

## THE INTERNATIONAL RELATIONS AND THE FOREIGN TRADE OF ROMANIA IN THE EARLY XXIth CENTURY

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The international trade represents a sensitive dimension of international relations, the commercial crises affecting, as in the domino game, the national states, and according to Amina Lahrèche-Revil<sup>1</sup>, there are two decisive elements for the achievement of effects in such crises: *the opening* (with reference to the trade reported to the GDP) and *the specialization*, which is shaped both by the exchanges with the trade partners and also by the sector dimension. At the same time, there should be noted that the countries with an open economic structure are the first affected by the global trade crises. In this respect, the analysis regarding the management of the global trade crisis during the interwar period in Romania is edifying<sup>2</sup>.

### *Relevant statistics*

According to the statistics published by the Romanian state, in the early 21<sup>st</sup> century, the main trading partner of Romania is the European Union. Thus, in 2003, the European Union has a share of 67.7 per cent for export and 57.7 per cent for import<sup>3</sup>; in 2004, the share for export and import has increased and reached 72.9 per cent and, respectively, 64.9 per cent<sup>4</sup>; in 2005, the Romania's export within the European Union fell to 67.6 per cent and the import to 62.2 per cent<sup>5</sup>.

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<sup>1</sup> Amina Lahrèche-Revil, *Intégration internationale et interdépendances mondiales*, in *L'économie mondiale*, 2003, Paris, 2002, pp. 54-63.

<sup>2</sup> Mariana Cojoc, *Gestionarea crizei economice mondiale. Studiu de caz: comerțul exterior al României prin porturile maritime Brăila, Galați și Constanța (1929-1933)*, (*The management of global trade crisis. Case study: Romania's foreign trade through the maritime harbours of Braila, Galati and Constanta (1929-1933)*), in „Romanian Naval Museum Yearbook”, volume VIII, 2005, Constanta, The National Company „Maritime Ports Administration” SA Constanta Publishing, pp. 261-272.

<sup>3</sup> Ministry of Economy and Trade, Centre for the Promotion of Trade, *Sinteză privind evoluții în comerțul exterior în perioada 01.01-31.12.2003*, (*Synthesis regarding evolutions in the foreign trade between January 1 – December 31, 2003*).

<sup>4</sup> *Ibidem*, in the period between January 1 – December 31, 2004.

<sup>5</sup> *Ibidem*, in the period between January 1 – December 31, 2005.

From theoretical point of view, I am pointing out the fact that since 1991, according to economic analysts, the regions imposed in the foreign trade of our country are those with which we have signed customs-free and liberalized zone agreements, more precisely the European Union and the group of Central European Free Trade Agreement (CEFTA)<sup>6</sup>. This was possible thanks to the processes of *generation* and *trade diversion*<sup>7</sup>. If the *generation* was possible through „the liberalization and signing of international agreements regarding the trade”<sup>8</sup> (for the Central and South-Eastern European states the phenomenon became visible after signing the pre-accession agreement and after starting the negotiations with the European Union)<sup>9</sup>, the phenomenon of *diversion* is, according to Florentina Paraschiv, who makes reference to the analysis of J.L. Mucchielli, „an ongoing process, primarily manifested through the switching of exports and imports from the Community of Independent States (CIS) or those in course of development, toward the European states (mainly the European Union and CEFTA)”<sup>10</sup>.

The international trade is considered by many analysts as the main factor of the economic decline registered in the period of transition after 1989, in the former members states in the Council of Mutual Economic Assistance (Comecon). The transformations produced because of the auto-dissolution of Comecon (1991) „have contributed greatly to decrease the GDP of these countries (...) those countries which have faster liberalized the international trade have registered a significant progress in the implementation of economic reforms. Therefore, if the restructuring of foreign trade (in terms of geography and competitiveness) is faster, then the economic recovery and growth are becoming possible”<sup>11</sup>.

But Constantin Zaman considers that the geographic diversification of Romania's trade was not a major obstacle after 1990, thanks to its orientation in the communist period, to an extent more or less appreciable (more or less

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<sup>6</sup> Florentina Paraschiv, *Creare și deturnare de comerț ca urmare a extinderii Uniunii Europene – analiză economică (Creation and diversion of trade as a result of the European Union enlargement – economic analysis)*, Iasi, Lumen Publishing, 2005, p. 59.

<sup>7</sup> *Ibidem*, pp. 59-60.

<sup>8</sup> *Ibidem*, p. 59.

<sup>9</sup> Helen Wallace, William Wallace, *Procesul politic în Uniunea Europeană (The political process in the European Union)*, 4th edition, Chisinau, Arc Publishing, 2000, pp. 446-450. In 1993, Romania has signed the Association Agreement which was ratified in 1995.

<sup>10</sup> Florentina Paraschiv, *op. cit.*, p. 60; J.L. Mucchielli, *Relations économiques internationales*, 1995, p. 265.

<sup>11</sup> Constantin Zaman, *Ajustări structurale ale comerțului exterior al României (Structural adjustments of Romanian foreign trade)*, Société Française de Réalisation, d'Etudes et de Conseils Paris, Centre for Social and Economic Analysis Warsaw, 1999. The author makes reference to the analysis of Paul Brenton, *Trade&Investment in Europe. The Impact of the Next Enlargement*, CEPS, Brussels 1999.

analysed by the author) toward the markets of Western Europe<sup>12</sup>. However, the advantage of the relative independence of Romania's economy regarding the trade with Russia was lost because of the maladjustment of the foreign trade to the new requirements of the European and international markets<sup>13</sup>.

In the early XXIst century, the analysis of statistics published by the Romanian state, led us to the following conclusions:

- the trade balance of Romania registered important deficits: 2000 – -2962 million euro; 2001 – -4661 million euro; 2002 – -4206 million euro; 2003 – -5587 million euro;
- it is easily noticed that the deficit of the trade balance is constant in the relationship with Russia. Thus, in 2003 the deficit reached 1,704.9 million euro being followed by the deficit of a state member of the European Union – Germany, but at a great distance, with only 686.9 million euro;
- in the next year, although with a slight decrease, the trade deficit with Russia remained in the same first position as in 2004 (1,693.8 million euro)<sup>14</sup>, reaching in 2005 the amount of 2,503.5 million euro<sup>15</sup>.

*Another age, another trade „diversion”*

At the end of World War I, the privileged position of USA within Romania's imports was mainly held thanks to the food and grain brought in the country, especially by the maritime route<sup>16</sup>. In the same period Hungary held an

<sup>12</sup> *Ibidem*.

<sup>13</sup> *Ibidem*; Victoria Curzon, Alice Landau, Richard G. Whitman, *The Enlargement of the European Union. Issues and strategies*, London, Routledge, 2001, p. 146. The accession of states to the European structures was marked by the shaping of a policy of expansion. Thus, the second criterion, according to the document adopted by the European Council from Copenhagen (1993) makes reference to the existence of a functioning market economy and to the capacity of facing the competitive pressures and the forces of markets within the European Union.

<sup>14</sup> Ministry of Economy and Trade, Centre for the Promotion of Trade, *Sinteză privind evoluții în comerțul exterior în perioada 01.01-31.12.2004 (Synthesis regarding evolutions in the foreign trade between January 1 – December 31, 2004)*. The Russian Federation was followed by: Germany – 1,086.1 million euro; Ukraine – 652.6 million euro; Italy – 500.7 million euro; Kazakhstan – 449.4 million euro.

<sup>15</sup> *Ibidem*, the period between January 1 – December 12, 2005. The Russian Federation was followed by: Germany – 1,427.8 million euro; Kazakhstan – 1,034.5 million euro.

<sup>16</sup> Engineer Cristea Niculescu, *Memoriu asupra relațiilor noastre economice cu Statele Unite (Statement regarding our economic relations with the United States)*, Bucharest, Gutenberg Typography, Anonym Society, 1920, pp. 20-22. About the economic analysis of Romania from the American perspective in Nicolae Dascălu, *Evoluția economică a României Mari între 1919-1939 în viziunea diplomației SUA (The economic evolution of Great Romania between 1919-1939 in the vision of the American diplomacy)*, in „Revista de istorie” („Magazine of History”, volume 42, no. 4, 1980, pp. 367-380.

important position within the countries which were importing Romanian products, the wood finding here marketplace<sup>17</sup>. Great Britain, France or Italy have occupied important positions in the Romanian export, together with Austria or Czechoslovakia. Still since 1917-1918, the National Foreign Trade Office from Paris has analyzed the methods and the means used by Germany and Austria-Hungary in order to impose their own products in the region. In July 1918, there was relevant the position of the French Foreign minister, S. Pichon, who was underlining the fact that Romania „will be influenced by the economic action of France after the end of the war”<sup>18</sup>. Consequently, in January 1919, it was created in Bucharest the French Economic Office in order to solve (together with the Allied Economic Commission and the Romanian authorities) the supply problems of Romania. Another attribution of the Office was that of „taking measures in order to release the country (Romania) from the economic influence of the states from Central Europe, by the development of its relations with the allied states”<sup>19</sup>, and also for allowing the French industry and trade to occupy on the Romanian market the place held, before the outbreak of war, by Germany<sup>20</sup>. Immediately after the organization, the Office conducted a general statistics regarding Romania’s resources, being taken into account the possibilities of France concerning its involvement in the Romanian foreign trade. The French Economic Office was organized into 12 sections: *section 1 – trade, 2 – industry, 3 – mines, 4 – public works, 5 – transport, 6 – agriculture, 7 – finances, 8 – French interests, 9 – education, 10 – economic recovery, 11 – the supply of French people in Romania, 12 – the department of internal organization*<sup>21</sup>. *Section 3 – mines* was including two subsections, the first of them targeting only the Romanian oil, *section 4* was regarding *the ports* and *section 5* with *the subsection B, the maritime and fluvial transports*. Branches of the French Economic Office were opened in Braila, Ploiesti, Craiova, Iasi, Brasov, Arad, Sibiu, Cluj, Timisoara and also Odessa (the Office was also regarding Russia). On its turn, the commercial section of the Office aimed the immediate orientation of the Romanian trade toward France, „le peuple roumain qui attend des Francais le revitaillement du pays”<sup>22</sup>.

By the *Commercial Studies* subsection, it was taken into account the analysis of the methods regarding the export of their own products on the

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<sup>17</sup> *Enciclopedia României (Romania’s Encyclopaedia)*, vol. IV. *Economia Națională, circulație, distribuție și consum (National Economy, circulation, distribution and consumption)*, Bucharest, National Printing, 1943, p. 400.

<sup>18</sup> Archive Diplomatique. Ministère des Affaires Étrangères, France (ADMAE), *Éurope 1918-1929, Roumanie*, vol. 31, ff. 59-60. Telegram no. 1.626 of S. Pichon, Foreign minister of France, to the Legation from Washington.

<sup>19</sup> National Archives Constantza (NAC), fund Constantza City Hall, file 29/1919, f. 56.

<sup>20</sup> ADMAE, *Relations et Conventions Commerciales Franco-Roumaine. Négociations, Roumanie*, vol. 98, f. 9. Rapport no. 21 dans 21 janvier 1921 sur l’organisation du Bureau Économique.

<sup>21</sup> *Ibidem*, ff. 6-7.

<sup>22</sup> *Ibidem*, f. 10.

Romanian market, paying special attention to *ports and waterways*. More detailed, the maritime and fluvial transports have been the object of *subsection B* within *the section Regarding the Public Works*, directly related with the Office of Naval Staff of the French Navy. *Milcovul* cargo was taken by the French Economic Office, the government of Romania promising that on all the vessels in the country will be spaces reserved for the French goods brought in Romania. There was also compiled a program of French maritime transports for the Black Sea, program which was presented to the shipping companies and agencies. Another problem which interested the French Economic Office was that of fluvial transports and of navigation on Danube but also on Dniester, Prut or Olt river. It was also taken into account the situation of docks, storage warehouses, of maritime and fluvial port buildings or „les grands projets d’extension de la navigation fluviale par la canalisation de diverses rivieres, canaux et de la creation de nouveaux canaux Rhin – Danube – Mer Noire”<sup>23</sup>. Still since February 7, 1919, St. Aulaire proposed the transformation of the Office into a Trade Office, fact also mentioned by the French Ministry of Commerce, Industry, Post and Telegraph in its report on March 18, 1919 to the Ministry of Foreign Affairs. Such offices were already functioning in Zurich or London, for leading the office in Romania being proposed M. Vuccino, consular agent of France in Braila, together with Blondel, L. Dreyfus, Belloy, Roux, Landec and Fraissinet, private ship-owner in Marseille, whose ships were also arriving in Constantza<sup>24</sup>. The French Trade Office in Romania, coming under the French Ministry of Foreign Affairs, was created in June 1919, having a headquarters in Bucharest and another within the National Office of French Foreign Trade, with links in Sibiu, Timisoara, Chernivtsi. Among its objectives was also present the fast acquisition of all commercial information about Romania: transports, credit, legislation, in order to place the French industrial products<sup>25</sup>. A month later, the Communications section within the Supreme Economic Council sent to General Gassouin, the general director of Military Transports, a report regarding the general situation of Romania, the accent being focused on the role held by the maritime and fluvial navigation but also on the importance of ports<sup>26</sup>. The region between Braila and the mouth of Danube was considered a favourable waterway for the penetration of Bessarabia, Dobrudja and Moldavia, while the region between Turnu Severin and Braila was seen as an access area towards Western Romania, Bulgaria, Serbia and Transylvania. The Romanian port of Danube were

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<sup>23</sup> *Ibidem*, f. 17.

<sup>24</sup> *Ibidem*, f. 25.

<sup>25</sup> *Ibidem*, ff. 18-20. Report no. 963 on May 22, 1919. Bureau d’Études de l’Information Diplomatique. Informations Économiques. Bulletin consacré à la Roumanie. *La marche Roumain*, „Corriere Economico”, May 15, 1919.

<sup>26</sup> *Ibidem*, Relations Commerciales Internationales 1916 – 1940, Roumanie, Directions des Affaires Politiques et Commerciales, Dossier Général, vol. 97, f. 77. Note no. 1 on June 12, 1919.

preferred because of the railways between: Galati – Braila – Fetești – Cernavodă – Călărași – Oltenița – Giurgiu – Zimnicea – Turnu Severin – Turnu Măgurele – Corabia – Calafat – Turnu Severin. For Bulgaria there were important the links Rusciuk – Șiștov – Somova – Lom – Vidin and for Serbia the railways between Radejevat – Prahovo – Dubravita – Semederevo – Belgrade. Another portion of the Danube, the one between Turnu Severin and Ulm was considered a favourable corridor for the penetration of Hungary, Czechoslovakia, Austria, Bavaria, Yugoslavia.

Analysing each fluvial portion, France could not escape from its view the waterway, seen as a possibility of introducing its own metallurgical and chemical products in Romania, through the harbours of Constantza and Galati. The disadvantage was given by the fact that the distance between France and Constantza was very long. However, it was the only way accepted at the time by the Parisian diplomacy, taking into account that the other waterway, Rhin – Mein – Ludwig Canal – Danube, was complicated enough because:

- the shippers could not be present at each transshipment of goods,
- the ports on that route were still considered enemy,
- the Danube had a reduced traffic.

The solutions for the development of a commercial link by waterway with the states of Central and South Eastern Europe were seen from Paris by the creation of an international commission of control on the Danube, the development of Serbian port to the Adriatic Sea, the development of Thessaloniki port, the improvement of navigation conditions in the Iron Gates area or the enlargement of Ludwig Canal. To all these it was also added the waterway Marseille-Constantza, France considering Romania as a possible very important marketplace for its products. Another delicate problem for the Parisian diplomacy represented the increasing of the number of their own navigation companies, with regular routes on the Danube and the Black Sea, fact considered as a challenge for the competing companies, especially for the English and American ones. There was also attractive the idea of some mixed companies, French-Serbian or French-Czechoslovakian, which could take the place of companies from the old Austrian-Hungarian Empire. Regarding the possibility of obtaining the control on the Lower Danube by a French-Romanian navigation company, this was seen as being hindered by the energetic efforts of Great Britain in the region. Still, the French Naval Mission had on the Danube its own commercial department which, being developed, according to Paris, could absorb the small local ship-owners, *Messageries* and *Frayssinet* also exploring the Romanian Maritime Service<sup>27</sup>.

On June 21, 1919, by the order of the Chief Commander of the Allied Armies in the East, it was established the Inter-Allied Danube Commission and by the Treaty of peace signed in Versailles, on June 28, 1919, between the Allied

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

and Associated powers and Germany, it was established the International Danube Commission. At the same time, in Paris, it was created a *National Committee for Economic Expansion in Eastern Europe* with representatives of *Banque de France, Banque de Paris et des Pays-Bas, Credit Lyonnaise, Société Générale, Comptoir National d'Éscompte, Rothschild Frères, Banque de Mulhouse*, who had the purpose of developing the French relations with the Balkan states from the Eastern Mediterranean Sea and the Black Sea<sup>28</sup>.

In 1921, the Romanian state has banned the imports of luxury goods from Austria for allowing the French goods to occupy the Romanian market<sup>29</sup>. However, France refused in 1924 a credit required by Romania, crediting instead Poland and Yugoslavia<sup>30</sup>. Thus, in 1924, the main trading partners of France were, regarding the import, Great Britain, the United States of America, and regarding the export, also Great Britain, USA, Italy, Netherlands, Spain, Algeria, Romania not being among them<sup>31</sup>. At the end of the analyzed period, according to the Parisian statistics, France imported crude and refined oil in proportion of 58% from the United States of America, from Persia – 20%, Russia – 10% and only 4% from Romania, higher numbers being registered regarding the gas. On the world market, Paris considered that there are four big oil groups: American, English-Dutch, Soviet and independent ones<sup>32</sup>. The English-French meetings from Paris in the end of 1918, were also taking into account the analysis of the Romanian economy and also the possibilities of intensifying the Romanian-English and the Romanian-French relations. London manifested a special interest for the oil products, the cereals and in establishing a regular shipping line for their submission<sup>33</sup>. All these in the conditions in which the English

<sup>28</sup> C. Murgescu, N.M. Constantinescu, Radu Paul, C. Bogdan, *Contribuții la istoria capitalului străin în România de la sfârșitul Primului Război Mondial până la ieșirea din criza economică din 1929-1933, (Contributions to the history of foreign capital in Romania since the end of the World War I until the end of the economic crisis between 1929-1933)*, Bucharest, Academic Publishing, 1960, p. 35.

<sup>29</sup> Archive of the Ministry of Foreign Affairs, Romania (AMFA), fund 71/France, file 41/1920-1044, f. 129.

<sup>30</sup> *Ibidem*, fund 71/Romania, vol. 1/1920-1931, f. 249. Report on January 15, 1924 of Romania's Legation in Switzerland signed by N. P. Comnen to I. G. Duca.

<sup>31</sup> „Moniteur Officiel du Commerce et de l'Industrie”, 25<sup>e</sup> Supplement du „Moniteur Officiel”, édité par l'Office National du Commerce Extérieur, Paris, 1925, pp. 2-16; *Enciclopedia Italiana dei Scienze, Lettere ed Arti*, vol. XIV, XV, Istituto Treccani, Milan, 1933, p. 907.

<sup>32</sup> A. Grebel, *La politique française du pétrole*, în „Le Génie Civil”, cinquantième année, no. 5/2. 503/2 août 1930, pp. 107-109; Ch. Dantin, *L'emploi du mazout comme combustible industriel. Les progrès récents de la chauffe des chaudières au mazout*, in „Le Génie Civil”, volume LXXIX, no. 13/2.041/September 24, 1921, p. 266. According to the same statistics, in 1920, Romania was occupying the sixth place in the world oil production after USA, Mexico, Russia, Dutch Indies and India.

<sup>33</sup> ADMAE, Relations Commerciales Internationales, Direction des Affaires Politiques 1916-1940, Roumanie, vol. 97, f. 5.

companies were concerned in absorbing more centres of world oil production – Middle east, Latin America, USA and also Romania<sup>34</sup>. At the same time, in London, different English societies had as objective the development of English-Romanian economic relations, especially by waterway<sup>35</sup>.

In 1918, the General Berthelot was informing the Ministry of War about the arrival of an English official delegation led by General Greenly to Bucharest. The delegation was interested about the industrial problems of Romania but also about the commercial ones<sup>36</sup>. Two years later, in 1920, the Romanian-English economic relations have been completed by concluding loan agreements. Thus, in April, Romania obtained the promise of receiving from London an advance of 2,500,000 £, from which 20 per cent without conditions, the other percentage of 80 per cent being allocated to purchase locomotives. Bucharest granted „half in wheat and timber, the Romanian Ministry of Commerce granting that these are available in Romania”<sup>37</sup>. The second loan, that of 16 million £, was much more important and was focused on the reconstruction and rehabilitation of bridges, railways and means of transport<sup>38</sup>.

Externally, in this period, in Romania there were concluded commercial conventions and agreements, on short time, of provisional nature, in April 1921 being repealed 10 trading agreements, namely those with Netherlands, Spain, Norway, Italy, Switzerland, Denmark, Sweden, Belgium, Great Britain or Greece<sup>39</sup>.

Compared with the pre-war situation, the trading partners of Romania, regarding both the import and the export, have changed, Great Britain and

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<sup>34</sup> Gheorghe Buzatu, *O istorie a petrolului românesc (A history of the Romanian oil)*, Bucharest, Encyclopaedic Publishing, 1998, p. 72.

<sup>35</sup> ADMAE, *Europe 1918-1929. Roumanie*, vol. 31, f. 31.

<sup>36</sup> *Ibidem*, f. 7.

<sup>37</sup> David Britton Funderbuk, *Politica Marii Britanii față de România (1938 - 1940). Studiu asupra strategiei economice și politice (The policy of Great Britain towards Romania 1938-1940. Study on the economic and political strategy)*, Bucharest, Scientific and Encyclopaedic Publishing, 1983, p. 28.

<sup>38</sup> *Ibidem*. The author considers that „the English economic loans offered to Romania in 1920 ended up producing the irritation of France and of Italy and created in Bucharest a wave of Anglophobia. The Romanian government was worried about the possibility that the agreements regarding the loans to not lead to an English economic domination on Romania. The press articles published in Bucharest by the partisans of Brătianu have denounced the Great Britain, and this hostility was a first example of the animosity that they will show in the coming years. More than that, even the French and the Italians were sceptic regarding the English actions”.

<sup>39</sup> Ilie Puia, *Relațiile economice externe ale României în perioada interbelică (The foreign economic relations of Romania in the interwar period)*, Bucharest, Academic Publishing, 1982, pp. 11, 85-86; Nicolae Dascălu, Irina Gavrilă, *Un model de adaptare a comerțului exterior la condițiile perioadei de trecere de la război la pace (An adaptation model of the foreign trade to the conditions of the transition period from war to peace)*, in „Revista de Istorie” („Magazine of History”), volume 33, no. 6, 1980, p. 1. 125.

France being now the main trading partners and also the most important creditors. Thus, regarding the export, in 1919, Hungary was followed by Czechoslovakia and Yugoslavia, in 1921 the first places were held by Great Britain and Italy, while the products imported from the United States of America in 1919 were competed by those from Great Britain or Turkey (in 1920 – Great Britain, Austria, Czechoslovakia, 1921 – Austria, Czechoslovakia, Germany)<sup>40</sup>.

A special situation was represented by the Romanian-German economic relations which, since 1919, have been marked by financial disputes triggered by the occupation of Romania by the Central Powers. The economic complementarity between the two countries and the assessment of the German diplomacy that Romania meant, by its strategic position, the connection with the Middle East, Transcaucasia and the north of the Black Sea, made possible that the percentage of 0.11 per cent regarding the import in 1919 to reach 24.08 per cent in 1928 from the total import of Romania<sup>41</sup>, the main products imported from Germany being machine tools, industrial equipment, garments, fabrics or chemicals<sup>42</sup>. Germany further represented a very important marketplace for the Romanian cereals or oil, together with Austria, Italy or Netherlands. Thus, still since February 1919, it was founded in Berlin the „German-Romanian Society for Commerce and Industry”, in September 1920 being also accredited a commercial attaché, and being refunded the Romanian trading offices, and a year later, the Romanian Economic Service<sup>43</sup>. It should be noted that in the Conference of London on March 1921, when Romania joined the decisions taken there, it was imposed an *ad valorem* tax of 50 per cent for the goods from Germany, obviously a unfavourable decision for our country. On May 12, 1924, in the Chamber of Commerce from Breslau a Romanian-German meeting took place for analysing the commercial relations between the two states. The issues discussed were those that targeted the tariffs regarding the railways, Germany considering the waterway too expensive, and also the question regarding the oil products which have been replaced after the war with the American ones, much

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<sup>40</sup> Nicolae Dascălu, Irina Gavrilă, *op. cit.*, p. 1. 135.

<sup>41</sup> Ioan Chiper, *România și Germania nazistă (Romania and the Nazi Germany)*, p. 256; AMFA, fund 71/England, file 39/1920-1937, f. 103. Nicolae Titulescu mentioned in the telegram sent in the country on November 21, 1928 from London about „the visible but not-formalized care regarding the monopolization of the Romanian market by Germany”.

<sup>42</sup> Constantin Buchet, *România și Republica de la Weimer 1919 – 1933. Economie, diplomație și geopolitică (Romania and the Weimer Republic 1919-1933. Economy, diplomacy and geopolitics)*, Bucharest, All Educational Publishing, 2001, pp. 63-67. Karl Kaiser argued the „open showcase” theory of Germany, being focused on Poland, Czechoslovakia, Hungary and Romania especially in the geo-economic relations between them.

<sup>43</sup> *Ibidem*, pp. 69-72.

cheaper and of better quality<sup>44</sup>. On the same line, that of the economic compatibility between the two states, in 1925, at the University of Berlin, it was held a series of conferences on the topic *Germany and the Danube countries*, where, on December 8, the professor H.L. von Lindeiner-Wildau talked about „the economic compatibility” between Germany and Romania<sup>45</sup>. It was also resumed the idea of building a canal which linking the North Sea and the Black Sea, on Rhine-Main-Danube, Germany also trying in this respect to attract the American and Austrian capitals<sup>46</sup>. At the same time, „Deutsches Magazin”, published on February 10, 1927 in Nuremberg, printed a special number for Romania, the accent being focused especially on the economic issues<sup>47</sup>.

At the end of the interwar period, in 1939, Great Britain was holding the main place in the Romania’s export with 14.1 per cent, but registering a decrease compared with 1933, being followed by Germany which reached from 10.6 per cent in 1933 to 32.3 per cent in the end of the analysed period. The next places have been occupied by Italy with 12.1 per cent in 1939, Czechoslovakia – 10.1 per cent, while France achieved a poor percentage of 3.4 per cent from the total exports of Romania in 1939<sup>48</sup>.

Analysing only the destination of export regarding oil products, these were present in 1939 in a percentage of 30.76 per cent on the market of Germany and Czechoslovakia (a substantial increase compared with 1938 when Germany imported 15.67 per cent), Italy and Albania – 15.24 per cent, Great Britain (Gibraltar, Malta, Cyprus, Ireland) – 15.22 per cent, and France – 5.7 per cent, registering a decrease compared with the percentage of 6.44 per cent in 1938<sup>49</sup>. On the Romanian market, regarding the import, mainly including industrial goods, textiles, machines and equipments, which represented over three quarters of the total imports in the 30’s of the past century<sup>50</sup>, at the beginning of the World War II, the first state which impose itself was Germany (39.3 per cent), followed by Czechoslovakia (16.8 per cent), the goods from Great Britain registering a pronounced decrease in 1939 – 5.9 per cent compared with 14.9 per cent in 1933. The same situation characterized also the

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<sup>44</sup> ADMAE, Relations et Convencion Commerciales Franco-Roumaine. Négociations, Roumanie, vol. 98, ff. 69-70. The report of Georges Tervet, consul of France in Breslau to the Ministry of Foreign Affairs on May 16, 1924.

<sup>45</sup> AMFA, fund 71/Germany, file 97/1925-1939. Report no. 5. 315/19 on December 20, 1925 of the General Consulate of Romania in Berlin to I. G. Duca.

<sup>46</sup> „Bulletin of the Chamber of Commerce and Industry Constantza”, year XXXV, April 1924, no. 4.

<sup>47</sup> AMFA, fund 71/Germany, file 97/1925-1939, f. 23.

<sup>48</sup> I. Puia, *Relații economice externe ale României în perioada interbelică (The foreign economic relations of Romania in the interwar period)*, Bucharest, Academic Press, 1982, pp. 132-133.

<sup>49</sup> „Moniteur du pétrole roumain”, no. 5, 1940, p. 256.

<sup>50</sup> David Britton Funderburk, *Politica Marii Britanii față de România (1938-1940)... (The policy of Great Britain towards Romania 1938-1940...)*, p. 65.

goods from France (in 1939 only 8.2 per cent from the country's imports were coming from the French market), Romania's foreign trade with France and Italy being in a sizable decline compared with that of 10 years ago<sup>51</sup>.

In 1934, the first place within the foreign trade of Romania was held by Germany, Great Britain being also exceeded because it raised the tariffs for the Romanian goods, since July 1934 being decided the reduction of British import on the Romanian market with 40 per cent<sup>52</sup>. At the end of the same year, the commercial relations between the two countries became strained because of Romania's trade arrears owed to British companies.

In France, one of the main creditors of Romania, the export of legumes and oilseeds has suffered a heavy blow in the same year, because of the contingency of imported goods<sup>53</sup>. At the same time, in 1935, there have been finished the works at the Iraqi pipeline which linked the Mediterranean port to Mosul by two arteries – one in Tripoli, another in Haifa, with a transport capacity of 41.2 million tons/year, the main marketplaces for the oil products being France and Italy<sup>54</sup>.

A year later, although the British press was seeing Great Britain and France as the most important creditors of Romania, Germany was considered, on its turn, a powerful creditor, which could set the tone in the economic policy of our country. In 1935, the quantities of oil bought by Germany have considerably increased, from 434 thousand tons in 1934 to 863 thousand tons in

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<sup>51</sup> *Ibidem*, p. 66. Regarding Great Britain, the author considers that until 1938, this country has not had a well-defined political strategy concerning Romania.

<sup>52</sup> Gheorghe Pașcalău, *Relații economice româno-engleze (1933-1935)*, (*Romanian-English economic relations 1933-1935*), in „Revista de Istorie” („Magazin of History”, volume 29, no. 8, 1976, pp. 1.178-1.181; David Britton Funderburk, *op. cit.*, pp. 38, 49; Valeriu Florin Dobrinescu, *The progress of the Romanian – English relations in the Inter – War Years. Some considerations*, in „Anuarul Institutului de istorie și arheologie A.D. Xenopol” („A.D. Xenopol Institute of history and archaeology Yearbook”), XXII, 1985, pp. 149-154. In 1938, Romania's imports from Germany reached the percentage rate from 1913 (40 per cent). In the period between the two world wars, Great Britain held, in general, the second position regarding its trade with Romania. From the exports of our country, during the 30's, Great Britain bought in an annual average, over 19 per cent compared with the 24 per cent of Germany, followed by France, Italy with 8 per cent, Austria, Czechoslovakia, Hungary with 7 per cent. Regarding Romania's import, the Great Britain had 11 per cent compared with the 25 per cent of Germany, followed by Czechoslovakia with 12 per cent, France, USA, Italy with 8 per cent.

<sup>53</sup> Central Historical National Archives, Bucharest, (CHNA), fund Ministry of Industry and Commerce, Information and Publications Service, r. 1.692, c. 183. The report of the Central Organization of Agricultural Unions to the Ministry of Industries and Commerce on February 13, 1934.

<sup>54</sup> AMFA, fund 71/Turkey, file 40/1934-1935, ff. 68-69; „Monitorul Oficial” („Official Gazette”), no. 212 on September 14, 1934. On August 11, 1934, in Bucharest it was concluded the Agreement between France and Romania regarding the trading transfers, and on February 7, 1936, in Paris, the Agreement regarding the commercial payments.

1935<sup>55</sup>. Together with the elaboration of the *New Plan* (the *Schacht Plan* was adopted on September 24, 1934, introducing a new control system for the bilateral economic relations of Germany with the commodity-producing countries on the basis of some compensation agreements) it was launched the concept of „multilateral trade” which encouraged the signing of agreements which allowed exchanges of goods with the states with complementary economies. For Romania, the New Plan presented the advantage of ensuring a market for the exported goods with higher prices than those prevailing on the world market<sup>56</sup>, the Romanian food having the possibility to be changed with German industrial goods<sup>57</sup>. According to the German statistics, in 1937, Berlin brought on the Romanian market 28.7 per cent from the total of imports, for being registered in 1939 a percentage of 39.2 per cent for import and 32.3 per cent for export<sup>58</sup>. The economic negotiations between the two states – Romania and Hitler’s Germany, started in the autumn of 1934, ended with the signing of the *Treaty of establishment, commerce and navigation* on March 23, 1935, treaty with a large number of annexes, the majority of them being confidential<sup>59</sup>.

During the English-French meetings in 1938, the economic situation of the countries from Central and Eastern Europe also represented one of the most important issues discussed<sup>60</sup>.

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<sup>55</sup> AMFA, fund 71/Germany, file 97/1927-1939, f. 77. In 1935, Romania’s export of oil products in France decreased from 709 thousand tons to 336 thousand tons, and the one from the market of Great Britain registered a slight increase from 714 thousand tons to 739 thousand tons.

<sup>56</sup> Ioan Chiper, *România și Germania nazistă (Romania and the Nazi Germany)*, Bucharest, Elion Publishing, 2000, p. 161.

<sup>57</sup> „Moniteur du pétrole roumain”, no. 3, 1942, pp. 88-91; Rebecca Hayns, *op. cit.*, p. 17. The export of „perishable” food (butter, cheese, bacon, beef, venison, poultry, eggs, vegetables, fruits) increased after 1934, especially from its value (431.133 thousand lei in 1934 and 711.967 thousand lei in 1938). The German market represented the most important buyer of perishable food. However, in 1937, the participation of Romania to the import of such goods to Germany was low compared with other states. Regarding the export of butter, Romania was absent, beef - 4 per cent from the value and 3 per cent from quantity, eggs - 3 per cent from the value and 3 per cent from quantity, being exceeded by Bulgaria and Yugoslavia; it was also absent regarding the vegetables, fruits - 6,5 per cent from the value and 5 per cent from quantity, being exceeded by Bulgaria and Yugoslavia. The high price with which these goods were bought by Germania covered the transport costs, the export of food on the German market being profitable.

<sup>58</sup> Andreas Hillgruber, *Hitler, Regele Carol și Mareșalul Antonescu, relații germano-române 1938-1944 (Hitler, King Carol and Marshal Antonescu, German-Romanian relations 1938-1944)*, Bucharest, Humanitas Publishing, 1994, p. 289.

<sup>59</sup> Ioan Chiper, *România și Germania... (Romania and the Nazi Germany)*, pp. 174-176; Radu Lecca, *Eu i-am salvat pe evreii din România (I have saved the Jews from Romania)*, Bucharest, Roza Vânturilor Publishing, 1994, pp. 113, 118.

<sup>60</sup> AMFA, fund 71/England, file 9 bis/1938, ff. 77-79; fund 71/USSR, file 52/1920-1944. Telegram of the Romanian Legation in Prague on April 13, 1938; *Le livre jaune française. Documents diplomatiques 1938-1939*, Paris, Imprimerie Nationale, 1951, doc. 18; Telegram

Rebecca Haynes, in her work *Romanian Policy towards Germany 1936 – 1940*<sup>61</sup>, argues that the conditions of the German-Romanian economic collaboration established in February and March 1939 have been elaborated by the Romanian government and not imposed by Germany, as it was repeatedly mentioned in the Romanian historiography, but starting from the beginning of December 1937 there have been discussions between Gheorghe Tătărescu and Herman Wohlthat, the negotiator on economic issues designated by Goring<sup>62</sup>. Thus, at the beginning of February 1939, it was elaborated a general program by Gafencu, the minister of Economy – Bujoiu, minister of the Army – Stănescu and minister of Finances – Constantinescu, the representatives of Romania being aware that „Germany must win the most important position of economic influence in Romania, position held before 1914”<sup>63</sup>.

The Romanian-German economic Agreement on March 23, 1939, left the previous untouched, the originality being given by „the elaboration of an economic plan over several years”<sup>64</sup>, the importance of the Agreement also consisting in the mutual coordination regarding the production of these two countries in all fields, Germany providing, for the financing of Romanian economic development, capital and real values.

In fact, at the meeting of the National Renaissance Front in Galati, on January 15, 1939, the minister of Foreign Affairs, Grigore Gafencu, has mentioned the invitation addressed to Germany for a close cooperation regarding the development of economic ties on the Danube or the intensification of traffic on the Black Sea, considering that „... the high purpose that we must achieve, depends on the freedom that we are able to maintain at the Danube’s mouth, to the satisfaction of all diverse and distant interests from here and which have always the same with ours. Indeed, here at the mouth of the Danube, we realize that the identity and the freedom of the Romanian state – the target of our hard work –, represent a very important guarantee of peace and a national interest. Because one of the old institutions related to the mouth of this river, is, with all its forms until today, a testimony and a sanctioning of this truth. The forms were recently changed, by the agreement of the European Commission of the Danube (ECD)-the Agreement of Sinaia in 1938<sup>65</sup>, always

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of François Poncét, French ambassador in Berlin, to Georges Bonnet, minister of Foreign Affairs, on October 20, 1938.

<sup>61</sup> Rebecca Haynes, *Politica României față de Germania între 1936 și 1940 (Romanian Policy towards Germany 1936 – 1940)*, Iasi, Polirom Publishing, 2003.

<sup>62</sup> *Les archives secrètes de la Wilhelmstrasse*, vol. V, livre 1, Paris, 1954, doc. 173, 181, 197. The report of the state secretary von Weizsacker to Fabricius, on April 6, 1938.

<sup>63</sup> Rebecca Haynes, *op. cit.*, p. 79; extensively on the economic relations between Romania and Germany in the interwar period see also Trajan Coltescu, *L’importance économique du Danube. Caractéristiques du fleuve dans le secteur roumain*, Paris, 1942, pp. 111-152.

<sup>64</sup> *Ibidem*, p. 81.

<sup>65</sup> *Agreement regarding the entering of Germany in ECD, the accession of Germany and Italy to the Agreement signed in Sinaia on September 18, 1938 between France, Great*

remaining what they wanted to be with the partner-states. We hope that among these true friends will soon enter a new Great Power whose role on the Danube is important and that will demonstrate a growth interest for the development of relations with the Danube's riparian countries: the German Reich. We also hope that this Power will cooperate with us in other existing international institutions which manage the navigation on the Danube". (...) „Around us we see so many conditions that contribute to clarify the situation: in front of us, the border of Dniester that is enforced by undisturbed good-neighbourly relations, to the south, the so closed linked interests between the mouth of the Danube and the straits of the Black Sea, which we jointly defend them with our friends from the Balkan Pact”<sup>66</sup>.

But in London, during his diplomatic tour in the spring of 1939, Grigore Gafencu insisted, in the meeting with Lord Halifax, that Great Britain and France should make their presence felt even in the economic field, emphasizing the fact that Germany had reached the economic monopoly in South-East Europe<sup>67</sup>.

On March 31, 1939, it was signed in Paris the Agreement between Romania and France regarding the commercial payments<sup>68</sup>, and on May 11, in same year, this time in Bucharest, it was concluded the Protocol between Romania and Great Britain regarding the trading between the two states. One of the purposes of the protocol was that of developing the Romanian export on the British market and also of increasing the import of the Great Britain in

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*Britain and Romania and the modification of articles 4 and 23 within the so-called Agreement in Agreement regarding the exertion of ECD, Bucharest, 1941, pp. 15-17.*

<sup>66</sup> AMFA, fund 71/Romania, file 6/1939, ff. 15-2; Grigore Gafencu, *Însemnări politice 1929-1939 (Political notes 1929-1939)*, Bucharest, Humanitas Publishing, 1991, p. 339. Several months later, on November 12, 1939, the same Grigore Gafencu was mentioning in his political notes: „... Our foreign policy has gone this year through to very special phases, increasingly heavier.

When I took possession of the Ministry of Foreign Affairs *the German threat* has been unleashed (underlined by G.G.). I have answered, insisting on *the vital needs* of the Reich, and also on our will to take into account our economic interests – an act of good housekeeping and a political lightning rod. The storm unleashed in March in did not touch us. As we were not touched, six months later, by the storm from Poland”.

<sup>67</sup> Grigore Gafencu, *Ultimele zile ale Europei. O călătorie diplomatică întreprinsă în anul 1939 (The last days of Europe. A diplomatic journey undertaken in 1939)*, Bucharest, Military Publishing, 1992, p. 78.

<sup>68</sup> AMFA, fund 71/Romania, file 6/1939, ff. 15-21. After the signing of the French-Romanian trading Agreement, in his declaration, Tătărescu mentioned the fact that „Romania needs increasingly larger outlets for the agricultural, mining and industrial goods”. (...) „Aware that the economic vassalage will be transformed, sooner or later, in a political vassalage, Romania is defending its economic independence with the same force with which it is defending the political independence and the integrity of its borders”!! On his turn, Bonnet has talked about *the cooperation and the strong friendship which always existed between France and Romania*”.

Romania. The Romanian government was committed to provide free zones in the country's ports, agreeing, for the improvement of communications between the two states, the examination of the possibility regarding the establishment of some direct shipping and air lines<sup>69</sup>.

Regarding Romania's trading relations with its partners from the Little Entente or the Balkan Pact, we mention the fact that within the first economic conference of the Little Entente in Prague between 9 and 15 January 1934, the Economic Council has drafted 16 resolutions, being also adopted the project of founding a society of navigation<sup>70</sup>. The results of the economic cooperation between the states of the Little Entente were not the most fruitful, being felt, still since 1934, both the effects of the economic crisis but also the fact that there were different economic structures for each state: Romania and Yugoslavia<sup>71</sup> – agricultural states, Czechoslovakia especially with an industrial development.

Within the Balkan Pact, in Athens, between 18 and 26 March 1937, within the 5th Session of the Economic Council, the Maritime Committee analyzed the possibility of opening new inter-Balkan shipping lines, being at the same time focused on developing the existing waterways<sup>72</sup>.

In 1934, the trading relations between Turkey and Romania were quite weak compared to other partners from the Balkan Pact, because the Turkish government tried to stimulate its own agricultural production and to create control and triage stations for the cereals in the major customs points, or to raise the import duties on oil products<sup>73</sup>. In 1937, Germany held the first place in the foreign trading of Turkey, being followed by the United States, Great Britain and USSR<sup>74</sup>. On January 5, 1938, it was signed the Romanian-Turkish

<sup>69</sup> „Monitorul Oficial” („Official Gazette”), no. 125, June 2, 1939; Andreas Hillgruber, *op. cit.*, pp. 81-82. The authors considers that the two agreements have less corresponded „to the needs regarding Romania's economic relations”, being first of all, political contra measures of France and Great Britain in agreement with the Romanian government.

<sup>70</sup> I. Puia, *Relațiile economice... (Economic relations...)*, p. 141.

<sup>71</sup> Matjaz Klemencic, *The Rise and Fall of Yugoslavia: from King Aleksandar to Marshall Tito, 1918 – 1980*, in *Empire and States in European Perspective*, coordinated by Ann Katherine Isaacs, Universita di Pisa, Edizione Plus, 2002, p. 222; *Les archives secrètes de la Wilhelmstrasse*, vol. II, livre 1, Paris, doc. no. 150. *Memorandum on the German-Yugoslav economic negotiations, to serve as a basis for the possible conversations with the President of the Council of Ministers and Yugoslavia's minister of Foreign Affairs, Stoiadinovici*, written by the legation counsellor, Clodius, Berlin, January 7, 1938.

<sup>72</sup> Nicolae Dascălu, *Contribuția României la edificarea structurilor economice ale Antantei Balcanice (1934-1940), (Romania's contribution regarding the building of the economic structures of the Balkan Entente (1934-1940))*, II, in „Revista Istorică” („Historical Magazine”), volume VI, no. 3-4, pp. 299-330.

<sup>73</sup> AMFA, fund 71/Turkey, file 40/1934-1935, ff. 62-65, 125, 221.

<sup>74</sup> *Ibidem*, file 42/1938-1940, ff. 20-21.

trading Agreement, Romania providing that year 31 per cent of Turkey's oil, and 34 per cent of its gasoline<sup>75</sup>.

*Comparison and conclusions*

Without a complete analysis applied on the three levels of analysis of the international relations (*individual level, state level, global level*)<sup>76</sup>, applying *the comparative method* for the two segments of historical time – the interwar and post-communist periods, in analysing the foreign trading of Romania and without taking into account its structure (an important dimension which requires a separate analysis) we can draw several conclusions:

- the phenomenon of *generation* and of *diversion of foreign trade* can be detected for Romania also in the end of World War I;
- until the outbreak of the mentioned world conflagration, Romanian has developed important commercial links with the states of Central and Western Europe, dominant on this segment being Germany and Austria-Hungary;
- the states with influence in Romania's foreign trade since 1919, under bilateral and international law, have been France and Great Britain;
- a special situation represented the trading relation between Romanian and Germany, the latter being gradually imposed, because of the economic compatibility, in the Romanian foreign trade;
- immediately after the collapse of the communist regime, Romania failed to outline a coherent and effective economic policy in order to allow an active participation in the record of international trade, Romania's trade balance registering significant losses;
- *the generation* and *the diversion of trade*, specific to the post-communist period, led to a high level of deficit with the Russian Federation; although we can not talk about complementarity, the phenomenon of *diversion*, as in the interwar period, without a realistic policy developed by the Romanian state on the basis of the theory of *political (neo)realism*<sup>77</sup>, entailed important deficits registered both in Romania's trade balance and also in the bilateral relations;
- we are also mentioning the fact that since 2007, Romania is a full member of the European Union, founding member of the Black Sea Economic Cooperation (BSEC) and of Black Sea Economic

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<sup>75</sup> Nicolae Dascălu, *op. cit.*, p. 331.

<sup>76</sup> Charles W. Kegley, Jr., Eugene R. Wittkop, *World Politics. Trend and Transformation*, seventh edition, 1999, pp. 11-12.

<sup>77</sup> For the interwar period we consider as being unrealistic the economic policy developed by the Romanian state in the period of the economic world crisis, but also the opinions of some Romanian leaders regarding the position of the Romanian-German economic relations, some of them detailed above.

Cooperation Organization (BSECO)<sup>78</sup>, and initiator of the Black Sea Euro-region<sup>79</sup>;

- in 2005, the World Bank published the volume *From Disintegration to Reintegration. Eastern Europe and the Former Soviet Union in International Trade*. The title is significant and the work is a must-have for those who are tracing the economic and politic objectives of the Romanian state for the next years of the XXIst Century.

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<sup>78</sup> For the objectives of BSEC see „*Declaration on Black Sea Economic Cooperation*” and „*Bosphorus Statement*” (June 25, 1992) and also the Reunion of Foreign Ministers of BSEC (Tbilisi, April 30, 1999).

<sup>79</sup> About the Black Sea Euro-region see also Valentin Stan, *Din istoria prostiei crase la români (About the Crass stupidity in the Romanian history)*, in „*Jurnalul Național*” („*National Journal*”), March 4, 2007. In June 2004, Mustafa Aydin published the volume *Europe's next shore: the Black Sea region after EU enlargement*, in which the author is mentioning that *the region of the Black Sea* includes the riparian states: Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine, the area being affected (influenced) by the „nearby states”: Albania, Armenia, Azerbaijan, Belarus, Greece, Macedonia, Moldova, Serbia and Montenegro, but also by the ongoing events at the edge of this area, more precisely the space of South-East Europe but also the Caspian one. Therefore, the author used in his volume several expressions to designed the area of the Black Sea: „*Black Sea region*”, „*Black Sea area*” or „*wider Black Sea*”. Thus, „*Black Sea basin*” includes, in the author's view, about 2 million km<sup>2</sup> and 19 countries: Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germania, Hungary, Macedonia, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Turkey, Ukraine, Serbia and Montenegro (see also *EU Commission, Press Release*, Brussels, IP/01/1531, October 31, 2001). In „*The Word in 2008*”, printed under the auspices of the prestigious „*The Economist*”, Laza Kekic published the article *The spread of geopolitical risk* in which she „showed” colouring the Earth, the main areas with geopolitical risk, „shading” different „stages” of „risk”. Thus, for a very low risk, the author chose the green colour, for a high risk – dark green, medium risk – orange, high risk – red and for „very high risk” – black. Regarding the Black Sea area, eliminating the extremes of colour, we have for 2008, all the colours chosen by Kekic. More precisely, Romania and Bulgaria are „coloured” in dark green, Turkey and Georgia are placed in the „orange” area, while Ukraine and Russia remain „red”. Important to be mentioned is the fact that in the moment when Lara Kekic is analysing the risk potential of the Black Sea area, she is relating, as for the rest of the Planet, to the following indicators: „the danger of political violence”, protectionism, geopolitical dangers but also governmental instability.