

£s.2.40 for second-grade butter sold abroad. It was further provided that if the world price fell below the guaranteed price, the difference between the two would be paid by the Ministry of Agriculture to those who supplied milk to registered dairies making butter. If, on the other hand, the world price exceeded the guaranteed price, one-half of the excess would be credited to a special fund from which bounties would be paid to milk-producers if the price fell.

In May, 1934, a Bill was introduced to enable the State to establish a limited-liability company to undertake the production and purchase of dairy-products, both for home requirements and for export. The State was to hold not less than 50 per cent. of the total share capital issued, the remainder being available for local dairy co-operative societies and private butter-exporting concerns. The right to import butter and other dairy-products was to belong solely to the new company.

During the month of May, 1934, the amount of butter produced for export sold for a total of 1.14 mill. lat., while the value of the output on the guaranteed price totalled 2.05 mill. lat. There was thus a balance of 0.91 mill. lat. remaining to be paid by the State.

Present rate of exchange	16 lats. to £1 sterling.
Par of exchange	25.22 lats. to £1 sterling.

NETHERLANDS.

The Netherlands is a large net exporter of butter, but imports began to increase in 1931 and control of importation by quota was established as from April, 1932.

The Crisis Dairy Act, which came into operation in July, 1932, contained provisions for granting relief to dairy-farmers, the professed aim being to raise prices for manufacturing milk to the cost of production level. (The main provisions were continued in the Agricultural Crisis Act of August, 1933.) The method adopted consisted in raising the price of butter (and other dairy-produce) on the domestic market by means of a consumption tax and by the compulsory admixture of butter with margarine sold on the home market (margarine "A"), thus reducing the exportable surplus of butter; margarine for export (margarine "B") did not require to contain butter. The administration of the measure was put under the control of a Dairy Crisis Central. The consumption-tax is raised by means of the sale of stamps, which must be affixed to all butter and other edible fats sold for consumption in the Netherlands. Butter for export is not subject to the consumption-tax. A fixed relation is maintained between the price of margarine and that of butter, the cost of the margarine stamp varying with the butter content. In addition, the fund is maintained by the levying of special taxes on imports and exports of fats through the compulsory use of "transport permits," the cost, in the case of imported goods, being based on the difference between the price of the goods in the Netherlands and world markets, and being additional to import duties.

The minimum proportion of butter used in margarine "A" was originally fixed at 25 per cent., but was later raised to 40 per cent. The consumption-tax on butter—*i.e.*, the cost of the stamps—was 0.42 florin per kilogram in July, 1932, but was subsequently raised several times and since March, 1933, has been 1 florin per kilogram. The increased price received by the factory for butter, &c., by the operation of the scheme is passed on to the farmer on the basis of the fat content of the milk delivered; for 1933 this premium was fixed at 2.24 florins per 100 kilograms of milk of 3.2 per cent. butterfat content, and at 2.32 florins for 1934.

The consumption of butter in the Netherlands in 1933 was provisionally estimated at about 56,000 metric tons, including 16,000 tons consumed in margarine "A." The price of butter on the home market has ruled above that for export by the amount of the tax, the average price at Hertogenbosch, a prominent inland market, being 159 florins per 100 kilograms in 1933, while the average quotation at Leeuwarden, the market for export butter, was 60 florins.

The Crisis Dairy Fund also had reserves to offset losses on the storage of export butter.

A plan to limit the number of cows, and so aid the market for milk as well as for beef, has been in operation since October, 1933, the intention being to reduce the cow population by 200,000. The controlling authority, the Cattle Central, also announced early this year that in order to control future production, the number of calves born in 1934 to be retained in the herds would be limited to 410,000.

Present rate of exchange	7.225 florins to £1 sterling.
Par of exchange	12.11 florins to £1 sterling.

SWEDEN.

A Royal Decree of 30th June, 1932, which came into force on 20th September, 1932, contained provisions for improving the organization of the sale of milk and dairy-produce by the imposition of levies.

It was pointed out in a report, which was incorporated in the law, that the price of the milk utilized in the manufacture of butter for export, although accounting for less than one-fifth of the total Swedish production of milk for sale, had tended to set the price for butter and also for other milk-products on the home market. The main purpose of the decree was to prevent this effect by the creation of machinery for establishing a uniform price to the producer for butter whether exported or not, and for milk whether sold for consumption or for manufacture. The machinery took the form of a general levy on all milk sold throughout the country or used for the manufacture of butter, cheese, or cream for sale, the proceeds being used to level up the price of export butter. Local levies were to be collected on milk and cream sold for consumption. The general levy, payment of which was obligatory on all producers, was imposed in the first instance for a period of eight months, from the 1st November, 1932, and was then continued by a further law containing certain new regulations, including the abolition of local levies and the setting of a maximum charge for the general levy. The operation of the measure is in the hands of a State Milk Committee and the funds are administered by the Swedish Dairy-farmers' National Union.