

RESTRICTED

GENERAL AGREEMENT ON TARIFFS AND TRADE

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STATE-TRADING ENTERPRISES

Notifications Pursuant to Article XVII:4(a)

A U S T R I A

A. FINANCIAL MONOPOLIES

I. Enumeration of State-trading enterprises

In Austria there exists 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; in addition, they have to fulfil the following secondary tasks:

The Tobacco Monopoly, apart from its fiscal purposes has an important social function in so far as retail shops for tobacco products are reserved mainly for war invalids.

The Salt Monopoly, apart from its fiscal purposes, is maintained in order to guarantee the supply of salt to consumers in conformity with the public health regulations.

The Alcohol Monopoly, apart from its fiscal character, aims by means of taxation to restrict excessive consumption and to minimize its effects on public health. In addition it serves to achieve certain agricultural purposes (production of feeding stuffs and fertilizers).

On 1 May 1962 a new tobacco taxation law came into force in Austria (Tabaksteuergesetz 1962, Bundesgesetz vom 4.4.1962, Federal Legal Gazette No. 107/1962). By this law three excise duties previously levied on tobacco products (Tabaksteuer, Aufbauzuschlag, Monopolabgabe) were replaced by a single tobacco excise duty, calculated at various rates of percentage of the sale price of the tobacco products.

III. Description of the functioning of the State-trading enterprises

(a) The Tobacco Monopoly is a "full" monopoly. The monopoly administration has the sole right to import and export tobacco (raw and processed) and tobacco products. The administration of the monopoly is carried out by the Austrian Tabakwerke AG (formerly Österreichische Tabakregie). Purchases of tobacco and tobacco products abroad are made in accordance with commercial considerations taking into account customers' requirements. Bearing in mind Austria's character as a country of tourism, high-quality foreign tobacco products are imported in order to satisfy demand of foreign tourists.

The monopoly excludes in principle the importation of tobacco and tobacco products by private traders. Import licences are granted, however, by the monopoly to private importers for small quantities (gift parcels, etc.), in conformity with the relevant provisions of the Tobacco Monopoly Law.

The export prices of Austrian tobacco products are determined by the cost of production and the conditions prevailing on markets abroad.

The mark up on imported tobacco products consists of the total internal selling cost (excise duty, turnover tax, margin charged on the resale and other charges) plus the profit margin realized on domestically-produced tobacco products of a similar kind. The relation between the sale prices of imported tobacco products and the sale prices of locally-produced tobacco products equals the relation between the cost prices of the imports and the production costs of domestically-produced products. The sale prices of imported tobacco products and the sale prices of domestically-produced tobacco products are substantially on the same level, except in the case of obvious differences in quality.

Long-term contracts are not concluded. Orders are placed according to requirements.

As a principle it is not incumbent on the Austrian Tabakwerke AG to fulfil obligations of the Government. Sometimes, quotas are granted within the framework of trade agreements; mainly for raw tobacco; this does not mean, however, that a strict obligation is imposed on the Austrian Tabakwerke AG to purchase the quota.

(b) The Salt Monopoly is a production monopoly. The right to import salt is reserved for the monopoly administration (paragraph 385 "Zoll- und Staatsmonopolordnung"). Therefore, imports through private enterprises are excluded, as a principle. Since Austria is self-sufficient in this sector there are practically no imports either by the monopoly administration or by private enterprises. However, medical salts such as chemically pure salts for injections which are not produced by Austrian salt works, are imported by private enterprises and not by the monopoly administration itself.

(c) The Alcohol Monopoly is not a "full" monopoly. In so far as production is concerned it is a part of the system by which internal taxes are levied on the consumption of spirits. It covers only 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 products to private trade. The production of brandy, liqueurs etc. for human consumption is no longer subject to the monopoly. With regard to imports the monopoly goes somewhat further as importation of all kinds of spirits and brandies (with the exception of overseas rum and arak, French cognac in bottles and liqueurs) is reserved for the monopoly administration. The administration grants import licences whenever there is a demand. Particularly in view of the importance of the tourist traffic, licences for the importation of high quality foreign brandies are granted liberally. A "monopoly equalization charge" (Monopolausgleich) is payable on imported products. It is equivalent to the amount of the tax payable on the domestically-produced brandy for home consumption.

In summing up, it should be noted that the State trading in Austria, in the form of the three financial monopolies mentioned above, represents an infinitesimal proportion of Austria's total foreign trade, as can be seen from the statistical table annexed.

IV. Statistical information

See Annex I.

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.

B. GRAIN EQUALIZATION BOARD

I. Enumeration of State-trading enterprises

In addition to the three monopoly enterprises under the Finance Administration, the Grain Equalization Board, on the basis of the second amendment to the Law on Market Regulation, issued on 5 April 1960, (Fed. Legal Gazette No. 85) has to be regarded as a State-trading enterprise.

II. Reason and purpose for introducing and maintaining the State-trading enterprises

Pursuant to the Law mentioned under I, the following items have been the object of State trading since April 1960:

<u>Tariff No.</u>	<u>Product</u>
10.01	Wheat and meslin (mixed wheat and rye)
10.02	Rye
10.03	Barley
10.04	Oats
10.05	Maize
10.07	Buckwheat, millet, sorghum, canary seed; other cereals
11.01	Cereal flour
11.02	Cereal groats and cereal meal; other worked cereal grains (for example, rolled, flaked, polished, pearled or kibbled but not further prepared); germ of cereals, whole, rolled, flaked or ground
23.02	Bran and other residues derived from the shifting, milling or working of cereals
23.07	Forage, in so far as it contains cereal products

The above-mentioned products have been subjected to certain regulations by the Law on Market Regulation (import planning, import permits, distribution measures, equalization of transport costs, milling regulations, etc.). In accordance with the amendment of 5 April 1960 cited above, all imported quantities of grains have to be reported to the Grain Equalization Board, to make sure that all products of that type - also in the case of liberalization - are subject to a control which is essential for the preservation of a stable price level, planned production and adequate selling possibilities.

III. Description of the functioning of the State-trading enterprises

By the above cited amendment of the Law on Market Regulation, importers are required to offer any amount of grain or grain products imported by them to the Grain Equalization Board. The Board is, however, not committed to accept such offers. As a matter of fact, it has not done so at any time during the reporting period 1961 and 1962, because at the time of inviting tenders and granting import permits it had the chance to control the quantity and price of the goods. The aforementioned tender system serves the purpose of adjudicating the tender which is most favourable in view of quality, price, conditions of payment and delivery, irrespective of the origin of the goods.

IV. Statistical information

Statistics in Annex II on foreign trade and production in the grain sector during the last three agricultural years deal only with the most important items, as separate data regarding each and every grain product are not available.

ANNEX I

Products affected by monopoly trade - in order of tariff items	Importation						Exportation						Internal Consumption ⁴						
	1959		1960		1961		1959		1960		1961		1959		1960		1961		
	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	in 100 kg	in 1000 S	
24.01 Raw tobacco, waste included	85,511	160,746	74,080	137,325	103,092	168,255	4,295	15,735	3,758	14,145	7,868	13,693	-	-	-	-	-	-	
24.02 Cigars	18	427	19	542	10	377	-	40	-	36	2	109	5,376	95,098	5,288	95,455	5,559	102,699	
24.02 Cigarettes	3,475	37,183	4,337	44,162	6,325	60,582	18	177	40	319	72	601	89,736	2,296,172	90,132	2,394,383	87,670	2,757,923	
24.02 Other tobacco products	97	811	48	439	72	633	64	61	10	10	11	13	9,853	105,066	9,336	101,642	9,290	104,089	
Total: Tobacco and tobacco products	69,101	199,167	78,484	182,468	109,499	229,847	4,177	16,013	3,808	14,510	7,953	14,416	104,965	2,496,336	104,756	2,591,480	102,519	2,964,711	
22.08 Spirits ²⁾	4 ³⁾	53 ³⁾	7 ³⁾	16 ³⁾	153 ³⁾	90 ³⁾	5	18	7	9	-	-	h1	212,759	405,027	226,906	491,174	201,387	503,711
25.01 Rock, saline and sea salt	87	53	77	51	70	56	150	9	1	0	-	-	368,610	94,466	367,760	94,262	360,360	93,206	
25.01 Salts for animals or industrial use	15	1	1,480	38	-	-	-	-	-	-	13,940	613	869,700 cbm	50,489	958,770 cbm	54,561	998,230 cbm	63,110	
25.01 Brine	404	54	303	72	611	53	-	-	-	-	-	-	512,893	9,232	541,990	9,756	500,956	9,917	
Total: Salts	505	108	1,860	161	681	109	150	9	1	-	13,940	613	-	154,187	-	158,579	-	165,333	
Grand total	89,611	199,328	80,351	182,645	110,333	230,046	4,332	16,040	3,816	14,519	21,893	15,029	-	3,055,550	-	3,241,233	-	3,633,755	
Total: Austrian trade	105,106,807	29,759,540	135,019,653	36,812,595	129,565,895	38,604,051	65,855,535	25,160,920	72,380,216	29,128,906	69,729,766	31,261,380							
Trade of Austrian financial monopolies expressed as % of total Austrian trade	0.67		0.49		0.59			5.63		0.49		0.47							

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 are carried out exclusively through private enterprises.

³ Importation of alcohol absolutis, 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.: 1959 : 7,035
1960 : 7,462
1961 : 7,497

ANNEX II

<u>Tariff No.</u>	<u>Products</u>	<u>Agricultural year</u>	<u>Imports</u> (in '000 m.t.)	<u>Exports</u>	<u>Production</u> (in '000 m.t.)
10.01	Wheat	1959/60	261	-	589
		1960/61	93	37	702
		1961/62	72	96	712
11.01	Wheat flour	1959/60	7	-	374
		1960/61	-	-	379
		1961/62	-	-	327
10.02	Rye	1959/60	71	5	417
		1960/61	59	-	354
		1961/62	-	-	472
11.02	Rye flour	1959/60	-	-	182
		1960/61	-	-	187
		1961/62	-	-	164
10.03	Barley ¹	1959/60	145	10 ²	405
		1960/61	72	9 ²	589
		1961/62	121	13 ²	512
10.04	Oats	1959/60	11	-	312
		1960/61	6	-	342
		1961/62	3	-	335
10.05	Maize	1959/60	417	2	146
		1960/61	370	2	213
		1961/62	302	1	198
10.07	Other grains ³	1959/60	12	-	41
		1960/61	9	-	48
		1961/62	10	-	48

¹Including brewers' barley.

²Including malt, expressed in barley.

³Winter and summer mixed grains, buckwheat and millet.

