

FOCUS ON INTERNATIONAL TRADE

ROMANIA

THE FEDERAL REPUBLIC OF ROMANIA TODAY

Location	Romania lies in south-eastern Europe. It is bounded in the north by Ukraine, in the east by Moldova, Ukraine and the Black Sea, in the south by Bulgaria, in the south-west by Yugoslavia (Serbia) and in the north-west by Hungary.
Size	2,38,391 sq. km. (92,043 Sq. miles)
Population	18,326,327 in 2023 (Estimated).
Population Density	77.68 per sq. km. approx.
Population Growth Rate	-1.01% estimated for 2023.
Birth Rate	8.63 births/1000 Estimated for 2023.
Death Rate	14.92 deaths/1000 Estimated for 2023.
Life Expectancy at Birth	76.31 Years. Male 72.87 Years, Female 79.95 Years. (estimated for 2023).
Literacy	98.9% Male 99.1% and Female 98.7%. (estimated for 2021.)
Government	Republic
Capital City	Bucharest
Other Large Cities	Iasi, Constanja, Timisoara, Cluj-Napoca, Galati, Brasov, Craiova, Ploiesti, Braila, Oradea, Bacau, Pitesti, Arad, Sibiu, Targu Mures, Baja Mare, Buzau, Satu Mare, Botosani, Pintra-Neamt, Ramricu-Valcea etc.
Religion	In Romania there are 15 religious denominations and more than 400 religious associations recognized by the state. According to census figures, about 87% of the population belonged to the Romanian Orthodox Church in January, 1992.
Language	The official and main language is Romanian(85.4), although minority groups (6.3) speak Hungarian (Magyar), German and other languages.
Climate	Romania has hot summers and cold winters, with a moderate rainfall. The average summer temperature is 23°C and the average winter temperature is -3°C.
International Relations	Romania is a member of the UN, the Council of Europe, the Central European Initiative, the NATO partnership for peace and is an associate member of the WEU and the EU.
Currency	The unit of currency is the leu, pl. lei (ROL).

NATIONAL ECONOMY

After a solid recovery from the pandemic, Romania is now, like other EU countries, facing headwinds related to the war in Ukraine, with further spill overs due to its proximity. In the run-up to the war, output had reached pre-crisis levels in H1 2021 and growth in H1 2022 remained strong. Driven primarily by the energy price shock and its impact on associated goods and services, headline inflation has risen rapidly. Inflation expectations have risen more moderately but are also above the target band (1.5-3.5 percent). Nonetheless, the labour market remains less tight than pre-pandemic levels. The authorities have implemented an energy price cap and subsidy scheme to help alleviate the pressures on the economy and the vulnerable.

Given this backdrop, GDP growth is expected to moderate to 4¾ percent in 2022 (2021: 5.9 percent), supported mainly by momentum in domestic demand. Energy and food prices are expected to keep inflation relatively elevated until the end of 2023. The fiscal deficit narrowed in 2021 after the pandemic-induced widening and is projected to consolidate moderately further in 2022 as nominal revenue growth has been strong. The current account deficit is projected to remain elevated, but the rebound in FDI and the start of the EU-supported National Recovery and Resilience Plan provide substantial funding, with the latter anchored to a path for reforms and growth-enhancing investment into the medium term. Monetary and financial sector policies have more than reversed the pandemic easing and have further tightened to buttress price and financial stability.

Executive Board Assessment

In the course of Article IV consultation between IMF and Romania, Executive Directors of IMF agreed with the thrust of the staff appraisal. They welcomed Romania's strong economic recovery from the pandemic but noted that the spill overs from Russia's war in Ukraine—mainly through indirect channels—and tighter financial conditions have clouded the outlook with downside risks and higher uncertainty. Against this backdrop, Directors underscored the importance of implementing prudent macroeconomic policies that safeguard macroeconomic stability and of reenergizing structural reforms to boost economic growth.

Directors stressed the need to pursue medium-term fiscal consolidation to rebuild buffers, safeguard fiscal sustainability, and reduce external imbalances. They generally agreed that the current energy price caps should be temporary and encouraged the authorities to gradually phase them out and replace them with measures targeting the most vulnerable. To help improve medium-term budgeting and ensure predictability, Directors recommended reforms to pensions and public sector wages. While welcoming the recent tax measures, they encouraged the authorities to consider a more ambitious reform of the personal income tax and improvements to the efficiency of the value added tax.

Directors stressed that monetary policy needs to stay nimble to firmly guide inflation and inflation expectations back toward the central bank's target. They agreed that policy rates will need to rise further to prevent the entrenching of inflationary pressures and the emergence of a wage-price spiral. Noting the weakening of external competitiveness and the rising current account deficit, Directors encouraged gradually moving toward a more flexible exchange rate that—together with fiscal consolidation—would help address external imbalances and absorb potential future external shocks. Directors agreed that the banking sector remains resilient and that the macro prudential stance is appropriate. They called for continued vigilance of financial stability risks and for further strengthening the AML/CFT framework.

Directors stressed the need to reenergize structural reforms to boost economic growth and address regional inequalities. In this context, they emphasized the importance of implementing Romania's National Recovery and Resilience Plan while further strengthening public investment management to make the most out of the funds available under the European Recovery and Resilience

Facility. They underscored that reforms in the areas of green transition and energy security, digitalization, health and education, as well as governance and anticorruption are especially critical.

Romania: Selected Economic Indicators				
Main products and exports: Machinery and transport equipment, manufactured goods				
	2020	2021	2022	2023
			Proj.	
Output				
Real GDP growth (%)	-3.7	5.9	4.8	3.4
Output gap (%)	-2.3	-0.6	0.2	0.0
Employment				
Unemployment (%)	6.0	5.6	5.7	5.5
Prices				
CPI inflation (% , period average)	2.6	5.0	13.3	10.0
General government finances (% GDP)				
Revenue	28.8	30.6	31.4	30.6
Expenditure	38.6	37.5	38.2	35.7
Fiscal balance	-9.8	-6.9	-6.4	-5.1
Primary balance	-8.5	-5.4	-5.2	-3.4
Structural fiscal balance 1/	-5.3	-7.6	-6.1	-4.9
Public debt (including guarantees)	49.6	51.4	51.7	52.0
Money and credit				
Broad money (% change)	15.3	15.8	15.1	12.5
Credit to the private sector (% change)	5.5	14.8	17.2	12.8
Policy rate (%)	1.5	1.75
Balance of payments				
Current account (% GDP)	-5.0	-7.0	-7.7	-7.4
FDI (% GDP)	-1.4	-3.0	-2.5	-2.7
Reserves (months imports)	4.6	4.2	3.6	3.1
External debt (% GDP)	57.9	55.9	52.2	51.0
Exchange rate				
REER (% change), CPI based	1.5	0.9
Sources: Romanian authorities, World Bank, Eurostat and IMF staff calculations.				
1/ Fiscal balance (cash basis) adjusted for the automatic effects of the business cycle and one-off effects.				

"NATIONAL ECONOMY" is based on IMF Executive Board Concludes 2022 Article IV Consultation with Romania September 26, 2022.

FOREIGN TRADE

Romania's total exports in 2018 were of the order of US\$ 80,078 million. It increased to US\$ 96,830 million in 2022. Exports during the period from 2018 to 2022, in terms of percentage, grew highest (24.41%) in 2021 and fell maximum (-8.09%) in 2020 in comparison with 2020 and 2019 respectively. The annual average compound growth rate worked out at 4.86%.

Imports, on the other hand, were of the order of US\$ 132,700 million in 2022 while in 2018 it was US\$ 97,878 million. Imports during the period from 2018 to 2022, in terms of percentage, grew highest (26.45) in 2021 and fell maximum (-4.75%) in 2020 as compared to 2020 and 2019 respectively. The annual average compound growth rate worked out at 7.91%.

Volume of trade registered an annual average (compound) growth rate of 6.57% from US\$ 177,956 million in 2018 to US\$ 229,530 million in 2022. Romania faced a deficit balance of trade payment during the said period. Romania's export and import, volume and balance of trade between 2018 and 2022 along with their growth rates are given in **Table-I**.

Romania's Main export markets are Germany, Italy, France, Netherlands, Turkey, UK, Egypt, USA, Austria, Yugoslavia etc. and major export commodities were clothing and accessories, iron and steel, furniture and parts, machinery and transport equipments, leather, leather mfg. and dressed fur-skins, food and live animals, minerals fuels, lubricants etc.

Major items of imports are textile yarn, fabrics, general industrial machinery and other machineries, petroleum, petroleum products etc., crude petroleum etc., chemicals and related products etc., transport equipment, metalliferous ores and metal scraps etc. Main import suppliers in 1996 were Germany, Italy, Russia, France, UK, USA, Iran, Austria, Egypt, Turkey, Greece etc.

There are international airports at Bucharest-Baneasa, Bucharest-Otopeni, Kogalniceanu-Constanta, Timisoara and Arad. Toram is the 70% state-owned airline. In 1998 it provided domestic services and international flights to different places of the world. Miravia Romanian Airlines and Romavia had some internal flights also in 1998. Services are provided also by Aevila Air, Aeroflot, Air France, Air Moldova, Alitalia, Austrian Airlines, British Airways, Czech Airlines, El Al, JAT, KLM, Lufthansa, Royal Jordanian, Turkish Airlines etc.

The main ports of Romania are Constanta and Agigea on the Black-Sea and Tulcea, Galati, Braila and Giurgiu on the Danube. Navigation on the River Danube is open to shipping of all nations.

BILATERAL TRADE WITH INDIA

Indo-Romania bilateral trade in 2018-19 was of the order of Rs.5,205.21 crores. It increased to Rs.10,540.77 crores in 2022-23. The annual compound rate of increase of volume of trade during the period from 2018-19 to 2022-23 was 19.29%. India enjoyed a surplus balance of trade during the said period (**see table II**). The average annual compound growth rate of export was 18.70% and import worked out at 20.09% during the said period.

India's exports to, and imports from Romania of Merchandise Goods between 2018-19 and 2022-23 with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Romania, during 2018-19 to 2022-23, along with their growth rates are depicted in **Table III & IV** respectively.

Some important links

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Romania

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Romania

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Names and addresses of the organizations engaged in foreign trade in Romania are:-

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Trade Point Bucharest

Romanian Foreign Trade Centre

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**Chamber of Commerce and Industry of Romania
And Bucharest.**

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Foreign Trade Promotion Centre (ANEIR)

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**Cluj Chamber of Commerce, Industry and
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Monthly Bulletin on Statistics UN Publication, IMF, the World Fact Book, World Development
Indicator, MEA and D.G.C.I & S etc.

NOTICE

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TABLE - I**ROMANIA'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE****BETWEEN 2018 TO 2022.**

(Figures in US MILLION DOLLARS)

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2018	80078		97878		1,77,956		-17800
2019	77299	-3.47	96644	-1.26	1,73,943	-2.26	-19345
2020	71046	-8.09	92056	-4.75	1,63,102	-6.23	-21010
2021	88390	24.41	116402	26.45	2,04,792	25.56	-28012
2022	96830	9.55	132700	14.00	2,29,530	12.08	-35870
Annual Compound Growth Rate	4.86		7.91		6.57		
NOTE :	Figures relate to calendar year, January to December.						
SOURCE :	UN COMTRADE PUBLICATION						

TABLE - II**INDIA'S EXPORT TO AND IMPORT FROM ROMANIA MERCHANDISE****GOODS DURING 2018-2019 TO 2022-2023****(Value in Rs. CRORES)**

Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
3007.84		2197.37		5205.21		810.47
2596.64	-13.67	1847.99	-15.90	4444.63	-14.61	748.65
2746.60	5.78	1433.24	-22.44	4179.84	-5.96	1313.36
4415.58	60.77	1961.00	36.82	6376.58	52.56	2454.58
5970.70	35.22	4570.07	133.05	10540.77	65.30	1400.63
18.70		20.09		19.29		

Figures relate to Financial Year April to March.

Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III										
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO ROMANIA										
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES										
(Value in Rs. CRORES)										
Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum Products	3.98	3.83	4.23	7.14	1529.27	-3.77	10.44	68.79	21318.35
	Share in total export	0.13	0.15	0.15	0.16	25.61				
2	Iron & Steel	194.46	283.77	520.38	916.76	544.22	45.93	83.38	76.17	-40.64
	Share in total export	6.47	10.93	18.95	20.76	9.11				
3	Electric Machinery And equipments	289.22	210.92	217.71	353.05	444.39	-27.07	3.22	62.17	25.87
	Share in total export	9.62	8.12	7.93	8.00	7.44				
4	Ceramic & Allied Products	91.28	107.42	148.44	216.69	209.26	17.68	38.19	45.98	-3.43
	Share in total export	3.03	4.14	5.40	4.91	3.50				
5	Auto Componennts Parts	682.81	451.48	218.44	310.60	167.96	-33.88	-51.62	42.19	-45.92
	Share in total export	22.70	17.39	7.95	7.03	2.81				
6	Products Of Iron & Steel	165.95	113.72	132.61	172.30	167.55	-31.47	16.61	29.93	-2.76
	Share in total export	5.52	4.38	4.83	3.90	2.81				
7	Manmade Yarn, Fabrics, Madeups Etc.	64.26	83.19	72.37	175.20	163.28	29.46	-13.01	142.09	-6.80
	Share in total export	2.14	3.20	2.63	3.97	2.73				
8	Coal Coke And Briquittes Etc.				173.51	125.57				-27.63
	Share in total export				3.93	2.10				
9	ATM, Injcting. Mldin. Machinery Etc.	44.71	58.47	69.03	138.38	124.90	30.78	18.06	100.46	-9.74
	Share in total export	1.49	2.25	2.51	3.13	2.09				
10	Cotton Yarn	0.97	1.77	30.05	83.69	122.90	82.47	1597.74	178.50	46.85
	Share in total export	0.03	0.07	1.09	1.90	2.06				
	Total export to ROMANIA	3007.84	2596.64	2746.60	4415.58	5970.70	-13.67	5.78	60.77	35.22

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM ROMANIA****2018-2019 TO 2022-2023 AND THEIR GROWTH RATES****(Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Vegetable Oils		48.99		166.79	2257.82		-100.00		1253.69
	Share in total imports		2.65		8.51	49.40				
2	Pump Of All Types	187.66	166.45	202.78	308.60	322.00	-11.30	21.83	52.18	4.34
	Share in total imports	8.54	9.01	14.15	15.74	7.05				
3	Consumer Electronics	1.26	4.62	2.47	110.84	289.22	266.67	-46.54	4387.45	160.93
	Share in total imports.	0.06	0.25	0.17	5.65	6.33				
4	Organic Chemicals	185.13	153.79	145.26	133.34	281.65	-16.93	-5.55	-8.21	111.23
	Share in total import	8.43	8.32	10.14	6.80	6.16				
5	Electronic Instruments	48.49	54.06	143.04	111.05	184.84	11.49	164.59	-22.36	66.45
	Share in total import	2.21	2.93	9.98	5.66	4.04				
6	Indl. Machinery For Dairy Etc.	129.90	142.88	212.19	137.13	170.30	9.99	48.51	-35.37	24.19
	Share in total import	5.91	7.73	14.80	6.99	3.73				
7	Plastic Raw Meterials	29.73	35.69	49.21	93.57	96.74	20.05	37.88	90.14	3.39
	Share in total import	1.35	1.93	3.43	4.77	2.12				
8	Products Of Iron And Steel	100.53	84.67	38.95	85.40	84.10	-15.78	-54.00	119.26	-1.52
	Share in total import	4.58	4.58	2.72	4.35	1.84				
9	Medical And Scientific Equipments	14.67	35.21	53.26	68.00	70.19	140.01	51.26	27.68	3.22
	Share in total import	0.67	1.91	3.72	3.47	1.54				
10	Electronic Component	16.98	17.32	70.88	56.74	69.77	2.00	309.24	-19.95	22.96
	Share in total import	0.77	0.94	4.95	2.89	1.53				
	Total import from ROMANIA	2197.37	1847.99	1433.24	1961.00	4570.07	-15.90	-22.44	36.82	133.05

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.