

# What Will Happen after the European Integration?

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*Romania's accession towards EU is the most complex and important process of modernization we have undergone. The transition to democracy being accomplished, we are fully confident the economic development will follow the same path and with the same steps the integration process. The European integration also represents a significant chance for Romania to rejoin the European club, to limit historical discrepancies, but also to contribute to the fulfilment of EU's strategic objectives (the Lisbon strategy).*

Despite the general positive effect that the accession has on Romanian economy, the impact might not be equal, meaning that some companies will benefit more than others. Opening the new markets brings pressure on the enterprises, especially those operating in industrial fields with a long history.

The accession to the European Union represents for the Romanian companies the access to a 450 million-consumer market through the removal of the barriers to the free movement of goods and services. The business community must therefore understand that there are both long-term advantages and short-term risks and these must be optimally managed. We want the business community to be informed as well as possible about the procedures of alignment to the Community standards. To this end, the Ministry of European aims to reinforce communication with the business people and provide expertise on various sectors of the acquis, in association with the other institutions concerned and the employers' associations. We believe that if the business people are better informed, they will be able to prepare more efficiently for the Internal Market of the Union.

Our country's accession to the EU will bring advantages to both Romania and the European Union; that is because, after the accession, Romania will secure the Eastern border of the Union and will, therefore, bring its contribution to the strengthening of stability and security in the region. In this context, Romania will bring plus value on the measures regarding the external policy of the European Union.

Romanians should have realistic expectations related to Romania's accession. People are to understand that the European Union is not used to give presents, but an active implication is required in this process.

In the mean time, also the SMEs will be exposed to numerous changes in the business environment mainly caused by economic restructuring and accession preparations. The most affected SMEs will be the ones where the *acquis communautaire* stipulates that it is mandatory to implement EU's standards of environment, quality, hygiene, food safety, product security and work protection. Also, some SMEs might be affected after implementing the *acquis communautaire* in the field of state aid, by eliminating fiscal and quasi-fiscal subsidies and consolidating the financial discipline.

### **Institutional provisions regarding Romania**

As the 7th largest country of the EU, after accession Romania will play an important role in the decision-making process and in shaping the future of the Union.

Romania has representatives in all EU institutions. A national of Romania was appointed to the Commission as from the date of accession, by the Council, acting by qualified majority and by common accord with the President of the Commission, after consulting the European Parliament.

Romania has 35 representatives in the European Parliament between the date of accession and the date of the next elections for the European Parliament in 2009. Before 31st of December 2007, Romania and Bulgaria shall each hold elections to the European Parliament, by direct universal suffrage of their people for the term 2009-2014. Starting with the term of office 2009-2014, Romania will be represented by 33 members of the European Parliament according to the Act / 35 MEPs according to the Protocol.

Where the Council is required to act by qualified majority, Romania will have 14 votes. The qualified majority threshold is fixed at 255 votes out of 345, whereas the blocking minority requires 91 votes. Furthermore, a Member State may request the verification whether these 255 votes represent at least 62% of the total population of the Union.

Romania has 1 judge in the Court of Justice, 1 judge in the Court of First Instance, 1 member in the Court of Auditors, 1 member in the Board of Directors of the European Investment Bank, 15 members in the European Economic and Social Committee and 15 members in the Committee of the Regions.

## Financial provisions

Romania will fully participate in the financing of the EU budget from accession, although the financial package agreed is in its favour for the first three years of membership. Without prejudice to future policy decisions, the overall commitment appropriations to be made available for Romania over the three-year period 2007-2009, shall amount to EUR 5.974 million for structural actions and to EUR 2.308 million for rural development (2004 prices).

Estimates of the financial implications of agreements reached with Romania under Chapter 7 – Agriculture in the first three years after accession are as follows: for market measures EUR 732 million and for direct payments EUR 881 million (2004 prices). Direct payments will be phased in at 25% in 2007, 30% in 2008, 35% in 2009 and 40% in 2010 of the direct payments level of EU-15 and thereafter increase by 10% increments to reach 100% of the then applicable EU-15 level in 2016.

For the first year of accession, the Union shall provide temporary financial assistance as "Transition Facility" to Bulgaria and Romania amounting to EUR 82 million, to develop and strengthen their administrative and judicial capacity to implement and enforce Community legislation and to foster exchange of best practice among peers. This assistance shall fund institution-building projects and limited small-scale investments.

A Cash-flow and Schengen Facility is also created as a temporary instrument to help Bulgaria and Romania between the date of accession and the end of 2009 to finance actions at the new external borders of the Union for the implementation of the Schengen acquis and external border control and to help improve cash-flow in national budgets. For the period 2007-2009, Romania will benefit of EUR 559, 8 million (2004 prices) in the form of lump-sum payments.

From the date of accession, Romania shall pay 42 300 000 euro as contribution to the subscribed capital of the European Investment Bank, in 8 equal installments up to November 2011, and 29 880 000 euro to the Research Fund for Coal and Steel, in 4 installments, starting in 2009.

## Periods of transition and derogations

Romania has negotiated 50 transition periods and derogations, among which:

The EU has requested a transition period regarding the free movement of persons. Romanian workers will have restricted access to EU job market for at least 2 years after accession. The transitional arrangement should in principle come to an end after five years, but may be prolonged for a further two years in those current member states where there would be serious disturbances of the labour market. Similarly, Romania can apply restrictions for EU workers, for the same period of time. During this transition period, Romanians can work in the EU states on the basis of bilateral agreements.

From the date of accession, Romania shall participate in the Economic and Monetary Union, as member states with derogation from the adoption of euro. At least two years after accession Romania has to be part of the Exchange Rate Mechanism and to fulfill the Convergence Criteria established by the Treaty of Maastricht.

Romania was granted a five-year transitional arrangement for the acquisition of land for secondary residences by EU citizens who do not reside in Romania and a seven years transitional period regarding the purchase of agricultural land and forests for EU citizens who are not self employed in Romania. Under the chapter Competition policy there are two specific transitional arrangements regarding fiscal aid measures and a strict timetable for putting into practice the commitments subject to the postponement clause.

Transitional arrangements and a limited number of derogations were granted to Romania in the field of indirect taxation (VAT and excise duties) as well as direct taxation, most of them aimed at allowing to postpone the adjustment in particular of the excise duty rate level to the requirements of the *acquis*, especially for socially sensitive goods.

Various transitional arrangements, limited in time and scope, accompanied by a clear plan for the implementation of the *acquis*, were agreed under the chapter Environment for air quality (3 years), waste management (up to July 2017), water quality (up to 2018), industrial pollution (up to 2017). Their potential transboundary impact is limited and they do not lead to significant distortions of competition. Most of them were required due to financial constraints.

At chapter 7 - Agriculture – Romania will benefit from a transitional period of 8 years to remove prohibited hybrid wine varieties under the EU wine *acquis* and from periods of up to 3 years for veterinary and phytosanitary aspects. Romania has obtained the recognition and the protection of the designations of origin and the geographical designations of several spirit drinks made of plums (e.g țuică, horincă) and distillate of

wine – vinars, of the spirit drink palincă and of several types of food products such as milk, bread, cheese, yoghurt, sausages, pie, pretzels, jam.

Romania's integration into the EU has proved to be a tremendous process in terms of redesigning our strategy and our way to formulate public policies. We are already prepared to act in a responsible, European manner; we know how to establish short- or middle- term goals and objectives, we are able to set appropriate deadlines and define responsibilities. The real integration process (its practical aspect, as opposed to the formal accession), seen as a major social, political and economic transformation, will inevitably mean short-term costs. But the medium and long term benefits will prevail and will be as inevitable as the short term costs. To put it simply, if one wants to see a rainbow, one has to accept the rain.