COMMUNICATION FROM YUGOSLAVIA

Preliminary Conditional Offer of Yugoslavia concerning Initial Commitments on Trade in Services

The attached communication is circulated at the request of the permanent delegation of Yugoslavia to the members of the Group of Negotiations on Services.
Preliminary Conditional Offer of Yugoslavia Concerning
Initial Commitments on Trade in Services

1. Yugoslavia presents this preliminary offer concerning transparency and progressive liberalization of trade in services under the condition that completing of negotiations on the General Agreement on Trade in Services, sectorial annexes and initial commitments:
   - shall be a part of overall balanced outcome of the Uruguay Round MTN, as a single undertaking;
   - shall insure agreement on mutually supportive principles and rules applicable to all services sectors.
   - shall respect the policy objectives of national laws and regulations applying to trade in services including the introduction of new regulations consistent with principles of GATS;
   - shall take into account the work of relevant international organizations;
   - should be based on universal, immediate and unconditional m.f.n. principle, strict and transparent rules of liberalization of measures affecting trade in services and commitments undertaken by PARTIES to liberalize and bind measures in individual sectors and sub-sectors in a way set up in their schedules of concessions.

2. Yugoslavia reserves the right to revise, reduce and withdraw its offer in any time prior to closure of the Uruguay Round negotiations, depending
   - on setting up an uniform treatment of all service sectors under the provision of the GATS;
   - on making impossible compensations and retaliations beyond the scope of trade in services;
   - on the development of negotiations on construction and engineering, annex on labour mobility, maritime and land
transport, as well as on conditions that GATS should set up for the expansion of the trade in services as an element of a country's economic growth and development, among others, through the transfer of modern technology, financial recourses to facilitate the development of infrastructure for the service sectors, training of local staff, improved access to distribution and information channels.

3. The level of undertaken disciplines (transparency, standstill, binding) on existing market access and national treatment regimes in individual sectors should take into account volume of trade in relevant service sector, existing extent of already achieved liberalization of service sectors covered by the GATS in different countries, as well as the interests and conditions of a specific country in terms of economic reform, restructuring of services sectors and national policy objectives. In accordance with the provision of the draft text of GATS (article XVIII) Yugoslavia reserves the right to progressively reduce or eliminate adverse effects on trade in services of measures as a means of providing market access in fewer service sectors and sub-sectors or modes of delivery. The definitive Yugoslav decision on its initial commitments will depend on corresponding commitments of interest to Yugoslavia, made by other Parties.

4. Independent dispute settlement mechanism under the GATS should define clear rights and obligations of governments concerning consultations and conciliation as well as on panel procedures. The suspension of concessions, compensation and retaliation, across service sectors is, in our view, possible only exceptionally, and prohibited between services and goods.

5. Nothing in this offer is construed to affect any measure regulating trade in goods, intellectual property rights, permanent residents, entry visa, and working permits of foreign persons in Yugoslavia.
6. The classification of the service sectors and sub-sectors mainly follows the reference list set out in the document MTN.GNS/W/50.

7. Yugoslavia reserves its right to correct the offer in respect of possible inaccuracies or technical omissions.
GENERAL NOTES

For the purpose of information the principal measures currently in force affecting service sectors are mentioned below:

1/ DIRECT FOREIGN INVESTMENT

Foreign persons may invest assets with a view to performing economic and social activities in Yugoslavia, unless otherwise specified by federal law; foreign investors may invest foreign exchange, things (material goods), rights and dinars which are according to foreign exchange regulations transferable abroad; enterprise with foreign investment has the same rights and responsibilities on the Yugoslav market as domestic enterprises; a foreign investor, having obtained an approval from the federal agency responsible for foreign economic relations, may establish an enterprise of his own, other than enterprises for manufacture and distribution of armaments and military equipment, as well as in the field of rail and air transport, communications and telecommunications, insurance, publishing and mass media.

2/ RIGHTS PERTAINING TO REAL ESTATE BY FOREIGNERS OR FOREIGN JURIDICAL PERSONS

Foreign juridical and physical person performing economic activities may, under reciprocity condition, acquire right pertaining to real estate and other property needed for commercial activities; for a long-term lease of building with one apartment for accommodation needs, an approval of republic agency is required.

3/ CONDUCT OF COMMERCIAL OPERATIONS

The Federal Executive Council may prescribe the conditions for importing business services and conditions under which foreign persons may perform service-related activities in
Yugoslavia; a foreign person may open a representative office in Yugoslavia, in the fields of manufacturing, commerce, certain business services, banking and insurance. A representative office may perform preliminary and preparatory operations in connection with the forming of a contract, but it may not enter into foreign trade contract.

4/ MOVEMENT OF PERSONNEL

Temporary working and temporary residence permits are given on the basis of a contract on direct foreign investment, on long-term manufacturing cooperations, on business-technical cooperation, on technology transfer, on executing capital projects in Yugoslavia and opening of foreign representative offices.
Modes of delivery: 1/ Cross-border  
2/ Movement of consumers  
3/ Commercial presence  
4/ Movement of personnel

Sector/sub-sector  
General conditions on access to sector

1/ Telecommunications services

Infrastructures and basic services are not subject of negotiations.

PTT is monopoly provider

Value added services

No limitation for cross-border provision, movement of consumer is not applicable, joint enterprises with at least 51% Yugoslav capital, own foreign enterprise is not allowed, movement of personnel according to general note. STANDSTILL.

Notes:

Telecommunication systems of Yugoslavia and other countries can be linked on the basis of international agreements and international standards which are obligatory for Yugoslavia.

Technological uniformity of telecommunication systems of Yugoslavia cannot be infringed by building up of international communications, as well as interests of national security. Authorization for linkage from responsible authorities.

Obligatory conformity with technical specifications of objects and technical equipment important for technological uniformity.

Limitation of capacity of infrastructure and equipment.

Yugoslav PTT is basic system to which all other systems are linked; it includes all telecommunication services.
Authorization for foreigners to use radio-station while staying in Yugoslavia.

Foreign aircraft while in the Yugoslav airport must have on the board authorization document of their national authority for the radio-station; same for foreign ships in territorial waters of Yugoslavia, and for foreign locomotive.

On the reciprocity basis, and with approval of responsible federal agency, foreign diplomatic and consular offices and some foreign legal persons can use radio frequencies and some radio-stations for certain forms of cooperations with Yugoslav enterprises.

Leased circuits cannot be sub-leased as well as joined equipment.

No other limitation except technical possibilities of connection to PTT network.

2/ Audiovisual services

Films and other forms of video programs with ancillary services

Approval of responsible republic agency for shooting of certain informative films, except actual developments; obligatory informing of responsible republic authority after having finished a shooting of a movie, or after bringing in such film; possible protective measures of national security and culture; permission of republic agency for public presentation.
3/ Construction services

I Professional services

1/ architectural services
2/ urban planning services
3/ consultative and engineering services
   - exploration services
   - interior design
   - professional and technical surveying of construction work
   - training of workers, transfer of know-how and organization of a production in constructed objects.

II Construction services

- site preparation
- new constructions
- civil engineering (bridges, roads, etc.)

III Maintenance and repair of fixed structures

A permission to use the land for construction and permission for using of objects is given by local bodies in accordance with an urban plan.

Approval for certain constructions, issued by responsible bodies.

Performing of capital investment in Yugoslavia is awarded to foreign persons on the basis of public biddings.

Verification of accordance with Yugoslav standards and technical norm, i.e. international standards by responsible federal agency.

A contract for the execution of capital project in Yugoslavia has to be entered in a special register kept by responsible federal agency.
Preference to a national participant in public bidding, if equal conditions are offered.

Qualification requirements for engaged employees, issued by competent educational institutions and Government agency

STANDSTILL

4/ Health related services /not including personal care/

Medical services
- hospital services
- doctors and dentist
- other health-related services

Veterinary services

The health protection field is regulated by the republican legislation on the providers of health related services, users of these services and conditions for their provision.

Commercial presence in the health-related activities is conditional upon conditions set out in the republican provisions and a permission from responsible republic, exceptionally municipal bodies, is required.

Cross-border consuming of health services is being approved from funds of general health protection when it relates to an illness which cannot be treated successfully within Yugoslavia.

Provision of health services to foreigners is regulated by legislation on health protection of foreigners and by bilateral conventions.

Movement of personnel in accordance with the general notes.

STANDSTILL
S/ Tourism

Accommodation objects (hotels, residences, etc)

Food serving objects (restaurants, and other)

Travel agents

Activities of tourist guides

All objects must conform with sanitary and hygienic requirements.

Categorisation of objects on the basis of technical elements and services provided in them.

There are two types of tourist agencies:
1) authorized to perform all tourist activities, in all regions; 2) authorized to perform only some activities in the territory of the whole country /cannot establish branches and subsidiaries /.

Categorisation of tourist agencies and protection of tourists in arrangements on the basis of interior documents of responsible tourist association.

For tourist guides examination of qualification should be provided.

STANDSTILL
6/ Insurance

Direct insurance

Life insurance
Non-life insurance
Transport

Cross-border only through the medium, or coinsurance of Yugoslav insurance company and in following cases:

- ocean ships from damage caused to third persons;
- ships under construction;
- performing of capital investment abroad;
- foreign credits; property and persons which cannot be insured in Yugoslavia;
- goods transported on the risk of domestic person cannot be insured abroad;
- persons and propriety in Yugoslavia have to be insured in Yugoslavia when obligatory insurance is envisaged.

A foreign person cannot establish neither own enterprise nor branch. Authorization from responsible body for founding of joint (mixed) insurance company. A security fund for founding determined by Federal Executive Council for each year respectively. Mixed company cannot insure enterprises for the manufacture and distribution of armaments and military equipment.

Reinsurance and retrocession

Only those risks that cannot be reinsured in Yugoslavia. Commercial presence is not possible.
Services auxiliary to insurance
- brokers and agents
- risk assessment and claim settlement services
- legal assistants and advisory services
- other intellectual and technical services

Only joint (mixed) company is allowed.
Authorization from responsible body required. For actuaries required domestic nationality and membership in professional association.

STANDSTILL

* Mixed insurance company is subject to regular prudential regulations and considerations: current premiums funds, preventive funds, security funds, security reserves and mathematical reserve funds of life insurance have to be kept on the accounts and placements in Yugoslavia.
7/ Transportation

Air transport/ freight, passengers and post/

Sales and marketing
Computer reservation systems
Cabotage
Maintenance and repair of aircraft

Compliance with conditions in multilateral and bilateral agreements signed by Yugoslavia.

Sales and marketing based on a reciprocity requirement and bilateral agreements

Cabotage reserved for national carriers

Certificates and fulfillment of security standards and technical norms for maintenance and repair of aircraft

Movement of personnel according to the general note.

STANDSTILL

Land transport/ including freight transportation by truck and bus transportation of passengers /

Cabotage

Authorization from responsible federal and republic agencies for cross-border and transit traffic. Traffic volume and frequency in accordance with bilateral agreements.

Cabotage reserved for national vehicles

Movement of personnel according to the general note.

STANDSTILL
Maritime transport/
including freight and
passengers/

Cabotage

a/ transport of
freight and passengers
b/ drawing
c/ rescuing
d/ piloting
e/ gauging
f/ drawing out of
sunk things

No limitations for
maritime traffic,
regardless the flag.

Cabotage is reserved for
vessels flying Yugoslav
flag. Exception possible
on the reciprocity basis.

Authorization required
for drawing within
Yugoslav coastal sea.

Authorization for
rescuing of ships
stranded in the Yugoslav
coastal sea and for
drawing out of sunk
things.

Piloting reserved for
Yugoslav legal and
physical persons.

Gauging certificates are
recognized on the
reciprocity basis. If a
foreign vessel does not
possess the certificate
gauging is done by
responsible Yugoslav
institution.

Movement of personnel
according to the general
notes.

STANDSTILL