

ANSWER:

As stated before, the State Patent Office has drafted the first version of the Patent Law, Trademark Law and the Law on Industrial Designs, implementing provisions established in the TRIPS Agreement. The enforcement thereof is expected in 1997. At the same time, drafting of the new Law on Copyright and Neighbouring Rights is planned for 1997, after the Diplomatic Conference concerning the Protocol to Berne Convention and Instruments on Neighbouring Rights, which will be harmonized with both the TRIPS provisions and the above mentioned WIPO documents.

As regards the Law on the Protection of new Plant Varieties which is in compliance with the UPOV Convention, it has just been under legislation procedure, so its enactment is expected relatively soon.

In any case, the complete harmonization of all provisions of the Republic of Croatia with the TRIPS Agreement will be carried out within five years after the accession of the Republic of Croatia to the World Trade Organization.

QUESTION 118:

Has the legislation to provide border controls on imports of counterfeit and pirated goods been drafted? Please describe its provisions. When is enactment expected? Please provide a copy of the draft legislation when it is possible to do so.

ANSWER:

The drafting of the Law on Border Controls on Imports of Counterfeited and Pirated Goods has not yet been carried out, so the drafting and the enactment thereof is expected, if not before, five years at the latest after the accession of the Republic of Croatia to the WTO.

Immediately after the drafting, the Law will be submitted to inspection.

IV.2 Agricultural Policy**(WT/ACC/HRV/4 APPENDIX 2)****QUESTION 119:**

We commend Croatia for providing such extensive material on its plans for restructuring its agricultural sector. Croatia's strategy for sustainable agricultural development seems to comply with WTO regulations and appears to be a sound strategy for moving toward trade liberalization. Please describe how Croatia has proceeded to implement any of the elements in the strategy paper.

ANSWER:

In the overview of some elements of implementation of strategy for development of Croatian agriculture we point out the following:

1. The new Customs Tariff, which is expected to enter into force on July 1, 1996, transformed existing charges and fees into duty rates, which are composed of an ad valorem and a specific rate.
2. One of the main goals of Strategy for development of Croatian agriculture is change in agrarian structure by enlarging private family farms. In most cases **purchase or lease of land under state property** is usually seen as the possibility to enlarge family farms. Due to the lack of credit funds and undeveloped land market, this process has slowed down. By adopting the Law

on changes and amendments to the Law on agricultural land (Official Gazette number 48/95), which is at the same time implementation of part of measures written down in Strategy for development of Croatian agriculture, there are better conditions for privatization of the agricultural land under state ownership. Government of the Republic of Croatia has enforced a Decree on starting price for agricultural land under state ownership which is to be sold through public bidding and Ministry of Agriculture and Forestry the Statute on starting yearly amount of compensation for concession of agricultural land under state ownership. By these acts starting prices and compensations for land use have been decreased and the procedure of purchase and lease of the land under permanent crops simplified.

3. By adopting new Customs tariff, expected to enter into force July 1, 1996, the number of products for which there is a **quantity import restraint** will be largely reduced. For example, in chapters 1.-24. of Customs tariff there will be no quantity restraints at all and it is the intention of the Government to abolish all remaining quantity restraints in the near future.
4. **New concept of work of State Directorate for Commodity Reserves.** The Government will lower the activities of State Directorate for Commodity Reserves which in the past led to disturbances on the market of some agricultural products. Because of the lack of credit funds for organizing certain productions the Government was enforcing a system of protective prices through the State Directorate for Commodity Reserves. The intention is to narrow the activities of Directorate in the field of agriculture to purchase at protection prices just in cases of bigger fall in prices and to concentrate on activities which have the goal to insure needed quantities of basic products for security reasons.
5. **Special account for financing agricultural development** has been established and the funds are provided in State budget in amount of 95 million kuna.
6. It is the goal of the Government policy in **privatization of agricultural and processing firms** (ex-combines) to establish such a structure in agroindustry, marketing and services which will be easy to run and which will attract foreign investors. In some cases the firms have separated in independent units or changed their structure into holding companies, but it is important to point out that despite the lack of capital in the process of transformation, privatization of these companies has been carried out in significant quantity.
7. Concerning **institutional support** for implementing measures from Strategy a lot has been done with the help of international experts and international institutions such as the World Bank, European Bank for Reconstruction and Development and many international consultant houses. We point out the projects for which the loans from the World Bank have already been approved for Republic of Croatia: Emergency Reconstruction Loan and Farmer Support Services Project. The preparations for ASAL Project (Agricultural Sector Adjustment Loan) are being made within which the work on the following issues is foreseen: (a) land policy, (b) privatization of agro-combines, (c) restructuring of price and trade policy, (d) environmental policy related to agricultural sector.

QUESTION 120:

Has Croatia drafted legislation to transform this strategy into practical working measures?

ANSWER:

In the field of legislation which affects implementation of the Strategy for development of Croatian agriculture, several Laws have been enforced and several important ones are being prepared, or are within parliamentary procedure.

Enforced are:

1. Law on Cooperatives
2. Law on Trade
3. Law on Protection of Market Competition
4. Law on Changes and Amendments to the Law on Agricultural Land.
5. Law on Customs Tariff

Within parliamentary procedure are:

1. Law on Compensation on Deprived Property
2. Law on Ownership and Other Material Rights

In preparation are:

1. Law on Commassation
2. Law on Land Register
3. Law on Protection of Sorts
4. Seed Industry Law.

QUESTION 121:

In the strategy paper, Croatia refers to a number of subsidies (for lower seed prices, input subsidies) and international support programs (direct support payments to encourage production, direct support from the State Directorate for Commodity Reserves (SDCR), financing the agricultural sector through the Fund for Agricultural Development (FAD), unclear practices under the Agricultural Pension and Disability Fund (APDF) and rural financing). If these programs are optional, they must be included in the agricultural country schedule. We encourage Croatia not to establish any new subsidies or internal support programs. Croatia states that intervention prices would be applied according to the escape clause of GATT. Please specify what is meant by the escape clause.

ANSWER:

In the Strategy for development of Croatian agriculture it is stated "intervention prices will be invoked in the event of a short-term fall in world prices which threatens the viability of domestic production and supported through **limited buying by SDCR** (State Directorate for Commodity Reserves)". In the text that is following escape clause of GATT is mentioned, which can lead to confusion for one who is analysing the Strategy because the statement is not very precise. What was meant was one of specific policy exemptions from the Agreement on Agriculture and that is stockholding for security purposes. In Croatia SDCR is the institution which organizes and implements public stockholding. It is the intention of Republic of Croatia to fairly reduce public stockholding for food purposes in the future and the activities connected with purchase of certain products will be scheduled more linearly throughout the year.

IV.2(a) System of Subsidies in Agricultural Production

QUESTION 122:

Croatia notes in the response to question 57 that the Government subsidizes self-employment. What is meant by this? Does this include self-employment in the agricultural sector? If so, how much money is spent on subsidies in the agricultural sector? (WT/ACC/HRV/3)

ANSWER:

The program refers to the creation and development of new small and medium sized enterprises. It does not specifically apply to the agricultural sector.

QUESTION 123:

Please elaborate on the system of bonuses for agricultural products and provide a list of which products are affected (L/7466, page 47).

ANSWER:

The number of agricultural products on which producer incentives is applied is relatively small within all the agricultural products. We point out again that those are seven products within plant production (sugar beet, soybeans, sunflower, oil rape, tobacco, olives and vineyards on islands) and within cattle-raising production: milk and in insignificant quantity production of cattle for stud, production of sperm and breeding of indigenous Croatian sorts (please, for more details see attachment "Overview of financial incentives and input subsidies in Croatian agriculture for year 1996 - projected data"). (WT/ACC/HRV/16) Basically, the level of financial incentives is established as 20% of guaranteed prices of oleiferous plants and sugar beet, or approximately 40% of protective price for tobacco and milk. In the case of support for production of grapes on the islands financial incentive is established at 2590 kuna per hectare. Total value of financial incentives together with input subsidies represents **only 1.44%** of the state budget for 1996 or somewhat more than 4% of the value of total agricultural output in 1995. Croatia intends to change this system so that the incentives correspond to the requirements of part IV of the Agreement on Subsidies and Countervailing Duties (non-actionable subsidizing).

QUESTION 124:

Could Croatia please confirm that it has no agriculture export subsidies? Could Croatia please confirm that it will not seek to introduce export subsidies in the agriculture sector? (WT/ACC/HRV/3, Question 108)

ANSWER:

Croatia does not apply export subsidies on agricultural and food products.

QUESTION 125:

Explain the "monetary incentives and compensations" applied to certain agricultural products referred to in the response to question 108 of WT/ACC/HRV/3. It would be helpful if the Government of Croatia provided a list of these and the amount of money spent on them.

ANSWER:

The expression "monetary incentives" in fact represents the most important measures of support to Croatian agriculture which are part of state budget. Those are production incentives for certain agricultural products which are sold on the market and compensations for use of certain inputs like mineral fertilizers, seed and fuel. Input subsidies are applied with a basic purpose of reducing the production costs in agriculture and encouraging the use of high quality inputs. Detailed list of all paid incentives and compensations in Croatian agriculture for year 1995 is attached and specified for every product or service.

QUESTION 126:

What wholesale or retail food prices are still regulated or subject to subsidies? Croatia should include all subsidies and internal support measures in its agricultural country schedule submission. (WT/ACC/HRV/3)

ANSWER:

All retail and wholesale prices of agricultural and food products in Republic of Croatia are formed on the principles of free market, which means that their level is not influenced by any subsidies.

QUESTION 127:

We consider that Croatia's system of subsidies in agriculture needs to be consistent with the rules of the Agreement on Agriculture. Can we understand that all such subsidies are regarded as being domestic support? If there are export subsidies, we would appreciate further explanation about them. (WT/ACC/HRV/5, page 5)

ANSWER:

Croatia confirms that its system of subsidies in agriculture is consistent with the rules of the Agreement on Agriculture. Such subsidies are regarded as being domestic support.

Currently there are no export subsidies in Croatia's agriculture.

QUESTION 128:

Referring to question 31 of WT/ACC/HRV/7, as above, a full description of subsidy programs, state aid and other support would be appreciated including Article 8 subsidies of the Agreement on Subsidies and Countervailing Measures in accordance with the requirements of Article 8.3, i.e. the descriptions should be precise enough to be able to allow evaluation of the consistency of the programs with the criteria of the Agreement.

ANSWER:

Financial incentives and subsidies in agriculture are regulated by the Law on financial incentives and subsidies in agriculture and fisheries (Croatian Official Gazette no.29/94 and 9/95) and the Regulation on changes and supplements of Law on financial incentives and subsidies in agriculture and fisheries (Croatian Official Gazette no.15/96). Within the plant production subsidies are provided for: sugar beet, sunflower, soybeans, oil-rape, tobacco, olives and vineyards on the islands. Within the livestock production the most important subsidized item is milk. In addition to that, high quality breeds of livestock for reproduction (cattle, pigs, sheep and goats, horses and selected queen - bees), production of semen for artificial insemination of cattle and different breeding activities of official services are subsidized. At the end there are production subsidies for breeding of Croatian original breed of cattle and horses (Istrian cattle, Slavonian podolac, Croatian posavac and Lipycaner) and for the production of meat and bone flour. Input subsidies are applied with a basic purpose of reducing the production costs in agriculture and encouraging the use of high quality inputs. According to the regulations mentioned above, input subsidies are supposed to be utilized by the producers of mineral fertilizers and certified agricultural seeds. According to the same regulations, producers of mineral fertilizers and certified agricultural seeds are required to prove that the mentioned inputs have been sold on the domestic market at reduced (determined) price. In the state budget for the year 1996, financial incentives and input subsidies envisaged are 510,000.000 kuna. Detailed report on all the subsidies which are planned to be paid out in 1996 is given in the attachment "Overview of financial incentives and input subsidies in Croatian agriculture for year 1996" (WT/ACC/HRV/16). From this document it is clear that production subsidies for plant production is foreseen to total 145.8 million kuna or approximately 29 percent of total financial subsidies. Subsidies in cattle breeding make approximately 43 percent in total and the rest are input subsidies. In this group the main part with 14.7 percent goes to fertilizers. We add that the Republic of Croatia has at the same time with the attached answers to questions from respective countries attached also factual information on its domestic support (Answer to WT/ACC/4) in a manner consistent with the notification requirements of the Agreement on Agriculture (WT/ACC/HRV/16).