

WORLD TRADE ORGANIZATION

RESTRICTED

G/STR/Q1/CYP/1

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(96-3190)

Working Party on State Trading Enterprises

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REPLIES TO QUESTIONS POSED BY CANADA¹ AND THE UNITED STATES²
CONCERNING THE ARTICLE XVII NOTIFICATION OF CYPRUS³

The following communication, dated 25 July 1996, has been received from the Permanent Mission of Cyprus.

Canada

In the statistics for the Cyprus Grain Commission, the data for feed barley, maize and wheat have been aggregated. Could Cyprus please provide disaggregated data for these products?

Disaggregated data for products you have enquired about are provided in the following table:

Year	National Production		Imports		Exports	
	Quantity (tons)	Value £C' 000	Quantity (tons)	Value £C' 000	Quantity	Value
1992-1993						
Feed barley	161,050	18,199	231,710	12,310	nil	-
Maize	-	-	113,990	6,291	nil	-
Wheat	9,210	1,197	81,490	5,265	nil	-
TOTAL	170,260	19,396	427,190	23,866		
1993-1994						
Feed barley	181,610	20,522	236,831	9,925	nil	-
Maize	-	-	152,767	9,407	nil	-
Wheat	10,220	1,329	73,437	5,309	nil	-
TOTAL	191,830	21,851	463,035	24,641		

¹G/STR/W/13, ²G/STR/W/10.

³G/STR/N/1/CYP.

Year	National Production		Imports		Exports	
	Quantity (tons)	Value £C' 000	Quantity (tons)	Value £C' 000	Quantity	Value
1994-1995						
Feed barley	144,200	17,109	275,836	11,888	nil	-
Maize	-	-	151,659	9,071	nil	-
Wheat	6,480	0,885	81,931	5,894	nil	-
TOTAL	150,680	17,994	509,426	26,853		

United States

Could Cyprus elaborate on its statements under Description of the Functioning of the State Trading Enterprises, part 3 of the 1960 Questionnaire, including the following elements:

1. (a) *Import and Export Quantities: "Cyprus Grain Corporation: ... The criteria used for determining the quantities to be imported are the needs for local consumption".*

Could Cyprus explain in more detail how it determines the need for imports and exports?

Cyprus Grain Commission is a semi-Government Organization responsible by law for the import, storage and distribution of grain (barley, wheat, maize) to the local market. The criteria for determining the quantities to be imported depends on the availability of grain required for the local market.

We do not export grain since the local production is not sufficient for the local needs.

- (b) *"Cyprus Olive Products Marketing Board: ... The Board authorizes private traders to import or export olive products depending on the volume and quality of local production. There is no competition between private traders and the board".*

Could Cyprus explain in more detail how it determines the need for imports and exports?

Olive production varies from year to year. Sometimes this gives a shortage of olive oil in the market. The Board is responsible for keeping enough stocks to satisfy the local needs. In the case of poor production precalculated quantities are imported by means of public offers.

As from 1 January 1996 private enterprises are free to import olive products provided they pay the import duty. In this sense there is competition in the market in terms of quality and price.

2. (a) *Export Prices: "Cyprus Potato Marketing Board: ... Export prices of potatoes are determined by supply and demand of the importing country".*

Could Cyprus explain in more detail how it determines export prices, how they relate to prices paid to producers, and how they relate to domestic prices?

The export prices of Cyprus potatoes are determined by supply and demand.

Cyprus potatoes are exported almost 100 per cent to countries of the European Union.

Cyprus normally cannot affect the prices in most markets as the demand for potatoes is more or less and at most times elastic and the supply inelastic.

Furthermore the exported quantity of about 150 thousand tons is very minimal compared to the total consumption in the European Union (over 50 million tons).

Having in mind the above, when determining the price for Cyprus potatoes, in any one market, the following factors are seriously taken into consideration:

- (a) The quantity, the quality and the prices of old stock in the home market and other European countries.
- (b) The quantity supplied from new crop potatoes from EU Member States.
- (c) The quantity, quality, prices and the time of arrival of imported potatoes from other competitive countries non-EU Members.
- (d) The expected quantity of locally produced new potatoes as well as the time of supply and the quality anticipated.
- (e) The total quantity of Cyprus potatoes and their seasonal availability.

Based on the above information, the C.P.M.B. aims in determining such price levels that would serve the following purposes:

- (a) To increase the consumption of new potatoes from Cyprus.
- (b) To create a stable market for Cyprus potatoes.
- (c) To sell Cyprus potatoes at reasonable prices taking into account the high cost of production in relation to the long-term cooperation with its customers.

The domestic prices are not always related to the price of Cyprus potatoes in the export markets.

Given that the C.P.M.B. is a non-profit Organization the final average price paid to the Cyprus potato grower is the price secured from selling the potatoes both abroad and in the local market less the packing, marketing and administration expenses.

2. (b) *"Cyprus Carrot and Beetroot Marketing Board: ... Export prices of carrots and beetroot are determined by supply and demand in the importing country".*

Could Cyprus explain in more detail how it determines export prices, how they relate to prices paid to producers, and how they relate to domestic prices?

The export prices of Cyprus beetroot are determined by supply and demand.

Cyprus beetroot is exported to countries of the European Union.

Cyprus normally cannot affect the prices in most markets as the demand for beetroot is more or less and at most times elastic and the supply inelastic.

Furthermore, the exported quantity of about 1.5 thousand tons is very minimal compared to the total consumption in the European Markets.

Having in mind the above when determining the price for Cyprus beetroot, in any one market, the following factors are seriously taken into consideration:

- (a) The quantity, quality and the prices of old stock in the home market and other European countries.
- (b) The quantity supplied from new crops of beetroot from European Union Member States.
- (c) The quantity, quality, the prices and the time of arrival of imported beetroot from other competitive countries non-EU members.
- (d) The expected quantity of locally produced beetroot as well as the time of supply and the quality anticipated.
- (e) The total quantity of Cyprus beetroot and their seasonal availability.

Based on the above information, the C.C. & B.M.B. aims at determining such price levels that would serve the following purposes:

- (a) To increase the consumption of beetroot from Cyprus.
- (b) To create a stable market for Cyprus beetroot.
- (c) To sell Cyprus beetroot at reasonable prices taking into account the high cost of production in relation to the long-term cooperation with its customers.

The domestic prices are not always related to the price of Cyprus beetroot in the export market.

Given that the C.C. & B.M.B. is a non-profit Organization the final average price paid to the Cyprus beetroot grower is the price secured from selling beetroot both abroad and in the local market less the packing, marketing and administration expenses.