

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee
Meeting at Ministerial Level
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AUSTRIA

Statement by Mr. Gerhard Waas
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On behalf of the Austrian Government I would like to thank the Government of Canada for the invitation to hold this important meeting of the Trade Negotiations Committee at ministerial level here in Montreal. I would also like to thank the Government of Quebec and the Authorities of Montreal for their warm hospitality. I am sure that the friendly environment will promote the sense of compromise, we need in such comprehensive negotiations on international economic affairs.

As has been frequently stated, the Uruguay Round of negotiations is substantially different from earlier trade negotiations and takes place in a changing economic environment. One of the essential tasks of these negotiations is to update the multilateral trading system in order to maintain its proper rôle and its key function in international trade.

My government expects among the results to be achieved, a strengthening of the multilateral discipline and the creation of new trading opportunities which should contribute to a solution of the major problems we are confronted with, such as heavy imbalances in international trade, high rates of unemployment and indebtedness.

As to the negotiations, so far all participants have made co-operative efforts. Nevertheless, much work still has to be done, and this Ministerial meeting must give the necessary political impetus for the next decisive phase of negotiations.

Let me turn now to some topics of particular importance for our deliberations.

The Ministerial Declaration of Punta del Este gives priority to tropical products which are of special importance to many developing countries. It gives me particular pleasure to announce measures which my government will take prior to the final conclusion of the Uruguay Round.

Austria has already tabled offers for the further reduction or elimination of tariffs for tropical products based on the Austrian scheme of the General System of Preferences. In addition to this GSP improvement -

exclusively destined to meet the needs of developing countries, especially the least-developed among them - my country also offered concessions on a most-favoured-nation basis for a number of tropical products. These offers will be implemented provisionally in the course of 1989 as soon as Parliamentary approval can be obtained, expecting that other participating countries will also take adequate measures in this field and pending the final satisfactory conclusion of the Uruguay Round.

Furthermore, I would like to announce on behalf of my government another important contribution in respect of tariffs for industrial products. Austria intends to substantially reduce a large number of tariff rates with the main aim to lower high tariffs. This reduction is envisaged to be put into effect well in advance of the end of our negotiations namely 1 January 1990 and will be made pending the final satisfactory outcome of the tariff negotiations. It goes without saying that this contribution will have to be taken into account in assessing the overall balance of negotiations and we are looking forward to taking up consultations with countries benefitting from this action on concessions we expect in return from them.

The Austrian Government is aware of the crucial importance of exports of textiles and clothing to a large number of developing countries. We subscribe to the principle of worldwide free trade in these products. In the absence of fully operational and efficient safeguard provisions, however, the Multifibre Arrangement has served a useful rôle in avoiding market disruptions while the process of restructuring the industries in importing countries has been going on.

Some exporting countries have proposed modalities for the gradual integration of the textile and clothing sector into GATT. We can - in principle - accept these ideas as a basis for the further negotiating process as far as they relate to the period after 31 July 1991, that is the expiry date of the present protocol of extension of MFA. Our positive attitude is based on the assumption that the safeguard provisions of GATT will be strengthened in the course of the Uruguay Round.

Agriculture is another key area of our negotiations. We share the view that agriculture, too, must be brought under improved discipline. The problems we are faced with worldwide in this sector result from over-production. Over-production is, however, not caused by small farms which for example, are characteristic for the agricultural structure in my country, but by the large scale production in major countries. Here, Mr. Chairman, the discipline must begin. Austria has already taken various measures to cope with this problem, for example to limit the output in certain areas such as dairy products, cereals and meat. Since 1987 we have also limited the level of state expenditure on subsidies up to the year 1990. Austria developed since the seventies, a policy of direct income support for disfavoured regions. Some reasons, why we must maintain agriculture, go beyond pure agricultural considerations. In this context I would like to mention food security, regional aspects and the ecological

function of agriculture in our industrialized countries. Therefore, also in future certain measures to protect agriculture will be necessary. The problems of this sector are complex and do not lend themselves to easy and quick solutions. What we need, is a further elaboration of the proposals submitted only recently.

In this context I would like to point out that negotiations in other groups and the solutions hopefully to be found there will also affect agriculture.

When being applied to agriculture one must keep in mind the necessities and particularities of this sector.

We share the view that it is necessary to elaborate a framework for measures limited under Article XX(b) of GATT so often misused as unjustified trade barriers. When elaborating this framework, the wisdom of the actual phrasing of this Article, which gives priority to health of mankind, animals and plants, should not be forgotten.

Experience in the past has shown that the safeguard system and the dispute settlement procedure must be improved. A comprehensive safeguard arrangement could contribute to avoid so-called "grey area measures". This is valid also for the dispute settlement procedure. In order to meet the challenges of a changing economic environment, GATT will have to deal with international trade in its entirety, including services, TRIMs and TRIPs. Rules and principles for those sectors are of particular importance for our economies. We are also of the view that an intensified co-operation between GATT and the international financial and monetary institutions is necessary.

In all negotiating groups special and differential treatment of developing countries has played a major rôle. In our view, Part IV and the Enabling Clause still serve a useful purpose in the development process and in facilitating a progressive integration of developing countries into the rights and obligations under the GATT system.

In concluding, I wish to underline the necessity that despite some results achieved in the last two years, we have to undertake utmost efforts in the coming two years in order to bring the Uruguay Round to a full success.