

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Addendum

ROMANIA

I

In the Socialist Republic of Romania, in accordance with Law No. 1/1971 on foreign trade and economic and technico-scientific co-operation, foreign trade operations are effected directly by the industrial centrals, units assimilated to centrals and other units of the manufacturing industry or which perform services or execute works as authorized, and by specialized trade enterprises.

Under Decision No. 1771 of the Council of Ministers of the Socialist Republic of Romania, dated December 1974, activities pertaining to foreign trade and international economic co-operation are carried out directly by forty-one enterprises specialized in foreign trade and international economic co-operation (comprising thirty-four units under the authority of the economic ministries and seven under that of the industrial centrals) and by the export and import services of the ministries or centrals.¹

Each manufacturing enterprise is directly responsible for its foreign trade activities, even where this trade is carried out through the industrial centrals or through specialized foreign trade enterprises.

II

In recent years, some major improvements have been made in the management (co-ordination) system of the national economy; these have comprised improvements in the price system and price-fixing method for imported products, improvements in the planning system and the introduction of new economic instruments such as Romania's import customs tariff. These measures have contributed to improving the functioning and organization of the machinery for foreign trade and international economic co-operation.

¹Buletinul Oficial al Republicii Socialiste Romania, nr.13, anul XI, (dated 20 January 1975.)

In accordance with Law No. 8/1972 concerning the planned economic and social development of Romania, general policy objectives are established at central level on the basis of major options and priority interests for the development of the national economy.

The plan is formulated on the basis of strictly economic and commercial criteria, and having regard to the basic economic units, comprising exclusively economic enterprises and industrial centrals. Accordingly, the plan reflects the knowledge and utilization of domestic potential, while taking account of market trends, technical progress, sources of supply, existing possibilities for selling production and the need to ensure optimum economic profitability.

The plans of the basic units constitute the basis for the plans formulated by the ministries and other central bodies, and in the final phase, these latter plans are correlated and integrated in the single plan synthesizing real production and export possibilities and real demand for imported goods.

Law No. 19/1971, concerning the régime in respect of prices and tariffs, provides for the improvement of rules and basic criteria for the determination and application of prices in the national economy. Under this Law, prices and tariffs must reflect the social costs of production, thus allowing producing units to make comparisons between prices of various domestic products and those of like imported products.

In order to ensure broader utilization of economic and financial instruments in foreign trade activities, attainment of a better ratio between import prices and domestic prices of imported products, and rational and more effective participation by Romania in the international division of labour, Romania introduced an import customs tariff on 1 January 1974¹.

With the adoption in November 1972 of decrees No. 424 and 425 authorizing the establishment and operation of mixed producing corporations with foreign participation, new prospects were opened for better utilization of domestic material and human resources, and for attracting foreign financial resources, up-to-date equipment and advanced technological processes. In accordance with the general principles of Romania's foreign policy, these instruments allow the establishment of mixed corporations, with foreign participation, in the industrial, agricultural, building, tourism, transport and scientific and technological research sectors with a view to the production and marketing of goods, the furnishing of services and the carrying out of work projects.

More than 130 foreign firms have opened offices and permanent agencies in Romania under the provisions of Decree No. 15/1971.

¹See also GATT documents L/3989, L/4037 and L/4101 and Corr.1

III

Within the context of this continuing process of improving the organization of Romania's economy, and through the adoption of Law No. 1 on foreign trade and technico-scientific co-operation, an adequate framework has been set up for direct participation by producing units in international economic exchanges, on the basis of strictly economic and commercial criteria.

The activities of the Romanian foreign trade units in foreign markets are similar to those of the foreign trade organizations of other countries. The main features of these activities are the following:

- As independent organizations, under the provisions of Articles 22 and 25 of the Law on foreign trade, the foreign trade units draw up export and import plans on the basis of their own studies, prospection in foreign markets, and contracts concluded with foreign partners. They carry out continuing and systematic prospection of foreign markets, assist producing enterprises in orienting and adapting production to foreign market requirements, and arrange for participation in international fairs and exhibitions. They are fully autonomous as regards the choice of their trading partners and the negotiation and conclusion of contracts, acting on the basis of commercial criteria in respect of prices, quality, competitiveness, transport and other conditions of purchase and sale; they offer adequate conditions to the enterprises of all the partner countries for participating in their purchase and sale operations in accordance with customary commercial practices.

- The activities of the Romanian foreign trade units are consolidated by the financial and monetary mechanism. In this connexion Law No. 1/1971 provides that:

- (a) Only those goods for which sale is ensured on the domestic market and on foreign markets can be put into production;
- (b) the foreign trade units must take action in foreign markets in order to obtain optimum export and import prices. Each manufacturing unit must endeavour through its own activities not only to obtain the necessary foreign exchange to cover its import needs, but also to achieve a foreign currency surplus for the needs of the national economy;
- (c) foreign currency obtained from exports, the execution of work projects, the furnishing of services and from other foreign trade activities is remitted to the State through the Romanian Bank for Foreign Trade. Foreign exchange needed for the payment of imports, services and other foreign trade activities is obtained through the Romanian Bank for Foreign Trade.

The amounts in lei remitted by the Bank in Exchange for earnings from exports and other foreign trade activities, as well as those paid to the Bank in order to obtain foreign exchange needed for the payment of imports, are directly recorded in the accounts of the economic units;

- (d) the foreign trade units can obtain credits in foreign exchange, on a temporary basis, where they certify that they have real possibilities for repaying the foreign exchange borrowed in good time, and can make deposits in foreign exchange from earnings in excess of the amount estimated in the annual plan.

- Under the provisions of Article 2 of the Decision of the Council of Ministers concerning the adoption and application of Romania's import customs tariff, importing foreign trade units are required to pay import duties in due course; the amount of these, determined on the basis of the customs value of imported goods and the customs tariff, is paid into the State budget.

IV

As a result of this organizational framework and of the principles underlying Romania's foreign trade activities and economic co-operation at international level, the total volume of Romania's external trade and its contribution to general economic development efforts have been steadily developing.

At the present time, Romania's foreign trade and co-operation with other countries in the production sector represent about 30 per cent of the total volume of national production.

In 1974, the total value of Romania's foreign trade was 38.3 per cent above the level for 1973. Over the past four years, the annual average growth rate of foreign trade was 21.5 per cent. Romania at present maintains trade relations with more than 130 countries all over the world.

In the context of the overall development of Romania's economy, a further and substantial increase in foreign trade is envisaged over the period 1976-1980, when the total volume of foreign trade is expected to increase by 72 to 80 per cent as compared to the period 1971-1975.