8 Romania Turns West

National and international rationales

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From the late 1960s, the Romanian authorities intensified their struggle to increase exports to Western Europe, aiming to improve the state's balance of payments by accumulating hard currency. However, reducing the country's trade deficit was not an easy objective as the foreign trade sector was affected by a series of both domestic and foreign difficulties. Among the latter, the intensification of the Western integration process was perceived in Bucharest as one of the major threats to Romania's commercial interests. Different institutions and specialists were given the tasks of studying the impact of EEC protectionism on Romania's economic interests and of recommending solutions. Based on the proposals received, in the late 1960s and early 1970s Romania defined its approach to the EEC, an approach that guided its relations with the Western European states during the 1970s and beyond.

This chapter investigates Romania's openness to the West in the "long 1970s" and focuses on how the Romanian authorities prepared for the consequences of EEC integration and enlargement and the overall results of the endeavour. It addresses the period between 1968, when the Romanian authorities began to put together a strategy towards the EEC, and 1980, when for the first time since 1961 Romania registered a positive balance of trade in its relations with the EEC member states.

The subject of Romania's relations with the West is much overlooked by scholarship, which tends to focus instead on the country's relations with the Soviet Union or its so-called maverick position within the CMEA and the Warsaw Pact.¹ Petre Oprea has examined specific micro-case studies of how Romania obtained industrial (civil and military) licences from various Western firms, but not the question of how the Romanian leadership conceptualised cooperation with Western states.² Despite some progress, studies on the country's bilateral relations with different Western states³ and Western-based international organisations⁴ are also rather scarce, and even scarcer when it comes to Romania's approach to the Common Market.⁵ This chapter appraises Romania's economic approach to the EEC and the West in general in the long 1970s, a time of East-West mutual rediscovery, détente and cooperation.

The foreign trade sector reconsidered in the late 1960s

Having been defined by the communist leadership in the late 1940s, Romania's post-war national economic strategy was refined during the next decades, without,

however, changing much in terms of its ultimate goals and main conception. Throughout the post-war era, industrialisation remained the concept at the centre of this strategy, deriving in equal measure from the leaders' ideological view of socialism and from their desire to improve people's living standard. Following Marxist-Leninist teachings, the Romanian communist leadership wanted to build a socialist state based on a dictatorship of the proletariat, 'the supreme principle of which was the alliance of the working class with the working peasantry'. It was argued that 'socialist industry and, first of all, heavy industry' constituted the main mandatory condition for building the economic base of socialism, the ultimate aim of which was to create welfare and a high standard of living for the people.⁶ In defining the main lines of Romania's economic development for the next five-year plan (1961–65) and for the next fifteen-year prospects programme (1961–75), the third Congress of the Romanian Workers' Party (RWP) in June 1960 envisioned 'the development of the technical-material base of socialism' and 'the continuation of the industrialisation of the country, giving priority to heavy industry and its hub – the machine-building industry'. A sixfold increase in industrial production was expected by 1975. By the mid-1970s, Romania was to become 'a developed industrialised country with diversified and highly productive agriculture', 'ensuring living conditions for the entire people worthy of the era of socialism'.⁷

In July 1965, the ninth Congress of the Romanian Communist Party (RCP) elected the members of the Permanent Praesidium (PP) and Nicolae Ceauşescu as secretary general of the Central Committee (CC). However, the new party leadership did not differ much from the previous one as most of its members, Ceauşescu included, had held high party and state positions during the previous leadership of Gheorghe Gheorghiu-Dej. Therefore, the general stance of the national economic strategy did not change much either, and neither did Romania's foreign policy line in general. Instead, what the new leadership proposed was better management of all economic sectors and an increase in their efficiency.⁸ The foreign trade sector was given special attention in the process, as it was seen as a field of 'vital importance' in the country's economic development.⁹ To secure industrialisation of the country, machinery and technology had to be imported and the leadership gave directives to 'create supplementary currency means in order to cover the imports necessary for the long-term development of our economy'.¹⁰ The Ministry of Foreign Trade and the Ministry of Foreign Affairs were called on not only to take measures to diversify and enlarge the country's relations with the Western European states but also to study possible membership of the GATT, the IMF and the International Bank for Reconstruction and Development (IBRD) for Romania. More specifically, they were to establish whether participation in the GATT would help overcome various export barriers and whether membership of the IMF and the IBRD would secure credits to pay for Western imports of machinery and technology.¹¹

Confirming the party's commitment to industrialisation, the 1965 congress envisioned an increase of 40% in the volume of the country's foreign trade by 1970 together with improvement in the quality of exported goods and changes in the export structure aiming at increases in machinery, equipment and chemical

product exports.¹² According to Ceaușescu, foreign trade was ‘one of the problems of vital importance for the economic and social development of our country’ because ‘most new enterprises are built with imported machinery, installations and licences’. Observing that Romania’s imports exceeded its exports and that its commerce was insufficiently developed – lagging not only behind Western European states but behind all the other Eastern European states too – Ceaușescu stressed that ‘evidently, things cannot continue like this’ and a reform of the entire sector was needed.¹³

Publicly, the leadership always stressed that Romania’s central foreign policy objective was friendship and collaboration with the Soviet Union and the socialist states, and criticism of the capitalist system was constant. At the same time, however, it stated that Romania was in favour of expanding its economic, technical, scientific, cultural and political relations with Western European states specifically and all the states in the world in general.¹⁴ Observing the emergence of a new global economy – a system that in the Romanian conception should be free from protectionist or discriminatory policies – the Romanian leadership considered that extending cooperation with countries in Europe, Asia, Africa and Latin America regardless of their social systems was an objective necessity in order to obtain products and raw materials Romania could not produce domestically. To raise profitability, Ceaușescu further argued, Romania had to export more highly manufactured industrial products to both capitalist and socialist states capable of providing the country with the foreign currency needed to pay for necessary imports.¹⁵

Behind the scenes, however, the Romanian authorities defined their commercial interest in the Western European states in more concrete terms, and especially their interest in the EEC members, which were seen as a main source of machinery, installations and licences and major importers of Romanian agricultural products and raw materials, and therefore sources of foreign currency.

Assessing the impact of the EEC’s increased protectionism

The decision to improve the foreign trade sector coincided with a deepening of integration in the EEC, the protectionist policies of which were expected to negatively impact Romania’s commercial interests and economic development. A group of experts from the Institute for Economic Research, the Institute for the Study of the International Economic Situation, the Ministry of Foreign Trade (MFT), the Ministry of Foreign Affairs (MFA), the Ministry of Finance, the State Planning Committee, and the Government Commission on Economic and Technical-Scientific Cooperation was called on to draw up solutions. In January 1968, this group of specialists issued a joint study titled ‘The Common Market’ on Romania’s future position regarding the EEC.¹⁶

Its recommendations were based on two types of assessment. On the one hand, it observed that the EEC members were ‘the most important European exporters of machinery, equipment, installations and modern technology’ and that these countries ‘are and will continue to be suppliers of first importance for our country’. In 1966, 30% of Romania’s imports of industrial products originated in the

EEC, and 51% of these imports were investment goods and means of transport. Moreover, at the time Romania's exchanges with the EEC represented 20% of its total foreign trade and 51.5% of its trade with capitalist states. On the other hand, the study argued that due to the forthcoming implementation of the EEC's Common Commercial Policy (CCP), 'the negative effects of the discriminatory policy of the Common Market on non-members, including on those with developed economies, will become increasingly bigger', creating barriers and discrimination against Romania's exports to the Western European states. Looking at how other countries prepared to respond to further EEC integration, the joint study observed that Yugoslavia, Poland and Czechoslovakia were using their membership of GATT to 'decrease discrimination by the Common Market'.¹⁷

Arguing that increasing economic and technical-scientific relations with the EEC member states was mandatory for Romania's economic development, the study formulated a series of proposals structured at three main levels. The first level envisioned direct contacts with EEC institutions in parallel with bilateral negotiations with each EEC member state. However, direct contacts with the EEC might imply diplomatic recognition, which was seen as a delicate political matter, since 'until now, the socialist states have formally declared that they do not recognise the Common Market'. This led to the second level of how the CMEA would affect Romania's EEC-related interests and how Romania's approach to the EEC would affect its relations with the other socialist states, and especially with the Soviet Union. The third level envisioned using other international organisations and particularly the GATT to obtain better conditions for Romania's trade with capitalist states.¹⁸

The study also proposed concrete measures to secure the country's commercial interests in the EEC. Observing that 85% of Romania's exports to the EEC consisted in raw materials, fuels, foodstuffs and non-manufactured goods, it recommended an increase in exports of industrial products and manufactured goods. However, a handwritten annotation by the State Planning Committee emphasised that these products were not qualitatively fit for the EEC market.¹⁹ Exporting more industrial goods to Western states (or even to other CMEA states) was a task often mentioned by Romanian officials,²⁰ but given the inferior quality of these products the results of Romania's intensified industrialisation were mainly exported to "third-world" developing countries and not to industrialised capitalist countries.

Other measures envisioned establishing official technical contacts with EEC institutions following the examples of Poland and Yugoslavia, agreements on agricultural products and sending Romanian experts to Brussels to gather information on how the EEC worked and how other third countries were dealing with it.²¹

Following the guidelines drawn up in the 1968 joint study, the MFA, the MFT, the Ministry of Finance and the State Planning Committee recommended Romania participating in the GATT on the ground that it would facilitate exports of 'Romanian products to the capitalist developed countries, especially to those participating in economic groupings'.²² The PP approved this recommendation on 26 February, and in July Romania applied to the GATT.²³ The same month, the MFT

appointed Andrei Șerban as delegate to the Romanian commercial agency in Brussels and instructed him to 'carry out frequent unofficial contacts of a technical-informative character with officials in various competent bodies of the Executive Commission of the Common Market'.²⁴

Furthermore, in connection with a series of proposals advanced by the Romanian embassy in Rome, the MFA tackled and solved the problem of whether establishing direct contacts with EEC institutions would imply official recognition of the EEC and what the political implications would be for Romania. In a note to the MFA in June 1968, Romania's ambassador in Rome, Cornel Burtică,²⁵ observed that given the way the EEC worked, concluding bilateral agreements with EEC members would no longer be possible. Burtică further argued that a solution for Romania could be to conclude technical agreements on products with the EEC Commission, as Poland and Bulgaria had already done.²⁶ In response to Burtică's suggestion, the MFT studied the agreement that Poland had concluded on 24 April 1968 with the EEC Commission regarding the non-fixing of an additional amount of imports of live swine and pig carcasses from Poland. Worrying that concluding this type of agreement with the EEC Commission could have political implications and could involve official recognition of the EEC, the MFT asked the MFA for its opinion on the matter.²⁷ Responding, the MFA provided the main arguments that Romania would use during the next decades to explain its decision to carry out direct contacts with the EEC to its CMEA partners. Observing that the Common Market was 'an entity, an objective reality' with specific competences in terms of foreign trade, the MFA argued that 'establishing relations with the institutions of the Common Market only targets the commercial field and not the political field and even less so the ideological one'. Considering the imminent implementation of the EEC Common Commercial Policy, the MFA further argued that 'third countries cannot avoid contacts with the institutions of the Common Market' – where contacts were defined in terms of commercial relations – unless they were willing to risk stopping their trade with the EEC zone completely. Therefore, the MFA recommended concluding agreements with the EEC on various agricultural products following the Polish example.²⁸ The proposal was approved by the PP and agreements on eggs, swine, pork, cheese, beef, sunflower oil and wine were discussed and concluded.²⁹ These agreements followed the examples set by Poland and Hungary and took the form of exchanges of letters. They were concluded by the Ministry of Agriculture and Forestry and the Ministry of the Food Industry, not by the MFT or the local embassy, in order to keep them at the level of 'technical unofficial contacts'.³⁰

In preparing its approach to the EEC, Romania paid special attention to the position of the CMEA. In 1963, the CMEA member states had agreed that establishing contacts with the EEC was not timely and that the question of recognising the EEC could be re-analysed in the future if necessary.³¹ The Romanian authorities now questioned whether this position would prevent them from establishing direct contacts with the EEC institutions. The Government Commission on Economic and Technical-Scientific Cooperation argued that the CMEA's position involved simple mentions and not official resolutions and so could not constitute

an obstacle of a juridical nature able to prevent Romania from adopting whatever approach it considered appropriate to the EEC.³²

Formulated in November 1970, the approach drew heavily on Romania's general strategy for economic development and foreign trade. The tenth Congress of the RCP (6–12 August 1969) stated that socialist industrialisation and particularly the development of heavy industry remained the basis for the general progress of society and the welfare of the people. Romania planned to reach production of 10 million tons of steel and 2.4 million tons of chemical fertilisers by 1975. Improving foreign trade was conceived as a condition for achieving industrialisation, while the development of relations between countries with different social systems was seen as an expression of the economic and social reality of the time, in which 'the world is in full transformation'.³³

These party directives were followed by new legislation, procedures and rules aimed at securing Romania's transformation into an advanced industrialised country with an efficient foreign trade sector able to provide imports of Western machinery and technology without creating a deficit in the country's balance of payments. Exporting more Romanian products to foreign (including Western) markets and obtaining foreign credits were two key pillars of Romania's economic strategy at the time.³⁴ However, by the end of 1969, Romania saw all these plans potentially jeopardised by the imminent implementation of the EEC Common Commercial Policy and EEC enlargement.

Romania's strategy towards the EEC: expectations

Romania's strategy towards the EEC was officially adopted in February 1971. The EEC allowed its member states to negotiate bilateral agreements valid until 31 December 1974 with third countries before the end of 1972. Romania responded to the EEC policy in three main steps. First, it designed a strategy that encompassed practical measures to deal with the EEC and its member states until 31 December 1972. Then, it adopted a policy that dealt with Romania-EEC relations until 31 December 1974. Finally, in late 1974 it defined its stance towards the EEC for the period after 1 January 1975. The differences between these three stages lay in some very pragmatic actions taken in response to EEC policies. What gave them consistency was that they all derived from the same general conception of Romania's approach to the EEC.

The 1970 to 1972 period

In early 1970, the MFT asked the Romanian embassy in Brussels and its Economic Agency to draft a note on the negative effects of EEC policy on Romania's trade and to propose solutions. Drawn up by Ștefan Niță, the chief of the agency, and Șerban Andrei, the economic secretary, the note reflected 'the point of view of the entire operative staff of the embassy and agency'.³⁵ In fact, it was a very detailed study on the matter. It observed that the EEC member states had lost their commercial competences in relation to third countries, which reacted by

concluding with the EEC association agreements (Greece and Turkey), partial association agreements (Morocco and Tunisia), preferential commercial agreements (Spain and Israel) and agreements on products or commercial agreements (Yugoslavia). Therefore, it argued that Romania's foreign trade was affected not only by EEC protectionist measures but also by the network of agreements and arrangements it had established with other third countries which now benefited in one way or another from preferential treatment. The EEC enlargement to the UK, Ireland and Denmark was also perceived as a threat to Romania's interests.³⁶

The study suggested a series of practical measures to secure the export of Romanian goods, such as adapting to EEC demands, improving the quality of goods, establishing joint production units with EEC-based firms, increasing technical and industrial cooperation with EEC countries, searching for other markets for Romanian products that were not in demand in the EEC, establishing production units in countries that had association agreements with the EEC, concluding new agreements on agricultural products (particularly beef) and studying the possibility of concluding a government agreement with the EEC and its political implications. These measures, the study contended, could reduce the negative impact of EEC policies on Romania's trade to some extent but would not eliminate it completely.³⁷

As Ceaușescu publicly and repeatedly admitted, Romania had taken measures to reduce its balance of payments deficit, but despite some improvements the value of imports still surpassed the value of exports.³⁸ Therefore, Romania began taking credits from the West. Visiting Moscow in May 1970, the Romanian leadership was harshly criticised for 'reorienting Romania's economic relations towards the West', as Ceaușescu narrated it. Brezhnev tried to convince Ceaușescu to revise his foreign trade policy, to limit imports from capitalist states and to be more careful about taking Western loans. The Soviet leader reasoned that Romania would not be able to pay back its loans, would suffer an increase in the deficit of its balance of payments and would end up asking the Soviet Union for financial and economic support. Ceaușescu rejected such pessimistic interpretations and remained committed to the idea of increasing commercial and financial relations with the Western states.³⁹ The same year, the General Secretariat of the Council of Ministers asked the MFA, the MFT and the National Bank to study possible Romanian adherence to the IMF and the IBRD.⁴⁰

In July 1970, another study on the EEC by the embassy in Brussels signed by Niță, Andrei and ambassador Alexandru Lăzăreanu observed that most third countries were not focusing on whether the EEC should be diplomatically recognised but on convincing the EEC to accept commercial negotiations and grant export concessions. It suggested that Romania should follow the same path. Analysing the CMEA dimension, it stressed that the socialist states were not affected equally by EEC protectionism. Regarding Romania's possible juridical framework for relations, the study argued that concluding technical agreements on products was a limited solution, as they could only address a limited number of products which was almost exhausted and that a non-preferential agreement like the one concluded by Yugoslavia could be the solution.⁴¹ Noting that the 'Common Market

tends to evolve towards consolidation and not towards weakening' and that its protectionist measures had 'an irreversible character', the Romanian embassy in Brussels argued that Romania should approach the EEC at two levels: through bilateral contacts with EEC member states and through direct contacts with its institutions.⁴²

Synthesising information, reports and studies gathered through different channels during the previous years, in November 1970 the MFT and the MFA drew up an eight-page joint document on 'Our Country's Strategy in its Economic Relations with the Common Market'.⁴³ The document was signed by Cornel Burtică, now minister of foreign trade, Corneliu Mănescu, minister of foreign affairs,⁴⁴ and Ion Păţan, vice president of the Council of Ministers.⁴⁵

Romania's strategy towards the EEC derived from the party's general conception of its national economic development. Aiming to increase commercial relations between Romania and the Western states, the strategy envisioned three main points: direct relations with the EEC institutions in parallel with bilateral relations with EEC member states; using other international organisations to support Romania's EEC-related objectives; and preventing the CMEA from having a negative impact on Romania's objectives regarding the EEC. Thus the strategy was that establishing contacts with the EEC institutions did not require recognition of the organisation; that Romania should use the GATT and the UNCTAD to obtain better trade conditions with the EEC member states; and that Romania needed to inform the CMEA of its approach to the EEC (as previously agreed at the CMEA level) and to abstain in the future from accepting any CMEA policy that might affect Romania's EEC-related interests, such as agreeing not to conclude commercial agreements with the EEC or not to recognise the EEC. The practical measures identified in the 1970 strategy envisioned bilateral consultation with EEC member states and institutions; unofficial visits by EEC officials to Romania; authorising Romanian diplomats in Brussels to establish unofficial contacts with representatives of the EEC Commission; increasing the quality of the goods exported to the EEC; creating joint production units with EEC-based firms; adapting exports to EEC demand; concluding agreements on agricultural products; acting within the UNCTAD to obtain customs preferences from the EEC; and drawing up studies on the EEC and recommendations on Romania's approach to it.⁴⁶

After being approved by the Permanent Praesidium of the party on 22 February 1971, the strategy was rapidly put into practice.⁴⁷ Unofficial bilateral consultations with representatives of the EEC Commission were organised both in Romania and in Brussels to discuss better conditions for Romania's exports.⁴⁸ One of the questions addressed during these talks was Romania's admission to the EEC's Generalized Scheme of Preferences (GSP).⁴⁹ The MFA continued to ask its representatives abroad to gather information and report on EEC evolution and its relations with third countries 'in order to substantiate possible actions that might be taken' by the Romanian side.⁵⁰ The MFA argued that the EEC had become 'the first commercial power and the second economic power' in the world. As other states were likely to join the EEC, its influence and role as a world power were expected to grow, not only economically but also politically.⁵¹

In a study in July 1971, the MFT identified concrete problems that Romania needed to solve: obtaining better trade conditions and being accepted in the EEC's GSP; designing a programme of cooperation with the EEC; and creating a joint Romania-EEC commission to address problems of mutual interest. The study concluded that Romania needed to start negotiating with the EEC as an entity.⁵²

Measures were also taken to prevent the CMEA from frustrating Romania's EEC-related goals. Therefore, Romania blocked a proposal to include a stipulation regarding official non-recognition of the EEC in the CMEA's 'Comprehensive Programme' adopted in July 1971.⁵³ Its opposition was grounded on the fact that the 'Comprehensive Programme' 'is long-term and it is not excluded that in the future our interests will require another tactic'.⁵⁴ In October 1971, Romania put the problem of CMEA-EEC relations on the Council's agenda. Contending that the commercial aspects of relations could no longer be addressed bilaterally and that EEC protectionism was negatively impacting the commercial interests of the socialist states, Gheorghe (Gogu) Rădulescu, Romania's permanent representative at the CMEA, argued that the EEC as an entity had to be approached at two levels: by each individual CMEA member state on the one hand and by the Secretariat of the Council on the other. The latter should address general aspects of relations in order to create a favourable framework for the improvement of relations between the CMEA member states and the EEC institutions.⁵⁵

As Suvi Kansikas has demonstrated, this proposal resulted in considerable contradictory debates at the CMEA level. The problem was even referred to the Political Consultative Committee of the Warsaw Pact in January 1972, but there were no results.⁵⁶ As the controversy continued, Romania's representative insisted that contacts with the EEC institutions would not imply official recognition of the EEC as they only occurred at the level of economic-commercial relations. Romania insisted that exchanges between the CMEA member states and the EEC should be increased.⁵⁷ Instead, the Soviet Union proposed reducing them, arguing that in this way the economic vulnerability of the socialist states to EEC protectionism would decrease.⁵⁸

Being committed to the national objective of increasing foreign trade in general, and observing that 'the Common Market is a reality', following previous recommendations by specialists and diplomats the Romanian leadership decided that 'some problems, such as that regarding generalised customs preferences, should be discussed with the [EEC] institutions that can make a decision on the matter' – as Ceaușescu publicly acknowledged.⁵⁹ According to the Romanian leader, 'we consider it necessary to develop commercial contacts with the EEC in order to favour an increase in exchanges and cooperation with all countries that are members of this organisation'.⁶⁰

On 31 January 1972, in a letter addressed by Foreign Trade Minister Cornel Burtică to Gaston Thorn, the president of the EEC Council of Ministers, Romania requested admittance to the EEC's GSP.⁶¹ To support its request, Romania presented statistical data regarding its economic development.⁶² Initially, France opposed, arguing that Romania was not a developing country and that granting it generalised preferences could create a dangerous precedent.⁶³ Gradually, however,

France reviewed its position.⁶⁴ Moreover, Romanian officials intended to use the GATT framework to obtain better trade relations with the EEC members and compensation for the damage that EEC enlargement did to its trade interests. Romania had been a member of the GATT since October 1971, a mandatory preliminary condition for qualifying for the EEC's GSP.⁶⁵ According to Ion Gheorghe Maurer, Romania's prime minister,⁶⁶ benefiting from the EEC's GSP 'with the same conditions as the other developing countries in the Group of 77' was 'one of the major problems for the future orientation of Romania's commercial exchanges' and had 'major political-economic importance'.⁶⁷ In November 1971, the MFA was instructed to take diplomatic actions to secure Romania's membership of the G-77, the largest intergovernmental organisation of developing countries in the UN.⁶⁸

Romanian adherence to the IMF and the World Bank was further explored as another route to solving foreign trade and economic development problems. According to the Ministry of Finance, the foreign currency collected from exports was mostly used to pay for the amortisation of loans contracted in the West for buying Western equipment and installations on credit, 'which restricts our import possibilities, forcing us to take new credits'. The reimbursement difficulties originated in the fact that Romania had contracted mostly short-term loans. Contracting long-term loans from the IMF and the IBRD was thought to be the solution.⁶⁹ In December 1972, Romania joined the IMF and the IBRD, from which the Romanian authorities hoped to obtain advantageous loans to support imports of Western machinery and technologies.⁷⁰

Brezhnev continued to warn Ceauşescu that importing and taking credits from the West would create major economic problems for Romania: 'I want to tell you as a friend, so you will pay attention. You will have to pay a lot of interest for this money'. Ceauşescu argued that 'we will manage because we took measures'. At the same time, Brezhnev insisted that the USSR could no longer supply the increasing quantities of raw materials and fuels requested by the Eastern European states. Ceauşescu reiterated that Romania would find them in other countries.⁷¹ Needing large quantities of oil (especially for its chemical industry), Romania had started to import from Iraq, Lebanon, Syria and Iran.⁷² According to Ceauşescu, the shortage of energy resources was a fundamental problem for Romania's economic and social development not only in the short term but also in the long term.⁷³ In the aftermath of the October 1973 oil crisis, Romania adopted legislation designed to rationalise the consumption of fuels and primary energy resources. Industry and particularly the chemical industry were given priority, while all economic sectors (industry, agriculture, transportation and construction) were requested to use all energy sources more judiciously. However, the population was the most affected.⁷⁴

The 1973–74 period

In 1973, in another study on the Common Market, MFT experts identified four objectives for Romania's relations with the EEC: to receive generalised

preferences; to obtain the elimination of the quantitative restrictions applied to its exports; to be granted concessions for its exports of agricultural products; and to be compensated for the losses it incurred after the enlargement of the EEC.⁷⁵ On the basis of this study, the MFA and the MFT elaborated a concise 'Note on Proposals Regarding Romania's Strategy in Its Relations with the Common Market (EEC)', which was signed by Ion Păţan, vice president of the Council of Ministers and minister of foreign trade, and George Macovescu,⁷⁶ minister of foreign affairs.⁷⁷ The note confirmed previous Romanian analyses and argued that, with a 36% share of world commerce, the EEC was 'the biggest commercial entity' and an increasing number of third countries adopted active policies towards it, either by concluding association agreements, commercial agreements or free trade agreements or by asking for generalised preferences. Thus, 'an enlarged system of preferential relations' was created, from which only the developed capitalist states (the US, Japan, Canada, Australia, New Zealand and South Africa) and the socialist states with the exception of Yugoslavia were excluded. It was expected that new EEC common policies would produce even greater negative effects on Romania's trade interests. New solutions were needed to secure generalised preferences and a juridical framework to allow commercial exchanges between Romania and the EEC members after 31 December 1974, when the existing bilateral agreements expired. The note recommended continuing diplomatic actions to obtain generalised preferences, asking for preferences from other donating countries (Finland, Norway, Sweden and Switzerland), obtaining better trade conditions for products excluded from the GSP (i.e. chemical fertilisers, footwear, textiles, clothing, petroleum and steel products), obtaining through the GATT compensation for losses suffered as a result of EEC enlargement and acting to attract more advantageous credits.⁷⁸

The Permanent Praesidium approved this proposed strategy with two indications: 'to act' and 'to insist' on obtaining generalised preferences and to conclude long-term commercial agreements with the EEC member states with the possibility of prolonging them.⁷⁹ In accordance, the Romanian representatives abroad approached representatives of the EEC member states and proposed long-term bilateral agreements on economic, industrial and scientific collaboration on the one hand, and bilateral commercial protocols regarding Romania's exports for the year 1974 on the other. This approach was based on the observation that agreements on economic cooperation were still in the competence of the EEC member states. It was hoped that commercial stipulations could be included in long-term agreements on economic, scientific and technical cooperation, thus bypassing the authority of the EEC,⁸⁰ an approach common to that of other Eastern European states.

The Romanian officials in Brussels, and especially the group responsible for EEC problems, were instructed to draw up monthly and quarterly analyses of the EEC's evolution, procedures, policies, relations with third countries and positions in different international organisations such as the GATT, the UNCTAD and the IMF, and also on 'the experience of other countries' in dealing with the EEC. They were asked to formulate concrete proposals to establish a 'juridical framework

necessary to achieve our programmes regarding the development of commercial exchanges and economic cooperation with the member countries of the Common Market'.⁸¹

The 1973 strategy did not propose a new general conception of EEC relations but only new concrete actions. In an interview with a group of British journalists in November 1973 which was also published in Romania, Ceaușescu presented Romania's approach to the EEC as follows:

We start from the fact that the existence of the Common Market is a reality and, therefore, we develop relations with its countries. We also try to solve some problems directly with the Common Market, especially regarding obtaining tariff preferences and the elimination of some restrictions that are established and applied by the Common Market in its relations with other states. . . . We would like the Common Market to practise an open policy, to lift the barriers and restrictions that prevent free collaboration, at least in Europe. Romania has reached some agreements [with the Common Market] and we hope that they will be applied with the best conditions, especially with regard to granting generalised tariff preferences, which will contribute to the broadening of economic collaboration with the countries of the Common Market.⁸²

The March 1973 strategy guided Romania's relations with the EEC until the end of 1974. It derived from the observation that commercial relations with Western European states – deemed absolutely necessary for Romania's general development – could only be established through direct contacts with the EEC Commission. Therefore, a remarkable diplomatic effort was made to convince the EEC member states to support Romania's request to be included in the GSP.⁸³ These efforts paid off. On 4 July 1973, the EEC Council of Ministers decided to grant Romania generalised preferences.⁸⁴ This led to the creation in July 1973 of a 'Party and State Commission Regarding Problems in Economic Relations between Romania and the Common Market' under the leadership of Ion Pășan, the new minister of foreign trade, and George Macovescu, minister of foreign affairs.⁸⁵ In the following months, technical discussions between experts from the two sides confirmed that products such as chemical fertilisers, footwear, textiles and clothing, petroleum and steel products would not be included in the GSP. The EEC Commission argued that special arrangements regarding exports of Romanian textiles, oil and steel products could be addressed separately.⁸⁶ According to estimations in Bucharest, if such 'sensitive' products were left out of the GSP, then only 11% of Romania's exports to the EEC would benefit from customs preferences, which meant that the facilitations thus received would be 'insignificant'.⁸⁷ Although the country was included in the GSP as of 1 January 1974, the agreement was only applied to a limited number of agricultural products. During the next years, Romania would try in vain to obtain the inclusion of new products in the scheme.⁸⁸

Romania also tried to receive tariff compensation for losses due to EEC enlargement. In July 1973, it joined the group of other third countries that were

negotiating on this matter with the EEC in the GATT framework.⁸⁹ In December 1973, the EEC delegation made a global offer of tariff reductions, which Romania accepted in April 1974. Moreover, as a result of negotiations with the EEC member states, it obtained prorogation of the 1973 commercial protocols for another year. It also signed long-term agreements on economic, industrial and technical cooperation with Italy and France.⁹⁰

The March 1973 note also suggested that Romania should not agree with the idea that the problem of the juridical framework for commercial exchanges between the CMEA member states and the EEC should be solved through a CMEA-EEC agreement. Romania wanted to solve its problems through direct contacts with the EEC.⁹¹

At the CMEA level, the Romanian officials took two approaches: first, they acted to prevent the adoption of any EEC-related policies that might prevent Romania from acting as it saw fit in its relations with the EEC; second, they tried to use the CMEA to create a more favourable general framework for direct contacts between the CMEA member states and the EEC as an entity. Romania's representatives argued that, in parallel with CMEA-EEC contacts, each CMEA state had the right to contact the EEC independently and to negotiate and conclude agreements with it, that the CMEA could only address matters in its competence with the EEC and not matters in the competence of its member states, and that a CMEA common commercial policy towards the EEC could not be adopted as the CMEA member states had different national conditions and different trade interests.⁹² These positions were also made clear to the EEC members, emphasising that any CMEA-EEC agreement that might be reached could not affect relations that Romania might decide to have with the Community.⁹³

The strategy for after 1 January 1975

All the measures Romania took to improve its commercial relations with the EEC produced positive results, but the overall impact was not what the Romanian authorities had hoped for. Romania continued to export mainly agricultural products, foodstuffs and light industry products to the EEC, which increased its vulnerability to EEC protectionist policies. The GSP was applied to a reduced list of goods. Negotiations carried out with France, Benelux and the UK exposed their reluctance to include commercial stipulations in long-term agreements on economic, scientific and technical cooperation.⁹⁴

Thus, as the date of 31 December 1974 was approaching, the MFA and the MFT drew up yet another document regarding strategy towards the EEC on the basis of a June 1974 study by the MFT called 'New Forms of Romania's Commercial Relations with the Countries of the Common Market'. The previous general line was maintained, but more careful attention was paid to the CMEA's attitude to the EEC, observing that the EEC's proposal regarding the conclusion of trade agreements between the Community as an entity and each CMEA member state had been rejected, and that despite Romania's different position the CMEA member states had decided that the Secretariat of the Council should seek to negotiate

a commercial agreement with the EEC. Instead, Romania wanted to be able to address its commercial problems directly with the EEC. The 1975 policy towards the EEC was a confirmation of the previous strategy. It proposed exploratory talks with experts from the EEC Commission in parallel with bilateral consultations with the EEC member states and using GATT to promote Romania's interests in the EEC, a special emphasis being placed on negotiating a textile agreement with the EEC within the multi-fibre GATT agreement.⁹⁵ This strategy was to guide Romania's relations with the EEC until the end of the 1970s and beyond.

It was also consistent with the directives that the 11th Congress of the RCP of 25 November 1974 drew up for Romania's economic development in the next five-year plan (1976–80) and the next fifteen-year prospects program (1976–90). At the centre of the RCP's economic policy remained the development of industry, and especially of the machine-building and chemical industries, two sectors that were required to produce half of the country's global industrial production by 1980. In the party's conception, the economic development of the country would raise the living standard of the whole population and was based on accomplishing socialist industrialisation on the one hand and on developing economic relations with other states on the other. It contended that Romania's 'external economic relations and its cooperation with other states represent a significant factor in the economic progress of the country'. Moreover:

In the development of its foreign trade and international economic cooperation, Romania starts from the imperative of its participation as actively as possible in the world economic circuit as an objective necessity of the accelerated increase in the national economy for the progress of Romanian society. The 1976–1980 plan will target an increase in foreign trade, an improvement of its structure and an enlargement of international cooperation in production, technology and science. We will act with determination so that, in parallel with increasing the volume of foreign trade, an equilibrated balance of payments can be realised, simultaneously increasing the foreign currency reserves of the country.⁹⁶

Special attention was paid to the country's relations with capitalist developed states. By 1980, exports of the products of the machine-building and chemical industries had to increase to 50% of the country's total exports. Romania was still interested in importing fuel, raw materials, machines, equipment and installations. The measures envisioned to achieve these goals involved increasing the quality of the goods produced for export to make them competitive in foreign markets, concluding long-term contracts with foreign partners, adapting exports to the demand in foreign markets and reducing the volume of imports to what was 'strictly necessary, on the basis of judicious use of foreign currency funds'. Economic units and ministries were instructed to take measures to secure from their exports the foreign currency funds necessary to cover their import needs.⁹⁷

The general conception was that the economic and social progress of the country depended to a great extent on the 'objective necessity' of the enlargement

of its economic exchanges and cooperation with other states, including Western states.⁹⁸ However, the EEC's exclusive competence in relation to trade with third countries and the CMEA attempt to adopt a common commercial policy towards the EEC were seen in Bucharest as threats to Romania's trade interests and economic development in general.

In June 1975, at the 44th session of the CMEA's Foreign Trade Permanent Commission, all the members except Romania proposed to conclude a commercial agreement between the CMEA and the EEC as entities.⁹⁹ The Romanian authorities considered that the proposal was unacceptable for two main reasons: it was based on an 'intention to prove' that CMEA integration 'was a reality', and it aimed to 'give the CMEA – deviating from the CMEA statute – competences in the commercial field similar to those given to the Common Market through the Treaty of Rome'.¹⁰⁰ The RCP confirmed Romania's 'position of principle' towards the conclusion of a CMEA-EEC agreement as previously defined. Ceauşescu insisted that the Romanian delegates at the CMEA should inform the other participants of Romania's intention to establish immediate and direct contacts with the EEC institutions.¹⁰¹ A similar declaration had already been made by the Romanian delegation at the CMEA meeting mentioned earlier, when the other participants had been informed that Romania would contact the EEC institutions 'in the next period' to 'analyse concrete ways to eliminate discrimination and other obstacles against Romanian exports, and problems regarding the juridical framework for commercial exchanges'.¹⁰² The CMEA's Executive Committee was also notified in writing of Romania's intention to establish contacts with the EEC institutions.¹⁰³

During the next years, Romania continued to hold its position vis-à-vis the CMEA.¹⁰⁴ Throughout the 1970s, Romania acted to prevent the adoption of any CMEA decision or any CMEA-EEC agreement that had the potential to affect the national trade competences of CMEA member states regarding the EEC. The Romanian authorities did not trust the CMEA allies or the CMEA as an entity to make decisions on their behalf. They feared that a CMEA-EEC agreement would secure the interests of the great powers to the detriment of the interests of the small states. Therefore, Romania put much effort into solving its EEC-related problems through direct negotiations with the EEC institutions. In 1979, Ceauşescu publicly confirmed Romania's interest in concluding direct agreements with the EEC.¹⁰⁵

Key achievements and failures

From 1975 onwards, trade between the Eastern European states and the EEC states took place within a juridical framework consisting of three main sets of rules: those stipulated in international and bilateral agreements; those adopted unilaterally by the EEC; and those included in bilateral cooperation agreements. While not being commercial in themselves, these arrangements were used to some extent to circumvent EEC trade policy, stipulating, for instance, the lifting of quantitative restrictions on specific goods, preferential arrangements for imports and exports and customs clearance in connection with their implementation.¹⁰⁶ In

this general framework, Romania's relations with the EEC followed the position established in the previous years along three main lines: conducting direct negotiations with the EEC institutions on matters in its competence in parallel with bilateral relations with the EEC member states; using various international organisations (such as the IMF, the IBRD, the UNCTAD and especially the GATT) to obtain better trade conditions and loans; and preventing the CMEA from having a negative impact on its EEC-related objectives.

As bilateral trade agreements with EEC states expired and could not be renewed, from 1975 onwards Romania signed long-term cooperation agreements on economic, scientific, industrial and technical cooperation. In some cases, such as those with Italy, West Germany, the Netherlands and the Belgium-Luxembourg Economic Union, these agreements granted Romania most favoured nation status.¹⁰⁷

In matters that were in the EEC's competence, the Romanian authorities continued to deepen their contacts with the EEC institutions. The EEC member states were still considered an important source of industrial imports, technology and foreign loans, and an outlet for Romania's exports of agricultural products, foodstuffs and raw materials.¹⁰⁸ Romania continued to export foodstuffs under provisions in the technical agreements negotiated with the EEC Commission on products such as pork, beef, cheese and wine, and annually asked for improved export conditions, which were often granted.¹⁰⁹ Participation in the EEC's GSP also had a positive impact on Romania's exports. In 1975, the EEC had a share of 71.7% in the exports that Romania made via the preferential system. The remaining 28.3% represented exports to other developed capitalist states that had granted Romania customs preferences prior to 1975.¹¹⁰ A 1978 MFA and MFT joint note appreciated that being granted customs preferences 'had a favourable influence on Romania's exports, resulting first of all in additional foreign currency for our country'. As a member of the G-77 since 1976, Romania asked the EEC for the same type of trade concessions that were granted to any other developing countries and the extension of customs preferences to a series of Romanian products that were excluded from the GSP (textiles, chemicals and furniture). These requests were denied, mostly due to opposition from the UK, France and Italy.¹¹¹

During 'official exploratory talks' with representatives of the EEC Commission in July 1977, Romania proposed concluding sectoral agreements regarding its exports of industrial products (including steel) and agricultural products, an agreement on fishing and another on access to loans from the European Investment Bank. The EEC representatives responded that agreements on fishing and agricultural products were not possible, and neither was Romanian access to loans. Contending that 'sectoral agreements would not solve all the problems of mutual interest in a unitary way', they argued in favour of a general commercial agreement as in the EEC's 1974 proposal.¹¹² However, Ceauşescu was of the opinion that 'there is no question now of a general agreement' with the EEC.¹¹³

Negotiations with the EEC were unsuccessful with regard to sectoral agreements on agricultural products and arrangements for fishing, transport and financial cooperation, but successful with regard to sectoral agreements on textiles, steel and industrial products. In 1976, Romania was the first Eastern European

country to conclude an agreement with the EEC regarding its exports of textiles on the basis of the GATT multi-fibre agreement. This one-year sectoral agreement was followed in 1978 by another long-term arrangement covering the period up to 1982.¹¹⁴ On 31 May 1978, an agreement on Romania's exports of steel products to the EEC market entered into force. Renewed annually, it provided the conditions on which Romanian steel products had access to the EEC market in terms of prices and quantities. According to a joint MFT and MFA note in December 1978, concluding sectoral agreements with the EEC was Romania's solution to the problem of the juridical framework for its commercial relations with the EEC member states.¹¹⁵ In July 1978, Romania proposed to conclude an agreement on industrial products (other than textiles and steel) with the EEC and another regarding the creation of a Joint Romania-EEC Commission to address the problems of trade relations. The two proposed agreements were signed on 28 July 1980 and entered into force on 1 January 1981.¹¹⁶ Until the end of the decade, Romania remained the only Eastern European country with an industrial agreement and a Joint Commission with the EEC.

In this context, the value of Romania's commercial exchanges with the EEC constantly increased throughout the 1970s, with a slight decrease in 1975 when the CCP entered into force (Table 8.1).¹¹⁷ In 1976, the main group of imported goods was machinery and equipment. Fuels, raw materials, metals, industrial consumer goods and agricultural raw materials represented 84% of Romania's total exports to the EEC.¹¹⁸ Exporting petroleum products to the EEC member states was important in the 1970s (Table 8.2).¹¹⁹ However, these exports depended on imports of crude oil. From 1976, Romania was a net importer of oil and by the end of the decade it relied heavily on Middle Eastern oil, especially from Iran.¹²⁰

Table 8.1 The evolution of Romania-EEC commercial exchanges, 1970–1984 (in million US dollars)

<i>Year</i>	<i>Total</i>	<i>Exports</i>	<i>Imports</i>	<i>Trade balance</i>
1970	938	449	487	–38
1971	1084	513	551	–38
1972	1334	630	704	–74
1973	1797	842	955	–113
1974	2369	1026	1343	–317
1975	2330	1060	1270	–210
1976	2546	1286	1278	+8
1977	2611	1204	1407	–203
1978	3315	1441	1874	–433
1979	4654	2214	2440	–226
1980	4838	2460	2378	+82
1981	3937	2041	1896	+145
1982	2773	1734	1039	+695
1983	2410	1621	789	+832
1984 (9 months)	2702	2129	573	+1556

Source: ANIC, CC of RCP, Economic Section, File 387/1984, 16.

Table 8.2 The evolution of Romania's exports to the EEC, 1973–1983 (in million US dollars and percentages)

<i>Year</i>	<i>Total exports</i>	<i>Exports of petroleum products</i>	<i>Exports of non-petroleum products</i>	<i>Share of exports of non-petroleum products in total trade (%)</i>	<i>Share of exports of petroleum products in total exports (%)</i>
1973	842	52	790	93.8	6.2
1974	1026	191	832	81.0	19.0
1975	1060	198	862	71.1	28.9
1976	1286	307	979	76.1	23.9
1977	1204	203	1001	83.1	16.9
1978	1441	281	1160	80.4	19.6
1979	2214	850	1364	61.6	39.4
1980	2460	1030	1430	58.1	41.9
1981	2041	929	1112	54.4	45.6
1982	1734	637	1097	63.2	36.8
1983	1621	633	988	60.9	39.1

Source: ANIC, CC of RCP, Economic Section, File 387/1984, 16.

Despite the increase in the value of commercial exchanges, Romania's trade balance with the EEC remained negative throughout the 1970s (Table 8.1).¹²¹ According to Ceauşescu, the trade deficit was mostly explained by the protectionist policies of the EEC against the socialist states. To secure the country's 'equilibrium in the balance of payments', Ceauşescu envisioned 'not a reduction of economic exchanges' with the Western European states but 'an intensification of Romanian exports'.¹²² The Romanian authorities believed that increasing exports would provide the foreign currency necessary to pay for previous and future Western imports.¹²³

In December 1977, the National Conference of the RCP established the main lines of the next five-year plan (1980–85). Industrialisation was still acknowledged as a major national objective. However, it stressed that the process of industrialisation and Romania's economic development in general had entered a new phase, moving from the stage of quantitative accumulation to the stage of qualitative improvement. Special attention was paid to foreign trade, and all the institutions and cadres involved in foreign exchanges were instructed to 'strictly respect the equilibrium of the balance of trade and the balance of foreign payments'. Ceauşescu appreciated Romania's commercial relations with the capitalist developed states but considered that better results could still be obtained if 'a series of obstacles' in the way of free international trade were overcome.¹²⁴

In December 1978, Ceauşescu expressed concern with regard to the 'world crisis of raw materials and energy', which would create 'increasing difficulties' for all countries, Romania included. All responsible institutions and cadres were asked to take measures to reduce consumption and imports to what was strictly necessary.¹²⁵ The first measure, Ceauşescu stated, was to secure raw materials and energy from domestic sources and substantially reduce imports. Provisions were

made for a 50% increase in the volume of foreign trade, with a more accentuated increase in exports to 'secure the necessary means for imports and amortisation of due payments for credits taken in the past in order to achieve an equilibrated balance of foreign payments' and 'the consolidation of currency reserves'.¹²⁶

Towards the end of the decade Romania's imports from the EEC decreased while exports increased, with the balance of trade improving significantly. For the first time since 1961, in 1980 Romania had a positive balance of trade with the EEC as a whole, a trend that continued in the next years too (Table 8.1).¹²⁷ However, the impact of the oil crisis was worrisome. According to Ceauşescu, in 1979 Romania was importing more oil than it produced domestically. Facing the rapid growth in oil prices, Romania responded with new measures reducing oil imports and domestic consumption, and by developing coal-fuelled industries and technologies.¹²⁸ The Romanian authorities were also increasingly worried that the country's access to foreign loans might soon be limited.¹²⁹ An excessive increase in the cost of foreign loans was another source of concern, which prompted discussions with Western bankers, but the situation did not look promising.¹³⁰ In October 1979, the US Federal Reserve Bank adopted new policy procedures leading to a rise in interest rates and in the cost of energy supplies, creating a macro-economic context in which Romania and Poland were no longer able to meet their hard-currency obligations.¹³¹

By 31 October 1979, Romania had contracted from Western developed states (France, the UK, Italy, Belgium, West Germany, Norway, Spain, Austria, Finland, Switzerland, the US, Canada and Japan) lines of credits for over 9.7 billion lei valută, which were to be used exclusively to finance imports of machinery, equipment and installations from the respective countries. The interest rate ranged from 4.5% (Switzerland) to 9.5% (West Germany), while the terms varied from five years (France, Finland, Belgium, the FRG and Italy) to eight years (the US, Norway and Austria) and even twenty-eight years (Canada).¹³² Not all these lines of credits were used, however, as between 1980 and 1984 Romania's decision to pay back its foreign debt resulted in a 70% decrease in its imports of machinery and equipment.¹³³ A significant decrease in the foreign debt also occurred in Romania's relations with the EEC Ten, Portugal and Spain, from 4735.6 million US dollars in 1981 to 2734.5 million US dollars in 1984. However, the interest payments remained considerably high, increasing from 296.5 million US dollars in 1981 to about 350 million US dollars in 1982 and 1983 and 366.4 million US dollars in 1984.¹³⁴ Despite the improvements in Romania's balance of trade, Ceauşescu was constantly dissatisfied with the overall results, asking for an increase in exports and for continual improvement of the trade balance and the balance of payments.¹³⁵ However, neither ministries nor production and trade managers could comply with Ceauşescu's unrealistic indications and they could not meet the objectives set in the country's export plan.¹³⁶

Conclusion

Romania's approach to Western Europe in the long 1970s derived from the country's national strategy for economic development and its interpretations and

perceptions of the EEC's impact on its commercial interests, and by extension on its economic development. Industrialisation was conceived as a mandatory base for building a socialist (and ultimately a communist) society and was to provide the people with a high standard of living. In Romania's striving for industrialisation, the West was seen as an important source of technology and know-how as well as credits to pay for these imports. Besides loans, another source of hard currency was Romania's exports of raw materials and foodstuffs. Despite Romania's efforts to increase exports of highly manufactured goods, raw materials and foodstuffs represented the largest share of its exports to the Western European market throughout the period discussed. From the late 1960s onwards, the EEC was seen in Bucharest as a threat to Romania's interests but also as a fact of life, an economic reality that needed to be dealt with pragmatically so that its negative impact on Romania's commercial interests and national economic development in general would be limited as much as possible.

This chapter has confirmed that decisions were made by Secretary General Nicolae Ceaușescu and a handful of his closest collaborators who were members of the executive bodies of the Central Committee and held high-level positions in the state apparatus. However, in addressing Romania's stance towards the EEC, the study has evidenced that the decisions of the leadership were greatly influenced by input provided by officials at different party and state levels, such as ministers, deputy ministers, experts in different fields, researchers in research institutes, diplomats abroad and economists. These officials were explicitly invited to identify problems and propose solutions in their areas of work and expertise. As opposed to the Hungarian case, however, in Romania there were no contradictory debates with regard to the country's approach to the EEC, the West in general or its economic development at large. Within the general economic conception of the party leadership, professionals advanced proposals, which were then submitted for approval to the leadership, which in many cases accepted them.

Romania's approach to the EEC was at two main levels. At the base was a general conception, a position of principle decided in 1971 that did not change in the subsequent years. This position encompassed three main elements: direct relations with the EEC institutions in parallel with bilateral relations with the EEC member states; using various international trade or financial organisations to reach its EEC-related goals; and preventing the CMEA from impacting the country's policy towards the EEC in a way that was incompatible with Romania's interests. The second level of the approach consisted in very pragmatic measures in response to EEC policies, which were therefore continually adjusted. Each time the EEC finalised or adopted new regulations or measures impacting third countries, the Romanian authorities responded with their own set of actions designed to reduce the expected negative impact.

This chapter has also found that in Romania's case ideology did not override national interests, as happened in Hungary, for instance. Theoretically and publicly, Romania's openness to the West was mainly explained with arguments related to the peaceful coexistence doctrine, international détente or increasing globalisation. Behind the scenes, however, reasons involving very pragmatic commercial considerations were often invoked. Romania's openness to the West

provides us with another example of its ability to oppose its allies and the Soviet Union. Nevertheless, its political disloyalty to Moscow could only go so far and the Romanian leadership avoided taunting the Soviets more than was absolutely necessary. To avoid Soviet susceptibility and anger, and despite numerous Romanian studies on the matter (and EEC prompting), the 1970s ended without Romania making the decision to start talks on a general agreement with the EEC.

In the end, Romania's approach to the West and the EEC in particular proved to be a double-edged sword: a success in the short run and a failure in the long run. Romania-EEC exchanges constantly increased throughout the 1970s, giving the country access to Western technology, machinery and loans and an outlet for its exports of raw materials and foodstuffs, which provided the country with a flow of hard currency. The end of the decade brought Romania a positive trade balance, and it remained the only Eastern European state with a joint commission and an industrial agreement with the EEC.

However, in the long run, Romania's strategy for economic development failed and its openness to the West created additional problems. Industrialisation had been deemed the foundation for building a better society and for raising the people's living standard, while foreign economic relations were called on to contribute to reaching this ultimate goal. However, lacking the necessary domestic resources, the country's forced industrialisation was to a great extent based on imports of technology and raw materials and on foreign loans – which made the country very vulnerable to the global energy and debt crises in the late 1970s and early 1980s.

Romania's failure to fulfil its debt obligations and its request for debt rescheduling were followed in 1982 by a cessation of export credits guarantees to Romania by EEC governments.¹³⁷ In June 1982 and May 1983, Romania concluded rescheduling agreements with the Paris Club. Rescheduling agreements with individual Western states followed, but Romania's financial situation remained very difficult and it could not fully meet its rescheduling obligations.¹³⁸

In closed meetings, Ceauşescu admitted that Romania's import and credit policies in the 1970s had negatively impacted the country's economy and foreign indebtedness, but he denied any personal or party responsibility – not that anybody dared to blame him or the party. The culprits were, he held, the Ministry of Finance and the National Bank, which had contracted credits to support imports without the approval of the party leadership and against its directives.¹³⁹

At the National Conference of the RCP in December 1982, Ceauşescu announced the decision to pay back the country's foreign debt by the end of the decade and to adopt severe measures to reduce consumption in general and the consumption of energy resources in particular. Ceauşescu held that Romania should react to the world economic crisis not by diminishing but by 'intensifying and developing the exchanges, collaboration and cooperation in production' with all countries – capitalist countries included – which translated into increasing Romanian exports and decreasing imports. Publicly, Ceauşescu argued that the decision to pay back the foreign debt was driven by the world economic crisis.¹⁴⁰ However, the decision was also greatly influenced by his refusal to bargain on political issues touching upon sovereignty.

In March 1989, Bucharest announced that Romania's foreign debt had been paid back in full. However, in taking measures to reach this end, the Romanian leadership, and particularly Ceaușescu himself, had lost sight of the primary goal of the national economic development strategy (i.e. the welfare of the people), and this was one of the main factors that by the end of the year brought his regime to its end.

Notes

- 1 For instance, Țăranu, *România în Consiliul de Ajutor Economic Reciproc*; Opreș, *România în Organizația Pactului de la Varșovia*; Buga, *Pe muchie de cuțit*; Buga, *Lumini și umbre*.
- 2 Opreș, *Licențe străine*; Opreș, *Aspecte ale economiei românești*.
- 3 Harrington and Courtney, *Tweaking the nose of the Russians*; Sitaru, *British-Romanian relations*; Pechlivanis, *America and Romania*.
- 4 Miloiu, "Considerații pe marginea procesului"; Alexandrescu, "Oportunități economice și bariere politice"; Nistor, *Admiterea României comuniste în ONU*.
- 5 Aioanei, "Atitudinea unor partide comuniste"; Bottoni, "Unrequited love? . . ."
- 6 "Raportul de activitate al Comitetului Central al Partidului Muncitoresc Român. Raport prezentat de tovarășul Gheorghe Gheorghiu-Dej" (Gheorghe Gheorghiu-Dej's Report at the Second Congress of the RWP), 23–28 December 1955, in *Congresul al II-lea al Partidului Muncitoresc Român*, 36–83.
- 7 "Raportul CC al PMR cu privire la activitatea partidului în perioada dintre Congresul al II-lea și Congresul al III-lea cu privire la Planul de dezvoltare a economiei naționale pe anii 1960–1965 și la Schița planului economic de perspectivă pe 15 ani" (Gheorghe Gheorghiu-Dej's Report at the Third Congress of the RWP), 20 June 1960, in Gheorghiu-Dej, *Raport la cel de-al III-lea Congres al Partidului Muncitoresc Român*, 21–9, 78–85.
- 8 For instance, "Raportul Comitetului Central al Partidului Comunist Român cu privire la activitatea partidului în perioada dintre Congresul al VIII-lea și Congresul al IX-lea al PCR. Raportor tovarășul Nicolae Ceaușescu" (Nicolae Ceaușescu's Report at the 9th Congress of the RCP), 19 July 1965, in *Congresul al IX-lea al Partidului Comunist Român*, 64.
- 9 "Cuvântare la Consfătuirea privind activitatea în domeniul comerțului exterior, 23 februarie 1967" (Ceaușescu's speech at the conference on foreign trade, 23 February 1967), in Ceaușescu, vol. 2, 214–34.
- 10 "Raport asupra directivelor Congresului al IX-lea al Partidului Comunist Român privind planul de dezvoltare a economiei naționale pe perioada 1966–1970. Raportor tovarășul Ion Gheorghe Maurer" (Ion Gheorghe Maurer's Report at the 9th Congress of the RCP), 19 July 1965, in *Congresul al IX-lea al Partidului Comunist Român*, 188–9.
- 11 Arhivele Naționale Istorice Centrale (The National Historical Central Archive, Bucharest, hereinafter ANIC), CC of RCP, Office, File 4/1967, Note by V. Vlad on the activity of the Ministry of Foreign Affairs in 1966 and its plan of objectives for 1967," 18 January 1967; Note by C. Mănescu on the activity of the Ministry of Foreign Affairs (MFA) in 1966 and its plan of objectives for 1967," 6 January 1967; "Planul de obiective al Ministerului Afacerilor Externe pe anul 1967" (the MFA's plan of objectives for the year of 1967), 6 January 1967, 13–29.
- 12 "Raportul Comitetului Central al Partidului Comunist Român cu privire la activitatea partidului în perioada dintre Congresul al VIII-lea și Congresul al IX-lea al PCR. Raportor tovarășul Nicolae Ceaușescu" (Nicolae Ceaușescu's Report at the 9th Congress of the RCP), 19 July 1965, in *Congresul al IX-lea al Partidului Comunist Român*, 32–66, 100–1.

- 13 "Cuvântare la Consfătuirea privind activitatea în domeniul comerțului exterior, 23 februarie 1967" (Ceaușescu's speech at the conference on foreign trade, 23 February 1967), in Ceaușescu, vol. 2, 214–34.
- 14 "Expunere cu privire la politica externă a Partidului și Guvernului, prezentată la sesiunea Marii Adunări Naționale din 24–26 iulie 1967" (Nicolae Ceaușescu's speech at the session of the Great National Assembly, 24–26 July 1967), in Ceaușescu, vol. 2, 412–64.
- 15 "Cuvântare la Consfătuirea privind activitatea în domeniul comerțului exterior, 23 februarie 1967" (Ceaușescu's speech at the conference on foreign trade, 23 February 1967), in Ceaușescu, vol. 2, 214–34.
- 16 Arhivele Diplomatice ale Ministerului Afacerilor Externe (The Diplomatic Archives of the Ministry of Foreign Affairs, Bucharest, hereinafter AMAE), Problem 241/2C52/1968, Common Market, vol. 1, "Studiu: Piața Comună" (Study: The Common Market), 23 January 1968, 16–81.
- 17 AMAE, Common Market, vol. 1, "Studiu: Piața Comună," 23 January 1968, 16–81.
- 18 AMAE, Common Market, vol. 1, "Studiu: Piața Comună," 23 January 1968, 16–81.
- 19 AMAE, Common Market, vol. 1, "Studiu: Piața Comună," 23 January 1968, 16–81.
- 20 For instance, "Cuvântare la Consfătuirea privind activitatea în domeniul comerțului exterior, 23 februarie 1967" (Ceaușescu's speech at the conference on foreign trade, 23 February 1967), in Ceaușescu, vol. 2, 217–18.
- 21 AMAE, Common Market, vol. 1, "Studiu: Piața Comună," 23 January 1968, 16–81.
- 22 ANIC, CC of RCP, Office, File 28/1968, "Notă de sitză asupra lucrării *Interesul și condițiile unei eventuale participări a RSR la GATT*" (note regarding Romania's possible participation in GATT), February 1968, 10–20.
- 23 ANIC, CC of RCP, Office, File 28/1968, Protocol no 10 of the meeting of the PP of the CC of the RCP, 26 February 1968, 2–4.
- 24 ANIC, CMEA, Foreign Trade Permanent Commission (FTPC), I, File 78/1968, "Studiu: Piața Comună" (Study: Common Market), July 1971, 249.
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- 138 *Quarterly Report by the Congress and the Trade Policy Committee on trade between the United States and the non-market economy countries during 1983*, 93–4; Zloch-Christy, *Debt problems of Eastern Europe*, 114.
- 139 For instance, ANIC, CC of RCP, Office, File 7/1984, Minutes of the working meeting on foreign trade problems, 9 February 1984, 14.
- 140 “Raport cu privire la stadiul actual al edificării socialismului, la realizarea Planului național unic de dezvoltare economico-socială, la programele speciale și la măsurile pentru îndeplinirea cu succes a cincinalului, a hotărârilor Congresului al XII-lea al partidului” (Ceaușescu’s Report at the National Conference of the RCP), 16 December 1982; “Cuvântare la încheierea lucrărilor Conferinței Naționale” (speech at the final session of the National Conference), 18 December 1982, in Ceaușescu, *Raport la Conferința Națională a Partidului Comunist Român, 16–18 decembrie 1982*, 31–2, 79–89.

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