

in France, the protective effect of state trading in the EEC is important on petroleum products, including lubricants and waxes, in France and on cigarettes in Italy and France. State trading in most other products is largely for fiscal and social reasons and has relatively little effect on trade.²⁸

Under Article 37 of the Treaty of Rome, EEC member states are progressively to adjust state monopolies so that all discrimination between nationals of member states in the marketing of state-traded products will be eliminated. In effect, this means that state-trading activities by member countries must be given up or include all of the Community; but relatively little progress has been made toward this objective.

The most important state-trading restriction in the EFTA countries relates to coal in the United Kingdom. Technically, the U.K. National Coal Board has no legal monopoly on the importation of coal but, in practice, only the Coal Board has imported quantities of any importance. However, as indicated above, imports from industrial countries are embargoed.²⁹ Except for tobacco products in Austria and pharmaceutical products and fishing equipment in Norway, state trading in non-agricultural products by other EFTA countries has little importance for international trade.³⁰ In Japan only imports of manufactured tobacco appear to be restricted by state-trading

²⁸ Imports into France of petroleum, coal and petroleum gases, electric current, newsprint and paper for periodicals, potash, matches, and propellant powders and explosives are also state-traded. Ethyl alcohol, spirits, brandy, and matches and other inflammables are state-traded in Germany. State-trading enterprises exist in Italy for salt, cigarette paper, lighter flints, matches, and tobacco products. For a description of state-trading enterprises in Germany and Italy, see GATT documents L/2741/Add. 5, April 27, 1967 (Germany); and L/2593/Add. 16, February 27, 1967 (Italy). France has never reported its state-trading enterprises to the GATT.

²⁹ State trading, which also applies to jute goods, protects the jute industry in Dundee against imports from India and Pakistan, but it has no significance for trade among industrial countries. See GATT documents L/2741/Add. 4, April 6, 1967, and L/2593/Add. 6, May 20, 1966.

³⁰ Austria also conducts state trading in salt, ethyl alcohol, spirits, and brandy; Norway and Sweden in alcoholic beverages; and Switzerland in ethyl alcohol, spirits, and brandy. See GATT documents L/2741/Add. 2, March 29, 1967, L/2593/Add. 10, June 8, 1966, Add. 13, July 7, 1966 and L/1949/Add. 21, June 12, 1963 (Austria); L/2593/Add. 3, April 27, 1966, L/2313/Add. 10, May 6, 1965, and L/1949/Add. 17, April 17, 1963 (Norway); L/2593/Add. 7, May 18, 1966 (Sweden); and L/2313/Add. 8, March 25, 1965, and L/1949/Add. 23, October 23, 1963 (Switzerland).