

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/5603/Add.11
20 June 1984

Special Distribution

Original: English

SUBSIDIES

Notifications Pursuant to Article XVI:1

AUSTRIA

The following notification concerning subsidies in the field of agriculture has been received from the Permanent Mission of Austria.

Milk and Dairy Products

Aspects related to the dairy sector are embodied in the Market Regulation Law (BGBl. 36/1968 as amended). Since July 1, 1978, this law provides the allocation of individual quotas for the milk producer. These quotas take into account milk deliveries in recent years and the development of the domestic demand.

In order to stabilize milk production and to encourage coresponsibility of milk producers regarding the utilization of milk, contributions were introduced:

- i) a base levy is imposed for every kg of marketed milk;
- ii) an additional levy is imposed for those quantities of milk that exceed the individual quota.

The milk price paid to the milk producer is a ceiling price determined by the Government. As of January 1, 1984 this price amounts to AS 4.66 per kg of milk of first quality with a fat content of 3.8 per cent. The actual return of the milk producer is lower than the guaranteed price, as the general contribution and, if applicable, the additional contribution are to be borne by the milk producer. In addition, the milk producer bears the milk recording charge and the contribution for milk advertisements.

Each milk producer may exceed his quota at his discretion. However, in exceeding his individual quota he accepts to pay the additional contribution.

The Austrian Dairy Fund was set up to accomplish the objects for the dairy sector laid down in the Market Regulation Law.

The Austrian Dairy Fund secures a rational supply, processing,

and distribution of milk and dairy products within the given price levels. The Fund is entrusted, inter alia, with the monitoring of production and sales and with the equalization of prices and transport costs.

The various compensation systems, laid down in the Market Regulation Law, bring about uniform producer prices (for milk delivered within the individual quota) and consumer prices and therefore serve the purpose of having stabilizing effects on the price structure. As only internal costs and freight rates are adjusted to reach uniform producer and consumer prices, these compensation measures, however, are without any influence on exports.

The following prices of some important dairy products are official ceiling prices fixed either by the Government or by the social partners ("Paritätische Kommission"). All prices are expressed in Austrian Schilling; retail prices include 10 per cent value added tax.

| | | wholesale price ex dairy | retail price |
|---------------------|------|-----------------------------|--------------|
| | | (as of January 1, 1954) | |
| whole milk 3.6 p.c. | 1 l | 9.54 | 11.70 |
| cream 36 p.c. | 1 l | 58.16 | 76.-- |
| butter | 1 kg | 70.55 | 57.20 |
| Emmental 45 p.c. | 1 kg | 70.04 | free |
| Edam 45 p.c. | 1 kg | 61.-- | free |

For social and economic reasons, sales campaigns are undertaken by reducing the prices of butter, cheese, and skim milk powder (for feeding purpose). Likewise, the army, schools, kindergartens, etc. are entitled to buy certain milk products at reduced prices. The expenditures for these campaigns amounted to

in '000'000 AS

| | |
|------|-------|
| 1981 | 172.1 |
| 1982 | 140.7 |
| 1983 | 159.6 |

The Federal Ministry of Agriculture and Forestry with a view to securing market outlets has concluded agreements inter alia with OEMOLK (Austrian Dairy and Cheese Dairy Co-operative) and OEHEG (Austrian Hard Cheese Export Association), which have responsibility for exports of dairy products. Both OEMOLK and OEHEG are supervised by the Government. The following sums which include coresponsibility of farmers were placed at the disposal of the ~~two~~ companies for sales promotion and other measures:

in '000'000 AS.

| | |
|------|-------------------------|
| 1981 | 1,576.4 |
| 1982 | 1,801.5 |
| 1983 | 2,173.9 (provisionally) |

However, it has to be stated that these funds are only used in accordance with Minimum Price Arrangements concluded by Austria or other obligations undergone.

Statistical data regarding production, exports, and imports are annexed hereto.

Milk Supply, Production, Imports and Exports of Dairy Products

| Year | Milk Supply | | Production of | | | Butter | | Cheese | | Skim Milk Powder | |
|---------|-------------|--------|---------------|-----------|------------------|--------|--------|--------|--------|------------------|--------|
| | | | Butter | Cheese 1) | Skim Milk Powder | Import | Export | Import | Export | Import | Export |
| 1981 | 2,328.354 | 40.847 | 76.213 | 65.617 | 1.798 | 2.490 | 9.592 | 42.853 | 5.957 | 35.079 | |
| 1982 | 2,365.789 | 41.069 | 80.277 | 67.964 | 634 | 1.348 | 7.251 | 43.044 | 10.691 | 36.905 | |
| 1983 2) | 2,436.132 | 44.775 | 79.000 | 64.163 | 612 | 5.324 | 7.388 | 40.889 | 10.134 | 30.479 | |

t o n s

1) fat content (production minus lost)

2) provisionally

MEAT AND CATTLE

Aspects related to the meat sector are embodied in the "Viehwirtschaftsgesetz 1983", Federal Law Gazette No. 621/83. It provides inter alia the stabilization of prices for slaughter animals and animal products and measures to secure the domestic supply. One of the instruments to achieve these objects is the monitoring of the foreign trade which is due to licensing.

The Austrian Meat and Livestock Commission was set up to accomplish the objects for the cattle and meat sector laid down in the "Cattle Act". The Commission is entrusted inter alia, with the monitoring of the market situation and the foreign trade. For market relief purposes intervention measures are applied. In storing seasonal surpluses of meat the prices of slaughter cattle and animal products are stabilized. For storing beef the following funds were necessary:

| | in '000'000 AS |
|---------|----------------|
| 1980/81 | 33.5 |
| 1981/82 | 30.9 |
| 1982/83 | 26.9 |

For the export of slaughter cattle and beef to certain regions contributions are granted. They serve the purpose of balancing the different regional marketing costs on the one hand and maintaining the competitiveness in certain foreign markets on the other hand. They amounted in

| | in '000'000 AS |
|------|----------------|
| 1981 | 291.3 |
| 1982 | 261.1 |
| 1983 | 480.1 |

Statistical data regarding production, exports, and imports are annexed hereto.

BEEF AND VEAL BALANCE¹⁾

(in '000 metric tons)

| Year | Production | Exports | Imports |
|--------------------|------------|---------|---------|
| 1981 | 194,8 | 18,3 | 12,2 |
| 1982 | 198,2 | 22,6 | 8,4 |
| 1983 ²⁾ | 201,7 | 28,0 | 5,0 |

1) slaughter weight exclusive slaughter fat

2) provisionally

GRAINS

The producer price subsidy for bread grains (wheat and rye), granted since 1952, which was for the most part abolished after the 1979 harvest, was completely abolished as from the 1980 harvest.

As from July 1, 1979, a new system of coresponsibility was introduced, in accordance with their individual production of grains. farmers pay a contribution as follows:

| | (in AS/100 kgs) | |
|-----------------------------|-----------------|---------|
| | 1982/83 | 1983/84 |
| Wheat | 26.50 | 44.50 |
| Rye | 25.-- | 30.50 |
| Fodder barley, fodder oats | 11.-- | 34.-- |
| Fodder maize, fodder millet | 11.-- | 34.-- |

The above mentioned amounts are deducted from the respective producer prices and are adjusted annually. The funds thus acquired are used in securing the export sales.

Official basis prices exist for bread grain. They are fixed following a hearing of the Price Commission. Mills have to take over the grain at these prices. The basic producer prices (without VAT) are graduated monthly during the course of the crop year (July 1983 to June 1984) as follows:

| | | |
|-------|-----------|----------------------|
| Wheat | AS 365.50 | to AS 395.50/100 kgs |
| Rye | AS 336.-- | to AS 372.--/100 kgs |

For domestic durum wheat the official basic prices (without VAT) is presently fixed at AS 524.82/100 kgs.

In order to secure a smooth absorption of the marketed quantities and to prevent any deviation from the officially fixed producer price, an intervention system financed out of public means is operated by the grain marketing board. In this context, within the framework of the existing Market Order Law (BGBI. 36/1968 as amended), contributions are paid to mills, cooperative societies and dealers for storage and marketing of bread grain. They amounted to

| | (in '000'000 AS) |
|------|------------------|
| 1981 | 696 |
| 1982 | 598 |
| 1983 | 763 |

Annexed hereto are statistics of production, imports, and exports.

1 9 8 1

(in '000 metric tons)

| | <u>Production</u> | <u>Exports</u> | <u>Imports</u> |
|--------|-------------------|----------------|----------------|
| Wheat | 1.025 | 222,9 | 0,2 |
| Rye | 320 | 60,4 | 0 |
| Barley | 1.220 | 41,2 | 1,1 |
| Maize | 1.374 | 0,6 | 47,3 |

1 9 8 2

| | | | |
|--------|-------|-------|------|
| Wheat | 1.236 | 269,5 | 0,9 |
| Rye | 348 | 32,2 | 0 |
| Barley | 1.437 | 101,1 | 14,7 |
| Maize | 1.551 | 90,6 | 21,6 |

1 9 8 3

| | | | |
|--------|-------|-------|-----|
| Wheat | 1.415 | 579,6 | 0,7 |
| Rye | 348 | 54,1 | 0 |
| Barley | 1.442 | 23,4 | 0,3 |
| Maize | 1.437 | 65,3 | 9,5 |