

performance is satisfactory. Once an agent firm is chosen, it is important to support it by providing technical literature and by visiting Yugoslavia regularly. As regulations permit a foreign firm to have only one representative in Yugoslavia, it is vital to select an enterprise which is well established and highly experienced throughout the country. Agents are permitted to represent principals only, not trading houses.

Banking and Local Finance

The position of the National Bank of Yugoslavia (Narodna Banka Jugoslavije) is similar to that of central banks in market economies. It regulates the money supply through the issue of bank notes, grants credits to other banks and the government, handles foreign exchange reserves, supervises credits and other banking operations, etc. The National Bank is directly responsible to the Federal Assembly. Separate 'national' banks have been established in each of the six republics and two provinces. Their governors constitute the Board of Governors of the National Bank of Yugoslavia.

Under the current decentralized system, banks function as independent profit-making entities, funded and directed by business enterprises. At the enterprise level there are 'internal' banks which provide simple banking services only to the enterprise. These banks in turn form 'basic' banks, which have the resources and expertise to provide a higher level of domestic general credit and investment services. 'United' banks result from the association, usually on a regional basis, of a number of basic banks. If they fulfill certain conditions requiring foreign exchange funds and technical competence, they may be authorized to engage in foreign exchange transactions.

Several Yugoslav banks have representatives in a number of foreign countries. Two Yugoslav commercial banks, Jugobanka of Belgrade and Stopanska Banka of Skopje, maintain representative offices in Toronto. Other Yugoslav banks have more than 800 correspondents in some 100 countries. No Canadian banks maintain resident representatives in Yugoslavia.

Exchange Controls

The Yugoslav dinar is an inconvertible currency subject to considerable regulation, despite progress