



THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

**Cross-border Structures and Europeanism**

**Georgia: From Neighbour to  
Partner of the European Union**

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**Abstract:** The main purpose of this paper is to present the institutional dynamics and political developments of the European Union regarding its Eastern neighbours. This research is important in the field of European Construction because it studies how the continental organization approached the question of foreign relations towards countries that belonged to a different system of values. This paper wants to bring a deeper approach regarding the activity of the European Union towards the Republic of Georgia. The method used was a case study of the EU institutions and politics created towards the Georgian state. Through the systematization and interpretation of previous empirical studies and press articles this work offers a clear image of the activity and results of the EU foreign policy towards Georgia. This paper may elicit a more analytical interest for research groups interested in the efficiency of some entities that define the European construction but it can also be useful to European or local political decisional factors. The key contribution of this paper consists of providing a pertinent analysis of EU foreign policy towards Georgia in the context of exceptional internal problems caused by the economic crisis and also considering the dependence of EU to another major player in Eurasia-Russian Federation- whose stake in Georgia is obviously extremely high.

**Key words:** European Construction; Republic of Georgia; EU foreign relations; European Neighbourhood Policy.

## 1. Introduction

Since it was created, the European Union (EU)/European Economic Community (EEC) had struggled to make its own way, as an autonomous actor on the international scene<sup>2</sup>. The Treaty of Rome (1957) and the Fochet Plan (1961) were steps taken by the community to open its way for external relations based, for the beginning, on economic considerations. An important step in the diplomatic field was taken when Davignon Report (1970) was adopted by the foreign ministers of the member states. The report introduced the principle of political cooperation and consultation on all major questions of foreign policy (Bindi 2010, p. 13-18).

Many other documents were signed and institution such as the European Political Cooperation (EPC), were created in order to establish a decision-making core related to the problems on the international agenda. The collapse of URSS put some very important themes on the Community's agenda: the German problem and the void space created from the lack of power in Eurasia are some of them. The first one was quickly solved by incorporated the unified Germany in the Community without need to revise the EEC treaties. Leaders of EEC also decided to create the European Monetary Union (EMU) and to complete it with a political union that would ensure democratic legitimacy, institutional

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<sup>2</sup> For the subject of EU foreign relations also see: (Keukeleire & Macnaughtan, 2008; Tonra, Christiansen (eds.), 2004; Lucarelli & Manners (eds.), 2006).

efficiency, the EEC's unity, and coherence in the economic, monetary, and political sectors and eventually a common foreign and security policy (Bindi 2010, p. 26).

The Maastricht Treaty, signed on February 7, 1992, created the European Union and, in the field of international relations, established a Common Foreign and Security Policy (CESP) which constituted the second pillar of the new three-pillared EU (Smith 1999, 44). In the Lisbon Report (1992) the areas of interest to EU were defined geographically: central and eastern Europe (including Eurasia); the Balkans; Maghreb and the Middle East; transatlantic relations (the United States and Canada); etc. (Bindi 2010, p. 27).

The CESP was further reinforced by later treaties such as the Amsterdam Treaty (1999), the Nice Treaty (2003) or the Lisbon Treaty (2009). The creation of the European Security and Defense Policy (ESDP) completed the image and the credibility of the EU as a security policy actor. Other institutions created for enforcing EU as a distinguished actor on the international scene are the High Representative of the European Union for Foreign Affairs and Security Policy and the European External Action Service. This new created minister for external affairs, who is also Vice-President of the European Commission, gives the Union greater clout on the impact in the international arena as well as enhancing its coherence and visibility([http://diplomatie.belgium.be/en/policy/policy\\_areas/peace\\_and\\_security/in\\_international\\_organisations/european\\_union/cfsp/](http://diplomatie.belgium.be/en/policy/policy_areas/peace_and_security/in_international_organisations/european_union/cfsp/)).

## **2. The European Neighbouring Policy (ENP)**

With the decision of the fifth wave of enlargement, came the creation of a new and quite unique instrument in foreign relations –the European Neighborhood Policy (ENP)<sup>1</sup> - that would be the institutional way of approaching countries with which the EU would soon have common borders. It was clear that the, soon to become, 27 members state organization wanted to promote a closer cooperation with its new gained boundary countries. In June 2004, therefore, the EU adopted ENP. This initiative, which at first focused on Ukraine, Moldova and Belarus, was then extended to the countries of the Southern Caucasus (Armenia, Georgia and Azerbaijan) as well as to the countries on the southern and eastern rims of the Mediterranean (Algeria, Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia) (Warwick & Olaf 2007, p. 11).

It is a new overview in international relations, a new look at what borders represent because of the specific of the European Union, as a union of culturally different states. This original policy<sup>2</sup> is presented as carrying a deeper or wider set of intrinsic European characteristics and qualities (Ifversen & Kolvraa 2007). It refers to the „outsiders” from the East and from South and it wants to bring stability, security and welfare both in the EU and it's new neighbouring countries by increasing cooperation in the political, economical, social and cultural areas as well as on security issues<sup>3</sup>.

The ENP expands over a very large geographical area, and incorporates a wide diversity of countries. The ENP concentrates on developing „privileged” bilateral relations between the EU and individual neighbouring countries (Bindi 2010, 113). The principal aim of the ENP is to bring stability in the area and to create good economical relations<sup>4</sup>. It also supplements, though it does not replace, other frameworks for relations with the Union's neighbours: the Euro-Mediterranean partnership (also the related Euro-Mediterranean agreements and the MEDA assistance programme which is the principal

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<sup>1</sup> See also: Fraser Cameron, *An Introduction to European Foreign Policy*, Routledge, New York, 2007.

<sup>2</sup> The name of the initiative has been changed as many times as the list of neighbours included in it: from 'wider Europe' to 'proximity policy' to 'new neighbourhood policy', and finally to 'European Neighbourhood Policy'.

<sup>3</sup> „The European Neighbourhood Policy (ENP) was developed in 2004, with the objective of avoiding the emergence of new dividing lines between the enlarged EU and our neighbours and instead strengthening the prosperity, stability and security of all.” cf. [www.http://ec.europa.eu/world/enp/policy\\_en.htm](http://ec.europa.eu/world/enp/policy_en.htm).

<sup>4</sup> “The objective of the ENP is to share the benefits of the 2004 enlargement with neighboring countries in strengthening stability, security and well-being for all concerned” in Commission of the European Communities, COM(2004) 373 final, “Communication from the Commission. European Neighborhood Policy. Policy Strategy Paper” (Brussels, May 12, 2004).

financial instrument of the EU for the implementation of the Euro-Mediterranean partnership), and the Partnership and Cooperation Agreements (PCAs) and TACIS assistance programme with the former Soviet republics. Two ENP countries, Belarus and Libya, are not formally linked to the EU by an agreement and have in fact been the subject of EU sanctions.<sup>1</sup>

In this picture a particular place is held by the East border's states. These countries are very important for the economy, security and policy of the EU; they represent a possible space for enlargement, a big sale market for the products coming from EU and an important security area (Popescu 2011, 4-6). So we can see from the beginning that the European Union in its neighbourhood policy has a different approach regarding the East neighbouring countries from those of the South. Relations with the shore of the Mediterranean Sea are treated in the ENP most of all from an economical point of view while the neighbours from the East are, for the EU, possible future member states, so the politics regarding them are made in this context<sup>2</sup>.

### 3. UE Relations cu the Southern Caucasus Countries

A very big problem following the collapse of the Soviet Union in 1989, the European Union had to deal with was represented by the power vacuum created in Eurasia. EU was willing to support the transition of the Southern Caucasus Countries towards the establishment of democratic states based on the rule of law and a market economy<sup>3</sup>. EU stepped forward in developing good political, economic and cultural relations with these countries in order to ensure peace and stability in the region. EU concluded – with each of these countries – a Partnership and Cooperation Agreement (PCA) intended not only to provide an institutional framework for political dialogue and economic cooperation but also to promote sustainable development and the democratic process ( [http://diplomatie.belgium.be/en/policy/european\\_union/belgium\\_and\\_the\\_eu/external\\_relations/europe\\_and\\_the\\_world](http://diplomatie.belgium.be/en/policy/european_union/belgium_and_the_eu/external_relations/europe_and_the_world)).

In 2004, EU decided to include the Southern Caucasus Countries in the European Neighbourhood Policy (ENP). In March 2005, with a view to implementing the ENP, the European Commission presented individual reports on the three Southern Caucasus Countries as a starting point for developing action plans and guidelines to implement the ENP (Warvick & Olaf 2007, pp. 54-6).

Five-year action plans for each of the three Southern Caucasian Republics were agreed by the Cooperation Councils in November 2006. The European Commission issues an annual progress report on the implementation of the action plans for the year under review. The three Southern Caucasian countries are also included in the Eastern Partnership, inaugurated in Prague on 7 May 2009 (UE Council 7 May 2009). The Eastern Partnership is meant to complement the Northern Dimension and the Union for the Mediterranean by providing an institutionalized forum for discussing visa agreements, free trade deals and strategic partnership agreements with the EU's eastern neighbours, while avoiding the controversial topic of accession to the European Union. Its geographical scope is to consist of Belarus, Armenia, Azerbaijan, Georgia, Moldova and Ukraine ([http://eeas.europa.eu/eastern/index\\_en.htm](http://eeas.europa.eu/eastern/index_en.htm)). Unlike the Union for the Mediterranean, the Eastern Partnership will not

<sup>1</sup> [http://diplomatie.belgium.be/en/policy/european\\_union/belgium\\_and\\_the\\_eu/external\\_relations/europe\\_and\\_the\\_world/european\\_neighbourhood\\_policy/index.jsp](http://diplomatie.belgium.be/en/policy/european_union/belgium_and_the_eu/external_relations/europe_and_the_world/european_neighbourhood_policy/index.jsp).

<sup>2</sup> „The European Union is open to any European country which is democratic, has a market economy and possesses the administrative capacity to handle the rights and obligations of membership. This means enlargement is an ongoing process.”, official statement of the EU regarding the enlargement process ( [http://europa.eu/pol/enlarg/index\\_en.htm](http://europa.eu/pol/enlarg/index_en.htm)).

<sup>3</sup> For more information about EU policies regarding Southern Caucasian Republics see also: Syuzanna Vasilyan, *The EU's Ambitious Regionalization of the South Caucasus* in Philippe De Lombaerde, Michael Schulz (eds.), *The EU and World Regionalism*, Asgate Publishing Limited, Surrey, 2009; Karen Henderson, Carol Weaver (eds.), *The Black Sea Region and EU Policy. The Challenge of Divergent Agenda*, Asgate Publishing Limited, Surrey, 2010; Annie Jafalian (ed.), *Reassessing Security in the South Caucasus: Regional Conflicts and Transformations*, Asgate Publishing Limited, Surrey, 2011; Nicu Popescu, *Europe's Unrecognised Neighbours: The EU in Abkhazia and South Ossetia*, CESP Working Document No. 260, March 2007; *Development in Eastern Europe and the South Caucasus: armenia, Azerbaijan, Georgia, the Republic of Moldova and Ukraine*, OECD Publishing, 2011 cf. <http://dx.doi.org/10.1787/97889264113039-en>.

have its own secretariat, but would be controlled directly by the European Commission (EC). In this regard, the General Affairs and External Relations Council of 14-15 September 2009 decided to initiate negotiations for new framework agreements for the Caucasian Republics. These negotiations, which are to replace the Partnership and Cooperation Agreements and assume the form of association agreements, are linked to internal reforms. The negotiation guidelines for the three association agreements were accepted by the General Affairs Council of 10 May 2010. The Eastern Partnership also provides prospects for free trade agreement and visa facilitation in combination with readmission and visa liberalization in the long term ([http://eeas.europa.eu/eastern/index\\_en.htm](http://eeas.europa.eu/eastern/index_en.htm)). Since 1 January 2007 EU assistance to the Southern Caucasus Countries has been mainly provided through the European Neighbourhood and Partnership Instrument (ENPI), which covers national, regional and thematic aspects. Moreover, specific assistance can be provided in conflict situations through the Stability Instrument<sup>1</sup> (f).

#### **4. EU and the Republic of Georgia**

EU's commitment to Georgia dates back to the early '90s, after Georgia regained its sovereignty in the wake of the break-up of the Soviet Union, and has resulted mainly in humanitarian aid for the Georgian state. Since 1997 the EU began to allocate funds for reconstruction programs in the two conflict zones- South Ossetia and Abkhazia (Whitman & Wolff 2010, 2-4).

The Partnership and Cooperation Agreement, signed in 1999, brought a significant increase in financial aid from the EU and diversification in the types of programs from which Georgia would receive funds. The document forms the legal framework for the contractual relations between the EU and Georgia (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2002:293E:0096:0100:EN:PDF>).

In 2001 the European Commission released the Country Strategic Paper (CSP) for Georgia where the two conflicts in Abkhazia and South Ossetia<sup>2</sup> were identified as a major obstacle in the process of the development in Georgia and a factor of regional instability<sup>3</sup> ().

The EU has significantly increased its commitment to the South Caucasus, therefore in Georgia, in 2003-2005. In 2003 a post of EU Special Representative (EUSR) for the South Caucasus was established. It received responsibilities in supervising and managing relations between the EU and South Caucasus countries, to encourage regional cooperation and to support the settlement of the conflicts. The mandate was adjusted in 2006 to increase official support for operations conducted by the United Nations and OSCE ([http://www.eumm.eu/en/eu\\_in\\_georgia/eusr\\_border\\_support\\_team](http://www.eumm.eu/en/eu_in_georgia/eusr_border_support_team)). In 2005, the EU has established a team to monitor the Russian-Georgian border due to the fact that the border monitoring mission under the OSCE was interrupted because of Russian veto against mechanism in 2005 (<http://www.un.org/en/peacekeeping/missions/past/unomig/>). The EU operation was established as part of EUSR's efforts.

In 2004-2005, the EU integrated Georgia, Armenia and Azerbaijan in its neighborhood policy (ENP) for further cooperation with countries in the immediate vicinity. The Rose Revolution of 2003 was a strong signal to Brussels, according to which Georgia does not have a distant, stagnant and indifferent vision towards genuine European values, as the failed reforms of the former President of Georgia, Eduard Shevardnadze, showed.

EU favored a regional approach in the ENP. The ENP Action Plans were signed simultaneously with the three Caucasus countries (Armenia, Azerbaijan and Georgia) in 2006

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<sup>1</sup> [http://eeas.europa.eu/eastern/docs/eap\\_vademecum\\_en.pdf](http://eeas.europa.eu/eastern/docs/eap_vademecum_en.pdf).

<sup>2</sup> For more about the frozen conflicts in Georgia see also: (Nodia, in Bertsch, et al., Michael Beck (eds.), 2000; Posen, in Michael E. Brown (ed.), *Ethnic Conflict and Institutional Security*, 1993; Morar, 2010; MacFarlane et. al., 1996; Melander, 1999; Kvarchelia, 1998, p. 18-27.

<sup>3</sup> [http://www.eeas.europa.eu/georgia/csp/02\\_06\\_en.pdf](http://www.eeas.europa.eu/georgia/csp/02_06_en.pdf).

(Kaufmann 2009, 65-70). But each country has come to hold different horizons. Thus, Georgia has sought time to obtain the status of acceding country, in accordance with post revolutionary ambitions to quickly become a full member of the Euro Atlantic community ([www.crisisgroup.org](http://www.crisisgroup.org)). It also emphasized its identity as the Black Sea state, rather than one with a strong identification with the South Caucasus. In the ENP Action Plan, which Georgia has negotiated with the EU, the issue of conflict resolution has taken a prominent place. The Commission has implemented projects in Abkhazia and South Ossetia on action plans, funded by the ENP body. The main focus was on post-conflict reconstruction, particularly in areas along the administrative boundary lines ([http://ec.europa.eu/world/enp/documents\\_en.htm](http://ec.europa.eu/world/enp/documents_en.htm)). It was in the interest of Georgia to see a stronger commitment from the EU; at the time, the EU was thought like a third actor involved in the conflict resolution process, with a role relatively less politicized of navigating between U.S. and Russian antagonistic approaches to Tbilisi and Sukhumi relation, respectively Tskhinvali, although, politically, the EU granted from the beginning an equivocal support for Georgia's territorial integrity.

After two years from the Rose Revolution, Tbilisi's power began to declare its self in favor for the internationalization of the conflicts resolution's process. In summer of 2006, Georgia has issued a memorandum for the internationalization of conflict resolution formulas and for direct EU involvement at the negotiating table.

The ENP Action Plan endorsed by the EU-Georgia Cooperation Council of 14 November 2006 aims to fulfill the provisions of the PCA and to contribute to a closer relationship with Georgia, involving a significant degree of economic integration and deepening the political co-operation. It covered a period of five years ([http://eeas.europa.eu/georgia/index\\_en.htm](http://eeas.europa.eu/georgia/index_en.htm)).

## **5. The European Response to the “Five Days War”. European Monitoring Mission in Georgia (EUMM)**

On the outbreak of the Russo-Georgian conflict, French President Nicolas Sarkozy took the lead in brokering the ceasefire negotiations, on behalf of the French EU presidency. He visited Moscow and Tbilisi to secure an agreement for a ceasefire plan in six points ([http://www.smr.gov.ge/uploads/file/Six\\_Point\\_Peace\\_Plan.pdf](http://www.smr.gov.ge/uploads/file/Six_Point_Peace_Plan.pdf)). The plan provided a cessation of hostilities, but it was a challenging goal because of the vague formulation, open to competing interpretations by the parties, and the fact that there was no time period specified. On 8 September, the parties signed a second ceasefire plan which set clear guidelines for the implementation of both agreements. Since then Sarkozy's plan was always undermined by Kremlin. Moscow withdrew its troops from Georgia by the deadline of October 15, 2008, but failed to comply with the provision that his troops should withdraw to positions held before the conflict. A large number of Russian troops and border guards remained in Abkhazia and South Ossetia.

On September 15, 2008, the EU established the EU Monitoring Mission in Georgia (EUMM) in accordance with the arrangements set out in the EU-mediated agreements between Moscow and Tbilisi after the August war. The civil monitoring mission has a mandate to cover the entire Georgian territory, but so far Abkhazia and South Ossetia denied access to EU observers in the territories under their de facto rule ([www.eumm.eu](http://www.eumm.eu)). Over 200 civilian monitors were sent to contribute to the stabilization of the situation on the ground following the five days conflict and to monitor compliance by all sides with the EU brokered Six-Point Agreement and the Agreement on Implementing Measures. The first task for the Mission was to oversight the withdrawal of the Russian armed forces from the area adjacent to South Ossetia and Abkhazia.

The main objectives of the Mission are to bring stabilization, normalization and to take confidence building measures, as well as reporting to the EU about the situation on the ground. The mandate of the Mission was extended three times and is current effective until 14 September 2012 ([www.eumm.eu](http://www.eumm.eu)).

EUMM signed with the Georgian Ministry of Defense two Memorandums of Understanding, in 2008 and 2009, related to internal administrative measures regarding the areas adjacent to the Administrative Boundary Lines. The agreement reached at the Geneva Discussions in February 2009 is the legal basis for holding the regular meetings between all the parties of the conflict ([www.eumm.eu](http://www.eumm.eu)).

The problem of the Internally Displaced Persons (both from the 1991-1993 and the 2008 wars) is another point on the agenda of the Mission, along with the restoration of the rule of law in the areas directly affected by the 2008 conflict.

## **6. EU Financing Georgia**

Macro-financial assistance (MFA) to non-EU countries is an important external financial instrument set up by the EU in 1990 primarily to alleviate the external shocks experienced by transition countries, many of which were candidates for EU accession (European Commission 7 June 2011). This instrument has contributed to strengthen macroeconomic and financial stability in countries neighbouring, or geographically close to, the EU, while encouraging their implementation of appropriate structural reforms.

Beside it, the EU has several other instruments through which is giving financial support to non-EU countries like Georgia<sup>1</sup>. The total amount of grants given by EU to Georgia from 1992, when the two organisms started their relation, until 2006, before the last wave of EU enlargement is about EUR 500 million: EUR 129 million through Technical Assistance to the CIS (TACIS), 102 through EC Humanitarian Office (ECHO), 63 in food aid from DG AGRI funds, 6 from Exceptional humanitarian assistance, 91 through the Food Security Programme, 23 for rehabilitation in conflict zones and EUR 65 million from MFA (European Commission 2006, Georgia Country..., 33). In June 2004, the European Commission co-chaired a donors' conference with the World Bank and pledged, for its part, a total of EUR 125 million (from a total EUR 850 million), doubling total EC assistance to Georgia for the period 2004-2006 compared with the previous period (European Commission 2006, Georgia Country..., 16).

Georgia absorption capacity was dramatically limited before the Rose revolution; factors like institutional and political instability, widespread corruption, poor public finance management, deterioration of governance hampered the effectiveness of EC assistance in Georgia. The new Saakashvili administration committed to build democratic institutions, take measures in fighting corruption and promote the rule of law- developments that are essential for a better absorption of EC financial assistance.

The Country Strategy Paper (CSP) 2007-2013 covers EC financial assistance to Georgia under the new European Neighbourhood and Partnership Instrument (ENPI). It is accompanied by an ENPI National Indicative Programme (NIP) for 2007-2010 whose main priorities are: support for democratic development, the rule of law and governance; support for economic development and ENP Action Plan implementation; support for poverty reduction and social reforms; support for peaceful settlement of Georgia's internal conflicts. Georgia also participates in different regional and thematic programmes under the ENPI, such as the European Instrument for Democracy and Human Rights (European Commission 2006, Georgia Country..., 5-6).

EC assistance over the period covered by this CSP will mostly focus on supporting Georgia in fulfilling its commitments under the ENP AP and contributing to the attainment of the Millennium Development Goals (MDGs). Priorities for EC assistance under the CSP have been broadly based on the seven headings of the EC-Georgia ENP Action Plan. They will be implemented mainly through bilateral ENPI financial assistance, but also through other relevant EC external instruments available

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<sup>1</sup> These programmes are: TACIS, ECHO, Food Aid, Exceptional humanitarian assistance, Food security Programme, Rehabilitation in conflict zones, Aid to mitigate the effects of the Russian financial crisis, CFSP and RRM, European Initiative for democracy & Human Rights.

to Georgia. Following the establishment of the European Neighbourhood Policy (ENP) in 2004, support for the Eastern ENP economies has risen, accounting for around two-thirds of new MFA committed since then. By contrast, new operations in the Mediterranean neighbours were limited to the one for Lebanon approved in 2007. Since 1 January 2007, EU assistance to Georgia has been mainly provided through the ENPI. In the 2007-2013 period, assistance to Georgia is geared specifically to the objectives set out in the Partnership and Cooperation Agreement and the ENP Action Plan as well as on the MDGs (including poverty reduction in particular). The total ENPI indicative allocation to Georgia for the 2007-2010 is about EUR 120 million and is geared to the following strategic objectives: supporting the democratic process and the consolidation of the rule of law; promoting economic growth and the implementation of the ENP Action Plan; combating poverty and supporting social reforms; conflict resolution. The European Commission's new indicative ENPI programme for the period 2011-2013 provides for EUR 180.30 million for Georgia.<sup>1</sup>

Furthermore, the EU will finance a range of projects through regional ENPI programmes in the transport, energy and environmental sectors as well as in the fields of border management and the fight against organised crime<sup>2</sup>

In the period following the conflict between Georgia and Russia, the EU was already a major donor, with EUR 6 million provided for humanitarian assistance. At the international donors' conference for the reconstruction of Georgia, held on 22 October 2008, a total of more than EUR 3.45 billion were made available. Furthermore, the European Commission offered a €500 million stability and growth package for Georgia for the 2008-2010 period (<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/645&format=HTML&aged=0&language=EN&guiLanguage=en>). The package included a wide range of financial instruments to provide assistance in four different areas: internally displaced people; economic recovery and rehabilitation; macro-economic and macro-financial stabilisation; support for the development of infrastructures, mainly in the energy sector.

## 7. Analysis of Results

After this historical analysis of political and institutional developments of the EU's external relations with its Eastern neighbourhood, especially with the Republic of Georgia, we can conclude that the EU possesses a unique vision over the space located in the immediate Eastern vicinity. This vision is based on so-called „soft diplomacy”, different from the ones that the two states with major interests in the region have - the United States, with their „isular behavior” and the Russian Federation, whose policy regarding Georgia is based on the historical rights argument.

For the Eurasian space and especially for Georgia, one can notice a significant growth in the interest shown by the EU from 2004 when came the decision of the fifth round of enlargement. Although the EU has developed specific relationships with Georgia since the early '90, by signing the Partnership and Cooperation Agreement, relations between the two organizations have enjoyed a significant increase since 2004, with the creation of the ENP and other institutions and policies focused strictly on the relations with the East.

The war in August 2008 led the EU to enter into peace negotiations and to play a very active role in resolving the Georgian-Russian dispute. But the intersection of the two power vectors, the West and Russia, the diametrically opposite visions of the future of this region had as a result a win for the second one - a more limited territory controlled by Georgia and a recognition of the independence of South Ossetia and Abkhazia by Moscow.

EU has not acted aggressively and its response to the crisis in Georgia in August 2008, considered by many as too soft, should be analyzed in a wider context given the relations of the organisation with

<sup>1</sup> [http://diplomatie.belgium.be/en/policy/european\\_union/belgium\\_and\\_the\\_eu/external\\_relations/Europe\\_and\\_the\\_world/eastern\\_europe/#8](http://diplomatie.belgium.be/en/policy/european_union/belgium_and_the_eu/external_relations/Europe_and_the_world/eastern_europe/#8).

<sup>2</sup> [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_nip\\_georgia\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_georgia_en.pdf)

Russia and the importance of ensuring energy for the Union. EU seemed surprised by the developments in 2008 and unable to speak with one voice. Member States have pronounced each rather according to personal interests and their relations with Russia. EU has gone from a foreign policy focused on trade relations to an attempt to reach a coherent foreign policy, as the very creation of the post of foreign affairs minister by the Treaty of Lisbon shows. But that does not mean, as shown above, that its member states will act in every situation as they committed themselves to do. The European Union seems to be in a waiting situation: the announcement of installing military bases in South Ossetia made by Russia has not raised a prompt response from Brussels and recent statements (March 2012) of the Russian Prime Minister, Vladimir Putin, according to which Russia is preparing a major rearmament<sup>1</sup>, remained without response from the Union. This silence may be strategic advantageous and can be explained by the movement of the main themes of EU's political agenda from outside to inside, caused by the economic crisis. In the new paradigm of war between not two systems ideologically different, but a war of influences, especially regarding small countries, the EU hardly finds a place among the giants U.S. and Russia, trying a policy of „white gloves”, using soft diplomacy and creating unique instruments such as the EUMM.

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THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

## The “Battle of Lisbon“ and the Challenges of Tomorrow

Iakob Attila<sup>1</sup>, Oana Albescu<sup>2</sup>

**Abstract:** In the last decade the European construction and the structural changes on the European Union level were forced to adapt to the new global realities in which the multi-polar competition and the economic problems shaped the form of the Lisbon treaty and created a new frame of development for the continental organization. On the other hand, these new changes adopted by the treaty may not be the real solution to the contemporary global developments in which the accelerated and interdependent contexts define the world of tomorrow. From this point of view, the Lisbon treaty may or may not be the proper response to the internal and external challenges of the European Union, but it is clearly a step to a more safer and comprehensive Europe. For this reason, the main objective of this study is to map a possible walkthrough of the tomorrow's European construction and also the maze of issues with which the Union must deal for a successful structural construction.

**Keywords:** Lisbon treaty; European development; globalization; European construction; integration; foreign policy

### 1. Introduction

It can be confusing to understand the entire European construction process. It seems that its entire existence is like a war and skirmish at the diplomatic and intergovernmental level about the general rules of function or different nuance of solutions to the same problem. From this point of view it is important to understand the European construction, at least the last twenty years, and the context in which these efforts collided not only with internal issues but also with external, global problems. The lack of public presence of prominent intellectual figures and charismatic or visionary leaders reduced the European construction to a political and economic debate, finalized with a battle about Europe and not for Europe. In this context it was clear that the Lisbon Treaty is only a cease fire, an agreement about disagreements, which is useful for administrative reasons, but it cannot replace a vision for a future. Taking into account these, the research question of this paper is the following: The EU is able to confront the midterm future with this path or not? In the first part of the paper, we will emphasize the main features of the contemporary European developments, in order to better highlight, in a critical manner, the principal innovations of the Lisbon Treaty. The events will be reiterated in a diachronic manner, helping the reader to draw a synoptic perspective about the topic. In the final part of the study, we shall draw a taxonomy of the international challenges the European Union has to manage to, both at the internal and at the external level.

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## 2. History of Contemporary European Developments

By the end of the 20<sup>th</sup> century it was clear that fall and disintegration of the former Soviet *empire* managed to create a void not only in the international power regime, but also a new framework for further developments in the economic, social and political field, developments which were beyond the known bipolar international system frames<sup>1</sup>. The end of Cold War and constant collateral skirmishes in the countries of the third world created an opportunity for the development of a new international system and the creation of new political and economical regional structures. Integration processes were not new concepts in the intergovernmental relations frames, but the accelerated interdependence and globalization made them the spearhead of several regional collaboration efforts.

Secondly, the unification of Germany and the democratization in the former communist states made possible the approach between former *enemies* and a collaboration and integration in the structures of the North Atlantic Treaty Organization and the European Union. New approaches were developed in order to manage the eastern European countries and the relations with them, on the basis of the economic consolidation and social development for a possible integration in the EU. In this context, financial aids and financial instruments were developed specially for the emerging democracies who's with partnership and development critical for the European relations<sup>2</sup>.

In the 90', the European Union started to act as a different member of the international community, and accordingly to the principles of the Maastricht and Amsterdam treaties started to elaborate strategies for not only the integration process and for the post integration process. The management of relations with the candidate states and the accession timetable were clarified by the Nice treaty, but the post accession agenda needed a different approach, targeted on the structural cohesion and juridical status of the union institutions and the union itself. It was clear that the European Union will not manage to survive as a functional entity if the integration process is not followed by a structural management definition process of new directions and clarifications on the functions of the union. Joschka Fisher words on the necessity of federalization and H. M. Barosso's concept on foreign policy of *ring of friends* cannot be implemented without the settlement of certain instruments.

It should be mentioned that the new constitutional agenda was adopted and the work on the new European constitutional treaty was ended in the fall of 2004, when at Rome the representatives of the 25 states signed it. In the next year, at January 12 the European Parliament adopted the treaty with a large majority of 500 to 134 votes, and offered a kind of democratic legitimacy to the constitutional treaty. The path for ratification was opened by the Lithuanian *Seimas*, and was clear of obstacles in several states until the April of the same year when the PM of Great Britain decided to put the ratification of the constitutional treaty in the hand of British citizens. From this moment the fate of the treaty was sealed, more and more states and political groups raised the voice against the concept of European constitution. It became evident that the gap between the European leaders, the constitution, European citizens and the concept of new legal and political European entity was evaluated in a wrong way. After the French and Dutch popular veto, the whole idea of constitutional process needed a new form which can be sold not only to radical euro-skeptics but also to the citizens of the member states. It can be said that the form died but the spirit lived further.

After 3 years, in June 2007, the idea of a reform treaty was proposed, in order to update the Rome treaty and the Maastricht treaty in a way that can be the base of the further development of the Europe of 27 and not only. The established Intergovernmental Conference managed to draft a version of a reform treaty in less than a month, which passed at the foreign ministry meeting in September and the Council by October. After the signing in December and the positive vote in January 2008, 525 in favor and 115 opposing, by the parliament, the new reform treaty was submitted for national ratification. In opposition with the constitutional treaty, the Lisbon act was more a consensus about disagreements than an accord about the future of the European Union. This perspective and the different point of views of European construction managed to lay down a treaty which was not a perfect one for the

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<sup>1</sup> Kolodziej 2005, p. 377-393.

<sup>2</sup> Attina and Rossi 2004, p. 48.

contemporary context, but it was perfectible and useful for a further development of the entire European construction process.

### **3. A Reform Treaty is one useful treaty? (Kolodziej 2005, p. 377-393)**

By now 2012 it is clear that the Lisbon reform treaty was and is a useful instrument for the European construction, and its development raises some questions about its efficiency on middle and long term periods. The lack of constitutional character and form (in the title) demote the Lisbon act to a simple intergovernmental treaty, with no symbolic power and consequences derived from it. On other hand, the administrative, structural and institutional competence defining character can be useful for the European construction itself, by offering a basic image of statehood (a possible future federal state), in which the three powers are more or less separated. This separation is not yet a real one, the lack of clear and efficient control over each other is substituted by a complex machine of co-decision and negotiation in which the *check and balance* principle is not functional. Nevertheless, this structure will not stop the existing governance process on the European level to function properly, and the flexibility of this multi-level (governance) decision making machine can promote the core idea of federalism state form in the future.

To go through details, the usefulness of the new treaty can be analyzed in the context of the innovative elements which are introduced to the European citizens. Legal entity, citizenship, *President*, *Foreign Affairs Minister*, co-decision, Parliament's powers, Commission structure, central bank, justice system, mutual solidarity principle and the fundamental right are the major point of analysis for the usefulness of Union reform treaty. After a few years we already know that this measure in fact have a very low impact and mostly are not understood by the European citizens.

*Dressing* the EU with the robe of legal entity, the states managed to create a legally recognized juridical and economical person who has the role to speak in the name of the 27 members and represent the union as a clear compact international entity. By all means, this modification accompanied by the creation of two high representation officials, shaped the backbone of the European single international entity, despite their downsides and lack of coherent role.

Another major change in the landscape of European institutional representation was the newly created *President* (of the Council) and of the *High Representative* (of European Union for Foreign Affairs and Security Policy) as the head of the *External Action Service*. Both offices were needed and their existence revealed somewhat the dilemma of the international community: "whom to call when you want to speak with the EU?". On the other hand, the prerogatives and role of these two offices are at least unclear for us. Their voice is not present on the international scene, and in case of conflicts the voice of the *High Representative* is outranked by those of the leaders of the member states. Furthermore, at the last UE border crisis (Libya and the Maghreb region's political development) the voice of the union was inexistent, contrary to the declarations of European leaders whom pledge their actions in the service of the common European benefit. Of course this radical approach to the situation does not wish to create one negative picture, only tries to underline the difference between the current context and the future needs. (Luzarraga & Llorente 2011, pp. 167-171)

At judicial level, the Lisbon Treaty managed to create a consistent and comprehensive legal interpretation body, the *Court of Justice of the European Union*, which includes the bodies of the former Court of First instance, now renamed General Court, the Civil Service Tribunal and the European Court of Justice. This structural construction may represent some day the backbone of the federal type judicial system at the EU level, until that is mainly an institution dedicated to safeguard and offer backup juridical protection to the European citizens. In this line of new measures we can include the possibility (art. 86) of establishing a *European Public Prosecutor* as a possible liaison between the Europol and the courts or prosecutor for offences against the treaty. By including as an annex the *Charter of Fundamental Right*, the Lisbon Treaty managed to expand the role of legal protections offered by the EU, in the direction of an integrated citizen centered judicial system. In

parallel with the structural changes at the level of justice, the treaty clarified the concept of European citizenship as an attribute which offer several rights and judicial protections for the population of the union not only political participation (article 11 of the treaty). (Kaufman 2008, p. 8-18)

By the separation of European Council from the Council of Ministers, offering more prerogatives to the European Central Bank, or strengthening the role of Parliament, the Lisbon Treaty tries to create a legitimate and transparent decision making process in the light of several accusations of democratic deficit or power monopoly by the Council of Europe. Largely this measure is with positive impact, but their successful implementation and exploitation lie in the good willing of the European Council.

#### 4. Regional and Global Challenges

By the late 90' the international system was defined by uncertainty and the rise of new challenges. In Europe the Balkan region has not lost his habit toward violence, the new integration process of former communist countries to be accelerated, regional integration processes had showed the first sign of success in the light of western capital investments, and the Amsterdam treaty was signed as a new step toward European consolidation. On global scale the crisis of Russia, the emergence of China as a major economic power or the US dominated system represented the major vectors in the EU institutional life. The international system was far from any kind of model elaborated by the theoreticians of international relations or globalization. The international system and the European presence in the world were against subjected to a new kind challenge, created by the effect of globalization and global interdependences. Like in the 70' the capitalist economies were shaken by the Asian crisis and the emergence of new competitors in the form, of China and India. The new millennium brought radical changes to the international and European system which defined the needs of Europe and forced the European Union to elaborate a structural tightening strategy including the creation of a solid economical, political and social entity under a constitutional treaty. The September 11 events or the new Russian foreign policy shift promoted by President Vladimir Putin caught by surprise not only the international community also the European Union too. But the globalization and its effects created a chain reaction not only on political level but also on economic and social level, which defined the last decade and will define the new one.

*Challenges.* Without jumping in the arms of McCarthyism we can say that the EU faces two types of challenges. One type are the internal issues, from regional development to security policies and the other type is the external problems, represented by the negative effects of globalization, war, terrorism, economical crisis, health crisis and other international situations. These two separate themes have the same framework which lays in the institutional capacity of the European Union to use its powers conferred by the Lisbon Treaty and offer quick and effective solutions to the problems.

At the internal level, the European Union must face the consequences of the accelerated eastern European process, with its negative effects, for example, the regional discrepancies and the political and economic differences. Like in the case of the Democratic Germany, there is no amount of money that can fill the gap between the old union and the new members. This regional difference is still one of the hardest issues on the European agenda, but the recent measures like the Fiscal and Budget agreement, cannot substitute the lack of measure during the last years. According to the Lisbon Treaty, the absence of financial and budgetary provisions with clear sanction methods can be considered as the mother of all current financial troubles in the European Union. The other side of the coin is represented by the opportunity of consolidation offered by the treaty of Lisbon, which do not offers clear solutions to internal problems but clarifies the existing administrative and leadership problem. The common market, euro zone and the increasing role of the central European bank can be successful only in one coordinated effort and above national state politics.

The fate of the euro and the euro-zone depends not only on international markets or the American economy; the major lifebelt can come from the ECB and the correctly applied provisions of the fiscal and budget agreement. New markets and export opportunities may offer some relief, but the global crisis managed to shake them too and the sovereign debt of some state may slow down the national

investments for up to several years. It is important to understand that this type of situation cannot be prevented by any kind of constitutional treaty or agreement, neither now nor in the future, those mechanisms can make it more manageable and less destructive. On the other hand, the appeal to restrictive protectionist economy can be dangerous for further developments and can destabilize long term economic relations and treaties.

At external level, the European Union seems to be unable to leave behind the economical giant stigmata and become a political giant too. In the future the *ring of friend doctrine* and other intervention and aid instruments must be precisely put in the hand of a unique authority and executed only by the *High Representative*, because situations like the Arab spring in Tunis or Libya cannot be left or managed by several political decision factors. In this context and the African reality asks for further actions and the revitalization of the Lome Convention, for a medium and long term presence of the EU in the African economical system. It is true that former colonial powers maintained their presence in the African economy, but the necessity demands a political and even military presence in order to avoid further complications and dangers for the UE, like wars, health crisis or other disturbing factors.

To add more points, we should note that another challenge describes the fact that near the UE border is the ex-soviet region and the new Russian foreign policy, promoted by president Putin from almost 10 years. In the *Putin doctrines* vision the Russian Federation must regain its influence in the Eurasian continent, and must regain all lost markets and economic assets of the former soviet state. The first steps were made by the Commonwealth of Independent States when created a *Free Trade Area* in 2011, and other measures which are in accordance with the regulations of the WTO. By now it is clear that Russia will not accept any further EU enlargements toward east, and that Brussels must reshape the relation with the border countries like Moldova, Ukraine or Byelorussia.

The globalization and the migration derived from it ask for new approaches not only from the point of border security or migration control, but also from the integration point of view too. It is clear that the migration cannot be stopped and no tolerance policies may be used, for this reason consequent integration policies must be developed. The only chance for this policy to function is that the EU and its institution respect the Lisbon Treaty and the declaration of rights, and manages the integration of this communities at local or regional level, avoiding to make from the issue a union wide problem. Furthermore, the new war on terrorism and camping against the terrorist actions must never be used as an excuse to target radical factions of immigrants groups. For this reason, the Lisbon Treaty offers a second safety option, the Parliament, which of course has no power over security policies (except the national parliaments) but it can be used as a voice of democracy and civil rights, a mechanism to avoid the road taken by the united States. (Durham 2006, p. 180)

In the end, we must mention the most important challenge for Europe, which can be achieved and protected only through one integrated economic and foreign policy effort: the energetic security of the EU. This complex issue needs not only a complex agenda, but also a structural and comprehensive actions from the union. For this reason the seemingly powerless *President* and *High Representative* must be invested with more than a minor role in the foreign representation process. On the other hand, individual states actions must be stopped because these undermine the success of collective actions.

## **5. Conclusions**

The main conclusion to be drawn is that the Lisbon Treaty and the fierce fight against any kind of idea in the direction of a federal type of government were in vain. The newly signed *Fiscal and Budget* agreement overrides the principle of sovereign state budgets and sovereignty in the economic field in a more drastic way than a constitutional treaty would have done. This emergency measure, taken under economic stress, managed to convince the European states to take a step which were not ready to take 8 years ago, and opened the door for further opportunities and for a constitutional type of agreement. On the other hand, the European Union cannot afford the luxury to react only in critical situations,

nevertheless to wait for the interdependent and globalized Europe and world to be shaken by another crisis like the economic one. For this reason, a new direction and principles must be laid down to create a state structure that is more than an intergovernmental agreement based entity. But in the end, the Lisbon Treaty is the best option and the best consensus on Europe's future, which manages to create a functioning administrative and political structure at this moment, and represents the sum of the national states wishes. We do not want to underline the negative part of the European construction and ignore the positive ones, but the current international context and the future development are moving in a faster way than the European construction does. The Old World must try to speed up its integration and align to the new international motions.

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THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
**EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES**

**The Security Environment in  
Central and Eastern Europe: Current Status, Future Prospects**

**Georgeta Chirleşan<sup>1</sup>**

**Abstract:** The paper aims at presenting the main features of the current security environment within Central and Eastern Europe. It tries to build up on previous approaches regarding the Euro-Atlantic security with a focus on specific security environment in Central and Eastern Europe. It operates with concepts of the European Security Strategy and with the NATO Alliance security principles, which not entirely overlap. The present research is based on deductive and inductive analysis, comparative and case study. The research findings have revealed that European and Euro-Atlantic security are inter-laced. Collective security arrangements are necessary and able to ensure peace and stability in Europe. Still, security is a controversial concept in terms of perception at the level of political elites and public opinion. This paper presents a joint interest to academics and researchers working in this sensitive field of security, providing them the possibility to gain a better knowledge and understanding on the security environment within Central and Eastern Europe. The value of this paper resides on the original approach and on the research methods that have been used in order to deeply analyse the security environment from an inside perspective of an Eastern country.

**Keywords:** threats; evolutions; Euro-Atlantic; securitization

## **1. Introduction**

Europe is today the scene of major transformations, because of EU enlargement process. Far from being an easy process, the achievement of European unity project became vigorous, especially after the European Union has imposed its statute as a political-economic organization, the most important developments occurring in these areas. However, only political and economic cooperation cannot ensure a robust community of states.

Fundamental rights, parliamentary democracy are also foundations of today's European identity, which tends toward a "community of values" generally accepted, in close liaison with national and regional identities. The idea of a united Europe can be viable only through cooperation. To avoid fragmentation, chaos and conflict of any kind (social, economic, political, ethnic, religious, military) and to achieve sustainable cohesion through cooperation and solidarity, a political, economic, legal, security and defence identity has taken shape.

Compared to previous periods of European history, Europe will cross in proximal future through a period of peace and high stability. The cooperation history of European states with USA and NATO in the field of European security had positive effects in consolidating peace and stability within Europe. Today European and Euro-Atlantic security follow the same principles, applicable in the international environment, aiming for collective defence and the principle of indivisibility of allied security.

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## 2. Related Work

To analyse the security environment and to identify its future trends and to forecast potential evolutions, overview of the representative policies and strategies on security as well as on activity of the major security organisations was achieved.

Europe adopted the European Security Strategy in 2003 which supports the thesis that appropriate responses must be provided to the challenges, risks and threats to its security, and expressing its intention to support a strategy on several fronts. The European Security Strategy identifies five threats: 1) terrorism; 2) proliferation of mass destruction weapons; 3) regional conflicts; 4) failed states; 5) organized crime<sup>1</sup>.

The analysis of the extremist terrorist phenomenon at international scale reveals ever more, an increasing trend towards terrorism, including the use of violence as a means of promoting and imposing political goals and interests. Intention to understand this phenomenon as a hidden, undeclared war must be implemented through a scientific approach to it, through the conceptualization of terrorist phenomenon, by deciphering its meanings correlated with identity, historical, geographical, psychological landmarks, which define terrorist organizations and criminal operations undertaken. (Andreescu & Radu, 2008, p. 219)

Some vulnerabilities and threats can affect the entire international system, other envisage only the zone and regional levels, but there are some unresolved issues such as the risks that may become threats.

The European concept of security is specified in the "Joint Declaration on European Defence Integration 2004"<sup>2</sup> that highlights the role of cooperation and consensus in the responsibilities of NATO and EU structures and common plans of capacity-building needed to implement the NATO Response Force and groups EU joint-armed-forces combat groups.

In the new European architecture, the Organization for Security and Cooperation in Europe (OSCE) plays an increasingly important role, aiming to achieve the following objectives<sup>3</sup>:

- prevention of conflicts and crises management;
- arms control and disarmament;
- increase of trust and security;
- cooperation at economic, cultural, humanitarian and ecological level;
- conceptualization of a new security model in its area of responsibility.

## 3. Problem Statement

Because today the military intervention of nation-states is not anymore sufficient or necessary for maintaining peace and stability, it was considered that it takes a network of regional collective security arrangements. UN, NATO, EU and OSCE are partisan institutions of such type of security.

Collective security is based on the premise that threats can arise from inside, not necessarily from the outside, and avoiding the risk is at least as critical as responding to the threats through own capabilities. Views of the majority are focused on the idea that investing in non-state collective mechanisms to restore and maintain security will create strong partners for states and alliances in this period of searches of the post-hegemonic security. Although historically and geographically Europe was the crucible in which both World Wars were "dough" and the place where they sprung out and the area where numerous armed conflicts have developed, Europe can become a model of extended, functional and sustainable stability and security. (Duță, Purcărea & Cordoneanu, 2008) The current Euro-Atlantic security architecture reflects the essential features of the geopolitical environment in

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<sup>1</sup> <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

<sup>2</sup> *Initiative for a Renewed Transatlantic Partnership, Joint Declaration on European Defense Integration*, August, 19, 2004.

<sup>3</sup> According to *Helsinki Final Act*, 1975.

which it takes place, namely: the transition to the multi-polar international system; the competition between the Euro-Atlantic powers for the redistribution of roles; deepening EU integration; Russian attempts to maintain high status power in the world arena and to occupy key positions in European security structures. Security is based on both political stability and military stability, they being complementary conditions. A mobile system of European security can be built only if the two components are consolidated. Analysis of risks and threats to security has led to a new perception of security status and a new focus in the field of defence. Both Romania and other European countries have understood that in the current conditions of the international environment given by the complexity and fluidity of political-strategic environment they can ensure their security by integrating own efforts within the actions performed by the European and Euro-Atlantic security organisations.

#### **4. Analysis of Results**

Since the beginning of 21st century, security and states' concerns on ensuring security hold a central place in determining the world evolution and in setting the new world order. The current security environment was reinforced by the political decisions of the NATO summit in Prague (2002) and the EU summit in Copenhagen (2002), decisions which aimed at the re-evaluating of the security environment and at adapting to new threats of the current world situation.

The NATO Summit in Bucharest (April 2008) was a major contribution to the development and strengthening of the security environment, through the results obtained. Alliance decided to expand further and invited Albania and Croatia to begin accession talks. The subject of Afghanistan was also discussed at length, and twelve partners were convinced by the USA to further support the fight against terrorism. The summit contribution to strengthening the security environment was also increased by the organisation of the NATO-Russia Council summit meeting, which took place in a climate of tense relations between the West and Moscow, with a sensitive context in the Balkans, where Kosovo had declared its independence, on which there was no unanimous support among NATO members, and Russia, that had suspended its participation in the Treaty on Conventional Forces in Europe, wants to be the main advocate of the cause of Serbia<sup>1</sup>. The Missile Treaty remains at least in the short or even medium term, the lynchpin of the US/NATO-Russia relationship. If for successive administrations, Bush Jr. and Obama, the purpose of the shield was the protection of the allies against Iran and the Pyongyang regime, for Russia it is only a new episode in Washington's endless Drang nach Osten<sup>2</sup>.

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<sup>1</sup> Signed in Paris on November 19, 1990, Arms Reduction Treaty in Europe has as signatories the NATO states and the Warsaw Pact states. Subsequently, the Conventional Armed Forces in Europe (CFE) was amended in 1999 to take account of new post-Soviet realities. According to the second version, the Treaty called for Russia to withdraw its troops and armaments from Moldavia and Georgia. Russia signed the Treaty but has not fulfilled its promises. In response, the European countries will not ratify it. The expansion of NATO and the EU in 2004-2007, through the revived Russian nationalism, Putin administration has decided to withdraw his country from the CFE. Kremlin spokesman Dimitri Peskov and Pravda newspaper have motivated Western hypocrisy, trying to catch Russia within the strings of an instrument that would hinder its security. US, NATO 'disappointed' at Russian pullout of arms treaty, War and Peace, 15.07.07, <http://www.warandpeace.ru/en/news/view/13228/>; *CFE Treaty – Time to end the hypocrisy*, Pravda, 15.07.2007, <http://english.pravda.ru/opinion/columnists/15-07-2007/94943-cfetreaty-0/>; *Kremlin tears up arms pact with NATO* Luke Harding, *Russia's relations with West hit a new low point*, The Guardian, 15 July 2007, <http://www.guardian.co.uk/world/2007/jul/15/russia.nato>; Slobodan Lekic, *Suspension of CFE Treaty is a 'step in the wrong direction,' NATO says*, The Independent, 16 July 2007; <http://www.independent.co.uk/news/world/europe/suspension-of-cfe-treaty-is-a-step-in-the-wrong-direction-nato-says-457413.html> (accessed on 3 February 2011)

<sup>2</sup> Sieff M. (UPI Senior News Analyst), *Why Russia Fears Ballistic Missile Defense*, Spacewar, Feb 15, 2007, [http://www.spacewar.com/reports/Why\\_Russia\\_Fears\\_Ballistic\\_Missile\\_Defense\\_999.html](http://www.spacewar.com/reports/Why_Russia_Fears_Ballistic_Missile_Defense_999.html); Luttwak E., *Georgia conflict: Moscow has blown away soft power*, The Telegraph, Aug 16, 2008, <http://www.telegraph.co.uk/news/worldnews/europe/georgia/2571274/Georgia-conflict-Moscow-has-blown-away-soft-power.html>; *Missile threat shifts to Black Sea*, The Diplomat, Bucharest, November 2009 <http://www.thediplomat.ro/articol.php?id=554>; Rozoff R., *US, NATO Intensify War Games Around Russia's Perimeter*, Geopolitical Monitor, Mar 07, 2010, <http://www.geopoliticalmonitor.com/us-nato-intensify-war-games-around-russias-perimeter-1> (accessed on 3 February 2011)

Among the outstanding results of the summit, which will significantly influence the security environment, it is worth mentioning here the U.S. agreement with its partners in NATO on a plan to build a missile defence shield in Eastern Europe, which combines U.S. and NATO elements, in order to assure the protection of the whole of Europe, energy security and protection against cyber attacks. The European security environment reflects the complexity of factors, conditions and existing relationships at some point at political, military, economic, social, environmental, cultural level; however it does not appear as a whole, but highlights some particularities depending on region and geographical area, it bears some influence from regional and zone security environments, sometimes even from local environments. Some of these influences are positive, while others have a negative impact on the current security environment in Central and Eastern Europe. In the first category is the Euro-Atlantic security environment created by European members of NATO with the USA and Canada, as well as the regional environment in Western Europe, determined by the nature and quality of relationships and institutions among EU states. In the second category fall the developments in the region of South East Europe, in particular the Western Balkans, but also in Eastern Europe and even Central Europe. After acceptance into NATO of Romania, Bulgaria, Slovakia, Slovenia and the Baltic States, there have been fundamental changes in terms of security in this European area. Trouble spots still remain in Macedonia and especially in Serbia, following the dispute over the status of Kosovo region.

Realities of the current European security environment suggestively highlight the interdependencies and correlations between developments within internal and international environment. The future is likely to be marked by the same strong interdependencies, forecasting future trends in the evolution of the global security environment having a major stake in ensuring a climate of peace and security worldwide. Political analysts and experts working in international relations studies estimate major changes of security environment for the next 15 to 20 years, changes that will lead to a reconfiguration that will depend on the type, number and level of participation of key stakeholders and international actors who will play a role in it. In a context regarding the future security environment (2015-2020 and beyond), the analysis of the phenomenon of de-securitization vs. re-securitization of Romania brings new items of interest. This is what we tried to do within the following lines.

#### 4.1. The Army and Defence Industry

Securitization, reflective voice action, maintains a state of affairs just by using those means created to respond to threats<sup>1</sup>. De-polarization of Central and Eastern Europe did not necessarily mean normalized relations between liberal and post-communist states. Trained to be obedient to Moscow in a *cordon sanitaire* against NATO, they had to play the opposite role after 1991. "Metabolizing" them by the West was a process with anxieties, which maybe today is continuing. There were two stages that transformed the former communist states, in terms of security: first, the removal of the old structures and mentalities inherited from communism and second, their conjugation with Western standards. On a larger scale one may talk about a post-modernization – from the national state, sovereign, Westphalian defended by large armies, to a post-Westphalian state with new, technical, professional armies, adapted to Revolution in Military Affairs - RMA. In the case of Romania, the adaptation process involved reducing military forces and industrial complex on which they relied, also due to lack of funds.

Romanian army before 1989, with a staff of about 300-350,000 - 400,000 soldiers experienced successive waves of reduction to the current number of about 90,000 personnel (out of which 75,000

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<sup>1</sup> Even if initially the function creates the organ, then organ is the one that maintains the function or it seeks for new functions. The danger of using security as a justification for military, police or coercive actions is approached in many studies on security. See in this respect also (Odiorne, *Armata ca birocratie - Capcana hiperactivității/The Army as bureaucracy – Trap of hyperactivity*, pp. 122-135 in (Sava, Tibil &, Zulean, 1998). In the case of communist states, the myth of besieged city, hermetic, reluctant nationalism made it difficult to accommodate public opinions of ex-communist states with Western requirements.

combat personnel and 15,000 civilian personnel affiliated to the Army)<sup>1</sup>. In 1998, during the Constantinescu administration, similar with other layoffs, from military forces (especially land forces) 11,000 personnel have left, out of which 94% voluntarily. (Sava, Tibil &, Zulean, 1998, pp. 44) Along with thinning of the military body a reduction of capacities was also made - from 2850 to 1375 tanks; armoured vehicles from 3102 to 2100; artillery pieces from 3789 to 1475; the Air Force from 505 to 430 aircraft and helicopters<sup>2</sup>. Above and beyond the numbers, the professionalization of the troops also required an effective process of [re]learning, of internalizing democratic norms, of accepting parliamentary control and understanding NATO action patterns.

Arms industry also went through a similar process of thinning. In 1989 in the arms industry worked 200,000 persons. In 2009 - twenty years later - this number fell to one third: 60,000 people<sup>3</sup>. Gabriel Năstase and Mihai Micador say that at least for the period 1990-2004, three are Romanian defence industry characteristics:

- 1) insufficient number of demands;
- 2) obsolete equipment;
- 3) disintegration of research structures<sup>4</sup> (in 2007 it was considered that 85% of military equipment is old, dating from the '70s).

In 2001 in the defence industry operated 42 economic agents. CN ROMARM S.A. Bucharest was the main operator in the structure of which there were 6 branches with legal status and 16 branches without legal status. In 2004, the number of defence firms was 38 including 23 state-owned, 7 under the authority of Ministry of Economy and Commerce and 15 companies with private capital.

#### **4.2. Perception of Security: Elites and Society**

If we confuse security with structures designed to defend it, in a modern state the legitimacy of any action is given by the public opinion. The elites come from it and the public opinion is again the one that needs to be taken into account, one way or another (whether the state is plural or absolutist). As we mentioned above the theme of besieged fortress specific to Ceausescu propaganda from the '80s, is interesting to see how elites and society in Romania have changed the perception of international dynamics. We will begin with society as a whole to continue with the elites.

Thus, a study produced by Paul Lazarsfeld Society in Vienna in 1992 and 1996 discovered the Romanians' obsession regarding the external threats. In 1992 Romanian audience feared: Russian

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<sup>1</sup> In 2001/2002 it was considered that the Romanian military personnel were of 103,000 people out of which: 59,000 infantry; navy 10,200; 18,000 aircraft. Infantry had a reserve of 400,000 persons and marine and aviation 30-40000 people each. *Armies of the world. Romania*, <http://topgun.rin.ru/cgi-bin/texts.pl?category=state&mode=show&unit=6075&lng=eng,2002>, accessed on 2 January 2010. For 2006 other sources give: infantry 97,200 people of which: land troops 66,000; marine 7,200 and aviation 14,000. Romania: *National Security*, Mongbay.com, 2006, [http://www.mongabay.com/reference/new\\_profiles/414.html](http://www.mongabay.com/reference/new_profiles/414.html), (accessed on 2 January 2010) See also (Lieutenant-Colonel Laurențiu-Cristian Dumitru, *An overview of the Romanian armed forces reform (199-2008)*, pp. 10-18 in *Monitor Strategic, Revistă de Studii de securitate și apărare/Strategic Monitor, Review for Security and Defense Studies*, Year IX, No. 3-4/2008, p. 10-11.

<sup>2</sup> *Ibidem*, p. 39. In 2005 some sources consider that the Romanian land troops possessed tanks 1258; 4 vehicles for recognition; 177 armored vehicles; 1583 armored personnel carriers; 1,238 artillery pieces; 663 anti-aircraft guns; 849 anti-tank weapons.

<sup>3</sup> *România își distruge industria de armament/Romania destroys its armament industry*, *Gândul/The Thought*, 23 October 2007, <http://www.gandul.info/armata/romania-isi-distruge-industria-armament-965032>, (accessed on 25 January 2011).

Other sources give 16,544 workers in defense industry in 2004, meaning 17% from the number in 1990. (Năstase & Micador 2006, p. 215) This means either that the sources collide or, that between 2006 and present we talk of a recovery in the defense industry, even if it is only about the number of workers.

<sup>4</sup> *Ibidem*, pp. 216-217. See also Stroescu C., *Fără armament nou, România nu poate îndeplini misiunile NATO*, 25 March 2009, [http://www.financiarul.com/articol\\_23970/fara-armament-nou-romania-nu-poate-indeplini-misiunile-nato-.html](http://www.financiarul.com/articol_23970/fara-armament-nou-romania-nu-poate-indeplini-misiunile-nato-.html), (accessed on 25 January 2011)

danger (60% of the population), war with a neighbouring country (67%), the threat of national minorities perceived as disloyal (60%). In 1996 public relaxation was visible, the only threat remained constant, unchanged at the level of perception was that the Russian threat (55%). (Zulean, pp. 27-55 in Ghica, 2007, p. 40)

Even more interesting are the results of a study published in October 2005. Entitled *Public Perceptions on Foreign Affairs in Romania*, the study is based on multiple questionnaires, simultaneously addressed to public opinion and to a number of 33 key figures in Romanian politics (18 leading politicians) including: President and his closest advisers, Prime Minister and the body of its experts, Minister of National Defence, Minister of European Integration with chiefs of intelligence services. Sample selected for public opinion polling was of 1050 people over 18 years of age, selected from 18 areas of Romania. The study took place from August 29 to September 9, 2005. (Voinescu & Dobre, October 2005) Results showed both complementarities and differences between the Romanian elites and public opinion. Both elites and public opinion are Euro-Atlanticists and believe that the United States and Europe must work together without competing. Both samples have a good opinion of the European Union (60% -70%). However 51% of Romanian believe that the politics from 1990 to 2005 was poor and only 35% believe it was better - a contradiction, if we think that in the early 90s and especially after meeting in Snagov (August 1995) the road of Romania was assumed towards the West.

Another contrast is in terms of national security threats. 67% of Romanian do not think there is any real danger to national security, while 21% believe that there are serious threats - of these 21%, 80% indicated terrorism as the main threat. In turn, elites are more pessimistic than the Romanians in the street and indicate terrorism and weapons of mass destruction as the main threats. We see contrast at the level of citizens regarding Romania's participation in international military missions. If elites are pro-intervention in an overwhelming majority, only 49% of the Romanians believe it and 42% oppose. Of the 49% respondents, 81% believe that Romanian troops would be sent to feed the victims of war, 69% to prevent a civil war and 60% to defend a NATO state that is attacked (p. 25). To the adjacent question: "Do you agree with the Romanian military presence in Iraq, Bosnia, Kosovo and Afghanistan?" just little over 40% declared the agreement (p. 26)

An interesting answer is provided by Romanians to the questions: "Do you think the presence of U.S. military bases on Romanian territory has any impact?" and "What do you think is it?" (question with multiple choice options and multiple answers). More than half of Romanian believes that the presence of U.S. military bases has a clear impact on Romania (p.11 and 23), and it is seen by: increasing threat from foreign attack (61%), increasing U.S. investments in Romania (59%), increasing Romania's security; U.S. enemies will become enemies of Romania (35%)! (p.24)

Another question, coupled with the two above mentioned, refers to the responsibility / cause of instability in the world. The contrast between elites and citizens is even greater. In case of elites, 1 of 18 respondents have indicated U.S., most saying that no country is guiltier than the other (so, a systemic approach on the International Relations and not a reductionist one). Instead, 43% of the public indicated the United States as the main destabilizing factor to the world peace, the second Arab states (28%), Israel (6%) and Russia (1%) (p. 43). The picture of the last three questions is contradictory at the level of public opinion. We see that the Romanians (overall, elites and citizens) believe in NATO and in a U.S.-EU cooperation within NATO. However, there are few that understand the obligations deriving from membership in the Atlantic Alliance. We see that fear of a number of Romanian is linked to terrorism (which would seem to indicate that Romanians support U.S. policy in the Bush II years) but also they fear the United States as the main destabilizing factor. Even more amazing seems the answer if we connect it with two questions about the effects of American military presence on national soil. Most respondents are worried about potential attacks and un-friendship derived from the alliance with Washington, but they also believe that this alliance can bring foreign investments.

Thus we see a Euro-Atlantic public opinion, legalistic, pacifist that is willing to accompany its elites on the road towards the West but more from economic considerations (the desire to live better, more

decent) than strategic-military! One can speak here of a *free-riders* mentality: for the statistical average Romanian it seems that the relationship with NATO and USA means maximizing certain economic gains. One can see here a moral incoherence combined with a Wilsonian feeling - *Yes, America destabilizes the international system / A "wiser" America joined to a EU which to be military stronger is desirable, but at the same time, if there is no other way, Romania should be with global hegemonic and not oppose to it* (bandwagoning vs. balancing).

## 5. Acknowledgement

The author wishes to sincerely thank to Professor Dr. Mihail Ionescu from the National School of Political and Administrative Studies from Bucharest, for his careful and professional coordination and supervision granted during the achievements of the research afferent to this paper, developed as part of doctoral thesis elaborated by the author, during the period 2007-2011.

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THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

**The International Monetary Fund, Criticized.**  
**The International Monetary Fund Response to Critics**

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**Abstract:** After more than half a century since the creation of the International Monetary Fund (IMF), this paper analyzes the extent to which this institution fulfilled its mission. The IMF admits that, in general, failed in the activities which it proposed, that is raising funds for countries with economic problems and their redistribution to ensure long term growth and development. This institution did nothing towards reducing poverty and financial disparities, increasing transparency, accountability and improving management, and creating a more efficient loan system. The main objective of this paper is to present arguments for and against the strategic effect, the policy and methodology of the financial institution, with the purpose of justification for IMF membership to the global financial system.

**Keywords:** failure; success; wrong management; the IMF in developing countries

**JEL Classification:** F33; F34; F35

## 1. Introduction

The IMF is, undoubtedly, the most important financial organizations in the world. In its 67 years of operation, the IMF has encountered ups and downs. The IMF critics say that, instead correcting its failures, this institution tends to cause more problems (McQuillan, 2010). The IMF has been glorified, but also criticized because of the importance granted to the market economy, the Fund being defined as a supporter of financial globalization. Countries that rely on the financial aid from the IMF have to implement standard programs of economic reforms which, often, have significant consequences on the population. Basic criticism of the IMF, from a theoretical point of view, is based on the commitment to neoclassical doctrine, often called market fundamentalism (Davis, 2007).

The toughest critics of neoclassical doctrine were made by George Soros, founder of the Open Society Foundation, and expert in functioning of financial markets. The theoretical core of this issue is that the strategic operation of the MF is contained in the economic relations explanation, which becomes guideline for developing countries and for those with problems, countries that are dependent on the aid from the international financial institutions. The IMF imposed this limited development concept to all of the countries that asked for help.

After the failure of the idea of central planning economy and social development, the main task of modern economists is to release the invisible hand of market forces around the world, eliminating barriers to free flows of natural resources, goods, services and money, which should ensure greater prosperity. The economy protected by the IMF defenders is based on the belief that the private sector is more efficient and more dynamic than the public sector, and it reacts better to the market conditions

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(Sheppard, Weidner and Wendt, 2011). In academic and political discussions, many blame the IMF because its dogmatic approach, this causing inflation and payments deficits in developing countries.

## **2. The International Monetary Fund, Criticized**

Criticism of the IMF's role is centered on four core issues (Goldsbrough, 2006):

1. Macroeconomic frameworks underlying the IMF programs are said to be “too rigid”, restraining, therefore, the expenditures that would be made, since they are very conservative in terms of macroeconomic stability. This might be because their goal is to achieve low inflation rates or to target fiscal deficits which are lower than what is necessary for stability. There are two aspects of criticism on macroeconomic frameworks: first, that programs aim at achieving too low inflation targets, exceeding the available evidence on inflation thresholds that are harmful for economic growth and poverty reduction; secondly, in spite of the declaration made at the time the Facility for poverty reduction and growth was introduced, the programs still present insufficient fiscal flexibility, especially in terms of expenditure financed by aid.
2. In his role as “keeper”, it is said that the IMF goes beyond the available evidence to make decisions on issues such as absorptive capacity, risk of “Dutch disease” or debt sustainability. To a considerable extent, the community of the lenders contracted from the IMF assessments of the countries' macroeconomic policies, based on its signals on the opportunity of the macroeconomic framework when making decisions on aid. While creditors' answers to these signals may be nuanced, the IMF assessments are likely to influence the level of aid flows. So, the question is how the IMF makes its decisions on macroeconomic framework for an environment where there is a considerable uncertainty about how the economy will respond to the aid. Some critics of the IMF argue that it exceeds the available evidence in making such judgments, relying unduly on the caution side by strongly emphasizing of macroeconomic risks. IMF response is that this is a more flexible approach to macroeconomic challenges, but that many of the involved countries went through long periods of macroeconomic instability, with high costs, so caution is justified in order not to undermine the recent gains.
3. The IMF is criticized for not having a more detailed approach of members' needs when determining the macroeconomic framework and the requirements of the aid to help countries to achieve the Millennium Development Goals – or any other targets related to these goals. They say that the IMF does not act as a catalyst and it can tell creditors that a medium term framework based on low expectations is acceptable when a more ambitious scenario would be feasible. IMF response is that in the formulation of the spending programs, the government must take account of budgetary constraints, including expectations of available aid and is not in favor of poorer countries to claim that they would receive more help than they do – in a world where commitments still exceed payments.
4. Developing programs do not sufficiently take into account the cost of achieving short term macroeconomic adjustments. It is very important the framework in the medium term, which underpins the programs developed by the IMF. But the schemes involve more than this framework. They are detailed accords of how macroeconomic policies will be implemented in the short term. For many programs, some aspects of the detailed design were controversial.

The IMF supporters respond to this criticism by saying that this approach is the direct result of free market and market economy. Also, they affirm there is a need of Washington consensus and that the countries with economic problems will soon come through. Fiscal strictness, privatization, liberalization and other macroeconomic programs elements are the basis of the IMF policies, and over time, have become rather targets than means for sustainable growth (Spruiell, 2006). These policies were pushed too hard and too fast, while neglecting other necessary policies. The IMF provided better grades to those countries with a faster privatization process.



However, rapid privatization has not brought any consistent benefit. Corrupt politicians took advantage of the IMF demand for rapid privatization and purchased power, energy and water companies in their own countries. Workers have not received anything during privatization, because they were dismissed without pay. No wonder that high unemployment rates were recorded after such measures (Hood, Kamery and Pitts, 2004). International power elite puts the IMF under its authority, to serve as regulator of national economies and as a force dealing with globalization. IMF, through stand-by arrangements, expanded its competences and imposed its attitude and its neoliberal objectives. Often, the IMF managed not only the budget of a country, but the whole set of economic policies (Gilbert, Vines, 2004). By rapid elimination of barriers and reduction of custom duties, the free market was established, causing significant damages to domestic production. It was a big mistake of the IMF and of the overall financial globalization.

The preparations for the free functioning of the market have been made in developing countries, but institutions that were needed were not established. Increasing production and productivity in domestic industry were not achieved, national industry remaining uncompetitive both in national and world markets. Foreign trade deficit of developing countries rose to a dangerously high level. The budgets were limited and the expenditures over budgets were reduced, resulting in a decreasing of social benefits, a reduction in health insurance rights and a pensions' limitation.

All these adversely affected the different classes of people, especially the poor, and caused numerous complaints and protests. These policies, based on Washington directives, brought social and private benefits, but also had many weaknesses, encouraged the instability of taking systemic risk and led to negative financial consequences. In addition to faulty design, it focused too much on limiting demand, and not on the structural policy that would influence the main causes of balance/imbalance of payments of developing countries or of those in transition (Camdessus, 1998). The IMF program did not encourage the development of agriculture, but caused a decline in agricultural activity, rising unemployment and deteriorating living conditions. However, the IMF defends its programs, claiming that they are based on demand regulation and supply increase policy, depending on the nature and the size of the period of balance/imbalance of payments.

Moreover, the main problem of the IMF is the management, the lack of accountability and evaluation, the excessive monopolistic status, the undemocratic management system and the lack of public participation. This institution is dominated not only by the richest countries, but also by commercial and financial interests of these countries (Schwartz, 2005).

Experts that are involved in the process of decision making of the IMF adapt their analysis and suggestions to their superiors' ideas. The IMF is often criticized for its politics and secret programs. Lately, an important step has been made towards publishing additional info about its activity. Though, more actions are needed in order to increase the transparency of the IMF and its citizen approach. Increasing public pressure may lead to changes in the politics of the international institutions, bringing benefits to citizens all around the world. Moreover, the leading structure and the way of making decisions have been the main problem of IMF activity.

The most developed countries make decisions within the IMF, not only due to the way of vote rights allocation, but also due to the division of competences between certain domains within the organizational hierarchy and the vote of qualified majority, exceeding 2/3 in the total number of votes. Nowadays, most of IMF and World Bank activity within the emerging countries are lead by representatives of the industrialized countries. It is well known that the leading staff of the IMF is always from Europe and the one of the World Bank (WB), from the United States. The elections are always made behind closed doors, and global development experience is not a prerequisite. The principle of liability demands that decision makers are responsible for their own actions and for the consequences of their elections.

This activity includes the principles of transparency and evaluation. Transparency ensures information access to individuals that are not members of the institution. Evaluation allows citizens to express their opinion about the decisions quality. The IMF has failed in achieving the criteria of responsibility. The

main reason is the lack of a systemic and independent evaluation mechanism. As long as there are no consistent, independent and continuous evaluation and criticism of the IMF, one can see that the IMF tries to hide the results of its activity. Commercial interests must be replaced with preoccupation with the living standards, democracy, human rights and social justice. Institutions representing the global civil society demand individuals to involve in developing economic growth programs, though, very often, the IMF makes the plans by itself, behind closed doors and then sends them to the countries in order to be signed, without letting them know that they have the possibility to develop their own plans. As global communication turns the world into a very strong linked system, more and more individuals are capable of examining the costs and benefits of economic policies.

The IMF has restricted individuals' access to its economic programs of adjustment. Though, it is believed that it gives financial help and short term macroeconomic guidance. As a judge within the negotiations, the IMF usually limits itself to the Ministries of Finance and the national banks. Involvement of individuals in decision making is ethic compulsory. Citizens in the emerging countries have protested for years due to the beamy social and economic statuses. What is now different is the fact that a new wave of protests starts in the developed countries. They have occurred in Geneva, Seattle and other cities where meetings of the IMF, WB and World Trade Organization occurred. High public pressure may contribute to the changing of the policies of the international financial institutions towards individuals' interests.

The professor and winner of the Nobel Prize, J.E. Stiglitz has criticized in a public manner the mechanism of this institution when he saw the way the IMF and other global players operated (Dawson, 2009). According to Stiglitz, the IMF programs caused hunger and disorders in many countries, though the results had not been fatal. The rich often become healthier, while the poor ones become poorer. Moreover, he emphasized that there is no doubt that certain distress were necessary, but the distress in the emerging countries, caused by globalization and development, lead by the IMF and other financial international institutions, are more than unnecessary. In fact, Stiglitz is against the way globalization is lead and does not hide his social sensitivity regarding the victims of the cruel process of globalization (Ambrose, 2002). The principles of the global financial orders are always attacked.

Globalization turned over the night into an important topic, decreasing the feeling of isolation, connected the national economies and influenced the development of international trade. It also hollowed the difference between the developed and underdeveloped countries. The process of globalization itself and the implementation of a trade based economy did not have positive effects in the emerging countries. The West promised great improvements if the countries adopted the new economic system. The new system caused a rising degree of hunger instead. International financial institutions have not had the leading role in a global ruled system without global leadership. Stiglitz claims that the IMF has made two mistakes in its actions. The first one was accepting the theory of liberalization, drawing the map according to the theory and by diagnosing the problems in the emerging countries in a wrong way. Moreover, this scheme and this model have been applied to all the states, neglecting national features. The problems can be described in four steps. First step is privatization. Some politicians have sold public water and electricity companies without negotiating, interested by the remittances. These politicians have used the demands of the World Bank in order to justify its actions. The second step was liberalization of the capital flows.

Unfortunately, in the case of Indonesia and Brazil, money usually moves because of the real estate sector and currency speculations. The state reserve can lose currency in just a few days. When such things happen, the IMF demands these countries to raise the interest rate by a considerable percentage. The effects are predictable. High interest rates can destroy the value of the real estate sector and industrial production, and clear the national reserves. The IMF then leads the weaken country towards the third step, represented by the liberal stabilization, at the market level, of the prices of water, food and gas. This action leads to the fourth step, the so-called IMF protest, which is also predictable (Davis, 2007).

Jeffrey Sachs, economist and professor at Harvard University, is one of the critics of international financial organizations. He claims that Western countries must devote more financial resources to programs against poverty. He adds that past project failed because US pressure to give money to allied governments, no matter that they were incompetent or corrupt. Sachs emphasizes the growing influence of Wall Street bankers on these institutions.

Many economists believe the criticism is justified, but this does not give poor countries the right to set conditions and amount of loans. Also, it is normal for the IMF to protect the bankers interests because, unprotected, they will not invest, which is contrary to the interest of developing countries (Rogoff, 2003). The WB and IMF have both good and bad ideas.

As mentioned above, it can be deduced that more and more economists believe that the IMF is not needed (Hood, Kamery and Pitts, 2004). These statements are based on three arguments. First, the IMF is institutionally unable to be an effective so-called "last lender in case of emergency". The IMF does not succeed in creating valuable money and in reacting quickly enough to prevent liquidity crises. Also, the Fund lacks information on insolvency and illiquidity of the banks. The IMF has not demonstrated effectiveness in promoting economic policies necessary to avoid future crises. The IMF, established for helping in the short term, evolved into an international economic consultant for development, using loans to persuade developing countries governments to implement policies that are in interest. However, the IMF has not shown effectiveness in this role. Differences in living standards between rich and poor countries continued to grow. The power and the frequency of crisis deepened. Negotiations for receiving the IMF loans take too long and threaten transformation of liquidity crises into one of solvency.

### **3. IMF and the Global Financial Crisis**

In a recent paperwork of the Center for Economic and Policy Research (CEPR), economists argue that countries currently involved in the IMF loan agreements are subject to "pro-cyclical" macroeconomic policies, which tend to aggravate the economic slowdown. Economists argue that the IMF failed to learn valuable lessons from the past economic crises, and continues to be based on overly optimistic growth forecasts for debtor countries. Managing these policies wrongly, the authors argue that the IMF may have increased or prolonged financial crisis in many countries that it have borrowed (Center for Economic and Policy Research, 2009).

CEPR and other analysts have criticized the IMF for failing to anticipate the crisis in the United States. Since the IMF releases regularly the World Economic Outlook every six months - in order to assess current economic trends - some economists argue that the Fund should have recognize the growing bubble and to anticipate the consequences. Critics urge the IMF to reassess the criteria, assumptions and economic analysis used to prescribe macroeconomic policies in developing countries (Inter Press Service, 2009).

In many Eastern European countries, both leaders and citizens see the IMF loan conditions as factors that have aggravated the crisis. In Romania (who negotiated a loan of 20 billion with IMF), opposition political party called for a vote of no confidence against the elected government because of the controversial reforms imposed by the IMF. In Hungary, people know of the IMF loans and conditions attached to them, and "The IMF is not very pleasant".

### **4. IMF Response to Criticism**

#### **1. Crisis always creates difficulties.**

Because the IMF fights against the economic crisis, regardless of policy that offers, it is likely to experience difficulties. Trying to balance the balance of payments is not possible without some painful readjustments.

2. The IMF had some successes.

The IMF failures tend to be highly publicized. But its successes, less. Also, critics tend to focus on short-term problems and ignore longer-term prospects (Hivos and the Mott Foundation, 2003).

3. Safety

The fact that there is a lender of last resort provides a boost to investor confidence. This is important during the current financial crisis.

4. Countries are not obliged to resort to the IMF loans.

Countries are those that seek help from the IMF. The fact that many countries turn to the IMF suggests that there are benefits in this respect.

5. The IMF is an easy target.

Sometimes, countries decide to make painful adjustments in the short term, but it lacks political will. An IMF intervention causes governance to borrow from the Fund, and later on, if difficulties arise, to blame the IMF (Bryant, Guh, 2008).

## **5. Conclusions**

Traditional criticism of those who oppose the market system and globalization of trade says that a combination of financial liberalization, opening of economies and recipes of macroeconomic development of the IMF creates a dangerous cocktail for small, open and dependent countries. Recently, these views were shared also by the officials who implement these policies.

Although there is a growing awareness of the problem of organization and management of this institution, compensatory programs are modest today.

The key issue of whether institutions will help to increase or decrease poverty in developing countries has not been solved. The IMF will continue to represent the rich international financial institutions, bankers and investors who show interest for the case of the poor. There is also the problem of indications adequacy in determining the international institutions to change their behavior to developing countries in order to promote development and social welfare.

Since this subject is vast, it is necessary to point out some proposals. First, it must be admitted that neo-liberalism and privatization did not lead to prosperity and development. Liberalization and privatization should be introduced gradually and in a controlled manner. Certain pre-conditions are necessary for market liberalization. Privatization program should be protected from adverse effects, and social programs must be implemented to solve social problems arising from privatization. It is necessary to introduce quality rules for the privatization process, in order to make privatization policies serve in achieving development. Appropriate financial institutions such as banks and regulated financial markets are necessary for successful operation of liberalization and privatization.

Moreover, all the above must be followed by appropriate macroeconomic policies. These policies should be based on an accurate analysis of state of the economy and must take into account that a weak economy cannot survive the competition with developed countries, having to protect by custom duties and other methods. Macroeconomic policy must contain a special social program and a program to reduce poverty, problem encountered in most in transition and developing countries. The IMF must observe the specific conditions of each country and adapt its development models and macroeconomic policies to these conditions.

There is no doubt that the IMF violates human rights, destroys physical and social environment and extends the misery and poverty in poor countries. Despite criticism, the international financial institution must continue to allocate funds to less developed countries, maintain the international

monetary system stability and promote the economic development and prosperity. This means that the IMF should support liquidity, convertibility of currency and monetary and fiscal stabilization.

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REALITIES AND PERSPECTIVES

**Sustainable Development in the Context of  
the Economic Crisis: the Case of Romania**

**Alina Cristina Nuță**<sup>1</sup>

**Abstract:** The main objective of our work is to show how sustainable development is defined and measured and to highlight the impact of economic crisis on social, environmental, economic and institutional of this concept. Our paper is focused on 3 dimensions regarding sustainable development: first section is oriented to create an theoretical approach of the sustainable development aspects that include an old and new literature review in this respect, the second part present the sustainable development indicators and the final section make an analyze (case study) about the level of sustainable development indicators in Romania, comparing with EU-27, in the actual context of financial crises.

**Keywords:** sustainable development; economic crisis; indicators

**JEL Classification:** Q01; H12; O11

## **1 Introduction**

World Commission on Environment and Development originally advanced the idea of sustainable development in the report "Our Common Future" în1987. It has been continuously improved, including by the "Agenda 21" at the UN conference on Environment and Development in 1992. The concept was widely accepted and became a common vision in most countries.

Regarding the "sustainable development", although it was a dominant concept in planning and policymaking process for over 20 years, there is still no consensus on societal goals that would count as a way of defining the concept, or that could help this in practice. This lack of resolution is seen by many as problematic and strange, considering the importance of the concept (Brandon and Lombardi, 2005), and, moreover, were always those who deplored vagueness and ambiguity of the term.

## **2 Literature Review**

The literature is dominated by three ways to treat ambiguity of sustainable development. *First* one simply ignores the complexity for presenting the concept of law as smoothly, in principle, since it is difficult to achieve in practice (Agyeman, Tuxworth, 1996). This is the government approach for which the sustainable development strategy in the UK is typical (HM Government, 2005). The *second* way is much more sophisticated. Many authors note about the ambiguity of the term and move to resolve this by selecting a preferred interpretation, the range of possible meanings, sometimes justified as a logical interpretation of the founding principles of the definition provided by the Brundtland Report (World Commission on Environment and Development, 1987). Usually, this ends contestability period. For example, some authors recognize continue debate on the significance and

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practical issues, arguing that sustainable development is "fundamentally about reconciling development and environmental resources on which society depends" (Elliott, 1999, 34) and then develop an introduction on sustainable development", with particular emphasis on poverty reduction and access to resources.

Similar argumentative structure, moving from conceptual complexity recognition when choosing a unique interpretation and therefore correct, sustainable development, can be easily found in current research, as are Brandon and Lombardi, 2005, Hamstead and Quinn, 2005 or Roberts and Colwell, 2001.

The *third* way, a more analytical, that characterized the concept ambiguity explicitly. Influenced by the clarification of environmental philosophers and economists in the 1980s (Myerson and Rydin, 1996), this approach is characterized by adopting a single analytical axes.

However, progress has been insufficient, and this is at least partially attributed to how the term has been appropriated and, probably, "abused" (Lafferty and Langhelle, 1999, 2) or "hijacked" (Mittlin, 2001) during the policy.

In contrast to these three approaches is a *fourth*, which seeks to understand how sustainable development is, in fact, developed and used as a concept. The importance of this approach is recognition the statements that sustainable development is in some way or sustainable development should be this way, etc. Therefore, as Haughton and Counsell said, only focus on looking for a definitive sense of sustainable development is more appropriate to recognize the much sustainability's and analyze how they are shaped and raised in political discourse (Haughton and Counsell, 2004).

As Michael Jacobs long ago noted, the key is that sustainable development is not only ambiguous, but essentially contested (Jacobs, 1995). That is, like other political terms such as "democracy" has a basic sense of widely accepted, but vaguely, for which there are different conceptions of the concept, with inconsistent interpretations and challenged the way in which concepts should to be implemented. Therefore, the arguments on the notion of "sustainable development", are expected to be not only "semantic dispute" (as are common), but the political arguments that the term refers. (Jacobs, 1995, 1999).

In recent years, increasingly discussed more about how the ideals of "sustainable development" are in place, and thus how the term is given a concrete meaning (Lafferty and Meadowcroft, 2000, Sharp and Luckin, 2003, Richardson et al, 2004). A review of sustainable development policies has also noted the development of distinct meanings according to different levels of government.

A prominent feature of dominant responses regarding the ambiguity of sustainable development is the use of simple geometric images and metaphors verbal associated, which provide strong rhetorical representations.

### 3 Measuring Sustainable Development

Brundtland Report essence is very important in terms of explaining the term sustainable development, namely, balancing the intergenerational interests and the tool for achieving balance is represented by the present generation capacity of not degrade (both in terms of quality, as and in quantitative terms) the socio-economic and environmental development in its course of development, to not "irretrievably consumed" the resources, of any kind would be.

The identification and development of the indicators that allow capturing and evaluating the phenomenon of sustainable development remains a continuous challenge for researchers, anywhere in the world. Sustainable development measurement approaches regard the measurement process both through a set of indicators that capture the economic, social and environmental concept, and by building a single indicator that summarize the sustainable development aspect. Various weaknesses such as lack of statistical data, truncated data, etc., limited the identification and recognition of an indicator or indicator system covering all assessments on the ability to measure sustainable

development phenomenon, although in reality there are many schemes for measuring sustainable development (used by United Nations Commission of Sustainable Development, World Bank, Eurostat, etc.).

Other authors (Puljiz, J., Semitism, S., Pavic, Kaselj, 2009) organize approaches for measuring sustainable development in the following way:

- A first approach refers to the Pressure-State-Response Model, which was completed by taking into account all aspects of sustainable development and is used by the OECD;
- Weak and strong sustainability indicators, which are based on the assumption that sustainable development is conditioned by the preservation of capital stock, which is used by the World Bank;
- Environmental Sustainability Index (a composite index developed by the WEFGLTETF, YCELP and CIESIN), Wellbeing Index (developed by Robert Prescott-Allen in collaboration with the IDRC and the WCU) and the EU Sustainable Development Indicators (Launched by the Eurostat).

#### **4 Romanian Level of Sustainable Development Indicators in the Context of Economic Crisis**

Although the National Strategy for sustainable development was completed by the end of 2007, Romania has not developed a set of visible indicators to support advocacy for sustainable development of the nation. However, Eurostat calculates EU indicators and updates them every two years, both for each Member State and for the entire European Union. EU Sustainable Development Strategy sets out objectives to improve the quality of life of the present and future generation. These goals are pursued through a set of over 130 indicators regarding the economic, social, environmental and institutional aspects, which are grouped in 10 subjects (socio-economic development, sustainable consumption and production, social inclusion, demographic changes, public health, climate change and energy, sustainable transport, natural resources, global partnership, good governance) and organized on 4 levels (headline indicator, operational indicator, explanatory indicator, and the context indicator), according to EU SDS objectives and structure.

For comparative analysis of the sustainable development of Romania in relation to the EU 27 average, we provide an overview of key indicators considered each of the 10 themes. They can be shown in the table below:

**Table 1. Headline indicators for Romania and EU-27**

<b>Headline indicator</b>	<b>EU-27</b>	<b>Romania</b>
Real GDP per capita (2013)	1.3	3.6
Resource productivity (2007)	1.3	0.14
Risk of poverty or social exclusion (2010)	23.5	41.1
Employment rate of older Workers (2010)	46.3	41.1
Life expectancy and healthy life Years (2009)	61.6	61.4
Greenhouse gas emissions (2009)	83	52
Consumption of renewable	11.7	22.4
Energy consumption of transport relative to GDP (2009)	95.8	103.2
Abundance of common birds	100.3	-
Conservation of fish stock	-	-



Official development assistance (2010)	0.43	0.07
Good governance- missing headline indicator	-	-

Source: Eurostat

The analysis of the evolution of these key indicators in the EU highlights these trends (Monitoring Report EU SD Strategy, 2011):

- Changes clearly favourable, in terms of reducing, by about 2 million, the number of people threatened by poverty or social exclusion, reducing greenhouse gas emissions and increase renewable energy, which will enable the objectives of this scope of Strategy 2020;
- Moderately favourable changes which refers to the increase by 0.9% per year GDP per capita and to the life expectancy increase of the EU population by sex, being estimated that a boy born in 2008 will live up to 76.4 years and a girl born in the same year will live 82.4 years and to the improvement on common bird populations;
- Changes moderately unfavourable, shown by the adverse developments of the headline indicator "sustainable consumption and production", by the employment rate of older people, (which reached 46% in 2010), energy consumption in transport relative to GDP unit, the conservation of fish stocks (in excess of sustainable exploitation) or in terms of official aid given to developing countries;
- Changes clearly unfavourable, targeting additional indicators of the individual themes of the EU SD Strategy.

Regarding Romania, monitoring report for 2011 emphasizes the maintain of the negative growth in 2008-2010, due to strike (much less severe than in other states) caused by the economic and financial crisis (Roman, A., Sargu, A., 2011). Thus, our country is situated in the group of countries with the lowest level of GDP per capita (54% in 2009), along with Latvia (48%) and Lithuania (45%). Although R & D is crucial for long-term growth, Romania has reduced these costs, under the impact of crisis or other reasons (given that the level of this indicator, according to Eurostat is 0.47% of GDP in 2010 compared with average EU of 2%). Another indicator that highlights the difficult transition process experienced by our country and socialist consumer features, supported by inefficient infrastructure, gross inland consumption of energy divided by GDP is at the value of 576.90 kilogram of oil equivalent per 1000 Euro, compared to an EU average of 165.20, which determines the labelling of one of the most energy-intensive economies of the European Union.

In terms of employment rate, Romania is well below the EU average -68.6%, (which is below the target set by Europe 2020, from 70.7% of age group 20-64 years), standing at 63.3% level. This indicator shows the impact of economic crisis, continued to decline from 2008 to present, both in the whole Union, and in our country.

The level of the electricity consumption per household indicator is one of the lowest in Romania, demonstrating once again the differences regards to the amount of electricity used by us, comparing with other MS (Nuta, 2011).

Analyzing the employment rate of older workers in the Member State, we discovered that Romania is one of the two countries whose level of this indicator in 2010 is below 2000.

Good governance in Romania is difficult to measure and set. A strong correlation exists between the degree of development and the use of the Internet, on the one hand, and E-government on the other hand. Besides, the mere existence of an online page's of the public administration institutions not solve the problem, there are differences in EU public services available online and e-government usage. Romania is also here the last place, 7% for e-government usage by individual's indicator, while the European average reached 32%, and the highest is found in Denmark, 72%.

## 5 Concluding Remarks

Beyond the problems of the sustainable development measurement indicators, the analyze focusing on their level regarding Romania brings in actuality the diversity of the reporting positions of Romanian society to the EU as a whole and the other states of tradition.

One of the analysis aspects refers to the fact that, nationwide, there is no institution to calculate these indicators only for our country and at the end of this analysis emphasize the need to involve institutions that have developed and completed the Sustainable Development Strategy of Romania in the calculation and the measurement of the indicators and specific instruments monitoring the development objectives set by the strategy in question. A regional analysis for Romania would be created, identifying and quantifying the different regional characteristics, which can then be more clearly supported or corrected, depending on the impact on sustainable development.

Another aspect of the analysis, referring on the differences on the possible level of the indicators, calculated if economic and financial crisis would not have existed in Romania and worldwide, requires the appreciation that their level would have been a better one, but we must remember that the absence of crisis would be allowed to the other Member States to, a better evolution, so the gap would be left. The economic crisis has not only affected the economic aspect but also on other SD indicators, social, environmental, institutional, given that most of the times, the improvement of some aspects requires investment and financial allocations of private or public nature.

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**Comparative Analysis of the Evolution  
of Business Travel Romania – Bulgaria**

**Anca Gabriela Turtureanu<sup>1</sup>, Cornelia Tureac,<sup>2</sup> Bogdan Andronic<sup>3</sup>, Florian Nuta<sup>4</sup>**

**Abstract:** The authors aim to analyze the evolution of the main tourism indicators in the two neighboring countries Romania and Bulgaria. Current development of tourism is characterized by a profound renewal of the world tourism offer, in particular by developing a range of new tourism products, superior both qualitatively and quantitatively. Romanian tourism revival will involve reshaping the development of tourism products based incentives at national and international tourism. Currently, the Romanian tourism, as otherwise the world is characterized by fierce competition between destinations. Tourist destinations, be they state or country itself, are becoming increasingly need a new model of tourism policy which influence their competitive position in the current competition. A special role in perception destination in the competition of similar offers in the country is playing tourist brand or regional. Tourists and demanding consumers are an important factor for competitive advantage of a destination. Adapt to offer the consumer needs to be spotted new trends and new opportunities to the tourism product. In the spatial extent of tourism development policy, most have a national or regional scope (in that country). Outside Europe, where international cooperation in tourism development is emphasized through the integration of countries within the EU, international cooperation is early, sometimes reduced to statements of intent. The competitive position of a destination depends on the type thereof, namely the socio-economic development, landscape features, climate, culture, political factors etc. The success of tourist destinations is determined by how it manages to ensure at the same time to ensure visitors throughout its entire offer experience to match or exceed many alternative destinations.

**Keywords:** tourism; tourist accommodation; travel; competitiveness

**JEL Classification:** Q56; L 84; L80

## **1 Introduction**

Tourism is one of the fastest growing industries worldwide. Changes in recent years throughout Europe have influenced the tourism, including Romania and Bulgaria.

One of the important and definite date for Romanian tourism development issue which so far has not given enough attention, especially as a comprehensive approach, strategic, inclusive, is related to tourism competitiveness, namely the creation of projects management leading to the development of this sector of the economy.

Tourism demand and consumption have been some changes over time: there were changes in travel habits, were more diverse tourist destinations, their preferences of tourists for new forms of accommodation, have diversified and multiplied travel motivations.

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## 2 Tourists Circulation in Romania

For an overview of the Romanian tourism site that is occupied by the Romanian economy, is presented in this chapter tourist circulation during 2005-2010, as follows:

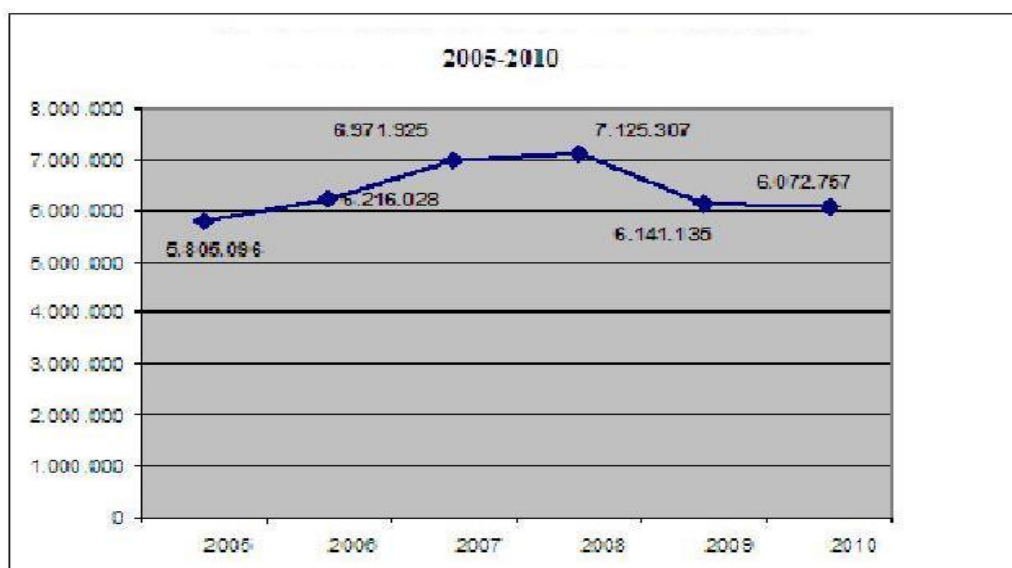
- Arrivals of tourists in a tourist reception with functions of tourist accommodation, tourist destinations as the types of tourists
- Nights spent in accommodation tourist on tourist destinations and types of tourists
- Arrivals of foreign visitors in Romania by continents and countries of origin

**Table 1. Arrivals of tourists in tourist reception with functions of tourist accommodation, tourist destinations as the types of tourists**

Tourist Destinations	Tourist Type	Ears					
		Ear 2005	Ear 2006	Ear 2007	Ear 2008	Ear 2009	Ear 2010
		M. U. Number of persons / N.P.					
		N.P.	N.P.	N.P.	N.P.	N.P.	N.P.
<b>Total</b>	Total	5.805.096	6.216.028	6.971.925	7.125.307	6.141.135	6.072.757
-	Romanians	4.375.185	4.836.196	5.420.968	5.659.416	4.865.545	4.726.414
-	Foreign	1.429.911	1.379.832	1.550.957	1.465.891	1.275.590	1.346.343

Source: National Institute of Statistics

It is noted that tourist traffic in the analyzed period, grew until 2008, then began to decline, but still higher values recorded in 2010 compared with 2005. This is best shown in the chart below:



**Figure 1. Tourist traffic in Romania in 2005- 2010**

When referring to the types of tourists who visit our country - Romanian or foreign - is observed in 2010 compared to 2009, a decrease in the number of Romanian tourists, but an increase in the foreign, which is encouraging for Romanian tourism.

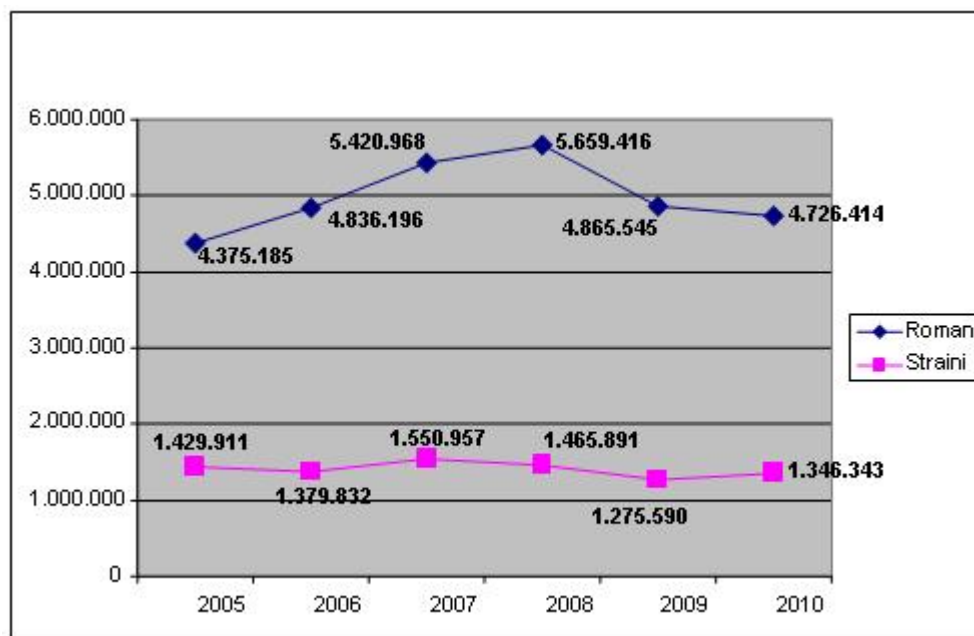
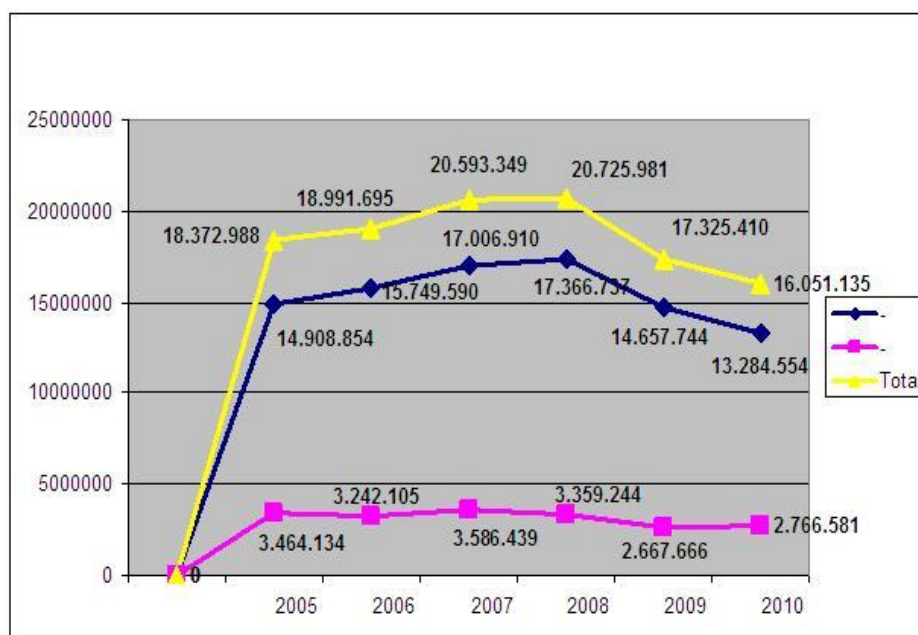


Figure 2. Type of tourists

Table 2. Overnight stays in tourist accommodation units on tourist destinations and types of tourists

Tourist Destinations	Tourist Type	Ears					
		Ear 2005	Ear 2006	Ear 2007	Ear 2008	Ear 2009	Ear 2010
		M. U. Number of persons / N.P.					
		N.P.	N.P.	N.P.	N.P.	N.P.	N.P.
<b>Total</b>	Total	18.372.988	18.991.695	20.593.349	20.725.981	17.325.410	16.051.135
-	Romani ans	14.908.854	15.749.590	17.006.910	17.366.737	14.657.744	13.284.554
-	Foreign	3.464.134	3.242.105	3.586.439	3.359.244	2.667.666	2.766.581

Source: National Institute of Statistics



**Figure 3. Overnight stays in tourist accommodation units on tourist destinations and types of tourists**

The same upward trend until 2008 and decreasing from 2009 to present, shown by the number of overnight stays in tourist accommodation in our country.

Arrivals of foreign visitors in Romania, according to our border in 2010 were 7,498,300, down 1.0% compared to 2009. Most foreign visitors came from European countries (94.7%). For EU countries have been 59.4% of total foreign visitors arrivals in Romania. European Union Member States, most arrivals were registered in Hungary (38.9%), Bulgaria (17.6%), Germany (8.9%), Italy (7.4%). Rail recorded in 2010, compared with 2009, the largest increase (6.9%).

Arrivals of foreign visitors in Romania, according to our border were in 2011 of 7,611,100, up 1.5% from 2010. Most foreign visitors came from European countries (94.3%). For EU countries have been 57.7% of total foreign visitors arrivals in Romania.

European Union Member States, most arrivals were registered in Hungary (35.2%), Bulgaria (18.2%), Germany (8.7%), Italy (8.0%) and Poland (5, 7%). air recorded in 2011 compared with 2010, the largest increase (24.1%)

## 2 Tourist Movement in Bulgaria

Translated into statistical data, according to the National Statistics Institute of Bulgaria, Bulgarian tourist traffic in 2010 is as follows:

- foreign visitor arrivals to visiting Bulgaria according on the purpose and home visit;
- units of accommodation areas, regions and districts;
- tourist resort activity with national importance;

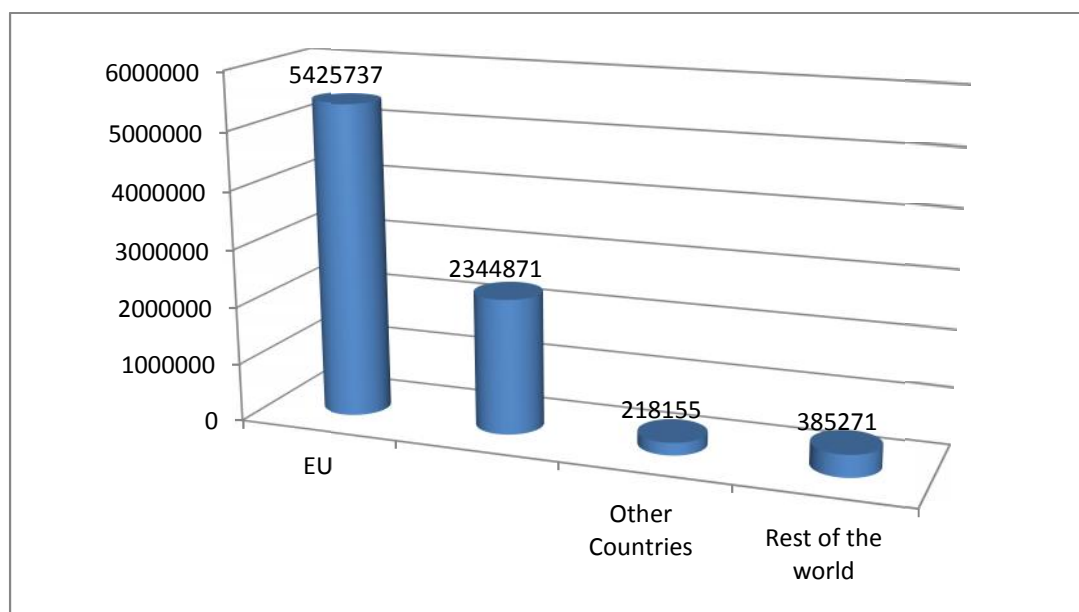
**Table 3. Foreign visitor arrivals to visiting Bulgaria according on the purpose and home visit;**

Country of origin	Total	Porpes of the visit				
		Holiday	Guests	Profesional	Others	Transit
<b>TOTAL</b>	8374034	4227519	143591	933501	742402	2327021
<b>EU</b>	5425737	3000894	67070	781193	415108	1161472
Other european countrys as Israel, Canada, USA, Japan	2344871	886197	66279	109979	265959	1016457
Other countries	218155	217852	3958	15604	4293	3015
Rest of the world	385271	122576	6284	26725	57042	146077

Source: National Statistics Institute of Bulgaria

(<http://www.nsi.bg/otrasalen.php?otr=57&a1=2056&a2=2060>)

Referring generally to the movement of Bulgarian tourism, the country of origin of tourists, there is a majority of tourists visiting Bulgaria in the European Union (5,425,737), and given the relatively small distance between them.



**Figure 4. Arrivals of foreign visitors to Bulgaria**

Tourism activity in 2010 in the tourist resorts of national importance for Bulgarian tourism is presented in the table below:



Table 4.

Resorts with national importance	Accommodation units - number	Arrivals in accommodation units - number		Revenues from nights spent - levs	
		Total	Foreign	Total	Foreign
Albena	35	122.312	78.457	11.998.748	8.940.409
Borovets	32	113.696	44.195	10.439.258	5.320.520
Dyuni	6	36.836	33.402	12.348.533	11.871.134
Elenite	5	26.097	20.018	10.215.227	8.615.420
Zlatni piasatsi	92	404.212	356.144	108.596.967	100.177.939
Pamporovo	43	65.222	12.521	8.189.725	3.005.931
International Youth Centre Primorsko	3	10.685	4.023	2.505.010	1.451.470
Sv. Konstantini Elena	59	154.373	78.031	30.260.096	21.068.531
Slanchev briag	119	453.516	409.812	119.921.370	111.425.548

Source: National Statistics Institute of Bulgaria

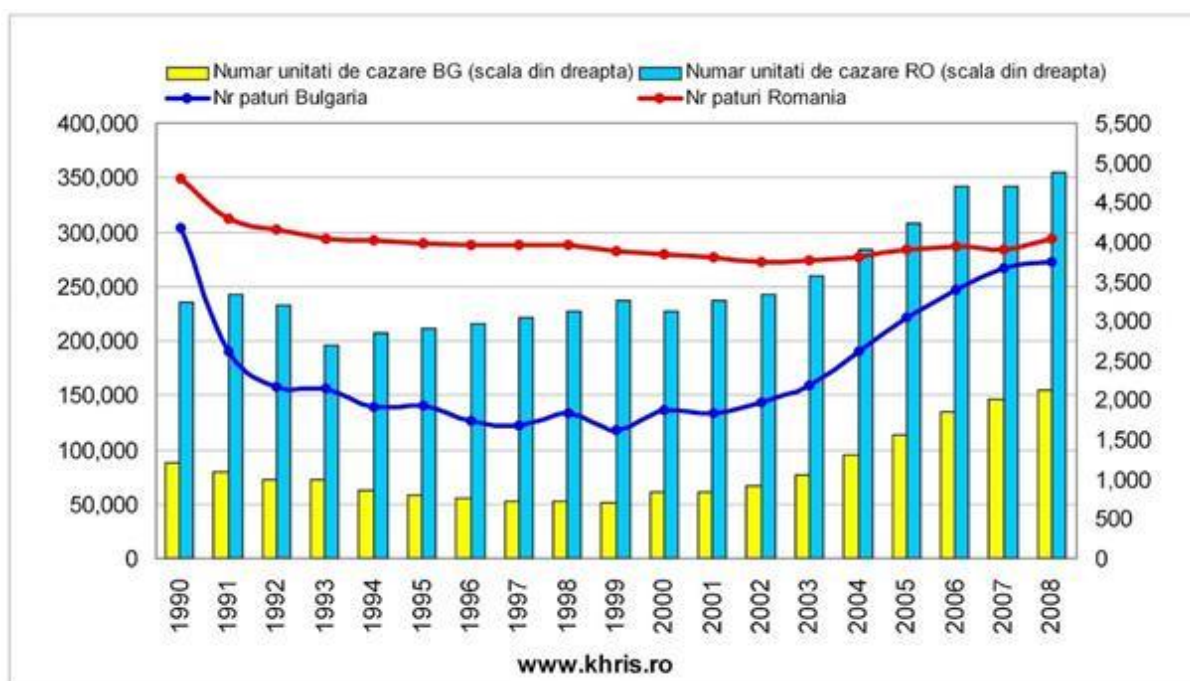
(<http://www.nsi.bg/otrasalen.php?otr=57&a1=2056&a2=2060>)

Since Bulgaria has given the green light on joining the EU in early 2007, the real estate boom already known among foreign buyers, especially the Black Sea coast and mountain ski resorts. Investors were mainly from England and Ireland and in Germany, USA and Russia.

By January 2007, foreigners were not allowed to own property or mortgages in Bulgaria. Engineers have overcome this problem, they fulfill the role of creditors. Buyer sign a purchase contract for a new apartment and then make payments in installments by the manufacturer. In January 2007, this rule was canceled, all EU citizens have the right to buy property in Bulgaria.

Looking at developments in the last 20 years of hotel infrastructure in the two countries, we see that there are significant differences: in Romania, minimum point was reached immediately after the Revolution, in 1993, the number of accommodation units decreased by 17% to 1990, then began to rise.

In Bulgaria, the minimum point was reached in 1999, the number of accommodation units was 41% lower than in 1990. This shows that in Romania there has been no serious restructuring of hotel infrastructure, while Bulgarians are many hotels have closed and sold everything they could. The result: according to the latest information at this time, 200% have more hotels than in 1999, as can be seen from the chart below.



**Figure 5. Evolution of the number of beds and tourist accommodation units**

Of course, massive investments have generated an influx of foreign tourists to Bulgaria. Thus, if in 1999 in Romania have joined the 852,000 foreign tourists in Bulgaria and only 741,000 in 2008 things were very different - in Bulgaria have entered 2.2 million foreign tourists in Romania and only 1.4 million.

But the real difference is that a foreign tourist who arrived in Bulgaria spent on average 5.3 nights and foreign tourists who arrived in Romania spent only 2.3 nights. Total number of nights spent by foreign tourists accommodation in 2008 was 11.8 million in Bulgaria and only 3.3 million in Romania.

#### 4 Conclusions

Analysis revealed that there is a recipe for success that will attract millions of tourists every year and make a seemingly insignificant country a top tourist destination. Following the analysis we can say that they have made and are making efforts to promote our country, both nationally and internationally. But, for satisfactory results, it is necessary something more than desire to succeed. Perhaps there is a impetuous need:

- Professional people, trained in the "sell" images, places, words, traditions, original packages, which would always come up with new ideas;
- Good coordination between the state and actions, collaborations with companies specialized in marketing, advertising, public relations, with people to effectively coordinate their activities - all of which are supported primarily political;
- Research, continuous monitoring which means Romania tourism inside the country and outside it. A good knowledge of the phenomenon, market trends, help in future decisions, so as to create, to reposition its image.
- Tour the country, proud that their country is Romanian. Plays an important role, as I stated earlier, the media that helps to promote, create a positive image;

- Awareness of reality and existing problems: improvement of tourism services, infrastructure, preparing people to work for the tourism industry, facilitating access to European funding, support and promotion of authentic products to Romanian;
- Capitalization of existing positive image of Romania in the world, the information known. Achieving best attractions for one country can be done on a cliché that everyone knows, and its use as a starting point for creating a nation branding. identifying key markets to promote Romanian tourism;
- Romania's presence in various international activities, based on sporting competitions, political action, economic, cultural, up to fairs, exhibitions, etc..

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THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

**The Importance of a Country Brand  
in the International Tourism Promotion**

**Anca Gabriela Turtureanu<sup>1</sup>, Cornelia Tureac,<sup>2</sup> Rodica Pripoaie<sup>3</sup>, Alina Nuta<sup>4</sup>**

**Abstract:** The authors aim at highlighting the role of tourism destination image in creating its own brand, identifying the main steps needed to ensure success. A brand has no borders and should fight to have a word, symbol image in the minds of consumers. But the branding, it becomes difficult to apply in practice. Tourism product is a special case, especially since it's like the service, intangible. Country brand is organized around the tourism and the economical potential of that country. So the country brand is organized around tourism and economic potential of that country. Brand means ideas, feelings, values, combinations of words or images. If you could choose one word to explain the term "brand", it would be "identity". Just try this with what the nation wants to be the brand: the discovery of a country's identity.

**Keywords:** international tourism; country brand; country's identity

**JEL Classification:** Q56; L 84; L80

## **1 Introduction**

Creating a brand, regardless of its nature also keeps the marketing mix, because to get to design a brand is needed, as noted previously by a thorough market research, based on the economic law of supply and demand. Also you must know very clearly the "client", types of people that you are addressing. Opportunities and threats, competitive market analysis are other essential elements. Following these analyzes to define the desired product that is going to be promoted, because every known target, is required to attract potential customers to the product. The importance of destination brand that has been acquired a while ago was anticipated more than ten years ago by Morgan, N., Pritchard, A. In "Advertising in Tourism and Leisure" who said that "the battle for customers the tourism industry of tomorrow will not price, but minds and hearts of customers - in essence, the brand".

A sensitive issue is that destination marketing brand identity must remain constant, while the destination image can change over time due to external factors or objective, or must be renewed after a certain period of time - due to internal factors or subjective.

Brand means ideas, feelings, values, combinations of words or images. If you could choose one word to explain the term "brand", it would be "identity". Just try this with what the nation wants to be the brand: the discovery of a country's identity.

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## 2 Country Brand - Tourism Brand

Country brand is lately a subject often discussed by the political class, tourism organizations, experts in the field and beyond. Subject is as important as the possible number of those who have specific knowledge of other countries is extremely small.

In this context Wally Olins says it is quite clear that "most people know very little about other nations than their own. Where know something, their attitudes are based on myths, rumors and anecdotes. And they almost always tend towards a grotesque caricature that can be harmful to the tourism, trade and foreign investment. "The shadow of ignorance, lack of time or interest, most countries are tourist destinations unknown, some are missing from the tourism offer of tour -operators. Tops the most visited countries of the world does not change too significantly. The same countries have argued among themselves every year top, enjoying the powerful embedded image, an intense promotion of media coverage on the measure, a mostly positive picture.

**Table 1. Representative elements of a country image**

<b>Country</b>	<b>Representative elements for a country image</b>
<b>Spain</b>	<b>Corridors, Barcelona, Columbus, Football, Airports, Kitchen, Madrid, Mediterranean Sea, Ibiza</b>
<b>Italy</b>	<b>Venice, The Roman Empire, Pasta, Pizza, Colosseum, Milan, Fashion, Vatican, Pompeii, Vesuvius, The Tower Of Pisa, Baroque Art, Leonardo Da Vinci, Football</b>
<b>Germany</b>	<b>Automotive Industry (BMW, Mercedes, Porsche, Etc.), The Berlin Wall, Holocaust, Fairs And Congresses, Beethoven, Oktoberfest</b>
<b>USA</b>	<b>New York, Statue Of Liberty, Grand Canyon, Las Vegas, White House, Hollywood, Ford, MTV, Nike, Silicon Valley, Microsoft, NASA</b>

These countries taken as an example follows the same recipe, which is the basis implicitly based tourism marketing and tourism quality, namely entertaining, diversity, originality, a good infrastructure to support tourism flows, quality services, international brands, culture, sports, entertainment.

So the country brand is organized around tourism and economic potential of that country. Each sector of a country brand contribute to the country brand or product or service, even the pharmaceutical industry or the fashion industry. And today, "nations must compete on specific issues, quantifiable - attracted investment, exports and tourism. And this is new. He was never a major factor in historical perspective, because tourism was reduced, the attraction of investments is limited to relatively few countries and mainly export brands embrace the traditional markets for traditional products.

Thus, globalization has changed the game again! "So now, the country brand is worth a lot to the image, economy, country tourism. Every nation in part seek to understand and to promote what they have: history, culture, values, tradition, etc.. to design the collective mental image of himself almost idealistic, easily recognizable, attractive, with the final for economic, commercial, political.

All they say that tourism has increased in recent years to the stage where it came to be considered the world's fourth largest industry. Wally Olins says the danger for countries which rely heavily on tourism is that the traditional sun, sea and sand are becoming generic commodities, driven by fierce competition and based on prices to attract increasingly more people spend often less money each" tending to target the upper segments of tourism, which refer to history, culture, cuisine, architecture, landscape, unique images, original, sophisticated to attract".

### 3 Romania - Image, Brand, Touristic Logo

Interesting to watch, especially for tourists is the myth of Dracula created abroad in order to serve current needs. Image of a supposed Count - Transylvanian vampire us individually as people in the eyes of foreigners attracted tourists from all over the world. Involving the media, film industry contributed to the movement of the image of Romania, amid a general misinformation, ignorance or wrong information. But not necessarily a bad thing. It could be a starting point, especially since the benefits are also financially. Therefore, this "myth" could be exploited for Romanian tourism, giving those interested a chance to discover the truth behind these pictures, the real story and why Vlad Tepes and his father Vlad II , and called "Dracula "came to carry such a reputation.

Interference between history and legend has grown with the arrival in 1897 of the fiction novel "Dracula" the English author Bram Stoker, which proved to be successful worldwide. "The connection is made between the character of Bram Stoker's novel Dracula and Vlad Tepes, is suggested by the author, who recorded:" [...] was really that prince Dracula who has acquired the name of resisting the Turks over the great river right on the border with Turkey. "Bram Stoker believes that it was not an ordinary man "for the centuries to speak of him as the most skilful, the most cunning and most valiant of the sons of the country beyond the forest, his keen spirit and will of iron came to the grave and fight now. Here the author makes faith related to ghosts, whose existence, imagined by the popular belief, does not end with the coming generation: "We the dead (i ghosts, vampires) suffer from the curse of immortality, says Bram Stoker, pass out an age and multiplied other victims, increasing the evils of the world ... "<sup>1</sup>.

Therefore, the fascination for alleged forces of evil vampires, ghosts, etc. has always existed, and their presence is, in one form or another in most cultures, popular beliefs of the world. Thus, the historical figure, Vlad Tepes has gone around the world as a vampire. A simple typing of the name "Dracula" in the search engine Google generates over 62,700,000 results. Films have emerged as the famous novel adaptation increasing the circulation and popularity of this myth. This image fantasy, satisfy the tastes of tourists worldwide to visit Romania in search of the legend, Bran Castle is one of the favorite places that impressive medieval architecture and aura of mystery surrounding it. Called "Dracula's Castle" was given by tourists, especially Americans, especially that in some villages in Transylvania, belief of the existence of evil spirits is still present.

### 4 Country Brand and Tourist Slogan Promoted

**Tabel 2**

Country	Promoted slogan
Croatia	<i>Croatia. The Mediterranean as it once was</i>
Scotland	<i>Live it. Visit Scotland</i>
Australia	<i>Australia. A different light</i> <i>We can't wait to say G'day</i>
Vietnam	<i>Vietnam. A Destination for the New Millennium</i>
Austria	<i>Austria. At last!</i>
Spain	<i>Smile! You are in Spain!</i> <i>Spain Marks</i> <i>Spain. Everything Under the Sun</i>
Switzerland	<i>Switzerland. Get natural</i>
Philippines	<i>Philippines. More than the usual</i>
Thailand	<i>Thailand. Happiness on Earth.</i> <i>Amazing Thailand - Experience Variety.</i>

<sup>1</sup> <http://www.brancastrlemuseum.ro>

	<i>Amazing Thailand - Dreams for all seasons.</i>
Malaysia	<i>Malaysia. Truly Asia.</i>
Ireland	<i>Awaken To A Different World Ireland. The Island of Memories...</i>
Greece	<i>Live your myth in Greece A new point of view. (campanii pentru Atena si Attica) Greece. Beyond Words.</i>
Cyprus	<i>Cyprus. The Island for All Seasons Cyprus. A whole world on a single island</i>
Hungary	<i>A love for life</i>

Source: Philip Kotler, Donald H. Haider, Irving Rein, 2001



## 5 Changes in Tourism Brand

Over time, Romania has tried a number of branding strategies, sought to find their own identity, but each time turned out to be failed attempts, often marred by scandals. All these have contributed to lower positive sentiment, the exact opposite of what is actually wanted.

Unfortunately, external environmental threats, which often cannot be predicted or counteracted, influence tourist activity. It is the case of financial crisis in 2009 that has reached around the world and was felt at all levels, including tourism. 2009 - 2010, despite the crisis, a slight increase in foreign tourists, both in Romania and in Croatia has been spotted. The National Association of Travel Agencies in Romania, the most popular holiday destinations for 2010 were Bulgaria, Turkey, Greece and Croatia. Also in 2010, although the situation has somewhat recovered was a year of sacrifice, therefore, expectations of 2011 have been large, and the increase was quite large.

The first campaign worth remembering is that had the slogan "Eternal and Fascinating Romania" - a photo album which at the time cost no more than 7 million dollars and wanted to be an editorial issue outstanding, dedicated to promoting foreign image of our country.

Later tried in the early 2000's a tendency towards promoting Romanian products abroad. "Made in Romania" was the campaign that he wanted to bring worldwide attention and quality of Romanian traditional products amid a decline in domestic production and continuous records and the loss of important parts of the economy.

In 2004 appeared "Romania always surprising" that cost 2 million euro's and was judged as a bad slogan inspired by the very beginning, by reason of countless jokes.

In 2006 appeared "Fabulospirit" which was initiated by the Foreign Ministry was abandoned very early stages. Not only the cost 110,000 euro's and it was meant to highlight the spirit of Romanians, who know how to enjoy life, people always surprising addition that you cannot get bored.

The year 2007 concluded with Romania's EU entry, so the problem has changed, requirements have increased as well as expectations of a new state of the European community.

Thus, a country brand design efforts have begun. Romania, the land of choice was elected the new slogan of Romanian tourism and was launched on May 1, 2009 in the concert of Goran Bregovic. Under this slogan began campaigns of Romanian tourism, tourist brand to launch the country - Explore the Carpathian Garden!, Which since its official launch has sparked some controversy, both about the logo and slogan and strategy implementation.



The company who created the logo and the new brand country for Romania used as the main element a stylized leaf which bore many reactions, even controversial as is found in the logos of other companies in an identical form.

If those in Montenegro chose a red cloth flying among the mountains and unspoiled beaches, if the Greeks had a party in a village by the sea, and India was symbolized by a young loner who writes simple a view, "Incredible! ", Romania went on a classic recipe I could say: a series of images of mountains, pictures of pelicans, the Peles Castle, the Maramures, Sighisoara and that's all. As a lesson in tourism, Croatia has had been packed at their pavilion.

"When you see the pyramids in Egypt think. When you see a picture of the Eiffel Tower, automatically think of Paris. Tower Bridge in London leads immediately to mind, and thinking Statue of Liberty in New York. About how much money is going Romania to invest to be associated with a green leaf? "asks Michael Brandtner, strategic marketing consultant and publicist, who signed an article in the Austrian newspaper Wirtschaftsblatt. It said recently that Romania does not have a problem with both its tourism logo, as with the country brand.



## 6 Conclusions

Brand strategy is considered to be the key to success, provided that it is effective, thereby promoting brand value and power. Romania chose six products to be promoted. It is rural tourism, wildlife, health and wellness, active and adventure travel, tours, city breaks. Have also been established so-called target countries: Austria, Italy, France, Germany, United Kingdom / Ireland, Russia, Hungary and USA. Brand communications platform through advertising is composed of photographs, suggestive, together with the corresponding sound. Thus, any type of advertising: online, TV, radio, brochures, presentations, billboards, street advertising, etc. resolves to brand use. The Romanian strategy on the concept of going to replace the generic images, passive, active images, dynamic people channeled "true" that any tourist can identify, surround the landscape attractive and suggestive. Until the launch of this brand in July 2010 on Romania stated that it has a distinctive brand that ranks countries and 81 states report 102 Country Brand Index (CBI) in 2009 the company Future Brand, according to Tuesday. "Romania is underdeveloped as a brand. Residents of other parts of the world know very little Romania and the country profile is distinctive, "the CBI report, which quantifies the image of a country based on 29 criteria, from history to business and economic situation. Chapters where Romania is found in the first half of charts are "natural environment" (number 19), "history" (44), "high technology" (45), "purchasing power" (45) and "standard life" (47). The CBI survey in 2008, Romania ranked 76 out of 78 countries analyzed. The first among this year's CBI ranges United States, followed by Canada, Australia, New Zealand and France."

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THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

**The Need for Identifying  
the National Interest In Romania**

**Florina Bran<sup>1</sup>, Gheorghe Manea<sup>2</sup>**

**Abstract:** With regard to economics, the concept of national interest has become the common factor of strategies for economic and social development of a country with sectorial strategies, policies and programmes that give consistency and direction of development of a country. The national interest and is one of the criteria for the selection of strategic objectives with operating, decision-makers at every level, for shorter or long periods. Definition of national interest – ideal in connection with general interest-is essential in the current economic area, affected by many disturbances and developments, correctly defined interest-being awarded the role of a Lighthouse in the national economy development orientation towards clear, viable in the long term objectives.

**Keywords:** national interest; general or public interest; economy

## **1. Introduction**

Interest is a socio-economic objective, turned into a powerful engine of progress of development, (2). Interest involves awareness of needs, most perfectly justified, which turns into motivations, which in turn, is reflected in the actions and behaviors (3, 4).

With reference to the economic area, interest is the main stimulus of involvement in market relations, from the workplaces to the international trade.

Interests may be: personal, group, regional, national, or international, general, public. Moral criteria, may be legitimate, occult, etc. Note that the definition of interest is expressed as needs.

In the European security strategy, the national interest is defined as: "those States and processes, based on values entered into the Romanian society and promoted by ensuring prosperity, protection and security of its members, the stability and continuity of the State."

The concept of national interest is the Foundation for its internal and external policies of the State, and the credibility of the concept is supported on the following components:

- it has a dose of relativity as it expresses in particular, the aspirations.
- on medium and long terms it sustain changes according to the doctrines of political, economic, social and political parties that succeed to power.
- it must have a high degree of generality in the meaning of the inhabitants.
- its continuity relies on its conjunctural avoidance and on long-terms visions.
- The capacity of operating with it in the national practice.
- As a rule, the national interest it's a sum of more interests which cannot be missing those related to national security, the well-being of citizens, and affirmation of identity outside the boundaries of the country.

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Viewed thus, the national interest is a public good that preoccupies to the most citizens that are able to sacrifice and spend their wealth in order to defend it. In its essence, it sums up the national interest concerning the moral materials – this definition belongs to Samuel Huntington (6).

In terms of management, national interest expressed in values, can be considered a strategic objective that in order to be transformed, in practice, is typical of a methodology: purpose, strategies, scenarios, policy efforts needed to attain the objective assessment and appraisal of their expected impact. Following detailed programmes, operation of the whole strategy, action-task for State leadership through its institutions.

Interests that subsume the national interest can be modified in the operative strategy, but the interests that relate to fundamental values are not subject to correction and they are regularly included in the Constitution: the territorial integrity, sovereignty, independence, etc.

States that define the national interest are usually stable political, economic States, that have control over the whole national system and that must be secure and that it is conformable with aspirations of the people, and this communication must operate in both directions.

Lately the concepts of public interest or general and global interest have also emerged. The public interest is the sum of the individual interests of the population of the territory and which may or may not coincide with national interests. The public interest shall be considered representative if it represents the views of most large parts of the population.

Global interest belongs to the representatives of the process of globalization, the developed countries, international institutions, acting as actors in the globalized space (financial institutions, regulating trade, pollution control, etc.).

Global interests are specific objectives of globalization process and involving their own tools such as the following examples:

- Monetary policies;
- Access to markets, liberalization of markets;
- The right to intellectual property;
- New forms of nationalism of own resources, including agricultural products and foodstuffs (7).

The two types of national and public interests: they have specific tools to support: the national interest turns into national policies, strategies, or generates a legislative framework, requires a lobby in front of the international institutions, the Governments of the neighboring countries or distant looking alliances. The public interest is expressed by citizens acting through the street: strikes, campaigns, NGOs, governmental institutions, in addition to lobbying, etc.

## 2. Globalization and the National Interest

On a characterization of the end of the 20th century, John Naisbitt and Patricia Aburdene wrote in "Year 2000-Megatrends": *the whole world is guided by the interests of national security, to economic security in a globalized world where economic power has become more important than military power in the role of a nation. A result of these developments, in global economic area under the influence of technical progress, expansion of markets, of modern automation and computerization is the Division of labor between the Nations and the interdependence of countries in developing products, services, the resultant of this interdependence is the difference between the cost and the selling price, so the profit.*

Integration of economies is not identical with the harmony between the partners, differences arise between Nations, the power of interest, their spokesmen being, transnational corporations. If the interests of the actors in the economic area coincide they become common factors of cohesion, cooperation, peaceful coexistence. If there are audible differences they generate spheres of influence, asymmetric economic potential associations of employers.

The national interest gains more attention in the globalized economy, perhaps more than was expected at a time when it talks more about the demise of the nation State, about the world of transnational corporations, globalization, and the emergence of human extinction boundaries – global citizen.

For nation States, the national interest is the vector of development, support of national identity (sum of history, culture, economic power, geographical area, vocation, etc.), catalyst of motivation, brands with whom the country gets part of the globalized world.

In the case of transnational corporations is easy to identify their main interest (in the alternative they are cumulative and other interests including the State were formed and they have representation – mother), namely – profit. Profit can define the paradigm of the process of globalization.

Often it is hard or very hard to consolidate the national interest in a single paradigm, but it is easier to understand in a series of partial interests such as:

- To promote the value of natural resources, but taking into account the right of future generations to access these resources.
- Use extra care, techno-cultural, spiritual, material produced by the company in the course of history.
- The smooth functioning of the financial system in order to ensure the continuity of the production, consumption, savings, and investments; the correct management of the finances of the country.
- Consolidation of the country's economy in a sustainable, modern structure.
- Management of external economic relations so that they meet the national interest and to have the effect of strengthening the economy.
- Reactions in response to the process of globalization to assimilate, to harness the positive effects of globalization and to put under control the negative effects.
- The presence of country (identity, role, place, trumps) in regional alliances, international and global space and shaping the image of the country ".

Not all countries define their national interests and have the ability to track it in economic practice. Through UNDP, the UNITED NATIONS established an annual ranking of the world States (human development index) taking into account a set of indicators. Standings gives the opportunity of observing the existing gaps between countries and could determine the heads of some of the countries situated in the lower half of the standings to correct the objectives included in the national interest to mend the country towards progress and prosperity. The human development index can be equated with feed-back system of national economy or in a modern instance with the feed before the economical developments, designed for long-term and continuous improvement of the economy (structure, the external situation, possible manifestations of globalization).

Do not enjoy too much attention to countries located on the outskirts of category or footer First Nations performance criteria. Target a group of 20 to 40 countries, referred to as "stranded", "missed", "difficulty", etc. They are the countries that have failed in a first confrontation with the harshness of the manifestations of globalization processes and find themselves in a precarious situation and because of their dysfunction (political, social climate, internal conflicts, etc). For this category of countries, the national interest if it were defined could refer to a "survival" paradigm that would precede a subsequent change to economic growth.

### **3. National Interest in Romania**

The Constitution of Romania on 135d article mentions the notion of national interest with reference to the exploitation of natural resources, but this essential phrase which could play the role of management economy compass has not been defined after the year 1989.

If the national interest would have been shaped by the political class which led Romania and ruled legislative, perhaps even in the Constitution as fundamental interest and if it had been taken seriously in the management of the economy, when it was possible another evolution of the economy, such as:

- The national interest should address strategies for economic and social developing, should set goals on short, medium and long-term, should offer her place and the horizon of Romania in European area;
- Should be avoided due to the shrinking economy and the place in the hierarchy of peripheral European States;
- Privatization Process would not have been the base of the transformation of the country in an outlet market for other countries;
- Never would have lost millions of jobs, and the migration of residents in European countries (and not only) would not have become a phenomenon;
- Romania could have an economic structure, corrected by privatisation and foreign investment, and should withstand the financial and economic crisis, provide an additional level of living for the population;
- Loss of food safety, energy supply, there was cause for concern and the concern for policymakers: about 150 hypermarkets ensure the food supply of 70% of the population with products brought from import;
- The national interest would have become a common factor of sectorial strategies and tracking of such long-term strategic objectives beyond electoral mandates, ephemeral, in the country's history.

Lack of defining the national interest proliferated a typology of interests: personal, party, group, foreign (including transnational corporations), trade unions, client (for various reasons, obscure) with domestic and foreign actors, etc.

Romanian economy entry under the influence of the process of globalization has become a reality with beneficial effects or less beneficial for the country. Interesting to note that the Constitution of Romania (box 1) allows premises and conditionings for a logical approach of the process of globalization, that may become an opportunity; there are created conditions even for the accession and integration of Romania in EU.

### **Box 1**

#### **The constitutional provisions governing the relationship of Romania with Eu and premises for the process of globalization**

##### *Article 135*

(1) the Romanian economy is a market economy, based on free initiative and competition.

The State must ensure: the freedom of trade, protection) framework of fair competition, favorable for the recovery of all factors of production;

(b) protect national interests) in economic activity, financial and foreign exchange;

c) stimulation of scientific research and technology, art and protection of copyright;

d) exploitation of natural resources, consistent with the national interest;

(e) environmental protection and restoration) environment, and the maintenance ecological balance;

f) create the conditions necessary for increasing the quality of life;

g) application of development measures in line with the objectives of the European Union.

(2) public property is guaranteed and protected by law and belongs to the State or territorial-administrative units.

(3) public interest of riches subsoil waters, airspace, with potential energy, the beaches, the territorial sea; the natural resources of the economic zone and the continental shelf, as well as other organic goods laid down by the law, which are the subject of public property.

(4) goods are inalienable public property. According to the law, they can be given in the administration of the autonomous public institutions or be leased or rented and, also, they can be put into service free of charge.

(5) private property is vessel linked, in the organic law.

(6) the national currency is “leul”, and its subdivision, the “ban”. Under the terms of accession to the European Union, through the organic law may recognize the movement and replace the national currency with that of the European Union.

*Source: Constitution of Romania: 2003. Publishing the Official Gazette*

### **Who Should Define National Interest?**

The answer is simple: The State’s institutions! But his definition must have a national consensus: population, social groups, academia, trade unions, employers; It does not belong to party doctrine, decision-makers, political conjuncture, ephemeral and is deeper, the country is the future perspective of humans, place of the country in the world, in other words gives the stroke of destiny of a people, a nation.

This complex process, full of responsibility was bypassed by the makers of the past 21 years, other personal interests, other economic or political spaces were present in the management of the Romanian economy. Jonahthan Scheele, former head of the EU Delegation in Bucharest declared: I believe that Romania has no clear objectives in the EU (8), and with more than 2000 years before Seneca, had warned us that gods don't send wind in favour of ships that do not know where to move. As an exercise for the formulation of the national interest It was demanded for students from the second year from the Faculty of agri-food and environmental Economics A.S.E. Bucharest, during a brainstorm to imagine things that give substance to the national interest. Replies (box 2) are located on the first four places with the following proposals:

*1st: Raising the standard of living, the preservation and the promotion of moral values.*

*2nd place: economic development.*

*3rd place: protection of the environment; international affirmation.*

*4th place: demographic Growth.*

### **Box 2**

#### **Possible components of national interest**

Brainstorm – second year students- Faculty of agri-food and environmental Economics, "A.S.E, Bucharest, 2011

Proposals: (in order of percentage of total responses)

- The standard of living Growth; conservation and the promotion of moral values (equal scores);
- Economic development;
- Protection of the environment; international affirmation (equal scores);
- Demographic Growth;
- Jobs;
- Optimal Use of natural resources;
- National Unity;

Other themes added:

- Promoting youth;
- Transport infrastructures;
- Eradication of corruption;
- Balanced budget;
- Reduction of foreign debt;
- Responsible political class;
- Civilization;
- Stability;
- Reconsidering national heritage;
- Personal security;
- Healthcare;
- Consumption of natural resources rationally.

**The records of box 2 are surprising:**

- Despite the age of the students in the second year, they demonstrate a mature thinking, a survival instinct that was no longer suspected of the current generation of young people subjected to the effects of globalization (especially those harmful).
- Hierarchical Logic-the response is almost perfect, not only through the involvement of the three pivots of development: human-environment-economy, but surprisingly, brings into the equation a component of the "new economy" of morals which is not only a skeleton, but the profit economy moving by the equity in the business.
- The imagination of students played in box 2 shows that if in two minutes could be formulated 19 objectives, the State institutions, including 1.2 million civil servants, of which 20,000 seats, could, in the early 90s of the 20th century, to steer the development of Romania on the azimuth national interest.
- They have appreciated a wide range of economic, social, ecological problems contained in the horizon.
- With the opportunities created for these young people to fit in the Administration (local, regional, national) would be a guarantee that Romania might improve economic and national interest that could be defined and used as a paradigm of strategies and policies development.

In literature are present works which attempted to give content to the national interest:

- In the early 2000s, it was tried to define the strategic objectives of the energy sector in Romania (8) in conjunction with the national interest. It is no legal expressed, it was suggested to provide consistency throughout the evolution of the energy sector in the national economy.
- Agriculture, the most vulnerable sector of the national economy has enjoyed the attention of decision-makers and does not have a future clearly foreshadowed. The Association of communes of Romania together with the Association for the advancement of the Romanian Village authorities gave a paper entitled: "Who nourishes Romania?" in which they proposed reconsideration of agriculture in mountain areas or hill areas where live about six million inhabitants in small households. Suggesting strengthening small-scale rural households and prepare it to evolve later to prosperity, by development. The proposal had been in accordance with the national interest to cancel the dependence on food imports of Romanian food (10).
- Association of CHIMINFORM DATE of Bucharest, 2003: developed the "national interest for development in Romania of chemistry, petrochemistry and related branches (11)", in place of the liquidation or externalization of these economic entities they were proposing to modernize the sector, expanding the development and use of human potential in this sector, including research and development.

Examples presented above wished to prove the existence of ideas to give content to the national interest, but these efforts have not been sufficient to awaken the interests of decision-makers.

**Exercise: Globalization and the national interest of the United States**

As an application to the definition of national interest in Romania, in what follows, are shown the views of the Secretary of State Condoleezza Rice, presented in the journal *Foreign Affairs* in 2000 (12). From the rich material presented, we consider relevant in connection with the theme of our work, these elements:

- The need for defining the national interest;

- a priority setting;
- a correlation of interests group, rank 2, and even individual communities;
- to avoid a vacuum of power and administration guidance and avoid such influence or pressure transient or group.

- Alternatives to the national interest of the United States,

- The existence of international law and international norms, the United Nations shall be sufficient to legitimize the exercise of power. The national interest can be replaced by "humanitarian concern" or "the interest of the international community."
- The national interest is characterized or changes depending on the internal and external situation. For example, after the fall of the Soviet Empire, the national interest of the United States had changed.
- In the democratic countries, where there are several political parties and doctrines with interests, it is not easy to define the national interest. In these cases sought common components such as: maintain and promote freedom, peace, contributions to a better world and more prosperous.
- U.S. Interests may not be consistent with those made by the UNITED NATIONS (see Kyoto Protocol) but the priority national interests which provide for maintaining the momentum of economic development.

- Universal American values are namely considered:

- Liberalization of the economy for the benefit of the American economy trade,
- US military Power should be strengthened, because the US is the guarantor of global peace and stability.

Assuming the role of Earth's military leader means not only the role of peacekeeping operations but also the right to use the concept of "limited sovereignty" anywhere in the world, in the name of humanitarianism.

Another crucial goal of the United States is dealing with big, powerful States. Such as relations with China and North Korea must take into account the signals from Japan and South Korea. Special attention is given to Europe, NATO enlargement in the former territories of the Soviet Union.

Relations with China have two components: economic-a country with a great potential for development, the business partner for US interesting by dynamism and military dimensions of the market – and – as a power in itself and the power of balance and peace in Asia. The integration of the Chinese economy in global flows is desirable, but must rely on private industry to weaken the control carried out by the central power of the economy of China.

India should be seen as a factor of economic and political influence in the region.

Russia is seen as a great power, characterized by a large population, a large territorial area, military power, resources – with an impressive economic potential – but the country has weakness in the management of the economy. Resources of gas and oil could affect the global market.



**Article author's conclusions are as follows:**

- The U.S. has no ambitions of territorial expansion in the 21st century, but the objective of promoting friendship, prosperity and peace, all made in a modern, global economy, with a vision towards the future.
- The U.S. cannot act in an international interest but in the context of a national interest in exercising their power, linking past and her role in the 21st century.

**4. Conclusion**

In conclusion the work you can make the **following considerations:**

Clearly defined national interest, is consistent with the general interest, is part of the management of a country, can be equated with a vector of time as part of the doctrines of political parties exercising power, designed in succession of a time horizon.

Theoretical and practical interests, national interests from the individual to the nation group, motivating the actions of the population with a view to attaining the strategic objectives that may be done to determine the place and role of the country in the European or world hierarchy.

In the definition of national interest, today, should be taken into account the vulnerabilities, assumed international obligations, challenges, existing or potential crises of internal and external governing of the Romanians, stating:

- Unsustainable economic structure;
- Occupation of last job in any ranking of European countries after the performance criteria (place undeserved and humiliating for people);
- Food safety and energy Loss;
- Outsourcing of the main natural resources and utilities services;
- Foreign debt that cannot be managed in excess of GDP;
- Migration of about two million people;
- Alienation of agricultural land;
- Chronic Lack of employment;
- Poverty;
- Corruption, theft, and so on to mediocrity, replacing professionalism with the decision-makers membership of a political party.

In the framework in which Romania plays, the fundamental interest with resonance in the national and general interest can only be one-in the opinion of the authors-the survival of the country, tough, difficult process, on extended term and who knows winners but also losers.

The authors of this paper have detailed in a relatively recent book (13), the concept of economic survival of which are retained the following principles:

- the functionality need of the system of national economy, looked in all its components; strategic management subsystems, tactical and operative in the structure and its viability in the prediction of evolution the Primate order into the system.
- Reduction of costs of stray and mainly of people in secondary and balancing the budget of revenue and expenditure of the country. Straightening all this budget surplus.
- On behalf of existing natural resources, ensuring food self-sufficiency and energy security of the country; surpluses for export.
- Acquisition of the concept of sustainable development principles: protection of the health of humans, animals, plants; load-bearing capacity of ecosystems and the conservation of natural capital, exploitation of human generations anthropic conducted earlier, the economic value of natural and mineral resources and taking into account the needs of future generations of human resources also.

- Reconsidering the role of rural households and small-scale place where working and living about six million inhabitants; strengthening and stabilizing the population housing (10).
- Promoting professional excellence with perseverance and moral to decision-makers. In theory it is considered that the leadership that led to the collapse of a system may no longer be able to recover it, so we need to replace the entire management subsystem (strategic, tactical and operative). Forms of replacement represent the critical point of the concept of survival ...

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