Committee II - Expansion of Trade

TRADE IN AGRICULTURAL PRODUCTS

DENMARK

Synopsis of Non-Tariff Measures for the Protection of Agriculture or in support of Incomes of Agricultural Producers furnished by the Government of Denmark

I.

NATIONAL AGRICULTURAL POLICIES

A. General Objectives

The policy of the Government is to limit its direct intervention in the agricultural sector to the minimum. All Government expenditure in favour of agriculture is devoted to activities such as research and advisory work, livestock improvement and disease control and land reform, which have a direct effect on productivity.

The general production aim in agriculture is to exploit the production capacity to the fullest possible extent having regard to the possibilities on external markets and to meet Danish requirements of food in so far as Danish agriculture can satisfy the consumers' demand at competitive prices, and to obtain, through a steady increase in quality, as high prices as possible on foreign markets and thus to increase the export value.

B. Special Measures

A special feature of agricultural policy is the large number of activities undertaken by farmers' associations and co-operative organizations, not only as regards internal and external marketing but also advisory services and credit. The farmers' co-operatives and the private exporters have, for all main agricultural export commodities, established export associations (Export Boards) which, because of the great participation by farmers and traders, exert a considerable influence on export policy for the main agricultural commodities.

A few of the export associations fix minimum export prices for certain markets which grant import quotas for Danish produce. The purpose of this is to prevent undercutting among exporters.

Special marketing arrangements under Government control are provided in the case of sugar and potatoes for industrial use (potato flour).
Danish sugar production is effected under a system of concessions whereby only the concessionary enterprises are authorized to engage in production of sugar. The price of sugar beet is approved each year by the Ministry of Commerce and Industry on the recommendation of a government body called "The Inspectorate of the Ministry of Commerce and Industry for the Sugar Scheme". The same Ministry approves the ex-factory price of sugar and is authorized to limit the area under sugar beet.

The production of potato flour, starch, spirits and yeast, is also effected under a system of concessions. The Ministry of Commerce and Industry approves the prices to be paid to the potato growers upon recommendation of a committee consisting of representatives of the growers' association and of the users of these potatoes. The Ministry also approves the prices of the finished products. The factors taken into consideration in the price fixing for the potatoes include wages and other production costs as well as the development in other agricultural prices and in the world market prices of the products.

In order to reduce the effects of price differences between markets, etc., the Butter Export Board operates a stabilization fund which has been built up from export levies on butter. These levies are fixed by the Board and their rates vary between export markets. By means of these differential levies, the Board is able to ensure that all dairies secure from exporters the same price irrespective of the market to which their butter is exported. The settlement price is decided by the Dairy Federation and the Butter Export Board from time to time on the basis of certain criteria. When the settlement price has been decided upon and announced, the Board collects levies in respect of all exports that fetch a price above the settlement price by more than the exporters' margin.

II.

SUBSIDIES

(Including all forms of income and price support)

For the year 1958/59 the Government has guaranteed that every grower of bread grain will be able to sell his grain at the following prices:

- Rye: 45 Danish kroner per 100 kg.
- Wheat: 48 " " " " "

The prices are regulated according to the quality and the season.

This guarantee is combined with compulsory use of Danish-grown bread grain in the milling industry. The price of the grain for the milling industry is fixed at a level to cover the price to the farmers plus cost, so that the arrangement should be without financial support from the Government.
Furthermore, the Government has the necessary legislative power to institute, during the period 1 August 1958 to 31 July 1959, an import levy on certain kinds of grain for fodder use. The return of this levy is paid into a special fund which is used for the benefit of agriculture as a whole.

III.

MIXING REGULATIONS

As stated in Section II, the flour mills are required to use a certain percentage of Danish bread grain when milling flour. At present the percentages are 80 for rye and 70 for wheat (i.e. 70 per cent soft wheat of which 55 per cent of the total shall be of Danish origin).

IV.

STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

The special privileges granted to certain enterprises engaging in trade in sugar and potatoes for industrial use have been described in Section II.

Denmark is self-sufficient in sugar supplies and no imports are required. Should imports become necessary import licences will be issued.

Producers handle their own export sales.

Imports of methylated spirits and liquor are handled by a large number of firms. However, imports of ethyl alcohol, in which Denmark is self-sufficient, is only permitted for the holder of the concession in cases where such imports may become necessary. Exports of ethyl alcohol are handled by the producer, while exports of other methylated spirits and liquors are handled by firms which hold no concession.

Licences for import and export of potato flour and other starch products will be issued to producers and other firms under the existing practice.

V.

IMPORT RESTRICTIONS

In the following "agricultural products" is understood to include all commodities under Chapters 1 - 24 of the Brussels Nomenclature.

Several agricultural products may be freely imported from the dollar area, the previous EPU area and Finland. Important commodities in this group include cheese, coarse grain, oil cakes, raw materials for the oil industry, raw cocoa, manufactured tobacco, citrus fruit, dried fruit, spices, certain fish and fish products.
The greater part of imports of restricted agricultural products is determined unilaterally.

Importers of bread grain can buy freely such quantities as they consider necessary from any country.

All requirements for coffee and bananas are covered. Within specified limits coffee may be imported from the previous EPU area, the dollar area and certain Latin American countries. Bananas are imported from the previous EPU area and certain third countries.

Imports of such goods as maize grists, fruit juice for industrial purposes and various oils for the oil industry are permitted to the extent required for production purposes. Imports of some commodities such as wheat flour are permitted only in limited quantities.

Licences for imports of these commodities are normally issued on a regional basis valid for imports from any country within the previous EPU area and Finland. In certain cases regional licensing is supplemented with bilateral quotas from third countries.

Certain commodities on the restricted list are imported under bilateral agreements.

Such commodities include grapes and wine, the requirements of which are largely met by imports. Certain other commodities which are produced in Denmark may be imported freely during seasons when Danish supplies are inadequate. Such commodities include onions, potatoes, cauliflower and cherries. Certain types of canned fish, flower bulbs etc. are imported in limited quantities under bilateral agreements.

Beef cattle, meat, pork, bacon, butter and eggs are the main traditional Danish export commodities which can compete in world markets. Consequently practically no imports take place.

With respect to sugar, potato flour, and methylated spirits reference is made to Section IV above.

The principles governing the allocation of licences among importers depend on the severity of import restrictions. For some commodities the quotas are sufficient to permit free licensing so that all interested importers may buy such goods as bananas, grapes and certain types of vegetables, which may be imported during certain periods. Such industrial undertakings as the oil mills obtain licences for imports to the extent required for their production. In cases where imports are restricted licences are normally allocated among importers on the basis of their imports during the preceding period.
Other Arrangements

A multiple currency system for exports to the dollar area is applied.

In pursuance of Act no. 213 of 16 June 1958 on the Marketing of Danish Agricultural Products exports from this country may be controlled for the purpose of preventing unfair under-cutting. This will occur especially in the cases of countries whose imports are subject to special regulations.

VI.

MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED
FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

No statement furnished by the Government of Denmark.