

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## STATE TRADING

### Notification Pursuant to Article XVII:4(a)

#### CZECHOSLOVAKIA

#### 1. List of organizations in Czechoslovakia authorized by the Federal Ministry of Foreign Trade to carry out foreign trade activities:

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|---|---|
| 1. ART CENTRUM  | Czechoslovak Centre of Fine Arts<br>118 00 Praha 1, Nerudova 16                         |
| 2. ARTIA  | Foreign Trade Corporation<br>111 27 Praha 1, Ve Smečkách 30                             |
| 3. ASSOCIATION OF FIRMS FOR FOREIGN AGENCIES              | 140 62 Praha 4, Na strži 63   |
| 4. AUTOTURIST   | Travel Agency of the Czechoslovak<br>Automobile Club<br>116 31 Praha 1, Opletalova 29   |
| 5. BRATISLAVA MUNICIPAL GARDENING AND RECREATION SERVICES | 896 22 Bratislava, Odbojárov 9  |
| 6. BRNO TRADE FAIRS AND EXHIBITIONS                       | Corporations for Organizing Trade<br>Fairs and Exhibitions<br>602 00 Brno, Výstaviště 1 |
| 7. CENTROTEX  | Foreign Trade Company Limited<br>140 61 Praha 4, Náměstí hrdinů                         |
| 8. ČECHOFRACHT  | Shipping and International Forwarding<br>Corporation<br>111 83 Praha 1, Na příkopě 8    |
| 9. CHEMAPOL   | Foreign Trade Company Limited<br>100 00 Praha 10, Kodáňská 46                           |
| 10. CHEMAPOL  | Foreign Trade Company Limited<br>829 54 Bratislava, ul. Dr. Vl. Clementisa 10           |
| 11. CHIRANA   | Export Establishment<br>921 75 Piešťany, Vrbovská 2                                     |

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| 12. CZECHOSLOVAK CERAMICS               | Foreign Trade Corporation<br>111 91 Praha 1, V jámě 1  |
| 13. CZECHOSLOVAK FILMEXPORT             | 111 45 Praha 1, Václavské náměstí 28   |
| 14. CZECHOSLOVAK OCEAN SHIPPING         | International Joint-Stock Company<br>100 99 Praha 10, Počernická 168   |
| 15. CZECHOSLOVAK REGISTR OF SHIPPING    | 170 00 Praha 7, Jankovcova 10  |
| 16. CZECHOSLOVAK TELEVISION / TELEXPORT | 111 50 Praha 1, Gorkého náměstí 30   |
| 17. DREVOUNIA                           | Foreign Trade Corporation<br>829 81 Bratislava, Dr. Vl. Clementisa 10  |
| 18. EFEKTIM                             | Limited Company for Foreign Trade<br>Representation in Czechoslovakia<br>112 34 Praha 1, Václavské náměstí 1 |
| 19. EXICO                               | Foreign Trade Company Limited<br>111 77 Praha 1, Panská 9  |
| 20. FERROMET                            | Foreign Trade Corporation<br>111 81 Praha 1, Opletalova 27   |
| 21. GLASSEXPOR                          | Foreign Trade Company Limited<br>461 74 Liberec, 1. máje 52  |
| 22. HYDROCONSULT                        | Corporation for Planning, Consulting<br>and Engineering Services<br>894 12 Bratislava, Radlického 37         |
| 23. IMEX                                | Import and Export, Commercial Corporation<br>110 15 Praha 1, Revoluční 25                                    |
| 24. INCHEBA                             | Foreign Trade Corporation<br>829 57 Bratislava, Drieňová 24  |
| 25. INSPEKTA                            | Corporation for Inspection of Goods in<br>Foreign Trade<br>140 62 Praha 4, Na strži 63                       |
| 26. INTERAL                             | Limited Company for Foreign Trade<br>Representation in Czechoslovakia<br>883 45 Bratislava, Pionierska 9/a   |
| 27. INTERCOOP                           | Cooperative Corporation for Foreign Trade<br>829 75 Bratislava, Dr. Vl. Clementisa 10                        |

28. INTERGEO  
Organization for Geological and Mining Activities  
in Foreign Countries  
140 00 Praha 4, U družstva Klid
29. INTERSIGMA  
Import and Export Corporation  
111 87 Praha 1, Václavské náměstí 60
30. INTERSIM  
Limited Company for Representation of Foreign  
Firms in Czechoslovakia  
106 02 Praha 10, Topolová 14
31. INVESTA  
Foreign Trade Company Limited  
100 10 Praha 10, Kodaňská 46
32. JABLONEX  
Foreign Trade Corporation  
466 37 Jablonec nad Nisou, Palackého 41
33. KARAEXPORT  
Foreign Trade Company Limited  
128 05 Praha 2, Vyšehradská 25
34. KERAMETAL  
Foreign Trade Company Limited  
829 66 Bratislava, Jašíkova 2
35. KOOSPOL  
Foreign Trade Company Limited  
160 67 Praha 6, Leninova 178
36. KOVO  
Foreign Trade Corporation  
170 88 Praha 7, Jankovcova 2
37. LIGNA  
Foreign Trade Corporation  
112 09 Praha 1, Vodičkova 41
38. MARTIMEX  
Foreign Trade Company Limited  
036 01 Martin, Červenej armády 1
39. MEDIA  
Association for Representing Foreign  
Firms in Czechoslovakia  
150 01 Praha 5, Strakonická 510
40. MERCANTA  
Limited Company for Import Mediation  
120 00 Praha 2, Balbínova 22
41. MERKURIA  
Foreign Trade Corporation  
170 05 Praha 7, Argentinská 38
42. METALIMEX  
Foreign Trade Corporation  
112 17 Praha 1, Štěpánská 34
43. MOTOKOV  
Foreign Trade Corporation  
140 62 Praha 4, Na strži 63

44. MUSICEXPORT 112 27 Praha 1, Václavské náměstí 18
45. OMNIA Foreign Trade Corporation  
899 32 Bratislava, Dunajská 4
46. OMNIPOL Foreign Trade Corporation  
112 21 Praha 1, Nekázanka 11
47. PETRIMEX Foreign Trade Company Limited  
829 54 Bratislava, Dr. Vl. Clementisa 10
48. PHOENIX Limited Company for Import Mediation  
101 58 Praha 10, bří Čapků 32
49. POLYTECHNA Foreign trade Corporation  
Technical Cooperation Agency  
11245 Praha 1, Panská 9
50. POWER ENGINEERING INDUSTRIES General Management  
12061, Praha 2, Blanická 28
51. PRAGENT Foreign Trade Company Limited  
115 99 Praha 1, Vodičkova 30
52. PRAGOEXPORT Foreign Trade Corporation  
112 59 Praha 1, Jungmannova 34
53. PRAGOINVEST Foreign Trade Corporation  
190 00 Praha 9, Českomoravská 23
54. RAPID Czechoslovak Advertising Agency  
112 79 Praha 1, 28. října 13
55. ŘEMPO Whosale of Industrial Products  
897 23 Bratislava, Duklianská 25
56. REPHACHEM Limited Company for Representing Foreign  
Firms  
100 10 Praha 10, Kodaňská 46
57. SIMEX Foreign Trade Corporation  
100 00 Praha 1, Václavské náměstí 8
58. SLOVART Foreign Trade Company Limited  
805 32 Bratislava, Gottwaldovo nám. 6
59. STROJEXPORT Foreign Trade Corporation  
113 26 Praha 1, Václavské náměstí 56
60. STROJIMPORT Foreign Trade Company Limited  
130 52 Praha 3, Vinohradská 184
61. ŠKODAEXPORT Foreign Trade Corporation  
110 00 Praha 1, Václavské náměstí 56
62. TATRATOUR Cooperative Travel Office  
883 24 Bratislava, Bajkalská 25

63. TECHNOEXPORT Foreign Trade Company Limited  
113 34 Praha 1, Václavské náměstí 1
64. TECHNOPOL Foreign Trade Company Limited  
829 51 Bratislava, Jašíkova 6
65. TRADEX Association for Foreign Trade Representation  
110 00 Praha 1, Jungmannovo nám. 7
66. TRANSAKTA Foreign Trade Corporation  
Commercial Transaction Agency  
118 19 Praha 1, Letenská 11
67. TUZEX Foreign Trade Corporation  
113 43 Praha 1, Rytířská 13
68. UNICOOP Foreign Trade Cooperative Enterprise  
110 06 Praha 1, Revoluční 13
69. UNIFRUX Limited Company for Foreign Representation  
113 45 Praha 1, V jámě 3
70. UTRIN Technical Development and Information  
Institute  
113 56 Praha 1, U Sovových mlýnů 543/9
71. ZENIT Association for Foreign Trade Representation  
140 62 Praha 4, Na strži 63

Information concerning export and import programmes of individual organizations is contained in the publication of the Czechoslovak Chamber of Commerce and Industry "Your Trade Partners in Czechoslovakia". This publication is available in the GATT secretariat.

## II. Reasons and purpose for introducing and maintaining State Trading

State Trading in Czechoslovakia is directed towards several basic objectives which are common to other contracting parties as well. The reasons for maintaining State Trading are to:

- assist the balanced and harmonious development of the national economy as a whole
- expand foreign trade and production and organize procedures to engage directly in foreign trade activities
- aim at improving the balance of payments position
- stabilize domestic prices and incomes
- protect public health, national treasures and essential security interests and secure the conservation of exhaustible national resources.

The State Trading link is limited to the establishment of foreign trade organizations or the granting of foreign trade authorizations to them.

State Trading as applied by Czechoslovakia implies no further restraint on trade than the normal commercial policy measures imposed on the products covered. State Trading does not impair the Czechoslovak commitments and does not discriminate against or otherwise operate to the detriment of contracting parties.

The objectives are implemented and effected by organizations authorized by the Federal Ministry of Foreign Trade to engage in foreign trade activities.

The basic legal provision governing the trade and economic relations of Czechoslovakia with foreign countries is the Czechoslovak Law on Economic Relations with Foreign Countries No. 42 of 10th April 1980 which entered into force in July 1980. This Law was duly notified to the contracting parties in document L/5017 and its text is on the files of the Secretariat. The Law replaces Law No.119 of 1948 (Law on State Organization of Foreign Trade) as well as Law No.85 of 1972 which regulated principles of economic cooperation with foreign countries.

The Law regulates particularly the organization and control of external economic activities, defines their forms and the competence of the central authorities in this area. It also regulates the establishment of Trade Representations of foreign persons in Czechoslovakia, deals with the protection of Czechoslovak trade policy interests and creates conditions for compliance with obligations entered into by Czechoslovakia in her foreign economic relations.

The competence of the central authorities in these relations concerns particularly the granting of authorizations to Czechoslovak legal persons to engage in foreign economic activities and the regulation and control of these activities through economic and trade policy instruments. The Law regulates and improves conditions not only for foreign trade activities but also for trade in services, licences and industrial rights as well as for industrial cooperation. It encourages economic efficiency and initiative of those engaged in foreign economic activities and further enlarges the possibility of using different appropriate kinds of organizational forms within the relationship between foreign trade and production. Thus the new Law provides large opportunities for increasing the efficiency of the Czechoslovak Trading System and for expanding trade on the basis of commercial considerations and comparative advantages.

### III. Description of the functioning of the notified enterprises

In addition to foreign trade enterprises two other organizational forms are applied with the purpose of encouraging direct involvement of producers in foreign trade operations and to make them more competitive.

First, some pre-existing foreign trade enterprises representing producers of specific assortments of commodities and goods were made part of larger economic units (e.g. Škoda) which handle their products exclusively.

The second form enables these foreign trade enterprises to establish a type of joint stock company whose shareholders are the participating producers and firms. The shareholders elect boards of directors and managers and thus control the operation of the trading agency.

The result of this approach has been inter alia the multiplication of foreign trade organizations and a widening of the scope of the direct foreign trade activities of producers and users.

All organizations enumerated in section I deal with exports as well as with imports in accordance with their authorization. They are independent legal bodies and separated from the state in the legal and financial sense. The organizations are not liable for any obligations contracted by the state and vice versa. The same principle applies in the mutual relations among these organizations. They own and dispose of property and have the right to assume contractual obligations

These organizations act in a manner consistent with the general principles of non-discriminatory treatment and in conformity with the requirements of the relevant provisions of GATT. The organizations operate under profit criteria and like private traders they are concerned with commercial considerations such as price, quality of goods, availability and other conditions of purchase and sale. Once the enterprise is established government intervention into its activities is limited to trade control through such instruments as tariffs or taxes.

The volume and type of goods to be imported have to satisfy the needs of individual branches of the economy taking into account the Czechoslovak external financial position.

For the most part, Czechoslovakia's trade with other contracting parties is conducted without specific import or export targets and regulated through economic, financial and trade policy instruments such as tariffs or taxes. The Czechoslovak Government does not dispose of any direct means to guarantee the volume or value of imports from contracting parties.

In carrying out imports and exports the organizations do not need import or export or foreign exchange licences and they choose their foreign partners according to commercial considerations. Only a very limited number of goods is subject to import or export licensing whose purpose is usually the implementation of sectoral agreements or protection of health or security.

The volume and composition of exports reflect the endeavour to assure the most effective participation of the Czechoslovak economy in the international



division of labour and to secure payment facilities to cover the growing needs for imports as well as other financial obligations.

The foreign trade organizations determine and negotiate export prices on the basis of world prices and in accordance with commercial considerations, taking into account conditions and terms of sale and their own financial interests, as their activities are based on profit principles.

Imported goods are offered on the internal market at prices which are based on the landing cost and marketing expenses of the foreign trade organizations and their profit margin. Imported products are subject to the same turnover taxes and other charges as the corresponding domestic products. Some differences, if any, between prices of imported products and prices of domestic products, could be attributed to difference in quality.

The prices of only a limited number of basic raw materials are identical with the level of internal, centrally regulated wholesale prices. There is no mark-up on imported products which would discriminate such goods in relation to similar goods of domestic origin. World market prices are considered as an objective criterion of economic efficiency and their influence on Czechoslovak production and the domestic market will be further increased. The foreign trade organizations negotiate long-term purchase or sale contracts where appropriate.

