

ROMANIA'S GOVERNMENT FALLS

Implications of the no-confidence vote against the Cîțu Cabinet

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Less than a year after its formation¹, Romania's three-party government, led by Prime Minister Florin Cîțu and the National Liberal Party (PNL), has collapsed after a no-confidence vote in the country's parliament. The vote, supported not only by opposition parties but also by former coalition member USR-PLUS, will almost certainly create further political instability, with snap elections looming large on the horizon.

With pressure mounting on the PNL to propose a government accepted by the majority of parliament, Kesarev takes a deeper look at the current crisis, including potential future scenarios.

POLITICAL CONTEXT

On 1 September, Romanian PM Florin Cîțu, from the senior ruling National Liberal Party (PNL), moved to dismiss Justice Minister Stelian Ion, a cabinet member from another coalition party, the Save Romania Union (USR-PLUS). The move came after USR-PLUS refused to endorse the Anghel Saligny Program, a €10 billion-strong national development and investment plan over alleged corruption concerns. Following Ion's dismissal, USR-PLUS withdrew from government, demoting the Cîțu Cabinet to minority government status, propped up by PNL and third (and junior) coalition partner, the ethnic Hungarian UDMR. USR-PLUS had demanded a new PM in exchange for remaining part of the coalition and initiated a vote of no confidence in the Parliament of Romania, a move supported by two opposition parties of the country's legislature – the centre-left Social Democratic Party (PSD) and the far-right Alliance for the Union of Romanians (AUR).

While the coalition turmoil was triggered by Ion's refusal to endorse the above-mentioned national development plan, the ongoing tension between the two parties goes beyond the Anghel Saligny Program. Ion's last statement as Justice Minister indicated a deeper divide between the PNL and the USR-PLUS over the power to appoint a number of top prosecutors, while distrust has loomed large since the Romanian PM single-handedly sacked the USR-PLUS affiliated Health Minister Vlad Voiculescu in April. In addition, the political crisis was further complicated by the recent leadership contests in both the PNL and USR-PLUS,

¹ Please [see here](#) for our December 2020 post-election memo

from which Cîțu and former Romanian PM Dacian Cioloș emerged victorious. The Romanian Parliament postponed the no-confidence vote until those results were clear and scheduled it for today, 5 October.

THE NO-CONFIDENCE VOTE

As was expected, the motion of no confidence against PM Cîțu and his Government was adopted: of the 318 lawmakers present during the vote in the country's bicameral legislature, 281 voted in favour, including the lawmakers of USR-PLUS, PSD and AUR, while parliamentarians from the PNL, UDMR and the representatives of the national minorities abstained. The number of lawmakers approving the no-confidence vote was well above the minimum of 234 votes needed, constituting the highest margin ever recorded during such a no-confidence vote in the history of democratic Romania.

According to the Romanian Constitution, the Cîțu Government, although sacked, remains interim until a new government is approved by parliament, although its interim status will significantly limit the powers of the Cabinet. Most importantly, it will be unable to approve emergency decrees, a tool often used by previous governments to circumvent legislature. However, directly before the no-confidence vote, the outgoing cabinet approved a number of emergency decrees, including a 10% increase to the minimum wage.

LOOKING AHEAD

As the censure motion against the Cîțu Cabinet successfully passed, Romanian President (and key PNL ally) Klaus Iohannis will invite the parliamentary parties for consultations to appoint a new candidate for PM as early as next week. Below we outline likely future scenarios at the time of writing:

- › **In accordance with our first post-crisis forecast from early September²**, we expect the PNL to make attempts to reestablish the three-party coalition with the USR-PLUS and the UDMR. Newly elected USR-PLUS leader Dacian Cioloș and UDMR leader Hunor Kelemen both indicated their willingness to maintain the centre-right coalition. The new PM is most likely to come from within the ranks of PNL, however, Cioloș is also aspiring for the position, while a non-political professional outside of party lines also remains an option.
- › **On condition the PNL and USR-PLUS fail to come to a new coalition agreement**, the PNL and the UDMR may still retain power by proposing a minority government, with potential outer support from Cioloș' party. Under this scenario, Cîțu, who has just been elected as PNL leader, might return as PM after a potential second attempt to form a government. (According to the Romanian constitution, the same person cannot be named as candidate for PM twice in a row.)
- › **If Iohannis insists on Cîțu as PM but the PNL fails to secure outer support for a minority government**, the country could head towards early parliamentary elections. The main opposition party PSD is the most likely to push for snap elections as support for the party has been on a constant increase since May. For this to happen, two attempts to form a government must fail.
- › **Other options, such as an “all-national” government, remain unlikely.** Given their longstanding rivalry, the PNL and the PSD are unlikely to form a coalition, with the PNL having ruled out an agreement with AUR as well. Despite playing a key role in dismissing Cîțu, USR-PLUS remains opposed to long-term political cooperation with either of the two opposition parties.

CONCLUSION

The key question for now is whether PNL and USR-PLUS will be able to agree on a new Prime Minister. Assuming Cîțu does not return, the political crisis could end with the reestablishment of the three-party coalition. Two failed attempts to form a cabinet, however, could trigger snap elections. Taking the country's

² Please [see here](#) for our September memo on the crisis

record on the stability of ruling coalitions into account, investors are advised to prepare for further political turmoil, both between the longtime rival parties and members of the future coalition.

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*If you would like to schedule a discussion of this paper, please contact:
Anca Gherle, Country Director for Romania at a.gherle@kesarev.com*



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