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Florin Pogonaru

Chairman of the Businessmen’s Association of Romania, President of the Administration Board of the European Institute of Romania



Mr Pogonaru, lately, events and public debates have been abundant in topics related to crisis dominance. Romania, as other European countries, has also experienced economical and financial difficulties. What major consequences do you estimate this crisis has had (and continues to have) on European economies and particularly on the Romanian economy, and how will we be able to overcome them?

The business environment, at European level as well, had to adapt to a radical paradigm shift from the “markets rule” paradigm to “the politics rule even over the markets” and now to “the social rules over the politics”. More specifically, if demand and offer were the main benchmarks for action in business, from a certain point on, the outcome of the political meetings Merkel-Sarkozy and, later on, Merkel-Hollande has become more important. Economic decisions were determined by the results of these negotiations, whose purpose was often to calm the rage of markets.

Currently, the economic starts to depend on the success of various social movements, among which the separatist ones seem to be the most significant. After all, the fragile European balance achieved at present depends on the success of separatist movements in Catalonia or other euro zone countries. If secession occurs in Spain or in other euro zone countries, the consequences can be devastating for the entire European economy.

We have reached a point in which managers of large hedge funds returned investors’ ... **p.2**

event _____

EIR Annual Conference - The New Multi-Annual Financial Framework: Priorities for the European Union, Priorities for Romania

The European Institute of Romania (EIR) organised, in collaboration with the Representation of the European Commission in Romania, on 13 December 2012, a conference on “The New Multi-Annual Financial Framework: Priorities for the European Union, Priorities for Romania” ... **p.7**



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... money, stating they cannot manage funds in circumstances in which markets - demand and offer - are no longer the ones setting the rules of the game for the business environment.

On the other hand, it should be mentioned that at least the last months have been characterised by “an attenuation of the fear of collapse” at the level of investors in the euro zone. This reflects the fact that, regardless of the expectations concerning the recession for some European economies, we are on the way out of the crisis.

The Romanian economy depends on European markets due to the orientation of exports and financing sources, including the localisation of banks owning about 87% of the Romanian banking system's assets. Any forecast for the future must start from this fact and from the fact that our agriculture is still meteo-dependent.

Romania's target for joining the euro zone, predicted for 2015, seems to be a more and more distant objective. In your opinion, would the delay of the accession to the euro currency have a negative impact on the Romanian economy?

Certainly, delaying the accession to the euro zone has negative effects on the business environment. Access to credit and financing costs are the most relevant examples.

On the other hand, we must be realistic and understand that the euro zone is being redefined and that it will be a long-term process. Internally, the objective of joining the euro zone no longer mobilises public opinion, expressing the national interest, as did, at the time, the accession to the European Union.

At the same time, we have been given the impression that the accession to the euro zone is, in fact, another way of selling austerity. I believe it was a mistake that will postpone the adoption of the euro, due to the fact that part of the society has started to be concerned essentially about the related social costs.

You know the Romanian business environment, its difficulties and specificities very well. Could you list a few of Romania's economic growth engines on a medium- and long-term? What should be done to support them?

The Romanian business environment has attracted European investments mainly through its cheap and quite well qualified labour force. If cheap (but less and less qualified) labour force continues to be

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was that, for many Romanian undertakings, the only market is the external one. And more undertakings have gone bankrupt because there was no internal market. Survivors receive import inputs and deliver products for export, taking advantage of the cheap labour force.

Romania's main advantage, it means that the effects of the accession will not be felt by the population, which will become more and more euro-sceptic.

Romania's failure to attract European funds is essentially a Romanian problem, the solution of which is not only in Romania. Sooner or later, we will have to admit that, in the process of the accession negotiations, we sometimes set much too ambitious objectives, which, regardless of the local mobilisation, will not be achieved. The question is if we will have negotiators able to make Brussels receptive of these situations, so that we don't fail into self-flagellation every time.

Secondly, we will have to reassess the role of exports as an engine for growth. After all, in Romania, the main effect of the crisis was the destruction of the value-creation chains. The Romanian economy is not a web of small- and medium-size enterprises, which make-up value-adding chains creating products for the internal market and for export. The result of reducing internal consumption

is unsustainable. Hence the need for austerity to be balanced with objectives of economic growth. We set quantifiable austerity objectives: 1.9 - 2.2% deficit of GDP. We should also aim to achieve an economic growth of about 2% above the European average. It is the only way to achieve convergence.

Mr Pogonaru, you are now at the end of this term as President of EIR's Administration Board. Thanking you for your activity and constant support offered to EIR, I would like to ask you what would be, in your vision, the role of the European Institute of Romania in the current national institutional system and what are, from your perspective, the directions to follow, to which the Institute should pay particular attention in the future?

EIR has managed to become a brand through the activity it has carried out since its establishment and since the first years after the accession.

I believe that, when I was appointed President of EIR, the main challenge was to redefine its role, shifting the

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Since 1997 he has been a member of the Balkan Stability Pact (former SECI) where he has been involved in evaluating and monitoring the critical aspects of the business environment in South-Eastern Europe.

The professional activity of Florin Pogonaru focuses mainly on investment banking and he has been the coordinator of the operations for Romania of some important financial groups such as Creditanstalt (CAIB), Bank Austria (IBA) and Alphabank (BIG).

Florin Pogonaru graduated from the Academy of Economic Studies, Bucharest, where he was also awarded the title of PhD in Economics. He also graduated from the Faculty of Law, University of Bucharest.

focus from accession-specific activities to strengthening the functions related to substantiating Romania's stances in the new European context.

There are still many things to be done, mainly as regards institutional redefinition.

Firstly, there is a need for the active involvement of all stakeholders in a new institutional architecture, able to offer

the institute enough independence in order to ensure financing for reference works in due time. Secondly, optimal mechanisms for cooperation with the other public and private institutions, whose stances must be supported in Brussels, should be found.

Interview by **Oana Mocanu**

analysis | opinion

Common Agricultural Policy between Regress and Progress. Where Has the Simplification Gone?



A Partnership between Europe and Farmers

agricultural production prevented the resources from moving to more productive sectors, distorting the world trading system at the expense of developing countries. Unfortunately, this led to a costly and inefficient transfer of resources, often from relatively poor consumer households to more wealthy farmers. Yet, it has stimulated growth in asset prices (especially land) in agriculture, which inhibited structural changes and led to the emergence of a more competitive agricultural sector. Nevertheless, this contributed very little to global food security in Europe, not only because increasing food prices is the worst way to try to improve food security in poor households, but also because output growth impetus came from the flow of innovations in the chemical industry, from the genetic transformation applied in plant growing and animal farming rather than from the market regulation itself.

It's time for a radical change: EU needs a more democratic foundation, greener and fairer to give European citizens healthy food, to ensure the sustainable use of natural resources, to improve the environment and to provide a decent living for farmers.

The CAP undertakes an agricultural system that produces plenty, with subsidies for the excess, then applying non-marketable quotas to prevent the surplus. Furthermore, its structures are set up to enable international and global exports in a way that benefits the European Union "as a whole".

Supply chains should be shortened focusing on regional and local food producing systems. To make this transition, the CAP should shift its focus towards maintaining food security by using a wider range of crops and livestock, using the same space available now, instead of the long chains of distribution networks and international transportation systems. In order to achieve these structural changes, a more creative and future-oriented CAP thinking is needed, in the meaning that new ways must be found to feed major urban populations. Measures likely to achieve these objectives would be: support systems for urban spaces and farms, greening and creating small scale vegetable plots in urban areas.

However, given the biodiversity and endangered farmers, hunger and increasing social inequalities and compromised food security, civil society groups are calling on the European institutions to use the ongoing CAP reform to undertake a radical „appropriate” overhaul for the next 50 years.

The CAP has traditionally supported the intensive agriculture to the benefit of large-scale farmers and agribusiness. Public opinion however shows strong support for a radical change, for sustaining green agriculture, for a shift to local food production and for a fairer distribution of subsidies to support small-scale farmers.

¹ <http://www.euramet.eu/rum/Programul/Programe-in-romaneste/50-de-ani-de-PAC>

The CAP reform after 2013 is a complex subject that has raised lively debates at European level, particularly regarding the level of direct payments, which currently vary enormously from state to state. The Netherlands and Belgium, for instance, receive more than € 400 per hectare, while Portugal, Romania, Bulgaria and the Baltic countries (Estonia, Latvia, and Lithuania) receive less than half of that amount per hectare. The main changes proposed include the new scheme of direct payments to farmers, subsidies for “green” agricultural practices and increasing the support for young and small-scale farmers.

For over 50 years, CAP has been one of the most important common policies in the European Union. Currently, a new CAP reform is under way in a turbulent period of the European Union. European agriculture must achieve important goals and consider new issues in order to contribute to social balance.

After 50 years of supporting an old-fashioned system, European and national policy-makers need to reconsider it. Supporting short-term productivity is clearly the improper path. It is time for European policy-makers to put their support behind ecological and multifunctional agricultural practices that are proven to maintain employment on farm holdings, protect and enhance water bodies, soil fertility and biodiversity.

Livia Mirescu, intern

Relations between Turkey and the EU: Hurdles, not a Rupture

Background

The recent public debate surrounding the Turkey - EU relations often highlights their deficiencies. Some analysts point out to Cyprus' status as a potential cause for Turkey's refusal to fully cooperate, in context of the Cypriot presidency of the European Council. Others point out to the 2012 Progress Report for Turkey¹ and to the critical phrasing in its second chapter, “Political Criteria and Enhanced Political Dialogue”, as a potential indicator of the alteration of Turkey - EU relationship.

Some researchers, looking at the “Youth in Statistics, 2011”² report, published by the Turkish Institute for Statistics (TurkStat), say that the low level of trust in the EU among young Turks and adults alike indicates a major problem regarding Turkey's future as a member state of the EU. Considering Chancellor Angela Merkel's 2010 statement that multiculturalism in Germany has failed³, some may be tempted to believe that Turkey may not be fully compatible with European values. Things are actually much more nuanced.

The difficulties encountered by Turkey so far on the accession path have raised questions as to the finality of the entire process.

It is clear the Nicosia-Ankara dispute requires a resolution neither party can provide unilaterally. The issue is too complicated to be left to the two actors alone. One should not forget that Turkey is the only country to recognize the

Turkish Republic of Northern Cyprus and has been pushing for the Organization of Islamic Cooperation to recognize it as well. The dispute also has security-related considerations, since the issue first came up in 1950, when the Greek Cypriot population voted to unite with Greece and stirred up still fresh memories of the Greek invasion of 1919-1922. It is also a matter of economics and natural resources: the most recent debate regards the partition of natural gas and oil deposits in the Levant Basin (located between Israel, Lebanon and Cyprus). Furthermore, since Cyprus has held the presidency of the European Council, they have blocked the opening of six chapters in Turkey's accession negotiations. Ankara, in its turn, has refused to participate in any meeting presided by Nicosia⁴.

What's next?

The resolution of this conflict requires increased EU involvement.

Members of the anti-accession camps in both the EU and Turkey pointed to the 2012 Progress Report for Turkey and stated that its second chapter may be interpreted as an indication that the two are incompatible. What both sides seem to ignore is the fact that the report is mainly positive, reflecting the great progress Turkey has made in many fields. Furthermore, the Turkish Prime Minister Recep Tayyip Erdoğan has stated on several occasions that, regardless of how negotiations with the EU evolve, Turkey will continue to work to meet the accession criteria as they are important steps to be taken in the country's development. Critics

¹ Available online at http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/tr_rapport_2012_en.pdf

² Available online at http://www.turkstat.gov.tr/Kitap.do?metod=KitapDetay&KT_ID=58&KITAP_ID=251. The section referred to is Table 9.20: Referendum tendencies of individuals in Turkey on EU membership, 2005-2011.

³ Source <http://www.bbc.co.uk/news/world-europe-11559451>.

⁴ For a more detailed analysis see Günter Seufert's, *Turkey's Cyprus Policy in the Context of Nicosia's Presidency of the European Council*, http://www.swp-berlin.org/fileadmin/contents/products/comments/2012C34_srt.pdf

have stated that Erdoğan's so-called "Ankara Criteria" are not in fact based on the "Copenhagen Criteria"⁵. However, his statements have made it clear that he understands how important the latter are for Turkey's progress.

While it is true that TurkStat's report shows a significant decrease in the number of people with a pro-EU outlook since 2005 in both the young and adult segments of the population, the pro-Europe option is still the predominant one, followed by a declared anti-EU segment and a large number of undecided respondents (22-28%), which are most likely going to turn to the pro-EU camp as soon as the standstill in negotiations has been surpassed.

Germany has always had a strong anti-immigration stance. It is more likely that achieving genuine multiculturalism wasn't even attempted in Germany and could not, therefore, have been exhausted there. Other EU countries (such as the United Kingdom or France) have significant Islamic minorities that have been much better integrated because of the completely different view on immigration these states have.

The EU needs Turkey to secure and stabilize its immediate neighborhood and to try to tackle the issue of its ageing population. Turkey, on the other hand, needs the EU because it is in a rather delicate position at the moment. Ankara has encountered difficulties in assuming a top mediating role between Israel and Hamas, thus making room for Egypt to assume the main negotiator⁶ position.

Furthermore, the two parties have a history of surpassing apparently insurmountable obstacles. Turkey has suspended the customs union process in 1978, later it was rejected in its bid for membership in 1987, eventually completing the customs union in 1996. Nevertheless, negotiations for accession were not opened in 1997, as it was expected, and Ankara consequently suspended again its dialogue with the EU. After all this, Turkey has become an official candidate in 1999 and accession negotiations were opened in 2005⁷.

Tudor Bădilă, intern

publications

Europe's World, autumn issue 2012



Europe's World, an original platform of ideas for a new way of thinking about political, economic or social topics, launches with each new issue the most recent topics on the EU agenda, citizens and key players from the civil society, the media, the academic environment, the business environment and the public administration being invited to participate in a series of informed political debates.

The autumn issue of *Europe's World* brings to the foreground a few options for coping with the euro zone crisis, which seems to be persisting without any clear solution or plan looming in the horizon to solve the debts problem. But the euro zone's problem is not the problem faced by Greece, Spain or Italy, considered separately, and it is not even a debts problem. The essential problem is the architecture of the euro zone and the Monetary Union, the dissociation of the Monetary Policy from the Fiscal and Economic Policy.

The euro zone crisis emerged after successive enlargements of the European Union. **Jean-Claude Piris** calls attention to the need for a structural solution to the problems of the euro zone, a different one from those proposed so far, that deals not only with the effects, but also with the causes of the crisis, a strategy conveying an unequivocal signal of support for the single currency by all EU Member States, using to this end all possible means for a closer cooperation. **Niels Thygesen** emphasises the fact that this tension is worsened by the need to pass beyond the provisions of the current Treaty for most measures designed to

address the crisis situations in question.

In the competition for globalisation, Russia and Europe might be placed on different positions, but they pursue the same goal. Igor Ivanov points out the fact that there is a connection stronger than the historical or geographical one between these two great powers, namely the quality of human capital. Due to the powerful traditions in developing human capital and creating favourable environments to encourage this connection, Russia and Europe do need each other, which implies a series of issues, from education and public health to environmental protection.

The analysis made by **Giampaolo Di Paola** on NATO's relevance for the European security is a useful approach to the immediate challenges that Member States must face. Over the last four years, a sharp tension between Northern and Southern Europe was created and it is emphasised by an acute austerity in countries such as Greece, Italy, Spain, Portugal and Cyprus, including the countries that have recently joined the EU, Bulgaria and Romania. European security and prosperity depend more and more

⁵ This is the case of Semih İdiz. See <http://www.hurriyetdailynews.com/erdogans-ankara-criteria.aspx?pageID=238&nID=33492&NewsCatID=416>

⁶ See Murat Yetkin's article titled *Davutoğlu's Tears* at , <http://www.hurriyetdailynews.com/davutoglus-tears.aspx?pageID=449&nID=35203&NewsCatID=409>

⁷ See Nilgün Arisan Eralp's *Looking Beyond the 2012 Progress Report for Turkey* at , http://www.tepav.org.tr/upload/files/1351598425-9.Looking_Beyond_the_2012_Progress_Report_for_Turkey.pdf

on the development of an efficient multilateral system that can improve the institutional capacity of the European Union and offer the strategic framework in the field of crisis management. In this context, NATO should improve its ability to play the role of global stabiliser, becoming thus a responsible security provider.

The current issue **dedicates a special section to food security**. Adapting the food system will need complex social, economic and biophysical adjustments made to food production, processing and consumption. Given the fact that existing resources for a sustainable food security are limited, the challenges for the future of food security are huge. Population growth will result in unprecedented urbanisation rates. These changes will take place in most of today's developing countries, among which many will have a medium income status. The result will be a rapid growth in food demand, both in terms of quantity and quality. Government policies designed to increase the bio fuel rate in energy consumption add to the challenges for our collective capacity to ensure a sustainable food security. Representatives of the European Commission, such as Commissioner **Dacian Cioloș**, emphasize the importance of the role the European Union must play in coordinating the main actors in its endeavour to control price volatility. **Paolo de Castro** draws attention to the need for a modern agricultural policy, capable to promote food security and a clean environment, creating, at the same time, the conditions necessary to allow farmers to produce more food and cope with the new risks they are facing, without distorting markets.

The autumn issue of *Europe's World* also invites readers to reflect upon the most important five myths about Europe's decline, that are dismantled with arguments in an article written by **Indermit Gill**, who underlines the role that can still be fulfilled by the European model.

The full issue can be consulted on the site of *Europe's World*, together with previous issues:

http://www.europesworld.org/NewEnglish/Home_old/ArticleIssue/tabid/183/IssueID/238/language/en-US/Default.aspx

Livia Mirescu, intern

event

EIR Conference – Launch of the Brochures of the “European Union Policies Guide” Series

On 6 December 2012, the *European Institute of Romania (EIR)* organized, at the EIR conference room, the launch of the brochures of the *European Union Policies Guide* series.

In the last years it became more and more evident that there is an increased necessity for more cooperation between the academic field and the public administration, for a better mutual knowledge and transfer of expertise and competence skills. In this regard, a key component in proving a harmonious development at both institutional and social level is ensured through the motivation of students' participation to different internship programmes within the public institutions. The improvement of students' level of knowledge alongside a more careful calibration of the academic programme with the labour market needs would be thus ensured.

In this context, EIR, as a public institution responsible, among other things, with increasing the knowledge and skills level in the European affairs field, launched at the end of 2010 the pilot programme „*European Union Policies Guide*”, dedicated to the European policies. The project's aim was to elaborate a series of works and information materials in the area of European affairs *written by the students, for fellow students*, to provide basic and correct information, in an accessible language, for those interested.

During 2011 - 2012, four brochures were completed, each addressing relevant European affairs thematic areas which have a direct impact on the Romanian developments in the near future. Thus, the research aimed to provide some **fundamental elements regarding the European policies** in key areas such as **cooperation for development** (*Development Cooperation Policy*) and the *Humanitarian Aid Policy* of the



EU), the provision of key information on economic policies (*Monetary policy* and *Common Trade Policy*) as well as on the long-term prospects for the environmental policy, by analyzing the European status quo (*Environmental Policy*).

The brochures are available online here:

http://www.ier.ro/index.php/site/page/alte_publicatii

For more information regarding this event please visit the section: http://www.ier.ro/index.php/site/arhiva_evenimente

Mihai Sebe

EIR Annual Conference - The New Multi-Annual Financial Framework: Priorities for the European Union, Priorities for Romania

The European Institute of Romania (EIR) organised, in collaboration with the Representation of the European Commission in Romania, on 13 December 2012, a conference on “The New Multi-Annual Financial Framework: Priorities for the European Union, Priorities for Romania”. The event also hosted the third edition of the EIR Awards of Excellence, dedicated this year to research and training in European Affairs in the academic environment. The conference was attended by representatives of the Ministry for European Affairs, of the European Commission Representation in Romania, of the Member States’ embassies to Bucharest, as well as highly esteemed experts and economic analysts, researchers in the field of European Affairs in Romania and abroad.



We will present below only some of the topics discussed during the debate (the issues approached by all speakers can be found in the conference summary, which will be available in whole on the EIR website under the **Communication and Marketing/Previous events** section).

The conference was opened by **Prof. Dr. Gabriela Drăgan**, Director General of the European Institute of Romania who, as moderator of the first session, outlined several perspectives on the future Multiannual Financial Framework (MFF), as well as the initiative of granting the EIR Awards of Excellence to the most important research centers in the country. A short introduction of the stake of the new multiannual financial framework and of the main actors in its adopting process presented an opportunity to introduce the distinguished guests and their particular perspectives on the theme. Mrs. Drăgan outlined the difficult framework of negotiations regarding MFF dominated by the two groups of member states (“the friends of cohesion” and the “friends of better spending”) focusing on Romania’s stake in these discussions.

Mr. Leonard Orban, Minister of European Affairs, welcomed the organisers’ initiative to approach this theme. He gave an overview of the balance of power, the main dialogue themes and their evolution, analysing the current stage of negotiations and the implications for Romania. EU’s finance ministers have recently reached an agreement regarding the surveillance mechanism in the banking system, taking steps towards strengthening the fiscal capacity of the euro zone, a major subject in the Report on the Future of the Economic and Monetary Union. This is a positive evolution of dialogue between member states, following the polarization noted in the European Council in November. The President of the European Council, Mr. Herman van Rompuy, is trying to maintain a balance between the visions of the two groups of states, “the friends of cohesion” and “the friends of better spending”. His updated proposal regarding MFF 2014 -2020 is the element of continuity of the negotiations, replacing the previous version promoted by the European Commission and the Cypriot Presidency. From uniform algorithms applied to Member States (MS) by the Commission, with significant increases/decreases in financing (e.g. +40% for cohesion for Poland and Romania), through reallocations, a balance was reached again with minimal variations for the Member States. Currently, steps are taken to reduce by approx. EUR 30bn funding from other chapters than those sustained by some member states, cohesion and agriculture. The chances of reaching an agreement in the first quarter of 2013 depend on the member states’ stances, which are difficult to reconcile (e.g. concerning the direct payments for agriculture or EU’s own income), which brought in the discussion the possibility of giving up MFF in favour of annual budgets for the adoption of which the qualified majority of votes is sufficient, thus avoiding the difficulty of obtaining unanimity. Romania, by losing opportunities given by the substantial increase of funds provided for in the Commission’s proposal, limits its expectations. Our country has, however, the possibility to consolidate its position of net beneficiary not only by a higher absorption of funds, but also by increasing the quality of spending of the community money.

H.E. Mr. Marek Szczygiel, the Ambassador of the Republic of Poland to Romania, outlined a European and national perspective on the stake of the new MFF. The chance to leave the economic crisis behind, offered by the Commission’s proposal and by its pro-growth option remains if the weaknesses of the sustainable growth are exposed. He emphasised that both Poland and Romania were significant supporters of the first budget version. However, in the current context, a solution accepted by all MS is preferable to a quick one. From Poland’s perspective, the frequent mention of the economic growth as argument in the negotiations should lead to a strengthened European solidarity, reflected by the new MFF. Poland has gained considerably from the good absorption of structural funds and the cohesion policy remains the most important instrument for European integration, a fact emphasised by the Polish delegation during negotiations.

Mr. Niculae Idu, Head of the European Commission Representation in Romania, made an analysis of the European processes and EU perspectives at the global level, from the perspective of the proposals and negotiations regarding MFF, mentioning public stances of political leaders, appraisals of analysts, European policies and statistical data. The EU needs a separation of its visions on the medium and long-term from the short-term political ones with a view to promoting a solution to exit the crisis and overcome the current situation. Greater responsibility is needed in reforming and developing the EU in order to avoid becoming a marginal entity at the global level.

The second session, moderated by **Mr. Aurelian Dochia**, Managing Partner CONCEPT, was focused on the priorities for the EU and those for Romania. Mr. Dochia noticed a negative aspect which seems to have grown during the last several years, the fact that the public

seems to neglect the seriousness of the current economic and financial situation, in a context in which the European structure is going through difficult times.

Mr. Gabor Hunya, researcher at the Institute for International Economic Studies in Vienna, welcomed the initiative to debate on this theme, as there is an increasing need to understand the current developments. Mr. Hunya presented his vision regarding the perspectives of returning to economic growth in the states of Central and Eastern Europe, starting from the foreign investments in the region. The guest noted the gap between production and work force. Prof. Hunya mentioned several hypotheses: that the euro zone will overcome the current crisis, that the fiscal policy will relax and, possibly, the monetary policy too. Referring to Romania, he emphasized that its economy is competitive but it needs new markets, considering the context of the euro zone crisis. In Romania, as well as in Hungary an increased level of domestic politics uncertainty is manifested, while in Slovenia the real estate boom has led to a crisis situation. As concerns the potential economic growth incentives, they can be internal consuming and direct foreign investment. Mr. Hunya mentioned in the closing of his speech that an increased integration is necessary at European level and Romania has the chance to establish a series of priorities and targets to ensure its economic prosperity. In this sense, it appears that the coming year will be a decisive one for Romania's course.

Mr. Daniel Dăianu, PhD, University Professor at the National School of Political and Administrative Studies, former Finance Minister and former MEP, focused his speech on means of tightening the allotment criteria for the future EU budget funds, as well as on penalties applicable to the member states. A theme associated to the public discourse regarding the crisis concerns the evolution of negotiations for the Banking Union and how its achievement can contribute to overcoming the crisis. As the euro zone crisis is a crisis of the financial integration, currently an on-the-go reconstruction of the euro zone is attempted. Mr. Dăianu appreciates that the public debate in Romania concerning these subjects is too focused on themes such as allotments for the cohesion and the agricultural policy, drawing attention to the fact that it is not sufficient to discuss strictly these aspects of the negotiations conducted within the margin of the new multiannual financial framework of the EU. What can support Romania at present is not so much the negotiating capacity, as it is the fact that there are several member states who share the same interests, among which the Central and Eastern European states, as well as France and the Baltic countries. For Romania it is vital that the conditions for the allotment of the European funds do not become more stringent.

Mr. Dragoș Pîslaru, General Manager of GEA Strategy & Consulting, proposed a qualitative approach of the spending of the European funds, regardless of their amount. Thus, he mentioned several deficiencies, the most significant of which is the lack of a strategic vision, integrated at political level, which could ensure the possibility of developing and implementing a common action project. It is particularly worrying that the social fibre is torn apart. One cannot speak of a community or a common vision for the future. A lack of responsibility at the national level for the decentralising of programs can still be observed. At the same time, the lack of progress in establishing and implementing the national fund for entrepreneurship has become obvious, despite the fact that at some point financial means were available for this initiative. Thus, a vision and structure of political coordination, capable of managing the existing financial resources is necessary.

Mr. Valentin Lazea, Chief Economist of the National Bank of Romania, outlined the context of his intervention mentioning the moments of deep economic or political and military crisis Europe has been through during the past century: the two world wars, the depression of the 1930s, in order to draw a fundamental lesson, that only such situations determine states to allot supplementary funds or to consolidate their fiscal discipline. Now we are facing a similar situation, therefore there is a need to strengthen the solidarity between member states and not to weaken it. The strengthening of European solidarity is manifested by the recently established European Financial Stabilisation Mechanism. Member states have to admit that they all benefit from European allotments insufficiently used and valorised. These resources which remain unused must be subject to adjustments. Without properly accessing the European funds, Romania can have an economic growth of approx. 2%. If these allotments were used, economic growth could reach 3 - 4%. The guest reiterated the need to unify the political and managerial institutions with attributions in managing the national and also the European funds.

In the closing of the session, **Ms. Bianca Toma**, expert at the Romanian Centre for European Policies, referred to Romania's stance in the negotiations for MFF, mentioning several personal appreciations, such as the fact that Romania was not in the position to block negotiations by exercising its veto right. An increase of the pressure and the need to debate the public policies from the civil society and the expert environments towards the political environment is needed. Another significant challenge comes from the lack of societal and civic cohesion in a context where Romania is facing significant opportunities, which should not be missed.

The conference hosted, during its last session, the **awarding ceremony of the EIR Awards of Excellence**. **Mrs. Gabriela Drăgan** and **Mr. Leonard Orban** took the floor, the later welcoming the initiative of continuing the awarding, this time for the activity of research and excellence centres in the field of European Affairs, in a context that lacks expertise in this domain. Mrs. Drăgan emphasised the fact that the prizes offered by EIR are an expression of the encouragement and appreciation of the institute for the activity of the centres for studies and research in the field of European Affairs. At the same time, the initiative is intended to be a communication link between the segment of the decision makers and that of the civil society and the academic environment

The winners of the third edition were: the Jean Monnet Centre for Excellence in European Studies (Alexandru Ioan Cuza University, Iasi), the Institute for Euro-Regional Studies (Oradea University), the Centre for Excellence for the Institutional and Administrative Reform of the European Union - PRIAUE (Babeș - Bolyai University, Cluj Napoca), the Institute for European Research (Babeș - Bolyai University, Cluj Napoca), the Centre for Migration and Mobility Studies - SISEC (West University, Timișoara), the Centre for Euro-Atlantic Studies (Bucharest University), the Centre for European Law Studies ("Acad. Andrei Rădulescu" Institute for Legal Research) and the Romanian Association for International relations and European Studies. The representatives of the award-winning centres, in their turn, welcomed the initiative and gave a brief presentation of their activity and recent or on-going projects.

The European Parliament: Plenary Session 10 – 13 December, Strasbourg

The agenda of the EP December Plenary Session was dominated by subjects such as the 2012 - 2013 budgetary package and the introduction of unitary patent rules at the European Union (EU) level.

The session was launched *on Monday, 10 December*, by EP Vice-President Gianni Pittella, replacing President Martin Schulz who was attending the Nobel Prize Award Ceremony in Oslo, to receive the Nobel Peace Prize.

Tuesday, 11 December, a new legislation referring to the **introduction of an EU unitary patent regime** was voted. The EU patent package will enter into force on 2014 and will considerably reduce patent costs. Rapporteur Bernhard Rapkay declared that “The path towards the introduction of the EU patent was long and troubled, but ultimately it has been worth the effort”, adding that this is an important step for the EU economy.

The issue that dominated the agenda on *Wednesday, 12 December*, was the **budget package for 2012 and 2013** adopted by the EP, the MEPs proposing bigger sums of money to support competitiveness and for the foreign affairs budget. The **situation of the asylum seekers from Syria** was also tackled, the MEPs expressing their solidarity towards them and committing to prepare a regional protection program meant to complement the humanitarian aid offered by the EU. On the same day, the **2012 Sakharov Prize** was awarded to two human right activists from Iran, as a proof of EU’s support for their cause in the fight for political change.

In a resolution voted on *Thursday, 13 December*, the EP asked the European Commission to get more involved in **backing up the steel sector**, taking into account the concerning decrease



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

of jobs in the sector, during last decades. On the same day, the MEPs voted to **grant Albania EU candidate status**, on the condition that this country will continue its reform process, especially in the judiciary sector, and will strengthen its democratic institutions. Another Eastern European state whose situation was discussed on Thursday is Ukraine, the MEPs expressing their discontentment and concern towards the way in which the November 2012 Parliamentary elections took place and the way their results affect the EU - Ukraine relation.

For more details, please visit: <http://www.europarl.europa.eu/news/ro/pressroom/pressrelease/plenary/>

Alexandra Pop, intern

Book Review

Zaki Laïdi (ed.): EU Foreign Policy in a Globalized World: Normative Power and Social Preferences,

Routledge/GARNET Series: Europe in the World, Abingdon, Oxon, 2008, 201 pp; ISBN 978-0-415-43363-1

– book available at the EIR Documentation Centre –

In the context of a Europe that is still under the shadow of the American economic power, Zaki Laïdi, researcher and professor at Sciences Po in Paris and also at Bruges College in Belgium, proposes a collection of essays intended to describe the mechanism of the dissemination of European norms, as well as their course, as they are perceived by other states of the international system. Under the title “EU Foreign Policy in a Globalized World - Normative Power and Social Preferences”, the editor structures his paper in two parts comprising

10 chapters which include specialised analyses of experts on various cases of interest, with influence on the international system and the EU. In a “foreword” to an extremely complex analysis article, Zaki Laïdi makes a short introduction on the themes and concepts that will be used throughout the paper. The introductory chapter “European Preferences and their Reception” encompasses a history of the preference for the European norms and the attitude of the recipient states.

Significantly, Laïdi traces this “normative power” back to the end of the Cold War, when there was an attempt to implement, in certain countries, certain living standards and similar policies. But today, Laïdi notes, the vision of Europe as an active actor of the international system goes beyond the barriers of the past (such as the affiliation to a congruent historical past) opening up its perspectives towards the countries in its Eastern extremity or towards the states of Africa, the Caribbean and the Pacific. Besides, Europe shows an interest in countries that are less developed from an economic, social and security perspective. Redefining and creating new strategies, instruments, policies and practices at the global level are being discussed. To this end, it is necessary to carefully analyse the way in which recipient states accept these norms and changes, how they juggle with them, but also their degree of international cooperation at each level.

In the next study “The Normative Power of the European Union in a Globalized World”, Ian Manners (Danish Institute for International Studies) qualifies the EU norms, as being generally valid, “normal” for a globalised world. Manners frequently uses European norms as key terms in his study. Thus, norms such as: economic and social solidarity, development policies, sustainable development objectives or equal labour standards are given as examples by the author and integrated in the context of a European Union based on the principle of solidarity as a standard norm of the EU. In order to emphasize social preferences, the degree of promotion and implementation of EU norms, the author analyses, among other things, the case of the development of labour policies and standards in the countries that are considered to be hostile to good governance.

In the study “The Historicity of European Normative Power”, Karoline Poste - Vinay, Research Director at Sciences Po, Paris, attempts to answer questions on the historicity of the normative power at EU level, but also at the global level, by making use of space and time landmarks inspired by the literature on international relations. Thus, starting from the definition generally accepted of the term “norm”, Poste-Vinay retraces the metamorphosis of the European normative power, considering that the pre-1945 period represents an “aggregate of individual powers”, followed by the setting of a foundation for a trend in the normative activity at the global level. The author analyses the case of Japan, where normative power is oriented rather towards the power aspects than towards standardization.

The second part of the work, “The Reception of Democracy”, debuts with the study of Anne-Marie Le Gloannec and Jacques Rupnik, researchers at Sciences Po, Paris, entitled „Democratization by Extension - Seeking Reinsurance”. The authors set forth a positive image of the EU as a “leader” in promoting democracy and in the process of democratising states. Throughout their analysis, the authors answer a few questions related to the costs and benefits of the process of developing democracy. The arguments put forward are supported by concrete examples such as the case of post-communist countries in Central Europe or Bosnia, for whom the EU assumed the role of mentor in implementing the constitution and the normative balance brought as close as possible to the European standards. In the end of the study, the author emphasizes the oscillating speed at which the typical European democratisation process is carried out in these special and sensitive cases.

The next chapter signed by David Chandler, Professor of International Relations at Westminster University, is dedicated



to the analysis of the ways of promoting democracy in the Balkans. The author relies on Baudrillard’s study on the “dissolution of the political subject”, a concept that makes reference to the political leaders’ weak legitimacy in issuing norms. In other words, democracy is simulated as the political actors have lost their ability to keep in touch directly with the society and the citizens and are unable to implement a political programme.

Another basic EU principle, human rights protection, is elaborated upon in the study “A Missed Opportunity?” by researchers Franziska Brantner (Oxford University) and Richard Gowan (New York University). The two researchers focus on the opposition between the United States and the European Union in the actions undertaken to promote human rights. Europe is described as dedicated to this kind of projects and, although it is far from aspiring to a leading position in this field, it aims to create a solid image of militant for democracy and human rights. At the same time, the authors note some of the action strategies used by the EU in the field such as: identity consolidation, coordinating European internal mechanisms and assuming the capacity of “change-maker” on this level. *The Human Rights Council* is suitably praised for its activity, but it is mentioned that the prestige of this fundamental action body is shadowed by deficiencies at the systemic level such as the insufficiency and lack of unity in collaboration and of strategies, which makes the authors end the article on a sceptical note.

Florent Parmentier, PhD student and assistant at Sciences Po, Paris, enriches the content of the work with an article on the *European Neighbourhood Policy* (ENP), analysing the way these policies propagate towards the EU Member States as well as the degree in which they are received and perceived. In this context, the author is interested in the security of the EU system when it comes into contact with countries outside the EU, migration, justice and home affairs being the key concepts tackled in this regard. An eloquent example given by the author is Russia, a state that refuses to join the Neighbourhood process, decision mostly dictated by geopolitical matters concerning state sovereignty, its relation with democracy and energy-related interests.

In spite of the discrepancies between Russia and the European system, extremely visible after the end of the Cold War, there are some shared geopolitical interests. Thus, the author presents some of the partnership projects with Moscow, such as the Partnership and Cooperation Agreement (PCA) designed to promote the democratic norms and the European market. In

conclusion, the Neighbourhood Policy is to be understood by all recipient states as a strategy meant to propagate EU norms at the regional level, for a better cooperation and security.

The case of North Africa is debated further by Luiz Martinez, Research Director at Sciences Po Paris. The author makes an x-ray examination of North African countries, former colonies that are facing democracy and security issues, but are favourable to regional integration, in all its complexity. But the vulnerability of the authoritarian regimes in many African countries raises worrisome questions for European experts regarding the collaboration with the targeted countries, since the European neighbourhood project must not affect the safety and security of the European system. Nevertheless, EU is open to North African countries that, in their turn, are willing to make major changes at political level and at other levels, in order to receive support from the EU.

The case of democracy promotion in Afghanistan is analysed by Jean-Noël Ferrière, Research Director at CNRS Grenoble. The author presents three perspectives - the American, the European and the French one - on the process of democratisation. In the end he concludes that the universal character of norms or the constraints of the institutions are not appropriate tools for acting while respecting the specificity of each state.

The last part of the paper focuses on the relationship between China and the EU, especially as concerns aspects related to human rights. The author Richard Balme, Professor at Sciences Po, Paris, exposes with great accuracy the main elements of the EU-China collaboration. Thus, China, as an international actor whose evolution has been constant since 1994, is recognised by the European Union as a privileged strategic partner, a fact that involves the responsibility of a special cooperation from both partners. In this context, China's transition is supported both by the cooperation at the technological level and by economic relations and the relations in the field of security. As for the European Union, it focuses on the control of the migration process, the promotion of human rights and the development of democracy in China. Balme also notes China's willingness to cooperate with Europe through multilateral institutions, but also by implementing changes at the constitutional level, internally, with a view to consolidating human rights. In its complexity, the author manages to express one of the strategies very thoroughly considered by the EU representatives for an extremely important collaboration between two significant international actors.

Alina Constantinescu, intern

Promo

TRAINING IN EUROPEAN AFFAIRS AT EIR – First Quarter 2013 –

GENERAL TRAINING IN EUROPEAN AFFAIRS

In the previous years, this course has proven to be a success, also reflected in the large number of demands. That is the reason why it will be organised twice in 2013 as well.

The topics approached by trainers are diverse: a brief history of the EU, its institutions and the decision-making process, the internal market, the Economic and Monetary Union, the cohesion policy, the monetary policy, the social policies and the employment policy. The objective of the course is to present the basic notions on the concept of European Union necessary for the understanding of the functioning mechanism and the policies at European level. The trainers offer a synthetic vision, in an interactive approach.

LEGAL SYSTEM OF THE EUROPEAN UNION

Traditionally, the course is organised once every semester at EIR's headquarters. The topics approached are of interest to public and private experts, but also for the broader public.

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The training session for recruitment competitions in European institutions organised by EPSO is held in French. The trainers are experts who provide methods to solve tests quickly and correctly. The course is organised by EIR in collaboration with ENA (École Nationale d'Administration) and the French Institute in Bucharest.



PUBLIC PROCUREMENT EXPERT

The course approaches topics of interest, such as tender opening and evaluation, awarding public procurement contracts, legal remedies, the Electronic System for Public Procurement - practical presentation - the organisation of public procurement procedures by electronic means.

For more information, please contact
Mr Gigi Mihăiță, Training Unit, Phone: 021 314 26 96, Extension: 134

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