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**Collection:** Bailey, Norman A.: Files

**Folder Title:** Eastern European Policy  
(02/03/1982-02/28/1982)

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** BAILEY, NORMAN: FILES

**Withdrawer**

RBW 2/6/2013

**File Folder** EASTERN EUROPEAN POLICY 02/03/1982-02/28/1982

**FOIA**

M452

**Box Number** 1

SHIFRINSON

19

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
153319	MEMO	RICHARD PIPES TO WILLIAM CLARK RE. SECRETARY HAIG'S PROPOSED VISIT TO ROMANIA <i>R 12/7/2016 M452/1</i>	2	2/3/1982	B1
153323	MEMO	PIPES TO RR RE. HAIG'S PROPOSED VISIT TO ROMANIA <i>R 12/7/2016 M452/1</i>	1	ND	B1
153325	MEMO	ALEXANDER HAIG TO RR RE. VISIT TO ROMANIA <i>R 12/7/2016 M452/1</i>	1	2/3/1982	B1
153328	MEMO	CLARK TO HAIG RE. VISIT TO ROMANIA <i>R 12/7/2016 M452/1</i>	1	ND	B1
153334	MEMO	NORMAN BAILEY TO CLARK RE. HAIG VISIT TO ROMANIA [COPY OF DOC. 153299] <i>R 12/7/2016 M452/1</i>	1	2/2/1982	B1
153336	MEMO	CLARK TO HAIG RE. TRIP TO ROMANIA [COPY OF DOC. 153300] <i>R 12/7/2016 M452/1</i>	1	ND	B1
153338	MEMO	ALLAN MYER TO CLARK RE. POLISH SITUATION <i>R 12/7/2016 M452/1</i>	2	2/3/1982	B1
153359	MEMO	CLARK TO HAIG RE. POLISH SITUATION <i>R 10/12/2016 M452/1</i>	1	ND	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

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B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
153342	PAPER	RE. TERMS OF REFERENCE	2	ND	B1
153360	MINUTES	RE. NAC STAFF [PGS. 5-6 ONLY] <b>R 10/12/2016 M452/1</b>	2	ND	B1
153343	REPORT	RE. BULGARIA'S NEW FOREIGN POLICY ACTIVITY <b>R 11/28/2017 M452/1</b>	7	2/11/1982	B1
153361	MEMO	CLARK TO SECRETARIES OF STATE, TREASURY, DEFENSE, ET AL, RE. ROMANIA'S REQUEST FOR CCC LOAN <b>R 10/12/2016 M452/1</b>	1	2/17/1982	B1
153349	MEMO	BAILEY TO CLARK RE. LOAN TO ROMANIA <b>R 11/28/2017 M452/1</b>	1	1/21/1982	B1
153358	REPORT	<b>PAR 11/28/2017 M452/1</b>	1	1/19/1982	B1
153352	MEMO	CLARK TO SECRETARIES OF STATE, DEFENSE, TREASURY, ET AL RE. CREDIT FOR ROMANIA <b>R 11/28/2017 M452/1</b>	1	ND	B1
153362	MEMO	DRAFT CLARK TO SECRETARIES OF STATE, TREASURY, DEFENSE, ET AL, RE. ROMANIA'S REQUEST FOR CCC LOAN [W/NOTATION]	1	ND	B1

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# WITHDRAWAL SHEET

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**File Folder** EASTERN EUROPEAN POLICY 02/03/1982-02/28/1982

**FOIA**

M452

**Box Number** 1

SHIFRINSON

19

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
153363	MEMO	DRAFT CLARK TO SECRETARIES OF STATE, TREASURY, DEFENSE, ET AL, RE. ROMANIA'S REQUEST FOR CCC LOAN [COPY OF DOC. 153362 W/O NOTATION]	1	ND	B1
153364	MEMO	CLARK TO SECRETARIES OF STATE, TREASURY, DEFENSE, ET AL, RE. ROMANIA'S REQUEST FOR CCC LOAN [W/NOTATIONS] <b>R 10/12/2016 M452/1</b>	1	ND	B1
153365	PAPER	RE. CCC LOAN <b>PAR 11/28/2017 M452/1</b>	1	ND	B1
153366	MEMO	BAILEY TO CLARK RE. CREDIT FOR ROMANIA <b>R 11/28/2017 M452/1</b>	1	1/27/1982	B1
153354	MEMO	TO BAILEY RE. ROMANIA <b>R 11/28/2017 M452/1</b>	1	1/27/1982	B1
153356	MEMO	RE. ROMANIA <b>PAR 11/28/2017 M452/1</b>	2	1/27/1982	B1

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Bailey  
153319

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

February 3, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: RICHARD PIPES *RP*

SUBJECT: Secretary Haig's Proposed Visit to Romania

DECLASSIFIED  
NLRR M4521 #153319  
BY PN NARA DATE 12/7/88

Al Haig's memorandum of February 3 (Tab A) to the President states that he wishes to accept an invitation from President Ceaucescu to visit Romania on February 12-13. With this visit he intends to demonstrate our support for Romania's relatively independent foreign policy. (C)

As previously noted in Bailey's memorandum to you of February 2 (Tab III), strong objections can be raised to this proposal:

- The Romanian Government has one of the most repressive regimes in Eastern Europe, for which reason it welcomed the introduction of martial law in Poland.
- Given the tense situation in neighboring Poland, such a visit would have a highly inflammatory effect without bringing us commensurate benefits.
- We are in the process of working out a policy to help cope with Romania's grave economic crisis: it may prove most embarrassing if the Secretary arrived in Bucharest right after we have turned down Romania for CCC or ExImbank credits, for example. (C)

On these grounds, it is recommended that you ask the President (memorandum at Tab I) to have Al Haig postpone his planned visit. (C)

*nb* Bailey, *RP* Stearman and Dobriansky concur.

RECOMMENDATION

That you sign the memorandum to the President at Tab I, recommending that he request Secretary Haig to postpone his trip to Romania. (C)

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

With the President's approval that you sign the memorandum at Tab II to Secretary Haig requesting that he postpone his planned visit to Romania. (C)

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

~~CONFIDENTIAL~~

Review February 3, 1988.

Attachments:

- Tab I           Memorandum to the President
- Tab A           Secretary Haig's Memorandum to the  
                  President
- Tab II          Memorandum from you to Secretary Haig
- Tab III         Norman Bailey's memorandum to you of February 2  
                  (Log No. 648)

153323

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

FOR THE PRESIDENT THROUGH: WILLIAM P. CLARK FROM: RICHARD PIPES

SUBJECT: Secretary Haig's Proposed Visit to Romania

Issue

The attached memorandum from Al Haig (Tab A) states that he wishes to accept an invitation from President Ceaucescu to visit Romania on February 12-13. He believes that it would serve national interest if he accepted the invitation because his visit would demonstrate our support for Romania's relatively independent foreign policy in the Soviet Bloc. (C)

Facts/Discussion

Although Romania is indeed something of a foreign policy maverick in the Soviet Bloc, a visit to that country by Al at this time may have adverse consequences:

- Romania practices one of the most repressive internal regimes in Eastern Europe: in line with this policy, it welcomed the imposition of martial law in Poland.
- Given the tense situation in Eastern Europe, a visit at the Secretarial level to a country neighboring Poland may unnecessarily inflame the situation in that part of the world and lessen the chances of a liberalization in Poland.
- Romania is on the verge of international bankruptcy: we are in the process of resolving such questions as CCC and ExImbank credits to that country and it may prove embarrassing for the Secretary of State to visit Bucharest before they are decided upon. (C)

Recommendation

OK    No

- \_\_\_    \_\_\_    1.    On these grounds, I recommend that you request Al Haig to reconsider his decision to visit Romania at this time. (C)
- \_\_\_    \_\_\_    2.    That Judge Clark send Secretary Haig a memorandum in your name to Secretary Haig. (C)

Review February 3, 1982

DECLASSIFIED

~~CONFIDENTIAL~~

NISR M4521 #153323  
BY RW NARA DATE 12/21/16

~~CONFIDENTIAL~~

153325

4


THE SECRETARY OF STATE

0698

WASHINGTON

414 40

February 3, 1982

MEMORANDUM FOR: THE PRESIDENT  
FROM : Alexander M. Haig, Jr.   
SUBJECT: : My Visit to Romania February 12-13

Romanian President Ceausescu has invited me to visit Romania February 12-13. The visit provides an excellent opportunity to challenge the Soviet Union close to home. We believe President Ceausescu's primary notice is the political symbolism involved. While the Romanians may raise financial or economic assistance issues, I intend to say these cannot be discussed while Romania's debt is being rescheduled.

My visit should clarify to other countries in Eastern Europe and NATO that Romania continues to have meaningful relations with the United States, a viable alternative to being inexorably drawn deeper into the Soviet sphere of influence.

Romania's foreign policy continues to follow a relatively independent line, often directly contrary to Soviet interests. This, despite the fact that Romania is currently facing great financial problems and feels threatened by the USSR as a result of the crisis in Poland.

Romania has recently taken a relatively even-handed stance on INF. Alone among Warsaw Pact countries, Romania has called for a reduction in Soviet missiles. Ceausescu has also made it plain that Romania would not participate were there a Warsaw Pact intervention in Poland, just as he was outspoken in his criticism of the Soviet invasion of Czechoslovakia in 1968 and Afghanistan in 1979. Behind the scenes, Romania blocked Soviet efforts to gain Warsaw Pact support for an anti-American declaration on Cuba in 1981.

Our two-way trade with Romania is over one billion dollars a year. We have constructed a network of political, commercial and cultural ties which continue to operate to our benefit and provide an entree with which we are able to raise difficult emigration questions involving family reunification, Romanian Jews and human rights issues affecting Baptists and Pentecostals.

In sum, my visit will demonstrate support for Romania's relative independence from Soviet dominance on the international scene. It will also maintain the opening we find useful for dealing with continuing bilateral economic and political issues. The trip will irritate the Soviets, but will give me an excellent chance to address the Polish situation in the heart of the Warsaw Pact.

~~CONFIDENTIAL~~

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NLR #153325

AW DATE 12/7/16



NSC 0698

WHSR  
ROUTE SLIP

K RECEIPT  
NT OF STATE

Time Stamp  
82 FEB 3 A 8: 30

82 FEB-3 A 8: 29

STAFF	C/O
Clark	C
McFarlane	C
Poindexter	C
Nance	C
WHEELER	C
Merchant	
NSC S/S	C

SITUATION ROOM

B

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)

URGENT

*pw 2/6/13*

ON ~~CONFIDENTIAL~~

No. Pages 1

22540

7224

(Extension)

(Room number)

RESIDENT: MY VISIT TO ROMANIA

C = Copy

O = Original

TO: (Agency)

DELIVER TO:

Extension

Room No.

NSC

MICHAEL WHEELER

395-3044

FOR:

CLEARANCE

INFORMATION

PER REQUEST

COMMENT

REMARKS:

PLEASE DELIVER TO BUD MCFARLANE OPENING OF BUSINESS.

S/S Officer:

*A. Moss*

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR THE HONORABLE ALEXANDER M. HAIG, JR.  
The Secretary of State

SUBJECT: Your Proposed Visit to Romania

Given the fact that Romania is facing a major economic crisis and that our policies in this regard have not yet been worked out, a visit at the Secretarial level to this country at this time may be counterproductive. There is the further consideration that Romania, for all its independence in the conduct of foreign policy, runs one of the most repressive regimes in Europe and has not objected to the imposition of martial law in Poland. For these reasons, as well as for the potentially unsettling effect of your visit to an area already racked with tension, the President has asked that you reconsider your plans to visit Romania at this time.

FOR THE PRESIDENT:

William P. Clark

~~CONFIDENTIAL~~  
Review February 3, 1988.

153328  
DECLASSIFIED  
NLRR M4521 #153328  
BY RW NARA DATE 12/1/14

MEMORANDUM

NATIONAL SECURITY COUNCIL

February 2, 1982

~~CONFIDENTIAL~~

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Proposed Haig Visit to Romania

Secretary Haig apparently plans to visit Romania during the period February 12-13. The U.S. Embassy in Bucharest is strongly in favor of such a trip.

It would seem, at the least, highly questionable for the Secretary of State to visit an East European capital at this time. Although Romania is a foreign policy maverick within the Soviet Bloc, it has a very repressive domestic policy and has just admitted international bankruptcy by asking for rescheduling of its debts.

Additionally, it is clearly inappropriate for the Secretary to visit Romania before the Administration has decided on its policy towards Romania. It would be highly embarrassing for Haig to show up right after we turn Romania down for CCC and/or Exim credits, for example.

Given the late hour, you may wish to call Secretary Haig on the matter, assuming you agree that the trip is a bad idea. If you prefer to write, I have attached a memo from you to Haig (Tab I).

Richard *RP* Pipes, William *WJ* Stearman and Paula *PD* Dobriansky concur.

RECOMMENDATION:

That you call Secretary Haig and urge him to drop plans to visit Romania at this time.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Alternatively, that you sign the attached memo to Haig (Tab I).

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

cc: Tom Reed  
Don Gregg

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~  
Review February 2, 1988

DECLASSIFIED  
NLR M452/L #153334  
BY RW NARA DATE 12/7/16

153336

8

THE WHITE HOUSE

648

WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR THE HONORABLE ALEXANDER M. HAIG, JR.  
The Secretary of State

SUBJECT: Your Proposed Trip to Romania

It has come to my attention that you are planning a trip to Romania about February 12-13.

Although Romania is something of a foreign policy maverick within the Soviet Bloc, it has a very repressive internal policy, severe social and economic problems and is, in effect, internationally bankrupt.

A visit at the Secretarial level at this time, when we are imposing sanctions on Poland and the USSR, would leave us open to charges of hypocrisy by our allies as well as by domestic groups.

Additionally, there are questions pending which have not been resolved, such as CCC and Exim credits to Romania. A visit while these matters are not yet resolved could prove embarrassing.

I urge you to reconsider your decision to visit Romania at this time.

FOR THE PRESIDENT:

William P. Clark

~~CONFIDENTIAL~~  
Review February 2, 1988

DECLASSIFIED  
NLRR M4521 #153336  
BY RW NARA DATE 6/7/86

~~CONFIDENTIAL~~

Bailey  
7505 redo

153338

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

ACTION

February 3, 1982

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: THOMAS C. REED *TR*

FROM: ALLAN A. MYER AM

SUBJECT: Interagency Study Effort on Military Implications of the Polish Situation

*EW*

The current period of calm in Poland is more apparent than real, and we may soon be faced with renewed crisis. While we have been careful to say that we are planning no military response to events in Poland, it is essential that military implications, of which there are many, be comprehensively analyzed. In the event of further deterioration in the Polish situation, Western actions and Soviet countermoves could increase tensions and the potential for miscalculation. The military component deserves careful attention; we should not wait until the next crisis.

We have both the means and opportunity to undertake a measured interagency study effort. Administratively, this effort could be handled in three ways:

- NSDD-3, Crisis Management, tasks the Special Situation Group to formulate contingency planning in anticipation of a crisis. NSDD-3 also tasks you to convene interagency working groups as appropriate.
- NSDD-2 directs that Regional IGs establish full-time working groups to deal with specific contingencies and to support NSC crisis management operations. A Poland working group is functioning.
- NSDD-2 tasks Regional IGs to conduct contingency planning to deal with potential crises and to conduct interagency policy studies. Since the proposed effort would not deal with the development of military options for the employment of forces, State lead would be appropriate.

~~CONFIDENTIAL~~

Review February 3, 1988

~~CONFIDENTIAL~~

DECLASSIFIED

FILE # M4521 #153338  
BY *DW* NARA DATE 12/7/11

Given the current state of play, it would be inappropriate to undertake the proposed study effort within a crisis management framework. A similar effort chaired by State (Pol-Mil) last year was not well focused and the output was basically a "laundry list" of budget items. With better direction, there is no reason to believe that we cannot be successful now. Terms of Reference have been drafted to provide that direction and are at Tab A to Tab I.

Concurrences: Pipes, Bailey, Blair, and Shoemaker

RECOMMENDATIONS

That State chair an interagency study effort to produce a paper on the military implications of the Polish situation.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

That you sign the memorandum at Tab I.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Attachments

- Tab I Memorandum to State
- A Terms of Reference

10/2/2020  
I  
11

~~CONFIDENTIAL~~

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12

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR THE HONORABLE ALEXANDER M. HAIG, JR.  
The Secretary of State

SUBJECT: Interagency Study Effort on Military  
Implications of the Polish Situation

Given the current state of play in the Polish situation, this is a good time to renew last year's study effort which explored the military implications of our Polish actions.

I would appreciate it if you would renew this effort. The Terms of Reference at the attachment provides an appropriate starting point.

FOR THE PRESIDENT:

William P. Clark

Attachment

Tab A Terms of Reference

cc: The Secretary of Defense

~~CONFIDENTIAL~~  
Review February 3, 1988

DECLASSIFIED

NLRR M4521 #153389

BY RW NARA DATE 10/12/14

~~CONFIDENTIAL~~





# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

BAILEY, NORMAN: FILES

*Withdrawer*

RB 2/6/2013  
W

*File Folder*

EASTERN EUROPEAN POLICY 02/03/1982-02/28/1982

*FOIA*

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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
153342	PAPER  RE. TERMS OF REFERENCE	2	ND	B1

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National Security Council  
The White House

116

Package # 7505

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>JK</u>	
Bud McFarlane	<u>2</u>	<u>M</u>	<u>A</u>
Jacque Hill			
Judge Clark			
John Poindexter	<u>3</u>	<u>JK</u>	
Staff Secretary	<u>4</u>		<u>A</u>
Sit Room			

I-Information    A-Action

DISTRIBUTION

CY To VP	_____	Show CC	_____
CY To Meese	_____	Show CC	_____
CY To Baker	_____	Show CC	_____
CY To Deaver	_____	Show CC	_____
Other	_____		

COMMENTS

*Bud, I think this should be redrafted to incorporate terms of reference for a study. Agree JK Disagree \_\_\_\_\_*

*Mike please take for action JK*

*~~Done all this \_\_\_\_\_ JK~~*

11  
153360D

SE

The State Department representative said that State strongly supported the extension of the facility for the full \$200 million. Representatives of Commerce, Eximbank, IDCA, Federal Reserve and USTR also registered affirmative positions.

Council approval was obtained through a telephone poll completed on December 15, 1981 (NAC Action 81-383).

(c) CCC - Portugal - Wheat, Feedgrains, and Oilseeds  
(NAC Document 81-674)

The Staff Committee considered, and agreed to forward a favorable recommendation to the Council on, the following proposed export credit sales guarantees:

Amount:	\$350.0 million
Guarantor:	<u>Banco Portugues do Atlantico</u> and/or other eligible banks
Purpose:	For guarantees covering credit sale of wheat, feedgrains and oilseeds

The Agriculture Department representative noted that the facility for Portugal a year ago amounted to \$175 million. It is now proposed to double this amount for the current fiscal year. The traders in the market have assured CCC there will be no problem in utilizing the full \$350 million guarantee figure.

The Treasury Department representative expressed gratification that Agriculture had been able to graduate Portugal from P.L.480 to CCC. It was her understanding that there would be no P.L.480 agreement with Portugal this year. The Agriculture Department representative confirmed this.

It was agreed to forward the proposal to the Council for its consideration. (Council approval of the proposal was obtained through a telephone poll completed on December 17, 1981 (NAC Action 81-387).)

✓ (d) CCC - Romania - Corn and Soybean Meal  
(NAC Document 81-675)

The Staff Committee then considered the following proposed export credit sales guarantees:

~~##~~ ~~##~~

DECLASSIFIED

NLRR M452/1 #153360D

BY fw NARA DATE 10/12/16

Amount: \$65.0 million  
Guarantor: The Romanian Bank for Foreign Trade  
and/or other eligible banks  
Purpose: For guarantees covering credit  
sale of U.S. soybean meal and corn

The Agriculture Department representative noted that a year ago export credit guarantees totalling \$50 million for corn and soybeans had been made available to Romania. Romania has now requested a substantially larger amount but Agriculture feels that some caution is warranted and is offering guarantees in the amount of \$65.0 million. He noted in this connection that Romania has made separate representations to a number of U.S. agencies on this matter. He solicited Staff Committee comments and observations.

The Treasury Department representative said that Treasury wanted to defer action on the proposal to provide additional time to consider the proposal. Treasury is pleased the proposal is less than (the reported) \$200 million and observed that \$65 million does not seem unreasonable.

The Export-Import Bank representative noted that Romania has been in default to the extent of \$41,000 to Eximbank for a year.

The Federal Reserve representative perceived no problems with the proposal but expressed a desire to obtain request letters from the CCC at an earlier date in order to provide more time for review. He observed that Romania may be selling domestic production for cash and buying U.S. commodities on credit. The Agriculture Department representative observed that corn is in substantial oversupply in the United States and there is great pressure to export this commodity.

It was agreed to consider this proposal further at a subsequent meeting.

(e) CCC - El Salvador - Tallow, Protein Meals, Vegetable Oils and Meat/Bone Meal  
(NAC Document 81-678)

The Staff Committee then considered, and agreed to forward a favorable recommendation to the Council on the following proposed export credit sales guarantee:

SE

SAILEY  
153343



BUREAU OF  
INTELLIGENCE  
AND RESEARCH

ASSESSMENTS  
AND  
RESEARCH

(U) BULGARIA'S NEW FOREIGN POLICY ACTIVISM

(C) Summary

Bulgaria--long noted for its slavish imitation of Soviet foreign policy--is beginning to show signs of more active participation in the international arena. This is highlighted by:

- a more forthcoming attitude toward Balkan collaboration, including initiatives advocating a Balkan nuclear-free zone; and
- a steady expansion of activity in Third World states, presaging the possibility that Sofia's involvement could soon become a modest adjunct to the pro-Soviet, surrogate roles of Cuba and East Germany in the Third World.

The new Bulgarian activism generally is compatible with the views of, and no doubt has the blessing of, the Soviet leadership. At the same time, however, Sofia evidently is trying to assert a sharper Bulgarian identity or national image, both at home and abroad. Sofia is showing tentative signs of seeking to differentiate some Bulgarian interests and perspectives from those of Soviet and East European hardliners. Its stance on the Polish crisis, at least during the first 10 months, was notably restrained by Warsaw Pact standards. One of Bulgaria's aims in projecting this image is to persuade the West that Bulgaria is not, in effect, another Soviet republic.

Given its continuing economic and political dependence on the Soviet Union, however, there is little likelihood that Bulgaria is going the way of its independent-minded neighbors--Yugoslavia and Romania. The 1980s may nonetheless witness a less slavish Bulgarian emulation of Soviet foreign policy and continuing attempts by Bulgaria to project its own national image.

\* \* \* \* \*

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Report 320-AR  
February 11, 1982

NLRR M4521 #153343

NARA DATE 11/24/17

A New Approach to Balkan Cooperation

(C) In the six years since Greece convened the first conference on Balkan cooperation--bringing together representatives from Yugoslavia, Romania, Bulgaria, and Turkey, as well as Greece--Bulgaria has been viewed by its neighbors as the chief impediment to multilateral Balkan cooperation. Although Sofia may have harbored sympathy for the concept of closer multilateral ties, it appears to have acceded to Soviet pressures and acted to thwart the development of such regionalism. Moscow probably was concerned that an independent political grouping could evolve, one that might bolster the autonomous proclivities of Yugoslavia and Romania, and perhaps induce Bulgaria to act more autonomously. Until recently, then, Bulgaria's official line was that Balkan collaboration could succeed only in a bilateral, not multilateral, context.

(C) Sofia used this stance to block, delay, or dilute whatever Balkan cooperation proposals emerged from time to time. But such obstructionism increasingly ran counter to the emerging Balkan political mood. Gradually bowing to this mood, Bulgaria began to moderate its hardline, across-the-board opposition. In 1979 it finally agreed to participate in multilateral Balkan conferences on limited, technical topics. It sent a representative to the Balkan regional experts' meeting on cooperation in communication held in Turkey (November 26-29), although, even then, Sofia refused to sign any agreements or endorse the concept of Balkan regional cooperation.

(C/NF) The obstructionism receded further when Sofia agreed to host another technical experts' meeting (June 15-19, 1981), this time on cooperation in transportation. Not only did Bulgaria host the meeting, but it also held prior consultations with the participants and signed (but did not publish) a final communique endorsing the idea of regional collaboration as being in the spirit of the Helsinki Final Act. Nevertheless, the Bulgarian participants floated a number of ideas at the meeting--e.g., making Russian one of the conference languages and including Hungary in the Balkan grouping--which were rejected by the others as weakening the Balkan focus of the gathering.

(U) Since 1976, Greece has been lobbying steadily for more Bulgarian acquiescence to Balkan collaboration. The effort appeared to be paying off during Zhivkov's 1981 visit to Greece. The Bulgarian leader and President Karamanlis formally agreed on

that occasion to "encourage bilateral and multilateral cooperation on issues of mutual interest in those special areas on which general agreements exist, and expressed themselves in favor of convening various meetings of experts from Balkan countries on these topics."

(U) This was followed in short order by Bulgaria's first move in the direction of multilateral political cooperation: Zhivkov's advocacy, during his August 1981 meeting with Brezhnev in the Crimea, of a Balkan nuclear-free zone. The TASS statement on the August 7 meeting asserted:

"The USSR and Bulgaria consider that the creation of nuclear-free zones in certain regions of Europe, including the Balkans, might well serve to ease tension. The Soviet Union shares the constructive policy of Bulgaria regarding the development of mutually advantageous collaboration among Balkan countries."

(C/NF) The Soviet-Bulgarian proposal for a Balkan nuclear-free zone is not a new concept--Romania advanced the idea in the late 1950s--but this was the first time since then that Moscow had resurrected the idea, or at least had agreed to go along with Bulgarian sponsorship. The proposal clearly complemented other Soviet initiatives in this realm (e.g., calls for Mediterranean and Nordic nuclear-free zones). The main Soviet motivation, however, was probably to take better political and propaganda advantage of political trends in the eastern Mediterranean. Papandreou's subsequent election in Greece moved the issue of Balkan and Mediterranean regionalism even closer to center stage, given his pursuit of a more nonaligned Greek foreign policy.

(C/NF) Sofia's role appears to have been to nudge area trends in an anti-NATO direction. Thus, in the aftermath of Papandreou's election, Bulgaria quickly seized the new opportunity to press its proposal. Zhivkov's speech at the October 20 celebration of the 1,300th anniversary of the Bulgarian state noted that "We warmly support the idea of making the Balkans a nuclear-free zone, and we propose that a meeting be convened in Sofia of the leaders of the Balkan states to discuss this problem." With this proposition, Bulgaria moved definitely into the arena of Balkan political collaboration.

(C/NF) For a variety of reasons, however, none of the other Balkan states has responded with much enthusiasm to the idea of such a summit.

--Greece's Papandreou does not seem to want regional negotiations or discussions that would detract from or complicate, at least for the moment, Greece's relations with the US, Turkey, and NATO.



- Romania presumably has no objections to a summit per se but would be cool to any course that might give the Soviets a greater say in Balkan cooperation.
- Yugoslavia, which still has major differences with Bulgaria over Macedonia, does not appreciate Bulgaria's sudden activism in the Balkans and has tried to derail the nuclear-free zone idea by insisting that the zone's geographical area needs to be expanded.
- Turkey is flatly opposed to the whole idea but might attend a summit simply to state its opposition to the Balkan nuclear-free zone concept.

(C/NF) Given these problems, the Bulgarians seem to have decreased their efforts on behalf of a summit in 1982, although they apparently intend to continue discussions on the matter. But, having stepped into the multilateral cooperation arena, Sofia will be in an awkward position should it try to block other efforts at Balkan regionalism. Whatever Sofia's (or Moscow's) orientation to the matter, Balkan multilateralism seems destined to become a more dynamic phenomenon in the 1980s.

#### Bulgaria's Third World Frontier

(C) Less noticed than its Balkan initiatives is Bulgaria's growing involvement with selected leftist Third World states. Indeed, in some cases, Bulgaria's involvement may be in the process of becoming a modest adjunct to East German and Cuban pro-Soviet surrogate activity in the Third World. Sofia's recent activism in this respect includes:

- signing more friendship and cooperation treaties with Third World states than any East European Warsaw Pact member except Romania;
- promoting military cooperation with several of these states and with liberation movements; and
- hosting a growing array of Third World and national liberation leaders who seem to regard Sofia as a significant travel stop.

(C) Since 1978, Bulgaria has signed two friendship treaties a year with pro-Soviet less developed countries (LDCs): Angola and Mozambique (1978); Laos and Vietnam (1979); Ethiopia and Kampuchea (1980); and South Yemen and Afghanistan (1981). It is noteworthy that the treaties with Mozambique and Ethiopia include military cooperation clauses. (East Germany has six treaties with LDCs, but only one has a military cooperation clause, while the other East European Pact members' treaties have none.) The pacing

of the treaties suggests that Sofia has decided on a gradual, but steadily growing, involvement with the Third World. Such involvement will aid and abet Soviet foreign policy goals while it better positions Bulgaria to develop new foreign trade markets.

(S) For the moment, however, Sofia seems to be focusing more on military supply relationships than on economic aid commitments (which have been generally small). From a \$2 million arms commitment in 1979, Bulgaria's arms deals with the Third World surged to \$159 million in 1980, the highest among East European Warsaw Pact states. Its major deal in 1980 was with Libya, valued at \$99 million, suggesting that Bulgaria could be involved in trading arms for oil. (Libya is Bulgaria's 10th largest trading partner and its primary Arab oil supplier.)

(S) Other countries that get military supplies from Bulgaria are Tanzania, Zambia, Mozambique, Iraq, and Nicaragua. Tanzania, which has long been one of Bulgaria's most favored LDCs, received a \$46 million arms credit in 1980. As a complement to its arms sales and aid, Bulgaria reportedly also has trained Third World officers and national liberation guerrillas, but the extent of such training is not known. Bulgaria at the same time is developing a reputation as a willing supplier of small arms and ammunition, for hard currency, to clandestine groups and terrorist organizations.

(C) Nicaragua is a prime example of Bulgaria's newly found interest in the Third World. Although East Germany's and Cuba's courting of Managua receives more publicity, Bulgaria has been moving quietly to increase its influence there. By late 1981:

- Nicaragua's embassy in Bulgaria was larger than its embassy in the Soviet Union;
- bilateral trade stood at \$60 million, most of it consisting of Nicaraguan exports; and
- Bulgarian economic aid included an \$18 million credit and the donation of some 10,000 tons of wheat.

With the recent signing of bilateral economic and political cooperation protocols, Bulgarian-Nicaraguan relations should intensify.

(C) As the Nicaraguan case demonstrates, Bulgaria has the capacity to carve out a modest role for itself with some pro-Soviet Third World states. And like the Cubans and East Germans, the Bulgarians can be expected to use such ties to advance Soviet interests. But Sofia will also seek to garner for itself whatever political and economic dividends come from such efforts. At a time of increasing economic stringency in Soviet-East European relations, it is in any event in Bulgaria's long-term interests to

diversify trade sources and to try to find new sources of oil and raw materials.

(C) The Rise of Bulgarian Nationalism

Along with its new foreign policy activism, Bulgaria has begun to project a more nationalistic image, both at home and abroad. The Zhivkov regime has sought to emphasize Bulgarian history and culture as a distinctive national characteristic. Although the attempt to rediscover (and sometimes reinvent) Bulgaria's non-communist roots was the brainchild of Zhivkov's politically influential daughter, the late Lyudmila Zhivkova, Zhivkov himself seems intent on carrying the nationalist campaign forward. His speech for Bulgaria's 1,300th anniversary was replete with pointed nationalistic themes. He spoke of the Bulgarian nation as, inter alia:

"the first Slavic state....the center of great civilizations....the homeland of the Slavic alphabet, of Slavic literacy and culture...[which] gave us a powerful weapon for national self-confidence and national self-preservation."

In addition, there are more recent indications that the Zhivkov regime may be seeking to accent Bulgaria's supposed contributions to the theory and practice of communism. Alexander Lilov, a leading Bulgarian ideologist and party figure, announced recently that Bulgaria would mark the 100th anniversary of Georgi Dimitrov's birth in 1982 with an international theoretical symposium on the Bulgarian communist leader's innovative work. Lilov expressed the hope that the centennial celebrations would "bring to light the durable significance of a number of theoretical-methodological concepts which the great Georgi Dimitrov formulated and applied."

None of this nationalistic posturing has translated into major deviations from the Soviet political model. Nevertheless, the Kremlin knows from experience that such sentiments in Eastern Europe, when used to generate greater legitimacy and international support, have a habit of developing a momentum of their own. The Soviets thus have been decidedly cool to Bulgaria's flirtation with nationalism. Pravda's coverage of Zhivkov's 1,300th anniversary celebration speech, for example, ignored his comments on the Bulgarian nation and mentioned only his praise of the Soviet Union.

Possibly contributing to Moscow's reservations was the fact that Sofia has not been averse to differentiating Bulgarian from Soviet perspectives on certain issues and acting accordingly, albeit without challenging Moscow. Perhaps one of the least noticed aspects of the impact of the Polish crisis within the

Warsaw Pact has been Bulgaria's restrained and moderate stance, stressing the Poles' ability to solve their own problems. During at least the first 10 months of the Polish crisis, the usual hardline triumvirate of East Germany, Czechoslovakia, and Bulgaria clearly did not hold. This began to change after the CPSU's "warning letter" to the Polish party on June 5; Sofia thereafter felt compelled to escalate its anti-Solidarity propaganda.

Before June 5, Bulgaria, at least by inference, seemed to be treating the Polish crisis as far removed from Bulgarian interests. There was even some diplomatic speculation that Zhivkov had argued with Brezhnev against a Warsaw Pact military intervention scenario. Bulgaria's initial position on Poland was a subtle, but potentially significant, indicator of the Zhivkov regime's greater self-confidence and its willingness to chance being slightly out of step with Moscow.

Given the long history of the relatively friendly Bulgarian-Russian ties, and the extent to which the Bulgarian party permitted itself to accept Soviet tutelage, it is highly unlikely that Bulgaria would become the next Balkan nonconformist. Moreover, with some 75 percent of Bulgaria's trade, including the bulk of its raw materials and oil imports, still coming from the Soviet Union and Eastern Europe, Soviet leverage remains quite potent.

Within the context of general fealty to the Soviet-East European alliance system, however, Bulgaria now seems intent on a cautious assertion of its national image, a more pointed consideration of its own national interests, and a generally more active role in world affairs. The development of these trends in the 1980s could well mark the emergence of a "new" Bulgaria, one whose foreign policy articulations might take on more of the nuances of the Warsaw Pact moderates, such as Hungary.

Prepared by Robert L. Farlow  
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Approved by Martha Mautner  
x29536

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4/5

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## THE WHITE HOUSE

WASHINGTON

February 17, 1982

MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Romania's Request for CCC Loan

Issue: Should the Government of Romania be granted a \$65 million loan to be guaranteed by the Commodity Credit Corporation?

Discussion: The requested guarantee and loan would allow purchase in the United States of corn and soybean meal. The Departments of Agriculture and State strongly favor the loan. However, the Department of the Treasury and the Office of Management and Budget conclude and advise that Romania, based on its present economic conditions, probably would be unable to repay the loan on schedule. If Romania failed to repay, our government would be required to pay the banks which made the loans in accordance with the guarantee arrangements. We are in a similar situation now with respect to the Polish CCC credit guarantees. At a time when CCC is requesting replenishment due in part to substantial arrearages by debtor countries, new guarantees to countries whose ability to pay is doubtful appears less than prudent.

Decision: The President, having been apprised of all relevant facts, and having considered opposing arguments, concludes that Romania's application for the loan must be denied. Should the circumstances leading to this decision change, the President wishes to be promptly informed.

FOR THE PRESIDENT:

  
William P. Clark

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COMMENTS



~~CONFIDENTIAL~~

153349

30

MEMORANDUM

324

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NATIONAL SECURITY COUNCIL

January 21, 1982

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ACTION

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NLRR # 153349

BY RW NARA DATE 11/28/17

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Proposed CCC Loan to Romania (C)

The Commodity Credit Corporation proposes to lend Romania \$65 million to purchase corn and soybean meal. Because of interagency disagreement, the matter has been postponed several times. It must be expeditiously resolved. (C)

USDA is in favor of making the loan because they want to sell the products. They claim that they are satisfied with Romania's creditworthiness. State wants the loan made because of Romania's partially independent foreign policy stance which they wish to encourage. (C)

Treasury and OMB are opposed because they do not believe Romania can repay the loan and the CCC is already in difficulty because the Poles are defaulting on their CCC loans. CIA concurs in the judgment that Romania probably will not be able to pay. In this regard, it should be noted that Western firms have begun to refuse confirmed letters of credit issued by the Romanian National Bank (Tab I). (C)

RECOMMENDATION:

That you authorize me to call a meeting of USDA, State, Treasury, OMB and CIA to try to resolve the question.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

That you indicate to me your own preference.

make the loan \_\_\_\_\_ do not make the loan            ✓

cc: Richard Pipes  
William Stearman  
Paula Dobriansky

*let's discuss issue - know background from State  
Woz*

Attachment

Tab I      CIA Cable re Romanian Issued Letters of Credit

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Review January 21, 1988

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REPORT CLASS ~~C O N F I D E N T I A L~~--UNINTEL--NOFORN  
REPORT NO. [ ]  
COUNTRY: ROMANIA/SWITZERLAND/BELGIUM  
SUBJECT: WESTERN EUROPEAN REFUSAL TO HONOR ROMANIAN ISSUED  
LETTERS OF CREDIT.

1/20

1/25

1. ROMANIA CONTINUES TO EXPERIENCE DIFFICULTIES IN FINANCING FOREIGN TRADE ARRANGEMENTS. IN LATE DECEMBER 1981, THE SWISS FIRM STAUFFER CHEMICALS EUROPE S.A., GENEVA, AND THE BELGIUM FIRM P.B. GELATINES, BRUSSELS, REFUSED TO HONOR A PURCHASE REQUEST FROM THE ROMANIAN MEAT TRADING FIRM PRODEXPORT WHICH WAS FINANCED BY TWO SEPARATE LETTERS OF CREDIT ISSUED BY THE ROMANIAN NATIONAL BANK. THE ROMANIAN PURCHASE CALLED FOR THE REQUISITION OF 16,200 KILOGRAMS (KG) OF CURAPHOS 11-2 AND 4,750 KG OF EDIBLE GELATINE, CHEMICALS NEEDED TO CURE PORK WHICH WAS DESTINED FOR EXPORT TO SWEDEN.

2. IN ORDER TO CONCLUDE THE PURCHASE AGREEMENT WITH THE AFOREMENTIONED FIRMS, LUCIEN (LIN), DIRECTOR OF AMERICAN MARKETS, PRODEXPORT, REQUESTED A U.S. MEAT TRADER HAVING BUSINESS RELATIONSHIPS WITH PRODEXPORT TO ISSUE TWO PARALLEL, IRREVOCABLE LETTERS OF CREDIT TO THE SWISS AND BELGIUM COMPANIES. THE NEW INSTRUMENTS WERE ISSUED THROUGH A BRITISH BANK WITH OFFICES IN THE UNITED STATES. [ ] COMMENT: LIN WAS EXTREMELY CONCERNED ABOUT ARRANGING ALTERNATIVE FINANCING SINCE MEAT EXPORTS REMAIN ONE OF ROMANIA'S MAJOR SOURCES OF HARD CURRENCY EARNINGS. ALTHOUGH LIN DID NOT DIRECTLY SPECIFY THE REASON WHY THE SWISS AND BELGIUM FIRMS REFUSED TO HONOR THE ROMANIAN ISSUED LETTERS OF CREDIT, IT WAS APPARENT THAT THEY QUESTIONED THE CREDIT WORTHINESS OF THE ROMANIAN NATIONAL BANK. LIKEWISE, THE PARTICIPATION OF THE U.S. FIRM IN ISSUING THE PARALLEL LETTERS OF CREDIT WAS NOT DUE TO A PERCEPTION OF ROMANIAN CREDIT WORTHINESS, BUT RATHER THAT THE ROMANIAN'S HAD SUFFICIENT FUNDS DEPOSITED WITH THE U.S. FIRM WHICH COULD BE HELD AS COLLATERAL.

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MLRR M452 # 153358

BY RW NARA DATE 11/28/11

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THE WHITE HOUSE  
WASHINGTON

324

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MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: CCC Credit for Romania

The Commodity Credit Corporation has under consideration a \$65,000,000 loan to Romania for the purchase of corn and soybean meal.

It is well known that Romania is in serious financial difficulty, primarily because of mismanagement. It is the best judgment of the CIA, Treasury and OMB that Romania is unlikely to be able to repay this loan.

Although it is true that Romania has exhibited some degree of foreign policy independence from the Soviet Union, it is internally one of the most repressive of Soviet Bloc governments. Thus, granting this loan at this time would not only be bad business but would also send the wrong signals to the USSR and to other countries with reference to our current posture vis-a-vis the Soviet Bloc.

FOR THE PRESIDENT:

William P. Clark

~~CONFIDENTIAL~~

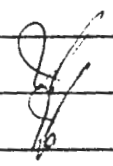

Review January 27, 1988

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BY W NARA DATE 11/28/17  
NLR M452/L #153352

**National Security Council  
The White House**

Package # 324

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John Poindexter	<u>2</u>		_____
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153362	MEMO  DRAFT CLARK TO SECRETARIES OF STATE, TREASURY, DEFENSE, ET AL, RE. ROMANIA'S REQUEST FOR CCC LOAN [W/NOTATION]	1	ND	B1

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153363	MEMO  DRAFT CLARK TO SECRETARIES OF STATE, TREASURY, DEFENSE, ET AL, RE. ROMANIA'S REQUEST FOR CCC LOAN [COPY OF DOC. 153362 W/O NOTATION]	1	ND	B1

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MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
~~THE DIRECTOR OF CENTRAL INTELLIGENCE~~

SUBJECT: ~~CCC Credit for Romania's Request for CCC Loan~~

*The President shall*  
Issue: Whether ~~to~~ <sup>to</sup> approve an application by the Government of Romania for a \$65,000,000 loan ~~from~~ <sup>to be guaranteed by</sup> the Commodity Credit Corporation.

*requested guarantee allow*  
Discussion: The ~~loan~~ <sup>loan</sup> would be ~~for~~ <sup>allow</sup> the purchase in the United States of corn and soybean meal. ~~The~~ <sup>the</sup> Departments of Agriculture and State favor ~~the~~ <sup>granting</sup> loan. ~~The~~ <sup>however,</sup> Department of Treasury, OMB ~~and~~ <sup>conclude that</sup> CIA do not believe that Romania would be ~~able~~ <sup>able</sup> to repay the loan ~~on~~ <sup>on schedule, requiring</sup> *(Treas and OMB lose this conclusion on...)*

*all*  
Decision: The President, having been apprised of ~~relevant~~ <sup>all</sup> facts and having considered opposing arguments ~~and~~ <sup>and</sup> the consequences of decisions to approve or not to approve the application, has concluded that Romania's application for the loan must be denied. ~~Should the President~~ <sup>circumstances leading to this decision</sup> ~~change,~~ <sup>change,</sup> the President ~~wishes~~ <sup>wishes</sup> to be ~~opposed~~ <sup>opposed</sup> in the ~~hope~~ <sup>hope</sup> that

FOR THE PRESIDENT:  
*Romania will supply*

*Bill Clark*  
William P. Clark

requiring eventual payment of guarantees to the banks making the loans or purchase of the loans by the CCC, as it is now doing in the case of the Polish CCC Credits. Treasury and OMB base their conclusion on their own analyses as well as those of [redacted]

At a time when the CCC is requesting replenishment due in part to substantial arrearages by debtor countries new guarantees to countries whose ability to pay is highly doubtful seems questionable.

DECLASSIFIED IN PART

REF ID: A66452 #153365

BY: [signature] NARA DATE 11/28/17



~~CONFIDENTIAL~~

153366

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MEMORANDUM

324

NATIONAL SECURITY COUNCIL

January 27, 1982

~~CONFIDENTIAL~~

SIGNED

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NB*

SUBJECT: CCC Credit for Romania

In accordance with your instructions, I have prepared a memorandum (Tab I) from you to the appropriate department heads opposing the granting of CCC credits to Romania on grounds that Romania cannot pay (Tab II -- CIA report) and that, in any case, granting the loan at this time would send the wrong signals.

RECOMMENDATION:

That you sign the memorandum to the department heads at Tab I.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

cc: Richard Pipes  
William Stearman  
Paula Dobriansky  
Henry Nau

Attachments

Tab I Memo to Department Heads for Your Signature  
Tab II CIA Report

~~CONFIDENTIAL~~

Review January 27, 1988

DECLASSIFIED

NLR # M4521 #153366  
BY *RW* NARA DATE 11/28/17

~~CONFIDENTIAL~~

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

27 January 1982

National Intelligence Officers

MEMORANDUM FOR: Dr. Norman A. Bailey  
 National Security Council

FROM: Maurice C. Ernst  
 National Intelligence Officer for Economics, CIA

SUBJECT: Romania's Balance of Payments and Debt Problems

As per your request, attached is some material on Romania's balance of payments and debt problems. Romania clearly is unable to meet its financial obligations. To do so would require cuts in imports so severe as to force substantial declines in industrial production, such as occurred in Poland. The Romanians have already squeezed all the consumer goods they can out of the economy, and this has occasioned some sporadic unrest.

The receipt of a \$65 million CCC credit would fill only a small part of the balance of payments gap. They would probably use such a credit to free up foreign exchange with which to pay interest on debt and perhaps repay those creditors they cannot put off.

The prospects of such a credit being repaid would be poor. There is little chance that the Romanian economy will substantially turn around in the next two or three years, and next to no chance it will generate large new sources of foreign exchange earnings. Their oil fields, traditionally a large source of hard currency earnings, are at a late stage of development and declines in production are probably inevitable. Romania hopes to further diversify its hard currency exports, but has had little success to date.

*Maurice C. Ernst*  
 Maurice C. Ernst

Attachment,  
As stated

~~CONFIDENTIAL~~

DECLASSIFIED  
 NLRR M452/1 #153354  
 BY RW NARA DATE 11/28/17

13526  
E. C. 42770  
As/Amended  
Sec. 3.5c

27 January 1982

**MEMORANDUM FOR:** National Intelligence Officer for Economics  
**FROM:**  EURA/EE/SE  
**SUBJECT:** Romanian Difficulties in Meeting Debt-Service Obligations

1. Romania will continue to have difficulties in meeting debt service obligations on its estimated hard currency debt of \$10 billion. Bucharest has placed its needs for 1982 at \$4.5 billion, including \$2 billion in principal on medium- and long-term debts, a \$.5 billion current account deficit, \$.5 billion for short-term credits, \$.3 for building up reserves and extending credits, and \$1.2 billion in arrearages from 1981. Projected sources of finance fall far short of needs. Bucharest hopes to secure approximately \$2.45 billion, consisting of \$.75 from the IMF and World Bank, \$1.2 billion in supplier credits, and \$.5 billion from "other sources" (probably a balance of payments loan from Arab financial institutions). The financial gap could prove to be even larger than the \$2.05 billion presented by Bucharest. Holding the current account deficit to just \$.5 billion will be difficult as Bucharest encountered serious domestic problems in slashing the 1980 current account deficit of \$2.4 billion by \$1 billion last year. Furthermore, supplier credits may not be as readily available until the arrearages are cleared up.

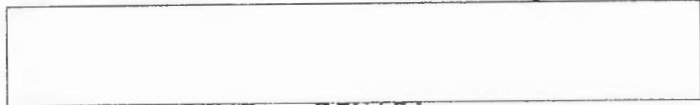
2. Rescheduling is currently under way with Western bankers, but reaching an agreement will be difficult. Bankers so far have offered to reschedule only \$1.5 billion of the amounts due this year with the condition that government debts be rescheduled too. Bucharest desires to reschedule everything due this year--including the arrearages--plus debts due through 1984.

3. Romania faces hard times even if rescheduling takes place. Its principal hard currency exports are hindered by the soft world market for petroleum products and by a second consecutive poor performance in the agricultural sector.

DECLASSIFIED IN PART

NLRR M452 #153356

~~NO DISSEMINATION  
CONFIDENTIAL~~



BY DW NARA DATE 11/28/17

**SUBJECT: Romanian Difficulties in Meeting  
Debt-Service Obligations**

Bucharest continues to push food exports despite the severe shortages at home. *Most nonessential imports have been cut and import reductions are now affecting needed raw materials.* Further cuts in imports will have negative repercussions for domestic growth and already low living standards.



su  
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NATIONAL SECURITY COUNCIL

February 23, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Presidential Statement for Leipzig Spring Fair

It seems to me entirely inappropriate under the present circumstances for the President to send a statement to the Leipzig Trade Fair in East Germany (Tab I). I have held up clearance.

RECOMMENDATION:

That you kill it or authorize me to do so.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

*NW*  
Henry Nau concurs.

Attachment

Tab I Clearance Cable on Presidential Statement

*RMP*

*Bailey*

**WASHFAX RECEIPT**  
**DEPARTMENT OF STATE**

DEPARTMENT OF STATE

1932 FEB 19 PM 7:59

82 FEB 19 7:59

**B**  
S/S #

MESSAGE NO. 02420 CLASSIFICATION UNCLASSIFIED No. Pages 2

FROM: A. ADAMS S/S 28448 7224  
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION TELEGRAM TO BERLIN RE PRESIDENTIAL STATEMENT FOR LEIPZIG SPRING FAIR

<u>TO: (Agency)</u>	<u>DELIVER TO:</u>	<u>Extension</u>	<u>Room No.</u>
<u>NSC</u>	<u>- MICHAEL WHEELER</u>	<u>395-3044</u>	
	<u>- Bailey</u>		
	<u>- N/AU</u>		

FOR: CLEARANCE  INFORMATION  PER REQUEST  COMMENT

REMARKS: \_\_\_\_\_

*Do not clear it. MB*

S/S Officer: *[Signature]*

**crosshatch**

NUMBER CONTIGUOUS TO S/S

UNCLASSIFIED

EUR/CE:BWCLARK:DJ  
2/19/82 X22721  
EUR/CE:TGWESTON

NSC:  
USDOC:SLOTARSKI

S/S :  
EUR:TMTNILES

PRIORITY                BERLIN  
ROUTINE                 VIENNA

E.O. 12065: N/A

TAGS: BEXP, GC

SUBJECT: PRESIDENTIAL STATEMENT FOR LEIPZIG SPRING FAIR

THERE FOLLOWS THE TEXT OF THE PRESIDENTIAL STATEMENT FOR  
THE SPRING LEIPZIG FAIR:

BEGIN TEXT:

ON BEHALF OF THE AMERICAN PEOPLE, I AM HAPPY TO WELCOME YOU  
TO THIS UNITED STATES EXHIBITION.

OUR EXHIBITORS ARE EMISSARIES OF THE AMERICAN BUSINESS  
COMMUNITY WHO SEEK TO JOIN YOU IN DEVELOPING NEW OPPORTUNI-  
TIES FOR MUTUALLY BENEFICIAL TRADE.

HERE THEY DISPLAY AND DEMONSTRATE PRODUCTS THAT ARE TYPICAL  
OF THE QUALITY GOODS AND SERVICES THAT AMERICAN INDUSTRY  
CAN SUPPLY, IN THE HOPE THAT YOUR INTERESTS AND THEIRS CAN  
BE MUTUALLY SERVED.

THIS EXHIBITION DEMONSTRATES OUR BELIEF THAT EXPANDED TRADE  
PROMOTES INTERNATIONAL FRIENDSHIP, WORLD ECONOMIC PROGRESS  
AND GREATER PROSPERITY FOR ALL. MAY YOU HAVE A PLEASANT  
AND REWARDING VISIT.

TGM  
BWCLARK  
NSC  
S/S  
USDOC  
TMTN

UNCLASSIFIED

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SINCERELY,

RONALD REAGAN

END TEXT.

THIS TEXT IS THE STANDARD WHITE HOUSE APPROVED PRESIDENTIAL  
MESSAGE FOR USE AT TRADE FAIRS BY THE DEPARTMENT OF COM-  
MERCE. 44.

UNCLASSIFIED