



Romania's Recovery



The Hon. Victor Ponta

EDITORS' NOTE Victor Ponta is the President of the Romanian Social Democratic Party (PSD) and Co-President of the USL (Social-Liberal Union) governing alliance in Romania. He worked as a public prosecutor for the Anti-Corruption and Criminal Prosecution Department at the Prosecutor's Office of the Supreme Court of Justice, specializing in economic and financial fraud between 1998 and 2001, when he was appointed Chief of the PM's Control Department until 2004. That year, he was elected to the Chamber of Deputies as one of the youngest Romanian MPs. In 2010, he won the PSD presidency. In May 2012, he became Prime Minister of Romania. In August 2012, Ponta was elected Vice-President of the Socialist International.

How have rating agencies and economic analysts who predict gloom in Romania's economy affected the economic reality and how much of that is due to the political crisis?

While the political crisis has had an impact on Romania's prospects, the situation and Romania's outlook are positive. Despite political unrest, Romania is currently led by a government enjoying great public legitimacy and a coalition that is expected to overwhelmingly win the upcoming December elections – a government that has vowed to respect the country's commitments to the EU and the IMF.

Moreover, we take it as an achievement of the current government that, in the second semester of 2012, the economy has grown after a period of recession. On September 4th, Romania attracted EUR 750 million from foreign markets, by issuing bonds with an interest rate of between 5.1 percent and 5.15 percent. Also, Exxon Mobil and OMV Petrom have announced future investments in Romania. These are excellent signs of our economic prospects.

**An Interview with
The Honorable Victor Ponta, Prime Minister of Romania**

What has been Romania's experience with the IMF in terms of its assistance during the economic crisis?

The circumstances and the effects of the economic and financial crisis warrant the intervention of key international or regional organizations such as the IMF, the World Bank or the European Commission, whose dedication in combating the crisis should not be undervalued. The IMF does not call for adopting particular policies but sets up targets that national governments must find the means to reach. The means and the instruments for reaching these objectives that the IMF and the governments agree upon are nevertheless devised by the governments themselves. As the Prime Minister of Romania and as a politician that has been involved firsthand in our negotiations and talks with the representatives of the IMF, I can say we have had a constructive experience. Beyond the help that the IMF has offered at a dire moment, the suggestions and the ideas of the IMF experts have helped Romania overcome several difficulties.

The impeachment of Romania's President has been intensely debated. What are the main ideas that the international community should take away from the cohabitation effort in Romania?

The Romanian voters have proven they have a voice after 87 percent, representing 7.4 million votes, opted to oust the incumbent president. The turnout threshold wasn't met though and we will respect the Constitutional Court's decision that calls for the suspended president to resume his duties. I owe it to all the citizens of my country to ensure that the government continues to work actively to sustain economic growth, create jobs, and observe Romania's international commitments. It is a matter of national interest to act along these lines and I hope that President Basescu will see the wisdom in supporting these governmental policies.

Is there anything you would do differently if you had to go through this experience again?

One of the problems we had was our inability to accurately explain to our international partners the particular character of our institutional relations. Several of our partners were taken by surprise by certain dynamics in Romania and incorrect information. I am confident, however, that the actions of the government in the following months will show that the political instability has not affected our ability to handle our economic and social priorities.

What is the status of the rule of law in Romania and what influence does politics have over the justice system?

In spite of some negative comments made in the international media, the rule of law was never at stake. I cannot see how a procedure of the national Parliament, deemed as constitutional by the Constitutional Court, followed by a popular vote and by an invalidation of this vote according to the legal stipulations, could be considered as a breach of the rule of law. Politics still influence the judiciary and it is for this reason that the government's program is focused on giving more power to the Supreme Council of Magistracy (CSM), including on matters of spending, in order to ensure an institutional independence of the judiciary.

How does Romania intend to fight corruption and what elements can guarantee success?

During our accession to the EU, we have undertaken commitments to reform several aspects of our legal system and give greater autonomy and independence to the magistrates. We want to speed up this process and create a larger sphere of independence for the judges and prosecutors. We want to increase the prerogatives of the magistrates elected CSM and to reduce the attributions of the government on matters pertaining to the justice system. We also want CSM to assume responsibility for making the nominations on judge or prosecutor positions instead of the government. We want CSM to have specific attributions on the budget of the judiciary and we want to strengthen the prerogatives of the institutions designed specifically to tackle corruption, such as the National Anticorruption Prosecutor's Office.

Is Romania ready to join the Schengen Area and what areas proposed for EU/MCV oversight can you improve on in the short to medium term?

Romania is technically ready to join the Schengen Area, as the official documents of both the European Commission and the European Parliament attest. We have made a series of investments to secure our borders and to show our European partners that we are a reliable member of the Union. In terms of the MCV, I hope the EC's experts will notice our efforts and issue a positive report. We will follow all the recommendations of the report to the letter, as we believe that the MCV

is a procedure that must continue in order to ensure that Romania will keep making progress in reforming its judiciary and legal systems. We have also been strict to respect our most recent commitments to the EC established through President Barroso's letter of 11 points.

What is the right solution for Europe as a whole and for its member states: a greater degree of integration or more independence for each state?

Personally, I am a partisan of further integration and I am willing to support all initiatives leading towards a stronger Union. I believe that we can advance towards increased integration only by means of political consensus and that every further step down this road must be accompanied by measures meant to increase the transparency and democratization of European institutions.

Romania is a country with abundant natural resources, especially oil and gas, and mineral (copper, gold) reserves. What are your government's plans for exploration and the prospects for foreign investment in this area?

We are open to all investors who wish to develop businesses in Romania and the cabinet has already taken measures and will adopt several additional policies to support foreign investors. Nevertheless, we have three conditions: that plans and exploration measures comply with the national and European standards on protection of the environment; that investments respect Romania's national interests; and that investments are free of any allegations of political corruption.

Is the Russian Federation the ideal partner for Europe and Romania, particularly for securing energy resources such as oil and gas or should other alternatives be developed?

For economic- and energy-related issues, the Russian Federation remains an important partner of the European Union. By volume, Russia is a small economic partner of Romania as compared to Italy, France, and Germany. But Russia is an important energy partner from which we import natural gas. As is the case for every country in the region, Romania is actively trying to diversify its gas imports. Nevertheless, developing these alternatives entails not only finding additional suppliers of gas and oil, but also investing in safe and green technologies and increasing the energy share coming from renewable sources.

Are China and Asia an important element in your investment agenda?

Rising economic actors are an important element in our political and economic agenda. I have had several meetings with our Chinese counterparts, both at an executive and a political level, and I am content with the current development of our common economic projects. There are several issues that need to be addressed, but I am confident that the coming years will mark an increased cooperation between Romania and prominent and dynamic economies, such as China.

What strategic role do you envision for Romania as a NATO and EU member?

Romania must continue to show itself as a reliable member of both organizations and continue to act in compliance with its commitments and responsibilities. At the same time, I believe it is important for Romania to give greater substance to its regional initiatives in the Black Sea region.

What are the main elements in the U.S./Romania partnership?

The most prominent aspects concern the consolidation of our strategic political and economic relations. The development of components of the Missile Defense System on Romanian territory gives depth to our cooperation. And one of the most important objectives on the Romanian side is working alongside our U.S. partners towards visa waving for Romanian citizens.

Romania has become a hub for foreign investment, especially within the automotive industry. Are you offering incentives like state aid to encourage investment?

Given the legal and institutional standards, we cannot offer state aid to industries, as such a move would infringe on the European legal provisions. We are looking forward to the developments within the Romanian automotive industry, but there are also opportunities in fields such as software development, tourism, education, and health care. Moreover, we are revamping our institutional and legal background so that doing business in Romania becomes easier and less bureaucratic.



Prime Minister Victor Ponta (right) with Tony Blair, former Prime Minister of Great Britain and Northern Ireland, attending "The Future of Europe in the New Global Order" conference held in Bucharest in March 2012

How is Romania returning to a positive trend of FDI (foreign direct investments) despite the economic crisis?

Romania stands out as a destination for foreign investors because we have a fairly specialized and educated labor pool, especially in the automobile industry, software engineering, agriculture, and the food industry, as well as in the manufacturing sector. Companies like Continental, Lufkin, Toro, Delphi, Timken, Cameron, and Honeywell are among the names present in Ploiesti, Iasi, Timisoara, Cluj, and the Black Sea port of Constanta, our major cities. Moreover, for the past decade, we have witnessed an impressive expansion of the services sector, which continues to be one of the most dynamic in Central and Eastern Europe. We are also committed to improving the conditions for the business environment.

To that end, we will offer fiscal amenities for investors that create new jobs. We will continue to invest in the development of infrastructure and we will try to maintain a low fiscal burden to increase the competitiveness of the Romanian economy. We are focusing on predictability, which is paramount to investors. Also, the fact

that the outlook of the IMF and of the EC on our economic prospects is positive points to the credibility of Romania as an investment opportunity.

Romania's EU membership recently passed through its most severe crisis. What conclusion have you drawn from this experience?

A close and open communication and cooperation between the national and European level is mandatory. The European Parliament has recently debated events in Romania with MEPs emphasizing the importance of impartiality and correct information in national debates and institutional contexts. Of course, there may be moments when politicians are not aware of the dynamics or of the popular sentiments happening in a particular context or environment. Romania's accession to the EU represents the most important political event of the past two decades and we must continue to try fulfilling the opportunities that the membership entails.

Is there an effective mix of left-wing and right-wing policies for a country?

As a member of the generation that saw communism fall as I entered adulthood, I can say that the right-left cleavage has a new significance today. I am convinced that Romania needs to develop a much more competitive economy and to observe more severely the rules of adequate economic competition in a global environment marked by free trade and the development of international institutions. The country must tackle issues like education and health care more responsibly and these fields require adequate investments from the government; a mix of policies that promote economic growth and create jobs while reducing social inequalities is necessary and possible. This pro-market and pro-reform agenda is what distinguishes my government from the simplistic austerity agenda of my opponents. These two visions will compete in this December's elections, and I am confident that it is our vision the Romanian people will choose to support.

Which ideas and political figures have shaped your vision of governance?

I am the first Romanian government leader in 20 years without a communist past. I believe that my generation represents the end of the post-communist transition period. I want to give the institutions back to popular control and to reinstate a proper separation of powers, not to brutalize them. Too much power has been concentrated in the hands of one man. As far as political figures go, I am intellectually and politically indebted to Tony Blair. I was fortunate as a member of the youth wing of the PSD to take part in several events organized by the Labour Party and his policies and reorientation of Labour after several years of opposition had a huge influence on my view of politics.

Which are the most pressing problems facing the global community?

Agriculture and the food crisis, climate change, and the increasing polarization of society – and these issues, in many ways connected, must be dealt with at an international level, as well as at a national level, in order to be effectively tackled. At the same time, given the more global character of the international economy and the emergence of a nascent global society, more must be done in tackling rising inequality trends all over the world, which are often accompanied by social exclusion, discrimination, poverty or violence. ●