

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

MTN.TNC/MIN(90)/ST/25
3 December 1990
Special Distribution

Trade Negotiations Committee
Meeting at Ministerial Level
Brussels, December 1990

Original: English

ROMANIA

Statement by H.E. Mr. Constantin Fota,
Minister for Commerce and Tourism

This month of holy holidays, the Romanian people will celebrate one year from the Miracle of December 1989, when the youth and the students, together with masses of population put an end to the communist dictatorship.

Since August this year the executive power in Romania is carried out by a legally appointed government. Its programme, approved by the Parliament, provides for a rapid transition to a new economic system, clearly based on the principles of market economy.

Within a short period of time a large number of legislative and practical measures have already been implemented. Economic units are currently transformed into fully independent companies, with the possibility to become private for at least 50 per cent of their capital in the next two years. Thousands of private companies have already been set up, particularly in trade, tourism and small-scale production.

At the same time, a wide process of price liberalization is taking place, with appropriate compensation and indexation schemes. This has far-reaching effects on the restructuring of unreasonably developed industries in the past.

With reference to agriculture, these very days Parliament is examining the draft of a profound reform which provides that the land will be given to the peasants in full property; they will then be free to till it with their families or to team up with other farmers in small or large associations.

Other laws which are debated in Parliament concern the creation of a new financial and banking system in order to develop the internal capital market; they also refer to various aspects of labour relationships such as wage-liberalization, trade unions, unemployment, strikes and social security.

Radical changes are also taking place in foreign trade. The State monopoly of foreign trade has been practically abolished each and every industrial, agricultural or trading company having the right to import or to export directly. Imports will be liberalized; as for exports, quotas shall be maintained on a temporary basis only on some consumer goods and raw materials, essential for internal consumption.

The customs tariff will be the main trade policy instrument to provide free option of the companies to buy on the local market or abroad, based on commercial considerations only.

As regards the foreign exchange field, mention should be made of the provisions which permit the exporter to retain 50 per cent of his earnings for free imports, of the organization of currency auctions in the forthcoming weeks, as well as of the new rate of exchange for the domestic currency. New measures along this line will be adopted, in the near future, towards a more realistic rate of exchange and the convertibility of the national currency.

I wish to emphasize that in this complex process we are very closely and fruitfully co-operating with teams of experts from IMF, the World Bank, the GATT and other international economic organizations, as well as from countries with a long standing tradition in market economy.

I want, at the same time, to point out that our rapid transition to the market economy is taking place under complex, I should say even critical, economic conditions. These are determined by internal factors such as the decline in productivity caused mainly by the substantial reduction of the weekly working time, as well as by the material and foreign exchange shortages, but also by external factors; among them, mention should be made of the dramatic impact of the Gulf crises, which has cost us about three billion dollars, the change in the trading conditions with the CMEA countries and a state of expectancy - which we consider unjustified and detrimental to the overall positive development - on the part of certain of our financial and commercial partners.

We hope that the change in this attitude, visible at present, will be amplified in the nearest future, which is a decisive period for Romania's democratic development.

Despite these difficulties, Romania takes an active part on a new basis, in the Uruguay Round. We have submitted our offers of concessions, which I do not intend to elaborate on now. We think that a substantial autonomous contribution to these world-wide efforts towards the creation of a new and better climate for the trade in goods and services is also our radical economic reform, which places Romania in the system of the rules of the game governing the international economic life.

We wish that this Round should end with complete success through the adoption of reasonable solutions of compromise, favourable to all the countries, whether developing or developed so as to create the appropriate environment for the conduct of international trade, in a dramatically changed world in this last decade of our century.

Ladies and gentlemen, I wish to thank you for your kind attention. At the same time, may I wish the Chairman of our meeting all the success in fulfilling his important and delicate mission.

In concluding, it is a privilege for me to pay a special homage, on behalf of the Romanian delegation, to His Majesty King Baudouin of Belgium, who honoured with his presence our inaugural meeting.