

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ACCESSION OF YUGOSLAVIA

The following communication, dated 18 October, has been received from the Government of Yugoslavia.

I have had the honour to inform you by my letter of 14 April 1965 (document TN.64/44) of my Government's intention to utilize the trade negotiations currently in progress for its full accession to the General Agreement on Tariffs and Trade and to participate in the trade negotiations in conformity with the procedure adopted for the participation of developing countries in the Kennedy Round of negotiations.

1. The Declaration on the provisional accession of Yugoslavia to the General Agreement expires on 31 December 1965, and it is the wish of the Yugoslav Government to accede to GATT. I have, therefore, the honour to ask you that steps be taken, in accordance with Article XXXIII and Part IV of the General Agreement, and pursuant to the procedure adopted at the twenty-second session of the CONTRACTING PARTIES, for the accession of the Socialist Federal Republic of Yugoslavia to the General Agreement.

In presenting this request the Government of Yugoslavia wishes to recall that the CONTRACTING PARTIES, after a careful examination of the Yugoslav foreign trade system in connexion with its request for provisional accession, had considered in 1962 that the system had already moved sufficiently to be in a position to give full effect to the provisions of the General Agreement. The provisional accession was in fact granted on this understanding and full accession was delayed only because the permanent Yugoslav tariff was not yet available. Since that time the system has further been substantially modified in the direction of freer trade and the new tariff represents a substantial lowering of the rates and incidences.

2. The objectives of the policy of accelerated economic development pursued by the Yugoslav Government in the course of past years were: to improve the standard of living, to increase real national income, to diversify the economy, and in particular to increase the exchange of goods and services with foreign countries. The similarity of these objectives with those of the General Agreement have made it possible for the Yugoslav Government to continuously promote co-operation with the contracting parties within the General Agreement.

In the course of this co-operation, mindful of the requirements of the economic development and the country's balance-of-payments possibilities, my Government has been making efforts to liberalize as much as possible its foreign trade.

The recent measures taken within the framework of the July economic reform in the opinion of the Yugoslav Government make possible Yugoslavia's full accession to the General Agreement.

Of particular importance are the following objectives of the economic reform:

(a) to establish more realistic relations between the prices of agricultural and other primary products and those of industrial products, thus to remove the outstanding price distortions, and to decentralize the economic decision-making and rely on market criteria in the formation of prices and the allocation of investment resources;

(b) to ensure internal economic stability by implementing an adequate income policy limiting the rise in personal income to the growth of productivity, as well as by resorting to the credit and other monetary policy measures, which would keep the rate of increase in money supply somewhat below the level of the rate of increase in total economic activity;

(c) to establish a new par value of the dinar of 1,250 dinar to US\$1 (the former unified exchange rate under which all transactions with foreign countries were effected being 750 dinars to US\$1, with a par value of 300 dinars to US\$1 simultaneously in force), in order to provide for adequate relations between foreign and domestic prices and consequently for more harmonious relations between imports and exports. Together with the entry into force of the new par value of dinar, export premiums which amounted, depending on the kind of products exported, to 10 per cent, 22 per cent or 32 per cent were abrogated.

3. A new Permanent Customs Tariff entered into force late in July this year. The present customs rates are considerably lower than those of the Provisional Customs Tariff, so that the average customs incidence, calculated on the Yugoslav imports in 1964, amounts to 11.7 per cent, while the former incidence amounted to 23.29 per cent. A parallel between the two averages for the same year, worked out by groups of products, would appear as follows:

	Customs rates valid	
	<u>Until 26.7.1965</u>	<u>after 26.7.1965</u>
Raw materials	12.14 %	5.11 %
Reproduction materials	17.19 %	9.26 %
Capital goods	42.79 %	20.39 %
Consumer goods	43.96 %	21.06 %

The new customs tariff provides for duty-free imports of tropical products, with a view to promoting trade with other developing countries.

4. Notwithstanding the adverse balance of payments, the import régime has been simplified and further liberalized. Measures have been taken, or are about to be taken, within the existing legislation to liberalize imports of raw materials and reproduction materials, and a liberal policy, in harmony with the investment programme, is pursued regarding imports of capital goods.

Thirty-six products or groups of products have been taken off the total of seventy-seven products or groups of products, formerly appearing in the List of Restricted Imports and the List of Imports Subject to Quotas.

Fifty products or groups of products have been taken off the List of Restricted Exports, which in 1963 covered ninety-three products or groups of products.

Measures liberalizing Yugoslavia's foreign trade are set forth with more detail in the note "Simplification of Yugoslavia's Foreign Trade Régime" annexed hereto.

5. Yugoslavia has multilateral payment arrangements with the majority of countries Members of GATT and IMF, and is ready to abrogate the remaining bilateral agreements with all those countries wishing to do so.

6. The above measures constitute a definite contribution to the realization of the objectives of the General Agreement. However, the success of these measures will largely depend on the understanding and support they are to find with the GATT Members, particularly with those countries who play an important part in the Yugoslav economic relations with foreign countries.

The fact that these efforts, including the considerable reduction of customs tariffs, have been made unilaterally, in harmony with the needs of Yugoslav economy, and not as a result of trade negotiations, in the opinion of my Government only enhances the significance of these efforts, thus qualifying Yugoslavia for accession to the General Agreement.

7. The offer which the Government of Yugoslavia is now submitting covers both its accession to the General Agreement and the negotiations for new concessions in the context of the Kennedy Round in which it is participating in accordance with the rules and procedures for the participation of the less-developed countries. This offer relates to non-agricultural products (i.e. products contained in Chapters 25 to 99 of the Customs Tariff of the Socialist Federal Republic of Yugoslavia) and is for the reduction and consolidation of import duties. In addition, an offer relating to agricultural products is being prepared, and an endeavour is made to submit such

an offer at an early date. The Yugoslav offer can, in the opinion of my Government, be assessed only in conjunction with the general reduction of customs rates, and with other measures implemented within the economic reform. The maintenance in full of this offer is dependent on the negotiating requirements of the Yugoslav Government being met, particularly with regard to removal from exception lists of products of special export interest to Yugoslavia, and more favourable conditions at the markets of industrial contracting parties for agricultural products which account for a larger part of Yugoslav exports to these countries.

8. In addition to this, and in accordance with the provisions of paragraph 4, Article XXXVII of Part IV of the General Agreement, the Government of Yugoslavia hereby declares the intention to study and negotiate, with other developing countries so willing, measures designed to expand trade between themselves, as part of their contribution to the objectives of the Kennedy Round of trade negotiations, in accordance with the rules for participation of the developing countries in the Kennedy Round.

ANNEX

Simplification of Yugoslavia's Foreign Trade Régime

Considerable changes have been made in Yugoslavia's foreign trade régime since the Declaration on the Provisional Accession of the Socialist Federal Republic of Yugoslavia to the General Agreement on Tariffs and Trade was adopted on 13 November 1962.

Forming part of these changes is the abolition of numerous restrictions on imports or exports of certain products, as follows:

I. Regarding imports:

- (1) The prohibition of import by individual citizens of passenger cars, buses, motor-cycles, lorries, and internal combustion engines has been withdrawn.
- (2) Twenty four groups of products have been taken off the list of imports subject to restrictive licensing, the second most restrictive category of imports which contained forty-three groups of products early in 1963. This list formerly contained nearly all kinds of equipment imported by Yugoslavia. After the reduction, the list covers only one item of equipment: passenger cars imported by economic organizations.
- (3) Eleven products or groups of products have been taken off the list of imports subject to quotas which contained thirty-three items early in 1963.

These substantial reductions of certain lists restricting the imports of certain products have created more favourable conditions and better possibilities for enterprises to freely make decisions regarding the imports of certain products and independently decide from what source to purchase such products. On the other hand, the reduction of lists of restricted imports has also created better conditions for foreign suppliers to ensure their presence at and make for more deliveries to the Yugoslav market, as guided by commercial considerations. In addition to material effects these measures have also made for a significant simplification of foreign trade.

II. Regarding exports:

- (1) Twenty-five products have been taken off the list of exports subject to licensing, which contained sixty-eight products early in 1963.
- (2) Twenty-five products have been taken off the list of exports subject to quotas, so that it now contains only two products.

The possibility of further reducing such lists as restrict imports or exports by means of either quotas or licensing is meanwhile under consideration.

A. PRODUCTS TAKEN OFF THE LIST OF IMPORTS SUBJECT TO RESTRICTIVE
LICENSING IN THE COURSE OF THE 1962-1965 PERIOD

(This list contained forty-three items early in 1963)

1. Typewriters
2. Calculating machines
3. Rolling stocks
4. Dredgers and tractors
5. Trailers of all kinds
6. Tramways, trolley-buses and trailers therefore
7. Refrigeration installation and appliances for refrigeration and air conditioning
8. Machines for dry cleaning and ironing textiles
9. Machines for the textile industry
10. Agricultural machinery (dredgers, tractors, combines of all kinds, drying plants, installations for producing cattle fodder, tool carriers and machines for attaching thereto)
11. Cash registers
12. Housebuilding machines
13. Machinery and installations for mills and milling industry
14. Machines for geological research work
15. Electric power generators
16. Power transformers
17. Accumulators of all kinds, except accumulators for photo cameras
18. Rotation machines, electric driven
19. Switchboards, complete with equipment
20. Control boards, complete with equipment
21. Control panels, complete with equipment
22. 000 \emptyset capacitors
23. Machinery for rubberware and footwear industries
24. Radioactive chemical elements and radioactive isotopes

B. PRODUCTS TAKEN OFF THE LIST OF IMPORTS SUBJECT TO
QUOTAS DURING THE 1962-1965 PERIOD

(This list contained thirty-three items of raw materials
and other reproduction materials early in 1963)

1. Anthracite
2. Liquid chlorine
3. Hydrochloric acid
4. Trichlorethylene
5. Calcium iodide
6. Sawn-conifer timber
7. Printing paper
8. Soya
9. Swine for the purposes of canning industry
10. Cement
11. Clinker

C. WITHDRAWAL OF THE PROHIBITION OF IMPORTS OF MOTOR
VEHICLES BY INDIVIDUAL CITIZENS

The prohibition of importing motor vehicles of any kind, which had been in force since mid-1962, was withdrawn early in 1964. Now citizens may import motor vehicles if payment is made in foreign currency drawn from their foreign currency accounts with the Yugoslav National Bank. They may also import motor vehicles in the following cases:

- if they have spent not less than five years abroad and are returning for permanent residence;
- if they have inherited the motor vehicle or vehicles in question;
- if the payment for the motor vehicle is made out of the insurance for the previously destroyed motor vehicles for which payment had been made in foreign currency.

D. A LARGE NUMBER OF ITEMS WAS TAKEN OFF THE EXPORTS SUBJECT TO
LICENSING IN THE 1962-1965 PERIOD

(This list contained sixty-eight products early in 1963)

1. Used foundry products
2. White and gray pig iron
3. Billets
4. Pig steel
5. Ferromolybdenum
6. Calcium molybdate
7. Concentrate of molybdenum
8. Selenic
9. Fertilizers of all kinds
10. Electrolytic sodium hydroxide
11. Papers waste
12. Printing paper
13. Woollen yarn
14. Used tyres and tubes
15. Powdered milk
16. Blood meal
17. Fish meal
18. Meat flour
19. Combined concentrated cattle fodder
20. Bran
21. Dry strips of sugar beet
22. Hemp seed
23. Onions
24. Potatoes
25. Sorghum seed

E. PRODUCTS TAKEN OFF THE LIST OF EXPORTS SUBJECT TO
QUOTAS DURING THE 1962-1965 PERIOD

(This list contained twenty-six items late in 1965)

1. Drawn and rolled products of iron and steel industry
2. Electrolytic zinc
3. Silver
4. Bismuth
5. Mercury
6. Cement
7. Enamelled tableware
8. Sodium hydroxide
9. Sodium carbonate
10. Sawn conifer timber
11. Cardboard and pasteboard
12. Wrapping paper
13. Writing and printing accessories
14. Thin paper of all kinds, except cigarette paper
15. Cotton and cell fabric
16. Rubber footwear
17. Beans
18. Lucerne seed and clover seed
19. Vetch seed
20. Fodder pease
21. Live bovines except Class I and Ia
22. Live swine
23. Pork
24. Colts and meat thereof
25. Eggs in shell