

(e) Statistical data

The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.

(f) Legal bases

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Natural or juridical persons operating in Sweden and public authorities adjusted to conditions on the market. In some cases aid can also be granted to non-profit making associations.

The nature of the assisted projects can be investments in patent, licences, marketing activities, development of new products, education, etc. The grant is awarded discretionary according to the calculated need in each individual case, the size of the investments etc. The firm must be profitable. Account should be taken of, if the development measures promote an increase in employment. At least 40 per cent of the new jobs created in each project must be reserved for each sex. Maximal aid intensity is 50 per cent of the investment costs. Maximal amount is SKr 500,000. In special cases concerning service companies the amount can be higher and the grant awarded without direct link to hard investments. Development grant may be combined with other forms of State grant on condition that the sum of the grant does not exceed the maximal intensity for development grants.

6.4 Loans to Regional Investment Companies

(a) Form of subsidy

Loans. During the first years the interest rate may be lower than market rates, provided that the State e.g. receives a share of the value added in the company after about ten years.

(b) Amount of subsidy

Total amount of granted loans in SKr millions: Fiscal year 1993/1994: 10

Support is granted to a variety of sectors and recipients and cannot be broken down per unit.

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs in designated areas. The main objective is to create new employment by stimulating private capital to engage in certain businesses in the aid areas. The objective is also to take advantage of management knowledge in order to promote the expansion of small businesses.

(d) Duration

The programme commenced as from 1 July 1982. Duration formally decided on for every new fiscal year.

(e) Statistical data

The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.

(f) Legal bases

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Eligible are privately Swedish or foreign owned regional investment companies, working with viability in competitive sectors on market conditions. Loans to regional investment companies can only be awarded by the Government. The size of the loan is related to the capital raised by the share holders. The regional loan usually amounts to twice the size of the share capital. There is no other aid to investment companies.

6.5 Employment grants

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1993/1994: 171

Support is granted to a variety of sectors and recipients and cannot be broken down per unit.

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and employment in designated areas. In general the scheme is aimed at creation of new employment by reducing the extra costs during the first years when taking on additional labour.

(d) Duration

The programme commenced as from 1 July 1990. Duration formally decided on for every new fiscal year.

(e) Statistical data

The support is granted to a variety of sectors and recipients, therefore it is not possible to present statistical data permitting an assessment of trade effects.

(f) Legal bases

The legal provisions are laid down in the Governmental Ordinance (Förordningen om regionalpolitiskt företagsstöd): SFS 1990:642.

(g) Rules and conditions

Natural or juridical persons operating in Sweden and public authorities working with viability in competitive sectors on market conditions are eligible. In some cases aid can also be granted to non-profit making associations. There is a requirement that at least 40 per cent of the new jobs created shall be reserved for each sex. Minor employment grants are awarded automatically after application if all conditions are fulfilled. If the number of additional man-years is exceeding 10, the applications are examined from the company's economic point of view.

The nature of assisted projects are costs related to additional labour taken on.

The aid intensity is in regional aid area 1: A total sum of SKr 200,000 per additional man-year allocated according to a uniform scheme during a five-year period.

The aid intensity is in regional aid area 2: A total sum of SKr 120,000 per additional man-year allocated according to a uniform scheme during a five-year period.

The allocation is described in the following table:

Year	Aid area 1	Aid area 2
1	60,000	40,000
2	50,000	30,000
3	40,000	25,000
4	30,000	15,000
5	20,000	10,000
Total	200,000	120,000

6.6 Reduced social security contributions

(a) Form of subsidy

Tax concessions in the form of reduced social security contributions.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1993/1994: 471

Support is granted to a variety of sectors and recipients and cannot be broken down per unit.

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and employment in designated areas. The main objective is to create new employment and to maintain employment in certain sectors in the most disadvantaged areas by reducing the cost of labour. An overall aim is to compensate for additional costs due to permanent geographical disadvantages in the form of long distances, low population density and remote location.

(d) Duration

In aid area 1 and 2 the duration is until and including the year 2000. In the rest of the Norrbotten county the duration is until and including the year 1995.

(e) Statistical data

The support is granted to a variety of sectors and recipients, therefore it is not possible to present statistical data permitting an assessment of trade effects.

(f) Legal bases

The legal provisions are laid down in the Act (Lag om nedsättning av socialavgifter och allmän löneavgift) SFS 1990:912 and the Governmental Ordinance (Förordning om nedsättning av socialavgifter och allmän löneavgift): SFS 1990:983.

(g) Rules and conditions

In aid area 1 and parts of aid area 2 the reduction is 10 percentage points. In those parts of the northernmost county of Norrbotten which are not included in aid area 1 the reduction is five percentage points.

The social security contributions are reduced for employers engaged in the following sectors in aid area 1: mining and quarrying (except iron, ore and mining), manufacturing (except pulp, paper, iron, steel and ferro-alloys), wholesaling of manufacturing goods, hotels and restaurants and service activities. In aid area 2 the reduction is only available in the most sparsely populated areas. In these parts e.g. agricultural and forestry activities and certain private business services are eligible. These activities are very important for women's employment. In the vast majority of cases the aid is awarded automatically. Reduced social security contributions may be combined with employment grants.

6.7 Transport aid

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1993/1994: 293

Support is granted to a variety of sectors and recipients and cannot be broken down per unit.

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and aid to partly compensate for high transport costs due to long distances to the main markets. It is important to create new employment and to maintain employment in those areas in Sweden where the costs of transport is considerably higher than in the rest of the country. Hereby these companies are put on more equal footing when competing with companies situated closer to the large markets.

(d) Duration

The scheme commenced in 1971. Duration formally decided on for every new fiscal year.

(e) Statistical data

The support is granted to a variety of sectors and recipients, therefore it is not possible to present statistical data permitting an assessment of trade effects.

(f) Legal bases

The legal provisions are laid down in the Governmental Ordinance: SFS 1980:803 (Förordningen om regionalpolitiskt transportstöd).

(g) Rules and conditions

Eligible are Swedish natural or juridical persons, foreign company branches in Sweden or foreign natural persons living in Sweden.

The assisted projects: actually paid domestic transport costs from the regional aid area for goods that have been produced or manufactured (processed) in this area (except for certain products like pulp, paper, metals, certain steel products and iron ore), transport costs for raw materials that shall be processed in the transport aid area is also eligible. However, in principle, materials from outside the aid area that are also produced in the aid area are not eligible. The goods transported must be highly processed in order to be eligible. The grant is awarded automatically after application if all the conditions are fulfilled.

The regional aid area for transport is divided into five zones. The percentages of the transport costs that are covered appear in the following table:

Distance in kilometres	Transport aid zone 1	Transport aid zone 2	Transport aid zone 3	Transport aid zone 4	Transport aid zone 5
251-400	10%	10%	10%	10%	10%
401-700	10%	20%	30%	35%	35%
701-	10%	20%	30%	35%	50%

6.8 The Fund for Northern Sweden

The Fund has been operating with two different types of activities:

-loans, including guarantees and conditional loans given primarily to small- and medium-sized companies within the industrial and service sector.

-guarantees and project support given to institutions or projects and research of infrastructural character (for example, research activities at universities and college, foundations of research bodies outside the university sphere). As from 1994 the Fund has primarily concentrated on loan operations.

(a) Form of subsidy

Mainly loans at market conditions. No subsidies, risksharing. Conditional loans, guarantees, grants and project support.

(b) Amount of subsidy

Net cost in SKr millions Fiscal year 1993/1994: 67

Support is granted to a variety of projects and recipients and cannot be broken down per unit.

(c) Policy objective

The primary objective is regional aid to designated areas. The secondary objective is aid to SMEs and R&D. The aim of the fund is to promote development mainly of SMEs, at present, in the four northernmost countries.

(d) Duration

The scheme commenced in 1961. Duration has not been specified.

(e) Statistical data

The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment of trade effects.

(f) Legal bases

Government Decision 1961, revised in 1987 and Government Bill 1993/94:140.

(g) Rules and conditions

Expenditure eligible for aid is product development, marketing, fixed assets and working capital. If loans from the Fund Northern Sweden are combined with localization aid, the State financing may only amount to 70 per cent of investment costs in aid area 1 and 50 per cent in aid area 2 and structural aid areas. The government can decide that these levels may be exceeded if there is a special priority.

7. OTHER FORMS OF SUBSIDIES7.1 State subsidy for civil emergency preparedness supply

(a) Form of subsidy

Grants.

(b) Amount of subsidy

Net cost in SKr millions: Fiscal year 1993/1994: 9

Support is granted to a variety of projects and cannot be broken down per unit.

(c) Policy objective

Primary objective is mainly to prepare for the supply of goods for the mobilization of the armed forces.

(d)Duration

Duration has not been specified.

(e)Statistical data

The support is granted to a variety of projects and sectors, therefore it is not possible to present statistical data permitting an assessment o trade effects.

(f)Legal bases

The legal provisions are laid down in the Governmental Ordinances: SFS 1984:1129 (Förordningen om försörjningsberedskapsstöd) and 1992:1114.

(g)Rules and conditions

Government agencies, county councils and municipalities, and firms owned by them, are eligible to civil emergency preparedness grants for acquisition of textiles and ready-made garments, shoes, leather, skin and furs. A precondition is that the acquisition must not break the rules of competition within the EEA. Civil emergency preparedness support is granted to that amount which constitutes the difference between the costs for the most favourable acquisition in Sweden and the most favourable acquisition outside the European Economic Area. The support can however only be granted, if the difference is less than SKr 200,000 or less than 20 per cent of the acquisition value of the foreign offer.

APPENDIX

The net-cost method

The objective of the Net Cost to Government (NCG) method is to obtain a consistent measure of government aid, where support from various instruments, i.e. grants, loans, guarantees, equity injections and tax concessions, are added together. The NCG method is used in the EFTA annual surveys of industrial aid and by OECD in its project "Subsidies and Structural Adjustment".

Net costs are calculated as follows:

Grants: Actual amounts paid out minus repayments and royalties if any.

Guarantees: Claims paid minus fees received and recoveries.

Loans: Estimated capital cost based on the difference between the government borrowing rate and actual interest payments received.

Equity capital: Estimated capital cost based on the government borrowing rate and dividends received.

Tax concessions: Estimations of revenue forgone.

It should be noted that the net cost does not correspond to the actual transfer of funds from the government to the firms in any given year, i.e. the expenditure as reported in the government budget. Instead the purpose is to indicate the net cost to government of support to industry. Since imputed capital costs on previous loans and equity injections are included, the net-cost figures to a certain extent reflect past policies. The NCG-method is not a direct guide to determine the extent of distortion of competition nor to approximate the ultimate benefit to industry. However, the NCG is a useful guide to the evolution and the structure of government support over time.

ANNEX 2Subsidies to Swedish Agriculture
1993/94Notification Under Article 25 of the WTO Subsidies Agreement

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1. Introduction

This notification covers direct subsidies and payments to the agricultural sector in fiscal year 1993/94. The figures are presented irrespective of whether or not they should be regarded as subsidies notifiable under Article 25 of the WTO Subsidies Agreement. Costs for general agricultural education and information activities are not included in this notification. The description of the various schemes follows the outline suggested by WTO. However, estimates of the effects of aid, e.g. on trade, are not available. Instead some general information about production, consumption and trade is presented in Annex I.

A new food policy was introduced in Sweden as from 1 July 1991. The guidelines for the policy were laid down by a parliamentary decision in 1990. The decision resulted in a radical shift in the policy. Due to the Swedish application for membership of the EU some amendments were made in order to facilitate an immediate integration into the common Agricultural Policy on 1 January 1995.

The food policy in the period 1 July 1991 - 31 December 1994 was based on the principle that the agricultural sector should be subject to the same conditions as other sectors of the economy. The farmers should only be paid for goods and services for which there was a demand. This implied a dismantling of internal market regulations including storage support and to a great extent export subsidies. Continued border protection in form of import levies ensured that a price support was maintained for the production for which there was a demand on the internal market. It was however decided that a revision of the border protection was pending the outcome of the ongoing GATT-negotiations (the Uruguay Round).

The reform of the agricultural policy started on 1 July 1991 and was scheduled to be completed after a five-year period of adjustment of production and transition to a deregulated market.

The importance of agriculture in the northern parts of Sweden, in terms of Swedish regional and security policy, justified additional support to this part of the country (regional support).

During the transitional period farmers were stimulated by direct payments to plant alternative crops, energy crops and forest. Substantial investments were also made in educational and advisory schemes. The reform necessitated considerable adjustments, not only as regards production, but also in the farmer's entrepreneurial role.

Due to the GATT/UR Mid-Term Agreement direct payments to farmers were introduced in 1989 instead of increases in support prices. These direct payments were decided just to be temporary.

In 1993/94 temporary direct payments were granted to the animal sector as well as to the crop sector. These payments are more decoupled than support via the producer prices. Also part of the regional support to the northern parts of Sweden was paid on the same basis as the temporary direct payments.

The regulation for agricultural products in 1993/94 was based on the Law Regarding Levies on Certain Agricultural Products (SFS 1190:615). The Swedish Board of Agriculture was the central administrative authority for matters concerning the regulation in the agricultural sector.

2. Income and price support

2.1 Temporary direct payments

(a) Form of subsidy

Grants

(b) Amount of subsidy

SKr 1,530 million 1993/94

(c) Policy objective

Due to the GATT/UR Mid-Term Agreement direct payments to farmers were introduced in 1989 instead of increases in support prices.

(d) Duration

The programme commenced in 1989. Duration until 31 December 1994.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex I.

(f) Legal basis

The temporary payments are based on Governmental Ordinances SFS 1989:896 and SFS 1993:298

(g) Rules and conditions

The temporary direct payments were based on livestock units or crop area in a base year. In the animal sector standard payment per animal unit were applied. The acreage support differed between different production regions since it was based on historical yields in the production regions. In the table below total amounts of payments and payments per units are shown. The Swedish Board of Agriculture was the Governmental agency responsible for the administration of the temporary direct payments.

	Total (Skr million)	Payment per unit
Milk production	629	Skr 1,200/milk cow
Beef and veal production	332	Skr 155/young stock
Sheep and lambmeat production	19	Skr 90/lamb
Acreage support	851	Average Skr 700/ha
Total	1,530	

2.2 Conversion grants

(a) Form of subsidy

Grants/conditional loans

(b) Amount of subsidy

The net cost in fiscal year 1993/94 was SKr 16 millions.

(c) Policy objective

The intention of the conversion grants was to facilitate the conversion of area previously used for surplus production of grains to non-agricultural production.

(d) Duration

The programme commenced as from 1 July 1991 and enrolment in the programme was possible up to 1 July 1994.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1990:941

(g) Rules and conditions

Within the programme grants were paid to the farmer as a lump sum on a regionally differentiated hectare basis. Grants were differentiated according to which year the land was enrolled in the system. The grants were paid as a conditional loan and were to be repaid if by end of the transition period the farmer had failed to convert the land to other uses than production of formerly price regulated commodities. All land that previously was used for price regulated crops and for set aside under the scheme Omställning 90 was eligible for the programme. The Swedish Board of Agriculture was the Governmental agency responsible for the administration of the programme.

2.3 Regional headage support

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 356 millions

(c) Policy objective

The importance of agriculture in the north of Sweden in terms of regional and security policy justifies special support to this part of the country. The support should be closely related to the profitability trends and should give farms in the north of Sweden incomes comparable with farms in other parts of the country.

(d) Duration

The programme will be revised in 1995 as a consequence of the Swedish membership of the EU.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex 1.

(f) Legal basis

Governmental Ordinance SFS 1989:896

(g) Rules and conditions

Part of the regional support to northern parts of Sweden was based on livestock units in a base year.

The amount of support differed between different areas of the northern region. In 1993/94 this type of headage support was paid to milk, beef and veal, pigmeat, sheep and lamb meat and egg production. Total and unit amounts in different districts are shown in tables below. Concerning the division into different districts for regional support see Annex H.

Milk production	Total (SKr million)	Payment per milkcow (SKr)
District 1	32.6	3,610
District 2a	108.3	3,160
District 2b	59.7	3,030
District 3	36.1	2,450
District 4	33.5	1,160
Total	270.2	
Beef and veal production	Total (SKr million)	Payment per youngstock (SKr)
District 1	7.8	560
District 2	47.0	525
District 3	9.1	330
District 4	10.4	200
Total	74.3	
Pigmeat production	Total (SKr million)	Payment per slaughterpig (SKr)
District 1	0.1	45
District 2	3.5	40
District 3	1.0	35
District 4	1.6	20
Total	6.2	

Sheep and lamb meat production	Total (SKr million)	Payment per lamb (SKr)
District 1	0.4	85
District 2	1.3	80
District 3	0.3	50
District 4	0.3	30
Total	2.3	
Egg production	Total (SKr million)	Payment per laying hen (SKr)
District 1	-	13.45
District 3 and 4	-	4.90
Total	3	

2.4 Regional price additions

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 599 millions

(c) Policy objective

The importance of agriculture in the north of Sweden in terms of regional and security policy justifies special support to this part of the country. The support should be closely related to the profitability trends and should give farms in the north of Sweden incomes comparable with farms in other parts of the country.

(d) Duration

The programme will be revised in 1995 as a consequence of the Swedish membership of the EU.

(e) Statistical data

Estimates of effects on trade are not available

(f) Legal basis

Governmental Ordinance SFS 1985:672 last amended by SFS 1994:1311

(g) Rules and conditions

A part of the regional support to northern parts of Sweden was given as price additions in order to compensate i.a. for higher production and transportation costs in the north parts of Sweden. The amount of support differed between different areas of the northern region. This type of support was in 1993/94 paid to milk, beef and veal, pigmeat, sheep and lamb meat and egg production. The Swedish Board of Agriculture was responsible for disbursing the aid.

Milk production: A regional support was given as price additions and cost compensation per litre milk, varying between different geographical locations. In 1993/94 the total amount of price additions was SKr 424 million (0.24-1.10 SKr/kg. milk). At the same fiscal year SKr 42 million was paid as compensation for higher transportation costs (0.02-0.11 SKr/kg. milk).

Beef and veal production: A regional support was given as price additions and cost compensation per kilo meat, varying between different geographical locations. In 1993/94 the total amount of price additions was SKr 92 million (1.20-8.35 SKr/kg. meat). At the same fiscal year SKr 21 million was paid as compensation for higher transportation costs. This amount was compensation to all types of meat.

Pigmeat production: A regional support was given as price additions per kilo meat, varying between different geographical locations. In 1993/94 the total amount of price additions was SKr 14 million (0-2.05 SKr/kg. meat).

Sheep and lamb meat production: A regional support was given as price additions per kilo meat, varying between different geographical locations. In 1993/94 the total amount of price additions was SKr 4 million (0.30-0.85 SKr/kg. meat).

Egg production: A regional support was given as compensation for higher transportation costs. Total amount in 1993/94 was SKr 2 million (0.35 SKr/kg.)

2.5 Support to potato cultivation in the north of Sweden

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 8 millions.

(c) Policy objective

The importance of agriculture in the north of Sweden in terms of regional and security policy justifies special support to this part of the country. The support should be closely related to the profitability trends and should give farms in the north of Sweden incomes comparable with farms in other parts of the country.

(d) Duration

The programme will be revised in 1995 as a consequence of the Swedish membership of the EU.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1985:672 last amended by SFS 1994:1311.

(g) Rules and conditions

Holdings with potato cultivation in certain regions in the north of Sweden (counties of Norrbotten, Västerbotten, Jämtland, Västernorrland and Gävleborg) received support. Aid was only given to holdings with more than 2 hectares cultivated farmland and of which at least 0.5 hectare had a potato cultivation. Amount of aid depended on region, from SKr 2,532 per hectare to SKr 4,272 hectare. The Swedish Board of Agriculture was responsible for disbursing the aid.

2.6 Price support to the reindeer sector

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 30 millions.

(c) Policy objective

Reindeer husbandry is an integrated part of Sami culture. Without adequate support the reindeer husbandry sector will be seriously threatened with grave consequences for the Sami people.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1986:255

(g) Rules and conditions

The price support is based on the slaughtered weight of the reindeer. In 1993/94 the support was SKr 10 per kilo for reindeer older than one year and SKr 16 per kilo for calves. An amount of SKr 0.5 per kilo was earmarked for marketing of reindeer meat.

The support is paid to reindeer owners. The Swedish Board of Agriculture is responsible for disbursing the support.

2.7 Price support to clover and grass seed

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 9.6 million.

(c) Policy objective

The objective is to support the domestic production of clover and grass seed.

(d) Duration

Duration until 31 December 1994.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Ordinance SFS 1990:941

(g) Rules and conditions

There is no form of border protection for clover and grass seed in Sweden. Support to domestic production of this type of seed is given in the form of an area based support and a fixed price support per kilogram of sealed seed. The support is paid to the farmers. In fiscal year 1993/94 acreage support varied between 300 and 2,800 SKr/ha depending on variety. Total amount of acreage support was SKr 5 million. The price support varied between 0.00 and 5.20 SKr/kg, with a total amount of SKr 4.6 million.

2.8 Support to sugar production on the island of Gotland

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 12.5 million.

(c) Policy objective

The objective of the support is to compensate for costs at the sugar factory located on the island of Gotland.

(d) Duration

The support in this form will last longest to the end of the 1995 beet season.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Decision

(g) Rules and conditions

According to a parliamentary decision support shall be granted to the sugar factory on the island of Gotland during a transitional period. The support shall compensate for extra costs at the sugar factory.

3. Export promotion

3.1 Temporary export subsidies

(a) Form of subsidy

Grants

(b) Amount of subsidy

Product	SKr/kg.	Total SKr million
Wheat	0.54	49.8
	0.82	28.5
Barley	0.59	0.9
	0.87	1.0
Oats	2.20	28.4
	17.35	46.9
Rye	9.59	48.9
	0.30	6.8
Rapeseed		611.1
		822.3
Beef meat		
Pig meat		
Peas		
Processed products		
Total		

(c) Policy objective

Export subsidies were abolished for most products as an effect of the food policy reform. For grains, oilseeds, pigmeat, beef meat and peas export subsidies were maintained during a transition period to ease the transition to the conditions of a deregulated market. The price compensation system for processed products was maintained pending negotiations between EFTA and EC regarding a new compensation system.

(d) Duration

Duration until 31 December 1994.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex 1.

(f) Legal basis

The export subsidies are based on Governmental Ordinances SFS 1991:133 and SFS 1990:941

(g) Rules and conditions

When parliament decided to reform the agricultural policy it also was decided that the redemption systems for grains and oilseeds should be kept during a transitional period. If world market prices for these products were lower than domestic prices the difference should be levelled out when the products were exported. The equalization was handled by the Swedish Board of Agriculture and was financed by milling fees, budgetary means etc. For beef and pigmeat a sum of SKr 550 million was allocated to a temporary export financing system for the period 1 July 1991 - 31 December 1994. For peas export subsidies were paid during the transitional period. For 1993/94 support was maximized to SKr 10 millions and to SKr 0.30/kg. The price compensation system (RAK) for processed products covers products of second and higher transformation which often are a mixture of two or more agricultural products. The aim of the system is to compensate domestic producers of processed agricultural products for the difference between domestic prices and world market prices for agricultural raw materials used in the production. The compensation to exported products is calculated on basis of the quantities of agricultural raw materials actually used in the production of the products exported. All these systems were handled by the Swedish Board of Agriculture.

3.2 Special support to export of processed food products

(a) Form of subsidy

Grants

(b) Amount of subsidy

Product	SKr/kg.	Total SKr million
Rapeseed oil	0.80	0.1
Cheese	5.29	8.5
Milk products	1.29	0.7
Poultry meat	3.18	1.6
Pork	6.24	1.0
Malt	0.20	1.0
Starch	1.50	2.4
Total		15.3

(c) Policy objective

The objective is to temporary increase the possibilities to export processed food products with a long-term profitability.

(d) Duration

The programme commenced as from 1 July 1993. Duration until 31 December 1994.

(e) Statistical data

Estimates of the effect on trade are not available. General information about trade see Annex 1.

(f) Legal basis

The system was based on Governmental Ordinances SFS 1991:133 and SFS 1993:964

(g) Rules and conditions

In view of the Swedish application for membership of the EC the special system for export support directed to certain processed food was introduced in 1993. The support was limited to a sum of SKr 150 million for the period 1 July 1993 - 31 December 1994.

3.3 Export promotion for highly-processed products

(a) Form of subsidy

Grants

(b) Amount of subsidy

In 1992 SKr 60 millions was assigned as a lump sum for a four-year period.

(c) Policy objective

The primary objective is to promote an international marketing of processed food products.

(d) Duration

The support was commenced in 1992 and scheduled for a four year period

(e) Statistical data

The support is granted to a variety of projects, therefore estimates of the effects on trade are not available.

(f) Legal basis

Decision by the Government

(g) Rules and conditions

"Styrgruppen för livsmedelsexport" (Food from Sweden) is responsible for disbursing the aid. Since the objective is to promote an international marketing of processed food products the aid is granted to measures such as to build up knowledge and competence of export promotion, marketing and to carry through common market research and information activities. Support is not granted to investments.

4. State aid for investments in agricultural production

4.1 Land and building rationalization

(a) Form of subsidy

Grants

(b) Amount of subsidy

The net cost for internal and external rationalisation in fiscal year 1993/94 was SKr 3 million.

(c) Policy objective

To improve the competitiveness of agricultural holdings as part of the rational development of agricultural production while maintaining farmers incomes.

(d) Duration

No new commitments are made under this programme. Only legal undertakings by the State to carry out a given payment are done.

(e) Statistical data

Estimates of the effects on trade are not available. General information about trade see Annex I.

(f) Legal basis

Governmental Ordinances SFS 1978:250 and SFS 1988:999

(g) Rules and conditions

The Swedish Board of Agriculture is responsible for disbursing the aid. The aid is used for land surveying costs in certain areas of Sweden in connection with re-parcelling of farms in order to improve structure. No new commitments are made under this programme.

4.2 Setting up aid to young farmers

(a) Form of subsidy

Interest rate subsidy

(b) Amount of subsidy

Total amount of subsidy in 1993/94 SKr 30 millions.

(c) Policy objective

To enable young persons who intend to practice farming as their main occupation, to take over agricultural holdings.

(d) Duration

The programme may be revised in 1995 as a consequence of the Swedish membership of the EU.

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental ordinance SFS 1990:980

(g) Rules and conditions

The Swedish County Administrative Boards are responsible for disbursing the aid. Aid may be granted to persons that not have reached the age of 35, who intend to practice farming as their main occupation. The definition farming also includes other activities such as forestry and tourism as a complement to farming. The purpose of the aid is to cover the capital costs and the risks connected with the responsibilities of young farmers. Farmers in the entire country can receive support but special considerations are given to holdings in less favoured areas. The applicants must have a sufficient level of vocational qualification (vocational experience and training). The applicants must also have farming as their main occupation. Aid is given as a 5 per cent interest-rate subsidy for a period of five years. Maximum installation aid for a period of five years is SKr 200,000. The amount can be reduced depending on the applicant's assets.

5. State aid to compensate for damage affecting agricultural production or means of production

5.1 Compensation for losses connected to control of quarantine, pest and diseases

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 30 millions.

(c) Policy objective

Compensate farmers and growers for economic losses caused by quarantine, pest and diseases.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of the effects on trade are not available.

(f) Legal basis

Governmental Ordinances SFS 1972:318 and SFS 1993:383 amended by SFS 1994:326.

(g) Rules and conditions

Farmers and growers are compensated for economic losses when destruction or prohibition of marketing is used as a method for control of pest and diseases. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.2 Compensation for cost and losses connected to control of epizootic diseases

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 18 million.

(c) Policy objective

Compensate animal owners for economic losses if an epizootic disease in accordance with the Swedish legislation is suspected or diagnosed in a herd or flock.

(d) Duration

Duration unlimited.

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Epizootilaw SFS 1980:369. Amendments made until SFS 1994:1114.
Epizootiordinance SFS 1980:371. Amendments made until SFS 1994:1114.

(g) Rules and conditions

If an epizootic disease in accordance with the Swedish legislation is suspected or diagnosed in a herd or flock, the measures taken often cause economical losses for the animal owner. The general principle for compensation of diseases under Epizootic Act is that the farmer should be fully compensated for losses due to decisions taken in accordance with this legislation. Economical losses caused by the restrictions on the herd, slaughtered animals, loss of income and sanitary measures are fully compensated for. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.3 Compensation for costs and losses connected with control of salmonella

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 8 millions.

(c) Policy objective

Preventing that salmonella is spread and to protect public health.

(d) Duration

Duration unlimited

(c) Statistical data

Estimates of effects on trade are not available

(f) Legal basis

The law SFS 1983:738 and Governmental Ordinance 1984:306.

(g) Rules and conditions

Farmers whose animals are diagnosed as being affected by salmonella are partly (50-70 per cent) compensated by the government for economical losses caused by the effects of the restrictions on herd, slaughter of animals, loss of income and sanitary measures. The cost of the salmonella programme can be split into two main components. one is the continuous surveillance and preventive measure needed and the second is the cost of eradicating salmonella outbreak. The aid is only available in connection with salmonella outbreak and due to decisions taken in accordance with legislation. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.4 Compensation for losses which are a consequence of radioactive fallout

(a) Form of subsidy

Grants

(b) Amount of subsidy

Fiscal year 1993/94 SKr 30 millions.

(c) Policy objective

Compensate for losses due to radioactive contamination of meat.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available

(f) Legal basis

Governmental Ordinance SFS 1994:246

(g) Rules and conditions

To compensate for losses due to the Tjernobyl accident the State buys radioactive contaminated meat at the normal market price for similar uncontaminated meat and afterwards destroys it. The State also compensates reindeer keepers and farmers for preventive measures taken, such as feeding the animals with uncontaminated food or other measures to decrease radiocesium to the acceptable level. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.5 Compensation for losses as a result of natural disaster in the reindeer sector

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1993/94 SKr 4 millions.

(c) Policy objective

Preventing mass death from starvation in the reindeer sector as a result of natural disasters.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available.

(f) Legal basis

Decision by Government

(g) Rules and conditions

As a result of natural disasters, in particular hard frozen snow, reindeer can not feed themselves. The aid is aimed at preventing mass death from starvation. Compensation is granted for additional feeding during winters with very bad weather conditions. In 1993/94, 50 per cent of the cost for buying additional feed in certain areas was given as an aid. The Swedish Board of Agriculture is responsible for disbursing the aid.

5.6 Compensation to owners of domestic animals and reindeer hurt or killed by beast of prey

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1993/94 SKr 14 millions.

(c) Policy objective

Compensate for losses connected with the prohibition by law to hunt beast of prey (bears, wolves, wolverines, lynx and eagles).

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available

(f) Legal basis

Governmental Ordinance SFS 1976:430

(g) Rules and conditions

Reindeer keepers and farmers are compensated for animals hurt or killed by beast of prey. The state is not the legal owner of the beast of prey but has by law prohibited hunting of these animals. The aid should be seen as a compensation for losses connected with this hunting restriction. The value of the animals is estimated and given as a compensation to the owner. In 1993/94, 97 percent of the compensation concerned reindeer and 3 per cent other domestic animals (sheep, dogs, cattle, horses and bees). The National Board for Environment Protection is responsible for disbursing the aid.

5.7 Compensation for damages caused by wild animals

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1993/94 SKr 17 millions.

(c) Policy objective

Compensate for losses connected with the prohibition by law to hunt certain animals other than beast of prey.

(d) Duration

Duration unlimited

(e) Statistical data

Estimates of effects on trade are not available

(f) Legal basis

Governmental Ordinance SFS 1987:905

(g) Rules and conditions

The State has, for reasons of preservation, also prohibited hunting of certain wild animals other than beast of prey. Compensation is given to land owners and fishermen for damages caused by those animals. The main part of the compensation goes to fishermen for damages on fishing equipment caused by seals. The State pays part of the costs due to estimated damages. The National Board of Environmental Protection is responsible for disbursing the compensation.

6.1 Support for landscape conservation

(a) Form of subsidy

Grant

(b) Amount of subsidy

Fiscal year 1993/94 SKr 255 millions.

(c) Policy objective

Maintaining biodiversity of semi-natural grasslands and remnants of agri-historical value in rural landscapes.

(d)Duration

Duration unlimited

(e)Statistical data

Estimates of effect of aid on trade are not available

(f)Legal basis

Decision by the Parliament

(g)Rules and conditions

Grants to special measures in order to maintain biodiversity of semi-natural grasslands and remnants of agri-historical value in rural landscapes. Support is paid for grazing and moving sward in selected meadows and pastures. Grants are also paid to farmers for keeping historical remnants in order. The Swedish County Administrative Boards are responsible for disbursing the aid.

7.1 State guarantees on loans

(a)Form of subsidy

Guarantees on loans

(b)Amount of subsidy

The cost for losses that incur in connection with State guarantees during fiscal year 1993/94 was approximately SKr 40 millions.

(c)Policy objective

The objective is to promote improved effectiveness in the agricultural holding.

(d)Duration

As from 1 July 1995 new state guarantees on loans are to be granted only to horticultural enterprises.

(e)Statistical data

Estimates of effects on trade are not available

(f)Legal basis

Governmental Ordinances SFS 1978 :250 reprinted SFS 1998:999 and SFS 1979:427 reprinted 1988:998.

(g)Rules and conditions