

## ANGLO-ROMANIAN ECONOMIC RELATIONS (1934–1939)

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(Abstract)

In the period between 1934 and 1939, the Romanian diplomacy continuously undertook and supported such measures and actions as to strengthen ties with Western states with a view to maintaining peace and also signing economic and financial agreements. In this context, Great Britain played an important role within the area of economic relations. The wide scope of these commercial and financial connections are primarily determined by Romania's attempt to avoid becoming dependent on Germany; secondly, there is the need to expedite the country's industrialization process by importing advanced technologies; and thirdly, the objective of strengthening the currency through important loans from English banks.

After the economic crisis in 1929–1933, Romania experienced an overall economic development, accompanied by the consolidation of the internal market and also the increase in the volume of international exchange and the improvement in the commercial balance, through changes in the product structure and the geographic orientation.

It is now that important changes occur in Romania's foreign trade<sup>1</sup>: from a *quantitative* point of view, exports followed an ascending trend until 1936, when they reach a climax – 10 549 thousand tons compared to 8 854 tons in 1934; from the point of view of *value*, exports increase and reach a maximum in 1937 – 31 568 million lei compared to 13 656 million lei in 1934; imports increase quantitatively, except in 1935 and 1939, when they register a decline; imports register oscillations in value – they increase until 1937 (reaching 20 285 million lei), decrease in 1938 (to 18 768 million lei), only to reach 22 890 million lei in 1939; as a result of a constant evenness between exports and imports, Romania's trade balance improved considerably, mainly due to the export of agricultural and oil products.<sup>2</sup> Thus, a 1939 *Report*

written by the commercial attaché in London and addressed to the Minister of Industry and Trade was emphasising the following: "The increase by 67% in our exports to England was due to our harvest and the favourable circumstances benefiting our grain exports (raising by 181%, from £468 340 to £1 316 458); the development of our oil product exports (raising by 22%, from £1 421 507 to £1 748 111) and the compensations awarded by the Romanian government, which permitted a considerable growth of exports to England in eggs, timber and timber prefabricated products, skins and leather goods, chemical products, animal products, etc, various other products."<sup>3</sup>

During this entire period (1934–1939), the state adopted various methods of funding exports – especially agricultural products (and partly, petrol) – so that Romanian agricultural products could break through the increasingly high tax barriers they were faced with on the West European markets, and then pass the obstacle of quantity limitations (the quota system) they were subject to on the same markets. Furthermore, for "legitimate defence" reasons, the Romanian state was forced to introduce, in its turn, various import restrictions (foreign exchange control, import quotas, etc.)<sup>4</sup> In this way, the quota system, in other words

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<sup>1</sup> Apud Nicolae Marcu, coordonator, *Istoria economică*, Editura Didactică și Pedagogică, București (1979), 350–354.

<sup>2</sup> Ilie Puia, *Relațiile economice externe ale României în perioada interbelică*, București (1982).

<sup>3</sup> Arhiva Ministerului Afacerilor de Externe (hereafter A.M.A.E.), *fond Convenții* A.20, vol. III, nepaginat.

<sup>4</sup> Acad. N.N. Constantinescu, coordonator, *Istoria economică a României*, ediția a II-a, vol. 1, București (1998), 447–449.

the control of and limitations on imports imposed according to certain norms, as well as the establishment of a Quota Directorate, represented levers through which the state intervened in regulating the economy.

Throughout this period, economic relations with Great Britain continued to be satisfying in terms of volume, and the British capital retained its important positions in certain economic areas.<sup>5</sup> After analysing the structure of imports and exports from/to Great Britain, we can state that for Romania, the period of 1935–1936 represented an opportunity to consolidate its commercial connections: exports increased from 1 615 000 000 lei in 1935 to 3 005 000 000 lei in 1936, while imports underwent a small decrease, from 1 064 000 000 lei in 1935, to 868 000 000 lei in 1936; up to 1938, Romanian-British trade continues in well-balanced limits (approximately 10% of Romania's exports were sent to England, and 11% of the country's imports came from Great Britain)<sup>6</sup>.

An important aspect of the Romanian-British economic relations in 1934–1938 was represented by the signing of payment agreements which regulated imports and exports between the two countries, as well as the problem of paying off arrears by the Romanian party. Negotiations were held in December 1934 in the “Board of Trade” by Manolescu-Strunga with W. Runciman and F. Leith Ross to ratify a commercial agreement between the two countries (signed on 8<sup>th</sup> February 1935). It established that Romania's commercial arrears on 1<sup>st</sup> November 1934 were valued at 2½ million pounds<sup>7</sup> and they had to be liquidated in a number of stages. “Firstly, the Romanian government committed to transferring the sum of £400 000 [...] in a Special Account at the Bank of England by 28<sup>th</sup> February 1935; secondly, on the 15<sup>th</sup> of each month, starting with 15<sup>th</sup> April, the sum of £60 000 will be transferred in the account [...]; thirdly, under certain conditions, facilities will be provided for the payment of debts through the so-called compensation exports, to the extent creditors will find this scheme desirable.”<sup>8</sup> However, implementing this agreement faced great difficulties, the greatest being “the 5% stipulated by our government for the liquidation of arrears, a percentage the British delegation considers unacceptable”.<sup>9</sup> Consequently,

negotiations were held again in 1935 between Great Britain and Romania with a view to securing “a new payment agreement, meant to replace the Strunga Agreement of 8<sup>th</sup> February 1935”<sup>10</sup> which provided the disclaimer “of condensing the imports of British goods to 50% of our exports to England”<sup>11</sup> and that “50% of our exports to England will serve as payment for the current imports of British goods, 5% for the liquidation of arrears, and the rest, in percentages to be later established, will be left at the disposal of the Romanian National Bank – half of it – and the other half will be intended exclusively for our state payments in England”<sup>12</sup>. Gradually, following intensive negotiations, the two parties signed new Payment Agreements (on 2<sup>nd</sup> and 28<sup>th</sup> May 1936) “with a view to setting the entire system (including the payment of commercial arrears) on new bases” and opening “a new chapter in the trade relations between the two states”<sup>13</sup>.

The negotiations were held in Bucharest; Great Britain's representatives were: Sir Reginald Hoare, minister plenipotentiary of Great Britain to Bucharest, Adams, trade counsellor, Waley, financial Treasury expert, and Lee, the head of the Economic Agreement Department within the Board of Trade; Romania's representatives participating in the negotiations were: Ion Constantinescu, Minister of Trade and Industry, who also acted as leader of the Romanian delegation, Gheorghe N. Leon, undersecretary of state, G. Gheorghiu, general secretary of the Ministry of Industry and Trade, I. Cristu, head of the Economic Department within the Ministry of Foreign Affairs, Ioan I. Lapedatu, deputy administrator of the National Bank and E. Marin, manager of the Institute of Export.<sup>14</sup> The proposals put forward by the British government to ratify a new payment convention were carefully examined by the Romanian government. On the one hand, the British considered that the liquidation of the £270 000 debt, whose deadline had been 1<sup>st</sup> December 1935, represented an obligation of honour for the Romanian state, whose payment could suffer no further delay; on the other hand, a request was made that 25% of the value of Romanian exports to England should be transferred into the arrears' account, but the Romanian delegation was not willing to accept more than 5%. The Romanian-British payment

<sup>5</sup> Aurelian Chistol, *România în anii guvernării liberale Gheorghe Tătărescu (1934–1937)*, Târgoviște (2007), 223.

<sup>6</sup> *Apud* Ion Pătroi, Valeriu Florin Dobrinescu, *România și Anglia în anii '30*, Craiova (1997), 87, 88.

<sup>7</sup> A.M.A.E., *fond Londra*, vol. 161, nepaginat.

<sup>8</sup> *Ibidem*.

<sup>9</sup> *Idem*, *fond 71 Anglia*, vol. 31, f. 311.

<sup>10</sup> *Ibidem*, f. 312.

<sup>11</sup> *Ibidem*.

<sup>12</sup> *Ibidem*, f. 313.

<sup>13</sup> *Ibidem*, f. 408, 409.

<sup>14</sup> Vezi Sorin Arhire, *Relații economice româno-britanice între anii 1936–1938*, *AnUA*, Series Historica, 8, (2004), 199.

agreements – from 2<sup>nd</sup> and 28<sup>th</sup> May 1936 – stipulated “the setting of a clearing account in the Bank of England into which the sterling product of our exports to Great Britain was to be transferred and out of which the availabilities thus created would be distributed, in proportions settled through agreements, to the different categories of payments we have to make in this country (payments of arrears, imports of British goods, financial arrangements, commission payments, insurance premiums, etc.) [...] The whole performance of the agreement allows strict supervision by the British authorities, whose main concern is that the entire sterling derived from our exports to England be used for payments in this country.”<sup>15</sup> What follows is that Great Britain was the beneficiary of Romanian exports and Romania had an indirect benefit, derived from the liquidation of a substantial part of its commercial and financial burden from previous years. This disadvantage, created by the Payment Agreement, was also emphasised by the commercial attaché to London, A Bianu, who was reporting that “at present, (30<sup>th</sup> November 1936) the clearing balance (special account) is as high as £1 200 00, an exceedingly high amount, which is the best evidence that the Payment Agreement, in its present form, exceeds its purpose considerably and that the clearing, instead of remaining a collecting and distributing organism, has turned into one for useless treasure hoarding that does not even bear interest, which is an aggravating circumstance.”<sup>16</sup>

The two parties – Romania and Great Britain – gradually resumed negotiations about amending a few articles in the Payment Agreement signed in 1936.

The visit to London made by Mitiță Constantinescu, governor of the National Bank, played an important role in resuming these negotiations and had a positive connotation in the field of Romanian-British relations. This event, which produced an improvement in the economic relations between the two countries, was reflected in numerous professional newspapers – “Financial Times”, “Financial News”, “Daily Telegraph” and others – and also appreciated by the Romanian governor, who stated the following: “I leave London and England satisfied with the good understanding with which I was welcomed both by the official high authorities and also the financial and trade circles in the City”.<sup>17</sup>

<sup>15</sup> A.M.A.E., *fond 71 Anglia*, vol. 31, f. 409.

<sup>16</sup> Idem, *fond Convenții*, A. 20, vol. 6, f. 153.

<sup>17</sup> Sorin Arhire, *op. cit.*, 201.

Within the negotiations, the British delegation “of Messrs Waley, Wills, Lee and Twentyman”<sup>18</sup> required – as early as the first session of 26<sup>th</sup> April 1937 – that the £50 000 limit be suppressed in Subaccount “B” (short-time bank loans); that the amounts destined for the liquidation of arrears be increased from £400 000 to £600 000 annually; that the surplus from subaccount “A” (coupon) be used for payments for British goods.<sup>19</sup> However, the Romanian delegation considered “these proposals completely unacceptable” and, among other things, called for “a decrease in the current percentage of 35% to 20% in the payments to the Special Account” and an adjustment in the arrears quota “from £400 000 to £300 000 (instead of the £600 000 required by the British)”.<sup>20</sup>

Discussions in London showed that the English were interested in guaranteeing “enough liquid in the clearing for imports to Romania of British goods, to the detriment of Romanian ones”<sup>21</sup>. The Romanian delegation reacted to the British tendency by emphasising “the unfair nature of a mechanism that would not distribute risks evenly, all the more so as the favourable evolution of exports has almost exclusively benefited England so far.”<sup>22</sup> After more sessions of negotiations between the two delegations, a new Anglo-Romanian Payment Agreement was signed in London, on 27<sup>th</sup> May 1937, amending the Agreement on 2<sup>nd</sup> May 1936 and its supplements on 28<sup>th</sup> May 1936 and 5<sup>th</sup> December 1936.

A new payment agreement between Great Britain and Romania will be signed in 1938.<sup>23</sup> The talks commenced in August and were conducted in Bucharest, in the Ministry of National Economy, the British delegation being led by Lee, economic counsellor with the Foreign Office, and the Romanian one by I. Cristu, minister plenipotentiary.<sup>24</sup> The basis of the Payment Agreement with England stipulated *the regime of oil; the clearing allocation; the regime of compensations; arrears; the regime of grain crops*.<sup>25</sup> The regime of oil remained practically unchanged, in the sense that oil companies continued to receive a 30% quota, a 20% quota was sent to the oil accounts, and the remaining 50% was intended for the clearing; and for all the other goods, including grains, legumes

<sup>18</sup> A.M.A.E., *fond Londra*, vol. 164, nepaginat.

<sup>19</sup> *Ibidem*.

<sup>20</sup> *Ibidem*.

<sup>21</sup> *Ibidem*.

<sup>22</sup> *Ibidem*.

<sup>23</sup> Idem, *fond 71 Anglia*, vol. 40, f. 92–95.

<sup>24</sup> Sorin Arhire, *op. cit.*, 201.

<sup>25</sup> A.M.A.E., *fond Londra*, vol. 165, nepaginat.

and seeds of any types, it was provisioned that a 40% quota be intended for the clearing, the payment being done at the official exchange rate, through the National Bank of Romania; a further 20% quota remained at the exporters' disposal, so it could be negotiated through the agency of the authorised banks for any financial or commercial payments made in Great Britain; finally, 40% was left to the exporters to be negotiated through the agency of the authorised banks, serving exclusively for the payment of British goods which needed to be accompanied by a certificate of origin<sup>26</sup>. Another payment agreement was signed on 12<sup>th</sup> July 1939, establishing that "Certain payments for Romania's public debt, which decreased prior to 1<sup>st</sup> September 1938, being approximatively £20 000, may be done in subaccount "A" and "The Clearing Office will not levy a commission for payments from subaccount "D", that pertain to the Office of titles issued according to the Guarantee Agreement of 12<sup>th</sup> July 1939."<sup>27</sup>

At the beginning of the 30s, the Romanian government paid more attention to the political, diplomatic, economic and military relations with Great Britain. On the level of overall strategy, Romania was important to Great Britain because of its closeness to the Bosphorus and the Dardanelles and also the eastern basin of the Mediterranean, so that, in the case of a large European conflict, it represented a definite strategic value.<sup>28</sup>

Taking into consideration Romania's geo-strategic location as well as its economic power, a proposal was put forward in early 1930 to build a naval base on the Black Sea.<sup>29</sup> Romania needed a war fleet as well as a naval base to "guarantee safety against invasions or merely against a diversionary enemy force landing [...] and to offer reasonable safety to the commercial navy."<sup>30</sup> Therefore, R. Goodden – London's military representative in Bucharest – advised, on 13<sup>th</sup> February 1930, that he had discussed this topic with Admiral Vasile Scodrea<sup>31</sup> to build a modern harbour in Taşaul, designed to serve as a military naval base, too. This proposal was

in agreement with *The Objective of Modern Naval Policy*: "Wherever there's water to float a ship, the English flag should not miss."<sup>32</sup> Another proposal to build a modern port in Taşaul was made in 1934. To that effect, Commander Eugeniu Roşca remarked that "Romania needs a war fleet, as well as a naval base."<sup>33</sup> In selecting the location for a new naval base, a number of factors had to be taken into account: the position of the harbour has to be chosen so that it can cover any area of the coast that comes under attack, as well as the main communication ways; the safety of the harbour in case of an attack on land; the construction and maintenance costs should not be too high; communications with the rest of the country should be safe and fast.<sup>34</sup> In fact, the General Inspectorate of the Royal Navy's *Report* detailed why Lake Taşaul was chosen as a future naval port: "This lake is situated 18 km north of Constanţa and thus in an excellent strategic position not only for a Naval Force that can dominate the Russian ports in the north of the Black Sea and the Bosphorus, but its position is such that it can protect it against attacks from land; it is also the only one that could permit a counter attack, in case of an enemy air force approach either from the north or the south.

It is the most central of all the bases taken into consideration, being situated 190 miles from Sevastopol, 230 from Nicolaeff, 170 from the Bosphorus, 115 from Varna by sea and 70 by air and 170 miles from Odessa by air.

It's positioned approximately 35 km from the Tekirghiol-Danube line. This means it is beyond the reach of cannons and hence safe from an attack from the south.

[...]

This fact doesn't verify for Constanţa and Siutghiol.

Apart from this, the hills and land configuration offer good positions for the anti-aircraft cannons and allows the construction of tunnels for the storing of ammunition, torpedoes, fuel, electrical equipment, that is, all the important naval materials warehouses, preventing them from destruction in case of bombardment from sea or air.

It is inhabitable, it has enough space for further development, and the terrain is perfect for the construction of army barracks, schools and drill centers, as well as sports facilities.

The construction of the harbour would also allow an aeroplane base and an airfield for torpedo, bomber and fighter planes.

<sup>26</sup> *Ibidem*, vol. 167, nepaginat.

<sup>27</sup> *Ibidem*.

<sup>28</sup> Bogdan-Alexandru Schipor, *Politica Marii Britanii la frontiera de Vest a Uniunii Sovietice: 1938–1941*, Iaşi (2007), 83.

<sup>29</sup> David Britton Funderburk, *Politica Marii Britanii faţă de România 1938–1940. Studiu asupra strategiei economice şi politice*, Bucureşti (1983), 43–45.

<sup>30</sup> Arhivele Militare Române (hereafter A.M.R.), *fond Secretariatul General*, dosar nr. 1433, f. 89, 90.

<sup>31</sup> Marian Moşneagu, *Dicţionarul marinarilor români*, Bucureşti (2008), 429.

<sup>32</sup> A.M.R., *fond Secretariatul General*, dosar nr. 1433, f. 120.

<sup>33</sup> *Ibidem*, f. 93.

<sup>34</sup> *Ibidem*, f. 94–100.



Securing material for the reconnaissance and attack aviation is of great importance for a weaker naval power and will represent the topic of a separate report; however, it wouldn't be inappropriate to mention here that the aviation, activating above the sea and noticing or attacking enemy ships, must be under the direct command of the navy and therefore, this strategic base is the best location, allowing close cooperation between navy and air forces working under the same command.

Communications with the inside of the country are scarce but they can easily be improved so that Bucharest may have another direct railway to the seaside.

Asking any government to spend approximately £3 million for the construction of a purely naval base, necessary for the Romanian Navy, would be, in my opinion, an unreasonable requirement and a much too difficult financial burden; but if this great harbour can justify its existence as both a commercial harbour and a naval base, the financial predicament becomes reasonable and there would even be considerable savings, as it would imply not having to pay twice for harbour entrances, docks, installations, electricity, waterworks, etc. As I have already mentioned, Constanța is not large enough now to manage the rising exports and imports. I have seen the plans for the extension of the commercial harbour, which would cost more than £3½ million and still would not turn it into a first-class one, able to harbour a 32-foot draft (9.5m) or face Romania's needs successfully in 50 years. We are all aware of the overall situation and the inherent needs at the three mouths of the Danube and no matter what measures are taken to improve the situation, sooner or later the river will be plagued again with depositions, preventing the safe passage of big draft ships.”<sup>35</sup>

The British Admiralty confirms in an address on 16<sup>th</sup> March 1934 that Lake Tașaul is the perfect location for the construction of a military naval harbour. The address emphasised that: “The Tașaul project answers problems of high interest for European safety [...] and the moment (of the construction) is appropriate – that is, now – because money can be found easily and cheaply now, that the budget excess has been announced this year.”<sup>36</sup>

Under these circumstances, the Romanian Supreme Council of National Defence

recommended that the government endorse the plans and proposals of the English Admiral R.G. Henderson, of the British Admiralty, “lest the fast progress of international events cause a change in London's good mood today as far as financing is concerned.”<sup>37</sup>

Unfortunately for Romania, this project came to nothing because the Romanian state was against “allowing them (the Tașaul Harbour and the Cernavodă-Tașaul canal) to be exploited by a foreign enterprise which can impose such conditions and taxes to put the national economy at a disadvantage”.<sup>38</sup> The implementation of this project was also postponed because of the uncertainty of the Straits and France's opposition.<sup>39</sup> However, in January 1937, Lieutenant-commander Matilda Costiescu Ghyka showed in two memoirs addressed to King Carol II, that the British Admiralty continued to be interested in the execution of the Tașaul project. Carol II asked the Ministry of Air and Navy to put this project into execution and Vice-admiral Ioan Bălănescu (commander of the Romanian Royal Navy between 1934 and 1937) made a visit to England in July 1937 for this purpose.<sup>40</sup> Work on the new harbour started in May 1938 and the development of the project was designed in three stages: building the outpost by erecting north and south piers; cutting the isthmus and entering the lake by means of a navigable canal; construction of embankments and securing navigability on the entire surface of the lake. The new harbour was designed as part of a system of works that was going to “facilitate attracting the commercial currents of Europe and the Far East towards Romania”.<sup>41</sup> The outbreak of the Second World War and the collapse of Carol II's regime caused the works on the Tașaul-Gargalac-Tabăcărie system to be suspended in 1939.

Another important aspect of the Romanian-British economic relations was represented by the oil extraction and processing industry, which reached its highest level in 1936.<sup>42</sup> Based on its deposits, Romania occupied third place in a world top of oil trade (representing 11.6% of the total). As a result, contention between the European powers – Great Britain, France, Germany and Italy – for “reserving” the advantages of the Romanian

<sup>37</sup> *Ibidem*, f. 167.

<sup>38</sup> Marusia Cîrstea, *op. cit.*, 215.

<sup>39</sup> Marian Moșneagu, *Politica navală postbelică a României (1944–1958)*, ediția a II-a, București (2006), 19.

<sup>40</sup> *Ibidem*.

<sup>41</sup> *Ibidem*, 20.

<sup>42</sup> Acad. N.N. Constantinescu, coordonator, *op. cit.*, vol. 1, 413.

<sup>35</sup> Marusia Cîrstea, Un proiect anglo-român privind construcția portului de la Tașaul, *AnUC. Seria Istorie*, Anul XIV, Nr. 1(15), (2009), 220–221.

<sup>36</sup> A.M.R., *fond Secretariatul General*, dosar nr. 1433, f. 182.

oil products market will heighten: in 1936, Germany became the main importer, outrunning Great Britain, France and Italy<sup>43</sup>:

Germany	1 072 402 tons
France	866 322 tons
Great Britain	846 276 tons
Italy	653 222 tons

In order to contain Germany's "economic offensive" in Eastern Europe and Romania, the Foreign Office and the interministry body called "Committee on Economic Assistance for Central and South-east Europe", created in May 1938 and coordinated by F. Leith Ross, envisaged a British "counteroffensive", signing several clearing agreements and commercial agreements with countries in the area. Here it is worth remembering that both before the First World War and in the inter-war period the policy of the government in London was to pay a great deal of attention to extending British oil possessions, especially Royal Dutch Shell and Anglo-Persian Oil trusts, which became "the main weapon in the official English oil policy".<sup>44</sup> In 1931 Great Britain owned a number of 16 trusts/companies (out of the total of 44 foreign trusts) interested in the industry of "black gold" in Romania; among them Phoenix Oil and Transport Company Ltd. (the Unirea group, with £3.7 million).<sup>45</sup> In 1937 the Romanian government will legislate and implement a new mining law, which stated that "the Romanian state owned all mineral wealth in the subsoil"<sup>46</sup>. These intentions and legislative changes regarding the subsoil's mineral wealth determined "all foreign circles interested in exploiting the Romanian oil" to ascertain that the law was "unsatisfactory" as far as technical provisions were concerned – British historian Maurice Pearton insisting upon the "nationalist" spirit in which the law was made.<sup>47</sup>

Britain's pressures were also determined by the fact that it occupied the third place in the classification of importers of Romanian oil. In order to avoid jeopardizing exports, Romanian authorities instituted a number of measures "with a view to encouraging exports to certain hard currency countries" and "on the other hand, in an attempt to stimulate the export of oil products, it was decided to increase the foreign exchange quota left at the disposal of the exporting companies, from

10% to 30%, and the British authorities were approached in this matter".<sup>48</sup> Instead, "in response to these sacrifices", the English government was asked "to take the necessary measures to stimulate the imports of Romanian merchandise, namely: increasing oil, grains and timber imports; increasing imports of food products; the English government was required to intercede with British importers so that their demand was directed to the Romanian market in a greater measure."<sup>49</sup>

In 1938 and 1939 and especially the months preceding the outbreak of the Second World War, there were important changes in the oil world. In 1939, Germany – having signed commercial agreements with Romania, including the "oil pact" – began negotiations to reach an agreement between the "Creditul Minier" Society and the German group "Deutsche Bank" in order to establish a mutual society for the exploitation and processing of Romanian oil. Consequently, in order to stand German pressure, Romania will sign a Protocol with England on 11<sup>th</sup> May 1939 envisaging that "Current arrangements regarding the use of pounds resulting from oil exports to the United Kingdom will generally be maintained unaltered."<sup>50</sup> After a short while Romania is forced to sign a new Anglo-Romanian Payment Agreement, on 12<sup>th</sup> July 1939, in order to protect its commercial interests "oil representing the topic of many important discussions both in the special sub-committee and in the plenary session of the delegation and also in the direct talks with Sir Frederick Leith Ross."<sup>51</sup> As a result of these negotiations, it was decided that oil exploitation in Romania, as well as oil exports to England, should take into account the fact that "societies with British capital participation" should be given "equal treatment to any other society with other foreign shareholding."<sup>52</sup>

International events – starting with March 1938 – caused the British official circles to change their attitude to Bucharest, hoping for a consolidation of their economic and financial positions in Romania. Furthermore, in May-June, Great Britain even designed a plan for economic and political commitment in Romania. To that effect, the former Finance Minister, Mackena, president of "Midland Bank" and one of the most important figures in the British economy, stated: "We are prepared to offer Romania the greatest economic

<sup>43</sup> *Apud* Gh. Buzatu, *O istorie a petrolului românesc*, ediția a II-a, Iași (2009), 297.

<sup>44</sup> *Ibidem*, 21–22.

<sup>45</sup> *Ibidem*, 301–302.

<sup>46</sup> *Monitorul Petrolului Român*, nr. 7/1937, 471.

<sup>47</sup> *Apud* Gh. Buzatu, *op. cit.*, 308.

<sup>48</sup> A.M.A.E., *fond Londra*, vol. 165, nepaginat.

<sup>49</sup> *Ibidem*.

<sup>50</sup> *Ibidem*, vol. 167, nepaginat.

<sup>51</sup> A.M.A.E., *fond 71 România*, vol. 364, f. 432.

<sup>52</sup> *Ibidem*, f. 434.

support.”<sup>53</sup> Even in the official British circles, usually so reserved about developing commercial exchanges with Romania, the atmosphere was improved as a result of the Anglo-Romanian talks in London, on 28<sup>th</sup>–29<sup>th</sup> April 1938. Thus, the first day of the talks brought up the problem of purchasing important stocks of food in case of war, which generated visible displeasure in Germany. On these lines, the nationalist-socialist newspaper “Frankfurter Volksbalt” expressed its views in an article entitled *English bait for Romania*, which stated: “Now we know without any doubt that Mr. Tătărescu is preparing a vast commitment for economic cooperation between Romania and England.”<sup>54</sup> Denouncing this objective, the respective newspaper proved in its choice of words not only surprise, but downright irritation, especially since – as emphasised in the “Frankfurter Volksbalt” – “a part of the British press is taking trouble to qualify Mr. Tătărescu’s negotiations as a political sensation. Liberal and conservative papers are currently competing in emphasising the political need for such an agreement. They openly admit that the new Romanian-British economic arrangement concerns the regulation of Anglo-Romanian commercial relations to a lesser extent than instituting a new economic orientation of England in Central and Eastern Europe.”<sup>55</sup>

Informing the Romanian government on 9<sup>th</sup> May 1938 on the favourable dispositions towards intensifying trade with Romania, detected mainly in the English financial circles, Vasile Grigorcea maintained that Romania had to capitalize on this trend as soon as possible, suggesting, to that end, that the minister of National Economy visit London, where the mood was very good and there were great chances to obtain commercial agreements and a loan to organise the armament industry. On these lines, “Financial News” offered clarifying explanations, saying there was an opinion exchange between Great Britain and almost all the Danube countries for the purpose of setting the basis for the financial aid which was to be given by Great Britain.<sup>56</sup> On 10<sup>th</sup> May 1938 V. Grigorcea also informed Bucharest that “Ever since the annexation of Austria the financial circles in the City have shown a very good disposition towards intensifying trade with Romania, by crediting Romanian importers in England.

There are two reasons urging the City to take this view: 1 – the purely commercial one, which is the fear of losing all trade with our country to Germany and 2 – certain political considerations, as the Jewish circles, which are so influential in the English financial world, are afraid that Romania, overpowered by German economic monopoly, will become an anti-Semitic ground in which all Jews will be banned from the economic life.”<sup>57</sup>

Benefiting, without a question, from the information and suggestions conveyed through diplomatic channels, the Romanian government endeavoured to intensify the economic cooperation with Great Britain in the spring and summer of 1938.

During his visit to London, which took place between 18<sup>th</sup> and 23<sup>rd</sup> June 1938, Gheorghe Tătărescu had a long discussion with Halifax on both political and economic topics. During this encounter, Halifax asked Tătărescu to receive Leith Ross, economic adviser to the government, to discuss the principles of a new bilateral economic agreement. In the following months, King Carol II’s visit to Great Britain, Lord Samphill’s journey to Bucharest, the discussions between N. Petrescu-Comnen and the British authorities all primarily took into consideration the strengthening of bilateral economic relations. Referring to these actions of the Romanian diplomacy on the eve of King Carol’s visit, “Gazeta Polska” printed: “Quite early, Romania realised that in European politics London is more stable than Paris and it generated a predisposition to strengthening ties. As London started at the same time to consider the need to consolidate its position in Southeast Europe, the Anglo-Romanian relations experienced great reanimation.”<sup>58</sup> At that moment, the political and cultural relations underwent a favourable development which imposed the need for a tighter and deeper economical cooperation. “In Romania’s foreign trade, England has always occupied one of the most important positions. Generally speaking, England occupies a leading position in the Romanian trade, after Germany and Czechoslovakia, but before France and Italy.”<sup>59</sup>

The interest shown by the English capital to the Romanian market was, at the time, quite important, which results from the fact that Romania’s debt to the City was £37 million in 1938, which was over 25% of Romania’s entire foreign debt<sup>60</sup>.

<sup>53</sup> *Ibidem*, fond 71 Anglia, vol. 40, f. 310.

<sup>54</sup> *Ibidem*, vol. 8, f. 130.

<sup>55</sup> *Ibidem*.

<sup>56</sup> *Ibidem*, f. 131.

<sup>57</sup> *Ibidem*, vol. 40, f. 52.

<sup>58</sup> *Ibidem*, vol. 16, f. 309.

<sup>59</sup> *Ibidem*.

<sup>60</sup> *Ibidem*, f. 310.

Speaking about a better cooperation with Great Britain, Vasile Grigorcea transmitted the following in the summer of 1938: “Our methods of maintaining contact with England should include an *economic cooperation*. I know there are numerous difficulties, but I also know that currently there is a favourable disposition of the City bankers who would not like Romania to become too economically dependent on anti-Semitic Germany.”<sup>61</sup> Continuing the report, V. Grigorcea required that “The Government send here [in London] an economist who is well thought of to see whether and what is to be done in the economic and financial area.”<sup>62</sup>

However, in spite of all the positive signals, the English government was in no hurry to take measures to strengthen economic ties with South-eastern countries in general and Romania especially. On 8<sup>th</sup> July 1938, V. Grigorcea was informing the Ministry of Foreign Affairs that he had gone to the Foreign Office to communicate – according to the instructions he received – that “The Romanian government would look favourably on an English economic delegation coming to Bucharest during July,” but the political director of the Foreign Office answered that “the (British) delegation could not come during July, but only in autumn. The government instituted an inter-ministry committee who will first have to study this idea and then elaborate a detailed plan.”<sup>63</sup> In the end, the English economic delegation did come to Bucharest in late August 1938 and wasn’t led by Leith Ross, the main economic adviser of the British government, but Lee, and the topic of intensifying the economic cooperation between England and Romania wasn’t discussed any more, but the talks were limited to negotiations pertaining to the alteration of the Anglo-Romanian Payment Agreement. However, on 7<sup>th</sup> September 1938, “Financial Times” published the news that a British mission, led by Lord Lloyd and including Sir Frederick Leith Ross and Ronald Strong as members, will arrive in Romania in order to find the means for a tighter economic cooperation between Romania and Great Britain.<sup>64</sup> On 2<sup>nd</sup> September 1938, a new clearing agreement was to be achieved between Romania and Great Britain. Although it reproduced a big part of the content of the May 1936 agreement, the alterations were decisive in that they stimulated Romanian exports to Great

Britain considerably. Among the most important elements introduced in the Agreement were: the ones connected to the imports of oil products; the percentages of payments pertaining to Romanian goods (20% of which were credited by the Bank of England in the name of the Anglo-Romanian Clearing Office; 40% credited in the Great Britain Goods Account; 40% payments will be transferred to the Special Account created for such commercial exchanges); all sums paid in the Special Account which “will be distributed by the Clearing Office in non-interest-bearing sub-accounts in the Bank of England [...] will be (deposited) in the name of the National Bank of Romania”<sup>65</sup> and others. As a consequence, the Anglo-Romanian commercial exchanges underwent a constant growth in the period of October 1938 – March 1939, so that Romanian exports reached twice the volume of the one recorded in the first nine months of 1938.<sup>66</sup>

King Carol II’s visit to London took place between 15<sup>th</sup> and 18<sup>th</sup> November 1938, during which time he had several talks with N. Chamberlain, Halifax and others. During the talks, after the international political relations were analysed, the King inquired about Great Britain’s economic policy in Romania. At the same time, in London, King Carol II wanted to “convince England to take an interest in the fate of the Danube states or they leave them as natural area for German and Italian expansion. If England does not help the Danube states financially and economically, Romania will have to attempt a compromise with Germany.”<sup>67</sup> The English press took great notice of the economic discussions, emphasising that, as a result, “Romania will receive financial support from England, which *will allow it to oppose the growing German expansion* (our italics). It will constitute a new attempt on the part of England with the purpose of maintaining an influence in Southeast Europe. The latest political events and the German economic expansion have gravely endangered England’s position so far. Romania will probably obtain a £10–15 million loan, which will be partly used for purchasing English goods, and partly for arming.”<sup>68</sup>

King Carol’s question was answered by Chamberlain, saying that Romania’s geo-political location made it inevitable that Germany enjoyed a predominant position in the economic area, but that didn’t mean that the British government was

<sup>61</sup> *Ibidem*, vol. 8, f. 172.

<sup>62</sup> *Ibidem*.

<sup>63</sup> *Ibidem*, vol. 40, f. 92–93.

<sup>64</sup> *Ibidem*, vol. 9, f. 49.

<sup>65</sup> Idem, *fond Londra*, vol. 167, nepaginat.

<sup>66</sup> Ion Pătroiu, Valeriu Florin Dobrinescu, *op. cit.*, 90.

<sup>67</sup> A.M.A.E., *fond 71 Anglia*, vol. 16, f. 316.

<sup>68</sup> *Ibidem*, 318.



disinterested in any opportunities in Romanian trade, which may be found to be practicable, assuring the Romanian Sovereign, at the same time, that there was no truth in the rumour spread by German political circles, according to which in Munchen he had agreed that Hitler treat Central and Southeast Europe as a space reserved to German monopoly.

In the end of the talks, King Carol II reviewed briefly the Romanian government's main economic proposals for the English government: the naval base on Lake Taşaul; the development of the Danube and the commercial navy; timber and silos.

Chamberlain promised the English government will examine the Romanian proposals in the light of the King's presentation and declared he would be very pleased if the examination determined it possible to act on any of the suggested lines; he remarked that the English government had already showed their interest in an economic cooperation with Romania by purchasing 200 000 tons of Romanian wheat.

King Carol's talks with Prime Minister Chamberlain and Lord Halifax undoubtedly contributed to a better understanding of the two parties' position on the subjects which were approached, revealing that, as a result of its Munchen policy, the British government was shirking, under various pretexts, from initiating a larger cooperation between Great Britain and Romania, as the Romanian government proposed.

Subsequent international events determined Romanian diplomacy to attempt to broaden the sphere of cooperation and look for a clearer assumption of possible guarantees which Romania had been promised, all these endeavours being made mainly in London. The guarantees had an ethical and theoretic character and did not engage France and Great Britain in any actual military action if Romania were attacked on any of its frontiers. Between the kings' visit to London and the middle of March 1939, the most important problem in the Anglo-Romanian relations remained the economic and financial support which the Romanian government requested from the English government, with the purpose of avoiding the establishment of Germany's absolute economic domination in Romania. Germany's prevalence in Romania's foreign trade had been increasing since early 1938. According to Romanian archival documents, Germany imported from Romania 393 281 lei worth of goods and exported goods worth 206 247 lei, while Great Britain made imports worth 55 393 lei and

exports worth 60 515 lei.<sup>69</sup> Germany was mainly interested in Romania's export of oil products. The fact that the British government did not intend to strengthen and complete the guarantee given to Romania through substantial economic, financial and military support became even more evident to the Romanian government during the negotiations conducted in Bucharest by the English economic mission led by Leith Ross, with a view to signing an economic agreement. The English economic mission arrived in Bucharest on 24<sup>th</sup> April 1939 and on the following day had talks with Mitiță Constantinescu, Minister of Finance and the governor of the National Bank for a British credit of approximately £5 million, with a 6% interest rate (which the Romanians considered very high, requesting a 3% one).<sup>70</sup> They also approached the subject of increasing Anglo-Romanian trade. Leith Ross continued the talks with I. Bujoiu on the topics of a new mining law, the transport and export fees. Speaking of these negotiations, I. Bujoiu emphasised the following: "in order to intensify and consolidate Anglo-Romanian economic relations" we proposed: a – appointing (national) commercial bodies specialised in Anglo-Romanian trade; b – Romania granting England the right to obtain free areas in Romanian harbours, according to its laws and in an equal proportion to any other country; c – establishing direct air and maritime communications between England and Romania; d – achieving imports worth approx. £1 million apart from the clearing; e – appointing a *Mixed advisory committee* to meet either in London or Bucharest with the aim of finding solutions and facilitating the natural progress of Anglo-Romanian economic relations.<sup>71</sup> Analysing and synthesising these talks, the English press noted: "The overall opinion is that the negotiations are progressing well. The British mission wants public opinion to know that the Anglo-Romanian talks do not have a monopolistic character and there is room for other countries. The Romanian circles regret the fact that the mission had numerous preliminary inquiries to make and that the English have not declared yet how far they are willing to go."<sup>72</sup>

The position of the English government on this issue was at the same time subordinate to its attitude towards Nazi Germany's expansion to the East and Southeast Europe, which had remained

<sup>69</sup> *Apud* Sorin Arhire, *op. cit.*, 197.

<sup>70</sup> A.M.A.E., *fond 71 Anglia*, vol. 18, f. 183.

<sup>71</sup> *Idem*, *fond 71 România*, vol. 364, f. 430–432.

<sup>72</sup> *Idem*, *fond 71 Anglia*, vol. 18, f. 185.

essentially unchanged, Chamberlain's government never intending to fight this expansion determinedly, after having opened its door widely through the Munchen agreement.

In 1939, the international political situation deteriorated seriously. Thus, on 8<sup>th</sup> February 1939 the German Foreign Minister appreciated that the Little Entente "does no longer exist"; on 1<sup>st</sup> March 1939 Germany entered the Danube European Commission "on an equal footing with the other states represented in it"; Germany occupied the entire Czechoslovakian territory on 15<sup>th</sup> March 1939 and on 16<sup>th</sup> March the protectorate of Bohemia and Moravia was established while on 14<sup>th</sup> March Slovakia became independent under a pro-German leadership; the German-Soviet Nonaggression Pact was signed on 23<sup>rd</sup> August 1939 and on 1<sup>st</sup> September the Second World War began<sup>73</sup>, in relation to which – as it is well known – Romania adopted a position of neutrality.

In this context, Great Britain became interested in determining Romania to abandon its neutrality. Thus, the British envoy to Bucharest was required to make every effort to convince Romania to be "on our side from the beginning" and convey his observations as soon as possible – as the issue was to be debated in front of the Committee of Imperial Defence.<sup>74</sup>

Great Britain repeatedly tried to avoid leaving Romania in complete isolation. As a matter of fact, Grigore Gafencu recognised the existence of a continuity in Britain's position and interests when he declared: "As long as Great Britain maintained its positions and was determined to protect its interests, it was always possible for Romania, as well as for the other countries in the Balkan Agreement, to follow a policy of independence and resist the various pressures wielded on its frontiers by the two partners of the Moscow pact."<sup>75</sup>

Indeed, one could not have made a better-founded evaluation in the light of the increasing political and economic efforts made by Great Britain to support Romania. From the British point of view, the strengthening of ties with the Danube states – and especially Romania – represented a sequence in the attempt to regain the influence lost in London in the fourth decade of the last century. Romania was not only threatened by Germany, but

also by Hungary, Bulgaria and especially the USSR. Consequently, while Great Britain was looking for a mere extra ally in its possible conflict with Germany, Romania wanted to remove these states' revisionist threats to its territory.<sup>76</sup> Speaking about the political ties between England and Romania, Al. Cretzianu, secretary general with the Ministry of Foreign Affairs, concluded they (the ties) "have never been close, since the world war, except during a short period: from April 1939 until May 1940. At that time the Romanian government had many opportunities when it could have been decided definitively and unequivocally if Romania should be at the side of England sincerely and devotedly and with all its powers [...] In the context of this hesitant policy, England neglected Romania as long as its interests were not directly at stake. And when England wanted to cooperate with Romania, the Romanians weren't able to say either *yes* or *no* and adopted, in their turn, an attitude which was later dearly paid for."<sup>77</sup> However, in these years (1939–1940) Romania represented a vital point in the strategy designed by the Foreign Office and had it ended up at the disposal of the Axis powers, "the entire Balkan situation would have been compromised."<sup>78</sup>

After the 23<sup>rd</sup> March 1939, when the German-Romanian economic treaty was signed, the English diplomats asserted Great Britain would agree to satisfy Romania's request for land, naval and air munition. On 21<sup>st</sup>–22<sup>nd</sup> March the British and French Prime Ministers and Foreign Ministers met in London and debated the international situation and the threat of Nazi aggression against Romania and Poland. In this context, the head of British diplomacy, Lord Halifax, forwarded the following proposal: Great Britain and France should give Poland the same guarantees they wanted Poland to grant Romania.<sup>79</sup> The talks concerning the situation of East European countries continued – through various diplomatic channels – and on 13<sup>th</sup> April 1939 both the British Prime Minister, N. Chamberlain and the French Prime Minister, Édouard Daladier, declared simultaneously that their states "attached the greatest importance to preventing any change imposed by force or by threatening the *status-quo* in the Mediterranean and the Balkan Peninsula."<sup>80</sup> As a result of

<sup>73</sup> *Istoria Românilor*, vol. VIII, *România Întregită (1918–1940)*, coordonator Ioan Scurtu, București (2003), 507–559.

<sup>74</sup> Valeriu Florin Dobrinescu, Ionel Sirbu, *Diplomația României de la garanții la neutralitate*, Focșani (1997), 112.

<sup>75</sup> Gr. Gafencu, *Prelude to the Russian Campaign*, London (1945), 276.

<sup>76</sup> Marian Zidaru, *Relațiile politice și economice româno-britanice. 1939–1947*, București (2005), 33, 34.

<sup>77</sup> A.M.A.E., *fond 71 Anglia*, vol. 39, f. 26.

<sup>78</sup> *Apud* Marian Zidaru, *op. cit.*, 35.

<sup>79</sup> *Istoria Românilor*, vol. VIII, 523.

<sup>80</sup> *Ibidem*, 530.

these political guarantees, the Romanian Prime Minister, Armand Călinescu, declared that “it was with profound satisfaction that Romania learned about the British Prime Minister’s declaration pledging England’s full support for our country in case of need.”<sup>81</sup>

Consequently, on 31<sup>st</sup> March 1939 France signed an economic agreement with Romania and on 11<sup>th</sup> March 1939 Great Britain followed the example by signing a protocol which was reinforced on 12<sup>th</sup> July 1939 through an economic agreement. The economic commitments between Great Britain and Romania based on “The 11<sup>th</sup> May 1939 Protocol regarding commercial exchanges between Romania and England” stipulated the following<sup>82</sup>: the British government promised to grant a £5 million credit meant to allow Romania to purchase war materials from Great Britain; the United Kingdom pledged to purchase stocks of up to 200 000 tons of wheat from the Romanian government; Romania promised to simplify the control mechanism in order to facilitate the export of timber products to the United Kingdom; the Romanian government promised to modify the mining legislation so as to stimulate production and exports of oil; the Protocol also mentioned encouragement will be given to creating specialised organisations made up of members of business circles and to creating free areas in Romanian harbours.

The last dispositions targeted the strengthening of the British presence on the Romanian market and directly threatened the Reich’s positions. England limited the amount of oil sold to Germany. About three quarters of Romania’s oil production was controlled by Anglo-French capital. “The Royal Romanian Government – the May 1939 Protocol shows – admits it is in the interest of Romanian economy that the existing oil companies in Romania be encouraged to extend their operations with the view to increasing oil production and improving oil quality by using modern refining equipment. Consequently, it proposes to grant most favoured nation status to those oil companies *which involve substantial British financial interests* (our italics) in matters regarding the granting of permits for exploring and exploiting new fields, as well as all matters regarding the granting of concessions and the oil production-related operations.”<sup>83</sup> The biggest oil company, *Astra Română*, controlled by the Royal Dutch Shell Group, represented 25%

of the entire Romanian industry. By contrast, German societies controlled approximately 0.86% of crude oil production. Consequently, German oil imports came from the surplus produced by Western companies. In the first months of the war, Great Britain started to limit the raw material sold to Germany and purchase as much surplus products of the British companies in Romania as it was possible. In September 1939, for instance, Shell agreed to decrease sales to Germany. In December 1939, Great Britain increased the quantity of oil purchase up to 140 000 tons a month, while the oil quantity purchased by Germany was decreasing severely. In November, the German Minister of Foreign Affairs began to show his discontentment regarding the reduction in the number of deliveries. Although the minimum quantity of oil necessary for the war to continue was 100 000 tons a month, only about 70 000 tons had been delivered in October and in November less than 60 000 tons. The German Foreign Minister requested that the German Legation in Bucharest come to an understanding with the Romanian government, which would force Romania to guarantee the deliveries.<sup>84</sup>

On 3<sup>rd</sup> September 1939, the German Minister to Bucharest, Fabricius, accurately and urgently informed his superiors that “the British are preparing for unusually high acquisitions of oil in order to shut down Germany’s only supply source and to supply the English air force in Poland at the same time.”<sup>85</sup> This British policy – of oil acquisition – continued to be extremely active and on 12<sup>th</sup> September 1939 the British cabinet adopted a plan stating that Romania had to be maintained “in such a situation to potentiate the defence of the positions held by companies owned by British citizens, so that these companies are not forced to support the German war effort.”<sup>86</sup> It is worth mentioning that at the time Romania owned 2.2% of the world production of crude oil, being the sixth producer in the world (and the second in Europe) after the USA, the USSR, Venezuela, Iran-Bahrein and the Dutch Indies. Therefore, the outbreak of the war in September 1939 suddenly and brutally broached the topic of oil, for the combatant and non-combatant parties equally. The political and military observers of the events immediately agreed on this matter. In Bucharest the newspaper “Monitorul Petrolului Român” reported that the

<sup>81</sup> A.M.A.E., *fond 71 România*, vol. 6, f. 263.

<sup>82</sup> *Monitorul Oficial*, partea I, nr. 125, 2 iunie 1939.

<sup>83</sup> A.M.A.E., *fond 71 România*, vol. 364, f. 463.

<sup>84</sup> Rebecca Haynes, *Politica României față de Germania între 1936 și 1940*, Iași (2003), 132.

<sup>85</sup> *Documents on German Foreign Policy*, Series D (1937–1941), vol. VII, 540.

<sup>86</sup> Marian Zidaru, *op. cit.*, 123.



oil industry had become a “vital element for the practice of modern war.”<sup>87</sup> From that moment on, the *Intelligence Service* and *Office 2* but especially the Romanian departments of *Special Operations Executive* (S.O.E.) and *Political Warfare Executive* (P.W.E.) were involved in the battle for Romanian oil. The War Office analyses, made in the winter of 1939–1940, emphasised that “oil reserves were probably the weakest link in the chain of Germany’s war potential, its situation could become desperate in this regard unless it manages to obtain further external reserve sources.”<sup>88</sup> For these reasons, Great Britain sought to reduce Germany’s oil imports from Romania by organising an ally blockade of the German maritime ports and also by putting pressure on the government in Bucharest. Under the circumstances, the Reich turned to the railway system and, more frequently, to transport on the Danube. The Romanian government’s refusal to give the Germans Romanian rail tankers and the freezing of the Danube in 1939–March 1940 significantly reduced the quantity of oil exported to Germany, so that it never went beyond 130 000 tons a month. At the same time, the Romanian government allowed the Allies to increase their oil “acquisitions”. In the spring of 1940, the Reich’s oil reserves fell considerably below its necessities. The Goeland company was established with the purpose of buying up Danubian ships. In late 1939, it had only managed to rent 148 of the 2 725 river ships.<sup>89</sup> A *Report* by P. Teodorescu, Minister of the Air and Navy, dating from 2<sup>nd</sup> November 1939, stressed that “remarkable organisation is required to effect the transport of materials coming to our country on the basis of the Anglo-Romanian Agreement, which are arriving at a slower pace today. Therefore, we must study the opportunity and possibility that the respective goods may be transported under British colours and escort to a Mediterranean harbour from where they can be brought on Romanian Maritime Service ships, so that we can speed their arrival in the country and ensure complete safety at the same time.”<sup>90</sup> Between December 1939 and April 1940, Great Britain succeeded in importing twice as much oil as Germany. While the Reich purchased an average of 50 000 tons monthly, British imports exceeded 105 000 tons at the time. Moreover,

the British launched several projects aimed at destroying the Romanian oil fields, if they were used by the Germans. The Léon Wenger plan of 1<sup>st</sup> October 1939 ultimately gained prominence and on 18<sup>th</sup> October 1939 it was recommended to the government in Paris by General Maurice Gamelin, the head of the French General Staff. The Wenger plan considered the destruction of oil wells and a blockade on the Danube to reduce significantly and even cut off Romanian-German river connections.<sup>91</sup> Instead, the opinion of Romanian politicians was that the dramatic act of destroying the oil industry would only be required in case of a critical evolution of the international situation. They also considered that it would take a few generations to recover it.

Great Britain made considerable but less successful economic efforts outside the oil sphere. Acting on the recommendation of the Romanian government, the Ministry of Trade in London supported the request of the British Centropa Co. Ltd company. This corporation was a private company established to help improve Anglo-Romanian trade, acting independently from the Committee for Economic Pressure on Germany created in 1938 and the Department for Guaranteeing Export Credits, which had only been useful in their official capacity.

As a commercial organisation, Centropa was destined to act as import and export agent charged with making “secret purchase of Romanian goods.”<sup>92</sup> There was great hope that Centropa’s activity would effect urgent measures in other commercial domains and enable Romania to escape the German claw on its own economically and, implicitly, politically in order to ensure Great Britain has a prevailing influence in Romania. The reports and documents compiled at the Foreign Office prove the British went to great pains to maintain an important position on the market not only in the case of oil, but also wheat and acquisitions of corn, timber, cattle, etc.

In the summer of 1939, Romanian diplomacy continued to make efforts to obtain Great Britain’s military support. On these lines, a memorandum on 27<sup>th</sup> June 1939 states that Romania made “certain suggestions about the arrangements concerning the orders of war materials and equipment which were going to be paid for through the procedure of the

<sup>87</sup> *Istoria Românilor*, vol. VIII, 555.

<sup>88</sup> Valeriu Florin Dobrinescu, Lenuța Nicolescu, Gheorghe Nicolescu, *Relații militare româno-engleze (1918–1947)*, Pitești (1998), 8.

<sup>89</sup> Ion Pătroiu, Valeriu Florin Dobrinescu, *op. cit.*, 91 și urm.

<sup>90</sup> A.M.A.E., *fond Londra*, vol. 172, nepaginat.

<sup>91</sup> I. Colvin, *L’amiral Canaris*, Paris (1952), 204–205; A.M.A.E., *fond 71 Anglia*, vol. 40, f. 374–376.

<sup>92</sup> Serviciul Arhivelor Naționale Istorice Centrale, București, *fond Casa Regală*, dosar nr. 57/1940, raportul colonelului Baldwin Webb către Sir Robert Vansittart, nedatat.



Guarantee Agreement.”<sup>93</sup> In the same summer, Tilea made various endeavours to obtain from British companies military materials which the Romanian army lacked. At the same time, Commander Gheorghe Dumitrescu, the Romanian naval military attaché in London, referring to the way in which the German-Soviet pact of 23<sup>rd</sup> August 1939 was perceived in the world, reported that the English political circles were already wondering whether it may cover “a German-Russian military cooperation.”<sup>94</sup> As a consequence of this pact, on 13<sup>th</sup> September 1939 Tilea requested equipment of 15 divisions. The head of the Foreign Office, Lord Halifax, was certain appropriate endowment of the Romanian army served British interests as “a decisive moment can come when Romania’s intervention will be extremely valuable to the allies.”<sup>95</sup> But Romania’s efforts between 1939 and 1940 didn’t result in the removal of the deficit in armament and military technique, especially since England and France stopped the granting of credits necessary for the endowment and equipment of the Romanian army.

Influenced by political and military events, Romania’s economy gradually comes out of the sphere of influence of Western countries (Great

Britain, France, the USA and others) and enters the economic area dominated by Germany, at a slower pace in the spring of 1940 and after that time in a precipitous and massive way.

Central and South-eastern Europe – including Romania – was important for Germany from various points of view: *economically*, strategic minerals (especially oil) as well as food products were necessary for the war economy; *strategically*, this Carpathian–Danubian territory eased German expansion towards South Europe and the Middle East; *politically*, the collapse of regional security systems – the Little Entente and the Balkan Agreement – undermined the positions of France and Great Britain in the area.<sup>96</sup>

Starting with 6<sup>th</sup> September 1940 Romania’s relations with Germany clarified definitively and were based on complete political cooperation. From that moment on it became evident that relations with Great Britain could never get back to what they had been. Analysing the situation newly created on 15<sup>th</sup> February 1941 “the British government acted on the consequences deriving from this situation and broke all diplomatic connections with Romania,”<sup>97</sup> – as Al. Cretzianu was emphasising.

<sup>93</sup> A.M.A.E., *fond Londra*, vol. 167, nepaginat.

<sup>94</sup> Alesandru Dușu, Lenuța Nicolescu, Alexandru Oșca, *Atașatii militari transmit... (1938–1944)*, vol. I, București (2001), 7.

<sup>95</sup> Valeriu Florin Dobrinescu, *Emigrația română din lumea anglo-saxonă*, Institutul European, Iași (1993), 45.

<sup>96</sup> Viorica Moisuc, *Istoria relațiilor internaționale. Până la mijlocul secolului al XX-lea*, București (2002), 271.

<sup>97</sup> A.M.A.E., *fond 71 Anglia*, vol. 39, f. 26.

