

SUNNCC

Box #

78


091 RUMANIA - MISCELLANEOUS
SWNCC

CONFIDENTIAL

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LIST OF PAPERS

FILE UNDER NO. SWNCC 091 Rumania.

| Serial No. | From | Date | To | Synopsis |
|------------|---------------|---------|-----------------|---|
| 1 | Col. McCarthy | 7/11/45 | Sec, JCS | Memo encl copy of letter from AS/S to Secs. War and Navy re: Rumanian Petroleum Situation. |
| 1 | Col. McCarthy | 7/11/45 | Mr. J.W. Martyn | Memo re: Rumanian Petroleum Situation. |
| 2 | | 8/22/45 | | MEMO: 2870 - Appointment of an <u>ad hoc</u> Committee. |
| 3 | Sec. of War | 7/2/46 | Sec. of State | Ltr re: Mr. Berry request that Gen. Schyler (Allied Control Comm, Rumania) retain military guards at the diplomatic mission until civilian replacements are made available. |
| 4 | Capt. Lalor | 12/2/46 | Sec. SWNCC | Re: Mass Trial of Political Prisoners in Rumania. |

THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

*091
Rumanian
Misc.*

CONFIDENTIAL

SM-7163

2 December 1946

MEMORANDUM FOR THE SECRETARY, STATE-WAR-NAVY
COORDINATING COMMITTEE:

Subject: Mass Trial of Political
Prisoners in Rumania.

Enclosure: CM-IN-92 (1 Dec 46), Copy No. 75.

The enclosed message from the U.S. Delegation,
Allied Control Council, Budapest, is forwarded for your
information.

SWNCC SECRETARIAT

- State Member
- Army Member
- Navy Member
- Ass't State Member
- Ass't Army Member
- Ass't Navy Member
- Executive Secretary
- Ass't Exec. Secretary
- State Adm. Assistant
- Army Adm. Assistant
- Navy Adm. Assistant
- File

*JHM
Wes*

W. G. LALOR
W. G. LALOR,
Captain, U.S. Navy,
Deputy Secretary.

CONFIDENTIAL

(4)

WAR DEPARTMENT
 CLASSIFIED MESSAGE CENTER
 INCOMING CLASSIFIED MESSAGE

CONFIDENTIAL BRAT

THIS MESSAGE REQUIRES PARAPHRASE. SEE PARAS 51d, 51i and 60a
 AR 380-5.

From: US Delegation ACC Bucharest Rumania sgd Schuyler
 To: War Department for WDGS for Dir Intel, OPNAV (DNI)
 War G2, SSU; CG USFET Frankfurt G2; CG USFA Vienna
 G2; CG MTOUSA Caserta G2; USAFE Wiesbaden A2; ACC
 Hungary.
 Nr: R-146 29 November 1946

Reference my R-120 of 19 November. Mister Berry has today forwarded by diplomatic pouch his report number 54, dated 26 November, entitled "Rumanias first mass trial proclaims open war to liquidate Historical Parties". Because of the length of the report reproduction here is not feasible. I suggest that you obtain able copy form the Dept of State where it can be reproduced from the oxalid sent there.

This report, based upon information obtained at the trial and from other sources by Mister Berrys representative and my legal officer, both of whom were in constant attendance at the trial, indicates that the trial was of a political nature designed to discredit the Historical Parties and to involve the American and British Missions here in several alleged plans to overthrow the Govt by violence.

My legal officer who assisted in the preparation of the report concludes, as does Mister Berry, that nothing in the evidence produced at the trial or known elsewhere to exist compromise any officer or employee of this or Mister Berrys Mission. In that conclusion I concur but at the same time I deem it proper to point out that the late trial clearly demonstrates that the Rumanian Govt is not above manufacturing evidence for political purposes.

CM IN 92

(1 Dec 46)

3357

75

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WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

CONFIDENTIAL BRAT

Page 2

From: US Delegation ACC Bucharest Rumania sgd Schuyler

Nr: R-146

29 November 1946

On the basis of Mister Berrys report, with which I concur, I do not recommend any War Dept action at this time.

END

NOTE: R 120 is CM IN 3944 (23 Nov) ID

ACTION: ID

INFO: AAF, Adm Leahy, JCS, ID(CIG), Adm Nimitz, P&O, CSA

CM IN 92

(1 Dec 46)

DTG 291639B

ms

CONFIDENTIAL

COPY NO. 75

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

SECRET

*091 Rumanian
Mission*

2 - JUL 1946

The Honorable
The Secretary of State

Dear Mr Secretary:

Mr Berry, United States Diplomatic Representative to Rumania, has requested General Schuyler, United States Military Representative on the Allied Control Commission, Rumania, to retain military guards at the diplomatic mission until civilian replacements are furnished by the State Department. General Schuyler, in a message to the War Department dated 24 June 1946, concurred in Mr Berry's request and pointed out that the political situation was so critical that there was no immediate prospect of a relaxation of the vigilance now necessary at Mr Berry's mission and in his own headquarters.

The War Department has directed General Schuyler to allow the military guards to remain in Mr Berry's mission for a maximum period of six weeks past the scheduled date of withdrawal. However, your attention is invited to my letter of 16 April 1946 which notified you that the withdrawal of military personnel attached to the Diplomatic Mission in Rumania would be effected sometime prior to 1 July of this year. I would greatly appreciate your early action in securing and dispatching replacements so that this War Department commitment can be liquidated.

Sincerely yours,

(Signed) ROBERT P. BAWBERSON

Secretary of War

SWNCC SECRETARIAT

- State Member
- Army Member
- Navy Member
- Ass't State Member
- Ass't Army Member
- Ass't Navy Member
- Executive Secretary
- Ass't Exec. Secretary
- State Adm. Assistant
- Army Adm. Assistant
- Navy Adm. Assistant
- File

[Signature]

SECRET

Copy for SWNCC

3

S E C R E TCOPY NO. 4022 August 1945

2870

STATE-WAR-NAVY COORDINATING COMMITTEEMEMORANDUM FOR: Mr. John C. Campbell, Steering Member
(S-2773)

Colonel W. G. Lee, WDGS (W-73282)

Lt. Comdr. Francis M. Anderson, USNR,
(N-3752)Subject: Appointment of an ad hoc Committee.

1. By informal action; the State-War-Navy Coordinating Committee agreed to appoint an ad hoc committee to draft articles for the treaties of peace with Rumania, Bulgaria, and Hungary covering such items as may be of mutual interest to the State, War, and Navy Departments.

2. The individuals listed above have been designated by their respective departments to serve on this ad hoc committee.

3. Attached as an enclosure is a tentative list of subjects to be included in these treaties.

For the State-War-Navy Coordinating Committee:

CHARLES W. McCARTHY,
Secretary.

S E C R E TE N C L O S U R EOUTLINE OF PEACE TREATY FOR

- I. (Preamble) Termination of the state of war (SE)
- II. Termination of obligations under the Armistice Agreement except those whose continuance in force is specifically provided in articles of the peace treaty (SE)
- III. Frontiers of _____; description of recommended frontiers with Austria, Yugoslavia, USSR, and Czechoslovakia, with accompanying maps (SE)
- IV. Political clauses relating to territorial changes:
 1. Commissions for fixing frontiers on the ground (SE)
 2. Renunciation of title and rights to territory given up (SE)
 3. Transfers of population (SE)
 4. Nationality and citizenship of persons in transferred areas (LE)
- V. Regulation of military and naval establishments (SE, consulting with War and Navy Departments)
- VI. Prisoners of war, graves' registration, etc. (War Department)
- VII. Reparation and restitution (FN)
- VIII. Financial clauses, particularly settlement of financial obligations incurred by _____ under the Armistice (FN)
- IX. Commercial relations (ITP):
 1. General principles to be preserved
 2. Customs duties and other trade restrictions.
 3. Patents, trade marks, etc.
 4. Treatment of nationals of the United Nations engaged in business in _____
- X. Debts (FN)
- XI. Property rights and interests (FN, ES)
- XII. Air transport (AV)
- XIII. Ports and Shipping (TRC)
- XIV. Inland Transport (TRC)
Postal and Telecommunications (TD)
- XV. War criminals, renegades and quislings (SE, LE)
- XVI. Repatriation of displaced persons (SE, WRB)
- XVII. Protection of human rights and of rights of minorities in _____ (SE, SPA)

S E C R E T

- XVIII. Validity of prewar treaties (RP)
- XIX. Entry of _____ into the United Nations Organization (SPA)
- XX. Participation of _____ in the ILO and other international bodies (SPA, ILH)
- XXI. Freedom of Information

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE:

TO :

FROM :

SUBJECT :

COL. W. G. LEE

WD GSC

73282 - EXT.

War Department
member of ad
hoc committee
on Bulgaria, etc

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

DATE:

TO :

FROM :

SUBJECT:

Memorandum for SWNCC Secretariat.

The State Dept member of SWNCC requests that an ad hoc subcommittee of SWNCC be designated, similar to the subcommittee "to draw up Italian peace terms," to draw up peace ~~terms~~ treaties with Hungary, Rumania & Bulgaria.

Mr. John C. Campbell, ~~Room 363~~ 2773
(room 363, tel. state ~~2500~~)
is designated as the State Department (steering) member of this ad hoc subcommittee.
R. E. Cox



Army Member of ad hoc committee for
Buegghran, Romanian, Peace Talks, etc

Lt Colonel Francis M Anderson USMC
Telephone, May 3752

AFN

*File
w/ apt 17
ad. loc Com.
Wes*

OUTLINE OF PEACE TREATY FOR HUNGARY

- I. (Preamble) Termination of the state of war (SE)
- II. Termination of obligations under the Armistice Agreement except those whose continuance in force is specifically provided in articles of the peace treaty (SE)
- III. Frontiers of Hungary; description of recommended frontiers with Austria, Yugoslavia, ~~Rumania~~, USSR, and Czechoslovakia, with accompanying maps (SE)
- IV. Political clauses relating to territorial changes:
 - 1. Commissions for fixing frontiers on the ground (SE)
 - 2. ^{Re} Renunciation of title and rights to territory given up (SE)
 - 3. Transfers of population (SE) *Volksdeutsche Staatsbürgern
Reichsdeutsche Rumänien-Ungarn*
 - 4. Nationality and citizenship of persons in transferred areas (Le)
- V. Regulation of military and naval establishments (SE, consulting with War and Navy Departments)
- VI. Prisoners of war, graves' registration, etc. (War Department)
- VII. Reparation and restitution (FN)
- VIII. Financial clauses, particularly settlement of financial obligations incurred by Hungary under the Armistice (FN)
- IX. Commercial relations (ITP):
 - 1. General principles to be preserved
 - 2. Customs duties and other trade restrictions
 - 3. Patents, trade marks, etc.
 - 4. Treatment of nationals of the United Nations engaged in business in Hungary
- X. Debts (FN)
- XI. Property rights and interests (FN, ES)
- XII. Air

- XII. Air transport (AV)
- XIII. Control of ~~Borts~~ ^{shipping} and waterways (TRC)
- XIV. ~~Railroad and road transport~~ ^{Inland} (TRC)
- XV. War criminals, renegades and ~~prisoners~~ ^{Postal and Telecommunications (TD) prisoners} (SE, Lo)
- XVI. Repatriation of displaced persons (SE, WRB) *Legislation of Act 405 of Amendment*
- XVII. Protection of human rights and of rights of minorities in Hungary (SE, SPA)
- XVIII. Validity of prewar treaties (RP)
- XIX. Entry of Hungary into the United Nations Organization (SPA)
- XX. Participation of Hungary in the ILO and other international bodies (SPA, ILH)
- XXI Freedom of information

178

Subject: Appointment of an ad hoc Committee

1. By informal action, the SWNCC agreed to appoint an ad hoc committee to draft ~~the~~ articles for the treaties of peace with Rumania, Bulgaria and Hungary which ~~will cover~~ covering such items as may be of mutual interest to the State, War and Navy Depts.

2. The individuals listed above have been designated by their respective depts. to serve on this ad hoc committee.

3. attached as an enclosure is a tentative outline of peace treaty for Hungary ~~of which~~ ^{also} applicable to the ~~other countries~~ ^{which is} ~~also~~ ^{forwarded} ~~to~~ ^{to} Rumania & Bulgaria

Mr. John C Campbell, Steering Member
(S-2773)

Colonel W. G. Lee, WDS (W-73282)

Lt. Comdr. Francis M. Anderson, USNR, (N-3752)

TOP SECRET

11 July 1945

MEMORANDUM FOR MR. JOHN W. MARTIN, ADMINISTRATIVE ASSISTANT
TO THE SECRETARY OF WAR:

Subject: Rumanian Petroleum Situation.

1. Reference is made to the attached letter from Mr. W. L. Clayton, Assistant Secretary of State, to the Secretary of War, dated 6 July 1945 with respect to the petroleum situation in Eastern Europe and in particular the steps reported being taken by the USSR with regard to the petroleum industry in Rumania.
2. This letter is being forwarded to you with the suggestion that it be brought to the attention of the proper agencies of the War Department as there does not appear to be any action that the State-War-Navy Coordinating Committee should take in regard thereto at this time.
3. Inquiry has developed that this letter has been sent to the Secretary of War with similar letters to the Secretary of the Navy, the Administrator, Petroleum Administration for War and the Administrator, Foreign Economic Administration at this time primarily for information. In order to prepare for the informal discussion between the respective staffs referred to in the letter, however, it is suggested that the interests of the War Department in the Rumanian petroleum situation might be surveyed by the proper agencies. It would also seem appropriate that the matter might be brought to the attention of the U.S. Representation, Allied Control Commission for Rumania.
4. A copy of this memorandum and of the enclosures is being forwarded to the Joint Chiefs of Staff for information.

For the State-War-Navy Coordinating Committee:

CHARLES W. McCARTHY
Secretary

Encl.
Ltr fr AS/S to S/W
dtd 6 Jul 45 w/Encls.

SWNCC FILE

TOP SECRET

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TOP SECRET

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Secretary

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Ltr fr AS/S to S/W
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TOP SECRET

SWNCC FILE

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3. Inquiry has developed that this letter has been sent to the Secretary of War with similar letters to the Secretary of the Navy, the Administrator, Petroleum Administration for War and the Administrator, Foreign Economic Administration at this time primarily for information. It appears also that it is not contemplated that the informal discussion between the respective staffs referred to in the letter will be held until some time after the Potsdam Conference. In order to prepare for this discussion however, it is suggested that the interests of the War Department in the Rumanian petroleum situation might be surveyed by the proper agencies. It would also seem appropriate that the matter might be brought to the attention of the U.S. Representative, Allied Control Commission for Rumania.
4. A copy of this memorandum and of the enclosure is being forwarded to the Joint Chiefs of Staff for information.

For the State-War-Navy Coordinating Committee:

CHARLES W. McCARTHY
Secretary

Encl.
Ltr fr AS/S to S/W
dtd 6 Jul 45 w/Encls.

TOP SECRET

TOP SECRET

11 July 1945

MEMORANDUM FOR THE SECRETARY, JOINT CHIEFS OF STAFF:

Subject: Rumanian Petroleum Situation.

Enclosed is a copy of a letter from the Assistant Secretary of State to the Secretaries of War and the Navy on the above subject which is forwarded for the information of the Joint Chiefs of Staff.

For the State-War-Navy Coordinating Committee:

CHARLES W. McCARTHY
Secretary

Encl.
Cy ltr fr AS/S
dtd 6 Jul 45

TOP SECRET

(1)

TOP SECRETDEPARTMENT OF STATE
WASHINGTONIn reply refer to
PED

July 6, 1945

TOP SECRET

C-O-P-Y

My dear Mr. Secretary:

Various reports have come to my attention regarding the interest of your department in the matter of obtaining petroleum supplies from Eastern Europe to assist the deficiencies of Western European countries. I am therefore taking this opportunity to inform you regarding recent developments of the oil situation in Eastern Europe.

I am enclosing for your information three documents which I believe will be of interest to you in this regard:

1. The Department's airgram to Moscow, dated June 29, 1945.
2. Policy document under the subject "Use of American Property by Satellite Countries for Reparation."
3. Agreement captioned "Concerning the Reciprocal Delivery of Goods between Rumania and the USSR."

It will be noted from the above-mentioned airgram that the American Ambassador in Moscow is fully apprised of the important aspects of the oil situation in Eastern Europe and of the inseparable relation between the rapid

rehabilitation

The Honorable
Henry L. Stimson,
Secretary of War.

TOP SECRET

TOP SECRET

-2-

rehabilitation of the petroleum industry and maintenance of maximum production in these countries and the global production required to meet the enormously expanded military and essential civilian needs.

The reparations document sets forth the policy of the United States Government and provides for the protection of American property in its relation to reparation payments in satellite countries. This document is being forwarded to the American diplomatic representatives in the various countries of Eastern Europe with instructions that it be used as a guide in all matters relating to this subject.

The USSR-Rumanian agreement in effect provides that virtually Rumania's entire petroleum exports be delivered to the Soviet Union, that extensive new petroleum concessions be placed under Soviet control, and that a Soviet controlled petroleum monopoly be established. The information in this document may be used in studies or reports classified as confidential, secret, or top secret provided that reference is not made to the use of the text of this agreement and the material is not directly quoted.

The Department has prepared, inter alia, appropriate recommendations for the President in his forthcoming conversations with the heads of other governments under the caption of "American and Russian Economic Relationship in Countries of Eastern Europe" and dealing with such matters as removals of American properties, entry and freedom of movement of United States nationals in countries of Eastern Europe, and economic interests of the United States in these countries.

I suggest that specific phases of the over-all petroleum situation in Eastern Europe in which you may be interested be discussed on an informal basis between members of our respective staffs at some future date mutually agreed upon. I believe this to be appropriate expedient pending the outcome of the conference among certain chiefs of states and the subsequent development of full information by the American diplomatic representatives in the countries concerned.

I am

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-3-

I am addressing similar letters to the Secretary of the Navy, the Administrator, Petroleum Administration for War, and the Administrator, Foreign Economic Administration.

Sincerely yours,

For the Secretary of State:

/s/ W. L. Clayton

Assistant Secretary

Enclosures:

1. Airgram.
2. Policy document.
3. Agreement.

TOP SECRET

SECRET

A-276

C-O-P-Y

June 29, 1945

SECRETAMBASSY,
MOSCOW.

According to information from Bucharest the Soviet military authorities in Rumania have recommended removal of oilfield equipment from premises of certain British-owned oil companies on pretext it is war booty. British in Bucharest have protested to AGC citing Soviet Government's assurance given last January that there would be no further removals.

British Government contemplates instructing British Embassy in Moscow to protest strongly to Soviet Government on ground that Soviet action (1) disregarded Soviet Government's assurances of last January, (2) directly injures an indisputable British interest, and (3) could not fail to have damaging effect upon production capacity of Rumanian oil fields and therefore upon world oil supplies. In making last point British Government favors pointing out to Soviet Government that the fact that USSR has been obtaining considerable supplies of oil products from British and American sources makes it impossible to be indifferent to actions which must inevitably reduce capacity of important oil fields now under Russian control.

British Government has also been considering whether Soviet action in Rumania should be raised by British delegate on reparation commission at Moscow. When and how it is raised would be matter for determination of British and American delegates. British suggest trying to secure at Moscow Allied agreement on definition of war booty and on retroactive application of that definition to goods Russians have already removed from Rumania.

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SECRET

A-276

C-O-P-Y

June 29, 1945

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A-276

TO
MOSCOW

-2-

SECRET

British Embassy has requested Department's views suggesting you be instructed to support Clark Kerr's representations.

Department's views on general questions raised by removal of equipment last November and December have already been presented to Soviet Government (REEMBS 4979, December 24 and February 16). However, since the last communication from this side, your note of February 16, apparently has remained unanswered, Department believes it would be timely if you should not take the opportunity provided by recent removals to re-state our view that equipment taken from American oil companies in Rumania cannot properly be considered war booty and to remind the Soviet Government of its pledge (REEMBS 55, January 5) that no more equipment would be taken. You may also inquire whether the Soviet Government has returned or intends to return any of the equipment already taken.

Department does not think it necessary that you support directly Clark Kerr's representations since it is preferable to take parallel rather than joint action and further we are not entirely sure that equipment taken from British-owned companies in April has actually been moved to USSR.

In view of the important and difficult task before the Reparations Commission in formulating policy with respect to Germany, the Department does not agree with the British that it would be desirable to bring Rumanian and other satellite problems within its scope at this time. It therefore believes that satellite reparations matters should continue to be handled directly by you and your British colleague with the Soviet Government.

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A-276

TO
MOSCOW

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SECRET

As policy decisions are reached by the Reparations Commission with respect to Germany on subjects such as reparations and war booty, they can be applied to satellite situations. Ambassador Pauley has been instructed to seek agreement on the scope of war booty in relation to reparations and restitution deliveries, and Luthringer has considerable background in the matter. The Department will attempt shortly to provide its further views on the scope of war booty.

It is requested that American representative on Reparations Commission be informed concerning this message.

There follows a discussion of the prime factors regarding the oil situation emphasizing the inseparable

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A-276

TO
MOSCOW

-3-

SECRET

relation between the rapid rehabilitation of the petroleum industry and maintenance of maximum production in Southeastern Europe and global production required to meet the enormously expanded military and essential civilian needs. You may use in your discretion any of this information in future discussions with the Soviet authorities.

Russians have unduly delayed granting permission for entry of American oil representatives into Rumania and Hungary to step up production.

It is becoming evident that the USSR seeks to obtain a predominant, if not exclusive, control of petroleum industry and trading position in Rumania by negotiation of economic treaty which in effect provides (1) that virtually the entire exportable surplus of petroleum be delivered to the Soviet Union (in addition to substantial portion taken by Soviets as reparations), (2) that extensive petroleum concessions be placed under Soviet control, and (3) that Soviet-controlled petroleum monopoly be established which existing petroleum companies are invited to join. It is anticipated that Soviets will endeavor to negotiate similar petroleum agreement in Hungary and other producing areas.

Department considers satisfactory solution of these problems should be obtained in conversations with Soviets and believes following subjects of considerable interest to USSR (1) supply of petroleum to USSR from US sources, (2) allocation of oil well drilling, refining, and marketing equipment to USSR from US sources, and (3) interchange of information, technical data and processes relating to the production, refining, marketing and transportation of petroleum and associated hydrocarbons.

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TO
MOSCOW

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SECRET

American people have accepted fuel oil and gasoline rationing substantially restricting their use for domestic military, industrial, and civilian consumption as a means of creating large exportable surplus to meet the critical shortage created by an expanding global demand including needs of USSR. USSR has been allocated aviation gasoline and components at expense of U.S. military and essential industrial requirements. Soviets continue to obtain critical supplies from U.S. sources and there is under consideration for shipment during the last half of the calendar year 1945 the sum of 410 thousand tons of petroleum products.

The U.S. Government allocates oil well drilling, refining and marketing equipment on the basis of global needs in which USSR is beneficiary and has been allocated to date, inter alia, 6 refineries for high octane gasoline and other products. Owing to the rapid depreciation of petroleum equipment USSR may realize short-term gains from the seizure of Rumanian and other equipment but stands to lose on a long-term basis if such seizures exclude future allocations in their favor. American petroleum industry has accepted substantially curtailed drilling programs at home and abroad to make equipment available on a global basis.

In the past Soviet missions have been shown many U.S. petroleum war plants and have been given the benefit of considerable petroleum engineering technique, refining processes, and other data. Presumably USSR is anxious to obtain best information available for use in building Soviet petroleum industry as number of requests for refining processes, petroleum technical data, and inspection of petroleum plants have been received and are under consideration.

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SECRET

A-276

TO
MOSCOWSECRET

-5-

Rumanian-Hungarian oil picture is but one aspect of a worldwide problem and arbitrary measures taken by the Soviet authorities in former satellite states, such as removing equipment, monopolizing petroleum supply, and delaying entry of petroleum experts which result in decreased production and jeopardy of American interests, may have an adverse effect on the willingness and ability of the U.S. to furnish to Russians petroleum technical data, producing and refining equipment, or such petroleum products as Soviets may need; and may require appropriate adjustments in policies of this Government which heretofore have been extremely sympathetic to Soviet needs.

Grew-acting

Repeated to:
Amrep, Bucharest
Amrep, Budapest

PED: DARobertson:als
HE: JCCampbell
June 16, 1945

ITP EE EUR AP FH CD/M A-C

SECRET

TOP SECRET

Translation

C-C-P-Y

AGREEMENTCONCERNING THE RECIPROCAL DELIVERY OF
GOODS BETWEEN ROUMANIA AND THE USSR.

-0-

Wishing to develop commercial relations between Roumania and the USSR, the Roumanian Government and the USSR Government have established the following:

ARTICLE I

The goods which will be the object of exchanges between Roumania and the USSR for the duration of a contractual year, are laid down in Annexes A. and B. which are integral parts of the present Agreement.

With a view to facilitating the adaptation of the extent of commercial exchanges to future reciprocal delivery possibilities, both Governments may come to an agreement, even during the application of the present agreement, concerning the modification or completion of the goods quota shown in Annexes A. and B. mentioned in the preceding paragraph, to the extent made possible by the improvement of economic conditions.

ARTICLE II

The value of the goods whose quotas are shown in Annexes A. and B. of the present agreement is expressed in Lei, and the total value of the goods shown in Annex A. is equal to the total value of the goods shown in Annex B.

Prices in contracts for deliveries of goods will be fixed in Lei, according to the basic prices concerning which an agreement has been or will be reached between the two Governments.

The Roumanian Government will take the necessary measures demanded by the standard of prices in Roumania, in order that for the execution of the present agreement, in the application of commercial operations in accordance with contractual prices provided in paragraph II of this article, normal conditions for the realisation of the exchange of goods between the two countries will be assured.

ARTICLE III

Both Governments undertake to assure all measures neces-

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sary for facilitating exchanges of goods, the placing of orders and the execution of deliveries according to the quotas established by the present agreement.

The competent Roumanian authorities will deliver without difficulties, in accordance with the legal measures in force in Roumania, import and export permits for goods to be brought from or dispatched to the USSR under the application of the present Agreement.

ARTICLE IV

Payments concerning goods delivered according to the present Agreement, as well as those representing expenses accessory to the exchange of goods, will be made in the USSR through the State Bank of the USSR and in Roumania through the National Bank of Roumania.

To this end, the above-mentioned Banks will open reciprocal special accounts in Lei, free of interest, and will inform each other immediately of all sums paid into these accounts.

On receipt of this communication, the respective Bank will make payment immediately, on the corresponding documents being produced by the institutions or persons benefiting therefrom, regardless of the available sums existing in these accounts. The competent Government authorities of both countries will see to the exact fulfillment of the stipulations of this paragraph, according to the internal laws and regulations in force in each country.

If, on the expiration of this Agreement, there should be a debit-balance in the above-mentioned accounts for one of the parties, that party will be obliged to liquidate it within a period of three months by the delivery of goods provided in Article I and on the basis of prices mentioned in Article II of the present Agreement.

ARTICLE V

Taking into consideration the principle of balance by which the parties have been able to establish exchange of goods between Roumania and the USSR, that is, the complete equality between the value of goods delivered by each party, to the other, the representatives appointed by their respective Governments will follow and supervise the constant maintenance of this principle, both in the execution of the reciprocal delivery of goods and in the carrying out of respective payments, for the duration of the application of the present Agreement.

To this end, the above-mentioned representatives will investigate at the end of each quarter of the contractual year the situation with regard to the exchange of goods and

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take measures, in case they do not balance, for the removal of the difficulties in the shortest possible time.

ARTICLE VI

The USSR State Bank and the National Bank of Roumania will establish any technical means which may be necessary for the application of the stipulations of the present Agreement which concern the adjustment of accounts between banks.

ARTICLE VII

The present Agreement will come into force on the date of and will be valid for one year.

Made in two original copies, each in Russian and Roumanian, both texts being authentic.

Made in Moscow, 8th May 1945.

USSR REPRESENTATIVE

REPRESENTATIVES OF THE
ROUMANIAN GOVERNMENT

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Annex A. to the Agreement between the USSR and Roumania concerning reciprocal deliveries of goods, concluded in Moscow on 8th May 1945.

L I S T

OF GOODS FOR EXPORT FROM
USSR INTO ROUMANIA.

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| <u>Goods</u> | <u>unit of weight or measure</u> | <u>quantity</u> |
|--|----------------------------------|-----------------|
| 1. <u>BLACK METALS</u> | | |
| Foundry cast-iron | tons | 6.000 |
| Semi-fabricated steel (in bars or blocks) | " | 25.000 |
| Refined ferromanganese | " | 100 |
| Ferrosilicate 75-86% | " | 500 |
| Ferrochrome 60% | " | 80 |
| Ferrovadanium 61-92% | " | 10 |
| Ferrotungsten 82% | " | 10 |
| 2. <u>COLOURED METALS</u> | | |
| Copper bars | " | 1.000 |
| Tin | " | 100 |
| Antimony | " | 10 |
| Cobalt | " | 4 |
| 3. <u>MINERAL FUEL</u> | | |
| Coke | " | 50.000 |
| Hard Coal | " | 70.000 |
| 4. <u>TECHNICAL MATERIALS</u> | | |
| Graphite electrodes for steel and chemical industries, long cylindrical from 270-1.500 mm. | " | 275 |
| Amorphous electrodes | " | 800 |
| Electric cables | kilometres | 1.000 |
| Asbestos (cord and sheet) | tons | 50 |
| Ball-bearings (as per specific.) | " | 22 |
| Sieves for cellulose industry | " | 20 |
| Grindstones for sharpening saws | " | 20 |
| Conveyor belts | sq. m. | 4.240 |

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(Annex A.)

5. RAW AND MANUFACTURED
TEXTILE MATERIALS.

| | | | |
|--------|--------------------|---|--------|
| Cotton | 32/33 - 10% | } | 20,000 |
| | 26/28 - 20% | | |
| | 30/31, 31/32 - 70% | | |

| | | |
|---------------------------------|------|----|
| Linen thread 50/3 | tons | 3 |
| Flannels (7) for paper industry | " | 40 |
| Wool | | |

will be the object of supplementary conventions.

6. CHEMICAL PRODUCTS

| | | |
|--------------------------|------|-----|
| Chlorate of potassium | tons | 200 |
| Creoline | " | 20 |
| Sulphur (powder) | " | 10 |
| Red or yellow phosphorus | " | 10 |

7. MISCELLANEOUS GOODS

| | | |
|-------------------|---|-------|
| Tea | " | 50 |
| Gum arabic | " | 2 |
| Caseine glue | " | 150 |
| Balata (7) Glue | " | 0.3 |
| Cotton seed | " | 1,000 |
| Cigarette paper) | | |
| Rubber) | | |
| Kord) | | |

will be the object of a separate convention.

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Annex B. to the Agreement between the USSR and Roumania concerning the reciprocal deliveries of goods, concluded in Moscow on 8th May 1945.

L I S T

OF GOODS FOR IMPORT INTO
THE USSR FROM ROUMANIA

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| Goods | Unit of weight of measure | Quantity |
|---|--|----------|
| I. <u>PETROLEUM PRODUCTS</u> | | |
| Octanic Aviation Spirit 73 O.N. | tons | 20.000 |
| " Automobile " 60 " | " | 100.000 |
| Kerosine | " | 10.000 |
| Gasoil - 15-20° | " | 10.000 |
| Gasoil - 5° | " | 15.000 |
| Gasoil - 0° | " | 10.000 |
| Gasoil - 5° | " | 10.000 |
| Isocotane | " | 300 |
| Lubricating oils Visc.50 Ref.8-9 E.500C | " | 12.000 |
| " " " 50 " 11-12E. " | " | 12.000 |
| Spindle oil (Railway) Visc.4-5° (distil.) | " | 15.000 |
| Fueloil - 10° | " | 50.000 |
| Asphalte paraff. content up to 2% | " | 3.000 |
| Paraffin wax 50/52 | " | 300 |
| II. <u>WOOD MATERIAL</u> | | |
| Resinous circular wood | m ³ | 21.000 |
| " timber | " | 50.000 |
| Beech timber | " | 70.000 |
| Oak timber | " | 5.000 |
| Timber | " | 5.000 |
| Resinous shaped beams | " | 50.000 |
| Beech sleepers | " | 14.000 |
| Beech barrels with iron hoops | will be the object of a separate agreement | |
| Plywood | m ³ | 5.000 |
| Box shucks | " | 25.000 |
| Box wood barrel staves | will be the object of a separate agreement | |

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(Annex B.)

III. MISCELLANEOUS GOODS

| | | |
|--------------|-------|-----------|
| Caustic soda | tons | 500 |
| Carbon black | " | 300 |
| Window glass | sq.m. | 1,000,000 |
| Cement | tons | 50,000 |
| Tarpaper | " | 10,000 |

IV. THE SPINNING OF 20,000 TONS
OF COTTON.

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Following on the conclusion of the Agreement for reciprocal delivery of goods between the USSR and Roumania, it was agreed that the prices of goods to be delivered from Roumania to the USSR, and of goods to be delivered from the USSR to Roumania, should be established in the contracts to be drawn up between the Soviet Unions for foreign trade and persons and institutes in Roumania, in accordance with the prices shown below, with the allowance of a variation in prices in proportion with the specification, kind or quality of the goods, and with the conditions and place of delivery.

If not laid down otherwise, the prices for Soviet goods are considered fob Soviet port or franco truck on the Soviet-Roumanian frontier, while the prices for Roumanian goods are fob Roumanian port or franco truck on the Roumanian-Soviet frontier per metric ton.

A. PRICES OF GOODS DELIVERED FROM THE USSR TO ROUMANIA.

| <u>GOODS</u> | <u>BASIS OF PRICE</u> | <u>PRICE IN LEI</u> |
|-------------------------|---------------------------------------|---------------------|
| cotton | middling 25/26 | 80,364.- |
| cast iron | gas | 1,434.75 |
| coke | foundry | 6,695.50 |
| semi-manufactured steel | metallurgic | 1,913.0 |
| | in blocks of usual commercial quality | 9,565.- |
| copper | in bars | 81,685.10 |

For the other goods included in the list of goods provided for export from the USSR to Roumania, the prices will be established in Bucharest later on the basis of current world prices calculated in Roumanian Lei at the rate of 191.30 per United States dollar.

B. PRICES OF GOODS DELIVERED FROM ROUMANIA TO THE USSR.

| <u>GOODS</u> | <u>BASIS OF PRICE</u> | <u>PRICE IN LEI</u> |
|-----------------------|-------------------------------|---------------------|
| aviation spirit | O.N. 73 | 6,115.86 |
| motor oil | O.N. 60 | 3,634.70 |
| kerosene | . . . | 2,701.15 |
| gas | . . . | 2,463.94 |
| refined oil | visc. at 50°C. 8-9°E. | 5,788.74 |
| refined oil | " at 50°C. 11-12°E. | 5,632.74 |
| distilled spindle oil | " at 50°C. 4-5°E. | 4,587.37 |
| paraffin wax | 50-52°C. | 23,109.04 |
| crude oil | / 10° | 1,258.75 |
| asphalt | contained in paraffin max. 2% | 2,978.54 |
| wood materials | soft wood 1 m | 3,634.70 |

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COTTON SPINNING

The cost of spinning per metric ton for English thread no. 20
61,789.90

The contract concerning conditions of cotton spinning will be concluded later.

As for the other goods included in the list of goods for import from Roumania to the USSR, the prices will be established later, by common accord in Bucharest on the basis of world prices calculated in Roumanian Lei at the rate of 191.30 Lei per U.S.A. dollar.

Moscow, May 8th, 1945.

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Annex to Protocol of May 8th
1945

STATEMENT.

OF PRICE CALCULATION FOR WOOD MATERIALS

| <u>Goods</u> | <u>Coefficient %</u> | <u>Price in Lei</u> |
|-------------------------|----------------------|---------------------|
| Soft wood | 100 | 3,634.70 |
| Circular soft wood | 45 | 1,635.62 |
| Resinous shaped beams | 85 | 3,089.50 |
| | 125 | 4,543.38 |
| Complete parts of cases | 160 | 5,816.52 |
| Sleepers | 90 | 3,271.23 |
| Rough-sawn beechwood | 140 | 5,088.58 |
| Oak-wood | 230 | 8,359.81 |
| Ply-wood | 350 | 12,721.45 |

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regarding the method of liquidating debts to the USSR State Bank existing at the National Bank of Roumania, on the accounts opened on the basis of agreements between Roumania and the USSR of February 15, 1936 and February 26, 1941.

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The undersigned, representatives of the Government of the USSR and of the Government of Roumania, have agreed to the following:

- 1.- The balance of the account (in Lei) provided by the payment convention of February 15th. 1936 between the USSR and Roumania will be passed by the National Bank of Roumania to the credit of the account, provided by the convention regarding the exchange of goods and payment between the USSR and Roumania of February 26th. 1941.
- 2.- The balance of this latter account, comprising also the sums passed from the account provided by the convention regarding payment of February 15th. 1936, will be used in entirety by the Soviet organisations for the purchase of Roumanian goods for export to the USSR at prices established through the agreement in respect of reciprocal deliveries drawn up to-day, and at the same time the Roumanian government undertakes to assure the execution of the deliveries to cover the above-mentioned balance.
- 3.- After the Soviet organisations have exhausted the entire balance of this account, in agreement with the USSR State Bank, the National Bank of Roumania will close this account.

Made in Moscow on May 8th., 1945.

Representative of the
Soviet Union of Socialist
Republics.

Representative of
the Roumanian
Government.

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AGREEMENT

for Economic Collaboration

between
the Kingdom of Roumania
and

The Union of Soviet Socialist Republics.

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In order to assure the development of economic relations in the direction most favourable to the reciprocal interests of the two countries, the government of the USSR and the government of Roumania have decided, through the present agreement for economic collaboration, to lay down the principles on which the economic co-operation between the two countries will be based, and which are inspired on the one hand by the need for reconstruction and the increase of production possibilities in Roumania, and on the other hand by the commercial interests of the USSR.

CHAPTER I

Fields of Economic Collaboration

art.1.-The participation of USSR technique and capital in intensifying Roumania economic activity will find particular scope in the following branches:

A. AGRICULTURE.

1.- A Soviet-Roumanian Scientific Research Institute will be created to facilitate an exchange of experiments and achievements with regard to the improvement of agricultural production, and particularly with regard to extending the cultivation of industrial plants.

This institute will effect exchange of experts and technicians specialising both in mechanised cultivation and in problems concerning the increase and improvement of existing cultivations.

2.- Assistance will be given in providing agricultural machines and equipment, either in the form of a loan or permanently for the endowment of mechanised cultivation centres to be set up on Roumanian territory.

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3.- In the sphere of occupations ancillary to agriculture, the exchange of stud animals and selected seeds will be facilitated.

B. INDUSTRY.

1.- In the foodstuff industry, participation in the creation of new foodstuff industries (factories for the tinning of vegetables and fruit, and for the different industrialisation processes for dairy products, concentrated foods, etc.);

2.- Participation in oil and coal prospecting, exploring and exploiting, by the setting up of Roumania-Soviet concerns which may create new industries for the working of fossil fuels and their by-products.

Roumanian-Soviet concerns will be set up for the exploiting of metal ore deposits in Roumania. These concerns will explore and exploit new mineral regions and will construct the industrial plant pertaining thereto for the working of both the ores and the respective metals.

3.- In the transformation industry, participation in the exploiting and industrialisation of timber, there will be facilities for bringing particularly the equipment for the respective factories and for the local railways serving wood industries damaged by war action on the one hand, and on the other for exporting to the USSR the wood material manufactured in the respective concerns; similarly, participation in the development of window pane and glass products industry, and arrangements for collaboration in the iron industry.

C. TRANSPORT AND WAYS OF COMMUNICATION.

1.- Participation in concerns equipping parts and installing hydraulic works with a view to the introduction of electricity into ways of communication and the distribution of electric current in towns and villages.

2.- Establishing, by common accord between the two States, the exploitation of sea and Danube navigation for vessels belonging to the two States and to existing Roumanian companies.

3.- Establishing, by common accord between the two States, the exploitation of air lines of interest to both countries.

D. BANKING

The setting up of a banking organisation with mixed participation to promote in the first place the financing of different operations, both those resulting from commercial exchanges between the USSR and Roumania, and those devolving from the present collaboration Agreement.

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CHAPTER II.METHODS OF COLLABORATION

art.2.- The two Governments will assist each other in the constitution of mixed bodies and associations for the execution of the general collaboration plan set forth in Chapter I.

Within the framework of the plan mentioned, the organizations empowered by the USSR Government will establish, by common accord with the persons or associations concerned in Roumania or with the authorities or bodies recommended by the Roumanian Government, the methods of participation which may consist in extending the possibilities of activity of some existing concerns or organisations - by the contribution of organisations empowered by the USSR Government - or in constituting bodies with mixed participation which should utilise, by hiring or leasing existing concerns or exploitations, or who would be granted direct exploration and exploitation concessions.

In view of the present situation of Roumanian economy and the exceptional obligations it must face for a certain time, the participation of organisations empowered by the USSR Government in any of the forms of joint-interest mentioned in the preceding paragraph will consist, as far as possible, in contributing equipment and goods of a nature to increase the potential of production in the respective branches of Roumanian economy, or it will consist in means of payment to permit to the acquisition of this equipment or of those goods where they may be found.

art.3- Participation agreements established between the authorized bodies of the USSR Government on the one hand and the authorities or bodies, as well as persons or associations concerned in Roumania, recommended by the Roumanian Government, on the other hand, must be submitted for ratification of the authorized organs of the two countries.

art.4- Apart from the forms of collaboration mentioned above, the Roumanian Government will facilitate the treatment, in factories existing in Roumania, of the raw materials supplied by the USSR.

art.5.- The annual results pertaining to the participating quota brought by the organisations empowered by the USSR Government in the framework of each form of collaboration mentioned above may be liquidated with the USSR in accordance with the provisions of commercial and payment arrangements to be laid down periodically (annually) between the two governments, taking into account the net possibilities of export of Roumania and the situation with regard to its payment balance on the date of the conclusion of these engagements.

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CHAPTER III.FINAL PROVISIONS.

art.6.- A commission formed of representatives of the two governments will meet periodically to examine the progress of different activities within the framework of the general collaboration plan set forth in art.1, and the situation as a whole of the economic relations between Roumania and the USSR, devolving either from other conventions of a financial economic nature drawn up between the two States on the basis of the present collaboration agreement.

In view of the increasingly complex nature towards which the economic relations between Roumania and the USSR are tending, the purpose of this commission will be to supervise this activity periodically, to lend its efforts and to report to the authorities concerned on deficiencies and means of improvement.

art.7.- Commercial exchanges between Roumania and the USSR, as well as payments between the two countries, will be regulated by separate arrangements on the basis of the constant balance between the reciprocal delivery of goods and the identity of treatment in respect of non-commercial payments.

art.8.- The present collaboration Agreement will be submitted for ratification to the two Governments and will come into force as from the date of exchange of ratification documents to be effected in Bucharest; it will be effective for a period of five years, beginning from the date of signature. If it is not denounced one year before expiration, it will be prolonged by tacit renewal, with possibility of denunciation at any time, and with a notice of one year.

Empowered to act for
the USSR.

Empowered to act for
the Roumanian Government.

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TOP SECRETTranslationPROTOCOLTO THE ECONOMIC COLLABORATION AGREEMENT
BETWEEN THE KINGDOM OF ROMANIA AND THE
USSR.

With regard to the signature in Moscow, with today's date, of the Agreement concerning economic collaboration between the Kingdom of Rumania and the USSR, and in view of a more effective application of the basic principles laid down by the above Agreement - the Rumanian Minister for Finance, M. Durso, empowered by the Rumanian Government, and the People's Commissar for Foreign Trade of the USSR, A. I. Mikolai, empowered by the Russian Government, have signed the present protocol concerning the contents and forms of organization of the collaboration of these two countries in certain domains of Rumanian economy which are mentioned in this Agreement.

A. AGRICULTURE

1. The USSR Government agrees to transmit for the use of the Roumanian Government, 2,000 tractors which, on basis of art. 12 of the Armistice Convention, must be returned to the USSR.

The parties will come to an agreement on the conditions of the tractors' use within a month from the date of the signing of the present protocol.

B. INDUSTRYI. EXPLORATION AND EXPLOITATION OF OIL.

1. The Government of Roumania and the Government of the USSR agree to form a Soviet-Roumanian company for the exploration, exploitation, treatment and commercialisation of oil and oil products.

2. Private Roumanian companies, individuals and associations may be called in to take part in this company.

3. The Roumanian Government transmits to this company as its contribution:

a) Concessions of new oilbearing lands according to the list concerning which the two Governments have to come to an agreement;

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b) at least 50% of the crude oil due to the Roumanian Government as royalty for the Roumanian State.

4. The USSR Government will provide the Company, as its contribution, with necessary equipment for the Company's development, which equipment will be put at its disposal according to the development of the Company's activity and according to its programme.

5. Each of the two Governments will have an equal participation in the management of the Company's activity; both Governments will be represented by an equal number of votes in the organ of management of the Company with a chairman chosen from the Roumanian representatives and a vice-chairman from the Soviet representatives. The executive powers will be given to a general manager nominated by the Soviet section and a substitute for the general manager nominated by the Roumanian section.

6. The Roumanian Government will grant to the Company right of preference for the exploration of other free lands, not included in the list provided in point 2., and also all the exploitation rights resulting from the exploration according to the Roumanian laws in force.

7. The legal, financial, and technical conditions concerning the organisation and activity of the Company will be established within two months from the signing of the present protocol by a separate agreement between the two Governments.

II. WOOD INDUSTRY

In order to realise economic collaboration in the domain of exploitation and economic industrialisation of the forestry of Roumania and the export from Roumania of the manufactured products of forestry, both to the USSR and to other countries, the two Governments will charge their respective organs with studying, during the two months following the signature of the present protocol, the conditions, the extent and the forms of collaboration, and with presenting proposals with a view to concluding the respective agreements.

III. INDUSTRIES FOR MACHINE CONSTRUCTION, FOR METAL INDUSTRIES AND MINING AND GLASS INDUSTRIES

1. The USSR Government and the Roumanian Government have agreed that the respective economic organisation of the USSR should participate in the "USINELE DE FIER SI DOMENILE RESITA" Co. Ltd.

The Roumanian Government will give this organisation its support for the acquisition of shares of the above-mentioned Company at least equal to the amount this Company owes to the USSR for iron ore from Krivoi-Rog and metals brought to Roumania from the USSR.

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The participation of the economic organization of the USSR in other firms for machine construction will be established by a supplementary agreement between the two Governments.

2. The Roumanian Government will assure for the Soviet organization facilities for obtaining information from technical documents, maps and all other necessary data for the exploitation of metal and other ores, after which the two Governments will also establish the forms of their respective collaboration.

3. For the realisation of collaboration in the glass industry, the two Governments will change their respective organs with studying, during the two months following the signing of the present protocol, the extent and forms of collaboration, and with presenting proposals on the development and subsidising of the glass industry of Roumania.

C. TRANSPORT

I. WATER TRANSPORT

1. The USSR Government and the Roumanian Government agree to form a Soviet-Roumanian navigation company for the administration and exploitation of river and maritime transport and the employment to this end of the ports Constanza, Galatzi, Barila and Giurgiu; private Roumanian companies, associations and persons who possess vessels and naval construction and repair companies, may be called upon to take part in this Company.

2. The founders of the company will bring as a contribution river vessels and port equipment, following an agreement between the parties.

The maritime vessels, or a part thereof, will be put at the disposal of the company by both Governments, according to conditions of a long-term time-charter.

3. The Roumanian Government will lease to the company harbour installations in the above-mentioned ports and also naval construction and repair companies.

4. The management of the company will be organised on the same basis as that provided by the present protocol in respect of the Company for oil exploration and exploitation.

5. Legal, financial and technical conditions with regard to the organisation and activity of the company will be laid down within two months from the signing of the present protocol in a separate agreement between the two Governments.

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6. The USSR Government and the Roumanian Government are agreed that the USSR maritime register, the USSR State insurance administration (GOSSTRACH) and the organisation of transport and despatch of the USSR should carry out on Roumanian territory the operations provided by their statutes and decisions in collaboration with the respective Roumanian companies and with the companies and private individuals, and to this end they will be granted the right to open branches and agencies in Roumania which will collaborate with the corresponding Roumanian bodies.

II. AIR TRANSPORT

1. For the setting up of civil lines of communication within the limits of the Roumanian territory, the Roumanian Government and the USSR Government will together organise a civil aviation company in which both Governments, through their respective organs or organisations will be the only participants, in equal parts.
2. The USSR Government will bring to the company parts of aeroplanes and the necessary engines, means of mechanisation and other technical equipment, while the Roumanian Government will place at the disposal of the company, for temporary use the existing airports on existing lines in Roumania, equipment and plant for the service of air transport, as well as the necessary ground for the construction of new airports.
3. The management of the company will be organised on the same basis as those provided by the present protocol in respect of the company for oil exploration and exploitation.
4. The Roumanian Government will grant the company the right to set up air lines within the limits of Roumanian territory, and to participate in international air lines across Roumania.
5. The Roumanian Government will grant the USSR, on a reciprocal basis, the right to carry out transit flights of Soviet civil aeroplanes over Roumanian territory, whether landing or not on Roumanian airports, and will grant these aeroplanes the necessary servicing under conditions equal to the servicing granted to the company's aeroplanes.
6. The legal, financial and technical conditions concerning the organisation and activity of the company will be established within two months from the signing of the present protocol by a separate agreement between the two Governments.

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D. BANKS

For the realisation of economic collaboration in the domain of banking, the two Governments will charge their respective organs with studying within two months from the signing of the present protocol the conditions, extent and forms of the collaboration and with presenting proposals with a view to concluding corresponding agreements.

E. THE TREATMENT OF COTTON

1. In order to assure the full use of the working capacity of the Roumanian textile industry, the USSR Government consents to put at Roumania's disposal, cotton for spinning, and weaving, with the obligation of returning the manufactured products to the USSR within the period and under the conditions to be established by both parties in common accord.

For the first period of one year, beginning from the date of the signing of the present protocol, the USSR Government will supply 20,000 tons of cotton for this purpose.

The present protocol was drawn up in two original copies, each in Russian and Roumanian, both copies being authentic.

Made in Moscow, 8th May 1945.

USSR REPRESENTATIVE

REPRESENTATIVE OF THE
ROUMANIAN GOVERNMENT

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Enclosure No.2 to Despatch No.316
dated May 18, 1945, from the United
States Mission, Bucharest, Rumania.

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11 July 1945

MEMORANDUM FOR THE SECRETARY, JOINT CHIEFS OF STAFF:

Subject: Rumanian Petroleum Situation.

Enclosed is a copy of a letter from the Assistant Secretary of State to the Secretaries of War and the Navy on the above subject which is forwarded for the information of the Joint Chiefs of Staff.

For the State-War-Navy Coordinating Committee:

CHARLES W. MCCARTHY
Secretary

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dtd 6 Jul 45

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TOP SECRETDEPARTMENT OF STATE
WASHINGTONIn reply refer to
PED

July 6, 1945

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C-O-P-Y

My dear Mr. Secretary:

Various reports have come to my attention regarding the interest of your department in the matter of obtaining petroleum supplies from Eastern Europe to assist the deficiencies of Western European countries. I am therefore taking this opportunity to inform you regarding recent developments of the oil situation in Eastern Europe.

I am enclosing for your information three documents which I believe will be of interest to you in this regard:

1. The Department's airgram to Moscow, dated June 29, 1945.
2. Policy document under the subject "Use of American Property by Satellite Countries for Reparation."
3. Agreement captioned "Concerning the Reciprocal Delivery of Goods between Rumania and the USSR."

It will be noted from the above-mentioned airgram that the American Ambassador in Moscow is fully apprised of the important aspects of the oil situation in Eastern Europe and of the inseparable relation between the rapid

rehabilitation

The Honorable
Henry L. Stimson,
Secretary of War.

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rehabilitation of the petroleum industry and maintenance of maximum production in these countries and the global production required to meet the enormously expanded military and essential civilian needs.

The reparations document sets forth the policy of the United States Government and provides for the protection of American property in its relation to reparation payments in satellite countries. This document is being forwarded to the American diplomatic representatives in the various countries of Eastern Europe with instructions that it be used as a guide in all matters relating to this subject.

The USSR-Rumanian agreement in effect provides that virtually Rumania's entire petroleum exports be delivered to the Soviet Union, that extensive new petroleum concessions be placed under Soviet control, and that a Soviet controlled petroleum monopoly be established. The information in this document may be used in studies or reports classified as confidential, secret, or top secret provided that reference is not made to the use of the text of this agreement and the material is not directly quoted.

The Department has prepared, inter alia, appropriate recommendations for the President in his forthcoming conversations with the heads of other governments under the caption of "American and Russian Economic Relationship in Countries of Eastern Europe" and dealing with such matters as removals of American properties, entry and freedom of movement of United States nationals in countries of Eastern Europe, and economic interests of the United States in these countries.

I suggest that specific phases of the over-all petroleum situation in Eastern Europe in which you may be interested be discussed on an informal basis between members of our respective staffs at some future date mutually agreed upon. I believe this to be appropriate expedient pending the outcome of the conference among certain chiefs of states and the subsequent development of full information by the American diplomatic representatives in the countries concerned.

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I am addressing similar letters to the Secretary of the Navy, the Administrator, Petroleum Administration for War, and the Administrator, Foreign Economic Administration.

Sincerely yours,

For the Secretary of State:

/s/ W. L. Clayton

Assistant Secretary

Enclosures:

1. Airgram.
2. Policy document.
3. Agreement.

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C-O-P-Y

June 29, 1946

SECRETAMEMBASSY,
MOSCOW.

According to information from Bucharest the Soviet military authorities in Rumania have recommended removal of oilfield equipment from premises of certain British-owned oil companies on pretext it is war booty. British in Bucharest have protested to AGC citing Soviet Government's assurance given last January that there would be no further removals.

British Government contemplates instructing British Embassy in Moscow to protest strongly to Soviet Government on ground that Soviet action (1) disregarded Soviet Government's assurances of last January, (2) directly injures an indisputable British interest, and (3) could not fail to have damaging effect upon production capacity of Rumanian oil fields and therefore upon world oil supplies. In making last point British Government favors pointing out to Soviet Government that the fact that USSR has been obtaining considerable supplies of oil products from British and American sources makes it impossible to be indifferent to actions which must inevitably reduce capacity of important oil fields now under Russian control.

British Government has also been considering whether Soviet action in Rumania should be raised by British delegate on reparation commission at Moscow. When and how it is raised would be matter for determination of British and American delegates. British suggest trying to secure at Moscow Allied agreement on definition of war booty and on retroactive application of that definition to goods Russians have already removed from Rumania.

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British Embassy has requested Department's views suggesting you be instructed to support Clark Kerr's representations.

Department's views on general questions raised by removal of equipment last November and December have already been presented to Soviet Government (REEMBS 4979, December 24 and February 16). However, since the last communication from this side, your note of February 16, apparently has remained unanswered, Department believes it would be timely if you should not take the opportunity provided by recent removals to re-state our view that equipment taken from American oil companies in Rumania cannot properly be considered war booty and to remind the Soviet Government of its pledge (REEMBS 55, January 5) that no more equipment would be taken. You may also inquire whether the Soviet Government has returned or intends to return any of the equipment already taken.

Department does not think it necessary that you support directly Clark Kerr's representations since it is preferable to take parallel rather than joint action and further we are not entirely sure that equipment taken from British-owned companies in April has actually been moved to USSR.

In view of the important and difficult task before the Reparations Commission in formulating policy with respect to Germany, the Department does not agree with the British that it would be desirable to bring Rumanian and other satellite problems within its scope at this time. It therefore believes that satellite reparations matters should continue to be handled directly by you and your British colleague with the Soviet Government.

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As policy decisions are reached by the Reparations Commission with respect to Germany on subjects such as reparations and war booty, they can be applied to satellite situations. Ambassador Pauley has been instructed to seek agreement on the scope of war booty in relation to reparations and restitution deliveries, and Luthringer has considerable background in the matter. The Department will attempt shortly to provide its further views on the scope of war booty.

It is requested that American representative on Reparations Commission be informed concerning this message.

There follows a discussion of the prime factors regarding the oil situation emphasizing the inseparable

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relation between the rapid rehabilitation of the petroleum industry and maintenance of maximum production in Southeastern Europe and global production required to meet the enormously expanded military and essential civilian needs. You may use in your discretion any of this information in future discussions with the Soviet authorities.

Russians have unduly delayed granting permission for entry of American oil representatives into Rumania and Hungary to step up production.

It is becoming evident that the USSR seeks to obtain a predominant, if not exclusive, control of petroleum industry and trading position in Rumania by negotiation of economic treaty which in effect provides (1) that virtually the entire exportable surplus of petroleum be delivered to the Soviet Union (in addition to substantial portion taken by Soviets as reparations), (2) that extensive petroleum concessions be placed under Soviet control, and (3) that Soviet-controlled petroleum monopoly be established which existing petroleum companies are invited to join. It is anticipated that Soviets will endeavor to negotiate similar petroleum agreement in Hungary and other producing areas.

Department considers satisfactory solution of these problems should be obtained in conversations with Soviets and believes following subjects of considerable interest to USSR (1) supply of petroleum to USSR from US sources, (2) allocation of oil well drilling, refining, and marketing equipment to USSR from US sources, and (3) interchange of information, technical data and processes relating to the production, refining, marketing and transportation of petroleum and associated hydrocarbons.

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American people have accepted fuel oil and gasoline rationing substantially restricting their use for domestic military, industrial, and civilian consumption as a means of creating large exportable surplus to meet the critical shortage created by an expanding global demand including needs of USSR. USSR has been allocated aviation gasoline and components at expense of U.S. military and essential industrial requirements. Soviets continue to obtain critical supplies from U.S. sources and there is under consideration for shipment during the last half of the calendar year 1945 the sum of 410 thousand tons of petroleum products.

The U.S. Government allocates oil well drilling, refining and marketing equipment on the basis of global needs in which USSR is beneficiary and has been allocated to date, inter alia, 6 refineries for high octane gasoline and other products. Owing to the rapid depreciation of petroleum equipment USSR may realize short-term gains from the seizure of Rumanian and other equipment but stands to lose on a long-term basis if such seizures exclude future allocations in their favor. American petroleum industry has accepted substantially curtailed drilling programs at home and abroad to make equipment available on a global basis.

In the past Soviet missions have been shown many U.S. petroleum war plants and have been given the benefit of considerable petroleum engineering technique, refining processes, and other data. Presumably USSR is anxious to obtain best information available for use in building Soviet petroleum industry as number of requests for refining processes, petroleum technical data, and inspection of petroleum plants have been received and are under consideration.

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Rumanian-Hungarian oil picture is but one aspect of a worldwide problem and arbitrary measures taken by the Soviet authorities in former satellite states, such as removing equipment, monopolizing petroleum supply, and delaying entry of petroleum experts which result in decreased production and jeopardy of American interests, may have an adverse effect on the willingness and ability of the U.S. to furnish to Russians petroleum technical data, producing and refining equipment, or such petroleum products as Soviets may need; and may require appropriate adjustments in policies of this Government which heretofore have been extremely sympathetic to Soviet needs.

Grew-acting

Repeated to:
Amrep, Bucharest
Amrep, Budapest

FED: DARobertson:mls
HE: JGCampbell
June 16, 1945

ITP EE EUR AP FN CD/M A-C

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USE OF AMERICAN PROPERTY BY SATELLITE COUNTRIES
FOR REPARATIONTHE PROBLEM

The armistice agreements signed by the four former Axis satellite states (Finland, Rumania, Hungary, and Bulgaria, but not Germany) oblige those states to pay reparation for war damage. The Finnish, Rumanian and Hungarian Armistices provide for payment to the Soviet Union in each case in a specified amount of United States dollars payable over six years in designated commodities. Transfers under these reparations provisions may be in the form of either (1) capital equipment including existing plants, or (2) current output including inventory accumulations, and are now being made in accordance with bilateral agreements negotiated by the USSR with each satellite country. In the case of Hungary there is also an obligation to make deliveries of a smaller sum to Czechoslovakia and Yugoslavia. The Bulgarian Armistice contains merely a provision that Bulgaria will make such reparation for loss and damage caused by the war to the United Nations as may be determined later. The United States was a signatory to the Rumanian, Hungarian and Bulgarian Armistices; and in becoming signatory did not contemplate that a part of the real burden of the reparations payments agreed upon and included in the reparations clauses should fall upon American nationals. Even in the case of the Finnish Armistice, to which the United States Government is not a signatory, it would be unreasonable if the burden of reparations were shifted to anyone other than the government and people of the defeated country.

All four armistices contain provisions for indemnification by satellite states of losses caused during the war to property of Allied Nations and their nationals in those states. There is also a provision in each armistice for the restoration of all legal rights and interests of United Nations and their nationals as they existed before the war and for the return of their property in complete good order.

American

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American property situated in these countries which might be taken by the respective governments in order to fulfill their reparations obligations to the USSR consists principally of two large subsidiaries of the Standard Oil Company of New Jersey in Rumania and Hungary, representing roughly 33 and 59 million dollars respectively. There are also in those two countries smaller American interests in the refining and distribution of petroleum products, in textile plants, factories for telecommunications equipment, distilleries, et cetera, as well as property connected with organizations for the sale and distribution of American-made products. American property interests in Bulgaria are unimportant aside from the property of certain educational institutions. In Finland American property interests are confined principally to facilities for the transportation and marketing of petroleum.

In the fulfillment of their reparations obligations to the USSR the satellite governments apparently have not attempted to discriminate against American property, nor have the Russians made a practice of demanding American-owned plants and factories under the respective reparations clauses. The two most important cases in which American property interests have been affected by removals by the Soviet authorities, that of the "lifting" of oil equipment from the Romano-Americana Company in Rumania and the dismantling of the Tunggram bulb factory in Hungary, in which American nationals held only a minority interest, were justified by the Russians on the basis of the property being German and therefore liable to seizure as war booty.

As a result of the use for reparations payments of property in which American nationals have interests, the Department must determine the position which should be taken by this Government in future in order to provide realistic solutions for the problems involved in such payments and at the same time afford the maximum protection possible for American property in ex-enemy satellite countries.

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It should be noted that this document deals only with the problem of American property taken as reparation--not with the seizure of such property as war booty. Where American properties are concerned the Russians have shown a tendency to remove equipment as war booty rather than as reparations.

RECOMMENDATIONS

1. A note should be addressed to the chairman of the Allied Control Commission of each of the satellite countries pointing out that the use for payment of reparations of property in which there is an American interest is a matter of concern to the United States Government. The chairman should consequently be requested to inform the American representative on the ACC of the intended transfer as well as past removals to the Soviet Union or other countries of any capital equipment or current output on reparation account in order that full data on such property may be furnished to the United States Government.

2. In cases where the property involved in making reparations payments consists of capital equipment in which American nationals have a substantial interest, the United States should make appropriate representations to the Soviet authorities against the removal of the property, pointing out:

- a) the American interest therein.
- b) the loss that would accrue to American nationals as a result of (1) destruction of plants, (2) the consequent loss of foreign markets and trading connections.
- c) the fact that seizure of American property for reparation makes impossible the fulfillment by the satellite country of its obligation under the armistice to restore intact the rights and interests of the United States and its nationals.

d) the

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- d) the anomaly of a situation in which part of the burden of reparation payable by an ex-enemy country is in reality borne by American nationals.
- e) that in case equipment has already been removed the United States Government would look to the Soviet Government for its return.
- f) that, where such equipment will not or cannot be returned by the Soviet Government, the United States will demand of the satellite country in question adequate, effective, and prompt compensation to American nationals for the loss of the property; that such compensation will be expected to have a priority equal to that of reparations payment by the satellite country; and that the Soviet Government will be expected so to adjust its reparations demands and/or trade relationships with the satellite country in question as to make possible the payment of adequate, effective, and prompt compensation by it to American nationals suffering loss of their property.

3. In cases where the property involved in reparations payments consists of current output in which American nationals have a substantial interest, the United States should make appropriate representations to the Soviet and satellite authorities for the attainment of the following objectives:

- a) that the satellite country be required to provide immediate and adequate compensation to the American nationals and that such compensation in part be in the form of satisfactory foreign exchange or in kind as a means of ultimately obtaining satisfactory foreign exchange.
- b) that these claims on the satellite government should have equal priority with reparations being paid by that government.
- c) that the Soviet Government make the necessary adjustments in its economic relationships with the satellite country to insure that the burden of reparations remain on the ex-enemy satellites and not be shifted to American nationals because of the inability of the satellite country to make adequate, effective and prompt compensation.

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4. The United States representative on the ACC should be instructed to issue protection cards to American enterprises only in cases where he has definite knowledge that there is a direct majority American interest. In other cases, protection cards should be issued only after approval by the Department.

DISCUSSION

In dealing with the expropriation of American property for use in payment of reparations, it is necessary to distinguish between capital equipment on the one hand, and current output and inventories of finished products on the other. When capital equipment is expropriated and removed the American concern is destroyed, the intangible values disappear, and future participation in foreign trade is denied. Furthermore, the satellite nation is deprived of its ability to produce goods to be used in payment of its reparations obligations, and its internal economy is disrupted.

When current output is taken against payment in local currency, but plant and equipment are left intact, the enterprise retains the opportunity of continuing the manufacture or production of materials. Continued operation by the enterprise beyond a relatively short period of time, however, depends on its ability to meet current costs and to make replacement of worn-out equipment. Moreover, the American nationals have the right to expect some profit on their investment. Insofar as local currency is required by the enterprise to meet current costs it, of course, constitutes a satisfactory compensation for current output. However, in order to meet other financial items such as costs involved in making replacements of equipment which must be secured abroad or effective transfers of profits, the enterprise must be able to dispose of a certain amount of its current earnings in the form of satisfactory foreign currencies. These currencies may be secured by the enterprise exporting part of its product to selected foreign markets and retaining the proceeds therefrom or through allocations to it from the general fund of foreign exchange accruing from the country's exports. A realistic approach to a solution of this problem where a country lacks foreign exchange, as do the ex-enemy satellites, would be to allow the American-owned enterprise a certain percentage of its production, which would be freely exportable in order that

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the enterprise realize a suitable currency which it might use to make effective transfer of its profits and to provide for its replacement or depreciation costs. Such a plan would avoid placing the reparations burdens on American nationals which would result from the exchange of all current output for local blocked or depreciated currency.

The degree of protection to which rights and interests of American nationals are entitled will be determined in each case in light of the proportion or money value of the American interests, the directness or remoteness of the American ownership, and the relations between American and ex-enemy interests. Wholly owned subsidiaries of American enterprises, for example, should have their property rights and interests protected to a much greater degree than holdings acquired through cartel agreements involving ex-enemy firms.

The United States Government took the position in the Mexican case in 1938 that the properties of American citizens could not be expropriated "without adequate, effective and prompt compensation.... The taking of property without compensation is not expropriation. It is confiscation.... We cannot question the right of a foreign government to treat its own nationals in this fashion if it so desires. This is a matter of domestic concern. But we cannot admit that a foreign government may take the property of American nationals in disregard of the rule of compensation under international law." (Press Releases July 23, 1938, No. 1202, pp. 51-52)

Since practically all the seizures in question are effected either by the Soviet Government or on its demand, it is believed that representations to the Soviet Government along the suggested lines afford the best available means of protecting American interests. By its control of a vast industrial potentiality, a highly advanced scientific and engineering technique, and carefully developed sources of raw materials, the United States enjoys powerful bargaining advantages in its foreign relations with other nations. These advantages can be used in support of the American position as outlined in RECOMMENDATIONS above, especially when a case for protection of

American

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American property interests also involves broader aspects of our economic policy. Nevertheless, it is recognized that the issue under discussion is but a small part of the much larger problem of our over-all relations with the Soviet Union and must be approached in the light of our general policy toward that country.

The case for demanding that compensation by the satellite country to the United States nationals suffering a property loss should have a priority equal to that of reparation rests on the following grounds. Vis-a-vis the satellite country it may be argued that since American property is being used to pay reparation, the United States' claim arising out of such action by that country should be put on a par with reparation claims. If the Soviet Union objects to the American claims having a priority equal with its reparation claim, it may be pointed out that the Russian seizure of American property makes it impossible for the satellite country to restore American rights and interests in accordance with the armistice, or at best permits only a formal compliance with that obligation; therefore, the least that this Government can expect is that the claims arising out of such action should not be subordinated to the reparation claims of the Soviet Union.

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Translation

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AGREEMENTCONCERNING THE RECIPROCAL DELIVERY OF
GOODS BETWEEN ROUMANIA AND THE USSR.

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Wishing to develop commercial relations between Roumania and the USSR, the Roumanian Government and the USSR Government have established the following:

ARTICLE I

The goods which will be the object of exchanges between Roumania and the USSR for the duration of a contractual year, are laid down in Annexes A. and B. which are integral parts of the present Agreement.

With a view to facilitating the adaptation of the extent of commercial exchanges to future reciprocal delivery possibilities, both Governments may come to an agreement, even during the application of the present agreement, concerning the modification or completion of the goods quota shown in Annexes A. and B. mentioned in the preceding paragraph, to the extent made possible by the improvement of economic conditions.

ARTICLE II

The value of the goods whose quotas are shown in Annexes A. and B. of the present agreement is expressed in Lei, and the total value of the goods shown in Annex A. is equal to the total value of the goods shown in Annex B.

Prices in contracts for deliveries of goods will be fixed in Lei, according to the basic prices concerning which an agreement has been or will be reached between the two Governments.

The Roumanian Government will take the necessary measures demanded by the standard of prices in Roumania, in order that for the execution of the present agreement, in the application of commercial operations in accordance with contractual prices provided in paragraph II of this article, normal conditions for the realisation of the exchange of goods between the two countries will be assured.

ARTICLE III

Both Governments undertake to assure all measures neces-

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sary for facilitating exchanges of goods, the placing of orders and the execution of deliveries according to the quotas established by the present agreement.

The competent Roumanian authorities will deliver without difficulties, in accordance with the legal measures in force in Roumania, import and export permits for goods to be brought from or dispatched to the USSR under the application of the present Agreement.

ARTICLE IV

Payments concerning goods delivered according to the present Agreement, as well as those representing expenses accessory to the exchange of goods, will be made in the USSR through the State Bank of the USSR and in Roumania through the National Bank of Roumania.

To this end, the above-mentioned Banks will open reciprocal special accounts in Lei, free of interest, and will inform each other immediately of all sums paid into these accounts.

On receipt of this communication, the respective Bank will make payment immediately, on the corresponding documents being produced by the institutions or persons benefiting therefrom, regardless of the available sums existing in these accounts. The competent Government authorities of both countries will see to the exact fulfillment of the stipulations of this paragraph, according to the internal laws and regulations in force in each country.

If, on the expiration of this Agreement, there should be a debit-balance in the above-mentioned accounts for one of the parties, that party will be obliged to liquidate it within a period of three months by the delivery of goods provided in Article I and on the basis of prices mentioned in Article II of the present Agreement.

ARTICLE V

Taking into consideration the principle of balance by which the parties have been able to establish exchange of goods between Roumania and the USSR, that is, the complete equality between the value of goods delivered by each party, to the other, the representatives appointed by their respective Governments will follow and supervise the constant maintenance of this principle, both in the execution of the reciprocal delivery of goods and in the carrying out of respective payments, for the duration of the application of the present Agreement.

To this end, the above-mentioned representatives will investigate at the end of each quarter of the contractual year the situation with regard to the exchange of goods and

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take measures, in case they do not balance, for the removal of the difficulties in the shortest possible time.

ARTICLE VI

The USSR State Bank and the National Bank of Roumania will establish any technical means which may be necessary for the application of the stipulations of the present Agreement which concern the adjustment of accounts between banks.

ARTICLE VII

The present Agreement will come into force on the date of and will be valid for one year.

Made in two original copies, each in Russian and Roumanian, both texts being authentic.

Made in Moscow, 8th May 1945.

USSR REPRESENTATIVE

REPRESENTATIVES OF THE
ROUMANIAN GOVERNMENT

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Confidential

Annex A. to the Agreement between the USSR and Roumania concerning reciprocal deliveries of goods, concluded in Moscow on 8th May 1945.

LIST

OF GOODS FOR EXPORT FROM USSR INTO ROUMANIA.

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| <u>Goods</u> | <u>unit of weight or measure</u> | <u>quantity</u> |
|--|----------------------------------|-----------------|
| 1. <u>BLACK METALS</u> | | |
| Foundry cast-iron | tons | 6.000 |
| Semi-fabricated steel (in bars or blocks) | " | 25.000 |
| Refined ferromanganese | " | 100 |
| Ferrosilicate 75-86% | " | 500 |
| Ferrocchrome 60% | " | 80 |
| Ferrovadanium 61-92% | " | 10 |
| Ferrotungstan 82% | " | 10 |
| 2. <u>COLOURED METALS</u> | | |
| Copper bars | " | 1.000 |
| Tin | " | 100 |
| Antimony | " | 10 |
| Cobalt | " | 4 |
| 3. <u>MINERAL FUEL</u> | | |
| Coke | " | 50.000 |
| Hard Coal | " | 70.000 |
| 4. <u>TECHNICAL MATERIALS</u> | | |
| Graphite electrodes for steel and chemical industries, long cylindrical from 270-1.500 mm. | " | 275 |
| Amorphous electrodes | " | 600 |
| Electric cables | kilometres | 1.000 |
| Asbestos (cord and sheet) | tons | 50 |
| Ball-bearings (as per specific.) | " | 22 |
| Sieves for cellulose industry | " | 20 |
| Grindstones for sharpening saws | " | 20 |
| Conveyor belts | sq. m. | 4.240 |

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(Annex A.)

5. RAW AND MANUFACTURED TEXTILE MATERIALS.

| | | | |
|--------|--------------------|---|--------|
| Cotton | 32/33 - 10% | } | |
| | 26/28 - 20% | | |
| | 30/31, 31/32 - 70% | | |
| | | | 20,000 |

| | | |
|---------------------------------|------|--|
| Linen thread 50/3 | tons | 3 |
| Flannels (7) for paper industry | " | 40 |
| Wool | | will be the object of supplementary conventions. |

6. CHEMICAL PRODUCTS

| | | |
|--------------------------|------|-----|
| Chlorate of potassium | tons | 200 |
| Creoline | " | 20 |
| Sulphur (powder) | " | 10 |
| Red or yellow phosphorus | " | 10 |

7. MISCELLANEOUS GOODS

| | | |
|-------------------|---|--|
| Tea | " | 50 |
| Gum arabic | " | 2 |
| Cassine glue | " | 150 |
| Balota (?) Glue | " | 0.3 |
| Cotton seed | " | 1,000 |
| Cigarette paper) | | will be the object of a separate convention. |
| Rubber) | | |
| Kord) | | |

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Confidential

Annex B. to the Agreement between the USSR and Roumania concerning the reciprocal deliveries of goods, concluded in Moscow on 8th May 1945.

LIST

OF GOODS FOR IMPORT INTO THE USSR FROM ROUMANIA

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| Goods | Unit of weight of measure | Quantity |
|---|--|----------|
| I. <u>PETROLEUM PRODUCTS</u> | | |
| Octanic Aviation Spirit 73 O.N. | tons | 20.000 |
| " Automobile " 60 " | " | 100.000 |
| Kerosine | " | 10.000 |
| Gasoil - 15-20° | " | 10.000 |
| Gasoil - 5° | " | 16.000 |
| Gasoil - 0° | " | 10.000 |
| Gasoil - 5° | " | 10.000 |
| Isocotane | " | 300 |
| Lubricating oils Visc.50 Ref.8-9 E.500C | " | 12.000 |
| " " " 50 " 11-12E. " | " | 12.000 |
| Spindle oil (Railway) Visc.4-5° (distil.) | " | 15.000 |
| Fueloil - 10° | " | 50.000 |
| Asphalte paraff. content up to 2% | " | 3.000 |
| Paraffin wax 50/52 | " | 500 |
| II. <u>WOOD MATERIAL</u> | | |
| Resinous circular wood | m ³ | 21.000 |
| " timber | " | 50.000 |
| Beech timber | " | 70.000 |
| Oak timber | " | 5.000 |
| Timber | " | 5.000 |
| Resinous shaped beams | " | 50.000 |
| Beech sleepers | " | 14.000 |
| Beech barrels with iron hoops | will be the object of a separate agreement | |
| Plywood | m ³ | 5.000 |
| Box shucks | " | 25.000 |
| Box wood barrel staves | will be the object of a separate agreement | |

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(Annex B.)

III. MISCELLANEOUS GOODS

| | | |
|--------------|-------|-----------|
| Caustic soda | tons | 500 |
| Carbon black | " | 300 |
| Window glass | sq.m. | 1,000,000 |
| Cement | tons | 50,000 |
| Tarpaper | " | 10,000 |

IV. THE SPINNING OF 20,000 TONS
OF COTTON.

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PROTOCOL

Confidential

Following on the conclusion of the Agreement for reciprocal delivery of goods between the USSR and Roumania, it was agreed that the prices of goods to be delivered from Roumania to the USSR, and of goods to be delivered from the USSR to Roumania, should be established in the contracts to be drawn up between the Soviet Unions for foreign trade and persons and institutes in Roumania, in accordance with the prices shown below, with the allowance of a variation in prices in proportion with the specification, kind or quality of the goods, and with the conditions and place of delivery.

If not laid down otherwise, the prices for Soviet goods are considered fob Soviet port or franco truck on the Soviet-Roumanian frontier, while the prices for Roumanian goods are fob Roumanian port or franco truck on the Roumanian-Soviet frontier per metric ton.

A. PRICES OF GOODS DELIVERED FROM THE USSR TO ROUMANIA.

| <u>GOODS</u> | <u>BASIS OF PRICE</u> | <u>PRICE IN LEI</u> |
|-------------------------|---------------------------------------|---------------------|
| cotton | middling 25/26 | 80,364.- |
| cast iron | gas | 1,434.75 |
| coke | foundry | 6,695.50 |
| semi-manufactured steel | metallurgic | 1,913.0 |
| copper | in blocks of usual commercial quality | 9,565.- |
| | in bars | 81,685.10 |

For the other goods included in the list of goods provided for export from the USSR to Roumania, the prices will be established in Bucharest later on the basis of current world prices calculated in Roumanian Lei at the rate of 191.30 per United States dollar.

B. PRICES OF GOODS DELIVERED FROM ROUMANIA TO THE USSR.

| <u>GOODS</u> | <u>BASIS OF PRICE</u> | <u>PRICE IN LEI</u> |
|-----------------------|-----------------------|---------------------|
| aviation spirit | O.N. 73 | 6,115.86 |
| motor oil | O.N. 60 | 3,634.70 |
| kerosene | . . . | 2,701.15 |
| gas | . . . | 2,463.94 |
| refined oil | visc. at 50°C. 8-9°E. | 5,788.74 |
| refined oil | " at 50°C. 11-12°E. | 5,832.74 |
| distilled spindle oil | " at 50°C. 4-5°E. | 4,587.37 |
| paraffin wax | 50-52°C. | 23,109.04 |
| crude oil | / 10° | 1,258.75 |
| asphalt | contained in paraffin | |
| wood materials | max. 2% | 2,978.54 |
| | soft wood 1 m | 3,634.70 |

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COTTON SPINNING

The cost of spinning per metric ton for English thread no. 20
61,789.90

The contract concerning conditions of cotton spinning will be concluded later.

As for the other goods included in the list of goods for import from Roumania to the USSR, the prices will be established later, by common accord in Bucharest on the basis of world prices calculated in Roumanian Lei at the rate of 191.30 Lei per U.S.A. dollar.

Moscow, May 8th, 1945.

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Annex to Protocol of May 8th
1945

STATEMENT
OF PRICE CALCULATION FOR WOOD MATERIALS

| <u>Goods</u> | <u>Coefficient %</u> | <u>Price in Lei</u> |
|-------------------------|----------------------|---------------------|
| Soft wood | 100 | 3,634.70 |
| Circular soft wood | 45 | 1,635.62 |
| Resinous shaped beams | 85 | 3,089.50 |
| | 125 | 4,543.38 |
| Complete parts of cases | 160 | 5,815.52 |
| Sleepers | 90 | 3,271.23 |
| Rough-sawn beechwood | 140 | 5,088.58 |
| Oak-wood | 230 | 8,359.81 |
| Ply-wood | 350 | 12,721.45 |

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PROTOCOL

regarding the method of liquidating debts to the USSR State Bank existing at the National Bank of Roumania, on the accounts opened on the basis of agreements between Roumania and the USSR of February 15, 1936 and February 26, 1941.

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The undersigned, representatives of the Government of the USSR and of the Government of Roumania, have agreed to the following:

- 1.- The balance of the account (in Lei) provided by the payment convention of February 15th. 1936 between the USSR and Roumania will be passed by the National Bank of Roumania to the credit of the account, provided by the convention regarding the exchange of goods and payment between the USSR and Roumania of February 26th. 1941.
- 2.- The balance of this latter account, comprising also the sums passed from the account provided by the convention regarding payment of February 15th. 1936, will be used in entirety by the Soviet organisations for the purchase of Roumanian goods for export to the USSR at prices established through the agreement in respect of reciprocal deliveries drawn up to-day, and at the same time the Roumanian government undertakes to assure the execution of the deliveries to cover the above-mentioned balance.
- 3.- After the Soviet organisations have exhausted the entire balance of this account, in agreement with the USSR State Bank, the National Bank of Roumania will close this account.

Made in Moscow on May 8th., 1945.

Representative of the
Soviet Union of Socialist
Republics.

Representative of
the Roumanian
Government.

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AGREEMENT

for Economic Collaboration

between
the Kingdom of Roumania
and

The Union of Soviet Socialist Republics.

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In order to assure the development of economic relations in the direction most favourable to the reciprocal interests of the two countries, the government of the USSR and the government of Roumania have decided, through the present agreement for economic collaboration, to lay down the principles on which the economic co-operation between the two countries will be based, and which are inspired on the one hand by the need for reconstruction and the increase of production possibilities in Roumania, and on the other hand by the commercial interests of the USSR.

CHAPTER I

Fields of Economic Collaboration

art.1.-The participation of USSR technique and capital in intensifying Roumania economic activity will find particular scope in the following branches:

A. AGRICULTURE.

1.- A Soviet-Roumanian Scientific Research Institute will be created to facilitate an exchange of experiments and achievements with regard to the improvement of agricultural production, and particularly with regard to extending the cultivation of industrial plants.

This institute will effect exchange of experts and technicians specialising both in mechanised cultivation and in problems concerning the increase and improvement of existing cultivations.

2.- Assistance will be given in providing agricultural machines and equipment, either in the form of a loan or permanently for the endowment of mechanised cultivation centres to be set up on Roumanian territory.

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3.- In the sphere of occupations ancillary to agriculture, the exchange of stud animals and selected seeds will be facilitated.

B. INDUSTRY.

1.- In the foodstuff industry, participation in the creation of new foodstuff industries (factories for the tinning of vegetables and fruit, and for the different industrialisation processes for dairy products, concentrated foods, etc.):

2.- Participation in oil and coal prospecting, exploring and exploiting, by the setting up of Roumania-Soviet concerns which may create new industries for the working of fossil fuels and their by-products.

Roumanian-Soviet concerns will be set up for the exploiting of metal ore deposits in Roumania. These concerns will explore and exploit new mineral regions and will construct the industrial plant pertaining thereto for the working of both the ores and the respective metals.

3.- In the transformation industry, participation in the exploiting and industrialisation of timber, there will be facilities for bringing particularly the equipment for the respective factories and for the local railways serving wood industries damaged by war action on the one hand, and on the other for exporting to the USSR the wood material manufactured in the respective concerns; similarly, participation in the development of window pane and glass products industry, and arrangements for collaboration in the iron industry.

C. TRANSPORT AND WAYS OF COMMUNICATION.

1.- Participation in concerns equipping parts and installing hydraulic works with a view to the introduction of electricity into ways of communication and the distribution of electric current in towns and villages.

2.- Establishing, by common accord between the two States, the exploitation of sea and Danube navigation for vessels belonging to the two States and to existing Roumanian companies.

3.- Establishing, by common accord between the two States, the exploitation of air lines of interest to both countries.

D. BANKING

The setting up of a banking organisation with mixed participation to promote in the first place the financing of different operations, both those resulting from commercial exchanges between the USSR and Roumania, and those devolving from the present collaboration Agreement.

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CHAPTER II.METHODS OF COLLABORATION

art.2.- The two Governments will assist each other in the constitution of mixed bodies and associations for the execution of the general collaboration plan set forth in Chapter I.

Within the framework of the plan mentioned, the organizations empowered by the USSR Government will establish, by common accord with the persons or associations concerned in Roumania or with the authorities or bodies recommended by the Roumanian Government, the methods of participation which may consist in extending the possibilities of activity of some existing concerns or organisations - by the contribution of organisations empowered by the USSR Government - or in constituting bodies with mixed participation which should utilise, by hiring or leasing existing concerns or exploitations, or who would be granted direct exploration and exploitation concessions.

In view of the present situation of Roumanian economy and the exceptional obligations it must face for a certain time, the participation of organisations empowered by the USSR Government in any of the forms of joint-interest mentioned in the preceding paragraph will consist, as far as possible, in contributing equipment and goods of a nature to increase the potential of production in the respective branches of Roumanian economy, or it will consist in means of payment to permit to the acquisition of this equipment or of those goods where they may be found.

art.3- Participation agreements established between the authorized bodies of the USSR Government on the one hand and the authorities or bodies, as well as persons or associations concerned in Roumania, recommended by the Roumanian Government, on the other hand, must be submitted for ratification of the authorized organs of the two countries.

art.4- Apart from the forms of collaboration mentioned above, the Roumanian Government will facilitate the treatment, in factories existing in Roumania, of the raw materials supplied by the USSR.

art.5.- The annual results pertaining to the participating quota brought by the organisations empowered by the USSR Government in the framework of each form of collaboration mentioned above may be liquidated with the USSR in accordance with the provisions of commercial and payment arrangements to be laid down periodically (annually) between the two governments, taking into account the net possibilities of export of Roumania and the situation with regard to its payment balance on the date of the conclusion of these engagements.

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CHAPTER III.

FINAL PROVISIONS.

art.6.- A commission formed of representatives of the two governments will meet periodically to examine the progress of different activities within the framework of the general collaboration plan set forth in art.1, and the situation as a whole of the economic relations between Roumania and the USSR, devolving either from other conventions of a financial economic nature drawn up between the two States on the basis of the present collaboration agreement.

In view of the increasingly complex nature towards which the economic relations between Roumania and the USSR are tending, the purpose of this commission will be to supervise this activity periodically, to lend its efforts and to report to the authorities concerned on deficiencies and means of improvement.

art.7.- Commercial exchanges between Roumania and the USSR, as well as payments between the two countries, will be regulated by separate arrangements on the basis of the constant balance between the reciprocal delivery of goods and the identity of treatment in respect of non-commercial payments.

art.8.- The present collaboration Agreement will be submitted for ratification to the two Governments and will come into force as from the date of exchange of ratification documents to be effected in Bucharest; it will be effective for a period of five years, beginning from the date of signature. If it is not denounced one year before expiration, it will be prolonged by tacit renewal, with possibility of denunciation at any time, and with a notice of one year.

Empowered to act for
the USSR.

Empowered to act for
the Roumanian Government.

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Translation**TOP SECRET**PROTOCOLTO THE ECONOMIC COLLABORATION AGREEMENTBETWEEN THE KINGDOM OF ROMANIA AND THEUSSR.

With regard to the signature in Moscow, with today's date, of the Agreement concerning economic collaboration between the Kingdom of Rumania and the USSR, and in view of a more effective application of the basic principles laid down by the above Agreement - the Rumanian Minister for Finance, M. Durma, empowered by the Rumanian Government, and the People's Commissar for Foreign Trade of the USSR, A. I. Mikoian, empowered by the Russian Government, have signed the present protocol concerning the contents and forms of organization of the collaboration of these two countries in certain domains of Rumanian economy which are mentioned in this Agreement.

A. AGRICULTURE

1. The USSR Government agrees to transmit for the use of the Roumanian Government, 2,000 tractors which, on basis of art. 12 of the Armistice Convention, must be returned to the USSR.

The parties will come to an agreement on the conditions of the tractors' use within a month from the date of the signing of the present protocol.

B. INDUSTRY**I. EXPLORATION AND EXPLOITATION OF OIL.**

1. The Government of Roumania and the Government of the USSR agree to form a Soviet-Roumanian company for the exploration, exploitation, treatment and commercialization of oil and oil products.

2. Private Roumanian companies, individuals and associations may be called in to take part in this company.

3. The Roumanian Government transmits to this company as its contribution:

a) Concessions of new oilbearing lands according to the list concerning which the two Governments have to come to an agreement;

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b) at least 50% of the crude oil due to the Roumanian Government as royalty for the Roumanian State.

4. The USSR Government will provide the Company, as its contribution, with necessary equipment for the Company's development, which equipment will be put at its disposal according to the development of the Company's activity and according to its programme.

5. Each of the two Governments will have an equal participation in the management of the Company's activity; both Governments will be represented by an equal number of votes in the organ of management of the Company with a chairman chosen from the Roumanian representatives and a vice-chairman from the Soviet representatives. The executive powers will be given to a general manager nominated by the Soviet section and a substitute for the general manager nominated by the Roumanian section.

6. The Roumanian Government will grant to the Company right of preference for the exploration of other free lands, not included in the list provided in point 2., and also all the exploitation rights resulting from the exploration according to the Roumanian laws in force.

7. The legal, financial, and technical conditions concerning the organisation and activity of the Company will be established within two months from the signing of the present protocol by a separate agreement between the two Governments.

II. WOOD INDUSTRY

In order to realise economic collaboration in the domain of exploitation and economic industrialisation of the forestry of Roumania and the export from Roumania of the manufactured products of forestry, both to the USSR and to other countries, the two Governments will charge their respective organs with studying, during the two months following the signature of the present protocol, the conditions, the extent and the forms of collaboration, and with presenting proposals with a view to concluding the respective agreements.

III. INDUSTRIES FOR MACHINE CONSTRUCTION, FOR METAL INDUSTRIES AND MINING AND GLASS INDUSTRIES

1. The USSR Government and the Roumanian Government have agreed that the respective economic organisation of the USSR should participate in the "USINELE DE FIER SI DOMENILE RESITA" Co. Ltd.

The Roumanian Government will give this organisation its support for the acquisition of shares of the above-mentioned Company at least equal to the amount this Company owes to the USSR for iron ore from Krivoi-Rog and metals brought to Roumania from the USSR.

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The participation of the economic organization of the USSR in other firms for machine construction will be established by a supplementary agreement between the two Governments.

2. The Roumanian Government will assure for the Soviet organization facilities for obtaining information from technical documents, maps and all other necessary data for the exploitation of metal and other ores, after which the two Governments will also establish the forms of their respective collaboration.

3. For the realisation of collaboration in the glass industry, the two Governments will change their respective organs with studying, during the two months following the signing of the present protocol, the extent and forms of collaboration, and with presenting proposals on the development and subsidising of the glass industry of Roumania.

C. TRANSPORT

I. WATER TRANSPORT

1. The USSR Government and the Roumanian Government agree to form a Soviet-Roumanian navigation company for the administration and exploitation of river and maritime transport and the employment to this end of the ports Constanza, Galatzi, Barila and Giurgiu; private Roumanian companies, associations and persons who possess vessels and naval construction and repair companies, may be called upon to take part in this Company.

2. The founders of the company will bring as a contribution river vessels and port equipment, following an agreement between the parties.

The maritime vessels, or a part thereof, will be put at the disposal of the company by both Governments, according to conditions of a long-term time-charter.

3. The Roumanian Government will lease to the company harbour installations in the above-mentioned ports and also naval construction and repair companies.

4. The management of the company will be organised on the same basis as that provided by the present protocol in respect of the Company for oil exploration and exploitation.

5. Legal, financial and technical conditions with regard to the organisation and activity of the company will be laid down within two months from the signing of the present protocol in a separate agreement between the two Governments.

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6. The USSR Government and the Roumanian Government are agreed that the USSR maritime register, the USSR State insurance administration (GOSSTRACH) and the organisation of transport and despatch of the USSR should carry out on Roumanian territory the operations provided by their statutes and decisions in collaboration with the respective Roumanian companies and with the companies and private individuals, and to this end they will be granted the right to open branches and agencies in Roumania which will collaborate with the corresponding Roumanian bodies.

II. AIR TRANSPORT

1. For the setting up of civil lines of communication within the limits of the Roumanian territory, the Roumanian Government and the USSR Government will together organise a civil aviation company in which both Governments, through their respective organs or organisations will be the only participants, in equal parts.

2. The USSR Government will bring to the company parts of aeroplanes and the necessary engines, means of mechanisation and other technical equipment, while the Roumanian Government will place at the disposal of the company, for temporary use the existing airports on existing lines in Roumania, equipment and plant for the service of air transport, as well as the necessary ground for the construction of new airports.

3. The management of the company will be organised on the same basis as those provided by the present protocol in respect of the company for oil exploration and exploitation.

4. The Roumanian Government will grant the company the right to set up air lines within the limits of Roumanian territory, and to participate in international air lines across Roumania.

5. The Roumanian Government will grant the USSR, on a reciprocal basis, the right to carry out transit flights of Soviet civil aeroplanes over Roumanian territory, whether landing or not on Roumanian airports, and will grant these aeroplanes the necessary servicing under conditions equal to the servicing granted to the company's aeroplanes.

6. The legal, financial and technical conditions concerning the organisation and activity of the company will be established within two months from the signing of the present protocol by a separate agreement between the two Governments.

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D. BANKS

For the realisation of economic collaboration in the domain of banking, the two Governments will charge their respective organs with studying within two months from the signing of the present protocol the conditions, extent and forms of the collaboration and with presenting proposals with a view to concluding corresponding agreements.

E. THE TREATMENT OF COTTON

1. In order to assure the full use of the working capacity of the Roumanian textile industry, the USSR Government consents to put at Roumania's disposal, cotton for spinning, and weaving, with the obligation of returning the manufactured products to the USSR within the period and under the conditions to be established by both parties in common accord.

For the first period of one year, beginning from the date of the signing of the present protocol, the USSR Government will supply 20.000 tons of cotton for this purpose.

The present protocol was drawn up in two original copies, each in Russian and Roumanian, both copies being authentic.

Made in Moscow, 8th May 1945.

USSR REPRESENTATIVE

REPRESENTATIVE OF THE
ROUMANIAN GOVERNMENT

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Enclosure No.2 to Despatch No.316
dated May 18, 1945, from the United
States Mission, Bucharest, Rumania.

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