

SITUATION REPORT

ROMANIA

July 2, 1959

Romanian investment plans for 1959 indicate the emphasis on the chemical industry as laid down during the Prague meeting of Comecon in December of 1958. At this meeting, delegates from the seven member countries passed a resolution which gave a "leading role" in the chemical industry to Romania, the GDR and the Soviet Union. Part of this emphasis on the chemical industry is attributable to a cellulose product made from a Danubian reed which is common to Romania. Romania's natural deposits of oil are also an asset in expanding the petro-chemical industry for further production of synthetic fibers and chemical composites for bi-products of petroleum.

Eric Bourne, writing in the CHRISTIAN SCIENCE MONITOR of June 15 (cf. Situation Report of June 18) stated that the Romanian regime had gone to the West in order to procure \$100 million worth of plants, factories, etc. to help expand this burgeoning chemical industry. An Anglo-American firm, according to Bourne, had signed a contract for \$20 million which included a complete petro-chemical plant and an oil refinery. The terms for these negotiations are not known, although it is assumed here that the Romanians have succeeded in getting two or three year loans which they will pay off by means of exportable commodities, i.e., oil, etc.