

WORLD TRADE ORGANIZATION

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Working Party on
State Trading Enterprises

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STATE TRADING

Updating Notification Pursuant to Article XVII:4(a) of the GATT 1994
and Paragraph 1 of the Understanding on the Interpretation of Article XVII

ICELAND

The following communication, dated 29 September 1999, has been received from the Permanent Mission of Iceland.

I. ENUMERATION OF STATE TRADING ENTERPRISES

The State Alcohol and Tobacco Monopoly (ATVR)

The ATVR has as of 1 December 1995 the following exclusive rights:

Retail distribution on alcoholic beverages that is all drinks with alcoholic content above 2.25 per cent alch/vol.

Importation and wholesale distribution of ethyl alcohol (CCCN 2207.1000) until 1 July 1998.
Importation, wholesale distribution and production of tobacco and tobacco products

II. REASONS AND PURPOSE

The ATVR is based on important health and social policy considerations but the purpose of the Monopoly is also of a fiscal nature.

The activity of the ATVR is governed by Act no. 63/1969 on the Sale of Tobacco and Alcoholic Beverages as amended by Act no. 95/1995, Regulation no 205/1998, on the State Alcohol and Tobacco Monopoly, Rules no 117/1998 on the Purchase and Sale of Alcoholic Beverages and Terms of Business with Suppliers and rules no. 633/1998 on the Purchase and Sale of Tobacco and Terms of Business with Suppliers.

III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

The ATVR was founded in 1922. The company is divided into two departments, a procurement department and a sales department. The operation of the departments, assets, operational expenses etc. are kept separate in the accounts. The procurement department imports, procures and distributes tobacco and tobacco products, manufactures snuff and sells ethyl alcohol. The sales

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department operates the retail outlets. In making its purchases the enterprise acts on the basis of specific rules on the purchasing procedures. It does not import or export alcoholic beverages or sell them at the wholesale level and it does not export tobacco products. The management of the ATVR is in the hands of a Board of Directors consisting of three persons who are appointed by the Minister of Finance, but the company is under the supervision of the Ministry.

On 1 July 1998 the exclusive right on the importation of ethyl alcohol which the ATVR had was abolished.

IV. STATISTICAL INFORMATION

The following tables do not contain any information on imports or sale of beer, wine and spirit drinks since the ATVR does no longer have any exclusive rights for the importation or wholesale distribution of those kind of beverages. Iceland therefore does not consider them covered by the notification requirement.

TABLE 1

Imports of ethyl alcohol CCNO 2207.1000 (1997 and 1998). There is no national production.

| Year | Imports of ethyl alcohol 2207.1000 | | Average import price | Average wholesale price |
|-------|------------------------------------|-------------|----------------------|-------------------------|
| | Quantity | Value (CIF) | | |
| | tonnes | ISK million | ISK | |
| 1997 | 114 | 9,4 | 82,456 | 96,000 |
| 1998* | 42 | 3,6 | 83,150 | 97,200 |

* The reduction in import from 1997 is due to the fact that the exclusive right to import this product was abolished in 1998.

TABLE 2

Imports of tobacco and tobacco products. National production (1997 and 1998).

| Year | Imports of tobacco & tobacco products | | National production of snuff | Average import price | Average wholesale price |
|------|---------------------------------------|-------------|------------------------------|----------------------|-------------------------|
| | Quantity | Value (CIF) | | | |
| | tonnes | ISK million | tonnes | ISK | ISK |
| 1997 | 559 | 1040 | 10 | 1860 | 7003 |
| 1998 | 540 | 1060 | 10 | 1940 | 6915 |

V. REASONS WHY NO FOREIGN TRADE HAS TAKEN PLACE IN PRODUCTS AFFECTED.

Question irrelevant.

VI. ADDITIONAL INFORMATION

None.