

30 October 1958

RELATIONS BETWEEN THE CONTRACTING PARTIES AND YUGOSLAVIA

Extracts from a Statement by Mr. Nenad Popovic,  
Assistant Secretary of State  
in the Committee for Foreign Trade of Yugoslavia

The Yugoslav Government has informed the secretariat of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade about its desire to institute closer relations with this Organization, having in mind the fact that, for the time being, there do not appear to exist the possibilities for the Yugoslav Government either to accept all obligations or to utilize all advantages arising out of the GATT. The Yugoslav Government indicated at the same time that these relations could and possibly should be instituted and implemented within the framework of the associated membership as it may be defined by mutual agreement.....

For years we have been observers here and we have carefully followed the work and development of GATT. It was possible for us to see how useful an instrument this Organization is now and can be in future, especially as a constructive approach for the settlement of different problems and for the harmonization of manifold efforts today in the world trade .....

It certainly would be one-sided to assume that the Yugoslav desire to associate itself closer with the CONTRACTING PARTIES is determined solely or exclusively by the general considerations for co-operating with an international organization. We have also the immediate interest which comes out from the fact that about three-quarters of Yugoslav foreign trade is effected with the contracting parties. Of specific importance is our trade with Western European countries, which makes more than half of our total trade this year. We therefore expect that our active participation in the activities of the CONTRACTING PARTIES to the GATT could and should contribute to the strengthening and broadening of such mutual co-operation. We do believe that such and similar reasons will be present with other contracting parties when considering the question of Yugoslav closer association with GATT.....

We have, as the others too, our difficulties. Some are general and some specific. We have at present chronic payments deficits and our economy is to some extent still insufficiently developed; status of capital and profit distribution is different. But the functioning of the market, relations among enterprises, price formation and the cost structure are technically along the same lines as in other economies. We do not have monopolistic enterprises and State trading is a very rare exception.

We would like to call attention to the fact that our economic system generally, and foreign trade and exchange systems in particular, are subject to continuous adjustments, growth and improvement. It is the intention to

make our system not only more effective and economically rational but at the same time to adjust it, so far as possible and feasible, to the needs of international economic co-operation and relations .....

I would like to say some words concerning the question of why we do not ask for full membership, but instead feel that it would be more opportune to have the status of limited rights and obligations; something that is usually described as "associated membership".

In this respect I would like to make it clear that we regard the whole matter from the point of view of our problem, which is at hand here and now, namely how to find ways and means to move to closer relations between contracting parties and my country. Just because of that, I think that we are on the right track in stating that this, our thinking in the form of "associated membership", is conditioned by the wish and necessity to be realistic.....

All these, on the other hand, do not mean that already now or in the immediate future we cannot enter into certain obligations which are as important for the contracting parties to the GATT as for ourselves. There is, I think, a whole series of points and procedures which could be applied, wholly or limited, as the forms and ways of our participation and co-operation with contracting parties. We also do realize that this "associated membership" of ours, or to call it in any way you like, is not something permanent, but a process of dynamic and more increased active co-operation with the eventual aim of including ourselves within the CONTRACTING PARTIES. We would like, and we think it useful and mutually advantageous, to move ahead. At the same time, we do not propose to preclude anything.

Therefore, we do hope and want the beginning of our association - in due time and through due course - to be crowned by the full membership.....

We refrain from suggesting in more detail the procedures and organizational shaping, namely whether that would be in the form of some working party or similar group. In this respect we would like to be open to your guidance and experience. But I would like to point out that there are some technical and other issues which should be formulated, as a matter of essential substance, in outlining the general rights and obligations of Yugoslavia.