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EUROPEAN COAL AND STEEL COMMUNITY

Statement by the Austrian Delegation concerning the Sixth Report by the Member States

The Austrian Delegation wishes to refer to the measures put into effect by the Member States of the ECSC as from 10 February 1958, which these States have declared to be the final step closing the transitional period in which the common market for coal and steel was to be established. The Austrian Delegation must state that in its view the so called principle of "geographical protection", in the form used as a basis for computing the customs duties applicable to goods originating in third countries, is not compatible with the terms of the waiver granted by the CONTRACTING PARTIES on 10 November 1952.

The Austrian Delegation would like to point out that the undertaking of the Member States of the ECSC to "harmonize" their external tariffs at the end of the transitional period is being interpreted by these States in the sense that harmonization does not require them to establish a uniform tariff. This means that the Member States intend to apply permanently to iron and steel products covered by the Treaty establishing the coal and steel community differing customs tariffs.

It is, however, the view of the Austrian Delegation that the obligation to harmonize external tariffs means that, in conformity with the principles applicable to a customs union, the Member States are required to apply in the final stage a uniform tariff equal to the Benelux tariff plus two points. The Austrian Delegation considers that the term "harmonization" was used not to exclude the adoption of uniform tariffs but to allow for temporary divergences such as those which are envisaged for a limited period under Section 15, paragraphs 6 and 7 of the Transitional Provisions - and which had been accepted in view of the magnitude of the task that had been undertaken and of the unforeseeable effects which it might have on the economies of the Member States. The adoption of external tariffs based on the principle of a permanent geographical protection cannot be considered to be compatible with the terms of the Decision of 10 November 1952; to accept such a principle might lead to external customs tariffs being fixed by an arbitrary decision without prior approval by the CONTRACTING PARTIES. Such a procedure, coupled with the new situation resulting from the abolition of customs duties within the ECSC, could well have the most prejudicial effects on traditional exports instead of furthering the development of trade with third countries, which was one of the underlying considerations in granting the waiver in 1952.

On 20 and 21 January 1958 the Austrian Federal Government, wishing to reach an amicable settlement in respect of its traditional exports of iron and steel products, in particular to the Italian market, without prejudice to the legal aspects inherent in the question of harmonization, held consultations under Article XXIII in Luxemburg with the High Authority and the Member States of the ECSC; at these consultations the Austrian Federal Government expressed its concern at the introduction of customs duties which could, on the basis of the principle of geographical protection, prove to be excessive. The Austrian Delegation regrets to report that these consultations, which produced no positive result, have not been successful and wishes to express its surprise that the consultations under reference have not even been mentioned in the report submitted to us.

The Austrian Delegation therefore finds it necessary to state that the application in Italy of a tariff level considerably above the Benelux level can most seriously prejudice Austria's export opportunities, with the result that the position of the Austrian economy will be substantially impaired as compared with the situation obtaining at the time when the waiver was granted in 1952 and in 1956 when the tariff agreement was concluded within the framework of the GATT.

As the Austrian Federal Government did not receive until recently the official report of the Member States on the measures taken with effect from 10 February 1958, it reserves the right to subject the information supplied to further and close examination in order to bring out all the effects which the measures are having and will have on the Austrian economy as a whole. The Federal Government is still anxious to find an amicable solution to the problems which have unexpectedly arisen as a result of harmonization, either through bilateral negotiations or by any other appropriate means.

Although it is clear that the Austrian economy is directly affected by the measures of harmonization which have been put into effect in the form stated, the Austrian Delegation is not yet in a position to define on the basis of specific statistics the full extent of the harm caused by these measures. Precisely because the Austrian Government proposes to lay before the CONTRACTING PARTIES exact information on the effects of harmonization, it finds that it will need sufficient time to make it possible for material to be prepared showing the consequences this harmonization will have on Austrian exports.

The Austrian Federal Government therefore finds it necessary to reserve the right accorded under the terms of Article XXIII to return in due course to the problems referred to above either at the Thirteenth Session or later.