

***STRATEGY AND POLICY STUDIES***  
***(SPOS 2007)***

***EXECUTIVE SUMMARIES***

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***Study no. 1. Scenarios regarding Community developments in the field of competitiveness, cohesion and regional policy***

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The main objective of this study is to provide the necessary policy elements to increase the strategic weight of post-accession perspective, thus contributing to the conceptual integration of competitiveness, cohesion and regional policies.

The study analyzes the challenges, both for the European Union and Romania, in finding the optimum ratio between the increase of economic performance in the field of competitiveness and maintaining economic and social cohesion, focusing on pointing out the trends of cohesion policy development, analyzing of the cohesion policy's contribution to the convergence at the EU level and establishing the complementarity between Structural Funds and national policies in meeting the objectives of development and economic cohesion.

Romania's position, as a cohesion country, concerning the reform of the cohesion policy has to take into account the opinions, recently expressed by the representatives of the Community institutions and of other EU member countries<sup>1</sup>, as answers to a series of questions. The outlined answers are as follows:

1. The most EU-27 members countries support the necessity of maintaining the cohesion policy, as one of the important Community policies. Keeping this option is now sustained not only by the tradition of social solidarity specific to Europe („the social model”) but even more as an economic need.
2. The opinions and proposals, delivered at this Forum, pinpoint as more likely **two scenarios of development regarding the substance of the cohesion policy and the Community funds orientation:**
  - **”lisbonization” the cohesion policy, thus its focus on competitiveness**, orientation that would suppose either „freezing” the transfers amount, or maintaining them at a low level.
  - **simultaneous orientation of the cohesion policy towards two major objectives, namely the increase of competitiveness and the reduction of development disparities at regional level**, keeping the distribution of important amounts from the Community budget for this purpose, but at the same time, the significant change of the direction of their use.

The last two opinions outline the trend to modify the concept regarding the role of the cohesion policy, similar to the modification of the view regarding the role of the state in economy during the 80', from that of a source of massive social transfers to that of counteracting the market failures and not of its replacement. . The „new paradigm”, expressed by the European Commissioner for regional development, D.Hubner, would be “the creation of opportunities for the future and not compensating

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<sup>1</sup> At the European Cohesion Forum, 27-28 September 2007, Brussels.

the problems of the past”<sup>2</sup>, as, in this new perspective, “catching up” of lagging regions is dependent on or connected to an ever more globalized economy. Or, in a more direct manner, the transition from the delivery of direct aids to the supply of “public goods” for the lagging regions. Under this new perspective, the role of the cohesion policy would be to “assist the economies of the regions to find out a place on the world markets and to encourage their internationalization”.

This new paradigm reflects, in fact, the position of the most member countries of EU - 27, namely that the binomial „competitiveness - cohesion” does no longer represent an antinomy (competitiveness vs. cohesion)<sup>3</sup> but a tandem of un-dissociable and interdependent objectives.

3. Opinions regarding the **governance of the cohesion policy go towards the preservation of the actual system, of multi-level governance at the community, national and regional level.** The actual system is not considered efficient enough, due to many drawbacks at the community level, and, partially, at the national one: excessive bureaucratization, standardized solutions for objectives and instruments. Moreover, it is agreed on the objective incapacity to correctly identify the most efficient ways of planning the funds at the community and national level, due to the information asymmetry that works between the decisions levels against the beneficiaries’ ones.

4. Regarding **the role of the cohesion policy in the EU governance**, the participants at Forum delivered two more important ideas:

a) for creating the effects of synergy with the other community policies, it renders evident the **possibility of a better co-ordination between policies**, in different fields, as for instance :

- European transport corridors could include also less favoured regions;
- measures associated with Ob.3 of the cohesion policy, regarding the territorial co-operation, could be connected to those of the European Instrument for Partnership and Neighbourhood;
- Better connections with CAP, in the field of rural development.

b) the cohesion policy should address, on a greater extent, the current challenges confronting EU, as the migration: the pursuit of the objective of employment would reduce its pressure.

Some lessons for Romania, arisen from the evaluation of the old cohesion countries experiences:

### **1. Economic policy directions:**

**a) the structural reforms** should be carried out and improved.

In accordance with different international<sup>4</sup> and national<sup>5</sup> estimations, Romania has a moderate free market, the most critical distortions being: the registering of the property rights, distortions of certain markets, many corruption areas (the judiciary and administrative system, underground economy of great extent), high taxation on employee, the number of taxes etc.

At the same time, the extent of turning into account the European funds depends on how much the environment is structurally reformed. Only by means of a multi-dimensional reform the „cohesion paradox” can be broken. This can be formulated as follows: *least underdeveloped* regions have

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<sup>2</sup> European Cohesion Forum, 27-28 September 2007, Brussels.

<sup>3</sup> As A. Rousset, the president of the Associations of Regions from France, said “the debate which opposes the competitiveness to cohesion is sterile and obsolete” (European Cohesion Forum).

<sup>4</sup> Or World Bank (2007 Doing Business project), or The Heritage Foundation and The Wall Street Journal (2007 Index of Economic Freedom).

<sup>5</sup> For example those of CEROPE, included in *The Agenda of an European Romania*, based on Post-accession Strategy of Romania, <http://www.cerope.ro>

relatively higher chances to attract European funds, while disparities compared to relatively *less developed* regions might even grow.

**b) the steady growth of capital supply** is a necessary premise for the competitiveness and convergence increase; it can be done on the account of either the public sector (the public investment in Romania, as a share of GDP (3%), is less than in other new member countries), or the private one. The last way implies, firstly, attracting many FDI<sup>6</sup>, which is the main explanation of Ireland's success!

**c) high investment in human resources.**

In the National Development Plan, the human resources are on the 4th position among the most important factors of development<sup>7</sup>. But, the direction toward the increase of the competitiveness (foremost, of the productivity) implies the creation of assets and services, which include high qualified labor<sup>8</sup>. For comparison, on the first place among the decisive factors of the economic growth, in the National Development Strategy of the Great Britain for 2003, there were skills - created by education and the training of the human resource - and the other factors follows. In the success formula of Ireland entered, before all, according to its officials, „education, education, education”!

## **2. Directions regarding the use and management of Community funds**

The cohesion countries have different types of strategies regarding the structural and cohesion funds, depending on their level of development and the political options of the respective governments. Some difficult strategic choices stand out for the EU's NMCs, including Romania, which are also cohesion countries, having „basic strategies of development”<sup>9</sup> (in terms of competitiveness strategies, these countries have strategies based on production factors or on investment), as:

- a) convergence at the national level vs. the reduction of disparities between regions;
- b) long term investment vs. the short term ones;
- c) territorial concentration of the funds (for example, their orientation to the urban centers, considered as poles of national growth) vs. a better balanced allocation over the national territory;
- d) centralization vs. decentralization.

The current Finland Strategy for the structural funds<sup>10</sup> contains the provision to systematically organize „round tables” with the main players of the regional development policy at the national level, in order to create an organized framework for permanent and open communication between them, aiming at the optimization of the Community funds utilization.

Although it is emphasized the idea that the local authorities have a better perception regarding the way of efficient utilization of the funds, we underline the fact that **decentralization is efficient** only if it is associated with: **the existence of a local and regional efficient administrations** and of a **central performing control system** of the local and regional administrations, that being not yet, unfortunately, the case of Romania.

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<sup>6</sup> Their role in increasing the convergence, at the country level, is undeniable, but their role in reducing the disparities is arguable, taking into account their tendency to focus on the growing centers (“the agglomeration effect”).

<sup>7</sup> [http://www.inforegio.ro/user/File/PND-2007\\_2013.pdf](http://www.inforegio.ro/user/File/PND-2007_2013.pdf)

<sup>8</sup> As the Germany's representative recently said at the European Cohesion Forum (27-28 September 2007)

<sup>9</sup> J. Bachtler, *A strategic Approach to Cohesion: The Development Planning of UE Member States*, Second National Development Conference, Athens, 9 dec. 2005, la adresa <http://www.hellaskps.gr/programper4/files...>

<sup>10</sup> *Finland's Structural Funds Strategy 2007-2013*

***Study no. 2. Restructuring Romania's education system considering the evolutions from the domestic market perspective and impact on RDI progress***

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The present paper is the result of the authors' research activity on a topic of maximum actuality for Romania, respectively the restructuring of the education system and the relationship with the labour market, and the RDI market as well. In approaching this topic, the starting point was the idea that **in the present century competitive advantages are enhanced by the human capital quality and by the ability of economic actors to put to good use the professional potential of the labour force, of stimulating its creativity and of incorporating the RDI results in a dynamic, flexible and efficient system.** The triad education-research-production proves to be actual and necessary for Romania as support in (re)gaining competitive advantages on the domestic and the EU extended labour market.

But, in order to fully benefit of the *creative-innovative and productive potential* of human resources, it is necessary on one hand to educate and train the latter through lifelong learning in accordance with the extremely dynamic requirements of the labour market in the knowledge-based society, and with the aspirations of each European citizen, and on the other hand, and this bears major relevance, it is necessary to put to good use the competencies and qualifications gained by lifelong learning within the economic, social, and political activity at European, national, regional and local scale, and doubtlessly also at individual level.

***The major challenge for the initial education system is and shall continue to be the anticipatory capacity to ensure labour force supply in a socio-professional structure compatible with the demand on labour market, in the context of extensive and even speedier promotion of the RDI activities' results.*** Complementary, the segment dedicated to ***adult education for a successful active life*** is taken into account. As result, lifelong learning constitutes a sine qua non condition for attaining the Lisbon objectives considering the interest of achieving high quality at all levels.

The paper presupposes an interdisciplinary approach including the traditional dimensions (legislative-institutional, multi-criterion statistical-economic analysis), but also sociological dimensions, and the ones related to the sustainable development of human resources. Innovativeness in learning and developing RDI activities constitute as well important components in the inventory of approached issues.

The contents and structure of the study took into account the defining elements from the terms of reference.

The goals of the study followed the main aspects: a) highlighting the European challenges in the field of education and promoting a possible perspective of the Romanian policy in order to benefit of the existing or anticipated opportunities, in achieving a speedier progress of human resources in Romania; b) an articulated system of the Romanian education oriented on performance, which facilitates vocational mobility and intercultural dialogue; c) a flexible system with an increased capacity of adjusting to present and future requirements of the society, and which supports the development of creativity and initiative, speeding thereby up the progress of research and innovation. On one hand the

intention was pursued of highlighting the current and predictable trends on the European education and research market, and on the other hand to analyse the impact on the assumed objectives and performances of Romania. In approaching the issues of lifelong learning and of the performances of this process, the starting point was represented by the challenges of globalization for education and the developments at EU level were taken into account in view of strengthening the internal market and in promoting social inclusion. It was also pursued to identify the reform trends of the educational model in Romania, in particular of its relationship to markets' performances, especially with the RDI market and the labour market, in the context of intensifying the efforts in attaining performance and progress in education and training<sup>11</sup>.

After presenting in the first chapter the education policies in the European Union, the similarities and disparities within the national systems of education, and also the impact of education on the Lisbon Agenda, an extended presentation was made for the reform of the educational system in Romania. Here, the approach of the issues took into account the brief presentation of the reform stages, on its three major components, that is: the reform of the pre-university education, the one of university education, and the defining elements of continuing training. For each reform component, the content of the reform and main stages were mentioned by highlighting the implementation malfunctions, the restrictions and failures. In the third chapter of the paper was pursued to underpin the most relevant aspects of the Romanian education system performances, of course, considering the reforms' implementation stage. The purpose of presenting some of the specific statistical indicators was to emphasise the achievements and also the risks in obtaining performance in education. The next chapter is dedicated to the analysis of the education impact on the RDI system within higher education in Romania. Available information allowed for extended presentation of the relationship between education and university research, the advantages and disadvantages of the RDI system generated by the weaknesses of the education system. In this chapter, performance was approached also according to the perspective provided by some specific statistical indicators. In the end of the chapter are presented a series of conclusions having as purpose ensuring the agreement between the university RDI targets at European level with the ones at national level, intensifying the contribution of university RDI which should answer swiftly and efficiently to the needs of the market and of the business community. The need of strengthening the inter- and trans-disciplinarity in university RDI activities is highlighted, as result of the new evolutions in the existing scientific fields, and also of the emergence of new science and technology fields – nanotechnologies, sustainable development, green energy, which should interfere with the socio-humane sciences field. The implementation of curricula is suggested that would allow for shaping the skills of research and the training in specific qualifications already during the first cycle of bachelor studies, and the development of cooperation between universities and companies, including here the participation to joint research projects, as well. Subsequently a series of conclusions and proposals are exposed for reforming the RDI university system, improving the financing, evaluation and management system of RDI within higher education.

The last chapter presents extensively the defining elements required for building up a clear, concise and articulated Romanian system of permanent education between its basic components, open and flexible for the demand of the labour market, able to face the challenges of markets' globalisation and to allow for the sustainable development of the human capital. Starting from the idea of the need for rebuilding the national system of permanent education, there were identified the continuity elements

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<sup>11</sup> In 2007, at the Council on Education from May 25 was established a coherent framework for monitoring the progresses in reaching the Lisbon Strategy objectives in the field of education and training.

and the reform proposals that might be valued in the new system construction. The start is the premise of valuing and increasing the positive effects recorded and from putting to good use the existing potential. The need of linking the education reform with the reforms in the economic field and in the area of social services is highlighted in order to ensure the compliance with the principles of free access to education, diminishing the inequities and providing for the equality of chances and opportunities. The initial point is the idea according to which a performance system of permanent education should take into account the fundamental restrictions of the economic and social environment, that is: the effects of demographic ageing on the size of the school population on age groups, the dynamic of the labour market as volume and particularly as demand of professions and occupations of the future, the analysis of the need of new competences and skills in the basic body of labour skills, the economic growth rate and the current and estimated level of competitiveness, workers' mobility, the necessities and availabilities of resources, area, regional and national particularities, the increased complexity of social development and inter-culturality, etc. The eight key issues of education and vocational training in the 21st century are considered, as well as the promotion of the triad education-RDI-production as driver and finality of improving the permanent education system. Particular emphasis is laid on the requirement of introducing an efficient internal management of education entities and vocational training, on using modern HRD methods for training the trainers and the teaching staff, on evaluating the quality of education.

**Not only a new design is required for the national system of permanent education, but also a new attitude in promoting education in Romania.** The shaping of a new education culture and active participation of stakeholders may ensure the efficiency in implementing the national system of permanent education. And this system must be able to adjust permanently to the demand of competences and knowledge of the business environment and on the social and cultural progress requirements within increasingly (socio-cultural and under the aspect of the issues facing them) diversified communities.

***Study no. 3. Analysis of the Common Agricultural Policy evolution and directions - a Romanian perspective***

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In more than fifty years of existence, the Common Agricultural Policy experienced a continuous change and adjustment process. Nowadays, at less than four years since its latest reform CAP is again facing an adjustment process, this action being called “Health Check”. After one decade of structural, legislative and institutional reforms, of economic and social restructuring for accession preparation, the Romanian agricultural sector has to face a significantly changed context, with increased interdependencies, calling for rational and efficient actions.

While approaching a theme of actuality, the study has as main objective to improve the strategic valences of the Romanian agricultural and rural sector, by defining Romania’s position in relation to the proposals to improve CAP, this action mainly targeting the period 2008-2013.

The complexity of the approached subject called for an adequate methodology, which included both statistical analysis methods and sociologic analysis methods. The novelty and “volatility” of the subject needed a sustained documentation throughout the period of the study.

The first chapter shows that the Common Agricultural Policy experienced a continuous adaptation and change process in time, being often considered “a policy that is dependent upon reform”. From the experience of previous reforms, it could be noticed that any change followed a long and often difficult decisional process. Nowadays, at less than four years since its latest reform, under the pressure of changes on the world agricultural markets as well as of the new political framework as a result of EU enlargement, CAP is again facing an adjustment process.

Although for a long period no official proposals in this respect have been made public, the Commissioner for Agriculture, in his different speeches, presented a series of aspects regarding CAP-HC. Consequently, the stakeholders could get well informed about the contents, goal and nature of these new changes.

At the end of November 2007 the Commission prepared a document that has in view the following issues: i) simplifying the SPS; ii) qualifying the scope of cross-compliance; iii) partially couple support; upper and lower limits in support levels; market interventions and supply controls; cereal intervention; set-aside abolition; preparing for the dairy quota expiry; other measures of supply control; managing risk; climate change, bio-energy, water management and biodiversity; and strengthening the second pillar. The stakeholders’ proposals, opinions and expectations are depicted in chapter two.

The foreseeable effects upon CAP, generated by a series of international events are presented in chapter three. As during the transition period, the international background influenced the evolution of the agricultural policies from Central and Eastern Europe, and after Romania’s accession to the EU, this process cannot be overlooked. CAP is a construction in full movement in an international context that is in its turn characterized by a strong dynamics. This context makes it imperative for Romania to follow the main influences that will come from the direction of discussions regarding the EU budget approval, of signing up the Reform Treaty and of the possible successful completion of the Doha



Round negotiations, in order to minimize the typical vulnerabilities of a EU New Member State, to promote a coherent agricultural and rural policy.

Following the succession of the directions presented in the Commission's position, the chapter four delivered a punctual analysis of the position that Romania might adopt in the future debates and negotiations on CAP improvement. The following preliminary conclusions can be drawn:

- ◆ taking into consideration the current and predictable situation of SAPS administration with 1,3 million potential beneficiaries, the most reasonable medium-term approach would be to continue to support SAPS application in the period 2011-2013 as well, a change for such a short period is not justified;
- ◆ considering the control feasibility in relation to the application of cross-compliance standards, it is recommended for Romania to insist on system simplification, opting, if the case, for maintaining more complex standards in the regions where certain specific needs are identified;
- ◆ under the generalized background of decoupling the direct payments, Romania should be open to the option of maintaining certain coupled measures for the fattening cattle under extensive system in the mountain areas after 2013, in the case it opts for a simplified single payment scheme on longer term;
- ◆ supporting certain eligibility limits on long term must be taken into consideration, so that the lower limit should not transform the direct payments into complementary social aid in the rural areas, the same as the diminution of the upper limit in the case of very large-sized farms should be seriously taken into consideration on the long term;
- ◆ Romania should be flexible in sustaining its position referring to the extension of the intervention system reforming pattern applied in the case of maize to the other cereals, and the maintenance of an intervention system only for the bread wheat;
- ◆ Romania should support the elimination of the set-aside measure and the replacement of this instrument (in its action of environment protection) by rural development measures specific to the regional needs;
- ◆ taking into account the milk quota system implementation issue, Romania might support the Commission's proposal to gradually increase the quotas, as the production potential is significant, and the investments that will be made impose such an increase; at the same time, it could propose the introduction of additional support measures for the producers from the mountain areas;
- ◆ at the same time, Romania can support the use of a part of the rural development funds for the introduction of risk management mechanisms in agriculture;

Referring to the CAP and at the measures proposed by the Commission, the last chapter presents the opinions, perceptions and estimations of 41 specialists in the field of agriculture and rural development who we would like to thank for their valuable contribution.

**The conclusions** drawn from the analysis of the answers received during the opinion poll on the subject CAP, of the changes that are expected on medium and long term in this field, and of what are the possible influences upon Romania, lead to another set of conclusions:

- ◆ a very low support is found in the case of measures regarding intervention decrease on the grain market and CAP budget diminution;

- ◆ a medium support exists in the case of SAPS continuation after 2011, of temporary set-aside, of giving up the milk quota and obligatory modulation introduction;
- ◆ there is a strong support in favor of establishing eligibility limits for receiving direct payments and mainly minimum limits, for the simplification of the market organizations and for the introduction of a risk and crisis management mechanism at Community level;
- ◆ a very strong support is manifested in the case of the following measures: maintaining the direct payment system; complying with the cross-compliance principle, under a simplified form; equilibration of axes under Pillar 2; possibility of co-financing Pillar 1; new themes of CAP under the umbrella of Pillar 2.

The conclusion that can be drawn is the following: if Romania wants to have a coherent position in supporting the CAP improvement measures proposed by the Commission as well as the deeper reform that will be probably initiated after 2013, it is absolutely necessary to establish a priority objective and depending on it to support or not support certain measures: “if it does not have clearly-defined objectives, it will not be in the position to make an efficient lobby for the measures benefiting it”. Most of the specialists’ opinions and perceptions who answered the survey questionnaire converge to the idea that Romania does not have its own agricultural policy and the undertaken actions are circumscribed to and almost fully dependent on CAP. The suggestions made are in the direction of adopting an agrarian and rural development policy where the CAP-related objectives are only a component of this.

***Study no. 4. Towards a European Strategy in the Black Sea Area: the Territorial Cooperation***

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The main goal of this study is to identify the present and future challenges and opportunities in the Black Sea Area, to point out the role of the territorial cooperation, its implications and risks in the region, to deliver policy proposals meant to answer the new challenges, in order to draw up a European Strategy in the Black Sea Area, focusing on Romania's potential role.

In the European Commission point of view, the Black Sea Region represents a distinct area, which comprises 10 states: 6 littoral states – Bulgaria, Romania, Ukraine, Russia, Georgia and Turkey – and 4 states – Armenia, Azerbaijan, Moldova and Greece – whose history, proximity and close ties with the Black Sea area make them relevant actors in this area. As new south-eastern frontier of EU, the Black Sea Region represents, through its population of almost 200 million inhabitants, a giant market for the European Union exports. A transit area for oil and natural gas from Central Asia and Middle East towards Europe, the Black Sea region represents also the chain link of an ***emerging geopolitical and geo-economic axis Mediterranean Sea - Black Sea - Caspian Sea***. Last but not least, it is an area of illicit trafficking, organized crime and terrorism, and also a platform for military operations, reconstruction and stabilization in Afghanistan, Iraq and possibly Iran. At the same time, the region presents itself as a buffer zone where the Orthodox, Islamic and Western civilizations and cultures blend together.

From an European angle, following the accession of Romania and Bulgaria into the European Union, the situation presents itself like this in the Black Sea region: three countries are Member States of the EU – Greece, Romania, Bulgaria; a country is a candidate for the integration within EU – Turkey; five countries are covered by the European Neighbourhood Policy (ENP), without being offered a firm commitment and agenda of accession to the Union – Moldova, Ukraine, Georgia, Armenia and Azerbaijan; and a key country benefits from a strategic partnership with EU – Russian Federation. Consequently, EU has contract-based relations, of a type or another, with all the countries within the region. The main vulnerabilities which confront the region remain the grand differences between the countries situated in the western part of the Black Sea area and the ones situated in the eastern part, the different development stages of the countries which compound the region and the lack of a real regional identity.

The regional cooperation is known to have an important potential for dissipation the new potential fault lines resulting from NATO and EU expansion in the Black Sea Region and to have a positive impact upon the energy and the environmental security, and the new transnational security threats, like terrorism and weapons of mass destruction proliferation, the traffic in human beings, drugs, small and light weapons and fissionable nuclear material and illegal migration.

*Black Sea Synergy* synthesizes the EU vision on the cooperation with the Black Sea Region countries. It should be seen as a complementary initiative to the already existing policies in the region that would focus on the regional level, a feature that was missing until now, especially to the largely bilateral approach of ENP, with a view to invigorate the cooperation, both within the Black Sea region and between the Black Sea region and EU. Linked to the EU strategy for the Central Asia, Black Sea Synergy includes also important inter-regional elements. At the same time, the initiative will take into

consideration and some other regional cooperation programmes developed by international organizations or third countries in the area. *Black Sea Synergy* would focus on those issues and cooperation sectors which reflect common priorities and where the EU presence and support is already meaningful: *democracy, respect for human rights and good governance; managing movement and improving security; the “frozen” conflicts; energy; transport; environment; maritime policy; fisheries; trade; research and educational networks; science and technology; employment and social affairs; regional development.* The European Commission deems that a very important role in the implementation of its objectives in the Black Sea Region is to be ascribed to the cross border cooperation and to the local and civil society actors.

As almost half of the European energy imports will cross the region in the following years, the Black Sea becomes a crucial transit area for the EU. That is why a special strategic challenge for the Black Sea Region regards its capacity to play the part of a connection link in the transport of Eurasian energy resources towards the European Union consumers.

The issue of diminishing the energy obtained from fossil fuels has become a global challenge. EU also has set specific targets for renewable electric power, which will make 22.1% out of the total electricity production by 2010. With a greater or lesser determination, the Black Sea countries have started to use renewable energy resources, too.

Romania would like to see the acceleration of participative processes in the Wider Black Sea region. The premises for that were created through the launching of the **Black Sea Forum for Dialogue and Partnership** as a regional platform meant to offer the necessary framework for the amplification of the multidimensional interactions between all kinds of regional actors.

Romania would like to see also **BSECO** reformed, but at the same time deems that a “market for the regional cooperation” will bring efficiency to the existent cooperation processes.

In the fight against cross border crime at the regional level, the **Regional Centre for Combating Transborder Crime (SECI Centre)** in Bucharest can have an essential input in the Black Sea Region, due to the fact that is an important contributor to the security of the South-Eastern European states and is considered the adequate instrument for transferring the experience and good practices in the region. In order to increase **SECI Centre's** impact in the Wider Black Sea Region, it should be connected and constantly cooperate with the **Black Sea Border Coordination and Information Centre** in Burgas, Bulgaria.

For the permanent monitoring, systematic study and adequate understanding of the extremely dynamic geopolitical developments in the Wider Black Sea Region, it would be useful to create an **Institute on Regional Geopolitics** in Bucharest. The setting up of an institute with a regional geopolitical profile could become *an element of stirring the academic support for the new pro-active foreign policy of Romania in the Black Sea region.* Besides offering the necessary expertise for the decision makers, an **Institute on Regional Geopolitics** in Bucharest could take the initiative of creating a *consortium of centres and institutes for geopolitical research in the Wider Black Sea Region*, which, in turn, could be transformed in a *lobbying factor for promoting the European strategy in the region.*

For studying the impact of the climate change in the Black Sea Region it might be useful to establish in Romania a **Regional Centre for Studying the Adaptations to the Climate Changes.**

As an EU Member State, Romania has the obligation to offer technical assistance to the third countries that need to adopt standards as close as possible to those of the EU. Romania could get involved in the

transfer of expertise to the Black Sea riparian countries in the following areas: *European affairs, education and assistance for development.*

Besides lobbying for the EU accession to the Bucharest Convention, Romania can take actions of convincing Brussels' decision-makers to set up, together with the European Commission, a code of good practice in the environment domain.

Romania, as a country of the Eastern external border of the Union included in the transnational networks of organized crime and a transit country and, to a much lesser extent, a destination country for most Asian migrants and some African migrants it is called upon to bring its contribution to a better management of the EU borders, including by implementing the *Global Approach to Migration* to the ENP partner countries that Romania has as its direct neighbours – Ukraine and Republic of Moldova.

### **Recommendations with a general character**

Romania should be more resolutely involved in promoting the European Union dialogue with its neighbours and in developing the TRACECA and INOGATE programmes and the BAKU Initiative. As an EU Member State, Romania could use the EU instruments, especially Free Trade Agreements, Autonomous Commercial Preferences and other stimuli, for bringing economic benefits to non-Member States in the area.

### **Recommendations regarding experience transfer**

Regarding the mandatory assistance which Romania and Bulgaria as EU Member States, have to provide from the national budget for technical assistance (0.11 %-Bulgaria and 0.58 %-Romania), the two new EU Member States can transfer their expertise in the field of European affairs towards third riparian states within the Black Sea Region, using the entire EU range of instruments, including twinning.

Romania and Poland, as EU border Member States at the Black Sea and Baltic Sea, might set the foundation of a special partnership in a 2+2 format for experience transfer in the security sector reform and institutional democratization fields towards the ENP countries from the neighbourhood next to them, Moldova and Ukraine.

### **Recommendations regarding the maritime transport**

In the context of developing the security of the multifaceted transport would be very useful if Romania would initiate round tables and meetings with the EU support for reducing the traffic congestion and improving the transparency in the maritime transport system. At the same time, at a national level, Romania should have in mind that any proposed project has to address the policy of traffic decongestion and assuring its safety.

As regarding the transparency and securing the intervention means in case of a necessity, Romania may propose a system of proportional tax on water transport and through pipes, calculated regarding the amount and the pollution risk, rather alike with the one for the European Scheme for Emission Commercialization.

Even if the EU documents do not envisage the transformation of European Maritime Safety Agency into an operational EU coast guard, the national coast guards, including the Romanian one, will have to share technical and operational instruments and material resources for cooperating on security issues. Romania could propose the introduction of a legislative measure regarding the Black Sea, as mentioned above, in the measures' package within the ERICA I and II projects.

### **Recommendations regarding teaching and education**

Romania might propose the acceptance of transferable credits system, the joint recognition of studies, as well as common curricula in the higher education institutions within the Black Sea Region. Also, Romania may offer scholarships in the fields of education and assistance for development to third states within the Black Sea Region. There should be an opportunity for volunteers from the Black Sea Region countries, chosen by nongovernmental organizations, to be trained in Romania in order to cope with accidents such as oil leaks in the sea or other civil-military emergencies, such as earthquakes, floods and extreme weather phenomena.

### **Recommendations regarding tourism**

Romania can propose a map to be drawn up in the riparian countries and the ones that have regional trade exchanges in the field of fisheries on the feasibility of maritime culture farms. Moreover, the sanitary-veterinary control that will accompany the activity of those farms should be determined in a protocol.

### **Recommendations regarding the frozen conflicts management**

EU should analyze the opportunity for launching a civilian police mission in Transnistria, which would be the first ESDP mission in the ex-Soviet area. Taking into consideration the precedent of the EU experience in Bosnia and Herzegovina, in this mission could participate not only EU members – among them Romania as a border state – but also states that are not members of the Union, but have interests in the area, such as Russia and Ukraine.

### **Recommendations regarding migration**

At the level of dissemination of good practices, experience could be drawn from the Söderköping and Budapest processes as well as the Migration Asylum Refugee Regional Initiative (MARRI). The EU Member States and the third countries within the Black Sea Region are equally interested in launching programmes of circular migration and concluding mobility partnerships. A pilot mobility partnership could be implemented in the Republic of Moldova.

### **Recommendations regarding combating trans-border organized crime**

The interaction between Romania, Moldova, and Ukraine on combating organized crime should be coordinated within the BSECO framework, taking as a basis the supplementary protocol to the cooperation agreement in the field signed by the ministries of interior of the BSECO member states.

### **Recommendations regarding border management**

Romania must carry out the implementation of the requirements imposed by the Schengen acquis and its eastern EU border status. Besides improving the integrated management system of its borders, Romania can express its availability for taking part in the second stage (2008-2009) of the EUBAM mission, thus bringing its contribution in the implementation of the EU security strategy in this area.

### **Recommendations regarding the setting up of new institutional structures**

Romania should carry out the proposal of founding a Regional Centre for Studying the Adaptations to the Climate Changes, as a Research Base with Multiple Users, financed by the Ministry of Education and Research, who will use multinational personnel with high qualification, following the model of International Atomic Energy Agency.

Romania should analyze the possibility of founding an Institute of Regional Geopolitics in Bucharest, under the aegis of Romanian Academy and the Romanian Parliament, as an element of stirring the academic support for the new pro-active foreign policy of Romania in the Black Sea Region and a lobbying factor for promoting the European strategy in the region.

***Study no. 5. Fiscal harmonisation trends in the European Union. Challenges for Romania***

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The adoption at Community level of rules concerning the nature and use of fiscal instruments is not the mere expression of a mechanical process of continuous expansion of the borders of the Community *acquis*. It is required, first and foremost, in order not to hamper the exercise of the „four freedoms” which give substance to the concept of „single market”. Furthermore, fiscal rules adopted at Community level are needed also in order to limit the distortions that may arise in the allocation of fiscal revenues among EU Member States. The proper functioning of the single market also requires undistorted competition within its borders, meaning that decisions governing the movement of persons and capital are not to be influenced by the applicable tax regimes, a commandment known as fiscal neutrality. Finally taking advantage of the economies of scale would be impaired by such measures as the generation of fiscal obligations solely because of carrying out cross-border economic concentrations or as a result of double taxation.

It is, therefore, necessary to find solutions, generically subsumed to the concept of „fiscal harmonisation”, which presupposes putting in agreement different national tax systems, thus obtaining an ordered and coherent „whole”, without its component parts being necessarily identical. The degree of harmonisation reached so far within the EU varies according to the type of tax concerned and the parameters of the said taxes. The highest degree of harmonisation has been attained in the area of indirect taxes, because differences among these are reflected in different consumer prices, hence lead to the segmentation of national markets. It is generally agreed that harmonisation measures concerning the tax bases are a priority relative to the harmonisation measures concerning tax rates.

The progress of Community regulations concerning direct taxes are severely constrained by the existence of the unanimity rule. This rule is valuable for the states whose specific situations are extreme or close to the extreme in the relevant field. Given Romania’s position, close to the middle ground, as well as its voting power (and, implicitly, its blocking power), it is to be expected that most often it should be able to find a blocking minority in order to avoid the introduction of rules that do not fit its desires.

Facilitating decision-making through mechanisms specific for the „Community method” is preferable to the *status quo* also because, paradoxically, the latter is ... dynamic. The alternative methods for advancing on the path of a certain fiscal harmonisation, apart from the fact that they engender an *acquis* of low quality (which should not be unimportant from the standpoint of any Member State), tend to be disadvantageous to Romania.

The need arises for a systematic and long-term process for „internalising” the ECJ jurisprudence by Romanian courts. Moreover, an even larger-encompassing process will be need for adapting the behaviour of local fiscal authorities to the whole of the *acquis*. There is currently an apparent strong inertia at the level of Romanian fiscal authorities, which have ignored, sometimes deliberately, the ECJ jurisprudence.

An interesting issue is the extent to which Romania should be willing to assume additional obligations in the context of a possible recourse to the „enhanced co-operation” mechanism, meant to agree, among a sub-group of Member States, more comprehensive rules in the area of direct taxes. One should keep in mind that the disadvantages of a late adherence to such an initiative are significant,



because the „founders” of an „enhanced co-operation” are the ones who set the rules to which those who join later are bound to acquiesce. Assuming that a group of Member States agree on a certain degree of harmonization of their tax rates and bases, and that this group consists of countries with high tax rates, it is to be expected that the harmonized rates agreed upon will be very high from the standpoint of other countries, triggering the need of an abrupt upwards adjustment of the fiscal burden of the latter countries, should they wish to align themselves to the same regime.

Assuming that a decision on a minimum tax rate could come to be decided by qualified majority voting, this would be set about at the highest level among the countries composing the likeliest blocking minority, hence at that of the countries with the lowest tax rates. Considering the current tax rates in the EU, which have come down substantially over the last years, it is highly unlikely that such a harmonisation would take place at a significantly higher rate than that currently in place in Romania. There are many good reasons why such a level has no reasons to be problematic for Romania, but on the contrary could deliver an increase of tax receipts. It should also be emphasised that the positive effects of taxation rates on FDI inflows, which Romania will continue to require in view of the insufficient domestic saving and the still significant needs of technology and managerial know-how, only play „at the margin”, that is, whenever the other attractiveness factors of a national location are held constant. Empirical studies are almost unanimous in revealing that factors other than the level of taxation matter more for foreign investments: the market’s absorption capacity; the cost and quality of the workforce; infrastructure. Hence, for a country like Romania, enjoying a very good potential as concerns the first two above-mentioned factors, there are no convincing reasons to press the taxation lever as strongly as other EU countries are doing. Romania’s major locational disadvantage pertains, first and foremost, to infrastructure, and higher budget receipts – rendered possible, inter alia, by the increase of the taxation rate – could help alleviate this gap. In other words, using the taxation lever in order to develop the infrastructure and, in this way, attract increased foreign investments is preferable to engaging in a race towards lower taxes meant to attract foreign capital by, ultimately, effecting indirect public budget transfers destined to push up the return on the capital invested in Romania by multinational corporations.

Romania has a strong interest in the resolution (or, at least, minimisation) of the problems arising from the excessive variety of taxation rules in the EU Member States. This is because the management of corporate income taxes is very sensitive to two of the implications of this diversity: the large tax avoidance opportunities enjoyed, against this background, by the multinational corporate tax payers; and the double taxation problems which might arise. Romania’s vulnerability to these problems is magnified by the important weight of multinational corporations in the enterprise sector and by the risk that, absent „communitarized” rules, the tendencies towards a firmer control of the two above-mentioned negative phenomena by enacting national norms could trigger disputes launched by the taxpayers in front of the ECJ, where the combination of the inherently reduced experience of the fiscal authorities in dealing with the issues in a manner perfectly compatible with the existing *acquis* and of the long exercise of MNCs in successfully challenging national tax rules is likely to trigger negative results for Romania.

The two initiatives of the Commission concerning the corporate tax bases currently under debate are: the home state taxation (HST) and the common consolidated corporate tax base (CCCTB).

There are strong reasons why Romania’s position relative to HST should be negative, justifying both its non-participation in the pilot project proposed by the Commission in its December 2005, as well as

its subsequent (past the experimental phase) opposition to the HST generalisation and formalisation as secondary legislation. This is because this „fiscal version” of the mutual recognition principle implies, in fact, the transfer of the burden of having to deal with 27 sets of different national fiscal laws from the taxpayers and onto the fiscal authorities, which have to display at least the capacity of checking whether the taxpayer located in their own jurisdiction which has availed itself of the right to apply its home state legislation does interpret and apply it correctly. For a country confronted with serious constraints (of an objective, as well as subjective nature) in developing a very efficient fiscal administration, as is Romania’s case, such a situation is not desirable.

Secondly, since the number and importance of foreign-owned companies operating in Romania is out of proportion with the number of Romanian enterprises directly operating in the Community area, the application of HST would narrow down considerably the coverage of Romanian fiscal rules. This loss of fiscal sovereignty is seldom acceptable, because it would occur not in favour of rules devised at Community level, over whose formulation Romania would have its word to say, but in favour of other national fiscal rules, devised in different national contexts and serving priorities distinct from those of Romania.

As concerns the adoption of a common consolidated corporate tax base (CCCTB), the most appropriate position for Romania is that of a qualified availability. The favourable position is justified in view of the fact, already mentioned, that an initiative like the CCCTB may solve problems which are going to confront the Romanian fiscal administration to a growing extent from now on. By the same token, Romania should oppose the idea of the CCCTB being made applicable on a voluntary basis only.

Finally, CCCTB is likely to be a preferred alternative to the „discrete” resolution, via piecemeal Directives, of the various problems ensuing from the diversity of national fiscal rules. Thus, for instance, the definitive and „holistic” solution to the problem of the fiscal compensation of cross-border losses which the CCCTB provides is far superior to the palliatives that would be obtained further to the approval of the Commission’s proposal to regulate this problem by means of a dedicated Directive.

The most important stake, able to determine the agreement or the rejection of regulating at Community level this modality of harmonising tax bases, pertains to the allocation key of the consolidated tax base between the fiscal jurisdictions of the Member States. There are reasons for Romania to support the allocation based on microeconomic indicators because, given its low level of GDP, macroeconomic indicators would tend to put it at a disadvantage. Such a preference also has the merit that microeconomic indicators are much more appropriate for this kind of exercise.

There is a large variety of distribution keys that can be devised by using microeconomic indicators, and their examination piece-by-piece risks proving fastidious. This is why the assessment of this topic should start from the solutions most likely to meet a larger acceptance of the Member States, i.e., from the versions which, in principle, are the ones offering more transactional opportunities, which tend to be those including several factors simultaneously. A version based on capital, labour and sales is the most likely, because it has a built-in element of balancing the interests of net producers and net consumers, respectively. The factor „capital” is not inherently advantageous for Romania but, given its impeccable theoretical justification, it is not realist to expect its exclusion from any formula. Under these circumstances, since Romania cannot compete from the point of view of tax rates with several small Member States (like Ireland or Cyprus), it would be important to secure the exclusion from this indicator of the most mobile assets, as is primarily the case of intangible assets.

The factor labour is extremely advantageous for Romania if defined in terms of number of employees, but disadvantageous if taken as „payroll”. The optimal solution would thus be to include this factor in the formula exclusively as defined in terms of number of employees but, in exchange for suitable compensations, one could accept a dual definition, but one in which the indicator „number of employees” would have a weight at least equal to that of the indicator „payroll”. Finally, the factor „sales” should be computed on the basis of the dimension of this indicator at the place of destination and not, under any circumstances, at the place of origin.

The weighting of the three factors is, of course, very important at its turn, and Romania’s interest is that the factors most advantageous to it be relatively well represented. From the standpoint of considerations pertaining to the overall balance of concessions, but also in light of the precedent existing in the United States, the most likely modality of weighting that can be envisioned is the „Massachusetts formula”, in which the three factors would enter with equal weights.

Together with the other Member States which have acceded to the EU over the course of this decade, Romania was placed from the outset in an asymmetric position relative to the „old” Member States. While the latter were subjected to a soft *acquis*, consisting of a Code of Conduct (for Business Taxation) lacking a mandatory character, hence not enforceable before the ECJ, and implemented on the basis of recommendations made by a Working Group and of resolutions adopted by the Council, where states applying contestable measures can defend their positions and initiate log-rolling-type transactions with other Member States, the new members had been forced, in the framework of accession negotiations, to assume legally binding commitments of eliminating fiscal measures of the same kind as those targeted by the Code of Conduct.

This asymmetry is not necessarily disadvantageous, however, and could be even used in the future in Romania’s benefit: because it is now in a „cleaner” situation from the point of view of harmful tax competition measures than many old Member States, Romania, like other countries which have recently acceded to the EU, could and should use the lever of the Code of Conduct in order to secure corrections, similar to those operated by themselves, of the fiscal incentives having negative externalities which are still being applied by EU-15 countries

As concerns the transition to the „origin principle” for VAT collection, this is the only reasonable option if one wishes to curb a phenomenon generating an enormous waste of resources: fiscal fraud. Consequently, the need arises for putting in place a Community-level redistribution system of VAT receipts. Such a system would entail either a “micro” compensation, based on documenting intra-Community transactions, or a “macro” compensation, based on statistical data for aggregate consumption and intra-Community trade. As long as Romania will continue to record trade deficits in the exchanges with its EU partners and its fiscal administration will still remain relatively inefficient, the choice of a “macro” compensation system, based primarily on production and consumption data, is likely to better suit its interests.

***Study no. 6. Multilingualism and intercultural dialogue in the European Union.  
A Romanian perspective***

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The study *Multilingualism and intercultural dialogue in the European Union. A Romanian perspective* proposes an interdisciplinary vision of the research approached from the fields of activity of the authors, political science, linguistic and business communication respectively, and is one of the first academic studies on multilingualism in Romania as an EU Member State.

The study tackles the major aspects of the research structured in the following chapters: presentation of the EU enlargement on linguistic and cultural diversity in chapter one, a discussion on multilingualism in European context in chapter two, in chapter three a synthetic presentation of the institutional promotion of multilingualism in the EU, in chapter four an analysis of certain issues related to the European citizens' rights and the influence of multilingualism thereupon, promoting intercultural dialogue in chapter five and comes to an end by asking the question as to whether there is a direction towards launching a European cultural policy in chapter six, a question that finds a partial answer within the respective chapter and in the recommendations made by the authors.

The first chapter presents extensively the contemporary linguistic landscape, stressing that at present in Europe are represented, to various degrees, almost all language families of the world, with the exception of the Australian, Papua and Khoisan families. Meantime, chapter one distinguishes between official state-language and national language as the language of each nationality having legal status in the State its members reside; in this acceptance a state might have several national languages.

Ways of protecting local, regional and national languages is being presented by the activities of a transnational non-government organisation, the European Bureau of Lesser-Used Languages, and also through the provisions of the Council of Europe, as regulated in the European Charter of Regional or Minority Languages. EU institutions and the challenge of multilingualism – the case of the European Parliament, the normative and non-normative definition of common European values and interpretation of terms designating common European values depending on the linguistic context, as well as the problems generated by the equivalence of terms used in EU basic documents in the official languages, are extensively presented in chapter one of the study. There is also an attempt to define the concept of European identity, but the complexity of situations involved makes it impossible to define at present a European identity, considering that the respect of alterity is the very essence of the European project.

The authors demonstrate that, from a strictly normative point of view, linguistic diversity is not part of the common European values and recommend that the respect of linguistic diversity be guaranteed by measures of equal intensity as the values considered to be common European values.

In chapter one the authors also review the difficulties linked to the translation of the documents of EU institutions and present the multilingual community mechanism of institutional communication.

Procedures have been developed that guarantee the quality of translations through revision, checking and supervising and through a permanent mechanism of training and informing of translators.

After having defined multilingualism in the first part of chapter two, forms of dissemination of multilingualism in education and in the audio-visual sector are presented, issues related to language learning in university and pre-university education are being reviewed, references are made to the relation public-private in language learning and the role of language competence certificates is presented, emphasising that the importance to communicate in other languages is included in the eight major competences of lifelong learning. The Working Group for languages, established in 2002 within the programme *Education and Training 2010*, brings together officials responsible for language policies in Member States and holds regular meetings to exchange information and define good practices. The authors point out that multilingualism in the EU is directly and explicitly promoted through the portal “Europe and multilingualism”, and also indirectly through policies and programmes with other primary aims but that can be developed only if knowing several languages. Among the indirect strategies of promoting multilingualism through *edutainment* are the programmes MEDIA and the Euronews TV channel.

Chapter two also contains an analysis of the ways to promote Romanian language as a study language in the EU Member States and draws the conclusion that there is an actual and obvious lack of data on linguistic service providers in Romania and, when they exist, are fragmented and hamper the development of a coherent general image of the diversity of offers on the market. The authors recommend the initiation of a study that would contribute both to reveal the Romanian situation with a view to adopting a development strategy at national level and to integrating Romania in the European landscape, by its contribution to the European programmes and by facilitating collaboration between various providers at European level. Romania as an EU Member State should be in line with good practices in multilingualism; an important pre-condition would be the description of linguistic competences for the Romanian language as a foreign language and from there the development/adoption of an internationally recognized language competence certificate.

The authors tackle the issue of outsourcing in multilingual context, discussing and analysing the development of the Adjustment Fund for Globalisation, complementary to the structural funds, in particular to the European Social Fund.

In chapter three, *Institutional promotion of multilingualism*, methods of promoting multilingual dialogue at European level are presented, stressing that multilingualism is diffused throughout the whole philosophy of the European construction and has been one of the statutory principles of the European Cultural Convention of the Council of Europe in 1954; ways of promoting multilingualism in enterprises operating on EU territory, methods of promoting multilingualism in universities and in EU institutions, as well as aspects linked to the groups of experts in multilingualism created by the European Commission. The authors discuss and present the three levels of use of the term multilingualism – at citizens’ level, at institutional level and at intra-institutional level.

Chapter four tackles *European citizens rights and the influence of multilingualism* by analyzing and discussing the rights to vote and to stand as a candidate at local elections and at the European Parliament; the system practised in Luxemburg is presented as an example of the way in which community residents in an EU Member State can exercise, in a multilingual context, the rights bestowed on them by European citizenship, with information campaigns in languages spoken by the residents initiated by the host country, the right of the European citizen to address EU institutions and to receive the answer in his/her own language. An interesting issue related to the principle of equal

treatment is pointed out, namely the fact that using linguistic discrimination to restrict access to the labour market of an EU Member State may be an exception to the principle. Meanwhile, the authors discuss that the existence and practice of these rights in the framework, or rather lack of a framework, of a European public sphere that should facilitate granting European dimensions, as against the narrower national ones, to the issues under debate. The proposal of the Commission for a citizen centred communication is presented, and for decentralizing the communication channels between the citizen and EU institutions.

Chapter five, *Promoting intercultural dialogue in the European Union*, offers a short review of the difficulties linked to the definition of intercultural dialogue, presents EU programmes dedicated to the promotion of intercultural dialogue and analyses methods of promoting inter-religious dialogue at European level, with emphasis on the relation between inter-religious and intercultural dialogue.

The authors present a review of the programme “Culture 2000” with its three main fields of action: (a) performing arts and visual arts, architecture, culture for children and arts in unconventional spaces, (b) printing, reading and translating and (c) cultural patrimony of European importance, including intellectual and non-intellectual patrimony, stressing the fact that, despite this unique tool of guidance and financing cultural cooperation at European level, culture has not yet become a category of community action, just one of the dimensions of the European construction, a first phase towards the institution of a European policy for culture. The proposed conclusion is that a common European cultural space has at its foundations the common traditions, ideals and aspirations, respect and promotion of cultural diversity, creativity, forming in a dynamic way the basis for a permanent intercultural dialogue between Europe’s peoples. The authors propose an approach concerning the development of a European public space by which, not linguistic homogenisation, blurring or extinction of certain linguistic traditions, but hopefully creation of networks of cultural partners from various European countries would be created; publishing policies facilitating publications or bi-lingual editions to promote works conceived in a national, minority or regional language would get a chance to be known or possibly recognised beyond the space they address in the first place, alleviating this way the dominance of English texts in the domain of publications throughout Europe.

When analysing the way inter-religious dialogue is being promoted at European level, it is emphasised that the European Union promotes dialogue with religions present on the European continent, without having competences to promote inter-religious dialogue. The authors note that religions are more inclined to accept the involvement of the Council of Europe in inter-religious dialogue than that of the EU; this is due to the fact that the intervention of the Council of Europe is limited to *soft law* tools of influence and does not imply the establishment of imperative norms or public policies in the domain. The authors recommend to the European Commission, in view of the European Year of Intercultural Dialogue 2008, to strengthen its relations with the religious organisations recognised as dialogue partners of the EU institutions, paying due attention to avoid the overlapping of EU actions and those of the Council of Europe and to further deepen the existing relations of complementarity.

In chapter six, *Towards a European policy for culture?*, the authors emphasise the changes that occurred in the world by the development of an information society, which could lead to uniformity by concentrating on television both the public and the decision makers; they stress the positive role in promoting cultural diversity and intercultural dialogue through access to cultural forms and manifestations that differ from the ones characteristic for that mass-media. A discussion is being proposed on the definition of the concept culture, “cultural heritage” and on the ways to tackle the right to culture in the Member States, stressing that European cultural diversity is made of the plurality of national traditions and also of regional traditions, being one of the most important resources of

Europe and as such needing to be treated as a wealth in the present context of globalisation. The authors consider that it is necessary to define the concept “cultural heritage” in community law, as a measure towards the clarification of terms underpinning a future European cultural policy. After analysing the status of cultural dimension in the definition of a European identity, the authors conclude that cultural values are weakly, just symbolically defined as yet, noting that after the enforcement of the Reform Treaty, respect due to cultural, linguistic and religious diversity would have the same normative value as the other provisions of the Treaty. The conclusion of the chapter is that while European cultural identity stays at the foundations of European political identity, it cannot possibly be defined just symbolically asserted. As concerns the creation of a European Institute for Culture, the authors of the study present the difficulties of such an institutional construction and the failure of the idea, meanwhile drawing attention to the fact that without institutions there is no policy, not even in culture; they recommend the creation of a normative framework clearly stipulating common cultural values and the development of a set of common or “shared” objectives at European level that would demonstrate common interests closely linked to social and political developments in the context of globalisation, reaching beyond national, regional or local interests.

The study comes to an end by formulating eight recommendations : to strengthen collaboration between EU institutions and the European Bureau for Lesser-Used Languages; to establish the relation between official EU languages and the extra-community ones, in particular those having regional and/or minority status; to define evaluation procedures of language competence for foreign nationals speaking or wishing to learn Romanian (a recommendation valid for other EU Member States in similar situations); to promote Romanian as a study language in EU Member States where significant Romanian communities live (a recommendation that at European level means defining institutional forms which would facilitate, on the principle of subsidiarity, the teaching of mother tongues on the territory of other Member States where there is an important number of individuals speaking those languages); the necessity to have a study to identify linguistic service providers both in Romania and in other Member States, and the necessity to emphasise education methods such as *edutainment*, to start a monitoring process initiated by the European Commission in order to establish the situations in which resorting to the working languages is a necessity and the cases in which strict respect of the principle of equal treatment of official languages is mandatory; the relations between multilingualism, intercultural dialogue and inter-religious dialogue to be valorised in the European Year of Intercultural Dialogue 2008; to continue the initiatives of valorisation of the common European cultural space, such as the European Institute for Culture, starting with the promotion of multilingualism within and outside the EU through common actions of the national cultural institutes.

***Study no. 7. Romania's industrial policy in post-accession period***

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This study undertakes to investigate the possible connections existing between the sectoral policies and the major goals of the Romanian economy, immediately after the accession to the European Union, the analysis being devoted to the industrial policies implemented during the recent years and to those proposed to be implemented during the post-accession period. All the sectors of the national economy and to the instruments through which the governmental interventions are achieved, which may result in reallocating the economic resources between sectors and in changing the inter-sectoral differences of the effects of the implemented policies are referred to.

A comprehensive and quite neutral definition was, perhaps, given by Adams & Klein (1983) or by Johnson (1984): “the initiation and coordination of those governmental policies aimed to increase the productivity and competitiveness of an economy or of certain economic branches”.

Chapter 2, which follows the introduction, deals with the industrial policies applied within the European Union, worldwide, or at the specific national level. The evolution of the concepts of industrial policy is analysed, as well as the related experience of the new member states compared to the older member states. The successes are highlighted, stressing on the dynamism of the set of policies and on the arguments backing the implemented policies.

Chapter 3 analyses the state of affairs and the history of the industrial policies in the case of the Romanian economy, as well as the strategic documents substantiating the past measures of economic policy or those recently proposed. Subsequently to these analyses and syntheses, Chapter 4 reviews the measures of reallocation of the economic resources between the sectors of the Romanian economy, as well as the visible or expected results of these measures. The chapter also presents the priorities of economic development resulting from several Romanian programmatic documents, used as strategic goals for the introduction of industrial policies.

The last chapter sums up the conclusions of the analyses presented in the paper and proposes several suggestions and recommendations for the industrial policy decision-makers, as follows:

1. **At the level of European Union, the new Lisbon Strategy creates a context which is favourable to the interaction and harmonization of the national and community levels of political decision**, because the recommendations adopted by the European Council include recommendations of industrial policies, therefore the measures taken at the national level will reflect in the periodical reports afferent to the Lisbon process. In certain cases, the European Commission collaborates with the member states, including in identifying and disseminating the best practices. This approach will allow the Commission **to integrate the national dimensions of the industrial policies within the general framework of the horizontal and vertical measures adopted**.
2. In 2005, the **Commission has launched a new industrial policy** which aimed to develop an environment more favourable to the development of the manufacturing industries, but



highlighted that this new approach doesn't mean the return to interventionist selective policies, but it is only intended to yield "more relevant, integrated and consensual" policies. This document of policy has just the role of completing the exiting framework of industrial policy by focusing on its actual application in each sector. The new industrial policy is based on seven horizontal initiatives and on seven sectoral-specific initiatives.

3. In conclusion, we may say that the industrial policy of the European Union undergoes a period of transition, from interventionist measures (industrial lobby, nationalist interests) to measures of active support of the economic branches by:
  - vertical policies which must not affect the competition on the particular market but rather correct the possible market failures and to create a framework, as favourable as possible, for the development of the priority branches;
  - treating as horizontal some technologies which may have multiplying development effects in the economy or society (biotechnology, ICT);
  - integration of the horizontal policies which target the general EU goals with the vertical stimulation of the economy (obvious cases are the corroboration of the industrial priorities with the research priorities, or the development of space technology industry and of the defence industry to strengthen the socio-economic security).
4. Admitted into the EU at the beginning of 2007, Romania has to implement many of the European common policies but, at the same time, it has to conceive its own industrial policy which to take it to a higher level of competitiveness relatively closer to the EU average and increasing faster than it. Another **important objective is to join the system of firms operating throughout the country the single European market** without syncope, stomping and relative disadvantages, so that the possible lags inherited at accession don't affect the standard of living of the Romanian population and **so that the economy can enter on the track of long-term sustainable development.**

*Is it necessary for the state to intervene by industrial policies in the functioning of the Romanian economy?* This is one of the major questions to which the policy makers would like to have a quick answer.

The time of subsidies for sectors seems to have passed despite the nostalgic ones and despite those seeking personal gain by discretionary administrative action in the service of certain companies. Too many examples of economic inefficiency undermined the myth of the "good public administrator".

On the opposite side, the use of horizontal policies produces discriminatory concentrations of resources. When something is offered too the entire population without monitoring the distribution, the strong ones will end by getting hold of the surplus of resources getting thus even stronger. This assertion is valid both for the individuals and for the firms. The examples are numerous, but we will give just one: the public investment in research are drawn by the firms from research&development-intensive sectors, such as the pharmaceutical industry, without getting the expected result of an improved state of health of the population or without achieving a higher capacity to prevent the burst of epidemics.

Then, might it be better not to take any action? The correct answer is probably that, there is always a middle way: *it is a good think to monitor permanently the entire national economic system, but the interventions as horizontal policies must not be precipitous; they should try to correct the economic concentrations (public or private) and to optimise the system from the social point of view.*

5. The analyses conducted during the recent years concerning the competitiveness of the branches of the Romanian Economy, analyses which due to the constraints of availability of the statistic data, tend to be outdated when published within a dynamic economy undergoing a fast structural change (as it is that of Romania), it results that ***some sectors recorded increases of competitiveness higher than the average of the national economy***, which could be a possible criterion of allocation of resources through industrial policies towards these sectors, provided they would create positive horizontal effects or they would have a very large share of the value added during production. Included here are: the industry of the communications, radio and TV equipment, wood industry, rubber and plastics industry, food industry, oil products industry. These industries appear as temporary champions of the surveyed period (2003-2006), but it is not sure if they are competitive at EU level too, or if they are the most competitive branches of the Romanian industry. The only conclusion is that during the surveyed period, these industry branches recorded apparent rates of competitiveness growth higher than in other branches. They can not be considered a priority for a possible state intervention to allocate economic resources. In general, ***the priorities must be chosen according to the criterion of the beneficial effect on the business environment and on the socio-economic system, rather than by sectoral selection.***
6. The comparative analysis of the performance of Romania's horizontal industrial policies revealed a series of serious gaps compared to most other EU member states, which may have serious long-term consequences on the development of most sectors of the manufacturing industry. The most dramatic lags are in the following areas: investments in knowledge (human capital quality and research-development); infrastructure of the knowledge society (technological infrastructure) and services infrastructure (globalization and tertialization). Important progresses still are required in the business environment (regulatory framework) and in the state aid. **The conclusion of our survey was that the industrial policy in Romania is poorly structured or with little coherence in promoting a future-oriented economy and that a European future-oriented industrial policy can not be achieved in Romania without a reform of the human capital training.** From the perspective of the globalization and tertialization, the competition policy is probably one of the most efficient instruments of the industrial policy.
7. **Romania's horizontal policy efforts must concentrate mostly on:**
  - Increasing human capital;
  - Stimulating research-development;
  - Building technological infrastructure;
  - Stimulating the development of services infrastructure.

These domains should be allotted priority public resources. Policies adopted should be focused, in the medium term, on 2-3 priority domains, considered performance drivers (for avoiding the „Christmas tree” phenomenon – directing resources in too many directions, typical to our strategies). For example, such a domain may be improving the access to and the quality of technical tertiary education. These domains should result from a set of substantiating studies, similar to those that are the ground of European Commission's policy recommendations. The policy instruments used should have quantifiable objectives and clear deadlines (2-5 years). These policy instruments should be monitored frequently (annually), for assessing both their implementation, in a first stage, and their performances.

8. ***The improvement of the business environment and the strengthening of the competition policy are framework conditions for the success of any industrial policy, including of the policies in the priority areas described earlier.*** The more competitive and dynamic are the markets, the faster they will react to the stimuli of industrial policy, they will send more efficient and stronger signals in the economic circuit (including in sectors such as education and research) and they will adapt easier to the challenges of the future. It is not a coincidence that in the EU, and not only, the low level of the state aid and of the regulation are positively correlated, with good results in terms of industrial policy and economic development in general.

One must not forget that any economic policy is financed from sources taken out of the economic circuit, and this may result in the reduction of the private investment (*crowding out* phenomenon), including in the areas where this is deficient.

9. **The novelty introduced by the present study in the specialized Romanian literature is the extending of matrix method approach, used by EU, on the case of Romania.** The matrix approach of the industrial policy means simply to add a sophisticated sectoral perspective to the horizontal approaches which remain a priority. The philosophy of this approach is, however, fundamentally different from the sectoral policies promoted before the Maastricht Treaty. Currently, the horizontal approach remains a priority, but it is admitted that the effect of the horizontal policies on the different sectors can be significantly different; complementary sectoral measures may thus be necessary to balance this effect and to really provide equal opportunities for all economic agents. Essentially, **this approach leaves from the idea that the different economic sectors may need different mixes of industrial policies so as to achieve their highest potential.**
10. **A more solid approach** would be to notice, based on the competitiveness analysis and on the matrix analysis, that of the 22 analysed sectors:
- all are crucially influenced by research-development – area of horizontal policy in which Romania ranks among the last EU countries;
  - over 60% are crucially influenced by the quality of the human capital, area of horizontal policy in which Romania has the worst performance from EU;
  - the performance of over 50% of the sectors depends on the establishment of the infrastructure of services, issue in which Romania lags very much;
  - 45% are influenced by the regulatory framework where, again, Romania still needs significant progresses;
  - two of the top ten most competitive sectors are strongly dependent on the construction of the technological infrastructure.
11. Our recommendation is ***to use the matrix analysis in the future, especially to identify the critical areas of horizontal policy which influence the highest number of sectors of the Romanian industry, rather than to identify winning industries.***
12. So far, the industrial policies in Romania have been elaborated within a parish system (at the level of the different public authorities), unsystematically and uncoordinated. Whatever the orientation of the horizontal industrial policy, an approach based on the market and on stimulating its creative potential (which we support), or a *top-down* bureaucratic approach (noticed as conjectural in the EU industrial policies), ***an institutional framework must be established for the joint evaluation and development of all the proposals of industrial policy***

and make periodical reviews of these policies. This can be done by a ***unique organism for policy research***. Thus, the measures of industrial policy will be coordinated and prioritized correctly at the national level, their synergies and complementarities will be identified and they will be coordinated with the community industrial policies. This organism will:

- Initiate and supervise the achievement of sectoral analyses and sectoral monitoring;
- Evaluate the EU forms of financing for different initiatives;
- Elaborate impact analyses on the effects of different policies;
- Impact analyses of the political measures and of the globalization, measures which generate structural changes, to anticipate them (like I/O tables);
- Construct the platform of dialogue between the different political decision-makers, between them and other actors.

We propose ***restructuring the way in which the National Plan of Development*** is produced and the establishment (including by the transformation of the current system of socio-economic research in Romania) of a structure similar to the Irish *Economic and Social Research Institute*. To allow this organism perform its function and to avoid overlapping with the policies developed by different ministries and public authorities, this authority should function under the coordination of the Prime Minister and it should represent the authority responsible with the elaboration of the industrial policy of Romania at the horizontal and sectoral level.

***Study no. 8. Implementation of Services Directive in Romania – an analysis of options, perspectives and recommendations***

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The main objective of this study is to provide some policy elements to support the creation of the ‘*unique kiosk*’ in Romania, an institution that should have the capacity to provide assistance and consultancy to the service providers, according to the Directive.

By the enforcement of this Directive, the European citizens can work in any EU state, creating new jobs and stimulating in this way the economic growth. At the same time, the European document guarantees the Member States the possibility to influence the administration of services and to maintain the social rights of the wage earners. The Directive shall apply to all types of services, except the ones excluded in an explicit way, which make the object of separate EU laws, such as the financial services.

The Directive<sup>12</sup> 2006/123/EC of the European Parliament and of the Council, on services in the internal market, was adopted on 12 December 2006. Its objective is to facilitate the exercise of the freedom of establishment for service providers and the free movement of services. Thus, this is (i) a horizontal settlement whose provisions intend to remove all the obstacles with an incidence upon the services supply on the EU market, and (ii) the member states have maximum 3 years at their disposal for transposing the provisions of the Directive into their national legislation.

The Directive foresees the obligation of member states to simplify procedures and formalities needed in accessing and exercising a service activity. It is being established that member states accept any document of another member state (certificate, attestation etc.) which proves fulfilment of a requirement by a service provider or by a service beneficiary. Also, it is stipulated the implementation of the institution “point of single contact” beginning with 31st December 2008, within which the providers can accomplish the following procedures and formalities:

- (i)           Declarations, notifications or authorization requests to competent authorities, including requests to enrol in registers, data bases or professional associations;
- (ii)          Authorizations requests necessary for providing services activities.

Beginning with 31st December 2008, the obligation for all members states to simplify and ease all the procedures and formalities concerning access to and exercise of a services activity, even at distance or electronically, is being introduced.

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<sup>12</sup> The document referring to the services directive can be accessed at:  
[http://www.europarl.europa.eu/comparl/imco/services\\_directive/default\\_en.htm](http://www.europarl.europa.eu/comparl/imco/services_directive/default_en.htm)

By EU accession, Romania will harmonize to European market trends its economic policy of development, generally and services particularly. In last seven years there were registered a series of positive results regarding real convergence, regarding Gross Domestic Product (GDP) per capita. Therefore, if in 2000 GDP represented 23% of the average EU-15 and 25.2% of average EU-25, these increased now to 28.8%, respectively 31.1%.<sup>13</sup>

In the context of inheriting a supra-dimensioned industry from the ‘planned economy’ period, that was not adapted to the world market requirements, with an old technology, and which was not economically distributed into territory, the industry suffered massive loss in the transition period. Transition brought important changes in economic perspective. Nevertheless, despite efforts, Romanian economy pictures a country that was affected by inherited structural distortions. The number of employees from industry decreased with 1,696,487 during 1991-2004. Therefore, if in 1991 number of employees from industry were 3,188,055, this was restructured to 1,491,568 in 2004. In relative figures, cut back of employees from industry was by 53.2%. The largest annual loss was in 1992, when cut back of employees was with 13.8%, followed by year 1999, with 13%. Consistent loses were also in 1993 (-5.8% from previous year) 1994 (-6.4%), 1995 (-9.5%), 1998 (-6.1%), 2000 (-6.0%) and 2004 (-5.7%). Generally, in studied period, insignificant loss was only in 2001 (-1.9% from previous year) and 2002 (0.2%).

At the country level, in Romania, the relations improvement between public institutions, citizen and business environment represents a priority of the public administration reform process. In this new approach, the citizen will reduce to minimum the time spent with procurement of a good or service, and the quality of the service will be much improved. In this new approach on providing services, we hypothesize following:

- (Hypothesis 1).** Reduce to minimum the time that citizen spends in formulation of a request and obtains the service.
  
- (Hypothesis 2).** Elimination of redundancy of information from documents required to obtain the service, by promoting administrative simplification.
  
- (Hypothesis 3).** Make more efficient the activities at the public institution level which offer services.
  
- (Hypothesis 4).** Interconnecting databases that contains public information on citizens, with respecting the privacy regulations, by reducing the costs of services requested by citizens.
  
- (Hypothesis 5).** Externalizing of activities that sustain obtaining of a general interest service, which will determine its reduction of costs.
  
- (Hypothesis 6).** Extending practices in obtaining of a general interest service, exclusively by access through informatics networks

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<sup>13</sup> Version 2005 of Pre-accession Economic Program, Romanian Government, November 2005, p. 160

The ‘unique kiosk’ aims to be a service at local, regional and national level, that is easy accessed, for business sector and for citizens – which intend to obtain a service of general interest. These services are offered by state authorities to business, medical, juridical, insurance, financial environments, also.

In constructing and implementation of the ‘unique kiosk’ we will observe following:

- Directive 123, Services, does not regulate the number of necessary ‘unique kiosk’ to be developed at the Romania’s national level.
- since activity is performed at the virtual level, distance between physical points of ‘unique kiosk’ should be insignificant, therefore beneficiaries access would be possible without difficulty and with no cost transportation. Based on costs that will be supported in implementation and then in operating ‘unique kiosks’, there will be determined the number and physical distance.

Within this work paper, depending on type of proposed activities to be carried out by ‘unique kiosk’, following two options are proposed:

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**Option 1:** ‘Unique kiosk’ is a first development of a ‘unique kiosk’ that will be specialized on offering focused information on specific domains that are subject to European Directive regarding services. Information is organized as data base and is accessed through different physical access points.

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**Option 2:** ‘Unique kiosk’ is specialized in offering complete services related to authorization and effective delivering of a service. In this situation there is a unique point where all necessary procedures, formalities and authorizations could be completed. In this case, different databases – necessary for offering this service - could be accessed

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In a simplified approach for developing ‘unique kiosk’, following steps are recommended:

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**Step 1.** Investigate following: (i) characteristics of national Romanian informational-informatics; (ii) content of IT strategy of the Romanian Government; (iii) practices from other countries on ‘unique kiosk’; (iv) promote good practices at the level of ministries, prefectures, county councils, and towns in developing ‘unique kiosk’ and administrative simplification.

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**Step 2.** General considerations regarding the needs specifies in Directive 123, considering problems regarding developing ‘unique kiosk’

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**Step 3.** Analysis of implementation options **Option 1 / Option 2**, and how these are now positioned in relation with service system.

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**Step 4.** Estimation of the cost of the most rapid option for creation and operation of ‘unique kiosk’

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**Step 5.** Cost benefit analysis of the most rapid option for creation and operation of ‘unique kiosk’, using an analysis model based on ‘*Dutch Standard*’

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*Cost Model*, for estimating potential benefits.

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Through this study, some categories of relevant information that are susceptible for uncertainty were identified. In some cases, like expected level of transactional services, when Directive is applied, uncertainty is caused by future events that are difficult to be predicted accurately. In other cases, ample research could lead to an increase of trust on estimation precision. Some elements of the second declared categories include (i) Level of administrative difficulties that are associated to legislative environment. The implementation project of Directive 123 that will be implemented will provide better evidence in this respect. The results of this report require revision after they will be made public. (ii) Probable number of services providers that will decide to temporarily operate based on provisions related to free circulation of services. For improvement of estimation in this area, a study on affected sectors at EU level will be carried out. (iii) Research costs regarding international affairs established in Romania - a study on affairs that will be carried out to demonstrate the enounced hypotheses.