

MACRO CONTEXT ROMANIA

OANA POPESCU
31 October 2017

FOREIGN INVESTORS SUMMIT

POSITIVE OUTLOOK

3.5% - 3.6%*

2.1% -
2.4 %
(US)

1.7% -
1.8%
(EUR)

7.3% -
7.7%
(IND)

6.6% -
6.4%
(CHN)

2017
2018

*4% before 2008 financial crisis
OECD twice yearly forecast, June 2017

RISKS: DISRUPTIVE CHANGE

International unpredictability

Protectionism and
retrenchment of globalisation

International terrorism

Hybrid warfare (cyber,
disinformation etc)

Oil prices and instability in
the Middle East

Disruptive business models

Russia - West relations

Social polarisation



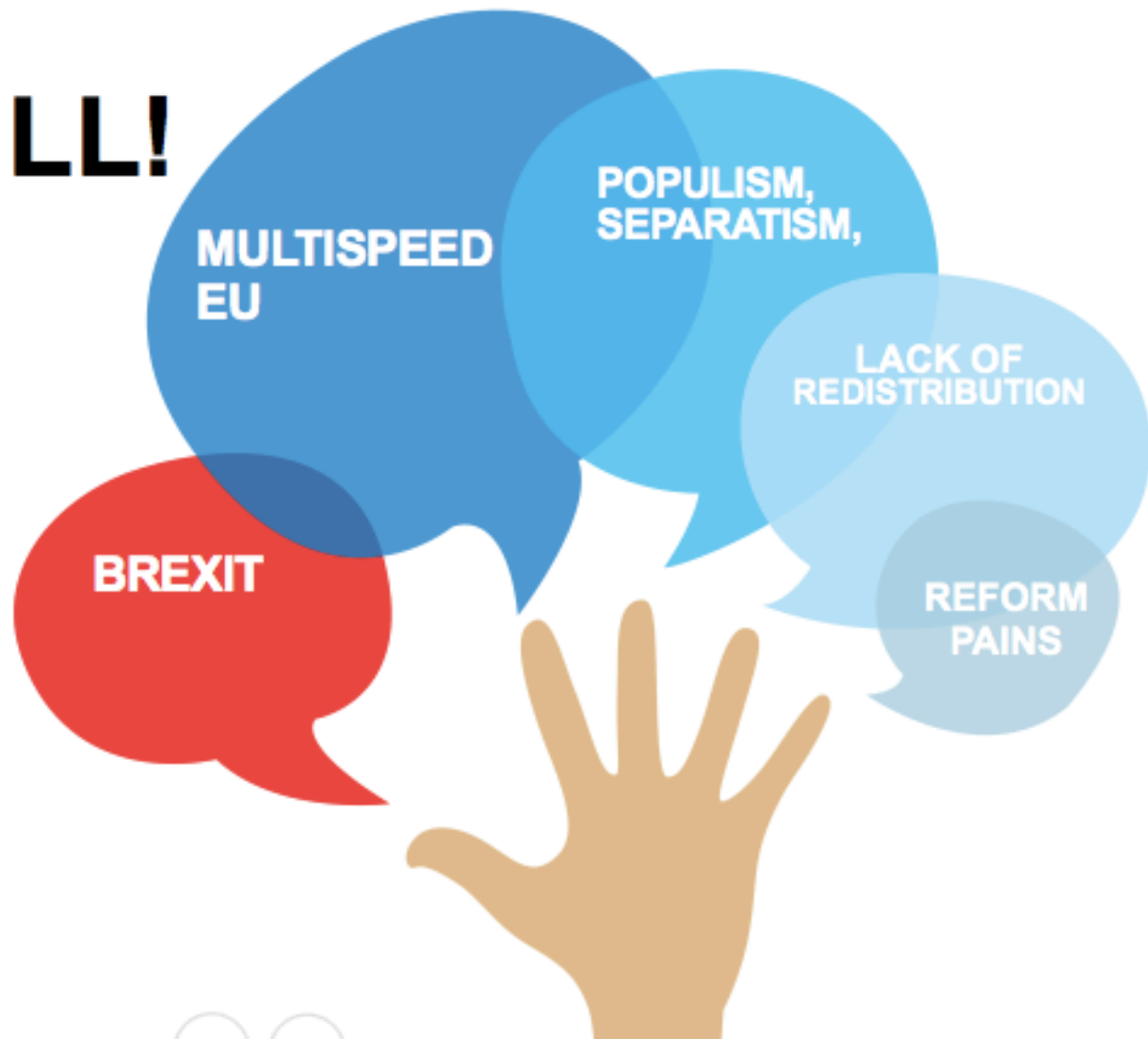
Climate change

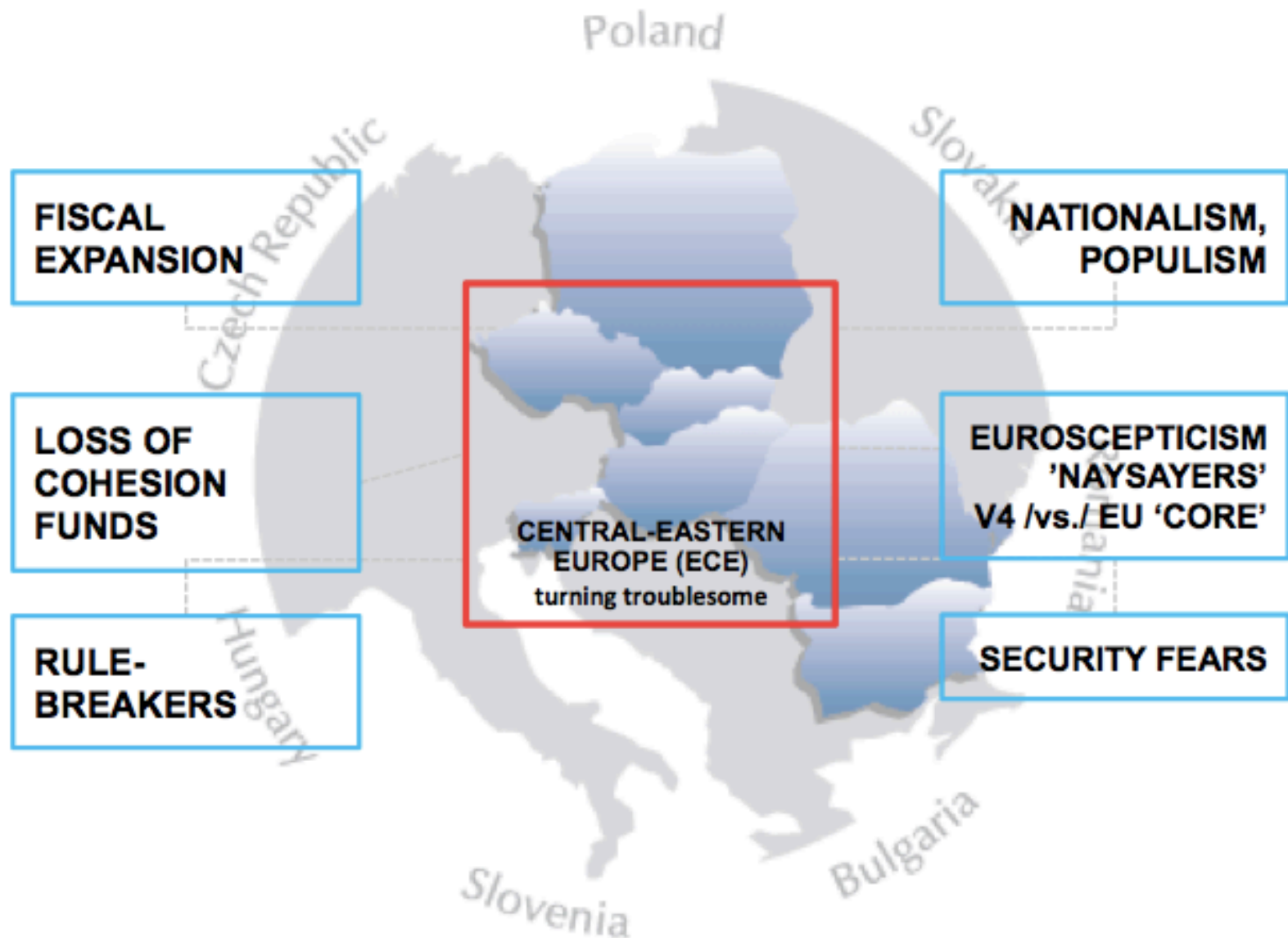
Food security

Migration

THE EU ALREADY HAS ITS

HANDS FULL!







POLAND

- Growing nationalism
- Anti-EU, pro-sovereign stance
- 'At war' with the European Commission
- Furious over declining role in euro-zone dominated EU
- V4 leader in East vs West competition
- Likely to break 3% GDP deficit rule

HUNGARY

- Elections in 2018 – new opportunity for nationalism
- 'At war' with the European Commission
- GDP deficit will widen

CZECH REPUBLIC

- Elections in 2017 – worsening Eurosceptic stance + widening GDP deficit

ROMANIA:

- no interest aligning with the V4 – its strongest and most important relations are not with its neighbours
- no interest remaining an outlier, part of the periphery

Romania has a few assets the EU needs:

- Higher financial-economic stability than its region
- Higher socio-political stability than its region
- Pro-EU, pro-US stance, less nationalism

Romania will further the EC's interests during its 2019 EU Council Presidency, given

- strategic calculations
- its low administrative and political capacity
- security fears, geopolitical considerations
- political opportunism





**TROUBLE IN THE EU
= A GRAND BARGAIN
EU - ROMANIA**

By current EU standards, Romania is a financially and economically stable member state, with a pro-European stance in an increasingly troublesome and Eurosceptic region, currently experiencing moderate (and likely manageable) political instability.

Someone to work with, rather than alienate when it shows signs of straying from the course.







**EUROZONE!!! – in
order to continue
integration**

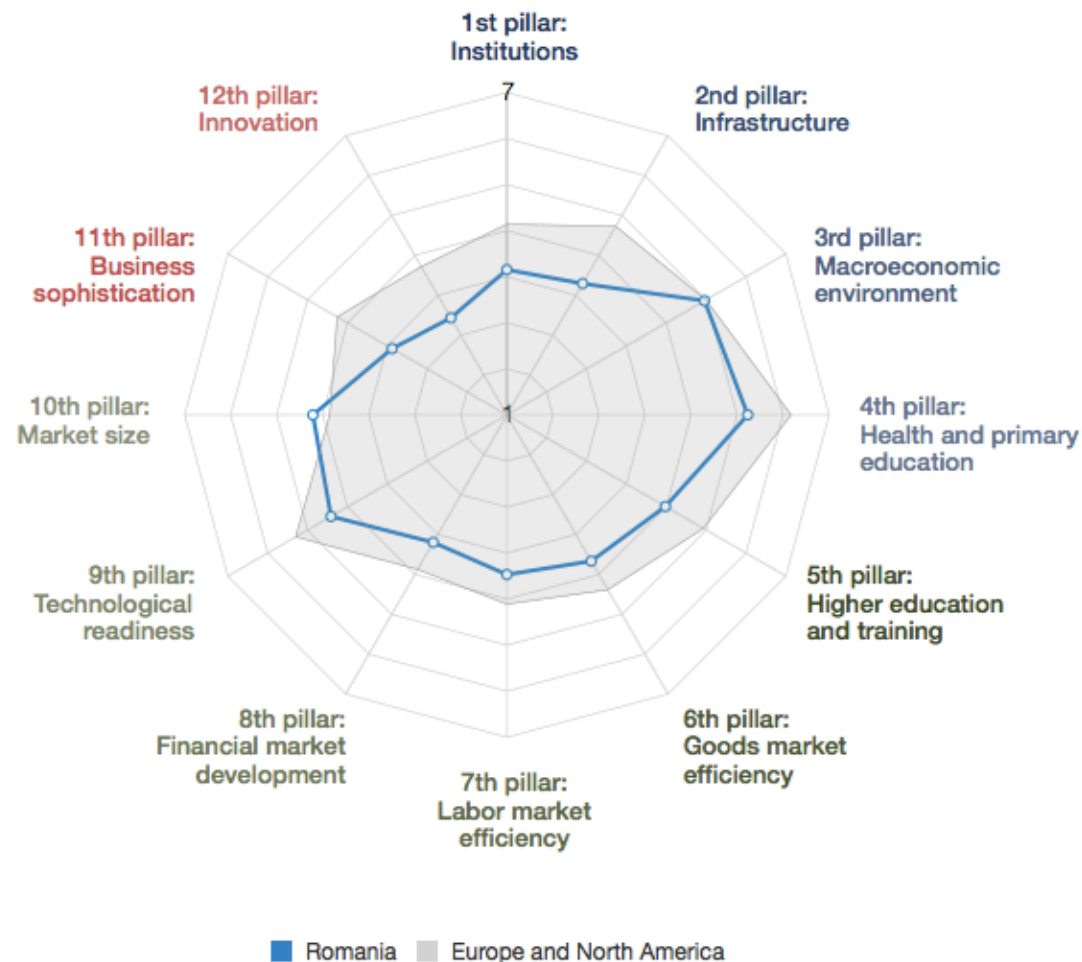
Problems:

- economic weakness
- no external roadmap, little domestic strategic vision, planning, implementation, political responsibility
- no appetite from EU core for another “Greece”
- cohesion funds reduction
- growth, but no development and redistribution
- infrastructure
- human capital, labour force
- diversification, competitiveness
- regulatory predictability
- corruption
- pressure from east (regional, not only in RO)
- area of instability to our east
- US – EU tensions

Key indicators, 2016

Source: International Monetary Fund; World Economic Outlook Database (April 2017)

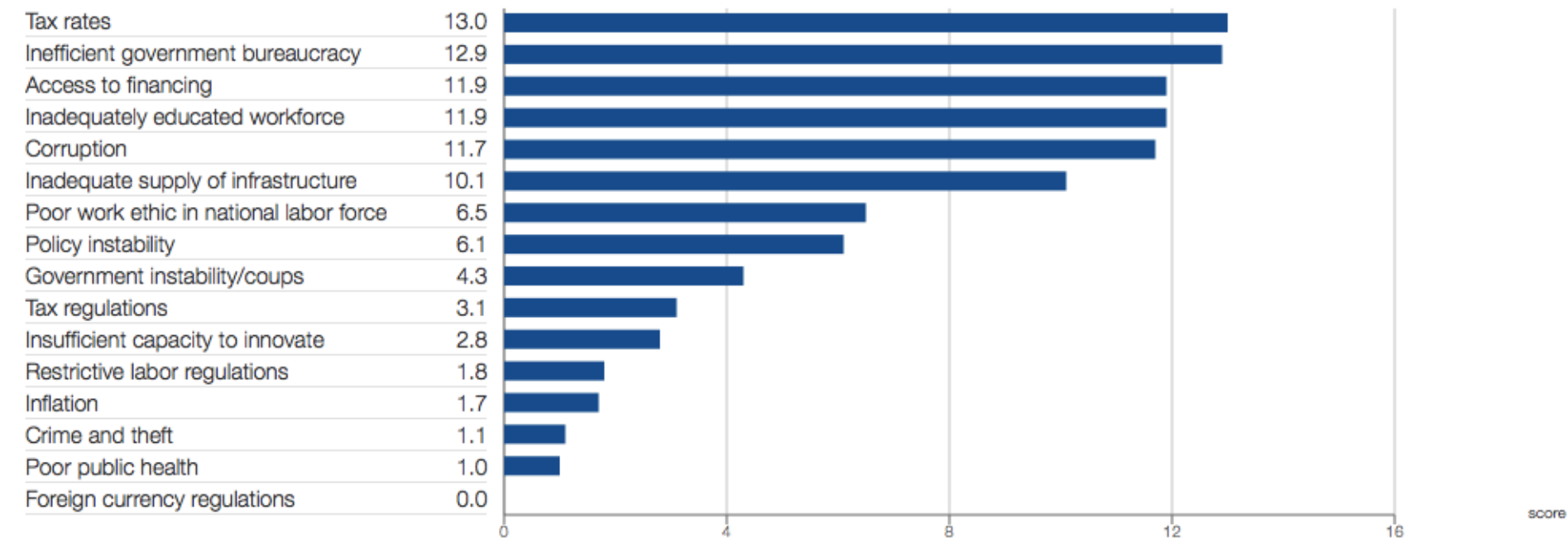
Population millions	19.8 	GDP per capita US\$	9,465.4 
GDP US\$ billions	187.0 	GDP (PPP) % world GDP	0.37 



Romania

Global Competitiveness Index 2017-2018 edition

Most problematic factors for doing business



Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.

TIMELINE



Centennial

Lifting of CVM

Pope Francis

High economic
performance

Gov't reshuffle

National elections

2020

2018

2017

High economic
performance 😊
Populist policies
Government
reshuffle (?)

Cohesion funds
debate in EU (fall)
ECE loses money ☹



2019

EU Presidency (Jan)

EU elections (June)

End of term in office:
Kovesi, Lazăr
Horodniceanu

Presidential
Elections (Oct)



... 2024

All-election year:
national, EU,
presidential



Welcome to the Romanian Expertise Database

The Romanian Expertise Database is an interactive tool that allows you to explore and harness Romania's expertise in democratisation. In the last 25 years Romania has undergone substantive changes, going from dictatorship and a closed society behind the Iron Courtain, to EU and NATO membership, an open market economy, democracy and social liberties. Already a success with internationally acknowledged success in several areas, Romania today continues to perfect its democratic record while also seeking to share with the world best practices and lessons already learned

[APPLY TO RED](#)

Areas of expertise



Good governance and rule of law

- Justice and judiciary reform
- Anti-corruption and integrity
- Organised crime
- Police reform and prisons system
- Public sector reform



Economic reform and private sector development

- Economic reform
- Market liberalisation and private sector development
- Entrepreneurship
- Agriculture
- Energy



Peace and security

- Reform of the armed forces
- International arbitration and conflict mediation
- Depoliticisation, civilian oversight
- Free and fair elections