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YUGOSLAVIA AND EEC TRADE RELATIONS :

PROBLEMS AND PROSPECTS

by

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1. Introduction

Compared to the EEC with its present population of 272 million, Yugoslavia with a population of only 22 million is a small and relatively insignificant trading partner, supplying only 1.1% of total imports into the EEC market and receiving only 1.4% of EEC exports. From the EEC viewpoint, Yugoslavia's non-aligned political stance and the way in which this may be affected by the process of enlargement of the Community, are as important aspects of the relations between the two trading partners as the volume and composition of trade itself.

For Yugoslavia however, as with the other small economies of the Mediterranean littoral, the EEC represents a large and important export market and supplier of important industrial products.

Since Yugoslavia is the prime example of a decentralized, reformed, and "self-managed" socialist economy, its ability to trade with the West and the impact of this opening to an outward orientation is also of more general interest, especially to those economies of Eastern Europe which may be tempted, as for example Hungary seems to be, by the prospect of an increasingly similar reorientation away from its traditional trading partners.

At the beginning of the post-war period, Yugoslavia was a largely agricultural economy and had beenm as part of the Balkan

region, an important source of primary product imports into Western Europe. However, due to the early influence of Soviet type central planning upon economic policy, and to the later search for political and hence economic independence, Yugoslavia pursued a policy of rapid industrialization, which brought about immense changes in its economic and social structure and provided a major influence on its trading relations with both Western and Eastern blocs. For a long time, this strategy of independent industrialization and social transformation was extremely successful. Hollis Chenery, the author of important studies on comparative development patterns, places Yugoslavia alongside Korea, Taiwan and Israel as the four most successful examples of the strategy of industrial specialization. As Chenery notes, "each of these countries started from a disrupted economy after World War II followed by a decade or so in which industry was developed on the basis of import substitution. A substantial inflow of external resources was available to support rapid growth without the necessity of increasing exports immediately. In the early or middle 1960's each country shifted from an inward to an outward orientation, and actively promoted exports"(1). The success in promoting the export of manufactured goods, increasing the share of manufactures in domestic output, and reducing dependence on external sources were, for Chenery, characteristic features of this group of countries.

This strategic reorientation towards a more outward-looking set of policies took place in Yugoslavia in 1965 with the implementation of an extensive social and economic reform. Its

principal feature was an extension of market relations as the principal mechanism of resource allocation, involving extensive decentralization of decision-making over both investment and foreign trade decisions (2). Among the main objectives of the reform was the opening of the Yugoslav economy to international competition, and its gradual integration into the world market. Measures in support of such an orientation included the replacement of the multiple exchange rate system by a single exchange rate. Trade coefficients were abolished and replaced by a system of tariffs in line with GATT principles (Yugoslavia became a full member of GATT in 1966). In addition, many restrictions on domestic price formation were removed in order to bring domestic price relativities into conformity with those on the world market.

It was hoped that Yugoslavia as a small and relatively less-developed country, would benefit from trade liberalization, and that such an outward oriented strategy, subjecting the economy to international competitive forces, would have positive effects on the efficiency of domestic producers.

The expectations for the success of the export-led growth strategy were largely fulfilled. High growth rates were maintained throughout the 1970's (following the immediate difficulties of post-reform adjustment which adversely affected growth rates in the mid 1960's), with a growth rate of manufacturing output of 6.9% between 1970 and 1979 (3). Moreover, the growth rates of manufacturing output were very favourable when viewed from an international perspective, being exceeded in

only 9 out of a sample of 33 "middle-income" developing countries for whom data were presented by the World Bank (4) for the years 1970-1979, and by none of the sample of 12 "industrial market economies".

However, such a high rate of economic activity was storing up hidden problems which were to emerge towards the end of the decade, and present serious consequences for the Yugoslav economy in the 1980's, namely rising inflation, increasing unemployment, continual balance of payments difficulties and a very rapid rise in external debt. Both as cause and consequence, Yugoslavia has experienced increasing difficulty in pursuing the export-led growth strategy.

2. Post-1965 trade performance

Table 8 shows the changes in the growth rates of the real values of goods exports from Yugoslavia. It is apparent that, compared with the previous performance, the new strategy adopted in 1965 led to a high and sustained rates of expansion of exports, which grew at 4.8% p.a. between 1965 and 1970 and 3.2% p.a. between 1970 and 1978. However, these rates were not sustained so that between 1974 and 1979 the rate had fallen to 1.86% p.a. and further fell to 1.02% p.a. between 1979 and 1982. This faltering export performance made the trade balance vulnerable to external shocks and the sharp oil-related rise in the real value of imports in 1979 brought about a record real deficit on the current account as shown in figure 2. Figure 3

shows a similar picture of a record current account deficit in nominal terms for 1979. It can also be seen that fluctuations in the nominal deficit were due entirely to imbalances in commodity trade, as services, and remittances of workers employed abroad, earned a steady net surplus, which was surprisingly constant at around \$30 m for the two items. A steadily widening gap between import demand and export performance induced a persistent deficit on the current account as a whole, however, and the faltering export performance resulted in a decline in the Yugoslav share of total world export trade from 0.56% in 1966 to 0.44% in 1980. Figure 3 shows that the persistent tendency for imports to increase faster than exports was reversed after 1979, but that this was due largely to a slowing down of import demand after that year, and to a remarkable absolute reduction in imports, in nominal values, after 1981.

At the same time, changes were occurring in the regional distribution of Yugoslav trade. During the 1970's there was a steady fall in the share of Yugoslav exports going to developed countries, as is apparent from table 2, this tendency being particularly pronounced between 1970 and 1975 and between 1979 and 1982. There was a similar, but steadier reduction in imports shares from the developed countries, but the import share was always some 10 percentage points above the export share, suggesting that the source of the balance of trade deficit lay in Yugoslavia's trade with the developed countries. The counterpart of the secular decline in trade shares with the West was an increase in trade shares with both the Eastern bloc as a whole,

and with the Third World, but this reorientation of foreign trade was particularly directed to the former group.

As we have already observed, the trade deficit peaked in 1979, when it approached 10% of the social product. As a result of the continuously increasing current account deficit, net external debt had risen dramatically to around 14 billion dollars, of which around 90% in convertible currency. These alarming trends influenced the Yugoslav authorities to instigate a decisive change in economic policies, reversing the expansionist climate of the 1970's and entering a period of retrenchment through deflation and austerity. The new policy orientation is referred to as the "Stabilization Programme".

In the short run, the following most important measures have been introduced: restrictions on all forms of consumption, and especially on gross fixed investment, with the aim of reducing domestic demand; a very restrictive monetary policy and a rise in interest rates; two devaluations of the dinar, of 20% in 1980 and of another 20% in 1982, followed by the introduction of a floating exchange rate according to the basket of western currencies (for its effects, see table 4); severe cuts on imports, especially in 1982; and increased export subsidies.

For the longer run, a programme of economic and social reforms has been elaborated by a special commission of experts during 1981-82, which provides the basis for the change of a large part of existing Yugoslav laws, including the law on the banking system, on foreign trade relations, and on planning.

However, many of these changes are still in the phase of discussion, and the reforms are facing difficulties in their implementation. This is not surprising in view of the principal aim of the reform - to liberate enterprises from political dominance and give priority to market forces - since such an objective cannot even begin to be pursued, at a moment when the economy is affronting many serious problems, which require exactly the opposite to the envisaged: continuous administrative intervention on the part of government authorities.

The principal results obtained by the "Stabilization Programme" in the period 1980-84 is the remarkable improvement of the balance on the current account: the deficit was transformed into a surplus, amounting to, in convertible currency, almost \$300 million in 1983, and almost \$900 million in 1984 (5). However, this was obtained more through severe restrictions on imports, than because of a major improvement in export performance. In fact, the growth rate of exports, in 1972 prices, in 1981-83 was -1.0%, while the growth rate of imports - 10.5% (6).

In addition, such a positive result was obtained at the expense of a rapid fall in domestic economic activity. The rate of growth of social product, that in 1979 was 7%, fell to 2.3% in 1980, to 1.5% in 1981, and to 0.3% in 1982, while in 1983 a negative growth rate was registered, and it is only in 1984 that the Yugoslav economy is showing signs of a gradual recovery (7).

Such a fall in economic growth during the 1980s has been accompanied by other, not less alarming problems. Inflation has

been oscillating between 30 and 60%, in spite of several price freezes introduced to control inflationary pressures, and presently is probably the most serious problem of the Yugoslav economy.

Unemployment has continued to rise, with presently over a million unemployed over 22 million inhabitants. There has been a dramatic fall in living standards, arising from the restrictions put on personal consumption, bringing about a 25% fall in monthly average salaries in real terms in the period 1980-83.

Furthermore, the upward trend in foreign indebtedness continued until 1982, with net debt rising from \$14 billion in 1979 to almost \$20 billion in 1981, and while a slight reduction was achieved in 1982, a small rise was again registered in 1983 (see Table 5). This brought Yugoslavia to a step away from financial insolvency, and it had to reschedule its debt in 1983-84, made possible by the provision of a sum of \$1 billion in 1983, and of \$3.6 billion in 1984, by the IMF, commercial banks and 16 western governments. In addition, the IMF has recently provided another stand-by loan of \$300 million for the period 1985-86.

3. Yugoslav-EEC trade relations

3.1. Institutions

In order to evaluate Yugoslav-EEC trade relations, it is necessary to briefly examine the institutional framework upon which such relations have been based in the past 15 years.

The first agreement between the EEC and Yugoslavia was signed in 1970. It was a 3-year non-preferential agreement, where each party granted the other the status of most favoured nation. The 1970 agreement was followed by a second, 5-year non-preferential agreement, signed in 1973, which was tacitly extended in 1978. These agreements provide for the promotion of cooperation in areas of common interest, primarily the lowering of EEC tariffs on Yugoslav exports (freer access especially for Yugoslav exports of agricultural products). After 1973, a Joint Committee for EEC-Yugoslav trade was established, with two subcommittees, one for agriculture and the other for industry.

In the meantime, Yugoslavia has benefited from EEC's General System of Preferences (GSP) from 1971 onwards when it was implemented, intended to stimulate exports from less-developed countries. A large part of Yugoslav manufactured goods, according to the scheme, were exempt from customs duties, although subject to quotas. Yugoslavia has been a major beneficiary of the GSP: in 1973, it occupied the first place among developing countries benefiting from the scheme, with 33.9% of total GSP products imported into the Community. However, in 1975 the EEC reintroduced customs duties on 16 Yugoslav products. Nevertheless, in 1976 Yugoslavia still occupied the second place among developing countries benefiting from the GSP, although her share had fallen to 11.1% of total GSP imports into the Community. (8)

These agreements did not, however, eliminate the possibility of voluntary restrictions on Yugoslav exports on the

part of the EEC, as was the case in 1974, when tariff concessions for Yugoslav beef exports were withdrawn, which caused a drop of some \$100 million in Yugoslav exports of these products.

In the meantime, Yugoslav trade performance on EEC markets was deteriorating rapidly (as will be seen in the next section). In view of such a deterioration, both sides expressed its willingness to strengthen relations, and in 1976 a Joint Declaration was signed in Belgrade, which represented the first step towards an important agreement. Negotiations began, and in february 1980, the Cooperation Agreement was signed, which is according to EEC sources, the only one of its kind (9), and it goes beyond the agreements signed with other Mediterranean countries. It provides for cooperation in the field of trade, finance, technology, labour, science. Its duration is of an unlimited period, but it is being implemented in stages, where the present, first stage has a duration of 5 years.

Trade arrangements accorded by the Cooperation Agreement include concessions on both agricultural and industrial products. In the group of agricultural products, it provides for a reduction of levies on tobacco, slivovica, wine, cherries; reduced levies on imports of baby-beef within the limits of a monthly quota, and an increase in tariff quotas from 13.000 tonnes a year to 35.000 tonnes a year; and a gradual lowering of tariffs for 6 types of metals. In the group of industrial products, the agreement enables duty-free entry, without quantitative restrictions, for about 70% of Yugoslav manufactured goods; a system of

ceilings will remain for certain manufactured products, such as textiles and some non-ferrous metals, as well as the 29 so-called "sensitive" products.

In the field of financial cooperation, the agreement provides the participation of the EEC in Yugoslav development projects, and here a sum of 200 million ECU was given for a period of 5 years in the form of European Investment Bank loans.

Finally, two additional protocols to the 1980 Agreement were signed in 1982. The first was signed consequent upon the accession of Greece to the EEC, and it envisages the increase in tariff ceilings fixed by the 1980 Agreement, in recognition of existing trade links between Greece and Yugoslavia; measures allowing Greece to apply progressively the preferential arrangements laid down by the Cooperation Agreement; a reduction of 50% of the basic levy applied to imports of baby-beef from Yugoslavia, effective since 1981; and more flexibility in the use of the monthly export volume of baby-beef.

The second Additional Protocol to the 1980 Cooperation Agreement concerns new arrangements on trade in textile products. Until it was signed in 1982, the legal basis for trade was the 1977 Multifibre Agreement. The new arrangements cover the period 1983-86, and provide for broader access of a large part of Yugoslav textile products, although 13 products remain subject to voluntary restraints. The EEC has also granted access for products resulting from operations carried out under the outward processing traffic (OPT) arrangement, which is a special form of industrial cooperation based on the division of the

production process between the two parties, for products which are subsequently reimported into the Community. Presently, thanks to the Additional Protocol, around 50% of total access to the Community market for textiles originating in Yugoslavia is free of duty.

3.2. Statistical description

Now we will proceed to the statistical description of Yugoslav-EEC trade relations, by examining first the trade balance, and second, the commodity structure of Yugoslav trade with the EEC.

3.2.1. Trade balance with the EEC

As with the overall trade balance, the balance with the EEC, in current value terms, was in increasing deficit throughout the 1970's (with the exception of a fall in 1976) and peaked in 1979 at \$3711 million. As figure 4 shows, however, the deficit began to decline thereafter, most precipitously after 1981. This decline was due entirely to a reduction in imports, from \$5794 million to \$3691 million between 1979 and 1983. The current value of exports remained more or less constant, being \$2083 million in 1979 and \$2357 million in 1983. A reduction of such an extent in the current value of imports, i.e. by 36% of the 1979 level in four years, must have meant a very severe reduction in the real volume of imports (especially in the two years 1981-1983 when the current value of imports fell by 33%). As we shall see later, this reduction in imports was closely

associated with the effects of the IMF-sponsored stabilization policy and with a painful adjustment process of the domestic economy.

Figure 5 and 6 show the proportion of the total trade balance deficit accounted for by trade with the EEC. From figure 6, the importance to Yugoslavia of its EEC-directed trade is clear, since this accounted for about 50%, and usually more, of the total trade deficit, despite the fact that the share of imports to and the share of exports from the EEC was less than 50% of the respective totals and showed a secular tendency to decline. (The imports share declined from 42% of the total in 1973 to 30% in 1983 whilst the exports share fell from 36% to 24% over the same period). This feature of Yugoslav-EEC trade must reflect increasing relative difficulty in selling goods on the EEC market, and at the same time, an ability to switch away from EEC suppliers to either alternative suppliers, either domestically or from other foreign sources (and as we saw earlier both socialist countries and developing countries were increasing their shares of total Yugoslav trade at this time). The inability to maintain the export share to the EEC is a particular problem for Yugoslavia since this trade is a major source of convertible currency earnings.

A notable feature of figure 6 is the sharp rise in the share of the total deficit accounted for by Yugoslavia's EEC trade balance after 1974: it rose from 47% in 1980 to 77% in 1982. Such a dramatic deterioration in trade relations following on immediately from the signing of the much vaunted Cooperation

Agreement, reflects negatively on the actual effectiveness of the concessions on trade liberalization made by the Community.

3.2.2. Commodity composition of Yugoslav trade with the EEC

Table 3 shows the commodity structure of Yugoslav exports and imports as a whole between 1970 and 1982, whilst table 6 and figures 7 and 8 show the corresponding structure of trade with the EEC. Considering the export structure as a whole, the increasing orientation towards manufactured goods exports is apparent, rising from 55% in 1970 to 66% in 1975 and to 75% in 1982. The major change in exports of chemicals and machinery took place between 1970 and 1975, whilst a great reduction in the share of exports of ores and metals took place after 1975. Turning to the figures for EEC-directed trade, we observe a decline in the share of food (from 22% in 1976 to 18% in 1982) and raw materials (from 14% to 8% over the same years). At the same time exports of manufactured goods increased their share of EEC-directed trade from 53% in 1976 to 60% in 1982, and here the greatest increase took place in exports of machinery, this group increasing its share from 20% in 1976 to 24% in 1982.

Thus, whilst the trend of EEC-directed trade was towards an increase in the share of manufactured goods exports in total exports, reflecting the trend of the export structure as a whole, the level at which this process took place was much lower, so that the structure of exports to the EEC was always less oriented towards exports of manufactured goods, and much more oriented towards the exports of food and raw materials. The

main reduction in the share of food exports took place between 1976 and 1979, suggesting that the protectionist Common Agricultural Policy (CAP) of the EEC had its main effects on Yugoslav food exports between these dates. Indeed, the share of food exports remained constant thereafter, perhaps reflecting the concessions made by the EEC on this front from 1980 onwards, especially the concessions on baby-beef. However, in value terms exports of food to the EEC were virtually stagnant along with the total value of export earnings. Whilst the impact of the CAP on Yugoslav exports seems to have been somewhat moderated since 1979 (if not wholly alleviated), the impact of restrictions on light and semi-manufactured goods, especially textiles, was more severe. Comparing tables 3 and 6, it is clear that between 1974 and 1982, the share of "other" manufactured goods rose much less markedly as a share of EEC-directed exports than it did as a share of total exports (from 28.5% to 29.3% as opposed to 28.3% to 33.6%). The restrictions were particularly pronounced on particular items as data on the detailed structure of Yugoslav-EEC trade, gathered by the OECD indicate (see table 9). The effects of the restrictions on textile yarn and cotton fabrics is particularly pronounced after 1979, and reflects the restrictions formalized under the Cooperation Agreement.

Thus a part of the poor performance of EEC-directed exports may be explained by EEC-imposed restrictions, but clearly, only a relatively small proportion of the total export value of this trade was affected directly in this way. The failure to increase exports of raw materials and fuels and the rather poor showing

of exports of manufactured goods from 1979 onwards, must reflect more fundamental weaknesses in the Yugoslav ability to export to the EEC market.

Turning to the commodity composition of imports, it is clear from table 3 that the commodity structure of imports as a whole was dominated by an increase in the share of fuels, which rose from 5% in 1970 to 12% in 1975 and again from 16% in 1979 to 26% in 1982. Correspondingly, the imports of manufactured goods fell, especially between 1979 and 1982 (from 60% to 50% between these latter years). Whereas the adjustment to the 1974 oil shock had taken the form of a proportionate reduction in imports of ores and metals (from 17% in 1970 to 10% in 1975), the adjustment to the 1979 oil shock took the form of a reduction in manufactured goods imports, particularly of machinery (which fell from 36% of total imports in 1979 to 28% in 1980). Since the Yugoslav import structure is very much more weighted towards machinery imports as a proportion of EEC-directed trade than as a proportion of total trade, it could only be expected that this would reflect a sharp reduction in imports of manufactured goods from the EEC. Indeed, table 6(c) shows that, in the context of a fairly stable structure of imports from the EEC, there was a marked decline in the share of machinery imports between 1979 and 1982 (from 53% to 46%). In value terms the decline was equally dramatic, from \$3146 million in 1979 to \$2180 million in 1982. Recalling that the total value of imports from the EEC fell from \$5794 million to \$4486 million (see Graph 4, and table accompanying Graph 4), it is clear that almost the

whole reduction in the deficit with the EEC can be accounted for by a reduction in imports of machinery. Also, since the value of imports as a whole fell by around \$700 million (from \$14079 million in 1979 to \$13334 million in 1982, see graph 3 and table accompanying graph 3), the reduction in total imports can also be accounted for by this dramatic reduction in machinery imports from the EEC.

Such a method of adjustment can hardly be thought beneficial to either trading partners, since it undermines the industrialization process in Yugoslavia (and hence its ability to supply manufactured goods exports) and it reduces the demand for the products of the machinery-producing industries of the EEC, and so prolonging the recession of key industries there. The adjustment process is of course driven by the "stabilization" policy which has depressed domestic demand in Yugoslavia, reducing investment demand and public expenditure, and has reinforced this process more recently by a too-rapid increase in interest rates. The dramatic increase in the dinar value of foreign exchange, brought about by an aggressive devaluation (raising the dinar/dollar exchange rate from 29 in 1980 to 251 in May 1985 - see table 4) has only succeeded in slowing down the rise in the dollar-denominated export price, whilst at the same time it has fuelled an already persistent domestic inflationary trend (see figure 8). (For an analysis of the inherent inflationary tendencies inherent in a self-managed economy with a too-low interest rate, see Bartlett and Weinrich, 1985).

4. Conclusions

It is clear that the stabilization policy had achieved its main aims between 1981 and 1983, primarily by reducing investment demand, thus reducing the demand for imported machinery. The reduction in real wages may have been less effective in reducing consumer demand as people drew on savings, and other 'black economy' and 'small economy' sources of earnings.

However, it is also clear that the stabilization policy failed in so far as: (i) it failed to produce a real or nominal increase in export earnings; (ii) it failed to reduce inflation and improve competitiveness.

In so far as the deficit of 1979 was associated with an oil-shock related temporary disequilibrium (the real balance had not been secularly increasing), we may conclude that dramatic stabilization policies are a mistake. They reduce import demand and the ability to import necessary inputs for further industrialization.

Future research

This suggests the following questions for future research:

(i) Was the stabilization policy a self-feeding over-reaction to the 1979 oil shock?

(ii) What is the interrelationship between workers' self-management and Yugoslav trade performance? Are the problems of Yugoslav-EEC trade due to:

a) Systemic features of self-management, e.g. inflation

b) Poor quality of Yugoslav exports

c)EEC trade barriers

d)Lack of effective demand on the EEC market

(iii)How far do Yugoslavia's problems differ from other countries similarly placed vis a vis the EEC market?

(v)How do the EEC's own problems of unemployment and economic crisis become exacerbad by the type of import-reducing stabilization policies imposed by the IMF on Mediterranean debtor countries (Turkey)?

Notes

- (1) Chenery, H.B., (1979), p. 42.
- (2) For detailed discussion of the changes made in the foreign trade regime at the time, see Flaherty (1982).
- (3) Calculated from OECD (1981), Table 9.
- (4) World Bank, (1981), Table 2.
- (5) Vanous, J. (1985)
- (6) Savezni zavod za statistiku, (1984), p.83
- (7) Savezni zavod za statistiku, various years; Indeks, 12, 1983.
- (8) A. Borrmann, C. Borrmann, M. Stegger, (1981), p.68-69.
- (9) Commission of the European Communities (1983).

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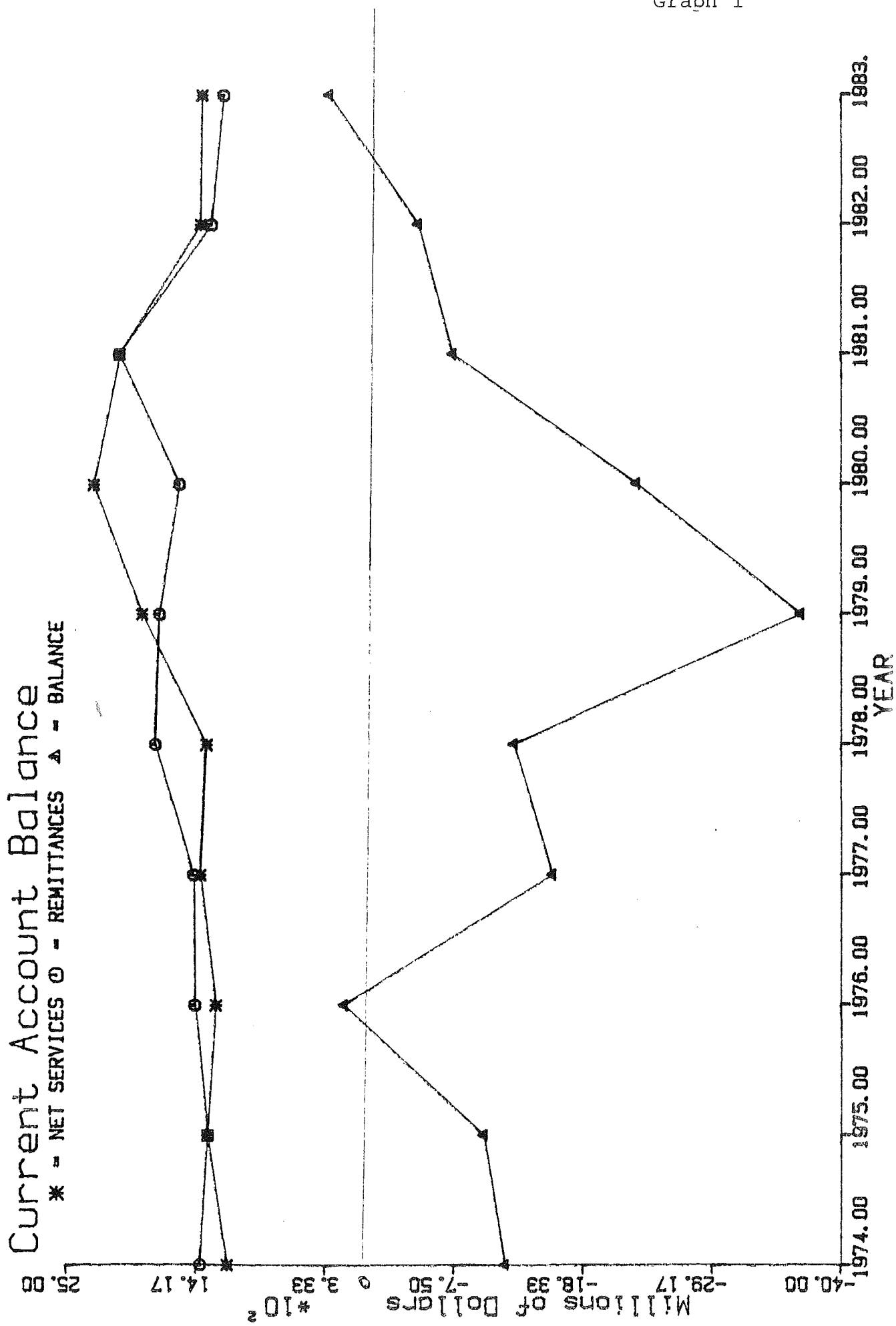
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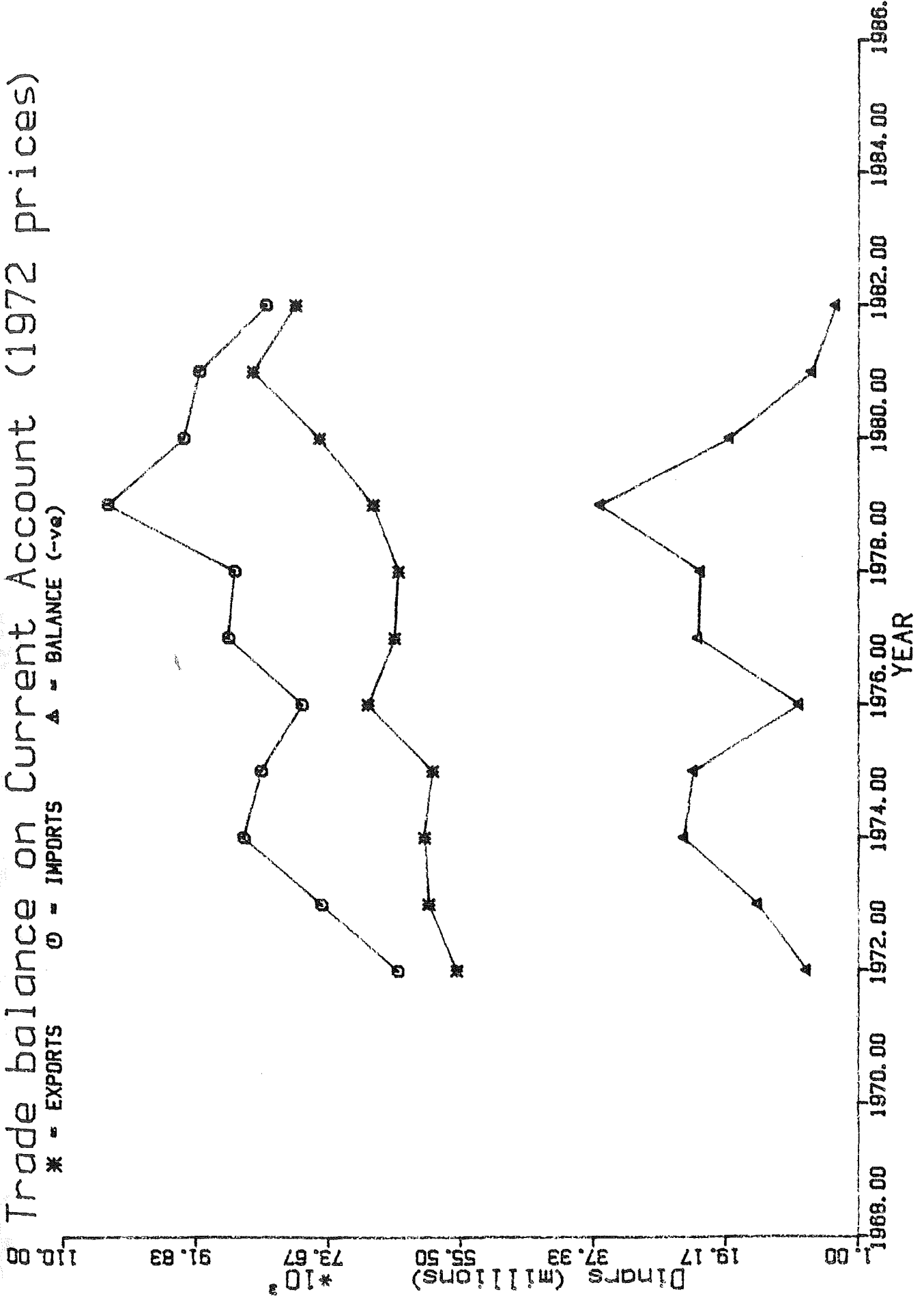
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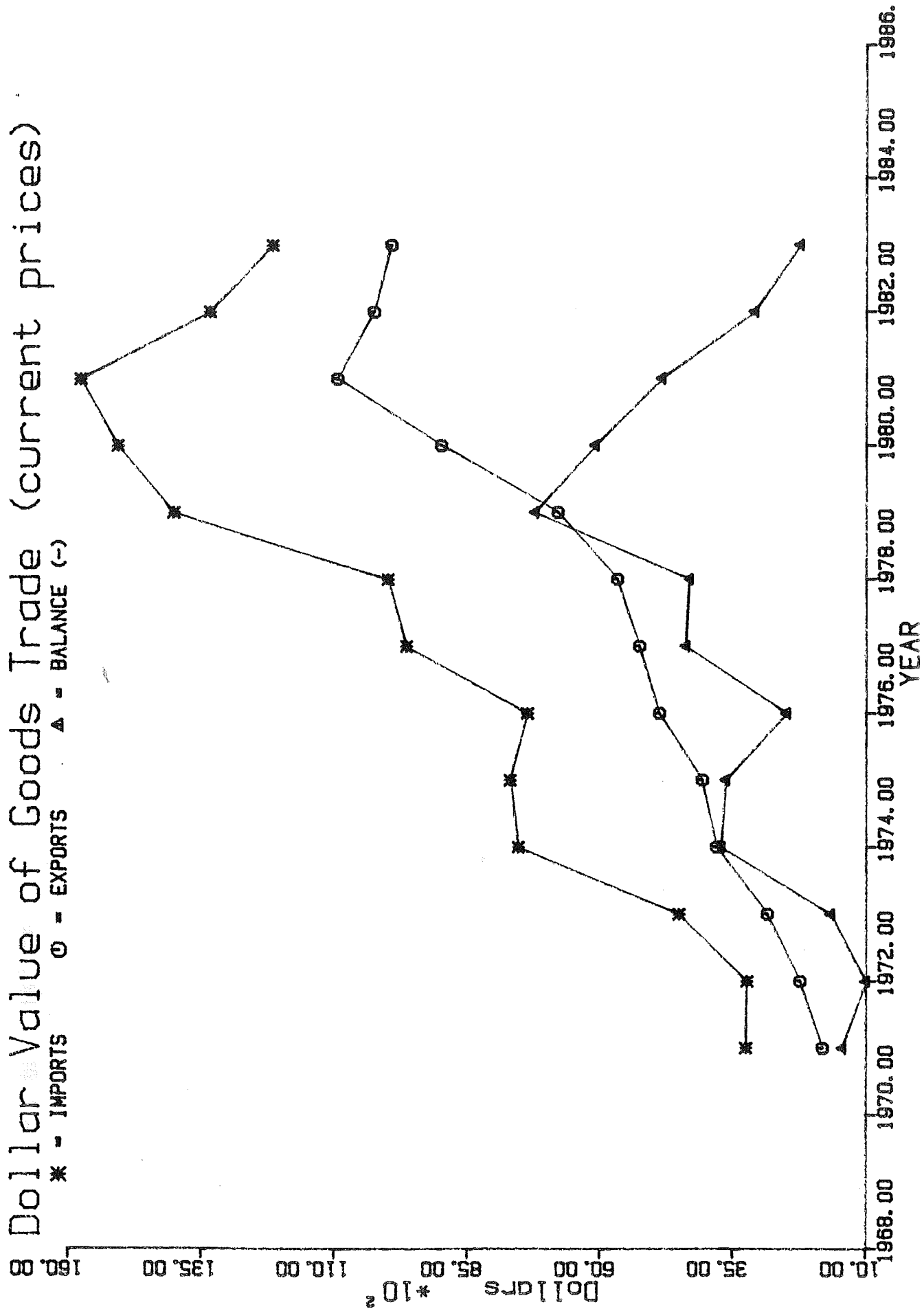


Graph 2

Trade balance on Current Account (1972 prices)

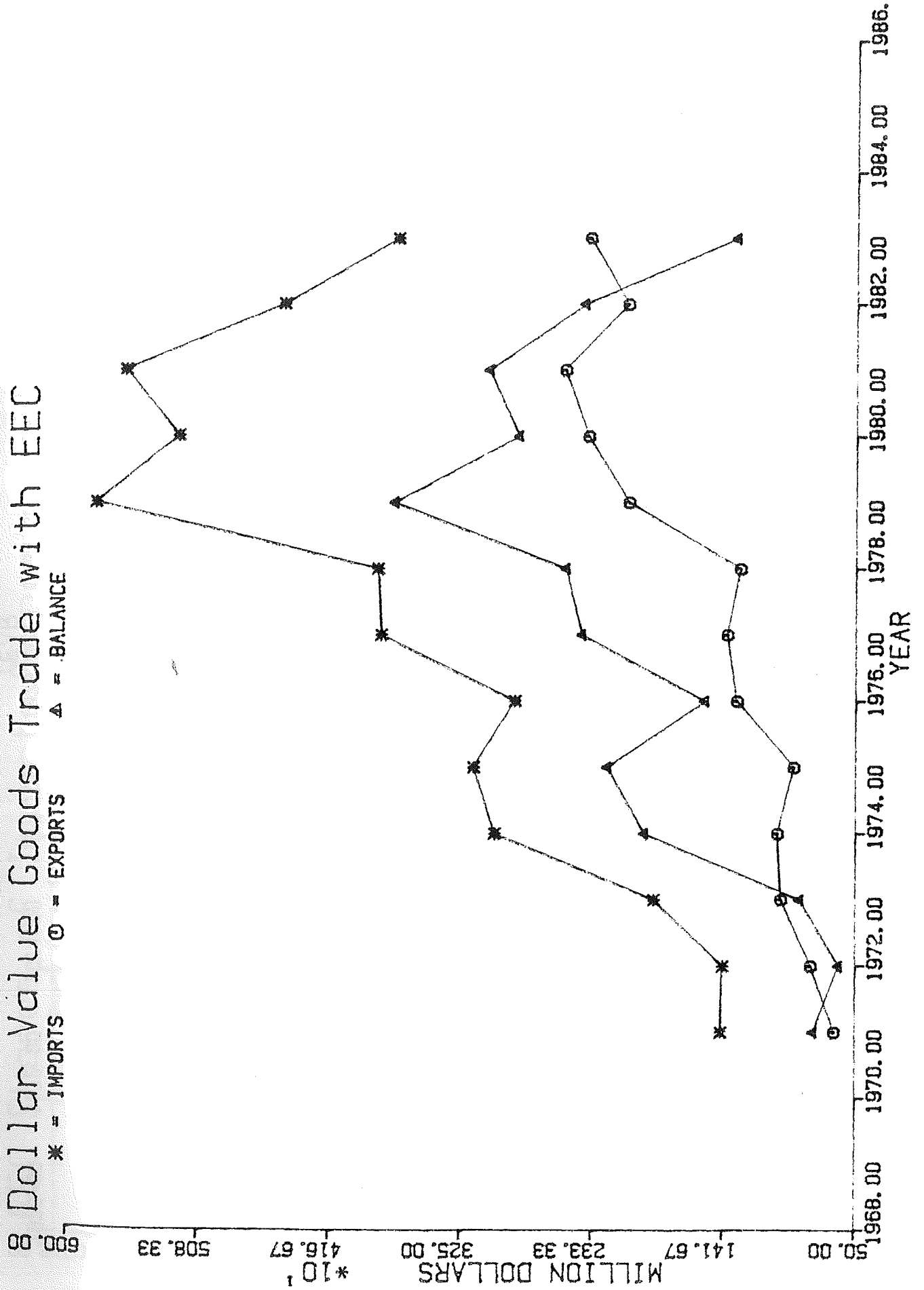


Graph 3

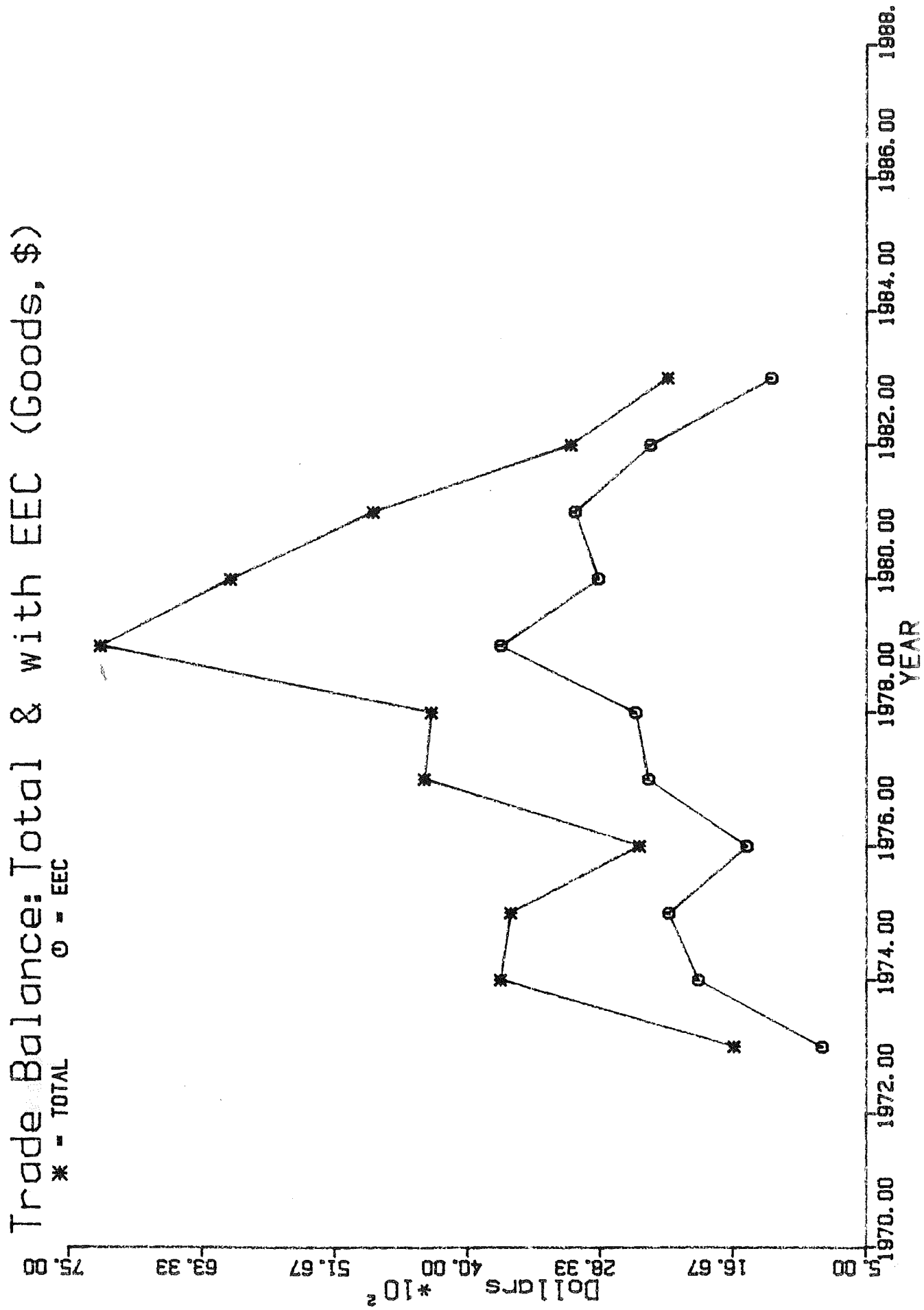


Graph 4

Dollar Value Goods Trade with EEC



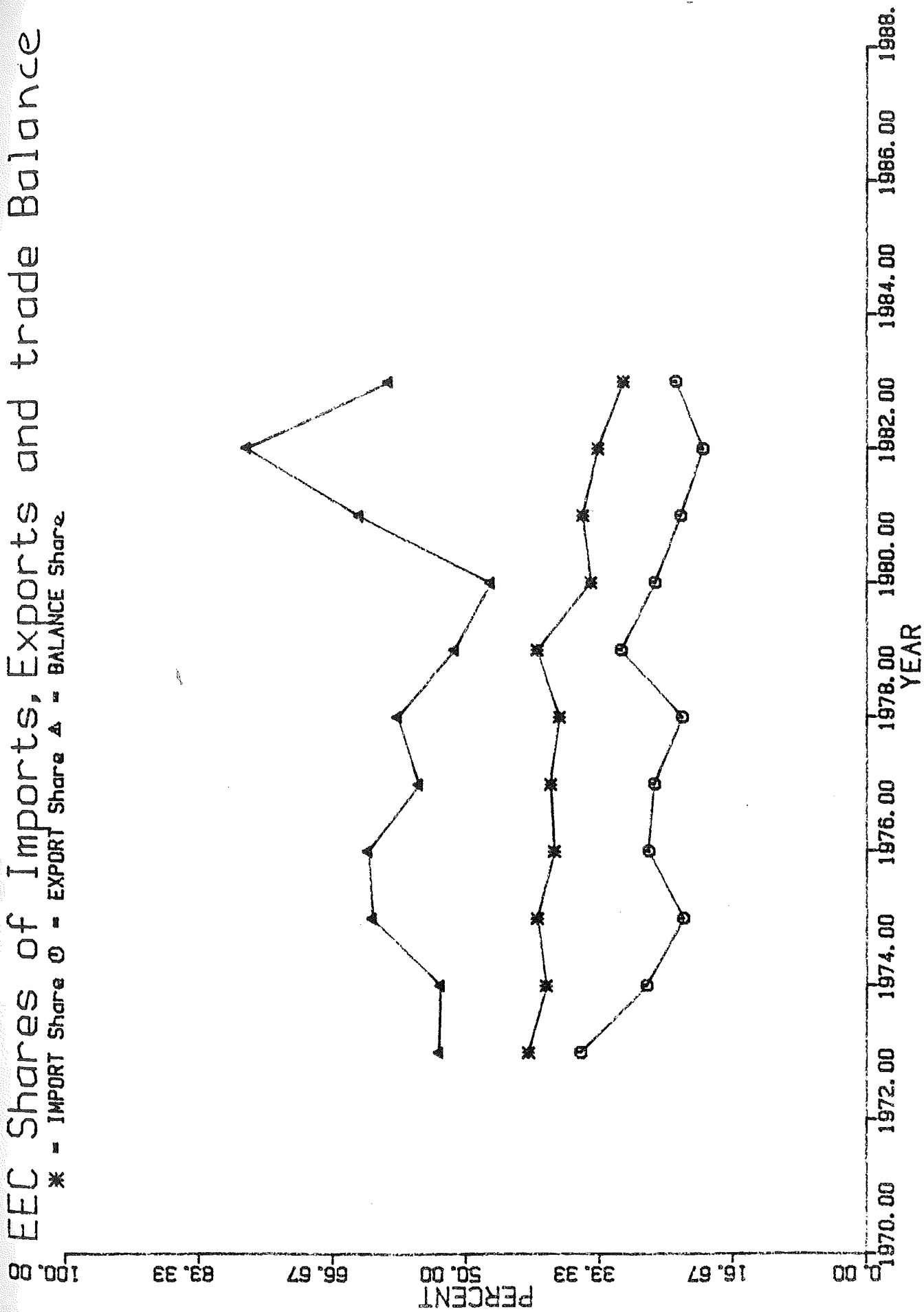
Graph 5



Graph 6

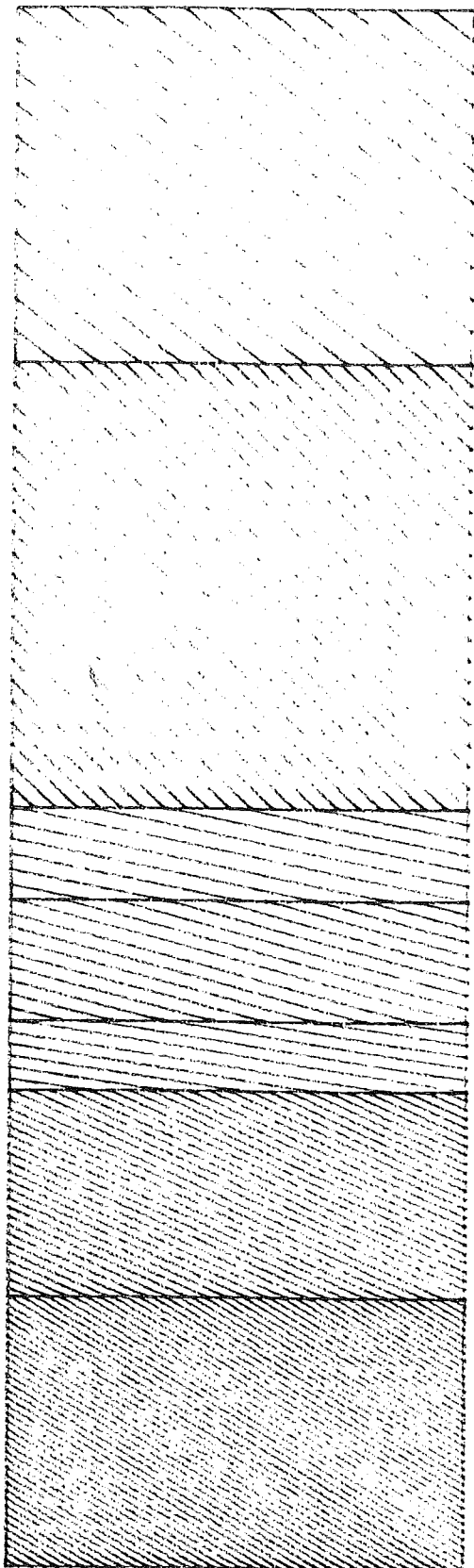
EEC Shares of Imports, Exports and trade Balance

* - IMPORT Share ○ - EXPORT Share ▲ - BALANCE Share



- 31 -

Commodity Composition of Exports to EEC: 1979



Machinery 22.80 %

Mfd. Goods 28.51 %

Chem. Prods. 5.89 %

Dres & Metal 7.71 %

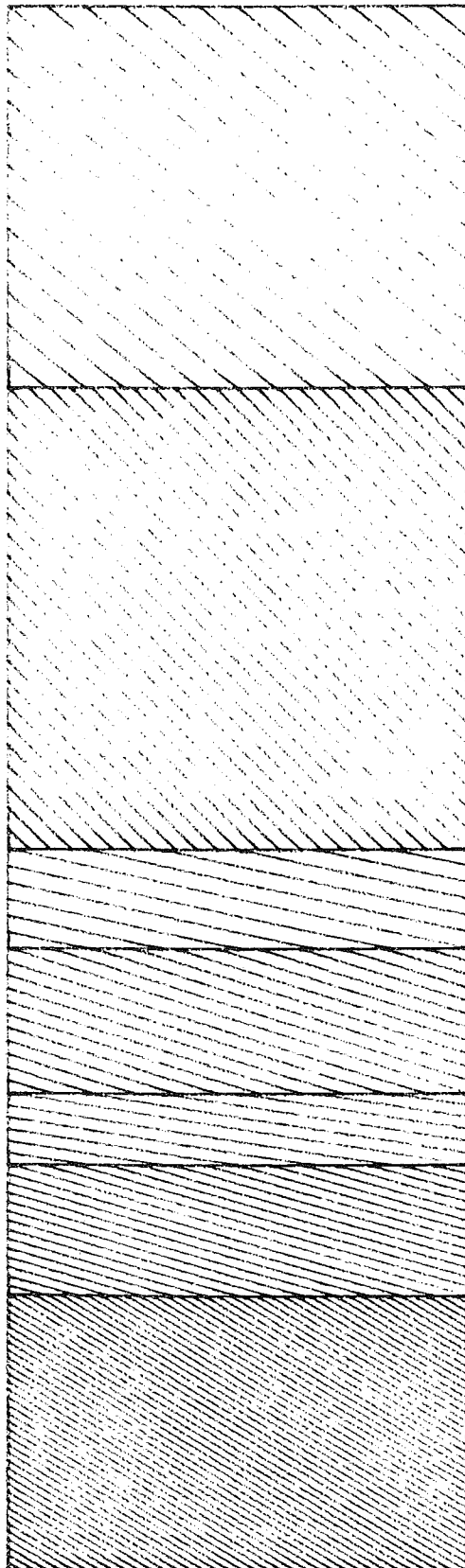
Fuels 4.46 %

Raw Material 13.23 %

Food 17.40 %

- 32 -

Commodity Composition of Exports to the EEC: 1982



Machinery 24.43 %

Mfd. Goods. 29.47 %

Chem. Prods. 6.32 %

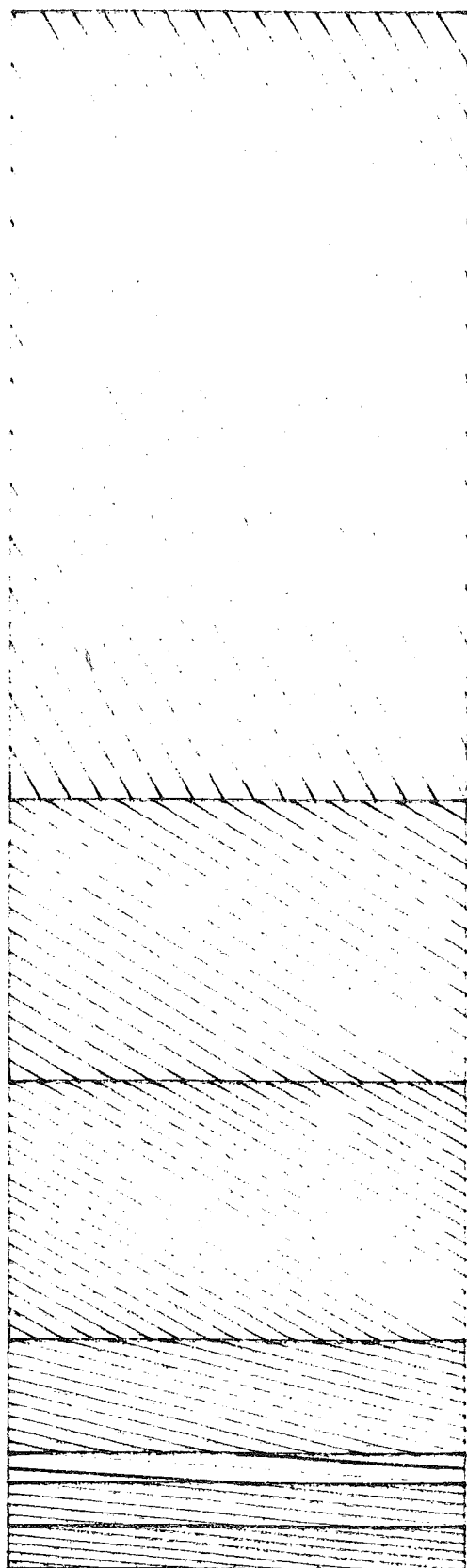
Dres & Metal 9.23 %

Fuels 4.57 %

Raw Material 8.35 %

Food 17.62 %

Commodity Composition of Imports from the EEC: 1976



Machinery 50.59 %

Mfd. Goods 18.07 %

Chem. Prod. 16.62 %

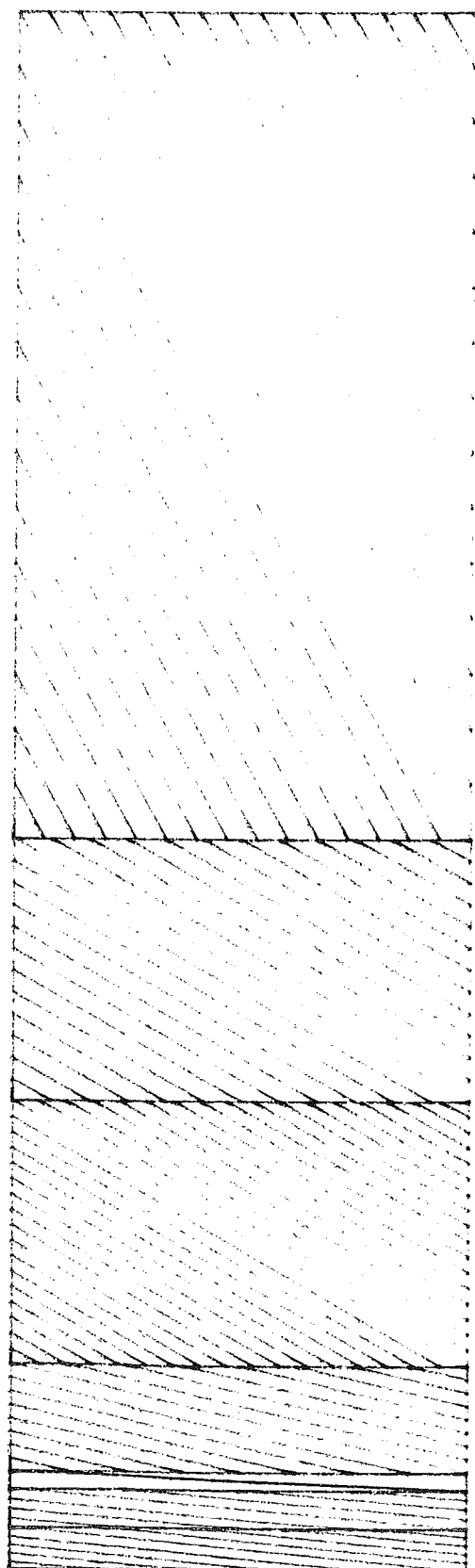
Ores & Metal 7.26 %

Fuels 1.90 %

Raw Material 2.74 %

Food 2.82 %

Commodity Composition of Imports from EEC: 1979



Machinery 53.07 %

Mfd. Goods 16.79 %

Chem. Prods. 16.96 %

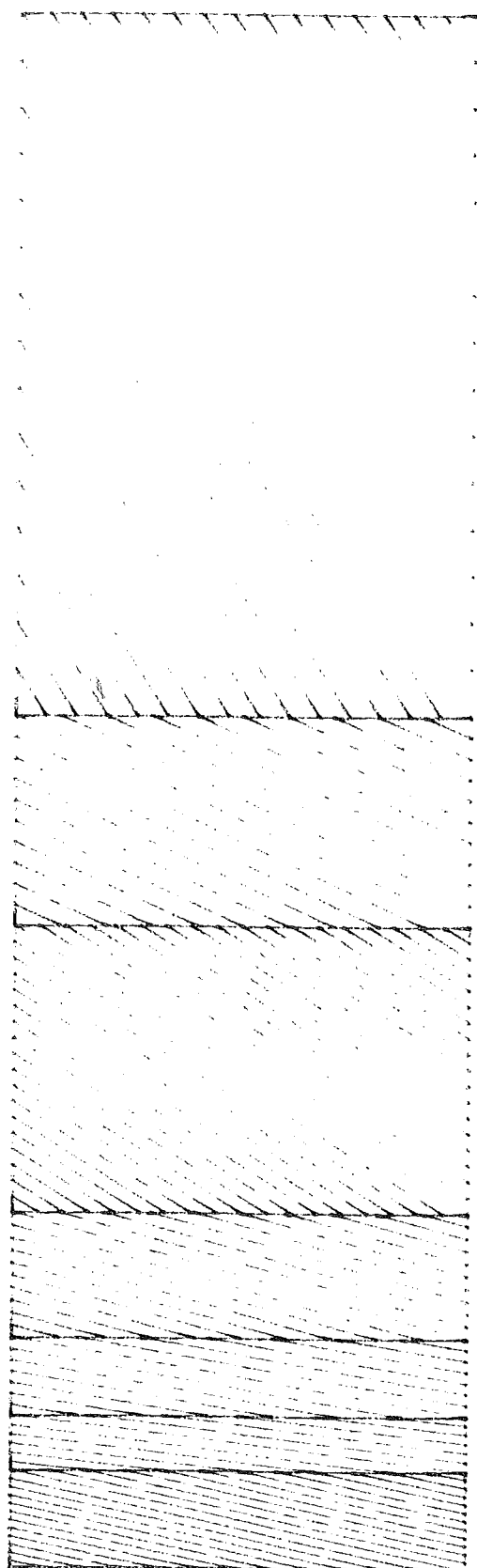
Dres & Metal 6.85 %

Fuels 1.15 %

Raw Material 2.48 %

Food 2.71 %

Commodity Composition of Imports from EEC: 1982



Machinery 45.17 %

Mfd. Goods 13.48 %

Chem. Prods. 18.43 %

Gres & Metal 8.05 %

Fuels 5.00 %

Raw Material 3.53 %

Food 6.34 %

Dollar Value of Goods Trade, Current Prices (Millions of Dollars)

	Imports	Exports	Balance
1971	3253.	1814.	1439.
1972	3232.	2237.	995.
1973	4511.	2853.	1658.
1974	7542.	3805.	3715.
1975	7697.	4072.	3625.
1976	7367.	4878.	2489.
1977	9633.	5256.	4380.
1978	9983.	5668.	4317.
1979	14019.	6794.	7225.
1980	15064.	8977.	6086.
1981	15757.	10929.	4828.
1982	13334.	10241.	3093.
1983	12154.	9913.	2240.

1984

(graph 3.)

Source: OECD Economic Survey of Yugoslavia, 1984

Trade Balance on Current Account (1972 Prices)
(m.dinars)

	Imports	Exports	Balance
1972	56026.	64050.	8024.
1973	59835.	74554.	14719.
1974	60424.	85290.	24866.
1975	59346.	82902.	23556.
1976	68189.	77264.	9075.
1977	64508.	87386.	22878.
1978	63991.	86512.	22521.
1979	67455.	103825.	36370.
1980	74851.	93449.	18598.
1981	83982.	91271.	7289.
1982	78100.	82170.	4070.

Source: OECD Economic Survey of Yugoslavia, 1984.

(graph 2.)

Trade Balance: Total & with EEC (Goods, Mil Dollars)

	Total	EEC	Non-EEC
1973	1658.	887.	771
1974	3715.	1972.	1743
1975	3625.	2232.	1393
1976	2489.	1549.	940
1977	4380.	2411.	1969
1978	4317.	2524.	1775
1979	7225.	3711.	3514
1980	6086.	2851.	3235
1981	4828.	3057.	1771
1982	3093.	2392.	701
1983	2240.	1334.	906

(graph 5.)

Source: OECD Economic Survey of Yugoslavia, 1984

lar Value of Goods Trade with EEC (Current Prices)

(graph 4.)

Imports Exports Balance

1	1435.	645.	790.
2	1423.	809.	614.
3	1905.	1018.	887.
4	3016.	1044.	1972.
5	3162.	930.	2232.
6	2876.	1327.	1549.
7	3806.	1395.	2411.
8	3829.	1305.	2524.
9	5794.	2083.	3711.
10	5219.	2368.	2851.
11	5588.	2531.	3057.
12	4486.	2091.	2395.
13	3691.	2357.	1334.

Source: OECD, Economic Survey of Yugoslavia, 1984.

C Share of Imports, Exports and Trade Balance

(graph 5.)

Imports Exports Balance

42.2	35.7	53.3
40.0	27.4	53.1
41.1	22.8	61.6
39.0	27.2	62.2
39.5	26.5	55.8
38.4	23.0	58.5
41.2	30.7	51.4
34.5	26.4	46.9
35.5	23.2	63.3
33.6	20.4	77.4
30.4	23.8	59.6

Source: OECD, Economic Survey of Yugoslavia, 1984

Table 1.

YUGOSLAVIA'S BALANCE ON CURRENT ACCOUNT - STRUCTURE in %

	1976	1977	1978	1979	1980	1981	1982
<u>EARNINGS - total</u>	100	100	100	100	100	100	100
Export of goods	52.5	52.2	49.5	46.8	49.4	49.1	52.7
Export of services	26.2	25.8	23.9	28.6	27.2	26.2	23.5
-transportation	9.8	10.6	10.0	9.7	9.3	9.0	9.2
-tourism	8.6	8.3	9.3	8.1	9.0	8.9	7.8
-other	7.8	6.7	4.7	10.8	8.8	8.3	6.5
Workers' remittances	20.3	20.8	25.2	23.3	22.3	22.9	22.4
Interests	1.0	1.2	1.4	1.3	1.1	1.8	1.4
<u>EXPENDITURE - total</u>	100	100	100	100	100	100	100
Import of goods	80.7	82.7	78.6	77.1	73.6	68.4	67.0
Import of services	10.1	7.8	8.6	9.1	7.9	9.2	7.2
-transportation	5.3	4.3	4.4	3.7	4.1	4.2	4.4
-tourism	0.8	0.8	0.9	0.8	0.7	0.6	0.5
-other	4.0	2.7	3.3	4.6	3.1	4.4	2.3
Outflow of f.currency	5.1	6.2	9.2	9.3	12.2	13.3	15.5
Interests	4.1	3.3	3.6	4.5	6.3	9.1	10.3

Source: calculated from data by Savezni zavod za statistiku, Razvoj Jugoslavije 1947-1981, 1982, p. 126; Bilten Narodne Banke Jugoslavije n. 12, 1983, p. 165.

Table 2.

GEOGRAPHICAL DISTRIBUTION OF YUGOSLAV TRADE - STRUCTURE in %

	1970	1975	1979	1980	1981	1982	1983	1984
<u>EXPORTS- total</u>	100	100	100	100	100	100	100	100
Socialist c.	32.5	47.2	40.4	46.1	49.6	51.0	46.7	47.1
Developed c.	56.1	35.7	44.0	37.3	32.1	28.2	33.4	36.5
Developing c.	11.4	17.1	15.6	16.6	18.3	20.8	19.9	16.4
<u>IMPORTS - total</u>	100	100	100	100	100	100	100	100
Socialist c.	20.6	24.8	25.4	30.1	32.4	34.7	36.9	32.7
Developed c.	68.9	60.8	60.9	52.8	53.3	51.2	46.2	44.6
Developing c.	10.5	14.4	15.7	17.4	15.3	14.1	16.9	22.7

Source: Razvoj Jugoslavije 1947-1981, Savezni zavod za statistiku, 1982, p. 133, Bilten Narodne Banke Jugoslavije n. 12, 1983, and own calculations.

Table 3.

YUGOSLAV EXPORT AND IMPORT STRUCTURE BY MAIN CATEGORIES OF GOODS

1 Export structure by main categories and selected commodity groups (concluded)

Country or area Pays ou zone		Total value (Millions of dollars) Valeur totale (Millions de dollars)	By main categories of export / Par principales catégories de produits exportés (in per cent) (en pourcentage)								
			All food items Produits alimentaires	Agricultural raw materials Matières premières d'origine agricole	Fuels Combustibles	Ores and metals Minerais et métaux	Manufactured goods Produits manufacturés	of which: / dont:			Un-allocated Non-distribués
								Chemical products Produits chimiques	Other manufactured goods Articles manufacturés divers	Machinery and equipment Machines et matériel de transport	
SITC / CTCI			0 + 1 + 22 + 4	2 less (22 + 27 + 28)	3	27 + 28 + 67 + 68	5 to 8 less (67 + 68)	5	(6 + 8) (67 + 68)	7	
Yugoslavia - Yougoslavie	1970	1 679.1	19.97	5.74	1.21	17.75	55.27	5.78	26.78	22.71	0.07
	1975	4 072.2	11.87	5.03	0.74	16.03	66.14	9.32	28.79	28.03	0.20
	1979	6 799.4	11.73	6.65	3.01	10.96	67.40	9.38	28.33	29.69	0.25
	1980	8 977.5	11.74	5.96	2.58	9.09	70.22	11.25	30.60	28.36	0.42
	1981	10 928.9	10.74	4.39	2.00	7.03	75.37	12.46	34.40	28.51	0.47
	1982	10 752.3	11.34	4.18	1.85	7.09	75.24	10.48	33.65	31.11	0.31

2 Import structure by main categories and selected commodity groups (concluded)

Country or area Pays ou zone		Total value (Millions of dollars) Valeur totale (Millions de dollars)	By main categories of import / Par principales catégories de produits importés (in per cent) (en pourcentage)								
			All food items Produits alimentaires	Agricultural raw materials Matières premières d'origine agricole	Fuels Combustibles	Ores and metals Minerais et métaux	Manufactured goods Produits manufacturés	of which: / dont:			Un-allocated Non-distribués
								Chemical products Produits chimiques	Other manufactured goods Articles manufacturés divers	Machinery and equipment Machines et matériel de transport	
SITC / CTCI			0 + 1 + 22 + 4	2 less (22 + 27 + 28)	3	27 + 28 + 67 + 68	5 to 8 less (67 + 68)	5	(6 + 8) (67 + 68)	7	
Yugoslavia - Yougoslavie	1970	2 874.0	7.93	8.67	4.81	17.06	61.52	9.28	18.99	33.25	0.00
	1975	7 698.9	6.91	6.50	12.28	15.50	58.67	10.83	13.87	33.97	0.14
	1979	14 037.3	7.87	6.08	16.04	10.07	59.79	11.79	12.11	35.89	0.16
	1980	15 064.3	7.71	6.74	23.56	11.73	50.19	12.11	10.09	27.99	0.08
	1981	15 757.0	6.31	6.97	24.03	11.77	50.89	12.86	10.36	27.67	0.02
	1982	14 099.9	6.12	7.13	25.74	10.78	50.21	12.43	9.97	27.81	0.01

Source: UNCTAD

Table 4

EXCHANGE RATE IN YUGOSLAVIA - Dinar/Dollar

1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	May 1985
15.6	17.1	18.0	18.3	18.5	18.6	19.2	29.3	41.8	62.2	125.7	211.7	251

Source: National Bank of Yugoslavia, Quarterly Bulletin, 9, 1, 1983, table 25;
Quarterly Economic Review of Yugoslavia, Economist Intelligence Unit, 2,
NIN, May 1985.

Table 5

YUGOSLAVIA - EXTERNAL DEBT (billion dollars)

	1970	1975	1978	1979	1980	1981	1982	1983
Total gross debt	2.3	6.6	11.8	15.2	18.8	21.1	20.3	20.5
Net debt	1.8	5.8	10.7	14.0	17.3	19.5	18.64	18.65
Debt servicing as % of total current account receipts ^x	13.4	17.6	18	20	20	21	24	n.a.

x) including non-factor services and workers' remittances.

Source: National Bank of Yugoslavia Quarterly Bulletin, Oct. 84, and OECD
Economic Survey on Yugoslavia, 1983, p. 27.

Table 6 (a)

YUGOSLAV EXPORT STRUCTURE BY MAIN CATEGORIES OF GOODS
GOING TO THE EEC - in % of total exports

	1976	1979	1982
All food items	21.6	17.4	17.5
Agricultural raw materials	14.3	13.2	8.3
Fuels	1.9	4.5	4.5
Ores and metals	8.9	7.7	9.2
Manufactured goods	53.3	57.1	59.9
of which:			
-Chemical products	5.4	5.9	6.3
-Other manuf. goods	7.7	28.5	29.3
-Machinery and equipment	20.1	22.8	24.3
Unallocated	0	0.1	0.6
Total	100	100	100

Source: OECD Statistics of Foreign Trade, Series B (2/Jan-Dec 1976;
4/Jan-Dec 1979; Microtables 1979).

Table 6 (b)

YUGOSLAV EXPORT STRUCTURE BY MAIN CATEGORIES OF GOODS
GOING TO THE EEC - (Millions of Dollars)

	<u>1976</u>	<u>1979</u>	<u>1982</u>
All food items	286	348.9	383.7
Raw materials	189.6	265.2	181.8
Fuels	24.6	89.4	99.5
Ores & Metals	119.0	154.7	201.0
Chemical Products	71.3	118.1	137.7
Manufactured Goods	367.6	571.7	641.6
Machinery & Eqpt	267.3	457.2	531.9

Source: As for Table 6;

Table 6(c)

YUGOSLAV IMPORT STRUCTURE BY MAIN CATEGORIES OF
GOODS COMING FROM THE EEC - Value and %

	<u>1976</u>		<u>1979</u>		<u>1982</u>	
	M.D	%	M.Dol	%	Mil.Dol	%
All food items	81.2	(2.8)	160.7	(2.7)	306.2	(6.4)
Raw Materials	78.8	(2.7)	147.0	(2.5)	170.4	(3.6)
Fuels	54.7	(1.9)	68.0	(1.1)	241.3	(5.1)
Ores & Metals	208.8	(7.3)	406.4	(6.8)	388.3	(8.2)
Chemical Products	477.7	(16.6)	1005.6	(16.9)	889.2	(18.8)
Manufactured Goods	519.4	(18.1)	995.3	(16.8)	650.4	(13.9)
Machinery	1454.4	(50.6)	3146.5	(53.0)	2180.1	(46.1)

Source: As for Table 6.

Table 7.

COMPARISON OF YUGOSLAVIA WITH GREECE, PORTUGAL AND SPAIN

Inflation rates

	<u>Greece</u>	<u>Portugal</u>	<u>Spain</u>	<u>OECD</u>
1966	5.0	5.7	6.2	3.5
1982	21.0	22.4	14.4	7.8

Growth rates of per capita real product % p.a.

	<u>1960-70</u>	<u>1970-80</u>	<u>1979-80</u>
EEC	3.8	2.5	1.2
Greece	7.0	3.9	1.1
Portugal	6.3	3.1	4.6
Spain	6.0	2.7	-0.4
Yugoslavia	5.5	5.0	6.1

Sources: OECD, Economic Outlook, 1983, 34, Table R 10; UNCTAD Handbook of Trade and Development Statistics, 1981, Table 6.2.

Table 8.

THE GROWTH RATE OF THE REAL VALUE OF YUGOSLAV COMMODITY EXPORTS

	1960-65	1965-70	1970-78	1974-79	1979-83
% p.a.	-4.2	4.8	3.2	1.86	1.02

Sources: OECD Economic Survey of Yugoslavia, 1980 and 1984, Tables M and I. World Bank, Yugoslavia - Development with Decentralization, 1975, Tables 2.12 and 3.1 (Statistical Annex). The data are calculated by deflating the nominal value of goods exports (given in dollars at current prices) by the export unit value indices, also given in dollars, and calculating the growth rate of the resultant real export values as $r = \frac{1}{t} \ln \frac{A(t)}{A(0)}$.

Table 9.

DOLLAR VALUE OF PARTICULAR YUGOSLAV EXPORTS TO THE EEC (\$ m)

Export item	SITC no.	1976	1979	1982
Textile yarn and cloth	651	28.3	32.9	32.8
Cotton fabrics	652	25.7	25.4	31.8
Clothing, not fur	841	39.1	60.2	70.7

Source: OECD Foreign Trade Statistics, various years.