1. In preparation for the Panel's work, the Chairman of the Panel, in March 1962, sent a note to the Uruguayan delegation requesting certain specific information (Spec(62)103). In response to this request the Uruguayan delegation has submitted; (a) a general note setting out its position in regard to all the cases to be considered by the Panel (see Spec(62)150) to supplement the general statements, etc. already made available by the Uruguayan authorities to the CONTRACTING PARTIES at the nineteenth session and to the Council in February 1962; and (b) certain material concerning its representations to and consultations with individual contracting parties. The present paper summarizes and reproduces such material relating to Austria.

2. According to the material supplied by Uruguay, the Uruguayan delegation wrote on the 19 October 1961 to the delegation of Austria requesting a consultation in terms of paragraph 1 of Article XXIII. The Austrian delegation replied that it agreed to enter into such a consultation.

3. Accordingly a consultation took place on the 5 December. Appended hereto in Annex I are the notes on that discussion. These notes have been agreed upon by the two delegations concerned. Annex II contains some notes in certain supplementary data concerning Austrian treatment of products exported by Uruguay.

4. The list of the restrictions imposed by Austria as given in document L/1662, might have to be revised in the light of the consultation and information provided by Austria, subsequent communications which are reproduced in Annexes III and IV.

5. On the 11 December the Uruguayan delegation wrote to the Austrian delegation reiterating its Government's request that the Austrian Government should give consideration to the elimination of restrictions and to expand Uruguay's access to that market. The exact terms of this further representation are reproduced in Annex V to this paper.

6. Annex VI contains the text of a letter from the Uruguayan legation in Vienna to the delegation of Uruguay in Geneva. This letter carries the text of an 'aide memoire' from the Austrian Government on the subject of trade between the two countries.

Spec(62)155
CONSULTATION UNDER ARTICLE XXIII:1 BETWEEN URUGUAY AND AUSTRIA

Notes on the Consultation, Approved by the Two Delegations

1. In a letter dated 19 October 1961 addressed to the head of the Austrian delegation, the Uruguayan delegation announced that its Government wished to have a consultation with Austria under Article XXIII of the General Agreement regarding the import restrictions applied in that country to Uruguayan products.

2. The Austrian delegation agreed to this consultation, which was held on 5 December 1961 in the GATT secretariat offices.

3. The Uruguayan delegation began by explaining that the consultation asked for was one of a multilateral series of exchanges of views of the same kind with several other contracting parties and should, therefore, not be regarded as action exclusively or mainly directed against Austria. The reason for the multilateral programme of consultations adopted by the Uruguayan delegation was its desire to try and expand the openings abroad for the principal exports of Uruguay. Stagnation in Uruguayan exports raised serious problems for the country's economy and producers, workers and farmers had pressed the Government to take positive action to improve their lot. Uruguay does not, at the moment, apply restrictions on imports from any country but a whole maze of restrictions and other measures bar its exports from access to foreign markets.

4. These restrictive measures have had a depressing effect on the foreign exchange payments balance of Uruguay and on its ability to carry out programmes of economic development. In fact, they have had unfortunate repercussions on a major part of the economy and have led to social instability. The situation must be urgently remedied. Trade between Austria and Uruguay, however, has resulted in an excess balance for Uruguay both in 1959 and in 1960.

5. The Uruguayan delegation referred to document L/1662 which contains a table of the import restrictions and other measures affecting international trade applied by various countries, including Austria. The two delegations discussed the nature of the restrictions which Austria still applies as well as the reasons and grounds for maintaining them. The Austrian delegation supplied additional information to correct some of the figures contained in document L/1662.

6. Advantage was also taken of the opportunity to obtain information on some other factors affecting trade channels, such as, for instance, bilateral agreements and the possibility of importing into Austria products of importance to Uruguay. On the basis of detailed statistics the Austrian delegation drew the Uruguayan delegation's attention to the various liberalized items for which there would seem to be possibilities of increasing Uruguayan sales on the Austrian market, possibilities of which, in the Austrian delegation's opinion, not sufficient use is made by Uruguayan exporters.

7. The Austrian delegation pointed out that Austria had recently waived its right to take advantage of the provisions of Article XII to justify import
restrictions and was preparing to carry out an immense new programme of liberalization of imports as from the beginning of 1962. The Uruguayan representative expressed the hope that the liberalization measures envisaged by Austria would soon lead to the introduction of fresh import facilities and would speedily result in the complete elimination of the still existing restrictions and discrimination.

8. The Uruguayan delegation highly appreciated the spirit of co-operation shown by the Austrian delegation in the consultation and also the delegation's assurances that its Government would continue to take a favourable attitude towards ways and means of opening the Austrian market more widely to Uruguayan products.
ANNEX II

CONSULTATION WITH AUSTRIA (GENEVA, 5 DECEMBER 1961) -
STUDY OF THE VARIOUS URUGUAYAN EXPORTS BASED ON THE
TABLE OF RESTRICTIONS DRAWN UP ON THE SAME DATE (L/1662)

Note by the Uruguayan Delegation

General remarks

As from 1 January 1962 the degree of liberalization for GATT countries will
be raised from 50 to 70 per cent, but will not apply to meat or cereals.

Austria is bound by bilateral agreements: (a) with all the Eastern countries
except Albania; these agreements do not imply a commitment to purchase but an
obligation to issue import licences up to the amount of the fixed quota; (b)
with the Western countries, but without a quota system.

Import surcharges varying in amount replace customs duties, but are never
higher than the latter.

Items

02.01 - Meat and edible offals of the bovine or ovine species, frozen
or chilled

The restrictions applicable to products under this heading are covered,
vis-à-vis the General Agreement, by the provisions referring to the legislation
in force before Austria acceded to the General Agreement.

Everything connected with trade in the products in question comes under a
Trade Office which decides on imports on the basis of tenders obtained from
importers. This body consists exclusively of representatives of producers,
traders and consumers.

02.01-A-IV-a) Bovine meat, frozen or chilled: no surcharge; delete
symbol No. (4).

02.01-B-III. Offals, chilled, of the ovine species: no surcharge; delete
symbol No. (4).

Austria is a net exporter of meat of the bovine species; it imports for
fattening purposes stock cattle on the hoof from the Eastern countries.
Bovines: imports in 1960 130,000
exports 3,250,000

Ovines: imports in 1960 10,000
(Note: mutton is not highly-appreciated)

Offals: imports in 1959 1,000,000
(Offal of cattle and pork: chief suppliers: Eastern
border countries, Canada, and United States of America.
No imports of sheep offals).

16.02.B.II.c.l. - Other preserved meat or offals

Imports of preserved meat of all kinds: US$500,000 in 1960; chief suppliers:
France, Italy, Czechoslovakia, Hungary and Poland.

16.03 - Meat extracts

Imports in 1960: US$750,000; chief suppliers: Argentina: $230,000;
Brazil: 230,000; South Africa, Australia, Paraguay: 30,000; Uruguay: 20,000.

Everything connected with the trade in the products falling under these two
headings (16.02 and 16.03) comes under the Trade Office above mentioned.

10.01 - Wheat

Austria has signed the International Wheat Agreement. As this product is
handled by a State trading corporation, purchases are made by a system of tenders.
In 1960 imports of wheat amounted to $14 million, the chief suppliers being
Canada, Argentina, Yugoslavia and Australia.

11.01 - Wheat flour

Same remarks as for wheat.

10.03 - Barley

Same remarks as for wheat. Imports in 1960 were as follows:

For animal-feeding purposes: US$6 million; chief suppliers: Argentina:
$3 million; United States of America, East Germany and USSR;

for industrial purposes: $1 million; chief suppliers: Poland and the
United Kingdom: $400,000 each; Czechoslovakia, Argentina: 16,000.
10.06 - **Rice (husked)**

In 1960 imports amounted to $3.4 million, the chief suppliers being Italy: $2.5 million; Egypt, Thailand, Hungary and the United States. In 1959 imports from Argentina amounted to $16,000.

15.07-B.II.c) 2) - **Groundnut and sunflower seed oil, crude or refined**

Bilateral agreements.

No justification under the General Agreement; up to recently Article XII was invoked.

In 1960 imports were as follows:

Sunflower seed; $2.1 million; chief suppliers: Hungary: 1 million; USSR, Bulgaria, Rumania, Argentina: $35,000.

Groundnuts: $10,000; supplier: Nigeria.

An import permit is also needed for edible vegetable oils in the crude state; the symbol (1) should therefore be inserted in the Table opposite the item No. 15.07. The restriction applied depends on the output of butter.

Generally speaking the Austrian delegation made the point that the turnover tax (indicated in the Table by the symbol (9)), levied on the products under headings 15.07 and 15.08, is also borne by national production; is not heavy and, as in most countries, is charged on all commodities traded in; in such circumstances there is no need to mention it in the Table of Restrictions given in document L/1662.

23.04 - **Oil cakes and meal resulting from the extraction of vegetable oils**

The following were the imports made in 1960:

Groundnuts: $1.4 million; chief suppliers: Argentina: $40,000, Germany and Brazil.

Linseed: $900,000; chief suppliers: Argentina: $500,000; Netherlands, Yugoslavia, Egypt, Uruguay: 13,000.

Sunflower seeds: $55,000, Yugoslavia.

53.07 - **Yarn of combed wool**

There is no clause in the General Agreement which justifies the restrictions applied, the real purpose of which is to protect the national market against similar products coming from Asian countries; Pakistan, India and Japan.

In 1960 imports amounted to $9 million, the chief suppliers being France: $3 million, Germany: 2 million; Benelux: 1.5 million; United Kingdom: 1 million.
The discrimination exercised in respect of this product favours countries members of the OECD.

53.11 - Woollen fabrics:

Same remarks as for item 53.07.

In 1960 imports were worth $17 million, the chief suppliers being Germany: $6 million; Italy: 4.5 million; United Kingdom: 2.5 million; Switzerland: 1.5 million; Netherlands: 1 million.

Information on products not shown in the Table of Restrictions in document L/1662

From 05.01 to 05.15 - Other products of animal origin not elsewhere specified

Imports of all these items are liberalized, except part of the item 05.06. In 1960 the imports made were as follows:

05.02: $300,000; Argentina: 4,000; Paraguay; Uruguay: 1,000;
05.03: $250,000; Argentina: 25,000; Uruguay: 8,000; Paraguay: 4,000;
05.15: $500,000; Argentina: 180,000; United States: 110,000; Brazil: 45,000; Paraguay: 37,000; Uruguay: 35,000.

43.02 and 43.03 - Fur skins

Import permit required. Bilateral agreements.

62.01 - Travelling rugs and blankets: B. Other (of wool)

Same remarks as for items 53.07 and 53.11. An import permit is needed but there is no discrimination.

In 1960 imports amounted to $25,000; supplier: Netherlands. It should be noted that Austria is a producing country.
Text of a letter from the Austrian Delegation to the Uruguayan Delegation dated 23 November 1961

With reference to your note DELEGATT/TN 439/60/61-II.5 of 3 October 1961, with which you transmitted to Mr. Treu, Chairman of the Austrian delegation to the GATT Tariff Conference, a copy of the table showing certain restrictions applied to imports from Uruguay by contracting parties, I have the honour to submit to you a few corrections on the information regarding Austria which appears in this table:

1. **Item No. ex 15.07 (edible oils, crude):**
   Imports are liberalized in Austria; the symbol 1 should therefore be deleted.

2. **Item No. ex 15.07 (edible oils refined or purified):**
   Part of this item is liberalized.

3. **Items No. 15.07 and 15.08 (all sub-items):**
   Since the general turnover tax, whenever it is applicable, applies to all commercial sales of domestic as well as imported products, the Austrian authorities believe that this turnover tax cannot be considered as a restriction against imports; besides the edible fats and oils falling under these items are exempt from the turnover tax, an exception which applies in certain cases also to the products manufactured from these goods. Consequently, symbol 9 should be deleted.

4. **Item No. 16.02 (preserved meat):**
   Part of this item is liberalized.

5. **Items No. 02.01, 10.01, 10.03:**
   In the key to symbols appearing on the back of the table prepared by your delegation it is set out clearly that symbol 4 applies to levies over and above customs duties; in the case of Austria, however, the so-called equalization-charges levied on imports falling under these items are collected instead of the customs duty foreseen in the customs tariff: the levy therefore takes the place of the customs duty and can never be higher than the customs duty. According to the definition of symbol 4 laid down by your own delegation, this symbol would have to be deleted, wherever it appears in the column referring to Austria.

My delegation hopes, Mr. Ambassador, that the Uruguayan delegation will be able to take these corrections into consideration when drawing up the revised version of the table.

Finally I should like to repeat the assurance contained in Mr. Treu's letter of 11 November 1961 (No. 14.138-A/61) that Austria is willing to enter into consultations with your Government under Article XXIII of the General Agreement, in respect of import restrictions applied in Austria to Uruguayan products. I would suggest that the date and place of these consultations should be agreed upon orally between our two delegations; the Austrian delegation is prepared to carry out the consultations in Geneva during the remainder of the nineteenth session of the CONTRACTING PARTIES.
With reference to the consultation held between our two delegations under Article XXIII:1 and to the private conversations we had on the subject, I have the honour to draw your attention to the changes which my delegation would like to have made in the table annexed to document L/1662:

For the reasons which I ventured to mention in my letter to Ambassador Lacarte, No.14,330-A/61 of 23 November 1961, symbol 9 should be removed.

Furthermore, symbol 4 should be deleted in item 02.01 (meat of the bovine species) as this commodity does not come under the stabilization regulations which we discussed during the consultation.
ANNEX V

Text of Letter from the Uruguayan Delegation to the Austrian Delegation dated the 11 December 1961

I have the honour to refer to my note No. 473/60/6i-II.5 dated 19 October and to the consultation held between our respective Delegations on 5 December, as well as to the statements made by the Uruguayan Delegation and contained in documents L/1572, L/1647 and L/1679 and the chart which appears in document L/1662 above mentioned. These exchanges have confirmed the existence of certain measures in your country which have the effect of restricting the sale of some Uruguayan export products.

I am hereby reiterating the representations already made to the effect that your Government should be so good as to give its consideration to the convenience of doing away with these measures, which are deemed to have the effect of limiting Uruguay's trade possibilities in your market. In this connexion, we shall be delighted to engage in any further consultations or conversations that you may consider to be of use in attaining the ends which are indicated above.

Although the Uruguayan Government's position has been set out at length in the statements mentioned in paragraph 1 of this note, it may be of use to convey to you the continuing concern felt by the Government - from which new instructions were received today by this Delegation - in regard to the widespread restrictions applied by many contracting parties to goods which are of fundamental importance within our export sphere. As you are aware, we are presently admitting goods from all countries, to any volume or value, without any discrimination. It is the Government's desire to move in the direction of equivalent treatment for Uruguayan goods and your Government's co-operation in promoting the effective access of our products to your market will be highly appreciated.
With reference to your note No. DELEGATT/TN 613/60/61-II.5 dated 5 January 1962, concerning restrictions on imports of Uruguayan products, I beg to inform you that I have made the necessary representations to the relevant Austrian authorities requesting that you should be informed of the Austrian Government's views on the said note so that you could utilize them in the forthcoming negotiations in GATT.

I made two parallel approaches, one to the Federal Ministry for Foreign Relations and the other to the Federal Trade Ministry. In order to obtain for you the information needed for the next GATT meeting, I asked the officials concerned to be good enough to let me have in writing the Austrian Government's views on the matter we are dealing with, so that there should be no misunderstanding and no possibility of a mistake appearing in any information which might be given to me orally.

In agreement with the Federal Trade Ministry, the Federal Ministry for Foreign Relations has sent me on this subject an aide-mémoire, dated today, which reads as follows:

"The Federal Ministry for Foreign Relations has the honour to refer to the representations made by the Uruguayan Chargé d'affaires par intérim, in connexion with the action which the Uruguayan delegation initiated at the nineteenth session of the CONTRACTING PARTIES to the General Agreement under Article XXIII of that Agreement.

"The Austrian authorities were notified about the steps taken and felt it would be useful to draw up a table showing the trade exchanges between Uruguay and Austria in recent years. The Federal Ministry for Foreign Relations ventures, therefore, to reproduce hereunder the figures relating to the said trade, as shown by Austrian official statistics:

<table>
<thead>
<tr>
<th>Austrian imports from Uruguay (in million Austrian Schillings)</th>
<th>Austrian exports to Uruguay (in million Austrian Schillings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>45,419</td>
</tr>
<tr>
<td>1959</td>
<td>46,503</td>
</tr>
<tr>
<td>1960</td>
<td>29,073</td>
</tr>
<tr>
<td>1961</td>
<td>27,839</td>
</tr>
</tbody>
</table>

(first six months)

"As the balance of trade between the two countries shows a surplus in Uruguay's favour, the Austrian authorities would like to point out that the import regulations as at present applied by Austria do not disadvantage Uruguayan exports."
"The Federal Ministry for Foreign Relations points out that the Austrian authorities wonder whether the trading concerns engaged in trade between Austria and Uruguay are making sufficient efforts to make the most of the possibilities offered to them by the Austrian market. Take, for instance, the case of crude linseed oil, which comes under heading 15.07 of the Brussels Nomenclature - a liberalized product which is mentioned as an example - it will be seen that there was no delivery from Uruguay in 1960, whereas Argentina, the United States and the Federal Republic of Germany sold relatively large quantities of this product during the period mentioned.

"The Austrian authorities see no point for the moment in adding anything fresh to the information already supplied by the Austrian delegation at the nineteenth session of the CONTRACTING PARTIES during the consultations held with the Uruguayan delegation on 5 December 1961. We feel, however, that we should again point out that, in the Austrian Government's opinion, the turnover tax applied in Austria does not constitute a barrier to trade, not only because it is applied with impartiality, but also because of its low rate."