

LOOKING FOR LESSONS ACROSS CENTRAL AND EASTERN EUROPE - RAPOSO BERNARDO

Posted on 22/08/2010



“A fundamental issue is, who is the financier of last resort – public projects ultimately rely on the *Responsabilidad Protección de la Administración* (RPL). This has been the *leitmotiv* of project finance in Spain. The Government is there to step in but may not now be able to do so if required.”

José Guardo, Garrigues

Category: [Uncategorized](#)



There may be continuing optimism about the long-term economic prospects for Central and Eastern Europe but the lessons learnt in one country are not easily transposed into another. The relative impact of the economic crisis across Central and Eastern Europe is perhaps dramatically illustrated by the contrasting economic fortunes of Poland and Romania, say Warsaw-based Michal Bielinski and Iuliana Geanina Voroniuc in Budapest of Raposo Bernardo.

“Poland has proved to be one of the European countries with less difficulty overcoming the continent's several crises – there is still significant inward investment and continuing access to credit for companies undertaking major corporate activities,” says Bielinski.

The country is also enjoying continuing infrastructure investment as a result of cohosting (with neighbouring Ukraine) the 2012 European Football Championship, which is also helping to maintain economic momentum.

“Stadia and infrastructure are being built while new highways connecting with Germany and other neighbouring countries are also underway. In addition, there is continuing activity in the hospitality, renewable energy and even financial and consumer sectors,” he says.

The situation in Romania is very different, says Geanina Voroniuc. Infrastructure projects have been stopped and there are huge difficulties accessing credit. “The crisis has been felt deeply and is clearly evident in the real estate and finance sectors, but the Government is now acting to reduce the public deficit, increase tax and cut public expenditure.”

It is essential that Romania however takes the measures necessary to ensure the country's economic future, says Geanina Voroniuc. This includes undertaking a process of internal economic re-organisation to maintain the trust of external investors.

“The challenges include overcoming the high degree of bureaucracy, a climate of economic

instability, and the feeling of having not made the most out of European Community funds – the scenario is complicated but there remain few positive expectations in the immediate term."

The more relevant issue in Poland is the degree of competition now emerging within the country, with an increasingly sophisticated domestic business base, and an influx of German, Austrian, British, US and even Spanish companies.

"Poland and Romania remain relatively advanced in terms of international investment but each market has its own complexities and demands an individual approach – across the region there remains a lot of goodwill but significant is the need to restore international confidence."