

RADIO FREE EUROPE *Research*

EAST EUROPE

ECONOMICS

• RUMANIA/3
14 February 1968

RUMANIA -- ISRAEL'S FIRST EAST EUROPEAN PARTNER

Summary: This paper outlines how Rumanian-Israeli relations, undeterred by the Middle East conflict of last summer, have rapidly developed in the last year or so. It examines some of the reasons for the Rumanian interest in improving these relations, as well as the agreements included so far in the economic and other fields.

x x x

The story of Rumanian-Israeli rapprochement in the past year is a prime example of Rumania's successful efforts to implement her proclaimed policy of "active coexistence." In this case, that policy has been carried out in so consistent a manner as to make the Rumanian stand become even more "non-aligned" than Yugoslavia's.

Today, Rumania is not only the sole East European country not to have broken off diplomatic relations with Israel in the wake of the mid-1967 Middle East crisis, but also the one country with a centrally planned economy which has greatly benefited from a rapid development of multilateral cooperation with Tel Aviv since that crisis.

To be sure, it is not only Rumania's pragmatic attitude during and after the Middle East conflict (illustrated by the continuation of diplomatic relations, the refusal to condemn Israel as an aggressor, and the reluctance to let itself be pressed into a program of sanctions and possibly military aid to the Arab countries) which has accounted for the increased ties between Bucharest and Tel Aviv. The rapprochement in the economic field began earlier, and one can say that it is precisely the fact of this already existing "vested interest" in cooperation with Israel which certainly contributed to Rumania's decision to avoid involvement in conflict in the first place. Naturally, there were other factors involved, but the fact remains that by successfully passing this crucial test in the implementation of the idea of active coexistence, Rumania has cashed rich dividends. Moreover, the considered, measured attitude during the Middle East conflict and the consistent stand convincingly illustrated by Rumania's refusal to sign the Moscow Declaration of 9 June and to stay away

from the Budapest meeting of 10 July 1967 might also have been only confirmed by the belief that such a virtually uncommitted attitude toward the Arab-Israeli dispute would make a favorable impression on Rumania's big trade partners in the West.

This point was certainly not lost on Prime Minister Maurer, who by virtue of his responsible and tactfully correct approach during the Middle East debate at the UN General Assembly -- which stood out in sharp contrast to the crude polemics of some of the other East European speakers -- found widespread approbation. (1)

Antecedents of Rapprochement

Israel was visited last December by Rumanian Foreign Trade Minister Gheorghe Cioara, who thus became the first East European official of ministerial rank to come to that country. Similarly, the visit by Israeli Minister of Finance Pinhas Saphir to Rumania, which took place even before the war (in April 1967), was the first trip paid by an Israeli Minister to Eastern Europe. But if one is to trace the rapprochement back to the beginning, it is necessary to recall the appointment of Abba Eban as Israeli Foreign Minister, with the new impetus which he tried to give to his country's relations with Eastern Europe and his planned visit to Poland in 1966 (Le Monde of 22 April and Aurore of 23 April 1966). This was also the period in which a full Rumanian Ambassador to Israel (Valerieu Georgescu) was appointed. In the period between 1961 and 1965, Rumania had been represented in Tel Aviv only by a Chargé d'Affaires. Another early sign of a pro-Israeli attitude on the part of Rumania could be detected in October 1965, when at the WFTU Congress in Warsaw, Rumanian delegates abstained from voting on an anti-Israeli motion pushed through under pressure from Arab representatives (RFE Special from Tel Aviv of 25 November 1965).

However, the real initiative for the recent development of economic cooperation between the two countries appears to have resulted from a talk between Abba Eban and Corneliu Manescu in New York in October 1966 (RFE Special from Tel Aviv of 5 April 1967). Manescu promised at that time that a high-ranking delegation would go to Israel to try to enlarge the trade relations between the two countries. A Rumanian delegation led by Deputy Foreign Trade Minister Vasile Rauta then visited Tel Aviv in March 1967 to discuss the expansion of trade and economic and technical cooperation. A draft agreement on the development of trade was negotiated on that occasion. It was decided in principle that Israel would help in the building of a number of Rumanian food industry enterprises (supplying know-how and 50 per cent of the investment). Problems relating to tourism were also discussed.

(1) It has, incidentally, even been unofficially reported that Maurer will pay a visit to Israel this year (the French papers Figaro of 21 December and Express of 30 December 1967).

Already on 26 December 1966 the Rumanian-language paper Viata Noastra, published in Tel Aviv, had announced that the "Feldman group" intended to invest about 100 million dollars in Rumania (in petro-chemical plants, the food industry and hotels). According to this plan, Rumania was to reimburse Israel by exports of the products of these plants.

The Pinhas Saphir Visit -- the Breakthrough

The visit to Bucharest by Israel's Finance Minister, Pinhas Saphir, in April 1967 represented the real breakthrough in the development of Rumanian-Israeli ties. As the Finance Minister put it, his visit had "opened a new chapter in our relations with Rumania." Pinhas Saphir's trip had been preceded by the appointment in January of Eliezer Doron (former head of the East European Division of the Ministry of Foreign Affairs) as Israeli Ambassador to Rumania.

The communiqué issued at the end of the visit said that an agreement on economic and technical-scientific cooperation had been signed, as well as a trade and payments agreement for the period up to 1970. The agreement on economic cooperation covered the chemical and food industries, agriculture and tourism, and a working paper was prepared for the implementation of specific plans in these fields. It was also agreed to open negotiations on an aviation agreement. Other agreements concluded provided for exchanging visits of scientists, technical experts and students and for the expansion of shipping (UPI, 17 April 1967). The trade agreement provided for a substantial increase in the volume of exchanges (from a total figure of 5.2 million dollars in 1966 to an annual figure variously reported, e.g., as 16 million by Reuter or 20 million dollars by UPI), and Israel was to establish a trade mission in Bucharest which would be independent from the Embassy. Both countries hoped to be in a position to sell products of their partners on third markets. According to an RFE Special from Tel Aviv of 18 April 1967, Israel would contribute with know-how, the delivery of machinery, and a five-year credit for the building of plants in Rumania. Reimbursement would be made in the form of export of the products turned out by these plants. During Pinhas Saphir's talks in Israel agreement was also reached on the establishment of a mixed standing commission to straighten out differences in the implementation of the agreements. In the field of agriculture, it was decided that Israel would aid Rumania in the field of irrigation. Finally, it was agreed that Israel could use the Rumanian cinema studios near Bucharest for some of its own productions or for co-productions.

Economic Ties Further Expanded

The new mixed Rumanian-Israeli commission held its first session in mid-December in Tel Aviv. The Rumanian delegation was led by Foreign Trade Minister Gheorghe Cioara, the Israeli one by Minister of Commerce and Industry Zeev Sharef. A number of new agreements were signed on this occasion. One was an additional trade protocol for 1968-70, which, according to Le Figaro of 21 December 1967, provided for a doubling of the volume of annual exchanges for 1968 over the estimated 14 million dollars achieved

in 1967; a further increase of ten per cent was envisaged for 1969, and one of 15 per cent for 1970. Plans for cooperation in the fields of industry, agriculture and tourism were adopted, and the statutes of the Mixed Commission were approved. The next session of the Commission was scheduled for May 1968 in Bucharest. An agreement on civil aviation was also signed; it provides for an air link between Bucharest and Tel Aviv to be serviced by Tarom and El Al. Israeli officials reported that half of the expected annual exports to Rumania of 14-17 million dollars would consist of machinery, equipment and vehicles, and that a firm deal for the sale by Israel of 2.7 million dollars' worth of phosphates had been concluded. The Israeli export list also included 1.5 million dollars worth of hydraulic presses (Bliss Company), 1.5 million dollars worth of irrigation equipment and agricultural machinery and 2.5 million dollars worth of buses. Progress was also made during the Commission's session toward the establishment of "joint industrial enterprises in Rumania, including a chemical plant involving a foreign currency component of ten million dollars, part of it in Israeli-made equipment. Le Figaro reported that the Rumanians were to buy electronic and telecommunications equipment, tires and cotton in Israel, and would export tractors, timber and electrical equipment to Israel.

In January RFE Specials from Tel Aviv announced the export to Rumania of 100 buses in addition to the 80 delivered last year, as well as the export of drugs to Rumania. An Israeli trade exhibition is to open in Bucharest in April 1968. A group of El Al representatives, finally, is currently in Bucharest preparing the way for the formal agreement, scheduled for the end of this month, on the establishment of the regular air link between Bucharest and Tel Aviv.

Religious and Other Contacts

Although, as is evident, the stress has been largely on economic relations, ties have been developing in other areas as well. Thus an RFE Special from Tel Aviv of December 28 reported that Rumania's Chief Rabbi Moses Rosen had arrived in Israel for a visit which was to last several weeks. The Rabbi said that the purpose of his trip was to visit the Jewish holy places, to take part in a conference of synagogue leaders from all over the world, and to help in the distribution of 3,000 Torah scrolls, sent by Rumania as a gift to Israel -- the third such Rumanian gift of scrolls to Israel. It may also be recalled that as far back as 1966, while attending the World Jewish Congress in the US, Rosen had extended invitations for a Jewish conference to be held in Rumania in effort to renew contacts between Jewish communities in the East and the West.

In addition to this religious activity, clearly initiated by the Rumanian regime, there has also been a noticeable increase of contacts with Israel in the cultural field since 1965. The exchange of academicians, scientists, artists, theatrical groups

and tourists was far greater than in the years before. Last but not least, one should also recall the very numerous contacts between the Rumanian CP and the "Maki" CP of Israel.

Conclusion

In assessing the reasons for the rapprochement between Rumania and Israel, which in many fields has assumed the character of a real partnership, one should not consider only the above-mentioned broad political and economic motivation for developing a warmer inter-state relationship, but also an additional factor which may help explain Rumania's special interest in Israel. This is the large size of the group of Rumanian origin in Israel. Concentrated mostly in Haifa and Tel Aviv, it amounts to at least 300,000, out of a total population of some two million. This group represents in itself a great potential factor for Rumania from the economic viewpoint with its presumed preference for Rumanian goods and receptiveness for Rumanian cultural contacts, tourism, and the like. Certainly such considerations, and not only the obvious interest in Israeli capital resources and technological know-how could at some future time also play a not inconsiderable role in a rapprochement between Israel, on the one side, and the Soviet Union and Poland, on the other.

Be that as it may, it seems evident that, as Cioara said, the December 1967 agreements were only a beginning; the potential of Rumanian-Israeli relations which remains to be exploited is still very considerable. In retrospect, Pinhar Saphir's statement, after his return from Bucharest in April 1967, that his mission would "blaze a trail to the Communist states" for Israel seems to have been prematurely optimistic in view of the implacable anti-Israel stand which the other East European states took in the Middle East crisis. But one indeed wonders how long the regimes of these other states -- which seem to have reaped only even greater domestic unpopularity with their posture of intransigence -- can afford to ignore the lesson of the very real benefits which Bucharest has gained mainly for the simple reason that its policy in this area, as in many others, was governed by calculated national self-interest.

Rumanian Unit