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6. Can you provide any details on the development of the U. S. -Romanian trade pact?

3/19/75 GUIDANCE: I would refer you to State for any details on our contacts with the Romanians.

FYI ONLY: Negotiations with Romania on the new trade terms, as established by Congress, began January 15 in Bucharest. The discussions are now in the final states. End FYI.

ITEMS TO BE ANNOUNCED

The President will be sent to the Hill today for Congressional approval a Trade Agreement with Romania signed on April 2 in Bucharest by Ambassador Harry G. Barnes.

This agreement is the first to be negotiated under the provisions of the Trade Act of 1974. In accordance with the provisions required under that Act, it includes most-favored-nation treatment for Romanian goods exported to the U.S.

We believe it will give further impetus to improved U.S. -Romanian political and economic relations. It will foster additional American exports to the growing markets of Romania and will remove the non-MFN discriminatory treatment of Romanian products in the U.S. market. MFN for Romania is a goal which the administration has pursued for several years, and it represents a key to full normalization of U.S. -Romanian economic relations.

* * * *

Q. Does this agreement do anything other than extend most-favored-nation tariff treatment to Romania?

A. Yes. It contains a number of provisions that will be of assistance to American companies in conducting trade with Romania. For example, it contains language designed to facilitate business representation for Romania. This means offices, services, travel, and other favorable arrangements. It also provides for the operation of government commercial offices to assist trade in each country.

Q. What about U.S. imports from Romania? Is there protection against large low-price imports?

A. The agreement contains a very extensive safeguards system providing for restrictions to remedy actual or threatened market disruption.

Q. Is the agreement likely to lead to a substantial increase in trade?

A. It certainly will be helpful in further improving the conditions for trade expansion. The agreement envisages that total bilateral trade in comparison with 1972-74 will at least triple during the initial three-year period of the agreement.

Q. What does the trade agreement say about freedom of emigration from Romania?

A. The trade agreement proper, deals only with trade. As you know, however, the Trade Act requires the President either to prohibit MFN to any country denying its citizens the right or opportunity to emigrate or he may waive this prohibition under certain circumstances. The President has chosen to use the waiver procedure in the case of Romania.

Questions and Answers on
US-Romanian Trade Agreement
(all contingency)

Q. When and where was the Trade Agreement signed?

A. The Trade Agreement was signed in Bucharest on April 2, 1975, by American Ambassador Harry G. Barnes and Romanian Deputy Prime Minister Ion Patan.

Q. The Agreement states trade shall triple above the 1972-74 level over the next three years. What would that make the level of trade in 1975-77?

A. 1972-74 two-way trade came to \$681 million.

During 1975-77, this figure should triple to \$2 billion.

Q. Do the arbitration rules of the International Chamber of Commerce provide for third country arbitration?

A. Yes.

Q. Do we have a treaty on double taxation in Romania?

A. Yes. A double taxation treaty was signed during the last visit of President Ceausescu to the U.S. in late 1973, but it has not yet been ratified.

Q. Does the Trade Agreement provide that Romania will be designated a beneficiary under our generalized system of preferences for developing countries?

A. The Trade Agreement neither authorizes nor precludes designation of Romania as a GSP beneficiary. The Executive Order issued March 24 included Romania in the list of countries whose eligibility is under active

consideration. (Romania would of course have to receive MFN tariff treatment, as provided for in the trade agreement, before it could be designated a GSP beneficiary.)

(FYI: We have privately assured the Romanians that we expect Romania will be designated after trade agreement has been approved by Congress, and provided no new considerations arise that would make such action inadvisable.)

Q. Will the US and Romania enter into normal relations under the GATT?

A. Under the trade agreement (Article I, para 1) both countries agree to accept MFN and other obligations of the GATT toward each other except as modified by the provisions of the trade agreement. There are two such modifications, both required by the Trade Act: (a) more extensive safeguards against market disruption than the GATT allows; and (b) limitation of the duration of the agreement to three years, subject to renewal, whereas GATT obligations extend indefinitely. These two modifications will preclude across-the-board GATT relations that we have with other GATT members.

Q. How does the Romanian Agreement compare with the 1972 Soviet Trade Agreement?

A. (Only if asked). Each agreement stands on its own merits, so we see no point in making comparisons.

Q. I thought you believed that the Trade Act was a mistake; yet here you turn around and successfully negotiate an agreement on the basis of it. Doesn't this vindicate Jackson?

A. (Only if asked). Administration comments concerning the negative aspects of the Trade Act need no further elaboration. The experience with the Soviet trade agreement clearly showed the counterproductive effect of the pertinent provisions of the Trade Act and other legislation. Meanwhile, as the President said when he signed the Act in January, we are bound by its terms despite our misgivings.

Q. How many Romanian emigrants to the United States were there in 1974? 1973?

A. In 1974, there were 735 Romanians issued U.S. visas worldwide, 511 of whom received visas in Bucharest. In 1973, there were 538 worldwide, of whom 367 received their visas in Bucharest.

Q. How many Jews left Romania in 1974?

A. We, of course, do not handle such emigration and I don't have the exact figures. We understand it was something above 3000.

Q. Is it true that heavy charges are levied against Jews leaving Romania?

A. We are satisfied that Romanian emigration procedures will not be in conflict with the provisions of the Trade Act regarding fees, taxes and other levies on persons wishing to emigrate.

Q. How many prospective emigrants to the United States were refused Romanian exit permits last year?

A. Persons applying for exit permits do not necessarily register first with the U.S. Embassy, so we do not know how many may have been denied such permits.

Q. Is it true that Romanian emigration restrictions are the worst in Eastern Europe?

A. I wouldn't care to characterize Romanian emigration practices. As I have said, we now have a few hundred cases of prospective emigrants to the United States who have fulfilled the U.S. qualifications for emigration but have not yet left Romania. We have been given to understand that these and similar applications will be handled as described in the President's waiver report.

Q. Will the Russians not be displeased that the Romanians have gone ahead and accepted the conditions of Jackson/Vanik that they rejected?

A. This trade agreement is not directed against anyone. We view its conclusion in accordance with the Trade

Act as a positive and forward step in the good relations we have with Romania and an indication of the importance our two countries attach to those relations.

Q. Have we asked less of the Romanians than we asked of the Russians so far as emigration is concerned.

A. I would not care to enter into comparisons. We have negotiated this agreement in accordance with the provisions of the Trade Act.

Q. What will we do if the Romanian emigration practice does not improve?

A. We have every confidence that the Government of Romania will act in accordance with the President's report accompanying the waiver of Section 402 of the Trade Act.

Q. How long is the Agreement valid?

A. The Agreement is for three years. The waiver of Section 402 is subject to Congressional review eighteen months from the date of the signature of the Trade Act, January 3, 1975.

PRESIDENT CEAUSESCU'S MEETING WITH PRESIDENT FORD
For Announcement Monday, June 9, 1975, 12:00 Noon (EDT)

Nicolae Ceausescu, President of the Socialist Republic of Romania, will call on President Ford the afternoon of June 11, 1975 during a brief stop-over in Washington. Their meeting will give the two Presidents an opportunity to review U.S. -Romanian relations and to exchange views on other matters of mutual interest.

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Back-up Questions and Answers

Q: Where is Ceausescu coming from?

A: The Romanian President will have made visits to Brazil and Mexico and will be stopping over in Washington en route home to Romania.

Q: Will the trade agreement be discussed during this meeting?

A: I do not have a detailed agenda for the meeting, but I would assume that trade matters will be discussed.

Q: When was Ceausescu last in the United States?

A: President Ceausescu last paid a visit to the United States in December 1973.

Q: Will the President agree to a trip to Romania during this meeting?

A: During the visit of an official emissary from President Ceausescu last August, the President accepted an invitation to visit Romania. That visit will be scheduled at a mutually convenient time. A date has not yet been set.

Q: At whose initiative is this meeting taking place?

A: Both Presidents attach importance to continuing high-level contacts. It was agreed that President Ceausescu's presence in the Western Hemisphere offered a welcome opportunity for a meeting.

Q: Is he coming here to discuss the European Security Conference?

A: The United States and Romania are both CSCE participants. I do not know whether this will be a subject of discussion on June 11. As you know, the CSCE negotiations are taking place in Geneva and are in progress at this time.

Q: When was a U.S. President last in Romania?

A: President Nixon visited Romania in August, 1969.

Q: Is this visit part of the current round of high-level activity relating to the Middle East?

A: No, the visit has not been prompted by the situation in the Middle East. On background, the Middle East of course is a subject of interest to both leaders.

Q: Will the President urge President Ceausescu to accelerate emigration of Romanian Jews to permit passage by the Congress of the U. S. - Romanian Trade Agreement?

A: As I have said, there is not an advance agenda for the meeting. I really cannot go much further than the text of the announcement.