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Re: Brief – Romanian Politics

VICTOR PONTA: THERE IS NO BREACH OF EUROPEAN LAWS BY ROMANIAN-BASED COMPANIES

Victor Ponta, the Prime Minister of Romania, reacted during a press conference to the allegations that Romanian-based companies were involve into a fraudulent trading scheme concerning horse-meat sold as beef. The Prime Minister emphasized that **as far as the Romanian authorities are concerned, there is no proof of wrong-doing perpetrated on Romanian territory**.

Victor Ponta called for the drastic sanctioning of the actors involved in this trading scheme. The Prime Minister added that the credibility of the European industry is at stake and that the interests of the European consumers need to be taken into account when analyzing the situation in the meat industry. Victor Ponta also insisted that current situation calls for a European solution to the problem.

”We have a vested interest in identifying and sanctioning the culprits. It is paramount for Romania’s image and credibility to solve these matters. As far as the Romanian authorities are concerned, I have issued clear orders regarding extreme transparency; I do not want to defend my country and show that we are innocent; I want us to actively contribute to identifying those responsible”, the PM declared.

Victor Ponta emphasized that the Romanian authorities and companies have actively cooperated with their European partners in order to offer proper and accurate information in regards to the situation. **”It is in the best interest of the Romanian Government, of the French government**

and of every other government involved as well to track this network of fraudulent producers and to bring it down, regardless of the territory on which it is operating", the Romanian Prime Minister stated.

ROMANIA CONTRACTS FOREIGN LOAN AT RECORD INTEREST RATES

Romania has contracted the cheapest foreign loan after 1990, borrowing 1.5 billion dollars from the international capital market, via state a state bonds emission offering a 4.5% interest rate. The operation is considered a major success for Romania, highlighting the macroeconomic stability brought forth by the new government and the positive perspectives of development the national economy currently enjoys.

Romania's request was over inscribed 5 times, for a value worth 7.5 billion dollars, which goes to show that international investors see Romania as a favorable business destination. The marked improvement of Romania's perception on the international market reflects the increased credibility of the new government and the bright prospects of economic and business development. The fact that Romania was able to contract the cheapest loan in the last 23 years represents a fair assessment of the efforts undertaken by the government in order to ensure fiscal consolidation and sustainable growth. In January 2012 a loan worth also 1.5 billion dollars was contracted, yielding a 6.45% yearly interest rate.

ROMANIA'S ECONOMIC GROWTH FORECASTS REMAIN POSITIVE FOR 2013

Prime Minister Victor Ponta emphasized that in spite of the more reserved estimates in regards to the economy's growth than expected, Romania din not enter recession. The last quarter of 2012 didn't register a decrease of economic growth, whereas countries such as Italy, Spain, Hungary, the Czech Republic or Portugal are officially in recession.

Unfortunately, the statistics point out that in spite of the determined actions of the government, Romania’s GDP is still highly influenced by adverse weather conditions. 2012 was a bad year for farming - the massive snowfalls in winter and the drought during the summer led to 60% smaller yields of corn and to a 20% smaller production of wheat, compared to 2011.

Moreover, the 0% increase in economic growth is also caused by the collateral influence the dynamics of the Euro Area. As long as Romania’s main export target is the EU (70% or Romania’s exports are destined for EU countries), the prolonged recession in the Europe Area seriously hampered Romania’s economic growth.

At the same time, in spite of the government’s efforts**, the current economic situation is also the expression of the previous governments’ inability to increase European funding absorption**. While the USL government has managed to unblock several EU projects, the persistently low rates of absorption require longer time to fix. The Government spokesmen also pointed out that while the economy’s perspectives remain favorable, the impact of the austerity measures undertaken in 2010 and 2011 affected Romania’s economy. Several other factors, such as the risk-aversion attitude of major banks, who refrained from crediting enterprises and the lack of a fiscal space due to the impact of austerity programs also contributed to this situation.

However, there are numerous positive signals concerning Romania’s evolution in 2013. The growth rate generated by public investments is appraised at 3.5%. The total value of the investments is 37 billion RON, worth 5.9% of the GDP, a 2 billion RON increase compared to 2012. Private consumption is expected to grow by 2.3%, as an effect of the increase of public wages undertaken in 2012 by the USL government. The Prime Minister also ensured the public that decisive steps are undertaken in order to increase the European funds absorption rate - 2013 will see European funded spending worth 21 billion RON, compared to the 17.6 billion spent in 2012.

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