

interview _____

Valentin Lazea

Chief Economist, National Bank of Romania*



At the moment, the European Union (EU) is going through a period of redefining its economic governance framework. Which would be, in your opinion, the advantages of the Treaty on Stability, Coordination and Governance (TSCG) in the Economic and Monetary Union?

By acceding to TSCG, a country gains three things: a discipline of internal macroeconomic policies (especially in countries where politicians and voters have populist inclinations); a much bigger projection of economic power at global scale (if it were not member of the U.S. federation, South Carolina would have a nominal GDP equal to Romania's); access to a pool of cheap funds (either from the EU budget, or from mechanisms such as EFSF or ESM). In exchange for all these advantages, a country must gradually give up its economic sovereignty. For instance, giving up the monetary policy prerogatives means that any correction of imbalances can only be made in the real economy (wage cuts, increased unemployment rates), because the devaluation of national currency is no longer available as an adjustor. Some people think this is too big a price to pay and TSCG is a *straightjacket*. But they forget that, even if TSCG did not exist, markets would penalise states that are undisciplined from a macroeconomic point of view and, in such a case, adjustments would be tougher and more disorderly. Europeans must become aware of the fact that they are not the masters of the world (anymore) and that, as long as there are powerful competitors (U.S., China, Japan) or emerging competitors (Brazil, India, Russia), the only chance of small European countries is to remain united and to put economic competitiveness first (regardless of the sacrifices this desideratum might require) ... **p.2**

*All the opinions presented are personal and do not engage in any way the responsibility of the National Bank of Romania.

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event _____

Conference Launch of **Strategy and Policy Studies – SPOS 2011**

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, and also with its support. 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 ... **p.5**



... In practice, TSCG does two things: it establishes enforcement mechanisms to ensure compliance with the Maastricht criteria (which should have been put in place since 1999) and adds, through the Scoreboard, an analysis of other ten macroeconomic indicators, starting from the finding that, in countries such as Spain or Ireland, the crisis was due rather to the real estate boom than to budgetary indiscipline.

In this respect, in the context of the current economic crisis, what are the chances for the euro area to redress? Which steps should be taken so that the EU crisis might not worsen in the following period?

The liquidity injection of about 1 trillion euros by the Central European Bank has done nothing more than “buy time” and calm things down for a while. Effective solutions must come from governments and they consist of increasing the funding from European Stability Mechanisms (EFSF and ESM), as well as issuing, one way or another, European bonds (Eurobonds). Germany, the state that should be leading the federalisation process, is more than reserved on both issues. The causes of Germany’s reservation can be understood; they are **financial** (funds would be mainly supplemented at the expense of German taxpayers), **historical** (after having failed twice to unify the continent through military means, Germany is reluctant to try an economic unification) and **conjunctural** (Germany still sees itself as a *heavyweight*, capable to resist in the fight against the world’s large economies). When German elites will realise that: a) a great part of Germany’s power is due to the existence of the EU and the euro zone and b) in 10-20 years from now, the distribution of world forces will inevitably change to Germany’s detriment, this reservation might disappear.

The Euro area will redress, because important Southern economies (Italy and Spain) have the necessary capacity, competence and pride to overcome the crisis on their own, without resorting to European funds. It is desirable that Portugal and Ireland do not resort to a second round of economic adjustment, since it might cause panic again among investors. As far as Greece is concerned, it has already been “written off” and the potential of a contagion deriving from it has diminished a lot.

How do you estimate the governance change in the EU and euro area?

In a very recent work (*The Changing Governance of the Euro Area: Challenges for the Relationship between EU countries*),

Valentin LAZEA is a member of the Scientific Advisory Board of the European Institute of Romania.

Since 1999 Mr. Lazea has been Chief Economist of the National Bank of Romania and, since November 2004, Chairman of the Board of Directors of TransFond S.A., a company technically operating the electronic system for payments.

Between 1997-1998 and August-December 2000 he was State Secretary in the Ministry of Finance.

Valentin Lazea is a graduate of the Sussex University in Brighton and of the IMF Institute in Washington DC.

Jean Pisani-Ferry, Andre Sapir and Guntram Wolff show that the governance in the EU and the euro zone is complicated by two factors: a) the will for the continuation of the integration process differs even among euro zone members; b) non-euro zone states split into states that want and states that do not want to become members of the euro zone. Moreover, the tension between national and supranational prerogatives has grown. For instance, if it were called upon to rule on the transposition into national laws of TSCG provisions, the European Court of Justice might rule that, although European recommendations were not followed, laws are valid since they were approved by sovereign Parliaments (!).

In the end, the authors describe three possible evolution scenarios:

- a) a two-speed European Union, in which the euro zone is coherent and (actually) politically integrated;
- b) a fragmented European Union, with divisions even within the euro zone;
- c) a European Union with a generalised variable geometry, having a variable geometry even within the euro zone.

This last scenario would suppose less legislative changes and would be less confrontational, but, clearly, it would lack coherence and efficiency in the decision-making process.

„The recipe for sustainable economic growth is known: attracting foreign direct investments (in *tradables*) and European funds; macroeconomic stability and predictability; legislative stability and predictability; flexibility of labour force; investments in physical and human infrastructure etc.”

How do you anticipate Romania’s economic evolution in a short and medium term perspective? What corrective measures should be taken in order to register a sustainable economic growth?

In the last three years, Romania passed from a growth model based on consumption (financed from abroad) and on the development of *non-tradables* to a model based on production and export and on the development of *tradables*, a model which should be maintained also in the future, despite populist calls.

The recipe for sustainable economic growth is known: attracting foreign direct investments (in *tradables*) and European funds; macroeconomic stability and predictability; legislative stability and predictability; flexibility of the labour force; investments in physical and human infrastructure etc. More concretely, in agriculture, land consolidation (without which productivity gains are not possible) should be encouraged in every possible way, and tourism should be open for foreign investors and clients, who are more exigent, but have greater financial power.

How do you assess Romania's situation 5 years from its accession to the European Union? Have the opportunities deriving from the status of Member State been used enough?

Romania has entered the EU without having a vision of its own on the future of this Union and on the contribution it might have in shaping this future, which has resulted in a certain passivity and timidity in European debates. Strictly economically speaking, Romania has entered the EU having the wrong philosophy of development by accumulating deficits (financed from abroad). Fortunately, the economic crisis brought us back to reality much quicker (after 2-3 years

instead of 20-30 years, as in the case of Greece or Portugal). Romania's access to European funds was limited by its own incompetence and bureaucracy. Nevertheless, it should be mentioned that, despite the accounts of the sensationalist press, Romania has absorbed over 20% of the available post-accession funds by now (if agricultural funds and not only structural funds are taken into account) and that, each year, it was a net beneficiary (and not a net contributor) in its relationship with the EU.

Interview by **Oana Mocanu**

EIR publication

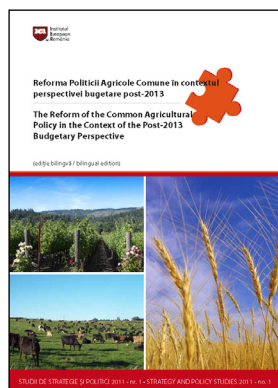
Strategy and Policy Studies - SPOS 2011

The research project *Strategy and Policy Studies* (SPOS) was initiated in 2006 and continues the series of the *Pre-Accession Impact Studies* (PAIS) started in 2001.

The studies realized within this project aim at offering the necessary elements to fundament the Romania's positions within the European Union and the measures necessary to accomplish its obligations as Member State and to represent its interests within the Community institutions.

The major characteristic of this research project is a permanent communication and collaboration between the studies' beneficiaries (the central government institutions) and the academic and research environment in Romania and abroad. It aims thus at providing a better mutual knowledge and transfer of expertise between the parties involved.

The SPOS Series drawn up in 2011 offers substantiating elements for the national policies in key areas like **agricultural policy** (*The reform of the Common Agricultural Policy in the context of the post-2013 budgetary perspective*), **fiscal policy** (*Euro Plus Pact Adoption: Implications for Romanian Fiscal Policy* and *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*) and **social policy** (*The analysis of the evolution of EU social policies in the last three years: supplementary/private pensions and the impact of an ageing population*).



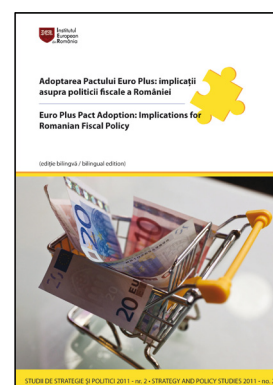
The study *The reform of the Common Agricultural Policy in the context of the post-2013 budgetary perspective* assesses the financial impact of the Commission's guidelines referring at the Common Agricultural Policy and approaches important topics which make the object of negotiations between Member States from the perspective of the amendments brought by the EU budget for the period 2014 - 2020. These topics concern the level of direct payments and convergence, capping of direct payments, the introduction of multiple payments, of some specific payments for small farms, attracting young people to agriculture and the way of determining the national priorities for rural development in connection with the general country's development priorities, practically offering a new integrated strategic vision.

Starting from the analysis of the recent agricultural policies of Romania and of other Member States, the authors elaborate a series of scenarios and propose elements of policies and measures concerning the establishment of national ceilings for the period 2014 - 2020, the payment schemes for small farms and the subsidies for agricultural practices beneficial to the environment.

Authors: **Daniela Giurcă**, PhD. (coordinator), **Cecilia Alexandri**, PhD., **Marioara Rusu**, PhD.

The study *Euro Plus Pact Adoption: Implications for Romanian Fiscal Policy* starts from an analysis of the economic and financial crisis' impact upon the institutional and policy regimes existent at the EU level, respectively upon the Euro Plus Pact, the latest instrument created to consolidate the Stability and Growth Pact.

The paper presents scenarios aiming at the evolution of the main economic indicators and assesses the imbalances registered at the macroeconomic level between Member States, the productivity and competitiveness differences and the capacity of the different member States to efficiently answer to the markets shocks. All these elements, at which we can add the constraints of some rigid labour markets between Member States, do not allow the Monetary Union to adequately manage major crises. As benefits identified by authors for the new Member States which have not yet adopted the Euro, inclusively for Romania, the Euro Plus Pact presents advantages aiming at highly monitoring the economic policies, increasing the convergence but also accelerating the structural reforms necessary for the fiscal consolidation.



Authors: Professor **Daniel Dăianu**, PhD. (coordinator), **Ella Viktoria Kallai**, PhD., **Laurian Lungu**, PhD.



The study *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* enrolls the initiative of the European Semester within the context of the efforts to increase the coordination of fiscal policies at European level, highlighting the European Commission's recommendations resulted after the first exercise of this type, as well as the European Commission's assessments concerning the Convergence Programme and the National Reform Programme of Romania.

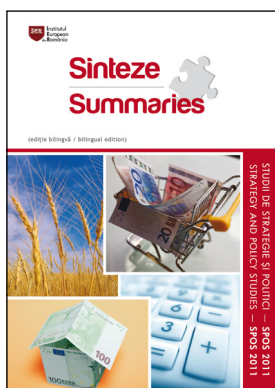
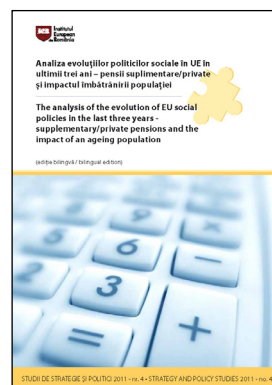
The paper adopts a long term vision, analysing and assessing aspects that define the public finances' framework from the structural perspective: assessing the conduct of fiscal policy by determining the structural component of the budget deficit, identifying the challenges towards the public finances' sustainability in Romania, assessing the long term impact of an ageing population upon the primary balance of the general government budget.

Authors: Professor **Moisă Altăr**, PhD. (coordinator), Associate Professor **Ciprian Necula**, PhD., Lecturer **Ionuț Dumitru**, PhD., Lecturer **Gabriel Bobeică**, PhD. candidate

The study *The analysis of the evolution of EU social policies in the last three years: supplementary/private pensions and the impact of an ageing population* deals with the pension schemes in the EU Member States and the general guidelines on the funds' sustainability, in the context of the business climate post-crisis development and of the predictable demographic evolutions. Starting from the recent evolution of the social policies in EU, the authors highlight the main tendencies of the pension schemes and formulate pros and cons to the different progress options, from the perspective of Romania's needs and possibilities.

The analysis leads to necessary evolutions of the pension schemes in Romania, within terms of increased sustainability and competitiveness. The paper proposes elements of social policy to consolidate the public pension schemes and to develop the component of private pensions, in line with the EU interests and according to the best practice in the field.

Authors: **Valentina Vasile**, PhD. (coordinator), **Ileana Tache**, PhD., Lecturer, **Cristiana Tudor**, PhD. candidate, **Clara Volintiru**, PhD. candidate.



Executive Summaries of SPOS Studies 2011

The paper presents some of the main aspects approached within the Strategy and Policy studies SPOS 2011. Promoting some public policies based on prior research represents an essential element in supplying high quality results, with a positive impact upon the citizens' life and capable of leading to the desired change in the real world. The topics have answered some various and up-to-date requirements from the perspective of the evolution of the Romanian economy and society, being the result of a process of consultation of the national and European programmatic/reference documents, as well as of the institutional needs as they are perceived by the representatives of the central government.

Studies and Analyses Unit, EIR

The research project **Strategy and Policy Studies - SPOS 2011** was carried out between May - December 2011 and involved a number of 14 specialists, researchers and academics.

You may access the electronic versions of the studies on the EIR website www.ier.ro, at the section - Publications, Strategy and Policies Studies 2011: http://www.ier.ro/index.php/site/page/strategy_and_policy_studies

You may acquire the printed version of the studies at the EIR headquarters, 7-9 Bd. Regina Elisabeta, Sector 3, Bucharest

Price/piece. study 30 lei

Price/piece. summaries 10 lei

Contact: Alina Arhire, project coordinator, Communication and Marketing Unit, sales@ier.ro

Conference

Launch of **Strategy and Policy Studies – SPOS 2011**

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, and also with its support. The event was attended by Mr. **Leonard Orban**, Minister of European Affairs, former European Commissioner for Multilingualism, Mr. **Niculăe 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, as well as an interested, specialised audience and media.



The conference was opened by Mr. **Niculăe 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.

Mrs. **Gabriela Drăgan** noted that the Strategy and Policy Studies (SPOS) are different from other similar 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.

During his intervention, Minister **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.

Mr. **Florin Pogonaru** asserted that, in the Romanian society in general and especially in the business environment, 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. 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 dedicated to the studies' presentations, 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 the National School of Political and Administrative Studies, 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 spending would be useful.



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.

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. 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.

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 reminding everyone about the debates upon each study which would take place in the following period.

The full report of the conference is available on EIR website, at Previous events section: http://www.ier.ro/index.php/site/arhiva_evenimente/.

Oana Mocanu, Andreea Ichim, Alexandra Irod

Conference

The Reform of Public Finance in the European Union

The European Institute of Romania organized on the 11th of April 2012, in partnership with the National Bank of Romania, a conference entitled *The reform of public finance in the European Union*. The discussion starting point was the *Euro Plus Pact Adoption: Implications for Romanian Fiscal Policy* study.

The opening session was chaired by Mrs. **Gabriela Drăgan**, Director General of the European Institute of Romania, who welcomed the special guests, congratulated the authors of the study and outlined the discussion setting, showing that the study is provocative and brings to light a series of problems specific to the current governance of the European Union.

Mr. **Leonard Orban**, Minister of European Affairs greeted the initiative of the authors of the study and noticed that it displays a critical analysis of the decisions enacted at a community level as well as a national one. Mr. Orban acceded to the authors' conclusions, emphasizing that Europe is confronted with a powerful crisis of macroeconomic unbalances in the Euro zone and suggested the need of a better coordination between the economic policies of the member states for a convergence in governance.

Mr. **Lucian Croitoru**, Professor PhD., adviser for the Governor of the National Bank of Romania and member of the Administrative Board of the European Institute of Romania, asserted that the main issue from which solving the crisis should begin is the correct identification of its causes in the Euro zone. Mr. Croitoru believes that the solution adopted by the European Union - the creation of the Euro Plus Pact - was a necessary one, but proposes a non-contractionist solution, which would consist in reducing Germany's competitiveness and depreciation of the euro currency to stimulate the entire Euro zone.



In his statement, Mr. **Bogdan Drăgoi**, Minister of Public Finance, at the time, affirmed that, by signing the Euro Plus Pact, Romania has made certain commitments in the public finance sector and thus, there are two major plans of action for 2012: supporting the investment level and the economic growth and increasing fiscal collection by modernizing the fiscal administration. He also supported the necessity of a structural reorganization of the fiscal administration at a national level, with effects in improving tax collection and a better relationship between taxpayers and the fiscal administration.



The second session entitled *'Reforms and policies in the national and European public finance sector'* was opened by Mr. **Aurelian Dochia**, economic analyst, managing partner Concept, acting as chairman of the debate, who stressed the importance of clarifying the impact of the new rules of the Euro Plus Pact on the Romanian economy, as well as the constraints which it imposes on the national economic policies.

Professor **Daniel Dăianu**, PhD. SNSPA, corresponding member of the Romanian Academy, former member of the European Parliament, former Finance Minister of Romania, the coordinator of the study, gave an overview of the economic crisis and highlighted the absence of economic policies in the Euro zone, the Euro Plus Pact having to base itself on measures taken at a national level. This situation is a consequence of a Monetary Union which lacks institutions, overall automatic stabilisers and a comprehensive economic policy for the Union. Mr. Dăianu

reiterated the consequence found at the level of manoeuvring space of national policies as a result of the Pact, this space becoming very limited, but also the lack of reform measures to substantially improve the current crisis in the EU.

Mrs. **Ella Kallai**, Chief Economist at Alpha Bank, co-author of the study, presented a retrospective of the period from 2000 to 2010, following the evolution of the main economic indicators. The guest brought into discussion the rapid growth of unit labour cost in Romania in comparison to the new member states, the accentuated emigration phenomenon, the import boom between 2005 and 2008 and the unsustainable salary growth of the public sector in relation to labour productivity.

Mr. **Laurian Lungu**, managing partner at Macroanalitica, co-author of the study, accentuated the impact of the Euro Plus Pact on the fiscal and budgetary policies and pointed out that the current Pact does not solve the underlying problems because it will reduce the policy space of the Romanian government, and Romania's main problem remains the low level of tax receipts, the lowest of the entire European Union.

Mr. **Valentin Lazea**, Chief Economist of the National Bank of Romania, pointed to the ratio between labour productivity and salary growth, considering it to have been subunit, but also to the internal devaluation mechanism as a measure against the current crisis. Moreover, the idea that signing the Euro Plus Pact was a necessary step to consolidate the fiscal and budgetary discipline was also brought forward, expanding the control possibilities of the EU over the different economic sectors being justified.

Mr. **Moisă Altăr**, Professor at Bucharest Academy of Economic Studies, opposed introducing limiting structural deficit in the Constitution, as the relativity of the term can lead to different results. Referring to the austerity policy, he asserted it is necessary for it to be accompanied by economic stimulation measures, otherwise its effects would be negative for the economy, leading to increased unemployment and reduced monetary receipts.

Mr. **Liviu Voinea**, Associate Professor at SNSPA, echoed the governance theme as an incomplete substitute for government, as the EU is creating rules because it does not have institutions. In his opinion, the structural deficit represents the most undemocratic indicator, since it is a criterion that lacks transparency and cannot be understood. Mr. Voinea stated that this treaty ignores the social consequences of a prolonged austerity and eliminates the possibility of having a countercyclical economic policy, reducing social costs in the long term.

For more details please visit http://www.ier.ro/index.php/site/arhiva_evenimente/

Agnes Nicolescu, Andreea Ichim

Conference

The Reform of the Common Agricultural Policy in the Context of the Post-2013 Budgetary Perspective

The European Institute of Romania hosted, on the 26th of April 2012, a conference entitled **The Reform of the Common Agricultural Policy in the Context of the Post-2013 Budgetary Perspective**. The discussions' starting point was the research result of the homonym study, published under the aegis of EIR, in the Strategy and Policy Studies SPOS 2011 Project.

The objectives of the study targeted the support for the policy-makers in elaborating a position opposite the new regulation project and some of the topics of discussion regarding the reform of the Common Agricultural Policy in the context of the post-2013 budgetary perspective.

References were made in the opening session to the challenges of the period between 2014 and 2020, attention being drawn to the importance that the Commission's orientation regarding CAP offers to research and innovation programs, as well as production liberalisation. Moreover, during the presentations, the member states' difficulties of reaching common ground, when the common agricultural policy and the cohesion policy represent three quarters of the European Union's budget, were reaffirmed.

Mr. **Adrian Rădulescu**, President of the Committee for Agriculture, forestry, food industry and specific services, Chamber of Deputies, highlighted the importance of a stricter control of the funds intended for agriculture, and not limiting them, as well as the necessity of gradual equalisation of the subsidies at a European level, drawing attention to the dangers that would occur after their sudden levelling.

Explaining the approach and conclusions of the study, **Daniela Giurcă** (consultant on agriculture policies and rural development) as coordinator, insisted on several evaluations regarding Romania's advantages and disadvantages in case of maintaining or slightly modifying the Commission's proposals, analyzing different configurations of direct payments and of the forms or levels of limiting them, as well as the implications for agricultural practice, beneficial for the climate and environment.



The analysis of the study was deepened in the direction of the bipolarity of agrarian structures in Romania and the evolution of micro-exploitations, in the presentation of Mrs. **Valérie Villemain Cioleş**, researcher at Unité Mixte de Recherche MOISA (Marchés, Organisations, Institutions et Stratégies d'Acteurs), Montpellier. According to her analysis, the agrarian and wine exploitations are predominantly of a sustenance nature. These are balanced by the big commercial societies, with an insignificant percentage in total, but with an area of 21-23%. A transition to bigger farms, family-commercial, needs a profound modification. The decapitalization that they are confronted with must be rebutted and micro-credit schemes must be developed.

Between the problems approached at the debate that followed the formal presentations we can mention: the official position of Romania regarding CAP-post 2013, the opportunities opened by the new orientations, the European funds and payments, the concentration of exploitations and property and the dialogue with the business unions.

The full report of the conference is available on EIR website, at Previous events section: http://www.ier.ro/index.php/site/arhiva_evenimente/

Andreea Ichim

EP

HUMAN RIGHTS AT THE EUROPEAN PARLIAMENT Strasbourg plenary session on 17 – 20 April 2012

The session began on Tuesday, 17 April, in the afternoon, after the Easter celebration of the Christian Orthodox MEPs. The works were dedicated to the respect for human rights in the world. Thus, Catherine Ashton, Vice-President of the European Commission/High Representative of the Union for Foreign Affairs and Security Policy attended both the debates on the statements presented upon some specific issues on this theme (the situation in Mali, Syria, Birmania/Myanmar) and the common debates, in substance, on the occasion of the reports on the state of the negotiations for the Associations Agreements EU - Azerbaijan and EU - Armenia.



Source: http://www.flickr.com/photos/european_parliament/

As for a recently created situation, Mrs. Ashton made a statement outside the agenda to express the Commission's position, motivated by the intention made public by the Government of Argentina to expropriate the Spanish assets in an important energy company. Given that this is a major investment of the European Union in Argentina, the Commission and the European External Action Service are studying this situation, which creates a major insecurity for all the European investors, taking into account all the possible options. These aspects have made subsequently the object of some statements of the Council and Commission about the *Legal security of European investments outside the European Union*.

Štefan Füle, Commissioner for Enlargement and Neighbourhood Policy, attended the debates on the *Black Sea Strategy*. The environment, the energy and its transport infrastructure have been approached as the three essential elements of the strategy, but also from the financial and neighbourhood policy perspective. The debates underlined the fact that developments are not as expected, although the cooperation in the Black Sea area remains one of the preoccupations of the European Union. Even if not all the states in the region are members of the Union, the relations with these ones must be consolidated, especially with Turkey, candidate state, but also with the others, within the cooperation organizations, of the Black Sea Synergy. Thus, the relations with Russia and Turkey will provide the Union an important role in the region.

On Tuesday there were submitted and debated in plenary session several reports of the special committees, among which the report on the *Coordination of social security systems*, referring to the unemployment benefits for the unemployed cross-border workers and to the flying personnel employed in civil aviation. The Committee on Economic and Monetary Affairs submitted two reports: *Common Consolidated Corporate Tax Base and Taxation of energy products and electricity*. The first one analyses the proposal for the Council directive on the common consolidated corporate tax base (CCCTB), establishing common rules for calculating the tax base applicable to companies operating in the European Union. The Committee on the Internal Market and Consumer Protection gave its notice for this project, with several amendments. One of them aims at protecting the tax revenues of the regional and local authorities, by preserving the Member States' right to take measures to this effect, according to their constitutional systems and in a manner compatible to the directive provisions.

On Wednesday there was submitted and debated in plenary session, for more than four hours, the report of the Committee on the Environment, Public Health and Food Safety: *A resource-efficient Europe*. The report approached several public policies of the European Union (economic, agricultural, fishery, transports, energy, common commercial policy, regional). The MEPs interventions pointed out the subtle links between policies and climate changes, protection of natural resources of fauna, flora, wildlife, landscape and biodiversity. Several parliamentary committees formulated opinions: international trade; industry, research and energy; regional development; fishery. This document was drawn up in January 2011¹ as one of the seven emblematic initiatives of the Europe 2020 Strategy, which favours the intelligent, durable and inclusive growth. The regional use of resources, as it was underlined, is indispensable in order to protect ecological assets, to maintain the life quality for the present and future generations, to ensure security of essential resources' supply (raw materials, energy, water, land, soil, biodiversity, maritime resources). The report is awaiting the single reading in the plenary session on 23 May 2012 of the first phase for the budget adoption.

On Thursday the Commission and Council statement concerning the *EU Accession to the European Convention on Human Rights* was debated. Bødskov Morten, President-in-Office of the Council, Prime Minister of Denmark, reminded about the European Parliament statement of 2010 for the EU accession to the Convention. The Commission negotiated with the Council of Europe in Strasbourg on behalf of Member States, finalizing these negotiations in June 2011. But some abstentions of the Council, concerning the voting right of the Member States and the fact that the decisions must be unanimously adopted, have determined the start of a process to find a compromise, for all Member States to have the same position. Commissioner Siim Kallas, Vice-President of the Commission, reminded about the principles of negotiation: the European institutions will be neutral, the obligations belong to Member States, European legislation will not be affected. The Court will be able to oblige EU to change its legislation and CJEU and ECHR will collaborate closely. AT ECHR there will be appointed a judge represented at CJEU. The Union will have a right to vote as concerns the Convention. The Commission will evaluate the EU activities according to the Convention and the Union will financially contribute to cover the ECHR costs.

The fact that EP is preoccupied with the respect for human rights is also reflected in the proposal for a resolution based on the *annual report on human rights in 2010*. The European Parliament shows its preoccupation with the need of some concrete rules in order to consolidate the monitoring of internet censorship by autocratic regimes. In this proposal, MEPs also welcome the plan for the appointment of a special EU representative for human rights, as a result of the EP long-term request.

For details, please visit http://www.ier.ro/index.php/site/arhiva_evenimente/

Mariana Bara

¹ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS, *A resource-efficient Europe - emblematic initiative of the Europe 2020 Strategy*, 26 January 2011, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0021:FIN:RO:HTML>

Launch of the registration to the course *Teachers' training on European themes*

The European Institute of Romania (EIR) and the Ministry of Education, Research, Youth and Sports organize in partnership a **professional training program for teachers in the field of European affairs**, financed by the European Commission through the Representation of the European Commission in Romania, according to the financing contract signed as a result of the tender PN/2011-11/BUC.

This training program is addressed to the teachers from all the three types of education: primary, middle and secondary education teaching study disciplines in which the European Union is a subject of study or part of some classes of geography, history, civic education, civic culture and any other subject of study from the optional curriculum.

Within this program a two-day session will be organized in each of the centres: Bucharest, Iași, Cluj, for each of the three types of education: primary, middle, secondary, as it follows:

City in which the course takes place	Counties allocated for the training course	Type of education	Course period
Bucharest	Bucharest, Ilfov, Mehedinți, Dolj, Gorj, Olt, Vâlcea, Argeș, Prahova, Dâmbovița, Ialomița, Teleorman, Giurgiu, Călărași, Constanța	primary	16 -17 July
		middle	18 -19 July
		secondary	20 -21 July
Iași	Botoșani, Suceava, Iași, Neamț, Bacău, Vaslui, Harghita, Covasna, Buzău, Vrancea, Brăila, Galați, Tulcea	primary	9 - 10 July
		middle	11 - 12 July
		secondary	13 - 14 July
Cluj	Satu Mare, Maramureș, Sălaj, Bihor, Cluj, Bistrița Năsăud, Arad, Timiș, Hunedoara, Caraș Severin, Alba, Mureș, Sibiu, Brașov	primary	3-4 September
		middle	5-6 September
		secondary	7-8 September

The course agenda consists in modules on the following themes: EU history and institutions, EU policies, EU2020 Strategy, opportunities of European training programs and Teachers' Corner.

The course is accredited with 4 transferable professional credits. The team of trainers includes specialized trainers in European Affairs and experienced teachers from the primary, middle and secondary education. For this training program 305 teachers will be selected (182 from the urban area and 123 from the rural area).



All the costs for the attendance at these courses are reimbursed through the project.

The registration to all the course sessions is open until **1 June 2012**. For additional information please visit: http://www.ier.ro/index.php/site/page/curs_cadre_didactice

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