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TO IMMEDIATE BUCHAREST

TELEGRAM NUMBER 222 OF 5 NOVEMBER

INFO ROUTINE BONN, PARIS, WASHINGTON, UKDEL IMF/IBRD WASHINGTON,
MODUK (FOR D172)

INFO SAVING TO BELGRADE, UKREP BRUSSELS, UKDEL NATO, UKDEL OECD,
WARSAW, MOSCOW, BUDAPEST, PRAGUE, SOFIA.

ROMANIA : REQUEST FOR ECONOMIC ASSISTANCE

1. THE ROMANIAN AMBASSADOR, GLIGA, CALLED ON INSTRUCTIONS
ON LORD TREFGARNE ON 5 NOVEMBER.

HE HANDED OVER A LETTER FROM THE ROMANIAN FOREIGN MINISTER
TO ME (TEXT BY BAG TO BUCHAREST ONLY).

THIS INTER ALIA REFERRED TO ANDREI'S SOMEWHAT HALF-HEARTED
REMARK DURING HIS RECENT VISIT TO LONDON THAT ROMANIA WOULD
SHORTLY SEEK A 3 YEAR CREDIT FROM THE UK.

2. GLIGA THEN MADE THE FOLLOWING SPECIFIC REQUESTS :

(A) A LOAN OF BETWEEN DOLLARS US 800M AND DOLLARS US 900M AT
QUOTE ADVANTAGEOUS RATES UNQUOTE OVER A PERIOD OF 4 TO 5
YEARS. THIS WOULD BE USED PARTLY FOR REPAYMENT OF UK COMMERCIAL
CREDITS MATURING BETWEEN NOW AND THE END OF 1982.

BY ROMANIAN CALCULATIONS THESE TOTALLED DOLLARS US 428.9M THE
REST WOULD BE USED TO FINANCE IMPORTS FROM THE UK:

(B) A QUOTE DELAY UNQUOTE OF REPAYMENTS OF ECGD BACKED CREDITS
MATURING BETWEEN NOW THE END OF 1982 (BY ROMANIAN FIGURES
THE TOTAL SUM INVOLVED WOULD BE DOLLARS US 45.2M).

GLIGA DID NOT HIMSELF USE THE WORD QUOTE RESCHEDULING UNQUOTE
BUT DID NOT DISSENT WHEN LORD TREFGARNE DID SO:..

(C) A RENEWAL FOR 1982 AT AN INTEREST RATE OF 8.25% OF WHAT
GLIGA DESCRIBED AS QUOTE ECGD'S EXISTING CREDIT LIMIT OF
POUNDS STERLING 100M UNQUOTE WHICH THE ROMANIANS BELIEVED WOULD
EXPIRE AT THE END OF 1981. GLIGA WAS HOWEVER UNSURE ABOUT HOW
THIS PROPOSAL RELATED TO (B) ABOVE AND COULD NOT ANSWER LORD
TREFGARNE'S QUESTION WHETHER THIS WAS MERELY A WAY OF
RESCHEDULING THAT DEBT:

(D) FURTHER ENCOURAGEMENT BY HMG OF BRITISH FIRMS TO IMPORT
ROMANIAN GOODS, TO ESTABLISH ANGLO-ROMANIAN JOINT VENTURES,
AND TO COOPERATE ON THIRD MARKETS WITH ROMANIAN
ENTERPRISES. A SPECIAL SESSION OF THE ANGLO-ROMANIAN JOINT
COMMISSION SHOULD BE CONVENED TO LOOK AT THESE IDEAS.

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3. GLIGA ALSO STRESSED THAT THE ROMANIANS WISHED TO DEAL BILATERALLY WITH THE INTERNATIONAL ASPECTS OF THEIR FINANCIAL PROBLEMS. ROMANIA WOULD NOT RESORT TO QUOTE MULTILATERALISM UNQUOTE. THIS IS CONSISTENT WITH CEAUSESCU'S VIEWS AS REPORTED IN WARSAW TELNO 746 (NOT TO ALL).

4. LORD TREFGARNE UNDERTOOK TO PASS THESE REQUESTS TO THE APPROPRIATE DEPARTMENTS BUT POINTED OUT THAT THIS WAS AN UNPROFITABLE MOMENT FOR ANY REQUEST WHICH WOULD HAVE THE EFFECT OF INCREASING THE UK'S DOMESTIC PSBR.

5. WE HAVE NOT YET CHECKED WITH ECGD AND THE TREASURY THAT THE ROMANIANS HAVE CORRECTLY UNDERSTOOD AND CALCULATED THE VARIOUS COMMITMENTS AND FIGURES REFERRED TO IN PARAGRAPH 2 ABOVE.

UNTIL WE HAVE BEEN ABLE TO DO SO INFORMATION ADDRESSEES SHOULD NOT DISCLOSE THIS APPROACH TO OTHER GOVERNMENTS OR TO THE IMF/IBRD.

CARRINGTON

STANDARD

EEKD

ESID

TRED

ECJ (E)

PS

PS/LPS

PS/LORD TREFGARNE

PS/PUS

MR BULLARD

MR EVANS

MR FERGUSSON

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