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RELATIONS WITH YUGOSLAVIA

Report by Working Party

Addendum

Questions put forward by members of the Working Party and answered orally by the Representatives of Yugoslavia

PROGRAMMING OF TRADE

Question 1

On what basis does the breakdown of imports and exports operate since the Federal Social Plan, by which the general level of imports and exports is fixed, should serve as the basis for drawing up the balance-of-payments estimates (see document L/962, page 2, paragraphs 2, 3 and 4)?

Each year a forecast of the volume and value of the exports is prepared. This provides an estimate of the foreign exchange that will be earned through exportation. The forecast is based on exports in previous years and on current production and consumption. If estimated export possibilities indicate that the proceeds in foreign exchange will be higher than in previous years, increased imports can be envisaged. Monetary reserves, credits, other earnings of foreign exchange and also Yugoslavia's non-commercial liabilities are also taken into account. Thus, the overall position is examined and estimates of the balance of payments can be made.

Question 2

The National Bank grants to each sector the necessary foreign exchange for imports broken down by groups of countries. If, as a result, this system involves discrimination, what does Yugoslavia propose to do in order to harmonize this situation with the GATT provisions?

The amounts of foreign exchange reserved for importation are broken down by categories of general purposes of final use, not by countries of supply. However, the countries from which purchases are made may be divided into three groups:

- (1) The foreign exchange earned from countries whose currencies are convertible or transferable is used for purchases in the most advantageous market based on commercial conditions;
- (ii) in the case of countries with which Yugoslavia has concluded bilateral agreements which provide for the purchase of specified goods up to a certain volume and value, the amount of foreign exchange to be allocated to each country is known in advance and the payments and receipts should always be in balance;
- (iii) with some countries there are trade payments and clearing agreements in which the volume and commodity composition of imports is not fixed; in these cases the allocation of currency is determined in accordance with the requirements of importers.

Question 3

How does the Committee for Foreign Trade work out the annual programme of exports and imports? How does the Committee determine in advance what goods will be exported and what imported?

So far as exports are concerned, when the Yugoslav authorities prepare the Federal Social Plan for the coming year, they base their calculations on the actual realization of exports in past periods, compute the overall changes in market relations, and take into account all other relevant factors such as estimated production, estimated consumption in Yugoslavia, etc. If, for instance, the estimated consumption of a given article increased over the period while the estimated production remained steady, the estimated export surpluses would be smaller than hitherto. So far as the volume of imports is concerned, the chief factor in the programme would be the estimated availability of foreign exchange. The programmes for import and export volumes are not absolutely fixed; obviously other factors, such as the inability to sell abroad the exportable surpluses arising in Yugoslavia or price changes in countries supplying the Yugoslav market, could affect the volume of Yugoslavia's imports or exports. Nevertheless, the programmes for imports and exports are certainly not entirely theoretical forecasts but are forecasts of analyses of current and forthcoming economic situations and are always accompanied by other measures of economic policy for their implementation.

Question 4

What safeguards are employed to protect the Yugoslav balance-of-payments position? For example, quotas of foreign exchange are distributed among the enterprises. How does the Yugoslav Government ensure that these quotas are not exhausted in luxury goods?

The most important limitation on foreign trade is the limitation on imports which is determined by the availability of foreign exchange acquired by exports or credits. The total availability of foreign exchange is allocated to the importers through the so-called circles (of which there are about 70-see list attached) according to their estimated needs; the basis for allocation to the various circles is computed by competent official and professional bodies. Administrative action ceases once the total allocation has been made to a circle; from that point, the individual enterprises through their professional organizations make the internal allocation of foreign exchange to each individual importer within the circle. If they in that way cannot make allocations within the circle, there is provision for the National Bank to auction the foreign exchange allocated to the group as a whole to the highest bidder in that group; these provisions have not, however, had to be exercised in the five years of their existence. There is no restriction by means of import licences (except in some exceptional cases of some products), but the foreign exchange allocated to a group can only be used for payment for goods directly connected with the production of the importing group; by this means it is possible to ensure that foreign exchange is not wasted on goods which are outside the province of the purpose of the importing group.

Question 5

What guidance is given to the economic organizations "to prevent them from deviating from pre-established proportions"? What does "pre-established proportions" mean?

Under the system previously in force in Yugoslavia, the State organizations were competent to decide on all aspects of the economics and activities of enterprises. Under the present system, the State organs are not competent or liable to influence the economic decisions of the enterprises in any way; the State could and should only create the climate in which the enterprises can operate and check on the legality of the activities of the enterprises.

and the fulfilment of the general obligations of the enterprise. If, for instance, the State organs considered that production of glass within Yugoslavia should be limited or that the rate of increase of production should be checked, the State organs could not order the enterprise to abandon, cut down, or change the production of any particular type of glass. The only influences the State organs could operate would be the limitation of foreign exchange for the purchase of imported materials for glass manufacture (if any) and the imposition of internal taxes on those types of glass, the production of which it was considered desirable to check.

Question 6

What are the criteria on which import licences are issued for motor vehicles and what are the levels of duty?

The criteria chiefly relate to size. Imports of cars larger than 2,000 cubic centimetres are in general prohibited and can only be imported on a special individual and ad hoc permit. So far as cars smaller than 2,000 cubic centimetres are concerned importers can, if they hold foreign exchange which they have acquired legally, apply to the Secretariat for Internal Communications for an import licence. The Secretariat for Internal Communications will examine the applications on technical criteria to determine whether the car to be imported will conform to the general standards of cars within the country and will issue the licence to the individual applicant, but this licence will be within the overall quota for car imports which is determined by the Committee of Foreign Trade. The importation of cars is the only sector where tariffs are so far introduced; duties depend on the size of the car and range between 12 per cent and 60 per cent ad valorem. The average duty paid in the last year was about 25 per cent, indicating that smaller cars are usually imported.

Question 7

Is it possible for the Yugoslav Government to give assurances that, within the limits of their earnings of currencies of GATT countries, purchases would be made within a global quota open to GATT countries on a non-discriminatory basis?

It is not possible for the Yugoslav Government to give such assurances. The distribution of available currencies is not organised according to a country but to the quality of the currency. If transferable currency is

allocated, the importer can use it in the best place and in the best way he can. Yugoslavia has no system of bilateralism between herself and the countries within the General Agreement taken as a whole.

Question 8

Are the "circles" allowed only to import raw materials for production or would they be permitted to import finished goods e.g. would the textiles circle be permitted to import dresses or only cloth for the manufacture of dresses?

Finished textile goods could not be imported by the textiles circle; imports of such goods would be under the auspices of the consumer goods circle. The textiles group would not, however, be solely confined to the import of textile raw materials, but could import anything they needed for production of textiles e.g. they could, for instance, import spare parts, dyes etc. if these were considered necessary for the production of textiles, and are not outside the current maintenance.

Question 9

How is the available foreign exchange allocated among the circles? What criteria are used to determine the amounts allocated to each circle and, in cases of dispute among the circles, who makes the final decision?

The whole procedure of allocation involves the compilation, study and appraisal of the economic plan for the coming year. If, for instance, there have been no important and substantial changes in the economy, the targets for production in the social plan for the coming year would be fixed generally in the same ratio as in the preceding year between the different industries. If in those circumstances the total availability of foreign exchange was estimated to increase by 10 per cent, the group rations would be increased, but the ratio between the groups would remain unchanged. Since, however, the individual components of the economy certainly do not all move at the same rate, changes in individual allocations must be made. All allocations are made by the State who applies various safety devices for safeguarding the stability of the economy; for instance, the groups were informed about the total available amount ahead of their allocation of foreign exchange for the coming period, but the handing out of part of this allocation may be delayed as to make it easier to meet any unforeseen

changes. The social plan, which covered levels of employment, distribution of national income and level of production in each industry was discussed publicly by officials, professional producers' organizations, newspapers, etc., before it received final approval from Parliament.

Question 10

What is the system of allocation of foreign exchange for the import of equipment goods for industry as distinct from e.g. an electrical transformer that breaks down and has to be replaced?

A distinction is drawn in the system of allocation of foreign exchange between equipment goods for current maintenance and equipment goods for substitution, modernization or new investment. If the goods are for current maintenance (e.g. reserves, spare parts), imports are financed through the normal allocation of the producing group. If the goods are for substitution or modernization allocation of foreign exchange is made through the Investment Bank. The Investment Bank is financed partly by their own available foreign exchange and partly by long-term foreign loans.

Question 11

What are the standard types of cars permitted in Yugoslavia?

Smaller cars are standard; there is some domestic production which today is based on Italian ("Fiat") and Austrian ("Saurer") licences. A system of co-operation, for instance, between the FIAT factories in Italy and Yugoslav factories is in operation. Yugoslavia buys parts in Italy not made in Yugoslavia for car assembly in Yugoslavia. Imports of smaller cars are permitted; they are mainly small Italian, French, German and British cars which are now being imported.

Question 12

Does allocation of foreign exchange to the various circles involve any specification of the type of currency that must be used, i.e. does a proportion of each type of currency go to each group?

There is no rigid specification of this kind; allocation of the different types of currency depends on the specific commodity structure of the group concerned. For instance, the USSR is Yugoslavia's most important supplier of coking coal; importers of coking coal would therefore get the type of currency required to pay for imports from that country.

The USSR deliveries are not, however, covering full requirements of Yugoslavia for this material and the balance of Yugoslavia's requirements is usually met from the United States; dollars would therefore be allocated to the importers for payment for supplies from the United States. If materials (e.g. cocoa, rubber, wool) can only be bought from convertible currency areas, importers of these materials will have convertible currencies allocated to them.

Question 13

What is the extent of internal competition between the groups; is there, for instance, more than one enterprise producing substantially the same kinds of textiles?

In practically no case is there a single producer having a monopoly of production. In the case of textiles, there are about 120 producing units. Among the important production items there is only one case of single producer; this relates to polyvinyl chloride; but for this item internal production is higher than internal demand and the monopoly producer is being forced to seek for foreign markets in which to sell his production.

Question 14

What are the criteria for allocation of foreign exchange to the circles importing finished products and how are these circles organized?

Finished products are covered by the Consumer Goods Circle which imports a wide variety of consumer goods such as citrus fruits, textile products, durable household goods, etc.; this circle, which is managed by the State Secretariat for Internal Trade, is allocated a relatively large amount of the available foreign exchange; the Secretariat for Internal Trade determines the amount that shall be allocated for each group of items.

Question 15

In the field of consumer goods, is it possible that the amount of foreign exchange allocated for a specific item could be drastically reduced or that the item could be eliminated from the list of items to be imported?

The Consumer Goods Circle covers groups of articles and each group of articles is dealt with by a circle sub-group. Experience has shown that the total amounts allocated for imports of consumer goods have been increased; thus, in 1957 the total allocation of foreign exchange was about 9 billion dinars, in 1958 it was about 12 billion dinars, and about 15 billion dinars have been allocated for 1959. The mechanism of the circles has not been used to eliminate specific articles or items. It was possible that it might be considered it was more important to have one article more than another. In these circumstances, the State would use the internal fiscal mechanism to influence the prices of the less important item. The intention of the State in the consumer goods field was not only to increase supplies to consumers, but to force domestic producers to face the competition of higher quality imported goods and eliminate some of the undue advantages that domestic producers of such goods might have had in the days of even more limited availability of foreign exchange.

Question 16

Would the textiles "circles" be allowed to import unprocessed textiles for further processing for internal consumption or export?

Production capacities in Yugoslavia for the manufacture of yarn are limited and smaller than Yugoslav requirements. The textiles "circles" would therefore be allowed to import textile raw materials and semi-processed textiles for internal consumption or export.

CURRENCY ARRANGEMENTSQuestion 17

Can Yugoslavia provide information on its recent consultations with the International Monetary Fund on the different rates of exchange for the dinar?

Yugoslavia has routine and regular yearly consultations with the International Monetary Fund and supplies the Fund with all the pertinent data. As a member of the Fund, Yugoslavia keeps the Fund informed regularly of all changes and, where prior consultations with the Fund are necessary

consults with the Fund. Foreign-exchange data of Yugoslavia are recorded in the IMF Annual Report on Exchange Restrictions. The most recent consultations between Yugoslavia and the Fund were concluded only very recently, and the report of these consultations is now being prepared for the approval of the Executive Board of the IMF.

Question 18

What is the basis for calculating and what is the means for applying the thirteen export co-efficients and the eleven import co-efficients? More particularly, are these applied uniformly by product, by monetary region, by country of origin or destination? Does Yugoslavia negotiate the import and export co-efficients bilaterally? And is Yugoslavia in a position to do so?

Export and import co-efficients, which are applied because of the disparity in the structure of internal prices, were considered and discussed in great detail with the International Monetary Fund because they relate to the form in which Yugoslavia practices multiple currency rates. Co-efficients are applied uniformly by products; there are no differences for region, country of origin or destination. The co-efficients are not negotiated bilaterally, and Yugoslavia has no intention of doing this. In Yugoslavia up to last year there were certain broken cross-rates, but these are gradually being eliminated. Where there had been fourteen different broken cross rates there are now only two and none for countries who are members of the International Monetary Fund. Broken cross rates apply as a temporary exception only to (i) Turkey and Egypt, with the approval of the IMF and to (ii) some Eastern European countries where a discount of 5 per cent is being applied.

Question 19

Would it be possible for the Yugoslav Government to consider a measure equivalent to the binding of tariffs, i.e. not increasing the co-efficients.

The co-efficients represent the structure of the multiple currency rates and were introduced as a device to equalize different price levels and parities in Yugoslavia compared with the outside world. To some extent the co-efficients may play the role of tariffs on imports. The policies of the Government at the present time are directed towards the reduction of the number of co-efficients and the narrowing of the range of these between the lowest and the highest with the eventual aim of one rate;

some years ago there had been some dozens of different rates and now there were eleven for imports and thirteen for exports. It is not possible at the present time to say that the rates will not be increased, since this would mean stabilization at the lowest rate; further deep consideration must be given to the question of the most appropriate and rational rate for stabilization. The ultimate single rate could, however, be somewhere within the present margin.

QUANTITATIVE RESTRICTIONS

Question 20

What criteria are followed for granting licences for the import and export of goods under control?

The criteria followed for the granting of import licences in those cases where it is applied, relate chiefly and substantially to the availability of foreign exchange; since this is limited, the relative necessity of the goods concerned must be considered. Availability of foreign exchange is almost the only general criterion; other criteria of a technical nature e.g., the standardization of vehicles, are sometimes applied but not by the trade authorities. So far as exports are concerned, the criteria followed relate to the availability of goods on the internal market; when these are scarce export licences are required.

Question 21

What are the products under quota or subject to quantitative import restrictions which are mentioned in document L/962, page 3, paras. 5 and 6 ("some basic raw materials", "some spare parts, equipment and industrial consumer goods")?

The imports of equipment and investment goods are subject to previous agreement. Investment in Yugoslavia is financially concentrated in the Yugoslav Investment Bank, and all investment operations are financed through this Bank whether home or foreign money is used. In order to safeguard Yugoslav policies with regard to development, the Bank is called upon to be the keeper of policies on the importation of equipment goods, and the Bank's approval has to be given to all financial operations by which equipment is imported. When an importer of equipment goods has secured

money through the Investment Bank, a previous agreement is granted automatically. These previous agreements are also required for foreign parts needed by Yugoslav enterprises producing finished goods assembled from domestic and imported parts, e.g. parts for industries producing motor cars, radio, television, household equipment, etc. Previous agreements are also required for industrial finished goods for personal consumption and import licences are required for imports of motor vehicles. By far the largest group for which licences are needed is the basic raw materials group covering such items as coke, rubber, anthracite, cotton, raw materials for soap-making, artificial fertilizers, leather and coking coal. These items are imported by producing enterprises which use such raw materials, but since it would be uneconomic for every ultimate consumer to import individually on his own account the import of these raw materials is also in the hands of certain specialized foreign trade enterprises which have general licence for this import, but only on the account of producing enterprises.

Question 22

In view of its annual consultations with the International Monetary Fund, does Yugoslavia envisage any difficulty in undertaking a full-scale balance-of-payments consultation with the signatory countries?

Yugoslavia does not envisage any difficulty in undertaking full balance-of-payments consultations.

Question 23

With reference to the concentration of imports of certain basic raw materials (e.g., coke, rubber, etc.) in the hands of a few foreign trade enterprises, is there an element of State monopoly in these activities? Is the principle of non-discrimination among outside sources adhered to or is there some State intervention to force importers to buy from specified sources? Are imports of cereals under a similar system of importation by a few foreign trade enterprises registered by the State?

So far as cereals are concerned, there is a State monopoly which is implemented through the State Food Administration. The State Food Administration imports through one importing enterprise which carries out the orders of the State Food Administration.

So far as the raw materials are concerned, imports of these are concentrated in the hands of a few specialized foreign trade enterprises, but these do not import on their own account nor is the foreign exchange allocated to them. The foreign exchange is allocated to the users of raw materials who then give orders to the specialized foreign trade enterprises to make the necessary purchases. Once the foreign exchange has been allocated by the State, there is no further State intervention.

Question 24

Would the Yugoslav Government consider that matters such as the size of allocations of foreign exchange among circles and co-officients be appropriate subjects for discussion in balance-of-payments consultations?

It is considered that the general balance-of-payments position and the availability of foreign exchange and its effects on the total volume of imports could appropriately be discussed, but the allocation of foreign exchange among the circles is a matter of internal economic policy which, in the view of the Yugoslav Government, would not be an appropriate subject for discussion. So far as co-officients are concerned, in the view of the Yugoslav Government these are more appropriately covered in consultations with the International Monetary Fund, but co-officients, being not purely a foreign exchange device in their effect but having also some tariff effects, could be included in consultations with GATT countries. In any case, all the information which Yugoslavia supplies to the IMF, would be also available to contracting parties in the balance-of-payments consultations.

Question 25

If the Yugoslav Government considers that the allocations of foreign exchange to the various "circles" is not an appropriate subject for discussion in balance-of-payments consultations, would the Yugoslav Government agree that balance-of-payments consultations could cover the reasons why Yugoslav enterprises, having had foreign exchange allocated to them, bought more goods e.g. consumer goods such as sausages or oranges from one country rather than another?

Yugoslav enterprises would buy more consumer goods from one country rather than another because the price and quality of the goods offered from one country would be better than the price and quality of the goods offered from another.

SUBSIDIES

Question 26

The Yugoslav Government introduced support prices for cereals in July 1957:

- (a) What are the levels of those prices compared with the c.i.f. landed price of like competitive products expressed in equivalent terms of exchange?
- (b) What proportion of the crop is sold at the support price to the central organization which is under the supervision of the Federal Food Administration?

(a) The Yugoslav Government did not introduce support prices for cereals in July 1957; the system of internal purchasing wheat prices was in operation before that time and in July 1957 only the prices were changed, i.e. increased. Immediately after the war a system was introduced which obliged agricultural producers of cereals to deliver part of their production to the Government at fixed prices. The system of obligatory deliveries has been abolished earlier and now only maximum purchasing prices are fixed. These maximum prices, which are below the level of world prices, were 27 dinars per kilo before July 1957 and since that date have been 32 dinars per kilo. Agricultural producers in Yugoslavia are not compelled to sell at the maximum price which is fixed for the organization which buys for the State. The domestic producer is free to sell his produce where he can, for whatever price he can command, but since the State is the sole importer of cereals and sells flour to producers of bread at a given price which corresponds to the internal maximum price of wheat, the domestic producer is not usually in a position to achieve a price higher than the fixed maximum price. The internal purchasing price of wheat (32) and the selling price of bread (44) are below the level of world prices; in the absence of a single exchange rate it is not possible to be exact but Yugoslav internal prices for cereals are estimated to be approximately 20-25 per cent below world prices.

(b) The volume of wheat to be imported depends on the outcome of the home crop which has been approximately 3.1 million tons and 3.4 million tons in the last two years; the overall demand in Yugoslavia is in the region of 4.25 million and 4.5 million tons. Domestic producers are free to sell where they can and they first cover their own needs for consumption

and production; the balance when offered is sold to the State through a network of internal trade organizations. Many factors can and do influence the amounts sold to the State by domestic producers; for instance, after a bad crop year when stocks are exhausted, producers sell less to the State in order to build up their own stocks. Increasing imports of special wheat for seeding purposes can also influence the amount sold to the State. However, although the amount purchased by the State is variable, the tendency is for the proportion to increase.

STATE TRADING

Question 27

The Government appears to influence the level of supply on the home market by importing foodstuffs (most importantly wheat, lard and sugar) at a rate of 300 dinars to the United States dollar - no import co-efficients are applied. Moreover all imported wheat is held by the central organization which is responsible for the distribution of internal wheat and flour supplies.

- (a) Has the Government a monopoly on such imports? If so, what are the criteria determining sources and quantities for import? Are imports affected up to the level required to satisfy the full level of domestic demand? What is the mark-up applied to these imports for domestic sale?
- (b) If private traders are allowed to participate, what is the extent of their participation and what import co-efficients are applied?

(a) The Yugoslav Government does not influence the level of supply but does intervene by buying the amount of imports necessary to cover internal requirements. The State Food Administration, which is responsible for covering the internal demand for bread, is the sole body empowered to import wheat; when wheat is imported for food no co-efficients are applied but the actual price at which wheat is imported is equalized with the price of domestically produced wheat and the State covers the difference. The State Food Administration is not a trading organization and therefore does not import for itself but through "GRAN EXPORT", the foreign trade enterprise which is the commercial agent of the State Food Administration. Other foodstuffs (lard and sugar) are imported on the account of the State Food Administration through a number of other foreign trade enterprises,

not one foreign trade enterprise as in the case of wheat. Imports are effected up to the level required to satisfy the full domestic demand, and no mark-up is applied to these imports when sold domestically. The imported goods are sold at lower prices on the domestic market than the prices at which they have been purchased abroad.

(b) There are no private owned trading enterprises and therefore no private traders in Yugoslavia who could participate in import trade.

Question 28

Could the Yugoslav representative explain in greater detail how an effective competition among enterprises in Yugoslavia is achieved?

The instruments, regulations and institutional framework within which the enterprises work, is being implemented in the overall structure of market mechanism. Apart from those dealing with basic foodstuffs, the enterprises have no formal or effective monopoly and no privileges or special treatment are accorded to one enterprise rather than another. The economic instruments applied to the enterprises are the same for all e.g., taxes. Competition among the enterprises is keen.

Question 29

Once the import requirements of the basic foodstuffs have been determined, are there any restrictions on sources from which these requirements may be drawn or are normal commercial considerations of price, quality etc., the sole considerations?

Yugoslavia's import requirements of wheat are chiefly met from United States agricultural surpluses. Any other marginal quantities that may be required, are imported from whatever source offers the best conditions for import. There is no discrimination as to country; the availability of foreign exchange and other elements is the determining factor.

Question 30

Are there any State monopolies in the export trade and, if so, what effect do export co-efficients have?

There are no State monopolies in the export trade.

Question 31

Can Yugoslavia undertake the obligations of Article XVII of the Agreement?

Since no public law or other privileges are accorded to foreign trade enterprises in Yugoslavia, the operations of these enterprises are determined solely by commercial considerations.

CUSTOMS TARIFF

Question 32

Duty is paid on "non-commercial" imports by residents. How are "non-commercial" imports distinguished from imports of other consumer goods and what are the levels of duty?

In the main all imports are effected through the foreign trade enterprises and no duties are levied except on motor cars. For those imports which are not effected through foreign trade enterprises e.g. travellers' luggage and parcel post, duty is applied according to a list issued by the Government and operated by Customs offices. Duty is levied on articles acquired abroad by travellers, which do not represent the normal personal luggage of the travellers; duties are levied above a duty-free allowance of 20,000 dinars per quarter. Where duties are applied above the duty-free allowance the rates applied are between 5 per cent and 40 per cent ad valorem. Duty is not applied to all goods, e.g. foodstuffs are exempted from duty.

Question 33

Within which time limit does the Government of Yugoslavia expect to be able to finalize its customs tariff?

At the present time there is no basic law on tariffs, nor has a tariff (i.e. a list of duties to be levied) been worked out in detail. The only tariffs applied i.e. those on motor cars are operated on a temporary, and those referred its previous question. Preparations for a tariff law have been made and a draft law, which has passed the expert stages and accepted by the Economic board of the Government. The draft law is due to be submitted to the Government for approval and will then need parliamentary

approval before it becomes law. Several months will elapse before the basic tariff law can come into operation, and more time will elapse before the itemized tariff, which will be based on Brussels Nomenclature and will be largely ad valorem in character, comes gradually into operation.

Question 34

If a private citizen in Yugoslavia wishes to import an item, can this transaction be carried out (as a "non-commercial" import, for instance) or does the item have to be imported through a foreign trade enterprise?

There is no limitation on the access of a foreign exporter to private consumers in Yugoslavia. If a private person in Yugoslavia is legal owner or legally acquires foreign exchange, he could import on his own account.

Question 35

When the new tariff is in force in Yugoslavia, will the Yugoslav authorities be able to suppress exchange co-efficients?

If the co-efficients were only a device to compensate for the non-existence of tariffs, the Yugoslav authorities would be able to suppress them immediately the new tariff came into operation. Substantially, however, co-efficients are not a device to compensate for the non-existence of tariffs but an exchange mechanism to reconcile internal disparities in prices. The new tariff when in operation will be an element which will enable easier and gradual elimination of the co-efficients.

Question 36

If Yugoslavia enters into association with the Contracting Parties to GATT, can the Yugoslav authorities give assurances that their tariff will be drawn up within the principles of the General Agreement?

The Yugoslav authorities do not impose restrictions because they consider that restrictions are desirable in themselves but because they are forced by material conditions to impose them. If Yugoslavia moves towards closer association with the GATT, the Yugoslav authorities will do all in their power to align their tariff policies with those of other members of GATT.

PUBLICATION OF LAWS, REGULATIONS AND
STATISTICS AND ADMINISTRATION OF REGULATIONS

Question 37

With regard to the registering of enterprises in the foreign trade register, is it a fact that the producing economic organizations have an automatic right to be registered in this register providing they fulfil the prescribed conditions while other (trade) organizations are in a position to be refused registration for certain economic reasons? If so, for what reasons?

Producing enterprises which apply to be registered as importing or exporting enterprises cannot be refused registration if their exporting and importing activities relate to the import of materials needed for their own production and the export of their own products, except that an application for registration as an importing enterprise might be refused if the import quantities involved were very small. So far as foreign trade enterprises are concerned, the Committee of Foreign Trade has discretionary authority to refuse applications for registration if in their view there is no economic justification. The criteria which are used in judging applications relate to the number of enterprises already existing in the same field and whether the resources of the enterprise applying for registration are sufficient to cover the full scope of the intended activities of the enterprise. If an application is refused by the Committee of Foreign Trade, the enterprise making the application has the right of appeal. Appeals can be made by the enterprise to the Federal Executive Council Office which has occasionally reversed the decision of the Committee of Foreign Trade. If the Federal Executive Council uphold the Committee's decision to refuse registration, the enterprise has the right to open normal court proceedings.

Question 38

On what basis does the Committee for Foreign Trade determine the economic justification of the registration of an enterprise to engage in foreign trade?

The criteria by which applications are judged relate to the number of foreign trade enterprises already existing in the same field i.e. whether there are economic justifications for increasing the number of enterprises in that field and whether the enterprise will be able to function properly

in the field it wishes to enter. The Committee of Foreign Trade is guided by advice given by the Chamber of Foreign Trade, a professional organization of foreign trade enterprises. Once the Committee of Foreign Trade has granted registration to an enterprise, such registration can be withdrawn only after court proceedings (apart, of course, from the case of the enterprise which itself wishes to withdraw from foreign trade). A Court of Honour, organized by the Chamber of Foreign Trade, can determine whether an enterprise is infringing fair trade practices; only if such a determination is made can registration be withdrawn. Since, therefore, registration once granted can only be withdrawn with great difficulty, the Committee of Foreign Trade scrutinises with great care every application for registration; despite this, at least fifty new enterprises were registered in the last year.

Question 39

Is Yugoslavia prepared to publish and make available promptly its laws and regulations affecting trade, as well as changes therein?

In Yugoslavia no laws or regulations can become operative unless they are published in official gazettes. Yugoslavia, therefore, already meets all requirements in this regard.

Question 40

To what extent would the system in Yugoslavia require the non-disclosure of information of this character?

The system in Yugoslavia requires the complete disclosure of all such information.

Question 41

Is non-discrimination practised in the administration of the trade laws and regulations? What recourse is available to persons dissatisfied with the application of these laws and regulations?

Trade laws and regulations are applicable on a non-discriminatory basis; no individual enterprise is granted any particular treatment not accorded to all other enterprises and no enterprise is granted any public law privileges. Persons dissatisfied with the application of these laws and regulations have recourse to the administrative and other court procedures.

Question 42

Does the Yugoslav Government regularly publish statistics showing the source, volume and value of all imports into Yugoslavia, and the destination, volume and value of all exports from Yugoslavia? If not, would the Yugoslav Government be prepared to publish such statistics?

Such statistics are already published in detail by the Yugoslav Office of Statistics. Statistics relating to Yugoslavia are also published by the International Monetary Fund.

Question 43

Does Yugoslavia admit agencies of foreign firms on its territory? If so, are there any restrictions or regulations that do not apply to competing Yugoslav enterprises?

There is no private enterprise in Yugoslavia and all business activities must be performed by enterprises incorporated by Yugoslavia's laws. Foreign firms and agencies that wish to operate in Yugoslavia can, however, select a Yugoslav incorporated firm which is registered in the foreign trade register and make an individual contract covering business relations between the two firms. Thus it is possible for foreign firms to find ways of complying fully with Yugoslav laws and there are about fifty Yugoslav foreign trade enterprises which do nothing but represent foreign firms; in fact, about 20 per cent of all personnel engaged in foreign trade in Yugoslavia are employed in such enterprises representing foreign firms. So far as individual businessmen are concerned, there are no restrictions (apart from normal passport and visa formalities) on their visits and stay in Yugoslavia for the purpose of engaging in business deals.

CONSULTATIONS

Question 44

Is Yugoslavia prepared to consult on a reciprocal basis with any signatory country making representations that specified Yugoslavia trade practices are not in conformity with the objectives of the GATT? Would this apply with respect to trade restrictions which could not be justified on balance-of-payments grounds?

Yes.

Question 45

In the event that such consultations between interested signatories are not concluded satisfactorily, would Yugoslavia be prepared to seek the advice of the CONTRACTING PARTIES, participate in discussions with them, and be guided by their advice?

Yugoslavia would be prepared to seek the advice of the CONTRACTING PARTIES, participate in discussions with them and give due consideration to their advice.

EXISTING TRADE RELATIONS AND AGREEMENTS OF YUGOSLAVIA

Question 46

Is the Yugoslav Government a party to any trade agreements under which it is obliged to import particular quantities of goods or of goods valued at particular amounts?

Yugoslavia is a party to some trade agreements and international arrangements through which she is obliged to import either particular quantities or values of goods. Arrangements with Eastern European countries are usually in the form of trade and payments agreements with obligatory lists of import quotas attached. In addition to this, Yugoslavia enters into agreements with the United States covering agricultural surpluses. Yugoslavia was also a party to some international agreements e.g. the International Wheat Agreement and finally is still party to some agreements on war reparation deliveries.

Question 47

To what extent is Yugoslavia prepared at this time to assume on a basis of reciprocity and to give effect (subject to the applicable exceptions provided in Articles XVIII, XX, XXI, XV:9 and part of XI) to the obligations contained in Articles III, IV, V, VII, VIII, IX, XV:4 and XVII of the General Agreement?

The crux of the problem for Yugoslavia is how to get into closer association with the CONTRACTING PARTIES to GATT. The draft declaration exchanged last autumn contains two important procedures by which relations between Yugoslavia and the CONTRACTING PARTIES could develop, i.e. through bilateral consultations with individual contracting parties and through Article XVIII consultations. In the view of the Yugoslav Government it

would not be opportune or wise at this time to unbalance and distort the philosophy and principles of GATT by accepting some articles or bits of articles and rejecting others. All the articles of GATT were inter-related and could not be separated. Yugoslavia's intentions in drawing up a declaration are not to fix the status of Yugoslavia and the CONTRACTING PARTIES by the acceptance of some articles and rejection of others, but to introduce a mechanism which will enable her to accept eventually all the obligations and derive all the benefits of GATT. Without experience of the operation of the Agreement it is too early for the Yugoslav authorities to indicate which articles of GATT they are in a position to accept, and caution should be exercised in attempting to draw up varying obligations between Yugoslavia and individual contracting parties to GATT.

CIRCLES FOR FOREIGN EXCHANGE ALLOCATION

1. Electricity
2. Coal production
3. Petroleum production
4. Petroleum refining and processing
5. Petroleum derivatives
6. Iron and steel industry
7. Aluminium industry
8. Other non-ferrous-metal industries
9. Glass industry
10. Cement industry
11. Asbestos industry
12. Ceramics
13. Other non-metallic minerals
14. Production of railway rolling-stock and equipment
15. Other motor and motor-vehicle industries
16. Metal construction
17. Production (under licence) of tractors, combine-harvesters and mills
18. Production of agricultural machinery
19. Production of equipment for electricity (manufacture)
20. Production of other machinery
21. Production requirements for equipment intended for export
22. Merchant fleet
23. Naval fleet
24. Cable industry
25. Radiophonograph-equipment and electric-light-bulb industry
26. Telephone equipment industry
27. Other electrical industries
28. Production of household equipment
29. Pharmaceutical industry
30. Raw materials for the pharmaceutical industry
31. Soap and cosmetic preparations industry

32. Industrial fats and soap
33. Basic chemical industry
34. Production of artificial fertilizers
35. Paint and varnish industry
36. Plastic materials industry
37. Other chemical industries
38. Construction materials industry
39. Wood and cork industry
40. Cork for refrigeration equipment
41. Other timber industries
42. Cellulose, wood-pulp and paper industry
43. Viscose industry
44. Textile industry
45. Leather and footwear industry
46. Rubber industry
47. Sugar industry
48. Oils industry
49. Milling
50. Fermentation industry
51. Slaughterhouses
52. Fish-canning industry
53. Fruit and vegetable industry
54. Sweets, chocolate, etc., industry
55. Starch industry
56. Olein production
57. Margarine production
58. Other foodstuffs industries
59. Production of paperboard packing materials, containers, etc.
60. Graphic industry
61. Tobacco industry
62. Cinematographic industry
63. Production of consumer goods

64. Agriculture
65. Geological prospection and consolidation
66. Public road transport
67. Replacement parts for motor vehicles, automobiles and tractors (not including tyres)
68. Military industry
69. Technical stores
70. Enterprises concerned with newspaper publishing - wages and other expenditure
71. Yugoslav radio broadcasting
72. Consumer goods