

# European Romania

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*developments, progress, challenges*

*Economic@BNR*

Coordinator

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DEPUTY GOVERNOR

Bucharest, April 2025

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Starting  
April 2025,  
with the approval  
of the NBR Board

- The *Economic@BNR* project was launched as an analysis, assessment and support initiative to substantiate economic policy decisions, given that “without prejudice to its primary objective of ensuring and maintaining price stability, the National Bank of Romania shall support the general economic policy of the State” (Article 2 of Law 312/2004).
- It is also a comprehensive framework for information and debate, to the benefit of both the public at large and policymakers. The project provides a platform for discussions on the progress that Romania’s economy has made, as well as on the risks, vulnerabilities and challenges it faces in the broader context of domestic and international policies.
- Through charts providing synthetic overviews on various economic topics, but also through the related debates, *Economic@BNR* aims to help in the alignment to best international practices by means of enhanced contributions from the National Bank of Romania to raising the level of economic and financial education.

# European Romania

## Developments

## Progress

## Challenges

- The assessment of Romania's path in a European context marks an approach for reconfirming our identity in a rapidly changing Europe, but also a reflection on what we want to become, as a country and as an economy.
- The European Union is currently facing headwinds in the form of global economic challenges, which jeopardise the bloc's position within the world economy, but also come with major geostrategic and security challenges.
- In the global context of the past decades, Romania's accession to the European Union was a crucial step, the most important country project, which considerably influenced the path of the Romanian economy and society.
- In retrospect, Romania has steered well through the opportunities and challenges of EU membership, boasting solid progress in the economic, social and institutional areas, and proving adherence to European values, but also economic resilience in the context of crises.

# European Romania

## Developments

### Progress

### Challenges

- Romania absorbed a substantial amount of EU funds, which have had a major contribution to the country's economic and social development, representing a key source for accelerating the modernisation of the economy and increasing the standard of living.
- While significant, the current quantitative progress is not however sufficient in the long run, requiring substantial qualitative support to become sustainable and to contribute to the development of the country's own "share capital", as a key driving factor of modernisation and progress over the upcoming decades.
- The global economy is still riddled with multiple challenges in terms of stability and predictability, compounded by the security threats and the trade tariff war affecting world economic order.
- For Romania, the 2025 picture paints a wide range of economic and political risks, having domestic and especially external sources. Key challenges further relate to public finance consolidation and financial sustainability.

**I.**

**Growth**

**Convergence**

**Competitiveness**

**Resilience**

**II.**

**Companies**

**Financing**

**Energy**

**Infrastructure**

**III.**

**Labour**

**Employment**

**Unemployment**

**Productivity**

**IV.**

**Quality of life**

**Social inclusion**

**Inequalities**

**Life expectancy**

**V.**

**European funds**

**Cohesion**

**Regional development**

**NRRP investments**

# I.

## Growth

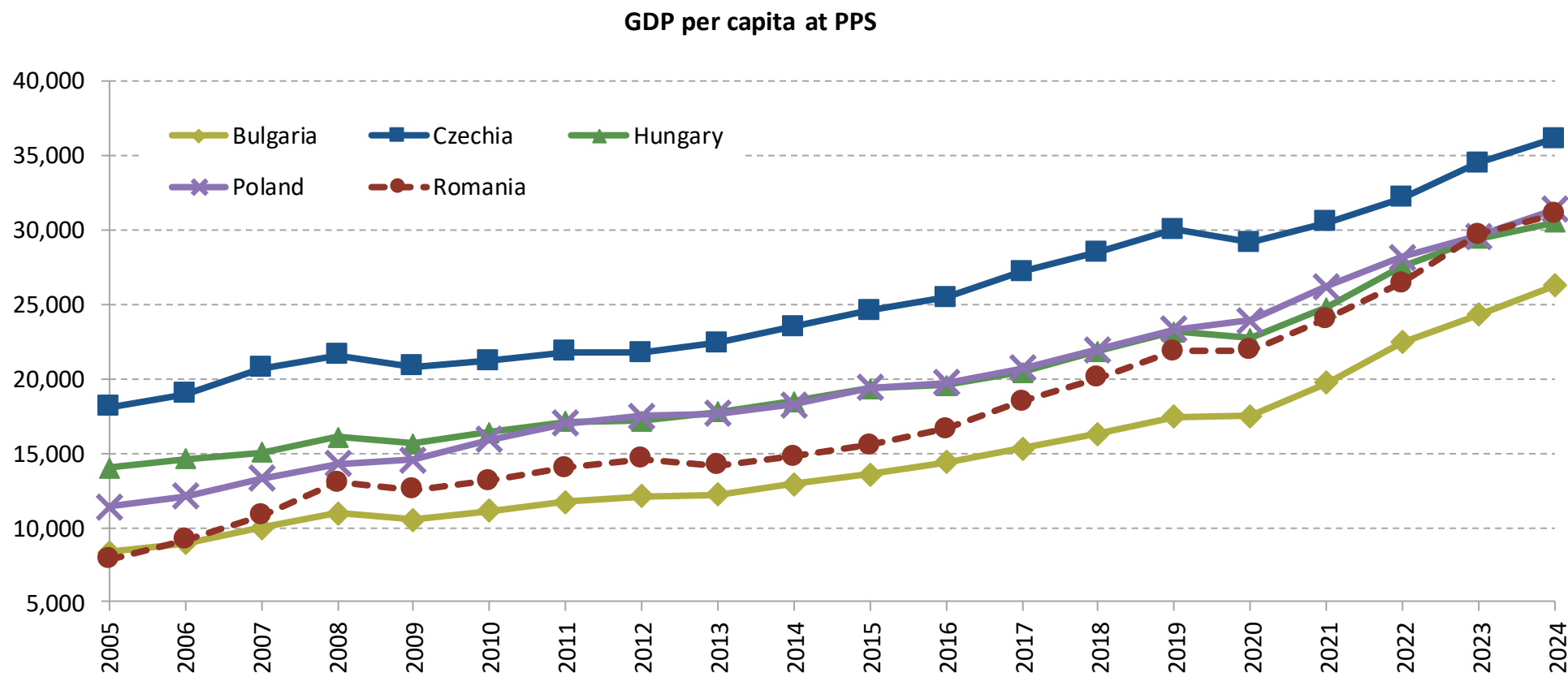
## Convergence

## Competitiveness

## Resilience

- Over the past two decades, Romania saw the fastest advance among the European Union countries in terms of real economic convergence, closing more than half of the gap with the euro area (PPS-based).
- Alongside the restructuring of economic sectors, Romania's foreign trade recorded significant dynamics, and the composition of exports improved in quality via a higher share of manufactured goods.
- Foreign direct investment from EU countries played a crucial role in Romania's economic transformation, especially in industry, banking, trade and services, boosting job creation.
- The resilience of the economy was tested by overlapping crises – pandemic, war, energy crisis –, a context in which public and external deficits widened, especially via expansionary fiscal policies, with Romania's budget deficit, 9.3 percent of GDP (ESA) in 2024, posting the largest slippage in the EU.

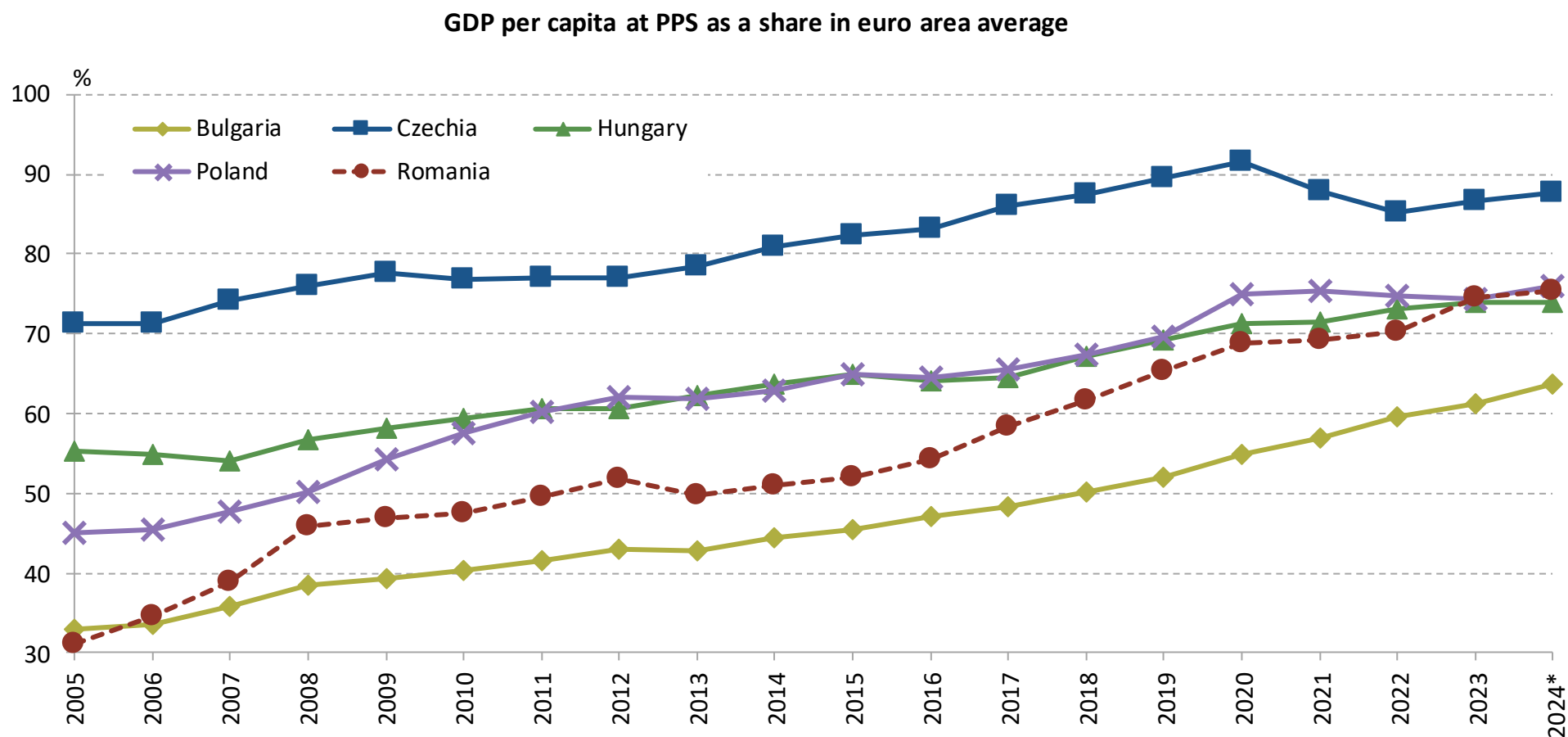
In 2024, Romania's GDP per capita at purchasing power parity (PPS) was four times higher than 20 years ago. The swift growth was supported by EU accession, implementation of reforms and increased foreign direct investment inflows.



Note: Romania signed the Accession Treaty on 25 April 2005 and the official date for joining the European Union was 1 January 2007.

Source: Eurostat, NBR calculations

Over the past 20 years, Romania saw the fastest advance in the EU in terms of real convergence, closing more than half of the gap with the euro area. The level recorded in 2024, i.e. over 75% of euro area average, is comparable to that of Poland and slightly above that of Hungary.



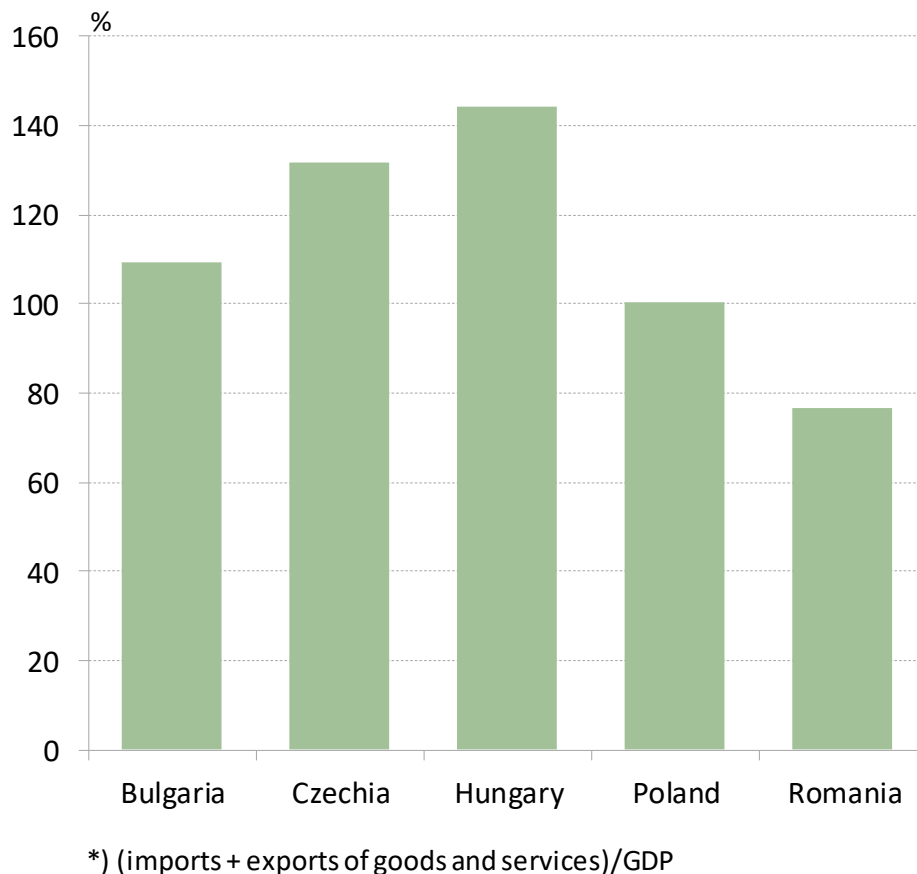
\*) provisional data

Source: Eurostat, NBR calculations



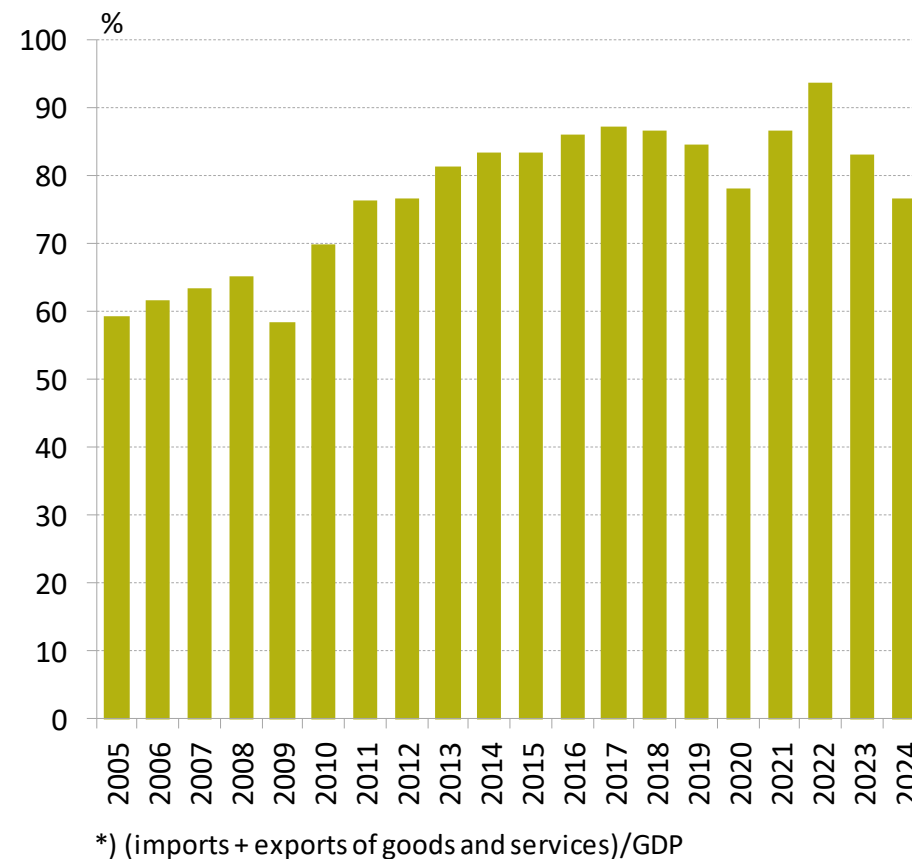
The share of Romania's international trade in economic activity saw upward trends over the past decades. However, the degree of trade openness remains low compared to countries in the region, under the influence of a multitude of factors, such as infrastructure quality.

Openness\* of the economy from a regional perspective, 2024



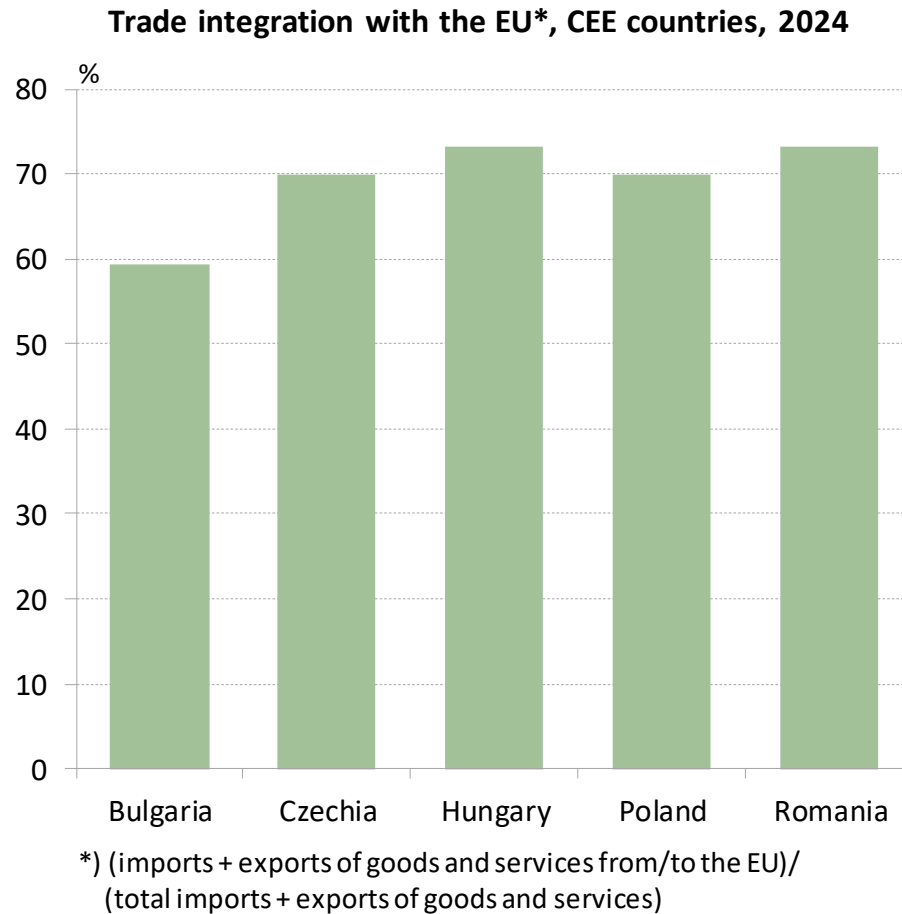
Source: Eurostat

Openness\* of Romania's economy

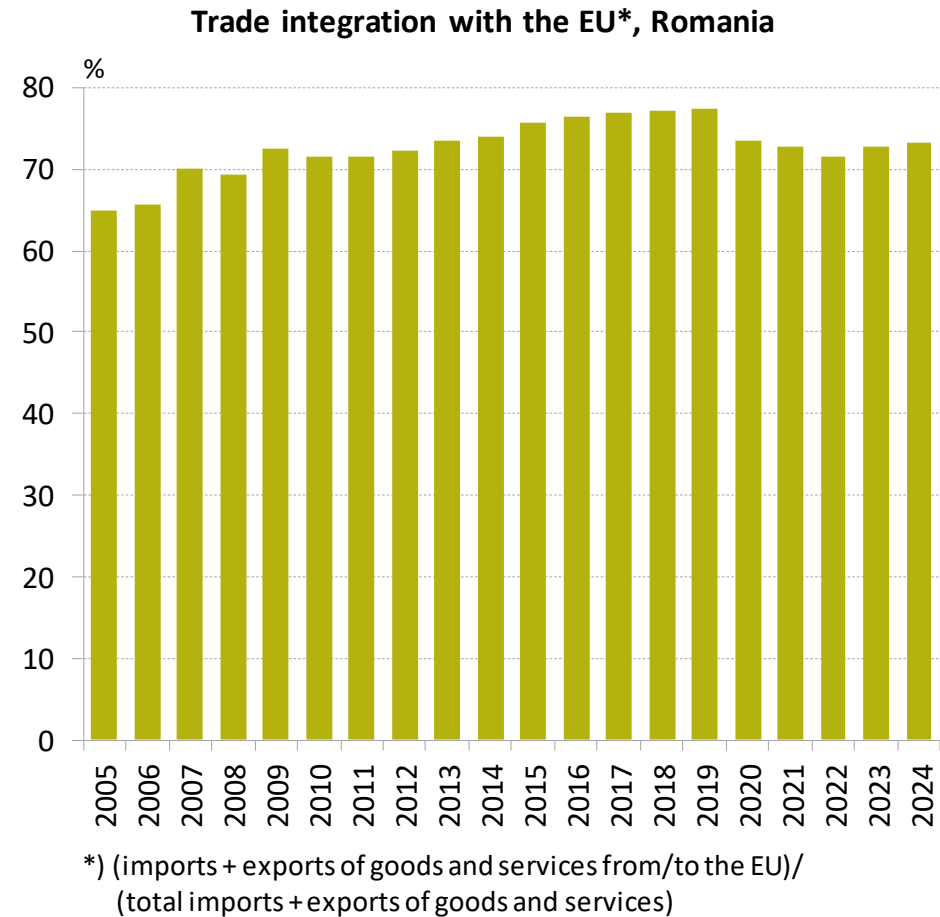


Source: Eurostat

Romania's trade with EU countries increased over the past 20 years, reflecting deeper integration into European value chains. The shift reduced reliance on other markets, relatively more volatile, and strengthened economic ties within the Single Market.

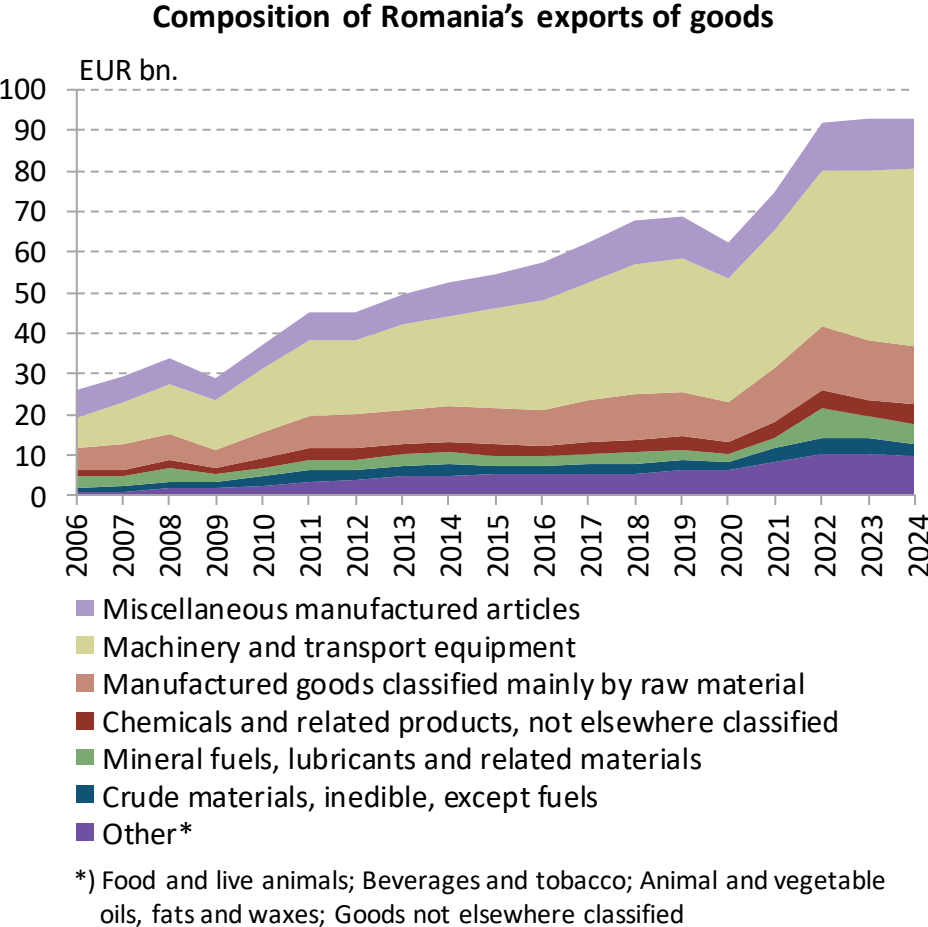


Source: Eurostat



Source: Eurostat

Over the past two decades, Romania's exports increased both in volume and complexity. Their reliance on imported raw materials declined, while the composition improved in quality via a rise in the share of goods with higher technological intensity.



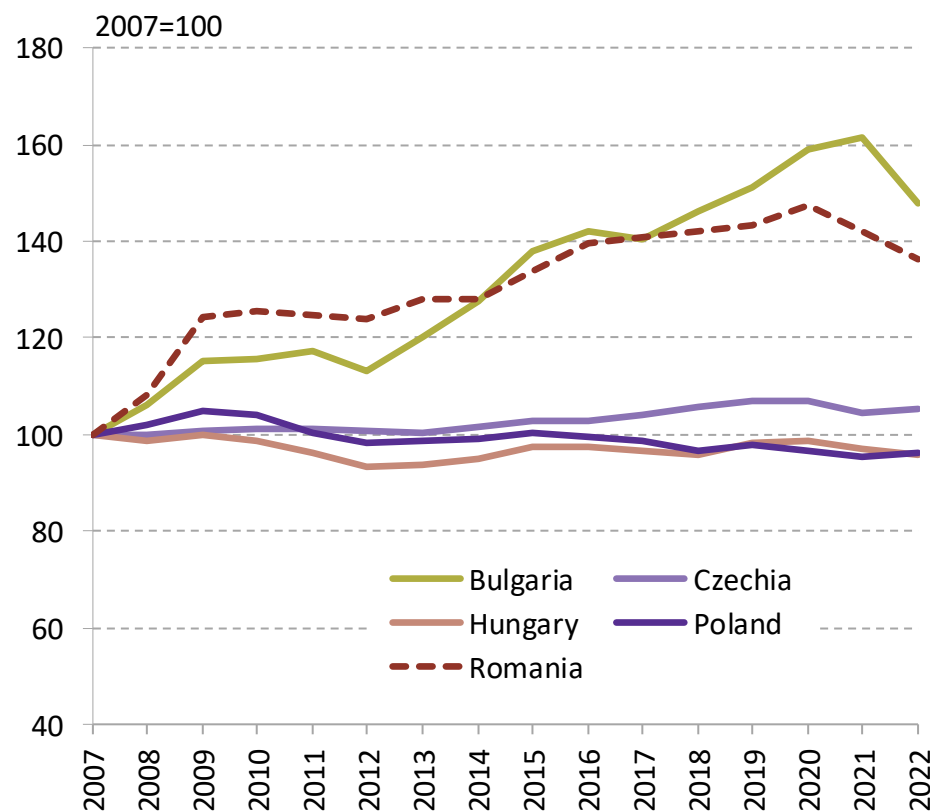
Source: National Institute of Statistics



Source: National Institute of Statistics

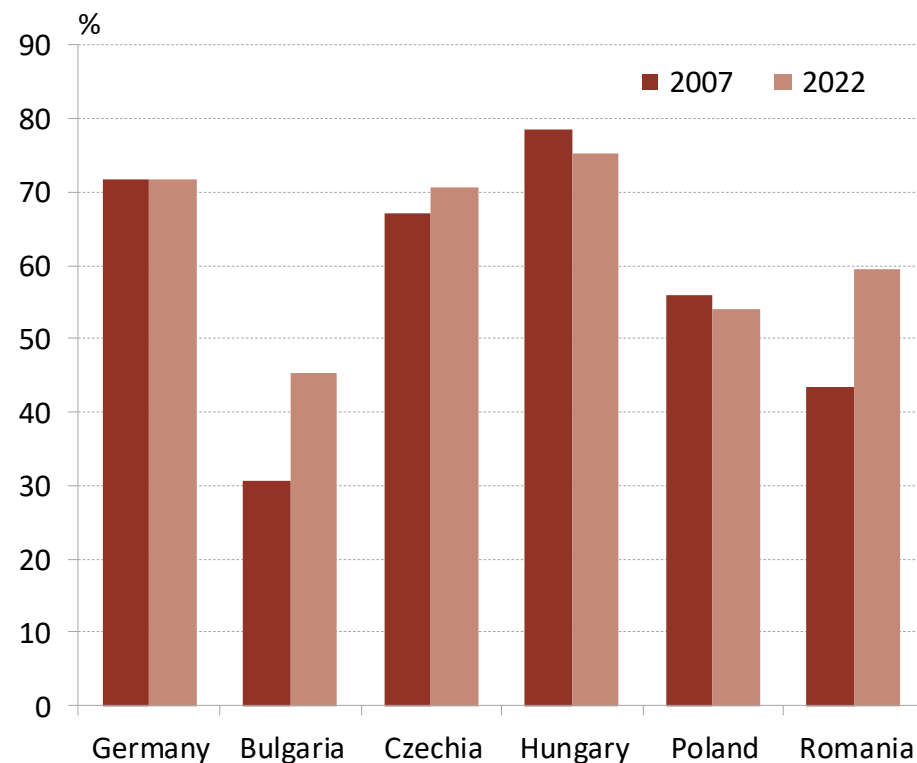
The share of medium and high-tech exports in total exports witnessed a sizeable growth rate after EU accession. Exports of higher value-added goods reflect the rise in investment for the economy's technological advance.

**Medium and high-tech exports  
(% of manufactured exports)**



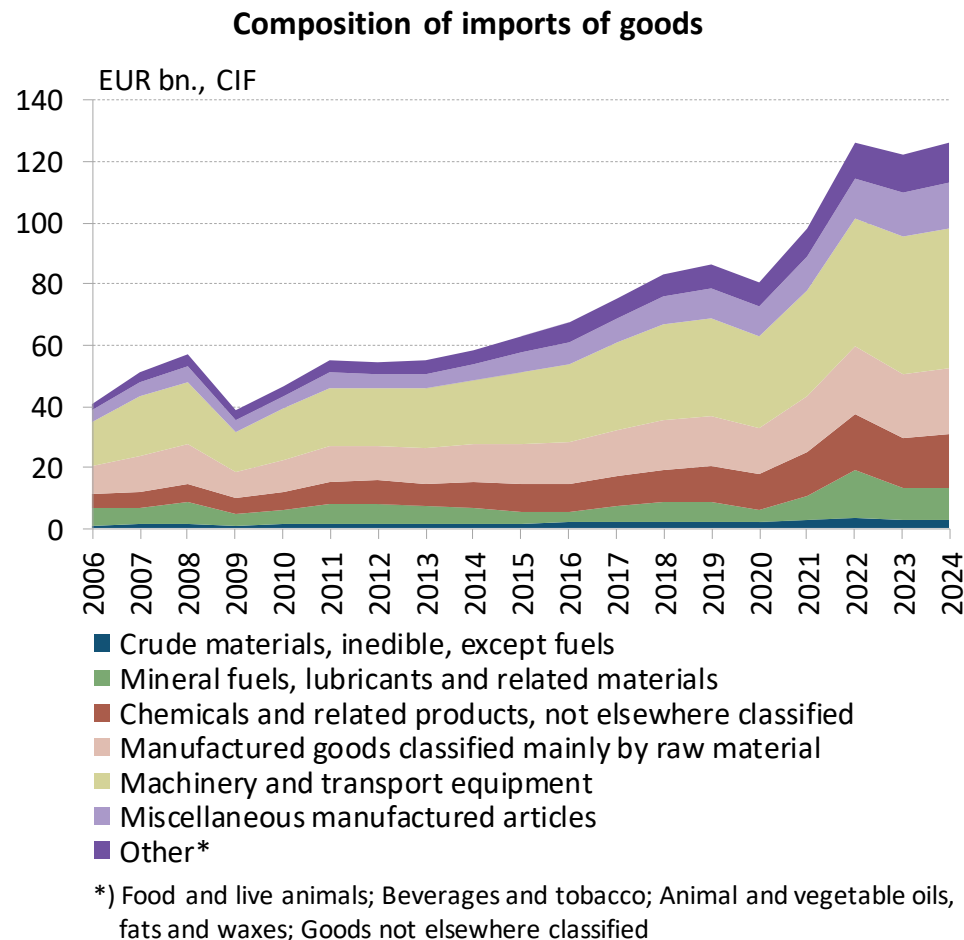
Source: United Nations Industrial Development Organization (UNIDO)

**Share of medium and high-tech exports in total  
manufactured exports, 2022 versus 2007**



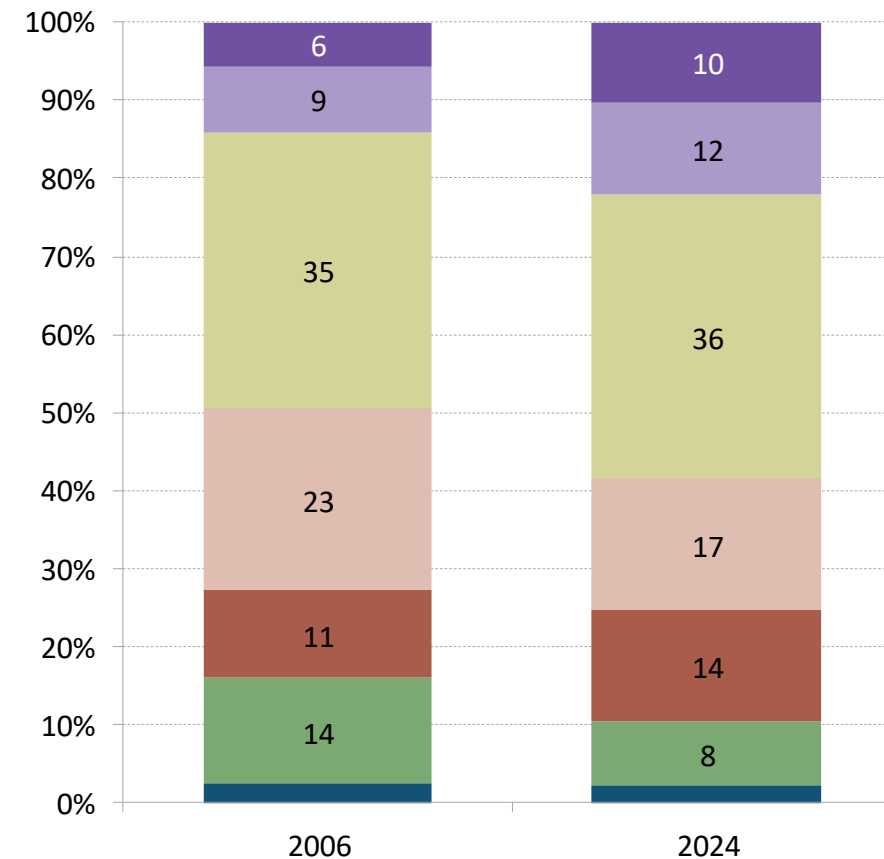
Source: United Nations Industrial Development Organization (UNIDO)

Over the past decades, Romania's imports of goods stood on a steadily upward path, reflecting the country's increasingly deeper integration into global supply chains, but also the steep rise in domestic consumption, fuelled by public policies.



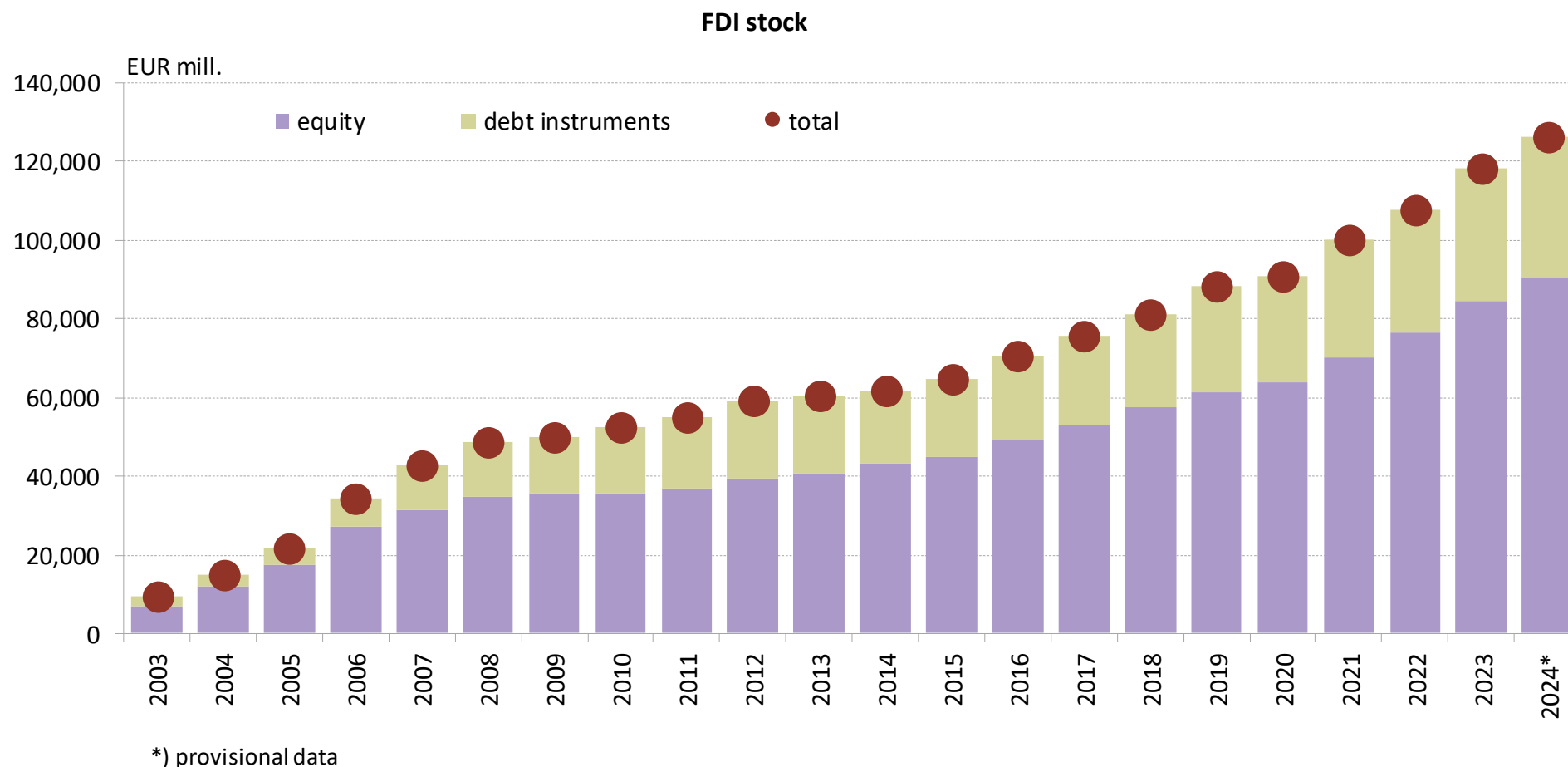
Source: National Institute of Statistics

**Composition of imports of goods, 2024 versus 2006**



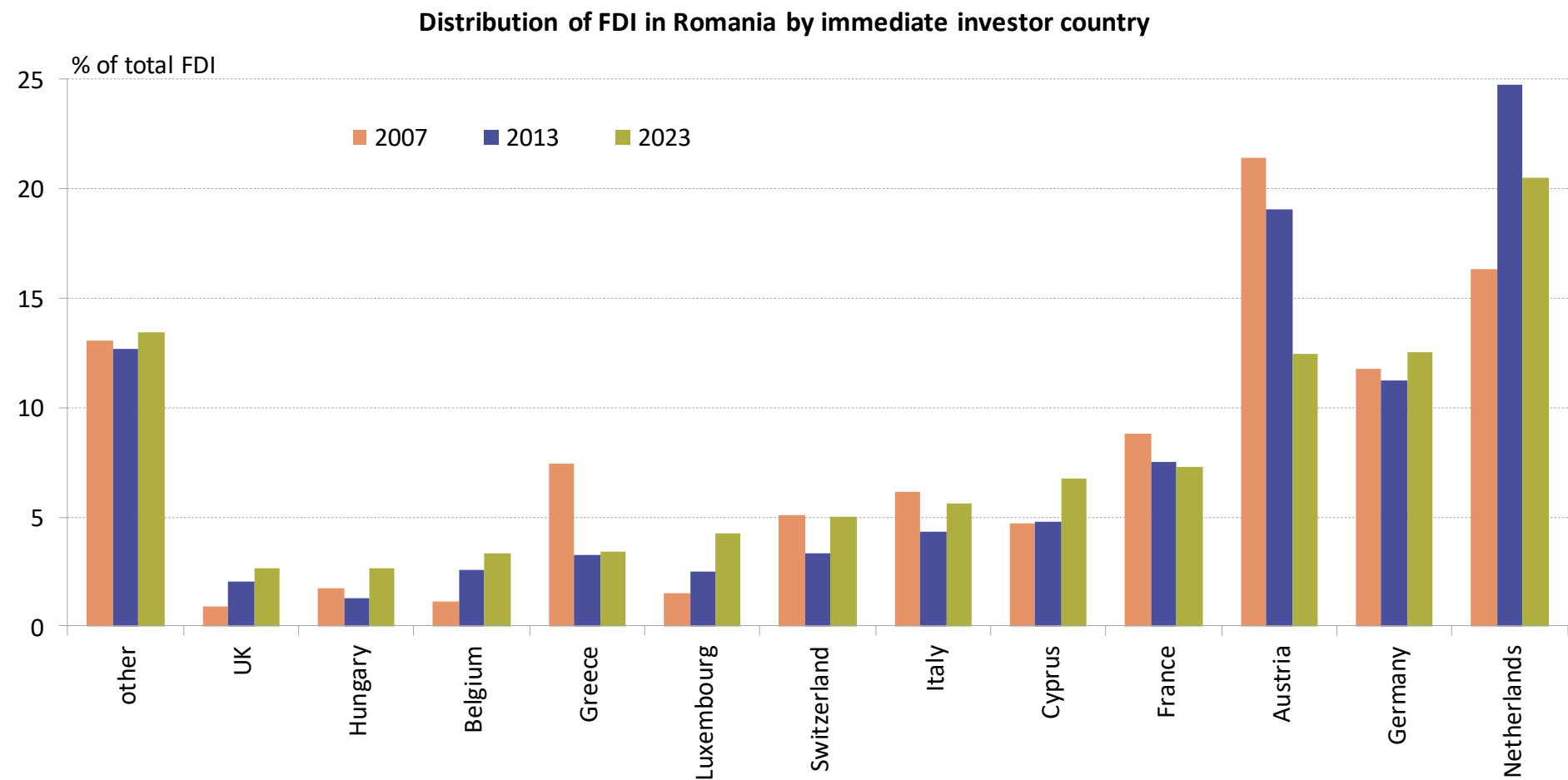
Source: National Institute of Statistics

Foreign direct investment (FDI) made a hefty contribution to job creation, increased factor productivity, including the adoption of advanced technologies, as well as to better integration into European and global value chains.



Source: National Bank of Romania

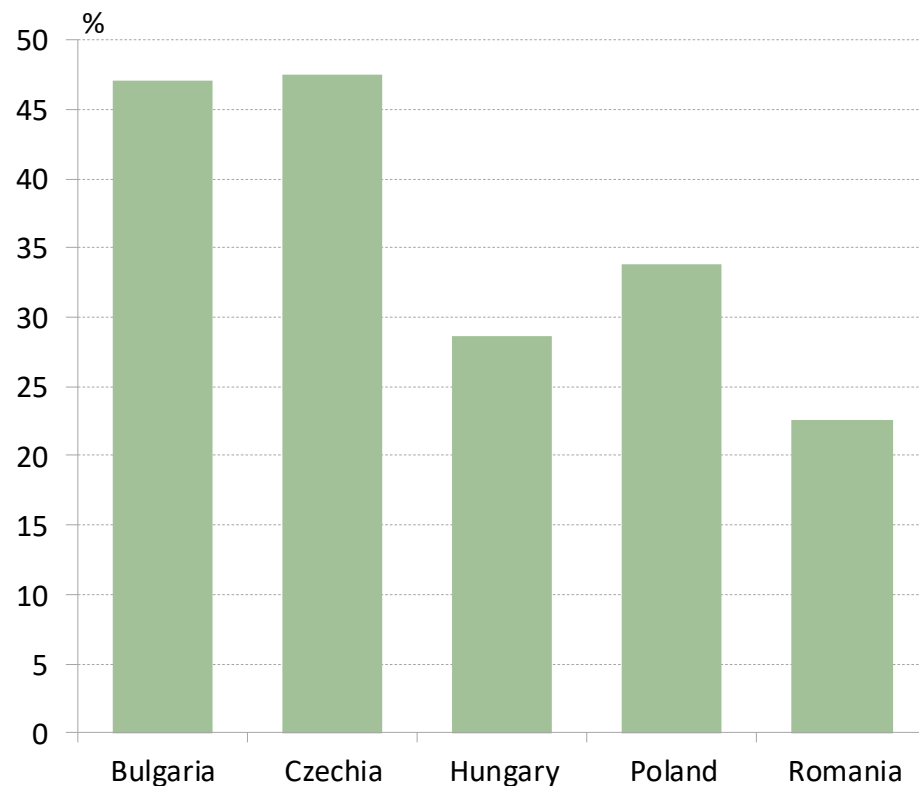
FDI played a key role in Romania’s economic modernisation, coming mostly from EU countries, particularly in industry, the banking sector, trade and services. The structure of FDI origin has been relatively stable over time, proving the strength of European economic relations.



Source: National Bank of Romania

The low level of financial intermediation is a structural vulnerability of the Romanian economy.  
A key element for higher financial intermediation is to stay on course towards  
a high value-added economy, including via the use of European funds.

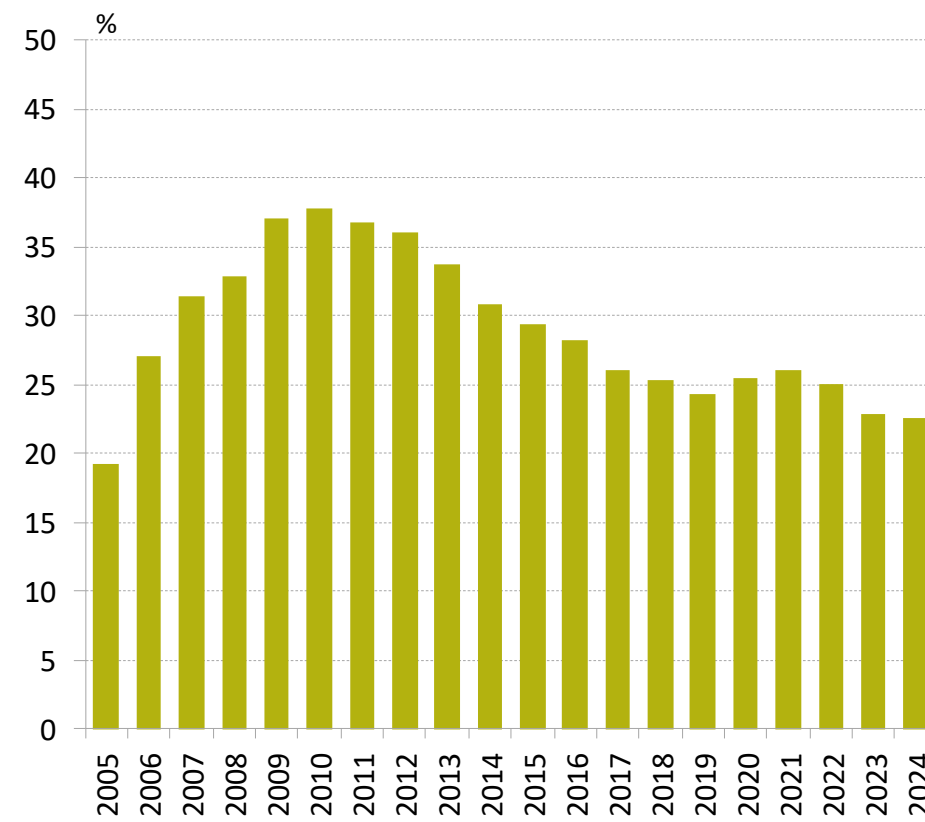
Indirect financial intermediation\* in the region, 2024



\*) credit to the private sector, excluding NBFIs, as a share of GDP

Source: ECB

Indirect financial intermediation\* in Romania



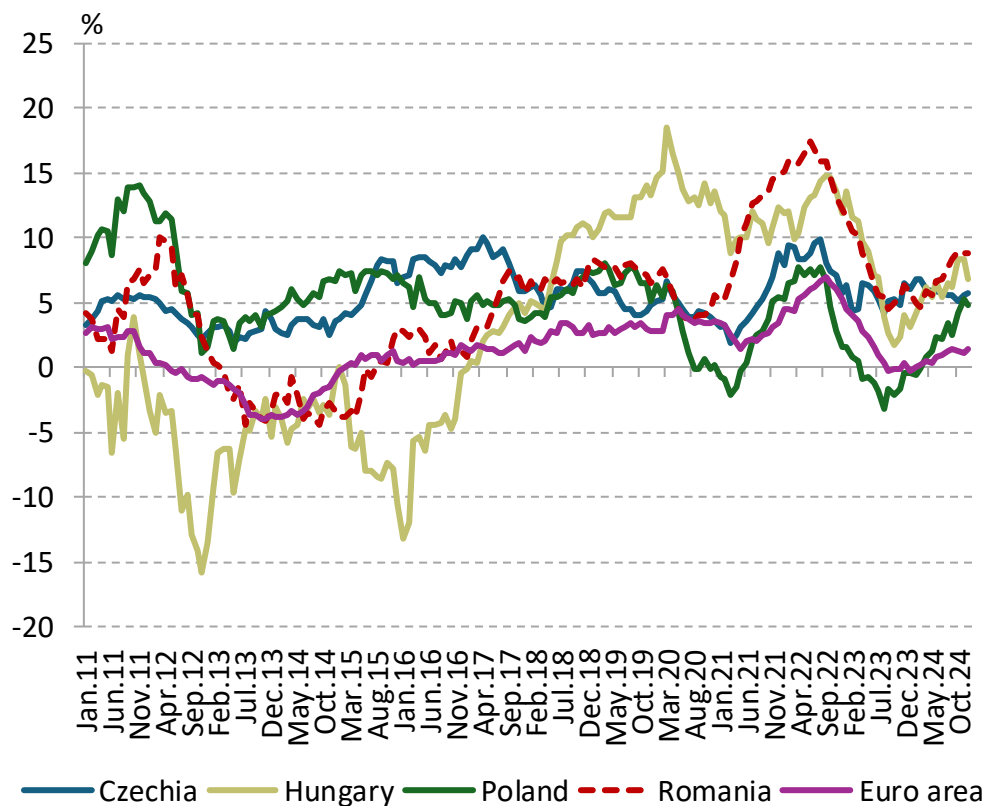
\*) credit to the private sector, excluding NBFIs, as a share of GDP

Source: ECB



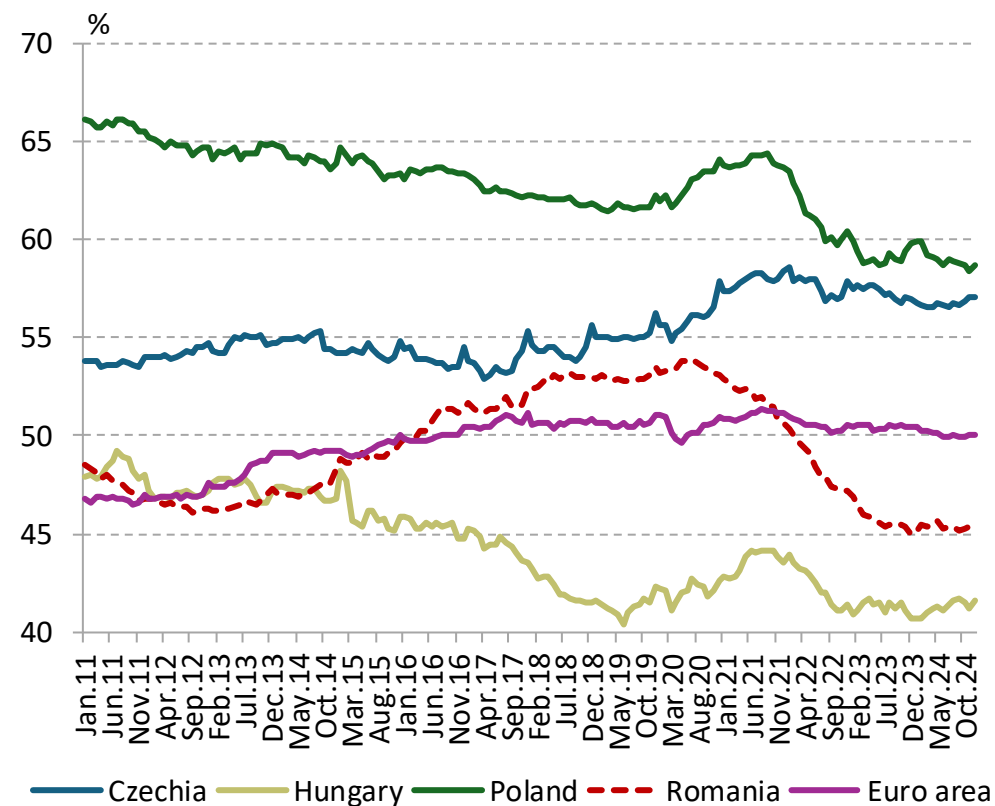
Credit to the private sector followed the regional and euro area trends, also in the context of the relative synchronisation of regional monetary policy stances. The share of household loans recorded partially synchronised developments with the other economies.

**Credit to the private sector**  
(annual nominal dynamics)



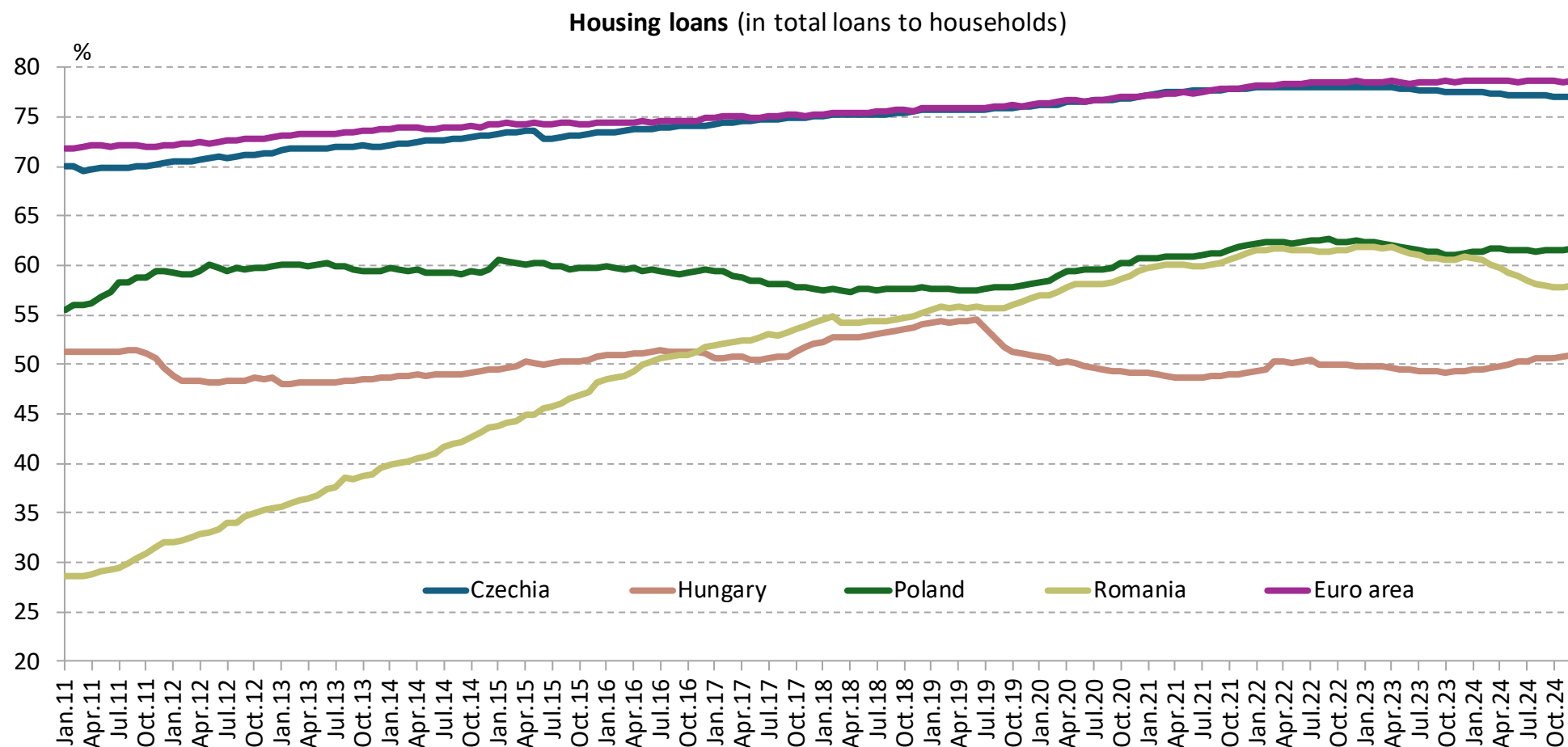
Source: national central banks' websites

**Share of household loans**  
(in total credit to the private sector)



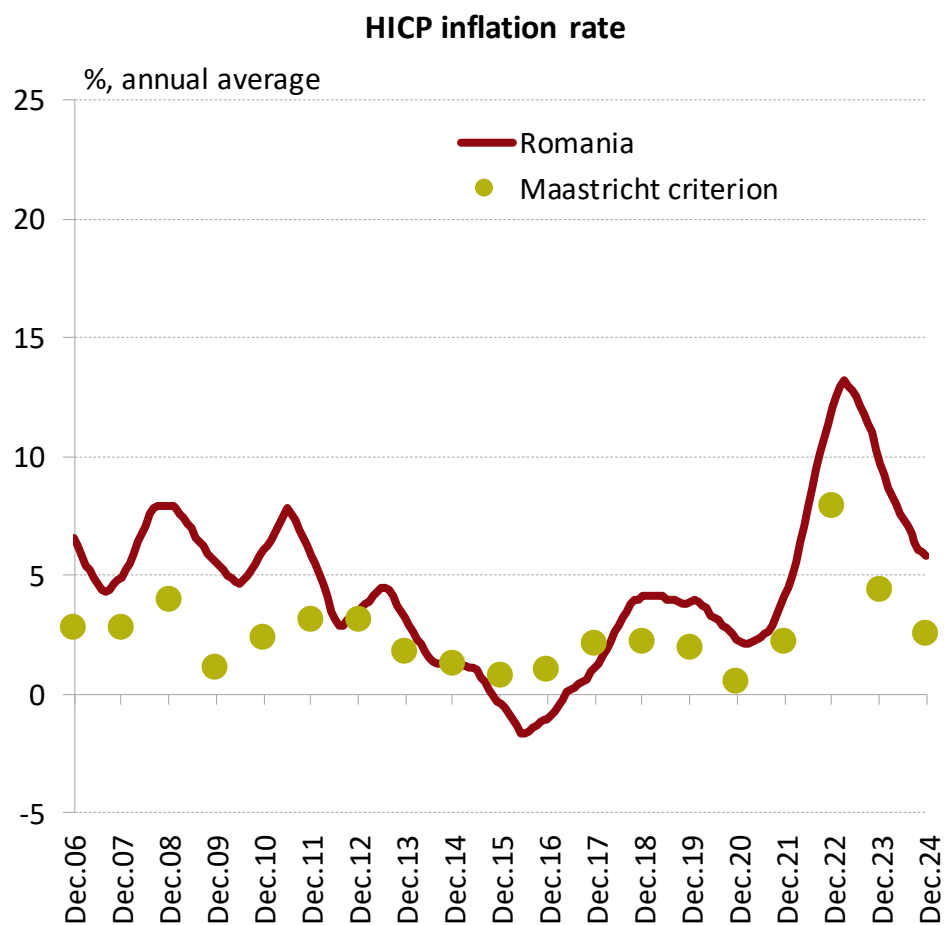
Source: national central banks' websites

The share of housing loans in total loans to households exceeded the 50% mark, closing the gap with the region in the mid-2010s, and then continued to rise slowly, towards the medians in the region and the euro area.

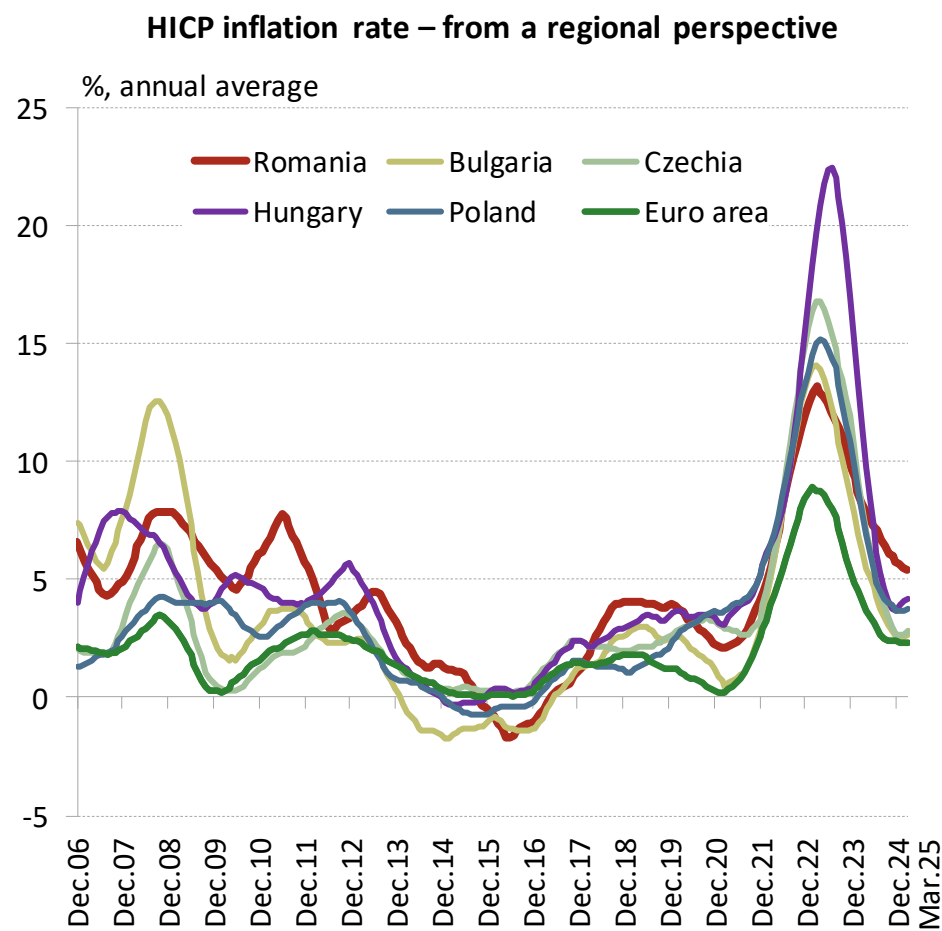


*Source: national central banks' websites*

Romania recorded substantial progress in reducing the HICP inflation rate, though its level often stood above the Maastricht criterion, reflecting structural rigidities, pro-cyclical fiscal policies or external shocks, the latter also affecting the other countries in the region.

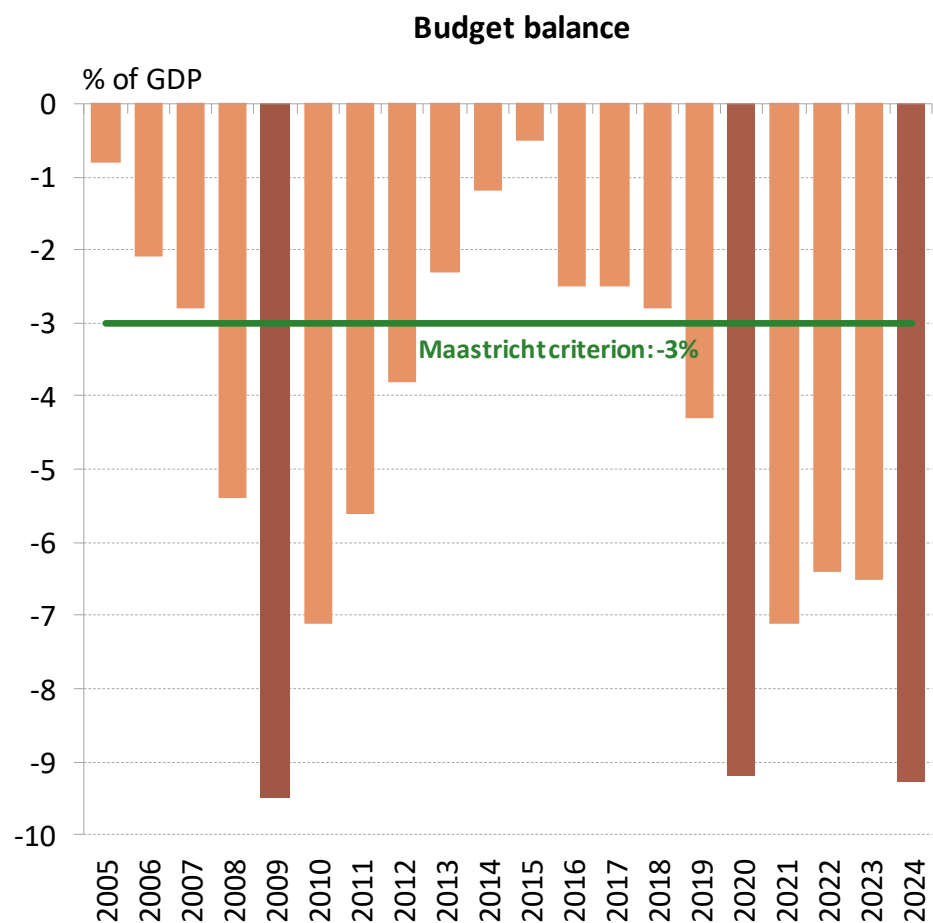


Source: Eurostat

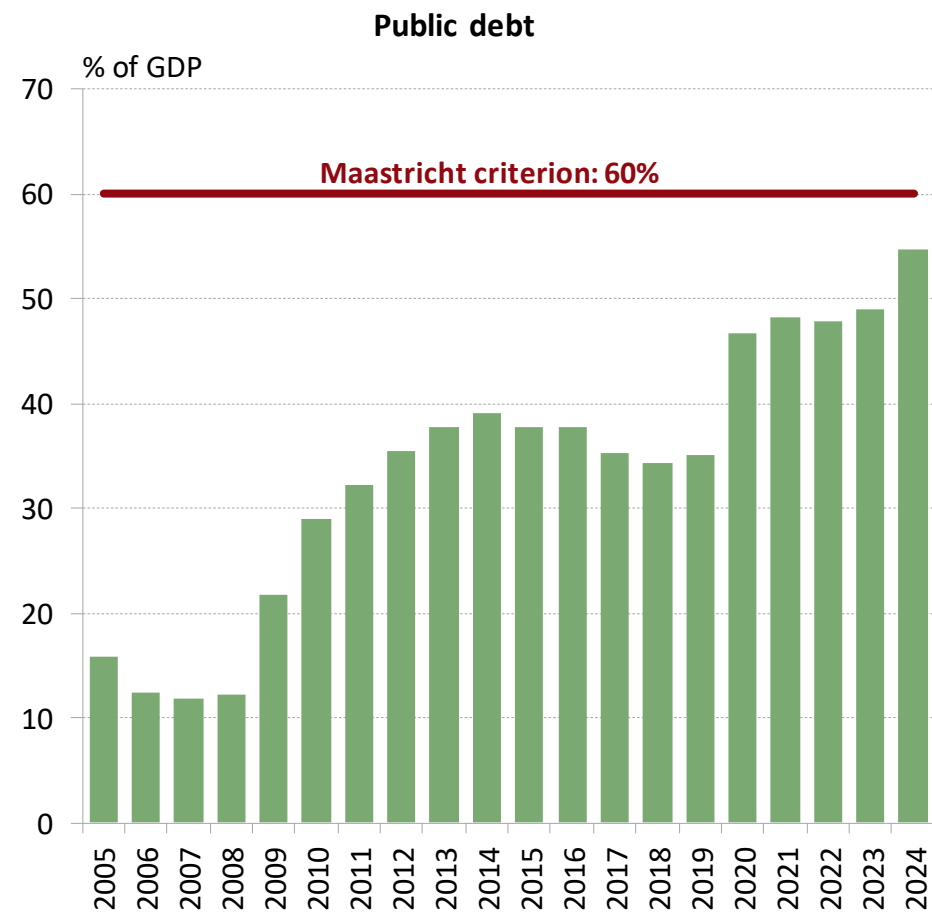


Source: Eurostat

The budget deficit frequently exceeded the 3%-of-GDP threshold, starting in 2019 and especially during the crisis years, culminating however with a recent high of 9.3% of GDP (ESA) in 2024. Thus, the steep upward path of government debt points to the need for stronger fiscal consolidation.

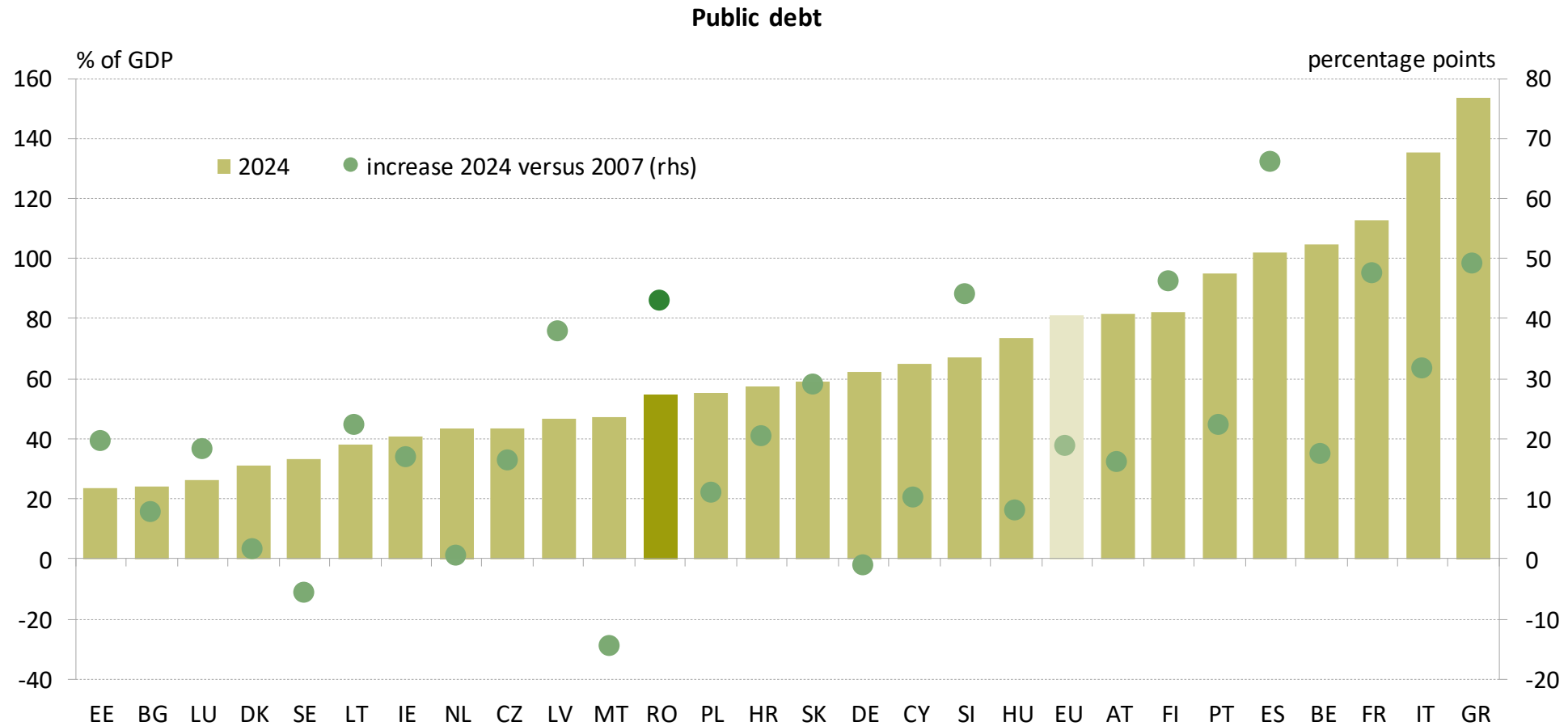


Source: Eurostat, EC



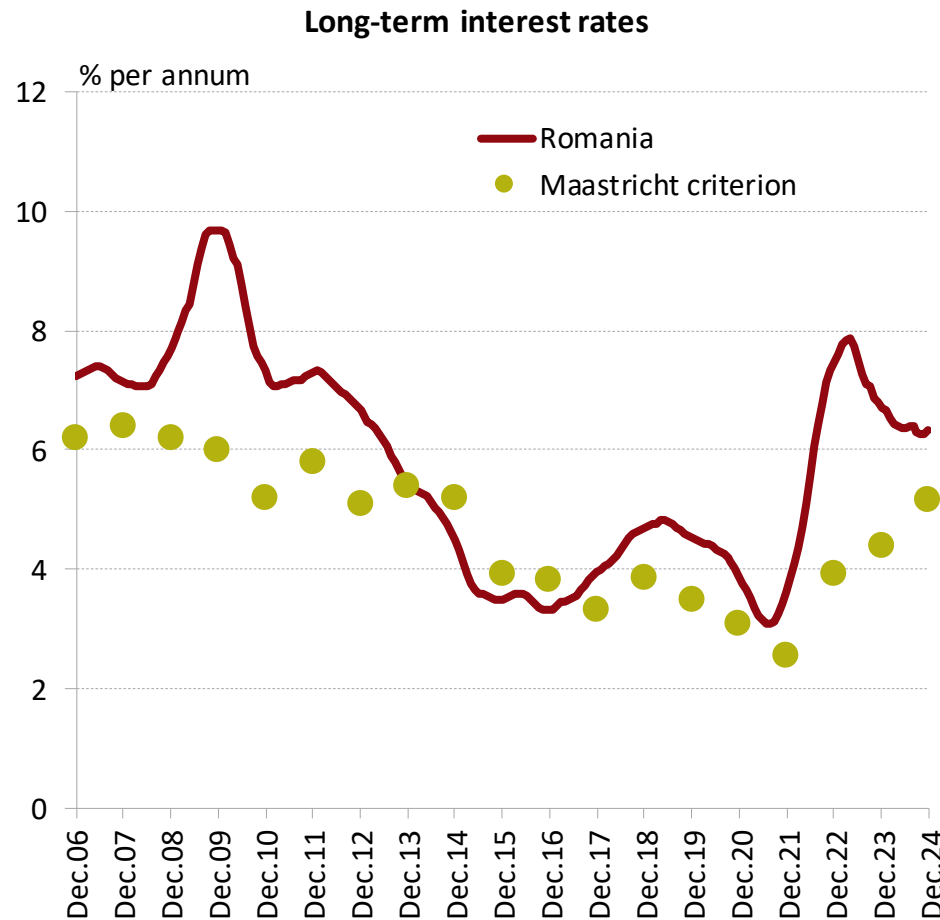
Source: Eurostat, EC

Romania's public debt is lower than that of most European countries and the EU average, but its level recorded one of the largest increases compared to 2007, reflecting the domestic causes of the widening of the fiscal imbalance.

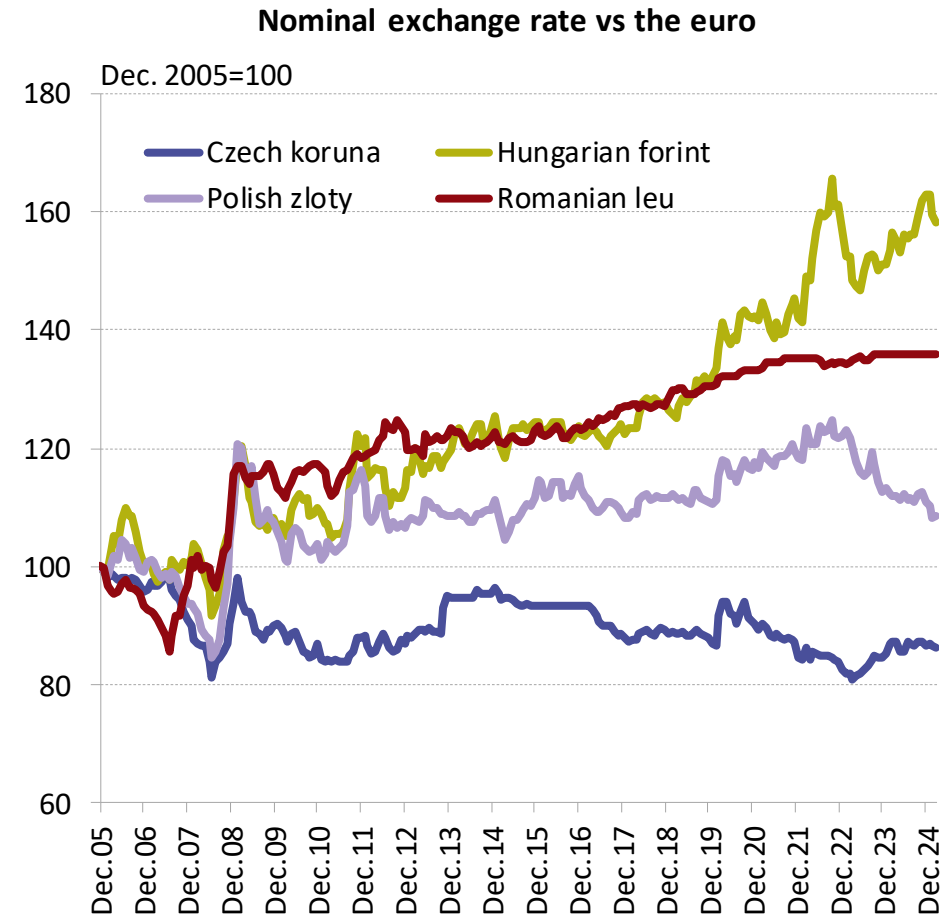


Source: Eurostat, NBR calculations

Long-term interest rates declined gradually amid an improvement in macroeconomic indicators and confidence. Recent developments reflect a shift in direction of monetary policies worldwide. The EUR/RON exchange rate followed a slowly upward path.

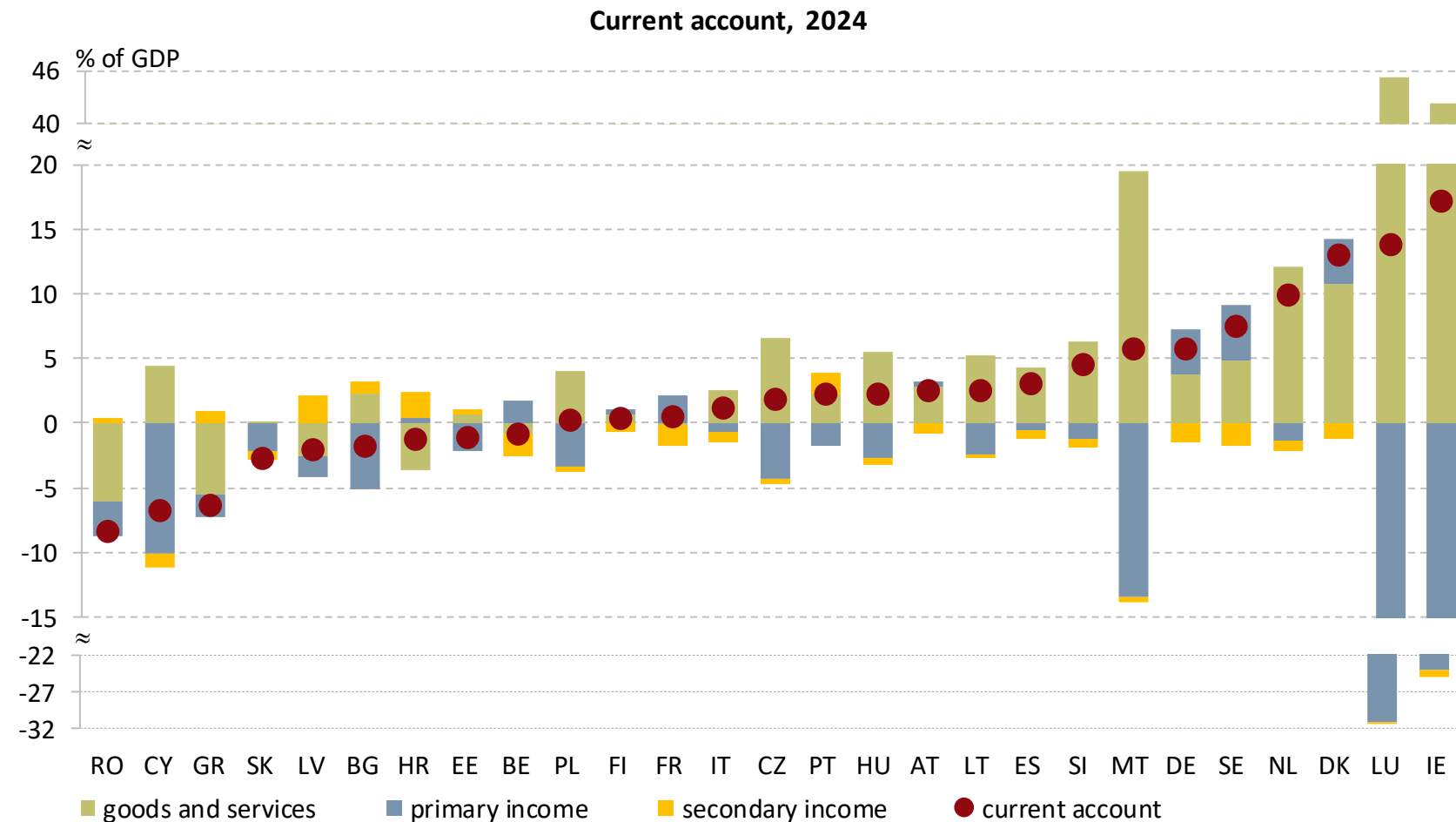


Source: Eurostat, NBR calculations



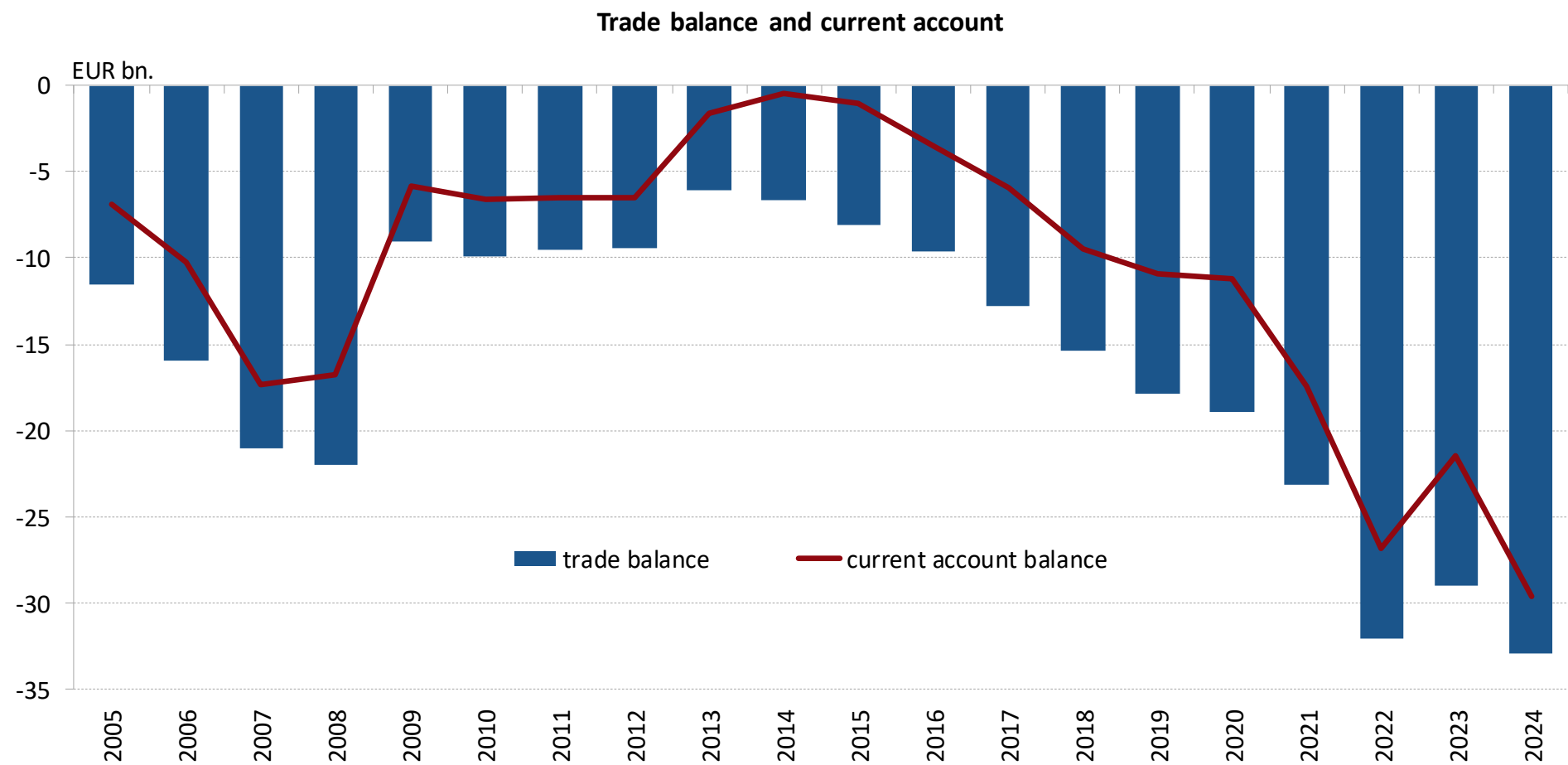
Source: Eurostat, NBR calculations

Looking at 2024, the current account balances of EU Member States vary significantly, reflecting the differences between them with respect to the economic growth drivers and the competitiveness characteristics of sectors and of international trade.



Source: Eurostat

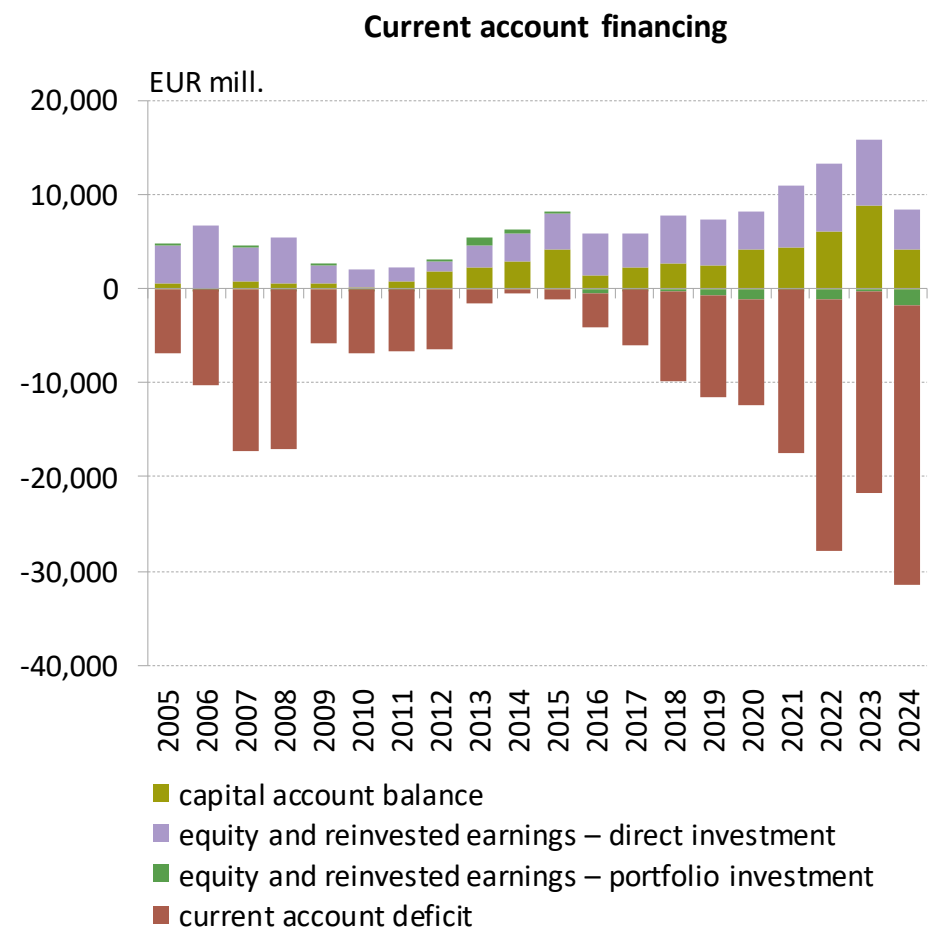
The trade balance and the current account balance fluctuated significantly over the past two decades, reflecting accurately the evolution of the budget balance and the consumption-based economic growth pattern (with consumption being covered to a significant degree through imports).



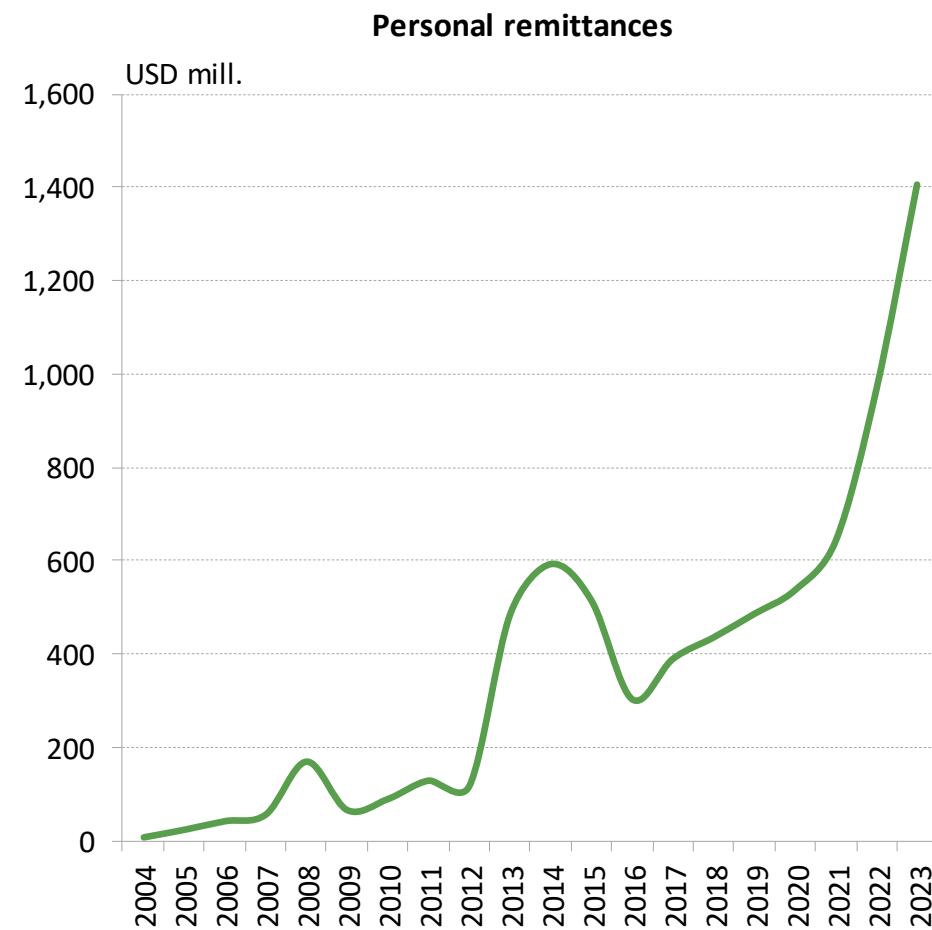
Source: NBR



In the period from 2014 to 2021, the current account deficit was primarily financed via non-debt-creating flows, but during 2022-2024 the main source of finance consisted in government securities. Personal remittances strongly complemented household income.

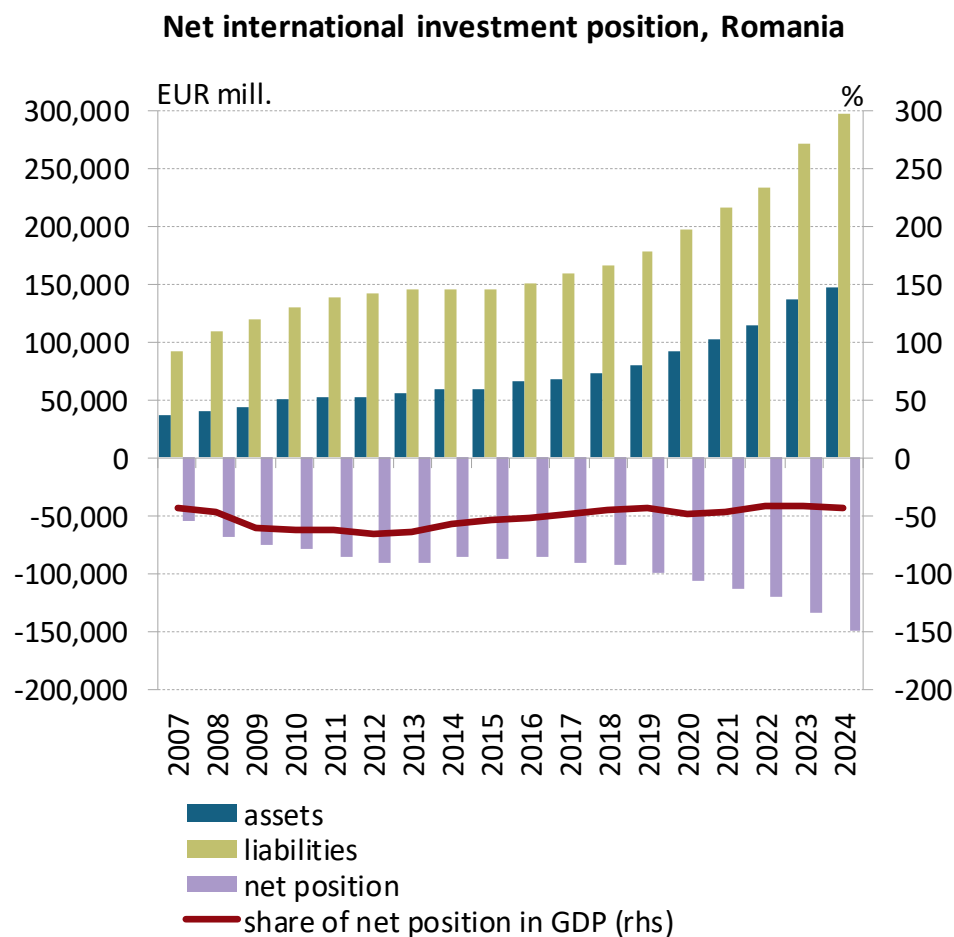


Source: NBR

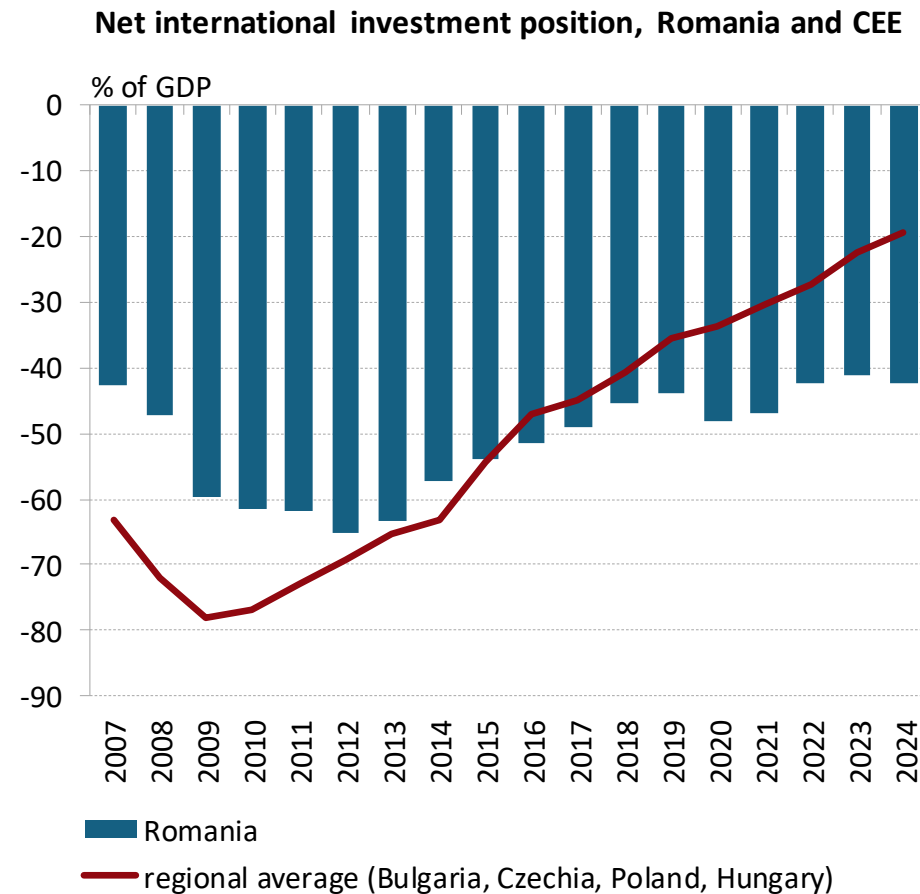


Source: Eurostat

Romania still reports a negative net investment position (net debtor country), reflecting a certain dependence on foreign capital. This implies risks in the face of external shocks such as higher international interest rates or market volatility.



Source: NIS, NBR



Source: Eurostat

## II.

### Companies

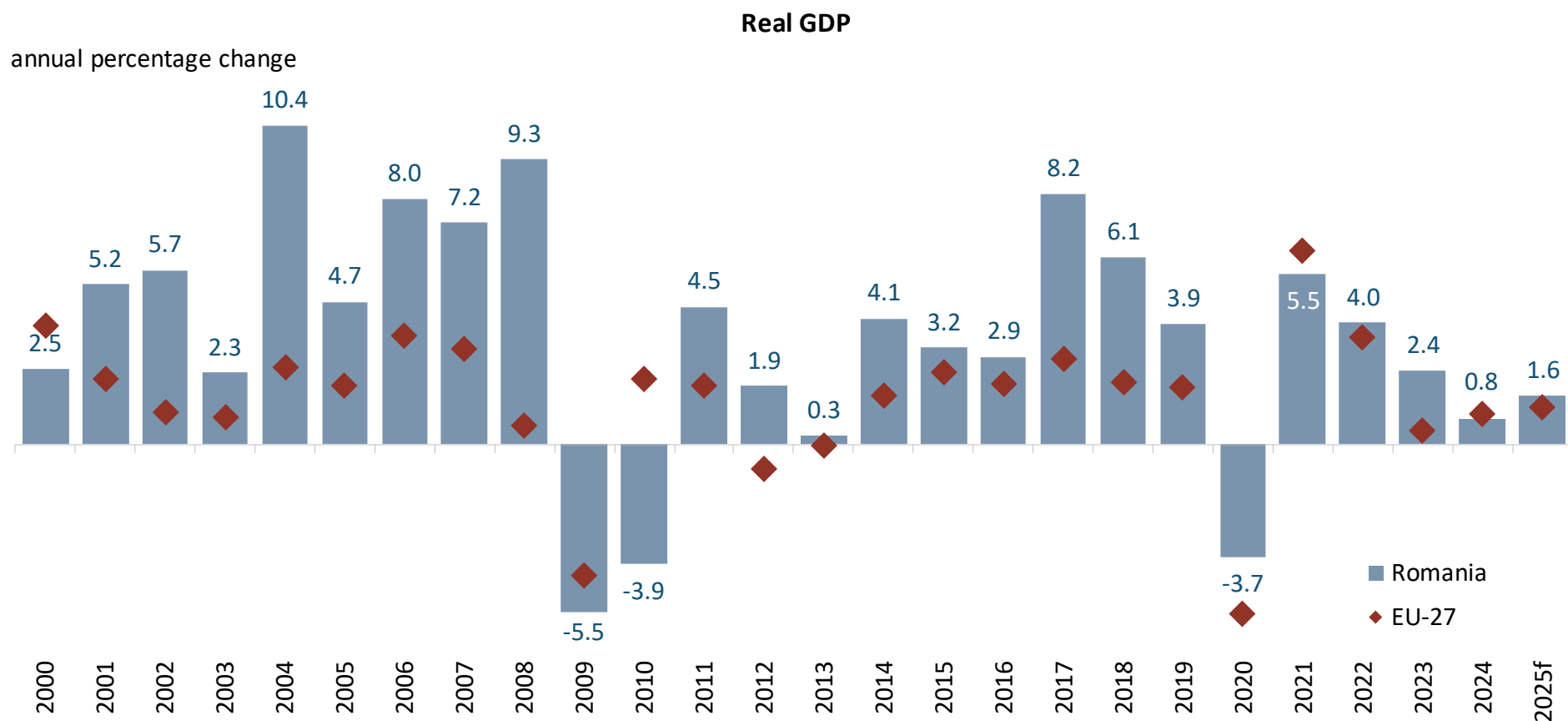
### Financing

### Energy

### Infrastructure

- The structure of the Romanian economy has neared significantly that of the EU, particularly in terms of the shares of industry and services, whereas agriculture holds considerable comparative advantages.
- In the context of EU accession, Romania benefitted from a marked rise in the role of foreign-owned firms, but in the last 2-3 years companies with majority domestic capital have signalled a significant comeback.
- Energy has become the key issue of the post-pandemic economy at global level, and Romania boasts major competitive advantages in the region thanks to its lowest energy dependency rate regionally.
- Though solid progress was made in developing transport infrastructure, boosted significantly by EU funds accession, Romania still needs to catch up noticeably in terms of quality and diversity of infrastructure, including in energy and utilities sectors.

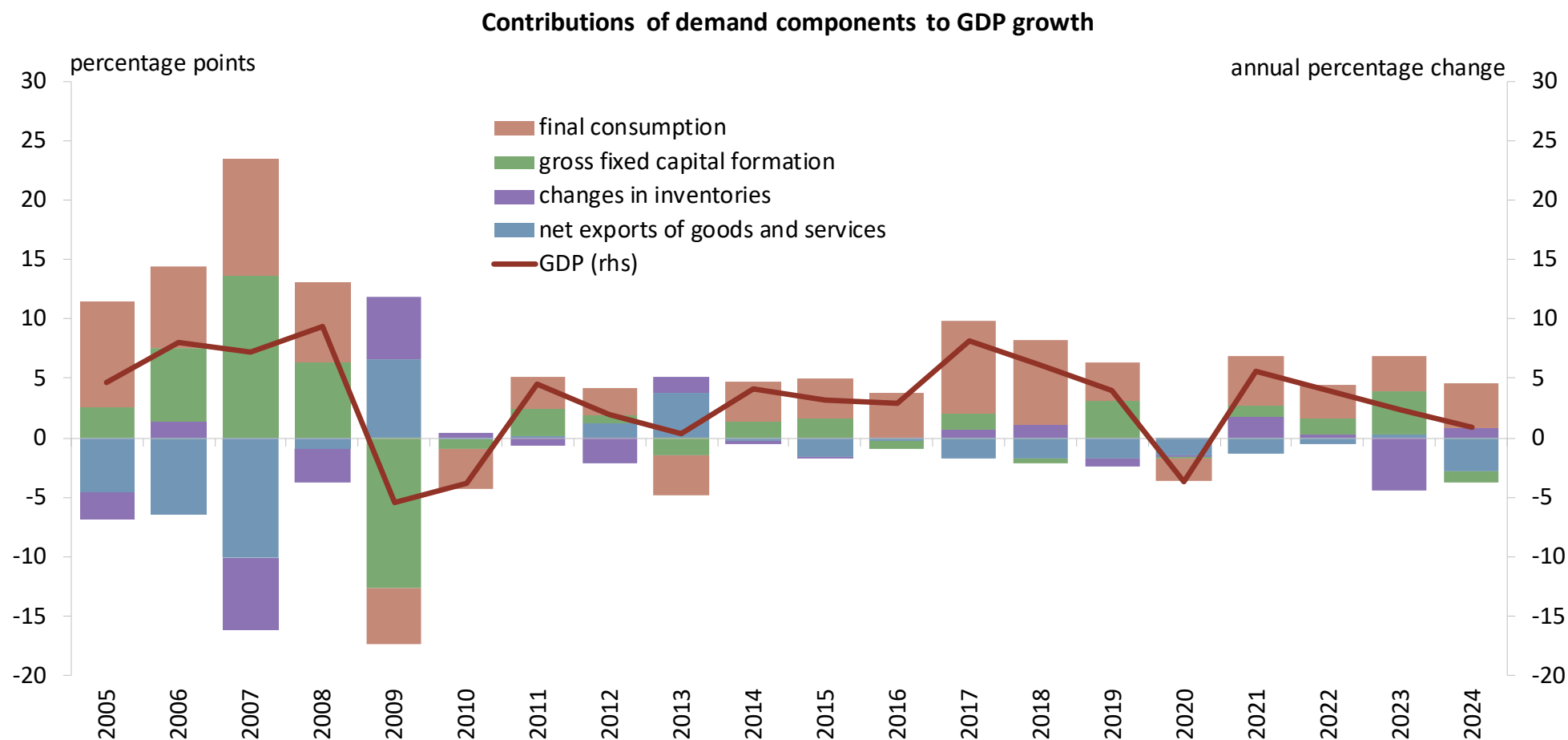
Romania's economic growth generally stood above the EU average, but posted wider cyclical fluctuations during both the financial crisis and the pandemic, as well as during the expansion periods around the EU accession and in 2014-2018.



f) IMF Datamapper forecast, 24 April 2025

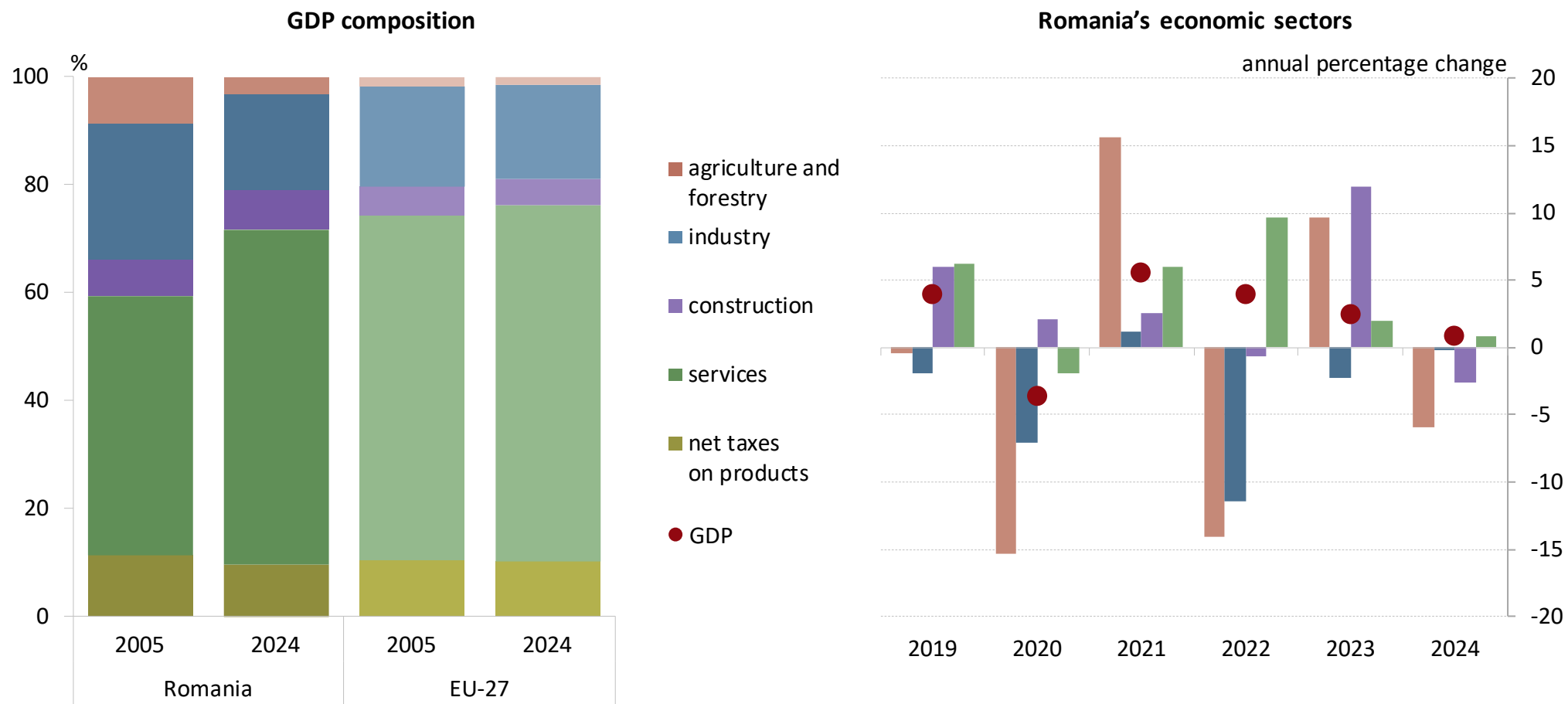
Source: Eurostat

Over the last decades, consumption was generally the key driver of economic growth. Domestic absorption was largely covered by imports, which caused net external demand to make a negative contribution to GDP growth almost throughout the period.



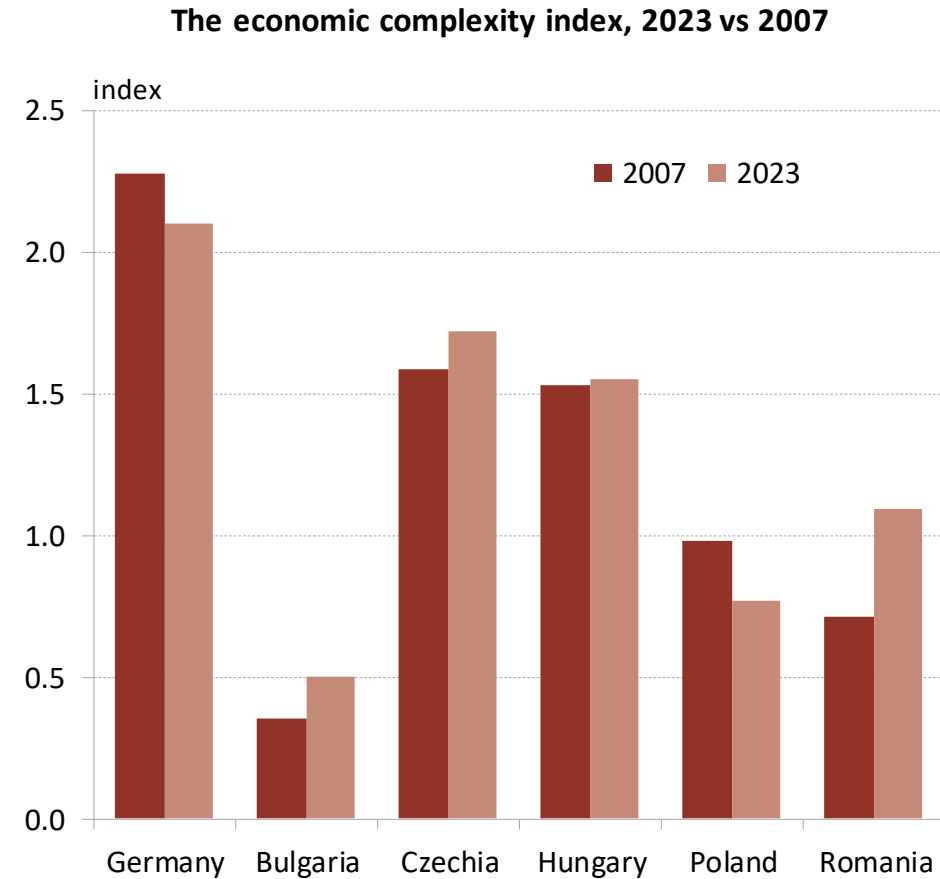
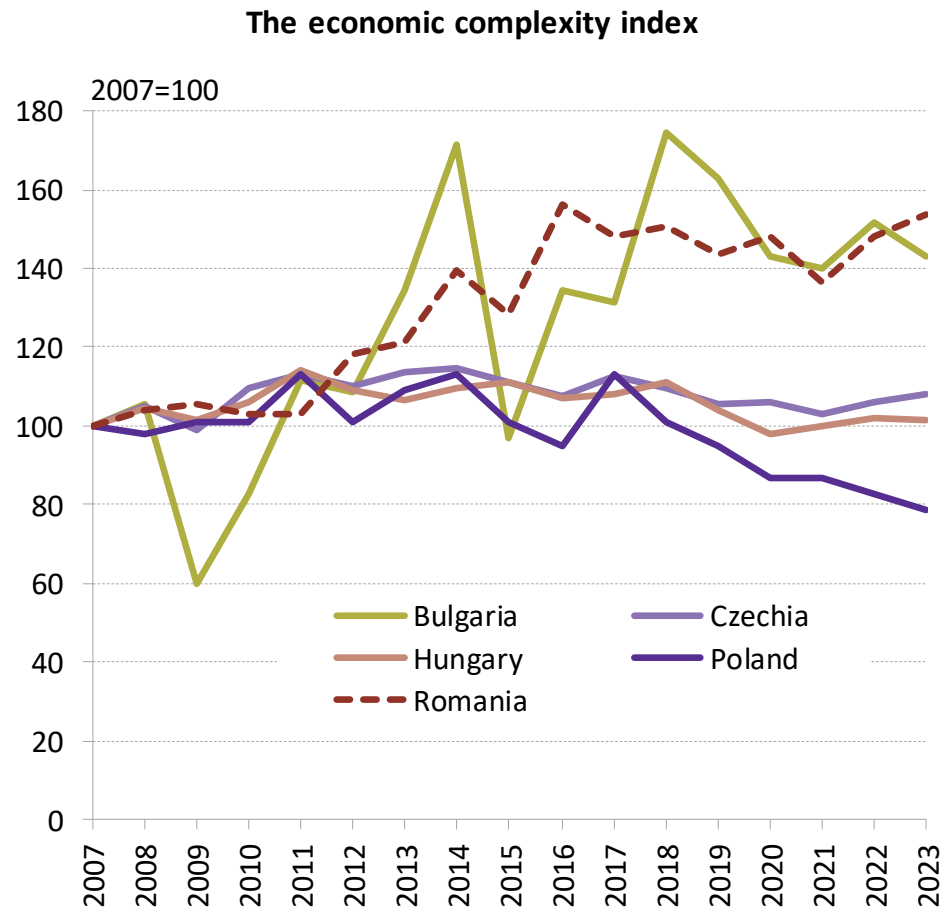
Source: Eurostat

The structure of the Romanian economy has gradually neared that of the EU, particularly in terms of the shares of key sectors, i.e. industry and services. In recent years, given the slower GDP growth, some deviations in structural convergence have become manifest.



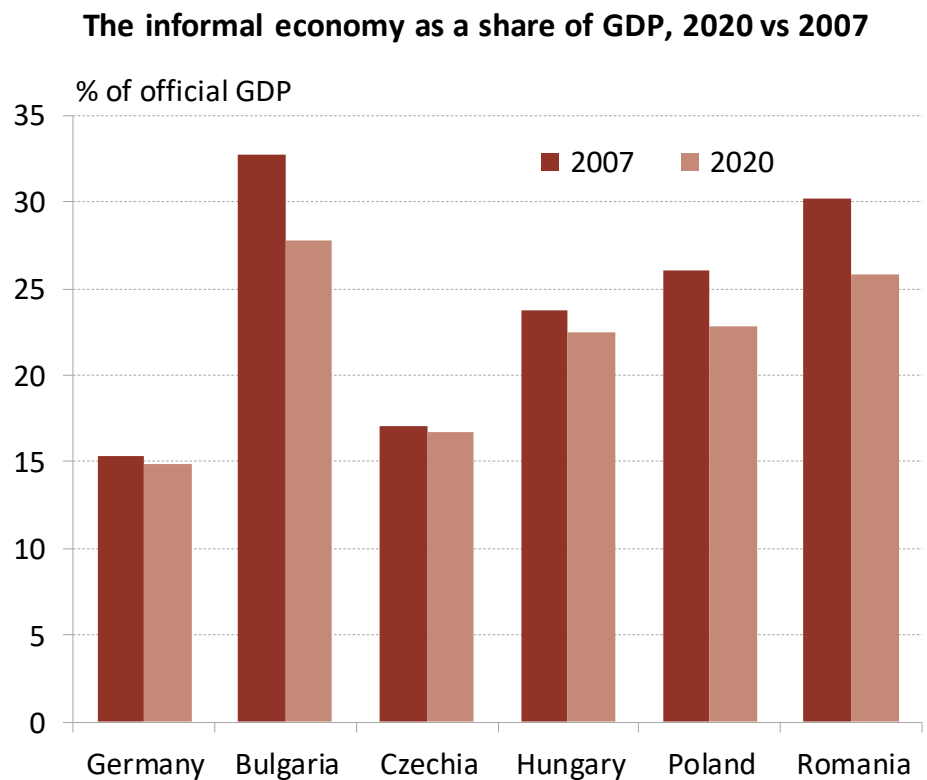
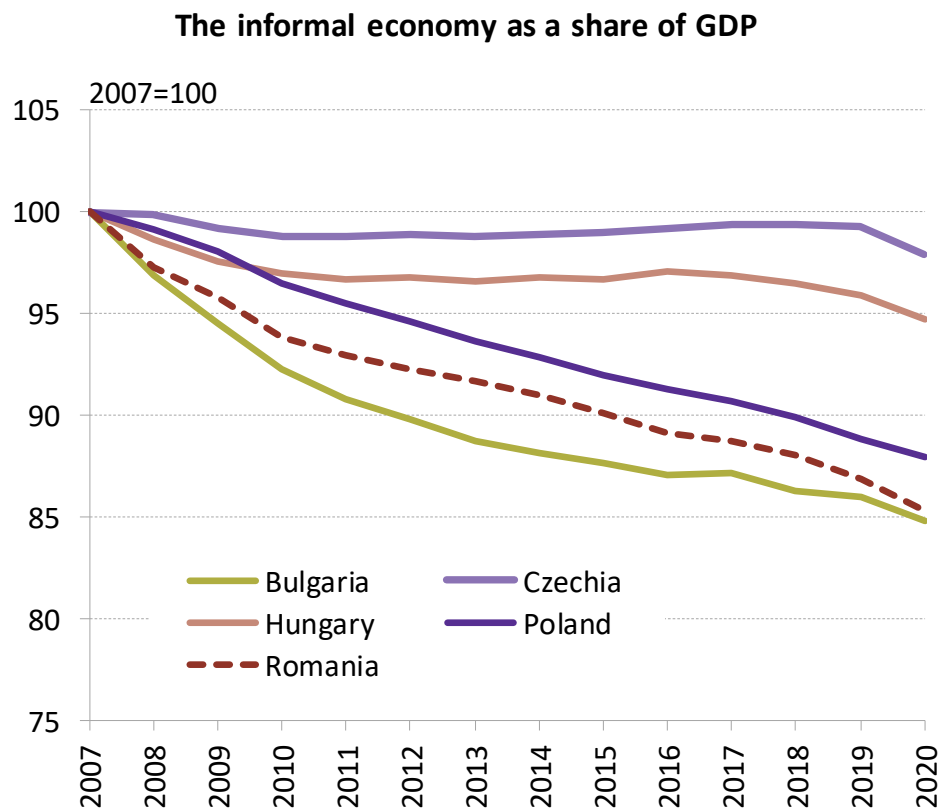
Source: Eurostat

The degree of specialisation improved so that the economy can produce and export a larger range of goods with high value added. Specifically, the high complexity of exported products underscores the deepening of this economic development process.



Source: Harvard Kennedy School of Government, the Atlas of Economic Complexity, <https://atlas.hks.harvard.edu/rankings>

After gaining EU membership, the gradual narrowing of the informal economy as a share of GDP underpinned growth and convergence to EU standards. Moreover, it created better working conditions for employees and easier access of households to various financing sources.

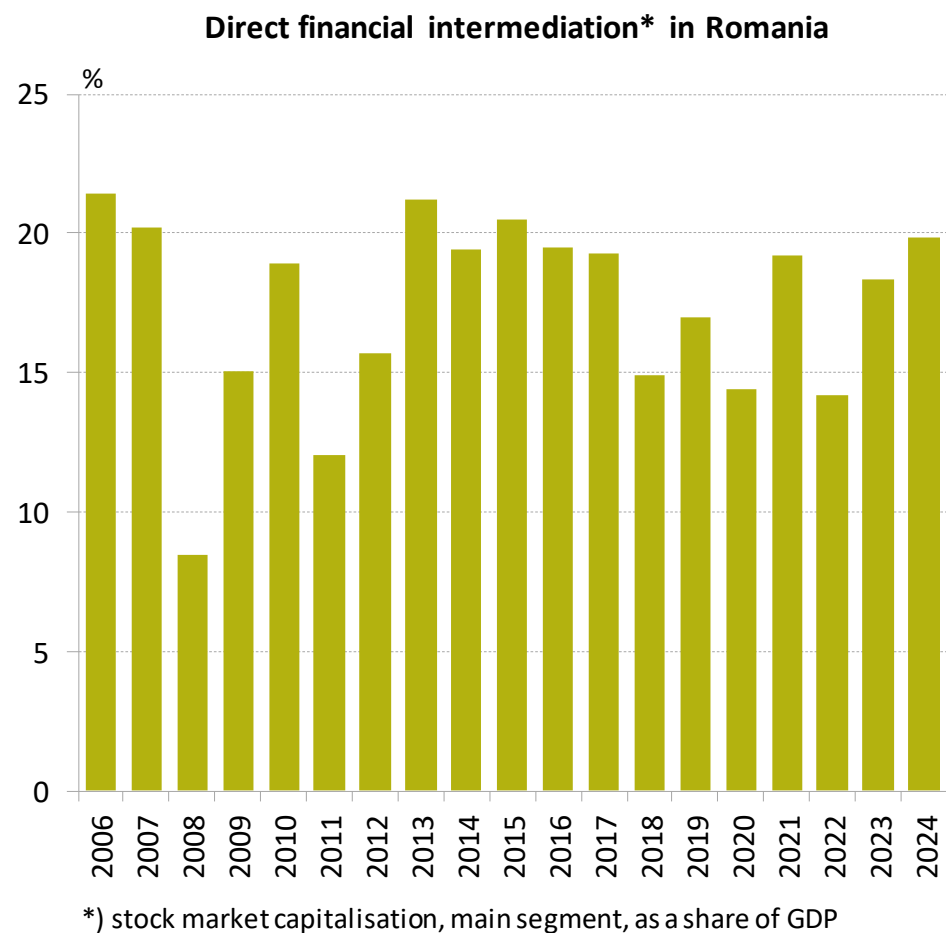


Note: Informal output was estimated based on a dynamic general equilibrium (DGE) model.

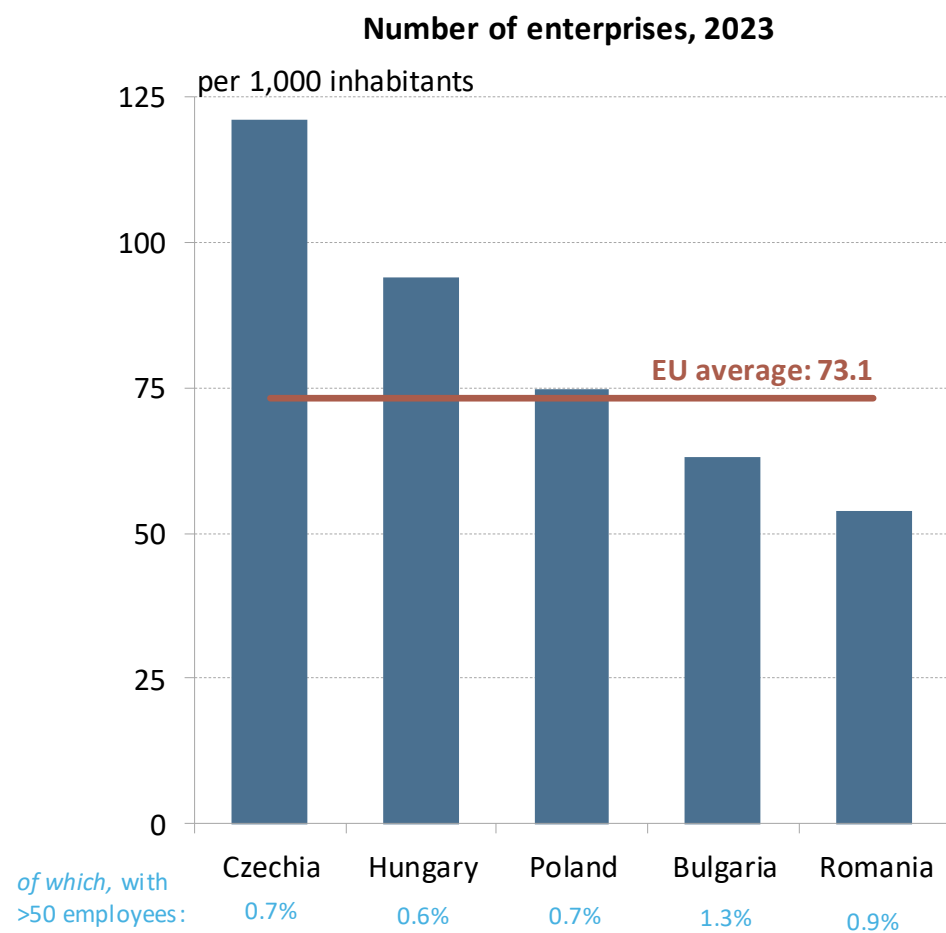
Source: World Bank, Elgin, C., M. A. Kose, F. Ohnsorge, and S. Yu, 2021, "Understanding Informality", CEPR Discussion Paper 16497, Centre for Economic Policy Research, London



The capital market faces challenges related to low household savings and contained participation of institutional and individual investors. Behind these limitations stands also the relatively smaller number of enterprises in Romania.

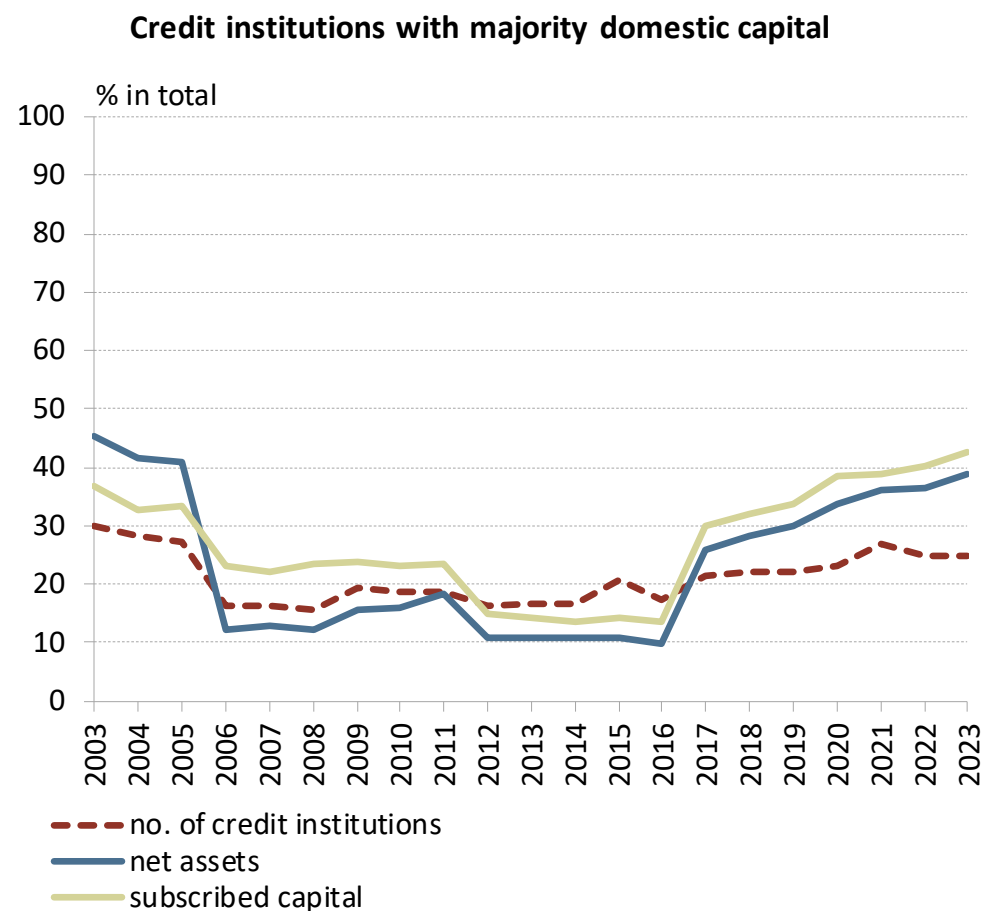
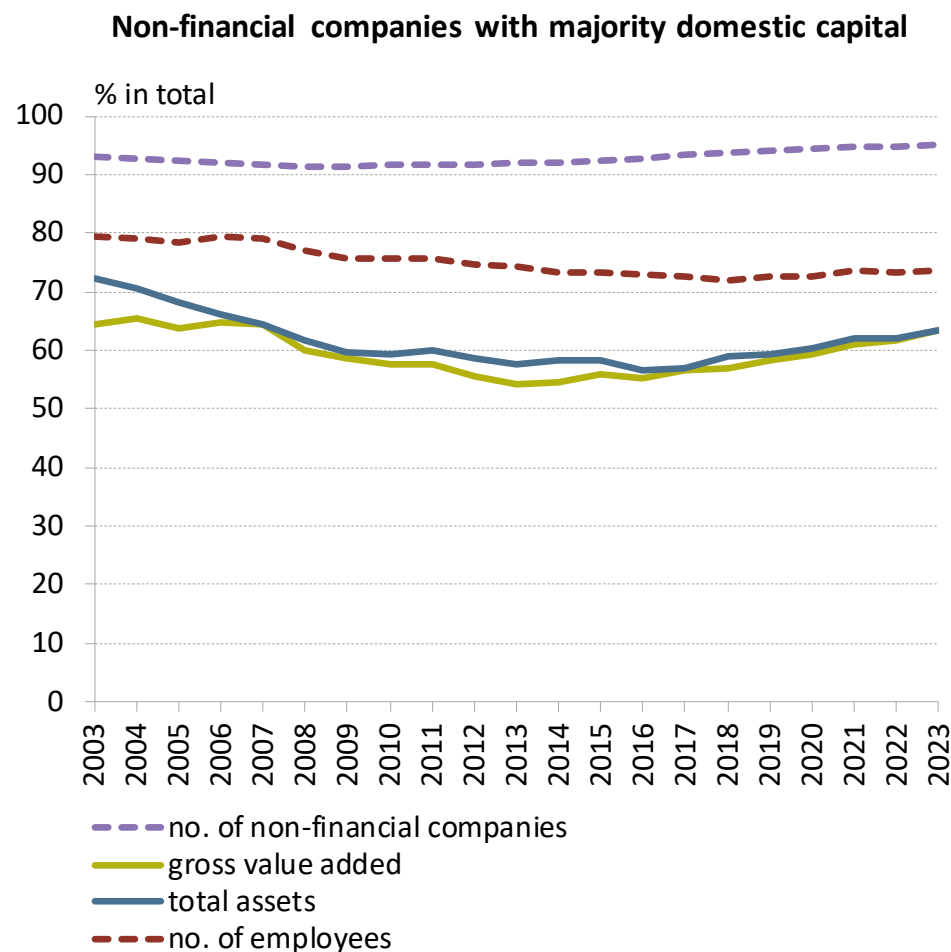


Source: Bucharest Stock Exchange



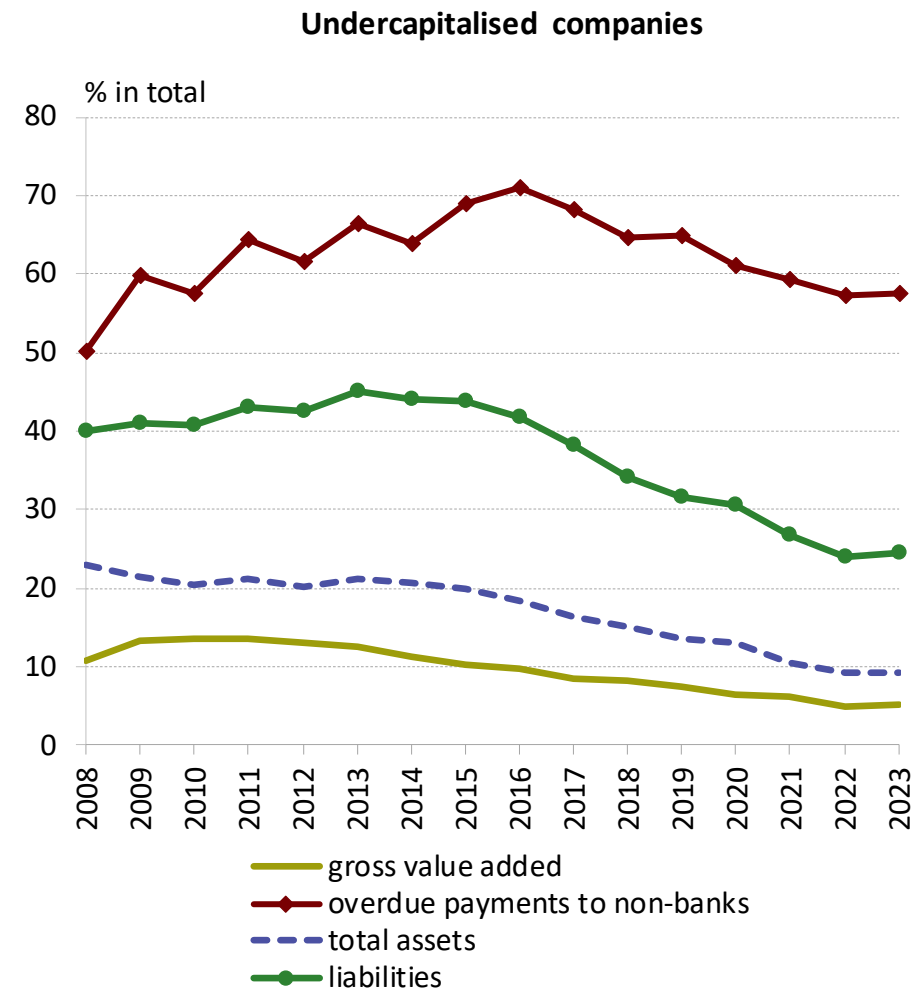
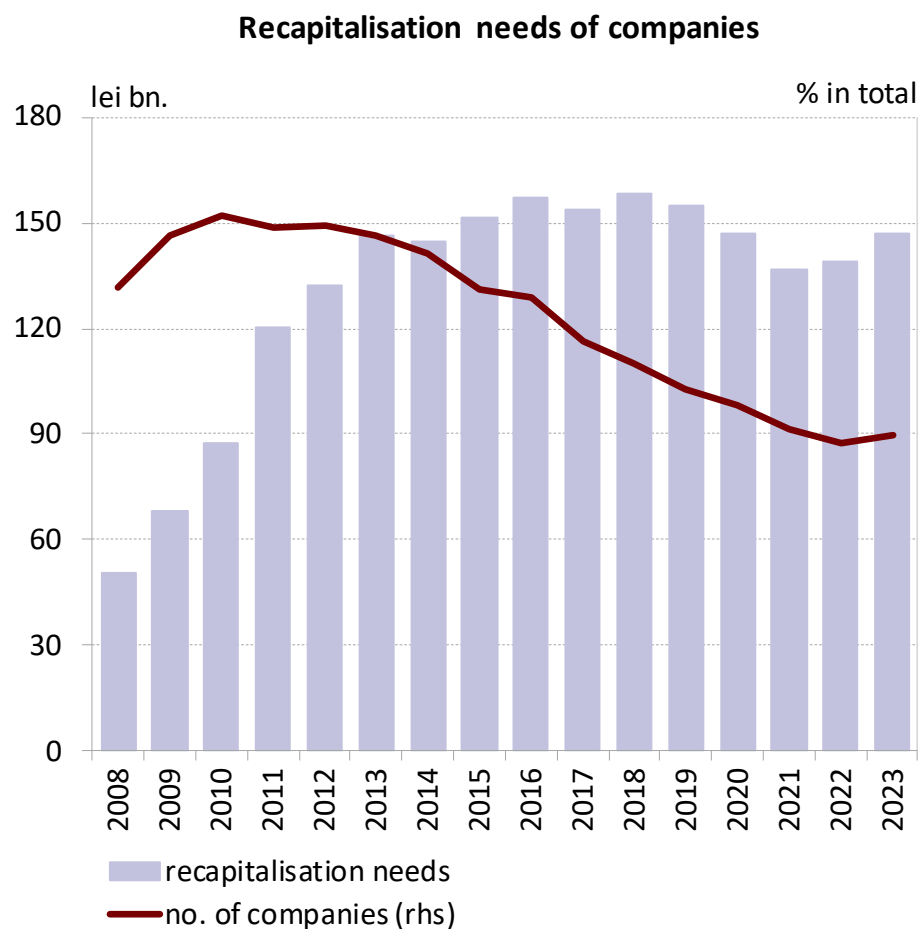
Source: Eurostat

In the context of EU accession, the role of foreign-owned firms in Romania's economy rose markedly. In recent years though, a trend reversal has emerged for both non-financial companies and credit institutions.



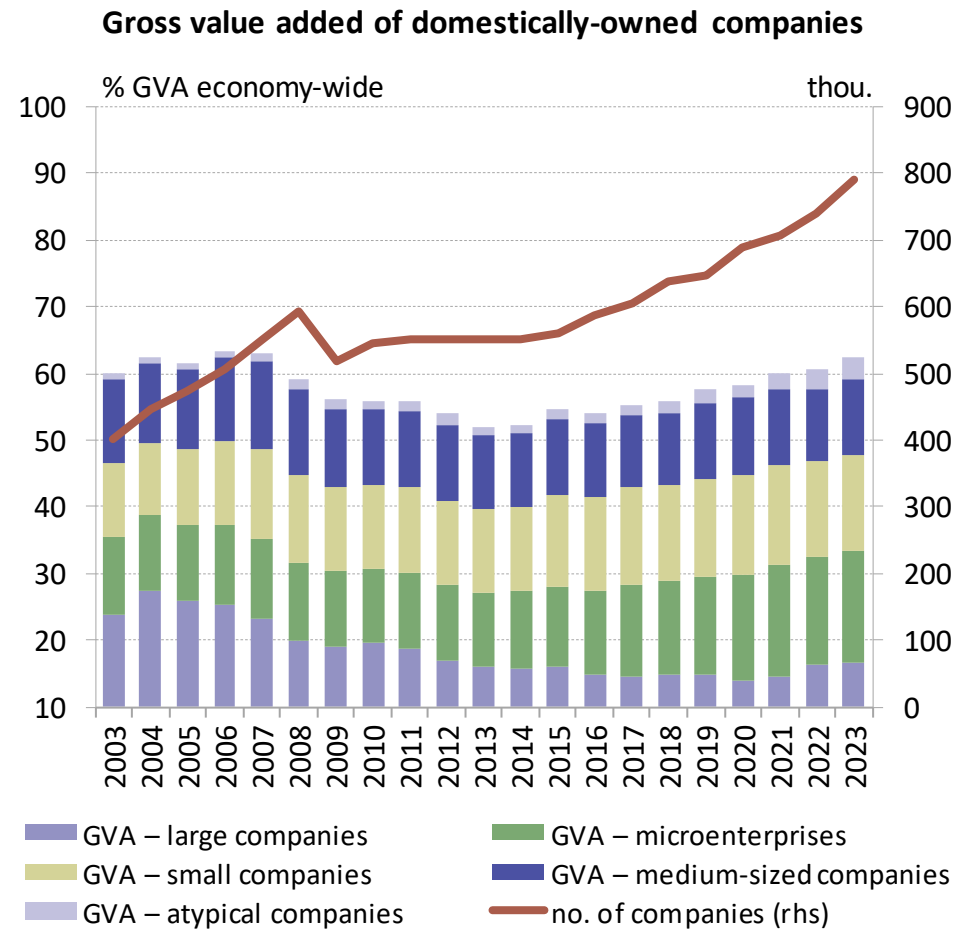
Source: MF, NBR

Capital shortfall has negative effects on payment discipline in the economy, on firms' resilience to shocks, and on private sector's access to finance and development in general. The relative importance of undercapitalised companies has declined over the past decade.

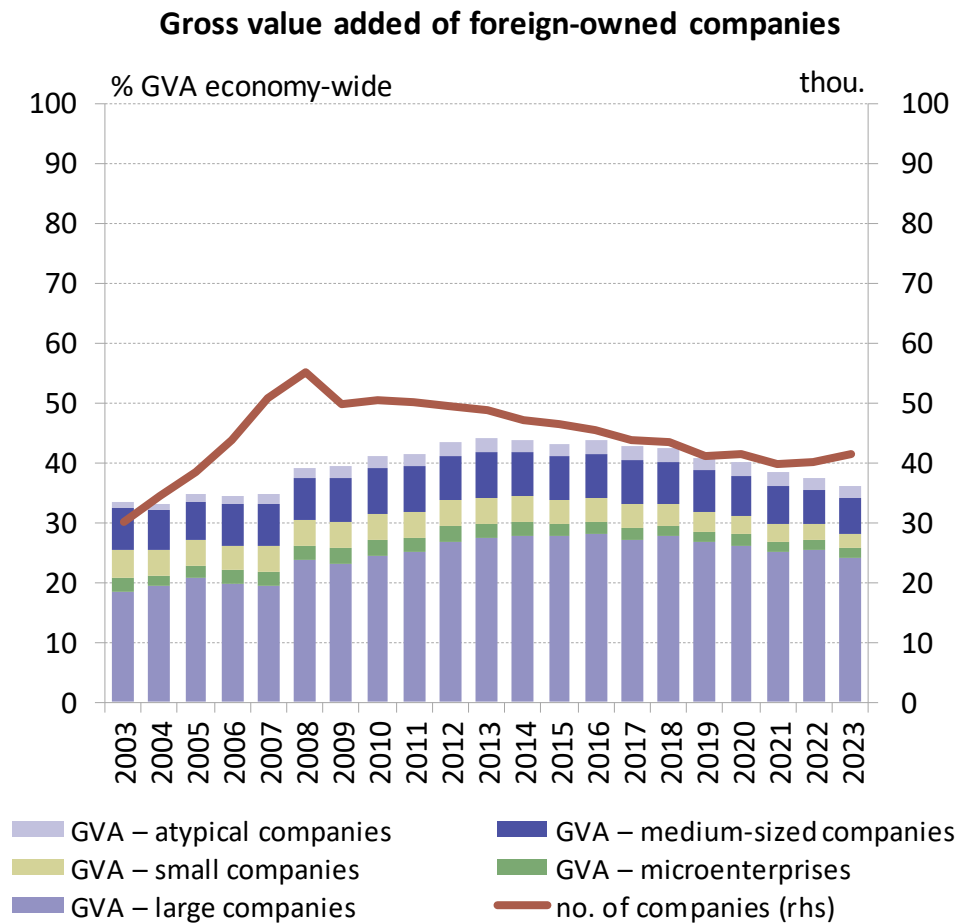


Source: MF, NBR calculations

Domestically-owned companies play an increasingly important role in the economy, this development being underpinned by small- and medium-sized enterprises, while large companies recorded greater positive contributions in the post-pandemic period.



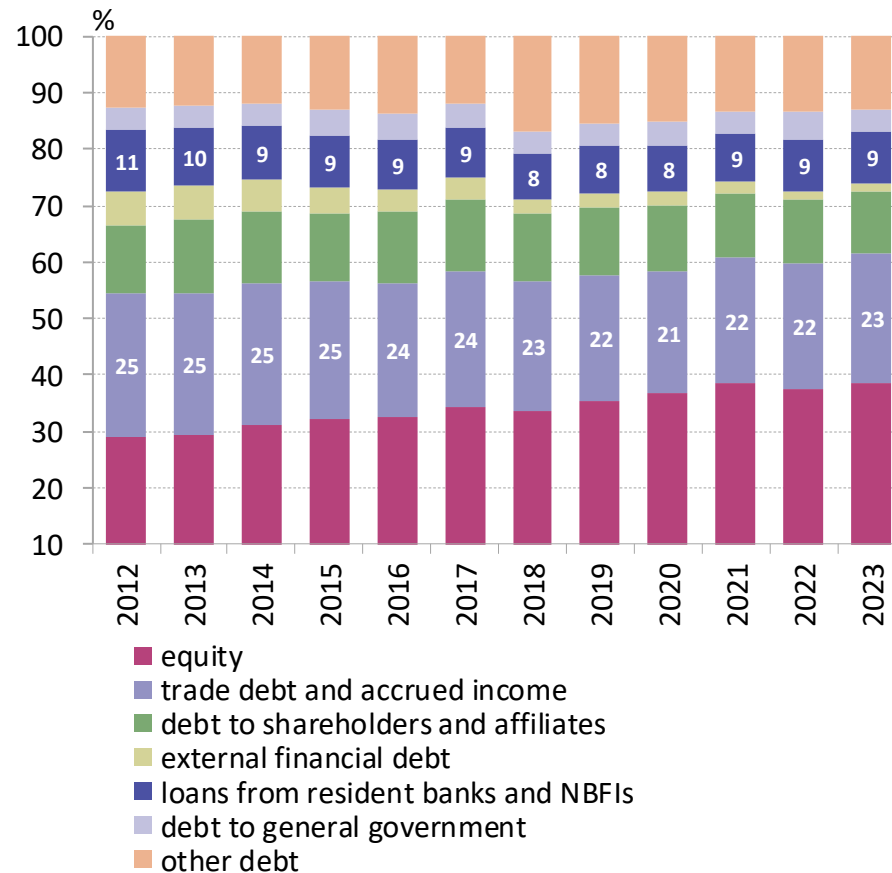
Source: MF, NBR



Source: MF, NBR

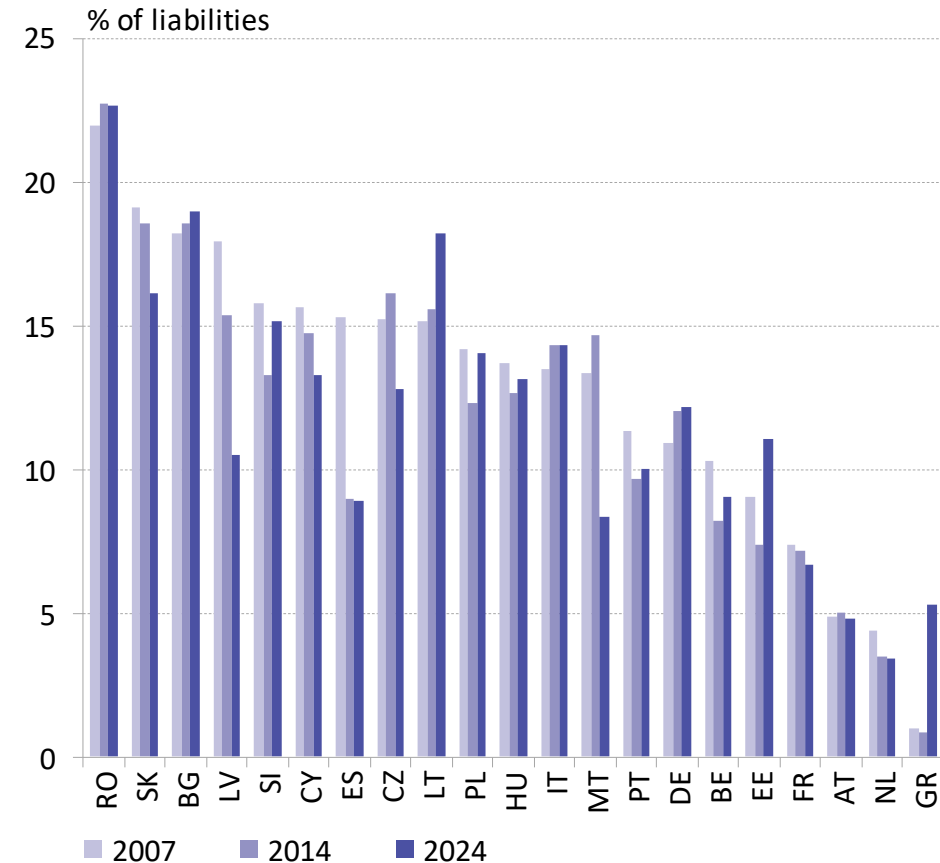
The financing pattern of non-financial companies in Romania, based especially on internal sources and short-term funding (trade debt build-up), contains the sector's development and dents its capacity to withstand shocks.

Composition of liabilities of non-financial companies in Romania



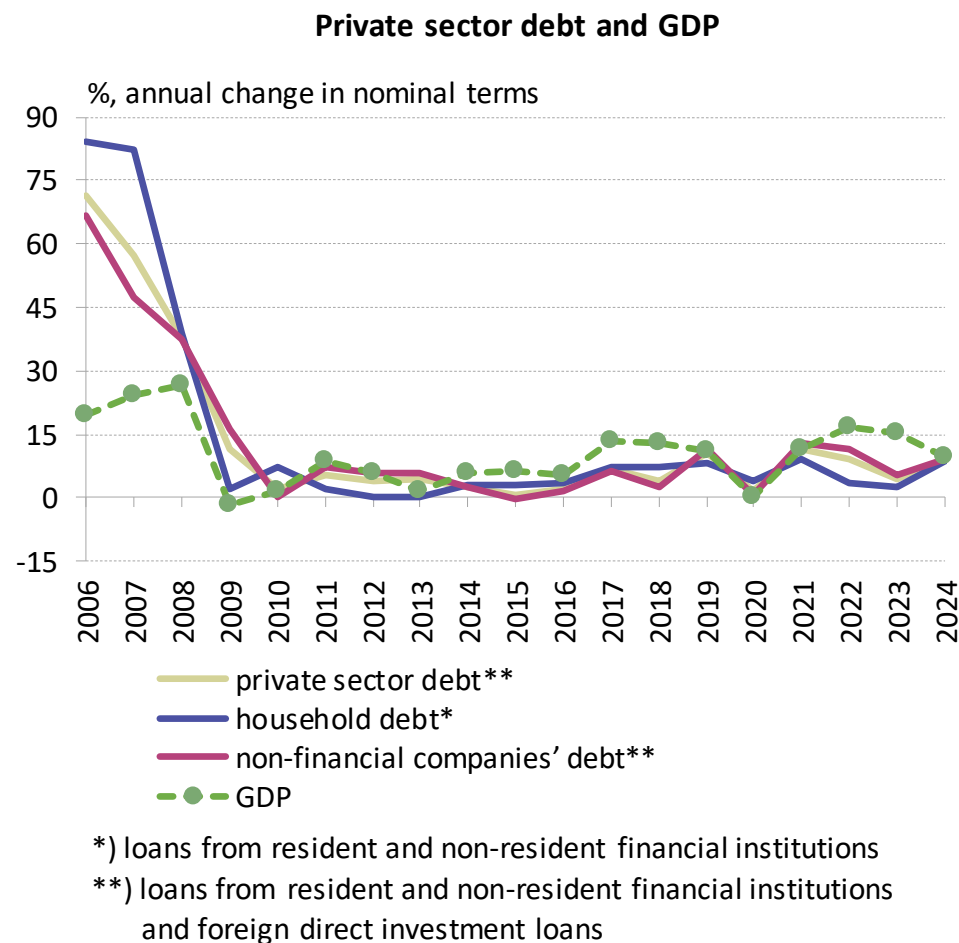
Source: MF, NBR

Trade debt of non-financial companies

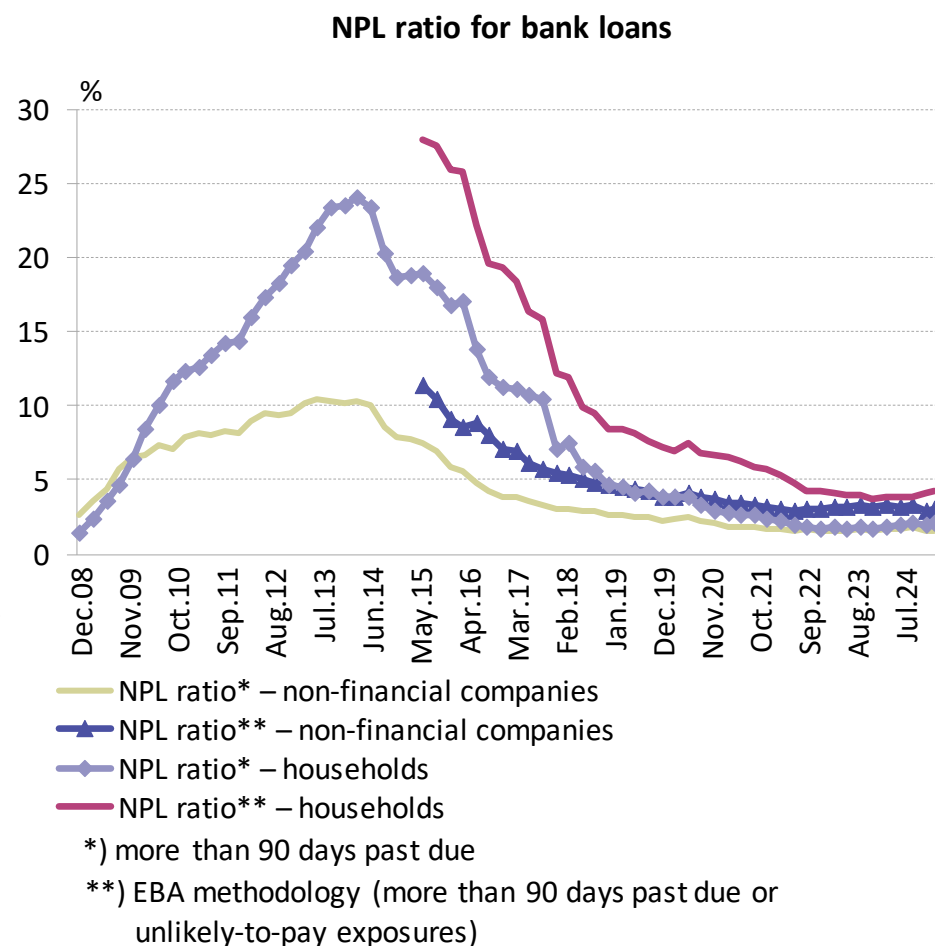


Source: ECB (Financial accounts)

The development of the prudential policy framework after the financial crisis of 2008 contributed to a sustainable evolution of lending, with the periods of swifter growth of credit to the real sector seeing slower dynamics of the NPL ratio.

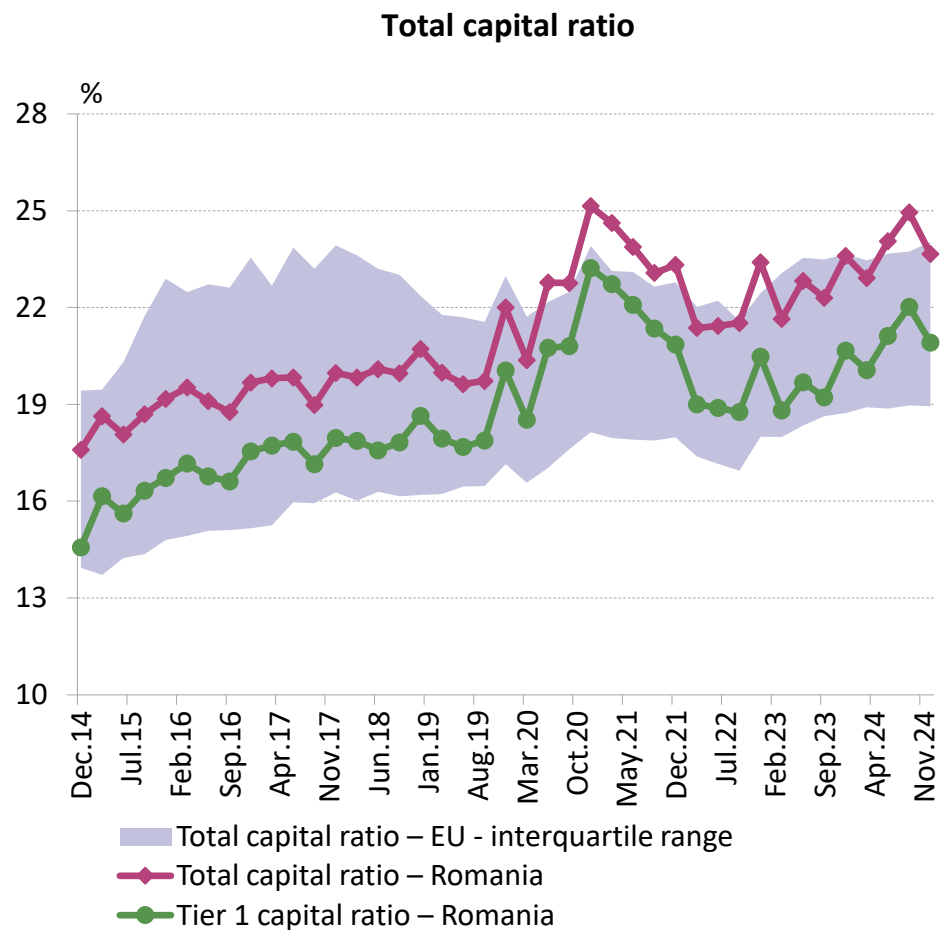


Source: NBR, NIS

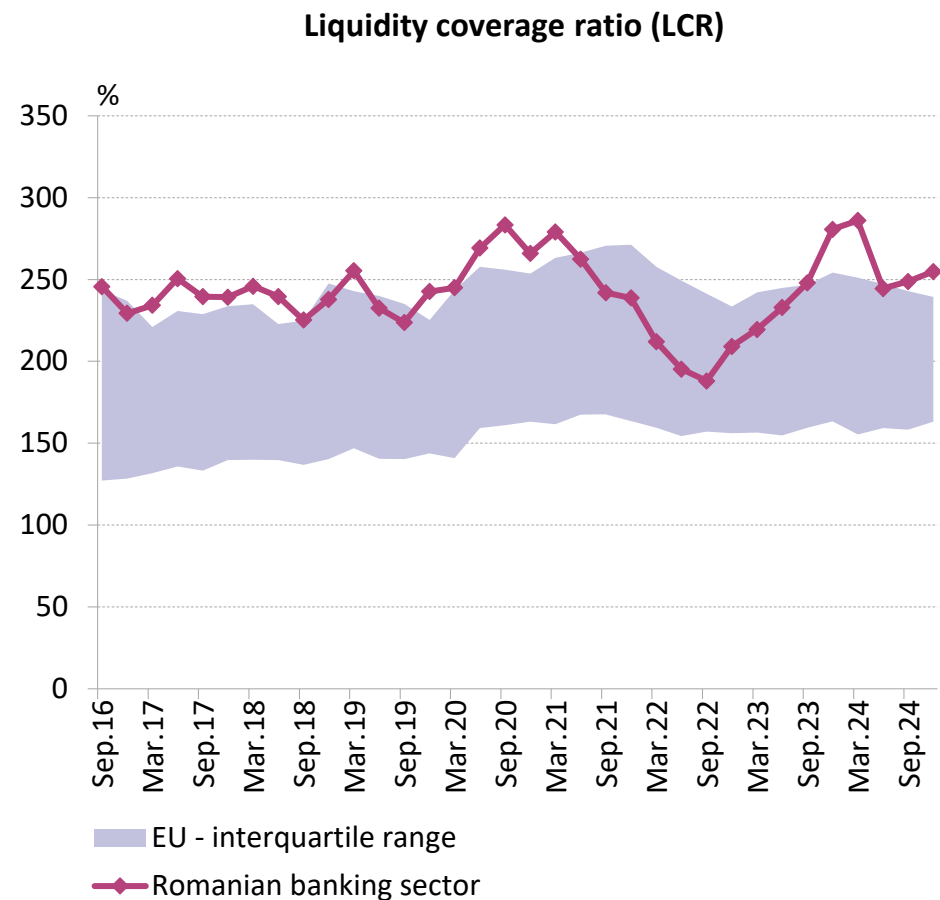


Source: NBR

The Romanian banking sector has further improved its resilience to shocks and its capacity to finance the economy, with prudential indicators exceeding the EU averages in terms of both solvency and liquidity.

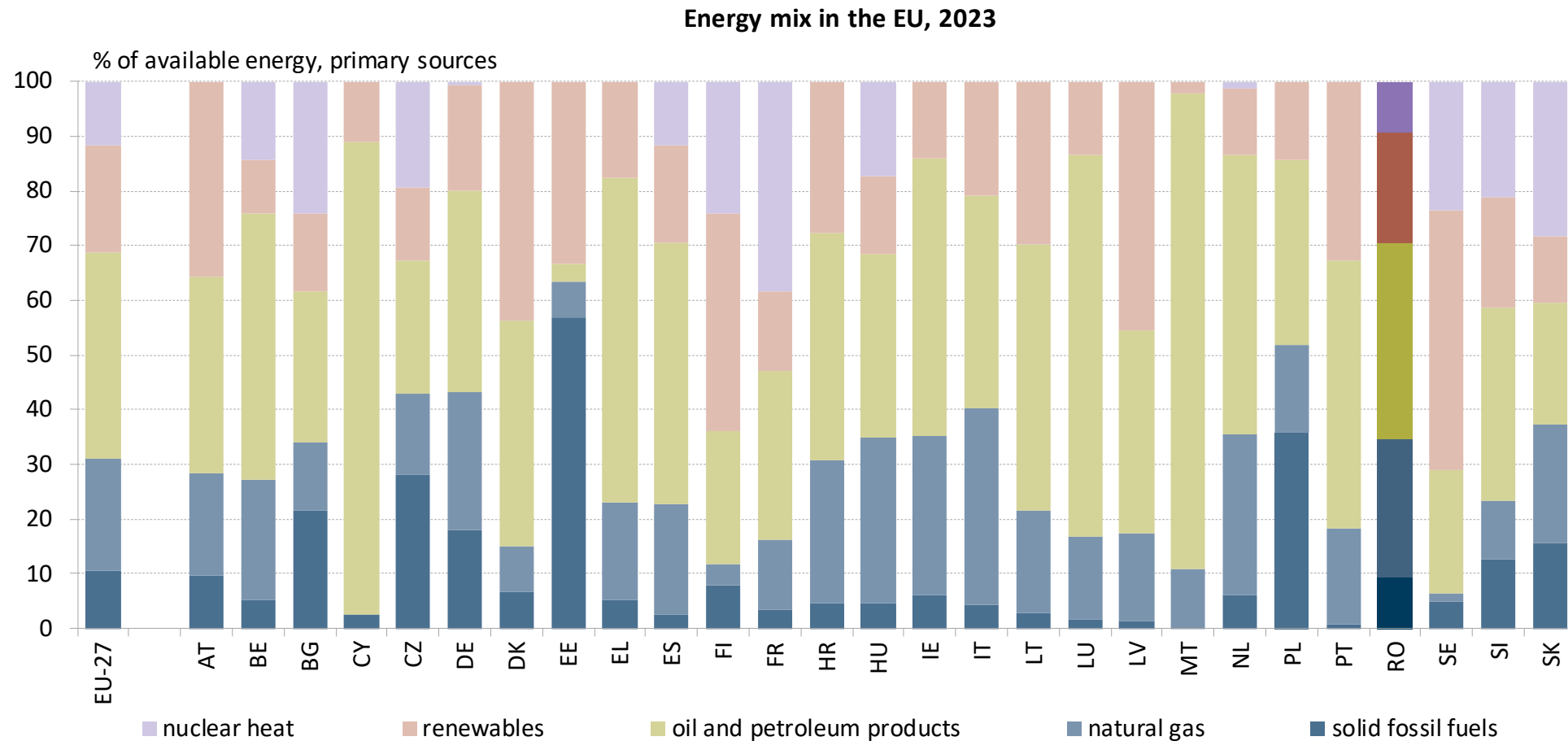


Source: NBR, EBA



Source: NBR, EBA

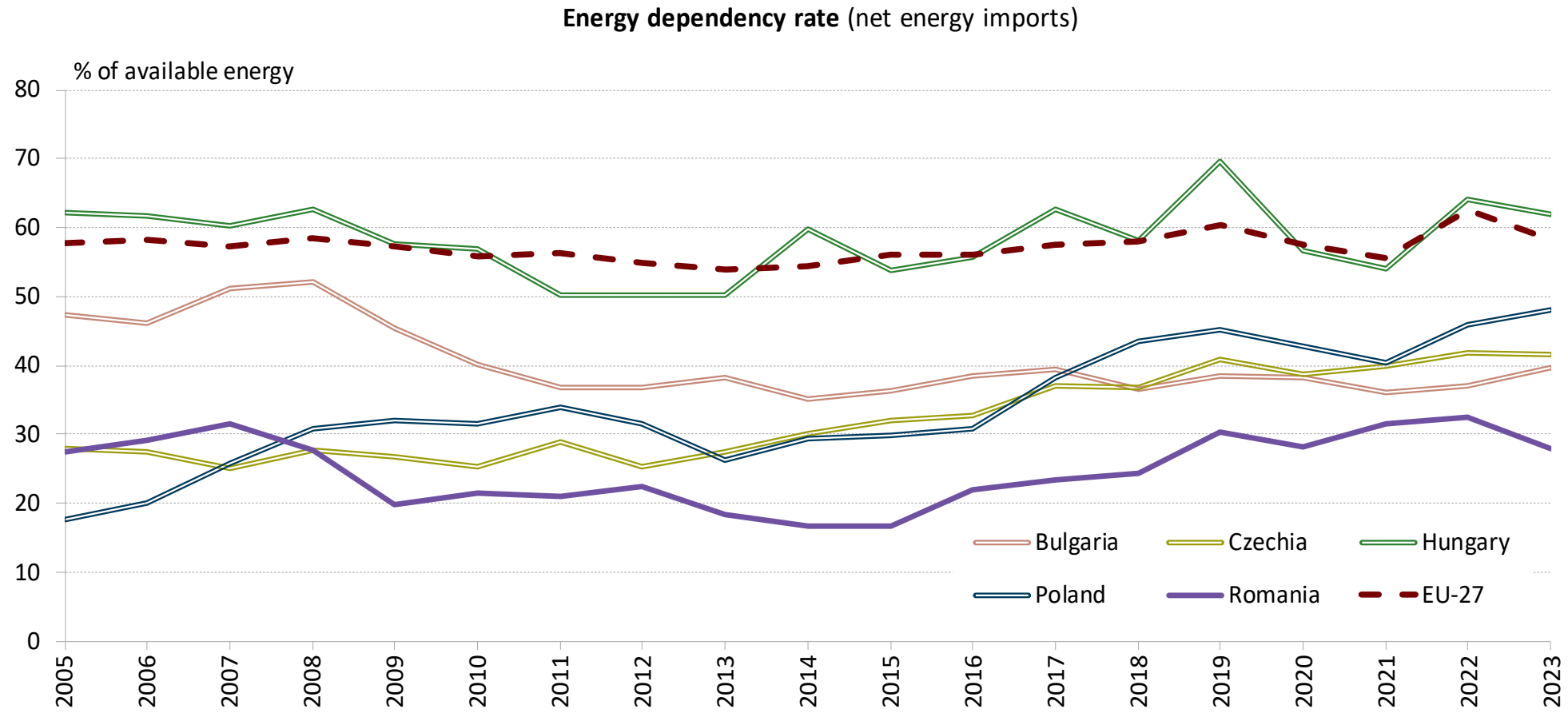
Romania's energy mix is similar to that of the EU, with low reliance on fossil fuels. The share of renewable energy is often sizeable, and the offshore gas exploitation project will bring significant benefits.



Source: Eurostat, NBR calculations



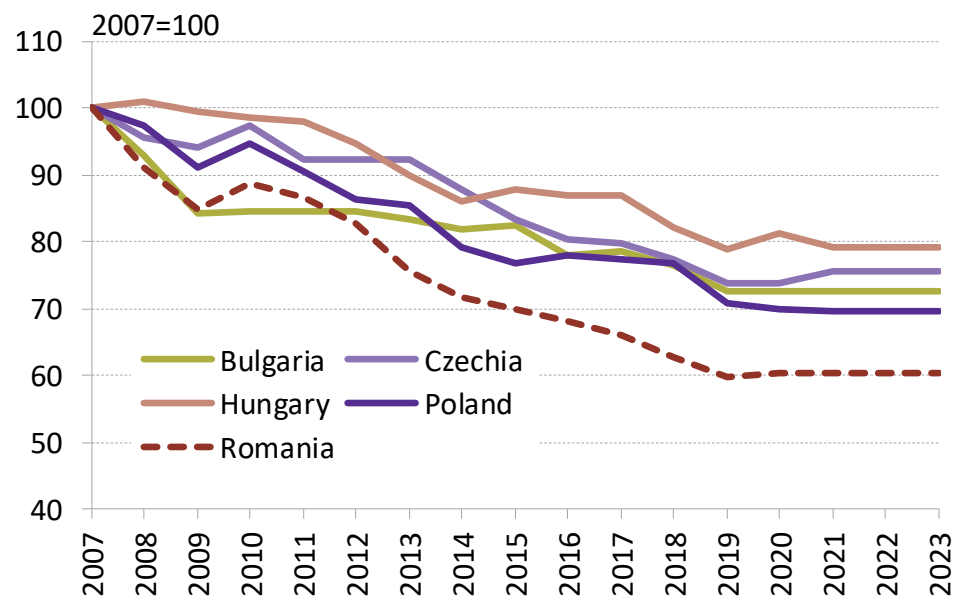
Looking at the energy sector, Romania boasts major competitive advantages in the region thanks to its lowest energy dependency rate regionally. Therefore, Romania can play a paramount role, over the medium term, in Europe's energy security.



Source: Eurostat

Romania made significant progress on the efficiency of using primary energy sources in the economy. The amount of energy consumed per unit of GDP (in USD) decreased by approximately 40% and air pollutants fell by 26%.

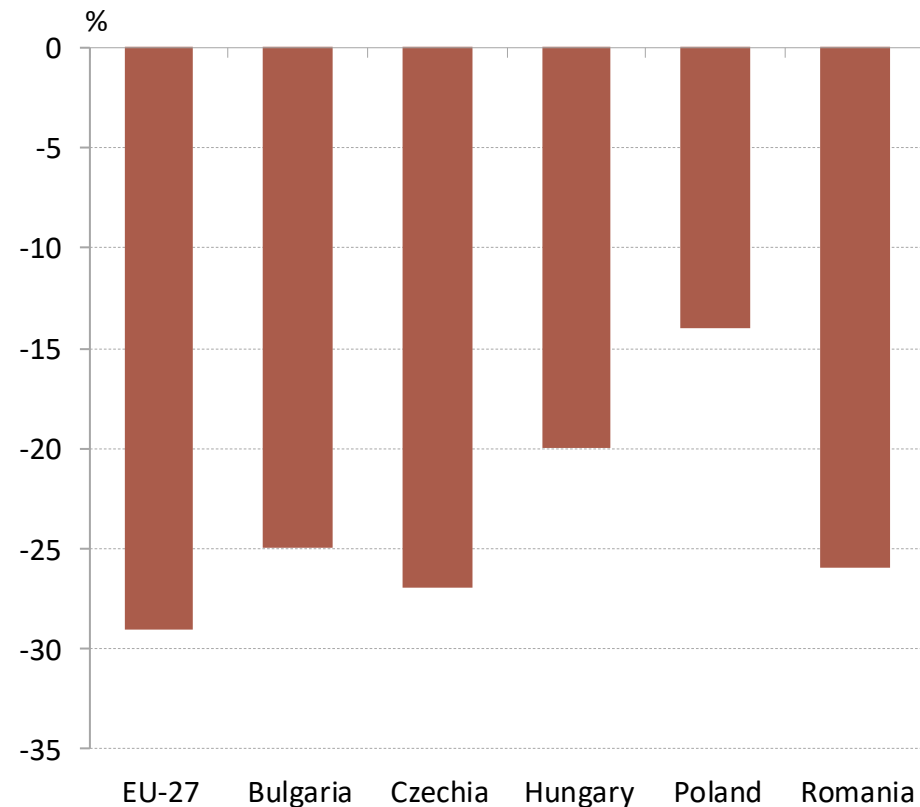
Energy intensity of the economy



Note: The energy intensity level of primary energy is calculated as the ratio between energy supply and GDP measured at purchasing power parity. It is an indication of how much energy is used to produce one unit of economic output (GDP). A lower ratio shows that less energy is used to produce one unit of output.

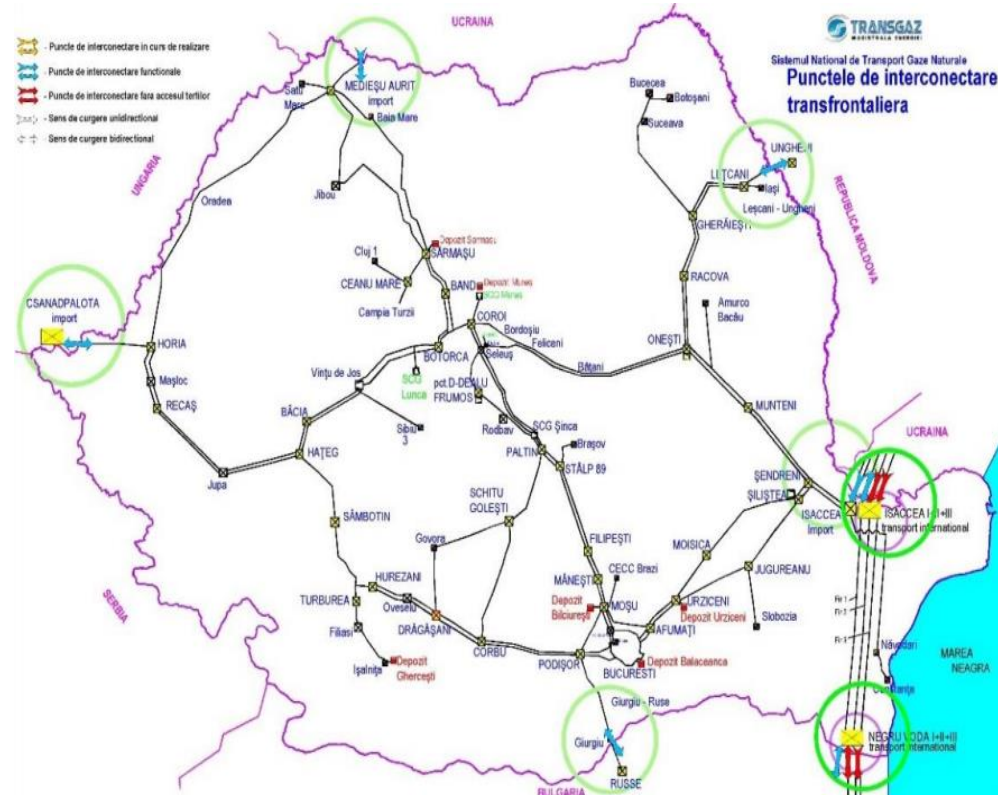
Source: World Bank, World Development Indicators Database (EG.EGY.PRIM.PP.KD), 2025

Change in greenhouse gas emissions, 2023 vs 2007

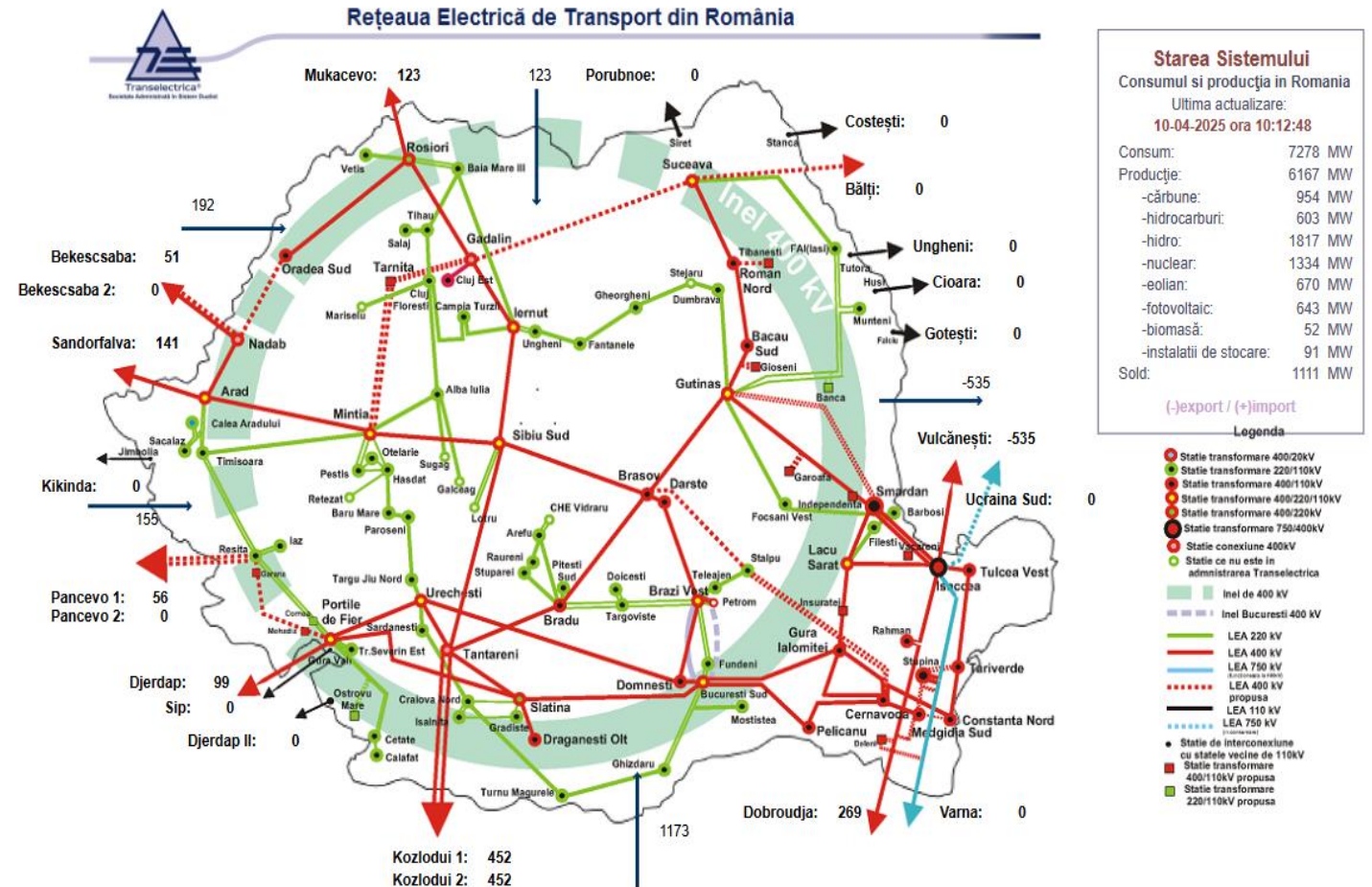


Source: European Commission, EDGAR – Emissions Database for Global Atmospheric Research, 2024

Romania is rather well connected to the European natural gas networks, but also to the European electricity market, with a steadily developing infrastructure so as to meet the current complex needs, including in relation to the Republic of Moldova.

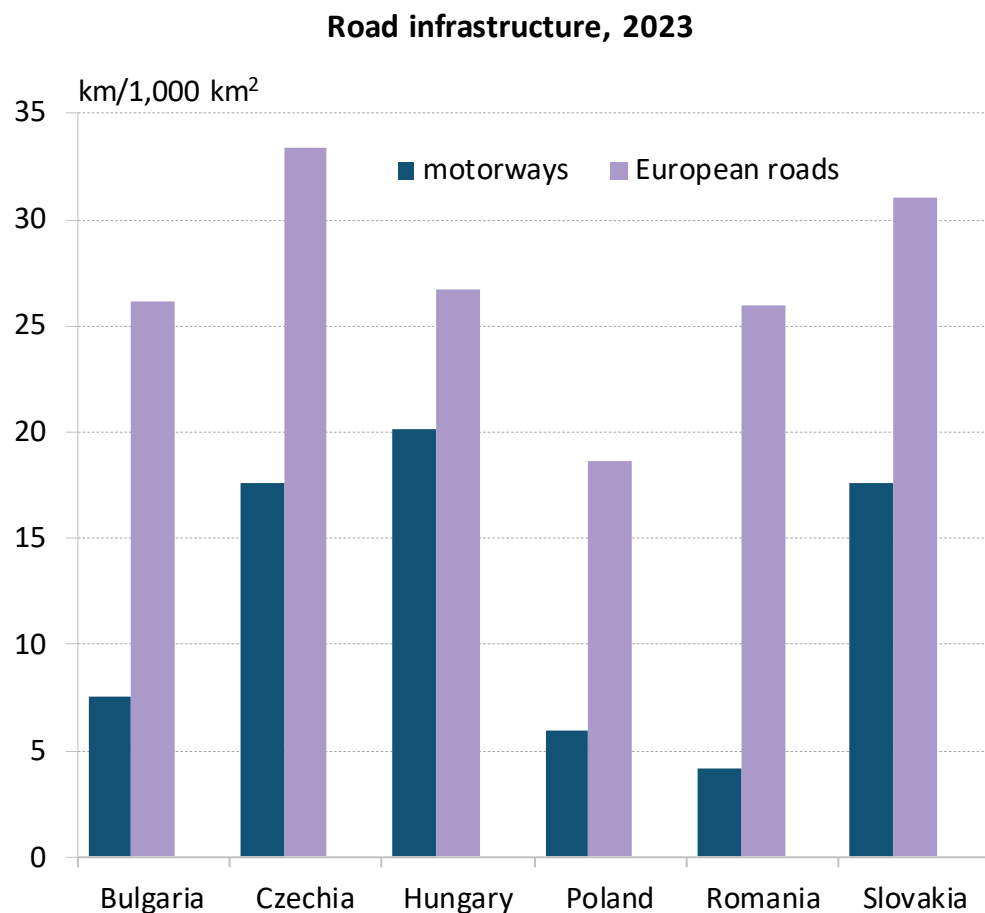


Source: Transgaz

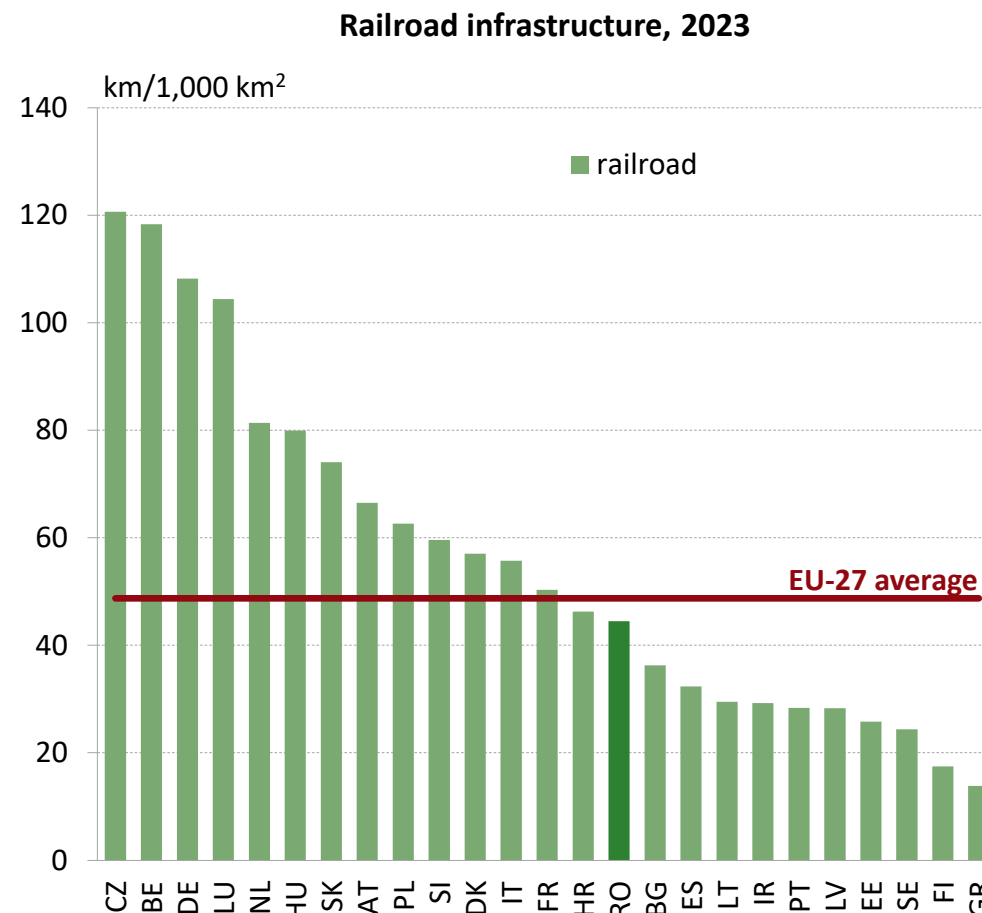


Source: Transelectrica

In 2023, Romania ranked last in the region in terms of road infrastructure development. The railroad network density is in the proximity of the European average, but much smaller than in the neighbouring countries. In recent years, Romania has closed part of these gaps.

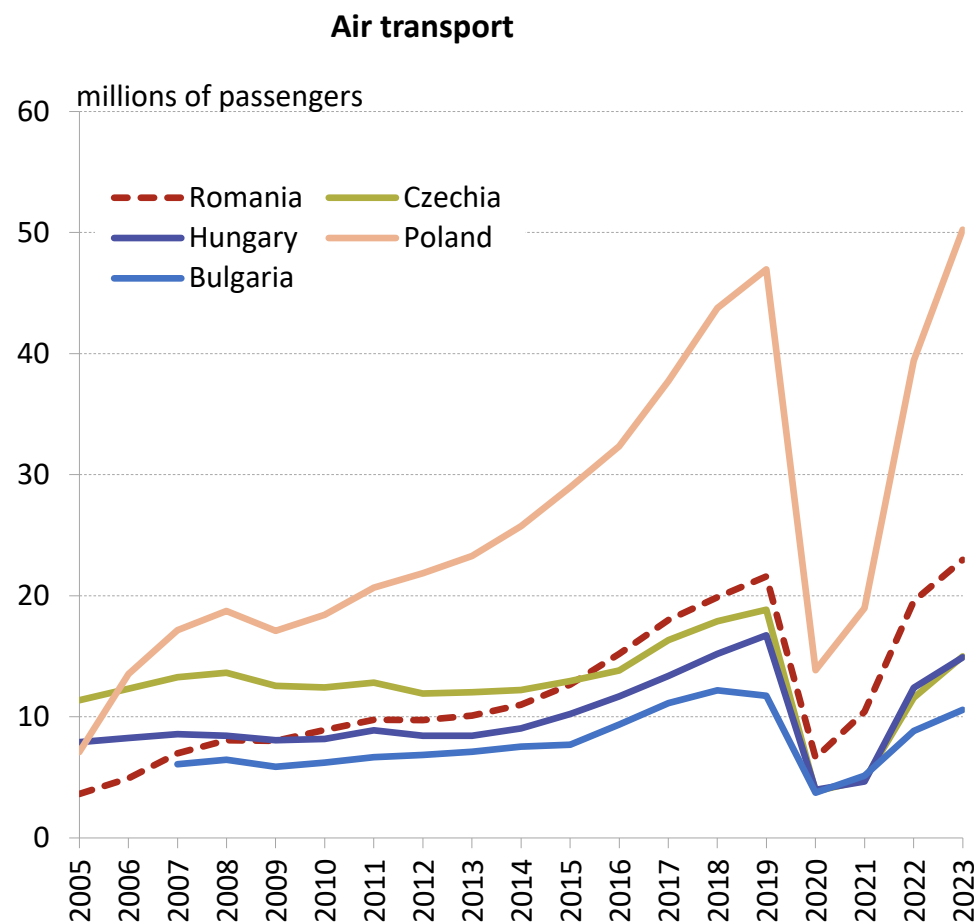


Source: Eurostat

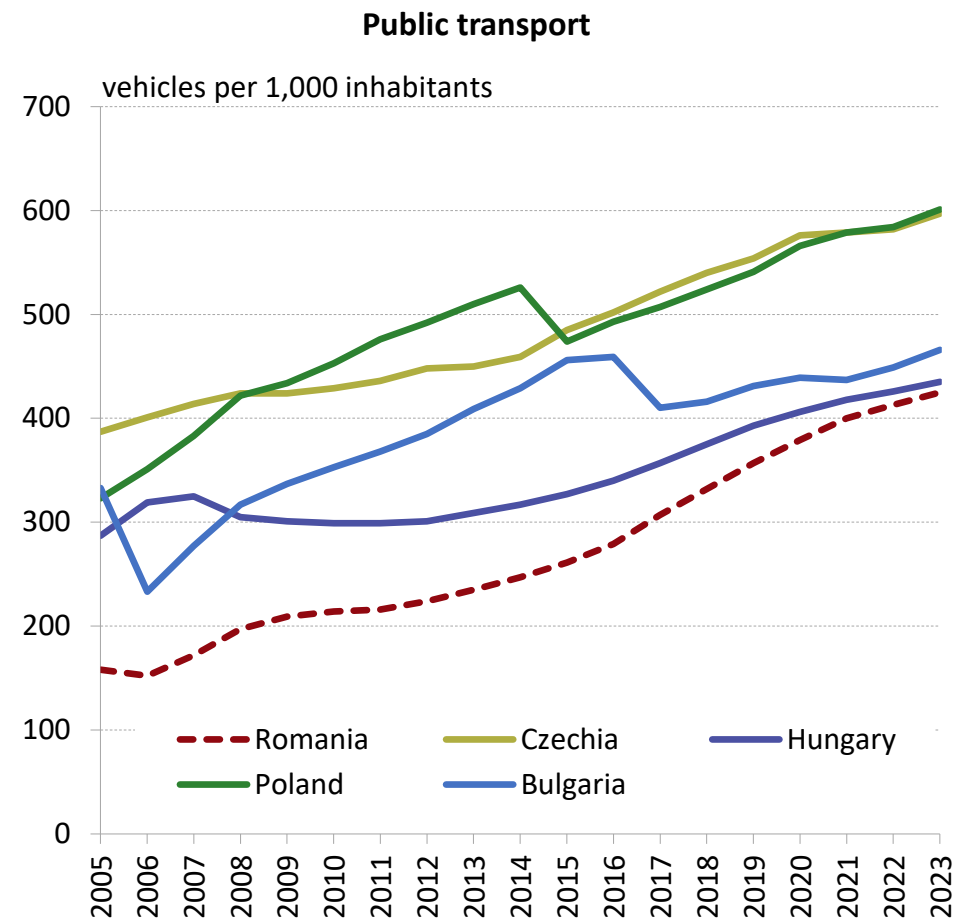


Source: Eurostat

Over the past 20 years, the modernisation of the airport infrastructure allowed a noticeable improvement in terms of international air connectivity. At the same time, the number of urban transport means saw a fast-paced rise, especially via EU funds.

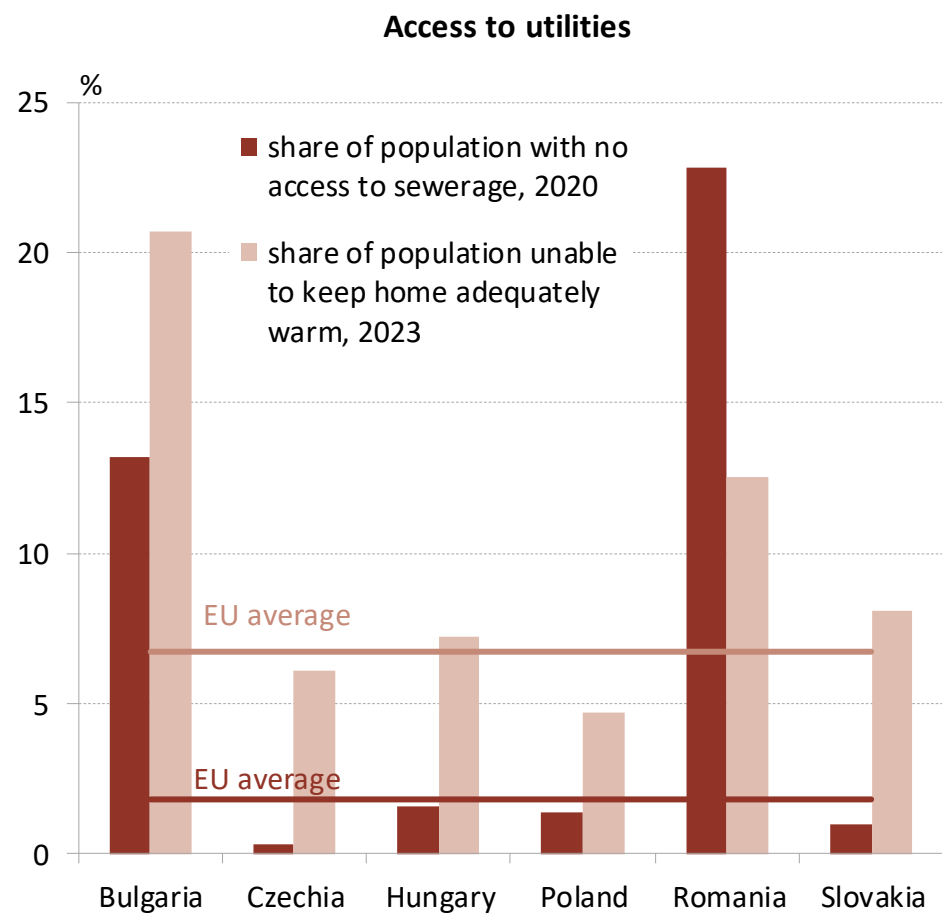


Source: Eurostat

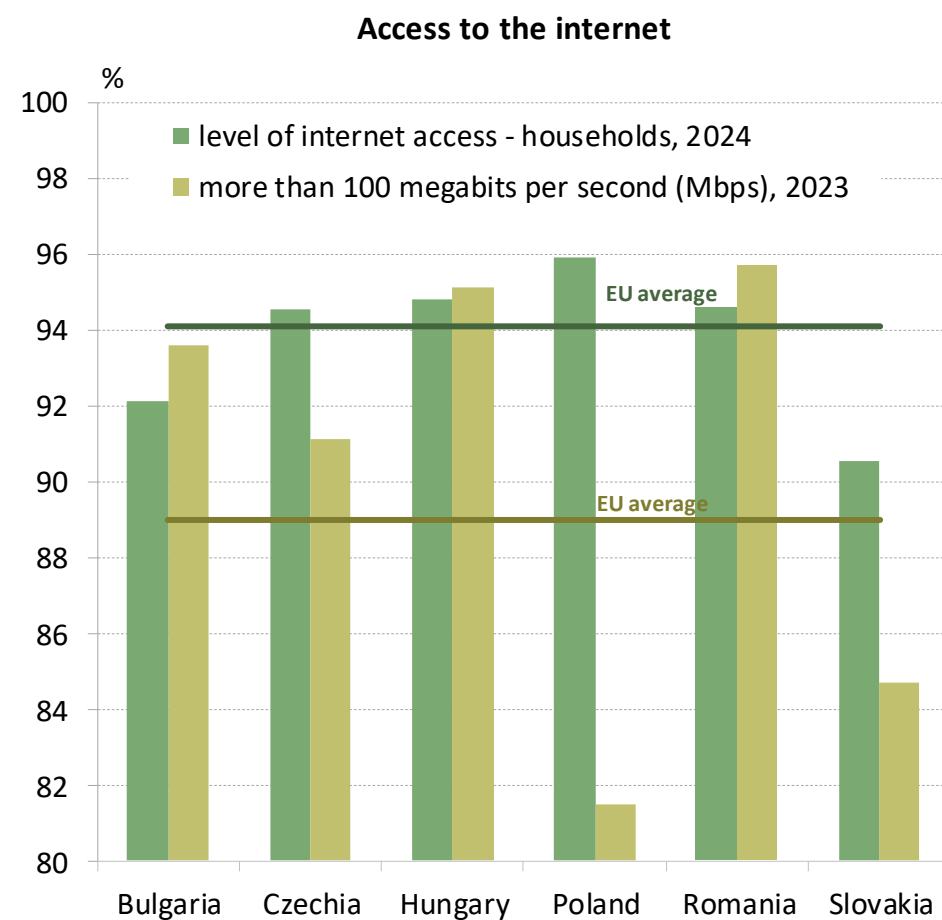


Source: Eurostat

Romania stands above the EU average in terms of internet access and speed. On the other hand, access to the sewerage network and proper heating of dwellings remain problematic for a rather large part of the population, hence the development challenges in the rural sector.



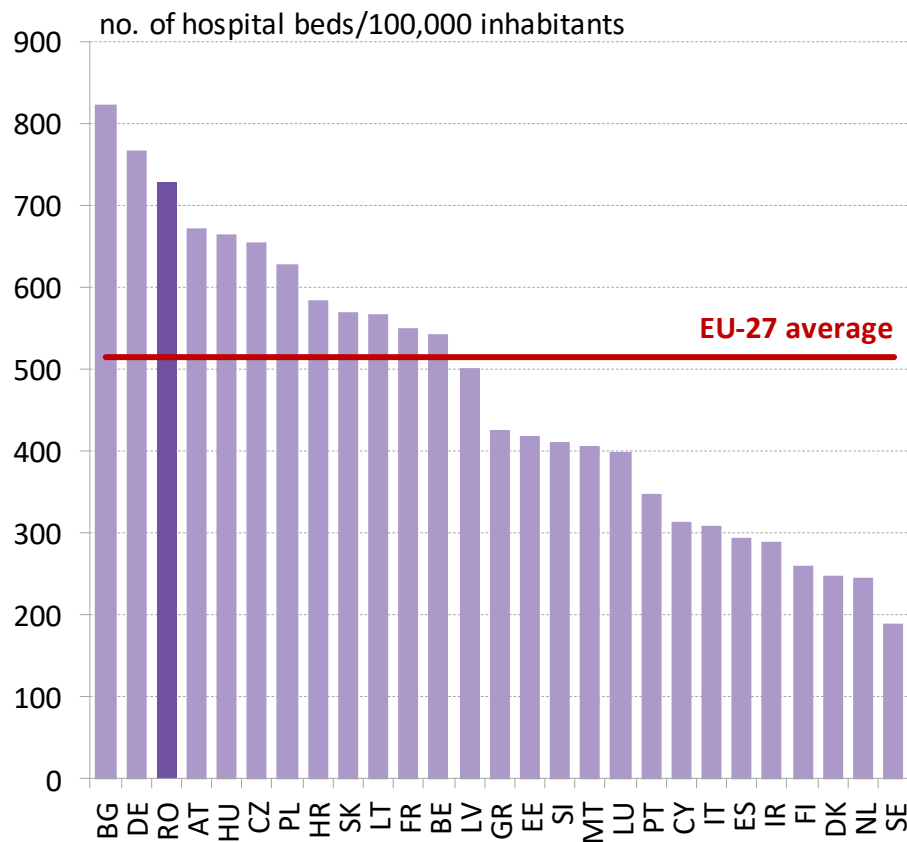
Source: Eurostat



Source: Eurostat

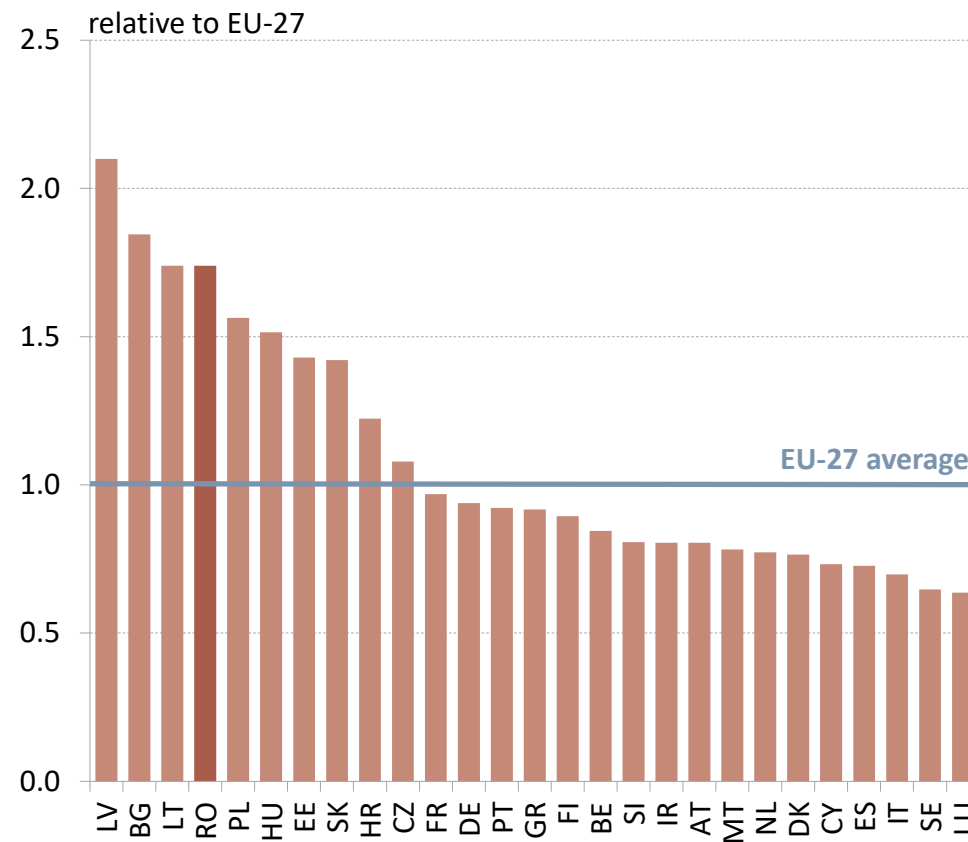
Access to healthcare is above the EU average, yet certain qualitative indicators on, for instance, premature mortality, post high readings as compared to most regional peers and the EU average, calling for the need to prioritise investment.

**Hospital capacity, 2022**



Source: Eurostat

**Premature mortality, 2022**

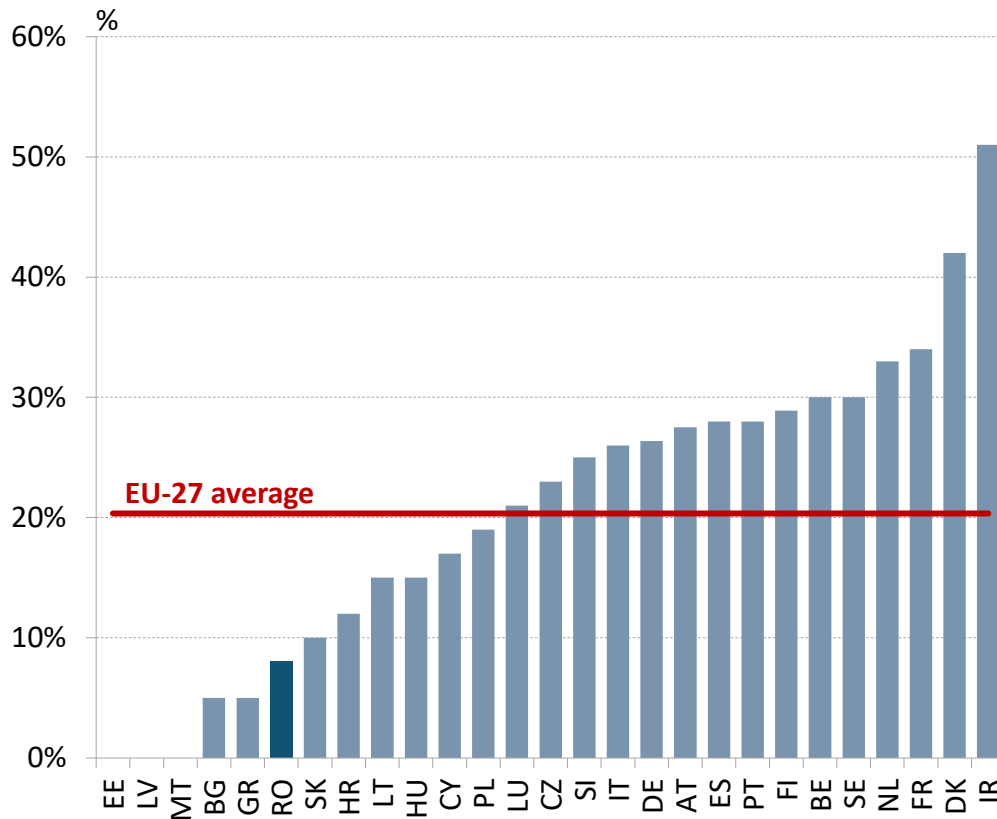


Source: Eurostat



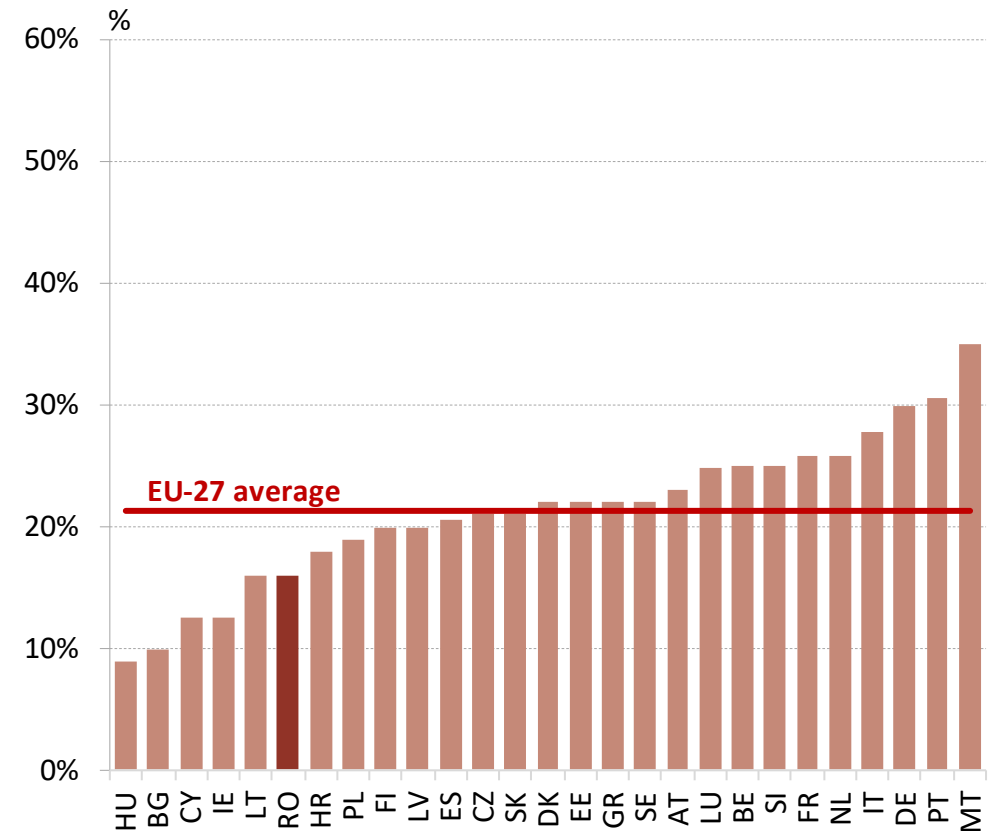
For Romania to be fiscally competitive in terms of attracting foreign direct investment, capital taxation is below the EU average, the Central and East European countries levying taxes as low and as simple as possible to apply (flat tax system).

Net Top Statutory Dividend Tax Rate Paid, 2024



Source: Tax Foundation Europe

Combined Statutory Corporate Income Tax Rates, 2025



Source: Tax Foundation Europe



As for labour taxation, Romania ranks close to the EU average, but the tax breaks granted in many sectors (IT, construction, agriculture, food industry) have been removed to implement fiscal consolidation.



Note: Tax wedge of a single worker with no children earning a nation's average wage.

Source: Eurostat

### III.

#### Labour

#### Employment

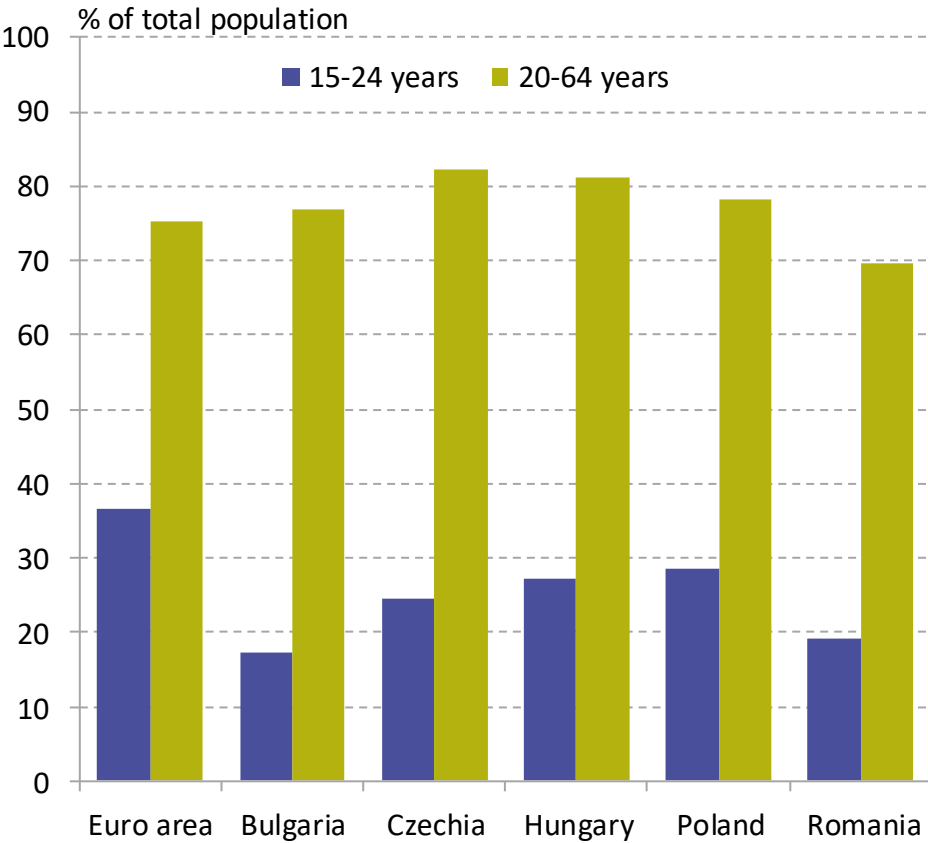
#### Unemployment

#### Productivity

- Over the past two decades, the labour market in Romania made notable progress, with increases in employment and labour productivity; at the same time, some sectors witness shortages of skilled labour.
- The overall employment rate is still below the EU average, and there are further significant gaps that need to be closed as shown by regional disparities and low levels of employment for certain categories, such as young people or women.
- The unemployment rate fell markedly, but progress has been contained by certain structural rigidities, such as reduced geographical mobility and skill mismatches.
- Real wage tripled, mirroring a significant improvement in purchasing power, driven by productivity gains, in an environment of financial stability and alignment with EU standards.

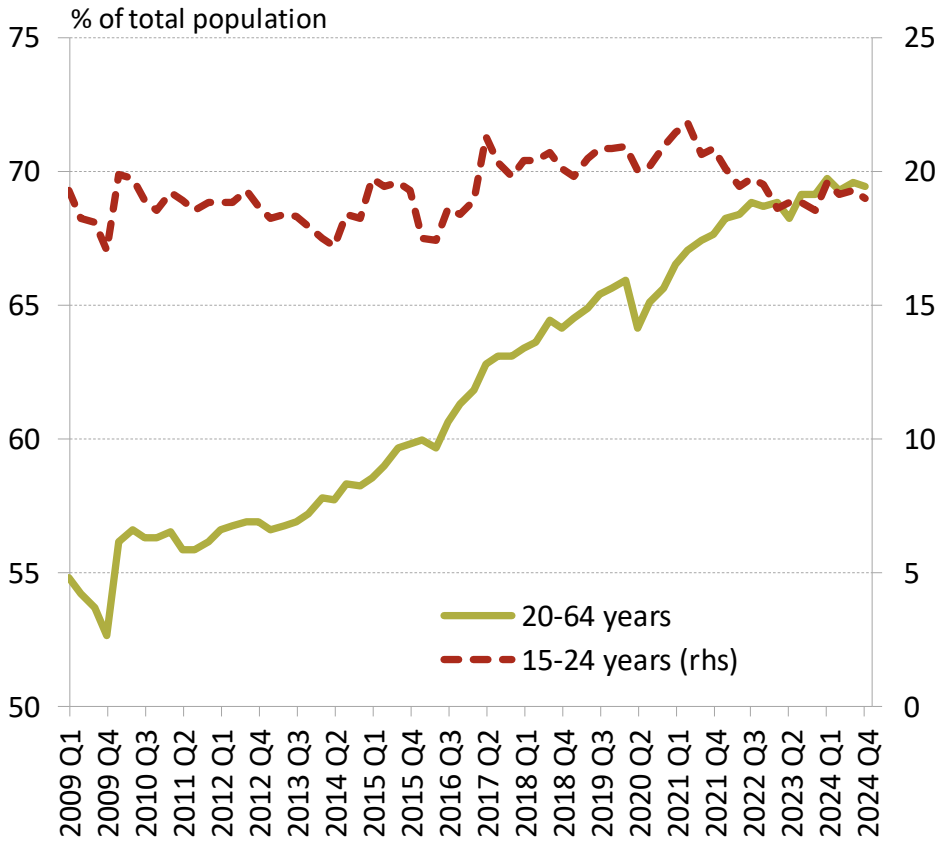
The employment rate increased significantly, catching up with EU countries. The persistence of regional disparities and urban-rural differences is still a challenge, along with the lower level of employment for some categories (mainly young people and women).

Employment rate from a regional perspective in 2024



Source: Eurostat

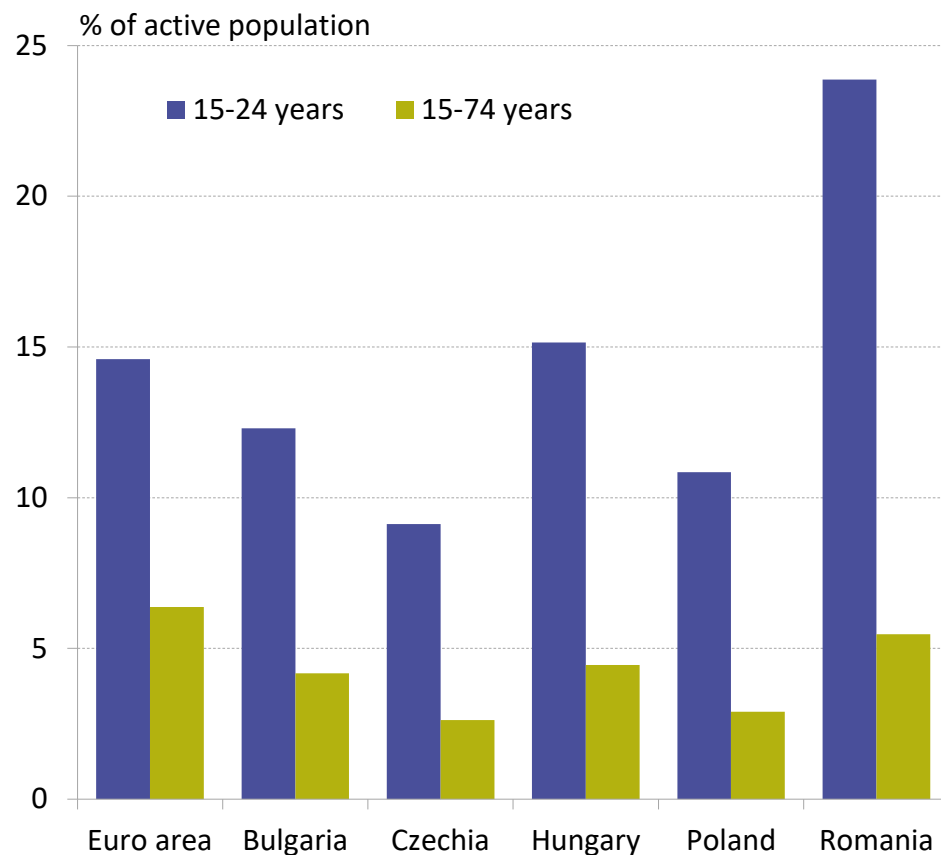
Employment rate in Romania (2009-2024)



Source: Eurostat

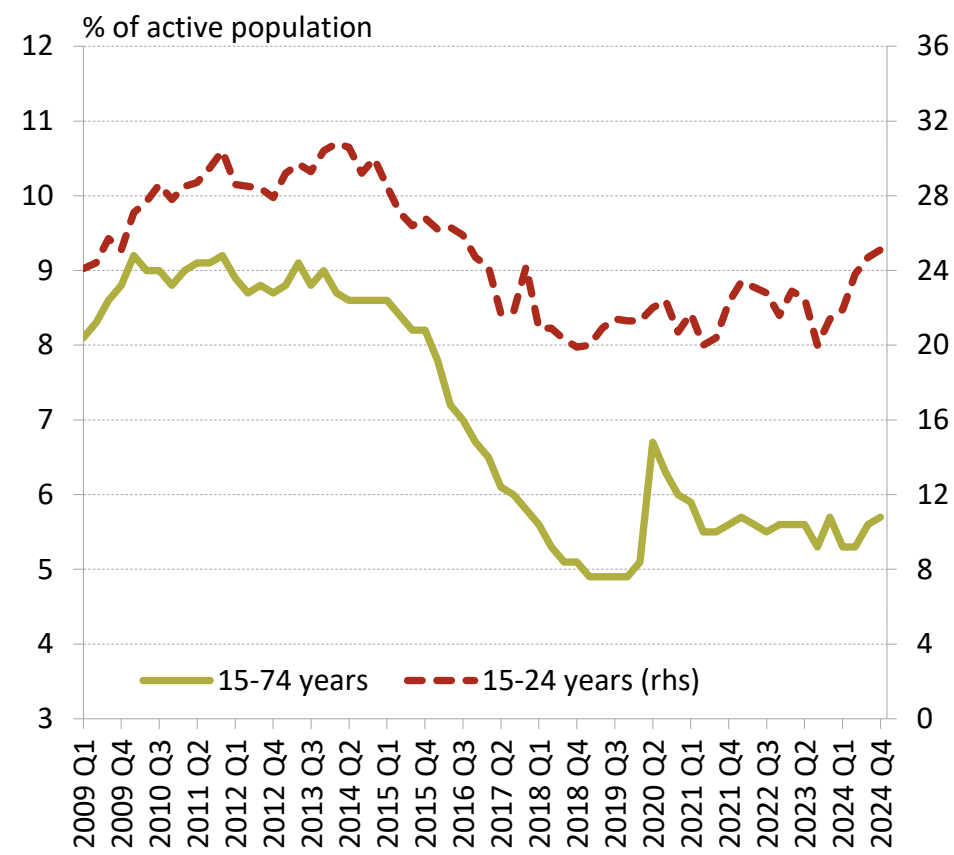
The unemployment rate fell considerably, larger declines being currently hampered by structural labour market features, such as demographic factors, reduced labour mobility, and skill mismatches.

Unemployment rate from a regional perspective in 2024



Source: Eurostat

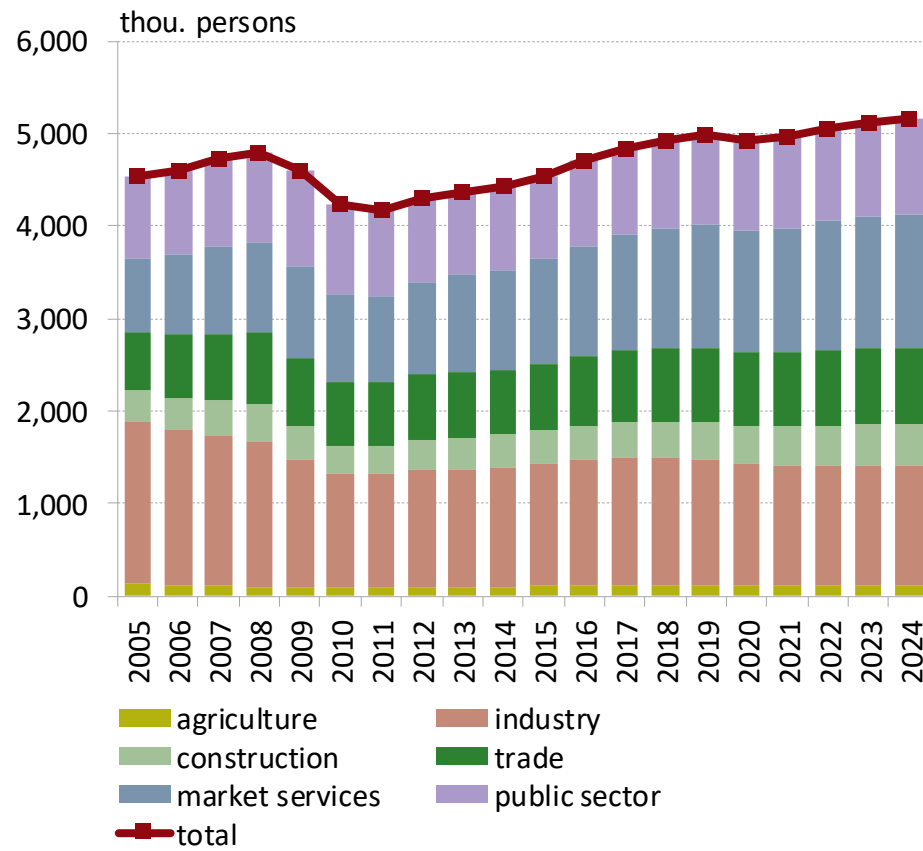
Unemployment rate in Romania (2009-2024)



Source: Eurostat

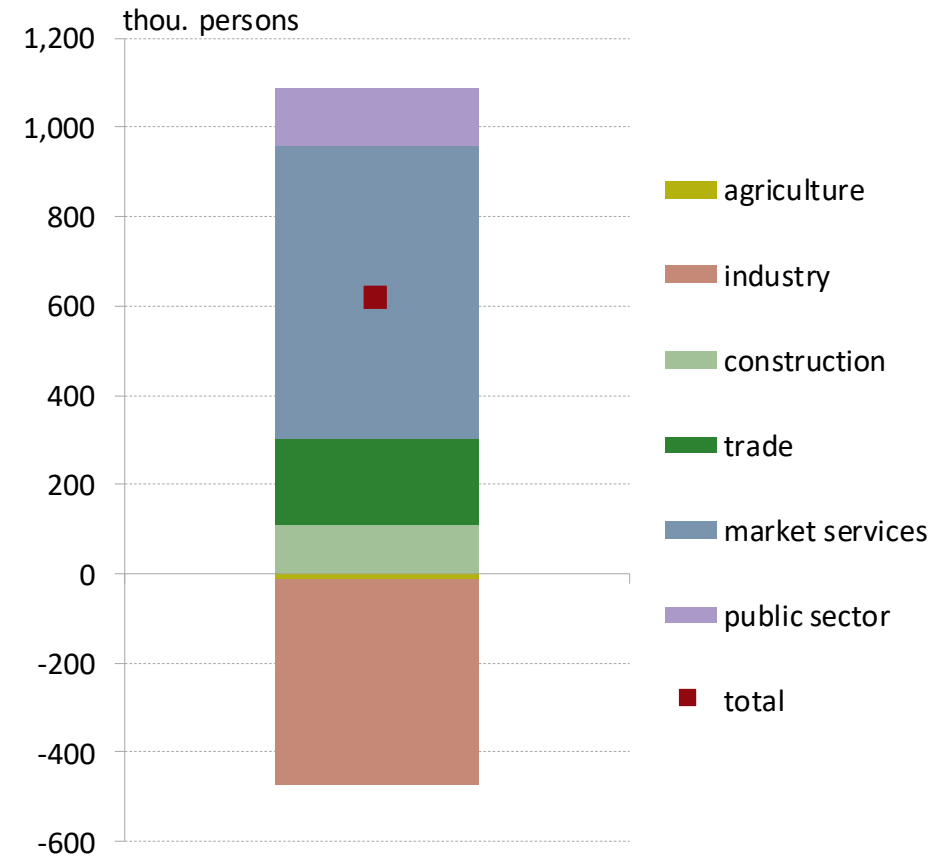
The number of employees economy-wide increased, as the dynamics in the services sector and in industry fully reflect the transition to higher value-added economic activities, which also contributed to a certain restructuring of the labour market and the necessary skills.

Number of employees in Romania



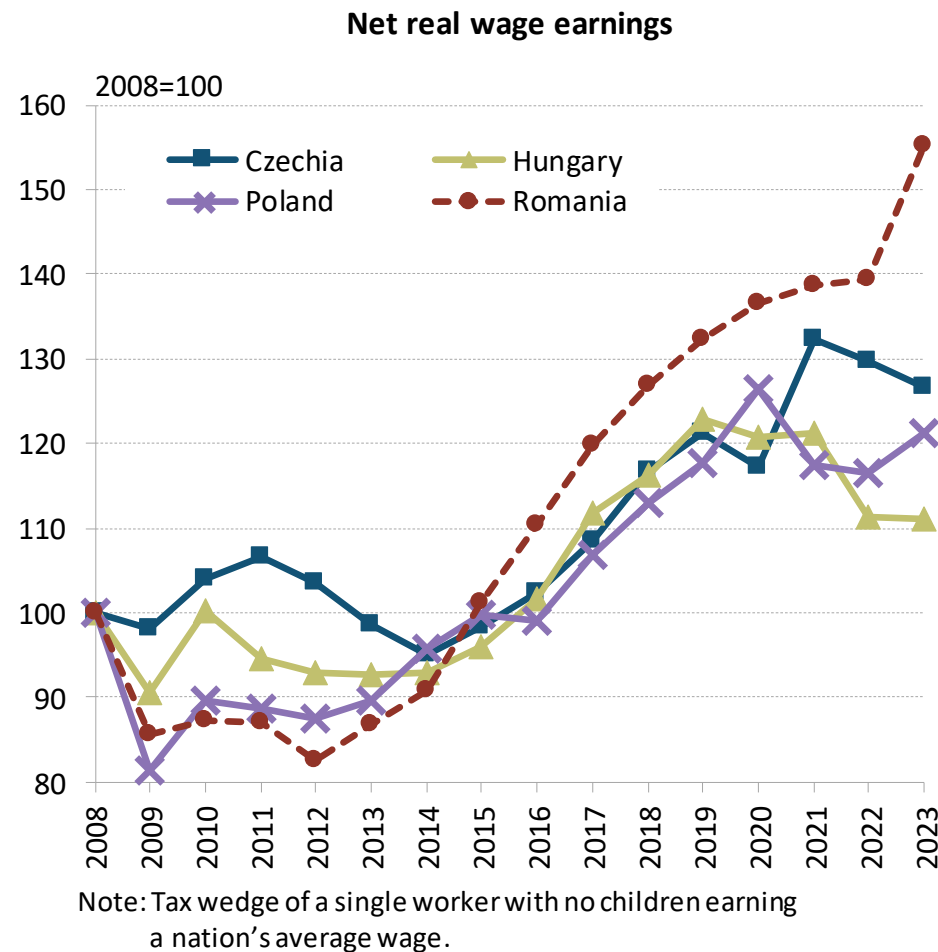
Source: NIS

Change in the number of employees, 2024 versus 2005

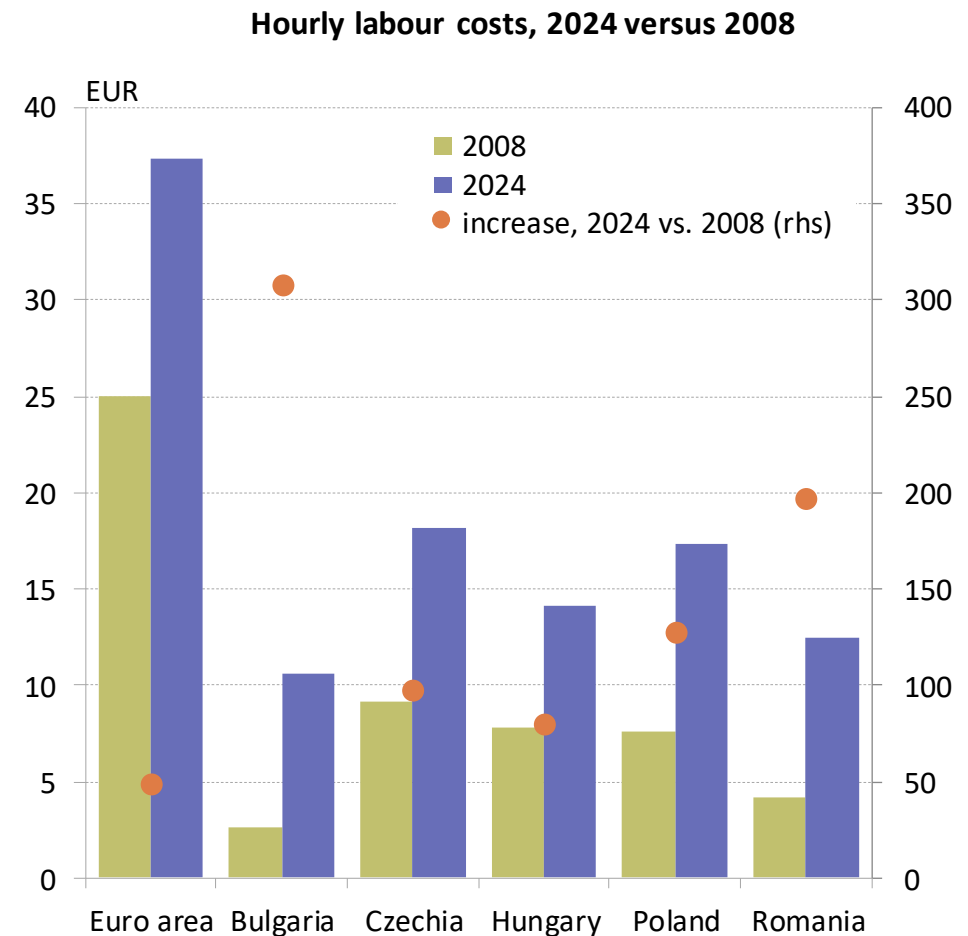


Source: NIS

Real wage earnings rose significantly, driven not only by productivity, but also by other factors, such as alignment with EU standards and minimum wage policies. Labour costs increased considerably, raising concerns about competitiveness and inflation.



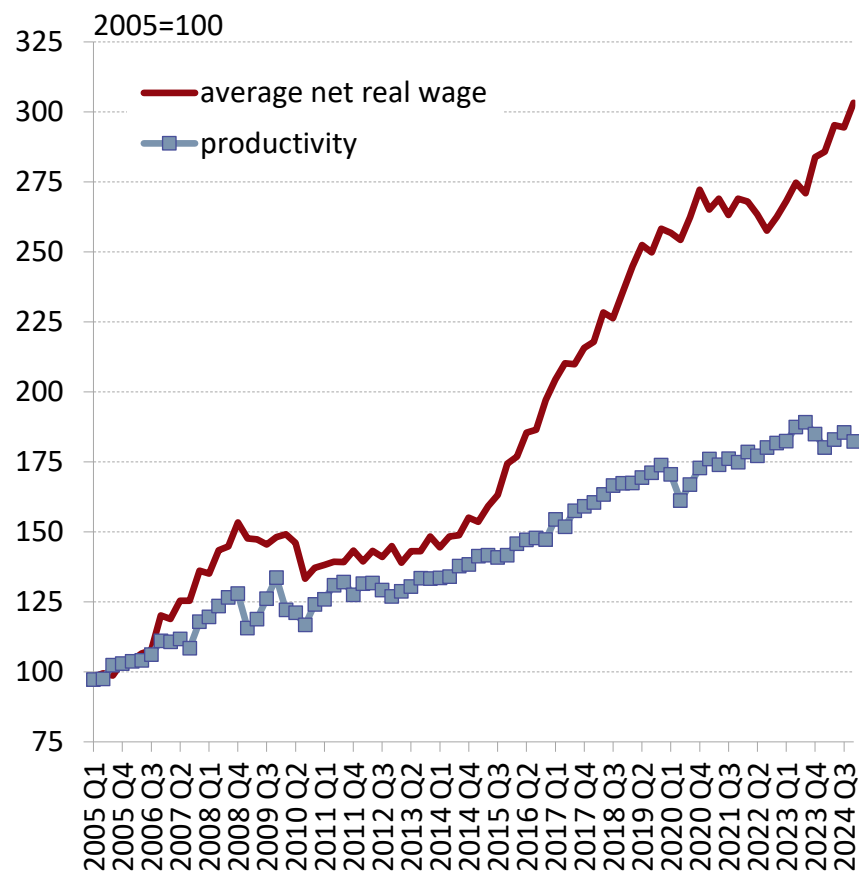
Source: Eurostat, NBR calculations



Source: Eurostat

Over the past two decades, the average net wage in Romania tripled and labour productivity increased, albeit at a slower pace. The differences in dynamics, particularly in recent years, currently trigger new challenges, related to labour costs and, implicitly, to competitiveness.

**Net real wage and labour productivity – Romania**



Source: NIS

**Net real wage earnings\* and labour productivity – Hungary**

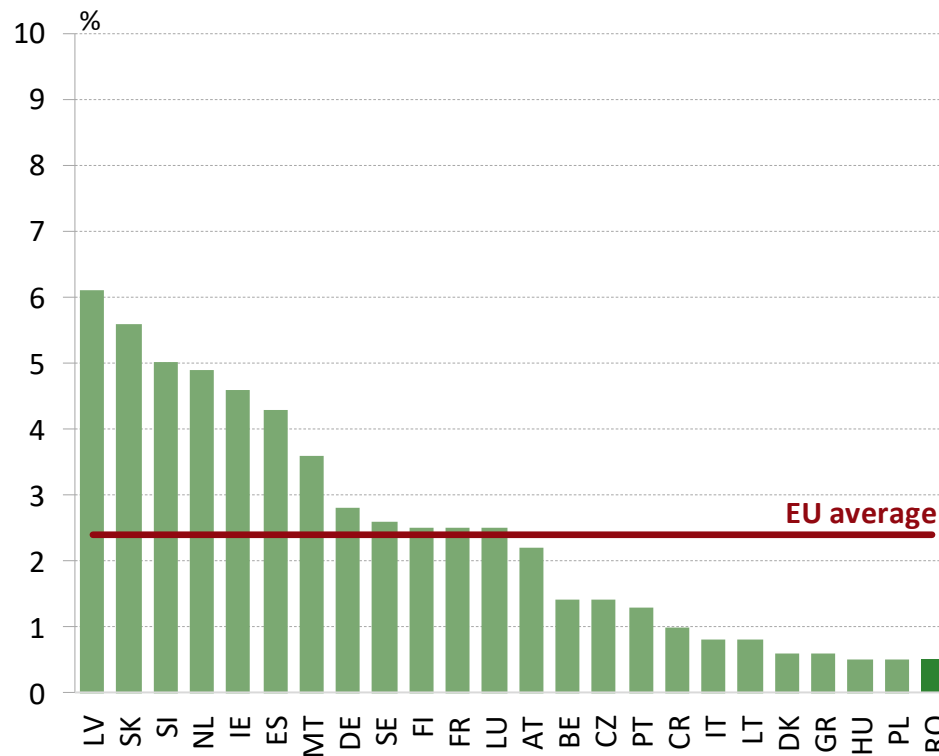


\*) wage earnings for a single worker without children earning 100% of the average earnings

Source: Eurostat, NBR calculations

Making the labour market more flexible by increasing the share of temporary or part-time employed persons may be an appropriate answer to the challenges posed by structural labour market characteristics, as well as by work-life balance objectives.

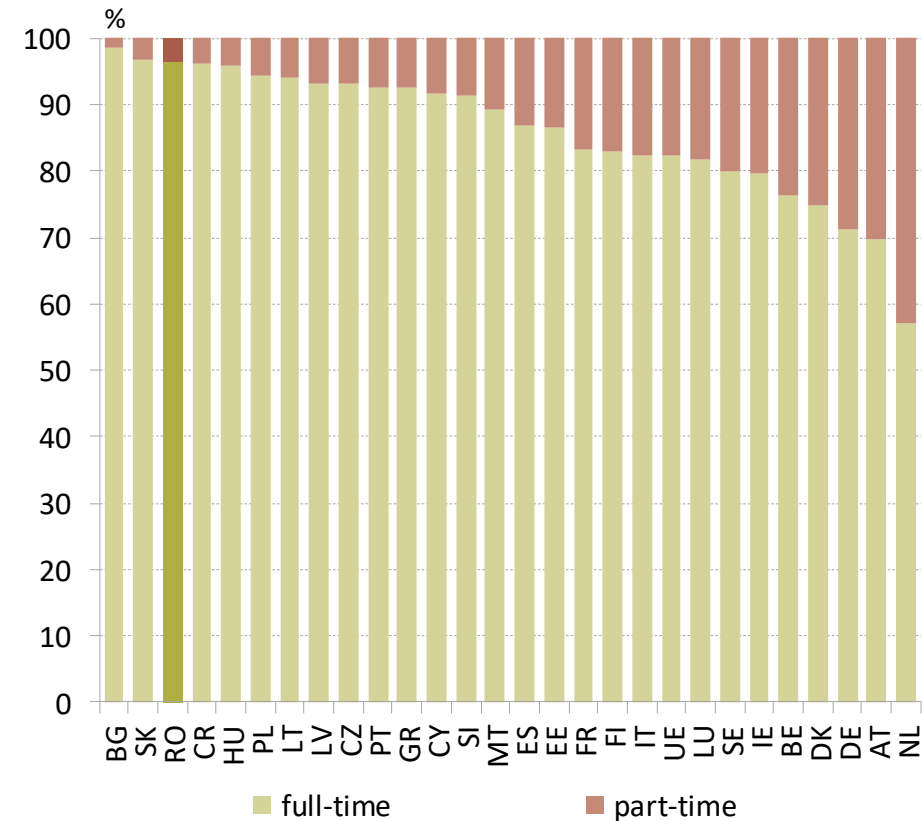
Employed persons with fixed-term contracts, 2023



Note: Missing data for three EU Member States (Bulgaria, Cyprus, Estonia).

Source: Eurostat

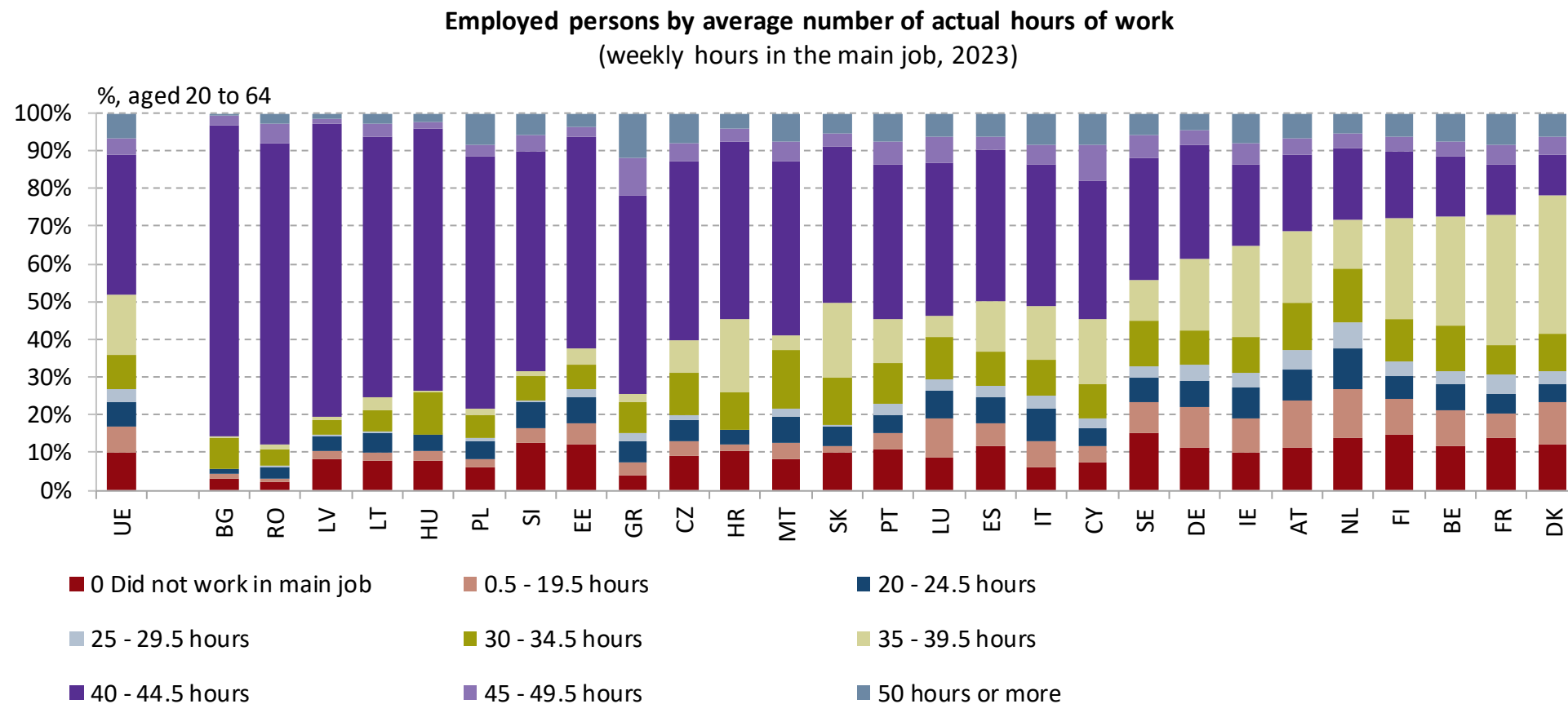
Employed persons by full-time/part-time work, 2023



Source: Eurostat



In fact, the low number of temporary or part-time workers,  
 alongside low participation in training programmes, also  
 Reflects in the actual weekly hours worked.

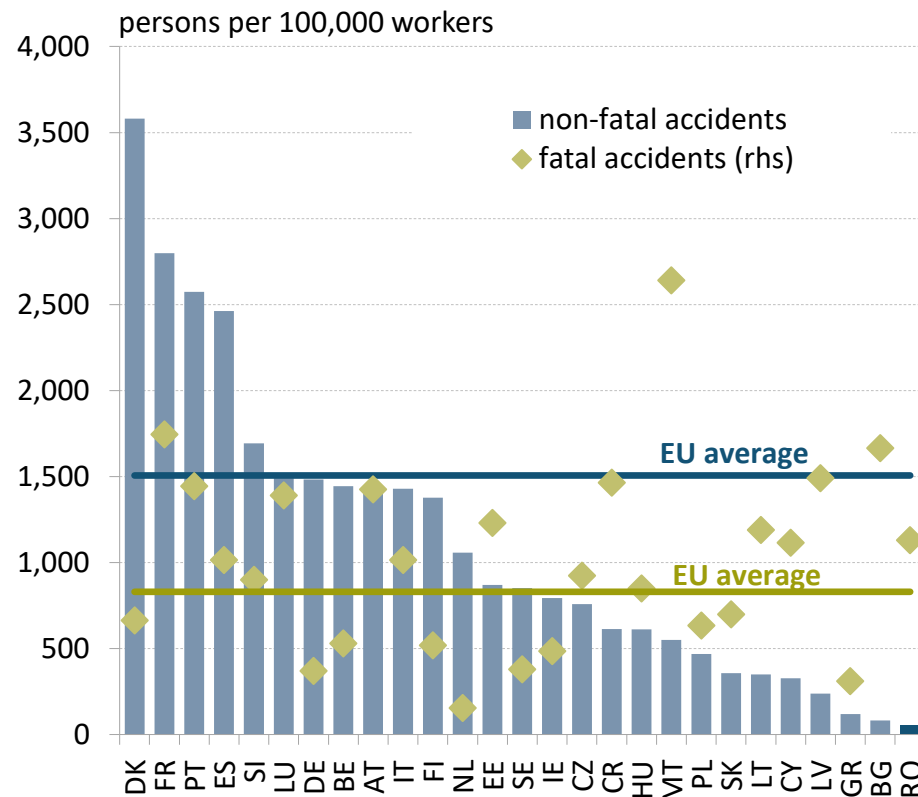


Note: Bulgaria and Croatia, “From 25 to 29 hours” – not shown due to low reliability of data.

Source: Eurostat

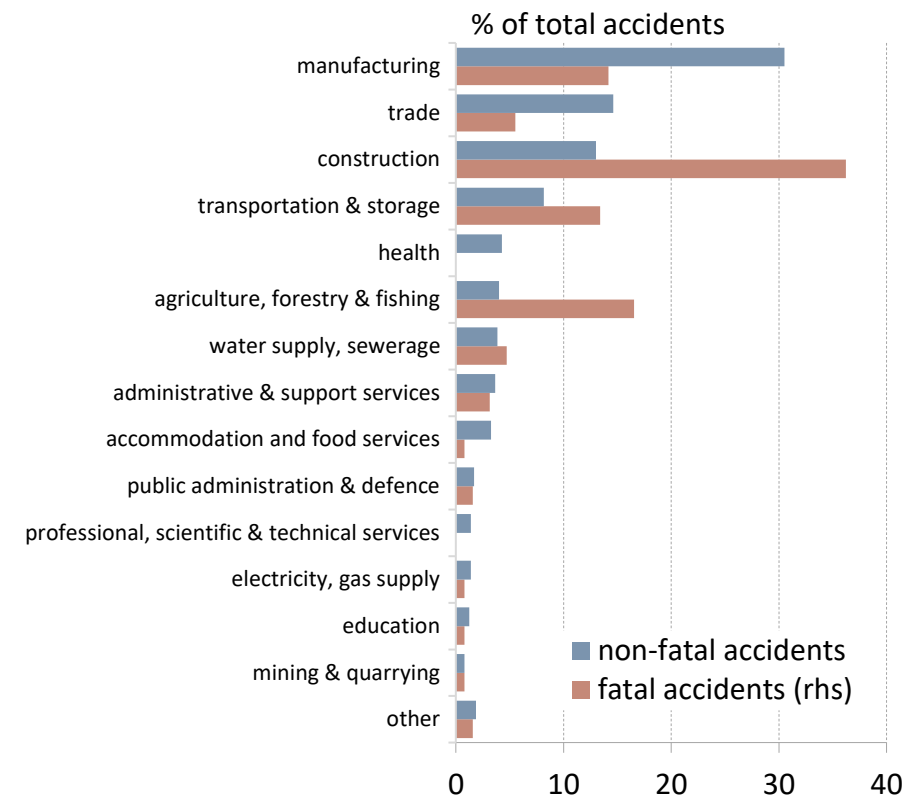
Safety at work increased considerably, to such extent that, in 2022, Romania posted the lowest incidence rate of non-fatal work accidents, with cross-sectoral differences mainly related to the actual content of activities.

Incidence rate of work accidents, 2022



Source: Eurostat

Work accidents in the main economic sectors, 2022



Source: Eurostat

## IV.

### Quality of life

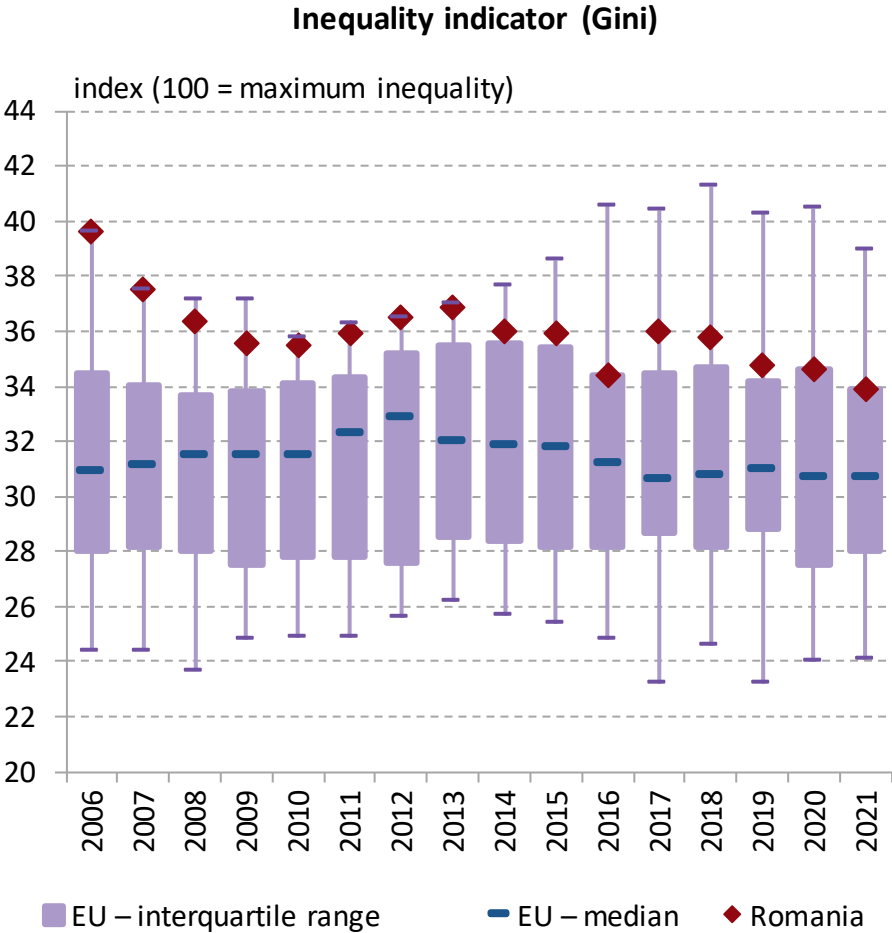
### Inequalities

### Social inclusion

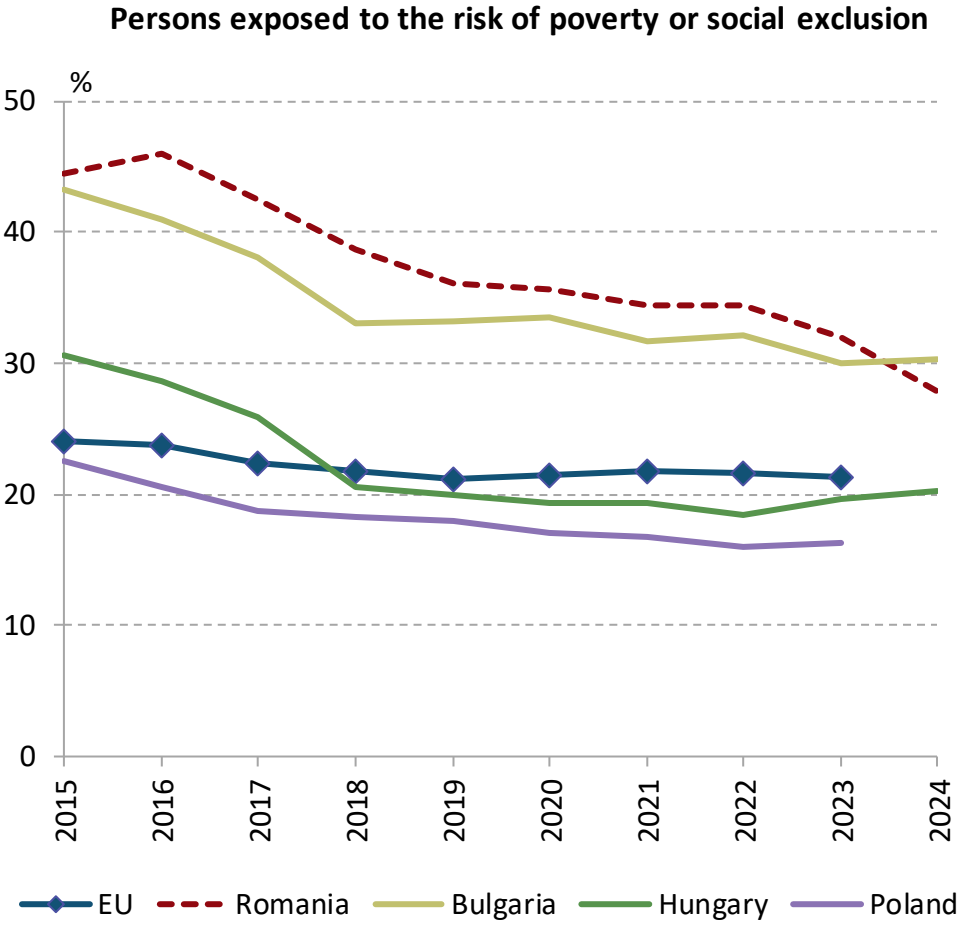
### Life expectancy

- The perception of quality of life remains above the EU average, despite a slight setback in the last year. Living conditions improved significantly over the past ten years, in line with the progress in construction.
- The economic growth helped reduce income inequality. However, these indicators continue to post relatively high values in Romania compared to the EU averages.
- The improvement in living standards contributed to a broad-based decrease in poverty risk, yet important disparities persist with regard to the rural population, hence the need to rethink social policies.
- In the past decade, Romania saw the fastest increase in life expectancy in the region, as also shown by the rise in people's life satisfaction; however, there are still some social imbalances.

The economic growth over the last years contributed to a significant reduction in income inequality and to a decrease in overall poverty risk, although statistics still reflect the need for a faster closing of regional gaps and especially for an acceleration of rural development.

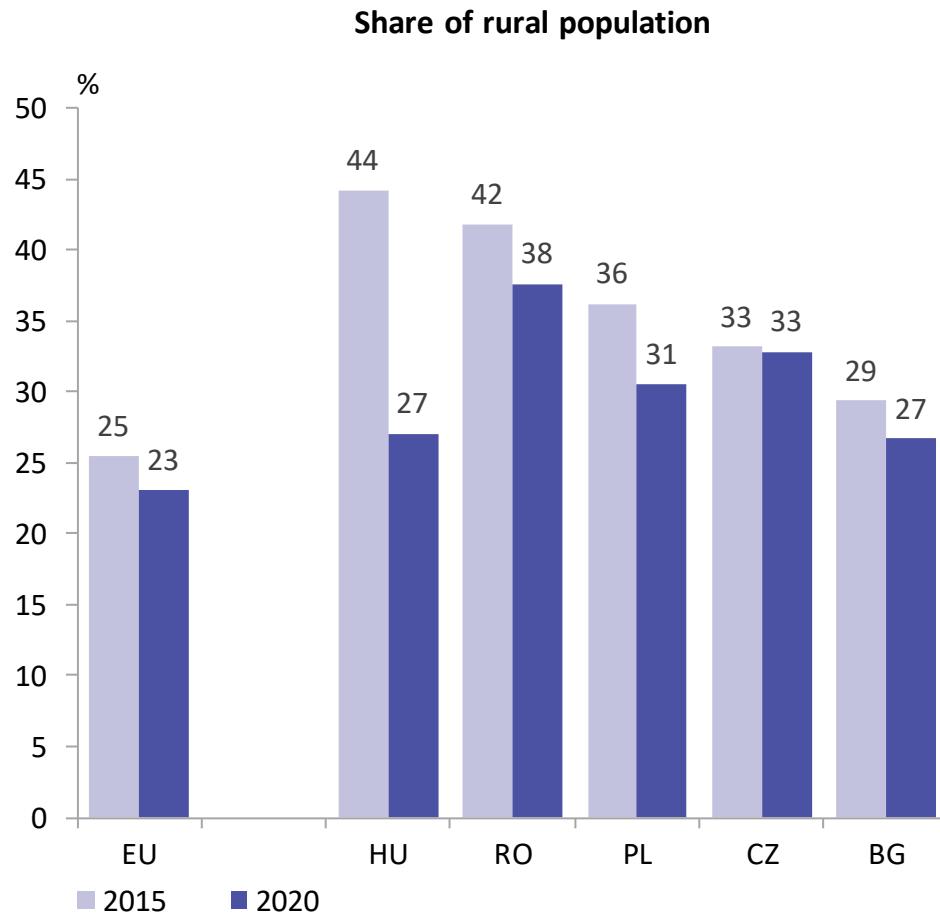


Source: Eurostat

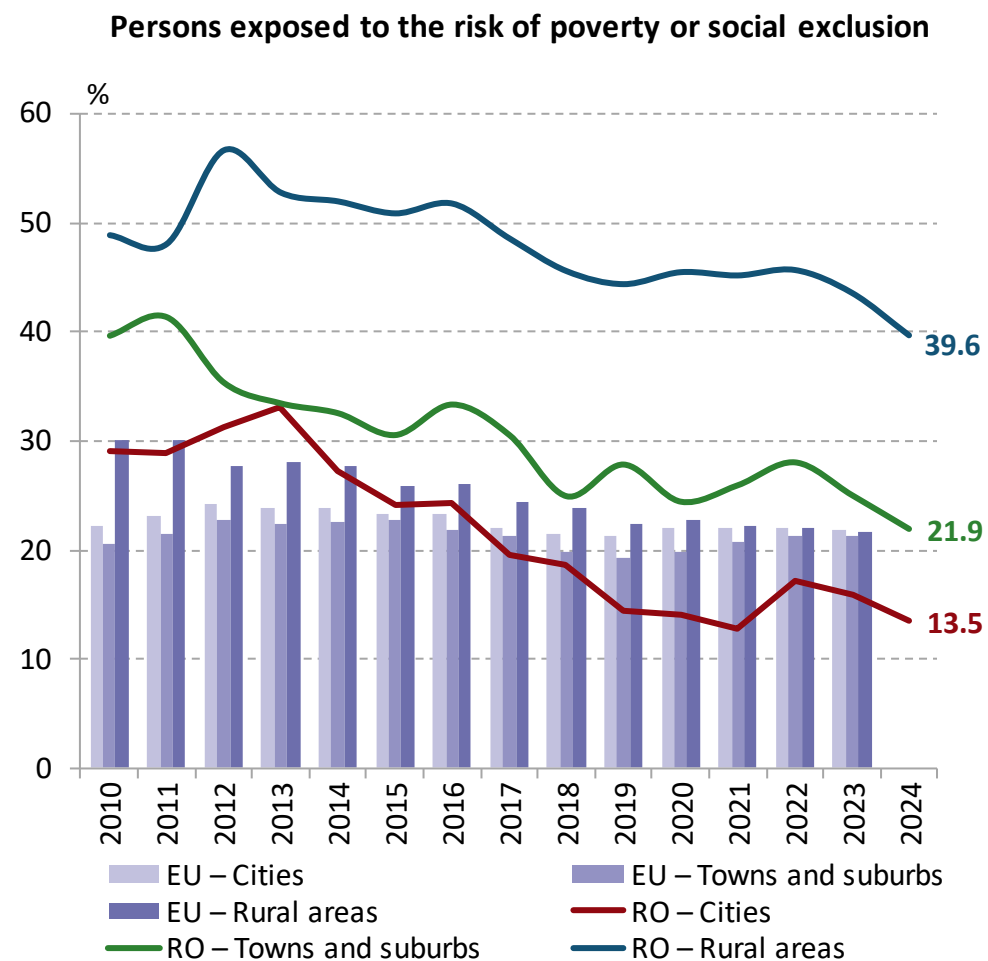


Source: Eurostat

A significant share of Romania's population lives in rural areas. While the improvement in living standards over the past years led to a broad-based decrease in poverty risk, the incidence of poverty risk for the rural population still significantly exceeds the EU average and the situation in the region.

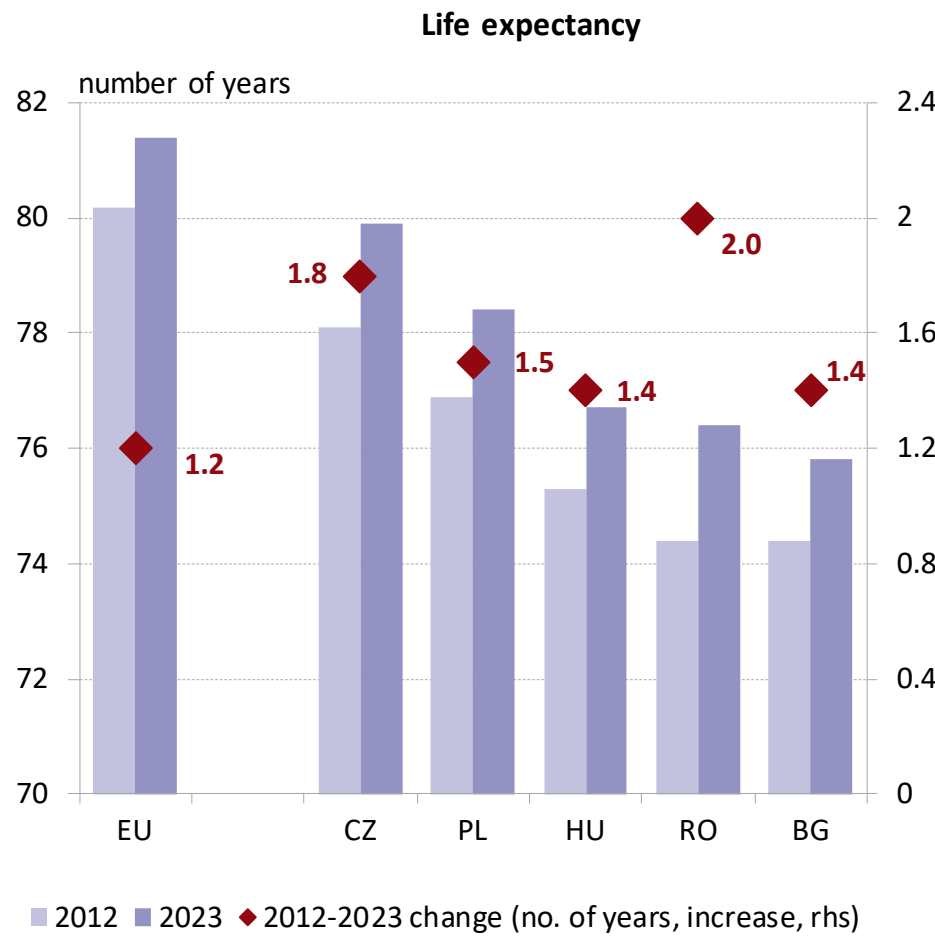


Source: Eurostat

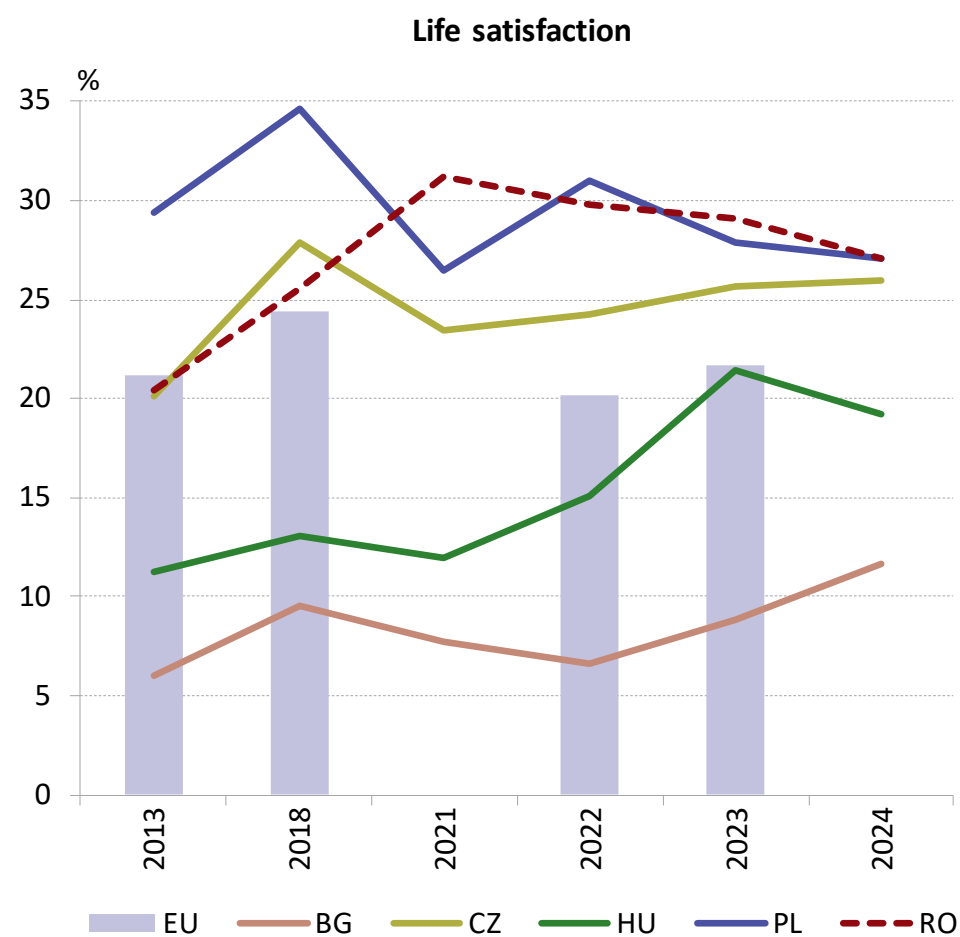


Source: Eurostat

In the past decade, Romania saw the fastest increase in life expectancy among the countries in the region and a considerable rise in life satisfaction. The recent crises had a lower effect on people’s perception of quality of life.

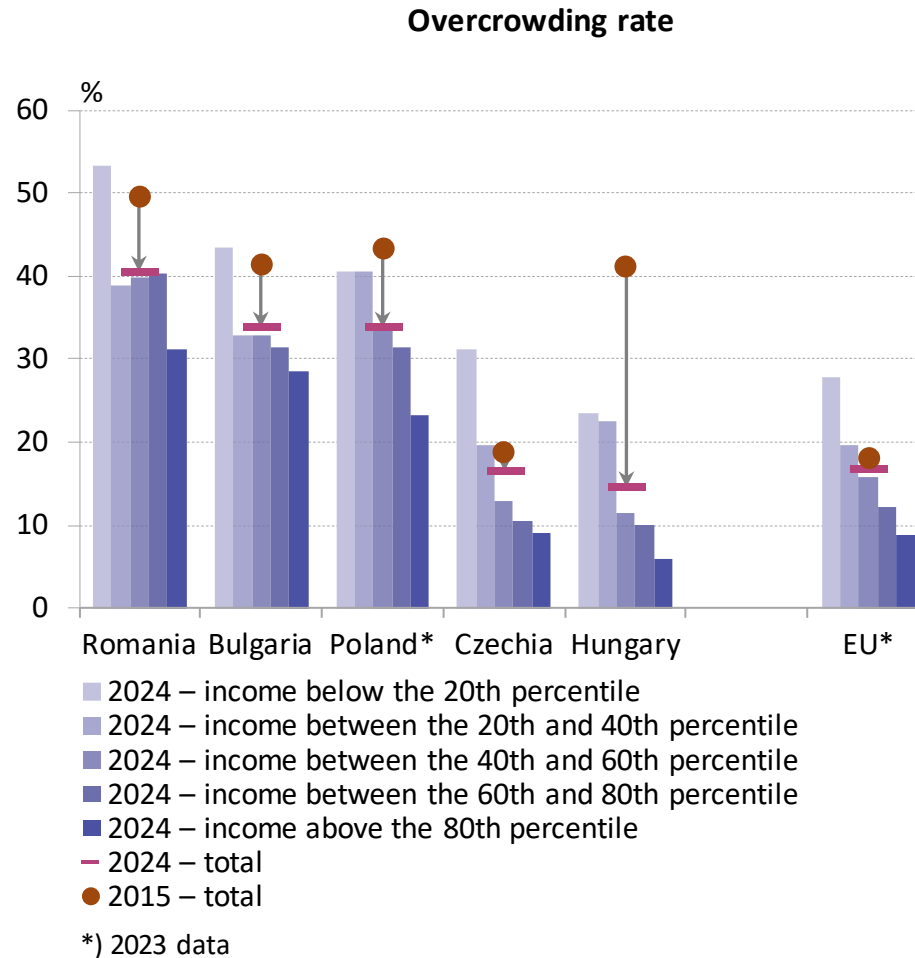


Source: Eurostat

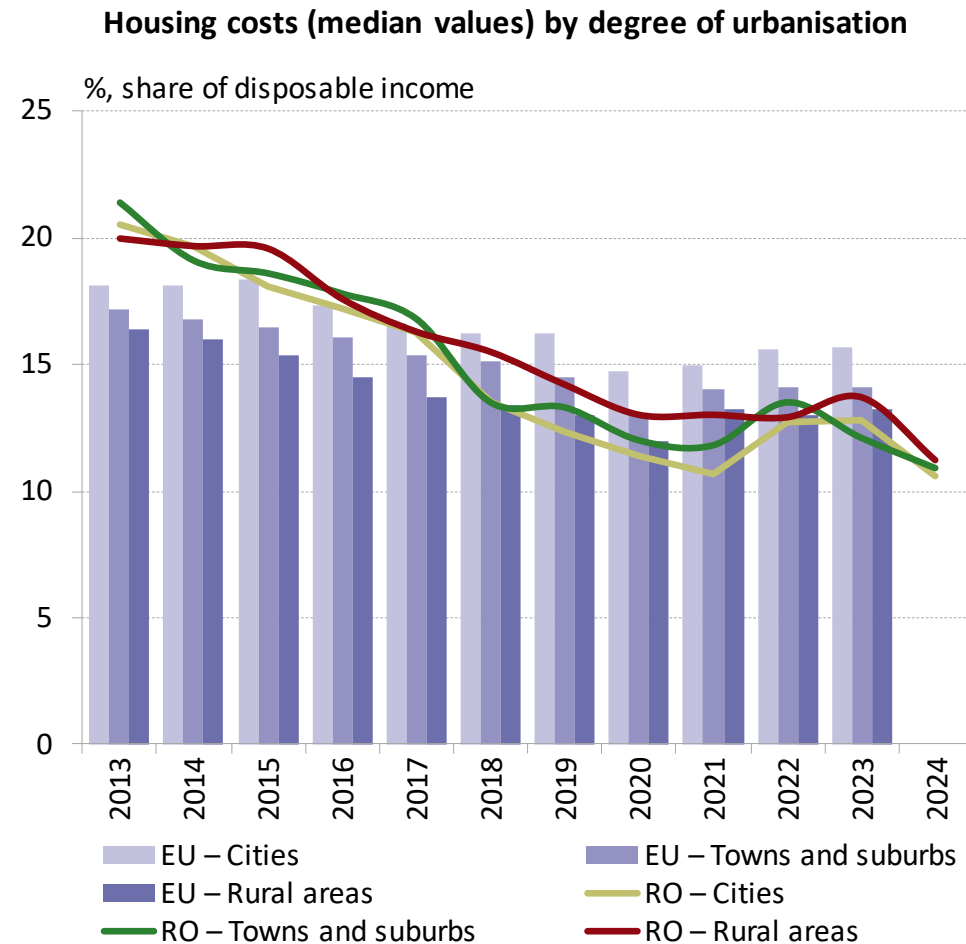


Source: Eurostat

Living conditions improved, the share of people living in overcrowded households narrowed, and the ratio of housing costs to disposable income decreased, with the median falling recently below the EU-wide values.

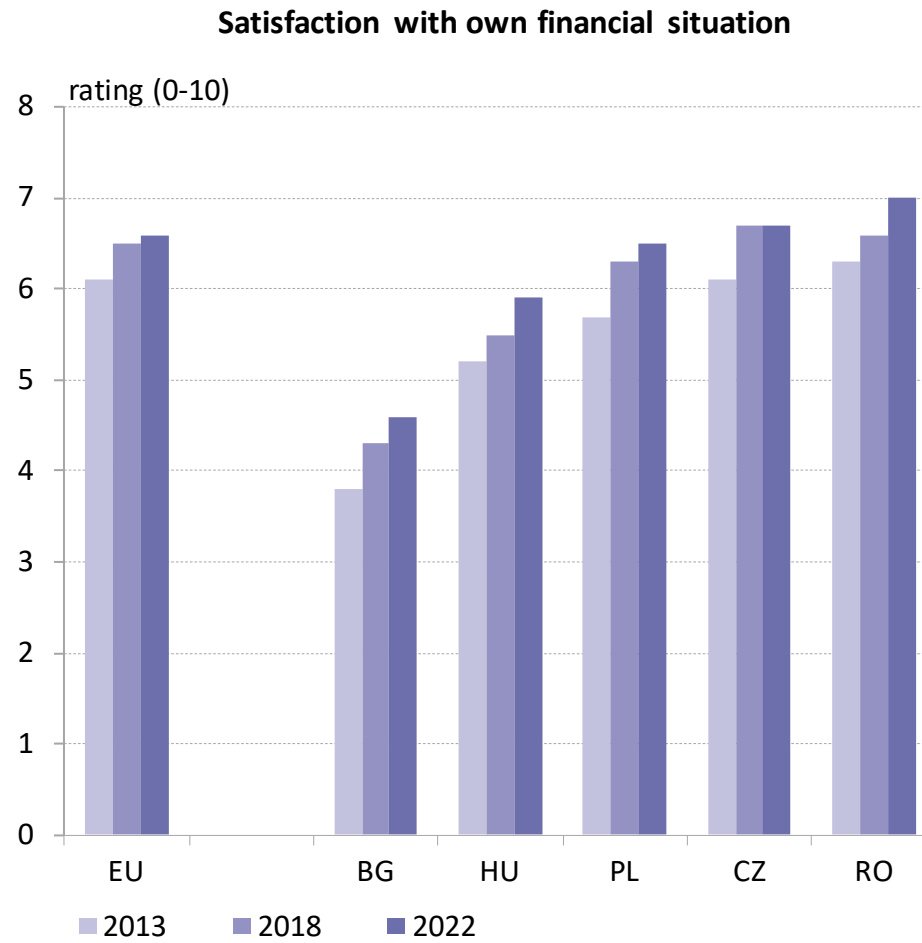


Source: Eurostat

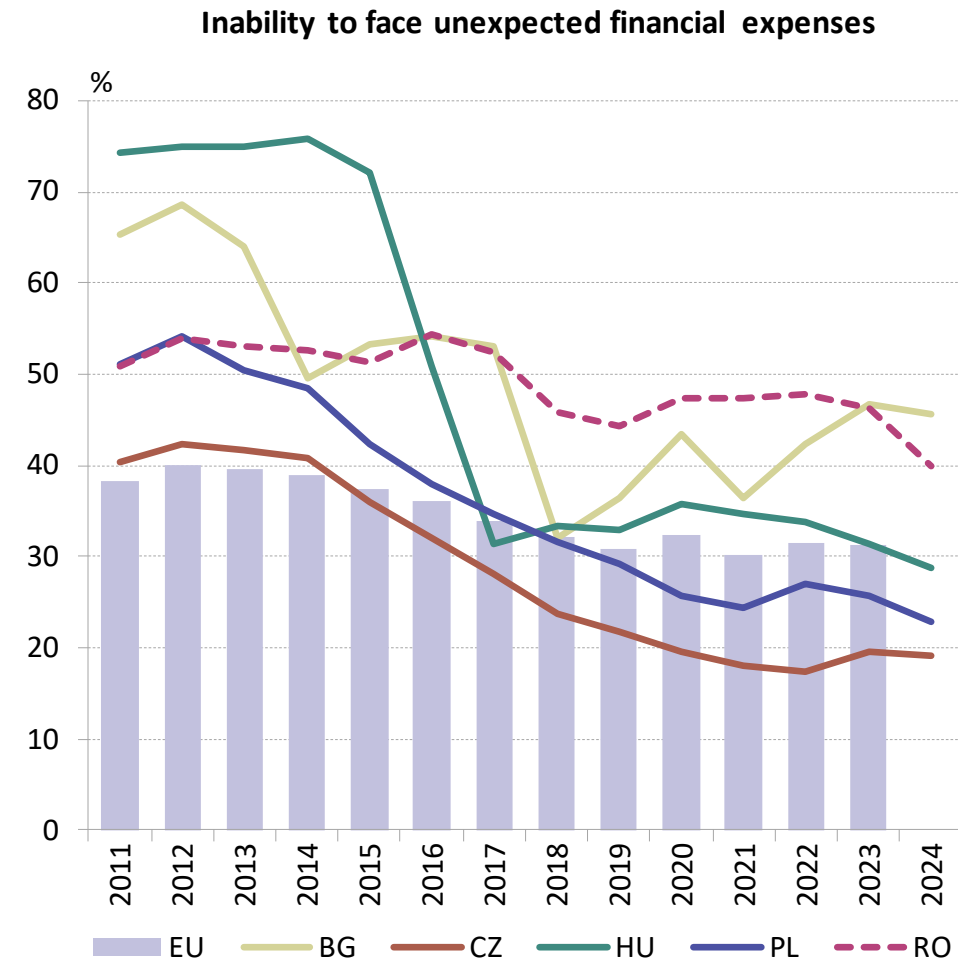


Source: Eurostat

People's perception of financial security improved, supported by favourable developments in real income. As a result, the share of the population unable to face unexpected financial expenses followed a downward trend, albeit a slower pace in Romania.



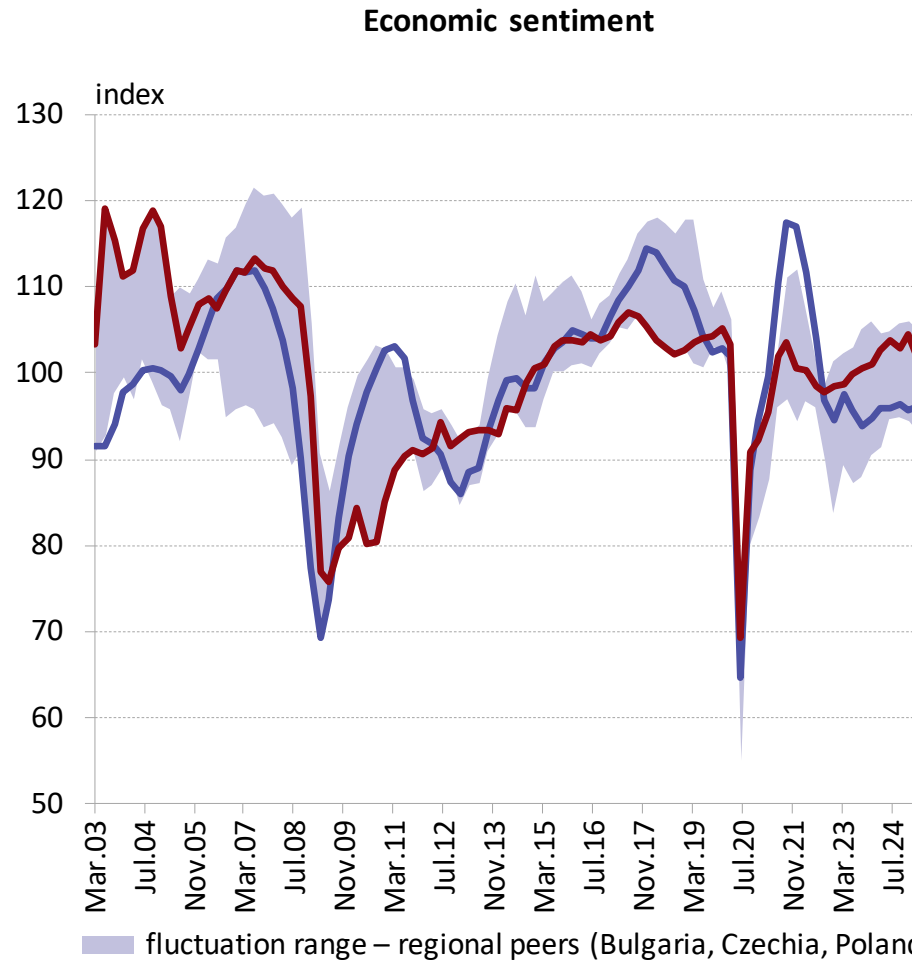
Source: Eurostat



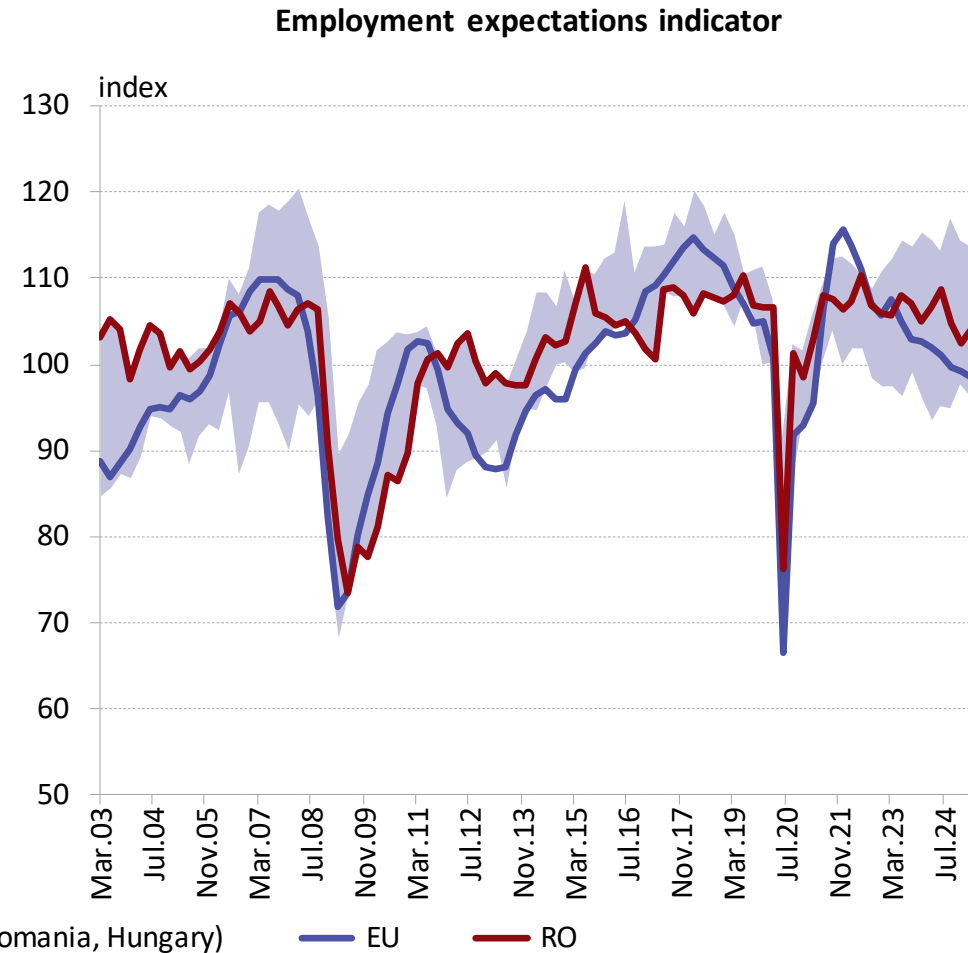
Source: Eurostat



Consumer and business confidence in the prospects of the economy and labour market in Romania has remained above the EU and regional peers' averages in recent years, despite the challenging international and regional environment, marked by heightened uncertainty.

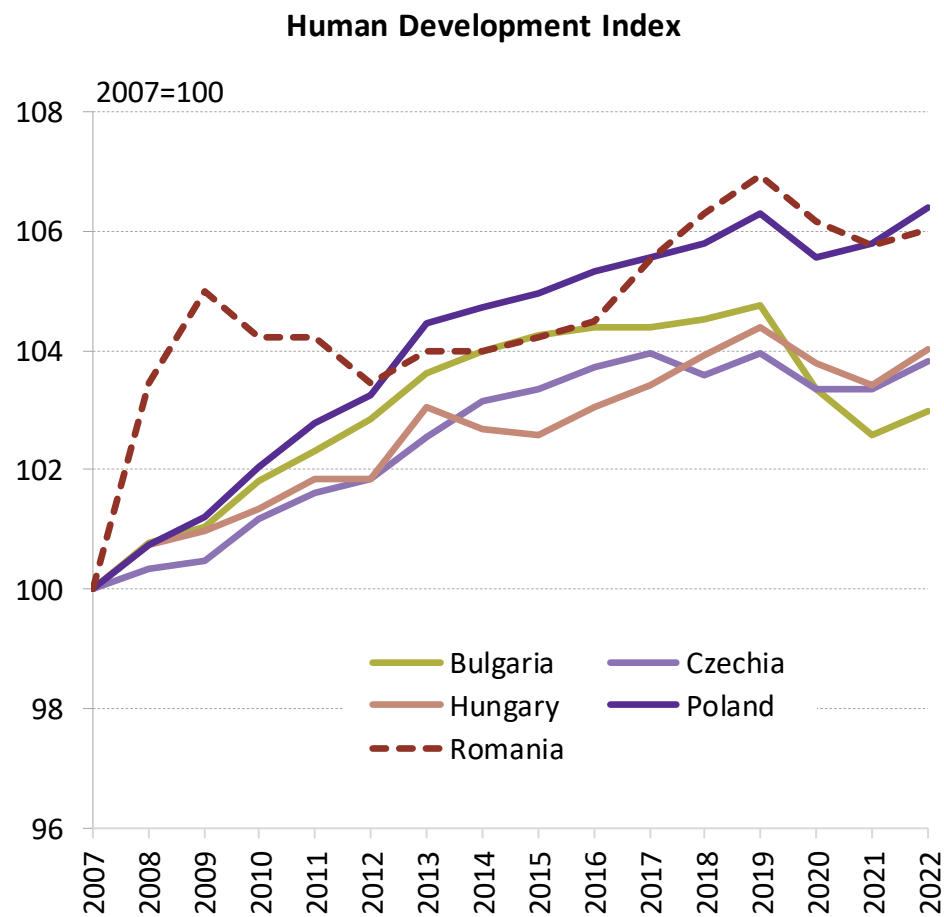


Source: Eurostat

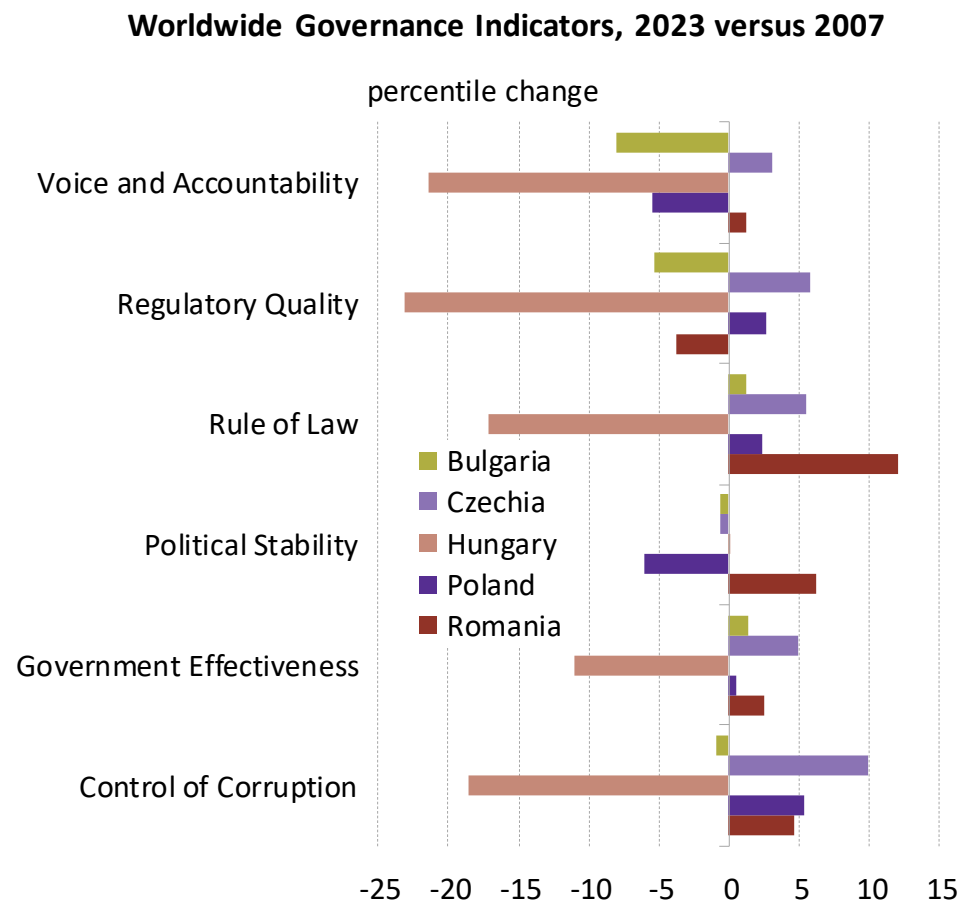


Source: Eurostat

Quality of life indicators, according to the human development index, as well as governance indicators for Romania recorded significant increases in the post-EU accession period, closing the gap to all the countries in the region at a steady pace.



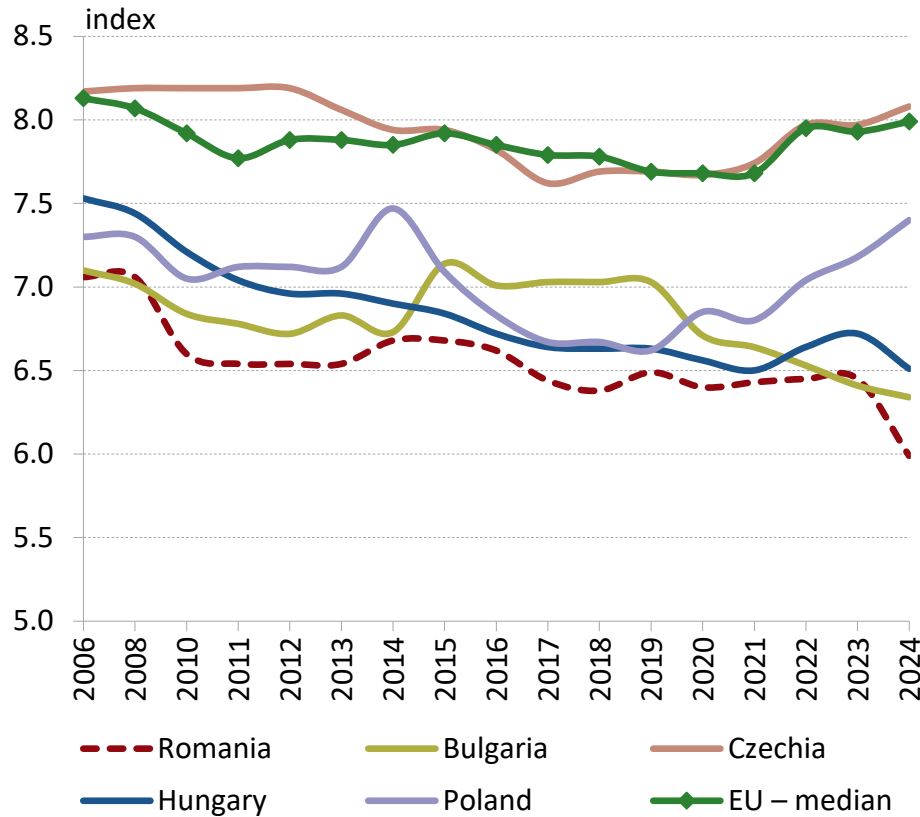
Source: United Nations Development Programme (UNDP)



Source: World Bank, Worldwide Governance Indicators (WGI)

Romania's democracy index position below the EU median is specific to Central and Eastern Europe, the domestic developments over the past years also reflecting in the worsening of several index categories.

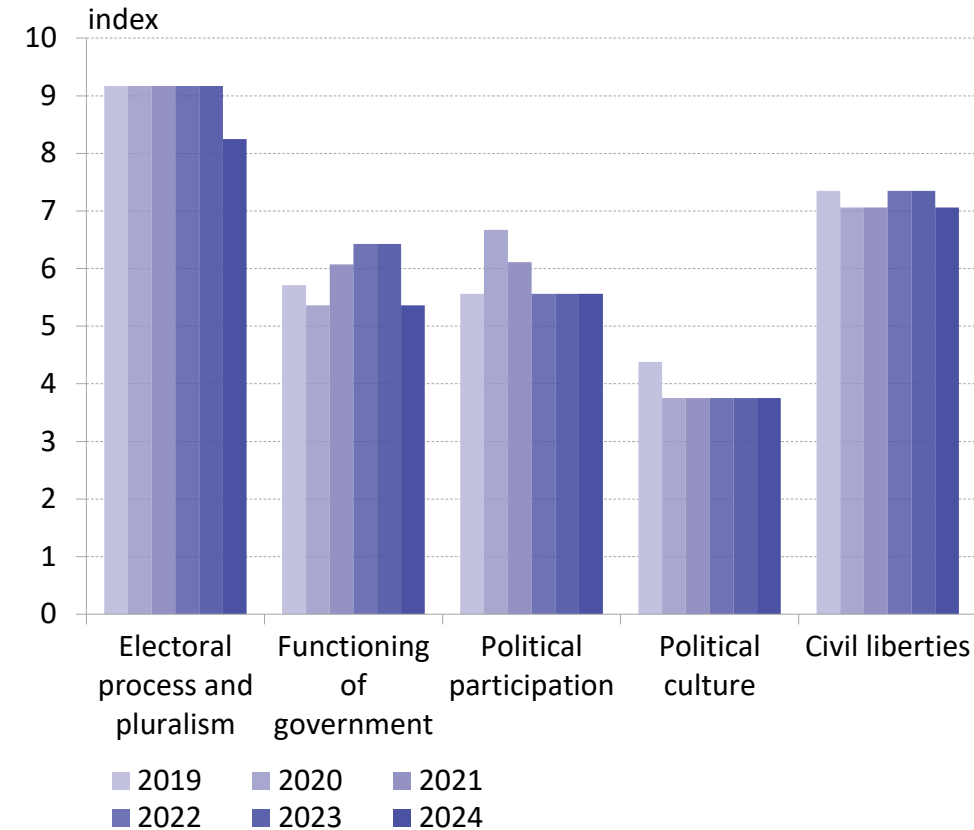
EIU democracy index



Note: Full democracies (10-8), flawed democracies (8-6), hybrid regimes (6-4), authoritarian regimes (4-0).

Source: EIU

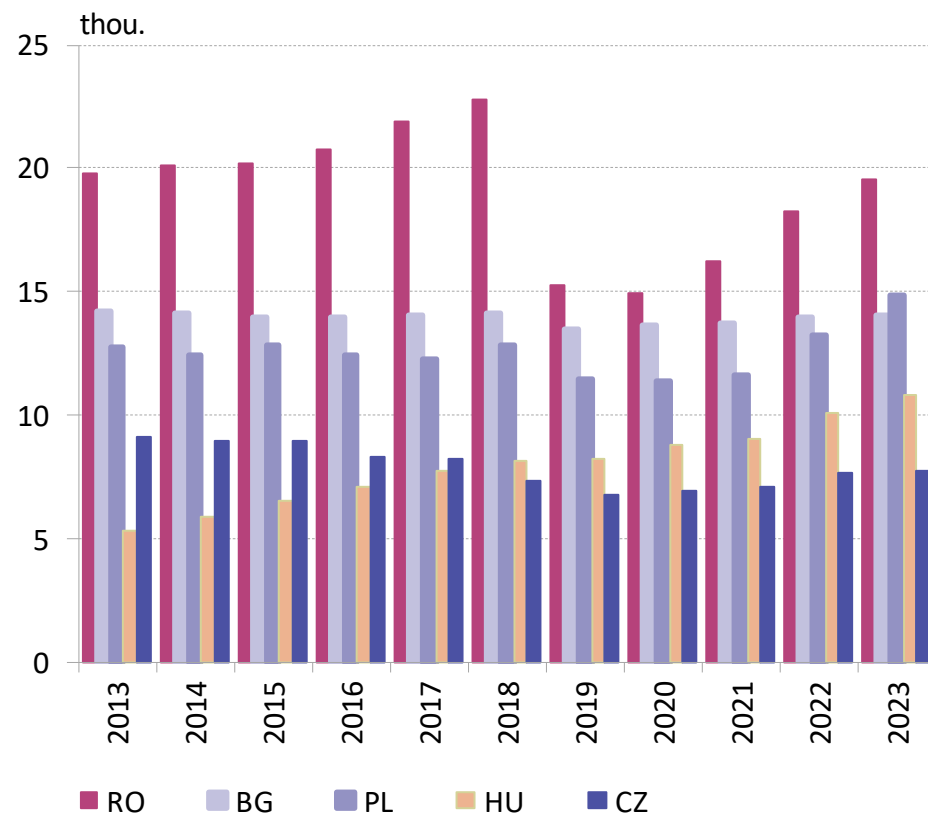
EIU democracy index categories for Romania



Source: EIU

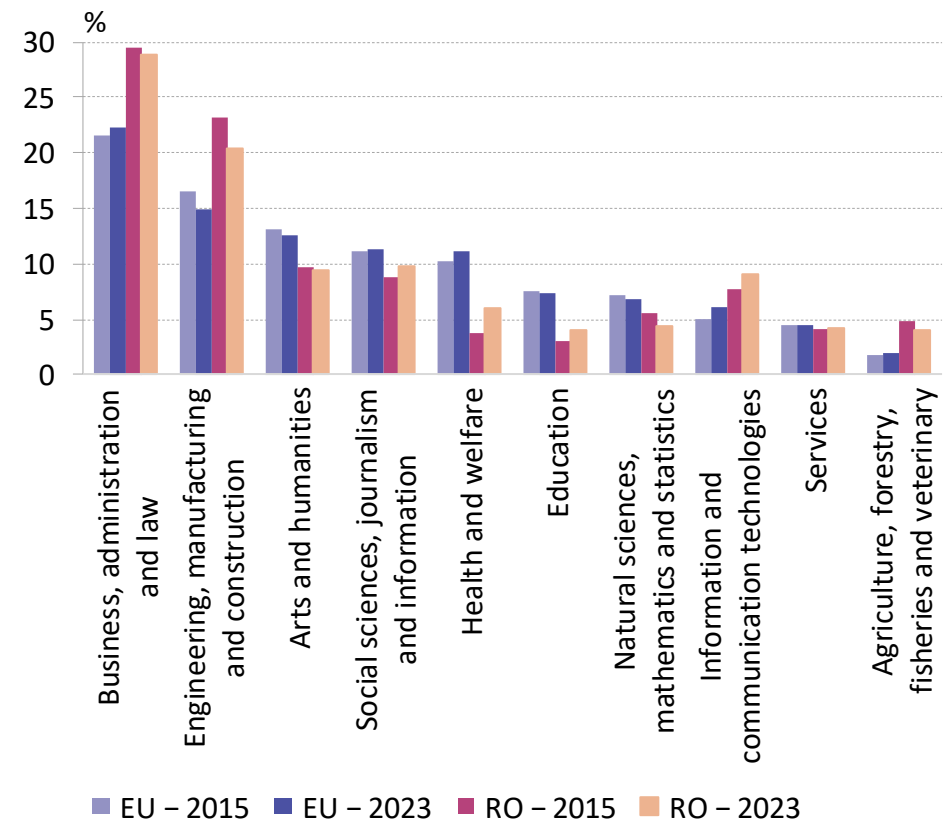
Romania has the largest number of students enrolled in universities in CEE, on an increase in the post-pandemic period. Health and education percentages are below the EU average, but interest in information and communication technologies has been rising steadily.

Number of students enrolled in other EU countries  
(bachelor's and master's degrees)



Source: Eurostat

Share of Romanian students enrolled in tertiary education  
(bachelor's degree) by field of education



Source: Eurostat

# V.

## European funds

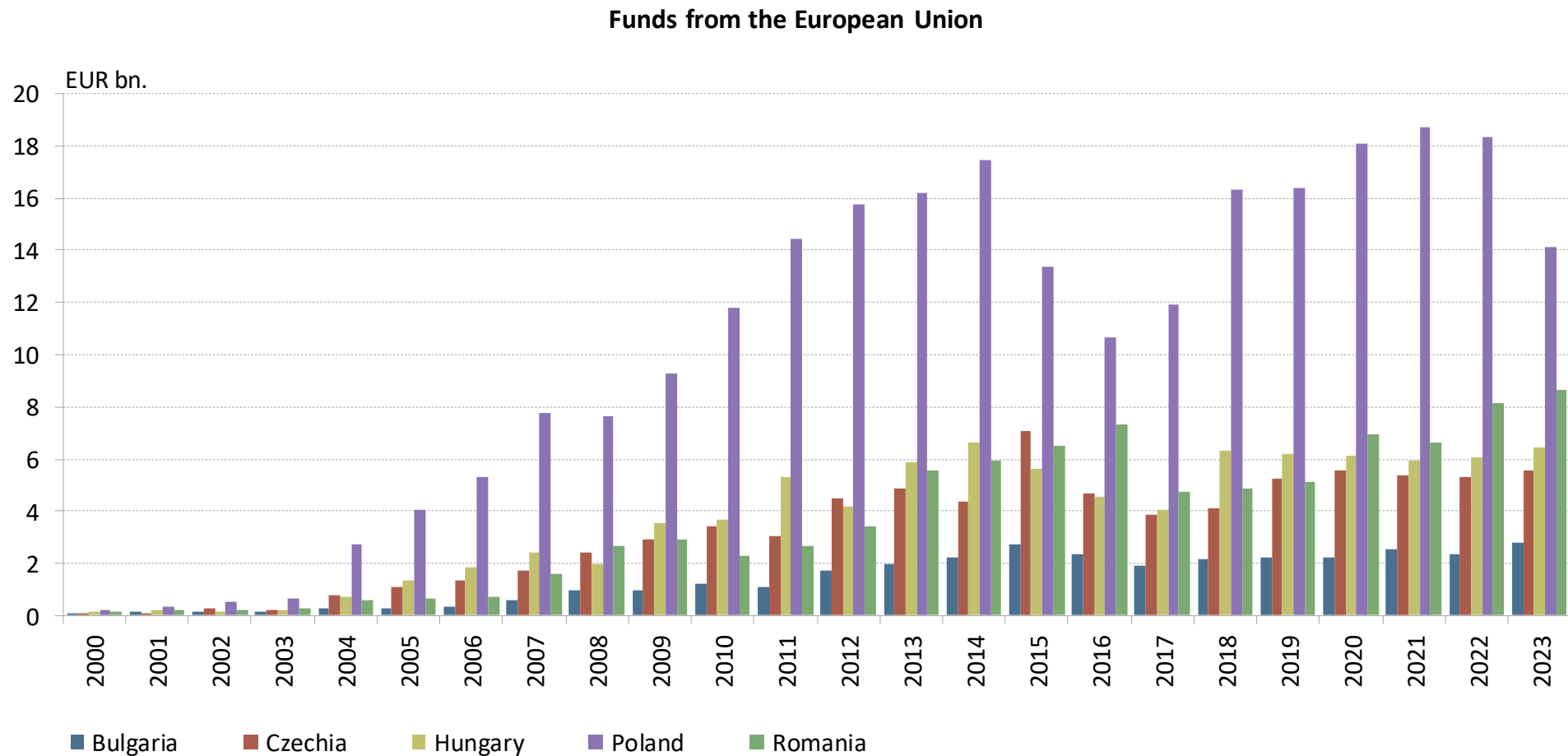
### Cohesion

### Regional development

### NRRP investment and reforms

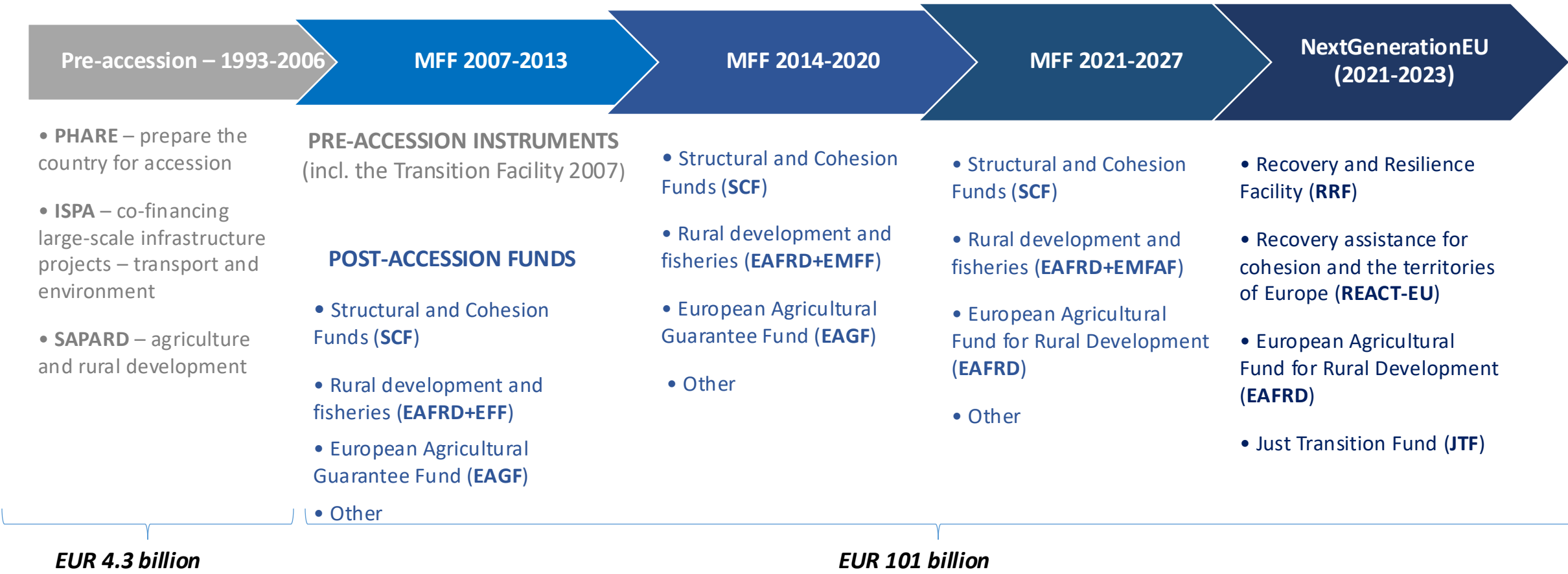
- Over the past decades, European funds have been an essential source for stepping up Romania's economic and social growth, due to the funds absorbed in amount of about EUR 100 billion.
- The annual EU allocations have by far exceeded Romania's contributions to the EU budget, the total net benefit of approximately EUR 70 billion being on a rise, insofar as the NextGenerationEU and MFF 2021-2027 are implemented.
- Substantial amounts were earmarked for cohesion and regional development, agriculture and rural development, while specific mechanisms ensured the financing of post-crisis recovery and resilience.
- Despite some bottlenecks, the National Recovery and Resilience Plan (NRRP) acts as a catalyst and as an important funding source for the reforms and investments that Romania should implement in the following years.

For all the countries in the region, EU funds have been an important financing source of significant reforms and investments, aiming to reduce development gaps, enhance cohesion and resilience and support transition to the economy of the future.



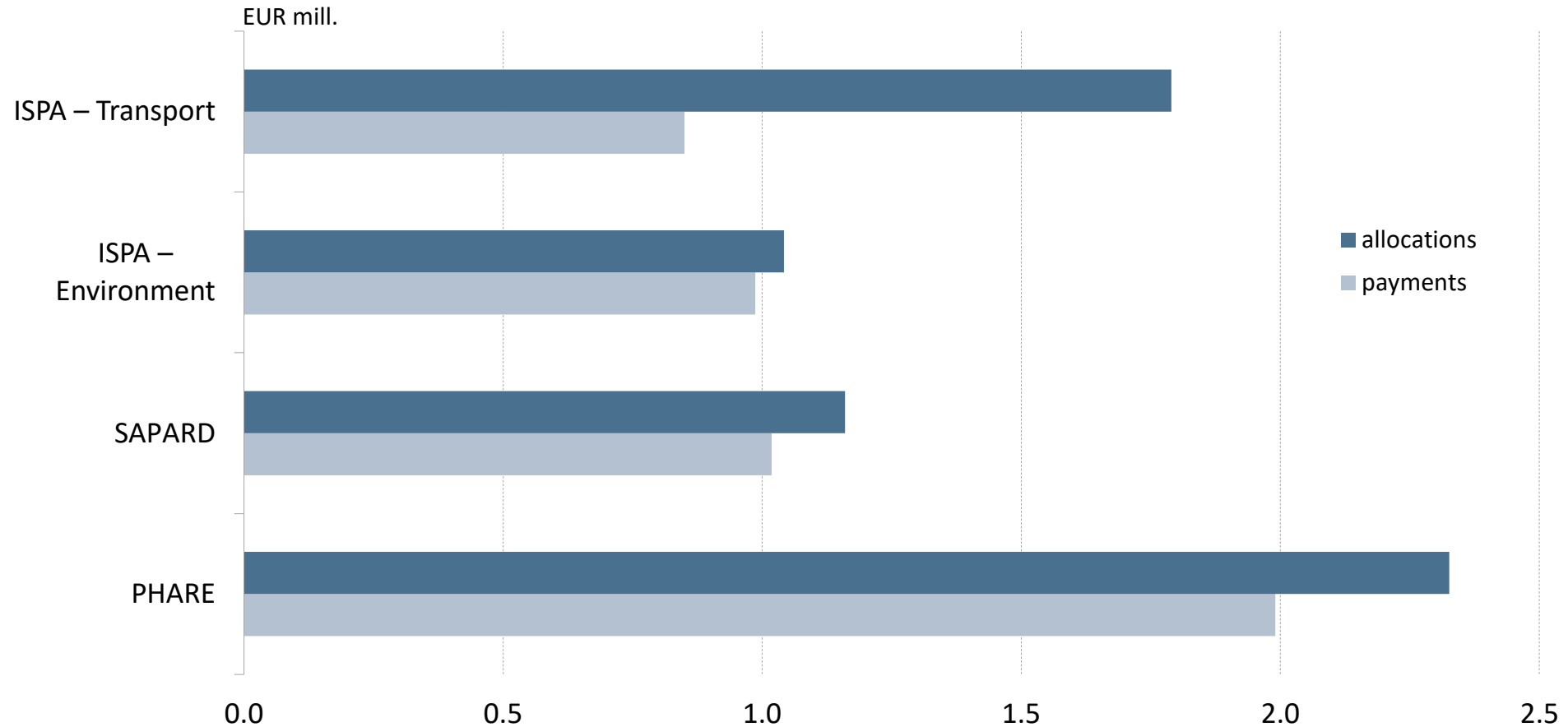
Source: Spending and revenue – European Commission, 2000-2023

In Romania’s case, less than 5% of the allocations of over EUR 100 billion were used to support the accession process, while the remainder consisted of funds allocated for the alignment with the general objectives of EU integration, including from the perspective of crisis effect management.



Source: Ministry of Investments and European Projects, Ministry of Finance, budget execution as at 28 February 2025, NBR calculations

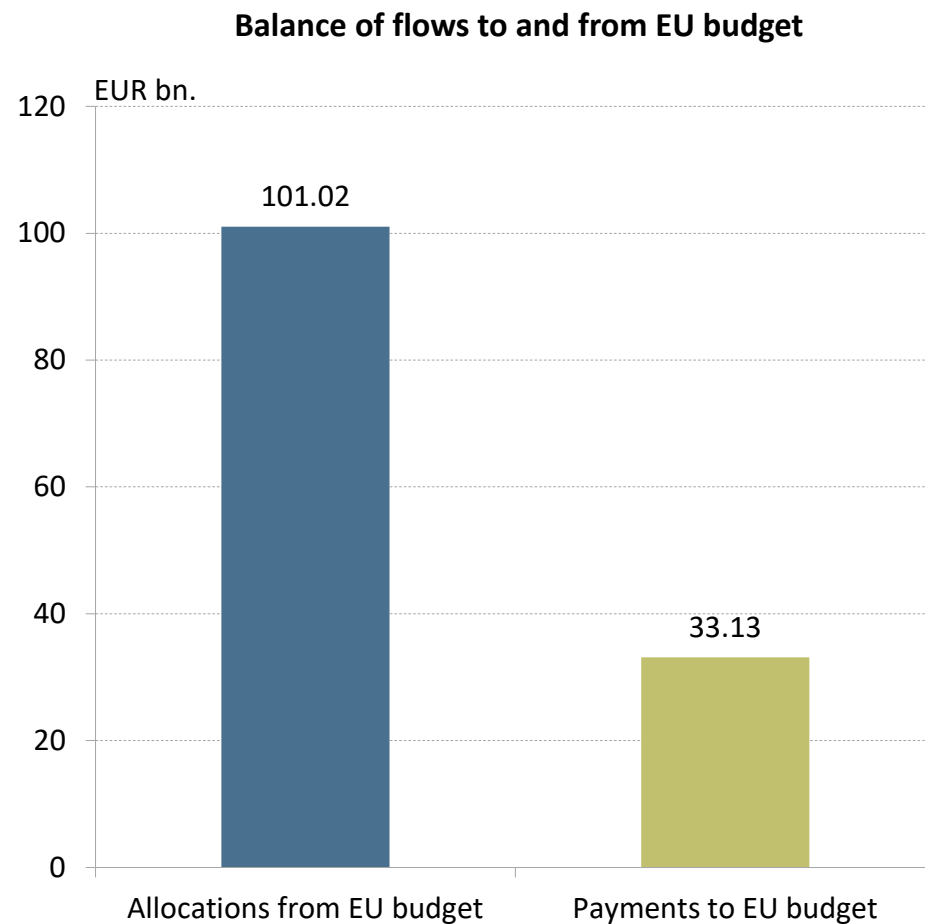
In preparing the accession to the EU, Romania was allocated the largest amounts under the pre-accession programmes PHARE and ISPA – with transport as a priority, while the amounts from the European Commission were allocated through PHARE and SAPARD, respectively.



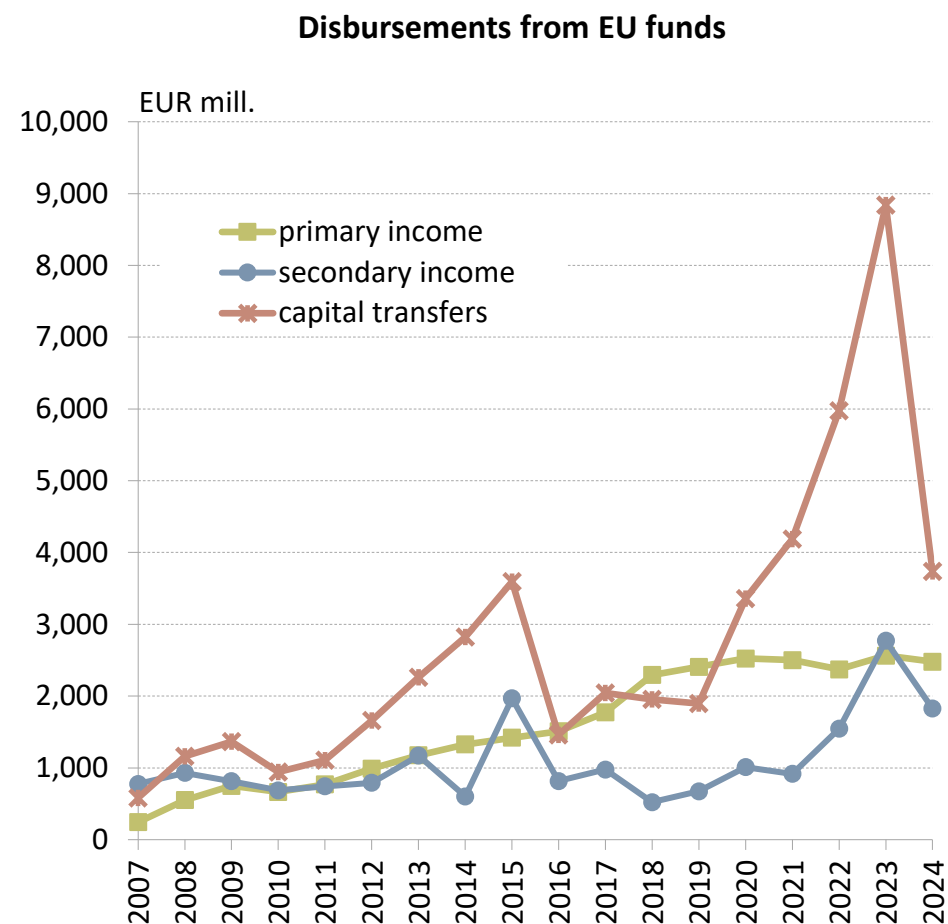
Source: Ministry of Investments and European Projects



In 2007-2023, the annual EU allocations have by far exceeded Romania's contributions to the EU budget, the total net benefit being of approximately EUR 70 billion. Capital transfers recorded peaks in 2015 and 2022-2023.

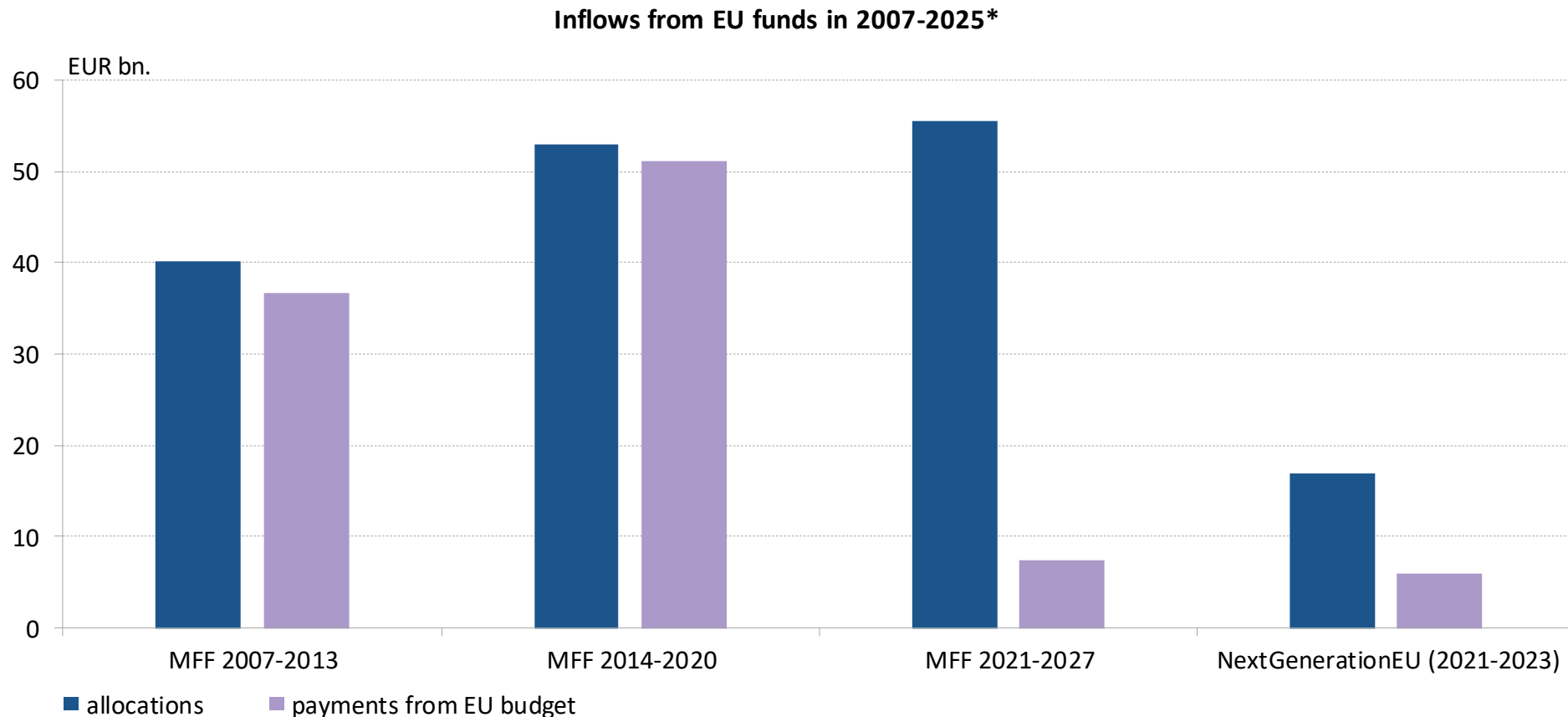


Source: Ministry of Finance, budget execution as at 28 February 2025



Source: NBR

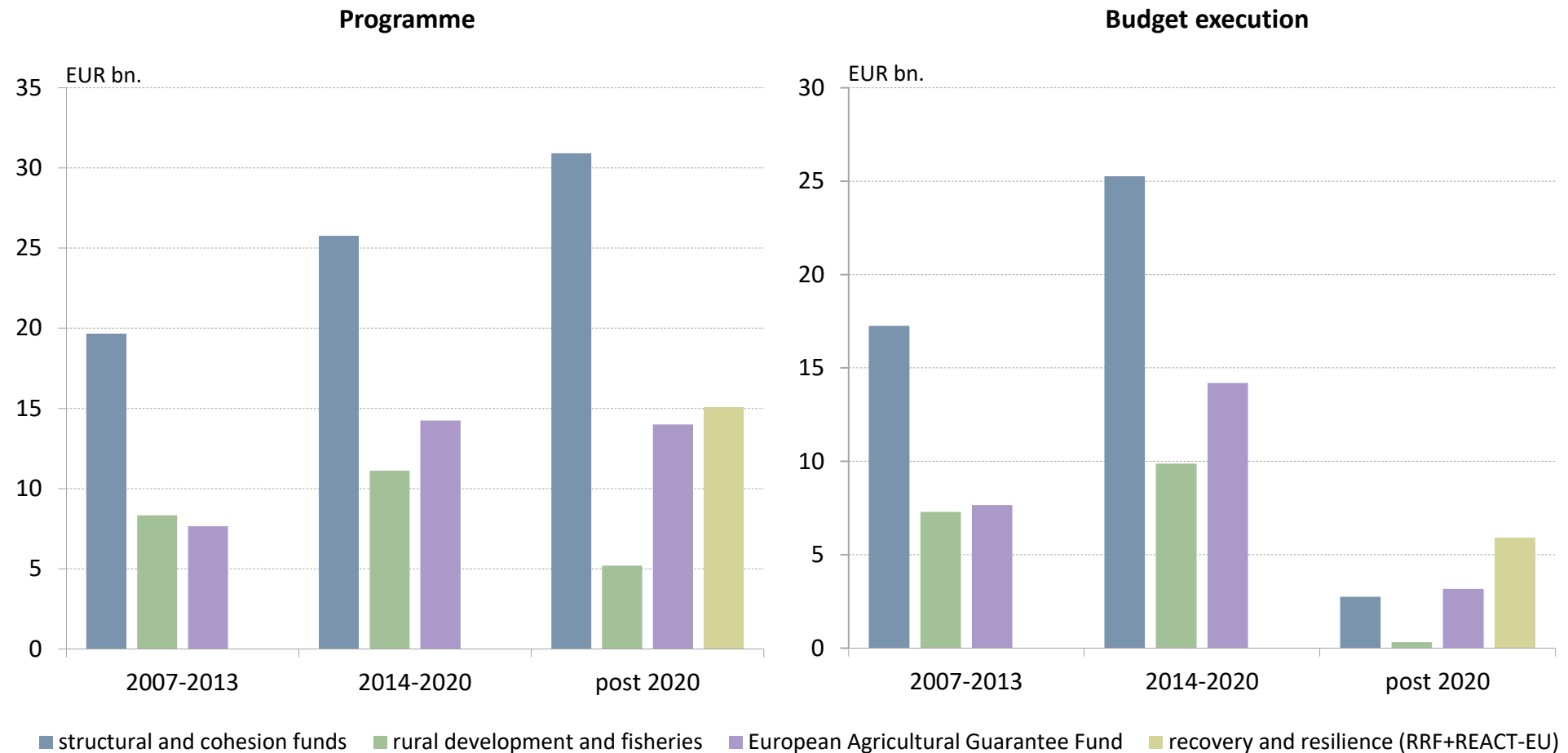
As of 2007, Romania was paid approximately EUR 6 billion per year, on average, from the EU budget. As the current multiannual financial framework is under way and in view of new challenges, discussions at EU level are already addressing the post-2027 EU budget.



\*) budget execution as at 28 February 2025

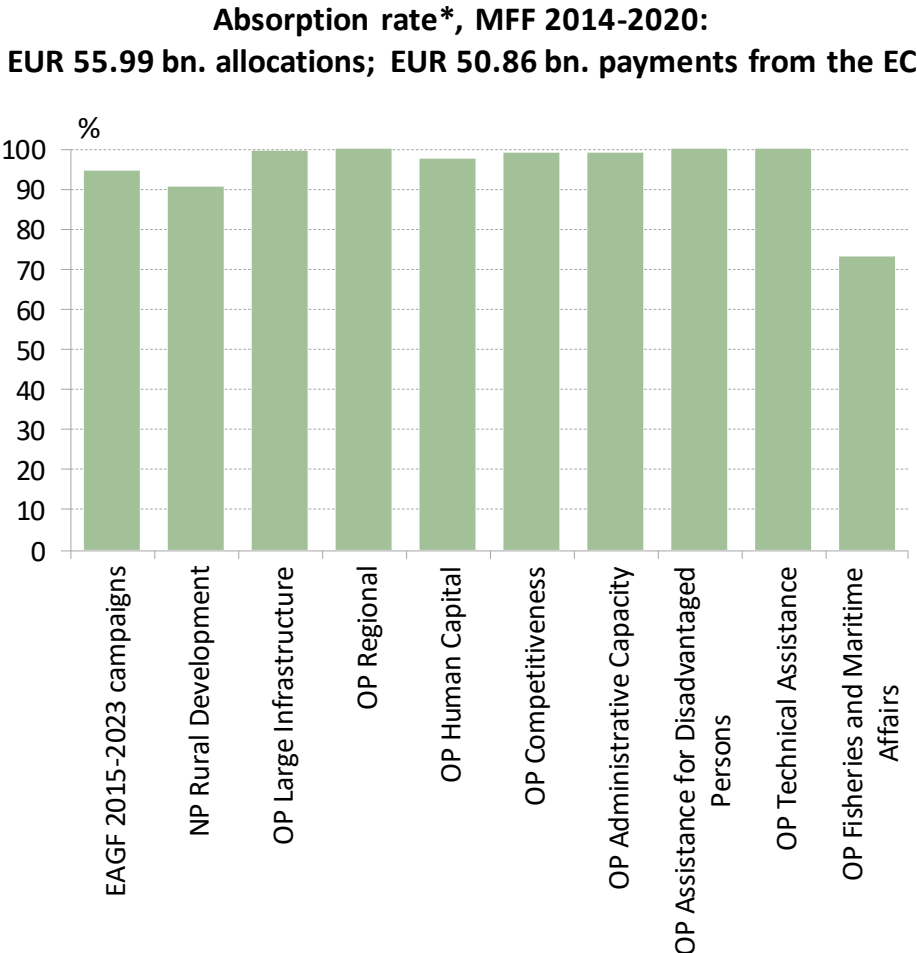
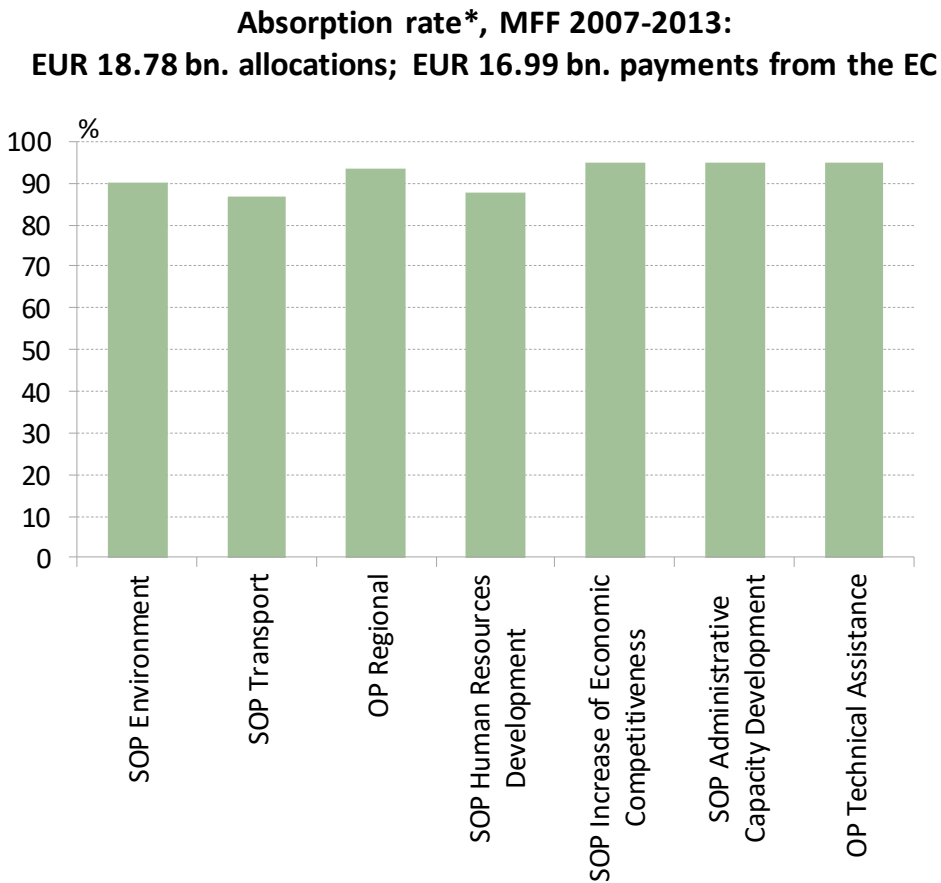
Source: Ministry of Finance, NBR calculations

As regards the post-accession funds, substantial amounts were earmarked for regional development and cohesion, followed by agriculture and rural development. In addition, specific mechanisms ensured the financing of post-pandemic recovery and resilience.



Source: Ministry of Finance

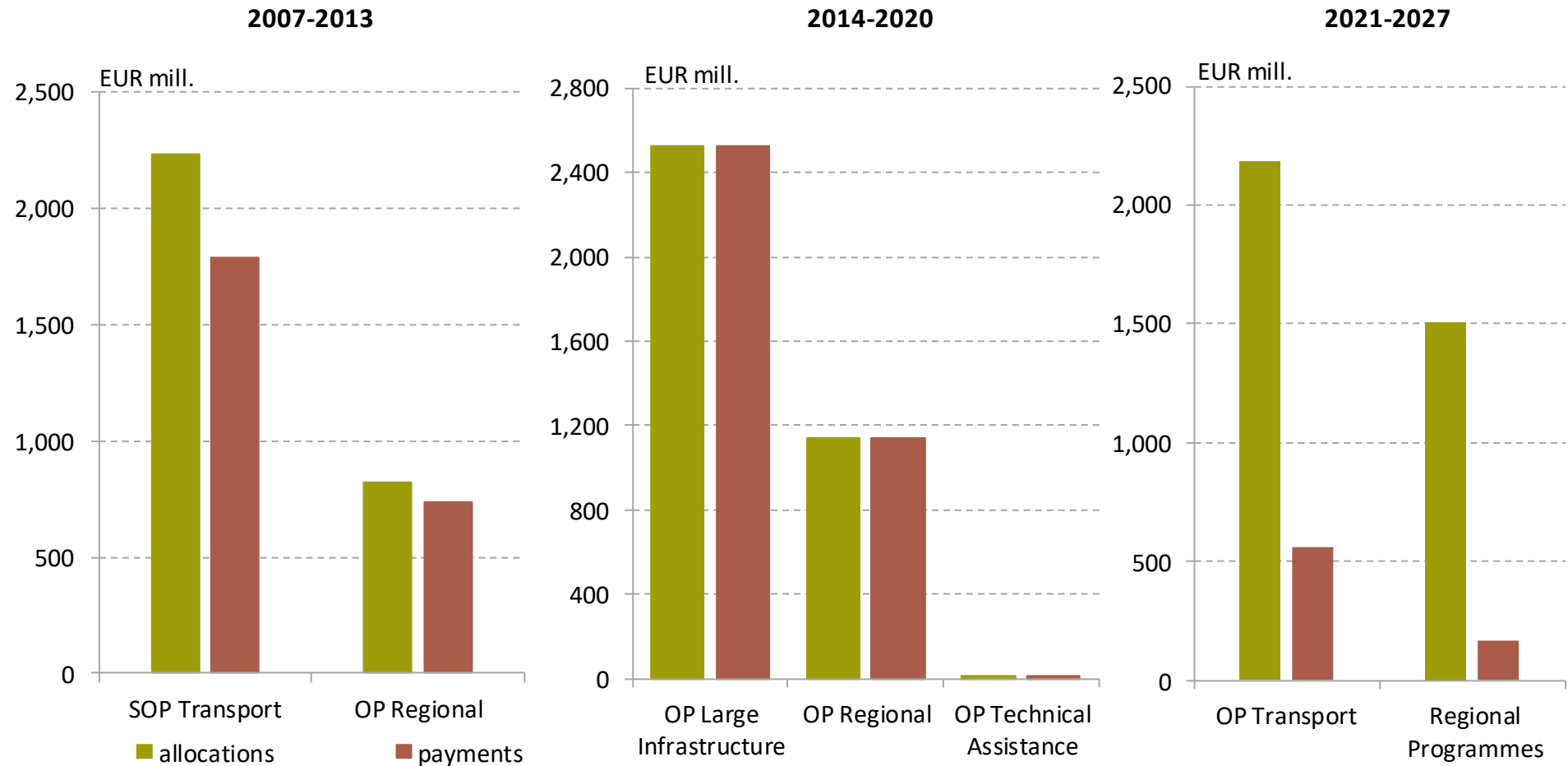
At end-2024, the absorption rate was high, above 90 percent on average, for the projects financed from the Structural and Investment Funds, the Fund for European Aid for the Most Deprived and the payments from the European Agricultural Guarantee Fund.



\*) ratio of payments from the EC (pre-financing included) to allocations

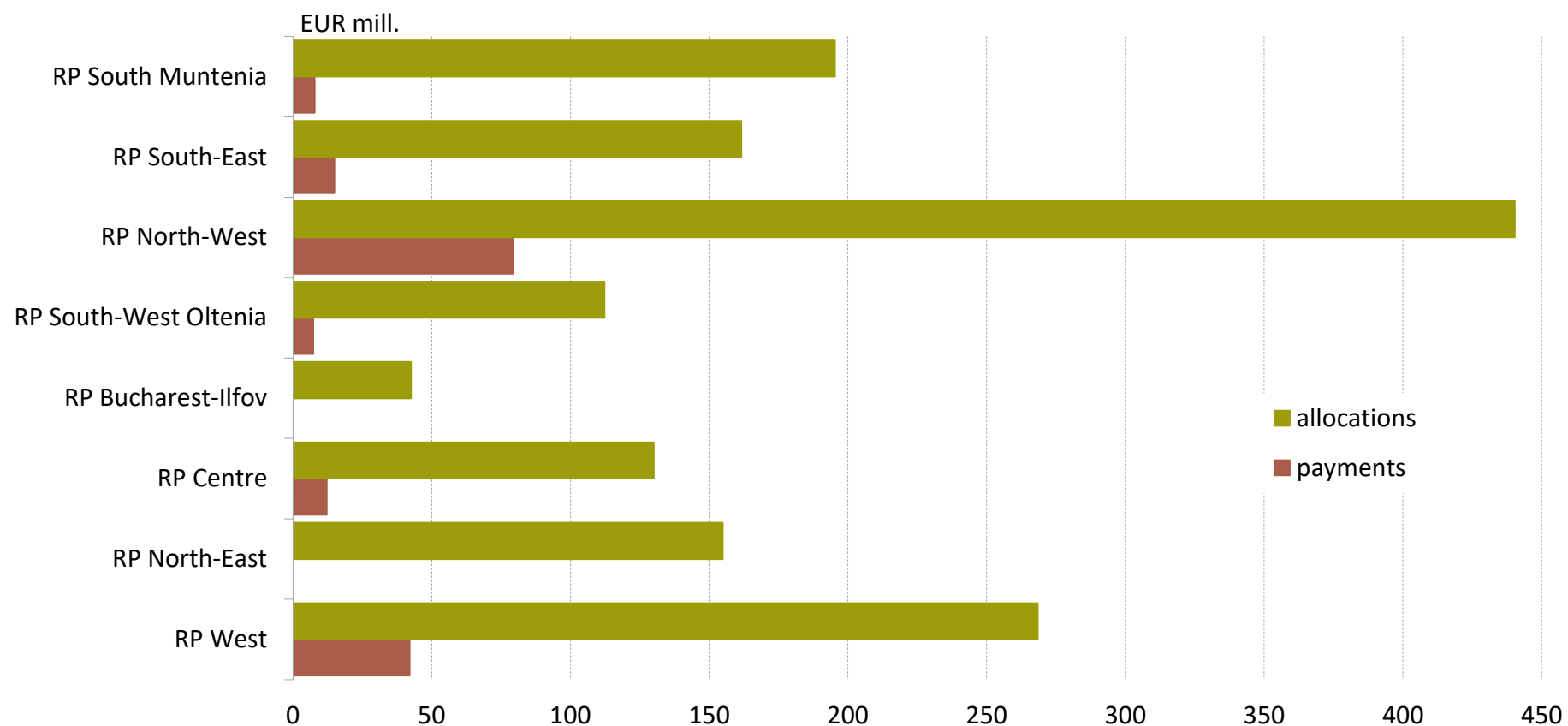
Source: Ministry of Investments and European Projects

As of 2007, Romania received EU funds of approximately EUR 10.4 billion to develop the road transport network. Two thirds of this amount were actually used to finance road transport projects.



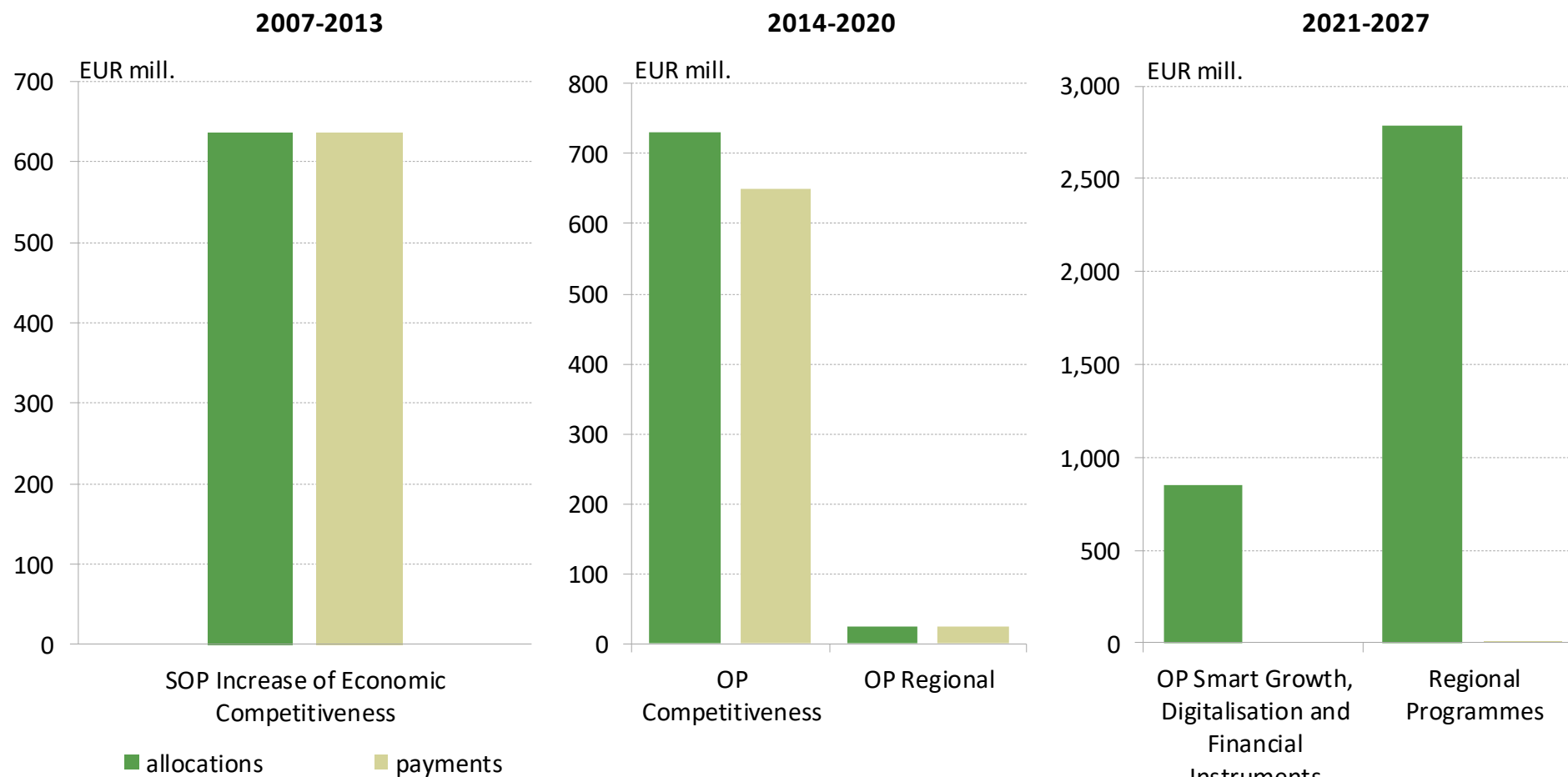
Source: Ministry of Investments and European Projects

The regional breakdown shows that the largest amounts allocated through post-2020 Regional Programmes for road infrastructure development went to the North-West region, followed by the West and South-Muntenia regions, respectively.



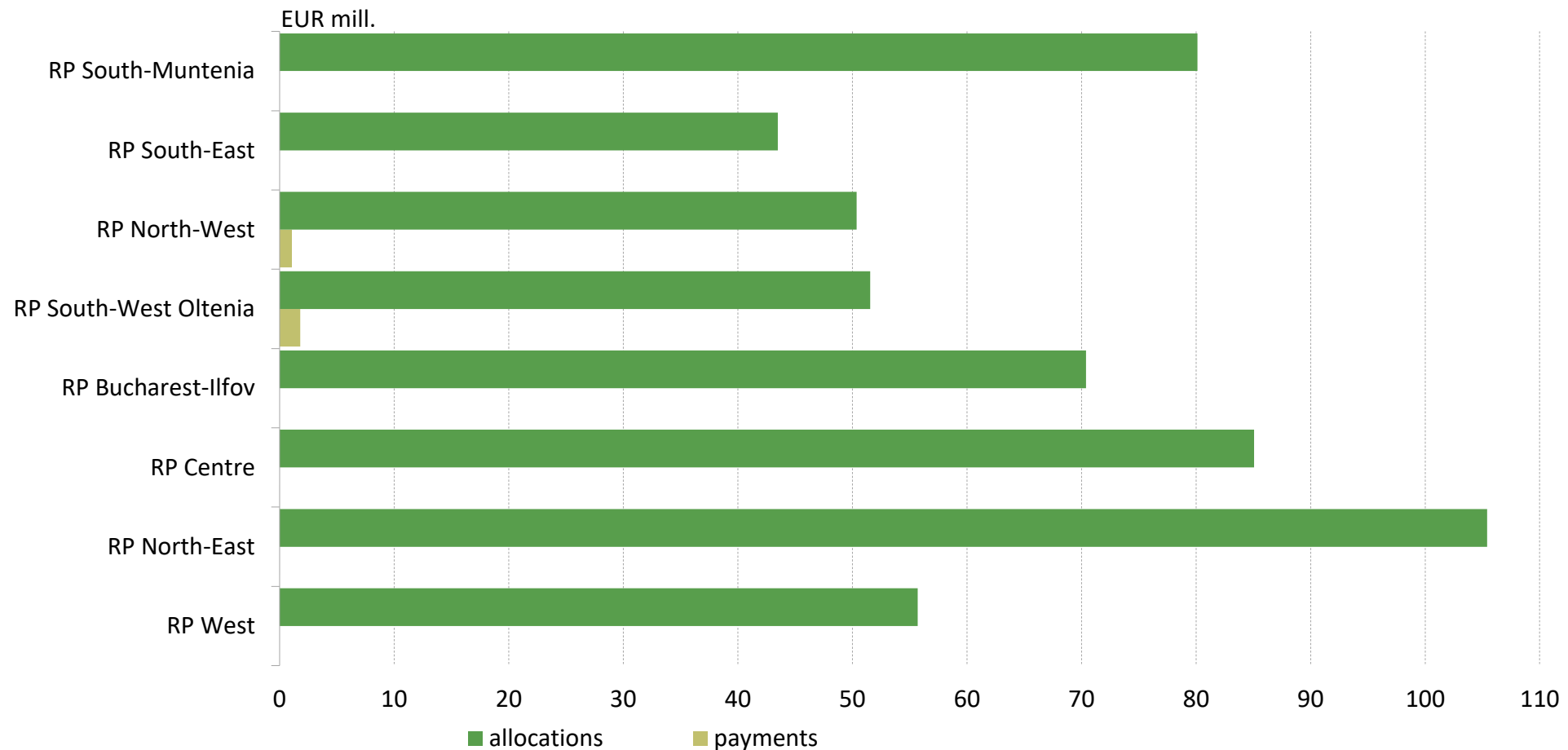
Source: Ministry of Investments and European Projects

As of 2007, Romania received EU funds of EUR 2.8 billion for research, development and innovation. Almost half of this amount was actually used to finance related projects.



Source: Ministry of Investments and European Projects

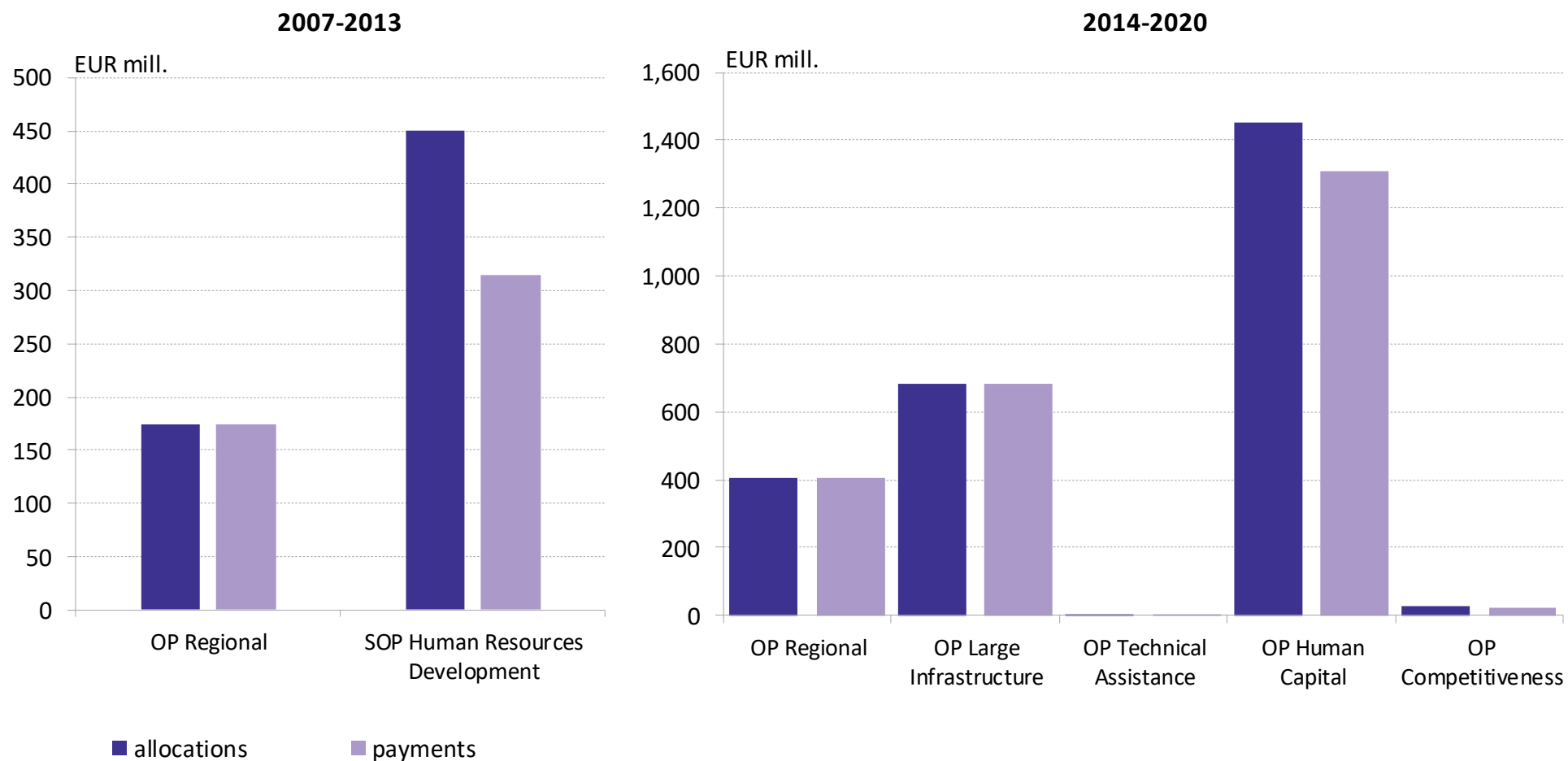
The regional breakdown shows that the largest amounts allocated through post-2020 Regional Programmes for research, development and innovation went to the North-East region, followed by the Centre and South-Muntenia regions, respectively.



Source: Ministry of Investments and European Projects

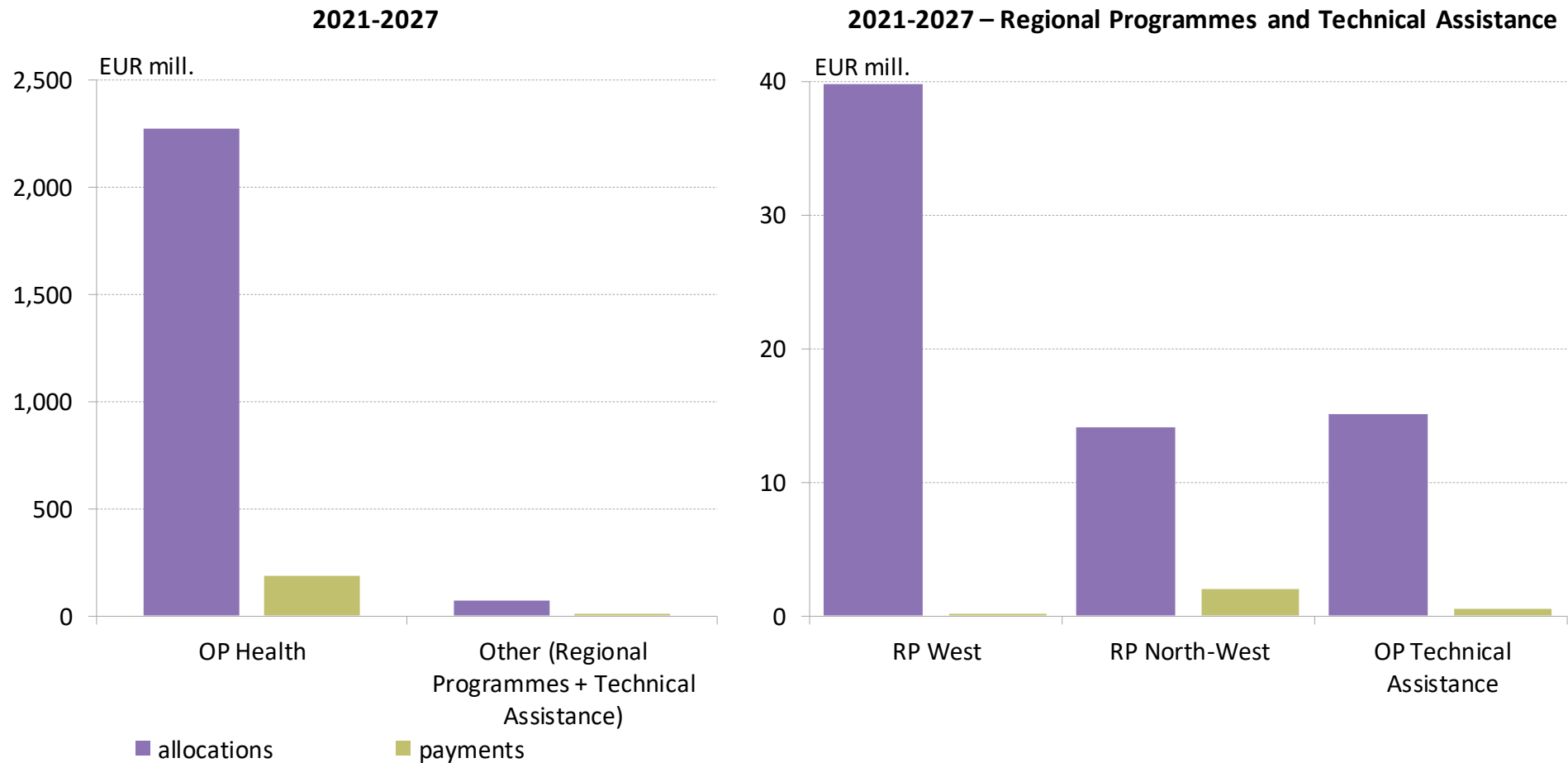


As of 2007, Romania received EU funds of EUR 5.5 billion to develop the health infrastructure from different sources – funds for regional, human capital and infrastructure development and funds for increasing competitiveness.



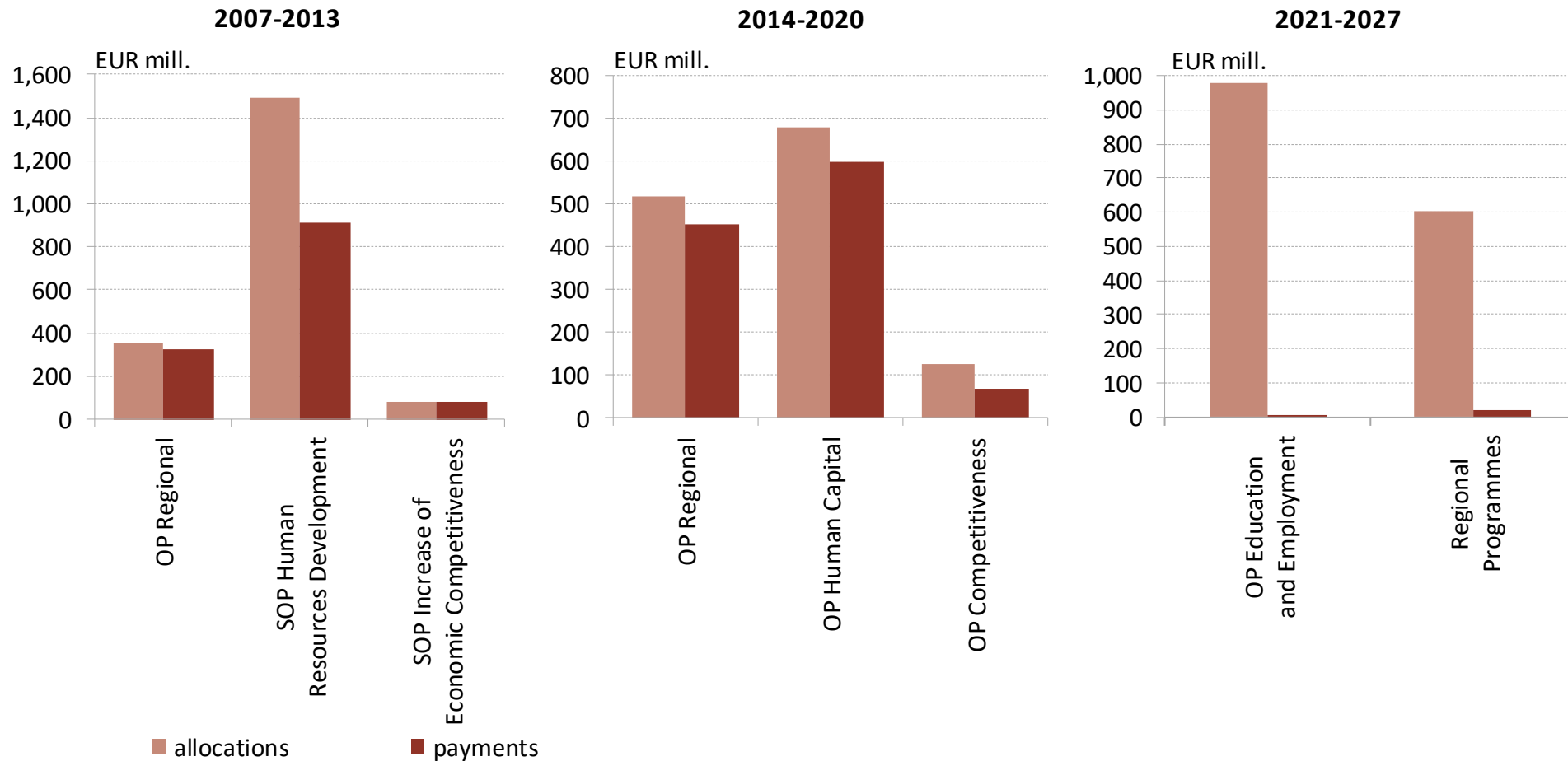
Source: Ministry of Investments and European Projects

56 percent of the EU funds to develop the health infrastructure were actually used to finance related projects, given the incipient implementation of MFF 2021-2027. At regional level, additional funds were allocated to the West and North-West regions.



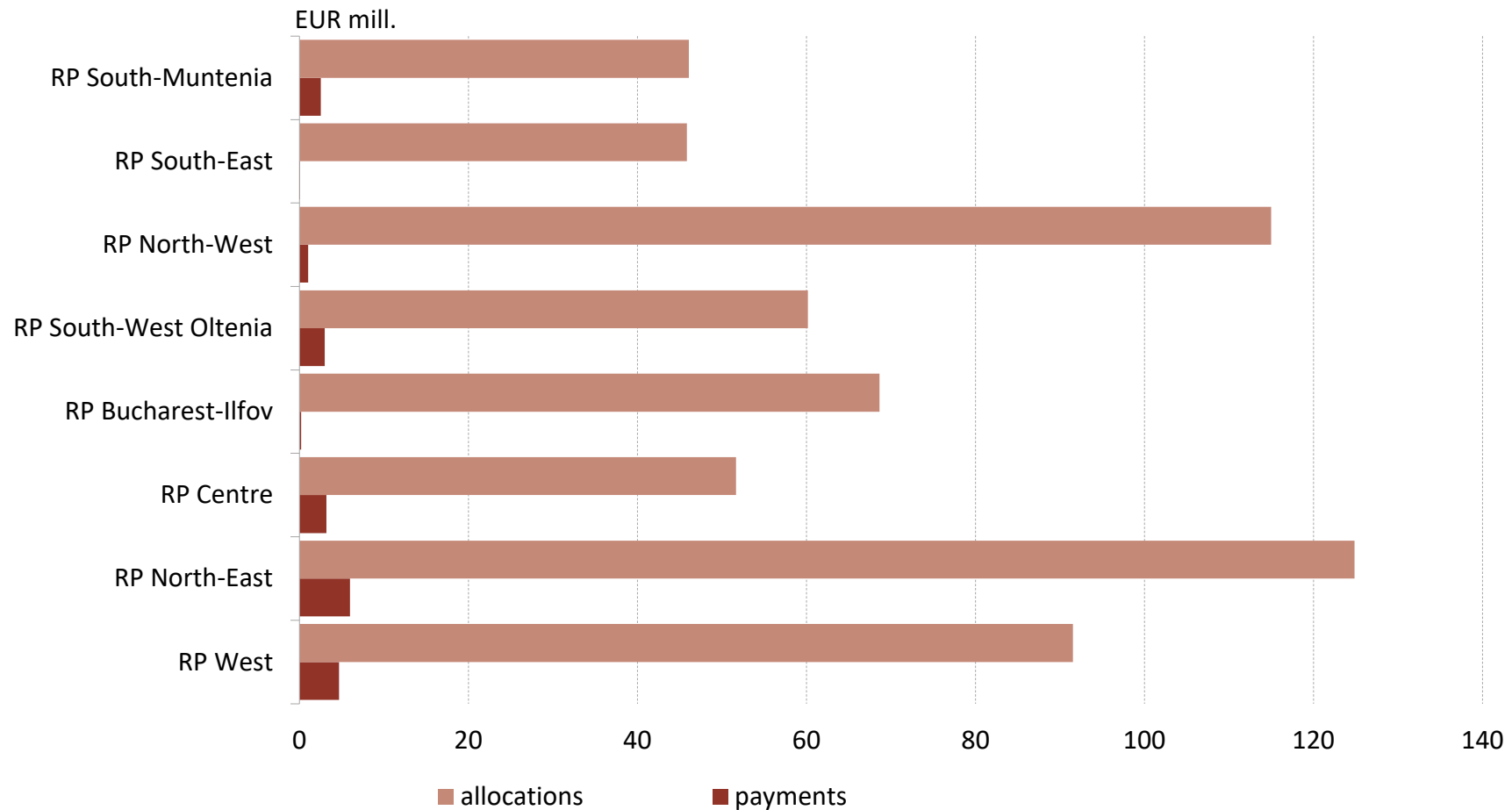
Source: Ministry of Investments and European Projects

As of 2007, Romania received EU funds of approximately EUR 4.8 billion to develop the education infrastructure. Almost half of this amount was used to finance education projects.



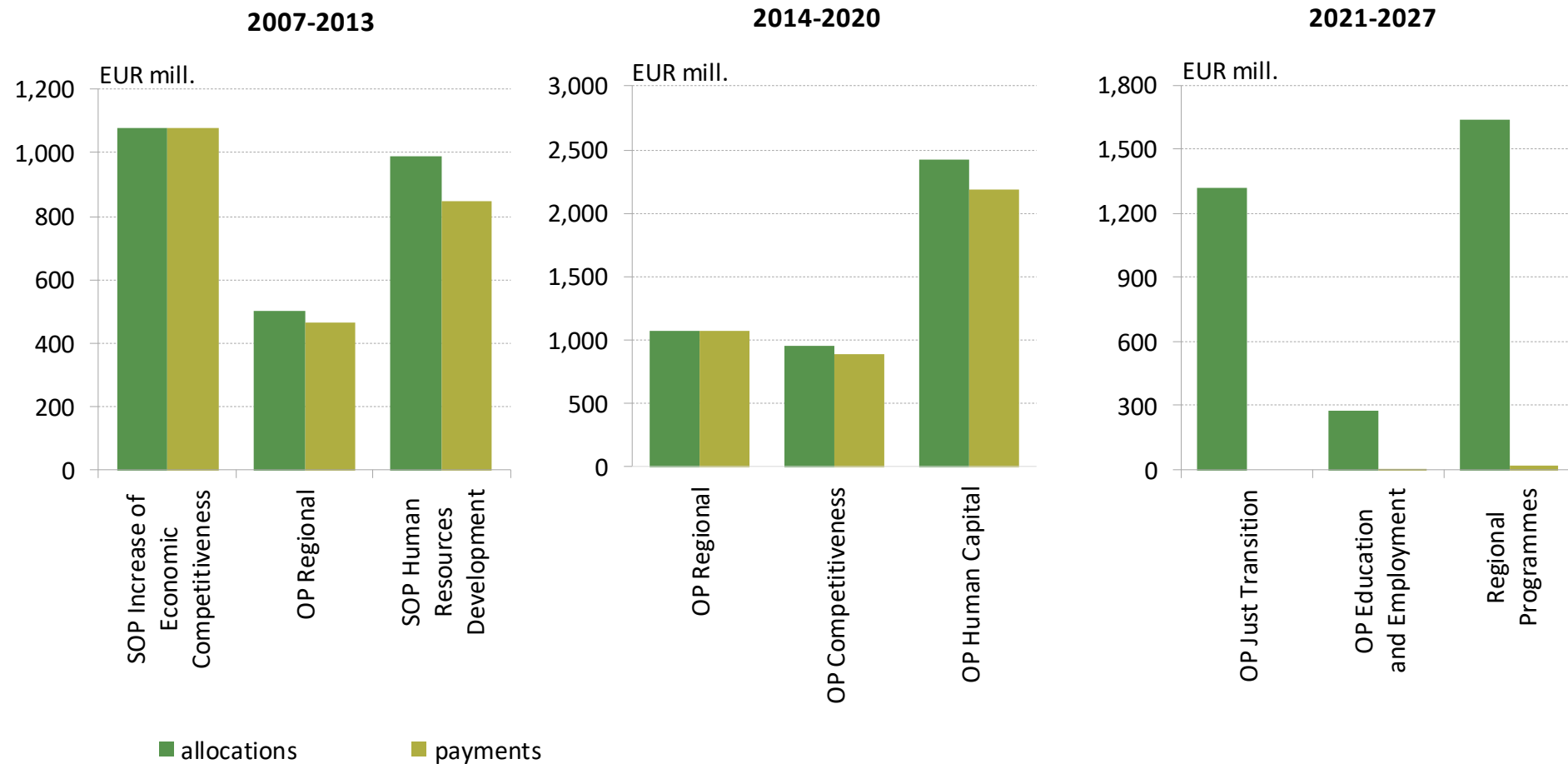
Source: Ministry of Investments and European Projects

The regional breakdown shows that the largest amounts allocated through post-2020 Regional Programmes to develop the education infrastructure went to the North-East region, followed by the North-West and West regions, respectively.



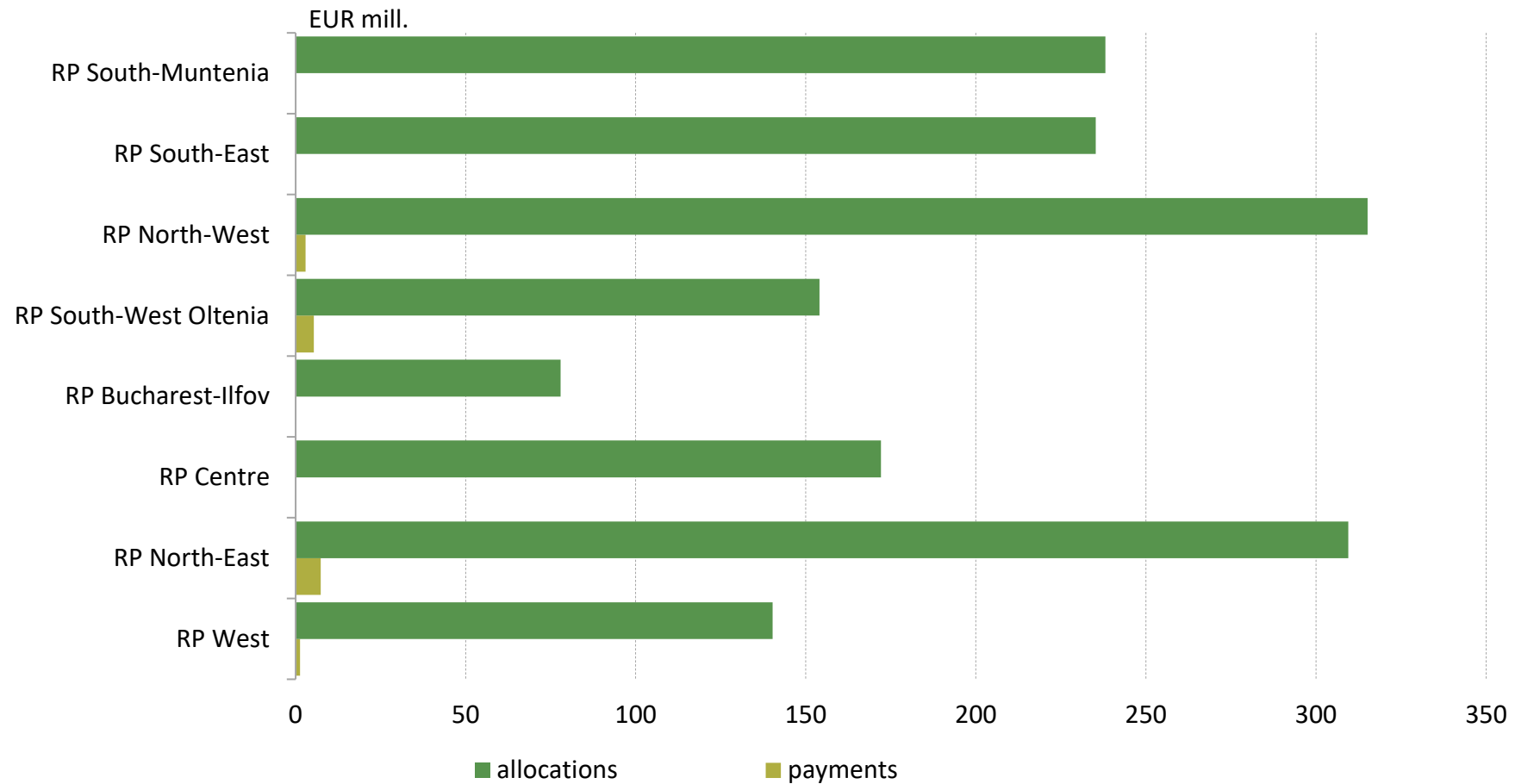
Source: Ministry of Investments and European Projects

As of 2007, Romania received EU funds of over EUR 10 billion to develop the business environment, almost 65 percent of these allocations being already absorbed by companies in Romania.



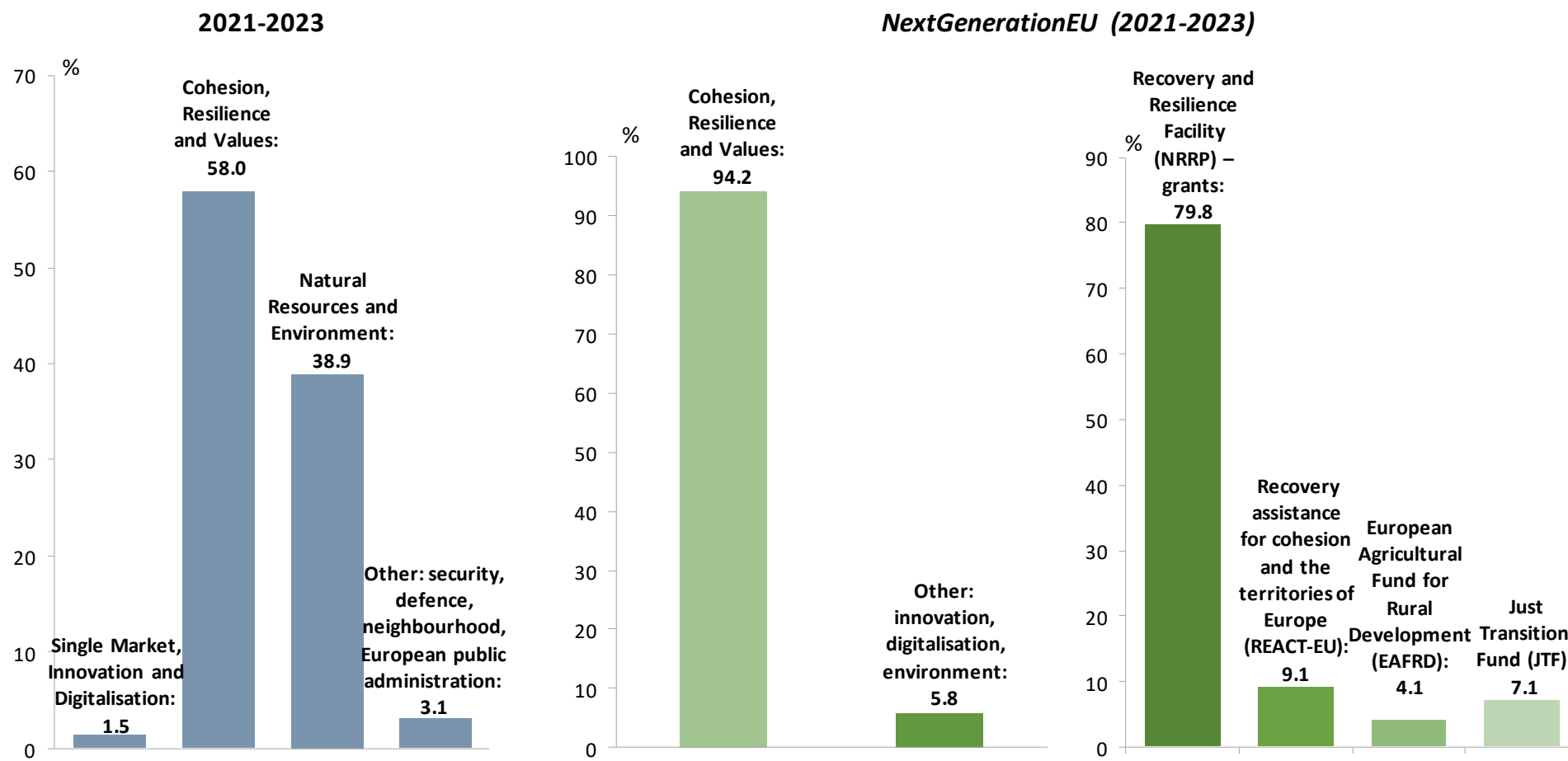
Source: Ministry of Investments and European Projects

The regional breakdown shows that the largest amounts allocated through the post-2020 Regional Programmes to develop the business environment went to the North-West region, followed by the North-East and South-Muntenia regions, respectively.



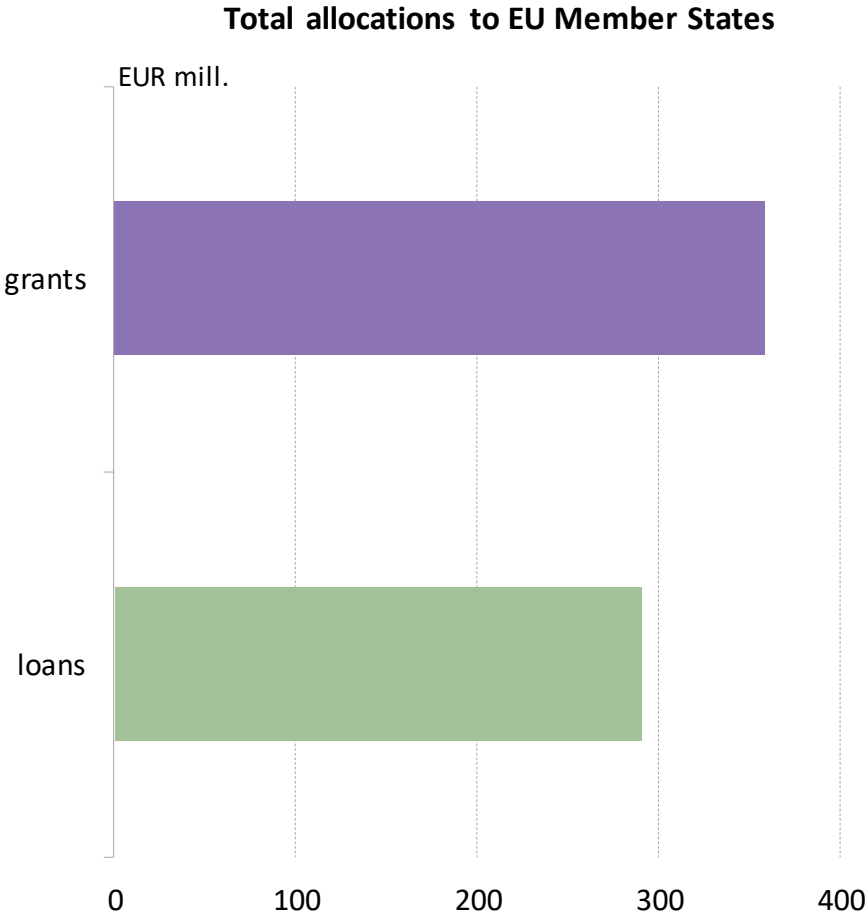
Source: Ministry of Investments and European Projects

In 2021-2023, the largest share of EU funds was allocated to cohesion and resilience, followed by natural resources and environment. Under the NextGenerationEU, cohesion and resilience accounted for the bulk of funds, while the NRRP allocations held a share of 80 percent.

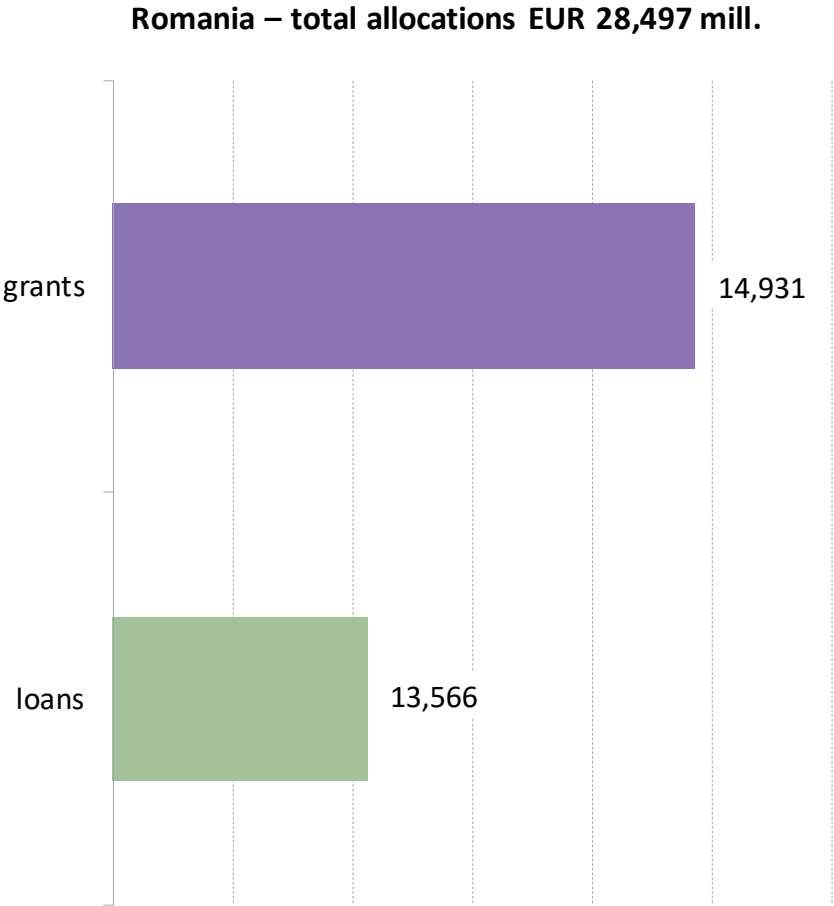


Source: Spending and revenue – European Commission, Ministry of Finance

The EU launched the Recovery and Resilience Facility to mitigate the adverse impact of the pandemic. The RRF is the basis for the NextGenerationEU recovery instrument, which allocates up to EUR 650 billion in the form of grants and loans to EU Member States.



Source: Recovery and Resilience Scoreboard

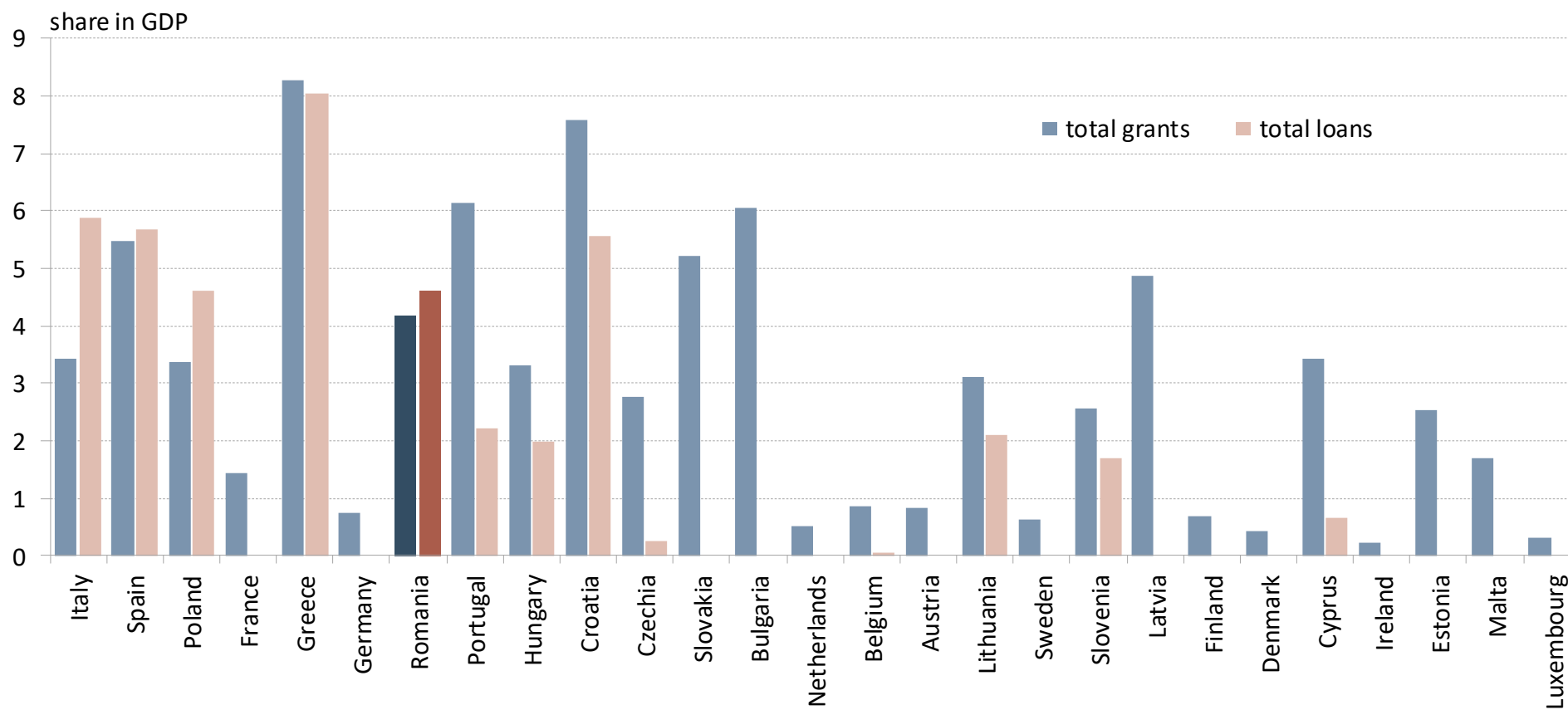


Source: Recovery and Resilience Scoreboard



Romania stands in the top half of the ranking in terms of importance, measured as allocations under the Recovery and Resilience Facility as a share of GDP, in the case of both grants (eighth) and loans (fifth).

Allocations under the Recovery and Resilience Facility in EU Member States



Source: Recovery and Resilience Scoreboard

# European Romania

## Conclusions

## Prospects

- “European Romania – developments, progress, challenges” is the first study carried out under the *Economic@BNR* project that aims to become, on the one hand, a benchmark platform for specialists and, on the other hand, an instrument underlying the economic policy decisions.
- The indicators, classified based on certain national development priorities, show Romania’s quantifiable progress and benefits associated with the EU Member State status as of 2007.
- Romania’s economic growth generally stood above the EU average over the past two decades. In addition, Romania saw the fastest advance among EU countries in terms of real convergence.
- The swift growth was supported by Romania’s integration into the EU, implementation of institutional changes and increased foreign investment flow. However, amid the build-up of fiscal and external imbalances, government policies need to revert to the path of sustainable macroeconomic equilibria.

# European Romania

## Conclusions

## Prospects

- The budget deficit and the external imbalances are the main challenges that Romania currently faces, calling for the consistent adoption of adjustment and rearrangement measures for the fiscal-budgetary framework, in order to restore macroeconomic equilibria and ensure sustainability.
- The low level of financial intermediation is one of the structural vulnerabilities of Romania's economy. A key element for raising it is the further shift of the economy towards a high value-added one, including via the substantial use of European funds.
- The share of Romania's foreign trade relative to economic activity recorded upward trends over the past 20 years, reflecting increasingly deeper integration into European and international supply chains.
- Foreign direct investment, mostly from EU countries, made a significant contribution to the modernisation of Romania's economy, through job creation, use of advanced technology and increase in productivity.

## European Romania

### Conclusions

### Prospects

- Even though Romania's public debt has remained relatively low compared with that of many other Member States, its markedly upward path in recent years underlines the need for sustainable fiscal consolidation.
- Romania still lags behind the countries in the region and the European average in terms of road and railroad infrastructure, the advance thereof being closely linked to EU funds absorption.
- The employment rate increased significantly, catching up with EU countries, yet there are still challenges regarding the low level of employment for some categories, as well as the persistence of regional disparities and urban-rural differences.
- Romania's energy mix is similar to that of the EU, with low reliance on fossil fuels. The offshore gas exploitation project will bring significant benefits, so that Romania will play an important role in Europe's energy security.

# European Romania

## Conclusions

## Prospects

- Economic growth contributed to a significant reduction in income inequality. The average net real wage tripled, due to higher labour productivity, economic expansion and government policies.
- People's perception of financial security improved steadily amid the strong pick-up in real income. Living conditions also saw a steady improvement over the past ten years, while life expectancy in Romania increased as well.
- The Romanian banking sector has further improved its resilience to shocks and capacity to finance the economy, with both solvency and liquidity indicators exceeding the EU averages.
- Over time, the European funds have been an essential source for financing many major investments in modernising Romania's economy and reforms necessary to increase the quality of governance and government policies.

# European Romania

## Conclusions

## Prospects

- However, the modernisation of an economy requires, in addition to sound economic policies, a profound change in mentalities, and in that direction we need to investigate the roots of current problems more thoroughly. Otherwise, the significant quantitative progress that has already been made will fade over time.
- Romania will benefit from consistently implementing an in-depth integrationist approach, based on turning to good account the geopolitical and economic strengths of the most important European and global integration formats, with a focus on joining the OECD and euro area, and on consolidating its NATO position.
- The consolidation and expansion of international partnerships are particularly important to the dynamics of growth. Tapping new markets and opportunities, given the new global trade context, and the strategic cooperation in key fields such as nuclear power, defence industry and advanced technology, will yield major benefits for Romania's economy.

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