

# THE EXTERN TRADE ACTIVITY AND ROMANIA'S COMMERCIAL POLICY CHARACTERISATION

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## **Abstract:**

*Romania's export trade registered in the second half of the XX th siècle a remarkable rising for the exports and imports both. A detailed insight upon Romania's situation at the beginning of the second half of the XX th siècle leads us to note that our country was characterized by a low level of development. This fact result, on one hand, by an economic delay, taking into consideration the predominantly agricultural character of the Romanian society at the second half of the XX th siècle, despite all the steps towards development made in the years between the wars.*

**Key word:** *international, export, economic, manufactured, activity*

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On the other hand, this state was due to the destructions suffered by Romania during the First World War, multiplied by the parts paid in the form of war duties, because it's quality of belligerent was not recognized, although, by human and material participation and by the loses suffered, our country was situated on the second place between the allied nations.

After 1981, due to a commercial balance the extern duty liquidation was realized by a drastic restriction of imports, including the energy imports, which was also felt in the case of exports. In the '80 years, in Romania the policy of substituting the imports also affected the production for export. The import of technique and advanced technology also was diminished, in this way being degraded the competitive capacity at technical level of the national economy.

In order to fulfill another dream of those time regimes, to transform Romania into a strongly industrialized country, western technology was massively imported. Due to the absence of a qualitative managerial activity, to the insufficient technical preparation of the staff, to the bureaucracy's superficiality, what was desired, namely the enterprises' re-technology with modern equipment imported from the Occident, did not happen.

As the economist Sorin Buraete appreciates, even if the huge dimensions of those periods enterprises should have make possible the integral production in only one unity, the statistics from the communist period demonstrate that in fact a series of factories got a small products nomenclature, sometimes pieces and change components, being dependant by the big factories obtained the finite product. So, even if the interdependence between enterprises is not necessarily a negative factor, the problem was that, although great constructions were built and numerous people were employed, the production was not rentable, was inefficient and of small quantity. In addition to this, the great enterprises consumed energy in enormous quantities, while the price for energy was much higher in our country than in other countries from the area (for example, in ex URSS the energy was also in the past much less low- priced). Further, in order not to deregulate the prices' level on internal market, the exported and imported products were in and out on the intern

market, with planned prices, the differences being registered and compensated by the governmental organisms, in such a way that the external relations economic policy did not lead to stimulants for an intense and efficient use of inputs, even if the rising of technique and technology necessary to industrialization volume, at the same time with the assurance of industrial goods by the native industry, respectively exports with products from manufacturing industry, because of fixed prices and of decisions considered centralized. At export, productivity was reduced in those sections from which the exports were made, while the new- created value was small, production quality was not proper, while the extern partners were not satisfied. In this way the export contracts had unfavorable results, which fact compromised the prestige of some Romanian enterprises. Such situations made that the foreign partners' confidence in our products was weakened, and this was reflected after the Revolution from 1989 upon our export trade by their orientation towards the western markets.

The situation from 1988 shows until where we could get in the field of wrong organization of export trade. In this way, imports were strongly restricted, only to 72.24% from the same year value in 1981 and only to 67.08% from the export value in the same year. Such a situation, totally anomalous, was reflected internally through numerous lacks, not only of the native production, preferentially oriented towards export, but also of the foreign products, constituting a genuine "rara avis". The spectacular rising of economy, in general, of the industry, in particular, was extensively realized, respectively, through a numerous staff and through extensively using of the resources, the Romanian economists, among which A. Iancu, establishing through the agency of the 1970 year's data, that for the Romanian exports predominant were those using labor force, while the relative rare and expensive factor in Romania was the capital.

The economist Valentin Cojaru affirms that between the years 1970 and 1989 the export trade with nutritive and agricultural products registered abundant balances, in the context in which the endowment with capital for each worker and the work productivity remained the same. The raise of export value of such products was due to the proportion of approximately 62% from the country's agricultural surface and respectively, 42% arable areas, to climacteric advantages and of the natural resources gamma that we possess.

The year 1989 was very important for Romania and for the countries from Central and Eastern Europe, from the point of view of national history, as well as that of the entire European continent's history. In the context of external economic relations, the option for democracy and market economy in these countries means actually reorientation of commercial fluxes as a consequence of the mutations taken place at political level.

Grigorescu appreciated that the two amplitude phenomenon, different by their structure, the former being an event prepared and thought before, while the latter being determinate by the unexpected falling of the communist block, created great chaos having proportional effects related to the commercial relations of the implied countries.

After the year 1990 the export trade liberalization was decided, which was a mistake of the Romanian commercial policy, because Romania is characterized by a very distortional system of prices, which offered an implicit protection to the intensive industrial branches in energy. The specialists Dragos Negrescu and Constantin Ciupargea consider that this prices liberalization, because in the moment when the export trade was suddenly liberalized in 1990, the system of centralized prices was still entirely functional, its liberalization being allowed gradually, during all the period 1991- 1997.

After the adhering at UE fundamental changes have been effected in Romania's policy. The adoption by Romania of the commercial policy of UE on multilateral, inter-regional, regional and bilateral plan concerning the relation with third extra- communitarian

countries inevitably brings *important changes in the external commercial policy of our country from 1 January 2007*:

- a. Total liberalization of Romania's trade with UE;
- b. Our country's aligning custom taxes, in comparison with the third countries, to the UE countries, which implies, in general, custom taxes at a sensitive level more reduced in comparison with that of the third countries than at the Romania's custom taxes level, especially in the case of industrial products;
- c. The harmonization with UE's promises at OMC about the trade with goods and services;
- d. The adhering at OMC Agreement related to the public acquisitions;
- e. Romania's transformation from a country which benefits SGP in to a country which donates custom preferences;
- f. The withdrawal from the GSCP (Global System of Commercial Preferences) between countries in course of development and from "The Sixteenth Countries Protocol", countries in course of development, through abrogation of preferential commercial agreements with third countries and other agreements with these countries or their adjusting to the communitarian aquis;
- g. The stopping of the country in course of development status and, as a consequence, of the advantages that Romania benefits of in the domain of commercial political measures, in the virtue of this status; this fact implies also Romania's withdrawal from the unofficial group of in course of development countries from OMC and from the "77 group" of the countries in course of development, which act in ONU system;
- h. Romania's withdrawal from the CEFTA, AELS from the agreements of free trade with Turkey, Israel, from the agreements of free trade with the countries from Western Balkans, if it reached agreements with these countries;
- i. Because UE did not reach with Moldavian Republic a free trade agreement until the date of Romania's adhering at UE, from 1 January 2007 the regime of free trade between Romania and Moldavian Republic was canceled;
- j. Romania's participation at preferential or non- preferential commercial agreements of UE;
  - Romania's adhering to the European Economic Space (EES), at which UE and Ireland, Liechtenstein and Norway participate;
  - The participation at the preferential agreement of euro- Mediterranean and of partnership between UE and the countries from Africa, Caraibe and Pacific (ACP);
  - Romania's access to the UE's free trade agreements with the countries from Latin America, Persic Gulf and other countries with which UE will reach such agreements.

The European Union is the biggest global commercial actor, covering approximately 20% from the worldwide exports and imports. It has an important role in promotion of the worldwide trade based especially on the trade rules spoken about within the Worldwide Trade Organization (WTO). Starting with the year 2007 Romania will apply

the UE's common commercial policy, respectively: the common custom taxes, the preferential commercial agreements and the cooperation agreement reached with third countries; the commercial agreements within the Worldwide Trade Organization (WTO).

UE's common commercial policy formulation and implementation is made according to the 133 art. From the CE Treat; this says that any measure adopted within this policy is proposed by the Committee and decided by the Council. The Committee assures the uniform representation of the Community's interests, as well as common commercial policy execution, not only at bilateral level, but also at multilateral one. It is assisted by a Committee composed from representatives of the member states.

The main instrument of the UE's common commercial policy related to imports is the common customs tax, which includes all custom taxes applied to the imports from extra-communitarian countries by all UE member states.

From 1 January 2007, since Romania has the status of member nation of UE, the common custom tax appliance is made without being necessary the adopting of a specific national legislation. The common custom tax applicable to the imports from third countries was instituted in 1968, at the same time with the process of removal of custom taxes from the countries member of UE and formation of the custom union. What differs is its level, the custom taxes being different from one product to another. The common custom tax will be applied on the whole territory of UE, having the role to avoid the distortion of changes through the agency of custom taxes. At the same time, the orientation of changes will be avoided according to the lower level of custom taxes in certain countries. Not in the last, this measure responds to the need to maintain the control at the extern frontier of UE. This UE's commercial policy instrument has two components: custom taxes and taxes nomenclature.

The common custom tax appliance will be made without the adopting of a specific national legislation. After Romania's adhering to UE, the custom taxes level will be, in assembly, more reduced in comparison with the actual level of taxes applied in Romania. The taking over of the common custom tax will lead to the getting, for Romanian economic operators, of some access conditions at the merchandises from import, similar to those from UE.

In this context, at the same time with the adhering at 1 January 2007 at the European Union, Romania applies the commercial policy of UE, respectively:

- The common custom tax, in comparison with third extra-communitarian markets;
- A schema of generalized preferences (SGP) of UE;
- UE's commercial security measures;
- Commercial preferential agreements and cooperation agreements reached between UE and other countries;
- The commercial agreements taken within the Worldwide Trade Organization.

Concerning the trade between the UE's member states, at the moment in which a country becomes member of UE and part of the unique market, the custom frontiers between the UE member states disappear and as a consequence the custom declarations to be used as source of data for the realization of statistics related to the intra-communitarian trade. In order to replace this source of data in UE was created and developed a statistic system for gathering the information directly from the firms which realize commercial activities with UE member countries. This statistic system named INTRASTATAL is

operational beginning from 1 January 1993 and is based on regulations applied in all UE member states.

*Export and import regime application from UE*

After 1 January 2007 the exporters from Romania apply the principle of freedom to export towards third countries (not part of UE). Still, in justified cases, the UE regulations allow that a member state maintain and introduce quantitative restrictions or even interdictions for some exports. Such measures are made especially for basic products, they being adopted by the UE Council at European Committee proposal.

The export with cultural goods must not include that category of goods which is part of the national thesaurus of the UE member states. For the export of products and technologies with double utilization the competent authority from Romania which follows the respecting of juridical communitarian frame is The National Agency of Control for the Exports (NACE).

*Romania, donating preferences (customs) within the UE's Generalized Preferential System (GPS)*

Since 1 January 2007, when Romania became member state of UE, our country is part of the Generalized Preferential System of UE, in quality of donating custom preferences. This situation is different from the previous period until 31 December 2006, when Romania founds on the lists of GPS beneficiary, respectively, it has a more adequate treatment from those countries developed related to the level of import custom taxes applied to the exports in our country. Romania's new position leads to the following advantages for our economic operators:

- The effecting of imports of raw materials and materials from countries in course of development which benefit GPS, at which a tax level lower is applied, including the custom tax franchise for products which are basic for the exports production and its efficiency through lower costs for the respective imports;
- Getting in more advantageous conditions raw materials and materials necessary for the intern production;
- Internal resources fulfillment by imports of raw materials and materials with lower costs, consequence of elimination or reducing the custom import taxes.

In conclusion, from 1 January 2007, Romania became donator of preferences as UE member state and applies the communitarian scheme effectual during 2006- 2008, not beneficiary of GPS. In this GPS scheme are included three agreements for which the custom preferences differ according to the regime applied to the beneficiary country, respectively: 1. The general regime GPS; 2. The special regime GPS+ for encouraging of a long development and of a good governing; 3. Special regime for those countries less developed.

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