

NATIONAL
BANK OF
ROMANIA

Romania's Balance
of Payments
and International
Investment Position
Annual Report 2019

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NOTES

The drafting of *Romania's Balance of Payments and International Investment Position – Annual Report 2019* was completed by the Statistics Department based on data available in November 2020.

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, Statistical section, <https://www.bnr.ro/Interactive-database-1107.aspx>

The detailed methodology containing definitions, legislation and sources is available on the National Bank of Romania's website under Statistics, Data sets, External Sector or link: <http://www.bnr.ro/Balanta-de-plati-%e2%80%93-Precizari-metodologice-11753.aspx>

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I. External environment¹

The world economy's growth slowed considerably in 2019, down to 2.8 percent, the lowest since the global financial crisis ten years ago, compared to 3.5 percent in 2018, the dynamics of economic activity being synchronised among countries. The structure of economic developments shows a reduction in industrial production and a slowdown in the growth of world trade and investment, while the services sector was less affected, being supported by an increase in consumption. The slower growth of world trade in goods and services (up 1 percent versus 3.9 percent in 2018) was marked by the trade row between the United States of America and China, which prompted higher customs tariffs. The unemployment rate in both advanced economies and emerging economies continued to decline.

Average annual inflation rate² went down to 2.1 percent in 2019, from 2.6 percent in 2018, against the backdrop of a decline in international energy prices and agri-food commodity prices. The average spot price of crude oil³ fell by 5.2 percent in 2019, after having risen by 23.7 percent a year earlier. Commodity prices⁴ stood 6.4 percent higher in 2019 (following a 3.1 percent contraction in the prior year), largely on the back of metal prices.

In the United States of America, the rate of increase of the gross domestic product slowed to 2.2 percent, from 3 percent in 2018, due to weaker domestic demand, mainly as a result of a decline in investment. Labour market conditions remained favourable, with unemployment rate falling to 3.7 percent at end-2019, from 3.9 percent a year before. In 2019, the average annual inflation rate stood at 1.8 percent versus 2.4 percent a year earlier. The federal budget deficit came in at 6.3 percent of GDP, compared with 5.8 percent in the previous year, while the federal debt climbed to 108.7 percent of GDP, from 106.9 percent of GDP. The current account shortfall remained unchanged at 2.2 percent of GDP.

Japan's economy grew by 0.7 percent, compared with 0.3 percent in the prior year, amid the advance in investment and public consumption. Unemployment rate was flat at 2.4 percent. Average annual inflation rate stepped up to 1 percent, versus 0.5 percent in 2018, and the fiscal deficit widened by 0.8 percentage points to 3.3 percent of GDP. The current account posted, similarly to a year earlier, a surplus of 3.6 percent of GDP.

Euro area economy⁵ expanded by 1.3 percent in 2019 compared with 1.9 percent in 2018, slowing down amid the negative fallout from global trade uncertainty, which depressed the manufacturing sector and investment, yet benefiting from a relatively

¹ Source: ECB, *Annual Report*, 2019; ECB, *Economic Bulletin*, Issue No. 7/2020; IMF, *World Economic Outlook*, October 2020.

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-2019: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

robust labour market and favourable financing conditions. Domestic demand made a 1.8 percentage point contribution to GDP growth, on the back of both investment and (mainly private) consumption. Investment provided 1.2 percentage points of GDP growth, i.e. double the 2018 figure, being channelled especially into the field of intellectual property. Private consumption contributed 0.7 percentage points to economic growth, similarly to the previous year, being stimulated by income growth, amid favourable labour market conditions. Government consumption, especially in the areas of education and health, also supported GDP growth, contributing 0.4 percentage points, compared with 0.2 percentage points in 2018. Conversely, net exports of goods and services had a negative contribution of 0.5 percentage points (compared with a positive contribution of 0.2 percentage points in the previous year), due to the moderation in the advance of exports of capital goods.

From a sectoral perspective, the basis for euro area growth was provided by services (trade, transport, professional and business, communications and IT) and construction, while industry had a negative contribution of 0.2 percentage points (compared with +0.3 percentage points in 2018). Gross value added picked up 1.2 percent, compared with 1.9 percent a year earlier.

Average annual inflation rate, as measured by the Harmonised Index of Consumer Prices (HICP), fell to 1.2 percent, from 1.8 percent in 2018, reflecting mostly the drop in energy prices and agri-food commodity prices.

The labour market in the euro area continued its rebound in 2019, with the number of employed persons climbing 1.2 percent and unemployment rate⁶ declining to 7.5 percent, from 8.1 percent in 2018.

In 2019, the general government deficit for the euro area widened slightly to 0.6 percent of GDP⁷, from 0.5 percent of GDP in 2018, amid the higher government expenditure-to-GDP ratio. The general government deficit widened compared with 2018 in five out of the 19 euro area members, with France reaching the 3.0 percent-of-GDP reference value. The lowest deficit-to-GDP ratio was recorded by Latvia (0.6 percent), whereas 13 Member States reported budget surpluses. The euro area public debt ratio shed 1.8 percentage points versus the previous year to 84 percent of GDP, on the background of favourable interest rate developments. The public debt ratio overstepped the 60 percent-of-GDP reference value in 11 countries among euro area Member States and exceeded 100 percent in Greece, Italy and Portugal.

The aggregate current account of the euro area ended 2019 on a surplus of EUR 273 billion, or 2.3 percent of GDP, down 18.4 percent from a year earlier, on the back of the nearly one-half cut in the surplus on services and the more than half reduction in the primary income surplus.

⁶ According to ILO (International Labour Office) methodology.

⁷ Eurostat, Newsrelease Euroindicators 156/2020: "Provision of deficit and debt data for 2019 – second notification", 22 October 2020.

Non-euro area EU Member States⁸ reported economic growth of 2 percent in 2019, down from 2.2 percent in 2018, amid the slower growth in private consumption. Economic growth in most countries of the group lost momentum, except for Bulgaria, which recorded the highest rate of increase (3.7 percent), Croatia and Denmark.

Average annual inflation rate remained relatively flat for this group of countries overall at 2.1 percent in 2019, compared with 2.2 percent in 2018, mirroring largely the drop in energy prices. Romania posted the highest average inflation rate (3.9 percent), ahead of Hungary (3.4 percent), Czechia (2.6 percent) and Bulgaria (2.5 percent).

The fiscal situation worsened in three of the four non-euro area EU Member States that had reported general government deficits in 2018, as a result of either higher expenditures or lower revenues. On the whole, the deficit-to-GDP ratio stayed unchanged at the previous year's level of 1.3 percent, all countries, except Romania, posting levels below the 3 percent-of-GDP reference value. Government debt contracted to 65 percent of GDP, from 65.8 percent of GDP in 2018, 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 improved slightly in the non-euro area EU Member States on the whole to reach 1.5 percent of GDP in 2019, against 1.6 percent of GDP in 2018, particularly on the back of current surpluses of Denmark, Sweden, Poland and Bulgaria. Excluding the United Kingdom, whose overwhelming share changes the trend in the group's current transactions, the other countries ended 2019 with an aggregate surplus of the current account equal to 2.1 percent of GDP, compared with 1.2 percent in the previous year. The expansion of the current account surplus was broadly the result of an improvement in the balance on trade in goods, supported by the increase in exports. Direct investment in the eight countries overall⁹ displayed net inflows of approximately EUR 9 billion, or 0.5 percent of GDP (versus 1 percent of GDP in 2018), with the best performers being Poland and Romania. Portfolio investment posted net outflows of around EUR 22 billion (1.1 percent of GDP, compared with 2.1 percent of GDP in 2018). Other investment (largely loans and deposits) recorded net outflows of almost EUR 28 billion, accounting for 1.4 percent of GDP (against net inflows of 0.7 percent of GDP in 2018).

⁸ The countries referred to herein are the nine non-euro area EU Member States at end-2019: Bulgaria, Croatia, Czechia, Denmark, Hungary, Poland, Romania, Sweden and the United Kingdom.

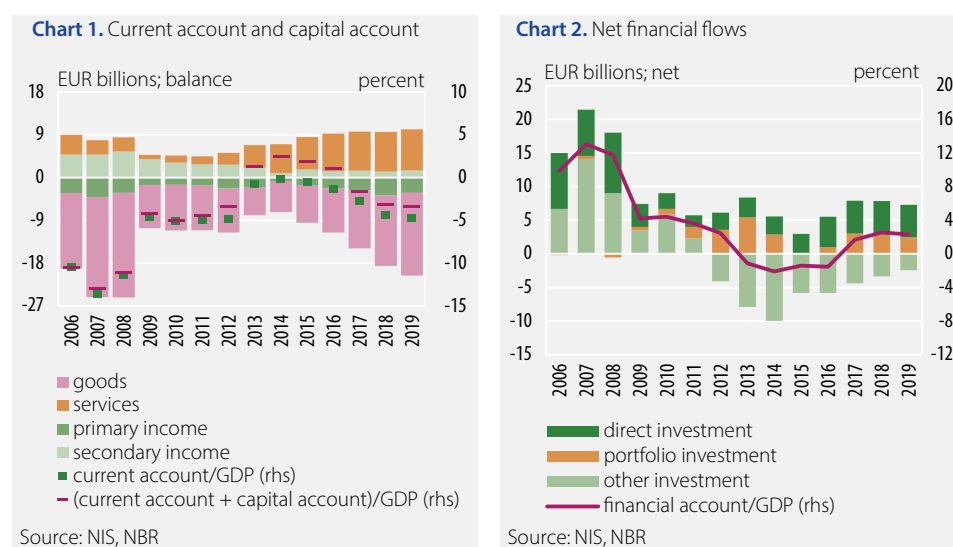
⁹ The United Kingdom excluded.

II. Romania's balance of payments and international investment position in 2019

A. Balance of payments

Year 2019 further saw a widening of the current account deficit, a trend that had started in 2015, on the backdrop of a worsening of the balance on trade in goods. Despite the increase in the capital account surplus, the widening of the current account deficit against 2018 pushed the combined current and capital balance deeper into negative territory (Chart 1).

The financial account registered net inflows for the third successive year, accounting for 2.3 percent of GDP, compared with 2.5 percent of GDP in the previous year.



In 2019, the pace of growth of the current account deficit (17 percent) slowed against the preceding year (when it exceeded 70 percent), while the surplus of the capital account advanced at a rate (13.3 percent) similar to that recorded in 2018. The combined current and capital account posted a deficit of EUR 7.6 billion. About three fourths of the current account deficit (EUR 7.8 billion) and of the capital account surplus (EUR 2.1 billion) stemmed from transactions with EU Member States. Out of the current account deficit with EU countries, the shortfall with the euro area (EA¹⁰) accounted for approximately 48 percent (EUR 3.7 billion; Table 1).

¹⁰ European institutions not included.

Table 1. Balance of payments in relation to the EU and the euro area in 2019

	EUR millions				
	Total	of which:			
		EU	Extra-EU	EA	Extra-EA
Current account	-10,480	-7,842	-2,638	-3,750	-6,730
Goods	-17,424	-12,833	-4,591	-7,238	-10,186
Services	8,651	6,821	1,830	6,619	2,032
Primary income	-3,191	-3,015	-176	-4,409	1,218
Secondary income	1,484	1,185	299	1,278	206
Capital account	2,850	2,125	725	-40	2,890
Financial account, of which:	-5,134	-4,165	-969	-3,183	-1,951
Direct investment	-4,849	-4,671	-178	-3,358	-1,491
Assets	1,723	1,455	268	1,284	439
Liabilities	6,572	6,126	446	4,642	1,930
Portfolio investment	-2,436	-2,099	-337	-1,681	-755
Assets	1,368	957	411	1,005	363
Liabilities	3,804	3,056	748	2,686	1,118
Financial derivatives	-49	-53	4	-29	-20
Other investment	2,456	1,724	732	982	1,474
Assets	698	-156	854	-49	747
Liabilities	-1,758	-1,880	122	-1,031	-727

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

In the course of 2019, 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. As for the geographical breakdown, the impact of financial transactions with the EU countries was similar to that of current and capital transactions.

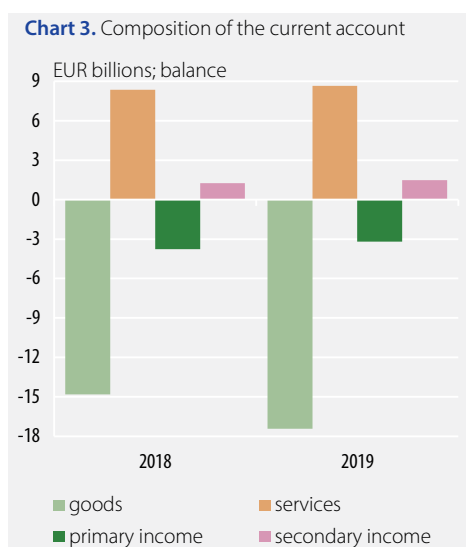
1. CURRENT ACCOUNT

In 2019, Romania's balance of payments recorded a current account deficit of EUR 10,480 million, compared with EUR 8,960 million in the year before. The share of the current account deficit in GDP¹¹ equalled 4.7 percent, compared with 4.4 percent in the previous year (Table 2). The 0.3 percentage point increase was chiefly attributed to the widening of the deficit on trade in goods (up 0.6 percentage points of GDP).

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

	percent of GDP				
	Current account	Goods	Services	Primary income	Secondary income
2019	-4.7	-7.8	3.9	-1.4	0.7
2018	-4.4	-7.2	4.1	-1.8	0.6
Difference (pp)	-0.3	-0.6	-0.2	0.4	0.1

¹¹ Source for GDP: NIS (final data for 2018 and provisional data for 2019).



The developments in the current account and its components (Chart 3) show a wider deficit on trade in goods (up 17.7 percent) in 2019 versus the previous year, as imports went up at a swifter pace than exports. In 2019, the surplus on trade in services expanded by 3.5 percent year on year, spurred by the advance in receipts from computer and information services, road freight transport, professional and management consulting services. Primary income posted a smaller shortfall, amid a favourable influence from compensation of employees and subsidies received from the

European Union, whereas secondary income strengthened its surplus, as a result of larger remittances from Romanians working abroad.

1.1. Balance on goods and services

In 2019, the balance on goods and services (Table 3) ran a deficit of EUR 8.8 billion, i.e. more than one third higher than the year-earlier reading, owing to the approximately 18 percent widening of the deficit on trade in goods.

The derived indicators set out in Table 3 paint a more accurate picture of the influence of international trade in goods and services on Romania's economy.

The consolidated balance of goods and services reveals a more pronounced increase in the deficit compared with the cumulated volume of exports and imports (a lower normalised balance). The services balance had a favourable bearing on the evolution of the coverage of imports by exports, yet a neutral impact on the trend of the openness of the economy. Exports of goods and services shrank as a share in GDP, in line with the moderating external demand. At the same time, the dependence of domestic consumption on imports of goods and services contracted somewhat (the import penetration index decreased) and income growth was less reflected by the rise in imports (the marginal propensity for imports fell). For both exports and imports, the lower Herfindahl-Hirschman index reflects their concentration on relatively more trading partners.

Table 3. Balance of goods and services (trade balance)

	2018	2019
	EUR millions	
Exports of goods and services	85,612	90,143
Imports of goods and services	92,057	98,916
Balance on trade	-6,444	-8,773
	percent/indices	
Normalised trade balance*	-0.0363	-0.0464

continued

	2018	2019
Coverage of imports by exports** (%)	93.0	91.1
Openness of the economy*** (%)	86.9	84.6
Export propensity index**** (%)	41.9	40.4
Import penetration index***** (%)	43.5	42.6
Marginal propensity to import index*****	0.5	0.4
Herfindahl-Hirschman index on geographical concentration of exports*****	0.0762	0.0736
Herfindahl-Hirschman index on geographical concentration of imports*****	0.0700	0.0678

*) ratio of trade balance to the total value of international trade (exports and imports of goods and services)
 **) ratio of value of exports to that of imports
 ***) ratio of value of international trade to that of GDP
 ****) ratio of value of exports to that of GDP. It reflects the confidence that domestic producers enjoy on foreign markets.
 *****) ratio of value of imports to that of domestic consumption. It reflects the extent to which domestic demand is covered by imports.
 *****) ratio of value of imports to that of GDP. It reflects the extent to which imports are fuelled by income growth.
 *****) the sum of squares of the shares of trading partners in total; it may range between 0 and 1. The closer the value to 0, the lower the dependence on trade with a small number of trading partners.
 Source: NIS, NBR calculations

1.1.1. Balance on trade in goods¹²

The deficit on trade in goods came in at EUR 17,424 million in 2019, up 17.7 percent year on year, as exports and imports increased by 2 percent and 5.1 percent respectively. The trade in goods deficit-to-GDP ratio added 0.6 percentage points to 7.8 percent (Table 4).

Table 4. Balance on trade in goods			
	2018	2019	Difference (+/-)
	EUR millions		
Exports (FOB), of which:	61,819	63,085	1,266
General merchandise	61,750	63,035	1,285
Merchanting – net exports	69	50	-19
Imports (FOB)	76,624	80,509	3,885
Balance on trade in goods (FOB/FOB)	-14,805	-17,424	-2,619
GDP	204,519	223,342	x
Current account balance	-8,960	-10,480	-1,520
	percent		percentage points
Share of exports in GDP	30.2	28.2	-2.0
Share of imports in GDP	37.5	36.0	-1.5
Share of balance on trade in goods in GDP	-7.2	-7.8	-0.6
Coverage of imports by exports (FOB/FOB)	80.7	78.4	-2.3
Economy openness (exports+imports)/GDP	67.7	64.3	-3.4

Source: NIS, NBR calculations

¹² 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 Eurostat methodology.

Over the reported period, the highest monthly trade in goods deficit amounted to EUR 1,938 million in October and the lowest was of EUR 1,221 million in January.

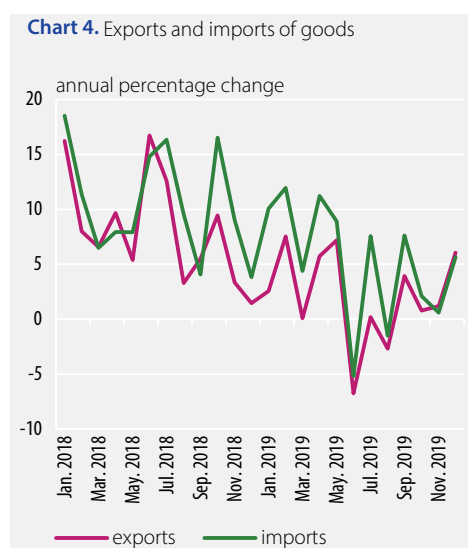
The breakdown of trade balance by the eight groups of goods in the Combined Nomenclature shows deficits for chemical and plastic products (EUR 7,544 million); mineral products (EUR 3,833 million); base metals (EUR 2,457 million); textiles, wearing apparel and footwear (EUR 1,884 million); agrifoodstuffs (EUR 1,123 million); and other goods (EUR 1,237 million). Surpluses were recorded for machinery, apparatus, equipment and transport means (EUR 343 million) and wood and paper products (EUR 261 million)¹³.

By geographical breakdown, intra-EU trade generated 73.7 percent of the deficit on trade in goods, with extra-EU trade accounting for 26.3 percent.

The coverage of imports by exports went down 2.3 percentage points to 78.4 percent, while the openness of the Romanian economy shed 3.4 percentage points to 64.3 percent.

Exports of goods amounted to EUR 63,085 million, up 2 percent against a year earlier, supported by the positive performance of world trade, as reflected by stronger external demand, from both the European Union, namely non-euro area countries (Poland, Bulgaria and Hungary), and extra-EU countries (Turkey, Republic of Serbia, Republic of Moldova, Egypt). In terms of value, exports stood EUR 1,266 million higher than in 2018, but their share in GDP contracted by 2 percentage points to 28.2 percent.

December witnessed the lowest monthly exports in 2019, i.e. EUR 4,437 million, while the highest came in at EUR 5,815 million in October. The monthly average of exports equalled EUR 5,257 million, up EUR 106 million against the prior year. Imports of goods



(FOB) reached EUR 80,509 million, up 5.1 percent, or EUR 3,885 million, from 2018. The share of imports of goods in GDP narrowed by 1.5 percentage points to 36 percent. The lowest monthly import level of 2019 ran at EUR 6,014 million in August and the highest was of EUR 7,753 million in October. The monthly average of imports amounted to EUR 6,709 million, up EUR 324 million against a year earlier.

The change in monthly exports against the corresponding month of the previous year (Chart 4) reflects an overall slowdown, falling into negative territory

¹³ The difference between the sum of the components (EUR 17,474 million) and the balance on goods in Table 4 (EUR 17,424 million) is reflected in the surplus on merchanting (EUR 50 million).

in June and August, in line with developments in output of the manufacturing sector, the chief supplier of exports, which in these months posted more-than-6-percent falls. The faster growth of imports than exports was more persistent than in 2018, with a reversal of these rates seen only in November and December. The largest differentials between import and export growth were recorded in January and July.

Structure and geographical breakdown of exports of goods

a) Structure of exports of goods

In 2019, exports of goods came primarily from manufacturing, which accounted for 91.2 percent of total exports (Table 5), compared with 91.4 percent in the preceding year. The most export-oriented activities were manufacturing of: motor vehicles and trailers (22.3 percent of total exports in 2019); electrical equipment (11.6 percent); machinery and equipment (9.8 percent); computers, electronic and optical products (7.2 percent). Cumulatively, the four activities made up more than a half of Romania's exports in the year under review.

Table 5. Exports of goods by economic activity*

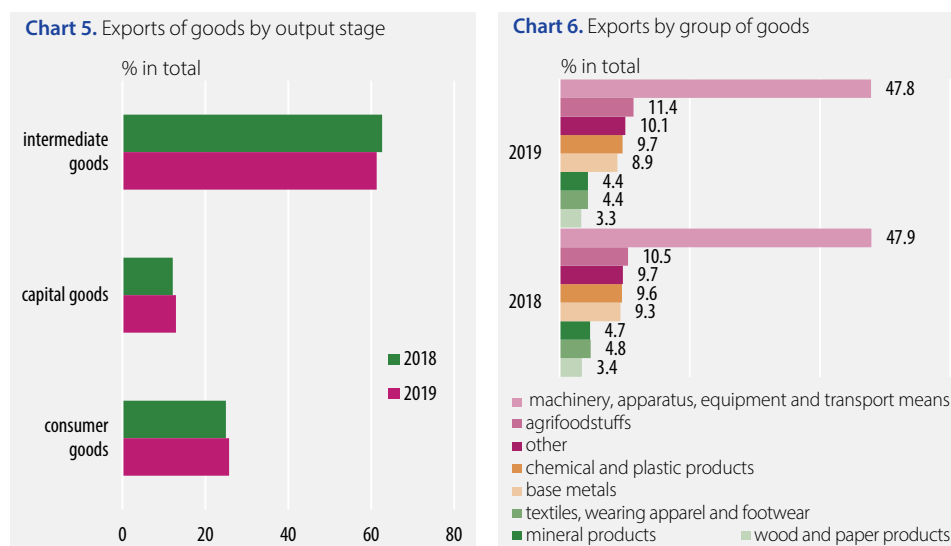
	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Total	61,819	63,085	102.0	100.0	100.0
General merchandise	61,750	63,035	102.1	99.9	99.9
Agriculture, forestry and fishing	3,938	4,308	109.4	6.4	6.8
Mining and quarrying	117	130	111.1	0.2	0.2
Manufacturing, of which:	56,526	57,515	101.7	91.4	91.2
Motor vehicles, trailers	14,266	14,097	98.8	23.1	22.3
Electrical equipment	7,060	7,300	103.4	11.4	11.6
Machinery and equipment	5,865	6,175	105.3	9.5	9.8
Computers, electronic and optical products	4,148	4,512	108.8	6.7	7.2
Rubber and plastic products	3,314	3,379	102.0	5.4	5.4
Base metals	3,466	3,345	96.5	5.6	5.3
Coke and refined petroleum products	2,519	2,391	94.9	4.1	3.8
Furniture	2,210	2,331	105.5	3.6	3.7
Chemicals and chemical products	1,921	2,058	107.1	3.1	3.3
Electricity, gas, steam and air conditioning	233	152	65.1	0.4	0.2
Other products n.e.s.	936	930	99.4	1.5	1.5
Merchanting** – net exports	69	50	72.5	0.1	0.1

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

**) 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 (Chart 5), most of the exports of 2019, i.e. 61.3 percent of the total figure, consisted of intermediate goods (particularly parts and accessories, raw materials and low-processed goods mainly for industry).



Around one fourth of the exports were intended for final consumption (motor cars, pharmaceutical products, wearing apparel, footwear), while approximately 13 percent were capital goods (other passenger motor vehicles, air or vacuum pumps, telephone sets, pumps for liquids, counters, automatic regulating or controlling instruments and apparatus, electric motors, generators and transformers, pneumatic and hydraulic machinery, mechanical machinery and apparatus, electrical transformers).

Table 6. Main groups of goods reporting higher exports

	EUR millions			
	Value of exports in 2019	Increase/decrease versus 2018	Volume influences	Price influences
Maize	1,244	368	343	25
Motor cars	4,883	236	217	19
Boards, panels, consoles, and other bases for electric control and distribution of electricity	2,126	203	115	88
Tobacco products, other than cigarettes and cigars	280	178	13	165
Centrifuges, purifying machinery for liquids or gases	352	145	63	82
Chairs	1,627	120	98	22
Sunflower seeds	757	114	133	-19
Instruments for physical or chemical analysis	196	94	31	63
Wheat	1,136	92	48	44
Cigarettes, cigars, cigarillos	663	83	33	50
Gas meters, liquid meters, electricity meters	363	80	75	5

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

The breakdown of exports according to the Combined Nomenclature shows that three groups of goods reported larger contributions to exports than in 2018 (Chart 6): agrifoodstuffs (by 1 percentage point), chemical and plastic products (by 0.1 percentage points), and other goods (by 0.4 percentage points). The remaining five groups had smaller contributions to exports than in the previous year, as follows: base metals (by 0.4 percentage points); textiles, wearing apparel and footwear (by 0.4 percentage points); mineral products (by 0.3 percentage points); machinery, apparatus, equipment and transport means (by 0.1 percentage points); and wood and paper products (by 0.1 percentage points).

Taking a closer look at the groups of goods in the Combined Nomenclature, higher exports were detected primarily for: maize, motor cars, boards, panels, consoles, tobacco products, centrifuges, purifying machinery for liquids or gases. Their increase in export value against 2018 exceeded EUR 1.1 billion (Table 6).

b) Geographical breakdown of exports of goods

In 2019, intra-EU exports amounted to EUR 47,815 million, up 1.7 percent year on year (Table 7). The share of intra-EU exports in total exports stood at 75.8 percent, down 0.2 percentage points versus 2018, due in particular to weaker foreign sales to Germany, Italy and France.

	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Total	61,819	63,085	102.0	100.0	100.0
1. Intra-EU exports, of which:	46,996	47,815	101.7	76.0	75.8
1.1. Euro area, of which:	34,055	34,373	100.9	55.1	54.5
Germany	14,131	14,102	99.8	22.9	22.4
Italy	5,744	5,707	99.4	9.3	9.0
France	4,495	4,488	99.8	7.3	7.1
1.2. Extra-euro area, of which:	12,941	13,442	103.9	20.9	21.3
Hungary	3,114	3,180	102.1	5.0	5.0
United Kingdom	2,528	2,301	91.0	4.1	3.6
Bulgaria	2,165	2,399	110.8	3.5	3.8
Poland	2,108	2,366	112.2	3.4	3.8
2. Extra-EU exports, of which:	14,823	15,270	103.0	24.0	24.2
Turkey	1,975	2,230	112.9	3.2	3.5
USA	1,287	1,262	98.1	2.1	2.0
Russian Federation	1,077	1,012	94.0	1.7	1.6
Egypt	669	696	104.0	1.1	1.1
Republic of Moldova	986	1,038	105.3	1.6	1.6
China	745	758	101.7	1.2	1.2
Republic of Serbia	729	862	118.2	1.2	1.4
Ukraine	348	408	117.2	0.6	0.6

Source: NIS, NBR calculations

Exports to the European Union posted increases for five groups of goods. Three of the groups had larger contributions to the intra-EU trade in 2019: machinery, apparatus, equipment and transport means (by 0.6 percentage points), chemical and plastic products (by 0.3 percentage points) and other goods (by 0.6 percentage points).

Extra-EU exports amounted to EUR 15,270 million, up 3 percent from a year earlier, holding 24.2 percent of total exports of goods, 0.2 percentage points higher than in 2018.

In 2019, the top ten export destinations, making up 64.7 percent of the total figure were as follows: Germany (22.4 percent of total exports), Italy (9 percent), France (7.1 percent), Hungary (5 percent), Bulgaria (3.8 percent), Poland (3.8 percent), the United Kingdom (3.6 percent), Turkey (3.5 percent), Czechia (3.2 percent) and the Netherlands (3.1 percent).

Structure and geographical breakdown of imports of goods

a) Structure of imports of goods

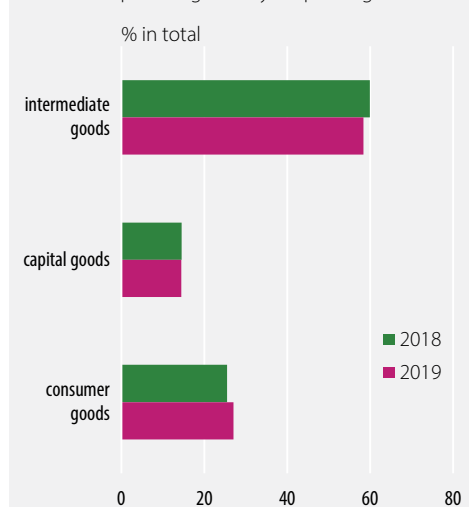
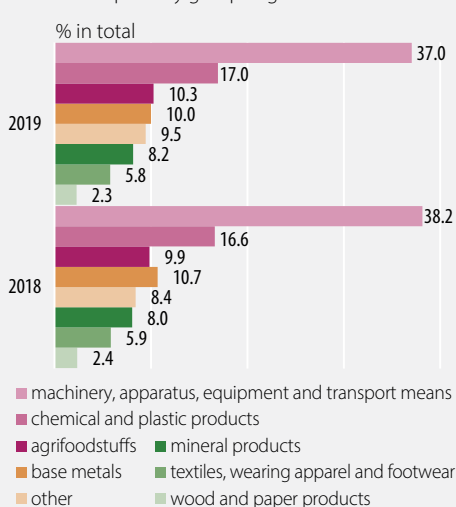
In 2019, most imports of goods were accounted for by manufactured goods (90.3 percent of total imports, comparable to the 2018 share; Table 8). They consisted mainly of: motor vehicles and trailers (10.7 percent of total imports), machinery and equipment (9.5 percent), computers and electronic products (9.3 percent), chemicals and chemical products (8.5 percent), food products (6.2 percent).

Table 8. Imports of goods by activity of the economy of origin*

	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Total	76,624	80,509	105.1	100.0	100.0
Agriculture, forestry and fishing	2,211	2,352	106.4	2.9	2.9
Mining and quarrying	4,396	4,760	108.3	5.7	5.9
Manufacturing, of which:	69,452	72,738	104.7	90.6	90.3
Motor vehicles, trailers	8,382	8,620	102.8	10.9	10.7
Machinery and equipment	7,780	7,627	98.0	10.2	9.5
Computers, electronic and optical products	7,061	7,460	105.7	9.2	9.3
Chemicals and chemical products	6,493	6,848	105.5	8.5	8.5
Electrical equipment	6,633	6,831	103.0	8.7	8.5
Food products	4,467	4,975	111.4	5.8	6.2
Base metals	4,710	4,583	97.3	6.1	5.7
Rubber and plastic products	3,585	3,709	103.5	4.7	4.6
Fabricated metal products	3,586	3,632	101.3	4.7	4.5
Basic pharmaceutical products and pharmaceutical preparations	2,994	3,530	117.9	3.9	4.4
Other industrial products n.e.s.	1,888	2,618	138.7	2.5	3.3
Textile products	2,073	2,004	96.7	2.7	2.5
Electricity, gas, steam and air conditioning	152	287	188.8	0.2	0.4
Other products n.e.s.	413	372	90.1	0.5	0.5

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

Source: NIS, NBR calculations

Chart 7. Imports of goods by output stage**Chart 8.** Imports by group of goods

Import breakdown by production stage (Chart 7) shows the prevalent share of intermediate goods (58.4 percent of total imports), especially low-processed goods mainly for industry, parts and accessories, fuels and lubricants.

Consumer goods accounted for 27.1 percent of total imports (cigarettes, cosmetics, hygiene items, pharmaceuticals, food and beverages, wearing apparel, footwear) and capital goods took 14.5 percent (motor cars and other passenger motor vehicles, telephone installations, centrifuges, electrical transformers, tractors).

According to the Combined Nomenclature, imports of goods were accounted for in a proportion of nearly 75 percent by four groups of goods: machinery, apparatus, equipment and transport means; chemical and plastic products; agrifoodstuffs; and base metals (Chart 8).

Compared to a year earlier, three groups of goods saw larger shares in total imports than in 2018, with increases ranging between 0.4 percentage points and 1.1 percentage points: chemical and plastic products, agrifoodstuffs, 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 small influence of prices, as almost 90 percent of the advance in imports of goods set out in Table 9 stem from higher volumes, especially for motor cars, petroleum gases, medicines, crude oil and electricity.

Table 9. Main groups of goods reporting higher imports

	EUR millions			
	Value of imports in 2019	Increase/Decrease versus 2018	Volume influences	Price influences
Motor cars	2,547	384	305	79
Petroleum gases and other gaseous hydrocarbons	609	197	248	-51
Medicines	2,626	180	251	-71

continued

	EUR millions			
	Value of imports in 2019	Increase/Decrease versus 2018	Volume influences	Price influences
Electricity	269	126	106	20
Pig meat	595	105	-8	113
Reaction initiators, reaction accelerators and other catalytic preparations	169	97	45	52
Motor vehicles for the transport of 10 or more persons	231	86	35	51
Spark-ignition internal combustion piston engines	291	82	42	40
New pneumatic rubber tyres	515	76	44	32
Crude oil	3,369	71	160	-89

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

b) Geographical breakdown of imports of goods

Intra-EU imports amounted to EUR 60,649 million in 2019, up 5.3 percent year on year (Table 10). The share of intra-EU imports in total imports of goods rose by 0.1 percentage points versus 2018 to stand at 75.3 percent, with Hungary, Poland and the Netherlands accounting particularly for this increase.

Table 10. Imports of goods (FOB) by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Total	76,624	80,509	105.1	100.0	100.0
1. Intra-EU imports, of which:	57,618	60,649	105.3	75.2	75.3
1.1. Euro area, of which:	40,297	41,612	103.3	52.6	51.7
Germany	15,422	15,887	103.0	20.1	19.7
Italy	6,314	6,427	101.8	8.2	8.0
France	3,878	3,936	101.5	5.1	4.9
Netherlands	3,151	3,370	107.0	4.1	4.2
1.2. Extra-euro area, of which:	17,321	19,037	109.9	22.6	23.6
Hungary	5,570	5,993	107.6	7.3	7.4
Poland	4,428	4,966	112.1	5.8	6.2
Czechia	2,313	2,496	107.9	3.0	3.1
United Kingdom	1,810	2,105	116.3	2.4	2.6
2. Extra-EU imports, of which:	19,006	19,860	104.5	24.8	24.7
China	4,145	4,304	103.8	5.4	5.3
Turkey	3,369	3,590	106.6	4.4	4.5
Russian Federation	2,860	2,837	99.2	3.7	3.5
Kazakhstan	1,233	1,535	124.5	1.6	1.9
USA	760	745	98.0	1.0	0.9
Republic of Serbia	621	684	110.1	0.8	0.8
Ukraine	581	628	108.1	0.8	0.8
South Korea	384	438	114.1	0.5	0.5

Source: NIS, NBR calculations

Imports from the European Union posted increases in the shares of three groups of goods: agrifoodstuffs (0.6 percentage points), chemical and plastic products (0.1 percentage points) and other goods (1.2 percentage points).

Extra-EU imports amounted to EUR 19,860 million, up 4.5 percent versus 2018, accounting for 24.7 percent of total imports of goods, a share comparable to that recorded in 2018.

In 2019, Romania's imports came mainly from the following ten countries, carrying two thirds of total imports: Germany (19.7 percent), Italy (8 percent), Hungary (7.4 percent), Poland (6.2 percent), China (5.3 percent), France (4.9 percent), Turkey (4.5 percent), the Netherlands (4.2 percent), the Russian Federation (3.5 percent) and Austria (3.1 percent).

Energy trade balance

The energy trade balance ended the year 2019 on a deficit of EUR 3,493 million, up 17 percent from the previous year (Table 11). As a share of the deficit on trade in goods, net energy imports diminished from 20.2 percent in 2018 to 20 percent in 2019. Crude oil, reporting net imports of EUR 3,357 million, made further the largest contribution to the energy trade deficit.

Table 11. Energy exports and imports (FOB)

	Exports		Imports		Net imports (-)/ Net exports (+)	
					EUR millions	
	2018	2019	2018	2019	2018	2019
Total	2,770	2,610	5,755	6,103	-2,985	-3,493
Natural gas	6	3	337	557	-331	-554
Electricity	228	149	143	269	85	-120
Mineral fuels	256	241	584	675	-328	-434
Crude oil	6	12	3,298	3,369	-3,292	-3,357
Petroleum products	2,274	2,205	1,393	1,233	881	972

Source: NIS, NBR calculations

Energy exports totalled EUR 2,610 million¹⁴, down 5.8 percent or EUR 160 million from 2018, due to both volume and price influences (Table 12). Energy imports reached EUR 6,103 million, up 6 percent versus 2018, with the EUR 348 million¹⁵ increase in value being ascribable to the volume of imports, while the decline in prices made a favourable contribution of almost EUR 200 million.

The coverage of imports of energy resources by exports thereof declined by 5.4 percentage points to 42.8 percent.

¹⁴ Taking 4.1 percent of total exports of goods, compared with 4.5 percent in 2018.

¹⁵ As a share in total imports of goods, energy imports rose from 7.5 percent in 2018 to 7.6 percent in 2019.

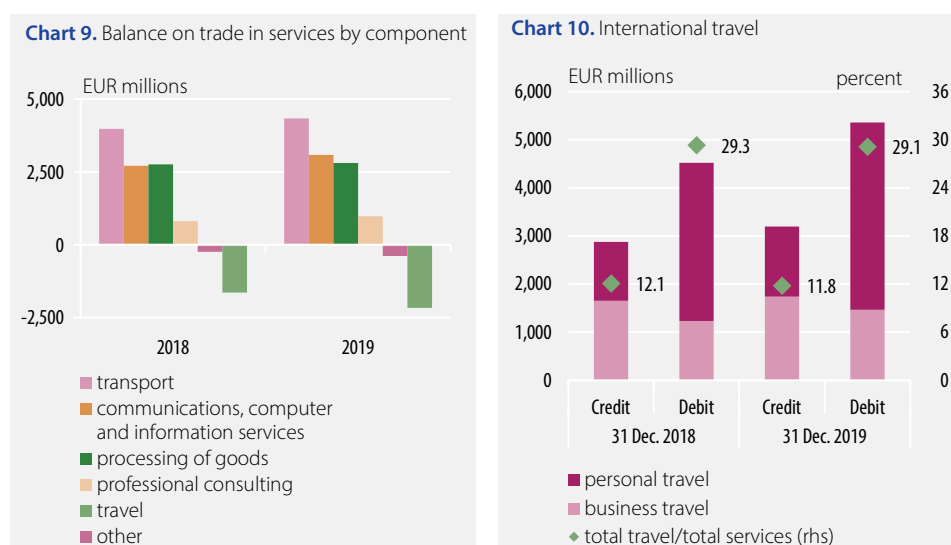
Table 12. Volume and price* influences on energy exports and imports

	Exports				Imports			
	Share in energy exports in 2019 (%)	Increase/Decrease versus 2018 (EUR mill.)	Volume influences (EUR mill.)	Price influences (EUR mill.)	Share in energy imports in 2019 (%)	Increase/Decrease versus 2018 (EUR mill.)	Volume influences (EUR mill.)	Price influences (EUR mill.)
Total	100.0	-160	-63	-97	100.0	348	537	-189
Natural gas	0.1	-3	-2	-1	9.1	220	259	-39
Electricity	5.7	-79	-78	-1	4.4	126	106	20
Mineral fuels	9.2	-14	18	-32	11.1	92	139	-47
Crude oil	0.5	5	7	-2	55.2	71	160	-89
Petroleum products	84.5	-69	-8	-61	20.2	-161	-127	-34

*) including structural changes
Source: NIS, NBR calculations

1.1.2. Balance on trade in services

In 2019, the balance on trade in services posted a EUR 8,652 million surplus (3.9 percent of GDP) compared to EUR 8,361 million (4.1 percent of GDP) in 2018, on account of the increase in receipts from computer services, road freight transport, professional and management consulting services, technical, trade-related and other business services (Chart 9).



The services balance was negatively impacted by travel services, whose deficit widened by more than 30 percent versus 2018, amid rising personal travel payments (Chart 10).

Exports of services totalled EUR 27,058 million (up 13.7 percent from 2018), of which half came, the same 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, the United Kingdom, Italy, France and the Netherlands (Table 13).

Table 13. Exports of services by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Total	23,793	27,058	113.7	100.0	100.0
1. Intra-EU exports, of which:	19,392	22,216	114.6	81.5	82.1
1.1. Euro area, of which:	15,237	17,164	112.6	64.0	63.4
Germany	4,293	4,760	110.9	18.0	17.6
Italy	2,439	2,664	109.2	10.3	9.8
France	2,027	2,274	112.2	8.5	8.4
Netherlands	1,605	1,818	113.3	6.7	6.7
Austria	1,363	1,558	114.3	5.7	5.8
Belgium	1,114	1,222	109.7	4.7	4.5
1.2. Extra-euro area, of which:	4,155	5,052	121.6	17.5	18.7
United Kingdom	2,072	2,676	129.2	8.7	9.9
Hungary	551	620	112.5	2.3	2.3
Bulgaria	375	417	111.2	1.6	1.5
Denmark	308	348	113.0	1.3	1.3
Poland	345	354	102.6	1.5	1.3
2. Extra-EU exports, of which:	4,401	4,842	110.0	18.5	17.9
USA	1,634	1,599	97.9	6.9	5.9
Switzerland	832	1,034	124.3	3.5	3.8
Israel	198	218	110.1	0.8	0.8
Canada	192	189	98.4	0.8	0.7
Singapore	181	221	122.1	0.8	0.8
Turkey	140	182	130.0	0.6	0.7
Republic of Moldova	84	87	103.6	0.4	0.3

Imports of services stood at EUR 18,406 million (up 19.3 percent from 2018), 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 more than 56 percent. The geographical breakdown shows that services-related payments recorded similar shares to those of receipts from services, with almost 84 percent being accounted for by intra-EU trade, especially with Germany, the United Kingdom, Italy, France, the Netherlands and Austria (Table 14).

Table 14. Imports of services by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Total	15,433	18,406	119.3	100.0	100.0
1. Intra-EU imports, of which:	12,759	15,395	120.7	82.7	83.6
1.1. Euro area, of which:	9,376	10,545	112.5	60.8	57.3
Germany	2,830	3,033	107.2	18.3	16.5
Italy	1,152	1,290	112.0	7.5	7.0
France	1,144	1,273	111.3	7.4	6.9
Austria	917	900	98.1	5.9	4.9
Netherlands	797	1,009	126.6	5.2	5.5
Spain	510	586	114.9	3.3	3.2

continued

	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Belgium	473	508	107.4	3.1	2.8
1.2. Extra-euro area, of which:	3,383	4,850	143.4	21.9	26.4
UK	1,354	2,214	163.5	8.8	12.0
Hungary	716	1,093	152.7	4.6	5.9
Bulgaria	364	414	113.7	2.4	2.2
Poland	316	387	122.5	2.0	2.1
Denmark	123	138	112.2	0.8	0.7
2. Extra-EU imports, of which:	2,674	3,011	112.6	17.3	16.4
USA	651	1,599	245.6	4.2	8.7
Switzerland	436	446	102.3	2.8	2.4
Canada	234	208	88.9	1.5	1.1
Turkey	249	292	117.3	1.6	1.6
Republic of Moldova	134	155	115.7	0.9	0.8

Box. International trade in services based on the characteristics of the reporting entities¹⁶

The developments in world economy, the step-up in foreign market transactions, the internationalisation and enhanced complexity of value chains in the context of globalisation prompted users, including decision makers, to ask for new statistical data over the last years.

One of the data sets that is currently being developed refers to the *International trade in services based on the characteristics of the reporting entities*. It provides information on the business sectors dominated by large companies, the role of small- and medium-sized enterprises, the intensity and concentration of services exports and imports.

The international trade in services by size class of reporting entities, based on the number of employees

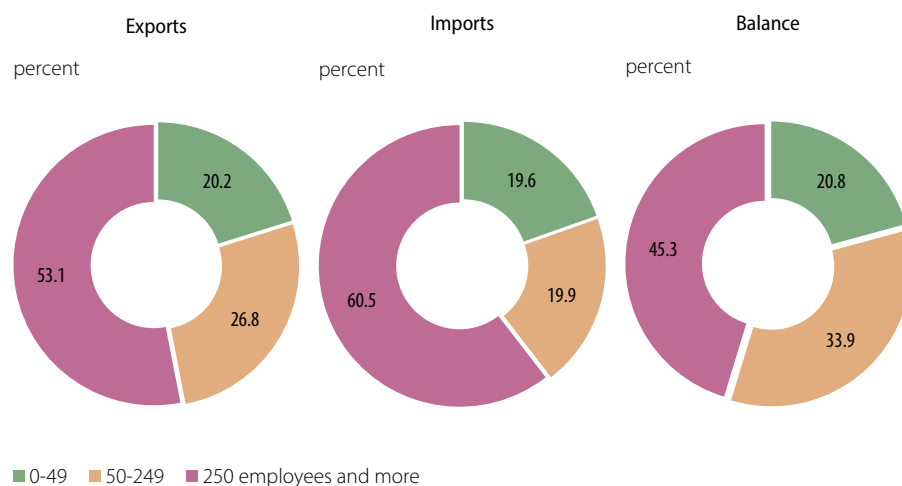
(Calculations based on the data reported during the *International Trade in Services* statistical survey conducted by the NBR, as well as based on the data submitted by resident banks to the NBR, according to legal regulations, except for travel services and insurance services.)

In 2019, small- and medium-sized enterprises (with less than 250 employees) accounted for 47 percent of the value of services exports, which points out their foreign market competitiveness in providing ICT services, road freight transport services and other business services.

¹⁶ Experimental statistics whose methodology is being currently developed with a view to implementing the provisions of Regulation (EU) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics, repealing 10 legal acts in the field of business statistics. Similar statistical data on international trade in goods are calculated and released by the National Institute of Statistics.

The concentration of services imports is higher in the case of large companies, with greater resources to purchase international market services. These took 60.5 percent of the 2019 imports.

Chart A. The international trade in services by size of reporting entities in 2019



The role of small- and medium-sized enterprises on the international services market reflects also in their contribution to the services surplus (54.7 percent in 2019), with small enterprises (with less than 50 employees) carrying 20.8 percent of the positive services balance.

The same as in 2018, in 2019, exports took 10.8 percent of the total turnover of enterprises exporting services, with services exports intensity displaying however an elevated heterogeneity across business sectors, depending on the particulars of their activity. According to the data, transport and storage activities, professional, scientific, technical, and administrative service activities were more export-oriented, posting the highest intensity levels (in a range from 44.4 percent to 53.7 percent). In manufacturing, which posted a below-average intensity, the largest shares of exports, ranging from 17 percent to 38.7 percent, were correlated with the processing of goods owned by others, especially in the manufacturing of textiles, wearing apparel and footwear, the repair, maintenance and installation of machinery and equipment, the manufacturing of computers and electronic and optical products.

Table A. Services exports intensity by economic activity*

	percent	
	2018	2019
Total	10.8	10.8
Agriculture, forestry and fishing	5.4	7.6
Mining and quarrying	2.1	3.1
Manufacturing, of which:	6.1	6.0
Textiles, wearing apparel and footwear	43.3	38.7
Tobacco products	19.7	14.7
Pharmaceutical products	10.8	16.1
Computer, electronic and optical products	16.6	17.0

continued

	percent	
	2018	2019
Repair, maintenance and installation of machinery and equipment	27.3	27.0
Electricity, gas, steam and air conditioning	0.2	0.1
Water supply, sewerage, waste management	19.0	25.8
Construction	17.0	11.6
Trade	1.3	1.3
Transportation and storage	47.9	53.7
Information and telecommunications	44.1	46.7
Real estate transactions	2.1	1.9
Professional, scientific and technical services	46.8	47.6
Administrative and support services	41.8	44.4

*) The ratio of services exports (except for travel services and insurance services) to turnover, calculated based on the data reported by the economic agents during the *International Trade in Services* statistical survey conducted by the NBR, except for section I – Hotels and restaurants, section K – Financial intermediation and insurance, and section O – Public administration and defence; compulsory social security. The calculation method is provided for in the Compilers Guide for statistics on Services Trade by Enterprise Characteristics.

In 2019, top 5 firms exporting services carried 5 percent of total export value, with concentration rising to 53.2 percent for top 500 companies and to 72.4 percent for top 2,000 companies.

Based on the category of services, the greatest concentration levels were recorded by ICT services, professional and management consulting services and processing of goods, with top 500 companies accounting for more than 75 percent of the exports of these categories of services, while road freight transport services featured the highest fragmentation, with top 500 companies carrying under 60 percent of exports and top 2,000 companies nearing 75 percent. The first five top categories by number of companies posted the largest concentration for consulting services and the lowest concentration for road freight transport services, witnessing also a rapid advance for telecommunications, computer, and information services. Top 500 companies reported the largest concentration for telecommunications, computer, and information services, i.e. approximately 85 percent, of the services considered for analysis.

Table B.a. Concentration of exports* of main types of services in 2019

Number of reporting entities	share (%)					
	Total**	Goods processing services	ICT services***	Road freight transport	Professional and management consulting services****	Technical, trade-related and other business services*****
Top 5	5.0	17.3	15.4	7.3	18.9	16.4
Top 10	8.4	23.2	23.7	11.3	29.3	23.7
Top 20	13.2	30.5	34.2	17.2	39.5	33.2
Top 50	22.0	42.0	50.7	26.6	55.6	47.7
Top 100	30.5	51.0	62.9	34.9	68.2	58.1
Top 500	53.2	75.3	84.8	57.2	84.5	78.5
Top 1,000	63.1	...	88.2	67.2	...	81.7
Top 2,000	72.4	73.9	...	-

Table B.b. Concentration of imports* of main types of services in 2019

Number of reporting entities	share (%)				
	Total**	ICT services***	Road freight transport	Professional and management consulting services****	Technical, trade-related and other business services*****
Top 5	9.3	16.5	22.1	10.5	16.7
Top 10	14.5	22.4	29.2	17.6	26.5
Top 20	21.5	29.8	35.6	27.5	35.8
Top 50	31.7	39.6	46.7	42.9	47.0
Top 100	40.7	46.8	55.8	54.0	57.0
Top 500	60.7	59.9	74.5	76.8	78.3
Top 1,000	68.5	62.2	78.5	81.7	84.1
Top 2,000	74.3	62.6	85.9

*) showing the shares that the top reporting entities by export/import value held in the reference period in the total value of services exports/imports, by service category, according to the data submitted during the *International Trade in Services* statistical survey conducted by the NBR

***) the total value of services exports/imports net of the value of services that are not directly compiled based on the data reported by the economic agents, but instead rely on administrative sources (travel services) or some mathematical models (insurance services and pension funds services, indirectly measured financial services).

****) telecommunications, computer and information services

*****) including legal services, accounting, auditing, fiscal, management consulting services, advertising and marketing services, etc.

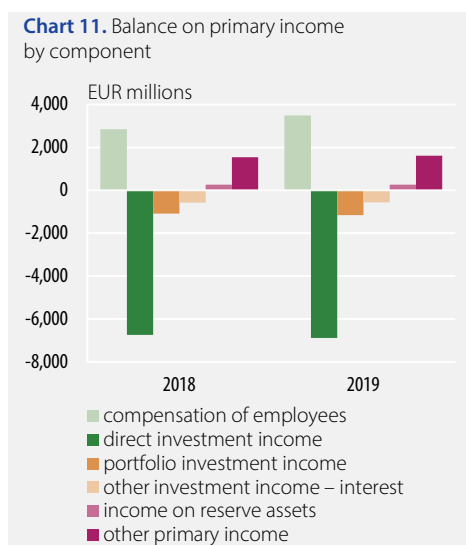
*****) including architectural and engineering services, mining and agricultural services, operating leasing, services between subsidiaries, etc.

... the information is not available, since the survey sample contains a lower number of reporting entities that traded in this category of services

Top 5 firms importing services accounted for 9.3 percent of the total value of services imports in 2019, with concentration rising to 60.7 percent for top 500 companies and to 74.3 percent for top 2,000 companies. By category of services, top 10 companies saw the largest concentration for road freight transport services (taking almost 30 percent of the imports of these services) and the lowest concentration for professional and management consulting services. From the top 20 companies downwards, technical, trade-related and other business services reported the largest concentration for imports (with top 1,000 companies exceeding 80 percent), while ICT services came to rank last, although the concentration level remained significant (above 60 percent for top 1,000 companies).

As regards the dependency on external markets, in 2019, the Herfindahl-Hirschman index measuring geographical concentration stood at 0.0763 for exports, down 0.0015 from the previous year, and at 0.0680 for imports, shedding 0.0013, which points to concentration on a relatively larger number of partners versus the previous year.

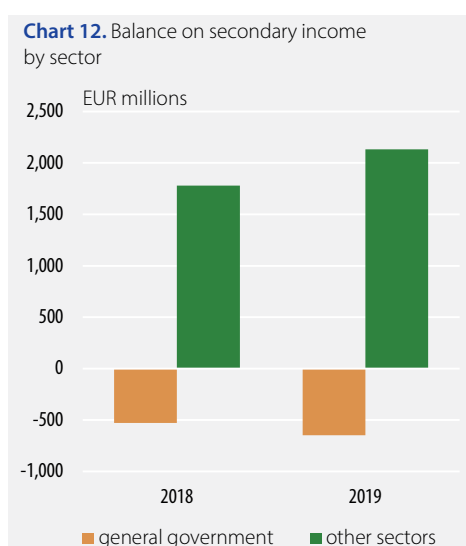
1.2. Balance on primary income



The balance on primary income ended the year 2019 on a EUR 3,192 million deficit, with the 15.3 percent decline versus the previous year being ascribable to two components reporting larger surpluses, namely the compensation of employees¹⁷ (up 22.9 percent to EUR 3,494 million and other primary income (up 4.5 percent to EUR 1,611 million; Chart 11). The share of the primary income deficit in GDP declined by 0.4 percentage points from 2018 to 1.4 percent.

Investment income recorded a slight widening of the deficit, as a result of direct and portfolio investment income. The deficit on direct investment income went up by 2.2 percent to reach EUR 6,891 million amid the step-up in reinvested earnings, whereas the deficit on portfolio investment income grew by 7.1 percent to EUR 1,162 million, on the back of repayments on long-term external debt. The deficit on other investment income shrank by 2.9 percent to EUR 563 million, as a joint result of higher interest receipts and lower interest payments on foreign loans.

1.3. Balance on secondary income



The balance on secondary income ended the year 2019 on a EUR 1,484 million surplus, 18.5 percent above the previous year's level, mainly reflecting the pick-up in workers' remittances from abroad (Chart 12).

The balance on secondary income of general government ended the year on a deficit of EUR 647 million, compared with EUR 528 million in 2018, given the advance by approximately 17 percent in the contributions paid to the EU budget and the repayment of EU funds. The deficit on secondary

¹⁷ Representing income from activities performed based on a work contract for less than one year.

income of general government was contained by the increase in EU fund inflows under current transfers¹⁸, especially from the European Social Fund (ESF). Payments from the EU budget to Romania in 2019, recorded as current transfers received by the general government, totalled EUR 1,435 million¹⁹, with more than 80 percent of this amount coming from the European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD), and the remainder consisting in miscellaneous secondary income. Romania's contribution to the EU budget calculated based on the gross national income and the value added tax totalled EUR 1,805 million (EUR 1,463 million in 2018).

Table 15. Personal remittances

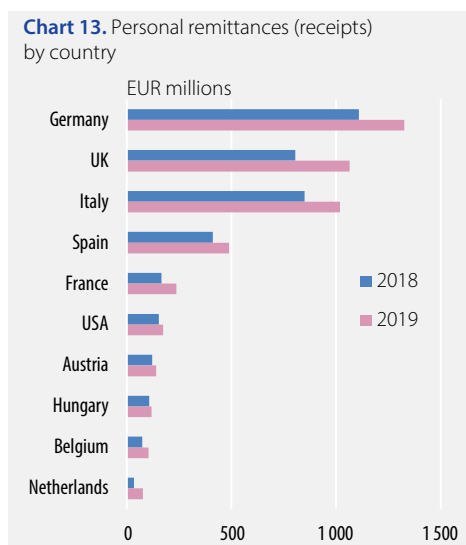
	EUR millions		Indices (%)	Composition (%)	
	2018	2019	2019/2018	2018	2019
Receipts	4,223	5,279	125.0	100.0	100.0
Workers' remittances* (+)	2,977	3,681	123.6	70.5	69.7
Net compensation of employees, of which:	1,246	1,598	128.3	29.5	30.3
Gross compensation of employees** (+)	2,946	3,597	122.1	69.8	68.1
Social security contributions (-)***	-709	-839	118.3	-16.8	-15.9
Income tax (-)***	-498	-597	119.9	-11.8	-11.3
Purchases of goods and services (-)***	-492	-563	114.4	-11.7	-10.7
Payments	300	369	123.0	100.0	100.0
Workers' remittances* (+)	263	331	125.9	87.7	89.7
Net compensation of employees, of which:	37	38	102.7	12.3	10.3
Gross compensation of employees** (+)	104	103	99.0	34.7	27.9
Social security contributions (-)***	-38	-37	97.4	-12.7	-10.0
Income tax (-)***	-10	-10	100.0	-3.3	-2.7
Purchases of goods and services (-)***	-19	-18	94.7	-6.3	-4.9
Balance	3,924	4,910	125.1	100.0	100.0
Workers' remittances* (+)	2,714	3,350	123.4	69.2	68.2
Net compensation of employees, of which:	1,210	1,560	128.9	30.8	31.8
Gross compensation of employees** (+)	2,842	3,493	122.9	72.4	71.1
Social security contributions (-)***	-671	-802	119.5	-17.1	-16.3
Income tax (-)***	-488	-587	120.3	-12.4	-12.0
Purchases of goods and services (-)***	-473	-545	115.2	-12.1	-11.1

*) remittances from workers working abroad for more than 1 year
 **) the value of gross income of employees working abroad for less than 1 year
 ***) the value of social security contributions, income tax payable by employees working abroad for less than 1 year, and the value of the goods and services purchased by them in the host country, respectively

The balance on secondary income of other sectors posted a EUR 2,131 million surplus, up 19.7 percent from 2018, as workers' remittances from abroad stood 23.6 percent above the 2018 level, against the background of further economic growth in the main

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.



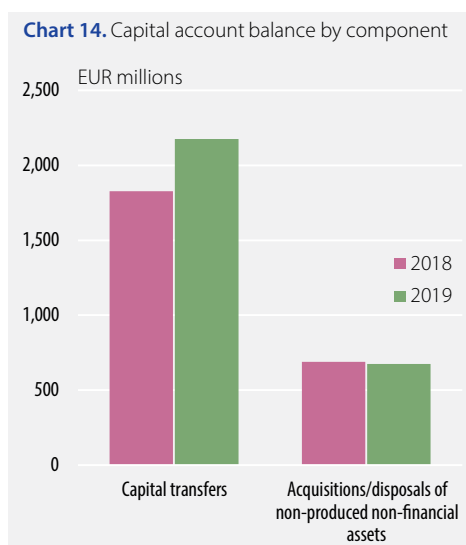
destination countries for Romanian workers (Italy, Germany, the United Kingdom, Spain, France).

Personal remittances (Table 15), comprising workers' remittances (secondary income) and the net compensation of employees²⁰ (primary income) went up by 25.1 percent (the compensation of employees added 28.9 percent, while workers' remittances expanded by 22.9 percent).

Personal remittances came mainly from Germany, the United Kingdom, Italy and Spain, the four countries

accounting for about three quarters of total (Chart 13).

2. CAPITAL ACCOUNT



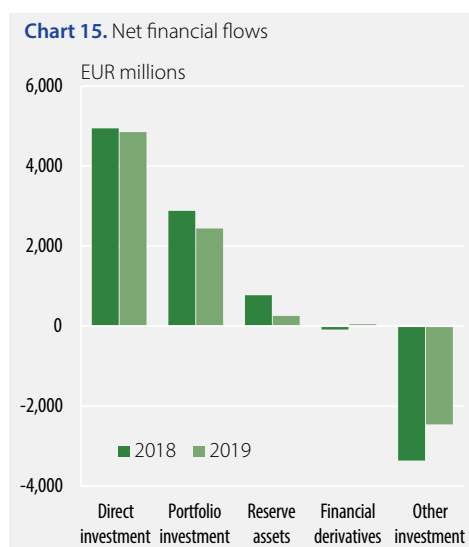
The capital account saw net inflows of EUR 2,850 million, i.e. 13.3 percent above the 2018 level (Chart 14), given the upward trend in inflows of EU funds in the form of capital transfers and a similar volume of sales of carbon dioxide emissions certificates. The inflows of EU funds in the form of capital transfers totalled EUR 2,455 million, i.e. more than 40 percent above the previous year's level, with over 95 percent of them coming from the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Agricultural Fund for Rural Development (EAFRD).

3. FINANCIAL ACCOUNT²¹

In 2019, the financial account witnessed net inflows worth EUR 5,134 million, compared to EUR 5,149 million in the previous year, the difference consisting in

²⁰ Net remuneration is determined by adjusting gross remuneration (included in the primary income component) for the income tax and the related social security contributions, as well as for the value of goods and services purchased in the economy where employees work on a contract basis.

²¹ 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 (+).



small structural mutations in the form of lower net inflows of portfolio investment and direct investment, offset by the slowdown in net outflows of other investment (deposits and trade credit) and the fall in reserve assets (Chart 15).

Direct investment recorded lower net inflows, as a result of a higher incurrence of liabilities in the form of intercompany loans, whereas the net inflows of portfolio investment were affected by the increase in resident non-financial corporations' assets. The moderation in net outflows of other

investment was the result of a slower renewal of short-term deposits held abroad by resident deposit-taking institutions (also under the TARGET2 payment system).

3.1. Direct investment

In 2019, direct investment was further supported by equity and the reinvestment of earnings by foreign-owned companies in Romania (especially in the non-bank sector). Direct investment displayed net inflows worth EUR 4,849 million, down 1.9 percent year on year (EUR 4,945 million in 2018 – Table 16), amid a slight advance in the net incurrence of liabilities in the form of debt instruments (intercompany loans).

Table 16. Direct investment

	EUR millions					
	2018			2019		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	1,259	6,204	-4,945	1,723	6,572	-4,849
Equity	478	5,531	-5,053	195	5,021	-4,826
Equity other than reinvestment of earnings	470	2,958	-2,488	110	2,238	-2,128
Deposit-taking corporations except the central bank	42	182	-140	-15	35	-50
Other sectors	428	2,776	-2,348	125	2,203	-2,078
Reinvestment of earnings	8	2,573	-2,565	85	2,783	-2,698
Deposit-taking corporations except the central bank	5	663	-658	8	835	-827
General government	0	0	0	0	2	
Other sectors	3	1,910	-1,907	77	1,946	-1,869

continued

	EUR millions					
	2018			2019		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Debt instruments	781	673	108	1,528	1,551	-23
Deposit-taking corporations except the central bank	-1	-1	0	-1	0	-1
Other sectors*	782	674	108	1,529	1,551	-22

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

The net acquisition of assets and the net incurrence of liabilities expanded by more than a third (to EUR 1,723 million), and by approximately 6 percent (to EUR 6,572 million) respectively, with intercompany loans acting as the common driver of the trends.

Investment by non-residents in Romania²² totalled EUR 5,173 million (Table 17), of which equity (consolidated with the net reinvestment of earnings) amounted to EUR 5,021 million and intercompany loans stood at a net value of EUR 152 million.

Investment by residents abroad totalled EUR 324 million, of which equity (including reinvestment of earnings) in the amount of EUR 195 million and intercompany loans in the net amount of EUR 129 million.

Table 17. Direct investment under the directional principle

	EUR millions					
	2018			2019		
	Credit	Debit	Net	Credit	Debit	Net
Total	51,276	46,331	4,945	51,721	46,872	4,849
Direct investment by residents abroad	533	854	-321	564	888	-324
Equity other than reinvestment of earnings	15	499	-484	43	153	-110
Deposit-taking corporations except the central bank	0	56	-56	15	0	15
Other sectors	15	443	-428	28	153	-125
Reinvestment of earnings	0	8	-8	0	85	-85
Deposit-taking corporations except the central bank	0	5	-5	0	8	-8
Other sectors	0	3	-3	0	77	-77
Debt instruments	518	347	171	521	650	-129
Deposit-taking corporations except the central bank	0	0	0	0	0	0
Other sectors	518	347	171	521	650	-129

²² 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					
	2018			2019		
	Credit	Debit	Net	Credit	Debit	Net
Direct investment by non-residents in Romania	50,743	45,477	5,266	51,157	45,984	5,173
Equity other than reinvestment of earnings	5,778	2,804	2,974	3,586	1,347	2,239
Deposit-taking corporations except the central bank	476	279	197	121	86	35
Other sectors	5,302	2,525	2,777	3,465	1,261	2,204
Reinvestment of earnings	2,572	0	2,572	2,782	0	2,782
Deposit-taking corporations except the central bank	663	0	663	835	0	835
Other sectors	1,909	0	1,909	1,947	0	1,947
Debt instruments	42,393	42,673	-280	44,789	44,637	152
Deposit-taking corporations except the central bank	14	14	0	1	0	1
Other sectors	42,379	42,659	-280	44,788	44,637	151

3.2. Portfolio investment

In 2019, portfolio investment recorded net inflows of EUR 2,436 million, compared to EUR 2,880 million in 2018 (Table 18), in the context of a pick-up in investment by resident non-financial corporations in debt securities issued by non-residents.

The net acquisition of financial assets totalled EUR 1,368 million, i.e. three times the 2018 value, with the increase being ascribable to debt instruments issued by non-residents and purchased by resident non-financial corporations.

Table 18. Portfolio investment

	EUR millions					
	2018			2019		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	422	3,302	-2,880	1,368	3,804	-2,436
Equity and investment fund shares	-67	-408	341	119	-589	708
Deposit-taking corporations except the central bank	-43	-3	-40	2	-95	97
Other sectors	-24	-405	381	117	-494	611
Debt securities	489	3,710	-3,221	1,249	4,393	-3,144
Short term	234	-36	270	-56	-20	-36

continued

	EUR millions					
	2018			2019		
	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	14	0	14	-11	0	-11
General government	113	-36	149	-42	-20	-22
Other sectors	107	0	107	-3	0	-3
Long term	255	3,746	-3,491	1,305	4,413	-3,108
Deposit-taking corporations except the central bank	119	-58	177	480	67	413
General government	138	3,813	-3,675	178	4,009	-3,831
Other sectors	-2	-9	7	647	337	310

The net incurrence of liabilities came in at EUR 3,804 million, i.e. 15.2 percent above the previous year's level, reflecting the fall in public debt repayments. 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 2019 saw four issues of government securities in total amount of EUR 5 billion (in April and July) and redemptions of such instruments in the foreign market amounted to EUR 1.5 billion in November.

3.3. Other investment

In 2019, other investment recorded net outflows of EUR 2,455 million, down 27 percent from the previous year (Table 19), which reflected net acquisition of assets worth EUR 698 million and negative net incurrence of liabilities in the amount of EUR 1,757 million.

Table 19. Other investment

	EUR millions					
	2018			2019		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total, of which:	1,830	-1,532	3,362	698	-1,757	2,455
Other equity	8	0	8	-1	0	-1
Currency and deposits	458	-898	1,356	-300	-1,171	871
Central bank	-375	2	-377	-755	-2	-753
Deposit-taking corporations except the central bank	1,286	-793	2,079	991	-1,256	2,247
General government	0	-107	107	3	88	-85
Other sectors	-453	0	-453	-539	-1	-538
Loans	-47	-1,636	1,589	-149	-1,349	1,200
Central bank	0	0	0	0	0	0
Deposit-taking corporations except the central bank	-6	0	-6	-105	0	-105

continued

	EUR millions					
	2018			2019		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
General government	-33	-1,839	1,806	-62	-1,548	1,486
Other sectors	-8	203	-211	18	199	-181
Insurance, pension and standardised guarantee schemes	41	10	31	18	22	-4
Trade credit and advances	1,379	1,051	328	1,128	733	395
General government	1,003	6	997	766	-9	775
Other sectors	376	1,045	-669	362	742	-380
Other accounts receivable/payable	-9	-59	50	2	8	-6
Deposit-taking corporations except the central bank	5	-69	74	9	20	-11
General government	0	0	0	-5	0	-5
Other sectors	-14	10	-24	-2	-12	10

Net acquisitions of assets shrank to EUR 698 million from EUR 1,830 million in the previous year, showing mainly a slower pick-up in deposits abroad by residents.

The negative net incurrence of liabilities rose slightly versus 2018 (from EUR 1,532 million to EUR 1,757 million), reflecting a lower volume of non-residents' deposits in Romania and the drop in net liabilities in the form of trade credit and advances.

To sum up, in 2019, the balance of payments posted a net volume of transactions in real assets in the amount of EUR 7,630 million (shown under the combined current and capital account deficit), having as counterpart net inflows in the form of financial transactions worth EUR 5,134 million (financial account balance), with the difference being accounted for by errors and omissions.

B. Romania's international investment position

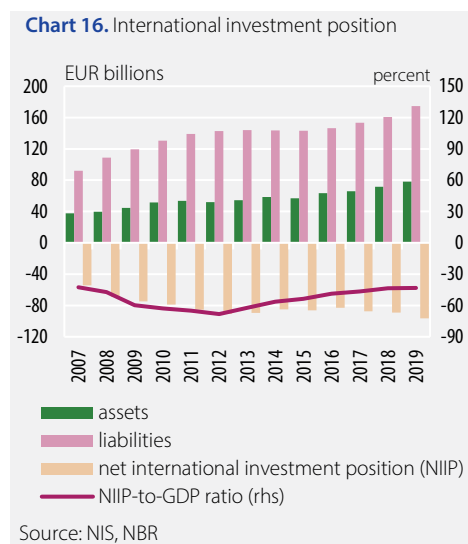
1. OVERVIEW

Compared to 2018, the net international investment position continued to deteriorate, reaching EUR - 96.6 billion at end-2019 (Chart 16).

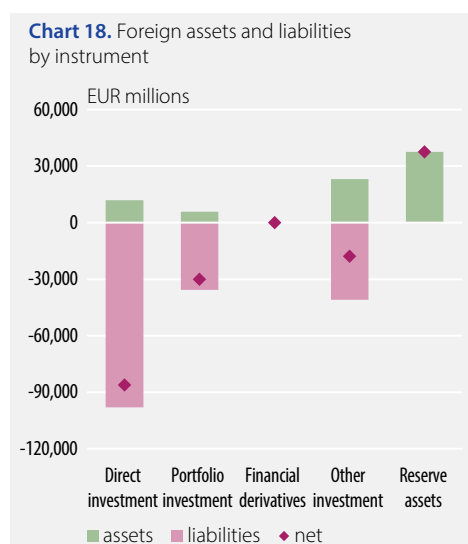
In 2007-2018, the indicator had a steady negative evolution in nominal terms, tending to double towards 2012 compared to 2007 and subsequently showing a mild adjustment tendency, mainly brought about by the decrease in net external debt. In the period under review, the robust, continuous increase in gross domestic product caused the international investment position ratio²³ to reach the 2007 level (-43 percent)

²³ The net international position as a share in GDP.

towards the end of 2019. The composition of net international investment position, marked by the major contribution of foreign liabilities in the form of direct investment (56 percent of total liabilities at end-2019, i.e. comparable to 2018), helped avoid 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 2015-2019, the current account deficit tended steadily to widen, from 0.6 percent of GDP in 2015 to 4.7 percent of GDP in 2019, as opposed to the adjustment of the net investment position (Chart 17).



The breakdown of the international investment position by financial instrument (asset/liability) 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; Chart 18). Direct and portfolio investment reported larger shares, whereas the contribution of other investment to foreign funding remained on a downward trend.

Debt instruments showed an increasing trend in the general government sector and the non-financial corporations sector during 2019 as well, with roll-over rates²⁴

²⁴ The roll-over rate is calculated as a ratio of drawings to the repayments of debt instruments.

above 100 percent. The roll-over rate of deposit-taking corporations except the central bank went down to 44.2 percent for long-term instruments (from 60.8 percent) and to 99.4 percent for short-term instruments (from 103 percent).

Compared to the previous year, foreign assets recorded a slightly higher percentage of GDP, whereas the weight of foreign liabilities diminished, so that the share of the net position in GDP narrowed to -43.2 percent from -43.7 percent at end-2018.

Chart 19. Geographical breakdown of foreign assets

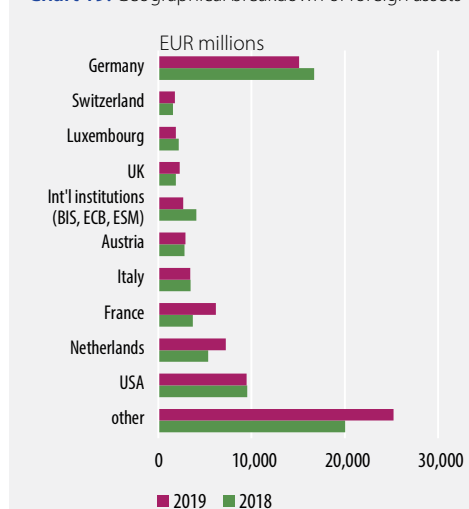
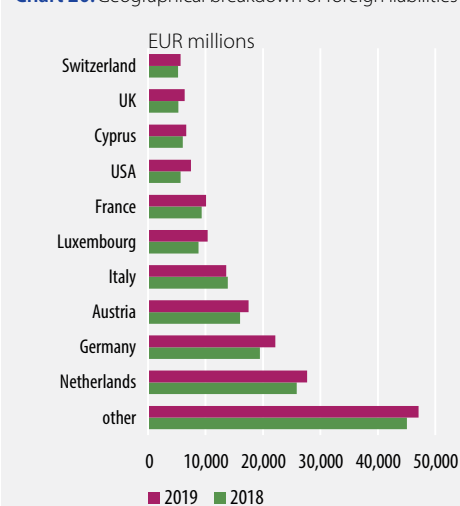


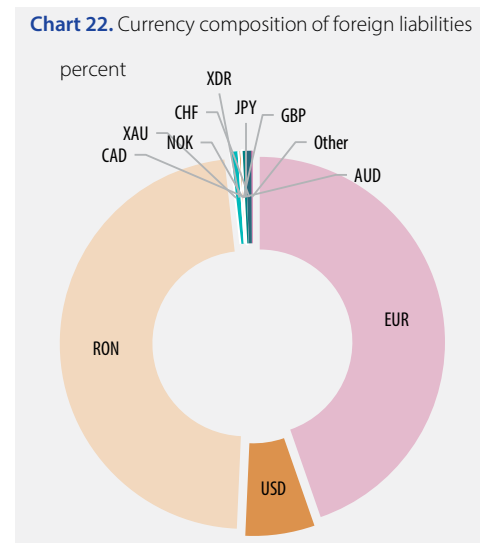
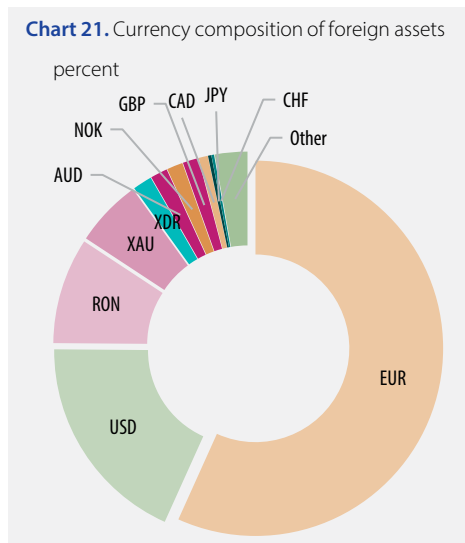
Chart 20. Geographical breakdown of foreign liabilities



The top ten destinations of Romania's foreign assets (Chart 19) accounted for 67.8 percent at end-2019, down 4.1 percentage points versus the year-earlier reading, Germany ranking first with a declining share of 19.3 percent, followed by the United States with 12.1 percent (also on the wane), the Netherlands and France, both with rising shares of over 7 percent. Foreign assets held by international institutions²⁵ contracted mildly to 3.4 percent. Romania's foreign liabilities (Chart 20) were mainly in relation to EU Member States (65.5 percent), ahead of the United States and Switzerland, which cumulatively held a 7.5 percent share, up by 1 percentage point from the previous year.

In 2019, the currency composition of foreign assets showed the prevalence of the euro and the US dollar, whose shares amounted to 75.1 percent, narrowing slightly against the previous year. The foreign liabilities of the investment position were mainly denominated in lei and euro, which jointly accounted for 92.2 percent, with shares of 44.7 percent for euro and 47.5 percent for lei respectively. Foreign liabilities expressed in US dollars, Swiss francs, Japanese yen and special drawing rights made up 7.5 percent of total, on a decrease versus 2018 (Charts 21 and 22).

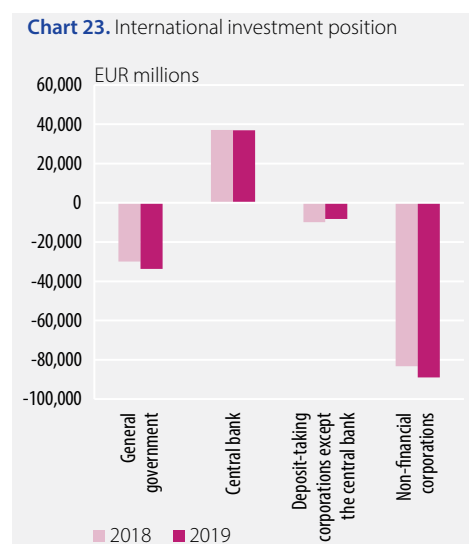
²⁵ Bank for International Settlements (BIS), European Central Bank (ECB), European Stability Mechanism (ESM).



At end-2019, foreign liabilities in the form of external debt instruments stood at EUR 109.8 billion (versus EUR 99.8 billion at end-2018), up 10 percent. Intercompany loans went up to EUR 36.7 billion at end-2019 (from EUR 31.7 billion in 2018), prevalently driven by short-term instruments (EUR 20.9 billion, compared to EUR 17.3 billion at end-2018). Equity rose by EUR 3.9 billion (to EUR 61.4 billion at end-2019), which shows that non-residents increased their long-term investments in Romanian companies.

The net creditor position of the central bank stood at EUR 36.9 billion at end-2019, slightly lower than the year-earlier reading. In year-on-year comparison, foreign investments in the form of deposits went down 39.7 percent, reaching EUR 5.7 billion, while assets in the form of securities added 14.8 percent, to EUR 25.7 billion.

The breakdown of the international investment position by institutional sector (Chart 23) shows that the sector of deposit-taking corporations except the central bank continued to see a decreasing net debit balance, from EUR 9.8 billion to EUR 8.2 billion, as a joint result



of the increase in assets and the decline in foreign liabilities in the form of deposits.

The net debtor position of the general government deteriorated from EUR 29.9 billion to EUR 33.7 billion, amid the pick-up in the stock of foreign liabilities in the form of government securities.

Non-financial corporations recorded an increase in their net debtor position by 6.9 percent from 2018 to EUR 89 billion, with equity in companies operating in Romania, intercompany lending and foreign loans further acting as the main means of financing.

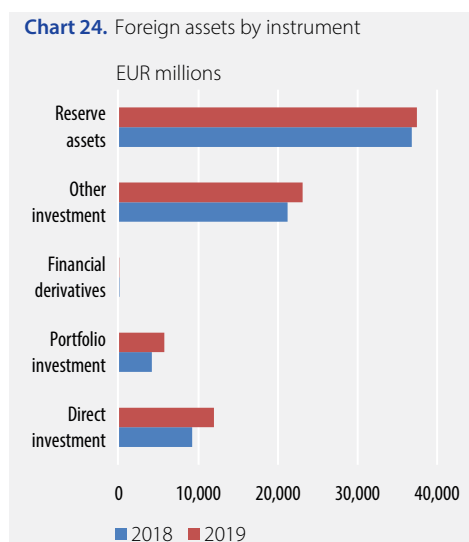
2. INTERNATIONAL INVESTMENT POSITION

2.1. Foreign assets

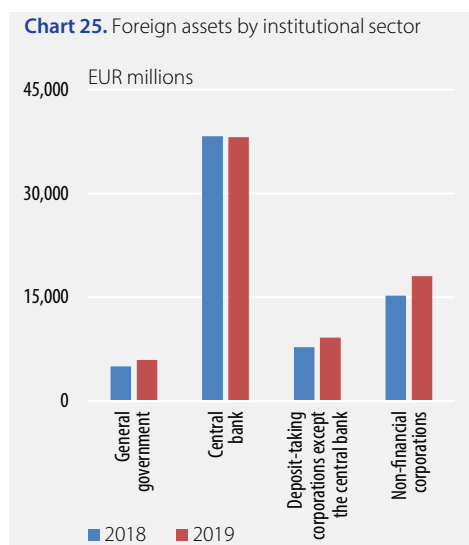
At end-2019, foreign assets stood at EUR 78,182 million, up 9.5 percent year on year.

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 (Chart 24), albeit with a lower share (down 3.7 percentage points to

47.9 percent of total foreign assets), ahead of other investment (down 0.2 percentage points to 29.5 percent), direct investment (up 2.4 percentage points to 15.3 percent) and portfolio investment (7.3 percent).



At end-2019, foreign assets in the form of direct investment came in at EUR 11,934 million²⁶, up EUR 2,732 million from the 2018 level, as a result of the 1.7 percentage point increase in the share of intercompany loans to enterprises abroad and the 0.7 percentage point rise in Romanian equity in non-resident enterprises.



The stock of portfolio investment of resident investors came in at EUR 5,703 million, adding 1.5 percentage points in terms of share versus 2018. The breakdown of portfolio investment by instrument shows that resident investors further purchased in 2019 bonds and other short- and long-term securities, as well as shares of foreign companies.

During the period under review, the stock of other investment went up 8.8 percent against 2018, to stand at EUR 23,079 million, mainly on the back of short-term loans and deposits.

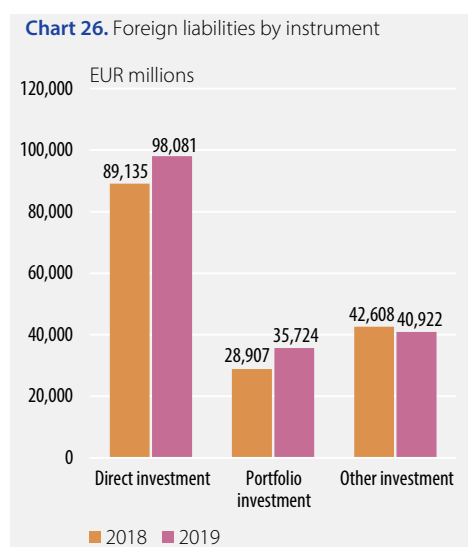
At end-2019, Romania's international reserves (foreign exchange plus monetary gold) amounted to EUR 37,450 million, up EUR 650 million from a year earlier, amid the

²⁶ 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 2,157 million at end-2019.

new issues of government securities, contained by the maturing public debt service (principal repayments and payments of interest and commission fees). Romania's international reserves covered 4.5 months of imports of goods and services. Their increase was primarily brought about by the rise in monetary gold price (EUR 0.8 billion), as well as by changes in the exchange rates of the major currencies of denomination of portfolio investment (EUR 0.3 billion). A mild negative contribution had the net capital outflows and the amounts arising from changes in the prices of securities (EUR -0.4 billion).

The breakdown of foreign assets by institutional sector (Chart 25) shows that, at 31 December 2019, the central bank continued to hold the largest share (48.8 percent, down 4.8 percentage points versus the previous year), ahead of non-financial corporations (with a rising share, to 23.1 percent), deposit-taking corporations except the central bank (on the rise, to 11.7 percent), and the general government (7.6 percent).

2.2. Foreign liabilities



At end-2019, foreign liabilities amounted to EUR 174,737 million, up 8.7 percent from the end of the previous year (Chart 26).

Looking at the breakdown of foreign liabilities by main financial instrument, direct investment further prevailed (56.1 percent, up 0.7 percentage points), ahead of other investment (23.4 percent, down 3.1 percentage points) and portfolio investment (20.4 percent, up 2.5 percentage points). Under other investment, external loans further held the largest share in total liabilities (12.9 percent, down 1.7 percentage

points from a year earlier), followed by trade credit and advances (5.2 percent, down 0.2 percentage points) and by deposits (4.5 percent, down 1.1 percentage points).

At end-2019, the stock of direct investment stood at EUR 98,081 million²⁷ (up 10 percent against end-2018), corresponding to a 43.9 percent share in GDP, comparable to the year-earlier reading of 43.6 percent. Equity held by non-residents in the companies operating in Romania as a share of total foreign liabilities stood 0.7 percentage points lower than in 2018, while the share of debt instruments in the form of intercompany loans added 1.3 percentage points.

²⁷ 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 88,304 million at end-2019, 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.

Direct investment further targeted the main economic sectors, predominantly manufacturing, construction and real estate transactions, trade, financial intermediation and insurance.

Foreign investors increased their portfolio of unlisted shares in non-financial corporations, banks, insurance undertakings and other financial intermediaries, up to EUR 56.1 billion at end-2019. The value of non-resident direct investors' shares listed on the domestic capital market went up to EUR 5.7 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, Austria, Germany, Italy, Cyprus, France, Luxembourg, Belgium, Czechia, Hungary, Spain, and Greece. Countries such as Switzerland and the UK recorded shares of foreign investment of over 3 percent of total. The recent years' trend in capital contribution has consisted mainly in company restructuring and development, whereas greenfield investment and mergers have further witnessed 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. South-West-Oltenia and North-East came in last in terms of foreign direct investment in 2019 as well.

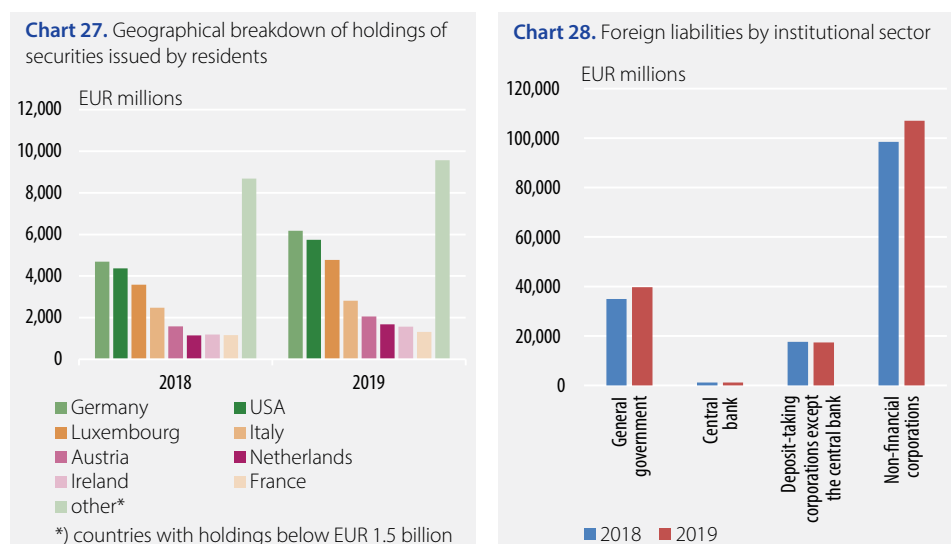
At end-2019, portfolio investment saw its share in total foreign liabilities moving ahead 2.5 percentage points, to 20.4 percent. The stock of investment in equity and investment fund shares exceeded the previous year's level by EUR 262 million, while that of investment in long-term debt securities (bonds and government securities) came in at EUR 32,121 million, leading to a wider share in foreign liabilities by 2.5 percentage points.

The stable outlook on the investment rating was kept unchanged by rating agencies throughout 2019 as well, enabling access onto capital markets, so that the Ministry 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 7.7 billion at end-2019) went up versus the previous year by EUR 361.3 million.

The financing ensured by tapping foreign capital markets consisted in new Eurobond issues, the first one in April – in a nominal amount of EUR 3.6 billion (EUR 500 million, EUR 1,150 million and EUR 1,950 million respectively), with 15-, 7- and 30-year maturities respectively and coupons of 3.5 percent, 2 percent and 4.625 percent respectively – and the second in July, worth EUR 1,400 million, with a 12-year maturity and a coupon set at 2.124 percent.

Based on transactions on the secondary capital market in 2019, the main investors in securities issued by residents (Chart 27) were EU countries with a significant financial potential, but also the US, the EBRD, and the United Arab Emirates. Compared with

2018, the main investors such as Germany, the US, Luxembourg, Italy, Austria, Ireland, the Netherlands, and France increased their holdings by shares ranging between 14 percent and 47 percent.



Other investment amounted to EUR 40,922 million at end-2019, down 3.1 percent from a year earlier, amid further capital outflows in the form of deposits and principal repayments on loans.

The composition of foreign liabilities by institutional sector remained unchanged in 2019 as well (Chart 28). Specifically, the non-financial corporations sector further held the largest share (61.2 percent), followed by general government, with an increasing share (from 21.7 percent to 22.7 percent), due primarily to new issues of government securities. Deposit-taking corporations except the central bank recorded a share of 9.9 percent, down 1 percentage point from 2018, following a drop in the volume of deposits and the low roll-over rates of long-term instruments. The share of the central bank liabilities remained unchanged from the previous year.

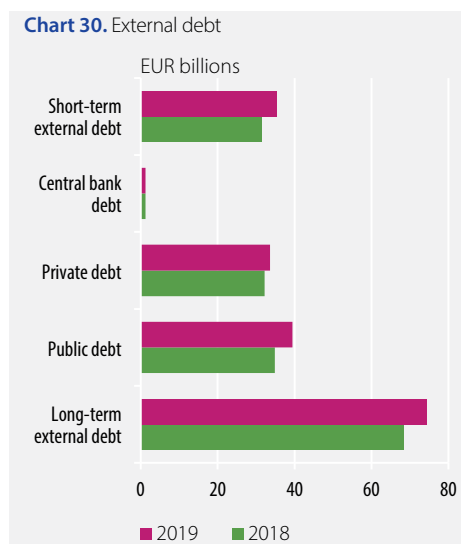
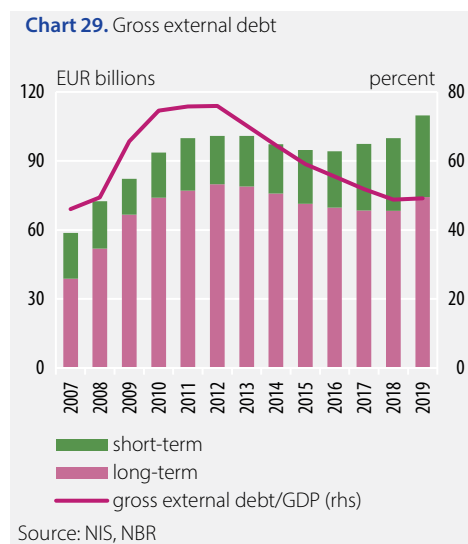
2.2.1. External debt

As of 2007, 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 29), amid the maturing principal repayments primarily on long-term external debt. Starting 2016, the evolution of external debt witnessed a trend reversal, ascribable to the sturdy increase in 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-2019, the stock of gross external debt²⁸ totalled EUR 109,783 million, up 10 percent from end-2018, largely due to the rise in short-term external debt. Gross external debt as a share of GDP increased from 48.8 percent to 49.2 percent.

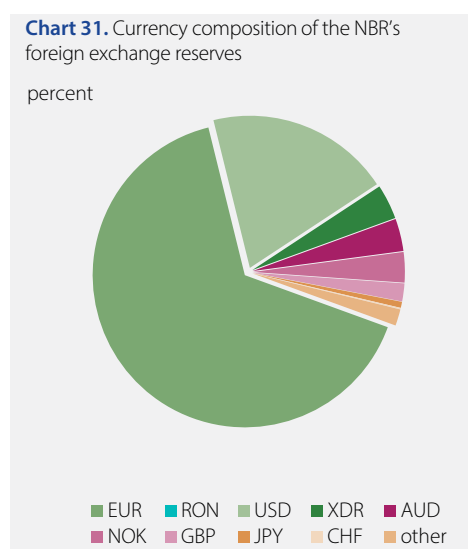
²⁸ The stock of gross external debt is accrual-based and hence includes accrued unmatured interest.

To the higher stock of gross external debt contributed net transactions worth EUR 4.2 billion and revaluation differences in the amount of EUR 3.5 billion (other changes²⁹). Changes in the exchange rates of currencies and in prices of securities also had a major positive contribution of EUR 2.2 billion.



Long-term external debt amounted to EUR 74,319 million at end-2019, up 8.8 percent against end-2018. Developments in the stock of long-term external debt were

attributable to the increase in external public debt³⁰ and in non-publicly guaranteed external debt by 13.3 percent and 4.3 percent respectively. Looking at the central bank's external debt, SDR allocations from the IMF rose 1.7 percent from the year-earlier reading solely on the back of exchange rate changes (Chart 30).

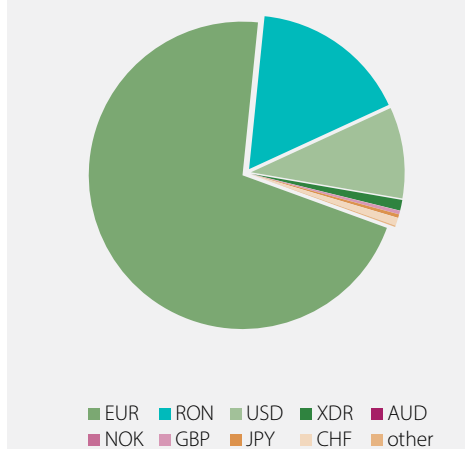


The currency composition of external debt (with the euro accounting for 71.1 percent and the US dollar for 9.6 percent) was replicated in a balanced manner in the NBR's foreign exchange

²⁹ Other changes include values that entail a change in the final stock through reclassifications, changes in the accounting treatment and corrections of statistical reports from previous periods.

³⁰ 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 provide custody services, according to NBR Regulation No. 4/2014, as subsequently amended and supplemented.

Chart 32. Currency composition of external debt
percent



reserves, where the euro and the US dollar jointly held 85.2 percent (Chart 31), while leu-denominated liabilities totalled 16.5 percent, up 0.6 percentage points versus 2018 (Chart 32).

Long-term external debt by creditor at end-2019 shows that private banks further held the largest share, i.e. 64.3 percent (Charts 33 and 34), 2.8 percentage points higher versus the previous year, primarily on account of portfolio investment, while official creditors saw their share decrease by 3.2 percentage points to 14.4 percent. 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 6,575 million against 2018.

Chart 33. Long-term gross external debt by creditor in 2018

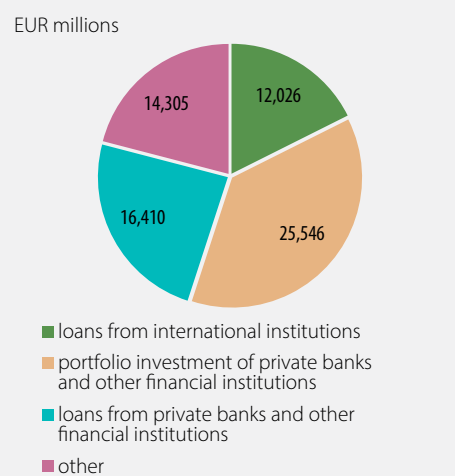
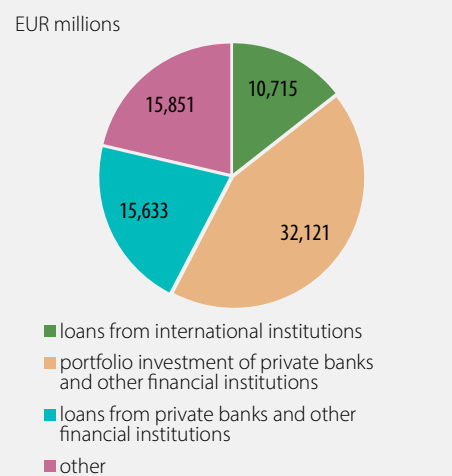
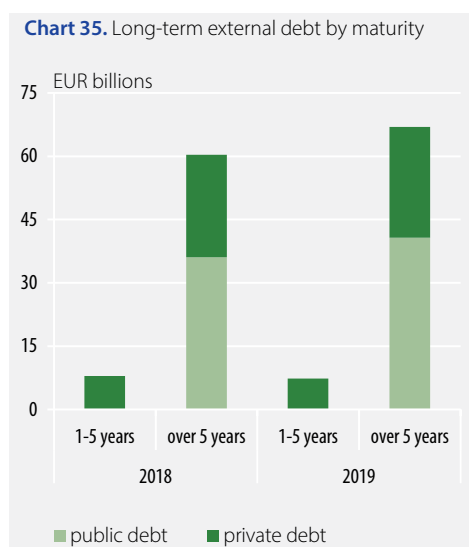


Chart 34. Long-term gross external debt by creditor in 2019



Long-term external debt by maturity at end-2019 shows a 1.7 percentage point 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. 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 35).

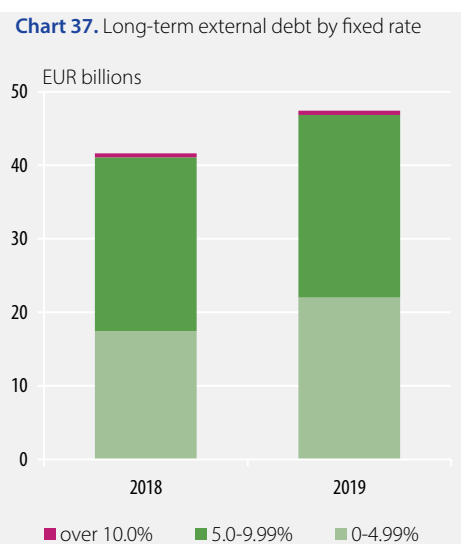
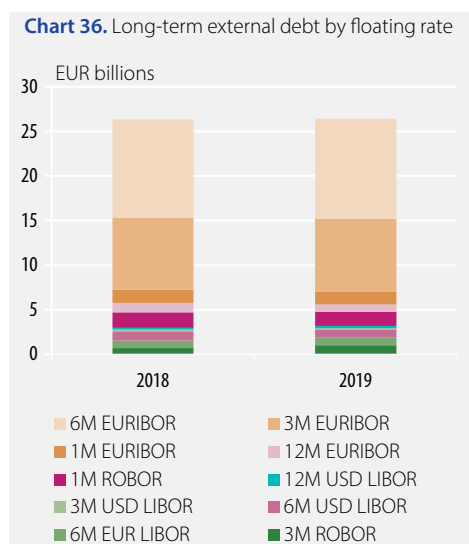
Long-term external debt by type of interest rate shows that the stock of floating-rate loans trended slightly upwards in nominal terms during 2019 versus a year earlier across several interest rate types. Fixed-rate loans saw an increase in the 0-5 percent range, by 4 percentage points, while – unlike the previous year – those in the immediately consecutive ranges posted a 1.1 percentage point reduction. The 2.8 percentage



point narrowing of the share held by floating-rate loans was accompanied by an identical widening of the share of fixed-rate loans, which – compared to 2018 – renders the long-term debt service sustainable (Charts 36 and 37).

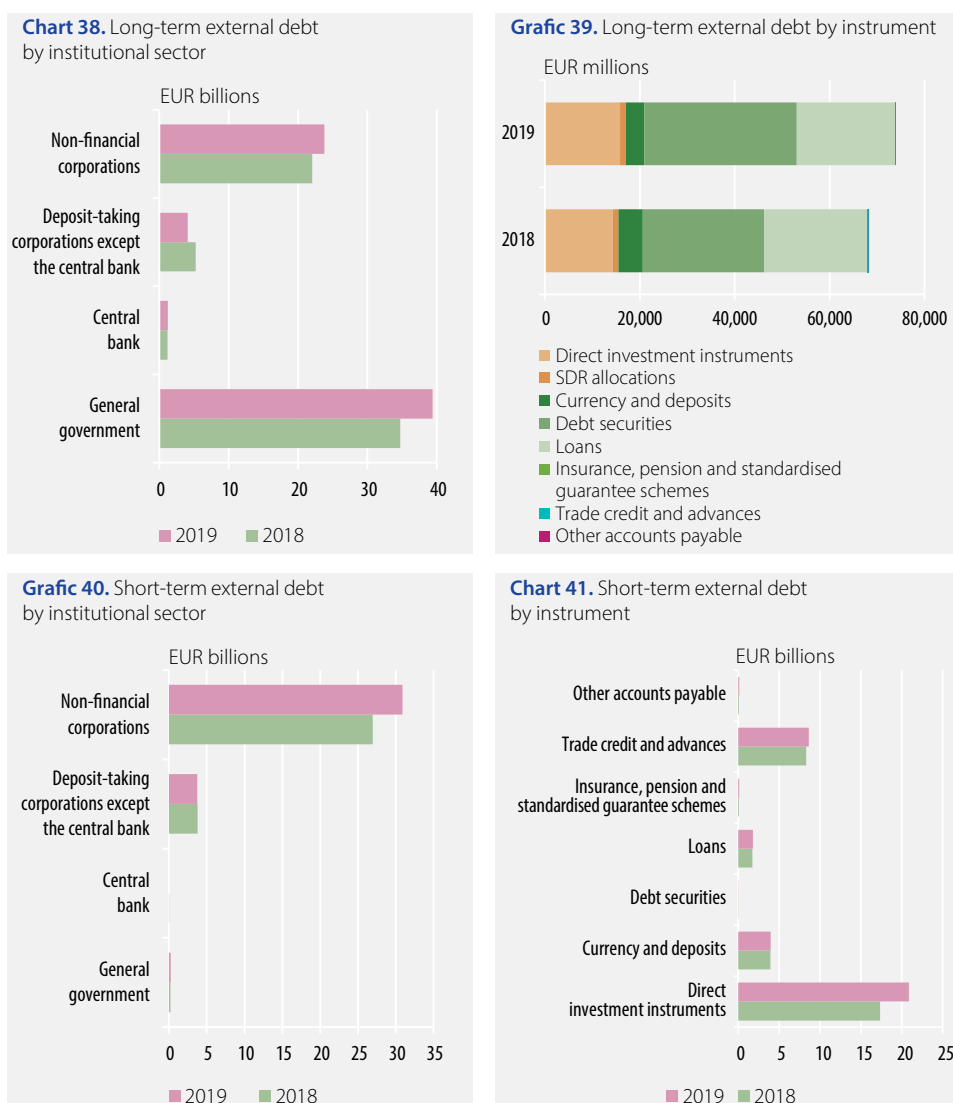
Credit institutions' long-term external debt witnessed a further contraction during 2019 (Chart 38), on account of the reduction in non-residents' deposits, while general government debt continued to increase, primarily via the new securities issues on capital markets. Non-financial corporations' long-term debt stood EUR 1,738 million

higher than at end-2018, its share in total debt reaching 32 percent.



The composition of long-term external debt by instrument (Chart 39) shows declining shares of loans and deposits by 6.2 percentage points, whereas the share of portfolio investment instruments in the form of debt securities and that of intercompany loans plus trade credit and advances widened by 5.8 percentage points and 0.5 percentage points respectively.

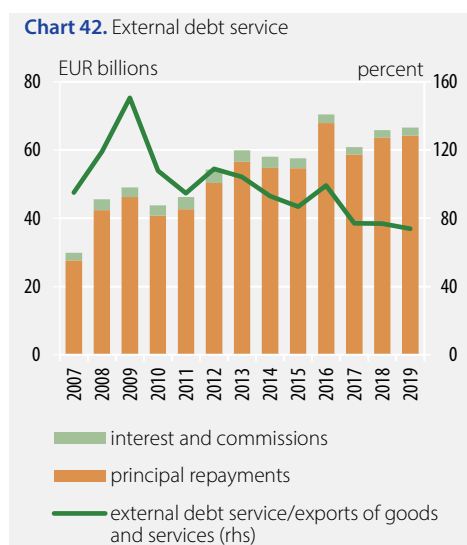
Short-term external debt ended the year 2019 at EUR 35,464 million, accounting for 32.3 percent of total gross external debt. Institutional sectors' weights in the short-term external debt stuck to the previous years' trend, with the non-financial corporations sector further making the largest contribution (87.1 percent, up 1.7 percentage points), ahead of deposit-taking corporations except the central bank, with a significantly smaller and declining share (Chart 40).



The non-financial corporations sector and deposit-taking corporations except the central bank resorted to short-term foreign funds in 2019 as well, as pointed out by roll-over rates of 104.8 percent.

Debt instruments in the form of deposits taken by credit institutions, as a source of short-term funding, stuck to the previous year's reading, but their share narrowed 1.4 percentage points compared with 2018, to 11.1 percent (Chart 41). Direct investment instruments witnessed a nominal increase of EUR 3,527 million, while their share widened by 3.9 percentage points, to 58.9 percent. Trade credit and advances went up in absolute terms by EUR 303 million, but declined as a share in total by 2 percentage points.

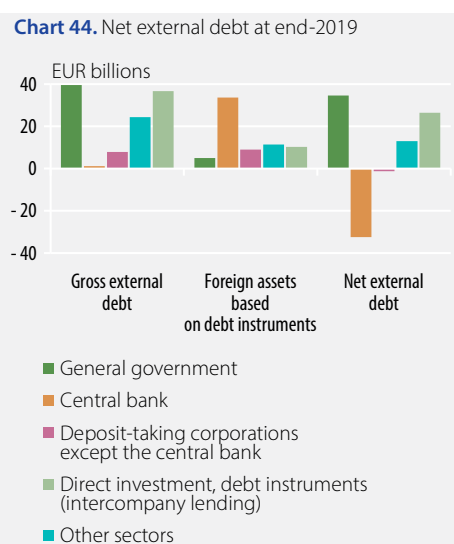
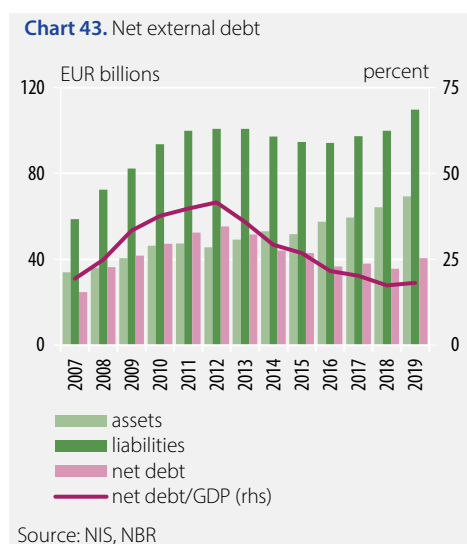
The external debt service posted significant increases during 2008-2009, followed by a moderate easing in 2010 and rises 2011 through 2013 (Chart 42). After having stood below the EUR 60 billion mark in 2015, the external debt service exceeded EUR 70 billion in 2016, reflecting government security redemptions, 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 repayments of trade credit and advances with a maturity of up to 1 year.

In 2019, the external debt service amounted to EUR 66,585 million, of which principal repayments equalled EUR 64,238 million and payments of interest and commissions totalled EUR 2,347 million. The composition by maturity shows that the share of long-term external debt service narrowed from 29.1 percent to 26.2 percent and that of short-term external debt service widened from 70.9 percent to 73.8 percent.

In the period under review, net external debt³¹ as a share in GDP declined from 41.6 percent in 2012 to 17.4 percent at end-2018 (Chart 43), on account of the reduction in the stock of gross external debt accumulated in previous years.



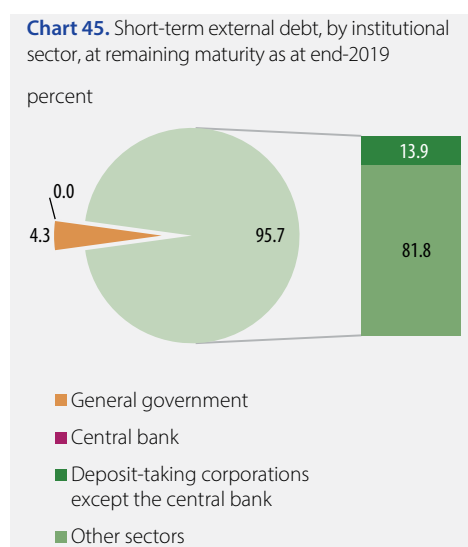
Net external debt came in at EUR 40.5 billion (i.e. 18.1 percent of GDP) at end-2019, up from EUR 35.6 billion in 2018, amid the steep rise in the debt of general government and of other sectors (Chart 44). The net external debt stemming from

³¹ 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).

direct investment reached EUR 26.4 billion from EUR 23.4 billion in the previous year, primarily on account of the higher stock of intercompany trade credit. The decrease in foreign assets from EUR 34.5 billion to EUR 33.6 billion entailed a decline in the central bank's stock of net external debt from EUR -33.3 billion to EUR -32.4 billion.

At 31 December 2019, net external debt accounted for 18.1 percent of GDP, up 0.7 percentage points versus end-2018, without affecting the share in GDP of the debit balance of the international investment position, which narrowed from 43.7 percent to 43.2 percent.

The stock of short-term external debt at remaining maturity³² totalled EUR 47,830 million, of which other sectors' debt accounted for 81.8 percent (Chart 45).



The ratio of gross external debt to exports of goods and services was 121.8 percent, while the share of interest in total exports of goods and services stuck to 2.6 percent.

Starting 2014, the external debt service has constantly stood below the level of exports of goods and services, while in 2019 it took 73.9 percent of the total value of exports. In relation to GDP, the external debt service saw its share narrow to 29.8 percent.

The ratio of foreign exchange reserves at the NBR to short-term external debt

at remaining maturity followed a constantly downward path, reaching 68.8 percent from 74.1 percent a year earlier, the same as the ratio of forex reserves to short-term external debt at original maturity³³, which declined from 104.8 percent to 92.9 percent, through the joint contribution of the higher stock of short-term external debt and lower forex reserves.

To sum up, the year 2019 saw a reduction in the net international investment position as a ratio to GDP, along with slightly higher shares in GDP of gross and net external debt, which showed absolute values on the rise, brought about primarily by components such as portfolio investment and direct investment.

³² Short-term external debt outstanding at end-2019 plus the principal and/or interest on long-term gross external debt payable over the following 12 months (January-December 2020).

³³ Gross external debt with an original maturity of up to and including 1 year.

Statistical section

Balance of payments, 2018-2019

Item	EUR millions					
	2018			2019		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	95,282	104,242	-8,960	101,989	112,469	-10,480
A. Goods and services	85,612	92,057	-6,445	90,143	98,915	-8,772
a. Goods	61,819	76,624	-14,805	63,085	80,509	-17,424
general merchandise on a balance of payments basis	61,750	76,624	-14,874	63,035	80,509	-17,474
net exports of goods under merchanting	69	0	69	50	0	50
goods acquired under merchanting	-331	0	-331	-395	0	-395
goods sold under merchanting	400	0	400	445	0	445
b. Services	23,793	15,433	8,360	27,058	18,406	8,652
processing of goods	2,936	182	2,754	2,969	164	2,805
transport	6,912	2,932	3,980	7,966	3,629	4,337
travel	2,877	4,522	-1,645	3,195	5,360	-2,165
other	11,068	7,797	3,271	12,928	9,253	3,675
B. Primary income	5,271	9,038	-3,767	6,295	9,487	-3,192
compensation of employees	2,946	104	2,842	3,597	103	3,494
investment income	539	8,689	-8,150	822	9,119	-8,297
other primary income	1,786	245	1,541	1,876	265	1,611
C. Secondary income	4,399	3,147	1,252	5,551	4,067	1,484
general government	972	1,500	-528	1,484	2,131	-647
other sectors	3,427	1,647	1,780	4,067	1,936	2,131
2. Capital account	2,580	65	2,515	3,255	405	2,850
A. Capital transfers	1,827	0	1,827	2,469	293	2,176
general government	1,753	0	1,753	2,455	293	2,162
other sectors	74	0	74	14	0	14
B. Acquisitions/disposals of non-produced non-financial assets	753	65	688	786	112	674
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	2,825	7,974	-5,149	3,485	8,619	-5,134
A. Direct investment	1,259	6,204	-4,945	1,723	6,572	-4,849
equity	478	5,532	-5,054	195	5,021	-4,826
equity other than reinvestment of earnings	470	2,959	-2,489	110	2,238	-2,128
reinvestment of earnings	8	2,573	-2,565	85	2,783	-2,698
debt instruments	781	672	109	1,528	1,551	-23
B. Portfolio investment	422	3,302	-2,880	1,368	3,804	-2,436
equity and investment fund shares	-67	-409	342	119	-589	708
debt securities	489	3,711	-3,222	1,249	4,393	-3,144
C. Financial derivatives	85	0	85	-49	0	-49
D. Other investment	1,830	-1,532	3,362	698	-1,757	2,455
other equity	8	0	8	-1	0	-1
currency and deposits	458	-898	1,356	-300	-1,171	871
loans	-47	-1,636	1,589	-149	-1,349	1,200
insurance, pension and standardised guarantee schemes	41	10	31	18	22	-4
trade credit and advances	1,378	1,051	327	1,128	733	395
other accounts receivable/payable	-8	-59	51	2	8	-6
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	-771	0	-771	-255	0	-255
4. Net errors and omissions	x	x	1,296	x	x	2,496

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

Quarterly balance of payments, 2019

Item	EUR millions					
	Q1			Q2		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	25,773	26,860	-1,087	25,157	28,426	-3,269
A. Goods and services	22,036	23,967	-1,931	22,511	24,239	-1,728
a. Goods	16,016	19,748	-3,732	15,844	19,834	-3,990
general merchandise on a balance of payments basis	16,004	19,748	-3,744	15,845	19,834	-3,989
net exports of goods under merchandising	12	0	12	-1	0	-1
goods acquired under merchandising	-76	0	-76	-104	0	-104
goods sold under merchandising	88	0	88	103	0	103
b. Services	6,020	4,219	1,801	6,667	4,405	2,262
processing of goods	758	40	718	746	43	703
transport	1,865	797	1,068	2,025	919	1,106
travel	576	1,125	-549	709	1,280	-571
other	2,821	2,257	564	3,187	2,163	1,024
B. Primary income	2,353	1,703	650	1,439	3,084	-1,645
compensation of employees	723	24	699	954	28	926
investment income	189	1,614	-1,425	213	2,993	-2,780
other primary income	1,441	65	1,376	272	63	209
C. Secondary income	1,384	1,190	194	1,207	1,103	104
general government	534	791	-257	203	614	-411
other sectors	850	399	451	1,004	489	515
2. Capital account	747	43	704	773	313	460
A. Capital transfers	562	0	562	573	293	280
general government	561	0	561	561	293	268
other sectors	1	0	1	12	0	12
B. Acquisition/disposal of non-produced non-financial assets	185	43	142	200	20	180
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	1,170	274	896	620	3,979	-3,359
A. Direct investment	887	2,091	-1,204	-540	946	-1,486
equity	15	873	-858	15	1,010	-995
equity other than reinvestment of earnings	-6	365	-371	-6	1,083	-1,089
reinvestment of earnings	21	508	-487	21	-73	94
debt instruments	872	1,218	-346	-555	-64	-491
B. Portfolio investment	362	-623	985	888	2,813	-1,925
equity and investment fund shares	-49	-100	51	53	-125	178
debt securities	411	-523	934	835	2,938	-2,103
C. Financial derivatives	-40	0	-40	15	0	15
D. Other investment	1,239	-1,194	2,433	-433	220	-653
other equity	-1	0	-1	0	0	0
currency and deposits	415	-1,267	1,682	-1,102	422	-1,524
loans	-20	-83	63	-13	-621	608
insurance, pension and standardised guarantee schemes	68	-6	74	-32	4	-36
trade credit and advances	768	133	635	696	422	274
other accounts receivable/payable	9	29	-20	18	-7	25
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	-1,278	0	-1,278	690	0	690
4. Net errors and omissions	x	x	1,278	x	x	-551

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

EUR millions						Item
Q3			Q4			
Credit	Debit	Balance	Credit	Debit	Balance	
25,105	28,692	-3,587	25,954	28,492	-2,538	1. Current account
22,412	24,826	-2,414	23,182	25,885	-2,703	A. Goods and services
15,444	19,934	-4,490	15,780	20,994	-5,214	a. Goods
15,414	19,934	-4,520	15,771	20,994	-5,223	general merchandise on a balance of payments basis
30	0	30	9	0	9	net exports of goods under merchanting
-91	0	-91	-123	0	-123	goods acquired under merchanting
121	0	121	133	0	133	goods sold under merchanting
6,968	4,892	2,076	7,402	4,891	2,511	b. Services
719	42	677	746	40	706	processing of goods
2,047	987	1,060	2,029	927	1,102	transport
1,049	1,587	-538	862	1,368	-506	travel
3,153	2,276	877	3,765	2,556	1,209	other
1,326	2,901	-1,575	1,177	1,800	-623	B. Primary income
994	29	965	926	23	903	compensation of employees
199	2,808	-2,609	221	1,704	-1,483	investment income
133	64	69	30	73	-43	other primary income
1,367	965	402	1,595	807	788	C. Secondary income
308	442	-134	439	284	155	general government
1,059	523	536	1,156	523	633	other sectors
565	11	554	1,170	38	1,132	2. Capital account
363	0	363	972	0	972	A. Capital transfers
362	0	362	971	0	971	general government
1	0	1	1	0	1	other sectors
202	11	191	198	38	160	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	
2,065	3,628	-1,563	-370	737	-1,107	3. Financial account
357	2,044	-1,687	1,018	1,491	-473	A. Direct investment
0	1,990	-1,990	165	1,149	-984	equity
-22	594	-616	144	197	-53	equity other than reinvestment of earnings
22	1,396	-1,374	21	952	-931	reinvestment of earnings
357	54	303	853	342	511	debt instruments
-14	1,944	-1,958	132	-330	462	B. Portfolio investment
33	-65	98	82	-299	381	equity and investment fund shares
-47	2,009	-2,056	50	-31	81	debt securities
3	0	3	-26	0	-26	C. Financial derivatives
-857	-360	-497	748	-424	1,172	D. Other investment
0	0	0	0	0	0	other equity
-394	118	-512	780	-444	1,224	currency and deposits
-108	-271	163	-7	-374	367	loans
-4	-2	-2	-14	25	-39	insurance, pension and standardised guarantee schemes
-356	-191	-165	21	369	-348	trade credit and advances
5	-14	19	-32	0	-32	other accounts receivable/payable
0	0	0	0	0	0	special drawing rights
2,576	0	2,576	-2,242	0	-2,242	E. NBR's reserve assets
x	x	1,470	x	x	299	4. Net errors and omissions

Romania's international investment position, 2011-2019									
Institutional sectors	EUR millions, end of period								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Central bank	25,831	25,585	29,689	33,095	34,092	37,857	37,758	37,050	36,927
Foreign assets, <i>of which:</i>	37,283	35,444	35,509	35,693	35,652	39,115	38,931	38,249	38,144
Foreign exchange reserve	33,193	31,206	32,525	32,216	32,238	34,242	33,494	33,065	32,927
Monetary gold	4,058	4,207	2,910	3,290	3,247	3,664	3,612	3,735	4,524
Foreign liabilities, <i>of which:</i>	11,452	9,859	5,820	2,598	1,560	1,258	1,172	1,199	1,217
Currency and deposits	53	57	10	3	186	3	2	3	0
Loans from the IMF	10,231	8,654	4,708	1,421	122	0	0	0	0
SDR allocations	1,168	1,148	1,102	1,173	1,252	1,255	1,171	1,196	1,216
II. General government	-20,288	-22,998	-27,298	-29,808	-28,278	-29,172	-30,096	-29,943	-33,733
Foreign assets, <i>of which:</i>	2,734	2,575	2,567	2,833	3,102	3,266	3,668	5,005	5,930
Other investment, <i>of which:</i>	2,734	2,575	2,567	2,833	3,102	3,256	3,629	4,715	5,512
other equity	797	785	868	945	1,027	1,053	972	954	968
loans	0	0	0	0	0	60	143	110	1,970
trade credit and advances	1,781	1,715	1,625	1,810	1,985	2,047	2,429	3,562	2,560
Foreign liabilities, <i>of which:</i>	23,022	25,573	29,865	32,641	31,380	32,439	33,765	34,948	39,664
Portfolio investment	6,098	9,500	14,214	17,999	18,153	19,694	22,435	25,466	31,623
debt securities	6,098	9,500	14,214	17,999	18,153	19,694	22,435	25,466	31,623
Other investment, <i>of which:</i>	16,923	16,072	15,652	14,641	13,227	12,745	11,330	9,482	8,035
currency and deposits	132	92	92	215	5	224	260	154	236
loans	16,062	15,952	15,535	14,403	13,197	12,507	11,057	9,322	7,793
III. Deposit-taking corporations except the central bank	-28,749	-27,094	-23,875	-18,996	-17,189	-13,564	-11,828	-9,796	-8,215
Foreign assets, <i>of which:</i>	1,975	2,303	2,208	3,538	4,371	5,265	6,278	7,779	9,144
Direct investment	36	41	42	42	44	33	35	89	82
equity	36	41	40	42	41	31	33	88	82
debt instruments	0	0	2	0	3	2	3	1	0
Portfolio investment	403	414	578	641	294	212	184	302	793
equity and investment fund shares	33	31	19	23	1	44	38	27	38
debt securities	370	383	559	618	293	168	146	276	755
Other investment, <i>of which:</i>	1,536	1,848	1,588	2,855	4,033	5,019	6,036	7,358	8,269
currency and deposits	1,158	1,369	1,348	2,401	3,419	4,370	5,432	6,750	7,756
loans	344	413	214	439	597	631	582	580	476
other accounts receivable	34	66	26	14	18	19	22	27	37
Foreign liabilities, <i>of which:</i>	30,724	29,397	26,083	22,534	21,559	18,829	18,106	17,575	17,359
Direct investment	6,501	7,137	6,658	5,625	6,257	6,350	6,816	7,341	8,153
equity	6,501	7,137	6,657	5,623	6,249	6,346	6,812	7,338	8,150
debt instruments	0	0	1	3	8	4	4	3	3
Portfolio investment	93	278	560	882	1,152	1,469	1,442	1,274	1,529
equity and investment fund shares	50	60	394	678	982	1,317	1,274	1,168	1,362
debt securities	43	218	166	204	171	152	168	106	167
Other investment, <i>of which:</i>	24,130	21,982	18,866	16,027	14,150	11,010	9,770	8,933	7,672
currency and deposits	24,098	21,321	18,724	15,852	14,129	10,985	9,678	8,909	7,629
other accounts payable	31	661	141	175	21	25	92	23	43

continued

Institutional sectors	EUR millions, end of period								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
IV. Other sectors	-62,352	-66,121	-68,103	-69,414	-74,738	-77,922	-83,183	-86,611	-91,534
Foreign assets, <i>of which:</i>	11,419	11,570	14,086	16,272	13,858	15,831	17,074	20,349	24,964
Direct investment	1,939	1,641	3,764	5,256	5,845	6,293	6,692	9,112	11,851
equity	337	304	394	65	-142	-118	292	905	1,542
debt instruments	1,602	1,337	3,370	5,191	5,987	6,412	6,401	8,208	10,309
Portfolio investment	1,206	1,640	1,770	1,795	2,470	2,940	3,558	3,535	4,493
equity and investment fund shares	692	879	844	806	1,054	1,195	1,471	1,381	1,706
debt securities	514	761	926	989	1,417	1,745	2,086	2,155	2,786
Other investment, <i>of which:</i>	8,274	8,289	8,551	9,211	5,537	6,592	6,810	7,687	8,605
currency and deposits	2,173	2,446	2,614	2,984	2,122	2,078	1,922	2,237	2,822
loans	3,188	3,162	3,163	3,391	117	116	46	37	51
insurance, pension and standardised guarantee schemes	x	x	2	4	5	489	551	589	598
trade credit and advances	2,767	2,468	2,573	2,564	3,247	3,840	4,234	4,775	5,092
other accounts receivable	147	214	199	268	47	68	56	49	43
Foreign liabilities, <i>of which:</i>	73,771	77,691	82,189	85,686	88,596	93,753	100,256	106,960	116,498
Direct investment	47,637	50,925	57,171	61,408	63,549	69,991	75,130	81,794	89,922
equity	30,503	32,131	34,057	37,641	38,854	42,623	45,936	50,143	53,198
debt instruments	17,134	18,794	23,114	23,767	24,696	27,368	29,195	31,651	36,724
Portfolio investment	1,330	2,334	1,994	2,265	2,312	1,731	1,768	2,167	2,572
equity and investment fund shares	1,289	2,334	1,990	2,251	2,298	1,717	1,753	2,160	2,228
debt securities	41	0	4	14	14	14	16	7	345
Other investment, <i>of which:</i>	24,804	24,431	23,022	22,008	22,732	22,028	23,355	22,994	23,998
loans	22,764	22,565	21,362	20,429	17,328	15,763	15,884	14,186	14,784
insurance, pension and standardised guarantee schemes	x	x	2	2	2	83	86	95	116
trade credit and advances	1,972	1,847	1,564	1,514	5,222	6,001	7,308	8,615	9,013
other accounts payable	69	19	93	64	180	181	77	97	86
Net position	-85,558	-90,628	-89,588	-85,123	-86,113	-82,802	-87,349	-89,301	-96,555
Foreign assets	53,411	51,892	54,370	58,336	56,982	63,477	65,950	71,381	78,182
Foreign liabilities	138,969	142,520	143,958	143,459	143,095	146,279	153,299	160,682	174,737

Romania's gross international reserve, 2011-2019

	EUR millions, end of period								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
National Bank of Romania	37,252	35,413	35,435	35,506	35,485	37,905	37,107	36,800	37,450
Gold	4,058	4,207	2,910	3,290	3,247	3,664	3,612	3,735	4,524
Foreign exchange reserve	33,194	31,206	32,525	32,216	32,238	34,242	33,494	33,065	32,927
Credit institutions	1,639	1,892	2,035	3,285	3,512	4,240	5,081	6,527	7,901
Foreign currency	1,639	1,892	2,035	3,285	3,512	4,240	5,081	6,527	7,901
Gross international reserve, of which:	38,891	37,305	37,470	38,791	38,997	42,145	42,188	43,327	45,351
Gross foreign exchange reserve	34,833	33,098	34,559	35,501	35,750	38,482	38,576	39,592	40,827

External debt indicators, 2011-2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019
	EUR millions								
External debt (ED)	99,926	100,857	100,859	97,260	94,710	94,273	97,445	99,841	109,783
Long-term (LT)	77,131	79,936	78,860	75,829	71,425	69,645	68,520	68,286	74,319
Short-term (ST)	22,795	20,921	21,999	21,431	23,285	24,628	28,925	31,555	35,463
GDP	131,879	132,809	143,690	150,678	160,164	170,048	187,801	204,519	223,342
Exports of goods and services (EXP)	48,799	49,776	57,495	62,417	66,282	71,048	78,920	85,612	90,143
Imports of goods and services (IMP)	56,526	56,568	58,534	62,901	67,255	72,485	82,940	92,057	98,915
External debt service (EDS)	46,232	54,268	59,961	58,019	57,570	70,436	60,891	65,820	66,585
Principal repayments	42,631	50,339	56,583	54,768	54,640	67,885	58,691	63,598	64,238
long-term (LT)	12,932	16,391	24,254	21,879	23,247	19,136	17,512	17,403	15,419
short-term (ST)	29,699	33,948	32,329	32,889	31,393	48,750	41,179	46,195	48,818
Interest payments (INT)	3,601	3,929	3,378	3,251	2,931	2,550	2,200	2,223	2,347
long-term (LT)	2,207	2,273	2,032	2,224	2,039	1,906	1,928	1,729	2,022
short-term (ST)	1,394	1,656	1,346	1,026	892	644	272	493	325
Romania's international reserves (IR)	37,252	35,413	35,435	35,506	35,485	37,905	37,107	36,800	37,450
	percent								
ED/GDP	75.8	75.9	70.2	64.5	59.1	55.4	51.9	48.8	49.2
LT/GDP	58.5	60.2	54.9	50.3	44.6	41.0	36.5	33.4	33.3
ED/EXP	204.8	202.6	175.4	155.8	142.9	132.7	123.5	116.6	121.8
LT/EXP	158.1	160.6	137.2	121.5	107.8	98.0	86.8	79.8	82.4
EDS/EXP	94.7	109.0	104.3	93.0	86.9	99.1	77.2	76.9	73.9
EDS/GDP	35.1	40.9	41.7	38.5	35.9	41.4	32.4	32.2	29.8
EDS/IR	124.1	153.2	169.2	163.4	162.2	185.8	164.1	178.9	177.8
INT/EXP	7.4	7.9	5.9	5.2	4.4	3.6	2.8	2.6	2.6
ST/ED	22.8	20.7	21.8	22.0	24.6	26.1	29.7	31.6	32.3
Multilateral/ED	29.5	27.8	24.2	20.5	17.7	16.3	14.3	12.6	10.1
	months								
IR/IMP	7.9	7.5	7.3	6.8	6.3	6.3	5.4	4.8	4.5

Romania's international investment position at end-2019 by institutional sector

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
I. General government	-29,943	-1,684	-2,232	-7	132	-33,734
Foreign assets	5,005	838	0	9	79	5,930
Direct investment	0	0	0	1	0	1
Equity and investment funds shares/units	0	0	0	1	0	1
Portfolio investment	290	136	0	0	-8	418
Long-term debt securities	169	178	0	0	-5	341
Short-term debt securities	121	-42	0	0	-2	77
Financial derivatives	0	0	0	0	0	0
Other investment	4,715	702	0	8	87	5,512
Other equity	954	0	0	0	15	968
Deposits	8	3	0	0	0	11
Loans	110	-62	0	1,907	15	1,970
long-term loans	110	-62	0	1,907	15	1,970
Trade credits and advances	3,562	766	0	-1,824	56	2,560
long-term trade credits and advances	3,526	760	0	-1,824	55	2,516
short-term trade credits and advances	37	6	0	1	1	44
Other accounts receivable	81	-5	0	-75	1	3
other long-term accounts receivable	5	-5	0	2	0	2
other short-term accounts receivable	76	0	0	-77	1	0
Foreign liabilities	34,948	2,521	2,232	16	-53	39,664
Direct investment	0	2	0	5	0	6
Equity and investment funds shares/units	0	2	0	5	0	6
Portfolio investment	25,466	3,989	2,232	0	-64	31,623
Long-term debt securities	25,433	4,009	2,232	0	-64	31,610
Short-term debt securities	33	-20	0	0	-1	13
Other investment	9,482	-1,469	0	11	11	8,035
Deposits	154	88	0	0	-7	236
Loans	9,322	-1,548	0	1	18	7,793
long-term loans	9,321	-1,548	0	0	18	7,791
short-term loans	1	0	0	1	0	2
Trade credits and advances	1	-9	0	10	0	2
long-term trade credits and advances	0	-9	0	10	0	0
short-term trade credits and advances	1	1	0	0	0	2
Other accounts payable	4	0	0	0	0	4
other long-term accounts payable	4	0	0	0	0	4
other short-term accounts payable	0	0	0	0	0	0

continued

	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
II. Central bank	37,049	-1,008	624	-2	264	36,927
Foreign assets	38,248	-1,010	624	-2	284	38,144
Other investment	1,448	-755	0	0	0	693
Other equity	35	-1	0	0	0	35
Deposits	1,413	-755	0	0	0	658
Reserve assets	36,800	-255	624	-2	284	37,450
Monetary gold	3,736	0	790	-2	0	4,524
Foreign exchange reserve	33,065	-255	-166	0	284	32,927
Foreign liabilities	1,199	-2	0	0	20	1,217
Other investment	1,199	-2	0	0	20	1,217
Deposits	3	-2	0	0	0	0
Loans	0	0	0	0	0	0
long-term loans (IMF)	0	0	0	0	0	0
SDR allocations	1,196	0	0	0	20	1,216
III. Deposit-taking corporations except the central bank	-9,797	1,707	-380	1	254	-8,215
Foreign assets	7,779	1,281	18	52	15	9,144
Direct investment	89	-8	0	3	-2	82
Equity	88	-7	0	3	-2	82
Debt instruments	1	-1	0	0	0	0
Portfolio investment	302	472	18	0	1	793
Equity and investment fund shares	27	2	9	0	0	38
Long-term debt securities	265	481	9	0	0	755
Short-term debt securities	11	-11	0	0	0	0
Financial derivatives	30	-79	0	49	0	0
Other investment	7,358	895	0	0	16	8,269
Currency and deposits	6,751	991	0	0	15	7,756
currency and deposits – long-term	732	20	0	0	-5	747
currency and deposits – short-term	6,019	971	0	0	19	7,009
Loans	580	-105	0	0	1	476
long-term loans	374	0	0	0	2	376
short-term loans	206	-105	0	0	-1	100
Other accounts receivable	28	9	0	0	0	37
Foreign liabilities	17,576	-426	397	51	-239	17,359
Direct investment	7,341	870	84	43	-184	8,154
Equity	7,338	870	84	42	-184	8,150
Debt instruments	3	0	0	0	0	3
Portfolio investment	1,274	-28	313	0	-30	1,529
Equity and investment fund shares	1,168	-95	317	0	-28	1,362
Long-term debt securities	106	67	-4	0	-2	167
Financial derivatives	28	-32	0	9	0	4
Other investment	8,933	-1,236	0	0	-24	7,673
Deposits	8,910	-1,256	0	0	-25	7,629
long-term deposits	5,126	-1,198	0	0	-16	3,912
short-term deposits	3,784	-58	0	0	-9	3,717
Other accounts payable	23	20	0	0	0	43

continued

	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
IV. Other sectors	-86,611	-4,147	-2,498	542	1,179	-91,535
Foreign assets	20,349	2,346	241	2,084	-56	24,964
Direct investment	9,112	1,731	0	1,011	-3	11,851
Equity	905	202	0	459	-24	1,542
Debt instruments	8,208	1,529	0	552	20	10,309
Portfolio investment	3,535	760	240	-2	-41	4,493
Equity and investment fund shares	1,381	117	218	-2	-7	1,706
Long-term debt securities	2,034	646	22	-85	-31	2,586
Short-term debt securities	121	-3	1	85	-2	201
Financial derivatives	14	-1	1	-1	1	15
Other investment	7,687	-144	0	1,075	-13	8,605
Deposits	2,237	-540	0	1,140	-15	2,822
Trade credit and advances	37	19	0	-5	0	51
long-term trade credit and advances	5	2	0	5	0	11
short-term trade credit and advances	33	17	0	-10	0	39
Insurance, pension and standardised guarantee schemes	589	18	0	0	-9	598
Trade credit and advances	4,775	362	0	-56	11	5,092
long-term trade credit and advances	258	34	0	-105	2	189
short-term trade credit and advances	4,517	327	0	49	9	4,903
Other accounts receivable	49	-3	0	-3	0	43
other long-term accounts receivable	4	7	0	1	0	11
other short-term accounts receivable	45	-10	0	-4	0	32
Foreign liabilities	106,960	6,493	2,739	1,542	-1,235	116,498
Direct investment	81,794	5,700	2,138	1,464	-1,174	89,922
Equity	50,143	4,149	2,138	-1,974	-1,259	53,198
Debt instruments	31,652	1,551	0	3,438	84	36,724
Portfolio investment	2,167	-156	600	12	-50	2,572
Equity and investment fund shares	2,160	-494	600	12	-50	2,228
Long-term debt securities	7	338	0	0	0	345
Short-term debt securities	0	0	0	0	0	0
Financial derivatives	4	0	1	-1	1	6
Other investment	22,994	949	0	67	-11	23,999
Trade credit and advances	14,187	199	0	417	-18	14,784
long-term trade credit and advances	12,464	136	0	414	-13	13,001
other short-term accounts payable	1,722	63	0	3	-5	1,783
Insurance, pension and standardised guarantee schemes	95	22	0	0	-1	116
Trade credit and advances	8,616	742	0	-352	7	9,013
long-term trade credit and advances	309	87	0	6	2	404
short-term trade credit and advances	8,307	655	0	-358	6	8,609
Other accounts payable	97	-13	0	2	0	86
other long-term accounts payable	13	2	0	2	0	17
other short-term accounts payable	85	-15	0	-1	0	69
Total	-89,302	-5,132	-4,485	534	1,829	-96,556

Note: Totals may not add up due to rounding.

Romania's international investment position at end-2019 by item						
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
Total, of which:	-89,302	-5,132	-4,485	534	1,829	-96,556
Foreign assets	71,381	3,454	883	2,143	322	78,182
Direct investment	9,202	1,723	0	1,015	-6	11,934
Portfolio investment	4,128	1,368	257	-2	-48	5,703
Financial derivatives	44	-79	1	48	0	15
Other investment	21,207	698	0	1,083	91	23,080
Reserve assets	36,800	-255	624	-2	284	37,450
Foreign liabilities	160,682	8,586	5,368	1,609	-1,507	174,738
Direct investment	89,135	6,572	2,222	1,512	-1,358	98,081
Portfolio investment	28,907	3,805	3,145	12	-145	35,724
Financial derivatives	32	-32	1	8	1	10
Other investment	42,608	-1,758	0	78	-5	40,923
Net position	-89,302	-5,132	-4,485	534	1,829	-96,556
Direct investment	-79,934	-4,849	-2,222	-496	1,353	-86,147
Portfolio investment	-24,779	-2,437	-2,888	-13	97	-30,020
Financial derivatives	12	-47	0	40	0	4
Other investment	-21,401	2,456	0	1,006	96	-17,843
Reserve assets	36,800	-255	624	-2	284	37,450
Foreign assets	71,381	3,454	883	2,143	322	78,182
Direct investment	9,202	1,723	0	1,015	-6	11,934
Equity	993	195	0	463	-26	1,625
Debt securities	8,209	1,528	0	552	20	10,309
Portfolio investment	4,128	1,368	257	-2	-48	5,703
Equity and investment fund shares	1,407	119	227	-2	-7	1,743
Long-term debt securities	2,467	1,305	30	-85	-36	3,682
Short-term debt securities	253	-56	0	85	-4	278
Financial derivatives	44	-79	1	48	0	15
Other investment	21,207	698	0	1,083	91	23,080
Other equity	989	-1	0	0	15	1,004
Currency and deposits	10,408	-300	0	1,140	0	11,247
Loans and trade credit	9,064	979	0	22	84	10,149
long-term loans and trade credit	4,272	734	0	-18	75	5,063
short-term loans and trade credit	4,792	245	0	39	9	5,086
insurance, pension and standardised guarantee schemes	589	18	0	0	-9	598
Other accounts receivable	158	2	0	-78	2	83
long-term	9	2	0	2	0	14
short-term	148	-1	0	-80	2	69
Reserve assets (NBR)	36,800	-255	624	-2	284	37,450
Monetary gold	3,736	0	790	-2	0	4,524
Foreign exchange reserve	33,065	-255	-166	0	284	32,927
Foreign liabilities	160,682	8,586	5,368	1,609	-1,507	174,738
Direct investment	89,135	6,572	2,222	1,512	-1,358	98,081
Equity	57,481	5,021	2,222	-1,927	-1,443	61,354
Debt securities	31,655	1,551	0	3,438	84	36,727

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	28,907	3,805	3,145	12	-145	35,724
Equity and investment fund shares	3,328	-589	917	12	-78	3,590
Long-term debt securities	25,546	4,413	2,228	0	-66	32,121
Short-term debt securities	33	-20	0	0	-1	13
Financial derivatives	32	-32	1	8	1	10
Other investment	42,608	-1,758	0	78	-5	40,923
Currency and deposits	9,067	-1,171	0	0	-31	7,865
Loans and trade credit	32,125	-616	0	76	7	31,592
long-term loans and trade credit	22,094	-1,335	0	430	7	21,196
short-term loans and trade credit	10,031	718	0	-354	1	10,396
insurance, pension and standardised guarantee schemes	95	22	0	0	-1	116
Other accounts payable	125	7	0	2	0	134
long-term	17	2	0	2	0	21
short-term	108	5	0	-1	0	113
SDR allocations	1,196	0	0	0	20	1,216

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