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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name DOBRIANSKY, PAULA: FILES

Withdrawer

RBW 2/1/2017

File Folder ROMANIA - EE (EASTERN EUROPE) MFN (MOST FAVORED NATION) (50

FOIA

F1640/3

Box Number 6

HERSHBERG

70

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
189139	LETTER	RR TO NICOLAE CEAUSESCU [COPY OF DOC. 189141]	2	ND	B1
189140	LETTER	ROMANIAN LETTER	2	ND	B1
189141	LETTER	RR TO NICOLAE CEAUSESCU	2	6/1/1983	B1
189142	LETTER	ROMANIAN LETTER [COPY OF DOC. 189140]	2	ND	B1
189143	LETTER	U.S. LETTER [SAME TEXT AS DOC. 189141]	2	ND	B1

The above documents were not referred for declassification review at time of processing

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.

THE WHITE HOUSE
WASHINGTON

ROMANIA

MAN

~~CONFIDENTIAL~~

8:25 p.m.
March 2, 1983

MEMO FOR PAULA DOBRIANSKY

State Secretariat called this evening, wondering where our clearance is. Have you had a chance to look at this yet? (I am assuming that this is your issue.)

The Secretariat said that the message does not include the GATT as addressees, because it is not a GATT issue. Please note that the White House instructions ~~had yet to~~ included the GATT, but State's approach seems right to me. What do you think?

Dick
Dick Boverie
(sitting in for Bud)

cc: Roger Robinson
Henry Nau

71) CLEARED
3/3/83

~~CONFIDENTIAL~~

DECLASSIFIED IN PART

NLRP

BY NARA DATE

CLASSIFIED

AVL Waiver 8/6/10

RN)

DATE 2/1/17

WASHFAX RECEIPT
DEPARTMENT OF STATE

B

S/S #

83 MAY 2 PM 6:28
URGENT
[Signature]

URGENT

MESSAGE NO. 842 CLASSIFICATION ~~CONFIDENTIAL~~ No. Pages 4
FROM: CENManaway S/S 23126 7224
(Officer name) (Office symbol) (Extension) (Room number)
MESSAGE DESCRIPTION Cable to Bonn, UNSATO, Tel Aviv re MFN Tariff
Status for Romania

TO: (Agency)	DELIVER TO:	Extension	Room No.
NSC	Mike Wheeler	395-3044	
NSC	Gen Richard Boverie	395-3330	

FOR: CLEARANCE ☒ INFORMATION ☐ PER REQUEST ☐ COMMENT ☐

REMARKS: URGENT CLEARANCE PLEASE BY COB TODAY.

S/S Officer: [Signature]

crosshatch

CONFIDENTIAL

DECLASSIFIED
Authority: State Waiver 11/6/15
BY: RW 2/11/7

EUR/EEY:JBRICKERT 02558
03/01/83 EXT. 23298
PILSEAGLEBURGER

EUR:RBURT S/S:CEMCHANAWAY
EUR/EEY:JRDAVIS
EUR/CE:BCLARK
NEA/IAI:MPENDLETON

EUR:RMPALMER
EUR/RPM:GWARD
L:TBOREK
P:DJOHNSON

IMMEDIATE BONN, USNATO IMMEDIATE, TEL AVIV IMMEDIATE

PRIORITY ANATO, BERN PRIORITY, BELGRADE PRIORITY, BERLIN PRIORITY,
BUCHAREST PRIORITY, BUDAPEST PRIORITY, CANBERRA PRIORITY, HELSINKI

BRUSSELS ALSO FOR USEC, MADRID ALSO FOR USDEL CSCE

E.O. 12065: DECL: OADR

TAGS: PREL, PGOV, SHUM, OVIS, RO, US

SUBJECT: TERMINATION OF MOST-FAVORED-NATION (MFN)
TARIFF STATUS FOR ROMANIA

1. (C) THE PRESIDENT WILL ANNOUNCE ON MARCH 4 HIS
DECISION TO TERMINATE ROMANIA'S MFN STATUS AND
ASSOCIATED TRADE BENEFITS (I.E., GSP AND NEW US
GOVERNMENT CREDITS AND CREDIT GUARANTEES SUCH AS THOSE
PROVIDED THROUGH EXIM AND CCC) EFFECTIVE JUNE 30, 1983
IF ROMANIA'S NEW EDUCATION TAX REMAINS IN FORCE. THE
GOR'S EDUCATION REPAYMENT DECREE OF OCTOBER 22, 1982
REQUIRES EMIGRANTS, INTER ALIA, TO REPAY THE COST OF
THEIR EDUCATION IN CONVERTIBLE CURRENCY BEFORE THEY CAN
LEAVE AND IS CONTRARY TO THE LETTER AND SPIRIT OF
SECTION 402 OF THE 1974 TRADE ACT, THE SO-CALLED
JACKSON-VANIK AMENDMENT. ON MARCH 1 UNDER SECRETARY
EAGLEBURGER INFORMED VISITING ROMANIAN DEPUTY FOREIGN
MINISTER GHEORGHE DOLGU OFFICIALLY OF THE IMPENDING
WHITE HOUSE ANNOUNCEMENT. WE HAVE INVITED THE GOR
FORMALLY TO CONSULT WITH US ON THE MATTER AS REQUIRED
BY ARTICLE 12 OF OUR BILATERAL TRADE AGREEMENT.

2. (C) INDICATIONS THUS FAR ARE THAT THE ROMANIANS ARE
RESIGNED TO THE LOSS OF MFN BUT WILL SEEK TO LIMIT THE

LSE
JBR

RB

RM

JRD

GW

BC

TE

MP

DJA

CEM

~~CONFIDENTIAL~~

12

DAMAGE TO OUR BILATERAL RELATIONS WHICH THAT LOSS WILL ENTAIL. WE ALSO WANT TO MINIMIZE THE DAMAGE AND THEREFORE INTEND TO HANDLE THE ISSUE IN A LOW-KEY MANNER WITH THE MEDIA AND OTHER GOVERNMENTS. IN ADDITION, WE WILL ATTEMPT TO KEEP THE DOOR OPEN FOR ROMANIA TO REGAIN MFN SHOULD THE GOR RESCIND OR STOP IMPLEMENTATION OF THE EDUCATION REPAYMENT DECREE AND IMPROVE ITS EMIGRATION PROCEDURES IN THE FUTURE. PRESS GUIDANCE ON THE PRESIDENT'S DECISION TO WITHDRAW MFN FROM ROMANIA IS UNDER PREPARATION AND WILL BE SENT TO ADDRESSEE POSTS WHEN APPROVED.

3. (LOU) ACTION ADDRESSEES SHOULD PROMPTLY BRIEF HOST GOVERNMENTS AND (IN THE CASE OF USNATO) THE ALLIES ON THE STEPS THE USG WILL BE TAKING AND THE REASONS FOR THEM. INFO ADDRESSEES (EXCEPT IN WARSAW PACT COUNTRIES) MAY PROVIDE THE FOLLOWING NON-PAPER ON THE ROMANIAN MFN SITUATION TO HOST GOVERNMENTS. EMBASSIES IN WARSAW PACT COUNTRIES MAY DRAW ON NON-PAPER IN ORAL PRESENTATIONS.

BEGIN TEXT:

ON OCTOBER 22, 1982, THE ROMANIAN GOVERNMENT ANNOUNCED A DECREE UNDER WHICH EMIGRANTS WOULD BE REQUIRED, INTER ALIA, TO REPAY THE STATE IN CONVERTIBLE CURRENCY FOR THE COST OF ALL EDUCATION AND TRAINING BEYOND THE TENTH GRADE LEVEL BEFORE BEING ALLOWED TO LEAVE THE COUNTRY. ALTHOUGH THE EFFECTIVE DATE OF THE DECREE WAS ANNOUNCED AS NOVEMBER 1, 1982, WIDE-SCALE IMPLEMENTATION DID NOT BEGIN UNTIL THE FIRST PART OF FEBRUARY, 1983. SHORTLY AFTER, THE ROMANIAN GOVERNMENT CONFIRMED TO THE U.S. GOVERNMENT THAT THE DECREE WAS BEING IMPLEMENTED. REPAYMENT CHARGES UNDER THE DECREE HAVE NOT BEEN PUBLISHED OFFICIALLY BUT APPEAR TO RANGE FROM DOLS 3,700 TO AS MUCH AS DOLS 40,000 PER PERSON.

THE U.S. GOVERNMENT VIEWS THE EDUCATION REPAYMENT DECREE AS A SERIOUS NEW BARRIER TO EMIGRATION AND HAS DISCUSSED THIS ISSUE WITH THE ROMANIAN GOVERNMENT ON A NUMBER OF OCCASIONS BOTH BEFORE AND AFTER THE DECREE WAS ANNOUNCED. FOR EXAMPLE, THE DECREE AND ITS POSSIBLE IMPLICATIONS FOR U.S.-ROMANIAN RELATIONS WERE THOROUGHLY DISCUSSED IN MEETINGS HELD IN ROMANIA JANUARY 10-11 BETWEEN UNDER SECRETARY OF STATE LAWRENCE EAGLEBURGER AND PRESIDENT CEAUSESCU AND FOREIGN MINISTER ANDREI. U.S. REPRESENTATIVES HAVE EXPLAINED IN DETAIL THAT SECTION 402 OF THE TRADE ACT OF 1974 WOULD MAKE IT IMPOSSIBLE FOR THE U.S. GOVERNMENT TO CONTINUE TO EXTEND

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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CONTINUE TO EXTEND MOST-FAVORED-NATION (MFN) TARIFF STATUS TO ROMANIA IF THE DECREE WERE IMPLEMENTED. SECTION 402 STATES IN PART THAT CERTAIN STATES, OF WHICH ROMANIA IS ONE, SHALL BE INELIGIBLE FOR MFN STATUS OR FOR PARTICIPATION IN US GOVERNMENT CREDIT AND GUARANTEE PROGRAMS IF THEY IMPOSE "MORE THAN A NOMINAL TAX, ON EMIGRATION OR ON THE VISAS OR OTHER DOCUMENTS REQUIRED FOR EMIGRATION, FOR ANY PURPOSE OR CAUSE WHATEVER." THE ROMANIANS HAVE RESPONDED THAT THE DECREE IS CONCERNED SOLELY WITH THE RELATIONSHIP BETWEEN THE ROMANIAN GOVERNMENT AND ITS CITIZENS AND IS NOT AN ANTI-EMIGRATION MEASURE.

FOLLOWING OFFICIAL CONFIRMATION THAT THE EDUCATION REPAYMENT DECREE WAS BEING IMPLEMENTED, THE PRESIDENT DECIDED TO TERMINATE ROMANIA'S MFN STATUS AND ASSOCIATED BENEFITS EFFECTIVE JUNE 30, 1983. AN ANNOUNCEMENT TO THIS EFFECT WILL BE ISSUED BY THE WHITE HOUSE THIS WEEK. IF THE ROMANIAN GOVERNMENT RESCINDS OR CEASES TO IMPLEMENT THE DECREE AND IMPROVES ITS EMIGRATION PROCEDURES, THE U.S. IS PREPARED TO RESPOND APPROPRIATELY. IT IS THE INTENTION OF THE U.S. TO PRESERVE AND CONTINUE ITS BILATERAL RELATIONSHIP WITH ROMANIA IN ALL THOSE AREAS NOT DIRECTLY AFFECTED BY THE WITHDRAWAL OF MFN. END TEXT

4. (C) MOST GOVERNMENTS AND OTHERS MAY ASK WHY THE ROMANIANS HAVE ENACTED AND IMPLEMENTED THE EDUCATION REPAYMENT DECREE, DESPITE US WARNINGS THAT LOSS OF MFN AND ASSOCIATED BENEFITS WOULD FOLLOW. ADDRESSEES SHOULD DECLINE TO SPECULATE ON ROMANIAN MOTIVATIONS BUT MAY INDICATE THAT AT THIS POINT WE HAVE NO REPEAT NO REASON TO BELIEVE THAT GOR ACTIONS PRESAGE A MOVE TOWARDS THE SOVIETS OR A DECISION TO REDUCE OR RESTRICT RELATIONS WITH THE US AND OTHER WESTERN COUNTRIES BEYOND THOSE AREAS DIRECTLY AFFECTED BY LOSS OF MFN.

5. IF ASKED WHETHER U.S. ACTION COMPLIES WITH THE GATT, POSTS SHOULD REPLY THAT THIS IS NOT A GATT ISSUE, BUT A BILATERAL MATTER BETWEEN THE U.S. AND ROMANIA. WHEN ROMANIA JOINED GATT, THE U.S. INVOKED ARTICLE 35 OF THE GATT. ARTICLE 35 PROVIDES THAT THE GATT SHOULD NOT APPLY BETWEEN TWO PARTIES, IF AT THE TIME OF ACCESSION OF ONE, EITHER PARTY DOES NOT CONSENT TO SUCH APPLICATION.

6. (C) FOR BONN AND TEL AVIV. WE APPRECIATE FRG AND ISRAELI DETERMINATION NOT TO CONDUCT THEIR DISCUSSIONS WITH THE GOR IN THE CONTEXT OF THE EMIGRATION DECREE.

~~CONFIDENTIAL~~

CONFIDENTIAL

WE CONTINUE TO BELIEVE THAT A SOLID FRONT IN THIS REGARD REMAINS ESSENTIAL TO PRESERVING ANY POSSIBILITY FOR ULTIMATE GOR DECISION TO MOVE AWAY FROM IMPLEMENTATION OF THE DECREE. IN ADDITION, IN VIEW OF THE CLOSE CONTACTS WE HAVE MAINTAINED WITH THE FRG AND ISRAELI EMBASSIES HERE ON THE EDUCATION REPAYMENT DECREE ISSUE, WE WILL ALSO BE BRIEFING THEM ALONG THE LINES OF THIS MESSAGE. YY

CONFIDENTIAL

OCT:

Please add the following INFO addressees:

PRIORITY, GENEVA PRIORITY, MOSCOW PRIORITY, MUNICH PRIORITY,
PRAGUE PRIORITY, SOFIA PRIORITY, STOCKHOLM PRIORITY,
TOKYO PRIORITY, MBFR VIENNA PRIORITY, VIENNA PRIORITY,
WARSAW PRIORITY, USUN NEW YORK PRIORITY

Drafted by: EUR/EEY: JBRickett 251B

Cleared by: EUR: RBurt

EUR: RMPalmer

EUR/EEY: JRDavis

EUR: RPM: CFA

EUR/CE: BCL

NEA/IAI: MPE

P: DJohnson

L: TBorek

USDOC: JBERGESS

EB/GCP: TSCHAEFFER

OSTR: HSMITH

ACTION ADDRESSEES: IMMEDIATE BONN, USNATO IMMEDIATE,

TEL AVIV IMMEDIATE

THE WHITE HOUSE
WASHINGTON

8

~~CONFIDENTIAL~~

8:25 p.m.
March 2, 1983

MEMO FOR PAULA DOBRIANSKY

State Secretariat called this evening, wondering where our clearance is. Have you had a chance to look at this yet? (I am assuming that this is your issue.)

The Secretariat said that the message does not include the GATT as addressees, because it is not a GATT issue. Please note that the White House instructions ~~had yet to~~ included the GATT, but State's approach seems right to me. What do you think?

Dick
Dick Boverie
(sitting in for Bud)

cc: ☒ Roger Robinson
Henry Nau

~~CONFIDENTIAL~~

DECLASSIFIED

Authority NSC Waiver 8/6/10
BY RW NARA DATE 2/1/17

Paula -
I approved and accepted
State change that this
message need not go
to GATT as it went
Strictly speaking a GATT
demo and would set
an unhelpful precedent
This can obviously be
reversed at any time
but there was no time
to debate the question
this morning.
Rog

~~CONFIDENTIAL~~

3/3/83

Rom. mfn

9

PROPOSED TEXT

PRESIDENTIAL ANNOUNCEMENT

The Government of Romania has implemented a decree requiring any Romanian citizen wishing to emigrate to repay in convertible currency the costs of education received beyond the compulsory level. This decree conflicts with the letter and spirit of Section 402 of the Trade Act of 1974, which is intended to remove barriers to freedom of emigration. I, therefore, declare my intention to terminate Romania's Most-Favored-Nation tariff status and other benefits effective June 30, 1983, if the education repayment decree remains in force on that date.

~~CONFIDENTIAL~~

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA RW, DATE 2/1/17

CONFIDENTIAL

CONFIDENTIAL

10

NATIONAL SECURITY COUNCIL

March 3, 1983

TO: SITUATION ROOM

Please LDX the attached as
soon as possible to:

Mr. Jonathon Rickert
State - Room 5219 (Romania Dsk)
Tel: 632-3298

From: Paula Dobriansky
NSC - OEOB - Rm 368
Tel: 395-3912

f1

FILE ROUTED

MEMO

STATE

83 MAR 3 P 6: 02

83 MAR 3 PM 5 46

LDX MESSAGE RECEIPT
DEPARTMENT OF STATE

SITE

IB

S/S #

ROOM

LDX MESSAGE NO. 871 CLASSIFICATION UNCLASSIFIED No. Pages 2

FROM: Jon B. Rickert EUR/EEY X23298 5219
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION Qs and As for Press Brfq

LDX TO: (Agency)	DELIVER TO:	Extension	Room No.
NSC	Paula Dobriansky + NSC/s	395-3912	368

REMARKS:

S/S Officer:

WBP

March 2, 1983

12

EUR Press Guidance

ROMANIA: Termination of MFN

- Q. What will the termination of MFN mean for US-Romanian relations?
- A. The termination of Romania's eligibility for MFN and for participation in United States Government credit and loan guarantee programs, following on the implementation of the Romanian education repayment decree which made this step necessary, cannot help but have a negative impact on our bilateral relations. Nevertheless, there are ~~many~~ areas where mutual cooperation remains desirable and feasible, and it is in the interest of both countries to maintain as constructive a relationship as possible. ~~That is our intention, and we trust that the Romanian Government wants to follow the same course.~~

Q. What effect is the loss of MFN likely to have on U.S.-Romanian Trade?

A. Romanian exports to the U.S. in 1982 were valued at nearly \$400 million and in 1981 at \$560 million. U.S. exports to Romania for those two years were about \$225 million and \$504 million respectively. The Commerce Department estimates that Romanian exports to the U.S. will fall by at least 50 percent in the first year after MFN is terminated. U.S. exports can be expected to experience similar declines. However, the main consequence may be that bilateral trade will probably decline during a period of economic recovery in the U.S. and abroad when trade might otherwise be expected to expand. The loss of MFN will also make Romania ineligible for GSP and USG credits and credit guarantees.

Q. Why did Romania decide to implement the education repayment decree knowing that it would lead to the loss of MFN? Does this mean that Romania has decided to move closer to the USSR?

A. The Romanian Government should answer for itself on why it decided to promulgate and implement the education repayment decree. On the second point, at this time, we have no reason to believe that Romania has changed its basic foreign policy.

Q. Will you restore MFN if the Romanians stop implementing the education repayment decree?

A. We are prepared to recommend the restoration of MFN to Romania if the Romanian Government stops implementing that decree and improves its emigration procedures.

Q. What effect do you expect the education repayment decree to have on emigration from Romania, especially now that MFN is being terminated?

A. The Romanian Government maintains that the decree is not an anti-emigration measure and that applications for emigration will continue to be considered and approved as before (about 20,000 people received permission to emigrate in 1982, according to Romanian figures). However, in our view the decree is a serious impediment to emigration and is very likely to prevent many people from leaving who would have been able to do so before the decree was implemented.

15
Press Guidance on MFN Termination

Drafted by: EUR/EEY: JBRickert/RWSaich
3/2/83 x 23298, 0261B

Cleared by: EUR/EEY: JRDavis

EUR: RMPalmer

HA: EAbrams

ET: TSchaffer

L/EUR: EBorek

P: LSEagleburger

PA: JHughes

U.S. Is Suspending Romania's 'Favored-Nation' Trade Status

By Don Oberdorfer
Washington Post Staff Writer

The administration this week notified Romania, formerly Washington's best contact in the Soviet bloc, that its "most-favored-nation" trade status is being suspended because of that country's immigration policies.

The notification was given to visiting Deputy Foreign Minister Gheorghe Dolgu by senior State Department officials Monday, and is to be formally announced before the end of the week, according to official sources. It is likely to have serious consequences for U.S.-Romanian relations and major repercussions within eastern Europe.

The cause of the trouble is the "education tax" to be levied by Bucharest against persons emigrating to other countries. The tax, starting at about \$3,600 for a person of high school education and increasing by about \$4,000 for each year of college education, is intended to stop the Romanian "brain drain" abroad or, if it continues, to repay the state for the education being exported.

There is more than a hint in comments from Bucharest that a nationalistic reaction to the rough-and-tumble of the American political system is also involved.

Romania's case for "most-favored-nation" trade status, granted permanently and routinely to most non-communist nations, is considered every 12 months under the 1974 Jackson-Vanik amendment, and in recent years Romania has bridled at the annual debate here about its immigration policies.

Following adoption of the "education tax," Undersecretary of State Lawrence S. Eagleburger flew to Bucharest in January to warn President Nicolae Ceausescu that the United States would be forced to suspend trade benefits if the measure was carried out. Despite this plea, the tax was formally imposed last month.

Administration officials said the measure left them virtually no choice under the terms of Jackson-Vanik, originally prompted by the Soviet Union's adoption in 1972 of a similar "education tax" on immigration.

Moscow revoked the tax within a few months, but because of this history the U.S. law was specifically directed in part against trade benefits to communist nations that impose "more than a nominal tax on emigration."

Further official consultations between Washington and Bucharest are expected before the formal termination. But given the two sides' fixed positions, U.S. officials said it is highly unlikely that the action can be averted.

Withdrawal of the trade benefits probably would cost Romania about \$200 million in sales to the United States because of sharply increased tariffs, sources said. Romanian sales here were about \$350 million last year.

Loss of U.S. sales would be a new blow at a time when Romania's economic ties with the West are already in trouble. A shortage of foreign earnings forced Romania to suspend payments on its foreign loans for most of last year. This January, Bucharest informed creditor banks that it will withhold debt repayments of more than \$1 billion this year barring a rescheduling agreement.

The most serious effect, however, may be political rather than economic. Despite efforts of U.S. and Romanian diplomats to limit the damage, the action is likely to be deeply resented in Bucharest.

Ceausescu, while pursuing unbending policies at home, had won unusual diplomatic autonomy within the Soviet bloc, with more freedom of foreign policy maneuvering than that of most other Warsaw Pact countries. This position of relative independence could well be affected by a rupture of trade ties with Washington, according to State Department sources.

PRESERVATION COPY

NATIONAL SECURITY COUNCIL

March 3, 1983

TO: GENERAL BOVERIE

The attached Qs and As from
State have been cleared.

Please forward them via DACOM
tonight.

Paula Dobriansky

March 3, 1983

18

ROMANIA: TERMINATION OF MFN

Q: What will the termination of MFN mean for U.S.-Romanian relations?

A: The termination of Romania's eligibility for MFN and for participation in United States Government credit and loan guarantee programs, following on the implementation of the Romanian education repayment decree which made this step necessary, cannot help but have a negative impact on our bilateral relations. Nevertheless, there are areas where mutual cooperation remains desirable and feasible, and it is in the interest of both countries to maintain as constructive a relationship as possible.

12
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22

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21
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ROMANIAN INTERVIEW
NORM
CLEAR 3/3

Following announcement today that President Reagan intends to terminate Romania's Most-Favored-Nation (MFN) tariff status, effective June 30, 1983, if Romania's education repayment decree remains in force on that date, Commerce Secretary Malcolm Baldrige, who serves as U.S. Chairman of the Joint American-Romanian Economic Commission, issued the following statement.

"We regret that the Romanian Government has taken actions which require under U.S. law that Romania's MFN tariff status and associated benefits be terminated. Loss of MFN will lead to a significant increase in tariff duties on Romanian goods and hence a substantial reduction in Romanian exports to the United States.

The timing of the President's announcement ^{will allow} ~~to give~~ U.S. companies trading with Romania ample time to protect their interests. While it is still possible that the Romanian Government could cease implementation of the decree, there is no current indication that they intend to do so. Therefore, U.S. companies should carefully consider the effects MFN termination would have on their business and act accordingly.

The Secretary also added that the termination would be carried out under Section 402 of the 1974 Trade Act and that it does not indicate a change in the United States' broader commitment to develop bilateral commercial relations with Romania.

24

The Commerce Department is issuing a Fact Sheet to explain the termination and its effects. Inquiries should be directed to the Romania Desk, (202) 377-2645, in the Departments' International Trade Administration."

THE WHITE HOUSE
Office of the Press Secretary
(San Francisco, California)

For Immediate Release

March 4, 1983

STATEMENT BY THE PRESIDENT

The Government of Romania has implemented a decree requiring any Romanian citizen wishing to emigrate to repay in convertible currency the costs of education received beyond the compulsory level. This decree conflicts with the letter and spirit of Section 402 of the Trade Act of 1974, which is intended to remove barriers to freedom of emigration. I, therefore, declare my intention to terminate Romania's Most-Favored-Nation tariff status and other benefits effective June 30, 1983, if the education repayment decree remains in force on that date.

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
MESSAGE CENTER

romania
mfw

26

PAGE 01 OF 02 SECSTATE WASHDC 9381 DTG:040614Z MAR 83 PSN:072660
EOB530 AN007202 TOR: 063/0754Z CSN:HCE595

DECREE REMAINS IN FORCE ON THAT DATE. END TEXT.

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WHTS ASSIGNED DISTRIBUTION:
SIT: MCF JP WHLR SIT EOB VP
EOB:

3. THE FOLLOWING PRESS GUIDANCE HAS BEEN PREPARED FOR USE IN RESPONDING TO QUESTIONS ON THE WITHDRAWAL OF ROMANIA'S MFN:

OP IMMED
DE RUEHC #9381 0630738
O 040614Z MAR 83 ZEX
FM SECSTATE WASHDC

Dept of State
BY RW DATE 2117

TO AMEMBASSY BONN IMMEDIATE 0000
AMEMBASSY BUCHAREST IMMEDIATE 0000
USMISSION USNATO IMMEDIATE 0000
AMEMBASSY TEL AVIV IMMEDIATE 0000

INFO ALL NATO CAPITALS IMMEDIATE
AMEMBASSY BERN IMMEDIATE 0000
AMEMBASSY BELGRADE IMMEDIATE 0000
AMEMBASSY BERLIN IMMEDIATE 0000
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AMEMBASSY CANBERRA IMMEDIATE 0000
AMEMBASSY HELSINKI IMMEDIATE 0000
USMISSION GENEVA IMMEDIATE 0000
AMEMBASSY MOSCOW IMMEDIATE 0000
AMCONSUL MUNICH IMMEDIATE 0000
AMEMBASSY PRAGUE IMMEDIATE 0000
AMEMBASSY SOFIA IMMEDIATE 0000
AMEMBASSY STOCKHOLM IMMEDIATE 0000
AMEMBASSY TOKYO IMMEDIATE 0000
USDEL MBFR VIENNA IMMEDIATE 0000
AMEMBASSY VIENNA IMMEDIATE 0000
AMEMBASSY WARSAW IMMEDIATE 0000
USMISSION USUN NEW YORK IMMEDIATE 0000

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E.O. 12356: DECL: N/A
TAGS: PREL, PGOV, SHUM, CVIS, RO, US
SUBJECT: WHITE HOUSE ANNOUNCEMENT ON TERMINATION OF
-- ROMANIA'S MFN

REF: STATE 58289

1. THE WHITE HOUSE WILL ISSUE THE FOLLOWING STATEMENT IN CALIFORNIA AT 1000 HOURS LOCAL TIME (1300 HOURS EST) MARCH 4 ON THE TERMINATION OF ROMANIA'S MOST-FAVORED-NATION (MFN) TARIFF STATUS AND ASSOCIATED BENEFITS:

BEGIN TEXT:

THE GOVERNMENT OF ROMANIA HAS IMPLEMENTED A DECREE REQUIRING ANY ROMANIAN CITIZEN WISHING TO EMIGRATE TO REPAY IN CONVERTIBLE CURRENCY THE COSTS OF EDUCATION RECEIVED BEYOND THE COMPULSORY LEVEL. THIS DECREE CONFLICTS WITH THE LETTER AND SPIRIT OF SECTION 402 OF THE TRADE ACT OF 1974, WHICH IS INTENDED TO REMOVE BARRIERS TO FREEDOM OF EMIGRATION. I, THEREFORE, DECLARE MY INTENTION TO TERMINATE ROMANIA'S MOST-FAVORED-NATION TARIFF STATUS AND OTHER BENEFITS EFFECTIVE JUNE 30, 1983, IF THE EDUCATION REPAYMENT

--Q. WHAT WILL THE TERMINATION OF MFN MEAN FOR US-ROMANIAN RELATIONS?

--A. THE TERMINATION OF ROMANIA'S ELIGIBILITY FOR MFN AND FOR PARTICIPATION IN UNITED STATES GOVERNMENT CREDIT AND LOAN GUARANTEE PROGRAMS, FOLLOWING ON THE IMPLEMENTATION OF THE ROMANIAN EDUCATION REPAYMENT DECREE WHICH MADE THIS STEP NECESSARY, CANNOT HELP BUT HAVE A NEGATIVE IMPACT ON OUR BILATERAL RELATIONS. NEVERTHELESS, THERE ARE AREAS WHERE MUTUAL COOPERATION REMAINS DESIRABLE AND FEASIBLE, AND IT IS IN THE INTEREST OF BOTH COUNTRIES TO MAINTAIN AS CONSTRUCTIVE A RELATIONSHIP AS POSSIBLE.

--Q. WHAT EFFECT IS THE LOSS OF MFN LIKELY TO HAVE ON U.S.-ROMANIAN TRADE?

--A. ROMANIAN EXPORTS TO THE U.S. IN 1982 WERE VALUED AT NEARLY \$400 MILLION AND IN 1981 AT \$360 MILLION. U.S. EXPORTS TO ROMANIA FOR THOSE TWO YEARS WERE ABOUT \$225 MILLION AND \$504 MILLION RESPECTIVELY. THE COMMERCE DEPARTMENT ESTIMATES THAT ROMANIAN EXPORTS TO THE U.S. WILL FALL BY AT LEAST 50 PERCENT IN THE FIRST YEAR AFTER MFN IS TERMINATED. U.S. EXPORTS CAN BE

EXPECTED TO EXPERIENCE SIMILAR DECLINES. HOWEVER, THE MAIN CONSEQUENCE MAY BE THAT BILATERAL TRADE WILL PROBABLY DECLINE DURING A PERIOD OF ECONOMIC RECOVERY IN THE U.S. AND ABROAD WHEN TRADE MIGHT OTHERWISE BE EXPECTED TO EXPAND. THE LOSS OF MFN WILL ALSO MAKE ROMANIA INELIGIBLE FOR GSP AND USG CREDITS AND CREDIT GUARANTEES.

--Q. WHY DID ROMANIA DECIDE TO IMPLEMENT THE EDUCATION REPAYMENT DECREE KNOWING THAT IT WOULD LEAD TO THE LOSS OF MFN? DOES THIS MEAN THAT ROMANIA HAS DECIDED TO MOVE CLOSER TO THE USSR?

--A. THE ROMANIAN GOVERNMENT SHOULD ANSWER FOR ITSELF ON WHY IT DECIDED TO PROMULGATE AND IMPLEMENT THE

EDUCATION REPAYMENT DECREE. ON THE SECOND POINT, AT THIS TIME, WE HAVE NO REASON TO BELIEVE THAT ROMANIA HAS CHANGED ITS BASIC FOREIGN POLICY.

--Q. WILL YOU RESTORE MFN IF THE ROMANIANS STOP IMPLEMENTING THE EDUCATION REPAYMENT DECREE?

--A. WE ARE PREPARED TO RECOMMEND THE RESTORATION OF MFN TO ROMANIA IF THE ROMANIAN GOVERNMENT STOPS IMPLEMENTING THAT DECREE AND IMPROVES ITS EMIGRATION PROCEDURES.

--Q. WHAT EFFECT DO YOU EXPECT THE EDUCATION REPAYMENT DECREE TO HAVE ON EMIGRATION FROM ROMANIA, ESPECIALLY NOW THAT MFN IS BEING TERMINATED?

--A. THE ROMANIAN GOVERNMENT MAINTAINS THAT THE DECREE IS NOT AN ANTI-EMIGRATION MEASURE AND THAT APPLICATIONS FOR EMIGRATION WILL CONTINUE TO BE CONSIDERED AND

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PAGE 02 OF 02 SECSTATE WASHDC 9381 DTG:040614Z MAR 83 PSN:072660

APPROVED AS BEFORE (ABOUT 20,000 PEOPLE RECEIVED
PERMISSION TO EMIGRATE IN 1982, ACCORDING TO ROMANIAN
FIGURES). HOWEVER, IN OUR VIEW THE DECREE IS A SERIOUS
IMPEDIMENT TO EMIGRATION AND IS VERY LIKELY TO PREVENT
MANY PEOPLE FROM LEAVING WHO WOULD HAVE BEEN ABLE TO DO
SO BEFORE THE DECREE WAS IMPLEMENTED.

4. THE WASHINGTON POST AND NEW YORK TIMES OF MARCH 3
BOTH CARRIED ESSENTIALLY ACCURATE ARTICLES ABOUT THE
IMPENDING ANNOUNCEMENT OF ROMANIA'S LOSS OF MFN AND THE
REASON FOR THAT DECISION. DAM
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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20504

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April 11, 1983

TO : Members of the Trade Policy Staff Committee
FROM : Frederick L. Montgomery *[Signature]* Chairman
SUBJECT: ROMANIA: MFN Termination-Consultations under Trade Agreement

Attached is TPSC Draft Document 83-52 concerning Romania: MFN Termination-Consultations under Trade Agreement.

Please phone your clearance to Carolyn Frank (395-3487) by noon, Wednesday, April 19. Substantive questions or comments should be phoned to Irving Williamson (395-73055).

Attachment

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TRADE POLICY STAFF COMMITTEE

29

DRAFT Document 83-52

SUBJECT:

ROMANIA: MFN Termination-Consultations under Trade Agreement

SUBMITTED BY:

Office of the U.S. Trade Representative

DATE: April 11, 1983

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Authority State Waiver 11/6/15
BY RW NARA DATE 2/1/17

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Authority NSC Waiver 8/6/10
BY RW NARA DATE 2/1/74

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Romania: MFN Termination-Consultations under Trade Agreement

Problem Following the President's announcement on March 4 that he will terminate Romania's most-favored-nation status effective June 30, 1983 if the education repayment decree remains in force, the U.S. requested consultations with Romania under Article XII of the U.S.-Romanian Trade Agreement for the purpose of continuing the trade agreement without its MFN provision. Romania has indicated that it wants to hold these consultation on April 14 and 15 in Bucharest. Instructions for the U.S. delegation and an instrument confirming that the consultations were held and that the parties will mutually suspend the MFN article of the trade agreement are needed.

Recommendations:

(1) The U.S. delegation should stress that if the education tax continues to be implemented, the United States will have to withdraw MFN for Romania effective June 30, 1983 and has requested these consultations under Article XII of the U.S.-Romanian Trade Agreement because of this situation.

(2) The U.S. delegation should also indicate that the United States is prepared to continue trade relations even though MFN is withdrawn and believes this should be the principle purpose of these consultations. In particular, the United States proposes that the two countries agree to suspend Article I of the trade agreement while keeping the remainder of the trade agreement in force. The U.S. delegation should propose that the two delegations initial a memorandum of consultation confirming that they met pursuant to the terms of Article XII(2)(b) of the trade agreement and that the two countries will exchange letters providing for the suspension of Article I in the event the United States can no longer grant MFN. (Text attached)

(3) The U.S. delegation should inform Romania that the U.S. will also have to suspend GSP, when MFN is withdrawn, and exercise the right not to apply Article 2 of the Trade in Civil Aircraft Agreement.

(4) As regards Eximbank loans and CCC credits the U.S. delegations should state that under Title IV of the Trade

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CLASSIFIED BY Charles D. Gargiulo
DECLASSIFIED ON April 12, 1989

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Act of 1974, in addition to withdrawal of MFN, Romania will not be able to participate in any U.S.G. program which extends credits or credit guarantees, directly or indirectly.

Background

TPSC Document 83-37 discusses the impact of the withdrawal of MFN on U.S.-Romanian trade and the advantages for the United States of continuing the non-MFN provisions of the trade agreement. TPSC Document 83-37 also authorizes the holding of consultations under Article XII para. 2(b) of the trade agreement regarding the future of the trade agreement without its MFN provision.

Article XII para. 2(b) of the trade agreement provides that if either party foresees a problem with respect to the application of the agreement, including its domestic legal authority to carry out its obligations under the agreement, it should request consultations with a view to finding a solution which would make action under Article XII, para. 2(c) unnecessary. Article XII, para. 2(c) provides that if either party is unable to carry out any obligations under the agreement, either party may suspend or terminate the agreement, or with the agreement of the other party, may suspend or terminate any part of the Agreement. Therefore, the United States is obligated to consult under Article XII, para. 2(b) regarding its inability to continue to grant MFN treatment under Article I of the agreement and in order to suspend any part of the agreement, but not the whole of it, it must have the agreement of Romania. A memorandum of consultation at the conclusion of the consultations would serve as a useful record that the United States did observe its obligations under para. 2(b) and would also confirm that at the appropriate time the parties will exchange documents confirming suspension of Article I of the agreement. There is no legal problem in the President continuing the trade agreement enforce minus the MFN provisions. Section 402 of the Trade Act of 1974 prohibits products of non-market economy countries from receiving non-discriminatory treatment, but only prohibits the President from entering into bilateral commercial agreements if such a country does not meet the emigration requirements of the section or has not been granted a waiver and does not require him to terminate an agreement that is already in effect. In addition, the obligations in the U.S.-Romanian Trade Agreement, other than the MFN obligation, are obligations the President could undertake under his general foreign affairs powers.

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Section 404 of the Trade Act of 1974 permits the President to grant nondiscriminatory treatment only as long as a bilateral commercial agreement providing for such treatment is in effect. Therefore, the United States should not suspend Article I of the agreement until MFN for all products has been withdrawn. While an exchange of letters could be concluded at the end of the consultations in April, such letters would in effect be contingent agreements. A memorandum of consultation would at this time therefore better serve the purpose of recording the parties intentions to provide at the appropriate time for the continuation of the trade agreement minus Article I if necessary.

As a result of the suspension of MFN, Romania will no longer be eligible for GSP. Section 502(b) of the Trade Act of 1974 prohibits the granting of GSP to Communist countries that do not receive nondiscriminatory treatment. Section 504(b) requires the President to withdraw or suspend the designation of any country if after designation he determines that as a result of changed circumstances such country would be barred from designation under section 502(b).

The suspension of MFN will also mean that the United States can no longer observe the obligation in Article 2 of the GATT Trade in Civil Aircraft Agreement to grant duty-free treatment to aircraft and aircraft parts from Romania. When Romania signed the agreement the United States reserved the right under Article 9.7 of the agreement (the non-application provision) to apply Article 2 only for such time as it accords non-discriminatory treatment to products of Romania. After MFN is suspended, the United States will have to inform the Aircraft Committee that it is no longer applying Article 2 to Romania.

Text of Proposed Memorandum of Consultation.

Representatives of the Government of the United States of America and the Government of Romania met in Burcharest April 14 and 15, 1983, pursuant to the provisions of Article XII, paragraph 2(b) of of the Agreement on Trade Relations between the United States of America and the Socialist Republic of Romania.

The Representative of the United States indicated that if Romanian Decree No. 402 assessing certain education fees remains in force on June 30, 1983, as a result of the

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provisions of Title IV of the Trade Act of 1974 the Government of the United States of America will no longer be able to carry out its obligations under Article I of the agreement to grant products of Romania most-favored nation treatment. The delegation of the United States also reviewed other changes in its trade relations with Romania that would be required by Title IV or would result from the withdrawal of most-favored nation treatment for products of Romania.

The two delegations agreed that in the event the United States withdraws most-favored nation treatment for products of Romania, they would suspend by an exchange of letters the obligations of Article I of the trade agreement between them, but that the remaining provisions of the trade agreement would be unaffected.

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ROMANIA
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E.O. 12356: DECL: OADR
TAGS: PREL, SHUM, CIVIS, RO, US
SUBJECT: CEAUSESCU CONTINUES TOUGH STANCE ON EMIGRATION
TAX LAW; ROMANIAN DIPLOMACY TO SAVE MFN

1. (C) SUMMARY: ALTHOUGH WE DO NOT KNOW ALL OF WHAT THE ROMANISMS HAVE BEEN SAYING TO THE ISRAELIS AND GERMANS IN THE CONTINUING DIALOGUE ABOUT EMIGRATION UNDER TERMS OF THE EDUCATION REPAYMENT LAW, WE GET A VERY CLEAR SIGNAL FROM WHAT THEY ARE SAYING TO US HERE IN BUCHAREST AND FROM WHAT CEAUSESCU IS SAYING TO THE PRESS THAT CEAUSESCU IS DETERMINED TO ENFORCE THE LAW AND THAT HE WILL ABIDE NO CRITICISM OF IT. THE THRUST OF ROMANIAN DIPLOMACY IN BILATERAL RELATIONS WITH US HAS BEEN TO CONVINCE US TO DEVISE A METHOD WHEREBY ROMANIA CAN RETAIN MFN REGARDLESS OF THE LAW. END SUMMARY.

2. (U) ON MARCH 29, CEAUSESCU GRANTED AN INTERVIEW TO ALEXANDER WACHSMUTH, VIENNA BUREAU CHIEF OF DEUTSCHES POST AGENCY (DPA), WHICH WAS CARRIED ON PAGE ONE OF THE MARCH 31 ISSUE OF SCINTEIA. WACHSMUTH ASKED CEAUSESCU TO COMMENT ON THE WESTERN VIEW THAT THE EDUCATION REPAYMENT REQUIREMENT FOR EMIGRANTS VIOLATES THE HELSINKI AGREEMENT. CEAUSESCU RESPONDED THAT THE DECREE CONCERNS THE RELATIONS AND THE OBLIGATIONS OF ROMANIAN CITIZENS TOWARD THE ROMANIAN STATE. HE SAID THAT AS HIGHER EDUCATION IN ROMANIA IS FREE AND PROVIDED FOR THE TRAINING OF CADRE AND SPECIALISTS FOR THE STATE AND THE ECONOMY, GRADUATES OF HIGHER EDUCATIONAL INSTITUTIONS HAVE THE OBLIGATION OF WORKING FOR A SPECIFIED NUMBER OF YEARS WHERE THE STATE SENDS THEM -- OR OF REPAYING TO THE STATE THE COST OF THEIR EDUCATION. THE EDUCATION REPAYMENT REQUIREMENT FOR EMIGRANTS IS IN THIS CONTEXT. HE SAID HE COULD NOT SEE HOW THE LAW VIOLATED THE HELSINKI ACCORD. THE HELSINKI ACCORD DOES NOT OBLIGE A COUNTRY TO ASSURE FREE EDUCATION OR TO TRAIN CADRE AND SPECIALISTS FOR OTHER STATES. HE CONSIDERED THAT SOME OPINIONS CRITICAL OF THE LAW EXPRESSED IN WESTERN COUNTRIES CONSTITUTE AN ATTEMPT TO INTERFERE IN THE INTERNAL AFFAIRS OF ROMANIA AND "WE CANNOT PERMIT IN ANY WAY THIS ACTIVITY." IF, HOWEVER, THERE WERE COUNTRIES WHICH DESIRE TO DISCUSS THE PROBLEMS OF CONDITIONS OF WORK AND EDUCATION, HIS GOVERNMENT WOULD BE GLAD TO SIT DOWN AND DISCUSS ON WHAT PRINCIPLES AND HOW ONE ASSURES THE WORK AND EDUCATION OF ALL YOUTHS OF ALL COUNTRIES. THE

ROMANIAN, HE SAID, HAVE MUCH TO SAY ABOUT CONDITIONS OF WORK AND EDUCATION IN WESTERN COUNTRIES, BUT THEY CONSIDER THAT THESE ARE MATTERS TO BE SOLVED BY THE COUNTRIES THEMSELVES.

3. (C) THE MARCH 29 DPA INTERVIEW STIMULATED CONSIDERABLE SPECULATION, BASED UPON HIS REFERRING TO THE REQUIREMENT THAT ALL GRADUATES WORK FOR A SPECIFIED NUMBER OF YEARS, THAT CEAUSESCU WAS THINKING ABOUT CHANGING THE LAW OR THE WAY IT WAS ENFORCED. THERE WAS ALSO SPECULATION THAT AS GRADUATES WHO DO NOT WANT TO GO WHERE THE STATE ASSIGNS THEM CAN REPAY THE COST OF THEIR EDUCATION IN ROMANIAN CURRENCY. THAT THIS MIGHT BE PERMITTED TO INTENDING EMIGRANTS.

4. (C) ON APRIL 8, FOREIGN MINISTER STEFAN ANDREI SAID SUCH AN INTERPRETATION OF CEAUSESCU'S REMARKS WAS ERRONEOUS. WITH REGARD TO THE EDUCATION REPAYMENT LAW FOR EMIGRANTS, CEAUSESCU MEANS THAT PERSONS WHO REACH THEIR REQUIREMENT AGE, HAVING COMPLETED THEIR FULL REQUIREMENTS OF SERVICE TO THE STATE, COULD EMIGRATE WITHOUT REPAYMENT OF EDUCATION COSTS. HE SAID THERE HAS BEEN NO CHANGE IN THE LAW

5. (C) ALSO ON APRIL 8, ANOTHER AUTHORITATIVE MINISTRY OF FOREIGN AFFAIRS OFFICIAL TOLD EMBASSY OFFICERS THAT HE DID NOT THINK THAT CEAUSESCU WOULD CHANGE THE LAW OR THE WAY IT WAS BEING ENFORCED. HE CALLED ATTENTION TO CEAUSESCU'S INTERVIEW WITH THE KUWAITI NEWSPAPER AL SEYASSAH, CARRIED ON APRIL 5 BY THE COMMUNIST PARTY'S DAILY SCINTEIA, AND SAID THAT THE INTERVIEW INDICATED THAT CEAUSESCU'S DETERMINATION IN THIS REGARD REMAINED FIRM. HE ADDED THAT IF CEAUSESCU DOES CHANGE THE LAW IT WOULD SURPRISE HIM. HE SAID AFTER THE LAW WAS ADOPTED CEAUSESCU PREDICTED THAT THERE WOULD BE A PERIOD OF APPROXIMATELY ONE YEAR IN WHICH THERE WOULD BE MUCH

TALK ABROAD AND DURING WHICH SOME PERSONS WOULD PAY TO GET OUT, AFTER WHICH EMIGRATION WOULD HALT. AND THAT, HE SAID, IS THE PURPOSE OF THE LAW.

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BY RW NARA DATE 2/11/17

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6. (U) IN THE AL SEYASSAH INTERVIEW, CEAUDESCU SAID THAT THE MATTER OF THE EDUCATION REPAYMENT DECREE WAS STRICTLY AN INTERNAL PROBLEM FOR ROMANIA, THAT IT WAS CONNECTED WITH THE REQUIREMENT OF ROMANIAN CITIZENS TO THE STATE AND THE PEOPLE, THAT EDUCATION IS FREE HERE AND SOCIETY SPENDS HUGE SUMS TO TRAIN CADRE AND TECHNICIANS FOR SOCIETY, THAT CITIZENS HAVE AN OBLIGATION TO SERVE IN RETURN FOR THEIR EDUCATION, THAT FOREIGN COUNTRIES AND FIRMS GET THE BENEFITS OF THIS EDUCATION, THAT, CONSEQUENTLY, THEY OF THE EMIGRANTS THEMSELVES SHOULD PAY THE ROMANIAN GOVERNMENT BACK, AND THAT THIS IS NOT A CONCERN OF FOREIGN COUNTRIES -- "INCLUDING THE UNITED STATES."

7. (U) CEAUDESCU WENT ON: "WE STARTED, AND START, IN (OUR) DEALINGS WITH ALL STATES, INCLUDING WITH THE UNITED STATES, FROM RELATIONS OF EQUALITY, OF RESPECT FOR INDEPENDENCE AND OF NON-INTERFERENCE IN THE INTERNAL AFFAIRS (OF EACH OTHER). WE ALSO HOPE THAT IT WILL BE UNDERSTOOD APPROPRIATELY THAT IT IS IN THE MUTUAL INTEREST (OF BOTH PARTIES) THAT ECONOMIC RELATIONS AND RELATIONS OF OTHER TYPES BETWEEN ROMANIA AND THE UNITED STATES OF AMERICA, AS WELL AS BETWEEN OTHER STATES, SHOULD DEVELOP ON THE BASIS OF EQUALITY AND SHOULD NOT BE AFFECTED BY THIS WAY ONE COUNTRY OR ANOTHER SOLVE ITS INTERNAL PROBLEMS WHICH DIRECTLY CONCERN THEM."

8. (U) "TO BE SURE, ONE MUST ALSO TAKE ACCOUNT OF THE FACT THAT THERE EXIST MANY PROBLEMS IN CONNECTION WITH WHICH APPEAR SPECIAL MODALITIES OF UNDERSTANDING. THE DIFFERENCES OF SOCIAL SYSTEMS THEMSELVES CREATE A SITUATION THAT MODALITIES OF CONCEPTION AND UNDERSTANDING OF SOME PROBLEMS SHOULD BE OCCASIONALLY DIAMETRICALLY OPPOSED; BUT EVEN BEGINNING FROM THIS, WE MUST DO EVERYTHING TO DEVELOP RELATIONS, RESPECTING THE SOCIAL SYSTEM AND RIGHTS OF EVERY PEOPLE TO RESOLVE THEIR PROBLEMS AS THEY BELIEVE THEY SHOULD."

9. (C) CONCURRENT WITH THE TOUGH LINE CEAUDESCU APPEARS TO BE TAKING WITH REGARD TO THE EDUCATION TAX, ROMANIAN DIPLOMACY CLEARLY IS BENT ON SELLING THE IDEA TO THE UNITED STATES THAT AS A HEALTHY BILATERAL TRADE IS ESSENTIAL FOR THE MAINTENANCE OF GOOD US-ROMANIAN RELATIONS, THE UNITED STATES MUST DEVISE SOME MEANS WHEREBY ROMANIA CAN RETAIN ITS MFN STATUS.

10. (C) ON MARCH 26, DEPUTY DIRECTOR OF THE MFA'S AMERICAN AFFAIRS DIVISION ION BESTILIU TOLD EMBASSY OFFICER THAT WITHOUT MFN BILATERAL TRADE LEVELS WILL MARKEDLY DECLINE AND, 81 54-\$3 13;31 -43 192, THOSE WOULD BE LITTLE ENTHUSIASM IN EITHER CAPITAL FOR OTHER TYPES OF EXCHANGES. HENCE; IT WAS ENCUMBERED ON THOSE WHO WISHED TO SEE A HEALTHY BILATERAL RELATIONSHIP CONTINUE TO DO WHAT THEY COULD TO KEEP TRADE LEVELS UP. HE NOTED THAT MILTON ROSENTHAL WOULD BE COMING TO BUCHAREST IN A FEW DAYS HENCE AND THAT HE AND OTHERS IN THE MFA HOPED HE WOULD BE BRINGING WITH HIM A "SOLUTION" TO THE PROBLEM OF HOW TO KEEP THE TRADE LEVELS UP. THE EMBASSY OFFICER INDICATED THAT HE WAS NOT AWARE OF WHAT ROSENTHAL WOULD BE DISCUSSING BUT OFFERED THE OPINION THAT HE WAS IN NO POSITION TO OFFER ANY DEAL REGARDING MFN IN VIEW OF ROMANIA'S LAW AND AMERICAN LAW. BESTILIU GAVE NO INDICATION WHATSOEVER THAT THE GOR HAD ANY INTENTION TO CHANGE EITHER THE EDUCATION REPAYMENT LAW OR THE WAY THAT IT WAS ENFORCED. THE CONTRARY, HE NOTED THAT IT WAS ON THE BOOKS. HE CONCLUDED THAT ROMANIA WOULD TRY TO MAINTAIN GOOD RELATIONS WITH THE US WITHOUT MFN, BUT WITHOUT MFN IT WOULD BE DIFFICULT.

11. (C) ON THREE SUBSEQUENT OCCASIONS, BESTILIU'S POINTS WERE REINFORCED BY MFA SUBORDINATES AND BY THE FOREIGN MINISTER HIMSELF.

12. (C) THE MAIN ROMANIAN DIPLOMATIC TACTIC APPARENTLY IS TO RAISE THE LEVEL OF DISCUSSION OF THE PROBLEM TO THE HIGHEST POSSIBLE POLITICAL LEVEL, SECRETARY OF STATE OR HIGHER, IN THE CONVICTION THAT AT THAT LEVEL OFFICIALS CAN BE PERSUADED ON A ONE-ON-ONE BASIS NOT TO WITHDRAW MFN STATUS FROM ROMANIA. ON APRIL 11, IN THIS REGARD, STEFAN ANDREI TOLD THE AMBASSADOR AND

EMBASSY OFFICER THAT A MEETING WITH THE SECRETARY HIMSELF WAS NECESSARY FOR A SOLUTION OF THE MFN PROBLEM. ANDREI SAID NOTHING ABOUT THE ROMANIAN LAW THAT CREATED THE PROBLEM NOR ABOUT OTHER ROMANIAN IMPEDIMENTS TO EMIGRATION THAT LED TO ROMANIA'S RECEIVING SO MUCH FLAK DURING THE CONGRESSIONAL MFN EXTENSION HEARINGS LAST SUMMER.
FUNDERBURK
BT

~~CONFIDENTIAL~~

Romania
MFN

MEMORANDUM

NATIONAL SECURITY COUNCIL

36

~~CONFIDENTIAL~~

May 25, 1983

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY ⁷⁷

SUBJECT: Proposed Exchange of Presidential Letters with
Romania

On May 20, Romanian Ambassador Malitza met with Under Secretary Eagleburger to discuss the texts of the proposed exchange of letters between Presidents Reagan (Tab A) and Ceausescu (Tab B). He informed the Under Secretary that the Romanian Government has now approved both texts. Secretary Shultz's memorandum (Tab C) notes that in seeking to reconcile the English and Romanian texts, Ambassador Maltiza requested several minor editorial changes. These changes do not alter the substance of the letters. At Tab I is a memorandum from you to the President forwarding the proposed letters.

RECOMMENDATION

That you forward the memorandum at Tab I to the President.

Approve _____ Disapprove _____

Attachments:

Tab I	Memorandum to the President
Tab A	President Reagan's letter
Tab B	Text of President Ceausescu's letter
Tab C	Secretary Shultz' memorandum, May 24, 1983

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Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA RU, DATE 2/1/17

THE WHITE HOUSE
WASHINGTON~~CONFIDENTIAL~~ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Exchange of Presidential Letters with Romania

Issue: Exchange of Presidential letters with Romania on its education repayment decree and Most-Favored-Nation status.

Facts: In the last two months, the Department of State and Romanian officials have sought to reconcile our differences on the Romanian Government's imposition of the education repayment decree. It was suggested that there be an exchange of Presidential letters: to ensure that the Romanian Government withdraw implementation of the education tax and commit itself to improving emigration procedures, and to acknowledge Romania's non-implementation by granting them Most-Favored-Nation status (on an annual review basis) and by engaging in normal economic relations.

On May 20, Romanian Ambassador Malitza informed Under Secretary Eagleburger of the Romanian Government's approval of both texts. At Tab C is a memorandum from George Shultz to you forwarding the texts of the proposed exchange of letters between you and President Ceausescu.

Discussion: The substance of these letters have been cleared through the interagency process. At Tab A is the proposed letter for your signature; at Tab B is the text of the Romanian letter for your review.

RECOMMENDATIONOK No

— — That you sign the letter at Tab A to President Ceausescu.

Prepared by:
Paula Dobriansky

Attachments:

Tab A	Letter to President Ceausescu for signature
Tab B	Text of Romanian letter
Tab C	Secretary Shultz's memorandum, May 24, 1983

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- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

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THE SECRETARY OF STATE
WASHINGTON

SYSTEM II
90671

May 24, 1983

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT
FROM: George P. Shultz
SUBJECT: Proposed Exchange of Presidential
Letters with Romania
REF: Clark-Shultz Memorandum of May 18, 1983

Romanian Ambassador Malitza called on Under Secretary Eagleburger on May 20 to give the Romanian Government's approval to the texts of the proposed exchange of letters between you and President Ceausescu. In the course of reconciling the English and Romanian-language texts, Ambassador Malitza requested several minor editorial changes which do not alter the substance of the letters. We accepted those changes, subject to your final approval, and promised to inform the Romanians immediately once you have signed the letter to President Ceausescu. As the letters have been drafted, President Ceausescu's letter will be in response to yours. The final proposed English-language texts of both letters are attached.

We believe that these letters, plus the additional written assurances on emigration procedures which we will be receiving from the Romanian Government, will be sufficient to meet Congressional concerns. I recommend, therefore, that you sign a letter to President Ceausescu containing the attached text.

Attachments:
Texts of the Exchange of Letters

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DECLASSIFIED
Authority State Waiver 11/6/15
BY RW NARA DATE 2/1/07

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189141	LETTER RR TO NICOLAE CEAUSESCU	2	6/1/1983	B1

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NATIONAL SECURITY COUNCIL

45
ID 8390671

REFERRAL

DATE: 01 JUN 83

MEMORANDUM FOR: CHARLES HILL

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION: TO: CEAUSESCU, NICOLAE

SOURCE: PRESIDENT

DATE: 01 JUN 83

KEYWORDS: ROMANIA

HS

CEAUSESCU, NICOLAE

SUBJ: EXCHANGE OF PRESIDENTIAL LTRS W/ ROMANIA

REQUIRED ACTION: FOR DISPATCH

DUE DATE:

COMMENTS:


FOR ROBERT M. KIMMITT

EXECUTIVE SECRETARY

----- FOR NSC USE ONLY -----

FOR INFO

F SII O CM C

**National Security Council
The White House**

Package # 90671

46

JUN 0 1 1983

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	_____	_____	_____
Bud McFarlane	_____	_____	_____
Jacque Hill	_____	_____	_____
Judge Clark	_____	_____	_____
John Poindexter	<u>1</u>	<u>J</u>	_____
Staff Secretary	<u>2</u>	<u>J</u>	<u>D</u>
Sit Room	_____	_____	_____

I-Information A-Action R-Retain D-Dispatch N-No further Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other _____

COMMENTS

6/1

Pres sgd ltr

Notify Paula. Date ltr today.

Send to State. J

MEMORANDUM

~~CONFIDENTIAL~~

SYSTEM II
90671

THE WHITE HOUSE
WASHINGTON

47

The President has seen _____

~~CONFIDENTIAL~~

May 31, 1983

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *wpc*
SUBJECT: Exchange of Presidential Letters with Romania

DECLASSIFIED
Authority NSC Waiver 8/6/10
BY *fw* NARA DATE 2/1/17

Issue: Exchange of Presidential letters with Romania on its education repayment decree and Most-Favored-Nation status.

Facts: In the last two months, the Department of State and Romanian officials have sought to reconcile our differences on the Romanian Government's imposition of the education repayment decree. It was suggested that there be an exchange of Presidential letters: to ensure that the Romanian Government withdraw implementation of the education tax and commit itself to improving emigration procedures, and to acknowledge Romania's non-implementation by granting them Most-Favored-Nation status (on an annual review basis) and by engaging in normal economic relations.

On May 20, Romanian Ambassador Malitza informed Under Secretary Eagleburger of the Romanian Government's approval of both texts. At Tab C is a memorandum from George Shultz to you forwarding the texts of the proposed exchange of letters between you and President Ceausescu.

Discussion: The substance of these letters have been cleared through the interagency process. At Tab A is the proposed letter for your signature; at Tab B is the text of the Romanian letter for your review.

RECOMMENDATION

OK No

✓ OK — That you sign the letter at Tab A to President Ceausescu.

Prepared by:
Paula Dobriansky

Attachments:

Tab A	Letter to President Ceausescu for signature
Tab B	Text of Romanian letter
Tab C	Secretary Shultz's memorandum, May 24, 1983

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189142	LETTER ROMANIAN LETTER [COPY OF DOC. 189140]	2	ND	B1

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THE SECRETARY OF STATE
WASHINGTONSYSTEM II
90671

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May 24, 1983

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: George P. Shultz *WJS*

SUBJECT: Proposed Exchange of Presidential
Letters with Romania

REF: Clark-Shultz Memorandum of May 18, 1983

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We believe that these letters, plus the additional written assurances on emigration procedures which we will be receiving from the Romanian Government, will be sufficient to meet Congressional concerns. I recommend, therefore, that you sign a letter to President Ceausescu containing the attached text.

Attachments:
Texts of the Exchange of Letters

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BY *RW* NARA DATE *2/1/17*

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189143	LETTER U.S. LETTER [SAME TEXT AS DOC. 189141]	2	ND	B1

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