



Country Issue: Romania



## The Relaunch of Europe

Mapping Member States' Reform Interests

**Europa**

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Institut für Europäische Politik (Institute for European Politics, IEP) is one of the leading foreign and European policy research centres in the Federal Republic of Germany dedicated to the study of European integration.

Further information on the project can be found here:

[www.relaunch-europe.eu](http://www.relaunch-europe.eu)

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# THE RELAUNCH OF EUROPE

## MAPPING MEMBER STATES' REFORM INTERESTS

*The Relaunch of Europe. Mapping Member States' Reform Interests (RelaunchEU)* is a project conducted by the Institut für Europäische Politik (IEP) on behalf of the Friedrich-Ebert-Stiftung (FES) that surveys the implementation prospects for twelve concrete reform proposals. It covers the policy areas of Social Union, Economic and Monetary Union and Defence Union as well as asylum and migration policy and the EU's institutional set-up. Furthermore, it analyses the support for flexible integration and the positioning towards the five scenarios presented in the European Commission's »White Paper on the Future of Europe« of spring 2017. It covers the positions of national governments and of relevant progressive political parties, which received a minimum share of 5 % of the votes in the previous European or national elections.<sup>1</sup>

The study follows two main objectives: (1) It demonstrates the scope of action for prompt reforms of the EU in the selected policy areas while also taking into account which member states would, under certain conditions, be willing to implement the specific proposals. (2) It empirically determines which member states could belong to an avant-garde group willing to deepen integration.

Researchers from think tanks and research institutions in the member states of the EU-27 compiled information to determine the position of governments and progressive political parties towards the twelve reform proposals. This qualitative analysis reflects the country experts' views and is based on documents such as coalition agreements, government or party programmes, position papers, press releases, interviews, op-ed pieces, and official documents. It presents a snapshot of the discussions within the governments and parties. In order to keep the country issues short, internal debates and deviating opinions cannot be covered in detail. Positions are subject to change, especially following elections and the formation of new governments. The snapshot was taken at the end of September 2017. More recent developments could not be included. Notable exceptions are the country issues of Austria and Germany, which were updated following the latest coalition negotiations.

The study's results are published in English on the website [www.relaunch-europe.eu](http://www.relaunch-europe.eu). It presents maps for every actor and reform proposal, 27 country issues and an analytical paper. The paper compares the positions of all actors in all member states of the EU-27 on the twelve concrete reform proposals and presents five flagship-projects, which bear the chance for a relaunch of Europe.

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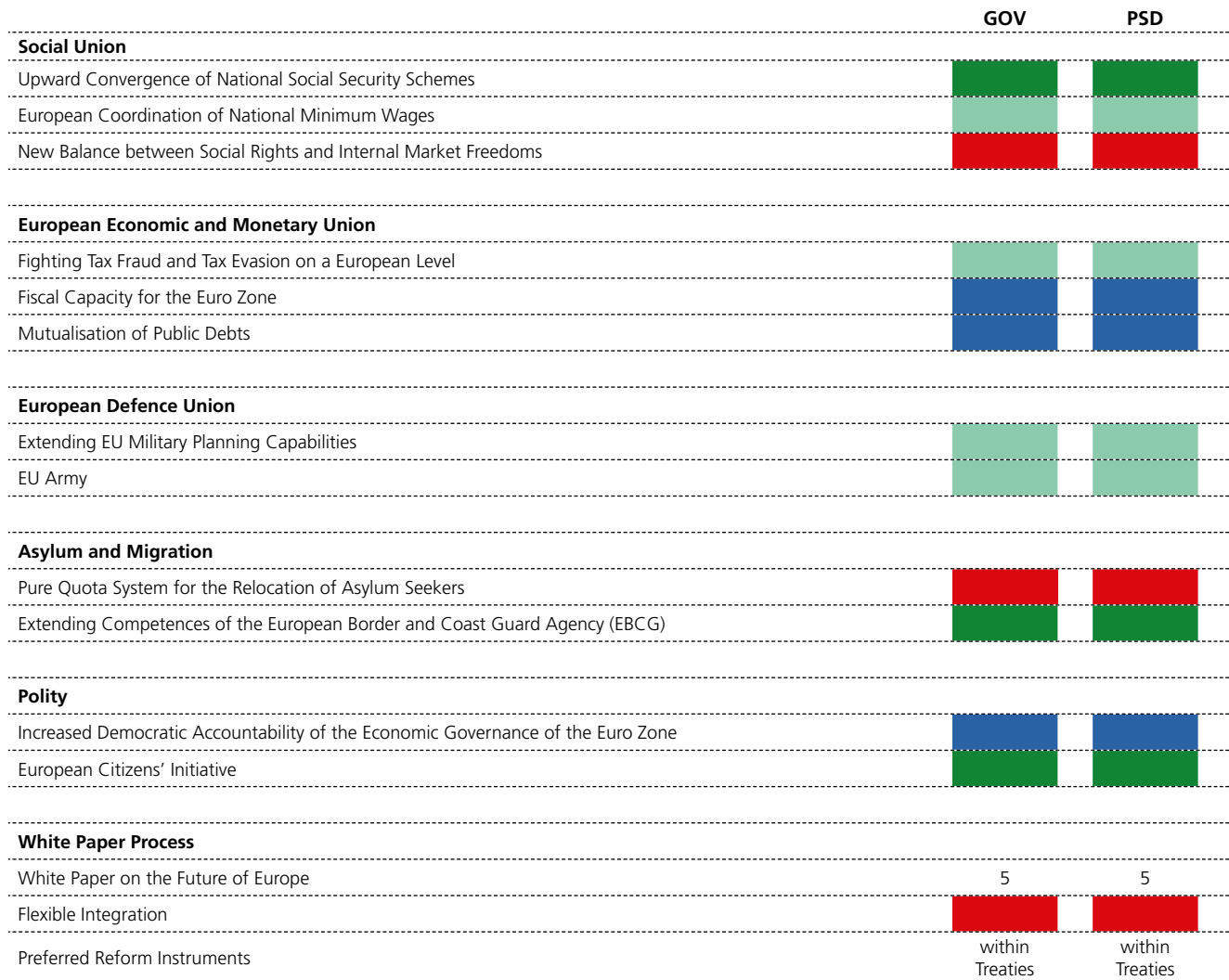
<sup>1</sup> If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

# ROMANIA

In November 2015, the government led by the progressive party *Partidul Social Democrat* (PSD) stepped down after widespread anti-corruption protests and an interim government was installed.

Despite this, the PSD won the following general election in December 2016 with 45.7 % of the votes and has since formed a coalition with the liberal *Alianța Liberalilor și Democraților* (ALDE).

## Support of the Romanian Government and the PSD for Deepening EU Integration



**Legend**

- support for
  - support under conditions
  - against
  - neutral
- GOV** National Government
  - PSD** Partidul Social Democrat
- 1 – Scenario 1: »Carrying on«
  - 2 – Scenario 2: »Nothing but the single market«
  - 3 – Scenario 3: »Those who want more do more«
  - 4 – Scenario 4: »Doing less more efficiently«
  - 5 – Scenario 5: »Doing much more together«

## SOCIAL UNION

Despite the absence of any official stance towards the **upward convergence of national social security schemes** at EU level, it can be assumed, by drawing on past positions regarding a Social Union, that both the government and the PSD might opt-in if the EU heads towards more convergence and harmonization of social security standards. Furthermore, Romania would most likely follow core member states such as France, Germany, and Italy. The government and the PSD, thus, are willing to push forward a set of minimum standards such as a guaranteed minimum income in the EU, as long as the process for adopting these standards will respect the socio-economic context of each member state. After all, there are also huge discrepancies among member states concerning e.g. minimum income schemes. Furthermore, the application of minimum standards for social security schemes should encompass as many sectors as possible as well as all member states, not only those of the euro zone which Romania has not joined yet. Moreover, both actors attach great importance to the level of the Romanian national minimum wage and its alignment with the European average. Despite the fact that the level of the minimum wage in Romania has increased significantly over the last years, the country still has the second lowest level in the EU, after Bulgaria. The government and especially the PSD are keen to further increase the level of the Romanian national minimum wage. However, as far as **European coordination of national minimum wages** is concerned, discussions within the government underline that a EU minimum wage that would significantly exceed the current national level would be a challenge for the economy. Thus, the government would support national minimum wages relative to the national median income instead of having a fixed minimum wage applicable in all EU member states. A European coordination of national minimum wages should take into account relevant socio-economic indicators in member states and adopt the principle of the lowest common denominator. The process of defining the level of minimum wages should include all relevant social partners, business associations and civil society. Therefore, both actors rather support a soft mechanism to establish a European coordination of minimum standards that can evolve into a framework directive on a minimum wage in the future. The government and the PSD clearly oppose establishing a **new balance between social rights and internal market freedoms** by introducing limits to the application of the four freedoms. They promote to maintain the status quo. This is particularly due to the fear that the rights of Romanian citizens living abroad might be affected, especially in light of the Brexit referendum and the concessions that had been made to the United Kingdom before the vote.

## EUROPEAN ECONOMIC AND MONETARY UNION

Generally, the government and the PSD support **fighting tax fraud and tax evasion on the European level** regarding an EU-wide minimum corporate tax rate, increased

transparency requirements for multinational enterprises (MNEs) and country-by-country reporting as well as a ban on letterbox companies. Romania lags significantly behind other EU member states regarding its tax collection average as percent of its Gross Domestic Product (28.1 % compared to an EU-wide average of 39.9 % in 2015) and a high number of corruption cases are being investigated on charges related to tax evasion. This state of affairs has increasingly been subject of political debates. Moreover, Romania witnessed strong political rhetoric against MNEs during the last election campaign, especially coming from key figures of the government and the PSD, which led to mistrust and tensions with the business sector. After all, the government and the SD had proposed a minimum corporate tax rate similar to the one that is now being discussed at EU level for digital companies, although they dropped it after discussions with representatives of corporations and the larger business sector. However, Romania's support for fighting tax fraud and tax evasion at EU level would probably depend on how far reform proposals in this regard would go. The **creation of a new fiscal capacity for the euro zone** is less relevant for Romania, as the country has not yet adopted the euro. Nevertheless, Romania's declared objective is to maintain and ensure the possibility for non-euro zone member states to adhere voluntarily to any framework, as the country did in 2011 with regard to the Euro Plus Pact. Romania voluntarily joined a group mainly consisting of euro zone states, which made commitments to political reforms in order to improve their fiscal strength and competitiveness. Regarding the **mutualisation of public debts**, neither the Romanian government nor the PSD has adopted a clear position on the reform proposal. The national debate concerning the euro zone tends to focus entirely on Romania's perspective to fulfil the criteria for a nominal and real convergence necessary to adopt the euro.

## EUROPEAN DEFENCE UNION

With regard to security threats in its direct neighbourhood, especially after the annexation of Crimea by Russia, the government and the SD have stressed the need for more coordination in the area of the Common Security and Defence Policy (CSDP). Furthermore, the government asks for more cooperation between national defence industries within the EU. Consequently, both the government and the PSD support the idea to **extend EU military planning capabilities**, but under the condition that more convergence and synergies with existing NATO structures will be achieved. After all, NATO remains the key security anchor for Romania. Debates in Romania on how to extend and fund the EU's military capabilities are rare. Regarding the national defence strategy, the government is open to more cooperation with third countries that share common goals, mainly from Eastern Europe and the Black Sea region. Both the government and the PSD generally endorse the idea to establish an **EU army**, while concrete steps leading in this direction remain vague. There is hardly any specificity concerning a legal framework, command structures or sources

of funding mentioned. However, the government's and PSD's support for an EU army is, again, subject to the condition that any future EU defence structure must fit into existing NATO structures and at best increase synergies and the convergence of both organisations. Nevertheless, Romania will most likely prioritize NATO over a possible EU army.

## ASYLUM AND MIGRATION

In Romania, neither the government nor the PSD would support a further deepening of the Common European Asylum System (CEAS) and the establishment of a **pure quota system for the relocation of asylum seekers**. Although Romania has not been one of the main destinations or transit countries during the so-called migration crisis, it voted against the emergency relocation scheme as agreed on in the Council of the EU in September 2015. The country accepted the majority vote, but rather calls for a voluntary system where each member state decides on the number of asylum seekers it is willing to host. Furthermore, it supports more cooperation with third countries in order to externalise the processing of asylum applications in countries of origin. However, Romania's opposition is, in general, based on concerns regarding the lack of administrative capabilities and financial capacities to host more asylum seekers and the rise of anti-migrant attitudes within the public discourse. Romania still has not been able to join the Schengen area due to the opposition of several member states, which link the fulfilment of the conditions of the Mechanism for Cooperation and Verification with Schengen membership. As Romania is eager to join the Schengen area, the government and the PSD will most likely support further integration of the control of the Schengen area's external borders and **extend-ing competences for the European Border and Coast Guard Agency (EBCG)**. Although discussions concerning an extension of the EBCG's tasks are rare, the Romanian government calls for deeper cooperation of member states in both border control and sea rescue operations and for the EBCG to fulfil these tasks. Therefore, Romania is already participating with a border staff of 75 and has sent technical support and naval ships in order to assist the agency.

## POLITY

A discussion concerning **increased democratic accountability of the economic governance of the euro zone** is virtually non-existent in Romania. However, both the government and the PSD support deeper European integration, especially when reform proposals are put forward by the European Commission and are backed by member states such as France, Germany, and Italy. Romania will most likely follow their lead if the proposal is not limited to euro zone countries. There are no political discussions concerning the **European Citizens' Initiative** (ECI) in Romania, although the need for reforming the institution is recognized and called for at the technical level and within civil society. Modifications that are already addressed

in the current reform package of the Commission are likely to be supported by the PSD-led government, as their political implications are low. This holds as long as the limitations, which were highlighted in the national debate (registration policy not flexible enough, too much personal data necessary for statements of support, difficult access to information for organisers, perceived reluctance of the Commission to register initiatives and limited impact of successful ECIs), are tackled and resolved in the final proposal.

## WHITE PAPER PROCESS

The PSD-led government has expressed its support for the fifth scenario, »doing much more together«, as proposed in the **»White Paper on the Future of Europe«**. However, the government and the PSD prefer EU reforms to be carried out within the existing treaties. Furthermore, both strongly oppose the concept of **flexible integration**, since they fear a multi-speed Europe that would only enhance and consolidate economic and social disparities rather than decreasing them. Such developments are considered disadvantageous for Romania, as the country is not yet a member of either the euro zone or the Schengen area. Despite being eager to join both, it is still facing a lengthy accession process in order to be part of a core Europe. Although the government and the PSD envisage a much deeper union, there has been a rise in anti-EU rhetoric at the political level as well as in the public discourse. Especially the Commission Mechanism of Cooperation and Verification for new EU members failing to implement commitments made in the accession negotiations has been criticised as »EU dictate« by leaders of the PSD, when it was applied to Romania after it failed to fulfil all commitments during the accession process. Furthermore, the government is trying to exert greater control over the country's anti-corruption mechanism and the judicial branch, despite having received warnings from the Commission regarding some legislative proposals in these areas. This suggests some degree of ambivalence in the government regarding the future of the European Union.

## Legend

### Actors Covered by the Study in each EU Member State

- *National Government*: including its members from one or more political parties, the Head of State or Government, relevant executive ministers and administration.
- *Progressive Parties*: They include all parties that are represented either in the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D) or that are members of the Party of European Socialists (PES) and have gained a minimum share of 5 % of the votes in the last national or European elections. They also include La République en Marche (REM) in France.

### Concrete Reform Options in Different Policy Areas

#### Social Union

1. *Upward Convergence of National Social Security Schemes* to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens.
2. *European Coordination of National Minimum Wages* to ensure a decent income within the EU to prevent in-work poverty, to promote social convergence and to avoid social dumping across the EU.
3. *New Balance of Social Rights and Internal Market Freedoms* to compensate the current precedence of internal market freedoms over national social rights.

#### European Economic and Monetary Union

4. *Fighting Tax Fraud and Tax Evasion on a European Level* for a fair allocation of tax burdens among natural and judicial persons.
5. *Fiscal Capacity for the Euro Zone* to provide stabilisation against economic shocks through public expenditure in the euro zone.
6. *Mutualisation of Public Debts* to tackle the problem of a sharp increase in public debts in some member states as a result of the euro zone crisis.

#### European Defence Union

7. *Extending EU Military Planning Capabilities* also for executive military missions and operations.
8. *EU Army* establishing a permanent multinational military force under European command.

#### Asylum and Migration

9. *Pure Quota System for the Relocation of Asylum Seekers* which would replace the Dublin system.
10. *More Competences for the European Border and Coast Guard Agency (EBCG)* expanding the current EBCG tasks in terms of »shared responsibility« between the EBCG and national authorities.

#### Polity

11. *Increase Democratic Accountability of the Economic Governance of the Euro Zone* to make its institutions more responsive to EU citizens.
12. *European Citizens' Initiative (ECI)*: revision of the ECI regulation to make the instrument more citizen-friendly and effective in order to strengthen the participative democracy in the EU.

#### White Paper Process

13. *The White Paper on the Future of Europe* by the European Commission presents five possible scenarios for the future course of European integration.
14. *Flexible Integration*: limiting the application of certain rules to certain EU member states.
15. *Preferred Reform Instrument*: Treaty reform, reforms inside or outside the Treaties.



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