

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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RELATIONS WITH YUGOSLAVIA

Report by the Working Party

1. The Working Party was appointed at the Thirteenth Session to consider the terms on which the Government of Yugoslavia might be brought into closer association with the CONTRACTING PARTIES and the advisability of further study on the possible development of such an arrangement into full participation in the General Agreement. The terms of reference and composition of the Working Party are set out in L/926. The Working Party met during the week commencing 16 March and submits this Report for consideration by the CONTRACTING PARTIES at their Fourteenth Session.
2. In its deliberations, the Working Party took into account the information contained in memoranda submitted by the Government of Yugoslavia on the Status of Yugoslav Economic Organizations (L/961) and on the Foreign Trade and Exchange Systems in Yugoslavia (L/962). As provided in its terms of reference, the Working Party consulted with representatives of the Yugoslav Government; a number of questions concerning Yugoslavia's economic structure and foreign trade were put to the representatives of Yugoslavia and helpful answers were received. These questions and answers will be distributed as an addendum to this Report.
3. The Working Party based its deliberations on the unanimity of views expressed at the Thirteenth Session that the Government of Yugoslavia should be brought into closer relationship with the CONTRACTING PARTIES. Further, the deliberations were based on the statement by the representative of Yugoslavia that his Government was not at present in a position to assume all the obligations involved in accession, but hoped to develop its existing policies in order that it would eventually be able to assume full GATT obligations and thus to apply for accession under Article XXXIII.
4. Among the members of the Working Party there was common agreement that the arrangement should be based on reciprocity and mutual advantage with a view to achieving an equitable balance of rights and obligations and that it should be a transitional stage until Yugoslavia was in a position to apply for accession under Article XXXIII. Several representatives thought that the relationship, to be meaningful, should be based upon precise obligations, arising from the provisions of the General Agreement, which the Government of Yugoslavia might feel able to assume at the present time. Some other representatives, on the other hand, preferred a looser form of association without any specific definition of rights and obligations.

5. The Working Party examined these various points of view and felt that there was a possibility of compromise. In the limited time available, however, it was not practicable to prepare a text to give effect to this compromise. The Working Party, therefore, instructed the Executive Secretary to prepare a draft decision which would provide for the participation of Yugoslavia in the work of the CONTRACTING PARTIES and for the establishment of commercial relations, between Yugoslavia and those contracting parties which might sign the declaration, to as great an extent as possible on the basis of the provisions of the General Agreement. This draft will be distributed by the Executive Secretary to all contracting parties as an addendum to this Report and the Working Party hopes that this will provide a basis for consideration of the Yugoslav Government's request at the Fourteenth Session, it being understood that none of the governments represented on the Working Party is in any way committed to this draft.

