

## Anglo-Romanian Cooperation in Civil Aircraft Production. The case of the Rombac airliner, 1976-1993

The Covid-induced recession is likely to exact a loss in job positions in the order of hundreds of thousands<sup>1</sup> in what the European Parliamentary Research Service calls without hesitation a strategically important sector of the economy, namely the aviation industry.<sup>2</sup> Despite this importance, though technical literature, educational materials, and contributions by air enthusiasts are almost unlimited, scholars of international history of the Cold War have devoted comparably limited attention to this subject in the last 20 years. One can identify basically three trends: the first focuses on the aviation industry as a techno-diplomatic element of the history of **the European construction**, i.e. the realm of many and sometimes conflicting processes of European integration;<sup>4</sup> the second one analyses the dynamics of cooperation/competition in the Western camp when engaging with Iron Curtain countries, with an increasing attention to convergences or, indeed, trans-systemic contacts, and to the later phases of the Cold War<sup>5</sup>; the third one investigates projects and initiatives in the Eastern Bloc, stressing – among other features – how the Soviets were not the only actor worthy of consideration.<sup>6</sup> A different, but not unrelated line of research deals with

Commentato [AD1]: I'm not sure what this means.

<sup>1</sup> Christopher Jasper – Richard Weiss, “Aviation Job Losses Could Approach a Half-Million by Year’s End,” *Bloomberg News*, September 1, 2020 (accessed at <https://www.bloomberg.com/news/articles/2020-09-01/aviation-job-losses-could-approach-a-half-million-by-year-s-end> on January 15, 2021).

<sup>2</sup> Maria Niestadt, *Air transport survival during the pandemic*, Members' Research Service PE 659.326 – November 2020 (accessed at [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659326/EPRS\\_BRI\(2020\)659326\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659326/EPRS_BRI(2020)659326_EN.pdf) on January 15, 2021).

<sup>3</sup> *Experiencing Europe: 50 Years of European Construction 1957 to 2007*, ed. Wilfried Loth, (Baden-Baden: Nomos, 2009).

<sup>4</sup> *Experts and Expertise in Science and Technology in Europe since the 1960s. Organised Civil Society, Democracy and Political Decision-making*, ed. David Burigana and Christophe Bouneau, (Brussels: PIE-Peter Lang, 2018); Jonathan Glancey, *Concorde: The Rise and Fall of the Supersonic Airliner* (London: Atlantic Books, 2015); David Burigana, Pascal Deloge et al., “L’aéronautique militaire en Europe, entre dimension nationale, intégration européenne et coopération atlantique (1948-1990),” in *Économies nationales et intégration européenne*, ed. Eric Bussière, Michel Dumoulin and Sylvain Schirmann, (Stuttgart: Franz Steiner Verlag, 2014), 47-70; David Burigana, “Flying with Europe... la coopération aéronautique en Europe et les débuts d’un Espace aérien européen,” in *Intégration économique et gouvernance européenne depuis les années cinquante*, ed. Sylvain Schirmann, (Paris: L’Harmattan, 2014), 179-206; “L’Europe des coopérations aéronautiques,” special issue of *Histoire, économie et Société* 29, no. 4 (2010).

<sup>5</sup> Peter Svik, *Civil Aviation and the Globalization of the Cold War* (Cham: Palgrave Macmillan, 2020); M. Elli, *Détente and Beyond: Anglo-Romanian Relations in the Aviation Industry 1966-1993* (Brussels: PIE-Peter Lang, 2018); James Gormly, “Opening and Closing Doors: US Postwar Aviation Policy: 1943–1963,” *Journal of Transatlantic Studies* 13, no. 3 (2015), 251–62; Id., “The Counter Iron Curtain: Crafting an American-Soviet Bloc Civil Aviation Policy: 1942–1960,” *Diplomatic History* 31, no. 2 (2013), 248–79; Jenifer Van Vleck, *Empire of the Air: Aviation and the American Ascendancy* (Cambridge: Harvard University Press, 2013); Philip Scranton, “Mastering failure: Technological and Organisational Challenges in British and American Military Jet Propulsion, 1943–57,” *Business History* 53, no. 4 (2011), 479-504; Jeffrey Engel, *Cold War at 30,000 Feet. The Anglo-American Fight for Aviation Supremacy* (Cambridge: Harvard University Press, 2007).

<sup>6</sup> Phil Tiemeyer, “Launching a Nonaligned Airline: JAT Yugoslav Airways Between East, West, and South, 1947–1962,” *Diplomatic History* 41, no. 1 (2017), 78–103; Philip Muehlenbeck, *Czechoslovakia in Africa* (Basingstoke: Palgrave Macmillan, 2016); Vojtec Mastny, “The Soviet Union’s Partnership with India,” *Journal of Cold War Studies* 12, no. 3 (2010), 50–90.

international organizations such as the International Civil Aviation Organization (ICAO) or the International Air Transport Association (IATA).<sup>7</sup>

This paper belongs to the second trend. It deals ostensibly with the most important single episode of wider Anglo-Romanian cooperation in the aviation industry, namely the construction under license in Romania of the British BAC-1-11 airliner, or ROMBAC. Then presented as the crucial turning point in rebuilding the pre-war sizeable Romanian aviation industry<sup>8</sup> and a promising chance for marketing an ageing aircraft thanks to Bucharest's relations with the Third World,<sup>9</sup> the whole project eventually foundered. Nevertheless, the financial and commercial intricacies of its negotiations, as well as the limitations in technological transfer, are of great interest because they epitomize the decline of Détente at regional, medium-power level.<sup>10</sup> Most importantly, not only does the ROMBAC story confirm Cold War constraints in general – and so also their influence in shaping the evolution of the aviation industry – but **it also crucially shows how the project's ultimate failure was linked to the triumph of market liberalism and the related global changing of economic paradigm.**<sup>11</sup>

### **Patterns of Anglo-Romanian aviation dealings**

After the formation of TAROM (Societatea de Transporturi Aeriene Române) with a network covering most capitals in Central-Western Europe, by mid 1960s the priority of the Romanian government was equipping its flag carrier with comfortable jet aircraft in order to exploit tourist flows, a valuable source of hard currency. After much heart-searching, the choice eventually favored the British BAC-1-11 and six aircraft were acquired in 1968. The negotiations proved difficult indeed, as the Romanian aim was not simply the purchase of modern aircraft for the transport of tourists. The real purpose was using this important transaction to establish a relationship of technological and industrial cooperation thanks to which the aviation industry in

<sup>7</sup> Alan Dobson, *A History of International Civil Aviation* (London: Routledge, 2017) David MacKenzie, *ICAO. A History of the International Civil Aviation Organization* (Toronto: University of Toronto Press, 2010); Hussein Kassim, "ICAO and IATA," in *The Palgrave Dictionary of Transnational History. From the mid-19th Century to the Present Day*, ed. Akira Iriye and Pierre-Yves Saunier, (Basingstoke: Palgrave Macmillan, 2009), 561-563.

<sup>8</sup> Ion Dumitrașcu, *Industria Aeronautică Română Brașov, 1925-1945* [The Romanian Aeronautical Industry of Brașov, 1925-1945] (Bucharest: Domino, 2008).

<sup>9</sup> Cezar Stanciu, "Romania and the Third World During the Heyday of the Détente," *Third World Quarterly* 39, no. 1 (2018), 1883-1898. See also David Engerman, "Development Politics and the Cold War," *Diplomatic History* 41, no. 1 (2017), 1-19; *Warsaw Pact Intervention in the Third World: Aid and Influence in the Cold War*, ed. Philip Muehlenbeck and Natalia Telepneva, (London: IBTauris, 2018); Corina Mavrodin, "Courting the Non-Aligned: Romania, Petro-Diplomacy and the Global Cold War," *Cold War History* [2019], DOI: 10.1080/14682745.2019.1675964.

<sup>10</sup> Federico Romero and Silvio Pons, "Europe Between the Superpowers, 1968-1981", in *Europe in the International Arena During the 1970s*, ed. Antonio Varsori and Guia Migani, (Brussels: PIE-Peter Lang, 2011), 85-97; Sari Autio-Sarasma and Katalin Miklössy, "The Cold War from a New Perspective", in *Reassessing Cold War Europe*, ed. Id., (London: Routledge, 2011), 1-15.

<sup>11</sup> Robert Brenner, *The economics of global turbulence. The advanced capitalist economies from long boom to long downturn. 1945-2005* (London: Verso, 2006), 164-236.

Romania could be re-launched. Already in July 1967, in fact, Minister of Foreign Trade Gheorghe Cioară had told the British ambassador John Chadwick that TAROM's future supplier would have to agree to set up joint production of light aircraft in his country under license, which would also help to cover part of the payment due.<sup>12</sup>

In mid-1967 the apparent frontrunner was the French Caravelle aircraft. However, Sud Aviation proposals for countertrade and cooperation sounded unpromising for the Romanians.<sup>13</sup> In contrast, the British Aircraft Corporation (BAC) was quick to offer to set up in Romania full production of the Britten-Norman Islander, a twin-engine, nine-seater piston aircraft, newly certified and likely to be very successful: a model most suitable for Romanian development plans. If the British and French offers were basically the same in terms of currency effort, the BAC package offered larger-scale and more binding commitments in terms of counter-trade – a very important aspect since, as noted by the State Planning Commission, for 1968 the five-year plan had not budgeted funds in hard currency to buy planes in the West. Indeed, the assembly of the Islander would be inexpensive, and the 215 planned units had been judged sufficient to generate profit.<sup>14</sup> The most crucial element, however, was the prospect of collaborating in the production of the BAC 201, together with the possibility expressed by Rolls-Royce of producing its engines in Romania. The 201 was a simple plane, without pressurization and with a fixed undercarriage, designed to be inexpensive and to be able to shift easily from passenger transport to freight. It was powered by two Dart turboprops, engines designed twenty years before with the old centrifugal compressor technology, rather than with the latest axial compressors; an engine that had experienced wide use and longevity. It was precisely the type of plane that was deemed essential for the recovery of the aviation sector in Romania.<sup>15</sup>

In addition, long-term cooperation with British industry in this field would make it possible to verify the possibility of extending it to the production of fighter aircraft.<sup>16</sup> As Nicolae Ceaușescu reminded the Executive Committee of the Party on February 15, 1968, he did not expect a quick and positive reply to the request recently made to the Soviets to obtain a license for the MiG-21.

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<sup>12</sup> "Rendall to McMeekin, March 23, 1967"; "Chadwick to Brown, February 29, 1968"; "Chadwick to FCO, July 18, 1967," The National Archives of the United Kingdom, Kew Gardens (henceforth NUAk), FCO 28/247.

<sup>13</sup> "Note on the current state of the air fleet for international air transport," February 10, 1968; "Papon to Cîmpeanu, October 16, 1967," The National Archives of Romania, Central Committee of the Romanian Communist Party, Bucharest (henceforth ANR, CC), Chancellery, 1968, file 22, ff. 12-13, 17-19. "Minute by Rendall, May 5, 1967"; "Chadwick to FCO, July 22, 1967"; "minute by Chadwick, August 10, 1967," NUAk, FCO 28/247.

<sup>14</sup> "Additional note on the endowment of civil aviation with aircraft intended for international air transport in the period 1968-1970," n.d.; "Virgil Pirvu to Baicu, February 9, 1968," ANR, CC, Chancellery, 1968, file 22, ff. 21-29.

<sup>15</sup> "Paris: Biggest Ever," *Flight International* (hereinafter *FI*), June 1, 1967, p. 899; Peter Pugh, *The Magic of a Name: The Rolls-Royce Story*, vol. 2: *The Power Behind the Jets, 1945-1987* (Duxford, Icon Books, 2001), 36-44.

<sup>16</sup> "Preliminary studies on the establishment of the Romanian Aeronautical Industry," n.d., ANR, CC, Chancellery, 1968, file 29, ff. 38-59.

We, therefore, approve the purchase of six BAC 1-11 aircraft. [...] Our concern is to produce small planes having up to 50 seats and to begin discussions for small jet engines for military aircraft. For the time being, conversations should take place unofficially, but let's start them, because we talk about these issues with the Soviets, but they might just as well tell us that they will give us what we want in ten years' time.<sup>17</sup>

Such promising perspectives, however, did not materialize. The Islander, at the crossroads of all Anglo-Romanian aeronautical relations during the 1970s, might have been a success in terms of developing manufacturing skills, but Romania failed in producing even half of the plane's components. Moreover, the ever-growing difficulties of the British aircraft industry led to the cancellation of the 201, prematurely terminating any possible cooperation on more elaborate airframes.<sup>18</sup>

Cooperation on military aircraft proved even trickier. Among the conditions for proceeding with the purchase of BAC 1-11s, in February 1968, the Romanians had sought Rolls-Royce's cooperation to produce an engine with a thrust within the 66.6 to 88.8 kN range.<sup>19</sup> After the invasion of Czechoslovakia, however, irrespective of the unequivocal condemnation by Ceaușescu, this possibility withered away quickly. The Romanian interest then shifted to the Rolls-Royce Viper engine, i.e. a conventional turbojet originally developed by Armstrong Siddeley in the early 1950s. This was to become the power unit of an aircraft at the heart of Romanian-Yugoslav cooperation and a starting point for repeated attempts to convince Rolls-Royce to collaborate in the design of an afterburner. Though Rolls-Royce indeed licensed Romania to produce the Viper, the continued effectiveness of the Coordinating Committee for Multilateral Export Control's (CoCom) restrictions on exchanges with the Soviet bloc, on the one hand, and the difficulties of the Romanian production capabilities to assimilate the technology obtained, on the other hand, effectively precluded such development<sup>20</sup>. Membership of the Warsaw Pact represented an insurmountable stumbling block, even when Rolls-Royce was willing to concede to Romanian cooperation bids.

Regarding the problem with the afterburner for the Viper engine, the company's [Rolls Royce] delegates have pointed out that the approval of the British government is required to begin discussions and they have taken note of our request, as the

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<sup>17</sup> "Transcript of the meeting of the Central Committee on February 15, 1968," ANR, CC, Chancellery, 1968, file 29, f. 3.

<sup>18</sup> Elli, *Détente and Beyond*, 65-82, 133-147.

<sup>19</sup> "Note of a meeting by Meynell, February 21, 1968," NAUK, FCO 28/247.

<sup>20</sup> Mauro Elli, "First Notes on Anglo-Romanian Cooperation in Aviation Matters: the Case of JUROM, 1969-73," in *Studi per i sessant'anni della Biblioteca romana di Freiburg* [Studies for the 60<sup>th</sup> Anniversary of the Romanian Library in Freiburg], ed. Lauro Grassi, (Genova: Coedit, 2011), 153-174.

corresponding documentation has to be drawn up. At the same time, they have showed that the approval of the British government only concerns Romania, as it is not necessary for Yugoslavia. Similarly, the company's representatives have shown that these approvals are also required for the engine [Spey] 202.<sup>21</sup>

Intermittent talks took place also regarding the more powerful Spey 202 engine, namely an afterburning turbofan then employed as a power unit for the British version of the F-4 Phantom aircraft. Rolls-Royce proposed a phased license approach that included lengthy preliminary negotiations, the approval of the license no sooner than 1986 and the delivery of the first engines produced in the United Kingdom in 1988. Moreover, many sensitive metallurgical techniques would be excluded. Basically, the Romanians would find themselves producing the Spey 202 only when it had become obsolete. However, even if the assessment of the Defence intelligence concluded that the granting of the license would not alter in any significant way the balance of power between NATO and the Warsaw Pact, in the tense atmosphere of the early 1980s both the Foreign and Commonwealth Office (FCO) and the Ministry of Defence opposed the proposal. Thus, the prospect of extending Anglo-Romanian cooperation to the military aeronautical sector was definitely closed down.<sup>22</sup>

### **The ROMBAC Project**

Constraints in the military domain and the rapid decline of the prospects for civilian cooperation, due to the growing weakness of the British aviation industry (and to Boeing's first foray into the Romanian market), make all the more surprising the relaunch of Anglo-Romanian co-operation in the mid-1970s by such an ambitious program as the production under license in Romania of the BAC-1-11 and its power unit, the civilian version of the Spey engine. But in the 1970s the British Labour government was convinced that it should intervene in support of a key industry operating in areas of the country which had already been heavily affected by unemployment. Moreover, lack of alternatives left the BAC-1-11 as the only concrete option for the Romanians, so leaving them no longer in a position to play on the competition between different contenders as in the past.

In 1975-76, in the wake of the oil shock and the slowdown of the global economy, the aviation sector stood as a significant exception to the tendency of reducing imports of capital goods

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<sup>21</sup> "Pinzaru to Gheorghiu, November 10, 1976," Archive of the Romanian Ministry of Foreign Affairs, Bucharest (henceforth RMFA), 1976, file 528, f. 13.

<sup>22</sup> "Wielding to Cresswell, October 24, 1980"; "Mann to Bickel, November 6, 1980"; "note by Wilson, January 21, 1981"; "note by Mann, February 2, 1981," NAUK, BT 359/23.

from advanced economies which Romania shared with the other Eastern European countries.<sup>23</sup> There was a surprising continuity of the policies of the five-year plans of 1971-1975 and 1976-1980. The latter declared a commitment to the continuation and completion, through a “techno-scientific revolution,”<sup>24</sup> of what had been initiated in terms of industrial growth during the previous five years. Notably, the plan envisaged that “greater attention would be paid to the development of air transport,”<sup>25</sup> which was supposed to increase by 50% over the 1971-75 period by building up TAROM’s fleet with modern planes and increasing commercial aviation activity.<sup>26</sup>

This would mean not only buying new aircraft, but above all, setting up a national production capacity as originally envisaged in February 1968, when the first six I-11s had been bought.<sup>27</sup> Past interest in the BAC projects, as well as contacts with Fokker, represented attempts to enable Romania to build a short-haul aircraft that could be used both for passenger and freight transport or even – as a customized version – for military purposes. While in the early 1970s the prospects for Anglo-Romanian cooperation had gradually fizzled out, contacts with Fokker had gone ahead. The Dutch company was the third most comprehensive civil airframe industry in Europe in terms of production facilities and it widened its horizons in terms of international cooperation by merging with Vereinigte Flugtechnische Werke (VFW), a group that included the old Focke-Wulf and other companies active in the Bremen area. The VFW-Fokker joint venture, seen as a possible forerunner of a genuine rationalization of the European aeronautical industry and as an alternative to the consortium model, inherited Germany’s first civil aircraft project since the war, the VFW-614. An industrial cooperation agreement was struck for the VFW-614 with Romania, but it came to an end when the cost of the “little German Concorde” brought about VFW-Fokker’s acrimonious liquidation.<sup>28</sup>

A crucial issue for Romania had been obtaining soft loans from West Germany. This caused strain between Bucharest and Bonn because Chancellor Helmut Schmidt was unwilling to apply the favorable conditions and, in the difficult global situation, he had no intention of offering public guarantees for private commercial financing of projects like the joint venture between VFW-Fokker

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<sup>23</sup> “Index to advances, Board of November 21, 1975,” Lloyds Banking Group Archives, London (henceforth LLOYDS), HO/D/BOA/AGE/45/9202. “Minutes of a meeting of the Directors held on August 20, 1976,” LLOYDS, box 5786.

<sup>24</sup> Nicolae Ceaușescu, *Dezvoltarea și modernizarea bazei tehnice-materiale a socialismului în România* [Development and modernization of the technical-material basis of socialism in Romania] (Bucharest, Ed. Politică, 1978), 79-85.

<sup>25</sup> *Programul Partidului Comunist Român de făurire a societății socialiste multilateral dezvoltate și înaintare a României spre comunism* [The program of the Romanian Communist Party for the creation of the multilaterally developed socialist society and the advancement of Romania towards communism] (Bucharest, Ed. Politică, 1975), 73.

<sup>26</sup> *Directivile Congresului al XI-lea al PCR cu privire la planul cincinal 1976-1980* [Directives of the XI Congress of the Romanian Communist Party on the five-year plan 1976-1980] (Bucharest, Ed. Politică 1974) 43.

<sup>27</sup> “Note on the preliminary studies regarding the establishment of the Romanian Aeronautical Industry,” ANR, CC, Chancellery, 1968, file 29, ff. 38-59.

<sup>28</sup> Keith Hayward, *International Collaboration in Civil Aerospace* (London: Pinter, 1986), 107-110.

and the Romanians.<sup>29</sup> In contrast, after a further purchase of 1-11s from BAC in 1975, backed by the government's underwriting, Anglo-Romanian relations were flourishing. Prime Minister Wilson seemed favorably disposed towards Romania, well beyond what might be expected if his general objective was merely to encourage the country to pursue an autonomous foreign policy. Wilson's solicitude was most likely due to the wish to give the British economy as many chances as possible to exit from an awkward economic situation, by full exploiting the possibilities offered by Détente. Indeed, in the course of a brief meeting at Chequers with Ceaușescu on June 12, 1975, it was Wilson that urged closer cooperation through Anglo-Romanian joint ventures of the kind operating in developing countries.<sup>30</sup>

The industry's reactions to the prospect of renewed Anglo-Romanian co-operation were rather mixed. After the experience with the Viper, Rolls-Royce's top management was unenthusiastic about the prospect of a new license agreement with Romania. In contrast, BAC was very keen to keep the 1-11 alive as long as possible, since the company's future in civil aviation depended on it.<sup>31</sup> In May 1976, BAC informed the Department of Industry (DOI) about a project for the creation of a production line in Bucharest parallel to the one in Britain to build the entire Series 475, namely the latest version of the 1-11, which was aimed at serving even remote airfields by combining the Series 400, 79-seat fuselage with the increased wing span of the larger Series 500 and the Spey 512-14DW (the final version of the engine's development). Over ten years, starting from 1978, the two production lines would produce fifty planes, with the Romanian line becoming increasingly independent and sharing in the management of exports to third parties. Although the project looked fairly profitable for BAC, Whitehall officials remained unconvinced.<sup>32</sup>

Back in 1975 BAC had asked the government to cover the costs of reactivating the production line of the Series 500 1-11 in order to facilitate the sale of the five aircraft to Romania. Indeed, to ensure that the operation could make a profit, it was necessary to produce at least ten planes, but there were only the five for TAROM, and therefore an underwriting was required. This would have amounted to helping a perfectly solvent company before the need to do so arose, but Tony Benn – then Secretary of State for Industry – emphasized the need to avoid at any cost a further increase in unemployment in the Hurn area, where the rate was already above the national

<sup>29</sup> "Bucharest embassy to Secretary of State, June 2, 1975," National Archives and Records Administration (henceforth NARA), Access to Archival Databases (henceforth ADD), RG 59. "Conversation of the federal minister Genscher with Romanian foreign minister Macovescu on July 8, 1976," in *Akten zu Auswärtigen Politik der Bundesrepublik Deutschland* [Foreign policy documents of the Federal Republic of Germany] (Munich: Oldenbourg, 2007), 1976, vol. 1, 1035-1038.

<sup>30</sup> "Record of a meeting between the Prime Minister and the President of Romania on June 12, 1975," NAUK, PREM 16/63. "Minute by Terry, June 13, 1975," NAUK, FCO 28/2750.

<sup>31</sup> "Dorman to Roberts, June 23, 1976," NAUK, BT 359/9. "Page to Kaufman, July 21, 1976"; "Gerhard to Dorman, November 22, 1976," NAUK, FV 14/86.

<sup>32</sup> "Pașan to Popa, May 11, 1976," RMFA, 1976, file 528. "Minute by Warrington, June 1, 1976"; "minute by Jardine, July 16, 1976," NAUK, FV 14/86.

average, so the Treasury agreed to the underwriting.<sup>33</sup> Being the latter a controversial point in the circumstances of the nationalization of the aerospace sector, now the DOI Air Department intimated that any further deal with the Romanians should be pursued only if it did not entail costs for the British Government.<sup>34</sup>

By early 1977, on Romanian insistence, the ROMBAC project envisaged the production of one hundred planes over a ten-year period. The first five would be purchased by BAC and the transfer of know-how would apply to the Series 475 (possibly extending to the 119-seat Series 500) over five and a half years. BAC was to retain design authority – so the Romanians would not be able to modify the airplane autonomously – and some components, such as the undercarriage, would continue to be produced in Britain.<sup>35</sup> When on May 28, 1977 the managers of BAC – which by then had been taken over by British Aerospace (BAe) – signed a protocol with Ceaușescu in person, the program was modified even further. They were now talking about eighty-two planes, with Romania assembling the first complete plane in 1980 and, by 1985, the whole airframe autonomously. Electrical and electronic systems were to be bought or produced in collaboration on conditions to be established later.<sup>36</sup>

Although the protocol was simply a declaration of intent, it was nevertheless an important step forward, insofar as it finally established the number of planes to be built under the project. With this in view, a framework agreement was signed on July 20, 1977, to the satisfaction of BAe. Like the number of planes, the time schedules for the industrial plan were also revised, making the length of period necessary for the transfer of know-how more realistic. In exchange, BAe threw into the cooperation mix the freight carrier version of the 475 and the possibility of adding the rear ventral door for loading/unloading. This would satisfy the requirements for use by the Romanian armed forces. However, many thorny issues remained unresolved, most importantly the questions connected with negotiations with Rolls-Royce.<sup>37</sup>

In fact, while the management of the former BAC considered the ROMBAC plan strategic for its future as an industrial actor in the context of the new situation resulting from the BAe takeover, Donald Pepper, Rolls-Royce Vice President, was convinced that it was better to aim at selling the Speys rather than just the license as this would increase the profit margin. Therefore, negotiations on the engines moved slowly, because once the airframe projects had been realized, the more time passed, the less feasible the transfer of knowledge would become, making it necessary to

<sup>33</sup>: “Meeting with DOI, November 29, 1974”; “Benn to Barnett, December 17, 1974,” NAUK, T 225/4095.

<sup>34</sup> “Minute by Warrington, July 22, 1976,” NAUK, FV 14/86

<sup>35</sup> “ROMBAC 20C.1, February 11, 1977,” NAUK, BT 359/9

<sup>36</sup> “ROMBAC protocol, 28.05.77”; “Dorman to Gerhard, June 1, 1977,” FV 14/88. “Bowen to Rawlinson, July 7, 1977,” NAUK, FV 14/89.

<sup>37</sup> “Framework agreement between BAC and GAB, July 20, 1977”; “note of a meeting held at DOI on August 4, 1977,” NAUK, FV 14/89. “Ranson to Fordham, September 21, 1977,” NAUK, FV 14/90.

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buy the engines needed to complete the planes from the United Kingdom. What is more, this would have suited the British government not only indirectly in economic terms, but also directly for political reasons, since CoCom was willing to approve the selling of complete Spey engines because this transaction would entail no transfer of manufacturing techniques.<sup>38</sup>

Trade had always been a major factor in bilateral relations with Romania for the UK. Now, the looming crisis of Détente and the state of the British economy coalesced in making big contracts the main focus of the forthcoming state visit of Ceaușescu to the United Kingdom, and Prime Minister Callaghan repeatedly stressed the importance of trade to Whitehall officials.<sup>39</sup> Against this background, without competitors after the virtual bankruptcy of VFW-Fokker, the British saw the state visit as an opportunity to resist pressure from Romania to secure more and more favorable conditions, while the Bucharest government on the other hand tried to take advantage of the United Kingdom's obvious interest in the ROMBAC because of its parlous economic situation, with a view to obtaining concessions in other sectors, especially textiles and iron and steel.<sup>40</sup>

In addition to the dispute over the price of the 1-11s that TAROM was to buy directly from the UK, there were two issues. The first issue was the certification for the ROMBAC and for the engines. Without the British Civil Aviation Administration (CAA) certification for aircraft manufactured in Romania, the market prospects would be drastically reduced, but from the series of meetings starting at the end of 1976, it had emerged that BAe did not trust in the project sufficiently to automatically guarantee the "virtual equivalence" of planes manufactured in Romania with those produced in the United Kingdom. Therefore, the understanding was that the CAA would act on the basis of guarantees provided by BAe for any individual aircraft.<sup>41</sup> The second issue was the delay in the negotiations between Rolls-Royce and the Romanian company Turbomecanica concerning the latter's activities as a subcontractor, with a plan to produce 250 Spey engines (fifty of which would be supplied directly from the United Kingdom) over fifteen years. For reasons of security and certification, there were some manufacturing operations that the Romanians could not take on, so

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<sup>38</sup> "Minute by Chilton, July 28, 1977; "Brown to Gerhard, August 3, 1977"; "Gerhard to Brown, August 16, 1977," NAUK, FV 14/89.

<sup>39</sup> "Prendergast to Cartledge, October 20, 1977"; "Cartledge to Prendergast, October 24, 1977," NAUK, FCO 28/3080. "Scott to Ellis, August 15, 1978," NAUK, FCO 28/3426.

<sup>40</sup> "Note of a meeting with BAC on November 25, 1977," NAUK, SUPP 29/297. "Meeting with the Romania Foreign Minister on November 14, 1977"; "Cartledge to Prendergast, November 16, 1977"; "record of conversation with the Romania Foreign Minister on November 15, 1977," NAUK, FCO 28/3077. "Note of a meeting with the Romanian delegation to discuss the BAC 1-11 collaboration on January 6, 1978," NAUK, FV 14/91.

<sup>41</sup> "Brady to Standley, November 3, 1976"; "Brady to Standley, October 18, 1977"; "note of meetings at the CAA Airworthiness Department on February 2-3, 1978"; "Morrison to Guilbert, April 25, 1978"; "minute by Guilbert, May 19, 1978," NAUK, DR 8/27.

that – in contrast with Romanian ambitions – Turbomecanica would not eventually cover more than half of the engine production.<sup>42</sup>

During Ceaușescu's state visit, on June 15, 1978, an instruction to proceed was finalized with BAe. This entailed, on the one hand, concession of the license and, on the other, it committed the Romanians to pay around one million pounds in advance, to be covered with countertrade in the course of 1978. This would allow the British company to get production under way.<sup>43</sup> Explicitly linked to the instruction to proceed, the Romanians reached an understanding with Rolls-Royce establishing the conditions for the production in stages – now over seventeen years – of 250 Spey 512-14DW engines, and for the training of Romanian technicians in the United Kingdom.<sup>44</sup> After further long-drawn-out negotiations on financial terms, by the end of May 1979 all contracts with BAe were signed in order to be made public on June 8, shortly before the Paris Air Show. On June 20, contracts were signed with Rolls-Royce for the licensed production of Spey engines.<sup>45</sup>

Therefore, negotiations had lasted roughly four years, during which the aircraft had become increasingly obsolescent and civil aviation had been heading towards a ruthlessly recessive phase. Even at this point some issues were not definitively closed. While the airframe posed no problems for CoCom, provided the machine tools required for manufacturing it were not too advanced (basically, excluding those that were computer numerical controlled), the Spey license did. Confirming forebodings of Whitehall officials, when CoCom did approve the ROMBAC project on April 13, 1978, they specified that the only information relating to Spey engines that could be passed on to the Romanians was that necessary for fitting the engines on to the plane.<sup>46</sup>

Such strict limitations were clearly excessive, given that the Romanians were already producing the Viper under license and collaboration on the military version of the Spey was not allowed; the new license could not realistically alter the strategic status quo. The British thus felt confident in the relaxation of such limitations in due course.<sup>47</sup> Indeed, CoCom's rulings had not prevented the signing of the framework agreement for cooperation on the Spey 512 turbofan, but a constraint remained on the metallurgical know-how needed to produce castings and forgings for the engine. Even with these strong restrictions, the negotiations at CoCom were not simple and it was

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<sup>42</sup> "Minute by Octon, March 21, 1978," NAUK, BT 359/21. "Minute by Waire, March 3, 1978"; "minute by Haynes, April 20, 1978," NAUK, FV 14/92.

<sup>43</sup> "Instruction to proceed, June 15, 1978"; "protocol between, Bae, GAB and Tehnoimport, June 16, 1978"; "minute by Chilton, June 19, 1978," NAUK, FV 14/93.

<sup>44</sup> "DTI to Mays, June 15, 1978," NAUK, PREM 16/1838. "Cooperation agreement between Rolls-Royce Ltd. and Tehnoimportexport, June 15, 1978," NAUK, BT 329/21.

<sup>45</sup> "Secondé to DOI, May 3, 1979"; "minute by Chilton, June 7, 1979"; "minute by Miller, June 20, 1979," NAUK, FV 14/160. "Minute by Mawson, June 4, 1979," NAUK, FCO 28/3838.

<sup>46</sup> "Minute by Gunns, May 23, 1977," BT 359/10. "CoCom (78) 89, February 14, 1978"; "CoCom (78) 89.4, April 13, 1978," NAUK, BT 359/11.

<sup>47</sup> "Chilton to Haynes, April 21, 1978," NAUK, BT 359/11.

only in October 1979 that American and German reservations were withdrawn.<sup>48</sup> The issue was particularly sensitive because the Romanians had shown interest in metallurgical techniques since 1968 and they had reiterated that there was no point in talking about “cooperation” on the Spey if the British were not prepared to transfer this know-how. On the other hand, if the perceived threat consisted in Romania’s alliance with the USSR, the British found it difficult to understand what possible interest the Soviets could have in the technology embodied in a rather old engine.<sup>49</sup>

The Romanians did not give up. As Prime Minister Ilie Verdeț explained to Thatcher and her ministers in April 1981, Bucharest considered the limitations imposed on the metallurgical industries an unwarranted hindrance to the implementation of the ROMBAC project. The Secretary of State for Industry, Keith Joseph, promised that the matter would be reviewed and indeed, this time, the Romanians were more fortunate.<sup>50</sup> Faced with the shutdown of the 1-11 production line in the United Kingdom, Rolls-Royce now wanted to sell the technology in question to Romania in order to make a profit as long as it still had some commercial value, as this technology would soon be obsolete<sup>51</sup>. Finally, in September 1981, the British Government authorized Rolls-Royce to enter into negotiations with the Romanians. There were still some restrictive conditions, for example the exclusion of technology related to directionally solidified casting and mono-crystal casting – an important part of the package. However, as noted by Stephen Bickel, an official in the Commercial Relations and Exports Division of the Department of Trade, with Romania about to take draconian measures to repay its foreign debt, the problem would be mostly, if not exclusively, financial rather than technological.<sup>52</sup>

The difficulties of the Romanian economy stemmed from the very structure that it had assumed during the years of forced industrialization. This structure had generated overcapacity in sectors such as petrochemicals, unhappily exposed to the effects of oil shocks and of the global economic slowdown. This caused a sharp deterioration of the external payments position and a gradual shift of Romanian trade towards the Council for Mutual Economic Assistance<sup>53</sup>. Even the latter, however, became increasingly fraught with political difficulties with the advent of Gorbachev, as Ceaușescu bluntly condemned the tenets of Perestroika<sup>54</sup>.

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<sup>48</sup> “Miller to Moir, August 17, 1979”; “Miller to Henry, September 19, 1979”; “Fisher to Robson, October 18, 1979,” NAUK, BT 359/22.

<sup>49</sup> “Minute by Maynard, June 2, 1978”; “minute by Terry, June 16, 1978,” NAUK, BT 359/21. “Moir to Mann, May 21, 1981,” NAUK, BT 359/23.

<sup>50</sup> “Note of a meeting with Mr. Verdeț on April 13, 1981,” NAUK, PREM 19/580. “Mann to Bickel, April 30, 1981,” NAUK, BT 359/23.

<sup>51</sup> “Transfer of Rolls-Royce Ltd. Casting and Forging Technology to Romania”, May 1981, NAUK, BT 359/23.

<sup>52</sup> “Wilding to Bickel, July 17, 1981”; “Bickel to Moir, September 15, 1981,” NAUK, BT 359/23.

<sup>53</sup> “Note on Romania by the Economics Department, September 1981,” LLOYDS, f. 9642, HO/D/Boa/Age/51.

<sup>54</sup> N. Ceaușescu, “*Raport cu privire la stadiul dezvoltării forțelor de producție* [Report on the development stage of the productive forces]”, December 14, 1987, in *România pe drumul construirii societății socialiste multilateral dezvoltate*

The Romanian dictator, while recognizing the adverse effects of certain circumstances, such as the oil crisis and rising interest rates, attributed the responsibility for economic difficulties to the mistakes of his subordinates in the Communist leadership in the implementation of Romania's five-year plans. Therefore, given that the dire conditions of the Romanian economy were ostensibly the result of human errors on the part of negligent officials, both the mechanism of command economy and Ceaușescu's own leadership escaped criticism.<sup>55</sup> In the 1980s the top priority of the regime was to wipe out foreign debts so as to protect Romania from those external influences that were being felt in other Eastern European Communist countries. In addition to making Romania increasingly dysfunctional, the choice to pay off the entire foreign debt over a short period of time prevented foreign trade from becoming a stimulus to the whole economy, which became more and more autarchic.<sup>56</sup>

Meanwhile, in Britain, the debate on the malaise of the national economy had focused on macroeconomics<sup>57</sup> playing into the hands of Thatcher's Conservatives on the electoral level and allowing the unemployment issue to be put on the backburner.<sup>58</sup> In this scenario, the transition to market liberalism was not precipitated by intrinsic contradictions, but by an orchestrated political discourse, hinged on the ostentatious monetarist refusal of an income policy and the purported failure of the Keynesian state as a cause of economic decline.<sup>59</sup> While the Thatcher governments' intended impact on the structural changes of the British economy should not be overestimated,<sup>60</sup> there occurred a shift towards outsourcing, which was in turn largely responsible for the increase in productivity indexes, while the characteristics of economic welfare were redefined by "de-industrialization"<sup>61</sup> far more than by monetarist experiments. Moreover, liberalizations, coupled with the collapse of cost barriers generated by, and related to technology, led to the so-called "Big

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[Romania on the road to building a multilaterally developed socialist society] (hereafter *Romania pe drumul*), (Bucharest: Ed. Politică, 1989), vol. 31, 178-249.

<sup>55</sup> N. Ceaușescu, *Cuvîntare la consfătuirea de lucru de la CC al PCR din 29-30 mai 1980* [Speech at the working meeting of the Central Committee of the Romanian Communist Party, May 29-30, 1980], in *România pe drumul* (Bucharest: Ed. Politică, 1981), vol. 20, 69-108.

<sup>56</sup> Derek Alcroft and Steven Morewood, *Economic Change in Eastern Europe since 1918* (Aldershot: Elgar, 1995), 170-171.

<sup>57</sup> *De-industrialisation*, ed. Frank Blackaby (London: Heinemann, 1979).

<sup>58</sup> Jim Tomlinson, "Thatcher, Monetarism and the Politics of Inflation," in *Making Thatcher's Britain*, ed. Ben Jackson and Robert Saunders, (Cambridge: Cambridge University Press, 2012), 62-77.

<sup>59</sup> Jim Tomlinson, *Managing the Economy, Managing the People: Narratives of British Economic Life from Beveridge to Brexit* (Oxford: OUP, 2017), chapters 2 and 3. Colin Hay, "Chronicles of a Death Foretold: The Winter of Discontent and Construction of the Crisis of British Keynesianism," *Parliamentary Affairs* 63, no. 3 (2010), 446-470. Ewen Green, *Thatcher* (London: Hodder Arnold, 2006), 55-60.

<sup>60</sup> Helen Thompson, "The Thatcherite Economic Legacy," in *The Legacy of Thatcherism. Assessing and Exploring Social and Economic Policies*, ed. Stephen Farrall and Colin Hay (Oxford, OUP, 2014), 33-68.

<sup>61</sup> Jim Tomlinson, "De-industrialisation Not Decline: A New Meta-narrative for Post-war British History", *Twentieth Century British History* 27, no. 1 (2016), 76-99

Bang” of the London Stock Exchange.<sup>62</sup> In the process, the government’s privatization strategy shifted the responsibility for industrial investments to the private sector. On the one hand, this meant that businesses would no longer be subjected to constraints imposed by the Treasury, but instead they could benefit from the growing globalization of capital markets. On the other hand, they could not hope for anymore state financial support and the pairing between trade and politics got unbalanced, profit being the top priority.<sup>63</sup>

However, Thatcher’s arrival at Downing Street did not substantially change the foreign policy outlook.<sup>64</sup> Of course, she was convinced of the repressive nature of Communism and deeply critical of Détente in the 1970s. However, after 1983, her tones softened and, beginning with a visit to János Kádár’s Hungary in February 1984, she implemented a renewed policy of differentiation, favoring those countries willing to show tentative openness in the environment of Perestroika.<sup>65</sup> In the 1980s, therefore, this differentiation policy, which in the past had long played in favor of the Romanian “maverick”, began to have the opposite effect. It is no coincidence that, in her memoirs, Thatcher refers to Romania only once, when she mentions Ceaușescu’s ignominious demise. The transformation of the British economy pushed foreign policy towards the liquidation of commitments with Romania. Whitehall was no longer willing to provide financial support to industries and it was urging businesses to make choices based on profit, which did not fit well with a country characterized both by economic crisis and ruthless Communist dictatorship.<sup>66</sup>

In such circumstances, the ROMBAC program provided for the creation of a joint project management team to interface with Întreprinderea de Avioane București (IAvB), which would take care of both the Islander and the BAC 1-11 aircraft, while also supervising all the necessary procedures to start production.<sup>67</sup> Soon, however, the CAA began reporting poor housekeeping standards and unsatisfactory quality control. This was attributed to the fact that the Romanians had insufficiently qualified personnel, while the quality surveyor sent by BAe in the spring of 1981 was deemed ineffective by the CAA inspector.<sup>68</sup> It was therefore suggested that BAe and Rolls-Royce

<sup>62</sup> Richard Vinen, *Thatcher’s Britain. The Politics and Social Upheaval of the 1980s* (London: Simon&Schuster, 2009), 101-133; Eric Evans, *Thatcher and Thatcherism* (London: Routledge, 2013) 31-34; Charles Goodhart, “The Economics of ‘Big Bang’”, in *The Development of London as a Financial Centre, vol. IV: 1945-2000*, ed. Ranald Michie, (London: Tauris, 2000), 261-277.

<sup>63</sup> Graham Steward, *Bang! A History of Britain in the 1980s* (London: Atlantic Books, 2013), 179-184, 380-385. Evans, *Thatcher and Thatcherism*, 34-38.

<sup>64</sup> Richard Vinen, *Thatcherism and the Cold War*, in *Making Thatchers Britain*, ed. Ben Jackson and Robert Saunders, 199-217. Paul Sharp, *Thatcher’s Diplomacy. The Revival of British Foreign Policy* (Basingstoke: Macmillan, 1997), 183-211.

<sup>65</sup> Evans, *Thatcher and Thatcherism*, 114-117.

<sup>66</sup> Margaret Thatcher, *The Downing Street Years* (London: Harper Collins, 1993), 790.

<sup>67</sup> “Terry to Chaplain, August 16, 1979,” NAUK, DR 8/27. “Note of a meeting held on October 30, 1979”; Răican to CAA, February 14, 1980”; “Guilbert to Rain, March 21, 1980,” NAUK, DR 8/28.

<sup>68</sup> “Comments on visit held on October 13-17, 1980,” NAUK, DR 8/28. “Minute by Inskip, February 18, 1981”; “report on visit no. 2 held on May 15-22, 1981,” NAUK, DR 8/29.

**Commentato [AD4]:** This reads oddly: did BAe really send someone who was incompetent?

**Commentato [R5R4]:** That was the reiterated opinion expressed by the CAA inspector during visits to Baneasa.

should agree with the Romanians to close the project, without – of course – this appearing to be the result of a British government initiative.<sup>69</sup>

The concrete prospects of terminating the ROMBAC project consensually were, however, non-existent. Instead, on the occasion of the visit to Bucharest of the Parliamentary Undersecretary of State for Foreign and Commonwealth Affairs, Malcolm Rifkind, in the autumn of 1982, the Romanians emphasized their interest in the revival of the 1-11 airliner by equipping it with a new engine, a prospect that the BAe Weybridge Division was actually considering.<sup>70</sup> In fact, the Spey turbofan had a very loud thrust and in the 1970s an environmental protection regulation aimed at reducing noise pollution had been mooted. Consequently, hush kits for the Spey had been mounted as standard on the first Series 500 1-11 produced for the Romanian airline TAROM in 1976.<sup>71</sup> There was, however, a more ambitious opportunity to develop a new turbofan engine that would have a larger bypass ratio and a lower core jet velocity, thus producing less noise. Rolls-Royce developed it under the name of RB.183 Tay. If the Tay had been used on the 1-11, the plane would have met the more restrictive noise rules introduced by ICAO and by the American Federal Aviation Administration, prolonging its life until the end of the century and sharply increasing its sales prospects. Indeed, with 15% less fuel consumption and an increase of 25% in range, the refitted 1-11 could also be used on night flights and on a wider variety of routes.<sup>72</sup>

The Tay, however, had been developed around the core of the Spey 555-15, which was completely different from the 512DW. Not only would the Romanians be totally unfamiliar with the new engine, but they also underestimated how little Rolls-Royce wanted their involvement. Past experiences had not been very encouraging, while the priority of the British government was rather to push Rolls-Royce to join one of the American giants (Pratt & Whitney, with the formation of International Aero Engine), so as to make it profitable again and privatize it.<sup>73</sup> Moreover, by the end of 1987 Ceausescu's foreign debt extinction policy had led Romania to give up both Rolls-Royce monitoring on Turbomecanica and CAA controls on IAvB, leading to apparently unsurmountable problems of certification for ROMBAC even if the project had gone on unaltered.<sup>74</sup>

A re-engining program was negotiated in 1985 by BAe with the American company Deere Howard with a view to reconfiguring the executive jet version of the 1-11 aircraft. Even though

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<sup>69</sup> "Minute by Hawtin, September 17, 1982"; "Harding to Hawtin, October 1, 1982," NAUK, T 437/76.

<sup>70</sup> "Holmer to FCO, October 13, 1982," NAUK, T 437/76.

<sup>71</sup> "Rolls-Royce Engine Update", *Aircraft Engineering* 48, no. 1 (1976), 5-8.

<sup>72</sup> "Further One-Eleven Development", n.d., NAUK, SUPP 29/297. "Tay-powered BAC One-Eleven Proposed", *Aircraft Engineering* 55, no. 8 (1983), 14-16.

<sup>73</sup> "Minute by Williamson, March 4, 1982," LLOYDS, HO/GM/CRA.34. "MISC 25(82)3, Rolls-Royce Long Term Strategy, March 5, 1982"; "MISC 25(82) 2nd meeting held on May 25, 1982," NAUK, CAB 130/1186.

<sup>74</sup> "Minute by Allen, November 9, 1987"; "Paget to Potter, November 22, 1987," papers obtained by the UK Foreign and Commonwealth Office pursuant the Freedom of Information Act (henceforth FOI/FCO).

corporate and technical difficulties would delay the program until the beginning of the 1990s,<sup>75</sup> in the last months of 1986 Dee Howard began negotiating with the Romanians for their involvement in re-engining.<sup>76</sup> The British government now insisted with the latter that the deal with Dee Howard was the only viable route available, but it was unclear how the project could be funded.<sup>77</sup>

A possible answer materialized in 1988, when a British leasing company, Swift Aviation, developed a plan for the purchase of up to fifty ROMBACs. Swift would create a consortium to buy “green” airframes produced by IAvB with materials and components supplied by BAe. The mounting of the Tay engines, the new nacelles and thrust reversers would be done in Bucharest, while fitting-out would take place in the United Kingdom, where Swift would arrange leasing. BAe would thus deal with production management in Romania and would provide the know-how for re-engining by purchasing it from Dee Howard. The advantage was to minimize the investment required from the Romanian Government, at least initially. A Memorandum of Understanding, which provided for the completion of the first Tay ROMBAC in August 1991, was signed on 5 July, 1989 and still in October Romanian Foreign Minister Ion Ungur spoke of Swift as a solid opportunity to relaunch the ROMBAC project.<sup>78</sup>

Actually, Swift did organize the consortium, Associated Aerospace, to which BAe gave its support just three weeks before Ceaușescu’s execution.<sup>79</sup> The problem, of course, was how to put together the money and the consensus needed to get the project off the ground in the aftermath of the December Revolution. George Pop, for about thirty years the representative and informal mediator of the interests of the British aeronautical industry in Romania, went to Bucharest for three weeks shortly after the downfall of the regime and secured a private invitation for the former Conservative Minister of Aviation, Julian Amery, to visit the country.<sup>80</sup>

Having consulted the FCO, Amery agreed to go to Romania and meet the most important members of what he called the “Communist mafia”,<sup>81</sup> namely the National Salvation Front, between February and March 1990. Taking upon himself the role of mediator with Rolls-Royce, he wrote to the president of the company, underlining the Romanian balance of payments surplus as a positive credential for potential investors.<sup>82</sup> However, Francis Tombs’ reply was far from encouraging:

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<sup>75</sup> “Note of a meeting held on June 13, 1984,” NAUK, FV 17/322. Ken Goddard, *The Rolls-Royce Tay Engine and the BAC One-Eleven* (Derby: Rolls-Royce Heritage Trust, 2000), 20-21, 31, 35-37.

<sup>76</sup> “Bowder to Gillibrand, June 23, 1986,” NAUK, FV 17/334.

<sup>77</sup> “Arbuthnott to DTI, December 17, 1986”; “Arbuthnott to DTI, December 22, 1986”; “DTI to Bucharest, January 9, 1987,” FOI/FCO.

<sup>78</sup> “Atkinson to DTI, October 12, 1989,” FOI/FCO. Goddard, *The Rolls-Royce Tay Engine*, 33-35, 38-42, 45. “BAe Restructures”, *FI*, January 7, 1989, 5.

<sup>79</sup> “Note by [Potter] OT3/5B, December 13, 1989,” FOI/FCO.

<sup>80</sup> Former Ambassador to the UK, Sergiu Celac, to the Author, March 29, 2015.

<sup>81</sup> “Amery to Deakin, January 29, 1990,” papers of Julian Amery, Churchill College, Cambridge (henceforth AMEJ), 1-10-47 part 3.

<sup>82</sup> “Amery to Tombs, March 16, 1990,” AMEJ-1-10-47 part 3.

Their aerospace industry represents an asset on which they must build, but we have stressed the importance of being realistic in their ambitions and of honesty about quality if they are going to be accepted as a supplier. We will do what we can to help them help themselves.<sup>83</sup>

The attitude of the British government was also substantially unhelpful, because it was out of the question to think of using public money to assist the relaunch of the ROMBAC project, as requested by the BAe Airbus Division. Rather, as Secretary of State Douglas Hurd told Amery, the long-term perspective of economic aid ought to serve as an incentive to push the Romanians to implement reforms in favor of democracy and the free market. First, there had to be reforms and new sacrifices, and only later, if at all, the money.<sup>84</sup> Moreover, according to Eugeniu Smirnov, managing director of IAvB, the price set by Associated Aerospace for the plane would be unprofitable for the Romanian company. Unfruitful negotiations ensued on the financial terms that would be applied; at the same time, the Romanians appointed the financial consultants Coopers & Lybrand to assess the soundness of Associated Aerospace. The resulting report, which was highly critical, gave the Romanians further pause for thought, which ended in March 1991 when a British court ordered the liquidation of Associated Aerospace for unpaid debts.<sup>85</sup>

The ROMBAC project now seemed buried. In the words of BAe Commercial Aircraft's managing director, Maurice Dixon, the Romanians had "missed the boat or plane" expecting others to face up to the financial burden of restructuring their own aeronautical industry.<sup>86</sup> Actually, both the leaders of Romaero, as the IAvB had been renamed, and the head of the Department of Mechanical Engineering of the Ministry of Resources and Industry, Andrei Pintilie, had begun to see a more realistic future in subcontracting and repairs for major Western companies, perhaps through joint ventures that would still leave Romania's government in control of Romaero. With this in mind, President Iliescu had met frequently with Boeing representatives since 1990 in order to assess how the US giant might use the Romanian structures to produce some of its components.<sup>87</sup>

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<sup>83</sup> "Tombs to Amery, March 29, 1990," AMEJ-1-10-47 part 3.

<sup>84</sup> "Note by OT3/5B, January 4, 1990"; "BAe Airbus Division to Waldegrave, February 16, 1990"; "ECGD to the 1<sup>st</sup> Secretary (Commercial) Bucharest, September 19, 1990," FOI/FCO. "Hurd to Amery, September 7, 1990," AMEJ-1-10-47 part 2.

<sup>85</sup> "Atkinson to DTI, October 11, 1990"; "note by OT3/5B, March 5, 1991," FOI/FCO. Goddard, *The Rolls-Royce Tay Engine*, 69-77.

<sup>86</sup> "Minute by OT3, March 18, 1991," FOI/FCO.

<sup>87</sup> "Bucharest n. 10418, October 5, 1990," papers obtained from the U.S. Department of State pursuant the Freedom of Information Act (henceforth FOIA/DoS). "Atkinson to DTI, October 5, 1990," FOI/FCO. "Romania Looks for Western Investment", *FI*, July 10, 1990, 13; Alan Postlethwaite, "Coming in from the Cold", *FI*, July 19, 1990, 26-28.



In 1992, BAe seemed ready to pull the plug once and for all, recalling from Bucharest their staff still in Romania. Just a glimmer of hope remained: if the Romanian government had given Romaero the necessary financial support to guarantee covering the costs, BAe would have continued to support the project.<sup>88</sup> In June 1992, however, TAROM had announced that it wanted to upgrade its fleet by purchasing from only one supplier, Boeing, which was willing to set up a maintenance center for aircraft in Romania and to contract out the construction of some components to Romaero. The contract was signed on August 6, 1993, while TAROM – though laboriously – succeeded in securing a long-term agreement with both Boeing and Airbus, from which it had previously bought three A310s.<sup>89</sup> The Romanian Government’s commitment to the solvency and modernization of TAROM was part of the plan to revive privatizations and, more generally, to stabilize the economy. But would there still be enough funds to support the ROMBAC project as well? In late November 1993 the Romanian Government’s response was negative. This was indeed the end of the road for twenty-five years of Anglo-Romanian cooperation in the aeronautical industry.<sup>90</sup>

## Conclusions

Foreign policy and trade represented a mutually reinforcing binomial in Anglo-Romanian aviation dealings during Détente. On the one hand, a policy of differentiation in favor of Ceaușescu’s Romania, the “maverick” of the Soviet Bloc, made sense in order both to capitalize on the differences in the Communist camp and to promote better relations in Cold War Europe. On the other hand, political engagement materialized through and – at the same time – allowed increasing East-West trade flows, which were an important opportunity for a country engrossed in the debate on economic decline like the United Kingdom. Against this background, by skillfully playing on the competition among Western countries, Romania could reap important concessions. This was ultimately only possible, however, so long as the investment risk of Anglo-Romanian cooperation was guaranteed by the British state. Put in different terms, such cooperation depended on a consensus that the UK’s Treasury’s guarantees and subsidies were consistent with both the British national interest – in as much as they offered respite to the aviation industry and preserved occupation – and wider strategic goals in the Cold War.

<sup>88</sup> “Note by the DTI European Division, April 3, 1992,” FOI/FCO. “Bucharest to FCO, December 17, 1992,” Papers obtained by the UK Department for Business, Innovation and Skills pursuant the Freedom of Information Act (henceforth FOI/DTI).

<sup>89</sup> “Minute by the 1<sup>st</sup> Secretary (Commercial), November 10, 1993”; “note for the file, November 12, 1993,” FOI/DTI. “Bucharest n. 4825, June 21, 1992”; “Bucharest n. 7477, August 9, 1993”; “Bucharest n. 2353, March 17, 1994,” FOIA/DoS.

<sup>90</sup> “The Secretary General of the Romanian Government to the Managing Director of Romaero, November 4, 1993,” FOI/FCO. “Tarom to Romaero, November 8, 1993; “Goddard to the Commercial Counselor in Bucharest, November 15, 1993,” FOI/DTI.

ROMBAC helps understanding that this Anglo-Romanian cooperation was made possible by these specific conditions. First, Cold War reasons played a central role in shaping the nature and extent of such cooperation. The “transfer” of technology and productive skills was always subject to conditions and it should be noted that such limitations were not only applied to cases of military relevance. Conditions and limitations affected the civil sector, too, for example with regard to certification procedures and the maintenance of design authority by the United Kingdom, partly because it was difficult to control technological developments once the know-how had been transferred, partly because the Romanians never concealed their desire to proceed in the military area. CoCom continued to play a conditioning role throughout. Adding to contributions to the history of multilateral export controls<sup>91</sup>, Anglo-Romanian dealings and ROMBAC specifically show that overall CoCom’s role remained positive and consensual. As demonstrated in the case of Romania, the British interpreted CoCom rulings with caution, for example concerning metallurgical techniques.

Changing conditions in the 1980s did not help the fate of a form of polarized cooperation that had not developed into a form of “co-production”.<sup>92</sup> With Détente definitely buried and Ceaușescu’s regime increasingly unpalatable, the policy of differentiation, which the Conservative government basically went on pursuing, began to harm Romania. In the absence of political incentives, Ceaușescu’s economic austerity did not win any sympathy and ROMBAC simply withered away. In principle, however, the project might have recovered after the collapse of Communism; indeed, according to Sergiu Celac, then ambassador to London, the market studies on the issue were finally transmitted to Brazil, where they contributed to the success of the privatized Empresa Brasileira de Aeronáutica in the area of medium-range jet airliners.<sup>93</sup>

This did not happen because Prime Minister Thatcher presided over a momentous change in the nexus centered on economic growth, public spending, and trade, i.e. the other defining condition of Anglo-Romanian cooperation along with Cold War policy. In the past also, most of the time, personal and corporate contacts had represented the prime mover; now, however, not only were the British government unwilling to underwrite the risk (as the Labour Government had been disposed to do, although with increasing reluctance), but more or less openly discouraged further aviation commitments in Romania. Unlike Poland, where the “shock therapy” made the country an ideal

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<sup>91</sup> Frank Cain, *Economic Statecraft During the Cold War. European Responses to the US Trade Embargo* (Abington: Routledge, 2013); Jari Eloranta and Jari Olaja, *East-West Trade and the Cold War* (Jyväskylä: Jyväskylä University Press, 2005); Michael Mastanduno, *Economic Containment. CoCom and the Politics of East-West Trade* (Ithaca: Cornell University Press, 1992).

<sup>92</sup> John Krige, *American Hegemony and the Post-war Reconstruction of Science in Europe* (Cambridge: MIT Press, 2006).

<sup>93</sup> Celac to the Author, 29.03.15.

**Commentato [AD6]:** Please check that I have not changed intended meaning here.

**Commentato [R7R6]:** done

testing ground for a supportive policy consistent with the mantras of market liberalism,<sup>94</sup> in Romania the way towards liberalization and free market looked much more uncertain.<sup>95</sup> If aid should follow structural adjustment, like dangling the carrot in front of the peacock's eyes to make it walk, there was simply no chance to revive Anglo-Romanian cooperation; this was to the benefit of the American manufacturer Boeing.

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<sup>94</sup> Robert Ledger, "From Solidarity to 'Shock Therapy'. British Foreign Policy Towards Poland Under the Thatcher Government, 1980–1990," *Contemporary British History* 30, no.1 (2016), 99-118.

<sup>95</sup> David Turncock, *Restructuring the Romanian Economy: A Study of Transition 1990-2006* (Cheltenham: Elgar, 2007); Alan Smith, "The Transition to a Market Economy in Romania and the Competitiveness of Exports", in *Post-communist Romania. Coming to Terms with Transition*, ed. Duncan Light and David Phinnemore (Basingstoke, Palgrave, 2001), 127-150; Dragoş Negrescu, *A Decade of Privatization in Romania*, (Bucharest: Romanian Centre for Economic Policy, 1999); Avner Ben-Ner and John Montias, "Economic Systems Reforms and Privatization in Romania", in *Privatization in Central and Eastern Europe*, ed. Saul Estrin, (London: Longman, 1994), 279-310.