

**PERMANENT EXTENSION OF MOST-FAVORED-  
NATION (MFN) TRADE STATUS TO ROMANIA**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON INTERNATIONAL TRADE**

OF THE

**COMMITTEE ON FINANCE**

**UNITED STATES SENATE**

**ONE HUNDRED FOURTH CONGRESS**

**SECOND SESSION**

ON

**H.R. 3161 and S. 1644**

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## **PERMANENT EXTENSION OF MOST-FAVORED-NATION (MFN) TRADE STATUS TO ROMANIA**

**U.S. SENATE,  
SUBCOMMITTEE ON INTERNATIONAL TRADE,  
COMMITTEE ON FINANCE,  
Washington, DC.**

The hearing was convened, pursuant to notice, at 2:05 p.m., in room SD-215, Dirksen Senate Office Building, Hon. Charles E. Grassley (chairman of the subcommittee) presiding.

Also present: Senator D'Amato.

### **OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA, CHAIRMAN, SUBCOMMITTEE ON INTERNATIONAL TRADE**

Senator GRASSLEY. I will call the committee to order. I am Senator Chuck Grassley. We are here to talk about Most Favored Nation for the country of Romania.

We will have a vote at 2:15. We will not take the entire 15 minutes off to go vote—it takes about 7 minutes for me to vote—and then we will come back and then immediately take over.

So, we will go through the panel as quickly as we can, but some of you, probably, on the Congressional panel will have to wait for a few minutes for us to go vote.

Today we are going to hear testimony on two bills, H.R. 3161, and S. 1644, to extend Most Favored Nation to the country of Romania. I want to thank all the witnesses who have joined us, and we look forward to the thoughts that you have on this issue.

By way of background, Romania's MFN status goes back to being governed by title IV of the 1974 Trade Act. Section 402 of this title, also known as Jackson-Vanik, states that a non-market economy country must satisfy certain immigration requirements before it can be granted MFN status.

The President must either determine compliance with these requirements, or waive them on an annual basis. Romania initially received MFN status in 1975, but in 1988 it was revoked in response to Romania's renouncement of receiving MFN status, subject to title IV.

Romania, again, was granted MFN in 1993 following consummation of a new bilateral trade agreement with the United States, and a President waiver on Jackson-Vanik. Since 1993, Romania has received MFN, subject to title IV.

The issue to be considered by the subcommittee today is whether title IV should still apply to Romania. I support extension of permanent Most-Favored-Nation status for Romania.

Romania has the potential to become a significant trading partner with the United States. Romania is an original member of the WTO and has been a contacting party of the GATT since 1971.

In fact, Romania is the only U.S. trading partner who has acceded to the WTO that still receives conditional MFN status. Because of this conditional status, the United States will not be able to receive all the benefits of the World Trade Organization vis-à-vis Romania.

The United States enjoys a trade surplus with Romania. Our exports to Romania totaled over \$200 million in 1995. Romania was not identified by the USTR as having significant trade barriers to U.S. products in the 1996 National Trade Estimate Report on Foreign Trade Barriers.

On the issue of immigration, on May 19, 1995 President Clinton determined that Romania was in full compliance with Jackson-Vanik. This determination has been reconfirmed on two occasions since last May.

Romania's economy has become increasingly privatized, as agricultural operations are nearly all in private hands, and 45 percent of Romania's GDP comes from the private sector.

Romania has a democratically-elected parliament made up of numerous political parties, and later this year Romania will undertake its second Presidential election. I feel that the transformation of Romania's economy and political system make it worthy of permanent MFN status.

However, concern still exists regarding the extent of this transformation and how certain minority groups are treated in Romania. So, we are going to hear testimony from all three panels on these issues.

The first panel represents Members of Congress who have a particular interest in this issue, the second panel will discuss the Administration's view of Romania, and the last panel is made up of individuals from the private sector concerned about trade and human rights.

I invite Senator Brown to start, and then we will go to the North Carolina Congressman, and the California Congressman.

Senator Brown.

#### **STATEMENT OF HON. HANK BROWN, A U.S. SENATOR FROM THE STATE OF COLORADO**

Senator BROWN. Thank you, Mr. Chairman. A cynic might ask in this circumstance, why is it so important that we change Romania's discriminatory MFN status with the yearly waiver requirement to permanent nondiscriminatory MFN status. Some might say it is more symbolic than substantive, as long as Romania continues to receive some type of MFN treatment.

I am convinced, Mr. Chairman, that here it is enormously important. While much of it may be symbolic, it carries a very, very important message. I do not think anyone denies that the current Romanian government has made an enormous change by laying out a plan which takes Romania on a dramatically different course than it has been on in the past.

No one would feel that we were inaccurate when we say the Romanians have been through enormous upheavals, changed their

trading blocs and their trading status, opened up and privatized their economy, and asked to join NATO instead of remaining with the Warsaw Bloc. There have been tremendous upheavals.

It is also worth noting that, as Romanians have struggled to change the course of their country and literally the side with which they stand in the old cold war, our friendship and helping hand are very, very important, not just for the substance they provide, but for the message they send and the promise they imply.

Many central European countries have gone through this traumatic process and have found, tragically, the European economic community cold and slow to admit them. Imagine, a half-century focus by much of the world resulting in the end of the cold war, and a country playing a dramatic role in a key area of the world wants to join the West's side, and they get the cold shoulder in terms of joining the common market. Mr. Chairman, tragically, we have been slow to respond with Romania's membership to NATO.

Now, imagine what happens when someone turns to us and extends their hand of friendship, and we turn away from them. That is why symbolism on this issue is terribly important, because it implies a message regarding the kind of future we are going to have.

Now, Romania is the only member of the World Trade Organization without nondiscriminatory MFN status, the only one. There is not another member of the World Trade Organization that does not receive nondiscriminatory MFN treatment.

This committee has acted to extend nondiscriminatory MFN status to Bulgaria, Romania's neighbor. Bulgaria has been unable to give a clear expression it wants to join NATO, while Romania has clearly expressed a desire to join NATO. Imagine the message we send if the country that has not asked to join NATO or has not been clear about lining up with America on important security issues gets nondiscriminatory MFN status from the United States, while the country that has been asked to join NATO does not. That is an unacceptable message.

Mr. Chairman, there are many reasons to grant permanent MFN status to Romania. It is quite clear they have made progress in dealing with the Jackson-Vanik requirements, and others will testify to that before this committee. But I want to emphasize that it is terribly important that we not turn our back on Romania. It is terribly important we not send the message that Bulgaria receives nondiscriminatory MFN while Romania receives discriminatory treatment.

These implications, while perhaps not even being noticed in Washington, DC, will have a tremendous impact in central Europe. These implications will not be lost.

The committee should move quickly in regard to authorizing nondiscriminatory MFN treatment to Romanian products. Quick action sends the proper message and extends that hand of friendship, warmth, and future relationships that are so important to the Romanians as they search for new direction for their country.

Thank you, Mr. Chairman.

Senator GRASSLEY. Thank you. We will go immediately then to Congressman Funderburk. You are a former Ambassador to Romania, so you bring hands-on experience of being there in the capital

and the rest of the country for a long period of time. We appreciate your interest in this, and we will receive your testimony now.

**STATEMENT OF HON. DAVID FUNDERBURK, A U.S.  
REPRESENTATIVE FROM THE STATE OF NORTH CAROLINA**

Congressman FUNDERBURK. Thank you, Mr. Chairman. I would like to thank the Senate Finance Committee, Subcommittee on International Trade, for giving me this opportunity. I am only here today because I care deeply about the Romanian people and the fate of the country where I spent 6 years of my life as a Fulbright Scholar and university professor doing research, a USIA officer, and U.S. Ambassador.

The easiest thing here would have been to do what is popular in town. I would guess that the extension of permanent MFN status for Romania is already a fait accompli. The new Ambassador, Mircea Geoana, has done a good job of putting a good face on a questionable product and they are reaping the best support that PR can buy.

But almost every country, I realize, has permanent or normal MFN trading status, and we all know the value of engagement, improved trade and commercial relations. But, if we believe U.S. foreign policy should stand for something beyond just commerce and, thus, make the United States, perhaps, distinctive, we have to include other concerns in this discussion.

Just to respond in advance to some of the questions that may come up, probably, if we want to help facilitate the democratization and privatization of Romania, discriminating against the most democratic parties and groups is not the way to do it.

I think the timing of this would, in fact, discriminate against the democratic parties and give the ruling party an unfair advantage in the upcoming elections, just 3½ to 4 months from now.

If we want to be considered human rights leaders and the voice of democracy, this is one last time to send a message. If we truly want trade and commercial relations to benefit more in the long run, this will happen with a more democratic government.

We can also remember that, in some other East European countries, individuals who were very high-ranking Communist party officials have either been tried in the courts or barred from office-holding. This has not been the case in Romania. We need positive actions and plans, not just promises from the Bucharest government. I think the new Ambassador seems to know the Americans ways and expectations and he will be an asset to this hoped-for development.

My views, I think, represent those of a tremendous number of people whose interest is completely in a free and democratic Romania and whose love for Romania is unquestioned. I have always made a distinction between the government in Bucharest and the people.

I would certainly say I am as concerned about the people as anybody, but the government PR has made this a nationalism factor in the upcoming elections. That is why we can come here and say Baptists, and Pentecostals, and democratic parties, and everybody else in Romania, and the parliament, and so forth, has said, oh, I favor permanent MFN status.

No one can really oppose this without being branded anti-Romanian. So the fact of the matter is, I can say what they may believe, but what they cannot afford to say. That is what I am trying to do today.

So when I continue to hear of major problems in many areas when Romania remains the only government in Eastern Europe which has not elected a government separated from its harsh Communist past, I am going to continue to speak out for the little person and the small businessman being hurt by this government.

This constant barrage of complaints and numerous sources documenting severe problems cannot all be wrong. When I was U.S. Ambassador under Ceausescu's regime, conventional wisdom in the media, the Congress, and the State Department was that Ceausescu was a great guy who was a maverick, and that we ought to give him our friendship and reward him.

I mean, there are many here who traveled to Romania when Ceausescu was in office and came back and said, things are improving. There are many here who, I am sure, will say they have just traveled to Romania and they have come back and things are improving. They have improved, there is no question about it.

But why the rush to push this through 3 or 4 months before Romania's elections? What I am asking for is a postponement and a delay in the serious consideration of permanent MFN for Romania until after the September elections.

If Iliescu and his company wins again, which is probably likely, then we can bring this up and the election will have been held on a more level playing field. But, also, if the United States does not have annual MFN confirmation for Romania at least for these 3 or 4 months, it loses whatever leverage it may have in trying to encourage improvement.

My question is, why is the Romanian embassy and its recruited supporters and many in the Congress so anxious to rush this through without waiting just 4 months until after national elections?

We know the new Ambassador's job and his fate may be on the line if he does not get this plum for the Bucharest government immediately, but elections are going to be held in late September and this will afford us one more opportunity.

Let me say, for these 4 months, I oppose permanent MFN for Romania because private property should still be returned to original owners, privatization should take place at a faster pace.

This year's Heritage Foundation 1996 Index of Economic Freedom ranks Romania 112th, the worst in Eastern Europe. It has gone backwards since 1995. It is after Russia, Moldova, Albania, and Bulgaria, and the lowest in Eastern Europe.

The intelligence services are still operating. There should be more freedom of the press for BBC and for everybody else there. You still have a very serious situation, with credible reports in the Economist, Amnesty International, Council of Europe Report, BBC, and so forth.

So I would just ask that everyone consider the possibility of this postponement. Thank you.

Senator GRASSLEY. Our vote has started. I was hoping to have some questions for both of you. In deference to your time and to

comity, if you cannot stay for questions, then I would hear Congressman Lantos right now and forego questioning of you.

Congressman FUNDERBURK. I would be happy to stay for questions after this.

Senator GRASSLEY. Congressman, how about you?

Congressman LANTOS. I would have to check with my office whether I can stay.

Senator GRASSLEY. All right. Can you speak in 5 minutes then? I mean, I can wait 5 minutes to hear your testimony right now.

Congressman LANTOS. Why do you not cast your vote, Senator. I would be happy to wait for you.

Senator GRASSLEY. Thank you.

[The prepared statement of Congressman Funderburk appears in the appendix.]

[Whereupon, at 2:20 p.m., the hearing was recessed.]

#### AFTER RECESS

Senator GRASSLEY. Congressman Lantos, would you please give us your testimony. I should recognize you as a person who has lived a long time in Eastern Europe, so obviously your close proximity to it from boyhood gives you a familiarity that we do not have as well. So thank you for your testimony.

#### STATEMENT OF HON. TOM LANTOS, A U.S. REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Congressman LANTOS. Thank you very much, Mr. Chairman. It is a pleasure to see you again.

Let me set some kind of a background to my conclusions. I have been visiting Romania, I hate to admit, since the 1930's, and most recently a few weeks ago.

I have probably followed the fate of the Hungarian minority in Romania more closely than any other Member of Congress ever since coming here, because that particular minority has been long abused and long-suffering, and I am as passionately committed to its fate now as I was throughout my lifetime.

I come here, Mr. Chairman, to express my strong support for permanent MFN status for Romania. I intend to vote for the legislation, of course, when it reaches the floor.

You may recall that when the House last considered permanent MFN status for Romania, a position which at that time was supported by the previous administration and the Republican and Democratic leadership in the House of Representatives—as a matter of fact, the legislation was put on the suspension calendar, assuming that it would sail through—and I led the fight against it.

While this is not particularly a happy achievement I look back on, I think it is probably fair to say that had it not been for my leadership of the opposition, permanent status would have been granted years ago.

In the years since I led the opposition to permanent MFN for Romania, considerable positive changes have taken place. Now, I suspect it is self-evident that those who are purists and are looking for human rights in perfect form, a fully functioning political democracy and market system, clearly can find plenty of things which are wrong with Romania today.

I could probably stay here until midnight, and for every criticism somebody would raise, I could raise two criticisms. There comes a point that trends need to be recognized, and the trends clearly are overwhelmingly in favor of granting Romania what we inappropriately call permanent MFN status. There is nothing permanent in the Congress.

If we take action, shortly thereafter we can reverse our action. The fear of some, which stems, perhaps, from lack of understanding of how Congress operates, that permanent, in this sense, means a dictionary definition of permanent.

Let me just say, I do not consider granting permanent MFN status a permanent action. It clearly will depend on how Romania will function in the years ahead. This permanent action can be reversed, should conditions arise to warrant reversal.

It is true, of course, that symbolically this step will be viewed as significant by Romanian public opinion. But I believe it will not provide any political party with any advantage.

As a matter of fact, by unanimous consent, the Romanian Senate and Chamber of Deputies just a few days ago adopted statements urging immediate action on permanent MFN status. All political parties support this decision, and quick action in the Congress now will not benefit any political party.

As a matter of fact, I would be prepared to argue that withholding permanent MFN status at this stage would be counterproductive to the goals of those of us who favor democracy and human rights in Romania because the fascist mayor of Kluge, for instance, would view this as yet another anti-Romanian action by a hostile Congress.

Therefore, I strongly favor our move to grant Romania permanent MFN status. I would be the first to stipulate that considerable progress is yet to be made by Romania along many lines.

When I met with the President of Romania a few weeks ago I again called upon him to reestablish the Hungarian university in the town of Kolascvar, Kluge, which I have been advocating for years. There have been some steps taken in this direction, but certainly they are not sufficient.

My view is that if democratizing countries in Central and Eastern Europe do not get encouragement from those of us who have been urging them for decades to move in this direction, they will lose faith.

My judgment is that granting permanent MFN status to Romania will be a step in Romania's quest to join the European Union, a move which I strongly support, and Romania's quest to join NATO, which, once Romania fulfills all of the obligations for NATO membership, I will also be pleased to champion.

Thank you, Mr. Chairman.

Senator GRASSLEY. Thank you very much.

I will start with you, Congressman, in regard to your opposition to MFN. I presume that if there was an election, would the point be clear then that you might not object to MFN, at least conditionally—

Congressman FUNDERBURK. Right.

Senator GRASSLEY. Or would you still object to it?

**Congressman FUNDERBURK.** Well, no. I think what you stated is correct. I think the timing here is politically motivated, and I also think that that's the way many people in Romania see it.

By rushing through permanent MFN status for Romania today, it is going to give an unfair advantage to the government in office, which already has advantages, and it is going to make it more difficult for what I consider to be one of the more democratic forces to ever get in.

**Senator GRASSLEY.** Yes.

**Congressman FUNDERBURK.** So, if we wait until the end of September and the Iliescu government is reelected, I would have no objections to it being brought up, considered, and supported.

**Senator GRASSLEY.** It seems that your reference is kind of to political blocs. Do you have a feel, from your opinion—and I know it is difficult to make a determination when you talk about the average Romanian or any different than the average American—the person on the street that is a little bit removed from politics, the extent to which they see this trading relationship with the United States as something that either makes them feel good about their country's advancement, or not feeling good, in the sense of what the average person thinks as opposed to strictly political people looking at it as an impact on the election?

**Congressman FUNDERBURK.** Right. I think the average person in the street does not know that much about what permanent MFN really means. I think they have gotten so much PR and so much propoganda to the effect that it simply means something for Romania and so it is a plus for the country, that is all they know. They do not really know the ins and outs and what it might mean otherwise.

**Senator GRASSLEY.** Does conditional MFN give our country any leverage to exert changes that you argue are still necessary in Romania?

**Congressman FUNDERBURK.** Oh, absolutely. I mean, when I was Ambassador for 4 years, this was feared by the Ceausescu regime more than anything else, having the annual renewal and the conditions on MFN. The same is true for the current government.

Now, to reverse MFN is almost impossible in this country. Let us witness what happened in Beijing, for example. You talk about nuclear weapons transfer, slave labor, Tiananmen Square, missiles fired. I mean, what would it take? It is not going to be reversed, in most cases.

**Senator GRASSLEY.** I assume, though, that you would have to say that even under conditional MFN, that the changes have not come about and that is why I keep it conditional. Would you not perceive our country having more leverage through a closer relationship that would be a result of permanent MFN and maybe be in a position to make changes quicker that we want to see happen politically and economically within that country?

**Congressman FUNDERBURK.** Having dealt with those leaders, and they are basically descended from the other ones, since 1971, I would see it exactly the opposite, that once they got permanent MFN status they would not need to worry about what we think at all. They can give a sheet of paper to the State Department that is meaningless every year saying, here is our progress in these

areas. That is what they have been doing, and that is what they will do.

I am not denying, Mr. Chairman, that there has been a lot of progress and a lot of improvement in Romania. I have been back in 1992 and 1994 and I have seen it, and I welcome it. I am just saying, this is one last opportunity for us and we should make the best of it. We should let the elections be held on a level playing field.

Senator GRASSLEY. In regard to the elections you just mentioned and in regard to what I am sure that you knew as well as what Congressman Lantos said about the resolutions in support of this being passed almost unanimously, which obviously includes the minority parties, how do you feel that this fact reconciles with your argument that the upcoming election will be affected by granting MFN permanent status?

Congressman FUNDERBURK. Well, you just have to understand the climate there, in a sense, because the monkey is on the back of anybody who would dare oppose MFN. They would be branded as anti-Romanian and against the country. Not against the government, but against the country and the people.

In that sense, that is exactly what would happen if the Democratic Alliance and the Civic Alliance come out and say, we are opposed to permanent MFN for Romania. Then the government says, well, you are opposed to the Romanian people and all the benefits that would accrue to them. It is symbolic.

Senator GRASSLEY. On that same point, Congressman Lantos, you took the opposite view. I think in a sense he is saying it is not a true vote of conviction on the part of the people that voted that way and that we should not give that kind of weight to it. Your commentary?

Congressman LANTOS. Well, let me deal with the subject of elections, if I may, because there is a rather intriguing example not far from Romania concerning the elections. Several years ago, Senator, I was the first American public official after a half a century to visit Albania, and I have maintained a very close interest in that country.

I was there a few weeks ago and I personally witnessed the return of very strong authoritarian tendencies. As you have read in the New York Times the past few days, the Albanian elections were a sham. They were an outrageous sham, conducted as the old-line Communist elections used to be conducted.

Today I am calling on President Clinton to call for internationally supervised new elections in Albania, and, pending those internationally supervised elections, I am calling for the suspension of all aid to Albania.

The Congress does not lose its ability to act by passing a piece of legislation. We follow events as closely as we do, whether we provide MFN on a permanent basis or not.

It seems to me that there is also a somewhat naive notion on the part of some who view permanent MFN today as being as important as it was during the Ceausescu era. During the Ceausescu era, MFN was the be-all and end-all of Romania's attempt to be part of the Western trading relationship. That is not the case today.

The prime goal of Romania, as, indeed, of all of these countries, is to join the European Union and to join NATO. And on a scale of 10, while permanent MFN could have been 10, 8 years ago, permanent MFN today is a matter of relatively minor importance. It has been replaced almost entirely by the desire to become integrated into the European community and to become a member of NATO.

I do not think granting permanent MFN status today will have one iota of impact on the outcome of the elections.

Senator GRASSLEY. Then also a comment, because your view is obviously opposite that of Congressman Funderburk.

Congressman LANTOS. Not on this issue only, I might add, Mr. Chairman.

Senator GRASSLEY. Well, at least on the point that I asked him about.

Congressman LANTOS. Right.

Senator GRASSLEY. His feeling is that permanent status does not give us a relationship with Romania that enhances our opportunity to promote democratic reform, both political and economic. Your comment is that you think it will.

Congressman LANTOS. Of course it will. It will have no bearing. Let us assume that the elections are stolen 4 months from now. Let us assume that the elections would be conducted as outrageously as the Albanian elections were conducted a few days ago. I would be the first one to call for revocation of permanent MFN status.

Our hands are not tied at all. We are free agents. I fully respect my colleague's judgment, that he feels Romania should not get it today; I feel they should. But both he and I reserve the judgment to change our mind as conditions change.

Senator GRASSLEY. But, post-election, whoever wins in Romania—

Congressman LANTOS. Yes.

Senator GRASSLEY. It is your feeling that permanent MFN status will help us promote democratic reform within Romania.

Congressman LANTOS. Absolutely. Absolutely, Mr. Chairman.

Senator GRASSLEY. Unless there is any rebuttal on your part, I will call the next panel.

Congressman LANTOS. Thank you very much, Mr. Chairman.

Congressman FUNDERBURK. If I could just make one or two additional points.

Senator GRASSLEY. Yes. All right. You are invited to do that.

Congressman FUNDERBURK. All right. No. 1, is I think we have to pose the question why Romania has not, to this point, been included in the small group of nations considered most closely for NATO inclusion. One reason just may be because of the problems that Romania has been having. I mean, the countries that we hear about today, they want it.

I certainly know the pro-western proclivities of the Romanian people and how they would like to be part of NATO, the European Community, and everything, and I appreciate that. But they have not been included with the Czech Republic, Hungary, Poland, and others in the top tier, the top rung. That is one point.

I am waiting to see Romania prove that it can elect a non-Communist descended government. You see, what has happened in

most of the rest of Eastern Europe, is that after 1989 they elected a non-Communist government, and then some of them have elected a Communist government back again, or members of the old Communist party.

In Romania, it has continued the same line all the way through. That is why I would like one more opportunity on a fair playing field for this Romania to prove that it can, in fact, elect something other than a more authoritarian type of government.

Senator GRASSLEY. I thank you each for the time you took. I know you have been here for an hour. I appreciate it very much, and thank you for your contribution.

Now we call the State Department. Marshall Adair, Deputy Assistant Secretary, Bureau of European and Canadian Affairs, and also Jeffrey M. Lang, Deputy U.S. Trade Representative. I think, since we have you listed that way, I will have you testify in that order, and thank you for being patient with the Senate while we voted as well.

Mr. ADAIR. All right, Mr. Chairman.

Senator GRASSLEY. Yes. I am sorry.

Mr. ADAIR. I will go ahead then.

Senator GRASSLEY. I was going to let you go right ahead on your own.

Mr. ADAIR. All right.

Senator GRASSLEY. I recognize Mr. Adair.

Mr. ADAIR. Thank you.

**STATEMENT OF HON. MARSHALL ADAIR, DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND CANADIAN AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. ADAIR. I did submit a full statement. I would appreciate it if that could be put into the record.

Senator GRASSLEY. Yes. At the time, consenting to your request, I will just say it will be automatic. We hope you can summarize, this panel and the next panel, in 5 minutes of your testimony. The entire testimony of each will be printed in the record, unless you State otherwise.

Mr. ADAIR. Thank you, sir. Therefore, I will go ahead and try to summarize quickly that statement.

First of all, thank you very much for the opportunity to appear here today. We believe what your committee is trying to do today in extending unconditional MFN to Romania is important, both to Romania and to U.S. interests in this region of the world.

The Department of State supports these bills introduced by Senator Brown and Representative Crane for essentially two reasons. First, we believe that Romania now meets the criteria in title IV of the Trade Act of 1974, and, second, we believe that extending unconditional MFN to Romania now will help to promote continuing democratic and economic progress in Romania.

There are three elements of title IV that are relevant to this issue. First, the issue of immigration. The immigration laws and practices of Romania continue to satisfy fully the criteria of this legislation.

Second, human rights. Romania continues to make good progress in the area of human rights. Non-governmental human rights orga-

nizations are free to operate, there are no legal barriers to the free exercise of religious belief, private radio and television stations are increasing, and the press remains active and free of censorship.

With regard to the Hungarian minority, the Hungarian Democratic Union operates freely as a cultural group and a political party. The Hungarian minority is represented in parliament and local governments, and inter-ethnic relations in Hungary today are generally pretty good.

The third, is the economy. Romania has made substantial progress in recent years to create a market economy. Prices for most goods have been freed, trade has been liberalized, and nearly all subsidies on consumer goods withdrawn.

The private sector accounted for 45 percent of GDP and employed half of the nation's work force in 1995. Privatization is proceeding. This year, 3,900 state-owned enterprises are scheduled for full or partial privatization. Therefore, we believe that Romania has met the requirements of U.S. legislation for receiving unconditional MFN.

Next, we also believe that extending unconditional MFN status at this time will strengthen the ongoing process of democratic and economic reform in Romania. It is important to remember in this regard that, because of Romania's extraordinary experience during the cold war under the Ceausescu regime, it entered the transition period to democracy and a market economy substantially behind the other Central American countries.

It did not have an organized political opposition, and its economy had been devastated by mismanagement. It is only now beginning to grapple with many of the issues which other countries, like Poland, dealt with in the early 1990's.

In the early 1990's, Romania was establishing its commitment to the current democratic and economic reform path. Now Romania is fully committed to this path. Our task is to support that commitment and to provide Romania with the means to progress.

Unconditional MFN contributes to both. It supports the commitment by demonstrating to the Romanians that, as they progress, they will be given equal status with other countries in the region and they will be welcomed into the community of western nations. It provides the means to progress by enhancing the environment for economic development and for American companies and others to increase their investment and their activity in Romania.

We recognize that much does remain to be done on the political, economic, and human rights fronts in Romania. Democratic institutions need to be strengthened and encouraged.

Some extremist political parties continue to play an influential role in the political process, and there continue to be provocative statements by extremist fringe elements in society directed against various minorities.

We also believe that the situation of the Hungarian minority in Romania needs continued attention. This is a complicated historical issue, and we have stressed to the Romanian government that it is important for the Hungarian community to feel secure, to be reassured that they have a future in Romania, and to feel welcome as full-fledged Romanian citizens.

In this regard, we have worked closely with Hungarian-Americans and with Romanian-Americans, all of whom have a strong interest in Romania's successful democratic development.

These are issues which require continued improvement. The Romanian government and the Romanian body politic is committed to that improvement. We are committed to helping them. Extending unconditional MFN at this time will do that.

Mr. Chairman, Romania is a very important country in Central Europe. It has a key strategic location and substantial economic resources. It can, and should, play a significant role in promoting stability and economic development in Central Europe, as well as in broader efforts to develop new political and security architecture for Europe in the North Atlantic.

I respectfully urge you and your colleagues to pass S. 1644 at the earliest opportunity. Doing so would send a clear signal of American support for the progress that Romania has made since 1989, and for the continuation of Romania's democratic and free market transformation.

Thank you. I will be happy to try and answer whatever questions you may have.

Senator GRASSLEY. Thank you, Mr. Adair.

[The prepared statement of Mr. Adair appears in the appendix.]

**STATEMENT OF HON. JEFFREY M. LANG, DEPUTY U.S. TRADE REPRESENTATIVE, WASHINGTON, DC**

Mr. LANG. Mr. Chairman, you have my written statement. Just two quick things that I think might be helpful from the trade perspective.

The first, is that Romania is, today, the only WTO member with whom we do not currently apply the WTO. That is, of course, due to the conditionality imposed by the Jackson-Vanik amendment.

If you now remove the conditionality, then we will have full WTO relations with Romania. That gives us the benefit of the WTO enforcement system which is, I think, proving to be more of a benefit than any of us anticipated.

We are much more frequently a plaintiff or a complainant under that system than a respondent. It is a way of bringing up specific problems without having to use a sledgehammer approach to them. We can isolate those problems and bring them up in a very particular way that brings enormous pressure on our trading partners.

So, actually, by moving into this environment you will be giving us a tool we do not currently have. I would say that some years ago when I was on the staff of this committee I remember the Congress insisting on withdrawing and not granting a waiver to Romania. It seems to me that the State Department report you have just heard indicates that we have come a long way since those days.

I think now we have no major trade problem with Romania. I am impressed with Congressman Lantos' testimony. I think, from a trade perspective, if we can move into this new environment we will be picking up on the benefits of trade agreements that would be of great advantage to American business and workers.

I would be glad to answer any questions you have.

[The prepared statement of Mr. Lang appears in the appendix.]

Senator GRASSLEY. I think in your point that you made about the WTO, you described the benefits of permanent MFN and the mechanism of WTO working to our benefit.

Are there presently some trade barriers the United States has with Romania where that would be an opening for us?

Mr. LANG. Well, there are trade barriers in Romania. The world is acrawl with trade barriers. But there are no major trade problems that we have with them. I think there are a number of areas in which we need to move forward with them in terms of market opening and greater commitment to the system, but we can do that more effectively with them in the system than out. They have met the minimum criteria. I think the important thing to do, is send the message that when countries do that, we will get them in the system and work with them there.

Senator GRASSLEY. Mr. Adair, a point that we had of discussion between the two Congressmen dealt with leverage we have with having conditional, versus how the environment might be improved and that might be a better opportunity. What is the State Department's feeling on that, I mean, in some specificity in regard to what you think we can accomplish with permanent status in regard to democratic reforms that maybe we cannot otherwise?

Mr. ADAIR. All right. Let me go back a little bit and say that I think that during the cold war period, this was a useful kind of leverage to try and move Romania onto the right path. At that time, they did not have a democratic system, they did not have anything approaching a market economy, and they needed some kind of incentive to look in that direction.

During the period of the early 1990's, it was probably a useful leverage as well, a useful incentive, because they were in the process of establishing that commitment. However, now that they have that commitment, the leverage that we talk about is, I think, substantially less.

I think that you can argue that, at the present time, given the fact that they are committed to this path of reform—most of the people—the kind of extra benefits that extending unconditional MFN offer do not constitute a useful kind of leverage to bring around the kinds of people that stand in the way to continuing reform in Romania.

What we need to do, is we need to strengthen those who do support reform and give them more tools. This does that by strengthening their position vis-à-vis those who are perhaps more nationalistic, or who look back to a time when they were able to better control the economy from the government.

I think that Congressman Lantos made a good point when he said that continuing this current status could actually be a negative incentive, because what it does, is it says to them that, even though you have accomplished most of the things—all of the things—that we said you need to accomplish, we are not going to give it to you quite yet. That gives fuel to the argument of those who are against this kind of reform.

So I think what we have to do, is we have to encourage the commitment and the solidarity which people in Romania who are supporting reform now have. As I said, in addition, it does do a number of things for them in the economy.

Now, we do have a lot of leverage with them to continue working with them, to continue encouraging democratic reform, human rights reform, and economic reform. They are desperate to become full-fledged members of the Western community of nations. They want to get into NATO, they want to get into the EU. All of these things are relevant.

Senator GRASSLEY. My last question would ask you to characterize the Hungarian population in Romania having a view on the United States extending unconditional MFN to Romania, and also whether or not that characterization comes from what you might call, if there is such a thing, a legitimate voice for the Hungarian in Romania, or whether it might be characterized as just kind of a consensus you have from a broad base of the population.

Mr. ADAIR. Are you asking me to characterize the views of the Hungarian population in Romania?

Senator GRASSLEY. As your department sees those, in your comment that you made in regard to the treatment in Romania of the Hungarian minority.

Mr. ADAIR. All right.

Senator GRASSLEY. I hope I understood you right, that you did have in your testimony—

Mr. ADAIR. Yes.

Senator GRASSLEY [continuing]. Some statement to that effect. Now, I am just asking you to State the basis for your statement, if you can.

Mr. ADAIR. Yes. Yes.

Senator GRASSLEY. If you cannot characterize it, I do not want you to.

Mr. ADAIR. Yes. Well, let me see if I can sort of redo that one for you. We believe, first of all, that the situation of the Hungarian minority in Romania is reasonably good at this time and is improving. They do participate fully in the political process. There are many benefits which they have, and inter-ethnic relations are good.

We also believe that more needs to be done. In that regard, we work very hard with the Romanian government to encourage them to do more, to extend more reassurances to the Hungarian minority, to deal with issues, such as the recent education bill that was submitted, in a very careful and pragmatic way, and they have done that. We will continue to make these efforts in support of an improved situation for the Hungarian minority in Romania.

A critical element here, however, is continuing economic development and promoting prosperity in Romania, because many of these issues with regards to the standard of living, and even to a certain degree political participation of minorities, are closely related to economic development. It is very important that we promote that and that we promote a situation whereby the government of Romania will have increasing resources available to provide the kinds of services which are requested by minorities in Romania. For that reason, we believe that this action in extending unconditional MFN is beneficial, because it will have the effect of promoting economic development.

Senator GRASSLEY. I thank each of you for your testimony.

Mr. ADAIR. Thank you.

Mr. LANG. Thank you.

Senator GRASSLEY. We will call the new panel. This happens to be our last panel. Martin Albanese, manager, European Business Development, Lockheed Martin; Mr. Hamos, president of the Human Rights Foundation, New York; and Mr. Armand Scala, president and secretary, Congress of Romanian Americans, McLean, VA.

I think I will go from my left to right, as I introduced you. So would you please start out, Mr. Albanese?

**STATEMENT OF MARTIN M. ALBANESE, MANAGER, EUROPEAN BUSINESS DEVELOPMENT, LOCKHEED MARTIN, OCEAN, RADAR & SENSOR SYSTEMS, SYRACUSE, NY**

Mr. ALBANESE. Yes, thank you, Mr. Chairman. My statement is brief, so I will read it into the record, if that is all right.

Senator GRASSLEY. Yes.

Mr. ALBANESE. My name is Martin Albanese. I am the manager of European Business Development for Lockheed Martin's Ocean, Radar & Sensor Systems Division located in Syracuse, NY. We employ approximately 2,200 persons, 30 percent of whom are associated with the manufacturing of the FPS-117 Radar.

I am here on behalf of Lockheed Martin to support S. 1644, a bill that grants permanent extension of Most-Favored-Nation trade status to Romania. Our support is based on our experience during the last 2 years in negotiating an \$82 million sale of five FPS-117 Radars to Romania, and upon the State Department's position that Romania fully meets the statutory requirements for permanent MFN.

Our sale, which I believe is the second-largest made by a U.S. manufacturer to Romania, was made possible by legislation (S. 2289), successfully sponsored by Senator Alfonse D'Amato. S. 2289 allows the U.S. Export-Import Bank to provide loan guarantees for the sale of non-lethal dual-use products—those used both for commercial and military purposes—whose primary end use is commercial.

This sale was the first to utilize this new loan guarantee authorization. It enabled us to successfully compete with foreign suppliers, all of whom had access to government-sponsored loan guarantees—a prerequisite for the sale.

During the course of the last 15 months, I have made seven trips to Romania and have a very positive impression of Romania and her people. I have never observed any activities or heard any discussions which led me to believe that we were dealing with anything other than a free and open society.

While I must add that I do not speak Romanian, I was at all times accompanied by our consultant, a native Romanian who had defected to the United States 10 years ago and who is now freely working and traveling in Romania.

I also read a daily English-language newspaper published in Romania, the 9 o'clock, and the two weekly papers, the Romania Libra and the Romanian Business Journal. These periodicals contain articles critical of the government and some of its officials, and in that regard were not too dissimilar from the papers I read at home in Syracuse.

Mr. Chairman, I understand that there is some concern that a vote at this time regarding Romanian Most-Favored-Nation status might be viewed as reflecting the U.S. Government's position on the forthcoming elections in Romania.

Personally, as a business person having traveled to Romania and having worked closely with the Romanians, I believe the MFN process for Romania has proceeded to such an extent that a postponement would be viewed by some as a far more serious reflection of our government's position.

This interpretation would be reinforced by the fact that other Central European countries—Poland, Hungary, the Czech Republic, and Slovakia—already have permanent Most-Favored-Nation status, and Bulgaria is expected to obtain it this year.

Enactment of S. 1644 will assist U.S. companies to succeed in a very competitive environment in Romania. Few things would be more beneficial to achieving U.S. political and diplomatic objectives in this area than expanded trade between our respective countries. S. 1644 will help us achieve our goals. We urge its enactment.

Thank you.

[The prepared statement of Mr. Albanese appears in the appendix.]

Senator GRASSLEY. Thank you.

Mr. Hámos.

#### STATEMENT OF LÁSZLÓ HÁMOS, PRESIDENT, HUNGARIAN HUMAN RIGHTS FOUNDATION, NEW YORK, NY

Mr. HÁMOS. Mr. Chairman, on behalf of the Hungarian Human Rights Foundation, I deeply appreciate the opportunity to testify and we commend you for organizing this important hearing.

Allow me to point out that if permanent and unconditional MFN is granted to Romania, this entire forum enabling the opportunity to examine human rights conditions in that still-troubled country will be permanently lost.

At the outset, I want to unequivocally state that, unlike in the case of China, no one, least of all I, am here to advocate the removal, suspension, or further conditioning of Romania's MFN.

Romania's progress toward democratization—achieved by the population of that country, not because of, but despite government intentions—was already amply recognized and rewarded when Congress granted MFN in 1993.

The trade and economic benefits of MFN then, are not at issue. The only question is, whether Romania warrants the political gesture conferred under the proposed bill. On this much narrower question, we have three reasons for urging you to seriously reconsider a hasty decision.

First, is the troublesome problem of timing. Regardless of American intentions, approval of this measure before fall elections in Romania can and will be interpreted as powerful endorsement of the Presidential candidacy of Ion Iliescu, providing unfair political advantage to the party already in power for more than 6 years, and under circumstances where President Iliescu's candidacy itself has been challenged as illegal.

More importantly, the signal of unilateral American support for Iliescu would do unfair political damage to the democratic opposi-

tion parties, which are already disadvantaged by the government's tight grip on economic resources (for campaign finances), and the media.

The irony is that the windfall benefit of permanent and unconditional MFN could well tip the scales precisely when, according to a Gallup poll released March 29, the democratic opposition leads the government by 26.5 to 18.8 percent.

Are you, Mr. Chairman, and is the U.S. Senate, comfortable with influencing the outcome of Romania's national elections in this way? Have you no doubt that you have chosen the right candidate?

Second, Mr. Chairman, our organization and other human rights monitors believe that, despite vague and unsubstantiated generalities to the contrary, the facts simply do not bear out the conclusion that the Iliescu government has made anywhere near the significant progress in instituting the democratic reforms achieved in the surrounding countries.

As Tad Szulc wrote in the spring 1996 issue of *Foreign Policy*, "Romania remains in the hands of direct successors of the Ceausescu Communist dictatorship. \* \* \* To think of Romania as an effective democracy requires a stretch of the imagination."

Too much remains unexplained. President Iliescu is the same man who summoned axe-wielding miners to Bucharest's main square in June 1990 to attack pro-democracy student demonstrators. This is the same President Iliescu who, as recently as last year, chose to willingly embrace two ultra-nationalist parties on the extreme right, and the successor Communist party on the extreme left into the official government coalition.

This decision prompted one contemporary domestic critic, Emil Constantinescu, to make an astounding observation. "Romania," he said, "is now the only State in Europe where political parties openly advocating fascist options participate in the governing process."

This was the same state whose parliament, Mr. Chairman, stifled press freedoms by adopting Criminal Code amendments to subject journalists to up to 4 years' imprisonment for libel, which can be as innocuous as "impugning a person's actions, such as to expose that person to public contempt."

This is the same country where police brutality and violence, particularly against the Roma (Gypsy) minority, runs rampant and unchecked, as frequently reported by Amnesty International and Human Rights Watch.

The State Department's own 1995 Country Reports on Human Rights Practices confirms the case of a 32-year-old ethnic Hungarian, István Kiss, from Satu Mare, who died from head wounds inflicted while in police custody. Today, 5 months later, police investigations have still produced no explanation.

Numerous Rule of Law violations are documented in our written statement, which also points out that the ethnic Hungarian Pál Cseresznyés remains in jail on false charges, serving the sixth of his 10-year sentence.

It was President Iliescu who, last July, signed a grossly discriminatory education law. Reversing five centuries of practice, the law requires that all vocational and professional instruction be in Romanian.

The law also formalizes the illegal confiscation of more than 1,000 ethnic Hungarian denominational schools, forcibly taken from the churches under Communism in the 1950's.

Our third reason for questioning the wisdom of permanent MFN at this time, Mr. Chairman, relates to the value of the MFN process. Uniquely in contrast to the other countries of Eastern Europe, the Jackson-Vanik amendment has functioned as an effective mechanism in United States-Romanian relations for the past 22 years, both as an accurate reflection of American values and as an expression of support for the aspirations of the people of Romania.

In conclusion, we urge caution before discarding our only effective bilateral tool to promote human rights in that still-troubled country.

[The prepared statement of Mr. Hámos appears in the appendix.]  
Senator GRASSLEY. Mr. Scala.

**STATEMENT OF ARMAND A. SCALA, PRESIDENT AND SECRETARY, CONGRESS OF ROMANIAN AMERICANS, McLEAN, VA**

Mr. SCALA. Mr. Chairman and members of the subcommittee, I am pleased to be with you this afternoon to discuss the importance of granting permanent MFN status to Romania.

My name is Armand Scala. I represent the Congress of Romanian Americans. Today I am speaking for the leaders of CORA's member organizations in support of permanent Most-Favored-Nation status for Romania.

CORA's primary purpose has been to pressure the Romanian government to move its country toward democracy and a market economy and to lend human and financial support. Our members have provided approximately \$60 million of humanitarian aid to the people of Romania since 1990.

CORA is also an active member of the Central and East European Coalition. The coalition represents over 22 million Americans of Central and East European ethnic origins.

The people of Romania have been moving toward a market economy even more rapidly than their government. They need to know that the United States is not standing in their way, but, in fact, is acknowledging their struggle and is removing from their path every obstacle to free enterprise.

Finally, after several years at a sluggish pace and with great pressure from the World Bank, the International Monetary Fund, the U.S. Administration, and the Congress of the United States, Romania's Government has taken major steps toward economic reform.

The Romanian government has committed itself to the privatization of 3,900 enterprises, as you heard, this year alone, and they are on track. The Romanians have moved in a positive direction, despite a heavily centralized economy and a stifling bureaucracy, although major economic and civil problems still remain in that country.

Romania's recent past speaks for itself in demonstrating its commitment to democracy and its determination to achieve this end. Since 1989 and the upset, the so-called revolution of the Com-

munist dictatorship, these people have worked hard to strengthen democracy.

Their new constitution embracing a Presidential, parliamentary, democratic form of government was in place by 1991, and their last national election was determined by our government to be fair and free from tampering.

Two weeks ago, both houses of the Parliament of Romania, as you have heard, including the opposition to the government, passed resolutions urging the U.S. Senate to pass this MFN resolution, confident that its passage will not affect their upcoming elections.

The issue of Romania's minorities receives frequent attention. The people of Romania have a positive reputation vis-à-vis their minorities. However, small unrepresentative bands of extremist elements drawn from the Romanian nationalists, Hungarians in Romania, and Hungarians in Hungary, feed on differences and fuel the problems between these two ethnic groups and among themselves. The vast majority of the people of Hungarian and Romanian ethnic origin coexist in harmony.

The political party of the president of Romania has finally severed its alliances with the two extremist parties which have exacerbated problems with the minorities.

Protecting the rights of Hungarians in Romania is essential to Romania's democratization. Their rights are a litmus test to Romania's democracy.

It is important to recognize that, in the United States, several of the most vocal opponents to permanent MFN status have their hidden agendas, both political and religious.

Some are supporters of specific Romanian political figures, privately hoping for government failure in that country and the rise to power of their own choice of leadership, including themselves.

Others are religious zealots (I am not speaking necessarily about the formal religions) who are desirous of flocks in what they regard as a godless country.

A vote to postpone or deny permanent MFN status for Romania will ignore the progress the Romanian people, and now their government, have made toward achieving democratization a market economy. It will support the cause of existing Communists because they are there, and other adversaries of democracy, a market economy in Romania.

Additionally, it will discourage U.S. importers, exporters, and U.S. investors from entering a new and very promising market. Finally, it will signal to Americans and the rest of the world that Romania is still on the U.S. "disapproval/failure" list with respect to democracy, market economy, MFN, human rights, NATO, the European Union, trade, et cetera.

Again, the Romanian government, and more importantly its opposition, are in agreement on this issue for approval of this resolution, and that it will not affect the upcoming elections in Romania.

Romania has met the requirements for permanent MFN trade status. We urge you to support that country's people in their positive endeavors and vote in favor of permanent MFN status for Romania.

Joining the Congress of Romanian Americans in favor of the resolution are the American Latvian Association, the Armenian As-

sembly of America, the Armenian National Committee of America, the Belarusian Congress Committee of America, the Czechoslovak Council of America, the Lithuanian American Community, Incorporated, the Estonian American National Council, and the Polish American Congress of the United States.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Scala appears in the appendix.]

Senator GRASSLEY. It was one of the Congressmen that said that there is a reluctance on the part of the Romania government to return private property to people. I would like to have each of your comments, whether or not you think that is the situation, and particularly whether our action one way or the other would affect that. Would you start out?

Mr. ALBANESE. Yes. What I understand about the private property issue is that, in some instances, property that was confiscated has been made available to individuals, homes, and things of this nature. There was a time limit when they needed to request or reapply for repossession, if you will.

In some instances there may or may not have been compensation required. As far as Most-Favored-Nation status and its impact on this, I think that this move would have a positive impact.

I think that this will show that the steps that Romania is taking are allowing them to be welcomed into the world community, if you will, and that the people will respond positively, as well as the politicians, by allowing individuals to go back and take what was once theirs and move forward and demonstrate to the world that they are, in fact, a country that deserves to be considered seriously.

Senator GRASSLEY. Mr. Hámos.

Mr. HÁMOS. I had it in my prepared statement, but did not have time to refer to it. Romania is a country where, according to credible domestic sources—and I will mention three statistics—first, 99 percent of illegally nationalized apartments have not been returned to their owners. Second, not more than 5 percent of agricultural property has been returned to their former owners, and private farming, accordingly, is practically non-existent in that country. Third, less than 5 percent of industrial property has actually been privatized.

Another point which I did refer to is the refusal to return, in a discriminatory fashion, properties confiscated from minority churches and from other churches including the Greek Catholic Church in Romania. As regards 1,593 ethnic Hungarian schools which, in many cases, existed for over 500 years, to this day there has not been even the slightest indication that there is any intention of returning those, or even considering that possibility.

Senator GRASSLEY. Mr. Scala, your comment on privatization.

Mr. SCALA. Mr. Chairman, I wish His Excellency, the Ambassador Alfred Moses, were still here, because I would give you the answer he gave me when I posed that question. You can imagine what a difficult problem it would be to re-identify the original owners of all these properties—properties that have been changed, modified substantially, and so on. The fact is, there is a commission that is addressing this problem.

According to the Ambassador when I spoke to him last about this issue, his feelings were that, realistically, the only hope would be

to return the institutional properties, the community properties rather than what many of our people here in the United States of Romanian origin would like to see, their family properties returned.

This is a very large problem. According to the Romanian government and according to Mr. Moses, I understand that they are working on it. I have written confirmation of that, and they are trying very hard to find solutions to the problems.

Senator GRASSLEY. It probably is a very, very big problem. What I would judge it by is not necessarily the certain percentage that has been accomplished, but whether or not there is a continuing and growing percentage and whether or not there are good faith efforts to make it work as opposed to being a public relations scheme, in a sense an impediment, to accomplishing the goal.

We have been led to believe that there is a good faith effort being made, and obviously there is disagreement within the panel whether or not there is that good faith effort.

I would call on Senator D'Amato now for whatever you have to say, or questions that you want to ask. This is our third and final panel, but you can take your time now if you want to.

**OPENING STATEMENT OF HON. ALFONSE M. D'AMATO, A U.S.  
SENATOR FROM NEW YORK**

Senator D'AMATO. Well, Mr. Chairman, thank you so very much for your courtesy. I apologize for coming here late. We had some other matters we were working with. I thank the Chairman.

Let me say, I do not have any issue with respect to progress being made. I believe some progress has been made. But I am very much concerned about the loss of the opportunity to review Most-Favored-Nation status. The legislation that we are contemplating would grant Romania permanent Most-Favored-Nation trade status. What concerns me, is that we have an election coming up in September or October, we are not sure exactly when.

As co-chairman of the Commission on Security and Cooperation in Europe known as the Helsinki Committee, I have signed a letter with Chairman Chris Smith, asking that consideration of S. 1644 and H.R. 3161 be delayed until after the election this year, a matter of months. I believe it is important that we exercise the proper kind of leverage in ascertaining just where the range of power will be.

Now, I have a longer and complete statement, but let me allude to just one of the concerns that a number of people have and that I share with them. The radical movement in Romania supports the revival of the fascist Iron Guard movement. Now, that is a reality; is that not true, Mr. Scala?

Mr. SCALA. I think that there are elements in that society that entertain that hope.

Senator D'AMATO. Mr. Albanese.

Mr. ALBANESE. Yes, I would agree there are elements, yes.

Senator D'AMATO. Mr. Hámos.

Mr. HÁMOS. Of greater concern is that some of these elements have been made part of the official government coalition, including one [the ultra-nationalist Rumanian National Unity Party] that remains.

Senator D'AMATO. That is what concerns this Senator, because I think it might be premature to terminate the semi-annual review process, given the fact that Romania is going to undergo this transition.

Now, we hope that it will not turn to the forces of repression, to the forces that give almost reverence to some of the most despicable, horrible kinds of things that have taken place as it relates to the people who some idolize and some of these movements idolize, like Adolph Hitler.

But I would hope that we could go cautiously in a manner that would utilize our leverage without dictating and indicating, yes, that there has been substantial progress that has been made. But we want to see that this movement toward liberty, democracy, free markets, all of the things that people are concerned with, is not taken for granted, that we do not fall back, that we do not slip back.

So, Mr. Chairman, it is certainly not because there is a difference of opinion as it relates to progress being made. I will concede to the Chairman that, yes, progress has been made.

But I am hopeful that we would not be sending the wrong signal in moving in what I think might be in a more precipitous manner than we should otherwise. I do not even like to use the word precipitous, but I think we might better withhold consideration for at least a short period of time to get a better overview, Mr. Chairman.

I appreciate your indulgence and your permitting me at this point in time in these hearings to submit my remarks. I would ask, if I might, to be permitted to put my full statement in the record as if read in its entirety.

Senator GRASSLEY. Yes, so granted.

Senator D'AMATO. Thank you very much, Mr. Chairman.

[The prepared statement of Senator D'Amato appears in the appendix.]

Senator GRASSLEY. I appreciate your participation.

Just commentary. This is not to take exception to anything that you have said, because I think we have a responsibility in moral leadership of the world to be concerned about the things that you suggest.

I suppose that we cannot expect consistency on the part of a committee of Congress, or the entire Congress, or sometimes our own government, but just within the last month this committee voted out Most-Favored-Nation status for Cambodia.

In the last few months you can see falling back from some agreements that were made 3 years ago on the part of Cambodia. You can see progress toward human rights there being set back considerably by some changes that are taking place in the government. You can see our government not really speaking out against that.

As legitimate as these claims are that you make, I guess I feel that there is a certain inconsistency on this committee's part if they grant MFN to Cambodia and not to Romania. That is the only point I would ask you to consider.

Senator D'AMATO. I certainly will. And, if I might, Mr. Chairman, I think that you helped make the argument. That is a concern. I think that possibly the Administration and the Congress, on occasion, may have acted in a precipitous manner. This is impor-

tant. This is crucial. I detect—and I do not want to speak to this issue in particular—a new wave of commercialism that has gripped this country.

Again, Mr. Chairman, I am not talking specifically about Romania. I remember when we were concerned about slave labor. We were concerned about the imprisonment of people and having them perform all kinds of tasks.

We were concerned about the conditions that people had to work in. Recently in New York we have had a series of episodes with the sweat shops right within our own country where people are forced to work under inhuman conditions.

So I can make my point—and I am not, in an accusatory fashion, saying that this is the case in Romania—but what is wrong with us when we have lost the moral courage and fiber to say that in China today those conditions exist? This is not a partisan Republican or Democratic issue. It seems to me, this is commercialism. Where is our moral fiber when it was not so long ago that we took principled positions on human rights questions?

I have to tell you, I come from such a diverse place—New York, 120-plus ethnic communities—and in the early days when I first came to the Senate, and even prior to that when we would march for what we called then the captive nations, Estonia, Latvia, Lithuania, Ukraine, et cetera, I do not know, but I really did not believe, I guess I had doubts, that we could make a difference.

I saw these people dressed in their native costumes marching and carrying on and calling for freedom, and I used to ask myself, what are we doing? You know, Mr. Chairman, because this Nation had the moral fiber to stand up and to say to the Soviets, we are not going to give you Most-Favored-Nation status, we are not going to encourage this kind of behavior, we are not going to look the other way as you persecute Jews, and Christians, and people who are practicing their religion, and we made a difference. The Bear turned.

Again, I want you to know, I think there is a larger question here. I am not suggesting this is the case in Romania; I do not want to say that. But I am saying to you that I believe that we are in a moral dilemma, a moral crisis, whereby we are more concerned with the business interest and the fact that you can say, oh, well, if we start to tell China and others that they have to adhere to principles that heretofore we absolutely stood up for and we now look the other way, that we are going to lose business, that the cost of garments and toys and other kinds of things that come into this country are going to go up.

Somehow I have to tell you that the politics of economics and power have overcome the power of rectitude and righteousness and doing what should be done for people who are enslaved. It works, if we are fearless and courageous. I have seen it work when I was doubtful. I have seen the tide turn when no one believed it could take place. We had better come together, and maybe now is not the time, because we go into a political year.

Anyone who puts forth a position, that we should oppose or be in favor of MFN, would be accused, depending upon what position you take, of it being politics. I recognize that it will be characterized as a Republican/Democratic issue.

But I will tell you, I would hope that once the business of our own election is over, that we would return to an absolute position of raising our voice for those who are oppressed because that is the calling of this Nation, not just in the newspapers here and radios here. I say it, because I have been thinking about this.

It has been troubling me for quite a period of time that we have slipped back, and in so doing, we have abandoned hopes and dreams, and helped despots, and dictators, and petty lords, and barons throughout the world continue their rule because we have not had the discipline and the courage to do what is right. I am concerned about that.

Again, Mr. Chairman, I want to thank you for your graciousness. You have always been my good friend and have always been gracious in permitting me an opportunity to express these thoughts.

Senator GRASSLEY. Well, do not leave. I am not over yet.

Senator D'AMATO. All right.

Senator GRASSLEY. If what you say is narrowly viewed as commercial relations, that the materialistic worship of the almighty dollar and profit is an end in itself, then I think there would not be anything to disagree with you on.

But if you see our commercial relationships being a tool, and there is plenty evidence of this since World War II leading to relationships with countries that enhance economic freedom and, in turn, without a doubt, economic freedom enhances political freedom, I see our commercialism as an avenue to accomplishing the moral leadership that we want to accomplish.

Senator D'AMATO. Well, I would not debate the point with my friend and colleague because I understand there are many instances when it is not a clear-cut picture and that, indeed, we can provide inducements by people to undertake the kind of behavior that they might not otherwise.

But I am concerned, and I maybe should not put it in such absolute terms that we have lost a lot of the moral fiber and the will to stand up and to do what is right. There is always that argument. That argument, by the way, was raised many, many years ago when it came to dealing with, and I think particularly with Russia or the old Soviet Union, that we should not be so doctrinaire—take for example Jackson-Vanik.

Yet, it was the fact that we were strong and disciplined and said, not until you stop abusing people, throwing them in prison for the practice of their religion, the other kinds of things, will we treat you with the kind of respect that a nation that gives reverence to human dignity deserves. So there is no doubt that there are no absolutes in it, but I am concerned about our position.

I have to tell you, our position as it relates to China is very troubling to me. I think we are sending the wrong signal. That is my own opinion. I just absolutely do. We are encouraging these petty barons in the various provinces to continue to oppress people. You have got to stand up at some point in time. But that is for another time.

Again, I thank the Chairman.

Senator GRASSLEY. I will ask the panel one last question, and then maybe it would just be for you to respond to, Mr. Hámos.

You stated in your testimony a fear that if we make it permanent then we have permanently lost an opportunity to review and keep pressure on for change. Maybe this is not so much a question as just a response, because you heard Congressman Lantos say that really nothing that Congress does is very permanent. You heard him use an example of his urging the Congress to take action against Albania, as an example.

So I think maybe my reaction to what you said is, simply, since one Congress cannot bind a succeeding Congress, we do not lose our leverage. It may not be as automatic as automatic review makes it automatic, but at least we do have an opportunity to keep on top of things and take action, regardless of the MFN being permanent versus conditional.

Your comment, if you want to?

Mr. HÁMOS. Just very briefly, Senator Grassley, I have the unfortunate experience of having been involved specifically in the MFN renewal issue for the past 20 years, having testified on this matter on what is now the 26th occasion before a congressional committee or subcommittee. I know full well the bitter battle that had to be fought to overcome the hurdles, the obstacles to finally achieve even a slight change in course, between 1976 and 1987, after 11 years of struggle vis-à-vis a dictator, Ceausescu, who was clearly one of the worst in the world. It took a gargantuan struggle to bring the Congress to vote, vis-à-vis that particular despot, for just the suspension of Most-Favored-Nation benefits.

So I submit that the hurdle posed by making Most-Favored-Nation status permanent and unconditional would be insurmountable in practical terms.

Just one last comment, if I may, to echo the sentiments stated by the Senator from New York.

The United States today, I would argue, is moving in a dissonant direction from European allies which have introduced over the past 2 and 3 years, conditionality into their relationships with the Romanian government, advisedly so.

The Council of Europe, the Organization for Security and Cooperation in Europe, and the European Parliament, all three, have created mechanisms which review and monitor, and then exert pressure on human rights issues.

At the same time, the United States, which originated this concept and implemented it back 22 years ago in the Trade Act of 1974 and for the past 20 years vis-à-vis Romania, is now considering removing all conditionality. I just would submit that this move would be not consonant, but dissonant, with what the rest of the world is doing, and also with American values.

Senator GRASSLEY. All right. I will close the meeting. We will leave the record open for about 10 days, just in case some of our colleagues that could not be here to participate, because of the vote and other business that they had, have some questions. You may expect some questions in writing. We would appreciate an answer within 10 days.

I adjourn the meeting. Thank you all very much for your participation.

[Whereupon, at 3:46 p.m., the hearing was concluded.]

# APPENDIX

## ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

### PREPARED STATEMENT OF MARSHALL P. ADAIR

Mr. Chairman, Members of the Committee:

Thank you for this opportunity to testify before the International Trade Subcommittee on the question of extending unconditional Most-Favored-Nation (MFN) trading status to Romania. The Department of State supports S.1644 and H.R. 3161 introduced by Senator Brown and Representative Crane for two principal reasons: first, Romania meets the freedom of emigration criteria of Title IV of the Trade Act of 1974; second, extending unconditional MFN to Romania at this time will help promote Romania's democratic and economic progress and U.S. interests in the region.

#### Romania Meets The Criteria

Romania already meets the requirements of Title IV ("Jackson-Vanik Amendment") of the Trade Act of 1974. In May 1995, President Clinton determined and reported to Congress that Romania was in full compliance with Title IV Trade Act criteria.

All current information indicates that the emigration laws and practices of Romania continue to satisfy fully these criteria. On two occasions since the May 1995 Presidential Determination, the President has reported to Congress that Romania remains in full compliance with Jackson-Vanik criteria. Freedom of movement within Romania and the right to leave it are enshrined in the 1991 constitution and are not limited in practice. No exit visa is required to leave Romania, and no prohibitive fees must be paid by potential emigres. Every citizen has the right to return to Romania.

In addition to its non-restrictive emigration practices, Romania continues to make commendable progress in the area of human rights. Non-governmental human rights organizations are free to operate. There are no legal barriers to the free exercise of religious belief. Private radio and television stations vie increasingly with state-run stations. The written press remains active and free of censorship. An amended penal code that would have imposed upon journalists stiff penalties for libel, slander, and insults against officials was recently rejected by parliament.

The Hungarian Democratic Union of Romania (UDMR), which represents Romania's 1.7 million ethnic Hungarians, operates freely as a cultural group and a political party. The Romanian government did not implement in 1995 or 1996 a provision in the new education law on university entrance examinations that was of particular concern to ethnic Hungarians, even though the law was deemed to be in line with international standards by OSCE High Commissioner for Minorities van der Stoep.

In 1995, the Romanian government severed relations with two of three extremist parties with which it operated in parliamentary coalition, as a result creating a minority government. One party with anti-Hungarian views remains allied to the government and controls four ministerial portfolios, although it now appears unlikely that this alliance will survive the fall 1996 elections.

Romania has made substantial progress in recent years in its efforts to create a market economy. Prices for most goods have been freed, trade has been liberalized, and nearly all remaining subsidies on consumer goods have been withdrawn. Overall, the private sector accounted for 45 percent of GDP and employed half of the nation's work force in 1995. In 1995, GDP growth registered 6.9 percent and annual retail price inflation--which had peaked at 296 percent in 1993--fell to 28 percent.

In December 1995, the IMF approved a one-year extension of Romania's existing standby agreement. The new agreement committed Romania to further liberalization of its foreign exchange regime, continued fiscal austerity, and an anti-inflationary monetary policy. However, further disbursements cannot be made under this program until Romania meets all the performance targets. The government's mass privatization program will result in full or partial privatization of 3900 state-owned enterprises by autumn 1996 and has created 14 million shareholders, further moving the economy toward private ownership. In 1995, Romania passed a new bankruptcy code, thereby fulfilling a key reform goal. 1995 also witnessed the reopening of the Bucharest stock exchange, after an absence of nearly fifty years. In early 1996, Romania enacted its first modern copyright law.

#### Extending Permanent MFN Status Will Further Political and Economic Reform

Romania has made heartening progress since 1989 along the path of political and economic reform and Western integration. It is important to note that Romania started far behind many other countries in Central Europe due to the repressive Ceausescu regime. Because of that, it is only now beginning to grapple with issues which other countries, like Poland, dealt with in the early 1990s. Free and fair 1992 national elections, the institution of fundamental democratic freedoms, the privatization of 80 percent of Romania's arable land, the establishment of parliamentary oversight over the military, police, and intelligence services, and the launching of a

successful mass privatization program are among Romanian accomplishments since 1989. Romania is also a leader in NATO's Partnership for Peace program, and is engaged in the NATO IFOR initiative in Bosnia.

Despite this notable progress in political and economic reform, it is clear that much remains to be done. Romania's still youthful democratic institutions require constant strengthening and encouragement. The continued presence of an extremist party in the government is a matter of concern, as are provocative statements by extremist fringe elements directed against minorities, especially Hungarians, Jews, and Roma (Gypsies). Romania's citizens need to be brought into the political process as full, informed participants. Living standards for ordinary Romanians battered by the privations of the Ceausescu years urgently require raising if we are to persuade the populace that democracy and a market economy are key to long-term prosperity and peace.

The situation of the Hungarian minority in Romania also needs attention. We have worked closely with and listened to Hungarian-Americans and Romanian-Americans on this issue. They all have a strong interest in Romania's successful democratic development. This is a complicated historical issue. The Hungarian community in Romania has been there a very long time. The borders have changed numerous times, and relations between the ethnic Hungarians and ethnic Romanians have never been easy. The United States government has stressed to the Romanian government that it is important for the Hungarian minority to feel secure, to be reassured that they have a future, and to feel welcome as full-fledged Romanian citizens.

Like its new democratic institutions, Romania's developing market economy also requires strengthening. The essential element in maintaining the economy's favorable momentum is continued vigorous and fair implementation of the government's 1995 privatization law. Without that and increased private foreign investment, the private sector will be hard put to bear the burden of a still bloated public sector. If the Romanian government genuinely desires greater infusions of foreign capital--a modest \$1.6 billion has been invested since the revolution--it will have to reduce sharply its bloated bureaucracy, professionalize its customs service, maintain market-determined foreign exchange rates, and ensure transparency in business dealings.

Unconditional MFN would do much to reinforce Romania's political and economic reform efforts, as well as its efforts to integrate itself as closely as possible into Euro-Atlantic institutions. Unconditional MFN would offer material and moral encouragement to the government and people of Romania as they continue their difficult post-Cold War transition, and it would be a clear signal of U.S. support for that process. It would

bring Romania into line with Poland, Hungary, the Czech Republic, and Slovakia, all of which receive unconditional MFN benefits from the United States. It would end an anomalous situation in which the U.S. is unable to apply World Trade Organization (WTO) provisions to Romania, even though Romania is a founding member of the WTO.

Romania is the second largest country in Central Europe and previously was the largest market in the region for U.S. exports. Unconditional MFN would help give companies from the U.S. and Romania the confidence fully to reestablish commercial ties. U.S. companies consider Romania to be a key European emerging market. Furthermore, graduation from the requirements of Title IV would signify a full normalization of bilateral commercial relations, including unconditional eligibility for EXIM and OPIC programs that enhance the competitiveness of U.S. products in Romania.

Concern has been expressed that a decision in favor of MFN at this time could be viewed in Romania as Congressional endorsement of the current government in advance of the country's fall 1996 elections. Some have argued, therefore, that we should defer a decision on granting Romania unconditional MFN until after elections. This action, however, is not an endorsement of a single political party, or even of the current government per se. The parties in the current coalition, and most of the opposition parties, support the extension of unconditional MFN to Romania. This was demonstrated recently by the fact that on May 23, both houses of the Romanian parliament voted overwhelmingly, with only four negative votes out of more than 300, asking the U.S. Congress to grant Romania immediate permanent MFN status. Extending unconditional MFN status to Romania should not be and cannot be interpreted as a partisan act.

Another argument has been made that the U.S. should continue to withhold unconditional MFN from Romania as a means of encouraging further progress on democracy, market reforms, and respect for human rights. This is an argument made by thoughtful people and we have considered it carefully. We have concluded, however, that Romania continues to meet fully the requirements of Title IV of the Trade Act and that Romania is fully committed to a democratic and market economy path. Withholding unconditional MFN was useful during the Cold War when Romania was committed to a non-democratic political system and a non-free-market economy. It was also useful during the very difficult transition period of the early 1990's when Romania was establishing a new commitment to a democratic, market-economy path. Now Romania is fully committed to this path. Our task is to support that commitment to reform and to provide Romania with the means to progress. Unconditional MFN contributes to both.

To summarize, Mr. Chairman, Romania is a very important country in the Central European region. It has a key strategic location and substantial economic resources. It can and should play a significant role promoting stability and economic development in Central Europe, as well as in broader efforts to develop new political and security architecture for Europe and the North Atlantic.

Today, Romania's principal foreign policy goal is close integration with the West. The Romanians know what they have to do to become full members of the Western community of nations, and they are trying. We should do what we can, now, to bring them into the orbit of that community.

For all of the above reasons, Mr. Chairman, I respectfully urge you and your colleagues to pass S. 1644 at the earliest opportunity. Doing so would send a clear signal of American support for the substantial progress Romania has made since 1989 and for the continuation of Romania's democratic and free market transformation. Passage of this legislation would strengthen our ability to encourage further reform in Romania and would acknowledge Romania's demonstrated commitment to upholding Jackson-Vanik criteria.

Thank you for this opportunity to appear before you today.

## PREPARED STATEMENT OF MARTIN M. ALBANESE

Mr. Chairman and members of the Committee. My name is Martin Albanese I am the Manager of European Business Development for Lockheed Martin s Ocean, Radar and Sensor Systems Division located in Syracuse, New York. We employ approximately 2,200 persons, 30% of whom are associated with the manufacturing of the FPS-117 Radar.

I am here on behalf of Lockheed Martin to support S1644, a bill that grants permanent extension of most-favored-nation trade status to Romania. Our support is based on our experience during the past two years in negotiating an \$82 million sale of five FPS-117 Radars to Romania, and upon the State Department's position that Romania fully meets the statutory requirements for permanent MFN.

Our sale, which I believe is the second largest made by a United States manufacturer to Romania, was made possible by legislation (S2289) successfully sponsored by Senator Alfonse D'Amato. S2289 allows the U.S. Export-Import Bank to provide loan guarantees for the sale of non-lethal dual-use products—those used for both commercial and military purposes—whose primary end use is commercial. This sale was the first to utilize this new loan guarantee authorization. It enabled us to successfully compete with foreign suppliers all of whom had access to government-sponsored loan guarantees a prerequisite for the sale.

During the course of the last 15 months, I have made seven trips to Romania and have a very positive impression of Romania and her people. I have never observed any activities or heard any discussions which led me to believe that we were dealing with anything other than a free and open society. While I must add that I do not speak Romanian, I was at all times accompanied by our consultant, a native Romanian who had defected to the U.S. from Romania 10 years ago and who is now freely working and traveling in Romania.

I also read a daily English-language newspaper published in Romania, the Nine O'Clock, and two weekly papers, the Romania Libera and the Romanian Business Journal. These periodicals contained articles critical of the government and some of its officials, and in that regard were not too dissimilar from the papers I read at home in Syracuse.

Mr. Chairman, I understand that there is some concern that a vote at this time regarding Romanian most-favored-nation status might be viewed as reflecting the U.S. government's position on the forthcoming elections in Romania. Personally, as a business person having traveled to Romania and having worked closely with the Romanians, I believe the MFN process for Romania has proceeded to such an extent that a postponement would be viewed by some as a far more serious reflection of our government's views. This interpretation would be reinforced by the fact that other central European countries (Poland, Hungary, the Czech Republic, and Slovakia) already have permanent most-favored-nation status, and Bulgaria is expected to obtain it this year.

Enactment of S1644 will assist U. S. companies to succeed in a very competitive environment in Romania. Few things would be more beneficial to achieving U. S. political and diplomatic objectives in this area than expanded trade between our respective countries. S1644 will help us achieve our goals. We urge its enactment.

## PREPARED STATEMENT OF HON. ALFONSE D'AMATO

Mr. Chairman: Thank you for calling this hearing on proposed legislation to grant Romania permanent "Most Favored Nation" trade status. I want to join with you in welcoming our witnesses, Congressman Funderburk, who is also a Helsinki Commissioner, Congressman Lantos, Secretary Adair, Trade Representative Lang, Mr. Albanese, whose business is located in Syracuse, New York, Mr. Hamos. and Mr. Scala.

I won't take much of the Committee's time with my statement because I want to hear what our witnesses have to say. However, I want to make it clear that I am on record opposing consideration of permanent MFN status for Romania now.

As Co-chairman of the Commission on Security and Cooperation in Europe, I signed a letter with Chairman Chris Smith asking that consideration of S. 1644 and H.R. 3161 be delayed until after Romania's national elections this year. I believe that is the correct policy for the United States to pursue.

Mr. Chairman, I ask unanimous consent that the May 9, 1996 Commission letter be printed in the record of this hearing at the end of my remarks.

I won't go into the details behind the Commission's position in my statement. But I do want to explain why we oppose granting permanent MFN status to Romania now.

Romania is about to have national elections in which the President and the parliament will be chosen. Those elections are tentatively scheduled for the end of September or the beginning of October—no firm date has been set.

We can't know in advance who will win those elections. However, polling and expert observers agree that the next Romanian government, like the present one, will be a coalition government. The issue for the United States is who will be in that coalition.

I remind the Committee that for three years ending last December, a radical extremist party called the Greater Romania Party, or PRM, led by Corneliu Vadim Tudor, was a part of the current coalition government. So far as we can tell, Tudor's party is an ultranationalist party of the worst kind.

The radical "Movement for Romania" supports revival of the fascist Iron Guard movement. Other extremist elements revere Ion Antonescu, the wartime dictator and staunch ally of Adolf Hitler.

Tudor's party is not the only problem group on the electoral landscape in Romania. Other radical parties are competing for seats in their Chamber of Deputies or Senate. If they actually win seats, in the likely event that no one party has a majority, any of them could bargain their way into a governing coalition.

Since there will be a coalition government as a result of the fall elections, it is premature and a mistake to terminate now the semi-annual review process Romania must undergo to retain MFN trading status.

The review process forces the Administration to focus on events in Romania and report on them. It also, and this is a very important fact, provides Congress with a statutory window to debate Romanian MFN, just as we will review Chinese MFN this year.

If we pass a bill terminating the review process, we are surrendering a useful tool to support democracy and continued movement toward a free enterprise economy before we know who will be in the next governing coalition and what policies they will pursue. This could be a turning-point election for Romania, setting it firmly on a path toward democracy and full integration with the West, including NATO membership. Why give up the leverage that we get from this MFN review process now?

This review process is a very powerful tool for Congress. While the Administration often tempers its comments because of diplomatic or policy considerations, all issues concerning MFN renewal are debated when a resolution of disapproval comes to the floor. It gives us an opportunity to send a clear message to countries subject to review when negative events force us to consider such a resolution. The forthcoming China MFN debate will highlight our use of this tool.

Mr. Chairman, what is so urgent about permanent MFN for Romania now? Why not wait until after their elections? Why give up this very useful leverage for democracy and free enterprise before we know the outcome of the elections? Why the rush to judgment?

I point out to my colleagues that Romanian goods now receive MFN tariff treatment. If Congress passes a bill granting permanent MFN status, **THE ONLY THING THAT CHANGES IS THAT WE LOSE OUR LEVERAGE OVER ROMANIAN INTERNAL DEVELOPMENTS!**

Are we for democracy for Romania or not? Are we for free enterprise for Romania or not? Do we support human rights for the Romanian people, including their national minorities, or not?

I suggest to all of my colleagues on this Committee that if their answer to any of these questions is "yes," then now is not the time to rush ahead with permanent MFN for Romania.

Thank you, Mr. Chairman.

CHRISTOPHER H. SMITH, NEW JERSEY, CHAIRMAN  
ALFONSE D'AMATO, NEW YORK, CO-CHAIRMAN

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ROBERTY B. TAFT, CHIEF OF STAFF  
MICHAEL R. NATHAN, DEPUTY CHIEF OF STAFF

**COMMISSION ON  
SECURITY AND COOPERATION IN EUROPE**

234 FORD HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515

(202) 225-1901

FAX: (202) 226-4199

E-MAIL: CSCE@HRL.HOUSE.GOV

May 9, 1996

The Honorable Bill Archer  
Chairman  
Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

Legislation has been introduced in both Houses (H.R. 3161 and S. 1644) to make permanent Romania's most favored nation (MFN) trading status. We respectfully request that your committee take no action on this legislation until after Romania's national elections are held.

The semiannual review of Romania's compliance with Title IV of the Trade Act of 1974 will soon be transmitted to your committee. The review process has not kept Romania from the benefits of MFN status but has been a tangible reminder of the importance which the American people place on respect for human rights. This year, the review period coincides with the local elections which are scheduled for June and precedes the presidential and parliamentary elections which are due to be held in late September or October.

In effect, the congressional MFN review process schedule parallels Romania's election schedule. A vote to change the basis of Romania's MFN status from an annual review to permanent status will not affect trade with Romania, but could well be viewed as a congressional judgment on the current government in Romania.

There is no question that the most responsive form of government is that which is representative of the people and one that depends on the consent of the governed for its legitimacy. History has shown that human rights are protected best by governments which are elected through the democratic process. We are hopeful and expectant that Romania's next leaders will be chosen through elections which will be free, fair and representative, and that the protection of human rights will continue to improve under the newly elected government. We would not want a vote regarding Romania's MFN status held in the House or Senate within weeks or months of their elections to be viewed as a vote of confidence for one candidate or party versus another.

Romania's MFN status was debated in the House in September 1992 just prior to Romania's Parliamentary elections. When the leadership realized that the vote was not appropriate prior to the election and that many who would later support the measure vowed to oppose the initiative because of the timing, consideration of legislation similar to H.R. 3161 was postponed. For many of the same reasons of concern for human rights and Romania's democratic progress, we ask that your committee refrain from consideration of the House bill, H.R. 3161 or its Senate companion, S. 1644.

Thank you for your careful consideration of this reasonable request.

Sincerely,

  
ALFONSE D'AMATO, U.S.S.  
Co-Chairman

  
CHRISTOPHER H. SMITH, M.C.  
Chairman

**Statement of  
Representative Christopher Smith  
Chairman, Commission on Security and Cooperation in Europe  
Hearing on the Permanent Extension of  
Most-Favored-Nation Trade Status to Romania  
Senate Committee on Finance  
June 4, 1996**

Mr. Chairman, I want to thank you for holding this hearing on S. 1644 which would make permanent Romania's most favored nation (MFN) trading status. Permanent MFN for Romania is an important issue which deserves full and thoughtful consideration by the United States Congress, and this hearing is an important part of that process. Nevertheless, I strongly believe that your committee should take no further action on this legislation, or its House companion H.R. 3161, until after Romania's national elections are held.

The semiannual review of Romania's compliance with Title IV of the Trade Act of 1974 will soon be transmitted to your committee. The review process has not kept Romania from the benefits of MFN status but has been a tangible reminder of the importance which the American people place on respect for human rights. This year, the review period coincides with the local elections which were held last Sunday, June 2, the runoff election for an undetermined but expectedly high number of races, and precedes the presidential and parliamentary elections which are due to be held in November.

In effect, the congressional MFN review process schedule parallels Romania's election schedule. A vote to change the basis of Romania's MFN status from an annual review to permanent status will not affect trade with Romania, but could well be viewed as a congressional judgment on the current government in Romania.

There is no question that the most responsive form of government is that which is representative of the people and one that depends on the consent of the governed for its legitimacy. History has shown that human rights are protected best by governments which are elected through the democratic process. I am hopeful and expectant that Romania's next leaders will be chosen through elections which will be free, fair and representative, and that the protection of human rights will continue to improve under the newly elected government.

The Commission on Security and Cooperation in Europe, which I chair, has received a number of disturbing reports regarding events leading up to the local elections -- calls by the chairman of the ruling Party of Social Democracy (PDSR) for official action against media representatives who are critical of the current government, allegations of violent attacks by local PDSR representatives against opposition candidates, and reports of violent attacks by opposition party workers against local PDSR representatives, as well as concerns regarding the accuracy of the final vote count.

Many of the concerns expressed by local and international non-governmental organizations and observers regarding the conduct of the local elections have apparently been borne out by initial reports from Romania regarding the local elections. Preliminary assessments are that the June 2 elections were marked by a high level of administrative disorganization -- voter lists were generally acknowledged to be extremely inaccurate, elections bureau officials interpreted the law inconsistently and numerous logistical problems arose on election day. Many NGOs have criticized the government for the apparent lack of improvement in election administration procedures since the last national elections in 1992.

I am concerned about what this situation bodes for the presidential and parliamentary elections scheduled for later this year, particularly the extent to which the organizational irregularities and inconsistencies which became evident during the local elections present the opportunity for fraud and other abuses during the general elections. My concern is exacerbated by reports that the government will apparently not proceed with a revision of the law on national elections, but rather rely on the 1992 legislation which did not make permanent the provision for domestic observers.

In addition, Mr. Chairman, if past is prologue, I am particularly concerned about the ability of newly elected mayors and councillors to carry out their responsibilities. Following the elections of 1992, more than 160 mayors and local council members, the majority of them representing opposition parties, were summarily dismissed by local prefects representing the central government. While I understand that legislation was recently enacted to prevent such dismissals without a full hearing and judicial certification, I will nevertheless follow with great interest the implementation of the results of the recent polling, particularly if the run-off elections scheduled for June 16 result in a clear majority of districts for the opposition parties.

Mr. Chairman, in the highly charged atmosphere of intensive campaigning and heightened anticipation leading up to the national elections, we would not want a vote regarding Romania's MFN status held in the House or Senate within weeks or months of their elections to be viewed as a vote of confidence for one candidate or party versus another.

Romania's MFN status was debated in the House in September 1992 just prior to Romania parliamentary elections. When the leadership realized that the vote was not appropriate prior to the election and that many who would later support the measure vowed to oppose the initiative because of the timing, consideration of legislation similar to H R 3161 was postponed. For many of the same reasons of concern for human rights and Romania's democratic progress, I ask that your committee take no further action on this legislation until after the conclusion of Romania's national elections.

DAVID FUNDERBURK

By District, North Carolina

COMMITTEE ON ECONOMIC &  
EDUCATIONAL OPPORTUNITIESCOMMITTEE ON  
INTERNATIONAL RELATIONSCOMMITTEE ON SMALL BUSINESS  
VICE CHAIRMAN, SUBCOMMITTEE ON GOVERNMENT  
OPERATIONSCOMMISSION ON SECURITY AND  
COOPERATION IN EUROPE

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-3302

427 CANNON BUILDING  
WASHINGTON, DC 20516  
(202) 225-4631DISTRICT OFFICE:  
1207 W. CLAMBERLAND STREET  
DURHAM, NC 28224  
(919) 891-11141911 HILLDALE ROAD  
SUITE 1220  
DURHAM, NC 27706  
(919) 283-0502

**STATEMENT OF CONGRESSMAN DAVID FUNDERBURK, FORMER US AMBASSADOR  
TO ROMANIA, JUNE 4, 1996**

Mr. Chairman:

I would like to thank the Senate Finance Committee's Subcommittee on International Trade for giving me this opportunity today. I am only here because I care deeply about the Romanian people and about the fate of the country where I spent six years of my life as a Fulbright Scholar, university professor doing research, USIA officer and US Ambassador. The easier thing would be to follow the stampede and do the popular thing. But I have never done that and I have certain principles and beliefs I think are important and worth standing for. Perhaps that is why I was described in the Wall Street Journal as America's Cassandra Ambassador, and why I received earlier this year an honorary doctorate from the University of Bucharest for my work over two and one half decades fighting for human rights and democratization in Romania. And I hear from Romanian-Americans and Romanians traveling from Romania every day, in addition to visiting the Romanian communities in the United States and Canada and Western Europe on a regular basis.

Mr. Chairman, I would guess that the extension of permanent MFN status for Romania is already a fait accompli. The new Ambassador, Mircea Geoana, has done a good job of putting a good face on a questionable product. And they are reaping the best support slick Public Relations and money can buy. The old regime was without peer in disinformation.

Sure almost every country has permanent (normal) MFN trading status. And sure, we all know the value of "engagement", improved trade and commercial relations and the theory that with increased commerce, political democratization may follow (even if decades later).

But if we believe that US foreign policy should stand for something beyond just commerce, and thus make the US perhaps distinctive in the western world, then we have to include other concerns in this discussion.

A lot of peoples' minds may be made up and many may have been convinced of Romania's current progress by the embassy and its lobbyists impressive presentations. But when I continue to hear of major problems in many areas and when Romania remains the only government in Eastern Europe which has not elected a government separated from the harsh communist past, I will continue to speak for the little person and the small businessman being hurt by the Bucharest government. And the constant barrage of complaints and numerous sources documenting severe problems cannot all be wrong.

You see, when I was US Ambassador under Ceausescu's regime, conventional wisdom in the media, Congress and State Department was that Ceausescu was a great guy who was a maverick in foreign policy (& his friendship should be cultivated and rewarded). Well, who was proven right? So, if I am Cassandra again, it will not bother me as a historian. And furthermore, I want to do what future generations will appreciate as well as those not rich enough to be recognized here today.

Democratization, privatization, human rights, a free press & media, and economic fairness absent of government assisted corruption & bribery, are important and worthy objectives.

If the US does not have annual MFN confirmation for Romania, it loses leverage in encouraging improvement in these areas. And my question here is why is the Romanian embassy and its recruited supporters and the Congress so anxious to rush permanent MFN through without waiting just four months until after the national elections. We know the new ambassador's job and fate may be on the line if he doesn't get this big plum for the Bucharest government of President Ion Iliescu now, immediately. Elections will be held in late September in Romania, and they perhaps afford one more opportunity to see if Romania can elect a government other than the old communist descended one. Other countries have proven that in Eastern Europe. Why do you think the establishment here in America has not put Romania on the top list of those to gain entry into NATO? Just perhaps it has something to do with the less than favorable (comparative) progress made by the government in all areas since 1989. If Bucharest has nothing to hide, why not wait only four short months until the elections before voting on permanent MFN for Romania? By moving now it gives the Iliescu government another blessing from Washington and another unfair advantage going into the elections!

I oppose permanent MFN status for Romania at this time for the following reasons:

- \*private property should be returned to the original owners,
- \*privatization of heavy industry should take place at a faster pace  
(The Heritage Foundation's 1996 Index of Economic Freedom ranks Romania 112th, after such countries as Russia, Moldova, Albania, Bulgaria & the lowest in Eastern Europe)
- \*the Intelligence service should have less authority to intimidate and search Romanian citizens under the guise of national security by monitoring some mail & telephone conversations
- \*there should be more freedom of the press when reporters have been charged with slander for criticizing the government, when Television is state dominated, when many press freedoms are stifled (journalists are sometimes harassed; western broadcasts including BBC are often selectively banned, when Senator Jesse Helms wrote to find out why journalist Doina Boghean was sentenced by a court for the offense of slander, when Senator Strom Thurmond wrote to find out why two religious radio broadcasts by Voice of the Gospel were shut down, when CSCE Members Senator Alphonse D'Amato, and Congressmen Frank Wolf and Christopher Smith wrote expressing concern about government limitation on religious programming including Baptists, Seventh Day Adventists and others.
- \*old communists using new names dominate both the government and finances and ownership
- \*inter-ethnic friction in Romania continues to exist
- \*Over 100,000 orphans continue to live in horrific conditions when many could be more easily adopted by Americans

\*Credible recent reports in the Economist, Amnesty International Reports, Council of Europe Report, BBC Summary Reports, A.C.O.R.D. etc. cite continuing serious problems

My last trip to Romania was in November, 1994. But another trip of a few days guided and hosted by Romanian officials would not refute the overwhelming evidence of serious ongoing problems in the country. In fact the 1996 Index of Economic Freedom by the Heritage Foundation shows Romania not progressing during the past year but regressing overall and especially in the areas of taxation, monetary policy, property rights, regulation, and black market activities. I discussed my concerns with President Ion Iliescu in October, 1995 in Washington, DC and with Ambassador Mircea Geoana this year. And I asked for responses to concerns given to me by many other people but have received no answers to date.

In my opinion, Romania is still in rocky transition and has many of the problems of the old regime. It may be a very long time before Romania and the Romanian people enjoy real freedom and democracy as we know it in the US and before the people can feel completely free from intimidation by the government.

We should be helping the democratic -- not the authoritarian -- forces in Romania

Therefore I urge postponement for at least four months of consideration and approval of permanent MFN for Romania so that the Romanian people can have a better chance at fair elections and so that more progress can be made in the areas aforementioned. The United States needs a way to encourage the progression of democracy and privatization in Romania so that the Romanian people might sooner enjoy the freedom they have longed for and deserve. I have said these things and taken this stand, not because this is any fun for me, but because I believe it is my moral obligation to the people seeking greater democratization and privatization in Romania, and because I believe that the United States is looked to as a defender of the truth, freedom and democracy throughout the world and we have an opportunity to continue to be that defender. The United States has to stand for something and take the lead, and show as it has sometimes that "commerce" and money are not everything to us. Let's do the right thing for a change. Thank you, Mr. Chairman

**MFN Is the Only Bilateral Tool for Promoting Human Rights in Rumania**  
***Please Do Not Eliminate It***

**Statement of László Hámos,  
President, Hungarian Human Rights Foundation  
at Hearings before the  
Subcommittee on International Trade  
of the Senate Finance Committee  
on  
Extension of Permanent and Unconditional  
Most-Favored-Nation Status to Rumania  
June 4, 1996**

Mr. Chairman, the Hungarian Human Rights Foundation (HHRF) believes that instead of unfairly benefiting the presidential candidacy of Ion Iliescu in national elections to be held this Fall, the U.S. should institute a reasonable delay before taking the final step of granting permanent and unconditional Most-Favored-Nation status to Rumania. Withholding this measure would enable the U.S. to continue monitoring Rumania's progress in fulfilling basic democratic principles, including respect for human rights and minority rights. Within a modest time period, the Rumanian government can realistically be expected to:

1. take meaningful steps to implement the letter and spirit of international instruments protecting human rights and the rights of minorities, including the 1990 Copenhagen Document of the CSCE Conference on the Human Dimension; the Charter of Paris for a New Europe; the Council of Europe's Framework Convention for the Protection of National Minorities; and Recommendation 1201 of the Council of Europe;
2. initiate the legislative procedures to adopt a law on minorities and establish a ministry for nationalities (promised by Iliescu's National Salvation Front in January 1990, but never undertaken);
3. amend the Education Law signed July 24, 1995 to remove overtly discriminatory provisions which curtail the right of national minorities to education in their native language; and terminate the official obstacles to restoring an independent university for the 2.5 million Hungarians of Rumania;
4. release the unjustly imprisoned ethnic Hungarian Pál Cseresznyés, and remedy the failure to investigate and prosecute known criminal cases;
5. condemn inflammatory anti-Semitic and anti-Hungarian statements by the press, government officials and hate groups;
6. terminate blatant economic discrimination against national minorities, including the pattern of excluding ethnic Hungarians from appointment to privatization posts;
7. commence the process of returning properties confiscated by the communists from ethnic Hungarian denominations (not one of the 1,593 schools and buildings illegally

taken from the Catholic, Reformed and Unitarian churches has been returned, while the state has afforded ample restitution to the Rumanian Orthodox Church);

8. reverse the growing tendency to concentrate power in the central government, and allow local democracy to operate freely (in deciding to post bilingual signs, for example), without interference from centrally appointed county prefects:
9. reinstate adequate minority-language television programming on Rumanian National Television (reduced to less than one-half its original air time by government order in 1991).

### **A Purely Political Gesture toward a Dubious Beneficiary**

It is important to emphasize that withholding permanent and unconditional MFN would not deprive the people of any economic or trade benefit, *since Rumania already enjoys this preferential trading status*. In fact, the U.S. restored MFN to Rumania in 1993, that status has been automatically renewed each year, and it is in no serious danger of revocation for the foreseeable future. Without affecting commerce in any way then, the sole practical impact of the proposed measure would be to permanently remove the applicability of Section 402 of the Trade Act of 1974 (Jackson-Vanik Amendment) and the human rights conditionality expressed therein. Uniquely in contrast to the other countries of Eastern Europe, the Jackson-Vanik Amendment has functioned as an effective mechanism in U.S.-Rumanian relations for the past 22 years, both as an accurate reflection of American values and as an expression of support for the aspirations of the people of Rumania. HHRF urges caution before discarding the only effective bilateral tool to promote human rights in that still troubled country.

While not improving the lot of ordinary citizens, this highly political gesture *would* constitute a tremendous windfall for country's ruling party and President. It is understandable that the Iliescu leadership anxiously seeks this reward -- as retroactive endorsement, of its policies, and in order to perpetuate its already six-year hold on power. What is less self-evident, given the Iliescu government's deeply flawed performance in the field of human rights, is whether the Senate should automatically accede to this request.

### **Delay Would Remove the U.S. from Unfair Intrusion in a Foreign Election**

U.S. consideration of permanent and unconditional MFN comes at an extremely sensitive time, prior to national elections to be held sometime this Fall in Rumania (the exact date is not yet fixed). Regardless of American intentions, approval of this measure before the election would be interpreted as powerful endorsement for the presidential candidacy of Ion Iliescu. (President Iliescu's candidacy itself has been challenged as illegal. Despite a limit of *two terms* set under Rumania's 1992 Constitution, Iliescu is running for the *third* time on the dubious and legally questionable grounds that his 1990-92 term preceded the new Constitution.)

Apart from unfairly benefiting the strong-arm rule of Iliescu, this measure would do unfair political damage to the democratic opposition parties, which are already disadvantaged by the government's tight grip on economic resources (for campaign finances) and the media. The greatest irony is that the windfall benefit of permanent and unconditional MFN could well tip the scales precisely when, for the first time, the opposition leads the government in public opinion surveys. (A Gallup poll released March 29 shows the Rumanian Democratic Convention at 26.5 percent, with Iliescu's Rumanian Party of Social Democracy at only 18.8 percent.)

Is the U.S. Senate comfortable with influencing the outcome of Rumania's national elections in this way? Is it confident that it has chosen the right candidate?

The effects of hastily granting this permanent measure and allowing a select few to reap its rewards could also create the kind of backlash witnessed in the other countries of Eastern and Central Europe. It is frightening to imagine the damage which could occur to Rumania's fragile democracy and fledgling market economy at this critical stage if the U.S. does not continue fighting to insure that further necessary democratic reforms are implemented.

### Relevance of Human Rights to Trade

Some members of Congress have expressed reservations about linking "peripheral" issues, such as human rights, to trade matters, preferring instead to emphasize the importance of encouraging the widest, most unfettered commerce in the world market. As relates to present bill, however, we respectfully submit that such concerns are misguided. First, as indicated above, this measure would have no economic or trade impact; its effect would be purely political. Second, to free trade "purists" we respectfully recommend a close reading of the Jackson-Vanik Amendment to the Trade Act of 1974. The opening words of Section 402 clearly state that its purpose is "To assure the continued dedication of the United States to fundamental human rights." The relevance of human rights, therefore, is not a matter of opinion or preference; it is the letter of the law.

Clearly, Congress inserted this language for a reason, and it presumably meant what it said. As a practical matter, for the past two decades this language has formed a key component of bilateral relations with Rumania, and it has been the focus of extensive activity by concerned Members of Congress, non-governmental organizations, thousands of ordinary U.S. citizens and successive U.S. Administrations alike.

### Iliescu's 6-Year Human Rights Record Does Not Deserve Reward

HHRF believes that to grant Rumania permanent and unconditional MFN would be unwise not just as a matter of poor timing, but would also be wrong on the merits. Despite vague and unsubstantiated generalities to the contrary, the facts simply do not bear out the conclusion that the Iliescu government has made "significant progress" in instituting the kind of democratic reforms achieved in the surrounding countries. It is important to remember: *This is the same President Iliescu, once a trusted Ceausescu crony, who many believe hijacked the Rumanian revolution of December 1989. He is the same leader who summoned axe-wielding miners to Bucharest's main square in June 1990 to attack pro-democracy student demonstrators, in what some in the Congress have characterized as the Tiananmen Square of Central Europe. And this is the same President Iliescu who, as recently as last year, willingly embraced two ultra-nationalist parties on the extreme right, and the successor Communist party on the extreme left into the official government coalition. (One contemporary domestic critic remarked: "Rumania is now the only European state in which political parties openly displaying reactionary, fascist options participate in the governing process." Transition, April 15, 1995)*

Too many questions have remained unanswered over too much time; too many new instances of backsliding surface all too often; too many complaints over human rights abuses persistently emerge. A consistent pattern to emerge from close, objective analysis of the Iliescu leadership's six year human rights record is that, contrary to its neighbors, the recognizable gains

in free expression, freedom of worship, democratic pluralism and other civil liberties have been achieved *despite* the government's intentions, rather than because of them. The following are only a few, by no means comprehensive illustrations:

***Freedom of Press Still Questionable***

The Iliescu government regularly manipulates the press by placing restrictions on the availability of newsprint and inhibiting the distribution of newspapers deemed as belonging to the opposition. The government still appoints the members of the TV Union rather than allowing them to be freely elected. Instead of granting greater freedom and tolerance to the state dominated TV, it has banned programs such as a BBC news program (September 6, 1995). Investigative reporters can still face trial on charges of "offense against authorities."

***Corruption in Business and Banking Unchecked***

In March 1996 alone, two foreign banks (Chemical Banking Corporation of New York and ABN-Amro of the Netherlands) were stripped of their licenses to trade currencies in an effort to artificially prop up the Rumanian currency. The central bank closed foreign exchange bureaus in hotels, forcing guests to go to the streets to change money with taxi drivers. The heavy handed bureaucracy and bribery requirements, and the lack of sanctity of contract reinforces an environment dubious for investors. According to Freedom House, "*In Russia, Rumania and other post-communist states, intimidation and extortion remain common business practices.*" (Wall Street Journal, May 6, 1996) The IMF in 1996 delayed loans because certain targets were not met.

***Police Brutality Continues***

Newspapers reported the case of a 32 year-old ethnic Hungarian, István Kiss, from Satu Mare who is believed to have died from wounds inflicted while in police custody. Eyewitnesses reported seeing two policemen take him away from his home on January 23 to the police station, to deliver him back to his home later that day half beaten to death. In fact, Kiss died in the Baia Mare hospital from skull trauma caused by blows from a solid object. He was buried on February 8. To date, police investigations have produced no explanation. (*Romániai Magyar Szó* [Rumanian Hungarian Word], February 9, 17 and 29, 1996)

***Rule of Law Violations; Continued Unjust Imprisonment of Pál Cseresznyés***

Since 1990 Rumanian courts have unjustly sentenced 54 ethnic Hungarians and Roma to a total of 187 years in prison, of which fully 100 were actually served behind bars. Most of these cases involved false allegations of violence by Hungarians and Gypsies during an attack *against* these groups by armed Rumanian peasants in the town of Tirgu Mures (Marosvásárhely), March 19-20, 1990. None of the released prisoners were afforded legal remedy for their false prosecution and incarceration. The ethnic Hungarian Mr. Pál Cseresznyés remains in jail on false charges related to the March 1990 Tirgu Mures events, serving the sixth of his ten year sentence, under circumstances where he has been frequently beaten and occasionally denied food. A member of the Rumanian Parliament who visited the prison reported that Mr. Cseresznyés looks much older than his 43 years, has a severe eye disease, and has lost most of his top row of teeth. He receives no work, and pleaded with his visitor, "take me home as soon as possible, because I won't last much longer."

***Government Colludes with Extremist Parties***

On January 20, 1995, the Iliescu government formally approved a coalition agreement -- *de facto* operational since October 1992 -- with two far-right, neo-fascist and one neo-

Communist party. Instead of spearheading efforts to combat intolerance, aggressive nationalism and xenophobia, the Ilescu government chose to embrace the likes of Corneliu Vadim Tudor (head of one of the extreme right parties), well-known court poet to the former dictator Ceausescu, editor-in-chief of the extremist, anti-Semitic publication *Romania Mare*, and the man who is on record as having said, "*Bullets suit Gypsies best. A bullet costs only 7 lei [less than \$0.01].*"

By continuing the coalition with the other far-right party, the Ilescu leadership also chooses to endorse the illegal measures and nationalist provocations of its president, the Mayor of Cluj, Gheorghe Funar, who among others pledged not to rest until he is successful in erecting a statue to the Rumania's World War II fascist leader and executed war criminal, Marshall Ion Antonescu. (Three such statues already stand in Rumania.)

Although two of the three extremist parties have "departed" the government, it is important to understand it was Ilescu's party which knowingly embraced them, and their legacy continues in the form of numerous discriminatory laws and decrees they were able to have enacted while in Parliament.

#### ***Appointments to Key Privatization Posts Discriminate against National Minorities***

Government statistics released in May 1994 reveal a pattern of anti-minority discrimination in the appointment of officials responsible for privatizing the country's economy. The worst instance occurs in Mures County, where 43 percent of the population is ethnic Hungarian, but only 3 percent of the officials appointed to privatize local industry are Hungarian. In the predominantly (85%) Hungarian-inhabited Harghita County, only 44% of the officials are ethnic Hungarian. In Covasna County, where 76% of the population is Hungarian, only 41% of the appointees are Hungarian.

#### ***Law on Education Discriminates Against Minorities***

On July 24, 1995, President Ilescu signed a Law on Education in blatant violation of the constitutional provision that "National minorities have the right of native-language education at all levels and forms of education." Among other provisions, the law bans the teaching in any professional or technical subject in a minority language, including all subjects in the field of medicine, law and business, as well as in vocational, technical and agricultural schools. Three years ago, a petition to Parliament bearing 492,380 signatures and requesting debate of alternative language, was found valid by the Constitutional Court. Despite the court order, Parliament has refused to act.

#### ***Ethnic Hungarians Are Underrepresented in the Public Sector***

Ethnic Hungarians continue to be grossly underrepresented at all levels of government and the public sector, including state-owned companies, the police force, leadership of the armed forces, the diplomatic corps and the judicial system. There is no ethnic Hungarian minister, deputy minister or state secretary in the government. Not one ethnic Hungarian has been appointed ambassador. There are no Hungarians in leading parliamentary bodies, in the Audio-Visual Council, in the Chief Comptroller's Office, in the Council of Magistrates, or on the Supreme Court. The combined ethnic Hungarian population of Bihor (Bihar), Satu Mare (Szatmár) and Salaj (Szilágy) Counties is 384,000, yet there is not a single ethnic Hungarian notary public in any of these counties. In July 1992, the Prime Minister summarily dismissed the only two ethnic Hungarian Prefects -- the most powerful local officials in the country --

from Harghita (Hargita) and Covasna (Kovászna) Counties, where Hungarians comprise 85% and 76% of the population, respectively.

***Central Government Imposes Limits on Local Self-Governance***

Since early 1994, centrally appointed government prefects have overruled the democratic decisions voted by local residents and removed scores of bilingual signs in villages inhabited by ethnic Hungarians.

**American Credibility?**

Contrary to repeated warnings by U.S. Administration officials and members of Congress, Rumania continues to adopt legislation and implement practices which violate human rights and discriminate against national minorities. HHRF believes that this pattern of allowing legitimate U.S. requests to go unheeded, and promises to be willfully broken, constitutes a negative precedent for the upcoming process of NATO expansion. Given its evident success in avoiding fulfillment of its commitments, how much credibility can Iliescu rightfully attribute to future U.S. representations?

A broader, more troubling issue of U.S. consistency is also raised by the proposal to terminate the applicability of human rights to MFN. During the past 22 years, Administration representatives, State Department officials and business leaders vigorously argued *against* terminating or even suspending MFN benefits on the explicit grounds that *the U.S. must retain its leverage to influence human rights in Rumania*. Literally scores of pages of testimony published by this Subcommittee alone, argue this specific point. The present proposal -- for no identified gain or discernable purpose -- would blithely discard the U.S. position maintained for more than two decades, without even attempting to reconcile the new policy with the earlier view. The observer to these proceedings is left to his own devices to guess at which position was genuine and which was not.

**MFN Is a Vital Tool for Promoting Human Rights  
Please Retain It**

Since 1989, European allies have established effective mechanisms to monitor human rights and exercise pressure when needed. Through resolutions adopted by the European Parliament, through Special Rapporteurs appointed by the Council of Europe, and through the OSCE High Commissioner for National Minorities, Europe has seen to it that effective leverage can be applied to curb abuses.

The United States, which *originated* the concept of promoting human rights through trade and other legislation, wisely created the MFN renewal process 22 years ago. For two decades, this mechanism provided a valuable forum for ongoing dialogue and needed pressure. Dozens of Congressional hearings focusing on rights violations, scores of on-site visits to Rumania by members of Congress, hundreds of written and oral communications, and Administration expressions of concern (as late as last Fall during President Clinton's White House meeting with Ion Iliescu) *have invoked MFN as the context and basis for action*.

Permanent MFN status would mean *permanent* loss of the incentive provided by this tool to continue with democratic reform. Why eliminate this effective device just as Europe moves in the opposite direction? To the *people* of Rumania, what message would we convey about U.S. priorities, American values?

### **Rumania Is Not China**

One final note: MFN for Rumania is often wrongly mentioned in the same breath as MFN for China. The key difference is that while China, with its economic, political and military power, may decide it can afford to ignore U.S. human rights concerns, Rumania cannot.

Rumania is also *not* Poland, the Czech Republic or Hungary, which *have* undertaken a fundamental transformation to democracy and a market economy. In fact, Rumania is not even Bulgaria, which took significant measures to reverse the pre-1989 campaign of persecution against its Turkish minority. While it is true that Rumania is not the only country in East Central Europe to elect a neo-Socialist leader who was once part of the Communist apparatus, Rumania *is* the only country where the same neo-Socialist leader has retained power continuously throughout the six years since 1990, without benefit of the (elsewhere vital) interval for instituting democratic reforms.

At the same time, no one is "picking on" Rumania. Sadly, Rumania's Iliescu has *distinguished himself* through a 6-year record of curbing press freedoms, condoning extremist nationalism, retarding privatization and suppressing the rights of 2.5 million ethnic Hungarians.

By *defeating* permanent and unconditional MFN at this time, Congress would support those who want to see a continued U.S. presence in promoting press freedoms, religious liberties, a true market economy, stability and institutionalized respect for human rights in a country where these values are extremely fragile and frequently threatened. Retaining the applicability of the Jackson-Vanik Amendment would also support the aspirations of at least one sizeable segment of Rumania's population, as stated in the annexed letter by the President of the Democratic Alliance of Hungarians in Rumania, representing 2.5 million citizens of that country.

Please continue to support the noble aim established 22 years ago "*to assure the continued dedication of the United States to fundamental human rights.*" Please help by withholding approval from this measure, or at least delaying a vote until after the Fall national elections in Rumania.

[Translation from Hungarian:]

DEMOCRATIC ALLIANCE OF HUNGARIANS IN ROMANIA  
DEMOKRATISCHER VERBAND DER UNGARN IN RUMÄNIEN  
UNION DÉMOCRATIQUE DES HONGROIS DE ROUMANIE

President's Office  
Biro des Prezidenten  
Bureau du Président



RO - Bucuresti  
Hartaşu 13  
Mailing Address: P.O. Box 63/27

Tel / Fax / Modem  
(+401) 212-0569, 321-4935  
212-1675, 212-1875

Bucharest  
May 27, 1996

Mr. László Hámos, President  
Hungarian Human Rights Foundation  
120 East 90 Street, #5D  
New York, NY 10128  
U.S.A.

Dear Mr. Hámos,

Responding to your question of last week, this is to inform you that the position of the Democratic Alliance of Hungarians in Rumania (DAHR) is contained in the enclosed statements adopted by the DAHR Senators and DAHR Deputies, respectively.

We personally conveyed the position contained in these statements to Representative Tom Lantos as well, during his April visit in Rumania. We made it clear that there has been no progress on the minority question in Rumania, but that the government and Parliament have instituted discriminatory measures in the areas of education and language use. We emphasized that the marked regression on legislative matters pertaining to minorities — Education Law, Law on Local Administration, Criminal Code — clearly demonstrates that Rumania wishes to be a state of and for the majority nationality, according to ethnic criteria, to the detriment of national minorities.

In the opinion of the DAHR, the entire population of Rumania has great need of Most Favored Nation status, but we believe that the best method for the American government would be to continue to link this benefit to respect for human rights and minority rights until such time as practical results are achieved in these areas.

Very truly yours,

Béla Markó  
President

TESTIMONY OF AMBASSADOR JEFF LANG  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
BEFORE THE SENATE FINANCE COMMITTEE  
JUNE 4, 1996

Good morning, Mr. Chairman. I appreciate the opportunity to present the views of the Office of the U.S. Trade Representative on S. 1644, and the companion bill in the House, HR 3161. The Administration fully supports these bills, which would extend permanent, unconditional most-favored-nation treatment to Romania by removing Romania from Title IV of the Trade Act of 1974.

I would also like to thank you, Mr. Chairman for your sponsorship of the bill, as well as the support of Senator Baucus, Senator Brown, Senator Coats, Senator Jeffords and Senator Simon.

Romania has been deemed by the President to be in full compliance since 1995 with the criteria of Title IV. Freedom of movement within Romania and the right to leave it are enshrined in the 1991 constitution and are not limited in practice. In addition to its non-restrictive emigration practices, Romania continues to make commendable progress in its human rights practices generally, which already meet generally accepted international standards. Romania has worked to achieve good relations with the United States, has played a constructive role in the Central and Eastern European region and has demonstrated its commitment to completing the transition to a fully democratic, free-market society.

In 1995, U.S. exports to Romania totaled \$256.1 million. Our imports from Romania in that year amounted to \$222.3 million. In the case of both exports and imports, our trade with

Romania in 1995 was roughly 10% of U.S. total trade in that year with Central and Eastern Europe (excluding the former Yugoslavia). U.S. investment in Romania in late 1995 stood at about \$120 million. The granting of permanent, unrestricted MFN would give companies in both countries added incentive to conclude trade and investment deals which would benefit both economies. We are aware of no major trade policy problems with Romania.

Romania is currently the only member of the World Trade Organization with whom the United States does not have WTO relations, due to the conditionality imposed by Title IV. Once this conditionality is removed, the United States will be able to have normal WTO relations with Romania and use the provisions of the WTO to vigorously enforce obligations, should the need arise.

Thank you Mr. Chairman, and I would now be happy to answer any questions the Committee may have.

## PREPARED STATEMENT OF ARMAND SCALA

Mr. Chairman and members of the Subcommittee, I am pleased to be with you this afternoon, to discuss the importance of granting permanent MFN status for Romania.

My name is Armand Scala. I represent the Congress of Romanian Americans (known as CORA), and serve as its president. Today, I am speaking for the leaders of CORA's member organizations in support of permanent Most Favored Nation status for Romania. This organization's membership consists of 15 U.S. Romanian-American dioceses, societies, clubs and other organized groups. Most Americans of Romanian origin, who are active in the community, belong to one or more of our member organizations throughout the United States. CORA's primary purposes have been to pressure the Romanian government to move its country towards democracy and a market economy, and to facilitate the achievement of these goals as our human and financial resources permit. To these ends, our members have provided approximately 60 million dollars in humanitarian aid to the people of Romania.

Cora is also an active member of the Central and East European Coalition. The "Coalition" represents over 22 million Americans with Central and Eastern European ethnic origins.

In the mid-eighties, I invited then Congressman Bob Smith of New Hampshire to address Romanian-Americans in Washington. He, at that time, advocated the withdrawal of MFN status from Romania. His message was that the Ceausescu regime was guilty of gross human rights violations and that the only benefactors of MFN status were Ceausescu and his regime. The Romanian people themselves were receiving no benefit. Thus, he felt, Romania did not qualify for the continuation of MFN status.

The majority of his listeners did not agree with his position, although they listened respectfully and asked questions. Within months, however, after much discussion and reflection, many of those same listeners began moving closer to the Congressman's position, agreeing that withdrawal of MFN status was justified.

Today, the now Senator Bob Smith is a supporter of permanent MFN status for Romania because the situation in Romania is quite different from that of just a few years ago although, it still has some distance to go. The Romanian people are benefiting from, and motivated by MFN status. In spite of the relatively slow pace of economic reform by the government over the last 6 years, the Romanian people are moving in a forward direction. These people suffered tremendously under the brutal Ceausescu, and continue to suffer in this difficult period of transition from a Communist centralized economic system to a market economy. They respect the United States and its people, and strive to emulate this country vis-à-vis its freedoms and its market economy. What a blow it would be to the Romanian people should permanent MFN status be denied or postponed at this time. How much more tentative will their steps forward be, should America turn its back on them now?

Let's reflect on progress within the Government of Romania. In its move towards democratization, Romania has moved from a totalitarian dictatorship to a constitutional republic with a multi-party system. It is not without its problems however, and the road is rough.

Romania's recent past speaks for itself in demonstrating its commitment to democracy and its determination to achieve this end. Since 1989, and the upset of the Communist dictatorship, these people have worked hard to strengthen democracy. Their new constitution, embracing a presidential-parliamentary democratic form of government was in place by 1991, and their last national election was determined by our government to be fair and free from tampering. Whether or not we like the results, the people of Romania had a vote and elected their own officials. If their choices were limited, it was due more to a disjointed opposition,

ago, both Houses of the Parliament of Romania, including the opposition, passed resolutions asking the U.S. Senate to pass this MFN resolution, confident that its passage will not affect the upcoming elections in Romania. We accept their assessment. Postponing the vote on this legislation until after the election, as some have suggested, ignores the democratic success of the last election process. It is up to the Romanians to determine their future leaders, not Americans, by holding this legislation hostage.

With regard to economic reform, the government of Romania has been criticized for moving too slowly since the so-called "revolution", 6 years ago. The government defends its sluggish pace, reminding its critics of its starting point, and advocating caution, mindful of the mistakes of their neighbors, who moved too hurriedly.

In 1995 and the first months of 1996, the pace of economic development quickened, resulting in part, from increased pressures from the IMF, the World Bank, and most recently, the United States. The government is responding under this pressure, is steady and is moving in the right direction. For this year alone, it has committed itself to a mass privatization program involving 3900 state enterprises, through a voucher system. On schedule, it appears to be working successfully. Romania's gross Domestic Product (GDP) has accelerated over the last few years and, in 1995, was 6.9%. Inflation has decreased from 290% in 1993 to 27.5% in 1995. Unemployment is relatively low at 8.8%.

The issue of Romania's minorities receives frequent attention. The people of Romania have a positive reputation vis-à-vis their minorities. Small, unrepresentative bands of extremist elements, drawn from the Romanian Nationalists, Hungarians in Romania, Hungarians in Hungary and even among Hungarian-Americans feed on differences and fuel the problems between these two ethnic groups, and among themselves. These fringe groups thrive on one another. Reports of human rights violations have been blown out of all proportion. The vast majority of the people in Romania, of Hungarian and Romanian ethnic origin, co-exist in harmony. The political party of the President of Romania has finally severed its alliances with two of the extremist parties which have exacerbated problems with the minorities. A yet problematic issue revolves around the Roma (or "gypsies" as they were earlier called). Difficulty in dealing with this minority population is not peculiar to Romania, but common to all countries where their numbers are significant. A more civil society in Romania can only help in solving this issue.

Romania is important to the U.S., as are all of the nations of Central and Eastern Europe. Romania's 23 million people make it the 2nd largest populated country in Central Europe, second only to Poland. It has great natural resources, a seaport, an intelligent, well educated and industrious population, a strategic location, and a fine military. Romania was the first country to sign the "Partnership For Peace". It has helped us in our efforts in the Gulf War, and is helping with the removal of mines in the most dangerous area of Bosnia, using a Romanian engineering battalion named after Joseph Kruzel, an American statesman recently killed in Bosnia. In addition, it has provided 2 battalions of UN Peacekeepers in Angola and a military hospital in Somalia. Romania has suffered tremendous economic losses by participating in the embargo of Serbia, one of its most important markets. Romania, its people and its government want very much to be included in the expansion of NATO. We agree, it should be included. It can, and wants to be an ally of the United States. Future threats to democratic societies are looming on the horizon. Fundamentalist nations and/or societies pose a real threat in the future to all we hold dear. Romania and other nations of that region must be strong and stable, and we must help them achieve positions of strength and stability.

Romania today offers a prime opportunity for U.S. industry and investment to succeed. Until recently, its pace in economic development has been slow, however, enterprises within Romania now are beginning to grow, doubling from 1993 to 1994 and again doubling in 1995. American investments in these enterprises are increasing. Recently, the total foreign investment in Romania was estimated at 1.6 billion dollars.

In addition to U.S. investment, a greater commitment is necessary in the form of U.S. foreign assistance. That region of the world shares approximately 1% of our Federal budget with the rest of the world. We must do more to insure our own future security by investing

in increased foreign assistance to help countries in Central and Eastern Europe such as Romania.

It is important to recognize that, in the U.S., several of the most vocal opponents of permanent MFN status have their hidden agendas, both political and religious. Some are supporters of specific Romanian political figures, hoping for government failure and a rise to power of their own choice of leadership. Others are religious zealots, desirous of new flocks in, what they regard as, a Godless society.

In summary, Romania has met all U.S. requirements for obtaining permanent MFN status. It is demonstrating its commitment to strengthening democracy and to developing a market economy. Its new Constitution embraces a presidential-parliamentary democratic form and government and its last national election was determined to be fair and free from tampering. Despite a heavily centralized economy and a stifling bureaucracy, the Romanians are moving successfully in the direction of a market economy.

A vote to postpone or deny permanent MFN status for Romania will ignore the progress the Romanian people, and now their government, have made toward achieving democratization and a market economy. It will provide adversaries of democracy and a market economy in Romania, ample justification for the argument that the U.S. was a major cause of suffering in Romania and the cause of Romania's failure to obtain its goals. Additionally, it will discourage U.S. importers, exporters and investors from entering a new and very promising market. And finally, it will signal to Americans and the rest of the world that Romania is still on the U.S. "disapproval" list with respect to MFN, human rights, NATO, the European Union, trade, etc. Again, the Romanian government, and more importantly, its opposition, are in agreement on this issue for approval of this resolution.

We urge you to support this country in its positive endeavors and vote in favor of permanent MFN status for Romania.

Armand A. Scala  
President  
Congress of Romanian Americans

COMMUNICATIONS



*Embassy of Romania*

1607 TWENTY-THIRD STREET, N.W.  
WASHINGTON, D.C. 20008  
TEL. 202/332-4846 FAX 202/232-4748

The Honorable Charles E. Grassley  
Chairman  
Subcommittee on International Trade  
Senate Finance Committee  
SH-135 Hart Senate Office Building  
Washington D.C. 20510-1501

June 12, 1996

Dear Mr. Chairman:

On behalf of the government and people of Romania, I would like to commend you for holding a hearing on the bill S. 1644, legislation granting permanent Most Favored Nation (MFN) status to Romania.

I also wish to thank you for keeping the record open for 10 days following the hearing in order for additional statements to be submitted. Pursuant to your statement, we formally request that this letter be included in the hearing record.

Mr. Chairman, the written testimony, the oral statements and the subsequent discussion demonstrated broad support for passage of S. 1644, but some opposition too. Those who opposed passage raised some general concerns and several specific issues. In some cases, these issues were presented as facts without either background data or a chance for refutation. It is important, I believe, to respond to these charges and wish to do so in the pages that follow.

Before responding to the points raised in the hearing, it is important to note that no witness, nor any member of the Subcommittee, suggested that MFN for Romania be revoked. Nor did any witness state that the Clinton Administration was wrong in certifying that Romania deserves conditional MFN. Since the requirements for meeting conditional MFN are the same as those for meeting permanent MFN, we can only assume that all witnesses, even those opposing the current legislation, support permanent MFN for Romania.

However, those opposing S. 1644's enactment now raised three general issues related to (i) the speed with which the process was moving, (ii) delaying enactment until after the Romanian elections and (iii) passage of the bill as decreasing U.S. leverage over Romania. Let me respond to all three of these concerns now.

First, consideration of the legislation in mid-1996 is not rushing the process of granting Romania permanent MFN. Romania met the legal requirements under U.S. law beginning in 1992 when it signed the requisite bilateral commercial and investment treaties with the United States and when the Administration certified that Romania met the requirements of the Jackson-Vanik provision. The Congress first considered re-extension of MFN in 1992 and passed it in 1993. This four years period is considerably longer than the time frame used in extending permanent MFN to Hungary, Czechoslovakia, Estonia, Latvia and Lithuania. In the case of Czechoslovakia, there was an MFN waiver granted in February, 1990. It received an Administration certification in October, 1991. The Congress enacted legislation similar to S. 1644 in December, 1991 and the Administration proclaimed permanent MFN in April, 1992. At least in this respect we do not think that passage of S. 1664 this year can be seen as rushing the process.

Second, the people of Romania understand that there is a multi year process for extending permanent MFN. The bill's consideration now is viewed as the logical next stage in the forward movement of U.S. policy. It is thus in no way considered to be a Romanian domestic issue in the sense of being part of our election process. Consideration of the legislation favors no party, no political leader and no political faction. As was stated during the hearing, almost the entire spectrum of Romania's political establishment -- including parties vigorously opposed to the current government -- supports passage of permanent MFN this year.

However, a conscious decision on the part of the U.S. Congress to delay extension of permanent MFN until after our elections could make this issue a Romanian domestic one. It will favor those few elements seeking to minimize Romania's relations with the West and disfavor those whose policies have led Romania directly into the Western alliance. It is the policy of normal consideration of the legislation which makes its political impact neutral.

Third, the U.S.-Romanian relationship has developed over the last several years into a multifateral relationship. It has political, military, security, commercial and cultural dimensions. Because Romania is committed to becoming part of the Western political, military and economic structures, such as NATO, the United States will maintain its leverage after passage since we view the United States as the leader of the West and wish to adhere to the standards and policies it promotes worldwide. Passage of permanent MFN therefore does not decrease U.S. leverage over Romania but serves as an inducement for Romania to adhere even more to the goals sought by the United States.

Those who argue that passage of permanent MFN before our elections gives an edge to the current government are suggesting that the Romanian voter will not behave in a manner similar to voters in other democracies. The Romanian voter will choose his or her leaders based on the same complex decision making process as that followed by voters in the United States. Such factors as personality, confidence, experience, economic expectation and policy positions will be the real ones to determine a voter's marking on a ballot than passage of this legislation.

I therefore believe, and hope you agree, that the general concerns raised by those opposed to permanent MFN for Romania are simply not valid.

Let me now turn to some specific issues which were also raised during the hearings:

**Privatization** -- To date, as you have stated, around 50 percent of Romania's GDP comes from the private sector, represented by more than 500,000 small and medium size companies created after 1990 and more than 2,000 former state-owned companies privatized by the end of March 1996. We have also targeted another 2,900 state-owned companies for sale this year. Even for the latter, 30 to 60% of their equity capital had already been privatized through voucher transfer, as more than 15 million citizens have subscribed their ownership certificates. When completed, more than 70 percent of our GDP will derive from the private sector, a figure comparable to all other Central European nations. Privatization of heavy industry is a priority and already foreign investors, including from the US, have expressed interest in some of Romania's steel companies, ports, transportation entities, automobile plants and other areas of interest.

**Freedom of the press** -- In Romania today there are more than 1,000 newspapers and periodicals (of these, only 2% are under governmental control), almost 100 local and national television stations (94 private) and 300 cable stations (all private) and more than 200 radio stations (only 3 state owned). The fastest growing media empire is run by an American investor, Ronald Lauder. Every individual, political party or every religious group is expressing its point of view on the policies and issues of the day. Many of these publications routinely criticize the government and do so knowing that tomorrow they are free to do it again. Romania's press is free

**Return of private property** -- Romania has already enacted one law governing the return of private property (Bill No. 112/1995). We are currently considering a second law covering return of property owned previously by groups or associations such as churches. We seek to balance the rights of the current tenants with the rights of previous owners, so both the current law and the proposed legislation includes provisions for compensation, damages and substitution of equivalent property. We have already accomplished a great deal in reinstating the land property: 80 percent of all land in Romania is already in private hands (and not 5 percent as it was stated by one of the witnesses) and we are moving forward to resolve all litigation as quickly as they occur.

**Protection of minority rights** -- Romania adheres to all European norms and standards in the protection of minority human and civil rights. We were the first East European nation to ratify the Council of Europe's Framework Convention for the Protection of Minorities. Our Constitution enshrines the principle of protection of human rights and grants international statute primacy over domestic law when conflicts arise. Romania has created governmental structures to address key minority issues and has guaranteed minority based education at all levels, in minority languages, at state expense. Thus, for instance for the Hungarian population, there are more than 2,400 units and sections in kindergartens, primary schools, junior high schools, high schools, vocational schools and universities. That means 280 more than in 1989 and 8.5% of the total number of education units in Romania (for a 7.1 percentage of Hungarian population). There is an impressive number of cultural expression forms in the ethnic minority languages (one opera, 7 theatres and 68 periodicals only in Hungarian). The Romanian

government subsidizes 48 ethnic minorities languages publications (18 Hungarian, 5 German, 25 others), more than 540 broadcasting hours in their native languages on the National Television Network (208 in Hungarian) and 5,000 hours on the National Radio Network. In fact, the OSCE High Commissioner for National Minorities, Mr. Max van der Stoep, has publicly praised Romania for its adherence to European human rights norms. Romania's Constitution also guarantees elected local self-government so that minorities in the respective areas are actually represented by their own leaders. As an example, on the first round of the recent local elections, held on June 2nd, this year, the ethnic Hungarian political party won 121 mayors, representing more than 13% of the terms confirmed by the end of this round.

**Combating Extremism** -- Several times in the past year, the current government ousted from its ruling coalition political parties whose policies were extremist. In doing so, it lost its majority status and has since ruled the nation as a minority government. It is the policy of the Romanian government to speak, and to act, against extremism in any form or fashion. The United States Commission for the Preservation of America's Heritage Abroad, which seeks primarily to preserve the Jewish heritage, has cited the Romanian government for its activities in preserving the Jewish history and community of Romania, a sign of the government's commitment to fight extremism in whatever fashion

**Conditionality of European trade benefits** -- There are no specific conditions imposed for Romania in any European agreement or document Romania is a part of. Romania is associated to the European Union, full member of the Council of Europe, founding member of the Organization on Security and Cooperation in Europe and has recently joined the Central European Initiative. In this respect, Romania is subject to the same rights and limitations as any other member of the mentioned organizations. Europe places no conditions on Romania.

Mr. Chairman, I thank you again for this opportunity to present our case for the passage this year of S. 1644, the extension of permanent MFN to Romania

Sincerely,

Mircea Dan Geoana  
Ambassador





## Romanian Pentecostal Church of God

BIȘERICĂ LUI DUMNEZEU PENTECOSTALĂ ROMÂNĂ  
4470 Pardon, Dearborn Heights, Michigan 48126 U.S.A.  
Pastor: Aurel Leahu \* Tel: (313) 961-4117 or (313) 944-4334



May 28, 1996.

THE Honorable Charles E. Grassley  
Chairman, Senate International Trade Subcommittee,  
Senate Hart Office Building Room 135,  
Constitution Avenue and Second Street,  
NE, Washington, D.C., 20510

Dear Mr. Moynihan

On behalf of the people from the Romanian Community in the United States and all over the world, we would like to ask for the approval of the United States Congress of the Most Favored Nation Clause for Romania.

In the support of our request, we are bringing the following reasons:

- 1- At this time Romania has a Democratic System of Government
- 2- Economically Romania needs the help of the United States to improve its own situation
- 3- Romania has well trained people, using their skill and professionalism in creating products, which can be sold on the United States market. This will help generate economic stability and therefore Romania will have the ability to buy American products.
- 4- There is a group of companies from the United States which have already established their ventures in Romania. The Most Favored Nation Clause will help the American Companies, which are already established there and the companies which want to establish themselves and invest in Romania giving them a greater security in their investments.

We hope this will be a satisfactory solution for all of us. Your help will be appreciated by our community and many other business people from the Romania and from the United States.

Sincerely, -

Pastor - Aurel Leahu

Clerk - Vasile Floarea

Vasile Floarea  
1117 E. Warren,  
Troy, MI 48068

**FOUNDATION TO PROTECT THE HUNGARIAN ENVIRONMENT**  
**(Magyar Környezetvédelmi Alap - MKA)**

84 Old North Stamford Road, Stamford, CT 06905 USA. Tel: 203-357-7614, Fax: 203-325-3922  
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RE: S1644, FILING OF WRITTEN SUBMITTAL (MFN for Romania)

To: U.S. SENATE INTERNATIONAL TRADE SUBCOMMITTEE,  
 Chairman Senator Charles E. Grassley, Members: Senators William V. Roth Jr., Orrin G. Hatch, Larry Pressler, Alfonso M. D'Amato, Frank H. Murkowski, Phil Gramm, Daniel P. Moynihan, Max Baucus, Bill Bradley, John D. Rockefeller, John B. Breaux, Kent Conrad, Bob Graham

Dear Mr. Chairman and Members of the Subcommittee,

I am filing this written submission to the subcommittee as the president of FPHE and as a member of the Hungarian Lobby of the United States which has been formed to provide a voice for the 1.58 million Hungarian-American voters.

I am writing in connection with Senate bill #1644, introduced by Colorado's Republican Senator Hank Brown. This bill would eliminate the yearly renewal of Romania's MFN status by making that status permanent and unconditional. I strongly object to this recommendation, because the curbing of press freedoms, the condoning of extremist nationalism, the erection of monuments to the fascist dictator Antonescu, the refusal to return church properties and the denying of even cultural autonomy to the Hungarian national community should not be rewarded by permanent MFN status.

I would like to note that the very purpose of the Trade Act of 1974 (the Jackson-Vanik Amendment, which established MFN) was: "To assume the continued dedication of the United States to fundamental human rights" It is that very purpose that would be compromised by bill #1644, by terminating the most important vehicle the United States has for the defense of human rights. At a time when our European allies are setting up effective mechanisms to protect human rights, the United States, the leader of the free world, which originated the fight for human rights, should not give such a sad example of unprincipled retreat on this front.

I would respectfully remind you Mr. Senator, and the honorable members of your subcommittee, that while some states, such as China can afford to disregard the human rights concerns of the United States, Romania can not. I would also like to remind you that the beneficiary of the Brown bill would not be the Romanian people, as they already enjoy the benefits of MFN. The only beneficiary would be Ion Iliescu, who, being a former Communist, is running against a reform movement in this fall's election, and would use the Brown bill as an American endorsement of his presidency.

Therefore I respectfully ask you and your subcommittee to postpone the vote on Romanian MFN until after the elections in Romania, which is scheduled for the 3rd of November, 1996.

Respectfully yours,



prof. Bela Liptak, President  
 Foundation to Protect the Hungarian Environment  
 84 Old N. Stamford Road, Stamford CT 06905-3961  
 Tel: 203-357-7614

**TEXTRON**

Richard F. Smith  
Vice President  
Government Affairs  
Textron Inc.

1101 Pennsylvania Avenue, N.W.  
Suite 400  
Washington, D.C. 20004-2504  
(202) 637-3819  
Fax (202) 637-3862

June 5, 1996

The Honorable William V. Roth, Jr.  
Chairman, Senate Finance Committee  
SH-104 Hart Senate Office Building  
Washington, D.C. 20510-0801

Dear Mr. Chairman:

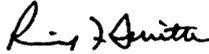
I write to convey Textron's strong support for granting Romania permanent Most Favored Nation (MFN) status. Granting permanent MFN status is fully in line with the growing commercial relationship between the United States and Romania.

Romania has great potential in both the civil and military markets because of their desire to understand and implement western technology and management. This has a very promising impact on the ability of the United States to create jobs, sustain economic growth through exports and participate effectively in the international market place.

Romania continues to make significant progress towards democracy and an open economy. Permanent MFN status will encourage further positive developments.

Textron stands ready to work with you toward the important goal of granting Romania permanent MFN status.

Sincerely,



Richard F. Smith

June 10, 1996

Editorial Section  
United States Senate  
Committee on Finance  
Washington, D.C. 20510

Re: Finance Subcommittee Hearing 6/4/96  
Permanent Extension of Most-Favored-Nation Trade Status to Romania

Dear Committee Members,

Since 1991 my company has been involved with other major U.S. companies, in finding new business territories in Central Europe. Romania was one of these countries.

Emerging from communism, Romania, like all the other central European nations, is following the path of democracy. Creation of private business was up in 1995 and we find that more people and companies are moving in this direction. Much of the necessary legislative framework for a market economy is in place.

I know how important it is for Romanian companies to do business with U.S. companies and I know that for the U.S. it is also important.

Romania, with a population of 23 million, is the second largest country in that region. It is strategically located with the potential for prosperous business endeavors.

I am writing to you with the hope that you and your colleagues will help Romania in obtaining a permanent extension of most-favored-nation treatment.

Sincerely,



Octavian Belea  
President

cc: Mark A. Patterson  
Minority Staff Director, US Senate, Committee on Finance

*The Coca-Cola Company*COCA-COLA PLAZA  
ATLANTA, GEORGIAEARL T. LEONARD, JR.  
SENIOR VICE PRESIDENT

May 24, 1996

ADDRESS REPLY TO  
P. O. DRAWER 1734  
ATLANTA, GA 30304  
404 876 2622The Honorable Bill Bradley  
United States Senate  
Washington, DC 20510

Dear Bill:

I am writing to urge your support for Congressional approval for granting permanent Most Favored Nation (MFN) status to Romania.

The Romanian government has made significant strides on the path toward democracy and steady progress towards a more stable legal and regulatory environment. This, plus signing of the U.S.-Romanian Bilateral Investment Treaty serves as a catalyst for increased foreign direct investment. Granting permanent MFN status to Romania will continue to facilitate the economic reform process that is underway and will help to develop a market-oriented economy and democratic institutions. By maintaining fair trade practices with our bilateral trade partners, the framework is established for mutually beneficial trade relationships, which has a positive impact on the ability of the United States to create jobs and sustain its economic growth.

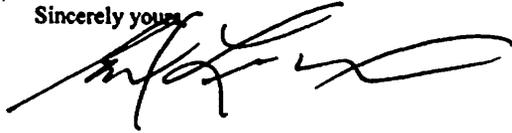
The Coca-Cola system (the Company and its bottling partners) has demonstrated its strong interest in and support for Romania by becoming one of the largest investors in the country. The Coca-Cola system has invested \$150 million in Romania. In addition to growing the Company's business in the country, this investment has contributed to the development of a consumer-oriented market.

According to a 1995 study by the University of South Carolina which examined the impact of the system's investment in Romania, direct investment by companies like Coca-Cola contributes to the fundamental microeconomic reform that is essential to the successful transition to capitalism.

The Coca-Cola Company values highly its relationship with its business partners in Romania, and we are very interested in maintaining an open trading environment in which this relationship may be allowed to prosper.

I appreciate your commitment to ensuring that our country's best interests are served through positive political and economic relationships.

Sincerely yours,

A handwritten signature in black ink, appearing to be a stylized name, possibly "John" or "Johnston", written over the "Sincerely yours," text.

ETLjr/mb

**AD HOC INDUSTRY COALITION  
GRANTING PERMANENT  
MOST FAVORED NATION  
STATUS TO ROMANIA**

May 7, 1996

The Honorable Charles E. Grassley  
Room 135  
Senate Hart Office Building  
Washington, DC 20510

Senator Grassley:

We would like to convey our strong support for granting Romania permanent Most Favored Nation (MFN) status this spring. This measure is being considered by the Senate Finance Committee as S.1644. A companion bill, H.R.3161, is pending before the House Ways and Means Subcommittee on Trade. Granting permanent MFN status is fully in line with the growing commercial relationship between our two countries. Romania has made significant strides on the path towards democracy and an open economy, and thus should be encouraged to remain on that path through the accord of permanent MFN status.

Currently, the U.S. enjoys a relatively large trade surplus with Romania, estimated at over \$200 million in 1995. The signing of the U.S.-Romania Bilateral Investment Treaty and steady progress towards a more stable legal and regulatory regime should serve as a catalyst for increased foreign direct investment and exports. Trade and investment should continue to grow significantly with the granting of unconditional MFN status. This matter has an impact on the ability of the United States to create jobs, sustain its economic growth through exports and participate effectively in the international marketplace.

Romania has demonstrated a strong desire to cooperate with the U.S. on trade matters. Unlike many other central and eastern European countries, Romania is not cited in the *1996 National Trade Estimate Report on Foreign Trade Barriers*. According unconditional MFN status sends an important signal that the U.S. rewards those countries that play by the rules. Moreover, should the need arise, the extension of permanent MFN will enable U.S. corporations protection under the rules of the GATT and the WTO.

May 7, 1996  
Page 2

Given Romania's political, economic and social achievements over the last few years, it fully meets the standards for permanent MFN status. We stand ready to work with you toward this important goal and appreciate your consideration of our views.

Sincerely,

Case Corporation

National Cooperative Bank

De Leuw, Cather

Tenneco

The Dow Chemical Company

United Technologies Corporation

Dresser Industries

Western Atlas, Inc.

General Electric Company

Westinghouse Electric Corporation

Hughes Electronics

Procter & Gamble

Lockheed Martin Corporation

Raytheon Company

McDonnell Douglas Corporation

US West, Inc.

**HERZFELD & RUBIN, P.C.**

ATTORNEYS AT LAW

40 WALL STREET  
NEW YORK, N. Y. 10005TELEPHONE: (212) 344-5500  
TELEFAX: (212) 344-3333

April 19, 1996

Senator Charles Grassley  
Chairman, Trade Subcommittee  
Senate Finance Committee  
U.S. Senate  
Washington, D.C. 20510

Dear Senator Grassley:

I am writing to express my support for S. 1644 which grants permanent Most Favored Nation status to Romania.

Our law firm has an office in Romania. We are aware of and applaud Romania's efforts to embrace democracy and a market economy. Their efforts not only translate into a desire for greater bilateral economic and political relationship with the United States but into more trade and business opportunities for American companies. Granting permanent MFN status to Romania is an important step in developing this bilateral relationship.

I encourage you to vote in favor of moving this legislation from your committee to the Senate floor. If you have any questions regarding Romania and its economic and political environment, please feel free to contact me in my New York office at (212) 344-5500.

Thank you very much for your consideration.

Sincerely,



Herbert Rubin

HR:jd

**OPRAN GROUP**

60-92 MYRTLE AVENUE, RIDGEWOOD, NY 11385, USA

TEL: (718) 497-2121

FAX: (718) 497-1142

TOLL FREE : 1-800-656-7726

April 29, 1996

Senator Charles Grassley  
 Chairman, Trade Subcommittee  
 Senate Finance Committee  
 U.S. Senate  
 Washington, D.C. 20510

Dear Senator Grassley:

I together with a great number of Americans of Romanian extraction as myself, am extremely encouraged by the recent introduction by Senator Brown ( R-Co ) and Congressman Philip Crane ( R-Il ) of legislation that would provide Romania with permanent Most Favored Nation (MFN) status.

Romania has not yet been granted the MFN trade status on a permanent basis, which is creating, unfortunately, a number of difficulties, denying the partners from both sides the full benefits under the bilateral trade agreement and a provision of the World Trade Organization documents.

The lack of permanent MFN trade status is indeed an anachronism, because, otherwise, bilateral relations between Romania and United States of America are very good and close, in political, economic, military, social fields, etc.

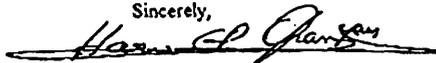
However, with the domestic focus of Congress this year, we need assistance in ensuring passage of permanent MFN for Romania in 1996.

I appreciate the efforts you will be making on behalf of Romania and be sure, Dear Senator, that the large Romanian Communities from the USA will be very grateful to Your Honor.

If you have any questions regarding Romania and its economic and political environment, please feel free to contact me in my office at (718) 497-2121.

Thank you very much for your consideration.

Sincerely,



Howard Opran  
 President of Opran Group of Companies

David Garst  
320-4th Ave., Coon Rapids, IA 50058  
Off: 712-684-2931 Fax: 712-684-2993

April 12, 1996

The Honorable Charles Grassley  
United States Senate  
135 Hart Senate Office Bldg.  
Washington, DC 20510

Dear Chuck:

I'm writing to urge you to support S-1644 which grants permanent Most Favored Nation status to Romania and its people.

Romania's people have worked hard to make their democracy and market economy successful. In addition, they have a better record on human rights when compared to surrounding countries such as Serbia, Bulgaria, Hungary and Moldova.

Romania also has avoided the resurgence of the Communist party, which has come about in Bulgaria, Hungary, Poland and now Russia.

Perhaps this is because the Communist grip on Romania was more oppressive...and Romania, among all of the Newly Emerging Democracies, had the most difficulty with a bloody revolution.

There is no question that Romania should have been the first country, instead of the last country, to get MFN status!

Yet, the U.S. government has consistently discriminated against Romania and its people in favor of much less worthy countries, namely China and less worthy Eastern European neighbors. This should make the U.S. Congress ashamed of its past actions.

I say this because Romania not only has performed well as a democracy and with its protection of human rights, etc...it has also been one of the United States' most loyal allies.

Romania supported the US-UN war and embargo against Iraq; the US-UN embargo against Serbia...and was the first nation to sign NATO's Partners In Freedom pact suggested by President Clinton.

While these things were going on, Hungary was denying US-UN air space over its territory. This was needed to stop or slow down Serbian aggression and genocide against the Bosnian Moslems. In addition, Hungary signed a treaty with Serbia and traded with them, as did many other countries, with no restraint.

It makes no sense for the U.S. government to punish Romania for its good works...and reward these other countries for their non-cooperation with the U.S., the U.N. and NATO initiatives.

Again, I urge you to support permanent MFN status for Romania.

Sincerely Yours,



David Garst  
DG/sm



Inge B. Fretheim  
President

**Amoco Power Resources Corporation**

c/o Amoco Exploration and Production  
200 West Lake Park Boulevard  
Post Office Box 3092  
Houston, Texas 77253-3092

Telephone: 713-368-6520  
Telex: 203231, 6868237  
Facsimile: 713-368-6502

April 29, 1996

The Honorable Senator Hank Brown  
716 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Brown:

I am writing to express Amoco Corporation's full support for the swift enactment of S.1644, a bill granting Romania permanent Most-Favored Nation (MFN) Status.

Since the overthrow of the communist Ceausescu dictatorship in 1989, Romania has instituted a series of market-oriented economic reforms, including privatization of many state run industries. For Amoco, these reforms have led to more than \$40 million of investment in power generation, exploration and production. We also plan to invest more than \$60 million, including building a series of gas stations in Romania, over the next five years.

As a founding member of the World Trade Organization, Romania deserves permanent MFN status. Today, Romania is the only U.S. trading partner that has acceded to the WTO, but who still receives only conditional MFN status. Since the U.S. has twice certified that Romania has met the freedom of emigration requirements for MFN under the Jackson-Vanik amendment, failure to grant Romania permanent MFN privileges could foster greater uncertainty in the bilateral economic and commercial relationship and hinder Romania's efforts to overcome the political and economic challenges left by 40 years of communist rule. Therefore, we urge you to adopt H.R. 3161 and grant Romania permanent MFN status.

Sincerely,

A handwritten signature in cursive script, appearing to read "Inge B. Fretheim".

James R. Boesch  
 100 Meadow View Drive  
 Wethersfield, CT 06109  
 Tel. (203) 237-8700  
 Fax (203) 529-0530

April 29, 1996  
 Hon. Christopher Dodd  
 U. S. Senator  
 U.S. Senate Office  
 1609 Longworth House Office Bldg.  
 Washington D.C.

Dear Chris:

Last week I received a letter from Ambassador Geoana of Romania asking me to write to Congress in support of permanent most Favored Nation Status for the Country of Romania.

I am former mayor of Wethersfield and travelled to Romania in 1990 more out of curiosity and ultimately with the hope of developing a good business relationship. I met with many of the new democratic government leaders, many of which are still in leadership positions today. In fact some have visited Connecticut and I would like to think because of my participation, we have seen a blossoming relationship begin to grow fruitfully. May I add that one of the most universal statements made by the citizenry of Romania is, "We have been waiting for the Americans to come for over fifty years."

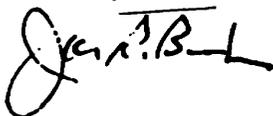
I have worked for the last three years to effect a "Sister State" relationship with Connecticut and last year Governor Nicolae Balanoiu of Prahova, soon to be named 2nd Ambassador to China, visited Connecticut to further encourage this legislative Act.

This year under the sponsorship of Reps. James Amman & Betty Boukus and Sen. Doc Gunther, a bill was submitted and passed to the House and Senate by the G.A.E. Committee. I hope this will be passed by both the House and Senate in the next two weeks. I have included a copy of this bill for your information and perusal.

Recently, I visited Romania and it was confirmed that all the requirements by the United States government visa vis the Jackson-Vanik amendment i.e., allow free immigration, have a bi-lateral commercial agreement with the U.S. effected, and a Copyright Law was passed by the legislature to be effective April 1, 1996 so that they are in compliance.

I ask those members of the Ways and Means Committee to please vote in favor of moving this the legislation for permanent Most Favored Status for Romania out of Committee and to the House and Senate with favorable consideration not just because we in Connecticut hope to be good friends and business partners but also because this nation has works in accord with the United States.

Sincerely,



Senator John W. Warner  
600 East Main Street  
Richmond, VA 23219

Dear Senator Warner,

This is a petition enlisting your help in ensuring that Romania's Most-Favored Nations Status be changed from a conditional status to a permanent status. The information presented below attests to why this change in status represents a mutually beneficial step toward strengthening the US-Romanian bilateral relations.

Romania is totally committed to democracy, the free-market and full economic and political integration with the West. Romania believes that its destiny lies with the West, and especially with the United States. In the foreign policy area, Romania has worked side by side with the United States to achieve peace and stability in the region - often at a direct and substantial cost to itself. We are participants in IFOR in Bosnia. It was the first nation to join the Partnership for Peace and looks forward to full NATO membership. Romania is truly one of America's staunchest allies in the region. Romania supported the U.S. sponsored U.N. embargo (which cost its commerce billions of dollars) against Serbia. has sent mine-sweeping troops to Bosnia, and provided military hospitals in Angola, Somalia and the Gulf. There is a solid national political consensus in this respect, both among the leadership and the people of Romania.

In the economic area, Romania's transition has been more difficult than that of several of its neighbors because the legacy was more deeply ingrained and more difficult to overcome. Nevertheless, Romania's march toward the free market has been steady and without reversal. Today, 45% of Romania's Gross Domestic Product is provided by its private sector. It has made important progress in reinstating the land property - more than 80% of the land is now privately owned. GDP increase was 6.9% in 1995, inflation decreased from 62% in 1994 to 28% in 1995, and the unemployment rate followed the same positive trend (with a decrease from 11.1% in 1994 to 8.9% in 1995).

Privatization of the economy will accelerate this year by implementing the new amendments to the Privatization Law (selling of more than 3,000 owned enterprises).

For the first time, a special Committee on American-Romanian Relations has been established with the specific task of promoting business and strategic cooperation with American partners.

The democratic movement in Romania is alive and well. There are numerous parties freely representing the interests of minorities and others. There is a vibrant free press of which only a very small percent is controlled by the government. There have been no government-sanctioned incidents of human rights abuse or anti-semitism. Romania is committed to preserve a tolerant and open society.

Romania is fully committed to its democratic course - as the 1996 elections will ratify once again. But it needs America's help in order to sustain the wisdom of this course of action. American can help Romania, not only with financial assistance, but also with the permanent extension of Most Favored Nation status - which will bring economic and social benefits for both Romanians and Americans, and with inclusion into an expanded NATO on the same basis as that of its neighbors.

Both Romania and the United States have mutually benefitted from the provisional MFN extension to Romania. Exports from both nations have increased, but not to the extent needed and justified by the existing economic and political potential.

The full benefit, however, cannot be achieved until permanent MFN is granted. The lack of permanent MFN status at the time when the United States has granted such a status to nearly every other Central-European country has a dampening effect on Romania's trade liberalization and economic reform as well as investment.

Romania meets all statutory criteria, including free emigration procedures.

**ROMANIA MUST BE GRANTED PERMANENT MFN STATUS**

**ROMANIA'S CONDITIONAL MFN STATUS IS AN ANOMALY**

Romania is a founding member of the World Trade Organization (WTO), and has been a Contracting Party (CP) of the General Agreement on Tariffs and Trade (GATT) since 1971.

Romania is the only U.S. trading partner that has acceded to the WTO, but still receives only conditional MFN status.

The five other Central and Eastern European Countries that are members of the WTO - Poland, Hungary, the Czech Republic, the Slovak Republic and Slovenia - have all been granted permanent MFN.

Since the overthrow of the Ceausescu regime in 1989, Romania has undertaken a series of market-oriented reforms, including the privatization of state industries.

**ROMANIA MEETS THE TEST FOR PERMANENT MFN STATUS**

In 1992, Romania signed bilateral trade and commercial agreements with the United States. Congress ratified the agreement the following year.

Romania allows full and free emigration of all its citizens. Since 1995, the US has twice certified that Romania has met the freedom of emigration requirements for Jackson-Vanik.

**NOT GRANTING PERMANENT MFN STATUS TO ROMANIA:**

- 1) denies US exporters and investors their full rights and benefits under the WTO (conditional MFN status results in the "non-application" of WTO provision);
- 2) fosters uncertainty in the bilateral economic and commercial relationship; and
- 3) raises the hurdles which Romania faces in overcoming the political and economic challenges of 40 years of communist dictatorship.

**BACKGROUND**

Under US trade law, since 1951, former communist nations are denied permanent Most-Favored Nation (MFN) status - which is the founding principle of the GATT and the WTO. Under the Jackson-Vanik amendment, the President can grant conditional MFN status to countries which allow free emigration and conclude a bilateral commercial agreement with the United States. For a country to gain permanent MFN status, Congress must enact specific legislation.

Dear Senator Warner, we the undersigned would like to ask for your endorsement of the permanetization of Romania's MFN status.

Name	Address	Signature
1. <u>DANA N. LASCU</u>	<u>2235 Monument Ave., Richmond VA 23220</u>	<u>[Signature]</u>
2. <u>[Signature]</u>	<u>#224 - 2914 Bywater Drive Richmond VA 23221</u>	<u>[Signature]</u>

Name	Address	Signature
3. Laura Jarvis	3907 Francisston Rd, Ric VA 23294	Laura Jarvis
4. Tom W. Bead	4411 Woodhead Pl, Richmond VA 23215	Tom W. Bead
5. Jonathan Light	8513 Helysine Rd, Ric VA 23221	Jonathan Light
6. Peter H. Minkoff	1912 SOUTHVIEW RD, Ric VA 23225	Peter H. Minkoff
7. ...	...	...
8. ...	...	...
9. Russell Hancock	10641 Winchester Dr Amelia VA 23002	Russell Hancock
10. Virginia Glicium	199 Sherrwood Rd, Carterville VA 23002	Virginia Glicium
11. W. Donald Walden	9136 Sycamore Hill Pl, Mechanicsville VA 23111	W. Donald Walden
12. ...	...	...
13. ...	...	...
14. ...	3107 Stoneygl Rd, Richmond VA 23285	Faye Edwards
15. ...	1446 Callaway Ct, Midlothian, VA	...
16. ...	16611 Amberough Way, Richmond, VA	...
17. ...	619 Westham Wood, Richmond VA 23229	...
18. ...	13316 Kinross Mill Rd, Monticello VA 23103	...
19. D.A. Waitaker	7704 Rime Rd, Richmond, VA 23225	D.A. Waitaker
20. ...	...	...
21. ...	2212 Thornbury Dr, Richmond VA 23233	...
22. ...	...	...
23. ...	109 E Gore Ave, Richmond 23235	...
24. ...	11408 Lindenstice Ln, Richmond VA 23233	Jerry L. Stevens
25. ...	...	...
26. ...	1716 Clavton Ln, Richmond VA 23227	...
27. ...	611 Cambridge, Richmond VA 23224	...

Name	Address	Signature
27. <u>Elaine Sargent</u>	<u>12851 Knightwood Rd VA 22113</u>	<u>Elaine Sargent</u>
29. <u>Allen Brey</u>	<u>10307 Woodway @ Richmond VA 22223</u>	<u>Allen Brey</u>
30. <u>Susan Williams</u>	<u>14009 Tree Natch Ct Middlebrook, VA 23112</u>	<u>Susan Williams</u>
31. _____	_____	_____
32. <u>Richard Kefter</u>	<u>6700 Sandrock Ct Richmond, VA 23239</u>	<u>Richard Kefter</u>
33. _____	_____	_____
34. <u>Liz S Day</u>	<u>3500 Green Dr # 1337 Richmond VA 22224</u>	<u>Liz S Day</u>
35. <u>W.H. Hill</u>	<u>511 Chestnut Lane Richmond VA 23226</u>	<u>W.H. Hill</u>
36. <u>Bill Hill</u>	<u>1331 1st Street NE, Richmond VA 23223</u>	<u>Bill Hill</u>
37. <u>Tangereen Long</u>	<u>2212 Landerhill Dr. Richmond VA 23202</u>	<u>Tangereen Long</u>
38. <u>Deborah</u>	<u>1207 Topham Lane Richmond VA 23275</u>	<u>Deborah</u>
39. <u>P. Raina</u>	<u>522 Cedarbrook Ln Rich. VA 23224</u>	<u>P. Raina</u>
40. <u>DAVID L. SWANSON</u>	<u>14117 Middlebrook Rd Fairfax VA 22206</u>	<u>David L. Swanson</u>
41. <u>DAVID HOFFMAN</u>	<u>909 MAYTOWN DR. RICHMOND VA</u>	<u>David Hoffman</u>
42. <u>S. B. Miller</u>	<u>12111 Dwyer Dr. Clarks Summit VA 22026</u>	<u>S. B. Miller</u>
43. _____	_____	_____
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51. _____	_____	_____
52. _____	_____	_____

TOM LANTOS

D-11

2010 Massachusetts Avenue, N.E.

Washington, D.C. 20515

Tel: 202-541-5000

Fax: 202-541-5001

E-mail: Tom.Lantos@house.gov

Web: www.house.gov/tomlantos

www.house.gov



Congress of the United States  
House of Representatives  
Washington, D.C. 20515

May 3, 1996

## SUPPORT PERMANENT MFN STATUS FOR ROMANIA

Dear Colleague,

Recently published reports stated that I have reservations about legislation now being considered to grant permanent MFN trade status to Romania. I do not, and I want to set the record straight.

I support permanent MFN status for Romania. I am a cosponsor of H.R. 3161, introduced by our colleague, Phil Crane, which grants Romania permanent MFN status. I intend to vote for that legislation when it reaches the floor.

Four years ago, when the House last considered permanent MFN status for Romania, I led the opposition to that legislation, and it was defeated. In the four years since that time, conditions in Romania have improved. The efforts to establish a democratic political system and a market economy have made considerable progress. Some of the serious problems I raised four years ago regarding respect for human and civil rights, including fair and equal treatment of ethnic and religious minorities in Romania, have been acted upon, and the situation there has improved. That conclusion is based on my visit to Romania just three weeks ago to assess current conditions first-hand.

While not all of the problems that are of concern to me have been resolved, the progress that has been made thus far justifies our taking this next step of granting permanent MFN trade status to Romania. Romania currently enjoys full, albeit conditional, MFN treatment, so this legislation will not fundamentally change our trade relationship. This step, however, will put Romania on the same footing as many of the other former communist countries of Central and Eastern Europe which have made comparable progress. It is an important symbolic step and an important signal to the Romanian people.

This will mark a significant step forward in U.S. relations with Romania. Moreover, U.S. companies consider Romania, which is the second most populous country in Central Europe, to be a key emerging market. Permanent MFN status would give U.S. and Romanian companies the necessary confidence fully to reestablish and expand their commercial ties.

Romania has indicated its interest in becoming a member of NATO and of the European Union, and I support Romania's efforts to prepare itself for such membership. That will require further progress in institutionalizing a democratic civil society. It is in the interest of the United States to work with Romania to help in that process.

Some have argued that granting permanent MFN status should be delayed until after the Romanian elections, which will take place in September or October of this year. Postponing that decision is not helpful. All of the leading political parties in Romania strongly support permanent MFN status, including the ethnic Hungarian group in the parliament. Furthermore, delay in granting MFN status will only strengthen nationalistic elements who are critical of Romania's growing ties with the United States and the West. In order to avoid entanglement of this issue with the elections, we should act quickly and positively to resolve this matter well before the election campaign in Romania intensifies.

For all of these reasons, I urge my colleagues to support the extension of permanent MFN status to Romania, and I urge quick action on this legislation.

Cordially,

Tom Lantos  
Member of Congress

MAY 03 '96 11:14

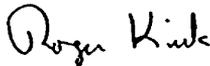
PAGE 01

**Statement in Support of Permanent MFN for Romania**

I wish to support the granting of permanent MFN for Romania at the earliest possible date. As Ambassador to Romania from November 1985 until July 1989, I am very familiar with the sufferings of the Romanian people under the abominable regime of then-dictator Nicolae Ceausescu. Denial of permanent MFN to Romania was, during those years, a valuable means of exerting some pressure on that regime.

Romania has made significant progress since the revolution of 1989 toward democracy, respect for human rights, the rule of law, and a free market. Its cooperation with United States foreign policy initiatives has been noteworthy. It seems to me, therefore, no longer justifiable for Romania to be one of the few countries denied permanent MFN. I thus urge that Romania be granted such status.

I make these comments on my own behalf, not on behalf of any other person or organization.



Roger Kirk  
US Ambassador to Romania, 1985-89

ALAN GREEN, JR.  
SUITE 1100  
1500 S. W. FIFTH AVENUE  
PORTLAND OREGON 97204  
TELEPHONE 503 234 5484  
FAX 503 234 5485

April 26, 1996

The Honorable Philip Crane  
U.S. House of Representatives  
233 Cannon Bldg.  
Washington D.C. 20510

RE: H.R. 3161

Dear Mr. Chairman:

I had the honor of being the United States Ambassador to Romania. My wife and I arrived at post December 1, 1989, and we formally returned to Oregon January 31, 1992. As you can readily see, I was privileged to participate and watch a wonderful people return to freedom.

This writer was one of the very last Ambassadors to present his official credentials to the dictator Nicolae Ceausescu. I think it fair to say we did not like one another. On May 25, 1995, my wife and I visited Romania with a Stanford Travel party. Our group met with President Ion Iliescu for approximately two hours. It is difficult for me to put in writing the total contrast between the two individuals. The hospitality, friendship, and good will I witnessed from President Iliescu to our private group was outstanding.

It is my understanding you will be receiving other correspondence advocating the granting of permanent Most Favored Nation status to Romania. Believe me, Sir, my wife, Joan, and I have lived through the start and gradual maturing of these people towards democracy and a free market economy. I am very proud of any small role I had in helping the United States gain a friend in this tough world.

As a retired business man, I would like to point out that our annual trade is growing, and our side has a surplus. It is difficult to do business in this world and the need for permanent M.F.N. status is the guarantee of stability for all parties. This improvement of reliability will work to the benefit of the U.S.A. and Romania.

If there is anything reasonable I can do to help Romania obtain permanent Most Favored Nation status, please let me know. I rely on your good judgement.

Very Sincerely,



Alan Green, Jr.  
Ambassador - United States  
Retired

cc: Senator William Roth  
(s 1644)

## B' N A I B' R I T H

INTERNATIONAL PRESIDENT

May 6, 1996

Congressman Phillip Crane  
 Chairman  
 Subcommittee on Trade  
 U.S. House of Representatives  
 Washington, D.C. 20515

Dear Chairman Crane:

Since 1975, B'nai B'rith has monitored developments in Romania. Since 1989, we have paid close attention to progress on human rights and democratization in that country. In July of 1995, I visited Bucharest for two days and discussed human rights and other issues of concern to the Jewish community with a number of high-level Romanian officials. I have met with President Iliescu on two occasions to explore with him what his government can do to advance the process of democratization and legal protection for pluralism.

While we have had differences with the Iliescu government in the past, B'nai B'rith is satisfied that the Iliescu government has taken appropriate steps over the past year to disavow, discredit and marginalize those problematic elements in Romania that have opposed democracy and wish to bring back either communism, fascism, or some combination of the two. Indeed, we are pleased that President Iliescu has a particularly close relationship with the Bucharest Jewish community and has been sensitive to its concerns.

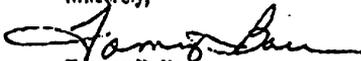
I am therefore writing to urge you and the other members of the Subcommittee on Trade to grant Romania permanent most-favored-nation trade status with the United States. Romania has not only made significant progress toward democracy, but its bilateral relationship with the United States is important to America's commercial and strategic interests.

Other countries in former Communist Eastern and Central Europe now have permanent MFN status. We believe that it is time for Romania to receive that status as well.

Thank you for taking our views into consideration.

With kind wishes.

Sincerely,



Tommy P. Baer

45-879



The American Jewish  
Committee

OFFICE OF GOVERNMENT AND INTERNATIONAL AFFAIRS  
1156 Fifteenth Street, N.W., Washington, D.C. 20005 Telephone (202) 765-4200 Fax (202) 765-4115

May 6, 1996

The Honorable Philip M. Crane  
Chairman, Subcommittee on Trade  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the American Jewish Committee, I write to urge your support for the permanent extension of Most Favored Nation trade status to Romania, as embodied in the measure you introduced, H.R. 3161, cosponsored by Representatives Kennelly, Lantos, Houghton, Bereuter, Moran and Johnson

The granting of permanent MFN status for Romania -- as already accorded other Central European states -- is a step that is long overdue. Romania has made considerable progress since the revolution of 1989 in building the infrastructure of democracy and instituting a market economy, and has become an important trading partner for the United States. Adoption of H.R. 3161 would send a powerful signal of U.S. friendship to the Romanian people.

For the American Jewish Committee, which has a deep interest in Romania and monitored with particular vigor the country's treatment of its Jewish population and other minority groups during the oppressive Ceausescu regime, steps by Washington at this time to recognize Romania's progress would be fitting and welcome. We are pleased to note that Romania is in full compliance with the terms of the Jackson-Vanik amendment -- and also that the Romanian government has condemned and distanced itself from anti-Semitic and other extremist groups.

It is my hope that the Committee will take into consideration AJC's strong support of H.R. 3161 as it takes action on this important measure.

With best wishes.

Sincerely,

Jason F. Isaacson  
Director

**U.S. CHAMBER OF COMMERCE**

Romanian-U.S.  
Working Group

**Chairman**  
**Dr. John Farber**  
ICC Industries

AIG  
American Bank Note  
Corp.  
Atlanta Corp.  
Chemical Bank  
Coca-Cola  
Dow Chemical  
Dresser Industries  
Internet Securities  
Lipe-Rohway Corp  
NPD Trading  
Pepsi-Cola  
PlexEcon  
Quadrant-Amroq

30 April, 1996

The Honorable Philip M. Crane  
Chairman, Subcommittee on Trade  
Committee on Ways and Means  
The United States House of Representatives  
1102 Longworth House Office Building  
Washington, D.C. 20515

RE: Extension of Permanent MFN Status to Romania

Dear Mr. Chairman:

The Romanian-U.S. Working Group of the U.S. Chamber of Commerce is a leading association of American companies with trade and investment interests in Romania. The Working Group is successor to the Romanian-U.S. Business Council, established over twenty years ago as an information and business advocacy body whose main goal has been protection and promotion of U.S. business interests in Romania.

Members of the Romanian-U.S. Working Group firmly believe that Romania should be granted an unconditional extension of the MFN treatment. Since the beginning of the market transition of Romania, we have been closely monitoring economic and political developments in the country where our members are engaged in trade and investment. We have held recent meetings with many government and opposition leaders, Romanian organizations of employers and labor unions, economists, lawyers and members of the press. Based on our experience and analysis of the developments in Romania, we believe that Romania meets the statutory requirements for permanent MFN treatment and that the extension of such treatment is in the economic interests of both Romania and the United States. American companies are keenly interested in the growth of the Romanian market for U.S. goods and services. As a largely export-driven economy, Romania can only develop its market through free trade. This has been clearly understood by the successive Romanian governments which appear to be earnestly engaged in restructuring of the Romanian economy on market principles. The permanent extension of MFN treatment for Romanian goods and services will be crucial for sustaining the transformation of the Romanian economy and ensuring its balanced orientation in the global marketplace.

Romania's recent human rights record appears to justify the extension of unconditional MFN treatment to Romania. We are not aware of any recent policies or practices of Romanian authorities that would run afoul of the Jackson-Vanik Amendment to title IV of the Trade Act of 1974. Romania has a hard-earned image of a transition economy open to U.S. and other Western business, which was clearly reflected by the recent improvement in the investment ratings Romania received from international rating agencies.

Regular reviews of Romania's eligibility for MFN treatment introduce an unnecessary ambiguity in the Romanian-U.S. economic relationship. The openness of the Romanian society in fact and international media as well as business advocacy groups. The Romanian-U.S. Working Group strongly urges your Committee to recommend the extension of unconditional MFN treatment to Romanian imports.

Sincerely yours,

Gary J. Stran  
Executive Director  
Romanian-U.S. Working Group

*International Division*  
1815 H Street N.W.  
Washington, D.C. 20062-2000  
Phone: (202) 463-5448  
Fax: (202) 463-3111



*R. Michael Godbow*  
Vice President and Senior Counsel

General Electric Company  
1299 Pennsylvania Ave., N.W., 1100 W  
Washington, DC 20004  
202 637-4268. Dial Comm: 8\*272-4268  
Fic: 202 637-4299. 8\*272-4299

April 29, 1996

Congressman Philip M. Crane  
Chairman, Subcommittee on Trade  
1102 Longworth House Office Building  
Washington, D.C. 20515.

Attention: Phillip D. Moseley

Dear Congressman Crane:

This letter constitutes the response of General Electric Company to your request for comments on the extension of unconditional most-favored-nation (MFN) treatment to Romania.

General Electric strongly supports granting permanent, unconditional MFN status to Romania. GE and Romania have a long history of mutually advantageous commercial relationships. Romania is an important market for many GE products, including aircraft engines, power generation equipment, lighting products, appliances, medical diagnostic equipment, and plastics. We believe that Romania will be an even more significant market for GE and other U.S. companies in the future.

The process of economic and political reform in Romania is well established and irreversible. Privatization is proceeding rapidly, with almost 50% of the economy now in private hands. Romania is committed to full integration with the Western economy, as evidenced by its firm resolution to join the European Union. Romania was the first nation to join the Partnership for Peace and is committed to achieving full membership in NATO.

The granting of unconditional MFN status to Romania is an important symbolic recognition of the progress Romania has made, but it also has real practical significance. Without full MFN status, Romania and the United States cannot maintain a fully realized relationship within the World Trade Organization. Moreover, the absence of unconditional MFN would give rise to difficult issues and unavoidable trade friction between the United States and the European Union at the time that Romania is granted membership in the EU.

Romania's emergence into a free, market-oriented economy came at a very high price to its people who, alone among the newly democratic states of Central Europe, required armed struggle to topple their autocratic rulers. It is time that the United States recognized this struggle and the significant progress Romania has made toward full integration into the Western economic and political community by granting unconditional MFN status.

Sincerely yours,

R. Michael Godbow



April 30, 1996

The Honorable Philip M. Crane  
Chairman, Subcommittee on Trade  
Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

This is to express Motorola's support for the extension of unconditional Most Favored Nation trading status to Romania.

The conditional extension of MFN in 1993 resulted in a rapid increase in Motorola's sales to Romania. Motorola is now looking forward to establishing a joint venture for the provision of cellular telephone services, using Motorola equipment. These sales support jobs in Motorola facilities in Illinois and around the United States.

The unconditional extension of MFN to Romania will be an acknowledgment by the U.S. that Romania has fully joined the world trading community, including meeting Jackson-Vanik requirements and joining the World Trade Organization. Motorola looks forward to continued growth opportunities in Romania. Unconditional extension of MFN will be an appropriate response by the United States to support the reforms Romania has undertaken.

Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Joan Piccolo'.

Joan Piccolo  
Vice President and Director  
Federal and State Relations

/dit

Amoco Corporation  
1615 M Street N.W., Suite 200  
Washington, D.C. 20008  
202-867-5300

May 20, 1996

# 52323.

The Honorable Bill Archer  
Chairman  
Ways and Means Committee  
1236 Longworth House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

Amoco fully supports the enactment of H.R. 3161, a bill granting Romania permanent Most-Favored Nation(MFN) Status.

Since the overthrow of the communist Ceausescu dictatorship in 1989, Romania has instituted a series of market-oriented economic reforms, including privatization of many state run industries. For Amoco, these reforms have led to more than \$40 million of investment in power generation, exploration and production. We also plan to invest more than \$60 million, including building a series of gas stations in Romania, over the next five years.

We hope you will adopt H.R. 3161. For your information, I am attaching copies of support letters sent by Inge Fretheim, President of Amoco Power Resources Corporation, relative to our position of support for granting Romania permanent Most-Favored Nations Status.

Sincerely,



Thomas J. Medaglia III  
Senior Washington Representative

Attachments



May 3, 1996

Mr. Philip Moseley, Chief of Staff  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

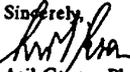
Dear Mr. Moseley:

I am writing this letter to plead with the distinguished members of the Committee on Ways and Means and the House of Representatives to provide Romania with permanent Most Favored Nation (MFN) status.

As a small American business performing consulting services for 20 years, we have been very actively involved in the economic development of all the 26 nations in Central and Eastern Europe, as well as in New Independent States. During the last two years alone, we completed two dozen projects in infrastructure development in this region. We have made numerous trips to Romania, as well as to the other emerging democracies in the region. I can therefore speak from actual experience.

In all the nations of CEE and NIS I have had the occasion to visit, Romania is on the top of my list with respect to democratization, privatization, and social/economic reforms. It will witness the second fully democratic national elections later this year. Its economy is growing in tandem with its impressive accomplishments in privatization and individual freedoms. American business interests in terms of trade and investments are growing in Romania. In short, Romania has fully accomplished all the requirements for permanent MFN status and deserves to be recognized by our Government as such.

Any assistance you can provide in removing this anomaly in our foreign economic relations and provide Romania with permanent MFN status will be greatly appreciated. Should you wish additional information, please do not hesitate to contact me. Thank you very much for your help.

Sincerely,  
  
Asil Gezen, Ph.D.  
President

**BELEAGROUP**  
INTERNATIONAL

305 East 46 Street  
New York, NY 10017  
212-421-0326  
Fax 212-421-3318

April 23, 1996

Mr. Philip Moseley, Chief of Staff  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, D.C. 20515

Re: Romania / Permanent Extension of MFN Status

Dear Mr. Moseley,

Since 1991 my company has been involved with other major U.S. companies, in finding new business territories in Central Europe. Romania was one of these countries.

Emerging from communism, Romania, like all the other central European nations, is following the path of democracy. Creation of private business was up in 1995 and we find that more people and companies are moving in this direction. Much of the necessary legislative framework for a market economy is in place.

I know how important it is for Romanian companies to do business with U.S. companies and I know that for the U.S. it is also important

Romania, with a population of 23 million, is the second largest country in that region. It is strategically located with the potential for prosperous business endeavors

Mr. Moseley, I am writing to you with the hope that you and your colleagues will help Romania in obtaining a permanent extension of most-favored-nation treatment.

Sincerely,



Octavian Belea  
President

**DE LEUW, CATHER** A PARSONS TRANSPORTATION GROUP COMPANY

De Leuw, Cather & Company • 1133 15th Street, NW • Washington, DC 20005-2701 • 202 775-3900 • Fax: 202 775-3111

April 26, 1996

Mr. Philip Moseley  
Chief of Staff  
Committee on Ways and Means,  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

Subject: Extension of Unconditional Most-Favored-Nation Treatment to Romania

Dear Mr. Moseley:

At present Romania's trade status is subject to the Jackson-Vanik amendment to Title IV of the Trade Act of 1974. On November 2, 1993, President Clinton signed into law P.L. 103-1333, approving the extension of MFN treatment to the products of Romania under the United States-Romania Trade Agreement. On May 19, 1995, the President found Romania to be in full compliance with the requirements contained in the Jackson-Vanik amendment. Romania is also a member of the World Trade Organization.

After the extension of MFN treatment to the products of Romania, two-way trade between the United States and Romania rose from \$376 million in 1993 to \$528 million in 1994. During the first nine months of 1995, two-way trade between the United States and Romania totalled \$349 million. From January through September 1995, U.S. exports to Romania were valued at \$175 million, while imports from Romania equalled \$173 million.

Given Romania's political and economic achievements, its compliance with the law and its success in using MFN as a means of driving economic reforms, I wish to express my support for affording MFN status to Romania.

Thank you for your consideration.

Sincerely,



Robert S. O'Neil  
President

cc: Ambassador Mircea Geoana

 **PARSONS**

AMERICAN INTERNATIONAL GROUP, INC.  
70 PINE STREET  
NEW YORK, NY 10207

JOHN J. ROBERTS  
VICE CHAIRMAN

Philip D. Moseley  
Chief of Staff  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, D.C. 20515

April 24, 1996

Dear Mr. Moseley:

I am Vice Chairman of American International Group, Inc. (AIG) and am writing to you on behalf of AIG in support of legislation introduced by Senator Brown and Congressman Crane to provide Romania with permanent Most Favored Nation (MFN) status.

AIG is the leading U.S.-based international insurance organization and the largest underwriter of commercial and industrial insurance in the United States. Its member companies write property, casualty, marine, life and financial services insurance in approximately 130 countries and jurisdictions, and are engaged in a range of financial services businesses.

AIG has engaged in business with Romania for many years. In 1979 AIG set up the Romanian American Insurance Company as a joint venture between AIG and ASTRA, a leading Romanian insurance company.

The positive results of this venture and the political evolution of Romania has led to the more recent incorporation of AIG Romania Insurance Company S.A. in January 1994, the first American owned company to receive a license to operate an insurance company in Romania. AIG Romania Insurance Company, S.A. markets general insurance and personal accident insurance products to foreign-owned businesses and domestic, privatized companies.

AIG's accomplishments in Romania would not have been possible without the significant strides made by the Romanian government towards democratization and a free market economy.

Since the end of the communist regime in 1989, Romania has held two national elections which included candidates from multiple parties and approved a new constitution. In the 1995 report on human rights, the U.S. State Department recognized Romania for respecting the rights of all its citizens. Furthermore, Romania has been a signatory on major international conventions on human rights.

In foreign affairs Romania has demonstrated its cooperation with the United States through support of U.S. foreign policy in the Middle East, Africa, and the former Federal Republic of Yugoslavia. Romania's effort to integrate into the new Atlantic security system includes being the first of the Partnership for Peace nations, as well as petitioning for NATO membership while simultaneously providing troops and facilities for UN peacekeeping efforts in Bosnia and other nations.

In addition to these developments, Romania fulfills the statutory requirements for permanent MFN status, namely, allowing unobstructed emigration for all citizens and signing a bilateral investment treaty.

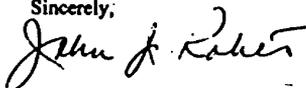
The granting of conditional MFN in 1993 has helped generate economic reforms such as the passage of foreign investment laws to open the Romanian economy, increased privatization of the economy and the establishment of a stock exchange. Due to such reforms, total bilateral trade with the U.S. reached approximately \$600 million in 1995. U.S. exports were nearly \$400 million, while Romania's exports were approximately \$200 million. Specific to the insurance business, Romania allows for the establishment of companies wholly owned by foreign entities, as in the case of AIG Romania Insurance Company, S.A.

Romania's economic progress also includes meeting the International Monetary Fund's and World Bank's criteria of privatization and stabilization, and becoming a member of the World Trade Organization.

Romania has demonstrated clear efforts towards instituting democratic and economic reforms. These efforts have succeeded in laying a foundation for a parliamentary democracy, increasing foreign investment to \$1.6 billion in 1995 and increasing Romanian exports to the U.S.

The U.S. should continue to support Romania's endeavors. I urge the U.S. to accord Romania permanent MFN status.

Sincerely,



John J. Roberts

Supplemental Sheet

## Name of person submitting written comments:

John J. Roberts  
Vice Chairman  
American International Group, Inc.  
70 Pine Street  
New York, NY 10270

(tel) 212-770-6488

## Outline of written comments:

## I. Introduction

- A) Identification of writer as Vice Chairman of AIG
- B) Description of AIG's business

## II. Description of AIG's business relations with Romania

- A) Romanian American Insurance Company joint venture
- B) AIG Romania Insurance Company S.A.

## III. Romania's political and social progress

- A) Political progress
  - 1) holding national elections
  - 2) approving new constitution
- B) Social progress
  - 1) recognized by U.S. State Department in 1995 for respecting human rights
  - 2) signatory on international conventions on human rights
- C) Foreign affairs
  - 1) support of U.S. foreign policy
  - 2) Partnership for Peace
  - 3) petitioning for NATO membership
  - 4) providing aid for UN peacekeeping efforts in Bosnia

IV. Romania's fulfillment of MFN requirements

A) Free emigration

B) Signatory of bilateral investment treaty

V. Economic progress since conditional MFN in 1993

A) Reforms

- 1) foreign investment laws
- 2) privatization
- 3) establishment of stock exchange

B) Beneficial effects

- 1) increased trade between U.S. and Romania
- 2) establishment of companies wholly owned by foreign entities

C) Additional

- 1) meeting IMF and World Bank criteria
- 2) member of WTO

VI. Conclusion

Date : June 11, 1996

RE: S1644, FILING OF WRITTEN SUBMITTAL (MFN for Romania)

To: U.S. SENATE INTERNATIONAL TRADE SUBCOMMITTEE,  
Chairman Senator Charles E. Grassley, Members: Senators William V. Roth Jr.,  
Orrin G. Hatch, Larry Pressler, Alfonse M. D'Amato, Frank H. Murkowski, Phil  
Gramm, Daniel P. Moynihan, Max Baucus, Bill Bradley, John D. Rockefeller,  
John B. Breaux, Kent Conrad, Bob Graham

Dear Mr. Chairman and Members of the Subcommittee,

I am filing this written submission to the subcommittee as the president of FPHE and on behalf of the Hungarian Lobby of the United States which has been formed to provide a voice for the 1.58 million Hungarian-American voters.

I am writing in connection with Senate bill #1644, introduced by Colorado's Republican Senator Hank Brown. This bill would eliminate the yearly renewal of Romania's MFN status by making that status permanent and unconditional. I strongly object to this recommendation, because the curbing of press freedoms, the condoning of extremist nationalism, the erection of monuments to the fascist dictator Antonescu, the refusal to return church properties and the denying of even cultural autonomy to the Hungarian national community should not be rewarded by permanent MFN status.

I would like to note that the very purpose of the Trade Act of 1974 (the Jackson-Vanik Amendment, which established MFN) was: "To assure the continued dedication of the United States to fundamental human rights" It is that very purpose that would be compromised by bill #1644, by terminating the most important vehicle the United States has for the defense of human rights. At a time when our European allies are setting up effective mechanisms to protect human rights, the United States, the leader of the free world, which originated the fight for human rights, should not give such a sad example of unprincipled retreat on this front.

I would respectfully remind you Mr. Senator, and the honorable members of your subcommittee, that while some states, such as China can afford to disregard the human rights concerns of the United States, Romania can not. I would also like to remind you that the beneficiary of the Brown bill would not be the Romanian people, as they already enjoy the benefits of MFN. The only beneficiary would be Ion Iliescu, who, being a former Communist, is running against a reform movement in this fall's election, and would use the Brown bill as an American endorsement of his presidency.

Therefore, I respectfully ask you and your subcommittee to postpone the vote on Romanian MFN until after the elections in Romania, which is scheduled for the 3rd of November, 1996.

Respectfully yours,

Dr. Andras Szeitz,  
B.Sc. Pharm., M.Phil.

National Association of Manufacturers  
1331 Pennsylvania Ave. N.W.  
Suite 1500 - North Tower  
Washington, D.C. 20004-1790

MAY 3, 1996  
TR-20

**Comments of the National Association of Manufacturers<sup>1</sup> on the Committee on Ways and Means-Subcommittee on Trade Request for Written Comments on the Extension of Unconditional Most-Favored-Nation Treatment to Romania.**

**Introduction**

The National Association of Manufacturers (NAM) is grateful for the opportunity to submit these comments on the extension of unconditional Most-Favored-Nation (MFN) treatment to Romania. The NAM supports such an extension and urges Congress to enact legislation in this area as soon as possible.

**INCREASED MARKET ACCESS FOR AMERICAN MANUFACTURERS**

Granting unconditional MFN would be fully in line with the growing commercial relationship between the United States and Romania. A bilateral trade and commercial agreement with Romania was ratified by Congress in 1993. Currently, the US enjoys a relatively large trade surplus with Romania (over \$200 million in 1995). The signing of the US-Romania Bilateral Investment Treaty (BIT) and steady progress towards a more stable legal and regulatory regime should serve as catalysts for further growth in trade and investment. Without unconditional MFN, U.S. companies there might find themselves at a competitive disadvantage vis-a-vis their European rivals.

**SECURED RIGHTS UNDER THE WTO**

Romania is a founding member of the WTO and a contracting party of the GATT since 1971. Nonetheless, Romania is the only one of the five central and eastern European members of the WTO that has not been granted unconditional MFN status. Romania has demonstrated a strong desire to cooperate with the U.S. on trade matters. According unconditional MFN by the U.S. sends an important signal that the U.S. rewards those countries that play by the rules. Should the need arise, however, the extension of permanent MFN treatment would enable the U.S. to avail itself of all rights under the GATT and the WTO with respect to Romania.

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<sup>1</sup> The NAM has over 14,000 member companies and subsidiaries, including approximately 10,000 small manufacturers. Members produce about 85 percent of U.S. manufactured goods. Through its member companies and affiliated associations, the NAM represents every industrial sector and more than 18 million employees. The NAM's mission is to enhance the competitiveness of manufacturers by shaping a legislative and regulatory environment conducive to U.S. economic growth in a global economy, and to increase understanding among policy-makers, the media and the general public about the importance of manufacturing to America's economic strength and standard of living.

## **FURTHERING EUROPEAN INTEGRATION**

According permanent MFN status to Romania sends an important signal to the outside world (at a sensitive time just prior to national elections) that Romania is steadily moving toward both economic and political integration with the West. The European Union (EU) is currently holding the Inter-Governmental Conference (IGC), during which time the EU will consider major changes in its institutional structure. These changes will determine to a large extent when Romania and other countries in central and eastern Europe will become full-fledged members of the EU. It is the policy of the U.S. government to support the accession of central and eastern European countries, including Romania, as integral parts of the common European home. At the same time, the U.S. should ensure that its commercial relations with Romania rest on the sound footing of unconditional MFN.

## **ADVANCING HUMAN RIGHTS**

The NAM believes that American values in areas such as human rights will be more effectively advanced if American companies are more actively engaged in Romania than if they are forced to limit their trade and investment links in that country. The NAM is encouraged by the process of historical reconciliation between Romania and its Hungarian minority, the resumption of negotiations on a Romanian-Hungarian Treaty, and the elaboration of a Joint Declaration with the Hungarian government. It would appear that Romania is in full compliance with the freedom-of-emigration provisions of section 402 of the 1974 Trade Act. Romania allows full and free emigration of all its citizens. The U.S. has twice recently certified that Romania has satisfied the emigration provisions of Jackson-Vanik.

## **POLITICAL PLURALISM AND THE MEDIA**

Romania has demonstrated a firm commitment to both economic and political integration with the West. Since 1989, two internationally-monitored national elections were held which were acknowledged to be free and open and included candidates from a range of parties. A free, lively, and largely privately owned press has flourished since the demise of the Ceausescu dictatorship.

## Conclusion

The dramatic effects of 40 years of Communist dictatorship cannot be reversed overnight. Since the departure of the Ceausescu regime in 1989, Romania has made steady improvement in political and market-oriented reforms. According unconditional MFN can only move the reform process forward. It is firmly in the interests of both countries and American manufacturers for the U.S. Congress to accord Romania unconditional MFN status.

BEFORE THE  
SUBCOMMITTEE ON TRADE  
COMMITTEE ON WAYS AND MEANS  
UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT  
OF  
RUTH NOBLE GROOM  
PRESIDENT  
NOBLE TRANSOCEANIC CORPORATION

ON H.R. 3161  
EXTENSION OF UNCONDITIONAL MOST FAVORED NATION STATUS TO  
THE REPUBLIC OF ROMANIA

May 3, 1996

Noble Transoceanic Corporation welcomes the opportunity to submit this statement in connection with the Trade Subcommittee's consideration of H.R. 3161, extension of unconditional Most Favored Nation (MFN) status to Romania. We strongly believe that this is an essential step in increasing trade between the two countries, and my company urges the Subcommittee to approve H.R. 3161, granting unconditional MFN status to Romania as soon as possible.

Noble Transoceanic Corporation has been engaged in importing from and exporting to Romania since 1984. We are a Delaware corporation registered in the District of Columbia. In the past, we have purchased wood and paper from Romania. We have also shipped United States cotton, coal, and machine parts to Romania, and we have formed a joint venture in Bucharest.

In 1985, 1986, 1987, and 1993 I submitted written testimony on behalf of maintaining MFN status for Romania and have testified before the Ways and Means and Senate Finance Committees several times on this subject. In reviewing my prior testimony, it became apparent that the predictions my business colleagues and I made concerning the decline in trade that would occur because of the loss of MFN status and the increase in trade due to its subsequent restoration have proven accurate.

ROMANIAN IMPORTS

According to United States Government statistics, Romanian imports into the United States declined by almost ninety percent (90%) between 1987, the last full year of MFN, and 1992.<sup>1</sup>

My own business record is more drastic. Before the loss of MFN status in July, 1988, Noble Transoceanic Corporation imported wood and paper from Romania. Since then, we have imported nothing from Romania into the United States. There are several hundred other businesses in the same situation.

There are others beside the United States importers who were harmed by the loss of trade, particularly the American consumer. It is important to remember that the vast majority of Romanian manufactured goods which enter the United States under MFN "Column 1" duty rates do not compete generally with goods of United States manufacturers. These Romanian imports compete with other imports, making available to the American public more variety of products at lower prices. Americans benefit by access to Romanian manufactured goods and United States jobs are not threatened.

UNITED STATES EXPORTS

There is another side to the issue of Romanian-American trade; specifically, United States exports to Romania. I think it is important to appreciate the fact that, after the loss of its MFN status, Romania continued to purchase from the United States in substantial disproportion to her exports to the United States. Even under such unfavorable circumstances Romanian purchases of United States products remained essentially level. To be direct, even when it did not enjoy MFN status, Romania favored United States exporters sometimes at the expense of nearer neighbors such as Austria, Germany, and France.

My own business experience illustrates this. During the years when Romania lacked MFN status, we continued to sell small amounts of U.S. manufactured machine parts and bearings, even though the Romanians found it very difficult to pay. Also, as the agents for Weil Brothers-Cotton, Inc. of Montgomery, Alabama, we sold cotton to Romania under PL-480 and under the GSM-102 program.

In my opinion, Romania has demonstrated good faith and sincerity in its desire to uphold and maintain trade ties with the United States even after losing much of its market in the United States for manufactured goods when MFN was revoked.

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<sup>1</sup> U.S. International Trade Commission, Office of Economics.

**MFN STATUS**

After President Clinton signed Public Law 103-133 in November 1993 approving the extension of MFN treatment to the products of Romania, two-way trade between the two countries has increased markedly, and, moreover, trade has been essentially in balance. Restoration of Romania's MFN status has helped my company. Our export business with Romania has increased substantially, particularly with respect to cotton shipments under USDA's GSM-102 program.

However, we have delayed making investments in Romanian enterprises that could export products to the United States or in importing Romanian products ourselves because of the annual uncertainty relating to the continuation of Romania's MFN status. Businesses, especially small and medium size businesses like mine, need to be sure that our operations will not be subject to political winds before we can commit scarce resources to new projects. We will significantly expand our import trade with Romania if, and only if, Romania's MFN status is made unconditional. Provisional MFN, subject to annual review, is simply bad for business, and for consumers.

**CONCLUSION**

Obviously, once the United States market is unconditionally open to Romanian imports, and dollars flow into the Romanian economy, the United States will sell more to Romania. That means more jobs and income generated here, as well as increased consumer access to a variety of Romanian goods.

There is every good reason to give Romania unconditional MFN status and no compelling reason not to do it. Both countries are sure to benefit.

**END**