

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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STATE-TRADING ENTERPRISES

Notifications Received Pursuant to Article XVII 4(a) in Reply to the
New Questionnaire Contained in Document L/1014 of 3 July 1959

FEDERATION OF MALAYA

I. Enumeration of State-Trading Enterprises

Answers to new questionnaire on State-trading

In the Federation of Malaya, government participation in trade is confined to rice and paddy only. The government, however, does not maintain any exclusive or special privileges in the trade. The Supplies Department of the Trade Division, Ministry of Commerce and Industry, undertakes the trading activities.

II. Reason and Purpose for Introducing and Maintaining State Trading

A reserve stock consisting chiefly of rice, with a small proportion of paddy, is maintained by the Supplies Department. The purpose of this stock is to provide both a reserve to meet scarcity and a means of implementing a minimum price guaranteed by government to local paddy growers. There are no legal provisions regarding the reserve stock as such, but rice and paddy are legally subject to import and export control, and rice traders require general licences to trade in rice as a result of the method of rotating the reserve stock.

III. Description of the Functioning of the State-Trading Enterprise

For purpose of the reserve stock, government imports rice and purchases paddy from domestic millers but does not export any of them. In fact rice and paddy are generally not allowed to be exported.

Permits to import rice are issued freely to licensed rice wholesalers on a monthly basis, subject to entry by them into contracts with the government to buy rice from the reserve stock at a fixed ratio to the quantity imported by them. The ratio is varied according to the need for rotating the reserve stock, but is usually one ton of rice from the reserve stock for two tons imported.

Sale prices from the reserve stock are fixed by government but there is no control over prices otherwise. There is no consistent difference between reserve stock prices and domestic prices. Variations occur according to grades, localities and market fluctuations.

Locally grown rice, other than that offered to the reserve stock under government guarantee, may be sold freely within the country with no control of prices.

Any balance of requirements for the reserve stock, which is not met by offers to sell to it locally grown rice and paddy under the guaranteed minimum price, is made up by government purchases from abroad, usually on a government-to-government basis.

The reserve stock operation is not a profit-making enterprise, but it aims at covering costs for its activities.

The quantity of the reserve stock is fixed confidentially from time to time by government, and is not revealed publicly.

Long-term contracts are not negotiated for government purchases for the reserve stock. Purchase contracts are seasonal for fixed quantities.

Regular importers enter into standing contracts for purchase from the reserve stock, but not for fixed quantities, since purchases are in ratio to their monthly requirements for imports. Wholesalers who import occasionally only enter into a contract to buy from the reserve stock in respect of the month for which they require import licences.

IV. Statistical Information

See annex.

V. Reason why no Foreign Trade has Taken Place (if this is the case) in the Products Affected

Does not apply.

VI. Additional Information

None.

ANNEXFederation of MalayaIMPORTS, EXPORTS AND NATIONAL PRODUCTION OF RICEQUANTITY

(in thousand tons)

<u>YEAR</u>		<u>IMPORTS</u>	<u>EXPORTS</u>	<u>NATIONAL PRODUCTION</u>
1956	....	366.1	3.4	420.1
1957	....	345.9	5.4	487.6
1958	....	350.9	4.9	495.4

VALUE

(in Malayan million dollars)

<u>YEAR</u>		<u>IMPORTS</u>	<u>EXPORTS</u>	<u>NATIONAL PRODUCTION</u>
1956	....	135.7	1.4	197.6
1957	....	133.8	2.2	229.3
1958	....	139.1	1.9	233.0

Notes: Figures relating to government imports and reserve stock are confidential.

Value of national production is based on average retail price.

