

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## STATE-TRADING

### Notifications Pursuant to Article XVII:4(a)

#### SWITZERLAND

The following communication, dated 9 September 1985 has been received from the Permanent Mission of Switzerland.

Like the last notification (L/5104/Add.4), this notification is limited to the products that are actually the subject of State-trading, i.e. butter and alcohol.

#### 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 Swiss policy with respect to public health, agriculture and supplies. They engage in the import, marketing and, if 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), on the basis of the Agriculture Law of 3 October 1951. Its purpose is to ensure the country's regular butter supply and the purchase of domestic butter at a price corresponding to the base price for milk, and to facilitate disposal of the product. The Board associates bodies and firms regularly engaged in wholesale trade in butter.

#### 2. Alcohol

The Alcohol Monopoly, which is concerned with the manufacture, rectification and import 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 at reducing the production and consumption of brandy, in particular by encouraging the utilization of distillable matter for purposes other than the manufacture 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 base price for milk. In addition, BUTYRA has the monopoly for imports of 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 the 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. However, the exercise of this right is granted to the private sector on certain conditions. Accordingly, the latter can import without restriction or without any permit 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 issued without quantitative limitation. In both cases, the monopoly duties fixed by the Federal Council have to be paid. This also applies to domestic production.

As regards alcohol proper, the imports are effected by the Federal Alcohol Administration. Imports by the private sector 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 itself 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 those wishing to distill brandies (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 products 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 tax (monopoly duty). The selling prices of alcohol intended for the manufacture of

pharmaceutical products, perfumery and cosmetics is taxed only moderately, in view of 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	81	12,324	1	20	Total butter production (tons): 1981 34,665 1982 31,964 1983 34,345 1984 37,872
		82	15,350	2	33	
		83	12,811	2	26	
		84	8,007	1	20	
0403.12	Salted butter, resolidified butter, etc.	81	61	0	0	
		82	71	0	3	
		83	50	0	9	
		84	54	1	17	
2208 .12	<u>Alcohol</u> Ethyl alcohol, undenatured, of a strength of 80 degrees or higher: Other	1,000	1,000	1,000	1,000	Production of pip-fruit brandies and specialities h1/100 per cent 1980/81 57,118 1981/82 46,255 1982/83 87,417 1983/84 53,070
		81	36	17	122	
		82	39	16	113	
		83	33	10	83	
2208.20	Ethyl alcohol, denatured or intended for denaturation (imported by the Federal Alcohol Administration)	84	27	26	181	
		Tons				
		81	16,408	0	3	
		82	14,509	0	6	
2209 .12	Spirits, undenatured (other than those of heading No. 2208): -Other	83	18,580	3	21	
		84	16,342	2	14	
		1,000	1,000	1,000	1,000	
		81	0	-	0	
82	0	0	0	0		
83	-	-	0	1		
84	-	-	0	2		