

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Negotiating Group on Non-Tariff Measures

RECOGNITION OF LIBERALIZATION MEASURES

Communication from Romania

In accordance with section E of the document on the Framework and Procedures for Negotiations, Romania submits the communication on "Recognition of Liberalization Measures" for distribution to the participants.

Romania has embarked upon a radical process of transforming its economic system, aiming at implementing a full market economy.

As a result of fundamental changes in the political and economic system, substantial autonomous measures and legislative changes having liberalization effect have been adopted by the Romanian authorities with a view to accelerate the transitional process towards an open economy. The most important measure and legislative changes relating to non-tariff area are the following:

- (i) the dismantling of the centralised planning system, including in the field of imports;
- (ii) the elimination of foreign trade and foreign exchange state monopolies;
- (iii) the elimination of the excessively administrative control on import transactions;
- (iv) the abolition of administrative measures imposing counter-trade;
- (v) the implementation of the privatization programme and the creation of a climate of free competition among economic operators;
- (v) full autonomous management of economic operators, including in foreign trade activities;
- (vii) the elimination of restrictive dispositions concerning the publication of statistical data on foreign trade.

The Romanian Government believes that the trade liberalization measures applied so far in the process of opening the Romanian economy - and more specifically the measures concerning non-tariff area, detailed in the attached annex - constitute a significant contribution to the overall objective of ensuring further liberalization and expansion of world trade, as set forth in the Punta del Este Ministerial Declaration. They provide increased and more predictable trade and investment opportunities for trading partners on the basis of non-discrimination. In addition, these measures are in line with requests addressed by our trading partners in the negotiations. The Romanian Government therefore requests the Negotiating Group on Non-Tariff Measures to fully take into account the autonomous trade liberalization measures and expects recognition for them as Romania's contribution to the non-tariff negotiations.

Annex

AUTONOMOUS TRADE LIBERALIZATION MEASURES TAKEN
BY ROMANIA IN THE NON-TARIFF AREA

In the framework of the programme of economic structural adjustment, based on an open market option, Romania has adopted a series of new regulations allowing normal trade flows, with all its trading partners, on a stable and non-discriminatory basis.

1. A set of measures taken already in December 1989, aimed at eliminating the excessively centralized, administrative and bureaucratic methods by which the economy was managed, so as to make possible the implementation of market economy mechanisms.

These measures consisted of:

- (a) abolishing the rigid and extremely centralized planning system, which also affected the import policy of the country. While previously the practice was to adopt by Decree an annual economic plan, currently the economic activity is carried out on the basis of indicative programmes;
- (b) eliminating the restrictions on using foreign credits for investment projects or for current imports, by abolishing Law no.3/1989;
- (c) eliminating the limitations on granting export credits, as well as the provisions which made imports conditional upon the exports of Romanian goods on a counter-trade basis. The Decrees no.163/1989 and no.78/1988, which dealt with this matter, were abolished. As a consequence, the Romanian partners in a transaction are no longer restricted in negotiating the terms and conditions of the export or import contracts;
- (d) eliminating the restrictions affecting business contacts and working conditions for foreign companies in Romania, by abolishing Decree no.3/1989, Decree no.408/1985, Decree no.81/1977, Decree no.255/1974 and Government Decision no.18/1972.

2. New regulations have also been enforced with a view to allowing the Romanian economy, including the foreign trade sector, to function under competitive conditions.

- (a) These regulations are designed to encourage private initiative in the economy and to dismantle the overall state monopoly in all sectors, including in the foreign trade activities.

The first step towards this goal was the adoption of Decree-Law no.54/1990 on the organization and operation of economic activity on the basis of free enterprise (published in the Official Gazette of Romania no.20 of 6 February 1990). Until the end of September 1990, over 45,000 private companies had been set up, in conformity with the provisions of this Decree; they operate in all sectors of production and services. More than 4,000 of them are also operating in the foreign trade area.

Second, by the enactment of Decree-Law no.96/1990 (Official Gazette no.37 of 20 March 1990), measures were adopted for the liberalization of the foreign investment regime in Romania. Over 500 companies with foreign and Romanian capital have already been registered in production, services and/or foreign trade activities.

By the adoption of Law no.15/1990 (Official Gazette no.98 of 8 August 1990), the former state companies are becoming fully autonomous, by being transformed either in "régies autonomes" or in commercial companies.

Under the new regulations, 30 per cent of the social capital of the newly created commercial companies will be transformed in private property of Romanian citizens.

All economic operators are able to directly engage in foreign trade transactions and can enter into association with other Romanian or foreign firms in order to create new commercial companies.

- (b) The above mentioned regulations secure the autonomy of the economic operators in all fields of activity, by providing competitive conditions, as well as full freedom in the decision-making process, including the import/export option and price determination.
- (c) In order to ensure free competition among economic operators, Law no.15/1990 expressly provides their obligation not to adversely affect trade or distort, restrain or eliminate competition or exploit in an abusive manner a dominant position on the market.
- (d) Measures have also been taken in order to dismantle the foreign exchange state monopoly. Natural or legal persons are free to possess and use their own currency amounts that they legally obtain in their activity or buy at foreign currency auctions. Joint or wholly-owned foreign banks in Romania are also entitled to carry out foreign exchange transactions.