

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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RESTRICTED

L/6973/Add.6

21 October 1992

Limited Distribution

### SUBSIDIES

#### Notifications Pursuant to Article XVI:1

##### AUSTRIA

The following notification has been received from the Permanent Delegation of Austria, dated 7 October 1992.

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### AGRICULTURE

#### Milk and dairy products

Aspects related to the dairy sector are embodied in the Market Regulation Law (Marktordnungsgesetz 1985, EGB1, 210/1985 as amended). Since 1 July 1978, this law provides the allocation of individual quotas for the milk producer. These quotas take into account milk deliveries in recent years and the development of the domestic demand.

In order to stabilize the milk production and to encourage co-responsibility of milk producers regarding the utilization of milk, contributions were introduced:

- (i) a base levy is imposed for every kg. of marketed milk;
- (ii) an additional levy is imposed on those quantities of milk that exceed the individual quota.

Each milk producer may exceed this quota at his discretion. However, in exceeding his individual quota he accepts to pay the additional contribution.

The Austrian Milk Marketing Board was set up to accomplish the objectives laid down in the Market Regulation Law.

The Austrian Milk Marketing Board secures an efficient supply, processing, and distribution of milk and dairy products within the given price levels. The Board is entrusted, inter alia, with the monitoring of production and the equalization of prices and transport costs.

The various equalization systems, laid down in the Market Regulation Law, bring about uniform producer prices (for milk delivered within the individual quota) and consumer prices and therefore serve the purpose of having stabilizing effects on the price structure. The internal costs and freight rates are adjusted to achieve uniform producer and consumer prices.

Until 1 July 1988 the milk price paid to the milk producers was a ceiling price determined by the Government. As from 1 July 1988 a target price is fixed by the Austrian Milk Marketing Board after adequate market observations. The actual return of the milk producer is lower than the guaranteed price, as the general contribution and, if applicable, the additional contributions are to be borne by the milk producer. In addition, the milk producer bears the milk recording charge and the contribution for milk advertisements.

In recent years, the official regulation of wholesale and retail prices of milk and dairy products was successively reduced and as of 1 July 1988 completely eliminated. It is replaced by a system, according to which wholesale and retail prices are recommended by the Social Partners ("Paritätische Kommission").

For social and economic reasons, sales campaigns are undertaken by reducing the prices of butter and skim milk powder (for feeding purposes). The expenditures for those campaigns amounted in:

(S million)

1989	to	S 225.2
1990	to	S 251.5
1991	to	S 220.6

As from 1 January 1991 the following new export restitution system was introduced:

- (a) On the basis of the Market Regulation Law domestic production has to secure domestic supply; the surplus is exported.
- (b) The export restitution system is regulated in a special directive.
  - For exportation, products are summarized in pilot products and tied products. The restitution is calculated and fixed for the pilot products. To the relevant tied products the restitutions of the pilot products applies. The aforementioned summarization is effected according to the content of raw material, i.e. fat and non-fat dry matter.

- The export restitution rate is fixed by the Federal Ministry of Agriculture and Forestry and published in the Official Gazette of "Wiener Zeitung" by pilot products and destinations in S/kg.
- Actual export earnings are of no relvance to the restitution.
- Anyone who complies with the terms of the special directive can be admitted as an exporter.
- The exporter has no legal title to restitution.

Milk Supply, Production, Imports and Exports of Dairy Products

<u>Year</u>	<u>Milk supply</u>	<u>Production of</u>				<u>Butter<sup>1/</sup></u>		<u>Cheese<sup>1/</sup></u>		<u>Milk powder<sup>1/</sup></u>	
		<u>Butter</u>	<u>Cheese<sup>2/</sup></u>	<u>Milk powder</u>	<u>Import</u>	<u>Export</u>	<u>Import</u>	<u>Export</u>	<u>Import</u>	<u>Export</u>	
1989	2,219,128	34,270	84,651	32,610	1,213	1,118	8,238	32,184	15,733	32,819	
1990	2,242,991	35,440	84,501	37,003	387	1,292	12,848	36,280	13,638	23,967	
1991 <sup>3/</sup>	2,209,570	36,239	79,239	37,899	1,048	1,154	13,627	30,102	13,591	22,711	

<sup>1/</sup> Including trade related to inward and outward processing

<sup>2/</sup> Fat content (production minus loss)

<sup>3/</sup> Provisional

- In case of processed goods, the domestic raw material is supported, not the finished product (the restitution rate of the pilot product applies).
- For the implementation of the export restitution, AMEA (Austro-Milch-Exportabwicklungsgesellschaft - Austro-Dairy-Export Implementation Association) was founded. It is state-owned and thus independent of exporters.

The export restitutions, which include contributions of the farmers amounted to:

(S million)

1989 to 1,915.8

1990 to 1,849.1

1991 to 1,397.8

However, it has to be stated that these funds are only used in accordance with Minimum Price Arrangements concluded by Austria or other obligations undergone.

Statistical data regarding production, exports, and imports are annexed hereto.

#### Meat and cattle

Aspects related to the meat sector are embodied in the Livestock Industry Act ("Viehwirtschaftsgesetz 1983", Federal Law Gazette No. 621/83) as amended. It provides, inter alia, for the stabilization of prices for slaughter animals and animal products and measures to secure the domestic supply. One of the instruments to achieve these objectives is the monitoring of the foreign trade which is subject to licensing.

The Austrian Meat and Livestock Commission was set up to accomplish the objectives for the cattle and meat sector laid down in the "Viehwirtschaftsgesetz 1983". The Commission is entrusted, inter alia, with the monitoring of the market situation and the foreign trade. For market relief purposes intervention measures are applied. In storing seasonable surpluses of meat the prices of slaughter cattle and animal products are stabilized. For storing beef and pork the following budget support was granted:

(S million)

1988/89 41.30

1989/90 55.50

1990/91 60.62

For the export of products of the meat sector subsidies are granted. They serve the purpose of balancing the different regional marketing costs on the one hand and maintaining the competitiveness on the other hand. They amounted to:

(S million<sup>1</sup>)

1989 1,714.0

1990 1,936.6

1991 2,137.2

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<sup>1</sup>The sub-national contributions are included

Statistical data regarding production, exports and imports

	1989	1990 (head)	1991
<u>Slaughter cattle</u>			
Marketed output (Gross domestic production)	618,537	647,596	689,898
Export of slaughter cattle	7,212	2,113	3,343
Export of beef <sup>1</sup>	196,152	224,174	205,476
Import of slaughter cattle	1	1	3
Import of beef <sup>2</sup>	6,378	5,646	4,315

Breeding and commercial cattle

Import	323	434	469
Export	78,661	68,003	74,193

Calf

Marketed output	144,510	147,415	166,177
Export of calves	2,069	2,135	1,029
Import of calves	23,010	26,717	4,149
Import of veal	20,469	3,758	3,988

Pigs

Marketed output	4,759,170	4,782,476	4,714,716
Export of pigs	17,757	715	451
Export of pork <sup>3</sup>	76,911	43,378	22,250
Import of pigs	45	33	485
Import of pork <sup>3</sup>	13,372	13,277	11,056

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<sup>1</sup>250kg beef = 1 head of cattle

<sup>2</sup>200kg beef = 1 head of cattle (calculated on the boneless basis)

<sup>3</sup>82kg meat = 1 pig

Grains

Aspects related to the grain sector are embodied in the Market Regulation Law (Marktordnungsgesetz 1985, BGBI No. 210/1985) as amended.

According to a new co-responsibility system, introduced on 1 July 1979 farmers have to pay a contribution in accordance with their individual production of grains.

The contributions amount:

	(in S/100 kg)		
	1989/90	1990/91	1991/92
Wheat	44.-	35.-	31.-
Rye	34.-	26.-	25.-
Fodder barley, fodder oats	10.-	5.-	8.-
Fodder maize	25.-	15.-	18.-
Fodder wheat	25.-	15.-	18.-
Fodder rye	25.-	15.-	18.-

Apart from the co-responsibility fee, a fertilizer fee and a fee on hybrid seed maize is imposed.

The above mentioned amounts are deducted from the respective producer prices and are adjusted annually. The funds thus acquired are used for the disposal of grain surpluses in form of exports and domestic price reduction measures. To dispose of surpluses, export subsidies are paid, about half of which are financed by the producers. They amount in:

(S million)

1989 3,046.1

1990 2,417.4

1991 3,111.4

The system of official price regulation for bread grain has been replaced by a system of target prices. The basic target producer prices (without VAT), which are determined by the Federal Ministry of Agriculture



and Forestry, are graduated monthly during the course of the crop year (July 1991 to September 1992; maize: October 1991 to December 1991) as follows:

Wheat	S 427.- to S 435.10/100kg
Milling wheat	S 346.- to S 353.40/100kg
Milling rye	S 341.- to S 348.40/100kg
Fodder wheat, fodder oats	S 287.- to S 294.40/100kg
Fodder rye	S 282.- to S 289.40/100kg
Fodder oats	S 292.- to S 299.50/100kg
Fodder maize	S 285.- to S 292.40/100kg

The basic price for domestic durum wheat has been fixed S 495.00 per 100kg.

The target prices are mandatory, and contributions are paid to dealers, co-operative societies and mills for storage and freightage of wheat and rye for human consumption and freightage for coarse grain due to domestic sales campaigns.

(S million)

1989 to 220.-  
1990 to 356.-  
1991 to 391.-

Statistical data regarding production, exports and imports

	Production in metric tons	Exports	Imports
		1989	
Wheat	1,362.9	436.1	0.2
Rye	381.2	60.0	0.1
Barley	1,421.6	253.0	2.7
Oats	249.1	28.4	4.5
Maize	1,491.3	221.5	15.0

	Production in metric tons	Exports	Imports
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	1990		
Wheat	1,404.5	424.2	0.4
Rye	396.4	131.4	0.1
Barley	1,520.6	315.2	1.5
Oats	244.1	7.0	5.5
Maize	1,620.2	147.0	14.2
	1991		
Wheat	1,357.3	329.3	0.1
Rye	350.5	42.4	-
Barley	1,427.0	65.7	3.6
Oats	225.5	27.9	2.9
Maize	1,571.4	107.2	12.0

#### Oilseeds and oleaginous fruits

Support is granted on the basis of special guidelines of the General Outline Guidelines on the granting of subsidies (correspond to a federal decree) for the cultivation of rape, sunflower seeds, soya beans, peas (*Pisum sativum*), and horse beans.

Subsidies are paid to the farmers, i.e. for horse beans and peas a fixed premium for the area is granted, for rape seeds, sunflower seeds, and soya beans a fixed premium for the area and a quantity related product premium is granted.

Costs of the support reads as follows:

	1989	1991	1991
	i n S m i l l i o n		
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Rape	399.0	507.0	638.7
Sunflower seeds	269.0	322.8	384.8
Soya beans	69.0	108.0	229.3
Peas ( <i>Pisum sativum</i> )	163.4	199.5	217.3
Horse beans ( <i>Vicia faba</i> var. <i>equina</i> , <i>Vicia faba</i> var. <i>minor</i> )	69.1	83.5	100.0

Statistical data on production

	Year	Area ha.	Crop tons	Yield kg/ha
Soya beans	1989	5,022	10,392	2,069
	1990	9,333	12,354	1,321
	1991	15,162	29,808	2,004
Sunflower seeds	1989	21,297	61,730	2,899
	1990	22,216	54,865	2,469
	1991	23,930	69,512	2,916
Horse beans	1989	15,352	41,615 *	2,710 *
	1990	12,852	40,170 *	3,090 *
	1991	13,334	38,874 *	2,920 *
Peas (Pisum Sativum)	1989	46,685	161,695 *	3,470 *
	1990	39,903	142,400 *	3,560 *
	1991	36,218	127,160 *	3,510 *
Rape	1989	35,255	86,743	2,460
	1990	41,043	86,179	2,099
	1991	45,552	121,998	2,686

\*Estimated

Statistical data on foreign trade

	Imports		Exports	
	in tons	in million S	in tons	in million S
<u>Rape<sup>1</sup> and colza seeds</u>				
1989	127.5	1.3	34,903.6	105.6
1990	660.7	8.6	1,319.5	7.5
1991	843.0	14.6	15,080.0	14.4
<u>Sunflower seeds</u>				
1989	9,638.5	101.5	55,620.0	195.7
1990	8,709.2	69.0	35,936.8	124.8
1991	7,611.0	50.5	18,301.0	62.1
<u>Soya beans</u>				
1989	3,599.7	20.3	506.4	2.5
1990	3,770.5	20.5	781.1	5.3
1991	7,154.0	38.8	1,171.0	6.6
<u>Peas (<u>Pisum sativum</u>)</u>				
1989	2,929.3	23.4	1,031.2	9.3
1990	5,118.5	22.0	824.6	7.4
1991	3,837.0	19.1	735.3	6.5

	Imports		Exports	
	in tons	in million S	in tons	in millions S
<u>Broad beans and</u>				
<u>horse beans<sup>1</sup></u>				
<u>(Vicia faba var.</u>				
<u>equina, Vicia faba</u>				
<u>var. minor)</u>				
1989	67.9	1.2	155.9	1.0
1990	25.8	0.7	290.9	0.8
1991	31.1	0.8	0.5	0.1

<sup>1</sup>The product is not separately recorded in foreign trade statistics