



# Weekly Briefing

**Romania External Relations briefing:**  
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**Confronted with a crisis in the health system, Romania activated for the first time the European Civil Protection Mechanism and required help from the 70 countries that are part of this mechanism in ensuring the needed supply of human immunoglobulin for its patients. In the energy field, Romania is on the point of risking the triggering of the infringement procedure due to a legislative proposal of channelling the trade of 70% of the gas produced in Romania on a single exchange market, thus establishing a monopoly on the operations of centralized natural gas markets. Romania continues the development of its bilateral external relations, one of the most recent actions in this area being the discussions for the establishment of an industrial park in partnership with China.**

Romania, through the Minister of Health, triggered the European Civil Protection Mechanism to ensure the amount of immunoglobulin needed for the treatment of the patients diagnosed with primary immunodeficiency, autoimmune diseases, and neurological diseases, given the discontinuities that have arisen since last year in the supply of human immunoglobulin. The decision was approved by the Prime Minister of Romania and the support system was accessed at the beginning of March. Through this mechanism, the help was asked from the member states of the EU and NATO.

This situation comes after a long period in which Romania confronted with the immunoglobulin crisis, without finding a solution. At the beginning of February, the Ministry have announce that will also try to use this mechanism and, due to a continuous unfavourable situation, this procedure, which represents a European alert that calls for the medicine for Romania, was applied.

The discontinuities in providing the immunoglobulin were generated by the withdrawal from the market of producers providing over 80% of the necessary medicine. As a result, the Government announced that the claw back fee for plasma products will be suspended for a period of two years. This measure was

taken in November 2017, but the specialists consider that it was too late, due to the fact that immunoglobulin manufacturers have been withdrawing from Romania for more than two years yet. This situation started in 2015, once with the withdrawal of Baxter (Shire) and Octapharma; a year later, Grifols and Kedrion disappeared. In 2016, the immunoglobulin reserves were estimated at the lower limit for 2017. In March and in July 2017, the last two producers notified the Romanian state that the needs of the Romanian market could no longer be covered. The crisis was considered to be tackled in the fall of 2017, at a time when the immunoglobulin crisis was underway and the patients had no longer the needed medication than for at most 3-4 months, as the Ministry of Health managed to buy a type of immunoglobulin. In fact, the problem was that it was brought another type of immunoglobulin, used in the treatment of only one disease, not recommended for treating the primary immunodeficiencies than in strict cases.

Therefore, although the distributors benefited from the suspension of the claw back fee – which had an important level, of 20% – the immunoglobulin crisis has not been solved by itself. Romania still has the lowest price in Europe for this medicine, and this could be considered another deterrent for both the producers and distributors. While a price update has not been made since 2015, the Romanian Ministry of Health mentions that legally and technically, could not take any measure in this direction in a short period of time.

At the Ministry of Health, a crisis committee has been formed, with the role of keeping track of the system's response and of establishing a quick connection with the providers of immunoglobulin. This is the first time when Romania has activated the European Civil Protection Mechanism, counting on the help of the 70 states that are part of this mechanism. As a result, Austria, Italy and United States have answered the call so far.

The immunoglobulin problem is partially solved for two, at most three months, as the first 10,000 doses will be sent from Austria until the end of March. Romania's monthly requirement is 5,000 doses. The offer from Italy and

US is totalling 150 kg of immunoglobulin, but the annual volume in Romania is nearly 1,000 kg. The Ministry is hoping to solve the problem in three months.

Romania risks the application of the infringement procedure in the gas market, due to a series of legislative changes that are aiming to allow the trade of 70% of the gas produced in Romania on a single exchange market, namely through the Romanian gas and electricity market operator (OPCOM). These legislative proposals were already positively approved in the Chamber of Deputies in October 2017, but the amendments are still to be adopted in the following period.

The European Commission has initiated earlier an infringement proceeding against Romania for blocking gas exports. Therefore, an Emergency Ordinance was needed in order to manage this situation that emerged due to a vicious legislation. Still, this amendment was introduced in the Emergency Ordinance from October and raises other issues for the public policy makers in Romania, in the circumstances in which the EU is envisaging the liberalization of the energy market. Now, this amendment could violate the fundamental freedoms enshrined in the Treaty of the EU, as well as the principles of the free energy market. According to the amendments, OPCOM, a state-owned company, would have the monopoly on the operations of centralized natural gas markets, and producers will be required to trade through this market 70% of production, a percentage that will be annually increased by the government until 100%. In this way, OPCOM will have the monopoly of gas transactions, which today are mostly running on the Romanian Commodities Exchange, with majority private capital.

In Romania, the energy market has two operators licensed by the Romanian Energy Regulatory Authority: the Romanian Commodities Exchange and OPCOM. Redirecting the whole transactions through national regulations enhances anti-competitive practices, in contradiction with the European requirements. The practice in the EU countries is to stimulate the presence of several market operators in the energy field (there are 7 market operators in

France, Germany and United Kingdom, 5 in Spain etc.). In none of these countries, the market operator activity is not managed by a company owned, directly or indirectly, by the state; also, there is no legislation that assigns this activity to a single market operator.

In fact, OPCOM has a history of breaching European regulations. In 2014, the European Commission fined the company for over one million euro because it abused its dominant position on the Romanian market and facilitated spot transactions in electricity.

The advertisement for the Romanian authorities was drawn by the European Commissioner for Energy, Miguel Arias Canete, in a letter sent in October 2017 and reiterated at the end of February this year, in a meeting with the representatives of the energy field at Brussels. He stated that Romania is at a crossroads in the energy sector, and the European Commission expected that, through the Emergency Ordinance, to put an end to the previous infringement procedure. Still, the situation is on hold. If the European Commission will sue Romania at the European Court of Justice and the infringement will follow, this will strongly affect the image of Romania, while delaying the investments and thus retarding the development process of the country. On the other hand, through competition, the decrease of the operation price could be ensured for the entire population. Moreover, in this way suspicions related to the inferences of the political or group interests in the formation of the process could be excluded, especially that the energy sectors is a strategic and of vital public interest.

Romania is prone to enhance its external connections with several countries, among which China. The president of the actual main ruling party, the Social Democrat Party (SDP), in a message delivered at the beginning of March, especially emphasized the importance that must be provided for addressing the huge development potential in the relationships between Romania and China. The SDP president also announced that he would ask the entire diplomatic corps of Romania to give more importance to the economic dimension of external relations. Recently, the Deputy Prime Minister Paul Stănescu met with Beijing's

Ambassador to Bucharest, Xu Feihong. On the same commitment line, the main conclusion of their meeting was related to the importance of establishing an industrial park in partnership with China. This would represent a priority for attracting investments, due to the fact that Romania is seen as a strategic gateway to the EU.

In fact, the partnership with China emerged in the last years in different areas, which is a good start for further important common projects and initiatives. The cooperation between China and Romania saw a steady development in recent years at the level of local administrations, through the promotion of locally important projects, such as the ones in the digital development area. At present, there are a significant number of twinning agreements in force at the level of municipalities or counties with Chinese provinces.

Among the subjects discussed, a special place was granted to the steps taken to attract Chinese investors to Romania, including the creation of industrial parks. The initiative is not a new one, given that, at the beginning of 2017, the representatives of the Chamber of Commerce and Industry in the county of Prahova announced that an industrial park with Chinese capital is being built in Baicoi. The project implied three stages; the first stage is the construction phase, for which an investment of 50 million euro was allocated. The second stage is the connection to utilities and the third stage is related to attracting companies with Chinese capital to be permanently present in the industrial park. A delegation of 70 people from China was present in Romania for promoting this project, which is strongly welcomed by the community in that area.

Romania sees, in its relation with China, an opportunity for the development of partnership relations, with an emphasis on economic and trade relations with countries outside the European single market.