

## YUGOSLAVIA'S EXPORTS TO THE EUROPEAN ECONOMIC COMMUNITY — AN ANALYSIS OF THE 1980 COOPERATION AGREEMENT

Mark S. ELLIS\*

### I. INTRODUCTION

This article analyzes trade between the European Economic Community and Yugoslavia under the 1980 Cooperation Agreement,<sup>1</sup> including its subsequent protocols, during the first four years of the Agreement's implementation. Its purpose is to ascertain whether the Agreement has provided real growth potential for Yugoslav exports to the Community or has advanced general restrictions unfavorable to Yugoslavia.<sup>2</sup> Particular emphasis has been assigned to those Yugoslav exports designated as "sensitive," in order to determine whether they represent Yugoslavia's primary exports.

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\* Mr. Ellis is an Economist and Attorney at Law in the United States. He is presently a Fulbright Scholar at the Institute of Economics, Zagreb, and the Faculty of Economics, Belgrade, Yugoslavia.

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<sup>1</sup> For complete text see: *Official Journal of the European Communities*, Vol. 26, No. L41 (14 February 1983).

<sup>2</sup> The parties strongly disagree about the resultant trade benefits of the Agreement, particularly for Yugoslavia. Yugoslav officials advocate a generally consistent position that the Agreement is a protectionist instrument which has created "insurmountable obstacles," strongly affecting Yugoslav exports, and which has caused "direct financial damage." In contrast, the EC maintains that the 1980 Agreement is the most accommodating of its kind and provides Yugoslavia with unequalled access to the Community's market. See: *Politika*, 14 February 1986, p. 2; *ibid.*, 13 February 1986, p. 2; *ibid.*, 22 April 1986, p. 4; *EC Press Release*, 12 May 1986; *ibid.*, 15 September 1986; *Politika*, 17 November 1986, p. 4; *Borba*, 18 November 1986, p. 5; *ibid.*, 4 November 1986, p. 5; *Politika*, 17 November 1986, p. 4; *Borba*, 18 November 1986, p. 5; *Politika*, 3 December 1986, p. 2; *ibid.*, 4 December 1986, p. 2; *ibid.*, 9 December 1986, p. 1; *ibid.*, 19 December 1986, p. 2; *Danas*, 23 December 1986, p. 2.

## II. THE 1980 COOPERATION AGREEMENT

The importance of the 1980 Agreement is not confined to economic interests. Politically, the Agreement is significant because it continues to expand and diversify Yugoslavia's interrelationship with the Community. In addition, Yugoslavia's role as a mediator in the North-South dialogue is greatly enhanced by its continued affiliation with the Community's important economic spheres. Yet, it is within the economic framework that the 1980 Agreement provides potential for the most significant transformation within Yugoslavia's socio-economic structure. The share of Yugoslavia's trade deficit with the EC, as a percentage of its overall trade deficit, is over 53%. Thus, improved trade relations with the EC will have a significant, far-reaching affect on Yugoslavia's economic development.

Prior to the 1980 Agreement, Yugoslavia's level of economic development was more a peripheral concern to the Community than a basis for long-term cooperation. In past agreements, the two parties were essentially placed on equal footing with little recognition of the disparity between their respective trade leverage. Although Yugoslavia certainly received trade advantages from the EC in past agreements, they tended to be no more than necessary concessions in order to maintain the Community's positive trade balance with Yugoslavia.<sup>3</sup>

The 1980 Agreement, however, embarked on a significant course in recognizing Yugoslavia as an economically developing country as well as the internal economic disparity among Yugoslavia's six republics and two autonomous provinces. The Agreement took account of the parties' differing levels of economic development, and a need to attain a more "just" and "balanced" economic order between the parties.<sup>4</sup>

To achieve these goals, the 1980 Agreement introduces a two level approach. The first approach is to improve the "conditions of access" for Yugoslav products to the EC market.<sup>5</sup> The second approach is pri-

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<sup>3</sup> The Community's trade surplus grew from 308 million ECU in 1968 to 2,150 million ECU in 1980.

<sup>4</sup> "RESOLVED to strengthen economic cooperation between the Community and its Member States, on the one hand, and the Socialist Federal Republic of Yugoslavia, a non-aligned, European, Mediterranean State and a member of the group of 77 developing countries, on the other hand, ... MOVED by a common will to contribute to the economic development of the Socialist Federal Republic of Yugoslavia in various sectors of mutual interest, having regard to the respective levels of development of their economies, ...

DESIRING to contribute to the development of economic cooperation between countries having different levels of economic development, in the framework of the efforts of the international community to attain a more just and more balanced economic order ..." (emphasis added), Preamble of the 1980 Agreement. See also: Article 14 of the Agreement, *supra*, note 5.

<sup>5</sup> "In the field of trade, the object of this agreement is to promote trade between the contracting parties, taking account of their respective levels of development and of the need to ensure a better balance in their trade with a view to improving the conditions of access for Yugoslavia products to the Community market." (emphasis added), Article 14 of the Agreement.

marily a self-imposed concessionary trade provision by the EC.<sup>6</sup> The provision provides Yugoslavia with the mechanism to introduce or increase customs duties or quantitative restrictions in so far as such measures are necessary for its industrialization and development. Essentially, this provision eliminates the burden of reciprocity for Yugoslavia and places the EC in the position of sustaining a relatively large proportion of trade concessions.<sup>7</sup> Except reciprocal most-favored-nation treatment (Articles 26 and 24), the terms of the Agreement require of Yugoslavia little more than a rhetorical commitment to eliminate its trade barriers against the Community — a consequence that has been strongly disdained by the EC's business community,<sup>8</sup> and has led to an increasing number of anti-dumping actions against Yugoslav exports to the Community.<sup>9</sup>

### A. Regulating Yugoslavia's Exports to the EC

The Agreement divides the regulation of Yugoslav exports to the EC into three distinct product lines: (1) agricultural products, (2) industrial products, and within industrial products (3) textiles and clothing.<sup>10</sup>

#### 1. INDUSTRIAL PRODUCTS

For industrial products,<sup>11</sup> the 1980 Agreement stipulates that imports from Yugoslavia will be free of customs duties and quantitative

<sup>6</sup> "Yugoslavia shall be entitled to introduce into its trade arrangements with the Community *new customs duties or changes* having equivalent effect and *new quantitative restrictions* or measures having equivalent effect applied to products originating in or going to the Community, *insofar as such measures are necessitated by Yugoslavia's industrialization and development*. In accordance with the objectives of the Agreement, the measures selected by Yugoslavia shall be those which least harm the trade and economic interests of the Community." (emphasis added), Article 29, section 2 of the Agreement.

<sup>7</sup> In 1979, Yugoslavia's trade deficit with the EC was 2,384 million ECU. By 1984, the deficit had declined to 738 million ECU.

<sup>8</sup> See: P. Artisien, "Belgrade's Closer Links with Brussels," *The World Today*, (January 1981), p. 31.

<sup>9</sup> Between 1981 and July 1986, 19 anti-dumping cases were opened against Yugoslavia. Of the 19, three are still in progress (steel plates, polyester fibres, tube and pipe fittings). Of the 16 cases concluded, "no dumping was found for two (artificial corundum, silicon carbide); "no injury" was found for four (ice skates, codeine, wood particle board, cement); "no EC interest in applying measures" for one (wrought aluminium); "price undertakings" were applied to six (refrigerators, ferro silicon, caravans, glass, upright freezers, hardboard). Price undertakings are agreements between the operators that require the Yugoslav operator to refrain from selling its product below a benchmark price. In cases of price undertakings, anti-dumping has been proved against the Yugoslav firm. Finally, "definitive duties" were applied to three (copper sulphate twice, chromium sulphate) for a five year period as a result of anti-dumping findings.

<sup>10</sup> The agreement also covers certain petroleum and primary products which are not included in this analysis.

<sup>11</sup> The industrial products covered in this analysis do not include those coal and steel products found in the Agreement between the Member

restrictions, subject to a system of tariff ceilings and special restrictions governing market access for particularly sensitive products (Article 15). The Community's generally unrestrictive policy towards the importation of Yugoslav industrial products is reflected in the composition of Yugoslav exports to the Community. Presently, over 70% of Yugoslav exports to the EC is comprised of manufactured goods.<sup>12</sup>

The Community's control over industrial products within the Agreement is realized in conjunction with its Generalized System of Preferences (GSP).<sup>13</sup> Within the Community's GSP scheme, there exist two categories of goods — sensitive and non-sensitive. For non-sensitive goods, there are no duties. The non-sensitive products, however, are subject to statistical surveillance every three months and duties may be imposed if the imports cause or are likely to cause economic difficulties in the Community. Thus, at the request of a Member State, duties may be reintroduced by the Commission. This is done through redesignating a non-sensitive good as a sensitive good. In this way, sensitive products are subject to either tariff quotas or ceilings.

As regards to Yugoslavia, sensitive industrial products are admitted duty free within ceilings rather than tariff quotas. "Buffers" are fixed for Yugoslavia, which place a limit in the form of a given percent of the maximum portion which Yugoslavia is entitled to use of the ceiling established for the different products. When imports of the products subject to a ceiling reach the "buffer" zone (usually 75% of the given percentage) the EC Commission notifies the Cooperation Council (Protocol 1, Article 1, section 2). Once the ceiling set for imports of a product is reached, normal customs duties may be reintroduced.

In addition to the sensitive products which are established in the 1980 Agreement, there is a special provision in the Agreement which accords the Community complete discretion to adjudge products sensitive and thus enact whatever measures are necessary to regulate their

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States of the European Coal and Steel Community and the European Coal and Steel Community on the one part, and Yugoslavia, on the other part. For complete text see: *Official Journal of the European Communities*, Vol. 26, No. L41 (14 February 1983).

<sup>12</sup> As of 1984, 15.6% of total Yugoslav exports to the EC was comprised of miscellaneous manufactured goods classified chiefly by material (i. e., leather, rubber manufactures, wood and cork products, paper products, textile yarn products, iron and steel, and non-ferrous metal); and 16.5% of machinery and transport equipment (i. e., electrical and non-electrical machinery and transport equipment such as ships, railway vehicles, buses, motorcycles, etc.). In addition, chemicals, which are more often categorized as manufactured goods, comprised 5% of Yugoslav exports to the EC.

<sup>13</sup> The GSP is a concept developed within the the United Nations Conference on Trade and Development (UNCTAD) to encourage the expansion of exports from developing countries by making such goods more competitive through tariff preferences. The Community's GSP covers all industrial products under the Customs Cooperation Council Nomenclature (CCCN), chapters 25—99, with the exception of primary products and metals up to the stage of ingot. Nearly 311 agricultural products within CCCN chapters 1—24 are also covered by the scheme. For complete text see: *Official Journal of the European Communities*, vol. 23, No. 354 (29 December 1980) and *ibid.*, No. 368 (31 December 1980).

import. To date, this provision has never been utilized by the Community.<sup>14</sup>

#### a. Industrial Products Analyzed within the 1980 Agreement

The 1980 Agreement places ceiling levels on 27 "categories"<sup>15</sup> of Yugoslav industrial products<sup>16</sup> (excluding textiles and clothing). These categories represented 16.2% of the earnings from industrial exports to the EC in 1981, 13.6% in 1982, 18.4% in 1983 and 17.1% in 1984. Thus, in relation to Yugoslav industrial exports to the EC, those products covered in the Agreement comprised a relatively small share of earnings from industrial exports to the EC. Pursuant to the Agreement, "once the ceiling set for imports of a product is reached, the customs duties . . . may be reintroduced in respect of imports of the product in question until the end of the calendar year" (Protocol 1). The customs duties to be reintroduced are those actually applied in respect to third countries within the Community's Common Customs Tariff (CCT).<sup>17</sup> Yugoslavia exceeded the ceiling levels on 23 of the 27 product categories in each year between 1981 and 1984. Nevertheless, the EC elected to reintroduce customs duties on only 11 categories in 1981, 12 in 1982, 18 in 1983, and 16 in 1984.

Graph 1 illustrates two findings. First, it shows the percent earnings from categories where duties were reintroduced (i. e., "de facto sensitive" products), as compared to total earnings from industrial exports to the EC. Second, it shows the percent earnings from categories that exceeded the ceiling levels (i. e., without reintroduction of customs duties) as compared to total earnings from industrial exports to the EC.

When comparing "de facto sensitive" categories to industrial exports to the EC, their importance, in total earnings, was fairly insignificant. As indicated in Graph 1, in 1981, "de facto sensitive" categories represented only 10.2% of the earnings from industrial exports to the EC. Although the percentage eventually increased to 14.5% in 1983, the total share remained relatively small.

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<sup>14</sup> "For certain products which it considers to be *sensitive*, the Community reserves the right to call upon the *Cooperation Council* to determine such special conditions for access to its market as may prove necessary." (emphasis added) Article 20 of the Agreement.

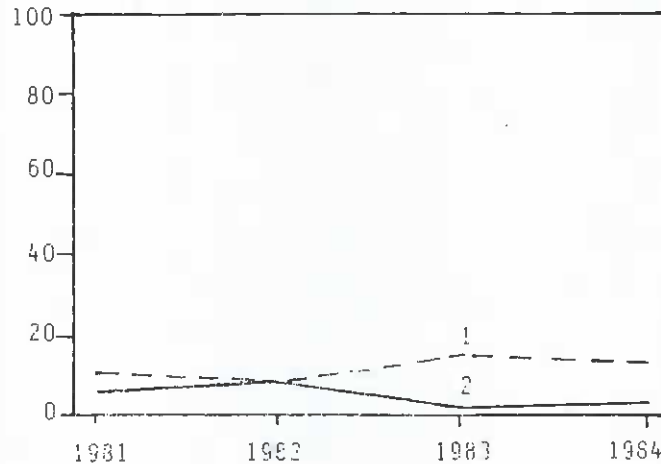
<sup>15</sup> The term "category" is used in this analysis to denote groups of products which are similar in production process and composition and which are categorized as such under the Agreement. See appendix 1.

<sup>16</sup> Industrial products are defined as those products included in SITC groups 2, 5, 6, 7 and 8.

<sup>17</sup> The Community's CCT is applicable to imported goods originating in non-member countries which are contracting parties to the General Agreement on Tariffs and Trade (GATT) or with which the EC has concluded agreements containing most-favored-nation treatment. The CCT lists over 1,200 tariff items, nearly all of them dutiable.

Graph. 1

Performance of Yugoslav "Sensitive" Products as Compared to Total Yugoslav Industrial Exports to the EC, 1981—1984



Source: Appendix 1

- (1) Percent earnings from "de facto sensitive" products as compared to total earnings from industrial exports to the EC.
- (2) Percent earnings from categories that *exceeded* ceiling levels (i. e., without reintroduction of customs duties) as compared to total earnings from industrial exports to the EC.

For the remaining categories, Yugoslavia was permitted to export beyond the ceiling levels, *duty free*. In 1981, 11 categories exceeded the ceiling levels without reintroduction of customs duties. This number decreased to 5 in 1983 and settled at 7 in 1984. In terms of total earnings from industrial exports to the EC, however, the products permitted access to the Community (i. e., duty free) were insignificant. As shown in Graph 1, in 1981, the 11 categories where exports exceeded the ceiling levels (i. e., duty free) represented only 5.8% of the earnings from industrial exports to the EC. By 1983, this share dropped to 1.4% due to the Community's action of permitting only 5 categories of industrial products to exceed the ceiling levels, duty free.

Nevertheless, among the products permitted to exceed the ceiling levels without reintroduction of customs duties, the percentage rates above the levels were significant. Between 1981 and 1984, the average annual exports of generators and motors (category # 20) exceeded the ceiling by 210%; mineral and chemical fertilizers (category # 1) by 100%; footwear (category # 11) by 139% (for years 1981, 1982 and 1984) and furniture (category # 27) by 404% (for years 1981 and 1982) (See appendix 1).

As to whether the "de facto sensitive" categories were Yugoslavia's primary industrial exports, the answer is "no". As already stated, these categories did not represent any more than 14.5% of the earnings from industrial exports to the EC in any given year. As appendix 2 indicates, of the 22 products comprising 50% of the earnings from exports to the EC in 1984, only 4 of the 15 "de facto sensitive" industrial products were included in this group.

Finally, on a number of occasions, Yugoslavia failed to reach the ceiling levels applicable to industrial exports. For three categories — regenerated cellulose (category # 3), rubber tires (category # 5) and cycles (category # 24), Yugoslavia failed to meet the ceilings in all years between 1981 and 1984. For spare parts for generators and motors (category # 21), Yugoslavia failed to meet the ceilings in 1982, 1983 and 1984.

## 2. TEXTILES AND CLOTHING

In general, the Community's import policies on textiles and clothing have become progressively more restrictive since the mid 1970s, precipitated by the near collapse of the world textile market, and the subsequent fall in Community production (—5.9% in textiles and —6.3% in clothing since 1973) and sharp increase in unemployment.<sup>18</sup> Between 1981 and 1984, the Community's textile and clothing sectors continued to face depressed demand conditions. Imports of textiles and clothing drastically declined during this period.<sup>19</sup> Yet, despite the deteriorating market, the Community did maintain an aggressive import policy among Mediterranean countries. Textiles and clothing imports from these countries, particularly Yugoslavia,<sup>20</sup> actually increased.<sup>21</sup>

### A. Textiles and Clothing Analyzed within the 1980 Agreement

The system for the administration and control of textile and clothing imports from Yugoslavia is linked to the 1980 Agreement, the Supplementary Protocol on Trade in Textiles,<sup>22</sup> and the Multi-Fibre Arrangement (MFA).<sup>23</sup> Within the industrial product framework of the

<sup>18</sup> Between 1973 and 1980, 15% of the Community's textile firms closed and 512,000 jobs in textiles and 333,000 in clothing were lost. The total work force in the textile and clothing fields fell by an average of 115,000 jobs a year. *European File*, 7/82, (April 1982).

<sup>19</sup> The percent change (in value) per annum for total EC imports of textiles and clothing during 1980—1983 was the following: For textile — 1980, 5.5; 1981, 12.1; 1982, —5.4; 1983, 0.7; For clothing — 1980, 12.5; 1981, — 3.7; 1982, — 0.9; 1983, 2.1.

*Source*: "Trade Policy Issues and Developments," IMF, occasional paper No. 38 (July 1985) table 21. (hereafter cited as IMF).

<sup>20</sup> In 1982, textiles and clothing imports from Yugoslavia, as a share of total Community imports from Mediterranean countries, was 21%. This was second only to Turkey. *Source*: Eurostat.

<sup>21</sup> The average annual percentage change of EC imports of textiles and clothing from Mediterranean countries was 4.1% between 1974 and 1980, and 10% between 1980 and 1982. For Yugoslavia, the change was — 2.5% and 5.4%, respectively. *Source*: Eurostat.

<sup>22</sup> For complete text see: *Official Journal of the European Communities*, No. L. 245/338 (29 August 1986).

<sup>23</sup> The MFA was ratified on March 21, 1974 by the Council of Ministers, on behalf of the EC. It replaced the Long-Term Agreement on International Trade in Cotton Textiles (LTA) which had been in effect since 1962. The original MFA (1974—1978) was succeeded by MFA II (1978—1981) and MFA

Agreement is a special provision for trade in textiles. Essentially, for those textiles not specifically listed in the Agreement, the provisions concluded within the framework of the MFA regulate trade in textiles between the parties, and the Agreement cannot affect the said provisions (Article 17).

For textiles and clothing covered in the Agreement (see Appendix 1), ceilings have been imposed. Yearly increases in the level of ceilings are linked to ceiling increases for the same products under the MFA's "Voluntary Export Restrictions" (VER'S) scheme (for textiles) or by an automatic 5% increase for clothing.<sup>24</sup> Because of the potential unilateral imposition of mandatory import restrictions by the Community at large or by a Member State,<sup>25</sup> the exporting country has little option but to adhere to the imposed "Voluntary" restraint.<sup>26</sup> The restraints are particularly damaging to an exporting country because the country is not entitled to "compensation."<sup>27</sup>

The Agreement places ceilings on 27 categories of Yugoslav textile and clothing exports.

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III (1982 — July 1986). The MFA is an international compact that allows the Community to apply quantitative restrictions on imports of textiles when it considers them necessary to prevent market disproportion. This can occur even when such restrictions would be contrary to GATT regulations. There are essentially two types of restrictions: (1) bilateral or unilateral restrictions as a result of market disruption, and (2) bilateral agreements to eliminate the risks of market disruption, i. e., voluntary export restrictions (VER's). The MFA stipulates that such restrictions should not reduce imports to levels below those attained during the preceding year and should, if continued, permit trade to expand by specified percentages. A new seven year arrangement (MFA IV), that will come into force in 1987, has been agreed to in talks in Geneva during August. The EC has bilateral agreements on textiles and clothing import quotas with 26 developing countries and has thus far concluded new agreements with 19 countries. The new arrangement is designed to gradually lead to freer world trade in textiles with full liberalization to take place in 1994. Nevertheless, MFA III was generally considered to have been more extensive and restrictive than MFA II. It remains to be seen how MFA IV is viewed in comparison.

<sup>24</sup> Protocol 1, Article 1, Section 4 of the Agreement.

<sup>25</sup> Despite the fact that the Treaty of Rome required all bilateral trade agreements to be coordinated by 1970, Member States continue to impose their own VER's. It is estimated that Member States have concluded around 100 VER's with third countries. See: G. Yannopoulos, "The European Community's Common External Commercial Policy — Internal Contradictions and Institutional Weaknesses," *Journal of World Trade Law*, Volume 19, No. 5, (September: October 1985), p. 455.

<sup>26</sup> Under the second MFA, the EC substantially increased its control of textile and clothing imports from low wage developing countries through VER agreements. Import growth drastically decreased from 25% per year in volume in 1973—1976 to 4% in 1976—1979 for MFA countries. See: "European Community Protection Against Manufactured Imports from Developing Countries: A Case Study in the Political Economy of Protection," World Bank Staff Working Paper No. 432 (October 1980), p. 18.

<sup>27</sup> "Compensation" is an essential element of the GATT and provides that if a contracting Party raises a tariff to a higher level than in its negotiated schedule of concessions (i. e., its "bond rate") then the countries whose exports are affected receive "compensation," usually through the form of reduced tariffs on other products which the affected country exports to the contracting Party.



During the first full year of its implementation, 1981, Yugoslavia met or exceeded the ceiling levels on 15 of the 27 categories of textile and clothing exports.<sup>28</sup> Pursuant to the 1980 Agreement, "once the ceiling set for imports of a product is reached, the customs duties ... may be reintroduced in respect of imports of the product in question until the end of the calendar year." (Protocol 1). The customs duties are those actually applied in respect to third countries within the Community's CCT. The Community, however, elected to reintroduce customs duties on only 8 of the 15 categories where ceiling levels had been surpassed. The eight categories represented 25% of the earnings from textile and clothing exports to the EC. Thus, the textile and clothing categories for which the Community selected to reintroduce customs duties were quite significant in terms of Yugoslavia's earnings from textile and clothing exports to the Community.

In the remaining seven categories, Yugoslavia was permitted to continue to export, *duty free*, in excess of the ceilings. These products represented 17% of the earnings from textile and clothing exports to the EC in 1981. In many instances, exports in excess of the ceilings were quite significant. For example, Yugoslav exports of category # 34 — adults' and childrens' outer garments — exceeded the set ceiling by 1,884%.

By the end of 1982, Yugoslavia's position substantially improved. Of the 27 textile and clothing categories, Yugoslavia exceeded the ceilings on 17 of them. Most significant was the fact that the Community did not reintroduce customs duties on any of the 17 categories. Consequently, Yugoslavia was able to exceed the ceilings by considerable amounts without being assessed duties. The more notable categories included category # 35 — knitted and crocheted outer garments — which exceeded the ceiling level by 3,184%, category # 34 — adults' and childrens' garments — which surpassed the ceiling level by 1,199%, and category # 36 — men's and boys' under garments — which exceeded the ceiling level by 1,294% (see appendix 1).

The reduction in categories subject to reintroduction of customs duties prompted a rise in Yugoslavia's earnings from textile and clothing exports covered in the Agreement, in relation to total textile and clothing exports to the EC, from 40% in 1981 to 48% in 1982. In practical terms, restrictions on textile and clothing exports in the Agreement during 1982 did not exist. Yugoslavia was essentially treated as a Member State; it was able to export unrestricted amounts of products, duty free.

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<sup>28</sup> The analysis on textiles and clothing pertains to those ceiling levels set forth in the 1980 Agreement and does not include modified ceiling levels established in the Supplementary Protocol to the Agreement on Trade in Textile Products. The Protocol lowered the ceiling levels on most textile and clothing products regulated in the 1980 Agreement. Thus, the statistical analysis covering textiles and clothing is of a conservative nature. If the lower ceiling levels were taken into account, the actual number of categories exceeding the ceiling levels would be greater, as would the subsequent figures indicating the percent representation of Yugoslav exports in excess of the ceiling levels. For complete text of the Protocol see: *Official Journal of the European Communities*. No. L. 245/338 (29 August 1986).

The same favorable conditions continued in 1983. Of the 27 textile and clothing categories, Yugoslavia exceeded the ceilings on 15 of them. Yet, the Community reintroduced customs duties on only one category. In 1983, textiles and clothing covered in the Agreement represented 48% of the earnings from textile and clothing exports to the Community.

In 1984, the Community declined to reintroduce customs duties on the 18 categories which exceeded the ceiling levels. The amounts exported beyond the ceiling levels, however, were notably less than in previous years. This trend was due to an overall increase in the ceiling levels. For instance, in 1983 the ceiling level on category # 35 — knitted or crocheted outer garments — was 349,000 pieces. In 1984, the level was increased by 461% to 1,959,000. Nevertheless, Yugoslavia's export earnings from textiles and clothing covered in the Agreement remained relatively constant compared to the previous years' earnings; they represented 47% of the earnings from textile and clothing exports to the Community in 1984.

As to whether Yugoslavia's primary textile and clothing categories were designated as "sensitive" goods within the Agreement, the answer is "yes". The fact that textiles and clothing covered in the Agreement comprised an annual average of 46% of the earnings from textile and clothing exports to the Community between 1981 and 1984 denotes the importance of these products to Yugoslavia's export earnings.

Even more revealing is that among Yugoslavia's 10 most important products (i. e., in value earned) in 1984, textiles and clothing covered in the Agreement comprised 4 of those products (see appendix 2). After petroleum oils, textiles and clothing, in the form of men's and boys' outer garments (nimexe # 6101) and women's, girls' and infants' outer garments (nimexe # 6102), occupied the second and third positions among earnings from exports to the Community.

Thus, it follows that restrictive policies aimed at textile and clothing products covered in the Agreement would significantly diminish Yugoslavia's total earnings from textile and clothing exports. The analysis, however, does not reveal that the Agreement's textile and clothing provision has been injurious to Yugoslavia. The data indicates that the Agreement has provided Yugoslavia with an unmatched opportunity to maximize its exports of textile and clothing to the EC. In the first four years of the Agreement, Yugoslavia surpassed the ceiling levels on 65 separate occasions. Yet, the Community opted to reintroduce customs duties on only 9 of those occasions. Thus, on the remaining 56 occurrences, Yugoslavia exceeded those levels, by substantial amounts, without being charged customs duties.

In addition to the ceiling levels set forth in the Agreement, and subsequent modifications in the 1982 Supplementary Protocol, the 1982 Protocol imposes quantitative restrictions on 16 textile and clothing categories.<sup>29</sup> The restrictions apply only to direct exports of Yugoslav

<sup>29</sup> The products include: cotton yarn, woven fabrics of cotton, woven fabrics of synthetic textile fibres, pullovers, woven trousers, women's, girls' and infants' blouses, men's and boys' shirts, woven cotton terry fabrics, stockings, woven overcoats for women, girls and infants, men's and boys' woven suits, knitted or crocheted clothing accessories, and track suits.

products and do not encompass those products which are exported through OPT arrangements.<sup>30</sup> The quantitative restrictions are set at 50% above either the direct export limit or the ceiling level, whichever is applicable.<sup>31</sup>

It should again be noted that on a number of occasions, Yugoslavia failed to meet the textile and clothing ceilings set forth in the Agreement. For several categories, such as category # 31 — synthetic textile fibres; category # 41 — men's and boys' under garments; category # 44 — knitted or crocheted men's and boys' under garments; and category # 54 — twine, cordage and rope, Yugoslavia failed to meet the ceilings for all four years. In other areas, such as category # 42 — yarn of man-made fibres; category # 48 — yarn of combed sheep's or lamb's wool; category # 49 — cotton yarn; category # 50 — yarn of man-made synthetic fibres; and category # 51 — regenerated textile fibres, Yugoslavia failed to meet the ceilings during the first three years of the Agreement. As for these categories, however, Yugoslavia demonstrated its ability to recognize and respond to the deficiency by exceeding the ceilings on all of these categories in 1984 (see appendix 1). Thus, Yugoslavia does possess the flexibility to respond to the Community's demand for textile and clothing products and the ability to maximize the benefits inherent in the textile and clothing arrangement within the Agreement.

### 3. AGRICULTURAL PRODUCTS

In contrast to industrial products, and textiles and clothing, agricultural products originating in Yugoslavia are permitted access to the EC through a complex set of provisions which either set customs duties at established levels (Article 21) or provide for fluctuating customs duties and levies as determined by the prevailing Community market price (Article 22, 23 and 24).

#### A. *The Community's CAP*

The complexity of the agricultural provision of the Agreement is indicative of the Community's Common Agricultural Policy (CAP). The

<sup>30</sup> The OPT arrangement is a special form of industrial cooperation whereby the Community manufacturer (contractor) allocates part of the production process to a partner (subcontractor) in a non-member country. The subcontractor is provided Community semi-manufactured products (e. g., fabrics) and where appropriate, the necessary technical assistance for making finished products. Subsequently, the finished products are reimported into the Community. This system primarily covers textile and clothing stages of processing (mainly in clothing) to low-wage countries, while maintaining the more capital-intensive stages (e. g., like designing) for themselves. There has been a substantial European investment in OPT's, particularly in the Mediterranean area.

<sup>31</sup> At the time of this publication, statistics on the export of restrictive products were classified as confidential. Direct communication with the Community, however, did reveal that under articles 7 and 8 of the Protocol, the Community's enforcement of the quantitative restrictions has been flexible.

principal objectives of the CAP were defined in the Treaty of Rome to ensure a "fair" standard of living for the agricultural community.<sup>32</sup> In particular, it attempts to provide the farm sector with an income equivalent to those in the non-farm sector and to stabilize overall agricultural markets. The CAP covers 94% of all European farm produce.<sup>33</sup>

To achieve its objectives, the CAP is premised on a theory of Community preference. That is, agricultural production from Member States is given preference in the Community market. This, in turn, ensures a market for Community producers. Community preference is achieved through both internal and external market management, either through direct unilateral intervention or appropriate international and inter-member agreements. This policy reflects the Community's idea that agricultural issues should be addressed through "cooperation" rather than free market principles and that the basic principles of the CAP are nonnegotiable.<sup>34</sup>

The cornerstone of the CAP is a system of guaranteed minimum prices for most major agricultural commodities produced in the EC.<sup>35</sup> A predetermined "guide price"<sup>36</sup> is set by the Community. When the domestic market price falls below this target, the Community, through the European Agricultural Guidance and Guarantee Fund (EAGGF),<sup>37</sup> intervenes to stabilize the market by purchasing the products at a predetermined "intervention" price.<sup>38</sup> With little flexibility, the govern-

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<sup>32</sup> Article 39 of the Treaty of Rome lays down five fundamental principles of the CAP: (I) to increase productivity, (II) to ensure a fair standard of living for the agricultural community, (III) to stabilize markets, (IV) to guarantee food supplies, and (V) to provide food for consumers at reasonable prices.

<sup>33</sup> The only major agricultural products not covered by the CAP are potatoes and agricultural alcohol.

<sup>34</sup> See: N. Butler, "The Ploughshares War between Europe and America," *Foreign Affairs*, Spring, 1983, p. 105.

<sup>35</sup> Approximately 70% of the EC's agricultural products (including soft wheat, barley, rye, maize, rice, sugar, dairy products, beef, sheepmeat, pork, various fruits and vegetables and table wine) enjoy guaranteed minimum prices.

<sup>36</sup> The "guide price" is the average wholesale price which has been adopted by the EC as its policy objective and serves as an indicator as to when intervention measures will be enacted to ensure minimum prices.

<sup>37</sup> The EAGGF, established April 4, 1962, pursuant to Article 40 of the Treaty of Rome is the instrument whereby the EC finances and implements the CAP. It is divided into two sections. (1) The Guidance Section attempts to improve the structural aspects of farming mainly through funding projects involving the improvement of farms, rural facilities, processing and marketing. It accounts for approximately 3% of the overall Community budget. (2) The Guarantee section intervenes directly into the market to assure minimum guaranteed prices. Intervention covers expenditure on regulating the internal market (11.8 million ECU in 1984) through intervention boards, storage costs, income aids and marketing subsidies, and regulation of external sales (6.6 million ECU in 1984) for export rebates. It accounts for 63% of the overall Community budget.

<sup>38</sup> "Intervention price" (i. e., "activating price") is fixed before December 16<sup>th</sup> of each year in light of the guide price level. The intervention price determines how and when the intervention measures provided will take effect and essentially represents the lower limit of prices which triggers all of the Community's main market support measures.

ment authorities are required to purchase all commodities offered at the intervention price. Obviously, not only is this policy a tremendous financial burden on the community,<sup>39</sup> but it results in an enormous stockpiling of the affected commodities.<sup>40</sup> Consequently, the EC must resort to extensive programs of export subsidization (i. e., "refunds"<sup>41</sup>) in an attempt to reduce inventories. In addition, the Community often resorts to selling the commodities at significantly lower world market prices,<sup>42</sup> which in turn further depresses world prices.

In addition to direct government purchases and export subsidization, the EC, in order to assure that minimum Community prices are not impaired by cheaper imports, maintains regulatory measures which significantly restrict imports. The predominate measure utilized is a system of variable levies.<sup>43</sup> Although variable levies are computed differently for various commodities,<sup>44</sup> the system essentially ensures that the import price is higher than the artificial guaranteed domestic pri-

<sup>39</sup> CAP consumes about two-thirds of the overall EC budget of \$21.6 billion and is funded from Member States contributions, customs duties, agricultural levies and receipts from value-added taxes. With regard to the overall budget, the Community increased the VAT ceiling from 1% to 1.4% in January of 1986 in order to accommodate the accession of Spain and Portugal. Nevertheless, the EC faces a budget shortfall of at least \$4.4 billion for 1987, largely due to the cost of storing and exporting surplus food. *IHT*, 23 January 1987, p. 6.

<sup>40</sup> The Community's stockpile of unsold farm goods has more than quintupled in the past five years, to a current value of \$10.2 billion.

<sup>41</sup> When Community producers export, they are refunded the difference between the (higher) market price in the Community (including transport cost to the port of export in the Community) and the (lower) selling price on the world market. The refunds are met from the CAP budget. The products which qualify for intervention are beef, veal, pork, principal grains, butter, sugar, tobacco, nonfat dried milk, certain cheeses and olive oil. Other commodities, such as poultry, eggs, and processed rice do not receive direct government intervention (i. e., purchases) but are, nevertheless, eligible for variable levies and export subsidies.

<sup>42</sup> The U. S. Department of Agriculture reported that as of December 7, 1982, EC export subsidy on wheat was \$89 per bushel; \$93.76 per metric ton on wheat flour and \$196 per metric ton on broilers. Source: Federal Reserve Bank of Chicago, "International Letter," No. 490, (31 December 1982). A study by Australia's Bureau of Agricultural Economics, concluded that the Community's Common Agricultural Policy costs Australia approximately \$720 million a year in lost sales. *IHT*, 22 April 1986, p. 2. In 1984, the Community announced special sales of 200,000 tons of storage butter (mainly to the USSR) at prices 40% below the minimum level established under the GATT's International Dairy Arrangement (IDA). Source: *IMF*, *supra*, p. 61.

<sup>43</sup> The levy is actually a duty that increases or decreases, as domestic or world prices fluctuate, in order to ensure that the price of the imported product after payment of duty will equal a predetermined "gate" price. Thus, the EC sets a "threshold" price (i. e., a price that is considered adequate for community producers) and the lower import price (world market price (+) transport to Community frontier — CIF) is increased to that level. The difference between the threshold price and the import price is charged as a "levy" and accrues to the Community's budget as a contribution to CAP.

<sup>44</sup> Variable levies apply to wheat, feed, grains, dairy products, beef, veal, pork, sugar, poultry, eggs, and rice, and, in the form of variable component charges, to many processed foods using grains, dairy products or sugar.

ce.<sup>45</sup> Variable levies ensure that domestically produced commodities have a preferential market position (i. e., Community preference) and that foreign imports are permitted to effectively enter the market only when there exist excess market demand.

## B. Agricultural Exports Analyzed within the 1980 Agreement

### 1. Meat products

Since there are no production limits, the output and exports of Community meat have gradually increased in recent years, coupled with an increase in the CAP expenditures.<sup>46</sup> The Community's domestic market is generally protected by a system of variable import levies and severe cuts in imports which have assured the Community's continued surplus production since 1979. As of 1983, the Community's degree of self-sufficiency in meat products was 102%.<sup>47</sup> In all, Community import quotas have totaled between 350,000 and 400,000 tons in recent years in comparison with Community exports of 800,000 tons.<sup>48</sup>

In the 1980 Agreement, variable levies are primarily utilized for the regulation of meat products<sup>49</sup> (Article 24). Essentially, there is a variable levy which is applied as a percentage of a basic levy of between 5 to 90%. The exact percentage of the variable levy is determined by how far the EC market price is from the official guide price.

For meat products covered in the Agreement,<sup>50</sup> Yugoslav exports to the EC, between 1981 and 1985, as a share of total exports of said meat products, was relatively constant at approximately 60%.<sup>51</sup> Nevertheless, Yugoslavia's exports of these meat products, measured in volume, declined in both the world and EC market — 15% and 12%, respectively.<sup>52</sup>

<sup>45</sup> For example let us assume that the Community's market price for one ton of sugar is between the guide price (100) and the lower intervention price (70) at 80. Let say the world market import price is 60 and the threshold price is 95. The import price is increased to the threshold price by a levy of 35 (95—60). Since sugar produced in the Community is offered at the domestic market price of 80, the Community producers maintain a significant cost advantage, i. e., Community preference of 15 (95—80).

<sup>46</sup> Expenditures on meat rose from 1.3 billion ECU in 1982 to 2.4 billion ECU in 1984. The Community currently has 700,000 tons of beef in public storage — 300,000 tons more than a year ago. *See: IMF, supra*, p. 65.

<sup>47</sup> The degree of self-sufficiency for pork was 102%; for veal, 109%; and for poultry, 111%. *Source: Eurostat.*

<sup>48</sup> *IMF, supra*, p. 65.

<sup>49</sup> The products subject to the levy are live bovine animals (e. g., cows) and fresh, chilled or frozen meat from bovine animals.

<sup>50</sup> Meat products covered in the Agreement include bull-calves, cattle for breeding, sheeps and rams for slaughter, horses for slaughter, young and breeding horses, bovine meat, offals, offals of game, canned bovine, canned pork, and canned ham.

<sup>51</sup> In 1981, the share was 60%; in 1982, 64%; in 1983, 62%; in 1984, 55%. *Source, Yugoslav Federal Office for Statistics.*

<sup>52</sup> *Source: Yugoslav Federal Office for Statistics.*

## 1.a. "Baby Beef"

Yugoslavia's export of "baby beef"<sup>53</sup> to the Community has long been a major trade dispute between the parties.<sup>54</sup> The Community has maintained a fairly restrictive policy towards the importation of Yugoslav baby beef. Thus, although Yugoslavia managed to increase total exports of baby beef from 19,840 tons in 1981 to 47,913 tons in 1985,<sup>55</sup> exports to the EC increased at less than one-half that amount.<sup>56</sup> The result was that Yugoslav exports of baby beef to the EC, as a share of its total export of baby beef, rapidly declined from 74% in 1981 to 54.4% in 1985.<sup>57</sup>

Relief from this downward trend is unlikely to occur under present negotiations. The EC proposes a new import regime for 25,000 Yugoslav tons of meat which will be linked to the maintenance of a minimum price. In essence, Yugoslavia is to maintain the minimum price equal to the intervention price of meat of corresponding quality in Italy, plus 5%. The existing import regime in the Agreement will remain applicable to 25,400 tons. Thus, the new proposals regarding baby beef, although an improvement from past conditions, does little in the way of substantive change in Yugoslavia's exports of baby beef.

## 2. Morello cherries

For other agricultural products, primarily morello cherries, the Agreement provides for a one time reduction of customs duties and such products are not susceptible to variable levies (Article 21). For

<sup>53</sup> "Baby beef" is a term used to denote high quality beef, i.e., young animals between the weight of 180 kg — 450 kg.

<sup>54</sup> The first trade agreement signed between the parties (1970) set forth special terms for promoting the importation of Yugoslav baby beef. The agreement, however, provided the EC a "safeguard clause", allowing the Community to increase the levy on baby beef in the event of price disturbance in the meat market. Between 1973 and 1977, Yugoslavia's exports of baby beef to the EC fell from 45% to 19%. See: P. Artisien, *supra*, p. 30, note 7. The Community's use of the safeguard clause was equivalent to a complete ban on the importation of Yugoslav beef. It is estimated that the Community's action caused Yugoslavia to lose foreign exchange earnings of roughly \$100 million and reduced the volume of its exports by 2 to 3 percentage points. See: OECD, "Economic Surveys — Yugoslavia", (April, 1975), p. 17. The controversy over baby beef continued in 1981 with the accession of Greece to the Community. In the first year of Greece's entry into the Community, Yugoslav exports to Greece, which consisted primarily of meat, were reduced by approximately two-thirds of the 1980 level. In 1980, total Yugoslav exports to Greece was valued at \$158 million. In 1984, the value had plummeted to \$59 million. See: A. Čičan-Sain, "The Effects of Economic Integration in East and West Europe on Non-Member Countries: The Case of Yugoslavia", Workshop on East-West European Economic Integration, (Buden/Vienna, Austria), (March 1982), p. 111.

<sup>55</sup> Source: Yugoslav Federal Office for Statistics.

<sup>56</sup> Exports of baby beef to the EC increased from 14,751 tons in 1981 to 26,073 tons in 1985. Source: Yugoslav Federal Office for Statistics.

<sup>57</sup> Source: Yugoslav Federal Office for Statistics.

these products, Yugoslavia maintains a very favorable position in the EC market vis-à-vis third countries.<sup>58</sup>

Nevertheless, even with comparatively lower customs duties, Yugoslavia was unable to forestall the gradual loss of the Community's market for morello cherries. Yugoslav exports of morello cherries (in volume terms) to the EC, as a share of its overall exports of morello cherries, declined from 70.6% in 1981 to 59.6% in 1985.<sup>59</sup> This decline was partially attributed to the overall erosion of Yugoslav exports of morello cherries, which fell 22.5% between 1981 and 1985. Nevertheless, Yugoslavia's share of morello cherries exports to the EC declined at a more significant rate of 34.6%.<sup>60</sup>

### 3. Tobacco

Since the Community's self-sufficiency production in tobacco is only 43%, it remains a large importer of tobacco. Nevertheless, the Community's imports of Yugoslav tobacco is only 5% of its total tobacco imports.

The 1980 Agreement suspends customs duties on Yugoslav "Prilep" tobacco at the rate of 7% *ad valorem*,<sup>61</sup> with a minimum of 45 ECU per 100 kilograms, within the limits of an annual Community tariff quota of 1500 tons. Under the EC's Common Customs Tariff, third countries are exposed to greater restrictions. They are subject to a *specific* tariff of 30%, with a minimum of 29 ECU and a maximum of 70 ECU per 100 kilograms.

Other types of Yugoslav tobacco are imported under the same tariffs applicable to third countries. Between 1980 and 1984, Yugoslavia's tobacco exports, as a share of total exports to the EC, remained unchanged at a minuscule .2%.<sup>62</sup> The share of tobacco in total Yugoslav

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<sup>58</sup> Compared to customs duties placed on the same products applicable to third countries through the Community's Common Customs Tariff, Yugoslavia maintains a comparative advantage of between 2% and 8% lower customs duties on morello cherries.

<sup>59</sup> Yugoslav exports of morello cherries were 31,111 tons in 1981; exports to the EC were 21,981 tons. By 1985, total exports had fallen to 24,099 tons and exports to the EC had declined to 14,365 tons. *Source*: Yugoslav Federal Office for Statistics.

<sup>60</sup> *Source*: Yugoslav Federal Office for Statistics.

<sup>61</sup> *Ad valorem* assessment is connected to a specific tariff as a percent of the *value* of the imported product. Since a specific tariff is calculated on the basis of units (*volume* or *weight*) rather than value, and prices can change over time, the *ad valorem* tax will differ when calculated for different time periods.

<sup>62</sup> This calculation is based on Eurostat data showing the Community's tobacco imports. Tobacco is defined as those products included in SITC group 11. The share of tobacco imports as a share of total imports from Yugoslavia was the following: 1980, .2%; 1981, .3%; 1982, .3%; 1983, .3% and 1984, .2%.



agricultural exports to the EC also remained relatively unchanged and inconsequential at an annual average of 1.9%.<sup>63</sup>

#### 4. Plum brandy

Plum brandy ("šljivovica") is treated in a similar manner as tobacco. The 1980 Agreement provides that exports of Yugoslav plum brandy is subject to .3 ECU per hectolitre per % volume of alcohol, plus 3 ECU per hectolitre, within the limits of an annual Community tariff quota of 5,420 hectolitres (Article 21). For the same product, third countries subject to the Community's Common Customs Tariff must pay 1.6 ECU per hectolitre per % volume of alcohol, plus 10 ECU per hectolitre.

As in the case of tobacco, however, Yugoslavia experienced significant losses in exports of plum brandy. Yugoslav exports of plum brandy (in volume terms) to the EC, as a share of total exports of plum brandy, declined from 68.1% in 1981 to 49.7% in 1985;<sup>64</sup> between 1981 and 1985, total Yugoslav exports of plum brandy fell 23% and exports to the EC plummeted 44%.<sup>65</sup>

#### 5. Wine

The EC's policy for restricting Yugoslav wines is achieved through several means, including minimum price guarantees,<sup>66</sup> "refunds,"<sup>67</sup> and several forms of "support distillation."<sup>68</sup> The aim of these measures is to eliminate wine surpluses and restore market equilibrium so as to avoid sale of wine at lower world market prices. Yugoslavia, in parti-

<sup>63</sup> The share of tobacco imports as a share of total agricultural imports from Yugoslavia, as reported by Eurostat, was the following: 1980, 1.2%; 1981, 2.2%; 1982, 2.1%; 1983, 2.1% and 1984, 1.8%.

<sup>64</sup> Yugoslav exports of plum brandy in 1981 were 1,099 tons; exports to the EC were 748 tons. By 1985, total exports had fallen to 839 tons and exports to the EC had declined to 417 tons. *Source:* Yugoslav Federal Office for Statistics.

<sup>65</sup> *Ibid.*

<sup>66</sup> Through market intervention, the EC guarantees wine producers a price for their wine equal to, at least, 82% of the official guide price.

<sup>67</sup> A "refund" (i.e., export subsidization) on Community table wine exported to certain non-member countries (including Yugoslavia) is paid in order to permit Member States, who are subsidized through price support measures, to compete on equal terms with wines from non-EC countries on international markets.

<sup>68</sup> "Distillation programs" include *optional* distillation, where wine growers are guaranteed 60% of the guide price and *compulsory* distillation, which allows the Commission to intervene during times when stocks of table wine are in excess of five to six months consumption, and impose compulsory distillation of a percentage of the production of each wine producer for a price of 60% of the guide price. In addition, when compulsory distillation is imposed, the Commission may enact an optional form of distillation for a price of 82% of the guide price which is meant to lessen the impact of compulsory distillation.

cular, is susceptible to EC restrictions because of its favorable position among countries exporting wine to the EC.<sup>69</sup> Thus, even though Yugoslav wine exports in 1981 and 1985 were approximately the same, at 112,000 tons, wine exports to the EC, as a percentage of total wine exports, declined from 57.4% to 45.8%.<sup>70</sup> This year's accession of Spain and Portugal to the EC will, most likely, perpetuate Yugoslavia's declining share of the Community's wine market, unless terms are renegotiated. Following the entry of Spain and Portugal, the Community's self-sufficiency ratio in the production of wine is expected to reach 120%.<sup>71</sup>

Presently, Yugoslav wines do not receive any significant advantage through the 1980 Agreement. In the Agreement, Yugoslav wines are subject to the same rate of customs duties as applicable to third countries.<sup>72</sup> Although the Agreement does provide a 30% reduction of customs duties within the limits of an annual Community tariff quota of 12,000 hectolitres, the fact that in 1985 Yugoslavia exported 600,000 hectolitres of wine to the Community, makes this conciliatory provision less meaningful. More importantly, the import price of Yugoslav wines plus the customs duties actually levied cannot be less, at any given time, than the EC reference price<sup>73</sup> for such wines (Article 22). Essentially, Yugoslavia is prevented from capitalizing on its significant capacity in wine production.

### C. Additional Levies on Yugoslav Agricultural Products

Two similar forms of variable levies are the "variable component" tax (VC) and the "additional" tax (ADS), which are assessed on certain processed agricultural products. The end result is the same as with variable levies. That is, raw materials utilized in the production of the processed good are taxed based on the difference between the EC price and the world commodity price for the said raw materials. Thus, an exporter is prevented from transmitting the lower world raw commodity price into lower priced processed goods and, therefore, undermining the EC price.

These types of levies (particularly the VC tax) are employed extensively throughout the 1980 Agreement. In the Agreement, there exist

<sup>69</sup> Yugoslavia has been third the largest exporter of wine (in quantity) to the EC, preceded only by Spain and Portugal: *Source*: Eurostat.

<sup>70</sup> Yugoslav exports of wine in 1981 were 112,378 tons; exports to the EC were 64,516 tons. By 1985, total exports were 112,935 tons and exports to the EC were 51,822 tons. *Source*: Yugoslav Federal Office for Statistics.

<sup>71</sup> D. Lopandić, "Yugoslavia and EEC", *Review of International Affairs*, Volume XXXV, (June 1984), p. 14.

<sup>72</sup> The rate of duty applicable to third countries under the EC's Common Customs Tariff is either 14.5 ECU per hectolitre or 16.9 ECU per hectolitre, depending upon the quality of wine.

<sup>73</sup> The reference price is fixed on the basis of the guide price and is expressed in ECU per hectolitre or percentage volume/hectolitre. It is set once a year before December 16th and is valid for the upcoming year. The reference price constitutes the minimum price, at the EC frontier, for wines from outside the Community below which a "countervailing charge" is applied in order to protect the EC's production of wine.

69 nomenclature products which are subject to "VC" or "ADS" duties in addition to regular customs duties. Yugoslavia does, however, maintain a comparative advantage vis-à-vis CCT customs duties on the same goods imported to the EC from third countries.<sup>74</sup>

Additional restrictive policies have been utilized by the EC in the form of 'countervailing charges,'<sup>75</sup> which are taxes in addition to the regular customs duties. The tax is primarily applied to fruits and vegetables. In the 1980 Agreement, only Yugoslav morello cherries are subject to a countervailing charge.

#### D. Yugoslav Agricultural Exports

Although between 1980 and 1984, the percentage of Yugoslav agricultural exports to the EC, as a share of total agricultural exports, maintained a stable rate of 35%, total Yugoslav agricultural exports to the EC declined from \$405 million to \$329 million.<sup>76</sup> Furthermore, Yugoslav agricultural exports to the EC, as a percentage of total exports to the EC, declined from 31% in 1979 to 17% in 1984.<sup>77</sup> Of the 22 products comprising 50% of earnings from exports to the Community in 1984 (see appendix 2), agricultural exports represented only two of those products — live animals of the bovine species (nemixe # 0102) and meat and edible offals of animals (nemixe # 0201). Together, they represented a mere 2.6% of the earnings from exports to the Community. Of Yugoslavia's 70 major agricultural products exported to the EC in 1981, 43 (61%) had declined in volume exported by 1984.<sup>78</sup>

The reason for Yugoslavia's unsatisfactory performance in agricultural exports to the Community during the first four years of the Agreement is three-fold.

First, by November 1980, food prices were at their peak with the index price 165% above the 1975 level.<sup>79</sup> Food commodity prices had moved upward during the inflationary period in the latter half of the 1970's. By December 1980, however, the onset of the worldwide recession (1980—1982) and abundant supply (particularly among Community Members) reduced demand and induced a sharp decline in the prices of internationally traded commodities. Continued protectionism among the Community and other developed countries, along with international debt problems among developing countries, exacerbated the problem.

<sup>74</sup> Yugoslavia benefits from lower tariffs of between 2% and 3% on each of the said products. In fact, the vast majority of products listed (i.e., various types of chocolate, yeast, ice-cream, and prepared foods such as cereals and goods produced with milk fats) are subject to 13% lower duties in comparison with other countries.

<sup>75</sup> Often the term "countervailing charge" is referred to as "compensatory tax" or "consumption tax".

<sup>76</sup> Source: Yugoslav Office of Statistics.

<sup>77</sup> *Ibid.*

<sup>78</sup> *Ibid.*

<sup>79</sup> See: Federal Reserve Bank of Chicago, "International Letter", No. 498, (22 April 1982); *ibid.*, No. 538, (2 November 1984); *ibid.*, No. 251, (9 March 1984); *ibid.*, No. 528, (15 June 1984); *ibid.*, No. 495, (11 March 1983); *ibid.*, No. 504 (15 July 1983); *ibid.*, No. 542, (11 January 1985).

By October 1982, the food commodity index had declined by 43%.<sup>80</sup> During the first half of 1983, world agricultural exports remained stagnant and improved only marginally during the latter part of 1983 and through 1984.

Yugoslavia's agricultural export performance mirrored the decline in overall world agricultural exports. Yugoslavia's price index of total agricultural exports declined 6% between 1981 and 1982.<sup>81</sup> Although exports rebounded in 1983, the price index declined by 11% in 1984 to nearly match the 1980 level, reflecting the general crisis in world food commodity trade.<sup>82</sup>

Second, the EC's self-sufficiency ratios have increased steadily over the past decade, drastically reducing its need for agricultural imports. During 1980—1982, the ratios reached or exceeded 100% for most major food commodities.<sup>83</sup> This expansion of domestic European food production and near stagnant consumption, steadily reduced the Mediterranean countries', including Yugoslavia's, outlets to the Community.<sup>84</sup> Whereas in 1974, 19% of Community imports from the Mediterranean countries were of food, by 1982 the proportion had declined to 10.5%.<sup>85</sup> In constant prices, Community food imports from non-member countries declined by 17% between 1974 and 1982; the imports from Yugoslavia increased by only 2%.<sup>86</sup>

Third, since Yugoslavia's reliance on the Community's market is relatively significant, the severity of the Community's restrictive agricultural policies is even more pronounced. Over one-third of Yugoslavia's agricultural exports is to the EC,<sup>87</sup> and the Community is a major

<sup>80</sup> *Ibid.*

<sup>81</sup> *Source:* Yugoslav Federal Statistics Office.

<sup>82</sup> Global agricultural output increased by one-third between 1972 and 1985 and is presently at an all-time high. Practically all food commodities are besieged with surpluses, due to technological progress, newly emerging agricultural export countries and increased reliance on government support policies. A record 200 million metric tons of grain are stored around the world and the U.S. Agricultural Department is predicting a staggering 300 million ton surplus by mid 1987. In China, for example, corn production has expanded 15% since 1982; rice production by 20% and wheat output by 40%. *IHT*, 21 April 1986, p. 3; P. Drucker, „The Changed World Economy”, *Foreign Affairs*, Vol. 64, No. 4 1984, p. 769.

<sup>83</sup> The Community's degree of self-sufficiency between 1973 and 1984, increased from 90% to 105% for cereals, from 90% to 101% for wine and from 92% to 123% for sugar. Between 1973 and 1983, it increased from 92% to 102% for meats, and from 197% to 317% for milk powder. *Source:* *European file*, 2/86, (January 1986). As of 1983/1984, the degree of self-sufficiency for cheese was 107%, eggs (102%), fresh vegetables (100%), potatoes (99%), butter (147%), and fresh fruit, excluding citrus fruits (85%). *See: IMF, supra*, Table 42, p. 134; *Eurostat*.

<sup>84</sup> This trend is expected to continue with the Community decreasing its importation of agricultural commodities. *See:* F. Zimić, „U iščekivanju novog sporazuma”, *Ekonomika Politika*, August 1986, p. 16.

<sup>85</sup> *European Documentation*, Periodical, 3—4/1985, p. 45.

<sup>86</sup> *Ibid.*, p. 45

<sup>87</sup> This calculation is based on data from the Yugoslav Federal Office for Statistics showing Yugoslav exports of agricultural products, including industrial food products.

importer of a significant number of Yugoslav agricultural products (see table 1).

Table 1

*Yugoslav Agricultural Exports to the EC in 1985 (tons)<sup>1</sup>*

Commodity	Total Exports	Exports to EC	% Export to EC
Bull-calves	23,177	22,347	96.4
Cattle for breeding	284	277	96.5
Horses for slaughter	16,554	16,064	97.0
Draught and riding horses	2,739	2,565	93.6
Young and breeding horses	3,193	3,129	98.0
Lamb-meat	5,815	4,862	83.6
Freshwater fish	2,151	1,970	91.6
Snails	5,274	5,149	97.6
Fresh pears	5,137	4,806	93.6
Fresh plums	1,819	1,772	97.4
Hop	3,577	3,419	95.6
Dry mushrooms	1,610	1,589	98.7
Fodder (hag, roots, clover)	45,259	40,806	90.2
Lambs	598	394	66.9
Frogs	184	151	82.1
Pork-meat	2,909	2,081	71.5
Turkeys	477	314	65.8
Offals of the game	1,175	915	77.9
Canned pork	4,709	3,385	71.9
Paste and other meat products	876	620	70.8
Fresh milk	1,191	925	77.7
Millet	442	365	82.6
Apple juice	13,562	8,429	62.2
Frozen raspberries	13,987	10,663	76.2
Frozen sour cherries	20,816	12,700	61.0
Other frozen fruits	12,532	9,172	74.0
Raspberry pulp	2,575	1,958	76.0
Baby-beef	47,913	26,073	54.4
Offals	2,367	1,083	45.8
Other cereals	2,237	898	40.1
Apples	28,381	16,518	58.2
Fresh sour cherries	3,283	1,665	50.7
Juices	1,870	807	43.2
Sour cherry pulp	1,824	731	40.1
Fruits, other processed	29,688	10,525	35.5
Frozen vegetables	30,407	17,380	57.2

<sup>1</sup> The table is a summary of those products where exports to the EC exceed 30% of total world exports. Source: YFOS

Commodity	Total Export	Exports to EC	% Export to EC
Processed vegetables	30,848	17,101	55.2
Natural mineral water	12,930	6,123	47.5
Ordinary wine	30,216	10,996	36.4
Quality wine	60,453	37,483	62.0
Plum brandy	839	417	49.7
Other brandy	2,034	817	40.2

### E. Accession of Spain and Portugal

The recent accession of Spain and Portugal to the Community will place added pressures on the various support schemes within the CAP. Their accession has already resulted in a proposed increase of Yugoslav agricultural exports subject to ceilings.<sup>88</sup> Yugoslavia will also experience additional restrictive import measures. Since Spain and Portugal are not major agricultural exporters,<sup>89</sup> and are heavy importers of food from outside the EC, the Community's policy of "levies" will apply to their agricultural imports. Nevertheless, since Yugoslav exports to Spain and Portugal are almost negligible,<sup>90</sup> even among agricultural exports,<sup>91</sup> the entry of both countries into the Community should not generate insurmountable trade difficulties for Yugoslavia.<sup>92</sup>

<sup>88</sup> In the present renegotiation of the Agreement, the Community has proposed the appendage of 17 new agricultural products to the existing ceiling restrictions under the Agreement. Customs duties for these products will be eliminated over a period of seven to ten years, in conjunction with the reduction of customs duties on the same products "imported" from Spain and Portugal.

<sup>89</sup> In 1984, agricultural exports as a percentage of total exports was 14% for Spain and 8.8% for Portugal. *Source*: Eurostat.

<sup>90</sup> According to the latest figures (January to August 1986), exports to Spain and Portugal as a percentage of total Yugoslav exports were .2% and .5%, respectively. These figures represented a 90.5% increase from the same period in 1985 for Spain and a 137.5% increase from the same period in 1985 for Portugal. *Source*: Yugoslav Federal Statistics Office.

<sup>91</sup> Yugoslav agricultural exports in 1984 represented only .4% (\$9,799) of total exports to Portugal. Agricultural exports to Spain, however, was significantly higher at 13.5% (\$1,295,714). *Source*: Yugoslav Federal Statistics Office.

<sup>92</sup> Spain does possess a significant export potential for fruits and vegetables. Its output of citrus fruit is two times that of consumption. In addition, Spain maintains surpluses of peaches, apricots, tomatoes, peas, potatoes, grapes, apples, green beans, pears and onions. As yields improve and the support schemes of the CAP increases, output will expand even more. Thus, Yugoslavia may encounter difficulties in expanding its exports of these products to the Community. In addition, Spain's accession into the Community will raise production of olive oil by 60%; the EC is already 95% self-sufficient. *Source*: "The EEC in Transition", *The Economist Newspaper Limited*, (1983), p. 22. Wine output will also increase significantly and thus will cause hardship for Yugoslav wine exports to the EC. *See wine section, supra*.

### III. CONCLUSION

b The answer as to whether the 1980 Cooperation Agreement has provided real growth potential for Yugoslav exports to the Community or has advanced general restrictions unfavourable to Yugoslavia is contingent on the relevant product area of Yugoslav exports.

Between 1981 and 1984, Yugoslavia's industrial exports (excluding textiles and clothing) were generally permitted access to the Community without restrictions. On average, two-thirds of Yugoslav industrial exports to the EC were outside the limits of the Agreement and thus were not subject to ceiling levels. For those products within the Agreement, however, the Community designated as "de facto sensitive" a number of industrial products that were important for export earnings. Nevertheless, when comparing the earnings from "de facto sensitive" products to total earnings from industrial exports to the EC, the impact of the restrictions were far less significant. In addition, Yugoslavia was permitted to exceed the ceiling levels on a number of products without reintroduction of customs duties, thus giving Yugoslavia the status of a "Member State". Finally, on a number of occasions, Yugoslavia failed to meet the ceiling levels for exported industrial products.

As regards to Yugoslav exports of textiles and clothing, the analysis indicates mixed findings. There is no doubt that Yugoslavia's primary textile and clothing products are incorporated in the Agreement. Yugoslavia is a major exporter of textiles and clothing to the EC and these products generated significant export earnings for Yugoslavia. They accounted for over 46% of the earnings from textile and clothing exports to the Community. Thus, the potential effects of a restrictive EC policy would be severe. Similarly, without the imposed ceiling levels, the earnings from textile and clothing exports should, theoretically, be greater. As indicated by this analysis, however, the Community's import policy on Yugoslav textile and clothing products was exceedingly relaxed. In fact, Yugoslavia's actual earnings from textile and clothing exports covered in the Agreement was near capacity. Between 1982 and 1984, the Community declined to reimpose customs duties on Yugoslav textile and clothing exports. Thus, during this time Yugoslavia was permitted to exceed the ceiling levels by significant amounts, duty free. In addition, as with industrial products, Yugoslavia often failed to meet the ceiling levels for textile and clothing exports to the EC.

Finally, Yugoslavia's unsatisfactory performance in its exports of agricultural commodities to the EC can be mainly attributed to forces outside Yugoslavia's control. The worldwide recession in the early 1980's and an abundance of agricultural commodities precipitated a depressed market for agricultural goods. The most important factor, thought, was the Community's continued reliance on its restrictive Common Agricultural Policy. Its implementation greatly influenced Yugoslav exports, due to Yugoslavia's particular dependence on the Community's market for its agricultural exports.

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Description	1981			1982			1983			1984											
	1	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6					
Rubber tyres, tyre cases, interchangeable tyre treads, inner tubes and tyre flaps, for wheels of all kinds:																					
B. Other:																					
II. Other:																					
— Of the kind used on bicycles or cycles with auxiliary motor, on motor-cycles or motor-scooters; tyre flaps (separately con-signed); tyre cases with sewn-in inner tubes, for racing bicycles	5	2,000	989	—	2,327	N	2,100	1,554	—	3,583	N	2,208	1,859	—	4,447	N	2,318	1,707	—	432	N
— Other																					
Articles of apparel and clothing accessories, of leather or of composition leather, excluding protective gloves for all trades	6	2,800	13,030	365%	24,626	Y	2,940	18,545	53%	34,797	Y	3,099	25,412	72%	47,140	Y	3,254	21,225	552%	42,814	Y
Plywood, blockboard, lamin-board, battenboard and similar laminated wood products (including veneered panels and sheets); inlaid wood and wood marquetry	7	250	332	32%	13,199	N	262	348	32%	15,404	N	277	473	70%	25,964	Y	290	583	101%	36,514	N

Description	NIMEXE code	1981						1982						1983						1984									
		1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6				
Reconstituted wood, being wood shavings, wood chips, sawdust, wood flour or other ligneous waste agglomerated with natural or artificial resins or other organic binding substances, in sheets, blocks or the like	44.18 all Nos	8	22,000	22,029	.1%	3,994	N	23,100	43,872	89%	7,472	N	24,281	60,295	148%	8,785	Y	25,495	49,380	93%	7,817	N							
Footwear with outer soles and uppers of rubber or artificial material	64.01 all Nos	9	340	1,097	222%	2,282	Y	357	1,663	365%	4,756	N	376	2,298	511%	6,899	N	394	2,909	638%	10,218	Y							
Footwear with outer soles of leather or composition leather; footwear (other than footwear falling within heading No. 64.01) with outer soles of rubber or artificial plastic material.																													
A. Footwear with uppers of leather	64.02-21, 29, 32, 34, 35, 38, 40, 41, 43, 45, 47, 49, 50, 52, 54, 56, 58, 59	10	400	3,332	733%	39,964	Y	420	6,088	1,349%	71,798	N	443	9,635	2,074%	113,635	Y	465	10,227	2,099%	139,345	Y							
B. Other	64.02-60, 61, 69, 99	11	138	323	134%	3,797	N	144	232	61%	3,510	N	151	475	214%	5,912	Y	158	386	144%	5,527	N							
Unworked drawn or blown glass (including flashed glass), Nos in rectangles	70.05 all Nos	12	4,000	6,435	60%	1,564	N	4,200	11,205	166%	2,476	Y	4,415	10,043	127%	2,208	Y	4,635	13,711	195%	3,042	Y							

Description	1981						1982						1983						1984								
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6			
<b>II. Other (for example, dif-</b>																											
<b>fusers, ceiling lights,</b>																											
<b>bowls, cups, lamp-sha-</b>																											
<b>des, globes, tulip-sha-</b>																											
<b>ped pieces)</b>																											
<b>A. Articles for electrical light-</b>																											
<b>ing fittings:</b>																											
70.14-19	13	1,500	3,419	127%	3,813	Y	1,575	3,381	114%	4,181	Y	1,664	3,598	116%	5,033	Y	1,747	3,661	109%	5,152	Y						
<b>Tubes and pipes and blanks</b>																											
<b>thereof, of iron (other than</b>																											
<b>of cast iron) or steel, ex-</b>																											
<b>cluding high-pressure hydro-</b>																											
<b>electric conduits</b>																											
73.18 all	14	8,000	16,867	110%	1,120	N	8,400	25,511	203%	11,437	Y	8,822	32,639	269%	11,589	Y	9,263	39,972	331%	15,480	Y						
<b>Wrought plates, sheets and</b>																											
<b>strip, of copper</b>																											
74.04 all	15	600	1,678	179%	3,601	Y	630	2,031	222%	4,073	Y	666	3,004	351%	6,803	Y	699	3,512	402%	8,060	Y						
<b>Tubes and pipes and blanks</b>																											
<b>thereof, of copper; hollow</b>																											
<b>bars of copper</b>																											
74.07 all	16	1,650	7,623	362%	15,494	Y	1,732	8,770	406%	18,158	Y	1,844	8,083	338%	18,674	Y	1,936	8,718	350%	20,858	Y						
<b>Wrought bars, rods, angles,</b>																											
<b>shapes and sections, of alu-</b>																											
<b>minium; wire</b>																											
76.02 all	17	1,000	2,176	117%	3,707	N	1,050	2,256	114%	3,655	Y	1,107	6,789	513%	11,266	Y	1,162	7,428	539%	14,897	Y						
<b>Wrought plates, sheets and</b>																											
<b>strip, of aluminium</b>																											
76.03 all	18	2,200	5,757	161%	8,683	N	2,310	9,359	305%	14,101	Y	2,427	11,033	354%	18,103	Y	2,548	9,549	274%	21,309	Y						
<b>Wrought plates, sheets and</b>																											
<b>strip, of zinc; zinc foil; zinc</b>																											
<b>powders and flakes</b>																											
79.03 all	19	1,900	1,540	--	1,475	N	1,955	2,214	11%	2,336	N	2,100	2,211	5%	2,211	N	2,205	2,939	33%	4,349	N						

Description	1981						1982						1983						1984														
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6									
Electrical goods of the following descriptions; generators, motors, converters (rotary or static), transformers, rectifiers and rectifying apparatus, inductors:																																	
B. Other machines and apparatus																																	
1. Generators, motors (whether or not equipped with speed-reducing, changing or step-up gear) and rotary converters																																	
85.01-08, 09, 10, 11, 12, 13, 14, 15, 17, 18, 21, 23, 24, 25, 26, 28, 31, 33, 34, 36, 38, 39, 41, 42, 44, 46, 47, 49, 52, 54, 55, 56, 57, 58	20	2,750	10,293	274%	21,924	N	2,887	8,342	188%	18,641	N	3,346	9,621	187%	23,194	N	3,513	10,492	198%	25,843	N												
C. Parts																																	
85.01-91, 93, 95	21	1,200	3,091	157%	11,172	N	1,260	420	—	1,068	N	1,334	75	—	402	N	1,400	54	—	609	N												
Insulated (including enamelled or anodized), electric wire, cable, bars, strip and the like (including co-axial cable), whether or not fitted with connectors																																	

Description	NIMEXE code	1981						1982						1983						1984								
		1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6			
B. Other	85.23 all Nos, excluding 85.23-01	22	1,600	9,377	486%	22,046	Y	572	312	—	814	N	1,790	13,530	655%	30,282	Y	1,879	19,404	932%	43,186	Y						
Insulators of any material	85.25 all Nos	23	250	1,020	308%	1,878	Y	262	1,189	353%	3,227	Y	300	1,032	244%	2,073	N	315	865	150%	1,561	N						
Cycles (including delivery tri- cycles), not motorized	87.10 all Nos	24	545	230	—	617	N	1,680	10,646	533%	26,381	Y	626	303	—	691	N	657	374	—	802	N						
Other vehicles (including trai- lers) not mechanically propel- led, and parts thereof:																												
B. Trailers and semi-trailers:																												
II. Other	87.14-33, 37, 39, 43, 49	25	1,500	9,862	557%	24,078	Y	1,575	8,866	462%	22,754	Y	1,695	8,516	402%	21,697	Y	1,779	5,384	202%	14,140	Y						
Chairs and others seats (ot- her than those falling within heading No 94.02), whether or not convertible into beds, and parts thereof:																												
B. Other:																												
ex II. Other, excluding se- ats specially desig- ned for motor vehi- cles	94.01-31, 35, 41, 45, 50, 60, 70, 91, 93, 99	26	5,000	13,709	174%	32,020	Y	5,250	15,573	196%	37,246	N	5,516	20,044	263%	44,842	Y	5,791	20,511	254%	48,904	Y						

Description	1981						1982						1983						1984								
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6			
Other furniture and parts thereof:																											
B. Other																											
94.03 all Nos, excluding 94.03-11, 15, 19	27	4,400	18,794	327%	31,454	N	4,620	26,736	478%	40,197	N	4,854	41,746	760%	56,781	Y	5,096	47,842	838%	66,240	Y						
TEXTILES AND CLOTHING																											
Cotton yarn, not put up for retail sale	28	3,747	6,050	61%	15,955	Y	3,766	7,703	104%	22,278	N	3,927	13,598	246%	27,903	N	3,935	7,710	97%	30,449	N						
Other woven fabric of cotton	29	4,590	4,882	6%	18,373	N	4,601	6,270	36%	27,905	N	4,748	7,547	58%	34,291	N	4,771	8,739	83	46,183	N						
Of which other than unbleached or bleached, maximum	30	4,785	562	—	3,022	N	690	847	22%	5,466	N	1,005	1,046	4%	7,335	N	1,010	1,488	47%	10,746	N						
53, 54, 55, 56, 57, 59, 61, 63, 64, 65, 66, 67, 70, 71, 80, 81, 82, 83, 84, 86, 90, 91, 92, 93, 98, 99																											
Yarn of man-made fibres (discontinuous or waste), put up for retail sale:																											
A. Of synthetic textile fibres	31	359	131	—	958	N	373	208	—	1,870	N	423	249	—	1,833	N	431	358	—	3,489	N						
56.07-01, 04, 05, 07, 10, 12, 15, 19, 20, 22, 25, 29, 30, 31, 35, 38, 39, 40, 41, 43, 45, 46, 47, 49																											

Description	1981						1982						1983						1984					
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Under garments, knitted or crocheted, not elastic or rubberized:																								
	60.04-19, 20,																							
<b>B. Other:</b>	<b>22</b>																							
<b>I. T-shirts</b>																								
<b>II. Lightweight fine knit roll, polo or turtleneck jumpers and pullovers:</b>																								
	60.04-23																							
a) Of cotton	60.04-24																							
b) Of synthetic textile fibres	60.04-26																							
c) Of regenerated textile fibres																								
<b>IV. Other:</b>																								
b) Of synthetic textile fibres:																								
1. Men's and boys':																								
aa) Shirts	1,175						1,776						6,387						6,387					
dd) Other	3.6%						49%						2.7%						—					
2. Women's, girls' and infants':																								
ee) Other	5,763 N						8,276 N						6,214						6,416					
d) Of cotton:																								
1. Men's and boys':																								
aa) Shirts	1,134						1,190						6,214						6,387					
dd) Other	3.6%						49%						2.7%						—					
2. Women's, girls' and infants':																								
dd) Other	16,151 N																							

32 (000 pieces)

Description	1981						1982						1983						1984							
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6		
Outer garments and other articles knitted or crocheted, not elastic or rubberized:																										
A. Outer garments and clothing accessories:																										
I. Jerseys and pullovers, containing at least 50% by weight of wool and weighing 600 g or more per article																										
60.05-01																										
II. Other:																										
b) Other:																										
4. Other outer garments:																										
bb) Jerseys, pullovers, slip-overs, waist-coats, twin sets, cardigans, bed packets and jumpers:																										
11. Men's and wooy's:																										
aaa) Of wool																										
bbb) Of fine animal hair																										
ccc) Of synthetic textile fibres																										
33	275	1,430	420%	7,965	Y	291	2,213	659%	12,245	N	2,440	2,609	6.9%	15,266	N	2,555	2,977	16.5%	18,803	Y						
(000 pieces)																										



Description	1981						1982						1983						1984					
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
ddd) Of regenerated textile fibres																								
60.05-35																								
eee) Of cotton																								
60.05-36																								
22. Women's, girls' and infants':																								
bbb) Of wool																								
60.05-39																								
ccc) Of fine animal hair																								
60.05-40																								
ddd) Of synthetic textile fibres																								
60.05-41																								
eee) Of regenerated textile fibres																								
60.05-42																								
fff) Of cotton																								
60.05-43																								
Outer garments and other articles, knitted or crocheted, not elastic or rubberized:																								
A. Outer garments and clothing accessories:																								
II. Other:																								
b) Other:																								
4. Other outer garments:																								
ments:																								

Description	1981						1982						1983						1984																																																																																																											
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6																																																																																																						
NIMEXE code																																																																																																																														
aa) Blouses and shirt-blouses for women, girls and infants:																																																																																																																														
22. Of wool or fine animal hair	60.05-22																																																																																																																													
33. Of synthetic textile fibres	60.05-23																																																																																																																													
44. Of regenerated textile fibres	60.05-24																																																																																																																													
55. Of cotton	60.05-25																																																																																																																													
Women's, girl's and infants' outer garments:	(34 on pages 83-84)																																																																																																																													
B. Other:	35						96						2,505						2,509%						14,337						Y						97						3,200						3,184%						20,809						N						349						3,642						925%						25,688						N						1,959						3,311						69%						26,499						N					
II. Other:																																																																																																																														
c) Other:																																																																																																																														
7. Blouses and shirt-blouses:																																																																																																																														
bb) Of man-made textile fibres	61.02-78																																																																																																																													
cc) Of cotton	61.02-82																																																																																																																													
dd) Of other textile materials	61.02-84																																																																																																																													

Description	1981						1982						1983						1984									
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6				
Men's and boys' under garments, including collars, shirt fronts and cuffs:																												
A. Shirts	36	619	8,968	1,348%	40,026	Y	624	8,716	1,294%	42,842	N	7,441	9,316	25%	50,636	N	7,650	11,337	48%	64,207	N							
						(000 pieces)																						
Terry towelling and similar terry fabrics, of cotton																												
Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles:																												
B. Other:																												
III. Toilet linen and kitchen linen:																												
a) Of cotton:																												
1. Of terry towelling and similar terry fabrics	37	202	353	174%	1,961	N	212	294	38%	1,739	N	308	444	44%	2,803	N	324	561	73%	3,553	N							
Men's and boys' outer garments:																												
B. Other:																												
V. Other:																												
d) Breeches and shorts:																												
1. Of wool or of fine animal hair																												
2. Of man-made textile fibres																												
3. Of cotton																												



Description	1981			1982			1983			1984											
	1	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6					
Women's, girls' and infants' outer garments:																					
B. Other:																					
II. Other:																					
e) Other:																					
1. Jackets (excluding waister jackets) and blazers:																					
aa) Of wool or of fine animal hair																					
61.02-31	39	138	1,405	918%	1,463	Y	143	1,026	615%	33,473	N	1,335	1,508	13%	51,489	N	1,449	1,628	12%	54,747	N
bb) Of man-made textile fibres																					
61.02-32																					
cc) Of cotton																					
61.02-33																					
2. Coats and rain-coats; cloaks and capes:																					
aa) Of wool or of fine animal hair																					
61.02-35																					
bb) Of man-made textile fibres																					
61.02-36, 37																					
cc) Of cotton																					
61.02-39, 40																					
Men's and boys' outer garments:																					
B. Other																					
V. Other																					
c) Suits and coordinate suits (excluding ski suits):																					
1. Of wool or of fine animal hair																					
61.01-51	40	143	771	439%	27,015	Y	146	607	316%	22,820	N	941	709	—	26,416	Y	1,005	867	—	35,744	N
2. Of man-made textile fibres																					
61.01-54																					
3. Of cotton																					
61.01-57																					

Description	1981			1982			1983			1984											
	1	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6					
	NIMEXE code																				
Men's and boys' under garments, including collars, shirt fronts and cuffs:																					
B. Pyjamas	41	50	36	—	319	N	52	25	—	224	N	199	13	—	157	N	212	20	—	252	N
	61.03-51, 55, 59																				
C. Other	61.03-81, 85, 89																				
Yarn of man-made fibres (discontinuous or waste), not put up for retail sale:																					
A. Of synthetic textile fibres	42	263	44	—	220	N	276	108	—	445	N	297	147	—	646	N	311	723	132%	3,223	N
	56.05-03, 05, 07, 09, 11, 13, 15, 19, 21, 23, 25, 28, 32, 34, 36, 38, 39, 42, 44, 45, 46, 47																				
Yarn of man-made fibres (discontinuous or waste), not put up for retail sale:																					
B. Of regenerated textile fibres	43	153	321	109%	588	Y	161	830	415%	1,815	N	71	1,237	623%	1,237	N	180	1,650	816%	4,963	N
	56.05-51, 55, 61, 65, 71, 75, 81, 85, 91, 95, 99																				

Description	NIMEXE code	1981						1982						1983						1984												
		1	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6					
Under garments, knitted or crocheted, not elastic or rubberized:																																
B. Other:																																
IV. Other:		44	180	80	—	390 N	189	53	—	307 N	905	439	—	1,806 N	970	928	—	3,730 N														
b) Of synthetic textile fibres:	60.04-47																															
1. Men's and boys':																																
bb) Pyjamas	60.04-73																															
d) Of cotton:																																
1. Men's and boys':																																
bb) Pyjamas																																
Under garments, knitted or crocheted, not elastic or rubberized:																																
B. Other:																																
B. IV. Other:		45	209	502	140%	2,898 N	215	967	349%	5,842 N	595	1,250	110%	7,647 N	625	2,444	257%	12,244 N														
b) Of synthetic textile fibres:																																
2. Women's, girls' and infants':																																
aa) Pyjamas	60.04-51																															
bb) Nightdresses	60.04-53																															
d) Of cotton:																																
2. Women's, girls' and infants':																																
aa) Pyjamas	60.04-81																															
bb) Nightdresses	60.04-83																															

Description	1981			1982			1983			'84								
	1	2	3	4	5	6	2	3	4	5	6	2	3	4	5	6		
	NIMEXE																	
	code																	
Woven fabrics of man-made fibres (continuous), including woven fabrics of monofil or strip of heading No 51.01 or 51.02:																		
A. Woven fabrics of synthetic textile fibres:																		
III. Fabrics made from strip or the like of polyethylene or polypropylene, of a width of:																		
a) Less than 3 m	46	186	205	10%	403 N	195	302	54%	564 N	397	80	—	115 N	417	146	—	226 N	
Sacs and bags, of a kind used for the packing of goods																		
B. Of other textile materials:																		
II. Other:																		
b) Of fabric of synthetic textile fibres:																		
1. Made from polyethylene or polypropylene strip	62.03-96																	
Woven fabrics of man-made fibres (discontinuous or waste):																		
B. Of regenerated textile fibres	56.07-50, 51, 55, 56, 59, 60, 61, 65, 67, 68, 69, 70, 71, 72, 73, 74, 77, 78, 82, 83, 84, 87	47	599	534	—	1,932 N	629	664	5%	3,015 N	719	968	34%	4,029 N	755	1,044	38%	4,551 N



Description	1981						1982						1983						1984					
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Yarn of combed sheep's or lambs' wool (worsted yarn), not put up for retail sale	48	209	86	—	609 N	219	136	—	1,091 N	264	51	—	458 N	277	333	20%	2,831 N							
Yarn of fine animal hair (carded or combed), not put up for retail sale:																								
B. Combed																								
53.03-21, 25																								
Cotton yarn, put up for retail sale	49	66	46	—	610 N	70	37	—	390 N	105	68	—	744 N	110	269	144%	3,055 N							
Yarn of man-made fibres (discontinuous or waste), put up for retail sale:																								
A. Of synthetic textile fibres	50	25	16	—	100 N	26	1	—	27 N	57	15	—	56 N	60	179	198%	795 N							
Yarn of man-made fibres (discontinuous or waste), put up for retail sale:																								
B. Of regenerated textile fibres	51	1	0	—	0 N	1	0	—	0 N	2	0	—	0 N	2	10	400%	29 N							
Outer garments and other articles, knitted or crocheted, not elastic or rubberized:																								
A. Outer garments and clothing accessories:																								
II. Other:																								
b) Other:																								
5. Clothing accessories																								

Description	NIMEXE						1981						1982						1983						1984										
	code						1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5
B. Other:	60.05-96, 97, 98, 99						52	159	160	.6%	724	N	168	388	130%	1,294	N	234	367	56%	1,525	N	245	298	21%	1,936	N								
Knitted or crocheted fabric and articles thereof, elastic or rubberized (including elastic knee-caps and elastic stockings):																																			
B. Other:	60.06-92																																		
II. Stockings	60.06-96, 98																																		
III. Other																																			
Outer garments and other articles, knitted or crocheted, not elastic or rubberized:																																			
A. Outer garments and clothing accessories:																																			
II. Other:																																			
b) Other:																																			
3. Track suits	60.05-16, 17, 19						53	238	224	—	2,197	N	257	300	16%	3,127	N	S.C.*	310	—	3,336	N	S.C.	480	—	4,598	N								
Twine, cordage, ropes and cables, plaited or not	Nos						54	1,750	314	—	524	N	1,837	285	—	414	N	1,936	418	—	609	N	2,033	619	—	875	N								

SOURCE: EUROSTAT; Yugoslav Federal Statistics Office; *Official Journal of the European Communities*, No. L 130, (27 May 1980); *Ibid.*, No. L 383, (31 December 1981); *Ibid.*, No. L 30, (6 February 1982); *Ibid.*, (14 February 1983); *Ibid.*, No. L 327/35, (6 December 1985); *Ibid.*, No. L 380/22, (31 December 1982); *Ibid.*, No. 306/75, (23 November 1984); *Ibid.*, No. 324/23, (21 November 1983); *Ibid.*, No. L 126/18, (13 May 1983); *Ibid.*, No. L 324/1, (21 November 1983); *Ibid.*, No. L 306/53, (23 November 1984); *Ibid.*, No. 304/26, (16 November 1985); *Ibid.*, No. L 117/1, (30 April 1982); *Ibid.*, No. L 367/43, (31 December 1980); *Ibid.*, No. L 383/1, (31 December 1981); *Ibid.*, No. L 126/14, (12 May 1983); Draft proposal, *Commission of the European Communities*, COM (83) 335 Final; *Ibid.*, COM (83) 124 final; direct communication with EC personnel.

1) Category number

2) Level of ceiling for imports from Yugoslavia as stipulated in the 1980 Agreement and subsequent amendments to said Agreement (in tons, unless otherwise noted).

3) Actual quantity imported from Yugoslavia (in tons, unless otherwise noted).

4) Percent of imports from Yugoslavia above ceiling level.

5) Value of imports from Yugoslavia (000 ECU, unless otherwise noted).

6) Whether the Community reimposed customs duties once the ceiling level was reached (Y=Yes, N=No).

\* Suspended ceiling

Appendix 2 *IMPORTS FROM YUGOSLAVIA TO THE EC BY  
4-DIGIT NIMEXE FOR 1984*

NIMEXE #	Value (1000 ECU)	% Total	% CUM
2710 — Petroleum oils and oils obtained from bituminous minerals, other than crude	296,736	6.9	6.9
6101 — Men's and boys' outer garments	209,062	4.9	11.7
6102 — Women's girls' and infants' garments	199,142	4.6	16.4
8702 — Motor vehicles for transport	171,288	4.0	20.3
6402 — Footwear w/outer soles of leather or composition leather	144,899	3.4	23.7
4405 — Wood sawn lengthwise	127,411	3.0	26.6
7601 — Unwrought aluminium	110,826	2.6	29.2
6004 — Under garments, knitted or crocheted	96,092	2.2	31.4
6005 — Outer garments and other articles, knitted or crocheted	81,309	1.9	33.3
8706 — Parts accessories of motor vehicles	79,321	1.8	35.6
0201 — Meat and edible offals of animals	70,229	1.6	36.8
9403 — Other furniture and parts thereof	66,240	1.5	38.3
4801 — Paper and paperboard	65,032	1.5	39.8
6103 — Men's and boys' under garments	64,459	1.5	41.3
8501 — Electrical goods, generators, motors, converters, transformers, rectifiers, inductors	58,387	1.4	42.7
9401 — Chairs and other seats	48,906	1.1	43.8
2717 — Electric current	47,547	1.1	44.9
4011 — Rubber tires	47,396	1.1	46.0
5509 — Other woven fabrics of cotton	46,103	1.1	47.1
0102 — Live animals of the bovine species	46,020	1.0	48.2
8512 — Electric instantaneous or storage water heaters and immersion heaters	43,327	1.0	49.2
8523 — Insulated electric wire, cable, bars, strips	43,186	1.0	50.2
8415 — Refrigerators and refrigerating equipment (electrical and other)	38,794	.9	51.1
4203 — Articles of apparel and clothing accessories of leather or composition leather	36,727	.9	51.9
9999 — Returned goods, not classified elsewhere	35,345	.8	52.8
2707 — Oils and the products of the distillation of high temperature coal tar	34,219	.8	53.6
2901 — Hydrocarbons	34,212	.8	54.3
7302 — Ferro-alloys	34,192	.8	55.1
6405 — Parts of footwear	33,966	.8	55.9
2205 — Wine of fresh grapes	33,470	.8	56.7

NIMEXE #	Value (1000 ECU)	% Total	% CUM
1005 — Maize	33,336	.8	57.5
3902 — Polymerisation and copolymerisation products	32,863	.8	58.2
4403 — Wood in the rough	32,383	.8	58.9
5505 — Cottonyarn	30,449	.7	59.7
0101 — Live horses, asses, mules and hinnies	30,186	.7	60.3
8406 — Internal combustion piston engines	28,749	.6	61.1
6202 — Bed linen, table linen, toilet linen	27,454	.6	61.7
0810 — Fruit, preserved by freezing	27,173	.6	62.3
4423 — Builders' carpentry and joinery	21,329	.5	62.8
7603 — Wrought plates, sheets and strips of aluminium	21,309	.5	63.3
6109 — Corsets, corset-belts, suspender belts, garters	20,865	.5	63.8
7407 — Tubes and pipes of copper	20,858	.5	64.3
2303 — Beet-pulp and other waste of sugar manufacture	20,595	.5	64.7
7313 — Sheets and plates, of iron or steel	20,293	.5	65.2
0704 — Dried, dehydrated or evaporated vegetables	19,754	.5	65.7
8440 — Machinery for washing, cleaning, drying, bleaching, dyeing, dressing, finishing or coating textile yarns or fabrics	19,405	.5	66.1
7107 — Gold, including platinum — plated gold, unwrought or semimanufactured	18,925	.4	66.6
3901 — Condensation, polycondensation and polyaddition products	18,735	.4	67.0
4815 — Other paper and paperboard	17,614	.4	67.4
0701 — Vegetables, fresh or chilled	17,564	.4	67.8
7105 — Silver, including silvergilt and platinum-plated silver	17,245	.4	68.2
8714 — Other vehicles, not mechanically propelled (including trailers)	16,563	.4	68.6
4807 — Paper and paperboard, in rolls or sheets	16,269	.4	68.9
3105 — Other fertilisers	16,221	.4	69.4
7308 — Iron or steel coils for re-rolling	16,095	.4	69.7
2714 — Petroleum bitumen, petroleum coke	15,764	.4	70.1
7318 — Tubes and pipes and blanks thereof of iron or steel	15,480	.4	70.5
7303 — Waste and scrap metal of iron or steel (ECSC)	15,220	.4	70.8
7662 — Wrought bars, rods, angles, shapes of aluminium, aluminium wire	14,897	.4	71.2
4414 — Wood sawn lengthwise; veneer sheets and sheets for plywood	14,078	.3	71.5
8451 — Typewriters, cheque-writing machines	13,314	.3	71.9

NIMEXE #	Value (1000 ECU)	% Total	% CUM
4105 — Other kinds of leather	13,072	.3	72.0
7338 — Articles of a kind commonly used for domestic purposes; i.e., securing or polishing pads, gloves	13,028	.3	72.4
0703 — Vegetables provisionally preserved in brine, or other preservative solution	12,960	.3	72.7
5601 — Man-made fibres	12,843	.3	73.0
7373 — Alloy steel and high carbon steel in different forms	12,839	.3	73.3
2711 — Petroleum gases and other gaseous hydrocarbons	12,762	.3	73.6
4102 — Bovine cattle leather	12,641	.3	73.9
4411 — Fibre building board of wood	12,600	.3	74.2
7401 — Copper matte	12,209	.3	74.5
4701 — Pulp derived by mechanical or chemical means	12,025	.3	74.8
3907 — Articles of different materials, i.e., proteins, fibre, paper	11,271	.3	75.0
8519 — Electrical apparatus for making and breaking electrical circuits, i.e., fuses, switches, plugs	11,190	.3	75.3
8515 — Radiotelegraphic and radio-telephonic transmission and reception apparatus	10,919	.3	75.5
4603 — Basketwork, wickerwork	10,384	.3	75.8
7013 — Glassware	10,256	.2	76.0
2915 — Polycarboxylic acids	10,228	.2	76.2
4303 — Articles of furskin	10,226	.2	76.3
6401 — Footwear with outer soles and uppers of rubber or artificial plastic material	10,218	.2	76.7
0702 — Vegetables preserved by freezing	10,090	.2	76.9
8508 — Electric starting and ignition equipment for internal combustion engines	10,020	.2	77.2
1206 — Hop cones and lupulin	9,830	.2	77.4
8504 — Electric accumulators	9,742	.2	77.6
2006 — Fruit otherwise prepared or preserved	9,300	.2	77.9
6003 — Stockings, ankle-socks	9,261	.2	78.1
8463 — Transmission shafts, cranks, gears, flywheels, pulleys	9,143	.2	78.3
7311 — Angles, shapes and sections of iron or steel	9,131	.2	78.5
4821 — Other articles of paper pulp, paper, paperboard	9,053	.2	78.7
1207 — Plants and parts of trees, bushes, shrubs	9,041	.2	78.9
7701 — Unwrought magnesium	8,955	.2	79.1

NIMEXE #	Value (1000 ECU)	% Total	% CUM
8205 — Interchangeable tools for hand tools, for machine tools or for power-operated hand tools	8,881	.2	79.3
8701 — Tractors	8,874	.2	79.5
2701 — Coal	8,787	.2	79.7
8901 — Ships, boats and other vessels	8,757	.2	79.9
4202 — Travel goods (i.e., bags, wallets, bottles, trunks)	8,315	.2	80.1
0303 — Crustaceans and molluses	8,266	.2	80.3
2401 — Unmanufactured tobacco	8,209	.2	80.5
5605 — Yarn of man-made fibres	8,186	.2	80.7
6911 — Tableware and other articles, porcelain or china	8,161	.2	80.9
7111 — Goldsmiths' sweepings, residues or precious metals	8,111	.2	81.1

SOURCE: EUROSTAT

*JUGOSLOVENSKI IZVOZ U EVROPSKU EKONOMSKU ZAJEDNICU  
— ANALIZA UGOVORA O SARADNJI IZ 1980. GODINE*

*Mark S. ELLIS*

*R e z i m e*

*Ovaj članak analizira trgovinu između Evropske ekonomske zajednice i Jugoslavije, na temelju Sporazuma o suradnji sklopljenog 1980, uključujući odredbe koje su uslijedile kroz prve četiri godine izvršenja Sporazuma. Cilj je utvrditi: da li je Sporazum omogućio stvarni rast potencijala jugoslavenskog izvoza u Zajednicu, ili je povećao uobičajena ograničenja nepovoljna za Jugoslaviju. Analiza obuhvaća poljoprivredne proizvode, industrijske proizvode, te tekstil i odjeću unutar industrijskih proizvoda. Autor zaključuje da Sporazum o suradnji 1980. osigurava Jugoslaviji vrlo povoljne aranžmane za industrijski izvoz kao i općenito povoljne uvjete za izvoz tekstila i odjeće. Za poljoprivredne proizvode Sporazum je uglavnom odraz zajedničke poljoprivredne politike Zajednice i pogoršanog svjetskog robnog tržišta.*