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## RELATIONS BETWEEN THE CONTRACTING PARTIES AND YUGOSLAVIA

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

It is with feelings of pleasure and honour that I find myself able to address such a distinguished gathering of eminent representatives of world trade and at the same time to speak on behalf of my country. I would like also to stress how profoundly I appreciate this opportunity given to me by the CONTRACTING PARTIES to appear here.

As it can be seen from GATT document L/870, 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.

It would be superfluous to enumerate efforts and work exerted by my country in the direction and on the field of peaceful international co-operation. It might be, perhaps, sufficient to say that this Organization is one of the very rare and may be the last international body, where Yugoslavia is not a member. I think that it should not be ignored that Yugoslavia is one of the founder members of the International Monetary Fund.

It is the intention, desire and policy of my Government not to spare anything that could be done, if it only could contribute to a better international understanding and co-operation in any field of human activities and relations.

For years we have been observers here and we have carefully followed the work and development of GATT. We have also one trainee in the GATT course, which we appreciate. 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 is with feelings of satisfaction that we note the increasing tendency of the GATT to become an universal organization. Its members make almost four-fifths of the world trade. It cannot be contested that the international importance of GATT is increasing. Within this Organization new procedures and mechanisms are being built up which make it more possible and easier to implement broader and greater international trade and economic co-operation, to facilitate solutions of outstanding issues and questions under the conditions of increasing mutual respect.

I would like also to add my voice in appraising development of thinking and evolution of attitudes within the GATT, particularly regarding the countries and areas which have specific conditions or difficulties. I mention this because it would be probably dangerous and certainly harmful to ignore the implications of dogmatic and rigid approaches. In this context the pragmatic attitude and elastic grasp which take place within this Organization must be noted. It indicates to the vast potentialities of further work.

Having in mind that GATT covers the field of international trade, its importance in connexion with national, regional and international policies of full employment and development is becoming more marked. The policies of full employment today are national. As such they are implemented. But they should be internationally supported. Just and exactly on the field of international trade, it is necessary to break narrow limitations to the world's economic progress.

In this respect I would like both to draw anew the attention and to express appreciation of the recently published "Trends in International 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 do believe that by now the Yugoslav institutional framework, as well as principles on which Yugoslav economic policies are based, make it possible to consider, from now on, the introduction and implementation of closer association and co-operation 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.

We are able to see in better perspective the problems which are ahead of us, when we focus on the achievements so far realized. In this, particularly important is the breaking of the backbone of economic backwardness and successful performance of the policies of economic expansion. It is true that, following such a course, we face the problems and difficulties of no negligible importance caused by the emergencies arising especially out of the speedy development of the economy. But these phenomena are not specific for Yugoslavia; they are more than familiar with many other contracting parties. It is true also that we apply restrictions in our trade and payment relations, but on the other hand such restrictions are more or less applied in other parts of the world also. As in other cases, one can be quite sure that we do not do that because we like restrictions. We do not apply them without being forced.

It is not my intention to tax your patience or to divert to items which should be considered in the proper way, time and place. Therefore, 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. We do think that it should be both necessary and useful to have full mutual understanding from the very beginning and to eliminate even before the beginning everything that, later on, could create mistrust, misunderstanding or undo the constructive work. We think we must be realistic because we know it deals with mutual rights and obligations.

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.

I would like to express on behalf of my delegation and for myself appreciation to the secretariat of the GATT for the efforts and co-operation in the work which results in the draft Declaration which is in front of you and which, according to our opinion, can be a basis for the determination of the closer association of Yugoslavia to the CONTRACTING PARTIES.

It is evident that this document cannot be taken either as a solution or as an answer to all problems and questions which are before us. But this paper can substantially alleviate our work, if we agree that we have common work to do.

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.

Putting this matter to your early, and I hope favourable consideration, I would like to assure you once more about our good will.