



INFOPOLITIC

Romanian Politics

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IMPORTANT DEVELOPMENTS

1. **EUROPEAN FUNDING:** The Government continues the investment programs in infrastructure.
2. **ECONOMY:** The economic growth will be directed towards the population, especially for those with low incomes.
3. **BUDGET.** Victor Ponta: In the new budget, we are able to index pensions by up to 5%.
4. **FOREIGN POLICY.** Prime Minister Victor Ponta made an official visit to Ukraine.
5. **ELECTIONS.** Victor Ponta invites his opponents competing for the position of President of Romania to electoral debates.
6. **ECONOMY.** Romania Start-Up, the scheme for young people will be launched in October.
7. **POLLS.** Victor Ponta, favorite in the race for the presidential elections.



THE GOVERNMENT CONTINUES THE INVESTMENT PROGRAMS IN INFRASTRUCTURE

The Government led by Victor Ponta continues the campaign for the implementation of projects financed from EU funds for infrastructure. Government officials stressed the importance that rural modernization has for the Government.

Government officials were pleased of the high absorption rate - it grew currently at around 40%, from 7%, as it was since the PSD came to power. They stressed that the European funds represent a great opportunity for rural development, the signing of such programs being an important step forward.

THE ECONOMIC GROWTH WILL BE DIRECTED TOWARDS THE POPULATION, ESPECIALLY FOR THOSE WITH LOW INCOMES

With a 2.6% growth in the first half of 2014 compared to January 2013, Romania has the eight rate of increase in the real GDP in the EU, increasing more than twice than the European average and more than three times in relation to the average of the Euro zone. The IMF has revised upwards to 2.4% the estimates for growth this year. In a report published in the spring of this year, the IMF estimated a 2.2% growth for the Romanian economy.

Government officials stressed other successes of the Government policies in the economy: **Compared to August last year, the net nominal average earnings increased by 4.9%,** while the purchasing power of employees increased by 4%. Meanwhile, **consumer prices fell by 0.3% in August 2014,** compared to July 2014 and increased by only 0.84% compared to August 2013. The



turnover in retail trade increased in the first 8 months of 2014 by 7.6%, compared to the first 8 months of 2013, while industrial production increased by 9% in the first eight months of 2014, in relation to the same period in 2013. Romania's exports reached a record high of 4.8 billion Euros in July 2014! Compared to 2013, exports increased by 8.9% in lei and by 7.5% in Euros.

Government officials have given assurances that they will continue to distribute fairly the benefits of economic growth (even if it is less than in the previous year) by creating a consistent mix between stimulating the private economy and measures to increase population income. They showed that in the new budget there is the possibility that pensions to be indexed by up to 5 percent, noting that the increase of pensions and the social repair process continues. The living standard of pensioners must be increased, showed the same voices.

At the same time, starting with January 2015, **allowances for disabled individuals will be increased**. People with disabilities must be supported and encouraged, not isolated, as in previous Governments, leaders stressed PSD.

VICTOR PONTA: IN THE NEW BUDGET, WE ARE ABLE TO INDEX PENSIONS BY UP TO 5%

Prime Minister Victor Ponta, PSD President, said in Sibiu that in the new budget, **it is possible to index the pensions by up to five percent**. Asked by a journalist if pensions are to be increased by 5%, the Prime Minister said: "In the new budget we have the ability, based on the fiscal-budgetary strategy, to increase, beyond the indexing we did every year, we are able to index pensions by up to five percent".

Victor Ponta added that the 2015 budget is likely to be sent to Parliament by the future Prime Minister and the future Government, in late November, early December. "The new



budget for 2015, which will actually be a multi-annual budget, we must think for 2015-2016, should be submitted and endorsed by the future Prime Minister and the future Government. Otherwise, it would be unfair of me to do his budget and put him to govern the country next year according to my budget. So, probably, also for this reason we have the visit of the European Commission, the International Monetary Fund and the World Bank in late November. Most likely, at the end of November, beginning of December, we will send the new budget in Parliament, with the 2015-2016 multiannual perspective", said the Prime Minister.

PRIME MINISTER VICTOR PONTA, MADE AN OFFICIAL VISIT TO UKRAINE

Prime Minister Victor Ponta, PSD president, made an official visit to Ukraine. Victor Ponta and his Ukrainian counterpart Arseniy Yatsenyuk signed Thursday in Kiev **the Agreement between the Romanian Government and the Cabinet of Ministers of Ukraine on local border traffic.**

The agreement regulates the conditions of the local border traffic, namely frequent crossing of the Romanian-Ukrainian state border by border area residents of Romania or Ukraine who intend to stay in the border area of the other State, in particular for social, cultural, familial reasons or economic grounds, for a period not exceeding 3 months of uninterrupted stay. The Agreement applies to residents of an area of 30 km located on either side of the common border, but this area could be extended within maximum 50 km of the border line for administrative-territorial units that stretch beyond the limit of 30 km.

From the Agreement provisions benefit all people living legally, for at least 3 years, in the border area of Romania or Ukraine. These people can cross the Romanian-Ukrainian border without a visa, based on a local border traffic permit. At the signing ceremony of the Agreement, **PM Ponta handed a document to his Ukrainian counterpart, through which the Romanian side supports the**



establishment of a Ukrainian consular office in Romania, most likely in Sighetu Marmatie, official sources said.

The same sources say that **Romania asks in return the establishment of a consular office in the Ukrainian Transcarpathian area, at Solotvino**. PM Victor Ponta said Thursday that Romania would support 'as soon as possible' the visa lifting for Ukraine.

"Romania supports as soon as possible the lifting of the visa regime for Ukraine, as it did for Moldova. (...) I think this decision should be taken at EU level for the Ukrainian citizens", Ponta said in a joint press conference with his counterpart Arseniy Yatsenyuk and with Prime Minister Iurie Leanca. Victor Ponta described as 'historic' the formula in which the three Prime Ministers from the region gathered in Kiev.

"Thank you for the invitation to be today in Kiev in a historical formula because we failed to find, in nearly a generation, a precedent, a Romanian Prime Minister in Kiev in the last 20 years and certainly a meeting between the three Prime Ministers is the first in our relationship. If anyone asked me until today what are the relations between Romania and Ukraine, I would have said 'just neighbors'. I wish that starting today to say also friends, not just neighbors", said the Head of the Romanian Executive.

The prime minister also said that signing of the agreement on local border traffic should be "a first sign of cooperation between Romania and Ukraine". **"Almost 2 million people on both sides of the border will benefit from this agreement**, including representatives of the Ukrainian minority in Romania and the Romanian minority in Ukraine", said Victor Ponta.

VICTOR PONTA INVITES HIS OPPONENTS COMPETING FOR THE POSITION OF PRESIDENT OF ROMANIA TO TAKE PART IN DEBATES



Victor Ponta, the candidate of the PSD-PC-UNPR Alliance for the position of President of Romania, sends an invitation for organizing public debates in which to be discussed the main programs and projects related to the presidential powers, in the following formula:

- **in the first round, Victor Ponta proposes a debate in which all candidates in the presidential race to participate equally**, in a format in which each may fairly present their electoral offer; only in this way the arbitrary criteria will be eliminated and will be given to the public opinion the chance to gain a more complete picture of all candidates.

- **in the second round, if he will qualify, Victor Ponta propose at least three debates organized around the important duties of the President of Romania**, according to the Constitution and the laws in force; these themes are: foreign policy and national security, the Romanian constitutional and institutional system and, respectively, Romania's economic development vision, together with who should be nominated for the position of Prime Minister

Victor Ponta declared he is fully open to these debates and made a public invitation to the candidates and to their teams to meet and organize such events, in order for the citizens to learn more about the future President of Romania.

ROMANIA START-UP, THE SCHEME FOR YOUNG PEOPLE, WILL BE LAUNCHED IN OCTOBER

The Minister for European Funds Eugen Teodorovici, PSD senator, said in Alba Iulia that during this month **a scheme for the private area - start ups, for young people between 16 and 25 will be launched.**

"We have a new slogan, a new brand, a new concept: Romania Start-Up. Maybe you think about the start-up as a small business idea. No. Romania Start-Up in the sense of Romania begins,



Romania starts things in this area. Under this brand, Romania Start-Up, we will finance, together with Minister Jianu and the other colleagues in the Government who have grants in this area, everything related to the private area", said the Minister of EU Funds.

The Minister Eugen Teodorovici explained that there will be three stages. 'In the first stage, **the financial allocation will be around 150 million Euros on this start-up idea**. This first phase refers to the first contact with the young people, their selection, a month, a month or so of entrepreneurship, so, clearly, we prepare them in area of entrepreneurship, after which they will propose a business plan. These business ideas will be selected by the market, there will be a commission created of people in the market, so not people in the administration. The best ideas will be funded with 25,000 Euros, grant, an initial start-up idea", said the Minister.

Eugen Teodorovici added that after a cycle of six to eight months, the best ideas go **into the second phase of funding, where from 50,000 to 200,000 Euros will be given**. "Then the third stage is the stage that **refers to, again, the selection of the best ideas that can bring important added value to the economy**, for which the state will subsidize the cost of financing, which is a loan from a bank. I already talked with the Eximbank, to see exactly what will be fitting in order to provide this funding, so basically, the cost of funding for that idea will be borne by the state. That means that the respective interest does not exceed 200,000 Euros. So we can do a calculation, which means that the funding will be around one million or so Euros. So for a one million Euros loan, us, the state, pay maximum 200,000 Euros, not to go afterwards in the state aid rules", he explained.

Eugen Teodorovici said that he hopes that, at the ideas chosen, the state will become a shareholder, somewhere around 10 - 15%. "I want to create a state vehicle, but in the hands of the private, a vehicle to turn and run these funds on for the private sector. It will be an area, a kind of revolving fund, which will create the needed framework for further and other business ideas", concluded the Minister for EU Funds.



VICTOR PONTA, FAVORITE IN THE RACE FOR THE PRESIDENTIAL ELECTIONS

Victor Ponta is credited with the best chances to accede to the presidency, according to the survey conducted by the Research Group, ordered by the Institute for Liberal Studies. In the first round, **Victor Ponta would get 42% of the votes, while Klaus Iohannis would be voted by 23% of voters**, Calin Popescu Tariceanu - 11%, Elena Udrea - 6%, Monica Macovei - 5%.

A survey conducted by Avangarde, confirms the same hierarchy: Victor Ponta 42%, Klaus Iohannis 28%, C.P. Tariceanu 8%, Elena Udrea 5%, Theodor Meleşcanu 4%, Monica Macovei 4%. With regard to the second round, Victor Ponta would get 57% of the votes, while Klaus Iohannis would be voted by only 43% of voters. From the perspective of the political voting, PSD+UNPR+PC ranks first, with 42%, while the ACL is at 30% and PMP at 7%, according to the data of same survey, conducted between 28 September and 3 October, on a sample of 950 people, with a margin of error of +/- 3.18%.

At the same time, an INSCOP poll, conducted between 2 and 8 October, also places Victor Ponta ahead of his competitors. According to the poll, in the presidential run-off, Victor Ponta would receive the votes of 53.5% voters, whereas Iohannis can count on the support of 46.5% voters, taking into account the 74.5% of the respondents that have indicated a preference for a specific candidate in the poll.