

WORLD TRADE ORGANIZATION

RESTRICTED

G/TRIMS/N/1/ROM/1

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(95-0865)

Committee on Trade-Related Investment Measures

Original: English

NOTIFICATION UNDER ARTICLE 5.1 OF THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES

Romania

The following communication, dated 31 March 1995, has been received from the Permanent Mission of Romania.¹

(i) **Description of the Measure and of the Main Features**

1. The measure falls under the category 1(a) of the illustrative list.
2. The TRIM is applied by the Romanian Government under mandatory legislation.
3. The TRIM is applied to newly established companies in industry, having a foreign capital participation, to which foreign investors' share represents at least US\$50 million and was deposited into company's account opened with a bank (Romanian legal person). The company has to completely fulfil its obligations according to the company's contract provisions, within the delays thereby established, the obtained production should have an integration value degree in Romania of minimum 60 per cent and an export of minimum 50 per cent of the annual value of production.
4. The legislation requires that the measure be applied only to new enterprises with foreign capital participation.
5. The measure represents a condition to obtain the following advantages:
 - (a) exemption of custom duties, for a seven-year period, beginning from the date of company's registration, for machines, equipment, installations, imported equipment necessary for the investment, subscribed as participation in kind or paid from own drawn or borrowed sources;
 - (b) exemption of custom duties, for a seven-year period, estimated from the date of company's registration, for raw materials, consumption materials, spare parts and component parts imported for the own company's production, paid from own drawn or borrowed sources;

¹The replies in this notification follow the order of the agreed format for notifications under Article 5.1, contained in document G/TRIMS/1.

- (c) profit tax exemption for a five-year period, from the date of obtaining profit, but not more than for seven years from the start of the productive activity.

In the cases when, in 14 years, estimated from the date of the enterprise's registration, the company diminishes its social capital so that the participation of the foreign investor lowers to an amount under a minimum of US\$50 million or the company is voluntarily dissolved, the company will be obliged to pay all taxes and customs duties normally due for all the functioning period.

6. No.
7. The law was adopted by the Senate and the Chamber of Deputies in their seances of 20 June 1994.
8. The TRIM does not include provisions for its phasing-down and/or elimination.
9. The law no. 71/1994.
10. The Romanian Development Agency - government level.

(ii) **General Information on the Programme in Question**

The notified TRIM is a part of the Government programme of transition to a market economy with a view to encouraging important foreign investments as a supporting instrument for re-shaping and modernizing the economy.