



From Potential to Power: How Romania and the CEE Region Can Build Competitiveness Through Innovation and Digital Transformation

Working Lunch Insight Paper
*Aspen-GMF Bucharest Forum,
2025*

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About the Paper

This insights paper draws on a closed-door Working Lunch organised on 23 October 2025, as a side event of the **Aspen–GMF Bucharest Forum**, under the aegis of the **Aspen Technology & Society Program** of the Aspen Institute Romania.

The Working Lunch convened a small group of senior decision-makers from government, business, finance, academia, and the innovation ecosystem for an off-the-record, moderated roundtable discussion. The format was designed to encourage open exchange, cross-sector dialogue, and candid reflection on shared challenges and priorities related to innovation, digital transformation, and economic competitiveness.

The discussion focused on identifying structural constraints, governance gaps, and strategic choices relevant to Romania and the Central and Eastern European region, with the aim of generating practical insights and policy-relevant reflections.

The present paper synthesises the main themes, observations, and recommendations emerging from this exchange and contributes to the 2025 Aspen Technology & Society White Paper.

Introduction: A Decisive Decade for Competitiveness

Europe is entering what many describe as a make-or-break decade for global competitiveness. One year after the publication of the Mario Draghi Report, the European Union remains far from delivering the coordinated, investment-driven push required to remain globally relevant in the face of US and China's accelerating innovation cycles.

For Romania and the CEE region, this moment is even more pivotal. The challenge is no longer about diagnosing weaknesses — but about acting boldly, coherently, and visibly within the European policy arena. During the Aspen–GMF Bucharest Forum Working Lunch, participants from government, business, academia, and the innovation ecosystem converged on a central question:

What is the single most important lever Romania and the region must activate to translate digital innovation into real economic competitiveness?

Their answers form the backbone of this insights-paper.

A strong consensus emerged: Romania has the talent, infrastructure, and momentum to become a regional protagonist — but lacks the visibility, coordination, and assertiveness needed to shape European policy decisions that directly affect its future.

1. Romania’s Competitiveness Problem Is Not Potential — It’s Activation

Participants consistently emphasized that Romania’s underlying assets are far greater than its current performance suggests:

- 215,000 IT professionals, ranking Romania 3rd in the EU in IT human capital;
- A rapidly expanding digital economy contributing ~9% of GDP;
- One of the fastest-growing fibre infrastructures in Europe, soon approaching full national coverage;
- A growing number of innovation clusters, research centers, defence tech collaborations, and private R&D initiatives.

Yet, this potential remains largely underutilized.

Romania continues to depend excessively on outsourcing, low-value contracts, and fragmented innovation efforts. The public sector remains cautious with cloud and AI adoption. Strategies exist, but implementation lags. R&D investment is among the lowest in Europe.

The challenge is not talent. The challenge is ambition, prioritization, and coordinated action.

“Technology is an accelerator — but only if we know where we want to accelerate.”

2. The Missing Link: Coherence Between Vision, Funding, and Execution

Several speakers described a structural misalignment between:

- strategic documents,
- budgetary commitments,
- EU funding cycles, and
- private investment.

Romania’s competitiveness effort is often fragmented across ministries, overly dependent on political cycles, and insufficiently connected to European initiatives. Strategies for AI, cloud adoption, education reform, and smart industry remain unimplemented or partially implemented.

Three critical gaps were highlighted:

a) Strategy–Implementation Gap

Romania produces strong vision documents but struggles to execute them at scale.

Participants argued for prioritizing pilot projects, regulatory experimentation, and rapid iteration over lengthy planning cycles.

b) R&D and Innovation Funding Gap

Romania remains last in the EU in R&D spending (below 0.5% of GDP).

Participants urged the state to treat R&D as an investment, not a cost.

c) Policy Coordination Gap

There is an urgent need to align EU funds, national budgets, private capital, and sectoral strategies into a coherent blueprint for the next decade.

“All initiatives should fit into a larger long-term blueprint — otherwise we keep repeating the same cycle.”

3. Romania Must Start Acting Like a Large Country in the EU

A recurring theme, and one of the strongest messages of the Working Lunch, was that Romania is not sufficiently visible at the EU level, despite having both the potential and the stakes to shape European competitiveness policy.

Participants pointed to several symptoms:

- Romania was absent from the recent joint letter by 18 EU leaders marking one year of the Draghi Report — a moment when regional voices were crucial;
- Romania rarely leads or co-leads coalitions around strategic technologies (AI, semiconductors, defence tech, digital skills);
- National positions are often reactive, not proactive, within EU decision-making structures.

This matters because European competitiveness will increasingly be built through shared frameworks:

- the EU Competitiveness Compass,
- AI Act implementation mechanisms,
- cloud federation initiatives,
- digital and industrial alliances,
- defence and cybersecurity capabilities.

Romania risks being shaped by EU policy instead of shaping it — unless it deliberately steps up.

Why increased EU visibility matters:

1. **It attracts investment** — companies gravitate toward countries that set the EU agenda.
2. **It anchors talent** — specialists stay where national ambition is credible.
3. **It strengthens regional leadership** — Romania can be a bridge between Western and Eastern Europe.
4. **It elevates local innovation** — participation in EU projects drives R&D and technology transfer.
5. **It gives Romania a role in designing rules** rather than merely absorbing them.

“Romania must speak up more. Acting like a big country is not arrogance — it is responsibility.”

4. A New Economic Model: From Outsourcing to Innovation-Driven Growth

Speakers agreed that Romania must transition from:

- ➔ Doing work for others → Building products, IP, and deep-tech capacity
- ➔ Low-risk outsourcing → High-value R&D and applied innovation
- ➔ Scattered initiatives → Focused investment in national strengths

Key sectors identified as strategic multipliers:

- AI & Automation;
- Energy (Nuclear, Hydropower, Rivers-based tech);
- Semiconductors;
- Medical/Genomics & Biotech;
- Quantum & Laser technologies;
- Cybersecurity;
- Dual-use & defence technologies.

These areas can anchor Romania's competitive advantage, but only with coordinated public-private investment and EU-level coalition-building.

5. Human Capital and Trust: Romania's Strategic Advantage

Participants highlighted that Romania's most competitive asset is people. Yet talent is not enough without:

- modern education aligned with industry needs;
- incentives to retain specialists;
- a depoliticized public administration;
- trust between government, private sector, and research communities.

The call was strong for a culture of collaboration and experimentation:

"Stop personalizing projects. Keep them technical. Let's work together across sectors."

Romania also needs to leverage:

- digital nomads,
- diaspora professionals,
- international experts,
- cross-border research networks.

6. Policy Recommendations Emerging from the Discussion

1. Build a National Competitiveness Blueprint (2025–2035)

Unifying EU funds, national budgets, and private investment around:

- AI & data infrastructure
- R&D & innovation
- Industrial policy
- Skills development
- Key strategic sectors

2. Increase Romania's Presence and Agency at EU Level

- Lead or co-lead coalitions on AI, cloud, cybersecurity, and industrial innovation.
- Proactively shape European competitiveness debates.
- Ensure Romania is represented in major EU strategic initiatives and joint statements.

3. Strengthen R&D as the Core of Economic Policy

- Increase public R&D investment.
- Incentivize private R&D.
- Build consortia capable of winning major EU projects.
- Expand tech transfer offices and industry–research collaboration.

4. Move from Regulation-Heavy to Innovation-Friendly Governance

- Modernize regulatory frameworks for AI, cloud, digital platforms.
- Prioritize pilots and sandboxes.
- Reduce administrative burden in strategic sectors.

5. Promote Public–Private Partnerships in Strategic Areas

Especially in:

- defence & dual-use tech,
- digital infrastructure,
- industrial innovation,
- cybersecurity.

6. Embed Talent and Skills as a National Priority

- Reform digital and technical education.
- Build retention programs for IT and deep-tech talent.
- Connect local communities with digital nomads and remote workers.

Conclusion: Romania Must Step Forward, Not Wait

The Working Lunch made one thing clear: **Romania’s competitiveness will not be built by chance. It will be built by choice.**

Romania has the capacity to lead, but leadership requires:

- voice at the European table,
- coherent national direction,
- investment in innovation,
- trust among institutions, and
- courage to act as a country that matters.

The next five years will determine whether Romania becomes a regional protagonist in Europe’s technological future — or remains a spectator in a rapidly accelerating world.