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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

ECONOMIC REVIEW OF INDIVIDUAL EASTERN EUROPEAN COUNTRIES: RUMANIA

CURRENT PROBLEMS AND FUTURE PROSPECTS OF
THE RUMANIAN ECONOMY

Note by the United States Delegation

Note by the Secretary

Attached is the study prepared by the United States Delegation on the current problems and future prospects of the Rumanian economy. This Document will serve as the basic paper during the second examining session on the Rumanian economy, to be held in early 1968.

2. Delegations are invited to send to the Economics Directorate any comments on this Paper or any additional information on the subject which they might wish to make available to the Sub-Committee.

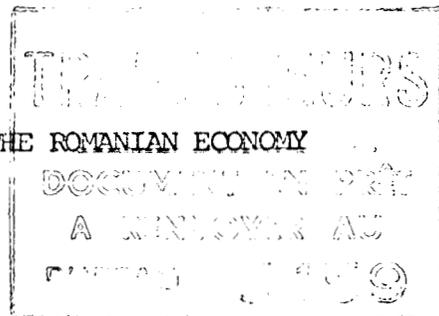
(Signed) A. TANSEVER

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CURRENT PROBLEMS AND FUTURE PROSPECTS OF THE ROMANIAN ECONOMY

INTRODUCTION

Bucharest shows signs of a growing awareness that despite considerable progress in the nation's rapid industrialization drive, which still sustains an annual industrial growth rate well over 10 percent, and a satisfactory performance in agriculture, with enough food to meet domestic needs and provide significant currency-earning exports, Romania's increasingly complex economic problems must be met with more pragmatism. The Romanian Communist Party leadership has accordingly decided the time has come to introduce a measured economic reform. While groping toward economic decentralization with measures increasing industrial autonomy, however, nationalistic and autarkic-minded Party chief Ceausescu is characteristically taking steps to tighten his political controls at the top of the internal administrative structure. The reform program that is scheduled to begin in 1968 will balance economic loosening with political streamlining. Altogether, this program represents a modest alteration of what will remain a command economy on the classic Soviet model. It neither parallels such economic reforms as the Yugoslav, which aspires toward what has come to be known as market socialism, nor, more importantly, does it measure up to the less ambitious reforms announced in Czechoslovakia, Hungary, or Bulgaria. In the Romanian context, however, the current changes, particularly in the administrative sphere, seem of potentially far-reaching significance. Whether introduction of the new Romanian system will lead to greater economic efficiency, only time will tell.

In the external sphere, Romania accelerated in 1967 its campaign to build economic relations with the noncommunist world to the extent that it has now gone further in this direction than any other East European country except Yugoslavia. Particularly with West Germany, in the wake of establishment of full diplomatic relations, Romania has dramatically stepped up the pace of economic and commercial exchanges. At present, Romanian foreign trade, according to Bucharest claims, is about equally divided between communist (53%) and noncommunist (47%) countries. As a matter of political prudence, the Romanians will probably aim at keeping the Soviets as their ranking trading partner. But over time, Soviet influence in Romanian commerce, as well as all other fields of activity, steadily atrophies. All this reflects Romania's steadfast efforts to wrest itself free from Soviet domination, strengthen its national independence line by developing strategic insurance in the form of expanded ties with the West, and press on with construction of its unique system of national communism. Its efforts appear to deserve sympathetic consideration on the part of the Western developed nations.

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Economic Development

The Romanian economy continues to grow rapidly. During 1960-66, Romanian gross national product (GNP) increased at an estimated average annual rate of 6%, a rate surpassed only by Bulgaria among the Eastern European Communist countries and somewhat higher than that achieved by most West European countries. Increased industrial production has made the main contribution to economic growth. The growth of agricultural output has been slow in spite of large increases in supplies of fertilizer and other inputs. Romania's GNP in 1966 is estimated at about US \$15.8 billion (at 1965 prices) or about \$830 per capita, somewhat higher than the figure for Greece but much below the level in Western Europe and even in the northern European Communist countries and the USSR. Table 1 shows estimated indexes of GNP, value added in industry, and net agricultural production.

Romania's abundant natural resources have been an important factor in rapid economic growth. The country's major resources -- petroleum, timber, and agricultural land -- provide Romania's major exports, especially in trade with the West.¹ Table 2 presents Romania's degree of self-sufficiency in selected commodities.

The flow of agricultural labor into the non-agricultural labor force has been another major factor in economic growth (see Table 3). During 1960-66, nonagricultural employment increased at an estimated average annual rate of 5%, whereas the population of working age grew at a rate of 1%.

Finally, the rapid economic growth in recent years has been made possible by the high rate of investment, along with greater concentration than in earlier years on investment in machinery and equipment; by large imports of equipment and skills from industrialized Western countries; and by increased utilization of industrial capacity. After 1958, when the Soviet Army finally withdrew from postwar Romania, and in wake of a five-year period (1954-58) of cautious economic policy, the government in 1959 embarked upon an ambitious investment program. During 1959-66, gross fixed investment increased at an average annual rate of 15%, or at 5 times the rate achieved during 1954-58. Investment in machinery and equipment grew at an average annual rate of 18%, with investment in imported machinery and equipment increasing at an average annual rate of 26%. Table 4 shows the distribution of investment by economic sector.

Industry has contributed more than any other sector to the growth of Romanian GNP. Much of the growth of industrial production has come from increased productivity, which in turn has been largely due to the growing use of advanced machinery and equipment. During 1960-66, value added in industry increased at an estimated average annual rate of 11%

1. In this paper, "the West" refers to the non-communist world in toto.

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as compared with an estimated rate of 8% during 1951-59. In 1966, industry accounted for an estimated 36% of GNP and an estimated 18% of the labor force. The fastest growth has occurred in heavy industry, especially in chemicals, electric power, ferrous metals, and machine building. Output of crude oil has increased slowly as a result of the depletion of known oil reserves, and Romania soon will begin to import crude oil. Table 5 shows the output of major industrial products.

Industry receives about one-half of total investment. Gross fixed investment in industry increased at an average annual rate of 14% during 1959-66. Imports of industrial machinery and equipment from the West accounted for an estimated one-fifth of total investment in machinery and equipment in industry in 1965. Table 6 shows the distribution of gross fixed investment in industry.

During 1960-66, fixed assets in industry increased at an average annual rate of 10%, or at about the same rate as achieved during 1952-59. Employment in industry grew at an average annual rate of 4% as compared with a rate of 3% in the earlier period. The productivity of both capital and labor in industry apparently is still growing at a respectable -- although greatly reduced -- rate. Estimates indicate that the average annual increase in productivity of capital and labor combined rose from 3% during 1952-58 to 7% during 1959-62 and dropped to 4% during 1963-66. Although the growth of productivity in Romania industry may be expected to slow in the 1970's, it probably will remain fairly rapid for several years.

Agriculture: Although Romania has made great strides in industrialization, the country is still dependent on an agriculture that is primitive by European standards. The growth of agricultural output since 1959 has permitted an increase in supplies of raw materials for industry, in food supplies for urban areas, and in food exports. These exports have paid for an important part of the large increase in imports of industrial materials and capital goods from Western countries. In 1966, net agricultural production was an estimated 35% greater than the average for 1957-59 (1). This increase was made possible by generally good weather -- there were no severe countrywide droughts during 1959-66 -- and by a large increase in improved seeds and industrial inputs. The application of chemical fertilizer (pure nutrient content) for example, rose from 2 kg per hectare of cultivated land in 1955 to 48 kg per hectare in 1966 -- still among the lowest levels in Europe. But the increase in supplies of fertilizer and other industrial inputs was much faster than the increase in agricultural output, and value added in agriculture has grown slowly since 1959 (2).

(1) Net agricultural production is derived by subtracting feed, seed, and waste from gross agricultural production. The growth of gross agricultural production was 41% in the same period.

(2) Value added in agriculture is equivalent to gross agricultural production less current industrial and agricultural inputs.

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This suggests that industrial inputs were not used efficiently.

The process of collectivizing agriculture, which was accelerated in 1959-60 and for all practical purposes was completed in 1962, had mixed effects on Romanian agriculture. Collectivization gave the regime tighter control over agricultural output and consequently led to a much larger increase in procurement of agricultural products by the state than in agricultural output. Thanks to higher procurements the state was able to feed the growing urban population adequately while rapidly expanding exports of agricultural products. Through its strict control over the movement of labor, the regime prevented a precipitous flight of farm workers to urban areas during collectivization and agricultural employment declined very little. The bad effects of collectivization show up in the poor standard of living of the peasants, in the low productivity of industrial inputs, and in rising investment costs -- the share of total capital investment allocated to agriculture rose from 13% in 1954-58 to 19% in 1959-66. Farmers' incentives no doubt were eroded, although the farmers retain private plots and a substantial part of the country's livestock. In general, however, collectivization was more successful and probably less costly in Romania than most other Communist countries.

Plans and Prospects: With the fulfillment of the major goals -- except those for agriculture -- of their ambitious six year plan (1960-65) the Romanians in 1966 embarked on a new long term plan covering the years 1966-70. The Romanian regime intends during this period to continue its policy of rapid industrial growth with emphasis on the development of a broad industrial base. Priority is again to be given to the development of the chemical, machine building, metallurgical, and electric power industries. Particular emphasis is to be placed on the development of exports.

Some slowdown in the growth of both the economy and foreign trade during 1966-70 is anticipated by the Romanian leadership. Gross industrial production in the socialized sector is to increase at an average annual rate of between 10.6% and 11.6%, compared with the 14% achieved during 1960-65. Gross agricultural production is to increase 26% to 32% over the 1961-65 level, compared with an increase of only 15% from 1956-60 to 1961-65. The annual rate of growth of capital investment from state funds is to be only 9%, compared with the 15% claimed for 1960-65. Foreign trade turnover is to increase at an average annual rate of 9%, compared with the 13% achieved during 1960-65.

Requirements for imported machinery and equipment are likely to grow less rapidly during 1966-70 than during 1960-65 because of the

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slower growth planned for investment. Nevertheless, the Romanian regime hopes -- in accordance with its policy of importing equipment of the highest technological level from the best available source -- to continue to obtain large amounts of equipment from the industrialized Western countries.

In spite of the expected slowdown in the growth of investment and of imports, Romania should be able to realize its 1970 goal for industrial production. A large number of plants previously under construction or in the early stages of operation will come into full production during the current 5-year plan. Many of these new plants, as well as plants being built during the current 5-year plan, use machinery, imported from the West; they incorporate a higher level of technology and are capable of producing goods of higher quality than could have been attained with machinery produced in Romania or other Communist countries.

The outlook for agricultural production is less promising than that for industrial production. Given average weather conditions, together with the regime's determination to increase inputs of fertilizer and improved seed, to expand the irrigated area, and to offer more incentives to the farmer, Romania should be able to achieve a growth in gross agricultural production at least equal to the average annual rate of 2.5% achieved during 1961-65, though not so rapid as called for in the plan. In 1966 alone gross agricultural production reportedly rose 14%, mainly as a result of unusually favorable weather, but output in 1967 may show little or no increase.

Thus, the rate of growth of the Romanian economy during 1966-70 probably will be near the 6% a year achieved during 1960-65. In the 1970's, however, it will become increasingly difficult for Romania to maintain such a high rate of growth. Rapid growth in the late 1950's and early 1960's was due mainly to: (1) a more effective mobilization of resources by the government (after liquidation of the Moscow-controlled "Sovrom" companies that had drained a postwar Romanian economy also beset by the upheavals of nationalization and collectivization), which permitted a high rate of investment and rapid expansion of exports; and (2) a major redirection of trade toward the West and the consequent infusion of Western techniques on a large scale. These changes were related to a general revival of Romanian national confidence. Their effect is unlikely to wane; but neither can it be as great a stimulus to economic growth in the future as in the past. To a considerable extent the momentum created in the early 1960's will sustain rapid growth through the late 1960's. But in the 1970's growth will slow unless new stimuli are found. Although the economy still has many primitive aspects, including underemployed labor, easy improvements are becoming more scarce and economic problems less amenable to simple solutions as modernization progresses.

The Romanian leaders recognize the need for many improvements in the operation of the economy if rapid growth is to continue. Rapid

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economic growth probably will require a further growth of imports and these will have to be paid for with export earnings. Rapid growth of exports in turn requires a steady improvement in agricultural techniques and in the quality of industrial products. The Romanians also will have to plan investments better and use them more efficiently if the investment cost of rapid economic development is to be kept low enough to allow for an adequate rise in consumption. Thus, even though the Romanian economy is performing satisfactorily at present, the regime is looking to the future and is experimenting with economic reforms.

Economic Reform

The Romanian regime, after long hesitation, has finally decided on a program of "perfecting" the economy -- the term "reform" is studiously avoided -- reminiscent of aspects of some of the programs adopted by other Eastern European countries. The draft directives which represent a measured reform despite regime semantics were approved by the Party Plenum of 5-6 October 1967. (1) The reforms are designed largely to reduce the "petty tutelage" characteristic of command economies. "Petty tutelage" diverts the central planning and keeps industrial managers from managing, turning them all into petty bureaucrats.

Although the poor quality of planning and management worries the Romanian leadership, Romania is under no immediate pressure to initiate basic institutional changes in the economy. It is the only Eastern European country that has stepped up its economic growth in the 1960's and short-run prospects are still good. Nevertheless, the Romanians recognize that they must find a way to decentralize decision making if they are to build a modern industrial economy. The reform program announced in October and approved at a December 6-8 National Party Conference (the first since 1945), is expected to unfold gradually in 1968.

As in all of the Eastern European countries except Hungary, Romanian economic reform seeks to achieve decentralization in industry by setting up new economic units (lumped by branch principle) between the ministerial and enterprise level. These new "industrial centrals" are to have broad control over groups of enterprises and will exercise many of the planning and management functions previously exercised by the central government, including substantial responsibilities for foreign trade. The industrial enterprises also are expected to become more independent in their day-to-day operations, and representatives of the workers are to be given a voice in management.

The other specifics of the reform program include a cutback in the number of mandatory production quotas; a general revision of prices to reflect supply costs and, in some cases, relative scarcities; some loosening

(1) "Directives of the Central Committee of the Romanian Communist Party Regarding the Perfecting of the Management and Planning of the National Economy in Accordance With the New Stage of Rumania's Socialist Development," Scinteia, October 8, 1967.

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of price controls over finished goods; a reduction in the number of commodities centrally allocated; a partial shift in investment financing from budget grants to bank loans and self-financing out of profits; and increased use of incentive payments for managers and workers as well as income deductions for failure to meet planned targets. Many of these innovations have been under discussion for at least a year and some already have been tried out on an experimental basis. In July 1967 the Romanians selected 71 enterprises to be given greater responsibility for their own operations over a trial period of 6 months. |||

Before drawing up their reform program, the Romanians studied carefully the experience of other countries -- including Western countries -- with economic planning and management. In June 1967 it was reported that the Czechs had been delivering to Romania large quantities of information on Czechoslovakia's economic reform. In September 1967 Romanian Communist Party members went to East Germany to study the experiences of the SED in the field of economic planning and management. Romanian planners went to France in January 1966, to Italy in March 1967, and to the United States in March-April 1967 to gather information on economic planning and management. In August 1967, three British management experts went to Romania for a week to discuss with Romanian experts improvements in the efficiency of the managerial staff and in the scientific organization of production.

Planning: The Romanian leadership is intent on making the central planners more professional. The planners are to concentrate on applying the tools of modern economic analysis to policy questions and major operating problems. Besides additional training for planners, the program provides for major changes in the system of gathering and distributing economic information, including substantial investment in data processing equipment.

Finance: One object of reform is to relieve the central authorities of the worst of the job of allocating investment funds. Applications for budget grants for investment have always amounted to far more than the available funds. They are free; everybody applies. Major new projects are fairly easy to judge on the basis of national economic goals, but funds for relatively small projects tend to be allocated mostly by rule-of-thumb formulas. In proposing to eliminate budget grants for many or most of the smaller investment projects in favor of bank financing and self-financing by enterprises, the regime is counting on the self-interest of enterprise management to help in rationing investment funds. Managers having to pay interest on funds borrowed from banks presumably will consider whether an investment will at least earn the amount of the interest. Banks also will have some self-interest in vetoing dubious projects. Similarly enterprises will have stronger incentives, it is hoped, to increase profits if a considerable share can be retained for investment.

The Romanians probably realize that the central authorities will still have to allocate investment funds through the banks among the various uses, and that profits are still a poor measure of the relative efficiency of enterprises. Nevertheless there appears to be something to gain and little to lose by decentralizing investment decisions in this way.

Agriculture: In agriculture the Romanians apparently plan to concentrate their reform efforts on state farms and on machine tractor stations, which service agricultural production cooperatives. In March 1967 the Romanians decided to reorganize the state farm sector. As is planned for industry, the primary responsibility for the day-to-day operations of the state farms was transferred from the central agency (the Higher Agricultural Council) to an economic unit between it and the state farm. These state agricultural enterprises comprise several state farms in the same area. The state farms themselves also were granted greater authority. Agricultural specialists have now become more directly involved in the management of production. Wages and bonuses are determined by the contribution made by the workers and farms to the achievement of the production and profits plan. Although the new system is not to go into complete effect until 1968, all state farms reportedly were reorganized under agricultural enterprises as of September 1967.

Foreign Trade: Reorganization of the foreign trade apparatus is directed primarily toward increasing earnings from exports. Steps have been taken over the past two years to decentralize foreign trade by transferring certain activities -- especially those connected with exports -- to the economic ministries. The draft directives state that increased foreign trade responsibilities will be given to the ministries and that the industrial centers also will be granted substantial responsibility for foreign trade activity, including the authority to establish direct contacts with foreign customers. The industrial centers may transfer some responsibilities to large plants that are largely or entirely producing for export. The Romanians intend to direct greater efforts toward establishing enterprises and sections that will specialize in production for export. Ministries and the industrial centers also will handle imports of certain industrial materials and of machinery and equipment for current investment. Some industrial centers will be designated to coordinate imports of certain groups of products.

The Ministry of Foreign Trade will continue to exert considerable control over foreign trade and will be responsible for assuring that government and party foreign trade policy are carried out. The Ministry -- through its enterprises -- will be responsible for the export and import of complete installations, key raw and semi-finished materials, and consumer goods. In order that trade be kept within the limits set by the foreign currency plan, the Ministry will issue export and import licenses.

In order to improve knowledge of foreign markets and to establish more direct trade contacts with other countries, commercial offices,

consisting of representatives of the industrial ~~centrals~~ will be set up in countries to which exports already are large or where prospects are favorable for increasing exports. Economic agencies already existing abroad will be converted to economic sections of the diplomatic missions. Commercial agents are to be paid according to their contribution to increased foreign trade exchanges and the increased profitability of trade with the countries to which they are assigned.

~~Economic Loosening and Political Tightening~~ ^{the guidelines} The Romanians presumably are under no illusions -- having observed the experience of Czechoslovakia and East Germany -- as to the probable effectiveness of the proposed economic reform program. Perhaps the most that can be expected from such a program is some upgrading of performance by planners and managers. In any case, the reforms cannot be expected to prevent a gradual decline in the rate of economic growth of Romania's increasingly complex industrial society. The proposed economic changes, significantly, are combined with a major overhaul of the provincial administrative bureaucracy. The present set-up of 18 regions, 150 raions, 184 towns, and 4259 communes will be streamlined into 40-45 counties (under Bucharest's direct supervision), an unspecified number of towns, and 1600 to 2250 communes. Creation of this new internal Establishment represents a political move allowing Party chief Ceausescu to reshuffle personnel and the administrative structure to strengthen his control over both. While tightening the Party's grip at the top, however, Ceausescu seems willing to reduce the interference of apparatchiks at lower levels of the economy. The success of the economic changes will depend to a large degree on how this political streamlining scheme enmeshes with the measured economic decentralization implied in the draft directives.

Foreign Economic Relations

Since 1959, in support of its program of rapid industrialization, Romania has greatly expanded its trade with Western countries, primarily in order to obtain machinery and equipment of advanced technology not available in the Communist world. The share of the West in total trade rose from 20% in 1959 to 35% in 1965 and to 40% in 1966 (see Table 9). This share reportedly increased to about 47% in the first half of 1967 (1). The share of the West in the trade of other Eastern European Communist countries in 1966 was 26% to 27% for Bulgaria, East Germany, and Hungary; 30% for Czechoslovakia; and 37% for Poland.

Romanian exports to the West consist largely of foodstuffs, timber products, and petroleum products. Western European demand for these products has remained strong enough to allow Romania to increase its trade rapidly with these countries.

(1) The Foreign trade data used in this report are based on official Romanian statistics unless otherwise indicated. The 1967 figures break down to: 53.3% with the Communist world; 39.6% with the industrialized West; and 7.1% with the underdeveloped states.

In order to acquire Western technology as fast as possible, Romania has resorted to borrowing from industrialized Western countries. Since 1959, Western European and other developed countries have shown a greatly increased interest in trade with Eastern Europe and a willingness to extend substantial medium-term and long-term credits to cover purchases of major new installations. Romania and Bulgaria, confident of their ability to repay credits by the further expansion of exports, have taken the fullest advantage of the availability of Western credits.

Growth and Geographic Distribution of Foreign Trade. The growth of trade with Western countries, especially with the developed countries of Western Europe, goes far to account for the acceleration of Romanian trade in the 1960's. In the seven years 1960-66, total Romanian trade increased 134%, an average of 13% per year, compared with a rate of 4% in the previous four years. During this period, trade with Communist countries increased by only 75% whereas trade with the West rose by 369%. Trade with the industrialized West grew even faster. In 1966, 73% of Romania's trade with the West was with the developed countries of Western Europe, 19% was with the less-developed countries, and only 7% was with Japan and the United States (1). Romania's leading trade partners in the West were West Germany (23% of total trade with the West), Italy (13%), France (11%), the United Kingdom (9%), and Austria (5%). In 1965, West Germany replaced Czechoslovakia as Romania's second largest trade partner. In 1966, Romanian orders of equipment from the industrial West shot up to \$320 million--more than all other East European orders combined. See Tables 10 through 13 for the value of Romanian trade by geographic area and by individual countries.

The USSR is still Romania's principal trading partner, but the Soviet share in total Romanian trade has fallen steadily. In 1966 it was only 34% as compared with 42% in 1964 and 47% in 1959. Trade with the USSR increased 89% during 1960-64 but declined 12% during 1965-66, mostly as a result of a 20% decline in Romanian imports. The drop in these imports was in part due to the CEMA decision to adjust downward the prices of certain raw materials--especially iron ore and coal--so that the prices of these commodities would be nearer to world market prices. This decision apparently has had a more depressing effect on Soviet exports to Romania than on Romanian exports to the USSR.

The share of other Communist countries in Romanian trade has also declined. Trade with the Eastern European Communist countries increased 92% between 1959 and 1966. Trade with these countries accounts for about one-fifth of total Romanian trade, Czechoslovakia and East Germany being the most important trading partners. Trade with the Asian Communist countries and with Albania increased 73% between 1959 and 1966. In 1966 it accounted for only 5% of total Romanian trade.

(1) According to the reporting of Western countries, these shares came to 69%, 23%, and 8%, respectively.

As a result of substantial drawings on Western credits, Romanian imports have grown faster than exports. Exports to the West rose 315% during 1960-66. These exports increased 78% in 1960 following several years of very slow growth. After rising another 22% in 1961, they grew at an average annual rate of 10% during 1962-65 and jumped another 30% in 1966. In January-June 1967, Romanian exports to the industrialized West increased 24% over January-June 1966 (1). Imports from the West have increased more rapidly than exports. During 1960-66 they increased 429%. These imports grew at an average annual rate of 65% during 1960-61 and of only 12% during 1962-65. In 1966 they increased 24%. Imports from the industrialized West increased 79% in January-June 1967 compared with January-June 1966 (2).

Commodity Composition of Foreign Trade

Exports: Changes in the structure of exports since World War II reflect the growing diversification of Romanian industry. Romania's most important exports are petroleum products, foodstuffs, timber and timber products, and machinery and equipment (see Table 14). All but the last have been of particular importance in the development of Romania's trade with the West.

Fuels, raw materials, and semifinished products still represent the most important category of exports, but in 1966 accounted for only 48% of total exports compared with 68% in 1959. Within this category, exports of petroleum products, which have declined in recent years, accounted for 10% of total exports in 1966 compared with 34% in 1959. Exports of timber and timber products (excluding furniture and other finished products) increased roughly 70% during 1960-66 and in 1966 accounted for an estimated 11% of total Romanian exports. Among the fastest growing exports have been those of chemicals, which in 1966 were nearly 6 times the 1959 level.

Favorable conditions for the growth of agricultural production have made possible a substantial increase in exports of foodstuffs. These exports, which comprised 24% of total exports in 1966, consist mainly of grain (primarily corn), fruit and vegetables, and wine and other alcoholic beverages. By 1966, these exports were four and a half times the low level of 1959.

Since the mid-1950's, exports of machinery and equipment have become an important source of foreign exchange, although mainly in trade with other Communist countries. Exports in this category--mainly agricultural machinery, equipment for the petroleum industry, and transportation equipment--rose from 6% of total exports in 1955 to 17% in 1966.

Exports of manufactured consumer goods have risen substantially and in 1966 accounted for 11% of total exports, as compared with 5% in 1959.

(1) Based on the reporting of Western countries. Data exclude trade with the United States and Canada.

(2) Based on the reporting of Western countries. Data exclude trade with the United States and Canada.

In 1966, exports of furniture and of clothing accounted for 35% and 29%, respectively, of total exports of manufactured consumer goods.

Exports to the West: The share of Western countries in Romanian exports has increased dramatically, rising from 21% in 1959 to 38% in 1966. Of total Romanian exports in 1965, nearly one-half of foodstuffs and of petroleum products and roughly two-thirds of timber and timber products (excluding finished goods) went to the West (1).. In 1959 these shares had been only one-fifth, one-fourth, and roughly two-fifths, respectively.

About two-thirds of the increment in exports to the West during 1960-65 came from the substantial increases in exports of foodstuffs and of timber and timber products. Exports of petroleum products, on the other hand, grew slowly. There was a considerable shift in the structure of Romanian exports to the non-Communist countries (see Table 15). The share of foodstuffs, which dropped to 10% in 1959 because of the poor harvest in 1958, amounted to 31% in 1965. The share of petroleum and petroleum products declined from 39% in 1959 to 18% in 1965.

In 1966, three-fourths of Romanian exports to non-communist countries went to the industrialized countries. The major Western purchasers of foodstuffs have been Italy, West Germany, the United Kingdom, and Austria. In 1965, these countries absorbed 77% of total Romanian exports of foodstuffs to non-Communist countries. In the same year, some three-fifths of exports of petroleum and petroleum products to Western countries went to France, Japan, and West Germany, while four-fifths of exports of timber and timber products went to Italy, West Germany, and France.

Imports: The structure of Romanian imports has been affected by the growth of industrial production, which has increased requirements for imports of industrial materials, and by the growth of and fluctuations in investment, which largely determine the level of imports of machinery and equipment.

Imports of machinery and equipment, which have added substantially to Romania's industrial capacity, grew rapidly during both postwar investment booms (1950-53 and 1959 to the present). In 1966 these imports accounted for 41% of total Romanian imports (see Table 16). By 1961 Western countries had replaced the USSR as the leading supplier of machinery and equipment.

Sizeable imports of fuels, industrial raw materials, and semifinished products are required to supplement Romania's own production of certain commodities, especially iron ore, coking coal, rolled steel, and cotton (2). These imports, which in 1966 accounted for 49% of total Romanian imports, have grown much more slowly than imports of machinery. Since 1959 Western countries have become an increasingly important source of these imports.

(1) Data on the commodity composition of Romanian trade with the West are official statistics of Western countries as compiled by the US Department of Commerce and by the Economic Commission for Europe. The Commerce Department data include Yugoslavia in the totals.

(2) Table 2 shows the importance of imports in Romanian consumption of selected commodities.

Imports from the West: By far the fastest growing category of imports from the West has been machinery and equipment. In 1965 imports in this category were about 7 1/2 times the 1959 level and accounted for 37% of total imports from the West, compared with 20% in 1959 (see Table 17). Another category of imports with a growth rate well above average was metals and metal products, which made up 16% of Romanian imports from the West in 1965. The shares of textile fibers and food-stuffs, on the other hand, declined from 20% and 11%, respectively, in 1959 to 12% and 4% in 1965.

Among the machinery and equipment purchases from the West during 1959-65 were a catalytic reforming installation (United States, France, Italy, West Germany); a synthetic fiber plant (West Germany); a tire plant (United Kingdom); a rayon tire cord plant (Italy); a rayon fiber and paper mill (West Germany, Switzerland, Austria); three paper mills (one from France, two from the United Kingdom); equipment for the Hunedoara metallurgical combine (West Germany); a heavy plate rolling mill for the Galati iron and steel combine (France, United Kingdom); a plant for the production of radios and television sets (France); and electric locomotives, parts, and technology (Sweden).

The share of the West in total Romanian imports increased from 20% in 1959 to 43% in 1966. Between 1959 and 1965 the share of the West in Romanian imports of machinery and equipment rose from an estimated one-seventh to an estimate two-fifths using partner-country data. The Western share in imports of fuels, minerals, and metals rose from nearly one-tenth to about one-fifth; the share in imports of chemicals, fertilizers, and rubber from more than one-third to about two-thirds; and the share in imports of cotton from about one-fourth to early three-fifths.

Imports from the industrialized Western countries have grown faster than total imports from the West since 1959, accounting for 86% in 1966. The major Western suppliers of machinery and equipment in 1965 were West Germany, France, Italy, and the United Kingdom, in that order. West Germany also was the single most important Western supplier of finished steel and of chemicals.

Balance of Payments

A substantial part of Romanian imports has been financed by credits. Romanian deficits on trade apparently were covered chiefly by Soviet credits through 1958 and by credits from countries in Western Europe and from Czechoslovakia since 1958. During 1958-66 Romania incurred a cumulative trade deficit with Western countries totaling \$291 million (1), of which \$213 million was with West Germany. The cumulative trade deficit with the Communist countries amounted to \$58 million, primarily because of a large (\$101 million) deficit with Czechoslovakia.

The deficit on commodity trade jumped by a record \$123 million in the first 6 months of 1967. According to Western reporting, the

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deficit with the industrialized West (1) totaled \$103 million, as compared with \$13 million in the first half of 1966. The deficit with West Germany alone totaled some \$82 million. Planned increases for imports and exports in 1967 indicate that the Romanians expect to incur a deficit on total trade of about \$200 million, as compared with \$27 million in 1966. The largest previous deficit -- \$168 million -- was incurred in 1964.

Romania's gold reserves are an important asset and have served to greatly enhance the country's credit-worthiness. These reserves, substantial ones for a country of Romania's size, amount to an estimated \$110 million to \$130 million at the end of 1966. Sales of gold since 1948 have amounted to an estimated \$105 million to \$124 million. All known sales were made to Western countries, principally France, Switzerland, and Argentina.

Because of the still-small size of its growing merchant fleet, Romania has increased sizeable deficits on freight and insurance. Net receipts from other sources -- such as tourism, and transfer payments -- have not been sufficient to offset the substantial deficit on current account. Thus, there has been a heavy reliance on credits from both Communist and Western countries. Repayments and interest on these credits have added substantially to Romania's expenditures.

Soviet credits extended to Romania since 1945 have been considerably smaller than those Moscow has extended to most other Eastern European Communist countries. The USSR extended \$189 million in credits to Romania during 1945-56 (while simultaneously levying heavy reparations for war damages) and another \$28 million in 1965 to cover purchases for the Iron Gates hydro-electric project. Romania has received credit extensions totaling at least \$128 million from Czechoslovakia, East Germany, Poland, and Hungary. Most of these credits have been extended since 1955.

Commercial credits received from the industrialized Western countries since 1959 have been of great importance in permitting the rapid growth of Romanian imports from these countries. NATO countries -- especially West Germany, France, and the United Kingdom -- have been the most important Western suppliers of credits to Romania in recent years. NATO reports credit extensions but not drawings. Extensions of government-guaranteed private credits by NATO countries less repayments totaled \$108.6 million at the end of 1964 and \$226.2 million at the end of 1965. By the end of 1966, the amount had increased to \$463.8 million (2), of which West Germany accounted for an estimated two-fifths. Romania accounted for nearly one-third of the total outstanding guaranteed private

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credits granted by NATO countries to the Eastern European Communist countries at the end of 1966.

A large part of credits extended to Romania by NATO countries in 1965 and 1966 was not drawn in those years. Thus, outstanding indebtedness on private guaranteed credits from NATO countries drawn since 1959 totaled an estimated \$135 million at the end of 1965 and an estimated \$220 million at the end of 1966.

In 1965, NATO countries began to extend to Romania credits of more than 5 years duration. Of total net government-guaranteed credits extended by NATO during 1965-66, about two-thirds were for periods of more than 5 years.

In addition to government guaranteed credits, some NATO countries apparently have extended private non-guaranteed credits to Romania. According to an East German report of August 1967 (1), nearly one-half of the approximately \$0.6 billion in total credits extended by West Germany to Romania have consisted of private bank credits. Outstanding indebtedness on private non-guaranteed credits drawn totaled an estimated \$50 million at the end of 1966. Thus, total Romanian indebtedness to NATO countries amounted to an estimated \$270 million at the end of 1966.

Credits to Romania from non-NATO industrialized Western countries have been small relative to those from NATO countries. Estimates indicate that during 1959-66 drawings on credits for purchases of machinery and equipment from non-NATO countries accounted for about 15% of total credits from the industrialized West. Romanian indebtedness to non-NATO countries amounted to an estimated \$50 million at the end of 1966.

Romanian extension of credits have reached a level equal to roughly one-third of credits extended to Romania. Since 1950 Romania has extended credits amounting to approximately \$153 million to other Communist countries and \$267 million to less-developed Western countries. Of credits extended to the latter, only \$51 million had been drawn by the middle of 1967.

Foreign Trade Plans and Policy

Because Romanian import policy is primarily directed toward the purchase of machinery and equipment of the highest technological level, trade with the West probably will continue to be pushed. During their current 5 year plan (1966-70) the Romanians plan to increase trade at a slower rate than during 1960-65. Total foreign trade turnover is to increase by 55% with imports to rise about 53% and exports about 57%.

(1) Neues Deutschland, East Berlin, 18 August 1967.

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Romania will continue to rely heavily on credits to finance its imports and will probably also place increasing emphasis on barter arrangements and various forms of industrial cooperation. Secretary General Nicolae Ceausescu, in a speech at the Romanian Conference on Foreign Trade in February 1967, emphasized the significance of such cooperation and stated that during 1966-70 Romania expects to incur a cumulative deficit on its commodity trade of about \$0.4 billion, i.e., about the same as during 1961-65. Thus, the cumulative deficit on commodity trade during 1958-70 could total approximately \$0.7 billion. Presumably most of the credits required will be sought in the industrialized West.

The expected large imbalance between imports and exports has prompted the Romanians to greater efforts to increase exports above the planned level and to reduce unnecessary imports. The Romanians hope to produce domestically more of what is now imported. They claim, for example, that they have found it possible to build 10 chemical installations valued at about \$80 million that they originally had planned to import.

Export Policy and Plans: Romanian export policy is directed toward increasing the range and quality as well as the quantity of products available for export. Emphasis is to be placed on increasing exports of more highly processed goods. The growth of exports is to be assured mainly by the machine-building, chemical, and food industries and by agriculture. Exports of machinery and equipment and of chemicals are planned to grow the fastest and by 1970 are to represent 28% and 15%, respectively, of total exports as compared with 19% and 8% in 1965 (1). Given favorable weather conditions for agriculture, Romania probably can achieve the planned increase for total exports even though the goals for certain commodities--such as machinery and equipment--may not be fulfilled.

The Romanians are making greater efforts than in the past to construct industrial plants that will add to export capacity. For example, they expect that in 1970 about four-fifths of chemical exports will come from new plants, many of which presumably will be among those imported from the West. The Romanians hope to achieve much better coordination between imports of industrial equipment and exports. Efforts also are being focused on the difficult problem of increasing agricultural production so as to increase exports while simultaneously improving the quality of the diet of the average Romanian worker.

Besides attempting to increase exports by traditional methods, the Romanians are looking into the possibility of getting Western firms to take as partial payment a share of the output of plants they install.

(1) Exports of chemicals, in this case, include cellulose, paper, and aluminum.

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In this way the Romanians can make use of the superior marketing experience and connections of Western companies. Romania already has met with some success along this line. Renault of France, for example, has agreed to accept Romanian-made transmission boxes as partial payment for the Renault automobile plant to be built in Romania.

The Romanians recognize the need for better assessments of foreign markets and toward this end established in April 1967 the Institute for the Study of International Economic Trends, which is subordinate to the Ministry of Foreign Trade. In addition, they are attempting to set up joint marketing organizations with Western countries.

Other steps being taken to increase net foreign exchange earnings are the promotion of tourism and the building up of the merchant fleet, which by 1970 is to total about 590,000 DWT, compared with about 171,000 DWT at the end of 1965. Most of the new capacity is to be provided by ships built in Japan and the United Kingdom. The delivery of 5 ore carriers from Japan and 2 cargo ships from the United Kingdom was the major factor in raising the capacity to 344,000 DWT by mid-1967. The Romanians hope to increase the capacity of their merchant fleet to about 463,000 DWT by the end of 1967.

Import Policy and Plans: Western countries will continue to be important suppliers of machinery and equipment, imports of which probably will continue to grow rapidly during 1966-70, although not as rapidly as during 1960-65. In 1966 alone total imports of machinery and equipment increased 19%. The Romanians hope to import about \$1.5 billion worth of complete installations during 1966-70 and claim to have signed contracts for \$600 million worth of installations by the end of 1966.

Imports of raw materials are to grow much more slowly than imports of machinery and equipment. The Romanians expect imports of iron ore and cotton to increase about 30%. Imports of finished steel and of chemical fibers, on the other hand, are expected to decline as Romania's own production capacity expands. The Romanians hope that in 1970 domestic production will satisfy 95% of their requirements of rolled metals, compared with 79% in 1965, and 88% of their requirements of chemical fibers, compared with 40% in 1965.

In 1968 the Romanians plan to start importing crude oil from Iran to supplement their own output. During 1968-70 these imports are to total 3.5 million metric tons and will add approximately 10% to Romania's supplies of crude oil.

Prospects for Trade with the West

As already noted, the share of Western countries in total Romanian trade has increased substantially over 1965, reaching a reported 47% in January-June 1967. Little further increase in this share is likely until

1970. The chances are that Romania intends--as in the previous plan period--to increase its trade with the West most rapidly in the early part of the 5-year period in order to assure the procurement of capital goods necessary for the planned growth of industrial production.

Exports: The outlook for Romanian exports to the West through 1970 is favorable. The best prospects for expansion of exports to the West appear to be in the areas of processed foods, especially vegetables; timber and timber products; and chemicals. A moderate rate of growth probably can be expected in exports of manufactured consumer goods. Imports of crude oil from Iran will help Romania expand its exports of petroleum products to the West more rapidly than in recent years. The outlook for exports of machinery and equipment is especially poor. Nearly all Romanian equipment has been of too low a level of technology to be acceptable in the industrialized West, and most of it is unacceptable even in the less developed countries, though a few items--including deep-drilling rigs, diesel locomotives, and tractors--have been traded on the world market.

Among the plants now under construction or planned which should increase Romania's export potential to the West are chemical, wood-processing, pulp and paper, steel, and food-processing plants. Much of the equipment for these and other plants has or is to come from the West. The high technological level of this equipment can be expected to help in increasing the output of high-quality goods.

Importance of New Credits and Barter: The continuing rapid expansion of Romanian exports to the industrialized West that is expected during 1966-70 will not in itself assure much of an increase in imports from that area. Much of the increase in exports over this period will be needed to cover repayments and interest on credits received during 1960-65 and on new credits received since 1965. Thus, to sustain a fairly rapid growth of imports from the West during 1966-70, Romania needs substantially larger drawings on credits than during 1960-65. Western countries probably will offer as much medium-term and long-term credit as Romania can use. A good start has been made in obtaining credits for 1966-70. Estimates indicate that credits already extended to cover purchases of machinery and equipment amount to roughly \$450 million, mainly from West Germany, France, the United Kingdom, and Belgium. Repayment periods run up to 10 years from the take-charge date. In the longer run the actual growth of imports will depend mainly on the degree to which: (1) Romania is willing to increase its outstanding indebtedness to the industrialized West, and (2) the West is willing to let Romania pay in kind.

Gold Position: Romania's gold position is an element of strength in maintaining the growth of imports. Domestic production of gold--which reportedly amounts to about \$25 million worth a year at present--may be sufficient to raise Romanian reserves from roughly \$110-130 million at the end of 1966 to about \$220 million in 1970 and about \$345 million in 1975 if no sales are made. The regime would prefer to add nearly all production to reserves but probably would sell a substantial portion to avert a drastic decline in the growth rate for imports.

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Imports: On the assumption that credits are substantially greater than in 1960-65, Romania should be able to continue an impressive level of imports from the West. In support of their industrialization program for 1966-70, the Romanians hope to import \$1 billion worth of machinery and equipment from the industrialized West, and if Western interest in trading with Romania is sustained, this goal probably can be realized. The Romanians already have signed contracts with Western countries for the delivery during 1966-70 of at least \$570 million worth of machinery and equipment. Of this amount, some \$210 million worth is to come from West Germany and approximately \$120 million worth from France.

→ Furthermore, as of September 1967 the Romanians were negotiating with the West Germans for an additional \$125 million worth of machinery and equipment.

→ The machinery and equipment and complete installations already delivered or to be delivered by the industrialized Western countries during 1966-70 include: a plant for the assembly of Renault automobiles (France); a basic oxygen steel plant for the Galati iron and steel combine (West Germany); a blooming mill for the Hunedoara iron and steel combine (West Germany); mining machinery for the lignite open-pit mines in the Rovinari Basin (West Germany); a catalytic cracking plant (United States); two nitrogen fertilizer plants (Belgium); plants for the production of polyester fiber, olefin, dimethylterephthalate, and paraxylene (West Germany); a polyethylene plant (United Kingdom); an acrylonitrile plant (France); machinery and engineering services required for the expansion of the Danubiana and Victoria tire factories (United Kingdom); two 315-megawatt generators and 4 boilers for the Craiova electric power plant (France, West Germany); automatic telephone exchanges and technical assistance in the establishment of a telecommunications plant (Belgium); seven ore carriers and two tankers (Japan); and two cargo vessels (United Kingdom). Most of these deliveries will be covered by private government-guaranteed credits. A typical long-term credit covers 80% of the value of the contract, with repayments to be made over 5 to 10 years from the take-charge date and with interest rates running at about 6%.

As Romanian industry expands, dependence on imports from Western countries of certain industrial materials, such as coking coal, iron ore, and cotton, will increase, especially if Romania continues the recent trend of developing Western sources of supplies in order to reduce its dependence on the Communist countries. On the other hand, the Romanians may be able to reduce their imports of rubber, chemical fibers, and rolled steel as their own capacity for production of these commodities increases.

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CONCLUSIONS:

1) The naturally richly endowed Romanian economy continues to register rapid overall growth, with industry expanding at an impressive, albeit declining, rate and agriculture undergoing gradual modernization and slow growth. From 1960 to 1966, Romanian industry claimed a 98% increase -- the highest growth rate in the world; Romanian agriculture, however, stagnating under communist controls, reduced the average annual increase in GNP to 6%.

2) While Romania's command economy has made impressive gains, especially since greatly strengthening its ties with the West, the increasingly complex problems inherent in the nation's transition from a traditional to a modern society eventually prompted Bucharest planners to announce in late 1967 that a cautious economic and administrative-territorial reorganization will be introduced in 1968. The regime is counting on the economic loosening and internal political streamlining involved in this reorganization to result in increased efficiency.

3) The pronounced shift of Romanian trade toward the West resulted by mid-1967 in an almost even balance between trade with communist (53%) and non-communist states (47%). No other East European communist state, except Yugoslavia, has gone so far in building commerce with the West. The USSR, however, remains Romania's principal trading partner, a situation the regime may want to continue as a matter of political as well as economic prudence.

a) Although Romania's bridge-building with the West has provoked difficulties in its relations with CEMA and has stimulated CEMA pressures against Bucharest's maverick line, the Romanians have apparently weathered intra-bloc policy storms so successfully that they show every sign of wanting to press ahead along their present foreign trade course.

b) Mounting trade deficits with the West, especially West Germany, are causing worry in Bucharest, but the Romanians evidence confidence that given sufficiently flexible credit and barter terms they can keep these deficits within tolerable bounds. Moreover, they seem determined to expand Romanian exports, especially to the less developed countries.

4) The evolution of Romania along its self-charted course of increasing independence from the Soviet Union appears to be clearly in Western interests. Further expansion of economic, trade, as well as cultural exchange between NATO members and Romania offers both sides advantages which at the same time promote the building of national communism on Soviet borders.

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TABLE I

ESTIMATED INDEXES OF GROSS NATIONAL PRODUCT AND INDUSTRIAL AND AGRICULTURAL PRODUCTION
(1959 = 100)

<u>Year</u>	<u>Gross National Product (1)</u>	<u>Industrial Production (2)</u>	<u>Agricultural Production (3)</u>
1955	90	72	93
1956	78	78	76
1957	93	84	88
1958	87	91	83
1959	100	100	100
1960	107	112	97
1961	115	127	107
1962	117	140	98
1963	121	152	100
1964	131	171	106
1965	139	188	113
1966	151	209	122

- (1) Estimates of GNP for 1964-66 have been revised on the basis of recently completed estimates of value added in industry.
- (2) The index of industrial production represents value added for the sector.
- (3) The index of agricultural production represents net production -- gross production less feed, seed, and waste -- rather than value added.

TABLE 2

DEGREE OF SELF-SUFFICIENCY IN SELECTED COMMODITIES, 1966

	<u>Units</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Apparent Consumption</u>	<u>Production as Percent of Consumpt.</u>
Electric power	Million Kw. - hr.	20,806	462	1,213	20,055	103.7
Petroleum products	Thousand metric tons	11,900 (1)	0	5,769	6,131	194.1
Iron ore	"	2,681	2,854	0	5,535	48.4
Coking coal	"	1,141	696	0	1,837	62.1
Metallurgical coke	"	1,103 (2)	1,091	0	2,194	50.3
Rolled steel (3)	"	2,590 (1)	1,363	696	3,257	79.5
Rubber	"	35 (4)	32 (5)	14 (4)	53	66.0
Cement	"	5,886	0	1,636	4,250	138.5
Grain (6)	"	12,160 (1)	30	1,303	10,887	111.7
Sugar, refined	"	442	0	106	336	131.5
Cotton (unginned)	"	insig.	77	0	77	insig.
Sawnwood (softwood and hardwood)	Thousand cubic meters	5,399	0	2,248	3,151	171.3
Plywood	"	210	0	109	101	207.9

(1) Estimated.

(2) Including domestic coke and breeze.

(3) Including pipes.

(4) Synthetic rubber.

(5) Crude and synthetic rubber.

(6) Including rice.

TABLE 3ESTIMATED LABOR FORCE (1)
(Thousands as of 1 July)

	<u>1950</u>	<u>1952</u>	<u>1965</u>	<u>1966</u>
Total	9,753	10,737	11,319	11,431
Agricultural branches	7,246	7,392	6,889	6,799
Nonagricultural branches	2,507	3,345	4,430	4,632
-- Industry	1,162	1,589	2,011	2,087
-- Other	1,345	1,756	2,419	2,545

(1) Prepared by the Foreign Demographic Analysis Division of the US Bureau of the Census, April 1967.

TABLE 4

DISTRIBUTION OF GROSS FIXED INVESTMENT (1)

	1951-53	1954-58	1959-65	1966	1966-70 Plan (2)
Type					
Construction	50.8	52.0	45.8	48.0	N.A.
Machinery and equipment	33.6	31.1	38.4	36.6	N.A.
of which:					
Imported	13.2	6.8	11.1	12.0	N.A.
Other	15.6	16.9	15.8	15.4	N.A.
Total	100.0	100.0	100.0	100.0	
Economic Sector					
Industry	57.1	55.2	49.4	50.6	55.8
Heavy industry	48.9	44.8	38.1	39.5	N.A.
Light industry (3)	8.2	10.5	11.2	11.2	N.A.
Agriculture	7.9	13.2	19.6	15.7	12.7 (4)
Transportation and Communications	13.2	8.7	9.5	11.1	11.5
Housing	3.9	6.0	6.4	6.9	6.2
Other	17.9	16.9	15.1	15.7	13.8
Total	100.0	100.0	100.0	100.0	100.0

Percentages for 1951-65 are calculated from data in 1959 prices. Percentages for 1966 are calculated from data in 1963 prices. Components may not add to totals shown because of rounding. Data exclude investment by private individuals from their own funds.

2) Percentages are calculated from data for investment from centralized state funds only.

3) Including food processing, and timber industries.

4) Excluding investment from the funds of agricultural production cooperatives, which in 1966 accounted for 28% of total investment in agriculture and for 4% of total investment.

TABLE 5

OUTPUT OF SELECTED INDUSTRIAL PRODUCTS

	UNIT	1955	1959	1962	1965	1966	1970 Plan
Electric Power	Billion KWh	4.3	6.8	10.1	17.2	20.8	33.0- 34.0
Crude Oil	Million tons (1)	10.6	11.4	11.9	12.6	12.8	13.2
Gasoline	"	2.6	2.7	2.4	2.5	2.3	N.A.
Diesel Fuel	"	1.6	2.3	2.9	3.6	3.7	N.A.
Residual Fuel Oil (2)	"	4.0	3.9	3.9	3.8	4.0	N.A.
Natural Gas	Million cubic meters	6.2	9.3	12.9	17.3	18.6	N.A.
Coal (3)	Million tons	6.1	8.0	9.6	12.1	13.5	22.2
Iron Ore	"	0.6	1.1	1.7	2.5	2.7	3.4
Crude Steel	"	0.8	1.4	2.5	3.4	3.7	6.4
Rolled Steel (including pipe) (4)	"	0.6	0.8	1.7	2.4	2.6	N.A.
Metallurgical Coke	"	0.1	0.6	1.1	1.1	1.1	N.A.
Cement	"	1.9	2.9	3.5	5.4	5.9	7.5
Metal-cutting machine tools	Thousands	2.1	N.A.	6.1	7.1	8.5	13.5- 14.5
Drilling rigs	Units	12	72	136	74	64	N.A.
Petroleum refinery equipment	Thousand tons	2	5	13	23	8	N.A.
Chemical equipment	"	N.A.	12	42	36	32	N.A.
Metalworking equipment	"	4	20	30	41	48	N.A.
Tractors (5)	Thousand units	3.5	11.0	21.5	15.8	18.5	27.5
Motor vehicles	"	3.0	9.5	15.0	22.8	27.0	N.A.
Chemical Fertilizers (active substance)	Thousand tons	10.7	52.1	130.5	292.8	419.3	1,300- 1,328
Plastics and synthetics resins (100%) (6)	"	1.1	6.6	23.8	75.5	94.6	220- 241.4
Chemical fibers	"	2.6	3.4	4.9	21.0	34.2	75- 83.5

TABLE 5
OUTPUT OF SELECTED INDUSTRIAL PRODUCTS
 (Continued)

	UNIT	1955	1959	1962	1965	1966	1970 Plan
Synthetic rubber	Thousand tons	0	0	0	30.8	35.5	60
Motor vehicle tires (7)	Million units	0.2	0.3	0.6	1.2	1.5	2.2
Cotton and Cotton-type fabrics	Million square meters	244	218	299	319	339	398
Footwear (8)	Million pairs	18	28	32	43	46	61-64
Paper	Thousand tons	109	127	159	244	287	450
Sawnwood (soft-wood and hard-wood)	Thousand cubic meters	3,218	3,614	4,290	5,004	5,399	N.A.
Plywood	"	31	53	130	200	210	580-630
Particle and fiber board	Thousand tons	0	17	91	263	274	
Meat (9)	Thousand tons	221	241	297	308	345	500-524
Edible oils and fats (10)	"	48	77	162	172	206	280-295
Sugar (refined)	"	130	242	342	402	442	600

- (1) Metric tons are used.
- (2) Includes 50% special fuel and residual fuel oil used in refineries.
- (3) Raw, uncleaned coal.
- (4) Estimated.
- (5) Production of the 65-hp. high-performance universal tractor started in 1963, resulting in a decrease in total number of tractors produced.
- (6) Excluding resins used for synthetic fibers.
- (7) Excluding motorcycle tires.
- (8) Not including production of the private sector.
- (9) Industrial output in slaughter houses, not including lard.
- (10) Excluding output of peasants' presses; including output from imported raw materials.

TABLE 6
DISTRIBUTION OF GROSS FIXED INVESTMENT IN INDUSTRY (1)
(Percent of Total)

	1951-53	1954-58	1959-65	1966
Electric Power	13.9	10.4	12.8	18.0
Coal	6.6	6.7	4.2	4.5
Petroleum	30.7	25.2	14.9	14.5
Methane gas (extraction)	1.4	1.1	3.0	2.8
Ferrous metals (2)	7.1	10.1	9.8	10.8
Nonferrous metals (2)	4.6	6.7	5.9	4.0
Machine building and metalworking	8.6	6.4	8.3	8.0
Chemicals	6.2	8.6	14.0	10.8
Construction materials (5.3	4.2	3.7	4.1
Timber (3)	4.8	6.7	6.8	5.3
Cellulose and paper (4)	1.3	1.7	5.0	3.3
Textiles	1.8	2.0	2.7	3.7
Food processing	3.7	6.0	5.6	5.9
Other	4.0	4.3	3.1	4.3
Total	100.0	100.0	100.0	100.0

(1) Percentages for 1951-65 are based on data in 1959 prices. Percentages for 1966 are based on data in 1963 prices. Components may not add to totals shown because of rounding.

(2) Mining and metallurgy.

(3) Exploitation and processing.

(4) Including exploitation of reeds.

TABLE 7
 PRODUCTION AND YIELDS OF PRINCIPAL CROPS

	1950-53 Average	1954-58 Average	1959	1960-65 Average	1966
Production (thousand metric tons)					
Total grain (1)	6,480	7,562	9,340	9,332	12,160
of which:					
Corn (1)	2,295	3,957	4,544	4,639	6,418
Wheat	3,170	2,840	4,000	4,071 (2)	5,065
Sugar beets	1,063	1,740	3,446	2,955	4,368
Potatoes	2,089	2,703	2,896	2,668	3,352
Sunflower seed	246	265	529	507	671
Grapes	682	903	973	902	954
Yields (quintals per hectare)					
Corn (1)	8.0	11.4	12.8	13.8	19.5
Wheat	11.4	9.9	13.4	13.8 (2)	16.7
Sugar beets	113	131	171.1	162.4	225
Potatoes	86.5	103.3	103.6	88.1	110
Sunflower seed	6.0	8.1	10.0	11.0	14.3
Grapes	30.6	40.1	37.8	34.9	37.7
) Estimated					
) Data for 1965 are estimates.					

TABLE 8
NUMBER OF LIVESTOCK AND OUTPUT OF LIVESTOCK PRODUCTS

	1950	1959	1962	1965	1966
Number of livestock (in thousands, end of year)					
Horses	1,002	1,110	780	689	705
Cattle <i>Bœuf</i>	4,502	4,450	4,566	4,935	5,198
Hogs	2,197	4,300	4,518	5,365	5,400
Sheep <i>Ovin</i>	10,222	11,200	12,168	13,125	14,109
Goats <i>Caprin</i>	498	415	550	807	828
Poultry <i>Volaille</i>	17,610	37,000	34,150	40,085	43,966
Output of livestock products (thousand metric tons)					
Meat, carcass weight (1)	260	382	465	462	500
Milk (2)	1,517	2,203	2,403	2,302	2,674
Wool	16	21	24	25	26
Eggs	50	98	114	119	128

(1) Estimated. Data exclude horsemeat, rabbit, poultry, edible offal, and lard.

(2) From cows.

TABLE 9
GEOGRAPHIC DISTRIBUTION OF FOREIGN TRADE (1)
(Percent of Total)

<u>Year</u>	<u>Total</u>	<u>Western Countries</u>	<u>USSR</u>	<u>Eastern European Communist Countries</u>	<u>Other Communist Countries</u>
<u>T U R N O V E R</u>					
1959	100.0	20.2	47.3	25.1	7.4
1961	100.0	31.3	40.4	23.6	4.7
1965	100.0	35.0	38.8	21.6	4.6
1966	100.0	40.4	33.5	20.6	5.5
<u>I M P O R T S</u>					
1959	100.0	19.5	46.8	26.9	6.8
1961	100.0	32.7	36.7	25.8	4.8
1965	100.0	38.8	37.7	19.5	4.0
1966	100.0	42.8	32.5	20.1	4.7
<u>E X P O R T S</u>					
1959	100.0	20.8	47.9	23.3	8.0
1961	100.0	29.8	44.3	21.3	4.6
1965	100.0	31.4	39.8	23.6	5.3
1966	100.0	38.0	34.5	21.1	6.3

(1) Components may not add to totals shown because of rounding.

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TABLE 10

VALUE OF FOREIGN TRADE BY GEOGRAPHIC AREA (1)
(Million US Dollars)

	1958	1959	1960	1961	1962	1963	1964	1965	1966
Turnover	950.0	1,024.4	1,364.9	1,607.2	1,759.1	1,937.0	2,168.2	2,178.6	2,392.4
Western countries	211.4	206.8	368.0	502.8	565.3	603.3	685.8	763.2	969.8
USSR	489.1	484.8	547.4	650.0	713.8	812.2	914.9	844.6	803.9
Eastern European Communist countries	190.2	257.0	361.8	378.8	428.1	433.0	485.8	469.9	494.2
Other Communist countries (2)	59.4	75.9	87.7	75.5	51.8	88.6	81.7	101.0	131.5
Imports	481.7	502.0	647.6	814.7	941.1	1,022.0	1,168.1	1,077.1	1,213.2
Western countries	99.9	98.1	174.2	266.6	307.0	327.7	373.6	417.5	519.0
USSR	253.8	234.7	265.9	298.8	370.5	399.3	493.0	406.2	394.1
Eastern European Communist countries	106.1	135.2	173.2	210.4	233.0	254.4	262.6	210.3	243.6
Other Communist countries	21.8	34.1	34.5	38.9	30.7	40.6	38.9	43.2	56.6
Exports	468.3	522.4	717.0	792.5	818.0	915.0	1,000.1	1,101.5	1,186.1
Western countries	111.4	108.7	193.8	236.2	258.4	275.6	312.2	345.6	450.8
USSR	235.3	250.1	281.4	351.2	343.3	412.9	421.8	438.4	409.8
Eastern European Communist countries	84.1	121.8	188.6	168.4	195.1	178.5	223.1	259.6	250.6
Other Communist countries	37.5	41.6	53.2	36.6	21.2	46.0	42.9	57.8	75.0

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TABLE 10
 VALUE OF FOREIGN TRADE BY GEOGRAPHIC AREA (1)
 (Million US Dollars)
 (Continued)

	1958	1959	1960	1961	1962	1963	1964	1965	1966
Trade balance (3)	- 13.4	+ 20.5	+ 69.2	- 22.2	- 123.2	- 107.0	- 168.1	+ 24.4	- 27.1
Western countries	+ 11.5	+ 10.7	+ 19.6	- 30.3	- 48.6	- 52.1	- 61.3	- 71.8	- 68.2
USSR	- 18.5	+ 15.4	+ 15.5	+ 52.4	- 27.2	+ 13.6	- 71.2	+ 32.3	+ 15.7
Eastern European Communist countries	- 22.0	- 13.3	+ 15.4	- 41.9	- 37.8	- 75.9	- 39.5	+ 49.3	+ 7.0
Other Communist countries	+ 15.7	+ 7.7	+ 18.7	- 2.4	- 9.5	+ 7.4	+ 4.0	+ 14.7	+ 18.4

- (1) Components may not add to totals shown because of rounding.
 (2) Albania, Communist China, Cuba, Mongolia, North Korea, North Vietnam, and Yugoslavia.
 (3) A minus sign indicates net imports; a plus sign indicates net exports.

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TABLE 11

TRADE WITH THE EASTERN EUROPEAN COMMUNIST COUNTRIES (1)
(Million US Dollars)

	Turnover		Imports		Exports		Cumulative Balance 1958-66
	1959	1965	1959	1965	1959	1965	
Bulgaria	11.6	22.3	32.4	1966	1966	1966	1966
Czechoslovakia	84.2	164.8	161.9	49.2	13.1	15.0	6.6
East Germany	80.3	134.2	151.1	44.8	69.6	69.7	35.0
Hungary	41.2	66.6	63.9	18.4	62.5	84.4	35.4
Poland	39.8	82.0	85.0	17.8	28.1	30.9	22.8
Total	257.0	469.9	104.2	135.2	37.1	43.6	22.0
				210.3	243.6	121.8	252.6
							250.6

(1) Components may not add to totals shown because of rounding.

RUMANIAN TRADE WITH INDUSTRIALIZED AND LESS DEVELOPED WESTERN COUNTRIES (1)
(Million US Dollars)

	<u>1955</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Turnover	195.4	210.7	340.6	476.6	527.6	581.4	629.2	723.1	920.7
Industrialized Countries	133.0	144.3	261.0	373.2	408.8	458.9	508.8	576.7	707.2
Less Developed Countries	62.4	66.4	79.6	103.4	118.9	122.4	120.4	146.5	213.5
Imports (f.o.b.) (2)	77.0	93.7	161.9	239.7	280.2	290.7	338.7	381.2	476.4
Industrialized Countries	54.5	69.0	130.9	196.0	227.3	229.0	274.7	312.1	390.2
Less Developed Countries	22.5	24.7	31.0	43.7	52.9	61.6	64.1	69.1	86.2
Exports (c.i.f.) (3)	118.4	117.0	178.8	236.9	247.5	290.7	290.5	341.9	444.3
Industrialized Countries	78.6	75.3	130.2	177.2	181.5	229.9	234.2	264.6	317.0
Less Developed Countries	39.9	41.7	48.6	59.7	66.0	60.8	56.3	77.3	127.3

- (1) Western reporting. Components may not add to totals shown because of rounding.
 (2) Except for the United States, which reports its exports to Rumania on an f.a.s. basis.
 (3) Except for Australia, Canada, and the United States, which report their imports from Rumania on an f.o.b. basis.

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TABLE 13

RUMANIAN TRADE WITH NATO COUNTRIES (1)
(Million US Dollars)

	1955	1959	1960	1961	1962	1963	1964	1965	1966
Total turnover	90.8	129.0	227.2	316.7	346.2	392.4	415.5	487.7	596.9
<u>Imports (2)</u>									
Belgium-Luxembourg	3.6	3.0	7.7	5.2	5.4	8.4	6.3	6.2	7.4
Canada	0.1	1.2	1.4	1.0	0.5	1.2	0.5	0.6	0.6
Denmark	0.6	1.1	0.7	1.3	4.8	1.4	2.0	2.4	1.8
France	7.4	8.9	25.1	23.6	20.6	20.8	42.9	43.8	50.1
West Germany	13.3	16.4	35.7	57.9	82.1	73.3	82.7	115.6	139.5
Greece	0.9	1.9	2.5	2.4	2.9	3.2	4.1	3.3	7.3
Iceland	0	0	0.1	0.1	0.3	1.0	0.8	0.8	0.7
Italy	5.6	8.1	16.3	23.3	37.2	41.9	42.4	47.1	46.3
Netherlands	1.7	2.5	3.2	3.0	3.7	3.8	4.9	4.3	6.0
Norway	0.5	2.8	2.3	1.6	1.4	0.6	0.9	1.6	0.4
Portugal	0.7	0.4	0.8	1.1	1.8	1.7	1.5+	1.7	1.7
Turkey	4.2	0.5	1.1	1.0	0.7	0.8	1.8	2.4	3.4
United Kingdom	8.4	6.6	11.9	41.4	25.7	33.3	23.5-	27.1	29.9
United States	0.2	1.8	1.3	1.4	0.8	1.2	5.2	6.4	27.2
Total	47.6	55.4	110.1	165.3	197.9	192.6	219.5	263.3	322.3
<u>Exports (3)</u>									
Belgium-Luxembourg	1.6	3.3	3.7	7.2	6.1	8.6	7.0	3.5	5.1
Canada	insig.	insig.	0.1	0.3	0.1	0.1	0.1	0.2	0.5
Denmark	0.2	0.5	0.3	0.9	0.5	0.5	0.6	0.9	1.6
France	6.9	14.8	14.4	17.1	22.1	34.3	29.0	28.8	42.4
West Germany	10.6	25.0	42.0	52.4	61.8	56.2	61.3	72.4	74.5
Greece	5.1	5.4	3.4	4.0	5.9	6.3	5.4	8.9	7.5
Iceland	insig.	insig.	0.1	0.1	0.3	1.3	1.5	0.9	0.4
Italy	6.9	11.4	31.5	41.5	35.4	62.1	54.9	61.2	81.8
Netherlands	0.8	1.7	2.3	5.4	3.3	3.8	4.5	5.7	7.0
Norway	0.8	2.6	2.7	2.4	0.7	0.8	1.5	1.1	0.5
Portugal	0	0	2.7	2.4	1.0	1.5	1.8	3.9	1.5
Turkey	1.8	1.4	1.7	1.5	0.8	2.6	2.1	3.7	4.8
United Kingdom	8.1	6.0	10.9	17.0	19.8	20.8	25.0	31.4	42.5
United States	0.3	1.2	1.5	1.4	0.6	0.8	1.3	1.8	4.7
Total	43.2	73.6	117.1	153.4	156.3	199.7	196.0	224.4	274.6

(1) Based on Western reporting. Components may not add to totals shown because of rounding.

(2) On an f.o.b. basis, except for imports from the United States, which are on an f.a.s. basis.

(3) On a c.i.f. basis, except for exports to Canada and the United States, which are on an f.o.b. basis.

TABLE 14

COMMODITY COMPOSITION OF ROMANIAN EXPORTS (1)

	Million US Dollars			Percent of Total	
	<u>1955</u>	<u>1959</u>	<u>1966</u>	<u>1959</u>	<u>1966</u>
Machinery and equipment	25.8	78.2	203.9	6.1	18.5
Fuels, minerals, and metals	187.2	238.8	277.9	44.4	45.7
of which:					
Petroleum products	152.0	178.3	139.1	36.0	34.1
Chemicals, fertilizers, and rubber	5.5	12.0	70.9	1.3	2.3
Construction materials	16.4	16.7	37.7	3.9	3.2
Raw materials of vegetable and animal origin (excluding foodstuffs)	85.0	85.9	155.8	20.1	16.4
Foodstuffs	96.4	62.6	234.2	22.9	12.0
Manufactured consumer goods	<u>5.3</u>	<u>28.3</u>	<u>121.4</u>	<u>1.3</u>	<u>5.4</u>
Total	421.7	522.4	1,101.5	100.0	100.0
			1,186.1	100.0	100.0

(1) Components may not add to totals shown because of rounding.

TABLE 15

COMMODITY COMPOSITION OF ROMANIAN EXPORTS TO THE WEST (1)

PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

DECLASSIFIED/DECLASSIFIE

	Million US Dollars				Percent of Total			
	1959	1961	1964	1965	1959	1961	1964	1965
Foodstuffs	12	75	94	113	10	32	31	31
of which:								
Corn	2	39	48	39	2	16	16	11
Meat and meat preparations	2	7	11	19	2	3	4	5
Fruit and vegetables	2	4	11	17	2	2	4	5
Timber and timber products	29	49	82	86	25	21	27	24
of which:								
Wood in the rough or simply worked	27	47	74	72	23	20	25	20
Petroleum and petroleum products	46	51	64	63	39	22	21	18
of which:								
gas oil, diesel oil and other fuels	32	40	50	44	27	17	17	12
Chemicals	4	4	11	19	3	2	4	5
Manufactured goods (2)	11	25	31	39	9	10	10	11
of which:								
Cement	1	2	7	10	1	1	2	3
Metals and metal manufactures	4	17	8	10	3	7	3	3
Other and unspecified products	16	33	22	38	14	14	7	11
Total	117	237	303	358	100	100	100	100

1) Based on Western reporting. The data include exports to Yugoslavia. Components may not add to the totals shown because of rounding.

2) Excluding wood manufactures.

TABLE 16

COMMODITY COMPOSITION OF RUMANIAN IMPORTS (1)

	Million US Dollars				Percent of Total			
	<u>1955</u>	<u>1959</u>	<u>1965</u>	<u>1966</u>	<u>1955</u>	<u>1959</u>	<u>1965</u>	<u>1966</u>
Machinery and equipment	172.0	162.9	<u>419.4</u>	497.1	37.2	32.4	39.0	41.0
Fuels, minerals, and metals (2)	<u>100.8</u>	182.7	364.5	363.7	21.8	36.4	33.8	30.0
Chemicals, fertilizers, and rubber	24.4	35.7	67.9	87.0	5.3	7.1	6.3	7.2
Raw materials of vegetable and animal origin (excluding foodstuffs)	90.0	76.2	119.4	<u>138.5</u>	19.5	15.2	11.1	11.4
Foodstuffs	55.4	25.8	33.6	38.1	12.0	5.1	3.1	3.1
Manufactured consumer goods	<u>19.3</u>	<u>18.6</u>	<u>72.3</u>	<u>88.8</u>	<u>4.2</u>	<u>3.7</u>	<u>6.7</u>	<u>7.3</u>
Total	461.9	502.0	1,077.1	1,213.2	100.0	100.0	100.0	100.0

(1) Components may not add to totals shown because of rounding.

(2) Including small amounts of construction materials, which in 1966 accounted for 1.4% of total imports.

TABLE 17

COMPOSITION OF WESTERN EXPORTS FROM THE WEST (1)

	Million US Dollars			Percent of Total		
	1952	1961	1965	1952	1961	1965
Machinery and equipment	19	99	117	20	40	37
Manufactured goods	25	63	101	27	25	27
of which:						
Iron and steel and semimanufactures	9	28	49	9	11	12
Other metals and metal products	5	10	17	5	4	4
Chemicals	10	21	32	10	8	9
Crude and synthetic rubber	5	7	8	3	3	2
Textile fibers	19	33	41	20	13	12
of which:						
Cotton	8	17	23	8	7	7
Iron ore	insig.	2	6	insig.	1	2
Coke and coking coal	0	0	4	0	0	1
Foodstuffs	11	8	20	11	3	4
Other and unspecified products	8	16	20	9	6	6
Total	96	249	348	100	100	100

(1) Based on Western reporting. The data include imports from Yugoslavia. Components may not add up to totals shown because of rounding.