



Weekly Briefing

**Romania external relations briefing:
Outlook for the second half of 2020 in the external field
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Outlook for the second half of 2020 in the external field

Despite the harsh impact of the COVID pandemic, Romania's foreign policy options did not change for the second half of 2020. Romania's major directions are focused on deepening the collaboration with the EU and NATO and enhancing the Strategic Partnership with the USA. One of the main interests remain the recovery of the economy, in the view of the final discussions related to the EU Multiannual Financial Framework. In addition, a new National Defence Strategy is on the point of being adopted in the Parliament, proposing the idea of a Strategic Reflection Group. Romania is also involved in a large international assistance project, named Team Europe, and intends to act in providing support to developing or underdeveloped countries experiencing difficulties in combating the COVID-19 pandemic.

The major lines of the external policy are going to be continued in the second half of this year, as previously established at the beginning of 2020. Romania has three major coordinates for the external policy: being an active member of the EU and NATO and developing the strategic partnership with the USA. However, the second semester of 2020 will be more focused on the efforts for recovering the economy, even in relationship with the main external partners.

The Multiannual Financial Framework of the EU should be politically agreed by July, and will be approved only in early autumn, when the final amounts of money incumbent upon each country will be finally established. In the meantime, President Klaus Iohannis insisted that the allocations for Romania be as consistent as possible with both cohesion policy and agriculture, especially in the current difficult economic context. For Romania, these policies are needed for stimulating long-term investments and are considered relevant for reducing the development gaps between the EU Member States. In a recent discussion with the European Council President Charles Michel, the President of Romania supported the increase of transfers between the different funds which would allow for a focus of the money on the real needs in the country, accentuated the need for maintaining the co-financing and pre-financing rates from the current programming period 2014-2020, as well as keeping the current rule of disengagement of European funds which allows a three-year extension for absorbing the money. President Klaus Iohannis called for the supplementation of rural development allocations for Romania under the Common Agricultural Policy and the convergence of the direct payments between the Romanian farmers and those from the Western European states.

Regarding the new program dedicated to health, EU4Health, the President insisted on ensuring geographical balance in terms of implementation framework, based on the principles of cooperation and inclusion.

The EU's economic recovery plan provides funds based on two major financial instruments. The first one is the Next Generation Plan, which covers the post-COVID-19 economic recovery plan, while the second one is the Multiannual Financial Framework 2021-2027. In addition, there is a special energy transition fund for a greener economy. While for some of the funds, the geographical criteria in the distribution of money is still prevalent, for the general plan such a criterion is excluded and the allocation depends on the capacity of the countries in building national plans for recovery. The EU, Member States' parliaments and governments have to decide on long-term structural reforms of national economies, allowing a greater degree of freedom in directing the money. Moreover, beyond the economic criteria, the Commission proposals make clear references to respecting the standards of the rule of law. Political debates and the approval of national programs must be concluded by the end of July so that national parliaments have the time needed to ratify the decisions taken in the Council and the European Parliament, therefore measures in this direction are expected.

Romania also has to pay attention to the development options in collaboration with other countries during this period, which could lead to attracting new investments. For example, the Vienna Institute for Economic Studies is proposing a EUR 2 billion investment plan, which could be implemented in the next ten years, with the support of the Economic Recovery Fund. The projects would be focused on public health, transport infrastructure and energy and carbon reduction. Romania could be one of the biggest beneficiaries of such a plan, being on the map of the main infrastructure projects proposed by the institute. The major projects include the built of ultra-rapid train network, new highways, seaports and airports, which could set new European mobility standards. Moreover, there are chances for enhancing the bilateral cooperation. Romania and Bulgaria recently had a discussion aiming to the preparation of a new cross-border cooperation program between the two neighbouring countries, which will be focused on the economic development of border regions and on growth and assistance measures for small and medium-sized enterprises. Two strategic projects are being prepared. One refers to a feasibility study for new bridges and port facilities along the Romanian-Bulgarian part of the Danube. The other project aims to develop the EuroVelo 6 cycling route, which is supported by municipalities along the river.

Romania is also envisaging the strengthening of the collaboration with NATO, by hosting a new NATO command for leading forces deployed by the Alliance for missions in the Black

Sea area. In connection with the NATO action plan in the event of a second wave of COVID-19 infections, the common stock of medical equipment and the financial resources to be used for the purchase of essential medical products will be fed voluntarily, through the donations of the member states. Romania is among the countries that have offered to host some of these stocks.

In addition, the draft National Defence Strategy of Romania, a document still under debate in Parliament, is in line with the strategic positions of Romania's foreign and security policy so far. The draft strategy aims at clarifying the new international conditions, due to the fact that it was released in the context of the pandemic, which affected power relations between global actors. According to the NATO Deputy Secretary-General Mircea Geoana, the new coronavirus pandemic did not eliminate, but amplified the already existing security risks, therefore it is important to be further monitored. Therefore, the Strategy is emphasising integrated risk and threat management, which means that institutions need to work together and complement each other. There is the idea of establishing a Strategic Reflection Group, which would analyse the changes in the international environment, similar to the NATO initiative which brought together a group of experts who in a year's time make recommendations on the Alliance's strategic action for the coming years. The Strategic Reflection Group would have similar duties, suggesting measures of action related to Romania's activities.

Romania celebrated, in June, 140 years since the establishment of diplomatic relations with the USA. Both Romanian and US representatives expressed their confidence in further continuing the efforts for deepening and developing the Strategic Partnership and increasing cooperation at as many levels as possible, including security, trade and investment, energy, cyberspace and the rule of law. The two countries have already shown mutual commitment during the current pandemic, which tested the resilience of the health system. Romania and the United States have supported each other, through repatriation of their citizens in difficult situations, through exchange of experience and support by moving a Romanian military medical team in the USA, or by the emergency transport, with the support of the United States, of a considerable amount of medical protective equipment. Such support and cooperation are envisaged and desirable in the future, doubled by an intense political dialogue. President Iohannis transmitted that he is deeply committed to the deepening and further development of the Romanian-American Strategic Partnership and the transatlantic partnership. The privileged relationship within the Strategic Partnership is seen as a solid benchmark in the context of a world in a profound and rapid change, dominated by many security challenges, to which was added, this year, the struggle on the COVID-19 pandemic.

In addition, Romania is involved in Team Europe, one of the most ambitious international assistance projects launched by the EU following the United Nations' call, designed to provide support to developing or underdeveloped countries experiencing difficulties in combating the COVID-19 pandemic. As part of the Team Europe project, Romania has reconfigured more than half of its humanitarian and assistance projects for this year managed by the Ministry of Foreign Affairs. There are two criteria in allocating these programs: in the short term, helping vulnerable states in the current context; in the medium term, addressing the consequences of the pandemic, where health or economic systems are outdated. According to the commitments made, Romania will continue to provide development assistance to neighbouring regions, such as the Western Balkans, the Eastern Partnership countries and Africa, especially sub-Saharan Africa. Romania's funding priorities, within the Team Europe initiative, include strengthening the institutional capacity of health systems, ensuring food security, sustainable management of water resources, combating false news in the context of the pandemic. Another means of assistance is education, where, compared to the academic year 2019-2020, Romania has doubled the number of scholarships awarded to young people in African countries.