

GENERAL AGREEMENT ON

RESTRICTED

L/6107/Add.9

9 November 1987

TARIFFS AND TRADE

Limited Distribution

Original: French

STATE-TRADING

Notifications Pursuant to Article XVII:4(a)

Switzerland

The following communication, dated 26 September 1987 has been received from the Permanent Mission of Switzerland.

Like the last notification (L/5765/Add.6), 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, which gives 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, amended 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 holds 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 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	Swf '000	Tons	Swf '000	
0403.10	Butter Fresh butter, unsalted	1984	8'007	29'140	1	20
		1985	7'055	21'351	1	21
		1986	7'957	18'114	2	35
0403.12	Salted butter, resolidified butter, etc.	1984	54	332	1	17
		1985	89	693	2	28
		1986	90	286	2	32
		1,000 litres	Swf '000	1,000 litres	Swf '000	
2208 .12	Alcohol Ethyl alcohol, undenatured, of a strength of 80 degrees or higher: - Other	1984	27	192	26	181
		1985	25	196	42	301
		1986	25	214	24	173
		Tons	Swf '000	Tons	Swf '000	
2208.20	Ethyl alcohol, denatured or intended for denaturation (imported by the Alcohol Administration)	1984	16'342	18'231	2	14
		1985	16'661	18'541	3	50
		1986	16'000	13'263	6	51
		1,000 litres	Swf '000	1,000 litres	Swf '000	
2209 .12	Spirits, undenatured (other than those of heading No. 2208): - Other	1984	-	-	0	2
		1985	-	-	0	3
		1986	-	-	0	2
						Production of pip-fruit brandies and specialties
						hl/100 per cent
						1983/84 53'070
						1984/85 48'878
						1985/86 49'882
						Total butter production (tons)
						1984 37'872
						1985 37'197
						1986 36'854