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Statement by Mr. Gerhard Waas Director-General, Federal Ministry of Economic Affairs

The forty-fifth session of the CONTRACTING PARTIES takes place in an important phase of the Uruguay Round negotiations. Therefore, my statement will cover both some of the traditional GATT activities as well as Uruguay Round issues.

First of all, my delegation would like to welcome the new contracting parties who have acceded to GATT since the last CONTRACTING PARTIES Session, namely Bolivia and Costa Rica. I also welcome the requests for accession by some other countries. We regard the accessions and requests for accession, in particular of developing countries, as a sign of confidence in GATT. Austria is in favour of as broad as possible an application of the GATT system.

The agenda before us is a true reflection of the comprehensive GATT activities since the last CONTRACTING PARTIES Session. This is, on the one hand, a positive sign of the vitality of GATT. On the other hand, some aspects give reason for concern. Turning to some specific issues, I would like to offer the following comments.

The agenda enumerates a considerable number of dispute settlement procedures. Some of them have been settled by adoption of panel reports; others are still pending. In other cases, adopted panel reports are not yet implemented. This situation shows a regrettable lack of discipline with respect to the implementation of dispute settlement procedures.

In this context I wish to express serious concern about unilateral discriminatory measures, in particular retaliation measures taken by some contracting parties. How can we fight protectionist trends if such unilateral measures undermine the multilateral discipline and in particular the standstill and rollback commitments of the Uruguay Round?

As to the evolution of the GATT system, we believe that at the mid-term review important decisions have been taken on the trade policy mechanism, a greater Ministerial involvement in GATT and on dispute settlement in order to strengthen the GATT system.

In that sense the negotiations are in good shape. We believe, however, that a strong political push is still necessary on some fundamental questions.

Three quarters of the Uruguay Round's life-span have elapsed. Time ahead will be crucial for a successful conclusion of this important round of negotiations. Much work still has to be done and controversial positions have to be bridged. This holds true in particular with regard to negotiations concerning market access and in the area of agriculture. Progress in the new areas will be crucial for the outcome of the overall negotiations. We must pay particular attention to the matters of importance to developing countries, such as further liberalization of trade in tropical products, natural resource-based products and trade in textiles and clothing, for example. We hope that in the course of the negotiations ahead it will be possible to come to solutions and to pave the way for a balanced package acceptable to all participants -- and this means the developing countries as well.

Now I would like to address a few specific matters.

Improving market access for goods and stabilizing the access conditions by reducing and binding tariffs and by eliminating non-tariff measures are still among the major tasks of GATT. In this spirit, the Austrian Government has proposed to Parliament to cut Austrian tariffs over a very broad range of items. These reductions will be implemented on 1 January 1990 autonomously and without staging, on a most-favoured-nation basis and will be in force provisionally until 31 December 1991.

The Austrian measure is meant as an advance contribution to the results of the Uruguay Round's multilateral tariff reduction exercise on the basis of a harmonization formula. Austria has always favoured a formula approach and continues to co-operate in negotiating the particulars of such a formula.

Austria is prepared to negotiate the inclusion of these tariff reductions in its GATT Schedule XXXII - Austria, and claims full credit for such concessions in the framework of the Uruguay Round's market access negotiations in accordance with the Punta del Este Declaration.

The Austrian measure I have just described includes substantial tariff reductions also on textiles and clothing items, and we request that this sector is fully included in the general Uruguay Round tariff reduction exercise. This is a sector where great tariff disparities subsist and where harmonizing tariff profiles is particularly important. In addition, however, participants are committed by the Punta del Este and Montreal Decisions to reach agreement within the time-frame of the Uruguay Round on modalities for the integration of this sector into GATT on the basis of strengthened GATT rules and disciplines.

Given the general acceptance of a gradual approach to phasing out restrictions of the MFA and of other restrictions inconsistent with GATT, and the agreement on the progressive character of this process, we should be able to find a compromise in this very sensitive area. At the end of the transitional period, only normal GATT safeguards and procedures should be applicable. However, I should like to add that all markets, including those of the more advanced developing countries, should be opened.

The specific political dimension of agriculture has been recalled amply and repeatedly. For the first time in the history of GATT, negotiations on a greater liberalization of market access and substantial reduction of national support measures are under way. These negotiations are of great importance to the Uruguay Round and the GATT system as such. The Austrian position will be tabled in due course in writing.

I should like to refer also to the recent far-reaching developments going on in some parts of Eastern Europe. These developments imply also fundamental economic reforms which entail manifold tasks for the countries involved. Since a successful outcome of these developments should be in the interest of all nations, GATT should take up this challenge and consider what contributions could be brought forward under its competence. This could also cover the question of participation in the work of GATT of countries not yet members of this organization, questions of market access, but in particular also the organisation and conduct of training activities, to share with these countries our knowledge and experience about market economies and business management for the sake of a broader application of the GATT system. The Austrian delegation therefore suggests dealing with these important aspects at one of the next Council meetings.

Austria has already taken some concrete measures to facilitate the market access of those countries to the Austrian market, e.g., by granting GSP treatment to Hungary. An initiative to include also Poland in the Austrian GSP by 1 January 1990 has been taken by the Parliament.

I would like to inform contracting parties that with effect from 1 December 1989, Austria has limited traffic of certain heavy trucks during night hours on certain Austrian transit roads. This measure has become unavoidable due to the intolerable increase in heavy traffic on certain transit routes causing extreme noise and pollution seriously endangering the health of the adjacent Austrian population. This measure has been taken in accordance with Article XX(b) of the General Agreement.

In retaliation against this measure, the Federal Republic of Germany (FRG) has decided to ban by 1 January 1990 the circulation of 212,000 Austrian lorries during night hours in the whole area of the FRG. This measure will be applied in a discriminatory manner only against Austria, and thereby violates several GATT provisions. Austria regrets this proposed action and appeals to the Federal Republic of Germany to reconsider its position and not to implement the announced measure. Should this not happen, Austria reserves its rights under the relevant GATT provisions.