

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Executive Secretariat, NSC: Country
File: Records, 1981-1985
Folder Title: Soviet Bloc Economic and Financial
Situation Update: (01/25/1982)
Box: RAC Box 19

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5

Box Number 19

SKINNER

90

ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions
168471 MEMO	N. BAILEY TO W. CLARK: SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION UPDATE NO. 6 <i>PAR 4/8/2013 CREST NLR-748-19-13-1-2</i>	2	1/25/1982	B1
168472 CABLE		4	1/20/1982	B1
168473 CABLE		2	1/18/1982	B1
168474 CABLE	191315Z JAN 82	1	1/19/1982	B1
168475 CABLE		3	1/19/1982	B1
168476 CABLE		2	1/19/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5

Box Number 19

SKINNER

90

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
168477	CABLE		3	1/19/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<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>
168471	MEMO N. BAILEY TO W. CLARK: SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION UPDATE NO. 6	2	1/25/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

MW
1

~~SECRET~~

427

MEMORANDUM

NATIONAL SECURITY COUNCIL

January 25, 1982

168471

~~SECRET~~

INFORMATION

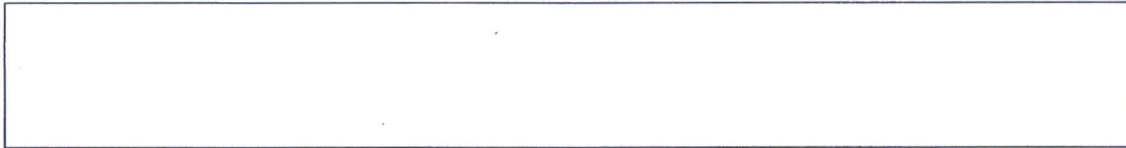
ON-FILE NSC RELEASE INSTRUCTIONS
APPLY

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NAB*

SUBJECT: Soviet Bloc Economic and Financial Situation;
Update No. 6

25X1



-- The USSR continues to try to borrow money against
future gas earnings (Tab B). (U)

25X1



-- Romania has declared it must have a rescheduling
involving 1982, 1983 and 1984 and a series of measures has
apparently been taken by the Romanian government along the

~~SECRET~~

~~SECRET~~
Review January 20, 2002
Derivative Classification by CIA

DECLASSIFIED IN PART
NLRR *CREST*
BY *CN* NARA DATE *4/8/13*

~~SECRET~~

2

lines of turning off lights, hot water only two hours a day, no use of refrigerators, etc. enforced by inspectors (Tab I). (C)

cc: Richard Pipes
William Stearman
Paula Dobriansky
Gus Weiss
Henry Nau

25X1

Attachments

[Redacted]

Tab B State Cable re Pipeline Financing

25X1

[Redacted]

Tab I State Cable re Romanian Financial Situation and Item re Energy Conservation Measures in Romania

~~SECRET~~

3

A

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<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>
168472	CABLE	4	1/20/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

8

B

UNCLASSIFIED

9 B

NATIONAL SECURITY COUNCIL
MESSAGE CENTER

PAGE 01 BONN 1350 DTG: 211216Z JAN 82 PSN: 040000
EOB207 AN011331 TOR: 021/1230Z CSN: HCE224 BURNS
BT

DISTRIBUTION: BALY-01 FEIT-01 LENZ-01 NAU-01 PIPE-01 RENT-01
STER-01 MYER-01 /008 A2

WHSR COMMENT: POSS NOTE

WHTS ASSIGNED DISTRIBUTION:
SIT: PUBS SIT EOB
EOB:

OP IMMED
UTS2755
DE RUFHOL #1350 0211216
O 211216Z JAN 82
FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 3368

INFO AMEMBASSY LONDON 0293
AMEMBASSY PARIS 1683
AMEMBASSY ROME 7636
AMCONSUL MILAN 0381
AMEMBASSY BRUSSELS 9674
USMISSION USNATO 6993

1/25

UNCLAS BONN 01350

ALSO FOR USEC AND USOECD
E.O. 12065: N/A
TAGS: EFIN, ENRG, EEWT, GE, SU
SUBJECT: SOVIETS REPORTEDLY SEEK ADDITIONAL PIPELINE
FINANCING.
REF: A) BONN 343, B) BONN 1263.

1. TREASURY WEEKLY FINANCING DEVELOPMENTS REPORT (BONN 1263) CONTAINED LATEST INFORMATION AVAILABLE ON SOVIET EFFORTS TO BORROW ADDITIONAL FUNDS FOR PIPELINE CONSTRUCTION. RELEVANT PARAGRAPH IS REPEATED FOR INFORMATION OF ADDRESSEES' BEGIN TEXT:
SOVIET BORROWING EFFORTS:
ACCORDING TO THE ECONOMIC NEWSLETTER THE "PLATOW BRIEF," A HIGH-LEVEL SOVIET DELEGATION HEADED BY THE VICE PRESIDENT OF THE CENTRAL BANK VISITED DUESSELDORF AND FRANKFURT STARTING JANUARY 14 TRYING VARIOUS MEANS TO OBTAIN CREDIT MORE EASILY. WHILE NO MORE IS KNOWN OF THIS VISIT, IT HAS ALSO BEEN REPORTED IN THE LOCAL PRESS THAT THE ADDITIONAL DM 300 MILLION "PREFINANCING" LOAN REPORTEDLY REQUESTED BY THE SOVIETS IN CONNECTION WITH THE GAS PIPELINE (BONN 343) IS BEING RESISTED BY GERMAN BANKS. THE BANKS ARE REPORTEDLY SEEKING, INTER ALIA, SOVIET ACCEPTANCE OF RESPONSIBILITY FOR POLISH DEBT SERVICE AND MORE SUPPLIER CONTRACTS FOR GERMAN FIRMS IN THE BUILDING OF THE PIPELINE. THE ECONOMICS MINISTRY HAS TOLD REPORTERS AND CONFIRMED TO THE EMBASSY THAT SUCH A "PREFINANCING" LOAN WOULD NOT RECEIVE HERMES GUARANTEES.
IT HAS ALSO BEEN REPORTED FROM TWO SOURCES, BUT WITH VARYING PARTICULARS, THAT A PLANNED MEETING OF A SOVIET-GERMAN BANKING COMMISSION HAS BEEN CANCELED. ONE ARTICLE IDENTIFIED THE GROUP AS THE BANKING AND CREDIT COMMITTEE (CONSISTING OF BANK REPRESENTATIVES HEADED BY CHRISTIANS OF DEUTSCHE BANK FOR THE GERMANS) OF THE MIXED ECONOMIC COMMISSION (CHAIRIED FOR THE GERMANS BY ECONOMICS MINISTER LAMBSDORFF.) ONE SOURCE CITED POLITICAL MOTIVATION ON THE PART OF THE GERMANS, THE OTHER A DETERIORATION IN THE "CLIMATE" OF RELATIONS.
END TEXT.

2. ADDITIONAL PRESS STORIES JANUARY 21 TAKE SAME LINE.

UNCLASSIFIED

10

C

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restrictions</i>
168473	CABLE	2	1/18/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

13

D

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Drawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<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>
168474	CABLE 191315Z JAN 82	1	1/19/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

15

E

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<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>
168475	CABLE	3	1/19/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

19

F

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<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>
168476	CABLE	2	1/19/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

22

G

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KDB 7/28/2015

File Folder

SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (1/25/82)

FOIA

F03-002/5
SKINNER

Box Number

19

90

<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>
168477	CABLE	3	1/19/1982	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]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- 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.

26

H

UNCLASSIFIED

INCOMING
TELEGRAM

H
27

Department of State

PAGE 01
ACTION EUR-12

LONDON 01084 181257Z

8002

INFO	OCT-00	ADS-00	INR-10	SS-10	CIAE-00	EB-08	DODE-00
	H-01	NSC-05	NSAE-00	COME-00	HA-06	L-03	PM-09
	PA-02	OMB-01	STR-13	SMS-01	BIB-01	ICAE-00	SP-02
	SPRS-02	/086 W					

-----153474 181551Z /45

R 181249Z JAN 82
FM AMEMBASSY LONDON
TO DEPTTREAS WASHDC
SECSTATE WASHDC 5629

UNCLAS LONDON 01084

E. O. 12065; N/A
TAGS: EFIN, UK
SUBJECT: WRITE OFF OF UK BANK EXPOSURE IN POLAND

REF: LONDON 494

1. THE SUNDAY TIMES OF JANUARY 17 INDICATED THAT SEVERAL OF THE LARGER UK BANKS HAVE DECIDED TO PROVISION AGAINST THEIR POLISH EXPOSURE IN THEIR 1981 BALANCE SHEETS. AS NOTED REFTEL, BANKS HERE HAVE APPROXIMATELY A MONTH AFTER CALENDAR YEAR TO CLOSE THEIR BOOKS. WHILE ARTICLE IS UNCLEAR AS TO WHETHER PROVISIONING WILL TAKE THE FORM OF INCREASE IN RESERVES OR ACTUAL WRITE OFF ON LOANS, WE EXPECT THAT THERE WILL BE SOME OF EACH AND INCREASE IN RESERVES LIKELY TO EXCEED ACTUAL WRITE OFFS. TEXT OF ARTICLE BY STEPHEN ARIS FOLLOWS.

2. QUOTE:
"UK BANKS WRITE OFF POLAND'S DOLS 2BN"

BY STEPHEN ARIS

A NUMBER OF LEADING BRITISH CLEARING BANKS AND AT LEAST ONE WELL-KNOWN CITY MERCHANT BANK ARE EXPECTED TO ANNOUNCE SHORTLY THAT THEY HAVE FINALLY LOST ANY HOPE OF RECOVERING MONEY THEY HAVE LENT BANKS TO POLAND. THEY COULD LOSE UP TO DOLS 1BN.

IN THE PAST FEW DAYS SEVERAL BANKS HAVE TOLD THE BANK OF ENGLAND THAT THEY INTEND TO MAKE PROVISIONS TO COVER ALL OR PART OF THEIR SHARE OF THE OUTSTANDING DEBT. THE MERCHANT BANK WAS DISCUSSING LAST WEEK THE POSSIBILITY OF WRITING OFF ITS DOLS 3M CREDIT TO POLAND ENTIRELY.

BANK OF ENGLAND AND TREASURY OFFICIALS SAY BRITAIN'S COMMERCIAL BANKS HAVE LENT POLAND A LITTLE UNDER DOLS 2BN, OF WHICH JUST OVER HALF IS GUARANTEED BY THE GOVERNMENT'S EXPORT CREDIT GUARANTEE DEPARTMENT. THE BANKS MOST HEAVILY INVOLVED ARE BARCLAYS AND LLOYDS.

THE BANKS' DECISION TO WRITE OFF POLAND'S DEBT REFLECTS INCREASING PESSIMISM ABOUT THE FINAL OUTCOME OF THE LONG-DRAWN-OUT NEGOTIATIONS OVER THE REPAYMENT OF THE 1981 SLICE OF THE DEBT.

FOR MONTHS WESTERN BANKERS HAVE BEEN INSISTING THAT THE POLES MAKE AN INTEREST PAYMENT OF DOLS 500M ON THE 1981 DEBT AS PART OF A RESCHEDULING PACKAGE. BUT SO FAR THE POLES HAVE ONLY MANAGED TO FIND DOLS 200M, AND THE BANKERS' HOPES THAT THE RUSSIANS WOULD SUPPLY THE BALANCE HAVE PROVED UNFOUNDED.

UNQUOTE
LOUIS

1/25

UNCLASSIFIED



~~CONFIDENTIAL~~

I
29

NATIONAL SECURITY COUNCIL
MESSAGE CENTER

PAGE 01 OF 02
EOB940

BUCHAREST 0432
AN011057

DTG: 201345Z JAN 82 PSN: 038706
TOR: 020/1641Z CSN: HCE873

DISTRIBUTION: BALY-01 LENZ-01 NAU-01 PIPE-01 RENT-01 STER-01
TYSN-01 /007 A2

WHTS ASSIGNED DISTRIBUTION:
SIT: NAN COL JP VP SIT EOB
EOB:

DECLASSIFIED

PRIORITY
STU8583
DE RUDKAR #0432 0201427
P 201345Z JAN 82
FM AMEMBASSY BUCHAREST

NLRR 748-19-13-8-5
BY LC003 NARA DATE 7/28/15

1/25

TO SECSTATE WASHDC PRIORITY 1797

~~C O N F I D E N T I A L~~ BUCHAREST 0432

NODIS
E.O. 12065: RDS-4 1/20/2002 (FRY, SAMUEL E.) OR-M
TAGS: RO, EFIN
SUBJECT: ROMANIAN FINANCIAL SITUATION
REF: BUCHAREST 0277

1. ~~C~~ - ENTIRE TEXT.
2. IN AN HOUR-LONG MEETING JANUARY 19 ORIGINALLY REQUESTED BY EMBASSY AS A COURTESY CALL, FOREIGN TRADE BANK PRESIDENT EREMA DISCUSSED WITH AMBASSADOR ISSUES ASSOCIATED WITH DEBT RESCHEDULING PROPOSED LAST WEEK BY TEN WESTERN BANKS.
3. MAIN POINTS WHICH EREMA MADE WERE THE FOLLOWING:
 - THE IMF TEAM WAS VERY HELPFUL IN PREPARING FOR LAST WEEK'S MEETING WITH THE BANKS. THE TEAM IS CONTINUING DISCUSSIONS IN BUCHAREST WITH THE FINANCE MINISTRY AND IS ASSISTING IN PREPARATIONS FOR THE NEXT MEETING WITH THE BANKS ON THURSDAY, JANUARY 21.
 - ROMANIA GAVE THE BANKS ALL THE BASIC DATA. THERE MAY BE ADDITIONAL QUESTIONS AND SMALL ADJUSTMENTS. ROMANIA'S PURPOSE IS TO ARRIVE AT A COMMON DATA BASE AS A BASIS FOR NEGOTIATIONS.
 - THE GAP IN ROMANIAN FINANCIAL CAPACITY IS TOO LARGE TO BRIDGE IN 1982 ALONE; AND A SOLUTION MUST INVOLVE 1983 AND POSSIBLY 1984. ROMANIA WOULD PREFER A COMPREHENSIVE SOLUTION TO ONE REQUIRING A SUCCESSION OF DECISIONS OVER A PERIOD OF YEARS.
 - THE VOLUME OF DEBT TO BE RESCHEDULED REMAINS AN OPEN QUESTION. ROMANIA NEEDS MUCH MORE THAN THE DOLLARS 1.5 MILLION MENTIONED BY THE BANKS.
 - CURRENT ARREARS OF DOLLARS 1.2 BILLION PRESENT A SEPARATE PROBLEM. ROMANIA WOULD LIKE TO RESCHEDULE THOSE ARREARS ON TERMS TO BE NEGOTIATED. ROMANIA WOULD LIKE A SOLUTION IN WHICH A COMMERCIAL OR GOVERNMENT CREDIT PERMITTED IT TO PAY OFF ARREARS (DOLLARS 800 MILLION TO SUPPLIERS AND DOLLARS 320-350 MILLION TO BANKS) RATHER THAN EXTENDING OR RESCHEDULING THE EXISTING DEBTS. EREMA SAID IT MAY BE MORE DIFFICULT, HOWEVER, TO SOLVE THIS PROBLEM WITH A NEW LOAN THAN TO RESCHEDULE EXISTING DEBTS.
 - IT IS ESSENTIAL THAT WESTERN BANKING RELATIONSHIPS BE RESTORED SO THAT SHORT-TERM DEPOSITS AND OTHER SHORT-TERM FACILITIES ARE AVAILABLE TO ROMANIA FOR NORMAL PAYMENT OPERATIONS.
 - IN ADDITION TO SHORT-TERM FACILITIES, NEW MEDIUM-TERM CREDIT IS ALSO NEEDED.

NODIS

NODIS

NODIS

NODIS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

30

NATIONAL SECURITY COUNCIL
MESSAGE CENTER

PAGE 02 OF 02

BUCHAREST 0432

DTG: 201345Z JAN 82 PSN: 038706

- NO DIS
- IN RESPECT TO THE IMF STANDBY FACILITY, THE FUND DECLINED TO DISBURSE THE NOVEMBER TRANCHE BECAUSE ARREARS OF OVER DOLLARS ONE BILLION HAD ACCUMULATED. (EREMIA IMPLIED THAT A SOLUTION TO THE ARREARS PROBLEM WOULD RETURN ROMANIA TO COMPLIANCE WITH THE STANDBY ARRANGEMENT.)
 - ROMANIA MUST MEET ITS OBLIGATIONS TO FOREIGN SUPPLIER FIRMS, AND IT WILL DO SO. SOME SUPPLIERS ARE CONDITIONING FURTHER DELIVERIES ON PAYMENT OF ARREARS. IT IS IN THE INTEREST OF SUPPLIERS TO CONTINUE DELIVERIES. ROMANIA CONTINUES TO REPRESENT A MARKET WHICH PROMISES TO DEVELOP DESPITE RECESSION IN THE WORLD ECONOMY.
 - ACCESS TO OFFICIALLY GUARANTEED CREDITS IS BLOCKED. SUCH CREDITS NEED TO BE RESTORED IN ORDER TO FINANCE ESSENTIAL IMPORTS WHICH IN TURN GENERATE HARD CURRENCY EXPORTS.

NO DIS

4. IN CONVERSATION WHICH FOLLOWED, AMBASSADOR NOTED THAT NON-PAYMENT OF OBLIGATIONS WAS CREATING DIFFICULTIES FOR U. S. FIRMS, PARTICULARLY FOR SMALLER COMPANIES. IN REPLY, EREMA DISCUSSED APPROACHES TO THE PROBLEM OF ARREARS TO SUPPLIERS, STRESSING THE NEED TO DEAL WITH FIRMS OF VARIOUS SIZES FROM VARIOUS COUNTRIES IN A NON-DISCRIMINATORY WAY.

NO DIS

5. IN CONCLUSION EREMA NOTED THAT THE CONFIDENTIALITY OF THE DISCUSSIONS WITH THE BANKS HAD SO FAR BEEN MAINTAINED. HE SAID THAT EXTERNAL DEBT OF DOLLARS 10 BILLION WAS NOT EXCESSIVE FOR ROMANIA, BUT ITS MATURITY STRUCTURE WAS BAD. HE SAID ROMANIA HAD DONE ITSELF A DISSERVICE IN THE PAST BY WITHHOLDING INFORMATION ABOUT ITS FINANCIAL SITUATION.

FUNDERBURK
BT

~~CONFIDENTIAL~~

1/25 31

Jaruzelski apparently has not held any regimental commands and the biography only states that he held "many responsible posts in the defence ministry". These were almost certainly connected with the Communist party or with internal security since Jaruzelski was appointed as chief party commissar of the army in 1960. Eight years later he became defence minister and in 1971 he joined the party politburo. In 1973, he was given the newly-restored top rank of general of the army, one step above full general.

Little is known about his private life. But Jaruzelski comes from a well-to-do family which rented a big farm near Bialystok and is strongly Catholic.

Western analysts cannot decide if this background and Jaruzelski's actions prove that he is a puppet of the Russians, or a Polish nationalist who is also a Communist doing his best to prevent a Soviet invasion.

He is said to have refused a request in August, 1980, by the then party chief, **Edward Gierak**, to bring out the troops and crush Solidarity. Jaruzelski said Polish soldiers would not be used against the Polish people. That pledge has since been broken.

Lights out in Rumania

Energy conservation measures in Rumania have now reached such draconian levels that officials armed with thermometers have taken to making spot checks to ensure that new regulations are being observed.

Restrictions on the domestic use of electricity mean that:

- not more than one low-wattage light-bulb can be used in a room;
- the use of refrigerators is forbidden—on the grounds that it is cold enough outside;
- lights must be switched off in passages, halls and unoccupied rooms; and
- hot water can be used only when heating is on—which is now for two-hour periods in the morning, afternoon and evening.

These measures reflect Rumanian concern over falling oil production and difficulties in the coal mining and electricity industries. Three senior officials, including a deputy prime minister, were sacked by **President Ceausescu** on November 26th.

The Rumanian economy is in deep trouble and it is doubtful that the 1982 economic plan can do anything to arrest its decline.

Rumanians already suffer from the lowest living standards in eastern Europe. In 1981 wages increased by only 1.5% compared with an annual average of 5.2% between 1976 and 1980. This year, retail prices are to be increased by 5%.

The 1982 plan promises that Rumanians will eat more meat and vegetables and less starch. But it remains to be seen whether this vague plan can be turned into reality. Last year's harvests of potatoes (4.5m tonnes against a planned target of 5.35m tonnes) and green vegetables (4m tonnes against a planned target of 5.2m tonnes) suggest it will fail. The prospects for more food in the shops in 1982 look bleak.

Targets for industrial development in 1982, concentrating on the oil, coal and metallurgical industries, differ very little from those for 1981—a tacit admission that the 1981 targets were not met. The government also wants to restrict imports and expand exports to reduce Rumania's hard currency indebtedness, now estimated at

National Security Council
The White House

RECEIVED Package # _____

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	82 1/125	P 9: 1/16	
Bud McFarlane	2	m	
Jacque Hill	3	j	
Judge Clark	4	✓	I
John Poindexter			
Staff Secretary	5		
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

Showd this
to Pres at 9:30
meeting m/z

UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURE RECEIVED 25 JAN 82 19

7/28/85 CBS

TO CLARK

FROM BAILEY

DOC DATE 25 JAN 82

KEYWORDS: USSR ECONOMICS
INTL FINANCE

SUBJECT: SOVIET BLOC ECONOMIC & FINANCIAL SITUATION - UPDATE NO 6

ACTION: FOR INFORMATION DUE: STATUS IX FILES

FOR ACTION	FOR CONCURRENCE	FOR INFO
CLARK		PIPES
		STEARMAN
		DOBRIANSKY
		WEISS
		NAU

COMMENTS

REF# LOG NSCIFID (M /)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

C 2/82 noted by Pres of Clark NB

DISPATCH

W/ATTCH FILE *PH* (C)

clm