THIRD REVIEW ON TRADE RELATIONS WITH YUGOSLAVIA

Statement made by the Yugoslav Representative at the Council Meeting on 29 May 1962

Since the entry into force of the Declaration of 25 May 1959 concerning the relations between Yugoslavia and contracting parties to the General Agreement, Yugoslavia has, in co-operation with, and with the help of, the International Monetary Fund, taken a whole series of measures in the sector of foreign trade and foreign exchanges. All of these measures represent a step forward in the development of its economic system, and meet both the requirements of its economic development and the objectives of the General Agreement on Tariffs and Trade.

These measures have been notified to the CONTRACTING PARTIES and formed the subject of two annual consultations, in accordance with the Declaration. May I venture to mention briefly two of the most important of these measures. The first is the introduction of a single rate of exchange replacing the old system of multiple rates of exchange ("coefficients"). Since the beginning of this year, for instance, with the disappearance of the special rate applied to currencies obtained from tourism, all transactions with foreign countries are made at the single exchange rate of 750 dinars for one United States dollar. The second measure is the introduction of a general provisional customs tariff, which came into force on 15 March 1961 and was partially revised at the beginning of the present year. The amendments made to the 1961 tariff are not important and will shortly be notified to the CONTRACTING PARTIES. They derive from the experiences obtained while applying the provisional customs tariff and during its evolution towards a final tariff. The amendments in question had, moreover, been foreseen from the outset and went to explain the provisional character of the customs tariff.

It is important to add that the gradual simplification of the Yugoslav system of foreign trade and foreign exchange has been accompanied by a partial liberalization of imports. A list of products whose importation has been completely liberalized, has been introduced into the system of foreign trade. In the first months of 1962 this list of liberalized products, as well as the list of products imported on the basis of liberal licensing, has been expanded to the maximum compatible with the current situation of our balance of payments. Similarly, the category of products covered by the general licence has been modified so that this category gained relative importance as compared with other categories.
A particularly important point to mention is that the situation of our balance of payments represents a major factor which is slowing down somewhat the rate at which our system of foreign trade is developing towards more substantial liberalization. As compared with 1960, Yugoslavia's trade with foreign countries rose by 4 per cent in 1961. It was, however, mainly imports which increased, more particularly imports from Western Europe. While exports to Eastern Europe remained at the 1960 level, imports from the same area rose from 119 to 136 thousand million dinars, or an increase of 14 per cent. A development of this kind, i.e. stagnation in exports and a big rise in our imports from Eastern Europe, is calculated to raise serious problems, more especially since it is partly the result of the discriminatory measures taken by the European Economic Community. In our opinion, this problem calls for a mutually advantageous solution so as to encourage Yugoslav exports to that area, more particularly larger exports of agricultural products.

To revert to the evolution of our foreign trade system, I would like to say once again that we are continuing our efforts to introduce elements which might help to increase our trade exchanges with foreign countries and bring us closer to the General Agreement. One of the measures in this direction is the preparation of a new law regulating exchanges of goods and services with foreign countries. The purpose of this new law is to replace the old system of administrative registration of concerns engaged in foreign trade by a new system of registration with economic courts, based on objective criteria holding out greater guarantees to the national economy and ensuring greater stability in the relations between our enterprises and their trade partners abroad.

Mr. Chairman, we are in the third and last year of the validity of the Declaration of 25 May 1959 and it will be for the Council to fix the date and procedure for the last annual consultation. This raises the question as to what is to happen to the Declaration. In this connexion may I, speaking on my Government's behalf, make the following declaration:

Bearing in mind that the General Agreement is an instrument of international co-operation in the field of international trade, and being, as we have frequently said, anxious to help in solving the problem raised by the expansion of international trade, Yugoslavia declares herself satisfied with her co-operation with the Member countries of GATT, and proposes to continue and develop this co-operation. The economic development of Yugoslavia, as well as the measures which it has taken in respect of its systems of foreign trade and foreign exchange offer, as my Government is profoundly convinced, an objective possibility of strengthening the co-operation mentioned. I am therefore able to announce, on behalf of my Government, that it intends to seek for and, together with the CONTRACTING PARTIES, find a solution which would constitute a substantial advance on the Declaration of 25 May 1959, in the form of provisional accession which would serve as a basis for a final solution of its relations with GATT.