

**BALANCE OF PAYMENTS  
AND INTERNATIONAL INVESTMENT  
POSITION OF ROMANIA**

**ANNUAL REPORT**

**2003**

## **Note**

*The drafting of the **Annual Report 2003 – Balance of Payments and International Investment Position of Romania** was completed on 1 November 2004 based on the data available as of 15 June 2004.*

*Some of the data are provisional and will be updated as appropriate in the subsequent issues. Sources of data are mentioned when institutions other than the National Bank of Romania supplied data.*

*The Statistics Department carried out the drafting, while the Research and Publications Department carried out the English version and technical co-ordination.*

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## MAIN DEVELOPMENTS IN 2003

### I. External environment\*

World economy rebounded starting with the latter half of 2003, once the uncertainties surrounding the military operations in Iraq have faded away. As a result, full-year growth of world economy outperformed that of 2002, reaching 3.9 percent. International trade stayed on an upward path, posting a 4.5 percent advance compared with 3.1 percent in 2002. International capital flows gathered momentum, adding to the improved global economic picture. The resumption of world economy growth was bolstered by the reinvigoration of the economy of the **United States of America**, the cyclical rebound in Japan's economy, the correlation of economic cycles in the US and UK, as well as by the sustained economic expansion of China and India. Conversely, economic growth slackened in the **eurozone** because of weak domestic demand and sluggish exports induced by the significant appreciation of the euro. The economic activity of **Central and East European countries** strengthened, with real GDP picking up 3.8 percent, propelled by domestic demand, as it occurred in 2002.

In the **USA**, economic growth continued at a lively pace in 2003 (3.1 percent compared with 2.2 percent in 2002), due mainly to the strong increase in private consumption. Against the backdrop of low interest rates and the significant rise in military spending, investment and government consumption recorded positive growth rates. On the other hand, net exports of goods and services had a negative contribution to GDP formation as imports grew faster than exports. The current account deficit widened to 4.9 percent of GDP from 4.6 percent a year earlier on account of the increase in budget deficit to 5.1 percent of GDP.

**Japan's** economy stayed on the upward trend it had entered a year earlier, with GDP up 2.7 percent. The country's exports, the main driver of growth, were fostered chiefly by the strong import demand of the US and China. The **emerging economies in Asia** saw a 7.2 percent rate of increase, thereby outstripping the year-earlier figure. As mentioned above, China and India were the best performers, with growth rates of 9 percent and 6 percent respectively, driven by the rise in domestic demand. The economies in the region took advantage of their current account surpluses, which sent foreign currency reserves sharply higher (in China, Hong-Kong, South Korea, Singapore and Taiwan).

**Latin America** succeeded in overcoming the 2002 recession. The region's economies experienced a 1.5 percent climb, largely as a result of the more than 7 percent increase reported by Argentina. This development was attributed to the revival of exports (chiefly to China and the US) which hit a record high and helped the country to post its first current account surplus over the last 50 years.

In the **eurozone**, economic growth was further marred by sluggishness in 2003, easing to 0.4 percent from 0.8 percent in 2002 owing to the negative contribution from net exports. As a matter of fact, exports levelled off while imports witnessed an upsurge following the appreciation of the euro. The slowdown in

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\* *Sources:* ECB, Annual Report, 2003; Economic Survey of Europe No. 1, 2/2004; ECB Monthly Bulletins 2004; websites of central banks.

the euro area economy led to the worsening of the region's fiscal position, as reflected by the increase of the budget deficit from 2.3 percent of GDP in 2002 to 2.7 percent of GDP in 2003, with France and Germany posting the widest budget shortfalls. At the same time, the share of public debt grew from 69.2 percent of GDP to 70.4 percent of GDP. The average HICP inflation rate dropped slightly year on year to 2.1 percent in 2003, as oil prices declined worldwide. Unemployment rate averaged 8.8 percent, up 0.4 percentage points year over year, in line with the economic trend. The aggregate current account of the eurozone posted a surplus of EUR 26.1 billion, compared with EUR 54.5 billion a year earlier, amid the reduction in the trade surplus concurrently with the burgeoning deficit under "current transfers". Net direct investment saw outflows worth nearly EUR 10 billion (double the 2002 figure), whereas net inflows of portfolio investments fell sharply, from EUR 109.9 billion in 2002 to EUR 15.4 billion in 2003, due to larger bond purchases by euro area residents.

In 2003, the economies of **countries in transition** grew at a faster clip, i.e. 3.8 percent. Domestic demand remained, the same as in 2002, the major driving force behind GDP growth, whereas the contribution to growth from net exports was widely negative, with two exceptions, i.e. Poland and Slovakia. The economic advance in the countries in Central and Eastern Europe stepped up against a year earlier (from 3 percent in 2002 to 3.9 percent in 2003), prompted by the good performance recorded by Poland (whose economy jumped 3.7 percent) and the above-average increases in Romania and Bulgaria (4.9 percent and 4.3 percent respectively). The other countries in the region (the Czech Republic, Poland, Slovakia, Slovenia and Hungary) posted an average economic growth of 3.4 percent.

**Table No. 1. Main macroeconomic indicators of the EU candidate countries  
in Central and Eastern Europe**

	GDP		Industrial output		Inflation		Unemployment rate	
	(growth rate)		(growth rate)		(annual average)		(end of period)	
	2002	2003	2002	2003	2002	2003	2002	2003
Bulgaria	4.9	4.3	6.5	15.6	5.8	2.4	16.3	13.5
Czech Republic	2.0	2.9	4.8	5.8	1.8	0.1	9.8	10.3
Hungary	3.5	2.9	2.6	6.4	5.3	4.7	5.9	5.5
Poland	1.4	3.7	1.1	8.7	1.9	0.8	18.1	18.0
<b>Romania<sup>1)</sup></b>	<b>5.0</b>	<b>4.9</b>	<b>6.0</b>	<b>3.1</b>	<b>22.5</b>	<b>15.3</b>	<b>8.4</b>	<b>7.2</b>
Slovakia	4.4	4.2	6.7	5.3	3.3	8.5	17.4	15.6
Slovenia	3.4	2.3	2.5	1.4	7.5	5.6	11.3	11.0

Sources: Monthly bulletins and annual reports of central banks, EBRD, IMF and BIS publications

1) For Romania, data were updated according to the latest NIS publications.

The overall disinflation trend in **Central and Eastern Europe** continued into 2003 (except in Slovakia), being upheld by strengthening of local currencies, which depressed imported inflation. Labour market conditions improved for the first time since 1998, as illustrated by the paltry fall in unemployment rate in nearly all countries in the region, bar the Czech Republic.

## II. The external sector of transition economies in Central and Eastern Europe

In 2003, the current account deficits of most countries in **Central and Eastern Europe** widened both in absolute terms and as a proportion of GDP, due to sharper trade deficits. Moreover, it should be pointed out the general trend towards covering the income shortfall through inflows of private current transfers. Favourable developments of current account deficits were reported by Poland (the deterioration of the trade balance notwithstanding) and Slovakia, while Slovenia's current account surplus declined close to the equilibrium level.

After two years of having slowed, world economy showed a rebound, which acted as an incentive on foreign trade of countries in Central and Eastern Europe. Full-year trade figures show that both exports and imports outpaced world trade growth. Exports saw a shift in destination to countries outside the EU area, with exports to the developing countries increasing markedly. The region's exports benefited from the support of the expansion of multinational companies (especially in the Czech Republic, Hungary, Slovakia and Poland), the relocation of some activities performed by companies registered in the European Union (to Bulgaria and Romania), as well as the improvement of intra-regional co-operation in Southeast Europe.

In Central and Eastern Europe as a whole, imports were given a boost by domestic demand (for raw materials and capital goods produced in the outward-bound sectors) and the strengthening of local currencies. Fast-paced import growth was the main reason for the widening of the share of the trade deficit in GDP in Bulgaria, Hungary, Romania and Slovenia.

**Table No. 2. Foreign trade and external position of the EU candidate countries  
in Central and Eastern Europe**

	Exports		Imports		Trade balance		Current account balance	
	- growth rate -				- share of GDP -		-percent-	
	2002	2003	2002	2003	2002	2003	2002	2003
Bulgaria	6.1	9.9	3.5	14.2	-10.2	-12.5	-5.6	-8.5
Czech Republic	9.3	5.8	5.8	5.2	-3.1	-2.9	-6.0	-6.5
Hungary	6.1	3.6	4.9	5.4	-3.2	-4.1	-7.1	-8.9
Poland	6.0	9.1	3.5	3.3	-3.8	-2.7	-2.7	-2.0
<b>Romania<sup>1)</sup></b>	<b>15.4</b>	<b>6.4</b>	<b>8.7</b>	<b>12.3</b>	<b>-5.7</b>	<b>-7.9</b>	<b>-3.3</b>	<b>-5.7</b>
Slovakia	8.2	26.7	6.2	13.7	-8.8	-2.0	-8.0	-0.9
Slovenia	6.0	3.1	1.9	5.5	-1.1	-2.2	1.4	0.1

Sources: Monthly bulletins and annual reports of central banks, EBRD, IMF and BIS publications

1) For Romania, data were updated as of 15 June 2004.

During 2003, exchange rate moves – which resulted in the appreciation of the euro versus the US dollar – depressed the competitiveness of exports of Central and East European countries, where exchange rates are calculated in terms of the euro (under either fixed or floating regimes). However, real dynamics of exchange rates points to country-specific developments.

In 2003, most countries in transition were at the receiving end of net capital inflows that receded year on year (except for Hungary and Romania) amid lower reliance on foreign financial assistance of some countries in the region<sup>1</sup> and the drop in direct investment. Nevertheless, the volume of capital inflows exceeded the level of current account deficits in Bulgaria, Slovakia, the Czech Republic and Poland.

**Table No. 3. Net financial flows in the EU candidate countries in Central and Eastern Europe**

	Net financial flows				Change in official reserves <sup>1)</sup>	
	- EUR bill.-		- share of GDP, % -		- EUR bill.-	
	2002	2003	2002	2003	2002	2003
Bulgaria	1.8	1.8	11.2	10.1	0.6	0.8
Czech Republic	11.4	5.1	15.4	6.8	7.0	0.4
Hungary	2.4	6.7	3.5	9.1	-2.0	0.5
Poland	7.4	7.2	3.7	3.9	0.7	1.1
<b>Romania<sup>2)</sup></b>	<b>2.5</b>	<b>3.2</b>	<b>5.2</b>	<b>6.3</b>	<b>1.9</b>	<b>1.0</b>
Slovakia	5.5	1.4	21.3	4.8	3.8	1.1
Slovenia	-0.3	-0.1	-1.4	-0.3	1.9	0.3

Sources: Monthly bulletins and annual reports of central banks, EBRD, IMF and BIS publications

1) Gold included; "+" indicates increase in reserves

2) For Romania, data were updated as of 15 June 2004.

Net foreign direct investment in the countries seeking EU membership were on the wane in 2003, due either to completion of major privatisation stages (in the Czech Republic, Poland, Slovenia) or to the pick-up in investment made by these countries abroad (as it was the case of Hungary). By contrast, foreign direct investment kept rising in Bulgaria and Romania.

**Table No. 4. Net foreign direct investment in the EU candidate countries in Central and Eastern Europe**

	- EUR bill. -		Share of GDP (%)	
	2002	2003	2002	2003
Bulgaria	1.0	1.2	5.8	7.0
Czech Republic	8.8	2.1	11.9	2.8
Hungary	2.7	0.8	4.0	1.1
Poland	4.1	3.4	2.0	1.8
<b>Romania<sup>1)</sup></b>	<b>1.2</b>	<b>1.6</b>	<b>2.5</b>	<b>3.2</b>
Slovakia	4.7	0.6	18.2	2.2
Slovenia	1.6	-0.1	6.8	-0.4

Sources: Monthly bulletins and annual reports of central banks, EBRD, IMF and BIS publications

1) For Romania, data were updated as of 15 June 2004.

In 2003, the share of foreign direct investment in total current account deficit financing of the countries in the region narrowed somewhat (in Hungary in particular), favouring the share of foreign borrowings and portfolio investments. Furthermore, demand for short-term capital from most accession countries gathered momentum, especially in the Czech Republic, Hungary and Poland whereas Southeast European countries took a greater interest in raising long-term capital and making portfolio investments.

<sup>1</sup> following the acceleration of domestic saving



Gross external debt rose moderately in most of the countries under review (except Bulgaria), amid lower reliance on foreign funds. In most of the countries in the region, the shares of external debt widened relative to both GDP and exports of goods and services, save Poland, Romania and Slovakia (where the sharper rise in exports of goods and services resulted in the compression of external debt).

**Table No. 5. External debt and foreign exchange reserves of the EU candidate countries in Central and Eastern Europe**

	Gross external debt		Gross external debt/ exports (%) <sup>1)</sup>		Gross external debt / GDP (%)		Forex reserves <sup>2)</sup> mths. of		
	- EUR bill. -						- EUR bill. - imports <sup>1)</sup>		
	2002	2003	2002	2003	2002	2003	2002	2003	2003
Bulgaria	10.8	10.3	126.1	109.3	65.2	58.7	4.2	5.0	5.4
Czech Republic	25.7	27.6	53.4	55.2	34.8	36.5	22.5	21.2	4.9
Hungary	39.0	45.7	88.5	101.1	56.6	62.3	9.9	10.1	2.5
Poland	80.9	82.3	135.1	129.3	40.0	44.4	27.4	25.8	4.5
<b>Romania<sup>3)</sup></b>	<b>14.7</b>	<b>15.4</b>	<b>85.7</b>	<b>84.1</b>	<b>30.4</b>	<b>30.6</b>	<b>5.9</b>	<b>6.4</b>	<b>3.4</b>
Slovakia	12.6	14.5	69.0	65.2	49.0	50.3	8.3	9.2	4.9
Slovenia	11.5	13.0	84.9	93.5	48.9	53.0	6.7	6.8	5.9

*Sources:* Monthly bulletins and annual reports of central banks, EBRD, IMF and BIS publications

1) Exports of goods and services; imports of goods and services

2) Official reserve leaves gold out of account

3) For Romania, data were updated as of 15 June 2004.

### III. Romanian economy in 2003

In 2003, the Romanian economy kept to the growth path it had entered a few years back. Moreover, disinflation carried on, whereas budget deficit and unemployment rate were kept at bay. Gross domestic product rose 4.9 percent year on year led by domestic consumption (final consumption and gross fixed capital formation) which replaced exports, the main driver of growth in the past three years. Services and industry, which contributed 73 percent to GDP growth, increased by 5.2 percent and 4.6 percent respectively.

**Table No. 6. GDP by expenditure**

	previous year = 100	
	2002 <sup>*)</sup>	2003 <sup>**)</sup>
<b>Real GDP</b>	<b>105.0</b>	<b>104.9</b>
Actual final consumption of households	103.0	107.1
Actual final consumption of general government	94.2	104.6
Gross fixed capital formation	109.0	108.3
Exports of goods and services	117.6	111.1
Imports of goods and services	112.0	116.3

Source: National Institute of Statistics (NIS)

<sup>\*)</sup> Semifinal data

<sup>\*\*)</sup> Provisional data

**Inflation rate** for 2003 (measuring the rise in consumer prices in December 2003 versus December 2002) ran at 14.1 percent, down 3.7 percentage points. The average monthly inflation rate reached 1.1 percent compared to 1.4 percent in 2002. Disinflation continued for the fourth year in succession, upheld by a prudent fiscal and monetary policy mix as well as by the favourable movements in import prices (for durable goods in particular), the improved business environment and the real appreciation of the domestic currency to the US dollar.

**Registered unemployment rate** dropped 1.2 percentage points year on year to 7.2 percent. The same as in 2002, Romania was further ranking second, after Hungary (where unemployment rate stood at 5.5 percent), among the acceding countries.

**The share of consolidated general government deficit in gross domestic product<sup>2</sup>** stayed on a downward drift for the third year in a row, falling 0.3 percentage points on the year to 2.3 percent in 2003.

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<sup>2</sup> provisional data

## IV. Romania's balance of payments and international investment position in 2003

### A. Balance of payments

In 2003, Romania's balance of payments mirrored the worsening of the current account balance amid widening trade deficit as a result of expansion in domestic demand. However, current account deficit financing did not pose difficulties, as roughly three fourths of the shortfall were covered by direct and portfolio investments of non-residents in Romania.

**Table No. 7. GDP<sup>1)</sup> and external sector**

	2002	2003
	- EUR million -	
1. Absorption (A=FC+I)	51,142.6	54,238.7
Final consumption (FC)	39,772.7	41,925.2
Investment <sup>2)</sup> (I)	11,369.9	12,313.5
2. Exports of goods and services, net (E)	-2,747.0	-3,893.0
3. Income from abroad, net (AI)	-488.0	-623.0
4. Current transfers, net (CT)	1,612.0	1,639.0
GDP (A+E)	48,395.6	50,345.7
Gross national disposable income (GNDI=A+E+AI+CT)	49,519.6	51,361.7
CURRENT ACCOUNT BALANCE (CABoP=E+AI+CT)	-1,623.0	-2,877.0
GROSS SAVING (GS=I+CABoP)	9,746.9	9,436.5
	- percent -	
Saving rate (GS/GDP)	20.1	18.7
Investment rate (I/GDP)	23.5	24.5
Share of current account balance in GDP (CABoP/GDP=GS/GDP-I/GDP) <sup>3)</sup>	-3.3	-5.7

<sup>1)</sup> Calculations based on National Institute of Statistics (NIS) data and average ROL/EUR exchange rate.

<sup>2)</sup> Investment includes: gross fixed capital formation, stocks change and statistical differences.

<sup>3)</sup> Known in economic literature as "saving, investment and current account balance equilibrium relationship".

Domestic absorption remained on an upward course, with investment being the fastest growing component in 2003 as well.

In the reference year, the current account deficit widened further, reaching 5.7 percent of GDP. This owed much to the decelerating saving rate, down 1.4 percentage points over the year before.

#### 1. Current account

In 2003, the balance of payments current account deficit stood at EUR 2,877 million, up 77.3 percent compared with 2002. Hence, current account deficit as a share of GDP surged markedly, from 3.3 percent to 5.7 percent.

**Table No. 8. Balance of payments**

	- EUR million -					
	2002			2003		
	Credit	Debit	Balance	Credit	Debit	Balance
<b>1. CURRENT ACCOUNT</b>	<b>19,474</b>	<b>21,097</b>	<b>-1,623</b>	<b>20,551</b>	<b>23,428</b>	<b>-2,877</b>
Goods and services	17,143	19,890	-2,747	18,285	22,178	-3,893
- Goods	14,675	17,427	-2,752	15,614	19,569	-3,955
- Services	2,468	2,463	5	2,671	2,609	62
Incomes	435	923	-488	327	950	-623
Current transfers	1,896	284	1,612	1,939	300	1,639
<b>2. CAPITAL AND FINANCIAL ACCOUNT</b>	<b>8,676</b>	<b>6,183</b>	<b>2,493</b>	<b>8,541</b>	<b>5,370</b>	<b>3,171</b>
Capital transfers	102	7	95	197	9	188
Direct investment	1,448	254	1,194	1,838	247	1,591
Portfolio investment	968	562	406	893	370	523
Other investment (including in-transit and clearing accounts)	6,148	3,455	2,693	5,276	3,387	1,889
Reserve assets ("- increase, "+" decrease)	10	1,905	-1,895	337	1,357	-1,020
<b>3. ERRORS AND OMISSIONS</b>	<b>0</b>	<b>870</b>	<b>-870</b>	<b>0</b>	<b>294</b>	<b>-294</b>

The trade balance weighed heavily on the current account balance; thus the trade balance reached 7.9 percent share-to-GDP (up 2.2 percentage points year on year) against the backdrop of mounting imports and the slowdown in the annual growth rate of exports. In addition, the deficit under “incomes” advanced by more than one fourth over the year before. A slight alleviation of the dampening impact of these two components on the current account witnessed the positive developments of “services” and “current transfers”.

### **1.1. Trade balance (goods and services)**

In 2003, goods and services balance posted a EUR 3,893 million deficit (41.7 percent on the year), amid the speed-up in imports of goods and services (from 7.8 percent in 2002 to 11.5 percent in 2003) and the slowing exports thereof (from 14.3 percent to 6.7 percent).

#### **1.1.1. Goods**

Trade deficit widened to EUR 3,955 million, rising both in terms of absolute value and as a share of GDP (by EUR 1,203 million and 2.2 percentage points respectively) amid the spike-up in imports. Behind such a performance of imports stood the economic growth, the ongoing streamlining and retooling, larger household demand for durable goods (electronic apparatus, domestic appliances and motorcars), the retrenchment in grain output (because of adverse weather conditions), and stronger demand for energy products (due to the drop in output of hydroelectric and nuclear power plants). The same as in 2002, the trade deficit built up largely in Q2 and Q4.

**Table No. 9. Trade balance (goods)**

	M.U.	2002	2003	Difference (+/-)
Exports (fob)	EUR million	14,675.0	15,614.0	939.0
Imports (fob)	EUR million	17,427.0	19,569.0	2,142.0
Trade balance	EUR million	-2,752.0	-3,955.0	-1,203.0
Share of exports in GDP	%	30.3	31.0	0.7
Share of imports in GDP	%	36.0	38.9	2.9
Share of trade balance in GDP	%	-5.7	-7.9	-2.2
Share of trade balance in current account balance	%	169.6	137.5	-32.1
Economy openness: (exports+imports)/GDP	%	66.3	69.9	3.6

Source: National Institute of Statistics (NIS)

The geographical distribution shows that trade deficit stemmed from trade with countries in transition (70.9 percent, of which 39.7 percent with the Russian Federation, 24.2 percent with CEFTA members, and 9.9 percent with Ukraine), developed countries (22.9 percent, of which 18 percent with the EU), and developing countries (4.7 percent).

**Economy openness** saw a steady upsurge in the past five years, reaching 69.9 percent in 2003 against the backdrop of the fall in protective tariffs and Romania's faster integration into world trade.

**Exports of goods** amounted to EUR 15,614 million, up 6.4 percent (EUR 939 million) from 2002 due solely to larger export volumes. The rise of exports throughout the last five years caused their contribution to GDP growth to expand from 23.8 percent in 1999 to 31 percent in 2003. The monthly average of exports was EUR 78.3 million higher year on year, reaching EUR 1,301.2 million. The table below sets out the increases in commodity groups holding a significant weight in exports.

**Table No. 10. Sizeable exports in 2003**

	Share of products in total exports %	- EUR mill. -	Increase against 2002 %
Knitted or crocheted wearing apparel	22.8	3,559	5.3
Machinery, mechanic devices, electrical apparatus and equipment	16.0	2,505	9.0
Cast, laminated metallurgical products, made of iron, steel, pig iron, aluminium and copper (excluding waste material)	11.1	1,727	2.6
Leather goods and footwear	8.8	1,375	3.3
Chemicals, plastics, rubber and articles thereof	7.0	1,089	22.3
Transport means and materials	5.7	894	8.2
Wood and wood items	4.5	705	7.5
Furniture (including components)	4.4	689	6.8

Source: Customs General Department

**Imports of goods (fob)** amounted to EUR 19,569 million (38.9 percent of GDP), up EUR 2,142 million, or 12.3 percent, over the year before, as a result of larger import volumes due to lower world prices. Imports posted a monthly average of EUR 1,630.8 million, up EUR 178.5 million year on year. Among the commodities holding significant shares in total imports, the following goods posted import increases.

**Table No. 11. Sizeable imports in 2003**

	Share of products	- EUR mill.-	Increase
	in total imports		against 2002
	%		%
Machinery, engines, apparatus and mechanical devices (including components)	13.0	2,536	21.7
Fabrics made of wool, cotton and man-made fibres; man-made fibres, textile products	12.4	2,421	1.2
Electrical machinery, appliances and equipment, apparatus for recording and reproducing sound and image	11.0	2,152	12.7
Energy products (crude oil, natural gas, petroleum products, coal, coke)	10.8	2,111	9.5
Products made of pig iron, iron, steel and non-ferrous metals	6.9	1,345	15.9
Motorcars, tractors and other road vehicles	4.7	912	13.6
Plastics and plastic items	4.4	866	19.2
Wearing apparel and footwear	3.7	720	4.4
Food, beverages and tobacco	2.6	510	8.9
Vegetal products	2.7	535	2.1 times
Optical, medical, surgery and similar apparatus and tools	2.2	426	2.9

Source: Customs General Department

### 1.1.1.1. Exports by commodity and group of countries

#### a) Exports structure

Exports structure by economic sector shows that manufacturing is still the main source of Romanian exports; its contribution saw little change as against the previous year.

**Table No. 12. Exports by main activities in national economy**

	- EUR mill. -		Indices (%)	Structure (%)	
	2002	2003	2003/2002	2002	2003
<b>TOTAL</b>	<b>14,675.0</b>	<b>15,614.0</b>	<b>106.4</b>	<b>100.0</b>	<b>100.0</b>
Agriculture, forestry and fishery	310.5	334.1	107.6	2.1	2.1
Mining and quarrying	43.7	45.5	104.1	0.3	0.3
Manufacturing	14,205.2	15,135.5	106.5	96.8	96.9
Electricity	106.3	69.7	65.6	0.7	0.4
Other*	9.3	29.2	314.0	0.1	0.3

\*) Including non-classified activities

Source: National Institute of Statistics (NIS)

Exports of manufactured goods rose 6.5 percent year on year. Rises were recorded by most sub-sectors, save radio, television and communication equipment and apparatus (-17.1 percent), other non-metal mineral products (-10.9 percent), and petroleum processing and coal coking (-9.7 percent).

**Table No. 13. Exports by main manufacturing activity**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL, of which:</b>	<b>14,205.2</b>	<b>15,135.5</b>	<b>106.5</b>	<b>100.0</b>	<b>100.0</b>
Food and beverages	170.5	200.5	117.6	1.2	1.3
Textiles and textile products	674.4	767.0	113.7	4.7	5.1
Textile, fur and leather apparel	3,078.9	3,224.9	104.7	21.7	21.3
Leather goods and footwear	1,343.4	1,391.8	103.6	9.5	9.2
Woodworking	674.3	719.9	106.8	4.7	4.8
Pulp, paper and cardboard	118.7	119.8	100.9	0.8	0.8
Petroleum processing and coal coking	1,050.0	947.9	90.3	7.4	6.3
Chemicals and man-made fibres	697.0	744.9	106.9	4.9	4.9
Rubber and plastic products	218.2	340.9	156.2	1.5	2.3
Non-metal mineral products	280.6	250.1	89.1	2.0	1.7
Metallurgy	1,679.1	1,818.0	108.3	11.8	12.0
Metallic construction and metal products	243.9	266.6	109.3	1.7	1.8
Machinery and equipment	857.8	939.7	109.5	6.0	6.2
Electrical machinery and apparatus	824.9	1,029.4	124.8	5.8	6.8
Radio, television and communication equipment	561.8	465.8	82.9	4.0	3.1
Medical instruments and apparatus, watches and clocks	60.8	63.6	104.6	0.4	0.4
Road transport means	375.8	434.8	115.7	2.6	2.9
Other transport means	477.8	488.0	102.1	3.4	3.2
Furniture and other activities	766.8	841.7	109.8	5.4	5.6

*Source:* National Institute of Statistics (NIS)

Above-average increases in exports were displayed by the following sub-sectors: rubber and plastic products (56.2 percent), electrical machinery and apparatus (24.8 percent), food and beverages (17.6 percent), road transport means (15.7 percent), textiles and textile products (13.7 percent), furniture and other activities (9.8 percent), machinery and equipment (9.5 percent), metallic construction and metal products (9.3 percent), metallurgy (8.3 percent), chemicals and man-made fibers (6.9 percent), and woodworking (6.8 percent).

**Table No. 14. Exports by production stage <sup>1)</sup>**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>14,675.0</b>	<b>15,614.0</b>	<b>106.4</b>	<b>100.0</b>	<b>100.0</b>
1. Raw materials	679.6	781.7	115.0	4.6	5.0
2. Intermediate goods	6,729.1	7,024.0	104.4	45.9	45.0
3. Capital goods	1,129.3	1,173.7	103.9	7.7	7.5
4. Consumer goods	6,107.6	6,594.2	108.0	41.6	42.2
5. Goods not specified elsewhere	29.4	40.4	137.4	0.2	0.3

<sup>1)</sup>UN Group (foreign trade classification by Main Economic Category – National Institute of Statistics)

Compared with 2002, the commodity structure of exports by production stage changed, exhibiting a decline in the share of exports of intermediate goods (by 0.9 percentage points) and of capital goods (by

0.2 percentage points) concurrently with the expansion in the share of exports of consumer goods, raw materials and unclassified goods.

In 2003, two groups of commodities, i.e. textiles, wearing apparel, footwear, and machinery, equipment and transport means, made up more than half of exports.

In year-on-year comparison, the following groups increased their shares in total exports: chemical and plastic products (by 0.9 percentage points), machinery, equipment and transport means (by 0.5 percentage points), other goods (by 0.2 percentage points), base metals and agrifoodstuffs (by 0.1 of a percentage point each).

**Table No. 15. Exports by group of commodities**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>14,675.0</b>	<b>15,614.0</b>	<b>106.4</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	460.6	498.0	108.1	3.1	3.2
Mineral products	1,244.8	1,098.0	88.2	8.5	7.0
Chemical and plastic products	890.0	1,089.0	122.4	6.1	7.0
Paper and wood products	793.0	843.1	106.3	5.4	5.4
Textiles, wearing apparel, and footwear	4,957.8	5,234.9	105.6	33.8	33.5
Base metals	1,884.3	2,016.9	107.0	12.8	12.9
Machinery, equipment, and transport means	3,124.2	3,398.2	108.8	21.3	21.8
Other goods	1,320.3	1,435.9	108.8	9.0	9.2

*Source:* National Institute of Statistics (NIS)

The structure of exports by **customs regime** illustrates that the share of definitive exports reached 45.1 percent in 2003, up 1.3 percentage points year on year, whereas the share of exports after domestic processing declined to 54.7 percent.

#### **b) Geographical distribution of exports**

In 2003, geographical spread of exports changed from a year earlier, with exports to countries in transition increasing due to higher demand from CEFTA countries for machinery and equipment, transport means, furniture and base metals.



**Table No. 16. Exports by group of countries**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>14,675.0</b>	<b>15,614.0</b>	<b>106.4</b>	<b>100.0</b>	<b>100.0</b>
<b>1. Developed countries</b>	<b>10,938.0</b>	<b>11,561.1</b>	<b>105.7</b>	<b>74.5</b>	<b>74.0</b>
of which:					
- European Union	9,863.9	10,571.2	107.2	67.2	67.7
- EFTA	195.2	194.8	99.8	1.3	1.2
- USA	626.6	551.5	88.0	4.3	3.5
- Japan	12.2	13.8	113.1	0.1	0.1
<b>2. Transition countries</b>	<b>1,420.9</b>	<b>1,761.4</b>	<b>124.0</b>	<b>9.7</b>	<b>11.3</b>
of which:					
- CEFTA	931.8	1,137.5	122.1	6.3	7.3
- Russian Federation	42.9	46.1	107.5	0.3	0.3
- Ukraine	40.1	57.9	144.4	0.3	0.4
- Republic of Moldova	115.7	120.6	104.2	0.8	0.8
<b>3. Developing countries</b>	<b>2,291.1</b>	<b>2,268.4</b>	<b>99.0</b>	<b>15.6</b>	<b>14.5</b>
<b>4. Countries not specified<sup>1)</sup></b>	<b>25.0</b>	<b>23.1</b>	<b>92.4</b>	<b>0.2</b>	<b>0.2</b>

Source: National Institute of Statistics (NIS)

<sup>1)</sup> Includes the goods for which the export destination country was not specified in the customs declaration.

Exports to **developed countries** amounted to EUR 11,561.1 million, up 5.7 percent versus 2002 as a result of increase in trade with the European Union (by 7.2 percent). Exports to the European Union accounted for 67.7 percent of total exports (up 0.5 percentage points from 2002) and went primarily (80 percent) to four countries, namely Italy, Germany, France and the United Kingdom.

**Table No. 17. Exports to EU by group of commodities**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>9,863.9</b>	<b>10,571.2</b>	<b>107.2</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	238.3	284.8	119.5	2.4	2.7
Mineral products	536.8	268.8	50.1	5.4	2.5
Chemical and plastic products	341.5	437.6	128.1	3.5	4.1
Paper and wood products	337.5	396.7	117.5	3.4	3.8
Textiles, wearing apparel, and footwear	4,585.8	4,838.6	105.5	46.5	45.8
Base metals	710.9	732.4	103.0	7.2	6.9
Machinery, equipment, and transport means	2,083.8	2,520.1	120.9	21.1	23.9
Other goods	1,029.3	1,092.2	106.1	10.5	10.3

Source: National Institute of Statistics (NIS)

Exports to the EU rose for most commodity groups, except for mineral products whose volume was halved. The shares of exports of the following groups expanded: machinery, equipment and transport means (2.8 percentage points), chemical and plastic products (0.6 percentage points), paper and wood products (0.4 percentage points), and agrifoodstuffs (0.3 percentage points).

In 2003, Romania's exports to **transition countries** were up 24 percent year on year to EUR 1,761.4 million, of which exports to CEFTA members increased by 22.1 percent. The share of exports to

transition countries grew by 1.6 percentage points in total exports, of which that of exports to CEFTA increased by 1 percentage point for machinery, equipment and transport means, base metals and other goods.

**Table No. 18. Exports to CEFTA by group of commodities**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>931.8</b>	<b>1,137.5</b>	<b>122.1</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	58.1	68.5	117.9	6.2	6.0
Mineral products	165.1	190.2	115.2	17.7	16.7
Chemical and plastic products	135.3	158.7	117.3	14.5	14.0
Paper and wood products	64.1	72.5	113.1	6.9	6.4
Textiles, wearing apparel, and footwear	154.1	180.2	116.9	16.6	15.8
Base metals	110.6	140.8	127.3	11.9	12.4
Machinery, equipment, and transport means	170.5	229.8	134.8	18.3	20.2
Other goods	74.0	96.8	130.8	7.9	8.5

*Source:* National Institute of Statistics (NIS)

Exports to **developing countries** went down in terms of both value and share (by 1 percent and 1.1 percentage points respectively) to EUR 2,268.4 million.

### 1.1.1.2. Imports by commodity and group of countries

#### a) Imports structure

In 2003, imports structure by production stage showed the decrease in the share of intermediate goods along with the increase in the share of capital goods, consumer goods and raw materials, as shown in the table below.

**Table No. 19. Imports (fob) by output stage<sup>1)</sup>**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>17,427.0</b>	<b>19,569.0</b>	<b>112.3</b>	<b>100.0</b>	<b>100.0</b>
1. Raw materials	2,328.8	2,634.3	113.1	13.4	13.5
2. Intermediate goods	9,211.4	10,184.1	110.6	52.9	52.0
3. Capital goods	3,068.6	3,574.5	116.5	17.6	18.3
4. Consumer goods	2,782.2	3,148.7	113.2	16.0	16.1
5. Goods not specified elsewhere	36.0	27.4	76.1	0.1	0.1

1) UN Group (foreign trade classification by Main Economic Category – National Institute of Statistics)

In 2003, import demand was upheld to a proportion of over 70 percent by the same four commodity groups as in the previous year: machinery, equipment, and transport means, textiles, wearing apparel, footwear, chemical and plastic products, and mineral products.

**Table No. 20. Imports (fob) by group of commodities**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>17,427.0</b>	<b>19,569.0</b>	<b>112.3</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	1,149.9	1,417.2	123.2	6.6	7.2
Mineral products	2,216.2	2,419.4	109.2	12.7	12.4
Chemical and plastic products	2,425.0	2,715.7	112.0	13.9	13.9
Paper and wood products	554.1	627.7	113.3	3.2	3.2
Textiles, wearing apparel, and footwear	3,151.3	3,202.1	101.6	18.1	16.4
Base metals	1,286.4	1,504.0	116.9	7.4	7.7
Machinery, equipment, and transport means	4,974.6	5,898.2	118.6	28.5	30.1
Other goods	1,669.5	1,784.7	106.9	9.6	9.1

*Source:* National Institute of Statistics (NIS)

In year-on-year comparison, three commodity groups saw their shares in total imports narrowing, i.e. textiles, wearing apparel, footwear (by 1.7 percentage points), other goods (by 0.5 percentage points) and mineral products (by 0.3 percentage points).

Imports of **consumer goods** (non-durables and durables) totalled EUR 2,988.8 million, 12.5 percent higher than a year earlier (by 6.6 percent for non-durables and 30.6 percent for durables).

The structure of imports by **customs regime** shows that the share of definitive imports reached 68.4 percent in total imports, up 1.2 percentage points year on year, whereas the share of temporary imports contracted.

#### **b) Geographical distribution of imports**

As concerns imports by origin, **developed countries** ranked first (63.7 percent of total imports), followed by **transition countries** (23.3 percent) and **developing countries** (12.6 percent).

**Table No. 21. Imports (fob) by group of countries**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>17,427.0</b>	<b>19,569.0</b>	<b>112.3</b>	<b>100.0</b>	<b>100.0</b>
<b>1. Developed countries</b>	<b>11,329.3</b>	<b>12,466.4</b>	<b>110.0</b>	<b>65.0</b>	<b>63.7</b>
<i>of which:</i>					
- European Union	10,183.2	11,281.8	110.8	58.4	57.7
- EFTA	199.4	221.2	110.9	1.1	1.1
- USA	527.0	455.0	86.3	3.0	2.3
- Japan	212.0	244.3	115.2	1.2	1.2
<b>2. Transition countries</b>	<b>3,863.7</b>	<b>4,566.3</b>	<b>118.2</b>	<b>22.2</b>	<b>23.3</b>
<i>of which:</i>					
- CEFTA	1,726.1	2,093.4	121.3	9.9	10.7
- Russian Federation	1,245.3	1,616.2	129.8	7.1	8.3
- Ukraine	337.6	449.3	133.1	1.9	2.3
- Republic of Moldova	48.4	68.3	141.1	0.3	0.3
<b>3. Developing countries</b>	<b>2,168.6</b>	<b>2,455.6</b>	<b>113.2</b>	<b>12.4</b>	<b>12.6</b>
<b>4. Countries not specified<sup>1)</sup></b>	<b>65.4</b>	<b>80.7</b>	<b>123.4</b>	<b>0.4</b>	<b>0.4</b>

*Source:* National Institute of Statistics (NIS)

<sup>1)</sup> Includes the goods for which the import origin country was not specified in the customs declaration.

Imports from **developed countries** added 10 percent year on year to EUR 12,466.4 million. This performance can be put down on higher imports from the European Union (10.8 percent), EFTA (10.9 percent) and Japan (15.2 percent).

**Table No. 22. Imports (fob) from EU by group of commodities**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>10,183.2</b>	<b>11,281.8</b>	<b>110.8</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	433.4	466.3	107.6	4.3	4.1
Mineral products	124.3	96.4	77.6	1.2	0.9
Chemical and plastic products	1,642.1	1,815.2	110.5	16.2	16.1
Paper and wood products	329.7	375.6	113.9	3.2	3.3
Textiles, wearing apparel, and footwear	2,584.2	2,628.0	101.7	25.4	23.3
Base metals	706.9	839.9	118.8	6.9	7.4
Machinery, equipment, and transport means	3,155.9	3,767.8	119.4	31.0	33.4
Other	1,206.7	1,292.6	107.1	11.8	11.5

Source: National Institute of Statistics (NIS)

Imports from the European Union accounted for 57.7 percent of total imports in 2003 (down 0.7 percentage points versus the previous year) and originated, in a proportion of 84.1 percent, in five countries, namely Italy, Germany, France, the United Kingdom and Austria.

Imports from the European Union posted increases for most commodity groups (except mineral products), especially for machinery, equipment and transport means (19.4 percent), base metals (18.8 percent), paper and wood products (13.9 percent).

Imports from **transition countries** rose 18.2 percent over 2002 to EUR 4,566.3 million, of which imports from CEFTA members increased 21.3 percent. The share of imports from transition countries in total imports stepped up 1.1 percentage points, due to the increase in imports from the Russian Federation, CEFTA countries and Ukraine.

Imports from CEFTA countries rose for most commodity groups (except for textiles, wearing apparel and footwear), particularly agrifoodstuffs (by 50.3 percent), mineral products (by 46.1 percent), base metals (by 29.1 percent), and machinery, equipment, and transport means (by 5.4 percent).

**Table No. 23. Imports (fob) from CEFTA by group of commodities**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>TOTAL</b>	<b>1,726.1</b>	<b>2,093.4</b>	<b>121.3</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	239.3	359.6	150.3	13.9	17.2
Mineral products	66.2	96.7	146.1	3.8	4.6
Chemical and plastic products	361.5	393.4	108.8	20.9	18.8
Paper and wood products	161.4	174.2	107.9	9.3	8.3
Textiles, wearing apparel, and footwear	111.5	103.5	92.8	6.5	4.9
Base metals	206.3	266.4	129.1	12.0	12.8
Machinery, equipment, and transport means	418.7	525.0	125.4	24.3	25.1
Other goods	161.2	174.6	108.3	9.3	8.3

Source: National Institute of Statistics (NIS)

Imports from **developing countries** rose in terms of both value and share (by 13.2 percent and 0.2 percentage points respectively), equalling EUR 2,455.6 million.

### 1.1.1.3. Currency structure and foreign trade efficiency

In terms of currency, the weight of the euro rose by 5.3 percentage points to 63.8 percent in total exports and by 2.4 percentage points to 67.9 percent in total imports, while the US dollar lost ground.

**Table No. 24. Foreign trade by currency**

	Exports		Imports	
	2002	2003	2002	2003
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
EUR	58.5	63.8	65.5	67.9
USD	36.4	30.6	30.3	28.3
Other	5.1	5.6	4.2	3.8

Source: Customs General Department

**Net terms of trade**<sup>3</sup> stood at 101.5 percent (99.6 percent for the trade with the European Union), due to lower prices of imports from the developing countries. **Gross terms of trade**<sup>4</sup> ran at 93.3 percent, showing that import volume increased faster than export volume (116.1 percent versus 108.4 percent).

**Table No. 25. Foreign trade efficiency**

	- percent -	
	2002	2003
Value indices	previous year = 100	
Exports	115.4	106.4
Imports	108.6	112.3
Unit value indices <sup>1)</sup>		
Exports	98.5	98.2
Imports	98.7	96.7
Volume indices		
Exports	117.2	108.4
Imports	110.0	116.1
Terms of trade index		
net (unit value)	99.8	101.5
gross (volume)	106.5	93.3
Export purchasing power index	116.9	110.0

<sup>1)</sup> Calculated by the National Institute of Statistics

### 1.1.1.4. Private sector contribution

In 2003, **privately owned companies** (commission agents and producers) carrying out foreign trade activity accounted for more than two thirds of total exports (tantamount to EUR 10,802.2 million), 10.5 percent higher than in 2002. Imports by the private sector amounted to EUR 15,799.3 million, up 24.9

<sup>3</sup> Ratio of unit value index of exports to unit value index of imports

<sup>4</sup> Ratio of volume index of exports to volume index of imports

percent, accounting for 80.7 percent of total imports (72.6 percent in 2002). Coverage of imports through exports in the private sector dropped by 8.9 percentage points.

**Table No. 26. Private sector foreign trade**

	M.U.	2002	2003	Indices (%) 2003/2002
Exports (fob)	EUR mill.	9,774.7	10,802.2	110.5
as a share of total exports	%	66.6	69.2	x
Imports (fob)	EUR mill.	12,652.8	15,799.3	124.9
as a share of total imports	%	72.6	80.7	x
Trade balance	EUR mill.	-2,878.1	-4,997.1	173.6
Coverage of imports through exports	%	77.3	68.4	x

*Source*: Customs General Department

#### 1.1.1.5. Net imports of energy products

In 2003, **net imports of energy products** equalled EUR 1,111.4 million (28.1 percent of trade deficit), up 42.3 percent year on year, due to the increase in imports of natural gas and mineral fuels. **Exports** of primary energy resources totalled EUR 1,022.6 million (6.5 percent of total exports), down 11.8 percent against the previous year, mainly as a result of lower export volume of petroleum products, mineral fuels and electricity. **Imports (fob)** of primary energy resources equalled EUR 2,134 million (10.9 percent of total imports), 9.9 percent higher than in 2002, attributable to higher import volume of natural gas, petroleum products, mineral fuels and electricity.

**Table No. 27. Net imports (fob) of energy products**

	- EUR mill. -	
	2002	2003
<b>TOTAL</b>	<b>-780.8</b>	<b>-1,111.4</b>
1. Natural gas	-401.7	-648.9
2. Electricity	94.4	46.4
3. Crude oil	-1,040.3	-886.6
4. Petroleum products	779.9	630.1
5. Mineral fuels	-213.1	-252.4

*Source*: Customs General Department

#### 1.1.2. Services

The services balance posted a **surplus of EUR 62 million**, up EUR 57 million against 2002, as a result of increase in receipts from other transport and tourism services, communication services, construction services and other trade, professional and technical services. The only component of services balance which displayed a deficit was "Tourism – travel".

**Table No. 28. Balance of services**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Receipts</b>	<b>2,468</b>	<b>2,671</b>	<b>108.2</b>	<b>100.0</b>	<b>100.0</b>
transport	1,013	1,063	104.9	41.0	39.8
tourism - travel	352	396	112.5	14.3	14.8
other	1,103	1,212	109.9	44.7	45.4
<b>Payments</b>	<b>2,463</b>	<b>2,609</b>	<b>105.9</b>	<b>100.0</b>	<b>100.0</b>
transport	881	997	113.2	35.8	38.2
tourism - travel	416	423	101.7	16.9	16.2
other	1,166	1,189	102.0	47.3	45.6
<b>Balance</b>	<b>5</b>	<b>62</b>	<b>1,240.0</b>		
transport	132	66	50.0		
tourism - travel	-64	-27	42.2		
other	-63	23	x		

**Receipts from services** amounted to EUR 2,671 million (up 8.2 percent year on year) while **services payments** totalled EUR 2,609 million (up 5.9 percent). These surpluses came from the rise in receipts under all components.

#### 1.1.2.1. Transport

“Transport” posted a EUR 66 million surplus, accounting for a half of that recorded in 2002, as payments increased 8.3 percentage points faster than receipts. The only component which showed a deficit was “Other transport services”.

**Table No. 29. Transport**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Receipts</b>	<b>1,013</b>	<b>1,063</b>	<b>104.9</b>	<b>100.0</b>	<b>100.0</b>
freight (goods transport)	725	745	102.8	71.6	70.1
passenger transport	67	65	97.0	6.6	6.1
other transport services	221	253	114.5	21.8	23.8
<b>Payments</b>	<b>881</b>	<b>997</b>	<b>113.2</b>	<b>100.0</b>	<b>100.0</b>
freight (goods transport)	748	840	112.3	84.9	84.3
passenger transport	54	81	150.0	6.1	8.1
other transport services	79	76	96.2	9.0	7.6
<b>Balance</b>	<b>132</b>	<b>66</b>	<b>50.0</b>		
freight (goods transport)	-23	-95	413.0		
passenger transport	13	-16	x		
other transport services	142	177	124.6		

“Goods transport” posted a deficit of EUR 95 million, 4.1 times higher than in 2002, amid the correlation between receipts and the trend of exports and between payments and the trend of imports (whereas “Other transport services” exhibited a surplus one fourth higher than in 2002).

“Passenger transport” recorded a deficit of EUR 16 million, compared with a surplus of EUR 13 million in 2002, due to the 50 percent rise in payments.

### 1.1.2.2. Tourism – travel

The deficit under “Tourism – travel” amounted to EUR 27 million, less than half of that registered in 2002, owing mainly to the decline in payments for personal travel.

**Table No. 30. Tourism - travel services**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Receipts</b>	<b>352</b>	<b>396</b>	<b>112.5</b>	<b>100.0</b>	<b>100.0</b>
business travel	25	30	120.0	7.1	7.6
personal travel	319	348	109.1	90.6	87.9
other	8	18	225.0	2.3	4.5
<b>Payments</b>	<b>416</b>	<b>423</b>	<b>101.7</b>	<b>100.0</b>	<b>100.0</b>
business travel	227	250	110.1	54.6	59.1
personal travel	188	172	91.5	45.2	40.7
other	1	1	100.0	0.2	0.2
<b>Balance</b>	<b>-64</b>	<b>-27</b>	<b>42.2</b>		
business travel	-202	-220	108.9		
personal travel	131	176	134.4		
other	7	17	242.9		

### 1.1.2.3. Other services

After registering a deficit of EUR 63 million in 2002, “Other services” showed a surplus of EUR 23 million in 2003, due to faster increase in receipts than in payments. The surplus was attributed mainly to communication, trade, professional, construction, culture and leisure services.



**Table No. 31. Other services**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Receipts, of which:</b>	<b>1,103.0</b>	<b>1,212.0</b>	<b>109.9</b>	<b>100.0</b>	<b>100.0</b>
insurance services	21.0	42.0	200.0	1.9	3.5
trade, professional etc. services	328.0	359.0	109.5	29.7	29.6
financial services	88.0	45.0	51.1	8.0	3.7
operational leasing	7.0	10.0	142.9	0.6	0.8
communication services	177.0	210.0	118.6	16.0	17.3
construction services	67.0	94.0	140.3	6.1	7.8
culture and leisure services	82.0	85.0	103.7	7.4	7.0
<b>Payments, of which:</b>	<b>1,166.0</b>	<b>1,189.0</b>	<b>102.0</b>	<b>100.0</b>	<b>100.0</b>
insurance services	82.0	108.0	131.7	7.0	9.1
trade, professional etc. services	323.0	290.0	89.8	27.7	24.4
financial services	88.0	74.0	84.1	7.5	6.2
operational leasing	43.0	38.0	88.4	3.7	3.2
communication services	63.0	75.0	119.0	5.4	6.3
construction services	16.0	28.0	175.0	1.4	2.4
culture and leisure services	69.0	67.0	97.1	5.9	5.6
<b>Balance, of which:</b>	<b>-63.0</b>	<b>23.0</b>	<b>x</b>		
insurance services	-61.0	-66.0	108.2		
trade, professional etc. services	5.0	69.0	1,380.2		
financial services	0.0	-29.0	x		
operational leasing	-36.0	-28.0	77.8		
communication services	114.0	135.0	118.4		
construction services	51.0	66.0	129.4		
culture and leisure services	13.0	18.0	138.5		

## 1.2. Income balance

The income balance posted a deficit of EUR 623 million (21.6 percent of the current account deficit), up 27.7 percent year on year, due mainly to the increase in interest payments related to debt and decrease in incomes from management of official reserves. Compared with 2002, the structure of receipts changed as reflected by the increase in the share of incomes derived from the management of official reserves, interest and direct investment and the decline in the share of incomes from compensation of employees. On the payments side, the share of repatriated profit from portfolio investment and direct investment increased on account of the drop in the share of interest payments related to medium- and long-term loans and credits and that of compensation of employees.

**Table No. 32. Income balance**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Receipts</b>	<b>435</b>	<b>327</b>	<b>75.2</b>	<b>100.0</b>	<b>100.0</b>
compensation of employees	146	98	67.1	33.6	30.0
direct investment	12	10	83.3	2.8	3.1
portfolio investment	193	153	79.3	44.4	46.8
other capital investment (interest)	84	66	78.6	19.2	20.1
<b>Payments</b>	<b>923</b>	<b>950</b>	<b>102.9</b>	<b>100.0</b>	<b>100.0</b>
compensation of employees	6	6	100.0	0.7	0.6
direct investment	212	224	105.7	23.0	23.6
portfolio investment	188	228	121.3	20.4	24.0
other capital investment (interest)	517	492	95.2	55.9	51.8
<b>Balance</b>	<b>-488</b>	<b>-623</b>	<b>127.7</b>		
compensation of employees	140	92	65.7		
direct investment	-200	-214	107.0		
portfolio investment	5	-75	x		
other capital investment (interest)	-433	-426	98.4		

“Compensation of employees” exhibited a surplus of EUR 92 million (more than one third lower than that recorded in 2002) driven by the fall in earnings of Romanians working abroad on labour contracts.

Income from portfolio investment recorded a deficit of EUR 75 million, compared with a surplus of EUR 5 million in 2002, as a result of decline in incomes from management of official reserves and increase in interest payments on medium- and long-term bonds issued by the public administration and private sector.

Incomes from other capital investment showed a deficit of EUR 426 million (down 1.6 percent versus 2002) due mainly to the decrease in the volume of interest payments on medium- and long-term debt. The interest accrued on Romania’s medium- and long-term claims declined, special mention deserving the case of Cuba (EUR 26 million). Interest payments on medium- and long-term debt totalled EUR 476 million (down about 3 percent), out of which interest payments to the international financial institutions accounted for 38 percent.

**Table No. 33. Interest developments**

	- EUR mill. -					
	2002			2003		
	Credit	Debit	Balance	Credit	Debit	Balance
<b>TOTAL</b>	<b>84</b>	<b>517</b>	<b>-433</b>	<b>66</b>	<b>492</b>	<b>-426</b>
Interest on medium- and long-term credits	<b>46</b>	<b>490</b>	<b>-444</b>	<b>39</b>	<b>476</b>	<b>-437</b>
IMF	0	11	-11	0	9	-9
G-24	0	12	-12	0	7	-7
IBRD	0	74	-74	0	59	-59
EBRD	0	56	-56	0	36	-36
EIB	0	54	-54	0	66	-66
other	46	283	-237	39	299	-260
Interest on short-term credits	<b>38</b>	<b>27</b>	<b>11</b>	<b>27</b>	<b>16</b>	<b>11</b>

### 1.3. Current transfers

The balance of current transfers ran a surplus of EUR 1,639 million, broadly similar to that registered in 2002. Both the value and the share of net private transfers increased (by 8.9 percent and 5.9 percentage points respectively), owing mainly to the step-up in money flows to residents and decline in transfers to the public administration.

**Table No. 34. Balance of current transfers**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Receipts</b>	<b>1,896</b>	<b>1,939</b>	<b>102.3</b>	<b>100.0</b>	<b>100.0</b>
Public administration	308	235	76.3	16.2	12.1
Private transfers	1588	1,704	107.3	83.8	87.9
<b>Payments</b>	<b>284</b>	<b>300</b>	<b>105.6</b>	<b>100.0</b>	<b>100.0</b>
Public administration	18	36	200.0	6.3	12.0
Private transfers	266	264	99.2	93.7	88.0
<b>Balance</b>	<b>1,612</b>	<b>1,639</b>	<b>101.7</b>	<b>100.0</b>	<b>100.0</b>
Public administration	290	199	68.6	18.0	12.1
Private transfers	1,322	1,440	108.9	82.0	87.9

The funds received by Romania under PHARE technical assistance amounted to EUR 291 million<sup>5</sup>, up 27.6 percent year on year, of which non-redeemable technical assistance in the form of consulting services and training courses (current transfers) equalled EUR 189 million and equipment purchase (capital transfers) totalled EUR 102 million.

<sup>5</sup> Source: Ministry of Public Finance

## 2. Capital and financial account

In 2003, the balance on capital and financial account totalled EUR 3,171 million, 27.2 percent higher than in 2002, due to the following developments recorded by capital and financial account components:

- the two-fold increase in the net value of capital transfers, triggered by cancellation of some credits related to private debt and increase in amounts received under PHARE programme of non-redeemable technical assistance to finance purchase of equipment;
- the step-up in flows of direct investment by non-residents in Romania in the form of share capital in non-bank sector and loans granted by parent undertakings to subordinated units;
- the rise in portfolio investment due to a lower volume of Eurobonds redeemed;
- the decline in the value of medium- and long-term loans and credits mainly as a result of a lower volume of credits acquired by non-bank sector and of the influences exerted by movements of the EUR/USD rate;
- the increase in the NBR's reserve assets owing to foreign exchange purchases off the interbank market and the launch of Eurobond issues by the Ministry of Public Finance.

**Table No. 35. Capital and financial account**

	- USD mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Credit</b>	<b>8,676</b>	<b>8,541</b>	<b>98.4</b>	<b>100.0</b>	<b>100.0</b>
capital transfers	102	197	193.1	1.2	2.3
direct investment	1,448	1,838	126.9	16.7	21.5
portfolio investment	968	893	92.3	11.2	10.5
other capital investment	6,102	5,222	85.6	70.3	61.2
in-transit, clearing/barter accounts	46	54	117.4	0.5	0.6
NBR reserve assets	10	337	3370.0	0.1	3.9
<b>Debit</b>	<b>6,183</b>	<b>5,370</b>	<b>86.9</b>	<b>100.0</b>	<b>100.0</b>
capital transfers	7	9	128.6	0.1	0.2
direct investment	254	247	97.2	4.1	4.6
portfolio investment	562	370	65.8	9.1	6.9
other capital investment	3,430	3,333	97.2	55.5	62.0
in-transit, clearing/barter accounts	25	54	216.0	0.4	1.0
NBR reserve assets	1,905	1,357	71.2	30.8	25.3
<b>Balance</b>	<b>2,493</b>	<b>3,171</b>	<b>127.2</b>		
capital transfers	95	188	197.9		
direct investment	1,194	1,591	133.2		
portfolio investment	406	523	128.8		
other capital investment	2,672	1,889	70.7		
in-transit, clearing/barter accounts	21	0	x		
NBR reserve assets	-1,895	-1,020	53.8		

**Financial account assets** reflected the changes in the residents' investment abroad, purchases of foreign securities, deposits with banks abroad, loans and official reserves. In 2003, foreign assets increased less than a year ago (i.e. EUR 974 million versus EUR 1,190 million) as a result of slower growth of foreign exchange reserve managed by the central bank.

**Table No. 36. Foreign assets and liabilities**

	- EUR mill. -					
	2002			2003		
	Credit	Debit	Balance	Credit	Debit	Balance
<b>Foreign assets</b>	<b>1,254</b>	<b>2,444</b>	<b>-1,190</b>	<b>1,063</b>	<b>2,037</b>	<b>-974</b>
direct investment	43	61	-18	7	43	-36
portfolio investment	8	8	0	15	7	8
other capital investment	1,185	469	716	694	629	65
clearing accounts	8	1	7	10	1	9
NBR reserve assets	10	1,905	-1,895	337	1,357	-1,020
<b>Foreign liabilities</b>	<b>7,320</b>	<b>3,732</b>	<b>3,588</b>	<b>7,281</b>	<b>3,324</b>	<b>3,957</b>
direct investment	1,405	193	1,212	1,831	204	1,627
portfolio investment	960	554	406	878	363	515
other capital investment	4,917	2,961	1,956	4,528	2,704	1,824
floats, clearing accounts	38	24	14	44	53	-9

**Financial account liabilities** show investment by non-residents in Romania, deposits of non-residents as well as loans and borrowings. In 2003, foreign liabilities rose by EUR 3,957 million, compared with EUR 3,588 million in 2002, due to direct and portfolio investment by non-residents in Romania.

### 2.1. Direct investment

In 2003, net direct investment<sup>6</sup> totalled EUR 1,591 million, up one third from the previous year, amid the rise in share capital in non-bank sector and in the volume of loans extended by foreign investors. Inflows from direct investment by non-residents in Romania amounted to EUR 1,831 million, exceeding the figure forecasted in the Pre-Accession Economic Programme and 30.3 percent higher than in 2002, owing to the increase in the share capital and in the volume of intra-company loans channelled to non-banks. Credits granted by parent undertakings to subordinated units accounted for about 30 percent of direct investment inflows, up 50 percent year on year<sup>7</sup>.

**Table No. 37. Direct investment**

	- EUR mill. -		Indices (%) 2003/2002	Structure (%)	
	2002	2003		2002	2003
<b>Credit</b>	<b>1,448</b>	<b>1,838</b>	<b>126.9</b>	<b>100.0</b>	<b>100.0</b>
- of non-residents in Romania	1,405	1,831	130.3	97.0	99.6
- of residents abroad	43	7	16.3	3.0	0.4
<b>Debit</b>	<b>254</b>	<b>247</b>	<b>97.2</b>	<b>100.0</b>	<b>100.0</b>
- of non-residents in Romania	193	204	105.7	76.0	82.6
- of residents abroad	61	43	70.5	24.0	17.4
<b>Balance</b>	<b>1,194</b>	<b>1,591</b>	<b>133.2</b>		
- of non-residents in Romania	1,212	1,627	134.2		
- of residents abroad	-18	-36	200.0		

As of end-2003, the balance on direct investment in Romania exceeded EUR 10 billion, thus reaching the highest level recorded by countries in Southeast Europe. The main sectors which benefited from foreign

<sup>6</sup> Non-residents' investment in Romania and residents' investment abroad.

<sup>7</sup> More than 75 percent of such loans came from the Netherlands, France, United Kingdom, Italy, Germany, Austria.

direct investment were manufacturing, professional services, wholesale trade, transport, retail trade, construction, tourism and agriculture.

The data provided by the Trade Register show that at end-2003, based on the share capital subscribed, the major foreign investors in Romania were the Netherlands, France, Germany, USA and Italy.

## 2.2. Portfolio investment

Net inflows from portfolio investment equalled EUR 523 million, up 28.8 percent year on year, due to the 50 percent drop in the volume of Eurobonds redeemed.

Portfolio investment inflows stood at EUR 893 million, of which a public issue of Eurobonds led-managed by Credit Deutsche Bank AG, Citigroup, JP Morgan and UBS worth EUR 700 million was aimed at covering the budget deficit. Portfolio investment outflows totalled EUR 370 million, of which EUR 150 million were accounted for by redemption of maturing Eurobonds held by Credit Deutsche Bank AG and EUR 80.7 million represented redemption of some promissory notes.

**Table No. 38. Portfolio investment**

	- EUR mill. -					
	2002			2003		
	Credit	Debit	Balance	Credit	Debit	Balance
<b>Assets</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>15</b>	<b>7</b>	<b>8</b>
Banking sector	6	6	0	2	6	-4
Non-banks	2	2	0	13	1	12
<b>Liabilities</b>	<b>960</b>	<b>554</b>	<b>406</b>	<b>878</b>	<b>363</b>	<b>515</b>
Monetary authority	0	0	0	0	0	0
Banking sector	0	2	-2	0	5	-5
Government sector	700	302	398	701	150	551
Credit Deutsche Bank AG	700	0	700	700	150	550
CS First Boston	0	302	-302	0	0	0
Ministry of Justice	0	0	0	1	0	1
Other sectors	260	250	10	177	208	-31
<i>of which:</i>						
- debt securities	171	183	-12	6	97	-91
Mercur Trading - Merrill Lynch	0	2	-2	0	2	-2
Astra Vagoane - Trinity INC	5	2	3	0	1	-1
Romtelecom - Goal Trade Financing	18	23	-5	0	11	-11
SNCFR- Marfa SA - Deutsche Bank	121	0	121	0	0	0
Short-term promissory notes	6	3	3	3	0	3
Other	21	153	-132	3	83	-80
- equity securities	89	67	22	171	111	60
(National Securities and Exchange Commission transactions)	89	67	22	171	111	60

## 2.3. Financing of the current account deficit

In 2003, direct investment and portfolio investment covered almost 75 percent of the current account deficit financing.

**Table No. 39. Financing of the current account deficit**

	- EUR mill. -	
	2002	2003
<b>Financing sources</b>	<b>1,623</b>	<b>2,877</b>
a. capital transfers, net	95	188
b. direct investment, net	1,194	1,591
c. portfolio investment, net	406	523
d. other investments:	1,823	1,595
- medium- and long-term borrowings	1,641	1,034
inflows	4,054	3,211
repayments	2,413	2,177
- medium- and long-term loans, net	21	-52
- short-term loans, net	349	381
- other investments*	-188	232
e. NBR's reserve assets ("-" shows an increase)	-1,895	-1,020

*\*) Net value of the items cash, cheques, deposits, in-transit documents, clearing and barter accounts, errors and omissions is included.*

Net inflows from medium- and long-term borrowings ran at EUR 1,034 million, down 37 percent year on year, due to the lower volume of loans to non-banks and the movements in the EUR/USD exchange rate. In 2003, inflows from medium- and long-term loans and credits dropped by 20.8 percent against 2002, while repayments by nearly 10 percent. Short-term loans, net equalled EUR 381 million, 9.2 percent higher than in 2002.

## **B. Romania's international investment position**

### **1. General features**

The debit balance of Romania's international investment position worsened further amounting to EUR 14.8 billion at end-2003, up EUR 3 billion as compared with that recorded at end-2002. Behind this development stood net external transactions (down EUR 2,983 million), alongside exchange rate losses (down EUR 69.1 million) and the drop in the gold price on the international market of precious metals (down EUR 14.2 million).

The strengthening of the domestic economic environment improved the perception of foreign investors and creditors, leading to the increase in capital inflows of foreign loans and direct and portfolio investment. At end-2003, Romania's external debt stood at EUR 16.5 billion, EUR 1 billion higher than at end-2002, while the balance of equity capital in Romanian companies reached EUR 9 billion, as compared with EUR 7.8 billion a year ago. Conversely, external debt service went down EUR 0.4 billion versus 2002, as a result of the stronger euro in US dollar terms.

External indebtedness indicators remained within normal limits. External debt service ratio narrowed 3.6 percentage points to 20.6 percent, whilst external debt share to GDP slid 1.1 percentage points to 7.5 percent, amid the increase in exports of goods and services and in gross domestic product. By contrast, the share of short-term external debt in total external debt and that of external debt to GDP widened by 1.8 percentage points and 1 percentage point respectively to 6.5 percent and 32.7 percent, as a result of the rise in short-term loans to non-banks.

The National Bank of Romania further strengthened the official reserves, which reached EUR 7.5 billion at end-2003. The main sources spurring the rise in forex reserves were the NBR's purchases off the forex market and the inflows from external borrowings and forex-denominated government securities issued by the Ministry of Public Finance.

At end-2003, foreign reserve assets came in at EUR 8.2 billion, EUR 0.2 billion higher than at the end of the previous year, amid the EUR 0.5 billion increase in the official reserves and the EUR 0.3 billion decline in banks' forex reserves. Foreign exchange reserves of the banking system (including the NBR) covered 3.9 months of imports at year-end 2003 as compared with 4.2 months of imports at end-2002, while official reserves covered 4.1 months of imports, the same as in the previous year. The ratio between external debt service and forex reserves reached 52.8 percent at end-2003, down 7.2 percentage points year on year.

**Table No. 40. Foreign reserve assets**

	- EUR mill. -				
	31.12.2002	31.03.2003	30.06.2003	30.09.2003	31.12.2003
<b>1. National Bank of Romania</b>	<b>7,009</b>	<b>6,847</b>	<b>6,467</b>	<b>7,782</b>	<b>7,492</b>
gold	1,132	1,044	1,025	1,114	1,118
SDR	2	5	3	3	0
foreign exchange	5,875	5,797	5,440	6,664	6,373
<b>2. Banks</b>	<b>1,042</b>	<b>886</b>	<b>994</b>	<b>858</b>	<b>763</b>
foreign exchange	1,042	886	994	858	763
<b>3. Foreign reserve assets</b>	<b>8,051</b>	<b>7,733</b>	<b>7,461</b>	<b>8,639</b>	<b>8,254</b>
of which:					
3.1. foreign exchange + SDR	6,919	6,689	6,437	7,525	7,136
<b>4. Foreign liabilities</b>	<b>471</b>	<b>546</b>	<b>615</b>	<b>765</b>	<b>920</b>
<b>Net international reserves</b>	<b>7,581</b>	<b>7,187</b>	<b>6,846</b>	<b>7,874</b>	<b>7,334</b>
(item 3-item 4)					
of which:					
<b>Net foreign exchange reserves</b>	<b>6,448</b>	<b>6,143</b>	<b>5,821</b>	<b>6,760</b>	<b>6,216</b>
(item 3.1-item 4)					

In 2003, behind the increase in Romania's external debt which reached EUR 16,472 million stood economic growth, the largely externally financed budget deficit and banks' demand for resources. Medium- and long-term debt accounted for 93.5 percent while short-term debt made up 6.5 percent of total external debt.

**External debt service** was EUR 3,768.8 million, of which principal repayments ran at EUR 3,003.6 million and interest and commissions paid amounted to EUR 765.2 million. By maturity, medium- and long-term external debt service accounted for 85.6 percent of total external debt service.

**Medium- and long-term external debt** widened 4.8 percent to EUR 15,401.2 million year over year, due to net inflows from foreign borrowings tantamount to EUR 2,091.6 million. The losses in the EUR/USD exchange rate (EUR -1,218.2 million) and some debt-to-equity swaps (EUR -163.1 million) contained the increase in external debt.



At end-2003, **medium- and long-term external debt by creditor** shows that private creditors made up 62.5 percent (up 3.1 percentage points year on year), international financial institutions accounted for 33.5 percent (down 1.7 percentage points year on year), and bilateral sources represented 4 percent (down 1.4 percentage points).

**Table No. 41. Medium- and long-term external debt by creditor**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>14,691.0</b>	<b>100.0</b>	<b>15,401.2</b>	<b>100.0</b>
International financial institutions	5,176.7	35.2	5,163.1	33.5
IMF	408.3	2.8	474.5	3.1
IBRD	2,163.0	14.7	1,828.7	11.9
EIB	1,197.8	8.2	1,411.2	9.2
EBRD	835.5	5.7	813.2	5.3
Bilateral relations	786.1	5.4	619.7	4.0
Canada	130.5	0.9	91.5	0.6
Germany	210.8	1.4	155.3	1.0
Italy	98.8	0.7	77.1	0.5
Austria	86.4	0.6	85.7	0.6
Portfolio investment	2,604.3	17.7	2,994.4	19.4
CS First Boston Switzerland	600.0	4.1	600.0	3.9
Deutsche Bank	850.0	5.8	1,400.0	9.1
Ing Bank Barings	300.0	2.0	300.0	1.9
Private banks	2,155.7	14.7	2,778.7	18.0
Germany	272.8	1.9	421.2	2.7
France	285.9	1.9	389.4	2.5
USA	336.0	2.3	218.6	1.4
United Kingdom	282.5	1.9	401.9	2.6
Netherlands	318.8	2.2	388.4	2.5
Supplier credit	380.2	2.6	275.6	1.8
Greece	197.4	1.3	131.8	0.9
Other	3,588.0	24.4	3,569.7	23.2

**Medium- and long-term external debt by currency** points out that the EUR was in the lead (54.2 percent, up 6.6 percentage points from end-2002), followed by the USD (38.7 percent, down 7.7 percentage points) and other currencies (7.1 percent, up 1.1 percentage points).

**Table No. 42. Forex reserves and medium- and long-term external debt by currency**

	- EUR mill. -							
	Forex reserves				Medium- and long-term external debt			
	31.12.2002	%	31.12.2003	%	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>6,919.1</b>	<b>100.0</b>	<b>7,136.1</b>	<b>100.0</b>	<b>14,691.0</b>	<b>100.0</b>	<b>15,401.2</b>	<b>100.0</b>
EUR	3,242.0	46.9	4,205.4	58.9	6,992.5	47.6	8,340.0	54.2
USD	3,623.6	52.4	2,540.9	35.6	6,811.6	46.4	5,956.7	38.7
Other	53.6	0.8	389.8	5.5	886.9	6.0	1,104.5	7.2

**Medium- and long-term external debt by debtor** shows that public debt further held the largest share, i.e. 42 percent, followed by private debt (37.2 percent) and publicly guaranteed debt (20.8 percent).

In year-on-year comparison, the share of public debt edged up 0.9 percentage points, concurrently with the decline in publicly guaranteed debt and private debt by 0.6 percentage points and 0.3 percentage points respectively.

**Table No. 43. Medium- and long-term external debt by debtor**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>14,691.0</b>	<b>100.0</b>	<b>15,401.2</b>	<b>100.0</b>
Public debt	6,040.7	41.1	6,469.9	42.0
Publicly guaranteed debt	3,146.0	21.4	3,197.5	20.8
Private debt	5,504.3	37.5	5,733.8	37.2

At end-2003, external private debt stood at EUR 5,733.8 million, up 4.2 percent, as a result of net capital inflows to the tune of EUR 851.6 million (largely loans from parent undertakings to subordinated units). The movements in the EUR/USD exchange rate (EUR -459 million) and some debt-to-equity swaps (EUR -163.1 million) had a dampening impact on external private debt.

Analysis of the national economy by sector shows the following distribution of private debt: manufacturing (35.1 percent), post and telecommunications (11.8 percent), transport and warehousing (9.5 percent), financial and banking activities (9.5 percent). Most external loans were channelled into the following manufacturing sub-sectors: food, beverages and tobacco industry (22.6 percent), furniture (15.9 percent), textiles and textile products (9.7 percent), and processing of rubber and plastics (9.1 percent).

**Table No. 44. Medium- and long-term external debt by maturity**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>14,691.0</b>	<b>x</b>	<b>15,401.2</b>	<b>x</b>
<i>Public debt</i>	<i>6,040.7</i>	<i>100.0</i>	<i>6,469.9</i>	<i>100.0</i>
1-5 years	474.6	7.9	311.0	4.8
more than 5 years	5,566.1	92.1	6,158.9	95.2
<i>Publicly guaranteed debt</i>	<i>3,146.0</i>	<i>100.0</i>	<i>3,197.5</i>	<i>100.0</i>
1-5 years	1,194.9	38.0	952.2	29.8
more than 5 years	1,951.1	62.0	2,245.3	70.2
<i>Private debt</i>	<i>5,504.3</i>	<i>100.0</i>	<i>5,733.8</i>	<i>100.0</i>
1-5 years	2,824.5	51.3	2,923.0	51.0
more than 5 years	2,679.8	48.7	2,810.8	49.0

**Medium- and long-term external debt by maturity** at end-2003 points out that long-term loans held the largest share in public and publicly guaranteed debt (95.2 percent and 70.2 percent respectively), whereas medium-term external debt prevailed in private debt (51 percent).

**Table No. 45. Medium- and long-term external debt by type of interest**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>14,691.0</b>	<b>100.0</b>	<b>15,401.2</b>	<b>100.0</b>
<b>Floating interest</b>	<b>7,675.8</b>	<b>52.2</b>	<b>7,953.0</b>	<b>51.6</b>
IBRD STANDARD INTEREST	874.5	6.0	722.1	4.7
IMF STANDARD INTEREST	408.3	2.8	474.5	3.1
1-month LIBOR USD	107.0	0.7	129.5	0.8
3-month LIBOR USD	643.6	4.4	693.1	4.5
6-month LIBOR USD	3,300.6	22.5	2,920.8	19.0
12-month LIBOR USD	272.0	1.9	252.2	1.6
3-month LIBOR EUR	337.3	2.3	348.0	2.3
3-month EURIBOR	331.1	2.3	409.0	2.7
6-month EURIBOR	970.1	6.6	1,408.6	9.1
<b>Fixed interest</b>	<b>7,015.2</b>	<b>47.8</b>	<b>7,448.2</b>	<b>48.4</b>
0.0-4.99%	1,869.5	12.7	2,193.2	14.2
5.0-9.99%	2,983.3	20.3	3,327.4	21.6
over 10.0%	2,162.4	14.7	1,927.6	12.5

**Medium- and long-term external debt by type of interest** painted the following picture: floating-interest loans accounted for 51.6 percent, while fixed-rate loans made up 48.4 percent. The share of foreign borrowings with fixed-rate interest of less than 10 percent is expected to rise as a result of improved country rating.

## 2. International investment position

The monetary authority was the sole institutional sector posting a net creditor position at end-2003 (EUR 7,025 million, up 6.3 percent against end-2002), owing to the consolidation of official reserves and the decline in short-term liabilities. The net debtor position of the banking sector widened by EUR 1,167 million, as a result of the drop in foreign assets reserve and the increase in non-residents' forex deposits. Government sector and non-banks further posted net debtor positions (EUR -4,182 million and EUR -16,505 million respectively), on the back of the rise in foreign borrowings and direct foreign investment.

### 2.1. Direct investment

At end-2003, the balance of direct investment was of EUR 9,950.9 million, up 16.8 percent year on year, due to the surge in non-residents' direct investment in Romania.

#### 2.1.1. Foreign assets

As at year-end 2003, direct investment by residents abroad (equity stakes) ran at EUR 167.5 million (21.1 percent higher than at end-2002), of which equity capital of the banking sector accounted for 59.2 percent.

#### 2.1.2. Foreign liabilities

Direct investment by non-residents in Romania stood at EUR 10,118.4 million, up 16.9 percent from end-2002, as a result of net inflows to the tune of EUR 1,627 million. Non-banks were the main beneficiary of direct investment. Foreign investment in non-banks amounted to EUR 9.8 billion at end-2003, up 17.3

percent versus the previous year, of which participations accounted for roughly 90 percent, and the remaining 10 percent represented loans from parent undertakings to subordinated units.

**Table No. 46. Loans from parent undertakings to subordinated units  
 (by investor's country of origin)**

	Balance as of		Balance as of		- EUR mill. -
	31.12.2002	%	31.12.2003	%	
<b>TOTAL</b>	<b>778.4</b>	<b>100.0</b>	<b>1,072.3</b>	<b>100.0</b>	
<b>Banking sector</b>	<b>11.7</b>	<b>1.5</b>	<b>10.9</b>	<b>1.0</b>	
Kuweit	4.7	0.6	4.0	0.4	
Austria	6.9	0.9	6.9	0.6	
<b>Non-banks</b>	<b>766.7</b>	<b>98.5</b>	<b>1,061.4</b>	<b>99.0</b>	
Austria	42.4	5.4	48.0	4.5	
Cyprus	38.2	4.9	44.2	4.1	
France	34.2	4.4	65.1	6.1	
Germany	99.9	12.8	108.4	10.1	
Italy	29.4	3.8	58.7	5.5	
Netherlands	360.5	46.3	479.9	44.8	
USA	31.2	4.0	30.1	2.8	
United Kingdom	40.2	5.2	63.7	5.9	
Other	90.7	11.7	163.3	15.2	

More than 60 percent of direct investment in Romania were channelled into manufacturing and one third of the employees in this sector worked in foreign-owned companies. Data released by the Trade Register show that out of the total number of foreign-owned companies registered by end-2003, 54.9 percent are located in Bucharest and its environs, 10.4 percent in West region and 9.9 percent in North-East region. As for the subscribed capital, Bucharest and its environs ranked first (50.8 percent), followed by South region (12.2 percent) and South-East region (12 percent). The main foreign investors in Romania came from the Netherlands, France and Germany.

Foreign direct investment in the banking sector climbed 7.6 percent as compared with end-2002, whilst their share in total foreign direct investment slid 0.3 percentage points.

## **2.2. Portfolio investment**

The debit balance of portfolio investment at end-2003 stood at EUR 3,546.3 million, up 14.9 percent year on year, owing broadly to the rise in foreign liabilities following a public Eurobond issue to finance the budget deficit.

### **2.2.1. Foreign assets**

Portfolio investment by type of investment shows that the value of shares and bonds purchased by residents by end-2003 was low. The balance of shares dropped EUR 12 million from end-2002, while that of bonds increased by EUR 6 million, due solely to the banking sector.

**Table No. 47. Portfolio investment (foreign assets)**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>21.2</b>	<b>100.0</b>	<b>15.2</b>	<b>100.0</b>
<i>Shares</i>	17.7	83.5	5.7	37.5
- other sectors	17.7	83.5	5.7	37.5
<i>Money market instruments and securities</i>	3.5	16.5	9.5	62.5
- banking sector	0.9	4.2	6.9	45.4
- non-banks	2.6	12.3	2.6	17.1

### 2.2.2. Foreign liabilities

Foreign liabilities associated with portfolio investment went up EUR 453.1 million as compared with end-2002, on account of the Eurobonds<sup>8</sup> worth EUR 700 million issued in July 2003 in order to finance the budget deficit and of the shares purchased by non-residents on the capital market. Redemption of Eurobonds and promissory notes worth EUR 150 million and EUR 80.7 million respectively accounted for a significant part of capital outflows.

**Table No. 48. Portfolio investment (foreign liabilities)**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>3,108.4</b>	<b>100.0</b>	<b>3,561.5</b>	<b>100.0</b>
<i>Shares</i>	495	15.9	555	15.6
- other sector	495	15.9	555	15.6
<i>Money market instruments and securities</i>	2,613.4	84.1	3,006.5	84.4
- government sector	1,867.0	60.1	2,328.2	65.4
- non-banks	746.4	24.0	678.3	19.0

Investment portfolio by type of investment remained almost unchanged year on year, with securities holding the largest share, i.e. 84.4 percent. The government sector held the bulk of bonds, followed by non-banks.

### 2.3. Other investments

The debit balance of “Other investments” equalled EUR 8,823.1 million at end-2003, EUR 1,656.3 million higher than at end-2002, amid the decrease in foreign assets reserve of the banking sector and the increase in borrowings from non-residents.

#### 2.3.1. Foreign assets

Foreign assets under “other investment” include financial and commercial loans granted by residents to foreign natural and legal entities, trade credits, Romania’s subscription quota in international institutions, active clearing accounts, residents’ deposits abroad. In the reviewed period, foreign assets dropped EUR 914 million, as a result of the EUR strengthening versus the USD (EUR 840 million) and the decline in deposits of residents abroad. Borrowings held the largest share of foreign assets, i.e. 67.4 percent, followed by residents’ deposits abroad and other assets (26 percent and 6.6 percent respectively).

<sup>8</sup> Brokered by Deutsche Bank, Citigroup, JP Morgan and UBS

**Table No. 49. Composition of "other investments" (foreign assets)**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>5,594.1</b>	<b>100.0</b>	<b>4,680.1</b>	<b>100.0</b>
<i>Monetary authority</i>	9.3	0.2	7.7	0.2
- other assets	9.3	0.2	7.7	0.2
<i>Government sector</i>	3,761.9	67.2	3,147.4	67.3
- commercial credits	3,396.2	60.7	2,842.5	60.7
- loans/deposits	5.1	0.1	4.2	0.1
- other assets	360.6	6.4	300.7	6.4
<i>Banking sector</i>	1,054.3	18.8	775.5	16.6
- loans/deposits	1,054.3	18.8	775.5	16.6
<i>Non-banks</i>	768.6	13.7	749.5	16.0
- commercial credits	306.2	5.5	287.9	6.2
- loans/deposits	462.4	8.3	461.6	9.9

The structure of "Other investments" by institutional sector illustrates that the government sector was the main holder of foreign debt (accounting for 67.3 percent of external claims, most of which were past due), followed by the banking sector (16.6 percent) and non-banks (16 percent). More than 60 percent of medium- and long-term external claims of the government sector came from exports to developing countries in the Middle East, Africa, Latin America and former CMEA countries prior to 1990.

**Table No. 50. Medium- and long-term government claims as at 31 December 2003**

Country	Total claims	- equivalent EUR thou. -	
		by maturity	
		past due	due in 2003
<b>TOTAL</b>	<b>1,631,304</b>	<b>1,622,929</b>	<b>8,375</b>
Korea, P.D.R.	19,357	19,357	0
Guinea	14,890	14,414	476
Iraq	1,368,458	1,368,458	0
Mozambique	110,409	102,510	7,899
Sudan	97,466	97,466	0
Syria	20,724	20,724	0

Out of total government claims, 42.6 percent were expressed in transferable roubles and stemmed from exports and co-operation activities with former CMEA countries.

**Table No. 51. Medium- and long-term government claims (transferable roubles)  
as at 31 December 2003**

Country	Total claims	by maturity	
		past due	due in 2003
<b>TOTAL</b>	<b>1,742,191</b>	<b>1,708,110</b>	<b>34,081</b>
<i>of which:</i>			
Cuba	1,018,581	984,653	33,928
Mongolia	3,050	3,050	0
Korea, P.D.R.	8,204	8,204	0
Russia	590,670	590,670	0
Ukraine	121,686	121,533	153

“Other assets of the government sector” included clearing accounts in convertible currencies and transferable roubles, as well as Romania’s subscription quota in international financial institutions. In 2003, the sixth instalment worth EUR 1.4 million of Romania’s membership quota in the share capital of the EBRD was paid via a promissory note tantamount to EUR 810 thousand issued by the Ministry of Public Finance and a EUR 540 thousand cash payment. The balance on clearing accounts amounted to EUR 181.7 million at end-2003, down EUR 48.1 million year on year, as a result of strengthening of the EUR against the main convertible currencies. Syria and Cuba were further Romania’s main debtor countries, while Russia paid off its debt of EUR 10 million.

The balance on “Other investments” of the banking sector decreased EUR 278.8 million from end-2002, amid the drop in residents’ deposits abroad following the banks’ shift to lending to the domestic private sector. Thus, in 2003, foreign exchange-denominated non-government domestic credit expanded by 27.3 percent.

**Table No. 52. Other investments of the banking sector (foreign assets)**

	- EUR mill. -	
	31.12.2002	31.12.2003
<b>TOTAL</b>	<b>1,054.3</b>	<b>775.5</b>
cash and cheques	125.5	134.6
deposits abroad	873.8	580.9
- demand deposits	97.6	74.9
- time deposits	753.7	483.9
- collateral	22.5	22.1
other	55.0	60.0
- payment orders, claims, bank operations	19.0	11.5
- foreign exchange loans to non-residents	13.0	20.0
- other	23.0	28.5

Under “Other investments” of the banking sector, deposits and accounts with banks abroad accounted for the largest share of bank investments (74.9 percent, most of which were deposits), followed by cash and cheques (17.4 percent) and other assets (7.7 percent).

The structure of banks’ assets by currency shows the further increase in EUR-denominated assets (64.7 percent) to the detriment of USD-denominated assets (24.8 percent), in line with the development of foreign trade by geographical area.

The balance on "Other investments" of non-banks went down 2.5 percent versus end-2002, due to the decline in commercial claims. Long-term foreign assets consisted in past-due claims from Romanian exports made before 1989 to countries in Africa and the Middle East; claims retrieved in 2003 amounted to EUR 16.9 million, i.e. Angola's debt to Romania.

**Table No. 53. Non-bank commercial claims as at 31 December 2003**

Country	Total claims	- equivalent EUR thou. -	
			Past due claims
<b>TOTAL</b>	<b>56,819</b>		<b>56,819</b>
Congo	1,145		1,145
Mozambique	7,234		7,234
Nigeria	1,207		1,207
Central African Republic	6,107		6,107
Sudan	38,432		38,432
Somalia	1,989		1,989
Syria	266		266
Other	439		439

The balance on medium- and long-term commercial claims declined by one third year on year, while that on short-term trade credits stayed put.

### 2.3.2. Foreign liabilities

Foreign liabilities under "Other investments" consisted of financial and commercial loans granted by non-residents to natural and legal persons in Romania, trade credits, passive clearing accounts, non-residents' deposits and in-transit accounts. In 2003, foreign liabilities under "Other investment" rose EUR 742.3 million against end-2002 following the carrying out of net transactions worth EUR 1,815 million consisting mainly in inflows from foreign loans, the impact of which was contained by the stronger euro against the US dollar (EUR -1,072.7 million).

**Table No. 54. Composition of "other investments" (foreign liabilities)**

	- EUR mill. -			
	31.12.2002	%	31.12.2003	%
<b>TOTAL</b>	<b>12,760.8</b>	<b>100.0</b>	<b>13,503.1</b>	<b>100.0</b>
<i>Monetary authority</i>	408.3	3.2	474.5	3.5
- loans/deposits	408.3	3.2	474.5	3.5
<i>Government sector</i>	4,710.6	36.9	5,001.5	37.0
- commercial credits	98.5	0.8	57.0	0.4
- loans/deposits	4,576.3	35.9	4,914.2	36.4
- other liabilities	35.8	0.3	30.3	0.2
<i>Banking sector</i>	963.9	7.6	1,696.3	12.6
- loans/deposits	963.9	7.6	1,696.3	12.6
<i>Non-banks</i>	6,678.0	52.3	6,330.8	46.9
- commercial credits	828.7	6.5	690.3	5.1
- loans/deposits	5,801.7	45.5	5,602.2	41.5
- other liabilities	47.6	0.4	38.3	0.3



The structure of foreign liabilities by type of investments shows that foreign loans accounted for 91.9 percent of foreign liabilities, followed by non-residents' deposits (7.6 percent) and other liabilities (0.5 percent). In 2003, the share of short-term foreign loans in total foreign loans increased by 2.6 percentage points as a result of the step-up in the short-term external debt of non-banks.

The share of foreign liabilities of the banking sector gained 5 percentage points versus end-2002, while that of foreign liabilities of non-banks decreased by 5.5 percentage points. At end-2003, the government sector held 37 percent of foreign liabilities, the balance of medium- and long-term foreign loans equalling EUR 4,971.1 million. The 6.3 percent increase in the medium- and long-term debt of the government sector was the result of net capital inflows worth EUR 789.2 million destined for financing investment projects, the impact of which was dampened by the stronger euro against the US dollar (EUR -492.9 million).

**Table No. 55. Medium- and long-term external debt of government sector by main creditor**

	- EUR mill. -	
	31.12.2002	31.12.2003
<b>TOTAL</b>	<b>4,674.8</b>	<b>4,971.1</b>
International institutions	3,285.8	3,242.6
EBRD	163.8	124.7
IBRD	1,971.8	1,655.3
EU	170.0	220.0
EIB	843.6	1,061.8
FIDA	2.5	3.3
EC SDF	109.7	103.1
OECD	24.4	74.3
Bilateral relations	319.3	244.6
Sweden	2.9	0.0
Canada	3.1	1.7
Japan	86.1	67.2
USA	58.0	43.9
Germany	78.4	41.3
Italy	67.8	60.6
France	23.1	29.9
Private banks	954.7	1,375.1
Austria	30.0	53.6
Germany	153.5	261.3
France	133.1	254.9
Netherlands	134.9	199.4
Ireland	17.8	10.3
USA	210.4	150.5
Switzerland	40.2	82.4
Israel	101.1	82.6
United Kingdom	78.1	162.4
Sweden	0.0	49.7
Other	55.6	68.0
Supplier credits	98.5	57.0
Other creditors	16.5	51.8

Source: Ministry of Public Finance

By creditor, the structure of foreign liabilities under "Other investments" illustrates that international financial institutions continued to be the main lender to the government sector (65.2 percent, down 5.1

percentage points against end-2002), followed by private banks (27.7 percent, up 7.2 percentage points) and bilateral sources (4.9 percent, down 1.9 percentage points). Among the international financial institutions, the World Bank remained the leading lender to the government of Romania, in spite of the year-on-year drop in the share of loans, from 42.2 percent to 33.3 percent. Loans from the World Bank totalled EUR 85.4 million, of which EUR 13.9 million for education, EUR 17.3 million for oil extraction, EUR 13.5 million for railway rehabilitation and EUR 10 million for labour protection. Principal repayments on IBRD loans equalled EUR 112.7 million, of which EUR 28.7 million repayments under SAL (structural adjustment loan), EUR 15.5 million for “critical imports”, EUR 11.8 million for agriculture, and EUR 10.4 million for healthcare sector reform.

The European Investment Bank strengthened its position as lender to the government sector, with loans accounting for 21.4 percent of total external debt at end-2003 compared to 18 percent at end-2002. In the reviewed period, inflows ran at EUR 275.6 million, of which: EUR 110.5 million for road and motorway building and rehabilitation, EUR 59.9 million for railway infrastructure modernisation, EUR 40.4 million for city transport restructuring and Bucharest underground modernisation, and EUR 49.7 million for removal of flood effects.

In 2003, loans extended by private banks to the government sector amounted to EUR 1,375.1 million (accounting for 27.7 percent of foreign loans to the government sector), up 44 percent year on year. Government sector debt rose markedly in the year under review, especially to the banks in Germany, France and United Kingdom.

At end-2003, foreign liabilities of the banking sector totalled EUR 1,696.3 million, with foreign loans amounting to EUR 670.7 million and deposits of non-residents to EUR 1,025.6 million.

**Table No. 56. Other investments of the banking sector (foreign liabilities)**

	- EUR mill. -	
	31.12.2002	31.12.2003
<b>TOTAL</b>	<b>963.9</b>	<b>1,696.3</b>
<i>Foreign borrowings</i>	326.5	670.7
short-term borrowings	18.3	64.7
medium- and long-term borrowings	308.2	606.0
<i>Deposits of non-residents</i>	637.4	1,025.6
short-term deposits of non-resident banks	268.4	606.2
short-term deposits of other non-residents	183.9	248.8
long-term deposits of non-resident banks	185.1	170.6

**By maturity**, the structure of foreign liabilities under “Other investments” of the banking sector shows a change in terms of short- and long-term liabilities. Thus, the share of short-term liabilities edged up year on year from 48.8 percent to 54.2 percent following the twofold increase in non-resident banks’ deposits. At end-2003, more than half of short-term foreign liabilities were held by four banks: Alpha Bank, Raiffeisen Bank, Piraeus Bank and HVB Bank. The balance on long-term loans almost doubled as compared to that recorded at end-2002, following the EUR 332.8 million net inflows.

**By creditor**, the structure of medium- and long-term external debt of the banking sector reveals that loans granted by international financial institutions accounted for 50.4 percent of total loans, followed by loans extended by private banks (47.5 percent) and bilateral loans (1.5 percent). Among the international financial institutions, the EBRD was the main lender, followed by the EIB and the International Finance

Corporation. The main banks that benefited from external funds granted by international financial institutions were the following: Banca Comerciala Română (44 percent), Banca Română pentru Dezvoltare (18.5 percent), Bancpost (12.2 percent) and HVB Bank (6.5 percent).

**Table No. 57. Medium- and long-term external debt of the banking sector by creditor**

	- EUR mill. -	
	31.12.2002	31.12.2003
<b>TOTAL</b>	<b>308.2</b>	<b>606.0</b>
Bilateral relations	10.6	9.0
International institutions	170.7	305.5
Private banks	123.3	288.1
Other private sources	3.6	3.4

At end-2003, foreign liabilities of non-banks held the largest share in total foreign liabilities under “Other investments”, i.e. 46.9 percent, down 5.4 percentage points year on year as a result of the strengthening of the euro against the US dollar and the lower volume of medium- and long-term loans.

**Table No. 58. Other investments of non-banks (foreign liabilities)**

	- EUR mill. -	
	31.12.2002	31.12.2003
<b>TOTAL</b>	<b>6,678.0</b>	<b>6,330.8</b>
<i>Foreign borrowings</i>	<i>6,182.0</i>	<i>5,877.8</i>
short-term borrowings	265.0	595.0
medium- and long-term borrowings	5,917.0	5,282.8
<i>Import documents</i>	<i>448.4</i>	<i>414.7</i>
long-term import documents	11.0	4.0
short-term import documents	437.4	410.7
<i>In-transit accounts</i>	<i>47.6</i>	<i>38.3</i>

Medium- and long-term loans came in at EUR 5,282.8 million, down EUR 634.2 million or 5.2 percentage points from end-2002, following the shift in the focus of Romanian companies towards domestic financial resources.

**Table No. 59. Medium- and long-term external debt of non-banks**

	- EUR mill. -	
	31.12.2001	31.12.2002
<b>TOTAL by debtor</b>	<b>5,917.0</b>	<b>5,282.8</b>
publicly guaranteed debt	1,792.4	1,503.0
private debt	4,124.6	3,779.8
<b>TOTAL by creditor</b>	<b>5,917.0</b>	<b>5,282.8</b>
bilateral relations	456.2	366.1
international institutions	1,311.9	1,140.6
private banks	1,073.7	1,109.0
other private sources	3,075.3	2,667.2

**By creditor**, the structure of medium- and long-term external debt of non-banks illustrates that the Romanian economy was financed mainly from private capital sources (71.5 percent), the remainder

coming from international financial institutions (21.6 percent) and government agencies (6.9 percent). Among the international financial institutions, the EBRD was the main creditor (47.3 percent), followed by the EIB (23.7 percent) and the World Bank (15.2 percent). Loans from international financial institutions were earmarked for development of infrastructure, modernisation of some companies and expansion of the mobile phone network.

**By debtor**, the structure of medium- and long-term external debt of non-banks shows that private debt held 71.5 percent, while publicly-guaranteed debt made up 28.5 percent.

Under “Other investments”, the monetary authority’s foreign liabilities consisted of borrowings from the IMF which totalled EUR 474.5 million, up 16.2 percent from end-2002, owing to the last tranches released under the stand-by arrangement tantamount to EUR 204.8 million.

**Table No. 60. Loans under IMF arrangements**

	Drawings	Repayments	Debt	
	SDR mill.	SDR mill.	SDR mill.	- equivalent EUR mill. -
Systemic adjustment facility	188.53	172.81	15.72	18.60
1999 stand-by arrangement	139.75	54.81	84.94	100.60
2001 stand-by arrangement	300.00	0.00	300.00	355.30

#### **2.4. NBR reserve assets**

The international investment position of the monetary authority witnessed the best performance among institutional sectors. Foreign assets expanded by EUR 482.6 million from end-2002 to EUR 7,491.6 million and covered 4.1 months of imports of goods and services.

In the considered period, the monetary gold stock remained unchanged at 105.2 tonnes, whereas its value decreased by EUR 14.2 million owing to the drop in the gold price on the international market of precious metals (from EUR 334.3 per ounce at end-2002 to EUR 330.9 per ounce at end-2003).

At end-2003, the NBR’s forex reserve equalled EUR 6,373.6 million, up 8.4 percent from end-2002. As in the previous years, forex reserves were chiefly fostered by the NBR’s purchases off the forex market. Throughout 2003, the NBR posted an almost steady net buyer position, with net purchases amounting to EUR 523.4 million. Behind the increase in the NBR’s forex reserve stood also foreign borrowings (EUR 954.2 million), forex-denominated securities launched by the Ministry of Public Finance on the domestic market (EUR 365 million) and reserve holdings (EUR 390.2 million).

In 2003, payments from the official reserve for external debt service came in at EUR 1,041.6 million and redemption of forex-denominated securities issued by the Ministry of Public Finance on the domestic market totalled EUR 403.8 million.

**Table No. 61. Official reserve by type of investments**

	- EUR mill. -		
	31.12.2002	30.06.2003	31.12.2003
<b>TOTAL</b>	<b>7,009.0</b>	<b>6,467.2</b>	<b>7,491.6</b>
<b>Convertible currencies</b>	<b>5,876.8</b>	<b>5,442.7</b>	<b>6,373.6</b>
cash and cheques	0.0	0.0	0.0
deposits with banks and international institutions	683.7	766.5	595.3
Treasury bonds	5,193.1	4,676.2	5,778.3
<b>Gold</b>	<b>1,132.2</b>	<b>1,024.5</b>	<b>1,118.0</b>

**By type of investments**, the structure of NBR's forex reserve shows an increase in the share of securities, from 88.4 percent to 90.7 percent year on year, along with the decrease in the share of deposits with banks abroad.

**By currency**, the structure of NBR's forex reserve illustrates the fact that the euro held the largest share (58.2 percent, up 10.8 percentage points from end-2002), followed by the US dollar (36.9 percent, down 15.7 percentage points) and other currencies (4.9 percent).

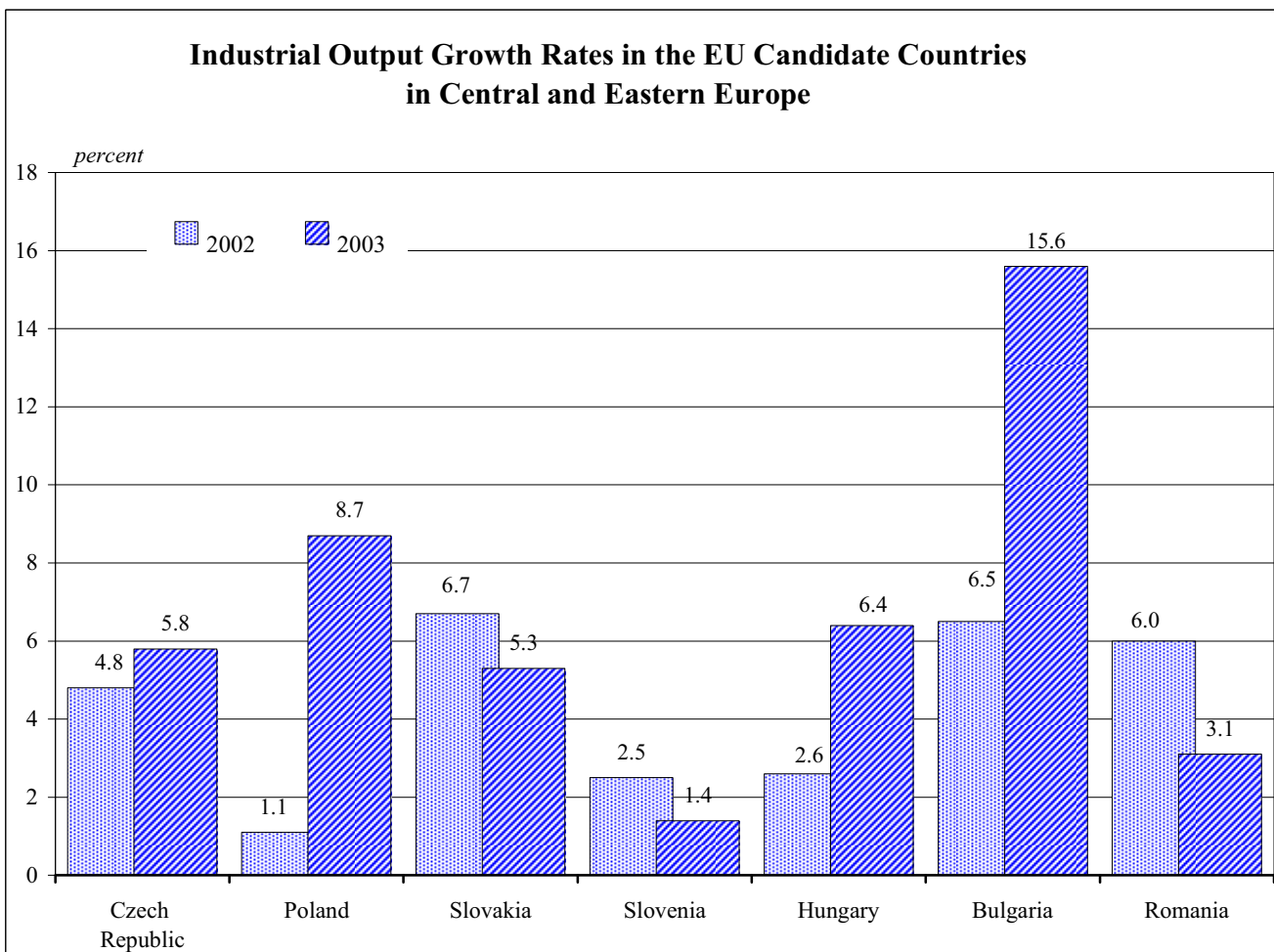
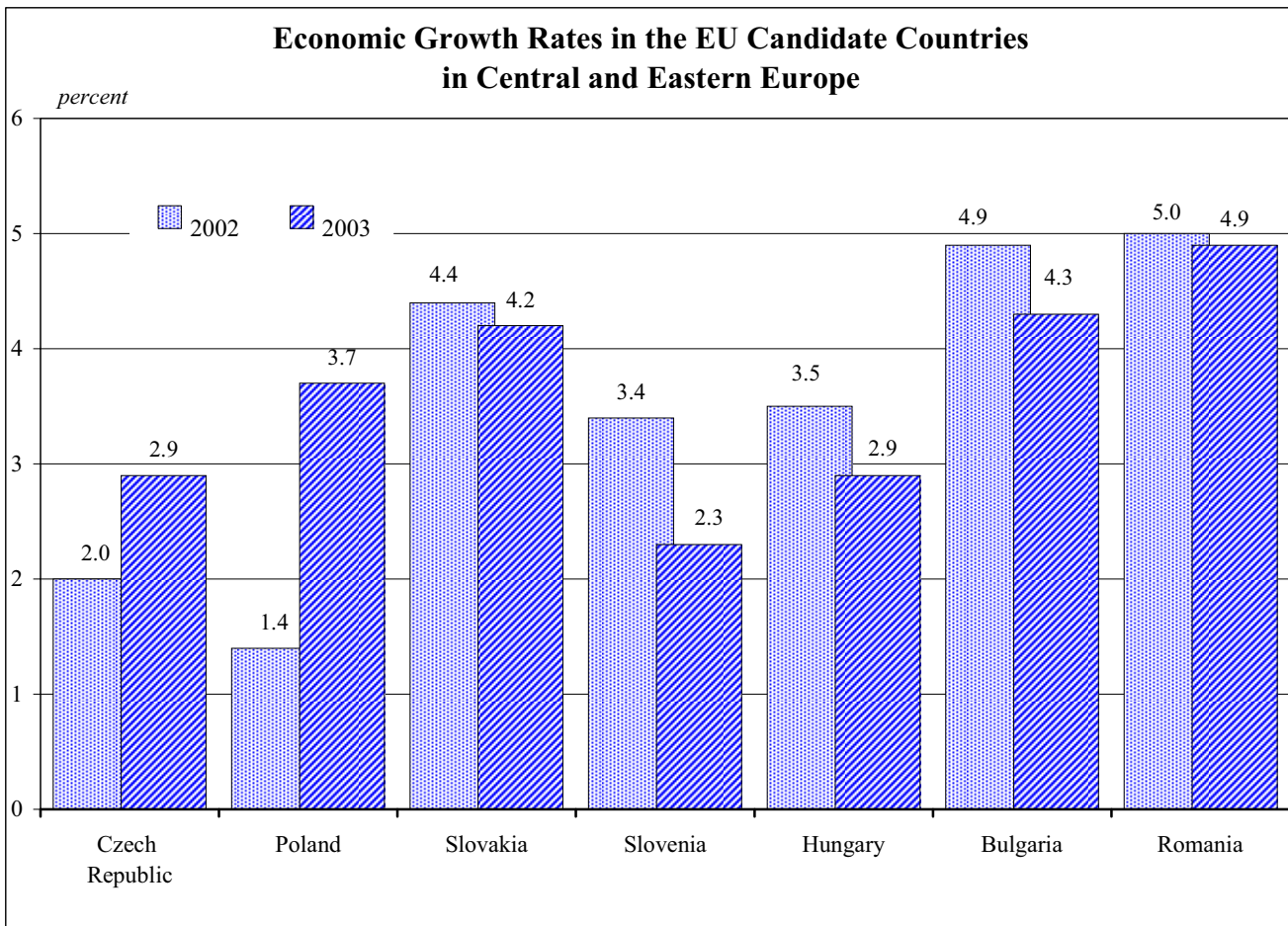


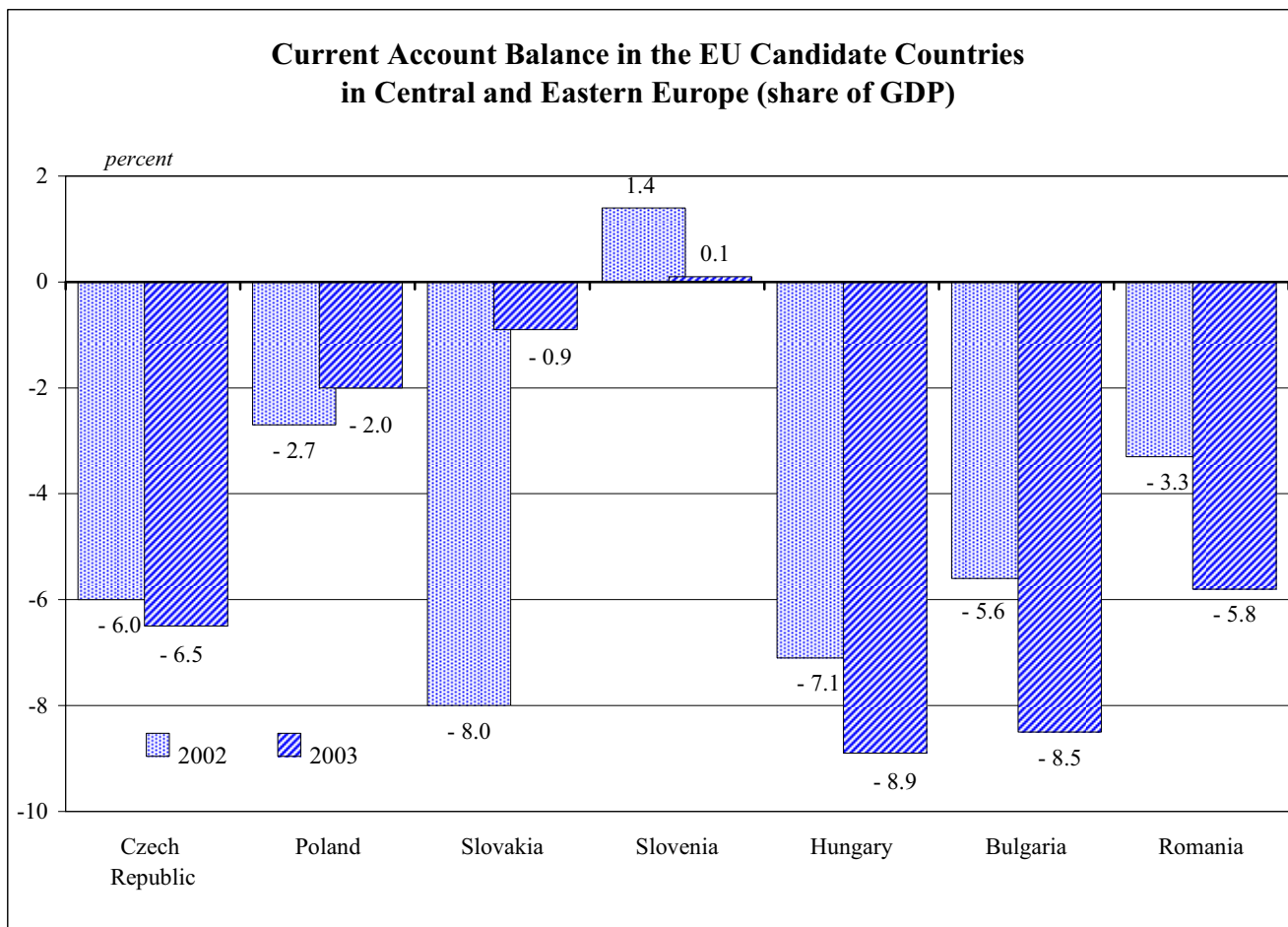
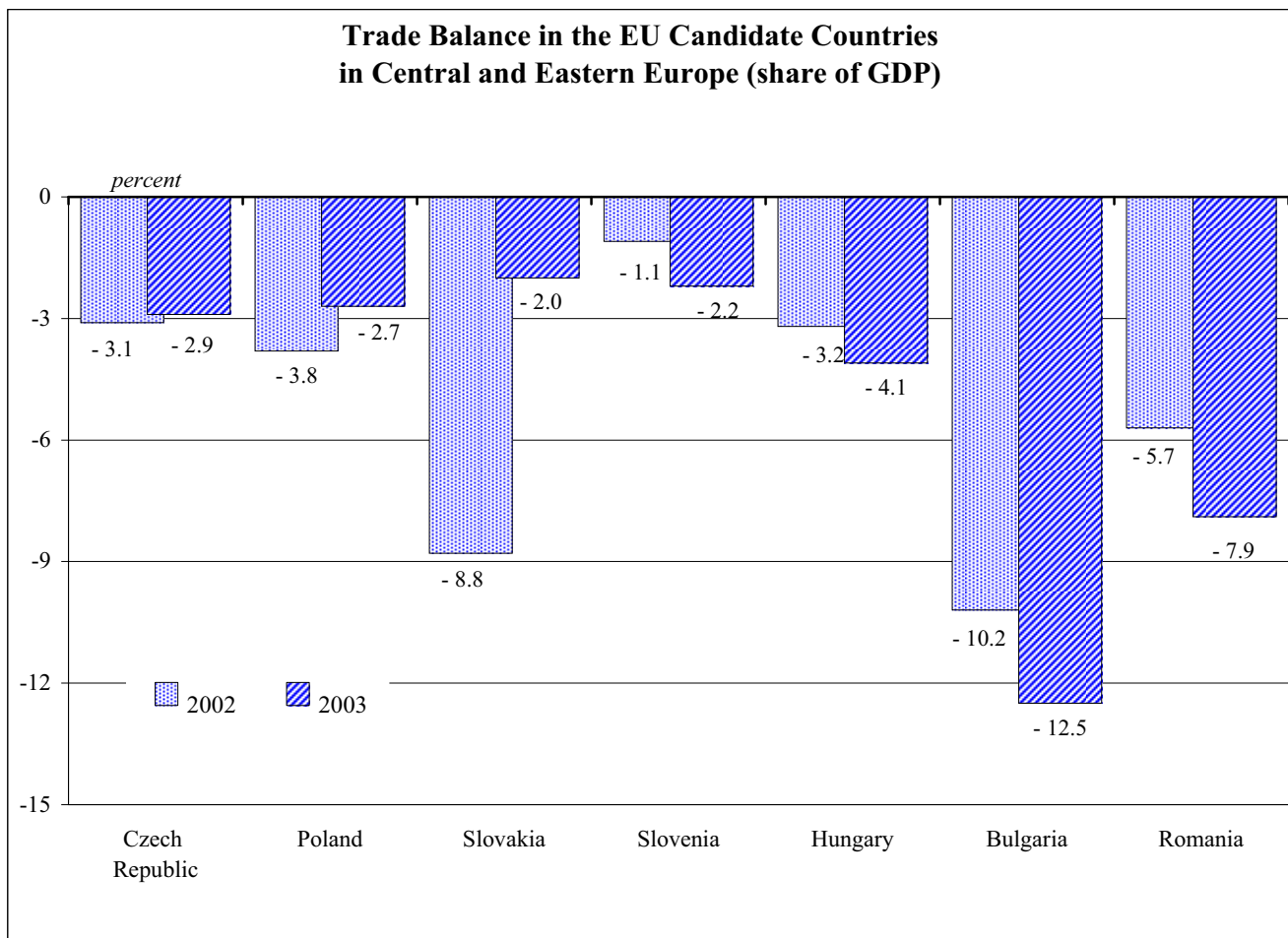
# *Charts*

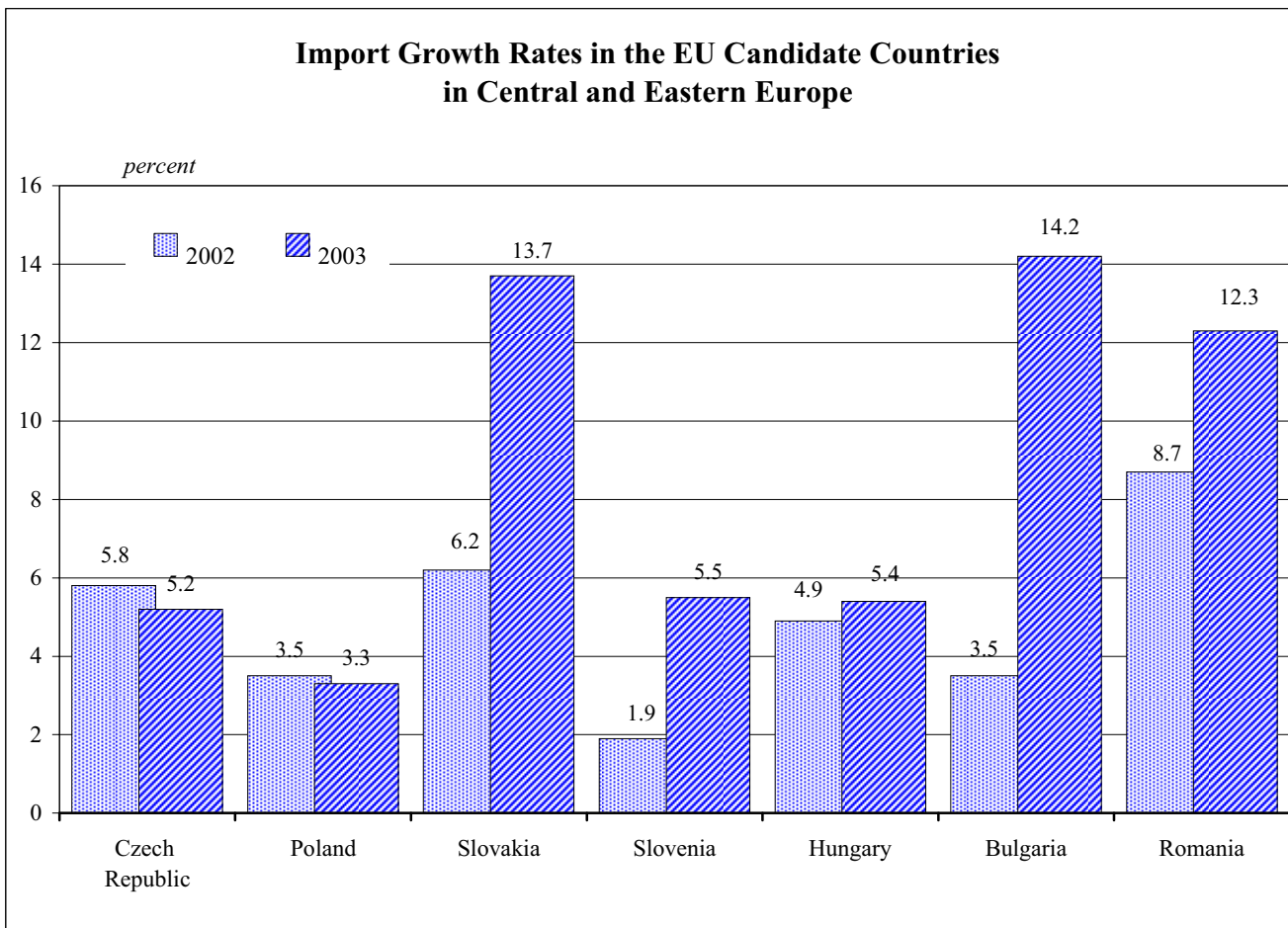
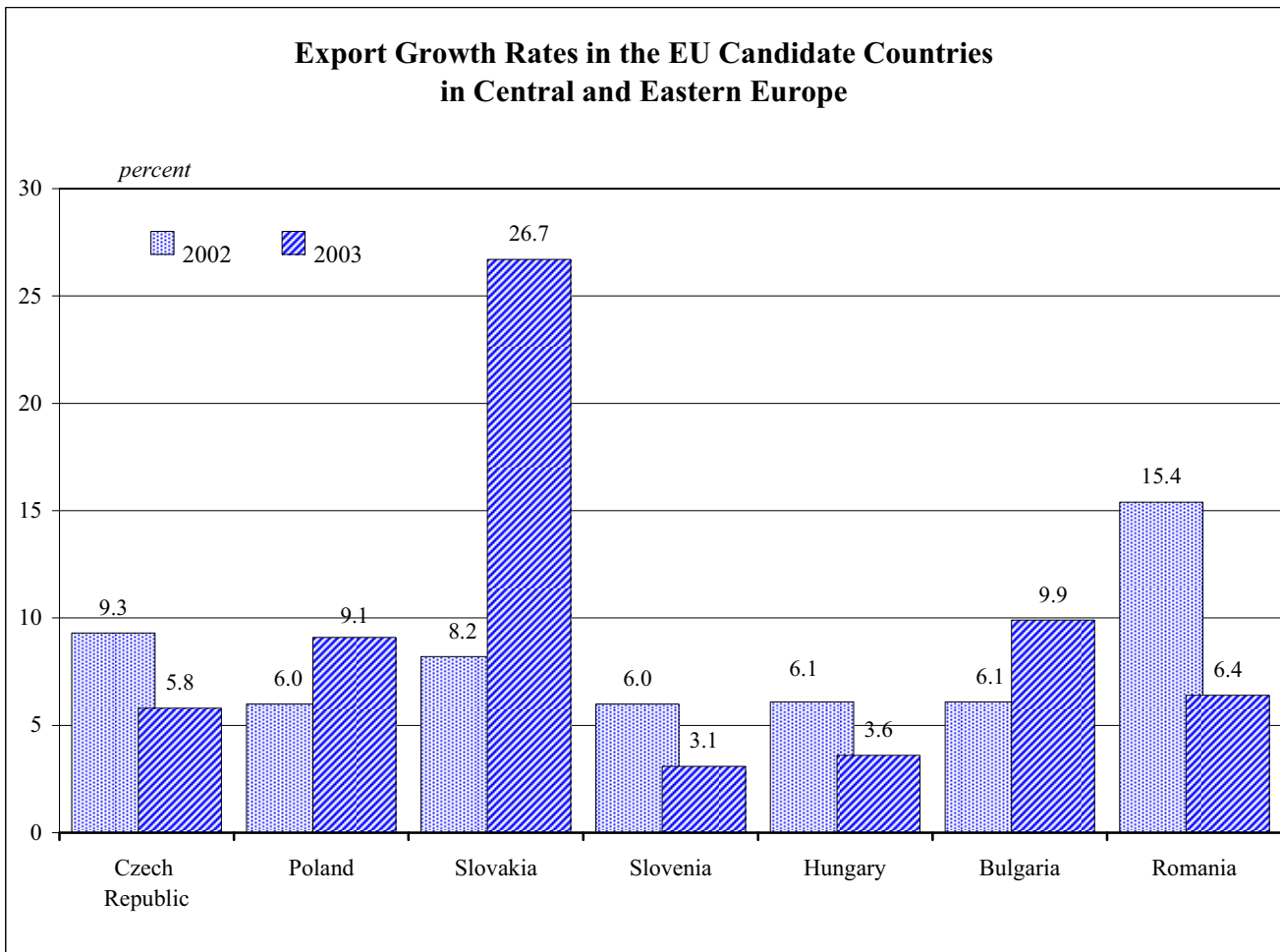
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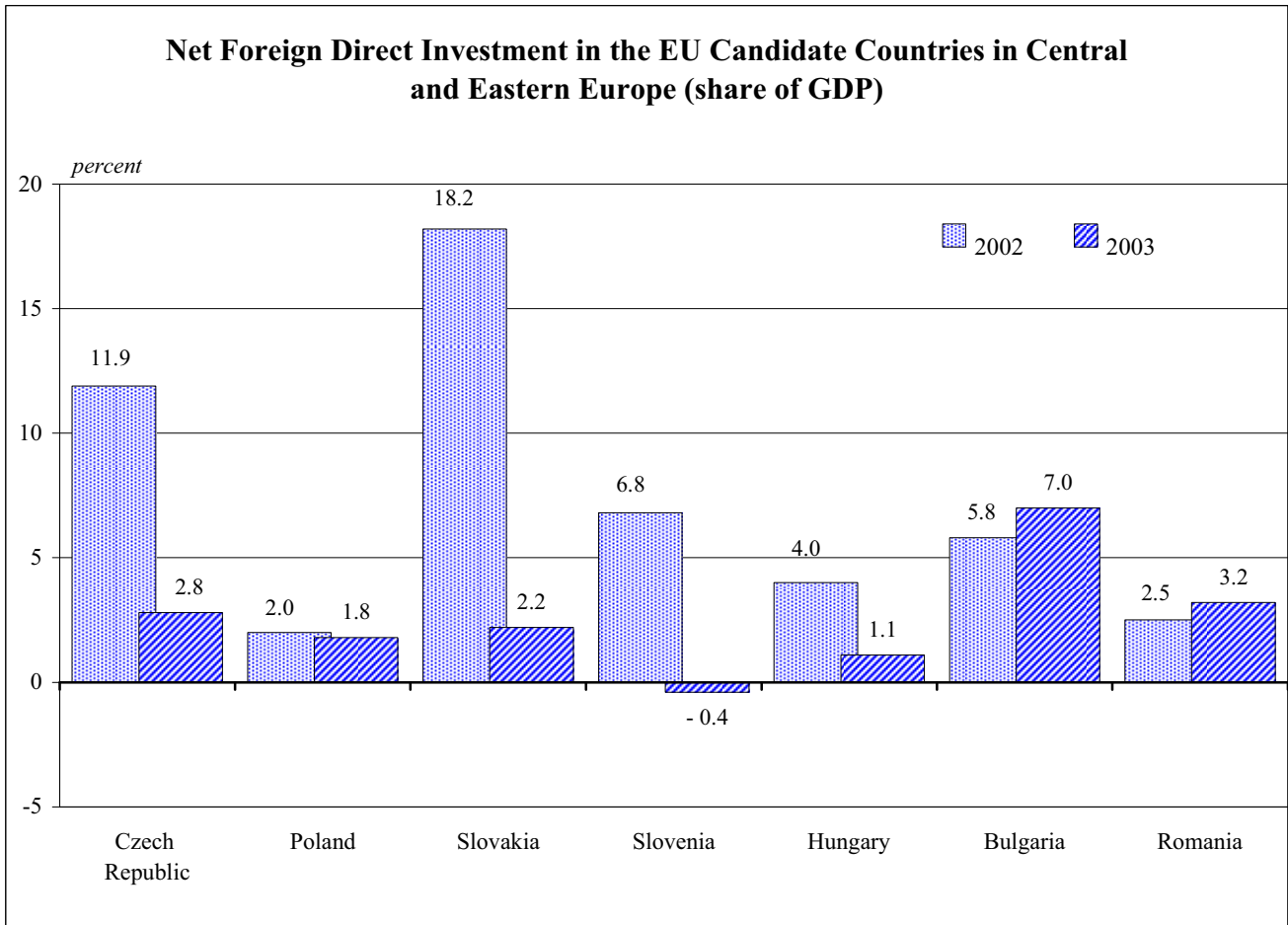
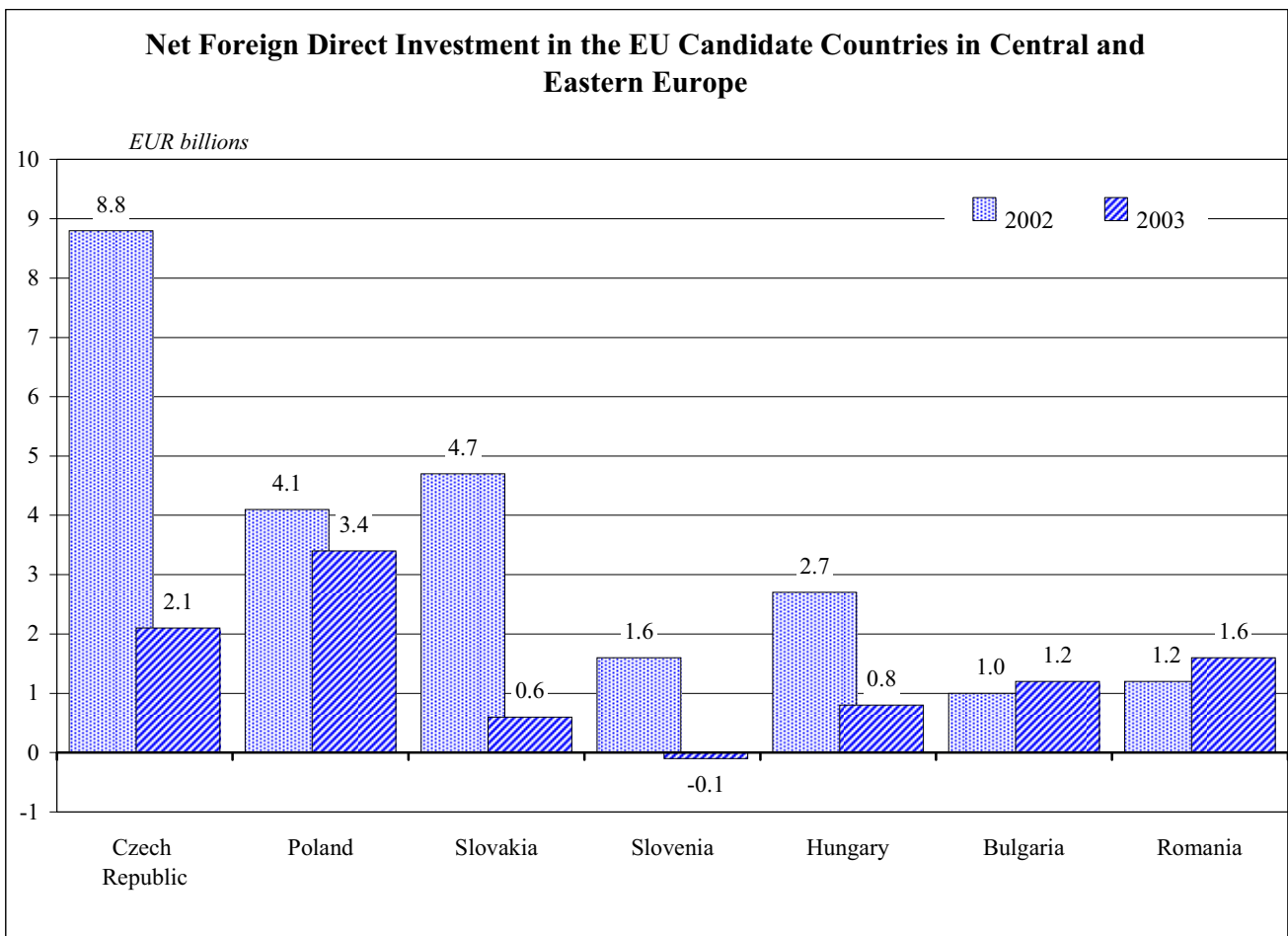
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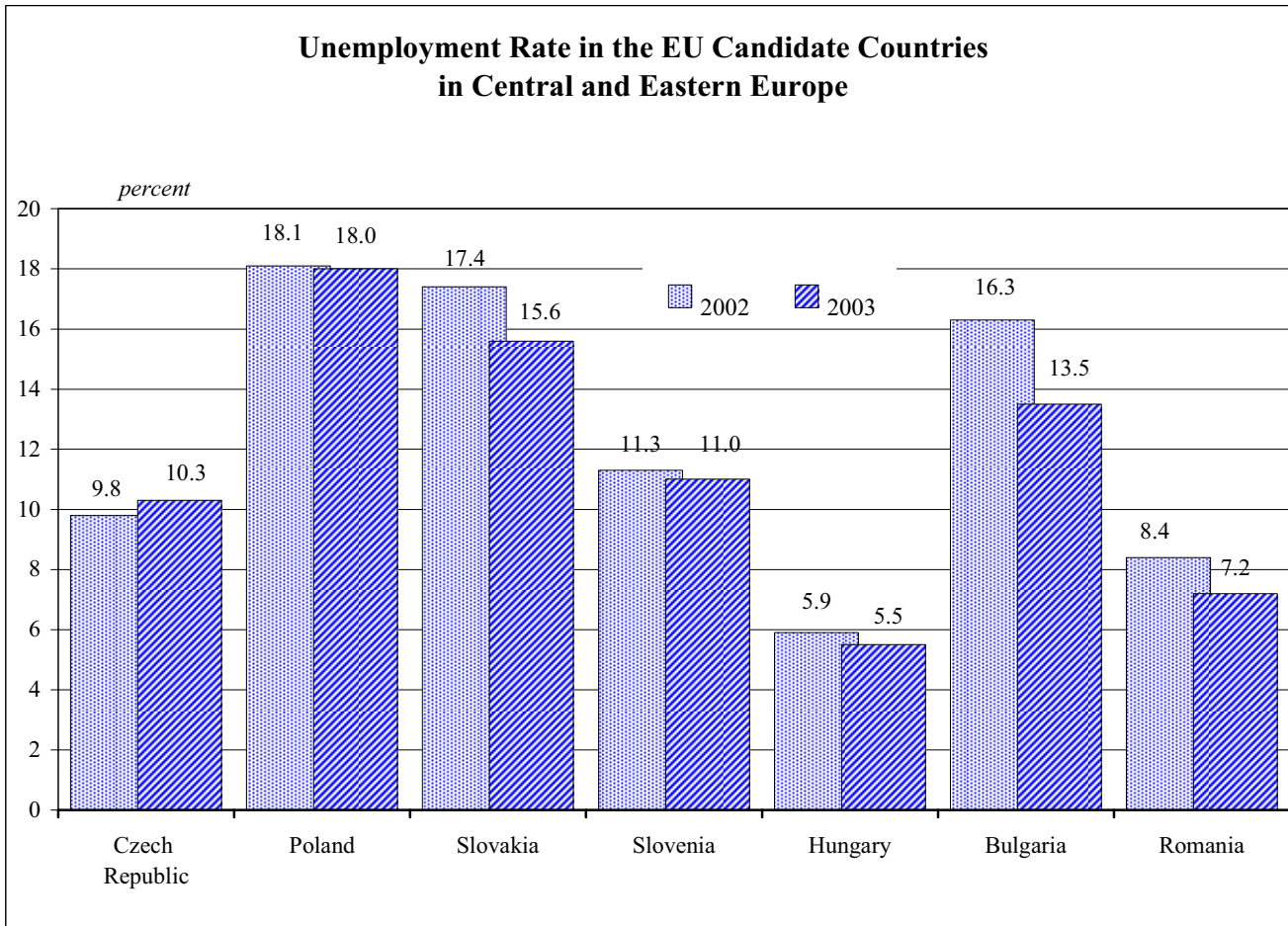
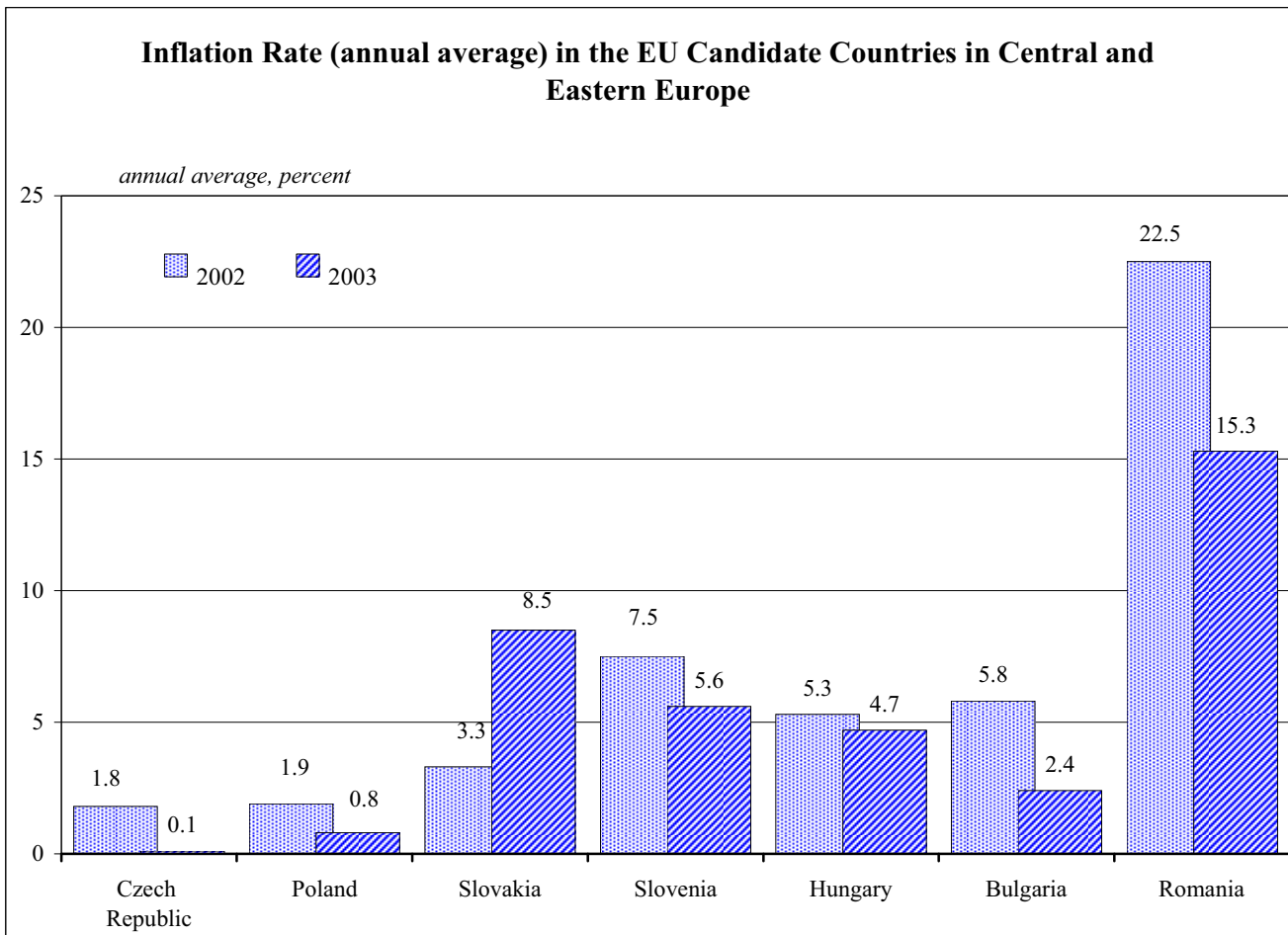


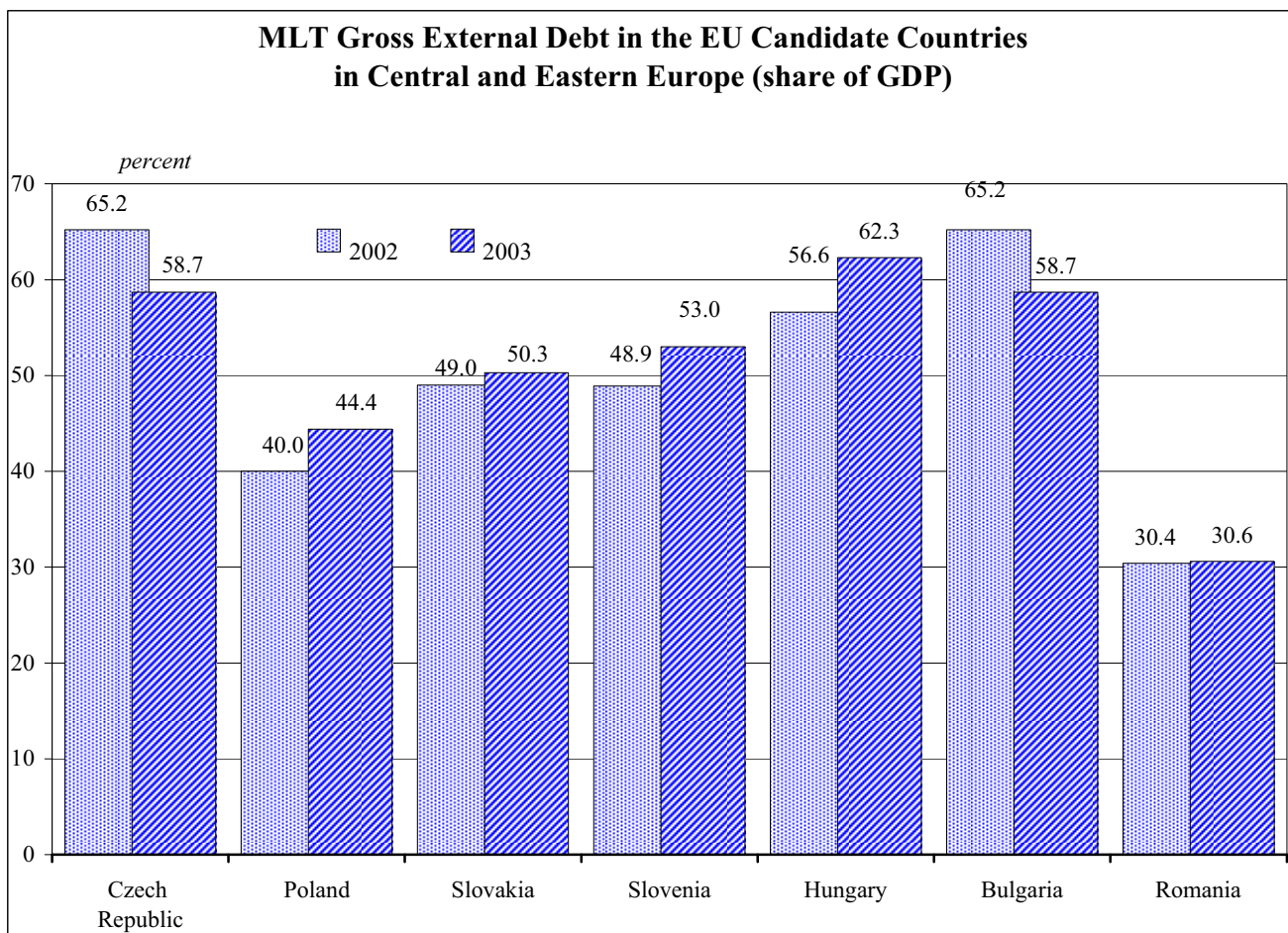
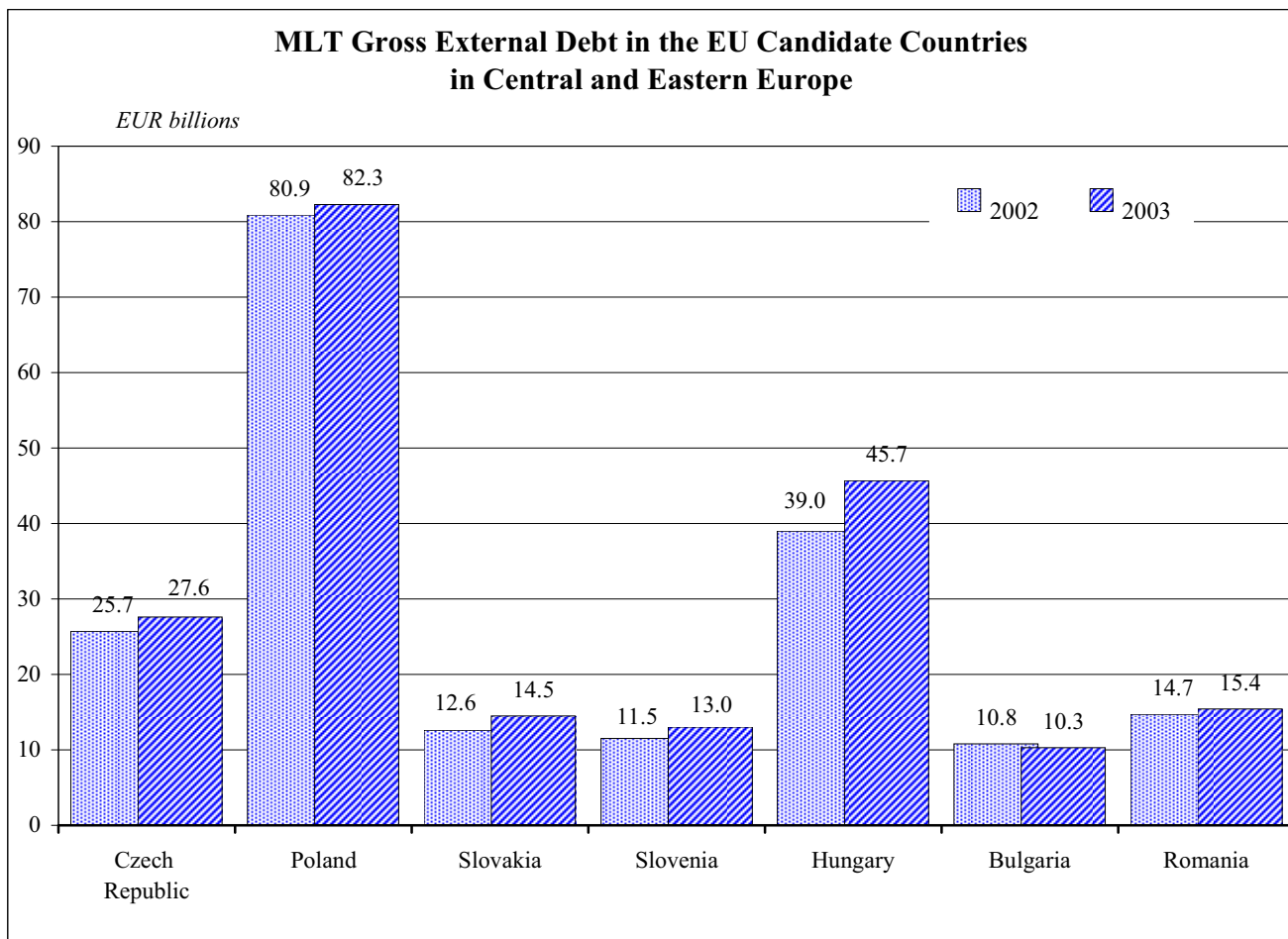




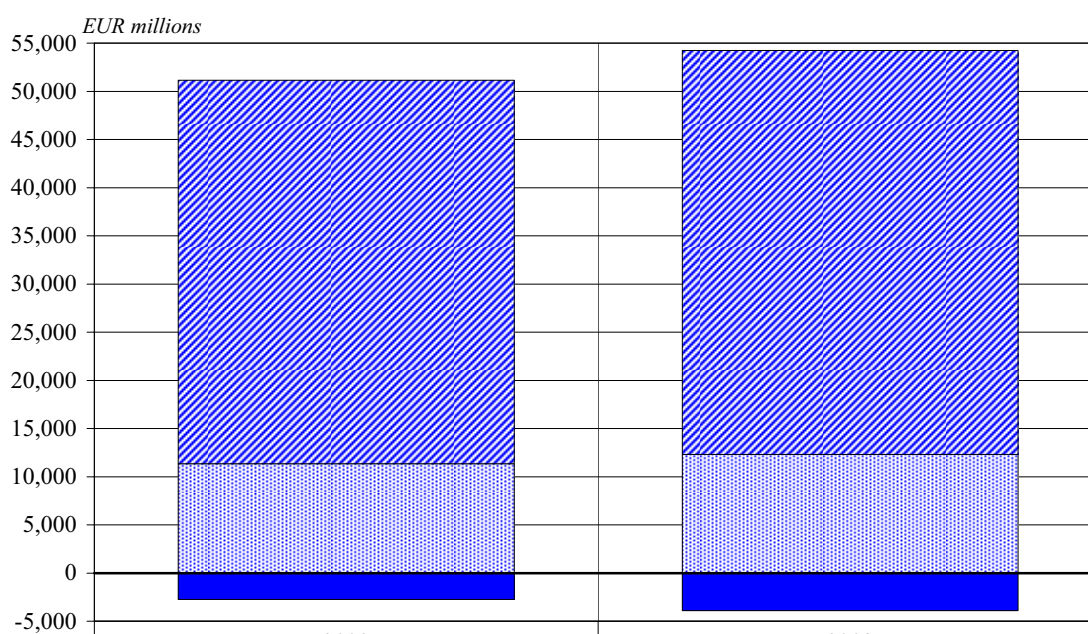






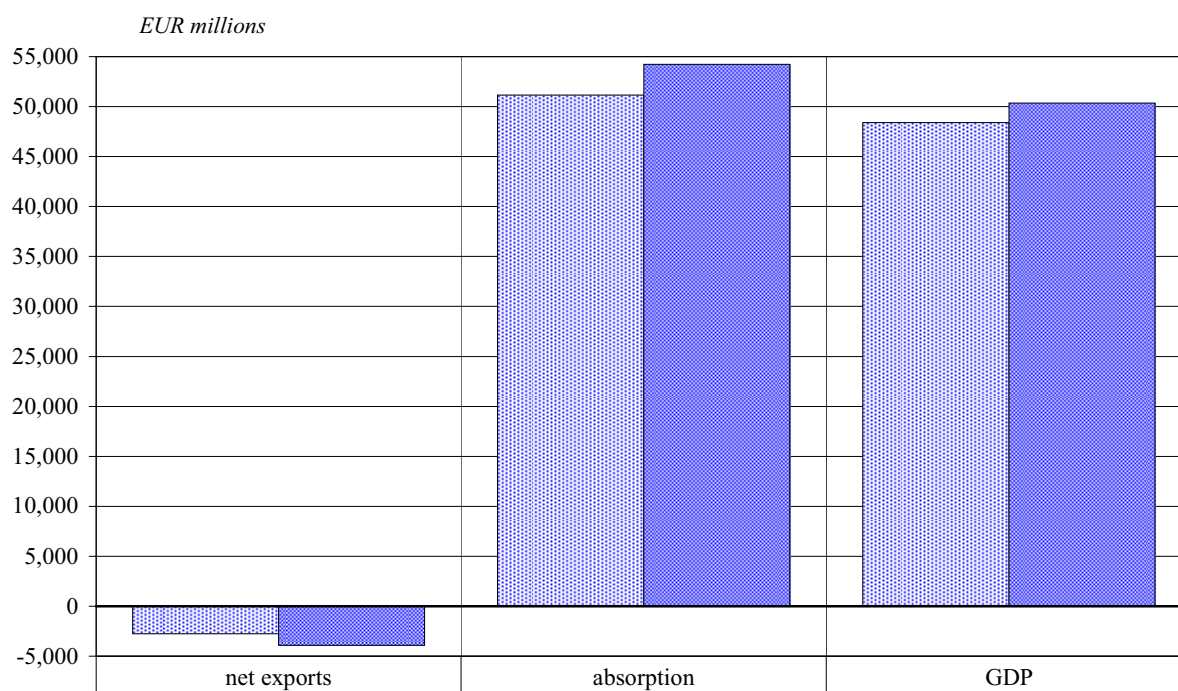


### GDP Components

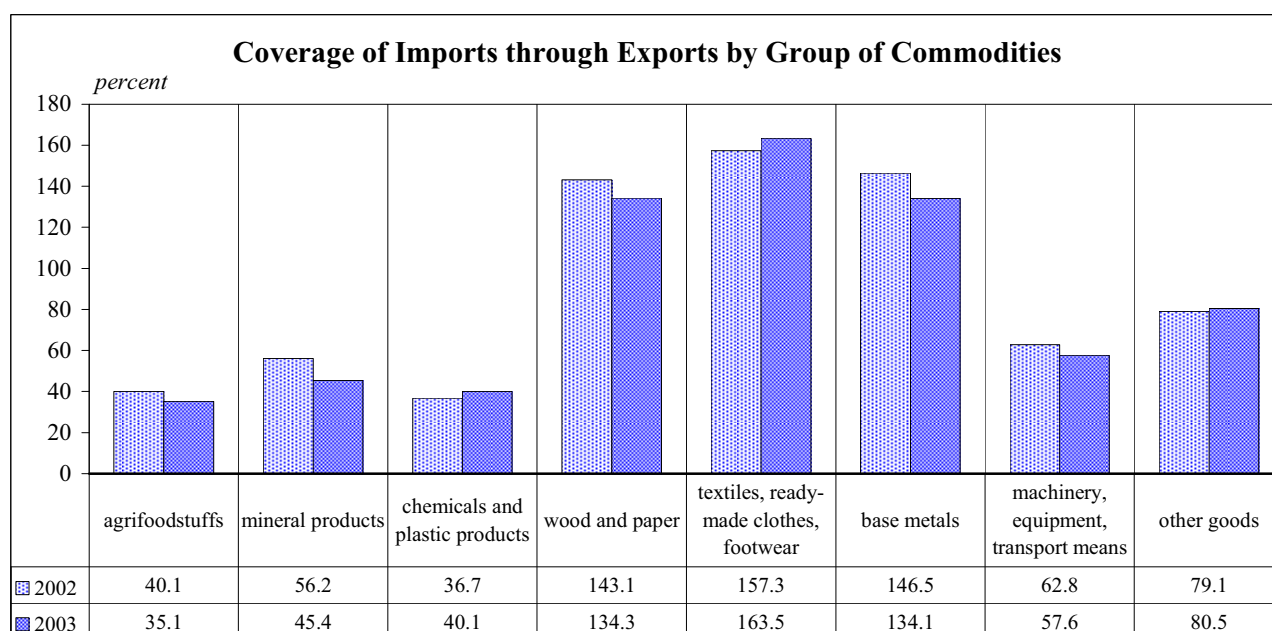
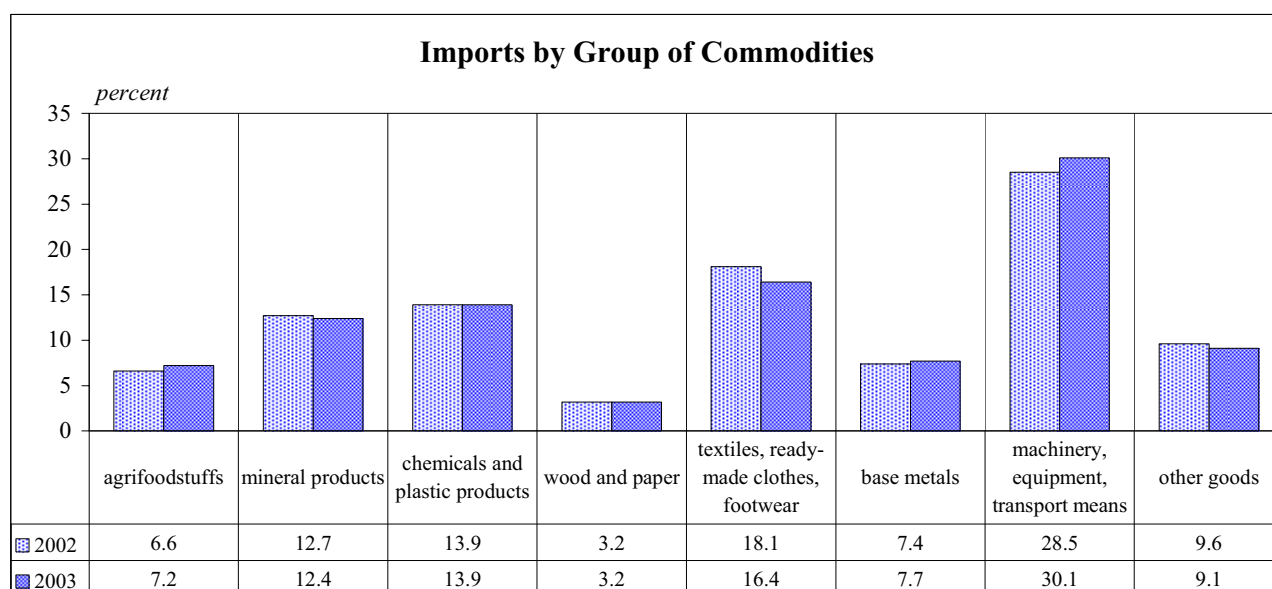
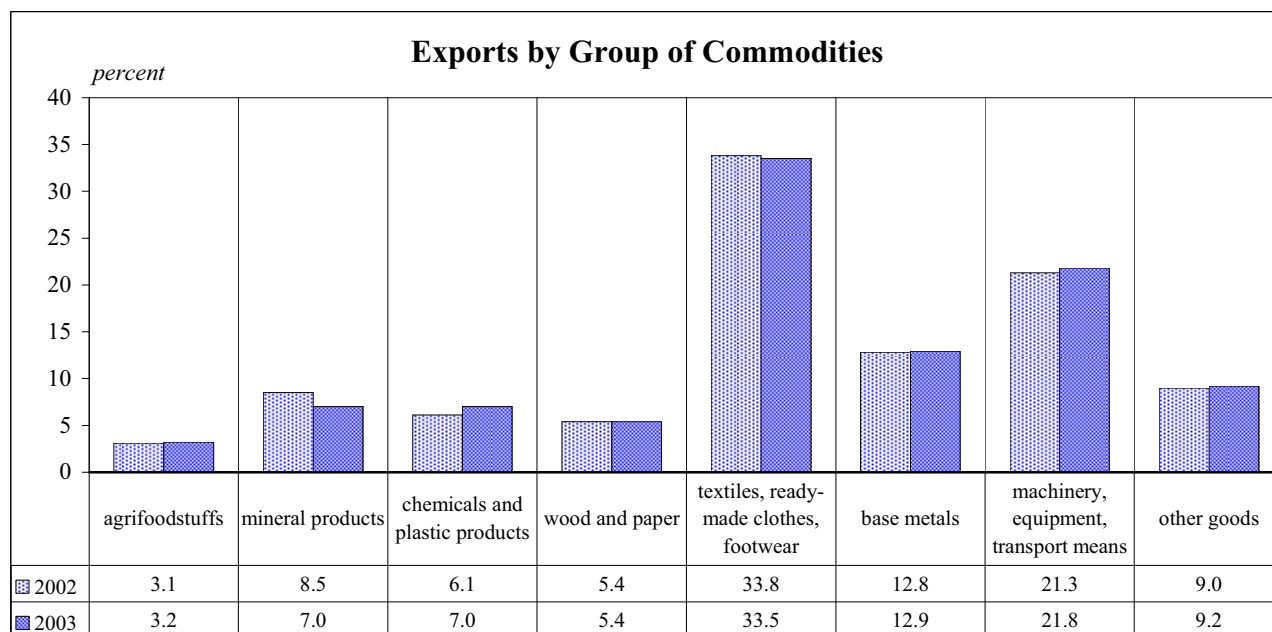


final consumption	39,773	41,925
investment	11,370	12,314
net exports	-2,747	-3,893

### GDP Components

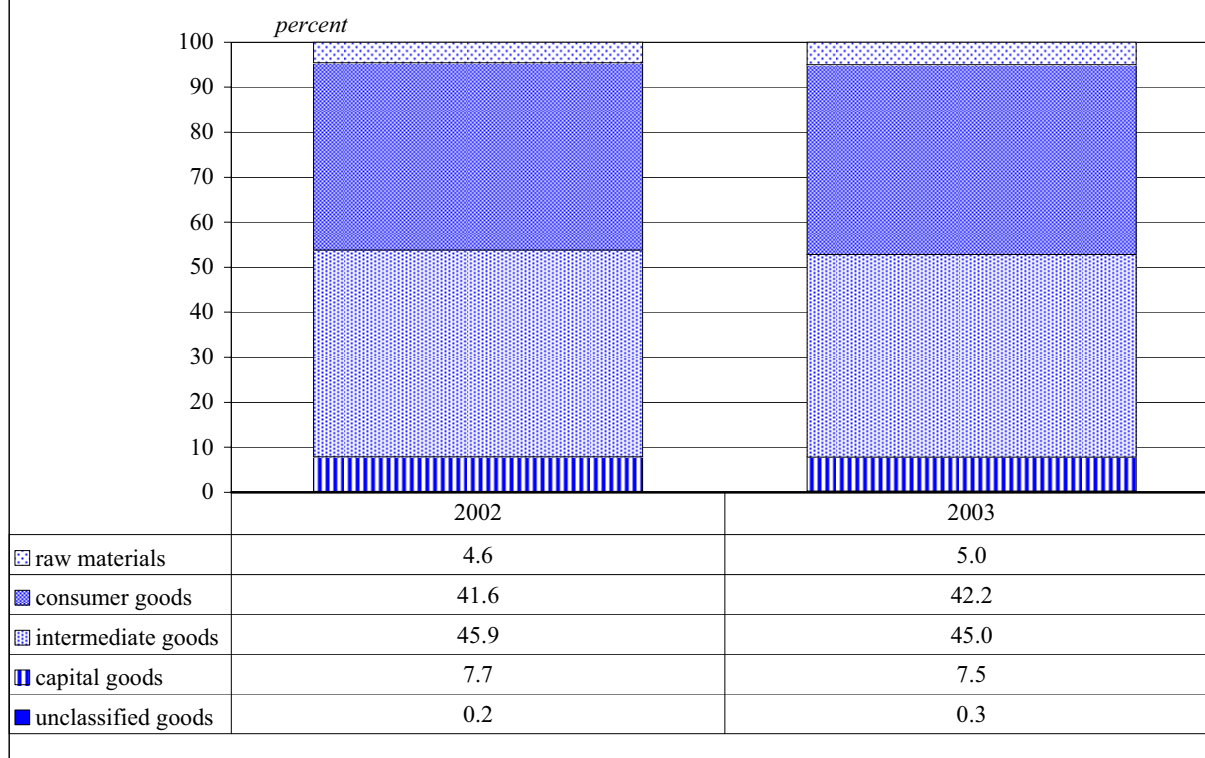


2002	-2,747	51,143	48,396
2003	-3,893	54,239	50,346

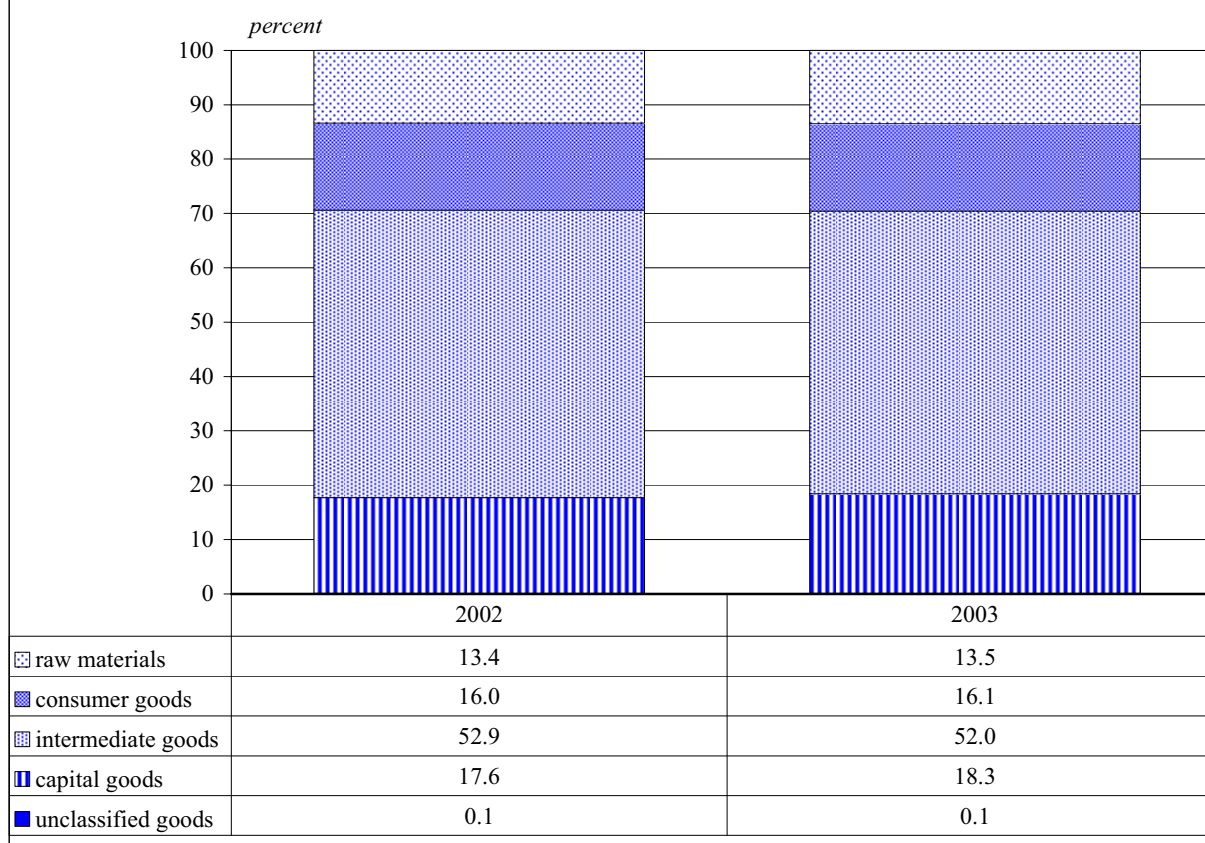




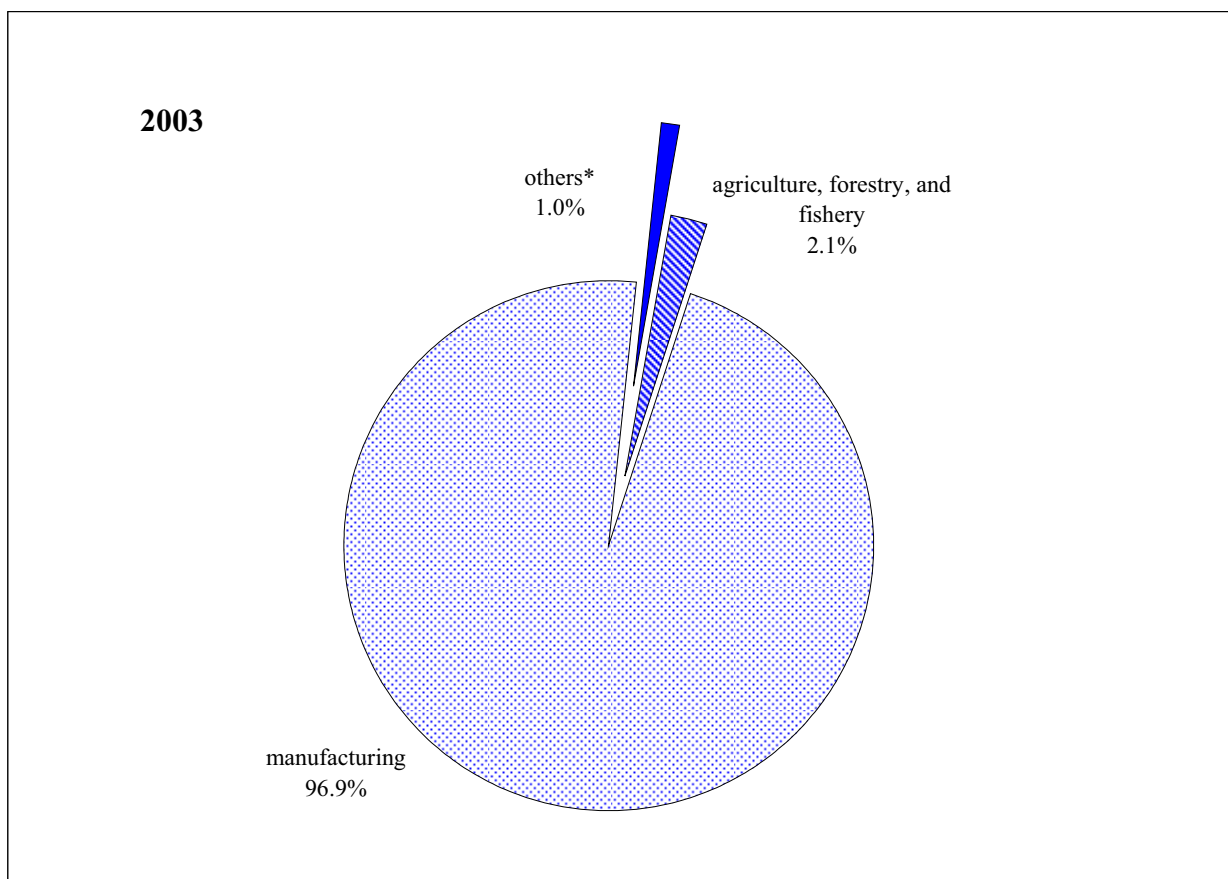
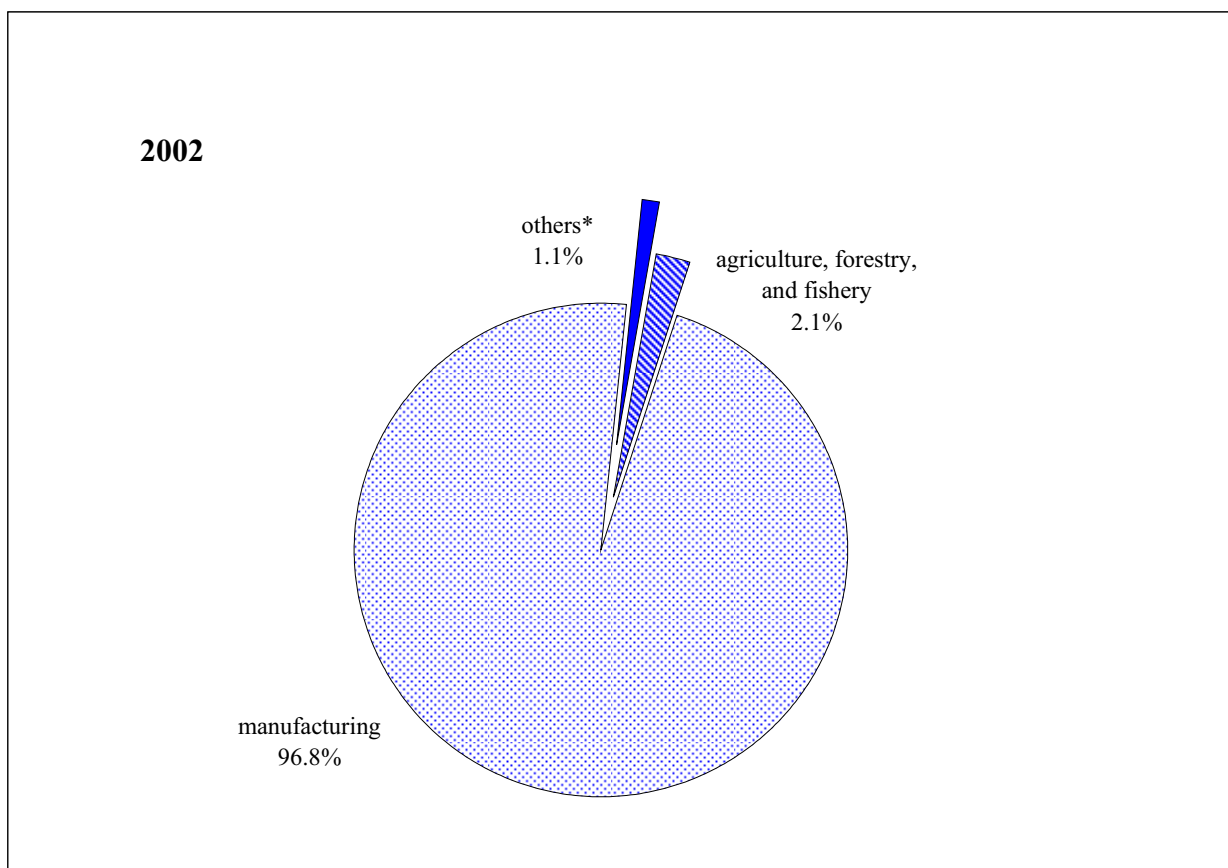
### Exports by Production Stage



### Imports by Production Stage

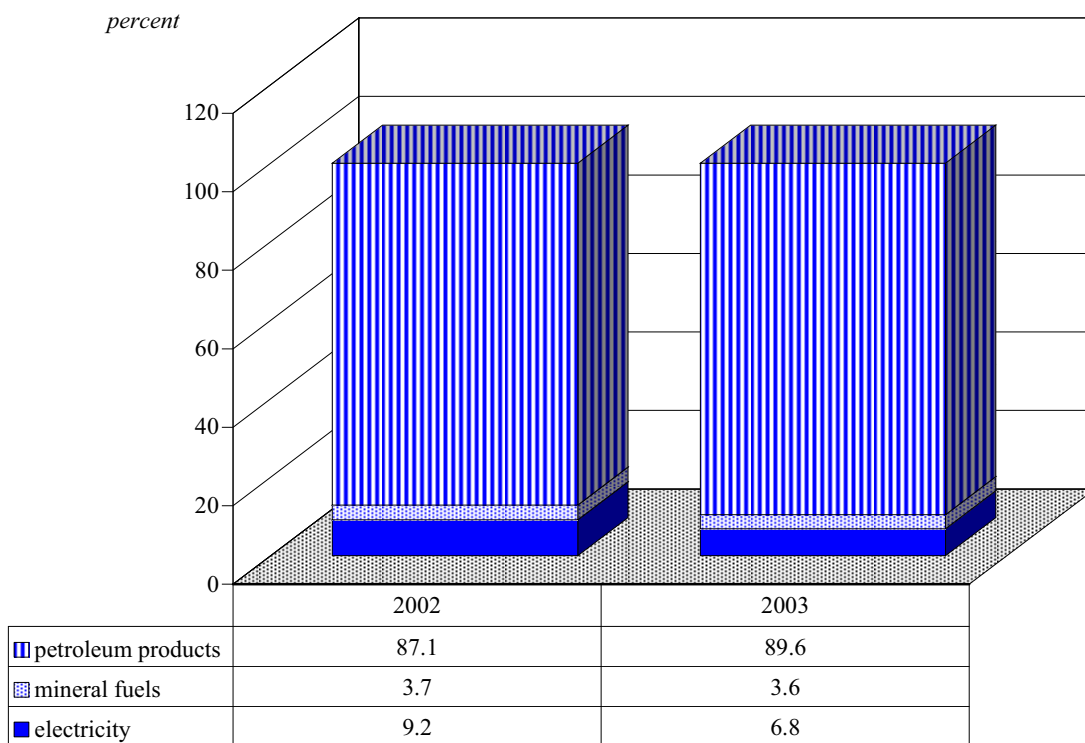


### Exports by Economic Sector

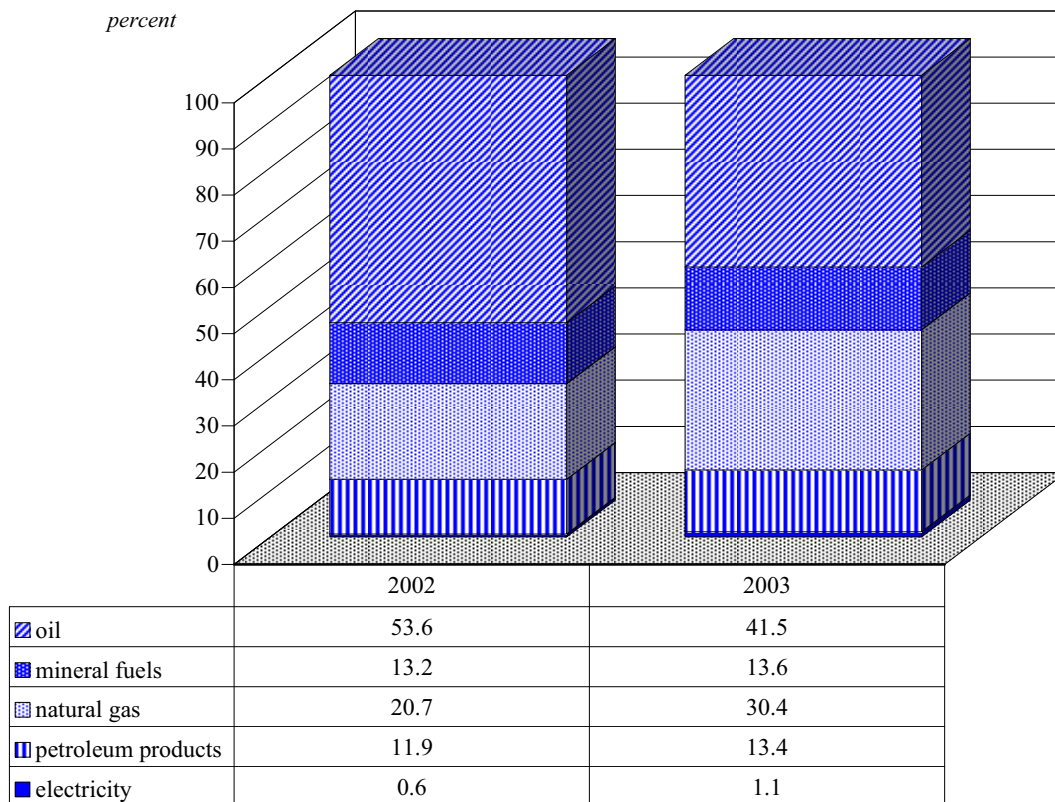


\*) including mining, electricity and unclassified activities

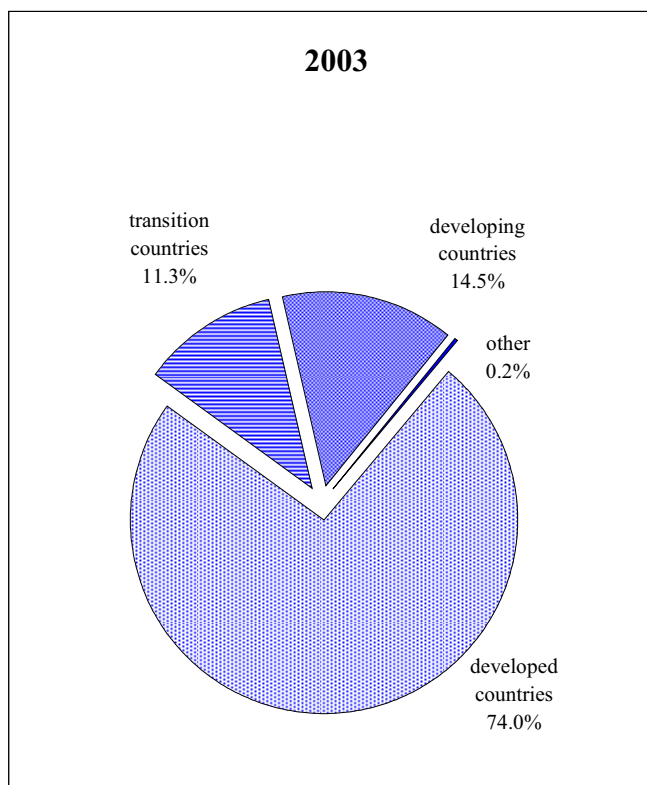
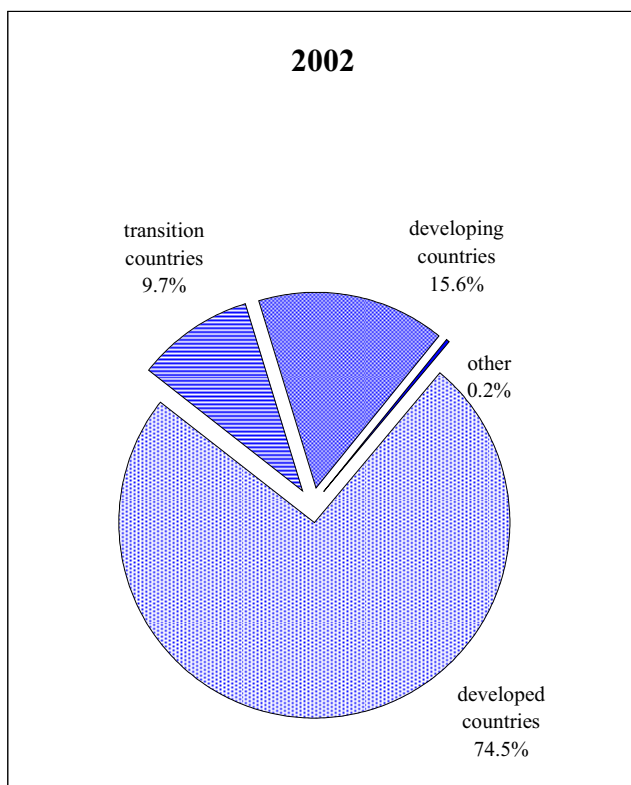
### Export Value of Energy Products



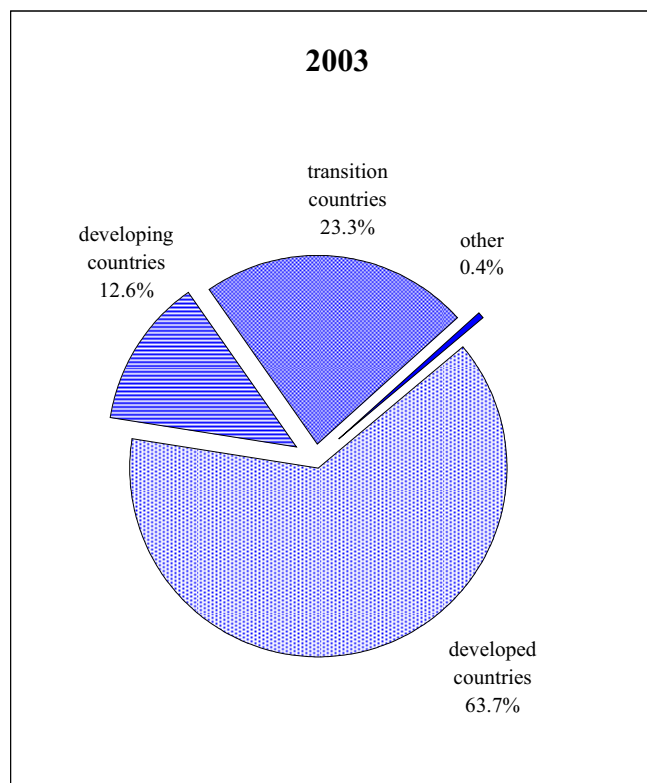
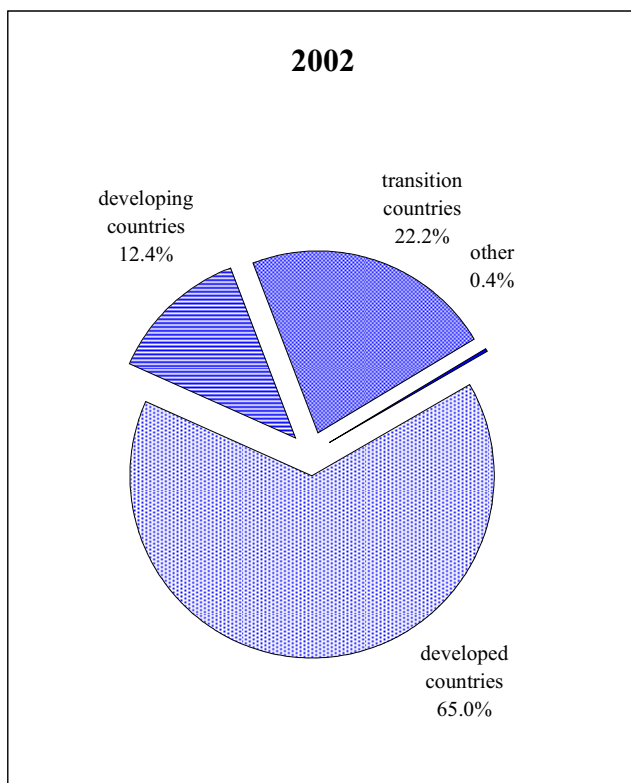
### Import Value of Energy Products



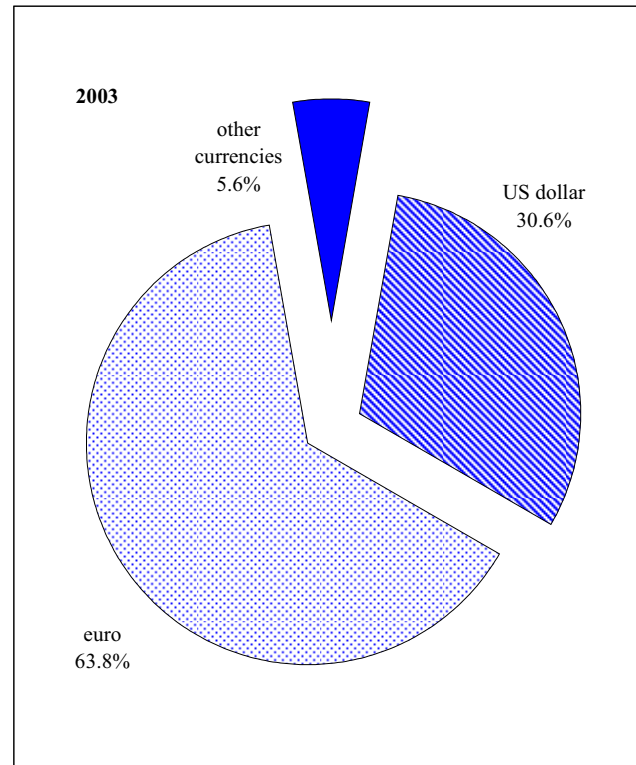
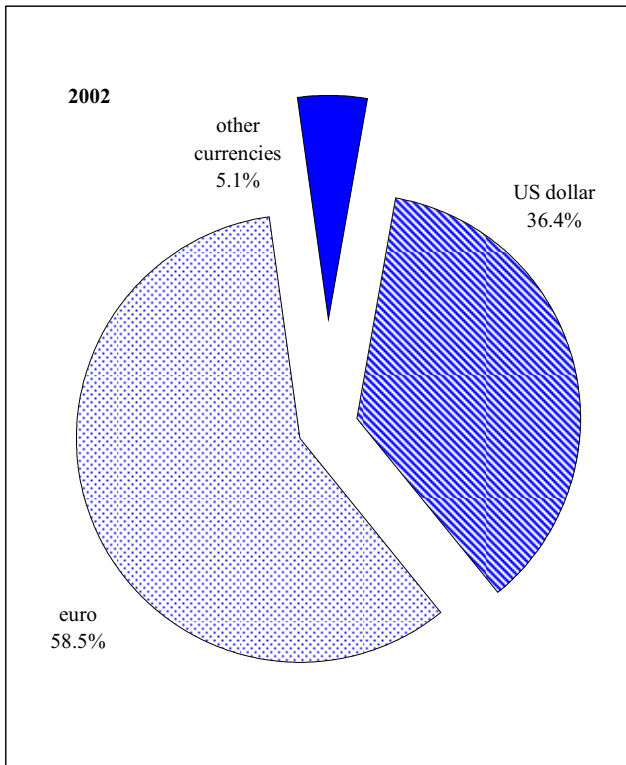
### Geographical Distribution of Exports



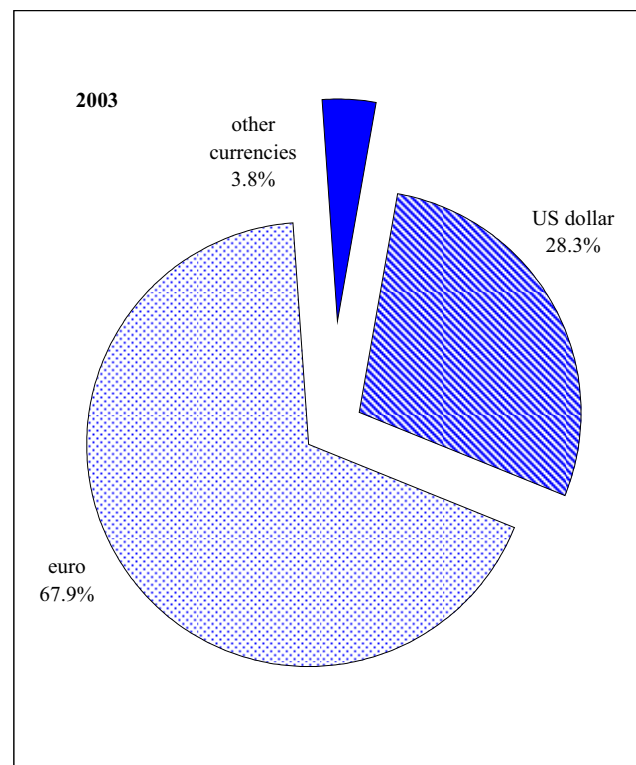
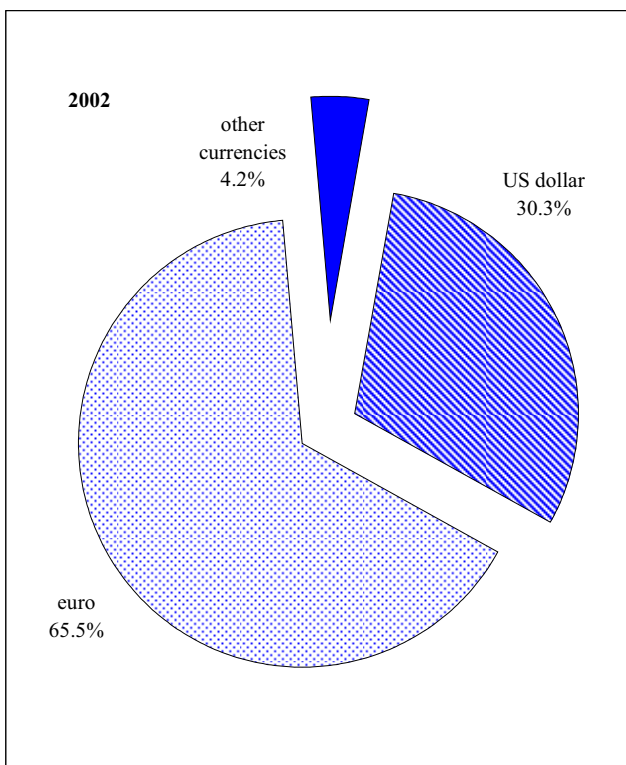
### Geographical Distribution of Imports

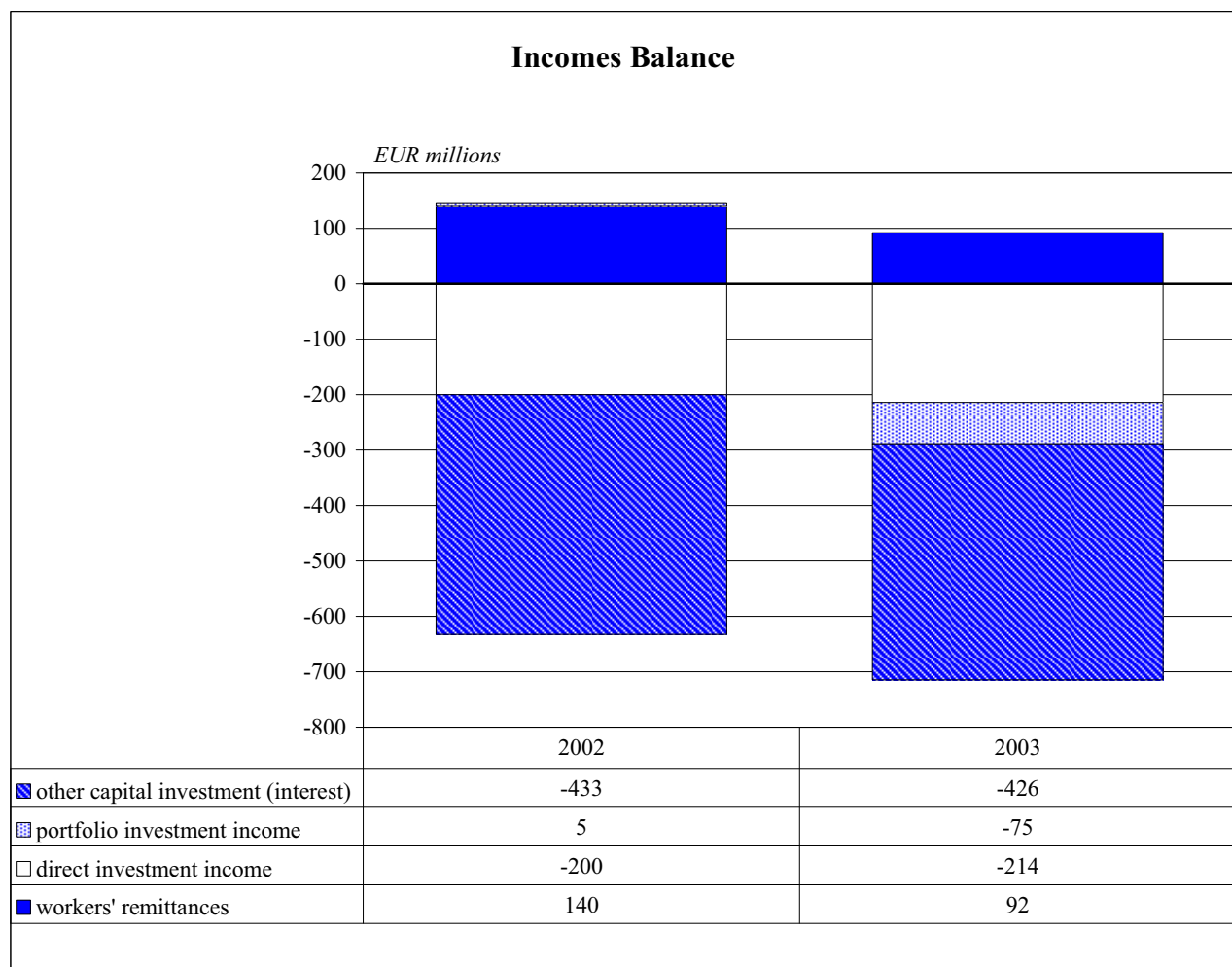
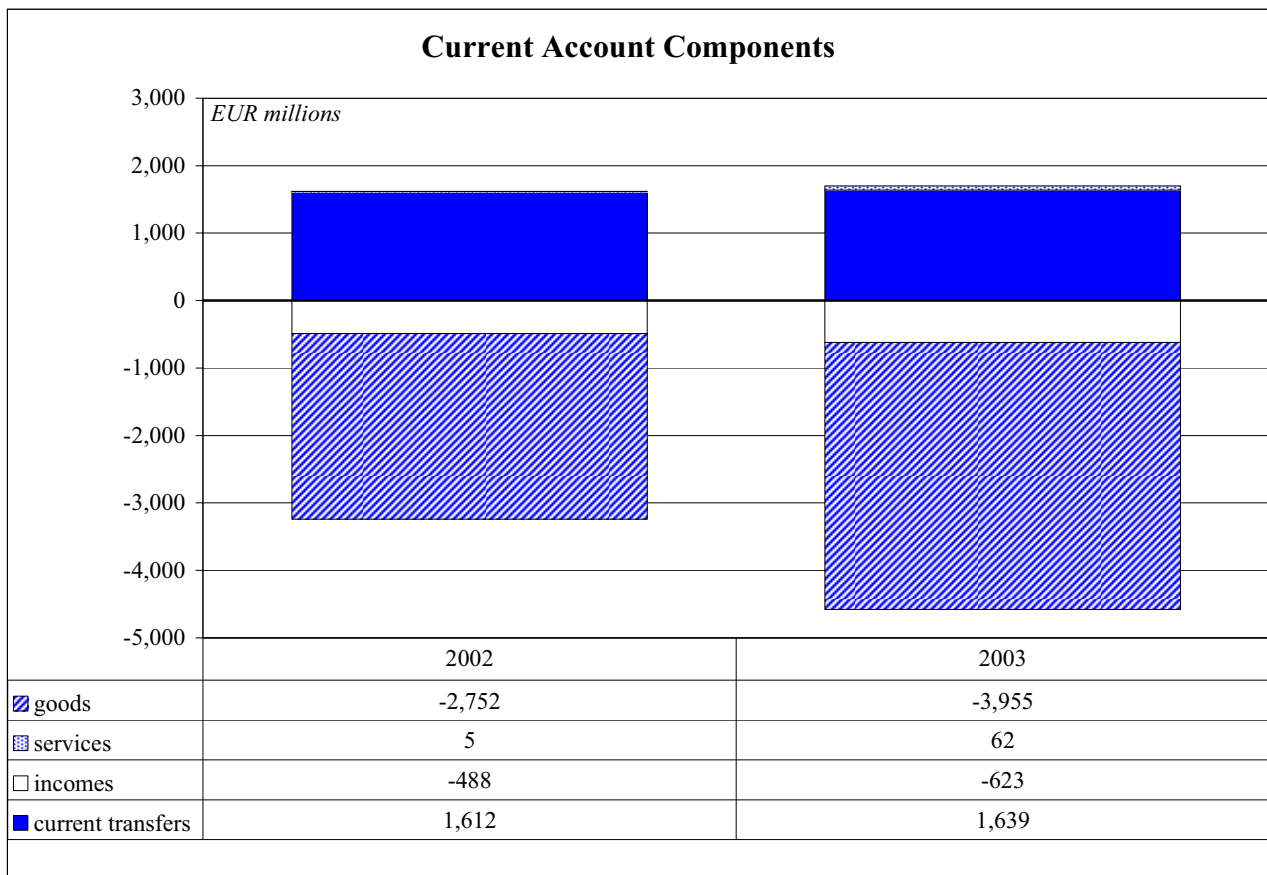


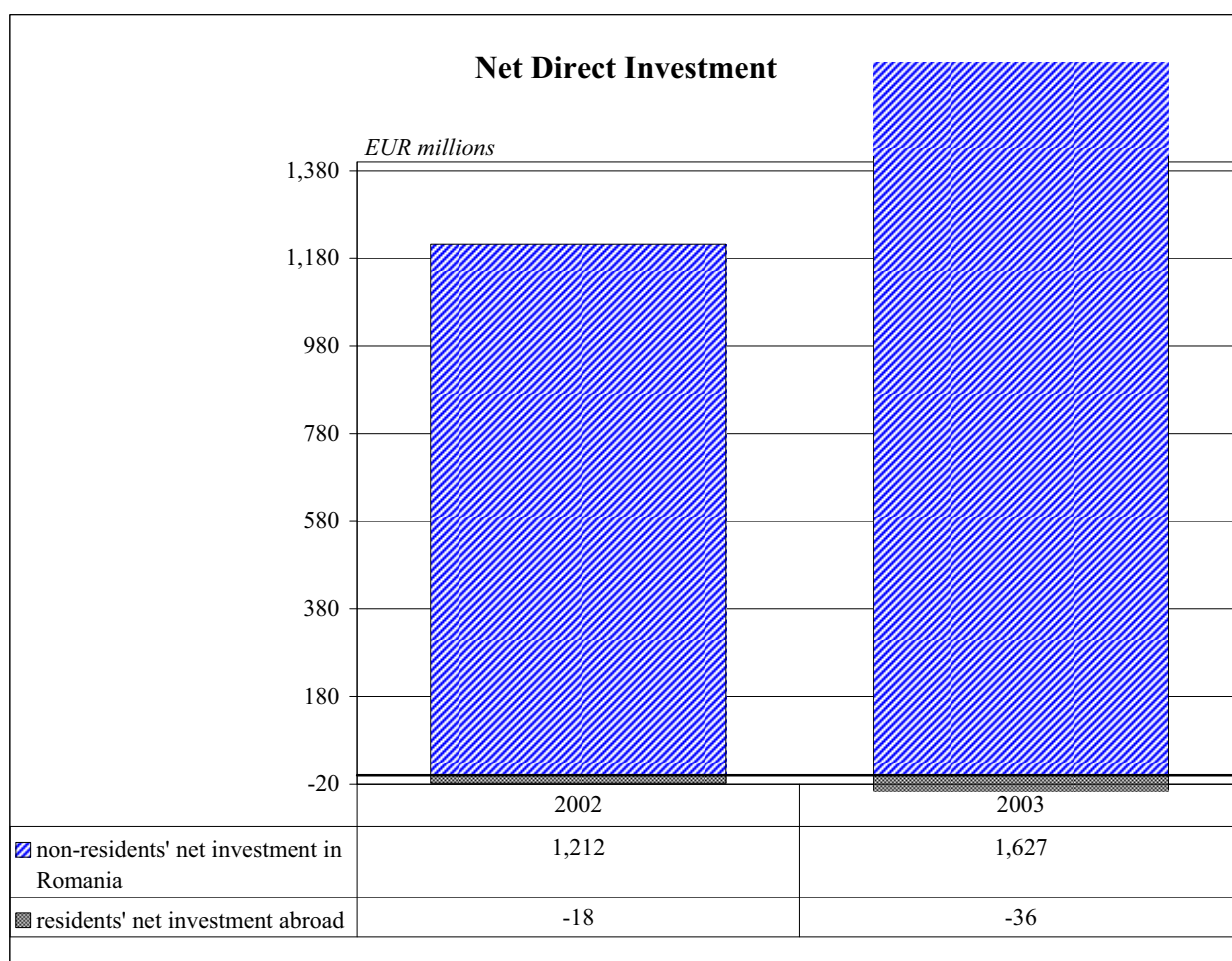
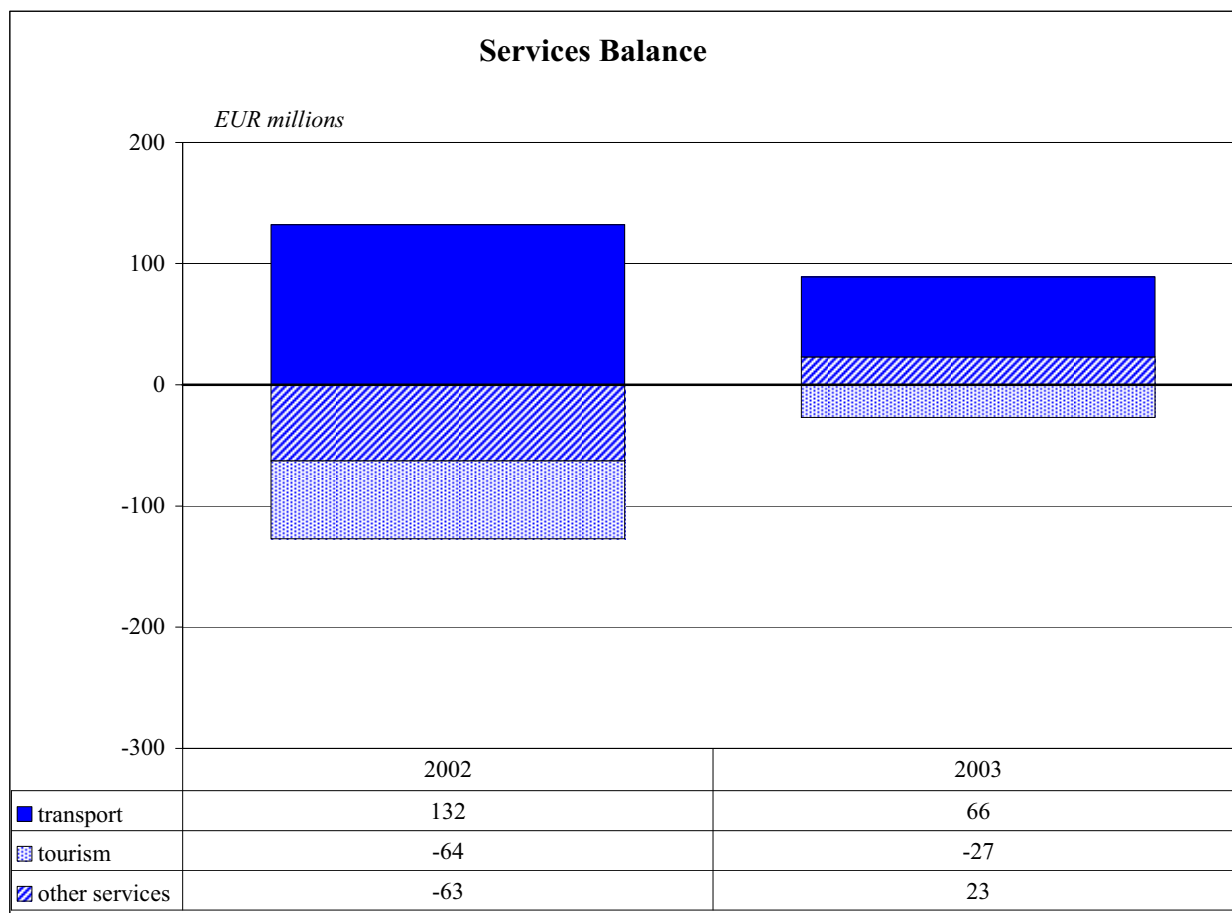
### Exports by Currency



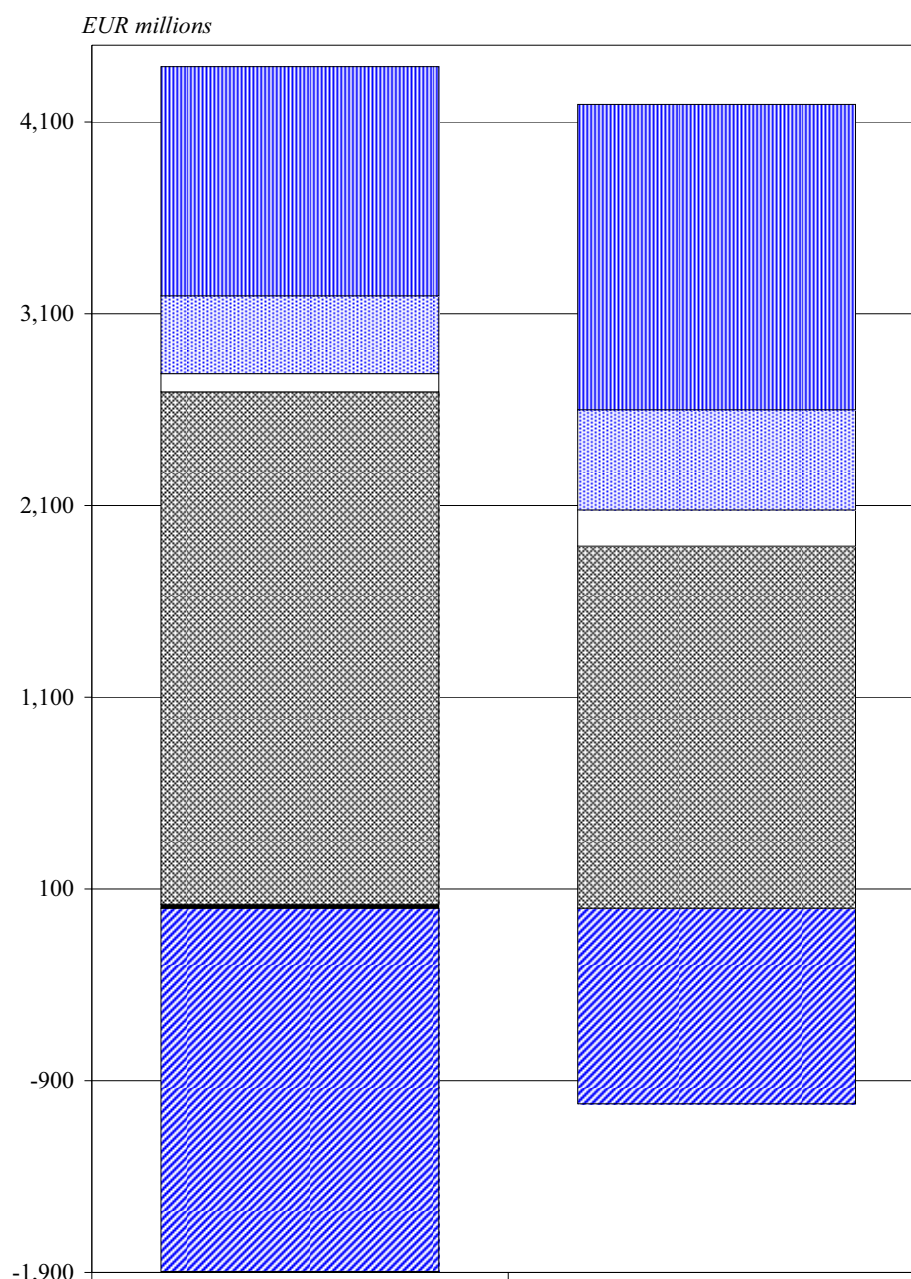
### Imports by Currency







### Capital and Financial Account Components



	2002	2003
direct investment	1,194	1,591
portfolio investments	406	523
capital transfers	95	188
other capital investments	2,672	1,889
in-transit and clearing accounts	21	0
reserve assets	-1,895	-1,020



# *Statistical Section*

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**BALANCE OF PAYMENTS, 2002 - 2003**

EUR millions

Item	2002			2003			Item
	credit	debit	balance	credit	debit	balance	
<b>1. Current account</b>	<b>19,474</b>	<b>21,097</b>	<b>-1,623</b>	<b>20,551</b>	<b>23,428</b>	<b>-2,877</b>	<b>1. Current account</b>
<i>A. Goods and services</i>	17,143	19,890	-2,747	18,285	22,178	-3,893	<i>A. Goods and services</i>
a. Goods	14,675	17,427	-2,752	15,614	19,569	-3,955	a. Goods
b. Services	2,468	2,463	5	2,671	2,609	62	b. Services
- transport	1,013	881	132	1,063	997	66	- transport
- travel	352	416	-64	396	423	-27	- travel
- other	1,103	1,166	-63	1,212	1,189	23	- other
<i>B. Incomes</i>	435	923	-488	327	950	-623	<i>B. Incomes</i>
- compensation of employees	146	6	140	98	6	92	- compensation of employees
- direct investment	12	212	-200	10	224	-214	- direct investment
- portfolio investments	193	188	5	153	228	-75	- portfolio investments
- other investments	84	517	-433	66	492	-426	- other investments
<i>C. Current transfers</i>	1,896	284	1,612	1,939	300	1,639	<i>C. Current transfers</i>
- general government	308	18	290	235	36	199	- general government
- other sectors	1,588	266	1,322	1,704	264	1,440	- other sectors
<b>2. Capital and financial account</b>	<b>8,676</b>	<b>6,183</b>	<b>2,493</b>	<b>8,541</b>	<b>5,370</b>	<b>3,171</b>	<b>2. Capital and financial account</b>
<i>A. Capital account</i>	102	7	95	197	9	188	<i>A. Capital account</i>
a. Capital transfers	102	7	95	197	9	188	a. Capital transfers
- general government	82	0	82	102	0	102	- general government
- other sectors	20	7	13	95	9	86	- other sectors
b. Acquisitions/sales of nonproduced nonfinancial assets	0	0	0	0	0	0	b. Acquisitions/sales of nonproduced nonfinancial assets
<i>B. Financial account</i>	8,574	6,176	2,398	8,344	5,361	2,983	<i>B. Financial account</i>
a. Direct investment	1,448	254	1,194	1,838	247	1,591	a. Direct investment
- of residents abroad	43	61	-18	7	43	-36	- of residents abroad
- of non-residents in Romania	1,405	193	1,212	1,831	204	1,627	- of non-residents in Romania
b. Portfolio investments	968	562	406	893	370	523	b. Portfolio investments
- assets	8	8	0	15	7	8	- assets
- liabilities	960	554	406	878	363	515	- liabilities
c. Other investments	6,102	3,430	2,672	5,222	3,333	1,889	c. Other investments
1. assets:	1,185	469	716	694	629	65	1. assets:
- medium- and long-term loans and credits	86	67	19	25	77	-52	- medium- and long-term loans and credits
- medium- and short-term loans and credits	20	9	11	21	19	2	- medium- and short-term loans and credits
- long-term trade credits	22	20	2	14	13	1	- long-term trade credits
- short-term trade credits	303	127	176	231	243	-12	- short-term trade credits
- cash and cheques	56	31	25	23	30	-7	- cash and cheques
- resident bank deposits abroad	682	184	498	353	222	131	- resident bank deposits abroad
- other	16	31	-15	27	25	2	- other
- long-term	0	0	0	0	1	-1	- long-term
- short-term	16	31	-15	27	24	3	- short-term
2. liabilities:	4,917	2,961	1,956	4,528	2,704	1,824	2. liabilities:
- use of IMF loans and credits	112	104	8	205	98	107	- use of IMF loans and credits
- long- and medium-term loans and credits	3,772	2,171	1,601	2,964	2,016	948	- long- and medium-term loans and credits
- medium- and short-term loans and credits	456	348	108	717	302	415	- medium- and short-term loans and credits
- long-term trade credits	34	40	-6	32	38	-6	- long-term trade credits
- short-term trade credits	218	149	69	198	225	-27	- short-term trade credits
- cash and cheques	0	0	0	0	0	0	- cash and cheques
- non-resident bank deposits in Romania	189	51	138	402	0	402	- non-resident bank deposits in Romania
- other	136	98	38	10	25	-15	- other
- long-term	136	98	38	10	25	-15	- long-term
- short-term	0	0	0	0	0	0	- short-term
d. In-transit accounts	38	24	14	44	53	-9	d. In-transit accounts
e. Barter/clearing accounts	8	1	7	10	1	9	e. Barter/clearing accounts
f. Reserve assets (NBR):	10	1,905	-1,895	337	1,357	-1,020	f. Reserve assets (NBR):
- monetary gold	0	2	-2	0	0	0	- monetary gold
- SDRs	10	5	5	5	3	2	- SDRs
- reserve position in the IMF	0	0	0	0	0	0	- reserve position in the IMF
- foreign exchange	0	1,898	-1,898	332	1,354	-1,022	- foreign exchange
- other	0	0	0	0	0	0	- other
<b>3. Errors and omissions</b>	<b>0</b>	<b>870</b>	<b>-870</b>	<b>0</b>	<b>294</b>	<b>-294</b>	<b>3. Errors and omissions</b>

## QUARTERLY BALANCE OF PAYMENTS, 2003

EUR millions

Item	Q 1			Q 2		
	credit	debit	balance	credit	debit	balance
<b>1. Current account</b>	<b>4,851</b>	<b>5,041</b>	<b>-190</b>	<b>4,859</b>	<b>5,959</b>	<b>-1,100</b>
<i>A. Goods and services</i>	4,368	4,774	-406	4,316	5,505	-1,189
a. Goods	3,778	4,191	-413	3,723	4,867	-1,144
b. Services	590	583	7	593	638	-45
- transport	251	211	40	240	245	-5
- travel	73	87	-14	88	101	-13
- other	266	285	-19	265	292	-27
<i>B. Income</i>	83	190	-107	75	384	-309
- compensation of employees	26	1	25	24	1	23
- direct investment	1	45	-44	1	108	-107
- portfolio investments	49	5	44	43	150	-107
- other capital investments	7	139	-132	7	125	-118
<i>C. Current transfers</i>	400	77	323	468	70	398
- general government	62	3	59	72	16	56
- other sectors	338	74	264	396	54	342
<b>2. Capital and financial account</b>	<b>1,600</b>	<b>815</b>	<b>785</b>	<b>2,039</b>	<b>1,125</b>	<b>914</b>
<i>A. Capital account</i>	41	2	39	92	1	91
a. Capital transfers	41	2	39	92	1	91
- general government	29	0	29	35	0	35
- other sectors	12	2	10	57	1	56
b. Acquisitions/sales of nonproduced nonfinancial assets	0	0	0	0	0	0
<i>B. Financial account</i>	1,559	813	746	1,947	1,124	823
a. Direct investment	462	57	405	430	50	380
- of residents abroad	0	13	-13	1	11	-10
- of non-residents in Romania	462	44	418	429	39	390
b. Portfolio investments	40	54	-14	45	58	-13
- assets	3	1	2	0	1	-1
- liabilities	37	53	-16	45	57	-12
c. Other investments	1,056	633	423	1,222	1,016	206
1. assets:	223	66	157	84	270	-186
- medium- and long-term loans and credits	5	14	-9	1	4	-3
- medium- and short-term loans and credits	6	1	5	3	12	-9
- long-term trade credits	5	4	1	2	2	0
- short-term trade credits	52	29	23	60	99	-39
- cash and cheques	20	0	20	0	20	-20
- resident bank deposits abroad	135	0	135	0	133	-133
- other	0	18	-18	18	0	18
- long-term	0	0	0	0	0	0
- short-term	0	18	-18	18	0	18
2. liabilities:	833	567	266	1,138	746	392
- use of IMF loans and credits	0	8	-8	69	27	42
- long- and medium-term loans and credits	671	450	221	753	552	201
- medium- and short-term loans and credits	127	28	99	193	123	70
- long-term trade credits	9	10	-1	7	9	-2
- short-term trade credits	25	67	-42	28	35	-7
- cash and cheques	0	0	0	0	0	0
- non-resident bank deposits in Romania	1	0	1	84	0	84
- other	0	4	-4	4	0	4
- long-term	0	4	-4	4	0	4
- short-term	0	0	0	0	0	0
d. In-transit accounts	1	0	1	14	0	14
e. Barter/clearing accounts	0	0	0	0	0	0
f. Reserve assets (NBR):	0	69	-69	236	0	236
- monetary gold	0	0	0	0	0	0
- SDRs	0	3	-3	2	0	2
- reserve position in the IMF	0	0	0	0	0	0
- foreign exchange	0	66	-66	234	0	234
- other	0	0	0	0	0	0
<b>3. Errors and omissions</b>	<b>0</b>	<b>595</b>	<b>-595</b>	<b>186</b>	<b>0</b>	<b>186</b>

QUARTERLY BALANCE OF PAYMENTS, 2003

EUR millions

Q 3			Q 4			Item
credit	debit	balance	credit	debit	balance	
<b>5,461</b>	<b>5,822</b>	<b>-361</b>	<b>5,380</b>	<b>6,606</b>	<b>-1,226</b>	<b>1. Current account</b>
4,837	5,592	-755	4,764	6,307	-1,543	<i>A. Goods and services</i>
4,073	4,906	-833	4,040	5,605	-1,565	a. Goods
764	686	78	724	702	22	b. Services
285	253	32	287	288	-1	- transport
130	122	8	105	113	-8	- travel
349	311	38	332	301	31	- other
64	154	-90	105	222	-117	<i>B. Income</i>
26	1	25	22	3	19	- compensation of employees
1	31	-30	7	40	-33	- direct investment
30	16	14	31	57	-26	- portfolio investments
7	106	-99	45	122	-77	- other investments
560	76	484	511	77	434	<i>C. Current transfers</i>
79	7	72	22	10	12	- general government
481	69	412	489	67	422	- other sectors
<b>2,597</b>	<b>2,202</b>	<b>395</b>	<b>2,305</b>	<b>1,228</b>	<b>1,077</b>	<b>2. Capital and financial account</b>
45	3	42	19	3	16	<i>A. Capital account</i>
45	3	42	19	3	16	a. Capital transfers
29	0	29	9	0	9	- general government
16	3	13	10	3	7	- other sectors
0	0	0	0	0	0	b. Acquisitions/sales of nonproduced nonfinancial assets
2,552	2,199	353	2,286	1,225	1,061	<i>B. Financial account</i>
390	62	328	556	78	478	a. Direct investment
3	17	-14	3	2	1	- of residents abroad
387	45	342	553	76	477	- of non-residents in Romania
765	76	689	43	182	-139	b. Portfolio investments
3	5	-2	9	0	9	- assets
762	71	691	34	182	-148	- liabilities
1,357	772	585	1,587	912	675	c. Other investments
191	136	55	196	157	39	1. assets:
4	16	-12	15	43	-28	- medium- and long-term loans and credits
7	1	6	5	5	0	- medium- and short-term loans and credits
4	3	1	3	4	-1	- long-term trade credits
35	21	14	84	94	-10	- short-term trade credits
3	0	3	0	10	-10	- cash and cheques
135	89	46	83	0	83	- resident bank deposits abroad
3	6	-3	6	1	5	- other
0	0	0	0	1	-1	- long-term
3	6	-3	6	0	6	- short-term
1,166	636	530	1,391	755	636	2. liabilities:
0	22	-22	136	41	95	- use of IMF credit
795	501	294	745	513	232	- long- and medium-term loans and credits
133	75	58	264	76	188	- medium- and short-term loans and credits
9	8	1	7	11	-4	- long-term trade credits
62	30	32	83	93	-10	- short-term trade credits
0	0	0	0	0	0	- cash and cheques
161	0	161	156	0	156	- non-resident bank deposits in Romania
6	0	6	0	21	-21	- other
6	0	6	0	21	-21	- long-term
0	0	0	0	0	0	- short-term
29	0	29	0	53	-53	d. In-transit accounts
10	1	9	0	0	0	e. Barter/clearing accounts
1	1,288	-1,287	100	0	100	f. Reserve assets (NBR):
0	0	0	0	0	0	- monetary gold
1	0	1	2	0	2	- SDRs
0	0	0	0	0	0	- reserve position in the IMF
0	1,288	-1,288	98	0	98	- foreign exchange
0	0	0	0	0	0	- other
<b>0</b>	<b>34</b>	<b>-34</b>	<b>149</b>	<b>0</b>	<b>149</b>	<b>3. Errors and omissions</b>

## BALANCE OF SERVICES

EUR millions

Item	2002			2003		
	credit	debit	balance	credit	debit	balance
<b>TOTAL</b>	<b>2,468</b>	<b>2,463</b>	<b>5</b>	<b>2,671</b>	<b>2,609</b>	<b>62</b>
<b>TRANSPORT</b>	<b>1,013</b>	<b>881</b>	<b>132</b>	<b>1,063</b>	<b>997</b>	<b>66</b>
Freight	725	748	-23	745	840	-95
- sea	45	145	-100	45	162	-117
- river	2	4	-2	2	5	-3
- air	3	32	-29	4	36	-32
- railway	55	84	-29	56	95	-39
- road	617	417	200	635	467	168
- other	3	66	-63	3	75	-72
Passenger transport	67	54	13	65	81	-16
Other	221	79	142	253	76	177
<b>TRAVEL</b>	<b>352</b>	<b>416</b>	<b>-64</b>	<b>396</b>	<b>423</b>	<b>-27</b>
Business	25	227	-202	30	250	-220
Personal	319	188	131	348	172	176
Other	8	1	1	18	1	7
<b>OTHER SERVICES</b>	<b>1,103</b>	<b>1,166</b>	<b>-63</b>	<b>1,212</b>	<b>1,189</b>	<b>23</b>
Communications services	177	63	114	210	75	135
Construction services	67	16	51	94	28	66
Insurance services	21	82	-61	42	108	-66
Financial services	88	88	0	45	74	-29
Computer and information services	82	29	53	95	39	56
Licensing, merchanting, leasing fees, audio-visual and related services	37	160	-123	58	138	-80
Other leisure and cultural services	82	69	13	85	67	18
Government services n.s.e.	21	36	-15	25	40	-15
Other	528	623	-95	558	620	-62

## BALANCE OF CURRENT TRANSFERS

EUR millions

Item	2002			2003		
	credit	debit	balance	credit	debit	balance
<b>TOTAL</b>	<b>1,896</b>	<b>284</b>	<b>1,612</b>	<b>1,939</b>	<b>300</b>	<b>1,639</b>
General government, <i>of which</i> :	308	18	290	235	36	199
Subsidies granted/received*	258	7	251	217	9	208
Collection of taxes, charges, fines	50	0	50	18	0	18
Private transfers, <i>of which</i> :	1,588	266	1,322	1,704	264	1,440
Grants and aids, subsidies, etc.	208	5	203	202	4	198
Other current transfers	1,291	238	1,053	1,419	240	1,179

\*) Non-redeemable technical assistance included

# FINANCIAL ACCOUNT

EUR millions

Item	2002			2003		
	credit	debit	balance	credit	debit	balance
<b>TOTAL</b>	<b>8,574</b>	<b>6,176</b>	<b>2,398</b>	<b>8,344</b>	<b>5,361</b>	<b>2,983</b>
<b>1. Monetary authority</b>	<b>122</b>	<b>2,109</b>	<b>-1,987</b>	<b>542</b>	<b>1,455</b>	<b>-913</b>
<b>Assets</b>	<b>10</b>	<b>1,905</b>	<b>-1,895</b>	<b>337</b>	<b>1,357</b>	<b>-1,020</b>
- Deposits abroad	0	1,898	-1,898	332	1,354	-1,022
- SDRs	10	5	5	5	3	2
- Monetary gold	0	2	-2	0	0	0
<b>Liabilities</b>	<b>112</b>	<b>204</b>	<b>-92</b>	<b>205</b>	<b>98</b>	<b>107</b>
- Portfolio investments	0	0	0	0	0	0
- Long-term loans and credits:	112	104	8	205	98	107
- IMF loans and credits	112	104	8	205	98	107
- Short-term loans and credits	0	100	-100	0	0	0
<b>2. General government</b>	<b>1,729</b>	<b>922</b>	<b>807</b>	<b>2,086</b>	<b>777</b>	<b>1,309</b>
<b>Assets</b>	<b>8</b>	<b>50</b>	<b>-42</b>	<b>10</b>	<b>40</b>	<b>-30</b>
- Portfolio investments:	0	0	0	0	0	0
- bonds	0	0	0	0	0	0
- Long-term loans and credits	0	49	-49	0	39	-39
- Other:	8	1	7	10	1	9
- short-term assets	8	1	7	10	1	9
<b>Liabilities</b>	<b>1,721</b>	<b>872</b>	<b>849</b>	<b>2,076</b>	<b>737</b>	<b>1,339</b>
- Portfolio investments:	678	306	372	701	150	551
- bonds	678	306	372	701	150	551
- Long-term loans and credits	1,043	468	575	1,375	587	788
- Other:	0	98	-98	0	0	0
- long-term liabilities	0	98	-98	0	0	0
<b>3. Banks</b>	<b>1,161</b>	<b>251</b>	<b>910</b>	<b>1,363</b>	<b>330</b>	<b>1,033</b>
<b>Assets</b>	<b>645</b>	<b>79</b>	<b>566</b>	<b>413</b>	<b>212</b>	<b>201</b>
- Portfolio investments:	6	6	0	2	6	-4
- bonds	6	6	0	2	6	-4
- Direct investment:	0	0	0	0	4	-4
- of residents abroad	0	0	0	0	4	-4
- equity holdings	0	0	0	0	4	-4
- Long-term loans and credits	23	5	18	4	13	-9
- Short-term loans and credits	13	6	7	4	1	3
- Cash and cheques	56	31	25	23	30	-7
- Resident bank deposits abroad	531	0	531	353	133	220
- Other:	16	31	-15	27	25	2
- long-term assets	0	0	0	0	1	-1
- short-term assets	16	31	-15	27	24	3
<b>Liabilities</b>	<b>516</b>	<b>172</b>	<b>344</b>	<b>950</b>	<b>118</b>	<b>832</b>
- Portfolio investments:	0	3	-3	0	5	-5
- bonds	0	3	-3	0	5	-5
- Direct investment:	25	10	15	32	0	32
- Non-residents' capital investments in Romania:	25	10	15	32	0	32
- equity holdings	20	10	10	32	0	32
- other	5	0	5	0	0	0
- Long-term loans and credits	129	69	60	396	63	333
- Short-term loans and credits	37	39	-2	110	25	85
- Non-residents' deposits in Romania	189	51	138	402	0	402
- Other:	136	0	136	10	25	-15
- long-term liabilities	136	0	136	10	25	-15
<b>4. Other sectors</b>	<b>5,562</b>	<b>2,894</b>	<b>2,668</b>	<b>4,353</b>	<b>2,799</b>	<b>1,554</b>
<b>Assets</b>	<b>591</b>	<b>410</b>	<b>181</b>	<b>303</b>	<b>428</b>	<b>-125</b>
- Portfolio investments:	2	2	0	13	1	12
- bonds	2	2	0	13	1	12
- shares	0	0	0	0	0	0
- Direct investment:	43	61	-18	7	39	-32
- Non-residents' capital investments in Romania:	43	61	-18	7	39	-32
- equity holdings	43	61	-18	7	39	-32
- other	0	0	0	0	0	0
- Long-term loans and credits	63	13	50	21	25	-4
- Short-term loans and credits	7	3	4	17	18	-1
- Long-term trade credits	22	20	2	14	13	1
- Short-term trade credits	303	127	176	231	243	-12
Deposits abroad	151	184	0	0	89	-89
- Other:	0	0	0	0	0	0
- short-term assets	0	0	0	0	0	0
<b>Liabilities</b>	<b>4,971</b>	<b>2,484</b>	<b>2,487</b>	<b>4,050</b>	<b>2,371</b>	<b>1,679</b>
- Direct investment:	1,380	183	1,197	1,799	204	1,595
- Non-residents' capital investments in Romania:	1,380	183	1,197	1,799	204	1,595
- equity holdings	1,026	49	977	1,266	89	1,177
- other	354	134	220	533	115	418
- Portfolio investments:	282	245	37	177	208	-31
- bonds	194	178	16	6	97	-91
- shares	88	67	21	171	111	60
- Long-term loans and credits	2,600	1,634	966	1,193	1,366	-173
- Short-term loans and credits	419	209	210	607	277	330
- Long-term trade credits	34	40	-6	32	38	-6
- Short-term trade credits	218	149	69	198	225	-27
- Other:	38	24	14	44	53	-9
- short-term liabilities	38	24	14	44	53	-9

## ROMANIA: GROSS INTERNATIONAL RESERVES, 1998-2003

(stocks; end of period)

EUR millions

	1998	1999	2000	2001	2002	2003
<i>National Bank of Romania</i>	1,968.7	2,482.6	3,643.8	5,509.1	7,009.0	7,491.6
-Gold	791.5	962.6	989.0	1,063.8	1,132.2	1,118.0
(tonnes)	100.3	103.4	105.0	105.2	105.3	105.1
- SDRs	1.0	10.1	1.1	7.7	2.2	0.2
- foreign exchange	1,176.2	1,509.9	2,653.8	4,437.6	5,874.6	6,373.4
<i>Commercial banks</i>	1,278.1	1,155.9	1,561.4	1,721.9	1,042.3	762.5
- foreign exchange	1,278.1	1,155.9	1,561.4	1,721.9	1,042.3	762.5
<b>Gross international reserves</b>	<b>3,246.9</b>	<b>3,638.5</b>	<b>5,205.2</b>	<b>7,231.0</b>	<b>8,051.2</b>	<b>8,254.1</b>
<i>of which :</i>						
<b>Gross foreign exchange reserves</b>	<b>2,455.4</b>	<b>2,675.9</b>	<b>4,216.2</b>	<b>6,167.2</b>	<b>6,919.0</b>	<b>7,136.1</b>

## ROMANIA: INTERNATIONAL INVESTMENT POSITION, 1998-2003

EUR millions

Institutional sector	1998	1999	2000	2001	2002	2003
I. Monetary authority	628	1,609	2,752	4,969	6,610	7,025
- assets	1,977	2,492	3,654	5,520	7,018	7,499
- liabilities	1,349	883	902	551	408	474
II. Government sector	-257	66	-1,024	-2,042	-2,816	-4,182
- assets	2,618	3,712	4,092	4,389	3,762	3,148
- liabilities	2,875	3,646	5,116	6,431	6,578	7,330
III. Banking sector	569	425	911	769	-136	-1,167
- assets	1,354	1,267	1,700	1,864	1,155	881
- liabilities	785	842	789	1,095	1,291	2,048
IV. Non-banks	-6,705	-9,193	-11,806	-14,422	-15,421	-16,505
- assets	1,214	712	760	1,166	827	826
- liabilities	7,919	9,905	12,566	15,588	16,248	17,331
<b>Net position</b>	<b>-5,765</b>	<b>-7,093</b>	<b>-9,167</b>	<b>-10,726</b>	<b>-11,763</b>	<b>-14,829</b>
- assets	<b>7,163</b>	<b>8,183</b>	<b>10,206</b>	<b>12,939</b>	<b>12,762</b>	<b>12,354</b>
- liabilities	<b>12,928</b>	<b>15,276</b>	<b>19,373</b>	<b>23,665</b>	<b>24,525</b>	<b>27,183</b>



**ROMANIA: MEDIUM- AND LONG-TERM EXTERNAL CLAIMS, 1998-2003**

(by country; end of period)

- EUR thou. -

Country	1998	1999	2000	2001	2002	2003
<b>Foreign currencies</b>						
<b>(EUR thousands equivalent)</b>	<b>1,856,143</b>	<b>2,120,727</b>	<b>2,296,417</b>	<b>2,450,039</b>	<b>2,044,797</b>	<b>1,688,123</b>
Angola	15,123	17,589	18,986	20,016	16,944	0
Saudi Arabia	214	0	0	0	0	0
Argentina	192	0	0	0	0	0
Bangladesh	217	0	0	0	0	0
Bulgaria	8,259	0	0	0	0	0
Korea, PDR	0	0	0	20,372	20,648	19,357
Congo	1,237	1,438	1,552	1,636	1,385	1,145
China	10,658	10,990	11,906	0	0	0
Guinea	13,330	15,705	18,363	19,968	17,452	14,890
Iraq	1,446,566	1,682,302	1,815,944	1,953,636	1,653,813	1,368,458
Libya	37,479	45,312	47,049	49,602	0	0
Morocco	0	0	0	0	0	0
Mozambique	90,129	108,642	129,791	146,626	133,056	117,643
Nigeria	1,456	1,693	1,637	1,726	1,461	1,207
Peru	10,946	0	0	0	0	0
Central African Republic	6,588	7,671	8,280	8,730	7,390	6,107
Sri Lanka	1,424	0	0	0	0	0
Syria	41,630	51,432	55,518	30,312	25,401	20,990
Somalia	1,416	2,499	2,697	2,843	2,407	1,989
Sudan	145,589	169,912	184,003	193,945	164,309	135,898
Vietnam	9,955	4,999	0	0	0	0
Congo, DR	447	544	587	0	0	0
Zambia	13,245	0	0	0	0	0
Other	44	0	103	627	531	439
<b>Transferable roubles (thousands)</b>	<b>1,532,025</b>	<b>1,538,994</b>	<b>1,621,046</b>	<b>1,671,128</b>	<b>1,708,110</b>	<b>1,742,191</b>
Mongolia	3,050	3,050	3,050	3,050	3,050	3,050
Cuba	840,181	840,181	916,839	950,725	984,653	1,018,581
Korea, PDR	8,204	8,204	8,204	8,204	8,204	8,204
Vietnam	0	0	0	0	0	0
Russian Federation	573,190	580,159	580,158	590,572	590,670	590,670
Ukraine	107,400	107,400	112,795	118,577	121,533	121,686

**ROMANIA: MEDIUM- AND LONG-TERM EXTERNAL CLAIMS, 1998-2003**

(end of period)

	1998	1999	2000	2001	2002	2003
<b>Foreign currencies</b>						
<b>(EUR millions equivalent)</b>	1,856	2,121	2,296	2,450	2,044	1,688
- government credits	1,723	1,985	2,150	2,299	1,959	1,631
- commercial credits	134	136	146	151	85	57
<b>Transferable roubles (millions)</b>	1,532	1,539	1,621	1,671	1,708	1,742
- government credits	789	1,539	1,621	1,671	1,708	1,742
- commercial credits	743	0	0	0	0	0
<b>Total lending (EUR millions equivalent)</b>	3,007	3,465	3,824	4,111	3,481	2,899
- government credits	2,315	3,329	3,678	3,960	3,396	2,842
- commercial credits	692	136	146	151	85	57

**ROMANIA: SHORT-TERM EXTERNAL CLAIMS AND LIABILITIES, 1998-2003**

(end of period)

EUR millions

	1998	1999	2000	2001	2002	2003
Export bills (payment against documents)	160.1	173.0	185.5	182.5	13.0	7.2
Export letters of credit	153.5	218.5	234.9	139.3	142.7	149.3
Received guarantees	78.9	80.6	68.6	84.8	29.9	40.6
<b>Total claims</b>	392.5	472.0	489.0	406.5	185.5	197.1
Import bills (payment against documents)	198.2	159.2	158.8	181.9	163.2	131.7
Import letters of credit	129.0	127.6	173.5	167.8	197.8	175.8
Extended guarantees	153.2	60.9	52.6	92.7	76.6	103.2
<b>Total liabilities</b>	480.4	347.8	384.8	442.4	437.6	410.7

**ROMANIA: CLEARING ACCOUNTS IN TRANSFERABLE ROUBLES**

**1998-2003**

(end of period)

transferable roubles millions

	1998	1999	2000	2001	2002	2003
Bulgaria	19.5	19.5	0.0	0.0	0.0	0
Cuba	96.1	96.1	96.1	96.1	96.1	96.2
Mongolia	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Russian Federation	-2.0	-2.0	0.0	0.0	0.0	0
Czech Republic & Slovakia	-6.4	-6.1	0.0	0.0	0.0	0
Albania	12.3	12.3	12.9	12.9	12.9	12.9
Korea, PDR	16.5	17.0	17.5	17.9	17.9	18.4
<b>TOTAL</b>	135.9	136.7	126.4	126.8	126.8	127.4
<b>assets</b>	144.4	144.9	126.5	126.9	126.9	127.5
<b>liabilities</b>	-8.5	-8.2	-0.1	-0.1	-0.1	-0.1

**ROMANIA: CLEARING ACCOUNTS IN CONVERTIBLE CURRENCIES,  
1998-2003**  
(end of period)

EUR millions

Country	1998	1999	2000	2001	2002	2003
Iran	4.0	5.2	2.6	2.6	0.0	0.0
India	0.1	0.1	0.0	0.0	0.0	0.0
Egypt	0.3	0.3	0.3	0.3	0.4	0.6
Greece	0.2	0.2	0.2	0.2	0.2	0.2
Korea, P.D.R.	0.4	0.5	0.5	0.6	0.5	0.4
Algeria	0.7	0.8	0.9	0.9	0.8	0.7
Costa Rica	-0.3	-0.4	-0.4	-0.5	-0.4	-0.3
Albania	0.3	0.3	0.3	0.3	0.3	0.2
China	0.2	0.2	0.2	0.0	0.0	0.0
Republic of Moldova	3.7	4.3	4.6	4.9	4.1	3.4
Bangladesh	-4.1	3.3	2.1	1.6	0.6	0.1
Mozambique	5.0	5.8	6.2	6.6	5.6	4.6
Pakistan	-0.2	-0.2	0.0	0.0	0.0	0.0
Sudan	0.8	0.9	1.0	0.9	0.8	0.8
CIS	5.2	0.0	0.0	0.0	0.0	0.0
Bulgaria	-1.3	-1.5	0.0	0.0	0.0	0.0
Poland	-1.2	-0.5	-0.2	-0.1	0.0	0.0
Iraq	0.1	0.1	0.1	0.1	0.1	0.1
Russian Federation	0.0	0.0	23.3	17.9	11.0	0.0
Syria	88.1	102.5	110.6	116.6	98.7	82.0
<b>TOTAL</b>	<b>101.8</b>	<b>121.8</b>	<b>152.4</b>	<b>153.0</b>	<b>122.6</b>	<b>92.8</b>
- assets	108.9	124.4	153.1	153.6	123.0	93.1
- liabilities	-7.1	-2.6	-0.6	-0.6	-0.4	-0.3

**ROMANIA: CLEARING ACCOUNTS, 1998-2003**  
(end of period)

(EUR millions equivalent)

	1998	1999	2000	2001	2002	2003
<b>1. Clearing roubles</b>						
(roubles millions, unit of account)	135.9	136.7	126.4	126.8	126.8	127.4
- assets	144.4	144.9	126.5	126.9	126.9	127.5
- liabilities	-8.5	-8.2	-0.1	-0.1	-0.1	-0.1
<b>TOTAL CLEARING (1+2)</b>	<b>203.9</b>	<b>241.2</b>	<b>271.6</b>	<b>279.0</b>	<b>229.3</b>	<b>181.4</b>
- assets	217.4	250.9	272.3	279.7	229.8	181.7
- liabilities	-13.5	-9.8	-0.7	-0.7	-0.5	-0.4
<b>1. Clearing roubles</b>	102.0	119.4	119.2	126.0	106.7	88.5
- assets	108.4	126.6	119.3	126.1	106.8	88.6
- liabilities	-6.4	-7.2	-0.1	-0.1	-0.1	-0.1
<b>2. Clearing other currencies</b>	101.8	121.8	152.5	153.0	122.6	92.8
- assets	108.9	124.4	153.1	153.6	123.0	93.1
- liabilities	-7.1	-2.6	-0.6	-0.6	-0.4	-0.3

**ROMANIA: EXTERNAL DEBT INDICATORS, 1998-2003**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
External debt (ED) - EUR millions	8,561	9,163	11,543	14,057	15,412	16,472
- medium- and long-term (MLT)	8,054	8,756	11,113	13,507	14,691	15,401
- short-term (ST)	506	407	430	550	721	1,070
GDP - current prices						
- ROL billions	373,798	545,730	803,773	1,167,687	1,512,617	1,890,778
- EUR millions <sup>*)</sup>	37,420	33,489	40,278	44,865	48,396	50,346
Exports of goods and services (EXP) - EUR millions	8,489	9,270	13,186	15,002	17,143	18,285
Imports of goods and services (IMP)	11,332	10,838	15,319	18,458	19,890	22,178
External debt service (EDS) - EUR millions	3,165	3,426	2,778	3,615	4,150	3,769
- principal repayment	2,671	2,908	2,138	2,883	3,404	3,004
- interest payment (INT)	494	519	640	732	747	765
Foreign exchange reserves of the banking system including SDR (FRBS) - EUR millions	2,455	2,676	4,216	6,167	6,919	7,136
Indicator						
ED/GDP (%)	22.9	27.4	28.7	31.3	31.8	32.7
MLT/GDP (%)	21.5	26.1	27.6	30.1	30.4	30.6
ED/EXP (%)	100.8	98.9	87.5	93.7	89.9	90.1
MLT/EXP (%)	94.9	94.5	84.3	90.0	85.7	84.2
EDS/EXP (%)	37.3	37.0	21.1	24.1	24.2	20.6
EDS/GDP (%)	8.5	10.2	6.9	8.1	8.6	7.5
EDS/FRBS (%)	128.9	128.0	65.9	58.6	60.0	52.8
INT/EXP (%)	5.8	5.6	4.9	4.9	4.4	4.2
FRBS/IMP (months)	2.6	3.0	3.3	4.0	4.2	3.9
ST/ED (%)	5.9	4.4	3.7	3.9	4.7	6.5
Multilateral debt/ED (%)	32.8	35.6	30.5	26.4	20.4	15.8

<sup>\*)</sup>Based on the ROL/EUR annual average rate

**ROMANIA'S SUBSCRIPTION QUOTA TO INTERNATIONAL FINANCIAL INSTITUTIONS, 1998-2003**

	EUR millions					
<b>International institution</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
IBRD	26.1	30.4	32.8	34.6	29.3	24.2
MIGA	1.0	1.2	1.7	2.3	1.9	1.6
IFC	2.2	2.6	2.8	2.9	2.5	2.1
EBRD	15.8	19.4	22.1	24.5	22.8	21.4
IBEC	9.2	9.2	9.1	9.2	9.2	9.2
IIB	12.6	12.6	12.6	12.6	12.6	12.6
Black Sea Trade and Development Bank	48.8	54.9	56.7	57.6	52.5	48.0
<b>Total</b>	<b>115.7</b>	<b>130.3</b>	<b>137.8</b>	<b>143.6</b>	<b>130.8</b>	<b>119.1</b>

**MEDIUM- AND LONG-TERM EXTERNAL CLAIMS AS OF 31.12.2003**  
(foreign currencies)

EUR thou.

Country	Total claims	by maturity		Total claims	by institutional sector	
		overdue	maturity in 2003		gov't credit	commercial credit
<b>Total</b>	<b>1,688,123</b>	<b>1,679,748</b>	<b>8,375</b>	<b>1,688,123</b>	<b>1,631,304</b>	<b>56,819</b>
<i>of which :</i>						
Congo	1,145	1,145	0	1,145	0	1,145
Korea, P.D.R.	19,357	19,357	0	19,357	19,357	0
Guinea	14,890	14,414	476	14,890	14,890	0
Iraq	1,368,458	1,368,458	0	1,368,458	1,368,458	0
Mozambique	117,643	109,744	7,899	117,643	110,409	7,234
Nigeria	1,207	1,207	0	1,207	0	1,207
Central African Republic	6,107	6,107	0	6,107	0	6,107
Syria	20,990	20,990	0	20,990	20,724	266
Somalia	1,989	1,989	0	1,989	0	1,989
Sudan	135,898	135,898	0	135,898	97,466	38,432
Other	439	439	0	439	0	439

**MEDIUM- AND LONG-TERM EXTERNAL CLAIMS AS OF 31.12.2003**  
(transferable roubles)

TR thou.

Country	Total claims	by maturity		Total claims	by institutional sector	
		overdue	maturity in 2003		gov't credit	commercial credit
<b>TOTAL</b>	<b>1,742,191</b>	<b>1,708,110</b>	<b>34,081</b>	<b>1,742,191</b>	<b>1,742,191</b>	<b>0</b>
<i>of which :</i>						
Cuba	1,018,581	984,653	33,928	1,018,581	1,018,581	0
Mongolia	3,050	3,050	0	3,050	3,050	0
Korea, P.D.R.	8,204	8,204	0	8,204	8,204	0
Russian Federation	590,670	590,670	0	590,670	590,670	0
Ukraine	121,686	121,533	153	121,686	121,686	0

**ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2003**

- EUR millions -

<b>Item</b>	<b>Outstanding at start of period</b>	<b>Transactions</b>	<b>Adjustments due to price changes</b>	<b>Adjustments due to exchange rate changes</b>	<b>Other adjust- ments</b>	<b>Outstanding at end of period</b>
<b>Net position</b>	<b>-11,762.4</b>	<b>-2,983.0</b>	<b>-14.2</b>	<b>-69.1</b>	<b>0.0</b>	<b>-14,828.7</b>
Assets	12,762.6	974.0	-14.2	-1,368.0	0.0	12,354.4
Liabilities	24,525.0	3,957.0	0.0	-1,298.9	0.0	27,183.1
<b>FOREIGN ASSETS</b>	<b>12,762.6</b>	<b>974.0</b>	<b>-14.2</b>	<b>-1,368.0</b>	<b>0.0</b>	<b>12,354.4</b>
<b>A. Direct investment by residents abroad</b>	<b>138.3</b>	<b>36.0</b>	<b>0.0</b>	<b>-6.8</b>	<b>0.0</b>	<b>167.5</b>
- equity holdings	138.3	36.0	0.0	-6.8	0.0	167.5
<b>B. Portfolio investments</b>	<b>21.2</b>	<b>-8.0</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>	<b>15.2</b>
- bonds	3.5	4.0	0.0	2.0	0.0	9.5
- shares	17.7	-12.0	0.0	0.0	0.0	5.7
<b>C. Other investments</b>	<b>5,594.1</b>	<b>-74.0</b>	<b>0.0</b>	<b>-840.0</b>	<b>0.0</b>	<b>4,680.1</b>
- loans and credits	3,717.3	61.0	0.0	-625.3	0.0	3,153.0
- long-term loans and credits	3,527.9	51.0	0.0	-625.6	0.0	2,953.3
- short-term loans and credits	189.4	10.0	0.0	0.3	0.0	199.7
- cash and deposits	1,506.9	-126.0	0.0	-162.2	0.0	1,218.7
- other assets	369.9	-9.0	0.0	-52.5	0.0	308.4
- medium- and long-term assets	140.1	0.0	0.0	-13.4	0.0	126.7
- short-term assets	229.8	-9.0	0.0	-39.1	0.0	181.7
<b>D. Reserve assets (NBR)</b>	<b>7,009.0</b>	<b>1,020.0</b>	<b>-14.2</b>	<b>-523.2</b>	<b>0.0</b>	<b>7,491.6</b>
- gold	1,132.2	0.0	-14.2	0.0	0.0	1,118.0
- forex reserve	5,876.8	1,020.0	0.0	-523.2	0.0	6,373.6
- cash and deposits	683.7	-55.0	0.0	-33.4	0.0	595.3
with other monetary authorities	0.3	0.0	0.0	0.3	0.0	0.6
with other foreign banks	683.4	-55.0	0.0	-33.7	0.0	594.7
- bonds	5,193.1	1,075.0	0.0	-489.8	0.0	5,778.3
<b>FOREIGN LIABILITIES</b>	<b>24,525.0</b>	<b>3,957.0</b>	<b>0.0</b>	<b>-1,298.9</b>	<b>0.0</b>	<b>27,183.1</b>
<b>A. Direct investment by non-residents in Romania</b>	<b>8,655.8</b>	<b>1,627.0</b>	<b>0.0</b>	<b>-164.4</b>	<b>0.0</b>	<b>10,118.4</b>
- equity holdings	7,840.9	1,209.0	0.0	-33.9	0.0	9,016.0
- other	814.9	418.0	0.0	-130.5	0.0	1,102.4
<b>B. Portfolio investments</b>	<b>3,108.3</b>	<b>515.0</b>	<b>0.0</b>	<b>-61.8</b>	<b>0.0</b>	<b>3,561.5</b>
- shares	495.0	60.0	0.0	0.0	0.0	555.0
- bonds	2,604.3	452.0	0.0	-61.9	0.0	2,994.4
- money market instruments	9.0	3.0	0.0	0.1	0.0	12.1
<b>C. Other investments</b>	<b>12,760.9</b>	<b>1,815.0</b>	<b>0.0</b>	<b>-1,072.7</b>	<b>0.0</b>	<b>13,503.2</b>
- loans and credits	12,040.1	1,437.0	0.0	-1,068.2	0.0	12,408.9
- long-term loans and credits	11,319.3	1,049.0	0.0	-1,029.8	0.0	11,338.5
- short-term loans and credits	720.8	388.0	0.0	-38.4	0.0	1,070.4
- cash and deposits	637.4	387.0	0.0	1.2	0.0	1,025.6
- other liabilities	83.4	-9.0	0.0	-5.7	0.0	68.7
- medium- and long-term liabilities	35.3	0.0	0.0	-5.3	0.0	30.0
- short-term liabilities	48.1	-9.0	0.0	-0.4	0.0	38.7