

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## SWITZERLAND

### Information Supplied in Respect of WINE

#### A. PRODUCTION: PRODUCTION MEASURES AND POLICIES

##### A.1. Statistical data on production

Years	Area (ha.)		Production of must ('000 hectolitres)					
	black grapes	white grapes	Total		of which crushed for wine			crushed for juice
			black	white	red	white	Total	
1965	4,440	7,409	293.2	672.4	264.0	583.6	847.6	118.0
1966	4,559	7,343	302.4	529.6	274.8	498.8	773.7	58.3
1967	4,708	7,237	293.9	667.1	274.6	629.8	904.4	56.6

##### A.2. Trends in production and estimates for 1970

The acreage under vines in Switzerland declined steadily from 13,394 hectares in 1963 to 11,849 hectares in 1965, a fall of nearly 12 per cent. In some parts of the country (German-speaking Switzerland, cantons of Neuchâtel and Vaud) this was a result of an increase in the built-up area and the subsidies paid by the Confederation between 1954 and 1961 for the uprooting of grape-vines outside the vine-growing area.

Grape acreages have remained stable on the whole since 1965, owing to the acreage restriction policy of the Confederation. Projections of grape production for 1970 would be difficult to establish. Annual yields are very closely dependent on weather conditions and vary greatly from year to

year, but apart from these meteorological considerations, and as acreages and corresponding yields have been maintained now at a regular level, the general trend for the coming year is towards relative stability.

The authorities (see A.5 below) have encouraged the cultivation of black grapes, at the expense of white; only ten years ago, the white varieties accounted for three quarters of total wine production, but today, this proportion has fallen to two thirds. This evolution, which has now almost come to an end, resulted in better adjustment of production to market requirements.

#### A.3. Statistical data on stockpiles

Licensed trade stocks at 30 June  
in '000 hectolitres

Year	Red wine		White wine	
	native	imported	native	imported
1965	244.6	750.3	645.1	26.6
1966	257.3	824.2	596.5	23.5
1967	261.3	843.0	474.1	33.2

#### A.4. Factors which affect production

Most Swiss vineyards are planted on steep slopes. This is an unfavourable factor from the outset and special action is taken in the following respects:

- more thorough mechanization;
- re-arrangements of fragmented holdings;
- frost damage prevention measures and improvement of varieties with the support of the Federal Agricultural Experimental Stations;
- more extensive wire-trellis cultivation, requiring fewer labour hours per unit surface. This method of cultivation is also encouraged by the Federal Experimental Station.

#### A.5. Policies and measures of governments or other bodies likely to influence production

The object of legislation is to adjust vine-growing as far as possible to market demand and consumption capacity, allowing for natural conditions. It is also aimed at lasting profit-earning capacity of the vineyards and high-quality production.

With this end in view, a cadastral register has been established, in which the regions suitable for grape cultivation are indicated and the boundaries marked out. The planting of new vines outside the vineyard area is prohibited; within the area an authorization is required.

By means of subsidies the Confederation contributes to the expenses incurred by the cantons for the replantation of vineyards in the approved regions. A more substantial contribution for the planting of high-quality black grapes has reduced the proportion of white (predominant) and inferior black grapes and has helped to adjust supply to demand. Directives concerning the varieties recommended or approved for planting are drawn up by the Federal and cantonal authorities, after taking the opinion of the professional groupings concerned; these supplement the regulations and encourage higher-grade production suited to local conditions.

Grape-growers' associations, together with expert advisers nominated by the canton, brief producers on methods of improving the quality of their grapes and adjusting them to market requirements and capacities. Directives are provided by the Federal stations or by the cantons.

During the last three years, the Confederation has allocated the following sums for all the above measures to improve the quality of native wine production: (thousand dollars)\*

1965 = 602

1966 = 658

1967 = 938

\* rate of exchange:

\$1 = Sw F 4.32

B. PROTECTION AND SUPPORT MEASURES AND POLICIES

B.I. Internal support measures and policies

Introductory remarks

In the wine industry the formation of production prices is theoretically free and in the case of most wines is obtained by agreements between the various parties (grape-growers, storers and bottlers and merchants). Import measures (or quotas) are adopted to allow producers to sell high-grade wines at prices which will cover, over an average of several years, production costs of undertakings efficiently managed and will be fair in accordance with the law on agriculture. This law allows the Confederation to intervene, whenever there is a risk of a serious drop in prices by making a financial contribution to the cost of measures for local wine promotion. Such action is taken only occasionally whenever there are surpluses. It is thus subsidiary in character.

B.I.1. Inventory of the instruments of support

1.1. Measures to encourage the disposal of possible surpluses

(a) Compulsory acquisition

Should the market situation so require and should the available supplies of native must and wine (less a reserve of 100,000 hectolitres) exceed the total consumption of native wines in the preceding two years by 85 per cent, the law provides that importers of wine under quota (see B.II.1(c)) may be obliged to acquire certain quantities of crushed grapes in vats, grape must or native wine of market quality. The share imposed on each importer should not exceed 25 per cent of the average of the imports of the preceding two years. For white wine only, this proportion is 15 per cent. Importers who deal exclusively in high-grade wines may be exempted from this obligation by paying into a wine fund (see B.II.2(a)) a tax not exceeding 30 francs (\$6.94) per hectolitre of wine or grape must acquired.

(b) Optional acquisition

Compulsory acquisition has so far not been imposed as importers have always spontaneously agreed to acquire any surpluses, whenever necessary.

(c) Subsidies for acquisition

Should the occasion arise, the law provides for the payment of a subsidy to lower the prices of products acquired and thus facilitate acquisition by importers. Thus, in 1965, the sum of \$955,000 was granted to importers who took up 64,000 hectolitres of white wines from French-speaking Switzerland. In 1966, subsidies totalling \$180,000 were paid to wine merchants who had purchased surpluses originating from German-speaking Switzerland. No action was taken in 1967.

(d) Utilization of wines acquired

Wines thus acquired are usually put to the following uses: blending with imported ordinary red wines, direct sale at a reduced price to consumers under a special unified appellation, or industrial use.

1.2. Freezing

In the event of a slump in prices the authorities may introduce measures, after hearing the parties concerned before an advisory committee, to freeze stocks. This "freezing" consists in withdrawing a certain quantity of domestic wine from trade channels, holding it back until such time as market conditions are suitable for total or partial release of this stock.

1.3. Other measures aimed encouraging disposal of vine products

Provision is made by law for the promotion of non-alcoholic consumption of grapes, usually every year, and not only when surpluses exist. During the past three years, the following subsidies were granted to promote the sale of grape juice and dessert grapes (including sums paid for advertising):

('000 dollars)

1965	1,131
1966	771
1967	523

B.I.2. Levels of guaranteed prices or support prices

When in 1965, part of the white wine production of French-speaking Switzerland had to be taken up by importers, prices charged to the latter were fixed as follows:

- wines for blending = \$2.15 per degree/hectolitre, subject to a maximum of \$25 per hectolitre;
- wines for resale with the appellation "chasselas romand" or "chasselas de romandie" = \$0.35 per litre.

B.I.3. Amount of producer subsidies

The sums granted by the Confederation for technical improvements in the cultivation of vines have been mentioned under A.5. No other subsidies have been granted whether directly to producers, or indirectly, by lowering production costs.

B.I.4. Average returns to producers

B.I.5. Method of determining returns for producers

As has already been mentioned in the introductory remarks under B.I, production prices are agreed upon by round-table committees consisting of grape-growers, storers and bottlers and wine merchants. The authorities may make recommendations in this respect.

Prices are fixed according to district, variety and quality. For wines originating from French-speaking Switzerland they are as follows:

		Price in cents per litre of clear wine	
		Years	
		<u>1965 and 1966</u>	<u>Year 1967</u>
<u>Geneva:</u>	- Chasselas (white)	32	39
	- Gamay (red)	42	46
<u>Vaud:</u>	- Dorin (white), depending on district and quality	34 - 53	42 - 59
	- Gamay	43	47
<u>Vully:</u>	- Chasselas	42	44
<u>Neuchâtel:</u>	- Chasselas	45	49
<u>Lac de Biene</u>	- Chasselas, left bank	53	57
	" , right bank	49	52
<u>Valais:</u>	- Fendant (white), depending on district and quality	40 - 44	47 - 51
	- Goron (red)	51	58

B.II. Measures at the frontier1. Regulations for imports of wine and grape must

(a) Wine in bottles (red or white wine, in ordinary glass wine-bottles of a capacity of not more than 1 litre, heading No. 2205.30): imports are duty-free.

(b) Sweet wines, specialities and mistelles, in casks or bottles, as well as sparkling wines (2205.40/60): imports are duty-free.

(c) Wines in casks or other containers (tank wagons, bottles other than ordinary bottles, etc.) not mentioned in (b) above: import quotas.

Quotas are fixed having regard to traditional trade flows and according to contractual commitments entered into with certain supplying countries.

2. Customs charges(a) Customs duties

Heading No.	Description	Duty rate in \$ per 100 kg. gross	Percentage incidence ad valorem	
			1965	1966
2205.	Wine of fresh grapes; grape must with fermenta- tion arrested by the addition of alcohol; - natural wine: --- in casks: ---- of a strength of up to 13° of alcohol:			
10	---- red	7.87 <sup>1</sup>	45.6	43.9
12	---- white	7.87 <sup>1</sup>	69.8	68.4
	---- of a strength of more than 13° of alcohol			
20	---- red	9.72 <sup>1</sup>	22.4	24.8

<sup>1</sup>Including an additional duty of 8 francs (\$1.85) paid into the vineyard fund, to cover expenses incurred by the Confederation for promotion measures aimed at encouraging vine cultivation and the marketing of vine products.

Heading No.	Description	Duty free in \$ per 100 kg. gross	Percentage incidence ad valorem	
			1965	1966
2205.(cont'd)				
22	---- white	10.65 <sup>1</sup>	26.4	27.5
30	-- in bottles	11.57	21.5	27.1
2205.	- sweet wine, specialities and mistelles:			
40	-- in casks	6.94	31.2	36.4
50	-- in bottles	8.10	8.7	9.6
60	-- sparkling wines	30.09	28.8	28.5

(b) Monopoly duty on alcohol

The law on alcohol provides for the levy of a Monopoly Duty on wines with a high alcoholic strength. For natural wines not intended for distillation (ex 2205.10/30), this duty is levied when the alcoholic strength exceeds 15 degrees by volume and is charged at the rate of 6 francs (\$1.39) per 100 kg. gross for each degree of alcohol in excess of 15 degrees.

<sup>1</sup>Including an additional duty of 8 francs (\$1.85) paid into the vineyard fund, to cover expenses incurred by the Confederation for promotion measures aimed at encouraging vine cultivation and the marketing of vine products.

C. CONSUMPTION AND INTERNAL PRICES

C.1. Statistical data on consumption

Description	Consumption in '000 hectolitres		
	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u>
domestic red wine	243.9	251.4	270.8
imported red wine	1,319.4	1,329.5	1,367.8
domestic white wine	593.8	630.6	620.0
imported white wine	43.1	47.5	36.6
Total consumption	2,200.2	2,258.9	2,295.2
of which:			
- Swiss wines	837.7	882.0	890.8
- imported wines	1,362.5	1,377.0	1,404.4

C.2. Trends in consumption and estimates for 1970

Per capita wine consumption has been increasing steadily during the past few years, in parallel with the upward trend in incomes, and further expansion is still possible if living standards continue to improve, in which case it is estimated that total wine consumption in 1970 might be in excess of 2.5 million hectolitres.

C.3. Retail and wholesale prices

Domestic retail and wholesale prices depend on a number of factors, in particular the vintage year, variety, type, region, vineyard, soil, estate, presentation and mode of distribution.

Average sales prices in the wine trade are in principle within the range shown in the following table; this does not imply, however, that some wines may not be priced well beyond this.

	<u>In dollars</u>		
Harvest year:	1964	1965	1966
Summer prices:	1965	1966	1967
	-----	-----	-----
(a) <u>Unbottled Swiss wines</u>			
Price per litre, excluding cost of bottling, bottle, and turnover tax:	0.63-1.03	0.63-1.06	0.72-1.13
(b) <u>Bottled Swiss wines</u>			
Price per bottle, excluding cost of bottle and turnover tax:	0.69-1.11	0.68-1.13	0.76-1.17

C.4. Factors which condition the evolution of consumption

Wine consumption is greatly influenced by fluctuations in prices and income.

C.5. Policies and measures affecting consumption

In certain years, promotion measures to facilitate the disposal of any surpluses may have an incentive effect on consumption.

D. INTERNATIONAL TRADE AND PRICES

D.1. Statistical data on external trade

1.1. Imports

- Natural wines in casks (Heading No. 2205.10/22)

	<u>1965</u>		<u>1966</u>		<u>1967</u>	
	'000 hl.	\$'000	'000 hl.	\$'000	'000 hl.	\$'000
TOTAL	1,421.3	29,176	1,407.8	28,584	1,420.8	29,649
of which (principal suppliers):						
France	246.0	11,400	195.6	9,803	231.2	11,056
Italy	450.7	10,276	422.8	10,720	411.9	10,485
Spain	374.2	3,490	384.3	3,659	373.5	3,572
Portugal	131.1	1,148	169.0	1,409	151.6	1,373

- Natural wines in bottles (Heading No. 2205.30)

	<u>1965</u>		<u>1966</u>		<u>1967</u>	
	'000 hl.	\$'000	'000 hl.	\$'000	'000 hl.	\$'000
TOTAL	27.2	3,216	52.7	4,949	71.9	6,337
of which France	17.6	2,394	42.3	4,017	54.3	5,128

1.2. Exports

Exports of Swiss wines consist almost exclusively of bottled wines with a registered appellation.

- Natural wines in bottles (Heading No. 2205.30)

	<u>1965</u>		<u>1966</u>		<u>1967</u>	
	'000 hl.	\$'000	'000 hl.	\$'000	'000 hl.	\$'000
TOTAL	3.7	466	4.1	529	4.6	599
of which						
Germany	0.5	65	0.5	63	0.5	68
Netherlands	0.5	59	0.5	62	0.6	53
Austria	1.0	116	1.1	134	0.8	97
Canada	0.2	23	0.3	38	0.7	84
United States	1.0	123	0.9	124	1.1	158

D.2. Levels of export and import prices

2.1. Export prices (f.o.b.)

- Natural wines in bottles (Heading No. 2205.30)

<u>Principal destinations</u>	<u>Average price in dollars per hectolitre</u>		
	<u>1965</u>	<u>1966</u>	<u>1967</u>
Germany	125	127	135
Netherlands	117	121	89
Austria	121	123	126
Canada	115	114	126
United States	128	136	141

2.2. Import prices (free-at-frontier, in bond)

- Red wines in casks, of an alcoholic strength of up to 13°  
(Heading No. 2205.10)

<u>Principal suppliers</u>	<u>Average price in dollars per hectolitre</u>		
	<u>1965</u>	<u>1966</u>	<u>1967</u>
France	41	44	43
Italy	23	25	25
Spain	9	9	10
Portugal	9	8	9

- Natural wines in bottles (Heading No. 2205.30)

	<u>Average price in dollars per hectolitre</u>		
	<u>1965</u>	<u>1966</u>	<u>1967</u>
From France (principal supplier)	136	95	94

D.3. Export aid measures and policies

The Confederation grants the following sums to cover propaganda costs for export promotion:

	(in \$'000)
1965	55,174
1966	37,171
1967	56,860

D.4. Description of bilateral agreements affecting imports

Basic quotas are established by means of bilateral agreements with the principal supplying countries, taking into account traditional trade flows.