

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications of Changes in Subsidy Measures

Finland¹

SUBSIDIES GRANTED FOR 1963 AND 1964

	<u>Million of Fmk</u>	
	<u>1963</u>	<u>1964</u>
I. Equalization of agricultural production costs and rationalization		
1. Subsidy for lowering prices of fertilizers	20.00	15.00
2. Subsidy to small farms	53.61	62.85
3. Regional support for agricultural production	42.26	45.38
II. Subsidies for lowering prices of agricultural products	342.32	447.30
III. Deficiency payment to sugarbeet and wool producers	<u>20.00</u>	<u>17.40</u>
Total	478.19	587.93

(Unit of currency is new Finnish mark. 1 new mark = 100 old marks)

¹For previous Finnish notification see L/1948/Add.22.

I. Equalization of agricultural production costs and rationalization

1. Subsidy for lowering prices of fertilizers

- (a) Annual cabinet decision.
- (b) A subsidy is paid to reduce prices of fertilizers and freight costs of lime.
- (c) The amount granted in the State budget for 1963 was Fmk 20 million and for 1964 Fmk 15 million.

2. Subsidies to small farms

- (a) Cabinet decision.
- (b) According to the Law on Agricultural Price Level at least 10 per cent of the compensation for increased costs of agriculture must be paid to small farms as a so-called acreage subsidy.
- (c) The total amount granted in the State budget for 1963 was Fmk 53.61 million and for 1964 Fmk 62.85 million.

3. Regional support for agricultural production

- (a) Annual cabinet decisions.
- (b) A production subsidy of milk is paid through dairies in northern Finland, in the eastern frontier districts and in the outer archipelago. The subsidy in 1963 and 1964 varied according to the district from 6.00 mk/100 kg milk in Lapland to 0.40 mk/100 kg milk.

A subsidy is also paid direct to dairy farmers, a certain amount for each dairy cow, in the form of special vouchers for the purchase of fertilizers, lime and other agricultural requisite at a reduced price. The same regional division as above is applied. Members of Milk Recording Associations receive at most 20 per cent higher subsidies.

A subsidy for the transportation of milk is paid to the dairies in northern Finland, in the eastern frontier districts and in the outer archipelago. The maximum amount of this subsidy was 80 per cent of the amount by which the average costs of transportation exceeded the cost of 0.20 Fmk (1963) or 0.40 Fmk (1964) per 100 kg of milk.

A production subsidy for beef and pork is paid through slaughterhouses in northern Finland. The amount of subsidy varied from 12 Fmk to 18 Fmk per 100 kg carcass weight.

The State Granary makes contracts with farmers in northern Finland on the cultivation of barley at prices above the current price level. The losses resulting from these transactions are paid from the State budget.

The producer price of rye in northern and middle Finland was 5 Fmk per 100 kg. higher than the price in southern Finland. Also these expenses were paid from the State budget.

- (c) The amount granted in the State budget for all above-mentioned subsidies was Fmk 42.26 million for 1963 and Fmk 45.38 million for 1964.

II. Subsidies for lowering prices of agricultural products

- (a) Decision of the Board of the Agricultural Marketing Fund.
- (b) In order to increase domestic consumption the consumer price of butter has been reduced by 230 Fmk/100 kg. in January-February 1963, by 244 Fmk/100 kg. in March 1963-February 1964 and by 282 Fmk/100 kg. in March-December 1964.

Export dairies received from the Agricultural Marketing Fund refund which enabled them to pay farmers a price almost corresponding to the target price of milk determined annually by the Government.

Similar system is introduced for eggs and pork. The payment prevents the annual average producer price from dropping below the floor price level.

All above-mentioned subsidies in 1963 and 1964 were paid from the Agricultural Marketing Fund which received its Funds from the State budget and from the import levies on concentrates and agricultural products.

- (c) The total amount of funds used for these subsidies was Fmk 342.32 million in 1963 and Fmk 447.30 million in 1964.

III. Deficiency payments

1. Sugar beet producers

- (a) Sugar Beet Law 236/62.
- (b) The sugar beet producers received a payment through the processing factories which covers the difference between the guaranteed producer price and the market price of sugar.
- (c) The amount granted for 1963 was Fmk 18.50 million and for 1964 Fmk 16.00 million.

2. Wool producers

- (a) Wool Law 247/61.
- (b) A deficiency payment system is applied for wool. The difference between the fixed producer price of domestic wool and the market price is paid through the Purchasing Organization of Wool Factories.
- (c) The amount granted in the State budget for 1963 was Fmk 1.45 million, and for 1964 Fmk 1.40 million.