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TAGS: PREL, PGOV, MARR, SOCI, RO
SUBJECT: AMBASSADOR'S FAREWELL MEETING WITH PRESIDENT
BASESCU

Classified By: Ambassador Nicholas Taubman for 1.4 (b) and (d)

1. (C) SUMMARY: Prior to being awarded the highest honor Romania bestows on civilians, the Star of Romania Grand Cross on November 25, 2008, the Ambassador and President Basescu met for 45-minutes to discuss procurement of F-16s, development of the Constanta port for commercial as well as naval (a USN berth) use, a USTDA feasibility study on Romania,s healthcare needs, and reconversion and training of Romania,s labor force. Basescu passed a message from Syrian President Assad that Syria is willing to begin talks with Israel if the U.S. will mediate. Basescu reconfirmed Romania,s transatlantic fidelity and future deep partnership with the U.S., and the Ambassador assured him that the Mission will work closely with the Romanian Embassy to keep Romania at the top of the agenda for the new U.S. administration. END SUMMARY.

2. (C) The Ambassador recommended procurement of 24 EDA F-16s at less than usd one billion as the best option for Romania. Emphasizing that the American offer includes training, equipment, three years of maintenance by U.S. technicians, spare parts, and on-site pilot training for the 24 airframes with refurbished 2000-hour lifespan engines, the Ambassador made clear that this is a deal Romania should not miss. Moreover, this option leaves free sufficient MOD acquisition funds to begin to meet Romania,s other outstanding requirements, such as littoral combat ships and MRAPs, securing a strategic vision for all services.

3. (C) The Ambassador segued from air power to maritime strength describing Constanta as the best Black Sea port where a USN or NATO ally constant presence

would be a plus in Romania,s Black Sea strategy. He recommended several berths and refueling capacity for Aegis destroyers or other ships as well as commercial development of the port. Basescu agreed that a military maritime presence in the region would be positive.

4. (C) In his third point the Ambassador sought and readily obtained Basescu's approval for a USTDA feasibility study on Romania,s healthcare needs, a 9-month study paid for by the USG as a roadmap for hugely needed healthcare reform in Romania. (COMMENT: USTDA has indicated it could send a team of experts to Bucharest as early as January, pending GOR approval. END COMMENT) The Ambassador told Basescu that USTDA is primed to do this study with Cotroceni approval, but that no announcement would be made until after parliamentary elections on November 30. He affirmed that the roadmap would provide recommendations and options to the GOR, but that implementation would be their decision.

5. (C) Basescu,s reply was a carte blanche across the board. In addition to full support for a USN berth at Constanta, he said that the MOD has chosen the used F-16s, but indicated that in a follow-on phase Romania would seek to procure 24 new F-16s. On Constanta, he qualified the Japan-financed container terminal as an "unexpected success: anticipating full use by 2010 they were already at one million containers transiting Constanta in 2006.

6. (C) Basescu welcomed the healthcare study as an unexpected gift. He has full confidence in the objectivity and reliability of USTDA,s analyses from his days as Minister of Transportation when USTDA did the feasibility study for the container terminal. He expressed hope that the new GOR would support much needed reforms in health and education and stop "unjustified gifts," alluding to public sector wage increases that he has opposed.

7. (C) The President noted that the first problem he hears from entrepreneurs and investors is that the educational system is not adapted to Romania,s reality. Whether in chemical, shipbuilding or steel industries, a Romanian education is not keyed to 21st-century needs. He lamented that the 3.5 billions euros set aside for requalifying workers by the European Commission has bogged down in Brussels bureaucracy without in-put from industries. Basescu intends to raise the issue at the December Council meeting and propose that companies like Dacia, Nokia and Ford participate in assessing the qualifications needed in their Romanian workforces.

8. (C) Characteristically switching subjects in his stream-of-consciousness style, Basescu raised the success of the shipyards at Mangalia, south of Constanta, the fourth largest in Europe. With steel from Galati and a 1200-ton capacity crane, Mangalia is highly competitive in the industry. A Korean (51 percent) and Romanian (49 percent) joint enterprise, Mangalia,s aim is to be the largest shipyard in Europe. Basescu added that the financial crisis has not hit shippers: Mangalia,s shipyard is fully booked through 2012-2014, but since financing of ships is incremental, with full payment only upon delivery, problems may lie ahead.

9. (C) Reiterating his pledge to keep Romanian troops in Iraq "till the mission is finalized," even if he faces internal disputes for that decision, Basescu noted that he doesn't know what "nonoperational" tasks the Iraqis want Romanians to perform and that his forces have equipment needs.

10. (C) Commenting on his recent trip to Syria, Basescu stated that he knew from Assad that the GOI wants to minimize the time U.S. troops are in Iraq. He said the problem is with Iran: departure of American forces is a condition for Iraq's peace with Iran. Assad had repeated at each of the three presidential talks in Damascus that Syria is ready to talk seriously with Israel given two preconditions: clarification of the Golan Heights border and U.S. agreement to mediate the talks. Basescu reconfirmed this statement with Assad upon his return to Bucharest before he passed the message to the Israeli ambassador. Basescu,s guess is that Syria would be willing to drop the Golan border precondition if the U.S. agreed to mediate Syrian-Israeli talks.