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TRADE RELATIONS WITH YUGOSLAVIA

Basic Document for the Third Review Under the Declaration of 25 May 1959

In accordance with the procedures described in L/1791 the Government of Yugoslavia has supplied certain memoranda to serve as a basis for the Third Review. These are reproduced in Part I of the present document.

Part II contains information supplied by the other signatories to the Declaration on their trade relations with Yugoslavia.

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PART I

MEMORANDA SUBMITTED BY YUGOSLAVIA

A. Recent Developments in the Yugoslav Economy

The economic development of Yugoslavia has been characterized by a marked expansion in the course of the past decade.

The real national income more than doubled from 1953 to 1961, while national per capita income increased by approximately 1.8 times. The most rapid expansion was registered in industry which, during the period under review, expanded by over 2.5 times and accounted, in 1961, for 47 per cent of the gross national product. Agricultural production, in spite of unfavourable weather conditions prevailing in 1960 and 1961, registered considerable progress. Average agricultural output, in the period 1957-1961, exceeded by 48 per cent the output realized in the period 1947-1956.

The rapid economic growth has made it possible to increase employment in non-agricultural activities. This has resulted in an alteration of the pattern of the population. The agricultural population, which accounted for 60 per cent of the total population in 1953, decreased to below 50 per cent in 1961.

The accelerated development of the insufficiently developed Yugoslav economy was due to a considerable extent to intensified investment activities. A large share of the national product - about 30 per cent - has been allocated to investments in fixed assets and working capital.

The general economic expansion resulted, during the period 1953-1961, in an increase of external trade by 2.6 times (exports increased by over three times). The deficit in the balance of payments persisted in spite of a rapid increase of exports during the past years. This was due to the necessity to import capital goods and to use international funds for development as well as the need to import food, especially in the years when agricultural production was adversely affected by unfavourable weather conditions.

During the years 1961 and 1962 the rate of growth of production has slowed down to a certain extent. Owing to unfavourable weather conditions in 1961 and 1962, the volume of agricultural production was inferior to the one attained in 1959. The rate of growth of industrial production, which, during the earlier period, amounted on the average to 14 per cent, declined in 1961, to 7 per cent, falling even below this average during the first months of 1962. Since May 1962 the rate of growth of output has been accelerated and this process is still continuing. It is expected that the growth rate of last year will be attained in the course of 1962.

The slowing down of the rate of growth of industry in 1961 and 1962 is due to a number of factors which are enumerated below.

The favourable development of agriculture exercised both a direct and an indirect impact on industrial production. The growth of branches of industry processing agricultural products has been slowed down. On the other hand, the decrease of income of agricultural producers has acted as a factor limiting the possibilities for the sale of products of some industries and, consequently, limiting output as well.

During 1961 and the beginning of 1962, the economy as a whole, and industrial output in particular, passed through a stage of adjustment to the new, changed conditions in the field of economic activities, and especially to changes effected in regard to the foreign trade and foreign exchange régimes.

In previous years the high rate of growth of the export of industrial products was an important factor promoting a continuous and large increase of output. In the period 1957-1960, exports of industrial products were growing at an average annual rate of approximately 20 per cent. In 1961, however, the increase of exports of industrial products was insignificant (1 per cent). This was due, on the one hand, to the changes in the foreign trade and foreign exchange régimes and, on the other, to the difficulties encountered by Yugoslav exports in foreign markets owing to a certain general slackening of business activity, and to the effects of economic integration in Europe.

Changes in the pattern of demand took place in 1961 as a result of the adoption of a whole series of measures designed to stabilize the internal market. This process has continued in 1962.

During the first half of 1962 measures were undertaken in order to stimulate the production and some sectors of demand. In this regard, the basic orientation towards further necessary adjustments in the fields of production and investment policies has not been abandoned.

Under the impact of these measures there was a revival of industrial production and economic activity in the middle of 1962. Industrial output increased in the third quarter and a further growth is expected in the fourth quarter. The increase of industrial output was also due to a faster growth of exports. In the period January-September 1962, total exports increased by 16 per cent over the level of the same period last year. Exports of industrial products increased by 24 per cent. At the same time, the rate of growth of imports has slowed down. Thus, during the period January-September 1962, the rate of growth of imports was lower by 5 per cent than during the same period last year. This will make it possible to reduce, in 1962, the deficit in the trade balance in comparison with last year and with 1960. In the first half of 1962 a considerable portion of funds on the clearing accounts was used for imports, so that the situation as regards the clearing accounts has been on the whole normalized.

A further positive element is the fact that the ratio between total domestic demand and total material production has gradually been brought into harmony, so that the prices of industrial products have been stable in 1962. The prices of agricultural products have risen as a result of measures taken with a view to adjusting them to the prices of industrial products. The cost of living, which increased at the beginning of the year, has shown a downward trend during the last few months.

B. THE NEW LAW ON FOREIGN TRADE AND RECENT
DEVELOPMENTS IN TRADE

The increase in production during the past year, accompanied by a considerable expansion of foreign trade, has created a series of new problems particularly in view of the changed conditions in the world market. Likewise, due to the fast growth of the economy, conditions have changed in Yugoslavia as well, especially as a result of the possibility given to the producers to sell their products directly in the world market. Consequently, the Decree on Foreign Exchange Control, adopted in 1953, had to be modified and amended. This was done through the adoption, in 1962, of the new Law on the Exchange of Commodities and Services with Foreign Countries (see Annex 2).

The basic intention of the Law is to enable both large producing enterprises, which should come into direct contact with the world market when selling their products, and specialized foreign trade enterprises, financially sufficiently strong to be reliable business partners both at home and abroad, to carry on foreign trade activities (a fixed minimum of means in the business fund is one of the conditions required by the Law). For this reason, the Law fixes the conditions for the registration of enterprises engaged in foreign trade. Various criteria are applied in this respect (sound business practices, technical equipment and know-how). Only enterprises well equipped technically and having the necessary personnel may engage in foreign trade activities.

The Law accepts the principle of free imports and exports and embodies special provisions against unfair competition. In order to give a concrete form to the various criteria and to create equal conditions for all enterprises, the Law provides in certain cases (especially when public procurements are involved) for a system of public bidding as well as for the putting of means of public funds and of those advanced by banks at the disposal of the economy through bids.

Contracts governing the activities of resident representatives are no longer to be approved by State bodies, as has earlier been the case. Contracts are simply transmitted to the Economic Chamber for recording and to the National Bank for foreign exchange control purposes.

Import régime

The foreign trade and foreign exchange régime are based on the principles laid down in the first half of 1961, which have been described for the CONTRACTING PARTIES in L/1494 and Add.2. No essential changes have taken place since. Imports continue to be effected within the framework of five

import categories: free imports; imports effected on the basis of liberal licences; imports on the basis of general licences; imports subject to quotas; and imports effected on the basis of restrictive licences.

Imports of capital equipment may be effected either through overall quotas approved to the Yugoslav Investment Bank for this purpose, or through a system providing for the utilization of depreciation funds of enterprises up to determined percentages fixed for various productive groupings. Foreign exchange may be bought freely within the framework of this percentage.

In accordance with the general policy of a gradual extension of categories of liberal imports, the lists of free imports and imports effected on the basis of liberal licences were expanded in 1961. In view of the balance-of-payments situation and the necessity of certain adjustments imposed by the development of the economy, certain transfers from one type of list to others were effected. These changes are shown in Annex 1.

The share of free imports in the total Yugoslav imports amounted, in 1961, to 17 per cent, and the share of imports effected on the basis of liberal licences to 2.5 per cent. Imports effected on the basis of general licences permitting the importer to make his own choice of the products he wishes to import (within the framework of a determined group of products for which foreign exchange is allocated) should be also included in the more liberal categories of imports. In the course of last year this category of imports was also subject to certain changes in that the procedure of the sale of foreign exchange was simplified with a view to having a better and easier insight into the needs of export industries.

The share of imports effected on the basis of general licences in total Yugoslav imports amounted to about 20 per cent. This means that the three types of more liberal categories accounted for about 40 per cent of total Yugoslav imports.

In addition, banks sell their free foreign exchange directly to the enterprises on the basis of mutual business arrangements, which contributes to a better supply of raw and other materials.

According to estimates for 1962, and on the basis of imports effected in eight months, a comparatively large increase of free imports and of imports effected on the basis of liberal licences is anticipated. The share of the former in the imports effected in the period January-August 1962, amounted to 19 per cent (17 per cent in the entire year 1961), and that of the latter to 4 per cent (as against 2.5 per cent).

Export régime

There have been no essential changes in the export régime. As a rule, exports are free. As already stated in L/1494, as an exception to this rule provision is made for the possibility to fix export quotas for certain products, depending on the needs of the domestic market, or to prescribe which commodities may be exported only on the basis of individual licences. The lists of goods subject to export quotas or subject to licences underwent certain changes in 1962. These changes were made in accordance with the general policy to reduce export restrictions to the minimum required by the needs of the domestic market.

As the CONTRACTING PARTIES have already been notified, in order to enable economic enterprises to adapt themselves to new methods in business operations and to render possible an unhampered flow of exports after the abolition of multiple exchange rates (coefficients), premiums are awarded for the export of certain commodities and, as customary, taxes are refunded for certain goods for which such a tax is paid when they are sold in the domestic market. These premiums (of a monetary nature) have been fixed at the levels of 10, 22 and 32 per cent.

Of the total exports effected in 1961, exports for which premiums were paid were as follows:

premium of 10 per cent paid on about 25 per cent of exports
premium of 22 per cent paid on about 7 per cent of exports
premium of 32 per cent paid on about 11 per cent of exports.

Accordingly, exports for which no premiums were paid (57 per cent) and exports for which the lowest premium rate applied amount to 82 per cent of total exports.

There have been no changes in the system of premiums in 1962, except that the payment of premiums for services has been discontinued.

Foreign exchange régime

Document L/1494 informed the CONTRACTING PARTIES of the foreign exchange reform effected in 1961 and of the introduction of a uniform foreign exchange rate of 750 dinars for one US dollar, whereby the system of multiple rates in force until then was discontinued.

The only exception to this in the course of last year was the tourist rate of exchange of 600 dinars for one US dollar, which applied to all foreigners coming to Yugoslavia, including diplomatic representatives. As had been announced during last year's consultations, this rate of exchange, too,

was discontinued as from 1 January 1962, so that the uniform rate of 750 dinars for one US dollar is now applied in all transactions with foreign countries and foreigners.

Moreover, a certain flexibility has been introduced into the foreign exchange system and the formalities connected with the bringing in and taking out of foreign exchange have been simplified.

Modifications in customs tariff

As the CONTRACTING PARTIES are already aware, the Provisional General Customs Tariff applies to all imports. It came into force on 15 March 1961 and was amended on 27 January 1962; and these amendments came into force on 4 February 1962.

On the basis of the experience gained in the course of the implementation of the customs tariff, certain changes have thus been effected in 1962 in that some originally fixed tariff rates have been increased or reduced. There is no doubt that new experience will call for further adjustments in the Provisional Customs Tariff.

In 1962 the Provisional General Customs Tariff was enlarged to some extent, and further extensions are being prepared on the basis of the experience gained in the course of its implementation. The tariff was supplemented with explanations for its implementation (mainly in accordance with the Brussels Nomenclature), which lacked in the Tariff of 15 March 1961.

The Provisional General Customs Tariff accepts the principle of ad valorem customs duties and the basis for its application is the invoice value of the goods imported plus transportation costs, insurance and transport to the Yugoslav border. However, the changes of 27 January 1962 provide for the possibility to introduce, if needed, special customs tariffs for certain products, but this possibility has not been made use of so far. On 21 May 1962 Yugoslavia ratified the Customs Convention on Values and the Convention on Nomenclature. Yugoslavia has been a member of the Brussels Council for Customs Co-operation since 1960.

As already mentioned, the Provisional General Customs Tariff has two columns, comprising the general rates and the "preferential" rates.

As already notified in document L/1494, paragraph 18, the existing Provisional General Customs Tariff provides for the application of the "preferential" rates to all countries having concluded with Yugoslavia an agreement containing the most-favoured-nation clause or those which apply this clause de facto to imports of goods of Yugoslav origin. For the time being, however, Yugoslavia applies the most-favoured-nation clause to all countries.

The "preferential" rate column contains forty-seven different rates ranging from duty free to the highest rate of 60 per cent, while the general rates range from duty free to the highest rate of 84 per cent. Over 300 tariff items are marked "duty free", in the "preferential" rate column, while there are only seventeen duty free tariff items in the general rate column.

According to data relating to imports, approximately 36 per cent of total imports were imported duty free in 1961, while the major part of imports was subject to the payment of duties ranging from 10 to 40 per cent.

The fixing of final rates requires protracted and detailed work, which is now in progress. Only after this work has been completed will it be possible to introduce a final tariff.

Foreign trade

In 1961 the share of countries Members of GATT in Yugoslav exports amounted to 62 per cent and in Yugoslav imports to 77 per cent. In the first semestre of 1962 it amounted to 75 per cent, in Yugoslav imports, and to 64 per cent in Yugoslav exports. (For more detailed information by countries see Annex 3.)

The share in Yugoslav exports and imports of countries practising bilateral trade was reduced, on the whole, in 1961, while the share of the convertible area increased, in particular as regards Yugoslav imports. The situation in 1961 is as follows:

| | <u>All countries</u> | | <u>GATT countries</u> | |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | <u>Exports</u> <u>1961</u> | <u>Imports</u> <u>1961</u> | <u>Exports</u> <u>1961</u> | <u>Imports</u> <u>1961</u> |
| Payments in convertible currency | 49% | 68% | 74% | 87% |
| Payments by clearing | 51% | 32% | 26% | 13% |

The East European and some developing countries which find this manner of trading most suitable under the present conditions account for the major part of bilateral trade.

Bilateral trade with Members of GATT in 1961 accounted for about 26 per cent of Yugoslav exports and 13 per cent of Yugoslav imports. In the course of 1961 the share of bilateral trade decreased, while the share of the convertible area increased as against the preceding year, both as regards exports and, especially, as regards imports.

C. THE NATURE AND STATUS OF YUGOSLAV ENTERPRISES
ENGAGED IN FOREIGN TRADE

Note by the Yugoslav Delegation

1. In 1959 the CONTRACTING PARTIES were supplied with an exposé of the Yugoslav trading system, entitled "Status of Yugoslav Enterprises" (L/961). A revised version of that exposé was communicated to the CONTRACTING PARTIES in 1961 (L/1494/Add.2). The present paper contains a summary of the latter document with modifications to take account of recent developments, viz, the publication, in July 1962, of a new Law on Exchange of Goods and Services with Foreign Countries and a Law regulating Business Relations on the Market.

Characteristics of the Yugoslav enterprises

2. The Yugoslav economy is not a "centrally planned economy" in the usual sense of the term, and the Yugoslav Government exercises no direct, detailed control over the enterprises which are engaged in production or trade.

A "centrally planned economy" normally operates on the basis of detailed plans for production and distribution and the state can thus exert direct influences on the formation of prices. In the centrally planned economy a detailed control over "business" is normally maintained: the establishment and liquidation of businesses, the control of business assets and the work management machinery of businesses are inevitably in the hands of State organs. the directors of enterprises are government officials, receiving their directives from higher economic organs; the enterprises possess no independent administrative machinery and are not independent economically.

However, under the Yugoslav system such rigid central planning no longer exists and enterprises of the type just described are non-existent. The passage of the Law on the Management of Economic Enterprises in 1950 opened the way to a new economic system, a new method of planning and consequently to a completely new type of enterprise. The main features of this new system are that the management of enterprises is entrusted to the workers' collective of each enterprise; the State authorities' role is confined to the defining of the general lines along which economic activity is to develop together with the rates for the formation and distribution of the national income, general trends in production and trade, the increase in the standard of living to be achieved, and so forth. Enterprises are not charged with specific tasks in matters relating to the type, variety and volume of production or trade.

3. The relevant Yugoslav legislation rests on the principle of the market economy. Provisions of the Law on exchange commodities and services with foreign countries prohibits any restraint of free competition. This Law contains in this respect the basic technical and legal provisions needed to regulate questions posed by the operation

of the machinery of free competition within a socialist economy. Free competition therefore constitutes one of the basic principles of the Yugoslav economy. The aim of the Yugoslav system is, however, to establish a socialist economy which, mutatis mutandis, allows the machinery of a market economy and free competition to operate insofar as this does not affect the basic nature of this economy or jeopardize its fundamental objectives.

4. Yugoslav enterprises are legally and economically independent and capable of being integrated in a system of free competition, but are to some degree subject to State control as in all economic systems. The basic principle is that the State authorities control the legality of the operations of the enterprises by carrying out appropriate inspections (financial, market, labour, health, etc.). Decisions on punishment (mostly fines) are made by tribunals.

The establishment and management of enterprises

5. A Decree on establishment of enterprises and shops governs the establishment of enterprises and shops. An enterprise may be established by a commune or district authority (by other political-territorial units in exceptional cases only), further by an existing enterprise, by co-operatives or social organizations, as well as by groups of citizens. The relationship between the founder and the enterprise which it establishes is determined by contract. During the first stage of establishment the competent authorities appoint the director of the enterprise. He is responsible for taking all necessary action to bring the enterprise into operation. A workers' management body is then elected, regulations adopted and the enterprise handed over to a workers' collective for management. The establishment of the enterprise must be formally recorded in the register of economic organizations and the workers' collective becomes responsible for its management as from that date. The participation of the collective of workers in the management of the enterprise is one of the basic rights guaranteed by the Constitution.

6. The director of the enterprise under the system now in force in Yugoslavia must carry out the decisions of the management committee and workers' council which are organs representing the collective of workers. The workers' council decides upon the purchase or sale of fixed assets (immovables, machines and other means of production). However, the rules of the organization may authorize the Management Committee or the Director to take decisions relating to the purchase or sale of fixed assets of a value not exceeding an amount stipulated in the regulations of each enterprise. It is a basic principle, however, that the Director acts as the independent executive organ of the enterprise which he represents. He may enter into agreement with third parties on behalf of the enterprise. Should he commit the enterprise to any form of engagement without any prior authorization by the organ representing the collective of workers, this engagement would remain valid towards third parties although the Director would be held responsible for any damage ensuing to the enterprise.

7. Enterprises are now granted almost full autonomy in matters relating to the management and utilization of the resources which they receive from the community or acquire during their activity. The right of enterprises to dispose of their assets is governed by federal laws or by the federal social plan and enterprises can only be deprived of their resources as a consequence of a fine. The logical outcome of this autonomy is that enterprises are committed to meet their obligations to the full extent of their assets.

Business funds and income

8. Enterprises derive their income from the sale of their products in the market and from services they render. Their success depends mainly on the results of their activities. The business funds of Yugoslav enterprises are derived from three sources: (i) their own accumulation; (ii) credits obtained from social investment funds and (iii) credits obtained from banks. All funds received by the enterprises in the form of credits must be repaid with interest. In exceptional cases funds for investments may be granted out of social investment funds without repayment when investments for infrastructure, roads, railways, etc., are involved. This is provided for by federal law. All credits are granted, in the first place, to enterprises which offer the best conditions in regard to economic and safety side of such investment. The method applied in granting of credits is as a rule that of bidding. In this way credits are regulatory factors in the economy, as the enterprises are as a rule compelled to use credits. Accordingly, the size of accumulation of a given enterprise is one of the basic factors determining the amount of credit it may use. Where investment credits are involved, the enterprise concerned is under obligation to participate partly with its own funds (self participation). Through repayment of credits from accumulation an enterprise increases its business fund, and increases its independence from banks. The system of repayment of credits compels the enterprises to utilize their available funds rationally and economically.

The Council of Producers in representative bodies of territorial communities may also exercise an influence on enterprises by making recommendations and proposals regarding the internal distribution of funds in a given enterprise, mainly regarding the personal income of workers.

Expenditure and distribution of income

9. Attention can now be directed to the disposal of assets by enterprises. Formerly, general provisions regulated which part of the income of an enterprise was to be distributed as personal income and which was to be set aside for accumulation. Furthermore, special funds, such as the fixed assets, working capital and reserve funds had to be set up within this framework. Such funds could only be expended for specific purposes and had to be replaced continually. This system limited to a considerable extent the independent action of enterprises both with respect to the part of earnings left at their disposal after fulfillment of obligations towards the community (the payment of taxes and

contributions), and with respect to the financing of business operations from accumulated means. These limitations were essential under the conditions prevailing at that time in order to ensure the realization of social plan. These restrictions have now largely been abolished.

10. The enterprise is now in a position, once it has paid its taxes and contributions, to dispose freely of the remaining part of its earnings. After the deduction of a minimum amount required by law to be placed in a reserve fund, the rest can be allocated between workers' and employees' net income on the one hand and various funds on the other. In taking decisions concerning the allocation of earnings to wages and accumulation, enterprises are primarily guided by their own interests like any independent businessman. Being placed in a position where they can obtain funds for production only by means of accumulation from earnings, enterprises show a marked tendency to understand the need for investing part of their earnings in their business funds. (Enterprises pay interests on their business funds.) Whereas there are cases where distribution is not effected according to sound business principles, such cases are neither frequent nor particularly important. They do not influence to any significant extent the proportionate allocation of resources to the various sectors of the economy in accordance with principles laid down in the general social plan.

Liquidation of enterprises

11. An enterprise might cease to exist in three cases:

(i) If proceedings for a compulsory liquidation are instituted. This is similar, from the legal and technical point of view, to the system of bankruptcy under the legislation of capitalist countries.

(ii) If the Peoples' Committee decides to suspend an enterprise's activities because necessary economic conditions no longer exist. It is considered that economic conditions exist if the enterprise pays the standing contributions to the social community and earns enough to pay the guaranteed basic wage of its workers and employees. In such case the Peoples' Committee could not decide to suspend the activities of the enterprise.

(iii) The enterprise's activities may also be suspended by decision of the Peoples' Committee but only in cases explicitly provided for under specific regulations.

Enterprises engaged in foreign trade

12. Enterprises engaged in foreign trade are subject to the provisions of the Law on the exchange of Commodities and Services with foreign countries. Transactions considered to be connected with foreign trade are those relating to the import and export of goods, the representation of foreign firms, international transport of goods and passengers (by rail, road, inland waterway, sea and air), international consignment and forwarding, international trade intermediary,

contracted control of quality and quantity of goods, the execution of investment works abroad, tourist arrangements with other countries, and the execution of other transactions by enterprises engaged in the promotion of trade with foreign countries.

13. In accordance with the above Law all enterprises entered in the Register of Economic Organisations at the District Economic Court as foreign trade enterprises may engage in transactions connected with such trade.

An enterprise must fulfil certain general conditions in order to be entered as foreign trade enterprise in the Register of Economic Organisations of the District Economic Court:

- (a) to carry on orderly business;
- (b) to dispose with the required minimum of funds;
- (c) to possess the necessary technical equipment;
- (d) to dispose with personnel possessing the necessary skill in foreign trade;
- (e) to comply with specific conditions insofar as these are prescribed by the said Law. Thus, for instance, production enterprises must dispose with certain minimum volume of production intended for exports.

14. Trade enterprises wishing to be registered for certain specific foreign trade transactions must obtain prior approval of the Secretariat of State for Foreign Trade, while production enterprises may obtain such approval from the competent administrative authority of the respective Republic. Such an approval is usually granted when an enterprise fulfils general conditions for conducting an orderly and sound business; in such cases account is taken of the volume and structure of foreign trade exchange.

15. The regulations mentioned above demonstrate that there are no State monopolies, de jure or de facto, in the field of foreign trade. Any enterprise which meets the specified conditions is entitled to apply at the competent District Economic Court for inclusion in the foreign trade register and, thereafter, to engage in activities connected with foreign trade. It can only be struck off that register if it ceases to fulfil the conditions prescribed for inclusion in the register. The competent administrative authority may prohibit an enterprise from engaging in foreign trade in the cases, explicitly provided for by the Law (repeated infringement of foreign trade regulations proved by courts etc.). Furthermore, the economic system encourages competition between foreign trade enterprises and seeks to ensure that - in practice as well as in theory - no foreign trade monopolies exist. Enterprises carrying out foreign trade are, however, forbidden to engage in unfair competition. The system as a whole tends to ensure the necessary conditions for the existence and unhampered functioning of the mechanism of competition.

The position of foreign enterprises in Yugoslavia

16. One question which may be of particular interest to contracting parties to the General Agreement is the position of foreign enterprises and firms in Yugoslavia - in other words, the extent to which they can operate directly and permanently in Yugoslav territory and enter into competition on the Yugoslav market.

17. It must be pointed out that the Yugoslav social system does not recognize the right of private ownership on means of production and trade. Because of this constitutional principle, there are no private production or trade enterprises in Yugoslavia. However, the Yugoslav social and economic system makes it possible for foreign enterprises to enter the Yugoslav market and compete for business in the same way as in any other western market. In this respect they are treated no less favourably than Yugoslav enterprises.

18. Foreign enterprises and firms are free to conclude business contracts with any Yugoslav enterprise they choose, either directly or through their representatives in Yugoslavia or abroad. They have full access to competent Yugoslav tribunals in order to ensure their rights, in case of need. From time to time they may send their representatives to Yugoslavia and may participate in Yugoslav trade fairs, advertise in Yugoslav newspapers, etc. Therefore, the fact that foreign enterprises are not allowed to have seats or their own permanent representatives in Yugoslavia does not prevent their having free access to the Yugoslav market.

19. Foreign firms may, however, be represented by Yugoslav enterprises. The Law on exchange of Commodities and Services with foreign countries makes provisions for the following types of representation:

- (a) dealing in the name and for the account of a foreign firm in matters preliminary to the conclusion of a contract for the sale or purchase of goods or of a contract for services, establishment of contact between a foreign firm and a Yugoslav enterprise, as well as matters relating to the execution of such contract agency;
- (b) conclusion of contracts for the purchase or sale of goods or services in the name and for the account of a foreign firm (trade representation);
- (c) dealing in trade representation in keeping consignment of goods and services for the maintenance of imported equipment and durable consumer goods, as well as rendering of technical and other services (trade and technical representation).

20. In view of the foregoing, a foreign enterprise could not operate in Yugoslav territory through the intermediary of its own judicial entity. It should not be concluded, however, that such an enterprise cannot compete, together with the other foreign firms, on the Yugoslav market on the same footing and without any discrimination. Foreign enterprises may at any time enter into a representation contract or establish co-operation with the Yugoslav enterprises, which can compete with one another. The foreign firm

which is in a position to offer the best conditions on the Yugoslav market can - either directly or in co-operation with a Yugoslav enterprise - be the best competitor, since, through the competition, Yugoslav enterprises wish to take the fullest advantage of the conditions prevailing on the market. Finally, foreign firms may contract business in Yugoslavia through their representatives sent from time to time to Yugoslavia for such purpose.

Conclusion

21. The present statement deals mainly with the status of the Yugoslav enterprises and the extent to which, within that framework, the basic principles of GATT could effectively be implemented. It should, however, be borne in mind that the status of the enterprise is only one factor among the general problems which are of interest to contracting parties.

22. The present Yugoslav economic system embodies a new conception of the socialist economy and one, it goes without saying, which will continue to develop and improve. This system is based on a principle of duality which differentiates between economic institutions (enterprises) and administrative institutions and political and territorial authorities both from the legal and from the organizational and administrative points of view. By drawing a distinction between the activities of State organs and those of independent enterprises free competition can exist within a planned economy.

PART II

TRADE RELATIONS BETWEEN YUGOSLAVIA AND THE OTHER
SIGNATORIES TO THE DECLARATION

1. To date thirty-six governments, apart from Yugoslavia, have accepted the Declaration of 25 May 1959. Two of these (Tanganyika and Sierra Leone) have been added to the list since the last review consequent upon their becoming contracting parties pursuant to the provisions of Article XXVI:5(c) of the General Agreement. The thirty-seven parties to the Declaration are:

| | | |
|----------------|-----------------|---|
| Australia | Greece | Peru |
| Austria | India | Federation of Rhodesia and Nyasaland |
| Belgium | Indonesia | Sierra Leone |
| Brazil | Israel | Sweden |
| Burma | Italy | Switzerland |
| Canada | Japan | Tanganyika |
| Ceylon | Luxemburg | Turkey |
| Chile | Malaya | United Kingdom |
| Czechoslovakia | The Netherlands | United States |
| Denmark | New Zealand | Uruguay |
| Finland | Nigeria | Yugoslavia |
| France | Norway | |
| Ghana | Pakistan | |

2. In connexion with the 1961 review under the Declaration a number of the signatories supplied information on the tariff and import control régimes which they apply to imports from Yugoslavia and generally on their trade relations with that country. That information was set out in L/1594. In response to the request made in L/1791, certain signatories have supplied information, either for the first time or in modification of the earlier information. The present paper sets out all such information so far received.

Australia

Australia accords most-favoured-nation tariff and import licensing treatment to Yugoslavia on a de facto basis. In regard to other aspects of its trade relations with Yugoslavia, it is necessary for Australia to take into account the fact that Yugoslavia maintains a system of State trade. Australia therefore retains discretion as to the criteria to be applied in connexion with the administration of anti-dumping and countervailing measures.

Austria

Austria does not at present apply the provisions of the General Agreement to Yugoslavia. However, with regard to a considerable number of tariff items which are of interest to Yugoslavia, and in order to facilitate imports from Yugoslavia, Austria applies duties not higher than those which are bound to contracting parties under the General Agreement. As far as quantitative restrictions are concerned, a list of items is in force, for which import licences are granted automatically; another list contains import quotas, to the extent of which the competent Austrian authorities are granting import licences upon application. The tariff measures described above and the two lists just mentioned form part of the Trade Agreement between Austria and Yugoslavia which is currently in force.

As a result of trade negotiations between Austria and Yugoslavia in January 1962 the list of items for which import licences are granted automatically by the Austrian authorities for goods of Yugoslav origin has been extended. The list of items for which the GATT duties are applied de facto to Yugoslav exports has also been extended.

Belgium

Belgium has extended to Yugoslavia the régime which it applies to member countries of the OEEC. In the tariff field it applies to Yugoslavia the most-favoured-nation tariff (the general tariff).

Negotiations with a view to the conclusion of a Veterinary Convention have resulted in the conclusion of an agreement which was initialled in Brussels on 19 November 1960.

Brazil

In its trade relations Brazil does not apply any special treatment to Yugoslavia, and the ordinary regulations governing Brazil's foreign trade are applicable.

Canada

Canada grants Yugoslavia full most-favoured-nation tariff treatment and does not discriminate with respect to Yugoslavia in the application of other commercial policy measures. Canadian commercial relations with Yugoslavia are governed by the Trade Agreements Act of 11 June 1928 which accepted Article 30 of the Treaty of Commerce and Navigation of 12 May 1927, between the United Kingdom and the Kingdom of Serbia, Croatia and Slovenia. It came into force on 9 August 1928, and provides for exchange of MFN treatment between

Canada and, in effect, Yugoslavia. In addition, under Order-in-Council PC5270 of 23 December 1947, Canada extended to the Kingdom of Serbia, Croatia and Slovenia the reductions of duties granted on certain imported goods resulting from original negotiations carried out when GATT was established. All subsequent tariff concessions negotiated at Annecy, Torquay, etc., and modifications thereof, were also extended to Yugoslavia by virtue of Orders-in-Council authorizing these concessions.

Czechoslovakia

Czechoslovakia is applying the provisions of the Declaration and is granting Yugoslavia most-favoured-nation treatment in regard to tariffs and all regulations concerning imports.

Denmark

The general provisions and rates of duty contained in the Danish Tariff Act of 28 January 1959 as amended, are applicable to imports into Denmark from Yugoslavia. It should be observed that the Danish tariff is a single column tariff, except rates stemming from the EFTA Convention.

Trade between Denmark and Yugoslavia is based upon the Danish-Yugoslav Trade Agreement of 16 December 1961, under which Denmark grants free import treatment to imports from Yugoslavia of all products with the exception of some secondary items (notably textiles) enumerated in an annex to the Agreement. For these excepted items licences are granted up to amounts agreed upon. Exports to Yugoslavia are subject to licensing. Licences, however, are granted automatically with the exception of a few items which are also subject to licensing when exported to other countries signatories to the General Agreement on Tariffs and Trade.

Finland

The Finnish importation system has been modified as of 1 July 1961. The automatic licensing arrangement has been abolished. Imports into Finland are now divided in three categories: A. multilateral import treatment: B. import treatment from bilateral countries: C. import treatment from other countries. Imports to Finland from Yugoslavia under group B are without exception subject to licensing as fixed in the quotas of the valid commodity lists agreed upon between the two countries. The validity of the fifth additional protocol (to the Finno-Yugoslav Trade Agreement of 1948) of 8 June 1957, which includes indicative commodity lists, has recently been extended to cover the period from 1 July 1962 to 30 June 1963.

France

Yugoslav goods entering French customs territory are treated in accordance with the most-favoured-nation clause, pursuant to the commerce and navigation agreement concluded between France and Yugoslavia on 13 October 1925.

Trade is regulated by a bilateral agreement, renewable from year to year. Under the agreement of 28 December 1960, the trade liberalization régime applied to GATT countries other than members of the OEEC or of the dollar area was extended to Yugoslavia.

Financial relations between the two countries are governed by a payments agreement, also dated 28 December 1960. A system of convertibility has been in effect since 16 January 1961.

Ghana

Imports from Yugoslavia are covered by Ghana Quota Licence which sets no limit to quantity or value. In effect, an importer in possession of such a licence can, until further notice, import from Yugoslavia all goods except the following: sugar, petroleum products, including greases, gold, perfumery, cosmetics, explosives, arms and ammunition, yarns, silk fabrics, silk coverlets, handkerchiefs or headties of silk of a size exceeding one third of a square yard, cinematographic films exposed, 16 mm. and over, whether developed or not, including motion-picture films on lease. There are at present no export restrictions on Ghana's trade with Yugoslavia.¹

Greece

Greece applies to Yugoslavia the same customs tariff and the same formalities relating to imports and exports as to all other countries.

India

India's trade with Yugoslavia is regulated on the basis of a trade and payments agreement with that country. The current agreement was signed on 22 January 1960 and will remain valid for a period of three years.

India is not giving any special tariff treatment or advantages to Yugoslav trade. Imports from Yugoslavia are subject to the import control policy of the Government of India as in force from time to time and are charged to duty at the standard rate of the Indian customs tariff.

¹This statement was sent in September 1961. It may require modification to take account of subsequent changes in the import control system of Ghana.

Israel

A non-discriminatory most-favoured-nation treatment in respect of customs duties and commercial policy measures is applied by Israel in its trade relations with the Federal Republic of Yugoslavia.

Italy

Italy applies to Yugoslav products the same customs duties it applies to all countries enjoying most-favoured-nation treatment. As regards import restrictions, Italy applies to Yugoslavia a particularly liberal régime. In effect, an important range of products is liberalized; a limited number of items are admitted within the limit of quotas which are of ample size; only a small number of products are subject to licensing control.

Japan

There exists a Treaty on Commerce and Navigation between Japan and Yugoslavia signed on 28 February 1959. According to the provisions of the Treaty, the two countries accord to each other most-favoured-nation treatment in all matters concerning customs tariffs and other commercial policy measures. Japan, therefore, exercises no discriminatory treatment against Yugoslavia, applying MFN rates to imports from it. Japan's liberalization list is also applicable to Yugoslavia.

Despite these measures, Yugoslavia's exports to Japan are at an extremely low level except for 1960, which is due to the fact that there are few products to be continuously imported from Yugoslavia.

Federation of Malaya

Customs tariff: the Federation of Malaya accords to imports from Yugoslavia the same tariff treatment as that accorded to the other contracting parties except where Commonwealth preferences are applicable.

Other policy measures: all imports from Yugoslavia are subject to the open general licences and are therefore allowed to come in without the necessity for applying for a licence, except for a few items which are subject to licences for all sources for health and security reasons.

Kingdom of the Netherlands

In the field of tariffs the Netherlands apply to Yugoslavia the most-favoured-nation clause and accord in the field of quantitative restrictions non-discriminatory treatment.

New Zealand

On 9 September 1960 New Zealand concluded an agreement with the Government of Yugoslavia. The agreement provides for the exchange of most-favoured-nation treatment along the lines provided in the General Agreement in connexion with importation, customs duties and charges, quantitative restrictions, exchange action and other matters relating to the import of goods.

Norway

Yugoslav exports to Norway are treated on a most-favoured-nation basis. As to quantitative import restrictions, Yugoslavia is treated in the same way as OECD countries. As from 1 July 1962, Yugoslavia has been formally included in the export free list area.

Pakistan

Pakistan has a current trade agreement with Yugoslavia which was signed on 18 April 1960, replacing the earlier agreement between the two countries which was signed on 15 May 1954. The current agreement continues the most-favoured-nation treatment provisions of the earlier agreement in respect of customs duty etc. on imports and exports between the two countries. Furthermore, the current agreement extends the most-favoured-nation treatment to the ships belonging to either country. The list of goods for import and export between the two countries, which is only an indicative list, has also been brought up to date. Goods not mentioned in the list may also be imported or exported, subject to the rules and regulations in force in either country. In order to assist further development of trade between the two countries, provision has been made to consider specific proposals for exchange of goods on bilateral or triangular basis. Provision also exists for periodic mutual consultation and review of the working of the agreement.

The agreement was initially valid till 17 April 1961, but continues to be in force by virtue of the automatic extension clause.

No problems or obstacles have arisen in our trade with Yugoslavia.¹

Federation of Rhodesia and Nyasaland

All goods originating in Yugoslavia require an import licence. On 12 January 1962, individual import licensing treatment accorded by the Federation of Rhodesia and Nyasaland to goods of Yugoslavian origin was extensively liberalized.

¹Certain trade statistics are also supplied, which are on file at this secretariat.

Applications for import licences are now normally granted immediately for all goods of Yugoslavian origin, except for some fifty items for which applications will be considered on a selective basis. The fifty restricted items fall within the range of the Federation's domestic industrial production, but licences will generally be granted for certain of these items provided that they are imported solely for industrial purposes.

Most-favoured-nation Tariffs continue to be applied to goods of Yugoslavian origin.

Sierra Leone

Yugoslavia is subject to the general Customs Tariff applicable to all countries outside the Commonwealth. The difference between the general tariff and the preferential tariff applicable to Commonwealth countries varies. In the case of articles not separately enumerated the general tariff is $32\frac{1}{2}$ per cent and the preferential tariff 25 per cent. With regard to quantitative restrictions on imports these are not now applied to Yugoslavia whose imports receive the same treatment as Western European countries, that is to say that trade is 100 per cent liberalized.

Sweden

Sweden applies the same customs tariffs in its trade with Yugoslavia as in its trade with any other contracting party which is not a member of the European Free Trade Association. As to quantitative import restrictions, Yugoslavia is treated in the same way as the former OEEC countries.

Sweden applies the same customs tariffs in its trade with Yugoslavia as in its trade with any other contracting party which is not a member of EFTA. Yugoslavia is thus not excluded from the Swedish free list.

Switzerland

The customs duties and other charges levied on goods of Yugoslav origin, when imported into Switzerland, are identical to those applied to goods of any other origin with the exception of goods originating in countries members of the European Free Trade Association. The regulations relating to the import and export of goods applied in a non-discriminatory manner to goods of Yugoslav origin, with the exception of the special treatment accorded to goods originating in countries members of the European Free Trade Association.

Turkey¹

Trade between Yugoslavia and Turkey is carried out within bilateral agreements concluded or revised each year. The latest bilateral Trade Agreement between Turkey and Yugoslavia envisages an export of Turkish goods to Yugoslavia at an amount approximately US\$7.5 million and a corresponding amount of Yugoslav goods to be imported by Turkey. Specifications and amounts for each commodity to be exported or imported are shown on the lists attached to the agreement. In the agreement it is also stipulated that 50 per cent of the value of each shipment imported by each country should be deposited to a free exchange account which has to be liquidated periodically while the other 50 per cent is taken to a clearing account.

Trade between Turkey and Yugoslavia is, on the other hand, regulated through the current Turkish Foreign Trade Régime. Neither the aforementioned Foreign Trade Régime, nor its application in practice permit any discrimination for the country involved. Yugoslavia enjoys the "most-favoured-nation" clause and benefits from the customs duty concessions applicable to all such countries.

United Kingdom

The United Kingdom extends most-favoured-nation treatment to Yugoslavia on tariffs. With regard to quotas, the United Kingdom extends "relaxation area" treatment as defined in L/1769, page 81.

United States

The United States accords MFN treatment to imports from Yugoslavia. United States customs tariffs and other commercial policy measures are being applied in trade with Yugoslavia in a manner identical to that in which they are applied to GATT contracting parties entitled to most-favoured-nation treatment. There are no special tariff or other general commercial policy measures applicable to imports from Yugoslavia into the United States.

¹The statement reproduced here was supplied by the Turkish authorities in 1961. By letter dated 29 August 1962, the Turkish delegation has supplied certain statistics on trade between Turkey and Yugoslavia together with the indication that the principal items traded between the two countries are: Turkish exports - dried fruits, fish, citrus fruits, cotton; Turkish imports - chemicals, machinery, hand tools, other manufactured or semi-manufactured goods.

ANNEX 1

CHANGES IN IMPORT AND EXPORT LISTS DURING
THE PERIOD 1961-62

- (a) items added to the list
- (b) items deleted from the list

List of goods which may be imported duty free

- (a) - To the item "wool" are added the words "and noils".
- To the item "horsehair" are added the words "and crinol".
- Tops
- Double emulsioned film
- Cedar boards for pencils
- (b) - Autocord (webbed sheets for tyres)

List of goods imported under liberalized licence

- (a) - Palm oil
- Autocord
- Crude petroleum
- Raw and cured tobacco

List of goods subject to import quotas

- (a) - Ball bearings
- Ferro-alloys
- Casein, nytro and aniline dyes for leather; direct regular and direct durable dyes, regular acid dyes and acid chrome dyes; dyes for semi-wool; sulphur dyes.
- Liquid chloride
- Hydrochloric acid
- Trichlorethylene
- Kalium iodide
- Colophony (rosin)
- (b) - Copper (other than electrolytic)
- Salt
- Galvanized kitchenware
- Chinaware

List of goods the importation of which is subject to a restrictive licence

- (a) - To item "sewing machines" the words "and sewing machine heads" should be added.
- To item "refrigerating material" the words "and air-conditioning installations" should be added.
 - The item "motor vehicles of all kinds including motor-bicycles" is extended with two additional items: "Chassis for motorcars, lorries and buses" and "internal combustion engines".
 - Steel ropes
 - Chains for ships
 - Spark plugs
 - Adding machines
 - Cash registers
 - Various kinds of tools
 - Cement
 - Clinker
 - Flat glass
 - Salt
 - Building machines
 - Equipment and machines for mills and milling industries
 - Drilling machines
 - Electric generators
 - Transformers
 - All kinds of accumulators, except photo accumulators
 - Switch boards - fully equipped
 - Control boards - fully equipped
 - Control sections - fully equipped
 - Condensers 000 Fi
 - Machines for leather and rubber industry
- (b) - Crude oil
- Food products, except coffee and other food items entered in the list of goods which may be imported freely.

List of goods subject to export quotas

- (a) - Beans
- Live pigs
- Pork
- Foals and foal meat

- (b) - Propane-butane gas
- Rolled and drawn copper products and copper alloys
- Plate glass
- Sanitary joints and installations
- Leather footwear
- Sole leather
- Egg products
- Livestock

List of goods the export of which is subject to the issue of a licence

- (a) - Oats
- Hemp seed
- Unrendered pork fat

- (b) - Sulphuric acid
- Ricinus grains and cakes
- Foals and foal meat

ANNEX 2

The New Decree on the Provisional General Customs Tariff

The new Decree on the Provisional General Customs Tariff in Yugoslavia entered into force in the middle of January 1962. This Decree annuls the former Decree on the Provisional General Customs Tariff of 22 February 1961, which was submitted to GATT, in the course of 1961, together with the Provisional General Customs Tariff.

The following is a provisional translation of the Decree. The secretariat of GATT has also been supplied with a list of those items of the Provisional General Customs Tariff within which some modifications had been adopted in the meantime. The modifications are concerned primarily with a further elaboration of original items and are the result of the practical experience gained so far¹ in the course of the implementation of the Provisional General Customs Tariff.

In virtue of Article 170, paragraph 1 of the Customs Act ("Official Gazette FPRY", No. 24/59), the Federal Executive Council issues the

DECREE
on the Provisional General Customs Tariff

Article 1

Until passing of the Customs Tariff Act (Article 36 of the Customs Act), custom duties on goods imported into Yugoslavia shall be paid at rates fixed in the Provisional General Customs Tariff printed as an Annex to this Decree and constituting its integral part.

Article 2

Customs duties are determined according to the value of goods, if the Provisional General Customs Tariff has not provided for duties to be paid in a fixed amount by unit of measure of products.

Article 3

The customs duty base, to which rates from the Provisional General Customs Tariff are applicable, is the invoice value of goods imported, increased by the amount of costs of transport, insurance and forwarding up to the Yugoslav border.

¹This list of modifications, together with the General Tariff itself, is kept on file at the secretariat and can be consulted there by interested contracting parties.

The Federal State Secretariat of Finance may, on proposal from the Committee of Foreign Trade, determine to take as customs duty base for imports of specified goods the actual prices at which the respective products have been purchased in foreign markets.

The Federal State Secretariat of Finance shall issue detailed regulations regarding the determining of the customs duty base from paragraph 1 of this article.

Article 4

The customs duty for the usual packing shall be paid at the rate prescribed for goods contained therein.

For packings of non-usual material, customs duty shall be paid separately at the rate provided therefore in the tariff.

Article 5

All goods imported into Yugoslavia shall be subject to payment of a special duty for customs recording amounting to 1 per cent of the customs duty base increased by the amount of the imposed customs duty.

The duty from paragraph 1 of this article shall not be paid on goods which, under Article 35 of the Customs Act, Article 9 of the Yugoslav Red Cross Act, are duty-free ("Official Gazette FPRY", No. 59/46) and Article 13 and 17 of this Decree.

Article 6

Notwithstanding the provisions of Article 3, paragraph 1 of this Decree, the customs duty base will be as follows:

1. for private cars and motor cycles imported by citizens - the value fixed under regulations issued by the Federal State Secretariat of Finance, in accord with the Federal Executive Council Secretariat of Transport and Communications;
2. for goods imported or brought in by citizens - the value of goods as listed in the Schedule of Values, issued by the Federal State Secretariat of Commerce, in accord with the Federal State Secretariat of Finance.

The value of goods imported or brought in by citizens, not included in the Schedule mentioned in paragraph 1, item (2) of this Article, shall be determined by estimate by the appropriate custom house.

The value of used goods shall be decreased by the wear and tear rate.

The procedure of estimate of value for goods provided in paragraph 2 of this Article and for goods provided in Article 8 of this Decree, as well as the procedure for determining the rate of wear and tear provided in paragraph 3 of this Article, shall be prescribed by the Administration of Customs, in accord with the Federal State Secretariat of Finance.

Article 7

Where the customs duty, for goods imported by economic organizations without payment of the equivalent, is determined ad valorem, the duty base shall be fixed on the basis of the foreign market value of goods in the country of the supplier.

Article 8

The customs duty base for machines, apparatus and installations imported by domestic economic organizations carrying out works abroad, and purchased abroad by such economic organizations, and if the machines, apparatus and installations have been imported after being used in works abroad, shall be the value determined by the appropriated customs house by estimate, in accordance with the procedure as provided under Article 6 of this Decree.

Article 9

Conversion into dinars of the value of goods expressed in a foreign currency, for the purpose of determining of the base for application of the tariff rate, shall be made at the settlement rate which was in force at the date of passing of goods across the customs line.

Article 10

The amount of duties which is paid on goods imported into Yugoslavia shall be determined by the application of the customs rate in force at the date of passing of the respective goods across the customs line.

For goods imported on a provisional basis application shall be made of the customs rate which was in force at the date of filing the declaration for final clearing.

Article 11

For imported goods which previously had been exported provisionally for the purpose of manufacturing, finishing, treating or repairing, the duty shall be paid on the invoice value of the manufacture, finishing, treatment or repair abroad, including the material used to that effect, at the rate provided in the Provisional General Customs Tariff for goods which are imported as manufactured, finished, treated or repaired.

Article 12

On exportation of provisionally imported goods which after use in the country are returned abroad in modified conditions, customs duty shall be paid on the difference between the value of goods at the date of importation and the value of such goods at the date of their exportation, at the rate in force at the date of exportation of goods.

Article 13

Customs duty shall not be levied:

1. on objects serving for personal use of travellers on their travel (personal effects) regardless of whether the traveller takes them with him or entrusts them for transport to the carrier;
2. on objects that Yugoslav nationals and foreign nationals residing in Yugoslavia bring in at their return from abroad, up to an aggregate value of 30,000 dinars.

The privilege from this item may be used once in a year only. Persons returning from abroad after a private or touristic travel may take benefit of this privilege only if their stay abroad lasted five days at least;

3. on objects of their household, except on means of transport, imported or brought in by Yugoslav nationals who were transferred for service abroad for a period of one year at least, provided they import or bring in such objects within six months after their return home;
4. on inherited objects that Yugoslav nationals bring in or receive from abroad;
5. on objects of household, clothing, economic inventory and on means of transport imported by Yugoslav and foreign nationals coming into Yugoslavia for permanent stay, provided they import such objects within six months after their coming to Yugoslavia.

The time-limit provided in this item may be extended by the Administration of Customs if this is required by special circumstances of their moving to Yugoslavia.

6. On private cars and motor cycles imported by disabled persons whose disability is of such a nature that they need absolutely a private car or motor cycle for normal movement and doing of business.

Which of the disabled persons are entitled to this privilege shall be determined by the Federal Executive Council's Secretariat of Social Policy and Communal Affairs, in accord with the Federal State Secretariat of Finance.

The above privilege may be used once in five years;

7. on objects brought in by economic emigrants when visiting their relatives in Yugoslavia - up to an aggregate value of 200,000 dinars in a year;
8. on advertising materials and samples of insignificant value that government organs, economic organizations and independent institutions receive gratis from abroad;
9. on goods that institutions or social organizations receive gratis from abroad for scientific, educational, health or social purposes;
10. on decorations, exhibition medals, commemorative badges, sport and other trophies and similar objects, received abroad by Yugoslav nationals;
11. on own original works of Yugoslav sculptors, painters, writers and composers they bring in from abroad;
12. on means of instruction brought in for their needs by Yugoslav pupils and students pursuing their studies abroad or foreign pupils and students studying in Yugoslavia;
13. on orthopaedic and other aids brought in from abroad by disabled persons for their personal use;
14. on fuel and lubricants in motor vehicle reservoirs which are directly connected with the motor;
15. on farm and animal husbandry products obtained on lands of Yugoslav nationals located in the neighbourly border belt and on the young and other products obtained from cattle driven for field work, pasture or hibernation;
16. on coffins with corpses, urns with ashes of incinerated corpses and wreaths accompanying coffins and urns;
17. on private cars imported within six months after their return from abroad by Yugoslav nationals who were transferred for service abroad or received a scholarship abroad, provided they spent from 15 October 1959 to 15 March 1961 abroad more than a year without interruption;
18. on goods of Yugoslav origin returning unsold from abroad, provided such goods had not benefited from premiums or exemption from payment of the portion of social revenues for exported goods;
19. on goods imported into the country as a substitute of goods which as inadequate are returned abroad or are put at the disposal of the customs house;
20. on any objects taken from Yugoslavia during the war which under international agreements on restitutions are returned to the country.

Article 14

If the beneficiary of the privilege provided in Article 13, items 5 and 6 of this Decree alienates, makes over to another person for use or uses himself for providing transport service, before expiration of the five-year period running from the date of importation, the private car or motor cycle the import of which was privileged, the beneficiary is under duty to pay previously the customs duty and other import charges from which he had been exempted.

The duty on the imported private car or motor cycle shall be calculated on the base determined at the date of importation and in the manner as provided by regulations in force at the time of filing the declaration for final clearing, it being understood that application shall find the rate in force at the date of final clearing. The amount of duty so determined shall be decreased by one fifth for each year elapsed from the date of importation.

The provisions of paragraphs 1 and 2 this article shall be applied also in case of alienation, making over to another person for use or use for providing transport services before expiration of the five-year period of the private car or motor cycle at the importation of which advantage was taken of the exemption of payment of price difference or of customs duty under previous regulations, it being understood that the duty at rates provided in the Provisional General Custom Tariff shall be calculated on the base determined at the date of importation.

Article 15

The Federal State Secretariat of Finance, in agreement with the Committee of Foreign Trade and the appropriate administrative organ and after approval by the Federal Executive Council, is authorized to exempt from payment of the customs duty, respectively to reduce the custom rate for the importation of a specified quantity of those goods, for which the Provisional General Custom Tariff provides a customs quota.

The quantity of goods to be imported under the conditions stated in paragraph 1 of this Article, shall be determined by the Committee of Foreign Trade, in accord with the Federal State Secretariat of Finance.

Article 16

The Federal State Secretariat of Finance may, on proposal of the Committee of Foreign Trade and of the Federal State Secretariat of Commerce, authorize the importation of goods without payment of duties, provided that the importer previously or at latest within three months from the date of importation, exports abroad goods to the same quantity and falling under the same tariff item.

The Federal State Secretariat of Finance, on proposal of the Committee of Foreign Trade, may, when circumstances warrant so, extend the time provided in paragraph 1 of this Article, for another three months.

If export of goods shall not be realized at all within the time provided in paragraph 1 or within the extended time provided in paragraph 2 of this Article, the appropriate customs house shall collect the duty on the full value of imported goods.

If the value of imported goods from paragraph 1 of this Article is higher than the value of exported goods, customs duty shall be paid on the difference.

Article 17

No duty shall be paid on elements and parts of armaments and military equipment, nor on the equipment and parts for manufacture of armaments, imported for national defence requirements and those of the People's Militia. The decision thereon shall be given by the Federal State Secretariat of Finance, on proposal of the State Secretariat of National Defence, respectively of the Federal State Secretariat of the Interior, with the previous advice of the Federal Executive Council Secretariat of Industry.

Article 18

The Federal State Secretariat of Finance shall set up a technical Commission of Customs which shall:

1. give its opinion to the Federal State Secretariat of Finance regarding the application of the Provisional General Customs Tariff in several cases in dispute;
2. observe and examine the application of the Provisional General Customs Tariff and give the Federal State Secretariat of Finance its advice on the submitting of proposals for amendments of the tariff.

Detailed regulations on the composition, terms of reference and activity of the Commission of Customs shall be issued by the Federal State Secretariat of Finance.

Article 19

The provisions of this Decree shall not find application to the payment of customs duties on imported goods, if the payment of duties has been otherwise regulated by international agreements and arrangements, ratified and approved by the Federal Executive Council.

Article 20

The Provisional General Customs Tariff contains preferential rates and general rates.

The preferential rates shall be applied to goods originating from all those countries with which Yugoslavia has signed agreements providing for the most-favoured-nation clause or which make application of such clause to goods of Yugoslav origin.

Goods originating from other countries are subject to the payment of the general rate.

Article 21

If some country, in regard of the collection of duties on goods of Yugoslav origin or in regard of the customs procedure with Yugoslav ships or other means of transport, does not act in the same manner as with goods, ships and means of transport of other countries, the Federal State Secretariat of Finance may decide to impose on goods from such country an additional duty that it shall fix, respectively that it may prescribe a separate corresponding procedure.

If goods from paragraph 1 of this Article, to which countermeasures are applied, are not subject to payment of duties, the Federal State Secretariat of Finance may impose a duty in per cent of the value of goods.

Article 22

The present Decree shall be applied to all goods which from the date of its coming into effect pass the custom line, as well as to imported goods which at that date shall be in bond.

Article 23

With the date of coming into force of the present Decree, shall have no effect: the Decree on the Provisional General Customs Tariff ("Official Gazette FPRY", No. 9/61, 11/61, 15/61, 24/61 and 42/61); the ordinance regarding the mode of payment of customs duties for alienated private cars and motor cycles, imported duty free ("Official Gazette FPRY", No. 14/61) and the ordinance regarding the importation into the country of objects in a value up to 30,000 dinars on a duty free basis ("Official Gazette FPRY", No. 11/61).

Article 24

Detailed prescriptions for the carrying into effect of the present Decree, as well as the explanations for the application of several tariff items, shall be issued by the Federal State Secretariat of Finance.

Article 25

The present Decree comes into effect on the eighth day upon its publication in the "Official Gazette FPRY".

THE FEDERAL EXECUTIVE COUNCIL

R.p.No.11
15 January 1962
Beograd

President of the Republic
(signed) Josip Broz Tito

ANNEX 3/ANNEXE 3

Trade Statistics/Statistiques commerciales

Yugoslav Exports and Imports by Sections and Divisions of the SITC/
Exportations et importations yougoslaves classées par sections et divisions de la CTCI

| Commodity sections and divisions/Sections et divisions | Exports/Exportations | | Imports/Importations | |
|---|----------------------|-----|----------------------|-----|
| | 1960 | % | 1960 | % |
| 0. Food and live animals/Produits alimentaires et animaux vivants | 49,190 | 29 | 22,672 | 9 |
| 1. Beverages and tobacco/Boissons et tabacs | 7,961 | 5 | 21 | - |
| 2. Crude materials, inedible except fuels/Matières brutes non comestibles, carburants non compris | 26,550 | 15 | 35,516 | 14 |
| 3. Mineral fuels and lubricants/Combustibles minéraux et lubrifiants | 1,548 | 1 | 13,505 | 6 |
| 4. Animal and vegetable oils and fats/Huiles et graisses d'origine animale ou végétale | 394 | - | 3,456 | 1 |
| 5. Chemicals/Produits chimiques | 6,901 | 4 | 21,418 | 9 |
| 6. Manufactured goods classified chiefly by material/Articles manufacturés classés principalement d'après la matière première | 40,203 | 24 | 51,527 | 21 |
| 7. Machinery and transport equipment/Machines et matériel de transport | 25,398 | 15 | 91,338 | 37 |
| 8. Miscellaneous manufactured articles/Articles manufacturés divers | 11,490 | 7 | 8,145 | 3 |
| 9. Miscellaneous transactions and commodities n.e.s./Articles faisant l'objet de transactions diverses et articles n.d.a. | 213 | - | 318 | - |
| Total | 169,848 | 100 | 247,916 | 100 |
| | | | 273,087 | 100 |

YUGOSLAVIA: EXPORTS TO AND IMPORTS FROM GATT COUNTRIES/
EXPORTATIONS ET IMPORTATIONS YUGOSLAVES EN PROVENANCE DES PAYS DU GATT

Value (in million of dinars)/
Valeur en millions de dinars

| Country/Pays | Exports/Exportations | | Imports/Importations | |
|--|----------------------|----------------|----------------------|----------------|
| | 1960 | 1961 | 1960 | 1961 |
| 1. Federal Republic of Germany/ Allemagne (Rép. féd. d') | 15 230 | 17 366 | 36 973 | 42 824 |
| 2. Australia/Australie | 13 | 10 | 3 681 | 3 476 |
| 3. Austria/Autriche | 8 990 | 7 680 | 11 237 | 9 730 |
| 4.5. Belgium (and Luxembourg)/ Belgique (et Luxembourg) | 1 384 | 1 325 | 2 633 | 4 187 |
| 6. Burma/Birmanie | 1 317 | 576 | 929 | 34 |
| 7. Brazil/Brésil | 1 713 | 604 | 2 008 | 2 279 |
| 8. Canada | 221 | 353 | 925 | 453 |
| 9. Ceylon/Ceylan | 281 | 51 | 225 | 360 |
| 10. Chile/Chili | 168 | 89 | 210 | 41 |
| 11. Cuba | 130 | 1 411 | 4 | 591 |
| 12. Denmark/Danemark | 455 | 569 | 1 335 | 1 698 |
| 13. Dominican Republic/République Dominicaine | 1 | - | 2 | 3 |
| 14. United States of America/États-Unis d'Amérique | 11 589 | 10 961 | 26 549 | 54 357 |
| 15. Finland/Finlande | 135 | 146 | 441 | 359 |
| 16. France | 2 638 | 2 934 | 8 235 | 7 067 |
| 17. Ghana | 81 | 238 | 319 | 866 |
| 18. Greece/Grèce | 5 761 | 5 896 | 2 388 | 4 446 |
| 19. Haiti/Haïti | - | - | - | - |
| 20. India/Inde | 2 263 | 4 939 | 2 543 | 2 628 |
| 21. Indonesia/Indonésie | 3 556 | 4 615 | 200 | 552 |
| 22. Italy/Italie | 22 431 | 21 103 | 28 545 | 39 815 |
| 23. Japan/Japon | 287 | 78 | 2 130 | 1 792 |
| 24. Federation of Malaya/Malaisie (Fédération de) | 3 | 8 | 2 698 | 2 258 |
| 25. Nicaragua | - | - | - | - |
| 26. Federation of Nigeria/Nigéria (Fédération de) | 54 | 56 | 16 | - |
| 27. Norway/Norvège | 164 | 167 | 271 | 505 |
| 28. New Zealand/Nouvelle-Zélande | 11 | 19 | 327 | 78 |
| 29. Pakistan | 607 | 463 | 472 | 746 |
| 30. Kingdom of the Netherlands/ Pays-Bas (Royaume des) | 1 783 | 1 621 | 4 307 | 3 565 |
| 31. Peru/Pérou | 11 | 8 | 314 | 126 |
| 32. Federation of Rhodesia and Nyasaland/ Rhodésie et Nyassaland (Fédération de) | 16 | 22 | 389 | 119 |
| 33. United Kingdom/Royaume-Uni | 12 988 | 14 347 | 13 625 | 13 893 |
| 34. Sierra Leone | 7 | 7 | - | - |
| 35. Sweden/Suède | 1 484 | 1 703 | 2 584 | 2 950 |
| 36. Czechoslovakia/Tchécoslovaquie | 7 724 | 5 067 | 7 874 | 5 943 |
| 37. Turkey/Turquie | 958 | 763 | 709 | 685 |
| 38. South Africa/Union Sud-Africaine | 79 | 81 | 1 319 | 649 |
| 39. Uruguay | 232 | 127 | 421 | 373 |
| TOTAL | 104 765 | 105 403 | 166 838 | 209 448 |
| Percentage of total exports and imports/ En pour cent des exportations et importations totales | 62% | 62% | 67% | 77% |

YUGOSLAVIA: EXPORTS TO AND IMPORTS FROM GATT COUNTRIES/
EXPORTATIONS ET IMPORTATIONS YOUGOSLAVES EN PROVENANCE DES PAYS DU GATT

Value (in millions of dinars)
Valeur en millions de dinars

| Country/Pays | 1961/I | | 1962/I | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Exports/ Exportations | Imports/ Importations | Exports/ Exportations | Imports/ Importations |
| 1. Federal Republic of Germany/ Allemagne (Rép. féd. d') | 7 206 | 20 965 | 8 000 | 15 423 |
| 2. Australia/Australie | 5 | 2 205 | 4 | 1 533 |
| 3. Austria/Autriche | 3 764 | 5 118 | 3 581 | 4 911 |
| 4,5. Belgium (and Luxemburg)/ Belgique (et Luxembourg) | 499 | 1 703 | 717 | 1 451 |
| 6. Burma/Birmanie | 218 | - | 262 | 174 |
| 7. Brazil/Brésil | 512 | 975 | 398 | 432 |
| 8. Canada | 136 | 120 | 196 | 192 |
| 9. Ceylon/Ceylan | 41 | 188 | 14 | 22 |
| 10. Chile/Chili | 75 | - | 42 | - |
| 11. Cuba | 662 | 318 | 27 | 423 |
| 12. Denmark/Danemark | 264 | 956 | 257 | 374 |
| 13. Dominican Republic/République Dominicaine | - | 1 | - | - |
| 14. United States of America/Etats-Unis d'Amérique | 5 287 | 19 706 | 6 981 | 31 263 |
| 15. Finland/Finlande | 75 | 286 | 161 | 578 |
| 16. France | 1 454 | 3 192 | 1 735 | 3 358 |
| 17. Ghana | 56 | 548 | 138 | 324 |
| 18. Greece/Grèce | 2 609 | 1 703 | 1 073 | 3 209 |
| 19. Haiti/Haïti | - | - | - | - |
| 20. India/Inde | 2 358 | 1 005 | 3 492 | 2 389 |
| 21. Indonesia/Indonésie | 2 288 | 61 | 4 501 | 294 |
| 22. Israel/Israël | 680 | 914 | 882 | 1 726 |
| 23. Italy/Italie | 11 070 | 18 691 | 12 369 | 16 567 |
| 24. Japan/Japon | 72 | 827 | 54 | 701 |
| 25. Federation of Malaya/Malaisie (Fédération de) | 2 | 1 566 | 7 | 584 |
| 26. Nicaragua | - | - | - | - |
| 27. Federation of Nigeria/Nigéria (Fédération de) | 19 | - | 22 | 20 |
| 28. Norway/Norvège | 73 | 268 | 96 | 311 |
| 29. New Zealand/Nouvelle-Zélande | 7 | 53 | 5 | 180 |
| 30. Pakistan | 202 | 275 | 85 | 409 |
| 31. Kingdom of the Netherlands/ Pays-Bas (Royaume des) | 686 | 1 708 | 627 | 2 000 |
| 32. Peru/Pérou | 4 | - | 4 | 27 |
| 33. Portugal | - | 45 | 1 | - |
| 34. Federation of Rhodesia and Nyasaland/ Rhodesie et Nyassaland (Fédération de) | 14 | 45 | 2 | 1 |
| 35. United Kingdom/Royaume-Uni | 6 925 | 7 313 | 7 109 | 5 825 |
| 36. Sierra Leone | 2 | - | 19 | - |
| 37. Sweden/Suède | 847 | 1 386 | 972 | 1 509 |
| 38. Tanganyika | 18 | 4 | 21 | 23 |
| 39. Czechoslovakia/Tchécoslovaquie | 2 715 | 2 688 | 1 304 | 3 828 |
| 40. Turkey/Turquie | 460 | 381 | 191 | 577 |
| 41. South Africa/Union Sud-Africaine | 70 | 436 | 11 | 160 |
| 42. Uruguay | 66 | 186 | 79 | 82 |
| TOTAL | 51 441 | 95 836 | 55 440 | 100 880 |
| Percentage of total exports and imports/ En pour cent des exportations et importations totales | 63% | 77% | 64% | 75% |

