

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

L/6372

18 July 1988

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Original: English

NOTIFICATION PURSUANT TO PARAGRAPH 3 OF THE DECLARATION ON  
TRADE MEASURES TAKEN FOR BALANCE-OF-PAYMENTS PURPOSES  
AND PARAGRAPH 3 OF THE UNDERSTANDING REGARDING  
NOTIFICATION, CONSULTATION, DISPUTE SETTLEMENT AND SURVEILLANCE

Communication from Yugoslavia dated 4 July 1988

The attached notification is submitted pursuant to paragraph 3 of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes, and paragraph 3 of the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance, further to the final part of the Yugoslav presentation at the Special Session of the GATT Council of 15 June 1988.

It represents, at the same time, the Yugoslav reply to the request for notification of any changes in quantitative restrictions. Annexed to the notification are the lists of fully or partially liberalized import products (according to the Harmonized Nomenclature System).

The complete list of products subject to restrictions will be submitted at a later date.

YUGOSLAV IMPORT REGIME IN FORCE AS OF  
MAY, 28, 1988

1. After it has analyzed the policy of protection based on the commodity regime, the priority areas of protection and criteria for its implementation, the Federal Executive Council determined, in October 1987 the matrix for the liberalization of commodity import for the period until 1991.

Import liberalization schedule  
in the period until 1991

-% share in the total volume of  
imports -

	1987	1988	1989	1990	1991
1	2	3	4	5	6
1. Value of imports under the quota scheme (Q)	47	25	24	22	22
2. Value of imports under the licence scheme (D)	4	1	1	1	1
3. Value of imports under 1 and 2 (Q+D)	51	26	24	23	23
4. Free import (LB)	14	40	50	55	77
5. Conditionally free import (LBO)	35	34	26	22	0
6. Value of free import (LB+LBO)	49	74	76	77	77

The Draft Resolution on the Implementation of the Social Plan of Yugoslavia for 1986-1990 envisages, for 1988, the reduction of the share of the commodities classified under the restrictive schemes (quota and licence) and the increase of the commodities classified under the free or conditionally free import schemes.

In May 1988, the Federal Executive Council adopted the Decision amending the Decision on classifying co-

mmodities into different import and export categories which contains the liberalization of imports (the Decision entered into force on 28th May 1988). So free import (LB) now accounts about 40% of the total import. At the same time imports under the licence scheme (D) account only 1% of the total import and imports under quote scheme (Q) less than 25% of the total import. So the value of imports classified under restrictive import categories (Q and D) account for 26% of the total import in 1988 in comparison to 51% in 1987.

Further liberalization of imports is expected at the end of 1988. It will provide that free import (LB) account 50% in the total value of imports.

Yugoslav government radically changed the dynamics of the liberalization of imports, so that the stage predicted for 1990 is reached in 1988.

In Annex we give the list of products subject to liberalization, under Harmonised System.

## BASIC CHARACTERISTICS AND METHODS OF IMPORT REGULATIONS

The Law on Trade in Goods and Services with Foreign Countries is the basic piece of legislation regulating the method and regime of imports while import payments are regulated by the Law on Foreign Exchange Operations.

The basic features of the mentioned acts are as follows:

- Payments for regulated imports are effected on the basis of an established right to such imports;
- the relevant legislation specifically regulates foreign economic relations under anticipated dinar convertibility conditions, i.e. when the balance of payments is in equilibrium as well as when this is not the case.

The transitional arrangements, pending the convertibility of the dinar, i.e. a stable equilibrium of the balance-of-payments, establish a firm bond between the trade and payment regimes. Thus the volume of imports has been adjusted to payments possibilities, so that the import regime and the payment regime contain:

- liberalized imports (LB) also signifying free payment;
- allocation of import quotas meaning at the same time payments within the established quota (Qg), (Qv),
- granting import licences (D) which also provides for payment on the basis of the licence obtained;
- conditionally liberalized imports (LBO) carried out within an established right to payment.

The extent of the right to payment for conditionally liberalized imports is calculated on the basis of the effected imports of goods (except for imports of equipment, imports based on long-term co-production ventures, imports based on investments by foreign persons in domestic organizations of associated labour) and invisible payments of every entity in the previous year.

The right to payment of conditionally liberalized imports consists of the right to payments for imports of goods

as well as of the right to invisible payments falling under this import regime.

Depending on the export activity of every social-legal entity, the calculated extent of the right to payment of conditionally liberalized imports is revised. This revision depends on realised export performance in the previous year and effectuated foreign exchange inflows in convertible currency. The revision is carried out by the authorized bank for every entity on the basis of its quarterly performance.

In this way a link has been established between the right to import and the extent of the right to payment depending on the achieved export results. The balance - of - payments scenario of Yugoslavia, adopted every year by the SFRY Assembly at the same time with current economic policy documents, sets forth the total rights to payment within each of the import regimes. In line with the balance-of - payments projection the law provides for the possibility of revising these rights upwards or downwards. The import of some products is subject to prior approval (S-prior approval) of the Federal Secretariat for Foreign Economic Relations. The aim of this approval is to promote imports from developing countries by direct purchases of products originating in those countries, such as cocoa, tropical fruit, spices, etc.

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\* The term invisible payments has been defined under article 142 of the Law on Foreign Exchange Operations. This involves expenses, e.g. business trips abroad, the expenses of branch offices operating abroad, registration fees, taxes, dues and membership fees related to operations abroad.





5. Import of products which previously was LBOS is liberalised to (LBS)

0303.22, 0303.299, 0303.31, 0303.39, 0303.49, 0303.50, 0303.71,  
0303.73, 0303.78, 0303.792, 0803.00, 0804.10, 0804.30, 0805.10,  
0805.30, 0805.40, 2301.20;

6. Import of products which previously was LB is liberalised to (LB)

9018.41, 9018.909, 9020.009, 9021.29,  
9022.19, 9022.291, 9022.299, 9022.90;

7. Import of products which previously was QqS is liberalised to (LBS)

1801.001, 1801.009, 1201.00,  
5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5105.10, 5105.21,  
5105.29, 5105.30, 5105.40;

8. Import of products which previously was LBO is liberalised to (LBS)

2704.001 u 2704.002;

9. Import of products which previously was Qq is liberalised to (LBOS)

3917.10.