

Romania's Economic Securing through the Development of Channels of Economic and Military Cooperation with the Arab Countries

Ene Angela-Mihaela¹

Abstract: In a European Union that is now configured in a solid construction, in several respects, however, the member countries have a different evolution and development, with a long-term prognosis which is also different. What represents an advantage for Romania over the other EU member states in its relationship with the Arab countries is the history of the long-standing bilateral relations with the Arab world. The fact that Romania's relations with the Arab countries have slowed down in terms of trade does not mean that they have stopped. Through this theme, we propose a perspective for the development of these relations, which at this moment must be approached from a completely different perspective. Romania can ensure a tremendously large market, a market to generate a more than necessary cash-flow, in a vision of sustainable economic development. This economic, surprising pragmatism lies in a criterion that primarily concerns the culture and spirituality of the Arab world, the Arab world's motivation in choosing its business partners. Below we will describe our vision of this mechanism of development and cooperation between Romania, a member of the European Union, on one hand, and the Arab countries, on the other hand.

Keywords: Romania; the Arab countries; economic securing; the European Union

Introduction

The stability and chances of a state's sustainable development depend to a large extent on the economic, educational and military side. If these criteria are not found on a solid basis, created in a sustainable long-term perspective, then any state is subject to external pressures that often lead to a slowdown in the development process or more, to subcontracting it for its own evolution. We have made these specifications in the idea that, at the moment, Romania is a state with an export market of 80% towards the European Union and only 20% export to the other world

¹ Senior Lecturer, PhD, Danubius University of Galati, Romania, Address: 3 Galati Blvd., Galati, 800654, Romania, Tel.: +40372361102, Corresponding author: angelamihaela.ene@univ-danubius.ro.

markets. Over the years, especially since its accession to the European Union, Romania's rhythm of development on various economic levels has been subject to multiple fluctuations that have generated a certain direction of technological development and volume predominantly in the market.

If, in the first phase, the need for development of the European market has assimilated and restructured the Romanian economy, at this moment we are at a decisive point for the country's long and very long-term economic security.

The European market has become a predictable partner with a prognosis that allows for clear and well-defined economic development strategies for Romania, but at the same time, it is also an element that has a risk for the future, being subject to more and more frequent political and economic movements in the world. Thus, the distribution of Romania's economy on a global scale becomes a desideratum that needs to be analyzed and designed with great care and especially with a sufficiently courageous availability to produce an outcome.

Actually, the new strategies must be just the old strategies adapted to the economic realities of the present, and last but not least, to re-emphasize the principles that, since the 1950s and 1960s, have been at the basis of the development of bilateral relations at global level and have opened extraordinary profitable markets for Romania.

In this context, we remind Romania's trade connections with the countries of South America, China, the Arab countries and the countries of Africa. Therefore, a resumption of economic relations with the Arab countries would be a key element in Romania's economic strategy for the coming years. The good relations with Egypt should be the starting point for developing and accessing trade exchanges with countries such as Saudi Arabia, the United Arab Emirates, Bahrain, Kuwait, Oman.

Content

The collective memory of the population in the Arab countries remains an advantage for creating Romania's future economic strategies in these countries. The fact that Romania has actively participated in the development of these countries for more than 30 years is an important bridge to opening these economic markets. Even though the Arab leaders are the beneficiaries of studies in Western countries, their business principles are still based on trust in business partners. This year, a framework agreement was initiated in the first session of the Joint Cooperation

Committee between Romania's Government and United Arab Emirates Government to open up development opportunities for both partners.

The works were led by Teodor Melescanu, Minister of Foreign Affairs and Sultan Al-Jaber, State Minister for Economic and Trade Affairs of the United Arab Emirates. During the meeting, the discussions focused on the need to create a strong partnership between the two states in all areas of mutual interest. The Ministry of Economy reports that Dănuț Andrușcă presented opportunities to strengthen the Romanian - Emirate economic relations. Among the areas of interest he mentioned: the products specific to the drilling activity that Romania can offer to the petroleum and natural gas industry; the possibility of Romanian companies to cooperate in the production of Emirate production capacities for the chemical and petro-chemical industry and complementary industries.

Moreover, the Minister of Economy spoke about Romania's ability to export machinery and equipment specific to the oil and gas sector; promoting products in the United Arab Emirates market as components and subsystems for the automotive industry, bearings, furniture and pieces of furniture, pharmaceuticals and light industry products; cooperation on non-energy mineral resources and geological research; developing opportunities for co-operation between Transgaz and the Emirate companies in the natural gas sector.

The Romanian Government official expressed his wish to strengthen the institutional dialogue, as well as the opening for the expansion of bilateral relations and collaboration in joint projects.

"I welcome the presence in Romania of His Excellency Doctor Sultan Al-Jaber, in the context of the inauguration of the Joint Romanian-Emirates Cooperation Commission. Today is the first session of this Joint Commission. My hope is that it will work for many years now, in the spirit of the best and most beneficial collaboration for both states.

His Excellency, Dr. Sultan Al Jaber is one of the Emirate's personalities, who has vision, energy and determination to keep pace with a constantly changing world, especially in terms of sustainability. His constant work, as well as the causes he has supported, have received the well-deserved recognition of the United Nations.

United Arab Emirates is one of Romania's most important economic partners in the region and the first economic partner in the Gulf region. An active bilateral

coordination at governmental and business level is likely to bring real benefits for Romania.”¹

Bin Ahmad Sultan Al Jaber mentioned the importance of some collaborations in areas such as military industry, infrastructure, energy, agriculture and tourism.

“Through Romania, we wish to find gates towards the European market, through joint projects, to capitalize the Romanian infrastructure as a point from which we can move on to promoting our products. Besides, the military industry is at the top of our priorities. There are numerous specialized institutions in the Emirates that have great opportunities to make partnerships in this field as well. Regarding the equipments and machinery for infrastructure and renewable energy, we are very interested. With regard to agriculture, there is a special interest in the Emirates for food security. (...) We see in Romania an investment destination in the real estate and tourism field and we want to intensify the dialogue on these issues in order to achieve a concrete collaboration”, the UAE official said.²

Although this area of the world gives Romania the chance to consolidate its economy in the long run, it must also be taken into account that the Middle East area has always been a very sensitive factor from the perspective of civil security.

The construction of a cooperative perspective must be built on a structure with concrete guarantees, on financial instruments that allow or limit losses in a relatively short time, all for reasons known at an international level.

Worldwide, these markets are known, both in terms of potential and risk. Thus, as reported by some economic analysts, it is stated that:... from Morocco to Iran, the Arab World comprises most of the Middle East and Maghreb states: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Territories, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Yemen. It is an economically strategic region with a high potential for medium and long term evolution. First of all, we are talking about a population of 400 million people (6% of the world), with an important share of the young. At the same time, the region has large reserves of crude oil and natural gas (60% of global oil reserves and 45% of natural gas reserves), which can provide important inflows of capital, that can be used in long-term investment projects. A first comprehensive

¹ <https://evz.ro/>.

² <https://evz.ro/>.

macroeconomic analysis of the region highlights the balanced functioning (budget and trade surpluses, low public debt (below 35% of gross domestic product)).

However, a more elaborate macroeconomic analysis highlights a number of unfavorable economic issues. The region has experienced an average annual growth of about 3.4% over the past three decades (in line with the global economy, at 3.3%). But we can speak of disappointment if we compare with the rhythm of evolution of emerging economies (4.5%). And especially if we consider increasing the international quotations several times during the analyzed period. Furthermore, the high level of inflation (an annual average of 10% over the last three decades) is added! Moreover, although it has such natural and human resources, the region suffers from a number of shortcomings, which are impediments to sustainable development. Among these factors which represent obstacles in the region development are: authoritarian political regimes, corruption, absence of a middle class, high level of unemployment, cultural factors, low levels of law regulation, governance, transparency. For example, over the past three decades, the region has been left behind in terms of economic development. If we look at the GDP per capita indicator, we see a deepening gap between the Arab World and the developed countries.¹

It should also be considered that the two major Arab countries, the United Arab Emirates and Saudi Arabia intend to create an Arab Union that would lead to increased power on the military and economic scene of the world. Their budget exceeds by far the budget of the European Union.

The socio-economic changes at global level include any state or conglomerate state entity that needs to adapt and innovate new economic strategies with a role in developing and enhancing medium and long-term performance. Thus, classical models of economic co-operation or systemic development of economies start to need hybridization to become sustainable, they begin to undergo macro-structural changes without increasing the risk of collapsing. Any economic system needs, besides the market, the systemic capacity to replicate to the dynamics of other criteria that can influence the evolution of an economic process (political stability, coherent social governance, culture, military capacity to discourage potential tendencies of aggression, whatever be their nature).

Each macro-market, apart from the elementary structure, is represented by particularities that, in most cases, tend to evolve. Under these circumstances, starting

¹ <https://ziuadecj.realitatea.net>, Andrei Rădulescu.

with the history of Romania's commercial realities with the Arab countries and those in Africa, we can draw and propose a model of cooperation with them, a model based on social values and principles adapted to the nation, elements that generate models of sustainable international cooperation.

The competitive alliance would be the opportunity for Romania to open up the development of international cooperation relations with the Arab countries, an alliance that can operate on three levels: industrial cooperation, co-operation in bio-agriculture and cooperation in research and innovation. If these sectors, which are massively built on infusion of capital, are included in Romania's geo-economic strategy, the redistribution of the external trade balance would certainly have a sustainable development perspective.

In concrete terms, we are talking about a market of 400 million inhabitants as Arab population and a capital flow of hundreds of billions dollars, capital that could be attracted for Romania's economic securing as well.

The agri-food sector is becoming more and more important in the United Arab Emirates, considering the rising population and per capita income. The United Arab Emirates represents 20% of the Gulf Cooperation Council (GCC) total food consumption, the second largest consumer of Saudi Arabia. At the same time, it is the second largest food producer in the Gulf Cooperation Council. Moreover, the existing arable land is limited and the climate is not very favorable to agriculture. The government supports agriculture and the food processing industry. The high dependence on food imports creates a country risk if there is a shortage in food supply. Government control over food prices could also negatively weigh on corporate profit margins.

“Our report confirms that the region's economy has grown significantly over the past three years, considering it as one of the first commercial areas at a global level. Non-oil trade reached 256 billion in the first quarter of 2014, indicating a continuous dynamism determined by foreign trade with non-oil products of the country in all economic sectors - as reported by the UAE Federal Customs Authority”, said Massimo Falcioni, the Coordinator of the Middle East Region within Coface. He added that “United Arab Emirates is an ideal business location and a safe haven in the Middle East region.”

The Global Competitiveness Report for 2014-2015, launched by the World Economic Forum (WEF), shows that the United Arab Emirates took the lead in the region, as it climbed to the 12th World Economic Forum ranking this year. The fact

that Dubai will host Expo 2020 - a fantastic opportunity to show the world how innovative and dynamic the city of Dubai is - and the implementation of reforms are among the initiatives to increase the country's competitiveness. The conclusion of the WEF report is that all efforts of the United Arab Emirates have outcomes: an efficient institutional framework, infrastructure, macroeconomic stability, improved communications technology.¹

It is necessary that the competitive alliance should be conceived in parallel with the development of safe banking financial instruments that can be implemented in the Arab countries market, which is a less developed area in the Middle East. Neighborhood policies of the European Union can also be a stakeholder for Romania, considering that national interest represents a major country goal.

Looking at the global economic, political and military configurations, we can certainly appreciate that the Arab and South American markets can be a major step in Romania's economic security in the medium and long term. Thus, the fact that Eastern Europe, namely the former Soviet countries, are under the economic influence of Russia in tandem with China and, more recently, Turkey, makes difficult a profitable cooperation for Romania. Similarly, Western Europe will continue to influence the former colonies, which are still a source of reinforcement of the reinvested capital of these countries.

The development of the competitive alliance mechanism is absolutely necessary at this time, also taking into account the fact that the world share in the virtual financial instruments is at a higher risk level. By this mechanism, we will virtually increase the capacity to respond to potential crises or fluctuations on the international capital market, but it would also be expressed into a highly efficient guarantee financing instrument.

Conclusions

The competitive alliance mechanism on major areas of cooperation is an effective way of international cooperation with the Arab countries. Reconnecting to the Arab world market means securing and developing the Romanian economy in the medium and long term, as well as increasing the importance of the Romanian state in the Middle East peacekeeping processes. The four areas of dissemination in the Arab economic market, industrial cooperation, bio-economic cooperation, cooperation in

¹ <https://www.economiczoom.ro>.

innovation and research and the development of banking financial instruments may constitute a redistribution of the external trade balance in a profitable percentage.

Even if Romania's cultural model is totally different from that of the Arab countries, it has been demonstrated that the principles that have guided cooperation over the years are the right ones. Besides, a dynamic vision of the Romanian state on the economy of the future must not be monophasic or centred on unidirectional cooperation, but on the contrary, it is necessary to have the capacity to be innovative and flexible, to open atypical partnerships, but which ensure stability and prosperity.

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*** <https://www.economiczoom.ro>

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