

Meeting of the EEC/ECSC/Austria Joint Committee

The EEC-Austria Joint Committee will meet in Brussels on 4 July 1984. Among the points on the agenda are an exchange of views on the operation of the 1972 Free Trade Agreement including Austria's trade deficit with the Community and agricultural questions and an examination of the report of the chairman of the Customs Committee.

The ECSC-Austria Joint Committee will meet the same day and will exchange views on trends in the steel market and on the Community's steel crisis policy.

The State of EC-Austria Relations

Austria and the Community form, with the other members of the European Free Trade Association, an industrial free trade zone which comprises almost all of Western Europe and its more than 300 million consumers. Spain is the only exception but is currently negotiating membership of the Community. This is the end result of the free trade agreements which were signed in 1972 and 1973 in the wake of the decision by three EFTA members, Britain, Ireland and Denmark, to become full members of the European Community.

Since the end of the transition period in 1983, a transition which was accomplished without encountering any major difficulties, trade in industrial products had been made completely free of tariffs and quantitative restrictions.

Although agriculture was not part of the original agreement a provision was included whereby both parties would foster the harmonious development of trade. In application of this, agreements have been signed by the Community and Austria to promote an orderly bilateral trade in cheese and to provide reciprocal recognition of "appellations d'origine" in the wine sector. In an annex to the Agreement, specific rules were set out clearly defining how tariff reductions would be applied to the industrial element of transformed agricultural produce.

The Rules of Origin

One of the annexes to the 1972 Agreement sets out the rules governing origin. They define which products will qualify for preferential treatment and ensure that goods do not enter the free trade zone through the country with the lowest external tariff. They encourage joint production between the Community and Austria of industrial products by providing a system of bilateral cumulation. This is closely in line with the economic thought behind the free trade agreement which was to promote economic integration within Western Europe. In this light, a simplification of the rules was introduced in 1983 for engineering products.

Beyond the Agreement

In the past decade, cooperation has gone well beyond the original scope of the agreements. In a pragmatic way a totally new type of relationship between the Community and Austria has been established within which both sides can deal with any problem of mutual interest.

Contacts at political level have equally intensified. In the recent past, Commission President Gaston E. Thorn has visited Austria and the Vice Chancellor of Austria, Mr Norbert Steger, has visited the Commission. Moreover, Commission Vice-President Wilhelm Haferkamp met Austrian leaders in Vienna in May 1984.

Among the many areas of cooperation are:

TRANSIT

The particular geographical situation of Austria evidently justifies a certain coordination in the transport and transit sectors. The main agreements concluded were as follows:

- Agreement of 26 July 1957 which entered into force on 1 March 1958 and was completed by a Protocol of 10 October 1974, relating to the establishment of direct international rail tariffs for the transport of coal and steel in transit through Austria.
- Agreement between the EEC and Austria of 30 November 1972 which entered into force on 1 January 1974 and covers Community transit of goods.
- Agreement of 11 May 1975 which entered into force on 1 January 1977 regulated the conditions of passage through Austria and warehousing in Austria of goods traded between the Community and Greece and Turkey. This agreement simplifies customs formalities and facilitates trade between North and South Europe.

TRANSPORT

Austria is an important link in the route between North and South-East Europe, a route which has become even more important with the accession of Greece to the Community.

The Austrian authorities accordingly approached the Community requesting a financial contribution to the motorway which will link the German motorway system with the Yugoslav border and subsequently with the Trans-Yugoslav Highway. Negotiations on transport problems have taken place between the Community and Austria on the basis of a Council decision of December 1981. The Council has since interpreted its original decision to mean that financial aspects of the problem could also form part of the negotiation allowing negotiations to be resumed in May 1984. The end result should be an agreement providing for closer cooperation between the two parties on an equitable basis.

STEEL

In the steel sector, exchanges of information between Austria and the Community about exports have been going on for some twelve years. Since 1978, the Community and Austria have negotiated annual steel arrangements to regulate trade during the present recession in the steel market.

OTHER AREAS

An agreement made by exchange of letters in 1978 established exchanges of information between Austria and the Commission on environment problems. There are also regular exchanges of information on economic and monetary matters. Austria participates in several actions of European Cooperation in Scientific and Technical Research particularly in the sectors of metallurgy, meteorology, transport and telecommunications. Negotiations have recently been successfully completed to link the Austrian data network to EURONET.

Structure and Development of Trade

In the ten years of the agreement trade has considerably expanded on both sides. Austrian exports to the Community increased from 2180 MECU in 1973 to 8641 MECU in 1982 representing 53% of its total exports. Austrian imports from the Community increased over the same period from 3871 MECU to 12624 MECU representing about 60% of its total imports.

Seen from the Community viewpoint, Austria is the Community's fourth largest customer accounting for 4.4% of total exports in 1981 and the Community's ninth supplier accounting for 2.5% of total imports.

The Community's has consistently registered a substantial trade surplus with Austria though this must be seen in the perspective of the greatly increased trade since the signing of the agreements. In 1973 the trade surplus was 28% of total bilateral trade whereas in 1981 it had fallen to 21%, rising slightly to 23% in 1982.

It should also be noted that although Austria has a substantial trade deficit principally with the Community, this is balanced by a very healthy balance in invisibles, mainly tourism. According to Austrian figures tourism brought in the equivalent of 3 000 MECU in 1982 after deducting the expenditures of Austrians abroad. More than 90% of all tourists in Austria came from the Community.

In 1982, 40% of EC imports from Austria were machinery, transport equipment and other manufactured goods with chemicals accounting for a further 7%. Iron and steel, textiles and paper products, accounted for approximately 31%. Community exports to Austria were 52% for machinery, transport equipment and other manufactured goods, and 11% for chemicals. Textiles, iron and steel, iron and steel products, and non-ferrous metals, accounted for about 21% of trade. Trade in agricultural goods is approximately 5% of bilateral trade in both directions.

TRADE BETWEEN THE COMMUNITY AND AUSTRIA

(million ECU)(*)

	1973	1975	1978	1980	1981	1982	1983 (11 months)
EC Imports	2180	2737	5158	7017	7567	8641	8849
EC Exports	3871	4923	8428	11294	11676	12624	12987
Balance	1691	2186	3270	4277	4109	3983	-4138

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies, which make up the ECU, vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.