

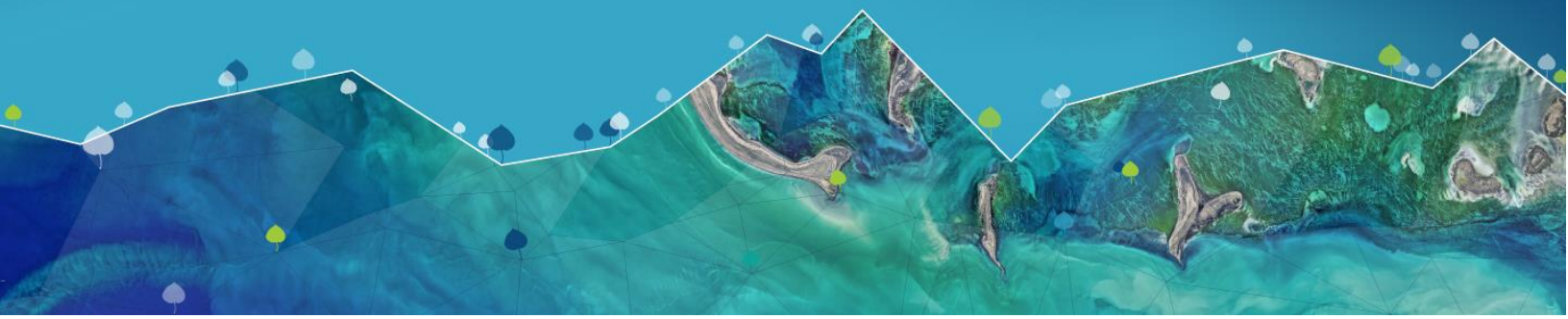


BUCHAREST FORUM 2017

Center and Periphery, Bridging the Divide

Conference Report

2017





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Bucharest Forum 2017

Jointly organized by the **Aspen Institute Romania** and the Bucharest Office of the **German Marshall Fund of the US** (GMFUS), **Bucharest Forum** enjoys a longstanding support of the *Romanian Government, the Ministry of Foreign Affairs of Romania and the Ministry of National Defense of Romania*. It benefits from a diverse participation of foreign and Romanian government representatives, political figures, experts, media and think tank representatives, as well as business leaders.

The sixth edition of the **Bucharest Forum** took place between the 4th & 6th of October 2017 and offered a platform for various actors to discuss the implications and results of a dynamic international context, presenting different interests, approaches and goals. A select group of national and international leaders, policy experts, government officials, business executives and research organizations gathered in Bucharest for an open discussion towards issues such as economics, geopolitics and security.

The 6th edition of the Forum brought together more than **50 speakers from 22 different nations** and the exceptional presence of world-class journalists, such as: **Liz Claman** - anchor at Fox Business News, **Sam Burke** - Business & Technology Correspondent at CNN, **Steve Clemens** - editor in chief of the Atlantic Live, **Tim Judah** from The Economist. As knowledge partners **McKinsey & Co.** and **KPMG** offered key insight to the conference that made it ideal for a substantiated and coherent debate.

The structure of the 2017 edition of the Forum was built around an overarching theme, **Center and Periphery – Bridging the Divide**, focusing on its economic, financial and societal implications.

The themes brought forward by this year's Bucharest Forum are:

- The Future of the Transatlantic Partnership
- Building New Economies in Old Countries
- Populism Trumping Democracy
- Emerging Europe – Losing Its Sense of Direction?
- Transatlantic Defense Industry
- New Generation of Investments – The Belt and Road Initiative
- The Future of Energy, the Energy of the Future
- The Disruptive Power of Technology

The mission of the Forum is to take-up the enduring questions about society and economic opportunities, to prompt a new thinking among diverse participants by deliberately testing assumptions and policies about security, investment and the geo-strategic context. Through it, Aspen promotes a values-based dialogue between thought leaders from business, government, NGOs, and academia in order to address complex energy policy challenges in an atmosphere that allows deliberation, creativity and collaboration to flourish.

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FOREWORD

The **Aspen Institute Romania** & the Bucharest Office of the **German Marshall Fund** partnered once again to bring **the 6th edition of the Bucharest Forum**. We believe it is our duty to educate communities to understand where the world is going, the tensions & opportunities that lay in the present and that will shape our future. In this respect, we set out to encourage new, collaborative, cross-disciplinary thinking, regarding:

- Geopolitical outlook and regional security
- Rising populism and the new world disorder
- Transatlantic cooperation
- The centrifugal forces of the EU
- The power of disruptive technology

The discussions within the Forum covered the shifting international context on both shores of the Atlantic characterized by new agendas and discourses, a surge in populism on the political scene, imprinting a consequent dynamic to international relations, economic prospects for Romania & the region. Citizens who feel left out of mainstream politics and economy, new political trends and new economic philosophy are generating antagonistic approaches leading to numerous clashes of interests, tensions and outcomes.

We acknowledge and thank the Forum's sponsors & partners for their support. Without their involvement the **Bucharest Forum 2017** could not have taken place.

We wish to thank all the participants who joined the conversation; their expertise and involvement created an invaluable space for sharing ideas, best practices and lessons, and offered much needed perspectives.

We look forward to building on this foundation with the next editions of the Forum.

Mircea Geoană

President
Aspen Institute Romania

Alina Inayeh

Director of the Bucharest Office
German Marshall Fund of the US

EXECUTIVE SUMMARY

The sixth edition of the **Bucharest Forum** took place between the 4th & 6th of October 2017 and offered a platform for various actors discuss the implications and results of a dynamic group comprised of national and international leaders, policy experts, government officials, business executives and research organizations gathered in Bucharest for an open discussion towards tackling issues as economics, geopolitics and security.

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New World Disorder

There is an unraveling of the world order, intense and turbulent forces intersect and challenge the status quo in geopolitics, in the way the US is looking at the world, in the way Europe fights with centripetal and centrifugal tendencies. These trends become forces of transformation and generate a shift in the world order, upsetting different regions and the established system of geopolitics and geo-economics.

A simple arithmetic of history, shows that in the last few centuries, **out of thirteen times when there was a change of global hegemony and ascending nations were trying to replace the dominant power of the day, nine times the change happened through war and only four times by a relatively peaceful transition.**

The liberal model of reducing state size in order to unleash markets doesn't work as expected, that is one of the causes of the political turmoil that can be seen almost everywhere. A lesson that markets taught to analysts is **that authoritarians don't get punished by the bond markets like people anticipated.** For instance, Hungary didn't get shorted by the bond market, thus people keep on investing there. Countries that are economically illiberal can still be very integrated in global capital flows.

Most of the support for populist leaders comes from a multispeed development within countries, which creates **discrepancies that make parts of the population feel out of the game**. Feeling the public discontent, Trumpian politicians do appear all over the place, including CEE countries, including the Visegrád countries. This transforms president Trump into a model for other politicians that are trying to use the discontent of the public to rise above the fray and become leaders in their own countries.

In a very complicated international security environment that spreads from the North Korean nuclear ambitions, to the expansion of Islamic terrorism, to conflict hotspots such as those in Syria, Afghanistan or North Africa, countries are facing challenges that go beyond conventional borders. Although, Romania is thousands of miles away from conflict or crisis areas such as Syria, Iraq, Middle East, Afghanistan, North and Central Africa, in terms of security they are much closer than they appear to be.

There was a period in which the transatlantic establishment believed that both Russia and China and other nations would embrace the liberal world and become functional democracies. This assumption failed because these two powers and others understood that they could change the rules of the game to their own benefit or act as disruptive powers as they see fit. **With no single country or single block of countries that holds a monopoly of power or economic leverage, the world finds itself in the G0 world.**

Trumpism

Donald Trump is the first United States President to actually say what's been on the minds of a lot of Americans. The difficulties of the middle-class American in the past 10-15 years meant that people couldn't find jobs, or and making a career meant that they had to compete with other skilled labor from other parts of the world.

The US attitude towards agreements like NATO, NAFTA, TPP, creates the premise for an uncertain environment for all allies as **long-lasting partnerships are built on more than personal relations, but on long standing treaties and institutions**. Trump's approach to diplomacy is that of a business man, thriving on personal relations and not the conventional form of diplomacy. This also means that his personal relations with influential people are susceptible to change quickly, which is a cause for a lot of uncertainty.

This is why the superstructures built around the transatlantic partnerships need to prove their role in maintaining a certain level of coherence and trust among partners. When it comes to NATO, there are many voices inside the American administration that believe that **as long as General Mattis is Secretary of Defense, there is no concern that the US would not respect article five of the NATO treaty**.

In 1964 before the Gulf of Tonkin incident brought the Americans into Vietnam, 75% of Americans trusted the government. Today, not only 75% of Americans do not trust the government, but 75% of Americans believe that the future will be bleaker for their children and their grandchildren.

The future of Europe

Over the last couple of years, the EU has been confronted with uncertainty and multiple crises ranging from **security pressures in its proximity, to Brexit, to the threat of terrorism and the rise of populism, to the migration or economic and financial challenges**. For a better Europe, the leadership of the continent and its institutions must prove its ability to regain the confidence of their citizens and go beyond traditional dichotomies *core versus periphery, more authority versus less, federalism versus intergovernmentalism, East versus West, North versus South*.

This dilemma of **unity without uniformity** is difficult to be overcome in the EU of 27 member states, however, the dialogue on the future of Europe needs to move beyond the sterile clash of diverging positions and explore creative solutions that can bridge the divide.

UK leaving the EU poses the problem of distribution; the EU budget will be missing 6-8 billion euros every year because of Brexit. Member states aren't prepared to make bigger contributions to the community budget so therefore a balancing of the budget is required. Negotiations need to be carried out regarding what policies should be cut. Two funds are considered as having the necessary money to accept cuts, the funds for **agriculture and cohesion policy**.

The ongoing financing period comes to an end and the next budget has to be negotiated until the first half of 2019, European Parliament elections would delay an agreement on the structure of the future programming period with almost one year. Going into the elections without an agreement means that the EU will lose momentum.

Although the EU might have started as an economic community, it is not just an economic community, but it is a union of values such as *freedoms, equality, rule of law*, which are directly linked to liberalism and not in the opposite direction. **The Brexit vote made Europeans think of what there is to lose by opting out.**

Center & Periphery

In the context multiple threats and having learned from the Eurozone crisis, the EU and its institutions need to deliver concrete results for their citizens, in order to re-earn the legitimacy of its people. All of these, in the context of multiple pressures that are upsetting European stability, such as: *economic disparities, social tensions, migration, Brexit, populism, Euroscepticism and technological disruption*. Building a consensus to find solutions to these problems is challenging when it needs to accommodate 27 different missions and national visions.

The way the EU managed the Eurozone crisis offers ground for optimism for some. With respect to the future of the EU, some look at the positive aspects of how the EU managed to pass through the financial crisis and consider that as proof of the fact that no big changes are needed for the European institutions. Others believe that in order to be prepared for the next crisis, Europe needs to improve institutional setup and the level of policy coordination, thus **it should use this momentum to move on to deepen integration and this is the essence of the future of Europe debate**.

The multispeed Europe is described in the white book presented by president Juncker as an option in which *“those who would like to do more can do more”*. There are concerns, especially from the newer countries that joined the EU, which consider that a multi-speed Europe would only make disparities grow between the richer and poorer countries of Europe. **The multi-speed Europe is already here in some form, by having a Eurozone, a Schengen cooperation area, and other enhanced cooperation mechanisms.**

A multispeed Europe is often misinterpreted as a kind of a Europe with different speeds, but that goes against the principles laid down in the treaties the multi-speed Europe means first of all that the final goal should not disappear if not all countries participate. **As long as European cooperation stays open and inclusive, the multi-speed Europe should not be a concern.**

European Defense

European defense is not a new concept; it was taken into consideration ever since the beginning of the EU and it's an ongoing activity of all countries of the EU. **The European defense Union has become a full-fledged political priority of the European Union and it represents a continuation of the European integration project along with the completion of the Economic and Monetary Union.**

In June 2017, the Commission came with a very ambitious and comprehensive defense package which is shaping the **European defense union by 2025**. A very practical component is the European Defense Fund, which is meant to provide the incentives for states to cooperate on defense, defense research, on capability development and eventually on procurement, in order to deliver more output to national assets.

Up to now, EU's security and foreign policy was built predominantly around soft power. In terms of foreign policy, trying to pursue an agenda without having real military assets made the Union unprepared for the developments taking place in the rest of the world. The agreement over the broad foundations of the European defense union is expected to be finalized until the Sibiu Special Summit in March 2019, with a potential materialization by 2025.

NATO's Frontier

Russia's aggressive actions in the Black Sea region started with the conflict in Georgia in 2008 and continued with the support of Ukrainian separatists in eastern Ukraine and the illegal occupation of Crimea in 2014. The massive militarization of the Crimean Peninsula and of the Black Sea has created great concerns to Romania and NATO. Russian aggression is seen also through the interference in the US elections and other democracies, as well as the increasing tensions in the Balkans.

The Russian annexation of the **Crimean Peninsula managed to impose control of the Peninsula and increase Russian influence in the Black Sea while at the same time it is freezing any Ukrainian progress towards the NATO or the EU.** At present time, the Russian interest in the Black Sea region is primarily **to keep a level of military supremacy and to ensure the routes of export are free.**

Russian foreign policy and national security decision-makers believe that **the Black Sea has a vital role for the economy.** It's a prime export route for Russian energy resources (mainly oil & gas) as well as grains exports (primarily wheat).

Russian plans of preparation for war appear in speeches by Gerasimov and other leaders of the Russian Armed Forces. The program of rearmament which began after the Georgian war is expected to mature between 2020 and 2025, when according to the present general staff and Gerasimov **the threat of war in Europe is going to increase dramatically.**

The European strategy of "institutional conquest" is more difficult because it means that it needs to **build and spread liberal values** in some new countries that could otherwise lean towards illiberalism.

For Russia it's enough to act as a disruptor and present **the illiberal alternative** as well as to **play against each other social tensions within countries.**

The NATO Parliamentary Assembly has made it a priority to encourage allies to spend more on defense and therefore foster fairer burden-sharing. After years of decline, in 2015 there was a real increase in defense spending across European allies. That is expected to see an even greater **annual increase of 4.3 percent.** That represents three consecutive years of accelerated defense spending. This means over the last three years European allies and Canada spent approximately \$46bn more on defense.

Belt and Road Initiative

The Belt and Road Initiative (BRI) was proposed by China but it must not be considered China's project, as **more than 40 of these have signed a cooperation agreement with China,** reaching a broad consensus on the BRI. **Openness, inclusiveness and mutual benefit are the defining features of the initiative and the source of its strong appeal.** The BRI participating countries have pooled together to build the educational & health silk road and carry out cooperation in **science, education, culture, health and people to people exchange.**

China's is set to investment in BRI countries more than \$50bn and is already committed to several projects. An ongoing or finalized transport infrastructure project of the BRI initiative includes **railway building** and **port upgrading.** Chinese companies have set up to **56 economic cooperation zones** in over 20 countries, **generating \$1.1bn of tax revenue** and **180.000 jobs.**

The Asian Infrastructure Investment Bank (AIIB) has provided \$1.7bn of loans for 9 projects in BRI participating countries, the Silk Road Fund has made available \$4bn for investment and the 16+1 financial holding company between China and 16 CEE countries has been inaugurated. In 2017 a quarter of BRI countries were represented by the CEE states.

China sees the 16+1 cooperation as **an important gateway to incorporate the BRI into the EU economic circle**. *Interconnectivity, international cooperation and strategic synergy* are the founding principles of the cooperation mechanism. The 16+1 cooperation countries managed to identify 5 fields of connectivity: **Policy, Infrastructure, Trade, and Financial, People to People**.

Energy

Although significant progress has been made in these last 10 years, the industry is still far from reaching its potential. New concepts such as smart grids, big data, prosumers and others are supposed to bring the sector closer to the promises of the green revolution. Big tech companies set a benchmark that the utility sector will try to trail.

The transformation through which the energy sector is going, means that **the future of the energy sector is one in which the consumers will lead the market**. The transformation of the energy sector that is changing the business model of all energy companies is focused around the 4 D's:

- **Decarbonization**
- **Decentralization**
- **Deregulation**
- **Digitalization**

A decade ago the standard unit in the energy industry was the gigawatts, because that was the typical size of a nuclear reactor or of a large coal fired power plant. When renewables started to develop the new standard, there was the megawatt and as more consumers become their own producers **the new standard will be the kilowatt**. Within 10 years the standard unit in the energy sector decreased by a factor of 1 million, from the gigawatt to the kilowatt and this will continue to dramatically change the business model of the industry.

More and more consumers become **prosumers**, this means that not only do they generate their own required energy, but they can add the surplus in the distribution system. This means it becomes increasingly decisive to develop an **on-site generation**.

An important role for public utility companies is given by their **interaction with customers** and in this regard **digitalization is a massive game changer**. This is also true when it comes to the **internal processes** of the energy companies. The utility companies concentrate more and more provisions on energy related services and this trend goes towards delivering the energy commodity for very low prices just for the sake of being present in the household and delivering services.

Companies have to prepare for the **"data tsunami"** and need to know what they can do with this data and what will the regulations look like. The utility companies are going to handle more and more personal data of their customers which comes with increased responsibility and risks. On one side they have to align to the new **general data protection regulation** which will be in force starting July 2018 and which has been perceived as **combining a legal compliance challenge and cyber-security concerns** for the utility companies.

There is **a trend in mobility that is set for a complete disruption in sort of 10-15 years**, as opposed to 50 in the power sector. Circular economy would bring a drop in car ownership, at present almost 4% of the cars cycle is spent driving; the rest of 96% is parking time. The mobility sector is ripe for disruption, **reducing the cost per mile with almost 90%**.

Technology

Technology is moving **from an almost exclusively information technology data environment, to an operational technology environment** or at the same time to an internet of things environment in which almost everything is connected to the Internet.

Through **fake news** on social media, channels such as Facebook, Twitter or Google are able to amplify a message for a relatively small amount of money and, as seen in the US elections, **it can be used to interfere with the democratic process of other countries**. In the past, if a country had tried to interfere in another country's election process through TV ads, for instance, the signals would have been much clearer and easier to counter.

As technology advances it has the potential to displace more and more people, especially from those **jobs that are single skilled based**. The social contract is challenged by technology. The political anxiety which came out in the US, made Donald Trump rise on a wave of populist anxiety against trade and immigration, but that same anxiety in the US will take form against technology as a subconscious expression.

The importance of apps and social media in the daily life of people is growing beyond the existing regulatory framework, which means that the state needs to address shortages in legislation and present viable competition policy, directives on data protection & cybersecurity, but **it is harder and harder to find those institutions that are credible in the eyes of the public opinion**. The **internet** is seen as a **third globalization**, making the world flatter, reducing barriers. Internet acts, as well, as an enabler for good and for the bad things. Technology should be seen as **ethically neutral**.

Romania a Transatlantic Anchor

Central and Eastern Europe has become an increasingly troubled and complicated region, with serious security challenges, increasing illiberal tendencies and strong geopolitical competitions. Romania's geographic and geopolitical location between East and West offers its challenges and opportunities, while its economic trajectory and strategies give the country a renewed importance in the region and with its partners.

Romania is now deeply rooted in the common values of the western world as it celebrates 20 years of strategic partnership with the US and more than 10 years of membership in the EU. Romania and other countries in this region are trying to better understand their roles and to position themselves for what lays ahead. Not long ago, there was a notion that becoming part of NATO will represent the end of history, events showed us that things couldn't be further from the truth.

Given the countries geography, transportation infrastructure remains a factor that needs to be addressed in order to mitigate intra-country divergences. Strengthening transport infrastructure in Romania and networks is of outmost importance for economic development and there are obvious complementarities; once the infrastructure is in place it is going to open up business opportunities for local communities. **The country seeks to leverage its economic stability and geography in order to become a Gateway to a 500 million consumers market.**

Ideas & Insights

Center and Periphery, Bridging the Divide

by **Mircea Geoană**, President of the Aspen Institute Romania

“There is no global order without a malign or benevolent hegemon”

Mircea Geoană

There is an unraveling of the world order, intense and turbulent forces intersect and challenge the status quo in geopolitics, in the way the US is looking at the world, and in the way Europe fights with centripetal and centrifugal tendencies. These trends become forces of transformation and generate a shift in the world order, upsetting different regions and the established system of geopolitics and geo-economics.

Countries that try to understand how the world is evolving and adapt to it are strained by: *changes in the way Euro Atlantic – Eurasian space interact, digital companies replacing traditional powerhouses; populism regaining ground; transformations of business models, politics and the social contracts.*

With so much change and so much uncertainty there is a natural discontent, disbelief and mistrust of the public opinions in the traditional elites.

The future of Europe needs to settle the tensions between **core & peripheries**, as multiple regions of Europe struggle to not be left behind. The peripheries of Europe come in many shapes and sizes: the periphery of the eurozone, the periphery of the countries that are not part of the eurozone, the periphery of the Schengen area and the periphery of the European Neighborhood.

A simple arithmetic of history shows that in the last few centuries, out of thirteen times when there was a change of global hegemony and ascending nations were trying to replace the dominant power of the day, there were nine times the change happened through war and only four times by a relatively peaceful transition.

Turkish leadership is worried about the fallouts of the war in Syria and what that might mean for the Kurdish population. Europe and the US are concerned that the transatlantic partnership might stray away from the common values and principles that bind the alliance together. The US is taking into consideration the need to pivot towards the Black Sea, as a reaction to Russian aggressions in Europe, bringing altogether great opportunities and threats to Romania and its neighbors.

Romania and other countries in this region are trying to better understand their roles and to position themselves for what lays ahead. Not long ago, there was a notion that becoming part of NATO will represent the end of history, events showed us that things couldn't be further from the truth.

For Romania, as well as for other countries in the region, a couple of exceptional opportunities arise that would allow them to escape from the periphery and become closer to the European core. In the context of an US security pivoting around the Black Sea, Romania has the opportunity to become a more dynamic, diverse, prosperous and better governed country.

In 2017 Romania celebrated 10 years of joining the EU and 20 years of the strategic partnership with the USA. Romania's 10 years within the EU framework is even more important as **Sibiu is set to host an EU Summit on the future of Europe in March 2019, shortly after UK's leaving of the Union**, during the country's presidency of the European Council.

The Three Seas Initiative is a geopolitical joint project. It acts as a forum between twelve European countries to strengthen trade, energy, infrastructure and political cooperation. The initiative comprises of twelve Eastern and Central European countries, this includes: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Austria, Poland, Romania, Slovakia and Slovenia.

Romania will also chair in 2018, the rotational presidency of the **Three Seas initiative**, a role that Romania should make use of in order to strengthen the eastern flank and help with the consolidation of a complex strategic conversation. All these, as the country prepares to celebrate its centenary.

The Future of Europe

by H.E. **Teodor Meleșcanu**, Minister of Foreign Affairs, Romania

2017 was an animated year by an overwhelming number of inspirational discourses appealing to unity, to overcoming divisions and above all **to rediscover the European common values and consensual interests**.

The President of the European Commission (EC) pointed out that Europe extends from Vigo to Varna and that "**our continent must continue to breathe with both its lungs**", from East to West and from North to South. Shortly thereafter, French president Emmanuel Macron revealed his ambitious proposals for reforming the European project.

Serving as a motor of the EU, the renewed Franco-German partnership, offers new energy to the European Project driving it forward, **building a strong and efficient core with countries agreeing on specific reforms moving ahead and no longer waiting for a wider consensus**. Mr. Meleșcanu considers that it might be right time to think of Europe designed as a network, or a flexible architecture of networks, of inseparable interconnected centers where values, projects and ideas can be realized to the benefit of all actors. It could be the time to think of **a continent without core and periphery**, projecting a transformative power within its societies as well as beyond its borders. **But Europe's chances of revival are based on unity and solidarity, on a new system of center and periphery. What Europe needs is two "lungs"**.

This dilemma of unity without uniformity is difficult to overcome in the EU of 27 member states, however, the dialogue on the future of Europe needs to move beyond the sterile clash of diverging positions and explore creative solutions that can bridge the divide.

The European project was never built on self-containment principles, Europe's architecture has been shaped by its engagement with the rest of the world, by encounters of the EU member-states, with the Western Balkans' candidate countries and those in the Eastern neighborhood, as well as through its strong relation reinforced by the partnership across the Atlantic. Debating the future of Europe, leaders in Romania are determined to explore ways to become "re-founding" members of the European Union, upholding core values of the European projects and aiming at real convergence between core and periphery, in order to be able to become a Eurozone member. **Mr. Meleşcanu** believes that *"We have to keep ourselves open to the positive influence of these shaping factors in order to keep alive the union's force of attraction"*.

Over the last couple of years, the EU has been confronted with uncertainty and multiple crises ranging from **security pressures in its proximity, to Brexit, to the threat of terrorism and the rise of populism, to the migration crisis or economic and financial challenges**. For a better Europe, the leadership of the continent and its institutions must prove to be able to regain the confidence of their citizens and go beyond traditional dichotomies *core versus periphery, more authority versus less, federalism versus intergovernmentalism, East versus West, North versus South*.

"I believe in the need for forward-looking visions about our common future, they are there to guide our decisions when we reach the crossroads of history in order to build a lasting future for our world".

H.E. Teodor Meleşcanu, Minister of Foreign Affairs of Romania

In the light of the British vote to leave the EU and the emergence of populism in several member states, some serious doubts arise across Europe and beyond, concerning whether the EU would survive the following years or is it the beginning of the end for the Union? However, these challenges facing Europe have brought about a positive meaning of the crisis, the strong and widely shared certainty that **an integrated European Union future offers better prospects for European countries and citizens than a fragmented one**.

While today EU leaders feel justified in being confident and ambitious, it is essential to remain realistic and pragmatic, to avoid overconfidence and keep in mind that **Europe needs a roadmap, a new vision to help her face the centripetal and centrifugal challenges of the present**.

When setting new ambitions for the European Union, any roadmap needs to be based on a solid understanding of the EU's vulnerabilities and the realistic assessment of its potential; otherwise the current European euphoria might pave the way to another descent into pessimism, polarization and deadlocks.

European leaders must continue to strengthen European consensus by pursuing pragmatic results-oriented ambitions, but realistic and widely shared priorities.

It is important to regularly check the pulse of populism, as well as of the euro-skeptic and illiberal tendencies, to ensure that these symptoms do not turn from *controllable chronic diseases* into *pandemics*.

Member countries and European institutions need to make efforts to bridge any divisions by engaging the European citizens and by promoting common and inclusive initiatives for the benefit of all EU member states.

It is essential to use flexibility and variable speed scenarios with prudence, keeping them as a measure of last resort. **The EU should aim for as much unity as possible and as much flexibility as necessary.** In order to avoid any centrifugal dynamics, it would be useful for the Franco-German initiatives to get the support and ownership of governments from North to South and from East to West.

Europe should continue to enhance the transatlantic partnership which represents the main pillar of the European security system. On security and stability, the EU and the US need to work together to prevent major conflicts in the world and to jointly manage the pressures that erodes the very fundamentals of democracy.

Romania's security priorities

by **Mihai Fifor**, Minister of National Defense, Romania

In a very complicated international security environment that spreads from the North Korean nuclear ambitions, to the expansion of Islamic terrorism, to conflict hotspots such as those in Syria, Afghanistan or North Africa, Romania faces challenges that go beyond conventional borders. Although, Romania is thousands of miles away from conflict or crisis areas such as Syria, Iraq, Middle East, Afghanistan, North and Central Africa, in terms of security they are much closer.

In this respect, Romania's defense focus is set on: *the complex security evolution in the Black Sea region, cross-border terrorism, the refugee issues and an aggressive Russian expansion.* Romania is not just a military partner of the US, but an economical partner and a potential economic engine for the region.

Mr. Fifor believes that *"we cannot discuss about military defense and Romania's presence in the NATO alliance if we do not discuss about Romania as an economic partner"*.

Rippling effects of **social, economic, ethnic, religious consequences** are raising the risks and threats to different levels and therefore an integrated and coordinated approach is required. The transatlantic partners need to understand the main reasons behind present security concerns and identify sustainable long term policies. European and transatlantic security projects are being tested and have to prove their force and relevance in finding common solutions. One central aspect of the complex security situation of the transatlantic alliance is the eastern flank. The Alliance seeks adequate ways to address specific needs of deterrence and defense in the Black Sea region.

Moreover, Romania is invested in projecting a stable line of action; the way forward is strengthening the defense and resilience capabilities of its neighborhood partners, both to the East and in the South. Romanian officials believe that the new European neighborhood policy, along with the NATO security strategy, should project a long-term vision of fostering relations between countries in Europe's vicinity and the transatlantic community.

With the Permanent Structured Cooperation Force, European countries have a way to *address the common interests of member states, to respond to the multiple security challenges that threaten the European project and to lay the foundation of the future European defense union.*

In this context, the transatlantic bond is of foremost importance in dealing with all international threats that endanger the security of both EU and NATO. Moreover, a flexible cooperation framework is needed at the international community level, while promoting the values of democracy, trust, stability and prosperity in our vicinity.

Romania as a member of the EU and the transatlantic community is fully committed to strengthening the EU's global role and act accordingly to the transatlantic principles in order to defuse crises and peacefully resolve conflicts, to offer security to its member states, through defensive solidarity and to promote peace as stipulated by the UN charter.

Following the NATO summit in Wales, the reiterated commitment of allocating 2% of GDP for defense spending is a pledge for the Romanian officials and it constitutes a solid base for speeding up the modernization process of the Romanian Armed Forces. In order to efficiently counteract asymmetric and hybrid threats Romania reaffirms its commitment to modernize and strengthen its national defense capabilities by:

- modernizing its equipment
- intensifying the security dimension of strategic partnerships
- increasing interoperability with allies and partners within NATO

The acquisition of major equipment is a top priority for the Romanian Armed Forces and new prospects of cooperation within the Romanian defense companies are expected to arise for both national and transatlantic players. This will allow for further extending investments in the Romanian defense sector. In this respect, the ongoing acquisition programs in the Ministry of Defense are aimed at **encouraging and increasing participation of economic operators as product integrators or by mixing Romanian and international companies.**

The Romanian Ministry of National Defense is reaffirming its interest for an enhanced contribution of the national defense industry in the endowment process of the Romanian Armed Forces and also by restating its availability to make all necessary efforts in order to have this sector at the level of NATO and EU member states.

"We cannot discuss about military defense and Romania's presence in the NATO alliance if we do not discuss about Romania as an economic engine of the area" –

Mihai Fifor, Minister of National Defense

Romania's Energy security

by **Ted Poe**, US Congressman of the 2nd District of Texas & Member of the Foreign Affairs Committee

The US administration is a staunch supporter of European energy security built upon the pillars of *removing barriers to energy development and trade, promoting US energy trade (including technology, services and resources) and ensuring economic and energy security.*

The United States encourages all partners and allies **to seek energy security by minimizing dependency of oil and gas on a single supplier, true energy security can be achieved throughout the diversification of fuel types, supply sources and delivery routes.**

The energy sector plays a key role in ensuring security and prosperity, both those of Romania and those of the US, the two countries will continue to foster cooperation, government to government as well as business to business.

Because of Romania's geopolitical situation, long history in the energy sector, level of development, production and close ties to the US, **Romania is a critical player in the energy security of Europe.** Romania has made very important contributions such as the support for the connection with Moldova, the progress on BRUA and efforts for the interconnectors with Bulgaria and Hungary.

Mr. **Ted Poe**, considers that the already very strong ties between Romania and the US within NATO have potential to grow even more, especially when it comes to energy cooperation. **Trade partners are better political and economic partners**, as proven throughout history, thus Romania and the USA can seek to grow the economic dimension of their strategic partnership. One sector that has high potential for trade is the energy sector and the US sees potential in gas exports to European countries in order to diversify imports & diminish vulnerabilities. The Port of Houston can export natural gas to European countries and offer alternatives to Gazprom, because it's financially competitive and also it makes for a stronger market if sources of provisioning are diversified. Weakening the grip Russia holds over some countries.

The amount of energy Texas produces allows it to be competitive on the international market. Houston's economy is third largest of any city in the United States and is based around the Port of Houston; the port is responsible for 50 percent of the city's economy. Technological advancements allowed companies in the US to develop and bring energy to areas that weren't possible before. The state is also the wind turbine capital of the United States, producing is enough to provide electricity for an estimate of 650,000 homes.

The demand for energy is growing tremendously, especially in developing countries. The amount of energy that the world is using might increase up to 60% in the future, leaving markets to expect more energy demand.

A Transatlantic Anchor for Europe's Periphery

Central and Eastern Europe has become an increasingly troubled and complicated region, with serious security challenges, increasing illiberal tendencies and strong geopolitical competitions. Romania's geographic and geopolitical location between East and West offers its challenges and opportunities, while its economic trajectory and strategies give the country a renewed importance in the region and with its partners.

Ilan Laufer, Minister for the Business Environment, Commerce and Entrepreneurship

Decebal Fagadau, Mayor of Constanța

Patricia Wruuck, Economist, European Investment Bank

Yosuke Kawakami, Director for Japan, Board of Directors - EBRD

Soomin Park, Alternate Director for Australia, New Zealand and Korea, Board of Directors - EBRD

Moderator: **Harlan Ullman**, Senior Adviser at The Atlantic Council

Partnership milestones | Romania has gone through two major moments since the fall of communism, one was in 2004 when the country became a NATO member and since then proved a trustworthy ally to the United States and one of the most pro-American countries in the EU. The other moment of great importance for the country is marked by joining the EU in 2007. Romania made huge efforts after 1989 to return to the European values and to become part of the European Union.

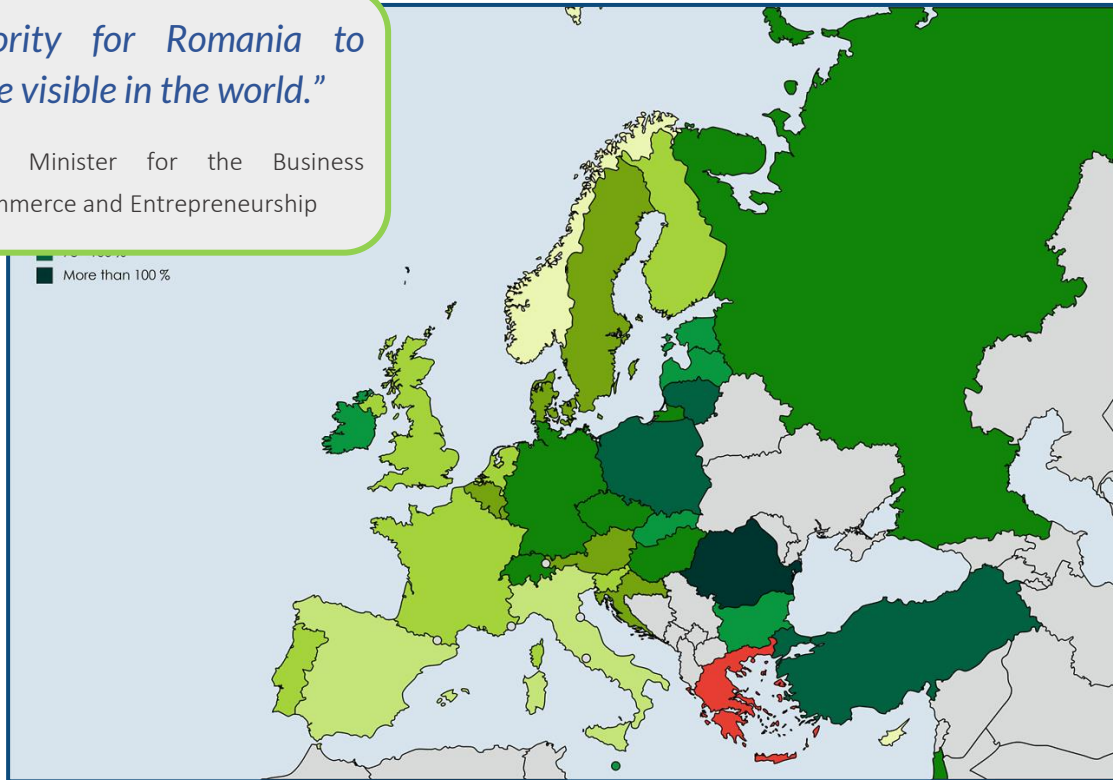
Shortly after the country joined the EU the crisis appeared, and things changed dramatically. The integration process was burdened by the start of the financial crisis of '08, but in recent years the country shows an impressive track record.

From a security perspective, Romania's commitment towards NATO was highly appreciated within the alliance. Romanian soldiers' efforts in places such as Afghanistan, Iraq, or Kosovo confirm the country's role as a proactive partner.

The relationship between Romania and the US is improving to a greater extent and with the commitment of 2% of GDP spending on defense; efforts are underway in extending the strategic partnership beyond the defense dimension and **towards a better trade and economic partnership**. Romania is now deeply rooted in the common values of the western world as it celebrates 20 years of strategic partnership with the US and more than 10 years of membership in the EU.

"It's a priority for Romania to become more visible in the world."

Ilan Laufer, Minister for the Business
Environment, Commerce and Entrepreneurship



Doing Business | Romania decided many years ago on which side of the global stage the country wants to be in, but it is very important to build upon that. The country needs to continue to connect to global markets in order to become *more visible, more influential and more relevant for the future development of Europe*. With support from the US embassy in Romania, the government organized the largest US-Romanian business delegation within the **Select USA** format and helped companies connect to global markets through the **Trade Winds** event.

That is why the Romanian government is focusing on creating a better business environment and supporting small and medium companies. The Romanian Ministry of Economy is also focusing on two main initiatives **the prevention law & the private public partnership bill (PPP)**. The prevention law is set to improve the business environment so as to enable small companies to grow and develop, bringing more Romanians to the middle class. A small family company of 3 to 4 people is currently battling to understand all the regulations, so when a controlling authority comes, companies are sanctioned because of minor legislative misunderstandings and they're business cycle is disturbed, in some case irreparably. This new bill is set to create a 90 days grace period for small companies, time that should enable them to put things in order, ignoring over 500 minor contravariance that don't affect health, life or security issues.

The PPP bill which is designed by the Romanian government in partnership with the World Bank and the EBRD is going to let the government unlock some of the state's capability to invest in big scale infrastructure projects.

From the perspective of a European institution, when looking at the Eurobarometer pulse, you would see that Europeans' main concerns include **terrorism, immigration and the economic situation**.

Romania is no exception to that, but when you look a bit further, **Romania records the fourth highest share of people who trust the EU**, which is from a European perspective an encouraging sign of the country's integration in the Union.

Being an anchor requires strength and sturdiness, looking at the situation of the Romanian economy there are a number of strengths: **impressive GDP growth of about 5% per year, a market of a considerable domestic size, an interesting location for investment as it allows for economies of scale**.

Moreover, the *Sibiu Summit*, the *presidency of the Council of the EU*, the *security and energy relevance*, the *size and geography of the country*, one sees a different perspective, Romania prospects are not that of a periphery, but the opposite, in a sense it's going to be right at the center of European politics, economy and security.

Looking at the World Bank Ease of Doing Business Report, Romania's ranking over the past 10 years improved from the 71st in 2006 and reached 36th in 2017. An improvement that puts Romania, by this indicator, in the top 20% of countries worldwide and even better than a number of EU peers.

The level of integration of the Romanian economy in the EU is shown by an almost doubling of percentage of trade within the EU, since 2009. With more than 70% of exported goods going to Europe, Romania shows that it has firmly integrated trade with the EU. Sectors that show strong growth of the Romanian economy include *manufacturing, telecommunication services, business process outsourcing*. This is confirmed by successful business stories such as the acquisition of Mytaxi (part of the Daimler-Mercedes group) of the Clever Taxi app in 2017.

Challenges | The main challenges at hand for the Romanian economy include:

- **Declining fiscal sustainability**
- **Investment dynamics**, the current investment levels are not sufficient to maintain the size of the capital stock
- **Increasing absorption capacity and the absorption rate** of Structural Funds is crucial to improve potential growth

A survey regarding the status of the investment environment & business challenges, done with more than 12,000 companies across Europe, including Romania, shows that:

- Romania is the country with the lowest share of firms **investing**, just 62% compared to 78% for the region and 84% for the EU. Considering that the investment is mostly in tangible assets, little in research and development little in training, points out that the focus of firms is a bit different in Romania. At the same time, there are a lot of firms that operate at or above capacity level. There is a strong need for investments.

- **Uncertainty** is a problem for firms across Europe, but also in Romania, even though one might argue that Romania has less uncertainty issues related to Brexit, but perhaps a bit more uncertainty that's driven by other developments and domestic policy.
- Romania clearly stands out when firms judged **impediments to investment**, more than 60% of firms say that **transport infrastructure** is a major challenge and it impedes investment, whereas the EU average is about 40%.
- Firms stated frequently that the **workforce availability** with the right skills is a challenge, which is not at all unexpected given external migration and low birthrates.

At the same time, wage growth is picking up which at some point **might become a challenge to price competitiveness**. It is recommended to move up the value chain so as not to undermine competitiveness.

Enabling Factors | Although the country registers strong growth, it tends to be consumption driven, the challenge is to change the composition of growth, moving more to an investment led growth. Enabling factors for the Romanian economy are: **key infrastructure, education, health, transport**. Given the country's geography, transportation infrastructure remains a factor that needs to be addressed in order to mitigate intra-country divergences. Strengthening the transport infrastructure in Romania and its networks is of great importance for economic development and there are obvious complementarities, once the infrastructure is in place it is going to open up business opportunities for local comm

The fact that **Romania is the fastest growing economy inside the European Union with 5.8% in the first semester it's an anchor by itself**. It's because you see more and more companies from the West which are relocating the entire operations to Romania. Companies like BMW decided to develop their 4.0 industry of self-driving cars in Romania, working together with Romanian companies, or Oracle which in the last 10 years established in Romania its fourth largest operation in the world.

Romania is host to **the most ambitious startup program in the EU**, as it seeks to finance 10,000 new startups through which to bring 21,000 entrepreneurs into the economy (out of which 45% are female entrepreneurs). There are as many reasons to believe that Romania can be an anchor.

Romania has a huge diaspora, around 4 to 5 million people, most of them are in Europe, some of them want to return and create a business with the know-how and capital they've acquired abroad.

Fighting corruption is important for every country and especially for Romania. Corruption has reduced significantly in the last 10 years. **It is important to promote the results of this fight against corruption that brought more transparency, more equity, more openness and fair treatment for all operators.**

Ms. Wruuck considers that when looking at the term periphery, we look at definitions and issues as seen from a technical level, but when people visit or stay in Bucharest it feels like an European capital like any other and not at all like a periphery.

Looking further, Romania can play the role of Korea in the 1980s. Being caught between the Western world and China was a challenge, but also a blessing. The need for a strong Korea for security issues also meant that a strong economy was needed. Over 50 years ago, given the strong alliance with Japan & United States, Korea was helped to grow its goods

exporting industries that allowed her to become the economic powerhouse that it is today. By looking throughout history we can see that this was the case for other countries as well. Such was the situation of Japan in the 19th century and even the US at the beginnings of the industrial revolution. **Mr. Park** believes that opportunities present to nations caught between borders. **Although obstacles arise when being a periphery, it is no excuse not to capitalize on the chances that are presented.**

“Constanta can be the new Houston of this part of the world” -

Harlan Ullman, Senior Adviser, Atlantic Council

A vision for developing countries should incorporate two principles: **to be connected to the global value chain and to prioritize building infrastructure for business and exports.** Value is not created solely by building infrastructure, but by businesses that are connected to the global value chain. Romania should focus on continuing structural reforms (corporate governance, judicial reform) in order to foster an open economy that continues to connect to the global markets.

Constanta's link in the anchor | The Black Sea holds a crucial role for the Romanian Government, and most probably its importance will be even higher, given *the annexation of Crimea, tensioning of the US-Turkish alliance and the recent resources discovered in the Black Sea.* Constanta is the largest and the deepest port to the Black Sea, offering huge trade potential.

“Constanta has the best position to be a key link of the Romanian anchor, “because it's the oldest city in Romania (with more than 2600 years) and is the largest and the deepest port on the Black Sea, but not only this, Constanta is the second largest economic area of Romania from the point of view GDP per capita. It offers trade opportunities, it is close to energy resources and it has an increasingly security relevance “.

Decebal Făgădău, Mayor of Constanța

Adding to that, the geographic advantage presented by the connection with the Danube River and the transportation time from China to Central East European (CEE) countries could be cut by five to seven days when compared to the Rotterdam port, thus helping goods reach the CEE markets faster.

Constanta is part of the border of the EU and NATO and can benefit hugely from Romania's strategic partnership with the US. It already holds an Aegis ashore anti-missile base, not far from Constanta and in 2017 American forces signed an agreement in Tuzla to upgrade the airport and increase the military presence. **Mr. Ullman** believes that *combining the increased security capabilities with more economic dynamism, Constanta can become the seed from which economic growth can spread throughout the rest of South Eastern Europe, not only in Romania.*

Benefiting from an ongoing partnership with the EBRD and the World Bank, **a growing number in demographics, a growing local economy, three state universities and other private universities, transparent procedures and great business reputation, the city can be a key link in Romania's partnership with the EU and NATO.** Together with the Aspen team, public officials, business leaders and expert analyst are working together within **Aspen City Lab**, a program that will help the city design its vision for the future.



Trumpism, Technology & the New World Disorder

Mircea Geoană, President of The Aspen Institute Romania

Liz Claman, Anchor at Fox Business Network

Samuel Burke, Business and Technology Correspondent at CNN

Moderator: **Harlan Ullman**, Senior Adviser at The Atlantic Council

New World Disorder | The transitions from one system of world order to the next has rarely been calm or peaceful and we're in the midst of a similar major disruptive transformation of world order. The main enforcer of the liberal order, ever since the end of the Second World War and up to recent years, the United States is taking a step back.

In the past, the world needed **an enforcer**; *there is no global order without a malign or benevolent hegemon*, as seen throughout history with the Roman Empire, the British Empire and so on. America's new approach on international relations is a grave concern to its European partners, especially the staunch pro-American allies in Europe, like Romania, Poland or the Baltic countries.

Because of their geography, these countries learned throughout history that they need to anticipate danger before it reaches them, which is why it is vital for them to figure out if the Trump administration is able and willing to continue the efforts of maintaining the liberal world order, with all its strategic, economic and political ramifications.

Most of the support for populist leaders comes from a multispeed development within countries, which creates discrepancies that make parts of the population feel out of the game. Feeling the public discontent, Trumpian politicians do appear all over the place, including CEE countries, including the Visegrad states. This transforms president Trump into a model for other politicians that are trying to use the discontent of the public to rise above the fray and become leaders in their own countries.

The state of Ohio is a point of reference in US elections. Ever since the first campaigns, Ohio voted for the president in all but two exceptions. What was happening in a great number of states, that may not be as populous as California or New York, was happening in Ohio, **discontent after eight years of people still struggling after the financial crisis**. Democrats made a very categorical error in assuming that Ohio was going to go for the presidency. Donald Trump sensed that the regular citizens were really unhappy and he capitalized on that. Mr. Geoana considers *that president Trump doesn't incarnate an ideology in itself, but that he's the flag bearer of discontent of the public*.

The structural trends that produced the dissatisfaction of the public opinion with the redistribution of economic gain continue to be there, increasing polarization throughout society. If we add to this the pace by which technologies are disruptive to the usual business models, it is very difficult to find a credible solution to the reasons of the dissatisfaction and the new world disorder.

The shift in global order and the trends of dissatisfaction with the current establishment are here to stay and might become even more popular as more fragmentation will lead to even greater centrifugal forces all over the world.

The economy in the age of Trump | A presidency always comes with a political ideology that is reflected in the economy policy, but President Trump doesn't seem interested to have trumpnomics, as we had reaganomics or obamanomics. Moreover, Trump manages to create emulation with a significant part of Americans, the same Americans that elected him.

Donald Trump is the first United States President to actually say what's been on the minds of a lot of Americans. The difficulties of the middle-class American in the past 10-15 years meant that people couldn't find jobs, or and making a career meant that they had to compete with other skilled labor from other parts of the world. Families in the Midwest have felt that they were getting less and less of the benefits.

While addressing this type of XXI century populism, the Trump administration tries to cut down on taxes and regulation that prevent people from starting a business. **President Trump has tried to scale back excessive regulations that hamper entrepreneurial enthusiasm.** There are more than 20,000 pages of regulations that some people have to go through (depending on the industry) before starting a business.

There is an unseen side of any administration and that is within the white house staff, the people that are able to influence the president. Many of these people are staying there as moderating forces for the sake of the country, offering some stability to the institutions. It should be interesting to see if not a more relevant and consequential conflict that is going on now in the United States is between the president and the Republican Party not the Democratic Party.

In 1964 before the Gulf of Tonkin incident brought the Americans into Vietnam 75% of Americans trusted the government. Today, not only do 75% of Americans do not trust the government, but 75% of Americans believe that the future will be bleaker for their children and their grandchildren. This forces the US to take a step back from the world stage and focus on internal issues. With no single country or single block of countries that has a monopoly of power or economic leverage, the world finds itself in the G0 world.

"I don't think Trump is the ideological leader of a movement, I think he's the one who took the flag in a moment when lots of the American public felt uncomfortable with where the country was going." – Mircea Geoana

Diplomacy in the age of Trump | There was a period in which the transatlantic establishment believed that both Russia and China and other nations would embrace the liberal world and become functional democracies. This assumption failed because these two powers and others understood that **they could change the rules of the game to their own benefit or act as disruptive powers as they see fit.**

The Chinese leadership proved that you can embrace the rules of the game and be part of it without giving up too much power in the process. Russia with a limited economy compared to its size (largest country in the world with an economy the approximate size of Italy) still has enough resources, sophistication and intelligence to be a spoiler and a disrupter of world order.

This period of US uncertainty could be very dangerous for the world and many consider the American administration has an obligation to lead and an obligation to keep its side of the contract, in relation with its strategic partners.

The lack of reaction to the events in Ukraine gave an important sign to Russia and now Russian forces are not only present in Georgia and Eastern Ukraine, but also in Syria and Russia is leveraging this to provoke tensions between Turkey and its allies in NATO. In this context, Trump stated that the United States is paying way more than its fair share and other countries don't hold up to some of the rules of NATO.

"If you can forge a personal relationship with Trump, it may seem as a very untraditional form of diplomacy, but personal relationships might present a lot of opportunities".

– Liz Claman, Fox Business News

Trump's approach to diplomacy is that of a business man, thriving on personal relations and not the conventional form of diplomacy. This also means that his personal relations with influential people are susceptible to change quickly, which is a cause for a lot of uncertainty. During the election, Trump had a tense relation with Carlos Slim, the richest man in Mexico, but after a few months they were seen together at Mar-a-Lago in Florida as if nothing ever happened. What Carlos Slim proved is that President Trump is a man who thrives on personal

relationships.

Teresa May tried to forge a personal relationship with him, thinking it would be to her and UK's interests. This holds real opportunities, whether you're Carlos Slim or Theresa May, whether you're Romania or NATO, if you can build those personal relationships with Trump it might bring more advantages than classic diplomacy ever could.

Trump's remarks on NATO and the European Union, giving signs of encouragement for Britain leaving the EU and requesting more involvement from NATO allies, although in line with his political speech, are seen as worrisome and confusing to the European countries. The US attitude towards agreements like NATO, NAFTA, TPP, creates the premise for an uncertain environment for all allies as **long-lasting partnerships are built on more than personal relations, but on long standing treaties and institutions.**

This is why the superstructures built around the transatlantic partnerships need to prove their role in maintaining a certain level of coherence and trust among partners. When it comes to NATO, there are many voices inside the American administration that believe that **as long as General Mattis is secretary of Defense, there is no concern that the US would not respect article five of the NATO treaty.**

The lack of leadership in an uncertain world, where America is hesitant in its new role makes the situation very unpredictable. When dealing with somebody who's temperamental and who can change his views on important topics in an instant, personal relationships are never going to be sufficient, especially when reliability and some level of certainty are needed. **Nations have interests that cannot be covered just through close personal relationships between leaders.**

North Korea crisis | When it comes to foreign policy, parts of the American people see Trump as adopting a practical strategy in solving the North Korea crisis. Some believe that President Bush and president Obama, by not carrying a proactive and visible policy to the North Korean threat, they allowed for the present escalation of the situation. The Bush administration by canceling the deal to ship oil and other energy resources to North Korea could have stopped in its tracks the North Korean crisis.

Mr. Harlaan believes that If Trump continues to treat Kim Jong Un as if he is dealing with a crazy person, he would commit a huge mistake. All the North Korean leadership characteristics that seem ridiculous to the transatlantic countries are in fact methods of the regime to consolidate power, by linking Kim Jong Un to his ancestors. **The advantage of North Korea is that it can escalate the crisis more quickly than the US and a war would be catastrophic to the entire Korean peninsula no matter who would win.**

Russia | All of the last three American presidents started out wanting something different in the relation with Putin and at least two out of the past three have quickly ended up somewhere else. It looks like it could be that way with Trump as well, as the American president is limited in taking all sorts of actions with Russia by the ongoing Special Council investigation, led by Robert Mueller regarding Russian interference in the 2016 United States elections.

Even if looking at the Russian economy we see lots of vulnerabilities and limitations, especially compared to the surface and resources of the country. The dependency on energy exports hurt Russia gravely as the price of oil had gone down in recent years. Even so, Russia's power might continue to be impressive, even if just by looking at how they managed to hack and influence elections in the United States. Up to now Donald Trump has been disinclined to criticize Vladimir Putin.

Regaining Its Tempo

EU is facing a turbulent period, marked by centrifugal forces and processes, by a surge in populist discourse and illiberal tendencies. Many are hoping that, with the cycle of important European elections over, more clarity will be brought to its political landscape and new vigor to its leadership, taking the Union to its next level. The international context requires a determined and strong Europe, true to its values and beliefs. Europe needs to manage immediate threats and crises while determining and pursuing its long-term vision and strategy.

Europe Looking Ahead...

Victor Negrescu, Minister Delegate for European Affairs, Romania

Andreea Pastirnac, Minister for Romanians Living Abroad

Angela Cristea, Head of the European Commission representation in Romania

... Beyond the Next Two Years

Lilyana Pavlova, Minister for the Bulgarian Presidency of the Council of the EU

Matti Maasikas, Deputy Minister for EU Affairs, Ministry of Foreign Affairs, Estonia

Franz Fischler, President, European Forum Alpbach

Moderator: **Ali Aslan**, TV Host and Journalist, Deutsche Welle TV

A vision for Europe

The euro crisis, the refugee crisis, Brexit all of those have exposed structural deficiencies and have created bad blood amongst member states. When the EU was created it was based on several ideas of peace, cooperation and unity, but in time the energy of these ideas faded and today **Europe needs to regain a vision that would move her forward**. This is not an easy process when it requires accommodating 27 different missions and national visions, building a consensus to find this common identity is a challenge for Europe and its leaders.

In the context multiple threats and having learned from the eurozone crisis, the EU and its institutions need to deliver concrete results for their citizens, in order to re-earn the legitimacy of its people. All of these, in the context of multiple pressures that are upsetting European stability, such as: **economic disparities, social tensions, migration, Brexit, populism, Euroscepticism and technological disruption**.

Although the EU might have started as an economic community, it is not just an economic community, but **it is a union of values such as freedoms, equality, rule of law** and all these are values linked to liberalism and not to the opposite direction.

Estonia | When Estonia took office of the Presidency of the Council of the EU it encountered a relative mild situation characterized by a growing European economy and a renewed sense of unity of all 27 member states. **The Brexit vote made Europeans think of what there is to lose by opting out.**

This enabled the Estonian presidency to focus on the digital single market agenda, seen as an overarching priority by Estonian officials. The refugee crisis was the second priority for Tallinn officials, trying in this regard to reform the Dublin regulation and crisis mechanism.

Bulgaria | The Bulgarian presidency prioritizes Brexit negotiations and balancing its effects on the next programming period. It is a common vision of Bulgaria and Romania, as well as other countries in the East that **the EU should not be divided on east and west, rich and poor but instead should look for unity.**

Bulgaria finds it necessary to offer European guidance for EU integration to the countries in the Western Balkans, driving a conversation about EU enlargement, without giving false expectations. Bulgarian officials consider that integration of the Western Balkans is founded on the **connectivity** dimension. It is of outmost importance to provide concrete result for the citizens' of these countries so that they feel as part of the European project. There are five dimensions to Western Balkans connectivity: (i) **road connectivity** (the trans-European corridors the transport corridors), (ii) **railway connectivity**, (iii) **air connectivity**, (iv) **energy connectivity** and (v) **digital connectivity** (reducing roaming taxes).

The next programming period | The ongoing financing period comes to an end and the next budget has to be negotiated until the first half of 2019, as from that moment the European Parliament Election would begin and such campaigns are not the best period for political wisdom.

European parliament elections would delay an agreement on the structure of the future programming period with almost one year. The time for negotiations is thus limited 2019. Going into the elections without an agreement means that the new commissioners, a new president will need time in order to reach an agreement and EU will lose momentum.

UK leaving the EU poses the problem of distribution, the EU budget will be missing 6-8 billion euros every year because of Brexit. Member states aren't prepared to make bigger contributions to the community budget so therefore a balancing of the budget is required. Negotiations need to be carried out regarding what policies should be cut. Two funds are considered as having the necessary money to accept cuts, the funds for agricultural and cohesion policy.

In addition to this, there are issues regarding integration, sustainability, PESCO and the energy union that must be taken into consideration, as well as demands for additional spending on a cooperation mechanism with Africa. European institutions should try not to focus on cuts, but on the impact of funds. The added value of investments rather and how they impact citizens and businesses across Europe.

Trade | After 2008 the international trade atmosphere was poisoned and the trust in multilateralism has almost disappeared giving way to a rising of bilateral agreements trade agreements. We can expect that given Brexit and the contraction of the US on the world stage, the EU will seek to reach new trade agreements with Mexico, Australia or the MERCOSUR countries.

Multispeed Europe | The way the EU managed the eurozone crisis offers ground for optimism for some. With respect to the future of the EU, some look at the positives aspects of how the EU managed to pass through the financial crisis and consider that proof that no big changes are needed for the European institutions. Others believe that in order to be prepared for the next crisis Europe needs to improve institutional setup and the level of policy coordination, that **it should use this momentum to move on to deepen integration and this is the essence of the future of Europe debate.**

Concerns for the European integration process arise following the presidential election in France and Germany. There are growing expectations for a greater role for the two countries in the EU. The Franco-German alliance is considered to have been revitalized, particularly in light of Brexit and the finalizing of elections in both Germany and France.

The Franco-German cooperation engine means that no big initiative or decision can be taken in the EU without the active participation of an active support from France and Germany. But in the Union of 27 member states that is no longer enough and both countries need to learn new ways in keeping other member states on board. Trying to include everybody in building a consensus is considered to be difficult and a lengthy process.

In short, the multispeed Europe is described in the white book presented by president Juncker as an option in which *“those who would like to do more can do more”*. There are concerns, especially from the newer countries that joined the EU that a multispeed Europe would only make disparities grow between the richer and poorer countries of Europe. **The multi-speed Europe is already here in some form, by having a Eurozone, a Schengen cooperation area, and other enhanced cooperation mechanisms.**

A multispeed Europe is often misinterpreted as a kind of an Europe with different speeds, but that goes against the principles laid down in the treaties. The multispeed Europe means first of all that the final goal should not disappear if not all countries participate. **As long as European cooperation stays open and inclusive, the multispeed Europe should not be a concern.**

Looking further ahead, towards the next decade, the future of Europe will have to face several fundamental challenges:

- the consequences of climate change
- energy policy and with sustainability
- digitalization and the digital divide
- old demographics and the social tensions it brings

Romania's European future

In president Juncker's State of the Union speech of 2017, there was a dominant idea that the future of Europe needs to be more united and more democratic. This represents a call to members' states to which Romanian officials answer in a positive way.

The Sibiu summit that Romania is going to host in 2019 will debate the future of Europe, a future that needs to involve more of Europe's citizens in the process of democracy and civil society. After 60 years people are wondering why the EU is still asking what the future of Europe will be. Romania's upcoming presidency of the Council of the EU in the first half of 2019 will be built around **the importance of building a bridge between both lungs of Europe.**

"Among different debates and proposals, Romania's main message about this is that we want to build bridges between East and West, between North and South, between developed and less developed countries and regions, because unity is essential for the future of Europe. We fought so much to get in the European Union that we want this European project to continue and advance in a positive way "

Victor Negrescu, Minister Delegate for European Affairs, Romania

Countries that were formerly under Soviet rule and are now part of the EU see a rising of populist discourse and other illiberal tendencies. This is not the case for Romania, the Eurobarometer shows the support of Romanians for the European Union is amongst the highest compared to other member states.

Mr. Negrescu believes that *the fact that "we have about 4 million citizens living in the EU shows that Romania is actually an integrated European country, because the capacity to move from one country to another, to have rights in different countries who have different freedoms this is a part of the essence of the EU".*

Romanians believe in the EU more than other European citizens, this is also means that many Romanians look up to Brussels to find solutions to their problems or to their aspirations and this provides both positive & negative aspects. **Most of the times, the answer is most likely to be found in Bucharest or at local level in the country, rather than in Brussels.** There is a very clear division of labor, where the mandate of the EC ends and where the mandates of Member States begin. If member states are reluctant to follow directives or legislations from Brussels, the EC cannot go past the current framework.

President Juncker gave several clear benchmarks for Romania. The first is **the immediate accession of the country to the Schengen area**, this was mentioned several times by president Juncker not as much as a message for Romania, but rather to those member states that are still reluctant to allow Romania to join the Schengen area.

The second benchmark is the **accession to the eurozone**. The core of Europe is built around the euro and most European policies are elaborated around this. **If Romania wants to be part of the European core the accession to the euro should be clearly on the agenda.** As Romania is not yet ready for the eurozone, the EU offers to support the efforts by designing a special convergence

instrument, a pre-accession to the euro zone mechanism, that would put at the disposal of Romania both technical expertise and funding to support the process.

Ms. Cristea mentioned that the EU's messages for Romania are a clear one *"we want Romania in the core of Europe; we believe Romania is able to be part of the European Core and we are going to do everything in our mandate to help"*.

Working very much together is the fight against corruption, the independence of justice and the rule of law, the EU appreciates Romania's track record and this was mentioned within the CVM reports, but it is not yet the time to end the process of CVM. There is a joint objective to lift this mechanism as soon as pending recommendations are met and as soon as further reassurance will be made that there won't be any steps back.

Demographic decline | For more than 10 years, for about 4 million Romanians living in the EU the notion of **"we are European"** received a significant recognition. European citizens that are living and working away from their origin countries, do a lot to improve the awareness of other

"They are living together in the residence country but also in the origin country, because they are so closely linked to the original community, they are sending funds back home, part of their family is still home, they are building houses home, they are contributing to the growth of their home country, they are seeing the departure point as part of their life and some are dreaming of a coming back home moment."

Andreea Pastirnac, Minister for Romanians Living Abroad

countries and bind together some the ties that hold the EU together.

With almost 4 million of Romanians that live or reside in the EU countries, challenging questions are associated with the Romanians that are living abroad. The ministry for Romanians Living Abroad is establishing a **diaspora codex**, a package of legislation that should come to aid to Romanians living in Europe and offer options for the obstacles they encounter. In the hope that some of them might one day come back, bringing their knowledge and the cultural diversity back to their home country, Romania started a campaign in the summer of 2017 to inform its citizens about their rights in the EU and about **programs and incentives designed to enable them to come and settle back in Romania**.

A new economic world order - What role for Emerging Europe?

Cornel Ban, Assistant Professor, The Frederick S. Pardee School for Global Studies, Boston University

Andrew Wrobel, Head of Editorial, Emerging Europe

Moderator: **Liz Claman**, Anchor, Fox Business Network

The world's disorder is something that causes feelings of wariness and concern, but it also generates opportunities. The CEE countries were once "on the wrong side of the Iron Curtain" and still pay, in some form, for that period in history. For many of its citizens, Eastern Europe has

negative connotations, which are why many of the citizens in this region would rather identify with the term Emerging Europe. From an economic standpoint there are quite a few countries that have already emerged and would be defined as developed countries, such as the Czech Republic, Slovenia or Estonia.

Romania can be the big catch-up growth miracle of today – Cornel Ban, Boston University

Institutions that didn't have time to mature, inefficient governance and the still fresh memory of the past century, are reasons for which many citizens of the CEE countries are concerned by the raising level of tensions, afraid not to fall again

on the wrong side of history.

Scholars have traced the rise of illiberal nationalist regimes in Poland and Hungary to the forging of political revolts against dependency. While far from dominant, these strategies began to emerge in Romania as well. **A lesson that markets taught to analysts is that authoritarians don't get punished by the bond markets like people anticipated. Hungary didn't get shorted by the bond market people, keep investing there. Countries that are economically illiberal can still be very integrated in global capital flows.**

For now the fine print of Polish and Hungarian political life suggests that “nationalists in the region walk a thin line, as dependency is also the resource on which their economy survives”. If illiberal nationalism become the basis for a new policy regime is yet too early to tell, it remains to be seen whether this will also be the case in Romania as well.

This region, which at the end of the 1990's had been written off as the next basket case of the global economy, turned out to have been doing a lot better than many other promising regions at the end of the century. Eastern Europe was supposed to fall onto its board of supposedly genetic disorders and ethnic warfare, the region was estimated to be completely ruined by communism, but in about 30 years' time the countries have done so much to develop and reach an European standard of values and lifestyle, that now parts of Eastern Europe are now more industrialized than some parts of many older member states.

EU TOP 5		
Industry as % of GDP		2017
1	Ireland	39.3
2	Czech Republic	37.6
3	Slovakia	34.8
4	Poland	33.7
5	Romania	32.4
Source:		World Bank

A less known fact is that Eastern European countries have become more industrialized than many Western European countries. Among the top 5 countries of industry as percentage of GDP we can find 4 countries from the Eastern Block, while most Western countries have focused to a more service-based economy.

Structural reform | Romania can be the big catch-up growth miracle of today, but *demographic decline, mass emigration, poor public transport and housing policies*, are signs of concern for the segmented labor market. When observing a mass emigration on such a scale it is clear that

something is deeply wrong in the region. Millions of people who have left and do not plan to come back might be the source of a productive tension that could move the region forward.

A sustainable policy response should consist of a more coordinated labor market in which social dialogue institutions are active at the sectoral level leading to more competitive remuneration packages on the Romanian labor market. **Wage led growth means that education is needed in order for people to be adequately equipped for the needs of the market, as businesses are supposed to move up the value chain.**

A paradigm shift in educational policy aimed at boosting the numbers of dual education and technical university graduates requires not only greater government spending for these parts of the system. It also requires the involvement of the private sector with funds and training programs. Complaining about the undersupply of skills without co-paying the tab for a new skill upgrade is a recipe for suboptimal muddling through.

Institutional reform is necessary to have governments that make life easier for citizens, this is especially required if these countries want to become more appealing for their diaspora. In Denmark it takes about 17 minutes to get Danish residency work permits, the entire government interface between citizen and the state is on a single app on your phone, including your bank account. The need for reforming institutions in order to remove structural bottlenecks in the region is crucial from a demographic perspective. **The citizens of the diaspora need to see that there are opportunities open, that the economy is doing well and also the political stage or environment is friendlier.**

Even if Poland managed to develop its infrastructure since joining the EU it was not enough for its citizens to come back. **There's an undersupply of public goods that have not worked efficiently for a long time, that's a source of comparative advantage on the labor market.** It is hard for Romania or Poland to compete with the UK, Germany or the Nordic states in offering the same incentives for their European citizens.

People are also leaving because the migration networks have been established; it is more appealing to move from a village south of Bucharest to London than to Bucharest. Without wage led growth the CEE countries seem doomed from a demographically viewpoint and that will lead to a long term growth stagnation.

The liberal model of reducing state size in order to unleash markets doesn't work as expected, that is one of the causes of the political turmoil that can be seen almost everywhere. The reform of the state needs to **focus on simplifying the citizens' relations with the state institutions**, but also allow states more flexibility when it comes to resources. Looking at social development indexes, the countries that come on top in terms of friendliness to business and citizen happiness are the Nordic countries.

Emerging Europe has proved it has come a long way from the situation in the 90s and it has potential to become the next big thing, Romania, Ukraine, Belarus, Poland are attractive countries for investors, but these states need to **address critical structural reforms that brings palpable change for their citizens life easier.**

Strategic Hedging and Power Politics

Europe South-East and East remain victim to complicated internal politics, difficult relations between countries and, most importantly, diverging interests and influences of external actors. Countries (or governments?) react and adapt differently to all these pressures, hedging their orientation and policies to ensure long-term positive outcomes, or at least mitigate problems. Ideology and values are used to shape the best adapting strategy, creating complicated regional mosaics.

Divide ...

Aleksandar Andrija Pejović, Minister of European Affairs of Montenegro

H.E. István Ijgyártó, State Secretary of the Ministry of Foreign Affairs and Trade of Hungary

Amir Muharemi, Assistant Minister, Ministry of Foreign and European Affairs of Croatia

... and Conquer

Mustafa Aydin, Rector, Kadir Has University

Pavel Felgenhauer, Analyst, Novaya Gazeta

Nicolas Tenzer, Chairman, Center for Studies and Research on Political Decision

Moderator: **Tim Judah**, Special Correspondent, The Economist

The Russian perspective

Through its actions in Eastern Ukraine and Georgia, Russia is the only country in recent years to have conquered territory in Europe. This becomes relevant for the security of NATO as these territories are in close proximity to its borders.

Mr. Felgenhauer considers that *Russian policies in the Black Sea shouldn't be that surprising as they are in line with traditional Russian expansionist attitude in the region.* The decisions to reinforce dramatically the Russian military powers in the Black Sea area was taken after the '08 war in Georgia, when large contingents of NATO ships crossed into the Black Sea through the Bosphorus. That was seen as a potential threat to Russian security and the decision was taken to allocate funds for new Russian capabilities, such as submarines or naval ships carrying caliber cruise missiles that would reinforce the Black Sea Fleet.

The investments started before the conflict in Ukraine, but with the annexation of Crimea there was a growing need to reinforce the Russian positions in the Black Sea. In 2016, a massive military exercise centered more on Crimea and less in the Caucasus led general Gerasimov, to boast to journalists that *now Russia has the capability to control the entire Black Sea and that Russian capability includes long-range precision missiles, which can sink enemy naval ships before arriving in the Bosphorus.*

Mr. Felgenhauer mentions a number of objectives in the Black Sea that are considered of critical importance by the Russian leadership. Primarily, **defending Sochi**, as it is considered by some the second capital of Russia, president Vladimir Putin spends about half the year in Sochi.

The Black Sea was reinforced with the newest Bastion range anti-ship missiles, initially made for export, but eventually diverted to reinforce the coastal defense of Sochi. Russian foreign policy and national security decision-makers believe that **the Black Sea has a vital role for the economy**. It's a prime export route for Russian energy resources (mainly oil & gas) as well as grains exports (primarily wheat).

If you look at the Russian activity in the Black Sea it is more or less comparable to that of the pre-Crimean War when the region was a vital role for the Russian export routes, as most of the grains and wheat passed thorough Russian ports at the Black Sea. It was at Odessa the Crimean war began and British and French forces were forced to intervene after the occupation of the principalities of Moldova and Wallachia. Crimea is relevant from a military perspective, but it is even more important for controlling the export routes.

"If one would go about reading the Russian history books of the 19th century, they would feel more or less as reading Reuters in the last few years "

Pavel Felgenhauer, Analyst, Novaya Gazeta

The difference is that the present equation includes another player, Ukraine, which was not there in the 19th century. In this aspect, the present aim of Russian forces isn't to advance towards Kiev. It is noticeable that **the Crimean annexation managed to impose control of the Crimean Peninsula and increase Russian influence in the Black Sea while at the same time freezing any Ukrainian progress towards the NATO or the EU**.

It's totally unacceptable that Ukraine might go West and become a member of the EU or NATO, as Ukraine is an important part of *the Russian grand perimeter of defense*. That is something Russia is going to oppose and most likely will try to prevent no matter what. At present, the Russian interest in the Black Sea region is primarily **to keep a level of military supremacy and to ensure the routes of export are free**.

"For Russia Ukraine is important, but Crimea is very important". – Pavel Felgenhauer, Analyst, Novaya Gazeta

Russian plans of preparation for war appear in speeches by Gerasimov and other leaders of the Russian Armed Forces. The program of rearmament which began after the Georgian war is expected to mature between 2020 and 2025, when according to the present general staff and Gerasimov **the threat of war in Europe is going to increase dramatically**. By that time Russia should be ready, by investing an overall sum of about **one trillion dollars on rearmament** and then it would be prepared to fight three wars simultaneously:

1. an intense conflict but without deploying a large amount of troops, similar to the war in Syria
2. a big regional war and
3. a global nuclear war

The readiness to fight a global nuclear war should deter other nations to intervene in local anti-terrorist Russian operations or regional wars.

All these capabilities are in the process of maturing; for instance, latest official figures show that the Russians army equipment is 43% modern, which is not enough by any account. Officially, the aim of the rearmament program is to preempt an attack on Russia.

The Turkish perspective

Looking at the Black Sea and trying to establish its security role as is part of a discussion that takes place since the beginnings of NATO. During the Cold War Period the NATO frontier was split in three, there was a **Center**, in Germany, a **southern flank**, composed of Turkey and Greece and the **northern flank**, the Scandinavian states. Since the end of the Cold War this has changed. On a map of the region the frontier would be *a direct line drawn from Finland down to Syria*, that's the line of confrontation now, according to **Mr. Aydin**. Although Turkish leadership doesn't seem very worried when it's looking at Russian activity in the Black Sea, from a geopolitical perspective the country should be more concerned, as **what happened after the war in Georgia and up to today has managed to militarize the Black Sea**.

By extending this flank all the way to Syria, Russia managed to have a permanent base in the south of Turkey. During the Cold War and after, Tarsus was not a permanent military base, now Russia has three military bases in Syria and is very much involved in the politics regarding the future of Syria.

These are the things that should worry Turkey more, but the concerns are focused on what's happening in Turkey's South and South-East border, in Syria, in Iraq and particularly what will happen with the Kurdish population there. From Turkey's perspective **the future of Kurds in Syria**

Imagining the 19th century conflict is all troubling because let us remember what started in 1856 with Crimea ended in the first world war, what started in Crimea was actually a struggle to control the Turkish straits, the Bosphorus and the Dardanelles, if this is in any kind a reenactment then the future doesn't look very well.

Mustafa Aydin, Rector, Kadir Has University

and Iraq is tied to the future of Kurds in Turkey which is a survival issue for Turkish integrity.

The leadership in Ankara is very unhappy about the American position regarding the Kurdish issue and Russia uses these tensions to assume the role of a balancer against Turkey's Western tendencies. Most of its NATO partners oppose more recent Turkish attitudes, while Russia seems to be nearer to Turkey interests in this equation. Talks about a Turkish strategic partnership with Russia, based on trade deals, missile acquisitions and energy cooperation are reflecting a tendency of the two nations to have closer relations.

After Turkey shut down a Russian military plane over Syria, within a brief period the trade between the two countries went from around \$30bn per year to almost 0. What is more interesting is that after six months, when the two countries rehabilitated their relation, trade reached \$33bn. These ups and downs show that **the relationship is not a very stable one**, the basis for cooperation is there, but it can also go into the wrong direction.

Since 2016 Turkish leaders look at the differences between how Western governments and Russia are responding to the coup attempt in Turkey. President Putin immediately expressed his support and expressed regrets and offered support for the Turkish people. In comparison, it took a couple of days for the Americans to say something and Europeans much longer. This left a very bitter taste with the leadership in Ankara and gently pushed Turkey towards Russia and further away from its traditional allies.

On the structural level there are more fundamental problems, neither side is willing to trust each other anymore, **there is a growing mutual suspicion between European leaders and Turkish leadership**.

Mr. Aydin believes that *“Turkey could be a perfect picture country, it doesn't matter, it doesn't make a difference, Europe is not ready to accept the idea of Turkey in Europe and that has been an issue for some time, which predates the Turkish sliding from democracy”*.

Even in this context, Turkey is not breaking its connection with Europe and the US, there are still NATO bases in Turkey and the country is part of the missile defense system.



The European perspective

Europeans look at the recent actions and they see a strategy of divide and conquer. Russian actions in Georgia and Ukraine and more recently in Syria created a response gridlock of EU's foreign policy. The divide strategy focuses on playing forces inside the European nations against each other. The meddling in the US elections proved the efficiency of such a campaign and ties between the rising wave of populism in Europe and the Russian interference are reasons of concern for the European leadership.

On Russia, Macron has been very clear that there will be no lifting of sanctions as far as there will be no settlement regarding the situation in Ukraine and regarding the Syrian crisis he expressed that Assad is a war criminal, leaving no signs of reconciliation with the Syrian regime.

The European strategy of “institutional conquest” is more difficult because it means that it needs to **build and spread liberal values** in some new countries that could otherwise lean towards illiberalism. For Russia it's enough to act as a disruptor and present **the illiberal alternative** as well as **play against each other social tensions within countries**.

That is why currently **Europe is rethinking its security model**, as it requires different tools to defend and to protect the values on which the European project is based on. The new European security agenda is focusing more on **cyber threats, terrorism, energy vulnerabilities, migration tensions and its neighborhood stability**.

After the coup attempt, Europe and Turkey come on opposite ends when it comes to the crackdown on human rights, especially the imprisonment of journalists. **Mr. Tenzer** believes that Turkey is becoming the biggest prison for journalists in the world, but it would be a mistake to let Turkey slide away from NATO. **On the long term both NATO and Turkey need each other**. A sustainable alliance between Turkey and Russia is not reasonable even if only looking at Russia's closeness with Iran.

Turkey has been trying to diversify sources of energy and has a claim to become an energy hub in the eastern Mediterranean. The problem with that idea is that being a hub requires good relations with the destination market, which is the EU.

Romania | Romania is as part of the NATO alliance and it's also part of trilateral partnership in the region, but in the last ten years of the Black Sea politics, Turkey and Romania often stood on different sides, from a Turkish perspective, Romania is much too close to US interests whereas from the Romanian perspective, Turkey is too close to Russia interests.

From Moscow, Romania is seen as a potential threat not so much by itself, but as the vehicle of American influence. Also, Russia believes that Romania has the intentions of absorbing Moldova in some kind. The American missile defense base in Deveselu is seen by Russian General Staff as a land base for standard base for missile launchers that could be used as a first strike attack against Sochi, the so-called decapitating first strike supposed to destroy the leadership of the enemy.

For this reason, the Kremlin leadership believes that Russia needs weapons that could destroy such a base before a single missile can take off. This is also another reason for which Russia needs Crimea, at one-point Crimea is 680 kilometers apart from the Deveselu base, in the range of a modified Iskander missile.

Integration of the Western Balkans

EU is very much linked to what will happen to the Western Balkans, the division of the region can find unification within the EU. It's not an accident that most of the EU countries are supportive of a certain solution regarding integration as that would bring stability to the European neighborhood.

Traditionally the Western Balkans was a source of ethnic conflicts. The confusion caused by of different ideologies can be overpassed by the desire to align to the EU that has an important source of power in the standard of life and development that it brings.

Since the tragic conflicts, stability is considered a prime goal for the Western Balkans. In recent years, significant progress has been made. The EC started to talk again about the integration process, which at the beginning of the Juncker mandate was out of the question.

Unfortunately, in the Western Balkans and in many emerging European countries, democracy and the rule of law are not mature enough and illiberal trends start to appear. Several pro-Russian parties try to interrupt the integration process through populist propaganda and presenting Russia as a better alternative to the EU. **The Russian alternative doesn't mean that countries like Serbia, Montenegro or Macedonia would join the Eurasian community, but it's enough to create a divide in society that stuns the region's progress and generates uncertainty for potential partners.**

Serbia wants to be fully integrated into the EU but remains the only country in the region that doesn't desire to be part of NATO. Moreover, the Serbian acquisition of six MiG aircrafts, delivered by Russia is viewed prudently by European countries. Although, changing the borders in the Balkans is no longer feasible, this feeling is fostered through a system of propaganda and fake news that tries to deceive the public opinion into straying from European values.

The situation becomes even more complicated as other actors, such as Turkey and China, try to extend their influence in the Western Balkans. Chinese interest is business related as it plans to invest in the railway upgrade from Thessalonica to Budapest, while Erdogan sees Bosnia as relevant to Turkish interests.

Putting aside NATO which brings defense and security to these countries, the EU is the biggest driving force for change in these countries. Juncker expressed that the Commission of the next European Parliament should work to for see through the enlargement process of the Western Balkans.

The European Union message should provide a clear roadmap of the integration process of the Western Balkans. Croatia may be a point of reference for the six countries in the region. With Montenegro joining NATO in 2017, it's for the first time in history we have the entire eastern coast of the Adriatic Sea in the same alliance, Slovenia, Croatia, Montenegro, Albania, Greece and even Turkey are all members of NATO.

Joining the EU is a common denominator to the Western Balkans nations. The prospect of integration is producing incentives for **reforms with regard to democratic institutions, political criteria and also the rule of law**, which are long overdue. Croatia being a member of NATO and the EU offers extra incentives for its neighbors to join because if one of the six countries stays idle it risks be left behind those joining the EU.

In ten years' time we went from a divided state of affairs to one in which the Balkans countries look with optimism and enthusiasm towards European integration. Croatia is now member of the EU, Montenegro joined NATO, Albania received the candidate status and Bosnia is applying for membership. On a different note, **there is no clear horizon for what are the steps that would bring these countries into the EU.**

Maintaining Security, Advancing Defense – A Trans-Atlantic Challenge

Europe's security faces multiple challenges posed by state and non-state actors to the South, to the East and from within the continent. At the same time its decades long dependence on the US partner seems is increasingly challenged by European voices asking for more European defense.

Gen. Nicolae Ciuca, Chief of the Romanian General Staff, Ministry of National Defense, Romania

George Ciamba, Secretary of State, Ministry of Foreign Affairs of Romania

Gabriel Vlase, Vice-President of the Chamber of Deputies, Parliament of Romania

Mihnea Modoc, Deputy Head, The European Political Strategy Center

Moderator: **Radu Tudor**, Political and Defense Analyst

European Defense Union

European defense is not a new concept, it was taken into consideration ever since the beginning of the EU and it's an ongoing activity of all countries of the EU. **The European defense union has become a full-fledged political priority** of the European Union and it represents a continuation of the European integration project along with the completion of the economic and monetary union.

In June 2017 the Commission came with a very ambitious and comprehensive defense package giving the member states a vision proposal. The three scenarios that are proposed are shaping an European defense union by 2025. A very practical component is the **European defense fund** which is meant to provide the incentives for states to cooperate on **defense, defense research, on capability development and eventually on procurement**, in order to deliver more output to national assets.

In 2017 European leaders endorsed the recommendations made by the Commission. Moreover, they acted in rapid fashion launching in 6 months time **PESCO**, which was a dormant provision of the Lisbon Treaty for more than a decade. Apart from the storm of unprecedented mix of conventional and unconventional threats that are surrounding Europe (**terrorism, separatism, migration, cyber**), the calling made by the US, that was urging Europe to take more responsibility in its hands, led to a rapid advancement.

Permanent Structured Cooperation (PESCO) is a Treaty-based framework and process to deepen defense cooperation amongst EU Member States who are capable and willing to do so. The aim is to jointly develop defense capabilities and make them available for EU military operations. This will thus enhance the EU's capacity as an international security partner, contribute to the protection of EU citizens and maximize the effectiveness of defense spending. However, participation remains voluntary, decision-making will remain in the hands of participating Member States.

European defense is one of the most popular supported projects in EU today, with **more than 75% of EU citizens asking for more European Defense**, as terrorist attacks and cyber-attacks are among the top 3 concerns of EU citizens.

While military budgets cuts have stopped all over Europe, the projection of defense spending for the years to come is growing slowly, which means that the EU will rank third in terms of military power in the world around 2025, instead of second. In terms of share of the global economy Europe will follow a rapidly descending trend up to 2030; this means that there won't be as much resources for a formidable expansion of defense spending in Europe. The Commission is coming with a new logic and tries to **incentivize the developing of military products**, one of the riskiest stages in the development cycle, between piloting and having a working prototype.

EU is pursuing with a **joined-up approach between defense and security** because there are no more boundaries between external defense and internal security, in the present situation the two dimensions represent a continuum. The agreement over the broad foundations of the European defense union is expected to be finalized by the Sibiu special summit in March 2019, with a potential materialization of this by 2025.

One of the empowering myths - *that you cannot build European defense without undermining or competing NATO*, is largely over. The need for more European defense is also emphasized by NATO who is calling for mutually reinforcing relations between the two organizations; **it is about complementarity and definitely not about a competition**. Because the EU doesn't have a Central Intelligence Agency, the cooperation mechanism between states regarding the sharing of data and alert systems are not yet created. It is the duty of foreign ministries to create a platform concerning the sharing of data between national agencies and propose a legal convention that will be the foundation on how different European agencies will cooperate with each other. This will allow for national agencies to leverage all the capabilities from all other partner agencies and to create long-term interoperability.

Defense is and will remain in the court of national sovereignty, but European defense is needed and will be there in order to help preserve that national sovereignty and make it even stronger in the perfect storm that is characteristic for the new world order.

In the last period of time we were very much discussing about enhancing the **military intelligence capabilities, the intelligence surveillance and reconnaissance capabilities**. This means that awareness capability can provide information prior to threatening events take place. Hybrid threats are a combination between conventional and unconventional asymmetric instruments which are used in order to exploit weaknesses, destabilize and divide the cohesion of the Alliance. **Cybersecurity** is different than asymmetric and hybrid threats and NATO needs to create the capabilities to be able to cope with a cyber-attack and to develop cyber defense capability. One of them is the cyber defense command headquarter that's going to be operational in 2018.

The EU needs to be more active in terms of a strategic vision, not just for member states or for NATO, it needs to have a strategic vision for the entire European project in order to respond to the threats it faces.

Romania achieved in 2017 to reach the benchmark of 2% spending on defense, making an important contribution to NATO and to the strategic partnership with the US. It's important to accomplish complementarity between NATO and the EU, ensuring an efficient division of labor will allow the alliance to do better.

Romania at this moment is on the flank of democracy and its values, the country will need to invest more in defense capabilities and give an example not only for neighboring countries but to other member states as well.

Up to now EU's security and foreign policy was built predominantly around soft power. In terms of foreign policy, trying to do things without having real military assets made the Union unprepared for developments in the rest of the world. In the future, **Europe will not be able to project attractiveness as a soft power unless it is going to be backed by hard power capabilities** and that is why European countries are now pursuing the European defense union.

Threats to the transatlantic community

by **H.E. Hans Klemm**, Ambassador of the United States of America to Romania

Russia's aggressive actions in the Black Sea region started with the conflict in Georgia in 2008 and continued with the support of Ukrainian separatists in eastern Ukraine and the illegal occupation of Crimea in 2014. The massive militarization of the Crimean Peninsula and the Black Sea has created great concerns to Romania and NATO. Russian aggression is seen also in the interference in the US elections in the USA and other democracies as well as increasing tensions in the Balkans.

An ongoing civil war in Syria has caused a humanitarian tragedy that includes millions of refugees streaming into Turkey and Europe. Romania a country that has been relatively insulated from the refugee crisis is now seeing an uptick in the number of asylum seekers traveling by boats to and through Romania.

Ever since Russia began its aggression in eastern Ukraine, **NATO has taken steps to ensure that its article 5 commitment is ironclad**. At the Wales summit the transatlantic partners created a readiness action plan to help with the rapid deployment of forces anywhere it may be needed.

NATO also created new institutions like NATO force integration units in each of the eastern flank states, **the Multinational Corps Headquarters in Poland** and **the Multinational Division Headquarters Southeast in Romania**. More recently it created the **very high readiness Joint Task Force**, a spearhead force of around 5,000 troops that can deploy on short notice to threats against the alliance.

At the Warsaw summit NATO leaders decided it was important to do more to bring additional deterrent value to the southeastern flank. In addition to the battalions that NATO established in Poland and the Baltic States, the alliance created what is known as tailored forward presence to help protect Black Sea allies.

Romania was a leader in establishing this initiative; it dedicated an entire brigade from its land forces to form the core of a multinational Brigade. To date Poland has committed to sending a company of infantry soldiers to the brigade, Bulgaria, Portugal, Italy and Germany have also affiliated battalion of troops that will travel to Romania once a year for training and exercises.

An Air Policing element was created and fulfilled by the United Kingdom, Canada and Portugal and will soon include Polish air assets. NATO has also established a maritime coordination element for the Black Sea that will be based at NATO maritime command in Northwood, UK. The US returned an armored third Brigade Combat Team to Europe to be deployed to the Eastern flank countries on a rotational basis.

The US government provided a four-fold increase in European deterrence initiative funding. Now **3.4 billion annual investments into European security enables more US military personnel and assets to be deployed to Central and Eastern Europe** and will allow for improvements in the military infrastructure of our allies. These resources were also used in building critical infrastructure at Camia Turzii airbase, Mihail Kogălniceanu airbase.

Romania | Romania has also taken very seriously the need to modernize its Armed Forces, this year Romania's parliament budgeted 2% of GDP for defense spending hitting the NATO goal established at the Wales summit several years ago. Spending this money Romania will make the country one of the six NATO countries to reach this very critical target. The United States recognizes that *this was no easy effort for the government of Romania and that it had to forego other critical needs in order to increase defense spending by nearly 50%.*

Romania's actions and sacrifices have not gone unnoticed in neither Washington nor Brussels and Romania is being held up as a model for the NATO alliance of what can be done for our common security. In 2017 Romania agreed to purchase one of seven Patriot advanced capability surface-to-air defense systems.

Romania's modernization of the air defense started a few years ago when it purchased 12 F16s from Portugal, replacing its aging fleet of MIG 21s with a modern fourth-generation fighter. The Ministry of National Defense is working with US officials on possibly conducting the midlife upgrade work for the F16s in Romania.

The country has been an outstanding ally and partner to the United States and NATO, participating in Afghanistan from the beginning of the NATO mission and is now the fourth largest NATO troop contributor to resolute support.

"Romania has been an outstanding ally and partner to the United States and NATO" – H.E.

Hans Klemm, Ambassador
of the USA to Romania

In Iraq Romania has committed to deploying 50 gendarme police trainers to help the Iraqi authorities win the peace as Isis is dislodged and defeated in the country. In the Balkans, Romania continues to keep over 50 troops deployed to the NATO mission in Kosovo.

Romania's efforts are appreciated and welcomed by its American partners. The country is firmly embedded in the transatlantic community, within NATO as well as the EU, enjoying the fastest economic growth of all the EU countries and increasing prosperity for its citizens.

68 years of NATO

by **Wayne J. Bush**, Assistant Secretary General for Executive Management, NATO

The role of NATO is to preserve peace and promote stability. The 29 member states alliance is based on the shared values of democracy, individual liberty and the rule of law. NATO's dedication to peace comes explicitly from its founding treaty, the Washington treaty signed in 1949 and in the document that allies committed themselves to, *to safeguard the freedom, common heritage and civilization of their peoples, to unite their efforts for collective defense and for the preservation of peace and security.*

The alliance exists to preserve peace and to defend one another in accordance with Article 5 of the treaty. While NATO's core mission has remained unchanged, NATO has evolved in the way it carries out its mission, as the security environment itself evolves.

The biggest security challenge in a generation includes **a more assertive Russia and instability in the Middle East and North Africa**. NATO does not seek confrontation with Russia. After the Cold War efforts have been made to forge a strategic partnership with Russia, but recent aggressive behavior has undermined trust, stability and security in Europe.

In 2014 Russia illegally annexed Crimea and Russia continues to destabilize eastern Ukraine. For the first time since World War II, one European nation has taken the territory of another by force, dramatically changing our security environment. NATO has a two-track approach to Russia, **defense and dialogue**.

Since 2014, the NATO alliance has significantly reinforced its collective defense not to provoke conflict but to prevent one. NATO's four multinational battle groups in Estonia, Latvia, Lithuania and Poland are fully operational. **NATO is also strengthening its multinational presence in the Black Sea region, in the air, at sea and on land.** This presence is based around a Romanian led multinational framework Brigade. Eight allies have committed to provide Brigade staff and five have committed land and air forces for training and air policing.

NATO continues to seek a more constructive and predictable relationship with Russia and to encourage Russia to once more act within the rules of the international community. Transparency and predictability are critical especially when tensions are high. The risk of unintended consequences, potential incidents or accidents is increasing, when there are more military forces and more exercises along our borders.

The other major challenge the Alliance faces comes from the violent instability that has forced millions of people to flee their own countries and which has had an impact in Romania as elsewhere in the EU and which at the same time has helped to breed extremism and has inspired acts of terrorism.

The transatlantic community needs political, diplomatic and economic efforts to bring an end to conflict and to negotiate and sustain peace. The military needs to counter and defeat groups like Isis. In this collective endeavor NATO must tackle the root causes of terrorism and instability. That is why NATO remains committed to preventing Afghanistan from again becoming a safe haven for terrorists. 39 allies and partners are working with the Afghans to help them make their country more secure and to prevent it from becoming a breeding ground for international terrorists.

NATO is also training Iraqi officers so that they are more effective in the fight against ISIS, while at the same time increasing support for partners in the Middle East and North Africa with a range of training and defense programs.

In this context, the alliance is working to improve awareness among partner countries by sharing information so that allies can take swift preventive actions against the threats they face, including terrorism. Closer cooperation between NATO and the EU has become a strategic priority at the NATO headquarters.

On **hybrid attacks**, the alliance is taking steps to increase situational awareness and to bolster nations' resilience to attacks. Regarding **cybersecurity** NATO will strengthen mutual participation exercises and foster new research. Recent increase of cyber-attacks underlines the importance of strengthening cyber defenses.

The NATO Parliamentary Assembly has made it a priority to encourage allies to spend more on defense and therefore foster fairer burden-sharing. After years of decline in 2015 there was a real increase in defense spending across European allies. That is expected to see an even greater **annual increase of 4.3 percent**. That represents three consecutive years of accelerating defense spending. This means over the last three years European allies and Canada spent approximately \$46bn more on defense.

Last year five allies met NATO's benchmark of spending 2% of GDP on defense, but in 2017 Romania has joined them. In 2018 Latvia and Lithuania are expected to do the same. For the last 68 years the purpose of NATO has remained committed to preserve peace, but in the face of new and evolving security challenges, the Alliance has adapted and will continue to adapt to fulfill its core mission.

Global Trade – China’s Belt and Road Initiative

China’s BRI project is getting more and more traction, as it grows both geographically and investment wise. It has become an important economic opportunity for the countries it involves and of interest to the EU and other partners. What will be the future of the project and at its economic and political implications, challenges and opportunities?

Keynote address:

Li Yujie, Councilor of European Affairs Department, Ministry of Foreign Affairs of the P.R. of China

Panelists:

Tengiz Pkhaladze, Foreign Relations Secretary, Administration of the President of Georgia

Alexey Golovin, Vice President Corporate Development and Strategy, KMG International Group

Cristiana Pasca Palmer, UN Assistant Secretary General and Executive Secretary of the UN Convention on Biological Diversity

Doru Costea, former Ambassador to People’s Republic of China and Mongolia

Xiong Tao, European Affairs Department, Ministry of Foreign Affairs of the People's Republic of China

Moderator: **Rene Schob**, Partner, KPMG

The Belt and Road Initiative (BRI) was proposed by China but it must not be considered China’s project, as more than 100 countries and international organization have joined the initiative talks and **more than 40 of these have signed a cooperation agreement with China**, reaching a broad consensus on the BRI. **Openness, inclusiveness and mutual benefit are the defining features of the initiative and the source of its strong appeal.** The BRI participating countries have pooled together to build the educational & health silk road and carry out cooperation in **science, education, culture, health and people to people exchange.**

The Belt and Road Forum, held in China in 2017 came in the context of a slow recovery of world economy, raising protectionism and growing concerns regarding globalization. In this respect, the initiative continues to focus on ways to improve bilateral and multilateral cooperation on **infrastructure, connectivity and sustainable development.**

China’s is set to investment in BRI countries more than \$50bn and is already committed to several projects. Ongoing or finalized transport infrastructure projects of the BRI initiative includes **railway building**, connecting *Jakarta and Bandung, China and Laos, Ethiopia and Djibouti, Hungary and Serbia*; as well as **port upgrading**, such as *Gwadar in Pakistan*. Chinese companies have set up **56 economic cooperation zones** in over 20 countries, **generating \$1.1bn of tax revenue** and **180.000 jobs.**

The Asian Infrastructure Investment Bank (AIIB) has

“Welcoming cooperation with open doors and ensured benefits for all is the only road forward” - Li Yujie, Councilor of European Affairs Department, Ministry of Foreign Affairs of the P.R. of China

provided \$1.7bn of loans for 9 projects in BRI participating countries, the Silk Road Fund has made available \$4bn for investment and the 16+1 financial holding company between China and 16 CEE countries has been inaugurated. In 2017 a quarter of BRI countries were represented by the CEE states.

China sees the 16+1 cooperation as **an important gateway to incorporate the BRI into the EU economic circle**. *Interconnectivity, international cooperation and strategic synergy* are the founding principles of the cooperation mechanism. The 16+1 cooperation countries managed to identify 5 fields of connectivity:

- Policy
- Infrastructure
- Trade
- Financial
- People to People

The BRI was launched in 2013 and it took two years of debates and articles in all newspapers and specialized magazines both in China and abroad for people to understand what it was about.

At the beginning, it was seen as a balancing program meant to develop the poorer parts of the country, focusing on the effects that such an initiative would have on the North-Western parts of China. Another perspective was that the initiative was going to be a **Marshall Plan 2.0 with Chinese characteristic**. In 2015 the document was released that brought much needed clarification and people began see more clearly what the initiative was about. Chinese officials consider that the BRI is set out to be **a road for peace, for prosperity, for opening up, for**

"We should foster a new type of international relations, fostering win-win cooperation and focusing on the fundamental issue of development, in order to build major economic corridors, deepen interconnectivity and industrial cooperation, are establishing a stable and sustainable financial safeguard system. We should build an open platform for cooperation and make economic globalization open, inclusive, balanced and beneficial to all. We should pursue innovation driven development and the new vision of green development, which establishes a multi-tiered mechanism for cultural and people to people exchanges."

Li Yujie, Councilor of European Affairs Department, Ministry of Foreign Affairs of the P.R. of China

innovation and for connecting nations.

Implications and challenges | Considering that scale of the Chinese commitments, such a huge initiative cannot avoid the geopolitical implications. It is a way in which China's influence will expand. A strategic component of this project needs to harmonize this project with other national interests, projects and initiatives. There are no less than six initiatives in this respect. Besides the Chinese vision of the BRI, there are other initiatives coming from Russia, Japan, Iran, ASEAN and India. All of them are representing visions which are both competing and complementing the others. The BRI is set to develop a corridor made of 5 pillars: **(i) highways, (ii) pipelines, (iii)**

electricity networks, (iv) logistic parks and (v) internet fiber optic networks. This raises concerns regarding *what, how, and who? Is it going to implement it?* The message that the Europeans and other partners are sending to their Chinese counterparts is that there is also a number of **local companies and priorities that need to be taken into consideration.**

Financial conditions represent a huge problem of the BRI, even though there are existing funds for initiative related projects. There are potential loans that represent in some cases a high percentage of a country GDP and even if the funds are available at encouraging rates, they must be paid back. Some of the territories that these projects are meant to cross present a lot of risks and dangers and this is something that the Chinese authorities are very much aware of.

Green Development | A common practice when discussing development is to ignore the trade-off regarding how much development is costing the ecosystem. Connectivity infrastructure is meant to support societies in their development, but an ecological cost on ecosystems must be taken into consideration when talking about infrastructure. Environment protection is usually approached from an angle of protection at the expense of development and less industrialized countries state their own right to continue to grow and develop. Taking care of the environment is seen as a luxury.

The planet that will approach nine billion people by 2050 and the planetary systems do not support this kind of development. In the United Nations' 2030 agenda for sustainable development every country has to adhere to 17 sustainable development goals that are universal and that mention that each country can grow and develop and achieve eradication of poverty, well-being, good quality of life for their people but in a way that ensures the continuation of this ecological infrastructure.

The Belt and Road Initiative, which has the potential to become the largest infrastructure development program in history is about connecting people and about building bridges bringing peace, but an infrastructure development at this scale that covers almost half of the Earth's land territory needs to be done responsibly. The Chinese government understands these challenges and it thus concluded a memorandum of understanding with the United Nations environmental organization to green the Belt and Road Initiative.



The business perspective | The initiative is also a way of promoting trade and ensuring the smooth flow of goods from China across Central Asia, Middle East and to the European markets, but at the same time it is a two-way street. This will represent a significant opportunity for European

companies to deliver the equipment the technologies to China.

According to Chinese officials the land Silk Road route has a significant competitive advantage in terms of speed over the traditional maritime route. The time it takes goods to go from Yiwu to Madrid is set at 24 days, after infrastructure investments are made in connecting all countries along the Silk Road, goods will be able to reach the same cities in 21 days.

Cooperation between all states along the connecting railway is crucial. Because of the different track gauge of some countries, containers need to be lifted and be put on other trains with wider track, which is a time consuming and costly procedure. There are situations in which half of the time trains are running and half of the time they are waiting to be transferred to the different tracks. A standard railway system across Eurasia would continue to significantly shorten the time of travel.

The Belt and Road Initiative is more about development and infrastructure rather than a geopolitical strategy, it is more about a win-win cooperation rather than winner-takes-all.

Xiong Tao, European Affairs Department, Ministry of Foreign Affairs of the People's Republic of China

Romania, Beyond Europe | Given the rise of new trade powerhouses outside of the transatlantic community, Romania is focusing on trade beyond the EU. The country seeks to **leverage its economic stability and geography to become a Gateway to a 500 million consumers market**. MSCI currently ranks Romania as a frontier country, but is considering a promotion to emerging market status; this will mean the country will be in this classification in the next year a few months.

In the next 3 to 5 years Romania may benefit of about **10 to 12 billion euros of direct investments** as part of the BRI. One of the main priorities in Romania for policymakers is to attract foreign direct investments and support further economic growth and this initiative offers the best of opportunities. As the country is situated as an entry point to the EU market, it has all the ingredients to become a Gateway. **Romania Gateway Project** is a strategic project of national interest that focuses on leveraging the country's geography in order to become a commercial hub connecting Asian Trade to the European Economy.

Romania has a unique opportunity to play an important role in the BRI's energy dimensions as it already scores quite high in terms of energy security in European Union. Rompetrol is a downstream oil company with the home market in Romania. Owned by national company KMG from Kazakhstan and China, it has the potential to become a successful story of the BRI.

Romania Gateway is a project of the Aspen Institute Romania, in partnership with McKinsey & the Romanian Government that sets out to capitalize from being located strategically at the intersection of numerous roads connecting the East and the West, as well as the North and the South and on the transit axis between Europe and Asia. As the country has access to multiple modes of transportation (road, rail, and waterways) and is well positioned to capture cargo flows towards CEE. In addition, Romania benefits from a skilled and competitive work force and extensive fertile land that could allow it to become a powerhouse in services, industry and agriculture.

Japanese expectations | Given that the EU and Japan have finalized negotiations on a trade agreement that will remove barriers, shape global trade rules in line with high standards and shared values, the relationship between Japan and Romania has large potential to grow. Future cooperation might include: *transport infrastructure, urban resilience, business investments (automobiles, aerospace, IT, agriculture)*. Past cooperation between the two countries includes past concessional loans for *Port development, Rail modernization, and Environmental protection measures*.

EU firms already export over €58bn in goods and €28bn in services to Japan every year. Romania exports to Japan around €400mil (mostly textiles, wood & cork products) while importing about €310mil (mostly autos, machinery, electronics), being one of the few countries that Japan has a trade deficit with.

A more political dimension of the agreement established a strategic partnership that covers mainly almost 50 items, including *politics, culture areas, science and technology*. The agreement is built around common values both parties share, fundamental values such as: *market economy, democracy, rule of law, human rights*.

Japan is trying to develop capital markets in Romania and improve infrastructure and competitiveness within the EBRD framework. Main goals include:

- Inducing lending & developing capital markets (local currency bonds, equity & mezzanine financing)
- Improve infrastructure & municipal services (Sustainable Mobility & Access to Road Transport)
- Strengthening competitiveness (corporate governance & management reforms)

Georgian lessons | Georgia plays its role as a frontier country and after signing in 2014 a free trade agreement with the EU it signed an FTA with China, making the country connected to two of the world's largest markets. The country's development has registered good performances when it comes to the business environment. Low levels of corruption and deregulation made the country rank 9 in the Ease of Doing Business report. According to the World Bank, Georgia managed to improve its position "*with tangible reforms implemented in three key areas this year – making electricity more affordable, strengthening minority investor protections, and making resolving insolvency easier – Georgia continues to be a top reformer in the Europe and Central Asia region, and is poised to accelerate inclusive and sustainable growth*."

Innovation and Sustainability in the Energy Sector

Technologies such as smart, integrated, digitalized grids and the analysis of big data are leading to the emergence of prosumers and creating efficiency on the market while contributing to environmental sustainability. Embracing these innovations provides a major economic opportunity for Romania and the region.

Alessio Menegazzo, Head of Sustainability and Public Affairs, Enel Romania

Eric Stab, Chairman & CEO, Engie Romania

Dickon Pinner, Senior Partner and Leader of Sustainability & Resource Productivity Practice, McKinsey&Co.

Valeriu Binig, Partner, EY Romania

Constantin Damov, Co-founder, Green Group

Moderator: **Cristian Pirvulescu**, CEO and Founding Partner, ENEVO Group

Over the past 10 years the energy sector is going through what is considered to be **the Green Revolution**. The initial principles of this transformation set out to produce the capacities required to generate abundant, sustainable and reliable affordable energy. In 2006, Thomas Friedman was pointing out in his book *Hot, flat, and crowded* the issues to be tackled in the next 10 years:

- energy resources
- oil supply and demand
- climate change
- biodiversity loss
- energy poverty

Although significative progress has been made in these last 10 years, the industry is still far from reaching its potential. New concepts such as smart grids, big data, prosumers and others are supposed to bring the sector closer to the promises of the green revolution.

The disruptive force of technology inspires big companies in the energy sector like Enel, Engie to focus more on innovation and sustainability and follow the pattern set up successfully by some of the digital giants. Tesla is the biggest company by market capitalization in the automotive sector, a company that was not existing 15 years ago and has produced so far less than 1 million cars. Netflix allows subscribing to its service in less than 2 minutes, a timeframe which is unachievable by any other services company. These models set a benchmark that the utility sector will try to trail.

The classic model of energy distribution companies is going through a transformation, if in the past the model was shaped in order of magnitude by the terawatt, then by the gigawatt, now by the megawatt, in the future the discussion will be around the watt. This means that the capabilities of the energy sector were built around big infrastructure projects and at the end of the value chain, the client had the role of a passive consumer. **The future of the energy sector is one in which the consumers will lead the market.**

The transformation of the energy sector that is changing the business model of all energy companies is focused around the 4 D's:

- **Decarbonization**
- **Decentralization**
- **Deregulation**
- **Digitalization**

Decarbonization | The massive development of renewable energy across the world led to a significant growth in renewable generation capacities. A decade ago the standard unit in the energy industry was the gigawatts, because that was the typical size of a nuclear reactor or of a large coal fired power plant. When renewables started to develop the new standard was the megawatt and as more consumers become their own producers **the new standard will be the kilowatt**. Within 10 years the standard unit in the energy sector decreased by a factor of 1 million and this will continue to dramatically change the business model of the industry.

Taking into account that *the cheapest energy is and will always be the energy you do not consume* suggests that there are huge benefits to be gained from improving efficiency and optimization. In Romania there are still a substantial number of buildings that need insulation upgrading. **The energy intensity of Romania is almost twice that of the European average**, in terms of efficient use of resources Romania could drastically improve efficiency and bring the energy intensity of the country down to the EU level. This will generate significant cost cuts and by decreasing the volumes consumed and it will help get more and more people out of energy poverty.

"The cheapest energy is and will always be the energy you do not consume" - Eric Stab

Chairman & CEO of Engie Romania

Decentralization | The fact that more and more consumers become prosumers, means that not only do they generate their own required energy, but they can add the surplus in the distribution system. This means it becomes increasingly decisive to develop of **on-site generation**. Energy suppliers, distributors and supply networks need to adapt to this shift before there are more and more micro cogeneration plants being built (in hotels, in office buildings, etc.), **changing the model from large power plants towards a decentralized world of micro production units**.

Deregulation | The process is taking place in many European countries and it's especially acerbated in Eastern Europe. The member states in the region still need to converge to the rest of European standards of energy markets liberalization. This has a number of consequences that must be dealt with carefully, but on the long run it brings the benefits of a freer market.

Deregulation is raising the question of how to take care and **protect the vulnerable consumers**. This is an important topic in Romania, that still hasn't defined the vulnerable consumers, but it's not the only country in this situation. Suppliers of energy and government officials need to come together and come up with solutions and to try and get as many people as possible out of energy poverty.

Digitalization | An important role for public utility companies is given by their **interaction with costumers** and in this regard **digitalization is a massive game changer**. This is also true when it comes to the **internal processes** of the energy companies. Simplifying the relation with the costumer brings a competitive edge. If in the past people used to stand for even half an hour to pay their energy bills, now they can pay it in several minutes via a smartphone. Companies focus on the many applications that can be developed by energy suppliers that make the life of customers easier.

Disruption | The speed at which technology advances determines companies to be on the look out for the **next big thing**. Cooperation and partnering become crucial for energy companies that search to invest in the future “*Uber of the energy sector*”. Not adapting in time to the new trends might lead to a quick contracting of some of the big energy companies.

McKinsey Insights | Energy demand is going up year by year, but it's decoupling from GDP growth. There are a couple of big sources of change that are coming:

Energy intensity of the economy (EU)		2016
1	Bulgaria	422.6
2	Estonia	345.9
3	Czech Republic	239.0
4	Poland	231.4
5	Hungary	231.4
6	Romania	214.5
	EU 28	118.6

Source: Eurostat

- In the oil and gas industry the demand for liquids will peak around 2040, according to McKinney research, with the **demand for road transport liquid liquids potentially peaking as early as 2025**.
- **Electrification of industries** will probably double the demand for electricity from about 770 petajoules today to about 1400, **a two fold increase**.
- On the demand side we see regulation from countries like France and **UK banning diesel and internal combustion engines by 2040**. China recently came out with a similar announcement but without mentioning a date.
- On the supply side **renewables are built up at a rate of about 3 gigawatts per week**, in the US it's close to \$20 per megawatt hour in terms of costs.
- One of the biggest disruptions in the energy industry is **the shale gas revolution** that is turning coal plants off one by one throughout the US. In the US the percentage of coal and the power sector has gone down from around 40 percent in 2014 to about 30 percent in 2017, displaced almost entirely by natural gas.
- Renewables, seen as non-carbon assets represent about 500 billion dollars. By 2050 it is estimated that it will go up to about 3.5 trillion, a 7x increase both on supply, but especially on the demand side (efficiency).
- Carbon emissions were flat around 34 gigatons; this means that the industry is almost 25% over where it needs to be by 2035.

Business model disruption | Renewables run a zero-marginal cost and so the incremental costs nothing, a dispatcher always puts it at the front of the queue and therefore a nuclear or a coal plant cannot run. Decentralization is eating into the capital of regulated utilities would like to get. Even a 1% penetration of solar is hugely disruptive to a regulated utility, if their growth would be of only 1.5% per year. In 20-30 years a huge problem will arise from stranded assets that will be inadequate and uncompetitive and would need to be replaced.

There is **a trend in mobility that is set for a complete disruption in sort of 10-15 years**, as opposed to 50 in the power sector. Circular economy would bring a drop in car ownership, at present almost 4% of the cars cycle is spent driving; the rest of 96% is parking time. The mobility sector is ripe for disruption, **reducing the cost per mile with almost 90%**.

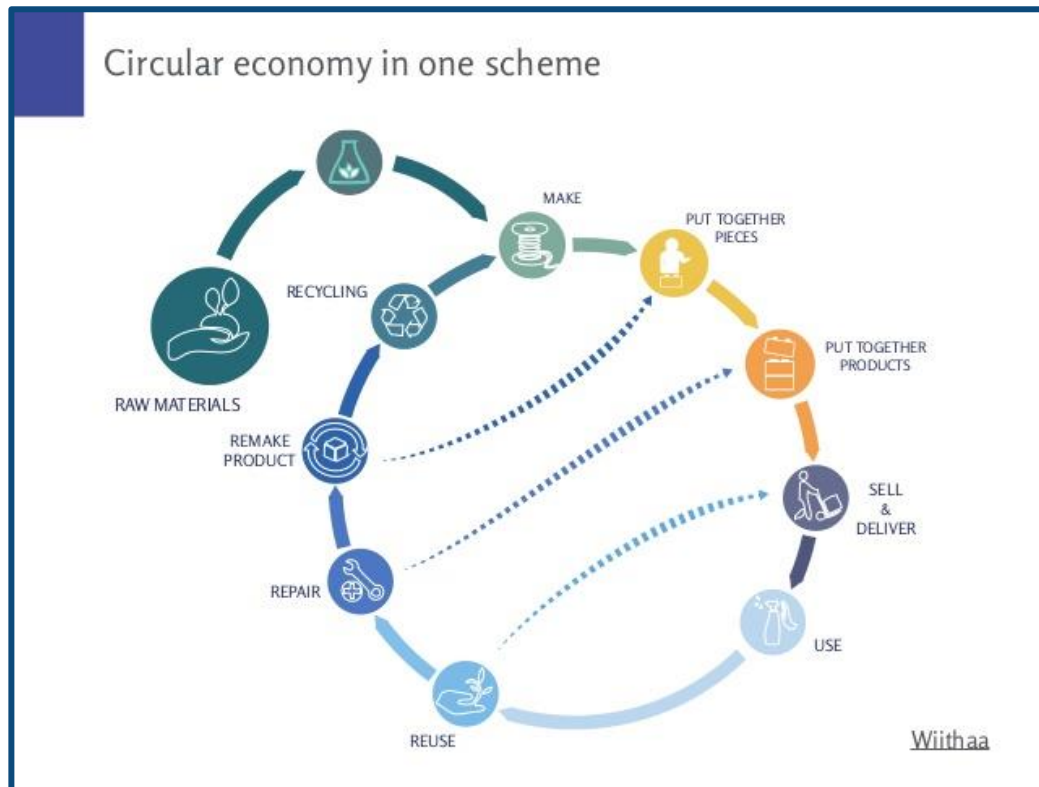
Public Sector Data | Companies have to prepare for the “**data tsunami**” and need to know what they can do with this data and what will the regulations look like. The utility companies are going to handle more and more personal data of their customers and that comes with increased responsibility and risks.

On one side they have to align to the new **general data protection regulation** which will be in force starting July 2018 and which has been perceived as **combining a legal compliance challenge and cyber-security concerns** for the utility companies.

Initially, some utility companies started by defining a common IT system which would process the data, but it was discovered that the framework for the usage of the data wasn't yet created. The question that presented itself was: *if the distribution arm of the group makes available data about grid users to its affiliated supplier it should do it against a charge or should it do it freely? and should all the suppliers which are using the same grid do the same?* Another debate which is taking place in the energy industry is about the regime of utility companies' data and if it should be considered **public or private data**.

The utility companies concentrate more and more provisions on energy related services and this trend goes towards delivering the energy commodity for very low prices just for the sake of being present in the household and delivering services. That is why some utility companies started offering **smart home solutions**, which obliges companies to become competitive in this field. More and more integration between energy supply and IT services will make for an accelerated digitalization of the sector. The changes of the business model can be seen as non-traditional competitors meet tendering for the same projects. For instance, at a local project in Croatia, Deutsche Telekom and Philips Lighting were competitors for the same Smart Luminating project.

Waste Management | The circular economy is disconnecting the economic growth from consumption. The Human race is consuming 41 billion tons of natural resources every year. This is



a cost that our planet is paying for which about 91% of the consumption will become landfill waste. Every piece of waste can be reoriented into another process and recycling companies such as the Green Group are trying to do this. Nature cannot process most of the generated waste or it processes it too slowly, this leaves the responsibility of processing waste to human activity. The linear economy is always creating waste because at the end it is a wasteful system: *extracting, building, consuming and dumping*. This needs to change in the direction of **a zero-waste world** in order to achieve a higher sustainability level but also because it makes economic sense.

Nuclear | Nuclear is perceived by one category of people as low carbon while others see it as a dangerous source of nuclear waste. The European Parliament tried to promote a carbon tax and the main opposing party was the Green party, because they oppose energy generated from nuclear sources.

At this moment the recovery of a nuclear plant investment is beyond 30 years, more than the threshold of a normal commercial project. The future of nuclear depends very much on the place the plant is supposed to be built. In market driven economies it is extremely difficult to build a new nuclear power plant today. Mostly for two reasons, one is the cost, when analyzing the price of electricity today and the cost of a nuclear power plant, the price of electricity needs to be much higher in order to have a bankable investment project. The second reason is that investment horizon for a nuclear power plant is very long. The entire life cycle of a nuclear power plant takes about a century, from the planning stage, the construction period, the production period and then

the dismantling. It is very difficult in short-term market driven economies to take such decisions. It is easier in countries that face massive growth of energy, demand that is maybe less market driven and where the state is making a comeback.

Who is Afraid of Technology?

Technology has reached the point in its development when it affects and may change industries, economies and societies. These changes require adaptation, and consequently public policies that foresee these changes and propose measures that maximize the benefits they yield and minimize the negative impact.

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Tyson Barker, Program Director, Digital Program, Aspen Institute Germany

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Maria-Cristina Matei, Chief Operating Officer, ING Romania

Bogdan Balaci, General Manager South-East Europe, Philips Lighting

Moderator: **Steve Clemons**, Washington editor at large for The Atlantic and editor of the Atlantic Live

The importance of apps and social media in the daily life of people is growing beyond the existing regulatory framework, which means that institutions are required to take more responsibility in trying to protect citizens from malicious actions against them. It is not possible to oppose the technology progress, nor is there a way to block it. Recent events give a clear sign that the world finds itself in the early stages of a new type of order. Technology is a disruptive force among other forces that shape the new world order.

Through **fake news** on Social Media, Facebook, Twitter or Google are able to amplify a message for a relatively small amount of money and, as seen in the US elections, **it can be used to interfere with the democratic process of other countries**. In the past, if a country had tried to interfere in another country's election process through TV ads, the signals would have been much clearer and easier to counter.

But technology can also bring a sense of impatience, ten years ago if something didn't work people were not so dependent, in 2017 just a few minutes without internet or tech support creates productivity blockages leaving society vulnerable. Technology is moving **from an almost exclusively information technology data environment, to an operational technology environment** or an internet of things environment in which almost everything is connected to the Internet.

The fact that Facebook is a 2 billion client platform could not have been stopped; the same can be said about fake news. The need for deep and critical discussion about institutional and legal reform is overdue, as the system requires antibodies and institutions that must assume responsibility for those that run those services and protect consumers in vulnerable situations.

In the beginning, especially in the United States, there was this idea that technology is inherently good. Hillary Clinton's response to the Arab Spring was that technology is coming and it's spreading democracy, but now it is evident that **technology is an enabler, it enables good behavior as well as bad behavior**. Technology should be seen as **ethically neutral**. 3D printing is one of those technologies that have the potential to unleash human development to new levels. By looking at the United States, the number one use of 3d printing is dominated by weapons-related activities.

When talking about cybersecurity the conversation is not just about data, embarrassing leaks or disinformation, it is about personal safety and that brings a significant change to the discussion. The state is making a comeback in this space and it's also trying to reform the tax framework. The state needs to address shortages in legislation and present viable competition policy, directives on data protection & cybersecurity. The amount of taxes that the big platforms monopolies should pay needs to be addressed, as many of the companies are making money in large amounts and they're not paying as much in taxes as traditional companies.

Fake news | The political anxiety which came out in the US, made Donald Trump raise on a wave of populist anxiety against trade and immigration, but that same anxiety in the US will take form against technology as a subconscious expression. In 29 of the 50 states in the United States the number one job is driving and that could be replaced by automated driving according to a McKinsey study. In Germany 62-77% of working hours for low-skilled labor will be automated and this will cause fear and unsettledness for an already concerned population.

There are about 4 million lesser educated or non-degreed drivers of commercial trucks, the commercial trucking industry is ripe for replacement and the demographic profile of those people is: white males, with no higher education, that live in Midwest & Mideast America. This fits the profile of the communities that are most upset by the establishment and that are prone to illiberal views. **These transformative forces will create a social and political challenge as well as anger and frustration.**

Technology can do things; can implement things better than humans, but the individuals are adding the content. Two main forces that are shaping the technology-related forces that are shaping our lives our businesses one of course is:

The Internet and as Freedman has called it, as a **third globalization** – is making the world flatter and is reducing barriers. Internet acts, as well, as an enabler for good and for the bad things.

At present, the success is based on sharing the infrastructure. In the future, strategic infrastructures like *telecoms, lighting, and energy* will become the main infrastructure encouraged by the adoption of the **internet of things**. More and more people will start to consume **different assets or different goods as a service**; this seems to be the case for the car industry as well. It is expected that in the near future the business model will include paying per use of a vehicle, as a utility and not buying the car.

This force has the power to disrupt major industry actors and change businesses across all the industries. An interesting phenomenon can be observed in the Silicon Valley where the people who are most afraid of technology are the technologists. They're afraid of being disrupted, they've seen the impact new technology can have on a business model and so they're taking measures to prepare themselves for all sorts of business threats. But disruption also creates opportunities, there are a large number of startups that began during the financial crisis, Uber, Airbnb, Warby Parker identified opportunities when big established companies were paralyzed, fearing of the risks.

Polarization of society | The digital gap has different forms, one is **the gap between generations**, younger people are more adapt to the new environment; another one is between rich and poor countries, **infrastructure** being one of the elements that provide access to Internet; adequate **education and technological knowledge**, all these are responsible cause for the **digital divide**. The rate of access to internet in Africa vs. the US, the internet speed across different countries, cybersecurity will all prove to be factors that offer a competitive advantage to some countries, but it will also foster a digital divide.

The polarization problem is set to unleash social tensions. In this regard credible institutions should tackle and address the threats caused by polarization and malicious activity online, but the problem the world is facing is that **it is harder and harder to find those institutions that are credible in the eyes of the public opinion**. The primary threat to the US is the distrust in institutions which is leaving the country so vulnerable, as seen in the case of the Russian meddling in US elections.

As technology advances it has the potential to displace more and more people, especially from those **jobs that are single skilled based**. The social contract is challenged by technology, if up to now people followed a relative simple pattern *going to school, getting educated, getting a job, create a better life for themselves and their kids*, the model is now challenged by a world in which machines can run each other and communicate to each other sometimes much easier.

Technology is a game-changer as never seen before in human evolution. *The internet of things, blockchain technology, smart homes, artificial intelligence, big data*, and so many others create **a new archetype of the workforce**. It is the duty of educational institutions to build capacities and train the young generations with much needed skills.

Romania has a very literate IT community and there are lots of new specialists. But education in the IT sector will be facing a challenge in preparing future generations of Tech engineers. The high demand for IT personnel already created a wage gap on the Romanian labor market. Those people working in IT are already at European level wages, while the education system is lagging behind. It will be difficult to find much needed teachers, for all levels of education, if the education system won't go through a structural reform.

Year after year, the business life cycles are much shorter, that leaves less space to adjust, while responsibilities continue to grow. This begs the question: **are there limits to the amount of responsibility human beings can manage?**

Looking Forward

Looking forward after the 6th edition of the Bucharest Forum leaves us thinking of the opportunities and threats that lay ahead, for business, for security, for long-standing alliances. In the context multiple threats and having learned from the eurozone crisis, the EU and its institutions need to deliver concrete results for their citizens, in order to re-earn the legitimacy of its people. All of these, in the context of multiple pressures that are upsetting European stability, such as: **economic disparities, social tensions, migration, Brexit, populism, Euroscepticism and technological disruption.**

Europe and the US are concerned that the transatlantic partnership might stray away from the common values and principles that bind the alliance together. As a reaction to Russian aggressions in Europe, the US is taking into consideration the need to pivot towards the Black Sea which provides great opportunities to Romania and its neighbors.

Romania and other countries in this region are trying to better understand their roles and to position themselves for what lays ahead. Not long ago, there was a notion that becoming part of NATO will represent the end of history; events showed that things couldn't be further from the truth.

For Romania, as well as for other countries in the region, a couple of exceptional opportunities arise that would allow them to escape from the periphery and become closer to the European core. In the context of an US security pivoting around the Black Sea, Romania has the opportunity to become a more dynamic, diverse, prosperous and better governed country. Following the reiterated commitment of allocating 2% of GDP for defense speeding constitutes a solid base for speeding up the modernization process of the Romanian Armed Forces.

“when I see youngsters and the future generations not dreaming credibly about a better life that moment political establishments running the show are in dire straits” – Mircea Geoană

The challenges facing Europe have brought about a positive meaning of the crisis, the strong and widely shared certainty that an integrated Europe future offers better prospects for European countries and citizens than a fragmented one. **Europe's chances of revival are based on unity and solidarity, on a new system of center and periphery in Europe needs two “lungs”.** The EU should aim for as much unity as possible and as much flexibility as necessary. In order to avoid any centrifugal dynamics, it would be useful for the Franco-German initiatives to get the support and ownership of governments from North to South and from

East to West.

The AGENDA



Day I - Opening Addresses

09:30 – 09:50 Opening addresses

Mircea Geoană, President, Aspen Institute Romania

Alina Inayeh, Director of the Bucharest Office, German Marshall Fund of the United States

09:50 – 10:00 Keynote address

H.E. Teodor Meleșcanu, Minister of Foreign Affairs, Romania

10:00 – 11:30 - A Transatlantic Anchor for Europe's Periphery

Ilan Laufer, Minister for the Business Environment, Commerce and Entrepreneurship

Decebal Făgădău, Mayor of Constanta

Patricia Wruuck, Economist, European Investment Bank

Yosuke Kawakami, Director for Japan, Board of Directors - EBRD

Soomin Park, Alternate Director for Australia, New Zealand and Korea, Board of Directors - EBRD

Moderator: **Harlan Ullman**, Senior Adviser, Atlantic Council

11:45 – 12:45 - A New Economic World Order: What Role for Emerging Europe?

Cornel Ban, Assistant Professor, The Frederick S. Pardee School for Global Studies, Boston University

Andrew Wrobel, Head of Editorial, Emerging Europe

Moderator: **Liz Claman**, Anchor, Fox Business Network

13:30 – 14:30 - Trumpism, Technology & the New World Disorder

Mircea Geoană, President, Aspen Institute Romania

Liz Claman, Anchor, Fox Business Network

Samuel Burke, Business and Technology Correspondent, CNN

Moderator: **Harlan Ullman**, Senior Adviser, Atlantic Council

14:45 – 16:45 - Regaining Its Tempo

Europe Looking Ahead...

Victor Negrescu, Minister Delegate for European Affairs, Romania

Andreea Păstârnac, Minister for Romanians Abroad

Angela Cristea, Head of the European Commission representation in Romania

...Beyond the Next Two Years

Lilyana Pavlova, Minister for the Bulgarian Presidency of the Council of the EU

Matti Maasikas, Deputy Minister for EU Affairs, Ministry of Foreign Affairs, Estonia

Franz Fischler, President, European Forum Alpbach

Moderator: **Ali Aslan**, TV Host and Journalist, Deutsche Welle TV

17:00 – 18:45 Strategic Hedging and Power Politics

Divide ...

Aleksandar Andrija Pejović, Minister of European Affairs of Montenegro

H.E. István Íjgyártó, State Secretary of the Ministry of Foreign Affairs and Trade of Hungary

Amir Muharemi, Assistant Minister, Ministry of Foreign and European Affairs of Croatia

... and Conquer

Mustafa Aydin, Rector, Kadir Has University

Pavel Felgenhauer, Analyst, Novaya Gazeta

Nicolas Tenzer, Chairman, Center for Studies and Research on Political Decision

Moderator: **Tim Judah**, Special Correspondent, The Economist

Day II - Opening Addresses

09:30 – 10:00 Opening addresses

Mihai Fifor, Minister of National Defence, Romania

H.E. Hans Klemm, Ambassador of the United States of America to Romania

10:00 – 10:15 Keynote address

Wayne J. Bush, Assistant Secretary General for Executive Management, NATO

10:15 – 11:30 Maintaining Security, Advancing Defense – A Trans-Atlantic Challenge

Gen. Nicolae Ciuca, Chief of the Romanian General Staff, Ministry of National Defense, Romania

George Ciamba, Secretary of State, Ministry of Foreign Affairs of Romania

Gabriel Vlaşe, Vice-President of the Chamber of Deputies, Parliament of Romania

Mihnea Moțoc, Deputy Head, The European Political Strategy Center

Moderator: **Radu Tudor**, Political and Defense Analyst

11:45 – 13:15 Global Trade – China’s Belt and Road Initiative

Keynote address:

Li Yujie, Councilor of European Affairs Department, Ministry of Foreign Affairs of the P.R. of China

Panelists:

Tengiz Pkhaladze, Foreign Relations Secretary, Administration of the President of Georgia

Alexey Golovin, Vice President Corporate Development and Strategy, KMG International Group

Cristiana Pasca Palmer, UN Assistant Secretary General and Executive Secretary of the UN Convention on Biological Diversity

Doru Costea, former Ambassador to People’s Republic of China and Mongolia

Xiong Tao, European Affairs Department, Ministry of Foreign Affairs of the People's Republic of China

Moderator: **Rene Schob**, Partner, KPMG

14:00 – 15:30 Innovation and Sustainability in the Energy Sector

Alessio Menegazzo, Head of Sustainability and Public Affairs, Enel Romania

Eric Stab, Chairman & CEO, Engie Romania

Dickon Pinner, Senior Partner and Leader of Sustainability & Resource Productivity Practice, McKinsey&Co.

Valeriu Binig, Partner, EY Romania

Constantin Damov, Co-founder, Green Group

Moderator: **Cristian Pirvulescu**, CEO and Founding Partner, ENEVO Group

11:45 – 12:45 Where Would It Break First?

Interactive Session with:

Steve Clemons, Washington editor at large for The Atlantic and editor of Atlantic Live

16:30 – 17:45 Who is Afraid of Technology?

Samuel Burke, Business and Technology Correspondent, CNN

Tyson Barker, Program Director, Digital Program, Aspen Institute Germany

Mihnea Costoiu, Rector, Politehnica University, Bucharest

Maria-Cristina Matei, Chief Operating Officer, ING Romania

Bogdan Balaci, General Manager South-East Europe, Philips Lighting

Moderator: **Steve Clemons**, Washington editor at large for The Atlantic and editor of the Atlantic Live

** The night-owl sessions & the European Investment Climate and Policies panel are not included in the agenda as the discussions were conducted under Chatham House’s rules.*

This report is written from the perspective of informed observers at the Bucharest Forum. Unless attributed to a particular person, none of the comments or ideas contained in this report should be taken as embodying the views or carrying the endorsement of any specific participant at the event.



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