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Statement by H.E. Mr. Hannes Farnleitner Federal Minister for Economic Affairs

First of all, I want to express my thanks to you, Ms. Barshefsky, to the US Administration and in particular to the city of Seattle for organizing this Third WTO Ministerial Conference. My sincere thanks also go to the Chairpersons of all WTO institutions and Director-General Mike Moore, to his predecessor Renato Ruggiero and to the WTO Secretariat. Since the middle of last year, they have been preparing this Conference under sometimes very difficult conditions.

At the Second Ministerial Conference in Geneva in May 1998 we agreed to establish a WTO work programme including recommendations for broad-based liberalization measures for this Conference. This intensive process of preparation enables us to set the stage for new trade negotiations for the next millennium. Therefore, we should now take the chance to contribute to sustainable economic growth and an increase in living standards for all in the framework of a new negotiating round. Liberalization must not be an end in itself, but must lead to a measurable improvement of living conditions in all countries.

Globalization and the increasing interlinkages of the economy will continue independently of the results of international conferences. Globalization must be accompanied by increased responsibility on the international and the national level, particularly in the field of social policy, health and environment.

However, we must not forget that in the past, economic liberalization has contributed considerably to economic growth in our countries. Consequently, it has also led to an improvement in social conditions and to a rise in environmental consciousness. This is not only true for countries with large industrial structures, but also for countries with mainly small- and middle-sized manufacturing firms like Austria. After all, responsible globalization will also offer an opportunity for a new period of economic growth. In order to truly master this challenge, especially the economically weak and less developed countries need our particular support.

To make our endeavours more effective, this must be done in a coherent way with our assistance to developing countries in other organizations (IMF, World Bank and UNCTAD) and in close international coordination. Austria, as a member of the European Community, is prepared to examine closely the concerns of developing countries in the implementation of the WTO Agreements and to take them into account at this Conference, and also later in the framework of a comprehensive WTO negotiating round. Moreover, Austria fully supports duty-free market access for essentially all products from least-developed countries.

The agenda for future work that we will establish at this Conference shall form a good basis for balanced negotiations aiming at increased economic growth and sustainable development. In our

view, this can only be achieved by a comprehensive approach. Let me highlight now some areas of particular interest to Austria:

We are fully committed to the negotiations on further liberalization in the agricultural sector according to Article 20 of the WTO Agreement on Agriculture. With the reform of European agricultural policy, as established in the Agenda 2000, we have set important preconditions for these negotiations. But let me also point out some characteristics of the agricultural sector in Austria. Typical for agriculture in Austria are small family farms which, apart from production, fulfil important functions for the preservation of the countryside and the rural environment which are important for Austria as a tourist country. In order to ensure the continued existence of these farms with their multifunctional role, it is essential to safeguard the necessary conditions in the upcoming WTO negotiations on agriculture.

It is generally acknowledged that the service sector contributes more to economic growth than other sectors. The GATS started showing important liberalization effects, but there is still room for further improvement. Besides liberalization in a narrow sense, in our view, service negotiations should also focus on sound regulatory disciplines in order to make market-access commitments more operational. However, the GATS with its broad coverage also touches upon areas and activities which are deemed highly sensitive in some WTO Member countries. For that reason, Austria advocates a certain flexibility in these policy areas in the upcoming round, for example concerning the preservation of cultural diversity and identity.

In the past Austria has always supported the consideration of core labour rights in the multilateral trading system. Therefore it is a primary concern for Austria to include the social dimension in the next negotiating round. The respect of core labour rights shall not impair the comparative advantages of developing countries, but lead to a rise in life quality for the population and contribute to sustainable development to the benefit of all WTO Members. Therefore we strongly support the creation of a joint ILO/WTO Standing Working Forum to deal with this subject in a larger context, including areas of particular concern to developing countries. We do not aim at new protectionism or sanctions but at breakthroughs which are to be made with regard to core labour rights by economic incentives.

The progress we are trying to achieve concerning the establishment of binding WTO provisions in the environment sector is the logical consequence of our endeavours to contribute to an improvement of the environment by domestic regulations and by multilateral environmental agreements. Trade and environmental policy are to complement each other in the interest of achieving sustainable development. This requires a clarification of the compatibility of multilateral environmental agreements with WTO rules. In the interest of the next generation nobody can be allowed to shirk from responsibility for the environment.

Food safety is of vital concern for our people. Therefore we support in particular the clarification of the precautionary principle in the WTO Agreement on Sanitary and Phytosanitary Measures as well as adequate rules on labelling which fulfil the needs of our consumers for information.

In the framework of further liberalization we also strongly advocate a reduction of tariffs for industrial goods. In particular, we see a need to dismantle still existing tariff peaks and to further remove non-tariff barriers, making improved market access possible for all WTO Members.

Globalization strengthens the link between trade and investment as well as between trade and competition and therefore calls for an intensified WTO work on these issues. The analytical studies carried out by WTO Working Groups so far have proved very valuable indeed. They provide the basis to focus on more concrete steps and to start negotiations on a multilateral framework agreement on investment and competition in the WTO.

Progress in trade facilitation is of particular importance for small- and medium-sized enterprises. It is in the interest of us all to remove unnecessary red tape and to simplify our customs procedures. Our efforts in improving market access should not be thwarted by administrative trade barriers.

Within a very short time, electronic commerce has developed into a widespread mode of delivery for services and goods without frontiers. Rather than being an end in itself, electronic commerce presents in our view only a new way or technique of doing business. Therefore the main WTO provisions should in principle be fully applicable to electronic commerce. Though we would like to achieve more tangible results already at this meeting, we welcome the temporary maintenance of the current practice not to impose customs duties on electronic transmissions. We also support the prolongation of the existing WTO programme on the relations of electronic commerce to various WTO Agreements.

The WTO dispute settlement has proved that we can trust in the enforcement of WTO provisions. Therefore we welcome the efforts to further enforce and improve the system. In this respect we also hope that the results elaborated in the framework of the dispute settlement review can be adopted at this Conference. This will contribute to clarifying difficult issues in WTO dispute settlement practice.

The enhanced transparency of the WTO is already noticeable at this Conference. Public support for the upcoming negotiating round can only be achieved by comprehensively informing all interested parties.

Let us take the chance at this Conference to lay the foundations for a comprehensive WTO negotiating round – a round which has the opportunity of making an important contribution to the promotion of economic growth in all our countries, and in particular, to the sustainable development of the world economy.
