

NATIONAL
BANK OF
ROMANIA

Romania's Balance
of Payments
and International
Investment Position
Annual Report 2018

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NOTES

The drafting of *Romania's Balance of Payments and International Investment Position – Annual Report 2018* was completed by the Statistics Department based on data available at 10 December 2019.

Some of the statistical data are provisional and will be updated as appropriate in the subsequent publications of the National Bank of Romania. The source of data was indicated only when data were provided by other institutions.

Data series were compiled in compliance with the BPM6 methodology and are available on the National Bank of Romania's [website](#).

The detailed methodology containing definitions, legislation and sources is available on the National Bank of Romania's website under Statistics, Data sets, Balance of Payments and International Investment Position - BPM6, Balance of payments, Methodology or via this [link](#).

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National Bank of Romania
25 Lipscani St., 030031, Bucharest – Romania
Phone: 40 21/312 43 75; Fax: 40 21/314 97 52
Website: <http://www.bnr.ro>

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I. External environment¹

World economy continued to expand in 2018 at a rate similar to that of the preceding year, i.e. 3.6 percent, against 3.8 percent in 2017, yet the dynamics of economic activity were more uneven and less synchronised among countries. Looking at the breakdown of economic developments, the growth rates of industrial production and world trade moderated, while that of private consumption remained stable. The unemployment rate in both advanced economies and emerging economies continued to decline. The slower growth of world trade in goods and services (3.6 percent against 5.7 percent in 2017), after having picked up a year before, was marked by uncertainties about the announcement by the US administration of introducing customs tariffs and about the unfolding of Brexit.

Average annual inflation rate² went up to 2.6 percent in 2018, from 2.2 percent in 2017, against the backdrop of a slower decline in slack in production capacity and labour market. The average spot price of crude oil³ moved up 23.7 percent in 2018, after having increased by 20.8 percent a year earlier. Commodity prices⁴ shed 2.8 percent in 2018 (following a rise by 4.3 percent in the prior year), despite the further slight uptrend in metal prices.

In the United States of America, the rate of increase of the gross domestic product picked up to 2.9 percent, from 2.4 percent in 2017, as the economy was bolstered by fiscal stimuli that helped boost investment as well as public and private consumption. Labour market conditions remained favourable, with unemployment rate falling to 3.9 percent at year-end, from 4.4 percent a year before. In 2018, average annual inflation rate stood at 2.4 percent versus 2.1 percent a year earlier. The federal budget deficit came in at 5.7 percent of GDP, against 4.5 percent in the previous year, while the federal debt contracted to 104.3 percent of GDP, from 106 percent of GDP. The current account deficit remained unchanged at 2.3 percent of GDP.

Japan's economy grew by 0.8 percent, compared with 1.9 percent in the prior year, amid a slowdown in investment and private consumption. Unemployment rate went down to 2.4 percent, from 2.8 percent in the prior year. Average annual inflation rate rose to 1 percent, versus 0.5 percent in 2017, and the fiscal deficit remained at the previous year's level of 3.2 percent of GDP.

Euro area economy⁵ expanded by 1.9 percent in 2018, compared with 2.5 percent in 2017, underpinned by the robust labour market, stable income and higher corporate profits. Domestic demand added 1.5 percentage points to GDP growth, on the back of both (public and private) consumption and investment. The upswing in private consumption was driven by higher labour income and favourable financing

¹ Source: ECB, *Annual Report*, 2018; ECB, *Economic Bulletin*, Issue 7/2019; IMF, *World Economic Outlook*, October 2019.

² For the countries that are members of the Organisation for Economic Co-operation and Development (OECD).

³ Calculated as an average of UK Brent, Dubai and West Texas prices; in euro.

⁴ In euro; energy not included.

⁵ The countries referred to herein are the 19 EU Member States making up the monetary union at end-2018: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

conditions. The advance in domestic demand, accommodative monetary policies and increases in corporate profitability boosted investment that made a positive contribution to GDP growth (0.5 percentage points, compared with 0.7 percentage points a year earlier) for the fourth year in a row.

Government consumption made a positive contribution to euro area GDP growth (0.2 percentage points in 2018, compared with 0.3 percentage points a year earlier), as did net exports of goods and services (0.5 percentage points in 2018, similarly to 2017), although growth rates lagged behind those of the previous year for both exports and imports of goods and services. Specifically, exports of goods and services advanced by 3.5 percent versus 5.4 percent in 2017) and imports of goods and services stood 2.8 percent higher, after having risen by 4.8 percent in the preceding year.

The breakdown by sector shows that euro area's economic growth was broad-based in 2018. Gross value added increased by 2 percent, compared with a rise of 2.5 percent a year earlier. The largest positive contributions to GDP growth came from trade, transport, professional and business, communications, computer and information services, manufacturing and construction.

Average annual inflation rate, as measured by the Harmonised Index of Consumer Prices (HICP), inched up to 1.8 percent, from 1.5 percent in 2017, reflecting mostly the hike in energy prices.

The labour market in the euro area continued to recover in 2018, with the number of persons employed climbing 1.5 percent and unemployment rate⁶ slipping to 8.2 percent, from 9.1 percent in 2017.

In 2018, the general government deficit for the euro area narrowed to 0.5 percent of GDP⁷, from 0.9 percent of GDP in 2017, amid the cyclical upswing and lower interest costs. The general government deficit improved or remained comparable to that of 2017 in six out of the 19 euro area members, with only one country exceeding the 3 percent-of-GDP reference value (Cyprus). The lowest deficit-to-GDP ratio was recorded by Portugal (0.4 percent), whereas Luxembourg, Germany, the Netherlands, Greece, Lithuania, Slovenia, Malta, Austria and Ireland posted budget surpluses. The euro area public debt ratio shed 1.9 percentage points versus the previous year to 85.9 percent of GDP, given the lower general government deficit, the economic advance and low interest rates. The public debt ratio overstepped the 60 percent-of-GDP reference value in 12 countries among euro area Member States and exceeded 100 percent in Greece, Italy, Portugal and Cyprus.

The aggregate current account of the euro area ended 2018 on a surplus of EUR 358 billion, or 3.1 percent of GDP, up 1.6 percent from a year earlier, on the back of the larger surplus of the balance on services and the balance on primary income.

⁶ According to ILO (International Labour Office) methodology.

⁷ Eurostat, Newsrelease Euroindicators 163/2018: "Provision of deficit and debt data for 2019 – second notification", 21 October 2019.

Non-euro area EU Member States⁸ reported economic growth of 2.2 percent in 2018, down from 2.7 percent in 2017, amid the slower growth in exports of goods and services, household consumption and investment. Economic growth in most countries of the group lost momentum, except for Hungary and Poland, which also recorded the highest rates of increase (5.1 percent).

Average annual inflation rate remained flat in the region overall at 2.2 percent in 2018, compared with 2.1 percent in 2017, mirroring largely the hike in energy prices. Romania registered the highest average inflation rate (4.1 percent), ahead of Hungary (2.9 percent), Bulgaria (2.6 percent) and the United Kingdom (2.5 percent).

The fiscal situation improved in seven of the nine non-euro area EU Member States, as a result of either cuts in spending or rises in revenues. On the whole, the deficit-to-GDP ratio stayed unchanged at the previous year's level of 1.3 percent, all countries posting levels below the 3 percent reference value. Government debt declined to 66 percent of GDP in 2018, from 67.1 percent of GDP in 2017, with the downtrend prevailing in most of the countries. The government debt of the United Kingdom, Croatia and Hungary continued to exceed the 60 percent-of-GDP reference value stipulated in the Maastricht Treaty.

The current account deficit doubled compared with 2017 in the non-euro area EU Member States overall, reaching 2 percent of GDP in 2018, against 1 percent of GDP in 2017, more than half of the increase stemming from the larger shortfall on trade in goods, amid increasing imports. Aside from the United Kingdom, whose overwhelming share changes the trend in the group's current transactions, the other countries ended 2018 with an aggregate surplus of the current account equal to 1 percent of GDP, compared with 2.2 percent in the prior year. The compression of the current account surplus was broadly the result of a worsening of the balance on trade in goods (manifest in all the reviewed countries). Direct investment displayed net inflows nearing EUR 17 billion, or 0.8 percent of GDP, in the nine countries overall (versus 0.2 percent of GDP in 2017), with the best performers being Poland, Czechia and Hungary. Portfolio investment posted net outflows of around EUR 36 billion (1.8 percent of GDP, compared with net inflows of 0.4 percent of GDP in 2017). Other investment (largely loans and deposits) recorded net inflows of almost EUR 14 billion, accounting for 0.7 percent of GDP (against net outflows of 1.2 percent of GDP in 2017).

⁸ The countries referred to herein are the nine non-euro area EU Member States at end-2018: Bulgaria, Croatia, Czechia, Denmark, Hungary, Poland, Romania, Sweden and the United Kingdom.

II. Romania's balance of payments and international investment position in 2018

Benchmark revision⁹ of external statistics, according to the Harmonised European Revision Policy for Macroeconomic Statistics¹⁰

In 2019, external sector statistics for the period 2013-2018 were subject to revision in light of the Harmonised European Revision Policy for Macroeconomic Statistics¹¹, which sets the standard rules and principles for the revision of EU Member States' statistics. The general purpose of the benchmark revision is to incorporate new, improved information into the statistical data series or to ensure compliance with the new international methodological standards or European regulations.

Romania's Balance of Payments and International Investment Position – Annual Report 2018 was prepared based on the data series resulting from the 2019 benchmark revision.

The revision of the balance of payments and international investment position included the changes in the following components:

- Goods: the value of trade in goods for the period 2016-2018 was updated in line with the NIS-supplied data.
- Services: the grossing-up coefficients were updated for the data resulting from the Survey on International Trade in Services and data from this Survey as well as Eurostat- and NIS-supplied data were added to the data sources underlying Tourism/Travel.
- Primary income: data on “compensation of employees” were recorded on a gross basis, primarily based on the statistics collected from the Ministry of Labour and Social Protection and the NIS, to which added the data on the Eurostat website.
- Secondary income: taxes on wages and salaries and social contributions were recorded based on data collected from the Ministry of Labour and Social Protection, the NIS and Eurostat under “current taxes on income, wealth, etc.” and “social contributions”, respectively.

Under the financial account of the balance of payments and international investment position, the following components were revised:

⁹ The revision is carried out usually every five years and is determined by the identification of new data sources or by significant changes in international methodological standards.

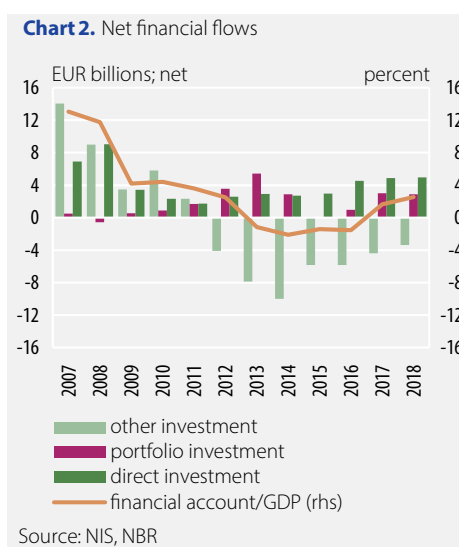
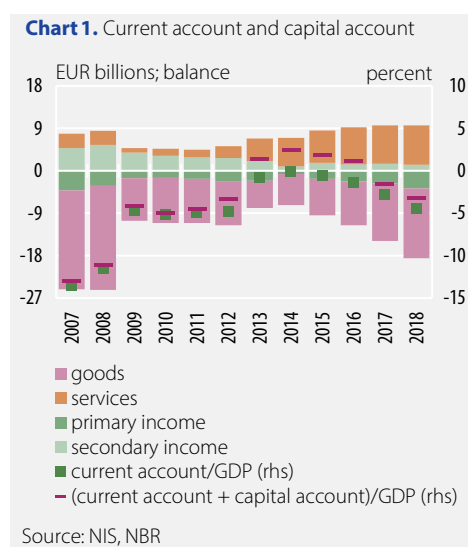
¹⁰ Further details are available on the NBR's [website](#).

¹¹ The Committee on Monetary, Financial and Balance of Payments Statistics, [A Harmonised European Revision Policy for Macroeconomic Statistics](#), October 2017.

- Direct investment by non-residents in Romania, by estimating the stock of intercompany trade credit and advances based on balance-sheet data for the period 2013-2016 (also reflected in the corresponding increase in private sector external debt) and by reclassifying some loans from outside the group into intercompany lending for 2014;
- Currency and deposits, by including the balance on the payments account opened by the NBR with the ECB, given the NBR's participation in TARGET2 system, for the period 2013-2016;
- Insurance, pension and standardised guarantee schemes, by introducing as a data source the balance sheets of insurance corporations for 2016 and 2017 (of which liabilities are reflected in the corresponding increase in private sector external debt);
- Other investment / Other accounts payable, via the balance correction for 2014 after reclassifying some loans from outside the group into intercompany lending.

A. Balance of payments

The year 2018 further witnessed a sharper widening of the current account deficit, a trend that had started in 2015, on the backdrop of a worsening of the balance on goods, primary income and secondary income. The higher current account deficit and the flat capital account surplus versus 2017 pushed the combined current and capital balance deeper into negative territory (Chart 1).



The financial account registered net inflows for the second successive year, accounting for about 2.5 percent of GDP, compared with 1.7 percent of GDP in the previous year.

In 2018, the current account deficit rose more than 70 percent year on year, while the capital account surplus widened by merely 13.4 percent. The combined current and capital account posted a deficit of EUR 6.4 billion. More than two thirds of the current account deficit (EUR 6.1 billion) and roughly 70 percent of the capital account

surplus (EUR 1.8 billion) stemmed from transactions with EU Member States. Out of the current account deficit with EU countries, the shortfall with the euro area (EA¹²) accounted for approximately 65 percent (EUR 4 billion; Table 1).

Table 1. Balance of payments in relation to the EU and the euro area

	EUR millions				
	Total	of which:			
		EU	Extra-EU	EA	Extra-EA
Current account	-8,960	-6,132	-2,828	-3,980	-4,980
Goods	-14,805	-10,622	-4,183	-6,242	-8,563
Services	8,361	6,632	1,729	5,861	2,500
Primary income	-3,767	-3,109	-658	-4,598	831
Secondary income	1,251	967	284	999	252
Capital account	2,515	1,783	732	-29	2,544
Financial account, of which:	-5,149	-6,743	1,594	-7,297	2,148
Direct investment	-4,945	-5,500	555	-5,045	100
Assets	1,259	899	360	713	546
Liabilities	6,204	6,399	-195	5,758	446
Portfolio investment	-2,880	-2,679	-201	-2,254	-626
Assets	422	5	417	81	341
Liabilities	3,302	2,684	618	2,335	967
Financial derivatives	85	89	-4	59	26
Other investment	3,362	2,468	894	806	2,556
Assets	1,830	882	948	537	1,293
Liabilities	-1,532	-1,586	54	-269	-1,263

Note: Extra-EU – countries outside the EU; Extra-EA – countries outside the euro area.

In the course of 2018, the financial account displayed EUR 5.1 billion in net inflows following the net increase in liabilities in the form of direct investment and portfolio investment and the slower net decrease in “other investment” liabilities, mirroring primarily the developments in deposits and trade credit and advances. As for the geographical breakdown, the transactions with the EU impacted the financial account, the same as the current account and the capital account.

1. CURRENT ACCOUNT

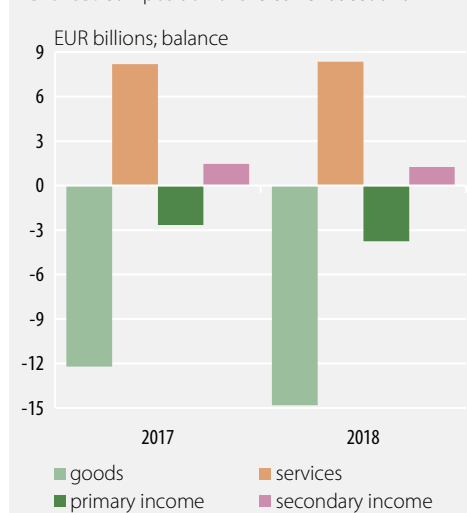
In 2018, Romania's balance of payments recorded a current account deficit of EUR 8,960 million, compared with EUR 5,218 million in 2017. The share of the current account deficit in GDP¹³ equalled 4.4 percent, compared with 2.8 percent in the previous year (Table 2). The 1.6 percentage point increase was attributed chiefly to the widening of the deficit on trade in goods (up 0.8 percentage points of GDP) and on the primary income (up 0.4 percentage points of GDP).

¹² European institutions not included.

¹³ Source for GDP: NIS (final data for 2017 and provisional data for 2018).

Table 2. Components' contributions to developments in the current account deficit

	percent of GDP				
	Current account	Goods	Services	Primary income	Secondary income
2018	-4.4	-7.3	4.1	-1.8	0.6
2017	-2.8	-6.5	4.3	-1.4	0.8
Difference (pp)	-1.6	-0.8	-0.2	-0.4	-0.2

Chart 3. Composition of the current account

The developments in the current account and its components (Chart 3) show a wider deficit on trade in goods (up 21.3 percent) in 2018 versus the previous year (Table 3), as imports went up at a swifter pace than exports. Primary income saw its deficit widen, which was largely the result of reinvested earnings by direct investment enterprises, while the surplus on secondary income exhibited a contraction, due to a downswing in current transfers to the general government and larger contributions paid to the EU budget. In 2018, the surplus on trade in services expanded

by 2.1 percent year on year, spurred by the advance in receipts from road freight transport, computer and information services, professional and management consulting services.

Table 3. Current account

	EUR millions		Indices (%)
	2017	2018	2018/2017
Current account	-5,218	-8,960	171.7
Credit	88,701	95,282	107.4
Debit	93,919	104,242	111.0
Goods	-12,206	-14,805	121.3
Credit	57,189	61,819	108.1
Debit	69,395	76,624	110.4
Services	8,187	8,360	102.1
Credit	21,731	23,793	109.5
Debit	13,544	15,433	113.9
Primary income	-2,668	-3,767	141.2
Credit	5,241	5,271	100.6
Debit	7,909	9,038	114.3
Secondary income	1,469	1,252	85.2
Credit	4,540	4,399	96.9
Debit	3,071	3,147	102.5

1.1. Balance on goods and services

In 2018, the balance on goods and services ran a deficit of EUR 6.4 billion, i.e. 60.4 percent higher than the year-earlier reading, owing to the more than 20 percent increase in the deficit on trade in goods.

1.1.1. Balance on trade in goods¹⁴

The deficit on trade in goods came in at EUR 14,805 million in 2018, up 21.3 percent year on year, as exports and imports increased by 8.1 percent and 10.4 percent respectively. The trade in goods deficit as a share of GDP added 0.8 percentage points to 7.3 percent (Table 4).

	2017	2018	Difference (+/-)
	EUR millions		
Exports (FOB), of which:	57,189	61,819	4,630
General merchandise	57,185	61,750	4,565
Net exports of goods under merchanting	4	69	65
Imports (FOB)	69,395	76,624	7,229
Balance on trade in goods (FOB/FOB)	-12,206	-14,805	-2,599
	percent		percentage points
Share of exports in GDP	30.5	30.5	0.0
Share of imports in GDP	37.0	37.8	0.8
Share of balance on trade in goods in GDP	-6.5	-7.3	-0.8
Coverage of imports by exports (FOB/FOB)	82.4	80.7	-1.7
Economy openness (exports+imports)/GDP	67.4	68.2	0.8

Source: NIS, NBR calculations

Over the reported period, the highest monthly trade in goods deficit amounted to EUR 1,824 million in October and the lowest was of EUR 772 million in January.

The breakdown of trade balance by the eight groups of goods in the Combined Nomenclature shows deficits for chemical and plastic products (EUR 6,801 million); mineral products (EUR 3,275 million); base metals (EUR 2,414 million); textiles, wearing apparel and footwear (EUR 1,528 million); agrifoodstuffs (EUR 1,092 million); and other goods (EUR 448 million). Surpluses were recorded for machinery, apparatus, equipment and transport means (EUR 379 million) and wood and paper products (EUR 305 million)¹⁵.

By geographical breakdown, intra-EU trade generated 71.7 percent of the deficit on trade in goods, with extra-EU trade accounting for 28.3 percent.

¹⁴ According to the BPM6 methodology, the balance on trade in goods does not include goods for processing for which there is no ownership transfer and thereby differs from the international trade in goods compiled and published by the National Institute of Statistics in line with the specific methodology prepared by Eurostat.

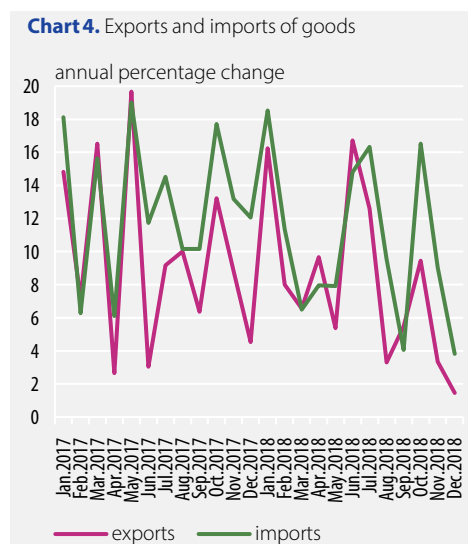
¹⁵ The difference between the sum of components (EUR 14,874 million) and the balance on goods in Table 4 (EUR 14,805 million) is reflected by the surplus on merchanting (EUR 69 million).

The coverage of imports by exports stood 1.7 percentage points lower at 80.7 percent, while the openness of the Romanian economy added 0.8 percentage points to 68.2 percent.

Exports of goods amounted to EUR 61,819 million, up 8.1 percent against a year earlier, supported by the positive performance of world trade, as reflected by stronger external demand, from the European Union in particular, namely both euro area

(Germany, Italy, France) and non-euro area countries (Poland and Hungary).

In terms of value, exports stood EUR 4,630 million higher than in 2017, but their share in GDP stayed flat at 30.5 percent.



December witnessed the lowest monthly exports in 2018, i.e. EUR 4,183 million, while the highest ran at EUR 5,770 million in October (Chart 4). The monthly average of exports equalled EUR 5,152 million, up EUR 386 million against the prior year. Imports of goods (FOB) reached EUR 76,624 million, up 10.4 percent, or EUR 7,229 million, from 2017. The

share of imports of goods in GDP widened by 0.8 percentage points to 37.8 percent. The lowest monthly import level of 2018 ran at EUR 5,726 million in January and the highest was of EUR 7,594 million in October. The monthly average of imports amounted to EUR 6,385 million, up EUR 602 million versus a year earlier.

Structure and geographical breakdown of exports of goods

a) Structure of exports of goods

In 2018, exports of goods came primarily from manufacturing, which accounted for 91.4 percent of total exports, compared with 90.9 percent in the preceding year (Table 5). The most export-oriented activities were manufacturing of: motor vehicles and trailers (23.1 percent of total exports in 2018); electrical equipment (11.4 percent); machinery and equipment (9.5 percent); computers, electronic and optical products (6.7 percent). Cumulatively, the four activities made up more than one half of Romania's exports in the year under review.

Table 5. Exports of goods by economic activity*

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	57,189	61,819	108.1	100.0	100.0
General merchandise	57,185	61,750	108.0	100.0	99.9
Agriculture, forestry and fishing	3,995	3,938	98.6	7.0	6.4
Mining and quarrying	101	117	115.8	0.2	0.2
Manufacturing, of which:	51,997	56,526	108.7	90.9	91.4

continued

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Food products	1,566	1,675	106.9	2.7	2.7
Textile products	1,044	1,120	107.2	1.8	1.8
Wood and products of wood, except furniture	1,570	1,584	100.9	2.7	2.6
Coke and refined petroleum products	2,103	2,519	119.8	3.7	4.1
Chemicals and chemical products	1,755	1,921	109.4	3.1	3.1
Rubber and plastic products	3,085	3,314	107.4	5.4	5.4
Basic metals	3,126	3,466	110.9	5.5	5.6
Fabricated metal products	1,813	1,990	109.7	3.2	3.2
Computer, electronic and optical products	3,866	4,148	107.3	6.8	6.7
Electrical equipment	6,340	7,060	111.4	11.1	11.4
Machinery and equipment	5,297	5,865	110.7	9.3	9.5
Motor vehicles, trailers	12,677	14,266	112.5	22.2	23.1
Other transport equipment	1,131	837	74.0	2.0	1.4
Furniture	2,119	2,210	104.3	3.7	3.6
Electricity, gas, steam and air conditioning	280	233	83.4	0.5	0.4
Other products n. e. s.	812	936	115.3	1.4	1.5
Merchandise** – net exports	4	69	-	0.0	0.1

*) based on "Classification of Products by Activity" (CPA 2015)
 **) goods purchased by residents from non-residents and subsequently sold to other non-residents, without being moved on the country's territory (Source: NBR)
 Source: NIS, NBR calculations

In terms of the use of exported goods (Table 6), most of the exports of 2018, i.e. 62.6 percent of the total figure, included intermediate goods (particularly parts and accessories, raw materials and low-processed goods mainly for industry). One fourth of the exports of 2018 were intended for final consumption (motor cars, wearing apparel, footwear, pharmaceutical products), while approximately 12 percent were capital goods (turbocompressors, speed indicators, hydraulic machinery, electrical apparatus, pumps for liquids, machinery and equipment, electronic components).

Table 6. Exports of goods by output stage*

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	57,189	61,819	108.1	100.0	100.0
General merchandise	57,185	61,750	108.0	100.0	99.9
1. Intermediate goods	36,567	38,712	105.9	63.9	62.6
Food and beverages, mainly for industry	3,112	3,039	97.7	5.4	4.9
Other processed goods, mainly for industry	13,887	15,198	109.4	24.3	24.6
Fuels and lubricants	1,381	1,505	109.0	2.4	2.4
Parts and accessories	18,187	18,970	104.3	31.8	30.7
2. Capital goods	7,110	7,502	105.5	12.4	12.1
Capital goods (except transport equipment)	6,414	7,165	111.7	11.2	11.6
Transport equipment	696	337	48.4	1.2	0.5

continued

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
3. Consumer goods	13,452	15,431	114.7	23.5	25.0
Food and beverages, mainly for household consumption	1,485	1,475	99.3	2.6	2.4
Passenger motor cars	3,229	4,899	151.7	5.6	7.9
Durable consumer goods	2,287	2,250	98.4	4.0	3.6
Apparel, shoes, knitting	2,782	2,902	104.3	4.9	4.7
Cigarettes, cosmetics, pharmaceuticals	2,714	2,706	99.7	4.7	4.4
Fuels	955	1,199	125.5	1.7	1.9
4. Goods not elsewhere classified	56	105	187.5	0.1	0.2
Merchanting** – net exports	4	69	-	0.0	0.1

*) UN grouping (from the International Trade Classification by Broad Economic Categories)

**) goods purchased by residents from non-residents and subsequently sold to other non-residents, without being moved on the country's territory (Source: NBR)

Source: NIS, NBR calculations

The breakdown of exports of 2018 according to the Combined Nomenclature shows that three groups of goods reported larger contributions to exports than in 2017 (Table 7): machinery, apparatus, equipment and transport means (by 0.7 percentage points); mineral products (by 0.4 percentage points); and base metals (by 0.2 percentage points). The remaining five groups had smaller contributions to exports than in the previous year, as follows: agrifoodstuffs (by 0.7 percentage points); textiles, wearing apparel and footwear (by 0.3 percentage points); wood and paper products (by 0.3 percentage points); chemical and plastic products (by 0.1 percentage points); and other goods (by 0.1 percentage points).

Table 7. Exports by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Goods	57,189	61,819	108.1	100.0	100.0
General merchandise	57,185	61,750	108.0	100.0	99.9
Agrifoodstuffs	6,359	6,459	101.6	11.1	10.4
Mineral products	2,471	2,893	117.1	4.3	4.7
Chemical and plastic products	5,522	5,928	107.4	9.7	9.6
Wood and paper products	2,122	2,124	100.1	3.7	3.4
Textiles, wearing apparel and footwear	2,933	2,956	100.8	5.1	4.8
Base metals	5,185	5,774	111.4	9.1	9.3
Machinery, apparatus, equipment and transport means	26,994	29,612	109.7	47.2	47.9
Other	5,599	6,004	107.2	9.8	9.7
Net exports of goods under merchanting*	4	69	-	0.0	0.1

*) goods purchased by residents from non-residents and subsequently sold to other non-residents, without being moved on the country's territory (Source: NBR)

Source: NIS, NBR calculations

Taking a closer look at the groups of goods in the Combined Nomenclature, higher exports were detected primarily for: motor cars, petroleum oils, boards, panels, consoles, structures and parts of structures (Table 8). The increase in export value was

positively influenced by the higher prices, especially of motor cars and petroleum oils, boosting total export value by over EUR 1 billion.

Table 8. Main groups of goods reporting higher exports in 2018

	EUR millions			
	Exports value in 2018	Increase/decrease versus 2017	Volume influences*	Price influences*
Motor cars and other motor vehicles principally designed for the transport of persons	4,648	1,593	883	710
Petroleum oils	2,274	420	97	323
Boards, panels, consoles, desks, cabinets	1,922	331	142	188
Maize	876	134	173	-40
Structures and parts of structures	389	129	64	65
Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)	766	115	96	19
Tools for working in the hand, pneumatic, hydraulic or with self-contained motor	283	109	78	31
Electric motors and generators (excluding generating sets)	345	107	113	-6
Sunflower seeds	643	105	164	-59

*) including structural changes; grouping based on values and quantities of exports, according to the Combined Nomenclature classification (6-digit level).
Source: NIS, NBR calculations

b) Geographical breakdown of exports of goods

In 2018, intra-EU exports amounted to EUR 46,996 million, up 10.2 percent year on year (Table 9). The share of intra-EU exports in total exports stood at 76 percent, up 1.5 percentage points versus 2017, especially due to foreign sales to Germany, Italy, France, Hungary, the United Kingdom and Poland.

Table 9. Exports of goods by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	57,189	61,819	108.1	100.0	100.0
1. Intra-EU exports, of which:	42,628	46,996	110.2	74.5	76.0
1.1. Euro area, of which:	30,957	34,055	110.0	54.1	55.1
Germany	12,993	14,131	108.8	22.7	22.9
Italy	5,047	5,744	113.8	8.8	9.3
France	3,896	4,495	115.4	6.8	7.3
1.2. Extra-euro area, of which:	11,671	12,941	110.9	20.4	20.9
Hungary	2,776	3,114	112.2	4.9	5.0
United Kingdom	2,176	2,528	116.2	3.8	4.1
Bulgaria	2,061	2,165	105.0	3.6	3.5
Poland	1,942	2,108	108.5	3.4	3.4
2. Extra-EU exports, of which:	14,561	14,823	101.8	25.5	24.0
Turkey	2,085	1,975	94.7	3.6	3.2

continued

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
USA	1,056	1,287	121.9	1.8	2.1
Russian Federation	1,105	1,077	97.5	1.9	1.7
Egypt	445	669	150.3	0.8	1.1
Republic of Moldova	835	986	118.1	1.5	1.6
China	738	745	100.9	1.3	1.2
Republic of Serbia	736	729	99.0	1.3	1.2
Ukraine	329	348	105.8	0.6	0.6

Source: NIS, NBR calculations

Exports to the European Union posted increases for all groups of goods (Table 10). Two of the groups had larger contributions to the intra-EU trade in 2018 – machinery, apparatus, equipment and transport means (by 1.1 percentage points) and base metals (by 0.2 percentage points).

Table 10. Exports of goods to the European Union, by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Goods	42,628	46,996	110.2	100.0	100.0
General merchandise	42,625	46,960	110.2	100.0	99.9
Agrifoodstuffs	4,195	4,474	106.7	9.8	9.5
Mineral products	1,095	1,123	102.6	2.6	2.4
Chemical and plastic products	3,925	4,295	109.4	9.2	9.1
Wood and paper products	1,162	1,220	105.0	2.7	2.6
Textiles, wearing apparel and footwear	2,586	2,601	100.6	6.1	5.5
Base metals	3,706	4,200	113.3	8.7	8.9
Machinery, apparatus, equipment and transport means	21,385	24,097	112.7	50.2	51.3
Other	4,571	4,950	108.3	10.7	10.5
Net exports of goods under merchanting*	3	36	-	0.0	0.1

*) goods purchased by residents from non-residents and subsequently sold to other non-residents, without being moved on the country's territory (Source: NBR)

Source: NIS, NBR

Extra-EU exports amounted to EUR 14,823 million, up 1.8 percent year on year, holding 24 percent of total exports of goods, 1.5 percentage points lower than in 2017.

In 2018, the top ten export destinations, making up 65.1 percent of total exports were as follows: Germany (22.9 percent of total exports), Italy (9.3 percent), France (7.3 percent), Hungary (5 percent), the United Kingdom (4.1 percent), Bulgaria (3.5 percent), Poland (3.4 percent), Spain (3.3 percent), Czechia (3.2 percent) and Turkey (3.2 percent).

Structure and geographical breakdown of imports of goods

a) Structure of imports of goods

In 2018, most imports of goods were accounted for by manufactured goods (90.6 percent of total imports, comparable to the 2017 reading) – Table 11, consisting mainly of: motor vehicles and trailers (10.9 percent of total imports), machinery and equipment (10.2 percent), computers and electronic products (9.2 percent), electrical equipment (8.7 percent), chemicals and chemical products (8.5 percent), basic metals (6.1 percent).

Table 11. Imports of goods by activity of the economy of origin*

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	69,395	76,624	110.4	100.0	100.0
Agriculture, forestry and fishing	2,503	2,211	88.3	3.6	2.9
Mining and quarrying	3,341	4,396	131.6	4.8	5.7
Manufacturing, of which:	62,974	69,452	110.3	90.7	90.6
Food products	4,217	4,467	105.9	6.1	5.8
Textile products	2,030	2,073	102.1	2.9	2.7
Wearing apparel	1,229	1,381	112.4	1.8	1.8
Leather and related products	1,265	1,359	107.4	1.8	1.8
Paper and paper products	1,167	1,218	104.4	1.7	1.6
Coke and refined petroleum products	1,707	1,942	113.8	2.5	2.5
Chemicals and chemical products	6,192	6,493	104.9	8.9	8.5
Basic pharmaceutical products and pharmaceutical preparations	2,963	2,994	101.1	4.3	3.9
Rubber and plastic products	3,322	3,585	107.9	4.8	4.7
Basic metals	4,250	4,710	110.8	6.1	6.1
Fabricated metal products	3,264	3,586	109.9	4.7	4.7
Computer, electronic and optical products	6,509	7,061	108.5	9.4	9.2
Electrical equipment	6,072	6,633	109.2	8.7	8.7
Machinery and equipment	6,970	7,780	111.6	10.0	10.2
Motor vehicles, trailers	6,853	8,382	122.3	9.9	10.9
Electricity, gas, steam and air conditioning	191	152	79.6	0.3	0.2
Other products n.e.s.	386	413	107.0	0.6	0.5

*) based on "Classification of Products by Activity" (CPA 2015)

Source: NIS, NBR calculations

Import breakdown by production stage (Table 12) shows the prevalent share of intermediate goods (approximately 60 percent of total imports) especially low-processed goods mainly for industry, parts and accessories, fuels and lubricants. Consumer goods accounted for approximately a quarter of total imports (cigarettes, cosmetics, pharmaceuticals, food and beverages, wearing apparel, footwear), while capital goods took 14.5 percent (telephonic apparatus, computers, audio and video equipment).

Table 12. Imports of goods by production stage*

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	69,395	76,624	110.4	100.0	100.0
1. Intermediate goods	41,456	45,925	110.8	59.7	59.9
Food and beverages, mainly for industry	1,197	1,036	86.5	1.7	1.4
Other processed goods, mainly for industry	21,943	23,261	106.0	31.6	30.4
Fuels and lubricants	4,778	5,957	124.7	6.9	7.8
Parts and accessories	13,538	15,671	115.8	19.5	20.5
2. Capital goods	9,983	11,133	111.5	14.4	14.5
Capital goods (except transport equipment)	8,763	9,722	110.9	12.6	12.7
Transport equipment	1,220	1,411	115.7	1.8	1.8
3. Consumer goods	17,936	19,512	108.8	25.8	25.5
Food and beverages, mainly for household consumption	4,595	4,887	106.4	6.6	6.4
Passenger motor cars	2,007	2,182	108.7	2.9	2.8
Durable consumer goods	1,615	1,711	105.9	2.3	2.2
Apparel, shoes, knitting	3,770	4,175	110.7	5.4	5.4
Cigarettes, cosmetics, pharmaceuticals	5,331	5,672	106.4	7.7	7.4
Fuels	64	62	96.9	0.1	0.1
Consumer goods not elsewhere specified	554	823	148.6	0.8	1.1
4. Goods not elsewhere classified	20	54	270.0	0.0	0.1

*) UN grouping (from the International Trade Classification by Broad Economic Categories)
Source: NIS, NBR calculations

Table 13. Imports of goods (FOB), by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	69,395	76,624	110.4	100.0	100.0
Agrifoodstuffs	7,299	7,551	103.5	10.5	9.9
Mineral products	4,975	6,168	124.0	7.2	8.0
Chemical and plastic products	12,162	12,729	104.7	17.5	16.6
Wood and paper products	1,700	1,819	107.0	2.4	2.4
Textiles, wearing apparel and footwear	4,248	4,484	105.6	6.1	5.9
Base metals	7,385	8,188	110.9	10.6	10.7
Machinery, apparatus, equipment and transport means	26,085	29,233	112.1	37.6	38.2
Other	5,541	6,452	116.4	8.0	8.4

Source: NIS, NBR calculations

According to the Combined Nomenclature, imports of goods were accounted for in a proportion of more than 75 percent by four groups of goods: machinery, apparatus, equipment and transport means; chemical and plastic products; base metals; agrifoodstuffs (Table 13). Four groups of goods posted larger shares in total imports than in 2017, with increases ranging between 0.1 percentage points and 0.8 percentage points: machinery, apparatus, equipment and transport means; mineral products; base metals and other goods.

The analysis of the influences exerted by the volume and prices of imported goods on the increase in the value of imports by categories of goods with higher granularity reveals a more significant influence of prices, especially for crude oil (in line with international price developments), parts and accessories of motor vehicles and petroleum oils (Table 14).

Table 14. Main groups of goods reporting higher imports in 2018

	EUR millions			
	Value of imports in 2018	Increase/Decrease versus 2017	Volume influences*	Price influences*
Crude oil	3,298	814	164	651
Parts and accessories of motor vehicles	3,699	806	285	522
Petroleum oils	1,393	196	-27	224
Motor cars and other motor vehicles principally designed for the transport of persons	2,163	172	124	49
Electronic integrated circuits	1,175	154	49	104
Telephone sets	1,681	144	90	54
Petroleum gases and other gaseous hydrocarbons	412	136	61	74
Screws, bolts, and similar articles	487	121	75	46
Boards, panels, consoles, desks, cabinets	378	114	44	70
Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)	432	90	23	67

*) including structural changes; grouping based on values and quantities of imports, according to the Combined Nomenclature classification (6-digit level).
Source: NIS, NBR calculations

b) Geographical breakdown of imports of goods

Intra-EU imports amounted to EUR 57,618 million in 2018, up 9.1 percent year on year (Table 15). The share of intra-EU imports in total imports of goods contracted by 0.9 percentage points versus 2017 to stand at 75.2 percent, with trade from Italy, Hungary and France accounting particularly for this decrease.

Table 15. Imports of goods (FOB) by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	69,395	76,624	110.4	100.0	100.0
1. Intra-EU imports, of which:	52,815	57,618	109.1	76.1	75.2
1.1. Euro area, of which:	36,735	40,297	109.7	52.9	52.6
Germany	13,682	15,422	112.7	19.7	20.1
Italy	6,007	6,314	105.1	8.7	8.2
France	3,649	3,878	106.3	5.3	5.1
Netherlands	2,941	3,151	107.1	4.2	4.1
1.2. Extra-euro area, of which:	16,080	17,321	107.7	23.2	22.6
Hungary	5,470	5,570	101.8	7.9	7.3
Poland	3,958	4,428	111.9	5.7	5.8

continued

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Czechia	2,090	2,313	110.7	3.0	3.0
United Kingdom	1,605	1,810	112.8	2.3	2.4
2. Extra-EU imports, of which:	16,580	19,006	114.6	23.9	24.8
China	3,594	4,145	115.3	5.2	5.4
Turkey	2,817	3,369	119.6	4.1	4.4
Russian Federation	2,274	2,860	125.8	3.3	3.7
Kazakhstan	1,023	1,233	120.5	1.5	1.6
USA	856	760	88.8	1.2	1.0
Republic of Serbia	472	621	131.6	0.7	0.8
Ukraine	587	581	99.0	0.8	0.8
South Korea	393	384	97.7	0.6	0.5

Source: NIS, NBR calculations

Imports from the European Union posted increases in the shares of two groups of goods: machinery, apparatus, equipment and transport means and other goods (Table 16).

Table 16. Imports of goods (FOB) from the European Union, by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	52,815	57,618	109.1	100.0	100.0
Agrifoodstuffs	6,133	6,406	104.5	11.6	11.1
Mineral products	1,116	1,222	109.5	2.1	2.1
Chemical and plastic products	10,194	10,732	105.3	19.3	18.6
Wood and paper products	1,298	1,387	106.9	2.5	2.4
Textiles, wearing apparel and footwear	3,265	3,399	104.1	6.2	5.9
Base metals	5,505	6,005	109.1	10.4	10.4
Machinery, apparatus, equipment and transport means	20,913	23,408	111.9	39.6	40.6
Other	4,391	5,059	115.2	8.3	8.8

Source: NIS, NBR calculations

Extra-EU imports amounted to EUR 19,006 million, up 14.6 percent versus 2017, accounting for 24.8 percent of total imports of goods, i.e. 0.9 percentage points higher than in 2017.

In 2018, Romania's imports came mainly from the following ten countries (accounting for 67.4 percent of total imports): Germany (20.1 percent), Italy (8.2 percent), Hungary (7.3 percent), Poland (5.8 percent), China (5.4 percent), France (5.1 percent), Turkey (4.4 percent), the Netherlands (4.1 percent), the Russian Federation (3.7 percent) and Austria (3.3 percent).

Energy trade balance

In 2018, the energy trade balance ended on a deficit of EUR 2,985 million, up 34.2 percent from the previous year (Table 17). As a share of the deficit on trade in goods, net energy imports expanded from 18.2 percent in 2017 to 20.2 percent in 2018. Crude oil, reporting net imports of EUR 3,292 million, made further the largest contribution to the energy trade deficit.

Table 17. Energy exports and imports (FOB)

	EUR millions					
	Exports		Imports		Net imports (-)/ Net exports (+)	
	2017	2018	2017	2018	2017	2018
Total	2,377	2,770	4,601	5,755	-2,224	-2,985
Natural gas	5	6	210	337	-205	-331
Electricity	272	228	179	143	93	85
Mineral fuels	227	256	532	584	-305	-328
Crude oil	19	6	2,484	3,298	-2,465	-3,292
Petroleum products	1,854	2,274	1,196	1,393	658	881

Source: NIS, NBR calculations

Energy exports totalled EUR 2,770 million¹⁶, up EUR 393 million or 16.5 percent from 2017. More than 80 percent of the rise in energy exports stemmed from the hike in the international petroleum product prices (Table 18). Energy imports came in at EUR 5,755 million, standing EUR 1,154 million or 25.1 percent higher than in 2017¹⁷. More than half of this rise was driven by the hike in the international oil price.

The coverage of imports of energy resources by exports thereof declined by 3.6 percentage points to 48.1 percent.

Table 18. Volume and price influences on energy exports and imports in 2018

	%	EUR millions			%	EUR millions		
	Share in energy exports in 2018	Increase/Decrease versus 2017	Volume influences*	Price influences*	Share in energy imports in 2018	Increase/Decrease versus 2017	Volume influences*	Price influences*
Total	100.0	393	28	365	100.0	1,154	158	996
Natural gas	0.2	1	0	1	5.9	127	56	71
Electricity	8.2	-44	-44	0	2.5	-36	-35	-1
Mineral fuels	9.2	29	-11	40	10.1	52	0	52
Crude oil	0.2	-13	-14	1	57.3	814	164	650
Petroleum products	82.2	420	97	323	24.2	197	-27	224

*) including structural changes

Source: NIS, NBR calculations

¹⁶ Taking 4.5 percent of total exports of goods, compared with 4.2 percent in 2017.

¹⁷ As a share in total imports of goods, energy imports rose from 6.6 percent in 2017 to 7.5 percent in 2018.

1.1.2. Balance on trade in services

In 2018, the balance on trade in services posted a EUR 8,360 million surplus (4.1 percent of GDP), compared to EUR 8,187 million (4.4 percent of GDP) in 2017, on account of the increase in receipts from road freight transport; information services; professional and management consulting services (Table 19).

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Credit	21,731	23,793	109.5	100.0	100.0
Processing of goods	2,999	2,936	97.9	13.8	12.3
Transport	6,425	6,912	107.6	29.6	29.1
Travel	2,711	2,877	106.1	12.5	12.1
Communications, computer, and information services	4,008	4,797	119.7	18.4	20.2
Professional consulting	1,909	2,179	114.1	8.8	9.2
Other	3,679	4,092	111.2	16.9	17.2
Debit	13,544	15,433	113.9	100.0	100.0
Processing of goods	193	182	94.3	1.4	1.2
Transport	2,437	2,932	120.3	18.0	19.0
Travel	3,854	4,522	117.3	28.5	29.3
Communications, computer, and information services	1,916	2,089	109.0	14.1	13.5
Professional consulting	1,318	1,373	104.2	9.7	8.9
Other	3,826	4,335	113.3	28.2	28.1
Balance	8,187	8,360	102.1		
Processing of goods	2,806	2,754	98.1		
Transport	3,988	3,980	99.8		
Travel	-1,143	-1,645	143.9		
Communications, computer, and information services	2,092	2,708	129.4		
Professional consulting	591	806	136.4		
Other	-147	-243	165.3		

Exports of services totalled EUR 23,793 million (up 9.5 percent from 2017), of which approximately half came, as in the previous year, from transport services (primarily road freight transport) and communications, computer, and information services. More than 80 percent of receipts from services came from EU Member States, especially Germany, Italy, the United Kingdom, France and the Netherlands (Table 20).

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	21,731	23,793	109.5	100.0	100.0
1. Intra-EU exports, of which:	17,607	19,392	110.1	81.0	81.5
1.1. Euro area, of which:	13,997	15,237	108.9	64.4	64.0
Germany	3,724	4,293	115.3	17.1	18.0
Italy	2,472	2,439	98.7	11.4	10.3

continued

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
France	1,992	2,027	101.8	9.2	8.5
Netherlands	1,307	1,605	122.8	6.0	6.7
Austria	1,245	1,363	109.5	5.7	5.7
Belgium	1,030	1,114	108.2	4.7	4.7
<i>1.2. Extra-euro area, of which:</i>	<i>3,610</i>	<i>4,155</i>	<i>115.1</i>	<i>16.6</i>	<i>17.5</i>
United Kingdom	1,760	2,072	117.7	8.1	8.7
Hungary	528	551	104.4	2.4	2.3
Bulgaria	346	375	108.4	1.6	1.6
Denmark	276	308	111.6	1.3	1.3
Poland	273	345	126.4	1.3	1.5
2. Extra-EU exports, of which:	4,124	4,401	106.7	19.0	18.5
USA	1,373	1,634	119.0	6.3	6.9
Switzerland	849	832	98.0	3.9	3.5
Israel	194	198	102.1	0.9	0.8
Canada	156	192	123.1	0.7	0.8
Singapore	130	181	139.2	0.6	0.8
Turkey	205	140	68.3	0.9	0.6
Republic of Moldova	81	84	103.7	0.4	0.4

Imports of services amounted to EUR 15,433 million (up 13.9 percent from 2017), with travel and miscellaneous services (maintenance and repair, construction, financial and insurance services, charges for the use of intellectual property, research and development, technical and trade-related services) cumulatively holding around 57 percent of total. The geographical breakdown shows that services-related payments recorded similar shares to those of receipts from services, with almost 83 percent being accounted for by intra-EU trade, especially with Germany, the United Kingdom, Italy, France, Austria and the Netherlands (Table 21).

Table 21. Imports of services by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Total	13,544	15,433	113.9	100.0	100.0
1. Intra-EU imports, of which:	11,051	12,759	115.5	81.6	82.7
<i>1.1. Euro area, of which:</i>	<i>8,265</i>	<i>9,376</i>	<i>113.4</i>	<i>61.0</i>	<i>60.8</i>
Germany	2,414	2,830	117.2	17.8	18.3
Italy	1,034	1,152	111.4	7.6	7.5
France	994	1,144	115.1	7.3	7.4
Austria	849	917	108.0	6.3	5.9
Netherlands	642	797	124.1	4.7	5.2
Spain	470	510	108.5	3.5	3.3
Belgium	485	473	97.5	3.6	3.1
<i>1.2. Extra-euro area, of which:</i>	<i>2,786</i>	<i>3,383</i>	<i>121.4</i>	<i>20.6</i>	<i>21.9</i>
UK	1,109	1,354	122.1	8.2	8.8
Hungary	593	716	120.7	4.4	4.6
Bulgaria	294	364	123.8	2.2	2.4
Poland	255	316	123.9	1.9	2.0
Denmark	111	123	110.8	0.8	0.8

continued

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
2. Extra-EU imports, of which:	2,493	2,674	107.3	18.4	17.3
USA	638	651	102.0	4.7	4.2
Switzerland	432	436	100.9	3.2	2.8
Canada	196	234	119.4	1.4	1.5
Turkey	201	249	123.9	1.5	1.6
Republic of Moldova	111	134	120.7	0.8	0.9

1.2. Balance on primary income

The balance on primary income ended the year 2018 on a EUR 3,767 million deficit, with the 41.2 percent widening versus the previous year being ascribable to investment income, which reported a 14.4 percent wider deficit (to EUR 8,150 million; Table 22). The share of the primary income deficit in GDP rose by 0.5 percentage points from 2017 to 1.9 percent. The primary income deficit was contained by the surpluses on compensation of employees (representing income from activities performed based on a work contract for less than one year) and other primary income (larger subsidies from the European Union). The surplus on compensation of employees (EUR 2,842 million) and that on other primary income (EUR 1,541 million) remained very close to the 2017 levels.

Table 22. Balance on primary income

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Credit	5,241	5,271	100.6	100.0	100.0
Compensation of employees	2,965	2,946	99.4	56.6	55.9
Investment income	465	539	115.9	8.9	10.2
Direct investment income	62	89	143.5	1.2	1.7
Portfolio investment income	114	134	117.5	2.2	2.5
Other investment income – interest	35	58	165.7	0.7	1.1
Income on reserve assets	254	258	101.6	4.8	4.9
Other primary income	1,811	1,786	98.6	34.6	33.9
Debit	7,909	9,038	114.3	100.0	100.0
Compensation of employees	93	104	111.8	1.2	1.2
Investment income	7,587	8,689	114.5	95.9	96.1
Direct investment income	5,916	6,832	115.5	74.8	75.6
Portfolio investment income	1,020	1,219	119.5	12.9	13.5
Other investment income – interest	651	638	98.0	8.2	7.1
Income on reserve assets	-	-	-	-	-
Other primary income	229	245	107.0	2.9	2.7
Balance	-2,668	-3,767	141.2		
Compensation of employees	2,872	2,842	99.0		
Investment income	-7,122	-8,150	114.4		
Direct investment income	-5,854	-6,743	115.2		
Portfolio investment income	-906	-1,085	119.8		
Other investment income – interest	-616	-580	94.2		
Income on reserve assets	254	258	101.6		
Other primary income	1,582	1,541	97.4		

In 2018, investment income continued to report a wider deficit, especially in the context of a larger deficit on direct investment income. The direct investment income deficit rose by 15.2 percent to EUR 6,743 million amid the pick-up in reinvested earnings. Portfolio investment income recorded a EUR 1,085 million deficit, i.e. 19.8 percent higher than in 2017 owing primarily to non-residents' earnings on equity and investment fund shares. The deficit on other investment income shrank by 5.8 percent to EUR 580 million, as a joint result of the advance in interest receipts and lower interest payments on foreign loans.

1.3. Balance on secondary income

The balance on secondary income ended the year 2018 on a EUR 1,252 million surplus, i.e. 14.8 percent below the previous year's level, mainly reflecting the fall in the volume of current transfers received by general government and the rise in Romania's contributions to the EU budget (Table 23).

The balance on secondary income of general government ended the year on a EUR 528 million deficit, compared with EUR 313 million in 2017, given the drop by approximately 15 percent in EU fund inflows under current transfers¹⁸, especially from the European Agricultural Fund for Rural Development (EAFRD). Payments from the EU budget to Romania in 2018, recorded as current transfers to general government totalled EUR 922 million¹⁹, with approximately 80 percent of this amount coming from the European Agricultural Fund for Rural Development and the European Social Fund (ESF), and the remaining from miscellaneous secondary income. Romania's contributions to the EU budget calculated based on the gross national income and the value added tax totalled EUR 1,463 million (EUR 1,305 million in 2017).

The balance on private secondary income posted a EUR 1,780 million surplus, roughly equal to that recorded in 2017. Workers' remittances from abroad stood 5.5 percent above the 2017 level given further economic growth in the main destination countries for Romanian workers (Italy, Germany, the United Kingdom, Spain, France).

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Credit	4,540	4,399	96.9	100.0	100.0
General government	1,135	972	85.6	25.0	22.1
Other sectors	3,405	3,427	100.6	75.0	77.9
Debit	3,071	3,147	102.5	100.0	100.0
General government	1,448	1,500	103.6	47.2	47.7
Other sectors	1,623	1,647	101.5	52.8	52.3
Balance	1,469	1,252	85.2		
General government	-313	-528	168.7		
Other sectors	1,782	1,780	99.9		

¹⁸ Current transfers include European funds other than subsidies (included under primary income) or than those for gross fixed capital formation (included under capital transfers).

¹⁹ Source: Ministry of Public Finance.

2. CAPITAL ACCOUNT

The capital account saw net inflows of EUR 2,515 million, i.e. 13.4 percent above the 2017 level (Table 24), given that the higher volume of sales of carbon dioxide emissions certificates offset the downward drift in inflows of EU funds in the form of capital transfers.

Table 24. Capital account

	EUR millions		Indices (%)	Composition (%)	
	2017	2018	2018/2017	2017	2018
Credit	2,250	2,580	114.7	100.0	100.0
Capital transfers	1,975	1,827	92.5	87.8	70.8
General government	1,953	1,753	89.8	86.8	67.9
Other sectors	22	74	336.4	1.0	2.9
Acquisitions/disposals of non-produced non-financial assets	275	753	273.8	12.2	29.2
Debit	32	65	203.1	100.0	100.0
Capital transfers	2	0	x	6.3	0.0
General government	0	0	x	0.0	0.0
Other sectors	2	0	x	6.3	0.0
Acquisitions/disposals of non-produced non-financial assets	30	65	216.7	93.8	100.0
Balance	2,218	2,515	113.4		
Capital transfers	1,973	1,827	92.6		
General government	1,953	1,753	89.8		
Other sectors	20	74	x		
Acquisitions/disposals of non-produced non-financial assets	245	688	280.8		

3. FINANCIAL ACCOUNT²⁰

In 2018, the financial account witnessed net inflows worth EUR 5,149 million, compared to EUR 3,121 million in the previous year (Table 25), with the uptrend being driven by the decline in net outflows from other investment (deposits and trade credit), the fall in reserve assets and the advance in net direct investment inflows.

Other investment recorded a moderation in net outflows caused by deposit withdrawals by residents abroad and the fall in net liabilities in the form of trade credit and advances.

Direct investment recorded larger net inflows, in the form of equity, owing inter alia to the reinvestment of earnings by non-residents in direct investment enterprises in Romania.

²⁰ The financial account covers foreign transactions in financial assets and liabilities, shown under the net acquisition of assets and the net incurrence of liabilities respectively. The difference between the net acquisition of assets and the net incurrence of liabilities (net) points to a net inflow in case of (-) and to a net outflow in case of (+).

	EUR millions	
	2017	2018
Financial account	-3,121	-5,149
Net acquisition of assets	4,407	2,825
Net incurrence of liabilities	7,528	7,974
Direct investment	-4,883	-4,945
Net acquisition of assets	350	1,259
Net incurrence of liabilities	5,233	6,204
Portfolio investment	-2,987	-2,880
Net acquisition of assets	510	422
Net incurrence of liabilities	3,497	3,302
Financial derivatives	-71	85
Net acquisition of assets	-71	85
Other investment	4,397	3,362
Net acquisition of assets	3,195	1,830
Net incurrence of liabilities	-1,202	-1,532
Reserve assets	424	-771
Net acquisition of assets	424	-771

Note: "+" increase, "-" decrease for both net acquisition of assets and net incurrence of liabilities.

3.1. Direct investment

In 2018, direct investment recorded net inflows in the amount of EUR 4,945 million, up 1.3 percent from 2017, i.e. EUR 4,883 million (Table 26). Equity, including the reinvestment of earnings by foreign-owned companies in Romania, i.e. monetary financial institutions and enterprises in the non-bank sector alike, led to a rise in direct investment without the contribution from intercompany lending.

	EUR millions					
	2017			2018		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	350	5,233	-4,883	1,259	6,204	-4,945
Equity	387	3,965	-3,578	478	5,531	-5,053
Equity other than reinvestment of earnings	428	2,232	-1,804	470	2,958	-2,488
Deposit-taking corporations except the central bank	0	148	-148	42	182	-140
Other sectors	428	2,084	-1,656	428	2,776	-2,348
Reinvestment of earnings	-41	1,733	-1,774	8	2,573	-2,565
Deposit-taking corporations except the central bank	0	529	-529	5	663	-658
Other sectors	-41	1,204	-1,245	3	1,910	-1,907

continued

	EUR millions					
	2017			2018		
Debt instruments	-37	1,268	-1,305	781	673	108
Deposit-taking corporations except the central bank	0	-4	4	-1	-1	0
Other sectors*	-37	1,272	-1,309	782	674	108

*) non-financial corporations, non-bank financial institutions, households and non-profit institutions

Investment by non-residents in Romania²¹ totalled EUR 5,266 million (Table 27), of which equity (consolidated with the net reinvestment of earnings) amounted to EUR 5,546 million and intercompany lending stood at a negative net value of EUR 280 million.

Investment by residents abroad totalled EUR 321 million, of which equity (including reinvestment of earnings) in the amount of EUR 493 million, offset by intercompany loan repayments.

Table 27. Direct investment under the directional principle

	EUR millions					
	2017			2018		
	Credit	Debit	Net	Credit	Debit	Net
Total	43,839	38,955	4,884	51,276	46,331	4,945
Direct investment by residents abroad	954	868	86	533	854	-321
Equity other than reinvestment of earnings	28	459	-431	15	499	-484
Deposit-taking corporations except the central bank	0	0	0	0	56	-56
Other sectors	28	459	-431	15	443	-428
Reinvestment of earnings	0	-42	42	0	8	-8
Deposit-taking corporations except the central bank	0	0	0	0	5	-5
Other sectors	0	-42	42	0	3	-3
Debt instruments	926	451	475	518	347	171
Deposit-taking corporations except the central bank	0	0	0	0	0	0
Other sectors	926	451	475	518	347	171
Direct investment by non-residents in Romania	42,885	38,087	4,798	50,743	45,477	5,266
Equity other than reinvestment of earnings	4,046	1,810	2,236	5,778	2,804	2,974

²¹ For further details on the presentation of data according to the directional principle, see *Foreign Direct Investment in Romania* on the NBR's website.

continued

	EUR millions					
	2017			2018		
	Credit	Debit	Net	Credit	Debit	Net
Deposit-taking corporations except the central bank	202	54	148	476	279	197
Other sectors	3,844	1,756	2,088	5,302	2,525	2,777
Reinvestment of earnings	1,734	0	1,734	2,572	0	2,572
Deposit-taking corporations except the central bank	529	0	529	663	0	663
Other sectors	1,205	0	1,205	1,909	0	1,909
Debt instruments	37,105	36,277	828	42,393	42,673	-280
Deposit-taking corporations except the central bank	0	5	-5	14	14	0
Other sectors	37,105	36,272	833	42,379	42,659	-280

3.2. Portfolio investment

In 2018, portfolio investment recorded net inflows of EUR 2,880 million, compared to EUR 2,987 million in 2017 (Table 28), in the context of a lower volume of non-residents' equity holdings in local companies.

The net acquisition of assets stood at EUR 422 million, i.e. approximately 17 percent below the volume recorded in 2017, with the decrease being driven by the drop in resident non-financial corporations' investment in non-resident investment fund shares.

Table 28. Portfolio investment

	EUR millions					
	2017			2018		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	510	3,497	-2,987	422	3,302	-2,880
Equity and investment fund shares	117	-61	178	-67	-408	341
Deposit-taking corporations except the central bank	-2	83	-85	-43	-3	-40
Other sectors	119	-144	263	-24	-405	381
Debt securities	393	3,558	-3,165	489	3,710	-3,221
Short term	18	-24	42	234	-36	270
Deposit-taking corporations except the central bank	0	0	0	14	0	14
General government	9	-24	33	113	-36	149
Other sectors	9	0	9	107	0	107
Long term	375	3,582	-3,207	255	3,746	-3,491

continued

	EUR millions					
	2017			2018		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Deposit-taking corporations except the central bank	-18	25	-43	119	-58	177
General government	22	3,554	-3,532	138	3,813	-3,675
Other sectors	371	3	368	-2	-9	7

The net incurrence of liabilities came in at EUR 3,302 million, i.e. 5.6 percent below the previous year's level, reflecting the fall in non-residents' equity holdings in local companies. The effect of this decline on net inflows of portfolio investment was contained by Eurobond issues by the Ministry of Public Finance, as well as by the purchase of such securities by non-residents on the secondary market. The year under review saw new issues of government securities to the equivalent of EUR 4.8 billion (in February, June and October) and redemptions of such instruments in the foreign market, equivalent to EUR 1.7 billion (in June).

3.3. Other investment

In 2018, other investment recorded net outflows of EUR 3,362 million, down 23.5 percent from the previous year (Table 29), which reflected net acquisition of assets worth EUR 1,830 million and negative net incurrence of liabilities in the amount of EUR 1,532 million.

Table 29. Other investment

	EUR millions					
	2017			2018		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total, of which:	3,195	-1,202	4,397	1,830	-1,532	3,362
Other equity	4	0	4	8	0	8
Currency and deposits	1,874	-1,140	3,014	458	-898	1,356
Central bank	618	-1	619	-375	2	-377
Deposit-taking corporations except the central bank	1,183	-1,182	2,365	1,286	-793	2,079
General government	0	44	-44	0	-107	107
Other sectors	73	-1	74	-453	0	-453
Loans	56	-1,490	1,546	-47	-1,636	1,589
Central bank	0	0	0	0	0	0
Deposit-taking corporations except the central bank	-21	0	-21	-6	0	-6
General government	83	-1,354	1,437	-33	-1,839	1,806
Other sectors	-6	-136	130	-8	203	-211

continued

	EUR millions					
	2017			2018		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Insurance, pension schemes, and standardised guarantees	73	4	69	41	10	31
Trade credit and advances	1,186	1,368	-182	1,379	1,051	328
General government	620	-9	629	1,003	6	997
Other sectors	566	1,377	-811	376	1,045	-669
Other accounts receivable/payable	2	56	-54	-9	-59	50
Deposit-taking corporations except the central bank	5	68	-63	5	-69	74
General government	0	0	0	0	0	0
Other sectors	-3	-12	9	-14	10	-24

Net acquisitions of assets shrank to EUR 1,830 million from EUR 3,195 million in the previous year, showing mainly withdrawals of deposits abroad by residents (Table 30).

Table 30. Other investment – net acquisition of assets

	EUR millions					
	2017			2018		
	Increase in assets	Decrease in assets	Net acquisition of assets	Increase in assets	Decrease in assets	Net acquisition of assets
Total, of which:	39,234	36,038	3,196	49,651	47,821	1,830
Other equity	4	0	4	8	0	8
Currency and deposits	32,085	30,210	1,875	41,877	41,418	459
Central bank	2,036	1,419	617	1,930	2,305	-375
Deposit-taking corporations except the central bank	11,569	10,386	1,183	16,254	14,967	1,287
General government	17	17	0	19	19	0
Other sectors	18,463	18,388	75	23,674	24,127	-453
Loans	918	862	56	710	757	-47
Deposit-taking corporations except the central bank	698	719	-21	555	560	-5
General government	90	8	82	0	33	-33
Other sectors	130	135	-5	155	164	-9
Insurance, pension schemes, and standardised guarantees	187	114	73	173	132	41
Trade credit and advances	5,545	4,359	1,186	6,462	5,084	1,378
General government	727	107	620	1,087	85	1,002
Other sectors	4,818	4,252	566	5,375	4,999	376
Other accounts receivable	495	493	2	421	430	-9
Deposit-taking corporations except the central bank	45	40	5	43	38	5
General government	0	0	0	0	0	0
Other sectors	450	453	-3	378	392	-14

The negative net incurrence of liabilities rose slightly versus 2017 (from EUR 1,202 million to EUR 1,532 million), reflecting a lower volume of loans taken by the general government and a drop in net liabilities in the form of trade credit and advances (Table 31).

Table 31. Other investment – net incurrence of liabilities

	EUR millions					
	2017			2018		
	Increase in liabilities	Decrease in liabilities	Net incurrence of liabilities	Increase in liabilities	Decrease in liabilities	Net incurrence of liabilities
Total	34,429	35,631	-1,202	36,008	37,540	-1,532
Currency and deposits	15,063	16,203	-1,140	15,941	16,840	-899
Central bank	5,096	5,098	-2	4,961	4,959	2
Deposit-taking corporations except the central bank	8,500	9,682	-1,182	9,340	10,134	-794
General government	1,467	1,423	44	1,640	1,747	-107
Loans	10,391	11,882	-1,491	9,704	11,340	-1,636
Central bank	0	0	0	0	0	0
Deposit-taking corporations except the central bank	0	0	0	0	0	0
General government	652	2,007	-1,355	270	2,108	-1,838
Other sectors	9,739	9,875	-136	9,434	9,232	202
Insurance, pension schemes, and standardised guarantees	53	49	4	22	12	10
Trade credit and advances	7,776	6,408	1,368	8,314	7,263	1,051
General government	21	29	-8	87	81	6
Other sectors	7,755	6,379	1,376	8,227	7,182	1,045
Other accounts payable	1,146	1,089	57	2,027	2,085	-58
Deposit-taking corporations except the central bank	167	99	68	114	183	-69
General government	0	0	0	0	0	0
Other sectors	979	990	-11	1,913	1,902	11

To sum up, in 2018, the balance of payments posted a net volume of transactions in real assets in the amount of EUR 6,446 million (shown under the combined current and capital account deficit), having as counterpart net inflows in the form of financial transactions worth EUR 5,149 million (financial account balance), with the difference being accounted for by errors and omissions.

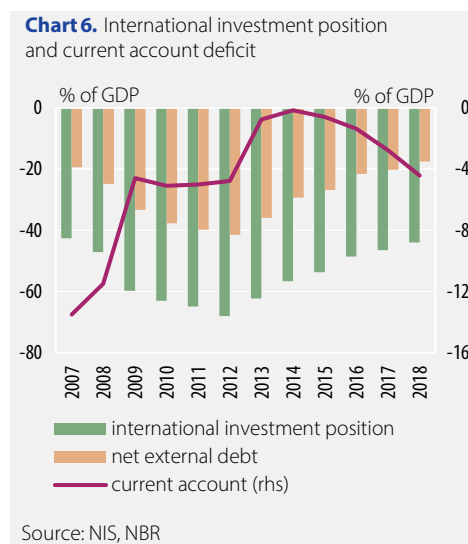
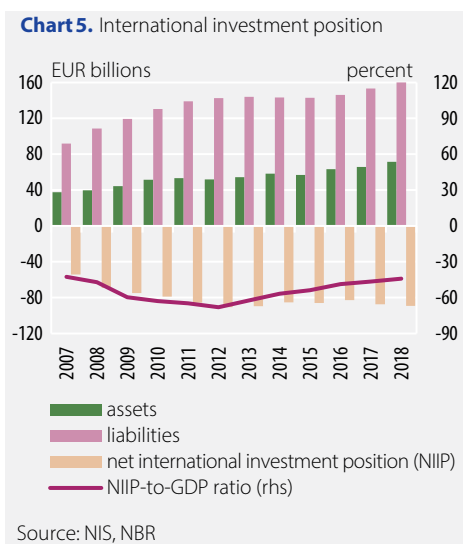
B. Romania's international investment position

1. OVERVIEW

Compared to 2017, the net international investment position continued to deteriorate, reaching EUR -89.3 billion at end-2018 (Chart 5).

In 2007-2018, the indicator had a negative evolution in nominal terms, tending to double towards 2012 compared to 2007 and subsequently showing an adjustment

tendency, mainly brought about by the decrease in net external debt. The robust GDP growth in the period under review caused the ratio of international investment position to GDP to decrease, tending to near the 2007 level. The developments in the composition of net international investment position reveal the major contribution of foreign liabilities in the form of direct investment (55.5 percent of total liabilities at end-2018, i.e. up 2 percentage points versus 2017), which mitigates potential external vulnerabilities.



In parallel to the dynamics of the international investment position and of net external debt, the current account deficit saw a major adjustment in 2008-2009 and then levelled off until 2012, declining to 0.2 percent of GDP at end-2014. In 2015-2018, the current account deficit tended steadily to widen, from 0.6 percent of GDP in 2015 to 4.4 percent of GDP in 2018, as opposed to the adjustment of the net investment position to 44 percent of GDP (Chart 6).

The breakdown of the international investment position by financial instrument was similar to that in the previous year, with direct investment (equity, loans from direct investors) being followed by other investment (loans and deposits) and portfolio investment (long-term debt securities; Table 32). Direct and portfolio investment reported larger shares, whereas the contribution of other investment to foreign funding remained on a downward trend.

Table 32. Foreign assets and liabilities by instrument

	EUR millions		
	Assets	Liabilities	Net
Direct investment	9,202	89,135	-79,933
Portfolio investment	4,127	28,907	-24,780
Financial derivatives	45	32	13
Other investment	21,207	42,608	-21,401
Reserve assets	36,800	0	36,800
Total	71,381	160,682	-89,301

Debt instruments showed an increasing trend during 2018 in the general government sector and the non-financial corporations sector, with roll-over rates²² above 100 percent. The roll-over rate of deposit-taking corporations except the central bank went up to 60.8 percent for long-term instruments (from 55.9 percent) and declined mildly to 103 percent, respectively, for short-term instruments (from 107.5 percent).

The top ten destinations of Romania's foreign assets accounted for 71.9 percent at end-2018, the cumulative value of investment being 11.2 percent higher than at end-2017, with Germany ranking first with 23.4 percent, followed by the United States with 13.4 percent, the Netherlands, the international institutions²³ and France holding more than 5 percent. Romania's foreign liabilities were mainly in relation to EU Member States (65.2 percent), ahead of the United States and Switzerland, cumulatively accounting for 6.8 percent (Table 33).

Table 33. Geographical breakdown of foreign assets and liabilities (by country and international institution)

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total assets, of which:	65,950	100.0	71,381	100.0
Germany	13,716	20.8	16,726	23.4
USA	5,769	8.7	9,535	13.4
International institutions (BIS, ECB, ESM)	6,425	9.7	4,092	5.7
Netherlands	5,269	8.0	5,357	7.5
France	4,445	6.7	3,694	5.2
Italy	1,895	2.9	3,451	4.8
Austria	3,662	5.6	2,797	3.9
Luxembourg	1,889	2.9	2,204	3.1
UK	1,673	2.5	1,887	2.6
Switzerland	1,433	2.2	1,589	2.2
Total liabilities, of which:	153,299	100.0	160,682	100.0
Netherlands	26,037	17.0	25,866	16.1
Germany	17,400	11.4	19,486	12.1
Austria	17,407	11.4	16,043	10.0
Italy	10,011	6.5	13,902	8.7
France	8,527	5.6	9,344	5.8
Luxembourg	8,409	5.5	8,764	5.5
Cyprus	5,803	3.8	6,075	3.8
USA	5,788	3.8	5,668	3.5
UK	5,611	3.7	5,279	3.3
Switzerland	4,408	2.9	5,205	3.2

In 2018, the currency composition of foreign assets showed the prevalence of the euro and the US dollar, whose shares, comparable to those in the previous year, amounted to 76.2 percent. The foreign liabilities of the investment position were mainly denominated in lei and euro, which jointly accounted for 91.2 percent,

²² The roll-over rate is calculated as a ratio of drawings to the repayments of debt instruments.

²³ Bank for International Settlements (BIS), European Central Bank (ECB), European Stability Mechanism (ESM).

with the domestic currency taking a larger share this time round (47.7 percent and 43.5 percent respectively). Foreign liabilities expressed in US dollars, Swiss francs, Japanese yen and special drawing rights made up 8.4 percent of total (Table 34).

Table 34. Currency composition of foreign assets and liabilities

	31 December 2018			
	Foreign assets		Foreign liabilities	
	EUR millions	%	EUR millions	%
Total	71,381	100.0	160,682	100.0
EUR	41,027	57.5	69,915	43.5
USD	13,361	18.7	11,103	6.9
RON	6,262	8.8	76,623	47.7
XAU	3,735	5.2	0	0.0
XDR	1,275	1.8	1,200	0.7
GBP	1,000	1.4	418	0.3
AUD	807	1.1	4	0.0
CAD	591	0.8	55	0.0
NOK	583	0.8	2	0.0
JPY	463	0.6	410	0.3
CHF	182	0.3	787	0.5
Other currencies	2,095	2.9	165	0.1

At end-2018, foreign liabilities in the form of external debt instruments stood at EUR 99.8 billion (versus EUR 97.4 billion at end-2017), up 2.5 percent. Intercompany loans went up to EUR 31.7 billion at end-2018 (from EUR 29.2 billion in 2017), prevalently driven by long-term instruments (EUR 14.3 billion, compared to EUR 12.8 billion at end-2017). Equity rose by EUR 4.7 billion (to EUR 57.5 billion at end-2018), which shows that non-residents continued to make long-term equity investments in Romanian companies.

Romania's international reserves contracted to EUR 36.8 billion (Table 35), covering 4.8 months of imports of goods and services. Their decrease owed to net capital outflows (EUR -0.8 billion) and to amounts arising from changes in the prices of securities (EUR -0.1 billion) and changes in the exchange rates of the main currencies and the monetary gold price (EUR 0.6 billion).

Table 35. Foreign reserve assets

	EUR millions	
	31 December 2017	31 December 2018
Romania's international reserves	37,107	36,800
Monetary gold	3,612	3,735
Foreign exchange reserves	33,495	33,065
Deposits	11,373	10,701
Securities	22,122	22,364

The net creditor position of the central bank stood at EUR 37 billion at end-2018, slightly lower than the year-earlier reading. In year-on-year comparison, foreign investments in the form of deposits went down 9 percent, reaching EUR 10.9 billion, while assets in the form of securities edged up 1.1 percent, to EUR 22.4 billion.

The breakdown of the international investment position by institutional sector in 2018 (Table 36) shows that the sector of deposit-taking corporations except the central bank continued to see a decreasing net debit balance, from EUR 11.8 billion to EUR 9.8 billion, as a joint result of the increase in assets and the decline in foreign liabilities in the form of deposits. The foreign assets of credit institutions expanded by 28.5 percent versus 2017 to EUR 6.5 billion.

The net debtor position of the general government decreased slightly from EUR 30.1 billion to EUR 29.9 billion, down 0.5 percent versus 31 December 2017, amid the pick-up in the stock of foreign assets in the form of trade credit and advances more than offsetting the rise in this sector's external debt through new security issues. Most of the leu-denominated government security issues on the domestic market had maturities spanning between 3 and 20 years and an average coupon of 4 percent.

Non-financial corporations recorded an increase in their net debtor position by 3.7 percent from 2017 to EUR 83.2 billion, with equity in companies operating in Romania, intercompany lending and foreign loans further acting as the main means of financing.

Table 36. International investment position

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	-87,349	100.0	-89,301	100.0
General government	-30,096	34.5	-29,943	33.5
Central bank	37,758	-43.2	37,049	-41.5
Deposit-taking corporations except the central bank	-11,828	13.5	-9,796	11.0
Other sectors, of which:	-83,183	95.2	-86,611	97.0
Non-financial corporations	-80,240	91.9	-83,218	93.2

2. INTERNATIONAL INVESTMENT POSITION

2.1. Foreign assets

At end-2018, foreign assets stood at EUR 71,381 million, up 8.2 percent year on year.

The composition of foreign assets by main component of the investment position remained similar to that seen in the previous year. Specifically, reserve assets further prevailed (Table 37), albeit with a lower share (down 4.7 percentage points to 51.6 percent of total foreign assets), ahead of other investment (up 2 percentage points to 29.7 percent), direct investment (up 2.7 percentage points to 12.9 percent) and portfolio investment (5.8 percent).

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	65,950	100.0	71,381	100.0
Direct investment	6,727	10.2	9,202	12.9
Equity	324	0.5	993	1.4
Debt instruments	6,403	9.7	8,209	11.5
Portfolio investment	3,782	5.7	4,127	5.8
Equity and investment fund shares	1,510	2.3	1,407	2.0
Debt securities (long-term)	2,251	3.4	2,467	3.5
Debt securities (short-term)	21	0.0	253	0.4
Financial derivatives	36	0.1	45	0.1
Other investment	18,298	27.7	21,207	29.7
Other equity	1,007	1.5	989	1.4
Loans	770	1.2	727	1.0
Trade credit and advances	6,664	10.1	8,337	11.7
Currency and deposits	9,150	13.9	10,407	14.6
Other accounts receivable	707	1.1	747	1.0
Reserve assets	37,107	56.3	36,800	51.6

At end-2018, foreign assets in the form of direct investment came in at EUR 9,202 million²⁴, up EUR 2,475 million from the 2017 level, as a result of the 1.8 percentage point increase in the volume of intercompany loans to non-resident enterprises.

The stock of portfolio investment of resident investors came in at EUR 4,127 million, adding 0.1 percentage points in terms of share versus 2017, to 5.8 percent. The breakdown of portfolio investment by instrument shows that resident investors further purchased in 2018 primarily bonds or other long-term securities, and shares of foreign companies to a lesser extent.

During the period under review, the stock of other investment went up 15.9 percent against 2017, to stand at EUR 21,207 million, mainly on the back of trade credit and advances and short-term deposits.

At end-2018, Romania's international reserves (foreign exchange plus monetary gold) amounted to EUR 36,800 million, down EUR 307 million from a year earlier, amid principal repayments and interest payments in relation to the maturing public debt, contained by the new issues of government securities.

The breakdown of foreign assets by institutional sector (Table 38) shows that, at 31 December 2018, the central bank continued to hold the largest share (53.6 percent, down 5.4 percentage points versus the previous year), via reserve assets, ahead

²⁴ According to the BPM6 methodological framework, in the standard presentation of the international investment position and of the gross/net external debt, the asset and liability principle has replaced the directional principle in the presentation of direct investment. The balance on residents' direct investment abroad (directional principle) stood at EUR 1,190 million at end-2018.

of non-financial corporations (with a rising share, to 21.3 percent), deposit-taking corporations except the central bank (on the rise, to 10.9 percent), and the general government (7 percent).

Table 38. Foreign assets by institutional sector

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	65,950	100.0	71,381	100.0
General government	3,668	5.6	5,004	7.0
Central bank	38,930	59.0	38,249	53.6
Deposit-taking corporations except the central bank	6,278	9.5	7,779	10.9
Other sectors, of which:	17,074	25.9	20,349	28.5
Non-financial corporations	12,023	18.2	15,204	21.3

2.2. Foreign liabilities

At end-2018, foreign liabilities amounted to EUR 160,682 million, up 4.8 percent from the end of the previous year (Table 39).

Table 39. Foreign liabilities by instrument

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	153,299	100.0	160,682	100.0
Direct investment	81,946	53.5	89,135	55.5
Equity	52,747	34.4	57,481	35.8
Debt instruments	29,199	19.0	31,654	19.7
Portfolio investment	25,646	16.7	28,907	18.0
Equity and investment fund shares	3,027	2.0	3,328	2.1
Debt securities (long-term)	22,550	14.7	25,546	15.9
Debt securities (short-term)	68	0.0	33	0.0
Financial derivatives	80	0.1	32	0.0
Other investment	45,627	29.8	42,608	26.5
Other equity	0	0.0	0	0.0
Loans	26,940	17.6	23,508	14.6
Trade credit and advances	7,312	4.8	8,617	5.4
Currency and deposits	9,940	6.5	9,067	5.6
Other accounts payable	264	0.2	220	0.1
SDR allocations	1,171	0.8	1,196	0.7

The breakdown of foreign liabilities by main financial instrument shows that the change in ranking that had started in the previous years – when the two large contributors to financing had switched positions – consolidated during 2018 as well. Specifically, the share of direct investment widened by 2 percentage points, to 55.5 percent, and exceeded that of other investment, which narrowed 3.3 percentage points to 26.5 percent. Under other investment, external loans further held the largest share in total liabilities (down 3 percentage points to

14.6 percent), followed by deposits, whose share contracted 0.8 percentage points (to 5.6 percent), and trade credit and advances, whose share added 0.6 percentage points from a year earlier, to 5.4 percent.

At end-2018, the stock of direct investment stood at EUR 89,135 million²⁵ (up 8.8 percent against end-2017), corresponding to a 43.9 percent share in GDP, comparable to the year-earlier reading of 43.7 percent. The stock of equity held by non-residents in the companies operating in Romania stood 9 percent higher than in 2017, while that of debt instruments in the form of intercompany loans added 8.4 percent.

Direct investment in the form of intercompany lending further targeted the main economic sectors, predominantly manufacturing, construction and real estate transactions, trade, financial intermediation and insurance, electricity, gas, water, as well as professional, scientific, technical and administrative activities and support services.

Foreign investors increased their portfolio of unlisted shares in non-financial corporations, banks, insurance undertakings and other financial intermediaries, equalling EUR 53.2 billion at end-2018. The value of non-resident direct investors' shares listed on the domestic capital market declined slightly to EUR 4.3 billion, with non-financial corporations and deposit-taking corporations except the central bank as the main issuers.

The geographical composition of foreign capital in the form of direct investment remained unchanged, with investors coming mostly from EU countries such as the Netherlands, Germany, Austria, Italy, Cyprus, France, and Luxembourg. The recent years' trend in capital contribution has consisted mainly in company restructuring and development, whereas greenfield investment and mergers have recorded a low level.

The stock of foreign direct investment by development region shows that the Bucharest-Ifov region was in the lead, well ahead Centre and West. North-East came in last in terms of foreign direct investment in 2018 as well.

At end-2018, portfolio investment saw its share in total foreign liabilities moving ahead 1.3 percentage points, to 18 percent. The stock of investment in equity and investment fund shares exceeded the previous year's level by EUR 301 million, while that of investment in long-term debt securities (bonds and government securities) came in at EUR 25,546 million, leading to a wider share in foreign liabilities by 1.2 percentage points.

The stable outlook on the investment rating was kept unchanged by rating agencies throughout 2018, ensuring further access onto capital markets, so that the Ministry

²⁵ According to the BPM6 methodological framework, in the standard presentation of the international investment position and of the gross/net external debt, the asset and liability principle has replaced the directional principle in the presentation of direct investment data. The stock of foreign direct investment in Romania (directional principle) stood at EUR 81,124 million at end-2018, as a result of deducting from the equity of and intercompany loans taken by direct investment companies the loans granted by the latter within the group.

of Public Finance launched new government security issues on the domestic and foreign capital markets, at low costs and with sustainable maturities. The stock of euro- and leu-denominated securities issued on the domestic market (EUR 7.4 billion at end-2018) went up versus the previous year by more than EUR 1,500 million.

The financing ensured by tapping foreign capital markets consisted in new Eurobond issues, the first one in February – in a nominal amount of EUR 2 billion (EUR 750 million and EUR 1,250 million respectively), with 12- and 20-year maturities respectively and coupons of 2.5 percent and 3.375 percent respectively – and the second in October, worth EUR 1,150 million and EUR 600 million respectively, with 11- and 21-year maturities respectively and coupons set at 2.875 percent and 4.125 percent respectively. June saw the launch of a government security issue on the US market, in a nominal amount of USD 1,200 million, with a 30-year maturity and a coupon of 5.125 percent.

Other investment amounted to EUR 42,608 million at end-2018, down 6.6 percent from a year earlier, amid further capital outflows in the form of principal repayments related to loans and deposits.

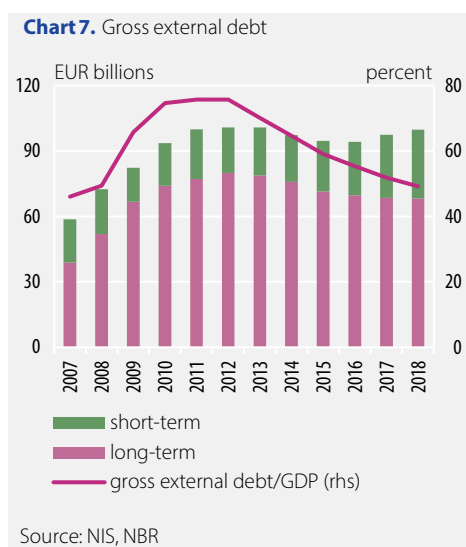
Table 40. Foreign liabilities by institutional sector

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	153,299	100.0	160,682	100.0
General government	33,765	22.0	34,948	21.7
Central bank	1,172	0.8	1,199	0.7
Deposit-taking corporations except the central bank	18,106	11.8	17,575	10.9
Other sectors, of which:	100,256	65.4	106,960	66.6
Non-financial corporations	92,264	60.2	98,422	61.3

The composition of foreign liabilities by institutional sector remained unchanged in 2018 as well (Table 40). Specifically, the non-financial corporations sector further held the largest share (61.3 percent), followed by general government, with a slightly decreasing share (from 22 percent to 21.7 percent), due primarily to new issues of government securities. Deposit-taking corporations except the central bank recorded a share of 10.9 percent, down 0.9 percentage points from 2017, following a drop in the volume of deposits and the low roll-over rates of long-term instruments. The share of the central bank remained unchanged from the previous year.

2.2.1. External debt

As of 2008, gross external debt posted an upward path that peaked at EUR 100 billion in 2012, which was recorded in 2013 as well. In the period from 2014 to 2016, gross external debt displayed a downward trend (Chart 7), amid the maturing principal repayments primarily on long-term external debt. Starting 2017, the evolution of external debt witnessed a trend reversal, ascribable to the sturdy increase of the short-term component, against the backdrop of the rise in the stock of direct investment (intercompany loans) and of trade credit and advances.



At end-2018, the stock of gross external debt²⁶ totalled EUR 99,841 million, up 2.5 percent from end-2017, largely due to short-term external debt. Gross external debt as a share of GDP contracted from 51.9 percent in 2017 to 49.2 percent in 2018.

To the higher stock of gross external debt contributed net transactions worth EUR 2.9 billion and revaluation differences in the amount of EUR 0.7 billion (other changes²⁷). Changes in the exchange rates of currencies and in prices of securities had a negative contribution of EUR 1.2 billion.

Long-term external debt amounted to EUR 68,286 million at end-2018, down 0.3 percent against end-2017. Developments in the stock of long-term external debt during the year under review were attributable to the reduction in private external debt by 4.6 percent. External public debt²⁸ witnessed an increase of 3.9 percent, while the central bank's external debt – shown under SDR allocations from the IMF – rose 2.1 percent from the year-earlier reading solely on the back of exchange rate changes (Table 41).

Table 41. Gross external debt

	EUR millions	
	31 December 2017	31 December 2018
Long-term external debt	68,520	68,286
Public debt	33,550	34,850
Private debt	33,800	32,240
Central bank debt, of which:	1,171	1,196
SDR allocations from the IMF	1,171	1,196
Short-term external debt	28,925	31,555
Gross external debt	97,445	99,841

The currency composition of external debt (with the euro accounting for 70 percent and the US dollar for 11.1 percent) was replicated in a balanced manner in the NBR's foreign exchange reserves, where the euro and the US dollar jointly held 87.1 percent (Table 42), while leu-denominated liabilities totalled 15.9 percent, up 3.2 percentage points versus 2017.

²⁶ The stock of gross external debt is cash-based and hence does not include accrued unmatured interest.

²⁷ Other changes include values that entail a change in the final stock through reclassifications and corrections of statistical reports from previous periods.

²⁸ External public debt includes external loans taken directly by the MPF and local governments, in compliance with the legislation on public debt, including government securities purchased by non-residents – calculated at market value. The value of government securities purchased by non-residents is estimated as a difference between the total value of issues by general government and the total value of holdings of government securities by resident institutional sectors reported by the main financial intermediaries on their behalf and on behalf of their clients for which they render custody services, according to NBR Regulation No. 4/2014, as subsequently amended and supplemented.

Table 42. Currency composition of the NBR's foreign exchange reserves and of external debt

	31 December 2018			
	NBR's foreign exchange reserves		External debt	
	EUR millions	%	EUR millions	%
Total	33,065	100.0	99,841	100.0
EUR	21,036	63.6	69,862	70.0
RON	0	0.0	15,853	15.9
USD	7,748	23.4	11,085	11.1
XDR	1,200	3.6	1,200	1.2
AUD	802	2.4	4	0.0
GBP	611	1.8	418	0.4
CAD	561	1.7	55	0.1
JPY	451	1.4	410	0.4
CHF	89	0.3	787	0.8
Other	567	1.7	167	0.2

Table 43. Long-term gross external debt by creditor

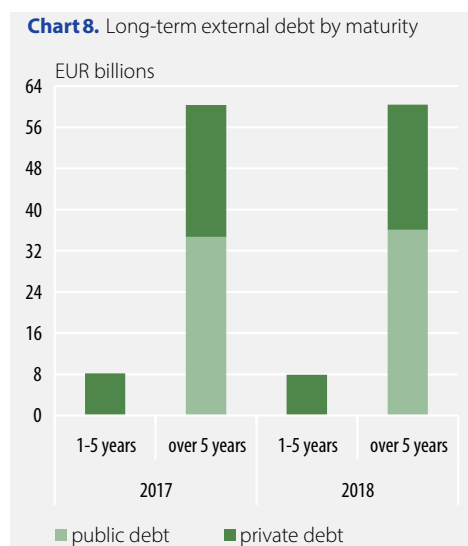
	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	68,520	100.0	68,286	100.0
Loans from international institutions, of which:	13,532	19.7	12,138	17.8
IBRD	4,132	6.0	4,114	6.0
EIB	3,767	5.5	3,699	5.4
EBRD	1,002	1.5	998	1.5
EU	2,350	3.4	1,022	1.5
IMF	1,171	1.7	1,196	1.8
EDF-EC	679	1.0	679	1.0
OEFC	384	0.6	389	0.6
Portfolio investment of private banks and other financial institutions	22,551	32.9	25,545	37.4
Loans from private banks and other financial institutions	19,615	28.6	16,294	23.9
Other	12,822	18.7	14,309	21.0

Table 44. Long-term external debt by maturity

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	68,520	100.0	68,286	100.0
1-5 years	8,201	12.0	7,903	11.6
Public debt	3	0.0	4	0.0
Private debt	8,198	12.0	7,899	11.6
More than 5 years	60,319	88.0	60,383	88.4
Public debt	34,718	50.7	36,042	52.8
Private debt	25,601	37.4	24,341	35.6

Long-term external debt by creditor at end-2018 shows that private banks further held the largest share (61.3 percent), slightly down 0.2 percentage points year on year, primarily on account of portfolio investment, while official creditors saw their share

decrease by 2 percentage points versus 2017, to 17.8 percent, owing to debt repayments on the financial arrangements with international institutions. Among private creditors, foreign credit institutions continued the long-term lending to the economy, as well as general government financing via purchasing government securities, thus increasing the stock of portfolio investment by EUR 2,995 million against 2017 (Table 43).



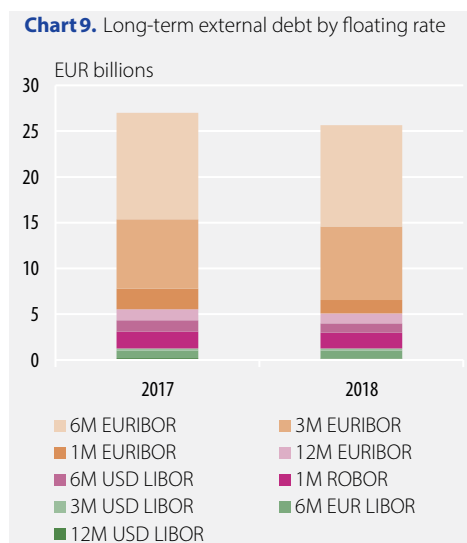
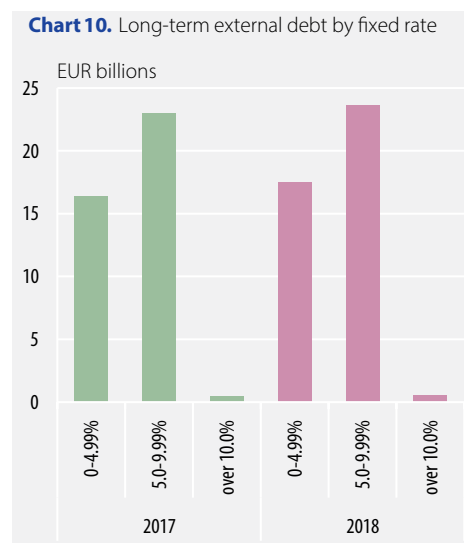
Long-term external debt by maturity at end-2018 shows a reduction in the stock of external debt across the 1 to 5 year-maturity and an increase in external debt maturing in more than 5 years (Table 44). In the context of a rise in external public debt versus the previous years, the maturity breakdown changed accordingly, with the original maturity consolidating its trend towards convenient maturities (Chart 8).

Long-term external debt by type of interest rate shows that the stock of floating-rate loans remained, in 2018 as well, on a slight downtrend versus

a year earlier across several interest rate types (Table 45). Fixed-rate loans saw an increase in the 0-5 percent range, by 1.7 percentage points, while – unlike the previous year – those in the immediately consecutive ranges posted a 1.1 percentage point rise. Compared to 2017, the share of floating rates decreased (Chart 9) and that of fixed rates went up (Chart 10), which renders the long-term debt service sustainable.

Table 45. Long-term external debt by type of interest rate

	31 December 2017		31 December 2018	
	EUR millions	%	EUR millions	%
Total	68,520	100.0	68,286	100.0
Floating rates, of which:	28,662	41.8	26,657	39.0
12M USD LIBOR	208	0.3	183	0.3
6M EUR LIBOR	844	1.2	848	1.2
3M USD LIBOR	200	0.3	224	0.3
1M ROBOR	1,849	2.7	1,733	2.5
6M USD LIBOR	1,227	1.8	1,015	1.5
12M EURIBOR	1,216	1.8	1,074	1.6
1M EURIBOR	2,261	3.3	1,460	2.1
3M EURIBOR	7,549	11.0	8,052	11.8
6M EURIBOR	11,661	17.0	11,068	16.2
Fixed rates	39,858	58.2	41,629	61.0
0-4.99%	16,369	23.9	17,482	25.6
5.0-9.99%	23,013	33.6	23,599	34.6
over 10.0%	476	0.7	548	0.8

Chart 9. Long-term external debt by floating rate**Chart 10.** Long-term external debt by fixed rate**Table 46.** Long-term external debt by institutional sector

	2017		2018	
	EUR millions	%	EUR millions	%
Total	68,520	100.0	68,286	100.0
General government	33,425	48.8	34,758	50.9
Central bank	1,171	1.7	1,196	1.8
Deposit-taking corporations except the central bank	6,377	9.3	5,233	7.7
Other sectors, of which:	27,547	40.2	27,099	39.7
Non-financial corporations	22,851	33.3	22,064	32.3

Credit institutions' long-term external debt witnessed a further contraction during 2018 (Table 46), on account of the reduction in non-residents' deposits, while general government debt continued to increase, primarily via the new securities issues on capital markets. Non-financial corporations' long-term debt stood below that recorded at end-2017, its share in total debt shrinking 1 percentage point to 32.3 percent.

Table 47. Long-term external debt by instrument

	2017		2018	
	EUR millions	%	EUR millions	%
Total	68,520	100.0	68,286	100.0
Direct investment instruments	12,822	18.7	14,309	21.0
Loans	25,369	37.0	21,785	31.9
Trade credit and advances	370	0.5	309	0.5
Currency and deposits	6,210	9.1	5,125	7.5
Debt securities	22,550	32.9	25,545	37.4
SDR allocations	1,171	1.7	1,196	1.8
Other accounts payable	28	0.0	17	0.0

The composition of long-term external debt by instrument (Table 47) shows declining shares of loans and deposits by 6.7 percentage points, whereas the share of portfolio investment instruments in the form of debt securities and that of intercompany loans widened by 4.5 percentage points and 2.2 percentage points respectively.

Short-term external debt ended the year 2018 at EUR 31,555 million, accounting for 31.6 percent of total gross external debt. Institutional sectors' weights in the short-term external debt stuck to the previous years' trend, with the non-financial corporations sector further making the largest contribution (85.4 percent, up 0.3 percentage points), ahead of deposit-taking corporations except the central bank and the government sector, with significantly smaller and declining shares (Table 48).

Table 48. Short-term external debt by institutional sector

	2017		2018	
	EUR millions	%	EUR millions	%
Total	28,925	100.0	31,555	100.0
Government sector	339	1.2	190	0.6
Central bank	2	0.0	3	0.0
Deposit-taking corporations except the central bank	3,565	12.3	3,809	12.1
Other sectors, of which:	25,019	86.5	27,553	87.3
Non-financial corporations	24,620	85.1	26,948	85.4

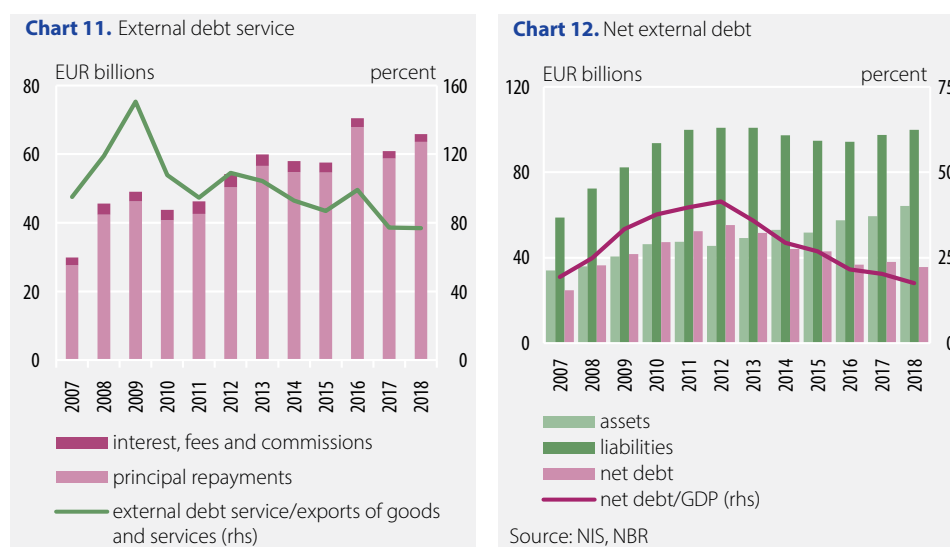
The non-financial corporations sector and deposit-taking corporations except the central bank resorted to short-term foreign funds in 2018 as well, as pointed out by roll-over rates of over 100 percent.

Debt instruments in the form of deposits taken by credit institutions, as a source of short-term funding, rose by EUR 211 million, but their share narrowed 0.4 percentage points compared with 2017, to 12.5 percent (Table 49). Direct investment instruments witnessed similar developments, their value increasing by EUR 969 million, while their share declined by 1.6 percentage points, to 55 percent. Trade credit and advances went up both in absolute terms and as a share in total, by EUR 1,366 million and 2.3 percentage points respectively.

Table 49. Short-term external debt by instrument

	2017		2018	
	EUR millions	%	EUR millions	%
Total	28,925	100.0	31,555	100.0
Direct investment instruments	16,377	56.6	17,346	55.0
Loans	1,571	5.4	1,723	5.5
Trade credit and advances	6,942	24.0	8,308	26.3
Currency and deposits	3,731	12.9	3,941	12.5
Debt securities	68	0.2	33	0.1
Other accounts payable	236	0.8	203	0.6

The external debt service posted significant increases during 2008-2009, followed by a moderate easing in 2010 and rises 2011 through 2013 (Chart 11). After having stood below the EUR 60 billion mark in the period from 2014 to 2015, the external debt service exceeded EUR 70 billion in 2016, reflecting government security redemptions, withdrawals of deposits by non-residents, and other payments to multilateral and private creditors in line with commitments falling due. The year 2017 saw the level of the external debt service decline both in absolute terms (to EUR 60.9 billion) and as a share in exports of goods and services (to 77.2 percent). During 2018, the external debt service rose again, reaching EUR 65.8 billion. Looking at the breakdown, the service was mainly ascribable to capital outflows in the form of short-term intercompany payments, liquidation of deposits, and trade credit and advances with a maturity of up to 1 year falling due.



In 2018, the external debt service amounted to EUR 65,820 million, of which principal repayments equalled EUR 63,598 million and payments of interest and commissions totalled EUR 2,223 million. The composition by maturity shows that the share of long-term external debt service narrowed from 31.9 percent in 2017 to 29.1 percent in 2018 and that of short-term external debt service widened from 68.1 percent to 70.9 percent.

Net external debt²⁹, the indicator that is a component of the international investment position, witnessed a considerable adjustment in the period under review, from 19.4 percent of GDP in 2007 to 41.5 percent of GDP in 2012, before declining to 17.6 percent of GDP at end-2018 (Chart 12).

Net external debt came in at EUR 35.6 billion at end-2018, down from EUR 38 billion in 2017, amid the decline in net external debt of general government, deposit-taking corporations except the central bank, and of other sectors (Table 50). The net external debt stemming from direct investment reached EUR 23.4 billion from EUR 22.8 billion

²⁹ Calculated as the difference between foreign liabilities and foreign assets related to all debt instruments (loans, currency and deposits, bonds and money market instruments, trade credit and advances).

in the previous year, primarily on account of the higher stock of intercompany trade credit. The decrease in foreign assets from EUR 35.3 billion to EUR 34.5 billion entailed a decline in the central bank's stock of net external debt from EUR -34.1 billion to EUR -33.3 billion.

Table 50. Net external debt at end-2018

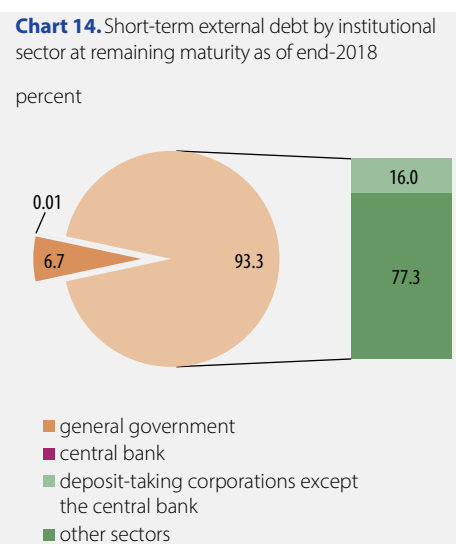
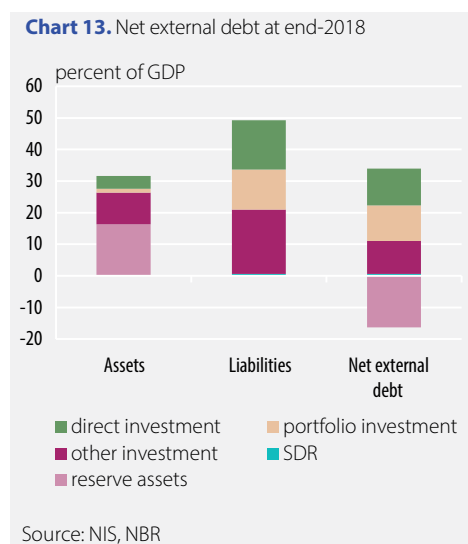
	EUR millions		
	Gross external debt	Foreign assets based on debt instruments	Net external debt
General government	34,948	4,051	30,897
Currency and deposits	154	8	146
Debt securities	25,466	290	25,176
Loans	9,322	110	9,212
Trade credit and advances	2	3,562	-3,560
Other accounts receivable/payable	4	81	-77
Central bank	1,199	34,478	-33,279
Special drawing rights (SDR)	1,196	1,200	-4
Currency and deposits	3	10,914	-10,911
Debt securities	0	22,364	-22,364
Loans	0	0	0
Other accounts receivable/payable	0	0	0
Deposit-taking corporations except the central bank	9,038	7,633	1,405
Currency and deposits	8,909	6,750	2,159
Debt securities	106	276	-170
Loans	0	580	-580
Other accounts receivable/payable	23	27	-4
Other sectors	23,001	9,842	13,159
Currency and deposits	0	2,237	-2,237
Debt securities	7	2,155	-2,148
Loans	14,186	37	14,149
Trade credit and advances	8,616	4,775	3,841
Other accounts receivable/payable	192	638	-446
Direct investment, debt instruments (intercompany lending)	31,655	8,209	23,446
Total	99,841	64,213	35,628

At 31 December 2018, net external debt accounted for 17.6 percent of GDP, down 2.7 percentage points versus end-2017, which led to a reduction in the debit balance of the international investment position from 46.5 percent to 44 percent of GDP (Chart 13).

The stock of short-term external debt at remaining maturity³⁰ totalled EUR 44,608 million, of which other sectors' debt accounted for 77.3 percent (Chart 14). The ratio of the foreign exchange reserves to short-term external debt at remaining

³⁰ Short-term external debt outstanding at end-2018 plus the principal and/or interest on long-term gross external debt payable over the following 12 months (2019).

maturity followed a constantly downward path, reaching 74.1 percent from 78.9 percent a year earlier, through the joint contribution of the higher stock of short-term external debt and lower forex reserves.



The analysis of the main indebtedness indicators in 2018 shows that the share of long-term external debt in GDP narrowed to 33.7 percent (from 36.5 percent in the previous year), while the share of short-term external debt in GDP widened to 15.6 percent (from 15.4 percent in 2017).

Starting 2014, the external debt service has constantly stood below the level of exports of goods and services, while in 2018 it took 76.9 percent of the total value of exports. In relation to GDP, the external debt service saw its share stick to the 2017 reading of 32.4 percent.

The ratio of gross external debt to exports of goods and services was 116.6 percent, while the share of interest in total exports of goods and services decreased to 2.6 percent, from 2.8 percent in 2017.

At end-2018, Romania's international reserves (foreign currency and monetary gold) covered 4.8 months of imports of goods and services. The ratio of foreign exchange reserves at the National Bank of Romania to short-term external debt³¹ fell to 104.8 percent at end-2018, compared with 115.8 percent at end-2017.

³¹ Gross external debt with an original maturity of up to and including 1 year.

Statistical section

Balance of payments, 2017 – 2018

Item	EUR millions					
	2017			2018		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	88,701	93,919	-5,218	95,282	104,242	-8,960
A. Goods and services	78,920	82,939	-4,019	85,612	92,057	-6,445
a. Goods	57,189	69,395	-12,206	61,819	76,624	-14,805
general merchandise on a balance of payments basis	57,185	69,395	-12,210	61,750	76,624	-14,874
net exports of goods under merchandising	4	0	4	69	0	69
goods acquired under merchandising	-259	0	-259	-331	0	-331
goods sold under merchandising	263	0	263	400	0	400
b. Services	21,731	13,544	8,187	23,793	15,433	8,360
processing of goods	2,999	193	2,806	2,936	182	2,754
transport	6,425	2,437	3,988	6,912	2,932	3,980
travel	2,711	3,854	-1,143	2,877	4,522	-1,645
other	9,596	7,060	2,536	11,068	7,797	3,271
B. Primary income	5,241	7,909	-2,668	5,271	9,038	-3,767
compensation of employees	2,965	93	2,872	2,946	104	2,842
investment income	465	7,587	-7,122	539	8,689	-8,150
other primary income	1,811	229	1,582	1,786	245	1,541
C. Secondary income	4,540	3,071	1,469	4,399	3,147	1,252
general government	1,135	1,448	-313	972	1,500	-528
other sectors	3,405	1,623	1,782	3,427	1,647	1,780
2. Capital account	2,250	32	2,218	2,580	65	2,515
A. Capital transfers	1,975	2	1,973	1,827	0	1,827
general government	1,953	0	1,953	1,753	0	1,753
other sectors	22	2	20	74	0	74
B. Acquisitions/disposals of non-produced non-financial assets	275	30	245	753	65	688
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	4,408	7,528	-3,120	2,825	7,974	-5,149
A. Direct investment	350	5,233	-4,883	1,259	6,204	-4,945
equity	387	3,965	-3,578	478	5,532	-5,054
equity other than reinvestment of earnings	428	2,232	-1,804	470	2,959	-2,489
reinvestment of earnings	-41	1,733	-1,774	8	2,573	-2,565
debt instruments	-37	1,268	-1,305	781	672	109
B. Portfolio investment	510	3,497	-2,987	422	3,302	-2,880
equity and investment fund shares	117	-62	179	-67	-409	342
debt securities	393	3,559	-3,166	489	3,711	-3,222
C. Financial derivatives	-71	x	-71	85	x	85
D. Other investment	3,195	-1,202	4,397	1,830	-1,532	3,362
other equity	4	0	4	8	0	8
currency and deposits	1,874	-1,140	3,014	458	-898	1,356
loans	56	-1,490	1,546	-47	-1,636	1,589
insurance, pension schemes, and standardised guarantees	73	4	69	41	10	31
trade credit and advances	1,186	1,368	-182	1,378	1,051	327
other accounts receivable/payable	2	56	-54	-8	-59	51
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	424	0	424	-771	0	-771
4. Net errors and omissions	x	x	-121	x	x	1,296

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

Quarterly balance of payments, 2018

Item	EUR millions					
	Q1			Q2		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	23,699	24,540	-841	23,789	26,397	-2,608
A. Goods and services	20,794	21,548	-754	21,447	22,781	-1,334
a. Goods	15,507	18,182	-2,675	15,546	18,940	-3,394
general merchandise on a balance of payments basis	15,505	18,182	-2,677	15,532	18,940	-3,408
net exports of goods under merchandising	2	0	2	14	0	14
goods acquired under merchandising	-68	0	-68	-86	0	-86
goods sold under merchandising	70	0	70	100	0	100
b. Services	5,287	3,366	1,921	5,901	3,841	2,060
processing of goods	723	57	666	728	43	685
transport	1,563	641	922	1,745	755	990
travel	550	926	-376	696	1,077	-381
other	2,451	1,742	709	2,732	1,966	766
B. Primary income	2,014	2,197	-183	1,205	2,909	-1,704
compensation of employees	631	25	606	699	27	672
investment income	107	2,113	-2,006	152	2,822	-2,670
other primary income	1,276	59	1,217	354	60	294
C. Secondary income	891	795	96	1,137	707	430
general government	173	406	-233	227	317	-90
other sectors	718	389	329	910	390	520
2. Capital account	287	8	279	491	12	479
A. Capital transfers	165	0	165	307	0	307
general government	150	0	150	285	0	285
other sectors	15	0	15	22	0	22
B. Acquisition/disposal of non-produced non-financial assets	122	8	114	184	12	172
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	3,821	4,167	-346	-2,808	-934	-1,874
A. Direct investment	642	2,085	-1,443	199	347	-148
equity	146	1,861	-1,715	115	-146	261
equity other than reinvestment of earnings	144	615	-471	113	-31	144
reinvestment of earnings	2	1,246	-1,244	2	-115	117
debt instruments	496	224	272	84	493	-409
B. Portfolio investment	69	1,772	-1,703	123	-423	546
equity and investment fund shares	-87	-101	14	-39	-60	21
debt securities	156	1,873	-1,717	162	-363	525
C. Financial derivatives	51	x	51	11	x	11
D. Other investment	1,577	310	1,267	346	-858	1,204
other equity	0	0	0	0	0	0
currency and deposits	657	-2	659	277	-659	936
loans	4	-80	84	-40	-1,271	1,231
insurance, pension schemes, and standardised guarantees	27	-1	28	-27	3	-30
trade credit and advances	904	392	512	131	500	-369
other accounts receivable/payable	-15	1	-16	5	569	-564
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	1,482	0	1,482	-3,487	0	-3,487
4. Net errors and omissions	x	x	216	x	x	255

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

EUR millions						Item
Q3			Q4			
Credit	Debit	Balance	Credit	Debit	Balance	
23,485	26,564	-3,079	24,309	26,741	-2,432	1. Current account
21,439	23,089	-1,650	21,932	24,639	-2,707	A. Goods and services
15,349	19,044	-3,695	15,417	20,458	-5,041	a. Goods
15,347	19,044	-3,697	15,366	20,458	-5,092	general merchandise on a balance of payments basis
2	0	2	51	0	51	net exports of goods under merchanting
-108	0	-108	-69	0	-69	goods acquired under merchanting
110	0	110	120	0	120	goods sold under merchanting
6,090	4,045	2,045	6,515	4,181	2,334	b. Services
684	42	642	801	40	761	processing of goods
1,751	757	994	1,853	779	1,074	transport
950	1,351	-401	681	1,168	-487	travel
2,705	1,895	810	3,180	2,194	986	other
1,033	2,661	-1,628	1,019	1,271	-252	B. Primary income
780	28	752	836	24	812	compensation of employees
136	2,576	-2,440	144	1,178	-1,034	investment income
117	57	60	39	69	-30	other primary income
1,013	814	199	1,358	831	527	C. Secondary income
146	382	-236	426	395	31	general government
867	432	435	932	436	496	other sectors
529	6	523	1,273	39	1,234	2. Capital account
317	0	317	1,038	0	1,038	A. Capital transfers
315	0	315	1,003	0	1,003	general government
2	0	2	35	0	35	other sectors
212	6	206	235	39	196	B. Acquisition/disposal of non-produced non-financial assets
Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net	
715	2,638	-1,923	1,097	2,103	-1,006	3. Financial account
19	2,709	-2,690	399	1,063	-664	A. Direct investment
109	1,596	-1,487	108	2,221	-2,113	equity
107	494	-387	106	1,881	-1,775	equity other than reinvestment of earnings
2	1,102	-1,100	2	340	-338	reinvestment of earnings
-90	1,113	-1,203	291	-1,158	1,449	debt instruments
-38	90	-128	268	1,863	-1,595	B. Portfolio investment
23	-51	74	36	-197	233	equity and investment fund shares
-61	141	-202	232	2,060	-1,828	debt securities
23	x	23	x	0	0	C. Financial derivatives
1,030	-161	1,191	-1,123	-823	-300	D. Other investment
8	0	8	0	0	0	other equity
908	128	780	-1,384	-365	-1,019	currency and deposits
59	-131	190	-70	-154	84	loans
-10	2	-12	51	6	45	insurance, pension schemes, and standardised guarantees
66	-346	412	277	505	-228	trade credit and advances
-1	186	-187	3	-815	818	other accounts receivable/payable
0	0	0	0	0	0	special drawing rights
-319	0	-319	1,553	0	1,553	E. NBR's reserve assets
x	x	632	x	x	193	4. Net errors and omissions

Romania's international investment position, 2010 – 2018									
Institutional sectors	EUR millions, end of period								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
I. Central bank	25,738	25,831	25,585	29,689	33,095	34,092	37,857	37,758	37,050
Foreign assets, of which:	35,982	37,283	35,444	35,509	35,693	35,652	39,115	38,931	38,249
Foreign exchange reserve	32,432	33,193	31,206	32,525	32,216	32,238	34,242	33,494	33,065
Monetary gold	3,518	4,058	4,207	2,910	3,290	3,247	3,664	3,612	3,735
Foreign liabilities, of which:	10,244	11,452	9,859	5,820	2,598	1,560	1,258	1,172	1,199
Currency and deposits	22	53	57	10	3	186	3	2	3
Loans from the IMF	9,083	10,231	8,654	4,708	1,421	122	0	0	0
SDR allocations	1,139	1,168	1,148	1,102	1,173	1,252	1,255	1,171	1,196
II. General government	-15,965	-20,288	-22,998	-27,298	-29,808	-28,278	-29,172	-30,096	-29,943
Foreign assets, of which:	2,592	2,734	2,575	2,567	2,833	3,102	3,266	3,668	5,005
Other investment, of which:	2,592	2,734	2,575	2,567	2,833	3,102	3,256	3,629	4,715
other equity	713	797	785	868	945	1,027	1,053	972	954
trade credit and advances	1,761	1,781	1,715	1,625	1,810	1,985	2,047	2,429	3,562
Foreign liabilities, of which:	18,557	23,022	25,573	29,865	32,641	31,380	32,439	33,765	34,948
Portfolio investment	4,275	6,098	9,500	14,214	17,999	18,153	19,694	22,435	25,466
debt securities	4,275	6,098	9,500	14,214	17,999	18,153	19,694	22,435	25,466
Other investment, of which:	14,282	16,923	16,072	15,652	14,641	13,227	12,745	11,330	9,482
currency and deposits	115	132	92	92	215	5	224	260	154
loans	14,139	16,062	15,952	15,535	14,403	13,197	12,507	11,057	9,322
III. Deposit-taking corporations except the central bank	-27,912	-28,749	-27,094	-23,875	-18,996	-17,189	-13,564	-11,828	-9,796
Foreign assets, of which:	2,722	1,975	2,303	2,208	3,538	4,371	5,265	6,278	7,779
Direct investment	109	36	41	42	42	44	33	35	89
equity	109	36	41	40	42	41	31	33	88
debt instruments	0	0	0	2	0	3	2	3	1
Portfolio investment	557	403	414	578	641	294	212	184	302
equity and investment fund shares	82	33	31	19	23	1	44	38	27
debt securities	475	370	383	559	618	293	168	146	276
Other investment, of which:	2,056	1,536	1,848	1,588	2,855	4,033	5,019	6,036	7,358
currency and deposits	1,721	1,158	1,369	1,348	2,401	3,419	4,370	5,432	6,750
loans	285	344	413	214	439	597	631	582	580
other accounts receivable	50	34	66	26	14	18	19	22	27
Foreign liabilities, of which:	30,634	30,724	29,397	26,083	22,534	21,559	18,829	18,106	17,575
Direct investment	6,571	6,501	7,137	6,658	5,625	6,257	6,350	6,816	7,341
equity	6,571	6,501	7,137	6,657	5,623	6,249	6,346	6,812	7,338
debt instruments	0	0	0	1	3	8	4	4	3
Portfolio investment	162	93	278	560	882	1,152	1,469	1,442	1,274
equity and investment fund shares	36	50	60	394	678	982	1,317	1,274	1,168
debt securities	126	43	218	166	204	171	152	168	106
Other investment, of which:	23,901	24,130	21,982	18,866	16,027	14,150	11,010	9,770	8,933
currency and deposits	23,854	24,098	21,321	18,724	15,852	14,129	10,985	9,678	8,909
other accounts payable	47	31	661	141	175	21	25	92	23

continued

Institutional sectors	EUR millions, end of period								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
IV. Other sectors	-60,856	-62,352	-66,121	-68,103	-69,414	-74,738	-77,922	-83,183	-86,611
Foreign assets, <i>of which:</i>	10,237	11,419	11,570	14,086	16,272	13,858	15,831	17,074	20,349
Direct investment	1,800	1,939	1,641	3,764	5,256	5,845	6,293	6,692	9,112
equity	272	337	304	394	65	-142	-118	292	905
debt instruments	1,528	1,602	1,337	3,370	5,191	5,987	6,412	6,401	8,208
Portfolio investment	1,025	1,206	1,640	1,770	1,795	2,470	2,940	3,558	3,535
equity and investment fund shares	502	692	879	844	806	1,054	1,195	1,471	1,381
debt securities	523	514	761	926	989	1,417	1,745	2,086	2,155
Other investment, <i>of which:</i>	7,422	8,274	8,289	8,551	9,211	5,537	6,592	6,810	7,687
currency and deposits	1,747	2,173	2,446	2,614	2,984	2,122	2,078	1,922	2,237
loans	2,994	3,188	3,162	3,163	3,391	117	116	46	37
trade credit and advances	2,612	2,767	2,468	2,573	2,564	3,247	3,840	4,234	4,775
other accounts receivable	70	147	214	201	272	51	557	607	638
Foreign liabilities, <i>of which:</i>	71,093	73,771	77,691	82,189	85,686	88,596	93,753	100,256	106,960
Direct investment	45,012	47,637	50,925	57,171	61,408	63,549	69,991	75,130	81,794
equity	28,961	30,503	32,131	34,057	37,641	38,854	42,623	45,936	50,143
debt instruments	16,051	17,134	18,794	23,114	23,767	24,696	27,368	29,195	31,651
Portfolio investment	1,377	1,330	2,334	1,994	2,265	2,312	1,731	1,768	2,167
equity and investment fund shares	1,336	1,289	2,334	1,990	2,251	2,298	1,717	1,753	2,160
debt securities	41	41	0	4	14	14	14	16	7
Other investment, <i>of which:</i>	24,704	24,804	24,431	23,022	22,008	22,732	22,028	23,355	22,994
loans	22,956	22,764	22,565	21,362	20,429	17,328	15,763	15,884	14,186
trade credit and advances	1,744	1,972	1,847	1,564	1,514	5,222	6,001	7,308	8,615
other accounts payable	4	69	19	95	65	182	264	163	192
Net position	-78,995	-85,558	-90,628	-89,588	-85,123	-86,113	-82,802	-87,349	-89,301
Foreign assets	51,533	53,411	51,892	54,370	58,336	56,982	63,477	65,950	71,381
Foreign liabilities	130,528	138,969	142,520	143,958	143,459	143,095	146,279	153,299	160,682

Romania's gross international reserve, 2010 – 2018

	EUR millions, end of period								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
National Bank of Romania	35,951	37,252	35,413	35,435	35,506	35,485	37,905	37,107	36,800
Gold	3,518	4,058	4,207	2,910	3,290	3,247	3,664	3,612	3,735
Foreign exchange reserve	32,432	33,194	31,206	32,525	32,216	32,238	34,242	33,494	33,065
Credit institutions	2,298	1,639	1,892	2,035	3,285	3,512	4,240	5,081	6,527
Foreign currency	2,298	1,639	1,892	2,035	3,285	3,512	4,240	5,081	6,527
Gross international reserve, of which:	38,249	38,891	37,305	37,470	38,791	38,997	42,145	42,188	43,327
Gross foreign exchange reserve	34,731	34,833	33,098	34,559	35,501	35,750	38,482	38,576	39,592

External debt indicators, 2010 – 2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018
	EUR millions								
External debt (ED)	93,624	99,926	100,857	100,859	97,260	94,710	94,273	97,445	99,841
Long-term (LT)	74,075	77,131	79,936	78,860	75,829	71,425	69,645	68,520	68,286
Short-term (ST)	19,549	22,795	20,921	21,999	21,431	23,285	24,628	28,925	31,555
GDP	125,477	131,963	133,246	143,802	150,428	160,312	170,378	187,801	202,905
Exports of goods and services (EXP)	40,572	48,799	49,776	57,495	62,417	66,282	71,048	78,920	85,612
Imports of goods and services (IMP)	48,697	56,526	56,568	58,534	62,901	67,255	72,485	82,940	92,057
External debt service (EDS)	43,775	46,232	54,268	59,961	58,019	57,570	70,436	60,891	65,820
Principal repayments	40,745	42,631	50,339	56,583	54,768	54,640	67,885	58,691	63,598
long-term (LT)	12,756	12,932	16,391	24,254	21,879	23,247	19,136	17,512	17,403
short-term (ST)	27,989	29,699	33,948	32,329	32,889	31,393	48,750	41,179	46,195
Interest payments (INT)	3,030	3,601	3,929	3,378	3,251	2,931	2,550	2,200	2,223
long-term (LT)	1,940	2,207	2,273	2,032	2,224	2,039	1,906	1,928	1,729
short-term (ST)	1,090	1,394	1,656	1,346	1,026	892	644	272	493
Romania's international reserves (IR)	35,951	37,252	35,413	35,435	35,506	35,485	37,905	37,107	36,800
	percent								
ED/GDP	74.6	75.7	75.7	70.1	64.7	59.1	55.3	51.9	49.2
LT/GDP	59.0	58.4	60.0	54.8	50.4	44.6	40.9	36.5	33.7
ED/EXP	230.8	204.8	202.6	175.4	155.8	142.9	132.7	123.5	116.6
LT/EXP	182.6	158.1	160.6	137.2	121.5	107.8	98.0	86.8	79.8
EDS/EXP	107.9	94.7	109.0	104.3	93.0	86.9	99.1	77.2	76.9
EDS/GDP	34.9	35.0	40.7	41.7	38.6	35.9	41.3	32.4	32.4
EDS/IR	121.8	124.1	153.2	169.2	163.4	162.2	185.8	164.1	178.9
INT/EXP	7.5	7.4	7.9	5.9	5.2	4.4	3.6	2.8	2.6
ST/ED	20.9	22.8	20.7	21.8	22.0	24.6	26.1	29.7	31.6
Multilateral/ED	26.8	29.5	27.8	24.2	20.5	17.7	16.3	14.3	12.6
	months								
IR/IMP	8.9	7.9	7.5	7.3	6.8	6.4	6.3	5.4	4.8

Romania's international investment position at end-2018 by institutional sector						
	EUR millions					
Institutional sector	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
I. General government	-30,096	-608	947	-116	-70	-29,943
Foreign assets	3,668	1,229	0	-58	165	5,005
Portfolio investment	40	251	0	0	0	290
Long-term debt securities	31	138	0	0	0	169
Short-term debt securities	9	113	0	0	0	121
Financial derivatives	0	0	0	0	0	0
Other investment	3,629	978	0	-58	165	4,715
Other equity	972	8	0	-57	31	954
Trade credit and advances	2,429	1,003	0	0	130	3,562
Loans	143	-33	0	0	0	110
Deposits	8	0	0	0	0	8
Other accounts receivable	78	0	0	0	3	81
other long-term accounts receivable	5	0	0	0	0	5
other short-term accounts receivable	72	0	0	0	3	76
Foreign liabilities	33,765	1,838	-947	59	235	34,948
Portfolio investment	22,435	3,777	-947	0	202	25,466
Long-term debt securities	22,367	3,813	-948	0	201	25,433
Short-term debt securities	68	-36	1	0	0	33
Other investment	11,330	-1,939	0	59	33	9,482
Trade credit and advances	4	6	0	-9	0	1
Loans	11,057	-1,839	0	71	32	9,322
Deposits	260	-107	0	0	1	154
Other accounts payable	8	0	0	-4	0	4
other long-term accounts payable	8	0	0	-4	0	4
other short-term accounts payable	0	0	0	0	0	0
II. Central bank	37,758	-1,148	-7	0	446	37,049
Foreign assets	38,930	-1,146	-7	0	471	38,248
Other investment	1,824	-375	0	0	0	1,448
Other equity	36	0	0	0	0	35
Deposits	1,788	-375	0	0	0	1,413
Reserve assets	37,107	-771	-7	0	471	36,800
Monetary gold	3,612	0	123	0	0	3,735
Foreign exchange reserve	33,494	-771	-130	0	471	33,065
Foreign liabilities	1,172	2	0	-1	25	1,199
Other investment	1,172	2	0	-1	25	1,199
Loans	0	0	0	0	0	0
long-term loans	0	0	0	0	0	0
Deposits	2	2	0	-1	0	3
SDR allocations	1,171	0	0	0	25	1,196

continued

Institutional sector	EUR millions					
	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
III. Deposit-taking corporations except the central bank	-11,828	1,555	328	124	24	-9,796
Foreign assets	6,278	1,426	6	29	40	7,779
Direct investment	35	45	0	9	0	89
Equity	33	47	0	9	0	88
Debt instruments	3	-1	0	0	0	1
Portfolio investment	184	87	6	20	4	302
Equity and investment fund shares	38	-42	9	20	1	27
Long-term debt securities	146	119	-3	0	3	265
Short-term debt securities	0	11	0	0	0	11
Financial derivatives	22	8	0	0	0	30
Other investment	6,036	1,286	0	0	36	7,358
Loans	582	-6	0	0	4	580
long-term loans	536	-165	0	0	4	374
short-term loans	46	160	0	0	0	206
Currency and deposits	5,432	1,286	0	0	32	6,750
currency and deposits - long term	565	167	0	0	0	732
currency and deposits - short term	4,867	1,120	0	0	32	6,019
Other accounts receivable	22	5	0	0	0	27
Foreign liabilities	18,106	-129	-322	-95	16	17,575
Direct investment	6,816	844	-216	-95	-7	7,341
Equity	6,812	845	-216	-95	-7	7,338
Debt instruments	4	-1	0	0	0	3
Portfolio investment	1,442	-61	-105	0	-2	1,274
Equity and investment fund shares	1,274	-3	-101	0	-2	1,168
Long-term debt securities	168	-58	-4	0	0	106
Financial derivatives	77	-50	0	0	0	28
Other investment	9,770	-862	0	0	25	8,933
Deposits	9,678	-793	0	0	25	8,909
long-term deposits	6,209	-1,088	0	0	4	5,125
short-term deposits	3,469	295	0	0	21	3,784
Other accounts payable	92	-69	0	0	0	23
IV. Other sectors	-83,183	-4,956	-739	2,393	-125	-86,611
Foreign assets	17,073	1,172	-233	2,245	90	20,349
Direct investment	6,692	1,214	0	1,156	49	9,112
Equity	292	432	0	182	-2	904
Debt instruments	6,401	782	0	974	51	8,208
Portfolio investment	3,558	83	-232	122	4	3,535
Equity and investment fund shares	1,471	-24	-190	122	1	1,381
Long-term debt securities	2,074	-2	-41	0	3	2,034
Short-term debt securities	13	109	-1	0	0	121
Financial derivatives	13	-66	-1	68	0	14

continued

	EUR millions					
	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
Institutional sector						
Other investment	6,810	-59	0	899	37	7,687
Trade credit and advances	4,234	376	0	134	31	4,775
long-term trade credit and advances	233	5	0	15	4	258
short-term trade credit and advances	4,002	371	0	119	26	4,518
Loans	46	-9	0	-1	1	37
long-term loans	2	3	0	0	0	5
short-term loans	44	-12	0	-1	1	33
Deposits	1,922	-453	0	762	5	2,237
Other accounts receivable	607	27	0	4	0	638
other long-term accounts receivable	10	0	0	-3	0	7
other short-term accounts receivable	597	27	0	6	0	631
Foreign liabilities	100,257	6,128	506	-147	216	106,960
Direct investment	75,130	5,360	671	485	148	81,794
Equity	45,936	4,686	671	-1,099	-51	50,143
Debt instruments	29,195	674	0	1,585	198	31,651
Portfolio investment	1,768	-414	-165	977	0	2,167
Equity and investment fund shares	1,753	-405	-165	977	0	2,160
Long-term debt securities	16	-9	0	0	0	7
Short-term debt securities	0	0	0	0	0	0
Financial derivatives	2	-86	1	87	0	4
Other investment	23,355	1,268	0	-1,697	68	22,994
Trade credit and advances	7,308	1,045	0	212	51	8,615
long-term trade credit and advances	370	-55	0	-13	6	309
short-term trade credit and advances	6,938	1,100	0	225	45	8,307
Loans	15,884	202	0	-1,932	32	14,186
long-term loans	14,319	66	0	-1,947	26	12,464
short-term loans	1,565	136	0	16	5	1,722
Other accounts payable	164	20	0	23	-15	193
other long-term accounts payable	20	-3	0	-3	0	13
other short-term accounts payable	144	24	0	26	-15	179
Total	-87,349	-5,157	529	2,401	274	-89,301

Note: Totals may not add up due to rounding.

Romania's international investment position at end-2018 by item						EUR millions
Item	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
Total, of which:	-87,349	-5,157	529	2,401	274	-89,301
Foreign assets	65,950	2,682	-234	2,217	766	71,380
Direct investment	6,728	1,259	0	1,165	49	9,201
Portfolio investment	3,782	422	-226	142	8	4,128
Financial derivatives	36	-59	-1	68	-1	44
Other investment	18,298	1,830	0	841	238	21,208
Reserve assets	37,107	-771	-7	0	471	36,800
Foreign liabilities	153,299	7,839	-763	-185	492	160,682
Direct investment	81,946	6,204	454	390	140	89,135
Portfolio investment	25,646	3,302	-1,218	977	200	28,907
Financial derivatives	80	-135	1	87	0	32
Other investment	45,628	-1,532	0	-1,639	151	42,608
Net position	-87,349	-5,157	529	2,401	274	-89,301
Direct investment	-75,219	-4,945	-454	775	-92	-79,934
Portfolio investment	-21,864	-2,880	992	-835	-192	-24,779
Financial derivatives	-44	77	-2	-19	0	12
Other investment	-27,329	3,362	0	2,479	87	-21,400
Reserve assets	37,107	-771	-7	0	471	36,800
Foreign assets	65,950	2,682	-234	2,217	766	71,380
Direct investment	6,728	1,259	0	1,165	49	9,201
Equity	324	478	0	191	-2	992
Other equity	6,403	781	0	974	51	8,209
Portfolio investment	3,782	422	-226	142	8	4,128
Equity and investment fund shares	1,510	-67	-181	142	2	1,407
Long-term debt securities	2,251	255	-45	0	6	2,467
Short-term debt securities	21	233	-1	0	0	253
Financial derivatives	36	-59	-1	68	-1	44
Other investment	18,298	1,830	0	841	238	21,208
Other equity	1,007	8	0	-58	31	989
Loans and trade credit	7,434	1,332	0	133	166	9,065
long-term loans and trade credit	3,342	813	0	15	139	4,309
short-term loans and trade credit	4,092	519	0	118	28	4,756
Currency and deposits	9,150	458	0	762	38	10,407
Other accounts receivable	707	32	0	4	3	746
long-term	15	0	0	-3	0	13
short-term	692	32	0	6	3	734
Reserve assets (NBR)	37,107	-771	-7	0	471	36,800
Monetary gold	3,612	0	123	0	0	3,735
Foreign exchange reserve	33,494	-771	-130	0	471	33,065
Foreign liabilities	153,299	7,839	-763	-185	492	160,682
Direct investment	81,946	6,204	454	390	140	89,135
Equity	52,747	5,532	454	-1,194	-58	57,480
Other equity	29,199	672	0	1,585	198	31,655

continued

Item	EUR millions					
	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
Portfolio investment	25,646	3,302	-1,218	977	200	28,907
Equity and investment fund shares	3,027	-409	-266	977	-1	3,328
Long-term debt securities	22,550	3,746	-952	0	201	25,545
Short-term debt securities	68	-36	1	0	0	33
Financial derivatives	80	-135	1	87	0	32
Other investment	45,628	-1,532	0	-1,639	151	42,608
Loans and trade credit	34,253	-585	0	-1,657	115	32,125
long-term loans and trade credit	25,746	-1,827	0	-1,889	65	22,095
short-term loans and trade credit	8,507	1,242	0	232	50	10,031
Currency and deposits	9,940	-898	0	-1	25	9,067
Other accounts payable	264	-49	0	19	-14	220
long-term	28	-3	0	-8	0	17
short-term	236	-45	0	26	-15	203
SDR allocations	1,171	0	0	0	25	1,196

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