

GENERAL AGREEMENT ON

RESTRICTED

L/6297/Add.3
12 April 1988

TARIFFS AND TRADE

Limited Distribution

Original: English

SUBSIDIES

Notifications Pursuant to Article XVI:1

AUSTRIA

The following communication updates the information contained in L/6111/Add.16.

MILK AND DAIRY PRODUCTS

Aspects related to the dairy sector are embodied in the Market Regulation Law (BGBJ. 36/1968 as amended). Since 1 July 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 market milk:
- (ii) an additional levy is imposed for those quantities of milk that exceed the individual quota.

The milk price paid to the milk producers is a ceiling price determined by the Government. As of 1 July 1987, this price amounts to AS 4.87 per kg. of milk of first quality with a fat content of 3.97 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 1 October 1986)			
whole milk 3.6 p.c.	1 l.	9.34	11.70
cream 36 p.c.	1 l.	60.91	79.60
butter	1 kg.	74.55	92.00
Emmental 45 p.c.	1 kg.	76.94	free
Edam 45 p.c.	1 kg.	67.50	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 those campaigns amounted in

(in '000'000 AS)		
1984	to	150.1
1985	to	181.2
1986	to	384.0
1987	to	562.9

The Federal Ministry of Agriculture and Forestry with a view to securing market outlets has concluded agreements, inter alia, with OMEX (Austrian Dairy Products Export Promotion Company) and OHEG (Austrian Hard Cheese Export Association) which have responsibility for exports of dairy products. Both, OMEX and OHEG, are supervised by the Government. The

following sums which include coresponsibility of farmers were placed at the disposal of the companies for sales promotion and other measures:

(in '000'000 AS)

1984	2,575.9
1985	2,835.0
1986	2,897.7
1987	2,993.1

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		Milk Powder	
			Butter	Cheese 1)	Milk Powder	Import	Export	Import	Export	Import	Export
1984	2,432.544	43.036	82.087	68.131	1.900	4.944	8.048	46.394	8.092	44.974	
1985	2,303.139	40.508	82.026	61.645	3.661	2.640	10.338	42.457	9.073	40.402	
1986	2,337.850	42.408	76.216	63.623	2.454	7,533	10,414	36,000	37,442	62,102	
1987 +)	2,260.000	38.000	75.000	49.000							

t o n s

not yet available

1) fat content (production minus lost)

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)
1984/85	54.5
1985/86	54.0
1986/87	41.7

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 on the other hand. They amounted in

	(in '000'000 AS)
1985	1,026.3
1986	1,222.4
1987	1,261.5

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

BEEF AND VEAL BALANCE¹

(in '000 metric tons)

Year	Production	Exports	Imports
1984	218.2	43.2	7.6
1985	225.9	56.1	2.0
1986	231.4	62.7	1.6
1987	data not yet available		

¹ Slaughter weight exclusive slaughter fat.

GRAINS

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

As from 1 July 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 kg)	
	1984/85 and 1985/86	1986/87
Wheat	48.--	59.--
Rye	30.50	36.--
Fodder barley, fodder oats	15.--	20.--
Fodder maize, fodder millet	10.-/15.-	20.--

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 1987 to June 1988) as follows:

Wheat	AS 387.-- to AS 417.--/100 kg.
Rye	AS 359.-- to AS 495.--/100 kg.

The basic price has been fixed at AS 533.50 per 100 kg.

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, co-operative societies and dealers for storage and marketing of bread grain. They amounted in

(in '000'000 AS)		
1984	to	798.--
1985	to	778.--
1986	to	703.--
1987	to	658.--

	<u>Production</u>	<u>Exports</u>	<u>Imports</u>
	<u>1984</u>		
Wheat	1,501	539.8	0.3
Rye	381	30.0	19.2
Barley	1,516	269.0	0.3
Maize	1,542	3.8	9.9
	<u>1985</u>		
Wheat	1,563	656.5	0.06
Rye	339	42.2	0.03
Barley	1,521	67.4	3.6
Maize	1,727	6.3	43.7
	<u>1986</u>		
Wheat	1,415	531.1	0.2
Rye	284	61.6	0.03
Barley	1,292	192.9	2.5
Maize	1,740	203.7	18.8
	<u>1987</u>		
Wheat	1,433*	476.3	0.09
Rye	313*	21.4	0.19
Barley	1,162*	34.3	3.7
Maize	1,685*	289.0	12.4

* Estimates