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TARIFFS AND TRADE

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TRADE POLICY REVIEW MECHANISM

ROMANIA

MINUTES OF MEETING

Addendum

Answers to Questions

The attached communication has been received from the Government of Romania, responding to questions put by delegations during the Trade Policy Review of Romania.

TABLE OF CONTENTS

	<u>Page</u>
1. Privatization	5
2. Existence of an independent body to evaluate, review and/or assess economic trade policies	8
3. Economic and trade policy reform	9
4. Level of decision-making	10
5. Foreign exchange régime	11
6. Interest rate - inflation	11
7. Rate of exchange	12
8. Full convertibility	13
9. Subsidies	13
10. Excise tax	15
11. Value added tax (VAT)	16
12. Differentiated levels for transport and hotel fees between Romanians and foreigners	17
13. Foreign investment	18
14. Intellectual property	19
15. Bankruptcy	20
16. Operative trade law	21
17. Tariffs	22
18. Customs valuation	24
19. Temporary tariff quotas	25
20. Temporary surcharges for 1992	25
21. Customs fee of 0.5 per cent	27
22. Import licensing régime	28
23. Export licensing	29
24. Export stimulation	29
25. Trade barriers to exports	31
26. Clearing, barter and counterpurchase agreements/transactions	31
27. Bilateral trade agreements	32
28. Agreements with E.C. and EFTA countries	33
29. Black Sea Co-operation and with former CMEA countries	35
30. Elimination of non tariff measures	36
31. Trade related services	37
32. Balance of industry inputs with exports	37
33. State-owned enterprise operation	38
34. Standards	40
35. Quality certificates	42
36. Government procurement	42
37. Agricultural policy	43

1. PRIVATIZATION

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Request on further elaboration on the privatization programme with specific reference to "the régies autonomes" which will remain State-owned but which will need to improve financial performance.

Australia

Question 2:

Question on privatization of large scale State-owned companies:

Note I.2 of the Secretariat report, page 15, summarizes Romania's privatization plans, in particular the privatization programme for small and medium size enterprises.

Can Romania provide more details on how the remaining State companies are to be restructured?

Poland

Question 3:

Do former Foreign Trade State Enterprises still exist? What are the plans for their privatization?

Switzerland

Question 4:

We appreciate the fact that State monopoly on foreign trade was dismantled, but only 30 per cent of foreign trade is carried out by the private sector. Privatization on foreign trade must become quasitotal.

What are the intentions on foreign trade privatization?

Republic of Korea

Question 5:

The Secretariat report mentions that 70 per cent of trade is still in State hands.

Pursuant to Romania's privatization plans, how long will it be before this figure changes, and what progress can be expected in the next couple of years?

Answers to:

Questions 1, 2, 4 and 5:

The Romanian Government has embarked upon an ambitious privatization programme, covering agriculture, industry and services. The programme refers, for the time being, only to the State-owned commercial companies, and not to "régies autonomes".

A clear distinction is made in Romanian legislation (Law No. 15/1990, Law No. 31/1990 and Law No. 58/1991 - Art. 2) between these two terms (definitions). The "régies autonomes" are established in strategic fields (postal services, railways, energy sector, mining and natural gas industries, armament and ammunition industries), and the State will remain the sole shareholder with the possibility of leasing or renting the assets to Romanian or foreign natural or legal persons.

State-owned commercial companies are organized as shareholding companies (according to Law No. 31/1990 - page 2 of Romania's report) and are to be fully privatized under the Privatization Programme (Chap. I, para. 2 - page 3 and 4 of Romania's report and Note I.2 - page 15 of the Secretariat report).

Out of the total number of about 7,600 State-owned commercial companies existing by the end of 1991, 6,244 such companies are already included in the Mass Privatization Programme, under which 30 per cent of the State-owned capital in commercial companies is distributed free of charge, through Certificates of Ownership, to all Romanian citizens over the age of 18 on 31 December 1990. The distribution of these Certificates was finalized on 31 December 1992. An early (pilot) privatization programme has begun, including 34 companies.

The remaining 70 per cent of State-owned capital commercial companies is to be sold to any natural or legal Romanian or foreign persons.

The 320 "régies autonomes" (390, if their subsidiaries are added), registered by the end of 1991, are also in a process of transformation. Some of them, which are involved in commercial activities supporting strategic areas (mentioned above) and were originally established as "régies autonomes", are now being transformed into State-owned commercial companies to be privatized.

As mentioned, out of the total number of about 7,600 State-owned commercial companies registered by the end of 1991, 34 were selected for Pilot (early) Privatization and 6,244 were included in the Mass Privatization Programme.

The remaining 1,294 companies have been transferred from State to local administration; this last figure is being reconsidered because this process is continuous and the number can change.

In detail:

- Pilot Privatization Programme (according to Law No. 58/1991 - Art. 24 and 42): the total number of selected commercial companies to be privatized was 34 (representing no more than 0.5 per cent of the total number of commercial companies);

- Total number of companies with

State-owned capital..... 6,244

out of which:

- Small size..... 2,662

- Medium size..... 2,484

- Large size..... 775

TOTAL : 5,921

Banking and Insurance : 10

- The remaining 313 commercial companies in the total are located in Bucharest and comprise either State participation in small joint ventures, now privatized (40 cases), newly reorganized State-owned companies formed since 1990 out of older ones, or companies split into a larger number of companies now under local administration, their capital representing about 1 per cent of the commercial companies' total capital.

Privatization also covers housing, where two categories of actions are undertaken:

- the first refers to sales from the State housing fund to tenants of their respective apartments; a law has been adopted and the process is underway;
- the second refers to settling the situation of houses or flats which have been nationalized in the past; a draft law in this respect is under consideration.

Question 3:

The former foreign trade State enterprises have been transformed into commercial companies. Some of them have been already privatized, others are jointly owned by the State and private sector. As stated in the Introductory Statement by Romania, those companies are to be privatized rapidly.

2. EXISTENCE OF AN INDEPENDENT BODY TO EVALUATE, REVIEW AND/OR ASSESS ECONOMIC TRADE POLICIES

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Does Romania have any plans to institute an independent body that would evaluate economic and trade policies, make recommendations to the Government, and also serve as a forum for appeals by its trading partners in case of complaints or disputes?

Australia

Question 2:

There does not appear to be at this time an independent statutory body with a mandate to publicly and regularly review and assess economic policies nor any independent advisory bodies (Secretariat report - page 14).

Does Romania have any intention in the future or within its current reforms plan to establish such a body?

Answers to Questions 1 and 2:

So far, Romania does not have an independent body for the review of trade policies.

As stated in Romania's report, different Governmental bodies co-operate in the elaboration and implementation of trade policy.

We took note that an independent body in this field exists in certain contracting parties. We will study their experience and look forward to the possible creation of such a body in Romania.

3. ECONOMIC AND TRADE POLICY REFORM

Questions:

European Communities

Question 1:

Both reports present a picture of all measures implemented in Romania starting with 1990.

We would like to know if the reform process will continue and which are Romania's expectations?

United States

Question 2:

We recognize the hardships the people of Romania have had to endure in this difficult transition period, but recent experiences in other countries clearly show that it would be far more painful for the Romanian people if attempts are made to postpone the inevitable costs of transition through backing away from badly-needed reforms. The United States would like to strongly encourage the Government of Romania to stay on the course it has already begun, and to not heed those voices who call for implementing reform through "administrative measures".

Switzerland

Question 3:

What will be the pace of total price liberalization and resource allocation? When will the free establishment of prices and resource allocation be achieved?

Argentina

Question 4:

We appreciate better transparency in economic and trade policy measures and practices, specifically when referring to the organization of enterprises and foreign investments. This process is not sufficiently flexible and transparent.

What are Romania's intentions in order to respect the principle of transparency?

Mexico

Question 5:

What are Romania's Government future intentions in the reform process?

Answers to:

Questions 1, 2, 4 and 5:

The Government is firmly committed to pursuing reform. In this respect, measures to be adopted shall be based on market economy rules. Administrative tools are to be avoided as much as possible.

Question 3:

The total elimination of subsidies for consumption, on 1 May 1993, will mark practically total price liberalization. For goods offered by less than three producers, for which prices are still under control, price liberalization is to be achieved through the privatization process. Total liberalization of resource allocation will be accomplished progressively, correlated with the achievement of total convertibility.

4. LEVEL OF DECISION-MAKING

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

In the area of safeguards, can the Romanian delegation explain why decisions involving import quotas is a decision of the Ministry of Trade and Tourism and those involving an import surcharge is a joint decision by that ministry and the Ministry of Economy and Finance? Is this situation due simply to organizational reasons, or are there trade policy considerations that could explain such a situation?

Answer to Question 1:

For the time being this difference in level is due only to organizational reasons. When a trade law will be elaborated these differences will be eliminated.

5. FOREIGN EXCHANGE REGIME

Questions:

Hungary

Question 1:

Operators which do not export, but import, have faced difficulties in obtaining the necessary foreign currency for their operations.

Answer to Question 1:

According to new regulations in force, the foreign exchange régime is based on a crawling peg, managed float of the exchange rate and the right of all economic operators to retain 100 per cent of their export proceeds.

All Romanian importers may place a purchase order at the daily auction sessions through a licensed commercial bank, as per new regulations. Offers of foreign exchange by one bank which are to be executed when the reference exchange rate is established will first cover bids for foreign exchange by the same bank. The unexecuted balance will be spread to execute bids by other banks. When the offer does not cover bids entirely, execution will be settled proportionally.

6. INTEREST RATE - INFLATION

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Question concerning interest rate policies: Because it has a direct effect on the determination of the exchange rate, what measures are envisaged to achieve what the Romanian Government states as "securing a real positive domestic interest rate"?

Mexico

Question 2:

What short term measures have been taken to control inflation?

Answers to Questions 1 and 2:

Specific measures have been taken by the National Bank of Romania directed towards using indirect methods of monetary control in the Romanian economy.

Since 1 October 1991, when credit ceilings were abolished for commercial banks, several measures have been taken aiming at putting into place new market-related policy instruments which include:

- a new régime on refinancing procedures for the credits granted by the National Bank of Romania, under which the following types of credits are provided: credit lines, auction credits and fixed term credits;
- minimum reserve requirements of commercial banks with the National Bank of Romania (10 per cent of deposits) effective from 1 March 1992;
- a tight interest rate policy with penalties on debit balances of branches, sub-branches and banking companies' agencies with National Bank of Romania branches, beginning 16 March 1992, aiming both at containing inflationary pressures and achieving real positive interest rates, so as to stimulate savings, rational allocation of resources and reduced pressure on the exchange rate.

Other influences on the rate of inflation, such as price liberalization and subsidy elimination, are treated under the relevant headlines.

7. RATE OF EXCHANGE

Questions:

Poland

Question 1:

What is the connection between the daily exchange rate and rates charged by exchange offices?

Answer to Question 1:

Romania's foreign exchange market has currently two components:

- the interbank foreign exchange market for any Romanian legal person, which represents more than 95 per cent of the transactions;

and

- foreign exchange offices that are open to individuals.

The integration of the two markets has been one of the objectives taken into consideration in issuing the new foreign exchange regulation, with a view to putting into operation an appropriate system for the determination of the exchange rate as soon as possible.

In this respect, the foreign exchange offices' market has been gradually integrated with the interbank market (having the same spread of 2 per cent around the reference rate established in auction sessions).

8. FULL CONVERTIBILITY

Questions:

United States

Question 1:

Although the Romanian Government introduced new foreign exchange regulations in 1990, and has liberalized the process under which firms can hold foreign exchange, we note that Romania has not yet established a system which would allow for the full convertibility of its currency based on supply and demand factors. This is a requisite underpinning for the full integration of the Romanian economy into the world market. When does Romania expect that full convertibility will be achieved?

Answer to Question 1:

Total convertibility is an important objective in the reform process. Both monetary and foreign exchange instruments shall be used for its accomplishment. Due to the fact that monetary and foreign exchange availability depend upon both economic growth which, according to government estimates, is to resume in 1994, and external factors, it is difficult to estimate when full convertibility will be achieved.

9. SUBSIDIES

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

It would nevertheless be helpful if the Romanian Government can tell us more about its plan regarding subsidies to cover negative price differentials on exports. The Secretariat report (in para. 84) has quoted a figure of 2 billion lei in 1992 for this type of subsidy.

Question 2:

Could Romania answer the question whether or not foreign investments are covered by the subsidies to cover negative price differentials on exports, perhaps as part of its overall incentive programme?

Question 3:

It is known that the mining industry is a vital component of the Romanian economy. Nevertheless, it would be good to know from the Romanian Government about its plans for the phasing down of subsidies to this industry.

United States

Question 4:

Could you explain the new subsidy policy referred to on page 16 of Romania's report?

Does the Government of Romania foresee an end to the granting of State subsidies? If so, when?

Switzerland

Question 5:

Could you confirm that subsidies on consumer goods will be eliminated during 1993?

Question 6:

We appreciate Romania's participation in the majority of Codes concluded at the end of the Tokyo Round. Subsidies and government procurement are important vectors in the economy. What is Romania's position regarding accession to the Agreement on Subsidies and Countervailing Measures?

Hungary

Question 7:

What are Romania's future intentions regarding subsidies?

Answers to:

Question 1:

Lei 2 billion were granted to offset clearing accounts with former CMEA countries.

Question 2:

The system of subsidizing products is based on the non-discrimination principle.

Negative price differentials on exports are no longer covered by the budget, starting from 1992.

Question 3:

The mining industry will continue to be subsidized. A programme for future reduction and elimination of subsidies is to be considered within the next period.

Questions 4 and 7:

At present, a global examination of the subsidy system is underway.

Question 5:

Subsidies on consumer goods will be totally eliminated in May 1993.

Question 6:

The subsidy system and accession to the relevant Code is presently under consideration.

10. EXCISE TAX

Questions:

Australia

Question 1:

Can Romania explain why excise taxes at reduced rates are applied to certain domestic brands of cigarettes? Are there plans to apply a single excise rate?

United States

Question 2:

Section III.2 (b) of Romania's report states that "Imported goods and domestic goods are subject to the same level of turnover or excise taxes. Exception is made only for a limited number of domestic low quality brands of cigarettes".

How is this statement consistent with Art. III para.2 of the GATT, which states: "the products of the territory of any contracting party imported

into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products"?

Answers to Questions 1 and 2:

The elaboration of the present rates of excise taxes takes into consideration the different level of quality between domestic and imported cigarettes. The Romanian Parliament is debating a draft law concerning the new system of excise taxes to be applied. Non-discriminatory treatment will be considered when establishing the new level of excise tax.

11. VALUE ADDED TAX (VAT)

Questions:

Poland

Question 1:

What effects will the implementation of VAT have?

Question 2:

Will it replace the present excise taxes?

United States

Question 3:

What are Romania's current plans with regard to the imposition of VAT in 1993? Has an approximate date of implementation been set? If so, what is it?

Question 4:

Will the introduction of VAT end discriminatory taxation currently in force under the turnover tax?

Hungary

Question 5:

What are the latest developments regarding replacement of the turnover tax by VAT as from early next year?

Answers to:

Questions 1 and 4:

In general, the positive effects of VAT implementation are well known and consequently there is no need to elaborate on this matter. Mention should be made that, in establishing the VAT level, the authorities took into consideration that the influence on prices should be reasonable.

The introduction of VAT will eliminate the differentiated rates of turnover tax.

Question 2:

The VAT will replace the turnover tax. Present excise taxes will be modified, but will remain in place.

Questions 3 and 5:

The Government has presented a draft law for implementation of VAT to Parliament. Pending the adoption of this law by Parliament, the Government expects its enforcement in 1993.

12. DIFFERENTIATED LEVELS FOR TRANSPORT AND HOTEL FEES BETWEEN ROMANIANS AND FOREIGNERS

Questions:

Finland

Question 1:

Foreigners living in Romania and tourists have to pay higher prices in hotels, trains and airplanes.

When will the two price system in the hotel and transport sectors be abolished?

Answer to Question 1:

The rules on pricing in Romania were established through Government Decisions Nos. 1109/1990, 464/1991 and 776/1991.

Based on these rules Ministry of Trade and Tourism and the Ministry of Finance issued a Joint Order No. 71/1991, which includes the Methodological Norms on establishing prices in hotels, whether State-owned or private. This joint order provides that prices in hotels are identical for Romanians

and foreigners, hotels being free to establish the level. However, due to the low salaries in Romania, hotels grant certain discounts for Romanian citizens.

The above mentioned comments are under examination, in order to narrow the differences between the two price levels.

13. FOREIGN INVESTMENT

Questions:

Canada

Question 1:

We note that for certain investment projects, duty-free access can be granted for related imports. Can the Romanian authorities confirm that the provision of such duty-free treatment would be available for imports from any source, and not just from the home country of the investors (see para. 157 of the Secretariat report)?

Argentina

Question 2:

For establishing a company in Romania, do documents have to be issued only in Romanian language?

United States

Question 3:

The Romanian Government has introduced a series of reforms designed to attract foreign investment, including 100 per cent foreign ownership, 2-5 year tax holidays, and 100 per cent conversion and repatriation of after-tax profits. U.S. firms have responded to these incentives, to the point that in September of this year U.S. investments in Romania represented roughly 16 per cent of total foreign investment, and the level of investment continues to grow. We believe that plans for new legislation that will allow foreign investors to own land will directly accelerate the process.

Answers to:

Question 1:

Duty-free access for in-kind capital contributions of foreign investors is granted for all such goods, irrespective of the country of origin and

without any preferential treatment for goods originating from the foreign investor's country.

We underline that imports made by companies with foreign capital, needed for production during the first 2 years of activity, also have duty free access.

Question 2:

The documents establishing a company in Romania are to be presented to the Notary in order to be authenticated. Shareholders may establish their documents in any other language, but official translation into Romanian is requested for authentication.

Question 3:

Regulations in force grant the right to all Romanian legal persons to own land and real estate. An express provision for the right of commercial companies with foreign capital to own land and real estate does not exist; different interpretations of these regulations have appeared in practice. In order to avoid any misunderstanding, an amendment to Law No. 35/1991, clearly stipulating the right of companies with foreign capital to own land property, if necessary for their own activities, together with other improvements to this Law, has already been submitted to Parliament.

14. INTELLECTUAL PROPERTY

Questions:

Finland

Question 1:

Is the Romanian Government going to establish copyright and other intellectual property right legislation in the near future?

Answer to Question 1:

In Romania, the Governmental body responsible for industrial property policy is the State Office for Inventions and Trade Marks and for copyright policy the Ministry of Culture.

The legal framework for intellectual property is to be completely changed meaning that:

- New legislation on inventions is already in force, comprising:

Law No. 64/1991 on Patents of Inventions; this law is harmonized with the provisions of basic conventions and

agreements such as the Paris Convention and the European Patent Convention;

- A law on taxes for foreign inventions already approved by the Parliament;
- Government Decision No. 152/1991 on regulation of implementing of Law No. 64/1991 (procedures);
- A new Law No. 11/1991 on unfair competition;
- Law No. 68/1991 on the accession to the Hague Agreement on industrial design and a new Law on industrial design approved beginning December 1992 by Parliament;
- New laws concerning the protection of trade and service marks and geographical indications, replacing the present Law No. 28/1967, the protection of the layout of integrated circuits and a Law on industrial property attorneys have been drafted and submitted to the Government in order to be presented to Parliament.

As regards copyright protection, a draft law issued by the Ministry of Culture has also been submitted to the Government in order to be presented to Parliament. It includes software and data-base protection, treated as literary works, according to the Berne Convention, the whole draft law being entirely harmonized with that Convention.

Romania has recently demonopolized the representation of foreign applicants through legal authorization of private industrial property attorneys.

In conclusion, implementation of the full new set of laws will allow Romania to have a level of intellectual property rights regulation comparable with that of developed countries.

15. BANKRUPTCY

Questions:

United States

Question 1:

We also urge Romania to enact a modern bankruptcy law which will allow firms, whether State-owned or private, to be fully responsible for their own profits and losses, and thus to bear the consequences of their operations.

Finland

Question 2:

When is it expected that Parliament will accept new bankruptcy legislation?

Answers to Questions 1 and 2:

A draft law on bankruptcy has already been submitted to Parliament.

15. OPERATIVE TRADE LAW

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

In the area of trade policy setting, I have noted that Romania does not have an operative trade law, and proceeds on the basis of Government Decisions. Are there plans to legislate a trade law in Romania, which would also incorporate recent decisions or rules relating to competition?

Mexico

Question 2:

Does the Government of Romania intend to elaborate a trade law?

Answers to Question 1 and 2

Having in mind the complexity of the legal process in the enforcement of economic reforms, the updating of the Commercial Code of Romania in force since 1923 and the elaboration of a new law with commercial character which has to include all recent regulations on trade policy will be subject to Government attention in the next period. The Ministry of Trade already has a project to draft such a law, which will include all Government Decisions, Ministerial Orders and other Regulations which have been adopted in the field of trade policy, including those relating to competition.

17. TARIFFS

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

I would seek clarification from the Romanian delegation about its intention when, in the course of import liberalization, it referred to "reasonable" protection being extended to domestic production. This is mentioned in page 15 of Romania's report and in para. 45 of the Secretariat report.

Japan

Question 2:

There are some items for which tariff rates have often been modified which may cause negative effects on trade.

Question 3:

It is important that the level of concessions in the GATT be increased. What is the position of Romania in this respect in the Uruguay Round or in the process of renegotiation of its terms of accession to GATT?

United States

Question 4:

What differences in date or calculation method account for the discrepancy between the figures cited by the Secretariat and Romania?

Question 5:

Are tariff exemptions still due to expire on 1 January 1993?

Question 6:

What would the trade-weighted average applied tariff rate be after the tariff exemptions expire?

Question 7:

One of the most important elements of reform is the new reliance on tariff as the major tool to control foreign trade. This is clearly a significant step forward towards a more liberal, free-market economy. In the context of Romania's renegotiation of its GATT Protocol and Schedule LXIX we hope to see Romania's offer to substantially bind all of its tariffs at a

ceiling rate as well as offer sub-ceiling bindings on selected tariff items at commercially significant rates.

Argentina

Question 8:

The measures implemented in Romania are correct - elimination of the State monopoly on foreign trade, the use of tariffs as the main instrument of trade policy, the absence of export subsidies. We still consider that a significant dispersion exists in the level of customs duties. What are Romania's intentions in this field?

Hungary

Question 9:

We understand from the reports that the Romanian authorities have applied extensive tariff exemptions and reductions. It would be interesting to have a forecast from the Romanian delegation with respect to the future application of such measures.

Answers to:

Question 1:

At the elaboration of the new customs tariff, it was considered that the duty level included in this tariff may provide reasonable protection to domestic production.

Question 2:

Due to the difficulties registered in the reform process, some changes in tariff rates have been applied temporarily. In general, these refer to reductions or exemptions and are applied on a non-discriminatory basis.

Questions 3 and 7:

In the Uruguay Round Romania intends to present an offer to bind an important share of its tariff at a level corresponding to the needs of the national economy, due consideration being given to the autonomous trade liberalization measures already taken by Romania.

The same aspects will be taken into consideration in the renegotiation of Romania's terms of accession to GATT.

Question 4:

The figures are not different. One figure refers to the simple average applied tariff (12.3 per cent), while the other refers to the weighted average of statutory tariffs (11.7 per cent).

Questions 5 and 9:

The reductions and exemptions of duties applied in 1992 have been extended until March 15, 1993. In the future, some temporary reductions and exemptions may be applied according to the needs of the national economy.

Question 6:

The trade-weighted average applied tariff rate after the tariff exemptions expire, weighted by the import volume for 10 months in 1992, is estimated to be 13.76 per cent.

Question 8:

Romania considers that the dispersion of customs duties corresponds to the present needs of the national economy during the transition period. Reduction of dispersion will be considered in the future.

18. CUSTOMS VALUATION

Questions:

United States

Question 1:

Does Romania intend "external price" to be identical to the price actually paid or payable for imported goods as defined by Art. 8 of the Agreement of Implementation of Art. VII of the GATT to which Romania is a signatory?

Question 2:

Should the invoice not include the costs added to the external price, the customs value shall consist of the price plus 10 per cent. What is the basis used by Romania for assuming that "cost added to the external price" e.g. "external transport charges, loading, unloading, handling costs, insurance" etc. are equal to 10 per cent of the external price?

Answers to:

Question 1:

In the regulation regarding customs valuation the term "external price" refers to the price actually paid or payable. The cost - insurance - freight price (CIF - INCOTERMS 90) of imported goods is the basis for customs valuation determined on the basis of invoices and other documents which might indicate transport, handling, insurance or any other relevant charges.

Question 2:

The assumption that external transport charges, loading, unloading, handling costs, insurance etc. represent 10 per cent of the external price is based on statistical estimates of such costs.

19. TEMPORARY TARIFF QUOTAS

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Temporary tariff quotas (with zero- rate in-quota) are imposed on some 45 6-digit HS lines. Can Romania confirm that these measures will be phased out by the end of 1992?

Answer to Question 1

Tariff quotas were established for 1992. Romania has no intention to maintain tariff quotas after January 1993.

20. TEMPORARY SURCHARGES FOR 1992

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Can the Romanian delegation provide some light on its plans concerning recent measures imposing a 30 per cent temporary surcharge on some 23 6-digit HS lines?

Question 2:

Can Romania confirm that these measures will be phased out by the end of 1992?

Question 3:

Were these measures implemented for safeguards or balance-of-payments reasons?

Australia

Question 4:

With reference to the 30 per cent temporary surcharges (Secretariat report, para 33, p.xv) imposed on certain alcoholic beverages, perfumes, electronic appliances and motor vehicles as from 1 May 1992, does it remain the Government's intention to eliminate these surcharges by the end of 1992 (para 163)?

United States

Question 5:

Section IV.3 (e) of Romania's report states that Romania intends to eliminate the 30 per cent ad valorem surcharges on selected imports by the end of 1992. Does Romania still intend to eliminate these surcharges by 1 January 1993? If not, when does Romania anticipate eliminating them? What condition must be met prior to their elimination?

Hungary

Question 6:

What are Romania's intentions regarding the implementation of surcharges in the future?

Switzerland

Question 7:

Will the 30 per cent surcharges be eliminated by the end of 1992?

Republic of Korea

Question 8:

It is mentioned in paragraph 163 of the Secretariat's Report that Romania has imposed a 30 per cent import surcharge on certain automobiles and

electric appliances. Will these surcharges expire as planned by the end of 1992?

Answers to:

Questions 1,2,4,5,7 and 8:

The 30 per cent surcharges will be eliminated in the next period.

Questions 3 and 6:

In future, such measures - if necessary - will be introduced for safeguard reasons or for balance-of-payments reasons as provided in the GATT.

21. CUSTOMS FEE OF 0.5 PER CENT

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Romania currently imposes a 0.5 per cent across-the-board customs fee for the modernization of customs operations. Will this fee be a permanent feature of tariff policy? And would this fee be incorporated in the Schedule of Concessions being negotiated by Romania?

Canada

Question 2:

We note that Romania charges a customs fee of 0.5 per cent of the value of goods, both for imports and exports (see pages 42 and 52 of Romania's report). Can the Romanian authorities indicate whether this fee covers only the services rendered as required under art.8?

Answers to Questions 1 and 2:

The customs fee of 0.5 per cent will be reduced progressively and eliminated in the next period (3 - 5 years). This fee covers only customs services rendered at importation and exportation; it does not have any fiscal character.

Romania has the intention to consolidate other taxes and fees at the border according to Art. II, 1 (b) at a ceiling level.

22. IMPORT LICENSING REGIME

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

With reference to import licensing, both the Secretariat report (para. 171) and Romania's report refer to the inclusion of "any other goods subject to control" under import licensing. Can Romania provide some elaboration about such coverage?

European Communities

Question 2:

The import licensing régime is not fully liberalized. We have information from our operators that some discretionary practices exist in issuing the licences. It is necessary to continue to improve this system in order to come into conformity with the relevant rules. Please provide extra information on the issuing of licences.

Answers to:

Question 1:

The legislation in force stipulates that goods subject to control refer to:

- goods defined according to Art. XX of GATT;
- goods which are under international commitments on nonproliferation.

New regulations have been implemented in Romania for dual use products and technologies (COCOM rules) and for some wastes and residues for environmental protection reasons.

Question 2:

The import licensing system enforced by Government Decision No. 215/1992 and Order 62/1992 of the Ministry of Trade and Tourism explicitly provides that any licence is to be issued within 10 days from its application. The Ministry of Trade observes the implementation of these rules carefully in order to avoid any discretionary practices.

23. EXPORT LICENSING

Questions:

Poland

Question 1:

Under what conditions can export licences be issued for temporarily banned goods?

European Communities

Question 2:

The export licensing régime is not fully liberalized. We have information from our operators that some discretionary practices exist in issuing licences. It is necessary to continue to improve this system in order to reach conformity with the relevant rules. Please provide extra information on the issuing of licences.

Answers to:

Question 1:

Export licences for goods subject to a temporary ban in 1992 may be issued only in cases of processing or loan transactions.

Question 2:

The export licensing system, enforced through Government Decision No. 215/1992 and Order 62/1992 of the Ministry of Trade and Tourism, explicitly provides that any licence is to be issued within 10 days from its application. The Ministry of Trade observes the implementation of these rules carefully in order to avoid any discretionary practices.

24. EXPORT STIMULATION

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

Romania has begun to promote exports, but may have to elaborate further on what it means by export "stimulation".

United States

Question 2:

On page 56, Romania's report states direct export subsidies are not granted from the State budget. Are there any indirect subsidies or support provided to industries which export?

Question 3:

Are local governments able to provide export assistance?

Answers to :

Question 1:

Export stimulation is provided by:

- a consolidation fund for interest rates and bonuses for credits granted by EXIMBANK for export activity;
- a draw-back system;
- the reimbursement of turnover tax (zero-rated VAT when implemented);
- coverage of part of expenses for participation in international fairs and exhibitions from the State budget.

Question 2:

Apart from the stimulation means mentioned above, there are no other supports for export.

Question 3:

Local authorities in Romania cannot provide export assistance for the time being.

25. TRADE BARRIERS TO EXPORTS

Questions:

Turkey

Question 1:

Did Romania face trade barriers in promoting its exports to its major trading partners in the last 3 years?

Question 2:

What is the nature of those barriers?

Question 3:

Through what channels does Romania envisage to overcome those trade barriers: regional co-operation or multilateral channels?

Answers to:

Questions 1 and 2:

Romania faced difficulties in antidumping procedures opened by some contracting parties, especially concerning the fact that Romanian products were not investigated based on own costs but compared to those from third countries.

Romania expects that, as soon as its efforts in the process of transition to a market economy will be recognized, these investigations will be carried out on the basis of own costs.

Question 3:

Both multilateral and regional channels are envisaged by Romania.

26. CLEARING, BARTER AND COUNTERPURCHASE AGREEMENTS/TRANSACTIONS

Questions:

Canada

Question 1:

We note that mandatory counterpurchase arrangements have been abolished but that specific requirements, including a special licence, must be met for the current counterpurchase arrangements (see page 46 of Romania's report).

It is further stated that the decision to perform counterpurchase arrangements are taken by economic enterprises. Can the Romanian authorities indicate whether the level of trade via counterpurchases, either by "private enterprise" or State-owned firms has changed significantly in the last 3 years?

Question 2:

Further, does the 6 to 10 per cent of trade identified in para. 184 of the Secretariat report represent all countertrade or only that handled by private enterprises?

Answers to:

Question 1:

During 1992, barter, clearing and countertrade accounted for approximately 18 per cent of Romania's total foreign trade. The level registered during 1989 and 1990 was more than 50 per cent.

Question 2:

The figures refer to all clearing, barter and countertrade transactions made both by State-owned and private companies. The revised estimated figure for the end of 1992 is approximately 18 per cent.

27. BILATERAL TRADE AGREEMENTS

Questions:

Canada

Question 1:

Could the Romanian authorities indicate the continuing rôle or importance of the "indicative lists of goods and services" in its bilateral trade agreements (see para. 75 of the Secretariat report)?

Answer to Question 1

Indicative lists annexed to bilateral agreements are not compulsory for the parties to such arrangements. These lists are annexed to the agreements concluded before 1990 and which are still in force.

The majority of the agreements concluded after 1990 do not include indicative lists.

28. AGREEMENTS WITH E.C. AND WITH THE EFTA COUNTRIES

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

When the Agreements with E.C. and the EFTA countries will be in force, this will mean better access conditions for Romanian products. I would like to seek the views of the Romanian delegation with regard to the possibility of such arrangements having a distorting effect on trade flows, resource allocation and cost effectiveness in Romanian industry. Does Romania share this view?

Mrs. Anne Marie Plate - discussant

Question 2:

The shift away from trade with East European countries toward trade with developed countries, and in particular member states of the European Communities, will due to the association agreement be reinforced. The question arises if this will result in a diversion of access from third countries, in view of the relatively high statutory MFN tariff margins in force in Romania.

United States

Question 3:

Following the implementation of Romania's free trade agreements with EC and EFTA countries, the vast majority of imports will enter Romania under preferential rates of duty. The United States encourages Romania to bind its tariffs at levels that will not produce significant trade distortion to the detriment of Romania's non preferential trading partners, and we expect to see no differential treatment that would lock non-EC products out of the Romanian market.

India

Question 4:

We would be interested in hearing the explanation of the Romanian delegation on the observation contained in the Secretariat report concerning the Association Agreement concluded by Romania with the EC. We tend to agree with previous speakers that the Association Agreement concluded with the EC might result in trade diversion for third country suppliers. This is an aspect which would call for some clarifications from the Romanian delegation.

Canada

Question 5:

We would like to know Romania's position on possible effects of distortion of its commercial flows as a consequence of agreements concluded with EC and EFTA countries.

Australia

Question 6:

Will Romania's trade policy objectives of a closer economic relationship with the EC through the Association Agreement, result in the diversion of trade from other trading partners?

Argentina

Question 7:

May the Agreement with the EC produce distortions in Romania's commercial flows with third countries?

Answers to Questions 1 - 7:

It is obvious from the developments since 1990, that Romania is firmly committed to the multilateral trading system. The recent agreements with EC and EFTA in no way contradict this commitment. Here are several of the main arguments in this respect:

- the agreements are in line with GATT provisions;
- by their specific provisions on trade liberalization, including the provisions for asymmetry, they are not to cause trade diversion in relation to other contracting parties ;
- the agreements reinforce Romania's commitment to GATT rules and disciplines on competition, taking into account the specific situation, needs and overall policy objectives of transforming Romanian society; this is an implicit contribution to the reinforcement of the multilateral trading system;
- the agreements support and encourage the transition to market economy in Romania; this, in turn, favours economic development, which creates - and does not divert - trade opportunities for all contracting parties ;

according to the asymmetric régime, Romania will benefit more rapidly from larger access to the markets concerned (thus fueling its economic development and capacity to absorb imports), while the phasing out of Romania's border protection measures will take place gradually, during a 10 year period, with a grace period of 2 to 5 years.

In any case, Romania is open to GATT examination of these agreements under Art. XXIV of the General Agreement.

29. BLACK SEA CO-OPERATION AND WITH FORMER CMEA COUNTRIES

Questions:

Finland

Question 1:

As mentioned in para. 38 of the Secretariat report, Romania has been willing to engage in other trade agreements and arrangements and is participating in an initiative to develop economic co-operation in the Black Sea region.

Could the delegation of Romania give more details concerning Black Sea Co-operation? Are there any negotiations going on? What is the future scope of the Co-operation?

Switzerland

Question 2:

Romania has made important steps to conclude regional arrangements and in the multilateral frame of GATT. We understand that Romania intends to enlarge the area of its regional arrangements.

What are Romania's intentions regarding the conclusion of regional arrangements in the Black Sea area?

Question 3:

What are Romania's intentions on the conclusion of arrangements with former CMEA countries?

Answers to:

Questions 1 and 2:

Co-operation in the Black Sea area is open not only to signatories of the Declaration, but also to other interested countries, this process not being

considered as a regional arrangement. The Declaration states that this economic co-operation will be developed in such a way as not to run counter to commitments of each participating country in international and/or regional agreements.

Negotiations under way have as an objective the identification of possible projects of common interest (e.g. in the fields of: transport, telecommunications, informatics, standards and certification, energy), as well as the creation of a better climate to stimulate business relations between the firms from these countries, having in view the geographical proximity.

Question 3:

Trade agreements concluded with former CMEA countries, as from 1992, do not contain provisions for specific forms of co-operation and no such co-operation is intended at present or in the future.

30. ELIMINATION OF NON TARIFF MEASURES

Questions:

Australia

Question 1:

In the process of transition, Romania has implemented an important legal framework. The transition is an important process but difficult. The measures dismantling the central planning and the State monopoly on foreign trade are clear. The tariff has become the main instrument of trade policy. It is not very clear what will be the future of non-tariff measures. Romania has declared that it will respect its commitments in this field. Will Romania bind the elimination of non tariff measures as its contribution in GATT?

Answer to Question 1:

Romania's specific commitments will be presented in its offer in the Uruguay Round and within the framework of the renegotiation of its terms of accession to the GATT.

31. TRADE RELATED SERVICES

Questions:

Japan

Question 1:

In Romania, trade related services, such as banking, customs clearance, unloading of imports and storage sometimes create unexpected barriers to trade.

Answer to Question 1:

In the customs services, modernization of customs offices is now subject to an UNCTAD/UNDP programme of modernization (ASYCUDA System).

In banking, measures are being taken in order to reduce further the movement of documents and improve other banking services, in order to reach international standards.

32. BALANCE OF INDUSTRY INPUTS WITH EXPORTS

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

I also would like to seek clarification on what is intended with the desire to "at least balance industry imports of raw materials, equipment and technology with exports of goods and services". This is mentioned in para. 319 of the Secretariat report.

Canada

Question 2:

In para. 319 of the Secretariat report it is noted that the Ministry of Industry expressed a desire to at least balance industry inputs of raw materials, equipment and technology with exports at the sectoral level or even for individual enterprises "to the extent possible". It would appear that such balancing, especially at the sectoral or enterprise level, could be achieved only through the sort of centralized policy that could conflict with the objective of allowing commercial factors to operate in the context of market-based, micro-economic policies. In addition, such micro-balancing would appear to require the sort of Government intervention in trade policy which could create problems of GATT consistency.

Could the Romanian authorities explain this policy in detail, along with a description of the means which are proposed to achieve it?

Answers to Questions 1 and 2:

The draft Industry Restructuring Strategy was elaborated in March 1992, under the conditions (eliminated in May 1992) that all foreign currency had to be surrendered to the National Bank of Romania against local currency, during a period in which companies have used, to a large extent, counterpurchase transactions, mainly for raw materials, equipments and technology imports.

At present, this Strategy is under re-examination and the desire of the Ministry of Industry refers to a long term strategy in which an equilibrium might be envisaged by competitive sectors.

33. STATE-OWNED ENTERPRISE OPERATION

Questions:

Canada

Question 1:

On page xi of the Secretariat report (as well as on page 19 of Romania's report) it is stated that tariffs are Romania's principal trade policy instrument. However, on page 57 it is stated that 1,663 fully or partly State-owned companies account for 70 per cent of Romania's trade. (Note that on page 45 of Romania's report, a figure of 1,500 State-owned firms is given).

Can the Romanian authorities assure other GATT contracting parties that in practice these State-owned firms are acting freely and autonomously and that their trading relationships are dictated solely by commercial factors?

Republic of Korea

Question 2:

How long will it be before the figure of 70 per cent of trade in State hands will change?

Question 3:

What progress can we expect to see in the next couple of years?

Poland

Question 4:

During the centrally-planned system, foreign trade was conducted by Foreign Trade State Enterprises. Do these enterprises still exist? What is envisaged regarding them - their privatization or liquidation?

Answers to:

Questions 1 and 2:

The import tariff is applied on a non-discriminatory basis irrespective of the origin of the imported goods, as well as of the importer (private companies, State-owned companies or "régies autonomes").

All these companies and/or "régies autonomes" are acting freely and autonomously in their trading activity, their decisions being dictated solely by commercial factors (chap. IV, para. 1 of Romania's report - page 36 and the Secretariat report, chap. IV, para 182 - page 57). The difference in figures included in Romania's report and in the Secretariat report, about 1,500 and 1,663 respectively, of commercial companies with total or majority State-owned capital acting in trade, results from the fact that at the first transaction the Ministry of Trade gives a code-number to any economic operator for statistical reasons. The figure provided in Romania's report was the one existing at the end of September 1992, when the Report was presented to the GATT Secretariat, while in the Secretariat report includes figures at the end of October 1992, figures which were provided by the Romanian authorities at the last minute.

Question 3:

Step-by-step in the privatization programme, the level of trade carried out by State-owned companies will diminish (further information under the headline "PRIVATIZATION").

Question 4:

The former foreign trade State enterprises have been transformed into commercial companies. Some of them have already been privatized, others are joint ventures. As stated in the Introductory Statement by Romania, trading companies are to be privatized.

34. STANDARDS

Questions:

Republic of Korea

Question 1:

What are Romania's intentions regarding harmonization of national standards with international ones?

Austria

Question 2:

Out of 12,000 national standards, only 250 are identical with international ones. When will harmonization of all national standards with international ones be achieved?

Question 3:

Is certification compulsory for all standards or for part of them only? Which standards require compulsory certification?

Argentina

Question 4:

Harmonization of standards and technical norms with international ones have to be achieved rapidly. Please give further details regarding the System of National Standards and the System of Certification.

European Communities

Question 5:

Some EC enterprises have received from Romania Government Decision No. 342/1992 on establishing and functioning of the National System of Quality Certification, submitted by the National Center for Tests of Goods and Expertise "LAREX". In its letter LAREX underlined that it is the only public body with neutral status carrying out activities in the field of control and ensuring quality. What is the present situation? Is LAREX the sole body authorized in this field?

Answers to:

Questions 1 and 2:

The harmonization of Romanian standards with international ones based on similar prescription is part of present standardization activities in Romania.

Technical committees at the national level were established in different fields in order to carry out standardization activity. They have as their main purpose the adoption of international standards in Romania. Under these conditions, the majority of Romanian standards to be issued will be identical or equivalent to international ones. So far, of the around 12,000 Romanian standards in force, 30 per cent are identical or equivalent to international standards (250 are identical).

The standardization programme for 1993 provides for over 900 items to be aligned with international standards.

Questions 3 and 4:

In accordance with Government Decision No. 167/1992, certification of products and services which are based on mandatory standards on life protection, health care, work safety and environmental protection shall be compulsory. Distribution of the respective products and services shall be prohibited in case of non-observance of such conditions.

The principles and methodology of standardization, certification and accreditation (including procedures) are prepared in accordance with principles and regulations of the ISO and IEC.

Question 5:

The National System for Quality Certification is to be coordinated by the Romanian Standards Institute. It includes standardization of all products and services, certification bodies, quality certification bodies, materials certification bodies and all accredited test laboratories.

Quality certification, products and services certification and the granting of marks of conformity is to be carried out by accredited certification bodies upon application by interested economic operators.

Product testing for certification shall be performed in accredited laboratories only. The procedure of certification and accreditation are under preparation. The entire process is underway.

LAREX is a testing laboratory for products under the coordination of the Consumer Protection Office. It is not to be the only authorized laboratory for quality certification. At present, the whole system of quality certification is in the process of implementation.

35. QUALITY CERTIFICATES

Questions:

Poland

Question 1:

The Secretariat report (para. 130) states that customs authorities may request quality certificates for imported goods. Under what circumstances may such certificates be requested?

Answer to Question 1:

Documents regarding the quality of imported goods indicate their main technical and qualitative characteristics, their composition and, as the case may be, their expiry or validity limits.

When, in the customs documentation, mention is made of such documents, customs authorities may request these in order to check their quality conformity, as well as the expiry or validity of time limits.

36. GOVERNMENT PROCUREMENT

Questions:

Canada

Question 1:

There are at present no national statistics covering government procurement in Romania, an obvious prerequisite to accession. We would be interested to hear from the Romanian delegation what steps have been taken to date to introduce a workable system of data collection.

Switzerland

Question 2:

We appreciate Romania's accession to the majority of the Codes concluded in the Tokyo Round. The fields of Government Procurement and Subsidies are important vectors in the economy. What is Romania's intention regarding accession to the Code on Government Procurement?

Answers to:

Question 1:

Due to the fact that Government Decision No. 156 on Government Procurement was adopted only in 1992, a system for collection of statistical data in the field has not yet been established. Such a system is now under consideration and is expected to be implemented during 1993.

Question 2:

Romania's accession to the Agreement on Government Procurement is now under consideration and a decision will be taken based also on statistical data obtained through the implementation of the data collection system.

37. AGRICULTURAL POLICY

Questions:

Mr. J. Antonio Buencamino - discussant

Question 1:

How does the Romanian Government intend to strike a balance in promoting privatization, while at the same time avoiding economically sub-optimal farming units that may arise from the division of farm lands?

Question 2:

The Government's intention is to achieve self-sufficiency in foodstuffs. Will this include the use of trade measures to complement internal efforts to distribute Government support and improve the allocation and utilization of farm inputs?

Question 3:

What direction will the Government take concerning the emphasis on support programmes? Will they be shifted from consumers to producers? What measures will be taken in order to ensure that distortions will not be transferred from one sector to another, and that such a shift will be purely to assist structural adjustment?

United States

Question 4:

Will Romania seek to maintain its temporary export ban on agricultural products (except for a limited number of livestock and horticultural products which are under quota)?

Question 5:

To what extent do former State trading corporations dominate international trade in farm products?

Answers to:

Question 1:

In parallel with the reestablishment of land ownership rights, special attention is attached to encouraging and stimulating the creation of economically viable family associations and private commercial companies.

Until now, 11,700 family agricultural associations (with an average area of 152 ha.) and 4,000 commercial agricultural companies (with an average area of 475 ha.) have been set up.

These two types of private entities hold 38 per cent of the total agricultural land to be distributed to farmers as private property.

If approximately two million hectares of joint State and private capital companies (the former State agricultural units) are added, a percentage of 50 per cent of the total agricultural land is reached.

Questions 2 and 4:

Having in mind the difficult situation in agriculture - which is under a comprehensive process of land reprivatization - as well as the needs of the domestic market, temporary export bans are to be maintained (for live animals, sugar, sunflower oil and certain dairy products).

Question 3:

The main instruments for supporting the development of agriculture are prices and soft loans, mainly for industrial inputs needed for agricultural production (spare parts for machinery, fuel, fertilizers etc.).

The main objective is to liberalize prices completely by eliminating, as of 1 May 1993, the system of subsidizing retail prices for agricultural products.

Question 5:

Former State trading firms, which were transformed into commercial companies - some of them already with mixed capital (State and private) - hold, for the time being, due to the business relations built over the years, a slight majority proportion in agricultural imports, while in exports private firms hold already around 65 per cent (this share is increasing constantly according to preliminary data for 1992).

Nevertheless, newly established fully private trading companies are continuously increasing their share in foreign trade, due to their increasing competitiveness.

Mention should be made that any firm, including producers, may engage freely in foreign trade activity.