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# INFOPOLITIC

## Romanian Politics

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### IMPORTANT DEVELOPMENTS

1. FOREIGN POLICY. PM Victor Ponta welcomes the visit of Victoria Nuland.
2. INFRASTRUCTURE. The Brasov-Comarnic highway will be open to traffic by 2017.
3. ECONOMY. *Financial Times* praises Romania's economic policy.
4. FISCALITY. The USL Government continues to combat tax evasion.
5. SOCIETY. Petition against abuses of President Basescu reaches landmark number of signature.
6. ECONOMY. Unemployment in Romania still low compared to EU levels.
7. FORECASTS. WB revises upwards the growth forecast for Romania.
8. POLITICS. Romania will hold a referendum to approve the new constitution together with the EP elections.
9. FDI. Romania had 15 billion euro in strategic investments in the economy in 2013.



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## VICTOR PONTA: THE VISIT OF THE U.S. OFFICIAL VICTORIA NULAND WAS GOOD FOR THE ROMANIAN-AMERICAN STRATEGIC RELATIONS

Prime Minister Victor Ponta, President of PSD said Monday, January 13, 2014, that the visit of the U.S. official Victoria Nuland was good for the strategic relations between Romania and the United States, stating that the issue presented by her is a matter for the CSAT.

**'It was a great visit. It was great for the Romanian-American strategic relations.** It has to do with an issue, which being a matter for the CSAT, is obviously confidential and it is illegal for me or other members of the CSAT to discuss any details, maybe at some point the President will give a statement. I would break the law if I would say more and I do not intend to do this', said Victor Ponta at the end of the USL meeting, asked if there is a connection between the visit of Victoria Nuland and the investments at Deveselu.

## VICTOR PONTA : THE COMARNIC-BRASOV MOTORWAY SECTION WILL BE OPEN TO TRAFFIC IN 2017

The completion of the construction works on the Comarnic-Brasov motorway segment **will happen until 2017 at the latest, and the estimated costs will rise to 1.8 billion euros, equivalent to 28 million euros per kilometer**, Prime Minister Victor Ponta, PSD President, declared during a press conference.



According to the official, the memorandum signed by the Romanian authorities with the representatives of the Vistrada Nord consortium, winner of the tender for the works on the Comarnic-Brasov section, provided that the contract will be signed by Easter, April 20, and work will start by the end of April.

**'Basically, the consortium selection procedures are completed.** The winner is Vistrada consortium. Currently, negotiations are conducted with the commercial banks for financing the project. Normally, by April 20, we should be able to practically sign the contract and to inaugurate the organizing of the site both from Comarnic and from Cristian. The highway will have 53 kilometers plus seven kilometers of connecting roads, which will be connected to Brasov ring road", said Victor Ponta.

**The Prime Minister also mentioned that the rate of use of the highway will be established by the Romanian state,** being estimated at 5.7 RON + VAT for the 60 kilometers of highway.

## FINANCIAL TIMES PRAISE ROMANIA'S ECONOMIC POLICY

**Emerging European countries are doing very well in terms of issuing new Eurobonds in 2014,** with issues of 2 billion euros every 10 years from Poland, one billion euros every 7 years from Latvia and two billion - one every 10 years and one every 30 years - from Romania, notes Timothy Ash, head of the emerging markets research department of Standard Bank, on the Financial Times blog.

Each of these loans has strong points that could help sales, the expert says. **Regarding Romania, he argues that the country was the preferred example of the International Monetary Fund (IMF) in the past three to four years. "Its public finances are good (small debt/deficit, the envy of**



**the European Union, including the UK, and it has a substantial fiscal safety margin) and the structural reforms should deliver now a solid growth.** The Romanian Minister of Finance managed to come forward by early launching these issues, to cover the annual financing needs and to increase even more the tax reserves. Issuing every 30 years was a masterstroke, which placed it among the big boys in the region who issue longer-term bonds, including Poland, Hungary, Turkey and Russia", says Ash.

He further states that, in 2014, while some of the larger emerging markets have serious problems, the European emerging markets credit offers a good value, considering the risk and profit.

"Here we include countries like Latvia, Lithuania, Romania, Croatia, Serbia, Slovenia and even Hungary. We would keep away from Russia, Turkey and Ukraine, which in our minds still mean big economies with problems and deep structural weaknesses, who have a long way to go to reach a result. Turkey will probably hit a wall before Russia, but both must take substantial adjustment measures", says the British expert.

However, in the past two or three years these countries have proven to be resilient and the European banks generally remained on these markets. **Romania and the Baltic countries are leaders in terms of fiscal consolidation and structural reform, says Timothy Ash.**

## **THE USL GOVERNMENT CONTINUES TO COMBAT TAX EVASION**

**The Government passed new measures aimed at reducing illegal transactions.** The Ministry of Finance is preparing a new series of measures to **decrease tax evasion by limiting cash payments between individuals to 10.000 lei and**



decreasing this cap for companies, from 10.000 to 5.000 RON/day.

**Government officials stressed that these important measures, which are aimed at reducing illegal transactions,** mainly and directly target traders who make transactions with large sums in cash.

Another measure in combating evasion will be **the introduction for merchants of cash registers with electronic evidence,** starting this year. The costs of installing such equipment will be deducted from the income tax. Gradually cash register with paper rolls will be changed for cash registers with electronic records.

**The fight against tax evasion in Romania continues to be one of the major objectives of the USL, Union officials said.** Its main Concern is to increase the budget revenues based on the current legislation, emphasized the same Government sources. The current measures follow last year's reduction of the VAT on bread, measure which, according to the INS, led from the very beginning to the reduction in the price of bread, and the removal of bread industry from the black market.

## **THE MOST SIGNED PETITION IN ROMANIA - "THE ABUSES IN ROMANIA ARE CROSSING THE OCEAN" HAS COLLECTED OVER 50 000 SIGNATURES**

**The online petition "Abuses in Romania are crossing the ocean", initiated by the two journalists from Antena 3, Mihai Gadea and Adrian Ursu, against the abuses of Basescu's regime, has gathered in less than 24 hours over 50000 signatures,** making it the most signed petition in Romania on the website [petitiionline.com](http://petitiionline.com).



**The signers of the petition attempt to draw Washington's attention to the vast corruption**, installed at the top of the Romanian institutional system, with the advent of President Traian Basescu's coming at Cotroceni. "For the past 9 years, Romania has gone on a slippery slope, deviating from the genuine democratic course towards which she has been aspiring for " reads the text of the petition.

**The petition appeared as a signal given by voices in the civil society to the U.S. Administration** and as a form of protest against the unprecedented politicization of Justice by Traian Basescu.

## UNEMPLOYMENT IN ROMANIA - FAR BELOW THE EUROPEAN AVERAGE

**The seasonally adjusted unemployment rate was estimated at 7.5% in September this year**, being at the same level as in the previous month and up by 0.6 percentage points from the level recorded in September last year, showed a press release from the National Institute of Statistics (INS), sent Thursday, January 9, 2014 .

The number of unemployed (aged 15-74) estimated for September of this year is 747,000 persons , increasing both from the previous month (744,000 people) and compared to the same month of the previous year (691,000 people).

**'By gender, men's unemployment rate exceeds by 1.7 percentage points that of women (respective values are 8.3% for males and 6.6% for females)**. For adults (aged 25-74) the unemployment rate was estimated at 6.2% in September (6.8 % for men and 5.4% for women)", reads the document.

According to the document, the number of unemployed **people aged between 25-74 represent 75.7% of the total estimated number of unemployed in September**. Statistical



indicators estimated for September are calculated based on the international methodology (BIM), and information is from surveying household labor, says the INS. The unemployment rate and the number of unemployed are disseminated monthly by the INS as "provisional data" and are subject to quarterly revisions, as new information becomes available.

## WB REVISES UPWARDS THE GROWTH FORECAST FOR ROMANIA - 2.5% IN 2014, 3% IN 2015!

**The World Bank predicts a 2.5% growth this year for Romania's economy**, similar to that estimated for 2013, following a slightly increase of the indicator next year, to 2.7%, according to the Global Economic Forecast of the IFIs. The World Bank anticipated last year a 2.2% growth in 2014 and 3% in 2015 for Romania.

Government figures stressed this is extremely good news, which **denotes confidence in the Romanian economy from the international financial institutions**. The message is an implicit recognition of the fact that **the policies of the Romanian Government have the expected results**. Moreover, the Budget Minister, Liviu Voinea said that Romania's economic growth in 2013 was probably "closer" to 3% over the Government estimate, due to the recovery of consumption in the fourth quarter.

## ROMANIA WILL HOLD A REFERENDUM TO APPROVE THE NEW CONSTITUTION TOGETHER WITH THE EP ELECTIONS

USL leaders stressed that the EU wants to impose a new reporting model related to the political space. USL has shown that it wants an other type of Romania, totally different from the Romania led by the Basescu regime for



the past 10 years. **The decision to hold a referendum simultaneously with the European elections, on the classical threshold of 50% is a proof of will and political courage** - USL wants the new Constitution, initiated and supported by Crin Antonescu, to be perfectly legitimate, voted by over half of the Romanians.

**Through this decision, a larger voter turnout is desired and at the elections for the European Parliament.** USL leaders emphasized that normally, right-wing parties should support the idea – both because a new Constitution must be supported by all parties, and because there were other European elections concurrently with a referendum (in 2007, initiated by Traian Basescu). **USL politicians criticized the statements of notable PDL members**, showing that the practice of public consultation in parallel with the EP elections is common in the European Union, being adopted also by the current President in 2007.

## INVESTMENTS IN THE ROMANIAN ECONOMY REACH 15 BILLION EUROS IN 2013

**Romania has registered significant economic achievements in 2013**, the signals in the real economy being positive, and demonstrating that the direction given by the fiscal, budget and monetary policy mix is a positive one.

**'The signals in the real economy and the macroeconomic situation of Romania are positive, new jobs were created and strategic investments in the economy have been over 15 billion euros**, of which 8 billion euros in public investment spending, 2 billion euros in foreign investment and 5 billion euros in agreements and memoranda signed with China', said Mr. Remus Lăpușan, President of PSD Cluj.





**In 2013, the highest GDP in the post-revolutionary history was recorded, one of the highest economic growth in the EU;** the lowest budget deficit after the EU entry; the lowest inflation rate; the lowest current account deficit in the post-revolutionary period; historically low yields on domestic and external borrowing.

**During this period, Romania had the highest increase in industrial production in the EU,** exports are at record levels, agriculture comes with record production. Romania had the largest growth in auto production in the EU and the absorption rate of EU funds increased to 27%.