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## Article

# European Integration - a Comparative Perspective Between Romania and the Republic of Moldova

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*Suggested Citation:* Bobalca, Claudia; Soponaru, Camelia; Ciobanu, Oana (2013) : European Integration - a Comparative Perspective Between Romania and the Republic of Moldova, CES Working Papers, ISSN 2067-7693, Alexandru Ioan Cuza University of Iasi, Centre for European Studies, Iasi, Vol. 5, Iss. 3, pp. 330-343

This Version is available at:

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# EUROPEAN INTEGRATION - A COMPARATIVE PERSPECTIVE BETWEEN ROMANIA AND THE REPUBLIC OF MOLDOVA

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**Abstract:** *The integration in the European Union is a reality for some countries and a purpose for others. This process generates a lot of benefits for an EU member but also involves important costs. The research investigates the opinion of two different people (Romanian and Moldavian) about the perceived effects of EU integration. The results show that Moldavians are more interested in European Union than Romanians. For Moldavians, the independent economy is considered to be the greatest advantage of their country not being integrated in UE. The perceived disadvantages are the lack of free movement, corruption and low level of general development. For Romanians, the most important perceived advantage for integration in EU is free movement. The biggest disadvantage is that foreign sellers have more benefits than local sellers.*

**Keywords:** EU integrations; Romania; Republic of Moldova.

**JEL Classification:** F0, F60.

## INTRODUCTION

The process of integration in the European Union generated great transformations and significant changes in the business and social environment. Also, political analysts have study the role of the integration upon the transformation of domestic politics in the new EU member states.

The process of Europeanization is understood as “the change within a member state whose motivating logic is tied to a EU policy or decision-making process” (Ladrech, 2010, p. 2), the “change in national institutional and policy practices that can be attributed to European integration” (Hix and Goetz, 2000, p. 17) or as the “construction, diffusion and institutionalisation of formal and informal rules, procedures, policy paradigms ... which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies” (Saurugger and Radaelli, 2008, p. 213).

After the integration, Romania continued to face great political and socio-economic challenges while the EU bodies have continued to closely monitor the reform process in the country: the fight

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against corruption, the transformation of its respective electoral system, the account deficit and inflation, the domestic companies' debts (Andreev, 2009). Shortly after the integration, the economic progress of Romania has been identified as an overall “success story” (Financial Times, 2008).

The integration in the European Union is the strategic and irreversible objective of the external and internal policy of the Republic of Moldova. The legal base of the relations between the two parts is represented by the Partnership and Cooperation Agreement, a document that contributes to political, commercial, economic, social and cultural cooperation. An important step for Republic of Moldova was the RM-EU Action Plan, signed in 2005, a subscription including strategic objectives and defined actions in order to facilitate the integration.

## **1. ADVANTAGES AND DISADVANTAGES FOR ROMANIA**

Many business and academic studies agree that Romania integration in European Union brought a lot of advantages but also some challenges. “Most periods of integration success are followed by periods of stagnation; periods of integration failures are often followed by breakthroughs” (Schneider, Weitsman and Bernauer, 1995, p. 2). Since 2007, Romania faces the challenges of transformation of the Nation State under the impact of European integration: transition from a traditional government to a multi-level system of governance, supranational, transnational, euro-regional, national, regional, local etc., pluralism of the actors involved in the decision-making process and of the shared competences (Dodescu and Chirila, 2012, p. 1179).

Some important advantages are the free capital movement and the increase of competition, decreasing the costs and growing the level of productivity. Under the conditions of a high qualified but cheap workforce, free capital movement can bring benefits for our country. Romanian companies activate on a single European market, are forced to be more competitive, to increase productivity, to implement new and modern technologies. Romania and Romanian companies build their competition on three processes: globalization, economical European Integration and market economy transition. The purpose of Economical European Integration is to obtain mutual advantages by creating a dynamic environment for European economies. A higher level of specialization means more efficient resources relocation, stronger competition between companies, a higher level of productivity, an accelerated economic growth. One of the objectives of Romania's integration in the European Union is the increase of population's social, economic and state welfare (Bacescu-Carbunaru and Condruz-Bacescu, 2009). Open access to labor market encouraged workforce migration and the free movement



of people. At the beginning, in 2007, people from Romania might travel free in EU states but they did not have free access to the labor market (Pociovalisteanu, 2012), they were “European citizens without European employment rights” (Hartman, 2007). This phenomenon attracted both advantages and disadvantages for Romanian citizens. Large groups of migrants were looking for jobs and social aids in other EU countries, good specialists trained in Romania left the country in order to find higher paid jobs. On a global perspective, labor migration has improved both employment policies and the social security systems in European Union. In Romania, this phenomenon led to decreasing labor market imbalances, the reduction of technological development, economic growth, wages and employment in certain activity sectors. Romania could not benefit from its investment in people training by valuing their competences on the jobs (Boboc, Vasile and Todose, 2012, p. 353).

Industrial and agricultural restructuring was necessary in order to honor the conditions for a healthy integration. A more stable legislative and economic environment assures the development of business policies. Access to structural funds allowed the development of agriculture, transport, constructions and tourism industries.

A study made on Romanian SMEs showed that 46.67% of the managers consider that the European integration represents a major opportunity for the undertaken activities. These companies that admit the benefits of the integration activate in constructions field (61.54%), services (53.91%), industry (45.74%), trade (41.91%), tourism (39.39%) and transportation (39.23%) (Nicolescu and Ceptureanu, 2009). The same study indicate that the benefits perceived by the SMEs are: “better access to markets (43.47%), the existence of better potential suppliers and/or cheaper suppliers (38,54%), improved legislation and regulations (35.35%), access to structural funds (32.64%), easier access to new technologies (28,34%), correct public acquisition procedures (12.82%) and a better cooperation for innovation (12.02%)” (Nicolescu and Ceptureanu, 2009, p. 156).

Asaftei and Parmeter (2010, p. 14) investigate the pro-competitive effects of the Free Trade Agreement between Romania and the EU in terms of its effect on companies’ market power. The results show that EU integration appears to increase the competitive pressure, many state-owned firms having difficulties in adjusting to competition from better quality foreign products. Another effect is the bilateral liberalization. After a privatization and restructuring phase, market power became an important determinant of corporate performance.

According to the Innovation Union Scoreboard 2011, regional innovation is one of the most performing in EU, with an average growth rate of over 5%, Romania being one of the catching-up leaders of EU (Dodescu and Chirila, 2012, p. 1179).



As we noticed from literature review, there are many studies presenting different approaches of Romania's integration in the European Union, advantages and disadvantages, cost and benefits. There are also opinions that most costs are in fact investments for improving our life: investments in building and rebuilding freeways, reducing pollution, improving the quality of food and water (Boita and Ardelean, 2011, p. 3). Romania supported the cost of implementing the EU regulations, adjusting to the European legislation, implementing the EU standards, budget contributions as a member, modernizing the economy (Boita and Ardelean, 2011). As general benefits, we can mention economic, monetary, social benefits. From another point of view, there are three significant advantages of the integration: security, prosperity and a superior standard of civilization.

## **2. ADVANTAGES AND DISADVANTAGES FOR REPUBLIC OF MOLDOVA**

There are different economic, political and social specialists' opinions and analysis regarding the advantages and disadvantages of a future integration of Republic of Moldova in the European Union. We mention here the studies of Mihai Patras (2007), Viorel Matasaru (2010) and Iulian Sinzianu (2010). Due to the lack of academic research in this field, we will present some data of the deductive undertakings made by specialists from Republic of Moldova.

During the 2007 Symposium organized by the General Association of the Romanian Economists on the theme "Romania's Integration in the European Union. Challenges and Solutions", Mihai Patras (2007) discusses about the appealing arguments sustaining the integration of Republic of Moldova and also about the consequences of this process. He mentioned the following benefits:

- The high level of economic, social, cultural and political development of member states made them sponsors/granters on European and worldwide context (including CSI countries);
- The Euro cash succeeded only in a few years to balance the USD coin that used to command more than six decades the financial international relations;
- The European Community is formed by states that represent the richest part of Europe, regarding social and economic traditions;
- Democratic principles are promoted in political management in the EU;
- The high level of mutual economic and trade relations (3/4-4/5 of total export trade of EU members);
- the EU is a characterized by stability, not only at an economic level, but also at political and interethnic level;

- the EU is an open community, with a growing efficiency in control.

As consequences of a future EU integration of Republic of Moldova, Patras (2007) mentions:

- Territorial reintegration of RM that will lead to obtaining economic, political, legal, demographic, administrative, decisional, informational, financial, fiscal, banking and scientific integrity, with specific benefits;

- A good change for the international and European status of Republic of Moldova;

- A demographical growth by stopping migration;

- A legal solution for the situation of Moldavian citizens already living in a country from European Union;

- Economical benefits by improving the commercial relations with foreign countries, fact that will generate stability for the economy and for the companies;

- Improving internal and external economic and political management for RM.

Viorel Matasaru and Iulian Sinzianu (2010) consider that the Republic of Moldova has many advantages from a future integration and that these benefits are essential for the progress of this society. They talk about the following benefits:

- Financial advantages and economic growth, accessing European funds, fated to facilitate the administrative reform, the investments in economy and infrastructure;

- The increase of foreign investments level, especially from the EU countries and also a higher credibility for external investors;

- Free movement of people from RM, the possibility for them to legally work and study in the EU countries;

- A stable environment for external relations;

- The access for the agricultures to Common Agricultural Policy, to the subventions, the possibility to apply methods and norms already established by communitarian institutions;

In 2008, the Eurasia Foundation considered necessary the public opinion evaluation regarding the progresses Republic of Moldova made in the process of cooperation with EU and implementation of Action Plan. The results were published in the *Report on the Assessment of Public Perception Regarding the Process of European Integration and Implementation of European Union-Republic of Moldova Action Plan*. The research was made on a sample of 1083 citizens, with ages over 18 years. According to this report, 93.6% of the respondents have heard about EU, 77.7% only know about EU, 46.2% are familiar with European Neighbouring Policy and only 36.6% of them heard about the existence of UE-RM Action Plan. 77% of the respondents support the integration of Republic of



Moldova in the European Union. Most of the Moldavian citizens are interested in EU and in its relations with Republic of Moldova. The main sources of information are TV and radio and 56% of the respondents consider they do not have enough information about EU. TV channels contribute most of all to Republic of Moldova's European integration. According to the same report, 48.7% of the respondents consider that Republic of Moldova adherence to EU will bring more benefits than disadvantages. The accession to EU will contribute to economic development of the country (82.4%), to free movement of the citizens (81.4%), to the influx of foreign investments and new technologies (80.3%), the growth of job number and incomes value (79.9%). The benefits perceived by Moldavian citizens once their country will be a part of EU community are: economic prosperity (16.4%), peace (15.3%), freedom of people circulation, the right to study and work in EU (14.3 %), more jobs (11.6%), material welfare (9.9%). Romania is the country that can offer the best support for RM's integration.

### **3. COMPARATIVE STUDY OF PERCEIVED ADVANTAGES AND DISADVANTAGES**

#### **3.1 Research Methodology**

**The research question:** What are the main advantages and disadvantages of EU integration?

**The purpose** of the research is to investigate the opinion of two different group of people (Romanian and Moldavian) about the perceived effects of EU integration.

**Research objectives:**

- (1) Investigating the level of Romanians' interest in European Union;
- (2) Investigating the level of Moldavians' interest in European Union;
- (3) Identifying the perceived advantages and disadvantages of the Romania's Integration in UE;
- (4) Identifying the perceived advantages and disadvantages of the Republic of Moldova's future

Integration in UE. In our research, we focused less on the advantages and disadvantages on macroeconomic level but more on the benefits and costs experienced by people. We approach a practical perspective, investigating people's opinion regarding European Union integration. We choose a country already integrated in this community and another country that prepares its adhesion.

We used both qualitative and quantitative research. As methods, we used documentary research from secondary data, depth interviews and a survey. The sample for depth interviews was represented by ten people, five people from Romania and five from Republic of Moldova (35-50 years). Based



on the results of the qualitative research, we build a questionnaire applied on a sample of 144 subjects (72 people from Romania and 72 people from Republic of Moldova), with ages between 35 and 50 years.

The perceived advantages and disadvantages were rated on a 5 point Likert scale (1- strongly disagree, 5- strongly agree). The level of interest in European Union, were rated on a level from 1 to 5 (1- not very interested, 5- very interested).

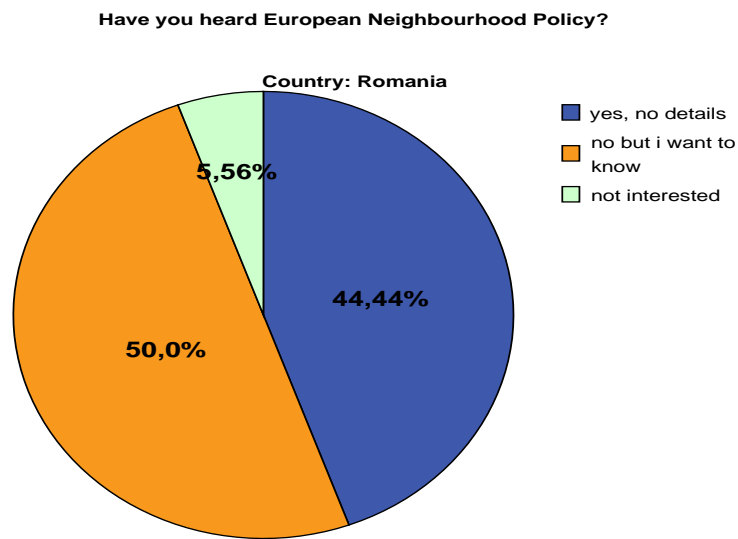
## **3.2 Research results**

### *3.2.1 Investigating the level of Romanians and Moldavians' interest in European Union*

As shown in Figure 1, 44.44% of the Romanian respondents know about European Neighbourhood Policy but they have no details about this. Half of them (50%) want to have information about this subject.

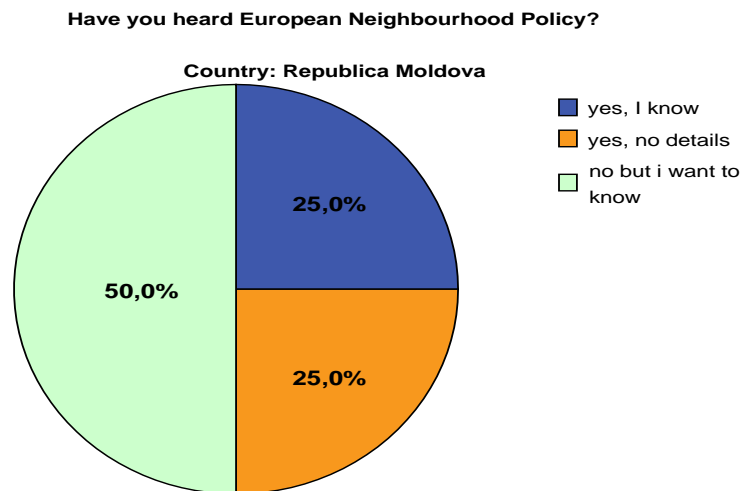


**Figure 1 - Information about European Neighbourhood Policy - Romania**



As shown in Figure 2, half of the respondents from Republic of Moldova (RM) know about the European Neighbourhood Policy. The other half does not have any information but it is interested in discovering it.

**Figure 2 - Information about European Neighbourhood Policy –Republic of Moldova**



Regarding *the level of interest in European Union*, on a level from 1 to 5 (1- not very interested, 5- very interested), the mean from Romanian respondents is 3.72. The mean for RM respondents is 4.5 signifies a big interest in European Union, greater the Romanian's. We used Independent Sample T Test for investigating the difference between the two values. The difference is significant ( $t=6.8$ ,

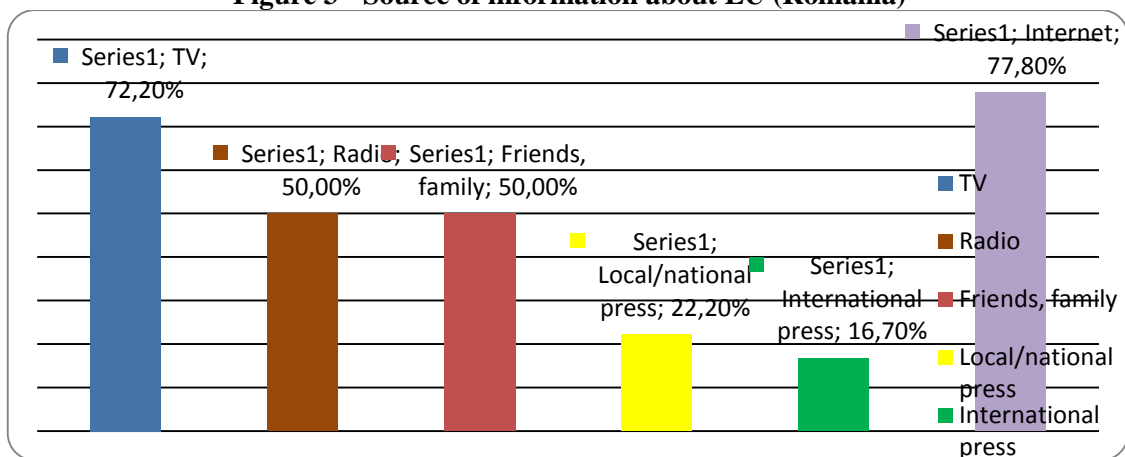
sig=0.00). We also notice the great percentage of RM respondents who declare that are very interested in UE (62.5%), compared with the percentage of Romanian respondents (5.6%).

Regarding the level of interest in the relations of their country with EU countries, on a level from 1 to 5 (1- not very interested, 5- very interested), the mean from Romanian respondents is 4. The mean for RM respondents is 4.37. We used Independent Sample T Test for investigating the difference between the two values. The difference is significant (t=2.6, sig=0.008).

The percentage of RM respondents who declare that are very interested in the relations of their country with EU countries is almost double (62.5%), compared with the percentage of Romanian respondents (33.3%).

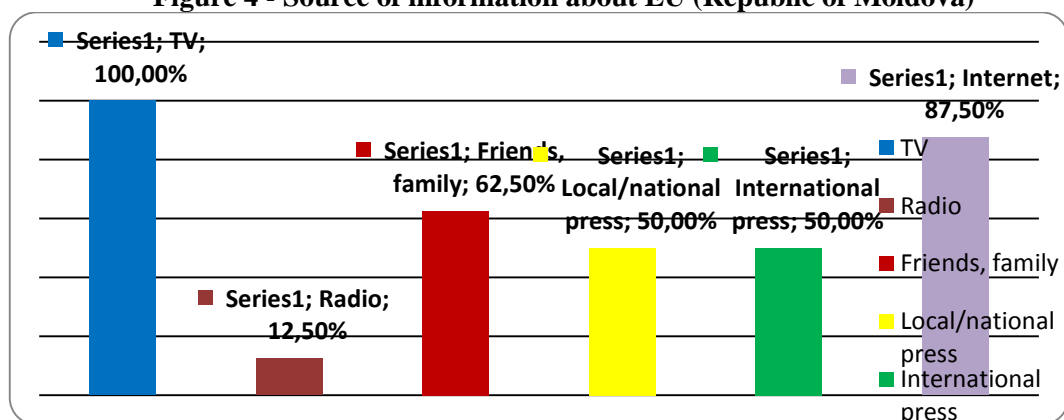
The main sources of information for the Romanian respondents are the Internet (77.8%) and the TV (72.2%), as shown in Figure 3.

**Figure 3 - Source of information about EU (Romania)**



The main sources of information for the respondents from RM are TV (100%) and the Internet (87.5%) (Figure 4)

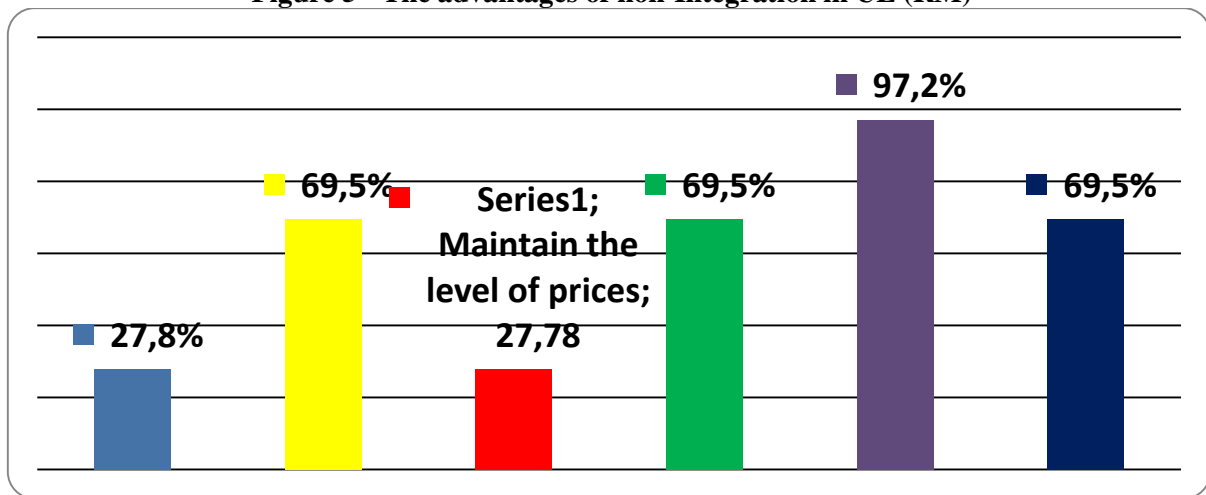
**Figure 4 - Source of information about EU (Republic of Moldova)**



3.2.2. Identifying the advantages and disadvantages of the Integration in UE (for Romania and Republic of Moldova)

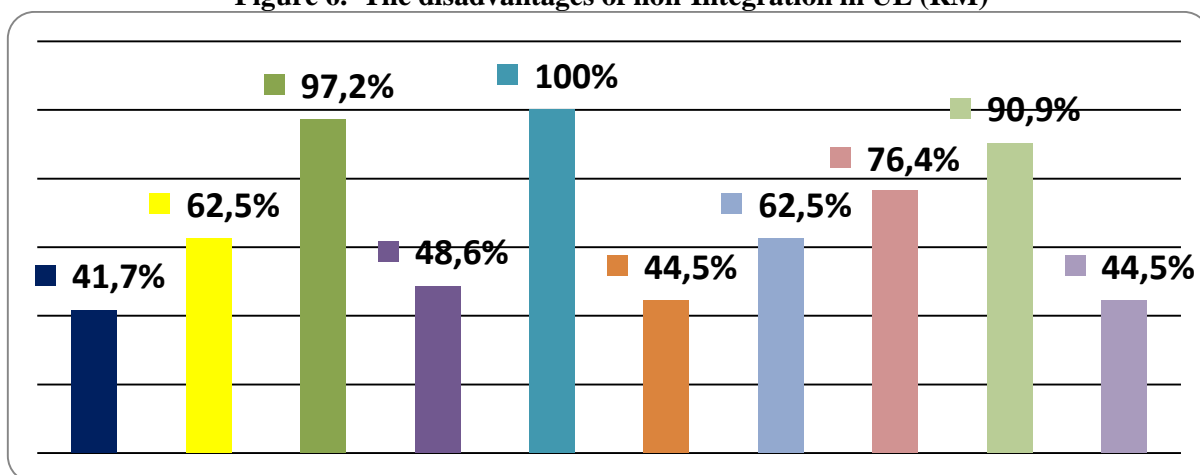
We identified a list of advantages for Republic of Moldova (RM) which is not in UE (see Figure 5): Safety for RM citizens, maintaining the status of independent country, maintain the level of prices, a national legislation (not an European one), independent economy, lack of involvement of the European authorities.

Figure 5 - The advantages of non-Integration in UE (RM)



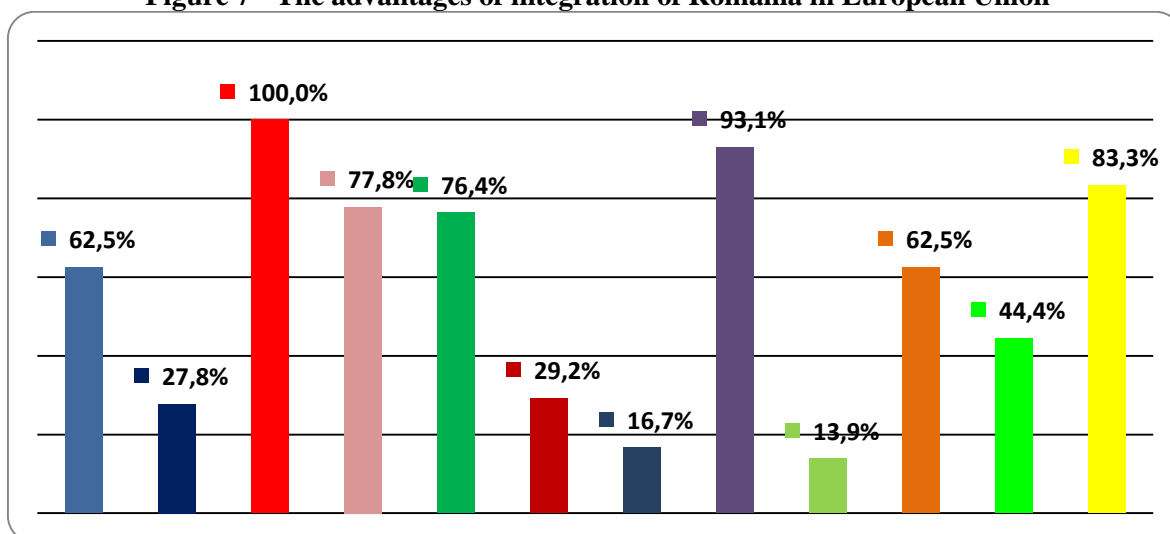
The respondents from RM consider that the greatest advantage of their country not being integrated in UE is the independent economy (97.2%). We also identified the disadvantages for RM not being integrated in European Union (see Figure 6): lack of opportunities for young people, political intolerance, corruption, restricted access to international information, the lack of free movement, the lack of investments, the lack of European funds, no international support, low level of general development and the involvement of Russian Federation. The most important disadvantages are: the lack of free movement (100%), corruption (97.2%) and low level of general development (90.9%).

Figure 6. The disadvantages of non-Integration in UE (RM)



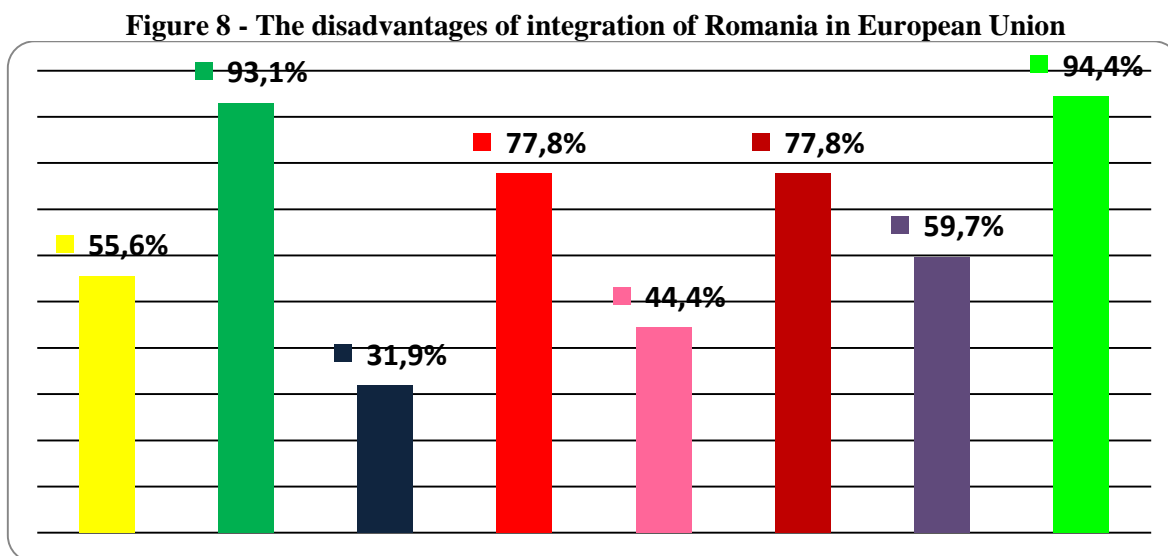
The advantages of integration of Romania in European Union identified in our qualitative study are: educational advantages, higher European quality standards for the products, free movement, access to European funds, political stability, security, access to information, economic benefits, European Parliament representation, justice monitor, the tourism development and more rights as a EU citizen.

Figure 7 - The advantages of integration of Romania in European Union



As shown in Figure 7, the most important advantages are: free movement (100%), economic benefits (93.1%) and more rights as a EU citizen (83.3%). The disadvantages of integration of Romania in European Union identified in our qualitative study are: prices boost (higher prices), higher unemployment rate, losing national identity, free circulation for all categories of citizens who create

a negative image of Romania, disloyal competition, economic restrictions, adopting European regulations and more benefits for foreign sellers to the injury of Romanian producers.



As shown in Figure 8, the most important disadvantages are: more benefits for foreign sellers to the injury of Romanian producers (94.4%) and higher unemployment rate (93.1%).

## CONCLUSIONS

Half of people from Romania and Republic of Moldova know about European Neighbourhood Policy. The others want to have more information about this subject. Moldavians are more interested in European Union than Romanians. Also, the percentage of RM respondents who declare that are very interested in the relations of their country with EU countries is almost double compared with the percentage of Romanian respondents. This interest might be explained by the fact that Republic of Moldova is not a EU member, there still are new information for its people, there are great expectation connected with the integration.

The main sources of information for the Romanian and Moldavians are the Internet and the TV. For the Moldavians, the independent economy is considered to be the greatest advantage of their country not being integrated in UE. Other advantages are: maintaining the status of independent country, a national legislation (not an European one) and the lack of involvement of the European authorities. The most important perceived disadvantages for Romania's integration in EU are more benefits for foreign sellers to the injury of Romanian producers and higher unemployment rate.

The most important perceived disadvantages for RM not being integrated in European Union are the lack of free movement, corruption and low level of general development. The most important perceived advantages for Romania's integration in EU are free movement, economic benefits and more rights as a EU citizens.

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