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Special Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Group on Dairy Products

AUSTRIA

The following information has been submitted by the delegation of Austria in accordance with the programme of work laid down in document TN.64/DP/5.

I. Existing dairy policies

(i) (a) Levels and method of maintaining guaranteed or supported prices

The milk price received by the farmer is not a guaranteed price but a target price on the basis of the Price Regulation Law (Federal Law Gazette Nr. 151/1957, as amended by Federal Law Gazette Nr. 77/1963).

At present, the guiding price, including the official subsidy amounts to 230 Grochen (g) per litre US¢8.85, at a fat content of 3.5 per cent, (or 223.57 g per kg.). In accordance with the price notification of 30 April this guiding price is calculated as follows:

	g/kg.	US¢/kg.	g/l	US¢/l
Basic price	33.0	1.27		
Fat unit price 29.5 (x 3.5)	103.25	3.97		
	136.25	5.24	140.06	5.39
Milk price subsidy[1]	87.32	3.36	89.94	3.46
Guiding price	223.57	8.60	230.00	8.85

As shown in the table below, the increases in the producer price which have become necessary due to the rising cost of living have been shifted over to an ever increasing extent to the consumer price:

[1] The subsidy is proportionally split up between the basic price and the fat unit price. It is to be considered partly as producer price subsidy, partly as consumer price subsidy.

	Price increases		Coverage by State subsidies (budget funds)			Coverage by increase in consumer price		
	g/l	US¢/l	Per cent	g	US¢	Per cent	g	US¢
Since 1.3.1956	50	1.92	94.24	47.12	1.81	5.76	2.88	0.11
Since 1.5.1963	20	0.77	48.16	9.63	0.37	51.84	10.37	3.99
Since 1.5.1965	20	0.77	36.04	7.62	0.29	63.96	12.38	4.76
Total for the time being	90	3.46	(71.06)	64.37	2.47	(28.94)	25.63	9.86

(b) Average level of returns to milk producers

The average return to milk producers is 236.86 g (US¢9.11 per kg. at 3.8 per cent fat content[1]).

That return is composed as follows:

	g/kg.	(US¢/kg.)		
Basic price	33.00	(1.27)		
Fat unit (FE) price (29.5) according to performance of enterprise average 29.5 x 3.8%	112.10	(4.31)		
	145.10	(5.58)	145.10	(5.58)
Support				
Basic price	20.70	(0.80)		
Fat unit (FE) price 18.7; 18.7 x 3.8%	71.06	(2.73)		
(total support)	91.76	(3.53)	91.76	(3.53)
Average return			236.86	(9.11)

[1] Prices may be fixed at a higher or lower level for quality reasons, according to the price regulations.

However, this return is reduced by the contribution payment of the farmer to the "Agricultural Emergency Fund" by which he is burdened to a varied degree dependent on the international market situation as well as by the payment of a milk recording charge:

	g/kg.	(US¢/kg.)	g/l	(US¢/l)
Contribution to the Agricultural Emergency Fund, 2.25%, i.e.	1.96	0.075	2.02	0.078
milk recording charge	1.00	0.038	1.03	0.039
Sum total	2.96	0.114	3.05	0.117

(c) The system of arriving at returns to milk producers

For calculating the receipts of the milk producers, no special measures are applied because prices for producers and consumers are regulated; the Dairy Board secures the price equalization in pursuance of the regulations of the Marketing Law.

(d) The level of production subsidies

Vide (i)(a): Footnote 1 concerning the official milk price subsidy.

(e) Other forms of aid

The deficit of the Dairy Board, which is charged with the implementation of the provisions of the Marketing Law, is refunded.

The Dairy Production Board is entrusted with various administrative tasks (such as equalization costs for transport, regulation of the production areas and areas supplied control of production and sale, promotion of quality, etc.) and, therefore, received the following subsidies in coverage of the relevant expenditures:

	million schillings	US$ million
1963	379.5	14.60
1964	327.0	12.58
1965	292.5	11.25

(ii) Actual level of butter-fat content of butter and milk sold for liquid consumption

The fat content of butter and milk for consumption is influenced by the price regulations in pursuance of the Price Regulation Law.

Since 1 January 1961 the maximum water content of butter was reduced from 18 per cent to 16 per cent, and the minimum fat content of milk in bottles or lost containers was fixed. Thereby the consumption of butter-fat was increased and butter production reduced.

(iii)(a) Retail and wholesale prices for milk and milk products

	Wholesale prices		Consumer prices	
	AS	US¢	AS	US¢
Wholemilk in bottles per litre			3.40	13.08
Butter first quality per kg.	36.04	138.61	40.00	153.84
Austrian emmentaler, first quality (45% fat content), per kg.	24.63	94.73	32.00	123.07

	Producer prices	
	AS/kg.	US¢/kg.
Wholemilk powder	20.50	78.84
Skimmed milk powder for industrial purposes	11.00	42.31

These prices have not been changed since 1 May 1965.

Seasonal changes of production and consumption are not taken into account.

(b) Retail - and wholesale prices of margarine:

	Of the factory		Wholesale price		Consumer price	
	AS per kg.	(US¢ per kg.)	AS per kg.	(US¢ per kg.)	AS per kg.	(US¢ per kg.)
Margarine of special quality (milk margarine)	15.42	(59.31)	16.50	(63.46)	19.20	(73.84)
Other margarine	10.93	(42.04)	11.70	(45.00)	13.60	(52.31)

(iv) Consumer subsidies

See I(i)(a): Footnote 1, concerning the official milk price subsidy.

(v) Use of dairy products in domestic and foreign welfare schemes

National welfare projects

1. Milk for schools
2. Milk for factories
3. Sale of cheap butter to the Army and to housekeeping schools

	1. Schoolmilk total amount	1. Schoolmilk free of charge	2. Factory milk (in metric tons)	3. Cheap butter
1960	8,506	828.7	6,009	371.8
1961	9,559	934.9	6,592	377.8
1962	10,466	1,016.5	7,052	365.2
1963	11,986	1,193.2	7,306	373.1
1964	12,235	1,265.8	7,793	382.0

Foreign welfare projects:

Deliveries to FAO

	kg.	AS	US$
1963			
Skim milk powder	64,719.20	459,506.32	17,673
Rich milk powder	54,000.40	807,845.98	31,070
1964			
Skim milk powder	375,285.00	4,436,616.96	170,632
Rich milk powder	26,009.60	389,103.62	14,965
1965			
Skim milk powder	160,070.60	3,089,638.74	118,828

The Federal Government has put US$500,000 at the disposal of FAO projects during the period 1963-65, for which dried milk was furnished.

(vi) Other measures to stimulate domestic consumption

(a) Advertising contribution by the enterprises; 0.4 Ag/kg.

(b) Repurchase of skim milk for feeding purposes; 455,756 tons

(c) Obligatory repurchase of butter and cheese by the producers: 1/4 per 100 kg. deliveries.

	Butter	Cheese
	(in metric tons)	
1960	2,570	1,934
1961	3,911	3,267
1962	4,138	3,311
1963	4,004	3,091
1964	3,319	2,673

(vii) Measures of production at the frontier

For the import of milk and products thereof the Marketing Law provides control measures; in addition the import of milk products (with the exception of cheese) is subject to licensing. The import of cheese is liberalized.

The control measure in respect of cheese is basically a levy making up for the difference between the price free Austrian border and the comparable inland price (at present it is fixed at 15 per cent ad valorem).

II. Information on production etc.

1. Milk production (deliveries of milk to dairies and cheese producing plants, including milk sold directly to the consumer).

Total milk deliveries to the dairies (including cream produced on the basis of milk (in metric tons)):

1960	1,564,501
1961	1,661,221
1962	1,739,091
1963	1,787,801
1964	1,827,823

2. National consumption (without home consumption of the farmer, but including obligatory repurchase) of butter and cheese

3. Number of cows and average delivery per cow:

(in metric tons)

	2. Butter consumption	Cheese consumption	3. Number of cows	Delivery per one cow per year
1960	27,033	20,233	1,131,726	1,382
1961	29,253	22,178	1,126,999	1,474
1962	31,217	23,381	1,136,353	1,530
1963	32,085	23,963	1,137,842	1,571
1964	32,269	24,240	1,110,966	1,645

4. Imports and exports of butter, cheese and milk powder (in metric tons):

	Export butter	Import butter	Export cheese	Import cheese	Export milk powder
1960	5,340		6,056	2,901	5,322
1961	3,260		6,986	3,397	6,874
1962	3,534	1,075	8,063	3,540	8,644
1963	4,185	1,118	9,276	3,501	11,981
1964	3,761	1,055	9,792	3,626	14,373

III. International prices and price stabilization in international markets

(i) Austria exports butter, milk powder and cheese. For the export of butter and cheese to European Economic Community countries the marketing regulations of the EEC are to be complied with; for exports of these products to other countries the daily market prices are to be taken into account, mainly the quotations of the London market (see attached table on development of prices, Annex 2).

For the exports of rich milk powder the minimum price of the Gentlemans' Agreement agreed within the Organisation for Economic Co-operation and Development must be observed.

(ii) Austria is able and willing to co-operate in exchanging data concerning the formation of prices on international markets. The relations between prices of the different milk products of Austrian origin are known. Austria is also prepared to co-operate in establishing equivalents of international prices and to

control and to maintain minimum prices, to be eventually fixed by an international agreement for products playing an important rôle in international trade, as butter and wholemilk powder.

(iii) Losses in exports, as compared with the internal selling prices fixed by price regulations, are equalized by means of the Agricultural Emergency Fund as well as by subsidies provided for in paragraph 7(b) of Marketing Law. The Agricultural Emergency Fund fed by voluntary contributions of the farmers, contributes in the average one fourth of the export equalization subsidies.

(iv) Austria is self-sufficient as far as milk and milk products are concerned. There exists a storage policy in respect of butter, to a lesser degree also for cheese, in order to level out the seasonal production variations.

IV. Exchange of technical information

The exchange of technical information, as for example on containers for milk powder resisting sea-transport and tropical climate, especially in connexion with food aid to developing countries, is being made through international organizations (OECD, FAO, UNICEF etc.).

The same applies to the exchange of information concerning new products and procedures for the conservation of conventional milk products for home consumption and exports alike.