

---

## British-Romanian Trade and Financial Talks: The British Outlook (1955)

Marian-Alin DUDOI\*

### Summary

*In the timeframe 14<sup>th</sup> February-29<sup>th</sup> June 1955 the two delegations met in London to negotiate a financial and trade treaty.*

*The first document regards the matters differently noticed by the two delegations (the Romanian delegation had sent the British counterpart their précis concerning the negotiation but the British decided to give their view about the matters differently understood by the Romanians).*

*The second document details the main respects of the British-Romanian negotiation, according to the British view.*

*The Romanians hoped to reach to an agreement in order to liquidate all British claims and to increase the export in the United Kingdom. All British claims rose to £177 million (£112 million the nationalisation and Peace Treaty claims, £37 million the bonded debt, including £12 million held in the United Kingdom and £13 million accrued interest, £30 million the Miscellaneous debt and other claims). The British Government Delegation proposed that all Romanian debt should be paid only at a 10 percent level but the British oil companies rejected it. At the wish of the British oil companies, the U.K. Delegation recommended the Romanian Delegation should negotiate separately in order to reach to agreements with the British Oil companies (nationalisation claims), with the Council of Foreign Bondholders and to respect the British law (Miscellaneous debts and other claims) before continuing negotiation with the U.K. Delegation.*

*The Romanians solicited the postponement of the nationalisation payment for twenty years and the payment of all other British claims by the Romanian assets held in the U.K. and £2 million resulted from the Romanian export in the U.K in the following years. The U.K. Delegation refused to postpone both nationalisation claims and bonded debt and proposed to continue negotiation after six months.*

*We wonder if the Romanians had thought that liquidating the bonded debt with exports, could they have aimed at a loan over several years?*

**Keywords:** *Economy, Nationalisation, Negotiation, Foreign Affairs, Cold War*

---

\*PhD, “Horia Vintilă” Technological Highschool and Secondary School in Segarcea (Dolj County).

## *Negocierile Comerciale și Financiare Româno-Britanice: Perspectiva Britanică (1955)*

### **Rezumat**

Între 14 februarie-29 iunie 1955, cele două delegații s-au întrunit la Londra pentru a negocia un tratat financiar și comercial.

Primul document se referă la probleme percepute diferit de cele două delegații (delegația română trimiseseră britanicilor rezumatul lor referitor la modul cum au decurs toate negocierile, însă delegația britanică s-a simțit nevoită să explice chestiunile, din cursul negocierilor, percepute diferit de delegația română).

Al doilea document se referă la modul cum au decurs negocierile româno-britanice, în viziunea britanică.

Românii au sperat să ajungă la o înțelegere prin care să stingă toate pretențiile britanice și să revigoreze exportul în Marea Britanie. Pretențiile britanice s-au ridicat la 177 milioane de lire sterline (112 milioane naționalizări, 37 milioane împrumuturi, din care 12 milioane bunuri și fonduri românești înghețate în Marea Britanie și 13 milioane dobânzi, și 30 milioane diverse). Delegația guvernamentală britanică a propus ca datoriile României să fie plătite în proporție de 10%, însă companiile petroliere s-au opus. Ca urmare a dorinței companiilor petroliere, delegația britanică a recomandat ca delegația română să înceapă să negocieze separat și să ajungă la acorduri cu companiile petroliere (naționalizări), cu creditorii și să respecte legislația britanică (Diverse) înainte de a continua negocierile cu Delegația britanică.

Românii au solicitat amânarea plății din naționalizări pentru 20 de ani și plata celorlalte pretenții britanice prin bunurile românești din Marea Britanie și 2 milioane de lire sterline rezultate din viitorul export românesc în Marea Britanie. Delegația guvernamentală britanică a refuzat amânarea plății din naționalizări și a datoriei externe și a propus suspendarea negocierilor pentru șase luni.

Ne întrebăm dacă românii nu speraseră ca stingând datoria publică prin exporturi, să nu fi urmărit un împrumut peste câțiva ani?

**Cuvinte-cheie:** Economie, Naționalizare, Negociere, Relații Internaționale, Războiul Rece

Document number 1

TREASURY CHAMBERS,  
Great George Street,  
LONDON, S.W.1

7<sup>th</sup> July, 1955

Monsieur le Président,

I am replying to your letter of the 28<sup>th</sup> June in the absence of Mr. Copleston.

2. At our last meeting on the 29<sup>th</sup> June, I mentioned that the U.K. Delegation had some observations on the record of the proceedings as described in your letter and that we would set out these observations in detail. We came to the conclusion that the simplest course would be for the U.K. Delegation to prepare its own record of the matters discussed during the negotiations and to draw attention to points of difference between their record and your own. I now enclose the record drawn by the U.K. Delegation.

3. For your convenience of reference I will make our observations on the various matters in order in which they appear in your letter:

#### Section 1

In the last paragraph you refer to the difficulty of the U.K. Delegation in adducing documents. In general, we could not be expected to furnish detailed information because the situation prevailing in Roumania since the war has prevented owners from having free access to their properties. No question of documentation arose on the bonds.

#### Section 2

In the fifth and sixth paragraph you state that, according to data in the possession of the Roumanian Delegation, the value of the assets was higher than the Administrator's estimate and that the comparison of data on this question was incomplete when the talks were adjourned. We have said in paragraph 4 of the enclosed U.K. record that certain items which the Roumanian Delegation regarded as assets did not come within the scope of U.K. legislation and that in our view no purpose would be served by further discussions designed to account for the discrepancy between the two estimates.

## Section 3

Fourth paragraph. The date, according to our records, was 15<sup>th</sup> April (not 2<sup>nd</sup> April). At the same meeting the Roumanian Delegation made the offer described in paragraph 8 of the U.K. record.

Fifth paragraph. You refer to a U.K. offer to accept £5 million (in addition to Roumanian assets). The formal U.K. offer was £6 million but the U.K. Delegation intimated they had no authority to accept £5 million they would be prepared to recommend acceptance of this figure if a firm offer were made by the Roumanian Delegation. Similarly the suggestion of a moratorium of 10 years for the oil companies' claims was put forward by the U.K. Delegation informally, without commitment, as a suggestion on which it would be useful to have the views of the Roumanian Government.

Seventh Paragraph. The estimate of "Miscellaneous Claims" originally put forward by the U.K. Delegation was £24 million. This figure was later increased to £30 million because the substantial new claims in respect of commercial debts were received.

Eighth Paragraph. The amount of the assets which would be distributed to bondholders as a class of creditor was estimated by the U.K. Delegation at £2,5 million.

Tenth Paragraph. The reasons why the U.K. Delegation could not accept the Roumanian proposal for settlement of bonded debt are set out in paragraph 12(b) and (c) of the U.K. record. At the end of that paragraph your letter omits to state that the adjournment for a period of six months was to enable both sides to study the outstanding financial problems with the object of facilitating the early conclusion of a financial settlement when the discussions are resumed.

Eleventh Paragraph. You refer to the Roumanian Delegation's request that the Roumanian assets in the U.K. should not be distributed during the period of the adjournment. I should like to take this opportunity of making clear the U.K. position in this matter.

Notwithstanding their rights under Article 27 of the Peace Treaty the U.K. Government invited the Roumanian Government in 1949 to give their views on the disposal of the assets. No reply was received and later in 1949 the U.K. Government informed the Roumanian Government of their intention to exercise their rights under the Peace Treaty. In 1952, the U.K. Government made a public announcement of their decision to distribute the assets in accordance with Treasury Distributions to be issued later. In July, 1954, the Directions for the distribution were issued. In February, 1955, before the recent negotiations opened, the U.K. Government informed the Roumanian Government that there could be no question of the U.K. Government receiving proposals from the Roumanian Government

concerning the distribution of the assets, but nevertheless the U.K. Government would have regard in any comprehensive debt settlement to the amounts which creditors would receive from the distribution. Throughout the negotiations the U.K. Delegation have repeatedly informed the Roumanian Delegation that the Administrator would proceed to distribute the assets as soon as the preparatory work of examining claims was completed. This stage has nearly been reached and it is expected that an interim dividend out of the Roumanian assets will be paid to claimants later this month.

Please accept, Monsieur le Président, the assurance of my high consideration.

K.S. Weston

Document number 2

CONFIDENTIAL

## ANGLO-ROUMANIAN TRADE AND FINANCIAL TALKS, 1955

### Records of the Matters discussed

1. Representatives of the Roumanian Government and of the Government of the United Kingdom and Northern Ireland met in London between 14<sup>th</sup> February and 29<sup>th</sup> June, 1955, to discuss facilities for additional trade and the settlement of all debts due to the United Kingdom Government and to United Kingdom nationals and of all the other United Kingdom financial claims against the Roumanian Government.

2. Trade talks. In discussions on trade, some progress was made towards the agreement of a draft text of a trade agreement for twelve months, to which would be attached lists of U.K. imports from Roumania and of Roumanian imports from the U.K. to a value of approximately £8 million each way.

3. Financial talks. In a Note dated 21<sup>st</sup> January, 1955, presented to the British Legation in Bucharest the Romanian Government expressed the view that the problem of Roumanian funds available in the United Kingdom should be discussed at the forthcoming financial negotiations. The U.K. Government replied in a Note delivered to the Roumanian Government on 8<sup>th</sup> February, 1955, that -

(a) the U.K. Government had the right to apply Roumanian property seized in accordance with the provisions of Article 27 of the Peace Treaty to such purposes as they might desire;

(b) there could therefore be no question of the U.K. Government receiving proposals from the Roumanian Government concerning the distribution of this Roumanian property;

(c) nevertheless the U.K. Government would have regard in any comprehensive debt settlement to the amounts which creditors would receive from the distribution of the assets.

4. Romanian assets. The Roumanian Delegation exchanged information with the Administrator of Roumanian property on the value of Roumanian assets in the U.K. The Roumanian Delegation stated that in their view the value of these assets was greater than the figure of £7,97 million gross established by the Administrator. The latter explained that his estimate related to Roumanian property as defined by the relevant U.K. legislation and that certain items which the Roumanian Delegation regarded as Roumanian assets did not come within the scope of U.K. legislation. The United Kingdom Delegation considered that no purpose would be served by further discussions designed to account for the discrepancy between the two estimates.

5. The U.K. Government put forward financial claims totalling £177 million. These claims were subsequently revised and regrouped into the following three categories:

	£ million
(a) The oil companies's nationalisation and the Peace Treaty claims	112
(b) Sterling bonded debt (£24* m. capital amount outstanding plus £13 m. accrued interest)	37
(c) Miscellaneous debts and claims	30
Total	179

\*of which £12 m. estimated to be held in the United Kingdom.

6. The U.K. Delegation stated on 17<sup>th</sup> February and at the subsequent meetings with the Roumanian Delegation that the U.K. Government could not agree to the inclusion of bonded debt in a global settlement unless the Roumanian Government made an offer which was acceptable to the Council of Foreign Bondholders.

7. The U.K. Delegation offered to recommend acceptance of a sum of £10 m. (in addition to the Roumanian assets estimated at about £7<sup>1</sup>/<sub>2</sub> m.) in settlement of all debts and claims. After consultation with the U.K. oil companies, however, the U.K. Delegation suggested that the Roumanian Delegation should negotiate separately –

(a) on bonded debt with the Council of Foreign Bondholders;

(b) on the oil companies' nationalisation and the Peace Treaty claims with representatives of the oil companies; and

---

(c) on the miscellaneous debts and claims with the U.K. legislation.

8. The Roumanian Delegation were unable to agree to negotiate on the basis set out in the preceding paragraph. After consulting the oil companies, the United Kingdom Delegation suggested that the discussion of the oil companies' claims might be postponed for a few years. As regarded bonded debt, the Roumanian Government might decide to make a separate offer through the Paying Agents.

On this basis the U.K. Delegation stated that they would be prepared to recommend the acceptance of a sum of £6 m. (additional to the value of Roumanian assets) in settlement of the miscellaneous debts and claims amounting to about £30 m. The Roumanian Delegation replied that they were prepared to offer £2.5 m. for the miscellaneous debts and claims but this sum was to be taken from the proceeds of Roumanian assets held by the Administrator of Roumanian Property and that the remainder of the assets should be blocked in an account as an earnest of the Roumanian Government's intention to effect a later settlement of the oil companies' claims and of bonded debt. This proposal was rejected by the U.K. Delegation.

9. Subsequently the Roumanian Delegation agreed to consult their Government on the possibility of a settlement under which:

(a) all claims of the oil companies would be excluded from the settlement at present under negotiation and these claims would not be the subject of discussion between the two Governments for a period of 10 years;

(b) the Roumanians would pay £6 million over 10 years (in addition to the Roumanian assets) in settlement of the other claims, the sum of £6 m. to include the amount required to make an offer in respect of bonded debt.

10. The Roumanian Delegation put forward the following counter proposals:

(a) The Roumanian Government accepted in principle the postponement of settlement of the oil companies' nationalisation claims but asked for an assurance that this matter would not be raised by H.M. Government for a period of 20 years;

(b) all debts and claims other than the oil companies' nationalisation claims would be discharged by a payment of £2 million (in addition to the Roumanian assets). The sum of £2 million would be paid by instalments over a period of years out of the proceeds of exports to the United Kingdom.

11. The U.K. Delegation reported that these conditions were unacceptable. They stated however that their Government would be prepared to make a financial settlement on the following lines:

(a) oil companies' nationalisation and Peace Treaty claims to be excluded from the present settlement;

(b) the status and future handling of these claims to be determined by a formula on the following lines:

“The Roumanian Government affirm their intention to reach to a settlement of these claims of the United Kingdom oil companies for compensation for the nationalisation and expropriation of their interests in Roumania and the claims of these companies under the Treaty of Peace with Roumania; and for this purpose the Roumanian Government will open discussions at an early date with the said companies with a view to agreeing the amount of these claims. Her Majesty’s Government will not press the Roumanian Government for payment in respect of these claims whilst the debts and claims mentioned in Article..... of this agreement are being liquidated in accordance with the provisions of this agreement”;

(c) bonded debt to be excluded from the present settlement, and left outstanding;

(d) the remainder of the claims, i.e., excluding oil companies nationalisation and Peace Treaty claims and the bonded debt, to be settled at £2 million payment to be made by annual instalments related to the value of Roumanian exports to the United Kingdom.

12. The Roumanian Delegation replied that

(a) they were unable to accept the U.K. conditions for the exclusion of the oil companies’ claims;

(b) they must insist that all other debts and claims (including bonded debt) should be discharged in a global settlement in which the U.K. Government should take the responsibility of allocating to U.K. bondholders whatever share of the total sterling sum available for distribution the U.K. Government thought appropriate; and

(c) the U.K. Government should give a discharge for bonded debt settled in this manner.

13. The U.K. Delegation stated that these conditions were unacceptable and did not constitute a basis for continuing the negotiations. The U.K. Delegation therefore proposed, and the Roumanian Delegation agreed, that the negotiations on both trade and financial questions should be adjourned for a period of six months to enable both sides to study the outstanding financial problems with the object of facilitating the early conclusion of a financial settlement when the discussions on trade and financial matters are resumed.

H.M. Treasury,

LONDON, S.W. 1

7<sup>th</sup> July, 1955.