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MEMORANDUM

For some time, the Romanians have been interested in stimulating the flow of the American tourists into their country. In 1967, they concluded an agreement with Intercontinental Hotels Incorporated to manage a new hotel in Bucharest and, in July of this year, requested negotiations with us for a bilateral air transport agreement, apparently because they believe that the establishment of service to Romania by the certificated US airline, Pan American, would help to develop their tourist trade.

We agreed to hold negotiations because (1) the prospects for viable air services to Eastern Europe over the long-term appear to be good, particularly in tourism-oriented countries such as Romania; (2) in view of the Romanian initiative, we should have a good chance of concluding a satisfactory agreement consistent with our international aviation concepts; and (3) an agreement, particularly at this time, would help promote our foreign relations objectives in Eastern Europe.

Our objective will be to negotiate a standard aviation agreement with adequate route rights for U.S. carriers (probably a route from the U.S. via certain European points to Bucharest and beyond around the world) and a route for Romania to New York (and possibly Montreal) via European intermediates. We also will try to obtain satisfactory conditions under which U.S. airlines may sell tickets in Romania and convert their local revenues into dollars. As was the case with Czechoslovakia and Yugoslavia, we expect to have the greatest difficulty on this latter question.

Pan American favors an agreement with Romania and no other US airline is opposed. Pan American, however, does not believe it will be able to commence operations into Romania until 1970. The Romanian airline, Tarom, is not expected to be in a position to begin Transatlantic services until 1975. Congressional staff members have been advised of these talks. No significant interest in them, however, is anticipated.

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
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