

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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

Notification from Switzerland

In compliance with the Decision of the Trade Negotiations Committee at its Mid-Term Review in April 1989 concerning the "intention to reduce support and protection levels for 1990", Switzerland communicates the following notification as a concrete demonstration of its wish to contribute to the reform process in international agricultural trade.

While taking into account the non-trade objectives of its agriculture, Switzerland intends to make its agricultural policy more market-oriented and give farmers and their organizations greater responsibility, so as to increase the agricultural sector's flexibility and dynamism.

Following the Mid-Term Meeting, Switzerland decided to review its agricultural policy instruments. This internal work is under way and two major commissions have been set up. One is responsible for determining the consequences of the political undertakings assumed in April in Geneva for Swiss agricultural policy, and the other has to study the question of the extension of direct payments. These are broad and complex tasks which will take time.

In addition to this, Switzerland has nevertheless already carried into reality its wish to reform its agriculture, through the following specific measures:

(1) Public expenditure of the Confederation

The Confederation's budget for 1990 provides for a reduction of 22 million francs, or 0.9 per cent, in spending on agriculture. Furthermore, the share of this expenditure in the total budget of the Confederation has been declining for many years.

(2) Direct payments

The 1990 budget provides for an increase in direct payments, which will amount to nearly one billion Swiss francs compared with 880 million in 1988. Still greater emphasis will thus be placed on support through measures that are more neutral in terms of production.

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(3) Dairy sector

Producers have to participate, through a deduction applied to milk deliveries, to the costs of valorization of dairy products. In order to help small producers, in particular those in more disadvantaged regions, a threshold quantity exempt from this deduction has been established.

This contribution by producers has been doubled from 2 to 4 centimes per kg. of milk delivered as from 1 November 1989, date of entry into force of the new decree on the dairy economy. Under the new regulations, provision is also made for an additional charge per farm of up to 5 centimes per kg. of milk delivered in excess of 100,000 kg. and up to 10 centimes per kg. of milk delivered on deliveries in excess of 200,000 kg. per year.

In addition, the milk producers' organization has earmarked, as of 1 November 1989, the sum of 6 million francs to buy in quotas.

(4) Sugar sector

In this area, the Federal Council decided in autumn 1989 not to grant the growers' request for an increase of over 10 per cent in sugar-beet prices. These prices have not increased for many years and even declined by 6.5 per cent in 1987.

The import tax on sugar was reduced on 1 October 1989 from 25.50 francs to 23.10 francs per 100 kg.

Furthermore, as of 1 October 1989, the sugar-beet producers' contributions to valorization costs were raised and are now scaled progressively according to the size of the individual quota, this sector being subject to production limitation measures.

(5) Cereals sector

Switzerland firmly intends to take measures in this area aimed at curbing the growth of production and thus ensuring the possibility of access to its market for importers. To this end, proposals will shortly be submitted to the Government, including in particular a co-responsibility levy for producers for the valorization of deliveries in excess of the guaranteed quantity.

With regard to fodder crops, various measures aimed at limiting production, essentially through a reduction in crop bonuses, are also planned.