

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

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SUBMISSION BY AUSTRIA  
NEW MULTILATERAL NEGOTIATIONS IN GATT

The following communication, dated 12 July 1985, has been received from the Delegation of Austria with the request that it be circulated to all contracting parties.

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The necessity and importance of maintaining, strengthening and enlarging the multilateral trading system is widely recognized. What we need is a strong multilateral trading system as the very basis for further expansion of international trade which again is an important element in furthering world-wide economic recovery. Economic recovery would in turn facilitate the solution of the problems of less developed countries and represents an indispensable precondition to alleviate their debt problem.

Austria is a small country, highly dependent on foreign trade. It therefore supported wholeheartedly the Ministerial Declaration of 1982 and the Work Programme for the Eighties expecting that its implementation would provide the foundation for a better functioning of the open multilateral trading system GATT stands for. These expectations have unfortunately not been fulfilled and little progress has been made in translating the Ministerial Declaration into practical action. Although the intensive work performed within GATT on those issues has resulted in a better identification of the problems involved no breakthrough was achieved in any field. This might have resulted in a certain loss of confidence in the effectiveness of the GATT system and given rise to protectionist measures as well as tendencies towards bilateralism or even unilateral restrictions outside GATT. Although it is generally accepted that protectionist measures are no adequate means to effectively solve long-term international trading problems and that the high costs of such measures are in no relation to the benefits, inwardlooking, national restrictive measures are being taken which prove difficult to reverse even in a period of economic up-swing. The multilateral trading system therefore shows dangerous signs of erosion and requires renewed efforts and new initiatives.

The basic objectives of GATT are as valid today as at the time when GATT was established. However, the environment for the conduct of international trade has changed considerably and those elements of change have got to be properly reflected. In this situation, Austria believes that new initiatives on a large scale basis are indispensable in order to revitalize GATT and to maintain, strengthen and enlarge the multilateral open trading system. In this context it might be useful to examine to what extent certain GATT rules require adaptation.

These are the reasons why Austria supports the idea of new comprehensive trade negotiations within GATT which - if successful - will renew the full confidence of the international trading community in GATT. An important step to create a proper climate for the launching of such negotiations would be a renewed commitment by the Contracting Parties to the observance of a stand-still, a commitment which the EFTA countries have already made both in their declarations in Visby 1984 and in Vienna in May of this year. Austria believes also that further efforts must be made to fulfill the roll-back commitments made in GATT and elsewhere. A new GATT round would facilitate the dismantling of trade restrictions.

As to the contents of such negotiations, a balanced set of items of interest to the largest possible number of Contracting Parties, both developed and developing, must be drawn up to facilitate balanced results. Austria considers such trade negotiations to be an international effort to further liberalize trade thereby benefitting the entire trading community, developed and developing countries alike.

One should aspire to the broadest possible participation in such negotiations including not only Contracting Parties or countries which have provisionally acceded to GATT, but also countries which de facto apply GATT rules as well as interested developing countries.

While Austria supports efforts towards a thorough preparation of such an initiative the urgency of concrete action with a view to launching such negotiations must be underlined. In view of the admittedly wider scope of such negotiations it might be difficult to foresee a definite time-limit for their termination.

Austria is fully aware of the close relationship between trade on the one hand and monetary and financial issues on the other. Careful consideration should therefore be given to parallel initiatives aiming at addressing the monetary and financial problems in the competent international fora. Within the GATT framework it might be useful to examine and clearly demonstrate the effects of exchange-rate fluctuations and other developments in the field of monetary and financial policy on the functioning of a liberal trading system.

Austria believes that the following issues, among others, should be included in new negotiations:

A comprehensive solution for the problem of safeguards is imperative since the negotiations which have been going on for several years were without success and a global solution has a better chance of being achieved in the broader framework of new negotiations. In this context the special problem of the so-called "grey zone measures" needs an urgent solution.

Due consideration should be given to a strengthening of the dispute settlement procedure. The main issue in this field is the problem of the follow-up and the implementation of the recommendations of panel reports. Taking into account the principle of consensus, ways and means must be found that the parties concerned comply with the recommendations of the relevant GATT bodies.

It is of great concern to Austria that only a small number of countries is presently participating in the MTN Agreements and Arrangements of the Tokyo Round. Also the recent review of the adequacy and effectiveness of these Agreements and Arrangements and the obstacles to the acceptance of these Agreements and Arrangements by interested parties was attended only by a small number of participants. This is why in Austria's view it was not yet possible to identify the real obstacles to their acceptance especially by developing countries. Since some non-tariff measures have severe adverse effects on trade, special weight should be given to these issues. A multi-lateral discipline for non-tariff measures, e.g. QRs, whether they are covered by the above-mentioned Agreements and Arrangements or not, should further be established.

The problems of trade in agricultural products need a comprehensive solution. The work engaged by the Committee on Trade in Agriculture should be continued with the view to find solutions on the basis of the existent GATT rules and disciplines. Austria would like to stress once more that the specific characteristics and problems in agriculture mentioned in Paragraph 2 of the Ministerial Decision on Trade in Agriculture which have been explained by Austria in different GATT fora have duly to be taken into account.

The sector textiles and clothing is actually under consideration within GATT. The results of this consideration should be awaited before concrete steps can be envisaged.

The general objective, common to all the aforementioned fields of action, is the improvement of market access for products, both, of developed and developing countries. Particular consideration should be given to the special needs and export interests, e.g. in tropical products, of developing countries, especially the least developed among them. The requirements of a better balance between rights and obligations commensurate with the economic development and the financial and trade situation of individual developing countries is clearly expressed in the last sentence of Para. 7 of the "Enabling Clause" which should therefore not be seen as a permanent exception, but as a dynamic instrument for transition.

As mentioned above a multilateral trading system must take into account changes and developments taking place in the world economy.

It therefore seems appropriate to explore under the auspices of GATT if and to what extent existing GATT rules could apply to issues such as trade in services and high-technology products and if a multilateral discipline could be developed.

Another area of growing importance is the trade in counterfeit goods which seriously affects fair trade. Unilateral measures could create new barriers to our trading system. Therefore, possibilities for a multilateral discipline in this field should be explored.

In Austria's view swift action is required and therefore the following procedure is suggested. The Council at its meeting on 17/18 July should, when dealing with this matter, take the decision to convene a meeting of Senior Officials at a suitable date in September of this year. All position papers submitted should in the meantime be carefully studied and in lieu of an agenda provide for this meeting the basis for a thorough discussion and exchange of views on the possible negotiating issues, modalities, timing and participation in comprehensive trade negotiations. The Council should also discuss the question whether Senior Officials should deal with the issues related to trade in goods and those related to trade in services together or at separate meetings as suggested by some Contracting Parties. Agreement to participate in such meeting(s) of Senior Officials would not constitute any commitment of governments with regard to the future position vis-à-vis the initiative of holding multilateral trade negotiations. The Senior Officials - most likely more than one meeting will be required - should prepare the ground and attempt to reach a broad consensus allowing Contracting Parties to take all the necessary decisions both with regard to the substance of new trade negotiations and the further procedural steps to be taken.

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