

## INTERNATIONAL TRADE RELATIONS AS SEEN IN EASTERN EUROPE

Remigiusz Bierzanek\*

### **I. Introduction: Participation of the Eastern European Countries in World Trade in the years after the World War II**

Traditional trade relations of Eastern Europe with the Western European countries are severely limited as a result of the Second World War and of the Cold War restrictions. Rapid development of the East-West trade since the second half of 1950s when the Cold War has begun to "evaporate" and particularly in the first half of 1970s. However, till now participation of the Eastern European countries in World Trade is much lower than one could expect taking account of the figures concerning Gross National Product and other economic indices of those countries.

### **II. Organizational and legal problems the Eastern European Countries faced after the Cold War**

General awareness in Eastern Europe that the systems of centrally planned economies should be adjusted to the requirements of international trade taking consideration of difficulties which arise when two different systems meet each other in business, and particularly that the principle of State's monopoly of foreign trade has been interpreted and applied during the Cold War in Eastern Europe with a high degree of rigidity. The adjustment was taking place — and to some extent continues to take place in two fields:

- a) international law and organization,

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\* Professor, University of Warsaw

b) national legislation and economic administration.

As concerns point a) – it is to be mentioned the long negotiations of some Eastern European Countries which resulted in membership of the GATT (Poland, Czechoslovakia, Hungary, Romania). Negotiations with the Western Countries on reducing of the number of the so called “commodities of strategic importance”. Many commercial treaties concluded with the Western Countries as a legal basis for developing trade and enjoying the clause of most favored nation (i.e. with Japan).

As concerns point b) – many substantial changes have been introduced to the legislation of the Eastern European Countries aimed to giving more autonomy to the State owned enterprises of foreign trade. Without denying the principle itself that foreign trade is a State monopoly, the links between the foreign trade enterprises and the Foreign Trade Ministries have been loosed and practically reduced to a supervision in many respects similar to that in most Western Countries.

Foreign trade enterprises are juridical persons, distinct from the State, subject to rights and obligations, and liable for the latter to the amount of the assets entrusted to them. They are permitted – when in dispute with foreign trade companies – to exclude national jurisdiction and choose the jurisdiction of foreign courts or arbitration courts. Another changes in legislation aimed at opening those countries for foreign trade enterprises activity (since that time many Western European and Japanese companies have arranged their own agencies in Eastern Europe) and also – to some extent – for participation of foreign capital in economic development of those countries. Some political difficulties connected with introducing foreign capital, nevertheless a certain progress recently in this field.

### III. Special legal and organizational instruments aimed at facilitating the East-West Trade

- a) Long term intergovernmental agreements,
- b) Joint ventures,
- c) special forms of financing East-West trade transactions.

Much emphasis put recently on above mentioned instruments as in the second half of 1970s increase of the East-West trade meets more difficulties (economic recession in the West resulting in limiting imports, increasing indebtedness of the Eastern European Countries).

#### **IV. The Future of International Economic Cooperation as seen in Eastern Europe**

The problems discussed in connection with the New International Economic Order. Positions taken with respect to more rational world system of division of labour, division of economic tasks among the countries at different stage of economic development. Emphasis on need on tripartite co-operation schemes (the West, the East and the South).

Long term perspectives of a closed international economic co-operation requires going beyond trade transactions and necessarily involves development of industrial co-operation between the countries at different stage of industrial development. Experience in this field between the Eastern European Countries and the Western European Countries.

#### **V. Final remarks**

Some non-economic implications of the development of the East-West Trade. Expectations of some western writers concerning the system changing effect of the East-West Trade, and particularly of the joint ventures considered as being a kind of "transideological collaboration". More sceptical approach of the Eastern European writers as concerns far reaching effects of the East-West Trade, emphasizing rather contribution to the development of peaceful political relations.