

The challenge of enlargement
Commission opinion
on Austria's application
for membership

Document drawn up on the basis of SEC(91) 1590 final
1 August 1991

Blank page not reproduced: 4

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 1993

ISBN 92-826-4989-X

© ECSC-EEC-EAEC, Brussels · Luxembourg, 1993

Reproduction is authorized, except for commercial purposes, provided the source is acknowledged.

Printed in Belgium

Contents

Foreword	5
Introduction	6
Part One	7
<i>General</i>	7
Relations to date between the Community and Austria	7
The Austrian economy and the Community	8
The single market and the European Economic Area	11
<i>Impact of accession</i>	11
Industry	11
Agriculture and forestry	12
Transport	13
External relations	14
Austria's neutrality	15
<i>Conclusions</i>	18
Part Two	19
<i>Specific aspects</i>	19
Customs union	19
Agriculture and forestry	20
Industry (including ECSC)	22
Transport	24
Energy (including Euratom)	24
Environment	25
Regional policy	25
Competition, State aids, monopolies	26
Taxation	27
Community budget	28
Other Community policies	28
Statistical annex	29

Foreword

The Commission is giving its opinion on Austria's application for accession at a time when four other applications have already been presented.¹ Applications from other European countries could follow in the near future.

These developments demonstrate the pull exerted in Europe by the Community. The role played by the Community is further strengthened by the profound changes now under way both within the Community (with its move, through the intergovernmental conferences, towards political union with a common security policy) and also at international level (as a result of German unification and the fundamental changes at work in the economic and political systems of the countries of Central and Eastern Europe, including the former Soviet Union).

The Community has to reconcile two requirements. First, it must unhesitatingly and in accordance with the procedures laid down in Article 237 of the EEC Treaty confirm its openness towards applicant European countries whose economic and political situation are such as to make accession possible. In addition, the Community must take care to strengthen its own structures sufficiently to maintain the impetus of its own integration. This forward movement must be safeguarded, even in an enlarged Community.

The Community is at present engaged in completing the internal market and is seeking at the same time, through the two intergovernmental conferences that are now under way, to establish an economic and monetary union and a political union. By 1 January 1993 the internal market will be completed and the results of the two intergovernmental conferences should also have been approved. The Commission is therefore

convinced that no negotiations on a fresh enlargement should be initiated before that date—a view which it had already expressed in its opinion on Turkey's accession request. Once that date is passed, the Community should be ready and willing to open negotiations with applicant countries meeting the economic and political conditions for accession. It is clear that in this context the Community will also have to take account, where some of the countries which have already applied or may apply are concerned, of the implications of the concept of neutrality. This concept of neutrality is, moreover, steadily evolving in the light of developments in Europe and worldwide.

In the accession negotiations, the Community will have to take as a basis the Community rules and structures as they emerge from the two intergovernmental conferences, following completion of ratification procedures, including the results concerning foreign policy and security, which will have the effect of establishing a stronger identity to which the applicant countries will have to adjust.

The Community's development will not end, however, with the two intergovernmental conferences currently under way. The Community must consequently seek in its future partners the necessary willingness to join with it in the further continuation of the integration process.

Furthermore, in the Commission's view, enlargements of the Community will entail, when the time comes, institutional adjustments according to the nature and number of the accessions.

¹ The following applications have been presented: Turkey, 14 April 1987; Austria, 17 July 1989; Cyprus, 4 July 1990; Malta, 16 July 1990; Sweden, 1 July 1991.

Introduction

On 17 July 1989 Mr Aloïs Mock, the Austrian Foreign Minister, submitted to the Council of the European Communities, on behalf of his government, his country's application for accession to the European Coal and Steel Community (ECSC), the European Economic Community (EEC) and the European Atomic Energy Community (EAEC).

In its letters, dated 14 July 1989, the government emphasizes that it submits the application for accession on the understanding that its internationally recognized status of permanent neutrality will be maintained. The key passage in the text reads: 'Austria submits this application on the understanding that its internationally recognized status of permanent neutrality, based on the Federal and Constitutional Law of 26 October 1955, will be maintained and that, as a member of the European Communities by virtue of the Treaty of Accession, it will be able to fulfil its legal obligations arising out of its status as a permanently neutral State and to continue its policy of neutrality as a specific contribution towards the maintenance of peace and security in Europe'.

In acknowledging receipt of the application on 17 July 1989, the Council President,

Mr Roland Dumas, confirmed that the Council noted the considerations regarding Austria's permanent status of neutrality and stated that 'this question will be examined by the Community bodies in the framework of the existing provisions governing the institutions'.

On 28 July 1989 the Council decided unanimously to initiate the procedure prescribed by Articles 98 of the ECSC Treaty, 237 of the EEC Treaty and 205 of the EAEC Treaty. On that occasion the Council also stated that 'the examination will be carried out at the appropriate time in the light of the relevant provisions of the Single Act and in particular Article 30(5) thereof'.

In preparing its opinion, the Commission has remained in close contact with the Austrian authorities through the Austrian Mission to the European Communities in Brussels and the Commission's Delegation to Austria in Vienna. This has afforded the Commission departments a wealth of information on Austria's situation with which, moreover, it is fully conversant on account of its close ties with the Community over many years.

Part One

General

Relations to date between the Community and Austria

Austria's decision in July 1989 to apply for accession to the European Community is the climax of a series of steps taken by Austria during the last 30 years aimed at giving tangible form to its ties with the Community. Austria demonstrated its desire to be actively involved in European integration from the outset. The decision it took in 1961 aimed at establishing a relationship of association with the Community was preceded by a number of steps which were decisive for its future.

Even before 1955, the year in which it regained its sovereignty, Austria had subscribed to the concept of European cooperation; it decided to participate in the Marshall Plan and thus became a founding member of the OEEC. In 1956 Austria joined the Council of Europe.

Following the entry into force of the Treaties of Rome and the failure of the attempts to create a large free trade area in 1958, Austria, together with six other European countries that were members of the OEEC, formed the European Free Trade Association in 1960.

The first steps taken by certain EFTA countries towards applying for accession to the Community in 1961 led the EFTA neutral countries also to seek close ties with the Community, but in the form of an association. Only Austria persevered in this endeavour and it made a further request in 1963. On account of the scale of the economic relations that existed at that time with the Community countries, negotiations began in 1965 and continued until 1967. Those negotiations were unsuccessful both for reasons bound up with the application itself (notably institutional questions) and for reasons relating to the general political situation at the time.

The prospect of Community enlargement, on the one hand, and Austria's need, on the

other hand, to retain access to its traditional markets led, from 1969 onwards, to talks on the conclusion of an agreement *sui generis* (based on Article 113, not, as previously, on Article 238 of the EEC Treaty). The agreement *sui generis* was replaced by the general free trade agreement which was negotiated with Austria concurrently with those with the other EFTA countries and which came into force on 1 January 1973.

By virtue of this interim agreement with the Community, which came into force three months before the general free trade agreement, Austria alone qualified during a brief period (15 months) for a greater initial tariff reduction than the other EFTA partners. Free trade in industrial products between the Community and Austria was established in July 1977.¹

While its ties with the Community up to the mid-1980s were determined mainly by economic and, in particular, commercial considerations, it was the dimension of the Twelve's single market and the prospect of political union which were perceived in Austria as a new challenge and which provoked discussion of its own future in Europe. From 1986 onwards there was an evident political shift in Austria as a necessary response to the changed situation in Europe. Austrian foreign policy was accordingly directed both towards continuing the policy of neutrality and neighbourliness towards East and West, with particular emphasis on a more active approach to the Community. Austria wished to become an integral part of the future single market.

In 1987 this new attitude towards the Community found expression in an 'overall approach' by Austria; it aimed at full participation in the Twelve's internal market while still not seeking accession. Since the overall approach did not secure the anticipated results, the Austrian Government opted in 1988 for outright accession and submitted its application for full member-

¹ Except for certain sensitive products which were liberalized in 1984.

ship in July 1989, subject, however, to the express requirement of respect for its neutrality.

This process was accompanied by a gradual strengthening, on a pragmatic basis, of ties between the Community and the EFTA countries as a whole, going beyond the provisions of the free trade agreements, notably via the Luxembourg Declaration of April 1984. The pragmatic case-by-case approach of the 'Luxembourg process' enabled EC-EFTA cooperation to be strengthened in a considerable number of areas.

The White Paper objective of completing the internal market in 1992 and the fears of the EFTA countries—the Community's main trading partners—that their trade and industry would be adversely affected, finally led the two parties to seek together a new, more comprehensive and more structured form of relationship. It was intended that the European Economic Area should enable the four freedoms (in respect of goods, services, capital and persons) to be achieved and allow greater involvement in the Community's horizontal and back-up policies.

The history of relations between Austria and the Community over the past 30 years shows that the Austrian Government has often taken initiatives regarding its ties with the Community which, although they have not always been successful, have nevertheless shown the way forward, with significant implications for other countries as well.

In deciding to move definitively towards integration with the Twelve, Austria has indicated its desire to share its destiny with a Community which is today more integrated economically and whose political structures are changing. It made this move at a time when it was not possible to foresee the total collapse of the regimes in Eastern Europe. Its application for accession is now set in a context that has undergone profound change, both in Europe and worldwide.

The Austrian economy and the Community

Although its economy is medium sized, as a Member State Austria would form part of the group of member countries that are the

most stable and the strongest economically in the Community.¹ In view of the degree of convergence of its economy with that of the Community, Austria will be able to participate fully in the major Community projects, establishment of the internal market and EMU and strengthening economic and social cohesion, without fundamentally changing the economic policies pursued up to now.

1. The Austrian economy is prosperous and dynamic and the main macroeconomic equilibria are under control. The figures for inflation have, for a considerable time, been close to the best achieved in the Community and they continue to be favourable. On average, during the period from 1986 to 1990, private consumer prices scarcely increased by more than 2 % per annum, a rate lower than that achieved on average by the countries participating in the exchange-rate mechanism of the EMS from the outset. Although there was something of an upsurge in inflation in 1990 as a result of strains on production capacity, upward pressure on wages and a short-lived increase in the price of oil, during the next two years the rise in the rate of unemployment should moderate wage increases and the inflation rate should remain close to 3 %, a level compatible with continued stabilization of the schilling exchange rate. The general government deficit is moderate, public debt as a percentage of GDP has been stabilized at a level lower than the Community average and the current external account is almost in balance.

2. Furthermore, a broad social consensus and a cooperative approach as far as incomes policy is concerned have made it possible, during recent years, to reconcile the objective of stability with very favourable results as regards growth and employment. The mean standard of living of the Austrian population is higher than the Community average and the unemployment rate has been relatively low for some considerable time. As far as growth is concerned, the moderate

¹ Austria's surface area is 84 000 km² and it has a population of 7.6 million (1989), which represents 2.3 % of the population of the Community; foreign nationals make up 4 % of the Austrian population. In 1990 per capita GDP was ECU 16 300, 13 % above per capita GDP in the Community (ECU 14 400).

recovery during the first half of the 1980s, during which GDP increased by 2% per annum on average, led to a period of exceptionally dynamic expansion.

Between 1986 and 1990 growth in GDP was 3%, with rates equal to or higher than 4% in 1989 and 1990. In the first place, the Austrian economy benefited from a significant upsurge in exports to the Community, notably to Germany. However, the very favourable trend of basic domestic factors, in particular the controlling of inflation, the lowering of real unit wage costs and the reduction of the general government deficit have made a major contribution to the appreciable increase in investment.

A sharp upsurge in employment has accompanied the recovery in growth. However, on account of the influx of foreign workers, mainly from countries in south-eastern Europe, it has not been possible to reverse the upward trend of the unemployment rate. On the basis of the national definition used (registered unemployed), it rose from 2% in 1987 to more than 5% in 1990, a level still well below the Community average, whereas a considerable and increasing share of the jobs created (76% in 1990) went to foreign workers.

3. The well-balanced mix of macroeconomic policies has made a major contribution to the creditable results achieved by the Austrian economy. From the standpoint of monetary policy, anchoring the schilling to the German mark has created the framework needed to stabilize expectations and has had a powerful impact on the other areas of economic policy. The long-term interest-rate differential against the German mark, a good indicator of the risk premium, has hardly ever exceeded one percentage point, and during recent months it even disappeared. In addition, the stability of the exchange rate relationship with the German mark (and indirectly with the currencies of the other EMS countries) has made it possible to secure long-term stabilization of the effective schilling exchange rate, notably in relation to the EMS countries.

During the last four years, budget policy has greatly helped to maintain the main macroeconomic equilibria and the credibility of the exchange rate objective. Firstly, efforts to

strengthen the budget focused on reducing the public deficit and controlling public expenditure. The share of the latter in GDP has decreased since 1987 although it remains above the Community average. They also focused on reducing and simplifying the direct taxation of individuals and firms. These efforts must, however, continue, especially in regard to expenditure. In the first place, the trend of economic activity is likely to become less favourable as and when the effects of German unification on Austrian exports become less marked. This will constrain the rate of increase of tax revenue and could result in an 'automatic' increase in social transfer payments. Secondly, the existing pressure for a reduction in VAT rates, which are higher in Austria than those generally applied in the Community countries, would increase following accession. Further tight control of expenditure should make it possible to reconcile the objectives of controlling public debt and reducing the total tax burden, which is relatively high in Austria.

4. In Austria incomes policy is an essential component in the mix of economic policies. The independence of the two sides of industry is, in principle, inviolate. However, the forum, for which there is provision in Austrian legislation, and within which the representatives of government, employers and employees discuss in practice the underlying guidelines of economic policy as a whole, provides a crucial input to wage negotiations and makes a major contribution to the social consensus, which is particularly marked in Austria. In addition, collective negotiations, which generally apply to all the firms in a particular sector, can be opened only with the consent of the Joint Committee on Prices and Wages. Although the committee is not directly involved in the negotiations its decisions clearly influence their content.

The persistence of a relatively high level of unemployment by Austrian standards continues to pose a challenge for incomes policy. The arrival on the labour market of less well-integrated workers, the upsurge in illegal ('black') employment and the replacement of Austrian workers by immigrant labour has already led the Austrian authorities to take administrative measures limiting the employment of foreign workers. How-

ever, the concomitance of rapid job creation, a high level of immigration and the upsurge in the unemployment rate suggest that it will continue to be necessary to review the policies that affect the equilibrium of the employment market, both in regard to wages, occupational adaptability and vocational training.

5. Lastly, as far as structural policies are concerned, efforts must continue to be directed at securing a more competitive environment and increased productivity. Certain dysfunctions bound up with structural rigidities are liable, in the long run, to put at risk the undeniable macroeconomic successes of the Austrian economy. It displays definite tendencies towards corporatism, stemming from the influence of numerous and varied interest groups that are covered by specific rules and regulations conceded in their favour over the years. For the most part these rules and regulations restrict the pursuit of certain activities and competitive access to the market, notably in the services sector.

The productivity of the sectors protected in this way (notably transport, telecommunications, banking and insurance) is relatively low. There are also rigidities in the commercial sector. These are reflected in particular in the prices of consumer and also capital goods, which are higher than those in neighbouring comparable countries.

These dysfunctions, taken as a whole, represent a loss of prosperity for the whole of the Austrian population, even if certain sectors benefit from an economic rent. They also threaten the competitiveness of the sectors that are exposed to foreign competition. In these circumstances, Austria's accession to the Community ought not only to give further impetus to the structural reforms that have already begun but should further ensure their success.

6. Austria's external trade focuses mainly on Europe, reflecting the geographical and historical ties with its close neighbours. From the trade standpoint, therefore, Austria has, in fact, been integrated in the Community for some considerable time. Austria's trading links with the Community, particularly with certain member countries, have always been very close, to a degree

easily outstripping that achieved in the intra-Community trade of most Member States with one another. As a main trading partner, the Community supplies 68% of Austria's total imports and 65% of Austria's total exports go to the Community. In trade between the Community countries and Austria, Germany has traditionally occupied first place, followed by Italy.

On account of the size of its economy, Austria is clearly a trading partner of relatively minor importance for the Community, accounting for 4.5% of Community imports and 6.5% of its exports. Nevertheless, Austria figures among its main trading partners; in recent years (1986-90) Austria has occupied fifth place as a Community supplier (after the United States, Japan, Switzerland and Sweden) and has been in third place as an export market (after the United States and Switzerland and before Sweden and Japan).

In recent years the traditional trade surplus in favour of the Community has reached ECU 6 billion. This balance represents Austria's largest deficit, four times greater than that *vis-à-vis* Japan.

There are many similarities in the structure of trade between the Community and Austria, the bulk of trade being in manufactures.

The Community supplies almost three-quarters of Austria's imports of manufactures and over half its imports of agricultural products. Although it is somewhat less orientated towards the Community, 65% of Austria's exports of manufactures go there and more than 60% of its exports of agricultural products.

Trade in manufactures between the Community and Austria mainly involves transport equipment, machinery, iron and steel products, chemicals, textiles and clothing. Furthermore, 77% of Austria's motor vehicle imports come from the Community, while 70% of Austria's exports of 'paper and the like' products go to the Community.

As far as Austria's other main trading partners are concerned, it is significant that its trade with the Central and East European countries is of the same order of magni-

tude as its trade with its EFTA partners as a whole. Austria sends more than 10 % of its exports to and gets 7 % of its imports from EFTA, Switzerland and Sweden being the major trading partners.

By comparison with other industrialized countries, the countries of Central and Eastern Europe (including the USSR and Yugoslavia) account for a relatively large proportion of Austria's trade. In 1990 those countries accounted for more than 10 % of Austria's exports and nearly 7 % of its imports; its main trading partners are the USSR, followed by Hungary, the CSFR, Yugoslavia and Poland.¹ By way of comparison, the countries of Central and Eastern Europe account, on average, for 8 % of Community exports and imports.

The main recipients outside Europe of Austria's exports are the USA (3.2 %) and Japan (1.6 %), which account for 3.6 % and 4.5 %, respectively, of Austria's imports.

The single market and the European Economic Area

The Community's commitment to the completion, by 1 January 1993, of the single market has, from its inception, had a decisive impact on EC-EFTA relations. Already in April 1984, in their Luxembourg Declaration, EC and EFTA Ministers had declared their desire to deepen and extend cooperation within the framework of, and beyond, the free trade agreements, recognizing the particular relevance of the Community's efforts to strengthen its internal market.

It gradually became clear, however, to both sides that a more structured relationship was necessary in order sufficiently to consolidate and strengthen cooperation at the same time as the Community progresses towards the completion of the internal market.

Thus it was that, in parallel with her application to join the Community, Austria has also actively taken part, alongside her EFTA partners, in negotiations with the Community for the establishment of a European Economic Area. Under this Agreement, which is intended to enter into force on 1 January 1993, virtually the whole of the

Community's internal market legislation will in substance be applied by the EFTA countries (in some cases after a transitional period, normally not exceeding two years).

Austria will thus already be committed from that time to apply a large part of the *acquis communautaire* which she would ultimately have to take over as a new Member State. This applies in particular to legislation relating to the free movement of goods, services, capital and persons, as well as to areas such as social policy, the environment, company law, consumer protection and competition rules.

The remaining areas of Community legislation, which would be the main subject of any accession negotiations, relate principally to agriculture, external relations, institutional and budgetary questions and the question of transalpine road transit. The present opinion consequently concentrates on these latter questions.

Impact of accession

Industry

Given the progressive and substantial integration of the industrial sectors of Austria and the Community which has already taken place, the integration of Austrian industry into the EC internal market should, overall, despite some specific problem areas, take place without creating major structural problems; all the more so if the macroeconomic environment continues to be positive.

The existence of a free trade agreement since 1973 means that Austrian and EC industries already have a long experience of competition and collaboration. The convergence of industrial structures has been further accelerated by two new factors: restructuring and privatization. This process will be further stimulated by the entry into force on 1 January 1993 of the EEA Agreement.

A period of intense restructuring took place in the mid-1980s, and is still under way, particularly in basic industries like iron and

¹ Since 1990 Community statistics have included the former GDR, which is therefore no longer included among the countries of Eastern Europe.

steel, paper, non-ferrous metals and basic chemicals, which brought about a strong increase in productivity and financial performance (helped by a favourable macroeconomic environment which facilitated structural adjustment). This process is highlighted by a look at production and employment figures and, more dynamically, at investment trends. In the second half of the 1980s investment grew at a higher rate than GDP to reach 24% of GDP in 1990 and was concentrated in troubled industries (for rationalization). Only recently investment tends to shift from restructuring to increase in capacity.

Public sector involvement was a key element in Austrian industrial policy in the past, not only via nationalized industry and controlled banks but also via State aids and regulations. A noticeable shift in this policy can be observed at present with a reduction of State aids, privatization, emphasis on horizontal measures to improve competitiveness and deregulation. A partial privatization and comprehensive restructuring of the holding OIAG¹ is progressing rapidly and has already led to an operating surplus in 1989 after several years in the red. Privatization is also under way in two of the principal Austrian banks: Creditanstalt-Bankverein and Österreichische Länderbank AG. Nevertheless, Austria continues to be one of the most regulated OECD economies via institutional factors (notably the 'Gewerbeordnung' and the system of chambers) and *de facto* behaviour of market agents which tend to make entry and operations difficult in certain sectors.

A preliminary analysis of the Austrians' own assessment of their existing legislation and its compatibility with the *acquis communautaire* in the internal market context indicate that Austria is ready and willing to have integrated most of the relevant *acquis* by 1 January 1993 in accordance with the likely obligations in the EEA context. The possible exceptions to this general rule will be very few, and mainly in the automobile sector, and will give rise to a need, in some cases, for transitional periods.

Despite the high level of integration between most industrial sectors of Austria and the EC, some problems nevertheless still exist (for example, concerning State aids for steel

and cars, delays in the restructuring of the steel industry, capacity increases in sectors already suffering from overcapacity in the EC), but which should be progressively eliminated in case of accession.

Agriculture and forestry

The socio-economic situation of Austria's agriculture has many similarities to that of the EC. Austria took a decision at the beginning of the 1960s explicitly to gear its agricultural policy to that of the Community. Consequently, Austria's adaptation to the Community's common agricultural policy should not pose any fundamental difficulties.

Nevertheless, following certain new developments in Austrian agricultural policy during the 1980s, there are some important differences compared with the CAP, in particular a higher degree of protection for domestic production by means of market and price policy and a relatively greater financial support for social, regional, ecological and other similar agricultural functions (the so-called 'eco-social agricultural policy' launched in 1987).

Despite the similarity of basic principles, the current Austrian systems of price support and market regulation are not in conformity with the CAP and adaptation of Austrian policy is necessary. In particular, the high level of production support now in operation in Austria will need to be reduced—in the shortest possible period—to the EC level.

Austrian agriculture will thus have to bear price decreases although, at the same time, decreases for input costs can be expected either because taxes will be changed or because European competition will push prices lower. It should be remembered, moreover, that decreases of sectoral GDP do not necessarily imply a similar decrease in farmers' personal incomes. As regards production levels, Austrian estimates suggest that there will be a decrease in production of cereals, pigmeat and poultry, but an increase in beef production.

¹ Österreichische Industrie AG.

However, for the time being any detailed assessment on possible needs for adaptation or possible consequences of accession in the field of agriculture is greatly complicated by the fact that the EC itself intends to change its agricultural policy in a way which will affect not only the major markets but also structural, environmental and forestry instruments. On 9 July 1991 the Commission adopted a communication to the Council and the European Parliament on this subject (COM(91) 258 final). The revision of the EC policy along the lines of the Commission's proposal could lead to a different appreciation of the necessary changes in Austria's agricultural policy.

As regards external trade aspects, the Austrian systems of border protection and support for exports depend in general also on the level of internal support, but are at the same time more determined by internal needs or surpluses. As a general rule, adaptation should not cause major problems. Since the EC is Austria's biggest trading partner, accession should provide additional economic benefits to both Austria and the EC.

Austria has a high standard of veterinary and plant health legislation although this is partly different from that of the EC. A rapid adaptation of Austrian legislation to Community rules is desirable. This should not, however, create major difficulties, as this will in any case partly be achieved by virtue of the EEA Agreement.

As regards structural, social and environmental policy, in principle, most of the numerous Austrian measures in this area also exist in the EC. In these cases only minor modifications will be necessary.

As to the effects of Austrian accession on EC markets, no substantial difficulties for particular markets are to be expected, given the small volume of Austrian production compared to that of the EC, even if the Austrian degree of self-sufficiency for particular products were still to be above 100% after the adaptation of production to the EC price level.

However, there is a possibility that present regional trade flows between parts of the Community directly bordering on Austria could be affected. This would possibly result in the need for regional adaptation.

Transport

Transport is a crucial economic and political issue for both the Community and Austria.

Owing to its geographical position between Community Member States and to the restrictive policy applied by Switzerland, Austria has become the premier country of transit for the Community. (The volume of goods transiting Austria between one Community country and another is the heaviest, amounting in 1988 to 17 666 451 tonnes, with goods in transit between a Community country and a non-Community one and between non-Community countries accounting for 4 937 551 and 244 878 tonnes respectively.)

As a rule, the Austrian authorities have always endeavoured to play the kind of role that befits Austria as a transit country at the heart of Europe, as evidenced by the construction of the first transalpine motorway (the Inntal-Brenner, completed in 1972), the development of the country's railway infrastructure and subsidized rail carriage rates in combined road-rail transport. The enormous growth in road transit, up fourfold in 15 years, coupled with mounting resistance from communities living alongside the motorways carrying transit traffic, particularly the Brenner, has prompted the Austrian Government to adopt a very restrictive policy on road transit. Moreover, it has espoused a number of unilateral measures and practices, such as the refusal to increase existing road transit quotas, plans to extend the measures in question to countries thus far unaffected (Belgium and Denmark), higher tolls on transit roads and a partial ban on night-time driving.

Austria applies dirigiste measures to transit across its territory in an effort to curtail free choice of transport mode. The country's policy on Community transit traffic by road has three objectives:

- (i) to re-divert to Switzerland traffic that has been passing through Austria as a result of the former country's restrictive measures;
- (ii) to have greater recourse to combined transport (moving traffic off the road on to rail in order to protect the environment);

- (iii) to bring the remaining road transit traffic into line with the requirements of environmental protection and conservation.

In the transport negotiations conducted by the Commission on the strength of the negotiating directives given by the Council in December 1987 and December 1988 with a view to putting in place transit arrangements compatible with the internal market, and in the negotiations on the EEA, Austria has refused until now to accept the *acquis communautaire* in the following areas: elimination of quantitative restrictions in road traffic, vehicle weights and dimensions and abolition of frontier checks and formalities.

Inside the Community the concept of transit traffic will be devoid of meaning once the internal market is in place. In common with any other kind of international road traffic, transit traffic will be free of any quantitative restriction after 1992. Technical and environmental standards have already been harmonized at Community level.

So as a member of the Community Austria would have to drop its restrictive policy against intra-Community road transit and apply the *acquis communautaire*.

Even if an agreement (on the level of pollution permitted by the Austrian Government) were to be concluded at the end of the aforementioned negotiations it would be incompatible with the *acquis communautaire* and could only be provisional.

In the transport sector Austrian membership is likely, by and large, to raise thornier problems for the Community than previous accessions and transit traffic between Community Member States across Austria will probably be one of the core issues of the accession negotiations.

External relations

As a member of the Community, Austria would be bound by the Common Customs Tariff (see below under 'Customs union') and by the Community's common commercial policy towards third countries, as well as by the agreements which the Community has concluded with third countries.

The introduction of the common commercial policy would mean the application to Austria's external trade of the relevant basic provisions of the Treaty of Rome (and notably those of Article 113 (EEC)) as well as of the Community *acquis* in this field, and in particular:

- (i) the common import regime (including the special arrangements applicable to State-trading countries and China);¹
- (ii) the rules concerning dumping or subsidization by countries not members of the Community;²
- (iii) the common export regime;³
- (iv) the so-called new commercial policy instrument;⁴
- (v) the rules concerning the prevention of imports of counterfeit goods;⁵
- (vi) the Community's generalized system of preferences towards developing countries.

Any trade policy instruments or measures currently applied by Austria would have to be modified or repealed so as to bring Austrian law into conformity with her obligations under the above *acquis*. Given Austria's current liberal trade policy for industrial products, none of these is likely to give rise to any major difficulties.

Principal among the agreements which Austria would have to take over are the various Community agreements with the (remaining) members of EFTA, the Europe Agreements with the countries of Central and Eastern

¹ Council Regulation (EEC) No 288/82 of 5 February 1982 (OJ L 35, 9.2.1982). Council Regulation (EEC) No 1765/82 of 30 June 1982 (OJ L 195, 5.7.1982), Regulation (EEC) No 1766/82 of 30 June 1982 (OJ L 195, 5.7.1982). The three Regulations were amended by Council Regulation (EEC) No 1243/86 of 28 April 1986 (OJ L 113, 30.4.1986). Council Regulation (EEC) No 3420/83 of 14 November 1983 (OJ L 346, 8.12.1983).

² Council Regulation (EEC) No 2423/88 of 11 July 1988 (OJ L 209, 2.8.1988). Commission Decision 2424/88/ECSC of 29 July 1988 (OJ L 209, 2.8.1989).

³ Council Regulation (EEC) No 2603/69 of 20 December 1969 (OJ L 324, 27.12.1969) as amended by Council Regulation (EEC) No 1934/82 of 12 July 1982 (OJ L 211, 20.7.1982).

⁴ Council Regulation (EEC) No 2641/84 of 17 September 1984 (OJ L 252, 2.9.1984).

⁵ Council Regulation (EEC) No 3842/86 of 1 December 1986 (OJ L 357, 18.12.1986). Commission Regulation (EEC) No 3077/87 of 14 October 1987 adopting rules implementing Regulation (EEC) No 3842/86 (OJ L 291, 15.10.1987).

Europe, the various Mediterranean Agreements and the Lomé Convention. None of these should give rise to any substantial difficulty for any of the parties involved. In certain cases, the Community itself might need to renegotiate its existing agreements with certain partners to take account of Austria's accession, to the extent that technical adaptations or transitional periods were called for (e.g. the EEA Agreement, bilateral textile agreements and certain preferential agreements with third countries).

As regards the Community's bilateral textile agreements under the MFA, accession would lead at first glance to a higher level of restriction for textile products exported to Austria from third countries, owing to the wider geographical and product coverage of the Community's current bilateral agreements under the Multifibre Arrangement. It is, however, possible that, given the time framework involved, both the EC and Austria could already be implementing the results of the Uruguay Round. Moreover, accession would lead to a reduction in Austria's current high level of tariff protection for the textiles sector, by virtue of Austria's introduction of the Common Customs Tariff. The overall level of protection involved in the event of Austrian accession might thus well be less than would appear at first sight and it should diminish as part of the integration process. Any increase in protection which did occur might need to be compensated by increases in quotas to reflect traditional trade flows between Austria and the countries in question.

As for relations with the ACP countries, Austrian accession also entails joining the Lomé Convention, and of course it would also have to pay into the Community's budget for development policy (Title 9 of the budget).

For Austria to become a contracting party to the Lomé Convention a protocol of accession will need to be concluded. Pursuant to Article 358 of Lomé IV the Community must inform the ACP States as soon as it has decided to enter into negotiations leading to the accession of a third country. Regular contacts then have to take place between the Community and the ACP States while the accession negotiations are in progress. Once they have been concluded the

Community and the ACP States have to engage in negotiations to establish a protocol of accession and adopt any measures of adaptation and/or transition that may become necessary.

As regards those agreements and arrangements currently in force between Austria and third countries outside the Community, the information available from the Austrian authorities suggests that there are none outside the agricultural sector imposing permanent obligations on Austria. A number of them, however, would have to be adapted or denounced to conform to Austria's obligations as a Member State of the EC, e.g. the current arrangement whereby the Austrian customs duty on Japanese cars is unilaterally reduced by 50 % where the producer purchases a certain level of Austrian components. Austria's various agreements with the countries of Central and Eastern Europe would have to be checked for any clauses which were in conflict with Community law. The same would apply in the field of agriculture, where Austria has concluded several agreements with third countries in order to promote trade in certain products, such as cheese, yoghurt, beef and grains.

Austria would have to cease to be a member of EFTA, her relations with these countries being governed henceforth by the EC's own agreements with the EFTA countries.

Austria's neutrality

In his letter of 14 July 1989 to Mr Dumas, President of the Council, Mr Mock said that in lodging its application to join the Community Austria was doing so on the understanding that it would maintain its internationally recognized status of permanent neutrality based on the Federal and Constitutional Law of 26 October 1955. This is a specific problem that no other prospective member of the Community has posed hitherto. It must therefore be examined with reference to the existing Treaties and in the light of what will emerge from the two intergovernmental conferences currently charged with revising them. Political deliberations on this matter will also have to take account, however, of the changes in the meaning of the very concept of neutrality in

the European context, in the wake of the events in Central and Eastern Europe and the USSR since late 1989, and also of current developments in Austria itself in this connection.¹

Background

From the legal point of view Austria's neutrality is based on Austrian law and on international public law.

The legal basis in national law is the Constitutional Law on the neutrality of Austria of 26 October 1955. In international public law the country's perpetual neutrality is based on notification of that law on neutrality to each State with which Austria had diplomatic relations in 1955 or with which it has established such ties since. By tacitly or explicitly accepting notification of that law Austria's partners have recognized its neutrality and are obliged to honour it.

What does the perpetual neutrality of Austria entail? Neutrality is a clear-cut notion in time of war: defence of the territory of the neutral State and observance of its integrity by the belligerents. From the economic point of view, neutrality bestows the right to have normal economic relations with the warring parties and other neutral countries provided that no material support is given to war activities or to the belligerents' military output. Furthermore, perpetual neutrality obliges Austria to behave even in peacetime in such a way that it will be able to adhere strictly to its duty of neutrality in wartime: these are the 'anticipatory effects' (in German 'Vorwirkungen') of perpetual neutrality. Two of these effects are explicitly mentioned in the Neutrality Act: a ban on membership of any military alliance and on the presence of foreign military bases on Austrian territory. Apart from that, the anticipatory effects of neutrality, although rooted in law, are more political in nature. Even so they may still pose problems for the Community were they to lead Austria to oppose systematically certain measures which in its view clashed with its policy of neutrality, notably in the framework of a future common foreign and security policy.

Problems posed for the Community by Austria's perpetual neutrality by reference to the existing Treaties

The common commercial policy clearly poses problems for the accession of a neutral Austria to the Community. This is particularly true in the case of the Council's now consistent practice of imposing economic sanctions against certain non-Community countries under Article 113 of the EEC Treaty after a consensus has been reached with political cooperation (e.g. against Argentina, the Soviet Union, South Africa and Iraq). In the event of war such sanctions would be incompatible with the obligations of neutrality, but sanctions imposed by the United Nations seem to be an exception.² In peacetime the imposition of 'political' sanctions might be at odds with Austria's policy of neutrality but no legal obligations would cramp Austria's freedom to determine where it stood on issues under discussion in the Community institutions except for the very general ones in the Neutrality Act.

As regards accession to the ECSC Treaty, Article 59 (serious shortage) could theoretically give rise to a situation where Austria would have to ban the export of coal and/or steel (i.e. strategic exports) bound for non-Community countries as this might in the event of war prove to be incompatible with its permanent neutrality.

Lastly, Chapter VI of the EAEC Treaty exposes Austria to the opposite risk of having to supply to or agree to the supply by the supply agency of source materials or special fissile materials to each Member State, even time of war.

Problems which could arise in the context of the future common foreign and security policy

The conclusions of the European Council held in Luxembourg on 28 and 29 June state, under the heading 'Common foreign and security policy', that there is a 'unani-

¹ See Mr Mock's statement of 17 July this year.

² If a Member State fails to apply a decision taken pursuant to Article 113 it not only infringes its Treaty obligations but impedes the free movement of goods.

mous desire to reinforce the identity and role of the Union as a political entity on the international scene, as well as the concern to ensure the consistency of all its external activities'.

It was accepted that the draft Treaty submitted to the European Council 'forms the basis for the continuation of negotiations'. This draft provides, *inter alia*, that one of the aims of the common foreign and security policy is to strengthen the security of the Union and its Member States in all its aspects, including the eventual establishment of a defence policy.

The question arises, therefore, of whether Austria would be in a position to enter into such obligations, if it also wished, as stated in the application for accession, to maintain its status of permanent neutrality and to continue its policy of neutrality.

Even on the hypothesis that the process of reaching decisions on implementing the common foreign and security policy would rest on a consensus of agreement with regard to decisions of principle, the present Member States would still require a minimum level of legal certainty with regard to Austria's capacity to join in such a consensus without running into constitutional barriers. Difficulties could be even more likely to arise where implementing decisions were taken by qualified majority. It is worth remembering in this connection that an applicant for accession has to ensure that its internal law, including constitutional provisions, is compatible with Community law.

As already noted, Austria's view is that its neutrality constitutes by its very nature a contribution to 'maintaining peace and international security' (as referred to in Article 224), and that in the new world situation it would have no difficulty in contributing to a peace-keeping operation on which a decision had been taken by the UN. Clarification is still needed on the question of whether Austria would also be able to contribute to a peace-keeping operation decided upon by the Community (the political union), without the UN's legal endorsement, on the understanding that Austria would be given a degree of leeway with regard to the form of its contribution, provided that it was at one with the other Member States on the decision.

Possible solutions to problems arising in connection with Austria's neutrality

Solutions to the legal difficulties outlined above will have to be sought in the accession negotiations, either through redefinition by Austria of its neutral status (with its partners being notified of such a redefinition), or through the inclusion in the act of accession of a derogation from the EEC Treaty.

Under Article 224 of the EEC Treaty Member States may obtain a general derogation from Treaty rules, in two sets of circumstances that are relevant to the matter under discussion, namely in the event of war or to enable a Member State to carry out 'obligations it has accepted for the purpose of maintaining peace and international security'. Given the strictness of the interpretation which, according to a Court of Justice ruling, is necessary where exceptions under Article 224 are concerned,¹ it is not possible to accept the argument put forward by the Austrian authorities to the effect that Austria's neutrality represents a contribution to maintaining peace and international security and that Austria would thereby be able to exempt itself from certain Treaty obligations.

On the other hand, it will be necessary to reach agreement in the accession negotiations themselves on an approved interpretation of general exceptions pursuant to Article 224. It would also be necessary to go into the question of whether such an approved interpretation of Article 224 EEC could be applied *mutatis mutandis* to the ECSC and Euratom Treaties. In the event of Article 224 being deleted from the Treaty, as proposed by the Commission at the intergovernmental conference, an approved interpretation on this point would have to be sought by other means.

Developments in the negotiations within the intergovernmental conference on political union would also require the Community to seek specific assurances from the Austrian authorities with regard to their capacity to

¹ Case 222/84 *Marguerite Johnston* [1986] ECR 1651, points 26, 27 and 60. Placing a strict construction on the second condition would confine this case to a Security Council operation under Chapter VII of the United Nations Charter.

undertake obligations entailed by the future common foreign and security policy.

It is clear from the foregoing that Austria's permanent neutrality creates problems for both the Community and Austria. Subject to possible further developments in the discussions under way in the intergovernmental conference on political union, affecting the common foreign and security policy, these problems should not however prove to be legally insurmountable in the context of the accession negotiations.

Conclusions

From both the economic and the political points of view, Austria's application for accession is in a quite different category from those of previous applicants.

From the economic point of view, no previous applicant has started from a position where, by virtue of numerous agreements, it already had completely free trade in industrial products with the Community, or had already committed itself to apply a substantial part of the *acquis communautaire*, or where its degree of economic integration with the Community was so advanced. There is also Austria's long experience of monetary stability and the special relationship between the schilling and the German mark, and through it with the other EMS currencies.

After accession there should not be any fundamental shift in the direction of Austria's economic policy. As regards the *acquis communautaire*, which Austria will have to apply as a new member of the Community, much of this, as has been noted above, will already have been applied by virtue of the future EEA Agreement. Of the areas which remain, only agriculture and transit seem likely to give rise to a need for anything other than technical adjustments. For agri-

culture, substantial changes will be needed. As for transit, the position taken by the Austrian authorities raises an important question of principle which will have to be addressed in the accession negotiations. These few difficulties should, however, be resolved in the negotiations.

The Community will on the whole benefit from the accession of Austria, which would widen the circle of countries whose economic, monetary and budgetary performance will speed economic and monetary union on its way. The Community would also benefit from the experience of a country whose geographical position, history and the ties it has retained and forged place it right at the heart of the new Europe that is taking shape.

On the basis of the economic considerations, therefore, the Commission considers that the Community should accept Austria's application for accession.

From the political standpoint, the application must be situated in the general context of the future development of the Community and of Europe in general, as indicated in the foreword to this opinion.

In this connection, Austria's permanent neutrality creates problems for both the Community and Austria. The first issue which arises is that of the compatibility of permanent neutrality with the provisions of the existing Treaties. In addition, developments in the negotiations within the intergovernmental conference on political union would also require the Community to seek specific assurances from the Austrian authorities with regard to their legal capacity to undertake obligations entailed by the future common foreign and security policy.

Subject to possible further developments in the discussions under way in the intergovernmental conference, these problems should not however prove to be insurmountable in the context of the accession negotiations.

Part Two

Specific aspects

Customs union

Under the free trade Agreements concluded in the 1970s,¹ customs duties on imports and exports and charges having equivalent effect and also quantitative restrictions on imports and measures having equivalent effect were abolished a long time ago in trade between Austria and the Community in industrial products originating in Austria or the Community within the meaning of Protocol 3 to the Agreement.² The only exception is the coal sector, in which certain Member States still apply tariff measures, but in which Austria has abolished all customs duties. An additional protocol to the 1972 Agreement was concluded on 31 October 1989 between the Community and the EFTA countries including Austria with the aim of phasing out quantitative restrictions on exports (except on ECSC products) by 1993.

Adoption of the Common Customs Tariff (CCT) will be made easier by the fact that Austrian tariffs are generally comparable with the CCT, at least for industrial products. In the case of agricultural products, Austrian duties are in the main specific, and so it is difficult to draw a comparison.

The Austrian duty applicable to industrial imports (all products) is a simple average of 10.2% or a weighted average of 10.3% (CCT: simple average = 6.5% and weighted = 7.4%); in the case solely of products subject to customs duties, the simple average is 13.2% and the weighted average is 15.3% (CCT: simple average = 7.2% and weighted = 7.4%).

For Austria as for the Community, almost all the industrial tariffs are bound under GATT (Austria: 96%; Community: 98.8%).

For all agricultural products the simple average is 16.5% and the weighted average is 9.1%; for products subject to customs duties the simple average is 23.1% and the weighted average is 13.3%.

Comparison at sectoral level reveals, however, that in a number of industrial sectors Austrian customs duties are higher than the CCT, e.g. timber, textiles, clothing and furniture. The same applies to the ECSC unified tariff. Austrian tariffs are, however, lower than the CCT in other sectors such as organic chemicals, fertilizers, plastics, electrical equipment and musical instruments. Comparisons are very difficult to make for agricultural products.

Transitional periods will therefore probably be needed in certain sectors. The possible implications with regard to Article XXIV of the GATT will also have to be worked out by making a 'GATT assessment'.

Austria has been applying the Harmonized System since 1 January 1988, as has the Community, but with different subdivisions.

Adoption of the Combined Nomenclature structure should not, however, pose particular difficulties.

Regulation (EEC) No 802/68 on the non-preferential rules of origin will be applicable by Austria to non-Community countries following accession,³ as will the *acquis communautaire* on preferential origin, for example with regard to the generalized system of preferences (GSP).

Customs legislation proper which forms part of secondary legislation will have to be adopted by Austria, subject, of course, to certain adjustments which may prove necessary as a result of accession. No problem has so far been detected which might require more substantial adjustment.

Territorial application of customs union

With accession, Austria would belong to the Community's customs territory simply with

¹ The EEC-Austria Agreement, which has been in force since 1 January 1973, covers industrial products; ECSC products are covered by the Agreement between Austria on the one hand and the ECSC and the Member States of the ECSC on the other, which has been in force since 1 January 1974.

² Last consolidated version appears in OJ L 149, 15.6.1988.

³ OJ L 148, 28.6.1968.

the addition of the words: 'The territory of the Republic of Austria'. The Austrian territories of Hungholz and Mittelberg, as defined by the Treaty of 3 May 1868 and the Treaty of 2 December 1890 respectively, qualify at present for special customs status and so they are already considered as forming part of the Community's customs territory.¹

Agriculture and forestry

Analysis of the agricultural situation reveals that there are no insurmountable problems. In certain cases, transitional periods might prove necessary in order to give Austria the time to adapt to Community rules.

The current agricultural situation in Austria

Austria has 3.55 million ha of agricultural land (3% of the present EC-12 agricultural area) at its disposal. Only 1.45 million ha or 41% is qualified as crop area. Another 2.02 million ha is permanent grassland. An area of 0.055 million ha is used for vineyards and 0.034 million ha for fruit and vegetables.

Production of nearly all important agricultural products has exceeded the 100% degree of self-sufficiency. Compared with EC agricultural production, however, Austria's production accounts for 1.5% to 3.2%, according to the product.

External trade in agricultural goods and food was about ECU 2 billion for imports and about ECU 1 billion for exports over recent years. The EC is by far the most important trading partner (more than 50% of imports and about 50% of exports). Also, Austria imports agricultural goods of about ECU 200 million from East European countries.

There are 284 000 farms, of which only about 36% are full-time farms. Farm structures are mainly small or medium sized. The average agricultural area occupied by farms is 13.2 ha, which is rather below average farm sizes as known in the northern Member States of the EC. The difference between

average sizes is even more pronounced for the average number of animals per farm, which is partly caused by administrative rules on upper limits for livestock holdings.

In the same way, the Austrian industry for primary processing of agricultural products is considered to be badly structured and somewhat uncompetitive compared with Western Europe.

The economic importance of agriculture is relatively low, as it is in most West European countries. The number of people working in agriculture has declined at an annual average rate of 2.5% since 1980. In 1989 the figure stood at 229 400, which corresponds to 6.7% of the total number in employment.

The contribution of agriculture and forestry to GDP was 3.2% in 1989. This share has also been constantly on the decline since 1980 when it stood at 4.6%.

The situation regarding agriculture by product²

Crop products

Adjustments to certain Austrian market organizations will be needed.

This applies particularly to cereals, starch, fresh and processed fruit and vegetables, wine, alcohol and spirituous beverages.

The organization of the market in cereals will need to be reviewed because of the production quotas, the planning of imports and exports and the application of various measures to promote the marketing of cereals.³

The measures concerning starch manufactured from maize require a transitional period to harmonize price levels. The potato starch industry is situated in a less favoured region where the price of potatoes paid to farmers is much higher than in the Community.⁴

¹ Article 2 of, and Annex to, Regulation (EEC) No 2151/84 (OJ L 197, 27.7.1984).

² The following remarks reflect the present situation of the common agricultural policy and do not take into consideration the possible effects of CAP reform.

³ Specific storage operations, promotion of outlets on the domestic market, reimbursement of certain transport costs.

⁴ Up to one-third higher.

The Austrian market organization for oleaginous products and high-protein products is not directly comparable with the existing Community market organization. In three cases in particular, Austria's provisions are incompatible with the Community system: the differential levels of production-based subsidy, the treatment for sunflower seed used as birdseed, the transport subsidy for peas and beans.

For fresh fruit and vegetables, the Austrian system of 'three stages' at the frontier will have to be abandoned¹ and the measures laid down by the common organization of the market will have to be applied in order to stabilize the level of domestic prices in the face of increased competition.

For processed fruit and vegetables, as there is no State intervention, an interim period might be needed to enable Austria to adapt gradually to the Community's common market organization, in particular in cases where the prices charged in Austria are lower than Community prices.

Generally speaking, the adoption by Austria of the *acquis communautaire* for the wine sector should not present any major difficulties given the high degree of concordance, apart from the Community system of market intervention measures, between Austrian and Community rules. The import arrangements should, however, be liberalized on accession. At present, any import of wine into Austria is subject to prior authorization and has to be accompanied by a specific import licence comparable with the 'VI' document,² but imports may be suspended at any time.

Austria's alcohol monopoly will have to be changed to bring it into line with the concept of the single market.

A transitional period will be required for spirit drinks in order to facilitate adaptation to the provisions of Regulation (EEC) No 1576/89.³

No special adjustment is needed, however, for sugar, tobacco, hops, potatoes and seed. Since for sugar the system of production quotas and of determining the prices of beet and sugar is very similar to the Community's it seems likely that Austria will be able to adopt the Community system immediately without any major difficulty.

In the tobacco sector there is a very small number of tobacco growers, which is likely

to decrease further in the next few years. No transitional measures for the raw tobacco sector are considered necessary. For hops, transitional measures do not appear to be necessary. The Community's certification system, which would have to be introduced, could be implemented within a very short period.

The system of Community support for the production of seed is based on aid granted per quintal of seed. Since the two systems are very similar, transitional measures should not be required following Austria's accession. No transitional measures should be needed for potatoes, as there is no common market organization.

Livestock products

Beef and veal, sheepmeat and goatmeat

Austria's livestock policy was defined by the law of 1983 on livestock production, as amended by the law of 1988.

Emphasis is placed on the stabilization of meat prices, and there is a programme of subsidies, mainly to offset the nature-induced handicaps, and foreign trade is monitored by means of licences.

(1) *Prices*: at present exchange rates, the level of Austria's support prices is comparable with the Community's; Austria could therefore adopt the Community intervention price without any need for an accession compensatory amount.

(2) *Trade between Austria and the Community*: in the light of paragraph 1, trade in beef and veal between Austria and the Community could be liberalized fully from the outset.

¹ This system comprises a stage 1 (unrestricted importation in the period of non-production in Austria), a stage 2 (import restrictions (quotas) immediately before the beginning and at the end of the Austrian season), and a stage 3 (ban on imports if market supply can be guaranteed by home-produced products). In order to be entitled to an import or export licence, a licence to trade in fruit and vegetables and a registered place of business on Austrian territory are required. In the case of restrictions (quotas), account is taken of each importer's imports for the previous year. There is no minimum import or export price.

² Wine import document which serves as a certificate of origin and conformity and also as the analysis report.

³ OJ L 160, 12.6.1989, p. 1.

(3) *Trade with non-Community countries*: as for Spain and Portugal, the Community arrangements regarding non-Community countries should apply in Austria upon accession. It will be necessary to consider what should be done about the agreement between the United States and Austria on high-quality meat.

(4) *Premiums and other forms of aid*: only premiums which comply with Community rules should be maintained (in some cases Community premiums will have to be extended to cover Austria). Other structural aid for beef and veal production should be abolished upon accession.

(5) *Sheepmeat*: it would appear reasonable to apply the Community's sheepmeat regime directly in Austria.

Dairy products

The Austrian milk market is subject to very rigid arrangements, which exclude virtually all competition. On accession, these arrangements would have to be abolished, as was the case in 1968 for the former milk market system in the Federal Republic of Germany. Transitional arrangements could be envisaged to facilitate the change-over from an extremely dirigiste system to a free market.

Pigmeat, eggs and poultry

As in former cases of accession, it seems appropriate to fix a period of transition during which the trade in these products between Austria and the EC will benefit from an annually degressive accession compensatory amount. Such an accession compensatory amount should be fixed on the basis of the difference in feed cost. Moreover, in both sectors, quantitative restrictions on trade between Austria and the Community should cease from the very beginning of any transitional period. And lastly, before the end of the transitional period, Austria should adopt the Community carcass classification system (for pigmeat) and the Community rules on marketing standards (for eggs and poultrymeat).

Specific policies

Adaptation of veterinary and plant health legislation should involve only technical

problems, which it should be possible to solve.

Most of the structural policy measures also exist in the Community. This being so, only the procedures should have to be adjusted, particularly as regards aid for investment in holdings and start-up aid for young farmers and aid for less-favoured and mountain areas. Furthermore, in the Community, retired farmers cannot receive the compensatory allowance and in order to qualify holdings must have a minimum of 3 ha of utilized agricultural area (UAA). Small farms in Austria will have a problem because in the Community the allowance may not exceed ECU 121 per livestock or area unit.

No problem is expected for forestry.

With regard to the environment, aid is given at federal level (aid under the socio-ecological agricultural policy) and by the *Länder* (income aid is generally paid in the form of compensatory allowances for hill farmers). The compatibility of Austria's measures with the Community system of aid in environmentally sensitive areas (Titles III and V of Regulation (EEC) No 797/85) and also with Articles 92 to 94 of the EEC Treaty has still to be ascertained.

Industry

The share of industry in Austria's GDP (38.2 %) is higher than in the Community, as is also the growth rate of industrial production. The most important manufacturing industries in Austria are, in terms of production, chemicals, machinery, food and tobacco and electrical goods. Austria is more specialized in the production of raw materials and semi-finished goods (iron and steel, wood, paper and board, basic chemicals) than the Community although some capital goods industries play an important role in market niches or as suppliers of components.

A large proportion of industry is nationalized, in particular in iron and steel, non-ferrous metals, chemicals and machinery. The bulk belongs to the holding company OIAG. Also, the majority of State-owned banks exert a strong influence as shareholders in many companies. Privatization may

reduce this strong public involvement. Multinational enterprises—particularly in electronics, transport equipment, machinery and chemicals—have targeted Austria as a preferred location for production plants geared to the local market or the production of components to be exported back home. The rest consists of mostly SMEs some of which are, however, internationally competitive. There are very few private Austrian-based industrial companies with more than 1 000 employees.

Austrian industry is generally speaking in a rather healthy state. The high proportion of trade with the Community demonstrates that Austrian industry is already strongly integrated with that of the Community. This is further emphasized by the number of multinational companies which operate production plants in Austria. Austria has rather favourable macroeconomic indicators: low inflation rate, little unemployment; productivity and wage costs are about the European average. Many Austrian industries have been able to improve their position in productivity and unit wage costs in recent years. High investments, and in some industries also R&D efforts, have been made to increase productivity and to upgrade products. The education and training system ensures that the workforce is highly qualified in technical and business disciplines.

However, despite the efforts made in recent years, serious weaknesses still exist in some areas of Austrian industry. There is a predominance of resource- and energy-intensive activities. Basic industries predominate, and there is a lack of R&D-intensive industrial activities. The trade balance is in deficit, and basic and semi-finished goods are rather important in exports. The dominance of nationalized industry has led to a particularly weak private capital market.

The majority of Austrian industry expects positive effects from membership of the Community. It regards itself as in a strong enough position to be competitive in the common market. In general this optimism seems legitimate, but efforts for structural adjustment will have to continue, and some industries could be faced with more or less serious problems in the common market. Principal among these industries are the iron and steel industry and the foodstuffs industry.

Iron and steel

1. Austria, with a gross steel output of 4.7 million tonnes (1989), is a medium-sized producer. In comparison with the Community countries, Austria is between Luxembourg (13.7 million tonnes) and the Netherlands (5.7 million tonnes), and its iron and steel industry is geared to export. (Austria imports almost 1 million tonnes (1989) of finished products and exports 2.3 million tonnes.) Austria is already firmly integrated in the Community's market (almost 40 % of domestic consumption is covered by imports from the Community and almost 40 % of its output is sold to the Community). Since it produces only 3 % of what the Community at present manufactures and since it is faced with increasing costs, it is hardly in a position to disrupt the Community market.

2. Many of the Community rules on steel and more especially on steel prices are already applied by Austria in accordance with the free trade agreement concluded between the ECSC and Austria. Application of the remaining rules should not create any problem, except perhaps as regards government aid.

3. Austria's steel industry has undergone large-scale restructuring with large capital injections by the State, resulting in a move to the upper end of the production scale. Many jobs have been lost (Austria's steel industry at present employs about 30 000 people) but, unlike Community firms, Austria's steel industry does not seem to have reduced its production capacity. It will perhaps not have completed its restructuring, which started late in the day, if the country joins the Community quickly and a short transitional adjustment period might be necessary, especially if alignment on the ECSC unified tariff greatly reduced tariff protection for Austria's steel industry.

Food industry

The food industry is one of Austria's weakest industries in terms of international competitiveness. There is not a great deal of foreign trade and productivity is below the Com-

munity average. The industry is dominated by SMEs. There is only partial free trade between the Community and Austria for most foodstuffs, since only the 'industrial' component of tariff protection was removed by the free trade agreement, which did not cover agriculture. Austria's food industry is highly regulated, and its prices are appreciably higher than in the Community.

Accession would result in structural adjustments, particularly as regards certain first-stage processing sectors (milling, meat and milk preparations). Certain sectors of Austria's food industry could nevertheless benefit from less expensive agricultural raw materials and so become more competitive. In any event, some degree of parallelism between the timetables for the integration of Austria's agriculture into the Community and the integration of its processing industries would be advisable. The high quality of many of Austria's agricultural products could be another benefit for the food industry.

Transport

From the economic point of view, the contribution made to GDP by transport (including communications) was 6.3 % of GDP in 1989, and so was higher than that of agriculture and forestry. In 1989, 215 000 people worked in transport. The infrastructure is relatively good (6 328 km of railway lines, 1 447 km of motorways, 286 km of dual clearways, 10 093 km of federal roads, and 196 000 km of regional and local roads).

Austria is, furthermore, a major transport exporter. The predominant role of Austrian road transport firms is highlighted by the following statistic for international goods transport:

Goods transported by road
(million tkm)

	Companies	
	Austrian	foreign
Import	1 155	463
Export	1 077	336
Total	2 232	799

Source: Österreichs Verkehrswirtschaft in Zahlen, 1990.

The aim of Austria's transport policy is an economically efficient transport system which is compatible with quality of life (social aspect) and environmental protection requirements. The Austrian Government is as a rule in favour of taking the common transport policy into consideration in its political decisions and freeing transport markets from quantitative restrictions, while stressing the need to harmonize the conditions of competition.

The objectives of environmental protection and ensuring that traffic does not exceed levels acceptable to the population concerned will have to be looked at in relation to the Community's own objectives directed towards facilitating trade via this region, which is of great importance to it.

Energy

1. There are no major inconsistencies between Austria's energy policy measures and the Community's long-term energy policy. The *acquis communautaire* in the energy field, apart from those provisions concerning difficulties of supply, will already be applied by Austria as part of the EEA Agreement.

2. Currently hydropower is Austria's main indigenous energy source, accounting for 25 % of total primary energy requirement (tper) and over 70 % of electricity generation. By comparison in the Community hydropower produces only around 13 % of electrical energy. In the longer term, Austria's energy situation will be characterized by declining domestic production of fossil fuels and a growing dependence on imported energy.

3. The structure of both Austria's supply and demand for energy fits in well with the Community structure. The composition of Austria's energy sources as well as complementing the Community's energy sources could also make a valuable contribution to the Community's security of supply. This aspect is of particular importance when account is taken of Austria's commercial relationships in the energy sector with the countries of Central and Eastern Europe and its energy trade with the USSR.

4. In the field of energy efficiency and conservation, the use of renewable energy sources and environmental protection Austria has a relatively advanced position. This could result in a new and important influence being brought to bear on both the Community and its Member States.

5. As regards the future internal energy market, in principle there are no serious barriers to trade in energy in Austria, particularly for oil and coal. An area of concern could be the integration of Austria's gas and electricity market into the internal market. However, given that the Austrian Government has declared that it wishes to develop a free market in the energy sector there should be no major obstacles. It is also worth noting in this context Austria's interest in strengthening its role as a transit country for gas and electricity.

In the area of solid fuels, the compatibility of some minor existing public subsidies with the relevant EEC and ECSC regulations will have to be analysed individually.

6. The use of nuclear material for energy purposes is banned by Austrian law (15 December 1978). The utilities have taken a decision to convert Austria's only nuclear plant at Zwentendorf, mothballed since 1979, into a gas-fired power station. However, Austria does operate research reactors and therefore, after accession, all future supply contracts for these reactors would be concluded by the Euratom Supply Agency in accordance with Chapter VI of the Euratom Treaty. In general, with regard to the Euratom Treaty Austria will have to adhere to the relevant international agreements.

Environment

Austrian aspirations to preserve, protect and improve the quality of the environment (norms and standards) are well known. The high resource and energy orientation of Austrian industry requires intense efforts to protect the environment. This indeed has been the case in the past. Austrian industry increased its share of investments for environmental protection in total investments from 4.2% in 1980 to 12.2% in 1989. In general Austrian industry should be able to

meet the requirements of Community environmental policy without endangering competitiveness.

A large part of the Community's *acquis* in the environmental field should be taken over by Austria by virtue of the EEA Agreement. This applies in particular to legislation related to the marketing of industrial products as well as to air and water pollution, dangerous chemicals and waste.

There remain, however, certain areas of Community environmental legislation which either are not covered by the EEA Agreement (nuclear safety and radiation protection) or where the EEA Agreement as it stands imposes no obligations on Austria to apply these laws (e.g. flora and fauna). This legislation would of course have to be applied by Austria as a Member State of the Community. In the case of radiation protection, this could involve some legal or technical difficulties arising from the more progressive nature of the EC legislation in this field.

Regional policy

The regional structure of the Austrian economy is characterized by west-east differences in economic activities. Industry is more important in the western parts of the country (Inn Valley, Linz) than in the eastern part (exception: Vienna). Tourism is also of greater importance in the western parts (Alps). There also exists a gradation in industrial productivity from west to east, which coincides with a higher share of declining industries in the east. Therefore areas of national regional assistance are mainly located in the eastern part of the country.

Assistance given by the Austrian authorities are of different types: (i) for rural areas in order to create jobs in the industrial sector and (ii) in the older industrialized areas of the south (Steiermark) aid is given to restructure industry. There are also programmes for the development of endogenous potential. Austrian policy in this field will have to be brought into conformity with Community law, in particular as regards rules on State aid.

As regards possible future assistance from the Community's structural Funds, this requires that the regions concerned fulfil the criteria laid down in Regulation No 2052/88¹ under regional Objectives 1, 2 and 5b.² This Regulation is to be re-examined in 1993. Under the currently relevant criteria, at first sight and subject to the adoption of appropriate definitions for regions (NUTS),³ it seems that Austrian regions would not qualify for assistance under regional Objective 1; potential eligibility of industrial or rural areas in view of promotion of their development under Objectives 2 and 5b might however exist.

Competition

1. Rules applicable to enterprises (Articles 85 and 86 of the EEC Treaty)

The Austrian anti-trust system is based on the new cartel law of 1 January 1983. The main points of divergence with the Community system are:

- (i) the strong role of the 'social partners',
- (ii) the lesser degree of enforcement in practice,
- (iii) the embryonic nature of merger control,
- (iv) the non-existence of an administrative cartel authority,
- (v) while certain cartels must be authorized by the Cartel Court, other forms of anti-competitive behaviour will only be condemned upon application of the 'social partners',
- (vi) the large scope for sectoral exemptions.

If Austrian national legislation were brought more into line with the spirit of the Community system, this would be helpful but it is not an absolute legal prerequisite, it being understood that the rules of the EC and ECSC Treaty and the relevant implementing provisions would immediately take precedence over national rules in their field of application. Austrian authorities are fully aware of this consequence and do not expect fundamental problems to arise as far as anti-trust issues are concerned.

Nevertheless, two issues will have to be tackled. The first of these concerns those

existing agreements which fall under EC competition rules by virtue of accession. Here, a number of technical questions will have to be examined (time-limits for notifications, etc.). Solutions could be sought along the lines followed in previous accession negotiations.

The second issue is the question of the Austrian authority responsible for cooperation with the EC in applying the competition rules, and the forms this cooperation will take. Here, there would be a need for adaptation of Austrian provisions which obviously do not yet take account of this necessity.

2. State aids

Although the volume of State aids has declined in Austria over recent years, the application of Community rules should result in significant changes in the system which exists there. These changes should involve mainly the following aspects:

- (i) the transparency of the existing schemes should be improved, particularly in order to clarify the purpose of the aid and elucidate the ways in which aid schemes are—or could be—combined; a system such as the ERP (European recovery programme), which is used for exports and also for

¹ Regulation No 2052/88 of 24 June 1988, OJ L 185, 15.7.1988.

² (a) *Regional objectives*: (ERDF)

Objective 1: promoting the development and structural adjustment of regions whose development is lagging behind (which have a per capita GDP under or around 75% of the Community average);

Objective 2: converting regions seriously affected by industrial decline (eligibility criteria: unemployment rate higher than the Community average, share of industrial employment in total employment equal to or exceeding the average and decline in industrial employment);

Objective 5b: promoting the development of rural areas (criteria: high share of agricultural employment in total employment, low level of agricultural income and low level of socio-economic development measured in terms of per capita GDP)

(b) *Horizontal objectives*: (ESF, EAGGF)

— Objective 3: combating long-term unemployment;

— Objective 4: occupational integration of young people;

— Objective 5a: adapting production, processing and marketing structures in agriculture and forestry.

³ Nomenclature of statistical territorial units.

regional purposes or to promote energy savings, the development of technology or job creation, illustrates this need for clarification;

- (ii) the Commission has yet to be given further information on a number of schemes, for example, regarding aid for export, R&D aid and aid for companies in difficulty;
- (iii) the financial aid received by government-owned companies (in the context of firm-specific subsidies) still represents 22 % of the total aid taken into account and concerns more especially the steel industry; examination of its compatibility with Community (EEC and ECSC) rules is of particular importance;
- (iv) the aid granted by the *Länder*, the central coordination of which is not clearly apparent, also accounts for some 22 % of the total and it will be necessary to ensure that it ties in with Community rules;
- (v) as regards regional aid, problems arise as to the compatibility of the existing aid with the common market mainly in the case of the 'Z areas', where important projects can receive aid in central areas when the regional economic impact of the project extends beyond the area receiving aid. The population of the areas receiving aid therefore represents 33 % of the total population, and in addition there is the population of the 'Z areas', which accounts for 12 % of the total population;
- (vi) recent examples of aid for the car industry show that, even though there is no sectoral aid scheme for that industry, the use of facilities such as the Financial Guarantee Act (General Motors) or the granting of aid on an *ad hoc* basis (Chrysler) makes it essential to keep a close watch on the sectoral impact of Austrian aid;
- (vii) the combination of aid, which is not regulated as in the Community, and on which there is no exchange of information between government departments, should also be monitored.

To conclude, the trend in recent years has been towards greater compatibility of sub-

sidies granted to Austrian industry with the Community's rules, although certain subsidies should be closely examined in the likelihood of Austria's accession. The Austrian Government seems to consider that the *acquis communautaire* could be accepted without any major problems.

3. State monopolies of a commercial character

The State monopolies which exist in Austria must be abolished or adjusted, either under Article 37 of the EEC Treaty in the case of commercial monopolies (tobacco, alcohol and salt), or under Article 90 of the EEC Treaty in the case of some service monopolies. Import and export monopolies in particular will have to be abolished, and any discrimination between distributors on the basis of nationality will have to be eliminated. This adjustment would in any event have to be made under the EEA Agreement.

Taxation

The level of compulsory deductions in Austria (tax and social security contributions) is slightly above the Community average. The tax structure is very similar to that of the Community, but is characterized by the greater weight given to VAT and the lighter burden of tax on company profits.

In the case of VAT, Austria currently applies three different rates: standard (20 %), reduced (10 %) and maximum (32 %). Under the tax reform at present being discussed in Austria, the 32 % rate would be abolished, and the standard rate would fall to 18 % and the reduced rate to 8 %. Reform along these lines would fit well with the terms of the agreement recently reached in the Community on the approximation of indirect tax rates. Accession would also mean that Austria would have to adapt its legislation on VAT to Community secondary legislation.

In the matter of excise duties, Austria will have to adopt the entire *acquis communautaire* as it stands at the time of accession.

As regards direct taxation, the legislation currently in place in Austria already mirrors to a large extent the *acquis communautaire* in this area. Furthermore, a 10% withholding tax in full discharge of liability on income from capital was introduced in 1989. Accordingly, no major problems of adapting Austrian law are foreseen and any transitional periods should be short.

Community budget

The financial implications of Austria's accession are estimated by taking a full year as a reference basis and assuming that Community legislation will be applied immediately and in its entirety. No account is taken of possible transitional measures.

1. Impact on revenue

Austria's GNP would account for some 2.6% of an enlarged Community's GNP (ECU 108 million) and its per capita GDP borders on the Community average (ECU 15 810 as compared with ECU 15 828 in 1988).

In a full year Austria's accession would represent a net increase in the Community budget's resources (excluding the UK correction) of about ECU 1 110 million, i.e. an increase of 1.75% on the basis of the 1992 figures.

Total gross revenue would increase by ECU 1 816 million, of which ECU 50 million accounted for by agricultural levies and sugar levies, ECU 430 million by customs duties, ECU 900 million by VAT and ECU 430 million by the GNP resource.

Austria's accession would result in a loss of resources of ECU 700 million for the Community budget caused by the elimination of customs duties and agricultural levies on imports into the Community from Austria, thereby giving the figure of ECU 1 100 million above.

Austria should, furthermore, make a contribution to the ECSC reserve fund.

2. Implications for expenditure

An initial estimate of expenditure in respect of Austria amounts to some ECU 990 million. The breakdown is given in Table 2.

Table 1 — *Estimated effect on the budget: revenue*

(million ECU)	
Agricultural levies and sugar levies	50
Customs duties	430
VAT (uniform rate: 1.2509)	975
GNP (call-in rate: 0.2509)	360
Loss of revenue	-700
Total	1 115

Table 2 — *Estimated effect on the budget: expenditure*

(million ECU)	
Agricultural policy	
EAGGF Guarantee Section	660
EAGGF Guidance Section	60
Social policy	82
Regional policy	76
Industrial policy	30
Research and development	56
Staff and administrative expenditure	21
Subtotal	985
Reimbursement of 10% of own resources	5
Total	990

Other Community policies

At the present stage of the examination, no special problems seem likely to affect the adoption by Austria of other Community policies. In the case of the policies connected with the completion of the internal market, as well as flanking policies such as research and development, this is confirmed by the outcome of the negotiations on the establishment of the European Economic Area.

Statistical annex

Table 1 — *Per capita GDP*

(EC = 100)

	1960	1965	1970	1975	1980	1985	1990
(a) In purchasing power parities							
Austria	89.1	86.8	90.1	96.2	99.5	99.8	100.1
EUR 12	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Belgium	95.4	96.7	98.9	103.1	104.1	101.6	103.0
Denmark	118.3	120.9	115.2	110.5	107.8	115.8	108.0
Germany	117.9	116.0	113.2	109.9	113.6	114.2	113.2
Greece	38.6	45.5	51.6	57.3	58.1	56.7	52.6
Spain	60.3	70.8	74.7	81.9	74.2	72.5	77.8
France	105.8	107.4	110.4	111.8	111.6	110.6	108.6
Ireland	60.8	59.0	59.5	62.7	64.0	65.2	68.6
Italy	86.5	88.4	95.4	94.6	102.5	103.1	103.1
Luxembourg	158.5	136.3	141.4	126.7	118.5	122.4	130.6
Netherlands	118.6	115.2	115.8	115.5	110.9	107.0	102.6
Portugal	38.7	43.2	48.9	52.2	55.0	52.0	55.7
United Kingdom	128.6	119.1	108.5	105.9	101.1	104.2	104.8
(b) In constant ecus (1985)							
Austria	84.1	82.3	84.9	100.3	103.4	109.5	112.9
EUR 12	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Belgium	115.4	110.8	115.0	127.2	121.7	102.8	105.5
Denmark	123.2	134.1	140.1	150.0	131.4	144.1	138.2
Germany	123.8	123.0	133.3	136.2	134.2	129.4	129.7
Greece	39.8	44.0	49.5	46.5	42.3	42.6	36.1
Spain	36.3	47.1	49.1	60.3	58.3	54.6	68.4
France	126.9	128.6	123.4	131.0	125.2	120.4	114.0
Ireland	59.1	58.5	57.4	53.3	57.4	67.1	65.5
Italy	75.2	80.7	87.1	77.2	81.5	94.4	102.2
Luxembourg	158.0	133.8	142.7	132.6	126.7	119.7	127.5
Netherlands	97.0	102.0	112.2	128.4	121.6	110.4	100.9
Portugal	28.0	27.6	32.2	34.1	27.4	27.0	33.1
United Kingdom	131.1	116.0	97.0	83.9	96.9	102.3	93.2

Table 2 — *Per capita GDP*

(Index 100-1990)

	1960	1965	1970	1975	1980	1985	1990
(a) In purchasing power parities							
Austria	38.5	45.7	57.6	68.8	81.4	86.8	100.0
EC	43.2	52.7	64.0	71.6	82.0	87.2	100.0
(b) In constant ecus (1985)							
Austria	38.5	45.7	57.6	68.8	81.4	86.8	100.0
EC	43.8	53.2	64.4	71.8	82.2	87.3	100.0

Table 3 — *Classification of the Community's main trading partners*

(%)

	Imports					Exports			
	1987	1988	1989	1990		1987	1988	1989	1990
Extra-EC	100	100	100	100	Extra-EC	100	100	100	100
United States	1 16.5	1 17.6	1 18.7	1 18.5	United States	1 21.2	1 19.8	1 18.9	1 18.4
Japan	2 10.2	2 10.7	2 10.4	2 10.0	Switzerland	2 9.7	2 9.9	2 9.7	2 9.9
Switzerland	3 7.9	3 7.6	3 7.2	3 7.4	Austria	3 5.9	3 6.2	3 6.1	3 6.5
Sweden	4 5.9	4 5.7	4 5.7	4 5.5	Sweden	4 6.0	4 5.8	4 5.8	4 5.8
Austria	5 4.5	5 4.4	5 4.3	5 4.5	Japan	5 4.0	5 4.7	5 5.1	5 5.5
Norway	7 3.6	8 3.2	6 3.4	6 3.6	Ex-USSR	7 2.7	7 2.8	6 3.1	6 2.7
Ex-USSR	6 3.9	6 3.4	7 3.4	7 3.5	Canada	8 2.7	6 2.8	7 2.6	7 2.2
China	19 1.5	14 1.8	12 2.0	8 2.3	Norway	6 2.8	8 2.3	10 2.1	8 2.2
Finland	8 2.3	10 2.3	9 2.2	9 2.3	Finland	10 2.1	9 2.1	8 2.3	9 2.2
Canada	10 2.0	11 2.2	10 2.2	10 2.2	Yugoslavia	15 1.6	15 1.6	13 1.7	10 2.0
EFTA	24.3	23.3	23.0	23.5	EFTA	26.6	26.6	26.1	26.8
Mediterranean	8.6	7.8	8.3	9.2	Mediterranean	10.1	9.8	9.8	11.0
C. and E. Europe ¹	3.3	3.0	3.1	3.1	C. and E. Europe ¹	3.0	2.9	3.3	3.1
Latin America	5.7	6.0	5.9	5.6	Latin America	4.0	3.8	3.8	3.8
OPEC	10.3	8.2	9.1	9.7	OPEC	8.7	8.6	8.5	8.5
Asean	3.0	3.1	3.4	3.6	Asean	2.7	2.9	3.4	3.9
4 Asian NICs ²	6.0	6.4	6.0	5.7	4 Asian NICs ²	4.4	5.4	5.6	5.6

Source: Eurostat.

¹ Not including USSR.

² Four Asian newly industrialized countries: South Korea, Hong Kong, Singapore, Taiwan.

Table 4 — *Breakdown by Member State of Community trade with Austria*

(%)

	Imports				Exports			
	1987	1988	1989	1990	1987	1988	1989	1990
EUR 12	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Germany	55.0	54.4	53.9	56.1	68.3	68.3	67.5	66.7
Belgium/Luxembourg	3.6	3.6	3.6	3.3	3.4	3.6	3.7	4.1
Denmark	1.8	1.6	1.5	1.4	1.0	0.9	0.9	1.0
Spain	2.2	2.6	2.9	2.8	0.9	1.0	0.9	1.1
France	7.2	7.6	7.5	7.9	5.1	5.4	5.6	5.5
Greece	1.0	0.8	1.1	1.0	0.3	0.3	0.4	0.3
Ireland	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Italy	16.4	16.6	16.8	15.6	12.6	11.9	12.2	12.1
Netherlands	4.3	3.9	4.3	4.3	4.4	4.4	4.4	4.6
Portugal	0.6	0.6	0.7	0.7	0.4	0.4	0.5	0.5
United Kingdom	7.6	8.0	7.5	6.6	3.2	3.4	3.4	3.5

Source: Eurostat.

Table 5 — Pattern of Community trade

(billion ECU)

	Imports					Exports				
	1987	1988	1989	1990	Average annual growth rate (%)	1987	1988	1989	1990	Average annual growth rate (%)
Extra-EC	340.1	387.5	446.7	461.5	10.7	339.3	362.8	413.0	415.3	6.9
EFTA	82.7	90.5	102.6	108.5	9.5	90.3	96.4	108.0	111.2	7.2
Austria	15.2	16.9	19.1	20.9	11.2	20.1	22.5	25.3	26.9	10.2
Finland	7.9	9.0	9.9	10.4	9.8	7.0	7.8	9.4	9.2	9.3
Iceland	0.7	0.7	0.8	0.9	9.0	0.7	0.6	0.6	0.6	-2.4
Norway	12.1	12.5	15.4	16.5	10.8	9.5	8.5	8.6	9.3	-0.8
Switzerland	20.1	21.9	25.4	25.4	8.2	20.2	21.1	24.1	23.9	5.8
Sweden	26.7	29.4	32.0	34.3	8.7	32.8	35.9	40.1	41.3	8.0
United States	56.2	68.3	83.7	85.2	14.8	71.9	71.8	78.0	76.5	2.1
Japan	34.8	41.6	46.3	46.2	9.9	13.6	17.0	21.1	22.7	18.6
Ex-USSR	13.1	13.0	15.2	16.2	7.0	9.2	10.1	12.6	11.2	6.7
China	5.2	7.0	9.1	10.6	26.4	5.5	5.8	6.4	5.3	-1.6
Mediterranean	29.3	30.2	37.2	42.3	12.8	34.2	35.4	40.7	45.6	10.0
Central and Eastern Europe ¹	11.4	11.9	13.8	14.2	7.7	10.0	10.6	13.3	13.0	9.1
Latin America	19.6	23.4	26.5	25.6	9.3	13.9	13.7	15.7	15.6	3.9
OPEC	35.0	31.8	40.8	45.0	8.4	29.6	31.2	35.0	35.4	6.1
Asean	10.0	12.2	15.2	16.7	18.6	8.9	10.7	14.1	16.1	21.7
4 Asian NICs ²	20.5	24.6	26.7	26.3	8.7	15.1	19.7	22.9	23.3	15.6

Source: Eurostat.

¹ Not including USSR.

² Four Asian newly industrialized countries: South Korea, Hong Kong, Singapore, Taiwan.

Table 6 — *Structure by product group of Community trade with Austria*

(%)

	Imports				Exports			
	1987	1988	1989	1990	1987	1988	1989	1990
All products	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary products	14.3	14.3	14.3	12.9	11.4	11.4	11.4	10.8
Agricultural products	6.5	6.5	6.6	6.2	6.1	5.9	5.7	5.7
Fuel	2.5	1.8	1.5	1.4	1.9	1.4	1.4	1.5
Non-ferrous metals	2.6	3.2	3.6	3.1	2.2	2.6	3.0	2.5
Other primary products	2.8	2.8	2.6	2.2	1.2	1.5	1.3	1.2
Manufactures	82.6	83.3	83.5	85.2	85.4	86.0	85.9	86.6
Chemicals	7.1	8.3	8.1	7.5	10.3	10.3	10.0	10.0
Machinery	22.0	22.3	23.5	24.8	24.1	24.7	24.7	24.8
Transport equipment	10.6	10.7	9.9	11.3	13.6	14.5	14.3	15.3
<i>Private cars</i>	0.8	0.6	0.6	1.4	6.4	7.0	7.1	7.4
Paper and similar	6.7	7.0	7.0	6.8	1.8	1.8	1.9	2.0
Iron and steel	6.5	6.5	6.7	6.3	2.8	3.0	3.3	3.2
Textiles	5.5	5.3	5.3	5.2	4.6	4.2	4.1	4.1
Clothing	3.7	3.4	3.0	2.9	5.6	5.3	5.1	5.1
Other manufactures	20.0	19.9	20.0	20.3	22.4	22.1	22.4	22.3
Products not classified	3.1	2.4	2.2	1.9	3.2	2.6	2.7	2.6

Source: Eurostat.

Table 7 — *Structure by product group of Community trade with all non-Community countries*

(%)

	Imports				Exports			
	1987	1988	1989	1990	1987	1988	1989	1990
All products	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary products	38.0	33.8	34.8	34.0	13.6	13.4	13.7	13.7
Agricultural products	14.9	14.1	12.9	12.1	8.4	8.4	8.7	8.5
Fuel	16.5	12.2	13.9	15.2	2.8	2.3	2.3	2.7
Non-ferrous metals	2.4	3.1	3.4	2.9	1.4	1.5	1.6	1.4
Other primary products	4.2	4.4	4.6	3.8	1.0	1.2	1.1	1.1
Manufactures	56.0	59.0	59.9	60.8	79.9	80.9	80.5	81.5
Chemicals	6.4	6.5	6.6	6.5	11.2	12.1	11.5	11.5
Machinery	18.7	20.1	20.0	20.2	24.7	24.5	24.7	25.9
Transport equipment	6.5	7.4	8.0	8.3	13.7	13.9	13.6	13.9
<i>Private cars</i>	2.3	2.3	2.2	2.4	6.4	5.5	5.3	5.4
Paper and similar	2.7	2.9	2.8	2.8	1.1	1.2	1.2	1.2
Iron and steel	1.8	2.0	2.2	2.0	4.1	4.1	4.1	3.4
Textiles	2.7	2.5	2.4	2.5	3.1	3.0	3.0	3.1
Clothing	4.3	4.1	4.0	4.5	2.5	2.4	2.5	2.6
Other manufactures	12.9	13.6	13.9	14.0	18.9	19.1	19.4	19.3
Products not classified	6.0	7.2	5.3	5.2	6.5	5.8	5.8	5.0

Source: Eurostat.

Table 8 — *Pattern of Austria's trade*

(billion ECU)

	Imports					Exports				
	1987	1988	1989	1990	Average annual growth rate (%)	1987	1988	1989	1990	Average annual growth rate (%)
World	28.3	31.0	35.3	39.3	11.5	23.5	26.3	29.5	32.9	11.0
EUR 12	19.3	21.1	23.9	27.0	11.9	14.9	16.8	18.8	21.4	12.9
EFTA	2.2	2.3	2.5	2.8	8.5	2.6	2.8	3.1	3.3	8.5
Finland	0.2	0.2	0.3	0.3	8.3	0.2	0.2	0.2	0.3	10.3
Iceland	0.0	0.0	0.0	0.0	49.3	0.0	0.0	0.0	0.0	-2.7
Norway	0.2	0.1	0.1	0.1	-6.7	0.2	0.2	0.2	0.2	-5.4
Sweden	0.5	0.6	0.6	0.7	11.3	0.5	0.5	0.6	0.6	9.5
Switzerland	1.3	1.4	1.5	1.7	7.8	1.7	1.9	2.1	2.3	9.4
United States	1.0	1.1	1.3	1.4	13.4	0.8	0.9	1.0	1.1	8.0
Japan	1.2	1.6	1.7	1.8	13.1	0.3	0.3	0.4	0.5	24.2
Ex-USSR	0.6	0.6	0.6	0.7	7.4	0.6	0.8	0.8	0.7	6.8
China	0.1	0.1	0.2	0.3	44.5	0.1	0.1	0.2	0.2	12.7
Mediterranean	0.8	0.8	1.1	1.4	18.8	1.0	1.2	1.2	1.5	12.1
Central and Eastern Europe ¹	1.3	1.4	1.5	1.5	4.1	1.4	1.5	1.7	1.7	6.0
Hungary	0.4	0.4	0.5	0.6	13.3	0.5	0.5	0.6	0.7	17.5
Czechoslovakia	0.4	0.4	0.5	0.5	3.6	0.3	0.3	0.3	0.6	31.1
Poland	0.3	0.3	0.3	0.4	8.6	0.2	0.3	0.4	0.3	14.6
Latin America	0.4	0.4	0.4	0.4	0.9	0.2	0.2	0.2	0.2	-0.5
OPEC	0.6	0.5	0.6	0.8	11.2	0.7	0.8	0.8	0.9	9.8
Asean	0.2	0.2	0.3	0.4	26.7	0.2	0.2	0.2	0.3	26.7
4 Asian NICs ²	0.6	0.8	0.8	0.9	14.6	0.2	0.3	0.4	0.4	20.7

Source: United Nations.
¹ Not including USSR.
² Four Asian newly industrialized countries: South Korea, Hong Kong, Singapore, Taiwan.

Table 9 — *Classification of Austria's main trading partners*

(%)

	Imports					Exports			
	1987	1988	1989	1990		1987	1988	1989	1990
World	100.0	100.0	100.0	100.0	World	100.0	100.0	100.0	100.0
EUR 12	68.0	68.1	67.9	68.6	EUR 12	63.4	63.8	63.8	65.2
Germany	44.2	44.5	43.6	44.0	Germany	34.8	35.0	34.5	37.4
Italy	9.4	8.9	9.0	9.1	Italy	10.4	10.4	10.5	9.8
France	4.0	3.9	4.4	4.2	France	4.5	4.6	4.7	4.7
Belgium/ Luxembourg	2.4	2.7	2.7	2.9	United Kingdom	4.6	4.7	4.5	3.9
Netherlands	2.8	2.8	2.7	2.8	Netherlands	2.7	2.6	3.0	2.9
United Kingdom	2.4	2.5	2.5	2.6	Belgium/ Luxembourg	2.4	2.4	2.3	2.2
Spain	0.9	0.9	0.8	1.0	Spain	1.8	1.9	2.2	2.2
Denmark	0.7	0.7	0.7	0.7	Denmark	1.1	1.0	0.9	0.9
Portugal	0.5	0.5	0.6	0.6	Greece	0.5	0.6	0.6	0.6
Ireland	0.3	0.3	0.4	0.4	Portugal	0.4	0.4	0.4	0.4
Greece	0.4	0.4	0.4	0.4	Ireland	0.2	0.1	0.2	0.2
Other countries					Other countries				
Japan	4.3	5.1	4.9	4.5	Switzerland	7.4	7.2	7.3	6.9
Switzerland	4.7	4.4	4.1	4.3	United States	3.6	3.5	3.5	3.2
United States	3.5	3.4	3.6	3.6	Yugoslavia	2.0	2.0	2.1	2.7
Ex-USSR	2.1	1.9	1.6	1.8	Hungary	1.9	1.8	2.0	2.2
Sweden	1.7	1.8	1.8	1.7	Ex-USSR	2.5	2.9	2.7	2.2
Hungary	1.5	1.4	1.5	1.6	Czechoslovakia	1.1	1.2	1.2	1.9
Czechoslovakia	1.4	1.3	1.3	1.2	Sweden	1.9	2.0	1.9	1.8
Yugoslavia	0.9	1.0	1.2	1.2	Japan	1.2	1.3	1.4	1.6
Poland	1.0	0.9	0.8	0.9	Poland	0.9	1.0	1.2	0.9
Taiwan	0.7	0.8	0.8	0.9	Ex-GDR	1.7	1.5	1.3	—
EFTA	7.8	7.4	7.1	7.7	EFTA	11.1	10.7	10.7	10.6
Mediterranean	2.9	2.7	3.2	3.5	Mediterranean	4.4	4.4	4.0	4.5
C. and E.					C. and E.				
Europe ¹	4.7	4.4	4.4	3.9	Europe ¹	6.5	6.3	6.4	5.6
Latin America	1.3	1.3	1.2	1.0	Latin America	0.9	0.7	0.6	0.6
OPEC	2.1	1.6	1.8	2.1	OPEC	2.9	3.0	2.6	2.7
Asean	0.6	0.8	0.9	0.9	Asean	0.7	0.6	0.7	1.0
4 Asian NICs ²	2.0	2.5	2.4	2.2	4 Asian NICs ²	1.0	1.0	1.3	1.2

Source: United Nations.

¹ Not including USSR.² Four Asian newly industrialized countries: South Korea, Hong Kong, Singapore, Taiwan.

Table 10 — *Breakdown by product group of the Community's share of Austria's foreign trade*

(%)

	Imports				Exports			
	1987	1988	1989	1990	1987	1988	1989	1990
All products	68.0	68.1	67.9	68.6	63.4	63.8	63.8	65.2
Primary products	39.1	42.7	42.8	43.2	69.1	71.4	69.6	69.1
Agricultural products	50.3	50.8	51.7	54.6	67.7	67.9	65.4	63.7
Fuel	16.5	20.4	19.5	19.2	62.3	76.4	68.8	73.9
Non-ferrous metals	75.7	72.6	74.0	75.0	77.6	78.2	79.5	81.1
Other primary products	36.4	37.5	36.0	40.4	69.4	70.0	70.1	69.5
Manufactures	75.5	74.2	73.9	74.4	62.5	62.7	63.0	64.8
Chemicals	77.2	76.3	75.5	77.5	55.4	56.1	56.1	58.5
Machinery	72.0	69.5	68.7	68.7	61.9	62.9	63.4	63.9
Transport equipment	76.5	76.2	76.7	78.2	78.7	74.7	74.9	76.3
<i>Private cars</i>	73.8	71.7	74.6	77.6	64.3	74.8	70.9	70.7
Paper and similar	69.9	70.0	70.6	71.3	70.6	70.0	70.0	71.1
Iron and steel	76.8	75.6	73.5	79.3	57.6	54.9	56.4	61.5
Textiles	71.3	71.2	72.6	73.4	67.3	69.0	68.4	72.4
Clothing	77.4	74.9	74.8	72.6	69.5	71.2	69.1	68.0
Other manufactures	79.2	78.5	78.2	78.1	57.4	58.3	58.5	59.8
Products not classified	34.1	48.5	53.9	41.2	64.3	48.5	22.7	21.8

Source: United Nations.

Table 11 — *Geographical breakdown of Austria's trade balance*

(million ECU)

	1987	1988	1989	1990
World	- 4 767.0	- 4 690.2	- 5 828.7	- 6 384.6
EUR 12	- 4 330.3	- 4 316.5	- 5 149.9	- 5 508.8
EFTA	406.3	542.3	629.5	564.0
Finland	- 22.3	4.6	- 37.4	- 13.6
Iceland	8.4	5.0	6.2	3.8
Norway	47.5	49.8	30.1	45.6
Sweden	- 38.6	- 39.8	- 55.3	- 84.6
Switzerland	411.3	522.9	685.9	612.8
United States	- 141.7	- 125.8	- 249.9	- 373.1
Japan	- 959.2	- 1 243.7	- 1 317.3	- 1 258.0
Ex-USSR	0.2	164.1	202.4	- 12.3
China	47.1	3.6	- 45.0	- 82.9
Mediterranean	232.5	325.5	33.5	110.2
Central and Eastern Europe¹	92.0	123.4	211.9	265.9
Hungary	30.7	31.5	57.5	122.4
Czechoslovakia	- 136.2	- 93.1	- 118.2	157.4
Poland	- 70.8	- 35.3	60.9	- 45.3
Latin America	- 172.7	- 228.2	- 251.1	- 182.7
OPEC	76.6	289.4	131.0	69.3
Asean	- 19.0	- 80.1	- 103.4	- 40.4
4 Asian NICs²	- 353.2	- 511.9	- 443.1	- 473.4

Source: United Nations.

¹ Not including USSR.² Four Asian newly industrialized countries: South Korea, Hong Kong, Singapore, Taiwan.Table 12 — *Breakdown by product group of Austria's trade balance*

(million ECU)

	1987	1988	1989	1990
All products	- 4 767.0	- 4 690.2	- 5 828.7	- 6 384.6
Primary products	- 2 765.0	- 2 613.3	- 2 954.9	- 3 288.7
Agricultural products	- 906.5	- 825.4	- 694.4	- 687.5
Fuel	- 1 621.9	- 1 416.7	- 1 639.1	- 2 149.5
Non-ferrous metals	- 45.3	- 107.0	- 172.0	- 146.7
Other primary products	- 191.4	- 264.1	- 449.4	- 305.1
Manufactures	- 1 979.2	- 2 041.7	- 2 892.2	- 3 076.7
Chemicals	- 801.0	- 677.8	- 820.2	- 1 068.2
Machinery	- 581.3	- 763.1	- 989.2	- 686.3
Transport equipment	- 1 379.9	- 1 622.9	- 1 961.2	- 1 873.0
Private cars	- 1 401.9	- 1 931.6	- 2 232.1	- 2 283.3
Paper and similar	850.2	1 049.3	1 153.9	1 182.9
Iron and steel	999.1	1 073.3	1 086.2	990.2
Textiles	- 35.6	4.3	49.9	57.8
Clothing	- 653.0	- 651.4	- 735.3	- 926.1
Other manufactures	- 355.1	- 415.4	- 626.2	- 698.5
Products not classified	- 22.1	- 35.2	18.5	- 19.2

Source: United Nations.

Table 13 — *Austria's imports from the countries of Central and Eastern Europe*¹

Trading partner	1987			1988			1989		
	ÖS 1 000	% ²	% change	ÖS 1 000	% ²	% change	ÖS 1 000	% ²	% change
Albania	70 346	0.0	-28.7	109 075	0.0	+55.1	133 848	0.0	+22.7
Bulgaria	1 928 974	0.6	-20.6	2 423 895	0.6	+25.7	2 504 044	0.6	-15.3
Czechoslovakia	3 935 628	1.1	-1.4	4 669 960	1.2	+19.2	5 010 347	1.2	-6.6
Poland	2 985 816	0.9	-13.0	3 721 829	1.0	+24.7	5 238 218	1.2	+40.7
Romania	899 410	0.3	-10.0	510 620	0.1	-43.2	511 827	0.1	+0.2
Hungary	6 623 972	1.9	-15.1	6 824 834	1.8	+3.0	8 676 429	2.0	+27.1
Ex-USSR	8 503 131	2.5	-18.9	11 022 194	2.9	+29.6	11 473 408	2.7	+4.1
Yugoslavia	8 780 841	2.0	-11.6	7 787 220	2.0	+14.8	9 201 114	2.1	+4.1
Total	37 180 980	9.3	-71	37 179 627	9.6	+12.9	32 629 336	8.1	+11.9

¹ Soviet Union and Albania are not included with the countries of Central and Eastern Europe.

² Percentage of Austria's total imports.

Table 14 — *Austria's exports to the countries of Central and Eastern Europe*¹

Trading partner	1987			1988			1989		
	ÖS 1 000	% ²	% change	ÖS 1 000	% ²	% change	ÖS 1 000	% ²	% change
Albania	122 444	0.0	+49.7	193 768	0.0	+58.3	91 932	0.0	-52.6
Bulgaria	356 977	0.1	-17.6	356 438	0.1	-0.2	484 369	0.1	+35.9
Czechoslovakia	5 917 707	1.4	-9.5	6 049 152	1.3	+2.2	6 734 969	1.3	+11.3
Poland	4 017 113	1.0	-7.5	4 237 395	0.9	+5.5	4 350 649	0.9	+2.7
Romania	88 320	0.2	-18.8	841 634	0.2	-5.0	898 235	0.2	+6.7
Hungary	6 178 058	1.5	-7.1	6 367 864	1.4	+3.1	7 839 370	1.5	+23.1
Ex-USSR	8 501 350	2.1	-32.0	8 633 140	1.9	+1.6	8 522 314	1.7	-1.3
Yugoslavia	3 928 966	1.0	-1.2	4 881 381	1.0	+19.2	6 001 153	1.2	+28.2
Total	29 110 935	7.3	-9.3	31 560 772	6.8	+4.1	34 922 991	6.9	+10.6

¹ Soviet Union and Albania are not included with the countries of Central and Eastern Europe.

² Percentage of Austria's total imports.

Table 15 — *Austria's foreign trade with the countries of Central and Eastern Europe in 1990*¹

Trading partner	Austria's imports		Austria's exports	
	1990		1990	
	ÖS 1 000	% change	ÖS 1 000	% change
Albania	148 242	+ 61.3	136 978	+ 2.3
Bulgaria	553 747	+ 14.3	1 390 620	– 32.3
Czechoslovakia	6 407 901	– 4.9	8 643 211	+ 72.5
Poland	5 011 192	+ 15.2	4 373 195	– 16.5
Romania	561 555	– 37.5	1 016 664	+ 98.6
Hungary	8 736 326	+ 11.4	10 476 984	+ 20.8
Ex-USSR	10 242 217	+ 20.2	10 075 539	– 12.2
Yugoslavia	6 424 265	+ 7.1	12 416 905	+ 35.0
Total	38 085 445	+ 8.7	48 530 096	+ 13.2

Source: Statistics from the Federal Chamber of Commerce, Vienna.

¹ Soviet Union and Albania are not included with the countries of Central and Eastern Europe.

Table 16 — *Austria's steel industry*

(1 000 t)

A — Basic data	1986	1989
Crude steel production	4 300	4 700
Production of finished ECSC products	3 461	3 732
Production of certain non-ECSC products ¹	514	707
Imports of ECSC products	688	1 046
of which from: EEC	485	722
rest of Europe	183	304
USA	—	—
Exports of ECSC products	2 076	2 326
of which to: EEC	1 282	1 503
rest of Europe	634	711
USA	98	4
Apparent consumption of ECSC products	1 985	2 312

¹ Forged products and tubes.

(% of Community total in 1989)

B — Breakdown by Member State of trade in ECSC products		
	Imports from Austria	Exports to Austria
Germany	52.1	57.3
France	6.8	5.9
Italy	26.2	23.1
Belgium/Luxembourg	2.5	10.6
Netherlands	2.9	0.4
United Kingdom	4.3	1.6
Ireland	0	0
Denmark	2.9	0.6
Greece	1.0	0
Spain	1.2	0.4
Portugal	0.1	0

Sources: Table A = Austrian Government.

Table B = Community customs statistics.

Table 17 — *Agricultural production*

(Average 1987-89)

	1 000 t	% of EC production	Degree of self-sufficiency
Cereals	5 010	3.2	121
Wheat	1 458	2.1	169
Sugar	359	2.7	111
Potatoes	907	2.2	99
Wine (1 000 hl)	2 756	1.6	76
Beef	167	2.1	143
Butter	35.9	2.0	103
Eggs	97.2	2.0	90

Table 18 — *Protection level of agricultural production*(Gross unit PSE¹ in ECU²)

	Austria			EC		
	1985	1988	1989	1985	1988	1989
Wheat	71	154	114	76	53	42
Coarse grains	62	94	99	72	56	57
Sugar (refined equiv.)	208	227	177	213	204	148
Milk	147	164	142	178	173	152
Beef and veal	1 676	1 842	2 053	1 589	1 688	1 706
Pigmeat	- 58	391	181	102	82	87
Poultrymeat	133	599	796	278	425	291
Eggs	158	529	607	- 62	116	182

(percentage PSE)

	Austria			EC		
	1985	1988	1989	1985	1988	1989
Wheat	33	68	48	40	30	24
Coarse grains	32	48	51	40	34	35
Sugar (refined equiv.)	74	74	70	76	71	52
Milk	59	55	47	65	60	52
Beef and veal	53	56	58	53	56	55
Pigmeat	- 4	24	11	6	6	5
Poultrymeat	10	40	51	20	35	24
Eggs	12	41	49	- 6	12	17

Source: OECD.

¹ Net unit PSE for animal products.² Exchange rates: 1985: ECU 100 = ÖS 1 564.280.

1988: ECU 100 = ÖS 1 458.606.

1989: ECU 100 = ÖS 1 456.945.

Table 19 — *External trade in agricultural and food products*(billion ECU¹)

From/To	Imports			Exports		
	1985	1988	1989	1985	1988	1989
Total	1.959	1.995	2.182	1.023	0.978	1.144
EC	0.903	1.099	1.197	0.375	0.529	0.581
in % of total	46.1	55.1	54.9	36.6	54.1	50.7
EFTA	0.094	0.088	0.100	0.092	0.113	0.124
in % of total	4.8	4.4	4.6	9.0	11.6	10.8
Eastern countries	0.208	0.194	0.227	0.174	0.154	0.222
in % of total	10.6	9.7	10.4	17.0	15.8	19.4

¹ Exchange rates: 1985: ECU 100 = ÖS 1 564.280.

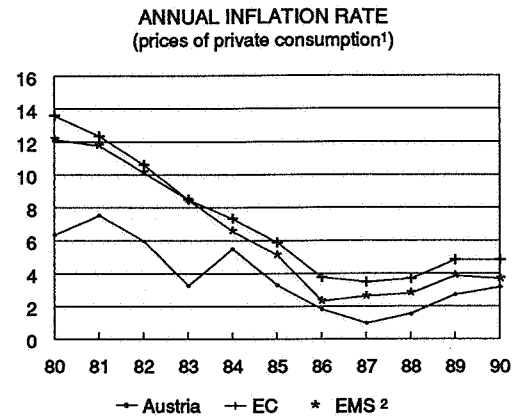
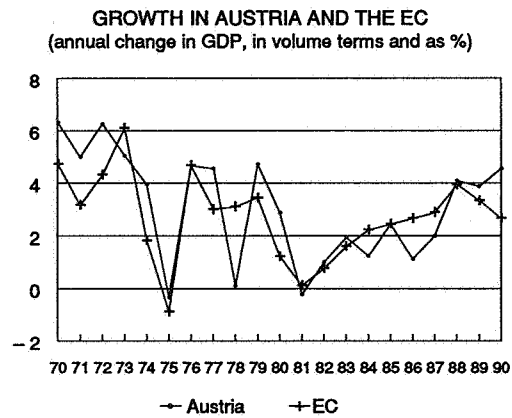
1988: ECU 100 = ÖS 1 458.606.

1989: ECU 100 = ÖS 1 456.945.

Table 20 — *Farm structure (1987)*

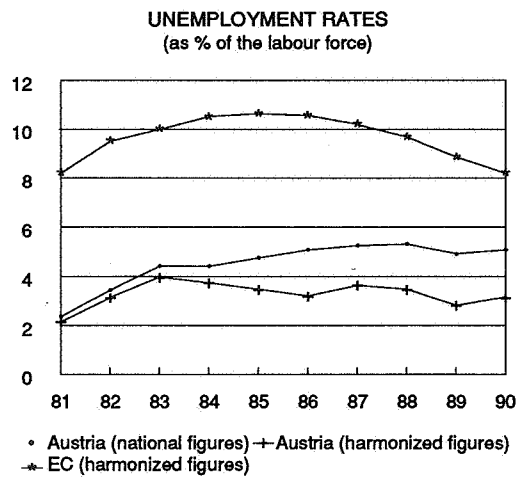
	Agricultural area per farm (ha)	Area under cereals per farm (ha)	Dairy cows		Cattle (incl. calves)		Pigs	
			Average number per farm	Holdings > 30 (%)	Average number per farm	Holdings > 100 (%)	Average number per farm	Holdings > 100 (%)
Austria	13.2	2.7	6.8	2.5	17.1	2.3	17.2	5.2
FR of Germany	16.0	8.6	16.0	37.8	35.5	23.8	62.4	37.1
France	27.0	13.9	20.0	49.4	42.3	28.5	175.7	69.3
Italy	5.6	3.9	9.7	42.0	19.7	34.8	19.3	71.8
Netherlands	14.9	9.4	37.6	84.0	69.6	51.7	405.9	76.4
Belgium	14.1	7.0	24.2	59.3	48.2	36.8	221.1	66.5
Luxembourg	28.6	10.8	31.8	74.2	71.1	55.6	53.8	37.4
United Kingdom	65.1	42.3	63.2	94.0	80.7	68.1	382.8	85.8
Ireland	22.7	6.8	20.9	59.9	32.9	25.9	200.0	89.3
Denmark	30.7	18.7	30.4	72.8	57.7	50.5	245.9	66.4
Greece	4.3	3.1	3.7	13.2	9.5	17.0	31.5	63.9
Spain	12.9	9.5	5.0	—	—	—	—	—
Portugal	4.3	1.7	3.6	14.8	6.3	16.5	9.3	41.1
EUR 10	13.9	8.3	18.4	56.5	37.9	37.0	76.7	62.7

Graph 1

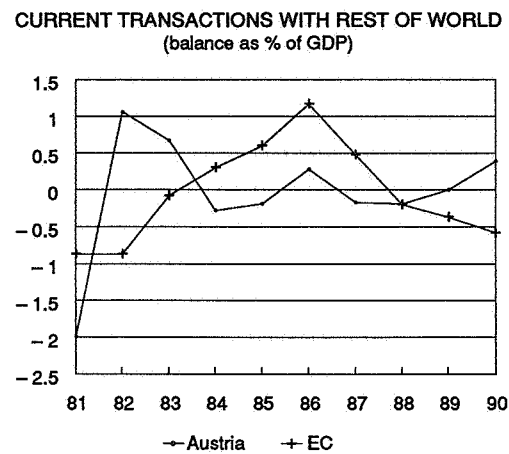


¹ Deflator.

² Countries participating in the exchange mechanism since 1979.

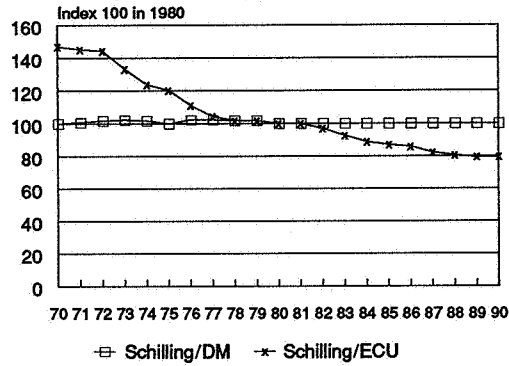


National figures: registered unemployment.
Harmonized figures: survey findings.

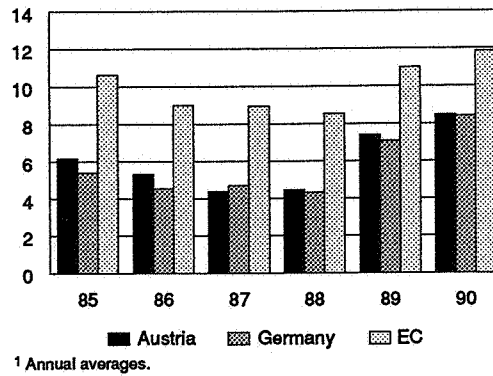


Graph 2

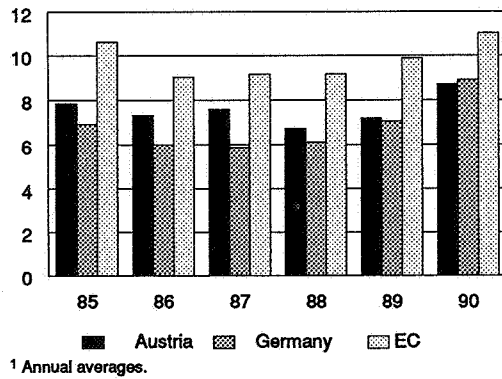
EXCHANGE RATE OF THE AUSTRIAN SCHILLING
(ECU AND DM) (annual averages)



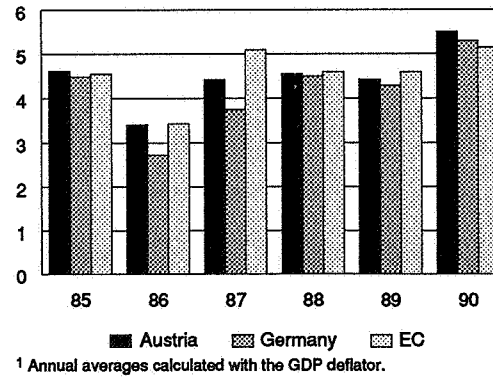
SHORT-TERM INTEREST RATES ¹
(Austria, Germany and EC)



NOMINAL LONG-TERM INTEREST RATES ¹
(Austria, Germany and EC)

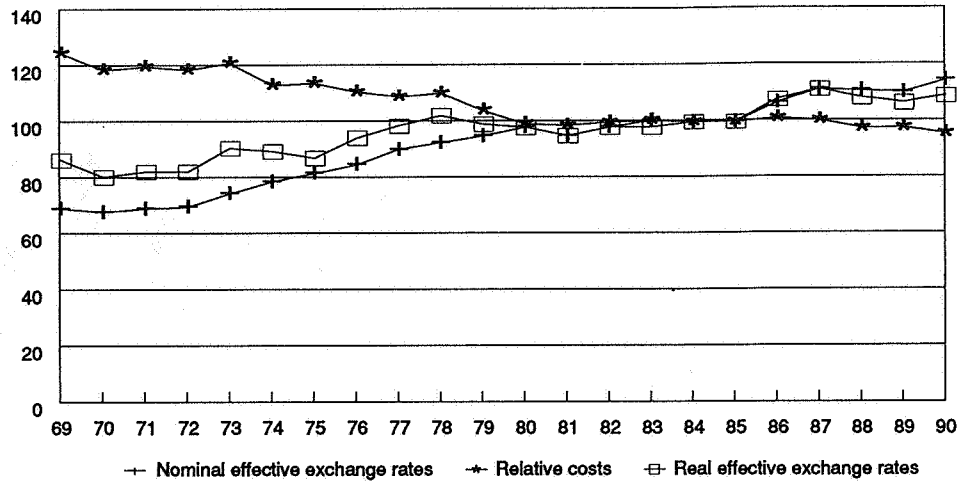


REAL LONG-TERM INTEREST RATES ¹
(Austria, Germany and EC)



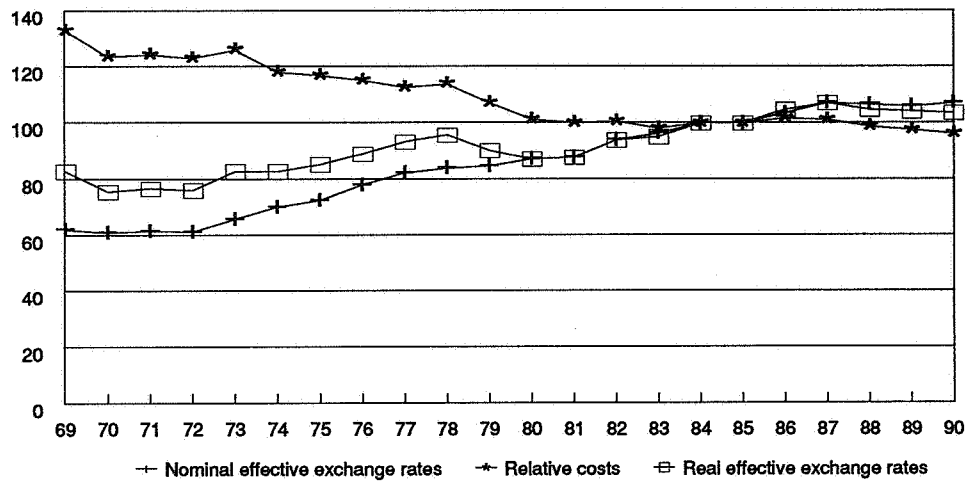
Graph 3

RELATIVE COSTS AND NOMINAL AND REAL EFFECTIVE EXCHANGE RATES ¹
in relation to Austria's 19 industrial trading partners



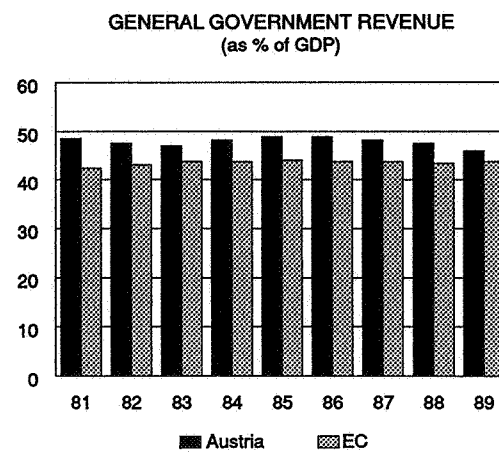
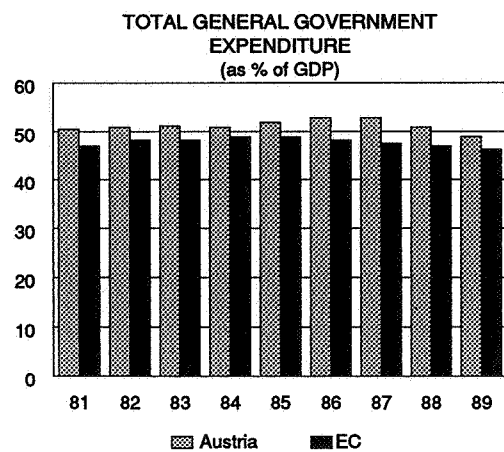
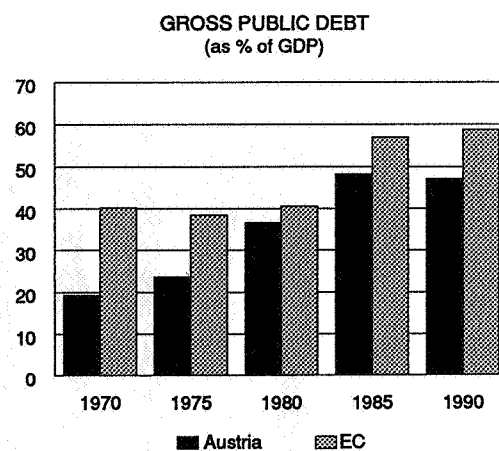
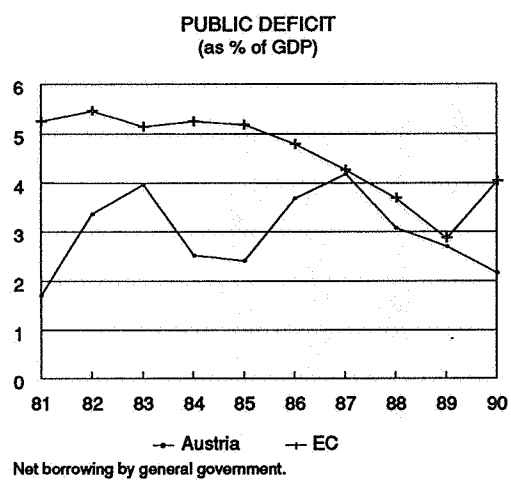
¹ On the basis of nominal unit wage costs throughout the economy (index 100 in 1980).

RELATIVE COSTS AND NOMINAL AND REAL EFFECTIVE EXCHANGE RATES ¹
in relation to the EMS countries



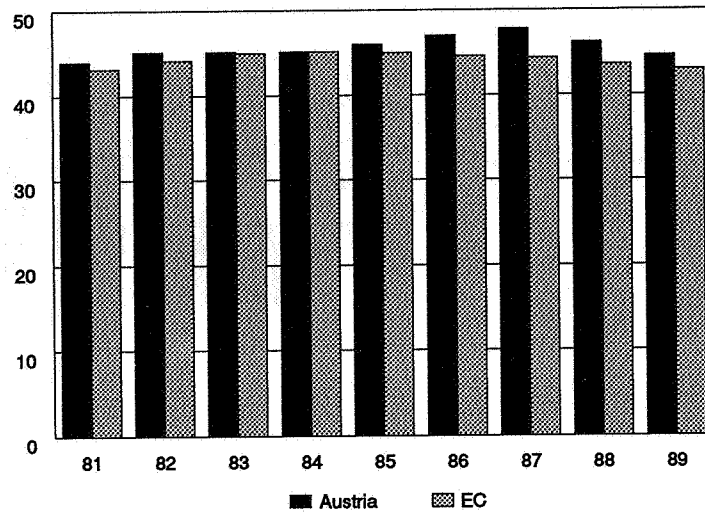
¹ On the basis of nominal unit wage costs throughout the economy (index 100 in 1980).

Graph 4

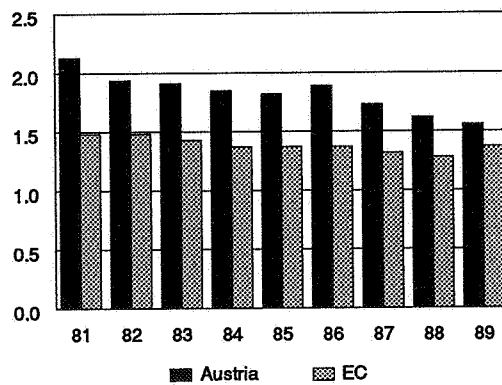


Graph 5

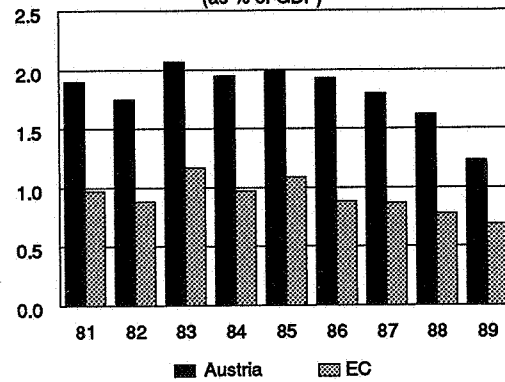
GENERAL GOVERNMENT CURRENT EXPENDITURE
(as % of GDP)



INVESTMENT BY GENERAL GOVERNMENT
(as % of GDP)

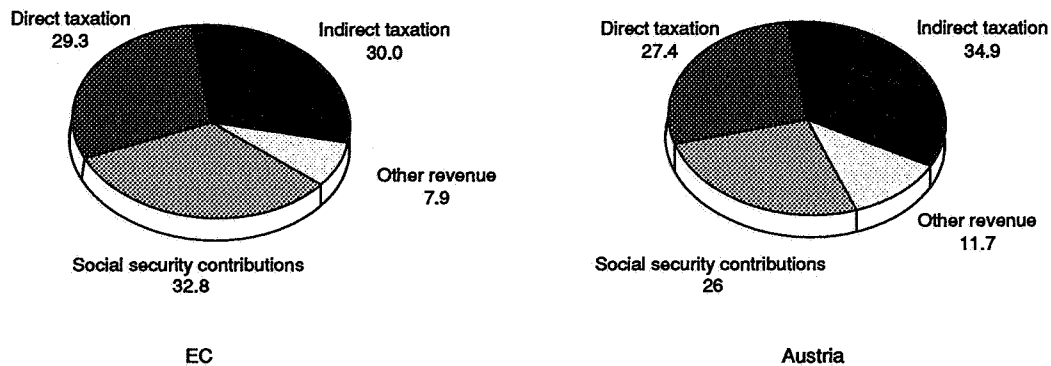


CAPITAL TRANSFERS
BY GENERAL GOVERNMENT
(as % of GDP)



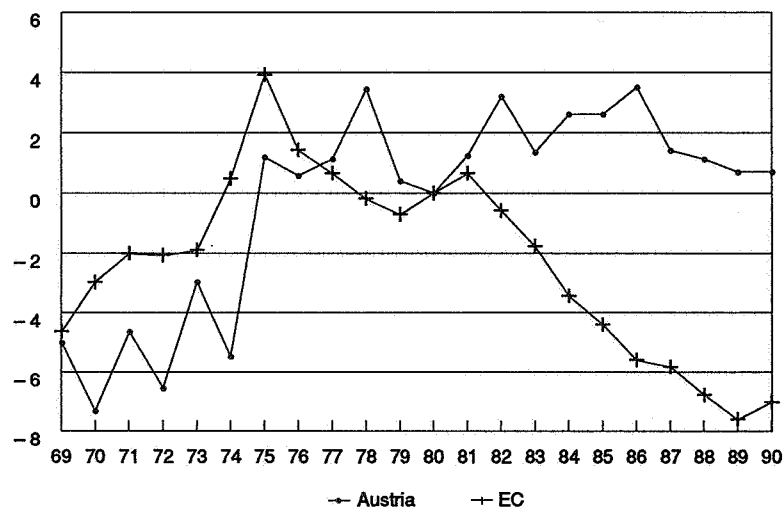
Graph 6

BREAKDOWN OF GENERAL GOVERNMENT REVENUE



Graph 7

REAL UNIT WAGE COSTS ¹
(aggregate deviation compared with 1980)



¹ Real per capita compensation of employees divided by labour productivity.

European Communities — Commission

The challenge of enlargement — Commission opinion on Austria's application for membership

Supplement 4/92 — Bull. EC

Luxembourg: Office for Official Publications of the European Communities

1993 — 49 pp. — 17.6 × 25.0 cm

ISBN 92-826-4989-X

Price (excluding VAT) in Luxembourg: ECU 5