

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## STATE-TRADING ENTERPRISES

Notifications received Pursuant to Article XVII:4(a) in  
Reply to the New Questionnaire Contained in Document  
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### AUSTRIA

#### I. Enumeration of State-Trading Enterprises<sup>1</sup>

In Austria exist three financial monopolies:

- A. the Tobacco Monopoly
- B. the Salt Monopoly
- C. the Alcohol Monopoly

#### II. Reason and Purpose for Introducing and Maintaining the State-Trading Enterprises

The Austrian monopolies have been established mainly for fiscal purposes; besides, they have the following secondary tasks to fulfil:

→ The tobacco monopoly apart from its fiscal character, has an important social function insofar as retail shops for tobacco products are reserved mainly for war invalids and victims of the Nazi-regime.

→ The salt monopoly, apart from its fiscal purposes, is maintained in order to guarantee the supply of salt to consumers at adequate prices.

→ The alcohol monopoly, through its taxation of spirits, aims at a restriction of the effects of alcoholism on public health, while at the same time achieving its fiscal purposes. Besides, it has certain agricultural (protection of farmer's potato distilleries) and social purposes (protection of small enterprises).

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<sup>1</sup> The question, whether the activities of Austria's Marketing Boards for grain, livestock and dairy products fall within the scope of Article XVII is still being considered by the Austrian authorities; information on these Marketing Boards, as requested by the group of experts, is attached as Annex B.

### III. Description of the functioning of the State-Trading Enterprises

#### A. Tobacco Monopoly

The tobacco monopoly is a "full" monopoly; that means the monopoly administration has the sole right to import, produce, and sell tobacco (raw and processed) and tobacco products. According to the Customs Act 1955 (paragraphs 3 and 30 lit. g) the imports effected by the monopoly administration are exempt from customs duty and excise tax (Monopolabgabe).

The monopoly administration effects its foreign purchases of tobacco in a normal commercial way taking into consideration public demand, and bases its purchases on the principle of non-discrimination.

The monopoly administration not only makes but also imports tobacco products. Through imports of high quality foreign tobacco products the monopoly administration mainly caters to foreign tourists desiring to use their own brands of tobacco products. When these tobacco products are put on sale the monopoly administration pays excise tax ("Tabaksteuer" plus "Aufbauzuschlag") in the same way as these taxes are paid on its own products. These tobacco products are sold by the monopoly administration in its own retail shops.

Under the provisions of the "Tobacco Monopoly Law" the importation and the sale of tobacco and tobacco products is the exclusive right of the monopoly administration. Import licences may be granted, however, under these provisions by the monopoly to private importers for small quantities (gift, parcels, etc.). In these cases the excise tax (Monopolabgabe) has to be paid together with the customs duty. Thus, imports of tobacco products are in no way treated differently from imports of other goods on which customs duties and excise taxes are levied.

#### B. Salt Monopoly

In practice the salt monopoly is a production monopoly since there is no interest in importing salt (although the right to import is also reserved to the monopoly administration, paragraph 395 "Zoll - und Staatsmonopol Ordnung") due to the quantity and the prices of salt produced by the monopoly administration.

Medical salts which are not produced by the Austrian salt works, such as a chemically pure salt for injections are imported by commercial enterprises when authorized by the monopoly administration. The quantities imported in this way are liable to an excise tax ("Lizenzgebühr") amounting to the sales-price of table-salt.

#### C. Alcohol Monopoly

The alcohol monopoly is, insofar as production is concerned, less a monopoly than a system of levying internal taxes on the consumption of

spirits. It extends only to industrially produced raw spirits. These products have to be handed over to the production centre of the Alcohol Monopoly which in turn refines and sells the refined product to private trade. The production of brandy, liqueurs, etc. for human consumption, once subjected to the monopoly provisions, is no longer affected by them.

With regard to imports, the monopoly goes somewhat further, as the importation of all kinds of spirits and brandies (with the exception of overseas rum and Arak, French Cognac in bottles and liqueurs) is reserved to the monopoly administration.

The administration grants import licences whenever there is a demand; in particular in view of the importance of the tourist traffic, licences for the importation of high quality foreign brandies are granted liberally. The amount of the monopoly equalisation charge (Monopol-Ausgleich), payable on imported products, equals the internal spirit surtax (Branntweinaufschlag).

#### IV. Statistical Information

In summing up, the Austrian authorities wish to stress that state trading in Austria in the form of the three monopolies treated above represents an infinitesimal proportion of Austria's total foreign trade as can be seen from the table annexed.

#### V. Reason why no Foreign Trade has taken place (if this is the case) in the Products Affected

Does not apply in the case of the Tobacco and the Alcohol Monopolies.

For the Salt Monopoly, see above under point III(b).

#### VI. Additional Information

None.

STATE-TRADING ENTERPRISES

Products affected by monopoly trade - in order of statistical nos.	Importation						Exportation						Internal Consumption <sup>4)</sup>					
	1956		1957		1958		1956		1957		1958		1956		1957		1958	
	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.	100 kgs.	1,000 Sch.
28 Raw tobacco	140,075	370,946	124,115	296,951	100,399	252,633	8,984 <sup>1)</sup>	33,863 <sup>1)</sup>	6,944 <sup>1)</sup>	27,555 <sup>1)</sup>	5,144 <sup>1)</sup>	20,813 <sup>1)</sup>	- 5)	-	- 5)	-	- 5)	-
30 a Cigars	21	462	22	559	27	610	3	45	2	38	3	49	3,948	87,533	3,534	91,464	3,688	94,963
30 b Cigarettes	1,909	16,909	1,792	19,104	3,539	34,195	5	45	158	1,328	15	128	78,219	2,125,455	82,218	2,206,087	86,488	2,249,248
30 c Other tobacco products	54	364	46	342	59	462	2	46	3	53	1	33	12,067	124,027	11,343	119,086	10,734	113,090
31 Tobacco waste	200	4	838	112	1,990	294	1,000	30	-	-	-	-	195	2	355	4	253	3
Total: Tobacco and tobacco products	142,259	388,685	126,813	317,068	106,014	288,194	9,994	34,029	7,107	28,975	5,163	21,023	94,429	2,337,017	97,450	2,416,641	101,163	2,457,304
189 Spirits <sup>2)</sup>	14 <sup>3)</sup>	13 <sup>3)</sup>	2 <sup>3)</sup>	5 <sup>3)</sup>	1 <sup>3)</sup>	3 <sup>3)</sup>	-	-	3	6	-	-	hl 214,940	402,912	hl 215,500	437,362	hl 223,935	458,246
1127 Saline, sea and rock salt for human consumption	20	14	60	36	68	36	-	-	55,288	2,842	12,940	668	383,586	93,783	377,444	90,723	371,081	92,434
1128 Salts for animals or industrial use	535	99	281	74	141	77	-	-	-	-	3	17	708,259 ctm	47,847	799,588 ctm	50,016	794,256 ctm	48,626
1129 Brine	-	-	-	-	-	-	-	-	-	-	-	-	578,072	10,344	521,832	9,458	516,205	9,366
Total: Salts	555	113	341	110	209	113	-	-	55,288	2,842	12,943	685	-	151,974	-	150,197	-	150,426
Grand Total:	142,828	388,811	127,156	317,183	106,224	288,310	9,994	34,029	62,398	31,823	18,106	21,708	-	2,891,903	-	3,004,200	-	3,065,976
Total: Austrian trade	106,253,103	25,319,416	117,384,619	29,338,695	108,385,494	27,912,446	66,340,004	22,076,500	67,308,203	25,441,940	62,350,436	23,864,054						
Austrian Monopoly trade expressed as % of total Austrian trade	-	1.54	-	1.8	-	1.3	-	0.154	-	0.125	-	0.091						

1) Exports of the Monopoly Administration destined for its subsidiary in the Federal Republic of Germany.

2) The export trade and the internal trade of brandy, cognac, liqueurs, arak and other alcoholic liquids of the statistical nos. 150-188 and 190 are carried out exclusively through private enterprises.

3) Importation of alcohol absolutis (water-free alcohol), for the purpose of chemical analyses, exercised by private trade.

4) The internal consumption equals - assuming unchanged reserves - the internal production.

5) Internal production of raw tobacco expressed in 100 kgs.:  
1956 - 4,301  
1957 - 6,172  
1958 - 7,091

Annex B

Information on Arrangements for Pricing,  
Stabilization Measures and Subsidization  
Policy

Milk and Milk Products

The measures in this field are designed to ensure the supply of milk products to the population at prices which will stimulate consumption while at the same time it is sought to maintain traditional exports.

As from March 1956, the milk subsidy amounts to Gr. 50 per litre (earlier Gr. 20) which, instead of being paid to the consumer is paid by the State to the producer. This subsidy forms part of the legal producer-price of Sch. 1.90 per litre. The subsidy was introduced to allow a producer price covering production cost - which had risen continuously during the period immediately following the war - without increasing the consumer price. An increase of the then existing consumer price would have necessitated wage increases which, in turn, would have brought about further increases in production costs. The introduction of the milk subsidy contributed to the maintenance of the stability of the Austrian currency unit and helped avoid social tension.

In 1954 a special fund was set up by the Austrian agricultural organizations for the furthering of the sale of milk and milk products. This Fund is managed by the Austrian Dairy Federation and financed by voluntary contributions of agricultural producers corresponding to a small part of the official producer price for milk. The level of these contributions is fixed by the Central Organization of Austrian Agricultural Chambers taking into consideration market conditions; at present, the contribution amounts to Gr. 2 per litre, whereas during the period of over-production it had amounted to Gr. 15 per litre. If conditions permit, this Fund, which is of a private nature and not a Government Fund, will be abolished by the agricultural organizations. Contributions levied for the Fund had the effect of discouraging surplus production; this has been recognized by other international bodies. Assets of the Fund have been used for special sales at reduced prices inside the country and for the use of skimmed milk as fodder. Some of the money raised by the Fund was also used for the equalization of export losses - mainly in butter exports - at the period of the critical decline in prices on the international markets.

Public funds were used exclusively for the support of inland prices, and not to promote exports.

Subsidies on Domestic Production:

(a) Direct subsidy: Gr. 50 per litre

(b) Milk:

(i) wholesale price: Sch. 1.95 to 2.17 per litre according to quality and packing

- ii) export prices: no export worth mentioning

**Milk powder:**

- (i) wholesale price: skimmed Sch.9.- to 10.-  
full cream Sch.19.50
- (ii) export prices in accordance with prices on export markets.

**Butter:**

- (i) wholesale price: Sch.31.42 per kg.
- (ii) export prices in accordance with international prices

**Cheese:**

- (i) wholesale price: according to quality and type  
approximately Sch.17.- to 20.- per kg.
- (ii) export prices according to quality and international prices.

Bread and Feed Grains

Austrian agricultural policy aims at the maintenance and the improvement of the production of bread grains, giving due consideration to natural conditions and especially encouraging the production of hard wheat. Although guaranteed stable producer prices covering production cost are aimed at, the prices of flour and bread are kept for social reasons at a comparatively low level.

Feed Grains

The aim is to make feed grains available to the farmer at prices as stable as possible in order to enable long-term calculations encouraging animal production.

Measures for the stabilization of cereal and bread prices can be summed up as follows:

In the case of bread grains a basic price was fixed in 1952, and the mills were obliged to buy all quantities offered to them at such a price. For "hard wheat" this price amounts to Sch.195.- plus an additional bonus of Sch.7.- 9.- and 12.- per kg according to special quality. For soft wheat prices range from a basic level of Sch. 185.- to a top level of Sch.204 per 100 kgs., according to the month of the year, which results in an average annual price of Sch.195.-

The present annual average price of rye amounts to Sch.175.- per 100 kgs. This is the average of prices which rise every month from Sch.165.- to 134.-. (This price scale has been introduced as an inducement to the farmer to avoid selling his whole production within a short period after the harvest.)

Flour and bread prices are calculated on the basis of the average basic price of Sch.195.- and Sch.175.- respectively, for wheat and rye. The official subsidies for imported and domestically produced bread grains are granted on the same basis.

If the actual cost to the importer (including customs duties and other charges, as well as expenses and profit margin) are higher than the fixed basic prices, the State pays the difference; if actual import prices are lower the importer has to pay the difference to the Government.

The farmer obtains a guaranteed price of Sch.250.- for wheat and Sch.230.- for rye per 100 kgs; the difference between these prices and the average basic price of Sch.195.- resp. 175.- (i.e. Sch.55) is paid to the farmer by the State via the mills.

In view of these subsidies on prices for bread grains and flour a number of additional directives were issued the most important of which are: bread grains cannot be sold by the producers to bakers but only to mills; bread grains fit for human consumption cannot be fed to animals or be used for other purposes than human consumption. Imported "hard wheat" can be bought by the mills only if they have also bought and taken over the prescribed amounts of inland wheat. Mills are allowed every month 30 per cent of the total monthly average quantity in hard wheat and must process at least two thirds of that average figure in inland wheat. The Government maintains in storage two to three months' supply of imported hard wheat.

Prices of domestic coarse grains are neither fixed nor supported. However, an indirect price-stabilization measure for domestically produced feed grains may be seen in the fact that import prices for the most important types of imported feed grains (maize, milocorn, barley and feeding wheat) are fixed at a level designed to avoid an over-production of meat, and a consequent decline of meat prices. The currently fixed price amounts to Sch.170.21 per 100 kgs. Imports are either subsidized or require a payment of a levy depending on whether the actual import price is higher or lower than the fixed import price for imported coarse grains.

Two thirds approximately of the coarse grain requirements are imported; consequently prices of domestically produced coarse grains follow the price for imported feed grains and differences in prices are due to differences in quality.

The Government maintains at its expense a supply of imported coarse grains in storage.

#### Subsidies on Domestic Production

- (a) Direct aid: Sch.55.- per 100 kgs. bread grains  
Official net expenses for the past three years:  
see general information to Annex B a.
- (b) Price per production unit:
  - (i) sales on the inland market: annual average prices mentioned in 3 b above of Sch.195.- and 175.- respectively, are wholesale prices for sales to the mills

- (ii) quantities exported are negligible; if the need arises an adjustment to international prices will have to be made.

### Livestock and Meat

The measures aim at the full utilization of the country's natural production capacity and the special promotion of the production of good quality slaughtering stock both in order to assure regular supplies of the domestic market and to maintain traditional exports.

Foreign trade in meat is of much less importance than the import and export of live animals. This is due to Austrian marketing usages, and especially to the fact that Austrian foreign trade in animals is traditionally carried on with neighbouring countries.

Some protection of the domestic production is achieved through the imposition of an equalization levy on imports of live animals, meat and slaughter fat, imported at prices lower than those of comparable inland produce.

The only prices on the domestic market which are officially fixed are those for imported pigs and lard. Those are official ceiling prices for pigs for slaughtering; furthermore for sales on the Viennese market, prices of pigs and slaughter animals are stabilized mainly by agreements on price ranges, i.e. maximum and minimum prices arranged by the Federal Chamber of Commerce, the President's Conference of Chambers of Agriculture and the Chamber of Labour. If market prices fall below the agreed minimum, export permits are issued and stocks of meat and bacon created. If the market prices exceed the maximum price, import quotas are granted in order to increase available supplies and thus reduce prices. Imports are effected through the Board of Livestock and Meat which invites tenders and places its orders with the lowest bidder. According to the most favourable offer, taking into account prices, quality and terms of delivery.

For imported lard a price equalization programme is in force under which the importer must sell all imported lard to the Austrian Import Association, an association of private firms charged with the marketing of imported lard. This association distributes lard in accordance with orders of the Board of Livestock. If the price of the imported lard (including distribution costs and possible processing costs) is lower than the officially fixed sales price to the wholesaler (Sch.12.52 per kg. for lard in bulk or 12.89 for packaged lard) the difference is paid into the Equalization Fund; should the sales price be higher, the sale is subsidized.

The accounts of this price equalization scheme for lard are nearly balanced.

Official funds are used merely for the storage of meat within the framework of price stabilization.

Export Subsidies

Non-recurring support was granted for the export of 27,000 pigs in the Spring of 1958, as the record potato crop of 1957 had caused a massive increase in the supply of pigs.

Subsidization of Commodities which are bought by Farmers

The total cost of an official programme relating to the purchase of fertilizers by the farmers amounted for the period 1956 to 1958 to the following figures (figures for 1959 preliminary):

in million schillings

1956	1957	1958	1959
123	142	232	220

