

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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NOTIFICATIONS OF CHANGES IN STATE-TRADING MEASURES

In L/2284 contracting parties were invited to submit new and full responses to the questionnaire on State trading (see BISD, Ninth Supplement, page 184) or, if they did so in 1963, to submit notifications of changes which have occurred in their State-trading measures since the time of their 1963 notifications.

Notifications received to date in response to this request are circulated herewith. Additional notifications will be circulated to contracting parties as addenda to this document.

AUSTRALIA¹

I. Enumeration of State-trading enterprises

There are three instrumentalities coming within the framework of Commonwealth responsibility and a fourth which operates under complementary Commonwealth and Queensland legislation which engage in import and/or export trade. These are:

- (a) Australian Wheat Board
- (b) Australian Dairy Produce Board
- (c) Australian Egg Board
- (d) Queensland Sugar Board (Complementary Commonwealth and Queensland legislation places this Board in a privileged position regarding the export of sugar).

A number of Boards are constituted under legislation of the States of the Commonwealth for the purpose of orderly marketing of various primary products. These Boards usually operate on a co-operative basis and with a few exceptions, e.g., the New South Wales Egg Marketing Board, Australian Barley Board, are concerned solely with domestic marketing. They are not maintained or established by the Government of the Commonwealth, and do not, therefore, come within the provisions of Article XVII. In some instances State Boards act as licensees for Commonwealth Boards for some purposes. Such arrangements are referred to in the information supplied hereunder in relation to eggs.

¹For previous Australian notification of State-trading measures see document L/1949/Add.5.

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

(a) Australian Wheat Board

The Australian Wheat Board was set up at the outbreak of war in September 1939 to assist the wheat industry in a period of low prices and difficulties created by war conditions, e.g. marketing and transport.

The Commonwealth Government, under the wartime Wheat Acquisition Regulations, constituted the Board on 21 September 1939 to acquire, with certain exceptions, all wheat held in Australia.

Under the Wheat Acquisition Regulations the Board was empowered, subject to directions of the Minister for Commerce and Agriculture, to purchase, sell or dispose of wheat or wheat products, manage and control all matters connected with the handling, storage, production, shipment, etc., of wheat acquired, and such other matters necessary to give effect to the regulations under which it was created.

The Board was reconstituted and vested with similar powers under the Commonwealth Wheat Stabilization Act of 1948 (in fact, complementary Federal/State legislation was required) and subsequent legislation for the purpose of administering the post-war wheat stabilization plan, and remains in existence. The Board has grower majority and markets wheat on a pool basis in the interests of the wheat growers. It consists of two members each from New South Wales, Victoria, South Australia and Western Australia and one from Queensland. The Chairman and remaining members are all ministerial selections, but two of them represent, respectively, flour millers and employees. There is also a finance member and a commerce member.

(b) Australian Dairy Produce Board

Commonwealth-sponsored marketing organizations have their origin in the Commonwealth's powers to regulate exports and in the difficulties met in export markets by primary industries after the First World War. In 1924, at the request of the industry, the Commonwealth Government introduced the Dairy Produce Export Control Act to regulate overseas marketing of butter and cheese. The Act was brought into force after receiving a majority of votes in a poll of producers and it set up a Dairy Produce Export Control Board. An amending act in 1935 renamed the Board the Australian Dairy Produce Board.

The Board decided that the policy to be adopted in carrying out the powers and functions for the organization of overseas marketing would be:

1. To improve the organization for marketing dairy produce in the United Kingdom and on the Continent and to open up fresh markets in any other countries;
2. To exercise supervision over the sale and distribution in all overseas markets and bring about co-ordination among distributors and selling agents chiefly in the United Kingdom;
3. To take action to establish and maintain the identity of Australian dairy produce in the retail shops and among consumers;
4. To ensure as far as practicable continuity of supplies;
5. To withhold butter and cheese when deemed necessary on overseas markets;
6. To use advertising and propaganda to bring Australian butter and cheese directly under the notice of consumers;
7. To arrange with the Commonwealth Government for advances on butter and cheese.

30 June 1955 marked the end of sale by contract to the United Kingdom of Australia's surplus butter and cheese, an arrangement that originated during World War II and applied for approximately fifteen years. This meant that henceforth butter and cheese would be sold in the United Kingdom under "free" marketing conditions and would, in consequence, be obliged to contend with price influencing factors such as supply and demand and the economic policies of countries concerned.

It was realized that those factors would come prominently into the reckoning in the arrangement of the rates of finance for butter and cheese in determining equalization periods and interim equalization values and generally in planning the stability of the industry under the new conditions.

This called for maximum strength in selling and Australia decided to follow the example of major exporting countries in selling as a unit and co-operating as such with these countries in an endeavour to achieve stability in the United Kingdom, the world's major market for export butter and cheese.

The Dairy Produce Export Control Act was amended in 1954 to make the Board the sole exporter of butter and cheese to the United Kingdom. The Board as a trading authority does not physically handle the goods. It purchases butter and cheese destined for the United Kingdom from exporters, who undertake the work of handling, and it sells through appointed agents in London.

The Board's functions in respect of other export markets continue to be regulatory and sales are made almost entirely on a trader-to-trader basis.

In 1958, at the request of dairy industry leaders, the Commonwealth Government passed legislation enabling the Dairy Produce Board to administer a Research and Sales Promotion Scheme in Australia. This programme is being financed by a levy on the production of butter and cheese and the Commonwealth is contributing on a £1 for £1 basis towards those funds actually expended on research. The purpose of this scheme is to increase efficiency where possible in the various sectors of the dairy industry and to promote the sale of butter and cheese on the local market.

Quantities of fancy cheese have been and continue to be imported into Australia on a trader-to-trader basis. No butter has been imported into Australia for many years now and the Dairy Produce Board has no authority to import dairy produce at any time.

(c) Australian Egg Board

Prior to the last world war, the marketing of eggs, both locally and for export, was controlled in some States by egg marketing boards, while in other States no statutory control existed.

Commonwealth control over export marketing began in 1939 as a result of the war emergency. The United Kingdom Government undertook to purchase the whole of the Australian exportable surplus under a bulk contract with the Commonwealth Government. A special committee was set up by the Commonwealth to administer the contract. However, while the demand from the United Kingdom was assured, the shortage of refrigerated shipping caused many difficulties of storage, and the export of eggs in shell to the United Kingdom had to be discontinued in 1941.

These difficulties were relatively short-lived because the extension of the war to the Far East occasioned such a large demand from the Armed Forces that exports, even of powdered egg, to the United Kingdom declined to negligible proportions.

In 1943, under the National Security (Egg Industry) Regulations a scheme on a Commonwealth-wide basis was introduced to control the marketing of eggs commercial produced in Australia. The objects of the scheme, briefly, were to provide the needs of the Armed Forces and Australian civilian population on the most economic basis, and according to priority.

The scheme was financially self-supporting, though the Commonwealth Government arranged for an advance to meet payments to producers, administration costs, etc. Reimbursement, including interest, was made when receipts came in from sales.

A Controller of Egg Supplies was appointed by the Commonwealth Government, and a Deputy Controller was appointed in each State.

Exports, except for the use of the Services overseas, virtually ceased until the end of hostilities in 1945, when due to the reduced demand from the Armed Forces in the Pacific, the shipment of eggs and egg products to the United Kingdom was resumed. Shipments to the United Kingdom were then made under contract with the United Kingdom Ministry of Food.

The Commonwealth Egg Control Organization also continued to control the local distribution of eggs and egg products.

Upon the expiry of the Commonwealth powers under the National Security Regulations, the marketing of eggs within Australia became once again the responsibility of the respective States. However, in order to ensure continuance of an orderly export marketing system for Australian eggs and to provide adequate safeguards in respect of the contracts entered into between the United Kingdom and Australian Governments, the Australian Egg Board was constituted to operate from 1 January 1948 under the Egg Export Control Act, 1947.

The Board purchased from the State Boards eggs and egg products for shipment to the United Kingdom at the equivalent contract prices. The contracts provided an assured market for surpluses of Australian eggs and egg products until the end of May 1953. For frozen eggs a further twelve-months' contract with the United Kingdom Ministry of Food was arranged.

In 1954 the Egg Export Control Act was amended. This Act reconstituted the Australian Egg Board and varied its functions to some extent. Its chief purpose was to give the State Boards an opportunity to market their export eggs through a single authority, instead of in competition with each other as had been the practice pre-war.

The Australian Egg Board, as reconstituted, is empowered to conduct trading operations on behalf of any of the State Boards which wish to avail themselves of the Board's facilities.

In practice, all State Boards except the New South Wales Board market their shell eggs and egg pulp for the United Kingdom/Continent trade through the Australian Egg Board.

(d) Queensland Sugar Board

The Queensland Sugar Board is constituted under the Queensland Sugar Acquisition Act. Under this Act, the Board acquires all raw sugar produced in Queensland and, by arrangement with the Colonial Sugar Refining Co. Ltd., also purchases all raw sugar produced in New South Wales. Sugar is not produced in other States of the Commonwealth. The acquisition and marketing of all Australian raw sugar by the Sugar Board has been recognized for many years in the Commonwealth-Queensland Sugar Agreement, which was last renewed in 1962.

The reason for the acquisition is to control the production and marketing of sugar. By means of the acquisition the domestic price of sugar in Australia is controlled and the return to the raw sugar industry (i.e. growers and millers) is stabilized. Also control over exports is maintained, and compliance with the Commonwealth Countries Sugar Agreement and the International Sugar Agreement is facilitated.

As the Sugar Board becomes the owner of all raw sugar produced, it is the sole exporter of raw sugar from Australia. A small quantity of refined sugar (about 16,000 tons annually) is exported by other traders (principally the Colonial Sugar Refining Co. Ltd.) to neighbouring Pacific islands but this sugar has to be acquired from the Sugar Board which therefore exercises control over this trade.

A summary of legislation in relation to (a), (b), (c) and (d) is contained in document L/784/Add.1.

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

(a) Australian Wheat Board

The information required is contained in paragraphs 6, 7, 8, 9, 10, 17, 20, and 21 of the paper prepared for Committee II on Wheat (document COM.II/14, pages 25 et seq).

(b) Australian Dairy Produce Board

The information required is contained in paragraphs 8, 9, 10, and 23 of the paper prepared for Committee II on Dairy Products (document COM.II/14, pages 4 et seq).

(c) Australian Egg Board

(i) The Australian Egg Board deals with exports only.

- (ii) As the State Boards are the only other bodies licensed to export, it cannot be said that there is free competition in the export field, though private traders export small quantities through the State Boards which may compete with one another on export markets. However, if all the State Boards elected to export through the Australian Egg Board to specified destinations, the Australian Board would then become the sole exporting authority to those destinations. If any State Board elects to export on its own behalf to those destinations in competition with the Australian Board, the latter may fix minimum prices below which sales may not be made.
- (iii) The determination of the quantities to be exported is a matter for each State Board having regard to the surplus of production over domestic requirements. Each year there is a seasonal surplus of eggs in Australia and in the interests of the orderly marketing of this surplus, the Australian Egg Board is empowered to regulate the timing of shipments for overseas markets. There is no commercial demand for import of eggs into Australia.
- (iv) Export prices are determined on a normal competitive commercial basis for most destinations. The Australian Egg Board fixes minimum prices for two markets only - Hong Kong and Singapore. Egg exports to the United Kingdom and the Continent are normally on a consignment basis. As no eggs for commercial purposes are imported into Australia, the question of retail prices for imported eggs does not arise. Domestic prices are fixed by the respective State Boards.
- (v) The Australian Egg Board does not enter into long-term contracts but it is empowered to do so.
- (d) Queensland Sugar Board

The information required is contained in paragraphs 13 to 16 and 22 to 24 of the paper prepared for Committee II on Sugar (document CCM.II/1st, pages 32 et seq). In paragraph 23, delete the last two sentences and insert "The remainder of Australia's sugar exports is sold on the basis of world prices".

IV. Statistical information

Statistical figures concerning the relevant products are contained in the attached annex.

V. Reasons why no foreign trade has taken place (if this is the case)
in products affected

Exports have taken place of all the products in question.

Imports of wheat and flour do not normally take place because Australia is a competitive producer and large exporter and has no need to import wheat.

Large domestic supplies preclude the necessity for any appreciable importation of dairy products. Relatively small quantities of fancy varieties of cheese are imported.

The level of domestic production renders imports of eggs unnecessary; in fact, for animal health reasons, the import of eggs or egg products from any source except New Zealand is prohibited.

In the interests of orderly marketing of the Australian surplus, the import of sugar is prohibited.

VI. Additional information

None.

ANNEX

State Trading

(Years ended 30 June) (Values in Millions of £ Australian)

Commodity	Unit	Year	IMPORTS				EXPORTS				Re-exports	Production (a)
			By trading organization		Other		By trading organization		Other			
			Qty	Value	Qty	Value	Qty	Value	Qty	Value		
Butter	'000 tons	1959/60	-	-	-	-	59.5	21.7	17.5	6.9	-	197.6
		1960/61	-	-	-	-	50.8	15.6	10.3	4.0	-	181.7
		1961/62	-	-	-	-	68.0	20.0	9.9	3.6	-	198.6
		1962/63	-	-	-	-	65.1	19.3	12.3	4.3	-	202.6
Cheese	'000 tons	1959/60	-	-	1.1	0.5	15.3	3.6	3.6	1.4	-	44.9
		1960/61	-	-	1.5	0.7	13.1	2.9	4.9	1.7	-	46.9
		1961/62	-	-	1.9	0.8	17.4	3.4	5.0	1.8	-	55.5
		1962/63	-	-	2.4	1.0	13.6	2.7	12.3	3.4	-	58.0
Eggs in Shell	Mil. Doz.	1959/60	-	-	-	-	-	-	-	-	-	107.5
		1960/61	-	-	-	-	-	-	-	-	-	119.0
		1961/62	-	-	-	-	-	-	-	-	-	120.7
		1962/63	-	-	-	-	-	-	-	-	-	110.3
Egg pulp	'000 tons	1959/60	-	-	-	-	-	-	-	-	-	14.9
		1960/61	-	-	-	-	-	-	-	-	-	19.7
		1961/62	-	-	-	-	-	-	-	-	-	19.8
		1962/63	-	-	-	-	-	-	-	-	-	13.3
Eggs in Shell (b)	Mil. Doz.	1959/60	-	-	-	-	2.8	0.5	-	-	-	-
		1960/61	-	-	-	-	5.4	0.8	-	-	-	-
		1961/62	-	-	-	-	5.1	0.8	-	-	-	-
		1962/63	-	-	-	-	3.9	0.6	-	-	-	-
Egg Pulp (b)	'000 tons	1959/60	-	-	-	-	7.2	2.0	-	-	-	-
		1960/61	-	-	-	-	12.0	3.1	-	-	-	-
		1961/62	-	-	-	-	13.1	3.3	-	-	-	-
		1962/63	-	-	-	-	8.4	1.9	-	-	-	-

State Trading (cont'd)
(Years ended 30 June) (Values in millions of £ Australian)

Commodity	Unit (c)	Year	I m p o r t s				E x p o r t s				Re-Exports	Production	
			By trading organization		Other		By trading organization		Other				
			Qty	Value	Qty	Value	Qty	Value	Qty	Value			
Raw sugar	'000 tons	1959/60	-	-	-	-	-	681	26.0	-	-	-	1,287
		1960/61	-	-	-	-	-	780	34.2	-	-	-	1,382
		1961/62	-	-	-	-	-	828	33.2	-	-	-	1,382
		1962/63	-	-	-	-	-	1,129	44.6	-	-	-	1,849
		1963/64	-	-	-	-	-	1,094(d)	77.0(d)	-	-	-	1,727

(a) For butter and cheese - factory and farm production.

(b) Production figures are as shown.

The previous Table showed A.E.B. Pool Exports as being those of a State-trading organization, but as virtually all other exports are now made by State Egg Marketing Boards, all exports are now shown as by trading organizations.

(c) Exports are shown as tel quel, production in tons, 94 net titre.

(d) Estimated.

YUGOSLAVIA¹

No State-trading measures are in force in Yugoslavia.

¹For previous Yugoslav notification of State-trading measures see document L/1949/Add.24.

