The Government of the Swiss Confederation has transmitted the following notification to the CONTRACTING PARTIES in accordance with the provisions of paragraph 2(a) of Article XXXVII. In accordance with paragraph (i) of the reporting procedures approved by the CONTRACTING PARTIES on 25 March 1965 (see BISD, Thirteenth Supplement, page 79) this notification is hereby circulated to the Committee on Trade and Development.

Acting under the authority contained in the Federal Law of 19 December 1963 amending the Law on old age and survivors' insurance, the Federal Council has, by an order dated 21 December 1965, increased by 40 per cent the rate of the import duties and the manufacturing charge on cigarettes. This increase, which took effect on 1 January 1966, applies to the following headings in the Swiss customs tariff:

2401.60 Unmanufactured tobacco with guarantee as to use for the manufacture of cigarettes and of cigarette tobacco, of all kinds

former rate of duty: 675 frs. per 100 kgs. gross
new rate of duty: 945 frs.

2402. Cigarettes:

70 - not put up in retail packagings:

former rate of duty: 4,000 frs. per 100 kgs. gross
new rate of duty: 5,600 frs.

- put up in retail packagings
The increase in tobacco taxation has become necessary because of considerable expansion of the benefits payable under the old age and survivors' insurance scheme.

It should be recalled, for information, that under the Federal Constitution the entire proceeds of tobacco taxation are used for financing old age pensions and survivors' benefits. The relevant legal provisions are the following:

- the Federal Constitution, Articles 34 quater, 41 bis et 41 ter;
- the Law of 20 December 1946 on old age and survivors' insurance, Articles 113 to 136.