

**QUESTION 148:**

**We understand from Croatia's responses in WT/ACC/HRV/3 that Croatia has no TRIMS. Will Croatia confirm that it does not seek to notify any measures for elimination under the provisions of the TRIMs Agreement?**

**ANSWER:**

Croatia does not seek to notify any measures for elimination under provisions of the TRIMs Agreement.

**QUESTION 149:**

**We seek Croatia's statement in the protocol that it does not have any TRIMs in place at the time of its accession.**

**ANSWER:**

Croatia does not have any TRIMs in place at the present time and does not intend to introduce any in the future.

**IV.6 Government Procurement**

**IV.6(b) Government Commodity Reserves**

**QUESTION 150:**

**Could Croatia please provide a detailed explanation of the nature of interventions from the State Commodity Reserves? (L/7466, page 13)**

**ANSWER:**

According to the Law on State Commodity Reserves, commodity reserves are used for (a) securing the necessary quantities to satisfy the needs in the case of war or imminent war danger or great natural disasters and (b) intervention on the market in order to secure its stability in the case of greater distortions or to prevent such distortions. The commodity reserves consist of basic agricultural and food products, some industrial products, production inputs, petrol and its derivatives, medicine and sanitetic material. Measures of intervention on the market by the State Commodity Reserves are done by the order of the Government of Croatia in the case when market distortions could not be resolved by usual measures. The operating of reserves is within the responsibility of the State Directorate for Commodity Reserves, which is non-profit Governmental organization. The context in which the State Directorate for Commodity Reserves conducts intervention on the agricultural market refers to the following. The system of protective prices which is applied in Republic of Croatia for six agricultural products is technically carried out through activities of State Directorate for Commodity Reserves. This means just the activities which have the only purpose to secure protective prices for producers of those products that the Croatian Government considers strategically important and which are mainly one of the contents of public stockholding. The total importance of purchase of agricultural products under protective prices (the level of which is generally under the level of intervention prices in the most European countries) is estimated at 8% of the total value of agricultural output in 1995.

**QUESTION 151:**

**"The role of reserves is especially important in implementing a protective policy in agriculture". What is this protective policy? (L/7466, page 58)**

**ANSWER:**

The context in which the State Directorate for Commodity Reserves and the protective policy is mentioned refers to the following. The system of protective prices which is applied in the Republic

of Croatia for six agricultural products is technically carried out through the activities of the State Directorate for Commodity Reserves. This means just the activities which have the only purpose to secure protective prices for producers of those products that the Croatian Government considers strategically important and which are mainly one of the contents of public stockholding. Total importance of purchase of agricultural products under protective prices (the level of which is generally under the level of intervention prices in most European countries!) is estimated at 8% of the total value of agricultural output in 1995. Protective policy in a broader sense is in fact an integral part of agricultural policy one of whose long-term goals is to secure that the level of income of the agricultural sector be similar to the average of the economy in whole.

**QUESTION 152:**

**Please outline the international and domestic trade activities of the State Directorate for Commodity Reserves (SDCR). (WT/ACC/HRV/3)**

**ANSWER:**

According to the Law on State Commodity Reserves, commodity reserves are used for (a) securing the necessary quantities to satisfy the needs in the case of war or imminent war danger or great natural disasters and (b) intervention on the market in order to secure its stability in the case of greater distortions or to prevent such distortions. Commodity reserves consist of basic agricultural and food products, some industrial products, production inputs, petrol and its derivatives, medicine and sanitetic material. Measures of intervention on the market by the State Commodity reserves is done by the order of the Government of Croatia in the case when market distortions could not be resolved by usual measures and the operating of reserves is within the responsibility of the State Directorate for commodity Reserves, which is non-profit Governmental organization. Context in which State Directorate for Commodity conducts intervention on agricultural market refers to the following. System of protective prices which is applied in Republic of Croatia for six agricultural products is technically carried out through activities of State Directorate for Commodity Reserves. This means just the activities which have only purpose to secure protective prices for producers of those products that Croatian Government considers strategically important and which are mainly one of the contents of public stockholding. Total importance of purchase of agricultural products under protective prices (the level of which is generally under the level of intervention prices in the most European countries!) is estimated at 8% of the total value of agricultural output in 1995.

**IV.7 State-trading enterprises**

**QUESTION 153:**

**Concerning the right to conduct international trade in Croatia:**

- (i) **Please confirm that the amendment to the Law on Foreign Trade Operations and the passage of the Company Law in November 1993 effectively abolished the State monopoly of foreign trade and confined the authority of the State regulate foreign trade according to other legislation in force.**
- (ii) **Please describe the criteria that a foreign or domestic individual or enterprise must meet to register or otherwise qualify to import or to export in Croatia. (Note: Please include reference to the provisions of Articles 17 and 18 of the draft Law on Trade in Appendix 8 and indicate when the Working Party can expect to see the specific regulations on this point. End note)**
- (iii) **Please describe the current role of the State in regulating international trade and domestic distribution. (WT/ACC/HRV/3)**

ANSWER:

(i) The amendment to the Law on Foreign Trade Operations was a minor correction in order to liberalize the policy concerning small entrepreneurs wishing to trade internationally and the importation of used automobiles. The Company Law significantly changed the Law on Foreign Trade Operations in that individuals or companies wishing to perform foreign trade did not have to undergo special registration. Thus, the Company Law allowed traders to register with the Commercial Court without any special or additional conditions.

There was never a State monopoly in foreign trade prior or subsequent to the Company Law. In 1993, there approximately 50,000 registrations for performing foreign trade (import and export) in various forms of ownership (partnership, limited liability, etc.).

(ii) According to the Law on Trade Articles 2 and 3, any legal entity and natural person registered for foreign trade may perform such activities. The Law on the Court Register applies to all forms of commercial ownership upon registration. There are no special requirements other than registration for performing foreign trade. According to Articles 2 and 3, legal entities and natural persons registered for other activities may import and export goods when pursuing their registered business activities.

The conditions for trading stipulated in Article 17 refer to conditions relating to the business premises, to equipment and facilities where wholesale, retail and intermediation takes place, to the outer surface of business structures intended for selling, etc. These conditions must be fulfilled prior to engaging in trade, apply equally to both domestic and foreign entities and regardless of the product origin. If the goods traded do not require storage or selling space, then the trader is not obligated to fulfil the requirements in Article 17.

Article 18 stipulates that the Minister in charge of trade sets minimum qualification requirements for salespersons in the employment of traders. For instance, someone with no medical background may not sell prescriptions in a pharmacy. The purpose of this paragraph is to ensure the proper qualifications of salespersons coming in contact with consumers for health and safety purposes.

(iii) Traders perform international trade and distribution free and according to market conditions. The State cannot restrict the trader from participating in the Croatian market or foreign markets, prohibit market competition, discriminate against individual traders except for in certain circumstances stipulated in Article 55 and 56 of the Law on Trade.

Article 55

The Government of the Republic of Croatia may temporarily restrict trading by a special regulation, in the following cases:

- in the event of natural and other disasters in the Republic of Croatia, when serious disruptions have been caused or could be caused in trading, disruptions in supplying the population or disruptions in other fields that may threaten the safety and health of citizens;
- in the event of serious disruptions in the domestic market caused by the lack of goods needed for manufacturing and processing industries and the normal life of citizens;
- in the event of war or direct threat to the independence and integrity of the Republic of Croatia;
- if it is necessary to ensure the production, raw materials and input materials of particular strategic importance for the defense of the Republic of Croatia.

The Government of the Republic of Croatia will restrict trading in the event from Paragraph 1 of this Article, only if the disruptions cannot be eliminated with other measures or if the demand cannot be supplied from the strategic reserves, by imports or other measures of economic policy.

Article 56

In the cases from Article 55, Paragraph 1 of this Law, the Government of the Republic of Croatia may decide the following:

- to restrict trading in certain goods or to specify the conditions for trading in certain goods;
- to restrict the import or export of certain goods or to specify the conditions for importing of exporting certain goods;
- to forbid the trader to trade in certain goods;
- to bind the trader to procure and sell particular kinds and quantities of certain goods and to sell the goods to the specified consumers according to the determined order;
- to bind individual traders to keep in stock certain quantities and kinds of goods.

**QUESTION 154:**

**While the memorandum indicates that Croatia is in the process of eliminating State trading , it is not clear to what extent State trading currently takes place. Please provide a list of any commodities subject to State trading of agricultural and agri-food products. (L/7466, page 58)**

**ANSWER:**

Guaranteed prices of agricultural products in the Republic of Croatia are established primarily on the basis of production costs of large-scale enterprises enlarged by 5 to 10%; into account are taken also the changes in prices on both domestic and world market. Guaranteed (intervention) prices undoubtedly affect market prices. However, market prices depend on the supply and demand, and market conditions and can be higher or lower than the guaranteed prices. In this respect it is necessary to point out that the system of guaranteed prices only applies to products bought through activities of the State Directorate for Commodity Reserves. It is estimated that about 8% of the total value of agricultural output in 1995 was marketed at guaranteed prices. List of guaranteed prices for the year 1996 as well as their level remained the same as in 1995:

1. Wheat	0.90 kuna/kg
2. Sugar beet	0.22 kuna/kg
3. Sunflower	1.80 kuna/kg
4. Soybeans	1.80 kuna/kg
5. Oil rape	1.70 kuna/kg
6. Tobacco leaves	7.44 kuna/kg.

**QUESTION 155:**

**The management of the former socially-owned farms has been entrusted to a Management Board. What is the structure of this Board? (WT/ACC/HRV/3, Question 135)**

**ANSWER:**

The socially-owned farms have been transformed into joint-stock companies. The Company Law stipulates that the Supervisory Board represents the ownership structure of a given company. As explained in the Answer to Question 135, most of the former socially owned farms are privatized. The majority are organized as joint stock corporations. According to the Company Law, the management

board is appointed by the Supervisory board and the Supervisory board is elected by the Stockholders assembly. The structure of Supervisory boards correspond to the structure of major stockholders. It is there so they are represented personally or they appoint their representatives. The Supervisory Board appoints Management Board as a body of professional managers, directors. The president of the management Board is also appointed by the Supervisory Board.

In the case of limited liability company Supervisory Board is not obligatory by law except if the company has more than 300 employees or special law does explicitly provides Supervisory Board. The Management Board consists of one or more members appointed by the Assembly of the company where all partners (members) of the company are represented

**QUESTION 156:**

**The difference between "public enterprises" and "State-owned enterprises" does not appear to be clearly defined. Could the Croatian delegation give us a fuller explanation of the precise definition of these two terms, and provide the respective percentages of these forms of enterprise at present? (WT/ACC/HRV/3, Question 138)**

**ANSWER:** The following is a list of public enterprises, which are public utilities performing activities of a public nature or interest:

- Hrvatske ceste - Croatian Roads;
- Hrvatske sume - Croatian Forests;
- Hrvatska vodoprivreda - Croatian Water Utilities;
- Hrvatska posta i telekomunikacija - Croatian Post and Telecommunications;
- Hrvatska elektroprivreda - Croatian Electricity;
- Hrvatske željeznice - Croatian Railways;
- Hrvatska radio televizija - Croatian Radio and Television;
- Jadrolinija - Adriatic Line;
- Narodne novine - Official Gazette.

On the other hand, state-owned companies compete with private companies engaged in the same field of activity.

**QUESTION 157:**

**Please describe the role of state-owned or other firms operating under state mandates that produce or distribute tobacco and alcohol products, forest products, and petroleum and petrochemical products. (WT/ACC/HRV/3)**

**ANSWER:**

There are about ten privately owned companies producing or distributing tobacco and alcohol products, but no state-owned or state-mandated companies.

Croatian Forests is a public utility company which operates in full conformity with Article XVII of GATT.

Most of the production and distribution of petroleum and petrochemical products in Croatia is carried out by INA, which is state-owned; however, numerous smaller companies are also engaged in the distribution and trade crude oil and oil products and compete with INA.

**QUESTION 158:**

**What is "Astra International" in Appendix 23? (WT/ACC/HRV/4)**