

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications Pursuant to Article XVI:1

Yugoslavia

The following notification has been received from the Permanent Mission of the Socialist Federal Republic of Yugoslavia.

Drawback of Customs and Other Charges

1. Nature and Extent of the Subsidy

(a) Background and Authority

The drawback of customs and other charges is regulated by Article 82 of the Law on Foreign Exchange Operations and Foreign Credit Relations (Official Gazette of the SFRY, Nos. 15/77, 61/82, 77/82 and 34/83). The specific conditions for the application of these measures are contained in the Self-Management Agreement on Establishing the Right to the Drawback of Customs and other Import Charges (Official Gazette of the SFRY, No. 10/84) concluded in the Interest Community of Yugoslavia for Foreign Economic Relations.

The Self-Management Agreement referred to include the following measures:

- drawback of customs and other import charges;
- drawback of a portion of contributions from income and personal incomes;
- drawback of a portion of freight charges for goods exported to distant countries;
- incentive for exporting agricultural products by way of agricultural promotion funds and for the marketing of certain agricultural products;

- drawback of a portion of outlays for promotion of tourism and commercial advertising;

b) Incidence

The right to the drawback of customs and other charges is granted to those producers who obtain convertible currency through exports of goods manufactured in Yugoslavia provided, however, that they bring into the country such foreign currency within a prescribed period, as well as to organizations which have rendered services to foreign firms.

The extent of the drawback of customs and other charges has been calculated on the basis of input-output tables data and expressed in percentage fixed for specific economic activities.

Organizations which earn foreign currency through exports of goods manufactured from raw materials or intermediaries for which no import duty has been paid are not entitled to the drawback of customs and other import charges.

The basis for calculating the drawback of customs and other import charges and drawback of the contributions from income and personal incomes, is the dinar equivalent of the foreign exchange earned by exports for the Yugoslav border.

Manufacturers who earn foreign exchange by exports to overseas countries are entitled to the drawback of part of the freight charges incurred for maritime, inland waterway or air transportations from the Yugoslav port or airport concerned to the port or airport in the buyer's country. 20% or 30% of the freight charges incurred is refunded, depending on the distance involved (e.g. 20% of the charges is reimbursed for transport to the Atlantic coast of North and South America

and to developing countries in the Mediterranean area, while 30% is reimbursed in the case of transport to the Pacific coast of North and South America, Japan, East Africa and Asia, Australia and New Zealand).

In addition to the drawback of customs and other charges the manufacturing organizations of associated labour which are members of funds for promoting the production and export of certain agricultural products are also entitled to special resources according to the rules of these funds, commensurate with the goods exported.

From the resources earmarked for export incentives the Interest Community of Yugoslavia allocates to agricultural funds the amounts determined by the percentage of foreign receipts of the manufacturers members of the fund in the previous quarter.

Thus, 15.40% of the dinar value of exports is assigned to the Fund for Promoting the Production and Marketing of Livestock and Livestock Products; 24.24% to the Fund for Promoting the Exports of Fish, Fish Products and for the Development of Maritime Fishing; 23.30% to the Fund for Promoting the Production and Export of Wine and Other Alcoholic Beverages; 8.71% to the Fund for Promoting Foreign Trade in Tobacco and Tobacco Products; 11.32% to the Hops Fund; 5.73% to the Fund for Cereal and Cereal Products Export Incentives; 15.40% to the Fruit and Vegetables Fund; and 10.22% to the Fund for Promoting the Production and Marketing of Products of the Sugar Industry of Yugoslavia. Within individual funds these resources are distributed to manufacturers - exporters on the basis of the criteria and rules established by the members of the Fund concerned.

In addition, the Tourist Association of Yugoslavia and the Chamber of the Economy of Yugoslavia receive a drawback

of part of the expenses incurred for promotion of tourist insuarey and commercial advertising abroad. The money for these purposes is allocated according to an annual programme of information and advertising activity. The resources earmarked for promotion of tourist industry cannot exceed 1% of the foreign receipts from tourist services in the previous year, while the fund intended for commercial advertising cannot exceed the amount desired as a percentage of the increase in nominal terms of the overall resources for stimulating exports in the current year compared to the previous one.

The Automobile Association of Yugoslavia receives a drawback of customs and other charges amounting to 14.61% of the dinar equivalent of the coupons for gasoline and diesel fuel sold abroad or at border crossings for foreign exchange, with a 10% discount. Such coupons may be used by foreigners or Yugoslav citizens living abroad.

c) Amount of Subsidy

The total amount of resources to be used as export incentives is determined annually by the Assembly of the SFR of Yugoslavia as a percentage of the revenues from customs and other charges, which is allocated to the Fund for Export Incentives of the Yugoslav Interesse Community for Foreign Economic Relations. In the 1981-1984 period this percentage was 59.7%. Such funds amounted to 83,105 million dinars in 1983, while 124,140 million dinars are envisaged for 1984. In relation to the total value of exports to the convertible currency area (for which export incentives are granted) then accounted for 10.9% in 1983, and in 1984, according to some estimates they will account for 7.3%. The largest portion of

these resources is used for drawbacks of customs and other important charges. In 1984 the rates of return of contributions from income and personal incomes were reduced by 50% compared to 1983.

d) Estimated Amount Per Unit

The amount of drawback of customs and other import charges, as well as the return of contributions from income and personal incomes, has been established as a percentage of foreign exchange earnings from exports, by economic activity, as follows:

No.	Economic Activity	Rates of return	
		Customs and import changes	Contributions from income and personal incomes
1	2	3	4
1.	Power industry	1.33	1.07
2.	Extraction of coal	1.95	2.29
3.	Coal processing	2.04	0.46
4.	Production of crude oil	4.36	1.34
5.	Production of natural gas	6.44	3.25
6.	Production of oil derivates	1.21	0.35
7.	Iron ore mining	1.56	1.75
8.	Iron and steel production	2.30	0.47
9.	Production of ferroalloys	2.58	0.96
10.	Copper mining and production	2.23	1.10
11.	Lead and zinc mining and production	1.87	2.81
12.	Bauxite production	1.63	1.27
13.	Non-ferrous ore mining and metal industries	2.02	3.31
14.	Copper production	1.69	0.27

1	2	3	4
15.	Lead production	0.96	0.48
16.	Zinc production	1.81	0.49
17.	Alluminia and alluminium production	5.46	0.67
18.	Production of other non-ferrous metals	2.67	2.03
19.	Alluminium refining	2.35	0.90
20.	Refining of copper and other non-reffours metals	1.73	0.31
21.	Extraction of non-metalic minerals (salt-free)	2.15	2.62
22.	Salt production	1.66	1.31
23.	Glass production	2.30	1.69
24.	Production of fireproof materials	2.20	1.54
25.	Production of porcelain and ceramics	3.81	2.10
26.	Manufacture of other non-metallic mineral products	2.04	1.92
27.	Manuafacture of metal intermediary products	0.92	1.33
28.	Steel structures for construction and other industries	1.54	1.59
29.	Production of consumer goods and other metal products	7.32	1.84
30.	Manufacture of machinery and accessoires (excluding electric machines and agricultural tools)	2.47	1.70
31.	Manufacture of agricultural machinery	3.68	1.51
32.	Manufacture of equipment for professional and scientific purposes, measurement and control instruments and automatic control devices (except for the activities listed under nos.37 to 41)	1.25	1.82
33.	Manufacture and maintenance of rolling stock	1.55	1.86
34.	Manufacture of road vehicles	4.86	1.04
35.	Manufacture of other vehicles	2.70	2.12

1	2	3	4
36.	Shipbuilding	4.69	1.33
37.	Manufacture of electric machines and accessories	5.18	1.69
38.	Manufacture of electronic and telecommunication devices	3.87	1.66
39.	Production of cables and conductors	2.77	0.91
40.	Manufacture of electric household appliances	4.88	0.94
41.	Production of other electric equipment	4.74	2.10
42.	Production of chemicals (except for agriculture)	3.99	1.10
43.	Production of chemicals for agriculture	4.81	0.31
44.	Production of man-made fibers and plastic materials	2.79	1.12
45.	Production of medicaments and pharmaceutical products	4.17	1.00
46.	Production of soaps and detergents and cosmetics	2.94	0.90
47.	Production of paints and varnishes	4.39	1.06
48.	Processing of plastic materials	4.24	1.31
49.	Production of other chemical products	12.31	1.16
50.	Production of stone, gravel and sand	0.48	2.15
51.	Production of lime and gypsum	0.77	2.32
52.	Production of cement	4.22	0.94
53.	Production of bricks and tile	0.77	2.51
54.	Production of prefabricated building components and bituminous products	0.66	1.54

1	2	3	4
55.	Production of sawnwood and boards	1.39	1.43
56.	Manufacture of wooden furniture	1.53	1.67
57.	Manufacture of other wooden final products	2.01	1.63
58.	Manufacture of paper and cellulose	5.14	1.02
59.	Processing of paper	1.91	1.21
60.	Manufacture of fibre, yarn and thread	3.31	1.24
61.	Manufacture of textiles	2.41	1.45
62.	Manufacture of knitwear	1.04	1.36
63.	Manufacture of textile garments	2.68	1.81
64.	Manufacture of other textile products	13.67	1.40
65.	Production of leather and furs	4.24	1.19
66.	Manufacture of footwear	2.23	1.35
67.	Manufacture of leather goods	2.43	1.86
68.	Manufacture of leather and fur garments	1.55	1.61
69.	Rubber processing	4.99	1.20
70.	Cereal grinding and husking	0.44	0.88
71.	Production of bread and pasta	0.58	1.46
72.	Processing and canning of fruit and vegetables	0.86	1.10
73.	Processing and canning of meat and fish	1.05	0.57
74.	Processing and canning of milk	0.72	0.68
75.	Sugar refining	3.44	0.95
76.	Confectionery products	2.28	0.98
77.	Production of vegetable oils and fats	2.66	0.51
78.	Production of other food products (cattle feed excluded)	6.92	0.61
79.	Production of vegetable -origin alcohol and alcoholic beverages	0.90	0.91
80.	Production of nonalcoholic beverages	2.59	1.56
81.	Production of cattle feed	2.25	0.34
82.	Production of fermented tobacco	2.23	1.28
83.	Tobacco processing	3.10	0.97

1	2	3	4
84.	Printing industry	3.22	2.06
85.	Manufacture of miscellaneous products	5.88	1.85
86.	Crop production	0.47	1.94
87.	Fruit production	0.64	1.63
88.	Viticulture	0.63	1.79
89.	Livestock production	0.17	0.79
90.	Fisheries	2.09	1.70
91.	Forestry	0.28	2.96

2. Effects of the Subsidy

(a) Estimated Quantitative Trade Effects

It is impossible to make a quantitative estimate of the trade effects of the subsidies concerned.

(b) Production, Consumption, Import and Export Statistics Over the Past Three Years

There are no available statistics on consumption by economic activity subject to drawback. These activities have been taken out of input-output tables, and the last year for which such tables are available is 1978. There are, however, available data on the value of exports and imports by economic activity, but they have been aggregated to a greater extent than the activities in the input-output tables, which are entitled to export incentives. The indices of the production volume of industrial output by economic activity have also been given.

Production, exports and imports by economic activities
(Volume index of industrial production, previous year = 100;
value of exports and imports, million US dollars)

Economic activity	P r o d u c t i o n		E x p o r t s		I m p o r t s				
	1981	1982	1981	1982	1981	1982			
T o t a l	104,2	100,1	101,3	9,746,5	9,812,9	13,393,9	12,252,0	11,410,2	
Manufacturing and mining, total	109,9	102,2	105,4	21,5	10,4	8,4	47,4	69,5	31,4
Generation, trans. and di- strib. of electric.	108,7	104,1	106,6	23,4	29,5	16,4	314,5	299,0	291,6
Extraction of coal	101,0	103,2	123,9	9,4	20,9	37,3	5,4	4,3	4,8
Coal processing	108,4	101,0	94,7	-	12,5	40,2	3,095,7	2,586,8	2,694,2
Extraction of crude petrol, and gas	90,0	102,4	102,0	148,1	114,5	174,1	285,5	360,5	271,4
Crude petroleum refineries	103,6	107,1	96,0	1,8	1,1	0,4	52,5	49,3	43,5
Iron ore mining	112,3	96,6	108,1	239,5	231,7	246,0	943,1	778,1	657,3
Iron and steel basic in- dustries	98,7	103,1	108,2	24,1	34,9	32,8	105,1	67,2	45,8
Non-ferrous ore mining	100,6	102,4	105,3	202,4	215,2	293,6	278,8	186,9	172,1
Non-ferrous metal basic industries	102,2	102,2	98,3	192,2	191,6	212,1	72,0	54,9	57,6
Smelting, alloying and re- fining of non-ferrous me- tals	103,2	103,9	102,2	10,8	9,0	4,6	223,6	212,2	225,9
Extraction of non-metallic minerals	114,5	101,7	99,8	181,1	187,6	155,1	197,0	178,9	177,1
Manufactures of non-metallic primary products	104,6	98,8	96,5	695,8	737,1	743,3	472,6	453,4	565,1
Manufacture of fabricated metal products	106,9	102,7	100,9	780,3	877,1	883,8	1,878,1	1,797,6	1,438,2

Product s I m p o r t s 1981 1982 1983 1982 1983 1982 1983 1982 1983

Economic activity

Manufacture of transport equipment	101,8	100,7	100,1	725,7	808,3	678,9	856,1	880,3	703,9
Shipbuilding	104,6	101,0	105,4	309,6	323,3	339,0	119,7	185,3	27,5
Manufacture of electrical machinery and apparatus	103,6	101,5	101,2	971,6	1.035,1	1.024,8	834,4	770,3	701,8
Manufacture of chemicals	110,8	98,5	105,9	649,9	583,9	575,6	1.537,3	1.464,4	1.468,2
Processing of chemicals	107,5	98,9	104,9	791,2	614,7	483,7	609,9	547,0	623,9
Extraction of stone and sand	98,3	96,5	100,0	7,4	9,7	8,6	0,7	0,5	0,2
Manufacture of building materials	100,8	98,0	99,7	47,8	53,3	51,9	41,1	35,1	25,8
Sawmills and manufacture of wood boards	98,7	102,1	98,6	266,1	282,9	277,1	86,4	53,1	44,2
Manufacture of finished wood products	101,1	97,0	100,6	503,2	408,1	373,2	14,9	11,2	5,5
Manufacture and processing of paper	106,7	97,8	102,2	176,6	176,5	180,3	212,8	212,1	187,7
Manufacture of yarns and fabrics	103,6	97,8	101,3	296,8	291,7	254,1	242,2	228,6	252,7
Manufacture of finished textile products	104,5	99,4	100,2	733,1	652,3	580,0	82,2	81,0	82,8
Manufacture of leather and fur	109,0	93,8	98,2	31,4	42,1	44,3	21,4	22,9	
Manufacture of leather footwear and leather fancy goods	109,4	101,0	103,8	694,9	675,4	582,7	9,0	9,6	57,8
Manufacture of rubber	107,4	95,8	108,0	167,1	183,7	194,1	77,5	85,5	100,6
Manufacture of food products	103,2	99,5	101,1	526,8	676,1	557,0	584,0	372,3	477,4
Manufacture of beverages	102,6	115,1	94,0	94,5	95,9	89,9	2,8	6,7	4,6
Manufacture of fodder	105,2	94,9	110,2	2,0	3,8	3,1	7,4	5,8	7,2

