STATEMENT MADE BY MR. SERGEJ KRAJGER, MEMBER OF THE FEDERAL EXECUTIVE COUNCIL OF YUGOSLAVIA ON 20 MAY 1963

Item II: Arrangements for the Reduction or Elimination of Tariffs and Other Barriers to Trade, and Related Matters

Item III: Measures for Access to Markets for Agricultural and Other Primary Products

The debates of the last few days have shown clearly enough that a substantial and general reduction of customs duties, and the elimination of non-tariff barriers to international trade, are an important condition of expansion of international trade and world economic development. We all agree that the forthcoming negotiations must cover not only industrial but also all other products, and that reciprocity is not to be demanded of developing countries.

We are, however, concerned about the differences of views among the principal industrial countries regarding the way to solve the relevant problems and, in particular, regarding the development of international trade, especially trade in a few of the principal agricultural products. We are also anxious about the fact that some industrial countries will not consent to lower customs duties and eliminate other obstacles to imports from the developing countries, regardless of the proposed negotiations and even prior to them.

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We consider, on the other hand, as most representatives have stated during the discussion of Item I on our Agenda that it would be possible to implement the Programme of Action without waiting for tariff negotiations. It is in this spirit that, despite balance-of-payments difficulties, the Yugoslav Government has decided to remove customs duties on the tropical products examined by the Special Group, as a measure parallel to efforts to speed up its economic development.

Mr. Chairman, in order to contribute to a better understanding of certain problems expounded during the discussion and which in our view are of great importance and call for unanimous solutions, I should like to refer to the importance of existing tariff and non-tariff obstacles and to their repercussions on international trade.

At the present meeting statistics have been cited with respect to the increase in imports by the EEC from third countries, the conclusion being that the EEC's policy towards third countries does not cause any serious barriers to imports from third countries.

Most third countries, including Yugoslavia, inevitably channel many of their traditional export products towards the West European markets, which accounts for their efforts to maintain those markets. Despite unfavourable conditions on markets, Yugoslav enterprises have no wish to break off established business relations. The same situation exists for the trading partners of those countries. Naturally Yugoslavia, like many other countries, is making great efforts to expand its increasingly efficient foreign trade with other regions; as regards my country, the development of our trade relations is linked directly to our exports and to possibilities for creating the means of paying for our imports and meeting our other obligations. It is a fact, however, that in the West European countries, North America, and more especially the EEC countries, there is a certain assortment of equipment goods, semi-processed articles, and even consumer goods which can be purchased exclusively or on the most advantageous terms in those countries. This encourages third countries to make additional efforts in the field of exports and to reduce the margin between production costs and export prices in order to obtain the necessary resources to pay for their essential imports and meet other obligations. In order to do so, they are now obliged to export a greater volume of products in order to derive the same export earnings as in the past. Having said this, I do not wish on this occasion to comment on the well-known fact that trade between the EEC member countries is increasing far more rapidly than is their trade with third countries.
With regard to the efforts being made by third countries to maintain the level of their export earnings, I should like, Mr. Chairman, to mention another unfavourable effect of the discriminatory treatment accorded by integrationist groupings to third countries. The additional efforts required in order to overcome the obstacles caused by such integration sometimes lead many countries to subsidize exports even of those items which are produced efficiently enough. Such a situation inevitably deepens existing contradictions and provokes new ones as between the exporting and importing countries; this cannot encourage world economic development or better international economic relations.

We therefore consider that the substantial and general lowering of customs duties and the elimination of non-tariff barriers by the industrial countries, whether or not members of integration movements, constitute an essential condition for world market expansion and accordingly for industrial production as a whole.

With regard to agriculture, I do not wish to take up problems of what is termed "over-production" because consumption of agricultural products in most of the world is still rather low. I should like, however, to refer to the problems which, at the present time, arise on agricultural markets and to the need to co-operate and find solutions by means of joint action.

We are in agreement with the view that the problem of agricultural products goes beyond that of customs tariffs. It also covers problems of market organization, price stabilization, and questions relating to agricultural production. It is our feeling that in the course of the discussion too much emphasis has been laid on agricultural production in the industrial countries, and that there has been an attempt to justify in this manner the measures applied to imports and the protectionist nature of such measures. On the other hand, in the interest of world economic development and a rational division of labour which can be achieved in the development process, one must first take account of the situation which such protectionist measures create in the producing countries. For a great part of the population of these countries depends on agricultural production, which accounts for the major part of national income and export earnings. And despite the natural and other advantages for developing agricultural production, the countries concerned cannot turn them to account because of the policy followed in the importing countries. On the one hand, they are advised to be very prudent in developing their industries and to take account of the difficulty of disposing of products of their new industries. On the other hand, the industrial countries restrain imports of their primary and agricultural products in order to protect their own production which from the economic point of view is not always justified.
That is why we consider that the producing and importing countries should co-operate in order jointly to solve existing problems.

The importance of these problems for the world economy and for international trade is the best possible illustration of the responsibility of the countries on which concrete solutions most depend. We therefore believe that in order to clarify these problems in GATT, we should tackle them with the utmost sense of responsibility.

There are several reasons for Yugoslavia’s interest in the success of the forthcoming negotiations under GATT auspices. First of all, the rapid development of our trade, and changes in the structure of our exports. Secondly, the fact that Yugoslavia has started along the path of import liberalization. As regards exports, however, my country has encountered obstacles, sometimes even of a discriminatory nature, which affect industrial as well as agricultural products. My country therefore considers that the relaxation and elimination of such barriers is a pre-requisite for its accelerated development, having regard to the fact that finished industrial products account for about 40 per cent of our total exports and agricultural products, particularly meat, meat products and corn, for more than 30 per cent.

Before concluding, Mr. Chairman, I should like briefly to refer to the procedures for the forthcoming negotiations. Proposals have already been made in this regard, in particular that special bodies should be created to deal with different aspects of the trade negotiations. I should like to take this opportunity to express my country’s interest in being represented in the Group which will consider cereals and meat.

We support the decision regarding the organization of negotiations with a view to seeking and finding solutions to the problems which I have just mentioned. At the same time, however, we must express regret that so little progress has been achieved since the last ministerial meeting in 1961. We therefore consider that negotiations should be instituted without delay. Pending the results of such negotiations, however, we support the proposal for the conclusion of a provisional arrangement under which the countries importing agricultural products would undertake to respect a standstill provision, that is to say, not to modify existing conditions until the conclusion of the negotiations.

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