

towards convertibility in recent years. The state still sets the exchange rate, and has been regularly devaluing the dinar against a basket of Western currencies in order to improve export performance.

The right to trade in foreign currencies is limited to authorized domestic banks. For certain types of documented international obligations, Yugoslav enterprises are entitled to buy foreign currency with dinars, but the scope of these transactions is limited.

Import Regulations

Yugoslavia maintains a complicated, and frequently changing, system of import controls and assessment of customs duties. All imports are classified, according to their priority, into four categories: free imports, imports limited by foreign exchange availability, imports limited by volume quotas, and imports for which special licenses must be secured.

The importing enterprise must ensure that the following conditions are satisfied before it is able to proceed with the import:

- the Yugoslav importer must check with the Federal Chamber of the Economy to ascertain if the same or a similar product is available from domestic sources;
- the republican committee responsible for foreign exchange must certify that the import meets the priorities of the republic and the hard currency is available; and
- the Federal Social Accounting Service must review the sales contract to ensure, if appropriate, that a counter trade, buy-back or offset arrangement has been included.

The Yugoslav Customs Tariff employs the Brussels Nomenclature, a one-column schedule of ad-valorem duties. These are applicable to the Cost, Insurance, Freight (CIF) value of goods imported from countries such as Canada, that extend to Yugoslavia the status of Most Favoured Nation (MFN).

Two taxes are also imposed on the dutiable value of imports: a 1 percent customs evidence tax, and a 6 percent equalization surcharge, the latter to generate funds for less developed regions.