

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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RESTRICTED

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## WORKING PARTY ON STRUCTURAL ADJUSTMENT AND TRADE POLICY

### Exchange of Information on the Experience of all Contracting Parties with Regard to Structural Adjustment

#### Addendum

1. At the meeting of the Working Party on Structural Adjustment and Trade Policy on 2 July 1981, it was agreed that the secretariat should invite all contracting parties to provide by the end of 1981 the information required in Paragraph II(b) of the Annex to L/5120, taking into account the objectives outlined in Paragraph I of the Annex and the work already done (L/5177, paragraph 10). Paragraph II(b) of the Annex to L/5120 states that one of the tasks to be undertaken is "consistent with the GATT and the results of the MTN, an exchange of information and discussion on the experience of all contracting parties with regard to structural adjustment, along with an overall analysis of the experience".
2. Contracting parties were invited in GATT/AIR/1742 of 13 July 1981 to provide the requested information. The submission of Austria is reproduced in the Annex to this document.
3. Delegations which have not yet submitted information are requested to do so as soon as possible.

AUSTRIAStructural changes

Structural changes in Austria were in the past and are still shaped mainly by market forces. Government intervention is limited and similar to that in most other market economies in Europe (e.g. support to poor regions in the mountains, installations for foreign tourists and support for a smooth transition from outdated to advanced products).

Comparable data about the structural change in the Austrian economy during the post-war period are available for the period 1964-1980 only. They are based on the recent revision of national accounts statistics (at 1976 constant prices) and on the time series on employment by industries (compiled jointly by the Austrian Institute for Economic Research and the Institute for Advanced Studies). The percentage shares of nineteen industries (which correspond to the elementary breakdown of the national accounts data) are given in Tables 1 and 2 respectively.

The pattern of change between 1964 and 1980 is typical for an advanced industrial country. The share of agriculture in total output decreased slightly (from 7.5 per cent to 5.0 per cent), but due to fast productivity growth in agriculture, its share on total employment was reduced dramatically from 19 per cent in 1964 to 9 per cent in 1980. This shift was partly outweighed by an expansion of employment in public service (which took place predominantly in education, health service and local government), its share on total employment increased from 11 per cent in 1964 to 17 per cent in 1980. The share of public services on total value added (in real terms) decreased slightly (productivity growth in public services was very low, partly due to difficulties of its measurement). Similar tendencies can be observed for other services, i.e. an increase in the share on total employment and a more or less stable or slightly higher share on total value added (see, for example, the shares of trade, restaurants, or banks and insurance). The share of construction in total employment remained stable (and high in international comparison).

The share of the nine manufacturing industries (in the tables starting with Food Processing up to Metal Products) changed not too much between 1964 and 1980. The share of these industries on total output was equal to 28.7 per cent in 1964, to 32.0 per cent in 1973 and 31.2 per cent in 1980. The corresponding shares on total employment were 31.2, 32.1 and 29.9 per cent. The increase during the first sub-period reflects the expansion of Austrian industry, which was the main factor of the fast overall economic growth during that period, the relative decline during the second sub-period is the consequence of the world-wide recession after 1974. Among the nine industries there were on the one hand expanding industries like metalworking and chemicals, on the other hand declining industry like textiles and apparel. Such shifts within manufacturing reflect changing comparative advantages, i.e. effects of which could be observed also in other industrial countries.

Table 1Changing Structure of Output in Austria: 1964 - 1980

(Value added shares in per cent, at 1976 constant prices)

Industry	1964	1973	1980
Agriculture and Forestry	7.43	5.12	5.03
Mining and Quarrying	0.99	0.66	0.52
Food Processing	4.77	5.11	4.85
Textiles and Apparel	3.75	3.37	2.63
Wood Manufacture	2.11	2.17	2.29
Paper and Paper Products	2.36	2.22	2.11
Chemicals	1.59	2.50	2.93
Crude Petroleum and Petro-			
leum Processing	1.92	2.02	1.39
Non-Metallic Mineral Products	1.77	1.90	1.87
Basic Metals	2.59	2.52	2.17
Metal Products	8.00	10.18	11.01
Electricity, Gas and Water	2.62	3.00	3.38
Construction	8.48	9.17	7.76
Trade	13.62	14.18	13.93
Hotels, Restaurants etc.	3.93	3.24	3.00
Transport and Communications	4.73	5.48	6.32
Banks, Insurance and Real Estate	8.75	10.21	11.72
Other Private Services	5.49	3.98	3.88
Public Services	15.08	13.01	13.22
	100.00	100.00	100.00
(Manufacturing)	(28.86)	(31.99)	(31.25)

Table 2

Changing Structure of Employment in Austria: 1964 - 1980

(In per cent of total number of employed and selfemployed)

Industry	1964	1973	1980
Agriculture and Forestry	19.22	11.78	9.00
Mining and Quarrying	0.96	0.58	0.46
Food Processing	4.20	4.00	3.65
Textiles and Apparel	6.61	5.44	4.14
Wood Manufacture	3.12	2.94	3.10
Paper and Paper Products	2.21	2.15	1.98
Chemicals	1.76	2.36	2.23
Crude Petroleum and Petro- leum Processing	0.30	0.26	0.27
Non-Metallic Mineral Products	1.79	1.70	1.50
Basic Metals	2.02	1.98	2.06
Metal Products	9.18	11.25	10.96
Electricity, Gas and Water	0.87	0.96	0.97
Construction	8.26	8.87	8.15
Trade	11.07	12.18	13.13
Hotels, Restaurants etc.	3.75	4.24	4.88
Transport and Communications	6.14	6.43	6.59
Banks, Insurance and Real Estate	3.73	5.25	6.37
Other Private Services	3.62	2.99	3.13
Public Services	11.19	14.63	17.43
	100.00	100.00	100.00
(Manufacturing)	(31.19)	(32.08)	(29.69)