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GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations

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Group "Non-Tariff Measures"

NON-TARIFF MEASURES NOT DEALT WITH MULTILATERALLY NOTIFIED UNDER THE PROCEDURES OF MTN/NTM/26

European Communities

1. At its meeting of 13 January 1977, the Group "Non-Tariff Measures" adopted procedures for negotiations on non-tariff measures not dealt with multilaterally (MTN/NTM/26, paragraph 5 and Annex). A note by the secretariat dealing with the procedures which it would adopt in relation to notifications submitted in accordance with those procedures was circulated in MTN/NTM/W/82.
2. The following notification has been received from the European Communities.

In accordance with the procedures agreed on by Group "Non-Tariff Measures" at its meeting on 13 January 1977 (MTN/NTM/26, paragraph 5 and Annex), I have the honour to communicate the attached list of measures on which the European Communities would like to hold consultations with the following countries:

Bulgaria
Hungary
Poland
Romania
Czechoslovakia

ANNEX

BULGARIA

Under the implementing regulations for the Foreign Trade Act, Article 6, paragraph 5, the Ministry of Foreign Trade and other central authorities allocate to each foreign trade organization import ceilings which are required targets under the plans. Apart from the fact that these ceilings constitute an obstacle to expansion of imports from the West, they are not brought to the knowledge of Western exporters.

Periodic revisions in import plans result in import deferrals of which foreign operators are usually informed only in the final phase of preparing the transaction, whereas they have already had to bear the costs of market surveys, travel, etc.

There are practically no official statistics on domestic consumption of industrial articles. The statistics of industrial output are not sufficiently detailed.

Decree No. 147 on the functioning of temporary delegations of foreign firms in Bulgaria impose restrictive conditions on such missions.

The Ministry of Foreign Trade intervenes directly in contacts between the commercial and producing organizations and their foreign partners under Article 5, paragraphs 6 and 7 of the implementing regulations for the Foreign Trade Act mentioned above.

Although a tender procedure exists officially, it is never applied in practice.

Confirmations of orders and letters of credit are often communicated late, but with no corresponding adjustment of delivery dates.

It is difficult to organize an after-sales service.

As regards imports of machinery and equipment, the Bulgarian foreign trade organizations are required, under Article 4, paragraph 2, of Instruction No. 3 published in the Bulgarian Official Gazette No. 95 of 30 November 1976, to carry out purchase surveys in Western markets only after having studied the CMEA market possibilities on a priority basis. Furthermore, under the same Article, such surveys are subject to "authorization by the State Planning Committee".

Incentives are established for producing undertakings to encourage imports from the CMEA area. Indeed, Instruction No. 1 on premiums and taxes on exports, published in Official Gazette No. 22 of 16 March 1976, stipulates in Article 6, paragraph 5 that export premiums are granted in the case of "reorientation of imports from non-socialist countries towards socialist countries".

Contract negotiations are complicated by requests for compensation, in the form of paid counterpart purchases which can in many cases represent as much as 100 per cent of the value of the import, notwithstanding the fact that the articles offered generally correspond very little to the needs of Community markets.

The Bulgarian foreign trade organizations insist on the inclusion of very compelling clauses in contracts concluded with foreign exporters (force majeure, cancellation of contract, bank guarantee, respective responsibilities of the vendor and the purchaser).

HUNGARY

Under Article 20 of the Foreign Trade Act of 1974, the central authorities can intervene in the import (and export) activities of enterprises by means of "administrative instructions" which may be either of general scope or in respect of a specific import transaction. Because of lack of details as to the products concerned and the extent of the powers of the central authorities, the foreign exporter is left in uncertainty as to the ultimate outcome of the transaction.

To slow down import growth, the Hungarian National Bank has increased from 20 to 30 per cent the amount to be paid by enterprises requesting an investment credit. In addition, the interest rate for the purchase of machinery and equipment in convertible currency has been raised by 1.5 per cent.

The negotiation of contracts is complicated by requests for compensation in the form of totally or partially paid counterpart purchases.

The procedure leading up to import orders is so lengthy as in many cases to discourage exporters' efforts. Confirmations of orders and letters of credit are often notified late, but with no corresponding adjustment of delivery dates.

Purchase or sale contracts concluded with the trade organizations generally require Hungarian transport equipment to be used (sale c.i.f., purchase f.o.b.).

POLAND

There are no compilations of the laws and other regulations applicable to foreign trade, for the use of businessmen.

Council of Ministers Decree No. 93 of 24 April 1974 on the responsibilities of the Ministry of Foreign Trade and the Merchant Navy stipulates in Article 6, section 3, paragraph 2, sub-paragraph 4 that the Ministry determines inter alia rules in respect of foreign exchange expenditure for each organization or enterprise engaging in foreign trade activities. From the objective aspect, this constitutes an import ceiling imposed on the organizations concerned.

Changes in the organization and management of foreign trade, and sometimes in other fields, are not often announced in official legislative provisions. This is the case in particular regarding the reform of the foreign trade system which was introduced on 1 January 1976; it has not yet been clearly ascertained, on the basis of legislative texts, what changes this reform has made in the responsibilities of the foreign trade organizations, the producing enterprises, and the Ministry of Foreign Trade.

Periodic revisions in import plans result in import deferrals, without exporters being informed.

The importer has to justify his intention to purchase products from Western countries, in particular by showing that the product is neither manufactured in Poland nor supplied by any other Eastern Trading Area country, or if it is manufactured in Poland, that output is not sufficient to cover domestic needs.

The fact that, under Decree No. 93 of 24 April 1974, Article 3.1.26, the Ministry of Foreign Trade exercises "operational control" over the import and export activities, foreign trade expenditures and credits of the foreign trade organizations and any producing enterprises engaging in foreign trade is objectively a factor that could encumber the procedure of concluding contracts between a foreign operator and the Polish partner.

Exporters are often uncertain as to the decision-making authority of officials in the various organizations participating in the negotiation of a purchase contract. It can happen that, for a given product, responsibilities are transferred from one State body to another as a result of changes in the organization and management of foreign trade.

Contract negotiations are complicated by requests for compensation, in the form of totally or partially paid counterpart purchases, notwithstanding the fact that the choice of Polish products offered by way of compensation is limited.

Confirmation of orders and letters of credit are often communicated late, but with no corresponding adjustment to delivery dates.

The specifications in respect of products to be imported by the Polish party are often revised by the latter, although the exporter is required to observe the original delivery dates.

Purchase or sale contracts concluded with the trade organizations generally require Polish transport equipment to be used (sales c.i.f., purchase f.o.b.).

Western export and transport companies wishing to open offices in Poland have to bear very heavy installation costs which virtually deprive them of any possibility of success.

ROMANIA

Exporters are not informed regularly and fully about economic legislation and regulations and amendments thereto which have an influence on trade relations. There are no compilations of the laws and other regulations applicable to foreign trade, for the use of businessmen.

Since 1973 no detailed foreign trade statistics have been published showing the origin and destination of products.

There are no consumption statistics, and this situation prevents foreign exporters from making market studies.

The Act of 25 November 1972 concerning the planned economic and social development of Romania provides in Article 34(j) for the establishment of "maximum limits" on imports, stipulating the principal products.

Exporters are often uncertain as to the decision-making authority of officials in the various bodies participating in negotiation of a purchase contract. It can happen that for a given product responsibilities are transferred from one State body to another as a result of changes in the organization and management of foreign trade.

Trade agencies are subject to very severe and costly conditions, such as payment of a permit every two years and of high salaries to staff that they cannot select.

It is difficult to organize an after-sales service.

Confirmations of orders and letters of credit are often communicated late, but with no corresponding adjustment of delivery dates.

Contract negotiations are complicated by requests for compensation in the form of totally or partially paid counterpart purchases. The conditions on which such counterpart purchases are proposed can be disruptive for import markets.

The purchase or sales contracts concluded with the trade organizations generally require Romanian transport equipment to be used (sales c.i.f., purchase f.o.b.).

CZECHOSLOVAKIA

There are no compilations of the laws and other regulations applicable to foreign trade, for the use of businessmen. There is no regular information on amendments to legislation and economic regulations affecting trade relations.

The provisions regarding foreign trade are not always published. For example, and unlike in earlier years, the decree on measures for implementation of the 1977 plan no longer contains provisions concerning the allocation of foreign trade targets, but refers to measures that are not publicly announced (Decree No. 263, November 1975, paragraph 2.2.1).

Decree No. 263 of 1 November 1975 regarding measures for implementation of the State operational plan (for the year 1976) establishes compulsory limits both for overall imports from capitalist countries and for imports of certain specific articles.

The opening of trade agencies is conditional on a substantial but unspecified turnover.

Direct contacts between foreign exporters and enterprises using the products concerned are sometimes hampered by specific legislative provisions. Thus, a Joint Declaration by the Czechoslovak State Arbitration Board, the Federal Ministry of Technical Development and the Ministry of Foreign Trade, No. 93/1976 Sb, on imports of complete installations and construction equipment, lays down the principle that the domestic enterprise can negotiate with the foreign exporter only if it has received the relevant authorization from the appropriate foreign trade organization.

Confirmations of orders and letters of credit are often communicated late, but with no corresponding adjustment of delivery dates.

It is impossible to organize an after-sales service within the framework of the exporter's own organization. The exporter is therefore obliged either to provide after-sales service from his headquarters or from a third country (Austria) by sending a technician whenever necessary, or to contract out the after-sales servicing to a Czechoslovak enterprise, training local personnel and maintaining a stock of replacement parts on consignment in Czechoslovakia.

Contract negotiations are complicated by requests for compensation in the form of totally or partially paid counterpart purchases.