MEETING OF THE WORKING PARTY ON
25-26 JUNE 1969

Note by the Secretariat

Ambassador T. Swaminathan was in the Chair.

2. After brief opening remarks by the Chairman, the Romanian delegate made a
statement giving information on the main economic results obtained by Romania in
1968, the prospects of its economic development during the period 1971-75 and its
opinion of the conditions of accession of Romania to the GATT. Afterwards statements
of a general nature were made. The members of the Working Party reaffirmed their
favourable attitude towards the decision by the Government of Romania to settle the
possibilities of accession to the GATT and expressed their confidence that a mutually
satisfactory arrangement would be found.

3. The remainder of the meeting was taken up by discussion of the already circulated
questions and answers on the Romanian foreign trade régime. (L/3211 and Add.1.)

4. The United States delegation referred to the statement made in the GATT Council
on 11 November 1968, pointing out that, although the United States would participate
in the activities of the Working Party, this would not mean that they would engage in
negotiations in the sense of Article XXXIII. Because of the existing legislation,
moreover, they would be compelled to invoke Article XXXV against Romania, if the
situation will be unchanged at the time when this country accedes to the GATT. The
United States might, however, wish to engage in bilateral negotiations with Romania
after the accession of the latter to the GATT. Several members of the Working Party
regretted that one of the major trading nations would not be able to participate in
the negotiations.

5. As a result of the meeting, the questions and answers already set out in L/3211
have been revised and expanded taking account of explanations and clarifications
given to the Working Party. The questions and answers which follow, therefore,
include all of the original questions together with supplementary ones raised at the
meeting. In this list, questions and answers which refer to questions already
appearing in L/3211 are grouped as far as possible with the original questions and are
denoted by letters A, B etc.

6. In some cases, where an answer was expanded at the meeting without being preceded
by a new question, the original answer is enlarged accordingly. In a small number of
other cases, the original questions have been expanded by including in them new points
raised at the meeting. Such new material is indicated by a line in the margin.

1The full text of the statement has been reproduced in document Spec(69)86.
REPLIES TO THE QUESTIONS ASKED BY THE CONTRACTING PARTIES

I. GENERAL

1. Is the Romanian Government prepared to submit, in accordance with Article X of the GATT, the various regulations governing foreign trade?

What laws cover the organization and the operation of the foreign trade of Romania?

In accordance with Article X of the General Agreement, Romania is prepared to communicate the various regulations governing her foreign trade.

The basic laws governing the organization and functioning of her foreign trade are the following:

- the Constitution of the Socialist Republic of Romania, 21 August 1965 (Article 8);

- Decree No. 284/1962 on the setting up, organization and functioning of the Foreign Trade Ministry;

- Decree No. 495/1953 on the organization and functioning of the Chamber of Commerce;

- Decree No. 199/1949 on the organization and functioning of State economic enterprises and organizations;

- Decision of the Central Committee of the Romanian Communist Party and of the Council of Ministers No. 719/1968 on the management committees of State economic enterprises and organizations;

- Decree No. 317/1949 on the regulation of import, export and transit operations;

- Act No. 6/1961 on the regulation of the customs régime of the Socialist Republic of Romania;

- Decision of the Council of Ministers No. 83/1962 on the approval of the customs tariff for natural persons;

- Decree No. 240/1960 on the régime of foreign means of payment, precious metals and gems;

- Act No. 16/1968 on the setting up, organization and functioning of the Romanian Foreign Trade Bank;

- Act No. 22/1967 on the improvement of the management and planning of the national economy;
Decision of the Council of Ministers No. 385/1969 on the exercise of wider attributions by ministries and enterprises during the period of experimentation of the measures taken for the improvement of the management and planning of the national economy;

Decision of the Council of Ministers No. 386/1969 on the outline Statutes of Industrial Centrals.

1.-(A) In the view of the Romanian Government are the provisions of those laws and decrees consistent with GATT Parts I, II, III, and IV?

Would it be necessary for Romania to make a reservation for existing legislation at its accession?

The Romanian delegation considers that the Romanian laws are not contrary to the rules of GATT. In the case of Romania, the significance of the reservation concerning the applicability of Part II of the GATT, which is generally included in the accession protocols, could be clarified when the draft protocol of accession of Romania is being elaborated.

1.-(B) If any changes occur in these laws and decrees, will Romania abide by the provisions of Article X?

Romania is prepared to comply with Article X to notify GATT of changes in its legislation.

2. Do goods from contracting parties, including consumer goods, enjoy the same access as others?

The commodities coming from the contracting parties, consumer goods included, are subject to the same conditions of access as the other commodities.

3. Will any existing preferential trading arrangements be consistent with Article I of the GATT?

Romania has not concluded preferential trade arrangements with other countries.

3.-(A)(i) How does Romania look upon her membership of COMECON against the background of the provisions of the General Agreement?

(ii) Does COMECON membership involve a system of mandatory quotas of a preferential nature?

(iii) What difference exists between trading with COMECON countries and with market economy countries?

(iv) Does a system of tendering for contracts apply only to COMECON countries or to all countries?
The statute of COMECON has been published and it can easily be verified that it does not provide for the granting of preferences.

Agreements with COMECON countries do not provide for an obligation to purchase goods from only one source of supply, trade being conducted on a competitive basis.

Statistical data on Romanian foreign trade highlight the fact that the same commodity is often imported from several sources of supply, which demonstrates that there is no obligation to buy certain goods from certain countries only.

There is, of course, co-ordination among COMECON countries, but trade with these countries is based on purely commercial criteria.

Rules regarding tendering for contracts apply to all countries.

3.- (B) What obligations has Romania to purchase goods from other countries with centrally-planned economies with particular reference to the expression "outline trade contracts" appearing in the reply to Question 41?

Agreements with COMECON countries can be assimilated to "outline trade contracts" in the sense that on the basis of such "outline trade contracts" selling/buying contracts can be concluded, under competitive conditions.

4. Does or will Romania have an import tariff? If so, is it intended to offer reductions as part of the negotiations?

Romania has no customs tariff. It cannot be said at this stage whether one will be introduced ultimately.

Goods exported or imported by Romanian enterprises are thus not subject to customs duties. In the case of goods introduced by private persons in luggage, a tax is charged on items deemed to be in excess of the amount considered necessary for the traveller's personal use.

5. If Romania accedes to the General Agreement, will the Government of Romania consult on its Annual Plan?

6. Will Romania accept an obligation to consult with any GATT member dissatisfied with trade practices or with the outcome of bilateral trade?

The State Plan is an essential attribute of national sovereignty; it is worked out according to the requirements and potentialities of the national economy, account being taken of the necessity of increasing the country's participation in the international division of labour and in world trade. In the event of its acceding to GATT, the Romanian Government does not intend to
engage in consultations concerning its Annual Plan. However, it is prepared, bearing in mind the objectives of the General Agreement, to consult with GATT members on matters concerning the development of mutual commercial relations.

At the same time, in accordance with the provisions of the General Agreement, Romania would be prepared to engage in consultations with any GATT member who might not be satisfied with the commercial policies in force or with the results of bilateral exchanges.

6.-(a) What is the technique of the Romanian planning system?

The planning of Romania's economy is effected through a combination of long-term plans and current plans. Long-term plans are made, as a rule, to cover a period of five years. The current plans are annual plans and improve the provisions of the five-year plan for the respective year. For the perspective, development programmes are also elaborated for periods of ten years or even longer. The main directives (guidelines) for the development of the national economy are dealt with in these programmes, as well as some points of particular interest (such as the development of power industry); these programmes include projects which will be accomplished, step by step, in a longer period of time.

The planning activity, both perspective and annual planning, starts from the proposals made by the enterprises, the industrial centrals, local organizations, ministries and other central organs. Specialized committees organized for the main branches of the national economy, for the regions as well as for the main basic areas of economic policy, with the participation of highly qualified experts from the economic system and research institutes, and university professors, are called upon to issue the long-term proposals.

In drafting the plans, attention is given to the need for achieving a permanent consistency between the requests and the actual possibilities of the whole economy.

In practice, for the foreign trade plans, import needs are first established; these are determined by assessing the prospective total consumption and the possibilities of covering such consumption by the domestic production. When determining the domestic production, the resources of raw materials, labour and existing production capacities, as well as the investment for the creation of new production capacities are considered. Economic efficiency, having regard to the cost price and the benefits, is the basic criterion for setting up new production capacity.

Export projections are made also on the basis of market studies worked out by foreign trade enterprises and specialized institutes (the Conjuncture Institute); the prospective sales, under competitive conditions, on the external market are determined and a decision made as to which goods ought to be produced for the export market taking account of the remunerativeness.
By considering consumption, production, stocks and reserves, imports and exports, material balances are arrived at for the main products. On the basis of these balances and of other elements deriving from considerations regarding the rate of production, the volume and structure of investments, the orientation of financial means and credits, the training of the necessary personnel, etc. several successive alternative plans are prepared until the necessary balance is ensured between needs and possibilities.

Long-term plans involve a smaller number of products than the annual plans. On the basis of the data included in the long-term plans, the foreign trade enterprises, the industrial centrals, the ministries and other central economic organizations elaborate the annual plans which contain a much larger number of indicators established on the basis of the same economic criteria.

The annual foreign trade plans include specific provisions for only part of the products to be exported. In many cases, especially for imports, only a global amount is foreseen in the plan, on the basis of which, subsequently and in direct contact with the industrial centrals and the producing enterprises, the foreign trade enterprises make specific forecasts for exports and imports.

Long-term plans as well as annual plans do not make forecasts for trade on a commodity or a country basis. Trade agreements are, however, signed with various countries on the basis of these plans. These agreements are implemented by means of commercial contracts negotiated on commercial criteria and signed by the foreign trade enterprises. The agreements thus constitute a framework within which commercial contracts are effected.

The plan is not rigid. During its implementation, the plan is adapted as changes occur in the activity of the economic enterprises and in the economy of the country, generally, as well as in the specific conditions of the external market.

6.- (B)(i) Will Romania consult on the foreign trade aspects of the Plan?

(ii) Would the method of consultation applied in respect of Poland be acceptable to Romania?

In acceding to the GATT, Romania aims to seek, together with the CONTRACTING PARTIES, in a spirit of co-operation, the most suitable solutions for the development of the mutual commercial exchanges. In this respect, the Romanian side is prepared to consult, if necessary with the CONTRACTING PARTIES, with a view to reaching a better knowledge of the possibilities of developing Romania's trade exchanges with the contracting parties, giving information on her import forecasts.
on the main groups of commodities, to the extent that such information is not of a nature prejudicial to the legitimate interests of the Romanian foreign trade enterprises and does not disturb the external market (in the case of exchange commodities, etc.). In its turn, Romania is interested in obtaining information from her GATT partners concerning the import demand on their markets. However, the Romanian side reserves the right not to commit the relevant Romanian organizations to accept the eventual suggestions made by the GATT partners.

The question of scope and timing of the discussions will have to be decided at a later stage by the parties concerned.

6.- (C)(i) Does the Planning Authority decide in advance the internal price at which products are sold in Romania?

(ii) Is the price fixed with respect to exports from Romania?

Prices are not established at the time of drawing up the Plan. This is true both in the case of internal prices and export prices (see also Section E on "Fixing of prices and taxation").

6.- (D) Is there a possibility of negotiations about products not covered in the import plans?

The Import Plan foresees in general global amounts specifying only products essential for the national economy. Less essential products are not specified, but these items may be imported by adopting an ad hoc approach taking account of demand.

II. VOLUME OF FOREIGN TRADE


8. Could statistics be provided for the two most recent years in respect of a number of specified products (the list is reproduced in L/3211, pages 3-4)?

The statistics regarding specific items in question 8 are set out in L/3211/Add.1.

The Pocket Yearbook, as well as the statistical Yearbook of Romania publish figures about the commercial exchanges of the country (export, import, total), volume of trade with the main partners, structure of exchanges as related to categories of goods, export and import of main commodities.
Certain supplementary figures on foreign trade as indicated in question 7 will be communicated to the GATT partners.

The variations which occurred in the volume and geographical distribution of foreign commercial exchanges of the Socialist Republic of Romania could be determined by a number of factors, of economic and commercial nature:

opportunities for marketing offered to Romanian products by various countries;

competitiveness of foreign suppliers;

trade conjuncture on different markets;

changes in the export availability;

needs for imports, etc.

8.-(A) The figures set out in L/3211/Add.1 suggest that Romania frequently does not purchase her imports from the normal sources of supply?

The Romanian market is open to all sellers and an important part is played by the marketing activity. Transport costs are an additional explanation for the geographical distribution of trade.

Romanian statistics do not indicate the country of origin of imported goods but rather the country from which they were bought. An improvement of the statistical methods in the foreign trade sector is envisaged.

8.-(B) Does Romania foresee the possibility of using the Brussels Nomenclature or the SITC system for its trade statistics?

The fact that Romania uses a system other than the Brussels Nomenclature or the SITC system has proved a source of difficulty not only for statistical reasons but also in that it has made negotiations more difficult. The possibility of using, in certain cases, the Brussels Nomenclature or the SITC system is being studied.

9. Paragraph 3 of page 6 of the memorandum states that the volume of imports of consumer goods is continually increasing. We would like to have a concrete explanation supported by statistical figures broken down by commodities.
As a consequence of the rise in the population's living standards and in foreign exchange availabilities, consumer goods imports have been registering considerable increases. Thus, over 1960-1968 the following per cent rises were registered in the imports of various consumer goods:

<table>
<thead>
<tr>
<th>Product</th>
<th>1960 = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>coffee beans</td>
<td>340.7</td>
</tr>
<tr>
<td>cocoa beans</td>
<td>462.5</td>
</tr>
<tr>
<td>meat and meat products</td>
<td>175.0</td>
</tr>
<tr>
<td>fresh and tinned fish, and fish products</td>
<td>225.1</td>
</tr>
<tr>
<td>rice</td>
<td>273.5</td>
</tr>
<tr>
<td>citrus fruit</td>
<td>185.3</td>
</tr>
<tr>
<td>olives</td>
<td>134.2</td>
</tr>
<tr>
<td>edible vegetable oils</td>
<td>162.8</td>
</tr>
<tr>
<td>beer</td>
<td>23.5 times</td>
</tr>
<tr>
<td>cotton fabrics</td>
<td>673.8</td>
</tr>
<tr>
<td>woollen fabrics</td>
<td>371.4</td>
</tr>
<tr>
<td>silk fabrics</td>
<td>775.2</td>
</tr>
<tr>
<td>knitwear</td>
<td>767.0</td>
</tr>
<tr>
<td>refrigerators</td>
<td>386.1</td>
</tr>
<tr>
<td>television sets</td>
<td>182.2</td>
</tr>
<tr>
<td>pharmaceutical products and preparations, and medicines</td>
<td>171.0</td>
</tr>
<tr>
<td>printed matter</td>
<td>145.9</td>
</tr>
<tr>
<td>musical instruments and accessories</td>
<td>411.0</td>
</tr>
<tr>
<td>sporting and hunting articles</td>
<td>684.6</td>
</tr>
</tbody>
</table>

10. When will 1968 trade data detail be available?

These data are to be published as part of the Statistical Breviary of the Socialist Republic of Romania in May this year.

III. ORGANIZATION OF FOREIGN TRADE

A. Planning system

11. The Romanian economy has been expanding at a considerable rate. At what rate does Romania expect this expansion to continue: (a) in the industrial field? (b) in the agricultural field?

The Romanian economy will continue to expand at a steady rate in the coming years.
The State Plan for the development of the national economy over 1966-1970 provides for a 66-73 per cent rise in gross industrial output by 1970 as compared with 1965, the average annual growth rate being of 10.6-11.6 per cent. From 1966 to 1968, the average annual growth rate of gross industrial output was of 12.3 per cent, exceeding the Five-Year Plan provisions.

In 1969 gross industrial output will be 10.8 per cent higher than in 1968. The high growth rate of industry maintained in 1969 will create the prerequisites for exceeding the Five-Year Plan provisions concerning gross industrial output in 1970.

The next Five-Year Plan (1971-1975), as well as the main lines of development for the period up to 1980, will put continued industrialization at a sustained rate in the focus of Romania's economic efforts. During that period, Romania is to do away to a great extent with her lag compared with the advanced industrial countries and get nearer to their development level, as regards per capita output, labour productivity and national income.

In the next Five-Year Plan period, industry will yield an output 1.5 times greater than the industrial output obtained during the period of the first three Five-Year Plans (1951-1965).

Considerable rises are envisaged for the basic industrial products. The production of steel, electric power, motor lorries and furniture will be about double that obtained throughout the years 1951-1965. By 1975 Romania will produce approximately 10 million tons of steel - more than twofold a rise as against the 1968 level (4.75 million tons). During the next Five-Year Plan period, output of coal, methane, tractors, cement, footwear, meat and oil will exceed the output of the period 1951-1965.

In the field of agriculture, the State Plan for the development of the national economy over 1966-1970 provides for a 26-32 per cent rise in the gross average farm output during the period 1966-1970 compared with the 1961-1965 average.

Over 1966-1968 the average annual vegetable and animal output exceeded the average figure of 1961-1965 by approximately 24 per cent. In normal climatic conditions, in 1969 gross agricultural output will exceed the maximum level stipulated in the Five-Year Plan.

From 1971 to 1980 special attention will be given to the development of agriculture so that the output of grain, industrial plants and vegetables should reach the level of the countries with an advanced agriculture.
11.-(a) What are the assumptions regarding Part IV of the GATT, bearing in mind that Romania is a developing country, but that it should have an advanced agriculture by 1980?

Romania is in a full process of economic development, making constant efforts with a view to reduce the gap which separates her from the developed industrial countries. Romania has problems to solve, similar to those of the developing countries.

Manufactured and semi-manufactured Romanian export products encounter on the external market the same obstacles as those encountered by products originating in developing countries. This is why Romania desires to enjoy certain customs preferences. The specific preferential treatment requested will be developed in the general discussion on preferences.

With regard to the accession of Romania to the GATT, the negotiations have to take account of the level of her economic development. Romania will be in a position to develop this point in negotiation both prior to acceding to GATT and after accession.

12. How is the rôle of imports and exports determined in the State planning of the Romanian economy?

Romania's foreign trade activities are based on her import and export plan, an integral part of the general plan for the economic development of the country. In the State planning of the development of the economy, the rôle of imports and exports is determined according to the requirements and potentialities of the national economy and the necessity of making use of the advantages offered by participation in the international division of labour.

Romania's policy of extending her participation in the world flow of material values is reflected in the 11.1 per cent average annual growth rate of her foreign trade during the period 1950-1968, a rate that is above the growth rate of the national income.

13. What degree of competition will be allowed between imported and home-produced goods?

The production of various goods within the country is achieved to the extent of its economic justification. Should the importation of certain goods prove more advantageous than the production of such goods at home, importation is given preference. Romanian enterprises may switch production lines to more advantageous lines, thus permitting expansion of imports of goods actually produced. Changes of this nature can occur even in the course of implementation of the Plan. Of course importation possibilities are bound up with the availabilities of means of payment, which are mostly derived from export receipts.
14. How is the principle of autonomous economic management reconciled with the requirements of the Plan? With whom does the final decision rest in commercial transactions?

15. Although the Foreign Trade Corporations have freedom to decide on where they should buy or sell, can the Government give directions on appropriate markets in order to fulfil the Foreign Trade Plan and take account of the state of bilateral trade balances?

16. What is the relation between the Ministry of Foreign Trade and foreign trade enterprises as far as decisions about imports are concerned? It is mentioned in Part II of the memorandum that these enterprises "have free choice of their business partners". Does not the availability of convertible currencies constitute an important limitation to this free choice?

The Plan constitutes an outline, a target to be reached. It is implemented on the basis of commercial criteria, the decision as to a commercial transaction depending on the importing organizations. In order to import complex industrial installations, the approval of the relevant authorities is also necessary, and the latter are guided by the same criteria.

Should excessive deficits arise in the balance of trade with certain countries, the Foreign Trade Ministry calls the attention of the foreign trade organizations to the situation thus created with a view to having it remedied. The directions given in such cases by the Foreign Trade Ministry are not designed to induce the foreign trade organizations to depart from their obligations to be guided by commercial considerations in their activities. This is confirmed by the situation of Romania's balance of trade with various partner countries.

As in other countries, the availabilities of convertible currency may limit to a certain extent the freedom to choose the trade partners.

17. By what means is the monopoly of foreign trade operated? In particular, how can the Government influence import policy, for instance, by orienting trade according to country, structure and co-operation agreements?

The foreign trade monopoly is exercised through the fact that import and export transactions can only be effected by duly authorized State and co-operative enterprises.

The volume and pattern of imports are determined by the Foreign Trade Plan which expresses the requirements of the national economy correlated with the country's payment potentialities. The geographic orientation of imports depends on commercial considerations.

The Romanian Government facilitates international co-operation operations by concluding economic, industrial, technical and scientific co-operation agreements with other countries and, based on such agreements, setting up joint commissions to stimulate activities in this field.
18. What are the provisions of the Plan in matters of foreign trade? Does the Plan, in particular, provide for geographical subdivisions of rates of expansion and indications regarding the structure of the trade?

19. In the memorandum it is stated that, with some exceptions (mainly raw materials), overall values are fixed for imports. Do these values relate to total imports, with above-mentioned exceptions, or imports of individual products/product groups? Are these values established country-by-country and/or for groups of countries?

The Foreign Trade Plan establishes the volume and pattern of exchanges as well as their distribution according to modes of payment (clearing and free currency).

Apart from the named products, the Foreign Trade Plan establishes global values grouped according to the destination of imports (production, investment and consumption).

20. Which are the 1969 and 1970 targets for imports and exports, by country or, at least, to and from: (a) GATT member countries; (b) COMECON countries; (c) other countries, and by commodity?

21. If detailed plans are not available or cannot be obtained, could the Romanian Government submit a description of the administrative arrangements and limitations applying to imports?

The Foreign Trade Plan is not worked out by countries or groups of countries. If data were provided on the import and export plans on a commodity-by-commodity basis, the legitimate commercial interest of Romanian foreign trade organizations might be prejudiced.

There are no administrative restrictions applying to imports. Import and export transactions are effected in accordance with the Foreign Trade Plan which is an expression of the real capacity of the national economy to absorb imported goods and export home-made products.

22. What is currently envisaged for the next Foreign Trade Plan (1971-1975)? Can information on the targets be given when available, with comparative figures for the past two years?

The 1971-1975 Five-Year Plan is being worked out now. Information on the general targets of the Foreign Trade Plan will be supplied at a later stage.

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1 E.g. wool, cotton, iron ore, bauxite, cellulose, sugar, dyestuffs. All other products come under headings such as machine tools, investment products, etc.
23. Can Romania undertake to expand trade with GATT members at a given rate, at least for an initial period of years?

While promoting a policy of increasing and diversifying trade with the contracting parties, Romania might undertake to use the receipts from her exports to the contracting parties' territories in order to increase her imports from those territories and to make other payments in those countries. Implicit reciprocity of the advantages offered by Romania and the GATT member countries would thus be ensured. It should be mentioned that in recent years Romania's imports from the GATT member countries have been sensibly bigger than her exports to those countries.

23.-(A)(i) Confirmation is requested that an undertaking of the kind proposed in the reply to this question may be administered by Romania.

(ii) Comment is requested on the inference that if receipts diminish, imports must also go down? Such diminution of receipts may not result from action by the contracting parties.

(iii) Does the undertaking imply a directive to the Purchasing Authorities to buy from the contracting parties? What would be the nature of the directive? Would it be part of the Annual Plan? Would it give priority to quotas under existing bilateral agreements?

The undertaking referred to in the reply to question 23 foresees, in exchange for obtaining the GATT facilities which may contribute to the increase of Romanian exports to the GATT countries, guarantees for the partners that they will be in a position to increase their exports to Romania. A correlation is created between the increase of Romanian imports from the GATT countries and her export possibilities towards these countries. The undertaking ensures the necessary conditions for Romania's participation in GATT negotiations also after the accession. The undertaking will act automatically, ensuring export possibilities for the GATT members, according as Romanian exports towards these countries are increased as a consequence of the diminution of commercial barriers.

By utilizing the receipts from exports to GATT countries for the increase of imports from these countries and to make other payments, a reciprocity is created, between advantages and undertakings, the benefits from Romanian exports to GATT countries being automatically returned to these countries by the increase of Romanian imports from such countries.

The fulfilment of this undertaking could be followed up on the basis of foreign trade statistics and data concerning the balance of payments.
24. How is the target achievement assured?

Implementation of the targets under the Foreign Trade Plan is ensured by the conclusion of trade and economic, industrial and technical agreements, of sales contracts, etc.

B. Organizational structure

25. What are the powers granted to the "big economic units" in matters of foreign trade? What part do they play in the elaboration of the Plan's directives and in the choice of commercial transactions?

26. Are any organizational changes anticipated in the authority of "industrial centrals" to deal directly with suppliers and customers in foreign trade?

27. Is it correct to assume that certain "industrial centrals" play a rôle in the co-ordination of import policy for certain products?

(a) Which products are involved?

(b) Can this co-ordinating function have the effect that products which are, or can be, produced in Romania will not be imported?

The industrial centrals were set up on the basis of the Act of 26 December 1967 which provides mainly the following points:

- to ensure the necessary conditions to enable the enterprises to act in a more operative and more efficient manner in organizing production and work and to carry out with greater mobility, under decisions adopted by a majority vote in their collective governing bodies, the tasks allocated to them;

- to set up large economic units, with legal personality working on the basis of the principle of economic self-management;

- to pass over certain activities concerning imports and exports to the relevant ministries as well as to the large economic units and the producing enterprises;

- to eliminate excessive centralization in planning and to harmonize the central management of the economy with increasing autonomy for economic enterprises and organizations;

- to emphasize the rôle of the economic and financial levers of the economic mechanism and to improve the banking and credit system, for this purpose.
The big economic units (the industrial centrals) are built up by a merger of enterprises of a similar profile, or of ancillary branches, according to the specific nature of their activities, their geographical location, the connexions between them and their number.

Within their framework are organized the activities required by all the component enterprises (research and designing, material supplies and sale, etc.).

The outline statutes of the industrial centrals are adopted experimentally; on the basis of those statutes the ministries under which industrial centrals are set up, are to elaborate statutes adapted to the specific nature of their activities.

It is also experimentally that some industrial centrals and groups have been set up under the guidance of the Machine Building Industry, the Electric-Power Ministry, the Metallurgical Industry Ministry and the Chemical Industry Ministry.

Among the functions of industrial centrals there is also their direct participation in export and import transactions.

The industrial centrals handle the sale of products for export and are answerable for the implementation of assignments concerning export supplies, for which purpose:

(a) they organize foreign market research either directly or in co-operation with foreign trade bodies;

(b) they work out the draft export plan based on their own surveys and on the proposals of enterprises;

(c) within the limits of the competence established by the relevant ministry, they export products either directly, through the agency of their units, or through the agency of foreign trade organizations;

(d) they conclude contracts with the Foreign Trade Bank in order to obtain foreign currency credits;

(e) within the framework of the activities organized by the Chamber of Commerce, they participate in fairs and exhibitions abroad; they organize the publicity for the products in their export list;

(f) they set up storehouses and shops of their own to display the products abroad;

(g) they are entitled to send permanent representatives abroad, as well as commercial agents and temporary delegates. At the same time, the industrial centrals see that the goods required by the enterprises subordinated to them are imported by their own units or by specialized units working under the authority of the Foreign Trade Ministry and of other ministries.
Some of the industrial centrals will play the part of co-ordinators of the imports of certain groups of products. For example, as in the case of metal-processing machine tools, automation elements, check-up apparatus, etc., certain industrial centrals of the Machine Building Industry Ministry will import such products for other enterprises as well. Co-ordination also implies judicious correlation of the country's production possibilities with import requirements with a view to achieving most efficient imports.

Within the existing currency availabilities, products of prime necessity are imported, taking account of price conditions and competitiveness.

It also devolves on industrial centrals to organize the co-operation in production of their units with firms and organizations abroad, both for home requirements and for export.

In their operations, centrals do not apply any single criterion but seek an optimum solution to each individual case.

28. Romania is a State-trading country and imports and exports are in the hands of foreign trading corporations. Is there any intention to allow other organizations to take part directly in foreign trade - e.g. producing organizations, agricultural co-operatives? Would such organizations be allowed to compete with each other and on what basis?

In the Act of 26 December 1967 on certain measures for the improvement of the management and planning of the national economy, paragraph (d), Article 1, lays down that: "With a view to improving foreign trade, certain export and import activities will be transferred from the Foreign Trade Ministry to other ministries or central economic bodies and big economic units as well as to certain enterprises".

At present this Act is in process of coming into effect. A number of ministries and central economic bodies, such as, for example, the Ministry of Forest Economy, the Food Industry Ministry, the Metallurgical Industry Ministry, the National Union of Production Co-operatives, the Higher Council of Agriculture, the Home Trade Ministry, etc. have begun to carry on import and export activities through the agency of their own bodies.

The Government intends to allow other bodies to take a direct part in foreign trade.

The big economic units (the industrial centrals) will take over a considerable part of export and import activities. The centrals may transfer export competence to the big plants which ensure the delivery of certain products for the foreign market entirely or for the most part (tractors, motor vehicles, oilfield equipment, etc.).
28.-(A) Would it not be better, to permit the enterprises to import directly rather than using foreign trade State enterprises?

The Act of 16 December 1967 on the improvement of the management and planning of the national economy, which is now being applied, provides, inter alia, exactly for this transfer of certain import-export activities to the relevant ministries, industrial centrals and enterprises directly concerned in the production or utilization of the respective products.

29. Which producing enterprises can engage in foreign trade transactions? Do trading and producing enterprises have powers to choose both goods and suppliers?

There are no such enterprises at present. In the near future, however, a number of production enterprises are to be given the right to effect foreign trade transactions directly.

30. On what financial basis do the foreign trading corporations work? Are they funded by the Government? Do they have to earn a margin on transactions or a fixed annual income? Are they subject to a company tax or equivalent?

Foreign trade organizations are corporate bodies with funds of their own. They work according to the principle of own economic management, that is they cover their expenditures from the incomes earned by their activities. The incomes of foreign trade organizations are mainly derived from a percentage of the value of the transaction they have effected. It is from this quota of benefits that they meet their expenditures: overhead and circulation expenses, interest, losses as a result of their activities, if any, etc. A certain part of the net benefits of foreign trade organizations is paid into the State budget.

In carrying out export and import transactions, foreign trade organizations use bank credits in lei granted at an annual interest which usually amounts to 4 per cent.

31. The Romanian memorandum states that Romanian foreign trading enterprises make their choices for imports after analysis of several foreign offers. By what means are these foreign offers obtained?

Foreign offers are obtained by the means used by any importing firm. Inquiries are sent to prospective suppliers irrespective of their country of origin.

31.-(A) How can an exporting firm in a market economy learn that the Romanian import authorities desire to purchase a particular item?

31.-(B) If the offer of a firm in a market economy is rejected, how can it know the criteria on which the selection of supplier was made?

Foreign trade firms in Romania are obliged to seek all possible tenders.
Romania has no special way of publicizing her needs. When a foreign trade firm decides to purchase a product, it requests tenders. It gets the necessary information about suppliers through Romanian commercial attachés abroad. A certain amount of market research is also done with a view to making the purchase at the most favourable price.

Foreign firms, while being unaware of actual requirements in Romania, often make offers to supply certain products. These offers are retained by the Romanian foreign trade enterprises. If a need subsequently arises, contact is made with the proposed supplier.

It is not desirable to specify, in advance, what goods Romania proposes to buy because this would have an unfavourable effect on prices of imported products. Detailed information can be obtained by making closer contact with Romanian authorities. In practice, some foreign firms have made greater impact on the Romanian market than others, due to successful marketing.

Statistics of imports for a particular year are published in the following year and these can provide a rough indication of import requirements. The import figures demonstrate that foreign firms have succeeded in assessing the demand for their products in Romania.

The balance sheets of enterprises must show that goods have been bought at the most advantageous price.

Foreign firms which have failed to secure a tender in Romania are, in fact, so informed and given reasons for rejection of their offers.

32. Is there a system for tendering for the delivery of complete industrial units or for the contracts for large public works? Can foreign companies, in particular those of GATT members, participate in the bidding?

There is no auction system for the supply of complete plants or the construction of important works. Inquiries for such supplies or works are sent to supplying firms, irrespective of the country where they reside, the order being placed with the firm offering the best terms.

33. Will suppliers and customers in foreign trade have more direct contact?

Yes.

Romania desires to establish more direct contacts with foreign suppliers and customers with a view to arriving at a better knowledge of the external market and a more rapid adjustment to its demands. With this end in view, steps are taken to avoid excessive centralization in the import-export activity and to transfer a greater part of the foreign trade activity from the Foreign Trade Ministry to the other relevant ministries, industrial centrals and enterprises.
In such cases in which the supplying or consuming enterprises or organizations have already taken over the foreign trade activities, foreign suppliers and customers may negotiate commercial transactions directly with them. Otherwise they will have to discuss with the enterprises under the Foreign Trade Ministry and with the supplying and consuming enterprises and organizations.

34. What are the rights of establishment, market research and representation available to foreign firms?

Foreign firms are allowed to send over delegates for the time required to carry on market research in Romania and to conclude trade transactions with Romanian enterprises and economic organizations.

As far as the establishment of agents, natural persons of foreign firms and the fulfilment of the agency mandate of those firms are concerned, Decree No. 317/1949 stipulates that those who desire to fulfil such a mandate must be authorized so to do by the Foreign Trade Ministry.

As is known, numerous representatives of foreign firms are working in Romania; they are either sent over from their respective country - and are allowed to stay in Romania for as long as it is necessary for them to carry out their activity - or are locally employed. Up to now, no particular criteria have been established for granting working permits for such representatives and no such request has yet been refused. The necessary conditions are ensured for the normal carrying on of the activity of such representatives.

35. What is the attitude of the Government of Romania on licensing or marketing agreements between State enterprises and foreign firms?

The attitude of the Romanian Government is favourable to the trade in licences between State organizations and foreign firms. On concluding contracts for the granting of licences, Romanian organizations prefer lump sum payment.

36. How is the profitability of a foreign trade transaction calculated? Is such a calculation made for each single transaction?

Foreign trade activities make it their main concern to ensure the highest remunerativeness possible. Calculation of remunerativeness is effected for each individual trade transaction.

In determining the remunerativeness of foreign trade transactions, a number of indicators and criteria are taken into account, primarily the ratio between the cost of the goods on the home market expressed in lei and the foreign currency obtained from the transaction, in the case of exports, or the ratio between the cost of the imported goods in foreign currency and the sum in lei obtained from the sale of the respective goods on the home market, in the case of imports.
37. Are there enterprises in permanent payments deficit, or in deficit for the last few years? By what financial means are they able to continue production?

The general rule is that every economic activity, wherever it is carried on, should be remunerative.

There are, however, in isolated cases, certain enterprises which for a period of time conclude their activities without ensuring the necessary remunerativeness. Such enterprises are able to continue their production activities owing to the fact that the unit immediately above them (the General Division in the relevant ministry or the industrial central) takes measures to ensure redistribution of a certain quota, a comparatively small one, of the benefits obtained by the other production units under its authority. The enterprises showing a deficit are obliged to take measures to ensure remunerativeness within the shortest possible lapse of time.

37.- (A) For what period of time are firms allowed to remain in deficit?

Enterprises are not permitted to remain in deficit for very long. The fact that enterprises engage in exports indicates that these are remunerative operations. It is obvious that an enterprise will spare no efforts to increase its remunerativeness since the incomes of its employees depend on this.

38. Are foreign currency retail outlets on the pattern of other Eastern European countries existing or planned? If so, what considerations affect purchases and sources of foreign goods (e.g. what actual currencies are accepted)?

Along the routes frequented by tourists and more particularly along the sea shore, permanent shops have been set up as well as places and seasonal units for the retail sale of goods against payment in foreign currency.

The organization of retail sale of such goods is still in the experimental stage.

The products imported in order to stock the shops, points, and retail sale units where payment is made in foreign exchange (cigarettes, drinks, cosmetics, etc.), are chosen according to the demand of the tourists visiting the country, to their taste and preferences.

Sales of goods with payment in foreign exchange are effected at the prices ruling in the retail trade of Western countries and payment is made in freely convertible currency.
C. Bilateral arrangements

39. What percentage of trade with countries, other than those with centrally-planned economies, is covered by bilateral purchasing arrangements? To what extent do such bilateral arrangements inhibit Romania from purchasing goods from other contracting parties to the GATT?

40. A list of the bilateral agreements concluded between Romania and third countries would be appreciated.¹

41. What is the volume, value and percentage of trade under existing and contemplated bilateral agreements for individual countries by major commodity groups, especially regarding import commitments?

Nearly all Romanian foreign trade is carried on under bilateral trade agreements. A number of bilateral agreements concluded with countries with a market economy provide for import and export quotas. Under such agreements, the parties bind themselves to authorize imports and exports up to the quantities and values established by those quotas. Other bilateral agreements concluded with countries with market economies include only lists of goods or no lists. Such agreements should be practically considered as a mutual liberalization of trade.

Under these circumstances, the bilateral trade agreements between Romania and countries with market economies cannot be considered as sale or purchase agreements. These agreements do not reserve certain quantities or values of goods for trade between the signatory countries, trade being carried on by virtue of the sale and purchase contracts concluded on a competition basis.

Consequently, such bilateral agreements are not likely to prejudice the purchase of goods from other GATT contracting parties. Any interested country is offered the possibility of concluding such contracts with Romania.

The trade agreements Romania has concluded with the Socialist countries are also of a non-discriminatory nature. The mutual import and export obligations assumed under such agreements, which may be compared with outline trade contracts, are based on commercial considerations. Such agreements are implemented on the basis of sale and purchase contracts.

¹A list of such agreements has been set out in document L/3211.
39.- (A)(i) Can it be confirmed that bilateral agreements contain no commitments regarding purchases and sales?

(ii) Do commitments exist to balance purchases and sales over a period of time? If so, what method is employed (e.g. swing arrangements)?

Bilateral trade agreements may contain commitments regarding purchasing and selling arrangements made with the foreign trade enterprises on a commercial basis and taking account of international competition.

Romania attempts to achieve a bilateral balance, in clearing agreements concluded, as a rule, with non-convertible currency countries.

40.- (A)(i) Is it possible to indicate which of the agreements in the list are clearing agreements? Does a clearing arrangement apply to any agreement with a convertible currency country?

The countries with which Romania has concluded clearing agreements are set out in the annex.

At present, only three clearing agreements with convertible currency countries are in force (Austria, Switzerland, Singapore).

41.- (A) Can statistical information be given concerning import commitments (on products) provided for in bilateral agreements for 1968/69?

To add up all of the quotas in bilateral agreements would not produce a meaningful result and would not agree with the figures in the Plan.

42. How do actual practices differ between bilateral agreements with specific quotas and those without?

Under the bilateral agreements providing for concrete quotas, the parties issue import licences up to the value or quantities established by the quotas. In certain cases, the authorities of the two parties may issue licences above the quotas laid down in the agreements.

For the agreements which do not include concrete quotas, the issue of import licences by the two parties is not limited as a rule.

42.- (A) To what extent does the existence of bilateral arrangements affect the autonomy of foreign trade enterprises in determining sources of supply?

Bilateral trade agreements are not of a nature to affect the autonomy of foreign trade enterprises in determining sources of supply. These enterprises choose their partners on commercial criteria.
Theoretically, import licences can be refused to foreign trade enterprises if the import quotas indicated in the trade agreements have been exhausted.

In practice, however, actual imports often exceed the quotas since the enterprises make their purchases from countries offering the most favourable trade conditions.

43. What rôle does the Romanian Government see for bilateral trade agreements if she accedes to GATT?

Bilateral trade agreements are instruments ensuring the expansion of trade. Should Romania accede to the General Agreement, she will study the advisability of maintaining bilateral trade agreements in her relations with GATT Member countries. Naturally the use of such agreements will also depend on the stand taken by Romania's trade partners.

44. Does the Government of Romania intend to loosen direct ties between imports and exports, which is sometimes called "economic co-operation"; and if so, what is the schedule for loosening such ties?

45. What is the Romanian Government's attitude to the practice of negotiating contracts on a basis of counter-trading; do they regard such practices as consistent with the multilateral principles of GATT?

In Romania, there are no legal stipulations concerning the ties between imports and exports and consequently the question of a schedule for relaxing these ties cannot enter into consideration.

In certain cases, Romanian enterprises effect imports bound up with exports, on mutually advantageous terms.

The forms of economic, technical and scientific co-operation utilized by Romania under the conditions of the present technical and scientific revolution, do not constitute methods of counter-trading, but only instruments for a more efficient use of the partners' human and material potentialities with a view to extending their trade and taking advantage of the benefits of international division of labour. Romania practises such forms of trade with mutually beneficial results, with all countries, irrespective of their social and economic system.

44.- (A) Are there barter arrangements in existence?

Barter contracts and compensation have been a form of promoting trade exchanges since they have ensured mutually the necessary means of payment. However, compensations present advantages as well as disadvantages, being sometimes a source of self-competition. At present, the volume of such operations is being reduced.
46. What relationship exists between quotas recorded in bilateral trade agreements and the foreign trade plans? Are the targets for imports and/or exports set up for individual countries and/or groups of countries?

Under the trade agreements providing for export quotas, Romania wishes to obtain quotas enabling her to implement the provisions of her Foreign Trade Plan.

Import and export assignments are not set by countries or groups of countries but in accordance with the mode of payment (clearing and free currency).

47. If a barter agreement with a foreign country, involving the participation of two Romanian firms, results in a loss on the export side, which is compensated by a normal profit on the import side, how is the exporting enterprise made to bear the loss? Is there a transfer by the importing enterprise of part of the profit to the exporting enterprise?

In the case of compensation transactions, the aim is to ensure the remunerativeness of both export and import transactions and no transfers of profits are made from one enterprise to the other. Compensation transactions are concluded only if they bring advantages both to the exporting and to the importing enterprise - based on comparable market prices - and not with losses incurred by one of them.

D. Licensing system

48. According to the memorandum, licences are required for both imports and exports. What are the criteria for according such licences?

49. Are some goods free from quantitative limitation or will such categories be established?

50. Does the Plan provide for quotas for each product or does each ministry determine for its own sector both maximum quotas and the geographical areas for which licences are granted? Licences are granted according to what criteria?

51. On what basis are the licences issued? Would global quotas be established? In particular, could a commodity-by-commodity survey of that part of imports not covered by bilateral agreements, and thus subject to imports on a global basis, be supplied?

No quantitative restrictions are applied in Romania's imports. Purchases are made in accordance with the Foreign Trade Plan which expresses the country's import requirements correlated with its export possibilities.
As has already been shown, the Plan includes provisions only for a restricted number of individual products. When the Plan lays down gross values, the competent ministries break them down by individual products, without determining the geographical distribution of imports.

Imports and exports are effected on the basis of licences issued by the Foreign Trade Ministry. Under a system of decentralization of foreign trade activities, the licences enable us to keep a check on the implementation of the Foreign Trade Plan.

Import and export licences are issued in accordance with the provisions of the Foreign Trade Plan, taking into account the necessity of maintaining the equilibrium of the balance of payments, and bearing in mind the quantities or values laid down in trade agreements.

We should mention that in certain cases import licences have been issued above the quotas agreed to under bilateral trade agreements, on a reciprocity basis, for those countries which have issued additional licences for imports from Romania or have allowed partial trade liberalization to our country.

The import and export plan is not broken down by quotas laid down in the agreements concluded. Licences are issued to the foreign trade organizations on application, without any preferential status for the countries with which bilateral agreements have been concluded.

E. Fixing of prices and taxation

52. How are prices formed on the domestic Romanian market and what is the relationship between domestic prices and the price on which foreign transactions are based?

In Romania, the price policy derives from the social and economic conditions prevailing in the country, ensuring a pattern and general level of prices able to contribute to the implementation of the fundamental targets of the economic plan and to achieving the planned living standards of the population.

Domestic prices are fixed and re-examined periodically by the central or local State bodies and, in certain cases and within certain limits, by the co-operative bodies. They are fixed according to production costs plus the profit of the producing enterprise; for the goods sold to the population, the prices also include a differentiated tax depending on the nature of the commodity.

It should be noted that domestic prices are the same for identical products. This characteristic of prices and their validity for longer periods ensure market stability.
In the relations with other countries, the prices are those ruling in the foreign markets. Generally, in fixing domestic prices, the correlation between the prices ruling in the international market is taken into account.

53. Are transport and distribution charges and costs applied identically to foreign and Romanian goods and services?

Yes.

54. A more detailed description of the system of fixing prices, in particular as regards export and import goods, would be appreciated. The manner in which prices are fixed for imported products which compete with domestic production or imports from the Eastern Trading Area offers particular interest. The statements in the memorandum that "the sale prices of the products imported on the home market are fixed at a level which guarantees their sale" and "Romania's exports are based on prices of the foreign market" need clarification.

The domestic prices of the products designed for export are generally the same as the prices of the products designed for home consumption. Should a different build than set down in the domestic standards, or another finish or packing, etc. be required, the exporting enterprise is entitled to pay the home suppliers an extra amount for the additional expenses incurred for the purpose.

Romanian export products are sold at foreign market prices. Romanian foreign trade organizations, like similar organizations in other countries, seek to obtain normal economic advantages from export transactions in accordance with market conditions, without perturbing world market prices.

For imported products, whatever their country of origin, domestic prices are generally fixed at the level of the prices of similar domestic products or substitutes, account being also taken of the difference in quality. This manner of fixing prices is the result of the necessity of making the prices of imported products consistent with the price system applied in the country, the general level of prices and their stability being thereby maintained.

54.- (A) In cases where there is no domestic production, how do the Romanian authorities determine prices for imported products?

In cases in which no similar item is produced in our country, the internal price for the imported product is fixed taking account of the difference between the world price of such imported product and that of another import product which can be compared to a Romanian product.
55. Describe differences, if any, between pricing policies for goods imported under bilateral agreements and for other imports of the same commodities, and the significance of such differences.

The principles applied in fixing the prices of the commodities imported under bilateral agreements or under another régime are the same.

56. What is the effect of internal taxation on imports? Does effective taxation vary with commodity and/or origin?

The system of domestic taxation does not affect imports as it is applied to all products, whether home produced or imported. Taxation varies according to the product and not according to the origin of the product.

56.- (A) What is the rate of internal taxes? Are taxes applied in a non-discriminatory manner?

The internal taxation system has the character of a turnover tax and is applied on some of the commodities destined for consumption. Not all such commodities are subject to the same rate of taxation. The highest taxes are applied on alcoholic drinks, tobacco, cosmetics and luxury commodities. Taxes are applied equally on domestic products and on imported products, irrespective of their origin.

57. Are any charges besides costs of goods and taxes computed in prices?

Apart from the producers' production costs, the prices include the producers' profit and a tax, which is generally applied only when the commodity is to be sold to the population. Should the commodity be sold to the population through the commercial network, the retail price also includes the amount of the trade discount.

58. Will it be possible for exporters to Romania to assess for themselves the selling price their goods will command on the Romanian market?

In accordance with the laws in force, the fixing of prices for all products marketed in the country fall within the exclusive competence of Romanian bodies. The exporters can estimate themselves the price their goods will command on the Romanian market by comparison with the domestic prices of similar home-made products or of substitutes.

58.- (A)(i) Is there any way of fixing in advance the price at which products are sold in Romania?

(ii) Is it possible for an exporter to control the marketing of his product i.e. whether it is labelled as a luxury item?

The exporter has the possibility of making enquiries in advance and ascertaining the retail selling price. The price level indicates to what extent a product is considered as a luxury item.

It is not expected that luxury items should sell at low prices.
59. Are the criteria for export pricing different if they fall under bilateral agreements?

The criteria in the fixing of export prices are the same for the exports effected under bilateral agreements and outside such agreements.

60. According to document L/3101 (page 6) exports are based on the prices on the foreign market. If these prices are lower than domestic costs of production, who shoulders the monetary differences?

61. Does the Romanian Government, in certain exceptional cases, grant subsidies to exports and, if so, in what forms?

Romania does not grant export subsidies in the meaning specified in Article XVI of the General Agreement.

The differences arising in export transactions between domestic prices in lei and foreign prices (calculated in lei at the official rate of exchange) are covered by the differences arising in the same manner in the case of import transactions; the balance, which is comparatively insignificant, as a rule, resulting from this compensation is financed by the budget or paid into it, as the case may be.

61.-(A) Will Romania accept the provisions of Article XVI?

Romania is ready to accept the provisions of Article XVI.

62. Can the Romanian authorities provide assurances, on the strength of existing legislation, that export products will not be sold at prices lower than their normal value?

According to the regulations in force, foreign trade organizations are obliged to export at the prices ruling in foreign markets. At the same time, it is in their interest to do so as their activities are based on the principle of own economic management.

Romania is prepared to consult with any GATT Member country on the problems, if any, arising from the foreign prices of Romanian exports.

62.-(A) Does the reply refer to the price in the importing country, to the price of the characteristic market or to an average of prices from different countries?

Romanian export enterprises sell at the highest price level which can be obtained in different countries, to the extent to which these prices ensure the economic efficiency of the export.
63. Is the Romanian Government obliged to purchase from the producer certain agricultural products, whenever the price of these products on the domestic market falls below a certain level, or when prices on world markets do not permit a profitable exportation? If so, what happens to these products ultimately?

National economy requirements in agricultural products (for domestic consumption, reserves and exports) are met by purchases of such products under contracts concluded with agricultural producers (State agricultural enterprises, agricultural production co-operatives and, to a smaller extent, the members of agricultural co-operatives or private producers). The prices under such contracts compensate production expenses and ensure a normal profitability to the producers.

The State enterprises purchasing agricultural products are obliged to take over the entire quantity of products contracted for at the price stipulated in the contract, irrespective of the price variations on the market.

The quantities of agricultural products thus purchased are distributed for current domestic consumption, reserves and exports.

F. Balance of payments/exchange rates

64. What are the balance-of-payments data for the years 1966-1968: annual, gross (receipts and payments separately), with details on visibles; transportation, communications, tourism, remittances, licences and royalties, interest, and other invisibles separately; and capital account? (Explain coverage and definitions, especially where different from IMF concepts.)

65. Provide detail on 1966-1968 transactions with individual major trading partners, or at least with the "planned-economy" and "market-economy" areas, in hard currency and, separately, on clearing accounts.

66. What is meant by the expression "the necessity to secure the equilibrium of the balance of payments" (Part II of the memorandum) with regard to the preparation of the Foreign Trade Plans? What is the balance-of-payments situation as to convertible currencies?

67. What are the short-term debtor and creditor positions on clearing accounts and hard currency and gold reserves?

68. What are the long-term obligation repayment schedules?

Romania's balance of payments is equilibrated. Should Romania claim to have difficulties in her balance of payments, she could submit data on her foreign exchange situation to the contracting parties.
The phrase "the necessity to secure the equilibrium of the balance of payments" implies that no imports are envisaged without the availability of the currency resources required for payment. Consequently, the growth of imports is conditional upon the ensuring of the necessary means of payment, which are mostly obtained from exports receipts.

The balance of payments in convertible foreign exchange is equilibrated, the volume of current commercial and banking credits being also taken into consideration.

Romania is prepared to give, if and when necessary, to the CONTRACTING PARTIES, data on her balance-of-payments situation.

69. What is the influence on importations of the existence of areas with convertible and areas with non-convertible currencies?

As a rule, the existence of the afore-mentioned areas restricts imports from the respective areas to the means of payment obtained within their framework.

70. How is trade flow modified to adjust disequilibrium? If imports are cut because of deficit, what are the standards and criteria for such cuts?

The Foreign Trade Plan aims at ensuring an equilibrated balance of payments. Should a disequilibrium occur, one seeks its removal especially by an increase in exports. If the efforts made for the purpose do not yield the expected results, a reduction of imports is ultimately resorted to. This is done with due account being taken of the importance of the various products that must be imported in order to reach the essential targets of the Plan for the economic development of the country.

70.-(A)(i) How can imports be limited once firms have specified and obtained approval for their requirements? At what stage does limitation take place?

(ii) How can exports be directed to specific markets?

Once the Plan has been approved, and given to the different enterprises for implementation, the necessary foreign currency is allocated on the basis of the Plan provisions. No import restrictions can take place if the imports are the subject of already concluded contracts.

The enterprises direct their exports on the basis of market researches, towards the most advantageous markets from the commercial viewpoint.
71. What is the basis for foreign exchange allocations? Is it independent of import authorizations?

Foreign exchange is made available to the importing enterprises in accordance with the provisions of the Foreign Trade Plan, on which the issue of import licences relies too.

71.-(A) Can the problem of foreign currency be described, as regards requirements specified by each enterprise? What is the deciding power of the Government in this respect? What decisions does the Ministry of Foreign Trade take when the balance-of-payments position is unfavourable?

Foreign currency quotas are allocated to the importers to the extent of existing availabilities. Should these amounts, however, prove to be insufficient to cover the imports provided for in the Plan, efforts are made to increase exports.

72. Can producing enterprises which engage in export operations keep a part of the foreign exchange thus earned and use it for their own imports?

In order to stimulate the enterprises, foreign exchange funds are allocated to the ministries and to the other organizations which exceed the annual export plan so that they may effect additional imports required in the production process and for investments. The funds in foreign exchange allocated to them for having exceeded the assignments set in their exports are variable percentages of the value of the additional exports effected.

73. In other countries with centrally-planned economies, a system of variable currency rates is applied for imports from market-economy countries. These rates are, among other things, affected by the degree of necessity to import a certain product. What system is applied in Romania in this respect? Is the rate of the Romanian currency stated in the memorandum (0.1431212 gramme of fine gold) used for commercial transactions with, for example, payments in United States dollars?

74. How many exchange rates will Romania maintain? Are there "multipliers" or "coefficients" in the cost of foreign exchange to potential importers?

In Romania there are no variable exchange rates for imports. A single exchange rate is applied to all imports, irrespective of their country of origin, namely the official rate established on the basis of gold par value and equivalent to US$1 = lei 6.
75. Provide a statement on difference between "internal" and "foreign exchange" lei, and any other exchange rates used.

We think the question refers to the notions: "lei - foreign currency" and "lei".

"The leu - foreign currency" is a unit of calculation which makes it possible to bring prices, tariffs and values expressed in various foreign currencies to the same denominator. It expresses the counter-value of the foreign currency in lei at the official rate.

"The leu" is the national currency, which has the function of standard of domestic prices, means of payment, means of circulation and means of accumulation.

75.-(A) Have both the "internal" and the "foreign exchange" lei the same parity vis-à-vis the United States dollar? If not, what is the difference?

The "leu" is the actual national currency, while the "foreign exchange leu" represents a calculation unit, expressing the counter-value in "lei", at the official rate of exchange, of foreign currency.
LIST OF COUNTRIES WITH WHICH ROMANIA HAS CLEARING ACCOUNT AGREEMENTS

**Europe**

- Albania
- Austria
- Bulgaria
- Cyprus
- Switzerland and Liechtenstein
- Finland
- German Democratic Republic
- Greece
- Iceland
- Poland
- Spain
- Turkey
- Hungary
- USSR
- Yugoslavia

**Asia**

- Ceylon
- Popular Republic of China
- The Korean People's Democratic Republic
- India
- Iran
- Lebanon
- The Mongolian People's Republic
- Singapore (only partly; 25 per cent is in free currency)
- Syria
- The Democratic Republic of Viet-Nam

**Africa**

- Algeria
- The United Arab Republic
- Ghana
- Guinea
- The Mali Republic
- Tunisia

**Latin America**

- Brazil
- Colombia
- Cuba
- Ecuador

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\[1\] With these countries the accounting is made through the International Bank of Economic Collaboration.