



Weekly Briefing

**Romania External Relations briefing:
Outlook for 2018 in the Field of External Relations
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Outlook for 2018 in the field of external relations

The major axes of the Romanian external policy are built on the triad of the strategic partnership with the United States of America (USA), the NATO membership and further European integration. No changes of direction are anticipated for this year, as a recent speech of the Romanian President Klaus Iohannis states the same coordinates for the external policy, in order to ensure the predictability and accountability of Romania related to the promoted international measures. In the turbulent and challenging external environment, Romania's aim is to be seen as a pillar and provider of security and stability and to further enhance the position assumed in the last years.

a) Outlook for the external relations at the European level

The strategic position assumed by Romania as a member state is to strengthen its role as the Eastern pillar of the EU in its struggle for consolidating the European project towards a deeper integration lead by the "core" Germany and France, and avoid Euroscepticism and other nationalistic turbulences which some of the EU member states faced in the last years. One of the main aim of Romania is to increase its role and efficiency in the EU.

•The Schengen Area and the MCV

There are several strategic objectives Romania envisages and to whose achievement yearly efforts are needed: joining the Schengen Area and the Euro zone.

The year of 2018 could be an important one for Romania, if the objective of joining the Schengen Area, established since the EU adhesion, will finally be accomplished and will allow for the elimination of the border controls. Romania already fulfilled the technical requirements, but it has not yet obtained the consensus of all the EU member states for joining the area, due to suspicions

related to its border control capacity and corruption. Positive signals related to a close adherence were drawn at the end of 2017, but a clear conclusion is not yet launched and could depend on the twists related to the justice in the area of internal policy.

In addition, Romania is still under the Cooperation and Verification Mechanism (CVM) meant to drive the way for finalising the justice reform with the European guidance. At the middle of 2017, the European Commission President, Jean-Claude Juncker, shared the optimistic view of ending the CVM monitoring before Romania takes the presidency of the EU Council. Such an aim is still difficult to be achieved at this time, as the changes to the laws of justice have attracted countless criticisms from the EU representatives.

Euro adoption

Euro adoption is a further step in Romania's integration in the EU, through which it can harness the whole range of opportunities of a member state. The nearest deadline for the euro adoption was established for 2019, Romania managing to fulfil all of the Maastricht criteria related to the nominal convergence in the summer of 2015. The deadline was abandoned due to a similar attitude towards the single currency in the Czech Republic, Poland and Hungary, and especially based on a still high gap in the level of development between Romania and the EU. The GDP per capita in Romania was positioned at 60% of the EU average, with large disparities at regional level. The closest advanced date for the euro adoption is 2023, but since 2015, the indicators related to the nominal convergence worsened. Without annual efforts for improving them, the goal of stepping into the European Monetary Union risk to become more and more distant. Bulgaria announced its intention of joining the exchange rate mechanism this year, in order to adopt the single currency after two years. The main risks for Romania, at present, are related to three out of the five nominal convergence criteria: the danger of not respecting the target for the budgetary deficit, for the long-term interest rates and for inflation.

The presidency of the EU Council

Romania will take over for the first time, 12 years after joining the EU, the six months rotating presidency of the EU Council, starting with January 1, 2019. Romania is part of the presidency trio including Finland and Croatia, under which will chair the meetings of the Council of the European Union in Brussels, the meetings of the permanent representatives of the member states (COREPER) and of about 200 other working groups.

As already mentioned in a previous weekly briefing, this implies hard preparations and challenges for the Romanian diplomacy, which will have to manage complex issues at the European level, among which the negotiations for the future financial framework. Romania will have a major role in the EU restructuring and has to assume this responsibility through qualified human resource, wise diplomacy and well established objectives. A logistic preparation is also needed, as Romania will be the host of the European Council summit in 2019, which will take place at Sibiu.

Other areas of interests

The Three Seas Initiative is also a relatively new format of cooperation for the countries in Central and Eastern Europe, launched in the summer of 2016, but with a more economic perspective. The Summit is gathering heads of State and representatives from 12 countries in Central and Eastern Europe, within the geographical area of the three seas – the Adriatic, the Baltic and the Black Sea (Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and Hungary). The “Three Seas Initiative” was launched with the aim of providing political support for better cooperation and interconnection in these countries in areas such as energy, transport, telecommunications and environmental protection. The project is also endorsed by the USA.

This year, the Summit will be hold in Bucharest, having an important stake for Romania. Among the main aims established, several practical approaches are

already envisaged: the selection of several projects to promote the interconnection on the North-South axis, the organization of the first Business Forum of the Initiative and of a network of Chambers of Commerce, attracting a stronger economic involvement of the US in the region.

Romania also envisages for this year the development of strategic relations with France, Germany, Poland and Italy and keeps its commitment of supporting Moldova's road towards the European values and standards. In this respect, a special place is dedicated to promoting the Strategic Partnership for European Integration of the Republic of Moldova.

This year is under pressure for the Romanian diplomacy which will have to promote Romania's image in the context of celebrating 100 years since the historical union of its provinces which led to the creation of Romania's state, without stimulating any nationalistic tendencies and preventing such manifestations in areas that no longer belong to Romania and where festivities will be held (such as in the Republic of Moldova and in the city of Cernauti, which is now in Ukraine).

These main directions are backed by the activity of Romania's Chamber of Commerce which will develop throughout 2018 a series of external economic missions, while the responsible ministry will organise the participation in international fairs and exhibitions. For example, in the first semester of 2018, several economic missions are already planned to take place in Egypt, China and Belarus.

b) Romania's relations with USA and NATO

Romania had a prolific year in its relationship with the US, through the relaunch and deepening of the Strategic Partnership between the two countries, when US reconfirmed its commitment to the security of the region. Romania counts on strengthening the implications of the last year's achievements. The cooperation is meant to be reinforced in the political and military areas. In this

respect, Romania will continue to allocate 2% of its GDP for defence. Another interest is in developing the trade and investment relations.

Romania manifested its intention to be a reliable partner for NATO and to be totally involved in order to maintain its status of the most powerful and effective collective defence Alliance. In this respect, Romania encourages the cooperation between USA and EU in order to ensure the needed coherence and cohesion. Romania supports the role of the Alliance in countering terrorism, including by strengthening the capacity of the South Partners to cope with this phenomenon.

In this respect, Bucharest will take part in a major event in the field of security this year. The event – named “the Bucharest Format” – is an initiative launched in 2015 by Romania and Poland which gathers the NATO members on the eastern flank in Central and Eastern Europe for a common approach in the area of regional security. It is an opportunity for further developing consultations among the allied countries for promoting a joint approach related to ensuring security, stability and prosperity from the Baltic Sea to the Black Sea, in the benefit of the Euro-Atlantic community. The reunion this year will be held at Warsaw having as main aim the preparation of a common outlook providing good results for the Eastern flank member states and NATO in the sight of the Allied Summit in July.

As regards security in the EU, Romania’s aim in the area of security and defence is to be part of the Permanent Structured Cooperation on security and defence (PESCO) projects since their launch. Romania also assumed a role in promoting the completion of the Western Balkans’ integration into the EU and NATO. In this way, Romania is prone to be involved and to continue one of the priorities of the actual EU Council presidency held by Bulgaria.