- milk preserves: stability in per caput consumption.

A consumption increase is expected for skimmed milk powder used for animal feeding.

III.

International Prices

(i)

Information on the Levels of Prices of Dairy
Products Exported by Switzerland

The following figures constitute price averages for products of several different qualities put up in packaging which can also differ. In these two respects, the composition of exports under each of the headings below is not comparable from one country to another.

- Cheese rounds (tariff item No. 0404.28)

<u>Principal destinations</u>	<u>Average f.o.b. price in \$ per metric ton</u>				
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Western Germany	996	1,045	1,047	1,102	1,164
France	1,184	1,213	1,237	1,295	1,327
Italy	1,073	1,031	1,058	1,129	1,250
Belgium/Luxemburg	1,034	1,045	1,032	1,084	1,176
United States	1,383	1,376	1,391	1,394	1,442

- Processed cheese (tariff item No. 0404.30)

<u>Principal destinations</u>	<u>Average f.o.b. price in \$ per metric ton</u>				
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Italy	1,218	1,214	1,187	1,218	1,299
Great Britain	1,241	1,248	1,260	1,287	1,287
Canada	1,272	1,302	1,293	1,328	1,313
United States	1,306	1,363	1,401	1,412	1,384

- Powdered milk (including dietary milk; tariff item No. 0402.10)

<u>Principal destinations</u>	<u>Average f.o.b. price in \$ per metric ton</u>				
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
France	971	966	994	997	994
Iran	1,266	1,284	1,266	1,275	1,323
Thailand	1,341	1,370	1,366	1,356	1,242
Venezuela	1,281	1,282	1,300	1,313	1,316

- Sterilized and condensed milk (tariff item No. 0402.30)

<u>Principal destinations</u>	<u>Average f.o.b. price in \$ per metric ton</u>				
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Thailand	380	377	366	363	358
Philippines	352	347	327	323	324

(ii)

In the present difficult conditions of competition on the world market, and having regard to the relatively high level of the production price for milk and also of manufacturing costs in Switzerland, Swiss exporters try to direct their exports towards markets where prices are most favourable.

It may be recalled that so far as powdered milk is concerned, Switzerland adheres to the gentleman's agreement concluded in the Organisation for Economic Co-operation and Development. As we have seen, wholesale prices for cheese are set by the USF.

(iii)

In accordance with the principles already indicated under I(i)(d) 1 and 3, the Confederation participates in losses on exports of cheese and milk preserves.

Amount of Export Subsidies

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
A. <u>Cheese</u>					
Quantity exported (in '000 tons)	30.1	32.4	31.6	32.9	33.0
Total amount of subsidies ('000 dollars) ¹	7,660	7,062	8,660	11,038	12,089
Total amount of subsidy per ton of product exported (\$)	254	218	274	336	366
B. <u>Milk preserves</u>					
Quantity exported (in '000 tons)	9.4	10.6	9.2	9.4	9.7
Total amount of subsidies ('000 dollars)	142	107	175	267	348
Total amount of subsidy per ton of product exported (\$)	15	10	19	28	36

(iv)

Nothing to report.

IV.

Nothing to report

¹The sums mentioned here are already included in total expenditure for cheese valorization as shown on page 5 .