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Last Updated: 12/10/2024

FUE I ID 8510022 MFN

RECEIVED 23 DEC 85 12

TO MARTIN

FROM PETERSON, R

DOCDATE 19 DEC 85

KEYWORDS	: MFN	
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ROMANIA

LEGISLATIVE REFERRAL

SUBJECT: STATE DRAFT RPT ON S-1817 / TO SUSPEND TEMPORARILY ( MOST FAVORED

NATION ) TREATMENT TO ROMANIA

ACTION: MEMO MARTIN TO PETERSON DUE: 31 DEC 85 STATUS S FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

DANZANSKY

DOBRIANSKY

MATLOCK

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# EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

(10022

December 19, 1985

# LEGISLATIVE REFERRAL MEMORANDUM

SPECIAL

T0:

Legislative Liaison Officer-

National Security Council
United States Trade Representative
Department of the Treasury
Department of Commerce

SUBJECT:

State draft report on S. 1817, to suspend temporarily

most-favored-nation treatment to Romania.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than FRIDAY, JANUARY 17, 1986.

Questions should be referred to Sue Thau the legislative analyst in this office.

(395-7300),

RONALD K. PETERSON FOR Assistant Director for Legislative Reference

Enclosures

cc: L. Li

M. Driggs

K. Quigley

SPECIAL



Washington, D.C. 20520

Dear Mr. Chairman:

Thank you for your letter of November 7 requesting the Department's views on S. 1817, a bill to suspend temporarily most-favored-nation (MFN) treatment to Romania. This bill would suspend MFN tariff treatment for Romania for a period of six months. Before the close of that period, the President would be required to assess the status of human rights in Romania, and recommend to Congress whether or not to continue the suspension.

The Department of State opposes this bill. As you know, the President determined on June 3 that MFN status and related benefits for Romania under Title IV of the 1974 Trade Act should be continued for 1985-86. During hearings before the Subcommittee on International Trade of the Senate Finance Committee on July 23 concerning this determination, the Department witness, Counselor Derwinski, noted the substantial increase in emigration from Romania since that country received MFN status in 1975 and emphasized that we have been able to use the leverage afforded us by the annual determinations concerning MFN to secure further advances in that country's emigration performance and to alleviate some of the adverse effects of Romanian emigration procedures. He stressed that the annual review of Romania's MFN status gives us a good, practical means of seeking improvement in Romania's respect for human rights.

Legal emigration from Romania now exceeds the combined total emigration from all other Warsaw Pact countries. More than 21,000 Romanians departed legally for the United States, West Germany, and Israel in 1984. This figure is several times higher than the number that departed before Romania had MFN. The number of emigrants this year will probably be somewhat lower, in part because of a decrease in Jewish emigration to Israel. The drop in Jewish emigration is evidently due to the fact that fewer persons in the relatively small remaining Jewish community in Romania are interested in leaving the country. The Chief Rabbi of Romania has informed us that he is not aware of any cases in which Romanian Jews have been denied permission to emigrate.

The Honorable
Bob Packwood,
Chairman, Committee on Finance,
United States Senate

Our dialogue with the Romanian Government about MFN this year focussed on an understanding concerning procedures governing emigration to the United States. This understanding, which we expect to be made final in the near future, and which the Romanians already have begun to implement, includes Romanian assurances that Romanians who have applied for emigration are accorded the same social benefits as other citizens. Up to now, some Romanian citizens have forfeited jobs, access to social services, and sometimes housing after receiving their emigration passports. Loss of these benefits creates severe hardships when these people are obliged to wait for a lengthy period pending processing for U.S. admission. The new agreement should alleviate those hardships.

It is clear that the authority under Title IV of the 1974 Trade Act to link emigration with nondiscriminatory trade status and the other matters covered by that Act has provided the leverage needed to produce these results. Conversely, we believe that removal of MFN status for Romania, even temporarily, would rupture the leverage provided by annual renewal of MFN, and would cause a sharp reduction in the flow of emigrants from Romania. This action could block thousands of Romanians from being reunited with their families in the United States, as well as preventing departures of ethnic Germans from Romania to the FRG and of Romanian Jews to In addition, thousands of Romanians who have applied for permission to emigrate might be subjected to severe discrimination. Our ability to resolve celebrated cases, such as the release of Father Gheorge Calciu, would be severely hampered, if not terminated, by the removal of our MFN leverage.

We note and deeply share the concern that has been expressed by Members of Congress, religious leaders, and private human rights organizations about abuses of human rights in Romania. Here too, we are taking steps aimed at liberalization of Romanian policies in three areas: importation of Bibles and other religious materials; official recognition and increased tolerance for unrecognized religious groups, especially some smaller Protestant sects; and permits

for church construction and renovation. We have made it clear to the Romanian Government, and will continue to do so at high levels, that improvements in these areas are needed. The progress that has been made (construction of some new churches, a preaching tour of Romania by Billy Graham) is directly attributable to the annual review of Romania's MFN status. Removal of that status would cause a deterioration of the human rights situation in Romania, particularly for the religious groups about which Congress has expressed concern.

The Department believes that S. 1817, if passed, would have a negative effect on the human rights situation in Romania. If Romania reacts as we expect, sharply cutting back the substantial emigration flow and further toughening its human rights policies, we will have sacrificed the hard-won gains in those two fields, and effectively closed the door on the thousands of Romanians still seeking to emigrate.

In summary, we are effectively using the leverage provided us by annual determinations under Title IV to work for improvements in Romanian emigration performance and have also effectively pressed for improvements in human rights areas. While we are not resting on the results achieved thus far in every area, this process has clearly produced significant improvements in important areas which would not otherwise have occurred and which would be jeopardized by an end to our dialogue with Romania over MFN. Since the extension of MFN status to Romania under Title IV continues to produce results and improvement, the Department opposes suspension of MFN status for Romania.

The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

With best wishes,

Sincerely,

William L. Ball, III
Assistant Secretary
Legislative and Intergovernmental Affairs

UNCLASSIFIED

ID 8501380

FILE Romain

RECEIVED 21 FEB 85 10

TO

MCFARLANE

FROM REAGAN, MAUREEN

DOCDATE 21 FEB 85

KEYWORDS. ROMANIA

MP

HUMAN RIGHTS

FODOR, NAPOLEON A

SUBJECT: MEMO TO MCFARLANE FM REPUBLICAN NATL COM RE FODOR FAMILY

ACTION: PREPARE MEMO FOR MCFARLANE DUE: 27 FEB 85 STATUS S FILES WH

FOR ACTION

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# THE WHITE HOUSE

#### March 11, 1985

Dear Maureen,

We fully share your concern and frustration about Romania's unwillingness to permit the reunification of Mr. Napoleon Fodor's family. Over the last two and a half years, we have raised his case with Romanian officials at various levels, but unfortunately with little success. Most recently, during the December 1984 U.S.-Romanian Joint Economic Commission meeting, Deputy Secretary of State Kenneth Dam discussed Fodor's situation with Romanian Foreign Trade Minister Pungan.

As you are aware, a number of prominent individuals have made appeals to the Romanian Government. In July 1984, former President Nixon sent a letter to Romanian Ambassador Malitza. Over 100 Senators and Congressmen have also expressed their concern to either Romanian President Ceauseacu or Foreign Minister Andrei.

This is a difficult case since Mr. Fodor defected from Romania. The Romanian Government's intransigence stems from its concern about the potential defection of other officials. However, the matter is not hopeless, since a precedent already exists for family reunification under similar circumstances.

We believe that by consistently indicating to Romanian officials, at various levels and through different channels, our strong interest and concern about the Fodors, we can provide the best hope for the successful resolution of this case.

In addition to our orgoing official efforts, you may wish to consider the idea of appealing on behalf of the Republican National Committee to Romanian President Ceausescu for the reunification of this family.

Thanks for sharing your concerns with me.

Best wishes,

Sincerely,

Robert C. McFarlane

Ms. Maureen E. Reagan Special Assistant to the Chairman Republican National Committee 310 First Street, S.E. Washington, D.C. 20003

-7

#### NATIONAL SECURITY COUNCIL

ACTION

March 8, 1985

SIGNED

MEMORANDUM FOR ROBERT C. McFARLANE

FROM:

PAULA DOBRIANSKY

SUBJECT:

Reply to Maureen Reagan Re: Fodor Family

Per your request, attached at Tab I is a revised letter from you to Maureen Reagan.

#### RECOMMENDATION

That you sign the revised Tab I letter to Maureen Reagan. . .

Approve Disapprove

Attachments

Tab I Revised Letter to Maureen Reagan

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# NATIONAL SECURITY COUNCIL

ACTION

February 27/ 1985

MEMORANDUM FOR ROBERT C. McFARLANE

FROM:

PAULA DOBRIANSKY

SUBJECT:

Reply to Maureen Reagan Re: Fodor Family

Per your note (Tab II), I have provided below background on the Fodor case. Also, at Tab I is a letter from you to Maureen Reagan which indicates our concern about this case, notes some of the steps we have already taken and suggests that on behalf of the Republican National Committee, she make an appeal to President Ceausescu.

## Background:

Napoleon Fodor, the Romanian Commercial Counselor, defected to the U.S. in August 1982. Since his defection, his wife and son have been unsuccessful in obtaining permission to emigrate from Romania to the U.S. The most recent denial of their emigration applications was in January 1985.

During the last two and a half years, we have consistently discussed Fodor's circumstances with Romanian officials. It was raised in the U.S.-Romanian Human Rights Roundtable, and most recently, by Deputy Secretary of State Ken Dam in his exchange with Minister of Foreign Trade Pungan during the December 1984 U.S.-Romanian Joint Economic Commission meeting. Other appeals have been made. In July 1984, former President Nixon wrote a letter to Romanian Ambassador Malitza calling for a resolution of this case. Apparently, over 100 Senators and Congressmen have also expressed their concern to either President Ceausescu or Foreign Minister Andrei.

Despite these efforts, the Romanians have refused to allow Fodor's family to leave Bucharest. Clearly, the Romanian Government's intransigence stems from its concern about potential defections of other officials. However, the matter is not hopeless, since there is a precedent for family reunification under similar circumstances.

#### RECOMMENDATION

That you sign the Tab I letter to Maureen Reagan.

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

Jack Matlock and Steve Steiner concur.

#### Attachments

Tab I Proposed Letter to Maureen Reagan

Tab II Incoming Correspondence

ROMANIA

II. 6 Jan 86

H 1

#### CLOSER INTEGRATION INTO WARSAW PACT SPECULATED

AU031144 Paris AFP in English 1127 GMT 3 Jan 86

[Didier Fauqueux report]

Dobromby R. Steamon

[Text] Vienna, Jan 2 (AFP) — Romania appears to be reassessing its 1962 decision to pull out of the military structure of the communist bloc's Warsaw Pact, according to observers in Bucharest. Romania has always been a member of the Pact, but for over two decades its presence was symbolical rather than active, for it refused to align its Armed Forces with those of the Soviet Union and other allies. For instance, Pact countries were not permitted to hold their annual military maneuvers in Romania. But this might change, judging by a speech given by President Nicolae Ceausescu in Bucharest last month in which he said that it was necessary "to improve cooperation with the Warsaw Pact's Armed Forces." He added "We must firmly carry out our commitments within the Pact concerning the defence of our country against a new imperialist aggression."

Three days after his speech, by a strange coincidence, President Ceausescu had talks in Bucharest with visiting Soviet Marshal Viktor Kulikov, commander-in-chief of Waraaw Pact forces. The meeting was attended by Romanian Defense Minister General Vasile Milea, who recently succeeded General Constantin Olteanu, given new duties in the Communist Party leadership.

Last month, General Olteanu was given a warm welcome during an official visit to Moscow, interpreted by observers as showing the Kremlin's renewed interest in the Romanian Armed Forces.

Last year Romania showed reluctance to agree to a 20-year extension of the Pact, but finally signed with other allies in Warsaw last April.

Bucharest had already signalled its progressive return to the fold when a "large unit" of the Romanian Army participated in Warsaw Pact military maneuvers, codenamed Shield-84, held in Czechoslovakia last year.

Romania joined the Warsaw Pact when it was founded in May 1955, and Soviet troops left the country in 1958. Romanian troops stopped taking part in Pact maneuvers in 1962, a move which helped strengthen Romania's reputation for being independent of Moscow. But President Ceausescu, faced with massive economic problems, especially in the energy sector, is being forced to move nearer to the Soviet Union on whom he is heavily dependent on oil supplies. This could explain Romania's new approach to the Warsaw Pact, which has led to the Army being increased to 185,000 men, with an additional special para-military force of 37,000 men.

Last October, President Ceausescu gave his Army the delicate task of operating, and supplying, the country's electricity power plants with the forces being responsible for ensuring "strict application of production methods and maintenance and the efficient use of equipment."

U.S. Defense Department sources said recently that Romania had agreed to let the Soviet Union prepare advanced sites to deploy chemical warfare weapons at a later date. This claim has been denied by the Romanian press.

II. 6 Jan 86 H 2 ROMANIA

#### CEAUSESCU TO DIPLOMATIC CORPS ON FUTURE TASKS

AU031728 Bucharest SCINTEIA in Romanian 31 Dec 85 pp 1, 3

[Speech by President Nicolae Ceausescu at the 30 December Bucharest reception of the foreign diplomatic corps to commemorate the New Year and the republic's anniversary]

Esteemed Mr Doyen of the diplomatic corps in the SR of Romania, Messrs Ambassadors and diplomatic representatives:

Thank you for the wishes addressed to the Romanian people and government, and to myself personally. I consider these wishes to be an expression of the relations of cooperation between Romania and the countries you represent.

The year 1985 was one of important, but also contradictory, events. The whole of mankind marked the 40th anniversary of the victory over fascism and the end of World War II. On those occasions, statements were made and solemn commitments were taken to do everything to avoid a new world war and to ensure peace.

Last fall we also celebrated the 40th anniversary of the creation of the United Nations which, throughout this period, has played an important part in solving international conflicts and problems and maintaining peace. On that occasion, too, statements and pledges were made to consolidate the United Nations and to support actions for peace and international cooperation.

Among the various steps taken toward disarmament and peace, I believe we should particularly note the Geneva negotiations between the USSR and U.S. delegations, which have had several rounds of talks.

On this occasion, I would like to stress the importance Romania and other states attach to the Soviet-U.S. summit in Geneva between CPSU Central Committee General Secretary Mikhail Gorbachev and U.S. President Ronald Reagan.

These events prove that all of mankind is deeply concerned with putting an end to the dangerous course in international life, with finding negotiated solutions to all problems, halting the arms race, primarily the nuclear arms race, bringing about disarmament, and ensuring peace.

This also proves the important role played by public opinion and the peoples, who are increasingly advocating peace and understanding.

At the end of this year we must, however, say that we wish that it had been a better one, since the arms race, the deployment of new nuclear weapons in Europe and other parts of the world, and the militarization of outer space have continued in spite of all actions and steps. A number of conflicts and military actions have persevered and I must stress that the economic situation of the developing countries has worsened. This leads to the assessment that world tension has remained and has even sharpened to a certain extent by the end of 1985, and that the danger of a new world war has stayed with us and has even grown, a war which would inevitably turn into a nuclear catastrophe leading to the disappearance of life itself from our planet.

One can state that, after Geneva, the main problems have remained unsolved.

# NATIONAL SECURITY COUNCIL WASHINGTON D.C. 2000f

January 10, 1986

ACTION

MEMORANDUM FOR WILLIAM F. MARTIN

FROM:

PAULA DOBRIANSKY

SUBJECT:

First Lady Thank You Letter for Gift

I have reviewed and concur with the draft thank you letter (Tab A) for Mrs. Reagan's signature to Ambassador and Mrs. Gavrilescu, Socialist Republic of Romania. Attached at Tab I is a memorandum to Martin Hilboldt for your signature noting our concurrence.

Jack Matlock concurs.

#### RECOMMENDATION

That you sign the memorandum at I.

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

Attachments:

Tab I Memo to Hilboldt
Tab A Draft Letter

Tab II Incoming

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# NATIONAL SECURITY COUNCIL WASHINGTON DIC 2000

MEMORANDUM FOR JOHN E. HILBOLDT

FROM:

WILLIAM F. MARTIN

SUBJECT:

First Lady Thank You Letter for Gift

We have reviewed and concur with the draft thank you letter (Tab A) for Mrs. Reagan's signature to Ambassador and Mrs. Gavrilescu, Socialist Republic of Romania.

#### Attachment:

Tab A Draft Letter

(168)

January 3, 1986

Dear Mr. Ambassador:

I want to thank you and Mrs. Gavrilescu so much for your warm holiday greetings and the special remembrances which you sent for me at Christmas. The blouse and the set of table linens are just lovely and I am also enjoying the album of Romanian music. Please know that your kindness in sharing the spirit of the season with me is truly appreciated.

The President joins me in sending you and Mrs. Gavrilescu our best wishes for a new year filled with every happiness.

Sincerely,

Ris Excellency Nicolae Gavrilescu
Ambassador of the Socialist Republic
 of Romania

Add to envelope:

1607 23rd Street, N.W. Washington, D.C. 20008

NR: CMF: JEH: AVH

DISPATCH THRU STATE VIA NSC.



WHITE HOUSE GIFT UNIT

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ARRIVAL FORM M MAIL ROOM

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PREF HIS EXCELLENCY AND MRS.

NAME NICOLAE GAVRILESCU

TITLE AMBASSADOR OF THE SOCIALIST REPUBLIC OF ROMANIA

ADDR 1607 23RD STREEET, N.W.

CITY WASHINGTON

ST DC ZIP 20008

CNTRY ROM ROMANIA

SALUT DEAR MR. AMBASSADOR

SPOUSE ELENA

ACKNOWLEDGE BY RR FORM DFT

INTEND F FIRST LADY

CATEGORY 0603

CLOTHING AND ACCESSORIES - WOMEN'S

DESCRIP WHITE SHEER COTTON BLOUSE W/ BLACK AND RED EMBROIDERED MOTIFS.

VALUE 000020

APPR BASED ON SIMILAR ITEMS REC'D IN GU.

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COMMENT DEL. BY EMBASSY OF ROMANIA.

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ARRIVAL FORM M MAIL ROOM

DONOR H FOREIGN OFFICIAL

PREF HIS EXCELLENCY AND MRS.

NAME NICOLAE GAVRILESCU

TITLE AMBASSADOR OF THE SOCIALIST REPUBLIC OF ROMANIA

ADDR 1607 23RD STREEET, N.W.

CITY WASHINGTON

ST DC ZIP 20008

CNTRY ROM ROMANIA

SALUT DEAR MR. AMBASSADOR

SPOUSE ELENA

ACKNOWLEDGE BY RR FORM DFT

INTEND F FIRST LADY

CATEGORY 1103

AUDIO/VISUAL RECORDING - MODERN

DESCRIP RECORD ALBUM OF ROMANIAN MUSIC, PERFORMED BY GHEORGHE ZAMFIR.

VALUE 000010

APPR BASED ON SIMILAR RECORDINGS REC'D IN GU.

DISP CA CHARITY

COMMENT DEL. BY EMBASSY OF ROMANIA.

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LOGGED 851226

ARRIVAL 851223

ARRIVAL FORM M MAIL ROOM

DONOR H FOREIGN OFFICIAL

PREF HIS EXCELLENCY AND MRS.

NAME NICOLAE GAVRILESCU

TITLE AMBASSADOR OF THE SOCIALIST REPUBLIC OF ROMANIA

ADDR 1607 23RD STREEET, N.W.

CITY WASHINGTON

ST DC ZIP 20008

CNTRY ROM ROMANIA

SALUT DEAR MR. AMBASSADOR

SPOUSE ELENA

ACKNOWLEDGE BY RR FORM DFT

INTEND F FIRST LADY

CATEGORY 0904

HOUSEHOLD - LINENS

DESCRIP TAN LINEN TABLECLOTH AND 6 MATCHING NAPKINS; MACHINE EMBROIDERED.

VALUE 000065

APPR BASED ON SIMILAR SETS FROM MIDDLE EUROPE REC'D IN GU.

DISP CA CHARITY

COMMENT DEL. BY EMBASSY OF ROMANIA.

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# WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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Micolae Janvilesen
Ambassador of Romania in the USA

Elena Gaurilesen

Ha Musti-thi!
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H Huspey New Year!

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# ROMANCH

# CONFIDENTIAL

# NATIONAL SECURITY COUNCIL SECRETARIAT

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CONFIDENTIAL SECTION 01 OF 04 BUCHAREST 01160

EXDIS

E. O. 12356: DECL: OADR

TAGS: PREL, PHUM, CVIS, RO, US SUBJECT: CEAUSESCU FEBRUARY 17 MEETING WITH

SPITZER/MOSES

REF: BUCHAREST 1146

(CONFIDENTIAL - ENTIRE TEXT)

SUMMARY: THIS IS A DETAILED REPORT ON THE ONE HOUR AND 35-MINUTE MEETING OF PRESIDENT CEAUSESCU WITH B'NAI B'RITH HONORARY PRESIDENT JACK SPITZER AND FORMER PRESIDENTIAL COUNSELOR ALFRED MOSES ON FEBRUARY

AS NOTED IN SUMMARY REPORT (REFTEL), DISCUSSION COVERED FAMILIAR BILATERAL ISUSES WITH FEW NEW DEVELOPMENTS. CEAUSESCU DID, HOWEVER, INDICATE HE WAS READY TO APPROVE A LARGER NUMBER OF EMIGRANTS TO THE U.S., BUT ASSERTED THAT U.S. POLICY PUT LIMITS ON THIS, INDICATED HE HAD ASKED THE DEPARTMENT OF RELIGIONS IF THE BAPTISTS NEEDED MORE BIBLES, AND INDICATED THERE WOULD BE "NO PROBLEM" ABOUT THE ROMANIAN GOVERNMENT SENDING THE ROMANIAN JEWISH CHOIR TO THE UNITED STATES ON TAROM AIRLINE TO SING IN THE ROTUNDA OF THE CAPITOL ON HOLOCAUST COMMEMORATION DAY. END SUMMARY.

3. SPITZER, WHO WAS SEATED IN THE PLACE OF HONOR NEXT TO CEAUSESCU, OPENED BY SAYING HE AND MOSES HAD COME WITH SOME URGENCY AS INDIVIDUALS WITH A HISTORY OF INTEREST IN THE ENHANCEMENT OF RELATIONS BETWEEN THE U.S. AND ROMANIA. HE HAD RESPECT FOR THE INDEPENDENCE OF ROMANIA AND FOR PRESIDENT CEAUSESCU'S "INDEPENDENT AND COURAGEOUS LEADERSHIP" IN CARRYING OUT THIS INDEPENDENT FOREIGN POLICY. MFN WAS A REFLECTION OF THE U. S. -ROMANIAN RELATIONSHIP AND AFFECTED MORE THAN TRADE. UNFORTUNATELY, SPITZER SAID, THERE IS NOW INCREASING EVIDENCE THAT SPECIFIC PROBLEMS OF GROUP AND INDIVIDUAL NATURE ARE AFFECTING THE ATTITUDE OF KEY SENATORS AND CONGRESSMEN TOWARD ROMANIA. HE COME TO DISCUSS THE NEED FOR ACTION NOW TO RESOLVE PROBLEMS WHICH, IF PERMITTED TO CONTINUE, WOULD INCREASINGLY DISTORT THE VIEWS OF THE HOUSE AND THE

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# NATIONAL SECURITY COUNCIL SECRETARIAT

PAGE Ø2 OF Ø2 BUCHAREST 116Ø

DTG: 190933Z FEB 86 PON: 020711

SENATE.

- 4. MOSES THEN NOTED THAT ROMANIA IS CURRENTLY
  "SINGLED OUT" FOR CRITICISM BY THE PRESS AND CONGRESS.
  THIS IS NOT THE FAULT OF THE PRESENT ADMINISTRATION -IT IS FOLLOWING THE SAME POLICY TOWARD ROMANIA AS
  PREVIOUS ADMINISTRATIONS. SECRETARY SHULTZ IS A
  FRIEND OF ROMANIA AND INTENDS TO RECOMMEND CONTINUATION
  OF MFN. FAILURE TO CONTINUE MFN WILL AFFECT THE
  ENTIRE U. S. -ROMANIAN RELATIONSHIP AND ROMANIA'S
  BALANCED POSITION BETWEEN EAST AND WEST. IF ALL THE
  PROBLEMS TROUBLING OUR RELATIONSHIP CANNOT BE
  RESOLVED IMMEDIATELY, THERE SHOULD BE EARLY PROGRESS
  ON THEM.
- MOSES THEN NOTED THAT THE NUMBER OF ROMANIANS RECEIVING ROMANIAN APPROVAL TO EMIGRATE TO THE UNITED STATES IN THE LAST QUARTER OF 1985 IS 70 PERCENT LESS THAN THE NUMBER RECEIVING SUCH APPROVAL IN 1984. CEAUSESCU COUNTERED THAT THIS NUMBER IS RELATED TO THE NUMBER OF THOSE WHO ARE PERMITTED TO ENTER THE -- SOME 2,500 ROMANIANS HAVE EXIT VISAS BUT CANNOT GET U.S. ENTRY DOCUMENTS. MOSES COUNTERED THAT HE UNDERSTOOD THERE ARE SOME 1,800 IN THIS CATEGORY BUT THAT THERE ARE MANY PEOPLE WHOM THE U.S. CAN ADMIT BUT DO NOT HAVE PASSPORTS. CEAUSESCU SAID ROMANIA HAD MET THE U.S. REQUEST THAT IT NOT ISSUE EMIGRATION PASSPORTS UNTIL THE U.S. HAS INDICATED IT WAS PREPARED TO ISSUE VISAS. CEAUSESCU WAS READY TO APPROVE A LARGER NUMBER OF EMIGRANT APPLICATIONS BUT THE LIMITS ON THE NUMBERS WERE SET BY U.S. PROCEDURES.
- 6. MOSES SAID HE HAD ASKED THE FOREIGN MINISTRY TO GIVE AN ORAL CONFIRMATION THAT THEIR UNDERSTANDING OF THE EMIGRATION PROCEDURES, AS OUTLINED IN OUR AIDE MEMOIRE, WAS CORRECT. CEAUSESCU MADE NO COMMENT.
- 6A. MOSES THEN SAID THAT HE HAD BEEN ABLE TO ARRANGE FOR THE ROMANIAN JEWISH CHOIR TO APPEAR IN THE ROTUNDA OF THE CAPITOL FOR THE HOLOCAUST COMMEMORATION DAY IN EARLY MAY. THIS CELEBRATION WAS NORMALLY ATTENDED BY MANY SENATORS AND CONGRESSMEN, SOMETIMES BY THE PRESIDENT, AND WAS ON NATIONAL TV. HE WOULD ALSO ARRANGE FOR THE CHOIR TO SING IN SEVERAL OTHER AMERICAN CITIES AND WOULD DEFRAY THEIR EXPENSES

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# CONFIDENTIAL

# NATIONAL SECURITY COUNCIL SECRETARIAT

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EXDIS

E.O. 12356: DECL: OADR TAGS: PREL, PHUM, CVIS, RO, US SUBJECT: CEAUSESCU FEBRUARY 17 MEETING WITH

IN THE UNITED STATES. IT WOULD BE GOOD IF A CHRISTIAN (AND ESPECIALLY A BAPTIST) CHOIR COULD BE INVITED TO ROMANIA. HE HOPED THAT PRESIDENT CEAUSESCU WOULD ARRANGE FOR TAROM AIRLINE TO FLY JEWISH CHOIR TO AND FROM THE UNITED STATES AT ROMANIA'S EXPENSE.

- CEAUSESCU OBSERVED THAT TAROM "IS AN INDEPENDENT AGENCY. " MOSES COUNTERED THAT "YOUR ENCOURAGEMENT WOULD BE HELPFUL." AT THIS POINT CEAUSESCU CHUCKLED. LATER IN THE CONVERSATION HE STATED IN RESPONSE TO A FOLLOW-UP QUESTION FROM MOSES THAT HE "SAW NO PROBLEM" IN TAROM'S PROVIDING TRANSPORTATION FOR THE CHOIR.
- MOSES APPEALED FOR EARLY PROGRESS ON THE SFATCU AND CATARAMA CASES, ASSURANCE OF SUPPLY OF BIBLES, AND BETTER TREATMENT OF SMALL RELIGIOUS GROUPS LIKE THE NAZARENES AND THE JEHOVAH WITNESSES.
- 7B. MOSES NOTED THAT THERE WILL BE PROBLEMS IN THE U.S.-ROMANIAN RELATIONSHIP IN THE FUTURE BUT THAT THAT RELATIONSHIP COULD BETTER WITHSTAND THESE PROBLEMS IF IT WERE, FOR EXAMPLE, STRENGTHENED BY BRIEFINGS IN WASHINGTON ON SELECTED INTERNATIONAL QUESTIONS BY ROMANIAN ENVOYS, ALONG THE LINE OF THE BRIEFINGS IN BUCHAREST BY AMBASSADOR ZIMMERMAN. HE ALSO URGED CEAUSESCU TO "AID THEIR ABLE AMBASSADOR IN WASHINGTON" BY A "FULLER REPRESENTATION" AT THE EMBASSY, PARTICULARLY BY PERSONS WHO SPEAK ENGLISH. SAID IT WOULD ALSO BE WELL TO HAVE A SPECIAL ENVOY SENT BY PRESIDENT CEAUSESCU TO EXPLAIN ROMANIA'S POLICIES TO CONGRESS IN THE NEAR FUTURE.
- 8. CEAUSESCU THANKED SPITZER AND MOSES "AND OUR OTHER FRIENDS" FOR THEIR EFFORTS ON BEHALF OF U.S.-ROMANIAN RELATIONS. HE WANTED TO DO ALL HE COULD TO ENHANCE THOSE RELATIONS BUT THEY MUST BE BASED ON EQUALITY, RESPECT FOR INDEPENDENCE, MUTUAL ADVANTAGE, AND NON-INTERFERENCE.

# CONFLOENTIAL NATIONAL SECURITY COUNCIL SECRETARIAT

PAGE Ø2 OF Ø2 BUCHAREST 116Ø

DTG: 190933Z FEB 86 PSN: 029716

- 9. CEAUSESCU THEN NOTED THAT U.S.-ROMANIAN RELATIONS HAD PROGRESSED PARTICULARLY WELL IN THE YEARS BEFORE MFN. ROMANIA HELPED TO RESOLVE THE VIETNAM WAR AND TO IMPROVE U.S.-PRC RELATIONS BEFORE 1975, FOR EXAMPLE. IT HAD MAINTAINED DIPLOMATIC RELATIONS WITH ISRAEL IN 1967, NOT AT THE REOUEST OF THE U.S., BUT BECAUSE IT WAS ROMANIA'S POLICY TO DO SO. HIS DECISION TO ALLOW MORE JEWISH EMIGRATION WAS MADE AT THAT TIME.
- 10. CEAUSESCU WENT ON TO THANK HIS INTERLOCUTORS AND OTHERS WHO WERE CONCERNED ABOUT MFN, BUT HE WANTED IT TO BE CLEARLY UNDERSTOOD THAT IF IT LED TO INTERFERENCE IN INTERNAL AFFAIRS, MFN WOULD BE AN OBSTACLE TO GOOD RELATIONS. WITH ALL DUE RESPECT FOR CONGRESS, IT SHOULD PAY ATTENTION TO U.S. PROBLEMS AND NOT INTERFERE IN ROMANIA. HE WOULD REFLECT PERSONALLY WHETHER HE WAS INTERESTED IN CONTINUATION OF MFN OR NOT.
- 11. EMIGRATION TO THE U.S., CEAUSESCU SAID, HAD NOTHING TO DO WITH MFN. THERE WAS NO REFERENCE TO MFN IN THE DERWINSKI AGREEMENT LAST SUMMER. IT IS THE U.S. GOVERNMENT WHICH IS LIMITING ENTRY INTO ITS COUNTRY AND NEW MEASURES IN THIS REGARD HAVE BEEN TAKEN RECENTLY. ROMANIA DOES NOT NEED EMIGRATION -- IT HAS PLENTY OF WORK AND EDUCATIONAL FACILITIES FOR ITS PEOPLE. DESPITE THIS FACT, IT WOULD BE IN ROMANIA'S INTEREST TO SEE MANY ROMANIANS IN THE U.S. -- THOUGH NOT TO SPY LIKE THE CIA. EMIGRATION OF JEWS HAD BEEN RESOLVED AND WAS NO LONGER A PROBLEM. THERE WAS REALLY NO PROBLEM ON EMIGRATION TO THE U.S. EXCEPT FOR A FEW CASES. U.S. INTERVENTIONS HAD BEEN RESOLVED BUT IN SOME CASES THE INTERVENTIONS WERE "INADMISSIBLE."
- 12. RELIGIOUS QUESTIONS, CEAUSESCU SAID, ARE "COMPLETELY DOMESTIC ISSUES." RECOGNITION OF NEW DENOMINATIONS IN ROMANIA IS NOT NECESSARY AND THERE IS "NO QUESTION" OF HIS APPROVING ANY. THE ROMANIAN GOVERNMENT HAS NO TROUBLE WITH RECOGNIZED RELIGIONS WHO RESPECT THE LAWS OF THE STATE AND WHO ACTUALLY PRAY FOR GREATER ECONOMIC AND SOCIAL ACHIEVEMENTS BT

# CONFIDENTIAL

## NATIONAL SECURITY COUNCIL SECRETARIAT

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EXDIS

E.O. 12356: DECL: OADR TAGS: PREL, PHUM, CVIS, RO, US SUBJECT: CEAUSESCU FEBRUARY 17 MEETING WITH

IN ROMANIA. HOWEVER, THE ORTHODOX CHURCH DOES NOT FAVOR DENOMINATIONS OR BRANCHES OF CHURCHES FROM OTHER COUNTRIES AND CEAUSESCU CANNOT ADMIT INTER-VENTION ON THESE MATTERS FROM ANY FOREIGN SOURCE.

- SPITZER THEN NOTED THAT WITHOUT TRYING TO INTERFERE IN ROMANIAN INTERNAL AFFAIRS, HE FELT IT IMPORTANT THAT PRESIDENT CEAUSESCU UNDERSTAND THAT THE U.S. APPRECIATION FOR ROMANIA WAS INFLUENCED BY THESE DISPROPORTIONATELY IMPORTANT RELIGIOUS SECTS. CONGRESSMAN MICHEL, FOR EXAMPLE, WAS A NAZARENE. SPITZER FELT SURE THAT ANY DENOMINATION WHICH GOT RECOGNITION WOULD HAVE TO OBEY THE LAW OF THE STATE AND ADAPT THEIR SPECIFIC PRACTICES TO DO SO.
- CEAUSESCU SAID THAT IT IS "HARD, HARD" TO ACCEPT THE ACTIVITY OF RELIGIOUS GROUPS WHICH MAINTAIN RELATIONS WITH FOREIGN COUNTRIES. FOURTEEN RECOGNIZED RELIGIONS ARE ENOUGH FOR A COUNTRY OF ROMANIA'S SIZE. CEAUSESCU RECEIVES THOUSANDS OF LETTERS OF COMPLAINT FROM CITIZENS EACH MONTH BUT NOT A SINGLE ONE HAS ASKED FOR RECOGNITION OF A NEW RELIGION IN THE 20 YEARS CEAUSESCU HAD BEEN IN OFFICE. INDEED, NOT ONE HAD SAID THE WRITER WAS PERSECUTED DUE TO HIS RELIGION. HE RECEIVED NO LETTERS REGARDING RELIGION, AS RELIGION WAS NOT A PROBLEM.
- MOSES THEN SAID IT WAS TRUE THAT U.S. -ROMANIAN RELATIONS HAD BEEN GOOD BEFORE MFN, BUT ONE CANNOT GO BACK IN HISTORY. IF MFN WERE LOST NOW, IT WOULD BE EITHER BECAUSE THE ADMINISTRATION DID NOT RECOMMEND ITS EXTENSION OR BECAUSE CONGRESS HAD VETOED IT. THIS WOULD HAVE A VERY SERIOUS EFFECT ON THE ENTIRE U.S. -ROMANIAN RELATIONSHIP.
- CEAUSESCU SAID HE WANTED RENEWAL OF MFN UNDER THE CONDITIONS OF 1975. HE WOULD, HOWEVER, ACCEPT INTERFERENCE FROM NO ONE. ROMANIA HAD AGREEMENTS

DTG: 190933Z FEB 86 PSN: 0237 + 3

WITH OTHER STATES, INCLUDING THE WARSAW PACT AND COMECON. HE DID NOT KNOW WHY EVERYONE TRIED TO USE SUCH ARRANGEMENTS AS A REASON TO INTERFERE IN ROMANIA'S INTERNAL AFFAIRS. HE WOULD NOT PERMIT IT.

- 17. MOSES REJOINED THAT HE WAS NOT TALKING ABOUT INTERFERENCE BUT ABOUT STEPS WHICH WOULD NOT AFFECT THE ROMANIAN REGIME. CEAUSESCU SAID THE QUESTION OF NEW RELIGIONS AND BIBLES "CANNOT EVEN BE DISCUSSED." EMIGRATION PRESENTS NO PROBLEM -- AN AGREEMENT HAS BEEN REACHED: IT WORKS RELATIVELY WELL.
- 18. MOSES THEN SAID THAT IF THE SMALLER SECTS HE HAD MENTIONED COULD NOT BE OFFICIALLY RECOGNIZED, A STATEMENT THAT THEY COULD PRACTICE THEIR RELIGION WOULD BE HELPFUL. IF BIBLES COULD NOT BE IMPORTED, THEY COULD BE PRINTED IN ROMANIA AND THE U.S. EMBASSY COULD BE INFORMED.
- 19. CEAUSESCU SAID THAT IF WE WOULD TELL HIM HOW MANY COPIES OF MARX'S WORKS WERE AVAILABLE IN THE UNITED STATES, HE WOULD TELL THE EMBASSY HOW MANY BIBLES WERE IN ROMANIA. BIBLES CAN BE PUBLISHED AND PRINTED IN ROMANIA SUBJECT ONLY TO THE SHORTAGE OF PAPER, WHICH HAD LED HIM TO LIMIT EVEN THE CIRCULATION OF THE PARTY NEWSPAPER SCINTEIA. (ACCORDING TO CEAUSESCU SCINTEIA WANTED TO PRINT ONE AND ONE-HALF TO TWO MILLION COPIES DAILY BUT WAS LIMITED TO 1.2 MILLION.) THE RELIGIOUS DENOMINATIONS HAVE THEIR OWN PRINTING HOUSES IN ROMANIA AND WHATEVER RELIGIOUS WORKS WERE NEEDED WERE PRINTED IN ROMANIA.
- 20. MOSES THEN ASKED WHETHER CEAUSESCU WOULD PERMIT AMERICAN BAPTISTS TO SEND PAPER TO ROMANIA SO THAT THE CORNILESCU BIBLE COULD BE PRINTED BY THE ROMANIANS. CEAUSESCU NOW ASSERTED THAT THERE WAS "NO NEED" FOR PAPER AND THAT THERE WERE ENOUGH BIBLES, BUT HE ADDED THAT HE HAD ORDERED THE DEPARTMENT OF RELIGIONS TO TELL HIM WHETHER THE BAPTISTS NEEDED ADDITIONAL BIBLES.
- 21. AFTER AN EXCHANGE ON THE IMPORTANCE OF CULTURAL RELATIONS, SPITZER THANKED CEAUSESCU FOR HIS HELPFUL AND DEEP INTEREST IN RELATIONS BETWEEN THE COMMUNITIES AND THE TWO COUNTRIES. CEAUSESCU SAID HE WANTED GOOD RELATIONS WITH THE UNITED STATES BUT THAT THEY MUST BT

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# NATIONAL SECURITY COUNCIL SECRETARIAT

PAGE Ø1 OF Ø2 BUCHAREST 116Ø DTG: 190933Z FEB 86 PSN: Ø298 EOB38Ø ANØØ2147 TOR: Ø51/ØØ22Z CSN: HCE8 DTG: 190933Z FEB 00 CSN: HCE839 DTG: 190933Z FEB 86 PSN: 029814

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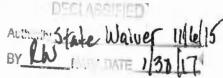
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EXDIS

E.O. 12356: DECL: OADR TAGS: PREL, PHUM, CVIS, RO, US SUBJECT: CEAUSESCU FEBRUARY 17 MEETING WITH

BE BASED ON EQUALITY.

- CEAUSESCU THEN TURNED TO INTERNATIONAL AFFAIRS, 22. SAYING THAT THERE WERE MANY WORRYING PROBLEMS. NUCLEAR WEAPONS DID NOT DISTINGUISH AMONG RELIGIONS OR PHILOSOPHIES AND WE SHOULD CONCENTRATE ON THEIR CONTROL AND ABOLITION. POWERFUL COUNTRIES TENDED TO RELY ON FORCE BUT THIS WAS WRONG.
- MOSES AGREED AND ADDED THAT TERRORISM IS REPUGNANT. CEAUSESCU CONCURRED BUT OBSERVED THAT THE U.S. MILITARY MANEUVERS AND ECONOMIC SANCTIONS AGAINST LIBYA VIOLATED NORMAL RELATIONS AMONG STATES. CEAUSESCU FIRMLY OPPOSES TERRORISM WHICH HE DOES NOT CONSIDER A PROPER FORM OF POLITICAL STRUGGLE.
- 24. MOSES SAID HE HOPED CEAUSESCU HAD TOLD ARAFAT ABOUT HIS OPPOSITION TO TERRORISM. WHEN CEAUSESCU NOTED THAT ARAFAT HAD SAID HE OPPOSED TERRORISM,
  MOSES POINTED OUT THAT ARAFAT HAD NOT REJECTED THE USE
  OF TERROR AGAINST CIVILIANS IN ISRAEL, GAZA OR THE WEST BANK. CEAUSESCU SAID THAT MILITARY ACTION IN OCCUPIED PALESTINIAN TERRITORY IS NOT TERRORISM BUT, WHEN QUESTIONED FURTHER BY MOSES, SAID HE OPPOSED ATTACKS ON CIVILIANS IN ISRAEL. ATTACKS SHOULD NOT BE LAUNCHED AGAINST WOMEN AND CHILDREN OR POLITICAL PERSONALITIES.
- WHEN MOSES SAID THAT DISCUSSIONS OF THIS KIND BETWEEN U. S. AND ROMANIAN GOVERNMENTS WOULD BE USEFUL, CEAUSESCU SAID HE AND SECRETARY SHULTZ HAD AGREED ON SUCH AN EXCHANGE. MOSES SAID ROMANIA HAD SOME CONTACTS THAT WE DIDN'T -- LIBYA, FOR EXAMPLE. CEAUSESCU ACKNOWLEDGED THAT HE WAS SEEING A LIBYAN DELEGATION (FROM THE PEOPLE'S COMMITTEE FOR THE ECONOMY AND LIGHT INDUSTRY) THAT AFTERNOON. IF THE U.S. GAVE UP ITS MEASURES AGAINST LIBYA, THE TWO COUNTRIES COULD TALK. LIBYA WAS NOT RESPONSIBLE FOR



# CONFIDENTIAL NATIONAL SECURITY COUNCIL SECRETARIAT

PAGE Ø2 OF Ø2 BUCHAREST 116Ø

DTG: 19Ø933Z FEB 86 PSN: Ø29814

THE ROME AND ATHENS (SIC) ATTACKS. CEAUSESCU ADDED THAT TERRORISM SHOULD BE COMBATTED BUT THE BASIC PROBLEMS GIVING RISE TO IT SHOULD ALSO BE TACKLED. FURTHERMORE, MEASURES SUCH AS THE ISRAELI ATTACK ON TUNIS ONLY BRING FORTH MORE TERRORISM.

26. SPITZER AGAIN SOUGHT TO CONCLUDE THE MEETING BY OBSERVING THAT THERE WERE SIGNIFICANT PROBLEMS IN THE U.S.-ROMANIAN RELATIONSHIP AND THAT HE AND MOSES HAD COME TO DISCUSS SPECIFIC SITUATIONS IN THE HOPE THAT CEAUSESCU COULD DEMONSTRATE THE FLEXIBILITY AND SPIRIT OF COMPROMISE REQUIRED TO ALLOW FULL U.S. APPRECIATION FOR THE RELATIONSHIP. CEAUSESCU SAID THAT SPITZER AND MOSES WERE ALWAYS WELCOME IN ROMANIA WITH OR WITHOUT MFN AND THAT HE FAVORED COMPROMISE BUT THAT THERE WERE LIMITS BEYOND WHICH HE COULD NOT COMPROMISE IN THE INTEREST OF THE PRESERVATION OF ROMANIAN SOVEREIGNTY. KIRK BT

7????????????????

- 3 -

## 3. ROMANIA: COPING WITH THE HARD-CURRENCY SHORTAGE

Romania faces a hard-currency shortfall of \$200-300 million in 1986. This might increase by \$100-200 million if Romanian exports to the United States were denied MFN treatment. Ceausescu will probably try to obtain enough new credits from key banks to cover the shortfall, but he will oppose any demands for IMF conditionality. The banks may go along with Ceausescu because a general rescheduling would be difficult to engineer and import cuts would further damage the economy.

\*

Ceausescu has been paying off foreign debt quickly since 1982, chiefly to reduce Western influence on his command-style economy (see table). Debt-service payments will remain high through 1988, however, because maturities rescheduled in 1982-83 are now falling due.

This year, hard-currency debt obligations (excluding short-term debt) total \$1.5 billion, according to preliminary IMF estimates. The trade surplus and other flows of funds may cover, at best only \$1.3 billion, leaving a \$200-million shortfall.

MFN denial. Denial of MFN status could cost Romania some \$100-200 million annually in hard-currency earnings. Although potential trade losses from the US market might reach \$325 million, the Romanians could reduce the overall impact on earnings by diverting oil-product exports to other markets.

Payments crunch. In January, Romania failed to make some \$200 million in interest payments on rescheduled 1982 bank loans. Western banks reportedly agreed to a quasi-rescheduling of the payments through July. To stave off liquidity problems beginning this summer, Romanian officials are now pushing for some \$250-300 million in new loans for bridging purposes.

Western banks are likely to grant the loans because other options seem more troublesome. A general rescheduling would be resisted by most banks—given their low exposure and Ceausescu's unpopularity. Further import cuts would burden an already struggling economy and adversely affect exports. The IMF is unlikely to help unless Ceausescu accepts Fund conditionality—a sore point for him.

A Soviet rescue? The Soviets probably will not assist Romania with its payments problems, but the USSR could at least temporarily, at relatively little cost, absorb any exports that Romania might divert from the US market and possibly boost counterdeliveries of oil.

L RW State Waiver ulelis

#### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

DOBRIANSKY

10011/FINCH THINK

March 12, 1986

MEMORANDUM FOR RONALD K. PETERSON

Assistant Director for Legislative Reference

SUBJECT:

Treasury Draft Report on S.1817 re Temporary Suspension of Most Favored Nation to Romania

We have reviewed and concur with the Treasury draft report (Tab A) on S.1817, a bill "To suspend temporarily most-favored-nation treatment to Romania."

Rodney B. McDaniel Executive Secretary

Attachment:

Tab A Draft Report

S.



99TH CONGRESS 1ST SESSION

# S. 1817

To suspend temporarily most-favored-nation treatment to Romania.

#### IN THE SENATE OF THE UNITED STATES

NOVEMBER 1 (legislative day, OCTOBER 28), 1985

Mr. TRIBLE (for himself and Mr. ARMSTRONG) introduced the following bill; which was read twice and referred to the Committee on Finance

# A BILL

To suspend temporarily most-favored-nation treatment to Romania.

Be it enacted by the Senate and House of Representa-1 tives of the United States of America in Congress assembled, That the Congress-4 (1) notes that the Department of State, in the publication "Country Reports on Human Rights Prac-5 tices for 1984", found that "In the area of human 6 7 rights, major discrepancies persist between Romania's 8 Constitution, laws, public pronouncements and interna-9 tional commitments on the one hand, and the civil liberties and human rights actually allowed by the 10 11 regime on the other";

	2
1	(2) is aware of numerous accounts from various
2	human rights organizations, the Department of State,
3	and congressional delegations of incidents of people
4	being arbitrarily harassed, interrogated, and arrested
5	by Romanian authorities for the exercise of civil
6	liberties;
7	(3) finds that official Romanian harassment has
8	not only been extended to the arrest of persons for car-
9	rying Bibles and other religious materials, but even
10	carried to the point of destroying churches and recy-
11	cling Bibles for the production of toilet paper; and
12	(4) further funds that the United States trade defi-
13	cit with Romania (which in 1985 reached a ratio of 4.7
14	to 1) is a result of our extension of nondiscriminatory
<b>15</b>	treatment (most-favored-nation treatment) to that coun-
16	try and can be construed as an endorsement of that
17	nation's abusive internal practices.
18	SEC. 2. (a) Nondiscriminatory treatment (most-favored-

- 1 dnation treatment) may not be extended to the products of Romania during the six-month period that begins on the first day of the second month occurring after the month in which this bill is enacted. 22
- (b) Before the close of the six-month period referred to 23 24 in subsection (a), the President shall-

l	(1) assess the status of civil liberties and human
2	rights in Romania; and
3	(2) recommend to Congress whether the suspen-

sion of nondiscriminatory treatment to Romania under the preceding section should be extended and, if so, for what period.

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#### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

March 7, 1986

#### ACTION

MEMORANDUM FOR RODNEY B. McDANIEL

FROM:

PAULA DOBRIANSKY

SUBJECT:

Treasury Draft Report on S.1817 re Temporary Suspension of Most Favored Nation to Romania

I have reviewed and concur with the Treasury draft report on S.1817 (Tab A), a bill "To suspend temporarily most-favorednation treatment to Romania." Attached at Tab I is a memorandum for your signature to Ronald K. Peterson noting our concurrence.

Matlock, Danzansky and Sable concur.

#### RECOMMENDATION

That you sign the memo at Tab I.

Approve		Disapprove	
	<del></del>		

#### Attachments:

Memo to Peterson Tab A Draft Report

Tab II Incoming



## EXECUTIVE OFFICE OF THE PRESIDENT

#### OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20803

February 21, 1986

## LEGISLATIVE REFERRAL MEMORANDUM

TO:

Legislative Liaison Officer-

National Security Council

Department of State

United States Trade Representative

Department of Commerce

SUBJECT:

Treasury draft report on S. 1317, a bill "To suspend temporarily most-favored-nation treat-

ment to Romania."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than FRIDAY, MARCH 21, 1986.

Sue Thau Questions should be referred to the legislative analyst in this office.

(395-7300)

RONALD K. PETERSON FOR Assistant Director for Legislative Reference

Enclosures cc: K. Quigley



# DEPARTMENT OF THE TREASURY WASHINGTON

13-3/85.42

4 FEB 1986

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Director, Office of Management and Budget Executive Office of the President Washington, D.C. 20503

Attention: Assistant Director for Legislative Reference

Dear Sir:

Enclosed are six copies of a proposed report to the Committee on Finance, expressing the views of the Department of the Treasury on S. 1817, "To suspend temporarily most-favored-nation treatment to Romania."

Is there any objection to the submission of the proposed report?

Sincerely yours,

Robert M. Rimmitt

**Enclosures** 

# DEPARTMENT OF THE TREASURY WASHINGTON



Dear Mr. Chairman:

We appreciate your giving the Department of the Treasury an opportunity to comment on S. 1817, which would suspend temporarily most-favored-nation (MFN) treatment for Romania.

The Department of the Treasury opposes this bill. We believe that the U.S. Government has effectively used the leverage it has under existing law and procedures to press Romania for improvement in its human rights practices. A suspension of MFN treatment would be counterproductive insofar as we would jeopardize that leverage and the potential of influencing Romania's leaders to make further improvements in the future.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

Robert M. Kimmitt

The Honorable
Bob Packwood, Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

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## CONFIDENTIAL

## NATIONAL SECURITY COUNCIL SECRETARIAT

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PAGE Ø1 OF Ø2 BUCHAREST 2Ø14 DTG: 2416Ø9Z MAR 86 PSN: Ø16564 EOB585 ANØ1Ø28Ø TOR: Ø84/Ø214Z CSN: HCE742

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CONFIDENTIAL SECTION Ø1 OF Ø3 BUCHAREST Ø2Ø14

E.O. 12356: DECL: OADR TAGS: PREL, SCUL, PHUM, RO, US

SUBJECT: REVIEW OF DERWINSKI-GAVRILESCU MEETING

(A) STATE 73678 (EXDIS), (B) BUCHAREST 1922,

(C) STATE 71086, (D) STATE 75558, (E) STATE 39225, (F) BUCHAREST 1971

CONFIDENTIAL ENTIRE TEXT.

SUMMARY: AMBASSADOR MARCH 20 GAVE DETAILED REVIEW OF MARCH 7 DERWINSKI-GAVRILESCU MEETING AND OUR CONCERN OVER POSSIBLE LOSS OF M. F. N. TO DEPUTY FOREIGN MINISTER GROZA, IN ABSENCE OF FOREIGN MINISTER AND HIS NUMBER TWO (BOTH OUT OF COUNTRY). AMBASSADOR SAID COUNSELOR DERWINSKI CHARACTERIZED SFRC FEB. 27 HEARING AS "ROUGH," WITH WORSE TO COME IF ROMANIA DID NOT TAKE STEPS TO MEET KEY CONCERNS. THESE INCLUDED DROPOFF IN EMIGRATION; BIBLES; TREATMENT OF UNRECOGNIZED FAITHS HERE. FAITHS HERE; PROGRESS ON INDIVIDUAL CASES; AND CHURCH DEMOLITION. AMBASSADOR ALSO RAISED EMPIRE STEEL CASE. MRS. GROZA'S RESPONSE, THOUGH POLITE. WAS NOT FORTHCOMING. SHE SAID DROPOFF IN EMIGRATION WAS ESSENTIALLY OUR FAULT. SHE CALLED IT "UNFAIR"
TO PRESSURE ROMANIA EVERY YEAR ON HUMAN RIGHTS,
THOUGH M. F. N. WAS IN FACT AIMED AT PROMOTING THE GOR HAD NEVERTHELESS ACTED TO MEET TRADE. AMERICAN CONCERNS AS EMBODIED IN JACKSON-VANIK. SHE EXPRESSED CONFIDENCE THAT "BUSINESSMEN WILL FIND A WAY" TO PRESERVE THIS ELEMENT OF OUR "SPECIAL RELATIONSHIP," BUT ASKED OUR HELP IN KEEPING M. F. N. FOCUS ON ITS ORIGINAL PURPOSE. SHE PROMISED TO INFORM THE FOREIGN MINISTER REGARDING THE AMBASSADOR'S PRESENTATION. END SUMMARY.

THE AMBASSADOR NOTED THAT HE HAD BEEN INSTRUCTED TO SEE THE FOREIGN MINISTER AS A FOLLOW-UP TO COUNSELOR DERWINSKI'S TALK WITH AMBASSADOR GAVRILESCU. THE AMBASSADOR ASKED MME. GROZA TO PASS HIS POINTS ON TO THE FOREIGN MINISTER SO THE MINISTER COULD INFORM HIS SUPERIORS. USING

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## NATIONAL SECURITY COUNCIL SECRETARIAT

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DTG: 241609Z MAR 86 PSN: 016564

COUNSELOR DERWINSKI'S CHARACTERIZATION OF THE FIRST ROUND OF HEARINGS AS "ROUGH," AMBASSADOR UNDERLINED DERWINSKI'S VIEW THAT WE NEED PROGRESS QUICKLY ON ISSUES OF KEY CONCERN IN THE UNITED STATES. WITHOUT IT, WE ARE NOT OPTIMISTIC M.F. N. COULD SCRAPE THROUGH. THESE ISSUES INCLUDE THE CURRENT DROP IN GRANTING EXIT PERMISSION TO THOSE QUALIFIED TO COME TO THE UNITED STATES, IMPORT OF BIBLES, AMNESTY FOR CONSTANTIN SFATCU AND DOREL CATARAMA, RESOLUTION OF THE LONGSTANDING FODOR FAMILY—REUNIFICATION CASE, AND THE TREATMENT OF "UNRECOGNIZED" FAITHS LIKE NAZARENES, JEHOVAH'S WITNESSES AND OTHERS. THE AMBASSADOR POINTED OUT THAT THE HOUSE FOREIGN AFFAIRS AND WAYS AND MEANS COMMITTEES, AND THE SENATE FINANCE COMMITTEE, ALL APPEARED LIKELY TO HOLD HEARINGS ON ROMANIAN M.F. N. EARLY THIS YEAR.

IN RESPONSE MRS. GROZA SAID IT IS "UNFAIR" TO "PRESSURE" ROMANIA EVERY TIME M. F. N. HEARINGS BEGIN. THE U. S. AND ROMANIA HAVE A SPECIAL RELATIONSHIP AND AN OBLIGATION TO PRESERVE IT. THERE IS NEED FOR MORE OBJECTIVITY, MORE UNDERSTANDING AND LESS PROPAGANDA. RATHER THAN TALKING OF SUSPENDING M. F. N., MRS. GROZA SAID, "WE THINK IT BETTER TO ENCOURAGE SOLUTIONS, IN THE INTEREST OF OVERALL BETTER RELATIONS." WHILE ROMANIA VALUES THE BENEFITS BETTER RELATIONS. " OF M. F. N. AND HOPES FOR RENEWAL, U. S. -GOR RELATIONS "ARE NOT SHAPED BY ONE ISSUE ALONE.". THE ORIGINAL PURPOSE OF M. F. N. WAS TO FOSTER BILATERAL TRADE AND COMMERCE, SHE ARGUED, AND "THE INTRODUCTION OF OTHER CRITERIA" UNJUSTIFIABLY COMPLICATES THE RELATIONSHIP. BUT, MRS. GROZA SAID, ROMANIA IS OPTIMISTIC THAT "BUSINESS WILL FIND A SOLUTION --WITHIN THE FRAMEWORK OF MUTUAL RESPECT, SOVEREIGNTY AND UNDERSTANDING. " SHE ASKED FOR STATE DEPARTMENT AND ADMINISTRATION SUPPORT IN KEEPING THE DIALOGUE ON M. F. N. FOCUSED ON ITS REAL PURPOSE. NOTING THAT THE GOR WAS UNSURE WHERE THE ADMINISTRATION STOOD ON THIS ISSUE, MRS. GROZA SAID THE GOR WOULD LIKE A MORE ACTIVE SUPPORT FOR RENEWAL FROM THE ADMINISTRATION, SUPPORT WHICH DID NOT HIGHLIGHT "NEGATIVE" ASPECTS WHICH WERE NOT CONNECTED WITH JACKSON-VANIK. DESPITE THESE. MRS. GROZA SAID, THE GOR HOPED FOR POSITIVE SIGNALS FROM WASHINGTON, TO KEEP OUR OVERALL

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## NATIONAL SECURITY COUNCIL SECRETARIAT

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CONFIDENTIAL SECTION 02 OF 03 BUCHAREST 02014

EXDIS

E.O. 12356: DECL: OADR
TAGS: PREL, SCUL, PHUM, RO, US

SUBJECT: REVIEW OF DERWINSKI-GAVRILESCU MEETING

RELATIONSHIP FROM FALTERING.

AMBASSADOR KIRK POINTED OUT THAT ASSISTANT SECRETARY RIDGWAY SAID IN HER TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE FEBRUARY 26, THAT M. F. N. HAD BEEN WORTHWHILE AND THAT THE ADMINISTRATION'S RECOMMENDATION WILL DEPEND ON THE PROGRESS MADE ON ISSUES OF CONCERN TO US.

#### 6. EMIGRATION:

MME. GROZA SAID THE GOR AGREED TO THE JACKSON-VANIK AMENDMENT ON EMIGRATION AND HAS HONORED IT. IN RESPONSE, AMBASSADOR KIRK SHOWED MME. GROZA AN INFORMAL CHART WHICH SHOWED THE DECREASE IN EMIGRATION FIGURES OVER THE PAST TWO YEARS. HE GAVE HER COUNSELOR DERWINSKI'S VIEW THAT THE FEBRUARY 27 SENATE FOREIGN RELATIONS COMMITTEE HEARING WAS NOT AS BAD AS IT COULD HAVE BEEN SIMPLY BECAUSE THE SENATORS WHO ATTENDED THE HEARING HAD NOT YET FOCUSED ON THE DROP IN ROMANIA'S EMIGRATION.

GROZA INSISTED THAT THE DROP IN EMIGRATION FIGURES IS DUE TO THE LONG WAIT ROMANIAN WOULD-BE EMIGRANTS HAVE TO UNDERGO BEFORE THEY CAN BE ISSUED U. S. VISAS, AS WELL AS U. S. REJECTION OF SO MANY WHO WOULD OTHERWISE BE ABLE TO LEAVE. SHE SAID THE STATISTICS WOULD NOT HAVE SHOWN SUCH A DECREASE IF THE UNITED STATES WERE TO MODIFY ITS VISA ELIGIBILITY REQUIREMENTS. POLICIES ON EMIGRATION AND IMMIGRATION ARE, HOWEVER, INTERNAL DECISIONS OF SOVEREIGN STATES. SHE SAID THAT GOR REGULATIONS TOO MUST BE FOLLOWED. BUT, SHE ADDED, "AS WE TOLD SECRETARY OF STATE SHULTZ" AND OTHERS, ROMANIA DESIRES A RESOLUTION TO THE CURRENT PLIGHT OF THE MANY WOULD-BE EMIGRANTS FORCED TO REMAIN IN THE COUNTRY FOR LONG PERIODS -- OR INDEFINITELY --

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# CONFLIDENTIAL NATIONAL SECURITY COUNCIL SECRETARIAT

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BECAUSE THEY CANNOT GET U.S. IMMIGRATION VISAS. SHE ADDED, "JUST BECAUSE SOME WHO GO TO THE U.S. EMBASSY ARE DISAPPROVED FOR IMMIGRATION, DOES NOT MEAN THAT WE ARE NOT DOING OUR JOB."

#### 8. SPECIFIC CASES:

- AMBASSADOR KIRK TOLD MME. GROZA THAT COUNSELOR DERWINSKI GAVE AMBASSADOR GAVRILESCU A COPY OF A LETTER FROM SENATORS LUGAR AND LAUTENBERG, ASKING THE ROMANIAN GOVERNMENT TO GRANT EXIT VISAS FOR MATHEMATICIANS RADU ROSU AND SILVIU TELEMAN, AND THE AMBASSADOR GAVE MME. GROZA COPIES. BOTH ARE INVITED TO ATTEND ACADEMIC PROGRAMS IN THE UNITED STATES AND BOTH HAVE NOT BEEN ABLE TO SECURE GOR PERMISSION TO TRAVEL. AMBASSADOR KIRK EMPHASIZED THAT BOTH THESE CASES WERE RECEIVING INCREASED CONGRESSIONAL INTEREST, AND SHOULD BE RESOLVED.

9. MME. GROZA SAID THE MINISTRY HAD MET WITH ROSU, AND HAD LEARNED THAT THE SENATE OF THE UNIVERSITY OF BUCHAREST HAD DECIDED THEY COULD NOT LET ROSU GO. IT WAS UP TO THE UNIVERSITY TO DECIDE ON ROSU'S APPLICATION FOR LEAVE TO ATTEND PRINCETON UNIVERSITY'S INSTITUTE OF ADVANCED STUDIES. UNLESS HIS EMPLOYER, THE UNIVERSITY, GRANTS PERMISSION, THE MINISTRY OF FOREIGN AFFAIRS COULD NOT EVEN CONSIDER THE CASE.

10. IN TELEMAN'S CASE, MME. GROZA SAID, HE NEEDS TO SHOW THAT THE UNIVERSITY OF INDIANA WILL COVER

ALL HIS EXPENSES BEFORE THE UNIVERSITY OF BUCHAREST CAN DECIDE ON HIS PETITION. AS IN ROSU'S CASE, MME. GROZA SAID, THE MINISTRY CANNOT INFLUENCE THE UNIVERSITY'S DECISION.

11. AMBASSADOR KIRK ALSO RAISED THE INABILITY OF FORMER ROMANIAN AMBASSADOR TO WASHINGTON BRUCAN TO TRAVEL TO THE UNITED STATES (REF B), AND AN EXTENSION OF THE NON-IMMIGRANT VISA FOR MARIA GEORGESCU (REF F).

12. EMPIRE STEEL/GSP:

- AMBASSADOR KIRK RAISED THE QUESTION OF BT

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# CONFIDENTIAL

## NATIONAL SECURITY COUNCIL SECRETARIAT

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CONFIDENTIAL SECTION 03 OF 03 BUCHAREST 02014

EXDIS

E.O. 12356: DECL: OADR TAGS: PREL, SCUL, PHUM, RO, US SUBJECT: REVIEW OF DERWINSKI+GAVRILESCU MEETING

ROMANIA'S POSSIBLE LOSS OF GSP IF IT DOES NOT PAY AN ARBITRATION AWARD TO EMPIRE STEEL (REF C). HE EMPHASIZED THAT UNLESS ROMANIA ACTS QUICKLY TO HONOR THE ARBITRATION DECISION, THE ADMINISTRATION WOULD HAVE NO OPTION BUT TO RECOMMEND WITHDRAWAL OF GSP FOR ROMANIA. MME. GROZA SAID THAT SHE WOULD RAISE THIS ISSUE WITH FOREIGN TRADE MINISTER PUNGAN.

13. IN CONCLUSION, AMBASSADOR KIRK PROVIDED MME. GROZA A COPY OF TALKING POINTS ON THE U.S. POSITION FOR THE UPCOMING BERN CSCE MEETING ON HUMAN CONTACTS. HE SAID THAT HE HAD DISCUSSED THE SUBJECT IN
DETAIL WITH DEPUTY FOREIGN MINISTER POP, BUT WANTED HER TO BE INFORMED OF OUR VIEWS AS WELL. MME. GROZA THANKED HIM AND SAID SHE WOULD STUDY THEM WITH GREAT INTEREST. SHE SAID SHE WOULD PASS ALL AMBASSADOR KIRK'S COMMENTS ON TO THE FOREIGN MINISTER.

COMMENT: AT NO TIME DID MME. GROZA WAVER FROM THE ST (RD ROMANIAN RESPONSES ON THE ISSUES DISCUSSED AS DID AMBASSADOR GAVRILESCU WITH COUNSELOR DERWINSKI. END COMMENT. KIRK BT

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ACTION

April 1, 1986

MEMORANDUM FOR RODNEY B. McDANIEL

FROM:

PAULA DOBRIANSKY PP

SUBJECT:

DOS Report on S-1910 re Inheritance Claims by U.S.

Nationals Against Romania

I have reviewed and concur with DOS Report on S-1910 (Tab A) which concerns inheritance claims by U.S. nationals against Romania. Attached at Tab I is a memo for your signature to Ronald K. Peterson noting our concurrence.

Matlock, Danzansky, Platt, and Sable concur.

#### RECOMMENDATION

That you sign the memo at Tab I.

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

Attachments:

Tab I Memo to Peterson
Tab A DOS Report on S-1910

# NATIONAL SECURITY COUNCIL WASHINGTON D.C. 2000

MEMORANDUM FOR RONALD K. PETERSON

Legislative Reference

Office of Management and Budget

FROM:

RODNEY B. McDANIEL

SUBJECT:

DOS Report on S-1910 re Inheritance Claims by U.S.

Nationals Against Romania

We have reviewed and concur with the DOS Report on S-1910 (Tab A) which concerns inheritance claims by U.S. nationals against Romania.

#### Attachment:

Tab A DOS Report



Washington. D.C. 20520

Dear Mr. Chairman,

This is in reply to your letter of December 30, 1985, wherein you requested coordinated Executive Branch comments inter alia on S. 1910, "concerning inheritance claims by United States nationals against Romania."

If enacted, this bill would place Congress on record as finding that substantial evidence exists to indicate that the Government of Romania has not complied with its obligations under the 1972 Consular Convention and Protocol between the United States and Romania to allow U.S. nationals to exercise inheritance rights in property located in Romania, and that the Government of Romania has taken such property in violation of international law. The bill would also direct the Foreign Claims Settlement Commission to assess the validity and amount of such claims so that Congress could determine whether to suspend or terminate Romania's preferential trade status. The bill stipulates that the Commission shall not find any such claim to be invalid on grounds that the alleged expropriation occurred prior to the date upon which the claimant became a U.S. citizen, unless the Commission is presented with conclusive evidence of the expropriation, including its effective date, "in the form of an operative, contemporaneous governmental nationalization or expropriation statute, decree, edict, proclamation, or other order."

The Department of State opposes the bill for three reasons. First, the Department disagrees that substantial evidence exists to show that Romania is in violation of the Protocol to the 1972 Consular Convention, which guarantees the exercise of inheritance rights to U.S. nationals. The Department is aware of only one case in which a U.S. national is claiming to have been denied the exercise of his inheritance rights by Romania. In that case, the Department determined in 1981 that the alleged taking of the claimant's inheritance rights occurred prior to the date upon which he became a U.S. citizen, and reviewed and reaffirmed that

The Honorable
Richard G. Lugar,
Chairman, Committee on Foreign Relation,
United States Senate.

finding in 1985. Therefore, the United States has no standing under international law to espouse the claim, although it has been working with the claimant, his attorneys and the Romanian Government in efforts to facilitate a settlement. The Department points out, moreover, that, because Romania has no obligation to the United States under the Protocol to the Convention regarding claims which arose before the claimants became U.S. citizens, this particular claim provides no evidence that Romania is in violation of the Protocol to the Convention.

Second, even if Romania were in breach of the Protocol to the Convention in this case, the suspension or termination of Romania's preferential trade status would constitute a disproportionately harsh reaction to such breach. The Protocol to the Convention does not provide for such sanctions and the United States could not rely on customary international law as authority for adopting such extreme retaliation for breach of the Protocol to the Convention. Moreover, suspension or termination of Romania's most-favored-nation trade status would have broad implications in other areas of concern to Congress. IV of the 1974 Trade Act, the United States has been able to use MFN status as leverage in the area of emigration: over 25,000 Romanian citizens have emigrated legally to the United States in the eleven years of Romanian MFN, a sixfold increase over the rate of departures before MFN. Withdrawal of MFN status under this bill would, in effect, end this leverage with concomitant consequences for emigration and related matters. The nearly 4,000 Romanians legally qualified to join family members in the U.S., as well as religious and political dissenters who have benefited from U.S. influence afforded by MFN, could suffer.

Third, the proposed bill would require the Foreign Claims Settlement Commission to adopt a definition of expropriation which does not include the concepts of "constructive taking" or \*creeping nationalization.\* This requirement conflicts with the long-standing position of the United States that a State may be found to have taken the property of an alien absent a formal expropriation statute, decree or edict. The Hickenlooper Amendment, § 620(e) of the Foreign Assistance Act of 1961 as amended, 22 U.S.C. \$ 2370(e)(1), for example, requires the President to cut off assistance to a government which effectively deprives a U.S. national of the benefits of his property even though that government has not formally expropriated the property in question. The Foreign Claims Settlement Commission has also for many years allowed claims based on such constructive takings. See, e.g., FCSC, Fourteenth Semiann. Rep. 136-67 (1961); FCSC Tenth Semiann. Rep. 53-54 (1959). The proposed bill would produce a glaring inconsistency in the approach of the United States to this vital issue. Indeed, by unduly limiting

the definition of expropriation, the bill would generally work against the interest of U.S. nationals who seek compensation for the loss of control over their foreign property.

For these reasons, the Department of State opposes the passage of this bill.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely,

James W. Dyer
Acting Assistant Secretary
Legislative and Intergovernmental Affairs



# EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20003

March 26, 1986

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## LEGISLATIVE REFERRAL MEMORANDUM

T0:

Legislative Liaison Officer-

Department of Justice - Perkins 633-2113 (17) Department of Commerce - Levitt 377-3151 (04) Department of Treasury - Carro 566-8523 (28)

National Security Council

United States Trade Representative - Holmer 395-3150 (23)

SUBJECT:

State Draft Report on S-1910, concerning inheritance claims

by U.S. Nationals against Romania.

NOTE: Your prompt response is necessary as the Senate Foreign

Relations Committee is expected to markup this bill the

week of April 7th, 1986.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than THURSDAY, APRIL 3, 1986.

Questions should be referred to Sue Thau the legislative analyst in this office.

 $(^{395-7300}),$ 

RONALD K. PETERSON FOR Assistant Director for Legislative Reference

Enclosures cc:

Jim Jukes James Barie