

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 L/1014 of 3 July 1959¹

FEDERAL REPUBLIC OF GERMANY

I. Enumeration of State-Trading Enterprises

(a) Spirits Monopoly

This monopoly comprises:

Ethyl alcohol, spirits (mixtures of ethyl alcohol and water) and brandy (spirits with a considerable content of secondary ingredients giving the taste and smell).

They are subject to the import monopoly of the Federal Monopoly Administration, unless a general exemption from the import prohibition is provided by legal prescriptions or unless the Federal Monopoly Administration has expressly authorized importation. Legal exemptions from the import prohibition exist for rum, arrack, cognac and liqueurs. For armagnac, whisky, gin and geneva, a general import licence of the Federal Monopoly Administration is deemed to have been granted provided that particular conditions are fulfilled.

(b) Inflammables Monopoly

This monopoly comprises:

Inflammables, inflaming chips, inflaming sticks made of straw, board or any other material, vestas made of stearine, wax or similar materials.

(c) Marketing Laws

For four groups of products there are existing Marketing Laws. The Marketing Laws (reproduced in translation in document MGT/47/57, Annex III) and the products covered therein are as follows:

Products covered

<u>Sugar Law</u>	Beet and cane sugar, residual products obtained from raw sugar, including syrups with a pure sugar content above 70 degrees.
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¹ The following notifications received from governments have been reproduced in addenda to document L/1014:

Australia	Add.9	Finland	Add.11
Austria	" 14	Ghana	" 8
Belgium	" 12	India	" 2
Ceylon	" 7	New Zealand	" 3
Denmark	" 5	Sweden	" 6
Fed. of Malaya	" 10	Union of South Africa	" 1
Fed. of Rhodesia and Nyasaland	" 4	United Kingdom	" 13

Milk and Fat Law

- (a) milk and cream specified milk products;
- (b) butter, lard (pig lard and butter lard), margarine, artificial edible fats, other refined as well as refined and hydrogenated vegetable and animal oils and fats and edible fats and oils obtained therefrom, especially vegetable fats.

Grain Law

- (a) bread grains (rye, wheat, spelt (Spelz-Dinkel), Fesen-Emer, lesser spelt (triticum monococum);
- (b) other grains (barley, oats, maize, buckwheat, millet, rice);
- (c) milling products (flour semolina, dust, whole meal for baking)
- (d) fodder (dari, milocorn, millet, as far as used for fodder purposes);

residual products of flour and hulling mills, (brans, fodder meals of all kinds);

secondary and residual products obtained in the production of sugar, beer, malt, and starch, as well as potato flakes;

solid residues obtained in the production of fixed oils (oil cakes, whether or not ground, and extraction whole meals);

fish meal, animal body meal and other fodder products of animal origin, mixtures composed of the above-mentioned kinds of fodder or of coarse grains.

Meat Law

Livestock (bovine cattle, calves, pigs and sheep), meat (parts of such animals for human consumption) and meat products (treated or processed meat - including preserves - with or without addition of other food-stuffs as well as slaughtering fats).

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

Legal foundations

(a) Spirits Monopoly

Within the Federal Republic of Germany spirits are monopolized by the Federal Monopoly Administration for Spirits pursuant to the law on the spirits monopoly of 8 April 1922 (Reichsgesetzblatt I, page 405). As a financial monopoly (Article 106 GG¹), the spirits monopoly shall also cover the Government demand for receipts. Moreover, it pursues important agricultural, social (particularly middle class) and political aims as well as aims of national economy.

¹Grundgesetz der Bundesrepublik Deutschland.

For improving agriculture and for maintaining and increasing the productiveness of light and meagre soils, the spirits monopoly promotes the manufacture of spirits in agricultural farms and makes possible the use of surplus crops in peak periods which can hardly be utilized for other purposes in areas remote from markets. The residual liquid obtained in agricultural farms from potatoes and grains when manufacturing spirits (Schlempe) are a valuable feedingstuff making possible the intensification of animal husbandry. The soils of these farms profit by the large quantities of fertilizers resulting therefrom. Moreover, an increase in crop yields is reached. Besides, farms cultivating fruit may use profitably in their distillery surplus fruit which cannot be sold.

The aim of the monopoly is to supply the domestic economy, by quantities and sorts, with the spirits required and, simultaneously, to avoid over-production of spirits and to promote the sale and consumption of spirits determined for industrial and technical purposes.

In order not to endanger these intra-economic aims the manufacturing, use and import of spirits must be regulated. For the import of spirits, exemptions may be granted to a large extent pursuant to the laws and measures of the Federal Monopoly Administration. In this connexion there is to be read in paragraph 3 of the Spirits Monopoly Law:

"The Reich Monopoly Administration has the exclusive right of importing spirits, with the exception for rum, arrack, cognac and liqueurs, into the area of the Monopoly. Imports by others are prohibited. The Reich Monopoly Administration may grant exemptions".

(b) Inflammables Monopoly

Pursuant to the Inflammables Monopoly Law of 29 January 1930 (Reichsgesetzblatt I, page 11) the inflammables are monopolized within the Federal Republic of Germany by the German Inflammables Monopoly Company.

The Inflammables Monopoly is based on the Treaty of 26 October 1929 concerning a loan granted to the German Reich. The treaty has been concluded between the German Reich on the one hand and the Svenska Tändsticks Aktieföretaget, Stockholm - now Jönköping - (STAB) and the N.V. Financieele Maatschappij, Kreuger & Toll, Amsterdam, on the other which has meanwhile ceased to exist. The loan had been granted on the understanding that an Inflammables Monopoly was established for a certain period, i.e. up to the full redemption of the loan but for at least thirty-two years. The Inflammables Monopoly Law entered into force on 1 June 1930. The bonded debt amounts to \$40.02 million.

Paragraph 2 of the Inflammables Monopoly Law reads, in extracts, as follows:

"Unless otherwise provided in this Law, the Inflammables Monopoly comprises the import of inflammables from other countries into the area of the monopoly (import monopoly), the export of inflammables to other countries from the area of the monopoly (export monopoly)..... "

(c) Marketing Laws

The four Marketing Laws which, though not completely uniform, serve the same aim, to regulate and secure the sale of products in the domestic market as well as the supply to the population. In this way it is intended to secure continuous market conditions and particularly stable prices compatible with the production costs, on the one hand, and the purchasing power on the other, or to keep the market prices of products with legally-fixed prices within the set limits. This entails repercussions on production. The regulation of sales and supplies, moreover, implies that imports are influenced through the supply schemes to be set up by virtue of the Laws. On the other hand, exports are subject to approval. In addition, products covered by the Marketing Laws, both imported and of domestic origin, may be put on store. The stocks of grains, fats and meat are owned by import and storage agencies, whereas the stocks of sugar are owned by sugar factories.

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

(a) Spirits Monopoly

The Federal Monopoly Administration imports unprocessed alcohol to such an extent as is needed, by quantity or sort, for supplementing insufficient domestic production. The Law makes neither provision for export monopoly nor does it contain any restrictions in imports. The Federal Monopoly Administration does not take part in exporting, as exports are solely a matter of the free economy.

Under paragraph 3 of the Spirits Monopoly Law, private traders may import spirits freely. Moreover, this provision was largely supplemented through the Federal Monopoly Administration by special provisions. Exports by private traders are not subject to any restrictions or conditions.

Since the Federal Monopoly Administration has not availed itself, for decades, of its right to manufacture and sell spirits pursuant to paragraphs 83, 90 and 95 of the Spirits Monopoly Law, trade with products manufactured while using unprocessed alcohol is carried on solely by private traders. The Federal Monopoly Administration has the exclusive right of selling or importing unprocessed alcohol.

The Federal Monopoly Administration does not take part in exports. They are solely a matter of private traders and are regulated only in accordance with the competitive conditions of the free market.

The quantities of unprocessed alcohol imported by the Federal Monopoly Administration depend on the domestic demand to the extent that it cannot be covered by home production. The quantities of spirit products imported depend on sales opportunities.

The export prices correspond to domestic prices excluding tax and monopoly charges. The products imported are not subject to any addition to the price. According to the tax and monopoly charges in connexion with home-produced spirits they are subjected to compensatory charges, the so-called monopoly compensation.

Long-term contracts are not concluded by the Federal Monopoly Administration. The Monopoly does not serve to fulfil contractual obligations entered into by the Government.

(b) Inflammables Monopoly

Within the Federal Republic, the manufacturers of inflammables are partners of the Inflammables Monopoly Company. They share in the overall demand of the Monopoly Company according to so-called quotas determined by the Monopoly Company. In addition to the taxes on inflammables, the Monopoly Company pays for inflammables to be delivered by manufacturers at fixed transfer prices. These inflammables are sold, at monopoly prices, to traders who sell them to consumers at fixed retail prices.

Imports and exports of inflammables are exclusively a matter of the Monopoly Company. Up to now, inflammables have neither been imported nor exported.

Private traders are not permitted to import or export inflammables. The methods of State trading are used to fulfil contractual obligations entered into by the Federal Government.

(c) Marketing Laws

The regulation of imports and storage is effected by the import and storage agencies established by the Marketing Laws, operating under the powers conferred on them by Laws and under instructions to be given. Their function in connexion with imports is supported by the customs authorities which under the Laws must not clear imports unless approved by the respective import and storage agency.

The procedures of approval and imports provide that any proposed imports must be offered for purchase to the competent import and storage agencies. If the offered product is admitted for importation, the agency purchases it formally and resells it to the importer. If it is rejected it cannot be imported. This point is decided upon pursuant to the general principles of international agreements. The product offered by the importer is not resold to him if it shall be stored for the agency's account.

In addition to guaranteeing the keeping of stocks this procedure of "purchase and resale" offers the possibility of (a) influencing quantity, quality and date of imports and (b) regulating in the case of certain products the price at which they are sold on the domestic market.

The possibility of importing products covered by the Marketing Laws is announced in the Bundesanzeiger, the quantity and quality concerned being indicated. If import applications exceed that quantity, the import and storage agencies decide which imports shall be effected. In that case the quantities applied for may be reduced proportionately or the most expensive imports may be excluded. Under this procedure, bilateral obligations entered into by the governments must be taken into consideration.

The influence exerted on the price at which the imported goods are sold in the domestic market is ensured by the fact that goods may be resold to the importers by the import and storage agencies at a fixed price. When no

influence is exerted on the price, the purchase price offered by the importer is likewise his repurchase price. At present fixed prices are applied only in the case of sugar and grains, whereas the other products are resold at prices equal to import costs. If the goods are repurchased at fixed prices the procedure has the same effect as an import charge if the domestic price exceeds the import price and as an import subsidy if the world market price exceeds the fixed domestic price. As far as the products are not imported for stockpiling (as mentioned above) they are admitted for free circulation in the domestic market as from the moment when their importation is approved.

IV. Statistical Information

(a) Spirits Monopoly

For the last three fiscal years the following statistical data have to be made:

(The fiscal year covers the period from 1 October to 30 September of the following calendar year. The quantities indicated refer to unprocessed alcohol.)

(i) Imports

Fiscal year	By the Federal Monopoly Administration		By private traders	
	Alcohol content in hl.	Value in DM.1,000	Alcohol content in hl.	Value in DM.1,000
1955/56	150,053	5,306	7,498	6,502*
1956/57	179,685	11,856	8,162	7,556*
1957/58	303,856	19,390	11,774	10,497*

*The values for imports that are higher compared with those of the Federal Monopoly Administration, are due to the fact that, on the one hand, spirit products and, on the other, unprocessed alcohol were imported.

(ii) Exports

Effected by the Federal Monopoly Administration			Effected by private traders			
Fiscal year	Alcohol content in hl.	Value in DM.1,000	Unprocessed alcohol		Spirit products	
			Alcohol content in hl.	Value in DM.1,000	Alcohol content in hl.	Value in DM.1,000
1955/56	-	-	180	9	1,119	2,038
1956/57	-	-	213	11	1,872	3,745
1957/58	-	-	327	16	2,825	4,698

(iii) National Production

Fiscal Year	of Alcohol	of Alcohol not taken over by the Federal Monopoly Administration	of Alcohol taken over by the Federal Monopoly Administration	
	in hl.	in hl.*	in hl.	Value in DM. 1,000
1955/56	1,310,122	332,277	977,845	123,727
1956/57	1,507,270	275,910	1,131,360	155,562
1957/58	1,592,412	434,199	1,258,214	165,644

*The above spirits are not bound to be delivered and for payment of a monopoly charge they remain in the possession of the producer. The value of this domestic production not taken over by the Federal Monopoly Administration can only be estimated, the estimated value about DM. 63 per hl. of alcohol content. Thus, the estimated values for the quantities not taken over are as follows:

1955/56	332,277 hl.	=	approximately	DM. 55,158
1956/57	375,910 hl.	=	" "	62,401
1957/58	434,199 hl.	=	" "	72,077

(b) Inflammables Monopoly

Domestic production amounted to:

69,705 million inflammables at a value of	
DM. 38,93 million	in 1956
80,037 million inflammables at a value of	
DM. 44,34 million	in 1957
78,460 million inflammables at a value of	
DM. 44,09 million	in 1958

Other goods subject to monopoly have not been produced. Imports and exports were not effected.

(c) Marketing Laws

For observation:

The economic year for beet and cane sugar (item No. 31) and beet and cane sugar juices and derivations (item No. 32) covers the period from 1 October to 30 September of the following calendar year.

The economic year for further items mentioned under (c)4. (meat, slaughtering, etc., milk and dairy products, and all kinds of cereals) covers the period from 1 July to 30 June of the following calendar year.

1. Slaughter cattle (bovine cattle, calves, etc.)

	Imports	Exports	National production (Slaughtering of domestic animals)	
	Number	Number	Economic year	Number
1956	345,396	-	1955/56	4.9 million
1957	277,222	726	1956/57	5.0 "
1958	349,404	338	1957/58	5.3 "

2. Swine for slaughtering

	Imports	Exports	National production (Slaughtering of domestic swine)	
	Number	Number	Economic year	Number
1956	446,763	-	1955/56	17.6 million
1957	263,927	-	1956/57	17.6 "
1958	435,489	1,226	1957/58	19.2 "

3. Sheep for slaughtering

	Imports	Exports	National production (Slaughtering of domestic sheep)	
	Number	Number	Economic year	Number
1956	-	12,122	1955/56	605,000
1957	-	1,490	1956/57	558,000
1958	-	2,236	1957/58	621,000

4. Meat and edible offals of bovine cattle, of swine (including bacon and pig fat) or of sheep, fresh, chilled, frozen, salted, in salt-lake, dried or smoked

	Imports	Exports	National production (killed weight of domestic animals)	
	in tons	in tons	Economic year	in tons
1956	169,382	5,164	1955/56	2,370,000
1957	112,591	8,429	1956/57	2,415,000
1958	79,886	17,361	1957/58	2,630,000

5. Milk and cream, fresh

	Imports in tons	Exports in tons	National production (milk) Economic year	in tons
1956	3,030	92	1955/56	17.1 million
1957	6,616	106	1956/57	16.9 "
1958	6,797	178	1957/58	17.8 "

6. Butter and butter lard

	Imports in tons	Exports in tons	National production (butter) Economic year	in tons
1956	34,585	29	1955/56	335,000
1957	46,324	644	1956/57	328,000
1958	5,721	3	1957/58	377,000

7. Dead animals and materials of animal origin, inedible

(Item 0515 10, 20, ex 50 and ex 90 Nomenclature for German Foreign Trade Statistics (Deutsches warenverzeichnis für die Aussenhandelsstatistik))

In this connexion no separate statistical figures are available.

8. Wheat and rye-mixed wheat

	Imports in 1,000 tons	Exports in 1,000 tons	National production in 1,000 tons
1956	2,970	13	3,649
1957	2,902	21	4,022
1958	2,269	28	3,863

9. Rye

	Imports in 1,000 tons	Exports in 1,000 tons	National production in 1,000 tons
1956	52	269	3,735
1957	143	45	3,816
1958	73	34	3,728

10. Barley

	Imports in tons	Exports in tons	National production (including barley mixed with oats) in tons
1956	1,786,865	25,303	3,278,000
1957	1,303,863	8,470	3,402,000
1958	1,273,968	6,399	3,310,000

11. Oats

	Imports in tons	Exports in tons	National production in tons
1956	218,059	1,667	2,451,000
1957	213,304	2,690	2,228,000
1958	303,088	1,520	2,149,000

12. Maize

	Imports in tons	Exports in tons	National production in tons
1956	687,998	8,449	20,000
1957	707,900	46,515	16,000
1958	741,273	6,758	13,000

13. Rice

	Imports in tons	Exports in tons	National production in tons
1956	117,140	1,873	-
1957	89,250	5,258	-
1958	119,751	5,386	-

14. Buckwheat

	Imports in tons	Exports in tons	National production in tons
1956	8,718	240	-
1957	2,760	6	-
1958	4,497	15	-

15. Millet of all varieties

	Imports in tons	Exports in tons	National production in tons
1956	139,746	45,261	small
1957	78,143	35,816	"
1958	100,103	43,389	"

16. Flour of wheat

	Imports in tons	Exports in tons	National production (of domestic and foreign cereals, including semolina and dust) Economic year	in tons
1956	426	297,167	1955/56	3,503,000
1957	218	350,373	1956/57	3,444,000
1958	5,133	427,754	1957/58	3,665,000

17. Flour of rye

	Imports in tons	Exports in tons	National production (of domestic and foreign cereals) Economic year	in tons
1956	-	15,996	1955/56	1,458,000
1957	-	80,774	1956/57	1,481,000
1958	-	115,406	1957/58	1,484,000

18. Flour of other cereals

	Imports in tons	Exports in tons	National production in tons
1956	-	38	small
1957	-	12	"
1958	1,372	24	"

19. Semolina and groats for baking

	Imports* in tons	Exports* in tons	National production in tons
1956	225	6,462	See data on flour of wheat.
1957	379	12,304	Further data are not available.
1958	1,261	23,266	

* Including hulling mill products.

20. Flakes of potatoes

	Imports* in tons	Exports* in tons	National production in tons
1956	561	1,413	Data are not available.
1957	17	1,543	
1958	554	1,378	

* Including potato-flour and potato-semolina

21. Sugar-beet, whole or sliced, other than fresh

	Imports in tons	Exports in tons	National production (slices of full sugar contents) in tons
1956	1,373	30	18,400
1957	621	-	13,300
1958	877	7	15,400

22. Lard, for nutrition

	Imports	Exports	National production (crude lard)	
	in tons	in tons	Economic year	in tons
1956	42,472	2,206	1955/56	280,000
1957	29,842	1,417	1956/57	279,000
1958	23,231	2,206	1957/58	300,000

23. Tallow, for nutrition

	Imports	Exports	National production	
	in tons	in tons	Economic year	in tons
1956	41	1,691	1955/56	30,000
1957	13	4,843	1956/57	31,000
1958	-	17,858	1957/58	36,000

24. Oleostearine, lard stearine, etc.

	Imports	Exports	National production
	in tons	in tons	in tons
1956	-	-	Data are not available.
1957	-	117	
1958	-	218	

25. Fats and oils derived from fish or marine animals,
for nutrition, refined

	Imports*	Exports*	National production (from domestic catches, for nutrition, in crude fat)	
	in tons	in tons	Economic year	in tons
1956	131,236	3,223	1955/56	29,400
1957	128,310	14,079	1956/57	20,000
1958	128,010	7,236	1957/58	20,100

* Including unrefined fats and oils.

26. Fats and oils of vegetable origin, for nutrition, not crude

	Imports*	Exports*	National production (from domestic and foreign oil- seeds and oil fruits for nutrition; in crude oil)	
	in tons	in tons	Economic year	in tons
1956	1,253	5,477	1955/56	369,200
1957	85	6,160	1956/57	413,700
1958	1,798	11,804	1957/58	448,400

* Including crude olive oil

27. Fats and oils of animal and vegetable origin, solid or refined but not processed further, for nutrition

	Imports in tons	Exports in tons	National production in tons
1956	647	7,088	See No. 25 and 26.
1957	1,659	5,569	"
1958	1,053	3,765	"

28. Margarine, imitation lard and other prepared edible fats

	Imports in tons	Exports in tons	National production in tons
1956	-	167	696,100
1957	20	1,937	678,900
1958	88	910	655,900

29. Preparations of meat and sausage of beef, swine or sheep

	Imports in tons	Exports in tons	National production in tons
1956	3,888	7,293	301,500
1957	14,416	7,054	309,900
1958	23,381	7,744	285,800

30. Meat extracts as well as meat juices and broths

	Imports in tons	Exports in tons	National production in tons	
1956	1,402	1	-	
1957	1,310	1	-	
1958	1,108	1	-	

31. Beet sugar and cane sugar, solid

	Imports in 1,000 tons	Exports in 1,000 tons	National production (beet sugar in white sugar equivalents) Economic year in 1,000 tons	
1956	279	2	1955/56	1,166
1957	570	2	1956/57	1,025
1958	33	9	1957/58	1,363

32. Juices and derivations from beet and cane sugar,
beet and cane sugar syrup

	Imports in tons	Exports in tons	National production (sugar beets processed to beet juice) Economic year in tons	
1956	2,742	27	1955/56	60,000
1957	2,880	34	1956/57	65,000
1958	1,874	38	1957/58	63,000

33. Molasses, coloured or decoloured

	Imports in tons	Exports in tons	National production in tons
1956	13,251	6,064	247,800
1957	39,282	1	376,000
1958	19,022	-	329,900

34. Flavoured or coloured sugar (excluding vanillin sugar), with a purity degree of more than 70°

	Imports in tons	Exports in tons	National production in tons
1956	534	10	Data are not available.
1957	2	10	
1958	5	6	

35. Preparations for making soups or broths; soups and broths; on the basis of meat or meat extract

	Imports in tons	Exports in tons	National production in tons
1956	44	193	Data are not available.
1957	26	310	
1958	38	406	

36. Yeast for feeding purposes

In this connexion no separate statistical data are available.

37. Greaves, meat meal, fish meal, etc.

	Imports in tons	Exports in tons	National production of fish meal in tons
1956	97,817	1,056	76,000
1957	141,009	1,673	77,713
1958	132,200	2,184	77,916

38. Bran and other residues derived from the manufacture of cereals and pulse crops

	Imports in tons	Exports in tons	National production of bran and and fodder meal (from domestic and foreign cereals) Economic year	in tons
1956	11,343	55,802	1955/56	1,095,000
1957	2,125	14,355	1956/57	1,290,000
1958	9,864	12,274	1957/58	1,291,000

39. Residues derived from the extraction of sugar and residues derived from the manufacture of starch, beer and malt

Imports	Exports	National production of pulp and/or cossettes and steffen sugar pulp Year	in tons
In this connexion		1956	233,200
separate statistical		1957	475,300
data are not available.		1958	526,900

40. Oil cake (except for the extraction of oil) and other residues derived from the extraction of vegetable oils

	Imports in tons	Exports in tons	National Production in tons
1956	412,306	302,194	543,300
1957	466,137	258,943	634,000
1958	674,471	191,628	704,600

41. Preparations of fodder, prepared chiefly from organic fodder, as well as solubles

	Imports in tons	Exports in tons	National production in tons
1956	1,864	18,985	Data are not available.
1957	1,421	341	1,642,000
1958	6,313	2,631	2,051,300

V. Reasons why no Foreign Trade has taken place (if this is the case)
in the Products affected

Inflammables Monopoly

According to paragraph 3, No. 12 of the Treaty imports can only be effected if the demand cannot be covered by domestic production.

Paragraph 3, No. 12 of the Treaty reads as follows:

"The inflammables of the 'DZVAG' (Deutsche Zündholz-Vertriebs-Aktiengesellschaft - German Inflammables Monopoly Company (see paragraph 4, section 1 of the Inflammables Monopoly Law)) have, on principle, to be manufactured within the monopoly area. They must be kept available in such a quantity and condition as necessary to meet the domestic demand. If the deliveries of the Swedish group lag behind the quantity corresponding to their quotas, the compensation shall be effected by an increased delivery of the German group. If it is not even thereby possible to cover the demand, the 'DZVAG' shall have the right to import the quantities lacking"

The capacity of the domestic manufacturing plants is, at present, utilized to about 80 per cent only.

According to paragraph 3, No. 11 of the Treaty exports can only be effected at the domestic take-over prices, increased by 10 per cent.

Paragraph 3, No. 11 of the Treaty reads as follows:

"Inflammables shall be exported at transfer prices valid for the corresponding kinds, increased by 10 per cent"

These prices are not competitive on the world market.