Questions from New Zealand

Question 1(a)

While some information is provided in response to the questions on the "prise en charge" system, a number remain unanswered. Specifically, how does Switzerland consider the "prise en charge" system to be consistent with Article III of GATT, in particular Article III:1 and Article III:5? Does Switzerland consider that the exemption granted it under paragraph 4 of its Protocol extends to any provision of the GATT other than Article XI?

Reply

Switzerland considers that the "prise en charge" system is covered by paragraph 4 of the Protocol of Accession and that it has no relation whatsoever with Article III. Explanations have already been given in this connection in earlier reports (report of 6 June 1986, L/6003, paragraph 16, and report of 21 March 1990, L/6658, paragraph 59, in particular).

Switzerland reiterated its position in the replies circulated to the Working Party at its meeting on 12 July 1991.

In order to make this position quite clear, we repeat that the "prise en charge" system is an import restriction that applies to foreign products on their entry into the Swiss market. On the other hand, the system has no impact on the marketing of the products concerned once they have been introduced into Swiss territory. As we have already pointed out many times, this system is more flexible than quantitative restrictions, including those applied on a seasonal basis, as the case may be. It reflects Switzerland's concern to use the most appropriate tools in order to attain its agricultural policy objectives.
Question 1(b)

In answer to New Zealand's question about what range of products "prise en charge" may be applied to, Switzerland replied that "Article 31 of the General Ordinance on Agriculture ... provides ... importers of seeds of oats, barley [etc.] may be obliged to acquire ... similar domestic products ....". The products listed by Switzerland do not include three of the products - eggs in shell, sheep and goats - listed by Switzerland in L/6658, paragraph 60 as the products to which the system "is applied at present". It therefore appears that either Switzerland is applying "prise en charge" to three products without legislative basis, or that the list in Switzerland's reply to Question 1(iii) is not exhaustive. New Zealand therefore, once again, asks Switzerland for a list of those products to which "prise en charge" may be applied and the legislative basis for the products.

Reply

In addition to the products listed in the General Ordinance on Agriculture of 21 December 1953 as mentioned in Switzerland's reply of 11 July 1991 to New Zealand's Question 1(iii) for which the "prise en charge" system may be, but is not necessarily, applied (see also reply to Question 1(b)), the following products are currently subject to the system:

- eggs in shell, under the Order concerning the market for eggs and the supply of eggs of 15 August 1990, on the basis of the Federal Agriculture Act of 3 October 1951;

- sheep and goats for slaughter as well as meat of such animals, under the Order on the import and disposal of sheep and goats for slaughter of 27 December 1966, on the basis of the Federal Agriculture Act of 3 October 1951;

- red grape juice under the Order of the Federal Department of the Public Economy concerning the import of red grape juice, on the basis of the Wine Statute of 18 December 1953, which is itself based on the Federal Agriculture Act of 3 October 1951.

It should also be pointed out that "prise en charge" may also be applied as a secondary measure to the following products (see reply to Question 1(c)):

- cattle and butcher's meat;

- potato plants;

- certain fruit and vegetables (see reply to Question 1(c) below);

- wine, for which the "prise en charge" requirement is exceptional and has not been applied since the end of the 1960s.
Question 1(c)

In paragraph 2 reply to Question 1(iv) Switzerland says that "With regard to the three-phase system for imports of fruit and vegetables ... There is no "prise en charge" in the three-phase system". However, the excerpt from Switzerland's General Ordinance on Agriculture, quoted in reply to Question 1(iii), states that "... importers of ... stone fruit, berries, fresh vegetables ... may be obliged to acquire over a specified period similar domestic products ... in a proportion compatible with their imports. New Zealand recalls that its question referred to "certain products" and would be grateful if the Swiss delegation could clarify to the Working Party how these statements are compatible in respect of the products in question.

Reply

In view of the manifest lack of understanding of its régime, Switzerland has tried to give a systematic explanation of the various instruments of its import régime, including the "prise en charge" system and the three-phase system. Having said this, it is true that in the implementation of the three-phase system, "prise en charge" is applied in the cases mentioned.

Question 1(d)

Switzerland's reply to Question 1(iii) by New Zealand, paragraph 2, suggests the "prise en charge" system might only operate for part of the year, or alternatively that the ratio of imports to domestic products to be taken over might vary during the course of the year. Which interpretation is correct? Could Switzerland also please explain why maximum (rather than minimum) quantities of domestic products are set. What would happen if the maximum quantity were not reached?

Reply

Under the three-phase system, and only in the case of fruit and vegetables, the "prise en charge" system can be applied only for some of the year during the second phase, and the ratio of imports to domestic products may vary during the course of the year.

More broadly, a maximum quantity is not really set. Importers are obliged to take over part of the domestic production in proportion to their imports. This is in fact a distribution formula (see also the reply to the next question).

Question 1(e)

In connection with this, New Zealand had asked what the current import ratios for products subject to the "prise en charge" system were, and how these had evolved since 1966.
The situation for the individual products under Article 31 of the General Ordinance on Agriculture is as follows:

Imports of oats, barley and maize seeds are subject to the "prise en charge" system. For the years 1987, 1988 and 1989 the ratios were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Barley</th>
<th>Oats</th>
<th>Maize</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>Summer barley 4:1</td>
<td>Summer oats 2:1</td>
<td>1:2</td>
</tr>
<tr>
<td></td>
<td>Winter barley 15:1</td>
<td>Winter oats 25:1</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>Summer barley 3:1</td>
<td>Summer oats 3:1</td>
<td>1:2</td>
</tr>
<tr>
<td></td>
<td>Winter barley 25:1</td>
<td>Winter oats 25:1</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>Summer barley 25:1</td>
<td>Summer oats 25:1</td>
<td>1:3</td>
</tr>
<tr>
<td></td>
<td>Winter barley 25:1</td>
<td>Winter oats 25:1</td>
<td></td>
</tr>
</tbody>
</table>

Fresh kernel (stone) fruit, berries and vegetables and onion sets are subject to the three-phase system, with application of "prise en charge" during the second phase; bee honey is not subject to "prise en charge".

With regard to imports of dead poultry, this question has already been answered in our initial statement.

With regard to imports of horses, under the "prise en charge" system as a rule one local horse must be taken over for every four imported.

Imports of acid casein are subject to the requirement to take over a certain proportion of domestic products to imported quantities. Since 1 July 1985 the ratio has been two of the former to one of the latter.

Imports of whole milk powder are subject to the requirement to take over a certain proportion of domestic products to imported quantities. Since 1 May 1979, this proportion has been four of the former to one of the latter.

**Question 1(f)**

New Zealand noted with interest that "prise en charge" obligations may be dispensed with by payment of a substitute tax. Reply to Question 1(iii) (paragraph 3) lists a number of products in this connection, but reply to Question 1(iv) suggests the same facility is available to wine importers. Is the payment of a substitute tax an option for importers of any products subject to "prise en charge" obligations? At what level is the substitute tax set? How frequently, in practice, do importers opt for payment of the tax rather than meeting domestic purchasing obligations? How does the "optional nature" of these taxes make them covered by the Protocol? (See reply to Question 4 by Australia.)
Reply

Payment of a substitute tax is not an option for importers of any products subject to the "prise en charge" system. A substitute tax has been used very exceptionally only for poultry. This system has not been used for other products for many years.

Question 1(g)

With regard to reply to Question 1(iv), concerning bovine meat, how do the Swiss authorities determine that "a market is subject to strong pressure"? Switzerland now claims there is no "prise en charge" system for imports of fruits and vegetables: information provided in Switzerland's Third Annual Report (document L/3214, paragraph 7 refers) suggested a form of "prise en charge" sometimes operated during the second phase. Has this subsequently changed?

Reply

The "prise en charge" system is applied when (1) imports jeopardize the marketing of domestic slaughter cattle and (2) the measures taken in Switzerland by the CBV do not succeed in keeping market prices within the range of indicative prices.

With regard to the use of the "prise en charge" system for imports of fruit and vegetables, see reply 1(c) above.

Question 1(h)

In Question 1(v) New Zealand asked what products were affected by the "prise en charge" system in 1958 and 1966, and whether the system had been expanded to cover other products since the time of Switzerland's accession to GATT. Switzerland, in its reply, commented on sheepmeat (which New Zealand had provided as an example of such a product), but otherwise has not responded to these questions.

Reply

Since 1966, the "prise en charge" system has been extended to cover only sheep and goats for slaughter as well as the meat of such animals, owing to the elimination of the quantitative restrictions initially in force for these products.

Question 1(i)

Similarly, for Question 1(vi), Switzerland has not provided information on how the import ratios are set (e.g. with respect to self-sufficiency ratios, price trends), on the legislative basis for altering import ratios, and on how Switzerland considers it is meeting the terms of its Protocol (requirement to cause "minimum harm" and to provide a "steadily expanding market for exports of agricultural products") in cases where the proportion of domestic production to be taken over has been
increased. The "advantages" of the "prise en charge" system alluded to by Switzerland are not, in New Zealand's view, relevant to an assessment of whether these criteria are being met. Despite any claimed "advantages", New Zealand wonders why (e.g.) sheepmeat imports have remained relatively stable despite significantly increased domestic consumption.

Reply

For Swiss agriculture to be able to carry out its multiple functions, it has to have appropriate production possibilities. With a total level of self-sufficiency of 65 per cent, in terms of calories, Switzerland provides appreciable import possibilities.

Under the "prise en charge" system, the determination of the distribution formula as between local products and imports is a political decision that takes account of various factors such as market situation, comparative advantage and disadvantage of the product and financial and trade considerations. It is often the result of a compromise that takes into account the interests of the various parties concerned. The legislative basis for modification of this distribution formula is Article 23 of the Agriculture Act of 3 October 1951 whereby the Federal Council may require importers to take over products of the same kind, of local origin and of merchantable quality, in an acceptable ratio to imports, and to that end take the necessary measures and establish requirements.

Question 2(a)

Switzerland has not replied to Question 2(i)(a), on the grounds that it goes beyond the Working Party's terms of reference. New Zealand notes that information on domestic production of products covered by the Protocol has been provided sporadically by Switzerland in its annual reports. New Zealand considers information on production trends for these products to be necessary in order for Working Party members to make an accurate assessment of the extent to which Switzerland is fulfilling the terms of its Protocol - e.g. causing minimum harm to the interests of contracting parties and providing a steadily expanding market. Statistics on quantities imported, in isolation, do not give an accurate picture of the evolution of the Swiss market for agricultural products.

Reply

We have already replied to this question and stated that it exceeds the Working Party's terms of reference.

For the convenience of the reader, we refer to the information in the secretariat's report for the Trade Policy Review of Switzerland (C/RT/S/17A, page 115), which will furnish New Zealand with information on this subject.
Question 2(b)

New Zealand takes little comfort from Switzerland's reply to Question 2(ii)(b) which suggests that "limitation of production is more effective than price reduction for restoring market equilibrium". Production limitations are no substitute for longer-term structural adjustment, and are likely to be undermined by conflicting signals given to producers by means of continuing price increases. The fact that Switzerland's production of milk has generally continued to increase since controls were instituted in 1977 suggests support prices are too high to counteract the disincentives to over-produce and/or that price penalties on over-quota milk are insufficient to prevent farmers from recovering marginal costs.

Reply

We do not share New Zealand's view that these measures are likely to be undermined by price increases.

Over recent years, the trends for total milk production and milk marketed in Switzerland were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total production (thousands of tonnes)</th>
<th>Domestic milk marketed (thousands of tonnes)</th>
<th>Number of farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>3,867</td>
<td>3,076</td>
<td>119,731</td>
</tr>
<tr>
<td>1986</td>
<td>3,867</td>
<td>3,088</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>3,783</td>
<td>2,986</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>3,797</td>
<td>3,040</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>3,911</td>
<td>3,116</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>3,862</td>
<td>3,020</td>
<td>108,296</td>
</tr>
</tbody>
</table>

This production is therefore relatively stable and would certainly have increased if production quotas had not been introduced. On quantities exceeding his individual quota, the Swiss producer pays a high individual tax of 90 cts. per kg., representing 84 per cent of the guaranteed base price. This tax has been raised over the years and may be increased still further in future if necessary.

Question 2(c)

Switzerland has not replied to Question 2(ii), indicating what steps it is prepared to take to reverse the trend towards significantly decreased imports of agricultural products covered by the Protocol. We note that Switzerland has indicated percentage import changes over a three-year period only. While this is the period covered by the review, it does not give an accurate picture of the import evolution over time. New Zealand
had identified a number of core products for which significant falls in
imports had occurred over a number of years. The figures provided by
Switzerland confirm this is the case for 1987-89 period.

Reply

This question goes beyond the Working Party's terms of reference; on
the other hand, it was the subject of considerable discussion at the recent
review of Switzerland's trade policy. At that time, the Swiss delegation
summarized the main objectives of its agricultural policy reform, already
partly achieved or under preparation, as follows:

- a more restrictive pricing policy. For some years, there have
  been only moderate price increases, if any. In some cases,
  prices have even been reduced (sugar, grains). In any event,
  some real producer prices have declined significantly in recent
  years.

- On 21 June 1991, the Swiss Parliament approved a reform of the
  Agriculture Act and the Wheat Act so as to curb any future
  expansion and intensification of production of cereals. The
  following measures are currently being carried out:

  - Financial incentives for the cessation of farming on land
    under crop rotation (ecological compensation surface-areas,
    fallow rotation periods);

  - Financial incentives for the extensive use of usable
    agricultural land (e.g. extensive cereal production);

  - Compensatory payments as a substitute for production-related
    support in regions with difficult farming conditions.

- The Swiss Government will shortly submit to Parliament proposals
  for the introduction of direct compensatory payments. It is
  proposed to include in the Agriculture Act the legal basis for
  the following two kinds of direct payments:

  - Direct supplementary payments of a general nature, not
    linked to output, primarily for income-policy purposes
    supplementing a more market oriented-pricing policy and also
    to remunerate activities that are of public interest;

  - Direct payments for forms of production and farming that are
    particularly friendly to the environment (on the basis of a
    voluntary contract), i.e. compensatory payments for ecological
    purposes.

This new policy orientation seeks to compensate in a more
targeted way those agricultural activities that are recognized as
being of public interest and also to take better account of
market conditions, international developments and ecological
requirements.
With regard to border measures, in its Uruguay Round, agricultural offer of 24 October 1990 Switzerland proposed substantial tariff reductions and a partial tariffication of non-tariff measures, including a number of tropical agricultural products. This offer is still on the table. It already constitutes a specific step towards meeting the requests addressed to us by many partners. In addition, the tariffication of red wine in casks has already been scheduled for next year.

Question 3(a)

Cattle and meat: New Zealand repeated a range of questions, which were raised in the context of the last triennial review, concerning mechanisms and procedures for the import quotas governing beef (see Question 3(i)). Once again, Switzerland has not made any response.

Reply

Switzerland replied on 11 July 1991 to Question 3(i) from New Zealand. With regard to the meat import régime, Switzerland described it in detail in document L/6658 of 21 March 1990, paragraphs 50-58.

Question 3(b)

New Zealand appreciates Switzerland's reply to the question concerning herd ceilings and cowshed building permits. On herd ceilings we would appreciate information on how ceilings were set (i.e. are herd numbers per farm set in relation to the size of each holding?). What is the resulting total herd size for Switzerland as a whole? Are the "levels set in a special authorization" higher or lower than the authorized herd ceiling?

Reply

Under the Ordinance fixing ceilings for the production of meat and eggs, the following ceilings have been set per farm regardless of size:

- 200 calves for fattening (by means of whole milk or substitutes);
- 200 calves for rearing for fattening of full-grown cattle (up to 120 kg. live weight);
- 250 cattle for fattening (over 120 kg. live weight);
- 150 sows (which have had at least one litter);
- 1000 gilts mated for the first time (gilts) or young male and female breeding pigs (young breeding pigs, of over 30 kg. live weight);
- 1000 piglets or young pigs (up to 30 kg. live weight);
- 1000 pigs for fattening or young pigs for fattening (over 30 kg. live weight);
- 12,000 layers;
- 12,000 breeding hens of layer breeds;
- 12,000 pullets for rearing;
- 12,000 broilers;
- 6,000 turkeys for fattening (rearing period of up to six weeks);
- 3,000 turkeys for fattening (fattening).

Each of the above ceilings represents the maximum herd size (100 per cent) a farm is allowed to have. If a holding has several categories of animals, the combined herd numbers together may not exceed 100 per cent.

It is impossible to extrapolate the actual total herd numbers in Switzerland on the basis of these ceilings per farm.

Special authorizations are granted to farms for a total herd size over the authorized ceiling.

Question 3(c)

Dairy products: New Zealand has analysed the trend in Switzerland's butter imports over a number of years, and notes that (with the exception of 1987), quantities imported have been declining steadily since 1982. How "temporary" is the increase in butter production being experienced in Switzerland currently? Switzerland suggests that butter production has increased because consumption is declining, in favour of low-fat products. What is the trend in butter production in absolute terms? Has it continued to increase while, at the same time, consumption has decreased?

Reply

Domestic milk for butter production is the most costly use of the product: it continues to represent a stable percentage of total milk marketed in relation to the other groups of products, cheese and fresh products, as shown in the table in Annex 1.

On the basis of the criteria of milk utilization already mentioned, domestic butter production thus also remains stable, although it is affected by the fluctuations in cheese production. This is shown in Annex 2.

As mentioned earlier, consumption is declining, as shown in Annex 3. Total consumption of fats by private households is also falling, as shown in Annex 4, where the table indicates a rise in consumption in low-calorie margarine with a parallel decline in consumption of butter and edible oils.
Question 3(d)

Fresh flowers: New Zealand asks again what proportion of imports are covered by basic as opposed to supplementary quotas? What is the proportion of domestic flowers to be marketed by importers which governs the amount of supplementary quota which may be available to them?

Reply

Measures affecting imports of cut flowers have already been described in detail in the replies contained in our contribution of 11 July 1991, circulated at the latest meeting of the Working Party on 12 July 1991. Further to those explanations, it may be added that the basic quotas and supplementary quotas in 1989 and 1990 were each in the order of 50 per cent of total imports.

Question 3(e)

Given that imports have comfortably exceeded the quantities set out in remaining bilateral quotas, what plans does Switzerland have to terminate these arrangements, in conformity with its obligations under Article XIII? New Zealand agrees with the comments by Australia to the effect that it is difficult to see an acceptable linkage between the maintenance of quantitative restrictions on flower imports and Switzerland's stated agricultural policy objectives. Does Switzerland have any plans to eliminate quotas on flower imports?

Reply

In its agricultural offer of 24 October 1990, Switzerland offered the tarrification of its quota system for cut flowers.

Question 3(f)

Wine: Switzerland has not replied to the questions raised by New Zealand, other than to note that "changes to the import régime for red wine in casks are currently being studied". What is the time-frame for this review? Are there plans to study the liberalization of imports of white wine? New Zealand reiterates the question raised concerning the allocation of quotas and the opportunities for new suppliers to enter the Swiss market.

Reply

Switzerland has decided to repeal as from 1 January 1992 the quantitative restrictions applied to imports of red wine in casks or containers of over one litre. From that date, imports will be subject neither to the opening of quotas by country or group of countries nor to the grant of individual quota shares for importers. Current import opportunities are guaranteed by an annual global tariff quota of 1,600,000 hl. open to all importers without discrimination, for which the current tariff charges will remain unchanged. All suppliers will thus have an equal guarantee of access to the Swiss market. The global nature of the tariff quota will allow market forces to come into play better.
If the total quantity imported exceeds the tariff quota, the additional entries will continue to be authorized but will be subject to higher customs duties, corresponding to the tariff equivalent of the tariff and non-tariff measures currently in force.

On the entry into force of the new régime, the bilateral quotas hitherto opened for supplier countries will be suspended.

The adjustments that remain necessary for the tariffication of the import régime for red wine in bottles and the modification of the import régime for white wine in bulk and in bottles should subsequently be introduced by stages. No dates have yet been set. These reforms should be coordinated as far as possible with the implementation of the results of the Uruguay Round.

Question 3(g)

New Zealand notes that Switzerland now considers the import control measures on white wine in bottles, introduced as an emergency safeguard measure, to constitute a quantitative restriction. What was the legislative basis for these restrictions to be introduced?

Reply

We have already replied to this question during the review of Switzerland's trade policies. The quotas for white wine in bottles were introduced in 1975 as an emergency measure under Article XIX and have been notified as quantitative restrictions since 1976, as mentioned in our notification L/6101, page 29.

Questions from Australia

Question 1/3

Question 3 requests certain basic legal information, the provision of which would greatly assist the Working Party. Switzerland's partial reservation applies only in respect of particular legislation existing at the time of accession. Some of this legislation has undergone change. This fact naturally raises questions of whether the changed legislation is covered by the partial reservation. For the Working Party to make an informed assessment, it clearly needs to have an understanding of the changed legislation. This would be facilitated if Switzerland were to provide the information requested. This request is therefore entirely reasonable and within the scope of the terms of reference of the Working Party.

Reply

Switzerland has already replied to this question. We would ask the Australian delegation to refer to the information and documents at its disposal. Moreover, we do not understand why this question should be
repeated, since full replies have been provided on many occasions, most recently in our document of 11 July 1991, and the relevant legal texts were provided to the Working Party in a special document Spec(88)21 of 27 April 1988. These texts are explained in document L/6658, and also more recently in our written replies of 11 July 1991, answering Australia's original Question 1.

**Question 1/8**

Question 8 deals with a key issue that the Working Party should legitimately address, that is:

In implementing the laws listed in paragraph 4 of the Protocol of Accession, has Switzerland observed "to the fullest possible extent the appropriate provisions of the General Agreement"?

We have indicated why, in the light of possible alternatives to the existing Swiss agricultural programmes, an impartial observer might conclude that this question must be answered in the negative, and have invited Switzerland to inform the Working Party about what is being contemplated by way of movement toward liberalization of its trade régime (i.e. steps toward greater GATT consistency).

It is clearly incumbent on Switzerland to show why the conclusion implicit in our question (that its agricultural policies do not meet the requirement of paragraph 4) should be rejected. This is not a matter peripheral to or beyond the proper scope of the Working Party.

**Reply**

The way in which this question is formulated means that it falls outside the Working Party's terms of reference. It is couched in the form of a flat assertion, starting from the idea that it is up to Switzerland to prove that that assertion is incorrect if it so believes. This reversal of the burden of proof is contrary to paragraph 4 of the Protocol of Accession, and Switzerland takes this opportunity to reaffirm that it considers that the measures taken under its Protocol of Accession are compatible with that Protocol and the conditions it contains. It is inherent in the nature of paragraph 4 of the Protocol that it covers measures that are not entirely consistent with the General Agreement.

**Questions 1/9 and 1/10**

Given that a primary aim of Swiss agricultural policies is the achievement of certain self-sufficiency targets, a knowledge of how these targets are arrived at, what happens if they are exceeded, etc., is basic information which should be provided to the Working Party. This information will help the Working Party make an assessment of whether Swiss policies are being implemented in a way which achieves the stated purposes of the laws listed in paragraph 4, whether Swiss policies are being implemented in a way which "causes minimum harm to the interests of other
contracting parties", and whether they are serving purposes which may not be covered by the partial reservation. All of this clearly falls within the mandate of the Working Party.

Similarly, question 10 asks Switzerland to justify, in terms of its obligation under paragraph 4 to "cause minimum harm", certain basic aspects of its policies relating in particular to grains.

The level of detail of the information we are requesting is entirely consistent with the call of paragraph 4 for a "thorough review" of the application of the paragraph's provisions.

Reply

It should be recalled that the objectives of Switzerland's agricultural policy are as follows:

- to supply the population with healthy and good quality food products at cheap prices;
- to ensure supplies at times when imports are disrupted, as well as a sound state of production preparedness;
- to protect and maintain cultivated areas, and contribute to the protection of the environment, plants and animals;
- to preserve a peasantry-based agriculture and promote decentralized settlement structures.

For the products subject to the "prise en charge" system, see the reply to question 1(i) from New Zealand.

For beef and pigmeat, the Order concerning slaughter animals stipulates that domestic production of slaughter animals should not cover more than 85 to 90 per cent of the country's needs for slaughter cattle and 95 per cent of veal and pigmeat needs. When these targets are exceeded, measures are taken to bring prices below the indicative price floor.

For all other products, the agricultural legislation does not set self-sufficiency targets.

Question 2

Australia notes that New Zealand's initial question 3(v) contains five sub-questions relating to the wine industry, none of which have been adequately answered. We would be very much interested in having answers to these questions and also the following:

- How does the Swiss system of allocating increased imports between supplier countries ensure equity?
- How are consumer tastes and demand trends taken into account, given that the market is highly regulated and currently effectively excludes non-traditional suppliers?

- By what criteria does Switzerland balance the objectives of taking into account traditional trade patterns on the one hand and consumer tastes and demand on the other?

- What steps has Switzerland taken to enable it to lift its current emergency action on the imports of white wine in bottles?

Reply

See our reply to question 3(f) from New Zealand.

We wish to point out once again that consumer tastes and demand trends are taken into account through market forces; importers concentrate their purchases on products which respond to demand.

Question 3

On our initial question 4 relating to the "prise en charge" system, we do not consider that simply because the system may be more liberal than a quota system it follows that it is not related to Article III. Australia is of the view that the "prise en charge" system in its usual form constitutes a mixing regulation; where the substitute tax or other charges apply it would constitute an internal tax or regulation such as is prohibited under Article III:1 of the General Agreement.

The asserted greater liberality of the system compared to a straightforward quota system could be replicated by simply expanding existing quotas, or better still, replacing quotas with equivalent tariffs.

Australia also notes that the right to supplement the "prise en charge" system with a substitute tax is not uniform. It applies only to certain products and, in the case of wine, applies to importers of quality wines only. In certain situations this could discriminate against countries which do not specialize in exports of quality wines.

Reply

Please refer to Switzerland's replies to the questions from New Zealand concerning the "prise en charge" system.
ANNEX 1

Utilization of Milk Marketed from 1981/82 to 1988/89

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Butter</td>
<td>12.3</td>
<td>12.5</td>
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<td>12.6</td>
<td>11.0</td>
<td>11.5</td>
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<td>Preserved milk</td>
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<td>Cream for consumption</td>
<td>4.0</td>
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<td>4.4</td>
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<tr>
<td>and cream for coffee</td>
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</tr>
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<td>Yoghourt and specialities</td>
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<td>17.3</td>
<td>17.5</td>
<td>17.1</td>
<td>17.3</td>
<td>17.0</td>
<td>16.4</td>
</tr>
<tr>
<td>Drinking milk</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

1000 dt

30 000
27 500
25 000
22 500
20 000
17 500
15 000
12 000
10 000
7 500
5 000
2 500
0
## ANNEX 2

Production of Butter by Accounting Year (1 November to 31 October)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top-grade butter</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream, made from collected cream</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter made at cheese-making plants</td>
<td>74</td>
<td>136</td>
<td>113</td>
<td>120</td>
<td>362</td>
<td>404</td>
<td>344</td>
<td>318</td>
<td>351</td>
<td>308</td>
</tr>
<tr>
<td>Butter made from unpasteurized cream at cheese-making plants</td>
<td>91</td>
<td>81</td>
<td>47</td>
<td>63</td>
<td>101</td>
<td>144</td>
<td>134</td>
<td>176</td>
<td>176</td>
<td>217</td>
</tr>
<tr>
<td>Cheese-maker's butter:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from collected cream</td>
<td>8,149</td>
<td>8,250</td>
<td>8,600</td>
<td>8,966</td>
<td>9,297</td>
<td>9,369</td>
<td>9,840</td>
<td>9,512</td>
<td>10,155</td>
<td></td>
</tr>
<tr>
<td>made at the plant from pasteurized cream</td>
<td>3,684</td>
<td>3,847</td>
<td>3,931</td>
<td>4,333</td>
<td>4,572</td>
<td>4,577</td>
<td>4,869</td>
<td>4,880</td>
<td>4,936</td>
<td>5,240</td>
</tr>
<tr>
<td>made at the plant from unpasteurized cream</td>
<td>674</td>
<td>593</td>
<td>577</td>
<td>596</td>
<td>617</td>
<td>584</td>
<td>623</td>
<td>690</td>
<td>657</td>
<td>614</td>
</tr>
<tr>
<td><strong>Local sales:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td>237</td>
<td>230</td>
<td>220</td>
<td>200</td>
<td>188</td>
<td>187</td>
<td>167</td>
<td>156</td>
<td>146</td>
<td>136</td>
</tr>
<tr>
<td>Cheese-maker's butter</td>
<td>614</td>
<td>618</td>
<td>592</td>
<td>575</td>
<td>572</td>
<td>534</td>
<td>525</td>
<td>529</td>
<td>533</td>
<td>488</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35,347</td>
<td>34,133</td>
<td>31,963</td>
<td>33,461</td>
<td>37,612</td>
<td>37,367</td>
<td>36,882</td>
<td>34,526</td>
<td>34,827</td>
<td>37,878</td>
</tr>
</tbody>
</table>
### ANNEX 2 (cont'd)

**Production of Butter by Calendar Year**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-grade butter</td>
<td>20,311</td>
<td>20,393</td>
<td>17,412</td>
<td>18,829</td>
<td>21,704</td>
<td>20,887</td>
<td>19,939</td>
<td>17,155</td>
<td>18,661</td>
<td>20,910</td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td>84</td>
<td>133</td>
<td>115</td>
<td>149</td>
<td>373</td>
<td>414</td>
<td>330</td>
<td>315</td>
<td>355</td>
<td>315</td>
</tr>
<tr>
<td>Creamery butter made at cheese-making plants</td>
<td>91</td>
<td>80</td>
<td>50</td>
<td>65</td>
<td>103</td>
<td>151</td>
<td>142</td>
<td>175</td>
<td>181</td>
<td>213</td>
</tr>
<tr>
<td>Butter made from unpasteurized cream at cheese-making plants</td>
<td>439</td>
<td>416</td>
<td>429</td>
<td>405</td>
<td>423</td>
<td>456</td>
<td>399</td>
<td>362</td>
<td>351</td>
<td>333</td>
</tr>
<tr>
<td>Cheese-maker's butter:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from collected cream made at the plant from pasteurized cream</td>
<td>8,124</td>
<td>8,320</td>
<td>8,619</td>
<td>9,095</td>
<td>9,337</td>
<td>9,398</td>
<td>9,830</td>
<td>9,394</td>
<td>9,843</td>
<td>10,227</td>
</tr>
<tr>
<td>made at the plant from unpasteurized cream</td>
<td>3,686</td>
<td>3,882</td>
<td>3,967</td>
<td>4,427</td>
<td>4,554</td>
<td>4,600</td>
<td>4,899</td>
<td>4,867</td>
<td>4,967</td>
<td>5,291</td>
</tr>
<tr>
<td>Local sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td>238</td>
<td>231</td>
<td>213</td>
<td>198</td>
<td>187</td>
<td>183</td>
<td>166</td>
<td>155</td>
<td>145</td>
<td>134</td>
</tr>
<tr>
<td>Cheese-maker's butter</td>
<td>618</td>
<td>615</td>
<td>589</td>
<td>575</td>
<td>571</td>
<td>530</td>
<td>526</td>
<td>528</td>
<td>528</td>
<td>481</td>
</tr>
<tr>
<td></td>
<td>34,257</td>
<td>34,665</td>
<td>31,964</td>
<td>34,345</td>
<td>37,872</td>
<td>37,197</td>
<td>36,854</td>
<td>33,645</td>
<td>35,675</td>
<td>38,509</td>
</tr>
</tbody>
</table>

These tables do not take into account an estimated 200 tonnes (204 tonnes as from 1988) not included in the production statistics.
### ANNEX 3

Butter Consumption by Accounting Year and by Kind (1 November to 31 October)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-grade butter, domestic and imported</td>
<td>11,659</td>
<td>11,864</td>
<td>11,928</td>
<td>11,249</td>
<td>10,664</td>
<td>9,813</td>
</tr>
<tr>
<td>Low-fat butter (quantities expressed in terms of normal butter)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(451)</td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cheese-maker's butter</td>
<td>2,393</td>
<td>2,170</td>
<td>2,084</td>
<td>2,000</td>
<td>1,895</td>
<td>1,748</td>
</tr>
<tr>
<td>Cooking butter</td>
<td>27,681</td>
<td>26,543</td>
<td>26,596</td>
<td>25,372</td>
<td>25,328</td>
<td>24,1155</td>
</tr>
<tr>
<td>Resoldified butter (quantities expressed in terms of normal butter)</td>
<td>3,933</td>
<td>4,030</td>
<td>4,339</td>
<td>5,061</td>
<td>5,374</td>
<td>5,465</td>
</tr>
<tr>
<td>Total</td>
<td>45,667</td>
<td>44,609</td>
<td>44,954</td>
<td>43,683</td>
<td>43,262</td>
<td>41,454</td>
</tr>
</tbody>
</table>

| Local sales by cheese-making plants                                             |         |         |         |         |         |         |
| Creamery butter and butter made from unpasteurized cream                        | 188     | 187     | 167     | 156     | 146     | 136     |
| Cheese-maker's butter                                                           | 572     | 534     | 525     | 529     | 533     | 488     |
| Total                                                                            | 760     | 721     | 692     | 685     | 679     | 624     |

| Consumption of butter not included in production statistics                      | 200     | 200     | 200     | 200     | 204     | 204     |
| Total butter consumption                                                         | 46,627  | 45,530  | 45,846  | 44,568  | 44,145  | 42,282  |

Per capita consumption: 7.1 kg. 6.9 kg. 6.9 kg. 6.6 kg. 6.5 kg. 6.2 kg.

1 These sales breakdown into the following categories of purchases:

- Resellers and end-users (excluding processed cheese and edible fat manufacturers)
  - 44,260
  - 43,215
  - 43,463
  - 42,122
  - 41,651
  - 39,744

- Processed cheese manufacturers
  - 382
  - 399
  - 410
  - 391
  - 354
  - 368

- Edible fat manufacturers
  - 1,025
  - 995
  - 1,081
  - 1,170
  - 1,257
  - 1,342

Total wholesale sales as above: 45,667 44,609 44,954 43,683 43,262 41,454

2 Including imported butter oil

3 Provisional
### Annex 3 (cont'd)

**Butter Consumption by Calendar Year and by Kind**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-grade butter, domestic and imported</td>
<td>11,636</td>
<td>11,907</td>
<td>11,879</td>
<td>11,175</td>
<td>10,522</td>
<td>9,857</td>
</tr>
<tr>
<td>Low-fat butter (quantities expressed in terms of normal butter)</td>
<td></td>
<td></td>
<td></td>
<td>(575)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td>3</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cheese-maker's butter</td>
<td>2,367</td>
<td>2,151</td>
<td>2,075</td>
<td>1,986</td>
<td>1,878</td>
<td>1,679</td>
</tr>
<tr>
<td>Cooking butter</td>
<td>27,415</td>
<td>26,623</td>
<td>26,232</td>
<td>25,673</td>
<td>25,019</td>
<td>23,956</td>
</tr>
<tr>
<td>Resolidified butter (quantities expressed in terms of normal butter)</td>
<td>(3,203)</td>
<td>(3,403)</td>
<td>(3,664)</td>
<td>(4,296)</td>
<td>(4,327)</td>
<td>(4,572)</td>
</tr>
<tr>
<td>Total</td>
<td>45,303</td>
<td>44,808</td>
<td>44,634</td>
<td>44,042</td>
<td>42,665</td>
<td>41,374</td>
</tr>
<tr>
<td>Local sales by cheese-making plants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creamery butter and butter made from unpasteurized cream</td>
<td>187</td>
<td>183</td>
<td>166</td>
<td>155</td>
<td>145</td>
<td>134</td>
</tr>
<tr>
<td>Cheese-maker's butter</td>
<td>571</td>
<td>530</td>
<td>526</td>
<td>528</td>
<td>528</td>
<td>481</td>
</tr>
<tr>
<td>Total</td>
<td>758</td>
<td>713</td>
<td>692</td>
<td>683</td>
<td>673</td>
<td>615</td>
</tr>
<tr>
<td>Consumption of butter not included in production statistics</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>204</td>
<td>204</td>
</tr>
<tr>
<td>Total butter consumption</td>
<td>46,261</td>
<td>45,721</td>
<td>45,526</td>
<td>44,925</td>
<td>43,542</td>
<td>42,193</td>
</tr>
<tr>
<td>Per capita consumption</td>
<td>7.0 kg.</td>
<td>6.9 kg.</td>
<td>6.8 kg.</td>
<td>6.7 kg.</td>
<td>6.5 kg.</td>
<td>6.2 kg.</td>
</tr>
</tbody>
</table>

1 Including imported butter oil
2 Provisional
## ANNEX 4

Trends in Total Consumption of Fats by Private Households
According to Surveys Carried out by IHA (Market Research Institute)

(percentage market shares)

<table>
<thead>
<tr>
<th>Year</th>
<th>Low-calorie margarine</th>
<th>Normal margarine</th>
<th>Edible oils</th>
<th>Edible fats</th>
<th>Butter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.3</td>
<td>13.8</td>
<td>35.6</td>
<td>5.4</td>
<td>1.9</td>
</tr>
<tr>
<td>1981</td>
<td>3.2</td>
<td>14.5</td>
<td>35.0</td>
<td>5.1</td>
<td>5.1</td>
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<tr>
<td>1982</td>
<td>4.4</td>
<td>13.7</td>
<td>35.1</td>
<td>5.8</td>
<td>5.5</td>
</tr>
<tr>
<td>1983</td>
<td>5.1</td>
<td>13.8</td>
<td>34.4</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>1984</td>
<td>5.6</td>
<td>13.3</td>
<td>35.6</td>
<td>5.4</td>
<td>5.7</td>
</tr>
<tr>
<td>1985</td>
<td>6.6</td>
<td>13.7</td>
<td>35.8</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>1986</td>
<td>8.3</td>
<td>13.1</td>
<td>34.3</td>
<td>5.4</td>
<td>5.8</td>
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<tr>
<td>1987</td>
<td>10.8</td>
<td>13.5</td>
<td>34.4</td>
<td>5.4</td>
<td>5.9</td>
</tr>
<tr>
<td>1988</td>
<td>12.9</td>
<td>13.7</td>
<td>32.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Quantity per 100 households - total kg.
- 1981: 3100
- 1982: 2995
- 1983: 2923
- 1984: 2806
- 1985: 2771
- 1986: 2636
- 1987: 2602
- 1988: 2524
- 1989: 2344

Contraction of market for fats in private households from 1981 to 1989 of 24.4% = 756 kg.