

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/144

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## CONSULTATION UNDER ARTICLE XVIII:12(b) WITH YUGOSLAVIA

### Basic Document for the Consultation<sup>1</sup>

### (Supplement to the Statement Submitted by Yugoslavia under the New Procedure for Consultation (BOP/131))

#### I. Balance-of-payments situation in 1973

Developments in the balance of payments of Yugoslavia are shown in the following data:

	(In \$ million)	
	<u>1972</u> <sup>2</sup>	<u>1973</u>
Exports	2,237	2,853
Imports	3,233	4,511
Trade deficit	996	1,658
Net income from services, invisibles and workers' remittances <sup>3</sup>	1,369	1,985
Deficit (-) or surplus (+) in the current balance of payments	+ 373	+ 327

The commodity exchange in 1973 was characterized by its further growth. Exports of goods, at current prices, increased by 27.5 per cent, while imports increased by 39.5 per cent in relation to 1972. The result of such developments in the exchange of commodities in 1973 was a more pronounced increase in the trade deficit amounting to \$1,658 million, representing an increase of 67 per cent in relation to that realized in 1972. But the year 1973 shows also a more pronounced increase of foreign exchange receipts from invisibles, tourism and specially from workers' remittances employed abroad; this made it possible to have a surplus in the current balance of payments for the past year.

<sup>1</sup>Material supplied by the Government of Yugoslavia.

<sup>2</sup>Data for 1972 in document BOP/131 were preliminary. Data for the same year in this document are final.

<sup>3</sup>Data for net income from services, invisibles and workers' remittances for 1973 are preliminary.

Developments in the balance of payments for 1973 were influenced by several factors: a global balance of supply and demand relations was achieved on the domestic market as a consequence of stabilization measures undertaken, as well as through the increase of commodity stocks from the domestic production and imports. Further factor was the devaluation of dinar effected in February by 10 per cent; more favourable trading conditions on the world markets; further liberalization of Yugoslav imports and considerable increase of quotas of restricted imports; an increase in the liquidity of enterprises; the necessity for an increased import of food because of poor results of domestic agricultural production due to unfavourable climatic conditions; further and broader link of domestic enterprises with foreign partners through joint ventures; long-term production, business and technical co-operations and other factors.

The relatively high increase in the value of exports and imports was to considerable extent influenced by the increase of prices on the world markets and especially those for certain basic raw and reproduction materials, what had - due to the structure of Yugoslav imports - a rather more pronounced impact on the growth of the value of imports at current prices.

The results achieved in the balance of payments in 1972 and developments in the balance of payments for 1973 made it possible to continue in 1973 with the gradual liberalization of imports of goods.

Yugoslav foreign exchange reserves amounted at the end of 1973 to \$1,650 million against \$845 million at the end of 1972. A part of the increase in foreign exchange reserves was due to the surplus in the current balance of payments and part was due to the funds obtained from credits mainly for stabilization purposes.

II. In 1973 changes were made in the import régime for certain commodities towards its further liberalization. In this connexion the following additions should be introduced in document BOP/131 of 1 May 1973 (English text):

1. Page 5, after the first paragraph, a new paragraph should be added, reading as follows: "Although the market started its operations under the conditions of extremely unstable developments on foreign exchange markets its functioning developed normally. During a short period in July of 1973 the foreign exchange market was closed due to the shift from the fixed par value to the fluctuating exchange rate for the Yugoslav dinar. Namely, in order that dinar exchange rates could follow developments of exchange rates on foreign exchange markets, as from 12 July 1973, Yugoslavia ceased to observe the prescribed margin of 2.25 per cent for daily foreign exchange rates."
2. Page 6, after the text under (a), a new paragraph should be added, reading as follows: "In 1973 from the total number of 7,578 items, according to the Customs Tariff Nomenclature, 4,394 items or 58 per cent were under the régime of free imports (LB list), the value of liberalized imports in the total imports amounted to 51.6 per cent."

3. Page 6, after the text under (b), a new paragraph should be added, reading as follows: "In 1973 under the régime of Liberalized licensing were 20 items only."
4. Page 6, under (c), at the end of paragraph 2, the following sentence should be added: "The linkage transactions were completely abolished as from 1 January 1974."
5. Page 7, at the end of the text under (c), a new paragraph should be added, reading as follows: "In 1973 under the régime of Global exchange quotas were 1,992 items according to the Customs Tariff Nomenclature or 26.3 per cent from the total number of items under this Nomenclature. The value of imports under the Global Exchange Quotas participated in the total value of imports with 21.2 per cent."
6. Page 7, at the end of the text under (d), a new paragraph should be added, as follows: "In 1973 under the régime of Commodity resp. Foreign exchange quotas were 945 items, according to the Customs Tariff Nomenclature or 12.5 per cent from the total number of items; the value of imports under this régime participated in the total imports value with 20.6 per cent."
7. Page 7, at the end of the text under (e), a new paragraph should be added, reading as follows: "In 1973 under the régime of Import licensing were 227 items from the Customs Tariff Nomenclature or 3 per cent the total number of items of this Nomenclature. The value of imports under this régime amounted to 6.5 per cent of the total value of imports in 1973."
8. Page 8, at the end of the text under 4, a new sentence is to be added: "The institution of Major exporters has been completely abolished as from 1 January 1974."
9. Page 10, item 11, a new paragraph should be added: "In 1973 under the régime of export licensing were 246 items."
10. Page 10, item 12, paragraph 4, at the end of the text, a new sentence should be added, as follows: "As from 1 January 1974 the mechanism of linking imports to exports was completely abolished."
11. Page 11, paragraph 2, a new sentence should be added, reading as follows: "The year of 1973 shows the continuation of the liberalization of imports so that now 4,394 items or 58 per cent of the total number of items of the Customs Tariff Nomenclature are under the régime of liberalized imports, against 37.4 per cent in 1972. The liberalized imports participated in the total imports value with 51.6 per cent, against 28.4 per cent in 1972."
12. Page 12, paragraph 4, third line, after the words "in 1972", the following words should be added "and 25.7 per cent in 1973".

ANNEX/ANNEXE

Yugoslavia: Exports to and Imports from  
GATT Countries in 1973/  
Yugoslavie: commerce d'importation et d'exportation  
avec les pays du GATT en 1973

(Value in \$'000/  
Valeur en milliers de dollars)

Country/ Pays	Exports/ Exportations	Imports/ Importations
Argentina/Argentine	1,057	7,391
Australia/Australie	2,441	66,961
Austria/Autriche	78,362	210,147
Bangladesh	5,863	3,886
Barbados/Barbade	7	-
Belgium and Luxembourg/ Belgique et Luxembourg	18,924	53,310
Brazil/Brésil	23,363	79,866
Burma/Birmanie	2,587	2,915
Burundi	...	...
Cameroon/Cameroun	19	3,427
Canada	11,738	40,534
Central African Republic/ République Centrafricaine	751	2,249
Chad/Tchad	-	3,296
Chile/Chili	3,318	39,460
Congo	43	333
Cuba	2,032	4,938

Country/ Pays	Exports/ Exportations	Imports/ Importations
Cyprus/Chypre	2,288	1,394
Czechoslovakia/Tchécoslovaquie	126,578	187,192
Dahomey	2	-
Denmark/Danemark	19,245	23,294
Dominican Republic/République Dominicaine	72	-
Egypt/Egypte	10,739	10,268
Finland/Finlande	10,249	4,803
France	79,519	202,991
Gabon	2	1,296
Gambia/Gambie	7	-
Germany, F.R./Allemagne, R.F.	320,483	856,376
Ghana	4,915	8,930
Greece/Grèce	64,200	50,340
Guyana/Guyane	-	448
Haiti/Haïti	13	25
Hungary/Hongrie	53,670	80,341
Iceland/Islande	22	563
India/Inde	27,482	26,571
Indonesia/Indonésie	3,470	334
Ireland/Irlande	894	528
Israel/Israël	10,128	8,505
Italy/Italie	466,233	530,726

Country/ Pays	Exports/ Exportations	Imports/ Importations
Ivory Coast/Côte d'Ivoire	54	10,053
Jamaica/Jamaïque	...	...
Japan/Japon	16,114	61,569
Kenya	3,198	2,401
Korea/Corée	187	23
Kuwait/Koweït	2,437	9,248
Madagascar	-	236
Malawi	1,830	-
Malaysia/Malaisie	378	17,648
Malta/Malte	734	-
Mauritania/Mauritanie	-	2,035
Mauritius/Maurice	-	-
Netherlands/Pays-Bas	33,531	75,692
New Zealand/Nouvelle-Zélande	265	16,220
Nicaragua	1	32
Niger	-	-
Nigeria	1,174	2,307
Norway/Norvège	33,487	19,567
Pakistan	10,816	6,419
Peru/Pérou	2,545	15,290
Philippines	61	444
Poland/Pologne	126,086	120,888

Country/ Pays	Exports/ Exportations	Imports/ Importations
Portugal	-	-
Rhodesia/Rhodésie	-	-
Romania/Roumanie	73,541	105,299
Rwanda	...	...
Senegal/Sénégal	20	-
Sierra Leone	91	150
Singapore/Singapour	384	917
South Africa/Afrique du Sud	-	-
Spain/Espagne	11,736	36,343
Sri Lanka	188	2,042
Sweden/Suède	42,647	59,194
Switzerland/Suisse	47,597	149,227
Tanzania/Tanzanie	976	4,540
Togo	2	-
Trinidad and Tobago/ Trinité-et-Tobago	...	...
Tunisia/Tunisie	5,452	1,173
Turkey/Turquie	16,471	14,773
Uganda/Ouganda	4,259	3,795

Country/ Pays	Exports/ Exportations	Imports/ Importations
United Kingdom of Great Britain and Northern Ireland/ Royaume-Uni de Grande- Bretagne et d'Irlande du Nord	83,492	164,740
United States of America/ Etats-Unis d'Amérique	232,551	186,711
Upper Volta/Haute-Volta	-	-
Uruguay	4,259	960
Zaire/Zaire	326	-
Total	2,107,606	3,603,574
Percentage of total Yugoslav exports and imports/ En % des exportations et des importations totales de la Yougoslavie	74%	80%