I have a number of reasons for being very pleased to take the floor in this debate.

This is our first appearance before this international forum, which is a gathering place of the representatives of foreign trade from so many countries; further, in the course of this session my country is beginning its closer co-operation with GATT, enabling us to participate in your activities and to express the views of my Government, not only concerning GATT and its activities, but, also regarding the international trade relations. Finally, I am pleased by the fact our first participation in the GATT is taking place so near to our friends in Asia for which we are thankful to our friendly host.

Yugoslavia's association to GATT is not accidental, nor did it take place on the spur of the moment. Our endeavours in the direction of expanding and strengthening the relations and trade with all countries of the world, our efforts to establish greater diversification and to broaden the existing relations and our desire to contribute towards the expansion of international trade and solution of its problems correspond to the basic spirit and aims of GATT. Up to recently GATT was the sole international economic organization with which Yugoslavia was not associated. But, our interest in the activities of GATT date way back. That our endeavours have taken on specific form only now, resulted from the fact that conditions, on both and all sides, have ripened for multilateral co-operation among the countries with different economic systems and diverse problems. We are happy that with our presence in GATT we shall be able to assist in the further evolution towards its universality and to contribute in this direction to the best of our ability.

There is no doubt that the international trade is faced with its own particular issues which demand solutions through the most extensive and intensive international co-operation. The expansion of the international trade primarily depends upon the progress of the world economy as a whole, and it, in turn, depends upon full employment in some, and upon economic development in other countries. It is true, and we note with satisfaction, that generally speaking, post-war economic development in the world is mainly following this trend. However, this does not imply that post-war trade is void of major problems, which call for solutions through mutual and common efforts of all countries through such an international forum as the GATT. The development in the course of the post-war period, in the field of economic and trade relations in the world - only to mention two: the problems of trade of the under-developed
countries in relation to the advanced countries, as well as issues relating to regional integration - should in themselves require the establishment of such an international trade organization.

However, GATT, with its universally oriented premises, already exists. Therefore, the mentioned post-war development and actual situation certainly add to the importance of GATT's existence. This increasing importance of GATT, on the one hand, which we all bear in mind; on the other are our internal efforts to speed up the development, to expand current production and to create conditions for increased foreign trade. The hardships which exist today and shall be encountered in future, impose a necessity of strengthening GATT as a forum which is called to consider and settle outstanding issues.

When submitting our request for the association with GATT, considerations were given not solely to the increasing significance of GATT as an instrument of achieving broader and closer international trade co-operation, but also to its philosophy. Accepting this, we have emphasized in the Declaration our readiness to strive for gradual adjustment of our foreign trade techniques to the requirements of the GATT within the framework of our system. This is a process which is determined by our possibilities, balance-of-payments situation; it also entails certain technical adjustments that will take time. In the meantime, a new Law on Customs was enacted in Yugoslavia, which stands for much more than mere initiation of this process. The determining and introduction of custom tariffs will follow. It is necessary to stress, however, that the question is not one of a revision of existing tariffs, but it deals with the establishment and initiation of new custom tariffs under substantially new social and economic conditions.

Turning to the internal side, I would like to say that the Yugoslav contribution to the international trade and the solution of international trade problems is not insignificant.

The economy of Yugoslavia has shown very great and voluminous changes and progress. In 1938, about 75 per cent of its population was engaged in agriculture; at that time industry participated in the national income with only 28 per cent. From that time (1938) until this year the industrial production, in its physical volume, has increased to 289 per cent. When comparing the industrial production last year with that of 1953 the increase is 89 per cent. And this year, so far, the industrial production is running at an average rate of 12 to 13 per cent above last year.

Also, particularly during the last two years, the substantial increase in the agricultural production has been achieved. Therefore it is probable that in future, for instance, there will be no need for food imports (which averaged during the last few years about 1 million tons of wheat annually). All these changes in the level of employment, production and economic stability, are manifested in the increased volume of Yugoslav foreign trade, which exactly was doubled during the last five years.
However, notwithstanding the fact that our economic development is progressing at a rapid pace, we hold the view that the existing income per capita in Yugoslavia, including other relevant indicators, entitle us from the aspects of GATT to the treatment in conformity with the Article XVIII.

I believe that I will not be wrong if I state that the fundamental aim of GATT is the expansion of international trade, if possible, equally for all countries. In this connexion, allow me to say a few words on the efforts of GATT which are being carried out in this respect. I am well aware of the fact that all present here today welcome this activity, and I wish to avail myself of this first opportunity to express our agreement and our concern also.

I have no intention to deal at length with arguments which called for such an activity; these arguments and facts have been covered otherwise and elsewhere, as well as by the studies prepared and released by GATT. The problem manifests itself, briefly speaking, in a relative lagging behind of trade between the industrially advanced on one hand and under-developed countries on the other. These fundamental disproportions in the world economy—between the degree of development of the advanced and under-developed countries are reflected in the disproportions and distortions in international trade. All aforementioned studies, and especially study by the secretariat entitled "Trends in International Trade", convincingly show that disparity in the trade between both groups not only does exist, but actually is being accelerated. Bearing in mind the importance which the foreign trade has for the development of under-developed countries, it seems, that prevailing relations in the international trade are not such, that they would facilitate firm and stable development of all countries and that something should be done in this respect. We hold the opinion that international community cannot, in its own interest, be indifferent to such a situation. More concerted and mutual efforts are needed, not only in the field of financing economic development of under-developed countries, but also in the field of international trade, above all in the direction of removing factors which are imposed upon the exports of the under-developed countries and those in difficulties so that they could increase their purchasing power. We can note with satisfaction that strengthening of international activity in both directions is being achieved. In the field of financing let me recall the increase of funds at the disposal of International Monetary Fund, International Bank for Reconstruction and Development, the establishment of the Special United Nations Fund for Technical Assistance and also recently of International Development Association. However, all these means and efforts are not sufficient to meet existing and rising needs.

In respect to the international trade, it is necessary to stress GATT's drive for the expansion of international trade, and particularly the activities within the GATT Committees II and III relating to the agrarian protectionism and commodity problems. In our opinion these are among the most important items ever initiated by GATT, since they deal with major problems of the international trade. GATT did much for
under-developed countries by recognizing specific facilities in the field of trade policy. Nevertheless, negative approach is not sufficient. It must be supplemented by positive measures and steps aimed among others, at mitigation of agrarian protectionism, to the removal or alleviation of other obstacles which in various countries are maintained, or even introduced, regarding the exports of under-developed countries or countries in difficulties. Precisely these tasks fall within the framework of the Committees II and III. Therefore we are viewing their work with confidence and expectation.

So far as the agrarian protectionism is concerned, we try to understand the reasons which some of the developed countries had advanced earlier for their introduction that is, that in agriculture special protective measures had to be applied. But we do also agree with the conclusions in the study "Trends in International Trade" as to the actual extent that these protective measures and benefits are still being maintained. And even more we believe that certain alleviations of these restrictions are necessary, especially in Western Europe. Their removal or alleviation would, undoubtedly, have beneficial effects not only for international trade, but also for Western European countries.

Nevertheless, limitations which are known as agrarian protectionism, are not the only ones which, in our opinion, should be considered. There is a series of other limitations and restrictions which neither correspond to the situation in respect of balance of payments of some countries - particularly again of the developed countries of Western Europe - nor to the degree of development of some countries. The improvement of balance of payments should almost automatically mean corresponding liberalization of trade.

I would also like to add my voice to another major issue in which GATT is engaged. That is the question of regional integrations. We consider economic integration trend as positive in principle, but only insofar as it leads to a more economic and extensive world distribution of labour, or speaking in GATT's language, under the conditions which correspond to the spirit of General Agreement on Tariffs and Trade. In other words, that integration is positive which leads to an expansion rather than to the limitation of international trade, which improves the international distribution of labour, which contributes to the increase of and accelerate the production, which raises the income.

I should mention that integration could and should be viewed through the prism of relations between the developed and under-developed countries also. Namely when we speak about possible harmful consequences, we primarily have in mind the trends of integration among the industrially advanced countries by themselves. Matters could be different in our opinion when such aspirations among under-developed countries are in question, which could take the form of integration. We consider these to be a component part of the efforts exerted by such countries for the purpose of contributing to their economic development and strengthening of their economies.
We welcome the efforts of GATT to discover the most suitable forms of co-operation between various integrated regions and other interested countries. The procedures of multilateral consultations of contracting parties with common market countries are already established and we shall avail ourselves of it, as the need arises. We believe that it will not remain as the only form and that further advances shall be made in this direction, in order that apprehensions of many countries outside of the integrating areas could be removed. This is of particular importance for Yugoslavia which without hesitation will refuse to join in any isolating or bloc formation.

I only wanted to touch upon most important questions. The Yugoslav delegation shall, in the course of this and subsequent sessions, participate in dealing with other matters which fall within the scope of GATT's functions.

However, before I conclude, I would like to touch upon one question which, I believe, is of importance. I have here in mind the relations between GATT and Poland. We greet the efforts directed to institute closer relations with Poland and we hope that Poland will take its place among us in the near future.

However, I believe that we should not stop here, Mr. Chairman. When concluding the fourteenth session you yourself have said that "there is no doubt that contracting parties shall have to consider in the near future seriously the possibility of broadening of our philosophy and to improve our techniques so that countries with private enterprises could co-operate, within our organization, with countries whose economies are entirely planned".

In concluding, I would like to extend my sincere support to these your words, adding that the recent development in the political field will, we hope, facilitate the dispersion of the concept that there is no mutual language regarding multilateral co-operation between the countries with different economic systems and that it shall make it possible to have the united world in GATT to attain, by this unique forum, the serving and promoting of expanded trade co-operation.

Thank you, Mr. Chairman.