

Brussels, 7 November 1984

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Meeting of the EEC-Romania Joint Committee

The fourth meeting of the EEC-Romania Joint Committee will take place in Bucharest on 8/9 November 1984. The Commission delegation will be led by Vice-President Wilhelm Haferkamp, responsible for External Relations and the Romanian delegation by Mr Vasile Pungan, Trade Minister.

Among the points on the agenda will be an exchange of information on the economic situation and economic developments in the Community and in Romania as well as a discussion on the development of bilateral trade. In this context the Commission will express its concern at the increasing deficit in bilateral trade in recent years due mainly to the decrease in EC exports to Romania.

As is traditional at these meetings the partners will discuss, in considerable detail, suggestions for further developing their bilateral trade. They will in particular examine and agree on recommendations which they will make to their respective authorities with a view to liberalising further the trading relationship between the two parties.

The Joint Committee will also examine ways in which the discussions, already begun at expert level, concerning the possible negotiation of a cooperation agreement, can be continued.

Finally the Joint Committee will review the operation of the bilateral textile agreement and steel arrangement as well as the work of the contact group on agricultural trade.

DEVELOPMENT OF EEC-ROMANIAN RELATIONS

Until 1974 relations between Romania and the Community member states were conducted on the basis of bilateral agreements. From 1975 on, the Community was solely responsible for trade relations with State-trading countries the possibilities of concluding trade agreements. Following this approach, informal consultations took place between the Commission and the Romanian authorities to discuss possible ways of deepening their relationship. These consultations were intensified during Vice-President Soames's visit to Bucharest in January 1976 and the visit of Mr Stanciu, Deputy Minister for External Trade in July 1977.

In the following three years Romania and the Community concluded bilateral agreements regulating trade in textiles and steel and this led, in July 1980, to a further strengthening of the institutional relationship by the signing of two agreements covering industrial trade and the establishment of a joint committee.

EC-ROMANIA AGREEMENTS

- The Agreement on Trade in Industrial Products

This agreement is a non preferential trade agreement. Among the principal clauses are an undertaking by the Community to accord the highest possible degree of liberalisation to imports of products originating in Romania, a clause on the promotion of visits by economic operators, a safeguard clause and a clause regulating Romanian export prices. Both sides made certain economic concessions. On the Community side these consisted of a bilateral binding of existing liberalisation measures, and an undertaking to extend any future liberalisation for GATT members to Romania, a specific commitment to abolish or suspend certain quantitative restrictions vis-à-vis Romania, and an agreement that the two parties would consult each year within the Joint Committee on the import quotas for the following year. Romania undertook to expand and diversify its imports of products originating in the Community and to provide information to make the Community more aware of export possibilities on the Romanian market. The agreement was concluded for a period of 5 years from the entry into force of the agreement i.e. 1 January 1981.

- The Agreement establishing the Joint Committee

This agreement created a Joint Committee to examine measures likely to develop and diversify trade, to seek appropriate means of avoiding possible difficulties and to exchange information on structural changes in the respective economies which have an impact on trade. The Joint Committee also formulates recommendations for solving any problems within the areas covered by the Textile Agreement or the Steel Arrangement as well as discussing agricultural trade which is not covered by any agreement. The Agreement which was also signed in July 1980 and came into force on 1.1.81, has been concluded for an indefinite period.

- Agreement on Trade in Textile Products

Trade in textile products between the Community and Romania are covered by an agreement based on Article 4 of the Multifibre Arrangement. This agreement, which was negotiated at the end of 1977 and expired on 31 December 1982, established a framework for regulating Romanian exports to the Community by means of agreed restraint levels and also a mechanism for creating new restraint levels if it became necessary. A new agreement covering the period 1983-86 was initiated in July 1982.

- Steel Arrangement

When at the end of 1977, the Community asked its principal partners to accept self restraint agreements for trade in steel products as part of its overall plan for the restructuring of the European steel industry, Romania replied favourably. An arrangement was signed in May 1978 and has been renewed annually.

- Generalised Preference Scheme

The Romanian authorities approached the Commission in 1971 to ask that Romania be included in the list of beneficiaries of the Community's Generalised Preference Scheme. The Community replied favourably to the Romanian request and included her in the list of beneficiaries from 1 January 1974. Given Romania's state of economic development she was not allowed to have duty free access for the total range of products included in the Generalised Preference Scheme but the Community's offer to Romania has been improved each year. Romania is one of only two state trading countries to benefit from the Community's GSP, the other being China.

TRADE RELATIONS BETWEEN ROMANIA AND THE EUROPEAN COMMUNITY

Trade between Romania and the Community has shown a steady increase both as regards imports and exports up to 1979 when the Community accounted for 25% of Romanian imports and 21% of Romanian exports. The Community has generally had a favourable trade balance with Romania though this situation was changed in 1980 when the Community had a deficit of 59 MECU. A worsening of the deficit due to a slowdown of Community exports has since taken place: it reached 710 MECU in 1982 and 933 MECU in 1983.

TRADE BETWEEN THE EEC AND ROMANIA (million ECU)

	1973	1977	1979	1980	1981	1982	1983	1984(6 months) without Benelux
EC-Imports	684	1055	1616	1767	1829	1770	1818	1297
EC-Exports	776	1233	1781	1708	1678	1060	835	420
Balance	92	178	165	- 59	-130	-710	-933	-877

Source: EUROSTAT

STRUCTURE AND TRENDS IN EC-ROMANIA TRADE

Products	<u>EC-Imports (%)</u>				<u>EC-Exports (%)</u>			
	1980	1981	1982	1983	1980	1981	1982	1983
Food) Beverages) Tobacco)	5.9	5.5	4.8	4.5	7.9	19.1	10.1	3.3
Mineral fuels	43.1	45.5	36.7	39.1	8.3	8.4	12.1	9.8
Raw materials	3.8	3.5	2.9	3.0	3.8	4.5	4.7	6.0
Chemicals	3.4	5.5	5.9	5.3	16.9	13.4	14.3	18.3
Machinery and transport equipment	4.5	5.1	5.7	5.4	28.7	24.8	15.0	15.8
Other manufactured goods	39.3	34.9	41.6	41.5	34.4	29.8	34.0	35.9

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the EC vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979, and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.