



INFOPOLITIC

Romanian Politics

13 August

Multimedia Foundation for Local
Democracy



IMPORTANT DEVELOPMENTS

1. **POLITICS.** Victor Ponta guarantees that the regionalization process will occur during this USL term.
2. **EUROPEAN FUNDS.** Romania increases the absorption rate and sets up more efficient procedures.
3. **FINANCE.** Government figures ensure that the new IMF agreement will not lead to an increase in taxes.
4. **VAT.** The USL Government ensures that VAT reimbursements are up to date.
5. **ECONOMY.** Several institutions favorable revise their prognosis on Romania's economy.



THE REGIONALIZATION PROCESS WILL BE CARRIED OUT THIS TERM

Prime Minister Victor Ponta declared that the USL Government will implement the regionalization process during this term. “We do not know yet how many regions Romania will be divided in. We will certainly not get an unanimous solution and whoever seeks unanimous backing for this process will fail. The solution is a reasonable majority and respecting the opinions of the dissenting minority. I don’t think we need to reinvent the wheel, but we cannot oppose efficient solutions. **If you are looking for a polite and diplomatic answer, the regionalization process will occur during this term**”, the Prime minister added.

The Prime Minister also made a short analysis of Romania’s evolution since 1989. “Romania is a country that has come a long way from 1989, and the foreign guests that come seldom to our country are able to see this. Most of us are unable to perceive these changes. Romania has suffered greatly from a lack of trust. We have never seen Romanians as being aware that they can be a more prosperous, a more powerful, and a more respected nation in Europe and in the whole world. **I believe that the Romanian people are more intelligent, more adaptable, and more innovative than many others are. Romania has a tremendous natural potential that is still not used**”. Victor Ponta said.

ROMANIA MAKES PROGRESS IN EUROPEAN FUNDS ABSORPTION

The absorption rate of European funds for the Operational Sectorial Environment Program has reached almost 17% in the first seven months of 2013, compared to 2012, when



the absorption rate was 8%, according to figures released by the Ministry for the environment and Climate Change.

Moreover, for the January-July period, **the Environment POS Management authority has approved a number of 84 projects, with a total value of 532789215 Euros.**

Eugen Teodorovici declared that **the Ministry for European Funds has placed 150 experts from the private sector at the disposal of the Management Authority of the “Increasing Economic Competitiveness” Operational Program**, who are to evaluate the projects and verify the funding requests of the beneficiaries.

At the same time, other experts will check the reimbursement requests of the POS CCE beneficiaries. Minister Teodorovici emphasized that the objective of the ministry’s officials is to take all measures **to ensure a swift implementation of existing projects and a swift payment of the funds owed to the beneficiaries**, so that money will enter the economy and support its development.

THE IMF AGREEMENT WILL NOT INCREASE TAXES

Spokesmen of the USL declared that **the new agreement with the IMF will not lead to an increase in taxes or to the introduction of new ones**, emphasizing that any such statements do not come from official sources. Moreover, figures from the USL criticized President Traian Basescu and leading PDL figures for making misleading statements in regards to the new agreement.

„Contrary to all misleading statements, **the new agreement with the IMF does not entail the introduction of new taxes, other than the alcohol excises and the introduction of taxes for luxury items.** For these reasons, Romanians are



not to worry. These measures are meant to continue the economic growth process and to increase Romania's credibility on the international markets and in front of the foreign investors", Catalin Ivan, the official representative of the PSD added.

The information concerning the content of the IMF agreement does not come from official sources and therefore, cannot be confirmed. Up to the present moment, the drafts of the Letter of Intention and the Memorandum concluded with the IMF are not yet public documents.

At the same time, **the information that the Government will impose the payment of social security contributions for housewives and of age children that are supported by their parents are utterly false.** Moreover, there are no intentions of increasing the taxes for natural authorized persons and intellectual property taxes.

Official government figures expressed their dismay that many opposition politicians made such irresponsible statements in regards to the agreement with the IMF.

VAT REIMBURSEMENTS ARE UP TO DATE

In another effort made by the USL Government to support the Romanian economic actors, the Ministry of Public Finances intends to reimburse in August the VAT for all those that fit the 45 days legal term. **The ministry will pay out 1.2 billion RON.** The reimbursement process will be up to date and will send a strong signal to all Romanian entrepreneurs.

The USL wants a partnership and a fair relation with all law abiding economic actors in Romania. Official USL figures declared the measure intends to show all economic actors that the USL government keeps its promises, observes the



law and actively works towards consolidating a fair and supportive economic environment.

The measure concerns funds that will reenter the economic circuit: companies will be able to pay their bills and the economic circuit will benefit from an infusion of capital.

Government figures emphasized that **the measure shows the USL's commitment to support the business environment** in Romania and encourages investment – contributing to the creation of a stable and predictable economic situation that attracts investors and creates jobs.

ROMANIA'S ECONOMY WILL GROW BY 2%, INTERNATIONAL INSTITUTIONS ARGUE

Romania's National Bank revised the economic growth prognosis for 2013 to over 2%, based on the positive evolution of exports, industrial and agricultural output. **Exports have increased by 4.6%** during the first trimester. **Industrial output has increased by 4.7%** between January and March 2013, whereas estimates for **agricultural output show an increase of 4-5% this year.**

The Government, in close cooperation with the National Bank, creates the conditions for economic development. The USL Government manages to create an economic environment that is stable and predictable, capable of attracting investors and creating jobs.

The announcement comes shortly after the IMF and the World Bank improved their prognoses regarding Romania's economic growth. **According to a Financial Times analysis, Romania is currently one of the most performing economies in the European Union**, registering a 2.2%



growth in the first trimester in 2013, and an economic increase of 2% in 2013 seems achievable, making the country one the regional performers.