



DÉLÉGATION SUISSE

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L'ASSOCIATION EUROPÉENNE  
DE LIBRE-ÉCHANGE

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~~Service Ext~~

J'aimerais bien voir la réponse de  
M. Jolles \*) Mi -

1205 GENÈVE, le 1er décembre  
7, rue du Conseil-Général 1966

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Note à Monsieur le Directeur Jolles

Je vous remets ci-joint une note préparée par le Secrétariat de l'AELE et contenant le fruit de réflexions sur l'avenir des relations entre l'Association et la Yougoslavie. Il s'agit d'un document strictement confidentiel qui doit servir de base aux discussions que les chefs de délégation des Etats membres de l'AELE doivent avoir dans le courant du mois de décembre.

Le Secrétariat propose une intensification des relations avec la Yougoslavie en trois étapes successives:

- 1) examiner certains sujets pour lesquels les Yougoslaves semblent manifester un intérêt particulier (connaissances techniques, sous-traitance, coopération industrielle, tourisme);
- 2) aborder des problèmes relevant de la politique économique;
- 3) entamer des discussions en vue de réduire les obstacles aux échanges.

Quant au cadre dans lequel pourrait se dérouler une coopération accrue entre la Yougoslavie et l'AELE, le Secrétariat suggère par exemple la création d'un Comité de liaison.

Je vous serais reconnaissant de me faire part de vos remarques avant le 15 décembre et si possible déjà pour le 8 décembre. En particulier il m'intéresserait de savoir d'une part quels domaines peuvent se prêter dans l'optique suisse à une approche multilatérale; d'autre part si des contacts ont eu lieu récemment sur le plan bilatéral entre la Suisse et la Yougoslavie dans les domaines énumérés sous a), b), c) et d) du point 3 de la note du Secrétariat (GATT, clearing, coopération industrielle, tourisme, facilités de crédit) et dans l'affirmative quels ont été les résultats.

Le chef de la délégation:

✓ Annexe mentionnéeDouble pour information à:

- Monsieur l'Ambassadeur Micheli
- Monsieur l'Ambassadeur Weitnauer
- Monsieur le Ministre Languetin
- Secrétariat de la Division du commerce

O. Long

Dodis



\*)  
./.  
demande à  
M. Curat  
27-96  
13.12.66 WL

STRICTLY CONFIDENTIAL

FUTURE CO-OPERATION BETWEEN EFTA AND YUGOSLAVIA

I INTRODUCTION

1. At the meeting of Heads of Delegation of 13th October 1966 it was agreed to have at an early date a discussion regarding EFTA and Yugoslavia. It was also agreed that the Secretariat should draw up a short note which could serve as a basis for the discussion. At the Lisbon meeting last month several Ministers stressed the increased political interest in their countries for improving the links with Yugoslavia, both economically and with regard to trade, and Ministers agreed to discuss this matter further at their next meeting in Stockholm.
2. It is not known what Yugoslavia expects to get out of the contacts; but the second contact meeting left the impression that they wish to maintain the multilateral contacts while not, at least for the time being, wishing to consider close links with EFTA or the possibility of an Association. However, meetings between the EFTA countries and Yugoslavia which do not have any positive results may have the effect on both sides that the interest vanishes. As EFTA appears to have an increasing political interest in continuing and developing the multilateral contacts with Yugoslavia, we must therefore find some subjects for co-operation where Member States would be prepared to contribute actively. Only an active interest by the EFTA countries would bring the contacts past the stage of friendly exchanges of views.

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II MATTERS DISCUSSED DURING THE FIRST TWO  
CONTACT MEETINGS WITH YUGOSLAVIA

3. It will be recalled that the main questions which were discussed with Yugoslavia during the first two contact meetings comprised:

(a) Trade relations

The most concrete proposal from the Yugoslav side concerned tariff reductions. The EFTA countries maintained that this subject should be dealt with in the Kennedy Round. But the Yugoslav Delegation suggested in addition that possibilities outside the Kennedy Round to reduce tariffs on a reciprocal basis should be explored. The Yugoslav Delegation handed over a list of 10 items on which Yugoslavia would welcome tariff concessions (see Appendix).

Have any talks taken place between individual EFTA countries and Yugoslavia under the "Kennedy Round" with regard to items on the above-mentioned list or other items?

If not, would EFTA Member States after the Kennedy Round be willing to take up the Yugoslav offer to consider reciprocal reductions or abolition of tariffs on products of interest to EFTA?

(b) Bilateral questions

A number of purely bilateral problems were raised by Yugoslavia, i.e. textile exports to the United Kingdom, quotas in Austria, currency clearing requirements in Switzerland. It was agreed that Yugoslavia should discuss these problems bilaterally with the respective EFTA countries.

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(c) Industrial co-operation

With regard to industrial co-operation between firms in Yugoslavia and EFTA countries the Yugoslav Delegation undertook to prepare proposals for the next EFTA-Yugoslavia meeting. Yugoslavia furthermore suggested other subjects for co-operation including technical assistance in industrial training. This was not discussed in any detail, but with regard to the possibility of placing trainees from Yugoslavia in industries in EFTA countries, it was suggested that EFTA Governments should keep Yugoslavia **informed** of any development in the discussions on this subject which take place within EFTA. With regard to tourism it was agreed to place this subject on the Agenda for the next meeting with Yugoslavia.

(d) Financial and credit facilities

During the second contact meeting this subject was discussed briefly, and the Yugoslav Delegation was advised that this was a field which could not be dealt with by EFTA as a group.

4. Regarding the above-mentioned subjects (b) - (d), it would be interesting to learn if any EFTA country has had any bilateral talks with Yugoslavia after the last contact meeting?

III FUTURE CO-OPERATION BETWEEN EFTA AND YUGOSLAVIAGeneral comments

5. The first rounds of talks with Yugoslavia have set a precedent and any further action by EFTA will do likewise. In particular any steps taken by EFTA which give Yugoslavia special facilities in its co-operation with EFTA countries

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might lead to similar requests by other Eastern European or other less-developed countries. On the other hand, EFTA has always declared that it was an "open" organization interested in developing the best possible trade and economic relations with third countries, and if it is possible to find areas where constructive co-operation could be established, it would undoubtedly strengthen the image of the Association.

6. As long as Yugoslavia has not expressed any concrete desire to investigate the possibilities of an association with EFTA, it seems most sensible to consider a programme of co-operation with Yugoslavia which develops in several stages. A first outline of such possible stages is set out below. If any projects are to be started and executed seriously, the EFTA countries must agree in advance on the concrete projects they would be willing to pursue together with Yugoslavia. It is Yugoslavia that asked for the talks in the first instance, but unless EFTA shows an interest in concrete terms which go beyond the acceptance of continuing talks with Yugoslavia, it seems unlikely that any progress can or will be made.

#### Possible fields of co-operation

7. It seems clear from the first two rounds of talks that the Yugoslavs need to improve and modernize their industry. They therefore look for possibilities of establishing contacts with industries in West European countries which would enable them to profit from the "know-how" they could obtain both with regard to such technical matters as sales-techniques, export promotion and direct commercial co-operation. Furthermore Yugoslavia has already indicated her interest in sub-contracting arrangements and production co-operation with industries in the EFTA countries.

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8. Several possibilities for co-operation might be suggested to Yugoslavia to meet this general need for industrial development. If Yugoslavia could supply concrete lists of fields where such co-operation would be of interest, EFTA could for its part act as a clearing house and spread this information as effectively as possible to industrial circles in Member countries. Furthermore, with regard to assisting Yugoslavia in obtaining better "know-how" and educational possibilities concrete efforts could be made in all Member States to assist Yugoslavia by creating openings in industries for trainees and in Universities and technical schools for Yugoslav students. Furthermore, it would be possible for EFTA to assist Yugoslavia in the development of tourism.

9. If the above suggested arrangements led to concrete results, and if it is agreed on both sides that the co-operation should be carried further, a natural second step would be to suggest that the EFTA countries and Yugoslavia should together examine economic policy problems in general and economic policy questions in Yugoslavia in particular. Such a confrontation would of course to some extent cover the same ground as the economic policy confrontation which take place in OECD on Yugoslavia, but it might prove more useful for Yugoslavia to carry out such an examination in a smaller circle and this would at the same time give the EFTA countries a better and closer understanding of the economy of Yugoslavia which is a necessary basis for any further co-operation.

10. The third step would be in one or two years' time to discuss with Yugoslavia the possibility of reducing and/or removing restrictions on trade.

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Institutional questions

11. Finally, the question of institutions must be considered. It is difficult to see how progress can be made unless some machinery is established to assist and watch the implementation of any EFTA-Yugoslav co-operation which may be initiated. It would, therefore, be necessary to consider the establishment of a joint Liaison Committee which could report regularly on the development of co-operation between Member States and Yugoslavia and/or Yugoslav participation in the work of certain EFTA Committees or sub-Committees created for this purpose.

12. Furthermore contact meetings might be arranged in Yugoslavia and although inappropriate at present a Yugoslav Minister could be invited to assist in a separate session at an occasion of an EFTA Ministerial Meeting.

13. The discussion in Heads of Delegation should cover all the above questions and the aim must be to establish what precisely Member States are prepared to do.

When this is done, the next step before the third contact meeting is held must be to explore informally with Yugoslavia their interest in the projects which the EFTA side can propose for closer co-operation. This exploration of the Yugoslav interest might best be done by the Secretariat.

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