

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND YUGOSLAVIA

Questions and Replies

Addendum

The attached text of questions and replies reproduces in full the reply to questions 1, 2, 3 and 7 and makes the addition of question-reply 4.

Replies to questions 1, 2, 3 and 7

The Co-operation Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia is not limited in duration. As indicated in Article 14, the objective of this Agreement is, in particular, to promote trade between the parties, bearing in mind their respective levels of development and the need to ensure a better balance in their trade. As regards its own contribution towards co-operation in trade, the Community therefore felt that the attainment of the objectives laid down in that Article implied appropriate obligations on its part as the economically more developed party.

Consequently, the Community sees its own obligations in the form of a régime of free access to its market, as provided in the General Agreement for the formation of a free-trade area.

The fact that, in respect of imports of products originating in the Community, Yugoslavia is granted the possibility, taking into account its present development needs, of not subscribing in an initial stage to obligations corresponding to the commitments entered into by the Community, is consistent with the spirit and the letter of Part IV of the General Agreement. This fact in no way nullifies the validity and applicability of the provisions of Article XXIV so far as the Community is concerned. Indeed, as from the entry into force of the trade provisions of the Agreement, the Community observes the obligation to eliminate duties and other restrictive regulations of commerce with respect to substantially all its trade with Yugoslavia.

Within the framework of the Agreement, the parties will seek possibilities for making progress toward the elimination of trade barriers. Thus, the Agreement is situated in a dynamic perspective of economic development within which the fundamental rule, that is to say Article XXIV, retains its full value of principle. For these reasons, the parties to the Agreement are not requesting a waiver status for this instrument.

Question 4

The Agreement provides for a time schedule of tariff abolition only with respect to four CCCN items under Article 5, paragraph 1 and five items listed in Annex IV to Protocol 1 and Article 58 of the Co-operation Agreement does not stipulate any time schedule after the second stage. Such being the case, it appears that the Agreement does not satisfy the provisions of Article XXIV:5(c). Explanation by the parties to the Agreement is requested on this point.

Reply 4

The Agreement provides that the Community eliminates duties on most products as from the entry into force of the Agreement. For products listed in Article 5 and in Annex IV to Protocol No. 1, no time schedule is fixed for the second stage in respect of the lowering of duties because at the end of the first stage these will be eliminated for products covered by Article 5, and for those mentioned in Annex IV to Protocol No. 1, the tariff ceilings at that date will be duty-free treatment.

Yugoslavia is not required to reduce customs duties during the first stage. At the review referred to in Article 58 of the Co-operation Agreement, the progress to be made by Yugoslavia in progressively eliminating barriers for substantially all the trade will be examined.

For the parties to the Agreement this is consistent with the relevant provisions of Article XXIV and Part IV.