



# INFOPOLITIC

## Romanian Politics

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### IMPORTANT DEVELOPMENTS

1. **ECONOMY.** Victor Ponta: The Government will send a letter of intent to the IMF.
2. **SCHENGEN.** Titus Corlatean: We hope in a political decision in favor of Romania's accession to the Schengen by the end of this year .
3. **FOREIGN POLICY.** PM Victor Ponta calls for increased cooperation in the Black Sea Region.
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6. **ECONOMY.** The Government takes major steps for the economy.
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## VICTOR PONTA: THE GOVERNMENT WILL SEND A LETTER OF INTENT TO THE IMF

**The Government will implement all the measures it committed to in the letter of intent and in the memorandum with the external funders, whether or not President Traian Basescu will sign these documents,** said on Thursday, Prime Minister Victor Ponta, PSD President, in a conference organized by the Department for Energy.

'Anyhow, the mission ends with a letter of intent; there is no point in which we disagree. It remains to be seen whether the domestic legal process will be completed, namely if the letter and the memorandum will be also signed by the President. But, whether or not they are signed by the President, **the Government's decision is very clear: to respect and implement all that we have agreed with the international partners**', said Victor Ponta.

**According to him, all parties involved understand that the President's refusal to sign these documents is a purely political issue** and has no influence on the schedule listings, on the structural reform measures and on the deficit and spending targets.

Asked about the status of the agreement, namely whether it is suspended or frozen, the PM said 'I have not found the exact term'.

'I do, however, want to make a point: it appeared yesterday in the press an information related to an ordinance on the ASF. Today, Mr. Voinea (the Minister for the Budget, Liviu Voinea – e.n.) will provide to you a memorandum signed with the European Commission, through which we were imperatively asked that the ASF board to have a smaller number of people and that all who are part of the board to



have some professional training. This, because either it was not understood, or it was not wanted to be understood why the number of those in the board was reduced and why there were imposed certain conditions of professional training at the ASF', added the Prime Minister.

## **TITUS CORLATEAN: WE HOPE IN A POLITICAL DECISION IN FAVOR OF ROMANIA'S ACCESSION TO THE SCHENGEN BY THE END OF THIS YEAR**

Foreign Minister Titus Corlatean, PSD Vice-president, said, on Monday, January 27, 2014, that **Romania expects a favorable decision for the integration into the Schengen area by the end of this year.**

**'Romania's Schengen accession remains a priority and a legitimate right of Romania as an EU member state.** We have made efforts to meet the requirements of the Schengen acquis and, of course, when the political conditions for the unanimous decision in the EU will be met, we are extremely concerned that this decision should be taken in a two-steps formula I mentioned, hopefully before the end of this year', said the Foreign Minister at the end of talks with his Dutch counterpart, Frans Timmermans.

According to the head of the Romanian diplomacy, the two officials discussed the European Commission's report on the Cooperation and Verification Mechanism (CVM) presented in Brussels on January 22.

**"We have discussed the CVM and the progress noted in the report (...) that confirms the positive trend of efforts in the field.** I made the Romanian authorities' determination known for continuing the reforms and assuring judicial independence. I pointed out (...) that we do not see a



connection between the two topics which are important - CVM and Schengen', noted Titus Corlatean.

In the joint press conference with the Romanian Foreign Minister, Titus Corlatean, **Frans Timmermans said that the CVM report published on January 22 contains "some very encouraging elements", and that the Netherlands will study "carefully" this document.**

"Our position is always the same, we are strict and we know that sometimes we are frowned upon because we are strict, but we are also correct. And I think that where we see steps forward in Romania we have to admit that," said Timmermans.

## **VICTOR PONTA: HARNESSING THE POTENTIAL OF THE BLACK SEA REGION, POSSIBLE ONLY THROUGH COOPERATION AND PRAGMATIC APPROACHES**

**Prime Minister Victor Ponta, PSD President, believes that the countries in the Black Sea region can harness the development potential of the area and can create new jobs only by a pragmatic approach,** based on the initiatives and proposals of the European Commission, but also on cooperation.

**'Our interest as riparian states is to harness the full development potential of the Black Sea to the direct benefit of our citizens.** The opportunities offered by the Integrated Maritime Policy, the European model of governance, illustrated by the 'blue growth', provide actual incentives for economic growth and jobs creation in our region. We believe that only together, having a pragmatic and consistent approach with the Commission's proposals and initiatives, we can take full advantage of these



opportunities', Victor Ponta conveyed to the participants in the conference 'Sustainable development of the Black Sea blue economy. Enhancing marine and maritime cooperation', organized by the European Commission and the Ministry of Foreign Affairs, his message being read by the Environment Minister, Rovana Plumb.

**The Prime Minister reminds that in the Black Sea area projects have already started, but it remains an objective to increase the importance of the role of the Danube River.**'We already have many important projects underway in the Black Sea, which demonstrates the benefits of cooperation in strong partnerships and which represent the prerequisites for further progress. We support a pragmatic and flexible interaction of substance between the existing forms of cooperation. In maritime affairs, I wish we would identify together areas of complementarity between the EU policies and the regional mechanisms, so that cooperation becomes more efficient. (...) We see the Danube as a corridor that can facilitate the connection between the European and the Black Sea markets and through it the Caspian Sea and Central Asia. We support an enhanced complementarity between the areas of cooperation in the Black Sea and the priority areas of the EU Strategy for the Danube Region', added Victor Ponta, according to the message conveyed.

Also, **Victor Ponta said that, in his opinion, the Organization for the Black Sea Economic Cooperation should benefit from the policies, initiatives and instruments of the European Union.**

'We want to develop a pragmatic relationship, a partnership, between the EU and the Organization for the Black Sea Economic Cooperation. We believe that the Organization for Cooperation should benefit from the policies, initiatives and EU instruments relevant to the Black Sea and from the existing complementarities between the EU projects and the Organization for Cooperation in areas such as environmental protection, maritime policies,



science and technology, education, tourism, business environment', added the PM.

## THE USL GOVERNMENT WILL RESPECT ALL ITS COMMITMENTS WITH THE IMF

Following the discussions between the Government and the representatives of **the EC, IMF and World Bank**, the **international institutions have been assured that they have a reliable partner in Romania, in the person of USL, of the Government and of the parliamentary majority**. USL leaders stressed that the extremely important agreement with the international institutions sends a message of stability, Romania being one of the few countries with favorable prospects in the region.

The Government managed to get the international partners' agreement on several very important measures:

**The first measure, which will be adopted by Ordinance, will support all individuals who have loans from banks and have a maximum monthly income of 1600 lei**, inclusively, and do not have overdues more than 90 days. They will benefit from a reduced monthly bank rate by half, but not more than 500 lei, for a period of two years. **After these two years, they will pay the reduced difference, but the state will provide a tax credit of 200 lei per month to help them**. The bank will not be able to raise interest rates and loan maturity will be extended for the period the rate cut was applied. The measure was designed along with BNR officials and 907.000 Romanians, employees and retirees will benefit from it, Government officials stressed.

**This is not the only measure by which the USL is helping Romanians in dealing with the banks. Government officials have said that the Government would limit interchange fees charged by the card issuing bank from the destination bank, whose terminals are used for processing the payment to the merchant through, to 0.2% for debit cards and 0.3%**



for credit cards. Failure to comply with the maximum levels of fees shall be sanctioned by law.

## FUEL EXCISE DUTY WILL BE APPLIED FROM 1 APRIL

Government officials stated that in 2013 were registered the smallest increases in the past 24 years. **Romanians should not expect a wave of price increases after the introduction of the excise duty, showed the same voices.** The excise duty on fuel is a solution that will have a low impact on the population and which will be used for investment in health, education, road infrastructure etc.

**USL leaders have shown why the prices will not raise together with the excise duty:** the expectations on oil prices anticipates its expected price fall in 2014; There is still a lack of demand for products - which means that stores and manufacturers will not seek to increase prices; In the EU there is a sharp downward trend in prices - EU deflationary pressures will make the tension in Romania regarding the rising of prices will be reduced; Energy prices will be slightly affected by the increase of excises, the quantities offered are much higher than those required, the prices fall and then the additional excise will be recovered by manufacturers.

In 2013, in Romania governed by USL, recorded the smallest price increases in the last 24 years, INS data showed. **Romania ended 2013 with the lowest inflation rate since 1990: 1.55 percent, while Romanians' revenues rose:** budgetary wages were replenished, the minimum wage was increased by 15 %, the pensions were increased.

## THE GOVERNMENT HAS TAKEN MAJOR STEPS FOR THE ECONOMY



Also, **by July 1, the Government will come up with measures and methodology for the implementation of the 16% tax exemption for the reinvested profit.** The state will not lose money from this measure, but will earn 24%, the VAT equivalent for the equipment which will be purchased, said Government officials.

**The Government will come up with new measures to create jobs.** The Government will pay half of the total wage costs for companies that create at least 20 jobs. It is about a state aid scheme for private companies that create at least 20 jobs.

USL demonstrates once again that is with the Romanian citizens and governs for them, USL leaders stated. **While the agreement concluded by Boc and Basescu's Government has cut the Romanians' wages and increased the VAT, the USL helps the Romanians to pay their loans, stressed the USL leaders.** They also showed that the measures will take place in compliance with the IMF agreement, this agreement representing a step forward that Romania needs under international economic conditions, as a guarantee of stability.

## **THE JUDICIARY SYSTEM IS READY FOR ENFORCING THE NEW CODES**

**The two new codes represent a radically modified legislation, adapted to the social realities of today, said justice officials.** They stressed that four years have passed since the passing of the codes and new delays would have been ridiculous, being promoted even since four years ago, by the PDL and Basescu, who should take responsibility for any imperfections.

**Government officials have also stressed that if changes should be made, the judicial institutions will propose**



**them, and these will be implemented by the USL**, as the Minister of Justice announced. We will correct what is to be corrected, in collaboration with CSM, but through Parliament, and through a serious and responsible procedure, the USL leaders stressed.

**The Association of Magistrates in Romania supports, for example, that the issue regarding Article 140 in the new Criminal Procedure Code is false and artificially invoked!**

The new Criminal Procedure Code allows wiretaps even without an orderd prosecution against a person.