

Industrial Co-operation and Investment Possibilities

A persisting scarcity of hard currency and the complex system of foreign trade regulations have led Yugoslav enterprises to seek novel forms of doing business with foreign firms. The general aim is to reduce the net foreign exchange outlay in a given transaction. Joint ventures and co-operation agreements, as well as licensing and various types of countertrade, especially compensation, are often proposed to foreign businessmen. Joint marketing of complementary products, joint design and engineering, exchange of industrial property rights, and joint activities on third markets, are other forms of co-operation favoured by Yugoslav companies, and should be seriously examined as potentially effective means of penetrating the Yugoslav market.

Since 1967, Yugoslavia has welcomed foreign equity investment to stimulate the industrial and technological development of the economy, and to promote export performance. The most common, long-term business arrangements with foreign firms, apart from joint ventures, are joint production agreements. These forms of industrial co-operation have attracted some \$10 billion (US) to the Yugoslav economy from Western sources. The Canadian Embassy can render considerable assistance in finding possible Yugoslav partners, and in recommending local experts on pertinent Yugoslav foreign legislation.

In 1968, the Yugoslav government created the International Investment Corporation of Yugoslavia, to encourage the formation of joint ventures. Based in Zagreb, the Corporation maintains offices abroad, in London and Cologne. It can provide a great deal of information on the conditions and opportunities for investment in Yugoslavia.

Co-operation on Capital Projects in Third Countries

Yugoslavia has developed very broad industrial and engineering capabilities. These have been used competitively in construction projects abroad, particularly in the developing countries. Yugoslav enterprises are often received more warmly in the Third World as a result of their country's prominence in the "non-aligned" movement.