



Conference

Launch of Strategy and Policy Studies – SPOS 2011

(Europe's House)

– EVENT REPORT –

On the 2nd of April 2012, the European Institute of Romania (IER) launched the series of Strategy and Policy Studies (SPOS) 2011 at the headquarters of the Representation of the European Commission in Bucharest. The event was attended by Mr. **Leonard Orban**, Minister of European Affairs, former European Commissioner for Multilingualism, Mr. **Nicolae Idu**, Head of the Representation of the European Commission in Romania, Mrs. **Gabriela Drăgan**, Director-General of EIR and Mr. **Florin Pogonaru**, Chairman of the Administrative Board of EIR and Chairman of the Businessmen's Association of Romania (BAR). Moreover, the conference benefited from the presence of the **authors of the studies** carried out within the SPOS 2011 Project. The event was organised with the support of the Representation of the European Commission in Romania.

The conference was opened by Mr. **Nicolae Idu** who greeted the initiative of EIR to start a new series of Strategy and Policy Studies. He highlighted the fact that, from an economic and political point of view, we find ourselves in a problematic period. However, the European Union is actively attending to find solutions not only on a short and medium term, but also on a long term, similar to the Europe 2020 Strategy. The Head of the Representation of the European Commission in Romania pointed out that, in the public debate regarding European issues, Romania's position is equivalent to the European Council's and on these lines he appreciated the Romanian Government's activity as being constructive and active in the EU for finding ways of solving the economic and financial crisis.

Mrs. **Gabriela Drăgan** noted that the Strategy and Policy Studies (SPOS) are different from other studies on the market since they approach topics according to the needs identified in the society and they are carried out together with the beneficiary institutions, by interdisciplinary teams of researchers from inside and outside the country, intended to ensure an unbiased view upon the approached problems. At the same time, Mrs. Gabriela Drăgan highlighted the importance of the detailed debate of these studies, all under the economic crisis dominant, announcing a schedule of following events which will take place during the April and May, to further comprehend the research results included in the SPOS 2011 studies. The research topics of the Strategy and Policy Studies (SPOS) 2012 Project were also announced on this occasion: the migration policy, the coordination of European affairs, the tax on the financial transactions and the evolution of Romanian exports.

During his intervention, Mr. **Leonard Orban** congratulated EIR for the consistency of the SPOS Project, now celebrating its sixth edition. He affirmed there is a lack of resources in the economic field that can underlie the decisions of European affairs, highlighting the important role which EIR holds through its contributions. Regarding the Euro Plus Pact and the Fiscal Treaty, both signed by Romania, Mr. Orban went further to say that the states which find themselves outside these treaties will suffer a loss and isolation from European decisions. The speaker welcomed the supplementary/private pensions and the impact of an ageing population study, in the context in which, according to Eurostat results, in the European Union the tendency of retiring at the of age of 67 will become general while the pensions costs will rise by 30% until 2060. Mr. Orban emphasized the need of studies and debates to find the best solutions reflecting Romania's interests. The need to approach European policies in correlation, as parts of the same system, was also an important point of Leonard Orban's speech, averring that a possible rise of the CAP budget would lead to a decrease of the cohesion policy budget. Moreover the Minister of European Affairs underlined that it would be good to find, among the topics approached in future studies, an evaluation of the contemporary institutional structures, a few years after the Lisbon Treaty, to determine the proper functionality of the institutions created through this Treaty.

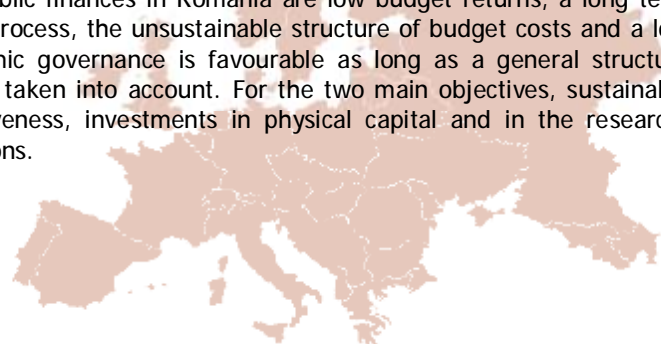


Mr. Florin Pogonaru asserted that, in the Romanian and business society, a rigorous discussion foundation to lay down positions is inexistent and EIR has helped improve this shortage through its most important product, the SPOS studies. He remarked that the Romanian business environment has been heavily affected by austerity measures like the rise of the VAT rate and the contributions for social insurance, but since 2012 is an electoral year, regarding measures of fiscal relaxation, only discussions of salary increases are highlighted. The Chairman of the Businessmen's Association of Romania noted that the business environment needs an intellectual and documented foundation offered through the EIR studies and expressed his commitment to develop, through a partnership with EIR, new studies on areas of interest for business, meant to support the resolution of existing problems in the Romanian business environment.

During the session of presentations devoted to the studies: *Euro Plus Pact Adoption: Implications for Romanian Fiscal Policy*; *European Semester: ensuring a sustainable economic growth through sound public finances: lessons for Romania from the perspective of the public finances' sustainability point of view*; *The analysis of the evolution of EU social policies in the last three years: supplementary/private pensions and the impact of an ageing population* and *The reform of the Common Agricultural Policy in the context of the post- 2013 budgetary perspective*, Mr. Laurian Lungu, managing partner at Macroanalitica, Mr. Moisă Altăr, PhD., Professor at Bucharest Academy of Economic Studies, Mrs. Valentina Vasile, Director a.i., National Economy Institute, Mrs. Cecilia Alexandri, Researcher, Institute of Agricultural Economics and Ms. Agnes Nicolescu, Head a.i., Studies and Analyses Unit, European Institute of Romania, as chairman, have delivered speeches.

Mr. Laurian Lungu, managing partner at Macroanalitica and member of the research team of the **Euro Plus Pact Adoption: Implications for Romanian Fiscal Policy** study, stated that, although we have a monetary union, there is no equivalent in the fiscal area, like there is in the United States, and the economic crisis of 2008 has highlighted the absence of the mechanisms and institutions which should respond to recession challenges. Mr. Daniel Dăianu, PhD, Professor at SNSPA, former Minister of Finance, coordinator of this study, signalled the fact that it would be a real danger for our country to envisage a level of public debt over 40%, even if the limit imposed by the European Union is 60%. Referring to the European Fiscal Treaty and the Euro Plus Pact, Mr. Dăianu described them as a 'strait jacket' which would drastically reduce the policy space needed, highlighting that, if Romania fell under the Treaty on the 1st of January 2013, it would suffer a negative impact. An attempt to augment fiscal receipts, to improve the efficiency of public money spending would be useful. Regarding the public system of pensions, Mr. Dăianu stated that this is unsustainable due to public debt and the differences existent between the countries that import work force and those that export it, Romania finding itself among those with a massive export of work force. Statistics that indicate an annual employee-pensioner report of 1 employee to 1.25 pensioners have been named deceiving, and the final solution consists in accomplishing sustainability at the level of a consolidated budget.

Professor Moisă Altăr, PhD, Bucharest Academy of Economic Studies and coordinator of the **European semester: ensuring a sustainable economic growth through sound public finances: lessons for Romania from the perspective of the public finances' sustainability point of view** study, marked out in his presentation the importance of accomplishing a financial stability in the European Union, next to price stability. The lecture included the significance of economic governance, the problematic and artificial character of the Euro Zone and the problematic evaluation of the fiscal policy conduct in Romania. Mr. Altăr noted that any measure taken at a national level affects the whole EU system. The main challenges regarding public finances in Romania are low budget returns, a long term negative impact of the ageing population process, the unsustainable structure of budget costs and a low efficiency of public spending. The economic governance is favourable as long as a general structure exists and the specific of every country is taken into account. For the two main objectives, sustainable economic growth and assuring competitiveness, investments in physical capital and in the research-development sector are proposed as solutions.





Mrs. **Valentina Vasile**, Director a.i., National Economy Institute and coordinator of **The analysis of the evolution of EU social policies in the last three years: supplementary/private pensions and the impact of an ageing population study**, offered through her presentation a systematic view of the current pension system in Romania, in the context of demographic ageing, economic crisis, work force mobility and informal occupation. If we analyze the situation in the long term, a diversified pension system represents the best policy, even if it is not the most realistic perspective. The current pension system in Romania is inefficient for the generations that are currently paid as well as for the future retired persons who are contributors today. Two variants are proposed through which the reform of our country's pension system can be achieved: a 'soft' one or 'a continuous' one that presumes taking up a set of adjustment measures which would optimize the system and another 'radical' one or 'of innovative, consistent and immediate changes' that would build a healthy savings culture, both assuring a decent ageing in the end.

Mrs. **Cecilia Alexandri**, Researcher, Institute of Agricultural Economics and member in the research team of **The reform of the Common Agricultural Policy in the context of the post- 2013 budgetary perspective study**, pointed out the importance of this policy in the European Union, agriculture being one of the most subsidised sectors in the economic configuration of the EU. Two types of Member States can be identified: states with a competitive agriculture (with large and efficient farms, low level of work force occupied in agriculture) which situate themselves on liberal positions and states less developed (with small and numerous farms, with a large number of population occupied in agriculture) which intend to maintain an agrarian policy that would subsidise farms by some means, to be able to cope with the competition, like in Romania's case. Through this reform, a more 'equitable' distribution method of direct payments among member states is wanted. Other topics brought into discussion where the difficulty imposed by the subsidies granted on historic criteria (a real problem for new member-states) and the complexity of the direct payment system in agriculture (voluntary payments and obligatory payments).

Ms. **Agnes Nicolescu**, Head a.i. of Studies and Analyses Unit, European Institute of Romania, delivered the ending speech, thanking the coordinators and the authors for their contribution to the completion of the four studies and pointed out the most important ideas of their presentations, reminding everyone at the end about the debates upon each study which would take place in the following period.

Event report by
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