

interview _____

Ionuț DUMITRU

Chairman of the Fiscal Council



How do you appreciate the efforts made within the EU, both at the level of Member States and at Community level, to counter the sovereign debt crisis? In this context, is the fiscal compact enough to prevent future fiscal drift?

Lately, there have been extensive debates about the new European economic governance, especially about the new fiscal compact, which was conceived by its initiators as a decisive solution to euro area problems. At conceptual level, the new pact does not bring many elements of novelty, but merely introduces an automatic correction and sanction mechanism in the event of drifting. The budget deficit threshold of 3% of GDP and the public debt threshold of 60% of GDP have always existed, as established by the Treaty of Maastricht in 1992. Moreover, the Stability and Growth Pact (1997) provided that the medium-term structural position of the budget should be "close to balance or in surplus". The new fiscal compact sets out the target of maintaining structural budget deficit below 0.5% of GDP.

No doubt, adopting this fiscal compact was an important step forward, introducing an automatic correction mechanism for fiscal drift, thus contributing to a greater fiscal policy discipline and to an improved fiscal policy coordination. But, can the new fiscal compact be viewed as sufficient to ensure the good functioning of the Monetary Union (euro area)? The answer is probably not. Historical experience has shown that in order for monetary unions to succeed, they must be accompanied by fiscal unions. The euro area does not have a fiscal union yet, as Member States have sovereignty in fiscal policy management ... [p.2](#)

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EIR event _____

Conference European Semester: Component of the European Economic Governance Reform

The European Institute of Romania organized, on 11 June 2012, the conference *European Semester: Component of the European Economic Governance Reform*. The study *European Semester: ensuring sustainable economic growth through sound public finances. Lessons for Romania from the public finances' sustainability point of view*, conducted by EIR as part of the Strategy and Policy Studies SPOS 2011 project, was the starting point for the discussions ... [p.4](#)



... The common budget of the European Union is slightly above 1% of GDP, which is a very low level. Moreover, there are no fiscal transfers between EU Member States when asymmetric shocks occur, while labour mobility and flexibility in Europe are relatively reduced.

In your opinion, which are the main advantages and disadvantages for Romania deriving from the adoption of the Fiscal Pact?

In the past, Romania had a procyclical, undisciplined discretionary fiscal policy, which increased macroeconomic imbalances instead of mitigating them. Thus, structural deficit increased needlessly when GDP was above the potential level, thus invalidating the action of automatic stabilisers. The new rule limiting structural deficit to 0.5% of GDP will make it almost impossible to practice a procyclical fiscal policy and will lead to a strong fiscal discipline, which, for a country such as Romania, can be a significant advantage, given its negative historical experience.

For Romania, the disadvantage of the new European fiscal rule is that the existing room for manoeuvre which could stimulate economy in periods of recession will be very small. For Romania, the structural deficit limit of 0.5% of GDP will most likely be reached before the effective public deficit reaches 3% of GDP (Romania can have budget deficits of 3% of GDP only in periods of extreme crisis - negative output gap of about 8.33%, given the flexibility of the cyclical balance of only 0.3% when changing the output gap with one percentage point). Moreover, during the 2009-2010 period of recession, actual budget deficits could not have exceeded 2% of GDP.

It can be both theoretically and empirically demonstrated that, over the period of a complete economic cycle, the average effective deficit is equal to the average structural deficit, and the average of the cyclical deficit is 0. By assuming a structural deficit target below 0.5% of GDP (probably slightly higher, given the fact that public debt is significantly below 60% of GDP), Romania takes the obligation that the effective budget deficit, as average over the period of an economic cycle (and the average over a long time horizon), be of maximum 0.5% of GDP, which, compared to historical standards (3.8% of GDP - average of structural deficit in the period 1999-2011), will mean a much lower budget deficit and much less room for "manoeuvre".

Compared to other European countries, the ability of the government sector to contribute to reducing the fluctuations in the economic cycle through automatic stabilisation is relatively low in Romania. The size of automatic stabilisers in Romania, compared to other European countries, is significantly smaller. As expected, automatic stabilisers are the most efficient in countries such as Denmark, the Netherlands,

Sweden and Finland, countries in which the tax system has a strong progressive nature. Due to weak automatic stabilisers, Romania would need to apply stronger discretionary fiscal stimulus measures (higher structural deficit) in periods of recession in order to help the economy overcome the recession faster and bring it back to its potential.

Could you share with us your opinion about the main challenges for fiscal-budgetary policies that Romania will face over the next years? What solutions do we have in this respect?

In the context of the fundamental change in the approach to fiscal policy in the next years, due to the new fiscal compact, the room for manoeuvre at the level of fiscal-budgetary policy will be much smaller than before, since the budget deficit threshold allowed is much lower, which will be a major challenge for economic policy decision makers. Moreover, the reduced effectiveness of automatic stabilisers is an additional constraint for Romania. In this context, we need to find solutions to stimulate economy, even in the circumstances of a much more limited space at the level of fiscal-budgetary policy.

To this end, a first solution is EU funds absorption, which could provide a huge stimulus for our economy and which becomes crucial in the context of the

constraint related to the discretionary fiscal policy imposed by the new fiscal compact and to the small size of automatic stabilisers.

The potential to multiply own budgetary expenditure in the case of projects financed from EU funds is much higher than in the case of projects financed exclusively from own resources. Given the low co-financing percent of 5% in the case of projects with EU financing, for 1 leu own resources - budget deficit - budgetary expenditure of 20 lei can be made (EU funds absorption influences budget deficit not only from

the point of view of co-financing, the money received from the EU being also reflected in revenue and expenditure), compared to a 1:1 equivalence in the case of projects financed entirely from own resources. In this respect, there is no rational argument as to why we

should prefer to finance a project from own resources if it can be financed from EU funds. The new budgetary constraints imposed by the fiscal compact are a very strong additional argument in this respect.

Unfortunately, until now, Romania's performance in terms of EU funds absorption has been very poor. Romania's top priority must be the urgent and substantial increase of EU funds absorption.

Apart from the absorption of European funds, the new budgetary constraints imposed by the fiscal compact force

Mr. Ionuț Dumitru, President of the Fiscal Council, is a university Professor at the Faculty of Finance, Insurance, Banking and Stock Exchange, the Currency Department within the Bucharest Academy of Economic Studies.

He is head of the Economic Research Department of Raiffeisen Bank (Chief-Economist of the bank) and a member of the Board of Directors of the Romanian Association of Financial and Banking Analysts.

"Romania's top priority must be the urgent and substantial increase of EU funds absorption."

us to spend public money much more efficiently. With the same budgetary resources, limiting budget deficit compels us to obtain much greater effects in the economy by public expenditure.

Efficiency reserves in budgetary expenditure are very high. For example, Romania had the largest allocation for investment

expenditure as a percentage of GDP (and as a percentage of the total budgetary revenue) of all EU countries in the period 2001-2010. Nevertheless, the results were modest, since Romania still has the poorest infrastructure in the EU. This example clearly shows that money was spent inefficiently.

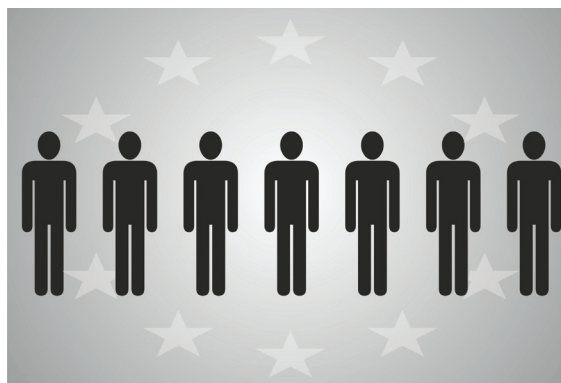
Interview by Oana Mocanu, Iulian Oneașcă

analysis/opinion

National Identity and European Identity

Do you ever think of yourself as not only (Romanian/any other nationality of an EU Member State), but also European? Does this happen often, sometimes or never?

The phrase *not only* is far from being neutral. Before 1992, such a question was asked assuming that the two types of identity would be complementary and, for that period, no “linear statistic relation tending to oppose national pride and the sense of adhesion to Europe”¹ was noted. Once the two types of identity have been placed in opposition, some of those who were feeling proud of their nationality answered they only felt national, not also European. Of course, this question is not the only indicator used in Eurobarometers to “measure” the feeling of adhesion to Europe. Thus, the question: *In the near future do you see yourself as...?* - with the answering choices: *only (nationality); (nationality) and European; European and (nationality) or only European* - is worded more neutrally, avoiding the mentioning of a certain pre-established report between the two types of adhesion.



However, what is the vision behind this *not only*? What are the relations which can be established between the national and the European identity, if we admit the existence or, at least, the shaping of the latter? First, at present, the term “European identification” seems more appropriate than that of “identity” because it covers the fact that the process is ongoing as well as the joining of the cognitive dimension with the affective dimension. Moreover, this term has the advantage of not competing with that of “national identity”, an identity which is already well defined and assumed by the majority of Europeans. However, if the EU will manage to generate a sense of adhesion which is identifiable and quantifiable, we will then refer to it as being an identity. What does the emergence of a new identity involve? What kind of re-arrangements and rankings are necessary in such circumstances?

As Chris Shore observes in *Building Europe: The Cultural Politics of European Integration*², the vision of the European institutions seems to be that an integrating European identity can comprise all other types of adherence, especially the regional and national ones. I wonder, though, is this trajectory certain or should we consider more elements?

Firstly we should consider the ambivalence of the report. We tend to regard national identity as a possible obstacle for the development of a European identity, but this hypothesis has not been proved. All the more so since national identity is not standardised, having the same characteristics in all Member States. Depending on how the national unity was achieved and on its whole historical evolution, the sense of adherence to a nation can be more or less emphasised. This generates the main obstacle for the shaping of the European identity, that it should make a single “offer” to such diverse “demands”. Sophie Duchesne and André-Paul Frogner show that national identity constitutes, undoubtedly, the premises of European identity. Moreover, it constitutes, from a sociological point of view, its continuation as it establishes borders and designates “the other”, as any exclusive identity does. Let us consider the European citizenship. Being a supplementary citizenship, it is attributed only to citizens of the Member States. Thus, the problem of the residents of third countries remains the same as in the case of national citizenship. They are excluded from the rights conferred by the Treaty of Maastricht. Following the logic according to which identity comes after citizenship, we can already observe the way in which we draw borders and designate the other even inside the EU.

Then, even if the European Union proposes a substitutive, cumulative or contextual identity, the important thing is that it should be non-exclusive. Replacing the specific justification of the national community, by common lineage and culture, by a similar legitimacy, of a linguistic, cultural and religious origin common to all Europeans is considered to be dangerous, especially given the large number of non-European immigrants on the EU territory.

¹ Sophie Duchesne and André-Paul Frogner, “Sur les dynamiques sociologiques et politiques de l’identification à l’Europe” in *Revue française des sciences politiques*, no. 4, vol. 52, 2002, p. 360.

² Chris Shore, *Building Europe: The Cultural Politics of European Integration*, London-New-York, Routledge, 2000.

The European Union is at the crossroads and I do not mean here the economic crisis, but the identity crisis. Its rhetoric sometimes proclaims the common origin and the federal future, and other times is limited to specific justifications related to the efficiency of the governance. Hesitations are never neutral; they indicate the search for a direction for the evolution of the system as well as for the evolution of the perceptions on the system. Despite the initial neo-functionalist conviction which proclaimed the immediate correlation between the deepening integration and its perception by the Europeans, the subsequent evolution proved the contrary. European identity does not come by itself but efforts are needed for raising the awareness of the Europeans towards the supranational aggregate. This fact assumes the advantage that the EU can now take the time to reflect over the identity it proposes, drawing conclusions from the lessons learned from the nation-state.

Cristina Juverdeanu

EIR event

Conference

European Semester: Component of the European Economic Governance Reform

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We hereby present only some of the ideas derived from the debates (the topics tackled by all the speakers can be visited in the full event report, available on the EIR's website, Previous events section: http://www.ier.ro/index.php/site/arhiva_evenimente).

Mrs. **Gabriela Drăgan** presented the topic highlighting the importance of the measures adopted so far at European level. The European Semester connects stability and growth, which constitute, according to the European Commission President, two sides of the same process. Mrs. Drăgan emphasized that the European Semester, in its second year of existence, facilitates the path to reforms, conditioned by a balanced approach, from stability and austerity, towards a perspective of economic growth and job creation.

Mr. **Leonard Orban**, Minister of European Affairs, brought into discussion the current European concerns, starting with the adoption of a document with growth guidelines and country recommendations, as part of a larger process of the European Semester. The European Union is preparing a rescue plan which goes beyond the Euro Zone and aims at reforming the common structures, the integrated budgetary policy, the banking, fiscal, and political union. A document on certain options to correct faults and errors in the euro area, by promoting deeper integration, and by removing the EU's dissolution perspective will be brought into discussion. A decision on the package, which may also require the amendment of the Treaty, will probably be adopted by the end of this year. It is expected that measures are emphasizing the differences between Euro area and the rest of the EU. That direction also includes the decision to support the banking sector in Spain, whose implications and possible expansion to other states are under consideration. Regarding



Romania, the speaker stressed that it must accelerate meeting the EU standards in terms of real convergence, to join the Euro, which constitutes a fundamental option.

Mr. **Daniel Dăianu**, Professor at SNSPA, Bucharest, continued the analysis of the topic, addressing an overview of European economic policies. The policy package, in his opinion, is meant to calm the markets and attack the underlying problems of the EU on crisis management and reconstruction of Euro area. Within the EU, understanding the issues and hence the diagnoses and proposed solutions vary considerably. The importance of joint structures has been underestimated, according to the speaker. Assessment of individual states, as limiting the European issues at sovereign debt, represent errors of approach. Avoiding discussion of banking union or banks' recapitalization without conditionality translates into further deficiencies. The banking union requires burden sharing, with a collective guarantee of deposits to avoid capital migration. In Romania, the issue of budget consolidation remains unsolved, Mr Dăianu specified. Real convergence is necessary, but it must be sustained by productivity and reduction of euro dependency. The premature entry into the Euro area would deprive Romania of the necessary room for manoeuvre as regards current policies, which it still benefits from.

The coordinator of the EIR study in discussion, Mr. **Moisă Altăr**, professor at the Academy of Economic Studies in Bucharest, made an overview of the work, starting from what he called the original sin, meaning the EU set-up more on considerations and political interests and less on fundamentals of economic policy. He emphasized the governance characteristics, respectively those of the new governance, underlying the role and the place of European Semester, with all its positive features of preventive action, but also with its deficiencies generated by the limitation of coordination to developing country recommendations, based on general observations and on lobbying activities. The speaker explained the fiscal governance, highlighting concepts such as structural deficit, potential GDP, and *output gap*.

At the end of this session, Mr. **Florin Cîțu** underlined the shortcomings of using the potential GDP for computing the structural deficit in terms of variety of possible methods and

differentiated results. In this regard, an alternative to this indicator would be welcome. The guests also drew attention to the possibility of manipulating this indicator, taking into consideration the fact that potential GDP estimation can be only by conducted by public institutions.

As a possible solution to address this issue, Mr. **Lucian Croitoru**, adviser to the governor of the National Bank of Romania, proposed a better managed relationship between the public and private sector in fiscal terms. As regards Romania, on long term, it would be advisable to rid itself from the dependence on revenues from abroad and to increase resources from the privatization of state companies, as Poland did.

Julian Oneașcă
Georgiana Filip
Alexandru Damian

In focus

Friends of Cohesion Group

On 1 June, 2012, representatives from 15 member states of the European Union and Croatia, together with the President of the European Commission, gathered in Bucharest at the “Friends of Cohesion” conference in order to discuss the EU Multiannual Financial Fund for 2014-2020. The group reunites major beneficiaries of European funds and the main purpose of the conference was the coordination regarding the cohesion policy, in preparation of the Council in June, which is dedicated to the EU financial framework.

In his speech, José Manuel Barroso stressed out the importance of cohesion policy to the whole European Union, being not only a policy for some countries in Europe, but a fundamental objective of the European Union as a whole, “a principle enshrined in our treaties”, based on the fundamental principle of solidarity (art. 174, Lisbon Treaty).



Source: <http://www.gov.ro/>

Since it reduces obstacles and stimulates the growth potential of the Single Market, the cohesion policy is the EU’s most important financial instrument, in accordance with the Europe 2020 Strategy. At the same time, Barroso underlined the clear results of cohesion policy as an instrument for investment available to the EU. Achievements for the three main objectives, growth stimulation, employment and competitiveness, can be seen in the transformation of “so many regions, all across our Union”. In addition to this, cohesion policy can be seen as a response to the current crisis and indeed beyond the crisis.

In light of these arguments, the “Friends of Cohesion” Group adopted a joint statement at the end of the conference, consistent with the budget allocation for 2014-2020, stating there must be ensured a balance between the simplification of the implementation mechanism of the Cohesion Policy and the effectiveness of expenditure for Cohesion, but also one between economic growth and fiscal stability. Thus, the funding level provided should “take into account the priority objective of reducing development gaps among Member States and among regions and it should provide adequate flexibility to ensure a better response to the specific individual needs of Member States and regions”.

For the president of Romania, the session was “a good initiative” in preparation for the next Council. During his meeting with José Manuel Barroso, the president reiterated Romania’s request that in which the period of time the European funds from 2007-2013 could be used should be extended. The President of the European Commission assured that this written request would be carefully examined.

For more details, see:

- Declaration of the President of the European Commission

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/411>

- Sessions of the Group conference and joint statement

http://www.gov.ro/lucrurile-conferintei-grupului-prietenii-coeziunii-cu-tema-cadrul-financiar-multianual-ue-2014-2020__1a117302.html

Ana-Maria Nia

European Parliament Session in Strasbourg: 11 – 14 June 2012

The general points on the European institutions' agenda - economic growth, EU budget, transport services and networks - were the focus points of this Parliament session as well. Several EP Committees were involved in this process, among which the Industry, Research and Energy Committee, the Budgets Committee and the Employment and Social Affairs Committee.

Two reports of great significance have been debated jointly in the plenary session, in the presence of the Economic Affairs Commissioner, Olli Rehn, and of Denmark's Minister of Economy and Internal Affairs, Margrethe Vestager. These two new regulation proposals of EP and of the Council concern the **strengthening of the euro zone governance** (the two-pack): *Monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro zone and Economic and budgetary surveillance of Member States with serious difficulties with respect to their financial stability in the euro area* (in preparation since December, last year). The MEPs have appreciated in various manners the Commission's proposal to complete the six pack with two more, but they admitted that the rapporteurs worked in a spirit of cooperation and they agreed that we need sustainable public finance. The financial discipline was appreciated as absolutely necessary for the economic recovery and this can be achieved by establishing and observing the proposed rules for the euro area and the measure in which the overcoming of the deficit is allowed.

At the end of the debate, Commissioner Rehn mentioned the importance of the two regulations for the strategy of correcting the macroeconomic unbalances, a prerequisite of growth and employment. Mr. Rehn also insisted, from the perspective of the future Council reunion, on the culture of stability.

The MEPs debated and adopted the report on **Critical information infrastructure protection (CIIP)**, analysing the achievements and following steps, aiming to: *global cyber-security*. The draft resolution on this subject draws attention to the fact that TIC and internet security has global incidence on the economic, social, technological and military aspects. A complex concept, the cybernetic security needs a clear definition as well as a clear specification of responsibilities to allow the creation of a solid international cooperation mechanism. Given the fact that the efforts to protect CIIP will generate general security for citizens as well as their perception on security and trust in the measures adopted by governments in order to protect them, EP's resolution project draws up measures for the consolidation of CIIP at the national and the EU level. Thus, Member States are required to establish national emergency plans in case of cybernetic incidents, in which relevant contact points and provisions regarding assistance, the containment of the incident and the remedy of the damages in case of malfunctions or cyber-attacks are mentioned.



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

As concerns the **EU Solidarity Fund (EUSF)**, the report on a draft rectification budget (over EUR 18 mil.) intended to counter the effects of the floods which have affected Italy (Liguria and Tuscany) in October 2011, was under debate. A different report was drawn up on the mobilisation of the **European Globalisation Adjustment Fund (EGAF)**, a budgetary instrument instituted with the purpose of offering additional support to the workers affected by the structural transformation of the world trade, in the process of their reintegration on the work market. EGAF has an annual threshold of EUR 500 mil. It has now been mobilised for technical assistance provided by the Commission.

The **Proposal for Recommendation of the European Parliament addressed to the Council regarding the 67th session of the General Assembly of the United Nations Organisation**, which will be open in September, was voted in plenary session. The recommendation reaffirms the principle that purpose of the common international values and norms is ensuring peace, worldwide protection of human rights, security and prosperity and dissemination of the globalisation benefits as equitable as possible, to everyone's profit. EP recommends that the Council intensifies its contribution to UN's activities, in the modalities established in the resolution regarding EU's participation to the works of UN's GA, that it contributes to the consolidation of the global governance, by the balance of the action with G20 and with the international financial institutions. The Council is invited to present a report on the application of these recommendations to the EP.

Further debates were held on subjects of international politics, such as Sudan - escalating tensions with South Sudan and the imminence of a war. The new cooperation project between EU and Latin America, especially Brazil and Mexico, for sustainable development and reducing inequalities was approved by the MEPs. The efficiency of the aids was appreciated from the perspective of the fact that the EU is the second most important trading partner of the region and it contributed significantly to reducing poverty. The MEPs'

interventions focused on human rights, food security and environment protection.

Debates followed by voting were held on parliamentary questions previously addressed to the Commission, with the request of verbal reply (*The future of the European law for commercial companies; Defective silicon gel breast implants made by the French company PIP*).

On behalf of the Council, Morten Bødskov (President-in-Office of the Council) supported the declaration **Legal Basis of the Schengen Evaluation Mechanism**, followed

by the European commissioner for Internal Affairs, Cecilia Malmström and by interventions of speakers from the political groups. The evaluation should be simple, adequate, efficient and transparent, it should allow the Schengen area to be maintained as a free movement area and it is indispensable that the intergovernmental framework for Schengen evaluation be adapted to the EU framework.

For further details, please visit <http://www.europarl.europa.eu/ro>

Mariana Bara

In focus

European Council 28-29 June: Firm Measures for an Unstable Context

The European Council was held in Brussels between 28 and 29 June, in an economic and political tensioned context generated, in particular, by the sovereign debt crisis and the imbalance of the financial sector. Despite differences among positions and opinions, EU Member States have decided to adopt a series of firm measures designed to ensure the stability of the Economic and Monetary Union and to restore growth.

First of all, heads of state or government decided to support a “**Compact for Growth and Jobs**” which provides for specific measures to be taken at both the national and the EU levels, with the aim of stimulating a smart, sustainable economic growth. Regarding Member States, it was agreed that they should comply with the guidelines of the Europe 2020 Strategy and use as efficiently as possible the new instruments of the economic governance. However, general objectives as fiscal consolidation, economic growth, enforced competitiveness, reduction of unemployment or public administration modernization are accompanied by specific provision narrowly tailored for each Member State. Economic growth and job provision require, at the same time, a series of measures which have to be implemented at EU level. The overall objective of deepening the Single Market includes, for instance, a need for agreement on public procurement, on digital signature and on the recognition of professional qualifications. Following the same purpose, intensifying efforts for a Digital Single Market are foreseen, along with new measures in the field of “smart regulation”, completing the internal energy market and swift transformation of research efforts into innovations meeting market demands, thus increasing competitiveness. To finance the economy, an amount of 120 billion dollars is mobilized, to be used for growth measures and rapidly acting. Also, attention is drawn upon the importance of a solid fiscal policy, employment and labour mobility, trade and financial stability, all of the items above forming conditions for a healthy economic growth.



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

The report “**Towards a Genuine Economic and Monetary Union**” was presented by the President of the European Council and highlighted the key elements on how to strengthen the Union: an integrated financial framework, an integrated budgetary framework, an integrated economic policy framework and strengthened democratic legitimacy. With regards to the Multiannual Financial Framework, the European Council welcomed the progress achieved under the Danish presidency and wishes to reach an agreement by the end of 2012.

Likewise, discussions led to a series of conclusions in the justice and home affairs field. The European Council welcomed progress on asylum policy and in particular, in application of the Dublin Regulation. On the other hand, the importance of cooperation to facilitate freedom of internal movement and management of external borders was highlighted. In the field of human rights and democracy, the European Council welcomed the adoption by the Council of the EU Strategic Framework for Human Rights and Democracy and the related Action Plan.

As regards the relations with third countries, the European Council endorsed the decision taken by the Council to open accession negotiations with Montenegro. On the subject of Syria, heads of state or government strongly condemned the use of violence on civilians and called for an international, transparent investigation. Moreover, the European Council stressed its serious concerns about Iran’s nuclear programme, underlining the urgent need for Iran to comply to its international obligations and announcing the entry into force of the EU oil embargo starting from 1 July 2012.

As far as Romania is concerned, the country's efforts to comply with IMF, World Bank and EC agreements have been appreciated, with the recommendation of keeping the same direction. In addition, EU funds for 2014-2020 will not be reduced, thus creating preconditions for increased investments and jobs provision, which are two objectives in accordance with the Compact for Growth and Jobs.

Presidency conclusions can be viewed here:

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/RO/ec/131397.pdf

Other sources:

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/RO/ec/131381.pdf

http://www.euractiv.ro/uniunea-europeana/articles%7CdisplayArticle/articleID_24461/Summit-Bruxelles-Victor-Ponta-Au-fost-respectate-acordurile-cu-FMI-CE-si-BM/-Romania-nu-va-avea-fondurile-europene-reduce.html

Cristina Juverdeanu

The Priorities of the Cyprus Presidency



CYPRUS PRESIDENCY OF THE COUNCIL
OF THE EUROPEAN UNION

The take-over of the Council Presidency of the European Union by Cyprus, on 1 July 2012, represents both a challenge and an opportunity, according to a statement made by the Minister of Foreign Affairs, Erato Kozakou-Marcoullis¹.

Among the priorities of Cyprus Presidency are the eurozone crisis, financial stability, the sovereign debt crisis, as well as addressing the problem of unemployment, especially among young people, some of the most serious issues currently faced by the members of the European Union.

Intense preparations have been made for the crises they might face during the next semester, some of which are expected and others unexpected. As regards the approach to the current crisis, a relation of cooperation and coordination with all Member States and also with the President of the European Council, Herman Van Rompuy, and the President of the Eurogroup, Jean-Claude Juncker, is desirable. Joint, collective decisions which are necessary to overcome difficulties and help European citizens deal with the unfavourable consequences of the crisis will be made.

Negotiations on the **Multiannual Financial Framework (MFF)** for the period **2014 - 2020** is also an important issue addressed by the Cyprus Presidency, through which economic, social and territorial cohesion throughout the Union can be achieved. MFF is not simply a budget, but an important tool and at the same time a mechanism that allows economic development and competitiveness and ensures that the available funds are used where needed².

Also, another extremely important policy envisaged by the next presidency is enlargement. For the whole continent, the **EU enlargement** entails promoting and strengthening conditions of peace, democracy, stability and prosperity throughout the continent.

At the same time, opinions on the future of EU's enlargement policy were expressed. As regards the Western Balkans region,

the enlargement will not end with Croatia. On the contrary, the prospect of accession for other Western Balkans states is critically important and Cyprus, as President of the Council, will make efforts to promote this prospect.

Also, the recent decision to grant Serbia the status of candidate country is a step forward that creates momentum for the further development of its European perspective. This decision was made having considered the significant progress achieved by the Serbian authorities in fields such as implementing domestic reforms and meeting their commitments regarding the cooperation with the International Criminal Tribunal for the former Yugoslavia.

As concerns the Former Yugoslav Republic of Macedonia, the Cyprus Presidency wishes for a decision to be made in order to allow the opening of accession negotiations. In the case of Bosnia and Herzegovina, the carrying on of the reform process is looked forward to. Undoubtedly, progress made in this respect could pave the way for Bosnia and Herzegovina submitting a credible application for membership during the Cyprus Presidency. Regarding Kosovo, despite the already stated position of Cyprus of not recognising Kosovo's Unilateral Independence Declaration, Cyprus Presidency will have a balanced approach and will take into account the views of all EU Member States. The negotiations for Iceland's accession are in a critical stage, as the examination of negotiation chapters with a higher degree of difficulty than the ones examined so far begins. As regards Turkey, the national position of Cyprus is to support the objective of Turkey's accession to the EU, provided that Turkey fulfils all its obligations, without exception.

Romania and Bulgaria's accession to the Schengen Area was also included in the list of priorities of Cyprus Presidency. The two countries enjoy all the support for the integration as fast as possible into the European area of free movement and Cyprus will try to support the accession of both countries in September, although the Netherlands are still against it.

¹ <http://www.mfa.gov.cy/mfa/mfa2006.nsf/All/F5CF7BE0ED5C37E1C2257A1C00224478?OpenDocument>

² European Policy Centre, http://www.epc.eu/events_rep_details.php?pub_id=2670&cat_id=6

Another area that will receive special attention is **Southern Neighbourhood**, where historical changes are taking place. The **Arab Spring** brings hope for a better future for the people in the Middle East, but, at the same time, new challenges. Cyprus's representative emphasised the fact that the EU must be a leader in the international efforts to ensure that the transformation of the Southern Mediterranean countries is a transformation for the better. Due to its geographic position and its excellent historical relations with the Arab countries and Israel, Cyprus is in a position to contribute significantly to the formulation of an efficient approach.

The answer of the Cypriot representative to the question what should the EU do as a response to the Arab Spring and concerning its relations with Arab countries in general followed three directions. Firstly, each country must be considered individually. The regional approach is certainly extremely important, but not a "one size fits all" model. Each country must be regarded from the perspective of its particularities. Moreover, the region can be helped only through cooperation based on a partnership, such a relationship being beneficial to both Arab countries and the ones in the European Union. Also, military foreign intervention must be avoided, in favour of a

political solution, in order to prevent a major regional crisis, which would affect Lebanon first and foremost and would spread on a wider scale in the region³.

One of the main goals of the Cyprus EU Presidency is to further strengthen **EU development policy and humanitarian aid**. Other areas that will receive special attention during the presidency include the fight against hunger and food security. Also, in one of his speeches, the permanent representative of Cyprus to the EU, Ambassador Kornelios Korneliou, stressed that relaunching EU Maritime Policy is a very important issue for Cyprus⁴. More than 40% of the EU population lives in coastal areas, where about 40% of the total GDP of the EU is produced. Since an Integrated Maritime Policy could make full use of this enormous potential of the EU, Cyprus will host an important conference on this topic in October.

The Cyprus Presidency wishes to increase EU's role at global level in the next semester. A powerful presence of the EU on the world stage, as a force of democracy, stability and peace, will help both partners and EU Member States.

Alexandra Mateescu

opinion

Course: *Expert in accessing structural and cohesion funds* A Point of View

I would like to congratulate the team of the EIR Training Unit, managed by Mr. Gigi Mihăiță for organizing the course *Expert in accessing structural and cohesion funds*. The two lecturers - Mariana Ciolacu and Constantin Udrea - presented the information in an excellent manner and in an exceptionally short time. The course has been intense and complex. Within only 5 working days, it presented the most relevant theoretical and practical information for completing an application for financing. It took one full day of work just for understanding the "language" of European funds. Additionally, each participant or team of participants created an application for financing for the final exam, which took place on the sixth day of the course. For this reason, the participants have worked intensively. The training room was well equipped. Each participant at the course had his own microphone and study materials. The information was displayed and then dissected by the lecturers. The atmosphere was relaxed, one could ask any question about the completion of an application for financing. During the breaks there were talks about various ideas and their putting into practice, especially with the help of European funds.

As for me personally, this course left me with a very good impression. I saw the implication and strive of the whole Training Unit team. The quality of the lecturers deeply impressed me. Mrs. Ciolacu and Mr. Udrea are special people, with very much experience in the field of European funds. Just like transformational leaders, they demonstrated professional and emotional implication through their hard work, through their own example. More than once I reminded Mr. Udrea about the break. For him, the lesson was a way of life. This gentleman could continue with the same passion for days without stopping teaching. On the other hand, Mrs. Ciolacu proved particularly good organization and meticulousity. Everything was calculated by the minute for time to be spent in the most productive way. Moreover, her implication in this course was exemplary. I surprised her talking to a participant about the paper work. He showed her he finished his paper for the exam. The answer of Mrs. Ciolacu stuck in my mind: „The fact that you finished your paper doesn't impede us to improve it. You could get 11 at the exam, you know...” I learned many things from my lecturers during this course. Some were theoretical, others were based on their own experience in the world of the European projects, as well as in the everyday life.

Having said that, I truly recommend the course *Expert in accessing structural and cohesion funds* organized by the Training Unit team of the European Institute of Romania.

Paul Dragoș

Expert in accessing structural and cohesion funds
MIM - CEMS
Vienna University of Economics and Business

³ <http://www.mfa.gov.cy/mfa/mfa2006.nsf/All/F5CF7BE0ED5C37E1C2257A1C00224478?OpenDocument>

⁴ European Policy Centre, http://www.epc.eu/events_rep_details.php?pub_id=2670&cat_id=6

In the period August-September, EIR's Training Unit invites you to the following training programs

AREA OF FREEDOM, SECURITY AND JUSTICE - VISAS, ASYLUM, IMMIGRATION BETWEEN SCHENGEN AND LISBON

30 - 31 August

Contact person: Gigi Mihăiță, phone: 021 314 26 96, extension:134

It includes information on: the institutions specialized in this sectoral policy; legal instruments used to achieve this policy; the influence of European jurisdiction on the protection of the free movement of persons and of human rights; the evolution of the policy and of European regulation on free movement.

PUBLIC PROCUREMENT EXPERT

3 - 7 September

Contact person: Mariana Bara, phone: 021 314 26 96, extension: 114

Tender opening and evaluation, awarding public procurement contracts, legal remedies are only a few of the topics, followed by the practical presentation of the Electronic System for Public Procurement - organisation of public procurement procedures by electronic means.

TRAINER

17 - 21 September

Contact person: Gigi Mihăiță, phone: 021 314 26 96, extension:134

Designing and developing training programs, preparing the materials and the framework for carrying out programs, choosing and applying optimal teaching methods and appropriate teaching means are skills through which future trainers will communicate efficiently and will be able to optimally solve difficult situations that might occur during training.

DEVELOPMENT OF COMPETENCIES FOR THE TRANSLATION AND REVISION OF LEGAL TEXTS

24 - 28 September

Contact person: Mariana Bara, phone: 021 314 26 96, extension: 114

The thematic modules are intended for the development of skills regarding the main stages, instruments and standards for the translation, linguistic revision and legal revision, as well as for the terminology research. The course provides elementary notions on European Union law and the case-law of the European Court of Human Rights.

Advantages of our courses:

- rich and up-to-date **content** of information focused on the development of concrete skills;
- **trainers** with solid experience in the curriculum of the program, as well as in delivering training sessions;
- moderate participation **fees**;
- central **location**.

For more information (dates of the training programs, how to enrol), please visit www.ier.ro, the *Training in European Affairs* section.



Editor-in-Chief: Oana Mocanu
Editors: Mariana Bara, Mihai Sebe
Graphics & DTP: Monica Dumitrescu
English version: Raluca Brad, Mihaela Papa, Mona Răus

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European Institute of Romania
7-9, Regina Elisabeta Bvd., RO - 030016, Bucharest, Romania
Phone: (+4021) 314 26 96/ 133 / Fax: (+4021) 314 26 66
Contact: newsletter@ier.ro
Web: www.ier.ro