

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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STATE-TRADING

Notification Under Article XVII:4(a)

SWITZERLAND

Unlike reports submitted in earlier years, the present notification is limited to the products that are actually the subject of State-trading, i.e. butter and alcohol.

For the other products mentioned in earlier notifications by Switzerland - in respect of which there are no changes to report in the legislation and its application as described in document L/4140/Add.15 of 24 October 1975 - the private trade carries out imports on the basis of licences granted to it, either without quantitative restrictions or under quotas, as the case may be.

I. Enumeration of State-trading enterprises

1. BUTYRA, Swiss Butter Supply Board.
2. Federal Alcohol Administration.

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

The State-trading enterprises were established and are maintained in furtherance of the general objectives of the Swiss policy with respect to public health, agriculture and supplies. They are concerned with imports, marketing and, where necessary, production of the products concerned.

1. Butter

The Swiss Butter Supply Board (BUTYRA) was established under the Federal Assembly Decree of 29 September 1953 on milk, dairy products and edible fats (milk decree), based on the Agriculture Law of 3 October 1951. Its purpose is to secure regular butter supplies throughout the country and to ensure the purchase of domestic butter at a price corresponding to the basic price for milk, and to facilitate disposal of the product. The Board comprises bodies and firms normally engaged in wholesale trade in butter.

2. Alcohol

The Alcohol Monopoly, which covers the preparation, import and processing of distilled beverages, was established in Switzerland for public health reasons.

It is based on Article 32 bis of the Federal Constitution giving the Federation the sole right to legislate in this field. Pursuant to that Article of the Constitution, the Federal Assembly promulgated the Federal Law on Alcohol of 21 June 1932, which was revised in 1949. This legislation aims to reduce production and consumption of brandy, in particular by encouraging the utilization of distillable materials for purposes other than the preparation of alcoholic beverages.

The Federal Alcohol Administration has responsibility for implementing that law.

III. Function of the State-trading enterprises

1. Butter

BUTYRA is required to take over (and stock) domestic butter that could not be sold directly in the market. The product is taken over at a price corresponding to the basic price for milk. In addition, BUTYRA holds an import monopoly for butter. It purchases abroad to the extent necessary to meet domestic requirements. On that occasion, it levies a charge corresponding to the difference between the cost price of imported butter (including customs duty) and the wholesale price of domestic butter which is fixed by the Federal Council. The proceeds of this charge are used to finance losses incurred in the disposal of domestic butter.

BUTYRA does not enter into long-term contracts.

2. Alcohol

The Confederation has the exclusive right to import distilled beverages. Under certain conditions, however, the exercise of this right is granted to private individuals. Accordingly, the latter can import without restriction or without any permit requirement brandies containing not more than 75 per cent of pure alcohol. For brandies with an alcohol content of more than 75 per cent (but not more than 80 per cent), permits are granted without quantitative limitation. In both cases, the monopoly duties fixed by the Federal Council have to be paid. The same applies to domestic production.

As regards alcohol proper, imports are effected by the Federal Alcohol Administration. Imports by private individuals are possible only in exceptional cases, that is to say, for special varieties and subject to

prior authorization by the Alcohol Administration. Inside the country, alcohol is not produced by the Alcohol Administration but, within the limits of quotas, by industrial distilleries which have been granted a concession for that purpose. A concession must also be obtained by persons wishing to distill brandy (whether professional or agricultural producers).

Industrial distilleries are required to deliver their alcohol to the Alcohol Administration. On the other hand, brandy producers are allowed to market their goods directly subject to payment of the statutory taxes. This trade is subject to authorization.

The prices for alcohol delivered to or sold by the Alcohol Administration are fixed by the Federal Council. The selling price includes a fiscal charge (monopoly duty). The selling prices of alcohol intended for the manufacture of pharmaceutical products, perfumery and cosmetics is taxed only moderately, taking into account their intended use. Alcohol intended for industrial use is sold by the Alcohol Administration at the cost price of the various qualities imported.

IV. Imports, exports and domestic production

See annex.

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

None.

VI. Additional information

None.

Annex

Tariff heading No.	Description of products	Imports		Exports		Domestic production
		Tons	Sw F '000	Tons	Sw F '000	
0403.10	<u>Butter</u> Fresh butter, unsalted	75 10,358	36,766	0	0	Total butter production: 1975 : 34,079 1976 : 34,856 1977 : 33,847
		76 9,785	27,632	0	0	
0403.12	Salted butter, resolidified butter, etc.	77 11,371	28,297	-	-	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		75 35	165	-	-	
2208	<u>Alcohol</u> Ethyl alcohol, undenatured, of a strength of 80 degrees or higher:	76 47	153	43	345	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		77 64	268	0	0	
.10	Consigned direct to the Federal Alcohol Administration	1,000 litres	Sw F '000	1,000 litres	Sw F '000	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		75 -	-	-	-	
.12	Other	76 -	-	-	-	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		77 -	-	-	-	
2208.20	Ethyl alcohol, denatured or intended for denaturation (imported by the Federal Alcohol Administration)	75 27	146	8	53	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		76 29	158	6	52	
2209	Spirits, undenatured (other than those of heading No. 2208):	77 34	183	7	58	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		Tons		Tons		
.10	- consigned direct to the Federal Alcohol Administration	75 18,222	19,590	1	4	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		76 17,480	13,736	2	7	
.12	- other	77 14,227	10,084	1	14	Production of pip-fruit brandies and specialities hl/100 per cent 1974/75 : 49,973 1975/76 : 76,475 1976/77 : 70,377
		1,000 litres		1,000 litres		

