

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

W.47/19

22 November 1991

Limited Distribution

CONTRACTING PARTIES
Forty-Seventh Session

Original: French

ROMANIA

RENEGOTIATION OF SCHEDULE LXIX

Request for Waiver

The following communication, dated 18 November 1991, has been received from the Permanent Mission of Romania with the request that it be circulated to the contracting parties and considered by the CONTRACTING PARTIES at their forty-seventh session.

1. Under the Programme of Economic Reform for the transition to a market economy approved by Parliament, Romania has adopted fundamental legislation, including measures that concern the new trade policy. In this context, the Government has taken the decision to introduce a new import Customs Tariff as from 1 January 1992.¹

2. The implementation of the new Customs Tariff is an inseparable component of the radical reform of the entire political and economic system. By its scope and scale the economic reform, explicitly aimed at achieving the transition from a planned economy to a market economy, is not simply an adjustment but a thorough transformation of the whole system. It represents the implementation of the firm and irreversible choice of a market economy in a politically, socially and economically democratic society.

Over a very short period, fundamental legislative measures have been adopted for: the elimination of central planning and the generalized State monopoly; the full operational and managerial autonomy of economic agents, as an essential factor in the functioning of the economy on a competitive basis; privatization and the expansion and strengthening of the private sector in industry, agriculture and services; the introduction of a liberal régime for foreign capital investment and its promotion; liberalization of prices and wages; reform of the tax, banking and credit system; introduction of internal convertibility of the national currency; reform of the system of protection of intellectual property; and preparation of a new trade policy.

¹This tariff may be consulted in Office 1072.

The main objectives of the reforms in the above-mentioned areas as well as details of the legislative measures already taken were brought to the attention of the contracting parties at the April and November 1991 meetings of the GATT Council and described in Romania's notifications pursuant to paragraph 3 of the Understanding Regarding Notification, Consultation, Dispute-Settlement and Surveillance, circulated as GATT documents L/6838 of 12 April 1991 and L/6838/Add.1 of 12 November 1991.

3. In the case of trade policy, the objective pursued is to put into effect specific machinery and instruments for the market economy in conformity with the GATT rules and principles, while taking account of the fundamental goal of reform and of development, trade and financial needs. Thus, the State's monopoly in foreign trade and foreign exchange has been eliminated; all economic agents may engage in export and import activities; imports and exports have been liberalized and an appropriate licensing régime has been introduced; the existing Customs Tariff has come into effect; pending the introduction of the new Customs Tariff, large reductions in tariffs have been made and the anachronistic differences between duties on imports intended for retail sale and duties on imports for other purposes have been eliminated. The efforts made to overhaul trade policy, which have been translated into major autonomous liberalization measures concerning tariffs and especially non-tariff barriers - have already created a favourable, transparent and more predictable framework for Romania's trading partners.

4. In order to achieve the objectives of the trade-policy reform, which is subordinated to the comprehensive reform aimed at the transition to a market economy, there is a pressing need to replace the existing Customs Tariff, which is outdated by its structure, tariff levels and nomenclature (CCCN), with a new Tariff that is in line with the imperatives of the new economic system and can act as the main instrument of trade policy. To that end, the Government of Romania adopted, by Decision No. 673 of 25 September 1991 published in MONITORUL OFICIAL AL ROMANIEI (Official Journal of Romania) No. 221 of 2 November 1991, the new Customs Tariff which will enter into force on 1 January 1992.

The new Customs Tariff seeks to achieve adequate protection and stimulate the integration of Romania's economy into international trade on a competitive basis, as favourable factors for its structural adjustment. In this context, it is obvious that by its structure, rates of duty and nomenclature (Harmonized System) the new Tariff is completely different from the existing one. The global level of protection is about 17.8 per cent, calculated as a simple arithmetic mean of the roughly 5,000 tariff lines (compared to 16.3 per cent for the roughly 1,500 tariff lines of the present Tariff).

5. With regard to the levels of the duties for products listed in Schedule LXIX - Romania annexed to the General Agreement (175 CCCN tariff headings), every effort has been made to maintain the value of concessions.

A preliminary evaluation indicates that tariff rates remain unchanged for the products in ninety-nine of the 175 headings of the existing Schedule. Nevertheless, as a result of the need both to establish necessary protection for the new economic system and at the same time transpose concessions into the Harmonized System, a number of changes have been made. Romania has endeavoured to ensure that the modifications that have the effect of increasing the level of tariff rates are kept to a minimum (they concern only thirty-five headings in the present Schedule); at the same time, compensation for these changes has been envisaged through reductions in tariff duties (concerning forty-one tariff headings) and the elimination of the restricted scope of concessions which applied to specific products or only to imports intended for retail sales (the latter being the "ex" cases which are quite numerous in the existing Schedule). Romania considers that the lowering of the bound duties for certain products and the extension of the scope of the bound duties by eliminating these "ex" cases will to a large extent compensate for the modification of certain concessions set forth in Schedule LXIX.

6. In view of the exceptional circumstances which require the urgent implementation of a new Customs Tariff and the time required to prepare the relevant documentation, it will not be possible for Romania to conduct and conclude the negotiations and consultations required under Article XXVIII by the planned date for the implementation of the tariff changes. Consequently, pursuant to Article XXV:5 Romania requests that its obligations under Article II of the General Agreement be temporarily waived until 31 December 1992 in order to enable it to implement the modified rates of duty as from 1 January 1992, the date on which the new Customs Tariff will enter into force. Romania further requests that this matter be considered by the CONTRACTING PARTIES at their forty-seventh session and calls on the other contracting parties to take a positive view of it, so that a waiver decision may be taken prior to the entry into force of the Customs Tariff.

7. Romania is engaged in the preparation of the documentation and data required by the GATT procedures¹, which will be submitted to contracting parties as soon as possible. It also confirms its intention to engage in negotiations and consultations with interested contracting parties pursuant to Article XXVIII of the General Agreement.

To facilitate consideration of this matter, the text of a draft decision is annexed.

¹See "Procedures for Negotiations under Article XXVIII - Guidelines Adopted on 10 November 1980" (BISD 27S/26).

ANNEX

ROMANIA - RENEGOTIATION OF SCHEDULE LXIX

Draft Decision

Considering that the Government of Romania has informed the CONTRACTING PARTIES that under the Programme of Economic Reform for the transition to a market economy approved by Parliament, Romania has adopted fundamental legislation, including measures that concern the new trade policy, and that in this context the Government has taken the decision to introduce a new import Customs Tariff and to implement the Harmonized Commodity Description and Coding System as from 1 January 1992;

Considering that the implementation of the new Customs Tariff is an inseparable component of the radical reform of the entire political and economic system, and that pending the introduction of the new Customs Tariff, large reductions in tariffs have been made and the differences between duties on imports intended for retail sale and duties on imports for other purposes have been eliminated;

Noting that the efforts deployed by the Romanian authorities to reform the trade policy have been translated into major autonomous liberalization measures concerning tariffs and non-tariff measures, thus creating a favourable and more predictable framework for Romania's trading partners;

Taking into account that in order to achieve the objectives of the trade policy reform, which is subordinated to the comprehensive reform aimed at the transition to a market economy, there is a pressing need to replace the existing Customs Tariff with a new Tariff that is in line with the imperatives of the new economic system and can act as the main instrument of trade policy;

Considering that the new Customs Tariff seeks to achieve adequate protection and stimulate the integration of Romania's economy into international trade on a competitive basis, as favourable factors for its structural adjustment, and that the global level of protection of the new Tariff amounts to approximately 17.8 per cent compared with 16.3 per cent for the existing Tariff;

Noting that with regard to the levels of the duties for products listed in Schedule LXIX - Romania, every effort has been made to maintain the value of concessions;

Taking into account the exceptional circumstance on account of which there is a pressing need to introduce the new Customs Tariff, and the time required to prepare the relevant documentation;

Recognizing that it will not be possible for the Romanian authorities concerned to conduct and conclude the negotiations and consultations

required under Article XXVIII by the planned date for the implementation of the tariff modifications;

Taking note that the Government of Romania has requested, pursuant to Article XXV:5, that its obligations under Article 2 of the General Agreement be temporarily waived until 31 December 1992 in order to enable it to implement the modified duties as from 1 January 1992, the date on which the new Customs Tariff will enter into force.

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement,

Decide, in view of the exceptional circumstances, to suspend the application of the provisions of Article II of the General Agreement in order to enable the Government of Romania to implement its new Customs Tariff comprising certain modifications on 1 January 1992, subject to the following conditions:

1. The Government of Romania, after having furnished the required documentation, shall engage forthwith in negotiations and consultations with the contracting parties concerned in accordance with Article XXVIII, paragraphs 1-3;
2. The above negotiations and consultations shall be completed by 31 December 1992;
3. Pending the entry into force of the results of the above negotiations or consultations, the other contracting parties shall be free to suspend the concessions initially negotiated with Romania in so far as they consider that the Government of Romania does not offer sufficient compensation.