

# Romania

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*Capital:* Bucharest  
*Population:* 20.1 million  
*GNI/capita, PPP:* US\$17,650

Source: The data above are drawn from the World Bank's *World Development Indicators 2014*.

## Nations in Transit Ratings and Averaged Scores

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Electoral Process	2.75	2.75	2.75	2.75	2.50	2.75	2.75	3.00	3.00	3.00
Civil Society	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50
Independent Media	4.00	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.25	4.25
National Democratic Governance	3.50	3.50	3.50	3.75	3.75	4.00	3.75	3.75	4.00	3.75
Local Democratic Governance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Judicial Framework and Independence	4.00	4.00	3.75	4.00	4.00	4.00	4.00	3.75	3.75	3.75
Corruption	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Democracy Score	3.39	3.39	3.29	3.36	3.36	3.46	3.43	3.43	3.50	3.46

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

## EXECUTIVE SUMMARY

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Since emerging from the harsh authoritarian rule of President Nicolae Ceaușescu in 1989, Romania has made impressive strides in establishing accountable political and economic institutions and a free civil society, but certain pillars of democratic governance—most notably the independence of the judiciary and the media—remain extremely weak. Governance at the national level has been highly partisan and often unstable, and political corruption is prevalent. Romania joined the European Union (EU) in 2007, and its economy depends very much on European markets and EU funds, magnifying the effects of the eurozone financial crisis.

Romania's semipresidential political system has led to repeated conflicts between prime ministers and presidents from different parties. The most recent clash occurred in 2012, when the parliamentary majority suspended President Traian Băsescu but failed to oust him in an impeachment referendum due to low voter turnout. The effort featured a series of attempts by the government of Prime Minister Victor Ponta to override institutional checks on its authority. By 2013, the conflict between Băsescu and Ponta had simmered down, and normal government operations were largely restored, thanks in part to a new power-sharing agreement signed at the end of 2012. However, the governing coalition advanced a constitutional reform proposal that, among other changes, would make Romania a parliamentary republic, weakening the power of the presidency. It was expected to be submitted for public approval in a referendum in 2014.

**National Democratic Governance.** The decisive victory of the ruling Social Liberal Union (USL) coalition in the December 2012 parliamentary elections and the subsequent power-sharing agreement between the president and prime minister set the stage for more stable democratic governance in 2013, with a detailed formula regulating each side's executive responsibilities. Due to the normalization of relations between the government and the office of the president and the effectiveness of the new agreement in avoiding constitutional conflicts, *Romania's rating for national democratic governance improves from 4.00 to 3.75.*

**Electoral Process.** Following the 2012 election victory of the USL, which received a two-thirds majority in Parliament, there were no significant electoral developments in 2013. Competing proposals to change the size and electoral system of the legislature stalled amid disagreement. The USL pushed through a law that lowered the turnout threshold for referendums, but resistance by the president and other opponents ensured that it would not take effect until December 2014. *Romania's electoral process rating remains unchanged at 3.00.*

**Civil Society.** Nongovernmental organizations (NGOs) continue to face funding difficulties and legal harassment due to overregulation. Despite these obstacles, Romania's civil society demonstrated its potential strength in 2013 when a large number of both urban and rural residents used social media to mobilize protests against environmentally hazardous projects and government corruption. The protests prompted the government to revise its original plans regarding a controversial gold mine. *Romania's civil society rating remains unchanged at 2.50.*

**Independent Media.** The year's events highlighted the rise of low-cost, high-impact independent online media, which contributed to the social mobilization around environmental and other issues in the fall. However, the politically partisan and economically dependent traditional media mostly chose to cover the protests negatively or not at all, apparently defending the interests of their advertisers. Politicization and polarization continued to plague the traditional media sector, while the few independent outlets were endangered by a new law that required the suspension of broadcasting licenses for audiovisual companies that have entered insolvency proceedings. The Constitutional Court blocked the law on the grounds that it was improperly adopted as an emergency ordinance. *Romania's rating for independent media remains unchanged at 4.25.*

**Local Democratic Governance.** One of the most contentious issues in 2013 was a plan to empower and reorganize the country's subnational administrative units, put forward by the ruling USL. Although a decentralization bill was adopted via a vote of confidence, without a parliamentary debate, the opposition and civil society representatives raised objections on both the content and the process, and a Constitutional Court ruling on the measure was pending at year's end. *Romania's rating for local democratic governance remains unchanged at 3.00.*

**Judicial Framework and Independence.** The judiciary bravely sentenced high-ranking politicians for corruption in 2013 and struggled to maintain its independence despite a political bargain on the appointment of its chief prosecutors and their deputies. Attempts to infringe on the magistrates' autonomy remained a constant of political life, with executive officials heavily advising or criticizing the judiciary on its decisions and the parliamentary majority trying repeatedly to gain impunity for legislators through various legal exceptions from conflict of interest legislation. *Romania's rating for judicial framework and independence remains unchanged at 3.75.*

**Corruption.** Anticorruption efforts finally seemed to bring some positive results in 2013, though the strong focus on prosecution meant fewer resources for deterrence and prevention. Government decisions on business matters, such as those surrounding the Roșia Montană gold-mining project, raised suspicions of pervasive and detrimental rent-seeking by politicians from all major political parties. Throughout the year, courts continued to convict high-level officials on

corruption charges, but payoffs and kickbacks remained widespread on both the local and national level. *Romania's rating for corruption remains unchanged at 4.00.*

**Outlook for 2014.** Romania is likely to descend into instability again ahead of the impending presidential and European Parliament elections, which will test the strength of the governing coalition as well as its ability to rally behind a single candidate. The parliamentary opposition will remain weak and fragmented, with President Băsescu representing the main obstacle to government policies. The USL will also face resistance from a growing but still somewhat uncoordinated civil society, which opposes all three of the parties that have governed Romania since 2004.

# MAIN REPORT

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## National Democratic Governance

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3.50	3.50	3.50	3.75	3.75	4.00	3.75	3.75	4.00	3.75

The ruling Social Liberal Union (USL)—a coalition of the Social Democratic Party (PSD) and the National Liberal Party (PNL)—won strong majorities in both the Senate and the Chamber of Deputies in the December 2012 parliamentary elections, and PSD leader Victor Ponta was reappointed as prime minister. The process of his nomination by President Traian Băsescu, a bitter rival whom Ponta and his allies had twice tried to impeach, was remarkably smooth given their history. The president and prime minister signed a cohabitation pact on 12 December, and the new Ponta government took office on 21 December. Both parties to the cohabitation agreement as well as its critics suggested that some brokering by European Union (EU) leaders was needed to repair relations between the two sides. However, by the time the new year began, Romania had a government backed by a large majority, and the previous year's conflicts had cooled considerably.

Romania's French-inspired constitution leaves many ambiguities in the division of authority within the executive branch, causing repeated clashes between presidents and prime ministers, even when they hail from the same political camp. The six-page cohabitation document of December 2012, which was published only after months of rumors,<sup>1</sup> is a complex power-sharing agreement designed to avoid conflict on issues such as security, justice, defense, U.S. and NATO relations, and EU integration. It establishes presidential preeminence in the areas of foreign policy, security, defense, and representation in the European Council (although this was later heavily disputed). Similarly, it gives preeminence to the prime minister in the areas of economic and social policy, current affairs, and intergovernmental relations. Cooperation was also agreed regarding the shared constitutional power to appoint the prosecutor general and the chief anticorruption prosecutor, a particularly sensitive issue in a period of high-level corruption prosecutions and accusations that such cases are politically motivated. The cohabitation pact was successful in preventing constitutional standoffs for most of the year, but it showed strains in the fall, when Băsescu vetoed several laws and the 2014 budget, which had been drawn up by the government with advice from the International Monetary Fund (IMF). The president objected to a gas tax in the budget plan, jeopardizing an aid agreement with the IMF and EU.

The government coalition remained fairly stable in 2013, unlike most such alliances in Romanian politics. However, important differences continued to show, particularly those involving the tiny but influential Conservative Party (PC), founded by media tycoon Dan Voiculescu. The PC has always relied on partnerships

with larger parties to enter Parliament, and when it suffered a rift with the PSD in 2012, it switched allegiance to the PNL, thus remaining in the USL. In 2013 the PC managed to block the inclusion of the Hungarian Democratic Union of Romania (UDMR) in the government by unleashing a nationalist media campaign against the idea. The party's affiliated television channels also lambasted Ponta when his agreement with Băsescu allowed the appointment of the president's nominee for chief prosecutor of the National Anticorruption Directorate (DNA). Voiculescu had long faced corruption allegations and accused Băsescu of abusing his authority over law enforcement entities to punish political opponents.

Another source of potential conflict within the coalition was the fate of the presidency. Revising the constitution to curtail the powers of the president has long been an objective of the USL, though Băsescu himself will cease to be an obstacle to the coalition when his second and final term expires in December 2014. A constitutional forum under the chairmanship of Crin Antonescu, head of the PNL and president of the Senate, drafted a revision proposal during the summer of 2013.<sup>2</sup> Currently, the president has the option of once refusing the appointment of a government minister,<sup>3</sup> and he also nominates the prime minister after elections, following consultations with all the parties in Parliament.<sup>4</sup> In practice, this has often led to the creation of minority governments that rely on conditional support from individual lawmakers or splinter factions to achieve a working majority. The revised constitution is likely to strip the president of such discretion, obliging him to name the leader of the largest party as prime minister. This and other changes were scheduled to be put to a referendum in late 2014, after the presidential election. Under the terms of the USL coalition agreement, Antonescu was expected to run for president, but political analysts regularly predicted during the year that the coalition would break up before the vote so that the PSD could present its own nominee.

The opposition Democratic Liberal Party (PDL), a center-right faction associated with Băsescu, also suffered from infighting during the year. After the party refused to endorse his favored candidate, Elena Udrea, as its leader, Băsescu prompted the creation of the Popular Movement Party (PMP), with the declared intention of becoming prime minister once his presidential term expires. Creating a new party based mostly on his official presidential advisers, openly encouraging a faction within an existing party, and playing a political role in general all contradict the constitutional role of the president, who must resign from any party upon taking office and is meant to remain politically neutral. Băsescu has long been accused of transgressing the limits of his constitutional powers, but he was apparently emboldened in 2013 by the failure of the 2012 impeachment attempt against him.

Despite the USL's parliamentary majority, the Ponta government continued the problematic practice of issuing Government Emergency Ordinances (GEOs) as its preferred mode of legislation. No fewer than 96 were enacted in 2013, and only one was appealed by the Institution of the People's Advocate, or ombudsman—the only entity aside from the parliamentary opposition that can call for a judicial review of such executive ordinances.

The government's fundamental inefficiency is reflected in its disastrous rate of absorption of EU funds, which still fell below 30 percent at the end of 2013, the lowest rate in the EU.<sup>5</sup>

#### Electoral Process

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
2.75	2.75	2.75	2.75	2.50	2.75	2.75	3.00	3.00	3.00

A debate regarding Romania's electoral system was reignited by the results of the 2012 parliamentary elections, which produced a legislature with 588 members, 20 percent more than in the previous Parliament. A 2008 revision of the electoral law had introduced single-member districts (SMDs), creating a mixed majoritarian-proportional system in the hopes that it would improve ties between voters and their representatives. However, according to opinion polls, 59 percent of voters feel that the quality of representation has actually diminished, and over 60 percent do not know the name of their deputy or senator.<sup>6</sup> In addition, the personalization of elections in SMDs has intensified party switching and clientelism, with members of Parliament (MPs) opportunistically pursuing government funds for their constituencies.<sup>7</sup>

In the context of the planned constitutional overhaul, Ponta has declared that it is imperative to reduce the size of Parliament and the related campaign costs by returning to the proportional closed party-list voting method for the Chamber of Deputies. Under the USL's preferred plan, the chamber would be limited to a maximum of 300 seats, plus the seats reserved for national minorities. The Senate would represent the counties and future regions (to be created between the national and county levels), with two senators per county elected under a first-past-the-post electoral formula. In addition, the Chamber of Deputies would have budget-related responsibilities, while the Senate would be in charge of regional development, foreign policy, and defense.<sup>8</sup> Ensuring political stability, a parliamentary majority, regional representation, and legislative efficiency are the declared objectives of this reform.

However, the opposition PDL supports a unicameral legislature with a mixed electoral system whereby one-third of MPs would be elected in SMDs via a majority formula, with two representatives per county, and the other two-thirds would be chosen through a proportional system, using either a closed party list or an open list method. The PDL threatened to initiate a campaign to boycott any constitutional referendum that included the USL's parliamentary reform proposals, arguing that voters had already endorsed its plan in a 2009 referendum. That vote had been valid, but was nonbinding and never implemented. In June 2012 the Constitutional Court recommended that Parliament take the 2009 referendum into consideration,<sup>9</sup> meaning an electoral law that ignored it could be successfully challenged before the court. The competing reform plans remained on hold at year's end.

The USL was somewhat more successful during the year in achieving another of its stated goals: lowering the participation threshold for referendums from 50 percent plus one of the eligible electorate to 30 percent. The higher threshold had caused the defeat of the coalition's presidential impeachment attempt in 2012. The legislative committee of the Chamber of Deputies unanimously accepted the USL's proposal, including a condition whereby 25 percent of the electorate must cast valid votes. These changes were accepted by the Chamber of Deputies on 29 May, and Ponta said they were in line with a 2012 Constitutional Court decision calling for the same threshold to be imposed for all types of referendum. That meant the new rules would apply to both an impeachment vote and a constitutional referendums.

The PDL, the UDMR, and the People's Party–Dan Diaconescu (PPDD) contested the revised law at the Constitutional Court in early June. The court ruled that the changes were constitutional, but that they could not be used for referendums organized within one year after the new law came into force. On 16 July, President Băsescu sent the law back to Parliament for reexamination, arguing that the lower threshold did not ensure a proper expression of the people's sovereignty and will. The Chamber of Deputies rejected his assertions, and in early September the law was returned to the president, who did not have the authority to veto it twice. The president's next step was to contest it before the Constitutional Court on 21 September using the same set of arguments, but on 14 November the court again decided that the changes were constitutional.<sup>10</sup> Băsescu, having declared that he would do everything in his power to prevent a referendum on a new constitution from taking place at the same time as the 2014 presidential election, used a bureaucratic artifice that allowed him to sign the law 10 days after he received the Constitutional Court's reasoning on 4 December.<sup>11</sup> The new law on referendums was finally signed on 14 December and published in the official gazette on 16 December, but its application remains delayed until December 2014. Consequently, Băsescu will be able to complete his term before any referendum with the lower threshold can be organized to impeach him or reduce his powers through constitutional reforms.

#### Civil Society

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50

The most important development for civil society in 2013 was the Roșia Montană protest movement, also known as the “Romanian Autumn.” A draft law introduced specifically to authorize the controversial mining project had been stalled for 14 years, but it returned to the limelight amid a new push to activate what would be the biggest opencast gold mine in Europe. The mine would be operated by the Roșia Montană Gold Corporation (RMGC), an entity in which Canada's Gabriel Resources holds an 80.7 percent stake.

After years of court battles and denials of an environmental license, the government approved the draft law authorizing the mine and sent it to Parliament on 27 August, triggering public protests.<sup>12</sup> The demonstrations were held each Sunday beginning in September, organized primarily via social media. (A “Save Roșia Montană” Facebook page received over 200,000 “likes” by December.) Thousands of people took to the streets in Bucharest as well as nationwide and abroad, producing the largest protests since 1990, though the total figure from all locations never surpassed 100,000 and was usually under 30,000. In Bucharest and Cluj, protesters repeatedly blocked traffic by marching on the largest streets. Opponents of the mining project cited various motivations: protecting the national heritage of the area, fear of ecological hazards linked to the use of cyanide in gold mining, nationalistic objections to the prominent role of a foreign company, or allegations that corruption lay behind the new move to open the mine.<sup>13</sup>

Faced with strong public discontent with the draft law, the government adopted a series of coping strategies: denial, pretending to end the project while working to authorize it by other means, and attempting to delegitimize the protests. Initially, both the government and the majority of media outlets overlooked the protests, focusing instead on other topics, such as the dramatic case of a four-year-old boy who was killed by stray dogs.<sup>14</sup> Then, soon after his ally Antonescu declared his opposition to the mining project, Ponta publicly stated that it “is closed, the street protests have reached their goal.” However, the government asked for the establishment of a special parliamentary committee, gathering members from both the Chamber of Deputies and the Senate to further discuss the project and to consult with all the interest groups. On 11 November, the Roșia Montană Special Committee recommended the rejection of the bill, and the draft law authorizing mining at Roșia Montană was also defeated in plenum. Subsequently, in a bid to circumvent criticism that the rejected bill had been crafted unconstitutionally to benefit a specific company, lawmakers introduced a new bill that ostensibly regulated mining in general but contained most of the controversial articles of the previous draft. This bill was also rejected in a pair of votes in December.<sup>15</sup>

While the police generally allowed the protests to proceed peacefully, politicians and the media repeatedly denounced them as unauthorized and dangerous. In September, Mihăiță Calimente, a PNL MP who headed the parliamentary committee overseeing the foreign intelligence service, declared that “the NGOs funded by George Soros are the catalyst of the protests,” adding that “these grants may pose a threat to national security.”<sup>16</sup> In response, nearly 100 nongovernmental organizations (NGOs) from all over the country sent an open letter to the PNL to request the withdrawal of its political support for Calimente.<sup>17</sup> The party issued a statement dissociating itself from the remarks, but it did not retract its support for Calimente himself. Separately, Ionel Blănculescu, an unpaid Ponta adviser who had publicly promoted RMGC, compared the protesters to terrorists.

Protests linked to environmental concerns also sprang up in October to oppose the U.S. energy company Chevron’s plans to drill for shale gas in Pungești, Vaslui County. Hundreds of citizens formed a human chain in front of the machinery and

refused to leave. By late December, the authorities had instated emergency rule in the area, even forbidding the villagers to sing Christmas carols in public.<sup>18</sup>

The underfunding of NGOs and their primarily foreign sources of income represent the key vulnerabilities of the sector, limiting their ability to carry out activities and exposing them to attacks on their legitimacy. In April, MP Bogdan Diaconu of the PSD proposed an amendment to Law 334/2006 on the financing of political parties and election campaigns that would prohibit NGOs from receiving donations from “foreign organizations, individuals or legal entities” if they are “engaged [in] political activities, or support political parties, directly or indirectly.”<sup>19</sup> The bill was rejected by the Senate, but it remained under discussion in the committees of the more powerful Chamber of Deputies.

According to a survey commissioned by a private company, lack of funding appears to be the most important issue for 74 percent of Romanian NGOs, and delays in the flow of EU funds affected 36 percent of organizations in 2013.<sup>20</sup>

In November, an intensive campaign conducted by over 400 members of “Coalition 52” led to the improvement of the law on transparency in decision-making (Law 52/2003).<sup>21</sup> Among other modifications, the law eases civil society participation by requiring the authorities to extend the period for public consultation, announce the call for suggestions collected from citizens and subsequently archive them, and publish the rules of procedure for public debates.

#### Independent Media

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
4.00	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.25	4.25

The fact that the autumn 2013 rallies against the RMGC gold-mining project were ignored or given distorted coverage by almost the entire Romanian media sector—with a few exceptions—exposed the huge impact of owners’ political and economic interests on the media environment. The problem was noted and taken up by the protesters themselves, who began chanting slogans calling for press freedom and independent journalism.

The biased coverage can be attributed in part to the severe financial difficulties that have affected the Romanian media in the last few years, as RMGC has been very generous with investments in media advertising.<sup>22</sup> The basic ownership structure also likely played a role, as major media owners are linked directly or indirectly to political leaders, many of whom supported the mining project. More broadly, trends like the dramatic decrease in newspaper circulation, the dominance of major television stations, and the boom of social media have all weakened the status of professional journalists and left them more vulnerable to editorial influence from media owners.

Both the Organization for Security and Cooperation in Europe (OSCE) in November 2012 and the European Commission (EC) in its January 2013 report

under the Cooperation and Verification Mechanism (CVM) emphasized the degradation and polarization of the media environment in Romania. The OSCE's final report on the December 2012 parliamentary elections concluded that media outlets preferred to become instruments at the disposal of political parties rather than play a critical and analytical watchdog role toward public officials.<sup>23</sup> Outlets frequently spar with rivals associated with the opposing political camp, damaging public trust in media independence.

In addition, the EC in its CVM progress report recommended that Romania review "existing standards to safeguard a free and pluralist media while ensuring effective redress against violation of individuals' fundamental rights and against undue pressure or intimidation from the media against the judiciary and anti-corruption institutions."<sup>24</sup> The suggestion stemmed in large part from a campaign by the Antena 3 television station against prosecutors and judges involved in the corruption cases of politician and businessman Dan Voiculescu, the *de facto* owner of the station's parent company, Intact Media Group.

In the first three weeks of the anti-RMGC protests, the country's broadcasting regulator, the National Audiovisual Council (CNA), received 2,000 complaints against the main television stations, which were mostly accused of disseminating pro-RMGC propaganda by carrying a huge amount of advertisements. A significant number of these complaints were also related to talk shows and news bulletins that were perceived to be "sponsored" by RMGC. The CNA president stated that there were also petitions regarding biased news reporting of the street protests, with some specifically naming the state-owned television station, Romanian Television (TVR).<sup>25</sup> The outlet allegedly offered very poor news coverage of the protests for approximately nine days, with one segment of only 43 seconds on 1 September, the first day of the rallies. The CNA banned the RMGC advertisements from being broadcast in their existing form because they were considered misleading.<sup>26</sup> On 7 September, thousands of anti-RMGC demonstrators marched to the TVR headquarters to protest the alleged news blackout, but even this was not covered in the station's news program.

MPs have blocked reforms advocated by many NGOs that would change the law regulating state-owned television and radio networks in order to depoliticize the appointment of station managers. In August, some members of TVR's governing board and one of its journalists criticized the hiring process for the head of the news department, calling it unfair and politicized.<sup>27</sup> The only candidate for the position, Claudiu Lucaci, had served as a spokesperson for a former PSD government. In December, the TVR board and director were dismissed by Parliament amid political disagreements within in the USL.

A new law on insolvency adopted by the government on 2 October led some NGOs to accuse it of attempting to further suppress media independence. The law, Emergency Ordinance no. 91/2013, required the suspension of licenses for audiovisual companies entering insolvency proceedings. Active Watch and Reporters Without Borders condemned the measure, saying it was adopted with a total lack of transparency. The groups argued that the ordinance's provisions

“threaten press freedom and the public’s right to information” and open “a new chapter in the history of political and economic control of the media institutions in Romania.”<sup>28</sup> The law was contested at the Constitutional Court, which decided that the use of the emergency ordinance procedure to enact it was unjustified and therefore unconstitutional.

Some web-based alternative journalistic projects and social-media outlets succeeded in providing accurate information to younger, more urban residents during the anti-RMGC rallies. Internet penetration had reached 53 percent nationally and 63 percent in urban areas among people over age 15 as of April 2013.<sup>29</sup> Facebook, which played an important role in mobilizing protesters, has a penetration of about 32.8 percent.<sup>30</sup>

#### Local Democratic Governance

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

One of the main topics of public debate in 2013 was the government’s proposed “regionalization-decentralization” process, as it was named in a memorandum released in February by Regional Development Minister Liviu Dragnea.<sup>31</sup> He argued that the shift of responsibilities away from the national government (decentralization) and the creation of new regions between the national and county level (regionalization) are vital if Romania is to improve its absorption rate for EU funds and achieve balanced regional development.<sup>32</sup> Dragnea emphasized that the core aim of this new framework—which also includes changes to the law on local public administration, the statute of civil servants, and the law on the role of the prefect—is to reduce bureaucracy and create a more efficient public administration that is responsive to the needs of the local population.<sup>33</sup> In late October, the draft law on decentralization was made public,<sup>34</sup> whereas the regionalization plan is to be presented at a later date, in one or two years.

The initial plan of the USL was to have everything settled by the end of November, which would have meant organizing the constitutional referendum in October. However, the strategy had to be changed because of the Constitutional Court’s decision on the law on referendums. The USL decided to implement the decentralization law before the adoption of the 2014 state budget and before January 2014, when the European Commission’s new financial framework for the distribution of EU funds would begin, by passing it via a vote of confidence and thus avoiding an actual parliamentary debate on the matter. The vote took place on 19 November in the absence of the main opposition party, the PDL, which challenged the validity of the procedure. A ruling by the Constitutional Court was pending at year’s end.

Public discussions on regionalization and decentralization with local officials, political party representatives, academics, and NGOs were organized throughout the country during 2013. A point of contention among some mayors and county

council presidents has been the establishment of the future regional administrative capitals and the actual number of the proposed regions. Dragnea pointed out that each county would have a piece of the regional administrative structure, with multiple administrative centers rather than a single regional capital, so as to avoid a concentration of power.<sup>35</sup> Nevertheless, the political bickering between so-called “local barons” only gave grounds for the opposition,<sup>36</sup> and even Liberal and Conservative members of the USL, to argue that the country would essentially be divided between the PSD and PNL.<sup>37</sup> In addition, several NGOs sent an open letter to the government asking for the draft law to be formally presented for a public debate, in accordance with Law 52/2003. The groups also emphasized that the project had not been preceded by an impact study, and that it might actually increase corrupt practices by giving county councils and local councilors more decision-making powers.<sup>38</sup>

The PDL criticized the whole process by claiming that its mayors’ opinions were completely ignored during the local discussions, and accused the government of excluding the opposition from the creation of the draft law. The UDMR, meanwhile, welcomed the decentralization process and was willing to support it in Parliament, but it considered the regionalization step to be untimely, since it would require the modification of the constitution.<sup>39</sup> Regionalization is a more sensitive issue for the Hungarian minority, whose leaders hope to strengthen the local rights and cohesion of areas with a majority Hungarian population. Initial government plans appeared to integrate these territories with neighboring, Romanian-dominated counties. In response, the Szekler National Council, representing a large subgroup of ethnic Hungarians concentrated in Transylvania, organized a protest march in late October that was attended by 100,000 Szeklers. They demanded territorial autonomy and criticized the government’s intentions.<sup>40</sup>

During the summer, a major conflict arose between local mayors and county council presidents and the National Integrity Agency (ANI), which investigates conflicts of interest and incompatibilities among public officials. ANI’s legal actions against local leaders deemed to have such conflicts prompted a group of approximately 2,800 mayors—represented by the Romanian Communes’ Association—to sign an official protest in which they asked the Ministry of Justice and the prime minister to change Article 87(f) of Law 161/2003 on assuring transparency in the exercise of public offices. This particular article prohibits mayors, county council presidents, and their deputies from simultaneously holding senior positions in commercial entities that are subordinated to them in their official capacity. However, this law is part of the anticorruption package attached to Romania’s EU accession in 2007 and, according to the CVM, cannot be altered. Dragnea joined the Communes’ Association in trying to have the law changed and sent a draft emergency ordinance to the Justice Ministry for review,<sup>41</sup> but the initiative was rejected in August.

The local officials stated that 1,200 mayors, 80 percent of whom belonged to the USL, had been accused of conflicts of interest and threatened to protest in front of the government headquarters so as to have the law changed,<sup>42</sup> a step that would annul ongoing trials. PNL senator Sorin Roșca Stănescu, who was himself later

accused of incompatibilities, took the debate a step further, warning that if the law on ANI's functioning was not changed and the local officials were dismissed as a result of court rulings, there would be a vacuum of power until new local elections could be organized. ANI pointed out that only 108 such local officials had been formally declared incompatible since 2008, but that investigations were ongoing.<sup>43</sup> PNL president Crin Antonescu suggested a general amnesty for those found to be in a conflict of interest, and court appeals for those still on trial.<sup>44</sup> Ponta stated that the USL would offer legal counsel to its elected officials, and that any changes in the law would not apply to existing cases. In addition, he emphasized that there was no unitary case law on the matter as yet, since court decisions have been contradictory, allowing the USL to intervene either at the High Court of Cassation and Justice (ICCJ) or through the government. However, Ponta said the government would wait for the outcome of the trials and then gather all the stakeholders (local officials, the Justice Ministry, the ANI, and Parliament) to come up with a solution.<sup>45</sup>

Although the law has been in force since 2003, no such discussion took place in the government until the ANI started issuing indictments and sending officials to court.

#### Judicial Framework and Independence

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
4.00	4.00	3.75	4.00	4.00	4.00	4.00	3.75	3.75	3.75

The political rivalry between the USL and the camp led by President Bănescu continued to play out in the judicial sphere in 2013. Although all magistrates are tenured, and thus protected in principle from political intervention, short management mandates and appointments without competition by “delegation” are frequently used, thus making top positions unstable. The end of judge Alina Ghica's term as head of the self-governing Superior Council of Magistrates (CSM) triggered a protracted battle to name her successor in January and February. Prosecutors' representatives managed to impose a prosecutor—Oana Schmidt Hăineală, who like Ghica was seen as a Bănescu ally—as Ghica's replacement, which led to a rebellion by the judges on the council. They argued that it was unprecedented for the CSM to be dominated by prosecutors, who still have some constitutional subordination to the Justice Ministry.

Two of the judges on the council joined the prosecutors in endorsing Hăineală. In response, judges across the country held a weeks-long vote to recall them. However, the Constitutional Court reinstated the two, finding that because their council vote was not grounds for dismissal, the CSM Department of Judges had erroneously invoked the provisions of the Romanian constitution (Law 317/2004) on the status of magistrates. Bănescu allies are said to hold a one-seat majority on the Constitutional Court, though the court does not always vote politically or predictably.

The media of both political camps aggressively campaigned in this dispute. In addition, the DNA and the ANI opened highly publicized investigations into two CSM judges who led the opposition to Hăineală's election. The charges were thin and were subsequently revoked, but they suggested that both sides in the conflict were using all available means to discredit the other.

Justice Minister Mona Pivniceru, a Băsescu opponent and longtime head of an influential magistrates' association, resigned her cabinet position at the end of March to prevent a conflict of interest as she awaited an appointment to the Constitutional Court. Her tenure was seen as a disappointment by Liberals and Conservatives who had sponsored her as justice minister, as she could not prevent Hăineală from being elected and did not succeed in replacing the outgoing DNA chief prosecutor, Daniel Morar, whom the USL considered too close to Băsescu. After stepping in as interim justice minister, Ponta in April appointed Laura Codruța Kövesi, the choice of Băsescu and a former prosecutor general, as Morar's successor. Ponta also named Tiberiu Nițu, previously Kövesi's deputy, as the new prosecutor general. The appointments emerged from a deal struck between the prime minister and the president, without the PNL, and it was criticized by Morar on the grounds that the two were not qualified. Other observers said there should have been an open application process. Nevertheless, the cohabitation pact performed reasonably well in managing these appointments smoothly, as it also did with the September reappointment of incumbent Liva Stanciu for a new three-year term as president of the ICCJ.

With the exception of the DNA, the EU has criticized most components of Romania's underperforming justice system. A new criminal code that will take effect in February 2014 promises to significantly reduce penalties for corruption offenses, automatically decreasing the statute of limitation for such crimes. Corruption plagues the judiciary itself. The March arrests of two judges from the Bucharest Tribunal for alleged influence peddling and taking bribes in exchange for favorable decisions highlighted the existence of illicit mechanisms for case fixing in the country's courts.

A new and serious crisis threatened the justice system on 10 December, when some members of the Judicial Committee of the Chamber of Deputies, in a secret overnight meeting, introduced an amendment to the new criminal code that would have exempted MPs and the president, among others, from nearly all possible corruption charges and removed conflict of interest related to administrative acts from the code altogether. They also approved a controversial amnesty law that would set free a number of senior politicians who had been convicted of corruption after hard-fought prosecutions. The chamber's plenum approved the bill despite negative opinions from the government, also taking advantage of Ponta's absence to attend former South African leader Nelson Mandela's funeral. Due to an ensuing scandal in the Romanian media and concerns expressed by Brussels, Ponta declared that he would recall the law, and the Constitutional Court was reviewing it at year's end.

## Corruption

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

While anticorruption mechanisms showed consistent signs of improvement during 2013, political resistance continued, including through the use of parliamentary immunity. In October, an overwhelming majority of 126 senators voted against lifting immunity for economy minister and senator Varujan Vosgianian of the PNL, though he resigned from his cabinet post.<sup>46</sup> Vosgianian was charged with damaging the Romanian economy by negotiating a favorable gas price for an indebted private chemical company, InterAgro, at the expense of the state-owned natural gas producer Romgaz. His prosecution could not proceed without Senate approval. In early 2013, MPs had tried to amend a new statute on their activities in ways that would have strengthened their immunity from prosecution, but the controversial provisions were struck down by the Constitutional Court.

In October, the Senate passed a draft law approving GEO no. 63/2013,<sup>47</sup> which restores the DNA's jurisdiction to its original 2003 condition, allowing it to handle cases of tax evasion, embezzlement, and fraud only if these exceed €1 million. The change will focus the directorate's attention on grand corruption. Cases that fail to meet this numerical threshold will become the responsibility of the ordinary prosecutor's office. Recent data presented by the chairman of the Fiscal Council show that tax evasion stands at 10 percent of Romania's gross domestic product.<sup>48</sup>

Anticorruption prosecutors secured a number of convictions during 2013, with courts issuing sentences against important public figures and lawmakers including George Becali, a soccer tycoon and PNL MP, and Dan Voiculescu, the media mogul and PC founder. Voiculescu has been facing corruption charges since 2008, and exploited a variety of legal loopholes to protract his trial. In the summer of 2012, he resigned from the Senate over the rejection of a tax evasion amendment. His resignation meant that the Supreme Court had to surrender jurisdiction and transfer his corruption case to the Bucharest Tribunal, a lower court.<sup>49</sup> Voiculescu then sought reelection in the December 2012 parliamentary elections, only to resign again shortly after taking office in early 2013. However, at the end of September 2013, he received a five-year prison sentence for the fraudulent privatization of the former Institute of Food Research.<sup>50</sup>

Although the number of high-level convictions and sentences has increased, they do not seem to have any deterrent effect on politicians' behavior. The general impression is that most cabinet ministers, mayors, and heads of county councils are vulnerable to corruption prosecutions, but that only a small minority are charged—essentially at random in the most optimistic view, or at the direction of the president and his allies in law enforcement agencies, according to more pessimistic observers.

Progress in the prosecution of high-level corruption has yet to be accompanied by preventive administrative measures against state capture and clientelism. For instance, public funds, including those granted by the EU, remain subject to looting by government officials. This corruption contributes to Romania's dismal

absorption capacity, as irregularities in the use of EU funds can oblige Brussels to suspend reimbursement claims coming from Romania.<sup>51</sup> Those responsible for such misappropriation have often gone unpunished, and officials ranging from low-ranking bureaucrats to former regional development minister Elena Udrea and the president himself have faced accusations of involvement. The Fight against Fraud Department (DLAF) is responsible for investigating misuse of EU money and sending cases to court. DLAF reports of irregularities, including suspected fraud, involve sums far exceeding those claimed by DNA indictments or proved missing in criminal court cases.<sup>52</sup>

The Roșia Montană project has raised alarms among anticorruption activists amid suspicions of extensive co-optation. Băsescu, two prime ministers, and several cabinet ministers have been involved in creating the large mining concession for an otherwise obscure company founded by a convicted criminal. The company grew rapidly despite lacking an environmental exploitation license, and critics likened it to a pyramid scheme.<sup>53</sup> The investors' money was allegedly used to buy support from parties, media, and local authorities, who reissued licenses as courts canceled them for irregularities. No one has ever been charged for wrongdoing associated with the project.

In response to media reports, Băsescu acknowledged in November that he had his daughter, Ioana Băsescu, buy some 300 hectares of land on the advice of his agriculture adviser, using a preferential loan of €1 million from the state-run CEC Bank.<sup>54</sup> Land sales will be liberalized beginning on 1 January 2014 for citizens of EU member states, and the value of the new Băsescu property is expected to increase. Many observers questioned how the president's daughter, a notary, could have fairly qualified for such a large loan so quickly. The president's own salary amounts to about €1,500 per month. Parliament has launched an investigation into the transaction.

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