

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development
Group on Adjustment Assistance Measures

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ADJUSTMENT ASSISTANCE PROGRAMMES

Addendum

Statement Submitted by the Government of Austria

A. Adjustment Assistance Measures Available

I. Measures of fiscal and credit policy

(a) The Federal Act on National Economic Growth ("Wachstumsgesetze"), and the Income Tax Law 1966, as amended, and Income Tax Law for Corporations 1966 provide for the following measures for the improvement of private companies' self-financing capacity and the working of the stock-market:

(i) the establishment, during a three-year period, of tax-free investment reserves to provide savings for future investments;

(ii) improved conditions for accelerated amortization to facilitate investments;

(iii) tax exemption on half of the profit made over the last five years (up to 10 per cent of the annual profit) for capital equipment improvement (use of this privilege, however, precludes use of the two preceding measures);

(iv) preferential taxes at 50 per cent of the legal tax rate on profits distributed statutorily by stock companies;

(v) adjustment of the profit-tax base levels to the changes in the purchasing power of money; and,

(vi) extension of tax relief for placement purchases to all types of bonds (previously this tax relief applied only to government bonds).

(b) The Federal Act on Improvement of Economic Structure ("Strukturverbesserungsgesetz 1969") also has provisions for promoting adjustments and co-operation, such as:

(i) fusions of stock companies (through tax relief);

(ii) investment of working capital of foreign or local stock companies in a local stock company;

(iii) conversion of stock companies according to the provisions of the Joint Stock Company Act ("Aktiengesetz");

(iv) the conversion of stock companies into partnerships or sole traders; and,

(v) conversion from association to partnerships.

(c) The Development and Renovation Funds, set up in 1969 for the promotion of financing of investments for development and renewal, provide credits for production enterprises and research institutes. The following development and renovation investments are especially noteworthy:

(i) investments, in excess of the normal replacement requirements, for adjustment or changes in production structure;

(ii) arrangements towards industrial concentration in the form of co-operation, fusion, or production allocation; and,

(iii) fundamental changes in production, transfer of works, and sites.

II. Policy of competition

The Federal Trust Act No. 5, as amended ("5. Kartellgesetznovelle") provides for procedures to facilitate the uniform application of norms and types, including the promotion of rationalization through adjustments of investment, production and research programmes. The law also provides for the possibility of forbidding the adoption of guiding prices under certain conditions.

III. Policy of promoting employment

The Federal Labour Market Act ("Arbeitsmarktgesetz") provides for the improvement of labour mobility both in the territorial sense and between professions as well as for facilitating change-over of enterprises by means of financial assistance and cheap credits.

B. Purposes of the Measures

The legal provisions mentioned under A have not been adopted for specific purposes, such as to promote imports from developing countries, although they could be applied to solve problems resulting from imports from developing countries. So applied, measures taken under these legal provisions may be expected to generate increased imports from developing countries.

C. Use of the Measures in Relation to
Imports from Developing Countries

Reference may be made in this connexion to the cotton textile sector. In the past years imports of cotton textiles from developing countries have considerably increased. At the same time the production capacity of the Austrian cotton textile industry has steadily decreased. This decrease is evidenced by the reduction in the number of looms and spindles and in the labour force employed in the industry. This trend is not due to specific governmental measures, but has resulted from developments in the industry. It has been of great benefit to developing countries. In this context attention is drawn to the information given in document COT/105 and to the Austrian statement in the Cotton Textiles Committee concerning adjustment measures relating to the Austrian cotton textile industry (document W/108). A new statement concerning adjustment measures relating to the Austrian cotton textile industry in response to the questionnaire in COT/W/110 is being drawn up.

D. Programme to Promote Imports from
Developing Countries

See sections B and C above.