

GENERAL AGREEMENT ON TARIFFS AND TRADE

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NOTIFICATIONS OF CHANGES IN SUBSIDY MEASURES

DENMARK¹

Changes made in the Danish agricultural schemes since 1 January 1963 are reflected in the following notification.

I. Cash subsidy

(1) Agricultural Rationalization Fund

The authority vested in the Minister for Agriculture by Act No. 195 of 16 June 1961 - see GATT document L/1948/Add.26, page 3 - was prolonged by Act No. 97 of 20 March 1963 which expires on 30 June 1965.

In each of the two fiscal years 1963/64 and 1964/65 the Treasury paid Kr.150 million into the Agricultural Rationalization Fund established in pursuance of this legislation.

The capital of the Fund was distributed among users of agricultural holdings according to the following principles:

(a) Subsidies payable according to land value

In both fiscal years, subsidies were paid only to users of holdings of not less than two hectares and a land value of under Kr.50,000 according to the land assessment made as at 1 September 1960. In 1963 no subsidies were granted for holdings whose land value was assessed at less than Kr.2,500 as at 1 September 1960.

No subsidies were granted to persons who earned two thirds of their income - minimum Kr.7,000 - outside agriculture.

In 1963 and 1964 subsidies were distributed according to the following scales:

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For previous Danish notification see L/1948/Add.26.

1963	1964
<u>Total land value as at 1 September 1960</u>	<u>Total land value as at 1 September 1960</u>
Kr.2,500 - 4,999 Kr.200	under Kr.5,000 Kr.200
Kr.5,000 - 5,499 Kr.400	Kr.5,000-5,499 Kr.400
Kr.5,500 - 6,499 Kr.600	Kr.5,500-24,999 Kr.800
Kr.6,500 - 18,499 Kr.800	Kr.25,000-49,999 Kr.400
Kr.18,500-24,999 Kr.600	
Kr.25,000-49,999 Kr.400	

For the Danish islands the land value per hectare averaged Kr.2,800 in 1960, for Jutland Kr.1,500, and for the whole country Kr.1,900.

The subsidies distributed according to land value totalled Kr.80.9 million in 1963, and Kr.80.6 million in 1964.

(b) Subsidies by cow holdings

This subsidy represented Kr.47 per cow in 1963 and Kr.53 per cow in 1964. The subsidies distributed according to the number of cows held totalled Kr.67.8 million in 1963, and Kr.73.1 million in 1964.

(2) General Purposes Fund

In pursuance of the above-mentioned Act of 20 March 1963 the Treasury paid into a General Purposes Fund an amount of Kr.100 million in each of the two fiscal years 1963/64 and 1964/65, earmarked for measures designed to promote the marketing of agricultural products.

Kr.123 million and Kr.108 million were disbursed from this Fund in 1963 and 1964, respectively. These amounts included unexpended balances of funds earmarked for the same purpose under the previous Act of 16 June 1961.

The amounts disbursed were distributed over four main categories:

- (a) propaganda for Danish agricultural products in foreign markets: Kr.37.5 million in 1963 and Kr.30.7 million in 1964;
- (b) experimental and research activities: Kr.3.1 million in 1963 and Kr.1.1 million in 1964;
- (c) establishment of pilot farms, recombination dairies, etc. (mainly in developing countries): Kr.9.6 million in 1963 and Kr.2.5 million in 1964;
- (d) discounts for quantity: Kr.72.9 million and Kr.73.6 million in 1963 and 1964, respectively.

Discounts for quantity (item (d) above) are intended to enable producers to allow processing industries a discount on raw materials corresponding to the discount allowed for regular large-scale purchases of raw materials in normal commercial transactions.

(3) Subsidy to reduce the price of fertilizers

In pursuance of Act No. 97 of 20 March 1963 the Treasury paid subsidies of Kr.50 million in each of the two fiscal years 1963/64 and 1964/65 to reduce the price of fertilizers.

In both of these years this subsidy represented about 10 per cent of the value of fertilizers supplied to agricultural holdings.

(4) Dairy Rationalization Fund

Under powers vested in the Minister for Agriculture by Act No. 97 of 20 March 1963 he ordered Kr.20 million to be transferred from the Treasury to a Dairy Rationalization Fund in fiscal 1964/65. The capital of this Fund must be expended before 31 March 1970. As at 1 January 1965 an amount of Kr.7.4 million had been used for loans and subsidies for dairy rationalization measures, notably in the form of amalgamation of dairies into larger units.

II. Home market price schemes

Home market price schemes could previously be introduced in pursuance of Act No. 301 of 5 September 1962 except that the charge levied on slaughtered pigs was based on Act No. 195 of 16 June 1961.

The present schemes are based on section 4 of the Marketing of Danish Agricultural Products Act No. 97 of 20 March 1963 under which charges may be levied on bacon, beef, veal, poultry meat and eggs to maintain the home market prices of each of these products at levels approved by the monopoly control authorities. If the average export price of one or several of these products exceeds the price approved by the monopoly control authorities, the farming industry is entitled to that price, also for sales to the home market. The prices obtained for exported beef and veal since August 1963 have been so high that no charges have been levied. In so far as the cost of production changes materially for any of the above-mentioned products, the prices for home market sales will be adjusted accordingly.

The charges and the home market prices were originally calculated on the basis of the provisions of this legislation to the effect that the farming industry was entitled, during the period from 1 October 1962 to 30 June 1963, to obtain additional receipts from home market sales of the aforesaid products in an amount of Kr.200 million more than the receipts obtained during the accounting year 1961/62.

As from 1 October 1962 the monopoly control authorities approved an addition to the home market price of 92 øre per kg, from 25 February 1963: 109 øre and from 16 March 1964: 114.1 øre plus a temporary adjustment of $\frac{1}{2}$ øre per kg which brought the total home market charge up to 114.6 øre during that period. As from 14 December 1964 the addition is 115.8 øre per kg plus an adjustment charge of 4.7 øre per kg which expires on 30 June 1965. The increases made in the home market charge were motivated mainly by rising production costs.

A separate charge of 50 øre per kg is levied on slaughtered pigs.

The charges are calculated weekly. The charge approved by the monopoly control authorities is added to the average of a representative quotation from the accounting year 1961/62, and the export price quotation for the week in question is deducted from this sum; the result represents the charge by which the home market price of the product is raised. The proceeds from these charges are distributed among producers in the form of a bonus on the whole of their production offered for sale (on the home market as well as for export).

Where the home market price schemes for the above-mentioned products are based on legislation, the Home Market Scheme for Milk and Dairy Products was established by voluntary agreement among Danish dairies without government intervention (except that home market prices are subject to the supervision of the monopoly control authorities).

III. Grain Marketing Schemes

Act No. 730 of 22 June 1962 establishing a grain marketing scheme for the harvest year 1962/63 - see GATT document L/1948/Add.26 page 5 - has since been replaced by Act No. 98 of 20 March 1963 (for the harvest year 1963/64 and by Act No. 187 of 4 June 1964 (for the harvest year 1964/65).

(1) Bread grain

The provisions governing bread grain are, in all essential respects, unchanged from the above-mentioned Act No. 230 of 22 June 1962.

(2) Coarse grain

The storage allowance of 50 øre per 100 kg per month for eight months, as provided for by the above-mentioned Act No. 230 of 22 June 1962 was abrogated as from the beginning of the harvest year 1963/64.

The equalization charge levied on imported grain is paid into the Grain Equalization Fund. As from the harvest year 1963/64 the additional government subsidy to that Fund has been raised from Kr.20 million to Kr.30 million. Apart from this increase, the provisions governing coarse grain and coarse grain prices are, in all essential respects, unchanged from the above-mentioned Act No. 230 of 22 June 1962.

As in previous years, the money accumulated in the Grain Equalization Fund has been distributed to small farmers (who are normally buyers of grain) according to the number of cows kept. In 1963 and 1964 this subsidy represented Kr.65 per cow, but not more than Kr.520 to any one agricultural holding.

Herds on agricultural holdings of fourteen hectares or more having a land value of Kr.30,000 or more at the land value assessment made in 1960 were not eligible for subsidies payable out of the Grain Equalization Fund.

Small amounts were paid out of the Grain Equalization Fund to poultry farmers.

Under the above-mentioned Act No. 230 of 22 June 1962 equalization charges could be levied on imported skim milk powder in such amounts as to bring the price, c.i.f. Danish port and with addition of the charge, up to Kr.137 per 100 kg. For the two following harvest years this price was fixed at Kr.145 per 100 kg. The proceeds from this charge are used to reduce the price of Danish skim milk powder bought for reeding purposes so that it can be sold at the same consumer price as imported skim milk powder. Because of the high world market price, equalization charges have not been levied on imported skim milk powder since April 1964.

IV. Rape Seed Scheme

The Rape Seed Scheme for 1961/62 and 1962/63 - see Gatt document L/1948/Add.26 page 9 - was prolonged without any essential changes for 1963/64 and 1964/65 by Act No. 96 of 20 March 1963.

In each of the two years 1963 and 1964 the disbursements made out of this Fund totalled Kr.7.8 million, this represented 14.5 øre per kg in 1963 and 29 øre per kg in 1964.

