SUBSIDIES

Notifications Pursuant to Article XVI.1

Addendum

DENMARK

By Act No. 267 of 10 June 1970, amending the Marketing of Danish Agricultural Products Act and Act No. 266 of 10 June 1970, amending the Act establishing the Grain Marketing Scheme, the existing agricultural support schemes were extended, with certain modifications, for a provisional period of two years, provided that the two Acts shall be taken up for revision in the parliamentary year 1971/72.

The following description of the agricultural support schemes now in force is based on the GATT questionnaire on subsidies.

I. CASH SUBSIDY

(1) Support related to butter and milk production

(I)(a) In pursuance of Act No. 267 of 10 June 1970, amending the Marketing of Danish Agriculture Products Act, the Minister for Agriculture may disburse to farmers out of Treasury funds an annual amount of up to DKr 300 million, related to butter and milk production. This amount has remained unchanged since the 1969 notification, cf. document L/3178/Add.9 of 27 October 1969.

(b)-(d) Apart from an annual amount of DKr 7 million earmarked for rationalization of the activities of milk and butter recording associations, the subsidy is distributed to dairies through the Federation of Danish Dairy Associations. Dairies pass on the subsidy to producers.

(2) General purposes fund

(I)(a) In pursuance of the aforementioned Act of 10 June 1970, the Minister for Agriculture may pay up to DKr 502 million annually out of Treasury funds to the Agricultural General Purposes Fund. This ceiling represents an increase of DKr 70 million over that provided for under previous legislation; cf. document L/3178/Add.9.

(b)-(d) The guidelines for utilization of the Fund, see document L/3178/Add.9, have been modified to the effect that the resources of the Fund - besides promoting marketing of agricultural products and adjustments of production - may now be used also for purposes of quality promotion.
(3) **Subsidy to reduce the cost of fertilizers**

The support of Dkr 50 million provided for under previous legislation was discontinued by the aforementioned Act of 10 June 1970.

(4) **Dairy Rationalization Fund**

(I)(a) This scheme was extended without modification in pursuance of the aforementioned Act No. 267 of 10 June 1970, see document L/3178. As before, the Fund may use Dkr 10 million annually for rationalization of Government-owned as well as privately-owned dairies.

(5) **Subsidy to promote growing of high-protein feeding stuffs**

(I)(a) The aforementioned Act No. 267 of 10 June 1970, provides for the grant of support in the amount of Dkr 200 per hectare used for growing horse beans, fodder peas and sweet lupine to ripeness. The purpose of the scheme is to promote growing of these high-protein feeding stuffs at the cost of other crops.

(b)-(d) Under this scheme a total amount of Dkr 4.6 million was paid in 1970/71 to growers of high-protein feeding stuffs.

(II)(a) In 1970, areas with these crops totalled 23,000 hectares.

II. **HOME MARKET SCHEMES**

(1) **Home market schemes for pigmeat, beef and veal, poultry meat and eggs**

(I)(a) These schemes, described in detail in document L/3178/Add.9, were extended by Act No. 267 of 10 June 1970.

(b)-(d) The home-market prices as of 1 March 1971, which have been approved by the Monopoly Control Board, are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef and veal</td>
<td>Dkr 6.63 per kg.</td>
</tr>
<tr>
<td>Pigmeat</td>
<td>Dkr 6.54 per kg.</td>
</tr>
<tr>
<td>Poultry meat</td>
<td>Dkr 4.50 per kg.</td>
</tr>
<tr>
<td>Eggs</td>
<td>Dkr 4.95 per kg.</td>
</tr>
</tbody>
</table>

The price scheme for beef has been suspended since December 1968 because the export prices have been higher than the approved home-market prices.

The Act of 10 June 1970 provides like previous legislation for a special levy of up to 50 øre per kg. on pigmeat in addition to the levy on home-market sales. The former levy, which was introduced in 1961, is independent of export prices; it therefore represents a permanent addition to the variable levy on home-market sales.
(II)(a) The greater part of the production (i.e. up to 80 per cent) covered by the home market schemes is exported. Hence, the incomes of producers are determined by the export prices obtainable in international markets together with domestic costs. Under the home market schemes farmers may recover only proved increases in production costs for that part of the production which is sold on the home market. This arrangement has not resulted in any expansion of the production.

(2) Home market schemes for dairy products

This scheme is based entirely on voluntary agreements among dairies. In accordance with the provisions of the Monopoly Control Act, such agreements are notified to the Monopoly Control Board which controls the resulting prices.

III. GRAIN MARKETING SCHEMES

(I)(a) By Act No. 266 of 10 June 1970, amending the Act establishing the Grain Marketing Scheme, some modifications were made of previous legislation, cf. document L/3178/Add.9.

(1) Bread grain

(b)-(d) The Minister for Agriculture may order all bread grain milled for human consumption to contain Danish wheat or rye. For wheat, the milling quota has been 100 per cent since 1 July 1969; for rye the quotas have varied from 70 per cent during the period 1 July-15 October 1969 to 90 per cent during the period 16 October 1969-31 December 1970; from 1 January 1971 the quota has been 70 per cent.

Equalization charges may be levied on imported bread grain in order to raise the price of imported grain to certain basic levels fixed by the Act of 10 June 1970. The basic levels fixed under that Act are lower than those previously in force (see document L/3178), the prices c.i.f. Danish port plus levies being DKr 50 per 100 kgs., for the period 1 August-30 September. This price has been raised by 50 øre per month beginning on 1 October; the basic price will thus be DKr 53 per 100 kgs. for the period 1 March-31 July.

The Act also empowers the Minister for Agriculture to approve price agreements relating to Danish bread grain - and feed grain - concluded between, on the one hand, the Farmers' Organizations and on the other, the Danish Grain and Feedingstuff Dealers' Organizations.

(2) Feed grain

(b)-(d) Act No. 266 of 10 June 1970, provides for the levy of equalization charges on imported feed grain in order to raise the price of imported grain to certain basic levels fixed in the Act. These basic levels are lower than those
previously in force (see document L/3178/Add.9), the prices c.i.f. Danish port
plus levies being DKr 50 per 100 kgs. for the period 1 August-30 September. This
price has been raised by 50øre per month beginning on 1 October; the basic price
will thus be DKr 53 per 100 kgs. for the period 1 March-31 July.

The Act furthermore allows of the imposition of additional levies on
imported maize and products thereof. Such levies have not been charged.

The Act empowers the Minister for Agriculture to approve price agreements
relating to feed grain, see the above remarks concerning bread grain.

As under the previous Act, the proceeds of the equalization charges are paid
into the Grain Equalization Fund, the resources of which are augmented - as
heretofore - by Treasury grants in the amount of DKr 50 million per year.

Pursuant to the Act, the Fund is used by the Minister for Agriculture, in
consultation with the farmers' organization, for the benefit of small farmers and
poultry and egg producers. These producers, who are normally net buyers of feed
grain, thus receive a certain compensation for the higher costs of production
resulting from the feed grain scheme.

Allocations to small farmers are still based on the number of cows kept.
For holdings under 14 hectares, or of a land value of under DKr 70,000 (land
assessment 1969), the allocation is DKr 80 per cow up to a maximum of DKr 960
per holding.

For holdings above 14 but not exceeding 16 hectares or of a land value of
under DKr 75,000, the allocation is DKr 40 per cow up to a maximum of DKr 480
per holding.

Larger holdings are not eligible for allocation from the Grain Equalization
Fund.

(3) Skim milk powder

(l)(a) No changes have been made in the system of import levies, see
document L/3178/Add.9.

IV. RAPESEED SCHEME

(a) Pursuant to Act No. 278 of 18 June 1969, the Treasury pays an annual grant of
up to DKr 8 million to Danish rapeseed growers. This amount is the same as that
paid under the previous Act.

(b)-(d) The grant is based on rapeseed with a water content of 9 per cent, of
98 per cent purity and with an oil content of 42 per cent. In 1968/69 the grant
was 26 øre per kg.; in 1969/70 it was 35 øre per kg.