Speech by Dr. Josef Stangelberger (Austria),
delivered in plenary session on 10 November 1954

The Austrian Minister of Finance greatly regrets not to be able to attend this week's meetings of the GATT to which he has looked forward with a great deal of interest. Unfortunately pressing Government matters have prevented his leaving Vienna at this time. I have the great honour, however, to make to you, in his place, the statement which he intended to present today.

Before I speak on the matter with which we deal in this meeting, permit me to give you a short outline of the Austrian situation after the war, our position in international trade on which we depend for a good deal of our livelihood and our resulting sincere interest in all international organizations and arrangements furthering trade and reducing barriers against it.

We are depending - as I said before - to a great deal on foreign trade and it was, therefore, imperative for us that in reconstructing our economy after the war, our efforts in the first place were directed towards a rebuilding of the Austrian export industry. It was also natural that we accepted the invitation extended to us in 1947 to attend the Havana Conference. We joined at its start the organization for European Economic Cooperation, are a member of the European Payments Union and are represented on the Customs Cooperation Council of Brussels. It was, therefore, fully in line with our policy that Austria wished to become and did become a member of the GATT.

At the Torquay Conference approximately 630 concessions were agreed upon with twenty-one contracting parties. We further participated actively in the task to bring about a general reduction in customs tariffs. Any removal of obstructions to world trade has our active support and I may mention in this connexion the recent unilateral reduction of the customs duty on motor-cars by half of the duty, that is to say from 40 per cent to 20 per cent ad valorem. I trust that this measure which is in the interest of foreign exporters and has already resulted in a considerable increase of imports, will be taken note of at subsequent tariff negotiations.

Between the tariff negotiations of Torquay and this session of the Contracting Parties, the Austrian economy has undergone considerable changes and the financial and fiscal policies followed since 1952 have brought about a stabilization of Austria's currency and economy. The number of employed persons has reached the highest level ever recorded and apart from seasonal fluctuations unemployment is being kept at an absolute minimum. Austrian goods are finding again in increasing quantities their way into the world markets. As a result of the improved trading position a considerable foreign currency reserve is now at
our disposal and our balance of payments has shown a surplus in recent times. This is all the more remarkable if one considers that as late as 1951 the European Payments Union recommended to Austria to tighten up import restrictions and the control of foreign exchange. From 1952 on Austria's deficits in the European Payments Union became smaller month by month and today Austria which only a few years ago was considered to be a structural debtor, is one of the creditors of the Union. In connexion herewith Austria has started to abolish quantitative restrictions to a considerable extent and will continue to do so in the future.

Austria is now about to adapt her customs tariff to the Brussels nomenclature. The customs tariff in force at the present time was introduced in 1906 and only partially amended in 1924 to meet the economic requirements of the period after the first world war. A number of features of the tariff system reflected the economic structure of the Austro-Hungarian Monarchy and the state of economic and technical development of its time. Numerous amendments to improve the tariff by subdivision of various items did not materially change its structure. In many cases the nomenclature used in the Austrian tariff system does not correspond with that of other countries, neither do the groupings of goods nor their individual classification agree with the system adopted in Brussels. As already reported to the Contracting Parties, notice of which appears under Item 5 of the Agenda, in connexion with the change of our tariff system we are finding ourselves faced with the necessity of adapting a number of concessions agreed upon in Torquay to the nomenclature of the new tariff and of asking for renegotiations of such goods in respect of which there occurred fundamental changes with regard to their production and their market since the Torquay Conference. I trust that no one will assume that this request reflects in any way our attitude vis-à-vis the plans of a general lowering of the customs tariff level. On the contrary, Austria which has taken part in the discussion of these plans, has a major interest therein. May I say in connexion that not only long before the first world war Austrian economists pleaded for an internationally standardized classification of customs tariffs and statistics but that already in 1897 the then Foreign Minister of the Austro-Hungarian Monarchy, Count Goluchowski, proposed in a note to the European Chancelleries a concerted action towards a reduction of the customs barriers in Europe. To this note - as members of the Contracting Parties will know - reference was made in a study of the Low-Tariff Club with the remark that the language used by the then Austrian Foreign Minister resembles what is said in this connexion today. With regard to the French plan concerning a general reduction of customs duties, we agree - as I said before - that a possibility exists for a reduction of customs duties on a multilateral basis. We also agree that in such a plan it would be impracticable to lower duties generally for individual items. It is our belief, however, that conditions should be inserted allowing an adaptation of the tariff rates to the economic development.

The principle of the most-favoured-nation treatment as expressed in Article I of the Agreement - I am certain you will agree with me - appears to be the main principle of the Contracting Parties. The unconditional application of reciprocity coupled with the exclusion of all forms of discrimination is our first maxim. Every contracting party can be assured of all benefits which may
be accorded by any contracting party to any other contracting party. Non-member countries which, we understand, enjoy in many countries most-favoured-nation treatment including GATT Schedules, in our opinion should not enjoy such multilateral concessions and should benefit only from such commitments as are bilaterally agreed upon on the basis of equivalent concessions. Otherwise, it would be simple for non-member states to obtain concessions without any equivalent commitments on their part concerning the general rules to which every member of the GATT must subscribe. This in our opinion would undermine the basis of GATT's existence.

Concerning Japan's accession to the Agreement, the Austrian Delegation has already stated its position.

Concerning the European Coal and Steel Community, I would like to state that it is our belief that efforts must continue towards finding a possibility for Austria and other third countries to establish a satisfactory relationship with this Community.

We agree that a number of the provisions of the Agreement are no longer in accordance with present-day requirements. We are studying carefully the suggestions made in writing and in the addresses which we have heard and shall be glad to cooperate in finding suitable solutions of our common problems. We shall propose a revision of Article XXX. We believe that provisions must be made to allow underdeveloped countries a development of their resources and an improvement of the standard of living. It is our opinion that special agricultural situations must receive also in a new agreement special considerations.

In general it is our belief that the conditions of the GATT in many instances should be clarified and that even though regulations should be strict, sufficient flexibility should be maintained.

We have been - as I stated - a member of the OEEC since its inception and while we subscribe to multilateral world-wide organizations, we desire to maintain the valuable results obtained in the OEEC.

We are in favour of the suggestion to give the GATT a more permanent status and shall be glad to consider with the other contracting parties what body should govern the affairs between the sessions of the Contracting Parties. The Contracting Parties are dealing with customs and trade rules. The satisfactory development of trade is closely connected with the efforts to re-establish currency convertibility. Austria will welcome every step towards convertibility but convertibility must be real and not be deprived of its value by quantitative import restrictions. Austria is at present gradually abolishing exchange restrictions. I hope that we can proceed with these measures and we will be prepared to proceed towards a convertibility in close cooperation with our important trading partners.

My Government hopes that this Conference will bring about valuable results. We believe that the GATT is providing an important contribution towards furthering of international trade and the Austrian Delegation will fully cooperate in the endeavour to bring about a new and improved Agreement.