

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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STATE TRADING

Notifications Pursuant to Article XVII:4(a)

Austria

The following notification has been received from the Permanent Mission of Austria.

A. Financial monopolies

I. Enumeration of State-trading enterprises

In Austria there exists State trading in the form of three financial monopolies:

- (a) Tobacco (raw and manufactured), tobacco substitutes and certain products thereof (Tobacco Monopoly).
- (b) Ethylalcohol (Alcohol Monopoly)
- (c) Salt (= sodium chloride) (Salt Monopoly)

Though constituting institutions sui generis, these monopolies are to be considered as State trading enterprises, in accordance with the provisions of Article XVII.

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

The principal purpose of the Austrian monopolies is of fiscal nature. Additionally, the monopolies as market regulations have to fulfil significant tasks in the field of economic, agricultural, social and public health policies.

The Tobacco Monopoly, apart from its fiscal purposes has social functions insofar as shops for tobacco products (wholesale and retail shops) are reserved mainly for war invalids and for victims of the fight for a free and democratic Austria.

The Alcohol Monopoly, apart from its fiscal purposes, by means of taxation of alcohol also aims at a restriction of the consumption and minimizing its serious effects on public health. In addition, the alcohol monopoly serves to achieve agricultural purposes (production of efficient feeding stuffs and fertilizers). Owing to the geographical situation of Austria - wide agricultural areas have unfavourable soil and climate conditions - these agricultural purposes are of special importance. In order to maintain the fertility and productivity of these areas and therewith to enable an established position to the farms in these areas, adequate cultivation of hoed crop - especially potatoes - is necessary. Agricultural distilleries have been established to commercialize these agricultural products from the above-mentioned areas, which are in an extremely unfavourable traffic situation. Additionally, the residues of these distilleries form an important basis for feeding stuffs and enable intensive cattle breeding. Furthermore, the Alcohol Monopoly has to fulfil important social and public health tasks owing to the fact that it has to supervise the production and the quality.

The Salt Monopoly, apart from its fiscal purposes, fulfils the task to guarantee the supply of the necessary salt to consumers. With regard to the neutrality of Austria and to the necessity of sufficient supply to the population, even in the case of a world crisis the Salt Monopoly serves national defence purposes as well. At the same time public health aspects (iodizing) have to be taken into consideration.

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

(a) Tobacco, raw or manufactured, tobacco refuse, tobacco extracts, tobacco essences, tobacco substitutes and certain products thereof are subject to the Tobacco Monopoly. The Tobacco Monopoly is a Federal monopoly. It covers the production, the processing, the importation and the use of monopoly goods and trade with such goods. The monopoly authority is the Federal Ministry for Finance and its subordinated financial authorities. Among others the monopoly authority is competent for price fixing, for granting monopoly licences and for prosecution of violations of the monopoly regulations. The administration of the monopoly is carried out by the Austrian Tabakwerke AG (formerly Oesterreichische Tabakregie), the only shareholder of which is the Federal Republic of Austria.

The production, the processing and the use of monopoly goods as well as the trade with such goods are undertaken by the Austrian Tabakwerke AG. Insofar as the trade with monopoly goods is not carried out by the Austrian Tabakwerke AG, it is carried out by tobacco retailers contractually bound to the Austrian Tabakwerke AG. The necessary monopoly licence in this respect is to be granted by the Federal Ministry for Finance.

Insofar as the tobacco monopoly provisions do not provide for exemptions, the importation of monopoly products is reserved to the monopoly administration. The monopoly administration's imports of monopoly goods are exempt from all import duties and taxes. However, there are general exemptions especially for limited imports in the framework of tourist traffic, of traffic in frontier areas and of postal traffic for gifts. Furthermore, the Federal Ministry for Finance is authorized to permit in individual cases the import of monopoly goods which are for personal use and not destined for trade.

The domestic selling prices of monopoly goods are fixed by the Federal Ministry for Finance. These prices have to be approved by the Main Committee of the Parliament.

The export prices of tobacco products are determined by the costs of production and the conditions prevailing on markets abroad. The mark-up on imported tobacco products consists of the total internal selling costs (especially all taxes, margin charged on the resale and other charges) plus the profit margin realized on domestically-produced tobacco products of this kind. The relation between sale prices of imported tobacco products and the sale prices of domestically-produced tobacco products equals the relation between the cost prices of the imports and the production costs of domestically-produced products. They are substantially on the same level considering existing differences in quality and the above-mentioned mark-up.

The Austrian Tabakwerke AG as monopoly administration in principle does not conclude long-term contracts with the suppliers of tobacco. Orders are placed according to the requirements. Purchases from abroad are undertaken in accordance with commercial considerations and taking into account customers' taste. 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.

As a principle it is not incumbent on the Austrian Tabakwerke AG to fulfil contractual obligations undergone by the Government. Quotas sometimes granted within the framework of trade arrangements, mainly for raw and manufactured tobacco, do not constitute a strict obligation to purchase those quantities.

(b) The Alcohol Monopoly is not a "full" monopoly. As a part of the taxation levied on consumption of spirits it covers the domestically - and industrially - produced raw alcohol. Only the latter has to be handed over to the production centre of the Alcohol Monopoly which in turn refines this raw alcohol through private enterprises and finally sells the refined products. The domestic production of brandy and liqueurs for human consumption and the trade with these products are not subject to the monopoly. With regard to imports the monopoly goes somewhat further.

The importation of unmanufactured ethylalcohol and of brandy for human consumption is reserved for the monopoly administration. However, the imports are not carried out by the monopoly administration but by private firms. In accordance with the domestic requirements and bearing in mind Austria's character as a country of tourism, the monopoly administration grants licences to private firms for the importation of foreign brandies for human consumption in a liberal manner. No import licences are required for French cognac, overseas rum, arrack and liqueurs.

On the importation of alcohol and alcoholic goods a consumption tax ("Monopolausgleich") is levied, the rate of which is equivalent to the amount of the tax payable on domestically-produced alcohol.

(c) The Salt Monopoly covers the production and the importation of salt (sodium chloride). Salt both in pure state and mixed up with other elements is subject to the Salt Monopoly. All salt which nature has produced on or below the surface of the Austrian territory, in pure state or mixed up with other elements, is exclusively under national property. The importation and the transit of salt are subject to licences of the monopoly administration.

The Federal Ministry for Finance and its subordinated finance authorities are competent for all matters of monopoly law, for handling of legal provisions concerning imports and transit of salt and for prosecution of violations of the monopoly regulations.

All matters of the economic administration of the Salt Monopoly, especially the production of salt and the distribution to wholesale trade and to large-scale consumers, are carried out by the public "Salinen"-Administration. The public "Salinen"-Administration has to run the tasks delegated to it according to commercial considerations and in such a way that both the domestic requirements for salt can be steadily satisfied and the enterprises work in a satisfactory manner in technical and commercial fields.

The domestic selling price of salt which is sold by the public "Salinen" is fixed by the Federal Ministry for Finance. This fixed price has to be approved by the Main Committee of the Parliament.

The public "Salinen" are capable to meet all the Austrian requirements for salt for human consumption, for cattle-salt and for industrial salt. Chemically pure sodium chloride for medical purposes and for analysis are mainly imported owing to the fact that there is no domestic production.

The importation is not carried out by the monopoly administration but by private enterprises. A monopoly tax, fixed by the Federal Ministry for Finance with approval of the Main Committee of the Parliament ("Monopolabgabe"), was levied on imported salt. On 1 May 1973, this monopoly tax has been abolished without any replacement.

IV. Statistical information

See Annex I.

V. Reasons why no foreign trade has taken place in products affected

Concerning salt see point III(c).

VI. Additional information

None.

B. Grain equalization fund

I. Enumeration of State-trading enterprises

In addition to the three financial monopolies the Grain Equalization Fund has to be considered as a State-trading enterprise since the coming into force of the second amendment of the Market Regulation on 5 April 1960, Federal Law Gazette No. 85.

II. Reasons for maintaining State trading for cereals and products thereof

According to Part I of this law (as amended), the following items are subject to State-trading:

<u>Tariff items</u>	<u>Description of goods</u>
10.01	Wheat and meslin
10.02	Rye
10.03	Barley
10.04	Oats
10.05	Fodder maize and maize for grinding
ex 10.07	Millet of all kinds
ex 11.01	Flour of wheat, meslin, rye, barley or maize
ex 11.02 B	The following products of wheat, meslin, rye or maize: cereal groats and cereal meal; cereal grains peeled, rolled, flaked, polished, pearled or kibbled; germ of cereals including ground germs; barley, oats and millet of all kinds, ground

- ex 23.02 Residues of rye suitable for use in the production of flour; bran, sharps and other residues derived from the shifting, milling or working of cereals and husked bran
- ex 23.07 Sweetened forage; other preparations of a kind used in animal feeding, as far as they contain cereals or milling products thereof

The above-mentioned products have already been subject to an intensive control by the Market Regulation Law since 1950 (import planning, import licensing, distribution regulations, transport cost compensation, grinding regulations etc.). The above-mentioned amendment of 5 April 1960 to this Law introduced further the obligation to offer imported cereals to the Grain Equalization Board, in order to guarantee that all these products - even in the event of their liberalization - are subject to a control, which is necessary to maintain a stable price level and to allow planning of production and corresponding sales.

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

In accordance with the above-mentioned amendment to the Market Regulation Law the importers are obliged to offer imported cereals and imported products of cereals for sale to the Grain Equalization Board. The Board, however, is not obliged to accept an offer. In fact until now the Board did not make use of its right to buy, as it has the possibility - after the usual procurement procedure - to control the price and the quality of the goods during the licensing procedure. The aim of this procurement system is to allow for the adjudication of those imports, which are the most favourable in respect of quality, price, terms of delivery and payment irrespective of country of origin.

### IV. Statistical information

The annexed statistics (Annex II) for the last three economic years cover only the main items as statistical data are not available for all items.

ANNEX I

Tariff Item	State Trading Commodity	Imports			
		1975	1976	1977	
22.08	Ethyl alcohol	hl 1000 S	1,225 1,831	890 1,510	142 427
ex 22.09	Spirits	hl 1000 S	20,596 82,998	20,245 80,188	25,421 107,916
24.01	Tobacco, raw	100 kgs. 1000 S	114,682 479,400	100,219 441,642	125,761 496,350
24.02	Cigars	100 kgs. 1000 S	20 747	18 714	48 1,689
	Cigarettes	100 kgs. 1000 S	6,730 63,673	6,968 65,516	9,001 81,330
	Other tobacco products	100 kgs. 1000 S	7,790 19,675	5,403 16,529	10,099 25,972
25.01	Table salt	100 kgs. 1000 S	<u>2/</u>	<u>2/</u>	<u>2/</u>
	Cattle and rock salt	100 kgs. 1000 S	<u>2/</u>	<u>2/</u>	<u>2/</u>
	Salt for commerce	100 kgs. 1000 S	4,312 <sup>1/</sup>	<u>2/</u>	217,319 <sup>1/</sup>
	Industrial salt	100 kgs. 1000 S	<u>2/</u>	<u>2/</u>	<u>2/</u>
	Salt for road maintenance	100 kgs. 1000 S	<u>2/</u>	<u>2/</u>	<u>2/</u>
	Salt liquors	m <sup>3</sup>	-	-	-

<sup>1/</sup>The figures for domestic sales cover the imports of rock salt, table salt or cattle and industrial salt.

<sup>2/</sup>Data are not available.

ANNEX I (cont'd)

Exports			Domestic Sales		
1975	1976	1977	1975	1976	1977
4,234	228	19	234,725	250,952	240,679
2,474	714	60	855,491	926,453	944,339
5,431	11,522	16,393	<u>2/</u>	<u>2/</u>	<u>2/</u>
22,017	43,166	63,324	<u>2/</u>	<u>2/</u>	<u>2/</u>
10,724	6,222	5,502	<u>1/</u>	<u>1/</u>	<u>1/</u>
49,448	40,022	39,778			
71	130	213	5,917	5,675	5,419
1,846	3,114	3,750	121,701	131,590	141,658
1,710	2,228	2,294	139,755	144,147	147,049
19,341	27,321	27,656	8,936,000	10,078,000	11,343,000
453	1,088	960	598	538	522
3,210	7,816	7,808	98,299	103,410	116,342
-	-	-	434,750	444,178	439,860
-	-	-	139,580	171,734	190,722
-	-	-	188,610	203,489	210,990
-	-	-	21,929	28,504	33,553
-	-	-	401,610	432,180	453,323
-	-	-	38,366	49,743	60,443
-	-	-	1,330,840	1,477,335	1,525,419
-	-	-	31,420	42,022	44,942
-	-	-	365,820	697,594	902,368
-	-	-	25,589	60,404	88,578
-	-	-	679,410	765,903	616,831

1/ Domestic production of  
tobacco, raw

	1975	1976	1977
100 kgs.	4120	5820	5840

2/ The figures for domestic sales cover the imports of rock salt, table salt or cattle and industrial salt.



ANNEX II

Statistical Annex

Tariff Item	Description	Imports	Exports (in '000 tons)	Production
10.01	Other wheat and meslin	12	-	1,362
10.02	Other rye	-	2	410
10.03	Fodder barley and other barley	20	1	1,287
10.04	Fodder oats and other oats	35	-	283
10.05	Fodder maize and maize for grinding	44	1	936
10.07	Millet of all kind, buckwheat and other cereals	3	-	128
11.07	Flour of wheat, maize and other cereals	3	-	647