

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## STATE TRADING

### Replies to Special Questions Put by the Panel on State Trading to Belgium, Finland, India and Japan

-- During its meetings the Panel on State Trading examined the notifications submitted in accordance with the new questionnaire.<sup>1</sup> With respect to some notifications, the Panel requested the secretariat to ask the governments concerned to supply certain additional information.<sup>2</sup> From all the four countries involved, replies have been received. The situation is as follows:

#### Belgium

The Belgium Government was invited to bring its notification published in document L/1014 addendum 12 in conformity with the new questionnaire. In this connexion the wish was expressed that in particular the statistical information under point 4 should be made available.

Belgium transmitted a new reply to the questionnaire on State Trading in conformity with the wish expressed by the Panel. This new reply has been issued as document L/1014 addendum 12 rev.1.

#### Finland

1. The Panel invited Finland to break down the statistical information on import of cereals contained in document L/1014 addendum 11 into different types of cereals, so as to bring this information into conformity with that given concerning the domestic output.

This information was made available and has been published in Annex VI of the Finnish reply (page 11 of document L/1014 addendum 11 rev.1).

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<sup>1</sup>These notifications are published in the Addenda to document L/1014.

<sup>2</sup>Paragraph 13 of the final report of the Panel on State Trading, document L/1146.

2. The Government of Finland was furthermore asked whether it maintains any State-trading activities with respect to fodder.

The reply given to this question reads:

"A part of the Finnish imports is still governed by quantitative restrictions for Balance-of-Payments reasons. Fodder belongs to this group. The State does not carry out any trade in fodder. The private firms involved have founded an import house for fodder which, however, does not enjoy any monopoly."

### India

The Panel wanted to know whether the Coffee Board to which reference is made in a publication entitled "Plantation Crops 1958" issued by the Commonwealth Economic Committee, should not be mentioned in the State-trading notification.

The Indian Government explained that they feel that the functions exercised by the Coffee Board do not justify the qualification of the Board as a State-trading body in the sense of Article XVII of GATT. The functions of the Coffee Board are described as follows:

"The Coffee Board acts as an agent of the planters for finding a market for their produce and functions exclusively as a co-operative organization. The object of this co-operative marketing arrangement is to find a fair price for the producer for his produce and for the consumer for the coffee he buys. All coffee produced in India, except small quantities which are required for domestic consumption by the producers is handed over to the Coffee Board which will take all possible steps to market the coffee. The coffee is released in the internal market through Pool and local sales, co-operative societies and the propaganda department of the Board. Coffee is sold in export sales to registered exporters who are free to export the coffee to any destination without limitation of quantity. The sale proceeds after meeting the cost of the marketing organization of the Board, are distributed to the planters on the basis of the quantity and quality of coffee handed over by each to the Coffee Board. Thus the Board's activities are directed solely to assisting the industry in marketing its products and to developing it on healthy lines. The functions of the Board may, therefore, be described in short as those of a typical co-operative marketing agency which does not, however, limit or restrict in any way the returns to which its members are entitled on the basis of the results of the transactions conducted by it."

### Japan

The Panel wanted to know whether the Tobacco Monopoly is the sole manufacturer of all tobacco products and whether the levy of 355 per cent to which reference is made in the notification (L/1014 addendum 16 page 5) is equally charged on domestically manufactured tobacco.

The reply given by the Japanese Government clarifies that the Tobacco Monopoly is the sole manufacturer of tobacco products and the sole importer of tobacco and (with the exception of imports by private persons) also the sole importer of tobacco products. The levy of 355 per cent ad valorem charged on products imported by private persons in excess of the duty-free allowance corresponds to the levy collected on such products if imported and sold by the Tobacco Monopoly.

The reply is incorporated into point B 3 of the notification given by the Japanese Government (document L/1014 addendum 16) as revised by corrigendum 1.