

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 705 final

Brussels, 29 November 1979

Conclusion of an agreement based on the negotiations  
with Austria under Article XXVIII of GATT

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(Commission communication to the Council)

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CONCLUSION OF AN AGREEMENT BASED ON THE NEGOTIATIONS WITH  
AUSTRIA UNDER ARTICLE XXVIII OF GATT

(Commission communication to the Council)

The Commission hereby presents to the Council:

a report on the outcome of the negotiations with Austria under GATT Article XXVIII on the unbinding by Austria of tariff concessions in the agri-foodstuffs sector (Annex I);

a draft agreement, with annexes, negotiated between Austria and the Community under Article XXVIII of the GATT (Annex III).

On 2 October the Article 113 Committee, meeting in Geneva, approved the results of the negotiations.

The Commission recommends that the Council approve the agreement and annexes initialled with Austria (Annex III).

It accordingly presents the draft decision concluding the Agreement (Annex II).

REPORT  
ON THE NEGOTIATIONS WITH AUSTRIA UNDER ARTICLE XXVIII OF THE  
GATT CONCERNING THE WITHDRAWAL BY AUSTRIA OF CONCESSIONS IN  
THE AGRI-FOODSTUFFS SECTOR

1. By letter dated 9 January 1978, Austria's Permanent Mission in Geneva notified the Head of the Delegation of the Commission of the European Communities in Geneva and the Director-General of GATT of Austria's intention to withdraw, in accordance with Article XXVIII (5) of the General Agreement on Tariffs and Trade, certain concessions included in Schedule XXXII-Austria in respect of products of the agri-foodstuffs industry.
2. In its letter Austria named the European Economic Community as principal supplier of the products concerned, and noted that in accordance with the agreement on the negotiation of concessions listed in the 1967 Geneva Protocol to the General Agreement, the principal supplier should be deemed to be the party with which the concession was initially negotiated. The Community asserted its rights and its intention of entering into negotiations with Austria, in a letter dated 17 January 1978. Austria declared itself willing to start negotiations or consultations with the Community in accordance with Article XXVIII of the GATT.
3. Since the beginning of February 1978 a number of negotiations and consultations have taken place with the Austrian authorities, in Brussels, Vienna and Geneva. The members of the Article 113 Committee took part in these talks, or were kept regularly informed by the Commission.

4. The negotiations were particularly tough and lengthy, for three main reasons:

(a) Austria's initial refusal to compensate the Community for the withdrawal of concessions because of the special relations between the two partners (Free Trade Agreement), Austria's trade deficit with the Community, and the Community's refund policy for the products concerned. In the course of the negotiations, however, Austria gradually conceded this point, finally offering adequate compensation, both in quantitative and qualitative terms.

(b) The difficult situation for potato-based products

The Community urged Austria, following unbinding of the concessions, to keep the variable component of its protection down to a level which would allow the Community to continue certain traditional exports to Austria or arrive at a quantitative solution, in this case a tariff quota set at the level of current export performance, at the present bound rate. Austria formally rejected these arrangements, but in the end agreement was reached on a cut from 20% to 10% in the fixed component of the protection for the products concerned.

(c) Products given Austrian preferences

Austria believes that the volume of trade in products for which the community has enjoyed preference since 1974 has grown more rapidly during the reference period than would have been the case if preference had not been granted. In support of this view, the Austrian Delegation showed that between 1973 and 1977 the Community had managed to increase its exports to Austria by somewhere in the order of 250% overall for the products concerned in these negotiations and covered by preferences. In contrast, other supplying countries which did not enjoy preferences increased their exports of these products to Austria by only 13% over the same period, while for products also concerned in these negotiations but not covered by preferences, the Community had increased its exports to Austria by only 90%.

The Austrian Delegation asked for a cut of at least 50% in the volume of trade the Community was claiming in this context.

The Community Delegation was obliged to acknowledge the justice of some of the Austrian contentions, but refused such a swining cut and instead proposed, as a gesture of goodwill, to accept a reduction not exceeding 30% in the volume of trade claimed. While it is impossible to quantify the effect of tariff preferences, it is clear that a preference of this magnitude (an average of 13 points), which resulted in the admission of zero-duty imports over much of the reference period, certainly had a positive influence on the growth of trade: the figures show clearly that trade grew faster for products enjoying preference than for those which did not.

5. The Community is claiming (see Annex Ia for details) a volume of trade (average for 1975/76/77) worth S 292.2 million of which:
- |                           |   |                 |
|---------------------------|---|-----------------|
| <u>Negotiation rights</u> | : | S 283.4 million |
|---------------------------|---|-----------------|
- of which:
- |                          |                 |
|--------------------------|-----------------|
| - as direct beneficiary: | S 0.5 million   |
| - as principal supplier: | S 282.9 million |

The S 283.4 million of trade in respect of which the Community claimed negotiating rights is broken down as follows:

- products for which the Community enjoys no Austrian tariff preference: S 34.3 million
- products for which the Community has tariff preference in Austria in respect of:
- |  |                 |
|--|-----------------|
| - the fixed and variable components (zero rate applied): | S 4.4 million   |
| - the fixed component (variable component applied):      | S 244.7 million |

Consultation rights (substantial interest) S 9.8 million

6. The compensation granted to the Community by Austria  
(see Annex Ib) covers a volume of trade worth  
(average 1975/76/77): S 273.7 million
7. In these circumstances the Article 113 Committee, meeting on 2 October in Geneva, found in favour of the conclusion of the negotiations on that basis.
8. The texts setting out the results of the negotiations were initialled on 2 October in Geneva.

## EEC/AUSTRIA ART. XXVIII NEGOTIATIONS

Products of the agri-foodstuffs industry

Community claims	
Tariff heading	Average value of trade 75/76/77 in S'000
<b>I. Negotiation rights</b>	
<b>(a) as direct beneficiary</b>	
- United Kingdom	
1908 A	
1908 B	528
<b>(b) as principal supplier</b>	
- EEC-9 (concessions made at or after neg. XXIV:6 - 1973/74)	0
EEC-6 (concessions made at or after neg. XXIV:6 - 1961/62)	
19.02 B 1           KR	
2	52 221
19.05           KR	8 030
ex 20.02 A 5 b   KR	17 453
21.07 A       KR	
ex B	97 684
22.02       KR	80 439
23.03 B       KR	16 871
- Separate Member States (concessions made before neg. XXIV:6 - 1961/62 and for UK, DEN, IRL, before neg. XXIV:6 - 1973/74)	
19.08 A (FRG)	
B (FRG)	10 236
	<u>283 462</u>
<b>II. Consultation rights (substantial interest)</b>	
- EEC-9	0
- EEC-6	0
- Separate Member States:	
19.08 A (Netherlands)	
B (Netherlands)	9 824
	<u>9 824</u>



## EEC/AUSTRIA ART. XXVIII NEGOTIATIONS

## Products of the agri-foodstuffs industry

Compensation offered by Austria				
Tariff Heading	Description	Current duty	Offer	Av. vol. imps. from EEC 75/76/77 in S'000
09.01 B	Roasted coffee	30%	15%	54 688
18.04	Cocoa butter	8%	5%	96 022
ex 20.02 A 5	Vegetables prepared or preserved otherwise than by vinegar or acetic acid:			
	A. In airtight containers of a gross weight of 15 kg or less			
	5. Other			
	ex (b) Potatoes	20% +vc	10% +vc	17 453
21.02 A	Extracts of coffee, solid	24%	12%	44 565
23.07 2	Forage with a total content of sugar not exceeding 40% or with a starch content not exceeding 40% or with a lactose content not exceeding 2% within an annual quota of 5 200 t	30%	15%	62 859
				273 774

Recommendation for a  
COUNCIL DECISION

concerning the conclusion of the Agreement negotiated  
between the European Economic Community and Austria  
under Article XXVIII of the GATT concerning certain  
products of the agri-foodstuffs industry

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 113 thereof,

Having regard to the Recommendation from the Commission,

Whereas, on the basis of Article XXVIII of the General Agreement on Tariffs  
and Trade (GATT), Austria indicated its intention of unbinding tariff  
concessions on certain products of which the European Economic Community is  
its principal supplier;

Whereas the Commission opened negotiations with Austria under the said  
Article XXVIII of GATT and has reached an agreement with that country;  
whereas the said agreement is satisfactory,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement negotiated between the European Economic Community and  
Austria under Article XXVIII of the GATT concerning certain products of  
the agri-foodstuffs industry is hereby approved on behalf of the  
Community.

The text of the Agreement is annexed to this Decision.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the Agreement in order to bind the Community.

Article 3

The Contracting Parties to the General Agreement on Tariffs and Trade shall be notified of the result of the negotiations.

Done at Brussels,

For the Council

The President

Annex III

S E C R E T

NEGOTIATIONS RELATING TO SCHEDULE XXXII - AUSTRIA

The Delegations of Austria and of the Commission of the European Communities have concluded their negotiations under Article XXVIII for the modification or withdrawal of concessions provided for in Schedule XXXII-Austria as set out in the report attached.

Geneva, 2 October 1979

(subject to ratification)

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Signed: For the Delegation of  
Austria

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For the Delegation of the  
Commission of the European  
Communities

Results of Negotiations under Article XXVIII  
for the Modification or Withdrawal of Concessions  
in the Schedule XXXII-Austria

Changes in Schedule XXXII-Austria

A. Concessions to be withdrawn

(aa) Initially negotiated under the Geneva (1967) Protocol

Tariff item number	Description of products	Rates of duty bound in existing schedule
ex 07.02	Potatoes (whether or not cooked), preserved by freezing	in % ad val. or in Schilling per 100 kg  20%
19.02	Malt extract; preparations of flour, meal, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50% by weight of cocoa:  B. Other: 1. Milk- or egg-based preparations 2. Other	27% 29% but not less than S 280.- per 100 kg
19.05	Prepared foods obtained by the swelling or roasting of cereals or cereal products (puffed rice, corn flakes and similar products)	20%

Tariff item number	Description of products	Rates of duty bound in existing schedule
20.02	Vegetables prepared or preserved otherwise by vinegar or acetic acid:  A. In airtight containers of a gross weight of 15 kg or less:  5. Other: ex (b) Potatoes	in % ad val. or in Schilling per 100 kg         370.-
21.07	Food preparations not elsewhere specified or included:  B. Other, except  - sugar syrups containing added flavouring or colouring matter and - extracts mixed with other substances for the manufacture of foodstuffs	30% but not less than S 280.- per 100 kg
ex 22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No 20.97; except those with a basis of milk	22%
22.03	Beet-pulp, bagasse and other waste of sugar manufacture; brewing and distilling dregs and waste; residues of starch manufacture and similar residues:  B. Other	Free

(bb) Initially negotiated under the Torquay Schedules

Tariff item number	Description of products	Rates of duty bound in existing schedule
ex 19.08	A. Biscuits, sweetened B. Biscuits, unsweetened	in % ad val. or in Schilling per 100 kg 930.- 770.-

C. Reduction or modification of rates bound in the existing schedules

Tariff item number	Description of products	Rates of duty bound in existing schedule	Rates of duty to be bound
09.01	Coffee, whether or not roasted or freed of caffeine; coffee husks and skins; coffee substitutes containing coffee in any proportion: B. Roasted	in % ad val. or in Schilling per 100 kg  30%	in % ad val. or in Schilling per 100 kg  15%
18.04	Cocoa butter (fat or oil)	8%	5%
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid:  A. In airtight containers of a gross weight of 15 kg or less:  5. Other: ex (b) Potatoes  <u>Note:</u> The abbreviations "vc" indicates that Austria reserves the right to levy additionally a variable component determined from time to time under her regulations relating to goods processed from agricultural products.	-	10% + vc



Tariff item number	Description of products	Rates of duty bound in existing schedule	Rates of duty to be bound
21.02	<p>Extracts, essences or concentrates, of coffee, tea or maté and preparations with a basis of those extracts, essences or concentrates; roasted chicory and other roasted coffee substitutes and extracts, essences and concentrates thereof:</p> <p>A. Extracts of coffee, solid</p>	<p>in % ad val. or in Schilling per 100 kg</p> <p>24%</p>	<p>in % ad val. or in Schilling per 100 kg</p> <p>12%</p>

D. New concessions on items not in existing schedules

Tariff item number		Rates of duty bound in existing schedule	Rates of duty to be bound
ex 23.07	<p>Products falling within this subheading (sweetened forage; other preparations of a kind used in animal feeding) within an annual quota of 5 200 metric tons,</p> <p>except:</p> <ul style="list-style-type: none"> <li>- fish or marine mammal solubles,</li> <li>- products with a total content of sugar of 40% or more by weight, expressed as invert sugar, or with a starch content determined by the modified Ewers polarimetric method, of 40% or more by weight, or with a lactose content of 2% or more by weight</li> </ul> <p>The quota year begins on 1 January of each year.</p>	<p>in % ad val. or in Schilling per 100 kg</p> <p>30%</p>	<p>in % ad val. or in Schilling per 100 kg</p> <p>15%</p>