



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

CABLE ADDRESS
INTERFUND

June 17, 1993

Dear Prime Minister:

Thank you very much for your letter to Mr. Russo of June 14. We were pleased to be reassured of your government's commitment to taking timely and substantive measures in the areas mentioned in Mr. Russo's letter of June 4. We also welcome the substantive actions that have been taken to strengthen enterprise financial discipline and to move towards a more realistic set of interest rates. Given the agreement apparent from your letter regarding the general thrust of policies needed to promote macroeconomic stabilization and economic recovery in Romania, we share your desire to move ahead with negotiations on a new stand-by arrangement.

We could envisage a staff mission visiting Bucharest early in July to undertake the Article IV consultations and resume negotiations on an arrangement. The negotiations will need to have as their focus the fiscal situation and the measures that your government is proposing to undertake to induce a sharp reduction in the fiscal deficit. If the negotiations are to be fruitful, it will be important that Fund staff are fully apprised of the current fiscal situation. I have therefore asked our Resident Representative, Mr. Greene, to contact Ministers Negritoiu and Georgescu with a view to ensuring that the relevant information is conveyed to Fund staff as soon as possible.

Under separate cover, I am forwarding a copy of this letter to Minister Negritoiu and Minister Georgescu.

Let me conclude with the hope that the forthcoming negotiations will yield a mutually acceptable agreement.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Michael C. Deppler".

Michael C. Deppler
Acting Director
European I Department

The Prime Minister
Victoria Palace
BUCHAREST, Romania