



MINISTRY OF PUBLIC FINANCE

Communication, public relations,
mass media and transparency directorate

WELCOME ADDRESS BY THE MINISTER OF PUBLIC FINANCE, MR. GHEORGHE IALOMITIANU

Good morning!

I am very honored to represent here the Romanian Government and, in particular, the Ministry of Public Finance, in its multiple capacity as organizer, participant and a short, medium and long term beneficiary of the conclusions and resolutions of this Conference regarding the economic governance in the European Union.

Economic governance involves various measures for the supervision of fiscal policies, macroeconomic policies and structural reforms.

Under the circumstances related to the global economic crisis, on March 25, 2009 Romania agreed to the terms of a 19.95 billion Euro foreign financing program with the International Monetary Fund, the European Commission and IBRD.

The Stand-By Agreement was a success, as it achieved its main objective of ensuring economic stability.

Quantitative performance criteria and indicative targets have been reached, some of them, such as general government deficit or net foreign assets, with a substantial margin.

I believe that while the measures that have been taken were hard, we managed to make an important progress in terms of fiscal consolidation and protection of the financial sector.

The measures that have been implemented in the financial sector ensured an appropriate capitalization of banks and, at the same time, an adequate liquidity level on the domestic markets, thus guaranteeing the stability of the banking sector.

The structural reforms of the tax administration, pensions, wages, public employment and the social security sector were tough, but they put the public finances on a long term sustainable track. We have now the foundation for a substantial improvement of the business environment.

In addition, a new 24-month precautionary stand-by arrangement was approved, amounting to around 3.6 billion Euros, accounting for 300% of the quota.

The purpose of the new SBA is to back the complex reform program that is to be implemented by the Romanian authorities in 2011-2012, as a move to resume sustainable economic growth and cushion any possible shocks.

As a result of the anti-crisis and macroeconomic stabilization programme undertaken by the Government, Romania is now out of recession. This is confirmed by 2010 Q4 statistics, as well as by the data available for the Q1 of this year, showing a budget deficit down to 6.5 per cent in 2010, from 7.3 per cent of GDP in 2009 (according to the cash methodology). Moreover, the premises were created for the budget deficit to go further down and reach 3 per cent in 2012, which will be in compliance with the limits stipulated in the Maastricht Treaty.

The immediate effect of being out of recession is that investors' confidence in the Romanian economy will rise, as will the investments volume and the number of new jobs.

For 2012, we anticipate the economic growth will pick up by 4.0%, thus recouping what it has lost in 2009-2010 due to the financial and economic crisis and help reducing the gap between our country and the more advanced EU states.

Romania maintains its objective to adopt Euro in 2015, this objective being mentioned in the updated 2011-2014 Convergence Programme approved by the Government.

Maintaining 2015 as the year for adopting the Euro is important in order to maintain the fiscal discipline that was obtained with big difficulties.

Romania has fulfilled and fulfills through the measures it has taken and take, the conditions for euro adoption in 2015.

In this perspective, the Interministerial Committee for the euro changeover has been, under the leadership of the Prime Minister and having as Vice-President the governor of the central bank.

The mission of the Interministerial Committee for the euro changeover will be to monitor the fulfillment of obligations, so that Romania should be ready to switch to the euro in 2015.

To achieve this objective, the Government has set as elements of fiscal consolidation at least the following main targets:

- budget deficit target of 3% in 2012;
- improvement of the investment policy;
- continuation of the policy of reducing and preventing the emergence of new arrears;
- and last but not least,
- ensuring sustainable growth in the medium term.

Romania's strategic targets are: join the Economic and Monetary Union, achieve a European living standard, a modern infrastructure, a performing system in education, health and social security, a business environment that is stable and predictably attractive.

In the medium run, the key objectives of the Romanian Government are:

- continuation of the fiscal consolidation;
- stability and predictability of the tax system;
- strict control over the budget expenditures and the revision of these expenditures to prioritize investments and European funds;
- improvement of tax collection;
- continuation of reforms in the health, pensions and social assistance sectors;

eliminate budget arrears.

To conclude, I would like to take this opportunity to thank the co-organizers, the European Commission and the NBR, as they are the guarantors of the management and authority for this event.

**Thank you,
I wish you good luck and an ...efficient dialogue!**