

UNITED STATES INTERNATIONAL TRADE COMMISSION

SPECIAL REPORT TO THE CONGRESS
AND THE EAST-WEST FOREIGN TRADE BOARD

ON

IMPACT ON U. S. IMPORTS
OF GRANTING MOST-FAVORED-NATION
TREATMENT TO ROMANIA



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Introduction

This report to Congress and the East-West Foreign Trade Board has been prepared pursuant to section 410 of the Trade Act of 1974 (19 U.S.C. 2440). It is a special report on the impact on U.S. imports of granting unconditional most-favored-nation (MFN) treatment to Romania. The need for such an analysis came to the fore when, on April 2, 1975, the President for the first time applied the authority of section 405 of the Trade Act of 1974 and signed an Agreement on Trade Relations between the United States of America and the Socialist Republic of Romania. The agreement, which treats in general with trade relations between the two nations, would provide MFN treatment for Romanian goods exported to the United States. The agreement has been submitted to the Congress for approval. Copies of the agreement and the relevant Presidential proclamation are included in the appendix.

In the Tariff Schedules of the United States (TSUS), the unconditional MFN rates are set forth in rate of duty column 1; the rates applicable to products of designated Communist nations or areas, including Romania, are set forth in rate of duty column 2--which rates for the most part are the original statutory rates enacted in 1930. The rate policy involved was made effective by action initially taken by the President in 1951 and 1952 pursuant to section 5 of the Trade Agreements Extension Act of 1951, which directed the President

as soon as practicable to take such action as was necessary to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. As a result of this provision, trade-agreement benefits were withdrawn from Romania effective August 31, 1951, and the products of Romania thereafter became subject to the statutory rates, i.e., rates now reflected in rate column 2 of the TSUS. An examination of the individual items or rate provisions of the TSUS reveals that the rate discrimination involved varies considerably from item to item and sometimes is not present at all, as where imports from all sources have been historically free of duty or dutiable at the same rates. It is important, therefore, to look at the particular rate treatment in the TSUS when interest is to be focused on the actual or potential trade in specific imports. It is not within the scope of this report, however, to examine the impact of granting MFN treatment on such a narrow basis.

Extensive changes have occurred in the Romanian economy over the past decade. The Council of Ministers has relaxed its tight control over the economy and has transferred some operational control to integrated industrial enterprises. There has been new emphasis on industrial development, particularly heavy industries such as steel, chemicals, and machine tools. Dependence on foreign trade has increased at the same time that the direction of trade has shifted in part from East European countries to the industrial nations of the West.

During the past decade, U.S. trade with Romania has grown rapidly. The value of annual U.S. exports to Romania increased from \$6 million in 1965 to \$277 million in 1974. U.S. imports from Romania amounted to only \$1.7 million in 1965, but increased to \$126 million in 1974. Although 60 percent of U.S. imports from Romania in 1974 were petroleum products, which entered duty free, many other products were imported despite high U.S. rates of duty against Romanian products. Furthermore, there are many products which Romania exports to West European countries, but does not export to the United States.

It is impossible to accurately estimate the overall increase in U.S. imports that would result if the United States granted Romania MFN treatment. It is feasible, however, to identify products or groups of products most likely to be imported into the United States in larger volume than in the past if Romania were accorded nondiscriminatory tariff treatment.

Background to United States-Romanian Trade

United States-Romanian commercial relations

In the years immediately following World War II, the United States imposed special controls on its trade with Communist countries. In 1948, U.S. exports to Communist countries, including Romania, were made subject to special licensing procedures. Three years later, beginning in 1951, most-favored-nation (MFN) status was withdrawn from these countries pursuant to provisions of the Trade Agreement Extension Act of 1951, resulting in the application of the column 2 rates of duty to imports from the Communist countries. Other regulations, including regulations on finance, further impeded trade with these economies. Over the years these controls have been terminated or relaxed in part, usually on a country-by-country basis. For example, most-favored-nation rates of duty were again extended to products of Poland in 1960.

A gradual movement toward the expansion of trade between the United States and Romania began in 1962, shortly after it became evident that the Romanians were restructuring their trade pattern toward greater trade with the West. Romania's differences with other members of the Council of Mutual Economic Assistance (CEMA) 1/ over Romania's development objectives led the country to begin purchasing heavy manufacturing equipment, especially steel manufacturing equipment, in the West. Soon thereafter, in July 1974, the United States decontrolled several products whose exportation to Romania had previously

1/ The membership of CEMA includes the Union of Soviet Socialist Republics, Poland, Hungary, Czechoslovakia, German Democratic Republic, Romania, Bulgaria, Mongolia, and Cuba.

been restricted. During the 1960's, legislation that would have resulted in MFN treatment being accorded to Romania was twice introduced in the Congress, but no action was ever taken.

In 1971 U.S. export controls applied to Romania were further relaxed. Controls on shipments to Romania are now less restrictive than those on exports to any other CEMA country except Poland. Also in 1971, Export-Import Bank credits were extended to Romania, and in 1973 the Overseas Private Investment Corporation (OPIC) was authorized to insure U.S. capital projects in Romania. 1/

The United States-Romanian Trade Agreement

On April 2, 1975, representatives of the United States and the Socialist Republic of Romania signed a trade agreement. The U.S. action was in accordance with section 405(b) of the Trade Act of 1974. Article I of the agreement contains a provision for granting most-favored-nation treatment to U.S. imports from Romania. On April 24, the President issued a proclamation extending nondiscriminatory treatment to products imported from Romania, but such treatment will take effect only if the House of Representatives and the Senate adopt a concurrent resolution of approval of the MFN treatment, as provided in section 151 of the Trade Act of 1974.

In addition to MFN treatment, the agreement encourages expansion of trade and envisions that total bilateral trade in comparison

1/ The extension of OPIC coverage followed a 1971 Romanian law permitting Western firms to share in Romanian joint ventures by 2 years. To date, Romania, Yugoslavia, and Hungary are the only Communist countries that permit such projects.

with the period 1972-74 will at least triple over the initial 3-year period of the agreement. It also provides safeguards in the form of consultations between the parties in the event that imports cause or threaten to cause market disruption, and permits either party to impose its own restrictions on imports to prevent or remedy domestic market disruption.

Under terms of the agreement, private U.S. firms are permitted to open offices in Romania, to deal directly with buyers and users of their products in Romania, and to advertise and conclude contracts within the country. Romanian firms and economic organizations are accorded the same treatment in the United States.

Other provisions of the agreement relate to financial transactions, to ports and navigation, to the settlement of disputes, and to governmental commercial offices. A copy of the agreement and the President's proclamation relating thereto are contained in the appendix to this report.

Institutional aspects of the Socialist Republic of Romania

Romania has a planned, centrally controlled economy. The Council of Ministers has the primary responsibility for insuring that the objectives of the plans are met. Although there have been several reforms in the operations of the economic system, decentralization of control has been very gradual, and the individual state enterprises that operate industry's production facilities have relatively little autonomy. In this respect the Romanian economy more closely

resembles that of the Soviet Union than it does other East European countries.

In 1957, when Romanian planning was underway for the period 1960-65, a decision was made to expand the steelmaking and tool-making capabilities of the country. When CEMA opposition to these plans was expressed, Romania began in the early 1960's to purchase needed heavy equipment from the West. In order to conduct its rapidly expanding trade with the West more efficiently, in 1967 Romania began to decentralize the foreign-trade structure of the economy. These changes were designed to gradually transfer operational control of industrial activity from the Council of Ministers to the enterprises. One such change, instituted in 1969, was the creation of "Centrals," which are somewhat like large integrated corporations that consolidate similar and related production processes under one management. Besides production responsibilities, the Centrals were also directed to conduct foreign trade in products relative to their particular area of industrial activity. The conduct of foreign trade had formerly been the exclusive bailiwick of the Minister of Foreign Trade. This change allows Western companies to deal directly with Romanian industries in commercial undertakings rather than going through a third party.

In 1971 Romania passed a law permitting Western firms up to 49 percent equity in Romanian joint ventures, and another law allowing foreign firms to establish offices within the country.

Romania passed a tariff law in 1973 that contained only one column of duties, applicable to imports from all countries.

The Romanians have also been actively joining various international economic organizations. In 1971 Romania became the first CEMA member to join the General Agreement on Tariffs and Trade (GATT), and in 1972 became a member of both the International Monetary Fund (IMF) and the World Bank. 1/

Romanian foreign trade: Size, composition, and direction

Foreign trade has become an important part of the development process in the Romanian economy, enlarging available supplies of raw materials and equipment and providing markets for Romanian products. The growth of Romanian trade has been exceptionally high, increasing nearly 15 times between 1950 and 1973, almost twice as fast as the growth of Romanian gross national product (GNP) in the same period. Exports were equivalent to 11.4 percent of Romanian GNP in 1974. At the end of 1974, 20 percent of Romanian industrial production was devoted to export, and the production of many commodities was heavily committed to exportation. The next 5-year plan, 1976-80, calls for a growth of trade volume at an average annual rate of 12 percent per year, faster than the planned growth of output of any sectors other than heavy industry and energy production.

1/ Romania's membership in the GATT and the IMF fulfills two of the three requirements under sec. 502(b)(1) of the Trade Act of 1974 that are required before a Communist country can be designated as a beneficiary developing country eligible for special tariff preferences. The third requirement, as stated in the statute, is that "such country is not dominated or controlled by international communism."

The commodity structure of Romanian trade has changed since World War II. In the prewar period, Romanian exports were concentrated in grain and petroleum. Less than 2 percent of total exports were of manufactured items. Industrial development was based on the growth of protected light industries, and on import-substituting trade policies that favored the importation of raw materials and machinery for production, and discouraged imports of manufactured items. In the postwar period, Romanian economic development has been based on the growth of heavy industry, and the composition of foreign trade has shifted accordingly.

The greatest changes have been in the structure of Romanian exports (see table 1). Between 1950 and 1973, exports of fuel and mineral raw materials increased by more than \$500 million, but their share of total exports declined from one-third in 1950 to less than one-fifth in 1973. In the same period, exports of machinery and equipment increased by \$900 million, and their share of the total went from 4 percent to 24 percent. Exports of industrial consumer goods, only \$3 million in 1950, had jumped to more than \$700 million by 1973 and increased as a share of total exports from about 1 percent to nearly 19 percent. This growth in exports of manufactured goods and machinery reflects Romanian postwar emphasis on investment in heavy industry and the export of fabricated, rather than primary, goods.

Import composition since 1950 has changed less than that of exports. Imports of machinery and equipment increased by nearly \$1.4 billion between 1950 and 1973, but their share of total imports increased by only 5 percentage points. Imports of Consumer goods increased by \$140 million over the same period, but declined as a share of the total by 5 percentage points. Under the 1976-80 Five Year Plan, imports will be concentrated in fuels, raw materials, and capital goods, including iron ore, coal, crude petroleum, nonferrous metals, ores, and concentrates.

Romania has steadily changed the direction of its trade. Between 1958 and 1973, Romanian trade with fellow CEMA members fell from over 70 percent to 43 percent of the total. At the same time, Romanian trade with the developed free world expanded to over 40 percent of the total (see table 2). In 1973, over half of Romanian exports of food, fuels, and raw materials went to developed market economies. Romanian exports to CEMA countries were centered in machinery, building materials, and consumer goods. The value of Romanian imports from developed market economies exceeded those from CEMA by nearly 10 percent in 1973. These imports included over 60 percent of Romania's imports in the category of chemicals, fertilizers, and rubber; over a third of imported fuels and mineral raw materials; and over 40 percent of machinery and equipment imports.

Table 1.--Romanian trade by groups of commodities, 1950-73

Commodity group	(Millions of U.S. dollars)							
	Exports (share of total in %)				Imports (share of total in %)			
	1950	1960	1970	1973	1950	1960	1970	1973
Machinery and equipment-----	8.9	119.4	418.5	913.2	90.2	210.3	775.9	1478.5
	(4.2)	(16.6)	(22.7)	(24.4)	(37.0)	(32.5)	(39.6)	(42.2)
Chemicals, fertilizers, rubber----	3.5	15.7	129.7	272.2	10.8	48.2	131.4	225.3
	(1.6)	(2.2)	(7.0)	(7.3)	(4.5)	(7.4)	(6.7)	(6.4)
Industrial consumer goods-----	2.9	41.5	335.4	704.3	24.0	49.8	107.1	161.4
	(1.4)	(5.8)	(18.1)	(18.8)	(9.9)	(7.7)	(5.5)	(4.7)
Fuel, mineral raw materials-----	71.7	265.4	422.8	647.1	60.2	229.5	610.4	969.1
	(33.8)	(37.0)	(22.8)	(17.3)	(24.7)	(35.4)	(31.1)	(27.7)
Of which: Crude petroleum-----	*	*	*	*	-	-	24.0	106.1
					-	-	(1.2)	(3.0)
Petroleum products-----	63.9	174.2	123.1	275.7	-	-	.9	5.0
	(30.1)	(24.3)	(6.7)	(7.4)	-	-	(Z)	(0.1)
Vegetable & animal raw materials--	63.1	108.1	198.0	301.8	53.3	88.5	200.1	425.6
	(29.7)	(15.1)	(10.7)	(8.1)	(21.9)	(13.7)	(10.2)	(12.1)
Foodstuffs-----	30.1	84.7	224.2	506.5	.8	16.5	59.6	80.6
	(14.2)	(11.8)	(12.1)	(13.6)	(0.3)	(2.5)	(3.0)	(2.3)
Other-----	32.2	82.2	122.2	392.4	4.1	5.0	75.6	161.1
	(15.1)	(11.5)	(6.6)	(10.5)	(1.7)	(0.8)	(3.9)	(4.6)
Total-----	212.4	717.0	1850.8	3737.5	2434.4	647.8	1960.1	3504.6
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

* - Not available.

Z - Less than half of the unit of measurement shown.

Source: Official statistics of the Socialist Republic of Romania.

Table 2.--Romanian trade by groups of countries, 1960-73

(Millions of U.S. dollars)				
	1960	1965	1970	1973
Total trade-----	\$1,365	\$2,179	\$3,821	\$7,242
CEMA 1/-----	911	1,315	1,866	3,127
(Percent of total)-----	(66.7)	(60.3)	(48.8)	(43.2)
Developed free world 2/-----	295	603	1,454	2,926
(Percent of total)-----	(21.6)	(27.7)	(38.1)	(40.4)
Other-----	159	261	501	1,189
(Percent of total)-----	(11.7)	(12.0)	(13.1)	(16.4)

1/ CEMA Council for Mutual Economic Assistance; membership includes Soviet Union, Poland, Hungary, Czechoslovakia, German Democratic Republic, Romania, Bulgaria, Mongolia and Cuba.

2/ Includes Western Europe (except Portugal, Spain, Greece), United States, Canada, Japan and Australia.

Source: Official statistics of the Socialist Republic of Romania, Direction of Trade Annual, 1969-1973.

U.S. trade with Romania, 1965-74

Between 1965 and 1974, total trade (exports plus imports) between the United States and Romania grew irregularly from \$8.1 million to \$402.9 million (see table 3). In spite of this large growth in trade, Romania accounted for only two-tenths of 1 percent of total U.S. imports and exports in 1974.

U.S. imports from Romania rose steadily over the period, from \$1.7 million in 1965 to \$125.8 million in 1974. Petroleum and petroleum products, imported from Romania for the first time in 1967, grew to 30 percent of total imports from Romania in 1973 and to 61 percent in 1974. After fuel imports, the greatest increases in U.S. imports from Romania in this period were in machinery and transport equipment, food and live animals, and miscellaneous articles.

U.S. exports to Romania increased from \$6.3 million in 1965 to \$277 million in 1974. The increases were centered in grains and cattle feed, raw materials, and machinery. U.S. fuel exports to Romania, mainly coal, declined as a proportion of the total from nearly 20 percent in 1965 to only 2 percent in 1974.

The United States has maintained a strongly positive trade balance with Romania during the past 10 years. The value of U.S. exports to Romania was at least double the value of imports for every year in the period. The favorable U.S. balance amounted to \$5.6 million in 1965, increasing to \$52.8 million in 1970 and to \$151.3 million in 1974.

Table 3.--U.S. trade with Romania, 1965-74

(Thousands of U.S. dollars)

SITC commod- ity groups	Commodity	U.S. exports					
		1965	1968	1970	1972	1973	1974
0	Food and live animals-----	610.2	483.0	16,188.2	16,621.1	38,203.4	93,350.6
1	Beverages and tobacco-----	-	11.1	56.9	1.3	-	132.7
2	Crude materials--inedible, except fuel-----	2,010.9	2,584.4	15,731.2	32,532.1	40,585.9	69,159.6
3	Mineral fuels, lubricants, etc-----	1,214.1	965.8	15,491.5	1,328.5	5,893.8	5,540.1
4	Oils and fats--animal and vegetable-----	148.6	-	-	-	-	-
5	Chemicals-----	244.0	1,197.0	1,459.7	910.7	5,691.0	7,939.0
6	Manufactured goods classified by chief material--	197.9	2,610.1	11,268.5	5,813.6	4,951.8	10,722.9
7	Machinery and transport equipment-----	1,860.6	7,829.6	5,525.2	10,937.8	20,408.0	88,237.8
8	Miscellaneous manufactured articles-----	55.9	2,485.1	460.2	791.4	633.5	1,649.9
9	Commodities and transactions not elsewhere classified.	-	20.2	93.0	114.2	142.9	382.9
	Total-----	6,342.3	18,186.3	66,188.2	69,050.8	116,510.3	277,115.6
		U.S. imports					
0	Food and live animals-----	276.1	881.7	653.8	4,880.4	7,721.3	11,145.5
1	Beverages and tobacco-----	1.8	5.1	32.7	48.5	36.4	192.0
2	Crude materials--inedible, except fuel-----	169.7	581.7	646.3	1,100.7	990.5	1,024.5
3	Mineral fuels, lubricants, etc-----	-	848.2	5,546.4	8,753.0	15,763.0	76,406.7
4	Oils and fats--animal and vegetable-----	-	-	-	-	-	-
5	Chemicals-----	-	30.5	1,362.2	443.2	548.0	3,639.1
6	Manufactured goods classified by chief material--	504.2	679.1	1,229.2	6,473.8	7,232.6	5,816.4
7	Machinery and transport equipment-----	.3	94.4	7.3	2,547.1	6,258.1	8,553.1
8	Miscellaneous manufactured articles-----	760.7	2,633.4	3,914.0	7,163.7	16,800.8	18,691.1
9	Commodities and transactions not elsewhere classified.	17.3	65.7	32.7	81.1	353.2	351.4
	Total-----	1,730.0	5,819.9	13,424.6	31,491.5	55,703.9	125,819.9

Source: U.S. Department of Commerce publications.

Detail may not add to totals due to rounding.

Although a member of GATT, Romania has been denied most-favored-nation treatment by the United States since 1951, when MFN status was withdrawn from all the Communist East European countries except Yugoslavia. Imports from that country into the United States are subject to the column 2 rates of duty, nearly all of which are higher than the present column 1 (MFN) rates.

After MFN treatment was withdrawn, virtually all the Romanian goods that were imported into the United States consisted of those that entered duty free or at rates that were the same as or only nominally higher than MFN rates. By 1966, however, 40 percent of the TSUSA items in which imports were recorded were subject to tariff rates that were significantly higher than the MFN rates. Between 1951 and 1966, the composition of Romanian exports to the United States had shifted away from agricultural and raw-material products toward manufactured and semimanufactured articles; the latter articles carried higher column 2 duty rates than the agricultural and raw-material products. Animal and vegetable products, which accounted for 90 percent of the value of U.S. imports from Romania in 1951, were only 20 percent of the total in 1966. In the latter year, furniture, wood products, textiles, rugs, glass, pig iron, and leather footwear constituted over 50 percent of the U.S. import bill from Romania. After 1966 the amount of tariff discrimination against U.S. imports from non-MFN countries increased, because the Kennedy Round tariff-rate reductions began to come into effect and

further reduced the MFN rates. By 1972, nearly three-fourths of the individual TSUS items in which U.S. imports from Romania were recorded were subject to full rates that substantially exceeded MFN rates.

Currently, some major U.S. imports from Romania enter duty free or at rates essentially equal to MFN rates. These imports--gasoline fuel oil, 1/ canned pork, tractors, and some chemicals--accounted for half the value of U.S. imports from Romania in 1970 and 1972, for 60 percent in 1973, and for 75 percent of the value in 1974. Tables 4 and 5 list 15 major items imported from Romania in 1973 and 1974, and give the rates of duty applied to them for MFN and non-MFN countries. Recent major imports from Romania that have encountered tariff rates substantially higher than MFN rates include men's leather footwear, metal manufactures, wooden furniture, cheese, glass products, some chemicals, and cotton textiles and clothing. The quantities of cotton textiles and clothing imported by the United States from Romania are covered by quotas negotiated under the cotton textiles agreement and the multifiber agreement.

1/ Petroleum and petroleum products were not subject to duties from May 1, 1973, to Feb. 1, 1975. During that period a license fee was required from all importers regardless of source. As of Feb. 1, 1975, although duties have been reinstated, the license holder receives a refund equivalent to the duty paid, so that all petroleum imports effectively enter at the same duty irrespective of the source.

Table 4.--Major U.S. imports from Romania, 1973

TSUS item number	Description	Value	Percent of total	Full rate	1972 MFN rate
		thousands			
475.25	Motor fuel-----	\$7,287	13.09	2.5¢/gal.	1.25¢/gal.
107.35	Pork, boned, cooked and packed in airtight containers-----	6,318	11.35	3¢/lb	3¢/lb.
692.30	Tractors for agricultural use, and parts thereof-----	5,733	10.30	Free	Free
475.10	Fuel oil, 25 degrees A.P.I., or more-----	5,304	9.53	0.5¢/gal.	0.25¢/gal.
700.26	Leather welt footwear, \$2-\$5 per pair-----	3,796	6.82	20%	17¢/pair
475.05	Fuel oil, under 25 degrees, A.P.I-----	3,170	5.69	0.5¢/gal	0.125¢/gal
542.33	Ordinary glass, 16-28 oz/square foot, 40-60 united inches-----	1,752	3.15	1.9¢/lb.	.9¢/lb.
380.06	Other men's and boys' cotton knit wearing apparel-----	1,617	2.91	45%	21%
700.35	Men's and boys' leather footwear, other-----	1,509	2.71	20%	8.5%
700.27	Leather welt footwear, \$5-\$6.80 per pair-----	1,196	2.15	20%	5%
542.35	Ordinary glass, 16-28 oz/square foot, 60-100 united inches-----	1,192	2.14	2.4¢/lb.	1.1¢/lb.
608.84	Plates and sheets of iron or steel, not alloy--	1,171	2.10	20%	7.5%
700.43	Leather footwear, other, not over \$2.50 per pair-----	1,139	2.05	20%	15%
700.45	Leather footwear, other, over \$2.50 per pair---	915	1.64	20%	10%
380.12	Men's and boys' cotton coats, not knit, over \$4 each-----	756	1.34	37.5%	8%
	Total 1973 imports itemized above-----	42,862	76.97		
	Total 1973 imports for consumption-----	55,685	100.00		

Source: Bureau of East-West Trade, U.S. Department of Commerce.

Table 5.--Major U.S. imports from Romania, 1974

TSUS item number	Description	Value	Percent of total	Full rate	1972 MFN rate
		Thousands			
475.25	Motor fuel-----	\$40,153	31.91	2.5¢/gal.	1.25¢/gal.
475.05	Fuel oil, under 25 degrees, A.P.I-----	23,610	18.77	0.5¢/gal.	0.125¢/gal.
107.35	Pork; boned, cooked and packed in airtight containers-----	9,929	7.89	3¢/lb.	3¢/lb.
475.10	Fuel oil, 25 degrees, A.O.I., or more-----	9,651	7.67	0.5¢/gal.	0.25¢/gal.
692.30	Tractors for agricultural use, and parts thereof--	7,743	6.15	Free	Free
700.26	Leather welt footwear, \$2-\$5 per pair-----	3,240	2.58	20%	17¢ pair
475.35	Naphthas derived from petroleum-----	2,991	2.38	0.5¢/gal.	0.25¢/gal.
700.45	Leather footwear, other, over \$2.50 per pair-----	1,564	1.24	20%	10%
425.20	Mono-, di- and tri-monoamines-----	1,347	1.07	25%	5%
700.35	Men's and boys' leather footwear, other-----	1,293	1.03	20%	8.5%
420.84	Sodium carbonate, calcined (soda ash)-----	1,086	.86	0.25¢/lb.	0.12¢/lb.
700.43	Leather footwear, other, not over \$2.50 per pair--	953	.76	20%	15%
610.42	Steel pipe, not alloy, threaded or otherwise advanced-----	911	.72	20%	7.5%
727.35	Furniture other than chairs, not specifically provided for-----	879	.70	40%	5%
542.33	Ordinary glass, 16-28 ounce/square foot, 40-60 united inches-----	856	.68	1.9¢/lb.	.9¢/lb.
	Total 1974 imports itemized above-----	106,211	84.42		
	Total 1974 imports for consumption-----	125,819	100.00		

Source: Bureau of East-West Trade, U.S. Department of Commerce.

Romanian Export Potential

Romanian trade with the developed West has increased during the past two decades partly as a result of overall development planning for the Romanian economy. Imports from developed Western economies of raw materials and machinery that are not available from other Eastern European countries help fill development needs and allow more rapid and flexible economic growth. Exports to these countries must earn the hard currency necessary to finance the imports.

A factor that must be considered when attempting to forecast the size and composition of Romanian export flows is the role of planning and control in decisions made in that nation's centralized economy. A significant increase in the exportation of any commodity generally is possible only to the extent that the increase has been included in the investment allocations and production goals of the 5-year economic plan. Political and economic decisions and priorities, including export commitments, can restrict or encourage exports regardless of world demand or the lowering of tariff barriers. Barring some reorientation of production in response to unforeseen export opportunities, only diversion of output from domestic consumption or from other trade partners can allow an "unplanned" supply response to an export stimulus, such as the removal of tariff barriers.

In sum, while the removal of discriminatory tariff barriers against U.S. imports from Romania will tend to stimulate such imports, the ability and inclination of Romania to respond to that stimulus will usually govern as much or more than purely market forces. An

examination of the planned and actual levels of output and export growth in various Romanian industries that exported during the period 1970-73 gives some indication of the ability to export. High planned rates of growth for production in certain industries under the 1976-80 5-year plan compared with the actual output growth rates in 1971-74 may indicate a willingness and ability to expand future exports if market conditions permit (see tables 6 and 7).

Production goals for most sectors under Romania's 1971-75 5-year plan had been met by the end of 1973, and were revised upward to permit further growth. Only in the chemical industry did output fail to increase at the planned rate. The plan provided for the allocation of about one-third of national income to investment. Sixty percent of this investment was directed toward heavy industry, with special emphasis on increased technological sophistication in production. By the end of 1975, the machine-building, chemical, and metallurgy industries are expected to account for over half of total industrial output. Areas where particularly large annual increases in production were planned include machine tools, electronic equipment, precision instruments, steel, steel alloys and products, cement, chemical fertilizers, and tractors. A large part of the increases were intended to produce articles for export.

In the first 3 years of the 1971-75 plan, both output and exports of electronic equipment, tractors, metalworking machinery, and chemical fertilizers increased substantially, over 10 percent a year on average. For various reasons, production in the chemical industry

Table 6.--Romanian data on selected Romanian industries that produce for export: Growth of output and exports, 1970-75

Industry	Growth of	Growth of
	output	exports
	1970-75	1970-75
	Percent	Percent
Industrial sector-----	43.1	102.0
Agricultural sector-----	31.5)
Machine building industry:		
Metal cutting machine tools-----	45.4	66.1
Electric power and electrotechnical		
equipment-----	73.7	85.7
Electric cables and conductors-----	31.8	264.7
Transformers-----	86.9	80.4
Chemicals:		
Synthetic yarns and fibers-----	51.3	198.1
Synthetic resins-----	46.8	75.2
Synthetic rubber-----	35.6	35.8
Chemical fertilizers-----	38.8	145.9
Medicines-----	59.2	34.9
Caustic soda-----	16.1	-16.8
Soda ash-----	16.4	15.8
Phenol-----	*	2.7
Metanol-----	*	-74.8
Toluene-----	15.1	-35.0
Xylene-----	10.8	*
Carbon black-----	6.8	- 5.5
Metallurgy		
Steel-----	25.3	*
rolled ferrous metals-----	*	-13.7
Finished rolled metals-----	29.5	*
Ferrous metal pipes-----	*	-15.5
Steel pipes-----	17.6	*
Non-ferrous metals, including alloys-----	*	- 1.1
Primary aluminum, including alloys-----	39.5	*
Bearings-----	27.0	- 2.4
Excavators-----	34.3	1,552.4
Tractors-----	32.5	103.5
Tires-----	13.3	12.9
Cement-----	21.2	48.8
Glass (plate)-----	53.1	106.0
Plywood-----	1.4	- 5.2
Vencer-----	12.1	-31.5
Household glassware and ceramics-----	*	214.4
Glassware-----	22.6	*
Paper-----	11.4	-25.9
Cotton textiles and fabrics-----	30.7-32.2	17.2
Clothing-----	61.7	51.0
Knits-----	49.9	104.3
Furniture-----	43.6	77.4
Footwear-----	24.4	31.1
Wine-----	*	32.2
Tinned meat-----	33.4	81.8
Cheese-----	38.5	32.9

* - Not available.

Source: Statistical Annual of the Socialist Republic of Romania, 1974; Communiqué on the Economic and Social Development of the Socialist Republic of Romania in 1974; Information Supplied by the Socialist Republic of Romania to the International Monetary Fund; Romanian Foreign Trade 3/74 (periodical).

Table 7.--Romanian data on selected Romanian industries that produce for export: Actual annual growth of output, 1971-74, and planned average annual growth of output, 1976-80

Industry	: Actual average : annual growth of : output, 1971-74	: Average planned : annual growth of : output, 1976-80
	: <u>Percent</u>	: <u>Percent</u>
Industry sector-----	13.3	9-10
Agricultural sector-----	7.1	4.6-6.0
Machine building industry:		
Metal cutting machine tools-----	29.6	18.7-20.9
Electronics-----	24.7	17.1-20.1
Automation and computing means-----	39.7	21.6-24.7
Fine mechanics and optics-----	30.7	20.1-24.7
Petro-chemicals:		
Synthetic yarns and fibers-----	20.0	17.1-20.1
Plastics and synthetic resins-----	8.2	14.9
Synthetic rubber-----	10.8	20.1-22.0
Chemical fertilizers-----	12.0	10.9-12.2
Metallurgy:		
Steel-----	7.9	10.9-12.2
Finished rolled goods (1973)-----	9.0	9.9-12.5
Nonferrous metallurgy-----	*	5.4- 9.9
Primary aluminum alloys-----	16.6	4.6- 5.4
Bearings-----	19.7	*
Tractors-----	11.1	3.7- 5.4
Tires-----	9.4	12.3-14.4
Cement-----	8.3	7.0- 8.2
Knits-----	12.7	9.6-10.4
Textile clothing-----	18.9	7.1- 8.7
Fabrics-----	9.2	6.7- 8.0
Footwear-----	8.3	6.0- 6.7
Furniture-----	12.9	3.7- 5.4

* - Not available.

Source: Statistical Annual of the Socialist Republic of Romania, 1974; Directives of the Eleventh Congress of the Romanian Communist Party Concerning the 1976-1980 Five Year Plan; Communiqué on the Economic and Social Development of the Socialist Republic of Romania in 1974; Romanian Foreign Trade, 3/74 (periodical).

lagged behind planned goals and the performance of other industries, and exports of certain chemicals showed corresponding drops in a period when total exports increased by more than two-thirds. As shown in table 6, exports of synthetic rubber, synthetic fibers and resins, excavators, knits, glass, furniture, and tinned meat also showed large increases between 1970 and 1973, corresponding to greatly increased output in these industries over the period. Industries with indifferent production growth, such as paper, plywood, veneer, tires, and bearings, showed poor export growth rates. Metallurgical production, though meeting planned goals by 1973, did not sustain an increase in exports in this period.

The 1976-80 5-year plan calls for intensive investment and growth of output in the machine-building, metallurgical, and petrochemical industries. Planned average annual rates of increase of production in these industries are substantially higher than those of furniture, construction materials, clothing, fabrics, and other light industries (see table 7). If the plan is fulfilled, half of Romania's exports in 1980 will be produced by the machine-building and chemical industries. Markedly increased exports from the metallurgical industries are less certain, particularly since rising production has been based on increasing imports of iron ore and coking coal. Exports of metallurgical products declined steadily in the period 1970-73, and only a moderate yearly increase in steel output is expected through 1980.

In light industry, planned yearly growth of output is generally lower than that for producer goods. However, the plan calls for much

of the increase in this area to go for export. The growth of exports during 1970-73 substantially exceeded growth of output in several light industrial products, including glass, knits, furniture, footwear, and canned meat.

Based on the information in tables 6 and 7 regarding output and export growth rates of various Romanian industries, areas of prime export expansion potential would include--

- metalworking machinery and machine tools
- electrical and electronic equipment
- synthetic resins, fibers, and plastics
- chemical fertilizers
- tractors and similar equipment
- glass, glassware, and ceramic products
- tires
- knits
- clothing
- footwear
- canned meat

Products whose export expansion potential would seem limited, unless output was diverted from domestic consumption or other trade destinations, would include--

- ferrous metal plates and pipes
- caustic soda
- soda ash
- phenol, metanol, toluene, xylene
- carbon black
- plywood
- veneer
- cotton textiles

Indeterminate areas would include--

- nonferrous metals and products, including alloys
- bearings
- cement
- cheese
- wines
- medicines

Several Romanian export products are not included in the lists above--petroleum and petroleum products, raw agricultural products, railway vehicles, and cargo ships. Either distance realistically forbids their export in any quantity to the United States, or the level of tariff discrimination at this time is not significant and the granting of MFN treatment would not increase competitiveness.

Potential U.S. Imports from Romania

This section attempts to identify, by TSUS item, Romanian products that have potential for increased importation into the United States once MFN status is accorded to Romania. The following criteria were used to select the products in this section: (1) They must be products that Romania exports to Western Europe, (2) they must be products that the United States normally imports, and (3) there must be a significant difference in the U.S. tariff rate in column 1 (the MFN rate) and column 2 (the rate applicable to Romania). With the exceptions noted below, all products (TSUS items) that meet all three criteria are included in the tables in this section. The criteria are discussed briefly below--

(1) Data on Western European 1/ imports from Romania were used to indicate the structure of Romanian exports. Western Europe is a developed market economy comparable in size to the United States and is taken as a proxy for the United States. The tariff rates that the Western European countries apply against their imports from Romania are generally similar to the U.S. column 1 rates. A few products that Romania sells in Western Europe, such as fresh agricultural products, could not be marketed in the United States because of distance and perishability; there are several others, such as soybeans, in which the United States is a net exporter. These products, relatively small in number, are not included as potential U.S. imports from Romania.

1/ The Western European countries included here are the countries of the expanded European Community (except Ireland) plus Norway, Greece, Turkey, and Portugal.

(2) The products that met the first criterion above were checked against U.S. imports from all sources. The TSUS items in which total U.S. imports amounted to less than \$1 million in 1973 were removed from the list on the grounds that the market for such products was too small.

(3) TSUS items that met both the first and second criteria were then examined for the amount of U.S. tariff discrimination between columns 1 and 2. Only those TSUS items that had a difference of 5 percentage points or more between the column 1 rate and the column 2 rate were retained.

Table 8 presents a broad picture of the structure of Romanian exports to Western Europe, 1/ covering 70 percent of Romanian exports to Western Europe in 1973. The products that were not included in this table fell into groups that were excluded from consideration because of the reasons outlined above. The items in the table account for 57 percent of U.S. imports from Romania and 40 percent of total U.S. imports in 1973. Most of the U.S. imports from Romania not covered in the table are mineral fuels and agricultural tractors, neither of which are subject to tariff discrimination.

The following tables present the TSUS items included in the broad commodity groups of table 8 that possess potential as U.S. imports from Romania if tariff discrimination is eliminated on these products. It should also be noted that Romania has been conditionally designated

1/ The commodity groupings are by Standard International Trade Classification (SITC). Data on imports into Western European countries from Romania were available only by SITC classes.

Table 8.--Selected Romanian exports to Western Europe and to the United States and comparable total U.S. imports of these products, 1973

(In thousands of dollars)

Item	Western European imports from Romania in 1973 ^{1/}	U.S. imports from Romania in 1973 ^{2/}	Total U.S. imports in 1973 ^{2/}
Food, beverages, and tobacco:			
Meat and meat preparations-----	84,486	6,319	1,668,020
Cheese-----	3,638	755	156,218
Beverages-----	1,775	37	998,047
Fish and fish preparations-----	810	186	1,387,437
Tobacco products-----	1,956	-	215,098
Fruit and vegetables-----	52,238	313	985,041
Crude materials inedible, except fuel:			
Synthetic rubber-----	4,199	-	64,286
Wood in the rough-----	47,234	-	1,513,812
Textile fibers and waste-----	13,813	72	235,567
Sunflower seed oil-----	28,673	-	14
Chemicals:			
Organic chemicals-----	9,942	495	629,785
Inorganic and other chemicals-----	4,863	35	673,794
Medicines-----	463	2	164,292
Plastic materials-----	4,082	-	206,574
Manufactured goods classified by chief material:			
Rubber manufactures-----	2,237	5	562,966
Plywood and veneers-----	5,556	1	474,931
Other wood and cork manufactures-----	10,676	65	305,874
Paper and paperboard-----	3,807	12	1,382,027
Textile yarn, fabrics, and manufactures, except clothing-----	33,550	643	1,568,134
Glass, glassware, and pottery-----	5,364	5,317	520,736
Iron and steel universals, plates, and sheets-----	35,140	1,171	1,327,569
Iron and steel wire-----	709	-	164,346
Iron and steel bars, rods, shapes, and sections-----	2,599	-	761,231
Iron and steel tubes and pipes-----	5,513	-	395,634
Miscellaneous iron and steel semimanufactures-----	5,743	-	16,896
Copper and copper semimanufactures-----	3,882	-	262,706
Aluminum and aluminum semimanufactures-----	8,875	-	344,187
Metal manufactures-----	11,664	20	1,427,528
Machinery and transport equipment:			
Machine tools for working metal-----	4,805	34	168,516
Other textile and leather sewing machines-----	-	9	204,607
Construction and mining machines-----	127	-	108,369
Mineral working machinery-----	1,179	-	35,041
Mechanical handling equipment-----	133	-	168,862
Ball, roller, and needle bearings-----	1,256	4	181,656
Other non-electric machinery-----	3,302	-	247,205
Electric power machinery and switchgear-----	2,199	5	458,341
Insulated cable and wire-----	1,466	-	132,720
Telecommunications apparatus-----	1,301	-	2,057,020
Domestic electric equipment-----	12	-	278,154
Other and unspecified electric machinery-----	3,302	23	1,368,584
Miscellaneous manufactured articles:			
Furniture-----	44,373	1,524	402,348
Clothing-----	85,844	6,479	2,153,854
Footwear-----	19,410	8,310	1,079,166
A. Total of products itemized above-----	562,194	31,836	27,457,693
B. Total of all products imported-----	852,598	55,703	69,121,221
C. Total A. as percent of total B.-----	65.94%	57.15%	39.72%

^{1/} For the purposes of this table, "Europe" includes the countries of the expanded European Economic Community (EEC) Ireland plus the countries of Greece, Norway, Portugal, and Turkey. This data was derived from sources published by the International Trade Analysis Staff, U.S. Department of Commerce.

^{2/} U.S. Department of Commerce source.

as a beneficiary developing country under title V of the Trade Act of 1974 and, as such, may receive tariff preferences on certain designated TSUS items under the generalized system of preferences (GSP). These potentially duty-free items have been noted in the tables.

SITC 0, 1--Food and live animals, beverages, and tobacco

Nearly one-fourth of Romanian exports to Western Europe fall into these two categories. In contrast, only 8.6 percent of U.S. imports from Romania in 1974 consisted of food, beverages, and tobacco; in 1973 the figure was 13.8 percent. Most of the U.S. imports in this category have consisted of canned ham, pecorino cheese, and frozen fish. Canned hams are by far the most important item, and in 1973 the U.S. imported such hams valued at \$5.5 million--10 percent of total U.S. imports from Romania in that year. In contrast, Romania sells a much more diverse line of food products in Europe. Very few of these products have much potential for export to the United States, however. Many of the food items have not been subject to column 2 tariff discrimination, and yet they have not been sold in any quantity in the U.S. market.

The United States has maintained a very large positive balance of trade in food items with Romania in recent years owing to large U.S. grain sales. The items listed in table 9 represent a few products that have some potential in the U.S. market assuming the removal of tariff discrimination. Chief among these products are certain cheeses, still wines, tobacco, and some specialty items. As the table indicates, granting MFN treatment to Romania would substantially reduce the duties paid on these U.S. imports from Romania.

Table 9.--Potential U.S. imports from Romania of food, beverages, and tobacco, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000 dollars</u>	<u>1,000 dollars</u>	
Cheese	117.25	Edam, Gouda		15%	35%	-	8,158	-
	117.60	Swiss type		8%	35%	-	43,908	-
	117.65	Cheese from sheeppmilk	*	9%	35%	76	10,737	0.7
	117.67	Pecorino	*	12%	35%	679	3,301	20.6
	117.85	Other cheeses		10%	35%	-	53,797	-
Beverages	167.30	Still wine		37.5¢/gal.	\$1.25/gal.	37	222,159	<u>1/</u>
	167.10	Champagne		\$1.17/gal.	\$6.00/gal.	-	22,176	-
Fish	110.40	Frozen, sealed, in bulk, over 15 lbs.		Free	1.25¢/lb.	-	5,038	-
	110.45	Sealed, other	*	6%	25%	-	1,591	-
	111.10-	Dried, salted, pickled, smoked or kippered		Free to 12.5%	1¢/lb. to 25%	-	34,773	-
	111.92					-		
	112.01-	Fish in airtight containers (Anchovies, sardines, etc.)		0.5¢/lb. to 35%	1.25¢/lb. to 45%	-	103,551	-
112.94								
113.50	Sturgeon roe	*	15%	30%	2	1,821	0.1	
Tobacco and products	170.28	Cigar leaf		11.5¢/lb.	35¢/lb.	-	97,941	-
	170.40	Cigar filler		16.1¢/lb.	35¢/lb.	-	5,056	-
	170.60	Scrap tobacco		16.1¢/lb.	35¢/lb.	-	30,743	-
	170.66	Cigars		95¢/lb.+5%	\$4.50/lb.+25%	-	9,744	-
Fruit and vegetables	140.55	Dried vegetables, NSPF	*	13%	35%	-	1,924	-
	141.65	Tomatoes, paste and sauce		13.6%	50%	-	20,139	-
	141.66	Tomatoes, other		14.7%	50%	-	12,921	-
	141.7540	Vegetables, packed in salt, brine, NSPF		12%	35%	-	6,408	-
	141.8160	Vegetables, preserved, NSPF		17.5%	35%	2	10,385	<u>1/</u>
	144.1200	Dried mushrooms		3.2¢/lb.+10%	10¢/lb.+45%	-	1,331	-
	144.20	Canned mushrooms		3.2¢/lb.+10%	10¢/lb.+45%	-	3,248	-
146.7540	Berries, preserved, NSPF	*	14%	35%	-	26,550	-	
153.32	Jellies, jams, NSPF	*	7%	35%	1	904	0.1	
Canned beef	107.50	Canned beef	*	7.5%	30%	-	72,002	-

1/ Denotes less than 0.05%.

SITC 2, 4--Crude materials (inedible, except fuel); oils and fats (animal and vegetable)

The products in SITC categories 2 and 4 are not important U.S. imports from Romania. In 1973, purchased 15.5 percent of Western Europe's imports from Romania consisted of products in these categories, while the comparable figure for the United States was only 1.8 percent. Western Europe imported large quantities of rough lumber, textile fibers, and sunflower seed oil, whereas the United States purchased furskins, spices, poppy seed, and feathers. Rough-cut lumber constitutes the largest share of Romanian exports to Western Europe of items in these categories, but the United States imported no lumber from Romania despite very little tariff discrimination.

Some of the products in SITC 2 and 4 which the Romanians have exported elsewhere and which have some potential in the U.S. market are shown in table 10.

SITC 3--Mineral fuels and lubricants

Under the U.S. import fee system, U.S. imports of mineral fuel from Romania are not subject to tariff discrimination, and extension of MFN treatment to Romania would have no direct effect on U.S. oil imports from Romania.

The Romanian petroleum industry is based on limited reserves, and, in recent years, Romania has begun importing eastern crude petroleum to maintain full capacity utilization in its refineries.

Table 10.--Potential U.S. imports from Romania of crude materials, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000 dollars</u>	<u>1,000 dollars</u>	
Synthetic rubber	446.15	Synthetic rubber	*	3.0%	20.0%	-	64,286	-
Wood in the rough or simply worked	202.52 202.53 202.54 202.58	Treated softwood lumber Treated hardwood lumber Other treated lumber Hardwood wood flooring (not oak)		Free Free 5% Free	10% 10% 20% 8%	- - - -	3,360 4,387 2,923 5,776	- - - -
Textile fibers and waste	306.00- 307.64 300.10- 303.20 309.02- 312.50	Wool and animal hair Cotton fiber Man-made fiber		Free to 30¢/lb. +15% Free to 14.5%	Free to 40¢/lb. +50% Free to 40%	- - -	128,099 26,771 286,488	- - <u>2/</u>
Sunflower seed oil	176.54 176.55	Sunflower seed oil Sunflower seed oil		.9¢/lb. .9¢/lb.+4%	4.5¢/lb. 4.5¢/lb.+20%	- -	- 14	- -

1/ Less than \$500.

2/ Denotes less than 0.05 percent.

SITC 5--Chemicals

The Romanian chemical industry has been the fastest growing sector in the economy in recent years. During the 1971-75 5-year plan, the chemical industry has grown by an average of over 20 percent a year.

Petrochemicals form the base of the Romanian chemical industry, and products from that part of the industry account for a large portion of Romanian chemical exports. Nitrogenous fertilizers, organic chemicals, and plastic materials accounted for over 75 percent of Romania's chemical exports to Europe in 1973. Chemical products now account for about 8 percent of Romania's total exports, compared with 2 percent in 1960.

U.S. imports of Romanian chemicals have been erratic. Over the last 10 years, chemicals have accounted for as little as 0.2 percent of annual U.S. imports from Romania and as much as 11.5 percent. In 1973, the United States purchased Romanian chemicals, predominantly xylene, worth \$0.5 million. In 1974, U.S. imports climbed to \$3.6 million as large shipments of sodium carbonate, monoamines, and urea were received. (These products are not shown in table 11, which contains only data for 1973.)

U.S. tariff discrimination does not affect Romania's biggest chemical product, fertilizer. The extension of MFN treatment, however, would result in lower tariffs on Romanian sales of organic chemical products to the United States. Future planned expansion in the production of plastic resins may result in future U.S. imports of these products.

The Romanians have indicated that they are planning an expansion of their synthetic fiber and manmade textiles industries, implying a desire to export more finished products rather than the basic output of the chemical industry.

SITC 6--Manufactured goods classified by chief material

Romania exports a diverse mixture of goods in SITC category 6, but only a few of these products have been imported into the United States in any significant quantities. By far the most important products in this category that have been imported by the United States have been flatglass and glassware (see table 12). In 1973 over \$5 million of the \$7.2 million total value of U.S. imports in category SITC 6 consisted of the glass products. In one class of flatglass, Romanian products accounted for over 10 percent of total U.S. imports in the classification. These large imports were realized despite a significant amount of tariff discrimination.

Other items imported in significant amounts from Romania in this category include cotton textiles and steel plates. Again, both of these products were imported despite high tariff discrimination. In 1974 the pattern of imports changed slightly. Flatglass and glassware were still predominant, totaling \$2.0 million and \$1.7 million, respectively. The mixture of steel products changed, however, as imports of steel pipe totaled some \$0.9 million while imports of steel plate amounted to only \$0.6 million. A large decrease in imports of cotton textiles occurred also as the value of imports fell nearly

Table 11.--Potential U.S. imports from Romania of chemicals, by TSUS item; rates of duty;
and actual U.S. imports, total and from Romania, 1973

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000 dollars</u>	<u>1,000 dollars</u>	
Organic chemicals	403.10	Styrene	*	1.4¢/lb.+9%	7¢/lb.+45%	-	2,304	-
	403.50	Cyclic organic acids	*	1.4¢/lb.+10%	7¢/lb.+40%	-	7,825	-
	403.60	Cyclic or benzenoid products, NSPF	*	1.7¢/lb.+12.5%	7¢/lb.+40%	-	125,858	-
	403.70	Caprolactum monomer	*	1.5¢/lb.+10%	7¢/lb.+40%	-	11,060	-
	403.80	Other benzenoid compounds	*	1.7¢/lb.+12.5%	7¢/lb.+40%	-	5,949	-
	405.15	Pesticides (DDT)	*	1.7¢/lb.+11%	7¢/lb.+45%	-	34,868	-
	405.25	Plastic materials derived from benzenoid compounds	*	1.4¢/lb.+9%	7¢/lb.+45%	-	41,095	-
	405.30	Textile preparation agents	*	1.4¢/lb.+8%	7¢/lb.+40%	-	2,712	-
	405.35	Other detergents, emulsifiers	*	1.7¢/lb.+12.5%	7¢/lb.+40%	-	1,492	-
	405.40	Plasticizers	*	1.7¢/lb.+12.5%	7¢/lb.+40%	-	1,407	-
	406.80	Fast colors & naphtol-based dyes	*	1.7¢/lb.+10%	7¢/lb.+40%	-	7,119	-
	407.40	Primodone	*	1.2¢/lb.+8.5%	7¢/lb.+40%	-	1,509	-
	407.72	Specified coal tar drugs	*	1.4¢/lb.+10%	4¢/lb.+45%	-	7,499	-
	407.75	Phenolphthaleim	*	1.7¢/lb.+12.5%	7¢/lb.+45%	-	68	-
	415.20	Chlorine liquid	*	5%	25%	-	3,527	-
	425.20	Methyl & butyl monoamines	*	5%	25%	-	160	-
	427.60	Acetone	*	4%	20%	14	1,189	1.2
	427.74	Butanol	*	1.2¢/lb.	6¢/lb.	-	1,378	-
Inorganic and other chemicals	417.16	Aluminum sulphate	*	.05¢/lb.	.375¢/lb.	-	705	-
	418.14	Calcium carbide	*	.21¢/lb.	1¢/lb.	-	740	-
	418.32	Other calcium compounds	*	5%	25%	-	733	-
	421.16	Trisodium phosphate	*	.4¢/lb.	1.5¢/lb.	-	2,077	-
	421.44	Sodium sulphate (not crude)	*	40¢/ton	\$3/ton	-	1,602	-
	421.62	Sodium tripolyphosphate and other sodium compounds	*	5%	25%	-	4,310	-
	473.04	Carbon black		Free	20%	-	991	-
	420.94	Sodium chloride (salt)	*	.8¢/100 lb.	7¢/100 lb.	-	11,898	-
	421.08	Sodium hydroxide (caustic soda)	*	0.2¢/lb.	0.5¢/lb.	-	8,877	-
	423.00	Inorganic oxides	*	5%	25%	-	16,251	-

Table 11.--Potential U.S. imports from Romania of chemicals, by TSUS item; rates of duty;
and actual U.S. imports, total and from Romania, 1973--Continued

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000</u> dollars	<u>1,000</u> dollars	
Medicines	439.5080	Synthetic drugs	*	5%	25%	2	14,058	<u>1/</u>
	437.32	Antibiotics	*	5%	25%	-	27,531	-
Plastic materials	445.30	Polyethylene resins	*	1.3¢/lb.+10%	4¢/lb.+30%	-	1,644	-
	445.45	Polyvinyl chloride	*	1.25¢/lb.+6%	4¢/lb.+30%	-	11,969	-
	772.20	Polyethylene bags	*	7.5%	80%	-	13,923	-
	445.40	Vinyl resins	*	.6¢/lb.+3%	4¢/lb.+30%	-	5,690	-

1/ Denotes less than 0.05 percent.

Table 12.--Potential U.S. imports from Romania of manufactured goods classified by chief material, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						1,000 dollars	1,000 dollars	
Rubber manu-	358.02	V-belt of textile and rubber		8%	30%	-	4,380	-
factures not	772.45	Airplane tires	*	5%	30%	-	2,177	-
for clothing	772.51	Other	*	4%	10%	5	487,951	1/
	772.57	Bicycle tubes	*	15%	30%	-	12,872	-
	772.60	Other	*	5%	25%	-	11,864	-
	773.35	Machine belt of rubber	*	6%	25%	-	2,045	-
Plywood and	240.03	Veneer	*	5%	20%	-	25,564	-
veneers	240.21	Plywood	*	20%	40%	-	1,407	-
	240.23	Plywood	*	10%	40%	1	17,508	1/
	240.38	Plywood panel	*	10%	40%	-	2,096	-
Other wood	202.66	Moldings	*	8.5%	40%	-	10,576	-
and cork	204.25	Moldings		Free	15%	-	1,156	-
manufactures	204.30	Packing crates	*	16-2/3%	33-1/3%	-	1,175	-
	204.10	Barreis	*	3.5%	15%	-	952	-
	204.40	Jewel boxes	*	16-2/3%	33-1/3%	29	1,981	1.5
	204.50	Jewel boxes	*	2¢/lb.+4%	5¢/lb.+20%	-	15,270	-
	206.97	Household utensils	*	8%	33-1/3%	18	41,559	1/
	207.00	Carvings and wood, n.e.s.	*	8%	33-1/3%	6	33,628	1/
	790.05	Clothes pins	*	10¢/gross	20¢/gross	11	1,420	0.8
	206.30	Wood doors	*	7.5%	33-1/3%	-	11,298	-
Paper and	245.10	Hardboard	*	7.5%	30%	12	9,289	0.1
paperboard	245.20	Hardboard	*	7.5%	30%	-	27,105	-
	251.40	Pulpboard		Free	10%	-	2,626	-
	251.51	Paperboard		Free	30%	-	5,561	-
	252.67	Book and printing paper	*	.08¢/lb.+2%	.25¢/lb.+10%	-	56,647	-
	252.79	Writing paper	*	.5¢/lb.+2%	5¢/lb.+15%	-	1,824	-
	252.90	Heavy paper/not wrapping	*	10%	30%	-	6,254	-
	256.05	Wallpaper	*	5%	1.5¢/lb.+20%	-	14,062	-

See footnote at end of table.

rates of duty; and actual U.S. imports, total and from Romania, 1973--Continued

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000 dollars</u>	<u>1,000 dollars</u>	
Wool yarn, fabrics, and manufactures	316.40 336.10- 336.60 345.30 360.15 361.44 361.46 361.48	Wool cordage Woven wool fabrics Knit wool fabrics Wool floor coverings Wool floor coverings Wool floor coverings		3% 30¢/lb.+12.5% to 37.5% 37.5¢/lb.+20% 11% 11% 7.5% 15%	10% 40¢/lb.+55% to 50¢/lb.+60% 50¢/lb.+55% 45% 45% 30% 60%	- 3 - - 25 24 - 1	2 37,893 89 35,787 1,698 127 622 15	- 1/ - 0.1 1.4 - 0.2 -
Cotton yarn, fabrics and other manufactures	315.05- 315.15 319.01- 332.40 345.10 346.05- 346.45	Cotton cordage Woven cotton fabrics Knit cotton fabrics Pile cotton fabrics		20% 5.9% ad.val.to 3.8¢/lb.+28.5% 25% 15% to 38%	35% to 40% 10.35% ad.val.to 10¢/lb.+62.5% 45% 31.25% to 70%	- 511 - -	277,345 1,315 16,376	0.2 - -
Manmade yarn, fabric, and manufactures	338.10- 338.30 345.50	Woven fabrics Knit fabrics		10.5% ad.val.to 13¢/lb.+22.5% 25¢/lb.+20% ad.val.	50% to 45¢/lb. +70% ad.val. 45¢/lb.+60% ad.val.	- - -	180,193 83,472	- -
Glass	541.11- 542.48 543.11- 544.64	Flatglass Flatglass, ground, polished or laminated mirrors	*	0.3¢/lb. to 1.4¢/lb.	1.5¢/lb. to 2.8¢/lb.	3,690 73	35,687 123,432	10.3 1/
Glassware	546.11- 546.59	Glassware	*	10.5% to 50%	50% to 60%	1,377	74,812	1.8
Pottery	533.11- 533.38 533.41- 534.97	Earthenware Chinaware	*	2.5% ad.val.to 10¢/doz.pcs.+ 21% 2.5% ad.val.to 10¢/doz.pcs.+ 55%	15% ad.val. to 10¢/doz.pcs.+ 50% 15% ad.val. to 10¢/doz.pcs.+ 70%	- 39	56,395 152,047	- 1/

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See footnote at end of table.

Table 12.--Potential U.S. imports from Romania of manufactured goods classified by chief material, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1975--Continued

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000</u> dollars	<u>1,000</u> dollars	
Beads & imitation gemstones	741.05-741.50	Beads & imitation gemstones	*	Free to 20%	10% to 80%	1	32,449	1/
Iron and steel universals, plates & sheets -uncoated	608.84 608.87	Steel sheet Steel sheet		7.5% 8%	20% 2¢/lb.+20%	1,171 -	353,680 534,785	0.3 -
Iron & steel wire	609.40 609.41 609.43	Wire round Steel round wire Steel round wire		8.5% .3¢/lb. 8.5%	25% 1.25¢/lb. 25%	- - -	25,782 58,293 28,578	- - -
Iron & steel bars, rods, shapes and sections	608.46 608.71	Steel bars Steel wire rods		7% .25¢/lb.	20% .6¢/lb.	- -	112,464 179,022	- -
Iron & steel tubes & pipes	610.32 610.42 610.49 610.80	Steel pipe Steel pipe Steel pipe Steel pipe		.3¢/lb. 7.5% 10.5% 11%	.75¢/lb. 20% 25% 45%	- - - -	204,732 24,163 50,311 17,447	- - - -
Misc. iron & steel semi-manufactures	608.25	Misc. iron & steel semimanufactures	*	6%	25%	-	3,722	-
Copper & semi-manufactures, unwrought	612.06	Copper & semimanufactures, unwrought	*	.8¢/lb. on copper content	4¢/lb. on copper content	-	262,706	-

See footnote at end of table.

Table 12.--Potential U.S. imports from Romania of manufactured goods classified by chief material, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973--Continued

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports	Total U.S.	U.S. imports
						from Romania	imports	from Romania
						<u>1,000</u> dollars	<u>1,000</u> dollars	
Aluminum and	618.02	Unwrought		1¢/lb.	4¢/lb.	-	100,649	-
semimanu-	618.10	Scrap	*	.7¢/lb.	4¢/lb.	-	16,740	-
factures	618.25	Semimanufactures	*	2¢/lb.	7¢/lb.	-	35,902	-
Metal manu-	640.30	Metal storage containers	*	5%	25%	-	19,337	-
factures	642.10	Iron, steel wire cordage	*	7.5%	35%	-	81,891	-
	646.60	Screws	*	11%	45%	-	24,245	-
	646.63	Screws	*	9.5%	45%	2	37,599	1/
	648.97	Pipe wrenches	*	11%	45%	-	34,862	-
	649.37	Vises	*	5%	45%	-	8,148	-
	649.43	Cutting tools	*	15%	60%	-	25,620	-
	649.67	Blades	*	5%	20%	-	10,463	-
	650.21	Knives	*	.5¢/ea.+8.5%	8¢/ea.+45%	-	14,418	-
	650.91	Scissors	*	10¢/ea.+22.5%	20¢/ea.+45%	-	13,076	-
	651.21	Hammers	*	11%	45%	-	3,162	-
	651.47	Other hand tools	*	8.5%	40%	0	17,432	1/
	653.95	Domestic utensils, household, sanitary	*	8.5%	40%	1	45,513	1/
	653.97	Enameled cooking ware	*	1¢/lb.+2.5%	5¢/lb.+30%	-	24,242	-
	654.20	Other metal manufactures	*	8.5%	40%	-	9,968	-
	657.20	Iron or steel articles, n.e.s.	*	9.5%	20%	-	88,308	-
	688.20	Uninsulated aluminum wire	*	7.5%	35%	-	239	-

1/ Denotes less than 0.05 percent.

80 percent. Romanian cotton textiles are subject to quota agreements with the United States, and in 1974 the quotas were only three-quarters filled.

SITC 7--Machinery and transport equipment

The machinery industry is one of the two main sectors upon which Romania is basing its industrialization program. As such, this sector has been receiving great emphasis in Romanian planning. During the current 5-year plan the sector has been growing at an average annual rate of over 16 percent and grew in 1974 by 20.2 percent, according to published Romanian sources. In 1975 the combined output of the machine-building and chemical sectors will account for 44 percent of industrial output, and the Romanians hope that in 1990 these same two sectors will account for 55 to 60 percent of industrial output.

To date the Romanians have been successful in selling agricultural tractors and parts in the United States. In 1974 sales of these products to the United States amounted to \$7.7 million, and one specific tractor was the fourth leading item sold by the Romanians in the U.S. market. These products enter the country duty free, and this fact gives some credence to the argument that high column 2 rates keep other Romanian machinery and equipment out of the U.S. market (see table 13). Another factor must be considered, however, in assessing the probable effect of granting MFN treatment to Romania, and that factor is the need for an effective service and supply organization in order for Romania to compete in the United States. The metal working

tools, excavating equipment, power machinery, and materials-handling items that the Romanians hope to sell all need a service support organization behind the product. The Romanians recognize this need and have begun to direct resources toward this end. There also is evidence that Romania and other Eastern European countries have taken steps to coordinate their servicing requirements. Until an effective support organization is in place, however, the removal of tariff discrimination is not likely to result in any great increase in the importation of most of the items in this category.

SITC 8--Miscellaneous manufactured articles, n.e.s.

In 1973 just under 12 percent of total U.S. imports fell into SITC category 8, while nearly 15 percent of U.S. imports from Romania fell into this category, which includes such diverse items as plumbing fixtures and photographic equipment. Romania's exports of items in this category to Western Europe were concentrated in clothing, furniture, and footwear. The value of Romania's exports of these three items to Western Europe in 1973 was \$148.6 million, 17.5 percent of Romania's total exports to this group of countries. In the U.S. market, 88 percent of all Romanian sales of items in category 8 were shoes and clothing. Romanian exports of other items in category 8 have been negligible, and the country's sales potential in the U.S. market would seem to be with clothing, footwear, and furniture.

Furniture.--While tariff discrimination does not seem to have had a major impact in impeding sales of Romanian clothing and footwear in the U.S. market, the high column 2 rates have apparently had

Table 13.--Potential U.S. imports from Romania of machinery and transportation equipment, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000 dollars</u>	<u>1,000 dollars</u>	
Machine tools for working metal	674.30	Metal-working machine tools for cutting gears	*	10%	40%	-	4,662	-
	674.32	Metal-boring & drilling machines	*	6%	30%	23	32,334	0.1
	674.35	Metal-working machine tools, n.e.s.	*	7.5%	30%	11	130,063	<u>1/</u>
Sewing machines	672.15	Sewing machines	*	5%	30%	9	142,726	<u>1/</u>
Construction and mining machines	664.05	Mechanical shovels, excavators, oil rigs, etc.	*	5%	35%	-	108,173	-
Mineral working mach'y	678.20	Crushing & grinding machines	*	5%	35%	-	26,976	-
	678.30	Glassworking machines	*	5.5%	35%	-	6,512	-
Mech. handl'g. equipment	664.10	Elevator hoists	*	5%	35%	-	117,257	-
	692.40	Forklifts	*	4.5%	35%	-	45,072	-
Ball, needle and roller bearings	680.30	Ball & roller bearings, anti-friction	*	2¢/lb.+6%	10¢/lb.+45%	-	8,137	-
	680.33	Ball bearings with shafts	*	6%	35%	2	4,334	<u>1/</u>
	680.35	Ball or roller bearings & parts	*	1.7¢/lb.+7.5%	10¢/lb.+45%	2	154,899	<u>1/</u>
Other non-electric machinery	678.35	Rubber & plastic molding machines	*	5.5%	35%	-	82,974	-
	678.45	Tobacco working machines	*	6%	35%	-	25,697	-
	678.5060	Other machines, n.e.s.	*	5%	35%	-	137,254	-

See footnote at end of table.

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000</u> dollars	<u>1,000</u> dollars	
Elec. power mach'y and switch gear	682.05	Transformers less than 1 KVA	*	12.5%	35%	-	22,764	-
	682.07	Transformers 1 KVA or more	*	6%	35%	-	32,278	-
	682.40	Motors, 1/10 to 200 HP	*	5%	35%	-	25,580	-
	682.50	Motors, 200 HP or more	*	6%	35%	-	5,052	-
	682.60	Generators	*	7.5%	35%	2	88,736	1/
	685.9015	Switchgear	*	8.5%	35%	3	17,078	1/
Insulated cable and wire	688.04	Insulated electrical conductors	*	8.5%	40%	-	32,349	-
	688.06	Insulated electrical conductors without fittings	*	7.5%	35%	-	2,413	-
	688.15	Insulated electrical conductors with fittings, n.e.s.	*	8.5%	35%	-	34,032	-
Telecommunications apparatus	685.20	Televisions	*	5%	35%	-	852,925	-
	685.23	Radios	*	10.4%	35%	-	510,458	-
	685.25	Transceivers	*	6%	35%	-	95,941	-
Domes. elec. equipment	661.35	Refrigerators	*	5%	35%	-	101,395	-
	670.4050	Washing machines	*	7%	35%	-	13,127	-
Other and unspecified electric machinery	535.14	Porcelain insulators	*	15%	60%	-	12,999	-
	683.60	Elec. starting & ignition equip.	*	4%	35%	14	68,159	1/
	687.60	Electronic tubes	*	6%	35%	-	690,616	-
	688.40	Electrical parts, n.e.s.	*	5.5%	35%	5	122,809	1/
	712.49	Elec. measuring equipment	*	10%	40%	1	122,688	1/
	686.60	Sealed-beam lamps	*	4%	20%	2	741,455	1/
	686.80	Elcc. filament lamps, under 100 volts	*	4%	20%	0	15,987	1/
	686.90	Elec. filament lamps, 100 volts or over	*	4%	20%	-	22,796	-

See footnote at end of table.

Table 13.--Potential U.S. imports from Romania of machinery and transportation equipment, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973--Continued

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						<u>1,000</u> dollars	<u>1,000</u> dollars	
Miscellaneous	660.42	Piston-type compression engines	*	5%	35%	-	64,188	-
	660.52	Parts of piston-type engines	*	4%	35%	16	142,507	1/
	660.54	Parts of internal combustion engines	*	5%	35%	2	154,449	1/
	660.94	Pumps & parts, for liquids	*	5%	35%	17	64,624	1/

1/ Denotes less than 0.05 percent.

some effect in keeping furniture sales at a low level. However, Eastern European countries with MFN status have been successfully selling furniture in the United States. Yugoslavia and Poland accounted for 8.2 percent of U.S. furniture imports in 1973, while Romanian furniture sales amounted to only 0.4 percent of the total. Yugoslavia's sales have been especially impressive, totaling \$27.7 million in 1973.

Between 1970 and 1973, Romanian exports of furniture to all destinations grew by 77.4 percent, according to official Romanian sources. During this same period, U.S. furniture imports grew by 74.0 percent, from \$231.1 million to \$402.3 million. U.S. furniture imports from Romania, however, grew by only 33.5 percent, to \$1.5 million in 1973. In 1974, U.S. furniture imports from Romania grew slightly to \$1.7 million, but during the first 3 months of 1975 these imports were running at an annual rate of only \$1.0 million, a decrease which probably can be attributed to the slumping U.S. economy.

Table 14 shows the relevant data regarding U.S. imports of Romanian furniture and the tariff rates on these products. All of these products are eligible for GSP.

Clothing.--Between 1970 and 1973, U.S. imports of Romanian clothing articles grew by over 500 percent. In 1973 the value of the clothing imports from Romania was over \$6.4 million and most of the imports were concentrated in cotton textile clothing such as men's knit shirts and work shirts and women's cotton coats. Romanian exports of cotton clothing to the United States are subject to a cotton textile agreement

Table 14.--Potential U.S. imports from Romania of miscellaneous manufactured articles, by TSUS item; rates of duty; and actual U.S. imports, total and from Romania, 1973

Item	TSUS number	Description	* -GSP eligible item	Col. 1 rate	Col. 2 rate	U.S. imports from Romania	Total U.S. imports	U.S. imports from Romania as percent of total
						1,000 dollars	1,000 dollars	
Furniture:	727.15	Bentwood	*	12.5%	42.5%	527	7,382	7.1
	727.30	Wood chairs	*	8.5%	40.0%	402	57,666	0.7
	727.35	Other wood furniture	*	5.0%	40.0%	455	96,537	0.5
	727.40	Parts of wood furniture	*	8.5%	40.0%	3	21,197	1/
	727.45	Of textile materials	*	17.5%	80.0%	-	1,152	-
	727.80	Pillows and cushions	*	15.0%	40.0%	-	1,246	-
Clothing:	370.04-	Handkerchiefs		0.5¢ ea.+7.5% ad.val.to	4¢ ea.+40% ad val.to	-	6,305	-
	370.92			5¢/lb.+35% ad.val.	+65% ad.val.			
	372.04-	Mufflers, scarves, neckties		7.5% to 25¢/lb.	35.0% ad.val.	-	27,734	-
	373.30			+32.5% ad.val.	to 90% ad val.			
	374.05-	Hosiery		10% ad.val. to	30% ad.val.to	-	3,134	-
	374.65			50% ad.val.	90% ad.val.			
	376.04-	Garters, body support garments, rainwear		12.5% ad.val.	35% ad.val.to	-	67,943	-
	376.56			to 32% ad.val.	90% ad.val.			
	378.05-	Underwear		7.5% ad.val.to	35% ad.val.to	50	10,302	0.5
	378.70			25¢/lb. +35% ad.val.	90% ad.val.			
	380.00-	Shirts, pajamas, coats, and other apparel		7.5% ad.val.to	35% ad.val.to	5,945	1,953,410	0.3
	382.87			42.5% ad.val.	90% ad.val.			
Footwear:	700.26	Leather, welt footwear (\$2 to \$5 per pair)		17¢/pr.	20.0%	3,796	9,960	38.1
	700.27	Leather, welt footwear (\$5 to \$6.80 per pair)		5.0%	20.0%	1,197	7,645	15.7
	700.29	Leather, welt footwear (over \$6.80 per pair)		5.0%	20.0%	69	28,270	0.2
	700.35	Other leather footwear		8.5%	20.0%	1,510	256,589	0.6
	700.43	Women's & children's leather footwear (less than \$2.50/pr)		15.0%	20.0%	1,140	36,611	3.1
	700.45	Women's, children's leather footwear (over \$2.50 /pr)		10.0%	20.0%	916	368,863	0.3
	700.53	Boots, 90% rubber or plastic		37.5%	75%	-	17,560	-
	700.55	Vinyl upper footwear	*	6.0%	35%	-	220,954	-

1/ Denotes less than 0.05 percent.

signed in 1970. In 1973 Romania filled the quota allotment despite the high column 2 tariff rates indicated in table 14. In 1974, however, Romanian clothing exports to the United States dropped by 13.7 percent, and Romania filled only 76.7 percent of its allotted cotton textile quota. During these 2 years, 1973 and 1974, total U.S. imports of clothing grew by 7.8 percent in a generally softening world textile market. The sharp fall-off in Romanian clothing exports to the United States would seem to indicate that in times of slackening demand the high column 2 rates place the Romanian clothing articles at a competitive disadvantage compared with other foreign clothing products.

Romania also ships some wool and manmade textile products to the United States, but cotton dominates, as evidenced by the fact that in 1974 Romania shipped the equivalent of 7.6 million square yards of cotton textiles, 1.2 million square yards of manmade textiles, and 0.4 million square yards of wool textiles to the United States.

Footwear.--In 1973 Romania led all other nonmarket economies in the export of footwear to the United States. Romania's share of the U.S. import market was only 0.7 percent in 1973, but in certain particular items Romanian imports were quite important. Imports of men's work shoes from Romania in 1973 totaled 1,110,000 pairs, valued at \$4.9 million, representing more than half of U.S. imports of Romanian footwear. This total represented 35.0 percent of the quantity of all work shoes imported by the United States in 1973. The percentage of the import market for work shoes grew even larger in

1974 as Romanian work shoes accounted for 42.8 percent, in terms of quantity, and 36.0 percent, in terms of value, of all work shoes imported by the United States. In 1974 the value of these imports grew to \$11.4 million.

Since column 2 tariff rates on footwear are substantially higher than column 1 rates, the extension of MFN treatment to Romania would probably result in the continued growth of imports of Romanian footwear. 1/2/

1/ On March 13, 1975, the United States International Trade Commission received advice from the Treasury Department that welt work shoes from Romania are being, or are likely to be, sold in the United States at less than fair value. On June 13, 1975, the Commission determined, by majority vote, that an industry in the United States is not being injured or is not likely to be injured, or is not prevented from being established, by means of the importation of welt work shoes from Romania that are being, or are likely to be, sold at less than fair value. (See United States International Trade Commission, Welt Work Shoes from Romania, USITC Publication 731, June 1975). During the Commission's investigation, the General Director of "Arpimex" (the Romanian Foreign Trade Company) advised the Commission by letter of Romania's intention to limit its exports of welt work shoes to the United States to 500,000 pairs during 1975. A copy of that letter is included in the appendix to this report.

2/ In view of the statement by the Director General of "Arpimex," Commissioner Moore believes that there will not be a continued growth of U.S. imports of Romanian work shoes.

APPENDIX

THE PRESIDENT

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes, including section 404(a) of the Trade Act of 1974, do hereby proclaim as follows:

(1) This Proclamation shall become effective and said agreement shall enter into force according to its terms, and nondiscriminatory treatment shall be extended to the products of the Socialist Republic of Romania in accordance with the terms of the said Agreement, on the date of exchange of written notices of acceptance in accordance with Article XII of the said Agreement, all of the foregoing to follow the adoption by the House of Representatives and the Senate, in accordance with the procedures set forth in section 151 of the said Act, of a concurrent resolution of approval of the extension of nondiscriminatory treatment to the products of the Socialist Republic of Romania, to the end that the same and every part of the said Agreement may be observed and fulfilled with good faith by the United States of America and the citizens thereof and all other persons subject to the jurisdiction thereof as of the date of its entry into force; and

(2) General Headnote 3(e) of the Tariff Schedules of the United States is amended by deleting therefrom "Rumania" as of the effective date of this proclamation and a notice thereof shall be published in the Federal Register promptly thereafter.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-fourth day of April, in the year of our Lord one thousand nine hundred seventy-five, and of the Independence of the United States of America the one hundred ninety-ninth.



[FR Doc.75-11170 Filed 4-24-75;1:01 pm]

EDITORIAL NOTE: For the texts of the President's message to Congress and letter to the Speaker of the House and President of the Senate concerning the U.S.-Romanian trade agreement, see the Weekly Compilation of Presidential Documents (vol. 11, no. 17).

THE PRESIDENT

18391

Executive Order 11854

April 24, 1975

**Waiver Under the Trade Act of 1974 With Respect to the Socialist
Republic of Romania**

By virtue of the authority vested in me by section 402(c)(1) of the Trade Act of 1974 (Public Law 93-618, January 3, 1975; 88 Stat. 1978, 2057), and having made the report to the Congress required by that provision, I hereby waive the application of subsections (a) and (b) of section 402 of said Act with respect to the Socialist Republic of Romania.



THE WHITE HOUSE,
April 24, 1975.

[FR Doc.75-11171 Filed 4-24-75;1:01 pm]

EDITORIAL NOTE: For the texts of the President's message to Congress and letter to the Speaker of the House and President of the Senate concerning the U.S.-Romanian trade agreement, see the Weekly Compilation of Presidential Documents (vol. 11, no. 17).

AGREEMENT

on trade relations between the United States
of America and the Socialist Republic of Romania

The Government of the United States of America and the Government
of the Socialist Republic of Romania;

Conscious of the long-standing friendship between their countries
and the American and Romanian peoples;

Desiring to develop their relations on the basis of the principles
set forth in the Joint Statement of the Presidents of the two States at
Washington on December 5, 1973, and reaffirming the continuing importance of
the Joint Statement on Economic, Industrial and Technological Cooperation
issued at Washington on December 5, 1973;

Having agreed that commercial and economic ties are an important
element in the general strengthening of their bilateral relations;

Believing that an agreement embodying undertakings and arrangements
for the conduct of trade between their countries will serve the interests of
both peoples;

Acknowledging that favorable conditions exist for the further
expansion of trade between their countries;

Recognizing that it is to their mutual advantage to continue to
develop their commercial relations,

Have agreed as follows:

Article I

MOST FAVORED NATION TREATMENT

1. Both Parties reaffirm the importance of their participation
in the General Agreement on Tariffs and Trade and the importance of the
provisions and principles of the General Agreement on Tariffs and Trade for
their respective economic policies. Accordingly, the Parties shall apply
between themselves the provisions of the General Agreement, the Protocol for
the Accession of Romania of October 15, 1971 to that Agreement, and Annexes
to that Protocol including Annex B.

2. As provided in the General Agreement on Tariffs and Trade, the

Parties agree to grant each other's products most-favored-nation treatment immediately and unconditionally with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and as otherwise provided in the General Agreement on Tariffs and Trade, provided that to the extent that this or any other provision of the General Agreement on Tariffs and Trade is inconsistent with any subsequent provision of this Agreement, the latter shall apply.

3. The Parties agree to maintain a satisfactory balance of concessions in trade and services during the period of this Agreement, and in particular to reciprocate satisfactorily reductions by the other Party in tariffs and non-tariff barriers to trade that result from multilateral negotiations. In this respect, it is noted that Romania, as a developing country, could be eligible for treatment accorded to developing countries.

Article II

EXPANSION OF TRADE

1. The Parties shall take appropriate measures, in accordance with applicable laws and regulations, to encourage and facilitate the exchange of goods and services between the two countries on the basis of mutual advantage in accordance with the provisions of this Agreement. In expectation of such joint efforts, both Governments envision that total bilateral trade in comparison with the period 1972-1974 will at least triple over the initial three-year period of this Agreement. In this respect, the Government of the Socialist Republic of Romania expects that during the period of this Agreement Romanian firms, companies and economic organizations will place substantial orders in the United States of America for machinery and equipment, agricultural and industrial materials, and consumer goods produced in the United States of America, while the Government of the United States anticipates that the effect of this Agreement will be to encourage increasing purchases by firms, companies, economic organizations and consumers in the United States of such products from

the Socialist Republic of Romania.

2. Commercial transactions will be effected on the basis of contracts to be concluded between firms, companies and economic organizations of the United States of America and those of the Socialist Republic of Romania, and in accordance with applicable laws and regulations. Such contracts will generally be concluded on terms customary in international commercial practice.

Article III

SAFEGUARDS

1. The Parties agree to consult promptly at the request of either Party should it determine that actual or prospective imports of products originating in the territory of the other Party are causing or threaten to cause, or are significantly contributing to, market disruption within a domestic industry of the requesting Party.

2. Either Party may impose such restrictions as it deems appropriate on imports originating in the territory of the other Party to prevent or remedy such actual or threatened market disruption.

3. The procedures under which the Parties will cooperate in applying this Article are set forth in Annex 1.

Article IV

BUSINESS FACILITATION

1. In accordance with applicable laws and regulations, firms, companies and economic organizations of one Party may open, establish and operate representations (as these terms are defined in Annex 3) in the territory of the other Party. Information concerning rules and regulations pertaining to such representations and related facilities shall be provided by each Party upon the request of the other.

2. Nationals, firms, companies and economic organizations of either Party shall be afforded access to all courts and, when applicable, to administrative bodies as plaintiffs or defendants, or otherwise, in accordance with the laws in force in the territory of such other Party. They shall not claim

or enjoy immunities from suit or execution of judgment or other liability in the territory of the other Party with respect to commercial or financial transactions; they also shall not claim or enjoy immunities from taxation with respect to commercial or financial transactions, except as may be provided in other bilateral agreements.

3. Firms, companies and economic organizations of one of the Parties shall be permitted to engage in the territory of the other Party in any commercial activity which is not contrary to the laws of such other Party.

4. Firms, companies and economic organizations of either Party that desire to establish representations or already operate representations in the territory of the other Party shall receive treatment no less favorable than that accorded to firms, companies and economic organizations of any third country in all matters relating thereto. The rights and facilities set out in Annex 2 shall be among those that will be accorded such firms, companies and economic organizations which establish representations.

5. For the purpose of carrying on trade between the territories of the two Parties and engaging in related commercial activities, nationals of each Party and employees of its firms, companies and economic organizations and their families shall be permitted to enter, to reside and to obtain appropriate housing in the territory of the other Party, and to travel therein freely, in accordance with the laws relating to entry, stay and travel of aliens.

6. The Parties affirm that no restrictions shall exist in principle on contacts between representatives of American and Romanian firms, companies and economic organizations. To this end, representatives of firms, companies and economic organizations of either Party shall be permitted within the territory of the other Party to deal directly with buyers and users of their products, for purposes of sales promotion and servicing their products, in accordance with the procedures and regulations applicable in each country.

7. The Parties shall as appropriate permit and facilitate access within their territories by representatives of firms, companies and economic organizations of the other Party to information concerning markets for goods and

services in accordance with the procedures and regulations applicable in each country.

8. Firms, companies and economic organizations of either Party shall be permitted in accordance with procedures and regulations applicable within the territory of the other Party to advertise, conclude contracts, and provide technical services to the same extent that firms, companies and economic organizations of the latter Party may do so. Duty-free treatment will be accorded to samples without commercial value and advertising materials, as provided in the Geneva Convention of November 7, 1952, relating to the importation of commercial samples and advertising material.

9. Each Party agrees to provide its good offices to assist in the solution of business facilitation problems and in gaining access to appropriate government officials in each country.

10. Each Party agrees to encourage the development on its territory of appropriate services and facilities and adequate access thereto and also to promote the activities of firms, companies and economic organizations of the other Party, which do not have representations, and their employees and representatives.

11. Each Party agrees to facilitate in its territory, to the fullest extent practicable, the activities of firms, companies and economic organizations of the other Party acting through employees, technicians, experts, specialists and other representatives in carrying out contracts concluded between the firms, companies and economic organizations of the two Parties.

12. Each Party undertakes to facilitate travel by tourists and other visitors and the distribution of information for tourists.

13. The Parties confirm their commitment, as expressed in the Joint Statement on Economic, Industrial, and Technological Cooperation of December 5, 1973, to facilitate participation of their nationals, firms, companies and economic organizations in fairs and exhibitions organized in the other country. Each Party further undertakes to encourage and facilitate participation of its nationals, firms, companies and economic organizations of the other country.

in trade fairs and exhibits in its territory, as well as to facilitate trade missions organized in the other country and sent by mutual agreement of the Parties. Subject to the laws in force within their territories, the Parties agree to allow the import and re-export on a duty-free basis of all articles for use by firms, companies and economic organizations of the other Party in fairs and exhibitions, providing that such articles are not transferred.

Article V

INDUSTRIAL PROPERTY, INDUSTRIAL RIGHTS AND PROCESSES, AND COPYRIGHTS

1. Each Party shall continue to provide nationals, firms, companies and economic organizations of the other Party with the rights with respect to industrial property provided in the Convention of Paris for the Protection of Industrial Property (as revised at Stockholm on July 14, 1967).

2. With respect to industrial rights and processes other than those referred to in paragraphs 1 and 3 of this Article, each Party shall provide the same legal protection to nationals, firms, companies and economic organizations of the other Party that is provided within its territory to its own nationals, firms, companies and economic organizations.

3. Each Party agrees to provide nationals, firms, companies and economic organizations of the other Party the rights with respect to copyrights set forth in the Universal Copyright Convention as revised at Paris on July 24, 1971.

Article VI

FINANCIAL PROVISIONS

1. Nationals, firms, companies and economic organizations of each Party shall be accorded by the other Party most-favored-nation treatment with respect to payments, remittances and transfers of funds or financial instruments between the territories of the two Parties, as well as between the territory of such other Party and that of any third country. For this purpose, the Parties agree to grant those authorizations which are necessary.

2. Financial transactions between nationals, firms, companies and

economic organizations of the United States of America and those of the Socialist Republic of Romania shall be made according to applicable laws and regulations. All financial transactions shall be made in United States dollars or any other freely convertible currency mutually agreed upon by such nationals, firms, companies and economic organizations, unless they otherwise agree. However, expenditures in the territory of a Party by nationals, firms, companies and economic organizations of the other Party may be made in local currency received in an authorized manner in accordance with the regulations applicable to such expenditures. No restrictions shall be placed by either Party upon the export from its territory of freely convertible currencies or deposits, or instruments representative thereof, by the nationals, firms, companies, economic organizations or government of the other Party, provided such currencies, deposits, or instruments were received in an authorized manner. If either Party maintains more than one rate of exchange, it shall accord to nationals, firms, companies and economic organizations of the other Party treatment no less favorable in matters relating to rates of exchange than it accords to nationals, firms, companies and economic organizations of any third country.

3. Nationals, firms, companies and economic organizations of each Party shall be accorded most-favored-nation treatment by the other Party with respect to the opening and maintaining of accounts in local and any convertible currency in financial institutions and with respect to use of such currencies.

Article VII

NAVIGATION

1. Vessels under the flag of either Party, and carrying the documents required by its law in proof of nationality, shall be deemed to be vessels of that Party both on the high seas and within the ports, places, and waters of the other Party.

2. The documents of a vessel, as well as the documents referring to crews, issued according to the laws and regulations of the Party under whose flag the vessel is navigating, will be recognized by the authorities of the

other Party.

3. Vessels of either Party (other than warships, as defined in the Geneva Convention on the high seas of April 29, 1958) shall have liberty on equal terms with vessels of any third country, to come with their cargoes to ports, places, and waters of the other Party open to foreign commerce and navigation, except insofar as requirements of national security limit such access; such vessels and cargoes shall then in all respects be accorded most-favored-nation treatment within the ports, places and waters of the other Party except insofar as modified by port security requirements.

4. The provisions of paragraph 3 of this Article shall not apply to fishing vessels, fishery research vessels, or fishery support vessels. The Parties reaffirm the importance of their Agreement Regarding Fisheries in the Western Region of the Middle Atlantic Ocean, concluded at Washington on December 3, 1973, which shall continue to apply in accordance with its terms.

Article VIII

DISPUTES SETTLEMENT

1. The Parties reaffirm their commitment, as expressed in the Joint Statement on Economic, Industrial, and Technological Cooperation of December 5, 1973, to prompt and equitable settlement on an amicable basis of commercial disputes which may arise.

2. The Parties encourage the adoption of arbitration for the settlement of disputes arising out of international commercial transactions concluded between firms, companies and economic organizations of the United States of America and those of the Socialist Republic of Romania. Such arbitration should be provided for by provisions in contracts between such firms, companies and economic organizations, or in separate agreements between them in writing executed in the form required for such contracts. Such agreements (a) should provide for arbitration under the rules of arbitration of the International Chamber of Commerce in Paris; and (b) should specify as the place of arbitration a place in a country other than the United States of America or the Socialist Republic of Romania that is a party to the Convention for the Recognition and

Enforcement of Foreign Arbitral Awards of New York on June 10, 1953; however, firms, companies and economic organizations party to a contract may agree upon any other form or place of arbitration.

Article IX

GOVERNMENTAL COMMERCIAL OFFICES

1. In order to promote the development of trade and economic relations between the Parties, and to provide assistance to their firms, companies and economic organizations, and to nationals who are engaged in commercial activities, each Party agrees to permit and facilitate the establishment and operation of governmental commercial offices of the other Party on a reciprocal basis. The establishment and operation of such offices shall be in accordance with applicable laws and regulations, and subject to such terms, conditions, privileges, and immunities as may be agreed upon by the Parties. The Parties agree that access, for commercial purposes, to such offices by nationals of either Party who are engaged in commercial activities will be unrestricted.

2. Governmental commercial offices, and their respective officers and staff members, to the extent that they enjoy diplomatic immunity, shall not participate directly in the negotiation, execution, or fulfillment of trade transactions or otherwise carry on trade.

Article X

NATIONAL SECURITY

The provisions of this agreement shall not limit the right of either Party to take any action for the protection of its security interests.

Article XI

REVIEW OF OPERATION OF AGREEMENT

The joint American-Romanian Economic Commission, established in accordance with the Joint Statement on Economic, Industrial and Technological Cooperation of December 5, 1973, shall review the operation of this Agreement and as necessary prepare recommendations which shall be presented to the Governments of both countries for the further improvement of trade relations between

the two countries.

Article XII

DURATION AND ENTRY INTO FORCE

1. This Agreement shall enter into force on the date of exchange of written notices of acceptance by the two Governments, and shall remain in force as provided in paragraph 2 of this Article.

2. (a) The initial term of this Agreement shall be three years, subject to subparagraph (c) of this paragraph.

(b) If either Party encounters or foresees a problem with respect to the application of this Agreement, including a problem concerning its domestic legal authority to carry out any of its obligations under this Agreement, such Party shall request immediate consultations with the other Party. Once consultations have been requested, the other Party shall enter into such consultations as soon as possible concerning the circumstances that have arisen, with a view to finding a solution which would make action under subparagraph (c) unnecessary.

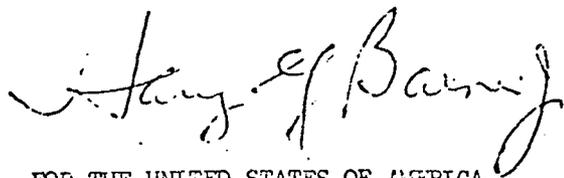
(c) If either Party is unable to carry out any of its obligations under this Agreement either Party may suspend or terminate the applicability of this Agreement or, with the agreement of the other Party, any part of this Agreement. If either Party takes action under this subparagraph, that Party will, to the fullest extent practicable and consistent with domestic law, seek to minimize disruption to existing trade relations between the two countries.

(d) This Agreement shall be extended for successive periods of three years each unless either Party has notified, in writing, the other Party of the termination of this Agreement at least 30 days prior to its expiration.

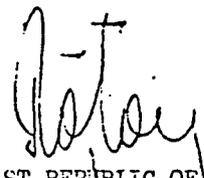
3. Annexes 1, 2 and 3 shall constitute an integral part of this Agreement.

In witness whereof, the authorized representatives of the Parties have signed this Agreement.

Done in two original copies at Bucharest this second day of April 1975,
in English and Romanian, both texts being equally authentic.



FOR THE UNITED STATES OF AMERICA



FOR THE SOCIALIST REPUBLIC OF ROMANIA

Annex 1

PROCEDURES FOR THE IMPLEMENTATION OF ARTICLE III

1. (a) The consultations provided for under Article III shall have the objectives of presenting and examining together the factors relating to those imports that may be causing or threatening to cause or significantly contributing to market disruption, and finding means of preventing or remedying such market disruption. Such consultations shall provide for a review of the production, market, and trade situation of the product involved (and may include such factors as trends in domestic production, profits of firms within the industry, the employment situation, sales, inventories, rates of increase of imports, market share, level of imports, sources of supply, the situation of the exporter and any other aspect which may contribute to the examination of the situation).

Both Parties in carrying out these consultations shall take due account of any contracts between firms, companies and economic organizations of the United States of America and the Socialist Republic of Romania concluded prior to the request for consultations.

Such consultations shall be concluded within ninety days of the request, unless otherwise agreed during the course of such consultations.

(b) Unless a different solution is agreed upon during the consultations, the quantitative import limitations or other restrictions stated by the importing Party to be necessary to prevent or remedy the market disruption in question shall be implemented.

(c) At the request of the importing Party, if it determines that an emergency situation exists, the limitations or other restrictions referred to in its request for consultations shall be put into effect prior to the conclusion of such consultations.

(d) The rights of the exporting Party referred to in paragraph 4 (D) of the Protocol for the accession of Romania to the General Agreement on Tariffs and Trade of October 15, 1971 shall apply in the event that action contemplated in this Annex is taken.

2. (a) In accordance with applicable laws and regulations, each Party shall take appropriate measures to ensure that exports from its country of the products concerned do not exceed the quantities or vary from the restrictions

established for imports of such products into the other country pursuant to paragraph 1 of this Annex.

(b) Each Party may take appropriate measures with respect to imports into its country to ensure that imports of products originating in the other country comply with such quantitative limitations or other restrictions.

BUSINESS FACILITATION

I. The firms, companies and economic organizations of one Party, in connection with the establishment and operation of their representations in the territory of the other Party, as well as the employees of such representations, shall enjoy rights and facilities as provided below.

1. Applications to establish representations and to obtain any necessary authorization shall be processed and acted upon expeditiously in accordance with procedures and standards no less favorable than those accorded to the firms, companies and economic organizations of any third countries.

2. Revocation or refusal to renew authorization to operate such representations shall require notice in writing at least three months prior to termination of authorization to such representation.

3. Such representation shall consist of natural or legal persons and shall be established and operated in accordance with procedures and regulations in the host country. Termination of the activities of a representation shall not be subject to any penalties when it does not contravene the provisions of any contract existing between the representation and the firms, companies and economic organizations of the host country.

4. The Parties recognize that reasonable levels and application of fees, taxes, rents and other charges, and adequate notice of changes therein to the concerned representations and their employees, are beneficial to commerce and cooperation between the two countries.

5. Representations shall be permitted to rent office space for their needs and housing for the use of their employees. The Parties, upon request, will use the good offices at their disposal to facilitate and expedite the obtaining and occupying of such office space and housing.

6. Representations shall be permitted to import, as promptly as desired, office machines, automobiles, and other equipment for the purpose of efficient and business-like operation of the representation, subject to applicable customs regulations.

7. The employees of the representations shall be permitted to import

personal effects including furniture and appliances. Such personal effects shall be entered duty-free in accordance with applicable customs regulations. Automobiles and similar means of transportation, imported for the use of such employees will be permitted to enter in accordance with the applicable customs regulations. Such employees shall also be permitted to export their imported personal effects and automobiles, free of export duties.

8. Representations may acquire communications facilities, such as office or home telephones for their employees, extensions, and telex equipment, which will be made available as promptly as possible upon application therefor, in accordance with applicable law.

9. The term "employees" used in paragraphs 4, 5, 7 and 8 of this Annex refers to persons sent by firms, companies and economic organizations of one Party to perform services for their representations which are functioning in the territory of the other Party.

10. Representations may, subject to the applicable laws and procedures, select and employ any person, regardless of citizenship, lawfully residing in or admitted to the territory of such other Party. Neither Party shall impose restrictions on the termination of employees, other than the contractual provisions requiring notice and compensation. Neither Party shall restrict the total number of persons to be employed as long as they are reasonably needed for the conduct of business. Representations shall hire, compensate, and terminate the employment of employees in accordance with the provisions of contracts governing their employment. Each Party agrees to encourage the negotiation of contracts in such a way that the representations of the other Party shall have the broadest possible flexibility in selecting, hiring and compensating employees and in terminating their employment.

11. Each Party agrees to facilitate to the maximum extent possible the travel of persons employed by representations of the other Party desiring to enter its territory in furtherance of the purposes of this agreement and members of their immediate families. Each Party agrees to make available multiple entry visas of duration of 6 months or longer to such persons and to members of their

Annex 3

DEFINITIONS

1. In this Agreement "firms, companies and economic organizations" of the United States of America shall include corporations, partnerships, sole proprietorships, companies and other economic associations constituted under the laws and regulations applicable in the United States of America, and "firms, companies and economic organizations" of the Socialist Republic of Romania shall include state enterprises, industrial centrals, enterprises with the status of centrals and other enterprises which carry out foreign trade activities in accordance with laws and regulations applicable in the Socialist Republic of Romania.

2. In this Agreement "representation," in the case of the representations established in the United States of America, shall include subsidiaries or unincorporated branches or other forms of business organizations legally constituted under the laws and regulations applicable in the territory of the United States of America by firms, companies, or economic organizations of the Socialist Republic of Romania, and in the case of the representations established in the Socialist Republic of Romania, shall include the agencies referred to in Article 1 of Decree No. 15 of the Council of State of the Socialist Republic of Romania of January 25, 1971, established by a firm, company or economic organization of the United States of America.

immediate families. Persons who are employees of representations of the other Party shall be permitted to the maximum extent possible, in accordance with applicable regulations, to travel abroad for purposes related to the business of the representations by which they are employed.

II. For the purpose of applying paragraph 10 of Article IV, the Parties recognize that reasonable levels and application of fees, rents, and other charges and adequate notice of changes therein to the concerned employees and representatives are beneficial to commerce and cooperation between the two Parties.

III. For the purpose of applying paragraph 11 of Article IV, the Parties agree that the persons referred to therein should have access to adequate housing and office space and communication facilities, and the ability to utilize, in accordance with applicable procedures, local personnel necessary for the carrying out of their normal activities. In addition, in accordance with applicable customs regulations, the Parties will permit the import of tools, equipment and automobiles required for carrying out contracts, as well as, on a duty-free basis, imports of personal effects. The Parties will permit duty-free export of imported personal effects and automobiles. Each Party agrees to facilitate to the maximum extent possible travel of such persons and the members of their immediate families desiring to enter and leave its territory.

A-67

EXHIBIT NO. 19

PRESENTED BY Mr. Dumitru

DATE 5/27/75



ARPIMEX

INTREPRINDERE PENTRU COMERTUL EXTERIOR • FOREIGN TRADE COMPANY

Please mention in your reply

Our ref.: DEP. DOS. GENERAL DIRECTOR
Your ref.:

1. Serg. Alex. Postolache street
Bucharest VI
P. O. B. 5650 — Phone 313260
Cable ARPIMEX
Telex 472
April 28, 1975

FOOTWEAR
DEPARTMENT

Exports

- Ladies' boots dress shoes, sandals and slippers
- Men's dress boots
- Men's work boots
- Men's dress, casual and work shoes
- Men's sandals and slippers
- Infants, youths and boys' boots and shoes all with leather uppers under the following trade marks

UNITED STATES INTERNATIONAL
TRADE COMMISSION
INTERNATIONAL TRADE COMMISSION BUILDING
8th. and E Streets, N.W.
WASHINGTON, D.C. 20436

Re : Romanian welt work footwear

Dear Sirs,

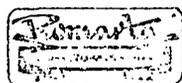
"ARPIMEX" - Bucharest, Romania, as sole exporter - representative of the shoe industry in Romania, has determined that for the year ending December 31, 1975, it will voluntarily limit its exportations of welt work shoes into the United States of America to approximately 500,000 pairs.

This agreement is not predicated upon the decision by the International Trade Commission in its present investigation (AA 1921-144) to ascertain if sales of such footwear from Romania are injuring or likely to injure an American industry.

In fact, this decision is a result of the steady preoccupation of the Romanian shoe industry to permanently diversify the manufacturing of other types of footwear (mainly dress and casual types), which are presently more required by customers

.. // ..

The Romanian Bank for Foreign Trade
account 40.11.130—7 BRCE Bucharct



from various countries and which make more efficient and productive the use of our workers and machinery.

In addition, we have determined that the increased competition from cheaper work shoes in the U.S.A., will adversely affect our small portion of the American market. Therefore, for approximately 8 months we have commenced a program of curbing the welt work shoe production which, partially has been already converted for the manufacturing of other types of shoes, to be mainly exported in other countries than the U.S.A.

At this time this program is working satisfactorily, so that we have now all reasons to undertake and fully observe a voluntarily limitation of our exports of welt work shoes into the U.S. market.

We are also willing to reaffirm our policy of consistently increasing our export sales price for welt work footwear and contemplate a new increase in the near future. However, the amount of such increase is dependent upon the duty structure of our merchandise into the United States, as well as the ability of our product to compete in the American market with cheaper imported work shoes and the more expensive domestically made products.

Very truly yours,
Ion Tulceanu,
General Director



