First of all I should like to congratulate the secretariat of the General Agreement on Tariffs and Trade on its report, thanking at the same time for the extensive work involved. I consider this report an excellent means to get a comprehensive survey on the state of international trade relations and to discern all those factors apt to impair the results achieved hitherto.

It seems to me of importance that in spite of the record level achieved in international trade in the year 1956, a decrease in trade has been stated between industrialized and non-industrialized areas. As pointed out quite rightly in the report, this is mainly due to the process of industrialization in certain countries. There can be no doubt that the endeavours of raw material producing countries to process their indigenous materials within their own countries can only meet with our full understanding. I hope that these efforts will lead to a full success to the benefit of a higher standard of living of all peoples concerned. On the other hand, it must not be overlooked that any abrupt interruption of the organic evolution of the exchange of goods between the two groups of countries could have grave consequences for world trade as a whole.

An excessive rise in raw material prices may eventually lead to a decline in sales figures for the articles manufactured thereof and consequently to a drop in production. This would have the same unfavourable consequences for the countries producing those raw materials as a sudden fall in prices. Therefore a co-ordination of the mutual interests appears to me particularly important in this sector. I welcome, therefore, the resolution taken at the Eleventh GATT Session to concentrate all initiatives in this field at GATT, in consultation with other competent organizations. Austria has an important iron and steel industry as well as a big textile industry and is particularly interested in an unhampered supply of raw materials from all supplying countries. At the same time she has to defend her own interests as an exporter of raw materials, mainly timber and staple fibre.
I want now to draw your attention to the first important step within the economic area towards an economic policy in terms of large regions, namely the creation of a common market for coal and certain iron and steel products. Austria, although an important iron and steel producing country, does not belong to this Community for different reasons which need not be discussed here. Thanks to the readiness to negotiate of all parties concerned and in the spirit of GATT an agreement was reached on the occasion of the Fourth Tariff Conference. I hope that this agreement is a starting point for further agreements between Austria and the Community which could form a workable basis for a satisfactory trade in this field, and which take into account Austria's interest towards the Community as an iron and steel supplying country and as a consumer country mainly of coal.

Austria has given proof of her willingness to contribute towards a further development of GATT, broadening its basis as a world-wide trade forum by ratifying the Revision Protocols and the Agreement of the Organization for Trade Co-operation. I should regret if the OTC could not be put into force in the near future. However, should this be the case the question should be studied whether it would not be possible to implement the other results of the revision session between all contracting parties. As a first step I am glad to mention the implementation of the protocol which modifies the Preamble and Part II and III of the General Agreement. GATT must be given credit for having stabilized the general level of tariffs by means of multilateral tariff agreements after World War II, thereby making impossible arbitrary tariff increases. Those who remember the disastrous effects of tariff increases on world trade in almost every country after World War I will appreciate this fact. Moreover, GATT has made a substantial contribution towards reducing quantitative import restrictions. It is a perfectly sound principle that GATT puts upon the countries the obligation to reduce gradually their import restrictions as soon as their balance of payments improves. However, one must not overlook that hand-in-hand with a gradual abolition of import restrictions, problems of monetary production and social policies are bound to turn up which the governments concerned will be compelled to deal with. To quote an example, free convertibility of currencies is a basic prerequisite for the abolition of quantitative import restrictions. At this point I want to stress that Austria has taken far-reaching liberalization measures not only within the OEEC area, but even beyond. The question of complete liberalization requires however - even in case of an active balance of payments - careful consideration by the Contracting Parties. A solution of this problem will have to be adapted to the special conditions of the country in question, especially as far as the agricultural sector is concerned. For this reason the Austrian Federal Government has proposed that the extension of the resolution which the Contracting Parties took on 5 March 1955, in recognition of those special conditions, be put on the agenda of the present session.
Concerning the items on today's agenda I want to make some statements on the Treaty establishing a European Economic Community. I do not think it is news to you if I say that the planned integration of an economic area the potential of which can compare with the two existing big economic blocks, opens up vistas which, while evoking enthusiastic approval in some countries, causes a rather sceptical attitude or even a feeling of apprehension in others.

Austria which does not belong to the European Economic Community, but supports a solution in the form of a Free Trade Area, is of the opinion that GATT, foreseeing the trend of future developments, provides in its Article XXIV the basis for discussions on questions arising between Member countries of the European Economic Community and non-Members. I, personally, hope that the Treaty which is in line with the technical progress of our age, will lead in the end towards increased production and consumption, thus causing a rise in international trade.

As the representative of a European country all these considerations induce me to take a thoroughly positive attitude towards European integration. I wish to emphasize that Austria, owing to her status of strict neutrality, is highly interested in European integration on a wider basis in the form of a Free Trade Area and that she is ready to be a party to such an area.

Under these circumstances I think that a careful study of all arising problems within the Working Parties according to plan will certainly yield most valuable results. In view of the envisaged creation of a Free Trade Area, Austria has a direct interest in all the problems concerned. I therefore propose that my delegation participate in the work of the Intersessional Committee in the periods between the sessions.

One item on the agenda which I have had in mind for a long time is the application of Article XXXV to Japan. It has always been our sincere wish to emphasize the friendly relations between Austria and Japan, also through the application of tariff concessions corresponding to GATT-agreements to Japan. De facto, these concessions are applied in my country also to Japanese goods. It is, however, not possible to consider any further steps at present, because there are industries in my country which would be unable to cope with Japanese competition, and therefore adequate protective measures would have to be taken in case of a substantial decline in production. Therefore, I am sorry to say that I do not consider the situation ripe for a decision which would correspond to Japanese wishes.
Among the tariff negotiations which, according to the main objectives of GATT, have always been important items on the agenda, are this time renegotiations in which Austria will participate in view of the changes which have become necessary by her new tariff, as well as negotiations with Brazil and Switzerland. I am glad to know that Brazil's demands in connexion with her new tariff have found a favourable solution within the framework of GATT. This will enable Austria to start tariff negotiations with Brazil to which country she is linked by their common membership in the Hague Club.

As far as a drafting of the new Austrian Tariff is concerned, I am in the position to inform you that the section of the tariff covering industrial products, that is Chapters 25 to 99 of the Brussels Nomenclature, has already been approved in principle by the Austrian Federal Government. The drafting of the agricultural part is expected to come to an end soon. The average incidence of the new tariff will be lower than that of the old one.

I have pleasure in welcoming among us our new colleagues, the representatives of Ghana and Malaya. In my opinion the results and the advantages which GATT has secured up to now for each of us, are only due to the fact that each contracting party has taken upon itself obligations by granting permanent most-favoured-nation treatment, non-discrimination, the reduction of trade barriers, etc. Consequently future results will only be achieved if each contracting party continues to live up to these obligations in the general interest independently from the particular form of its own economic régime. In the case of new countries adhering to the Agreement, it will therefore be necessary to examine carefully in what way it will be possible to meet these obligations.

Before concluding my statement I wish to express to the Contracting Parties my great satisfaction about the fact, that for the first time since Austria's accession to the General Agreement, representatives of my country have been elected to serve this Organization as vice-chairmen. I wish you to be assured that my Government fully appreciates this distinction.