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Austria wants to join the EEC

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important industrial concentration areas within Europe remain separated this way, integration, too, must always remain fragmentary.

The impairment of traditionally intensive trade interdependences with the EEC has caused several States to insist even more on joining the Common Market. Membership or association with the EEC will, on the one hand, intensify competition within the home markets of nations wishing to associate and will thus reduce the share of

their own economy in their domestic markets, but simultaneously they will promote specialisation, rationalisation and concentration and strongly influence the shape of production. Moreover the reduction of the EEC's trade obstructions opens up the Community's market and thus secures an increase of the associating countries' share in it.

Such a joining will, however, cause a multitude of difficulties. For, on the one hand, to both sides it is a matter of making allowance

for political obligations and constellations, and, on the other hand, structural changes connected with membership or association will impair the internal objectives of full employment and price stability at least in the short run. Therefore it must be the main target of negotiations with the EEC to avoid losses due to friction and to secure chances for a quick adaptation. On these problems INTERECONOMICS has interviewed the Austrian Vice-Chancellor Dr Fritz Bock. ke.

Austria Wants to Join the EEC

Interview with the Vice Chancellor of Austria, Dr Fritz Bock, Vienna

QUESTION: Austria is a member of EFTA, but would like to become a member of the Common Market. Can you give us a few more details about this ambition, Dr Bock? Is Austria moved by commercial interest alone or has it also changed its political views based on the altered situation since—let us say—1956/57?

ANSWER: Austria does not want to become a member of EEC since it is not possible for a perpetually neutral State to join an international organisation which is in a position to exercise supranational functions. Austria's membership of the United Nations is the one exception to this principle. Therefore Austria is aiming at a particular type of trade agreement which does not prejudice State sovereignty. The reason for Austria's wish is both because of trade interests and because Austria recognises that every minor economy must endeavour to play a proper part in a major economic area, if it wishes to keep pace with future world economic developments. Or to express it differently: for this purpose every small economy needs to participate in the dynamic of larger economic areas.

QUESTION: What form does the Austrian Government envisage such an agreement with the Common Market taking? Does it

wish, initially, to become merely an associate member, like Greece and Turkey?

ANSWER: The special type of trade agreement at which Austria is aiming is intended to serve the purposes stated above. There is no question of Austria becoming an associated member of EEC, like Greece and Turkey, because both these agreements of associate membership were concluded as a transitional step towards full membership.

QUESTION: This month, negotiations between EEC and Austria will reach a decisive phase. The EEC Commission has submitted to its Ministers a second detailed report on the current status

of negotiations. Many problems have already been solved, some remain open. Could you tell us briefly, Dr Bock, what has really been achieved so far in these talks, which have been going on for a good five years?

ANSWER: Austria applied for negotiations to be initiated five years ago. Since at that time Britain, as well as other countries, also made their applications, it was agreed that negotiations with Britain should take precedence because it was obvious that negotiations with other States would be strongly influenced by their results. When negotiations with Britain broke down in January 1963, Austria was the only EFTA country to maintain its application and as a result

FRITZ BOCK

was born in Vienna on February 26, 1911. He studied at Vienna University and graduated in 1935. During the war Dr Bock was in private business and in 1945 joined the Austrian People's Party. He is a co-founder of the Federation of Austrian Workers and Employees whose head he was from 1947 to 1952. Dr Bock who in 1949 became Member of Parliament, from 1952 to 1955 was Under-Secretary in the Federal Ministry of Commerce and Reconstruction, from 1955 to 1966 held the same position in the Ministry of Finance and in 1956 as responsible Minister took charge of the Ministry of Commerce and Reconstruction. Fritz Bock who simultaneously is Vice-Chancellor in the Austrian Government, has received Austrian and foreign distinctions.

exploratory talks were opened in mid-1963. The purpose of these talks was to inform both sides and clarify whether there was any point in initiating official negotiations or whether the difficulties were so great that it would be better to avoid official negotiations. The results of these talks were as follows: that an agreement between Austria and the EEC did appear possible in accordance with the principle as stated by Austria. In March 1964, therefore, official talks were initiated on the basis of a first negotiating mandate and were broken off in February 1966 when this mandate was exhausted. It had been possible to reach agreement on some important questions and on others a clarification with reservations.

QUESTION: With regard to the two reports on the course of the negotiations with Austria submitted by the EEC Commission to the EEC Council of Ministers, it can be said that the first report dealt with questions relating to a customs union and the second with the actual problems of an economic community. How is such a customs union between Austria and the EEC to be realised? Has it already been possible to agree upon the timing and phasing of an approximate plan?

ANSWER: Austria is prepared to adjust its external tariffs, with certain minor exceptions, to those of the EEC and to reduce to nil internal tariffs between Austria and the EEC. The date and phasing will be decided upon definitely in the coming round of negotiations. In any case, periods of transition lasting several years are to be anticipated.

QUESTION: Joining EEC means leaving EFTA. Will Austria adopt the EEC external tariffs? What difficulties arise in seceding from EFTA and are there specific periods laid down for giving notice of such secession and for readjustment?

ANSWER: Austria has said that it would prefer to belong to both preference systems, EEC and EFTA, but this does not exclude other solutions. Exports from Austria to

EFTA countries are currently running at an average of 18% and those to the Common Market at an average of 47%. Based on EEC views, however, this type of dual membership is not possible. Naturally, if membership in EFTA is to be given up, certain periods of notice will have to be observed. The adoption of the EEC external tariff will also be phased.

QUESTION: Does the integration of agriculture into the common agricultural policy of the Common Market present any economic problem?

ANSWER: It is necessary to synchronise agricultural policy if free trade in agricultural products is to be achieved. Since this is one of the aims of the Austrian policy of integration, it is essential for agricultural market regulations to be brought into line.

QUESTION: What points of the Brussels negotiations most affect the Austrian desire to remain neutral?

ANSWER: Austria is not aware of any "desire" to remain neutral. Austria pursues a policy of neutrality, which must certainly not be affected by the agreement with Brussels.

QUESTION: Are efforts being made to reach separate settlements on the question of trade with the East?

ANSWER: The agreement with EEC must not be allowed to prejudice Austria's trade with the East. Therefore Austria must reserve itself the right to make whatever reservations are necessary to achieve this aim, i.e. the maintenance and organised development of trade with the East.

QUESTION: Should an arrangement with the EEC aim at a comprehensive settlement of all politico-economic matters or should such an arrangement be restricted to a minimum number of practical commercial requirements, leaving everything else to the economic pressure towards conformity?

ANSWER: These questions come under the heading of synchronisation of economic policies. We shall

start from the principle that economic policies in the industrial and trade sectors require to be brought into line only insofar as this is necessary in order to avoid distortions of competition and deflections of trade.

QUESTION: What does your country expect from the Kennedy Round? Would a successful round of negotiations have any repercussions upon the negotiations Austria is engaged upon in Brussels?

ANSWER: It cannot yet be determined what is to be expected from the Kennedy Round. However, it is certain that the original proposal of an overall 50% reduction in tariffs will be nowhere near achieved. The negotiations in Brussels will only be influenced by the results of the Kennedy Round insofar as they influence EEC's new external tariffs—which Austria intends to adopt.

QUESTION: Do you consider it sensible, from EFTA's point of view, for EFTA members to appear separately in negotiations with the EEC? Or should individual negotiation be restricted to special cases?

ANSWER: Obviously I cannot say anything about the question of whether other EFTA countries are to initiate bilateral negotiations with Brussels because this is a matter which affects individual governments. Efforts to achieve an overall solution have so far borne no fruit.

QUESTION: When do you think that the negotiations between the Common Market and Austria will reach a successful conclusion?

ANSWER: If it should be possible to commence fresh negotiations before the end of 1966—as Austria very much hopes—and if we assume that such negotiations will last six to eight months and that their consequent ratification will take up at least another six months, it is correct to assume that the agreement could become valid in the course of 1968. Naturally it cannot yet be said whether, in such circumstances, it would become effective in 1968 or on 1.1.1969.