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Tomislav POPOVIĆ  
Oskar KOVAČ

**Yugoslavia  
and the  
European Union  
THE PAST AND  
THE FUTURE**



BELGRADE 1996.

**YUGOSLAVIA AND  
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THE FUTURE**

**Tomislav Popović  
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## CONTENTS

PREFACE .....	viii
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### PART I

<b>STRATEGIC FRAMEWORK AND BASIS OF INSTITUTIONAL REGULATIONS OF RELATIONSHIPS BETWEEN THE EUROPEAN UNION AND YUGOSLAVIA.....</b>	<b>1</b>
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*Prof. Tomislav Popović*

I EUROPEAN OPTION OF YUGOSLAVIA: MUTUAL STRATEGIC INTEREST OF THE EUROPEAN UNION AND YUGOSLAVIA .....	3
---	---

1. What is a possible strategic interest of Yugoslavia towards the European Union.....3
2. What is a possible European interest in Yugoslavia .....16

*Prof. Oskar Kovač*

II WHITE PAPER ON THE SINGLE INTERNAL MARKET OF THE EUROPEAN UNION THE SECOND TIME.....	21
---	----

1. The single internal market of the European Union today .....22
  - 1.1. Goods market .....24
  - 1.2. Services market .....25
  - 1.3. Free movement of people and the labour market.....26
  - 1.4. Company establishment and competition rules.....27
  - 1.5. Coordination of economic policies .....29
  - 1.6. Monetary union .....30
  - 1.7. Economic and social cohesion in the EU.....33
2. The association agreements between the European Union and the Central and South/East European Countries .....34
3. The significance of the White Paper for the countries of Central and South/East Europe.....36
4. Yugoslavia and the EEC (EU) before and after 1992.....38

### PART II

<b>EFFECTIVE PROTECTION AND COMPETITIVENESS OF THE YUGOSLAV ECONOMY.....</b>	<b>45</b>
--	-----------

INTRODUCTORY REMARKS.....	47
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EFFECTIVE PROTECTION OF THE YUGOSLAV ECONOMY .....	52
1. Introduction-The goals and organization of the pilot study .....	52
Relations between the Community and Yugoslavia in the new conditions .....	52
Changes needed for closer cooperation with the EEC .....	54
The goals of the study .....	59
2. Nominal and effective rates of protection of the Yugoslav economy .....	62
2.1. Nominal Rates of Protection (NRP).....	62
2.2. Effective Rates of Protection (ERP).....	71
EXPORT PERFORMANCE AND COMPETITIVENESS OF THE YUGOSLAV ECONOMY RELATIVE TO EEC AND EFTA MARKETS .....	80
I. Competitiveness: Constant Market Share Analysis .....	80
1. Export Performance .....	80
1.1. Total merchandise trade (SITC basis).....	82
1.2. Manufacturing sector (ISIC basis).....	85
2. The Main results of CMSA relative to EEC market .....	91
2.1. The Growth differential.....	91
2.2. The Regional composition effect.....	92
2.3. The Commodity composition effect.....	99
2.4. The Competitive effect .....	103

### PART III

#### SELECTED EXTRACTS FROM THE DOCUMENTS AND THE PROTOCOLS ON ECONOMIC, TECHNICAL AND FINANCIAL CO-OPERATION SIGNED BETWEEN THE FORMER SFRY AND EEC..105

Section I	
Co-operation Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia.....	107
Section II	
Protocol No 2 on Financial Co-operation between the Socialist Federal Republic of Yugoslavia and the European Economic Community .....	129
Section III	
Additional Protocol to the Co-operation Agreement between the Socialist Federal Republic of Yugoslavia and the European Economic Community Consequent on the Accession of the Hellenic Republic to the Community .....	132
Section IV	
Second Protocol on Financial Co-operation between the Socialist Federal Republic of Yugoslavia and the European Economic Community .....	140

Section V	
Third Protocol on Financial Co-operation between the Socialist Federal Republic of Yugoslavia and the European Economic Community .....	144
Section VI	
Additional Protocol to the Co-operation Agreement between the Socialist Federal Republic of Yugoslavia and the European Eco- nomic Community Establishing New Trade Arrangements .....	148

**PART IV**

<b>STATISTICAL ANNEX.....</b>	<b>157</b>
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## **PREFACE**

1. At the end of 1995, the Institute of Economic Sciences published the book entitled *"Economic Adjustment to Business Policies on European Union Market"*, in the series *"European Prospects of Yugoslavia"*, containing the translation of the original text of the document (general text and annex) of the European Community's Commission entitled *The White Paper of the Preparation of the Associated Countries of the Central and Eastern Europe for the Integration into the Internal Market of the Union*.

The book also contains the studies and analytical annexes by the book's editor, which cover the key facts significant for the strategic commitment of Yugoslavia and the practical implementation of the general requirements, rules and procedures relevant to the non-member states in their endeavours towards a more permanent institutional regulation of the relations with the European Union.

After the break-up of Yugoslavia, the Institute engaged a number of researchers who, starting from the given realities, covered various aspects of the relations between the FR of Yugoslavia and the European Union, which is contained in the book entitled **"The Position and Strategy of Serbia in the New European Order"**, published in the Serbian and English language in 1992.

2. The contents of this book are complementary with the book entitled **"Economic Adjustment to Business Policies on European Union Market"**, as well as with the other editions of the Institute in the series **"The European Prospects of Yugoslavia"**.

This book is intended for the foreigners who are for research, political or other reasons interested in finding out the basic facts and strategic coordinates of the position of the FR of Yugoslavia towards the European Union and, in connection with that, the wider international economic and financial-monetary surroundings.

The book consists of four separate thematic sections.

The first part of the book contains analytical-study texts of the authors and editor of the book dealing with:

Firstly, the facts that confirm the strategic interest of both the European Union and Yugoslavia to institutionally regulate the relations in order to promote the development and stabilisation of the Yugoslav econ-

omy, as well as the wider area comprising the South-Eastern Europe, the Balkans and the Mediterranean;

Secondly, the concrete issues and experiences of the institutional arrangements so far (the ex-SFRY) with the European Union, the basic achievements concerning the integration processes within the Union, which are relevant for Yugoslavia, as well the main directions and possible ways of integrating Yugoslavia in the Union's internal market, based on the so-called four freedoms (of goods, people, services and capital).

The second part of the book contains the selected extracts from the study-book entitled "**Effective Protection and Competitiveness of the Yugoslav economy**", published in the Serbian and English language by the Institute in 1992. That book is the result of the research within the corresponding programme co-financed by the European Union. The research is based on the extensive empirical research encompassing several hundred companies, whose results were to serve as the analytical basis for the negotiations concerning the association of the former Yugoslavia with the European Union. Unfortunately, the secession of some republics, the civil war and political strife in the area of the former Yugoslavia have forcefully interrupted this course of events.

The Institute considers it necessary to acquaint foreign readers with the characteristics and results of the trade between the former Yugoslavia and the European Union, which were forcefully interrupted by the break-up of Yugoslavia and the introduction of the UN sanctions. After the normalisation of the political relations between Yugoslavia and the European Union, regardless of the change in circumstances, it is necessary to promptly create conditions for the reactivation of previously very intensive and mutually useful business communication between Yugoslav and European companies.

The third part of the book contains the selected excerpts from the agreements and protocols concluded by the former Yugoslavia with the European Community.

The fourth part of the book contains original tables with statistical data on the structure, dynamics, balances and relative volumes regarding the trade between the former and present Yugoslavia and the member-states of the European Union.

It is our belief that, during the imminent negotiations regarding the comprehensive institutional regulation of the relations between Yugoslavia and the European Union, it is crucial to take into account and reinstate all acceptable solutions from the arrangements and protocols that were in force until December 1991.

3. In this way, the Institute of Economic Sciences proceeds with systematic activities in the research of the issue of the integration of the Yugoslav economy in the current flows in the world economy.

The Institute starts from the premise that the institutional regulation of the relations with the European Union and the related adjustment to the competition rules, procedures and conditions on the market of the Euro-



pean Union presents a strategic priority of the development policy of the FR of Yugoslavia. That is a specific method of the comprehensive adjustment of the economic structure, economic-system legislation and institutions in accordance with the principles of the open market economy and in conformity with the criteria in the institutional surroundings.

4. In spite of the restrictions, during the past few years the Institute successfully cooperated with the corresponding institutions and bodies of the European Union. A particularly important stimulus to that cooperation was given by the visit of Mr. Eberhard Rhein to the former Yugoslavia. The visit was organised by the Institute of Economic Sciences and the Consortium of the Economic Institutes of Yugoslavia. There were also some contacts with other officials of the Union immediately before the desintegration of Yugoslavia.

The Institute is particularly grateful for the support offered during the past few years through informal meetings with the representatives of the Delegation of the European Commission in Belgrade. The Institute owes particular gratitude to late Mr. Aldo Chriccio, charge d'affaires of the Delegation, for the support and advice given to us until his death in October 1995.

5. Within its **European Economic Forum**, founded five years ago, the Institute, together with the European Movement for Serbia, organises a series of bilateral seminars - round tables, whose topic will be various aspects of future economic relations between Yugoslavia and the countries of the European Union, with the participation of eminent businessmen, bankers and researchers from all the members of the Union and other countries, especially neighbours.

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