Security, Conflict and Cooperation in the Contemporary World

The EEC's Yugoslav Policy in Cold War Europe, 1968—1980

Benedetto Zaccaria

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To Angela

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Contents

Abbreviations

AAPBD	Akten Zur Auswärtigen Politik der Bundesrepublik Deutschland
ACEU	Archives of the Council of the European Union, Brussels
ACS	Archivio Centrale dello Stato, Rome
AJ	Arhiv Jugoslavije [Archives of Yugoslavia], Belgrade
AMAE	Archives du Ministère des Affaires Etrangères, Paris
AMF	Aldo Moro files, Rome
AMIP	Arhiv Ministarstva za inostrane poslove Republike Srbije [Archive of the Ministry Foreign Affairs], Belgrade
APC	Archivo Partito Comunista, Fondazione Istituto Gramsci, Rome
ASPR	Archivio Storico della Presidenza della Repubblica, Rome
CAP	Common Agricultural Policy
CCP	Common Commercial Policy
COMECON	Council for Mutual Economic Aid
COMINFORM	Communist Information Bureau
COREPER	Permanent Representatives Committee
CSCE	Conference on Security and Cooperation in Europe
DG	Directorate General
ECHA	European Commission Historical Archives, Brussels
EEC	European Economic Community (the Community)
EFTA	European Free Trade Association
EIB	European Investment Bank
EM	Edoardo Martino files, Florence
EN	Emile Noël files, Florence
EPC	European Political Cooperation
EU	European Union

FCO	Foreign and Commonwealth Office (UK)
FMM	Franco Maria Malfatti files, Florence
FRG	Federal Republic of Germany
FRUS	Foreign Relations of the United States
G77	Group of 77 developing countries (UN General Assembly)
GATT	General Agreement on Tariffs and Trade
GDR	German Democratic Republic
GSP	Generalised System of Preferences
HAEU	Historical Archives of the European Union, Florence
KPR	Kabinet Predsednika Republike (Cabinet of the President of the Republic)
LCY	League of Communists of Yugoslavia
mua	million units of account
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organisation
PAAA	Politische Archiv, Auswärtiges Amt, Berlin
PCI	Italian Communist Party
PNF	Pietro Nenni files, Rome
PRC	People's Republic of China
PREM	Prime Minister Files, National Archives, Kew
TNA	The National Archives, Kew

CHAPTER 1

Introduction

According to received opinion, the involvement of the EEC/EU in the political dynamics of the Socialist Federal Republic of Yugoslavia and its successor states goes back to the early 1990s, when Community representatives struggled to manage the violent disintegration of the Yugoslav federation through diplomatic mediation and economic countermeasures.[1] Conversely, the EEC's Yugoslav policy in Cold War Europe has been dismissed as one of neglect and ignorance of the country's fragile situation, based on a view of Yugoslavia as a simple economic partner and exporter of labour.[2] It seems that the story of this relationship may not even deserve to be told. As noted by the German scholar Rafael Biermann, the number of studies devoted to EEC/EU involvement in the Western Balkans after 1991—the year when Croatia and Slovenia issued their declarations of independence, sanctioning and sanctifying the disintegration of the Yugoslav federation—contrasts with the almost total lack of historical analysis of EEC-Yugoslav relations during the preceding years.[3]

[1] Rafael Biermann, 'Back to the roots. The European Community and the Dissolution of Yugoslavia—Policies under the Impact of Global Sea-Change', *Journal of European Integration History*, 1/10, 2004, 29–50.

[2] Branislav Radeljić, *Europe and the Collapse of Yugoslavia. The Role of Non-State Actors and European Diplomacy* (London and New York: I. B. Tauris, 2012), 23; Biermann, 'Back to the roots', 49–50.

[3] Biermann, 'Back to the roots', 29. See also Dusan J. Djordjević, 'Clio and Its Predecessors in Recent Historiography', in Norman M. Naimark and Holly Case (eds.), *Yugoslavia and*

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The present work, based on multi-archival and multi-national research, offers a new interpretation which contrasts with the above-mentioned view. Contrary to received opinion, it highlights the fact that the EEC's Yugoslav policy was not only a matter of economic relations, nor was it based on a policy of neglect. Although the public sphere of this relationship did regard the economic sphere, this was nothing but the tip of the iceberg. Under the surface of the water lay the delicate, low-profile *rapprochement* between two differing political and economic systems, which was influenced by the Cold War environment in which it first developed. This work proves that the EEC's active involvement in the Yugoslav question goes back to the 1970s. During this decade, the development of bilateral relations was impressive. In 1970 and 1973, the parties concluded two trade agreements, which represented unique examples of *rapprochement* between capitalist and socialist realities. In 1976, they signed a joint declaration which established the political foundation for bilateral relations. In April 1980, they concluded a broad cooperation agreement which would regulate the relationship between the parties until the dissolution of Yugoslavia in 1991.

The aim of this book is to examine the political rationale underpinning the Community's attitude towards Yugoslavia in the course of the 1970s, that is, the formative decade of EEC-Yugoslav relations. It demonstrates that this relationship was grounded on a clearly defined political rationale which was closely linked to the evolution of the Cold War in Europe and the Mediterranean. The main argument is that the EEC's Yugoslav policy was primarily influenced and constrained by the need to prevent the expansion of Soviet influence in the Balkans and to foster détente in Europe.

As noted above, on the specific subject of EEC-Yugoslav relations during the Cold War years, the literature is very limited. The few existing

Its Historians. Understanding the Balkan Wars of the 1990s (Stanford, California: Stanford University Press, 2003), 3–21. Only in recent times have historians started to study EEC-Yugoslav relations on the basis of archival documents. See Ivan Obadić, 'A troubled relationship: Yugoslavia and the European Economic Community in détente', *European Review of History*, 21/2, 2014, 337–339; Benedetto Zaccaria, 'The European Community and Yugoslavia in the Late Cold War Years, 1976–1989', in Wilfried Loth and Nicolae Paun (eds.), *Disintegration and Integration in East-Central Europe* (Baden-Baden: Nomos, 2014), 264–283.

studies on this theme go back to the late 1970s and early 1990s.[4] Due to the 'thirty-year rule' regulating the opening of state archives in most Western European countries, these works were neither based on a historical approach nor on primary archival sources. Focusing on the 'public' dimension of relations between Community Brussels and Belgrade—which concerned trade and economic cooperation—they highlighted Yugoslavia's difficulty in exporting its agricultural and industrial output to the EEC market, and Belgrade's growing trade deficit *vis-à-vis* the EEC member states throughout the 1960s and 1970s. Accordingly, these studies proposed for the first time the idea that the EEC had been carrying out a policy of neglect and blind protectionism towards Yugoslavia.[5] Yet they did not consider political progress in EEC-Yugoslav relations or the Cold War constraints influencing this relationship. Nor did they highlight the leading actors in the development of the EEC's Yugoslav policy, and they failed to address the peculiar role played by the Community and its institutions. In fact, published sources often neglect what actually took place behind closed doors. Even the articles published in the special issue of the *Journal of European Integration History* (2004), which was entirely devoted to the Community's attitude towards the demise of Yugoslavia, concentrated only on the period between the late 1980s and mid-1990s, without offering a systematic analysis of the historical roots of

[4] Patrick F. R. Artisien and Stephen Holt, 'Yugoslavia and the E.E.C. in the 1970s', *Journal of Common Market Studies*, 18/4, 1980, 355–369; Patrick Artisien and Peter J. Buckley, 'Joint Ventures in Yugoslavia: Opportunities and Constraints, *Journal of International Business Law*, 16/1, 1985, 111–135; Alexander Goldtajn, 'The relationship of Yugoslavia and the EEC', *Common Market Law Review*, 18/4, 1981, 569–578; Stephen Holt and Ken Stapleton, 'Yugoslavia and the European Community 1958–1970', *Journal of Common Market Studies*, 10/1, 1971, 47–57; Matthew M. Getter, 'Yugoslavia and the European Economic Community: Is a Merger Feasible?', *University of Pennsylvania Journal of Business Law*, 11/4, 1990, 789–810.

[5] The only journal article addressing the 'politics and economics' of EEC-Yugoslav relations was published by Panos Tsakaloyannis in 1981, in the immediate aftermath of the signing of the 1980 Cooperation Agreement between the EEC and Yugoslavia. This article highlighted the existence of a link between the EEC's determination to strengthen relations with Belgrade and the need to constrain Soviet influence in the Balkan region. However, Tsakaloyannis focused on the dynamics of trade between the two parties rather than on the political aspects of the relationship. Like his contemporary colleagues, he concluded that the EEC neglected its relationship with Yugoslavia due to its commercial protectionism and inability to elaborate a coherent external policy. See Panos Tsakaloyannis, 'The Politics and Economics of EEC-Yugoslav Relations', *Journal of European Integration*, 5/1, 1981, 29–52.

EEC-Yugoslav relations.[6] Only in 2013 did the Serbian scholar Branislav Radeljić publish a volume entitled *Europe and the Collapse of Yugoslavia*, which partly addressed the subject of EEC-Yugoslav relations during the Cold War years. However, his approach may be described as teleological, in that he described the unfolding of EEC-Yugoslav relations with the benefit of hindsight, and only in view of Yugoslavia's tragic demise in 1991. In line with studies published thirty years earlier, Radeljić argued that Yugoslavia was ignored by the EEC until the actual outbreak of inter-republic confrontations.[7]

The present work is thus the first systematic historical account of the origin of EEC-Yugoslav relations in the Cold War era. Drawing on a Community-centred approach, it concentrates on how the interaction between EEC institutions, member states and Yugoslav representatives in both Brussels and Belgrade led to the constant development of the EEC's Yugoslav policy. This policy was not fixed, but always in a state of flux. It was the result of a decision-making process involving several actors, and changed according to the evolution of European-integration dynamics and the Cold War.[8] Indeed, in the case of the EEC policy towards Yugoslavia, these historical processes were two sides of the same coin.

As regards European integration, this work supports the view that the Community's *rapprochement* to Yugoslavia was a political action conceived as part of the emerging ambition of the EEC to become an international actor with a well-defined identity.[9] The story told here developed against the background of a profound transformation of integration patterns in Western Europe, which evolved from an economic to a political dimension.[10] In December 1969, the intergovernmental summit at The

[6] *Journal of European Integration History,* 10/1, 2004.

[7] Radeljić, *Europe and the Collapse of Yugoslavia*, 24.

[8] On the relationship between European integration and the Cold War, see N. Piers Ludlow, 'European Integration and the Cold War', in Melvyn P. Leffler and Odd Arne Westad (eds.), *The Cambridge History of Cold War*, Volume 2 (Cambridge: Cambridge University Press, 2010), 179–197.

[9] On the historiography on the Community's external dimension, see Giuliano Garavini, 'Foreign Policy beyond the Nation-State: Conceptualising the External Dimension', in Wolfram Kaiser and Antonio Varsori (eds.), *European Union History: Themes and Debates. Debates on European Integration* (Basingstoke: Palgrave Macmillan, 2010), 190–208.

[10] Antonio Varsori and Guia Migani (eds.), *Europe in the International Arena during the 1970s: Entering a different world* (Brussels: Peter Lang, 2011); John Gillingham, *European Integration 1950–2003. Superstate or New Market Economy?* (Cambridge: Cambridge University Press, 2003), 81–148. See Angela Romano, 'The international history of

Hague had marked the re-launch of the integration process in several policy fields, under the triptych of 'enlargement, completion, deepening'.[11] Within this framework, the EEC aimed at emerging as an international actor with a well-defined identity.[12] In the 1970s, the development of the international détente contributed towards altering the rigid bipolar equilibrium created in the aftermath of World War II, so that the EEC could enhance its international role in the fields of multilateral trade negotiations, European détente, the dialogue between developed and developing countries, and political stabilisation of the Mediterranean basin.[13]

The field in which the Community could deploy its international action was that of international trade, in which the EEC had direct competencies according to the Common Commercial Policy (CCP), as expressed in Arts. 110–116 of the Treaty of Rome of March 1957. In this sphere, the complex bargaining process between the European Commission, the Council of Ministers, and COREPER, the Committee of Permanent Representatives responsible for preparing the work of the Council, resulted in the adoption of Community decisions regarding the opening, negotiation and conclusion of trade agreements with non-member countries. The Community could thereby emerge on the international scene as a single entity and be recognised as such by its partners.[14] This work pays special attention to the interaction of the Community's intergovernmental and supranational dimensions. Regarding the latter, it focuses on the European Commission, its commissioners in charge of external relations, and its officials in the Directorate General for External Relations (DG I)

European integration in the long 1970s: a round-table discussion on research issues, methodologies, and directions', *Journal of European Integration History*, 17/2, 2011, 333–360.

[11] See Maria Elena Guasconi, *Il vertice dell'Aja del 1969 e il rilancio della costruzione europea* (Firenze: Polistampa, 2004).

[12] Antonio Varsori, 'Crisis and stabilisation in Southern Europe during the 1970s: Western strategy, European instruments', *Journal of European Integration History*, 15/1, 2009, 5–14.

[13] Angela Romano, *From Détente in Europe to European Détente. How the West shake the Helsinki CSCE* (Brussels: P.I.E. Peter Lang, 2009); Giuliano Garavini, *After Empires. European Integration, Decolonisation, and the Challenge from the Global South 1957–1986* (Oxford: Oxford University Press, 2012); Guia Migani, 'Re-Discovering the Mediterranean. First Tests of Coordination among the Nine', in Elena Calandri, Daniele Caviglia and Antonio Varsori, *Détente in Cold War Europe. Politics and Diplomacy in the Mediterranean and the Middle East* (London/New York: I. B. Tauris, 2012), 49–60.

[14] See Lucia Coppolaro, *The Making of a World Trading Power: the European Economic Community (EEC) in the GATT Kennedy Round Negotiations (1963–1967)* (Farnham: Ashgate, 2013), 202.

and External Trade (DG XI), who, according to the founding treaties, played the pivotal role of preparing and negotiating trade agreements and acted as true international representatives of the EEC.

As regards the intergovernmental dimension, research highlights how the interests and individual standpoints of the EEC member states were conveyed and discussed within the frameworks of COREPER and the Council itself, in order to explain the broader choices and strategies adopted at the Community level. This work takes into particular account the attitude adopted by Italy, the Federal Republic of Germany, France and the UK within the Community framework. During the period under scrutiny, Italy and the FRG were Yugoslavia's major trade partners in Western Europe. Both pursued active national policies towards Yugoslavia. In particular, Rome was interested in regulating the question of the Italo-Yugoslav border in the area near Trieste, which had not been definitively answered by the 1947 Peace Treaty or the 1954 Memorandum of London.[15] Bonn, instead, included Yugoslavia within the framework of its broader *Ostpolitik* and, during the late 1970s, its profound interest in the stabilisation of Southern Europe.[16] France and the UK had paid special attention to the Balkan area since the early Cold War years and, although having different goals, exerted a prominent role in the definition and implementation of Western security strategies in the Balkan and Mediterranean regions during the 1970s.[17]

[15] See Karlo Ruzicic-Kessler, 'Italy and Yugoslavia: from distrust to friendship in Cold War Europe', *Journal of Modern Italian Studies*, 19/5, 2014, 641–664; Massimo Bucarelli, 'La politica estera italiana e la soluzione della questione di Trieste: gli accordi di Osimo del 1975', *Qualestoria*, 2, 2013, 29–54; Diego de Castro, *La questione di Trieste. L'azione politica e diplomatica italiana dal 1943 al 1954* (Trieste: Lint, 1981).

[16] Milan Kosanović, 'Brandt and Tito: Between *Ostpolitik* and Nonalignment', in Carole Fink and Bernd Schaefer (eds.), *Ostpolitik, 1969–1974: European and Global Responses* (Cambridge: Cambridge University Press, 2009); Kaja Shonick, 'Politics, Culture, and Economics: Reassessing the West German Guest Worker Agreement with Yugoslavia', *Journal of Contemporary History*, 44/4, 2009, 719–736; Christian Deubner, 'West German Attitudes', in Dudley Seers and Constantine Vaitsos (eds.), *The Second Enlargement of the EEC: The Integration of Unequal Partners* (New York, 1982), 43–56.

[17] See Beatrice Heuser, *Western 'Containment' Policies in the Cold War: The Yugoslav Case, 1948–1953* (London/New York: Routledge, 1989); Antonio Varsori, 'La politica estera britannica e la Jugoslavia', in Marco Galeazzi (ed.), *Roma e Belgrado. Gli anni della guerra fredda* (Ravenna: Longo Editore, 1995), 63–84; Massimo de Leonardis, *La 'diplomazia atlantica' e la soluzione del problema di Trieste (1952–1954)* (Napoli: ESI, 1992); Elena Calandri, *Il Mediterraneo e la difesa dell'Occidente: eredità imperiali e logiche di guerra fredda* (Firenze: Il Maestrale, 1997); Effie G. H. Pedaliu, '"We were always Realistic": The Heath

Despite analysis of these different national positions, the book's main focus concentrates on the EEC as such, considered as the original product, and not the mere arithmetical sum, of its member states' foreign policies and the individual preferences of the EEC institutions, the European Commission *in primis*.[18] The book therefore explores the factors which allowed the emergence of an innovative diplomatic framework within Community Brussels, based on cooperation, rather than confrontation, between the supranational instances of the European Commission and the national prerogatives of the individual member states.[19]

As noted above, the second process explored in this work is that of the Cold War in Europe and the Mediterranean. By virtue of their historical roots, both the EEC and Yugoslavia could not be immune to the evolution of the East–West confrontation. The origins of the Community go back to the division of the European continent into two opposing blocs after World War II. Its establishment in 1957, after the signing of the Treaty of Rome between France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, was consistent with the long-standing interest of both the USA and its Western European partners in fostering

Government, the European Community and the Cold War in the Mediterranean, June 1970-February 1974', in John W. Young, Effie G. H. Pedaliu and Michael D. Kandiah (eds.), *Britain in Global Politics Volume 2: From Churchill to Blair* (London: Palgrave Macmillan, 2013), 159–178.

[18] From a historiographic viewpoint, studies on the evolution of the EEC's external dimension have concentrated primarily on intergovernmental cooperation in foreign policy issues. See Takeshi Yamamoto, 'Detente or Integration? EEC Response to Soviet Policy Change towards the Common Market, 1970–1975', *Cold War History*, 7/1, 2007, 75–94; Maria Gainar, *Aux origines de la diplomatie européenne. Les Neuf et la Coopération politique européenne de 1973 à 1980* (Bruxelles: Peter Lang, 2012); Daniel Möckli, *European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity* (London and New York: I.B. Tauris, 2009).

[19] Only in recent times have scholars started to analyse how the commercial competencies of the European Commission allowed it to play a specific international role. See Piers N. Ludlow, 'An insulated Community? The Community institutions and the Cold War, 1965 to 1970', in N. Piers Ludlow (ed.), *European Integration and the Cold War. Ostpolitik-Westpolitik, 1965–1973* (London: Routledge, 2007), 137–151; Marie Julie Chenard, 'Seeking Détente and Driving Integration: The European Community's opening towards the People's Republic of China, 1975–1978', *Journal of European Integration History*, 18/1, 2012, 25–38; Lucia Coppolaro, 'In Search of Power: The European Commission in the Kennedy Round Negotiations (1963–1967)', *Contemporary European History*, 23/1, 2013, 23–41; Angela Romano, 'Untying Cold War knots: the EEC and Eastern Europe in the long 1970s', *Cold War History*, 14/2, 2012, 153–173.

economic and political stability in the western part of the divided continent and, therefore, facing the Soviet challenge through the promotion of economic prosperity.[20] In other words, the Community was one of the major pillars of the Western system, and was regarded as such by Moscow and its Eastern European satellites until the very end of the Cold War.

In turn, Yugoslavia's internal and external positions had been intimately involved in the unfolding of the superpowers' confrontation since immediately after World War II. After the rupture between Stalin and Tito in 1948, mainly determined by the Yugoslav leader's unwillingness to comply with Moscow's hegemonic plans in Eastern Europe,[21] Yugoslavia emerged as the first Communist regime in Europe to be formally detached from the Soviet system. However, the rift with Moscow did not automatically imply Yugoslavia's entry into the Western sphere of influence. After 1948, Yugoslavia occupied a hybrid position between the two blocs into which Cold-War Europe was divided. This was reflected in Belgrade's engagement within the non-aligned movement, which had represented the main pillar of Yugoslavia's foreign policy since the early 1960s.[22]

Analysis of how the evolution of the Cold War in the 1970s influenced the course of EEC-Yugoslav relations will be structured by three main questions. The first is the problem of Balkan and Mediterranean stability: the 1970s were indeed affected by political instability on the Mediterranean scene and by Western fears that the Soviet Union might advance its presence in the regions. Yugoslavia's strategic position constituted an asset for the West which, however, could have swiftly turned into a liability should Belgrade have at any time abandoned its autonomous international course. Indeed, behind this first question, there lay a second problem: that of Yugoslavia's transition from the 'Tito' to the 'post-Tito' era. The Yugoslav leader was born in 1892, and during the 1970s his age and precarious health represented a problem for the West: what would

[20] See Ludlow, 'European Integration', 179–197.

[21] See Jeronim Perović, 'The Tito-Stalin Split: a Reassessment in Light of New Evidence', *Journal of Cold War Studies*, 9/2, 2007, 32–63.

[22] See Rinna Kullaa *Non-Alignment and its Origins in Cold War Europe. Yugoslavia, Finland and the Soviet Challenge* (London/New York: I. B. Tauris, 2012), 1–17; Tvrtko Jakovina, *Treća Strana Hladnog Rata* (Zaprešić: Fraktura, 2011). The classic texts on non-alignment are: Alvin Z. Rubinstein, *Yugoslavia and the Non-Aligned World* (Princeton, NJ: Princeton University Press, 1970); Leo Mates, *Nonalignment: Theory and Current Policy* (Dobbs Ferry, NY: Oceane, 1972); Peter Willetts, *The Non-Aligned Movement: The Origins of a Third World Alliance* (London: Frances Pinter Ltd., 1978).

happen after Tito had gone? Would the post-Tito leadership continue to maintain Yugoslavia's equilibrium between the two blocs, or would it surrender to the sirens of the Soviet Union, which, in Western eyes, had never abandoned its goal of drawing Yugoslavia back to Soviet orthodoxy? In turn, these issues were linked to the third Cold War question affecting the course of EEC-Yugoslav relations: the need to respect and maintain Yugoslavia's non-alignment. As illustrated in the following chapters, the preservation of Yugoslavia's non-aligned credentials was, at the same time, a major Western goal and a serious constraint to the development of economic negotiations between the parties.

Bridging the dimensions of the Cold War and European integration allows a re-assessment of the EEC's Yugoslav policy within broader Western stabilisation policies in the Mediterranean basin. Cold-War and European-integration historians have recently devoted much attention to Western strategy in this region, mainly with regard to the EEC's relations with Greece, Spain, Portugal and Turkey. This is mainly due to the common outcomes of the Greek, Spanish and Portuguese transitions from dictatorship to democracy, the strong links between EEC-Greek and EEC-Turkish relations, and the troubled relationship between the EEC/EU and Ankara.[23] Yet the literature has remained silent on the Yugoslav case, and has failed to interpret the political importance of the EEC's Yugoslav policy within broader Western stabilisation strategies in Southern Europe. Instead, the present work states that, *mutatis mutandis*, the political goals pursued by the Community in this region during the late 1970s—political stabilisation and strengthening of political and economic links with the Western European system—also guided the EEC's Yugoslav policy.

This work draws on a wide range of material from several European archives. It is based primarily on sources from the archives of the EEC institutions, the European Commission and the Council of the European Union, and the French, British, German, Italian and former Yugoslav governments, as well as on a number of collections of personal papers stored in

[23] See Mario Del Pero, Vìctor Gavìn, Fernando Guirao, Antonio Varsori (eds.), *Democrazie. L'Europa meridionale e la fine delle dittature* (Milano: Le Monnier, 2010); "Antonio Costa Pinto and Nuno Teixera (eds.), Southern Europe and the Making of the European Union (New York: Columbia University Press, 2002)". Harun Arikan, *Turkey and the EU: An Awkward Candidate for EU Membership?* (Aldershot: Ashgate, 2003); Mehmet Ugur, *The European Union and Turkey: An Anchor/Credibility Dilemma* (Aldershot; Brookfield, USA: Ashgate, 1999).

public and private institutions. As the book adopts a Community-centred approach, research focused mainly on the Historical Archives of the European Union in Florence and the European Commission Historical Archives in Brussels. The extensive material stored in these archives highlights in particular the role played by the European Commission's Directorates General for External Relations, External Trade and Agriculture. The archives also provide documents from the cabinets of the European Commission's presidents, and reports of the meetings of the European Commission, COREPER, and Council. As regards Community archival sources, this research also draws on the Archives of the Council of the European Union in Brussels. The Council's archives preserve the joint reports drafted by the commercial counsellors of the EEC member states in the foreign countries in which they operated. The reports prepared by the commercial counsellors in Belgrade in the period 1968–1980 were useful in assessing the viewpoints of the EEC member states about the development of Yugoslavia's internal politics.

Historical investigation of Community archives was completed by examination of records from the foreign ministry archives of several EEC member states. These sources offer useful insights on the debates within the COREPER and the Council. They also provide the national viewpoints of the major EEC member states on the unfolding of the EEC's Yugoslav policy and the reports sent by their ambassadors to their respective foreign ministries. In addition, these national sources take into account the discussion on Yugoslavia which took place in Belgrade among EEC ambassadors. Research focused on the French Archives diplomatiques at La Courneuve and the British National Archives in Kew, which offer useful insights on how the EEC's Yugoslav policy was seen within the frameworks of NATO and the informal quadripartite meetings between the UK, France, the FRG and the USA. The viewpoint of the Federal Republic of Germany on the EEC's Yugoslav policy was examined on the basis of the sources at the Politisches Archiv des Auswärtigen Amts in Berlin and the published collection of diplomatic documents *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland*. As regards Italian archival sources, the papers of the Italian Ministry of Foreign Affairs concerning relations between Rome and Belgrade during the 1970s are still not available for historical research. Therefore, the Italian standpoint on Yugoslavia was assessed on the basis on Aldo Moro's archive, which is stored at the Archivio Centrale dello Stato in Rome, which source offers a privileged perspective on Moro's activity as Italy's Prime Minister and Minister of

Foreign Affairs between 1963 and 1976, and the papers of the Ufficio per gli Affari Diplomatici stored at the Archivio storico della Presidenza della Repubblica in Rome.

In order to expand the historical perspective of this study, research also focused on primary archival sources from the Arhiv Jugoslavije and the Arhiv Ministarstva za inostrane poslove Republike Srbije in Belgrade. In the former, research mainly focused on the papers of the Cabinet of Presidency of the Republic, which offer a privileged perspective on the bilateral EEC-Yugoslav summits throughout the 1970s. In the latter, analysis covered the 'Political Archive', which contains several dossiers from the Yugoslav Foreign Ministry entirely devoted to ongoing EEC-Yugoslav relations for the period under scrutiny. Yugoslav sources were primarily used to strengthen and prove the information coming from the Community archives in the key moments of EEC-Yugoslav relations, that is, bilateral summits and negotiating rounds. Analysis of the Yugoslav internal decision-making process in its relations with the Community goes beyond the scope of this work. Lastly, an insight on Yugoslavia's stance within the Communist world came from the Archives of the Italian Communist Party at the Fondazione Gramsci in Rome. They offer useful data on Yugoslavia's international attitude, which integrate and often confirm analyses made by the EEC and its member states.

This work follows a strict chronological order, to reveal the constant yet troubled evolution of EEC-Yugoslav relations. Chapter 2 contextualises the origins of this relationship within the Cold War scenario of the late 1950s and early 1960s. It highlights the first efforts of the six original EEC member states to coordinate their attitudes towards Yugoslavia, and Yugoslavia's first economic and political requests to the Community. It then focuses on the Czechoslovak crisis of 1968 and its direct consequences for the official opening of trade negotiations and the eventual conclusion of the first bilateral trade agreement in March 1970. Chapter 3 examines the EEC's Yugoslav policy between April 1970 and June 1973, when the second trade agreement was signed. It highlights the EEC's wish to develop a low-profile *rapprochement* with Yugoslavia, in order to avoid altering political equilibrium on the European and Mediterranean fronts. In particular, it addresses the political constraints which obliged the EEC and Yugoslavia not to go beyond a non-preferential agreement, despite the economic disadvantages of such a policy. Chapter 4 describes EEC-Yugoslav relations as they developed from mid-1973 to 1975. The year 1973 saw the first 'Oil Shock', which provoked a severe economic cri-

sis in Western Europe, affecting the course of Yugoslavia's trade relations with the Community. In particular, this chapter focuses on the EEC ban on beef imports from Yugoslavia and the consequent trade stagnation. However, it also highlights the unceasing low-profile contacts between European Commission and Yugoslav officials and the search for a new *modus vivendi* between them, based on economic and financial cooperation. Chapter 5 shows how the decline of international détente in the mid-1970s compelled the parties to enhance their relations even at a political level and to sign the EEC-Yugoslav Joint Declaration in December 1976. In this chapter, EEC-Yugoslav relations are contextualised within the broader framework of Western stabilisation policies in Southern Europe during the mid-1970s. Chapter 6 presents conclusions. It describes how, between 1977 and 1980, a radical decision was taken by both Community Brussels and Belgrade, that of concluding, for the first time since the establishment of bilateral relations, a *sui generis* agreement based on a preferential approach. The chapter emphasises the political rationale of the Cooperation Agreement signed in April 1980, and its connection with the Mediterranean enlargement of the Community, emerging divisions within the Non-Aligned Movement, the Soviet invasion of Afghanistan, and the death of Yugoslavia's leader, Josip Broz 'Tito'. Lastly, it analyses the strategy underpinning the EEC's Yugoslav policy as the 1980s dawned, and explores the factors which were to limit the development of the EEC's Yugoslav policy in the years to come.

CHAPTER 2

The Path to the First Trade Agreement

In Cold War Europe, Yugoslavia's international stance was characterised by its uniqueness. Although it was a socialist country, it lay outside the Soviet bloc. It was one of the founders of the Non-Aligned Movement and occupied a peculiar geopolitical position. It constituted both a physical and ideological bridge linking the Western and Eastern blocs, the Mediterranean arena and the non-aligned world to one another. These unique features influenced the relationship between the EEC and Yugoslavia from the constitution of the Community in the late 1950s. From the earliest, informal bilateral contacts in 1959 to the signing of the first trade agreement in March 1970, this relationship acquired an ever-increasing political significance which concerned the broader questions of economic relations between the European blocs and the political stability of the Balkans and the Mediterranean. Contextualising this relationship within the scenario of European integration and the Cold War of the 1960s, this chapter addresses the emergence of the Yugoslav question within the Community framework, the attitude of the major EEC member states, and the specific role played by the European Commission in coordinating the EEC's stance towards Yugoslavia. At the same time, this chapter sheds new light on the limitations constraining the development of economic and political relations between the parties, which stemmed, first and foremost, from Yugoslavia's delicate position between the blocs into which Cold-War Europe was divided.

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Yugoslavia Between the Blocs: An Overview

The Western bloc had been concerning itself with the question of Yugoslavia's independence and stability since the Tito-Stalin split of 1948.[1] The international isolation Yugoslavia faced after expulsion from the COMINFORM—the Soviet-led Informational Bureau of the Communist Parties—forced the major Western powers, *in primis* the US and Great Britain, to keep Tito 'afloat' by economic and military means.[2] Western aims were twofold. The first was to prevent the rise of Soviet influence in the Balkans, which would have seriously altered the post-World War II balance of power in Europe.[3] The second aim was to support the Yugoslav road to socialism, which represented a challenge to the unity of the international Communist movement led by Moscow.[4]

In the early 1950s, Yugoslavia had indeed gradually started to re-shape its economic system and international alignment. At the internal level, the Yugoslav leadership undertook a process of economic reform which was at odds with the Soviet-style planned economy, since it envisaged a gradual opening to international trade and allowed enterprises a greater degree of autonomy from the state apparatus.[5] At the international level, Tito and Yugoslav diplomacy promoted an independent, dynamic foreign policy, which entailed an active role in the conceptualisation and foundation of the Non-Aligned Movement (NAM). The latter, officially established in Belgrade in 1961, condemned the interference of the superpowers in the affairs of other states and the division of the world into two dominant blocs.

[1] See Jeronim Perović, 'The Tito-Stalin Split: a Reassessment in Light of New Evidence', *Journal of Cold War Studies*, 9/2, 2007, 32–63; Svetozar Rajak, *Yugoslavia and the Soviet Union In the Early Cold War: Reconciliation, Comradeship, Confrontation, 1953–1957* (London and New York: Routledge, 2010).

[2] Lorraine M. Lees, *Keeping Tito Afloat: The United States, Yugoslavia and the Cold War* (University Park, PA: Penn State University Press, 1997), 43–119.

[3] Beatrice Heuser, *Western 'Containment' Policies in the Cold War. The Yugoslav Case, 1948–1953* (London/New York: Routledge, 1989), 43–102; Darko Bekić, *Jugoslavija u Hladnom Ratu: Odnosi sa Velikim Silama 1949–1955* (Zagreb: Globus, 1988); Antonio Varsori, 'La Politica Estera Britannica e la Jugoslavia', in Marco Galeazzi (ed.), *Roma-Belgrado. Gli anni della guerra fredda* (Ravenna: Longo Editore, 1995), 63–84; Elena Calandri, *Il Mediterraneo e la difesa dell'Occidente 1947–1956. Eredità coloniali e logiche di guerra fredda* (Firenze, Il Maestrale, 1997).

[4] Heuser, *Western 'Containment' Policies*, 116–117.

[5] Marco Dogo, 'Alle origini dell'autogestione: la formazione di una nuova legittimità rivoluzionaria' in Stefano Bianchini (ed.), *L'autogestione jugoslava* (Milano: Franco Angeli, 1982), 19–31.

Tito aimed at creating a space for manoeuvre between the superpowers and preventing any East–West accommodation over Yugoslavia.[6] In order to pursue this goal, Belgrade established ongoing relations with several newly independent countries of the so-called Third World. By closely cooperating with leaders such as Sukarno (Indonesia), Nasser (Egypt), Haile Selassie I (Ethiopia) and Nehru (India), Tito became one of the main advocates of developing countries' economic progress in the sphere of international economic relations.[7]

Despite Tito's formal detachment from Moscow, and Yugoslavia's participation in the Western defensive system after the signing of the 1953 Balkan Pact with NATO members Greece and Turkey, Western diplomacy regarded Tito's moves in the international arena with wariness.[8] After all, the Yugoslav leader was the head of a Communist country whose historical and ideological links with the Soviet Union could not easily be ignored. The Yugoslav-Soviet *rapprochement* that followed Joseph Stalin's death in 1953 and the signing in 1955 and 1956 of the 'Belgrade' and 'Moscow' declarations—stating the Soviet recognition of Yugoslavia's autonomous road to socialism[9]—clearly showed that Belgrade, rather than a committed partner of the West, still occupied an uncertain position between the European blocs.[10] Since the early 1950s, the Western powers had therefore been aware that their policy towards Yugoslavia could not be dissociated from their overall relationship with the Soviet Union.

Yugoslavia's hybrid international position also had clear repercussions in the field of international economy. In the early 1950s, Belgrade increased trade relations with Western Europe, which, after Yugoslavia's rupture with the Soviet Union in 1948, represented a source of technology, industrial know-how and hard currency, all necessary ingredients for developing its internal economic reforms. In the early 1950s, Yugoslavia

[6] Rinna Kullaa, *Non-Alignment and Its Origins in Cold War Europe: Yugoslavia, Finland and the Soviet Challenge* (London and New York: I. B. Tauris, 2012).

[7] Svetozar Rajak, 'In search of a life outside the two blocs: Yugoslavia's road to non-alignment', in Ljubodrag Dimić (ed.), *Great powers and small countries in Cold War, 1945–1955* (Belgrade: Archives of Serbia and Montenegro and SD Public, 2005), 84–105.

[8] Heuser, *Western 'Containment' Policies,* 184–207.

[9] Rajak, *Yugoslavia and the Soviet Union*, 66–150; Vladislav M. Zubok, *A Failed Empire: The Soviet Union in the Cold War from Stalin to Gorbachev* (Chapel Hill: The University of North Carolina Press, 2009), 99–101.

[10] Archives du Ministère des Affaires Etrangères (henceforth AMAE), Série Europe (henceforth SE) 1961–1970, 242, Report on trade between Yugoslavia and Western Europe, Belgrade, 16 March 1962.

was accepted as an observer member of the General Agreement of Trade and Tariffs (GATT). From January 1960, it also began to show interest in EFTA—the seven-nation body comprised of Great Britain, Sweden, Norway, Denmark, Austria, Switzerland, and Portugal—and made bilateral approaches to Great Britain and other members of the 'Seven' about association.[11] By the late 1960s, however, this outlook was to change due to uncertainties over EFTA's future in the light of the candidature of some of its members for entry into the EEC.[12] The reconciliation between Tito and USSR leader Nikita Khrushchev in June 1955 also opened up new perspectives for economic relations between Yugoslavia and the Soviet bloc countries.[13] In 1956, Belgrade concluded a series of financial agreements with the USSR, Czechoslovakia, Poland, and Hungary for financial credits for a total value of $464 million.[14] A few years later, in September 1964, Yugoslavia also became an associate member of COMECON, the Soviet-led organisation for economic integration in the socialist bloc. By doing this, Belgrade aimed at harmonising and developing economic relations towards an area which, in the early 1960s, absorbed around one-third of its overall exports.[15] In the rigid system of the Cold War—in which the boundaries between politics and economics were often blurred—this meant that Belgrade's economy was still dependent on the economic dynamics of the socialist camp. Yugoslavia's hybrid position between the European blocs emerged in particular in the late 1950s, when the EEC came into being.

First Contacts Between the EEC and Yugoslavia

The signing of the Treaty of Rome in March 1957—which established the EEC—was observed in Belgrade with a mixture of curiosity and concern. Unlike the Soviet bloc countries, which publicly depicted the newly established Community as a capitalist and discriminatory project, Belgrade

[11] The National Archives (henceforth TNA), FO/371/164860, Report on Yugoslav attitude to EFTA and EEC, 17 May 1961.

[12] TNA, FCO/30/287, Note by T.W. Garvey, Belgrade, 7 November 1969.

[13] Rajak, *Yugoslavia and the Soviet Union*, 109–150.

[14] Stephen Holt and Ken Stapleton, 'Yugoslavia and the European Community 1958–1970', *Journal of Common Market Studies*, 10/1, 1971, 48.

[15] Arhiv Jugoslavije (henceforth AJ), KPR, III-b-2-1, Report on ratification of the agreement between Yugoslavia and the COMECON, Belgrade, 16 December 1964.

soon tried to work out a realistic *modus vivendi* with the EEC.[16] The ambition of the Six to establish a European common market based on a common external tariff and trade policy could indeed hinder Yugoslav exports, as in the late 1950s the six founding members of the EEC absorbed more than 30 per cent of Yugoslavia's overall exports.[17] From the Yugoslav viewpoint, any decrease in Western hard currency deriving from regionalisation of trade in Western Europe would be an obstacle to the flow of Western capital and technology.[18]

The first contacts between the EEC and Yugoslavia were the logical consequence of this concern. Soon after the establishment of the Community, the Yugoslav authorities expressed to the Belgian, French and Italian governments their preoccupation about the impact of the EEC on future trade relations between Yugoslavia and the Six.[19] In June 1960, the representatives of the EEC member states within COREPER convened to discuss EEC-Yugoslav relations at the Community level. Their attitude was initially defensive, that is, they aimed at countering Yugoslavia's public grievances about the negative external impact of the newly established Community.[20] As they agreed:

> The six EEC member states should coordinate their stance *vis-à-vis* Yugoslavia's demands. For political and economic reasons, their governments and the Commission do not believe that they should impede talks to which the Yugoslav Government seems to attach great importance, especially to refute certain claims that Belgrade would be tempted to make against the Community.[21]

[16] AJ, KPR, III-b-2-a, Note on current questions about Western European economic cooperation and integration, Belgrade, 2 April 1957. On the attitude of the Soviet Union towards the EEC, see Marie-Pierre Rey, 'Le retour à l'Europe? Les décideurs soviétiques face à l'intégration ouest-européenne, 1957–1991', *Revue de l'Intégration Européenne*, 11/1, 2005, 7–28; Vladislav M. Zubok, 'The Soviet Union and European Integration from Stalin to Gorbachev', *Journal of European Integration History*, 2/1, 1996, 85–98.

[17] AJ, KPR, III-b-2-a, Report on relations with the EEC, 10 November 1962.

[18] AJ, KPR, III-b-2-a, Report on the Common Market and the Free Market Zone, Belgrade, 26 November 1958.

[19] European Commission Historical Archives (henceforth ECHA), BAC/97/1986/2, Note on the attitude of the Six towards Yugoslavia's declarations, Brussels, 27 February 1959.

[20] *Ibid*.

[21] ECHA, BAC/97/1986/2, Meeting of COREPER, Brussels, 2 June 1960.

Such a defensive attitude was primarily developed by the European Commission. Indeed, since February 1959, its Directorate General for External Relations (DG I) had been engaged in informal exploratory talks with Yugoslav officials on trade questions, according to Art. 111 of the Treaty of Rome. This article, which regarded the forthcoming establishment of a common commercial policy among the Six, had assigned to the Commission the important task of making recommendations to the Council about opening tariff negotiations with third parties. Therefore, it was the Commission which was formally in charge of establishing direct contacts with third parties' representatives wishing to establish formal trade links with the EEC.

Between 1959 and 1962, contacts between Yugoslav and Commission officials in Brussels had steadily improved. Throughout 1959, Žarko Tomašević, Secretary of the Yugoslav embassy to Belgium, had several informal meetings with DG I officials. The Yugoslav diplomat was very concerned with the Community's attitude towards his country, and struggled to demonstrate that, thanks to the economic reforms carried out by his government since the early 1950s, Yugoslavia could not be considered 'as an Eastern country', and was therefore ready to come to terms with the Community commercially.[22]

These first meetings served to set the character and, consequently, the limitations of bilateral relations. It was at first judged impossible to conclude an association agreement according to Art. 238 of the Treaty of Rome.[23] Although this article did not specify the exact political obligation stemming from association agreements, it was clear to the Six and to the Commission that Belgrade's Communist regime and delicate position between the European blocs prevented the establishment of any formal political links with the Community. Unlike Greece and Turkey, which were to sign association agreements with the EEC in 1961 and 1963,[24] Belgrade itself made no secret of its feeling that it could not associate with the EEC because of its political complexion and because of the element

[22] ECHA, BAC 97/1986/2, Note by L. Kawan, Brussels, 29 May 1959.

[23] Art. 238 of the Treaty of Rome establishing the EEC reads: 'The Community may conclude with one or more States or international organizations agreements establishing an association involving reciprocal rights and obligations, common action and special procedures.'

[24] See Susannah Verney, 'The Greek Association with the European Community', in Antonio Costa Pinto and Nuno Teixera (eds.), *Southern Europe and the Making of the European Union* (New York: Columbia University Press, 2002), 109–156; Elena Calandri, 'A special relationship under strain: Turkey and the EEC, 1963–1976', *Journal of European Integration History,* 15/1, 2009, 57–75.

of supranationality in its common tariffs and institutions.[25] As stressed by Mesavić, the Yugoslav economic attaché in Belgium, in April 1961, if the parties were to find any solution, 'it could have only an original character, that is to say, beyond the already known patterns (membership, association, etc.)'.[26]

Yugoslavia's goal was to balance the import of capital goods from the Western European market and deal with the forthcoming creation of the EEC's Common Agricultural Policy, which was regarded in Belgrade as a severe threat to its agricultural exports. In 1961, 48.2 per cent of total Yugoslav exports to the EEC were represented by the agro-alimentary sector (mainly beef, pork, maize, wine and tobacco), 30 per cent by raw materials (mainly wood and bauxite) and only 21.8 per cent by the industrial sector.[27] The achievement of such a balance required the formalisation of Yugoslavia's commercial requests to the EEC.

Therefore, on 25 October 1962, the Yugoslav ambassador in Brussels, Vjekoslav Prpic, officially expressed to the European commissioner for external relations, Jean Rey, his government's desire to establish official contacts with a Commission delegation. His aim was to carry out a proper examination of all problems affecting industrial and agricultural trade relations.[28] The Six debated Yugoslavia's request during the Council meeting of 5 December 1962. This debate, which was the first time the Yugoslav question had been discussed in depth by the Council, highlighted the political aspects affecting the individual positions of West Germany and Italy, that is, the EEC member states most concerned by the Yugoslav question.

As regards West Germany, its position during the Council meeting reflected Bonn's strained relationship with the Yugoslav government. Diplomatic relations between Belgrade and Bonn had indeed been broken off since 1957, when Yugoslavia had recognised the GDR, thereby violating the Hallstein Doctrine.[29] In fact, during the December meeting,

[25] ECHA, BAC 97/1986/2, Note by G. Matray, Brussels, 28 September 1962; TNA, FO 371/164860, Note on the Yugoslav attitude to EFTA and EEC, 17 May 1961.

[26] ECHA, BAC 97/1986/2, Note by M. Bolasco, Brussels, 3 April 1961.

[27] AJ, KPR, III-b-2-a, Report on Yugoslavia's contacts with the EEC, Belgrade, 10 November 1962.

[28] ECHA, BAC 97/1986/2, Note by J. Rey, Brussels, 26 October 1962.

[29] See Werner Kilian, *Die Hallstein-Doktrin. Der diplomatische Krieg zwischen der BRD und der DDR 1955–1973* (Berlin: Duncker & Humblot, 2001), 52–65; William Glenn Gray, *Germany's Cold War: The Global Campaign to Isolate East Germany, 1949–1969* (Chapell Hill, NC: University of North Carolina Press, 2003), 59–86.

West Germany's representative, Secretary of State Rolf Lahr, said that his government was not in principle against opening technical talks between the Community and Yugoslavia. He was aware that Yugoslavia's request was a logical consequence of the EEC's impact in the field of international trade and that similar requests would be advanced by other Community commercial partners in the future. However, according to him, priority should be given to other third parties which had recently requested the opening of trade negotiations at expert level with the Community, such as Israel, Iran and Lebanon. In his view, the status of East–West relations, marked by the recent erection of the Berlin Wall and the Cuban missile crisis, made it difficult for the Community to engage directly with a 'Communist country'. He therefore proposed not to take any definite decision about the start of technical talks with Yugoslavia.[30]

The German view was not shared by the Italian representative, Antonio Venturini, who sponsored Yugoslavia's requests. This strategy was in line with Rome's gradual opening to Yugoslavia, sanctioned by the official visit paid by the Minister for Foreign Affairs, Antonio Segni, to Belgrade in July 1961.[31] In fact, during the post-war period, relations between Italy and Yugoslavia had been negatively affected by the thorny border dispute related to the 'Free Territory of Trieste' (FTT) envisaged by the 1947 Peace Treaty.[32] Nevertheless, after the diplomatic appeasement which had followed the signing of the Memorandum of London of 1954, which had assigned Italy and Yugoslavia *de facto* administrative powers over, respectively, zones A and B, into which the FTT was divided, Italy had aimed at developing its economic presence in Yugoslavia and, at the same time, favouring the stabilisation of its Eastern border.[33] Italy's pragmatic attitude emerged during the Council debate. In responding to Lahr's observations, Venturini argued that Rome favoured the opening of technical talks with Belgrade, adding that the establishment of official contacts with Yugoslavia could foster the Community's image in the Communist world.[34] The representative of France, Jean Marc Boegner, did not adopt

[30] ECHA, BAC 97/1986/2, Meeting of the Council of Ministers, Brussels, 3-5 December 1962.

[31] AJ, I-3-a/44-18, Meeting between Segni and Tito, Belgrade, 1 July 1961.

[32] Diego De Castro, *La questione di Trieste 1941–1954. L'azione politica e diplomatica Italiana dal 1943 al 1954* (Trieste: Lint, 1981).

[33] See Karlo Ruzicic-Kessler, 'Italy and Yugoslavia: from distrust to friendship in Cold War Europe', *Journal of Modern Italian Studies*, 19/5, 2014, 645–647.

[34] ECHA, BAC 97/1986/2, Meeting of the Council of Ministers, Brussels, 3-4-5 December 1962.

a clear-cut stance. On one hand, he was against the establishment of direct contacts between the Community and Belgrade, because of the support given by the Yugoslav government to the Front de Libération Nationale in Algeria.[35] On the other, he pointed out the fact that, unlike Israel, Iran and Lebanon, Yugoslavia was the only European country requesting a trade agreement with the EEC. In his opinion, the Community was obliged to take Belgrade's requests into consideration.[36] Accordingly, he helped to devise a compromise acceptable to both Bonn and Rome.

The Council decided to meet the Yugoslavs' request in principle, without giving them any precise details as to when exploratory talks could be initiated. Although at first sight this might have appeared a 'decision not to decide', the Council's actual pronouncement left the Community's door open to Yugoslavia's requests. Indeed, on the proposal of Jean Rey, who had sponsored Belgrade's demands during the meeting, the Council officially decided that:

> The Commission will inform the Yugoslav Representation in Brussels that the Community, in principle, favours the idea that exploratory technical talks at expert level about trade relations between Yugoslavia and the Community should take place between Yugoslav and Commission representatives.[37]

The European Commission's Pro-active Role

Rey's attitude stemmed from the strong belief nurtured by the Commission of the political meaning of EEC-Yugoslav relations and their potential impact on the development of economic relations with the Soviet Union and its satellites in Eastern Europe. Indeed, since the late 1950s, Commission officials of DG I had started to analyse the issue of East–West confrontation from an economic perspective. In this respect, they had reported that Soviet claims criticising the EEC actually concealed broad perspectives for the development of trade relations between the two European blocs. One of their working notes stated that:

> although the Soviet positions are largely political and have limited practical significance, we must not neglect the economic objective to which they

[35] AMAE, SE 1961–1970, 242, Report on EEC-Yugosalv relations, Paris, 9 January 1969.
[36] ECHA, BAC 97/1986/2, Meeting of the Council of Ministers, Brussels, 3-4-5 December 1962.
[37] *Ibid*.

> actually tend, namely, to obtain more favourable conditions for the Soviet countries' exports towards the EEC.[38]

These words referred in particular to Moscow's attempts to negotiate trade facilitations and tariff reductions by dealing with the individual EEC member states—de Gaulle's France *in primis*—in order to create new rifts within the newly established Community. The Soviet strategy was linked to its desire not to recognise the Community as a political interlocutor. Thus, negotiating with a socialist country like Yugoslavia might be likened to a substantial precedent which could strengthen the Community's image *vis-à-vis* the Soviet bloc countries. In this regard, an internal note of DG I stated that:

> It would be useful to consider further action in this field in view of the requests for tariff reductions made by the USSR to France. Indeed, there is no doubt that conversations with Yugoslavia should take place within the context of Art. 111 [of the Treaty of Rome]. They would therefore represent an important precedent. Faced with this, the USSR might be more inclined to comply with the procedure of Art. 111, and the attitude of the EEC member states towards the Soviet requests might also be influenced. It would therefore be appropriate to take all necessary steps to give practical effect to Yugoslavia's demands.[39]

The Commission's pro-active role was facilitated by improved relations between West Germany and Yugoslavia. In June 1963, a first round of negotiations between Bonn and Belgrade had indeed taken place, to deal with the deterioration of commerce between the parties in the wake of the interruption of diplomatic relations.[40] Bonn was particularly worried by the decrease in its exports to the Yugoslav market, which between 1961 and 1963 had decreased by 31.5 per cent, and the parallel rise in Italian, French and British exports to Yugoslavia.[41] Despite the limitations imposed by the Hallstein Doctrine, economic imperatives urged the FRG to develop a pragmatic dialogue with Belgrade in order to conclude a new trade

[38] Archives of the Council of the European Union (henceforth ACEU), CM2/1962, 1078, Report on the Soviet attitude towards the EEC, Brussels, 20 July 1962.

[39] ECHA, BAC 97/1986/2, Report on Yugoslavia's requests, Brussels, 4 February 1963.

[40] Politische Archiv, Auswärtiges Amt (henceforth PAAA), B 42, 39, Report on German-Yugoslav relations, Bonn, 6 January 1964.

[41] PAAA, B 42, 39, Report on German-Yugoslav economic relations, Bonn, 3 February 1964.

protocol envisaging substantial credits for Yugoslav imports from West Germany.[42] This new attitude also had a direct effect on Bonn's attitude towards Yugoslavia within the Community framework. Indeed, during the COREPER meeting of 29 October 1964, Bonn gave its official consent to the opening of technical talks between Commission and Yugoslav representatives,[43] so that two rounds of exploratory conversations could take place in Brussels in January and May 1965.[44]

These talks focused on three main subjects: contemporary trade relations between the Community and Yugoslavia, contractual relations between Yugoslavia and the EEC member states, and the future effect of European integration on Yugoslav exports of agricultural and industrial products. During the first round of technical talks, the Yugoslav delegation also focused on its recent September 1964 association with COMECON. It declared that this decision was only intended to follow the work of COMECON from a privileged perspective, but that it did not imply any obligation for Belgrade to follow its decisions in the fields of industrial production or external trade. In this regard, the Yugoslav delegation reiterated Belgrade's determination to be formally detached from the process of regional economic integration in both Western and Eastern Europe.[45]

These bilateral meetings, however, did not produce definitive results, as several international issues affected the development of relations between the parties. At the Community level, the 1965 clash between France, its five fellow Community members and the European Commission over the financing of the CAP, generally known as the 'empty chair' crisis, meant that Yugoslavia's trade requests were postponed for more than six months.[46] At the same time, Yugoslavia's participation in the GATT Kennedy Round negotiations prevented the actual start of bilateral exploratory talks, since the Six were against discussing the reduction of custom duties and

[42] *Ibid*.

[43] ECHA, BAC 97/1986/2, Meeting of COREPER, Brussels, 29 October 1964.

[44] ECHA, BAC 25/1980/429/1, Report on EEC-Yugoslav relations, Brussels, 27 May 1966.

[45] ECHA, BAC 25/1980/429/1, Report on exploratory talks with a Yugoslav delegation, Brussels, 4 February 1965.

[46] See Maurice Vaïsse, 'La politique européenne de la France en 1965: pourquoi "la Chaise vide?"', in Wilfried Loth (ed.), *Crises and Compromises: The European Project 1963–1969* (Baden-Baden: Nomos, 2001), 215–226; N. Piers Ludlow, *The European Community and the Crisis of the 1960s: Negotiating the Gaullist Challenge* (London: Routledge, 2006), 40–124.

trade barriers simultaneously with Belgrade in both Brussels and Geneva, where GATT headquarters were based.[47] Only the definitive solution of the 'empty chair' crisis, sanctioned by the Luxembourg compromise of January 1966, and the necessary conclusion of the Kennedy Round allowed the parties to re-activate bilateral relations.

In October 1966 and January 1967, Yugoslavia's representatives in Brussels formally expressed to the European Commission their government's firm determination to go beyond technical talks and to start pragmatic negotiations for a trade agreement with the Community.[48] Behind Yugoslavia's request lay the process of internal economic reform launched by the 'liberal' wing of the Yugoslav leadership in 1965 in order to cope with the rapid industrialisation of the country, and provide Yugoslavia's productive apparatus with a new and more efficient management detached from party dynamics.[49] This process concerned considerable opening to foreign trade, the adoption of new trade legislation aimed at attracting new foreign investment in the form of joint ventures with foreign firms, devaluation of the dinar, and the establishment of an external customs tariff.[50] The innovative and liberal character of this reformist process, which had allowed for Yugoslavia's accession to the GATT in 1965, gave new impetus to the country's relationship with the EEC, as it was directed to opening the country's economy to Western industrial exports. Indeed, Yugoslavia's post-1965 economic policies boosted the importation of Western European technology and know-how.[51] However, the rise in imports from Western Europe came at the price of an economic backlash caused by the impressive growth of Yugoslavia's trade deficit, which amounted to $196 million in 1965, $355 million in 1966 and $455 million in 1967.[52]

[47] ECHA, BAC 97/1986/5, Note by H. Sigrist, Brussels, 28 October 1966.

[48] ECHA, BAC 97/1986/5, Note by J. Rey, Brussels, 28 October 1966; ECHA, BAC 97/1986/5, Note by W. Ernst, Brussels, 9 January 1967.

[49] Obadić, 'A troubled relationship', 337–339; Mijat Lakićević, *Ispred Vremena* (Belgrade: Fund for an Open Society, 2011).

[50] Holt and Stapleton, 'Yugoslavia and the European Community'; Stefano Bianchini, *La diversità socialista in Jugoslavia: modernizzazione, autogestione e sviluppo democratico dal 1965 ad oggi* (Trieste: Stampa triestina, 1984), 57–70.

[51] See Obadić, 'A troubled relationship', 334–339. See also Patrick F. R. Artisien and Peter J. Buckley, 'Joint Ventures in Yugoslavia: opportunities and constraints', *Journal of International Business Studies*, 16/1, 1985, 111–135.

[52] ACEU, CM 2/1962, 1145, S/254/69 (RCC 26), 10 March 1969.

In order to cope with this rise, Yugoslavia sought specific commercial concessions in the industrial and agricultural fields on the part of the Six. However, as clearly expressed by Yugoslavia's representatives, any future agreement with the Community should not lead to the constitution of any preferential, that is, discriminatory, arrangement favouring Yugoslavia's exports. This meant that Yugoslavia was unwilling to receive from the EEC any concession which could not be applicable to any other Community partner enjoying the 'most favoured nation' clause in its commercial relations with the Six.

This seemingly technical point, which limited the possibility for the EEC to accord specific concessions without raising precedents, was motivated by political considerations. According to the Yugoslav Ministry for Foreign Affairs, any search for preferential solutions was not compatible with Yugoslavia's non-aligned position, as it would appear as a clear intention to institutionalise its relationship with the Community and integrate itself within the Common Market.[53] As meaningfully stated by Yugoslavian Prime Minister Mika Spiljak to Italian Prime Minister Aldo Moro in March 1968:

> Any solution to problems regarding Yugoslav trade relations with the European Economic Community should not lead to the constitution, in either form or content, of an institutional or preferential link of the Yugoslav economy with that of the EEC.[54]

The Adoption of the First Negotiating Mandate and the Italian Veto

Yugoslavia's efforts towards re-shaping its economic system and further opening its market to international trade were not ignored in Brussels. On 31 January 1967, the European Commission sent the Council a secret communication in which it stressed the opportunity of rapidly concluding a non-preferential trade agreement with Yugoslavia, in order to give 'political and psychological satisfaction' to its reformist leadership.[55] In September 1967, COREPER asked the newly installed Commission, led by

[53] AJ, KPR, III-b-2-a, Report on Yugoslavia and the EEC, Belgrade, 22 May 1968.

[54] Archivio Centrale dello Stato (ACS), Aldo Moro Files (AMF) 66, Letter by M. Spiljak, Belgrade, 8 March 1968.

[55] ACEU, CM2/1970/919, Communication from the Commission to the Council, Brussels, 31 January 1967.

Jean Rey, to prepare a draft negotiating mandate.[56] The mandate prepared by the Commission included tariff and industrial areas. Yet Yugoslavia's requests were welcomed only partially. Indeed, upon the explicit request of the French representative, it excluded the agricultural sector.[57] This was a major setback to Yugoslavia's interests, as in late 1967 agriculture still accounted for almost 45 per cent of Yugoslav exports to the EEC.[58] Paris was against any concession which might affect the interests of French farmers. Indeed, the non-preferential scheme requested by the Yugoslav authorities would have paved the way to similar requests on the part of other commercial partners of the Community. This was clearly against French agricultural protectionism.

Eventually, the negotiating mandate was endorsed by the Six during the Council meeting of 11–12 December 1967. The EEC's attitude benefited from the formation in the FRG of the 'Grand Coalition' government between the Social Democratic and Christian Democratic parties. The newly appointed foreign minister, the Social Democrat Willy Brandt, included the re-establishment of relations with Yugoslavia within the broader framework of FRG's *neue Ostpolitik*.[59] Despite the opposition of the German Chancellor Kurt Kiesinger and the CDU, throughout 1967 the Auswärtiges Amt increased its political contacts with Belgrade in order to negotiate an economic and guest-worker agreement with Yugoslavia.[60] The new spirit of cooperation between Bonn and Belgrade—which was to lead to the resumption of diplomatic relations on 31 January 1968—was to affect positively the FRG's traditionally reticent attitude towards the EEC's Yugoslav policy. As argued by the West German representative to COREPER in October 1967, his government was interested in the political rather than economic dimension of EEC-Yugoslav relations.[61]

[56] ACEU, CM2/1970/919, Meeting of COREPER, Brussels, 29 September 1967.

[57] ECHA, BAC 25/1980/429/4, Report on EEC-Yugoslav relations, Bruxelles, 7 December 1967.

[58] ECHA, BAC 3/1978/870/2, Minutes of EEC-Yugoslav negotiations, 31 October 1968.

[59] Milan Kosanović, 'Brandt and Tito: Between Ostpolitik and Nonalignment', in Fink Carole and Schaefer Bernd (eds.), *Ostpolitik, 1969–1974: European and Global Responses* (Cambridge: Cambridge University Press, 2009), 232–243; Gottfried Niedhart, 'Ostpolitik: The Role of the Federal Republic of Germany in the Process of Détente' in Carole Fink, Philipp Gassert, Detlef Junker (eds.), *1968: The World Transformed* (Cambridge: Cambridge University Press, 1998), 173–192.

[60] Kaja Shonick, 'Politics, Culture, and Economics: Reassessing the West German Guest Worker Agreement with Yugoslavia', *Journal of Contemporary History*, 44/4, 2009, 719–736.

[61] ECHA, BAC 25/1980/429, Meeting of COREPER, Brussels, 5 October 1967.

However, at the very moment when Bonn had definitively changed its attitude towards Yugoslavia, the Italian government vetoed the opening of negotiations. Although Rome was not against the content of the mandate, which the Italian delegation had in fact approved during the Council meeting of 11–12 December 1968, the Italian Foreign Ministry declared its opposition to any future agreement between the EEC and its Mediterranean partners—Morocco, Tunisia, Algeria, Israel, Spain, Malta and Yugoslavia—as retaliation against de Gaulle's veto of Great Britain's second application to the EEC.[62] As stressed in January 1968 by the Italian Foreign Minister, Amintore Fanfani, to the Yugoslav Prime Minister, Mika Spiljak, the Italian decision was not against Yugoslavia in itself, but concerned the internal dynamics of the EEC.[63] Rome had actively supported Great Britain's attempts to join the EEC in order to prevent the formation of a Franco-German axis, and thus to balance the Community's external links with its southern and northern neighbours.[64] Fanfani—who was the main promoter of the Italian veto—added that Rome would examine the issue of the EEC's relations with its Mediterranean partners 'only when we are sure that the question of Great Britain will not be compromised'.[65] In fact, Fanfani's position was also linked to Italy's internal dynamics. In view of the elections of May 1968, he did not want to alienate the Italian right-wing electorate, which had traditionally opposed any governmental policy favouring Yugoslavia.[66]

The Italian attitude gave rise to a protest by the European Commission, which stressed to the Council the imperative of overcoming the irritating stalemate in EEC-Yugoslav relations. In this regard, the General Director of DG I, Wolfgang Ernst noted:

> I am convinced that the Yugoslav government can hardly tolerate that, for reasons which have no direct connections to this case, negotiations cannot be opened. The Yugoslav government can no longer tolerate…such a negative and politically dangerous attitude on the part of the Community.[67]

[62] ACS, AMF 85, Letter by A. Fanfani, 31 December 1967; ECHA, BAC 144/1992/772, Meeting of COREPER, Brussels, 15 December 1967.

[63] ACS, AMF 66, Report on Italo-Yugoslav talks, 8–9 January 1968.

[64] See Antonio Varsori, 'Aldo Moro e l'adesione della Gran Bretagna alla CEE', in Francesco Perfetti, Andrea Ungari, Daniele Caviglia and Daniele De Luca (eds.), *Aldo Moro nell'Italia Contemporanea* (Firenze: Le Lettere, 2011), 511–530.

[65] ACS, AMF 66, Report on Italo-Yugoslav talks, 8–9 January 1968.

[66] ACS, AMF 66, Letter by G. Pompei, Rome, 18 April 1968; AMAE, SE 1961–1970, 242, Letter by P. Francfort, Belgrade, 18 March 1968.

[67] ECHA, BAC 97/1986/4, Note by W. Ernst, Brussels, 11 July 1968.

Similarly, Jean Rey declared to the European Parliament on 12 March 1968: 'While for years we have been trying to start negotiations with an Eastern European country—to wit, Yugoslavia—it looks like a paradox that…a Community crisis does not allow this negotiation to start'.[68]

The Italian veto came as a great surprise to the Yugoslav government because, after the establishment of the first centre-left Italian government in the early 1960s, bilateral relations between Rome and Belgrade had steadily improved.[69] On the basis of the new spirit of bilateral cooperation—which had culminated in Italian Prime Minister Aldo Moro's visit to Belgrade in November 1965—Rome had definitively emerged as one of the main channels of Yugoslavia's commercial requests to the EEC.[70] As already noted, Italy had been the first Community member to call for the start of negotiations with Yugoslavia in December 1962, and, from 1965 to 1967, had been working actively within COREPER to expand the actual content of a possible trade agreement.[71] The decision taken by the Italian representatives in Brussels therefore marked a veritable break with traditional Italian support of Yugoslavia at the Community level. Belgrade overtly complained about the Italian attitude during Mika Spiljak's visit to Rome in January 1968. A few months later, on 8 March 1968, Spiljak sent a confidential letter to Aldo Moro, in which he reiterated the importance attached by his government to the start of EEC-Yugoslav negotiations in order to resolve his country's structural economic disequilibrium.[72] The Italian Ambassador in Belgrade, Folco Trabalza, also repeatedly declared to President Moro that Fanfani's veto could seriously damage relations between Rome and Belgrade.[73] As noted by the Italian diplomat, this episode revealed how the question of EEC-Yugoslav relations transcended the trade sector, as it had deep political implications which

[68] ECHA, BAC 97/1986/3, Note by J. Rey, Brussels, 12 March 1968.

[69] On the Italo-Yugoslav *rapprochement,* see Ruzicic-Kessler, 'Italy and Yugoslavia'; Carla Meneguzzi Rostagni, 'Prove di coesistenza pacifica: Roma e Belgrado negli anni della distensione', in Bajc Gorazd and Klabjan Borut (eds.), *Pirjevčev zbornik. Poti zgodovine med severnim Jadranom, srednjo in vzhodno Evropo: ob 70. obletnici akad. prof. dr. Jožeta Pirjevca* (Koper: Univerzitetna Založba Annales, 2011), 215–230.

[70] See ACS, AMF 77, Aldo Moro's visit to Yugoslavia, 8–12 November 1965; AJ, KPR, III-b-2-a, Report on Yugoslavia's economic relations with some members of the Common Market, Belgrade, 28 December 1967.

[71] ACS, AMF 66, Telegram by A. Bombassei, Brussels, 4 April 1968.

[72] ACS, AMF 66, Letter by M. Spiljak, Belgrade, 8 March 1968.

[73] ACS, AMF 66, Letter by F. Trabalza, Belgrade, 29 March 1968.

directly concerned Yugoslavia's future social liberalisation and economic ties with the West.[74]

The stalemate was overcome only after the Italian political elections of May 1968. Due to Fanfani's resignation, the new Italian government, led by Giovanni Leone, welcomed Yugoslavia's requests by withdrawing its veto during the Council meeting of 30 July 1968. The mandate was adopted by the Council on the same day.[75] It stated that a Community delegation would be charged with opening negotiations for a three-year, non-discriminatory trade agreement, to focus on tariff reductions and Yugoslav industrial exports within the EEC market. As regards the agricultural sector, the Community delegation would limit itself to taking note of Belgrade's requests. A few hours after the Council's decision, Wolfgang Ernst met the Yugoslav diplomat Nikola Ilijić and informed him that the EEC was ready to start negotiations for a trade agreement.[76]

The evolution of EEC-Yugoslav relations was also marked by the official request made, on 30 January 1968, by the Yugoslav ambassador to Belgium, Miloš Lalović, to appoint a Yugoslav ambassador to the EEC.[77] Belgrade's move aimed at facilitating direct contact on trade matters with the European Commission, which had emerged as Yugoslavia's main partner within the Community framework.[78] As shown in this section, since 1959 the establishment of EEC-Yugoslav relations had mainly been the result of intense low-profile contacts between European Commission and Yugoslav officials, which had allowed the Community to deal with Yugoslavia's first economic requests. Although EEC-Yugoslav relations between 1959 and mid-1968 were mainly concerned with commercial matters, both the European Commission and the Six were aware that their policy towards Yugoslavia had profound political implications, since they directly concerned Belgrade's *rapprochement* with the Western bloc. These implications became forcefully apparent after August 1968, when Warsaw Pact soldiers invaded Czechoslovakia.

[74] ACS, AMF 66, Telegram by G. Pompei, Rome, 30 April 1968.

[75] ECHA, BAC 97/1986/4, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 30 July 1968.

[76] ECHA, BAC 97/1986/4, Note by W. Ernst, Brussels, 30 July 1968.

[77] ACEU, CM2/1968/1087, Report on the establishment of Yugoslavia's mission to the European Communities, Brussels, 13 March 1968.

[78] AJ, KPR, III-b-2-a, Note by M. Lalović, Brussels, 21 June 68.

Czechoslovakia 1968 and the Start of Trade Negotiations

The Warsaw Pact intervention in Czechoslovakia in August 1968 marked a true turning point in the development of the EEC's policy towards Yugoslavia. The Six and their partners within the Atlantic Alliance did not regard the events in Prague as an internal matter of the Soviet bloc: Moscow's decision to invade Czechoslovakia had several political implications which affected the geopolitical stability of the entire European continent.[79] After the invasion of Prague and the subsequent assertion of the Brezhnev Doctrine—which applied severe constraints on deviations from the Soviet model of Marxism-Leninism in the Socialist bloc—Western concerns regarded in particular Moscow's intentions towards Romania and Yugoslavia.[80] The former had sought to diminish its economic and political dependence on Moscow since the mid-1950s. Its leader, Nicolae Ceaușescu, was slowly emerging, just as Tito had done, as a latent threat to Moscow's hegemony in Eastern Europe. The NATO countries therefore feared that the Prague events might be the prelude to broader Soviet plans to restore Moscow's control over Romania's internal affairs and end Yugoslavia's heresy in one fell swoop.[81]

As had already emerged during the NATO summit in Reykjavik in June 1968, the possible rise of Soviet influence in the Balkans and, consequently, in the Mediterranean area, worried both the USA and its European allies.[82] Concerns about the possible military plans of the Soviet Union in the Balkans were linked to its recent naval build-up in the Mediterranean and its increased military relations with Egypt, Syria and Algeria in the aftermath of the 1967 Arab-Israeli war.[83] All these factors were a direct threat to US containment strategies in the Mediterranean, but also to the strategic interests of two EEC member states—France and Italy—which

[79] Mark Kramer, 'The Czechoslovak Crisis and the Breznev Doctrine', in Fink, Gassert and Junker (eds.), *1968: The Word Transformed*, 160.

[80] AMAE, SE 1961–1970, 249, Report on Soviet pressures against Romania and Yugoslavia, 25 November 1968.

[81] Evanthis Hatzivassiliou, *NATO and Western Perceptions of the Soviet Bloc. Alliance analysis and reporting 1951–69* (London/New York: Routledge, 2014), 172–180.

[82] See ACS, AMF 144, Report on the Mediterranean situation, Rome, 4 December 1969.

[83] See Effie Pedaliu, '"A Sea of Confusion": The Mediterranean and Détente, 1969–1974', *Diplomatic History*, 33/4, 2009, 740–41.

had sought to reaffirm their presence in the region since the early 1960s.[84] Thus, twenty years after the Tito-Stalin split, the events in Prague revived the question of Yugoslavia's independence from Moscow's future political and economic pressure. However, the need to formally preserve Belgrade's non-aligned status motivated the West to sustain Yugoslavia while maintaining a low profile. As emerged during the NATO Council's meeting of 4 October 1968, although the Soviet Union appeared to maintain a distinction between action within the Soviet bloc and action against the West, the range of uncertainty regarding Moscow's future moves had been definitely broadened by the large concentration of Soviet troops in Eastern Europe after the August events.[85]

The EEC could not ignore the implications of such an international development. Yugoslavia's international autonomy was closely linked to its economic stability, which, in turn, depended on the success of the economic reforms launched by the progressive wing of the Yugoslav leadership in the mid-1960s.[86] As noted previously, this reform process included the rapid opening of the Yugoslav market to international trade and the consequent attraction to Yugoslavia of Western technology and hard currency. Accordingly, Yugoslavia's economic stability called into direct question the EEC.

Yet in autumn 1968, commercial prospects between the Community and Yugoslavia were not positive, as from 1967 to 1968 the deficit in the Yugoslav trade balance *vis-à-vis* the Community had almost doubled, amounting to $455 million in 1967, and $409 million during the first six months of 1968.[87] While the increases in the trade deficit after 1965 had mainly been the consequence of the liberation of imports of raw materials and industrial equipment from Western Europe, the exponential rise in the deficit during the first semester of 1968 was due to the reduction of Yugoslavia's agricultural exports to the EEC by more than 40 per cent.[88] This sudden reduction was exacerbated by the application of Community regulation 805/68, of 27 June 1968—which was part of the 'package deal' of

[84] See Alessandro Brogi, '"Competing Missions": France, Italy and the Rise of American Hegemony in the Mediterranean', *Diplomatic History*, 30/4, 2006, 741–770.

[85] TNA, DEFE 68/25, Report on NATO and Czechoslovakia, 4 October 1968.

[86] Pirjevec, *Il giorno di San Vito*, 363–402; Panos Tsakaloyannis, 'The Politics and Economics of EEC-Yugoslav relations', *Journal of European Integration*, 5/1, 1981, 36.

[87] ACEU, CM2/1962/1145, Report by the Commercial Counsellors of the EEC Member States in Yugoslavia, Brussels, 10 March 1969.

[88] *Ibid*.

the CAP—regarding the common organisation of the EEC market in beef and veal. This regulation favoured Community breeders by raising trade barriers against meat imports from non-Community markets, so that countries like Argentina, Austria and Yugoslavia—traditionally meat exporters to the Six—were hugely affected by it. The solution to Yugoslavia's trade imbalance therefore required a response from the EEC, and Community Brussels was urged to find a way to balance the development of the CAP with Yugoslavia's economic disequilibrium. Needless to say, this was a daunting task, since the CAP was one of the Community's most sensitive policy areas, in which French national interests had clashed with the supranational prerogatives of the European Commission throughout the 1960s. During this decade, the CAP had indeed emerged as a central instrument of Community activities, affecting other policy areas such as foreign trade, monetary and financial issues, and regional development.[89]

Within the Community framework, the Yugoslav question was entrusted to the DG External Trade (DG XI), which was established in July 1967 following the merger of the three executives of EEC, European Coal and Steel Community and European Atomic Energy Community.[90] It soon became clear to its Commissioner, Jean-François Deniau, that Yugoslavia's trade requirements were directly linked to the Czechoslovak events. Indeed, on 5 September 1968, the Yugoslav Embassy in Brussels declared to Wolfgang Ernst, that the Yugoslav government was officially ready to open preparatory talks to start trade negotiations.[91] As highlighted by the Commission official in charge of relations with state-trading countries, Louis Kawan: 'The Yugoslav diplomat was very anxious to know the effect of recent events in Prague on the attitude of the EEC with regard to his country, because he feared the deterioration of economic relations between the Warsaw Pact countries and Yugoslavia[92]'.

[89] See Gisela Hendricks, 'The Creation of the Common Agricultural Policy', in Anne Deighton and Alan S. Milward (eds.), *Widening, Deepening, and Acceleration: The European Economic Community 1957–1963* (Baden-Baden/Bruxelles: Nomos Verlag/Bruylant, 1999), 139–150.

[90] Gérard Bossuat and Anais Legendre, 'The Commission's Role in External Relations', in Michel Dumoulin (ed.), *The European Commission, 1958–1972: History and Memories* (Luxembourg: Office for Official publications of the European communities, 2007), 374–376.

[91] ECHA, BAC 97/1986/4, Note for W. Ernst, Brussels, 5 September 1968.

[92] *Ibid*.

After this meeting, Community and Yugoslav representatives increased their bilateral contacts. On 18 September 1968, a meeting took place between Edmund P. Wellenstein, Director General of DG XI, and his Yugoslav counterparts Nikola Ilijić and Petar Tomić. The Yugoslav diplomats urged the Community official to set the date for the beginning of negotiations, and the two parties agreed to start them in mid-October.[93]

However, the negotiating mandate approved by the Council on 30 July 1968 did not allow the Community to negotiate concessions with Belgrade in the agricultural sector, which, as we have seen, was precisely the sphere in which Yugoslavia was most anxious to seek a non-preferential agreement with the Community.[94] Although the Commission representatives were aware that—because of Yugoslavia's opposition to any preferential agreement—the space for negotiation was extremely limited, they did their best to create a constructive atmosphere with their counterparts. This effort was facilitated by the decision taken by the Council on 16 September to officially approve Belgrade's request—which had first been advanced on 30 January 1968—to appoint a Yugoslav ambassador to the EEC. In fact, immediately after the Council's decision, taken on 26 September 1968, the Yugoslav diplomat Miloš Oprešnik was officially appointed ambassador to the Community. Yugoslavia thereby became the first socialist country to enter into official diplomatic relations with the EEC. During the reception prepared for Oprešnik at the Commission's headquarters in Brussels, in which Jean Rey and the president-in-charge of the Council of Foreign Affairs, Italian Foreign Minister Lorenzo Medici, participated, both Community representatives stressed their deep interest in Yugoslavia's internal stability and international independence, as well as their personal involvement in enlarging the negotiating mandate.[95]

In view of the expiry of the transition period for the entry into force of the Common Commercial Policy—which assigned to the Commission exclusive competence in negotiating trade agreements with third parties from 1 January 1970 onwards—the Commission officials of DG I played a large part in EEC-Yugoslav negotiations. They knew that relations with Yugoslavia had deep political implications which transcended the commercial field. This meant that, also from a symbolical viewpoint, negotiations

[93] ECHA, BAC 97/1986/4, Note by E. P. Wellenstein, Brussels, 19 September 1968.
[94] *Ibid*.
[95] Arhiv Ministarstva za inostrane poslove Republike Srbije (henceforth AMIP), PA, R, 1968, f 141: b 434938, Note by M. Oprešnik, Brussels, 27 September 1968.

with Belgrade had to be carried out with special attention to formal details. This emerged in particular when Toma Granfil, the Yugoslav Minister for External Trade, arrived in Brussels for the start of negotiations. He was welcomed at Brussels National Airport on 13 October 1968 by a Community delegation, following a ceremonial formula which had never before been adopted by the European Commission. A warm welcome to Yugoslavia's representative had indeed been personally recommended by Wellenstein, who had tersely noted a few days before Granfil's arrival:

> It would perhaps be exaggerated to give an official welcome to every head of delegation arriving in Brussels, but this is the first visit of an important minister of a country with which we want to strengthen relations. There are many good reasons for going to greet him.[96]

The Commission's attention to the Yugoslav problem also emerged on 2 October 1968, during an ad hoc meeting, between the European Commission services and COREPER, devoted to the imminent start of negotiations with Yugoslavia. During the debate, it soon became clear that the representatives of the Six had to find a difficult compromise between the need to sustain Yugoslavia's economy, on the one hand and, on the other, to protect their own markets from competition from its exports. The Commission delegation, represented by its president, Jean Rey, recommended the Six's representatives to adopt an open attitude towards Yugoslavia's future requests during the negotiating rounds.[97] However, he was aware that the EEC's Yugoslav policy depended on the content of the Council mandate, which did not take into consideration the stagnation of Yugoslav agricultural exports and the political necessity of backing Belgrade after the Czechoslovak crisis.

The limitations of the Council mandate became evident during the opening round of EEC-Yugoslav negotiations on 15–18 October 1968. Toma Granfil, head of the Yugoslav delegation, declared that his government was extremely worried about the sudden decrease in exports to the Community market, and urged the Community to modify its agricultural regulations by decreasing the levy on live cattle and beef, so that Yugoslav agricultural exports could be realigned to the levels of 1967. According to Granfil, increased exports to the EEC were necessary

[96] ECHA, BAC 97/1986/4, Note by W. Ernst, Brussels, 8 October 1968.

[97] ECHA, BAC 97/1986/4, Report on trade negotiations between the EEC and Yugoslavia, Brussels, 18 October 1968.

to sustain the reformist process launched in 1965. He also reiterated that Yugoslavia could not accept any preferential agreement with the Community, in order to avoid any discrimination against the EEC's other trade partners.[98] Finally, the Yugoslav minister stated that, without an agreement on agricultural exports, Yugoslavia was not ready to continue trade negotiations with the Community.[99]

Faced with this stalemate, on 23 October 1968, the Commission decided to make an official request to the Council aiming at extending the negotiating mandate.[100] The Commission's attitude was very probably influenced by the report made during the meeting by the European Commissioner for Social Affairs, the Italian Lionello Levi Sandri, on the outcome of an official visit he had paid to Belgrade and Ljubljana between 14 and 19 October 1968.[101] He stated that all his Yugoslav interlocutors had stressed their government's wish to increase trade relations with the EEC. In his opinion, the slow start of economic reforms in Yugoslavia, together with the worsening of Belgrade-Moscow relations after the Soviet invasion of Czechoslovakia, explained this Yugoslav attitude.[102]

The profound political meaning of EEC-Yugoslav relations was definitively emphasised by Wellenstein in a confidential note addressed to Deniau. In it, the General Director reasoned in political rather than economic terms, and stated:

> The political rationale of this negotiation is not only crucial with regard to relations with Yugoslavia, as its direct effect on relations with the Eastern European and Third World countries is no less evident. This is the first official negotiation for the conclusion of a trade agreement with a country which, until recently, for political reasons, has not maintained normal diplomatic relations with the Community and has proclaimed its general hostility to efforts at integration in both Western and Eastern Europe. The fact that the Yugoslav government, while acknowledging the limited scope of our offer, has decided to open negotiations soon after the events of Prague, is a definite manifestation of a policy orientation that the Community should encourage.[103]

[98] HAEU, Edoardo Martino Files (EM) 65, Minutes of EEC-Yugoslav negotiations, 31 October 1968.

[99] *Ibid.*

[100] ECHA, BAC 3/1978/870/3, Note by E. Noel, Brussels, 9 November 1968.

[101] HAEU, EM 65, Meeting of Commission, COM(68) PV 53, Brussels, 23 October 1968.

[102] HAEU, EM 65, Report on Lionello Levi-Sandri's mission to Yugoslavia on 14–19 October 1968, undated.

[103] ECHA, BAC 97/1986/4, Note by E. P. Wellenstein, Brussels, 24 October 1968.

According to Wellenstein, negotiations with Yugoslavia could also pave the way to future economic contacts with the Soviet satellites in Eastern Europe:

> The role played by Yugoslavia as the precursor of the Eastern European countries in the field of economic reforms and trade relations with the West, makes this negotiation a true example. The Eastern European countries are likely to observe whether the Community intends to strengthen trade and improve relations with all third countries, irrespective of their political or economic system, and whether—in order to strengthen these links—it is ready to make concessions that allow these countries to consider continued development of relations with the Community.

Wellenstein noted that an agreement with Yugoslavia, a prominent member of the NAM, could also improve the Community's image within the Third World. Lastly, the success of trade negotiations could also help Belgrade to take the path of market-oriented reforms. According to the Commission official, the presence of the Yugoslav Minister, Toma Granfil, during the first session of EEC-Yugoslav negotiations demonstrated the importance attached by Yugoslav authorities to improved trade relations with the Community. In this regard, he added:

> This new orientation has not triumphed without encountering major resistance within Yugoslavia itself and criticism from several Eastern European countries. Yugoslavia's future relations with the Community and with the West depend to a large extent on the success or failure of this negotiation.[104]

Therefore, in view of the Council meeting of 4–5 November 1968, Wellenstein urged Deniau to encourage the Six to expand the negotiating mandate to the agricultural sector:

> If a political will exists to reach a positive outcome, it should then be possible to agree on a new negotiating mandate which, despite its limited range and duration, should aim at finding some definite solutions to the difficulties encountered by the Yugoslav government on the path of development of its trade with the European Community.[105]

[104] *Ibid.*
[105] *Ibid.*

The Commission's Proposal and the French Veto

Deniau emphasised Wellenstein's views during the Council meeting of 4–5 November 1968, in which the link between the invasion of Czechoslovakia and the need to support Yugoslavia from an economic viewpoint emerged as a delicate topic of discussion. At first, the European Commissioner stated that it was the Commission's opinion that the mandate given to it for the negotiations was too narrow, and that something should be done for Yugoslavia in the sector of beef export.[106] In addition, he stressed the political meaning of EEC-Yugoslav relations:

> The commercial policy must not be limited to the commercial field. By its very nature, it is also linked to the political sphere, as demonstrated by the fact that Yugoslavia has just recognised the Community by establishing diplomatic relations with it.… The events of this summer make these negotiations even more important.[107]

At the same time, Deniau was aware that opening negotiations with Yugoslavia in the agricultural sector might entail revision of EEC regulations on meat imports. For this reason, he stressed to the Six that it was necessary to find a solution which might satisfy Yugoslavia, while taking CAP provisions into account. Deniau's views were generally welcomed by the Council members. The Foreign Minister of Luxembourg, Pierre Gregoire, said that the EEC should make some sacrifice in the agricultural sector to meet Yugoslavia's requests. The Italian representative, Franco Maria Malfatti, stressed that the Council should treat Yugoslavia as a special case deserving distinctive treatment within the CAP. West Germany's secretary of state, Rolf Lahr, noted that the invasion of Czechoslovakia had placed Yugoslavia in a difficult position, and added: 'Insofar as they require the support of the Community in the field of trade, we must give it to them'. The Dutch Foreign Minister, Joseph Luns, also emphasised the political aspects of the Yugoslav problem:

> Yugoslavia lies in a peculiar geographical position in Europe and represents a model to the other Eastern European countries. We must support its position.

[106] AMAE, SE 1961–1970, 242, Report on Yugoslavia, the EEC and France, Paris, 9 November 1968.

[107] Historical Archives of the European Union (henceforth HAEU), EM 65, (doc. S/897/I/68 (COMER 110) rév. I), undated.

> The military efforts that Yugoslavia was obliged to take after the invasion of Czechoslovakia are a financial burden that a trade agreement with the Community can alleviate.[108]

The Belgian Foreign Minister, Pierre Harmel, also declared his Government's support of Deniau's views. Only the French Foreign Minister, Michel Debré, voiced his opposition to the Commission's proposal. Debré said that, although he agreed entirely that Yugoslavia's economic stability should be given political support by the EEC at this delicate international juncture, Paris was not prepared to sacrifice French agricultural interests by including the agricultural domain in the negotiating mandate.[109] When dealing with the Yugoslav question, de Gaulle's France considered its agricultural interests and national prerogatives *vis-à-vis* the Commission as its main goals.

The French veto highlighted the difficult task the Commission was to face in the months to come to avoid jeopardising Community relations with Yugoslavia. Indeed, the Commission was required to bear carefully in mind the requirements of the CAP and the interests of the Community's farmers in making any proposals. As dejectedly noted by Pierre Harmel at the end of the Council meeting: 'It goes without saying that the Commission will make a proposal which will not satisfy everyone'.[110] At the end of the meeting, it was agreed that the Commission would submit to the Council a proposal for the renewal of negotiations with Yugoslavia in the near future. However, in answer to Harmel's words, Debré clearly warned that any proposal for a mandate including concessions on meat would be rejected by the French government.[111]

On 6 November, that is, the day after the Council meeting, the Commission discussed the Yugoslav situation. Despite French opposition, it decided that its future proposal to the Council should mainly concentrate on the agricultural sector. Given the necessity of overcoming the Community's internal divergences and offering Yugoslavia new commercial concessions, it charged the Agriculture and External Commerce

[108] *Ibid.*

[109] On the general disagreement between Michel Debré and Sicco Mansholt, then European commissioner for agriculture, see Jan van der Harst, 'Sicco Mansholt: courage and convinction', in Dumoulin (ed.), *The European Commission*, 165–180.

[110] HAEU, EM 65, Communication from the Commission to the Council (doc. S/897/I/68 (COMER 110) rév. I), undated.

[111] *Ibid.*

Directorate Generals, under the guidance of their respective commissioners, Mansholt and Deniau, 'urgently to start the preparation of a draft Communication to the Council in order to allow the Commission to approve it as soon as possible'.[112] In the following days, the two Directorate Generals studied the matter intensely, and their efforts resulted in a Commission communication to the Council, proposing to extend the directives adopted on 30 July 1968.[113] The communication observed that, without modifications to the newly issued Community regulation on beef imports, solutions to the problem of Yugoslavia's exports were substantially limited. Accordingly, the only viable solution was to decrease the levy on imports of specific categories of meat from Yugoslavia. This decision was to be flanked by an agreement with Belgrade on the quality and price of its exported meat, which was not to affect the level of meat prices in the Community market. The consequences would be that Yugoslavia's export earnings would increase, while the quantity of meat imports within the Community would not rise. The Commission's proposal was debated by the Council during its meeting of 10 December. In these circumstances, the controversy between France and its EEC partners became even more manifest. On the one hand, Debré declared that Paris deemed it inconceivable to alter a CAP regulation in favour of a third country without raising the problem of precedents. On the other hand, the representatives of the 'Five' endorsed the general orientation of the Commission's communication of 26 November.[114]

In the meantime, contacts between the European Commission and Belgrade continued. Between 16 and 20 December 1968, Deniau went to Belgrade, where he discussed Yugoslavia's beef exports with Toma Granfil and Kiro Gligorov, a vice-president of the Yugoslav Federal Executive Council and one of the main supporters of Yugoslavia's market-oriented reforms.[115] The representatives of the Six also met several times between December 1968 and July 1969 within the Council framework, in an attempt to find a compromise between the Commission and French positions. However, Paris was determined not to change its attitude.

[112] ECHA, BAC 3/1978/870/3, Note by E. Noel, Brussels, 9 November 1968.

[113] ECHA, BAC 3/1978/870/3, Communication from the Commission to the Council, Brussels, 26 November 1968.

[114] HAEU, EM 65, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 10 December 1968.

[115] ECHA, BAC 97/1986/4, Note by M. Opresnik, Brussels, 14 January 1969. On Kiro Gligorov's position, see Mijat Lakićević, *Ispred Vremena*, 85.

Gradually, the question of the French veto on a seemingly technical matter such as beef imports became a substantial political obstacle to the development of the Community's Yugoslav policy. The problem was also discussed on a bilateral level between France and Yugoslavia during Granfil's visit to Paris in December 1968, when the French representatives reiterated that Paris was not ready to make any concession in derogation of the basic principles of the CAP.[116]

Faced with the recalcitrant attitude of the French representatives in Brussels, Bonn and Rome emerged as the main advocates of Yugoslavia's interests in the Council. Their position reflected the two countries' economic and political interests. Since mid-1968, the FRG had intensified political relations with Belgrade and, thanks to the direct involvement of Willy Brandt, had sponsored the development of EEC-Yugoslav relations within the Council.[117] In October 1968, Bonn had signed a guest-worker agreement with Yugoslavia, allowing for the recruitment of over 500,000 Yugoslav workers to the FRG.[118] As recently noted by Shonick, this was one way of normalising political relations between the two states.[119] Progress in bilateral relations also concerned trade, so that, at the end of 1969, Bonn was to become Yugoslavia's main commercial partner.[120] Progress towards resolving Yugoslavia's trade deficit with the FRG—the main problem in reciprocal trade—was made during a meeting between the FRG chancellor, Kurt Kiesinger, and Granfil on 10 February 1969.[121] Improved relations led to the establishment of a new mixed Cooperation Committee, composed of governmental and industrial representatives of the two countries, while Bonn liberalised its import restrictions on some 200 items, primarily textiles.[122]

As far as Italy was concerned, relations with Belgrade had steadily improved since September 1968. On 2 September, in the aftermath of the Prague events, the Italian foreign minister, Lorenzo Medici, had sent

[116] AMAE, SE 1961–1970, 242, Report on EEC-Yugoslav relations, 9 January 1969.

[117] HAEU, EM 65, Meeting of the Council of Ministers (Foreign Affairs), 10 December 1968.

[118] PAAA, B 42, 235, Report on German-Yugoslav relations, Bonn, 10 February 1969.

[119] Shonick, 'Politics, Culture, and Economics', 719–736.

[120] TNA, FCO 30/586, United States of America, Bureau of Intelligence and Research, Report on Yugoslavia and the Common Market, 1 May 1970.

[121] Akten zur Auswärtigen Politik der Bundesrepublik Deutschland (henceforth AAPBD), 1969, doc. 52, Meeting between Kiesinger and Granfil, Bonn, 10 February 1969.

[122] TNA, FCO 30/586, Report on Yugoslav-EEC Trade Talks, Belgrade, 9 June 1970.

for the Yugoslav ambassador in Rome and told him that Italy guaranteed the security of the Italo-Yugoslav frontier, should Yugoslavia wish to redeploy to the East the forces then stationed near its frontier with Italy.[123] A few weeks later, the Italian Prime Minister, Giovanni Leone, declared to Granfil that Italy was eager to support Yugoslavia's economic reforms and exports towards the Community market.[124] During 1969, both Italian Foreign Ministers, Pietro Nenni, who held this position from December 1968 to August 1969, and his successor Aldo Moro, aimed at strengthening bilateral relations with Belgrade. Rome had a twofold aim: strengthening its role and prestige as an effective mediator between Western and Eastern Europe, and supporting the process of Yugoslavia's economic reforms as a means of guaranteeing its stability. In the background, there was, of course, the need to find a definitive solution to the problem of the Italo-Yugoslav border. To this end, between May and October 1969, Italy stressed its clear-cut support to Yugoslavia's requests regarding the beef sector in several Italo-Yugoslav meetings.[125]

The First Trade Agreement

Despite German and Italian pressures, France's position on the Yugoslav issue changed only after the French presidential elections of June 1969. The resignation of Charles de Gaulle on 28 April 1969 and the election of Georges Pompidou marked a new phase in European integration.[126] Indeed, at the end of 1969, Pompidou was to emerge as one of the great protagonists of the re-launching of integration in several fields, including finance, agriculture and enlargement to new member states.[127] In keeping with this new course of foreign policy, he also intended to reaffirm France's presence in the Mediterranean, which he considered as a

[123] ACS, Pietro Nenni Files (PNF) 120, Visit of Foreign Minister Pietro Nenni to Yugoslavia, 26–29 May 1969.

[124] Arichivio Storico della Presidenza della Repubblica (ASPR), 130, Meeting between Leone and Granfil, Rome, 20 September 1968.

[125] ACS, AMF 148, Report on Nenni's visit to Yugoslavia, 6 October 1969; ACS, AMF 148, Telegram by A. Moro, Rome, 18 October 1969.

[126] Gérard Bossuat, *La France et la construction de l'unité européenne. De 1919 à nos jours* (Paris: Armand Colin, 2012), 154–161; Ludlow, *The European Community*, 174–198.

[127] Marie-Thérèse Bitsch, 'Le sommet de La Haye. L'initiative française, ses finalités et ses limites', *Journal of European Integration History*, 9/2, 2003, 83–99.

natural sphere of influence for his country.[128] This new course did not ignore Yugoslavia, which, as we shall see in Chap. 3, was to gain increasing importance in French strategic reflections concerning the security of the Mediterranean region.

Yet the factor which allowed an effective re-launch of Franco-Yugoslav relations and, by reflex, of the EEC's Yugoslav policy, was Pompidou's abandonment of de Gaulle's policy of systematic objection to the European Commission proposals.[129] Indeed, on 18 July 1969, the French ambassador, Jean Pierre Brunet, told Axel Herbst, head of the FRG's Department of Economics, that France would submit new proposals for beef imports from Yugoslavia to the Council the following September.[130] This was a precondition to re-activating Franco-Yugoslav relations. The French ambassador in Belgrade, Pierre Francfort, had repeatedly stressed that the Yugoslav government regarded Paris as the sole agent responsible for the stalemate in EEC-Yugoslav trade relations. He pointed out that, if Paris wanted to preserve positive bilateral relations with Belgrade and favour the latter's *rapprochement* to Western Europe, it was necessary to abandon the attitude of refusal towards Yugoslavia's requests concerning EEC-Yugoslav trade.[131] In keeping with Francfort's views, during the Council meeting of 15 September 1969, the newly appointed French Minister for Foreign Affairs, Maurice Schumann, declared that his government was ready to consider new measures for beef imports.[132] These proposals were finally made by the French representative in COREPER on 15 October 1969. In line with the Commission's communication of 26 November 1968, the French proposal provided that Yugoslav baby beef exported to the Community should enjoy a 25 per cent reduction in the import levy. It also envisaged a system of joint cooperation to control the price and quality of imported meat.[133]

[128] Houda Ben Hamouda, 'France, the European Community and the Maghreb, 1963–1976: From Inertia to Key Player', in Elena Calandri, Daniele Caviglia and Antonio Varsori (eds.), *Détente in Cold War Europe: Politics and Diplomacy in the Mediterranean and the Middle East* (London and New York: I. B. Tauris, 2013), 195–205.

[129] See Yves Conrad, 'Jean Rey, Moderate Optimist and Instinctive European', in Dumoulin (ed.), *The European Commission*, 109–130.

[130] Historical Archives of the European Union, MAEF, Vol. 37, Meeting between Brunet and Herbst, Paris, 18 July 1969.

[131] AMAE, SE 1961–1970, 242, Report on EEC-Yugoslav relations, Belgrade, 27 August 1969.

[132] HAEU, EM 65, Meeting of COREPER, Brussels, 25 September 1969.

[133] HAEU, EM 65, Meeting of COREPER, Brussels, 18 October 1969.

Finally, during the session of 10–11 November 1969, the Council unanimously agreed on the inclusion of Yugoslavia's beef exports in the negotiating mandate.[134] This decision set the stage for the last negotiating rounds, which took place in Brussels between December 1969 and February 1970.[135] During these summits, discussions mainly concerned tariff reductions and the definition of various qualities of baby beef. However, the substance of the negotiating mandate amended by the Council in December 1969—which envisaged the reduction of levies on beef imports from Yugoslavia—did not change, despite the opposition of the Community farmers' unions to opening the doors of the EEC market to Yugoslavia's exports.[136]

A three-year trade agreement was finally signed on 19 March 1970 by Granfil, Pierre Harmel, president-in-charge of the Council of the EEC, and Rey. According to Yugoslavia's wishes, the agreement was non-preferential. Art. 1 of the agreement envisaged full liberalisation of trade both ways and full 'most-favoured nation' treatment in all commodities in respect of which the EEC Commission was competent to act. In the tariff domain, it provided for faster application of the lower customs tariffs provided by the Kennedy Round, so that Yugoslav industrial products could enjoy beneficial customs treatment in the EEC market (Art. 5). In addition, in line with the Council's mandate of 11 November 1969, the agreement envisaged that, in the case of baby beef, the EEC levy on meat imports should be reduced by 25 per cent. The agreement also established an EEC-Yugoslav Mixed Commission (Art. 7), made up of representatives of the European Commission, the EEC member states and Yugoslavia, charged with executing the agreement, promoting trade and setting up special working groups when necessary. In addition, as requested by Belgrade, bilateral trade agreements between the Six and Yugoslavia would lapse, save to the extent that they dealt with matters still outside the competence of the Commission.

Both the EEC and the Yugoslav delegation were aware that, from a strictly commercial viewpoint, the agreement did not represent a definitive solution to Yugoslavia's trade problems. Firstly, its short duration—three

[134] HAEU, EM 65, Communication from the Commission to the Council, Brussels, 24 February 1970.

[135] ECHA, BAC 97/1986/7, Report on trade negotiations between the EEC and Yugoslavia, Brussels, 19 December 1969.

[136] ECHA, BAC 97/1986/6, Letter by Y. Guidou, Paris, 21 January 1970.

years—did not allow for long-term planning of Belgrade's exports to the Community. Secondly, the beef sector covered 40 per cent of Yugoslavia's agricultural export to the EEC, which meant that more than half of Yugoslavia's agricultural outcome was not covered by the new agreement. This was mainly due to the non-preferential agreement required by Yugoslavia and accepted by the Six, which limited the scope for ad hoc concessions to Yugoslavia.

However, these considerations should not indicate that the agreement was a fiasco. During the final negotiating rounds, the delegations adopted a pragmatic attitude. In fact, they were aware that what mattered was the political meaning of the agreement, which served to strengthen Yugoslavia's position *vis-à-vis* the West in a context of seemingly mounting Soviet pressure on the Balkans and the Mediterranean. In addition, the negotiators of the agreement were aware that the newly signed document stood as a delicate example of *rapprochement* between capitalist and socialist realities and, therefore, as an indirect message to the Soviet bloc, which insisted on their non-recognition policy towards the Community. As Pierre Harmel argued during the signing ceremony: 'This is the best answer to the concerns that some countries or group of countries have expressed towards our common commercial policy and their reticence towards negotiating with the Community'.[137]

At the same time, the agreement tested the capacity of the European Commission to lead trade negotiations on the basis of the Common Commercial Policy, which came into force on 1 January 1970. In view of the delicacy of such a role, which stemmed from the innovative supranational character of this policy and the traditionally delicate balance between the Commission and member states, the positive outcome of this negotiation could not be taken for granted. Eventually, the Commission's international projection was favoured by the spirit of the Community summit meeting at The Hague in December 1969, which, as we shall see in the next chapter, was to boost the European integration process at both internal and international levels.[138]

Lastly, when we move beyond the commercial aspects, which had nevertheless represented a success for Yugoslavia's requests in the beef sector,

[137] ECHA, BAC 3/1978/871/3, Press statement on the EEC-Yugoslav trade agreement, 19 March 1970.

[138] Jan van der Harst, 'The 1969 Hague Summit: a New Start for Europe?', *Journal of European Integration History*, 9/2, 2003, 5–10.

it is important to stress that, for both the EEC and Yugoslavia, the agreement was to be a starting-point. The creation of the Mixed Commission charged with executing and developing the new agreement stood as an implicit evolutionary clause which bore witness to their will to discuss a broader agreement in the years to come. This view was expressed by Granfil, who defined the agreement as a basis for future negotiations, arguing that the Mixed Commission would be the right forum for bilateral cooperation.[139]

Conclusions

Before the Soviet intervention in Czechoslovakia in August 1968, relations between the EEC and Yugoslavia mainly concerned the commercial sphere. Yugoslavia aimed at regulating its industrial and agricultural exports to the EEC and dealing with the process of economic integration in Western Europe. These first contacts possessed embryonic political features. First, as a socialist country outside the Soviet bloc, Yugoslavia represented a precedent which the EEC could exploit towards the Soviet Union and its satellites, since they had developed a policy of non-recognition towards the Community beginning in 1957. Second, economic relations with Yugoslavia were linked to its efforts to liberalise its market and opening it to Western European economies. This was the main reasons behind Yugoslavia's trade requests to the EEC.

Among the EEC member states, Italy and the Federal Republic of Germany emerged as Yugoslavia's dominant counterparts in Brussels. For both Rome and Bonn, the EEC's Yugoslav policy was a useful means of overcoming their traditionally strained relations with Belgrade. Italian and West German strategies were skilfully integrated by the European Commission, which, since the late 1950s, had emerged as a diplomatic representative of the EEC. The Commission was able to exploit its limited commercial competencies and, on the basis of the provisions set out in the Treaty of Rome, offered Yugoslavia a coordinated Community standpoint during the first bilateral technical talks. Belgrade's request to enter into direct diplomatic relations with the EEC was the result of close contacts between Commission and Yugoslav officials, which made it clear to Belgrade that, within the Community framework, all roads led to the European Commission. It was in fact the Commission which was in charge

[139] *Ibid.*

of preparing trade mandates, conducting exploratory talks and conveying Yugoslavia's standpoint during the Council's meetings.

After the Warsaw Pact intervention in Czechoslovakia, the EEC's Yugoslav policy acquired new meaning. The EEC member states, with the sole exception of France, regarded the EEC as a means for offering Yugoslavia low-profile political support at such a delicate moment. This strategy, closely linked to the political dynamics of the Cold-War Mediterranean, was in line with the national interests of Rome and Bonn, which both wished to foster economic links with Yugoslavia and support Yugoslavia's independent stance. France became aligned to these views after the election of Georges Pompidou, who abandoned the previous Gaullist reticence towards the EEC, welcomed Belgrade's requests in the agricultural field, and prepared the ground for the conclusion of the first trade agreement in March 1970. In this context, the European Commission continued its mediating role between the Six and Yugoslavia during all the negotiating rounds. The 1970 agreement was indeed the first to be directly negotiated by the Commission on the basis of the Community's Common Commercial Policy.

The 1970 trade agreement was primarily meant to offer symbolic support to Yugoslavia's reformist leadership. Indeed, as shown in this chapter, the parties were aware of the limitations of their relationship. The first was the patent impossibility of concluding associations or preferential agreements, which would violate Yugoslavia's position between the blocs and its image in the Third World. Therefore, non-preferential trade relations to sustain Yugoslavia's arduous process of economic liberalisation were deemed to be the best way of guaranteeing the maintenance of steady EEC-Yugoslav relations. The second factor affecting EEC-Yugoslav relations was the development of the Community's agricultural policy. In the late 1960s, it became evident that Yugoslavia was emerging as a competitive and non-complementary economy to the EEC market. As demonstrated in this chapter with regard to the episode of the French veto on beef imports, Yugoslavia's exports were in direct competition with the EEC's agricultural production.

These two limitations, at times political and economic, were to affect EEC-Yugoslav relations severely in the years to come.

CHAPTER 3

The 1973 Agreement

After the signing of the March 1970 agreement, several factors determined the rapid resumption of bilateral contacts between the EEC and Yugoslavia. On the Yugoslav side, the search for a new arrangement with the EEC was influenced by the development of international détente and the simultaneous progress of political-economic integration in Western Europe. These two dynamics increased Belgrade's fears of finding itself isolated between the European blocs. For its part, the Community became increasingly interested in the Yugoslav question due to rising political turmoil within the Yugoslav federation and mounting Soviet influence in the Mediterranean, which renewed Western fears about Yugoslavia's capacity to preserve its internal stability and international autonomy.

This chapter emphasises that the political imperatives which had led to the conclusion of the 1970 agreement did not fade in the following years. The twin goals of keeping Yugoslavia formally independent, while at the same time anchored to the EEC, were indeed arduous, and they characterised the negotiations for the renewal of the 1970 agreement, which took place in June 1973.

B. Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*,
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From Rey to Malfatti: Continuity in the EEC's Yugoslav Policy

From 31 May to 2 June 1970, a European Commission delegation headed by Jean Rey paid an official visit to Belgrade, at the invitation of the Yugoslav government. This visit, the first by a President of the European Commission to Tito, bore witness to the fact that the question of EEC-Yugoslav relations was not confined to technical dialogue between officials. On the contrary, it concerned broader political questions, which were linked to the future course of East-West relations in Europe. Tito took advantage of Rey's visit to stress the need to overcome bloc-against-bloc opposition through economic cooperation, and reiterated the particular nature of Yugoslavia's international policy, aiming at overcoming the rigid equilibrium of the Cold War. In Tito's view, the agreement between Yugoslavia and the EEC stood as a patent example of the possibility of cooperation among diverse economic and political systems. In keeping with this attitude, he had adopted during the long negotiations for the 1970 agreement,[1] Rey stressed the Community's readiness to cultivate Yugoslavia as a special case. In this regard, he noted in a long interview published in the Yugoslav newspaper *Borba*:

> In my opinion, the [Brussels] agreement with Yugoslavia is politically a very positive fact. The Yugoslav Government has made all possible sacrifices in order to preserve its 'non-aligned' position, a position of an independent country outside all blocs, without any compromise either with the West or with the East.[2]

Rey's statement had a particular political flavour, as it was meant to mark the continuity of the Community's stance towards Yugoslavia. Indeed, on 2 July 1970, a new Commission was appointed, headed by the Italian Franco Maria Malfatti. The Malfatti Commission started its work at a crucial moment in the Community's history. In the aftermath of the intergovernmental summit at The Hague in December 1969, the EEC had undergone a process of profound internal transformation which was to pave the way to the accession of three new member states—Denmark, Ireland and the UK—and the launch of new Community policies in the

[1] See Chap. 2.

[2] *Borba*, 31 May 1970, quoted in ECHA, BAC 97/1986/8, Radio Free Europe Research, Cooperation between Yugoslavia and Common Market broadening, 3 June 1970.

monetary, social, regional and environmental spheres.[3] The evolution of the '*petite Europe*' of six politically and culturally homogeneous countries into an enlarged entity had a profound effect on the Community's external dimensions. An unstable international environment, characterised by the unresolved Middle-Eastern and Vietnam crises, the emergence of superpower détente, and the mounting crisis of the Bretton Woods system, urged the EEC member states gradually to strengthen their collective stance *vis-à-vis* their traditional ally, to wit the USA, but also with regard to the Soviet bloc and developing countries.[4] The EEC's new international character—epitomised by the institutionalisation of the intergovernmental mechanism of European Political Cooperation (EPC) in 1970,[5]—was closely linked to an event which was to dominate European politics until the mid-1970s: the pan-European conference on security and co-operation in Europe (CSCE).[6] As shown by recent literature, the European Commission and the EEC member states deployed concerted action during the preparatory phases of this conference, which became a subject of debate in Western European capitals soon after the Warsaw Pact issued its March 1969 'Budapest Declaration', calling for just such a pan-European conference. Their aim was to avoid a superpower condominium

[3] See Maria Eleonora Guasconi, *L'Europa tra continuità e cambiamento. Il vertice dell'Aja del 1969 e il rilancio della costruzione europea* (Firenze: Polistampa, 2000).

[4] See Antonio Varsori, 'The European Construction in the 1970s. The Great Divide', in Antonio Varsori and Guia Migani (eds.), *Europe in the International Arena during the 1970s: entering a different world* (Brussels: Peter Lang, 2011), 27–39; Daniel Möckli, *European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity* (London and New York: I.B. Tauris 2009). On the evolution of the international system during the 1970s, see Niall Ferguson, Charles S. Maier, Erez Manela, and Daniel J. Sargent (eds.), *The Shock of the Global: the 1970s in perspective* (Cambridge: Belknap Press of Harvard University Press, 2010); Philippe Chassaigne, *Les années 1970. Fin d'un monde et origine de notre modernité* (Paris: Armand Colin, 2008); Lorenzo Ferrari, *Speaking with a Single Voice. The Assertion of the EEC as a Distinctive International Actor, 1969–1979*, PhD Thesis, IMT Institute for Advanced Studies, Lucca, 2014.

[5] Davide Zampoli, 'I primi passi della Cooperazione Politica Europea: problematiche ed evoluzione istituzionale', in Varsori (ed.), *Alle origini del presente*, 169–192; Simon Nuttall, *European Political Cooperation* (Oxford: Clarendon Press, 1992); David Allen, Reinhardt Rummel and Wolfgang Wessels (eds.), *European Political Cooperation: Towards a Foreign Policy for Western Europe* (London: Butterworth Scientific, 1982).

[6] Jussi Hanhimäki, 'Détente in Europe, 1962–1975', in Melvyn Leffler and Odd Arne Westad (eds.), *The Cambridge History of the Cold War*, Volume 2 (Cambridge: Cambridge University Press, 2008), 198–218.

over Europe and promote a process of genuine European détente based on economic and cultural contacts between the European blocs.[7]

Seduced by the *Zeitgeist* of the time, Malfatti was interested in developing the international character of the EEC and defending, just as Rey had done in the late 1960s, the Commission's role *vis-à-vis* the member states. This clearly emerged when Malfatti presented his Commission's programme to the European Parliament on 15 September 1970, and stressed the importance of fostering the Commission's international role.[8] In this circumstance, he did not neglect the topic of the EEC's relations with the socialist bloc and the Community's Mediterranean partners. As far as the state-trading countries were concerned, the newly appointed Commission believed that the development of trade with individual socialist countries could make 'a substantial contribution to a détente in Europe'.[9] Similarly, speaking about the Community network of preferential and association agreements in the Mediterranean basin, concluded by the EEC throughout the 1960s, he stated that: 'our policy represents an element of stabilisation and progress, ensures that all the countries in the Mediterranean area are accorded equal treatment, and so strengthens the forces which contribute to peace in an area of vital importance'.[10]

Due to its ambiguous international position, Yugoslavia was an important partner in developing the EEC's external actions, and Malfatti was well aware that it was up to the Commission to continue low-profile relations with Belgrade along the lines traced by his predecessor. EEC-Yugoslav relations therefore resumed within the framework of the first meeting of the Mixed Commission, which, according to Art. 7 of the 1970 agreement, had been assigned the task of verifying the proper functioning of the accord and preparing new suggestions for the promotion of trade.[11]

[7] Angela Romano, 'The EPC Main Task: Fostering Détente in Europe', in Paul Villaume and Odd Arne Westad (eds.), *Perforating the Iron Curtain: European Détente, Translatlantic Relations, and the Cold War, 1965–1985* (Copenaghen: Museum Tusculanum Press, 2010), 123–141.

[8] ECHA, Speeches collection, Malfatti's statement to the European Parliament, Strasbourg, 15 September 1970.

[9] *Ibid*.

[10] *Ibid*.

[11] ECHA, BAC 97/1986/12, Preparations for the first meeting of the EEC-Yugoslav Mixed Commission, Brussels, 12 October 1970.

The Mixed Commission held its first meeting in Belgrade on 7–8 January 1971.[12] The Community delegation was headed by Ralf Dahrendorf, the newly appointed member of the European Commission in charge of External Trade and External Relations.[13] During the opening ceremony, which took place solemnly in the chamber of the Federal Executive Council, Dahrendorf emphasised the importance attached by the European Commission to its relationship with Yugoslavia:

> The role that Yugoslavia can play as a mediator between the Communist camp and the Western countries, and between the developing and industrialised countries, thanks to its position as a Mediterranean country, attributes to the Community's relations with this country an importance which goes well beyond the limited framework represented by the trade agreement signed between the parties.[14]

In keeping with Dahrendorf's words, the Community delegation focused in particular on the EEC's decision, made public within the framework of the United Nations Conference on Trade and Development (UNCTAD) in September 1970, to establish a generalised system of preferences (GSP) aimed at fostering the developing G77 countries' exports of manufactured goods to the Common Market.[15] Toma Granfil, once again head of the Yugoslav delegation, welcomed the introduction of this scheme.[16] Indeed, as one of G77's most industrialised countries, Yugoslavia could benefit from the Community's preference for a wide range of industrial goods.[17] This meeting also offered the opportunity for a *tour d'horizon* on the difficult status of bilateral trade—in 1970, Yugoslavia's exports to the EEC had increased by 19 per cent, and imports by 37 per cent—and the possibility of expanding scientific and technological cooperation.

[12] ECHA, BAC 3/1978/871/3, Meeting of the EEC-Yugoslav Mixed Commission, Brussels, 21 December 1970.

[13] ECHA, BAC 3/1978/871/3, Meeting of the EEC-Yugoslav Mixed Commission, Brussels, 11 March 1971.

[14] *Ibid*.

[15] On the EEC attitude towards the Less Developed Countries in the early 1970s, see Giuliano Garavini, *After Empires: European Integration, Decolonization, and the Challenge from the Global South 1957–1986* (Oxford: Oxford University Press, 2012), 122–161.

[16] *Ibid*.

[17] ECHA, BAC 97/1986/12, Memorandum on SGP and tariff reductions, Brussels, 14 October 1970.

Lastly, and more importantly, the summit offered Dahrendorf the possibility of meeting Mirko Tepavac, Yugoslavia's Minister of Foreign Affairs, who expressed Belgrade's fear of finding itself increasingly isolated between the East and the West as an effect of the Community's current enlargement. Before leaving Belgrade, Dahrendorf met the ambassadors of the Six at the French embassy. Over a cup of tea offered by Ambassador Pierre Sebilleau, the European commissioner expressed the difficulty of keeping the Balkan country formally independent but at the same time anchored to the EEC. As reported by the French ambassador, Dahrendorf stated:

> There is no question of their joining or even establishing any association agreement with the Common Market. In fact, what they aim at is a special formula that should provide them with all or part of the advantages of the Common Market without becoming part of it. Given Yugoslavia's present-day situation, we must consider a formula of this kind sooner or later.[18]

The search for such a formula characterised EEC-Yugoslav relations in the following months.

Stressing the Open Character of the EEC

In March 1971, Granfil invited Malfatti to visit Tito in Belgrade to discuss the status of EEC-Yugoslav relations at a higher political level.[19] This invitation was linked to Belgrade's concern, expressed by Tepavac to Dahrendorf a few weeks before, that the re-launching of European integration under the well-known triptych of 'enlargement, deepening and completion' might lead to the constitution of a true Western European 'bloc' able to exploit the process of European détente—then characterised by the preparatory phases of the CSCE—in order to establish direct relations with the COMECON. As noted by Emile Noël, the European Commission's Secretary General, after a meeting with Miloš Oprešnik devoted to preparations for Malfatti's visit: 'They fear that the establishment of a conference on security in Europe might lead to a 'bloc-to-bloc' agreement between the Community and the COMECON, to the detriment of the "non-aligned"'.[20]

[18] AMAE, SE 1971–1976, 3759, Letter by P. Sebilleau, Belgrade, 14 January 1971.
[19] AJ, KPR I-3-b/38, Note on Malfatti's visit to Yugoslavia, Belgrade, 9 June 1971.
[20] HAEU, EN 1518, Note by Emile Noël Files (henceforth EN), Luxembourg, 21 June 1971.

For the Commission, this was not new. Indeed, after Rey's visit in June 1970, Tito had undertaken a gruelling tour of the EEC capitals. Between October 1970 and March 1971, the Yugoslav leader had declared to the Western European leaders in Bonn, Brussels, The Hague, Paris, London and Rome his wish to intensify Yugoslavia's economic relations with the Common Market. During these meetings, he had insisted on the need for his country to maintain an independent position between the European blocs and to avoid any security or cooperation arrangement affecting the sovereignty and independence of neutral and non-aligned countries.[21]

Malfatti's mission to Belgrade therefore had a political meaning which transcended the sphere of commerce. Its major goals were those of dispelling Yugoslavia's fears regarding the commercial consequences of the Community enlargement and stressing the EEC's readiness to support Yugoslavia's autonomous international position. The Commission services were aware that their approach towards Yugoslavia went well beyond the commercial sphere. This emerges in a long despatch sent by the Director General of DG XI, Theodorus Hijzen, to Malfatti on 23 June 1971, that is, one day before the latter's mission to Belgrade. The report focused on Yugoslavia's foreign policy and its troubled relationship with Moscow, and stressed that:

> Faced with an extremely weak economy, Yugoslavia could not keep its political independence and originality in building a socialist state, if it were to fall under Soviet economic influence and become integrated within the system of socialist countries grouped in COMECON.[22]

As a Christian Democrat, and politically close to Aldo Moro, the great architect of Italy's *rapprochement* to Yugoslavia, Malfatti could do nothing but share Hijzen's words.

This became clear during the meeting between Tito and Malfatti, which took place on 25 June 1971. Malfatti stressed that his visit to Belgrade demonstrated the EEC's willingness to take into account Yugoslavia's special circumstances. In response, Tito evoked his concerns for his country's delicate position at an even more delicate international juncture: Yugoslavia was a 'fissure' in the system created by the USSR and was sub-

[21] HAEU, MAEF, Vol. 45, Meeting between Tito and Pompidou, 23 October 1970; AAPBD, 1970, Doc. 461, Note by W. Brandt, 12 October 1970; ACS, AMF, Note on Tito's visit to Rome, 2 April 71.

[22] HAEU, EN 1518, Note by T. Hijzen, Brussels, 23 June 1971.

ject to several types of pressure. Belgrade hoped that the Community, especially after its enlargement, would take Yugoslavia's specific situation into account. In particular, Tito expressed his personal concern regarding the development of direct relations between the enlarged EEC and the COMECON.[23]

Malfatti reiterated the EEC's attentiveness to the problems of its economic partners and emphasised, just as Dahrendorf had done during the meeting of the Mixed Commission, that the EEC was the first great industrial power to assign generalised trade preferences to the developing countries. The EEC, in Malfatti's words, was aware of Yugoslavia's peculiar situation as a socialist and non-aligned country. Accordingly, he stated that the European Commission was ready to start negotiations for the renewal of the 1970 agreement, and went even further. During the official lunch offered by Granfil to the Community delegation, he emphasised the EEC's views on the process of détente, which suited Yugoslavia's non-aligned stance well:

> We do not want to be a bloc but, although faithful to our friends, we want to overcome the strict and sterile logic of the blocs. (…) The vitality of the Community is fed by the new international environment in which new and flexible structures are replacing the virulence and the total character of the Cold War.[24]

In this way, the European Commission's president emphasised the existence of a strong common strategic interest shared by the Community and Yugoslavia, that is, avoiding a direct confrontation of the superpowers in the Mediterranean. These words did not only concern the European Commission, but also the national interests of the six EEC member states. This is why Malfatti summoned the ambassadors of the Six to the French Embassy on 26 June, in order to discuss the Yugoslav question. After informing them about his meeting with Tito, Malfatti pointed out the political constraints which limited the development of relations with Belgrade, and the political role the Commission was expected to play in the field of EEC-Yugoslav relations. As reported by the French ambassador, Pierre Sebilleau, Malfatti argued:

[23] AJ, KPR I-3-b/38, Record of meeting between Tito and Malfatti, Belgrade, 25 June 1971.

[24] HAEU, EN 1518, Malfatti's speech, Belgrade, 25 June 1971.

> Belgrade wishes to strengthen its ties with Brussels but, being concerned with its political and economic independence, does not seek either association or the conclusion of a preferential agreement (…). The Common Market Commission will reflect upon this situation and strive to develop solutions which could enable Yugoslavia to obtain favours without affecting that country's international alignment.[25]

Belgrade Insists on a Non-preferential Approach

After Malfatti's mission to Yugoslavia, the two parties intensified bilateral contacts to look for such 'solutions' and pave the way to a new agreement. On 9 November 1971, the Yugoslav ambassador to the EEC handed Émile Noël an official memorandum which stressed that the 1970 agreement should be replaced by a new, broader treaty. Although this document did not specify which economic sectors the new agreement should cover, it evoked the need to overcome a purely commercial logic.[26] The Yugoslav memorandum was discussed on 4 January 1972 during a meeting between Oprešnik and Josephus Loeff, DG I Director General in charge of relations with Mediterranean countries. The Yugoslav ambassador stressed that his government's main areas of interest regarded cooperation in the industrial and social fields.[27]

Faced with Yugoslavia's requests, the question arose as to what the legal basis of the future agreement would be. One possibility was direct negotiation led by the European Commission according to the provisions of Art. 113 of the Treaty of Rome.[28] This article, however, only concerned trade matters and no other spheres of economic cooperation. Another possibility

[25] AMAE, SE 1971–1976, 3759, Note by P. Sebilleau, Belgrade, 1 July 1971.

[26] ECHA, BAC 97/1986/9, Note by M. Opresnik, Brussels, 22 November 1971.

[27] ECHA, BAC 3/1978/872/1, Note by H. Sigrist, Brussels, 7 January 1972.

[28] Art. 113 read: "1. After the transitional period has ended, the common commercial policy shall be based on uniform principles, particularly in regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in case of dumping or subsidies; 2. The Commission shall submit proposals to the Council for implementing the common commercial policy; 3. Where agreements with third countries need to be negotiated, the Commission shall make recommendations to the Council, which shall authorize the Commission to open the necessary negotiations. The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it; 4. In exercising the powers conferred upon it by this Article, the Council shall act by a qualified majority."

was to negotiate the new agreement under the provisions of Art. 238 of the Treaty which—as stressed in Chap. 2—envisaged the conclusion of an association agreement and more evident political links between the parties. On 6 January, Opresnik discussed this question with Gérard Olivier, deputy Director General of the European Commission's legal department. The Yugoslav ambassador's position was very clear. As reported by Olivier:

> The Yugoslav side aims at enlarging the scope of the agreement, which should also treat specific questions in the fields of labour and industrial cooperation. (…) The Ambassador of Yugoslavia himself has rejected any idea of an association agreement, and our conversation focused only on the range of the concept of commercial policy.[29]

Belgrade reiterated its earnest wish to broaden trade and economic cooperation with the EEC in a new memorandum sent to the Council on 1 March 1972 and, a few days later, within the context of the second meeting of the Mixed Commission on 10–11 April 1972. This Yugoslav attitude was mainly dictated by the declining pattern of bilateral trade. Between 1970 and 1972, Yugoslavia's trade balance with the EEC had indeed continued to worsen: exports had increased by 12 per cent, but imports had grown by 46 per cent. During the same period, trade with the COMECON countries had improved by 50 per cent, due to a series of bilateral trade protocols signed in 1971. As noted by Sebilleau, Yugoslavia was now worried by the fact that it seemed to be slowly moving towards the Soviet bloc.[30] And yet, for the sake of its economic stability, Belgrade needed to maintain trade relations with both the Community and COMECON. On one hand, the EEC was the largest buyer of Yugoslav agricultural products and the main source of technology and convertible currency. On the other, the COMECON area was the most important destination of Yugoslavia's industrial exports.[31] This situation constituted a veritable dilemma for Belgrade. As insightfully noted by Sebilleau:

> Yugoslavia is aware that it cannot become an associate member of the EEC without taking a serious political risk and betraying its non-aligned doctrine. Nor can it move towards COMECON: the political risk would be too serious. It is therefore aware that it must be isolated (it has been in the habit of doing so for over twenty-five years)…but not too much.[32]

[29] ECHA, BAC 3/1978/872/1, Note by G. Olivier, Brussels, 6 January 1972.
[30] AMAE, SE 1971–1976, 3759, Letter by P. Sebilleau, Belgrade, 13 April 1972.
[31] *Ibid*.
[32] *Ibid*.

Faced with increasing contacts between the parties and the coming expiry of the 1970 agreement, during its meeting of 5–6 June 1972 the Council expressed its agreement 'in principle' regarding the opening of exploratory conversations for a new agreement. However, given Yugoslavia's vague indications on the scope and nature of such an agreement, the Council asked the Commission to make contact with the Yugoslav government to obtain details on the above questions. The problem also arose as to what attitude the EEC member states should adopt towards Belgrade's demands for greater cooperation. The debate was conditioned by France's firm conviction that matters such as cooperation in the social and industrial fields could only be the domain of bilateral agreements between EEC member states and Yugoslavia. Alternatively, they could be negotiated under Art. 238, which was based on an intergovernmental approach. In other words, Paris wanted to maintain its national prerogatives in the domain of economic cooperation and avoid giving the Commission—whose competencies were limited, according to Art. 113, to the commercial sphere—further oversight in the field of economic cooperation. As emphasised by the French representative to COREPER, Burin des Roziers, to Oprešnik, behind the juridical question lay a political one. Indeed, until the early 1960s, all agreements covering economic cooperation had been based on Art. 238 and had concerned countries such as Greece, Turkey and the Maghreb nations. These had either the vocation to join the EEC or the willingness to establish institutionalised links with it on the basis of historical relations with one or more Community members. Was Yugoslavia ready to conclude an agreement under the provisions of Art. 238? Oprešnik repeated that it was not, and added that his government could only accept negotiations according to Art. 113. In response, the French representative claimed that France's freedom in foreign policy was at stake:

> We would find it very difficult to accept the possibility that the Community would agree with the concept of a commercial policy, an extension of which it has not granted so far. In effect, the French government wishes to conserve the supremacy and means of its foreign policy. It is ready strictly to respect the obligations stemming from the common commercial policy but it is not going to overcome, in this field, the engagements it has subscribed. Yugoslavia accords too great importance to the independence of its foreign policy not to understand our point of view.[33]

[33] AMAE, SE 1971–1976, 3759, Telegram by E. Burin des Roziers, Brussels, 13 June 1972.

On 14 July 1972, the Yugoslav government sent the EEC a new memorandum which seemed to take French objections into account. Indeed, it dealt almost exclusively with the importance of the commercial aspects of the forthcoming agreement, including the consequences of enlargement, safeguard clauses, trade in agricultural products, generalised preferences, etc. Economic and social cooperation were briefly referred to in the context of an evolutionary clause concerning the possibility of the Mixed Commission going beyond conversations on trade matters.[34] The Yugoslavs were therefore seeking another non-preferential agreement, despite the disadvantages of this policy, of which they were aware. At the same time, the new memorandum showed that the problem affecting EEC-Yugoslav relations was more political than economic. As noted by the French Ambassador to Belgrade, Sebilleau:

> What the Yugoslav Government needs is a public act by means of which the EEC demonstrates its interest in Yugoslavia, its desire to establish close and regular contacts with it, so that Yugoslavia can demonstrate its equidistance from the East and West as well as its independence of the superpowers.[35]

Setting the Yugoslav Question in the Mediterranean Context

Was the EEC ready to make such a public act to Yugoslavia? In order to answer this question, it is necessary to analyse the views of the Six on the internal situation in Yugoslavia and contextualise them in the broader Mediterranean scenario. As noted in Chap. 2, since the mid-1960s, Yugoslavia had undergone a process of economic reform based on high rates of investment, self-management of enterprises and opening to international markets. However, this process had not been based on clearly defined liberal-oriented economic reforms and true freedom of enterprise management. As shown in a joint report prepared by the Six's commercial counsellors in Belgrade, it had resulted in rising state indebtedness, hyperinflation, and great uncertainty for Western investors.[36] Yugoslavia's economic difficulties had affected relations between the federal republics

[34] ECHA, BAC 97/1986/9, Yugoslav memorandum to the EEC, 14 July 1972.

[35] AMAE, SE 1971–1976, 3759, Letter by P. Sebilleau, Belgrade, 6 October 1972.

[36] ECHA, BAC 31/1984/9, Report by the Commercial Counsellors of the EEC Member States, 20 December 1972.

and encouraged Tito to strengthen the central role of Party leadership. The vehement suppression of the 'Croatian Spring'—a movement advocating broader cultural, political and economic rights *vis-à-vis* the federal government[37]—was followed by the adoption, in July 1971, of a number of constitutional amendments, which increased the autonomy of the individual republics through the creation of a new 'collegial' presidency made up of three representatives of each federal republic—Slovenia, Croatia, Serbia, Bosnia-Herzegovina, Montenegro and Macedonia and two representatives of the autonomous regions of Kosovo and Vojvodina. In the aftermath of the repression of Croatian nationalist leadership, the 'liberal' wing of the Serbian Communist Party—which had been actively promoting economic reforms since 1965—was also ousted from power.[38]

In the background of these events, there was the open question of the succession to Tito—the Yugoslav leader was then 79—and future relations between the USSR and Yugoslavia. The constitutional reform had coincided with an alleged *rapprochement* between Moscow and Belgrade after Leonid Brezhnev's visit to Yugoslavia in September 1971. As noted by the representatives of the Six in Belgrade, this visit had marked the revival of economic relations between Yugoslavia and the COMECON area through a financial protocol granting Yugoslavia up to $540 million as a loan for the creation and implementation of 38 joint industrial projects between 1973 and 1980.[39]

Western concerns regarding the resumption of Soviet-Yugoslav relations developed in an atmosphere of increasing instability in the Mediterranean, as East-West confrontation in this region contrasted to the development of international détente between Washington and Moscow. Since 1969, relations between the superpowers had been characterised by a gradual *rapprochement* based on the two pillars of arms control and confidence-building measures.[40] However, despite the process of international détente and

[37] John R. Lampe, *Yugoslavia as History: Twice There Was a Country* (Cambridge: Cambridge University Press, 2000), 299–302.

[38] See Jože Pirjevec, *Il giorno di San Vito: Jugoslavia 1918–1992: Storia di una tragedia* (Torino: Nuova Eri, 1993), 363–402; Sabrina P. Ramet, *The Three Yugoslavias: State-Building and Legitimisation, 1918–2005* (Washington, D.C.: Woodrow Wilson Center Press, 2006), 227–263.

[39] ECHA, BAC 31/1984/9, Report by the Commercial Counsellors of the EEC Member States, 20.12.1972.

[40] See Marc Trachtenberg, 'The structure of great power politics, 1963–1975', in Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Volume 2, 482–502.

the slow but steady setting-up of the Helsinki CSCE, the East-West divide in the Mediterranean area was greater than ever.[41] The region was affected by ongoing political instability in Turkey after a military coup in 1960, the electoral rise of leftist parties in Italy, and the imminent end of Franco's dictatorship in Spain due to his advanced age. The Arab-Israeli conflict was another major unresolved element of instability which reflected the broader dynamics of the Cold War on a regional scale.[42] The contemporary rise of Houari Boumedienne in Algeria and Captain Qaddafi in Libya in the late 1960s seemed to threaten Western interests in North Africa.[43]

The West's major anxieties focused on the increasing Soviet naval presence in the region. This clearly emerged during the meeting of the North Atlantic Council of 30–31 May 1972, when the participating delegations discussed and approved a secret report, entitled 'The Mediterranean situation, December 1971—April 1972', which, in keeping with the conclusions of the NATO summit in Reykjavik in June 1968, highlighted increased Soviet pressure on the Mediterranean South and the Middle East. It noted that the Soviet Union was establishing effective economic and military links with many countries in the region, such as Egypt, Libya, Syria and Malta. Mention of the Balkans was also included in the report. Concerning Yugoslavia, the report stressed how the internal tensions in Croatia in 1971 could weaken the country and make it 'more malleable to Soviet influence'. The report concluded that, as well as reinforcing their military presence in the area, NATO member states should strengthen economic ties with their Mediterranean partners.[44] For clear geographical and historical reasons, the European members of the Atlantic Alliance—France, West Germany and Italy *in primis*—were to play a crucial role in the region.

Between 1971 and 1972, the EEC member states discussed the question of Mediterranean stability within two main frameworks. First, they addressed their future strategy in the region at the intergovernmental level,

[41] Effie Pedaliu, '"A Sea of Confusion": The Mediterranean and Détente, 1969–1974', *Diplomatic History*, 33/4, 2009, 735–750.

[42] Isabella Ginor, '"Under the Yellow Arab Helmet Gleamed Blue Russian Eyes": Operation Kavkaz and the War of Attrition, 1969–1970', *Cold War History*, 3/1, 2002, 127–156.

[43] Ennio Di Nolfo, 'The Cold War and the Transformation of the Mediterranean, 1960–1975', in Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Volume 2, 238–257.

[44] ACS, AMF 144, NATO Secret Report: 'The Mediterranean situation, December 1971—April 1972', Brussels, 15 May 1972.

within the intergovernmental framework of the EPC. A Mediterranean Working Group (MWG) made up of national representatives of the Six was created in May 1971 with the task of studying Mediterranean problems. Although at the end of 1972 the MWG revealed itself as a mere forum for consultation on the evolution of political dynamics in the area, it nevertheless served to pave the way to the institutionalisation of the 'Global Mediterranean Policy' (GMP). Officially launched at the Paris summit of October 1972, the GMP aimed at overcoming the 'patchwork' of agreements concluded with Mediterranean partners during the 1960s, and set up a more coherent framework based on commercial, technical and financial assistance.[45] This was the second framework in which the EEC addressed the Mediterranean situation. Unlike the first, it concerned the Community sphere and therefore involved the Commission, which actively contributed in its conceptualisation and achievement.

In 1972, the Yugoslav question was addressed in both the EPC and Community frameworks. Strategic analyses within the EPC reflected the concerns of the major EEC member states towards political instability in Yugoslavia and the future course of Yugoslav-Soviet relations. France considered the resumption of economic ties between Belgrade and Moscow as a manifestation of the Kremlin's historical interest in expanding its influence towards the Balkan region.[46] Rome regarded political instability in Yugoslavia as a potential threat to its Eastern border and to the whole Mediterranean, because of alleged Soviet interest in gaining influence in the region. In October 1970, faced with growing tension in Croatia, the Italian Foreign Minister, Aldo Moro, had noted in a secret report on Yugoslavia:

> This country occupies (…) an intermediate zone between Italy and the Soviet world. We are therefore interested in keeping Yugoslavia united and independent, since it constitutes a first political (and to a certain extent military) defence line for our country and NATO's southern-eastern flank[47].

Moro had also added that the possibility of secession, at the time of Tito's death, of Croatia and Slovenia from the rest of the federation would

[45] Guia Migani, 'Re-Discovering the Mediterranean. First Tests of Coordination among the Nine', in Elena Calandri, Daniele Caviglia and Antonio Varsori, Détente in Cold War Europe. Politics and Diplomacy in the Mediterranean and the Middle East (London/New York: I. B. Tauris, 2012), 49–60.

[46] AMAE, SE 1971–1976, 3761, Note by P. Sebilleau, Belgrade, 14 April 1971.

[47] ASPR, 130, Telegram by A. Moro, Rome, 13 October 1970.

certainly not be to Italian or, more broadly, Western advantage: once detached from the rest of Yugoslavia, these regions would be too weak to resist Soviet pressures, and this would allow Moscow to expand its influence towards the Adriatic. In Moro's view, it was in the West's interests to promote the future stability of Yugoslavia and a peaceful transition to the post-Tito era.[48]

Willy Brandt, who had cultivated a very good personal relationship with Tito since the late 1960s, was also convinced that Yugoslavia's independence was a factor of stability in Europe. As he confided to Georges Pompidou during a bilateral summit in July 1971: 'Can we and, if necessary, how can we prevent further turmoil in Yugoslavia when Tito dies? The Russians will surely try to take the country back. Yugoslavia's future is closely linked to the Mediterranean and I hope we will not lose sight of this question'.[49] In view of this, in the aftermath of Yugoslavia's constitutional reform of 1971, the West German delegation to NATO had reported the following:

> If Tito does not succeed in consolidating the Yugoslav system by solving the nationality conflict and stabilising Yugoslavia's economy, a continuation of the present clever tactics adopted by the Soviets might make it possible for them to present themselves in a period of weakness as 'a needed friend'. The development both of Yugoslavia's domestic situation and Soviet influence call therefore for increased Western attention as well as for the continued Western readiness to cooperate with the present Yugoslav government.[50]

These views were also those of Great Britain, which actively participated in the debates on the Mediterranean at the EPC level by virtue of its forthcoming membership of the EEC. London had established close relations with Yugoslavia since World War II, because of the country's strategic position in Europe and the Mediterranean.[51] In the aftermath of the Czechoslovak crisis of 1968, the two parties had reinforced bilateral relations, establishing a system of military cooperation which included a special

[48] *Ibid*.

[49] HAEU, MAEF, Vol. 49, Meeting between Pompidou and Brandt, 5 July 1971.

[50] AMAE, SE 1971–1976, 3761, German report on the development of Yugoslav-Soviet relations, Brussels, 27 January 1972.

[51] Antonio Varsori, 'La Politica Estera Britannica e la Jugoslavia', in Marco Galeazzi (ed.), *Roma-Belgrado. Gli anni della guerra fredda* (Ravenna: Longo Editore, 1995), 63–84.

agreement between Rolls-Royce and the Yugoslav aeronautic industry.[52] In the early 1970s, under Edward Heath's premiership, London regarded Mediterranean stability as a priority for its foreign policy, because of its broader implications in terms of energy security and trade. Within this framework, Heath considered the EEC a pragmatic means for developing effective, coordinated Western European action suiting British national interests.[53] The British attention to the Yugoslav question was a logical consequence of this overall outlook. Great Britain was extremely concerned about the future of Yugoslavia after Tito's death. From 1970 to 1972, the British Ambassador in Belgrade, Dugald Stewart, had frequently highlighted the clear risk of mounting Soviet pressure against Belgrade. As he pointed out, forecasting the future of Yugoslavia after Tito's death was a very difficult task: 'For now there are only two certainties: that Tito will one day die, and that the Titoship will die with him'.[54]

Within the EPC context, London requested and obtained permission to draft a strategic report on Yugoslavia. This document, presented to its future Community partners on 15–16 February 1972, stressed that Yugoslavia's new arrangements with the EEC would be the most important single factor affecting Yugoslavia's economic future: an unsatisfactory arrangement leading to economic difficulties would have a direct effect on Yugoslavia's internal problems and, consequently, on its stability.[55]

These views, which reflected French, Italian and West German concerns as outlined above, were implicitly recognised within the framework of the EPC on 18 May 1972:

> Yugoslavia's links to the Western countries continue to represent a mutual benefit; for this reason, the interests of the Community in Yugoslavia go

[52] TNA, DEFE 68/25, Secret report on NATO and Czechoslovakia, 20 September 1968; PREM 13/3560, Record of Meeting between the Secretary of State for Defence and the Yugoslav Ambassador, 13 February 1970.

[53] Effie Pedaliu, '"We were always Realistic": The Heath Government, the European Community and the Cold War in the Mediterranean, June 1970-February 1974', in John W. Young, Effie Pedaliu and Michael D. Kandiah (eds.), *Britain in Global Politics Volume 2: From Churchill to Blair* (London: Palgrave Macmillan, 2013), 159–178; Giulia Bentivoglio, 'Britain, the EEC and the Special Relationship during the Heath Government', in Michel Affinito, Guia Migani and Christian Wenkel (eds.), *Les deux Europes. The two Europes* (Bruxelles: PIE Peter Lang, 2009), 284–285.

[54] TNA, FCO 28/1625, Note by D. Stewart, Belgrade, 14 January 1971.

[55] See Migani, 'Re-Discovering the Mediterranean'.

> well beyond those of its individual member states. These common interests show the benefits of a common approach: the political and strategic importance of Yugoslavia, the interest we all have in maintaining its territorial integrity and independence, and the probable consequences for the Community of any fundamental change in its international alignment, all seem to indicate that Yugoslavia deserves favourable treatment in its relations with the Community. However, because of the delicate position of Yugoslavia as a non-aligned country, it is important to treat this question with extreme discretion.[56]

Although these conclusions represented a non-binding political directive, they nevertheless influenced discussion on Yugoslavia within the second framework, that is, that of the Community. The Yugoslav question was soon included in the Malfatti Commission's early plans for the launch of a new overall approach towards the Mediterranean basin after mid-1971. At the administrative level, on 16 June 1971, the Commission decided that, from then on, relations with Yugoslavia should be led by DG I—responsible for relations with Mediterranean countries—and no longer by DG XI, responsible for relations with state-trading countries.[57] In keeping with this choice, during the COREPER meeting of 5 October 1972, Loeff stressed the importance of addressing the Yugoslav question within the EEC's global approach to the Mediterranean before opening negotiations with Belgrade.[58] Therefore, the Yugoslav question was addressed during the Council of Foreign Affairs of 9–10 October 1972, which was intended to prepare the launch of the GMP during the Paris intergovernmental summit of 19–23 October 1972. Following the conclusions that had emerged within the EPC framework, the Council welcomed Dahrendorf's statement that a European Commission delegation would soon start exploratory talks with Yugoslavia to renew the existing trade agreement on the basis of the Yugoslav memorandum of 14 July 1972.[59]

[56] TNA, FCO 30/1318, Report on Anglo-Yugoslav talks on EEC matters, 19 December 1972.

[57] ECHA, BAC 3/1978/551, Note by R. Dahrendorf and A. Coppé, Brussels, 8 June 1971.

[58] ECHA, BAC 97/1986/9, COREPER meeting of 5 October 1972, Brussels, 7 October 1972.

[59] AMAE, SE 1971–1976, 3759, Report on the Council meeting of 9–10 October, Brussels, 11 October 1972.

The 1973 Agreement

It was in the context of the Community's increased involvement in the Mediterranean scenario that the first round of EEC-Yugoslav exploratory talks was held in Brussels between 27 and 28 November 1972. During the meeting, the Yugoslav delegation definitively declared what it wanted: the agreement should last for five years and be based on a non-preferential approach, taking into account Yugoslavia's status as a non-aligned and developing country;[60] as regards baby beef, it should confirm the provisions of the 1970 agreement; trade relations should be completed by cooperation in the industrial and social fields along the lines of the Community's Global Mediterranean Policy; and, lastly, it should include an evolutionary clause dealing with the future transformation of the EEC market.

Regarding the industrial field, the Yugoslav delegation noted that bilateral agreements on economic cooperation with individual EEC member states were already in place: out of a total of 370 agreements signed with foreign firms, 249, that is, 70 per cent of the total, had been signed with enterprises of the Nine. It stressed that these agreements were working well, but that they needed to be grouped under a *gemeinschaftliches Dach* (community roof) in order to be harmonised and regulated by a single set of rules.[61] Concerning the social sphere, it stressed that more than 600,000 Yugoslavs worked within the EEC and that their remittances represented a fundamental source of hard currency. What Yugoslavia asked was the possibility for the Mixed Commission to address a number of topics which could not be analysed at bilateral level, such as the evolution and dynamics of the EEC labour market and professional education for Yugoslav workers. As the Commission emphasised, this request was unrealistic, as the status of foreign workers was regulated by the EEC member states on a strictly bilateral basis, although the Commission was not against discussing such a topic in general terms within the Mixed Commission.

In advance of the official beginning of negotiations for the new trade agreement, a meeting took place between Sicco Mansholt—who had been appointed Commission president in April 1972 after Malfatti's voluntary resignation—and Tito, in the Marshal's residence in Brioni, on

[60] ECHA, BAC 3/1978/872/3, Communication from the Commission to the Council, Brussels, 5 January 1973.

[61] See Patrick F. R. Artisien and Peter J. Buckley, 'Joint Ventures in Yugoslavia: opportunities and constraints', *Journal of International Business Studies*, 16/1, 1985, 111–135.

17 December 1972. The meeting confirmed both parties' eagerness to start negotiations as soon as possible. Once back in Brussels, Mansholt informed the Council of Foreign Ministers that Belgrade was mainly concerned with the political, rather than economic, rationale of future trade agreements. The Yugoslav representatives, reported Mansholt, were aware that, under a non-preferential framework, they could not obtain substantial new concessions in the agricultural and industrial sectors. As noted by Mansholt, what mattered was a symbolic agreement demonstrating that bilateral relations would expand in the future. In his view, the formal progress of relations with the EEC would allow Yugoslav authorities to better define their country's position *vis-à-vis* the COMECON.[62]

A few weeks after Mansholt's visit, a new European Commission was appointed under the presidency of François-Xavier Ortoli. In keeping with the conclusions of the Paris summit of October 1972—stating, among other things, that the Community should speak with one voice in international affairs, improve trade conditions in aid to developing countries, re-affirm its presence in the Mediterranean basin, and establish a common commercial policy towards state-trading countries starting 1 January 1973—the Ortoli Commission was deeply concerned with establishing a European identity in the international arena.[63] According to Ortoli, the redefinition of the EEC's international stance implied the strengthening not only of relations with industrialised countries, but also with the developing world, the socialist countries in Eastern Europe and the People's Republic of China.[64] In line with this outward-looking strategy, the European Commission also confirmed its traditional engagement in the field of EEC-Yugoslav relations. Edmund P. Wellenstein was appointed Director General of DG I. He had quite a good knowledge of all the problems affecting the course of EEC-Yugoslav relations. As General Director of DG XI (External Trade) during Rey's presidency, he had in fact been the head of the EEC delegation during the negotiations of the first EEC-Yugoslav trade agreement. During a meeting on 24 January 1973 between Petar Miljević, the newly appointed head of the Yugoslav mission to the EEC, and Helmut Sigrist, the outgoing General Director of DG I,

[62] AMAE, SE 1971–1976, 3759, Report on the Council meeting of 18–19 December 1972, Brussels, 22 December 1972.

[63] ECHA, Speeches Collection, Ortoli's speech to the European Parliament, 13 February 1973.

[64] *Ibid*.

the latter stated that Wellenstein's appointment as the new head of DG I was a guarantee of continuity and that the European Commission would soon submit a draft mandate to the Council regarding the opening of negotiations in line with Yugoslavia's wishes.[65] Miljević, who had previously been responsible for Yugoslav relations with the COMECON, confirmed Belgrade's wish to start negotiations without delay.[66]

The European Commission headed by Ortoli could also count on the support of Great Britain, which was strongly in favour of a new agreement involving better terms for Yugoslavia.[67] In keeping with the British interest in the Yugoslav question, which had already become apparent in the EPC between 1971 and 1972, a note prepared by the Western Organisations Department to the Ministry of Defence in May 1973 outlined the general British objectives towards Yugoslavia as follows: to maintain the integrity, stability and prosperity of Yugoslavia; to ensure that Yugoslavia remains non-aligned; and to promote the development of the Yugoslav market economy and particularly its trading relations with the EEC.[68]

As Sigrist had told Miljević would happen, on 7 February 1973 the European Commission adopted a Recommendation to the Council on the opening of negotiations with Yugoslavia.[69] The Commission's document was in line with Belgrade's demands. It envisaged the negotiation of a five-year, renewable, non-preferential trade agreement, including an evolutionary clause and the establishment of a system of economic cooperation regulating relations between enterprises. The Commission's recommendation also envisaged the possibility of examining the situation of Yugoslavia's workers in the EEC. In addition, the proposed mandate regarded the improvement of conditions for Yugoslavia's export of baby beef to the Community market. Wellenstein was satisfied with the proposal adopted by the Commission. As he confided to the newly appointed European Commissioner for External Relations, Sir Christopher Soames:

> I think that the Commission's recommendation largely reflects Yugoslavia's *desiderata* and one can detect a great convergence of views between the

[65] ECHA, BAC 97/1986/9, Note by H. Sigrist, Brussels, 24 January 1973.

[66] *Ibid*.

[67] TNA, FCO 30/1773, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 2–3 April 1973.

[68] TNA, FCO 28/2412, Note by R. J. T. McLaren, London, 15 May 1973.

[69] ECHA, BAC 97/1986/9, Commission's recommendation to the Council, Brussels, 7 February 1973.

> Commission and Yugoslavia. We hope that, despite the peculiarities of the Yugoslav case, its political implications, the effect of a 'cooperation' chapter including the sensitive sector of work power, it will be possible for the Council to prepare a negotiating mandate as much as possible in line with the Recommendation itself.[70]

After receiving the Commission Recommendation on 21 March 1973, the Nine reached an agreement on a mandate for new negotiations with Yugoslavia during the Council meeting of 3 April 1973.[71] All the delegations accepted the conclusion of a five-year agreement, including once again a chapter on baby beef, in line with the 1970 agreement. A compromise was found among the Nine in the sphere of economic cooperation. The French delegation accepted that the Mixed Commission would be able to establish new forms of cooperation, although such cooperation should involve the development of trade relations exclusively. In particular, cooperation should aim at the elimination of non-tariff obstacles and encourage the promotion and distribution of Yugoslav products in the EEC market and vice versa.[72] French objections to the cooperation clause and the inclusion of the baby beef sector were overcome, due to political considerations regarding Yugoslavia's international alignment and the fear of Moscow's future moves in the Balkans. Indeed, the newly appointed Yugoslav Minister for External Trade, Boris Šnuderl exerted direct pressure on the French Embassy in Belgrade by explicitly claiming that the agreement with the EEC would reinforce Yugoslavia's position *vis-à-vis* the Soviet Union. He stressed that the rapid conclusion of a new agreement would make Yugoslavia appear less economically vulnerable in the Kremlin's eyes. He also noted that the positive development of EEC-Yugoslav relations would weaken the pro-COMECON factions within the Yugoslav leadership.[73] Indeed, the attitude adopted by the French representative to the EEC, Burin des Roziers, was shaped by Sebilleau's report, mentioned above.[74]

[70] ECHA, BAC 48/1984/660, Note by E. P. Wellenstein, Brussels, 8 February 1973.

[71] AMAE, SE 1971–1976, 3759, Council meeting of 2–3 April, Brussels, 4 April 1973.

[72] ECHA, BAC 3/1978/873/2, Council decision concerning the opening of trade negotiations with Yugoslavia, Brussels, 10 April 1973.

[73] AMAE, SE 1971–1976, 3759, Report on the EEC-Yugoslav trade agreement, 3 April 1973.

[74] AMAE, SE 1971–1976, 3759, Telegram by E. Burin des Roziers, Brussels, 14 April 1973.

Similar concerns affected the attitude of France's Community partners. Beyond the UK attitude outlined above, both Bonn and Rome followed the Yugoslav policy adopted during the negotiation of the 1970 agreement and later confirmed within the framework of the EPC. Similar concerns regarding the growth of Soviet influence on Yugoslavia and mounting political instability in the Balkan nation characterised the unfolding of Brandt's visit to Yugoslavia from 16 to 19 April 1973 and Italo-Yugoslav behind-the-scenes negotiations for final settlement of the border question.[75]

Lastly, the EEC's interest in Yugoslavia was also noted in Washington. US concerns for the post-Tito era had gone hand-in-hand with a widespread conviction that any overt Soviet interference in Yugoslav affairs would seriously threaten the *status quo* in Europe and, therefore, Moscow's overall relationship with Washington. As the US Secretary of Defence, James R. Schlesinger, would state to his British counterpart in August 1973: 'The Soviets might regard this as too high a price to pay'.[76] However, faced with Yugoslavia's increasing economic cooperation with the USSR and its satellites in Eastern Europe, Washington deemed that the coming negotiations between Yugoslavia and the EEC would be important in determining Yugoslavia's future economic and political relations with Western Europe, as well as its future intent to maintain a non-aligned foreign-policy position. It was the US delegation to NATO itself which, in February 1973, highlighted the importance of increased links between the EEC and Belgrade:

> Yugoslav ability to adhere to its non-aligned posture and the success of its current effort to deal effectively with potentially destabilizing economic problems will depend significantly on continued and expanded Western support, including the easing of trade barriers, especially by the European Community.[77]

The political dimension of the Community's policy towards Yugoslavia was asserted by Soames when negotiations officially opened on 12 April 1973. As a British subject, Soames shared the UK's positive outlook on

[75] AAPBD, 1973, doc. 110, Meeting between Tito and Brandt in Brioni, 18 April 1973; ASPR, 130, Telegram by G. W. Maccotta, Belgrade, 10 May 1973.

[76] TNA, FCO 28/2414, Record of meeting between the Defence Secretary and the US Secretary for Defence, Annapolis, 1 August 1973.

[77] TNA, FCO 28/2414, Report by the US Delegation to NATO, 7 February 1973.

the development of EEC-Yugoslav relations. During the opening ceremony, he stated:

> The importance of these negotiations is not confined to economics and commerce. Far from it. I am sure you will agree that what we are embarking on today has considerable political significance too. We are demonstrating after all, or rather confirming, that with imagination, good will and determination it is possible for two differing economic systems to cooperate in a way from which both can benefit. This was already implicit in the existing agreement; by getting out to conclude a new one we are reaffirming our convictions and our faith.[78]

Soames's enthusiastic words were to be followed by concrete achievements. Negotiations were indeed extremely rapid, lasting only from 12 April to 25 May 1973.[79] The new trade agreement was signed in Luxembourg on 26 June 1973. On this occasion, the Yugoslav delegation was headed by Boris Šnuderl, while the Community was represented by the President-in-charge of the Council of Foreign Affairs, Renaat van Elslande, and François-Xavier Ortoli.[80] The 1973 non-preferential trade agreement confirmed and implemented the dispositions set by the preceding three-year agreement. Indeed, Yugoslav exports of baby beef were facilitated, due to the increased, five-year duration of the agreement (Art. 5). The accord also provided for regular discussions within the framework of the Mixed Commission, which was required to study 'methods and ways' of developing economic cooperation (Art. 6). As specified in Annex II of the agreement, cooperation should mainly regard the industrial sector and, in particular, the elimination of non-tariff barriers, market research and sales promotion. As already anticipated by the Commission, cooperation regarding the labour force could not be included in the accord, as it

[78] ECHA, Speeches colletion, Address by Sir Christopher Soames at the opening of the negotiations between the EEC and Yugoslavia on 12 April 1973, Brussels, 18 April 1973.

[79] Within this framework, the parties also concluded an arrangement on cotton textiles allowing the inclusion of Yugoslav textile exports within the GSP. Indeed, as a member of the G77 which had not signed the GATT Long-Term Agreement on cotton textiles, Yugoslavia did stand to benefit from the EEC's offer in all sectors except that of cotton textiles and related products. See TNA, FCO 30/1773, Report on textile agreement with Yugoslavia, London, 19 April 1973.

[80] ECHA, BAC 48/1984/662, Joint Press Statement, Luxembourg, 26 June 1973.

transcended the commercial field.[81] Lastly, an evolutionary clause was also included, according to which the Mixed Commission would discuss how to improve the agreement following the development of the EEC internal market (Art. 7). This was the first time that the EEC had included an evolutionary clause on economic cooperation in a trade agreement concluded under Art. 113 of the Treaty of Rome.[82] It represented a clear signal on the part of the Community that relations with Belgrade were to unfold beyond the commercial sphere and evolve along with the evolution of the EEC. All in all, this was what Yugoslavia had requested in its memorandum of 14 July 1972.

Conclusions

After the signing of the 1970 agreement, the EEC's Yugoslav policy was characterised by continuity. Since Jean Rey's visit to Tito in June 1970, the Commission's goal had been that of manifesting the EEC's readiness to respect Yugoslavia's autonomous international position, pursuing the policy line adopted from mid-1968 onwards.

This policy was followed by Franco Maria Malfatti, who was appointed as President of the European Commission at a crucial juncture in the history of the Community and the evolution of the Cold War. His presidency corresponded with the development of détente in Europe, which, from the viewpoint of Belgrade, constituted a potential liability, as increased East-West cooperation risked leaving Yugoslavia—a non-aligned country—in an isolated position in Cold War Europe. This fear prompted the European Commission to stress, on behalf of the EEC, the open character of the Community, which aimed at overcoming the strict bloc-against-bloc logic of the Cold War. This strategy also served to dispel Yugoslavia's fears regarding the economic costs of the first EEC enlargement.

Exploratory talks for the renewal of the 1970 agreement, opened in November 1971, revealed Yugoslavia's wish to overcome the narrow bounds of a commercial approach and expand cooperation in new economic fields, such as industry, agriculture and labour. However, this request did

[81] In fact, the situation of the Yugoslav labour force within the Community was vaguely referred to in the final exchange of letters, where it was stated that the member states were 'prepared to consider the possibility of exchanging views, during discussions to be organised for this purpose …'. See *Official Journal of the European Communities*, No. L 224/9.

[82] *Ibid*.

not imply any modification of Belgrade's overall reticence towards institutionalising its relationship with the Community. For this reason, Yugoslav negotiators insisted on a commercial, non-preferential approach.

Perhaps involuntarily, Belgrade had given the Commission a prospect of expanding the limitations of its commercial competencies, by wanting to include economic cooperation within the commercial field, which fell under the Commission's domain. But Belgrade was not aware that the EEC was structured along clear-cut competencies which could not be easily overcome without affecting the nature of the Community itself. Once Paris made clear its overall opposition to the inclusion of the concept of economic cooperation within the commercial field (in the Council, this position did not raise any substantial opposition), Yugoslavia recognised that it could only gain a symbolic advantage, that is, an evolutionary clause stressing the possibility of future cooperation oriented towards the development of trade. However, the Nine's stance was not simply one of reticence. On the contrary, they recognised the need to confirm the dispositions of the 1970 agreement and expand them through the inclusion of Yugoslavia within the GSP. The EEC member states regarded the EEC as a useful tool for offering political support to Yugoslavia in a context marked by instability in the Mediterranean and in Yugoslavia itself. During the negotiations for the signing of the 1973 accord, the questions of the country's internal stability and inter-federal struggles entered the Community agenda for the first time. These questions regarded the stability of the Mediterranean and the growing Soviet presence in the region. Yugoslavia was therefore included within the Community's strategic reflections regarding the Mediterranean, at both the intergovernmental and supranational levels. However, given the political constraints limiting the *rapprochement* between the parties, Yugoslavia confirmed itself as a special case deserving special solutions.

CHAPTER 4

Beyond Trade Stagnation

At the very moment when the possibility of expanded economic cooperation was sanctioned by the 1973 commercial agreement, economic recession in Western Europe led to a deadlock in EEC-Yugoslav trade relations. The concessions granted by the Community in the agricultural field were temporarily wiped out by a new wave of Community protectionism, sanctified by the adoption of repeated bans on beef imports from other countries. A new generation of European leaders in France and West Germany strived to maintain the domain of economic cooperation in foreign affairs on a strictly national basis, so as not to widen the supranational dimension of the Community. Accordingly, the Yugoslavs realised that their wish for enhanced cooperation with the EEC was a chimera which did not correspond to the reality of Community politics marked by domestic concerns and inter-institutional jockeying for power between the Commission and the Council. At the same time, stagnation in EEC-Yugoslav relations highlighted Yugoslavia's political or, rather, 'psychological' dependence on the Community.

B. Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*,
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Trade Stagnation, Political Crisis

From late 1973, the European scenario was affected by the Yom Kippur war of October 1973, the subsequent oil crisis and the emergence of stagflation—low growth plus inflation—in Western Europe.[1] The general economic downturn experienced by the EEC member states involved both its internal and external dimensions. Economic recession and rising unemployment triggered a Community crisis, influencing the integration process in several policy fields, including economic, monetary, regional and social.[2] In this difficult context, the European Commission, headed by François-Xavier Ortoli, struggled to secure leadership and a role as initiator within the Community framework. Its aims were those of balancing the external development of the EEC with strengthening it internally, and also of avoiding direct confrontation with member states.[3] However, the Nine reacted to this negative economic conjuncture mainly through national, rather than Community, measures.[4]

The onset of recession also affected the Community's commercial sphere, as EEC member states responded to the climate of stagflation by adopting protectionist measures hindering the exports of several trading partners, including Yugoslavia. Indeed, as stressed in Chap. 3, the 1973 agreement had envisaged one major trade concession which was to be applied to Yugoslavia's beef exports to the EEC. Given that this item comprised 50 per cent of Yugoslavia's total agricultural exports to the EEC in 1972,[5] this disposition was one of the main pillars of the treaty. However, beef production in the Community market was not immune to the economic downturn which followed the 1973 oil crisis. Faced with the sudden fall in breeders' returns and spurred by the reduced demand for beef in the EEC, in December 1973 Paris and Rome asked the Council to

[1] See Tony Judt, *Postwar. A History of Europe since 1945* (London: Heinemann, 2005), 453–483.

[2] Eric Bussière and Ivo Maes, 'Economic and monetary affairs: new challenges and ambitions', in Éric Bussière, Vincent Dujardin, Michel Dumoulin, Piers Ludlow, Jan Willem Brouwer and Pierre Tilly (eds.), *The European Commission 1973–1986: History and Memories of an Institution* (Luxembourg: Publications Office of the European Union, 2014), 301–311.

[3] Laurence Badel and Eric Bussière (eds.), *François-Xavier Ortoli: L'Europe, quel numéro de téléphone?* (Paris: Descartes & Cie, 2011), 119–166.

[4] Jean Monnet, *Mémoires* (Paris: Fayard, 1976), 590–591.

[5] ECHA, BAC 97/1986/14, Report by DG VI on agricultural problems affecting EEC-Yugoslav relations, Brussels, 26 March 1974.

establish a Community-wide ban on beef imports which came into force on 21 February 1974. This situation had arisen due to the rapid increase in beef prices on the international market in 1972, which had led Western European breeders—particularly French and Italian—to intensify production. Yet the beef surplus was not absorbed in the following year, due to the economic recession and unemployment which, as stressed above, had followed the oil crisis.[6] From the viewpoints of Paris and Rome, it was therefore important to protect their internal markets in order to prevent the fall of prices and re-allocate the Community's stocks of unsold beef.

The first ban, which lasted until 31 March 1974, was an unwelcome surprise to Belgrade.[7] On 26 February 1974, the Yugoslav government complained about it in an official memorandum addressed to the European Commission and the Nine member states, emphasising the negative effects of this measure on Yugoslavia's trade balance.[8] The same concerns were echoed during a meeting of the EEC-Yugoslav Mixed Commission at an official level on 5 April 1974 in Brussels. Faced with Yugoslav complaints, the EEC delegation stressed that the Community had adopted protective measures due to the rapid deterioration of the beef market, which was linked to the rise of energy prices in Western Europe. It also sought to reassure the Yugoslav delegation about the intentions behind these measures, stating that the EEC had no intention of going back on the agreement, but that it could not offer any more specific guarantees about future actions.[9]

Contacts between the European Commission and Yugoslavia were not limited to meetings at the official level. On the contrary, bilateral dialogue intensified after the visit paid by Sir Christopher Soames to Yugoslavia from 27 April to 1 May 1974. The meeting with Yugoslavia's Prime Minister, Džemal Bijedić, confirmed Belgrade's wish to develop direct relations with Brussels and find a mutually satisfying solution regarding the EEC's ban on Yugoslav beef exports.[10] Soames's mission to Belgrade had a clear-cut political meaning. As noted by Roland de Kergorlay, deputy Director General of DG I, it confirmed: 'the capital political importance

[6] Michel Broders, 'La crise du Marché de la viande bovine, origines et perspectives d'avenir', *Révue du Marché Commun*, 185, 1975.

[7] AJ, KPR, III-b-2-a, Report on the beef market, Belgrade, 14 March 1974.

[8] ECHA, BAC 97/1986/14, Yugoslav memorandum to the EEC, Brussels, 26 February 1974.

[9] ECHA, BAC 97/1986/14, Meeting of the EEC-Yugoslav Mixed Commission, Brussels, 5 April 1974.

[10] AJ, KPR, III-b-2-a, Meeting between Bijedić and Soames, 29 April 1974.

attached by our Yugoslav partners to the development of cooperation through the implementation of the evolutionary clause envisaged by the new agreement'.[11] Soames's visit also showed that, after those previously paid to Yugoslavia by Jean Rey, Franco Maria Malfatti and Sicco Mansholt, Belgrade still regarded the European Commission as an essential interlocutor. This was noted by Soames who, during a meeting with the Nine's Ambassadors in Belgrade, confided to them that he had been struck by the great economic and above all political importance attached by Belgrade to its relations with the Community.[12]

Yugoslav Requests, Community Protectionism

However, political declarations did not run parallel to the development of trade. A new ban on beef imports from 17 June to 12 July 1974 was approved by the Nine, which later examined the serious crisis of the Community's beef production during the Council meeting of 15–16 July 1974. On this occasion, the French representative highlighted the enduring crisis on French farms, the catastrophic trend of the Community market and the farmers' vehement demonstrations in the countryside.[13] Despite the European Commission's reluctance, the Council unanimously approved a new regulation aimed at suspending EEC beef imports from third countries until 31 October 1974.[14]

Soames found himself between the devil and the deep blue sea. On one hand, he openly voiced his opposition to the protectionist attitude taken by the Nine, since this policy caused serious problems to several Community trading partners.[15] On the other, he had to cope with virulent complaints on the part of the Yugoslav government.[16] These, however, were not successful. The Community was not ready to lift the ban. This was confirmed during a meeting between Ortoli and the ambassadors of Argentina, Australia, Colombia, New Zealand, Paraguay, Uruguay and Yugoslavia—

[11] ECHA, BAC 48/1984/662, Note by R. de Kergorlay, Brussels, 16 May 1974.

[12] AMAE, SE 1971–1976, 3760, Note by P. Sebilleau, Belgrade, 1 May 1974.

[13] ACS, FAM, 162, Meeting of the Council of Ministers (Agriculture), Brussels, 15–16 July 1974.

[14] *Official Journal of the European Communities*, L 194/8.

[15] TNA, FCO 30/2176, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 22–23 July 1974.

[16] ECHA, BAC 97/1986/49, Meeting between Soames and the Yugoslav ambassador, Brussels, 23 July 1974.

the main exporters of beef to the Community—which took place in Brussels on 17 September 1974. During the meeting, Ortoli responded to the ambassadors' grievances by claiming that the Nine had been compelled to adopt the ban on beef imports because of increased farmer mobilisations and strikes in several EEC member states, which, according to the Commission's President, 'affected public order and social justice'.[17] Pierre Lardinois, the European Commissioner of Agriculture, adopted a dilatory attitude, stressing that he was studying a new import regime which would start in October. However, a few days later, the Council decided to extend the ban until after 1 November. The EEC-Yugoslav relationship seemed to have reached a stalemate. Petar Miljević told de Kergorlay that he felt that Yugoslavia was now 'caught in a trap', with the EEC import ban prolonged indefinitely after November and the discussions with main exporters only starting afterwards. According to the Yugoslav ambassador, it very much looked as if the Community was only seeking to gain time.[18] This was in fact exactly what the Nine were doing. As the minutes of COREPER and Council meetings show, from mid-1974 onwards the Council adopted a somewhat passive approach to the Yugoslav question.

In fact, the Community as a whole was affected by the entry of a new generation of political leaders in Great Britain, France and the FRG. In February 1974, the newly elected British premier Harold Wilson asked for 'renegotiation' of the UK accession treaty to the EEC, thereby showing a notable discontinuity from Edward Heath's positive attitude towards Great Britain's participation.[19] A few months after Wilson's move, the death of French President Georges Pompidou in April and the resignation of Willy Brandt in May represented the exit from the scene of the main promoters of the Community re-launch at The Hague and Paris summits of December 1969 and October 1972. Their successors, Valéry Giscard d'Estaing and Helmut Schmidt, responded to the severe economic crisis affecting their countries by reaffirming their national prerogatives *vis-à-vis* the European Commission and fostering their countries' protectionist stances.[20]

[17] ECHA, BAC 97/1986/49, Note by P. de Margerie, Brussels, 18 September 1974.

[18] ECHA, BAC 97/1986/49, Note by R. de Kergorlay, Brussels, 14 October 1974.

[19] George Stephen, *An Awkward Partner: Britain in the European Community* (Oxford: Oxford University Press, 1998), 71–106.

[20] See Simonian Haig, *The Privileged Partnership. FrancoGerman Relations in the European Community 1969–1984* (Oxford: Clarendon, 1985); Miard-Delacroix Hélène, *Partenaires de choix? Le chancelier Helmut Schmidt et la France (1974–1982)* (Berne: PIE Peter Lang, 1993).

Not only did they focus on protection of their internal markets, but, in the external field, their attention lay elsewhere. They were concerned with the Middle East crisis and the search for a new balance with the Arab oil-exporting countries through the launch of the Euro-Arab dialogue in April 1974. This initiative represented yet another element in a process of declining trust between the USA and their traditional Western European allies, which had reached its apex after US Secretary of State Henry Kissinger's 'Year of Europe' speech.[21] The Nine had reproached Washington for its incapacity to recognise their separate interests and emerging political identity.[22]

Lastly, as will be highlighted in Chap. 5, the Community and its major member states, in particular France and the FRG, had to focus on the rapidly changing Mediterranean context, which, between February and August 1974, had been marked by the 'Carnation Revolution' in Portugal and the fall of the military junta in Greece. At this international juncture, the question of Yugoslavia's trade deficit *vis-à-vis* the Community was left on the sidelines. In view of the Nine's protectionist attitude, the European Commission was obliged to act as a kind of lightning-rod for Yugoslavia's complaints. The Commission possessed the right competencies to promote relations with Belgrade within the Mixed Commission, which had been created by the 1970 agreement for the precise purpose of managing any change in the course of EEC-Yugoslav relations.

The Commission's prominent role in dealing with Belgrade emerged in late November 1974, when the new Yugoslav Foreign Minister, Miloš Minić, went to see the President of the European Commission in Brussels. Beyond stating his concern for Yugoslavia's trade imbalance, Minić insisted on Belgrade's interest in continuing dialogue within the Mixed Commission, in order to develop long-term cooperation on agriculture, industry and labour according to the dispositions of the newly signed agreement. At the end of the meeting, the parties agreed that Ortoli would visit Belgrade the following June to follow up on these requests.[23] Indeed,

[21] Claudia Hiepel, 'Kissinger's Year of Europe. A Challenge for the EEC and the Franco-German Relationship', in Jean Van der Harst (ed.), *Beyond the Customs Union: The European Community's Quest for Deepening, Widening and Completion* (Bruxelles-Paris-Baden-Baden: Bruylant-LGDJ-Nomos, 2007), 277–296.

[22] Daniel Möckli, *European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity* (London-New York: I.B. Tauris 2009), 140–183.

[23] ECHA, BAC/48/1984/673, Meeting between Ortoli and Minić, Brussels, 25 November 1974.

both parties were tired of continuing to deal with trade matters without finding any mutually satisfying solutions.[24] From Belgrade's viewpoint, enhanced cooperation was needed for political reasons, since it served to counterbalance Yugoslavia's relations with COMECON.[25]

Yugoslavia's Gamble

In fact, since early 1974, the stagnation in trade between the EEC and Yugoslavia had corresponded to the increase in trade relations between Yugoslavia and the COMECON countries. According to the Yugoslav government, in 1973 Yugoslavia's trade deficit *vis-à-vis* the Nine was $885 million. In 1974 it had more than doubled, reaching $2 billion, that is, 53 per cent of Yugoslavia's overall deficit that year. From January to April 1975, this deficit had amounted to $800 million, which meant that, if conditions remained unchanged, it would rise to $2.4 billion by the end of 1975. This was also aggravated by the fall in tourism from Western Europe and reduced remittances from Yugoslavs working inside the Community, both of which resulted from the recession. Instead, in the course of 1974, exports to the Soviet-bloc countries had amounted to as much as $1,596 million, or 42 per cent of Yugoslavia's total exports.[26]

Faced with this critical commercial trend, on 10 June 1975 the Yugoslav government sent the European Commission and the Nine a memorandum which stated that the development of agricultural, industrial and economic cooperation and the free movement of labour should be based on a long-term economic strategy on the part of the Nine: 'In this way, we would eliminate the enormous present-day lag between political recognition of Yugoslavia as a non-aligned and developing country and a set of economic practices which hinder Yugoslavia's foreign policy orientation'.[27]

Yet trade questions were not the only factor spurring Belgrade to intensify relations with the Community. The Yugoslav mission to Brussels was also closely monitoring the unfolding of EEC relations with COMECON

[24] ECHA, BAC 97/1986/15, Report on the Meeting of the EEC-Yugoslav Mixed Commission, Brussels, 4 February 1975.

[25] ECHA, BAC 97/1986/16, Report on the meeting of the EEC-Yugoslav Mixed Commission, Brussels, 4 June 1975.

[26] ECHA, BAC 48/1984/662, Yugoslav Memorandum to the EEC, Brussels, 10 June 1975.

[27] *Ibid*.

and the People's Republic of China.[28] As far as relations between the Community and COMECON were concerned, behind-the-door contacts between the two had steadily developed since the early 1970s.[29] Despite the policy of non-recognition adopted by the USSR towards the EEC, Moscow had in fact promoted direct contacts between COMECON and the EEC in order to prevent the establishment of direct relations between the Community and individual Soviet bloc countries. The development of secret contacts among representatives of the two organisations in Brussels had been followed by the more realistic public attitude of the Kremlin towards the EEC.[30] This was made clear by Leonid Brezhnev's speech on the 50th anniversary of the founding of the USSR in December 1972, in which the Soviet leader urged establishment of '*relations d'affaires*' between COMECON and the Community. The European Commission had adopted a pragmatic attitude towards these requests. On one hand, it did not want to enter into direct relations with COMECON, which was not in fact a supranational institution, because it wished to promote direct contacts, based on trade and economic cooperation, with individual Soviet satellites. On the other hand, the Commission was aware of the political importance of gaining *de facto* recognition from the Soviet bloc countries. Faced with the imminent start of the Helsinki CSCE, the Commission wanted to preserve and affirm its direct competencies in the economic field in the wider European arena. The search for a *rapprochement* between the two reached its apex when Edmund P. Wellenstein went to Moscow in February 1975 to explore possible fields of future cooperation and prepare for Ortoli's visit to Moscow. Although it did not lead to definite results, due to divergences on how to develop relations between the two organisations, Wellenstein's visit to Moscow was a public demonstration

[28] On EEC relations with COMECON and the People's Republic of China, see Angela Romano, 'Untying Cold War knots: the EEC and Eastern Europe in the long 1970s, *Cold War History*, 14/2, 2014, 153–173; Angela Romano and Federico Romero, 'European socialist regimes facing globalisation and European co-operation: dilemmas and responses—Introduction', *European Review of History: Revue européenne d'histoire*, 21/2, 2014, 157–164; Marie Julie Chenard, 'Seeking Détente and Driving Integration: The European Community's opening towards the People's Republic of China, 1957–1978', *Journal of European Integration History*, 18/1, 2012, 25–38.

[29] Angela Romano, 'Behind Closed Doors. Contacts between EEC and CMEA in the early 70s', in Carla Meneguzzi Rostagni (ed.), *The Helsinki Process: A Historical Reappraisal* (Padova: CEDAM, 2005), 107–122.

[30] Suvi Kansikas, 'Acknowledging economic realities. The CMEA policy change *vis-à-vis* the European Community, 1970-3', *European Review of History*, 21/2, 2014, 311–328.

that the Community was now regarded by the USSR as a *de facto* economic interlocutor.[31]

The development of Community relations with COMECON was paralleled by another major diplomatic move on the part of the European Commission, the establishment of direct contacts with Beijing. The formal launch of relations was marked by the visit paid by Sir Christopher Soames to the Chinese capital in May 1975. By developing relations with Beijing, the Commission wanted to demonstrate to the Soviet Union that the Community was a real international actor not to be ignored.[32] The Yugoslav ambassador to Community Brussels, Petar Miljević, closely followed the preparations for Wellenstein's mission to COMECON headquarters and Soames's official visit to the PRC. In a despatch sent to Belgrade on the eve of Wellenstein's journey to the USSR, he noted that the Commission effectively aimed at expanding cooperation with Moscow and Beijing. In the same telegram, Miljević noted that Beijing was also interested in strengthening relations with the Community in order to conclude a trade agreement.[33] In late May 1975, that is, immediately after Soames's visit to China, Miljević also noted that the EEC was now considered by the PRC as a significant entity able to distinguish itself from its American partner.[34] Faced with the Community's intensified relations with Moscow and Beijing, it was necessary for Belgrade to avoid finding itself in an isolated international position between Brussels and the two great poles of international Communism.[35]

Yugoslavia's wish to strengthen its ties to the Community emerged during François-Xavier Ortoli's official visit to Belgrade on 12–13 June 1975.[36] Yugoslavia's Prime Minister, Džemal Bijedić, stated that, if the present disequilibrium continued, Yugoslavia would be compelled to turn towards the COMECON market.[37] What Yugoslavia was asking the EEC for was greater cooperation in the fields of agriculture, industry, labour and finance, all based on the existing non-preferential commercial agreement

[31] Romano, 'Behind Closed Doors', 107–122.
[32] Chenard, 'Seeking Détente and Driving Integration'.
[33] AMIP, PA, R, 1975, f 187 : b 45293, Note by P. Miljević, Brussels, 31 January 1975.
[34] AMIP, PA, R, 1975, f 187: b 63, Note by P. Miljević, Brussels, undated.
[35] *Ibid*.
[36] ECHA, BAC 97/1986/20, Report on Ortoli's visit to Yugoslavia, Brussels, 19 June 1975.
[37] AJ, KPR, III-b-2-a, Meeting between Bijedić and Ortoli, Belgrade, 13 June 1975.

between Yugoslavia and the Community.[38] Financial cooperation was stressed in particular by Janko Smole, Yugoslavia's Minister for External Trade: what Yugoslavia wanted was a political decision on the part of the Community that 'something shall be done' in this field. Smole stated that the previous year Yugoslavia had signed a financial agreement with the investment bank of COMECON and, therefore, 'what Yugoslavia wants to know is whether the door is open' in the EEC as well.[39]

None of this was news to Ortoli. Yet, beyond these traditional grievances, Bijedić openly pointed out that Yugoslavia had gambled on the EEC's support to develop its internal market and protect its economic interests in times of trouble.[40] As effectively reported by the UK Ambassador, Dugald Stewart, to his Foreign Minister, James Callaghan, Belgrade now wanted the EEC to help Yugoslavia prove that 'they had not put their money on the wrong horse'.[41]

Ortoli was struck by Bijedić's move. As an experienced politician, he was aware that the Yugoslav government had nothing to lose by making such declarations behind closed doors, and that Belgrade might have played the same cards at COMECON's table, aiming for maximum profit. However, Ortoli thought that Bijedić's plea was sincere. During a lunch with EEC ambassadors and commercial counsellors on 13 June, he openly discussed his impressions. As reported by the French economic counsellor, Pierre Brien, Ortoli was convinced of the reality of the gamble Yugoslavia had made in favour of the EEC. Belgrade was now expecting the Nine to demonstrate discreetly that the policy choice it had made had not been wrong.[42] However, Ortoli was aware that the Yugoslav government had little room for manoeuvre, given its political commitment to self-management and continued economic growth. He foresaw difficulties in technical cooperation on an equal basis, in that the EEC and Yugoslav industries did not have the same degree of development. As noted by the British Ambassador: 'He was unhappy about what he saw as "exaggerated" industrialisation in Yugoslavia. More than once he talked of the Yugoslav proposals as "a dream, an illusion"'.[43] Ortoli was indeed

[38] AMIP, PA, R, 1975, f 188: b 432006, Report on Ortoli's mission in Yugoslavia, Belgrade, 30 June 1975.

[39] ECHA, BAC 97/1986/16, Note by I. Nielsen, Brussels, 23 June 1975.

[40] *Ibid*.

[41] TNA, FCO 30/2697, Letter by D. Stewart, Belgrade, 25 June 1975.

[42] AMAE, SE 1971–1976, 3759, Note by P. Brien, Belgrade, 17 June 1975.

[43] *Ibid*.

convinced that the rapid expansion of imports from, and stagnation of exports to, the EEC were linked to the high level of demand being maintained in Yugoslavia, despite the recession then affecting Western Europe. Although the press reported that 'concrete questions' of further cooperation had been discussed in great detail during the meeting, Ortoli and his officials confided to the Nine's ambassadors that discussion had been far from concrete. They described the talks as 'largely theoretical', with very few practical ideas being put forward.[44] Ortoli's impression was that the problem with Yugoslavia was easy to define but exceedingly difficult to solve. After meeting Ortoli, the British ambassador noted:

> An economy in the state of development of Yugoslavia, when it is so close in every sense to the dominant magnetic field of the EEC, would probably do better from Associate Membership or a Preferential Agreement. Either answer for the Yugoslavs is a political impossibility.

Stewart ironically yet disconsolately added: 'What they want is therefore in effect a preferential non-preferential Agreement'.[45] However, as Yugoslavia's future internal stability was at stake, Ortoli emphasised that the case for a substantial EEC effort to help Yugoslavia rested primarily on political arguments. In his letter of thanks to his hosts in Belgrade, he expressed the hope that the first definite steps to developing cooperation between Yugoslavia and the EEC would be taken at the forthcoming meeting of the Mixed Commission, to be held in July 1975 at the ministerial level.[46] He was conscious that Belgrade was sincerely looking for long-term cooperation with the Community. He did not want Yugoslavia to lose its stake.

The Commission Takes the Lead

After Ortoli's visit, DG I was deeply involved with preparations for the Mixed Commission, which was eventually set for 24 July 1975. According to Yugoslavia's requests, the meeting was to be devoted to examining ways of expanding cooperation in the agricultural, industrial and financial fields, and to set up a mechanism for cooperation regarding the condition

[44] ECHA, BAC 97/1986/20, Ortoli's visit to Yugoslavia, Brussels, 19 June 1975.
[45] TNA, FCO 30/2697, Letter by D. Stewart, Belgrade, 25 June 1975.
[46] ECHA, BAC 97/1986/16, Note by R. de Kergorlay, Brussels, 30 June 1975.

of the Yugoslav labour force in the Community.[47] From DG I's viewpoint, only Yugoslavia's request for financial cooperation occasioned special concern. This was because in July the Mixed Commission would have to deal with a question of principle: was financial cooperation possible according to the evolutionary clause of the 1973 non-preferential agreement? The Commission services' answer was in the affirmative. But the Nine had not yet arrived at an agreed view, and the Commission was aware that a common decision would not be taken easily before the end of July, as the Council's agenda for 15 July 1975 already included financial assistance to Portugal, the Maghreb and the Mashreq countries.[48] In this period, the Council was also focusing on Greece's application to the EEC on 12 June 1975 and its consequences for EEC-Turkish relations.[49]

The European Commission's proposal for financial cooperation was eventually submitted to the Council on 9 July 1975.[50] The proposal stressed that financial cooperation with Yugoslavia was of prime political importance. It noted that Yugoslavia's trade imbalance was threatening the equilibrium that Belgrade was anxious to maintain among its trading partners. There was therefore little doubt that financial cooperation would help to combat this situation and, at the same time, prevent Yugoslavia's shift towards COMECON.[51] The Commission's communication also informed the Council that cooperation with Yugoslavia in the financial field should be included within the Community's broader policy towards the Mediterranean area, and should respect the limits set by the 1973 non-preferential agreement. The forms of such cooperation should accordingly be limited to financing from the European Investment Bank's own resources on normal market terms. What the European Commission was asking the Council was to allow the Community representatives within the Mixed Commission to agree that future financial cooperation between the Community and Yugoslavia was possible. After all, as Janko Smole, Yugoslavia's minister in charge of relations with the EEC, had declared to Ortoli in Belgrade, all Yugoslavia wanted at the Mixed Commission

[47] AMAE, SE 1971–1976, 3759, Report on the EEC-Yugoslav Mixed Commission at ministerial level, Brussels, 4 July 1975.

[48] ECHA, BAC 97/1986/16, Note by J. A. Fortescue, 1 July 1975.

[49] Eirini Karamouzi, *Greece, the EEC and the Cold War 1974–1979: The Second Enlargement* (Basingstoke: Palgrave Macmillan, 2014), 35–63.

[50] ECHA, BAC 97/1986/16, Report on the EEC-Yugoslav Mixed Commission at ministerial level, Brussels, 9 July 1975.

[51] *Ibid*.

meeting in July was a political and symbolic decision that 'something shall be done'.[52]

COREPER discussed the European Commission's proposals in the financial field and Yugoslavia's request for increased cooperation in the social field on 11 July 1975. Wellenstein, the Commission's representative, made a strong appeal for the EEC to meet Yugoslavia's demands, as far as possible, on political grounds.[53] During this COREPER meeting, which served to prepare the terrain for the Council meeting of 22 July 1975, all the delegations accepted the Commission's proposal to set up sub-committees on agriculture and industry. However, the French and German delegations declared that, as far as financial cooperation was concerned, the Community should give Belgrade some purely factual information on the progress being made by the EEC on the matter.[54] In their view, EEC-Yugoslav relations encroached on a political problem which was to be viewed globally, as it affected the entire Community policy on non-preferential agreements, and risked setting precedents.

The German delegation was alone in declaring its opposition to including discussion of labour within the framework of EEC-Yugoslav cooperation.[55] In 1975, the FRG was in fact the largest employer of Yugoslav migrant labour: at the end of September 1973, around 535,000 Yugoslav citizens held valid work permits in Federal territory. Aware of the social tensions associated with the question of migration in a context of economic recession, Bonn wanted to manage the question of Yugoslav workers on a strictly national basis. Since late 1973, it had adopted a restrictive attitude towards the recruitment of foreign workers. This attitude was not aimed at countering immigration from Yugoslavia alone, as it also involved several other Mediterranean countries, Turkey *in primis*, but was determined by the need to prevent increased unemployment in the FRG.[56] For this reason, on 23 November 1973, the Federal government had decided to stop recruiting workers from non-EEC countries. According to the FRG Minister of Labour, this measure had been taken

[52] ECHA, BAC 97/1986/16, Report on financial cooperation with Yugoslavia, Brussels, 23 June 1976.

[53] ECHA, BAC 97/1986/16, Meeting of COREPER, Brussels, 11 July 1975.

[54] AMAE, SE 1971–1976, 3759, Telegram by J. M. Soutou, Brussels, 15 July 1975.

[55] TNA, FCO 30/2697, Meeting of COREPER, Brussels, 11 July 1975.

[56] See Elena Calandri, 'A special relationship under strain: Turkey and the EEC, 1963–1976', *Journal of European Integration History*, 15/1, 2009, 70–74.

in response to the oil crisis, as a 'precautionary measure towards the limitation of foreigners'.[57]

The Yugoslav embassy to the EEC was informed about French and German reservations, and expressed its profound concern to Wellenstein.[58] At the same time, Belgrade intensified its pressure *vis-à-vis* the Nine to favour a positive Community attitude. Once again, the European Commission found itself in difficulties, since it had to balance Yugoslavia's requests with German and French objections. In this context, DG I feared that a clash between the Commission, Bonn and Paris on the Yugoslav question could compromise the European Commission's overall relationship with the Franco-German 'couple', affecting the Community's financial relations with other Mediterranean countries, such as those of the Mashreq.[59] This is why, during the Council meeting of 22 July 1975, Soames adopted a low profile, telling the Nine that Yugoslavia expected political rather than substantive benefits. According to the speaking note prepared by Wellenstein for Soames, in view of the Council meeting mentioned above:

> Since the beginning of this year, they [the Yugoslavs] are looking for ways and means to step up their economic relations with the Community in order to maintain a balance. The question is: how does our response look politically? This political presentation is even more important than the actual concrete content of the arrangements, the Yugoslavs knowing very well that there are strict limits to what we can do for them in the framework of the non-preferential agreement. (…) But it is important that within those limits we give some sign of a tangible nature that we are as actively interested in the economic relations with that country as COMECON showed itself. We know that the Yugoslavs do not expect at all to be able to draw on an eventual financial arrangement in the very near future; what they are looking for, is a sign that the door is not closed to this kind of cooperation. (…) We cannot ignore the effect that the way in which this meeting with the Yugoslav minister will be conducted from our side will have, internally in that country and externally, at the political level.[60]

[57] TNA, FCO 30/2176, Report on the prospects for Yugoslav migrant workers in Western Europe, London, 26 July 74.

[58] ECHA, BAC 97/1986/16, Note by E. P. Wellenstein, Brussels, 16 July 1975.

[59] ECHA, BAC 97/1986/16, Note by I. Nielsen, Brussels, 17 July 1975.

[60] ECHA, BAC 97/1986/16, Preliminary meeting before the Council of 22 July 1975, Brussels, 21 July 1975.

Soames's moderate appeals were successful, as both Bonn and Paris lifted their vetoes. Ulrich Lebsanft, the FRG representative, said that the German delegation could lift its reserve on the discussion of the problems of Yugoslav workers, on condition that this question would not be directly treated by the Mixed Commission but by the individual representatives of the member states within the Commission. Similarly, Jean-Marie Soutou, the French representative, pointed out that he had no objection to the Commission telling Belgrade that it had put proposals on financial cooperation to the Council, and that these were being studied. As regards agricultural and industrial cooperation, the Nine definitively approved the decision of establishing two mixed working groups focusing on those matters.[61]

Soames had therefore reached his goal just in time. During the meeting of the Mixed Commission, he was able to give his Yugoslav counterparts the small yet important political gestures they were looking for. In an uncontentious atmosphere, the Mixed Commission decided to create two sub-committees specialising in the agricultural and industrial/technological sectors.[62] The former would be responsible for the exchange of information on the agricultural policies pursued by the two parties and for estimates concerning production, consumption and imports and exports of main products. The latter would instead be given the task of exchanging information and experiences relating to the development of industrial cooperation. This would concern laws on foreign investments, joint ventures, technical standards for imports, and the rules applied on both sides to imports and exports. As far as financial cooperation was concerned, Soames informed Smole that the Commission had transmitted a constructive proposal to the Council of Foreign Affairs with the aim of giving a concrete form to financial cooperation. Regarding the social sphere, the Community delegation opened the door to future discussion at a bilateral level within the Mixed Commission.[63]

Needless to say, the creation of two specialised sub-committees and the acceptance, on the part of the EEC, of future cooperation in the financial and social spheres was far from being a definitive answer to Yugoslavia's delicate economic situation. Yet, as Janko Smole recalled, during the

[61] ECHA, BAC 97/1986/16, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 22 July 1975.

[62] ECHA, BAC 97/1986/16, Draft minutes of the EEC-Yugoslav Mixed Commission, Brussels, 11 August 1975.

[63] *Ibid*.

meeting, Belgrade was aware that EEC-Yugoslav relations were constrained by the strict bounds of the 1973 non-preferential agreement. Yugoslav archival sources confirm that the Yugoslav delegation was satisfied with the result of the Mixed Commission and with the positive attitude taken by the Council towards expanding cooperation with Belgrade. As the Yugoslav ambassador in Brussels, Miljević, reported to Belgrade: 'Given the results obtained in this phase and the positive atmosphere established during the Mixed Committee, it is important to carry on with our activity not to lose momentum'.[64]

The Psychological Importance of EIB Loans

In the following months, the European Commission's services devoted themselves to implementing cooperation in the financial field. The baby-beef question had not in fact been definitively resolved. A new import regime, the so-called EXIM scheme, had only partially eased Yugoslavia's serious trade imbalance.[65] It was therefore necessary, from the Commission's viewpoint, to compensate Belgrade by putting into practice the conclusion of the Mixed Commission.[66]

Since October 1975, the Yugoslav authorities had been pointing out, to the Commission's services and individual EEC member states, their wish to have access to the resources of the European Investment Bank (EIB) for projects of mutual interest, such as a motorway linking the Balkan region to Western Europe.[67] This clearly emerges in a report from the British ambassador in Belgrade:

> [Yugoslav] Ministers here have said again and again both to me and to EEC colleagues that access to the European Investment Bank was a psychological and political question. Yugoslavia had access to the CMEA Investment Bank and it was of the greatest political importance that it should have the same consideration from Western Europe, more especially at a time when trade with the EEC was in real difficulties and that with Eastern Europe rapidly expanding. It was the principle which mattered and it was not at all certain that they would actually wish to make use of the facility.[68]

[64] AMIP, PA, R, 1975, f 188: b 436810, Telegram by Miličević, Brussels, 26 July 1975.
[65] ECHA, BAC 97/1986/47, Note by G. J. L. Avery, Brussels, 21 July 1975.
[66] ECHA, BAC 97/1986/20, Note by C. Caporale, Brussels, 7 October 1975.
[67] AAPBD, 1975, 330, Meeting between Genscher and Minić, 4 November 1975.
[68] TNA, FCO 30/2698, Note by D. Stewart, Belgrade, 4 November 1975.

These political views were shared by seven members of the EEC, although Paris and Bonn were reticent about giving Yugoslavia access to EIB funds. The French representatives in Community Brussels pointed out to DG I that, if the Community accepted the principle, it would soon find itself having to face the facts as well.[69] Bonn echoed the same thoughts, and repeated earlier reservations as to whether a financial protocol would be possible within the framework of a non-preferential agreement. As stressed by the FRG's representative in Brussels to his Community counterparts on 27 October 1975, there was the definite risk of setting precedents.[70] In addition, he doubted that EIB capital would be sufficient to take on new customers like Yugoslavia.[71] Bonn, like Paris, wanted to maintain financial cooperation outside the Community's prerogatives and to use it as a political instrument. This attitude was epitomised by a loan of DM 700 million accorded by the FRG to Yugoslavia on 10 December 1974, which was intended to solve definitively the controversy on World War Two reparations after Tito's state visit to Bonn in June 1974.[72] This agreement had been accompanied by an intense internal debate in the press and the *Bundestag*, due to the opposition of the Christian Democrats and Liberals, which feared that payment of war reparations to Yugoslavia might induce other eastern and central European countries to ask for the same treatment.[73] The Federal government was therefore aware that the concession of further Community loans to Yugoslavia was a sensitive political issue at an internal level.[74]

Yet, first and foremost, the attitude taken by Paris and Bonn towards Yugoslavia's access to EIB funds did not regard the narrow sphere of EEC-Yugoslav relations, but the broader question of the Community's financial engagements in the Mediterranean basin.[75] At the end of 1975, the

[69] AMAE, SE 1971–1976, 3759, Telegram by J. M. Soutou, Brussels, 21 November 1975.

[70] PAAA, B 42, Zwischenarchiv, 116722, Community briefing on Yugoslavia, Brussels, 29 October 1975.

[71] *Ibid*.

[72] See Zoran Janjetović, 'Pitanje odštete žrtvama nacima u jugoslovensko-nemačkim odnosima posle Drugog svetskog rata', in Hans-Heorg Fleck, Igor Graovac (eds.), *Dijalog povijesničara/istoričara*, 9, 2005, 551–570.

[73] AAPBD, 1973, doc. 252, Note by E. Poensgen, 17 August 1973.

[74] Bastian Hein, *Die Westdeutschen und die Dritte Welt: Entwicklungspolitik und Entwicklungsdienste zwischen Reform und Revolte, 1959–1974* (München: Oldenburg, 2006), 260–261.

[75] On EIB presence in the Mediterranean during the 1970s, see Éric Bussière, Michel Dumoulin and Émile Willaert (eds.), *The Bank of the European Union. The EIB, 1958–2008* (Luxembourg: Imprimerie Centrale, 2008), 173–182.

EEC's financial protocols with Greece and Turkey were due for renewal. The Community had also agreed there should be a financial protocol to the agreement it was negotiating with the Maghreb countries and Malta. Israel had also asked for a financial protocol to the agreement concluded with the EEC on 11 May 1975. At the same time, the Community had made available to Portugal, as a special case and without a financial protocol, an EIB loan at concessionary rates.

Yet one major factor constrained the availability of EIB funds for lending outside the Community: a non-statutory policy that, of its total lending, 80 per cent went to member states and 20 per cent to non-member states.[76] The anticipated growth of the Community's financial engagements with non-member states therefore concerned Paris and Bonn, which had recently accepted increasing the EIB's capital on the understanding that there would be no further increases before 1980. Discussion about Yugoslavia at the Community level had therefore given rise to a question of principle regarding the EEC's aid commitments through the EIB and the impact such commitments might have on the Community's budget.[77]

Throughout November 1975, the European Commission representatives reiterated to the Nine that a Community answer regarding the availability of EIB funds to Yugoslavia should be given to Belgrade.[78] During a pre-Council meeting between COREPER and the President of the European Commission, Ortoli pointed out the political importance of the Yugoslav situation by stressing that Belgrade was on the point of balance between East and West, and wanted to show that its salvation lay not solely with COMECON. He noted that: 'Things are going to happen in Yugoslavia' and the Community should therefore show interest in that country.[79] As will be discussed in Chap. 5, his words reflected the European Commission's concerns for post-Tito Yugoslavia in a climate of increasing political instability in Southern Europe.

The question of financial cooperation was addressed once again during the Council meeting of 9 December 1975. The Italian Foreign Minister, Mariano Rumor, introduced the discussion by referring to the

[76] TNA, FCO 30/2609, Council of Ministers (Foreign Affairs), Brussels, 9 December 1975.

[77] ECHA, BAC 250/1980/439, Note by K. Meyer, Brussels, 15 December 1975.

[78] TNA, FCO 30/2698, Meeting of COREPER, Brussels, 27 November 1975.

[79] TNA, FCO 30/2609, Council of Ministers (Foreign Affairs), Brussels, 9 December 1975.

political importance of Yugoslavia's position between East and West. The European Commission's representative, Finn Olav Gundelach, followed the Italian position.[80] He noted that, if Yugoslavia's trade imbalance continued without some demonstration of the EEC's willingness to cooperate, then the Community would be pushing Yugoslavia 'into the arms of the state traders'.[81] The representatives of Luxembourg, Denmark, The Netherlands, Belgium, Great Britain and Ireland endorsed the principle of financial cooperation with Yugoslavia proposed by the European Commission. The French Foreign Minister, Jean Sauvagnargues, welcomed Gundelach's words and lifted his veto. He claimed that he saw the necessity of favouring Yugoslavia's connections to the Community, yet he introduced the condition, which was welcomed by his Community partners, that the Council should proceed to a review of EIB commitments in the external field over the period 1976–1980, 'with a view to drawing up a list of priorities rather than responding to individual calls on the Bank's resources'.[82] This policy change was linked to the decision adopted by the Nine within the framework of the European Council held in Rome on 1–2 December 1975, according to which the financial engagements of the Community were to be associated with an overall assessment of the Community budget to be made in a joint meeting of finance and foreign affairs ministers in April 1976.[83] Accordingly, Hans-Jürgen Wischnewski, the FRG's representative, lifted his veto during the Council meeting of 20 January 1976, 'in view of the political importance of bringing Yugoslavia closer to the Community'.[84] During the Council meeting, the Nine therefore agreed on the principle of Yugoslav access to the EIB at market rates and conditions, for implementing projects of joint 'European' interest, for a total amount of 50 million units of account (mua).[85]

[80] ECHA, BAC 250/1980/439, Council of Ministers (Foreign Affairs), Brussels, 9–10 December 1975.

[81] TNA, FCO 30/2698, Council of Ministers (Foreign Affairs), Brussels, 9–10 December 1975.

[82] TNA, FCO 30/2698, Council meeting (Foreign Affairs), Brussels, 9–10 December 1975.

[83] TNA, FCO 30/2698, Meeting of COREPER, Brussels, 11 December 1975.

[84] ECHA, BAC 97/1986/21, Council of Ministers (Foreign Affairs), Brussels, 20 January 1976.

[85] The European Units of Account reflected the weighted average of the national currencies of the EEC member states. See ECHA, BAC 250/1980/442, European Bank of Investment, *Informations*, No. 4, February 1976.

In fact, this decision was not officially communicated to the Yugoslav government, but was sanctioned only in a letter sent on 30 January 1976 by the Council's President-in-charge, Gaston Thorn, to the EIB director, Yves Le Portz, in which Thorn requested the EIB to consider Yugoslav requests for the financing of projects of common interest: 'due to the political importance of strengthening cooperation with Yugoslavia'.[86] This letter neither specified the amount to be granted by the bank (the 50-mua loan had only been informally agreed upon among the Nine during the Council's meeting of 20 January), nor did it make clear whether the guarantee for EIB loans should fall on member states or on the Community budget.[87] While the Commission favoured the latter the West German government, wishing to restrict expenditure and thus its budget contribution, had hitherto opposed it.[88] Yet, as clearly stated by Le Portz during a meeting between the Commission and the EIB on 27 February 1976 in Brussels, the EIB could not lend without an external guarantee.[89] Due to this impasse, the Council's decision of 20 January 1976 turned out to be nothing more than a vague political commitment.

Belgrade Requests a Public Manifestation of Confidence

On 19 February 1976, a Yugoslav delegation headed by the Prime Minister, Džemal Bijedić, and the Minister of External Trade, Janko Smole, called on Sir Christopher Soames.[90] This was first visit to be paid by a Yugoslav Prime Minister to the European Commission's headquarters in Brussels. Bijedić stressed that the measures adopted by the Nine after the last Mixed Committee meeting were a good starting point for future cooperation, but Belgrade wanted something more. He pointed out that Yugoslavia was also facing an increasing balance-of-payments deficit with the EEC, which, in 1975, had amounted to 80 per cent of

[86] ECHA, BAC 97/1986/21, Letter by G. Thorn, 30 January 1976.

[87] ECHA, BAC 97/1986/21, Note by R. de Kergorlay, Brussels, 23 February 1976.

[88] See TNA, FCO 98/116, Council of Ministers (Foreign Affairs), Brussels, 15–16 November 1976.

[89] ECHA, BAC 97/1986/21, Record of Meeting between the Commission and the EIB on 27 February 1976, 1 March 1976.

[90] ECHA, BAC 97/1986/21, Summary record of Meeting between members of the Commission and the Yugoslav Prime Minister, Brussels, 20 February 1976.

her total deficit: exports to the EEC had decreased by 30 per cent in real terms since 1973, while imports continued to grow. The decrease in Yugoslav migrant workers in the Community, of which there were now 200,000 fewer than in 1974, added to the social problems facing Yugoslavia.

Bijedić told Soames that all he wanted was for the Community to take a positive attitude to the future development of that relationship.[91] When the Minister for External Trade, Janko Smole, who was part of the Yugoslav delegation, touched on Yugoslavia's access to the EIB, he claimed that Belgrade was looking for a much closer form of financial cooperation with the Community, of a sort which could be put into an agreement that would generate publicity and indicate European confidence in Yugoslavia.[92] The same viewpoint was repeated by Smole during a diplomatic mission to London,[93] during which he reiterated Belgrade's demands to Roy Hattersley, a British Privy Councillor, on 25 February 1976. The Yugoslav minister stated that his main request was for the Community to show confidence in Yugoslavia in the face of speculation about what might happen after the Tito era. What was needed was 'a statement on the stability of Yugoslavia. This would be helpful in the context of inward industrial investment, external finance, and co-operation in third countries'.[94]

Bijedić's and Smole's demands confirmed that Yugoslavia's wishes went well beyond the economic sphere. As noted by David Hannay, Soames's *Chef de Cabinet*, Belgrade seemed 'to hanker very strongly after some kind of exchange of letters or declaration' which would publicly stress the Community's confidence in Yugoslavia's future.[95] According to the Yugoslav ambassador to the EEC, Miljević, in order to reach this goal, it was important to formalise the Council's decision to grant Yugoslavia access to the EIB. As reported by Hannay after meeting a Yugoslav delegation on 4 June 1976: 'It was not that the Yugoslavs wanted more money; it was that they wanted to be able to demonstrate the existence of financial cooperation between them and the Community'.[96] Yet the

[91] *Ibid*.

[92] AJ, KPR, III-b-2-a, Report on Bijedić's visit to Brussels, 19 February 1976.

[93] TNA, FCO 98/36, Report on Bijedić's visit to France, Belgium and Luxembourg, Belgrade, 26 February 1976.

[94] TNA, FCO 98/36, Call by Smole to Hattersley, London, 25 February 1976.

[95] ECHA, BAC 97/1986/21, Note by D. Hannay, Brussels, 5 March 1975.

[96] ECHA, BAC 97/1986/19, Note by D. Hannay, Brussels, 4 June 1976.

European Commission was uneasy with regard to the Nine. Hannay wrote Soames:

> I said that the Commission …sympathised with the Yugoslav wish to give some more formality to the present Council decision. We had indeed in the first place proposed the conclusion of a formal financial protocol, but the Council had not followed this …. The trouble was that the whole question of financial protocols [is] extremely delicate at the moment, and some Member States at least would be bound to interpret the Yugoslav insistence as an effort to open the way towards getting more funds.

The parties agreed to discuss this question at higher political level at a Mixed Commission meeting to be held in mid-July 1976. On 25 June, the Yugoslav government handed the European Commission a 'draft protocol' on financial cooperation, which was to form the basis for discussion at the next Mixed Commission meeting. The Yugoslav proposal aimed at broadening cooperation in economic relations and balancing trade on the following bases: (a) the EEC should encourage joint ventures between Yugoslav enterprises and EEC firms; (b) the EEC should undertake appropriate measures to create suitable conditions for long-term programming of Yugoslav exports; (c) the EEC and its member states and Yugoslavia should make joint efforts to ensure that the savings of Yugoslav workers were channelled into projects of mutual interest; (d) the EEC should make efforts to recommend to Member States that they should contribute to the implementation of this declaration-protocol.[97] However, this draft protocol was not welcomed by the Commission services. As noted by de Kergorlay:

> This project raises a number of serious objections. First, it raises institutional problems, as it confuses to a large extent the competences of the Community and those of the EEC member states.[98] It also assumes that the Community has powers in the field of cooperation which it is very far from having.

On 13 July 1976, Soames summoned the Yugoslav ambassador to discuss the implications of the Yugoslav project. The European Commissioner emphasised that he himself was entirely committed to working for the

[97] ECHA, BAC 97/1986/17, Yugoslav draft protocol on economic and financial cooperation, Brussels, 25 June 1976.

[98] ECHA, BAC 97/1986/17, Note by R. de Kergorlay, Brussels, 12 July 1976.

progressive development of bilateral relations, but that, to do this successfully, it was necessary for both sides to proceed realistically and do together only things which were within the scope of possibility.[99] As reported by Hannay, 'What has surprised and disappointed him [Soames] about the latest communication was that, as the Ambassador with his long experience of the Community must well know, it was quite unrealistic'.[100] Miljević stated that, speaking entirely personally, he had been expecting Soames to say this. However, he claimed to be under instructions to say that his government attached the greatest importance to making progress on the basis of their 'draft protocol' during the meeting of the Mixed Commission. Soames replied that the moment was not ripe for a discussion at a ministerial level in such a framework. As recalled by Hannay: 'It was essential, if such a discussion were not to provoke negative reactions on the Community side and adverse publicity in Yugoslavia, that there should be much more serious discussion of the Yugoslav ideas before any such meeting took place[101]'.

Very probably, from Soames's viewpoint, this was a way of gaining time, as he was aware that the current Community impasse in the field of budget politics prevented the Nine from making any substantive concessions to Yugoslavia. On the proposal of the European Commissioner, the meeting at the ministerial level was postponed to the autumn, although Belgrade's vague request for a public declaration on EEC-Yugoslav economic cooperation was not entirely unsuccessful. Its request confirmed to the Nine that it was with the Community as such, and not only with its individual members, that Belgrade wanted to strengthen bilateral relations. As we shall see in the next chapter, this proved to be one of the key factors affecting the course of EEC-Yugoslav relations in an international context, which was to be marked by a decline in superpower détente and by political instability in Southern Europe.

Conclusions

Economic recession in Western Europe in the aftermath of the first 'Oil Shock' marked a real discontinuity in the process of European integration: the ambitious goals set at The Hague in 1969 seemed to have waned.

[99] ECHA, BAC 97/1986/17, Note by D. Hannay, Brussels, 14 July 1976.
[100] *Ibid.*
[101] *Ibid.*

The new generation of European leaders who entered the scene in mid-1974 reacted to the economic downturn on a strictly national basis. Stagnation in terms of EEC-Yugoslav trade relations must be contextualised within this broader scenario. The several bans on beef imports adopted by the Council between 1974 and 1975 were a clear signal that the Council's priority lay in the protection of the Community market and that the interests of its commercial partners were secondary. However, despite trade stagnation, EEC-Yugoslav relations unfolded behind the scenes. The European Commission played the major part in this, as its active role within the Mixed Commission kept the flame of the relationship alive. Although within the Community framework the Commission proved to be unable to amend the Council's protectionist course, it was regarded by Yugoslavia as a pivotal interlocutor to study new ways of cooperating with the EEC in the industrial, agricultural, social and, for the first time, financial domains. From Yugoslavia's viewpoint, cooperation with the Community was not only meant to overcome commercial stagnation, but also to avoid isolation from the Brussels-Moscow-Beijing 'triangle'. The strengthened international dimension of the EEC and its capacity to enter into direct contact with COMECON and the government of the PRC seemed to realise Belgrade's worst nightmares regarding its future seclusion from the EEC commercial networks. This became particularly clear in June 1975, when Ortoli went to Belgrade to meet Yugoslavia's Prime Minister. For the first time, Bijedić frankly admitted Yugoslavia's clear choice in favour of the EEC. Despite Belgrade's contradictory policy, which, in the words of the British ambassador, aimed at a 'preferential non-preferential' arrangement with the EEC, Ortoli deemed that Bijedić's plea was sincere, and therefore tried to favour new forms of cooperation between the EEC and Yugoslavia by sensitising the Council of Ministers on the subject. In this framework, the Commission had to face the 'Franco-German' couple. The latter's reaction was ambivalent and primarily concerned the financial and social spheres. On one hand, they accepted sending a political signal to Belgrade that the doors of the Community were not closed to extended cooperation. On the other, they were not ready, just as Pompidou's France was not in 1972–1973, to enlarge the Commission's competencies by including economic cooperation within the commercial domain, the only possibility under the existing non-preferential approach. This policy was not in contradiction with French and West German interests in preserving Yugoslavia's stability: what they aimed at was maintaining cooperation

with Yugoslavia on a strictly bilateral basis. But this was not compatible with Yugoslavia's goal of strengthening cooperation with the EEC as such, despite its limited competence in the economic field, and not only with its individual member states. From a historical viewpoint, this sheds new light on the symbolic meaning of the EEC, which was regarded by Belgrade as a pivotal counterpart able to offer Yugoslavia 'psychological' support which was to sweep away the dark clouds hanging over its future economic stability.

CHAPTER 5

The Making of the 1976 Joint Declaration

Yugoslavia's desire for a public declaration of confidence on the part of the EEC, illustrated in Chap. 4, became reality in December 1976, when the parties signed a joint declaration which stressed Yugoslavia's character as a non-aligned, Mediterranean, European and developing country and, at the same time, sanctioned the Community's readiness to expand bilateral cooperation in several economic fields. This chapter illustrates the rationale behind the Nine's acceptance of such a declaration, and the international juncture at which it was negotiated. It examines how the fall of superpower détente, economic disequilibrium in Yugoslavia as a consequence of the 1974 constitutional reform, and political instability in Southern Europe forced the EEC to become directly involved in the Yugoslav issue, employing the power of political attraction already shown in the Greek, Portuguese and Spanish scenarios, albeit with different political perspectives. In late 1976 the EEC was to emerge as a political actor able to demonstrate Western support for Yugoslavia's independence and stability, without modifying Belgrade's non-alignment or altering the *status quo* in the Mediterranean.

B. Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*,
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Yugoslavia Enmeshed in Cold War Tensions

In the early 1970s, EEC-Yugoslav relations had been developing in the shadow of international détente and, above all, of the Helsinki CSCE of 1973–1975, which had represented the apex of détente in Europe.[1] Within this framework, Yugoslavia had played a moderate yet effective role, based on the refusal of bloc-against-bloc dialogue and the equality of all 35 participating states.[2] This moderate attitude had favoured relations between the nine EEC member states and the group of neutral and non-aligned countries.[3] Among Yugoslavia's main achievements lay the inclusion of a declaration regarding the Mediterranean in the CSCE Final Act,[4] and the decision to appoint Belgrade as the venue for the next CSCE meeting.[5]

However, soon after the conclusion of the Helsinki CSCE, relations between the two superpowers gradually entered a new phase of ideological and military confrontation. What has been defined by historians as the 'decline' or 'fall' of détente did not happen overnight, nor was it a sudden and unexpected event.[6] On the contrary, as stressed by historian Olav Njølstad, it was the result of a process of erosion in which several factors contributed to alter the existing flimsy equilibrium.[7] The first of these was the sudden exit from the scene of Richard Nixon, the great architect of

[1] See Angela Romano, *From détente in Europe to European détente: how the West Shaped the Helsinki CSCE* (Bruxelles: PIE Peter Lang, 2009), 187–218; John Maresca, *To Helsinki: The Conference on Security and Co-operation in Europe, 1973–1975* (Durham, NC: Duke University Press, 1987).

[2] ECHA, BAC 51/1988/463, European Political Cooperation: the CSCE follow-up, Geneva, 25 February 1977.

[3] Romano, *From détente in Europe to European détente*, 128–131.

[4] Nicolas Badalassi, 'Sea and Détente in Helsinki: The Mediterranean Stake of the CSCE, 1972–1975', in Elena Calandri, Daniele Caviglia and Antonio Varsori (eds.), *Détente in Cold War Europe: Politics and Diplomacy in the Mediterranean and the Middle East* (London: I. B. Tauris, 2013), 61–72.

[5] See Jovan Čavoški, 'On the Road to Belgrade: Yugoslavia's Contribution to the Defining of the Concept of European Security and Cooperation 1975–1977', in Vladimir Bilandžić, Dittmar Dahlmann and Milan Kosanović (eds.), *From Helsinki to Belgrade. The First CSCE Follow-up Meeting and the Crisis of Détente* (Bonn: Bonn University Press, 2012), 39–58.

[6] Wilfried Loth, *Overcoming the Cold War: a History of Détente, 1950–1991* (New York: Palgrave, 2001), 128–132; Odd Arne Westad, 'The Fall of Détente and the Turning Tide of History', in Odd Arne Westad (ed.), *The Fall of Détente: Soviet-American Relations during the Carter Years* (Scandinavian University Press: Oslo, 1997), 15–16.

[7] Olav Njølstad, 'The collapse of superpower détente, 1975–1980', in Melvyn Leffler and Odd Arne Westad (eds.), *The Cambridge History of the Cold War*, Volume 3 (Cambridge: Cambridge University Press, 2011), 142.

détente, in the aftermath of the Watergate scandal. In the USA, the opponents of détente emphasised the need for the country to restore its global power and promote US interests and values abroad.[8] Conservative forces in the US condemned the results of the Helsinki CSCE, whose Final Act, signed in August 1975, was largely regarded as the legitimisation of the Stalinist division of Europe. In geopolitical terms, the gradual deterioration of détente was linked to the fall of South Vietnam in the spring of 1975 and direct Soviet support of the People's Movement for the Liberation of Angola (MPLA), which seemed to herald a new phase of revolutionary Soviet interventionism in the Third World.[9] The installation of new medium-range nuclear missiles (SS-20) in Warsaw Pact territories in early 1976 also aroused confrontation on the European continent.[10] The USA and its Western European allies were more and more sceptical about the Soviet motives behind this decision.[11] Therefore, the decline of international détente implied the return to traditional East–West confrontation.[12]

The resignation of Richard Nixon in August 1974 and the gradual deterioration of international détente also corresponded to a delicate political juncture in Southern Europe, which seemed to threaten the security of NATO's southern flank.[13] In April 1974, the 'Carnation Revolution' in Portugal, a founding member of NATO, had given rise to the establishment of a Communist-led regime headed by the left-wing factions within the Army. Only a few months later, the *coup d'état* promoted by the Greek military junta against the President of Cyprus, Archbishop Makarios, and the subsequent invasion of the Turkish Army into the northern part of the island to protect the Turkish minority, had caused a direct confrontation between Athens and Turkey, two pillars of NATO's southern flank since

[8] Umberto Tulli, '"Whose rights are human rights?" The ambiguous emergence of human rights and the demise of Kissingerism', *Cold War History*, 12/4, 2012, 573–593.

[9] Odd Arne Westad, *The Global Cold War. Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005), 222–226; Vladislav M. Zubok, *A Failed Empire. The Soviet Union in the Cold War from Stalin to Gorbachev* (Chapel Hill: The University of North Carolina Press, 2009), 247–254.

[10] Federico Romero, *Storia della guerra fredda. L'ultimo conflitto per l'Europa* (Torino: Einaudi, 2009), 270.

[11] Vladislav M. Zubok, 'Soviet Foreign policy from détente to Gorbachev, 1975–1985', in Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Volume 3, 89–90.

[12] Westad, 'The Fall of Détente', 14.

[13] Ennio Di Nolfo, 'The Cold War and the Transformation of the Mediterranean, 1960–1975', in Leffler and Westad (eds.), *The Cambridge History of the Cold War*, Volume 2, 238–257.

the early years of the Cold War.[14] The Cypriot crisis had led to the definitive collapse of the colonels' regime, which had taken power in Greece in 1967, and opened the delicate question of Greece's future relations with NATO, after the decision taken on 14 August 1974 by the new Greek Prime Minister, Konstantinos Karamanlis, to withdraw from the integrated military command of NATO, in response to the Alliance's failure to prevent the Turkish invasion in Cyprus.[15] The death of Francisco Franco in November 1975 also brought Spain, a traditional US ally in the Mediterranean region since the early 1950s, into a phase of political turmoil and growing instability. Last but not least, between 1974 and 1975, economic and social crises in Italy had favoured the electoral rise of the Italian Communist Party, which, under the leadership of Enrico Berlinguer, had been able to gain consensus in Italy and abroad under the flag of 'Eurocommunism'.[16]

Yugoslavia, which was to face the question of its future transition from the 'Tito' to the 'post-Tito' era, was also part of this troubled Southern Mediterranean scenario. In late 1975, faced with the rapid decline of international détente, the question of Belgrade's future alignment became a central issue for Western strategic thinking in this region.[17] Both the Nine and Washington believed that Yugoslavia's international weakness was revealed by three major elements.

The first was the mounting crisis of Yugoslavia's leadership within the NAM which, since the early 1960s, had represented one of the most evident symbols of Belgrade's international autonomy. After the non-aligned conference in Colombo of June 1976, Western embassies in Belgrade were worried about the emergence within the movement of a pro-Soviet faction headed by Cuba.[18] In this regard, US Secretary of State Henry Kissinger had noted in September 1976, during a secret ministerial quadripartite

[14] Brendan O'Malley and Ian Craig, *The Cyprus Conspiracy: America, Espionage and the Turkish Invasion* (London and New Yurk: I.B. Tauris, 2004).

[15] Eirini Karamouzi, *Greece, the EEC and the Cold War 1974–1979: The Second Enlargement* (Basingstoke: Palgrave Macmillan, 2014), 57–81.

[16] Antonio Varsori, 'Puerto Rico (1976): le potenze occidentali e il problema comunista in Italia', *Ventunesimo secolo*, 16, 2008, 89–121; Giovanni Bernardini, 'The Federal Republic of Germany and the Resistible Rise of the Historic Compromise in Italy (1974–1978)', in Antonio Varsori and Guia Migani (eds.), *Europe in the International arena during the 1970s: entering a different world* (Brussels: Peter Lang, 2011), 317–337.

[17] AAPBD, 1976, doc. 207, Note by F. Engels, 25 June 1976.

[18] AMAE, SE 1976–1980, 4845, Report on the Non-aligned Movement, Paris, 7 June 1978.

meeting between the US, UK, France and the FRG, that a split had taken place in Colombo between 'non-aligned non-aligned' [*sic!*] and the pro-Soviet non-aligned: he feared that the 'non-aligned non-aligned' would lose cohesion when Tito died.[19]

The second factor regarded Belgrade's strained relationship with Moscow and its satellites.[20] The inclusion of Yugoslavia in the list of socialist sister nations in Brezhnev's account to the 25th Party Congress of the Communist Party of the Soviet Union (CPSU) raised the question of whether this was meant to express Soviet intentions after the death of Tito. As noted by the German delegation to NATO in April 1976, Belgrade's efforts to maintain and protect its independence *vis-à-vis* Moscow was also expressed in its attitude during preparations for the Conference of European Communist Parties, which was to take place in Berlin in June 1976. What Yugoslavia wanted in attending this conference was the multilateralisation of the declarations of Belgrade and Moscow of 1955 and 1956, in which Yugoslavia's own way to socialism had been recognised by the Soviet Union.[21] The League of Communists of Yugoslavia (LCY) had strengthened direct relations with the Italian Communist Party which, under the leadership of Enrico Berlinguer, had developed into a party which promoted an Italian road to socialism, to wit, 'Eurocommunism', based on the idea of Western socialism founded upon democratic principles.[22]

The third element revealing Yugoslavia's international weakness concerned alarming perspectives for the post-Tito era. Most analyses by Western diplomats about the question 'After Tito, what?' depicted

[19] TNA, FCO 33/2975, Secret Quadripartite Ministerial Meeting at New York, 28 September 1975. Gerald Ford's years as the President of the United States saw the utility of regular forms of consultations between the US and the major Western European powers, such as the quadripartite meetings and the G7. See N. Piers Ludlow, 'The Real Years of Europe? U.S.-West European Relations during the Ford Administration', *Journal of Cold War Studies*, 15/3, 2013, 136–161.

[20] AAPBD, 1976, doc. 207, Note by F. Engels, 25 June 1976.

[21] TNA, FCO 28/2822, Expert working group on the Soviet Union and Eastern Europe, Brussels, 21 April 1976.

[22] Archivio Partito Comunista (APC), Estero, mf 240, 260–263, Note by A. Rubbi, 15 May 1976; APC, Estero, mf 240, 266–269, Note by A. Rubbi, 26 May 76. See also Silvio Pons, *Berlinguer e la fine del comunismo* (Torino: Einaudi, 2006); Antonio Varsori, *La Cenerentola d'Europa. L'Italia e l'Integrazione Europea dal 1947 a oggi* (Soveria Mannelli: Rubettino, 2010), 299–314.

disquieting scenarios for Yugoslavia's future.[23] Although the direct intervention of the USSR in Yugoslav affairs was still considered to be unlikely, Moscow was deemed to be interested in favouring the emergence of pro-Soviet forces in Yugoslavia able to exploit inter-federal rivalries and weaken its unity and stability.[24] These concerns were linked to the entry into force of a new Yugoslav constitution in February 1974. This included the constitutional amendments adopted in 1971 in the aftermath of the 'Croatian Spring' and the rise of nationalist contrasts in the federation. It had also reinforced the leading role of the LCY and definitively transformed the country into an eight-unit territorial confederation consisting of Slovenia, Croatia, Serbia, Bosnia-Herzegovina, Montenegro, Macedonia, and the two autonomous regions of Kosovo and Vojvodina.[25] The newly adopted constitution had also attributed broader economic competencies to the single federal republics, hindering the capacity of the central government to manage the rise of debt, unemployment and inflation. At the same time, the self-management system had been reinforced to the point at which powers of decision in the fields of investment, prices and foreign trade had been transferred to the basic self-management units in the enterprises. The Nine's commercial counsellors in Belgrade had closely followed the unfolding of this constitutional reform and, on 21 January 1976, had sent a worried joint report to the Council of Ministers' secretariat and the European Commission. This stressed that, under the economic system introduced in 1974, little room was left for central authorities to coordinate economic development in the country. In particular, the counsellors noted:

> It is frankly admitted by Yugoslav politicians themselves that this 'socialist self-management planning system', still being in an experimental phase, has not yet turned out to be very effective. Due to prevailing regional and sectoral egoism, agreements on urgent issues are often not being observed or even not concluded at all.[26]

[23] ASPR, 130, Jugoslavia, Letter by G. W. Maccotta, Belgrade, 11 February 1975; AMAE, SE 1976–1980, 3761, German report on recent developments in multilateral relations in South-East Europe, Brussels, 24 March 1975; FRUS, 1969–1976, Volume E–15, Part 1, Documents on Eastern Europe, 1973–1976, Doc. 15, Telegram from the Department of State to All European Diplomatic Posts, 1 February 1976.

[24] TNA, FCO 28/2967, Discussion among NATO permanent representatives, 19 October 1976.

[25] Stevan K. Pavlowitch, 'Yugoslavia: internal problems and international role', in Wilfried Loth and Georges-Henri Soutou, *The Making of Détente: Eastern and Western Europe in the Cold War* (New York: Routledge, 2008), 84.

[26] ACEU, S/101/76 (RCC 13), Report on Yugoslavia prepared by the economic representatives of the EEC member countries in Yugoslavia, Belgrade, 24 December 1975.

The signing of the Treaty of Osimo between Rome and Belgrade in November 1975 was also closely linked to fears for Yugoslavia's internal stability.[27] The agreement, which officially recognised Belgrade's sovereignty over zone B, as established by the Memorandum of London of 1954, was mainly motivated by the need to close the border question definitively before Tito's death, in order to avoid facing a pro-Soviet Yugoslav leadership after the Marshal's passing.[28] Italy's Community partners had not been informed about the secret negotiations between Rome and Belgrade until late September 1975. Yet, when the Italian ambassador Giuseppe Walter Maccotta informed his EEC colleagues in Belgrade about the forthcoming conclusion of the Italo-Yugoslav controversy, they expressed their satisfaction with the result achieved by Rome.[29] As noted by Brian Cartledge, head of the Eastern Europe and Soviet Department of the British Foreign Office: 'The agreement is, of course, excellent news. The Trieste issue is one which has been exploited to Western disadvantage in the past. After Tito's departure, it might well have been used in this way again[30]'.

Once combined, all these factors—the crisis of Yugoslavia's place in the NAM, Belgrade's strained relationship with Moscow, and the open question of 'After Tito, what?'—highlighted Yugoslavia's extremely precarious international position, which was further exacerbated by the rapid deterioration of Tito's health between September and October 1976.[31]

The EEC as a Cold War Player

In mid-1976, the Nine and their NATO allies were therefore confronted with the following question: how to manage the possible increase of Soviet pressure on Yugoslavia. The probability of overt NATO assistance was soon discarded. As Kissinger had stressed during a quadripartite meeting with French, UK and FRG representatives held in New York on 24 September 1975, any collective Western plan to safeguard Yugoslavia's independence should be carried out with extreme discretion.[32] Indeed,

[27] See Massimo Bucarelli, 'Roma e Belgrado tra Guerra Fredda e Distensione', in Pier Giorgio Celozzi Baldelli (ed.), *La politica estera italiana negli anni della Grande Distensione (1968–1975)* (Roma: Aracne, 2009), 144–157.

[28] ACS, FAM, 163, Meeting with the US Secretary of State, Washington, 26 April 1974; AMF, 162, Letter by G. W. Maccotta, Belgrade, 16 October 1974.

[29] TNA, FCO 30/2967, Note by B. Cartledge, London, 6 October 1974.

[30] TNA, FCO 30/2967, Report on Trieste, 23 September 1975.

[31] AMAE, SE 1976–1980, 4845, Note on Giscard d'Estaing's visit to Belgrade, 15.9.1976.

[32] TNA, FCO 33/2975, Report on quadripartite discussions on Yugoslavia, undated.

Belgrade's sensitivity towards NATO's interference had already clearly emerged in early 1974, after a direct confrontation between Belgrade and Rome regarding the Italo-Yugoslav border.

In January 1974, in fact, the Yugoslav authorities had erected signs reading 'Socialist Federal Republic of Yugoslavia, Republic of Slovenia' at three frontier crossing points between zones A and B, which, as already noted in Chap. 2, had been established by the 1954 London Memorandum in the area of the 'Free Territory of Trieste'. The decision taken by the Yugoslav authorities had been harshly criticised by the Italian government, which had accused Belgrade of violating the provisions of the 1954 Memorandum, which recognised Yugoslavia's *de facto* administrative control of zone B but not *de jure* sovereignty.[33] In an official note sent to Belgrade on 11 March 1974, the Italian Government stated that Yugoslav sovereignty could not be extended 'over the Italian territory which is currently designated as B zone of the non-established Free Territory of Trieste'.[34] The Italian note, which had openly defined B zone as Italian territory, had provoked harsh protest on the part of the Yugoslav government. In the following months, bilateral relations between the two countries deteriorated significantly, since Rome's reaction was interpreted by Belgrade as a patent Western conspiracy against Yugoslavia's integrity.[35]

In fact, this controversy was part of a broader crisis of confidence between Yugoslavia and its Western partners. During a Dutch-Yugoslav summit in late March 1974, the Yugoslav representative Mitja Ribičić firmly stated that the Italian official declaration—according to which, zone B, into which part of the Free Territory of Trieste had been divided in 1954, was an integral part of Italian territory—was a fraction of a broader conspiracy led by the USA against the integrity of his country. Branko Komatina, a prominent member of the Yugoslav Foreign Ministry, had even added that the silence of the Western European countries about Italian territorial claims proved that NATO supported Italian plans against Yugoslavia.[36] This view had been directly confirmed on 26 March 1974 by the Yugoslav Undersecretary for Foreign Affairs to the Italian Ambassador Giuseppe Walter Maccotta.[37]

[33] ASPR, 130, Note by R. Ducci, Rome, 1 April 1974. See also Marina Cattaruzza, *L'Italia e il confine orientale, 1866–2006* (Bologna, Il Mulino, 2007), 312–326.

[34] ASPR, 130, Italian Memorandum to Yugoslavia, Rome, 8 March 1974.

[35] ASPR, 130, Telegram by A. Moro, Rome, 23 March 1974.

[36] ACS, FAM, 163, Telegram by G. W. Maccotta, Belgrade, 3 April 1974.

[37] ACS, FAM, 163, Telegram by G. W. Maccotta, Belgrade, 26 March 1974.

Maccotta wondered about the political roots of Belgrade's overreaction.[38] His reflections coincided with those of several other Western European diplomats, according to whom such an anti-Western campaign depended upon Yugoslavia's fragile internal situation.[39] In a long despatch sent on 1 March 1974 to the Italian Minister for Foreign Affairs, Aldo Moro, Maccotta stressed the LCY's adverse and often sterile efforts to find equilibrium between its 'liberal-technocrat' (pro-West) and 'centralist' (pro-Soviet) wings.[40] In particular, he believed that the anti-Western campaign served to balance, at an internal level, the fight against 'Cominformist' forces in the country. Indeed, in early 1974, some 30 people had been tried and convicted in Montenegro and Kosovo for holding, advocating or simply receiving material propagating the view that Yugoslavia should be run on the Soviet model and return to the Soviet fold.[41] From the viewpoint of Maccotta, the LCY was also seeking to gain new legitimacy prior to its tenth Congress, to be held in May 1974, and the coming into force of a new federal constitution which was to redefine the relationship between the LCY and the individual republics.[42] Lastly, Maccotta had noted that Yugoslavia's internal problems had aroused a widespread feeling of international isolation which, as emphasised by the US Ambassador in Belgrade, included paranoia about NATO's plans for Yugoslavia's future.[43]

This 'paranoia' about Western interference became apparent a few months later, when Tito accused NATO of involvement in the Cypriot crisis in July 1974. In a wide-ranging speech made in Slovenia on 19 September 1974, the Yugoslav leader claimed that the *Putsch* had been organised by the CIA, the Greek military junta, and the Atlantic Pact: 'The aim was to kill Makarios because Cyprus was a non-aligned country, and Makarios is one of the founders of the non-aligned policy. He had to be removed and Cyprus turned into a base of the Atlantic Pact'.[44]

[38] See TNA, FCO 28/2637, Note by D. Stewart, Belgrade, 21 March 1974; ACS, FAM, 163, Telegram by G. W. Maccotta, Belgrade, 23 March 1974.

[39] ACS, FAM, 163, Telegram by A. Cagiati, Vienna, 26 March 1974; AMF, 163, Telegram by R. Paolini, London, 2 April 1974; FAM, 163, Telegram by F. Malfatti, Paris, 28 March 1974.

[40] ASPR, 130, Letter by G. W. Maccotta, Belgrade, 1 March 1974.

[41] TNA, DEFE 11/862, Report by C. L. Booth, Belgrade, 9 October 1974.

[42] ASPR, 130, Letter by G. W. Maccotta, Belgrade, 1 March 1974.

[43] ACS, FAM, 163, Telegram by G. W. Maccotta, Belgrade, 20 March 1974.

[44] AMAE, SE 1971–1976, 3760, Letter by E. V. McAuliffe, Brussels, 18 September 1974.

These declarations had also been interpreted by Western diplomats as a reflection of Yugoslavia's internal situation and, at the same time, of its will to defend its internal cohesion by diverting attention from immediate domestic problems.[45]

As NATO was not a suitable actor to deal with the question of Yugoslavia's independence, the need arose to find new ways of strengthening Western links with Belgrade by more discreet and subtle means which would formally respect Yugoslavia's autonomy.[46] This subject emerged during the NATO Council meeting held in Washington on 15 September 1976. Helmut Sonnenfeldt, a US State Department counsellor and Kissinger's long-term advisor, said that NATO should be interested in the preservation of an independent Yugoslavia, despite the fact that bilateral US-Yugoslav relations were 'quite unpleasant'.[47] Indeed, during the Nixon and Ford administrations, relations between Washington and Belgrade had suffered some major setbacks. Relations had worsened due to Belgrade's decision to allow Soviet flights over Yugoslav territory to assist Arab countries during the Yom Kippur War, and to Tito's attitude during the Cypriot crisis, as well as his public support to the MPLA in Angola.[48] As reported by the British permanent representative to the North Atlantic Council, Sir John Killick:

> Sonnenfeldt said that he did not know the position regarding Tito's health but the possible demise of Tito was one of the most worrying things on the world scene. At the same time it was impossible to discuss it with the Yugoslavs. On this, however delicate question, the Alliance must find ways of consulting from time to time and the military authorities needed to think about possible Soviet actions.[49]

Sonnenfeldt's personal opinion was that the consequence of Tito's death would be more complex, and would focus on manoeuvring and political interference rather than on military intervention. At the same

[45] AMAE, SE 1971–1976, 3760, Telegram by F. de Rose, Bruxelles, 17 September 1974.

[46] TNA, FCO 33/2975, Report on quadripartite meetings on Yugoslavia, undated.

[47] TNA, FCO 28/2967, NATO Council meeting with Sonnenfeldt in Washington on 15 September, 27 September 1976.

[48] John R. Lampe, *Yugoslavia as History: Twice There Was a Country* (Cambridge: Cambridge University Press, 2000), 323.

[49] TNA, FCO 28/2967, NATO Council meeting with Sonnenfeldt in Washington on 15 September, 27 September 1976.

time, he noted, the USSR was extremely sensitive and indeed paranoid about attempts to win over Yugoslavia to the West or exercise influence within Yugoslavia.[50] Accordingly, the US representative stressed that this was a problem which the European Community needed to face.[51]

A few days later, on 28 September 1976, the Yugoslav question was discussed during another secret quadripartite meeting.[52] The US representatives, Sonnenfeldt and Kissinger, stressed their difficulty in dealing with Yugoslavia, whose attitude had been unhelpful on Angola, the Middle East and, at an earlier stage, Cyprus. Kissinger stated that the US aim was still to keep Yugoslavia on an essentially non-aligned course: 'But every now and then it was necessary for the US to make it costly for Yugoslavia to establish its non-aligned credentials…. The US Government drew the line when Yugoslavia opposed the USA but failed to oppose the USSR, although an exception to this rule could be allowed in the Balkans.[53] In view of this, Sonnenfeldt claimed that Washington was concerned about preventing too strong a swing of public opinion against Yugoslavia. He stated that the US was 'happy to see [our] partners keeping in close touch with Belgrade'.[54]

This US attitude did not only regard the Yugoslav case. It was also part of the Ford administration's search for closer cooperation with its Western European allies, to safeguard traditional US interests in Southern Europe and to share the burden of global containment in Africa and Latin America.[55] According to a memorandum of the US National Security Council (NSC) in December 1975, the EEC could actively contribute towards stabilising Southern Europe and avoiding the propagation of political instability in the region through economic instruments and the power of political attraction.[56] Between mid-1974 and late 1975, the active role played by the Community and its major member states, France

[50] *Ibid*.

[51] *Ibid*.

[52] TNA, FCO 33/2975, Secret Quadripartite Ministerial Meeting, New York, 28 September 1976.

[53] *Ibid*.

[54] *Ibid*.

[55] Westad, 'The Fall of Détente', 6; Antonio Varsori, 'The EC/EU and the US (1957–2006)', in Anne Deighton and Gerard Bossuat, *The EC/EU: A World Security Actor?* (Paris: Soleb, 2007), 35.

[56] Antonio Varsori, 'Crisis and Stabilisation in Southern Europe During the 1970s: Western Strategy, European Instruments", *Journal of European Integration History*, 15/1, 2009, 10–11.

and the FRG *in primis*, had clearly emerged within the contexts of the Portuguese, Greek and, to a lesser extent, Spanish transitions from dictatorship to democracy. In the case of Portugal, West Germany had developed a policy of direct support of Mario Soares's pro-Western Socialist Party, thereby avoiding any 'Chile-style' scenario, which had been initially envisaged by Kissinger to counter the Communist forces in the country, and offered Portugal the perspective of integration within the EEC.[57] The Community had also emerged as Greece's reference point after the fall of the military regime in 1974.[58] The European integration perspective acted as a catalyst for the political credentials of Karamanlis's pro-Western party, *Nea Dimocratia*. The rapid re-activation of the Association treaty, which had been suspended in 1967 after the military *coup*, was to lead to Athens's official request for full EEC membership on 12 June 1975.[59] As far as post-Franco Spain was concerned, since the late years of Franco's dictatorship the moderate opposition forces, especially the Spanish Socialist Party, had openly manifested their interest in enhancing Spain's links with the EEC.[60] The above-mentioned NSC memorandum noted that a reasonably successful political evolution would draw Spain closer to 'its Western European neighbours' at a moment when traditional US support for Franco's regime was broadly associated with the country's dictatorial past.[61] The memorandum also highlighted the precarious situation of Yugoslavia and its possible consequences in neighbouring states. Regarding the latter, it pointed out:

[57] See Mario Del Pero, 'I limiti della distensione: gli Stati Uniti e l'implosione del regime portoghese, in Antonio Varsori (ed.), *Alle origini del presente. L'Europa occidentale nella crisi degli anni Settanta* (Milano: Franco Angeli, 2007), 39–66; Kenneth Maxwell, *The Making of Portuguese Democracy* (Cambridge: Cambridge University Press, 1996); Carlos Gaspar, 'International Dimensions of the Portuguese Transition', in Marietta Minotou (ed.), *The Transition to Democracy in Spain, Portugal and Greece: Thirty Years After* (Athens: Konstantinos G. Karamanlis Foundation, 2006), 121–142.

[58] Karamouzi, 'Telling the whole story: America, the EEC and Greece, 1974–1976", in Varsori and Migani (eds.), *Europe in the International arena*, 355–363.

[59] See Karamouzi, *Greece, the EEC and the Cold War*, 14–35.

[60] See Maria Elena Cavallaro, 'The Spanish European Integration: The First Steps of a Long Journey', in Michele Affinito, Guia Migani, Christian Wenkel (eds.), *Les deux Europes. The two Europes* (Bruxelles: PIE Peter Lang, 2009), 149–164 ; Antonio Muñoz Sanchez, 'A European Answer to the *Spanish Question*: *The SPD and the End of the Franco Dictatorship*', *Journal of European Integration History*, 15/1, 2009, 77–93.

[61] FRUS, vol. XXX, *Greece, Cyprus, Turkey, 1973–1976,* US Government Printing Office, Washington, 2007, Doc. No. 56, U.S. and Allied Security Policy in Southern Europe, 196.

> Developments in post-Tito Yugoslavia could have an important impact on NATO's southern flank. We are relatively sanguine about the outcome—because we believe Moscow sees more to gain from détente than from an overt move to re-establish Soviet hegemony and because the Yugoslav military would move in to cope with an externally or internally generated threat to the country's integrity and independence. But a precipitous unravelling of the Western position in Southern Europe might change Moscow's perception of the risks of meddling in Yugoslav affairs. And a collapse of Yugoslav independence could demoralize moderates in neighboring states who would be sensitive to the advance of Soviet power nearer their borders.[62]

The Memorandum concluded that 'both the EC and its members can contribute to the orderly evolution of the area by means of the economic assistance they can provide and the political influence which, in varying degrees, they possess'.[63] Therefore, Yugoslavia was to be comprised in a wider picture involving Western strategies in Southern Europe, based on political stabilisation and strengthening of economic and political links with Western Europe.

In mid-1976, the need for the EEC to deal with the Yugoslav question was reinforced by two major episodes which negatively affected the course of US-Yugoslav relations during the last months of Ford's presidency. The first concerned the so-called 'Sonnenfeldt doctrine', according to which there was an 'organic relationship' between the countries of Eastern Europe and the Soviet Union.[64] This view, which was reported in a memo written by Sonnenfeldt to US ambassadors in Europe in December 1975, had been publicly revealed by the *Washington Post* on 22 March 1976.[65] The revelation of the 'Sonnenfeldt doctrine' led to harsh protests on the part of the Yugoslav government, since it seemed that the two superpowers 'had reached an understanding on the division of Europe into spheres of influence'.[66] The second episode concerned declarations made about Yugoslavia by the Democratic candidate Jimmy Carter during his 1976 electoral campaign. When, during a televised debate with soon-to-be ex-President Gerald Ford on 23 October 1976, Carter was asked about US

[62] *Ibid*.
[63] *Ibid*.
[64] Jussi Hanimäki, *The flawed architect. Henry Kissinger and American Foreign Policy* (New York: Oxford University Press, 2004), 444.
[65] *Ibid*.
[66] TNA, FCO 28/2964, Note by R. A. Hibbert, London, 8 November 1976.

reaction to possible USSR intervention in Yugoslavia after Tito's death, he answered as follows:

> I have maintained from the very beginning of my campaign…that I would never go to war or become militarily involved in the internal affairs of another country unless our own security was directly threatened. And I don't believe that our security would be directly threatened if the Soviet Union went into Yugoslavia.[67]

This statement, as reported by the French and British embassies in Belgrade, increased Yugoslav concerns about US disengagement from Yugoslav affairs, although Henry Kissinger soon publicly replied to Carter's words by saying that the US was not going to put Yugoslavia outside the American defence perimeter, as the Truman administration had mistakenly done with South Korea in the early 1950s.[68]

Faced with the conundrum of Yugoslavia's course in the post-Tito era, NATO's disinclination to take any public stance on the issue, and uncertainty about US intentions in Yugoslavia, in late 1976 the Community gradually emerged as the leading actor able to strengthen Yugoslavia's ties with the West in a low-profile way. As Yugoslavia's request for a public Community statement of confidence made in June 1976 bore witness, Belgrade did not regard relations with the Community as a breach of its non-aligned policy, as long as they formally remained non-preferential. In this regard, in late October 1976, Stewart, the British Ambassador in Belgrade, reported:

> I realise that it is not possible to prevent NATO discussion of Yugoslavia but I must give you my view that it should be firmly discouraged whenever possible. It is not as if NATO ever does (or in my view could) produce any novel recommendation for action and the fact that it has been discussing Yugoslavia almost leaks in one form or another. The Yugoslavs take the strongest objection to this. Per contra, they are all in favour of the EEC discussing Yugoslavia as often as possible.[69]

[67] TNA, FCO 28/2964, The 1976 Election debates, President Gerald R. Ford & Democratic Presidential Nominee, Jimmy Carter, at William and Mary College, Williamsburg, Virginia, 22 October 1976.

[68] The Department of State Bulletin, Volume LXXV, Nos. 1932–1957, 5 July 1976–27 December 1976, Secretary Kissinger Interviewed on 'Face the Nation' on 24 October 1976, 606.

[69] TNA, FCO 28/2967, Letter by D. Stewart, Belgrade, 27 October 1976.

De Kergorlay's Mission

The direct contacts established at an official level between the European Commission and Yugoslavia between 1974 and 1975 turned out to be fundamental in enhancing EEC-Yugoslav relations in this difficult international environment. DG I's deputy Director General, Roland de Kergorlay, and Pierre Duchâteau, a senior DG I official in charge of relations with the Mediterranean countries, became personally involved in Cold War dynamics. Indeed, a feeling of urgency about the future of the Yugoslav federation after the death of Tito dominated EEC-Yugoslav summits between September and December 1976. In this period, bilateral contacts focused on the preparation of a joint statement which would publicly stress the EEC's confidence in Yugoslavia's stability without prejudicing the latter's formal detachment from the Western bloc. The starting point for such a declaration was a draft statement on financial cooperation submitted by Belgrade to the European Commission in June 1976.

As stressed in Chap. 4, this project had been labelled by both de Kergorlay and Soames as unrealistic and ill-designed, to the extent that the Mixed Commission envisaged for July 1976 had been postponed at Soames's request. EEC-Yugoslav talks on this question were therefore resumed in late September 1976. On 29 September 1976, during a meeting between Hannay and Žarko Tomašević, who had been following the question of EEC-Yugoslav relations since the early 1960s and had substituted himself for Miljević due to the latter's illness,[70] Tomašević explained that he was having great difficulty in convincing Belgrade that their proposal for financial cooperation had really been ill-designed. According to Hannay's report, Tomašević had argued:

> There was a tendency in some quarters in Belgrade to attribute the Commission's reaction to a general hardening of attitudes towards Yugoslavia which the Yugoslav Government believed it had detected in both the Soviet Union and the US. All the attempts of the Yugoslav Mission here to get across the fact that the Commission had reacted out of a desire to avoid a *débâcle* had fallen on rather stony ground.[71]

On 4 October 1976, another meeting took place between Tomašević, Božidar Frangeš, the Director General in the Yugoslav Foreign Ministry

[70] See Chap. 2.

[71] ECHA, BAC 97/1986/19, Note by D. Hannay, Brussels, 30 September 1976.

responsible for relations with Western Europe, and the EEC's representatives, namely, de Kergorlay, Hannay and Duchâteau. Frangeš stressed that the draft protocol submitted to the EEC in July was in fact a working paper which could be exploited as a 'declaration of intent' on the part of the Nine.[72] The two parties agreed that de Kergorlay should go to Belgrade at the end of October for 'brain-storming' with the Yugoslav authorities on this subject.[73] A few hours later, Frangeš called on Sir Christopher Soames. Both sides agreed that the question of EEC-Yugoslav relations should be examined in political terms. Frangeš recognised that the difficulty was that any progress in bilateral relations was constrained by the existing non-preferential agreement, and that options such as extending the latter to a free-trade agreement or one of the 'Mediterranean' type were excluded. Soames said that Yugoslavia's position was of cardinal importance to the West, but he pointed out that one had to proceed step-by-step with the EEC, and the first step in seeing how to move closer together would be de Kergorlay's mission to Yugoslavia in late October, which would prepare the ground for the next meeting of the Mixed Commission at the ministerial level.[74] As Yugoslavia had asked the Commission itself to find concrete solutions to improve bilateral relations, it was now up to DG I to find a strategy to strengthen bilateral ties without modifying the existing treaty. In fact, in view of the COREPER meeting of 7 October 1976, Duchâteau stated to de Kergorlay that the European Commission should 'sensitise' the Nine on this matter[75]:

> Faced with the Yugoslavs' need to strengthen relations with the Community in order to anchor their country to the West and, in view of increasing fears about the possibly imminent succession to Marshal Tito, it is extremely important that the next Mixed Commission at ministerial level be successful.[76]

Duchâteau thought that a joint declaration should be signed, with the Yugoslav authorities stressing the Community's engagement in supporting

[72] ECHA, BAC 97/1986/19, Record of meeting between Frangeš, Tomašević, de Kergorlay, Hannay and Duchâteau, Brussels, 4 October 1976.
[73] ECHA, BAC 97/1986/19, Note by P. Duchateau, Brussels, 4 October 1976.
[74] ECHA, BAC 97/1986/19, Note by M. J. Richardson, Brussels, 5 October 1976.
[75] ECHA, BAC 97/1986/19, Note by P. Duchateau, Brussels, 5 October 1976.
[76] *Ibid*.

Yugoslavia. De Kergorlay expressed these views to the representatives of the Nine during the COREPER meeting of 7 October 1976. The DG I's director emphasised: 'It is clear that Yugoslavia's wish is that of giving a general indication to the world that the Community and its Member States are ready to strengthen their links with this country gradually'.[77] In view of this, he advanced the idea that EEC-Yugoslav relations might be strengthened by a symbolic visit to Belgrade of the president of the Council of Foreign Ministers and a member of the European Commission. The visit would set the seal on a joint declaration among the Council, the Commission and Yugoslavia, which, according to de Kergorlay, would emphasise 'the political orientation which—for reasons which should be obvious to all—the Yugoslavs are currently pursuing, to wit, the political will of this country to move more to the West than to the East'.[78]

De Kergorlay's appeals were welcomed by the Dutch Council's presidency. Indeed, the Dutch deputy Foreign Minister, Laurens Jan Brinkhorst, had recently visited Belgrade in his joint capacity as Dutch and Community representative. During the visit, the Yugoslav Prime Minister had stressed Belgrade's wish to expand its relationship with the Community.[79] As declared by the Dutch permanent representative during the COREPER meeting of 7 October, the Dutch Foreign Minister, Max Van der Stoel, intended to discuss the Yugoslav approach with his colleagues at the October Council.[80] After the end of the COREPER meeting, Duchâteau noted that the permanent representatives had been favourably impressed by de Kergorlay's words:

> All member states have been highly sensitised by the presentation you made to the ambassadors about Yugoslavia's delicate situation and the fears raised by such a situation. According to staircase gossip reported by those responsible for the Yugoslavia dossier, your visit to Yugoslavia on 26 October is considered extremely important, so that it seems that there exist the right psychological conditions for the member states to welcome the proposals that the Commission will advance after your visit to Yugoslavia.[81]

[77] ECHA, BAC 97/1986/19, Note by R. de Kergorlay, Brussels, 6 October 1976.
[78] *Ibid*.
[79] AMIP, PA, R, 1976, f: 182: b.454312, Telegram by B. Frangeš, Belgrade, 14 October 1976.
[80] ECHA, BAC 97/1986/19, Note for the file, Brussels, 8 October 1976.
[81] ECHA, BAC 97/1986/19, DG I, Note for de Kergorlay, Brussels, 15 October 1976.

In the following few days, the Yugoslav fears of Moscow's plans for a post-Tito Yugoslavia continued to dominate EEC-Yugoslav contacts at an official level. On 12 October 1976, Tomašević informed Duchâteau about the political climate which was shaping Yugoslavia's attitude towards the Community. Duchâteau's report of this meeting shows that the talks primarily concerned the future development of Cold War dynamics in the Balkans:

> The Yugoslav government is convinced that, if the Soviet intervention was to take place during the transition phase after Tito's death, America and Western Europe would not intervene. The whole of Yugoslavia is now organised for a period of popular resistance lasting no more than 2 months. This resistance would aim at destroying railway junctions and communication infrastructures …. Yet the Yugoslav reasoning is that the Russians will intervene only if they are sure of succeeding. That is why the whole Yugoslav calculation aims at obtaining assurances from to the West, by whatever means, to deter the Russians in their efforts to intervene.[82]

In view of de Kergorlay's mission to Belgrade, Duchâteau therefore thought that the EEC's primary goal was to manifest its political interest in Yugoslavia's stability. Discussion of economic cooperation would follow suit at a later time.[83]

In the absence of Sir Christopher Soames—at that time, the British commissioner was suffering from serious health problems—the European Commission's view, elaborated by Duchâteau and de Kergorlay, was presented to the Council on 18 October by Finn Olav Gundelach, the Danish Commissioner for the Internal Market. In view of the end of Ortoli's Commission in January 1977, Gundelach agreed with Soames to deputise for him in the external relations field.[84] A prominent and influential Commissioner, Gundelach was personally concerned with the development of EEC-Yugoslav relations: as deputy-general secretary of the GATT in the mid-1960s, he had been one of Yugoslavia's main sponsors for accession to this institution. As he told Tomašević during a private meeting on 7 October 1976, he was eager to sponsor Yugoslavia's demands within the

[82] ECHA, BAC 97/1986/19, Note by P. Duchateau, Brussels, 13 October 1976.

[83] *Ibid*.

[84] See N. Piers Ludlow, Jürgen Elvert and Johnny Laursen, 'The impact of the first enlargement', in Éric Bussière, Vincent Dujardin, Michel Dumoulin, N. Piers Ludlow, Jan Willem Brouwer and Pierre Tilly (eds.), *The European Commission 1973–1986: History and Memories of an Institution* (Luxembourg: Publications Office of the European Union, 2014), 153.

Council.[85] During the Council meeting, the Nine agreed that de Kergorlay should go to Belgrade at the end of October to seek Yugoslav views on a joint EEC-Yugoslav declaration, the draft of which might be put to the November council. In addition, the German representative agreed that the 50 mua EIB loans granted by the Council during the Council meeting of 20 January 1976 should be carried on the Community budget.[86] This decision therefore paved the way for the actual start of financial cooperation between the EIB and Belgrade.[87]

On the basis of the Council's mandate, de Kergorlay left for Belgrade on 25 October 1976. He arrived there as a political representative of the Community. Although he was only a Commission official, the Council had assigned to him the delicate task of exploring the conditions for future EEC-Yugoslav relations. This bore witness to the fact that the European Commission, to which the Treaty of Rome had assigned only limited commercial competence in the Community's external sphere, was in fact acting as a Cold-War player: what was at stake was Yugoslavia's future independence with respect to the Soviet bloc and positive relations with Western Europe. Interestingly enough, Paris had not opposed the 'de Kergorlay' mission to Yugoslavia, despite its traditional opposition to the Commission's attempts to increase its own political competence. As unanimously concluded by the Council, the European Commission's expertise in the field of EEC-Yugoslav relations made de Kergorlay the right man to explore the conditions for improving the EEC's Yugoslav policy and act as a *porte-parole* of the Nine.[88]

Immediately after his arrival in Belgrade, de Kergorlay spent an hour with the Nine's Commercial Counsellors, who, as he later reported:

> have unanimously confirmed that the Yugoslav approach is grounded on political reasons which concern, on one hand, the tendency of Yugoslavia's trade balance to shift towards the East and, on the other, the fears raised by the illness and age of President Tito. They are unanimous in their view that the Community should respond favourably to the Yugoslav demands in order to achieve political goals.[89]

[85] AMIP, PA, R, 1976, f: 182: b. 453962, Telegram by Ž. Tomašević, Brussels, 7 October 1976.

[86] See Chap. 4.

[87] TNA, FCO 98/38, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 18 October 1976.

[88] *Ibid*.

[89] ECHA, BAC 250/1980/501, Note by R. de Kergorlay, Brussels, 28 October 1976.

During the mission, Janko Smole and Božidar Frangeš made clear that they were seeking a political overture in order to strengthen ties with the EEC. They wanted this in order to counterbalance the growing weight of Soviet trade and to reduce their fear of isolation, as other Mediterranean countries were becoming more closely associated with the EEC, and progress was being made between COMECON and the EEC. At the same time, they stated, Yugoslavia could not abandon its non-aligned position, so that solutions to existing problems in bilateral relations should be found within the limited framework of the 1973 agreement.[90]

De Kergorlay proposed to his counterparts a two-phase approach. The first would consist of a visit by Van der Stoel and a member of the European Commission on 1–2 December, during which a political declaration could be signed, including an expression of the EEC's willingness to strengthen economic and financial cooperation with Yugoslavia. Such a declaration, he said, would openly define Yugoslavia as a European, developing and non-aligned country.[91] The second stage would be to work out the definite objectives for improving cooperation.[92] De Kergorlay's proposals were welcomed by the Yugoslav representatives, and the Community official was able to go back to Brussels and report to the Nine's ambassadors, on 4 November 1976, the main results of his visit: Belgrade favoured a clear expression of the Community's political will to strengthen its links with Yugoslavia; this was to be expressed through a visit in Belgrade of the President-in-Charge of the EEC Council and a European Commissioner; and the Yugoslav government was not ready to change its traditional non-preferential relationship with the EEC.[93]

All in all, de Kergoraly's mission emphasised the insoluble dilemma affecting EEC-Yugoslav relations. On one hand, Yugoslav authorities sought a public manifestation of confidence on the part of the EEC. On the other, they had explained that, as a non-aligned country, they could not contemplate any clear-cut political choice in favour of the Community, which would embroil them in problems with the Soviet Union.

[90] TNA, FCO 98/39, Letter by L. J. Middleton, Belgrade, 3 November 1976.

[91] AMIP, PA, R, 1976, f: 182: b. 457978, Report on de Kergorlay's Mission, Belgrade, 27 October 1976.

[92] ECHA, BAC 250/1980/501, Note by R. de Kergorlay, Brussels, 28 October 1976.

[93] ECHA, BAC 97/1986/19, Meeting of COREPER, Brussels, 4 November 1976.

The 1976 Joint Declaration

De Kergorlay's views were supported by the British Secretary of State, Anthony Crosland, whose visit to Yugoslavia, from 2 to 5 November 1976, emphasised the need for the Community to improve relations with Belgrade in order to sustain Yugoslavia's independence and stability. Crosland attached great importance to the strengthening of EEC-Yugoslav relations. On 10 June 1976, he had sent a set of minutes to his Prime Minister on the problem of helping Yugoslavia strengthen its links with the West in order to show Tito's successors how not to slide into the Soviet sphere of influence.[94] Crosland's visit did not concern only UK-Yugoslav bilateral relations. As Brian Cartledge pointed out to his Community colleagues on 10 November 1976, talks between Crosland and his Yugoslav counterpart, Miloš Minić, had centred largely on relations with the EEC. He stated that Minić and Bijedić had frequently referred to de Kergorlay's visit to Belgrade, expressing the hope that the Council of Ministers would support his suggestion of a protocol or declaration to cover the general objectives of cooperation.[95] Cartledge also said that the theme of Yugoslavia's future relations with the USSR had frequently recurred in Crosland's discussion, explicitly and implicitly: what Belgrade feared was that Moscow might promote 'ideological subversion' in Yugoslavia.[96]

On 8 November 1976, two events concerning Western strategies towards Yugoslavia simultaneously took place in Brussels. The permanent representatives of the Nine met to review Yugoslav proposals for economic cooperation at the political level, and also agreed on the political importance and urgency of manifesting the Community's willingness to expand cooperation with Yugoslavia.[97] At the same time, only a short distance away, a restricted NATO political consultation on Yugoslavia took place in the office of its Secretary General, Joseph Luns. The meeting highlighted growing Western concerns about Yugoslavia's future. Indeed, Luns said that this informal reunion was not to be regarded as a Council meeting and, given the sensitivity of the subject under analysis, no records would

[94] TNA, FCO 98/36, Letter by A. Crosland, London, 10 June 1976.

[95] TNA, FCO 98/39, Record of meeting between Minić and Crosland, Belgrade, 2 November 1976.

[96] TNA, FCO 28/2972, Note by A. Crosland, London, 12 November 1976.

[97] TNA, FCO 98/39, Informal meeting of Permanent Representatives, Brussels, 8 November 1976.

be kept. As reported by the UK permanent representative to NATO, John Killick: 'If asked, he would flatly deny that the Council had discussed the subject'.[98] Most permanent representatives believed that the post-Tito regime would be, at least in the short term, securely established, yet several representatives, especially the French, British and German, drew attention to the danger that divergences between rival factions in the LCY or Yugoslav nationalities might emerge in the longer term. Discussion mainly focused on Moscow's future intentions towards Yugoslavia. There was general assent that the USSR might support pro-Soviet separatist factions in the country.[99] In view of the uncertainty about such Soviet plans, the permanent representatives confirmed that any collective Alliance statement in support of Yugoslavia's independence was likely to be counterproductive and embarrassing to Belgrade. Accordingly, it was decided that Yugoslavia should be actively supported, but discreetly, without giving Moscow the impression that the West wanted to draw Yugoslavia into the Western camp.[100] Official Western statements on Yugoslavia should be agreed with Belgrade and should mainly emphasise Yugoslavia's position, integrity and influence as a non-aligned country. The actions agreed upon by NATO's permanent representatives to support Yugoslavia were an intensification of Western diplomatic contacts with Belgrade and the development of political and economic relations between the EEC and Yugoslavia.[101] In keeping with these conclusions, on 15 November 1976 the Council of Ministers officially confirmed that the President-in-Office of the Council and a European Commissioner would visit Belgrade on 1 and 2 December 'to manifest, by their presence, the EEC's will to reinforce its relations with Yugoslavia'.[102]

On the same day, the USSR leader Leonid Brezhnev arrived in Belgrade to meet Tito. This was Brezhnev's first visit to Yugoslavia in over 5 years, and aroused Western concern for two main reasons. The first was Moscow's alleged interest in obtaining access to Yugoslavia's Adriatic port facilities. The second concerned Brezhnev's plans to establish closer economic relations with Belgrade in the context of the post-Tito era. In the eyes of French diplomats, for example, these were clear signs of the Soviet leader's long-term objective of bringing Yugoslavia 'back into the bloc'. In

[98] TNA, FCO 28/2967, Note by J. Killick, Brussels, 10 November 1976.
[99] *Ibid.*
[100] AAPBD, 1976, doc. 322, Note by R. F. Pauls, Brussels, 9 November 1976.
[101] *Ibid.*
[102] ECHA, BAC 97/1986/19, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 16 November 1976.

other words, Brezhnev's visit was regarded to be part of the USSR's wish to keep in touch with Tito's successors and consider which of them might best repay cultivation.[103] Were these fears based on reliable intelligence analyses? The records of the Tito-Brezhnev meeting in November 1976, in the 'Yugoslav Archives' in Belgrade, show that, on that occasion, Moscow did exert overt pressure in three main areas. First, it asked Yugoslavia to grant the Soviet navy access to its port facilities on the Adriatic coast. Second, it harshly criticised Yugoslav anti-Cominformist and anti-Soviet campaigns in Yugoslavia. Third, it emphasised the natural alliance between the NAM and the Socialist bloc, and exalted the role played in the movement by Cuba and North Vietnam, that is, two traditionally pro-Moscow forces within the NAM. During the meeting, Yugoslavia was therefore invited to align itself with the Cuban and North Vietnamese positions and to favour a convergence of non-aligned and Soviet interests.[104] For their part, the Yugoslavs firmly rejected all Soviet requests by re-affirming the capital importance of its non-aligned stance. Despite this controversy, the two parties agreed to avoid any overt quarrel and to try to look for a basis for long-term cooperation.[105] The final communiqué published at the end of the meeting was in fact a concession to the Yugoslav side, as it re-affirmed the principles of the 1955 and 1956 Belgrade and Moscow declarations. In line with Brezhnev's aims, it should have served to dispel Western concerns about Soviet pressures on Yugoslavia, but it did not.

In fact, to Western diplomats, the visit was most notable because of a major gaffe made by Brezhnev during Tito's dinner for the CPSU General Secretary on the first evening, at which the British ambassador was present as the dean of the diplomatic corps in Belgrade. During his toast, Brezhnev complained that the West presented Yugoslavia as 'Little Red Riding Hood' and the Soviet Union as the 'Big Bad Wolf'. As ironically noted by Dugald Stewart:

> To continue, as he did, to describe Soviet policy to Yugoslavia as he claimed it to be and then to turn on Tito, with what was no doubt meant to be an expansive gesture of friendship but looked like the beginning of a bear hug and to say that 'if that is aggression we must honestly confess that we are aggressors' was perhaps the biggest public mistake made by a Soviet visitor

[103] AMAE, SE 1976–1980, 4835, Report on Yugoslavia's foreign policy and the Great Powers, Paris, 20 November 1976.

[104] AJ, KPR I-3-a/101-153, Report on Brezhnev's visit to Yugoslavia, Belgrade, 3 December 1976.

[105] *Ibid.*

here since Khrushchev fell down the steps of the Soviet House of Culture in an advanced state of intoxication.[106]

Brezhnev's 'Little Red Riding Hood' speech echoed in Western capitals and Community Brussels, and spurred the Nine to intensify their preparations for the joint declaration. During the meeting of COREPER of 25 November 1976, national representatives agreed to welcome Yugoslavia's request for a declaration which would recognise its non-alignment and, at the same time, the EEC's readiness to accelerate trade and economic cooperation. The final draft of the joint statement was in the end mainly a Yugoslav product. It mapped out the general areas in which EEC-Yugoslav relations could be developed: above all agriculture, industry and technology. It also formalised the Nine's decision to grant Yugoslavia access to EIB funds, thereby definitively welcoming Yugoslavia's requests dating back to autumn 1975. Beyond its general content, the 1976 declaration represented a clear political expression of the Community's will to strengthen its links with Yugoslavia, which was defined in the preamble as non-aligned, European, Mediterranean and 'a member of the Group of seventy-seven developing countries'.[107] As stressed by the Yugoslav Foreign Ministry, the declaration was the best document Yugoslavia could have obtained, in view of the existing non-preferential treaty and the historical circumstances in which it had been negotiated.[108]

The joint declaration proposed by the Yugoslav government was eventually signed in Belgrade on 2 December 1976 by Džemal Bijedić, Max Van der Stoel and Finn Olav Gundelach.[109] During the meeting between

[106] TNA, FCO 28/2962, Letter by D. Stewart, Belgrade, 29 November 1976.

[107] This last feature was a stratagem. In fact, during the negotiation process Paris had pronounced its opposition to defining Yugoslavia as a 'developing country', for fear that this might pave the way to its future requests for abolition of trade reciprocity according to the provisions of the Lomé Convention. The Lomé Convention of 29 February 1975 had redefined the Community's relationship with the 'Third World' through a new commercial system envisaging, among other things, the abolition of any reciprocal trading requirements.

[108] AJ, KPR I-3-b/50, SSIP Note no. 461732, undated.

[109] The Joint Declaration signed on 2 December 1976 read: "The European Economic Community and the Socialist Federal Republic of Yugoslavia; Desiring to strengthen economic co-operation between the Community and its Member States on the one hand, and the Socialist Federal Republic of Yugoslavia, a non-aligned, Mediterranean, European State and a member of the Group of seventy-seven developing countries, on the other; Determined to make the necessary efforts to promote an increasingly harmonious development of their economic and trade links, and thus to improve the structure of their trade; Animated by a common will to contribute to the economic development of the Socialist Federal Republic

of Yugoslavia in the various sectors which could reflect their mutual interest, taking account of the respective levels of development of their economies; Convinced that in view of the growing interdependence and complementarity of their economies, progress in trade between them and in other forms of co-operation will make an effective contribution to their economic growth and to the improvement of the welfare of their populations; Bearing in mind the Final Act of the Conference on European Security and Co-operation; Have stated their intention of strengthening, deepening and diversifying co-operation between the Community and Yugoslavia, in the common interest of both Parties, by developing their relations and extending them to new areas. In this connection, the two parties spoke of the major role in trade policy towards the developing countries played by the instruments and measures adopted under the Community's autonomous system of generalised references. They also stressed the importance, as a factor in developing economic and financial co-operation of the Community's decision with a view to enabling Yugoslavia to obtain certain EIB loans, on terms to be agreed, for carrying out projects of common interest. While respecting the non-preferential nature of the existing Agreement, and in the spirit of Article VII of that Agreement, the two Parties will endeavour to co-operate more effectively in their own mutual interest, particularly in trade, industry, agriculture and economic matters. With this in mind, everything possible will be done to step up market surveys and sales promotion for the two Parties' goods on their respective markets, particularly for Yugoslavian goods on Community and third country markets. Exchanges of technology between the Parties will be made easier, in particular so as to help Yugoslavia's industry develop in those sectors which the Socialist Federal Republic of Yugoslavia regards as most important for the growth of its economy. Co-operation between Yugoslav industry and Community industries will be strengthened, in particular by increasing and broadening contacts between the two Parties' commercial operators, with a view to introducing long-term co-operation between them. Co-operation in agriculture could be intensified so as to develop the complementarity between the two Parties' economies. This would permit diversification of the Socialist Federal Republic of Yugoslavia's exports to the Community market and third countries. With a view to the harmonious development of trade, commercial operators of the two parties could seek forms of co-operation in agricultural investment for areas where a mutual interest is identified. The two parties will seek to promote better information about each other's markets; this will help to improve the pattern of trade between them by enabling operators in the Community and in Yugoslavia to identify more precisely the sectors where their exports could be increased. The growth in economic relations between the Community and its Member States, and the SFR of Yugoslavia should also be sustained by stimulating investment, particularly in joint ventures. Lastly, the two Parties consider that studies should be made to identify specific sectors where co-operation should be continued and strengthened, such as transport, fisheries, iron and steel, energy, telecommunications, informatics, the environment, tourism, scientific and technical co-operation, and any other sector of mutual interest. In conclusion, the Community and the SFR of Yugoslavia are determined to explore every opportunity of implementing this co-operation, the first fruits of which are already to be seen in the work done under the auspices of the EEC-Yugoslavia Joint Committee set up under the Agreement. They have therefore agreed to call a meeting of this Committee as soon as possible, in order, in accordance with Article VII of the Agreement, to start examining the developments envisaged in this statement, and to seek ways of implementing the principles also set out above. The necessary procedures will be adopted as soon as possible as this examination has been completed". See TNA, FCO 98/119.

Van der Stoel and Tito, the Community representative confirmed to Tito that the Community and its member states attached the greatest importance to Yugoslavia's stability.[110] For the first time, relations between Belgrade and Community Brussels officially transcended the economic and commercial spheres. From a political viewpoint, the safeguarding of Yugoslavia's non-alignment and independence was confirmed as the basis for future EEC-Yugoslav relations. In keeping with the conclusion of the Joint Declaration, the French government also openly declared its support of Yugoslavia's non-alignment. Between 6 and 7 December 1976, that is, immediately after Van der Stoel's mission, the French President, Valéry Giscard d'Estaing, went to Belgrade. This move was laden with symbolic meaning, since it was the first official visit of a French President to Yugoslavia since the end of World War II. It was intended to set the seal on the Joint Declaration and, in line with the conclusions of the NATO summit of 8 November 1976, openly to reaffirm the role of France as a supporter of Yugoslavia's independent course.[111]

After Van der Stoel's and Giscard d'Estaing's missions, the Yugoslav case was addressed during another secret quadripartite meeting held on 8 December 1976 at the Hilton Hotel in Brussels. Helmut Sonnenfeldt stressed the political strains in US-Yugoslav relations which had already been highlighted by Kissinger during previous meetings. He said that he suspected that agreement between the USSR and Yugoslavia might be more extensive than appeared on the surface. He added that the US felt that the EEC should do all it could to build up its relations with Yugoslavia before Tito's death: 'Once Tito had gone, Yugoslav moves towards the Community could encounter stiff Soviet reactions'.[112] The French, British and West German representatives reaffirmed their readiness to sustain Yugoslavia's future stability and continue quadripartite discussion on this subject with the newly elected US administration. Lastly, they once again agreed that it would be undesirable to have much discussion of Yugoslavia in NATO and that the subject needed handling with the greatest discretion, as Yugoslavia was 'allergic to such discussion'.[113]

Therefore, the making of the Joint Declaration made clear, once and for all, that Western strategies towards Belgrade were to remain *sui generis*.

[110] AJ, KPR, I-3-b/50, Meeting between Tito and Van der Stoel, 2 December 1976

[111] AMAE, SE 1976–1980, 4844, Report of Giscard d'Estaing's visit to Belgrade, Paris, 21 December 1976.

[112] TNA, FCO 33/2976, Note by R. A. Hibbert, Brussels, 8 December 1976.

[113] *Ibid.*

Although Western goals with regard to Greece, Portugal and Spain—political stabilisation and anchoring to the Western system—were similar to those pursued towards Yugoslavia, it was clear that Cold-War constraints were more influential on the latter. While the EEC could offer Athens, Lisbon and Madrid the perspective of European integration, in the case of Belgrade it could offer nothing more than the sanctioning of the *status quo*, that is, the safeguarding of its formal independence and non-alignment.

In Community Brussels, the signing of the 1976 Joint Declaration was seen as a starting point for future EEC-Yugoslav relations. The European Commission services were fully aware that they were required to play an active role within the framework of the two sub-commissions set up in July 1975.[114] During the Council meeting of 13 December, the Nine agreed that it was of the greatest importance that the words in the declaration should be rapidly translated into deeds.[115] A meeting between Hannay and Tomašević on 17 December 1976 concluded a year of intense negotiations, which had developed against a background of rising Cold War tensions. Now, it seemed, the Soviet Union had definitively emerged as the major external variable conditioning Yugoslavia's relations with the EEC. Indeed, at the end of the meeting, Tomašević told his Community counterpart of the requests put by Brezhnev to Yugoslavia during his November visit:

> (1) that they should grant naval facilities to Russian naval vessels in their ports; (2) that they should abandon their economic system of 'self-management'; (3) that they should strengthen their relations with COMECON; (4) that they should work within the group of non-aligned states in favour of positions in international issues helpful to the Russians.

As proudly concluded by Tomašević, Yugoslavia had rejected all these requests.[116]

Conclusions

The year 1976 marked a turning point in the evolution of the EEC's Yugoslav policy. While in 1970 and 1973, agreements between the EEC and Yugoslavia had been grounded in economics, in 1976 the relationship

[114] ECHA, BAC 97/1986/19, Note by T. Hijzen, Brussels, 10 December 1976.

[115] TNA, FCO 98/49, Meeting of the Council of Ministers (Foreign Affairs), 13 December 1976.

[116] ECHA, BAC 97/1986/19, Note by D. Hannay, Brussels, 17 December 1976.

took on a clear-cut political dimension. The Joint Declaration signed on 2 December 1976 was neither an economic nor a juridical act: its nature was essentially political. Underlying this genuinely political act lay first of all the insistence of the Yugoslav government that the EEC should declare its interest in expanding economic cooperation with Yugoslavia and, at the same time, providing support, in view of the country's delicate transition to the post-Tito era. The Nine's decision to offer political assistance to Belgrade through the EEC took shape within an international framework marked by the decline of superpower détente, which revived the East–West confrontation on the European continent and instability in Southern Europe. In this context, Yugoslavia was regarded by the EEC member states and the USA as a precarious partner. The Western powers distinguished three major factors that revealed Yugoslavia's uncertain future: the crisis of the NAM after the Colombo non-aligned summit of June 1976; the strained relationship between Moscow and Belgrade; and the lack of economic coordination in Yugoslavia as a consequence of the 1974 constitutional reform. These elements led the Western powers to ask themselves what the best strategy would be in offering their collective political support to Belgrade. The direct involvement of the EEC was deemed to be the best way to achieve this goal. In fact, it was in line with the power of political attraction already exerted by the EEC, or rather by the perspective of integration within the Community, in the course of the Greek, Portuguese and Spanish transitions from dictatorship to democracy between 1974 and mid-1976. The EEC was now invited by the Ford administration to offer its political support to Belgrade. This was what had emerged within the framework of NATO and that of quadripartite meetings between the US, the UK, France and West Germany. Accordingly, the Community's Yugoslav policy fell within broader Western strategy for political stabilisation in Southern Europe.

This chapter has also emphasised the peculiar role played by the European Commission, which interpreted its commercial competencies as an instrument for coordinating a Community stance towards Belgrade. The member states recognised the Commission's role, as Yugoslavia itself had used the Commission as a *trait d'union* with the Nine, and assigned its representatives the task of preparing the ground for the negotiations of the joint declaration of December 1976. This was clearly something which transcended the dispositions of the Treaty of Rome, as such a declaration had nothing to do with the Commission's commercial competencies. This explains the emergence of a new diplomatic framework within

Community Brussels, based on cooperation between the Commission and the Nine. This was not of course the result of the Nine's surrender to the Commission's ambitions, nor of the Nine's neglect of the Yugoslav question. It was only the realistic conclusion that the Commission was a low-profile negotiator, and recognised as such by Belgrade, which could convey a political message under cover of its technical competencies.

At the end of the day, the Joint Declaration had a rather ambivalent political meaning. On one hand, it officially stated the Community's interest in the Yugoslav question and paved the way for broader economic cooperation. On the other, it definitively set political limits which had already become apparent during the negotiation of the 1970 and 1973 agreements. Yugoslavia's non-alignment and institutional detachment from the EEC were both confirmed as the cornerstones of the EEC-Yugoslav relations in the years to come.

CHAPTER 6

As Close as Possible to the EEC

After the signing of the 1976 Joint Declaration, the EEC's policy towards Yugoslavia entered a period of profound political evolution. At an external level, one of the major challenges facing the EEC member states and the European Commission, now led by Roy Jenkins,[1] was preparing the ground for the entry of Greece, Spain and Portugal into the EEC. As will be shown in this chapter, the Commission was well aware of the economic drawbacks of this second enlargement with regard to both the Community's Mediterranean countries—Italy and France—and its non-member Mediterranean partners which remained outside the enlargement process. Among the latter, Yugoslavia occupied a prominent position due to its delicate geopolitical location. The Jenkins Commission continued the policy developed by its predecessors, struggling to put into practice the 1976 Joint Declaration and mediating between the EEC member states' protectionism on one hand and Yugoslavia's demands on the other. Its goal was to keep Belgrade as close as possible to the Community without provoking Moscow at a critical historical juncture marked by the collapse of superpower détente, emerging divisions within the NAM and Tito's deteriorating health.

[1] See N. Piers Ludlow, 'Roy Jenkins: momentum regained but interrupted', in Éric Bussière, Vincent Dujardin, Michel Dumoulin, N. Piers Ludlow, Jan Willem Brouwer and Pierre Tilly (eds.), *The European Commission 1973–86: History and Memories of an Institution* (Luxembourg: Publications Office of the European Union, 2014), 143–149.

B. Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*,
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Yugoslavia's Triangular Diplomacy

After recovering from the serious illness he had suffered in the autumn of 1976, Tito expanded his international activity. Despite his age, which was 85 in 1977, the Yugoslav leader undertook several diplomatic missions in order to secure Yugoslavia's historical prestige with regard to the superpowers and the pro-Soviet members of the NAM, especially Cuba.

This intense diplomatic activity was Tito's swan song. Between August 1977 and March 1978, he visited Moscow, Beijing, Washington and a number of other capitals in Western Europe, the Middle East and East Asia.[2] The Nine's diplomats in Belgrade all agreed that the Yugoslav leadership was eager to prepare the ground for the post-Tito era at the international level. The establishment of good relations with Moscow was an unavoidable part of Belgrade's foreign policy. Indeed, as noted by the Italian ambassador Giuseppe Walter Maccotta, Tito was 'the last of the Mohicans' of the October Revolution.[3] Despite the never-ending disagreements with the Kremlin, the old Yugoslav leader was part of the Communist tradition and clearly recognised the historical and ideological matrix linking the Yugoslav and Soviet political systems.[4] In addition, because of the economic downturn undergone by the EEC member states between 1973 and 1976, the USSR had emerged as Yugoslavia's main trade partner: in 1978, the USSR absorbed 25 per cent of Yugoslavia's overall trade, and all COMECON countries some 34 per cent. This revealed the marked economic dependence of the Yugoslav economy on the COMECON nations and the need to avoid any Soviet countermeasure affecting trade between the parties. A sudden halt in Yugoslav exports to the COMECON area would be a major setback for Belgrade's already troubled trade balance.[5]

Yet, as a non-aligned country, Yugoslavia could not improve its relations with Moscow without trying to develop links with the newly established US administration headed by the Democrat Jimmy Carter. As noted in previous chapters, relations between Belgrade and Washington during the Nixon-Kissinger years had encountered several problems. The Yugoslav leadership had feared an accommodation between the two superpowers in Europe, and, at the same time, publicly depicted the

[2] Jože Pirjevec, *Tito e i suoi compagni* (Torino: Einaudi, 2015), 570–574.

[3] ASPR, 130, Letter by G. W. Maccotta, Belgrade, 11 February 1975.

[4] TNA, FCO 28/3158, Report on Yugoslavia by the Italian delegation to NATO, Brussels, 30 September 1977.

[5] AMAE, SE 1976–1980, 4840, Telegram by J. Martin, Belgrade, 15 September1978.

Cypriot and Chilean crises as signs of US imperialism. However, despite Carter's controversial declarations about Yugoslavia during his presidential campaign, Washington soon gave assurances of US support for Yugoslavia's non-alignment and independence, thereby granting fresh impetus to relations. This was demonstrated by the visit paid by US Vice President Walter Mondale to Belgrade in May 1977 and Tito's visit to the US in March 1978, the first to be paid by a Communist Chief of State to Washington during the Carter administration.[6] Carter's renewed attention to Yugoslavia's role within the NAM was greatly appreciated in Belgrade.[7] All in all, bilateral relations between the US and Yugoslavia were facilitated by the common task of preventing the 'Sovietisation' of the NAM and condemning Cuban and Soviet intervention in the Horn of Africa.[8]

However, Tito's *coup de théâtre* was the *rapprochement* with Beijing, which was regarded by Western diplomats as an astute move to avoid isolation between the superpowers and establish a triangular diplomacy based on relations with the USSR, USA and PRC.[9] The death of Mao Tse-Tung in September 1976, and the subsequent emergence of a new generation of political leaders headed by Den Xiao Ping and Hua Kuo Feng, paved the way to re-opening party relations between the countries. Indeed, when Yugoslavia was expelled from the COMINFORM in 1948, Mao had aligned with the Soviet Union and condemned the 'Yugoslav heresy'. Yet, in the wake of increased ideological contrasts between Moscow and Beijing, which were to reach their apex with the border clash over the Ussuri River in 1969,[10] Yugoslavia and China had begun a process of gradual convergence. Diplomatic relations between Belgrade and Beijing had resumed in 1970, and a first step in the improvement of bilateral relations at a political level had been taken during Bijedić's official visit to the PRC in 1975. However, it was only after the death of Mao that

[6] TNA, PREM 16/1924, Telegram by P. Jay, Washington, 8 March 1978. See also Josip Močnik, *United States-Yugoslav relations, 1961–80: The Twilight of Tito's era and the role of Ambassadorial diplomacy in the making of America's Yugoslav policy*, Ph.D. Thesis, Graduate College of Bowling Green, 2008, 178–202.

[7] AJ, KPR, I-2/73-1, Report on US-Yugoslav relations, March 1978.

[8] TNA, FCO 28/3581, Report by the US Delegation to NATO on President Tito's Visit to the US, 22 March 1978.

[9] AMAE, SE 1976–1980, 4835, Telegram by A. Pierret, Belgrade, 12 August 1977.

[10] See Sergey Radchenko, 'The Sino-Soviet split', in Melvyn Leffler and Odd Arne Westad (eds.), *The Cambridge History of the Cold War*, Vol. II (Cambridge: Cambridge University Press, 2011), 349–372.

party relations were properly re-established.[11] From Belgrade's viewpoint, strengthened relations with the new Chinese leadership would legitimise the Yugoslav national path to socialism and the country's role within the NAM. Tito greeted the international attitude of the new Chinese leadership with great enthusiasm.[12] Similarly, Chinese leaders attached great importance to establishing a good rapport with Belgrade and providing a contrast to Soviet 'hegemonism' in Asia and Africa. As the PRC Foreign Minister, Huang Hua, told the Italian Foreign Minister, Arnaldo Forlani, in June 1977:

> We must unite all those who can be united against Soviet expansionism which, in the current situation, is the fiercest. The US is weak, the Americans are too greatly expanded in the world, they are in a position of weakness and retreat. Instead, the USSR is in a position of attack and expansion.[13]

Hua Kuo Feng emerged as one of Yugoslavia's main supporters. During his visit to Belgrade in August 1978, the Chinese leader reiterated his support for the Non-Aligned Movement, praised Yugoslavia's role in it, and warned against the attempts of 'some countries' to split the NAM.[14] However, the Western powers were convinced that Yugoslavia did not want to lean too much toward Beijing.[15] During Tito's visit to the PRC in September 1977 and Hua Kuo Feng's mission to Belgrade in August 1978, the first to be paid to Europe by a Chinese chairman since Mao's visit to the USSR in 1957, the Yugoslav leader declared on several occasions that the Yugoslav-Chinese *rapprochement* did not mean any open rupture with Moscow.[16] He was aware that his 'triangular' game should be played carefully. The rapid deterioration of détente at the global level did represent a serious threat to Yugoslavia's role within the NAM. The outbreak of bloc-against-bloc military confrontation in the African and

[11] TNA, FCO 28/3585, NATO Report C-M (78)84 by R. Petrignani, Brussels, 17 November 1978.

[12] APC, mf 304, 480–520, Note on Berlinguer's visit to Belgrade, 11 October 1977.

[13] APC, mf 299, pp 152–160, Report on Meetings in Beijing, undated but written in June 1977.

[14] TNA, FCO 28/3585, Note by B. E. Cleghorn, London, 7 September 1978.

[15] AMAE, SE 1976–1980, 4841, Report on Hua Kuo-Feng's Visit to Yugoslavia by the German delegation to NATO, Brussels, 11 September 1978.

[16] TNA, FCO 28/3585, NATO Report C-M (78)84 by R. Petrignani, Brussels, 17 November 1978

Asian arenas, and direct confrontation between non-aligned countries, were major setbacks for the unity of the movement. Yet relations with Moscow and Beijing were not solidly grounded: the relationship between Moscow and Belgrade was characterised by historical grievances and diffidence while, between 1977 and 1978, nobody could definitely predict the political outcome of the Chinese transition to the post-Mao era.

The collapse of superpower détente also affected Yugoslavia's position in European affairs. The CSCE follow-up meeting in Belgrade in November 1977-March 1978 represented the end of a period of direct and effective negotiations between the 35 countries that had participated in the Helsinki CSCE. At this drawn-out meeting, the most controversial issues were the provisions of the 'Third Basket' of the Final Act, related to cooperation in human contacts and exchanges in the fields of culture and education, which in the meantime had become one of the major foreign policy concerns of US President Jimmy Carter. Unlike Richard Nixon, who had considered the Helsinki CSCE as a negotiating chip for entering into accords with the Soviet Union on issues such as the Quadripartite Agreement on Berlin and the SALT treaty, for the Carter Administration the Belgrade conference represented an extraordinary opportunity to challenge Moscow publicly on human rights problems.[17] In Belgrade, the debate between the USA and the Soviet bloc delegations prevented negotiations on problems relating to European security and economic cooperation. The Soviet bloc countries declared their opposition to negotiations on trade and accused Western countries of interfering directly in the social and economic systems of the socialist countries.[18] Eventually, the Belgrade Conference revealed the contradictions and different ways of interpreting the process of European détente among the countries involved in the CSCE process.[19] In this tense international climate, the conference did not represent a step forward for the development of the EEC's overall relations with its socialist and Mediterranean partners, nor, by extension, with Yugoslavia.

The unfolding of EEC-Yugoslav relations in 1977 must be placed in this tangled international situation. Although the EEC was not part of

[17] See Angela Romano, 'The European Commuity and the Belgrade CSCE', in Vladimir Bilandžić, Dittmar Dahlmann, Milan Kosanović (eds.), *From Helsinki to Belgrade. The First CSCE Follow-up Meeting and the Crisis of Détente* (Bonn: Bonn University Press, 2012), 205–224.

[18] ECHA, BAC 48/1984/313, Note by L. Kawan, Belgrade, 27 October 1977.

[19] See Maximilian Graf, Torben Gulstorff, Valentine Lomellini, Veronika Gosheva Stoilova, Benedetto Zaccaria, 'The Shape of detente (1963–1979). European Détente and the Global Cold War?', in *Zeitgeschichte,* 30/6, 2012, 421–424.

Yugoslavia's triangular diplomacy, it was nevertheless one of Belgrade's main political and economic partners on the European scene. On one hand, the EEC was emerging as a major actor in the Mediterranean arena, due to its prominent role in the Greek, Spanish and Portuguese transition processes. The Community's intensified relations with COMECON and the PRC also bore witness to the EEC's emerging international role.[20] On the other hand, Yugoslavia, like all the COMECON countries, was highly dependent on the EEC's industrial and technological output, which was necessary to sustain its internal investments and high rates of growth. Yet Belgrade's imports of Western industrial goods had a profound effect on the trends of Yugoslavia's trade balance. In May 1978, the Nine's commercial counsellors in Belgrade emphasised that the outstanding characteristic of Yugoslavia's foreign trade during the first 10 months of 1977 had been a large expansion of imports from EEC markets. Compared with the same period in 1976, imports from the EEC increased much faster than exports, rising by 35 per cent, while exports increased by only 7 per cent. The Nine were fully aware of the economic concerns of the Yugoslav leadership and, at the same time, of the limitations of the existing treaty regulating its relations with Belgrade.

The Limitations of the Traditional Non-preferential Approach

After the signing of the 1976 Joint Declaration, the question arose as to how practical follow-up could be given to it. Throughout 1977, the European Commission embarked on a series of intensive and accelerated working sessions with the Yugoslavs, involving several meetings of the sub-committees on agricultural and industrial cooperation.[21] In March 1977, the EEC-Yugoslavia Mixed Commission decided to set up a third sub-committee on economic cooperation in order to identify sectors and projects for further cooperation.[22] In January 1978, the Council of Ministers adopted a new mandate for negotiations with Yugoslavia, once

[20] Chenard, 'Seeking Détente and Driving Integration: The European Community's opening towards the People's Republic of China, 1957–1978', *Journal of European Integration History*, 18/1, 2012, 25–38.

[21] BAC 97/1986/19, Note for the file, Brussels, 13 January 1977; BAC 48/1984/662, Note by G. U. Stefani, Brussels, 11 March 1977.

[22] ECHA, BAC 97/1986/19, Note by P. Duchâteau, Brussels, 28 June 1977.

again based on a non-preferential approach.[23] However, this mandate was not welcome in Belgrade, since it did not envisage substantial facilitation in the agricultural, industrial and financial fields. As a result, the first round of negotiations in February-April 1978 was not successful.[24]

The reason for this failure was mainly due to Yugoslavia's traditional fears about altering its non-aligned status and compromising its equilibrium between the European blocs. This obliged the two parties to negotiate a non-preferential agreement. As the Yugoslav Minister Janko Smole declared to Roy Jenkins on 28 March 1977, his country was not seeking preferential status, as it was a small country and had to keep its market options open to the West as well as to the East. According to Smole, a preferential agreement would not be acceptable, 'either politically or economically'.[25] However, for the EEC, the non-preferential approach requested by Yugoslavia had great economic drawbacks. Indeed, as already mentioned in Chap. 2, every non-preferential trade concession might be automatically extended to all EEC trade partners within the GATT.[26] This was clearly against the Nine's economic interests, as Yugoslavia's agricultural products, in particular maize, wine and beef, were in direct competition with the Community's Mediterranean agricultural production. In addition, Belgrade had already taken advantage of the Community System of generalised preferences for the members of the G77, and was in fact its largest single beneficiary.[27] Yugoslavia therefore aimed at obtaining guarantees about the future of this scheme and its modification according to the evolution of its trade balance *vis-à-vis* the Community. However, as noted by DG I, this was not possible without modifying the autonomous character of the GSP system and establishing a dangerous precedent which could be applied to other members of the G77. Thus, there was little scope for further tariff cuts in Yugoslavia's favour as long as the agreement was non-preferential.[28]

It must be stressed that the Community's protectionism did not cover the narrow sphere of EEC-Yugoslav relations; nor was it based on any kind of anti-Yugoslav attitude within the Council of Ministers. In fact,

[23] ECHA, BAC 97/1986/17, Meeting of the EEC-Yugoslav Mixed Commission, Brussels, 30 March 1977.
[24] ECHA, BAC 97/1986/25, Note by P. Duchâteau, Brussels, 12 April 1978.
[25] ECHA, BAC 97/1986/19, Note by E. Reuter, Brussels, 30 March 1977.
[26] ECHA, BAC 97/1986/25, Note by J. P. Derisbourg, Brussels, 21 April 1978.
[27] ECHA, BAC 97/1986/22, Note by M. Cendrowicz, Brussels, 13 April 1978.
[28] ECHA, BAC 48/1984/663, Note by C. Caporale, Brussels, 14 June 1978.

the EEC had to cope with the politically sensitive question of its future relations with Greece, Spain and Portugal, which had officially applied for EEC membership, in June 1975, March 1977 and June 1977 respectively. The Nine were extremely concerned about the economic costs of this second enlargement. In particular, the Italian and French governments feared the potential competition of their Mediterranean partners' agricultural exports and officially urged the Commission to protect their agricultural production.[29] The same alarm also involved trade negotiations with Cyprus, Israel, the Mashreq countries and Turkey.[30] As noted by the DG Agriculture of the European Commission, the Italian *Mezzogiorno* and the French *Languedoc* could be particularly affected by new trade agreements with the Community's Mediterranean partners.[31]

Faced with these economic problems, EEC-Yugoslav relations reached a deadlock, which provoked Belgrade's official protests. This situation obliged both parties to find innovative solutions to further their relationship. Nonetheless, the political rationale which had obliged the Nine to improve relations with Belgrade between 1975 and 1976 still applied. Unknown USSR intentions in the Balkans and the Mediterranean region continued to worry the NATO powers: they feared that, in the case of internal disorder after Tito's death, Moscow might intervene in the western Balkans to 'restore order' and gain access to the Adriatic.[32] The Nine's political experts within the EPC were particularly concerned with Yugoslavia's attitude towards Moscow, the rise of old nationalistic antagonisms between Serbia and Croatia, and economic disparities among the Yugoslav federal republics.[33] Consequently, at the political level, the Nine were eager to keep Yugoslavia anchored to the Western European economy and to strengthen its independence as a non-aligned country.[34] However, balancing this political imperative with the broader economic consequences of enlargement remained an unsolved dilemma.

The solution to this dilemma required action by the new Commissioner for External Relations, the German Social-Democrat Wilhelm Haferkamp,

[29] See ECHA, BAC 28/1980/517, Document R/1905/77, Brussels, 27 July 1977; BAC 28/1980/517, Document SG(77) a/5616, Brussels, 15 July 1977.

[30] ECHA, BAC 28/1980/517, Note by U. G. Stefani, Brussels, 14 October 1977.

[31] ECHA, BAC 28/1980/517, Report by DG VI on the problems affecting Mediterranean agriculture, Brussels, 1 March 1977.

[32] TNA, FCO 28/3157, Note by B. E. Cleghorn, Brussels, 12 January 1977.

[33] AMAE, SE 1976–1980, 4163, EPC Telegram no. 3452, Brussels, 5 September 1977.

[34] AAPBD, 1978, doc. 156, EPC Meeting in Nyborg, 23 May 1978.

who had been a prominent member of the European Commission since 1967. Since the beginning of his mandate, Haferkamp had demonstrated great interest in continuing the Yugoslav policy developed by his predecessors, Deniau, Dahrendorf and Soames. As a long-standing colleague of Willy Brandt, the German Commissioner shared Brandt's interest in cultivating a special relationship with Belgrade in order to promote détente in Europe.

However, after his first mission to Belgrade in September 1977, which was characterised by strong Yugoslav criticism against the EEC, Haferkamp and his officials realised that relations with Belgrade could no longer be based on the traditional non-preferential approach.[35] Faced with the failure of the Belgrade CSCE and the uncertainty of scenarios for the post-Tito era, they understood that a political move towards Belgrade should be made in order to keep it as close as possible to the EEC. They believed that EEC-Yugoslav relations should be radically re-thought and placed in a more 'global' framework. Also, the Yugoslav side, faced with the unresolved question of its trade deficit and the Community's approaching southern enlargement, seemed to be ready to start a new phase of relations with the EEC. Although Belgrade did not openly ask the EEC to enter into a preferential agreement, it stressed the imperative of finding new avenues which would alter, once and for all, its negative commercial balance.[36] A visit paid on 16 May 1978 by Budimir Lončar, the Director of Political Affairs at the Yugoslav Foreign Ministry, to Sir Roy Denman, the new General-Director of DG I, made clear that debate was still ongoing in Belgrade about changing the traditional non-preferential approach which had regulated relations with the EEC since the late 1960s. As noted by Pierre Duchâteau:

> In Belgrade, there are clearly currently unsolved political questions about future relations between Yugoslavia and the Community. The Yugoslavs do not know whether they prefer to negotiate an agreement with the Community, envisaging a free trade area rather than one based on economic cooperation. This essential question, which implies a number of extremely important political choices, is still debated in Belgrade and has influenced the entire negotiating process.[37]

[35] ECHA, BAC 48/1984/313, Report on Haferkamp's mission to Belgrade, Brussels, 17 September 1977.

[36] *Ibid*.

[37] ECHA, BAC 97/1986/22, Note by P. Duchâteau, Brussels, 16 May 1978.

DG I's officials, led by Duchâteau, therefore carefully followed Yugoslavia's new intentions towards the EEC, although they were aware that Belgrade was not ready to take the first step.[38]

Meanwhile, EEC-Yugoslav contacts at the official level were followed by a strong appeal by the newly appointed Yugoslav Prime Minister, Veselin Djuranović, who urged the Nine to enter a new phase of relations with his country.[39] At the end of May 1978, the Nine's Foreign Ministers discussed the issue of EEC-Yugoslav relations during a summit meeting in Hesselet, Denmark, and stressed the urgency of finding a political solution to the impasse in trade negotiations. At the same time, the Nine's representatives in Belgrade noted that the Yugoslav press was undertaking a pro-EEC campaign, demonstrating the advantages of strengthening Yugoslavia's relations with the Community.[40] This bore witness to the fact that Tito's regime publicly wanted to depict the EEC as a reliable partner able to support Yugoslavia's economic growth.

Faced with Yugoslavia's budding wish to change the traditional framework of EEC-Yugoslav relations, and the Nine's political interest in addressing Belgrade's demands, Haferkamp and his DG I officials came to the conclusion that the time was ripe to enlarge the framework of EEC-Yugoslav relations.[41] Belgrade's new attitude towards the EEC was confirmed, although reluctantly, during a meeting between Roy Denman and the newly appointed Yugoslav ambassador to the EEC, Bora Jeftić, on 5 June 1978. Jeftić argued that the Yugoslav side was to approach future negotiations in a more political manner in order to ensure a successful outcome. He also stressed the extreme importance of the present phase of negotiations, as it was confronting his government with a dilemma: 'to go either with or against the Community'. Yugoslavia, he stated clearly, wished to have the benefit of preferences and its own specific form of agreement which would be compatible with its foreign policy. Denman replied that, in other words, Yugoslavia wanted a preferential agreement without naming it, and wanted 'the substance but not the label'. The Ambassador replied that this was indeed so.[42] Jeftić's words were a clear signal that Community Brussels should not simply improve the existing

[38] ECHA, BAC 97/1986/22, Note by P. Duchâteau, Brussels, 19 May 1978.

[39] ECHA, BAC 97/1986/25, Note for Jenkins, Brussels, 18 May 1978.

[40] ECHA, BAC 48/1984/667, Joint report by the Information Counsellors of the EEC member states in Belgrade, Brussels, 24 February 1978.

[41] BAC 97/1986/25, Note by W. Haferkamp, Brussels, 17 May 1978.

[42] ECHA, BAC 97/1986/22, Note by E. Reuter, Brussels, 5 June 1978.

negotiating mandate, but change its overall traditional approach towards Yugoslavia. EEC-Yugoslav relations were a political problem requiring a political solution. And it was precisely through a political solution that, in June 1978, the Community initiated a new policy towards Yugoslavia.

The Haferkamp Initiative

Haferkamp was well aware that Belgrade's acceptance of a preferential liaison to the EEC represented a radical step for Yugoslavia's foreign policy. For such a country, which wished to maintain close relations with both the EEC and COMECON, the establishment of a preferential link with the Community represented a delicate political move. Thus, given the uncertainty about Yugoslavia's real intentions, the German commissioner decided to go to Belgrade for a frank and direct exchange of ideas with the Yugoslav authorities about the future course of EEC-Yugoslav relations.[43]

From Haferkamp's viewpoint, a new preferential framework, based on the treaties already concluded by the Community within the framework of the GMP, would benefit the development of EEC-Yugoslav relations for three main reasons. First, it would offer a legal background for the reduction of EEC barriers to Yugoslav exports; in particular, it would allow the EEC to meet Yugoslavia's requests concerning tariff and quota reductions for industrial products covered by the SPG scheme and resulting from bilateral cooperation. Regarding the agricultural sector, a preferential framework would allow the Nine to accord unilateral concessions which could not be expanded to other partners. The second reason was that it would pave the way for bilateral cooperation in several economic fields: finance, transport, tourism, science, technology, education, the environment, and the social sphere.[44]

The third and major advantage of the new preferential approach involved the political sphere. It would in fact represent a step forward to a policy of EEC *rapprochement* with Yugoslavia from the perspective of the Community's second enlargement and the looming post-Tito era. A Mediterranean-type agreement would symbolise the closest form of association and involvement in a common future with the Community which Yugoslavia's non-aligned principles and backward glances to Moscow permitted it to accept. In line with his predecessors Jean-François Deniau,

[43] ECHA, BAC 97/1986/22, Meeting of the Commission, Brussels, 12 June 1978.
[44] ECHA, BAC 97/1986/22, Note for the Record, Brussels, 20 June 1978.

Ralph Dahrendorf and Sir Christopher Soames, Wilhelm Haferkamp was aware that the question of EEC-Yugoslav relations needed careful handling, due to Belgrade's love-hate relationship with Moscow and prominent role within the NAM. But he did not want to keep Yugoslavia politically and economically isolated from the European integration process, believing that, in the perspective of EEC's forthcoming southern enlargement, Yugoslavia should be kept as close as possible to the Community.

The European Commission services were indeed aware that non-member Mediterranean states, including Yugoslavia, might be 'big losers' in the wake of the second enlargement, since they would forfeit important historical market shares in the EEC, suffer significant cutbacks in the current high numbers particularly of Yugoslav workers employed in the Community and, last but not least, worsen their balance-of-trade deficits *vis-à-vis* the EEC.[45] In this regard, only 2 months before Haferkamp's mission to Belgrade, the European Commission had sent the Council a communication which described the second enlargement as a real economic challenge for both the Community and its future members, given the economic disparities existing between the Nine and Greece, Spain and Portugal, and did not neglect its external impact:

> The consequences of the enlargement will deeply affect the Community's trade with countries in the Mediterranean region and developing countries. In this regard, we cannot ignore the fact that the capacity of the Community's market to absorb agricultural and industrial consumer goods—trade in which constitutes an important part of several third countries' economies, especially in the Mediterranean basin—will be limited.[46]

The search for a new balance in EEC-Yugoslav relations was therefore consistent with these issues. Another secret report prepared by the Commission in April 1978 paid special attention to the case of Yugoslavia. It stressed that the traditional non-preferential approach was not a viable tool for Belgrade to face the drawbacks of the enlargement, and that innovative solutions ought to be found in the trade and social sectors.[47]

A new *sui generis* agreement with Belgrade, modelled on existing Mediterranean agreements, would therefore allow the EEC to reach the

[45] ECHA, BAC 534/1991/7, Communication from the Commission to the Council, Brussels, 19 April 1978.

[46] *Ibid*.

[47] ECHA, BAC 534/1991/7, Document SG, COM (78) 90/3, Brussels, 10 April 1978.

goal of maintaining close relations with Belgrade despite the economic effects of the new enlargement. Haferkamp believed that a further deterioration of relations with Belgrade would not involve only the economic sphere. By avoiding Yugoslavia's exclusion from the Community's network of preferential agreements, the Nine would keep Belgrade anchored to the Western European economy and politically close to the EEC. Haferkamp's initiative did not just develop 'out of the blue', but was part of a broader effort to enhance the EEC's relations with its Communist partners. Indeed, this effort regarded the sphere of EEC-COMECON relations, which improved steadily under Haferkamp's leadership, reaching their apex on 29–30 May 1978, when the German Commissioner paid an official visit to Moscow and signed a joint memorandum with COMECON's Secretary General, stating their mutual wish to develop bilateral relations. The establishment of trade and economic links with the COMECON countries was considered by the Nine and the EEC as a true precondition to keeping European détente alive, despite the rise of superpower confrontation globally.[48] Within this context, the EEC increased relations with Romania, which had signed a textile agreement with the Community in 1976 and, in 1978, officially requested a trade agreement from the EEC. From the EEC viewpoint, relations with Bucharest were a good starting-point for enhancing direct contacts with other COMECON members.[49] The European Commission's political strategy also concerned the PRC, as demonstrated by the EEC-PRC trade agreement signed in Brussels on 3 April 1978. From this perspective, the agreement bore witness to the Community's aims to reduce the political tension in the context of declining détente. Relations between the EEC, COMECON and the PRC were closely intertwined because, by playing the 'Chinese card', Community Brussels had in turn induced Moscow to establish closer relations with it.[50] However, in the case of Yugoslavia, such an attitude was not perceived. The EEC's position was defensive rather than offensive. Instead of using the Yugoslav model to promote an alternative socialist reality in Eastern Europe, the Commission was more preoccupied with defending the Yugoslav model against future Soviet influence.

[48] See Angela Romano, 'Untying Cold War knots: the EEC and Eastern Europe in the long 1970s, *Cold War History*, 14/2, 2014, pp. 153–173

[49] *Ibid*.

[50] Chenard, 'Seeking détente and Driving Integration', 26–31.

On the basis of these considerations, Haferkamp left for Belgrade on 22 June 1978. During his first meeting with Stojan Andov, a member of the Yugoslav government in charge of relations with the EEC, he presented the Yugoslav representative with a 'take it or leave it' offer: if Yugoslavia wished to strengthen trade links with the EEC, it had to accept becoming part of the Community's network of preferential agreements in the Mediterranean. Andov probably did not expect such an overt statement. He reacted with diffidence to the Commissioner's words by commenting on the irreversible nature of Belgrade's non-aligned policy.[51] Haferkamp replied that the EEC did not want to interfere in Yugoslavia's internal affairs and emphasised the strictly bilateral character of its Mediterranean policy.[52] Soon afterward, Haferkamp presented his proposal to Prime Minister Djuranović. Like Andov, Djuranović insisted on the intangibility of Belgrade's non-aligned policy and, at the same time, his country's wish to extend relations with the EEC. However, given Haferkamp's reassuring words about respect for Yugoslavia's non-alignment, Djuranović declared he was ready to accept a new negotiating round on the basis of the Commission's proposal. Indeed, from the Yugoslav viewpoint, the Community's initiative marked a promising evolution in the EEC's stance.[53]

Djuranović's positive reaction marked the success of Haferkamp's political initiative. The ambassadors of the Nine were greatly struck by Yugoslavia's positive reaction. In particular, as reported by a senior DG I official, Charles Caporale, who had assisted Haferkamp during his mission in Belgrade, the ambassadors had 'stressed the importance of this "total reversal" of the Yugoslav political approach, noted that it reflected the interests of anchoring Yugoslavia to the West better, and that, accordingly, it was important to encourage this trend'.[54]

After Haferkamp's visit, the Commission decided to prepare a new negotiating mandate for the Council, which would take into account the possibility of the preferential approach and, at the same time, formally respect Yugoslavia's non-alignment.[55] In presenting the European Commission's approach to the Council on 25 July 1978, Haferkamp

[51] ECHA, BAC 97/1986/22, Note by C. Caporale, Brussels, 26 June 1978.
[52] *Ibid*.
[53] AJ, KPR-III-b-2-a, Report on EEC-Yugoslav relations, Belgrade, 29 June 1978.
[54] ECHA, BAC 97/1986/22, Note by C. Caporale, Brussels, 26 June 1978.
[55] ECHA, BAC 97/1986/22, Meeting of the Commission, Brussels, 28 June 1978.

stated: 'We must offer nothing which is likely to cause difficulties to Yugoslavia's pursuit of its policy of non-alignment. This is the pillar of Yugoslavia's policy. We shall respect it'.[56] At the same time, he was aware that preparation of any new mandate would require much work on the part of the European Commission, since there were several questions to be resolved, such as the degree of reciprocity to be demanded, the position of Yugoslavia in the GSP and the presentation of such an agreement to the GATT. In line with the outcome of Haferkamp's mission to Yugoslavia, on 19 July 1978, the Commission sent the Council a secret communication focusing on the political rationale of the future agreement: its aim was to support Yugoslavia's economic stability as a Mediterranean, developing and non-aligned country. The means to achieve this goal would be: a move towards the model of agreements with the Maghreb countries; exemption from duties on Yugoslav industrial exports; an agricultural chapter; a financial protocol; and an agreement on social cooperation.[57] Lastly, the new accord should be presented to the GATT as a *sui generis* co-operation agreement, in order to highlight the continuity of Belgrade's non-alignment. For the same reason, Yugoslavia should continue to be included within the EEC's GSP.[58]

The Supporters of the Commission's New Approach

After July 1978, when the Council officially accepted Haferkamp's initiative for the first time, a general political consensus arose among the Nine's Foreign Ministers that Community relations with Belgrade should be expanded according to the lines set by the Commission.[59] For instance, Yugoslavia's independence and non-alignment was a major foreign policy goal of Italy, the FRG, UK and France. The Italian Foreign Ministry developed a very active policy towards Yugoslavia which aimed at confirming and developing the political rationale of the Osimo Agreement, namely, the settlement of territorial disputes through political and economic cooperation. Faced with the decline in international détente and Tito's advanced age, the political imperatives which had led Aldo Moro's

[56] ECHA, BAC 97/1986/22, Note by P. Duchâteau, Brussels, 7 July 1978.

[57] ECHA, BAC 97/1986/22, Communication from the Commission to the Council, Brussels, 19 July 1978.

[58] ECHA, BAC 97/1986/23, Note by C. Caporale, Brussels, 11 September 1978; ECHA, BAC 97/1986/22, Note by R. Denman, Brussels, 4 July 1978.

[59] TNA, FCO 98/367, Meeting of the Council of Ministers, Brussels, 25 July 1978.

pro-active policy towards Yugoslavia in the mid-1970s were more urgent than ever.[60] Arnaldo Forlani, the Italian Minister of Foreign Affairs, believed that the strengthening of EEC-Yugoslav relations would favour Rome's policy towards Belgrade.[61] As regards the British FCO and the Quai d'Orsay, they continued to strengthen their traditionally good bilateral relations with Belgrade through intensive diplomatic contacts, which reached their apex with Tito's official visits to France in October 1977 and Great Britain in March 1978. In both circumstances, Paris and London expressed their readiness to implement the conclusions of the 1976 Joint Declaration.[62] The Auswärtiges Amt also developed strong relations with Yugoslavia. In particular, as it emerged during a FRG-Yugoslav bilateral summit held in Bad Reichenhall in August 1978, what mattered to the German Foreign Minister, Hans-Dietrich Genscher, who held the presidency of the Council of Ministers of Foreign Affairs between July and December 1978, was the moderate role exerted by Belgrade within the NAM.[63] As re-affirmed by Genscher during a meeting with the Yugoslav Foreign Minister, Josip Vrhovec, in Zagreb on 18 August 1979, Yugoslavia's position was valuable insofar as it might prevent the Movement from becoming 'anti-European'.[64] As he later recalled in his memoirs, the movement of non-aligned nations was a stabilising factor which could contribute towards balancing the effects of the East–West conflict on the Third World.[65] During its Council presidency, Bonn promoted the preparation and discussion of the new Commission proposal at the Community level,[66] despite harsh confrontation with Belgrade over delays in extradition proceedings against a number of suspected anti-Tito Croatian terrorists. The Auswärtiges Amt did not want this controversy to

[60] AJ, KPR, I-3-a/44-60, Record of meeting between Tito and Forlani, Belgrade, 6 June 1977; ASPR, 130, Telegram by G. W. Maccotta, Belgrade, 15 March 1977.

[61] ASPR, 494, Report on Forlani's visit to Yugoslavia (11–13 January 1979), Rome, 16 January 1979.

[62] See TNA, PREM 16/1924, Report on Tito's visit to the United Kingdom, 11 March 1978; AMAE, SE 1976–1980, 4844, Report on Dizdarevic's visit to the Quai d'Orsay, Paris, 10 October 1978.

[63] AAPDB, 1978, doc. 238, Record of Meeting between Genscher and Vrhovec, 11 August 1978.

[64] TNA, FCO/28/3923, Note by C. L. G. Mallaby, London, 26 September 1979.

[65] Hans-Dietrich Genscher, *Rebuilding a House Divided* (New York: Broadway Books, 1997), 488.

[66] ECHA, BAC 97/1986/24, Note by P. Duchâteau, Brussels, 7 December 1978; BAC 48/1984/663, Letter by H. D. Genscher, Brussels, 12 January 1979.

affect the basis of trust and goodwill in German-Yugoslav relations.[67] As Genscher and Vrhovec had agreed in Bad Reichenhall, it was important not to allow 'obscure criminals' to damage bilateral relations.[68]

At a multilateral level, London, Paris and Bonn continued, in secret meetings with the US State Department, to discuss possible Western strategies to sustain Yugoslavia.[69] Archival records reveal the difficulty for political directors of the 'Four' in determining clear-cut strategies. Military options were excluded. A 'Top Secret' note by the military officers of the four powers, drafted in December 1977, concluded that space for manoeuvre in the western Balkans in the case of direct Soviet intervention was extremely limited, for several reasons.[70] First, information available on what Yugoslavia would need and how assistance would be given was seriously incomplete. Second, the amount of military assistance which could usefully be offered to Yugoslavia on short notice was also limited, due to incompatibility between Western ammunition and the small arms and Soviet artillery owned by Yugoslavia. Third, Yugoslav resistance to a Soviet attack would be based on 'all people's defence' and a request for assistance would probably not come until the last minute. Fourth, cooperation on the part of other NATO members, such as Italy, Greece and Turkey, would be needed. Advanced consultations with these countries would make the task easier, but the military experts concluded that there would be a serious risk of leaks with dangerous consequences. At the same time, the four political directors believed that open statements regarding Yugoslavia's stability should be kept to a minimum, since they could be interpreted as Western interference in Yugoslavia.[71]

The new EEC Yugoslav policy was consequently welcomed by Washington. The European Commission had initially feared that the USA would oppose the extension of yet another preferential link in the Mediterranean region. Since the early 1960s, the USA had indeed expressed concern at

[67] PAAA, B42, Zwischenarchiv 116735, Report on German-Yugoslav relations, Bonn, 26 October 1978.

[68] AAPDB, 1978, doc. 375, Telegram by J. C. E. von Puttkamer, Belgrade, 6 December 1978.

[69] TNA, PREM 16/1839, Contingency planning on Yugoslavia: Commentary by the Political Directors on the Military Officers' report, undated but written on December 1978.

[70] TNA, PREM 16/1839, Contingency planning on Yugoslavia: A note by the Military officers, Brussels, 11 December 1977.

[71] TNA, PREM 16/1839, Top secret report on Romania and Yugoslavia, 1 December 1978.

the proliferation of preferential Community agreements, and had received an informal undertaking from Sir Christopher Soames—the 1973 'Casey-Soames' agreement—that the Commission would not extend its preferential zone in the Mediterranean.[72] As Raymond Phan Van Phi, a senior official of DG I in charge of Community's relations with the GATT, stated on 19 September 1978:

> If the Americans express their opposition to our new preferential approach, we will have great difficulty in gaining its approval within the GATT framework. This would not be in the interests of the Community and in those of the Yugoslavs, who have at last adopted a courageous political choice.[73]

However, this worry faded very rapidly. As the economic counsellor of the US Embassy in Brussels confided in September 1978 to Michael Jenkins, Head of the European Integration Department of the British Foreign Office, the US State Department would be disposed to argue in favour of any agreement which might help to counter Soviet pressures.[74] In this regard, in November 1978 Roy Jenkins reiterated to the US Under-Secretary of State, Richard Cooper, that the new approach responded to a real need to bring Yugoslavia politically closer to the West: 'this being the interest of everybody'.[75]

Reinforcing relations with Belgrade was also largely supported by the European Parliament. Until the late 1970s, the European Assembly had played a relatively minor role in the unfolding of EEC-Yugoslav relations. Due to its formal exclusion from the preparation of the EEC's Common Commercial Policy, the political commission of the EP had limited itself to giving a positive judgement on the 1970 and 1973 EEC-Yugoslav trade agreements only after the latter had been concluded. In both circumstances, the Assembly had stressed the importance to the EEC of sustaining Yugoslavia's economic development. However, in view of the first direct elections of the European Assembly, its representatives were increasingly involved in the development of the EEC's Yugoslav policy.[76]

[72] TNA, FCO 98/367, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 25 July 1978.

[73] ECHA, BAC 97/1986/23, Note by R. Phan Van Phi, Brussels, 19 September 1978.

[74] TNA, FCO 98/368, Note by M. R. H. Jenkins, 6 September 1978.

[75] HAEU, EN, 1576, Report on Jenkins' visit to the United States, 14 December 1978.

[76] See, for instance, the papers kept in ECHA, BAC 48/1984/663; BAC 48/1984/670; BAC 97/1986/47.

Belgrade was seen by the EP as an important partner in the field of EEC's external policy.[77]

The pro-active attitude of the EP became particularly clear after the appointment of the Italian Christian Democrat Emilio Colombo to the Presidency of the Assembly in 1977. In line with the official position of the Italian government, he improved relations between his institution and the Yugoslav government. In November 1978, he went to Belgrade to meet Tito, while, in September 1978, a parliamentary delegation headed by the EP Vice President Rudolf Adams went to Yugoslavia to explore the possibility of establishing direct and formal relations between the EP and the Yugoslav Federal Assembly.[78] In these circumstances, the Yugoslav representatives urged the EP to play a greater role within the Community framework and facilitate the conclusion of a favourable agreement with their country.[79] Agreeing with this request, on 11 October 1978 Colombo sent the President-in-charge of the Council, Helmut Schmidt, a letter which clearly expressed the political urgency of meeting Belgrade's demands in the trade and social domains, in line with the new approach promoted by Haferkamp.[80]

The positive attitude of the Council of Ministers, the US administration and the European Parliament towards the European Commission's new Yugoslav policy was not just a demonstration of political realism. The idea that Yugoslavia represented a political reality which should be protected and cultivated was also widespread in the Western academic and intellectual worlds. Since the mid-1970s, the shelves of university libraries in Western Europe and the USA had started to become filled with volumes devoted to the Yugoslav 'experiment' in socialism and federalism.[81] Emphasis on workers' self-management and federalism, rather than on

[77] On the international role of the European Parliament, see See Emma de Angelis, *The Political Discourse of the European Parliament, Enlargement, and the Construction of a European Identity, 1962–2004*, PhD Thesis, The London School of Economics and Political Science, 2011).

[78] AJ, KPR, III-b-2-a, Meeting between Djuranović and Adams, Belgrade, 20 September 1978.

[79] *Ibid*.

[80] ECHA, BAC 48/1984/663, Letter by E. Colombo, Brussels, 10 November 1978.

[81] See Fred Singleton, *Twentieth century Yugoslavia* (London: Macmillan, 1976); John J. Horton, *Yugoslavia* (Oxford: Clio Press, 1977); Gertrude Joch Robinson, *Tito's maverik media: the politics of mass communications in Yugoslavia* (Urbana: University of Illinois Press, 1977); Rudolf Bičanić, *La via jugoslava al socialismo* (Napoli: Liguori, 1976); Jožo Tomasević, *Peasants, politics, and economic change in Yugoslavia* (New York: Kraus Reprint Co, 1975).

ethnic rivalries and self-determination, which would dominate scholarly works on Yugoslavia after the wars of the 1990s, reflected what Mark von Hagen has described as the ideology of the social science school of 'modernisation', a brainchild of the Cold War which posited the disappearance of ethnic contrasts due to the processes of urbanisation, industrialisation and literalisation.[82] Even the Western press was not immune to admiration of the Yugoslav social system.

Nora Beloff, who in 1985 published one of the first books denouncing the repressive nature of the Yugoslav regime to the Western world, admitted in the preface to her *Tito's Flawed Legacy* that she herself had shared a positive opinion towards the Yugoslav model in the 1970s, while working as a journalist for *The Guardian*. In her view, the positive attitude towards Belgrade was linked to the *epos* of the Yugoslav communist partisans' war of liberation against the Nazis during World War II. This struggle was exalted in particular by William Deakin, Warden of St. Antony's College at Oxford, in his best-selling book *The Embattled Mountain*, published in 1971. Belgrade's image was also further glorified by the Tito-Stalin split: Yugoslavia was then regarded as the first Communist-ruled state to defy Soviet domination and experiment with a 'socialist market' economy. Two of Deakin's students in Oxford, Mark Wheeler and Dennison Rusinow, became influential scholars in the field of Western studies on Yugoslavia.[83] Rusinow's book *The Yugoslav Experiment, 1948–1974*, edited in 1977, described the Yugoslav social and economic system in positive terms. Its regime was not defined by the author as a totalitarian or party autocracy, but as a genuine political democracy developing without a multi-party system, thanks to a series of liberalising and decentralising political reforms.[84]

Last but not least, the Yugoslav system was admired as a third force between capitalism and Soviet-style Communism. This is clear in the attitude of Willy Brandt, whose closeness to Tito increased in the late 1970s, when the former German chancellor became president of the Socialist International and chaired the Independent Commission on International

[82] See Dusan J. Djordjević, 'Clio and Its Predecessors in Recent Historiography', in Norman M. Naimark and Holly Case (eds.), *Yugoslavia and Its Historians. Understanding the Balkan Wars of the 1990s* (Stanford, California: Stanford University Press, 2003), 6.

[83] See Nora Beloff, *Tito fuori dalla leggenda: fine di un mito: la Jugoslavia e l'Occidente 1939–1986: il libro proibito dal regime di Belgrado* (Trento: Reverdito, 1987), 5–8.

[84] Dennison Rusinow, *The Yugoslav experiment, 1948–1974* (London: C. Hurst for the Royal Institute of International Affairs, 1977), 346.

Development Issues, better known as the North–South Commission.[85] Another example is offered by the attitude of the Italian Communist Party. The Yugoslav road to socialism was regarded by the party's headquarters, the *Botteghe Oscure*, as nothing less than an exit from Stalinism, as Paolo Bufalini, a leading member of the PCI, wrote in his introduction to Stefano Bianchini's book *La diversità socialista in Jugoslavia* (*Socialist Diversity in Yugoslavia*).[86]

The Nine's Protectionist Attitude

All in all, Haferkamp's initiative had developed against a background of favourable Western attitudes towards Tito's Yugoslavia, which ranged from the Western foreign ministries to the political and academic worlds. Yet such positive attitudes did not facilitate the rapid implementation of the European Commission's new approach. Indeed, beginning in 3 October 1978, when the European Commission had submitted the project for a new negotiating mandate to the Council,[87] it became increasingly clear that the negotiations of a Mediterranean-type preferential and non-reciprocal agreement would cause problems for the Nine. As stressed by the British Department of Trade, Yugoslavia was very different from the other 'global approach' countries. It had considerable industry, which could pose serious competition to EEC industry and, in the process, compound problems which would affect the Nine as a result of the future Mediterranean enlargement.[88] Lastly, an essentially non-reciprocal agreement with Yugoslavia could lead to pressure for revision of their arrangements by other Mediterranean countries, and renewed requests for similar treatment from other developing countries.[89]

[85] AJ, KPR, I-5-b/82-14, Meeting between Bakarić and Tito, Belgrade, 16 January 1978. See also Bernd Rother, 'Between East and West – social democracy as an alternative to communism and capitalism. Willy Brandt's strategy as president of the Socialist International', in Nuti Leopoldo (ed.), *The Crisis of Détente in Europe. From Helsinki to Gorbachev* (London/New York: Routledge, 2009), 224–225.

[86] Bianchini Stefano, *La diversità socialista in Yugoslavia. Modernizzazione autogestione esviluppo democratico dal 1965 a oggi* (Trieste: Editoriale Stampa Triestina, 1984).

[87] ECHA, BAC 97/1986/23, Communication from the Commission to the Council, Brussels, 3 October 1978.

[88] TNA, FCO 98/367, Note by S. Abramson, London, 7 August 1978.

[89] TNA, FCO 98/369, Meeting of the Council of Ministers (Foreign Affairs), Luxembourg, 17 October 1978.

Haferkamp, as spokesperson of the Commission, exerted a constant policy of mediation with the Nine in order to accelerate the preparation of the new mandate. In particular, he emphasised to the Council the importance of giving priority to political rather than economic considerations. As he noted during the preparatory phases of the Council meeting of 17 October 1978:

> I am aware of the difficulties faced by the Member states with this new approach …but the Commission believes that there is no other way to meet the expectations of the Yugoslav government. This is a policy approach which I would like the Member states to reflect upon, because everyone knows that behind this economic problem looms the political evolution of our Yugoslav partner, which the Community should support.[90]

Although during the Council meetings of 17 October and 21 November 1978 the Nine had agreed to a preferential approach and Yugoslavia's permanence in the GSP,[91] every member state had in fact particular anxieties about the new negotiating mandate. The minutes of Council and COREPER meetings between October 1978 and April 1979 show that no country assumed a politically oriented attitude against Yugoslavia. For instance, during the Council meeting of 2–3 April, the Nine finally agreed to propose a 5-year financial protocol envisaging a 200-mua loan to Yugoslavia.[92] This decision was in line with the loans already accorded to other Mediterranean countries, such as Turkey, Greece and Portugal, which had received Community loans of 310, 280 and 230 mua respectively. Yet, faced with the economic drawbacks of the forthcoming Community enlargement—in late 1978, the EEC was involved in the final round of negotiations for Greece's accession to the EEC, while negotiations for Spain's entry within the Community were to open in February 1979—the Nine's representatives were not ready to make substantial commercial concessions in a number of politically sensitive areas. For instance, as regards the agricultural field, Ireland, Belgium and the FRG were against trade concessions on meat, i.e., baby beef and horsemeat, as were Italy and France on wine and *slivovitz*.[93] The UK would

[90] ECHA, BAC 97/1986/23, Speaking note, Brussels, 16 October 1978.
[91] ECHA, BAC 48/1984/663, Note by U. G. Stefani, Brussels, 27 January 1979.
[92] HAEU, EN 2781, Note by P. Duchâteau, Brussels, 3 April 1979.
[93] ECHA, BAC 97/1986/23, Note for the file, Brussels, 30 October 1978.

have particular difficulty with tariff-free access for industrial goods.[94] In addition, in these months the Community's lobbies promoted an energetic campaign against the extension of non-reciprocal trade preferences to competitive Yugoslav goods.[95]

Haferkamp was seriously worried about the deadlock in preparing the mandate.[96] An internal note prepared by DG I's services on 14 December 1978 illustrates this atmosphere:

> We have reached an *impasse* and we are therefore risking deterioration of our relations with the Yugoslavs. The best solution would probably be that of being as discreet as possible in our dealings with the Council. This is the situation and this is worrying, because we risk losing our political credibility.[97]

Again, on 22 January 1978, Haferkamp described the situation of the Community's work on the Yugoslav question as 'disquieting', since no definitive decision had been taken so far by the Council in the financial, social and industrial fields. In addition, the long list of agricultural products to be excluded from trade preferences set up by COREPER was too restrictive, and limited the advantages of the new approach.[98] Thus, the negotiating mandate approved by the Council on 6 February 1979 did not represent a true step forward. Despite the decision taken by Bonn during the Council meeting on 6 February 1978 to lift its reservations in the social field,[99] Haferkamp believed that the new mandate was not a good starting point for negotiations. He also thought that the Nine's atti-

[94] TNA, FCO 98/367, Meeting of the Council of Ministers (Foreign Affairs), Brussels, 25 July 1978.

[95] As opposed to the argument proposed by the scholar Panos Tsakaloyannis, political difficulties between Yugoslavia and West Germany about the extradition proceedings against suspected anti-Tito Croatian terrorists did not have a direct bearing on the course of negotiations. This controversy, which lasted only between September and December 1978, was not the only factor affecting the elaboration of a new mandate, as it was intertwined with the protectionist stance of all the Community partners of the FRG. In this regard, see Panos Tsakaloyannis, 'The Politics and Economics of EEC-Yugoslav Relations', *Journal of European Integration*, Vol. 5/1, 1981, 29–52.

[96] ECHA, BAC 48/1984/663, Note by G. U. Stefani, Brussels, 16 December 1978.

[97] ECHA, BAC 97/1986/24, Note for the file, Brussels, 14 December 1978.

[98] ECHA, BAC 97/1986/26, Note by H. Beck, Brussels, 24 January 1979.

[99] ECHA, BAC 97/1986/26, Note by C. Caporale, Brussels, 1 February 1979.

tude might compromise the pro-EEC representatives within the Yugoslav government, in particular, Djuranović and Andov.[100] Eventually, Jeftić and Haferkamp agreed that the best way of avoiding such a quagmire was to develop direct contacts between Community and Yugoslav officials and let the Commission mediate between the Nine and Belgrade. Both the Commission and the Yugoslav representatives in charge of EEC-Yugoslav relations wanted to avoid any further ruptures in bilateral relations.[101]

Yugoslavia's Reticence

However, the unfolding of EEC-Yugoslav relations after July 1978 also revealed that the Nine's protectionist attitude was not the sole agent responsible for the stagnation in trade negotiations. After the Council of Ministers gave its *placet* to the Commission's preferential approach in July 1978, the Yugoslav authorities in fact adopted a rather ambiguous attitude towards the EEC. In several circumstances, they expressed doubts about their country's inclusion in the EEC's Mediterranean approach.[102] As stressed by Ambassador Bora Jeftić to UK representative Donald Maitland, entering into a preferential agreement with the EEC was a 'tremendous effort' for his government.[103] This meant that, at a political level, Yugoslavia wanted to maintain its traditional distance from the Community in order to preserve its non-aligned stance. This attitude, from the European Commission's viewpoint, was a reflection of Yugoslavia's troubled international position.[104]

In fact, the USSR was Yugoslavia's prime foreign policy preoccupation. The distance between their ruling parties had widened since 1977, with improved Yugoslav relations with China and the USA playing a large part in this process.[105] The Yugoslav leadership feared radicalisation of the ideological confrontation with Moscow and the rise of Cominformist forces within its country which would be able to exploit inter-republic contrasts and weaken the federation.[106] The Yugoslav government was also anx-

[100] *Ibid.*
[101] HAEU, EN, 1149, Note by E. Reuter, Brussels, 2 February 1979.
[102] ECHA, BAC 48/1984/663, Note by U. G. Stefani, Brussels, 16 March 1979.
[103] TNA, FCO 98/369, Telegram by D. Maitland, Brussels, 9 October 1978.
[104] ECHA, BAC 97/1986/26, Note by P. Duchâteau, Brussels, 14 May 1979.
[105] ASPR, 130, Letter by A. Cavaglieri, Belgrade, 7 June 1979.
[106] Pirjevec, *Tito*, 527–529.

ious about the geopolitical stability of the Balkans, due to the imminent accession of Greece to the EEC and growing tensions between Belgrade and Sofia on the Macedonian issue.[107]

Given the strong political links between the Soviet Union and Bulgaria, the ambassadors of the Nine in Belgrade believed that behind this controversy lay Moscow's traditional and continuing interest in gaining greater space for manoeuvre in the Black Sea.[108] As regards Eastern Europe, Belgrade believed that tensions between Moscow and Bucharest reflected a Soviet attempt to affirm their hold over their European satellites and consolidate their ideological position in the Communist world. Last but not least, Belgrade was deeply worried about the future of the NAM after the outbreak of the Third Indochinese War in late 1978.[109] In bilateral conversations with representatives of the Italian Communist Party, Vietnam's invasion of Cambodia was indeed portrayed as patent aggression against a non-aligned country, inspired by the Warsaw Pact, and a dangerous extension of Brezhnev's doctrine in Asia.[110]

In the following months, Yugoslavia's support for Beijing's intervention against Vietnam further deteriorated relations between Moscow and Belgrade.[111] Rumours started to circulate in Western embassies about Soviet Pact troop movements near the Yugoslav border, especially in Hungary and Bulgaria.[112] In addition, Moscow's close relations with countries like Cuba, Ethiopia, Mozambique and South Yemen were considered catastrophic for the autonomy of the NAM. Belgrade saw the growth of Soviet influence on the NAM as reinforcing the division of the world into blocs and ensur-

[107] The essence of the traditional Yugoslav complaint about this matter was the refusal by Sofia to recognise the existence of a Macedonian minority in Bulgaria, which, according to the Yugoslav government, implied the refusal by Bulgaria to recognise the existence of a Macedonian minority in Yugoslavia. Yet, according to Sofia, to talk of a Macedonian minority in Bulgaria amounted to interference in its internal affairs. See Spyridon Sfetas, 'The Bulgarian-Yugoslav Dispute over the Macedonian Question as a reflection of the Soviet-Yugoslav Controversy (1968–1980)', *Balcanica*, 43, 2012, 241–271.

[108] ASPR, 130, Letter by A. Cavaglieri, Belgrade, 7 June 1979.

[109] TNA, FCO 28/3924, Meeting between Judd and Vrhovec, Belgrade, 4 January 1979. See Odd Arne Westad and Sophie Quinn-Judge (eds.), *The Third Indochina War. Conflict between China, Vietnam and Cambodia, 1972–1979* (London-New York: Routledge, 2006).

[110] APC, Estero, mf 7901, Note by A. Rubbi, 17 January 1979.

[111] ASPR, 130, Letter by A. Cavaglieri, Belgrade, 12 March 1979.

[112] ASPR, 130, Letter by A. Cavaglieri, Belgrade, 7 June 1979; AMAE, SE 1976–1980, 4840, Telegram by J. Martin, Belgrade, 12 November 1979.

ing a dominant role for the superpowers, which posed a direct threat to its aspiration to autonomy and independence.[113] As Jacques Martin, the French Ambassador to Belgrade, reported in March 1979: 'Indeed, never before has non-alignment appeared so threatened and fragile'.[114] From a Western standpoint, another worrying element was added to this troubled international situation: the death in February 1979 of Edward Kardelj, a prominent member of the Yugoslav State Presidency, who had been regarded by Western diplomats as a possible successor to Tito. As pointed out by the US delegation to NATO, Kerdelj's death left the Yugoslav leadership without 'a figure of comparable stature who could project an aura of legitimacy and continuity in the immediate post-Tito period'.[115]

Yugoslavia's efforts to strengthen its role among the non-aligned and developing countries deeply affected negotiations with the EEC. This was apparent during a visit to Belgrade on 8 March 1979 by Roy Denman, who noted evident divisions within the Yugoslav leadership *vis-à-vis* the ongoing negotiations with the EEC:

> The new approach proposed by the Community, particularly in the commercial field, has not been entirely welcomed by the Yugoslav leadership. The 'non-preferential' and 'Third-world' school sustained by the Ministry of Foreign Trade seems to gain ground. The preparation of the next UNCTAD in Manila places Yugoslavia in a rather delicate situation.[116]

Denman's impression was that the Yugoslav government feared becoming politically too close to the EEC.[117] Nevertheless, according to DG I, the EEC was obliged to insist on its preferential approach, which was the only way to strengthen bilateral relations with Belgrade in the future. It was necessary to convince Belgrade to enter into negotiations as soon as possible.[118]

When negotiations officially opened on 2 July 1979, the atmosphere was tense and nothing seemed to augur a positive conclusion.[119] Although

[113] AJ, KPR I-4-a/35 (1-3), Report on Yugoslav-Soviet relations, 30 August 1979.

[114] AMAE, SE 1976–1980, 4835, Telegram by J. Martin, Belgrade, 12 March 1979.

[115] TNA, FCO 28/3687, US Contribution to NATO Experts Working Group, March 1979.

[116] ECHA, BAC 97/1986/26, Report on Denman's mission to Belgrade, Brussels, 14 March 1979.

[117] ECHA, BAC 97/1986/28, Meeting between Denman and Andov, Brussels, 23 October 1979.

[118] ECHA, BAC 97/1986/26, Note by P. Duchâteau, Brussels, 4 April 1979.

[119] AJ, KPR, III-b-2-a, Report on exploratory talks between Yugoslavia and the EEC, Belgrade, 6 July 1979.

the Yugoslav representatives gave their official approval to the general approach proposed by the Commission, it was clear that the political presentation of any future preferential agreement still aroused Yugoslav concern.[120] This attitude gave the EEC negotiators the impression that Belgrade wanted to gain time. The July meeting had in fact opened against a background of particularly high tension within the NAM, due to preparations for the non-aligned summit in Havana in September 1979,[121] a meeting which represented a real show-down between Yugoslavia and Cuba.[122] The former embodied the original spirit of the NAM, that is, political autonomy and equidistance between the two superpowers; Cuba represented the pro-Soviet faction of the movement, which favoured a closer association between the NAM and the Soviet bloc.[123] From a Western viewpoint, Yugoslavia's aim was therefore to prevent the NAM becoming a 'reserve for the Warsaw Pact'.[124]

However, this delicate situation compelled Yugoslavia to adopt a dilatory attitude towards the EEC representatives, which depended on the uncertain future results of the Havana summit and the evolution of Yugoslav-USSR relations. This was particularly emphasised by Milica Žiberna, a senior official in Yugoslavia's Ministry of External Trade, to Roy Denman during a private meeting on 2 July 1979. After listening to Žiberna's preoccupied description of Soviet and non-aligned pressures on Yugoslavia, Denman realised that the mandate had of necessity to be improved, so that the economic advantages of a new agreement with the EEC could compensate for the political disadvantages Yugoslavia would experience *vis-à-vis* the NAM. As he wrote to Haferkamp on 5 July 1979:

> In such a context, the way in which the agreement is presented has a capital political importance in order for it to be welcomed in Yugoslavia and among the non-aligned countries, because it is evident that if this grouping did not welcome the agreement, this would allow the opponents of the new approach

[120] ECHA, BAC 97/1986/28, Note by P. Duchâteau, Brussels, 4 July 1979.

[121] PAAA, B33, Zwischenarchiv 116091, Report on the Havana Non-aligned Summit, Bonn, 16 July 1979.

[122] AAPBD, 1979, doc. 234, Meeting between Genscher and Vrhovec, Zagreb, 16 August 1979.

[123] AJ, KPR, I-4-a/35, SID Note No. 1966, Secret report from Havana, 30 August 1979.

[124] TNA, FCO 28/3917, Meeting between Berisavljević and Bullard, London, 30 April 1979.

> to triumph easily. This would be likely to jeopardise the new kind of relationship proposed by the Community which concerns Europe and the whole West.[125]

At the same time, the European Commission services were aware that the distance separating the EEC's offer from Yugoslavia's request could be overcome, since solutions to the deadlock in EEC-Yugoslav relations lay primarily in the political sphere.[126]

Breaking the Deadlock: From Cuba to Afghanistan

Yugoslavia's performance during the Havana non-aligned summit meeting was depicted by Western diplomats as a great success. Tito, despite his great age, took part personally in the conference and managed to play a prominent role during its political sessions. Western diplomacy regarded Yugoslavia as the leader of a 'silent majority' which had managed to moderate Fidel Castro's radicalism. Belgrade had indeed succeeded in deleting from the Final Declaration all references to the Soviet bloc as the natural ally of the NAM and in diluting the anti-Western tone and content of the original Cuban draft.[127] Yugoslavia had therefore reinforced its status as a moderate partner within the Movement.

After the conclusion of the Havana summit, relations between Community Brussels and Belgrade resumed with new impetus, as confirmed by the mission made by Roy Denman to Belgrade in October 1979. Denman reported to Haferkamp that the positive conclusion of the Havana summit had clearly heartened his Yugoslav counterparts. His impression was that the Yugoslav line had changed substantially since he was last in Belgrade in March of the same year:

> Then there was clearly some division of opinion on their side as to the desirability of an agreement with the Community; some wanted it, others had doubts about the desirability of involving too closely with the EEC one of the leaders of the non-aligned countries such as Yugoslavia. This time there was no difference. The Yugoslavs wanted an agreement.[128]

[125] ECHA, BAC 97/1986/27, Note by R. Denman, Brussels, 5 July 1979.
[126] ECHA, BAC 97/1986/28, Note by P. Duchâteau, Brussels, 31 July 1979.
[127] TNA, FCO 28/3923, Note by C. L. G. Mallaby, London, 8 October 1979.
[128] ECHA, BAC 97/1986/28, Note by R. Denman, Brussels, 25 October 1979.

The new Yugoslav attitude signalled to Haferkamp and his officials that the time was ripe to conclude negotiations by the end of the year. Their task was to modify the protective clauses still existing in the Council's mandate and, in coordination with DG VI (Agriculture) and DG III (Industrial Affairs), to reduce the import limitations on Yugoslav agricultural and industrial goods. This was not just a technical task, since revising the mandate was the only precondition for the establishment of a politically oriented contractual link with Yugoslavia. Between November and early December 1979, the European Commission services proposed to COREPER a significant revision of the mandate in the industrial sector and, in particular, a reduction in the list of 'sensible' goods which Belgrade could not be export to the EEC market.[129] In addition to the agricultural problem, DG I knew that the EEC should eliminate the safeguard, anti-dumping and 'standstill' clauses, which established a system of reciprocity that Belgrade could not accept for political reasons. Indeed, as the head of the Yugoslav negotiating team, Stojan Andov, told Haferkamp during his mission to Brussels on 10–11 December 1979, what Yugoslavia wanted was a real *sui generis* agreement, which would make it publicly clear that the two parties did not want to establish a free-trade zone.[130] Belgrade wanted to distinguish itself from all other Community trade partners and to obtain the maximum economic and political profit without granting the EEC any kind of reciprocity. Andov also claimed that the two parties should not delay signing the new agreement. Otherwise, more radical, anti-Western Yugoslav currents might use the deadlock as an alleged reason to slow down the *rapprochement* with the EEC.[131] According to DG I, it was now necessary for the Nine to assume a clearly defined position towards the Yugoslav question by improving the mandate: 'without a decisive impulse on the part of the Council, we might lose an important opportunity'.[132] A few days later, this decisive impulse was triggered by the USSR's military invasion of Afghanistan.

The Soviet invasion of Afghanistan, a member of the NAM, offered the Nine the political pretext for overcoming their protectionist attitude towards Yugoslavia. Indeed, as later recalled by the then Soviet Ambassador in Washington, Anatoly Dobrynin, this event further aroused

[129] ECHA, BAC 97/1986/28, Note by R. Denman, Brussels, 23 November 1979.
[130] ECHA, BAC 97/1986/28, Note by P. Ramadier, Brussels, 13 December 1979.
[131] ECHA, BAC 97/1986/30, Note by U. G. Stefani, Brussels, 12 January 1980;
[132] ECHA, BAC 97/1986/28, Note by P. Duchâteau, Brussels, 17 December 1979.

Western suspicions of an innovative Soviet strategy behind Moscow's policy which might concern other countries, including Yugoslavia.[133] Needless to say, as noted by the British Foreign and Commonwealth Office (FCO), there was no pressing need in terms of Soviet interests, as there was in Afghanistan, for the USSR to intervene in Yugoslavia at the present juncture. Any immediate Soviet move towards Belgrade would be an uncertain and costly operation, due to continuing Soviet commitments in Afghanistan and the lack of a military foothold in Yugoslavia.[134]

However, the EEC member states and their American allies did expect that Moscow might increase subversion and infiltration in Yugoslavia, and create a pro-Soviet faction which might invite Soviet intervention. The risk of Soviet intervention in Yugoslavia, as a secret FCO assessment concluded, would rise sharply if divisive tendencies in the country brought about a breakdown in central control.[135] Uncertainty about Soviet plans was flanked by growing division within the NAM regarding the condemnation of Soviet intervention in Afghanistan and, last but not least, by the rapid deterioration of Tito's health in early January 1980.[136] At this historic moment, Yugoslavia was therefore facing three dreadful threats: Soviet expansionism, the imminent end of Tito's leadership and division among the non-aligned countries. Fears that Moscow's aggressive policy in Afghanistan would also, sooner or later, involve Yugoslavia were nurtured by Western intelligence services. The Yugoslav leadership did not exaggerate them in order to gain more Western support. On the contrary, as shown by recent research based on the private archives of the then Yugoslav foreign minister, Josip Vrhovec, Belgrade was in fact deeply worried about the Kremlin's new international attitude.[137] In bilateral party relations with the Italian Communist Party, the Yugoslav representatives also emphasised their fears about the definitive end of international détente. A report prepared by the *Botteghe Oscure* in January 1980 stated that Yugoslavia regarded the USSR as a strong military power, able to

[133] Anatoly Dobrynin, *In confidence: Moscow's ambassador to America's six Cold War presidents (1962–1986)* (New York: Times Books, Random House, 1995), 446.

[134] See Ante Batović and Branko Kasalo, 'Britanski i američki izvori o smrti Josipa Broza Tita', *ČSP*, 1, 2012, 7–22.

[135] TNA, FCO 28/4247, Secret report on Yugoslavia, undated.

[136] TNA, FCO 28/4229, Telegram by T. Clark, Belgrade, 15 January 1980.

[137] Tvrtko Jakovina, 'Sovjetska intervencija u Afganistanu 1979. i Titova smrt', *Historijski zbornik*, 60, 2007, 295–320.

invade Afghanistan, threaten Pakistan and Iran, and at the same time move divisions to the Ukraine and approach Romania's borders.[138]

In this context, the Community's *rapprochement* with Yugoslavia developed discreetly. In January 1980, the DG I representatives once again acted as the political promoters and coordinators of the EEC's Yugoslav policy. The Italian Council presidency closely supported the Commission's work.[139] The first debate among the Nine's representatives during the COREPER meeting on 10 January 1980 highlighted the political urgency of the rapid conclusion of negotiations.[140] One day later, this urgency was openly declared by Yugoslavia during a visit paid by the ambassador Bora Jeftić to Roy Jenkins's *Chef de Cabinet*, Crispin Tickell. Jeftić expressed the hope that, in the present moment of high political tension, it should be possible to devise a simple procedure between the EEC and his government at the political level, which would exclude national experts 'entangled in patriotic fears and subtle technicalities'.[141] To emphasise his point, Jeftić drew attention to an article which had appeared in the *Financial Times* of 8 January 1980, entitled 'East Europe's fears about the Afghan adventure': 'Safeguarding Yugoslav independence without provoking the Soviet Union to precipitate action must now be one of the key issues to be examined by the West'.[142]

Setting the Seal on the 1980 Co-operation Agreement

During the Council meeting of 15 January 1980, the Nine officially decided to make significant improvements to the mandate in the agricultural and industrial fields. They also decided to eliminate the 'standstill clause', and include an 'industrialisation clause' which accorded Yugoslavia, as a developing country, the right to take autonomous protectionist measures in order to balance its industrialisation and development.[143] The aim was to meet Yugoslavia's *desiderata* by eliminating any principle of reciprocity from the future agreement.[144] All in all, the rationale of the new agree-

[138] APC, Estero, mf 8002, pp. 80–90, Report on Meeting between PCI and LCY, 12 January 1980.
[139] ECHA, BAC 97/1986/30, Note by G. U. Stefani, Brussels, 18 January 1980.
[140] ECHA, BAC 97/1986/30, Note by P. Duchâteau, 10 January 1980.
[141] ECHA, BAC 97/1986/30, Note by E. Reuter, Brussels, 10 January 1980.
[142] *Ibid.*
[143] ECHA, BAC 97/1986/30, Briefing Note, Brussels, 24 January 1980.
[144] ECHA, BAC 97/1986/30, Note by P. Duchâteau, Brussels, 14 January 1980.

ment was to be political in nature. As Duchâteau wrote on 14 January 1980: 'Belgrade, while wishing to avoid a deterioration in its relations with Moscow, needs true and strong support from the Community and the West. The conclusion of the new agreement will be the most evident test.[145]

The policy choice made by the EEC did not only concern bilateral relations with Yugoslavia. It was conceived by the EEC and the Nine as part of a broader Western policy towards the Balkan state. Faced with Tito's worsening health and the events in Afghanistan, it was necessary to inform Washington about EEC intentions towards Yugoslavia.[146] The US administration confirmed its clear-cut support of the EEC's Yugoslav policy during Roy Jenkins's visit to Washington on 22 January 1980. Carter and Jenkins agreed that it was best to develop a low-profile approach towards Yugoslavia based on economic support, and above all to avoid doing anything which might appear to be interference in Yugoslav affairs.[147] As noted by Tickell: 'If I could summarise in a word the American attitude, it was one of sympathy, discretion, and satisfaction at the development of links between the Community and Yugoslavia'.[148]

In the meantime, Rome intensified bilateral relations with Belgrade. After the successful visit of the Italian President of the Republic Sandro Pertini to Belgrade in November 1979, a meeting between Stojan Andov and the Italian Prime Minister, Francesco Cossiga, took place on 18 January 1980. Cossiga emphasised the political importance of EEC-Yugoslav relations and his government's interest in Yugoslavia's non-alignment and independence.[149] The same view was reiterated by the French Foreign Minister, Jean-François Poncet, during a meeting with Josip Vrhovec in Belgrade on 6 February 1980.[150] The British government, now led by Margaret Thatcher, did not question the Community strategy and decided to follow the policy line adopted by its predecessors. Lastly, at bilateral and Community level, Bonn emerged as one of the main supporters of Belgrade's *rapprochement* with the EEC.[151] The Auswärtiges Amt saw a

[145] *Ibid.*

[146] ECHA, BAC 97/1986/30, Note by P. Duchâteau, Brussels, 16 January 1980.

[147] HAEU, EN, 1298, Note by C. Tickell, 21 January 1980.

[148] ECHA, BAC 97/1980/30, Note by C. Tickell, 4 February 1980.

[149] AMIP, PA, R, 1980, f 204: b 43291, Meeting between Andov and Cossiga, Rome, 18 January 1980.

[150] AMAE, SE 1976–1980, 4846, Record of Meeting between Poncet and Vrhovec, Paris, 11 February 1980.

[151] PAAA, Zwischenarchiv 178.821, Report on the Cooperation agreement between the EEC and Yugoslavia, Bonn, 23 January 1980.

close political connection between the EEC-Yugoslav agreement and the preservation of Yugoslavia's stability. A meeting held between Genscher and Andov in Bonn on 30 January 1980 paved the way for the official opening of negotiations between the EEC and Yugoslavia on 1 February 1980.[152] The last technical details regarding agricultural and industrial concessions on the part of the Community were finally settled during the negotiating round which took place in Brussels between 21 and 25 February 1980, when the agreement was initialled.

One of the main characteristics of the EEC's Yugoslav policy was therefore its low profile. Trade negotiations were not to appear to be a Western plan to include Yugoslavia in its sphere of influence. Belgrade was very sensitive to the possibility of appearing as an economic appendage of the West.[153] This attitude did not regard only the EEC, but also the USA. As Carter told Jenkins, the US administration had been told by Belgrade that it would prefer Washington to say nothing to indicate support for the Yugoslav regime. Hence, public statements by members of the administration had been limited to expressions of appreciation 'for the qualities of the Yugoslav people'.[154] This Yugoslav attitude had a direct influence on the development of EEC-Yugoslav relations at an official level. On 25 January 1980, Milica Žiberna stressed to Roy Denman that negotiations should not appear as an EEC attempt to attract Yugoslavia towards its sphere of influence by exploiting its internal weaknesses. As Denman wrote to Jenkins on 28 January 1980, the EEC should deal with: 'A general climate of mistrust, which leads some people to believe that the West in general, and the Community in particular, intend to take advantage of this situation to "bring down Yugoslavia to the West"'.[155] This obliged the European Commission to urge the Political Commission of the European Parliament to limit public debates on Yugoslavia:

> It goes without saying that such delicate negotiations must be conducted behind closed doors. Several interventions by members of the European Parliament who maintained that Yugoslavia should become associated with the Community are particularly worrisome. Clearly, if the Yugoslavs learn

[152] AMIP, PA, R, 1980, f 204: b 46190, Meeting between Andov and Genscher, Bonn, 5 February 1980.

[153] AMIP, PA, R, 1980, f 204: b 45070, Note by B. Jeftić, Brussels, 23 January 1980

[154] HAEU, EN 1298, Record of Meeting between Carter and Jenkins, Washington, 22 January 1980.

[155] ECHA, BAC 97/1986/30, Note by R. Denman, Brussels, 28 January 1980.

through the press that such an approach is gaining ground, it might compromise the efforts they are currently deploying to conclude the agreement.[156]

The last symbolic step in the development of EEC-Yugoslav negotiations was Jenkins's visit to Belgrade on 28–29 February 1980. The aim of his mission was to set the seal on the co-operation agreement which had been initialled on 25 February, and to mark its political aspect in the difficult circumstances through which Yugoslavia was currently passing. During Jenkins's visit, the Community delegation was impressed by the great importance Yugoslavia attached to the new trade agreement with the Community, and Belgrade's 'evident relief in having achieved with us [the EEC] an agreement involving cooperation in a number of other fields without on the other hand prejudicing their non-aligned developing country status'.[157]

As reported by Jenkins himself, the effects of the Soviet invasion of Afghanistan had dominated Yugoslav thinking, due to its effects partly on the Non-Aligned Movement and partly on Eastern Europe.[158] As for the NAM, the position taken by the Cuban presidency had clearly constituted a setback to Yugoslav efforts to persuade the NAM to play a role between the superpowers. In Eastern Europe, the Yugoslav authorities had expressed the extreme uneasiness of their neighbours at what was happening in Afghanistan.[159] Interestingly enough, before Jenkins's visit, Tomašević had stressed to Tickell that, on press arrangements generally, his government had such a difficult path to follow *vis-à-vis* East and West that it would prefer to keep firm control over all such arrangements itself. The Yugoslav side was therefore disinclined to the idea that a number of Community journalists and television teams should make a special journey to Belgrade to cover Jenkins's visit.[160] This attitude was proof that, despite the forthcoming signing of the cooperation agreement, bilateral relations would be maintained with great discretion. The political imperative for both sides was still to maintain Yugoslavia as a genuinely non-aligned country.

[156] HAEU, EN, 2782, CEC, DG I, Note by P. Duchâteau, Brussels, 31 January 1980.
[157] HAEU, EN, 2782, Note by C. Tickell, Brussels, 5 March 1980.
[158] *Ibid*.
[159] AMIP, PA, R, 1980, f 204: b 411635, Meeting between Vrhovec and Jenkins, Belgrade, 3 March 1980.
[160] ECHA, BAC 97/1986/30, Note by C. Tickell, Brussels, 22 February 1980.

The Cooperation agreement was signed in Belgrade on 2 April 1980.[161] A few weeks later, on 4 May 1980, Tito died after his last long illness.[162] According to the 1974 Yugoslav Constitution, the powers of his office reverted to the eight members of the 'Collective Presidency', whose chairmanship was to rotate annually among each of the federal republics.

These two events were landmarks in the prolonged process of EEC-Yugoslav relations, which had started as long ago as the late 1950s. In 20 years, they had evolved from suspicious diffidence to a comprehensive cooperation agreement. The latter had indefinite duration and aimed at balancing bilateral trade through a preferential and non-reciprocal system envisaging the abolition of custom duties on 70 per cent of Yugoslavia's industrial products between 1980 and 1984. In the agricultural sector, tariff quotas were opened and tariff concessions granted for a number of products such as baby beef, for which the tariff quota was raised from 13,000 to 35,000 tonnes, tobacco, wine and cherries. It also set up new mechanisms of cooperation in several economic fields. These included finance, through a protocol envisaging a 200-mua EIB loan over a period of 5 years, and the social sphere. According to Title IV of the agreement, Yugoslav workers would enjoy treatment free from any discrimination based on nationality in relation to nationals of Member States in which they were employed. Cooperation in the financial and labour fields represented the successful achievement of a long negotiation process which had begun in 1974–1975. The other cooperation fields were industry, energy, scientific and technological research, agriculture, transport, tourism, the environment, and fisheries. Cooperation in the financial and transport fields was linked to Greece's forthcoming entry into the EEC in 1981. It was in fact in the Community's interests to promote direct connections between Greece and its Community partners through an infrastructure network on Yugoslav soil.[163] The two parties established a Cooperation Council for the purpose of attaining the objectives set out in the agree-

[161] The 1980 Agreement was followed by an interim Agreement signed on 14 April 1980, which established the immediate application of the trade and financial dispositions of the agreement as of 1 July 1980, without waiting for ratification on the part of the single EEC member states. After the ratification procedures, the Council Regulation (EEC) No. 314/83 'On the conclusion of the Cooperation Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia' entered into force on 24 January 1983.

[162] See Jože Pirjevec, *Il giorno di San Vito: Jugoslavia 1918–1992: Storia di una tragedia* (Torino: Nuova Eri, 1993), 463.

[163] ECHA, BAC 47/1991/140, Report on Mediterranean countries, Brussels, 1 June 1979.

ment, particularly in the commercial field. This Council was to become the main forum for bilateral economic negotiations throughout the 1980s.[164]

Both Yugoslavia and the EEC saw the agreement as a political landmark for future relations. The Yugoslav Foreign Ministry was particularly satisfied with its economic contents, which included Yugoslav wishes in the commercial and cooperation fields. Since the agreement envisaged one-sided concessions on the part of the EEC, without reciprocity, it was even depicted as a model for future relations between developed and developing countries.[165] From the EEC's viewpoint, the agreement completed the network of preferential agreements in the Mediterranean basin: in 1980, only Albania and Libya had not responded to the Community's GMP. The agreement was also defined by European Commissioner Lorenzo Natali as a model for future similar accords in the Mediterranean: it balanced concessions in the commercial field with other forms of economic cooperation, and was a means of contrasting the negative economic effects of the second enlargement on non-member Mediterranean countries.[166]

Leaving the Impossible Aside

Although the aim of the newly signed treaty was to solve Yugoslavia's serious trade deficit with the EEC, which in 1980, had reached $ 3,138 million, or 49.2 per cent of its overall deficit,[167] the Nine were aware that this agreement alone could not be the definitive solution to the country's economic disequilibrium. In other words, it was not to be a panacea able to cure Yugoslavia's structural weaknesses, which were amplified by internal and external factors: the rising cost of energy internationally after the second oil crisis in 1979, low labour productivity, a high rate of foreign indebtedness, and inflation. This view clearly emerges from the joint report prepared in March 1980 by the Nine's commercial counsellors in Belgrade, which stated:

[164] *Ibid.*

[165] AMIP, PA, R, 1980, f 204: b 410729, Report on the Cooperation Agreement between the EEC and Yugoslavia, Belgrade, 3 March 1980.

[166] ECHA, BAC 354/1991/6, Natali's Speech at the University of Urbino, Brussels, 7 March 1980.

[167] ACEU/Le Conseil, 8949/80/RCC/17, 25 July 1980.

> A great many of the economic problems of the country derive from the inbuilt structure of a socialist market economy. This grey area between socialist planning systems and a free market economy is burdened with too many problems of competence, bureaucracy and structures to develop efficient economic targeting.[168]

The European Commission was also aware that following up on the agreement would not be easy. Yugoslavia's ambitious aim to reduce its trade deficit with the EEC did not take full account of the structural difficulties which Yugoslav exports to the Community would face.[169] Trade development did not depend only on the reduction of artificial trade barriers, such as quotas and tariffs, but also on the preferences of consumers in the EEC market and on Western European readiness to invest in Yugoslavia. Factors such as uncertainty over the future stability of the country and mistrust of its regime's economic policy worked against the harmonious development of bilateral relations. The European Commission services were well aware that Yugoslavia's exports suffered in terms of marketing and competition with Community goods.[170] According to DG I, it was necessary to start an informative campaign in the Nine's capitals to promote trade and investments in Yugoslavia: 'It will be particularly important to make this country known by economic operators in order to get rid of Yugoslavia's image as an "Eastern" country'.[171]

In fact, from the Community's viewpoint, the goal of the agreement was primarily political. When we take into account the viewpoint of the Nine about Yugoslavia during negotiations for the 1980 agreement, what emerges is a common or, rather, Community concern about the country's future. The *sui generis* agreement was the closest form of association and involvement in a common future with the Community which Yugoslavia's non-aligned principles and troubled relationship with Moscow allowed it to accept. The EEC was fully aware that it could not intervene directly in Yugoslavia's internal organisation: any attempt to interfere in its affairs might be counter-productive and endanger its internal equilibrium. The EEC's Yugoslav policy in the 1980s was therefore to be based on low-

[168] *Ibid.*

[169] See Benedetto Zaccaria, 'The European Community and Yugoslavia in the Late Cold War Years, 1976–1989', in Wilfried Loth and Nicolae Paun (eds.), *Disintegration and Integration in East-Central Europe* (Baden-Baden: Nomos, 2014), 275–277.

[170] ECHA, BAC 97/1986/30, Note by R. Denman, Brussels, 13 March 1980.

[171] ECHA, BAC 97/1986/30, Note by C. Caporale, Brussels, 17 March 1980.

profile support for the regime.[172] This does not mean that Belgrade was left alone to 'sink or swim' in its own rough waters. Instead, as in the case of the COMECON countries recently described by the Italian scholar Angela Romano, non-interference in the internal affairs of socialist countries was a precondition of the development of an effective European détente, the benefits of which could be reaped in the long term.[173] Despite Belgrade's continuous dialogue with Community Brussels, the EEC did know that Yugoslavia was ruled by a self-styled Communist regime and that the stakes in it were held by a Communist establishment. This strategy also concerned the human rights question which, after the Helsinki CSCE, distinguished the USA from its Western European partners. Although the USA during the Carter administration had resolutely tackled the USSR and the Soviet satellites on the question of dissidents, the Community had avoided using human rights rhetoric as a Cold War instrument.[174] This strategy concerned the Soviet bloc countries as well as Yugoslavia, mainly due to uncertainty about the capacity of the future collective leadership to manage the country's complex socio-political realities. According to the Nine's economic counsellors, the right answer to growing economic disequilibrium was to strengthen the role of the central government and establish a system of uniform economic regulations at the federal level.[175] They also noted:

> With Tito's absence from the political scene, Yugoslavia's policy-makers will have to face increasing difficulties in following this path, due to opposition by the republican authorities. If the present-day situation in Yugoslavia seems to be so complex and its future perspectives so uncertain, this is mainly due to the lack of a central authority able to co-ordinate the economy effectively.

This description was designed to convince the respective Community governments to welcome any effort to foster political and economic centralisation at federal level, even though this would imply the infringement

[172] ACEU/Le Conseil, 8949/80/RCC/17, 25 July 1980.

[173] Romano, 'Untying Cold War Knots'.

[174] Geir Lundestad, *The United States and Western Europe since 1945: From the 'Empire' by invitation to Transatlantic Drift* (Oxford: Oxford University Press, 2009), 205; Patrick G. Vaughan, 'Zbigniew Brzezinski and the Helsinki Final Act', in Nuti (ed.), *The Crisis of Détente in Europe*, 11–25.

[175] ACEU/Le Conseil, 8949/80/RCC/17, 25 July 1980.

of the various republics' constitutional prerogatives. This had already been emphasised by the commercial counsellors in their 1979 report, according to which:

> The judgements of Western diplomacies about the democratisation process in Yugoslavia will have to take into account the political risks which the weakness of the central authorities (State or Party) implies for a country like Yugoslavia, affected as it is by structural tendencies towards economic disequilibrium and market fragmentation.

Indeed, when the 1980 agreement was signed, the Nine and their NATO allies had regarded Yugoslavia as a hotbed of bipolar confrontation. In the USA, the *Christian Science Monitor* caricatured Yugoslavia as a helpless widow receiving the visit of a menacing Russian who whispered: 'I'm your long-lost uncle. I'm here to take care of you'.[176] This view, however extreme, was similar to those of several Western diplomatic reports, emphasising Moscow's strategic interest in taking advantage of Tito's death to regain control over the Balkan region.[177] As reported by the Italian ambassador in Belgrade, Alberto Cavaglieri, a few days after Tito's death, concerns about Moscow's plans in the Balkans combined with those regarding Yugoslavia's economic fragility and growing tensions between the federal government and the various republics.[178] In this context, the 1980 agreement represented the major instrument of cooperation between the EEC and Yugoslavia, as it aimed at keeping Yugoslavia economically anchored to Western Europe without jeopardising its internal and international autonomy. Faced with the USSR's effective role in Eastern European politics, this was the only option open to the EEC.

Conclusions

The 1980 cooperation agreement was the outcome of a drawn-out negotiating process. The starting point which led to the conclusion of this agreement was the 1976 Joint Declaration, which had established Yugoslavia's non-alignment as the cornerstone of future EEC-Yugoslav relations and,

[176] *Christian Science Monitor*, 6 May 1980, quoted in AMAE, SE 1976–1980, 4841, Report on Tito's death, Washington, 8 May 1980.

[177] TNA, FCO 28/4240, Note by D. I. Miller, Belgrade, 4 June 1980.

[178] ASPR, 130, Letter by A. Cavaglieri, Belgrade, 12 May 1980.

at the same time, paved the way to enforced cooperation in several fields, including finance and the labour workforce.[179] Soon after the signing of this declaration, the newly appointed European Commission, headed by Roy Jenkins and Vice-President Wilhelm Haferkamp, realised that the non-preferential treatment requested by Belgrade since the mid-1960s had strong economic limitations which ought to be overcome. Following the policy line adopted by their predecessors, Jenkins and Haferkamp gave new impetus to the Commission's role in the field of EEC-Yugoslav relations by proposing to the member states the conclusion of a comprehensive cooperation agreement based on a preferential approach. Due to the rapid deterioration of détente and the ever-present threat of the end of Tito's era, the member states recognised the importance of expanding relations with Yugoslavia and welcomed the Commission's proposal. Both the Commission and the Nine were well aware that this new approach represented a radical shift in Yugoslavia's traditional policy of strict equidistance between the blocs. Nevertheless, Haferkamp and his team within DG I concluded that a new preferential arrangement ought to be implemented, to avoid isolating Belgrade from the EEC in a Mediterranean context which was to be affected by the Community's forthcoming enlargement to Greece, Spain and Portugal. The plan for a new agreement, presented by Haferkamp during an official mission to Belgrade on June 1978, was only reluctantly accepted by Belgrade. The period 1978–1979 was in fact marked by Yugoslavia's efforts to consolidate its non-aligned credentials, in order to face Cuba's pro-Soviet chairmanship of the non-aligned movement. In this regard, Yugoslavia demonstrated its reticence towards any agreement institutionalising its relationship with the Western bloc. At the same time, the EEC member states suffered the pressure of their agricultural and industrial lobbies, which feared the economic backlash of the future Mediterranean enlargement. This deadlock was overcome only after the Soviet intervention in Afghanistan, which, as had happened in 1948 and 1968, revived Western and Yugoslav fears about Soviet intentions towards Yugoslavia. The latter was entering an extremely delicate internal juncture, due to the expected demise of Tito, who was hospitalised just a few days after Soviet troops entered Afghan territory. The Afghan events impelled the two parties to overcome their respective reticence and agree on a preferential cooperation agreement which did not envisage any reciprocity on the part of Yugoslavia. The agreement was not to lead to the

[179] See Chap. 5.

constitution of a free-trade zone between the parties. In fact, according to the Yugoslav negotiators, Yugoslavia should be considered as a developing and non-aligned country, so as not to alter its formal equidistance from both European blocs. This was an imperative which stemmed, first and foremost, from the conundrum posed by who was going to succeed Tito. In view of the 'post-Tito era', respecting the limits set by the 1976 Joint Declaration and safeguarding non-alignment, one of the main pillars on which post-1945 Yugoslavia was built, were more urgent than ever.

However, as demonstrated in this chapter, the 1980 agreement was not regarded by the EEC as the conclusive solution to Yugoslavia's economic problems, as its political meaning was greater than its economic content. The Community negotiators, at both the Commission and national levels, knew that the structural problem of the Yugoslav economy could be solved only by expanded cooperation with the EEC. From their viewpoint, Yugoslavia's future depended primarily on the capacity of the Yugoslav government to manage an orderly economic development in their country. The EEC should therefore abstain from intervening in Yugoslav affairs by imposing a system of conditionality or trying to anchor the country politically to Western Europe. On the contrary, the Community strategy was to be based on direct support to the federal government in Belgrade. In addition, the EEC was aware that Yugoslavia's future still depended on a number of internal and international variables which the EEC could not control, such as inter-republic relations in the Yugoslav federation, the evolution of the NAM and the attitude of the USSR. Yet, when we take into account the EEC's Yugoslav policy, one major conclusion may be drawn. The 1980 co-operation agreement was the means of keeping Belgrade as close as possible to the EEC: for the sake of Yugoslavia, the impossible was left aside.

CHAPTER 7

Conclusions

This book has offered a historical reappraisal of the EEC's Yugoslav policy in Cold War Europe. On one hand, it emphasises the Cold-War imperatives which characterised the historical origins of this relationship. On the other, it focuses on the evolution of the EEC's internal workings in the course of the 1970s. In particular, this work sheds new light on: the intricate policies of the major member states in Brussels and the European Commission during the negotiation of all the EEC-Yugoslav agreements concluded during the 1970s; the impact of the EEC's Yugoslav policy on the development of diplomatic practices within the Community framework; and, lastly, the institutional evolution of the EEC in the face of Cold-War imperatives and economic protectionism.

The present work demonstrates that, between 1968 and 1980, the EEC gradually established firmly based political relations with Yugoslavia which were primarily determined, and constrained, by the need to prevent the expansion of Soviet influence in the Mediterranean and to foster détente in Europe. This first conclusion confutes studies which have described the EEC's Yugoslav policy during the 1970s as one of neglect, based on the idea of Yugoslavia as a mere economic partner. It also shows that the view that the EEC/EU was actively involved in western Balkan affairs only after the collapse of Yugoslavia in the early 1990s does not stand up to scrutiny: all the agreements concluded between the parties during the

B. Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*,
DOI 10.1057/978-1-137-57978-2_7

1970s stemmed from clear-cut situations of international tension which constituted potential threats to Yugoslavia's independence and non-alignment. Both documentary evidence of the EEC's attitude towards Belgrade and diplomatic documents from the national archives of EEC member states reveal Western concerns about Yugoslavia's future. These anxieties were threefold: the fear that Moscow might attract Yugoslavia, sooner or later, back into the Soviet bloc, thereby expanding its influence in the Balkans and the Mediterranean; the deterioration of Yugoslavia's role as a leader within the NAM, due to the emergence of a pro-Soviet faction headed by Cuba; and the question of Yugoslavia's fate after the death of Tito, its sole leader since 1945. All in all, the EEC member states were fully aware that instability in Yugoslavia would mean instability in the already troubled Mediterranean sphere and, at the same time, compromise the process of East–West détente in Europe.

Indeed, since the late 1960s, the question of EEC-Yugoslav relations emerged as a political problem requiring political solutions. The 1970 non-preferential trade agreement, the first to be concluded between the Community and a socialist country, was signed in the aftermath of the Soviet invasion of Czechoslovakia. It was a means of establishing a low-profile link with the 'liberal' forces within the Yugoslav leadership and of demonstrating Western European support of Belgrade's independence. The next non-preferential trade agreement, signed in 1973, was concluded against a background of political instability in the Mediterranean and delicate political reforms in Yugoslavia. From the viewpoint of the Community and its member states, it was a means of strengthening relations with Belgrade without infringing its non-aligned position. The 1976 Joint Declaration set the guidelines, once and for all, for EEC-Yugoslav relations during a period of declining international détente and mounting instability in Southern Europe. In these circumstances, the safeguarding of Yugoslavia's non-alignment was confirmed as the pillar of EEC-Yugoslav relations. The cooperation agreement signed in April 1980 was concluded, once again, in a period of great uncertainty about Yugoslavia's future, due to the crisis in international détente after the Soviet invasion of Afghanistan, divisions within the NAM under pro-Soviet Cuban leadership, and Tito's death in May 1980. This agreement represented the means by which Yugoslavia could be kept politically close to the EEC without provoking Soviet counter-reaction in the Balkans. In the early 1980s, the Community had therefore emerged as Yugoslavia's major collective Western partner.

Several reasons explain the Community's involvement in the Yugoslav question during the 1970s. First and foremost was the political determination of the major EEC member states—France, West Germany, Italy and, from 1973 onwards, the UK—to keep Yugoslavia stable, united and independent from the Soviet Union. As they shared this common goal, they also agreed to devise a Community approach towards the Yugoslav question, despite divergences regarding the limitations of EEC engagement. These divergences particularly emerged in 1974, a watershed year in the evolution of the European integration process, due to the sudden economic crisis in Western Europe, the exit from the scene of Willy Brandt and Georges Pompidou, the great protagonists of the Hague and Paris conference summits, and the emergence of a Franco-German axis which imposed an intergovernmental approach to the integration process epitomised by the constitution of the European Council in December 1974. However, as demonstrated in this work, the policy developed by the EEC member states towards Yugoslavia was characterised by continuity in terms of goals. This clearly emerges when we take into account the attitudes of the major EEC member states within the Community framework.

After Pompidou's election in mid-1969, France recognised the political advantage of a Community approach towards Belgrade. Once de Gaulle's protectionism in the agricultural field and systematic policy of opposition to the European Commission had been abandoned, Paris accepted the inclusion of an agricultural chapter within the 1970 and 1973 trade agreements. Yugoslavia was in fact recognised as an important partner, and its independence was to be cultivated, in order to avoid mounting Soviet pressure in the Mediterranean region. Paris, however, wished to set clear-cut bounds to the Commission's competencies, and insisted on keeping the domains of economic, financial and social cooperation under the umbrella of agreements to be negotiated with Yugoslavia on a bilateral basis. This became particularly clear during negotiations for the 1973 trade agreement, when Paris opposed Belgrade's request to include the concept of economic cooperation within the sphere of the Common Commercial Policy: Belgrade wanted to maintain its relationship with the Community within a strict commercial framework, so as not to compromise its formal equilibrium between the blocs. Yet, as shown in Chap. 3, this *querelle* was based on Yugoslavia's misinterpretation of the Commission's competencies, rather than French intransigence. Further problems in Franco-Yugoslav relations are highlighted in Chap. 4, which considers France's decision to suspend the agricultural concessions provided by the 1973

agreement. This was part of a broader protectionist policy adopted by the newly elected French President, Valéry Giscard d'Estaing, to face the economic recession which struck Western Europe after the 1973 'Oil Shock'. This decision bore witness to the fact that the development of EEC-Yugoslav relations was not the priority of French foreign policy, but was only one of the several problems then affecting the foreign policy agenda of France and its Community partners, other examples being the Middle-East question and the transatlantic crisis consequent to Kissinger's 'Year of Europe' speech. A protectionist attitude also marked the French approach during negotiations for the 1980 Cooperation agreement. What Paris, like the Italian government, feared were the economic drawbacks of the Community's forthcoming Mediterranean enlargement and the electoral backlash of any agricultural concessions accorded by the Community to its Mediterranean partners. However, these economic concerns did not affect the positive stance of the French within COREPER and the Council of Ministers. These frameworks were used by the French not only as a bastion to defend their economic prerogatives, but also to coordinate a consistent Community policy towards Belgrade. Paris regarded Yugoslavia's non-alignment and independence from the Soviet Union as a factor of stability in the Mediterranean, and considered that the Community was a valuable instrument in keeping Yugoslavia anchored to Western Europe. In other words, during the years of Georges Pompidou and Giscard D'Estaing, Paris recognised that the Community could offer a political perspective on Yugoslavia that France alone could not provide.

The same applied to West Germany. As shown in this work, Bonn relied upon the Community to improve its bilateral relationship with Belgrade. This clearly emerged during Willy Brandt's and Helmut Schmidt's chancellorships. The former included Yugoslavia within his *Ostpolitik*, and overcame West Germany's traditional reticence towards the Balkan country. Bonn's decision to favour the adoption of the Council's July 1968 mandate on the opening of trade negotiations with Yugoslavia was a consequence of the reactivation of West German-Yugoslav diplomatic relations in January of that year. West Germany's pro-Yugoslav campaign within the framework of the Council of Ministers during the long months of de Gaulle's veto shows the importance attached by Brandt to the international dimension of the Community, and the latter's role in entering into direct contact with its Eastern European partners. In keeping with Pompidou's attitude, Brandt sponsored the renewal of the 1970 agreement on the basis of Yugoslavia's importance as a factor of stability in the

Mediterranean. Schmidt, just like Giscard d'Estaing, set clear-cut bounds on the inclusion of financial and social cooperation within the commercial framework requested by the Yugoslavs. In line with Paris, he wanted to maintain these domains within the national prerogatives of the member states, and not allow the Commission, which possessed exclusive competencies in the commercial field, to gain additional power. However, Schmidt's opposition to the expansion of Community's competencies did not mean opposition to the international role of the EEC as such. The intergovernmental attitude ameliorated by the Franco-German axis in the mid-1970s was followed by awareness of the Community's potential role in the international arena. Therefore, Bonn recognised the political advantage of keeping Belgrade anchored to Western Europe through the Community. During Schmidt's years, Bonn accepted the extension of EIB loans to Yugoslavia and recognised the extension of the Community's links to Yugoslavia as a means of reinforcing Belgrade's 'moderate' non-alignment. Lastly, the Auswärtiges Amt paved the way to the 1980 Cooperation agreement, accepting the inclusion of a chapter on social affairs.

This work also examines the attitude adopted by London after the UK entry into the Community in 1973. The British stance towards EEC-Yugoslav relations confirms the conclusions drawn by recent studies, which have shown that London regarded the Community as a means for achieving national goals such as, in our case, the stabilisation of the Balkans. Even after the premiership of Edward Heath, who had championed the conclusion of the 1973 EEC-Yugoslav trade agreement, London did not change its overall favourable attitude towards expansion of Yugoslavia's connection to the EEC to safeguard the stability of NATO's southern flank. Great Britain had participated in Community debates on Yugoslavia since the first European Political Cooperation discussions in 1972 and affected the EEC's attitude towards the Yugoslav question throughout the 1970s. This is demonstrated, for instance, by the influence exerted by the British representatives within the frameworks of the Council of Ministers and the Atlantic Alliance after Anthony Crosland's visit to Belgrade in early November 1976, which paved the way to the 1976 Joint Declaration.

What also emerges from the analysis presented here is the role played by the Italian government. The Council of Ministers was regarded by Rome as the diplomatic framework in which its national strategy towards Belgrade could be complemented. Since the early 1960s, Italian representatives within COREPER and the Council had sponsored Yugoslavia's

commercial requests as a means of reinforcing direct relations with Belgrade. Among the EEC member states, Italy was the country which felt the most urgent need to safeguard Yugoslavia's independence. The Balkan country's internal stability was regarded by Rome not only as a precondition for the security of NATO's southern flank, but also as a safeguard of Italy's eastern border. The Italian policy within the Community framework complemented the spectacular development of Italo-Yugoslav relations from the mid-1960s to the mid-1970s. In line with the traditions of Italian international relations after World War II, Rome considered the EEC as one of the pillars of its foreign policy. For this reason, Italy voiced its support of Yugoslavia's requests during negotiations for all agreements concluded during the 1970s. This active policy was interspersed with moments of reticence and afterthoughts, as emerged on the occasion of the Italian veto against the adoption of the first negotiating mandate in December 1967, the repeated bans on beef imports in 1973–1974, and reticence towards offering Yugoslavia agricultural concessions when faced with the forthcoming Mediterranean enlargement. Yet all these episodes, determined by broader international dynamics which did not directly concern the narrow field of EEC-Yugoslav relations, did not affect Italian support for Yugoslavia's *rapprochement* with the EEC, as epitomised by the 1980 cooperation agreement concluded during the Council's Italian presidency.

As stressed above, and noted throughout these chapters, every individual state had its own preferences and priorities in the field of EEC-Yugoslav relations. Balancing the development of economic relations with Yugoslavia with the Nine's economic interests, and offering the Yugoslav authorities a single viewpoint, would have been impossible without the specific actions of the European Commission. Only in recent times have scholars addressed the important international role played by the European Commission in the EEC's external sphere. This account of the development of the EEC's Yugoslav policy represents yet another confirmation of the Commission's capability of meditating between the Nine and the EEC's international partners while, at the same time, pursuing its own political preferences. The starting point for the Commission's active role stemmed from its exclusive competence in the field of Community commercial policy. In fact, following the dispositions of Art. 111 of the Treaty of Rome, which assigned the Commission the task of entering into relations with third parties wishing to conclude commercial arrangements with the Community, the Commission had, since the early 1960s, become

the link between the member states and Yugoslavia. The Commission's role in the field of EEC-Yugoslav relations might be defined as an incremental process. From the years of Hallstein to those of Jenkins, this institution acquired an ever-increasing weight in the implementation of the Community's policy towards Yugoslavia. The Commission's role was the result of three major factors. First, the ambition of its representatives, *in primis*, the Commission Presidents and the Commissioners in charge of external relations, to affirm the institution's supranational character *vis-à-vis* the member states. The second factor was the positive attitude adopted by the member states towards the Commission's goal of favouring a *rapprochement* between the EEC and Yugoslavia. Given the essential role of the Council of Ministers within the Community framework, the Commission's involvement in the Yugoslav question would in fact have been impossible without the consent of the member states. The third factor explaining the Commission's active role in the field of EEC-Yugoslav relations is Yugoslavia's attitude towards the Commission itself. Belgrade recognised the Commission as its interlocutor in trade negotiations and, more importantly, as an effective mediator between Yugoslavia and the member states. These three elements emerged during the negotiations of the 1970, 1973 and 1980 agreements. The Rey Commission of 1967–1970 even considered the agreement with Yugoslavia as a testing ground for its role in the external field. This was the first agreement to be negotiated under the provisions of the Common Commercial Policy and, at the same time, the first to be concluded with a socialist country. Rey's visit to Tito in June 1970 bore witness to the fact that the Commission was recognised as a real counterpart by Yugoslavia, and not a simple *porte-parole* of the member states, and that this institution was to be deeply involved in the broader field of East–West economic relations. In this context, a crucial role was played by Jean-François Deniau, the European Commissioner for External Trade, who established direct contacts with his Yugoslav counterpart, Toma Granfil, and advocated the Commission's role as a representative of the EEC as an institution in itself, and not only as the product of the member states' individual positions. The Commission's role as representative of the Community was the outcome of delicate bargaining with the member states, as shown through the long months of de Gaulle's veto against the inclusion of an agricultural chapter within the Council's negotiating mandate between 1968 and 1969. Political engagement became particularly clear under the Malfatti Commission of 1970–1972, when the Commission President and the Commissioner for External

Relations stressed on several occasions the open character of the EEC and its overall goal of overcoming the logic of the blocs. However, even the Malfatti Commission had to face the limitations imposed by France on the extension of the concept of commercial policy, and adopt a realistic attitude based on the need to balance Yugoslavia's requests with the limits imposed by the French. Malfatti's successor, Sicco Mansholt, followed the views of Malfatti, by emphasising to the Yugoslavs the Commission's role as mediator between Belgrade and the Council of Ministers. Mansholt met Tito in Brioni in December 1972 and paved the way for the signing of the 1973 agreement, reporting to the Council of Ministers his impression of the urgency of concluding the agreement in order the avoid deepening Yugoslav-Soviet economic relations. The Commission's mediating role emerged in a more definite way during the years of the Ortoli Commission. François-Xavier Ortoli's visit to Belgrade in June 1975 was a milestone in the history of EEC-Yugoslav relations, as Yugoslavia's representatives stressed for the first time, albeit behind closed doors, their political choice in favour of the EEC. The visit paid by the European Commissioner Finn Olav Gundelach to Belgrade in December 1976, painstakingly prepared by the DG I services, led to the signing of the 1976 Joint Declaration. This was the outcome of the Commission's capacity to mediate between the individual stances of the member states and Yugoslavia's ambitions to reinforce bilateral relations with the EEC beyond the limits imposed by the non-preferential framework regulating such relations. Indeed, the Ortoli years were characterised by confrontations between the Commission and the Franco-German axis over financial and social cooperation between the EEC and Yugoslavia. The Ortoli Commission had adopted a realistic attitude, avoiding any overt clash with Paris and Bonn over these questions. It had also made Yugoslavia aware of the limited competencies of the Community in these fields, as demonstrated by Soames's rejection of Yugoslavia's draft document on economic cooperation with the EEC in June 1976. Yet it was Soames's officials themselves, *in primis* de Kergorlay and Duchâteau, who wove the thread of negotiations of the 1976 Joint Declaration, which was intended to satisfy Yugoslavia's request for a public declaration of confidence on the part of the Nine. Although, since the late 1960s, DG I senior officials had understood that the Yugoslav question was a political problem requiring political solutions, it was only in 1976 that they became deeply involved in Cold-War dynamics. Aware of the discreet, low-profile role which characterised the action of DG I, the member states charged its representatives

to establish direct contacts with their Yugoslav counterparts, as demonstrated by Roland de Kergorlay's mission to Belgrade in October 1976. Similarly, Jenkins and his Commissioner for External Relations, Wilhelm Haferkamp, were well aware of the role played by the Commission in developing the Community's relationship with Belgrade. They therefore had the delicate task of preparing a new framework of bilateral relations based on Yugoslavia's *de facto* entry into the Community's Global Mediterranean Policy. It was Haferkamp who personally presented the Commission's plan to Yugoslavia's Prime Minister and the Nine's representatives to the Council between June and July 1978. It was once again DG I which kept the flame of EEC-Yugoslav relations alive, faced with the Nine's protectionist attitudes and Yugoslavia's reticence towards the preferential agreement proposed by the Commission. The EEC member states accepted the Commission's role, aware of the fact that the diplomatic expertise acquired by the Commission in the Yugoslav dossier since the mid-1960s was a precondition for fostering the Community's links to Belgrade. The Jenkins Commission therefore pursued its traditional, twofold strategy. On one hand, it asserted its role as an international representative of the EEC. This was particularly clear when Jenkins went to Belgrade in February 1980, to set the seal on the cooperation agreement which was due to be signed in April that year. On this occasion, he was a political representative of the EEC, discussing the international implications of the Soviet intervention in Afghanistan and promising the Community's assistance to Yugoslavia's independence and non-alignment. On the other hand, the Jenkins Commission mediated the commercial interests of the Nine, coordinating their individual stances and presenting a single standpoint to the Yugoslav authorities. In pursuing an active Yugoslav policy, the Commission aimed at counterbalancing the international drawbacks of the Community's imminent Mediterranean enlargement, problems which were widely shared by the Nine, in keeping Yugoslavia anchored to the EEC.

Analysis of the role of the member states and the Commission in the field of EEC-Yugoslav relations shows the appearance of new diplomatic practices in Community Brussels. Indeed, the Yugoslav case demonstrates how, in the course of the 1970s, the implementation of the CCP had a noticeable effect on the EEC's internal dynamics. On one hand, it favoured daily interactions between the Commission and the member states' representatives and the search for common positions which could be presented to the EEC's external partners—in this case, Yugoslavia. On the other, the

CCP allowed the Community to be recognised as a single interlocutor by its economic partners. This shows that the EEC's international dimension was a *de facto* reality and not just empty rhetoric. According to functionalist logic, the economic sphere stimulated political cooperation in the field of external relations. This demonstrates the gradual development of a new diplomatic framework within Community Brussels, based on cooperation rather than confrontation between the Community's supranational and intergovernmental dimensions. Often described as two opposing poles, in the case of Yugoslavia these dimensions were in fact two sides of the same coin. Neither of them could develop without the other. The political weight of the Commission derived from the mandate it had received from the member states. At the same time, their capacity to coordinate their foreign policies required the existence of a body which was able to convey a single viewpoint and possessed technical expertise. This accounts for the increasing participation of the Commission in the conceptualisation and implementation of the Community's external dimension in the course of the 1970s. It was not by chance that the first major treaty reform adopted after the signing of the 1957 Treaties of Rome, the 1986 Single European Act, devoted a specific provision (Art. 30.3.b) to the Commission's participation in the implementation of 'European Cooperation in the sphere of foreign policy'. It is suggested here that the Commission's involvement in such a delicate sphere, traditionally a domain of national diplomacies, demonstrated nothing less than a recognition of the political weight the Commission had acquired throughout the 1970s.[1]

Lastly, and most importantly, the case of EEC-Yugoslav relations highlights the EEC's role as a stabilising factor in the Mediterranean. By strengthening relations with Belgrade, the EEC became deeply involved in Cold War dynamics: its ultimate goals were those of supporting Yugoslavia's independence and fostering the security of NATO's southern flank. As shown in Chap. 5, the EEC's political involvement in the Yugoslav question was sponsored by the USA within the frameworks of NATO and quadripartite meetings between Washington, Paris, Bonn and London. During the Ford administration of 1974–1976, the USA recognised that the Community possessed the right means and competencies to reinforce Western links with Yugoslavia without changing the *status quo* in the Mediterranean area. The EEC's importance as a link between

[1] See N. Piers Ludlow, 'European Integration in the 1980s: on the Way to Maastricht?', *Journal of European Integration History*, 19/1, 2013, 15.

Yugoslavia and the West was also reiterated in bilateral meetings between Jenkins and Carter. Thus, the present work demonstrates that the case of Yugoslavia should be included in historical analyses of broader Western European stabilisation policies in Southern Europe during the 1970s. The aims pursued by the Community and its major member states, especially France and the FRG, in this troubled region, that is, political stabilisation and economic anchoring to the Community market, were the same as those pursued towards Belgrade. What changed in fact were the means by which they were pursued. Whereas the Community could offer Spain, Portugal and Greece the perspective of political integration and support for their internal processes of democratisation, all it could grant Yugoslavia was low-profile cooperation and the formal sanctioning and sanctification of its independent position between the two European blocs, as epitomised by the 1976 Joint Declaration. This shows that, when it came to dealing with a Cold-War question affecting the balance of power in Europe and the overall relationship between the superpowers, the EEC revealed its limited capacity to offer a clear-cut political perspective to Belgrade. In fact, archival sources show that the EEC's strategy was the result of constraints imposed by the Cold-War balance and the development of economic and political integration in Western Europe.

The first constraint was Western uncertainty about Soviet intentions towards Yugoslavia. Documentary evidence from Yugoslav archives and Western diplomatic and intelligence analyses shows that relations between Moscow and Belgrade during the 1970s veered between moments of *rapprochement* and open conflict. Despite the definitive rupture between Stalin and Tito in 1948, Western diplomacy recognised the existence of historical bonds linking Yugoslavia to the socialist tradition enshrined in the USSR, and feared that these links might be strengthened in the post-Tito era. Faced with the impossibility of assessing the true attitude of the Soviet leadership, it was safer not to change the balance of power in the Balkans. This policy was suggested to the Community by the Yugoslav representatives themselves, who were interested in not moving too close to the Western bloc for fear of Soviet counter-measures.

The second element which constrained the development of EEC-Yugoslav relations was Yugoslavia's reticence about losing its status as a socialist, non-aligned and developing country. Belgrade had requested special treatment by the EEC since the first bilateral contacts in the late 1950s. As stressed in Chap. 2, it soon became clear to the EEC representatives that any association agreement between the EEC and Yugoslavia

under Art. 238 of the Treaty of Rome would be impossible politically. Since the opening of negotiations for the first trade agreement in 1968, Yugoslavia had insisted on adopting a non-preferential approach which did not envisage *ad hoc* tariff reductions for Yugoslavia's exports to the EEC. The Yugoslav representatives were fully aware that the solution to their trade deficit could not be achieved within this non-preferential framework. Indeed, they recognised that the EEC Nine could not agree on tariff reductions to Yugoslavia, which could have been extended, according to GATT rules, to all the Community's trade partners. Belgrade's representatives recognised that, from an economic viewpoint, their attitude was counter-productive, but they believed that Yugoslavia's inclusion within the EEC preferential zone might endanger their formal equidistance between the two blocs. The only framework in which Belgrade obtained preferences on the part of the Community was that of the GSP, which had been unilaterally extended by the EEC to the members of the G77 in 1971. In fact, for the 10 years between 1968 and 1978, Belgrade sacrificed trade relations with the EEC on the altar of its non-alignment. Only in 1978, faced with the Community's upcoming Mediterranean enlargements, did Belgrade reluctantly enter the EEC's network of preferential agreements in the Mediterranean. This new framework, which was regarded as the closest form of association to the Community which Yugoslavia's non-aligned principles permitted it to accept, responded to the strong economic need to avoid the impasse of the non-preferential approach, which greatly limited bilateral trade. However, at Yugoslavia's request, the 1980 agreement was not publicly presented as part of the EEC's GMP, but *sui generis*. That is, it signalled Yugoslavia's formal detachment from the European integration process.

The third factor limiting the development of EEC-Yugoslav relations was the EEC Nine's protectionist stance towards Yugoslavia's exports, which appeared in particular after the 1973–1974 oil crisis and, a few years later, the Community's *rapprochement* with Greece, Spain and Portugal. This attitude was not grounded on anti-Yugoslav sentiments on the part of the Nine. In fact, the forthcoming Community enlargements to three countries whose economic and social organisation differed starkly from that of the Nine, was a true challenge for the EEC Mediterranean countries and for the Community's labour market. Community agricultural and industrial lobbies voiced their protest against the access of imported goods from non-member Mediterranean countries. Similarly, the EEC's enlargement towards the Mediterranean represented a true threat to Belgrade's

trade relations with the Community. However, as highlighted here, the EEC wanted to avoid isolating Yugoslavia from its enlargement process. The 1980 cooperation agreement, which established non-reciprocal trade concessions for Yugoslavia's industrial and agricultural exports, was the way in which the Community could balance its political need to cooperate with Belgrade with the great challenge of its forthcoming enlargements in Greece, Spain and Portugal.

The EEC's Yugoslav policy was therefore the result of a delicate balancing act between its genuine political interest of stabilising the region of Southern Europe with the support of the USA, and the bounds imposed by the economic crisis of the 1970s. Was this tightrope-walk a success? This work concludes that the EEC's Yugoslav policy was the result of a realistic strategy. In the case of Yugoslavia, the Community did not suffer from a 'capability-expectations gap', that is, it did not set ambitious goals which it was unable to achieve.[2] The EEC member states and the Commission deployed discreet action based on the 'art of the possible'. They interpreted EEC-Yugoslav relations according to the historical background in which those relations had developed, excluding *a priori* any economic arrangement which, faced with the political and economic constraints outlined above, might compromise Yugoslavia's internal equilibrium and international alignments. When we conceive of 'success' as consistency between goals and results, this work concludes that walking the tightrope had in fact been successful, in that, in 1980, the EEC was able to offer Yugoslavia the political yet low-profile link Belgrade had sought since the mid-1960s, including substantial concessions in the commercial, financial and social spheres. In addition, the Yugoslav policy tested the Community's capacity to exert true 'soft power' based on economic and political instruments. The prominent role that the EEC/EU came to play in the Balkan scenario in the post-Cold War era was grounded on a diplomatic tradition which in fact went back to the 1970s. This demonstrates that the EEC/EU presence in the region after the outbreak of the Balkan war was the continuation of a long-term policy and did not stem exclusively from a will to redefine the Community's role within the changing post-1989 European scenario.[3] The story of EEC-Yugoslav relations

[2] Christopher Hill, 'The Capability—Expectations Gap, or Conceptualising Europe's International Role', *Journal of Common Market Studies*, 31/3, 1993, 305–328.

[3] See Sonia Lucarelli, *Europe and the Breakup of Yugoslavia. A Political Failure in Search of Scholarly Explanation* (The Hague: Kluwer Law International, 2000), 120.

confirms that this arc of time, once interpreted as a sclerotic parenthesis between the '*Trente Glorieuses*' and the bombastic development of economic and monetary integration in the late 1980s, was in fact fertile soil for decisive change at the Community level.[4]

This leads us to the final conclusion of this book, which regards the enduring impact of the EEC Yugoslav policy described in the previous chapters. Needless to say, European integration in the years which followed the signing of the 1980s agreement was characterised by new protagonists and policies which, since the adoption of the 1986 European Single Act, primarily aimed at the creation of a proper economic and monetary union among the EEC member states. At the same time, Yugoslavia entered a period of deep political and economic crisis, which was to lead to its disintegration in 1991, in a renewed European landscape which profoundly differed from that of the Cold-War era. The shadow of the Soviet Union no longer lay over the Balkans and the Mediterranean. At the end of the bloc-against-bloc confrontation, the Non-Aligned Movement lost its main *raison d'être*.[5]

We might therefore ask whether it is worthwhile investigating the EEC's Yugoslav policy during the 1970s in order to explain what happened in the following decade. There are at least two reasons why the pattern of EEC-Yugoslav relations described here is a necessary starting point for studying the evolution of the relationship during the 1980s.

First, this work highlights the status of EEC-Yugoslav relations in the post-Tito era. Both parties set the 1976 Joint Declaration as the pillar of future relations. This meant that Yugoslavia's status as a non-aligned country was regarded as the cornerstone of such relations. The main implication of this decision was that Belgrade was deliberately excluded from any hypothesis about future integration within the EEC. This was the very

[4] See Richard Griffiths, 'A Dismal Decade? European Integration in the 1970s', in Desmond Dinan, *Origins and Evolution of the European Union* (Oxford: Oxford University Press, 2006), 169–190; Antonio Varsori, 'The European Construction in the 1970s. The Great Divide', in Antonio Varsori and Guia Migani (eds.), *Europe in the International arena during the 1970s: entering a different world* (Brussels: Peter Lang, 2011), 27–39; Eirini Karamouzi, *Greece, the EEC and the Cold War 1974–1979: The Second Enlargement* (Basingstoke: Palgrave Macmillan, 2014), 184–195.

[5] Francesco Privitera, 'The Relationship Between the Dismemberment of Yugoslavia and European Integration', in Jeffrey S. Morton, R. Craig Nation, Paul Forage and Stefano Bianchini (eds.), *Reflections on the Balkan Wars. Ten Years After the Break Up of Yugoslavia* (New York: Palgrave Macmillan, 2004), 35–54.

political rationale which characterised the 1980 Cooperation agreement, the last major accord to be concluded between the parties until the dissolution of Yugoslavia in 1991. This means that the development of bilateral relations during the 1980s, based on the signing of new economic and financial protocols extending the provisions of the 1980 agreement, was encompassed within a political and juridical framework rooted in the 1970s. A preliminary examination of the minutes of the Cooperation Council established by the 1980 Agreement, so far the only primary source covering the entire 1980s, reveals that it was only after the fall of the Berlin Wall in 1989 that Yugoslavia's representatives asked their Community counterparts to pave the way for 'a more appropriate institutional framework that would enable greater participation by Yugoslavia in the process of European integration and the functional integration of its economy into that of the Community'.[6] In previous meetings, the 1976 Joint Declaration had continued to represent the lodestar of bilateral relations. All of this indicates that the rigid international architecture of the Cold War was to be the major obstacle to political *rapprochement* between the parties.[7]

The second historiographical impact of the analysis presented here regards the Community's views on and interpretations of Yugoslavia's internal dynamics. This work demonstrates that, contrary to received opinion, the EEC and its member states were well aware of Yugoslavia's internal situation, the structural weaknesses characterising its economy, the rivalry between the federal republics and the lack of a coordinating authority at the federal level. It was this very awareness of Yugoslavia's structural problems which spurred the Community to avoid any direct intervention in the country, so as not to undermine its delicate internal and external equilibrium. This is why, despite the political and economic tensions characterising the internal dynamics of the Yugoslav federation, the EEC did not impose any kind of 'Brussels consensus' on Belgrade, nor did it condition future cooperation to any process of market-oriented reforms. This was not a policy of neglect or reckless support to an undemocratic regime based on mere geopolitical considerations. Rather, low-profile economic cooperation along the lines set by the 1980 agreement was the only viable means of keeping Yugoslavia as close as possible to the EEC.

[6] ACEU, CEE-YU/1011/89, 26 April 1990.

[7] Benedetto Zaccaria, 'The European Community and Yugoslavia in the Late Cold War Years, 1976–1989', in Loth Wilfried and Paun Nicolae (eds.), *Disintegration and Integration in East-Central Europe* (Baden-Baden: Nomos, 2014), 264–283.

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Collection CM2 CEE, CEEA
ACS—Archivio Centrale dello Stato, Rome
Aldo Moro files
Pietro Nenni files
AJ—Arhiv Jugoslavije, Belgrade
Kabinet Predsednik Republike
AMAE—Archives du Ministère des Affaires Etrangères, Paris
Série Europe (Yougoslavie): 1944–1970; 1971–1976; 1976–1980
AMIP—Arhiv Ministarstva za inostrane poslove Republike Srbije, Belgrade
Politički Archiv (PA, R)
APC—Fondazione Istituto Gramsci, Rome
Archivio Partito Comunista
ASPR—Archivio Storico della Presidenza della Repubblica, Rome
Ufficio per gli Affari Diplomatici (1955–1992)
ECHA—Historical Archives of the European Commission, Brussels
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MAEF – Ministère des Affaires étrangères français (Secretariat general – réunions/entretiens et communiqués, 1956–1971)
PAAA—Politische Archiv, Auswärtiges Amt, Berlin
Zwischenarchiv 116.735; 116.091; 178.821; 116.722
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