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Citation

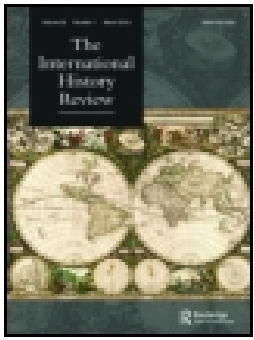
Broad, M. (2022). Deepening ties but unfulfilled hopes: the EFTA dimension of Western Europe's relations with Tito's Yugoslavia. *International History Review*, 44(3), 595-612.
doi:10.1080/07075332.2021.1958361

Version: Publisher's Version

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Note: To cite this publication please use the final published version (if applicable).



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To cite this article: Matthew Broad (2021): Deepening Ties but Unfulfilled Hopes: The EFTA Dimension of Western Europe's Relations with Tito's Yugoslavia, The International History Review, DOI: [10.1080/07075332.2021.1958361](https://doi.org/10.1080/07075332.2021.1958361)

To link to this article: <https://doi.org/10.1080/07075332.2021.1958361>



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Published online: 09 Aug 2021.



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Deepening Ties but Unfulfilled Hopes: The EFTA Dimension of Western Europe's Relations with Tito's Yugoslavia

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ABSTRACT

This article examines the evolution of the European Free Trade Association's (EFTA) relationship with Yugoslavia during the reign of Josip Broz Tito. EFTA has largely been written out of accounts of Western Europe's ties to Belgrade, despite being one of the two principal economic forums on the continent alongside the European Economic Community (EEC). This article, by contrast, posits that the relationship did matter. Notwithstanding its status as an intergovernmental, purely economic free trade bloc, EFTA's attitude was in fact shaped by politico-strategic considerations relating to the Cold War – be it concerns about the independence of Yugoslavia vis-a-vis the Soviet bloc or the prospect that ties with Belgrade might act as a stepping-stone towards East-West détente. The cooperation that emerged should therefore act as a reminder of EFTA's agency during the Cold War and its relevance to post-war European politics. Yet while this relationship pervaded over three decades, its intensity waxed and waned, and EFTA-Yugoslav cooperation often fell short of what both the Yugoslavs and some of EFTA's own members hoped would materialise. As well as tracing the relationship that did develop, therefore, the article also explores why it did not translate into deeper, more meaningful collaboration.

KEYWORDS

Britain; Cold War; EFTA;
European integration;
trade; Yugoslavia

Yugoslavia's interest from at least the 1950s in developing closer relations with Western Europe is well known.¹ This is not least true of the European Economic Community (EEC), the emergence of which almost overnight disrupted the country's exports and, in turn, influenced the fortunes of its socialist leadership.² How the EEC itself responded to, and indeed even courted, Yugoslav overtures has likewise received scholarly attention.³ By contrast, the rationale for examining how the other principal economic forum in Western Europe – the European Free Trade Association (EFTA) – itself viewed and tackled relations with Belgrade may not seem immediately self-evident. Certainly it is not something that has featured prominently in prevailing accounts.⁴ At first glance this choice is understandable. At its creation in 1960, after all, EFTA was seen as little more than a temporary fix until its seven founder members – Austria, Britain, Denmark, Norway, Portugal, Sweden and Switzerland – reached a lasting settlement with the EEC. With all eyes on Brussels, it is not unimaginable to think that there existed little room to consider relations with Belgrade.⁵ EFTA was also a very different kind of organisation to the Community, the Seven bound by only the loosest form of intergovernmental cooperation and lacking the strong central

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institutions and common foreign policy platform that became a hallmark of the EEC. It might therefore seem unlikely that the Association would have had the inclination, less still the ability, to dedicate attention to the Yugoslavs.

Delve a tad deeper, however, and there is an equally persuasive list of reasons to think anew about the EFTA dimension of Western Europe's linkages with Yugoslavia. There was little to distinguish the countries of EFTA from those in the EEC in terms of locality and commercial relevance. On the contrary, Austria's land border with Yugoslavia was the longest of any Western nation bar Greece. And while at the time Yugoslavia's economic links with EFTA states were not as extensive as the Community, nor were they trivial. Quite the opposite in fact: in 1960 EFTA states collectively accounted for nearly 16 per cent of Yugoslavia's exports compared to the EEC's 25 per cent.⁶ Neither side were thus in a position readily to disregard the other. The rationale for studying EFTA then becomes all the more powerful given that we already know from scholars working with Serbian and Croatian sources that the Yugoslavs did show an interest in the Association – even if this was primarily driven by the fear that some sort of tie-up between the Seven and the Six might serve to discriminate against Yugoslav exports more than was already the case.⁷ And there is likewise room methodologically to insert EFTA into the discussion on West European-Yugoslav ties. For there have been increasing calls to broaden the focus of historical study on European unity beyond the EEC to trace the story, experience and contribution to European politics of other organisations on the continent's institutional landscape.⁸ A cursory look at official publications from EFTA in fact reveals that Yugoslavia was the one country other than those in the Community with whom the Association maintained any type of longstanding relationship, suggesting it is one such story and experience worthy of greater attention.⁹

It does seem reasonable therefore to ask how the EFTA side handled these Yugoslav overtures, and how trade relations developed between what was an ostensibly free trade economic grouping and a socialist state-controlled economy. Doing so requires two brief advisories, however. The first is to acknowledge that while touching upon Yugoslav trade policy and the country's goals vis-à-vis Western Europe, the article is concerned chiefly with EFTA policy, mostly using EFTA's own archival material to trace to what degree the Association came to develop a meaningful relationship with Josip Broz Tito's Yugoslavia. Anyone wanting to know more about the intricacies of the Yugoslav government's decision-making process or the influence of the wider foreign economic policymaking apparatus that flourished in Belgrade during this period, will need to turn to the specialist literature on the topic referenced above. The second is to recognise the obvious gap between an in-depth investigation of the internal debates and deliberations behind the postures adopted by each individual EFTA member state, and analysis that lays greater stress on debates as they unfolded among the Seven when they met within the confines of the Association. As we shall discover, EFTA did give Yugoslavia a prominence that few scholars have previously recognised. At the same time, the results of this interaction were often meagre when measured against the hopes and aims of what the Yugoslavs, and even some within EFTA, appeared to expect. But it is only through concentrating on the EFTA level, and by shining a light on the Association's workings and methods, that we can fully learn both why on EFTA's part this curiosity first arose and why it did not translate into deeper, more substantive ties between the two sides. The significance of this for our understanding of EFTA as an organisation and the Association's agency within Cold War Europe is discussed in the concluding paragraphs.

Tentative steps

Post-war Western Europe was of course no stranger to cooperation with socialist Yugoslavia. For a brief moment after the 1948 split between Tito and Joseph Stalin it even appeared conceivable that the way might be opened for the Yugoslavs to join the newly formed North Atlantic Treaty

Organization (NATO).¹⁰ In the event, the post-Stalin thaw in Yugoslav-Soviet relations, combined with the creation of the Non-Aligned Movement, arose a great deal of suspicion in Western capitals and put paid to any hopes of the country becoming formally integrated into their military and defence structures.¹¹ But the sort of hybrid international position the country came to occupy, sandwiched between the two Cold War blocs, was sufficient for most in the West to link the Yugoslavs with the more important economic forums that sprung up after 1945, including the Organisation for European Economic Cooperation (OEEC) and the General Agreement on Tariffs and Trade (GATT).¹²

On the West's part, these developments were most obviously conditioned by the Cold War. Economic linkages were hence political acts intended to guard against any sort of Yugoslavian reabsorption into the Soviet fold. There was, however, also an appreciation of the very great upheaval that the Yugoslavian economy was undergoing in this period.¹³ Already before the Tito-Stalin split, Yugoslavians were reeling from the effects of the Second World War during which the country's industrial capacity had been cut by 40 per cent. The break with Moscow then compounded matters, with Yugoslavia suddenly forced to find alternative markets for 50 per cent of its exports and around the same for its imports. Subsequent reforms designed to industrialise the economy did admittedly soon pay great dividends. The latter 1950s especially witnessed commendable growth, assisted by the decision to engage more with international trade and allow a measure of private enterprise. This period too appeared to confirm the growing centrality of trade with the West: by this date Western Europe and the United States together accounted for some two-thirds of Yugoslavia's exports.¹⁴ Unfortunately, though, these alterations were not without cost. In particular, the still predominantly agricultural-based economy could do little to compensate for the costly import of Western raw materials and capital products upon which the industrialisation strategy depended. The result was a mushrooming trade imbalance with Western Europe and a worsening balance of payments deficit.¹⁵ By the early 1960s the economic picture was increasingly bleak indeed.

Amid such developments, the regionalisation of Western Europe constituted a major threat. For Belgrade, it appears that most concerning was the decision, embodied in the Treaty of Rome, by the six EEC states to place at the heart of their integration plans a customs union with a common agricultural policy and single external tariff. Simply put, the Community system would discriminate against both Yugoslav food exports – everything from canned meat to fruit and vegetables, frozen fruit and fruit juices, wine and mineral water – and its nascent industrial exports. What followed was hence a string of informal meetings between Brussels and Belgrade culminating in October 1962 with Vjekoslav Prpic, the Yugoslavian ambassador to the EEC, officially requesting talks to consider how to improve the worsening conditions for Yugoslavia's trade with the West.¹⁶

The potential economic impact of the EEC's formation on Yugoslavia was not totally unique, however. There is little scope here to rehash the process which in June 1959 led the Seven to begin negotiating a free trade area of their own.¹⁷ What matters is that the EFTA which eventually materialised brought with it a range of additional challenges for Yugoslavia. For the Association's founding text, the Stockholm Convention, provided timetables to reduce industrial tariffs between its members to zero, abolish quantitative restrictions on industrial products, and agree rules of origin in order strictly to manage commodities from third countries liable for import duties. So too did it provide a general pledge to remove agricultural subsidies (mostly for the benefit of Denmark, whose economy was highly dependent on exports of bacon, cheese, and canned items). Each of these points were likely to leave at least some impression on Yugoslavian trade with the Seven.¹⁸

It was perhaps because of this that just months after having signed the Convention on 4 January 1960, Tito's foreign minister, Konstantin 'Koča' Popović, informed the British ambassador to Belgrade, John Nicholls, that the Yugoslavs were 'envisaging the possibility of some form of association' with EFTA.¹⁹ Similar statements were made to the Austrians and Swiss around that

same time.²⁰ And in late April Popović held detailed talks with the Swedes during which he claimed 'the political trend and the supranational character' of the EEC made association with the Six impossible, that EFTA was 'different' because it 'had the advantage of leaving members and partners to decide their own policies', and that his government 'felt a need to have the problems which EFTA would cause to Yugoslav foreign trade clarified [and] also wanted to see more clearly what relations Yugoslavia could have with the EFTA group'.²¹

As was immediately recognised by the Association's members, the task of accommodating Yugoslavia as an associate member was going to be challenging economically. Two problems stood out. One was the way in which Yugoslavia's state trading system worked. While Article 41 of the Stockholm Convention – the section which spelt out the provisions for a country to associate – was drawn sufficiently wide to apply to a whole range of different countries, the Yugoslav system of multiple exchange rates and its still fairly tight regulation of foreign trade would render impossible any meaningful association on the basis of normal commercial principles in terms of reciprocal rights and obligations.²² The other difficulty concerned whether Yugoslavia's still predominantly agricultural-based economy would allow it to eliminate duties on industrial goods as outlined in the Convention. Officials in the Ministry of Agriculture in London had informed British ministers of precisely this complication. Having long been reticent to include agriculture on par with industrial trade in the Convention, the Ministry set about arguing that Yugoslavia's association with EFTA would be contrary to GATT rules which demanded 'virtually all trade' be covered by an agreement of the type proposed.²³ Crucially, in agreement were ministers from all seven EFTA states, who gathering for the inaugural EFTA Council – the organisation's ruling body – in mid-May noted that differences between Eastern and Western trading systems, and between EFTA's free trade model and the more regulated structure of Yugoslavia's, made association impracticable.²⁴

Nor was there any guarantee that EFTA governments were in a position politically to back association for Yugoslavia. For a start, the corporatist authoritarian administration of António de Oliveira Salazar was staunchly anti-communist and had yet to establish formal diplomatic ties with Belgrade.²⁵ Denmark could also be expected to encounter difficulties from its own farmers about being made to accept a deal with Yugoslavia that could potentially see them compete with access to EFTA agricultural markets.²⁶ Still more significant was the sense that Yugoslav association might disrupt the Seven finding a permanent solution with the Six. The issue here centred on West Germany, which thanks to the Hallstein Doctrine was unlikely to look kindly on EFTA building any institutional tie-up with Yugoslavia since Belgrade recognised East Germany as a legitimate state.²⁷ All seven EFTA members were in fact liable to admit that the most important tasks ahead were that of consolidating EFTA from within its present membership and thereafter using it as a springboard to strengthen ties with the European Community, and that anything that risked diverting attention from these aims ought to be avoided.²⁸ However desirable was a relationship in theory, the tacit assumption very quickly became that this could not extend to full association.

This did not mean that EFTA states were about to snub the Yugoslavians entirely. Throughout 1960 the Seven had in fact expressed some sympathy with Yugoslavia's economic predicament.²⁹ Alongside the ensuing recognition that EFTA ought to do *something* to assist the Yugoslavs in responding to the changed trading environment, also went the belief that the geopolitical gains were much too great to be completely unforthcoming. Of the two strongest advocates of this line of reasoning, one was the British Foreign Office (FO). As early as April 1960 the FO admitted that it viewed EFTA's relations with the Yugoslavs less as an economic question than one framed by the Cold War. This became clear in comments by Roderick Sarell, head of the Southern Department (SD) concerned primarily with the Mediterranean region. As Sarell noted in one mis-sive, 'We do not want to see the Yugoslavs rebuffed in their efforts to establish contacts with the West which will enable them to maintain their independence of the Soviet bloc. This is the guiding light in our policy towards Yugoslavia'.³⁰ As British ambassador, Nicholls too had

profound misgivings that EFTA was about to snub the Yugoslavs. He therefore castigated the Ministry of Agriculture for finding fault with Yugoslavia's agricultural economy – it was, Nicholls claimed, not substantially different from the Danish, Portuguese or Norwegian ones.³¹ By contrast, the political value of a linkage with Belgrade was of 'major practical importance'. As he put it, 'talks with EFTA, even if they lead to nothing in the way of association, would lessen Yugoslavia's sense of isolation and reinforce the trend towards fiscal and trading methods'. 'However loose and non-committal', Nicholls continued, some linkage with EFTA 'would have a lot of political value'. He therefore recommended that the Association's members 'should at least establish the right basis for preliminary discussions [...] with a view to minimizing adverse repercussions on Yugoslav exports to and imports from EFTA countries'.³²

The forcefulness of Nicholls' remarks – he would go so far as to describe himself as being unable to 'agree that [pessimism vis-à-vis Yugoslavia] represents a tenable policy'³³ – was demonstrative of the political dynamics driving the debate. His ideas were powerfully echoed by a second main source of support for an EFTA-Yugoslav link-up: Bruno Kreisky. To understand why this was the case, it is worth remembering Austria's cultural, historical and economic connection with Yugoslavia. So too is it worth recalling that in the few months since becoming foreign minister in July 1959 Kreisky had already begun pushing Austria towards a more activist neutrality in which improved contact with Soviet satellites was seen as an essential precursor to East-West détente.³⁴ In addition to deep rooted cultural and economic links with the Yugoslavs, Kreisky also saw relations with Belgrade through this same guise. He confided in the British that Yugoslavia represented something of a test case designed to show that 'by direct discussions with other EFTA countries, they [satellites] could hope to gain a certain freedom of movement and escape from the full rigours of Soviet control'.³⁵ And he told the May Council directly that while Austria accepted that association per se was unattainable, 'the Yugoslavs felt rather isolated' and 'they ought not to be rebuffed'.³⁶ In such a calculation, the strengthening of ties with Yugoslavia was considered a development from which EFTA, and the West, could only benefit.

This blend of genuine empathy for Yugoslavia's economic plight and the perceived political benefits of opening themselves to Belgrade explains why EFTA members ultimately felt unable to translate their concerns into a decision completely to block Yugoslav overtures. Instead, the EFTA Council sanctioned the Secretariat – the administrative organ of EFTA – to conduct informal talks in much the way that Nicholls had previously suggested.³⁷ Further available in the short-term was the chance for EFTA states to build on the West's supply of credits to the Yugoslavians. The Austrians, British, Swedes and Swiss had already been invited to offer such assistance through the International Monetary Fund (IMF) to the tune of some \$35 million. But as a series of EFTA heads of delegation meetings held in November heard, a more coordinated response would 'avoid causing embarrassment by one [state] acting without preliminary discussion'. This was not about to produce the sort of concerted external policymaking that was common to the EEC. Yet it was nevertheless felt that EFTA-level discussions could 'persuade' those members not yet participating to play a role in offering credits and would allow neutral members like Switzerland the chance to offer still greater assistance if it were seen to be agreed multilaterally.³⁸ Nothing about all this suggested complete disinterest in Yugoslavia on the part of EFTA members.

But nor did it offer the Yugoslavs the access that had earlier been floated by Popović. Admittedly, the archival record points to EFTA members being content that the Secretariat's subsequent meetings with Yugoslav officials were enough to both satisfy Belgrade and demonstrate an openness on the part of EFTA.³⁹ In concrete terms, this meant furnishing the Yugoslavians with information on the structure and workings of the Association, the likely development of Western European integration, advice on how to revise their trade system, and assistance in preparing Yugoslavia for full membership of GATT.⁴⁰ What was achievable beyond this was limited, however, at least in the short-term. Matters were certainly complicated by discussions, underway since 1959, for Finnish associate membership of EFTA. On the face of it this need not have

caused too many difficulties. But it was already suspected that Moscow felt deeply uncomfortable about Finnish move towards EFTA and would be quite willing to intervene to stop another country in which it had interests from being absorbed into Western Europe's economic ranks. Parallel negotiations with Yugoslavia were thus speculated by some EFTA members as being one step too far for the Soviets.⁴¹

Uncertainty surrounding EFTA's own status also represented a stumbling block. Few might have gone so far as one FO official who, when describing Yugoslavia, thought them 'at best a hindrance which we may wish to rid ourselves'.⁴² But even the most ardent supporters of an arrangement accepted how unrealistic it was to engage with Belgrade at the expense of thwarting a negotiated Six/Seven settlement. Perhaps most detrimental at this stage, though, was that none of the Seven seemed fully able to shake off doubts about the basic incompatibility of a country with a state trading system joining an industrial trade agreement as that which formed the backbone of EFTA. Until Yugoslavia's economy developed in a more liberal direction, this would remain a major hurdle.

A new momentum?

This state of affairs would endure until 1965 when there appeared every chance that EFTA-Yugoslavia relations would change dramatically. In part this was due to the very different position of EFTA. By this stage not only was Finland fully encased within EFTA as an associate member. But the political arguments that EFTA as a nascent organisation ought to be fortified within its existing borders, and that enlargement beyond these might cause problems for relations with the EEC, had lost their salience. Following the 1963 veto of British EEC membership, indeed, it was uncertain whether the Association would be as transient as some had originally anticipated. Consequently, the strengthening of EFTA's links with the Yugoslavs became much easier an undertaking to stomach.

The main impetus behind the more propitious environment for developing EFTA-Belgrade relations can however be found from within Yugoslavia itself. Of particular relevance was the economic reforms initiated by Tito in 1964–65, the background to which has been covered extensively elsewhere.⁴³ As far as EFTA states were concerned, the more open and decentralised system these reforms created meant Yugoslavia promised to emerge as an economy with which they could more readily do business.⁴⁴ In the words of one delegate to the EFTA Council, 'steps taken by Yugoslavia to liberalise the economy might make it far less difficult to justify some form of association'.⁴⁵

The goodwill with which the Seven would come to greet a renewed demand for talks therefore contrasted sharply with the response of five years earlier. The Yugoslav aide-memoire sent to the Association's headquarters in Geneva on 16 October 1965 – calling for 'the further promotion and intensification of the economic relations of Yugoslavia with EFTA through 'mutually beneficial solutions' – was indeed considered by the Council something which it ought to respond to eagerly, requiring EFTA 'take a coordinated line of reply'.⁴⁶ To be sure, when preparing this some struck notes of caution. The head of the Danish delegation, Niels Skak-Nielsen, for example emphasised the need for any talks to be 'as informal as possible' until it was clear precisely what sort of affiliation the Yugoslavs were after.⁴⁷ It was consequently agreed to first discuss at an expert level 'the practical problems Yugoslavia had encountered in its trade relations with EFTA members' before exploring which possibilities existed to develop substantive cooperation.⁴⁸ But such was the otherwise general determination to proceed that just four weeks later talks were officially sanctioned by the Council and would become a notable feature of the Association's activities over the next eighteen months.

No amount of enthusiasm could, though, disguise that talks were still hardly going to be straightforward. Much of this was attributable to the state of EFTA-Yugoslav trade. By the mid-

1960s Yugoslavia's economic situation had worsened quite substantially. Acknowledgement of as much had in fact been a major reason behind Tito's decision to support liberalising reforms. Recognised too was that behind this bleak economic picture lay familiar concerns about Yugoslavia's balance of payments position. Within this, EFTA seemed of special relevance, not least because trade with EFTA members was increasing at a rate that lagged far behind the pace of total Yugoslav foreign trade and that with the EEC specifically.⁴⁹ There were doubtless some bright spots within this picture. Sign that Yugoslavia's industrialisation was proceeding at pace was for instance epitomised by the fact that the share of industrial products and raw material exported to EFTA states was steadily growing, accounting for 57 per cent of the country's total sales to the Seven by 1965. Against this, though, was the reality of Austria having decreased its purchases not only of goods from Yugoslavia's burgeoning industrial sector but also of more traditional exports like maize and pigs. Britain, for its part, had seen a decline in Yugoslav exports by 1965 of over 7 per cent compared to five years earlier, while in the same period British exports to Yugoslavia had increased by some 24 per cent. In one traditional export – beef – this alone amounted to a \$17 million loss in yearly earnings for Yugoslav farmers. Only with Denmark did the Yugoslavs succeed in maintaining a positive trade balance. The net effect was that by 1965 its annual trade deficit with EFTA states had nearly doubled to \$44.7 million compared to 1960, with the dismantling of EFTA's own internal tariffs – by this stage still not fully completed – already impacting about 60 per cent of Yugoslav exports to the Seven.⁵⁰ Only the most skilled trade negotiator would prove able to find an acceptable formula addressing this level of inequity.

Trade disparity was just the pretext needed for Yugoslavian officials to table a number of demands. As would become clear during the talks – which commenced in December 1965, with further rounds held over the summer of 1966 and spring of 1967 – these centred almost exclusively on tariff adjustments.⁵¹ Among the proposals was the complete abolition of import quotas and tariffs for goods of particular interest to Yugoslavia – namely cotton textiles and leather goods, furniture, chemicals, non-electrical machinery and potentially agricultural products –, along with preferential treatment of Yugoslavia and nil or reduced customs duties (which then stood on average at about 15–20 per cent).⁵² When the Seven had a first opportunity to clarify their positions in a Council meeting on 9 December 1965, and as remained the case over the subsequent months, all this was viewed with mixed feelings.⁵³ The enormity of what was being requested was, it is true, partially compensated for by assurance from the Yugoslavs that they would be prepared to consider reciprocating concessions. Yet the sheer ambition of the proposals threw up all sorts of challenges for EFTA states. MFN treatment worked in ways which meant any tariff reduction would need to be applied globally; were this to happen, the measures would not materially benefit Yugoslavia. Mention of tariffs meanwhile implied the whole question might be better off dealt with in the Kennedy Round underway within GATT rather than by EFTA. The issue of preferential treatment and changes to customs duties further aroused concern as to how feasible was an EFTA-centred response since it touched on commercial policy, a component over which national governments retained full competence. And reference to agriculture further put into doubt whether EFTA was the right forum in which to discuss Yugoslavia's needs, since it too largely fell outside the formal remit of the Association.⁵⁴ Suddenly, the threat to intensified EFTA-Yugoslav ties became very real indeed.

So tricky were these issues that the basic expectation again became that full association remained a distant possibility not yet worthy of deliberation. Unlike in 1960–61, however, the burgeoning consensus was also that initial hopes of a deal could not this time be allowed to fizzle out. To this end, the path towards an eventual solution was eased significantly by at least three factors.

First was the determination and inventiveness shown by smaller EFTA members in pushing for compromise. Among the most meaningful contributions was that from Erik von Sydow, head of the Swedish delegation, who sought to overcome the impasse on tariffs by pushing for 'the

establishment of a joint committee [...] to discuss mutual trade problems, including European integration affecting Yugoslavia'. Noting that 'his authorities had always taken a positive attitude to improve contacts with Yugoslavia', a looser arrangement promised to 'prevent the talks between EFTA and Yugoslavia from becoming completely unproductive' by instead creating a forum to tackle a host of non-tariff barriers to trade.⁵⁵ That this had the benefit of keeping the Yugoslavs close, and could still go some way to address their crippling trade imbalance without having to make the sorts of concessions that the Yugoslav tariff proposals implied, ensured it was an idea which quickly gained traction within EFTA ranks.⁵⁶ From an institutional perspective, however, the real significance of the Swedish proposal was that this formed just one indication of a broader trend whereby smaller EFTA states appeared far more willing than previously to try to shape the dynamics and overall direction of the Association. And Yugoslavia was one winner of this institutional jostling.

To better appreciate this point, it is worth remembering that there had been a growing frustration within EFTA over Britain's conduct as the organisation's political and economic hegemon. While the apogee of this came back in 1964 with the decision by the government in London to introduce, against the spirit and letter of the Stockholm Convention, a surcharge on imports, it survived over the medium-term in the form of a certain weariness and impatience with Britain's all too ready capacity to leverage the Association for its own ends – even if these contradicted or hampered those of its counterparts.⁵⁷ There is evidence to suggest that in the case of Yugoslavia this translated into what might be termed small state activism, with the likes of Austria, Sweden, Norway and Switzerland all wrestling to keep an arrangement with Belgrade on track when it seemed the British were prevaricating on this aim. One illustration of this trend came in spring of 1967, when the topic of EEC enlargement again reared its head and the British subsequently suggested that talks with the Yugoslavs be temporarily shelved. For in this instance the delegations from Oslo, Vienna and Berne joined forces to insist that the timetable for creating a joint committee ought to remain in place.⁵⁸ Another example emerged later that same year, at which time the Austrians, Swedish and Swiss were again quick to insist 'that the door should not be closed to further developments between Yugoslavia and EFTA' when concerns were mooted by the British about whether the mandate of the joint committee might wind up extending beyond the realm of economic and technical questions.⁵⁹ Underlining this British stance on both occasions was the argument that no development in EFTA ought to be allowed to complicate its goal of negotiating entry to the Community and eat up valuable time which it considered was better devoted to negotiating with Brussels. While not entirely immune to this point, for those neutral or smaller states unlikely to follow the British into the EEC, such thinking arguably had less immediacy.⁶⁰ Viewed against the backdrop of recent spats, none of the countries set to remain in EFTA were prepared to accept that links with Yugoslavia should cease simply because the British hoped soon to leave.

This small state activism was joined by a second factor, namely, the emergence of the EFTA Secretariat as an ever more vital cog in the Association's activities. Officially at least the Secretariat's legal power and autonomy was almost nought. The Stockholm Convention made no mention of the body other than to state its responsibility to provide 'services required' by member states.⁶¹ And even this narrow administrative function was hampered by the availability of national officials seconded to its staff, the number of which rarely topped 100. This was evidently a situation with which the Secretariat had itself grown unhappy; scholars have shown elsewhere that its inaugural Secretary General, former British Treasury civil servant Frank Figgures, sought to break out of this straitjacket by positioning himself as a mediator during the surcharge crisis.⁶² By the latter 1960s the Secretariat was arguably better suited to doing more of the same. Figgures' successor since 1965, a fellow Brit, John Coulson, was a seasoned diplomat, having previously served as second in charge at the FO and as ambassador to Sweden. And he was assisted by the equally experienced Charles Müller, the Swiss Deputy Secretary General between April 1965 and September 1966, and his Swedish successor, Bengt Rabaeus. While never formally

going beyond the instructions of the Council, each was able to use their experience to break the internal negotiating logjam that EFTA periodically found itself confronting.

Sign of this emerged early on. Müller for instance helped set a positive tone by undertaking the bulk of internal preparations ahead of the first EFTA-Yugoslav meeting at the end of 1965 and taking the Yugoslav delegation through the whole process of conducting negotiations with EFTA's national delegations. This meant that when the actual deed got underway, not only were both sides better able to anticipate each other's demands – the Secretariat had for instance been forewarned of the tariff concessions the Yugoslavs would go on to request, and gave the Swedish government time to sketch the general outline of the joint committee option later floated by von Sydow – but it also ensured the talks were never allowed to become bogged down. The rhythm and tone of the negotiations was thus dramatically improved as a result. Rabaeus meanwhile was responsible for resurrecting the talks when in the spring of 1967, amid growing British restlessness about whether Yugoslavia would disrupt its pending EEC membership bid, it looked as though disagreements within EFTA would stop a deal. What London took umbrage with was Yugoslav's far-reaching demands for wide-ranging tariff adjustments. Meeting Aleksandar Grlčkov, the incoming minister for economic affairs, and Boris Šnuderl, the deputy federal secretary for foreign trade, Rabaeus was able to navigate this issue, urging officials in Belgrade to think about a relationship fashioned around non-tariff measures to overcome such hurdles.⁶³ Again, some of the bitterness which began to emerge towards Yugoslavia was ameliorated as a result.

Throughout all this it was Coulson who arguably played the most significant role. As Secretary-General he showed himself to be an imperturbable figurehead. His well-timed interventions often eased disputes that arouse within the Council, including those over the scope of the proposed joint committee, acting as a vital conduit between the British delegation and remaining member states. Nationality likely also played a part when the British proposed that he rather than the Council maintain day-to-day contact with the Yugoslav delegation. This ensured that a measure of interaction endured even at those moments when EFTA seemed some distance from agreeing the boundaries of a new alliance. It was in this capacity that he and his colleagues hosted Yugoslav journalists, fielding a gamut of inquiries about the Association.⁶⁴ The Secretary-General himself would recall what he saw as the benefits of this sort of work: 'because of the careful preparation undertaken', he claimed at a Council meeting in June 1967, 'the Yugoslav delegation had been in a position to make a more positive contribution to [talks] than would otherwise have been the case'. The end result was that 'the two sides had understood each other fully and that the atmosphere of mutual confidence augured well' for the future.⁶⁵

Third, the successive round of negotiations had served to underline the still powerful political rationale of reaching a deal. The nature of this argument had matured somewhat since 1960 amid the emerging *détente* of the period. By the middle of the decade indeed, EFTA members were not unknown to claim that the Association had a role to play in the broader easing of East-West relations. An EFTA meeting in late October 1966 witnessed Britain's George Thomson, whose ministerial remit as Chancellor of the Duchy of Lancaster covered European affairs, speak quite openly about looking to the

current thaw in East-West European relations and, therefore, to the exploratory talks with Yugoslavia, as one of the possible measures that might contribute to the process of *détente*. [...] Therefore on political grounds he was happy to support, in principle, the creation of some form of institutional links between EFTA and Yugoslavia, which he thought would greatly encourage the Yugoslav authorities to pursue their current course of internal economic reforms with a view to liberalization. They were in advance of the other Communist regimes of Eastern Europe in that matter, and encouragement to them might very well have quite a considerable influence on developments in other Eastern European countries.⁶⁶

Whether it was realistic to assume that the Seven had this sort of clout – the limits of what the Association could likely offer any country behind the Iron Curtain suggests perhaps not – this is important since it worked to temper British concerns that Yugoslavia risked disrupting their own relations with the Six. The prospective contribution of EFTA-Yugoslav ties to European

stability was obviously a key driver for others within the Association too. Von Sydow commented at a May 1967 gathering of the Council that EFTA states remained 'wholeheartedly in favour of entering into closer relations with Yugoslavia for a number of reasons, including the political interest of improving East-West relations and of having EFTA take part in that process'.⁶⁷ Austrian delegates would likewise underline 'the importance of looking eastwards in trade matters'.⁶⁸ The Swedish were similarly prone to highlighting the 'general political desirability of cooperation between EFTA and Yugoslavia'.⁶⁹ And alongside this existed the feeling that, for all the threads tying Yugoslavia to EFTA and numerous other institutions including the EEC, there was still a vast amount about Tito and the Federation he led which the West did not know. To that end, an agreement was seen by the Secretariat as one which could open the way to learning 'detailed knowledge of the Yugoslav economy and how it functioned'.⁷⁰

The net effect was that in June 1967 EFTA states agreed to a framework for Yugoslavia.⁷¹ What emerged was the EFTA-Yugoslav Joint Working Group (JWG), the novelty of which makes it worth briefly looking at in more detail. More than anything this was about providing Yugoslavia with more opportunities to interact with EFTA. Observers found themselves invited to meetings of the Association's economic development committee and gatherings of trade experts, the former of which dealt with regional problems (and thus offered Yugoslavs chance to raise the matter of compensation to alleviate the effects of EFTA's internal tariff reductions) and the latter technical questions on double taxation, origin rules and patents (points which if handled correctly promised to ease access for Yugoslavian industries to EFTA markets).⁷² Another typical example of the JWG's scope related to technical barriers to trade. Identified were several areas – standards on the production of electrical and gas equipment, articles covering the control and making of precious metals and pharmaceutical products, and regulations on road and labour safety – around which it was thought the two sides could harmonise or arrange mutual recognition.⁷³ Of further interest to the Yugoslav delegation was cooperation in metal-working – a major component of the industrial economies in Croatia and Serbia – and trade promotion. Where EFTA saw itself as best able to assist was in acting as a clearing house, connecting Yugoslav industries with businesses located within the Seven and filtering information *via* trade affairs and national chambers of commerce. Diesel engines from Yugoslav shipyards were thus to find their way into Danish fishing vessels; Swiss help extended to granting licences and providing technical advice on origin certificates; and Yugoslav enterprises rapidly had open to them the chance to supply parts for British aircrafts, mining equipment, asbestos yarn, and tractors.⁷⁴ During a JWG meeting in December 1970 suggestions were even put forward to extend this cooperation by organising joint ventures and raising of investment funds and, at a more local level, offering studentships and training Yugoslav workers.⁷⁵

On the face of it, this would all point to relations between EFTA and Yugoslavia having deepened quite dramatically by the close of the 1960s. In forming the JWG, the Seven had certainly succeeded in devising a method of cooperation with a country whose economic system was very different to their own. What was more, the proposals thrashed out by the JWG bore all the hallmarks of beginning to have noticeable effects: from 1969 to 1970 alone, Yugoslav exports to EFTA rose by 50 per cent to total some \$240 million, the responsibility for which was said largely to rest with the 'extensive activity between companies on both the Yugoslav and EFTA sides'.⁷⁶ If correcting the imbalance in trade was the intention, the JWG appeared to have been a fruitful endeavour. And yet the JWG procedure fell well short of the type of association initially proposed by Popović, let alone the free trade agreement binding EFTA states themselves. Getting to this stage had moreover required the Seven to circumvent their own tensions, with smaller EFTA states and the Secretariat dealing with an obstinate Britain that recognised the political benefits of an EFTA-Yugoslav deal but was reticent to develop this too far for fear of deflecting from the more pressing matter of resolving its own relationship with the Community.

But the biggest obstacle to sustaining momentum behind the JWG appears to have come from the in-built limitations of EFTA itself. As a much looser, strictly free trade grouping designed to do no more than ease the barriers of industrial trade between its members, the Association

could hardly offer anything beyond the sort of technical solutions described above. The result was that after the initial round of activity, the JWG soon found itself spending most of its time searching for suitable fields of cooperation within the remit of the Stockholm Convention.⁷⁷ Without this expanding, ties with Yugoslavia were only ever going to achieve so much. Such restrictions were thrown into greater relief by the budding nexus between Belgrade and the Community, where formal relations began to take shape in 1967 and culminated in March 1970 with the signing of the Yugoslav-EEC trade agreement. That this covered agriculture already made it far more ambitious than the JWG. By contrast, it was fully recognised that EFTA could only begin to talk about these topics if Yugoslavia was to become a full or associate member – something which, for reasons already explained, remained impossible.⁷⁸ This was a state of affairs about which the EFTA machinery was undoubtedly frustrated: during a visit to Belgrade by Coulson in June 1969, he implored the new prime minister, Mitja Ribičič, and key members of the governing executive council ‘to be more concrete especially regarding projects where EFTA could help’.⁷⁹ Yet there was perilously little from EFTA’s perspective that could be done to ignite Yugoslav interest when the organisation itself had nothing more to give. While EFTA states could therefore talk of a general satisfaction with the collaboration that had so far been built, equally on the eve of the 1970s there was ambiguity about what the future held for EFTA-Yugoslav ties.

Relaunching relations

Outwardly at least there was little indication that this situation would change any time soon. There were admittedly periodical attempts by EFTA to resuscitate the JWG. Both Coulson and Rabaeus, who replaced him as Secretary General in May 1972, were for example semi-frequent visitors to Belgrade during which they discussed potential avenues for expanding cooperation.⁸⁰ Other than promises to study how better to use the working group, though, none of these feelers went anywhere. It seemed the JWG gathering of December 1970 would turn out to be its last.

Bubbling under the surface, however, were suggestions that the JWG would not go completely to waste. To some extent this was visible already in the months following the departure of Britain and Denmark to join the EEC in January 1973. For their departure coincided with a greater emphasis being placed by Belgrade on EFTA’s status as a grouping dominated by neutral states – what in conversations with EFTA staff Yugoslav officials termed ‘independent countries’, despite the fact that Norway, Portugal and newly joined Iceland were all NATO members. Nevertheless, this perceived neutralist tilt translated into non-aligned Yugoslavia looking afresh at the Association. As a member of the administration was to tell Rabaeus, ‘the new character of EFTA was of the greatest importance and would be one of the decisive factors, if and when they were to reach the conclusion that they could venture in a closer cooperation’.⁸¹

The Conference on Security and Cooperation in Europe (CSCE) – the outcome of which, the Helsinki Final Act, was signed in August 1975 – then helped still further to create a favourable environment for the strengthening of EFTA-Yugoslav ties. The so-called Basket II measures intended to foster economic cooperation across the Iron Curtain seemed almost purposely designed to promote the sort of links that the JWG embodied. In the conference’s aftermath, EFTA members were convinced they had a role in enacting this section of the agreement: the EFTA Council declared it stood in ‘readiness to join in efforts leading to a fruitful expansion of trade and economic cooperation’, which members felt would ‘strengthen cooperation throughout the whole of Europe’ and thus ‘contribute substantially to the process of détente’. It seemed only logical that Yugoslavia would become a core component of this.⁸²

There were signs too that the Yugoslavs were primed to use the opportunity created by the CSCE to resurrect what remained of the working group. As had become evident as the conference progressed, Belgrade’s delegation was prepared quite forcefully to lay out its demands about what ought to be included in any final treaty. Where this mattered in terms of EFTA was

that, in an effort to do so, the Yugoslavs had struck up a close link with the Austrians, Swiss, Swedes and Finns who together formed part of the broader consortium of neutral and non-aligned countries (N+N) acting as conduits between the West and the Warsaw Pact.⁸³ It was not too much of a stretch to imagine this spilling over into a relaunched JWG.

So it proved when on a trip to Belgrade the following year an EFTA mission, headed by the Norwegian minister for trade and shipping, Hallvard Bakke, was told of the government's wish to build on the amity on display at Helsinki by discussing 'issues of broader cooperation', including non-tariff technical barriers, economic aid, tourism, and industrial and financial relations.⁸⁴ An exploration of those areas ripe for new or extended cooperation, sanctioned by the EFTA Council in November 1976, thus began in earnest.

Chances of reviving the JWG then improved further thanks to a landmark moment in EFTA's own evolution. In May 1977 the Association's heads of government converged on the Austrian capital, on the invite of Kreisky, now chancellor, to reappraise the whole process of European integration and the Association's role on the world scene.⁸⁵ It was perhaps fluke that this should have come at precisely the moment when EFTA-Yugoslav ties appeared to be undergoing a renaissance: the major driving force behind the meeting was in fact the thorny matter of how best to confront the recession of the post-oil shock period, and whether increasing interaction with the EEC in particular might contribute to improving the wider economic environment in which EFTA operated.⁸⁶ The outcome, however, was the decision to use EFTA as a forum to address shared domestic and international challenges. And an upshot of this was that Association's members saw wisdom in working together in a far more unified fashion, and that their external collaboration ought to extend to placing greater stress than before on trading links with socialist countries. In the words of Swedish premier Thorbjörn Fälldin, doing so would be valuable commercially since a failure to integrate more deeply with the East was reckoned to have led 'to a distortion of trade and to economic stagnation', hampering both the Eastern bloc's economic development and the odds of the West recovering from its near decade-long slump. But at a time when détente very much remained at the forefront of everyone's mind, it could, Fälldin noted, additionally have a hand in further soothing East-West tensions. As he would go on to explain:

The EFTA countries, the EC and the United States should, as industrialized powers and as democratic nations, demonstrate that they were aware of their responsibilities for bringing about a more equitable world economic order. There were grounds to believe that the Socialist countries would also make a substantial contribution to that effect. If agreement could be reached among those present to work for the goals just outlined, then he believed that the Vienna Conference would be of lasting value and would give an important impetus for EFTA's own economic policy, as much as for discussions in other countries on trade, economic problems and employment. [...] The fact had to be borne in mind that Europe also included the socialist countries of the East, and in the Final Act in Helsinki the Western countries had declared their readiness to develop economic cooperation also with those countries. Such cooperation could, despite the differences in the economic and social systems, be of considerable mutual benefit.⁸⁷

Having all voiced as much during the meeting, the leaders present made no bones of the fact that EFTA's post-Vienna *raison d'être* ought to be geared more proactively towards promoting détente and market reforms *via* the very institution which enabled their own cooperation.⁸⁸ And it was this sort of thinking which would have a knock-on effect on the JWG. For not only was it once more considered self-evident to EFTA officials that long-standing links with the Yugoslavs made them a perfect candidate on which to concentrate such efforts (Müller, who had replaced Rabaeus as Secretary-General in January 1976, would even remark that EFTA was well placed to work with Belgrade thanks to the Association's position 'as a non-political organisation' which 'corresponds to the Yugoslav policy of non-alignment'⁸⁹). But revitalising EFTA-Yugoslav contact was also jumped on as one of the 'indications of the dynamics initiated within the organisation since the Vienna Summit' – in other words, Belgrade acted as a sort of acid test as to whether the Association really could and would go about using its trade remit to promote East-West understanding more generally in the

way Bakke and others had described.⁹⁰ Dialogue with the Yugoslavs thus took on greater relevance as a result.

Together, these developments implied that EFTA was developing into a more coherent and unitary actor, with Britain's departure having corrected the internal power disparity to create an organisation whose members were more alike and aligned. This fact had already led EFTA states to harmonise positions vis-à-vis the Community, with the chance of expanding EFTA-EEC ties in a variety of new areas.⁹¹ And it likewise created the impetus to coordinate responses to, and increase exchanges with, Belgrade. Much of the groundwork for this was laid during a trip by Müller to the federal capital, arranged at the request of the Yugoslavs, shortly prior to the Vienna summit, and during follow-up talks in Geneva with the country's ambassador to Brussels, Miloš Lalović, and its trade director, Petra Tomić.⁹² By the time the JWG regrouped in October 1977, the need to upgrade the working group to a permanent committee was thus readily accepted by both sides.⁹³ And just a year later this new body – the Joint EFTA-Yugoslav Committee – was up and running.

The work of the Committee fell into three broad categories. The first was trade promotion. In much the same way as the JWG, this aimed to make Yugoslav businesses better informed of the needs and requirements of EFTA markets through trade fairs, 'Yugoslav weeks', and an expansion of the Association's information activities.⁹⁴ A second aspect emerged under the guise of industrial cooperation. This was not a new concept: collaboration in fields like production, joint ventures and knowledge exchange had formed a chunk of the original working group. The absence of more coordinated interaction over the intervening years, however, had seen much of this work stagnate and the implementation of new trade regulations pass Yugoslav industries by. Part of the Joint Committee's scope was thus simply to bring the Yugoslavs up to speed with a nearly decade-long list of developments covering everything from double taxation and protection of foreign investments to the latest technical regulations and warranty obligations. Added to this were mechanisms to help prepare contracts and reduce transaction costs, streamline the commissioning of joint scientific and market research, and identify and finance large-scale construction projects, the mixture of which took the two sides much further down the road to developing a common legal and research and design framework.⁹⁵ But it was a third, new element – tourism and transport – that held out the most hope for the Yugoslavs. Revenue from the former had already grown into a major facet of the Yugoslav economy, representing both an easy source of foreign currency and a relatively painless method by which to reduce the balance of payments deficit. Investment in the latter meanwhile not only promised to make access to tourist spots easier but could make the passage of goods through Yugoslav territory more efficient, improving the broader economy as a result. Naturally EFTA could only do so much – transport was not an area in which members retained a common stance – but even so there was room to discuss improvements in combined road, rail and sea services. Time was consequently spent investigating subjects like Nordic investment in mountain tourism in Montenegro and the improvement of traffic networks across the Yugoslav-Austrian border.⁹⁶

Deepening ties or frustrated hopes?

Without exception, ministers were pleased by the headway that had been made.⁹⁷ No sooner had its parameters been settled, however, than this satisfaction was tempered by the death of Tito in May 1980. Even before this date EFTA members were conscious of the ongoing internal and external economic challenges that Belgrade was having to grapple with, including Yugoslavia's disconcerting current account deficit, rampant inflation, low productivity, and the broader protectionist landscape faced by the country's exporters. But as a meeting of the Joint Committee in September 1980 would hear, the death of the president – who, for all his faults, had represented one of the few stabilising forces within the country – was thought likely to intensify these 'elements of instability'.⁹⁸ From the perspective of EFTA countries this was plainly

a source of alarm since it risked undermining the progress which had recently been achieved. With an eye to claims by some voices domestically that a post-Tito Yugoslavia ought to abandon its non-alignment, however, the president's passing also seemed to throw into doubt the whole future status and 'economic stabilization' of the federation.⁹⁹ Even for a purely economic organisation like EFTA, it was hard to disregard the repercussions of a Yugoslavia leaning towards the Soviet Union on either their own commercial interests or the broader solidity of the region.

This was all the motivation needed for some in EFTA to wonder aloud whether the Joint Committee, by then months old, ought to be refashioned. The task of fortifying the country's economic links with the West was deemed so crucial that the Austrians, with the Icelanders, Swedes and Norwegians in tow, proclaimed it essential to reach a full-blown cooperation agreement of the type Belgrade had recently concluded with the EEC.¹⁰⁰ As one Austrian official would tell new Secretary-General, the Norwegian economist and official Per Kleppe, 'the political aspect was very much underlined and it was pointed out that all other Western countries should share this view in a situation where Yugoslavia's trade with the West might diminish in favour of the East European countries'.¹⁰¹ This mantra was then repeated at a full meeting of the Council by Austrian trade minister Josef Staribacher.¹⁰² A muted change from achieving détente through free trade to upholding Yugoslav's non-alignment appeared to be afoot.

This sort of stabilising role was not unusual for EFTA: member states had already created an industrial development fund, to the tune of some \$100 million, designed to reinforce Portugal's post-1974 democratic transition.¹⁰³ Once again, however, the limits of EFTA's capacity to act in similar circumstances was on display when discussion turned to extending this aid to Yugoslavia. The problem lay with Switzerland's reluctance to be seen offering overt political assistance to a socialist country, and especially one not a member of the Association. As Cornelio Sommaruga, the deputy head of Berne's EFTA delegation, told the rest of the Council, his government 'had already gone as far as warranted by economic realities' in supporting Yugoslavia, and that while it had 'full comprehension' of the 'political reasons [for] its cooperation with an economic grouping like EFTA', anything more risked pushing EFTA into taking the sort of geostrategic decisions typical of the EEC but anathema to both Switzerland's own neutrality and the economic mandate of the Association.¹⁰⁴

Opinions were divergent enough that whether and in what form to assist Yugoslavia would in fact become the subject of debate spanning much of the period from 1981 to 1983. Thanks in no small part to the intervention of the Secretariat a solution was found, with Kleppe spending a good portion of 1982 visiting Berne and Vienna to flesh out a compromise. This came in the form of the Bergen Declaration – an update to Vienna which was concerned mostly with the economic circumstances encountered by EFTA states and the chances of elevating relations with the EEC. In it, members spoke of 'a new basis for joint co-operation with Yugoslavia'. But in similarly claiming that the Declaration 'reflected the extent to which the EFTA countries found it possible, on a common basis, to pursue such cooperation', there was little hiding that the declaration papered over a breach in EFTA's position on post-Tito Yugoslavia.¹⁰⁵

At precisely the moment when the political and economic volatilities which would result in Yugoslavia's collapse were at their more vociferous, a coherent contribution from EFTA was therefore found wanting. True, unlike the JWG the Joint Committee endured throughout the 1980s, becoming a venue for discussing EFTA-Yugoslav affairs, problems with Yugoslavia's economy, and the fast-paced changes that the country subsequently underwent. Yet despite the best intentions of Austria and the Association's moves towards a more unitary position after Vienna, this never developed into an arrangement on par with Yugoslavia's integration into the EEC.

What the foregoing passages make clear is of course that since EFTA's foundation in 1960, its member states engaged with Yugoslavia in a way few scholars have hitherto fully acknowledged. Viewed across three decades, the relationship did clearly mean something to the Association and that the depth of this nexus waxed and waned over time. If nothing more, any discussion on Western Europe's ties to Yugoslavia thus ought to embrace not simply the EEC but EFTA states too. Also crucial is how political factors tended from the start to shape EFTA's internal

discussions on the subject. More often than not, EFTA is considered a peripheral actor – even being described as ‘a petulant minuet of the wallflowers’¹⁰⁶ – and one that had limited, if any, impact on European politics. And yet research has already urged something of a rethink to this line by presenting a more nuanced picture of EFTA’s agency.¹⁰⁷ The analysis above contributes to this scholarship, revealing EFTA as a more strategically minded actor of relevance to the world around it. This was already obvious during the 1960s when countries like Austria pushed EFTA to use its commercial mandate to contribute to easing East-West ties, and again when some in Britain thought EFTA might strengthen Western efforts to keep distance between Belgrade and Moscow. And it was further obvious around the time of the CSCE and Vienna summit, when EFTA members began to loosen the strict definition of free trade to allow them better to extend diplomatic ties to socialist countries, consistent with the economic tools available to them as EFTA members.

This same thinking, however, also exposed a tension between the politics of trade and the ability of organisations like EFTA to act decisively on Yugoslavia. Britain for instance was rather cool towards Yugoslav association in 1960–61. By the middle of the decade, when the case for Yugoslav association appeared stronger, the British remained unwilling to countenance using EFTA to deepen ties with Belgrade if it impeded their path towards EEC membership. There was hence an absolute limit to what EFTA’s members were prepared to do with the Association. A still better example of this tension however came once the JWG had been set-up in 1967 and the spanner thrown into the works by Switzerland after Tito’s death in 1980. On the former, it was obvious that EFTA states delivered far less than the Yugoslavs desired, constrained by the type of organisation EFTA was – both inter-governmental and a purely industrial free trade unit – and the lack of structures necessary for the Association to assume a more substantive relationship. The latter, meanwhile, saw the Swiss press the break despite their colleagues being intent on using EFTA’s economic mandate to make what Berne saw as inherently political interventions beyond just promoting East-West détente. What this highlighted was that EFTA was never able to fully shake off its structural weaknesses, with some of its member states obviously having political ambitions that outstripped what EFTA was ultimately capable of delivering. Additionally, it showed that while the neutrality of some EFTA members at times rendered the Association an attractive instrument for pursuing détente, and for the Yugoslavs to seek to ameliorate their economic predicaments, neutrality ultimately put limits to the steps some member states were prepared to take in this regard.

Despite such frustrations, Yugoslavia was not without significance for EFTA. In fact, ties with Belgrade clearly obliged EFTA countries to reflect upon their own ways of working. In much the same way, how EFTA handled the nexus with Yugoslavia also reflected the changed nature of the Association over the period under review. No doubt, EFTA was an organisation subjugated at first by one state, Britain. But the story of the 1960s was also one of changing internal power dynamics, with the topic of Yugoslavia highlighting a greater readiness by smaller states to exert influence on the organisation’s priorities. Without Britain, the EFTA of the 1970s then seemed increasingly purposeful and coherent, urged on by the Vienna summit to work together on matters that fell outside the text of the Stockholm Convention and harmonise stances to questions such as external economic relations despite there being no textual mandate for doing so. That the Joint Committee did not grow to become more than some hoped should thus not be allowed to overlook the fact that it demonstrated an increasing unity in how EFTA states dealt with the world around them. This was a very different bloc to that dominated by London.

As with the decades which followed, Yugoslavia was also a story of how EFTA’s own institutions like the Secretariat acted to steer outcomes, break internal deadlock, and manage external relations. States certainly continued to rule supreme, and the Secretariat would never acquire the autonomy enjoyed by the EEC Commission. The analysis here has nonetheless revealed greater institutional complexity and a degree of state reliance on the Secretariat in helping tackle the question of Yugoslavia. Not only did EFTA act with greater harmony, and in an area (external relations) other than removing internal tariff barriers, but it did so in part thanks to having a more activist bureaucracy as well.

Notes

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Disclosure statement

No potential conflict of interest was reported by the author(s).

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