

GENERAL AGREEMENT ON

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Communication from Romania

The following communication, dated 17 July 1990, has been received from the Permanent Mission of Romania with the request that it be circulated to contracting parties.

RECENT LEGISLATION AND ECONOMIC MEASURES IN ROMANIA

1. Since the Revolution of December 1989, Romania has been engaged in a broad process of opening up and democratizing all aspects of political, economic and social life. The fundamental orientation for Romania's economic development is now the transition to a market economy: this is an irreversible option behind which all the country's political forces have rallied. The complexity and scale of the objectives facing the country are obvious, especially as the Romanian people have inherited an extremely difficult economic situation from the former régime.

2. The national economy is in the throes of a profound crisis; as a consequence of costly and inefficient investments, there are serious imbalances among the various branches of industry and within the economy as a whole. These are the source not only of major difficulties but also of instability in the economy. Clearly, then, a thorough restructuring on the basis of criteria of profitability and efficiency is necessary in order to be able to achieve a healthy economy.

To correct this situation, the Romanian authorities have adopted a number of measures whose basic purpose, for the time being, is to abolish the administrative and bureaucratic methods of centralized control of the economy and introduce mechanisms based on economic criteria.

These measures are aimed at:

- abolition of rigid and excessively centralized planning which must be replaced by indicative economic programmes concerning economic activity;

- on this basis, independence of enterprises in all spheres;
- promotion of the private sector of the economy by gradual privatization of economic agents and the creation of new undertakings based on free enterprise;
- a new distribution of foreign-currency resources, while giving priority to imports of agri-foodstuffs, raw materials, other materials and energy resources to meet the needs of the population and keep the production system running; in this context, as an exceptional measure, all agri-foodstuff exports have been suspended;
- appropriate changes in economic machinery and in existing legislation in order to shift to a progressively more open economy;
- full independence of economic operators as regards production, financing and marketing of products, including in international economic relations.

3. With regard to foreign trade, the process of opening up the economy was launched by repealing the decrees and laws which hindered or even prevented the smooth operation of the country's trade (for example the regulations prohibiting the use of import credits, limits on export credits, restrictions on business contacts and working conditions of foreign firms in Romania).

Subsequently, fresh regulations were adopted in order to liberalize Romania's foreign trade and allow market forces and international competition to come into play in the domestic economy, while taking into account the country's level of development and macroeconomic needs. To this end, the following regulations were adopted:

- Decree-law no. 54 of 5 February 1990 on the organization and operation of economic activity on the basis of free enterprise, which authorizes natural persons and private firms to carry on production activities in small-scale industry and services, including the right to engage in foreign trade. Since the entry into force of this regulation on 7 March 1990, over 1800 private enterprises have been set up and authorized to conduct foreign trade operations.
- Decree-law no. 96 of 14 March 1990 concerning the liberalization of the foreign investment régime in Romania, which now allows foreign participation, even of up to 100 per cent, in production or marketing companies, and guarantees both the capital invested and the repatriation of profits. At the end of June, over 160 requests for the creation of companies with state and/or private, local and foreign, capital had already been registered, and some 100 had been approved.

With the adoption of Decree-laws Nos. 54 and 96, the State monopoly in foreign trade has virtually ceased to exist.

A new regulation was adopted on the import and export licensing system (Ministry of Foreign Trade Order No. 18 of 27 March 1990) which practically eliminates restrictions in this field.

Measures have also been taken to dismantle the State monopoly in foreign exchange; private natural or legal persons are authorized to possess and freely use foreign exchange (Decree-law no. 54 of 5 February 1990 and Government Order No. 61 of 20 January 1990). At the same time, a single exchange rate has been established (Decree-law No. 44 of 1 February 1990). Furthermore, the authorities are also paying particular attention to creating the necessary conditions for establishing the convertibility of the national currency.

The administrative measures which imposed counter-trade have also been abolished; the partners - private or State companies - may decide freely on the conditions under which contracts are concluded and export and import operations are carried out.

A large amount of statistical data and information has been published on the situation and trends in the various spheres and branches of economic and social activity in the country, including foreign trade. Since January 1990 the National Statistical Commission - a body set up after the Revolution - has been publishing a monthly public information bulletin. Work has also begun on creating and using the infrastructure and means for establishing trade statistics comparable to those of our partners.

4. The Romanian authorities have prepared the draft of a comprehensive programme for the structural adjustment of the country's economy. One section of this programme concerns Romania's new trade policy, which will be based on the economic instruments and rules and practices of an open economy. For example, it is planned to reform the price system as soon as possible and establish a new customs tariff based on the Harmonized System nomenclature.

To meet the criteria of transparency, once they have been adopted all trade policy measures will be brought to the attention of the contracting parties in full accordance with the rules of the General Agreement.

5. Major efforts are required in both the short- and the medium-term to place the Romanian economy and its development strategy and trade policy on new foundations. While the country is determined to deploy these efforts, insofar as it does not yet have all the necessary resource and expertise the co-operation of its trade partners will clearly be an important factor in ensuring success. Consequently, the assistance of the contracting parties and of the GATT secretariat, both immediately and in the longer term, would be most useful to Romania in this process.

The Romanian authorities take this opportunity to express their gratitude to all the governments which have extended moral and material support to the Romanian people.

6. Romania believes that the trade liberalization measures applied so far in the process of opening up its economy - and more specifically the measures concerning non-tariff barriers - may be considered as a substantial contribution by Romania to the overall objective of ensuring further liberalization and expansion of world trade, as set forth in the Punta del Este Ministerial Declaration.

Romania reserves the right to elaborate on this aspect in the appropriate negotiating groups of the Uruguay Round.

7. The strategic objectives and practical measures envisaged in the economic and trading spheres by the new Government of Romania which has resulted from the free elections of 20 May 1990 are set out in the "Declaration/Programme of the Government of Romania" of 28 June 1990. This text may be consulted at or obtained from the GATT secretariat.¹

¹Interested delegations are requested to contact Miss S.I. Aspinall, Office 1023, Tel. 739 51 09.