



INFOPOLITIC

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IMPORTANT DEVELOPMENTS

1. **FOREIGN POLICY.** Victor Ponta made a visit to the United States.
2. **ECONOMY.** The flat tax remains at 16 percent.
3. **EUROPEAN FUNDS.** European funds absorption rate can reach 80%.
4. **POLITICS.** The PSD remains the leading party on the Romanian political scene.



VICTOR PONTA MADE A VISIT TO THE UNITED STATES

The Romanian PM's visit is the first visit of a Romanian Prime Minister in the United States for the past 10 years, since Adrian Nastase was welcomed at the White House. **The Government officials' statements stressed that the visit of Victor Ponta is part of the Government strategy to remove Romania from the external isolation.**

During the visit, the PM met with Republican Congressman Michael Turner, Co-President of the Group for Romania in Congress, and other important officials of the U.S. Congress. One of the main topics of discussion was the possibility of removing U.S. visas for Romanians, through the Visa Waiver Program.

Also during the visit, **Prime Minister Victor Ponta was welcomed by U.S. Vice President Joe Biden.** The meeting is **the most important moment for the bilateral relations between Romania and the U.S. in recent years.** In his statements, Victor Ponta stressed that the visit brings cooperation between Romania and the U.S. at a new level: besides the political and military partnership, Romania wants to be U.S.' economic partner.

Victor Ponta emphasized the political stability of Romania, given by the solid parliamentary majority, together with the development strategies of the Government, which makes further steps in consolidating democracy and the rule of law. The Prime Minister also stressed the need to expand economic relations, considered the most important point on the agenda of PM Victor Ponta's visit in the U.S.

Victor Ponta showed that, although in recent years there has been an intensification of these relations, amid a great



political cooperation with the U.S. Government, **the American investment level can grow further, as well as the level of commercial trade.** The PM added that Romania has the obligation to give certainty to investors, through political stability and law enforcement.

Victor Ponta also met in Washington with the representatives of Motorola, Hewlett-Packard, HP, ExxonMobil, Chevron, and IBM. The reactions of the representatives of the companies who participated in this meeting – companies which together have a turnover of 5-6 times the GDP of Romania – were of trust and satisfaction towards the current state of investment, as well as clear intentions for the future.

THE FLAT TAX REMAINS AT 16 PERCENT

After media speculation on increasing the taxation level, **USL representatives assured that there are no plans in increasing the flat tax.** Government spokesmen have also pointed out that there the Social Liberal Union had no such intention, and that any action taken by the Government will be announced in advance and will not be passed in secret, without taking into account public opinion and demands of the economic environment.

The same representatives have stressed that Government talks focused on the possibility of lowering taxes, in no case increasing them. The level of the flat tax remains at 16 percent.

However, **Government representatives have indicated that there are significant concerns of the Cabinet to increase budget revenues based on current legislation.** Measures will target mainly providing solutions to combat tax evasion, and increasing the institutional efficiency of ANAF.



THE EUROPEAN FUNDS ABSORPTION RATE CAN REACH 80%

Minister for EU Funds, Eugen Teodorovici, participated in Brasov at the "European Funds 2014-2020" Conference, where he met with representatives of the local government, beneficiaries, and future beneficiaries of EU funds. On this occasion, **the minister said that the absorption rate of EU funds in the current European financial exercise can reach over 80% by the end of 2015**, if the current pace of absorption will be maintained.

"This year, we aim at bringing 2.5 billion euros in Romania. **Surely, this goal will be met in October because, by the end of the month, another 650 million euros will arrive, and another half billion by the end of the year**, thus at the end of the year, the rate of absorption will be 35%", said the Minister for EU Funds.

"**If we will have the same trend, we have chances that until the end of 2015, when the cycle for the current financial framework ends, to exceed 80%**", added Teodorovici. The Minister for EU Funds recalled that a few days ago the European Commission released the last Operational Program, regarding Economic Competitiveness, **and this year Romania managed 2.3 billion euros actual inputs of Brussels reimbursements**, which represents a greater value than what it has received throughout the period after accession, between 2007 and 2012. Eugen Teodorovici also highlighted that **Romania occupies the first position in Europe regarding the percentage of increase in payments from the European Commission during the first nine months of this year, as it is an increase by 75%**.



THE PSD REMAINS THE LEADING PARTY ON THE ROMANIAN POLITICAL SCENE

According to a survey conducted between October 1 and 5, by SITC, on a sample of 1090 people, with an error margin of 3.1%, USL remains the most important political actor on the political stage in Romania. **62% of participants in a ballot would give their votes to the alliance between the social democrats and liberals**, while the most important opposition party, PDL would receive the votes from only 18% of voters. PDL is followed by UDMR, with 5% of the votes, PPDD, with 4% of voters' preferences, PRM (3%) and the Popular Movement (MP) with 3%.

Regarding the European Parliament elections, **the PSD is the poll's favorite. No less than 41% of voters express their support for the social democrats**, in the perspective of the European Parliament elections. The Social Democrats are followed by PNL (20% of votes) and PDL (18% of votes). UDMR would receive 5% of the votes, while PPDD would have been voted by 4% of the electorate. PRM would receive 3%, while MP is also quoted at 3%. The Conservatives are preferred by 2% of the voters.

The survey also shows a relatively high degree of satisfaction of the audience towards Prime Minister Victor Ponta's activity. 53% of voters are satisfied with the actions of the PM (9% are very satisfied, while 44% are somewhat satisfied). By contrast, only 30% of voters are satisfied with the activities of the President (23% are somewhat satisfied, while 7% are very satisfied).

The public responses also show that the economic evolution is the most important topic on the public agenda - 44% of Romanians believe that the economic situation is the most important problem that Romania is facing. In order of importance, it is followed by the increase of prices



(nominated by 35% of respondents) and unemployment (33%), health (21%), and crime/corruption (19%).

37% of respondents also believe that the main problem that the businesses environment is facing is the declining purchasing power. This is followed in the hierarchy by the decreasing liquidities in the market (26%), high levels of bureaucracy (22%) and the number and level of taxes (22%), regulatory changes (17%) and corruption (13%).

45% of Romanians consider also that the current Government can fight against corruption, while 28% of respondents say the current Cabinet cannot act at this level. 27% of Romanians do not have their options in this regard. Also, **41% of respondents believe that the Ponta Government is more capable than the previous cabinet to continue the fight against corruption,** as opposed to 24% who credited the Ungureanu Cabinet as being more able to fight against corruption. 43% of Romanians estimated that the corruption level is as high as 5 years ago. 13% of respondents believe that the level of corruption has increased, while 21% believe that there is less corruption than 5 years ago.