Reproduced below is the text of the opening statement made by the representative of Denmark on 30 March 1960 during the consultation with Denmark.

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First of all I should like to thank you, Mr. Chairman, and the members of this Committee, for arranging it so that the consultation with Denmark could commence this afternoon.

By way of introduction, I should like to make a brief statement about the position of agriculture in the Danish economy in general and in Danish foreign trade in particular. I would ask you, Mr. Chairman, then to give the floor to Mr. Johansen, who would offer some particulars pertaining to the structure of Danish agriculture and Danish agricultural policy.

Denmark has been through the same experience as have probably all other economically advanced countries: The number of persons employed in agriculture, compared to the total Danish population, has been declining, and so has the agricultural share of total production.

I should like to give you a few figures which bring these trends into relief.

At the beginning of this century, close on one half of the total labour force was employed in farming. Today, agricultural employment accounts for rather less than 20 per cent of total employment. This means that the agricultural share of the total labour force has been reduced to between one half and one third of what it was at the beginning of the twentieth century.

In the same period, the agricultural share of total production certainly declines, but not nearly as much as the demographic trend might suggest: The agricultural share of the national income has only been reduced to about two-thirds of what it was at the turn of the century. This clearly reflects that the Danish farming industry has been able to maintain and even raise its level of productivity in relation to the other sectors of the economy.
On this background, it has always been taken for granted that the farming industry must stand on its own legs. Consequently, the principal aims of Danish agricultural policy have been partly to create marketing conditions in which the rise in productivity could be utilized to the best possible advantage and partly to ensure that the other sectors of the Danish economy benefited from the rising level of agricultural productivity in the shape of low food prices and better competitive ability of all sectors of economic life.

Even if Denmark today, demographically as well as economically, must be described as an industrial rather than an agricultural country, it is still regarded in other countries as an agricultural nation. This concept, which is not quite correct, is explained by the fact that the Danish farming industry is geared to export trade to a pronounced degree. About 60 per cent of agricultural production is sold in foreign markets, and the farming industry accounts for approximately 60 per cent of total Danish exports.

The Danish economy is heavily dependent on the conditions of foreign trade. This is an inevitable consequence of Denmark's position as a small, economically highly developed country practically without any natural resources of raw materials. On this background, it will be understood that the conditions governing our agricultural exports are of fundamental significance to the whole Danish economy.

It is no exaggeration to say that the predominant role of agriculture in our external balance is responsible for the liberal commercial and tariff policy which Denmark has pursued throughout the present century. It is a well-known fact that the incidence of our customs tariff is one of the lowest among the contracting parties to the General Agreement.

On the other hand, Denmark has undeniably resorted to import restrictions to a fairly large extent during the post-war years. The purpose of these restrictions has been to protect our balance of payments which has been very strained during most of the post-war period. Our currency assets have even been negative for long periods.

In spite of this we have consistently throughout the fifties relaxed the import restrictions.

During the last two years our external balance has improved. This has enabled the Government to introduce a new and very wide measure of liberalization which entered into force on 1 March. Our currency reserves, which now represent the equivalent of about two months' imports, have remained at a constant level during the last few months. The latest forecasts, however, anticipate a decline in these reserves in the near future.

Besides a number of internal measures the principal reason for the improvement of our balance of payments is to be sought in our terms of trade. The favourable trend during the last two years of Denmark's terms of trade has been due mainly to the low prices of raw materials.
This brings me to a crucial factor in Denmark's external balance: Our post-war difficulties had been due, in a very large measure, to adverse terms of trade. The prices we obtained for our agricultural exports did not rise at the same rate as the prices of industrial goods.

I suppose the previous consultations in this Committee have already brought out the reasons for this situation. Import restrictions have kept out agricultural products entirely or partly from several markets. In others the market prices are maintained at artificially low levels by means of domestic subsidies. In some cases low prices had been a condition for access to markets where high tariff rates had been levied on agricultural products. Finally, the protection of the farming industry in the majority of industrialized countries has eliminated the self-regulating forces of their markets with the result that surpluses have been produced and disposed of in other markets at heavily subsidized prices.

Bearing in mind that about 60 per cent of Denmark's exports consists of agricultural products, I think you will understand why we feel that agricultural protectionism in other countries is responsible for a large part of our balance-of-payments difficulties.

I am convinced that if only the conditions for agricultural products in international trade had been a little more liberal, Denmark would have been able to abolish all import restrictions which are maintained for balance-of-payments reasons.

Some of the members of this Committee may have wondered why Denmark maintains import restrictions for a number of agricultural goods. If you ask me whether those restrictions are also intended to protect the balance of payments, my answer is "Yes", but this answer may call for an explanation.

No one will deny, I am sure, that we can meet competition for practically all agricultural products in international trade. So there is no need for us to import such commodities as butter, meat and eggs. We are therefore not prepared to spend our scarce availabilities of foreign currency on import of subsidized agricultural products which are being disposed of at any price they will fetch. We have not ourselves resorted to such practices and we have always in the GATT and in other international organizations been in favour of effective provision prohibiting export subsidies.

We have great hopes in the results of the ardent work of this Committee. We are convinced that concerted action among the GATT countries and in particular the industrialized countries could bring us a long step forward towards a normalization of trade in agricultural products.

I hardly need to assure you of the full support of my Government in the fulfillment of the task of this Committee; our own interests simply dictate our position. Our demand is reciprocal treatment of our main exports with exports of industrial goods. But we are of the opinion that progress in the liberalization of trade in agricultural products will be to the benefit not only of the agricultural exporting countries but to the whole trading community.

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Denmark's total area is between 4.2 and 4.3 million hectares of which more than 3.1 million hectares or almost 75 per cent is used for agriculture.

The agricultural area is divided up in almost 200,000 farms with an average acreage of approximately 16 hectares.

More than 90,000 farms or almost half of the farms have an acreage of 10 hectares or less and may be characterized as smallholdings. A little more than half of the farms are farms of medium size with an acreage of 10-60 hectares. Of the bigger farms 3,200 have an adjoining land of 60-120 hectares and 800-900 farms more than 120 hectares.

The main crops are grain (45 per cent of the total area), root crops (18-20 per cent of the total area), grass and green fodder (30-35 per cent total area). A few per cent of the area is used for growing various crops of minor importance, for instance seeds for sowing, oilseeds, vegetables and the like.

The grain crop consists mainly of feeding grain. Danish-grown bread grain hardly covers home consumption. The main root crops are fodder beets. Of importance in certain areas are also potatoes and sugar beets. The grassland is used partly as pastures for the cattle and partly for the production of hay for winter feeding of the cattle.

Apart from the relatively small quantities of grain, seeds, sugar, potatoes and certain other vegetable products consumed in the home market or exported, the whole crop is used as feeding for livestock the number of which is:

- 200,000 horses
- 3.3 million cattle of which 1.4-1.5 million are milk cows
- 5-5.5 million pigs
- 20-25 million hens and chickens

Home grown feeding stuffs are supplemented by imported feedings stuffs, mainly grain and oil cakes. Measured by feed units the quantities of imported feeding stuffs normally correspond to about 10 per cent of the total quantity of feed used.

Animal production counts for almost 90 per cent of farmers' gross income. Out of the total value of the animal production, pigs and pig products count for almost 40 per cent, dairy products 30 per cent, beef and veal 20 per cent, eggs 8 per cent and poultry meat 2 per cent.

Of the total agricultural production about 60 per cent is exported and 40 per cent consumed at the home market.

Two important events have been decisive factors in the establishment of the present structure and for the economic development of Danish agriculture, namely:
1. The accomplishment of the agrarian reforms at the end of the eighteenth century;

2. the European agricultural crisis towards the end of the nineteenth century.

Under the first point a liberation of the farmers from dependency on the landowners took place and a redistribution of land within each individual village community was accomplished. Thus the individual farms, which previously had their adjoining land split up in a multitude of small irregular lots, now had them concentrated in bigger and more regular units, which alleviated the work immensely. This reform at the same time brought about the dissolution of the co-operative working system which more or less had existed within the village community both in connexion with the cultivation of the land and the running of the farms, a system which had hampered the initiative towards progress within these fields.

In the following time this liberation of the farmers from dependency on the landowners brought about a common interest, both on the part of the farmers and the landowners towards a conversion of the obligations of the farmers from payment in kind to payment in coin. This payment was gradually capitalized, so that the farmer became the owner of his farm under a certain liability to the landowner or to the person, to whom the landowner transferred his claims.

The result was that in the course of the first half of the nineteenth century a transformation from copyhold to freehold was carried out for most Danish farms, and a general economic progress set in within Danish agriculture until the European agricultural crisis in the 1880's.

In Denmark this agricultural crisis was not, like in most other countries, met by protectionistic measures. Already then the Danish farmer was open-minded, thanks to the popular movement towards common education, which set in around the middle of the century, resulting in the establishment of high schools, agricultural schools as well as of other educational activities. Through private initiative also a great number of organizations were established within various fields, especially within agriculture.

Danish farmers survived the crisis, firstly through an expansion of the animal production, where the fall in prices caused by the crisis was less outspoken than was the case within the vegetable production, especially grain, secondly through a rationalization which so to speak was a revolution within the animal production, whereby the part of the production which comprises the processing necessary to bring the goods in a marketable condition, i.e. the production of butter and choose, slaughtering of the animals, the grading and packing of the products, etc., a preparation which had previously been carried out on the farms, was now centralized in co-operative plants, which at the same time took care of the sale of the products both for export and for the domestic market.
The later development of Danish agriculture, and the present situation for
Danish agriculture must be seen on this background. The re-organization of the
production in the 1880's formed the basis of a great economic and production
progress within Danish agriculture.

In 1925 the harvest had risen, measured by crop units, to double and
the animal production to triple of what it was in the 1880's. Now the
harvest is three times as big and the animal production between four and
five times as big as the production of the 1880's. This substantial progress
must be ascribed to a series of factors, of which I want to underline the
following:

1. Improved technique.
2. Increased productivity.
3. Improved training and education.
4. Structural improvements.
5. Cultivation of virgin soil, improvement of the soil under
cultivation by draining, marling, use of fertilizers, etc.

Technical progress has resulted in an extensive mechanization and
rationalization of the production, so that it has been possible to bring
about a big increase in production by employment of a reduced amount of
human labour. While at the end of the nineteenth century more than 40 per
cent of the Danish population were employed in farming, this figure has now
fallen to about 16 per cent, and it is decreasing strongly every year.

Through improved methods of production, for instance, the combating
of disease, improved brooding, both vegetable and animal, the productivity
has gradually increased and the quality of the products has been improved.

At scientific colleges, institutes, agricultural schools, courses, etc.,
a great work is being accomplished to train the young farmers with a view
to enable them, in their practical work, to benefit to the utmost from the
technical and economic progress. Extensive information and advisory service
has been established by the farmers' own organizations and is at the disposal
of all farmers, who might wish to use it.

With a growing population a considerable parcelling out of the existing
farms was accomplished already during the nineteenth century to enable the
young farmers to the greatest possible extent to get their own farms. The
solution of this task was more systematically taken up by the Government
around the turn of the century. A special legislation was established, and
it was gradually extended with a view to the procurement of land for the
erection of smallholdings for skilled young farmers. First and foremost the
land was procured through wholly or partly purchasing of big farms or through
the breaking up of public property. Under this legislation about 27,000
smallholdings have been established until now.

In the same manner additional land has been procured for many farms,
which did not possess sufficient land to give employment, and possibility
of making a living for a family.
A substantial part of the farms which have been founded throughout the
last century, either by private or public initiative, have been established
on soil, which had not previously been under cultivation, i.e. heaths,
moors, swamps, etc. Through draining, marling and use of fertilizers this
generally poor quality of soil has been brought under the plough, and it
now gives a fair basis of existence to its user. Draining, marling and the
application of fertilizers have within the same period, been utilized
extensively for the improvement of old farm land.

The development which has been experienced within Danish farming has
mainly been based on the initiative of the farmers themselves, and according
to their nature the problems have been tackled either individually or
through co-operation. It has been a general rule that Government aid has only
been called for in such special cases, where it has been necessary for an
effective solution of the problems.

In the first place this has been the case where the solution of a
problem has made actual legislation, or the interference from Government
administration, necessary.

Likewise it has been considered necessary to leave the solution of
certain special tasks to the Government, i.e. higher education, scientific
research and experimental work etc. The more elementary experimental work,
on the other hand, is to a great extent carried out by the agricultural
organizations, which also handle professional problems, such as the
vocational training of young farmers at agricultural schools and courses,
advisory service etc. For the solution of these problems the Government
grants financial support to make it possible for all farmers to utilize
these facilities, irrespective of their financial position.

Trade in agricultural products is free, and apart from certain
exemptions of limited importance it is carried out without Government
interference.

To secure the health and quality of the products the Government has
in agreement with, or on the request of, the farmers established a control
on most animal products, in order to ascertain that these fulfill certain
fixed requirements and standards. Most of the animal production is traded
through the co-operative plants owned by the farmers, which, however, does
not exclude private firms from participation in the marketing of these
goods, both on the home market and for export.