

BILATERAL COMMERCIAL AGREEMENT BETWEEN THE UNITED  
STATES AND THE SOCIALIST REPUBLIC OF ROMANIA

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JULY 14 (legislative day, JULY 10), 1975.—Ordered to be printed

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Mr. LONG, from the Committee on Finance,  
submitted the following

## REPORT

[To accompany S. Con. Res. 35]

The Committee on Finance, to which was referred the resolution (S. Con. Res. 35) approving a bilateral commercial agreement between the United States and the Socialist Republic of Romania, having considered the same, reports favorably thereon without amendment and recommends that the resolution do pass.

## UNITED STATES-ROMANIAN TRADE AGREEMENT

On April 25, 1975, President Ford transmitted to the Senate for approval a bilateral commercial agreement with the Socialist Republic of Romania.<sup>1</sup> The agreement, which would grant to Romania non-discriminatory tariff treatment, was negotiated by the Executive and submitted to the Congress pursuant to the provisions of Title IV of the Trade Act of 1974. As required by Section 151(c) (2) of the Trade Act, S. Con. Res. 35 was introduced in the Senate on the transmittal day, April 25, and referred to the Senate Committee on Finance. In order for the commercial agreement to enter into effect with respect to the United States, such a resolution must be approved by both the Senate and House of Representatives according to the procedures set out in that section. This is the first agreement with a nonmarket economy country to be transmitted to the Congress pursuant to Title IV since the enactment of the Trade Act on January 3, 1975.

<sup>1</sup> The Agreement is reproduced in Appendix A.

Title IV of the Trade Act authorizes the President to extend under certain circumstances nondiscriminatory (most-favored-nation) tariff treatment to countries whose products do not currently receive such treatment. The only countries not now receiving nondiscriminatory treatment in the U.S. market are the Communist nations (with the exception of Poland and Yugoslavia). Following the approval of the trade agreement by both Houses of Congress, the President may by proclamation extend nondiscriminatory treatment to the products of Romania.<sup>2</sup>

#### EMIGRATION REQUIREMENT

In addition to Congressional approval, Title IV of the Trade Act imposes several conditions on the extension of nondiscriminatory treatment to the products of Romania and other nonmarket economy countries. Section 402 of the Trade Act provides that no country is eligible to receive nondiscriminatory tariff treatment or U.S. Government credits, credit guarantees or investment guarantees if the President determines such country:

- (1) denies its citizens the right or opportunity to emigrate;
- (2) imposes more than a nominal tax on emigration or on the visas on other documents required for emigration, for any purpose or cause whatsoever; or
- (3) imposes more than a nominal tax, levy, fine, fee or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice.

Under section 402, a country could become eligible for nondiscriminatory treatment under this title only after the President (1) determined that it was not violating any of the above conditions and (2) reported his determination to the Congress. Any country which was found to be denying its citizens the right to emigrate would also be prohibited from receiving any U.S. Government credits, credit guarantees or investment guarantees, and from entering into a bilateral trade agreement under section 403. Following receipt of the initial report by the President to the Congress under Section 402, either House could veto the extension of Government credits and guarantees to the country concerned by a majority vote within 90 days.

#### WAIVER OF EMIGRATION REQUIREMENT

However, section 402 does authorize the President to waive the freedom-of-emigration requirements for any country, if he reports to the Congress that (1) he has determined that such a waiver would promote the objectives of freer emigration, and (2) he has received assurances that the emigration practices of such country will lead substantially to free emigration. The waiver authority extends for an 18-month period after the date of enactment of the Act, and may be renewed for one-year periods thereafter subject to congressional review. The President may terminate nondiscriminatory treatment anytime.

<sup>2</sup> The Presidential Proclamation by which nondiscriminatory tariff treatment would be extended to the products of Romania is reproduced in Appendix B.

On April 24, 1975, the President submitted to the Senate and House of Representatives the following waiver of section 402:

*To the Congress of the United States:*

Pursuant to Section 402(c)(1) of the Trade Act of 1974, I shall issue today an Executive Order waiving the application of subsections (a) and (b) of section 402 of the Trade Act of 1974 with respect to the Socialist Republic of Romania, and I am hereby making the report contemplated by Section 402(c)(1) of the Act.

I refer to the Declaration of the Presidents of the United States and of the Socialist Republic of Romania signed in Washington in 1973 wherein it was stated that "they will contribute to the solution of humanitarian problems on the basis of mutual confidence and good will." I have been assured that if and when such problems arise they will be solved, on a reciprocal basis, in the spirit of that Declaration. Accordingly, I am convinced that the emigration practices of Romania will lead substantially to the achievement of the objectives of Section 402 of the Act. I have therefore determined that the waiver contained in said Executive Order will substantially promote the objectives of Section 402 of the Act.

GERALD R. FORD.

THE WHITE HOUSE, *April 24, 1975.*

The committee wishes to point out its dissatisfaction with the text of the waiver of April 24, 1975 in light of the requirements of Section 402(c)(1) of the Trade Act. This section requires that the President state that he has received assurances that the emigration practices of a particular country will henceforth lead substantially to the achievement of the objectives of Section 402. However the report transmitted to the Senate merely makes vague reference to language concerning "the solution of humanitarian problems on the basis of mutual confidence and goodwill" which was excerpted from a 1973 agreement with the Socialist Republic of Romania—an agreement concluded one year prior to the adoption of the Trade Act of 1974. It may be that the actions of Romania will indicate a sufficient basis for the President's determination that the waiver will substantially promote the objectives of Section 402 and that a reasonable likelihood of assurances may therefore be implied. However the Committee wishes to make clear that its recommendation of approval of S. Con. Res. 35 does not in any way indicate satisfaction with the waiver transmitted to the Congress in the present case or that the waiver in the present situation should be considered of any precedent value for future exercises of the waiver authority. On the other hand, the recent performance of Romania with respect to emigration if continued, is in the Committee's view sufficient to rectify any defect which might be found in the waiver of April 24, 1975.

The committee, and indeed the Administration, were disappointed over the relatively poor performance of Romania with regard to emigration from that country during the first five months of this year.

It is not clear what factors may have caused the actual decline in the number of emigres. The emigration figures in June showed a marked improvement, and the Committee fully expects this trend to continue.

The emigration amendment passed by the Congress in the Trade Act of 1974 is not restricted to one minority group. It was clearly the intent of Congress, as expressed by the principal authors of the amendment, to encourage freer emigration of all people—regardless of race, color or religion—who wished to emigrate. The Romanian government has recently shown evidence of a willingness to allow many families to be reunited. This fact plus the relatively small scale of the emigration problem in Romania and the awareness the Romanian government has of the deep concerns of the Congress of the United States on this issue, convinced the committee to report S. Con. Res. 35 favorably to the Senate. It is expected that Senate approval of this resolution and continued extension of most-favored-nation treatment will depend upon a consistently liberal emigration performance.

#### NATIONAL INTEREST DETERMINATION

Title IV of the Trade Act imposes certain other conditions upon the negotiation and entering into effect of the United States-Romanian Trade Agreement. Section 405(a) of the Act permits the President to authorize the entry into force of the bilateral commercial agreement providing he determines that such agreement will promote the purposes of the Trade Act and are in the national interest. On April 24, 1975, President Ford issued Presidential Determination No. 75-16 as required by section 405(a) of the 1974 Trade Act:

[Presidential Determination No. 75-16.]

THE WHITE HOUSE,  
Washington, D.C., April 24, 1975.

Subject: Determination under section 405(a) of the Trade Act of 1974—Socialist Republic of Romania.

Pursuant to the authority vested in me under the Trade Act of 1974 (Public Law 93-618, January 3, 1975; 88 Stat. 1978) (hereinafter "the Act"), I hereby determine, pursuant to section 405(a) of the Act, that the Agreement on Trade Relations between the United States of America and the Socialist Republic of Romania will promote the purposes of the Act and is in the national interest.

You are requested on my behalf to transmit this determination to the Speaker of the House of Representatives and to the President of the Senate.

This determination shall be published in the *Federal Register*.

GERALD R. FORD.

#### REQUIRED ELEMENTS OF THE TRADE AGREEMENT

Pursuant to Section 405 of the Trade Act, the Romanian Commercial Agreement is limited to an initial term of three years. The agreement may thereafter be extended for additional three-year periods providing that a satisfactory balance of concessions in trade and services has been maintained during the life of the agreement and

providing that the President determines that the actual or foreseeable future reductions of U.S. tariff and nontariff barriers are satisfactorily reciprocated by Romania. During its hearings on S. Con. Res. 35, the Committee on Finance received assurances that a satisfactory balance of concessions will be maintained. As required in Section 405, the agreement is also subject to suspension or termination by either party and does not limit the right of either party to take action for the protection of its security interests.

Consistent with section 405, article III of the Agreement permits consultations at the request of either party whenever imports are threatening or contributing to market disruption within a domestic industry of the requesting party. In addition, either party may impose such restrictions as it deems appropriate on the imports of the other party to prevent or remedy such actual or threatened market disruption. The Administration assured the Committee that the safeguards written in the Trade Act of 1974 will be fully utilized to prevent serious injury to American industries and workers.

Article V of the agreement provides for the protection of the patents and trademarks, copyrights, and industrial rights and processes. In addition, the Agreement provides for the settlement of disputes, the facilitation of trading arrangements and for consultations on the operations of the agreement as required by Section 405 of the Trade Act.

#### CONGRESSIONAL APPROVAL PROCEDURES

Bilateral commercial agreements under Title IV of the Trade Act must be approved by both Houses of Congress pursuant to the procedures set out in Section 151 of the Trade Act. Under Section 151(c) of the Trade Act, a concurrent resolution of approval must be introduced in the Senate on the day in which the agreement is transmitted to that body. Following introduction of the resolution, which took place in the Senate on April 25, 1975, the Senate Committee on Finance is provided 45 days in which the Senate is in session to complete its consideration of the resolution. Following the reporting of the resolution to the floor, Section 151(e) of the Trade Act requires that a vote on final passage be taken by the Senate on or before the close of the 15th day after the reporting of the bill, counting days in which the Senate is in session.

The U.S.-Romanian Trade Agreement was transmitted to the House of Representatives on April 24, 1975, one day prior to its transmission to the Senate. On the same day, H. Con. Res. 252, a resolution identical to S. Con. Res. 35, was introduced in the House of Representatives. The same time limits apply to the consideration of the resolution by the Ways and Means Committee and the House of Representatives.<sup>1</sup> Upon the adoption of the concurrent resolution of approval by the first House voting in the affirmative, that resolution becomes the resolution to be acted upon by the other House of Congress. Thus, if the House of Representatives approves H. Con. Res. 252 prior to Senate adoption of S. Con. Res. 35, the final vote taken by the Senate will be taken on H. Con. Res. 252.

Under Section 151(d) of the Trade Act, no amendments to the approved resolution are in order in the Senate. In addition, Section

<sup>1</sup> Given the differences in the legislative schedule of the House of Representatives as compared with that of the Senate, the final dates of the 45-day and the 15-day periods in the House will be different from the final dates in the Senate.

151(g) provides that a motion in the Senate to proceed to the consideration of this approval resolution is privileged and not debatable nor is it subject to amendment or to a move to reconsider any vote taken. Debate on this resolution is limited to 20 hours, including debate on any debatable motion, which in each case is limited to no more than one hour. The time for debate shall be equally divided by the majority leader and minority leader or their designees. A motion in the Senate to further limit debates is not debatable. A motion to recommit the resolution is not in order.

### UNITED STATES-ROMANIAN TRADE

U.S. trade with Romania has quadrupled between 1972 and 1974 to more than \$400 million. U.S. exports to Romania in 1974 were \$277.1 million, while our imports from Romania were \$130.5 million. The major U.S. export items were food and live animals (\$93.3 million), machinery and transport equipment (\$88.2 million) and crude materials, except fuels, (\$69.2 million). Our major imports from Romania include mineral fuels and lubes (\$80.2 million) which accounted for over 60 percent of Romanian exports to the United States. The following tables show the growth of trade between the United States and Romania between 1967 and 1974 and the composition of that trade in 1974.

TABLE 1.—UNITED STATES-ROMANIAN TRADE, 1967 AND 1970-74

[In millions of dollars]

	1967	1970	1971	1972	1973	1974
United States exports to Romania.....	16.8	66.4	52.5	69.4	116.6	277.1
United States imports from Romania.....	6.2	13.4	13.8	31.5	55.9	130.5
Total trade.....	23.0	79.8	76.3	100.9	172.5	407.6

Source: Department of Commerce, 1967-73: Bureau of East-West Trade "Quarterly Report Under Export Administration Act." 1974: Bureau of East-West Trade "U.S. Trade Status with Socialist Countries."

TABLE 2.—UNITED STATES-ROMANIAN TRADE, BY MAJOR COMMODITIES, 1974

[In millions of dollars]

Major commodities	United States exports to Romania	United States imports from Romania
Food and live animals.....	93.35	11.16
Beverages and tobacco.....	13	.24
Crude materials, except fuels.....	69.16	1.05
Mineral fuels and lubes.....	5.54	80.24
Edible oils and fats.....	0	0
Chemicals.....	7.94	3.66
Manufactured goods.....	10.72	6.05
Machinery and transport equipment.....	88.24	8.60
Miscellaneous manufactures.....	1.65	19.15
Other.....	.38	.35
Total.....	277.12	130.52

Source: Department of Commerce, Bureau of East-West Trade "U.S. Trade Status with Socialist Countries."

## INTERNATIONAL TRADE COMMISSION STUDY

The International Trade Commission has recently completed a thorough study of the impact of granting most-favored-nation treatment to Romania. An excerpt of the Commission's report is reproduced in Appendix C. This excerpt from the Commission's report indicates which Romanian products have the greatest potential for increased importation into the United States once nondiscriminatory treatment is accorded to Romania.

### CONCLUSION

On the basis of the fact that the committee considers the trade agreement with Romania to be in the national commercial interests of the United States and its expectation that the Romanian Government will make substantial and sustained progress in the area of freer emigration, the Committee reports this bill to the Senate favorably without any opposing votes.

### COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out this resolution and the effect on the revenues of the resolution. The committee estimates that the proclamation of nondiscriminatory treatment for the products of Romania following Congressional approval of S. Con. Res. 35 will not result in major revenue losses since the reduction in duties which will be charged against imported products from Romania should be offset by a corresponding increase in imports of Romanian products as a result of the lower tariffs. In any case, the Committee estimates that the maximum revenue losses for the first full year following adoption of S. Con. Res. 35 should not exceed \$5 million.

### VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the following statement is made relative to the vote of the committee on reporting S. Con. Res. 35. This resolution was ordered favorably reported by the committee without a roll call vote and without objection.

### CHANGES IN EXISTING LAW

In compliance with subsection (4) of Rule XXIX of the Standing Rules of the Senate, changes in existing law which will be made as a result of the resolution, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is

printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES

\* \* \* \* \*

GENERAL HEADQUARTERS AND RULES OF INTERPRETATION

(e) *Products of Communist Countries.* Notwithstanding any of the foregoing provisions of this headnote, the rates of duty shown in column numbered 2 shall apply to products, whether imported directly or indirectly, of the following countries and areas pursuant to section 401 of the Tariff Classification Act of 1962, to section 231 or 257(e)(2) of the Trade Expansion Act of 1962, or to action taken by the President thereunder:

Albania

Bulgaria

China (any part of which may be under Communist domination or control)

Cuba

Czechoslovakia

Estonia

Germany (the Soviet zone and the Soviet sector of Berlin)

Hungary

Indochina (any part of Cambodia, Laos, or Vietnam which may be under Communist domination or control)

Korea (any part of which may be under Communist domination or control)

Kurile Islands

Latvia

Lithuania

Outer Mongolia

**Rumania**

Southern Sakhalin

Tanna Tuva

Tibet

Union of Soviet Socialist Republics and the area in East Prussia under the provisional administration of the Union of Soviet Socialist Republics.



## APPENDIX A

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### 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,

Having 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.

(9)

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 1972-74 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 Materials.

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 by 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 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, 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 nations, 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 persons, firms, companies and economic organizations, unless they otherwise agree. However, expenditures in the territory of a Party by nations, 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 nations, 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, 1958; 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. Government 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 Government 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 Article.

(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 GOVERNMENT OF THE  
UNITED STATES OF AMERICA:  
(Signed) HARRY G. BARNES, Jr.,

FOR THE GOVERNMENT OF THE  
SOCIALIST REPUBLIC OF ROMANIA:  
(Signed) ION PATAN.

## 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.

1(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.

1(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.

1(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.

2(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.

## ANNEX 2. 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 businesslike 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 telephone 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 purpose of this Agreement, and members of their immediate families. Each Party agrees to make available multiple entry visas of duration of six months or longer to such persons and to members of their 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.

12. 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 con-

cerned 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.

#### 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," for 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 organization 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.

## APPENDIX B

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### PRESIDENTIAL PROCLAMATION

#### AGREEMENT ON TRADE RELATIONS BETWEEN THE UNITED STATES OF AMERICA AND THE SOCIALIST REPUBLIC OF ROMANIA

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

#### A PROCLAMATION

Pursuant to the authority vested in me by the United States Constitution, I, as President of the United States of America, acting through duly empowered representatives, entered into negotiation with duly empowered representatives of the Socialist Republic of Romania looking toward the conclusion of an agreement governing trade relations between the United States of America and the Socialist Republic of Romania;

The aforesaid negotiations were conducted in accordance with the requirements of the Trade Act of 1974 (P.L. 93-618, January 3, 1975; 88 Stat. 1978);

An "Agreement on Trade Relations between the United States of America and the Socialist Republic of Romania," including the annexes thereto, in the English and Romanian languages, was signed on April 2, 1975, by duly empowered representatives of the Governments of the United States of America and the Socialist Republic of Romania, respectively, and is hereto annexed;

The said Agreement is in conformity with the requirements relating to bilateral commercial agreements as specified in section 405(b) of the Trade Act of 1974 (88 Stat. 1978, 2061);

It is provided in Article XII of the said Agreement that it shall enter into force on the date of exchange of written notices of acceptance by the Governments of the United States of America and the Socialist Republic of Romania; and

It is provided in section 405(c) of the Trade Act of 1974 (88 Stat. 1978, 2061) that a bilateral commercial agreement providing nondiscriminatory treatment to the products of countries heretofore denied such treatment, and a proclamation implementing such agreement, shall take effect only if approved by the Congress by the adoption of a concurrent resolution of approval, referred to in section 151 of the Trade Act of 1974 (88 Stat. 1978, 2001), of the extension of nondiscriminatory treatment to the products of the country concerned;

*Now therefore*, I Gerald R. Ford, President of the United States of America, acting under the authority vested in me by the Constitu-

tion 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.

GERALD R. FORD.

## APPENDIX C

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### EXCERPT FROM THE U.S. INTERNATIONAL TRADE COMMISSION'S SPECIAL REPORT TO THE CONGRESS AND THE EAST-WEST FOREIGN TRADE BOARD ON THE IMPACT OF U.S. IMPORTS OF GRANTING MOST-FAVORED-NATION TREATMENT TO ROMANIA

#### 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<sup>1</sup> 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.

(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 A presents a broad picture of the structure of Romanian exports to Western Europe,<sup>2</sup> covering 70 percent of Romanian exports

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

<sup>2</sup> 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.

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 table presents the TSUS items included in the broad commodity groups of table A 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 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). Many of these potentially duty-free items are included in the categories listed in table A.

TABLE A.—SELECTED ROMANIAN EXPORTS TO WESTERN EUROPE AND TO THE UNITED STATES AND COMPARABLE TOTAL UNITED STATES IMPORTS OF THESE PRODUCTS, 1973

[In thousands of dollars]

Item	Western European imports from Romania in 1973 <sup>1</sup>	United States imports from Romania in 1973 <sup>2</sup>	Total United States imports in 1973 <sup>2</sup>
<b>Food, beverages, and tobacco:</b>			
Meat and meat preparations	84,485	6,319	1,668,020
Cheese	3,638	755	156,218
Beverages	1,773	37	998,047
Fish and fish preparations	810	186	1,387,437
Tobacco products	1,956		215,078
Fruit and vegetables	52,238	313	985,041
<b>Crude materials inedible, except fuel:</b>			
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
<b>Chemicals:</b>			
Organic chemicals	9,942	495	629,785
Inorganic and other chemicals	4,853	35	673,754
Medicines	463	2	164,252
Plastic materials	4,082		206,574
<b>Manufactured goods classified by chief material:</b>			
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		154,846
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
<b>Machinery and transport equipment:</b>			
Machine tools for working metal	4,805	34	158,516
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 nonelectric 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
<b>Miscellaneous manufactured articles:</b>			
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	31,816	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

<sup>1</sup> 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.

<sup>2</sup> U.S. Department of Commerce source.