

1993: HOW DID AN AMERICAN EPISTEMIC COMMUNITY REGARD THE REGRANTING OF THE MOST-FAVOURED-NATION STATUS TO ROMANIA

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Abstract

After the end of World War II and until the end of the Cold War, the United States of America gave the Most Favoured Nation (MFN) clause more than a commercial significance. Romania's MFN status was suspended in 1951 and restored in 1975, was suspended again in 1988 and the US Congress denied to restore it immediately after 1989, since the Congress continued to carefully and severely monitor the political, economic and social evolution in Romania. While the leaders from Bucharest considered that re-granting the MFN clause for Romania could be decided through bilateral political-diplomatic actions, in Washington, all Romanian social components were being taken into consideration. The Congressional Research Service (CRS) is a legislative branch institution within the Library of Congress, being in charge with conducting legal analysis and research on American and international policy in response to individual congressman or congressional staff request. We prove in the article, through several cited documents/analyses conducted during the post-1989 period, notably 1993, that this epistemic community did play a very important role in the process of restoring the US MFN status for Romania.

Keywords: the Most Favoured Nation clause, international policy, USA - Romania relationships, USA Congress, the Congressional Research Service

After the end of World War II and until the end of the Cold War, the United States of America gave the Most Favoured Nation (henceforth:

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MFN) clause more than a commercial significance in relation to the states of Central and Eastern Europe.

In 1951, the USA Congress requested the President not to grant the MFN clause to the USSR and to other communist states, with the exception of Yugoslavia, whereas Poland was exempt from this restriction in 1960. By a law of 1963, the American Congress denied the two above mentioned countries the access to the MFN clause. The preference of the Nixon Administration for trade agreements with China and USSR was tempered, in 1972, by the Jackson-Vanik Amendment to the project of trade agreement of the USA with USSR. In 1974, the Jackson-Vanik Amendment was included in the trade legislation with USSR, allowing for the Administration to extend the statute of MFN clause to a country "without a market economy", only if it offered guarantees to the USA on emigration and human rights issues.¹

Regarding Romania's situation, Washington notified Bucharest, on June 27, 1951, that it will no longer continue the trade agreement signed in August 1930, and president Truman signed a document according to which it suspended the statute of the MFN clause starting with August 31, 1951. In 1959, the Romanian-American discussions on trade continued, and, in the ensuing years, Washington tested the "political behaviour" of the Romanians, both in domestic and foreign policy, particularly with reference to their position towards the Soviet Union. The Romanian authorities also tested the American intentions, including during the visit of the American president Nixon to Bucharest (August 1969)². Only in April 1974, the American and Romanian representatives signed a new trade agreement and, in the spring of the same year, the White House sent a set of legal provisions on granting the MFN clause to Romania. As the Congress assessment of Romania's references regarding the Jackson-Vanik Amendment extended over a long period of time, only in the summer of 1975 was a positive vote casted. In just a few days, president Ford went to Bucharest and, together with the Romanian president, in a formal setting, in Sinaia, transmitted the enforcement of the new Romanian-American

¹ James R. Lilley, Wendell L. Willkie, Wendell L. Willkie II, (eds.), *Beyond MFN: Trade with China and American Interests*, Washington DC: AEI Press, 1994, p.123

² Joseph F. Harrington, Bruce J. Courtney, *Tweaking the Nose of the Russians: Fifty Years of American-Romanian Relations, 1940-1950*, Boulder: East European Monographs, 1991, p. 222

trade agreement, including the MFN clause, with an annual reconfirmation. Hence, Romania was the first country of the Eastern Bloc to be granted the statute of the MFN clause.

Beginning with 1985, the USA and the Western countries started the enforcement of the so called "differentiation policy", and Romania was regarded as one of the East-European countries with the most severe problems in the field of human rights³. In 1987-1988, several members of the USA Congress brought to the White House and the public opinion evidence of human rights violations in Romania. The manner in which the political leaders of Bucharest perceived these actions diminished even more Romania's chances of maintaining the MFN clause. On February 28, 1988, the State Department announced that the Romanian authorities decided not to renew the statute of the MFN clause and that this MFN clause would cease on July 3, 1988.

After 1989, the issue of the Most Favoured Nation clause for Romania dominated the agenda of the Romanian-American relations. The confusion in the perception of the events that had taken place in Romania in 1989 is also demonstrated by the strange declaration of the State Secretary James Baker, in December 24, when he announced USA's support for a possible intervention of USSR in Romania. Also, the media and the American political environment were under the strong impression of what they called "the televised revolution" of Bucharest. The visit of the State Secretary to Bucharest, in February 11, 1990, did not bring significant clarifications, as James Baker announced that the USA will continue to evaluate Romania on the Jackson-Vanik Amendment. And the tense post-communist Romanian history of 1990-1991 did not favour putting back the issue of re-granting the MFN clause for Romania on the agenda of the Congress. Hence, at the end of 1991, Romania was one of the few ex-communist countries that was not under the American MFN clause⁴. As a gesture of willingness from the US Administration, at the end of October 1991, American-Romanian negotiations for a new trade agreement did begin. The Congress reacted immediately and four of the most well-known senators wrote to the presidents of the USA and of Romania, highlighting the option of the Congress of not re-granting Romania the MFN clause,

³ *Ibidem*, p. 542

⁴ Lilley, Willkie, Willkie II, *op. cit.*, p. 125.

until important progress in the sphere of political pluralism and democracy will be registered.

As we can notice, even after 1989, the US Congress continued to carefully and severely monitor the political, economic and social evolution in Romania. While the leaders from Bucharest considered that re-granting the MFN clause for Romania could be decided through bilateral political-diplomatic actions, in Washington all Romanian social components were being taken into consideration, both as an entirety and on different sectors⁵. The Romanian-American trade agreement was considered to be convenient by both parties, at the beginning of February 1992, and President Bush forwarded it to the Congress on June 22, 1992. Still, the members of the US Congress pointed out that "the Most Favoured Nation clause continued to be a strong symbol of legitimisation", and, as a result, the decision of the congressional decision needed to be postponed until other important evolutions were to be registered in Romania, such as the general and presidential elections of that year⁶. After intense debates in the Congress, in 30 September 1992, the proposal of regranting the MFN clause to Romania was voted upon⁷. Only 88 congressmen voted for the proposal, whereas 283 voted against. As a result, together with Cuba, North Korea, etc., Romania was one of the few countries that did not benefit from the American MFN clause in 1992.

Whereas Washington continued to show its reluctance towards Bucharest, the doors were beginning to open in Brussels. On February 3rd 1993, the Association Agreement between the European Union and Romania was signed and, the same year, the negotiations for Romania's accession to the Council of Europe took place, which resulted in a positive response in September 23, 1993. At the beginning of 1993, Clinton was elected US President, and the new American Congress had a different approach towards Romania. Even from January 6 1993, the influential congressman Frank Wolf proposed a Resolution for the extension of the MFN clause to Romania. At a certain point, procedural aspects have been questioned, as Romania represented a particular case regarding MFN

⁵ See Congressional Record, Nov. 7 and Nov. 25, 1991, March 10, 1992.

⁶ Congressional Record, May 12, 1992.

⁷ Joseph F. Harrington, Eduard Karns, Scott Karns, "American-Romanian Relations, 1989-1994" in *East European Quarterly*, no. 2, 1995, p. 216.

extension, never before encountered by the American Congress⁸. President W.J. Clinton sent the letter of recommendation to the Congress on July 2, 1993. The concern of the US Congress for the extension of the MFN clause to Romania was still intense, and the disputes were tense. It took the intervention of the State Department as well in order to accelerate the extension procedure for Romania. The Resolution No. 228 was introduced for the debate of the House of Representatives on October 12, 1993 and it was approved with a two thirds majority vote, and, on October 21, the Senate also debated the topic and voted for the extension. On November 2, 1993, Law No. 103-133 was issued, which extended the MFN clause for Romania, under the provision of an annual renewal. In 1996 MFN clause for Romania became permanent. This decision certified the end, at least from a formal perspective, of the differentiation of Romania from the other Central and East European countries. The Romanian-American bilateral relations were no longer representing a legal obstacle for development, in the Post-Cold-War context⁹. Moreover, Romania received, in 1993, an incentive to enhance the effort of obtaining accessibility to the Occident.

The distorted history of the Romanian-American bilateral relations, in the period ranging from 1990 to 1993, had significant consequences for Romania in what regards both the domestic political evolution and its international itinerary, not only in the above mentioned period, but also during the years that followed, with the infusion of certain characteristics of the process of reformation, development, and modernisation of post-communist Romania. Seeing the intensity and the passionate way in which the American congressional debates on the theme of re-granting Romania the status of the Most Favoured Nation were carried out, it is merely normal to ask oneself about the resorts, the options and even the interests of the American legislators at the end of the 1980s and the beginning of the 1990s. Some answers may be extracted from the congressional transcriptions of the era, published in the volume *Sticks and Carrots – Regranting the Most Favoured Nation Status for Romania*¹⁰.

⁸ See *CRS Report for Congress*, 93-584E, June 14, 1993.

⁹ Harrington, Karns, Karns, *op. cit.*

¹⁰ Vasile Pușcaș, *Sticks and Carrots – Regranting the Most Favoured Nation Status for Romania*, Cluj-Napoca: Eikon, 2006.

Significance and analytical nuances of the same topic can also be found in the media and mostly in the analyses and reports of the American epistemic communities. They are highly important also due to the role they play in the political decision-making process and to the influence they have on the means of public communication in the USA and in other states of the world. And for this given situation – the re-granting of the Most Favoured Nation Status for Romania, in 1993 – I have selected some conclusions of reports and analyses made by the experts within the Congressional Research Center (Washington DC), an institution of great relevance to the American legislative process (CRS reports and analysis are prepared for members and committees of US Congress), being convinced that the conclusions of these documents shall contribute to a more in-depth understanding of the history of Romanian-American bilateral relations during the past decades.

Vladimir N. Pregelj, a very respected analyst of CRS wrote that since 1989, the most controversial issue of the US MFN policy has been the China case¹¹. The US MFN status was restored to Bulgaria and Mongolia in November 1991, and to Estonia, Latvia, Lithuania in December 1991, in April 1992 to Czechoslovakia, Hungary and Armenia, to Russia and Ukraine in June 1992, to Republic of Moldova in July 1992, to Kyrgystan in August 1992, etc. In September 1992, the House of Representatives refused to restore MFN status to Romania, and in November 1992, MFN status was regained by Albania. These congressional decisions prove that if the China case was “the most controversial issue of the US MFN policy”, the case of Romania was also a controversial issue.

On September 30, 1992, the House defeated H.J. Res 512, refusing to restore US MFN status to Romania. CRS Report for Congress (November 5, 1992), wrote by Sergiu Verona (Foreign Affairs and National Defence Division), explained the House vote and the reaction of Romanian officials:

However, US policy and congressional statements reflected considerable caution about the restoration of MFN status. On repeated occasion, the

¹¹ Vladimir N. Pregelj, *Most-Favored-Nation (Normal-Trade Relations) Policy of the United States*, Washington DC: Congressional Research Service, 1999; Kerry Dumbaugh, *China – US Relations and Most-Favored-Nation Status: Issues and Options for Congress*, Washington DC: Congressional Research Service, CRS Report for Congress-91-524 F, July 5, 1991.

Administration and Members of Congress stated what was expected of Romania prior to the reestablishment of MFN status: free and fair elections; an independent media; civilian control of the Romanian Intelligence Service (SRI); and the protection of human rights and civil liberties, including the rights of ethnic minorities.

S[enate] Res[olution] 330¹² set several standards that the elections of September 27, 1992, would have to meet, including reasonably equal access to the mass media by the major candidates and certification by the Secretary of State that these elections were conducted in a free and fair manner.

Similarly, a letter to Romanian President Iliescu, signed by 62 Members of Congress, reiterated that the House of Representatives would delay the final vote on restoring MFN to Romania until after the national elections. The letter, emphasizing that the Romanian elections must demonstrate the Government's commitment to democratic reform, insisted on the main ideas incorporated in Senate Resolution no. 330.

On September 29, 1992, the State Department sent a letter to the Chairman of the Committee on Ways and Means urging the House to move ahead with approval of the trade Agreement and MFN status for Romania. The letter also referred to the US Embassy in Bucharest's reports that the September 27, 1992, elections met international standards of freedom and fairness. However, on September 30, 1992, the House overwhelmingly defeated Joint Resolution no. 512. In explaining the House vote, representative Tom Lantos noted that "the first round of elections in Romania was generally approved by international elections observers, but there has been criticism about the lack of a fully free press and free radio and television, and the development of truly democratic organizations has not proceeded as far as it has throughout the rest of Central and Eastern Europe"¹³.

¹² Congressional Record, Aug. 11, 1992, S 12241-2

¹³ Congressional Record, vol. 138, no. 139, Oct. 2, 1992, E2880.

Romanian officials reacted promptly to the House action. President Iliescu stated that "this vote three days after the 27 September elections prolongs the discrimination to which Romania is unjustly subjected." According to Iliescu the vote "is the result of a new move by the anti-Romanian lobby in the United States". In a separate statement, the Romanian Foreign Ministry said that the House vote reflects "a regrettable and unjustified discrimination against Romania... which may have serious political implications for the democratization process and economic reform in Romania". At the same time, the Romanian Foreign Ministry welcomed the U.S. State Department's position and said that "a special effort must be made to inform the members of the U.S. Congress about the direction of democratic changes in Romania."

Some Romanian media expressed its open criticism toward the House decision. There were even some "theoretical" explanation of the US decision-making process. A former adviser to President Iliescu wrote, for example, in the Romanian *Curierul National* journal, that "if we are looking for a motivation, we should go to the root of facts. The Congress is less dynamic in perceiving the evolution in various areas of the globe, leaving the Administration to take the lead in this respect". Several Romanian newspapers cited Hungarian Americans as the force behind denial or postponement of the MFN status for Romania¹⁴.

According to various media reports, Romanians living in the United States started to collect signatures of support for a petition to the US Congress to review its decision to delay granting Romania MFN trading status. The Romanian Foreign Ministry officially welcomed this initiative, emphasising that it is the first action of such magnitude by the Romanians living abroad to uphold the interests of their country of origin".¹⁵

As we can see, Romania's MFN status was suspended in 1951 and restored in 1975, was suspended again in 1988 and the Congress denied to restore it in 1992. Both the Members and staff of the US Congress raised few questions regarding the "existing statutory procedure" with the re-granting of MFN status to Romania. In order to clarify the congressional

¹⁴ See Azi, August 26, 1992, quoted by FBIS, *Daily Report*, East Europe, Sept.1, 1992, p. 33.

¹⁵ Sergiu Verona, *Romanian Political Developments and US-Romanian Relations*, CRS Issue Brief-IB92120, November 15, 1992, pp.12-13

procedure issues, a CRS Report prepared by Vladimir N. Pregelj on June 14, 1993 concluded that the MFN status could be restored to a suspended country "only by specific law"¹⁶.

Describing the statutory authority, conditions, and procedure for restoring MFN status to Romania, the Pregelj's Report said that the procedure must have two basic requirements: (a) compliance with the Jackson-Vanik requirements, and (b) Congress approval of a Romania-US trade agreement. According to Pregelj's Report, the action needed to restore Romania's MFN status must be:

Action to restore again Romanian MFN status under the provisions of Title IV of the Trade Act of 1974 was initiated in 1991. A new Jackson-Vanik waiver was issued for Romania on August 17, 1991, and extended in mid-1992 through July 2, 1993. A new bilateral trade agreement of a broader scope than the first one was signed on April 3, 1992, and submitted to the Congress for approval. The joint resolution to approve the agreement and Romania's MFN status (H.J.Res. 512), however, failed of passage in the House of Representatives on September 20, 1992, thus preventing the restoration of MFN status to Romania in 1992.

Since the President has, on June 3, 1993, again recommended a renewal of Romania's waiver, the waiver automatically remains in force for another year (through July 2, 1994) unless it is disapproved by a joint resolution adopted in Congress under a specific fast-track procedure by August 31, 1993. This procedure—less complex than that for the approval of nontariff-barrier or free-trade area agreement (e.g., NAFTA)—prescribes the language of the resolution and requires its referral to the Ways and Means, and the Finance Committee, provides for the discharge of the resolution if not reported within 30 calendar days, limits debate, and allows amendments only with respect to specific countries to which, if any, it is to apply. In the event that the resolution is vetoed by the President, the veto must be overridden within 15 days after the Congress receives the veto message or by August 31, 1993, whichever is later. The 15-day veto deadline

¹⁶ Vladimir Pregelj, *Restoring Most-Favored-Nation Status to Romania*, Washington DC: Congressional Research Service, CRS Report for Congress-93-584 E, June 14, 1993, p. 1

is computed (separately for either House) by excluding any Saturday and Sunday on which the House is not in session, and the days on which either House is in adjournment for more than 3 days to a day certain, or sine die.

Since the President has, on June 3, 1993, again recommended a renewal of Romania's waiver, the waiver automatically remains in force² for another year (through July 2, 1994) unless it is disapproved by a joint resolution adopted in Congress under a specific fast-track procedure by August 31, 1993. This procedure -- less complex than that for the approval of nontariff-barrier or free-trade area agreements (e.g., NAFTA) — prescribes the language of the resolution - and requires its referral to the Ways and Means, and the Finance Committee, provides for the discharge of the resolution if not reported within 30 calendar days, limits debate, and allows amendments only with respect to specific countries to which, if any, it is to apply. In the event that the resolution is vetoed by the President, the veto must be overridden within 15 days after the President receives the veto message or by August 31, 1993, whichever is later. The 15-day veto deadline is computed (separately for either House) by excluding any Saturday or Sunday on which the House is not in session, and the days on which either House is in adjournment for more than 8 days to a day certain, or sine die.

While Romania's waiver remains in force, the restoration of MFN status to Romania requires also the approval of the 1992 trade agreement by the two parties. Approval by Romania has already taken place. On the U.S. side, the agreement would have to be resubmitted, together with a presidential proclamation to implement it, to the Congress for approval by joint resolution. The resolution would be considered under a specific fast-track procedure providing for its mandatory introduction in the prescribed language and deadlines for committee and floor consideration, limiting debate, prohibiting amendments, and requiring a straight up-n-down vote. If the resolution is enacted and the agreement approved, the agreement (and with it the reciprocal grant of MFN status) is put into effect by an exchange of diplomatic notes and a notice to that effect in the Federal Register.

Consequently, under the existing legislation (Including the fast-track procedures for the consideration of relevant measures), Romania's MFN can be restored and remain in effect until mid-1994 (when Romania's waiver will have to be renewed again) if the President's recent recommendation to extend the Jackson-Vanik waiver for Romania for another year is not disapproved by a joint resolution and the trade agreement with Romania is approved by a joint resolution, when transmitted by the President to the Congress. Romania's MFN statue will continue to be denied if the President's recommendation of waiver extension is disapproved (including an override of a Presidential veto if it takes place) with respect to Romania (or, less likely, altogether) by a joint resolution, or if either House fails to pass the joint resolution to approve the trade agreement. From the procedural standpoint, the latter is an easier way of continuing the denial in force.

Any other legislation with respect to Romanian MFN status (whether tightening, relaxing, or eliminating the restrictions on its restoration) would have to contain specific provisions and be considered under regular procedure. Such measures could provide, on the one hand, for an unconditional (not object even to any conditions of Title IV) temporary or permanent grant of MFN Status, or, on the other hand, for an outright denial of Romania's MFN status. Such legislation also could authorize the granting and future extensions of Romania's MFN status subject to additional (other than freedom-of-emigration) conditions."¹⁷

The monitoring process of Romania by CRS researchers and analysts intensified during 1993. Frequently, the reports were prepared by CRS for Members of the US Congress in order to inform about the Romania's developments in a crucial year, 1993. The following are some of CRS perceptions of Romania in mid-1993:

There are still conflicting reports and assessments of the government's current activity. At the beginning of January 1993, the Romanian opposition accused the government of incompetence and of trying to obstruct economic reforms [...] The media also criticized what they termed

¹⁷ *Ibidem*, pp. 3-4

ambiguous development of market reform and a total "lack of conception" in this direction [...] On Mar. 4, 1993 the Government presented to both Houses of the Parliament a "Report on Economic and Social Reform Strategy of Government Program." This 29-page document reviews wide-ranging issues related to the development of the economy, such as privatization.

The existing configuration of parties in Parliament, and the pact concluded between the DNSF and the extremist parties, suggest that the regime in power has the political initiative. Any action initiated by the opposition, or even by the government, can be blocked in parliament when the DNSF and extremist parties converge. Many recent examples confirm this trend. [...] Ethnic tensions remain a serious problem in Romania. Romanian nationalist groups and their leaders continue to maintain a harsh campaign against the ethnic Hungarians, as well as against the small Jewish community.[...]

In February the ethnic tension worsened again after Bishop Laszlo Tokes accused the government of practicing "Ethnic cleansing" against the Hungarian community. Tokes' statement, made in Washington and Budapest, was not accepted by other Hungarian nationalist leaders. The Washington Post quoted the opinion of Gyorgy Tokay, president of the Hungarian Democratic Union of Romania's parliamentary group who said that Tokes made a mistake and that "Romania is not Yugoslavia and will never be Yugoslavia." [...]

On Mar. 19, 1993, ABC's "20/20" aired a story devoted to the orphans of Romania. As Barbara Walters pointed out, "20/20" followed the story of the orphans of Romania for three years, returning five times to expose their desperate situation.[...] On Apr. 7, 1993, Representative Bart Gordon introduced H.Con.Res. 80, which specifically states that "an important factor in relations between the United States and Romania, including whether to restore most favored nations treatment to the products of Romania, should be actions by the government of Romania to improve conditions for children institutionalized in Romania."¹⁸

¹⁸ Congressional Record, Vol. 139, no. 48, Apr. 7, 1993, H1894.

Various observers in Bucharest pointed out that Romanian government, as well as Romanian and international human right organizations, made extensive efforts to clarify the situation concerning the adoption of Romanian orphaned children and to improve the conditions in existing orphanages. [...]

On repeated occasions, the U.S. Administration and Members of Congress have insisted upon the institution of civilian control over the Romanian Intelligence Service. [...]

Finally on June 23, 1993, the Romanian parliament adopted Decision No. 30 regarding the structure and activities of the Permanent Joint Commission of the Chamber of Deputies and the Senate for exercising parliamentary control over the activities of the Romanian Intelligence Service (SRI). [...]

An official Romanian commentary on this decision described the new law as "an important step towards consolidating democracy and the rule of law and transparency, in keeping with requests associated with Romania's integration with European structures." [...]

Romania has made important progress in its relationship with European institutions. Romania was the first East European country to initial a Free Trade Agreement with the European Free Trade Association. In addition, Romania has initialed an associate membership with the European Community. During the signing of the Association Agreement on Feb. 1, 1993, the President-in-Office of the Council of EC, Niels Helveg Petersen said that this agreement is witnessing the confidence "in the continuation and completion...of the process of political and economic reform" which Romania has undertaken. Romania's long-term objective is to obtain full EC membership. Foreign investment still remains at reduced levels. [...]

Official contacts between Romania and the United States have increased. Since the beginning of 1993, the U.S. has been visited by Romanian parliamentarians; Emil Constantinescu, the candidate of the Democratic Convention at the presidential elections, and various ministers and experts. [...]

On Apr. 7, 1993, the leaders of the opposition parties in Romania's Parliament sent Congress a letter asking, on behalf of their parties, that it should sustain the granting to Romania of MFN status. They maintain that MFN status may, among other things, sustain Romania's economic recovery and, by that, an easing of the population's poverty. [...]

Another sign of the potential for better relations was the visit paid by the Representative Tom Lantos to Bucharest at the end of November 1992. [...] Representative Lantos said that he "would back MFN status for Romania if the country continued to make progress on human rights, including giving its large ethnic Hungarian community cultural autonomy." ¹⁹

H. J. Resolution 228 which approved the MFN status for Romania was passed by the House of Representatives on October 12, 1993 and by the US Senate on October 21, 1993. As Sergiu Verona pointed out, "after five years, the United States has restored MFN status to Romania, removing an extremely controversial issue in post-war U.S.-Romanian relations."²⁰ There were many congressmen who expressed concerns about the decision of granting MFN status to Romania but, finally, they recognized that Romania made important progress in the process of democratization and market reforms. In some areas, US-Romania relations had improved (see the military) and there was not a logic in denying MFN status to Romania when the US granted it to former Soviet republics and to China. With the October 12-21, 1993, decision to grant MFN status for Romania "the US was ending, *de facto*, the long-standing policy of differentiation in Eastern Europe"²¹ and Romania hoped to end the Cold War, to be focused on developing the future Romanian society.

In a CRS Report, on November 16, 1993, the members of the US Congress were informed about the impact of regranting MFN status to Romania:

¹⁹ Sergiu Verona, *Romanian Political Developments and US-Romanian Relations*, Washington DC: Congressional Research Service, CRS Issue Brief-IB92120, updated July 15, 1993, pp. 4, 7, 9, 10, 11, 12, 14, 15.

²⁰ Idem, *Romania: Implications of Restored MFN Status*, Washington DC: Congressional Research Service, CRS Report for Congress-93-1001 F, November 16, 1993, p.1.

²¹ *Ibidem*, p. 5.

Regaining MFN status was one of Romania's major objectives. There were no "party politics"- all the political parties represented in the parliament supported this goal. The opposition parties even sent a joint letter of support to the U.S. Congress.

At the same time there were political and economic consequences of Romania's obtaining MFN status. For political reasons, Romanian officials considered this an important achievement for Romanian foreign policy. It finally put an end to what they described as Romania's "status of inequality" with other east European countries, which have been long-time beneficiaries of MFN status with the United States.

Psychologically, for Romanians, the October vote of Congress had an even greater significance, following so shortly after Romania's admittance to the Council of Europe. As some Romanian newspapers pointed out, after a "Strasbourg Week," Romania had a "Washington Fruitful October." Romania had a full feeling of being finally "reconsidered." Its next objective-realistic or not-is membership in NATO.

Assessments about the economic impact of MFN range from optimism to moderate skepticism. A study published by the U.S General Accounting Office in July 1992 cited analyses by the International Monetary Fund and private U.S. forecasting organizations to argue that Romania's economic decline due to political and economic problems will limit its export potential. In addition, according to Commerce Department officials, many of Romania's U.S. customers have found other supply sources since 1988. Consequently, even with MFN status, Romania will likely confront new competition for most of its exports to the United States. However, the same study emphasized that MFN status will encourage more private U.S. investment in Romania. A New York Times analysis makes the same case. Romanian forecasts, however, are more optimistic, using historical data on Romanian-U.S. trade. The highest level of bilateral trade was reached in 1980--\$1.4 billion (of which Romanian exports accounted for \$415.5 million). The highest export volume for Romania was recorded in 1984--\$714.8 million of a total trade turnover of \$990 million. In the year when the United States suspended MFN treatment after the Romanian side unilaterally renounced it, the total Romanian-U.S. commercial exchanges dropped to \$767.6 million of which Romanian exports were

\$569.9 million. By 1992, Romanian-U.S. trade dropped to only \$306 million, of which Romanian exports attained \$83.6 million and imports from the United States \$222.4 million.

Analyzing this data, Ion Pirgaru, head of the Romanian Trade Ministry's Department for Commerce with the United States, estimates that bilateral trade could reach at least \$600 million in 1994 compared to the \$350 million forecast for 1993. In addition, he said that the 1984 and 1986 peak years of Romanian exports to the United States "could be reached again in a maximum of three years from the date the U.S.-Romanian trade agreement becomes effective." status will open access to imports of top U.S. technology, additional U.S. credits and assistance," according to the same evaluation.

The Romanian English language newspaper *Nine O'Clock* offered the following data: customs duties, which were between 3-7 percent when MFN was in effect earlier, increased to levels of 35-95 percent when MFN was eliminated. "The rather restricted role of Romanian products on American markets, owing to high customs taxes, has made exports to the U.S.A. almost equal to those destined to Republic of Moldova."

The negative effect of the absence of MFN status on commercial relations can also be judged by the fact that in 1992, the United States ranked eighth among Romania's commercial partners--far behind Iran and Turkey. In 1988, the United States ranked fourth in Romanian exports and ninth in imports. The report of the Committee on Finance to the Senate, recommending the approval of MFN status for Romania, pointed out that "the Committee believes that the approval of the trade agreement and the extension of MFN treatment to Romania will start the two countries down the road toward increased economic cooperation, which will benefit companies in the United States as well as Romania."²²

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²² *Ibidem*, pp. 5-7

analytical support it needs to address the most complex public policy issues facing the nation”²³.

This epistemic community did play a very important role in the process of regaining the US MFN status for Romania as we proved it through several cited documents/analysis conducted during post-1989 period.

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