It is with the greatest pleasure that I take the opportunity of this session to thank, in my capacity as representative of Austria, the Japanese Government for their hospitality. I have been all the more glad to be able to come to this country, as this affords me an opportunity to emphasize the friendly relations between my country and the host country.

First of all I should like to acknowledge the remarkable work done by the secretariat. In the course of my further statements I shall have the opportunity to refer to its excellent report on the development of world trade.

The development of trade of non-industrialized countries with the other countries of the world during the past year is of importance for the present situation in international trade. Average export prices of the products of the aforementioned countries have registered a heavier drop than world market prices for industrial products. For a number of non-industrialized countries this has resulted in the necessity to reduce their imports by means of quantitative import restrictions, credit restrictions, and higher exchange rates with an aim to prevent the deficits of their trade balances from growing. These measures have necessarily gone hand in hand with a reduction of outlets for industrialized countries on the markets of less developed countries. On the other hand, however, the consequences of a dwindling goods exchange were even more deeply felt by non-industrialized countries than by industrialized countries, as in many cases lower export earnings led to the abandoning of urgent investment projects. I am convinced that at present one of the most important tasks confronting GATT is its constructive work in solving this crisis in international economic relations.

I should like to recall the statements put forward in the GATT Report "Trends in International Trade" dealing extensively with the possibilities and the consequences of stabilization measures. Only detailed studies could bring about practical and effective solutions, which might be best suited to establish the appropriate stabilization system, mentioned in that report. In any case, however, the establishment of stable price conditions on the raw material sector will require a close international co-operation, for which GATT provides an adequate basis.

In Austria imports of the most important export items of non-industrialized countries are not subject to any kind of restrictions. The importer is therefore in a position to choose freely his suppliers as well as the time when the goods are to be delivered. In general, however, the Austrian
entrepreneur has not at his disposal sufficient capital for stock-piling, even if low international raw material prices might be an incentive for doing so. Import restrictions which non-industrialized countries might be compelled to introduce as a consequence of the drop in export proceeds, are all the more felt by Austria's economy. The efforts of less developed member countries of GATT to stabilize their external trade on a high level, are therefore followed with sympathy and understanding by my country.

It might be assumed that, even should raw material prices be stabilized, non-industrialized countries will in the near future not be in a position to finance exclusively from export proceeds the investments they require for their economic development. This fact has been taken into account by planning the foundation of the International Development Association. This international development programme could contribute towards dealing with better results with the economic and social problems with which non-industrialized countries are faced.

Up to a certain degree measures on an international level in favour of non-industrialized countries will be a continuation of the economic cooperation on a regional basis which has shown some progress during the last few years. The first step towards the setting up of a new wider economic area was made by the six countries of the European Coal and Steel Community when they joined in the European Economic Community. Two years ago I had the occasion to recognize, within the framework of GATT, the economic importance and even the necessity of the efforts aiming at the economic integration of Europe. Meanwhile the Rome Treaty came into force and the European Economic Community of the Six came into existence. From a general economic standpoint, this development as a first step towards an economic integration of Europe can be welcomed and we hope that the development will continue along these lines. However, in my capacity as representative of a European country which, owing to the breakdown of the negotiations aiming at the establishment of a European Free Trade Area, remains outside the Community, I am bound to emphasize the difficulties which might result for the economy of my country from this fact, as, during the last few years, the value of Austria's trade with Common Market countries has been higher than that of her trade with all other countries of the world, taken as a whole.

In view of the effects of the creation of the European Coal and Steel Community, Austria has outlined in the past within the framework of GATT, her specific situation. In the interest of Austria's iron and steel industry which is one of the pillars of Austria's exporting industry, Austria will once more, during the present session, be compelled to put forward certain questions.

Even after the breakdown of the negotiations aiming at the creation of a big European Free Trade Area, Austria has been endeavouring to support the efforts to arrive at an integration of the entire European economic area in order to counteract possible economic setbacks within Europe. This has been the target Austria has had in view when participating in the negotiations on the establishment of a Convention of European Free Trade Association.

Austria's geographical situation, however, makes it imperative for the country to intensify her traditional trade relations with neighbouring Eastern countries. Exports of some of Austria's industrial enterprises are
traditionally directed towards Eastern Europe and the Austrian production takes into account in its manufacturing programme the special requirements of those countries. In view of the trade regime prevailing in Eastern European countries, Austria's trade policy must therefore reserve some possibilities for purchases in those countries in order to balance her credits there. In accordance with Austria's import requirements mostly agricultural products can be taken into consideration, some of which are imported from the aforementioned countries with due consideration to the criteria of a market economy. As a consequence, it appears unavoidable for Austria to maintain for the time being certain restrictions in the field of agricultural economy, all the more so as the cost structure of Austria's agriculture is rather unfavourable, owing to special soil conditions prevailing in my country, Austria is, as will be known, a mountainous country, and the protection granted to her agriculture aims at improving its efficiency within the small Austrian economic area in order to strengthen its competitiveness in the face of a heavy import pressure.

In the course of the past few years Austria has made great efforts to put her economy gradually on such a level as to face tightening international competition. The success of these endeavours is mainly due to ERP Aid by which the United States have laid the foundation for Austria's economic rehabilitation. I am bound to express once more the gratitude of the Austrian people towards the United States for their generous assistance.

The limited capacity of Austria's capital market has made it necessary to have recourse to foreign capital for such purposes which has resulted in an improvement of the balance-of-payment situation during the past few years. In the past year Austria was able - for the first time - to balance her trade balance deficit by the surplus resulting from the services balance. Although the development of tourist trade earnings may be considered as extremely gratifying, I have to point out that Austria's trade balance deficit is a structural one, and that foreign currency earnings from tourist trade have not quite the same significance as foreign exchange proceeds resulting from exports. This factor, together with the uncertainty of the further development of integration and Austria's manifold and close export relations with Common Market countries, make Austria's cautious attitude in trade policy appear well justified.

Austria has always done her best to comply with her international obligations.

My Government has recently taken new steps by which, on the industrial sector, liberalization of imports from the United States and Canada is practically put on the same level with that of imports from OEEC countries, so that, for the reasons outlined above, only in the field of agriculture some differences remain with regard to certain products. As far as non-industrialized countries are concerned, I have already explained that imports of a large share of the items concerned are not subject to restrictions. Moreover, we have always stated that we are ready to discuss any difficulties which may prevail.
Looking at our Agenda we see that the member countries of GATT intend to tackle a number of new problems on several different sectors. Among the items mentioned must be made in the first place of the preparations for the fifth general round of tariff negotiations and the negotiations with EEC countries on their common tariff. I attribute great importance to the new round of tariff negotiations on a world-wide basis and I feel that this will be a further and efficient step towards eliminating existing trade barriers in the interest of expanding world trade and because — seen from the standpoint of my own country — I hope that the Conference will give us the opportunity to discuss — and as far as possible settle — existing problems with Common Market countries.

I have pleasure in welcoming in our midst a number of countries which have become members of GATT since my last attendance. From the Agenda I gather that Poland, a country with which Austria is linked by traditional trade relations, has decided to join in our work. May I express the hope that this country's application for association will be satisfactorily dealt with during the present session. Speaking in general, allow me to point out time and again that GATT has done a most important work in the field of stabilizing the tariff level by laying down the principle of the multilateral GATT most-favoured-nation treatment. Under GATT's understanding leadership a normalization of trade relations among nations was reached after World War II. Starting from the principle of multilateralism all countries, regardless of their economic development, were given the opportunity to arrive at a universal solution of their problems within the framework of GATT. In my opinion, this means that, in order to achieve the aims of GATT, namely the freeing of trade from all barriers in the interest of a higher standard of living of all people, the problems of the individual member countries should be dealt with pragmatically, in accordance with the actual economic situation and conditions. For this purpose, I believe, countries which are striving to co-operate with GATT and which do not yet fulfill the economic prerequisites for full membership, might be given the opportunity to co-operate within the framework of the CONTRACTING PARTIES. This would help to create the basis for a really universal, world-wide co-operation within the framework of an organization the members of which already now represent about 80 per cent of world trade.

At present the CONTRACTING PARTIES as a whole as well as several individual member countries of GATT have to face difficult economic problems. I have pointed out some of these problems. They mainly arise where the abolition of tariff rates and quota has made big strides, and where international competition requires adaptation to world market conditions. The size of the difficulties arising for industrial branches which hitherto have enjoyed protection, and now have to adapt themselves to international competition, will only gradually become recognizable in each individual case. In my opinion, this makes it advisable to retain the possibility of exemptions in cases of hardship, and to lay special stress upon this item of the Agenda. Furthermore I believe that the GATT provisions concerning anti-dumping measures do not fully meet practical requirements. In view of the progressing liberalization of world trade I am of the opinion that, in the interest of uniform competitive conditions, an amendment of the aforementioned provisions will be necessary in order to establish the basis for a uniform application.
Summarizing I should like to emphasize that only by taking into account the specific circumstances and conditions under which each of our countries is contributing its share to world economy, it is possible to dovetail the individual economies into the big frame of the Agreement, to which we all are bound.