



NATIONAL BANK OF ROMANIA

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

ANNUAL REPORT

2006

Note

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Some of the data are provisional and will be updated as appropriate in the subsequent issues.

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MAIN DEVELOPMENTS IN 2006

I. External environment¹

In 2006, world economy continued to expand, posting however a gradual slowdown in the latter half of the year. Overall, the global economic growth was close to the figures seen in 2004 and 2005, thanks to the persistence of affordable financing conditions. Moreover, world economy benefited from the fast pace of increase of some large emerging economies and the brisk foreign trade. However, the external imbalances deepened, especially as a result of trade surpluses reported by oil-exporting countries. The oil price remained elevated, peaking at USD 78 per barrel in August, but thereafter falling to USD 61 per barrel in December, a level comparable to that recorded at end-2005. Commodity prices² rose by roughly 26 percent in 2006 from a year earlier, with base metals posting the sharpest price increase owing to stronger demand from Asian economies, China in particular, the spike-up in prices for energy resources, the sluggish production growth and the scant inventory levels. Although global inflation followed the same trend as the oil price, topping out at mid-year, inflationary pressures remained moderate and inflation rate did not exceed the levels registered in the past two years.

Gross domestic product in the **United States of America** increased 2.9 percent on the back of growth of investment in production and private consumption. Annual inflation rate, as measured by the consumer price index, came in at 3.2 percent. The federal budget deficit narrowed in 2006, down to 1.9 percent of GDP, against the background of larger tax receipts. The current account shortfall widened to USD 812 billion³ in 2006, from USD 755 billion in the year before, as a result of the increase in the trade deficit following the sharp rise in household consumption.

Emerging economies in Asia continued to post robust economic growth propelled by the advance in domestic demand of large economies in the region. Inflationary pressures were contained by the tighter monetary policies and the lowering oil price in the last four months of 2006. The Chinese economy kept expanding in 2006 (by 11.1 percent as compared with 10.4 percent a year earlier) on the back of the increase seen in the manufacturing sector, investment and exports. The current account surplus grew by USD 89 billion year on year to reach USD 250 billion⁴ in 2006, thereby contributing to the increase in China's foreign exchange reserves, which outstripped the USD 1,000 billion mark.

¹ Sources: ECB, Annual Report, 2006 – April 2007.

² Energy resources excluded.

³ World Economic Outlook Database – October 2007.

⁴ See footnote 3.

The **Japanese economy** stayed on an upward path, reporting – for the third year in succession – an above-potential GDP growth rate (2.2 percent in 2006 as against 1.9 percent in 2005). Behind this stood the surging investment and the consolidation seen in exports, the latter's performance being fostered by the weakening yen and the stronger global demand for machinery and equipment. The annual inflation rate, as measured by the consumer price index, stood at 0.3 percent.

In **Latin America** the economic expansion continued at a rapid pace. Acting as a catalyst on GDP growth were the favourable external climate (including the high prices of the commodities these countries have been exporting) and the rising domestic demand. Many of the region's economies took advantage of the readily-available financing conditions worldwide and moved to reduce the foreign debt service, which entailed a diminution of their financial vulnerability. Argentina further reported swift economic growth (up 8.5 percent⁴ from 2005), which however was accompanied by a persistently-high inflation rate: 10.9 percent⁴. Brazil and Mexico recorded somewhat moderate rates of economic growth (3.7 percent and 4.8 percent respectively)⁴ but these countries were much more successful in curbing inflation (4.2 percent and 3.6 percent respectively)⁴.

Euro area⁵ economy grew at a quicker pace, from 1.5 percent to 2.8 percent in 2006, the best showing since 2000, above the estimated rate of potential GDP. The performance was indicative of an increase in confidence in consumption and business environment, as well as an improvement in labour market conditions. In 2006, investment dynamics turned up, running at 4.3 percent, the fastest clip from 2000 onwards, especially in the construction sector. Private consumption saw a slight acceleration in its growth rate, amid a larger real disposable income. The pick-up in economic activity was more pronounced in industry, except the construction sector, and slower in the services sector. Unemployment rate, which entered a downward path at mid-2004, reached 7.5 percent in 2006 Q4. Labour productivity edged ahead in the year under review, most notably in industry, as a result of the rebounding economic growth. The budget deficit of the currency union narrowed to 2 percent of GDP, from 2.4 percent of GDP in the previous year. Out of a total of five countries that had been subject to the excessive deficit procedure a year earlier, three (Germany, Greece and France) managed to reduce their budget shortfalls to below 3 percent of GDP⁶, whereas the other two (Italy and Portugal) failed to improve their budget performance. Against this background, the public debt rate declined below 70 percent of GDP for the first time after 2002. Such a trend, which came to the fore in all euro-area members except for Italy and Portugal, was basically attributed to economic growth and the uptick in budget revenues.

The aggregate current account of the euro area witnessed a deficit of EUR 16.2 billion (0.2 percent of GDP) as against EUR 6.8 billion, or 0.1 percent of GDP, a year earlier. The primary culprit for the deficit was the trade surplus that narrowed by EUR 20.3 billion year over year against the background of a sharper increase in imports than in exports (16.1 percent and 13.8 percent respectively), largely as a result of costlier energy products purchased from foreign markets. Exports rose both due to hikes in external prices and export volumes, with better export figures being recorded in the trade with China and the new EU Member States. The decline in the trade

⁵ The euro area participants referred to are the twelve EU Member States making up the currency union at end-2006, namely Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

⁶ According to data in the stability programme.

surplus and the slight widening of the deficit under current transfers were partly offset by the smaller shortfall under incomes balance.

Portfolio and direct investments posted net inflows in amount of EUR 109.2 billion, compared with net outflows worth EUR 45.4 billion in 2005, amid lower net outflows of direct investment and larger net inflows of portfolio investments. In 2006, direct investment abroad by euro-area residents went up, mainly on the back of larger participations in companies incorporated in new EU Member States, United Kingdom and the USA. At the same time, direct investment of non-euro-area residents multiplied twofold on the back of expectations of brighter economic prospects. The increase in net inflows of portfolio investments stemmed from the faster dynamics of non-residents' net acquisitions of shares following the rise in euro-area corporations' earnings and in returns on their shares.

Non-euro area Member States⁷ saw a sizeable acceleration of economic growth. These countries' GDP rose to 3.6 percent in 2006, from 2.7 percent in the year before, fostered mostly by domestic demand⁸. Private consumption was fuelled by the increase in disposable income, associated with the larger wages and the cut in unemployment, as well as with the sharp rise in prices for dwellings. The dynamics of gross fixed capital formation gathered momentum, amid more affordable lending, accompanied in some countries by substantial inflows of foreign direct investment. Net exports had a zero contribution to GDP growth in the reviewed economies as a whole, and export gains were virtually offset by the advance in imports. Labour market conditions continued to improve in most non-participating Member States, but the unemployment rate remained high in Poland and Slovakia. Inflation rate, as measured by the Harmonised Index of Consumer Prices, headed upwards in most non-euro area Member States⁹, owing to the developments in energy prices and the changes in administered prices and indirect taxes in the Czech Republic, Hungary, Latvia, Lithuania, Malta, and Slovakia.

On the fiscal front, the picture was still mixed in 2006. Three of the EU Member States outside the euro area, i.e. Denmark, Estonia and Sweden, displayed budget surpluses, while the others ended the year on a deficit. The budgetary outcomes of non-euro area member countries, except Hungary, complied with the provisions of convergence programmes for 2006. In all non-euro area Member States, public debt as a percentage of GDP was below the average of 71 percent reported by the euro area. In year on year comparison, the combined current and capital account balance worsened in all non-euro area Member States, yet the performance by country was mixed. Denmark and Sweden ended 2006 on significant surpluses whilst the United Kingdom and new EU members ran up fiscal gaps. Compared with 2005, the deficits widened in most non-euro area Member States, especially in Latvia, where the gap equated to 20 percent of GDP in 2006. Shortfalls of above 10 percent of GDP recorded Estonia and Lithuania, whereas in the Czech Republic, Cyprus, Hungary, Malta and Slovakia the deficits ranged between 4 percent of GDP and 8 percent of GDP. In many of

⁷ Non-euro area Member States referred to herein are the following: Czech Republic, Cyprus, Denmark, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Sweden and the United Kingdom.

⁸ Aggregate demand of new EU Member States stood at 5.9 percent, from 4.8 percent in 2005, with the fastest-growing economies being the Baltic States, Slovakia and the Czech Republic.

⁹ Particularly in the countries reporting fast economic growth, namely the Baltic States, Hungary and Slovakia.

the new EU Member States, these deficits were prompted by the ongoing catching-up process, the trade balance in particular.

Net inflows of foreign direct investment to most non-euro area Member States kept increasing during 2006. Such inflows, albeit accounting for a large portion of total financing, could not cover the cumulated current and capital account deficits of all countries under review. Net inflows of portfolio investments had a negative or a zero contribution to GDP growth in all non-euro area member countries, except Hungary and Slovakia. Other capital investment flows were significantly positive in most new entrants to the single market, reflecting largely intra-group loans, as a form of direct investment.

II. Romanian economy in 2006

In recent years, Romania's efforts aimed at gaining EU membership on 1 January 2007 have borne fruit. Thus, the year 2006 saw an acceleration of economic growth and disinflation, alongside the curtailment in unemployment. As for economic growth, Romania recorded the sixth consecutive year of favourable performance. The annual rates of increase in excess of 5 percent recorded since 2001 (except 2005, when the economic advance ran at 4.1 percent) ensured the gradual reduction of disparities between Romania and EU Member States. The growth rate of the gross domestic product equalled 7.7 percent in 2006, well above the 3 percent¹⁰ average growth pace in the European Union. This is the second best performance in terms of dynamics after that registered in 2004, i.e. 8.5 percent. The developments in GDP by expenditure point to the substantial increase in domestic demand (12.8 percent), namely final household consumption and gross fixed capital formation, which rose year on year by 12.6 percent and 16.1 percent respectively.

Table No. 1. GDP by expenditure

	previous year = 100	
	2005*	2006**
GDP	104.1	107.7
Actual final consumption of households	109.1	112.6
Actual final consumption of general government	113.5	102.7
Gross fixed capital formation	112.6	116.1
Exports of goods and services	108.1	110.6
Imports of goods and services	116.6	123.0

Source: National Institute of Statistics (NIS)

* Semifinal data

** Provisional data

GDP formation was propelled by three major sectors of the economy, i.e. industry, services and construction, which jointly accounted for 80.5 percent of GDP. Gross value added in these sectors surged over the year before by 6.9 percent, 7.3 percent and 19.4 percent respectively.

¹⁰ Eurostat website.

Inflation rate at end-2006 stood at 4.87 percent¹¹, down 3.7 percentage points from end-2005, highlighting the continued disinflation and ensuring price stability. Among the key factors that helped bring inflation down, the following deserve mention: implementation of monetary policy decisions and the administrative and prudential measures taken by the central bank, the nominal appreciation of the domestic currency versus the euro, the tight fiscal policy pursued in the first 10 months of the year, as well as lowering pressures from administered prices¹² and volatile prices¹³.

Registered unemployment rate declined 0.7 percentage points from end-2005 to 5.2 percent of civilian labour force. The domestic labour demand¹⁴ and the migration of workers abroad had a bearing on the downward trend in registered unemployment rate.

The share of consolidated general government deficit in gross domestic product equalled 1.7 percent, from 0.8 percent a year earlier, following the easing of fiscal policy¹⁵ in the final two months of 2006. As a share of GDP, budget revenues added 0.8 percentage points year on year to 31.2 percent and expenditures rose 1.7 percentage points to 32.9 percent.

III. Romania's balance of payments and international investment position in 2006

A. Balance of payments

In 2006, Romania's balance-of-payments current account deteriorated year on year, amid the widening trade deficit, due to the slowdown in export dynamics and the faster growth rate of imports. Behind the stronger domestic demand stood wage increases¹⁶ and the fast-paced non-government credit. The bright spot was provided by the high sustainability of current account financing from autonomous sources, as net inflows of foreign direct investment covered almost 86 percent of the deficit.

¹¹ Marginally below the 5 percent target set by the National Bank of Romania.

¹² Compared to 2005, the annual growth rate of administered prices contracted by 4 percentage points to 10.2 percent.

¹³ Whose annual growth rate fell into negative territory, i.e. -2.5 percent, as a result of bumper output of fruit and vegetables, and the drop in the oil price on foreign markets starting with September 2006.

¹⁴ The average employment rate for wage-earners aged between 15 and 64 years edged ahead to 58.8 percent compared with 57.7 percent in 2005.

¹⁵ One-off expenditures such as compensation stocks, capital increase (performed by "Proprietatea" Fund and the Romanian Savings House – CEC).

¹⁶ Particularly in the fast-growing privately-owned sectors and as a result of remittances from Romanians working abroad.

Table No. 2. GDP¹⁾ and external sector

	2005	2006
	- EUR mill. -	
1. Final consumption (FC)	69,667	85,389
2. Investment ²⁾ (I)	17,985	23,520
3. Exports of goods and services, net (E)	-8,155	-11,755
4. Income from abroad, net (IA)	-2,326	-3,246
5. Current transfers, net (CT)	3,593	4,845
GROSS DOMESTIC PRODUCT (GDP=FC+I+E)	79,497	97,154
Gross national disposable income (GNDI=FC+I+E+IA+CT)	80,764	98,753
CURRENT ACCOUNT BALANCE (CAB=E+IA+CT)	-6,888	-10,156
GROSS SAVING (GS=I+CAB)	11,097	13,364
	- percent -	
Saving rate (GS/GDP)	13.9	13.8
Investment rate (I/GDP)	22.6	24.2
Share of current account balance in GDP (CAB/GDP=GS/GDP-I/GDP) ³⁾	-8.7	-10.4

¹⁾ Calculations based on average RON/EUR exchange rate, according to NIS data.

²⁾ Investment includes: gross fixed capital formation, change in stocks and statistical differences.

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

Final consumption and investment amounted to EUR 109 billion, up 24.4 percent over a year earlier, on account of the brisk increase in imports of capital goods and household consumer demand for durables, while the investment/final consumption ratio edged up 1.7 percentage points, reaching 27.5 percent.

The same as in previous years, economic growth was bolstered by domestic absorption, not by net exports, given that the rise in imports steadily outpaced that of exports, the share of the current account deficit in GDP widened and the saving rate further posted a poor performance.

1. Current account

In 2006, the balance-of-payments current account deficit widened to EUR 10,156 million, up 47.4 percent year on year, accounting for 10.4 percent of GDP against 8.7 percent in 2005.

Trade balance (goods) had a major impact on the current account, reaching 12.1 percent deficit-to-GDP in 2006, 2.3 percentage points above the previous year's figure, amid the faster-paced imports. The current account deficit widening was also fuelled by larger incomes derived by non-residents from direct investment¹⁷. The dampening effect of the goods and income flows on the current account was only partly offset by the good performance, for the fourth consecutive year, of net inflows of current transfers and by the services balance entering positive territory.

¹⁷ reinvested earnings

Table No. 3. Balance of payments

	- EUR mill -					
	2005			2006		
	Credit	Debit	Net	Credit	Debit	Net
1. CURRENT ACCOUNT	31,680	38,568	-6,888	38,700	48,856	-10,156
Goods and services	26,357	34,512	-8,155	31,437	43,192	-11,755
- Goods	22,255	30,061	-7,806	25,850	37,609	-11,759
- Services	4,102	4,451	-349	5,587	5,583	4
Incomes	1,241	3,567	-2,326	1,726	4,972	-3,246
Current transfers	4,082	489	3,593	5,537	692	4,845
2. CAPITAL AND FINANCIAL ACCOUNT	37,187	30,704	6,483	46,501	36,969	9,532
Capital transfers	661	65	596	681	707	-26
Purchase-sale of non-produced/ non-financial assets	14	15	-1	51	50	1
Direct investment	8,313	3,076	5,237	14,148	5,425	8,723
Portfolio investment	4,322	3,544	778	1,510	1,705	-195
Financial derivatives	29	50	-21	38	123	-85
Other capital investment	23,848	18,520	5,328	30,073	23,801	6,272
Reserve assets ("- " increase, "+" decrease)	-	5,434	-5,434	-	5,158	-5,158
3. ERRORS AND OMISSIONS (NET)	405	-	405	-	624	624

1.1. Trade balance (goods and services)

In 2006, goods and services balance ran a deficit of EUR 11,755 million, up 44.1 percent on the year, on the back of the steeper increase in imports of goods and services.

1.1.1. Goods

Trade deficit came in at EUR 11,759 million in 2006, rising year on year both in absolute terms and as a share of GDP (by EUR 3,953 million and 2.3 percentage points respectively), given the faster expansion of imports, driven by the economic growth which led to stronger demand for capital goods and primary energy resources and by the fast-paced increase in non-government credit for durables (including financial leasing, mainly for motorcars). The widening of the trade deficit is also reflected in the import cover, which narrowed from 74 percent in 2005 to 68.7 percent in 2006. In year-on-year comparison, economy openness diminished by 0.5 percentage points to 65.3 percent.

Trade balance developments of the eight commodity groups point to surpluses under textiles, wearing apparel and footwear (EUR 2,047 million), base metals (EUR 157 million) and deficits under machinery, equipment and transport means (EUR 5,678 million), chemicals and plastic products (EUR 3,063 million), mineral products (EUR 2,867 million), agrifoodstuffs (EUR 1,384 million), paper and wood products and other merchandise (EUR 971 million).

Table No. 4. Trade balance (goods)

	2005	2006	Difference (+/-)
		- EUR mill. -	
Exports (fob)	22,255	25,850	3,595
Imports (fob)	30,061	37,609	7,548
Trade balance (fob/fob)	-7,806	-11,759	-3,953
		- percent -	
Share of exports in GDP	28.0	26.6	-1.4
Share of imports in GDP	37.8	38.7	0.9
Share of trade balance in GDP	-9.8	-12.1	-2.3
Share of trade balance in current account balance	113.3	115.8	2.5
Coverage of imports through exports (fob/fob)	74.0	68.7	-5.3
Economy openness: (exports+imports)/GDP	65.8	65.3	-0.5

Source: National Institute of Statistics

The analysis by major output stage reveals the surplus recorded under consumer goods (EUR 1,512 million) and the deficits posted by capital goods (EUR 5,956 million), raw materials (EUR 4,293 million) and intermediate goods (EUR 3,022 million). Thus, the trade deficit was ascribable to industrial supplies and investment goods, which provided an underpinning to economic growth in 2006.

The geographical spread shows that the deficit stemmed from trade with developed countries (58.4 percent, of which trade with the EU accounted for 51.2 percent), ahead of transition countries and developing countries (25.6 percent and 16 percent respectively)¹⁸. Trade deficit with the European Union widened 65.1 percent against 2005, mainly on account of trade with Germany, Italy, Austria, the Czech Republic, France, Spain and Sweden. Some 78 percent of the trade deficit recorded in 2006 were ascribable to trade relations with the Russian Federation (22.7 percent), Germany (14 percent), the People's Republic of China (12.2 percent), Kazakhstan (9.9 percent), Italy (7.3 percent), Austria (6.2 percent) and the Czech Republic (5.4 percent).

Exports of goods amounted to EUR 25,850 million, up 16.2 percent from 2005, as a result of higher external prices (petroleum products¹⁹, machinery, metal products, chemicals, plastics, furniture), of the larger volume, and the increase in exports of processed goods (intermediate goods and capital goods). The increase in export value was EUR 3,595 million, up EUR 275 million year on year, being propelled both by higher external prices (petroleum products, metal products, chemicals and plastics, aluminium, engines, apparatus and mechanical devices, furniture and footwear) and the larger volume (motorcars, petroleum products, machinery, electrical machinery and apparatus, aluminium, copper, products made of iron, steel, pig iron, plastics and articles thereof). In the considered year, the monthly average of exports stood at EUR 2.1 billion, up EUR 0.3 billion year over year. The table below depicts the increases in goods holding significant shares in total exports:

¹⁸ not specified countries included

¹⁹ up to September 2006

Table No. 5. Goods with significant shares in total exports in 2006

	Share of goods	- EUR mill. -	Increase/decrease
	in total exports		against 2005
	%		%
Machinery, mechanic devices, electrical apparatus and equipment	20.3	5,245	33.1
Knitted or crocheted wearing apparel	14.3	3,700	-4.2
Cast, laminated metal products, made of iron, steel, pig iron, aluminium and copper (excluding scrap metal)	13.4	3,451	15.7
Transport means and materials	9.8	2,545	44.0
Petroleum products	9.0	2,316	7.9
Chemicals, plastics, rubber and articles thereof	8.3	2,140	15.1
Footwear	5.8	1,509	7.4
Furniture (including components)	3.8	975	8.0
Wood and wood items	3.6	923	10.8

Source: Customs General Department

The products whose share in total exports widened were: machinery, mechanic devices, electrical apparatus and equipment (20.3 percent in 2006 from 17.7 percent in 2005, up 33.1 percent year on year) and transport means and materials (9.8 percent in 2006 from 7.9 percent in 2005, up 44 percent year on year). The share of three commodity groups in total exports remained broadly unchanged, namely cast, laminated metal products, made of iron, steel, pig iron, aluminium and copper (13.4 percent, up 15.7 percent year over year), chemicals, plastics, rubber and articles thereof (8.3 percent, up 15.1 percent year over year), wood and wood items (3.6 percent, up 10.8 percent year over year). The share of the following groups in total exports witnessed a downtrend: knitted or crocheted wearing apparel (14.3 percent in 2006 from 17.4 percent a year earlier, down 4.2 percent year on year), petroleum products (9 percent in 2006 from 9.6 percent a year earlier, up 7.9 percent year on year), footwear (5.8 percent in 2006 from 6.3 percent in 2005, up 7.4 percent year on year) and furniture (3.8 percent in 2006 from 4.1 percent a year earlier, up 8 percent year on year).

Imports of goods amounted to EUR 37,609 million, up 25.1 percent versus 2005, amid stronger domestic demand for capital goods (motorcars, tractors and other road vehicles, apparatus and mechanical devices, electrical machinery, appliances and equipment) and energy products as well as the hike in raw material prices²⁰. The year-on-year increase in import value stood at EUR 7,548 million, EUR 1,745 million higher than in 2005, driven mostly by the rise in the physical volume of imported goods. The monthly average of imports equalled EUR 3.1 billion, up EUR 0.6 billion over the year before. Table 6 below sets out the increases in goods holding significant shares in total imports:

²⁰ In the year under review, the average price for a barrel of crude oil rose by about 20 percent against 2005. The prices of raw materials (energy resources excluded) on international markets advanced on average by approximately 26 percent, given the considerable pick-up in metal prices in the first part of the year and the costlier farming produce towards year-end.

Table No. 6. Goods with significant shares in total imports in 2006

	Share of goods in total imports %	- EUR mill.	Increase/decrease against 2005
Energy products (crude oil, natural gas, petroleum products, coal, coke)	13.5	5 060	22.4
Machinery, engines, apparatus and mechanical devices (including components)	13.4	5 048	34.1
Electrical machinery, appliances and equipment, apparatus for recording and reproducing sound and image	10.8	4 072	24.3
Motorcars, tractors and other road vehicles	10.2	3 827	41.3
Products made of pig iron, iron, steel and non-ferrous metals	9.1	3 438	41.0
Fabrics made of wool, cotton and man-made fibres; man-made fibres, textile products	6.7	2 522	0.3
Plastics and plastic items	4.7	1 757	29.6
Pharmaceutical products	3.0	1 132	40.1
Food, beverages and tobacco	2.4	894	26.7
Wearing apparel and footwear	2.3	863	7.7

Source: Customs General Department

The products whose share in total imports widened were: machinery, engines, apparatus and mechanical devices, including components (13.4 percent in 2006 from 12.5 percent in 2005, up 34.1 percent year on year), motorcars, tractors and other road vehicles (10.2 percent in 2006 from 9 percent in 2005, up 41.3 percent year on year), products made of pig iron, iron, steel and non-ferrous metals (9.1 percent in 2006 from 8.1 percent in 2005, i.e. an annual increase of 41 percent) and pharmaceutical products (3 percent in 2006 from 2.7 percent in 2005, up 40.1 percent year on year). The share of the following commodity groups in total imports remained virtually unaltered: electrical machinery, appliances and equipment, apparatus for recording and reproducing sound and image (10.8 percent, up 24.3 percent year over year), energy products (13.5 percent, up 22.4 percent year on year), plastics and plastic items (4.7 percent, up 29.6 percent year on year), food, beverages and tobacco (2.4 percent, up 26.7 percent year on year). The share of the following groups in total imports witnessed a downtrend: fabrics made of wool, cotton and man-made fibres; man-made fibres, textile products (6.7 percent in 2006 from 8.4 percent in 2005, up 0.3 percent year on year), wearing apparel and footwear (2.3 percent in 2006 from 2.7 percent in 2005, up 7.7 percent year on year).

1.1.1.1. Exports by commodity and group of countries

a) Structure of exports

The analysis of the structure of exports by economic sector shows that manufacturing was the main driver of Romanian exports, with its share remaining virtually unchanged compared to 2005. The value of exports of manufactured goods reached EUR 25,025 million, accounting for 96.8 percent of total exports in the year under review.

Exports of manufactured goods stood 15.8 percent higher than in 2005 for most activities, except for textile, fur and leather apparel (down 4.6 percent) and other non-metallic products (dropping 1.2 percent).

Table No. 7. Exports by main economic activity

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	22,255	25,850	116	100	100
Agriculture, forestry and fishery	414	567	137	2	2
Mining and quarrying	56	69	123	0	0
Manufacturing	21,619	25,025	116	97	97
Electricity, heating, gas and water	140	169	121	1	1
Other	26	20	76.9	0.1	0.1

Source: National Institute of Statistics (NIS)

Above-average increases in exports – in terms of both share and dynamics – were recorded by the following sub-sectors: electrical machinery and apparatus (9.6 percent in 2006 from 8.2 percent in 2005, up 36 percent year over year), machinery and equipment (7.9 percent in 2006 from 7.4 percent in 2005, up 23.7 percent year over year), road transport means (7 percent in 2006 from 5.2 percent in 2005, up 56 percent year over year), other transport means (3.9 percent in 2006 from 3.4 percent in 2005, up 33.9 percent year on year), metallic construction and metal products (2.6 percent in 2006 from 2.2 percent in 2005, up 36.6 percent year on year). Other industrial activities posted smaller shares and slower growth rates, as follows: textile, fur and leather apparel (12.7 percent in 2006 against 15.4 percent in 2005, down 4.6 percent year on year), petroleum processing and coal coking (9.7 percent in 2006 against 10.3 percent in 2005, up 8.5 percent year on year), leather goods and footwear (6.1 percent in 2006 from 6.6 percent in 2005, advancing 6.7 percent year over year), furniture and other activities (4.6 percent in 2006 against 5.1 percent in 2005, up 4.9 percent year on year).

Table No. 8. Exports by main manufacturing activity

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL, of which:	21,619	25,025	115.8	100.0	100.0
Food and beverages	290	322	111.0	1.3	1.3
Textiles and textile products	909	1,017	111.9	4.2	4.1
Textile, fur and leather apparel	3,334	3,179	95.4	15.4	12.7
Leather goods and footwear	1,427	1,523	106.7	6.6	6.1
Woodworking	858	955	111.3	4.0	3.8
Pulp, paper and cardboard	102	105	102.9	0.5	0.4
Petroleum processing and coal coking	2,231	2,420	108.5	10.3	9.7
Chemicals and man-made fibres	1,262	1,426	113.0	5.8	5.7
Rubber and plastic products	559	704	125.9	2.6	2.8
Other non-metallic mineral products	251	248	98.8	1.2	1.0
Metallurgy	2,922	3,321	113.7	13.5	13.3
Metallic construction and metal products	478	653	136.6	2.2	2.6
Machinery and equipment	1,602	1,981	123.7	7.4	7.9
Electrical machinery and apparatus	1,765	2,400	136.0	8.2	9.6
Radio, television and communication equipment	398	409	102.8	1.8	1.6
Medical instruments and apparatus, watches and clocks	127	168	132.3	0.6	0.7
Road transport means	1,131	1,764	156.0	5.2	7.0
Other transport means	735	984	133.9	3.4	3.9
Furniture and other activities	1,106	1,160	104.9	5.1	4.6

Source: National Institute of Statistics (NIS)

Compared with 2005, the commodity structure of exports by output stage indicated an expansion in the share of exports of capital goods (up 1.7 percentage points to 10.3 percent), intermediate goods (up 1.5 percentage points to 56.6 percent) and raw materials (up 1.2 percentage points to 5.4 percent) along with a decline in the share of exports of consumer goods (down 4.4 percentage points to 27.8 percent).

Table No. 9. Exports by output stage¹⁾

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	22,255	25,850	116.2	100.0	100.0
Raw materials	949	1,386	146.0	4.3	5.4
Intermediate goods	12,264	14,630	119.3	55.1	56.6
Capital goods	1,909	2,659	139.3	8.6	10.3
Consumer goods	7,133	7,175	100.6	32.1	27.8

1) UN Classification (based on foreign trade classification by Broad Economic Category – National Institute of Statistics)

In year-on-year comparison, the following groups of commodities increased their contribution to export growth: machinery, equipment and transport means (by 4.5 percentage points), agrifoodstuffs (by 0.3 percentage points), and base metals (by 0.2 percentage points).

Table No. 10. Exports by group of commodities

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	22,255	25,850	116.2	100.0	100.0
Agrifoodstuffs	673	854	126.9	3.0	3.3
Mineral products	2,465	2,702	109.6	11.1	10.5
Chemical and plastic products	1,859	2,140	115.1	8.4	8.3
Paper and wood products	966	1,059	109.6	4.3	4.1
Textiles, wearing apparel and footwear	5,508	5,553	100.8	24.7	21.5
Base metals	3,297	3,877	117.6	14.8	15.0
Machinery, equipment and transport means	5,708	7,790	136.5	25.6	30.1
Other goods	1,779	1,875	105.4	8.0	7.3

Source: National Institute of Statistics

b) Geographical distribution of exports

In 2006, geographical spread of exports changed against 2005, with shares of exports to transition countries posting an increase. Exports to developed countries accounted for the largest share of total exports (80.8 percent), hinting at the strengthening trend of Romanian exports following the adjustment of industrial output to external markets' requirements and the increased complexity of exported goods. In terms of structure, exports to developed countries encompassed mainly electrical machinery and apparatus, and wearing apparel and footwear.

Table No. 11. Exports by group of countries

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	22,255	25,850	116.2	100.0	100.0
1. Developed countries	18,286	20,878	114.2	82.2	80.8
of which:					
- European Union	15,043	17,500	116.3	67.6	67.7
- Turkey	1,762	1,995	113.2	7.9	7.7
- USA	906	664	73.3	4.1	2.6
- EFTA	291	425	146.0	1.3	1.6
2. Transition countries	1,980	2,716	137.2	8.9	10.5
of which:					
- Bulgaria	593	729	122.9	2.7	2.8
- Republic of Moldova	264	340	128.9	1.2	1.3
- Russian Federation	187	299	160.1	0.8	1.2
- Ukraine	136	338	248.7	0.6	1.3
3. Developing countries¹⁾	1,989	2,256	113.4	8.9	8.7

Source: National Institute of Statistics

1) Includes not specified countries

Exports to **developed countries** amounted to EUR 20,878 million, up 14.2 percent versus 2005, as a result of stronger trade ties with the European Union (16.3 percent), Turkey (13.2 percent) and the European Free Trade Association (46 percent). Exports to the EU Member States came in at EUR 17,500 million, accounting for 67.7 percent of total exports, and went mostly – over 85 percent – to Italy, Germany, France, Hungary, the United Kingdom, Austria, the Netherlands and Spain.

Table No. 12. Exports to EU by group of commodities

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	15,043	17,500	116.3	100.0	100.0
Agrifoodstuffs	438	518	118.3	2.9	3.0
Mineral products	724	535	73.9	4.8	3.1
Chemical and plastic products	823	1,038	126.1	5.5	5.9
Paper and wood products	510	576	112.9	3.4	3.3
Textiles, wearing apparel and footwear	5,261	5,288	100.5	35.0	30.2
Base metals	1,334	2,001	150.0	8.9	11.4
Machinery, equipment, and transport means	4,496	5,961	132.6	29.9	34.1
Other	1,457	1,583	108.6	9.7	9.0

Source: National Institute of Statistics

Exports to the EU rose for most commodity groups²¹, special mention deserving base metals (50 percent), machinery, equipment and transport means (32.6 percent), chemical and plastic products (26.1 percent) and agrifoodstuffs (18.3 percent). In 2006, the following commodity groups increased their contribution to export growth: machinery, equipment and transport means (by 4.2 percentage points), base metals (by 2.5 percentage points), chemical and plastic products (by 0.4 percentage points) and agrifoodstuffs (by 0.1 percentage points).

Romania's exports to **transition countries** added 37.2 percent year on year to EUR 2,716 million, their share in total exports increasing by 1.6 percentage points. Behind this development stood mainly exports to Ukraine (pick-up in exports of mineral products) and the Russian Federation (soaring exports of machinery, equipment and transport means).

In year-on-year comparison, exports to **developing countries** went up in terms of value (13.4 percent), but narrowed their share in total exports (by 0.2 percentage points), reaching EUR 2,256 million.

The **first ten export destinations**²² in 2006 were the following: Italy (17.9 percent of total exports), Germany (15.7 percent), Turkey (7.7 percent), France (7.5 percent), Hungary (4.9 percent), the United Kingdom (4.7 percent), Bulgaria (2.8 percent), Austria (2.7 percent), the United States of America (2.6 percent), the Netherlands (2.5 percent).

1.1.1.2. Imports by commodity and group of countries

a) Structure of imports

Structure of imports by output stage in 2006 shows an increase in the share of capital goods (by 1.8 percentage points to 22.9 percent), along with a decrease in the share of consumer goods (by 0.7 percentage points to 15.1 percent), raw materials (by 0.6 percentage points to 15.1 percent), and intermediate goods (by 0.5 percentage points to 46.9 percent), as depicted in the table below.

²¹ Except for "mineral products" group.

²² Holding almost 70 percent of total exports in 2006.

Table No. 13. Imports (fob) by output stage¹⁾

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	30,061	37,609	125.1	100.0	100.0
Raw materials	4,731	5,679	120.0	15.7	15.1
Intermediate goods	14,246	17,652	123.9	47.4	46.9
Capital goods	6,342	8,615	135.8	21.1	22.9
Consumer goods	4,742	5,663	119.4	15.8	15.1

¹⁾ UN classification (based on foreign trade classification by Broad Economic Category – National Institute of Statistics)

In 2006, import demand was upheld in a proportion of over 80 percent by the same five commodity groups as in the previous years (machinery, equipment and transport means; mineral products; chemical and plastic products; base metals; textiles, wearing apparel and footwear).

In year-on-year comparison, the shares of the following five commodity groups in total imports declined: textiles, wearing apparel and footwear (by 2 percentage points), mineral products (by 0.8 percentage points), agrifoodstuffs and paper and wood products (by 0.2 percentage points either) and other commodities (by 0.4 percentage points).

Table No. 14. Imports (fob) by group of commodities

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	30,061	37,609	125.1	100.0	100.0
Agrifoodstuffs	1,866	2,238	119.9	6.2	6.0
Mineral products	4,682	5,569	118.9	15.6	14.8
Chemical and plastic products	4,040	5,203	128.8	13.4	13.8
Paper and wood products	891	1,065	119.5	3.0	2.8
Textiles, wearing apparel and footwear	3,408	3,506	102.9	11.3	9.3
Base metals	2,655	3,720	140.1	8.8	9.9
Machinery, equipment and transport means	10,116	13,469	133.1	33.7	35.8
Other	2,403	2,839	118.1	8.0	7.5

Source: National Institute of Statistics

More than half of the goods imported in 2006 witnessed an increase of 37 percent over the previous year (motor cars, motor vehicles for the transportation of freight or passengers, tractors, bulldozers, graders, trailers and semi-trailers, natural gas, petroleum products, pharmaceuticals, wires, cables and isolated conductors, electrical circuit equipment, integrated circuits, refrigerators and freezers).

Imports of **consumer goods** (non-durables and durables) totalled EUR 7,596 million, up 40.7 percent from 2005 (with imports of non-durables and durables going up 29 percent and 57.7 percent respectively).

The structure of imports by **customs regime**²³ shows that the share of temporary imports contracted by 3.5 percentage points from 2005, to 19.6 percent of total, while the share of definitive imports

²³ Data source: National Institute of Statistics and Customs General Department.

expanded to 78.4 percent and that of imports after outward processing rose to 2 percent of total imports.

b) Geographical distribution of imports

Romania's imports came mainly from **developed countries** (73.8 percent of total imports), **transition countries** (15.2 percent) and **developing countries** (11 percent).

Table No. 15. Imports (fob) by group of countries

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	30,061	37,609	125.1	100.0	100.0
1. Developed countries	22,156	27,743	125.2	73.7	73.8
<i>of which:</i>					
- European Union	18,692	23,525	125.9	62.2	62.6
- Turkey	1,461	1,864	127.6	4.9	5.0
- USA	828	916	110.6	2.8	2.4
- Japan	433	486	112.2	1.4	1.3
- EFTA	384	495	128.9	1.3	1.3
2. Transition countries	4,693	5,723	121.9	15.6	15.2
<i>of which:</i>					
- Russian Federation	2,483	2,966	119.5	8.3	7.9
- Ukraine	386	520	134.7	1.3	1.4
- Bulgaria	292	356	121.9	1.0	0.9
3. Developing countries¹⁾	3,212	4,143	129.0	10.7	11.0

Source: National Institute of Statistics (NIS)

¹⁾ Includes not mentioned countries

Imports from **developed countries** increased by 25.2 percent from 2005 to EUR 27,743 million, due to the rise in imports from the European Union (25.9 percent), Turkey (27.6 percent) and the European Free Trade Association (28.9 percent). In terms of structure, imports from developed countries encompassed mainly machinery, equipment and transport means, chemical and plastic products, wood, paper.

Imports from Member States of European Union accounted for 62.6 percent of total imports in 2006 (up 0.4 percentage points versus 2005 as a result of the rise in imports from Germany), with imports from Italy, Germany, France, Austria, Hungary, Poland, the United Kingdom, the Czech Republic and Spain accounting for more than 85 percent of total.

Imports from the European Union posted increases for all commodity groups²⁴, with imports of base metals, machinery, equipment and transport means, and chemical and plastic products recording a sharper expansion (40.7 percent, 34.9 percent and 28.8 percent respectively).

²⁴ Except for "textiles, wearing apparel and footwear".

Table No. 16. Imports (fob) from EU by group of commodities

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
TOTAL	18,692	23,525	125.9	100.0	100.0
Agrifoodstuffs	986	1,221	123.8	5.3	5.2
Mineral products	381	416	109.2	2.0	1.8
Chemical and plastic products	3,109	4,003	128.8	16.6	17.0
Paper and wood products	758	886	116.9	4.1	3.8
Textiles, wearing apparel, and footwear	2,638	2,612	99.0	14.1	11.1
Base metals	1,789	2,518	140.7	9.6	10.7
Machinery, equipment, and transport means	7,212	9,727	134.9	38.6	41.3
Other	1,819	2,142	117.8	9.7	9.1

Source: National Institute of Statistics

Imports from **transition countries** rose 21.9 percent versus 2005, totalling EUR 5,723 million. The share of imports from transition countries diminished by 0.4 percentage points in total imports to 15.2 percent, on account of the drop in the weight of imports from the Russian Federation.

Imports from **developing countries**²⁵ equalled EUR 4,143 million, increasing in terms of both value and share from 2005 (by 29 percent and 0.3 percentage points respectively).

The following **ten countries** were Romania's largest source of imports²⁶ in 2006: Germany (15.2 percent of total imports), Italy (14.6 percent), the Russian Federation (7.9 percent), France (6.5 percent), Turkey (5 percent), China (4.3 percent), Austria (3.8 percent), Hungary (3.3 percent), Kazakhstan (3.2 percent), and Poland (2.8 percent).

1.1.1.3. Currency structure and efficiency of foreign trade

By currency, in 2006, the weight of exports and imports denominated in EUR rose by 3.3 percentage points and 2.3 percentage points respectively (to 67.6 percent and 73.4 percent respectively), while the weight of exports and imports denominated in US dollars and in other currencies dropped.

Table No. 17. Foreign trade by currency

	- percent -			
	Exports		Imports	
	2005	2006	2005	2006
TOTAL	100.0	100.0	100.0	100.0
EUR	64.3	67.6	71.1	73.4
USD	31.5	28.4	25.7	24.0
Other	4.2	4.0	3.2	2.6

Source: Customs General Department

The influence exerted by the volume and external prices on the rise in the value of both exports and imports in 2006 shows that the slowdown in the export growth is the result of the lower volume, whereas the acceleration in the import expansion is due to the higher volume.

²⁵ Including not specified countries.

²⁶ The value of imports accounted for two thirds of total imports.

The export unit value added 8.2 percent in 2006 (against 9.5 percent in 2005), with the following products posting above-average increases: aluminium and articles thereof (26 percent), synthetic or man-made filaments (23.9 percent), fuels and petroleum products (16.4 percent), organic chemicals (14.4 percent), inorganic chemicals (10.4 percent), products of pig-iron, iron and steel (10.1 percent), chemical fertilizers (9.4 percent), boilers, turbines, engines, mechanical apparatus and devices (8.6 percent). The rise in the import unit value was lower than that in 2005 (3.6 percent compared to 5.3 percent) for most of products, except for sugar and sugar products (28.5 percent), fuels and petroleum products (18.3 percent), organic chemicals (6.5 percent) and inorganic chemicals (6 percent).

Table No. 18. Foreign trade efficiency

	- percent -	
	2005	2006
Value indices	- previous year = 100	
Exports	117.5	116.2
Imports	123.9	125.1
Unit value indices ¹⁾		
Exports	109.5	108.2
Imports	105.3	103.6
Volume indices		
Exports	107.3	107.4
Imports	117.7	120.8
Terms of trade index		
net (unit value)	104.0	104.4
gross (volume)	91.2	88.9
Export purchasing power index	111.6	112.2

¹⁾ Source: National Institute of Statistics - Romania's International Trade Yearbook, 2007, page 25.

In 2006, the pick-up in **the volume of exports** was comparable to that in the previous year (7.4 percent versus 7.3 percent). In the last two years, the volume index of exports was above the industrial output rise – the main source of exports, and close to economic growth. The volume of imports posted a faster increase in 2006 than in 2005 (from 17.7 percent to 20.8 percent).

Net terms of trade index rose to 104.4 percent amid a higher increase in the prices of exports (8.2 percent) than in the prices of imports (3.6 percent). **Gross terms of trade index** stood at 88.9 percent, showing that import volume increased faster than the export volume (20.8 percent compared with 7.4 percent).

1.1.1.4. Private sector contribution²⁷

Privately owned companies carrying out foreign trade operations accounted for more than two thirds of total exports (EUR 18,619 million), 15.9 percent higher than in 2005. Imports by the private sector amounted to EUR 29,480 million, up 24.5 percent, accounting for 78.4 percent of total imports (78.8 percent in 2005). Coverage of imports through exports in the private sector dropped by 4.6 percentage points from 2005, reaching 63.2 percent.

²⁷ Private sector is represented by international trade intermediaries with private capital and private producers, who perform direct international trade operations (the National Institute of Statistics – Romania's International Trade Yearbook, 2007, page 24).

Table No. 19. Private sector foreign trade

	U.M.	2005	2006	Indices (%) 2006/2005
Exports (fob)	EUR mill.	16,066	18,619	115.9
as a share of total exports	%	72.2	72.0	x
Imports (fob)	EUR mill.	23,686	29,480	124.5
as a share of total imports	%	78.8	78.4	x
Trade balance	EUR mill.	-7,620	-10,861	142.5
Coverage of imports through exports	%	67.8	63.2	-4.6

Source: National Institute of Statistics

1.1.1.5. Balance on energy resources

Balance on energy resources posted a deficit of EUR 2,495 million²⁸, up 37.1 percent year on year, while coverage of imports of energy products through exports of such products decreased by 5.6 percentage points to 51 percent. The deficit of balance on energy resources rose by EUR 675 million versus 2005, owing to the hike in external prices²⁹, while exports of petroleum products offset about 80 percent of imports of crude oil (EUR 2,918 million in 2006).

Exports of energy products totalled EUR 2,597 million³⁰, up 9.2 percent from 2005. Export value of energy resources increased by EUR 219 million year on year, owing to higher external prices for petroleum products and natural fuels.

Imports of energy products equalled EUR 5,093 million³¹, up 21.3 percent from 2005. Import value of energy resources stood at EUR 895 million year on year, due to the rise in external prices for crude oil, natural gas and petroleum products.

Table No. 20. Net imports (fob) of energy products

	- EUR mill. -	
	2005	2006
TOTAL	-1,820	-2,495
Natural gas	-838	-1,265
Electricity	74	136
Crude oil	-2,456	-2,918
Petroleum products	1,874	1,928
Mineral fuels	-474	-376

Source: Customs General Department

1.1.2. Services balance

The services balance moved from a deficit of EUR 349 million in 2005 to a surplus of EUR 4 million in 2006, due to the faster increase in the ratio of receipts and payments of “passenger transport” and “other services”. “Other services” was the only component of services balance which displayed a surplus.

²⁸ Narrowed as a share of trade deficit from 23.3 percent in 2005 to 21.2 percent in 2006.

²⁹ For natural gas, crude oil and petroleum products.

³⁰ Dropped as a share of total exports from 10.7 percent in 2005 to 10 percent in 2006.

³¹ Declined as a share of total imports from 14 percent in 2005 to 13.5 percent in 2006.

Table No. 21. Services balance

	- EUR mill. -		Indices (%)	Structure (%)	
	2005	2006	2006/2005	2005	2006
Receipts	4,102	5,587	136.2	100.0	100.0
transport	1,188	1,498	126.1	29.0	26.8
tourism-travel	852	1,034	121.4	20.8	18.5
other	2,062	3,055	148.2	50.3	54.7
Payments	4,451	5,583	125.4	100.0	100.0
transport	1,583	1,916	121.0	35.6	34.3
tourism-travel	750	1,035	138.0	16.9	18.5
other	2,118	2,632	124.3	47.5	47.2
Net	-349	4	x		
transport	-395	-418	105.8		
tourism-travel	102	-1	x		
other	-56	423	x		

Receipts from services stood at EUR 5,587 million (36.2 percent higher than in 2005), while services payments amounted to EUR 5,583 million (up 25.4 percent), with all components contributing to such surpluses. It is worth mentioning that receipts of “other services” and payments of “tourism-travel” posted above-average increases.

1.1.2.1. Transport services

Transport services posted a EUR 418 million deficit in 2006, 5.8 percent wider than in 2005, triggered by the increase in payments for goods transport. The deficit recorded by “goods transport” was offset by the surplus under “passenger transport” and “other transport services”.

Table No. 22. Transport services

	- EUR mill. -		Indices (%)	Structure (%)	
	2005	2006	2006/2005	2005	2006
Receipts	1,188	1,498	126.1	100.0	100.0
freight (goods transport)	670	898	134.0	56.4	59.9
passenger transport	221	291	131.7	18.6	19.4
other transport services	297	309	104.0	25.0	20.6
Payments	1,583	1,916	121.0	100.0	100.0
freight (goods transport)	1,355	1,665	122.9	85.6	86.9
passenger transport	120	118	98.3	7.6	6.2
other transport services	108	133	123.1	6.8	6.9
Net	-395	-418	105.8		
freight (goods transport)	-685	-767	112.0		
passenger transport	101	173	171.3		
other transport services	189	176	93.1		

“Goods transport” recorded a deficit of EUR 767 million, up 12 percent year on year (amid the rise in payments), whilst “other transport services” displayed a surplus of EUR 176 million, down 6.9 percent, due to the decline in receipts from air transport services.

“Passenger transport” displayed a surplus of EUR 173 million, up 71.3 percent year on year, owing

to the rise in receipts of air transport.

1.1.2.2. Tourism-travel services

The fall in receipts of personal travel and the increase in payments of business travel led to the cancellation of the surplus under “tourism-travel” recorded in 2005.

Table No. 23. Tourism-travel services

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
Receipts	852	1,034	121.4	100.0	100.0
business travel	418	652	156.0	49.1	63.1
personal travel	434	382	88.0	50.9	36.9
Payments	750	1,035	138.0	100.0	100.0
business travel	520	740	142.3	69.3	71.5
personal travel	230	295	128.3	30.7	28.5
Net	102	-1	x		
business travel	-102	-88	86.3		
personal travel	204	87	42.6		

1.1.2.3. Other services

“Other services” moved from a EUR 56 million deficit in 2005 to a EUR 423 million surplus in 2006, owing to the faster increase in receipts than in payments (48.2 percent versus 24.3 percent). The main services contributing to the turn of deficit into surplus were communication³², construction, IT, merchanting, advertising, marketing and opinion polls, research and development, and inter-subsidiaries services.

³² The rise in receipts of telecommunication services generated the twofold increase in the surplus of this component as compared with 2005.

Table No. 24. Other services

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
Receipts, of which:	2,062	3,055	148.2	100.0	100.0
communication services	541	878	162.3	26.2	28.7
IT services	268	378	141.0	13.0	12.4
inter-subsidiaries services	260	446	171.5	12.6	14.6
construction services	157	210	133.8	7.6	6.9
legal, accounting consulting, management services	193	334	173.1	9.4	10.9
architecture, engineering and other technical services	104	129	124.0	5.0	4.2
insurance services	23	19	82.6	1.1	0.6
advertising, marketing and opinion polls	118	204	172.9	5.7	6.7
Payments, of which:	2,118	2,632	124.3	100.0	100.0
communication services	289	387	133.9	13.6	14.7
IT services	283	336	118.7	13.4	12.8
inter-subsidiaries services	109	220	201.8	5.1	8.4
construction services	158	184	116.5	7.5	7.0
legal, accounting consulting, management services	400	476	119.0	18.9	18.1
architecture, engineering and other technical services	127	140	110.2	6.0	5.3
insurance services	105	114	108.6	5.0	4.3
advertising, marketing and opinion polls	79	87	110.1	3.7	3.3
Net, of which:	-56	423	x		
communication services	252	491	194.8		
IT services	-15	42	x		
inter-subsidiaries services	151	226	149.7		
construction services	-1	26	x		
legal, accounting consulting, management services	-207	-142	68.6		
architecture, engineering and other technical services	-23	-11	47.8		
insurance services	-82	-95	115.9		
advertising, marketing and opinion polls	39	117	300.0		

1.2. Income balance

The income balance ended year 2006 on a EUR 3,246 million deficit (32 percent of the current account deficit), up 39.6 percent from 2005, owing to non-residents' receipts from direct investment (reinvested profit)³³ and interest payments for loans to the banking sector, government sector and other sectors. Moreover, the rise in compensation of employees contributed to the lowering by EUR 137 million of the income balance deficit.

³³ Survey on foreign direct investment in Romania as of 31 December 2006 (National Bank of Romania and National Institute of Statistics).

Table No. 25. Income balance

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
Receipts	1,241	1,726	139.1	100.0	100.0
compensation of employees	771	922	119.6	62.1	53.4
direct investment	-61	-17	27.9	-4.9	-1.0
portfolio investment	394	469	119.0	31.7	27.2
other capital investment (interest)	137	352	256.9	11.0	20.4
Payments	3,567	4,972	139.4	100.0	100.0
compensation of employees	19	33	173.7	0.5	0.7
direct investment	2,353	3,318	141.0	66.0	66.7
portfolio investment	464	566	122.0	13.0	11.4
other capital investment (interest)	731	1,055	144.3	20.5	21.2
Net	-2,326	-3,246	139.6		
compensation of employees	752	889	118.2		
direct investment	-2,414	-3,335	138.2		
portfolio investment	-70	-97	138.6		
other capital investment (interest)	-594	-703	118.4		

1.3. Current transfers balance

The balance of current transfers posted a surplus of EUR 4,845 million, up 34.8 percent from 2005, due to private transfers whose share in total transfers stood at nearly 96 percent³⁴, as a result of the acceleration of money flows to residents. Among these, the remittances from abroad ran at 83.6 percent, out of which Italy held 36.7 percent, followed by Spain (23.4 percent), United Kingdom (5 percent) and Germany (3 percent).

Table No. 26. Current transfers balance

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
Receipts	4,082	5,537	135.6	100.0	100.0
Government sector	156	288	184.6	3.8	5.2
Private transfers	3,926	5,249	133.7	96.2	94.8
Payments	489	692	141.5	100.0	100.0
Government sector	86	81	94.2	17.6	11.7
Private transfers	403	611	151.6	82.4	88.3
Net	3,593	4,845	134.8	100.0	100.0
Government sector	70	207	295.7	1.9	4.3
Private transfers	3,523	4,638	131.6	98.1	95.7

The funds received by Romania under PHARE technical assistance totalled EUR 665 million³⁵, of which equipment purchase (capital transfers) amounted to EUR 450 million and non-redeemable technical assistance in the form of consulting services and training courses (current transfers) equalled EUR 215 million.

³⁴ Down 2.4 percentage points from 2005, concurrently with the rise in transfers to the government sector.

³⁵ Data source: Ministry of Economy and Finance.

2. Capital and financial account

In 2006, the balance on capital and financial account equalled EUR 9,532 million, 47 percent higher than in 2005, due to the following developments recorded by capital and financial account components:

- the surge in direct investment of non-residents in Romania, due to the takeover by Erste Bank Austria of 36.8 percent in BCR capital (EUR 2.2 billion), through the increase in reinvested profit and intra-group loans;
- the decline in net inflows of portfolio investment, owing to the redemption by Societatea Națională a Petrolului Petrom joint-stock company of bonds worth EUR 125 million issued in 2001, in the absence of new issues;
- the decrease in the value of medium- and long-term credits and loans, due mainly to the lower volume of credits acquired by bank, non-bank and government sectors;
- the partial cancellation of Iraq and Congo's debt towards Romania, which caused capital account to end the year on deficit.

Table No. 27. Capital and financial account

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
Credit	37,187	46,501	125.0	100.0	100.0
capital transfers	661	681	103.0	1.8	1.5
aquisition-disposal of non-produced/ non-financial assets	14	51	364.3	0.1	0.1
direct investment	8,313	14,148	170.2	22.3	30.4
portfolio investment	4,322	1,510	34.9	11.6	3.2
financial derivatives	29	38	131.0	0.1	0.1
other investment	23,848	30,073	126.1	64.1	64.7
Debit	30,704	36,969	120.4	100.0	100.0
capital transfers	65	707	1087.7	0.2	1.9
aquisition-disposal of non-produced/ non-financial assets	15	50	333.3	0.1	0.1
direct investment	3,076	5,425	176.4	10.0	14.7
portfolio investment	3,544	1,705	48.1	11.5	4.6
financial derivatives	50	123	246.0	0.2	0.3
other investment	18,520	23,801	128.5	60.3	64.4
NBR reserve assets	5,434	5,158	94.9	17.7	14.0
Net	6,483	9,532	147.0		
capital transfers	596	-26	x		
aquisition-disposal of non-produced/ non-financial assets	-1	1	x		
direct investment	5,237	8,723	166.6		
portfolio investment	778	-195	x		
financial derivatives	-21	-85	404.8		
other investment	5,328	6,272	117.7		
NBR reserve assets	-5,434	-5,158	94.9		

Financial account assets show the changes in residents' investment abroad, purchases of foreign securities, financial derivatives, deposits with banks abroad, loans and official reserves. In 2006, foreign assets posted a faster increase than in 2005 (EUR 7,001 million, compared with EUR 6,505 million), as a result of the rise in residents' direct and portfolio investment.

Table No. 28. Foreign assets and liabilities

	- EUR mill. -					
	2005			2006		
	Credit	Debit	Net	Credit	Debit	Net
Foreign assets	9,076	15,581	-6,505	7,477	14,478	-7,001
direct investment	8	-16	24	13	350	-337
portfolio investment	2,513	2,638	-125	162	813	-651
financial derivatives	29	0	29	38	0	38
other investment	6,526	7,525	-999	7,264	8,157	-893
NBR reserve assets	-	5,434	-5,434	-	5,158	-5,158
Foreign liabilities	27,436	15,043	12,393	38,292	21,734	16,558
direct investment	8,305	3,092	5,213	14,135	5,075	9,060
portfolio investment	1,809	906	903	1,348	892	456
financial derivatives	0	50	-50	0	123	-123
other investment	17,322	10,995	6,327	22,809	15,644	7,165

Financial account liabilities point out investment by non-residents in Romania, deposits of non-residents, financial derivatives and loans and borrowings. In 2006, foreign liabilities increased by EUR 16,558 million, compared with EUR 12,393 million in 2005, owing to the rise in direct investment and short-term loans.

2.1. Direct investment

Net direct investment³⁶ amounted to EUR 8,723 million, 66.6 percent higher than in 2005, amid the rise in non-residents direct investment in Romania.

Non-residents' net direct investment in Romania totalled EUR 9,060 million, up 73.8 percent from 2005, of which share capital and intra-group loans³⁷ accounted for 70 percent, the remainder representing the reinvested profit and in-kind contributions to share capital. Privatisation receipts triggered the rise in share capital by EUR 2.2 billion³⁸, as compared with EUR 0.8 billion in 2005. The net value of intra-group loans amounted to EUR 2,228 million, up 63.7 percent from 2005³⁹.

³⁶ Non-residents' investment in Romania and residents' investment abroad.

³⁷ Credits between foreign investors and resident firms.

³⁸ Via the takeover by Erste Bank Austria of 36.8 percent in BCR capital in October 2006.

³⁹ Most of such loans came from investors in Austria, the Netherlands, Italy, Germany, France and Greece.

Table No. 29. Direct investment

	- EUR mill. -		Indices (%) 2006/2005	Structure (%)	
	2005	2006		2005	2006
Credit	8,313	14,148	170.2	100.0	100.0
- investment by non-residents in Romania	8,305	14,135	170.2	99.9	99.9
- investment by residents abroad	8	13	162.5	0.1	0.1
Debit	3,076	5,425	176.4	100.0	100.0
- investment by non-residents in Romania	3,092	5,075	164.1	100.5	93.5
- investment by residents abroad	-16	350	x	-0.5	6.5
Net	5,237	8,723	166.6		
- investment by non-residents in Romania	5,213	9,060	173.8		
- investment by residents abroad	24	-337	x		

The balance of FDI in Romania totalled EUR 34,512 million at end-2006, up 58 percent from end-2005. FDI were channelled mostly to industry (44 percent), financial intermediation and insurance (22.2 percent), trade (12.2 percent), post and telecommunication (8.2 percent), construction and real-estate transactions (6.4 percent), services delivered to companies (4.1 percent), transport (1.1 percent). The main investors were: Austria (23 percent), the Netherlands (17.1 percent), Germany (10.1 percent), France (8 percent), Greece (7.8 percent), Switzerland (6.9 percent), Italy (6.7 percent), Cyprus (4.8 percent), Hungary (1.9 percent), and the USA (1.8 percent).

Residents' net direct investment abroad equalled EUR 337 million, due mainly to the rise in share capital and intra-group loans.

2.2. Portfolio investment

Net outflows from portfolio investment amounted to EUR 195 million, as compared with net inflows worth EUR 778 million in 2005, resulted from the following transactions:

- purchase by residents of a part of the RON-denominated bonds issued by the World Bank and launched on the Romanian market in September 2006 (the equivalent of EUR 116 million);
- purchase in December 2006 by part of BCR employees of shares worth EUR 194 million issued by Erste Bank Austria;
- the issue and launch on the Luxembourg market of bonds worth EUR 215 million by BRD-Groupe Société Générale in December 2006;
- the redemption in September 2006 by Societatea Națională a Petrolului Petrom joint-stock company of bonds worth EUR 125 million issued in 2001;
- transactions with Romanian financial instruments on the domestic capital market.

Table No. 30. Portfolio investment

	- EUR mill. -					
	2005			2006		
	Credit	Debit	Net	Credit	Debit	Net
Assets	2,513	2,638	-125	162	813	-651
Banks	2,261	1,991	270	158	149	9
Non-banks	252	647	-395	4	664	-660
Liabilities	1,809	906	903	1,348	892	456
Banks	650	139	511	460	172	288
Government sector	494	301	193	56	0	56
Other sectors	665	466	199	832	720	112

2.3. Financing of the current account deficit

In 2006, about 86 percent of the current account deficit was covered from direct investment, while the remaining was covered from medium- and long-term loans and credits.

Table No. 31. Financing of the current account deficit

	- EUR mill. -	
	2005	2006
Financing sources	6,888	10,156
a. capital transfers, net	596	-26
b. direct investment, net	5,237	8,723
- equity stakes	2,682	3,945
- reinvested profit	1,225	2,700
- intra-group loans	1,330	2,078
c. portfolio investment, net	778	-195
d. other capital investment:	5,711	6,812
- medium- and long-term loans	3,122	2,125
inflows	6,653	6,480
repayments	3,531	4,355
- medium- and long-term loans, net	13	513
- short-term loans, net	903	3,859
- other investment ¹	1,673	315
e. NBR's reserve assets ("?" shows an increase)	-5,434	-5,158

1) Net value of the items non-produced/non-financial assets, financial derivatives, cash and deposits, other assets, other liabilities, errors and omissions is included.

Net capital transfers ended the year on a EUR 26 million deficit, compared to a EUR 596 million surplus in 2005, due to the partial writing-off of the debt of Iraq and Congo towards Romania.

Net inflows from **medium- and long-term borrowings** ran at EUR 2,125 million, down 31.9 percent from 2005, as a result of the decline in the volume of bank loans, public administration and other sectors. In 2006, inflows from medium- and long-term loans and credits dropped 2.6 percent year on year, while repayments moved up around 23.3 percent. Net inflows from **short-term loans and credits** rose 4.3 times from 2005, to EUR 3,859 million.

B. Romania's international investment position

1. General features

The debit balance of Romania's international investment position kept widening, amounting to EUR 36.7 billion at end-2006, up EUR 13.6 billion from a year earlier. Behind this development stood net external transactions (EUR 9.6 billion), exchange rate movements (EUR 2.2 billion), the revaluation of prices of financial instruments (EUR 1.2 billion) and other transactions (EUR 0.6 billion).

Year 2006 saw the increase in capital inflows of foreign loans and investment. Thus, at end-2006, gross external debt totalled EUR 41.1 billion and foreign participating interests in the share capital of Romanian companies amounted to EUR 27.1 billion.

On the background of massive capital inflows, Romania's international reserves rose by EUR 4.7 billion, reaching EUR 22.9 billion at end-2006. Unlike the previous years, when forex reserves were boosted by the NBR's purchases off the foreign exchange market, in 2006, the main sources were required reserve payments and privatisation proceeds.

At end-2006, foreign assets (excluding gold) came in at EUR 22.6 billion, up EUR 4.7 billion against end-2005, on the background of the increase in the NBR's official reserve (including gold) and commercial banks' reserves by EUR 4.5 billion and EUR 0.2 billion respectively. Therefore, at end-2006, the NBR's official reserve (including gold) covered 6.4 months of imports compared to 6.3 months of imports at end-2005.

Table No. 32. Foreign reserve assets

	- EUR mill. -	
	31.12.2005	31.12.2006
1. National Bank of Romania	18,259	22,935
gold	1,461	1,625
convertible currencies	16,798	21,310
2. Banks	1,103	1,303
convertible currencies	1,103	1,303
3. Foreign reserve assets	19,362	24,238
<i>of which:</i>		
3.1. convertible currencies	17,901	22,613
4. Foreign liabilities	2,571	5,467
Net international reserves	16,791	18,771
(item 3-item 4)		
<i>of which:</i>		
Net foreign exchange reserves	15,330	17,146
(item 3.1-item 4)		

In 2006, short-term external debt followed the prior years' trend, witnessing a twofold increase from end-2005. Specifically, at end-2006, short-term external debt amounted to EUR 12.7 billion, accounting for 30.9 percent of gross external debt. The growth of short-term external debt entailed the rise in external debt service payments, which totalled EUR 19.8 billion in 2006. Out of total

payments, short-term external debt payments stood at EUR 13.3 billion, while medium- and long-term external debt payments came in at EUR 6.5 billion. Against the background of higher short-term external debt principal repayments, external debt service ratio moved up to 63 percent at end-2006, whilst external debt to the official reserve ratio reached 86.3 percent at end-2006. Gross external debt service as a share to GDP remained within limits that are deemed normal (42.3 percent), up 3.4 percentage points from end-2005, while the ratio of gross external debt to exports of goods and services stood at 130.7 percent. The share of interest in total exports of goods and services stepped up from 4.4 percent at end-2005 to 5.1 percent at end-2006.

Table No. 33. Medium- and long-term external debt by creditor

	- EUR mill. -			
	31.12.2005	%	31.12.2006	%
TOTAL	24,641	100	28,376	100.0
<i>International financial institutions</i>	5,838	24	5,675	20.0
IMF	221	1	221	0.8
IBRD	2,057	8	2,088	7.4
EIB	1,641	7	1,647	5.8
EBRD	810	3	815	2.9
<i>Bilateral relations</i>	533	2	486	1.7
Canada	62	0	22	0.1
Germany	131	1	137	0.5
Italy	44	0	21	0.1
Austria	85	0	75	0.3
<i>Portfolio investment</i>	2,844	12	3,476	12.2
CS First Boston Switzerland	600	2	600	2.1
Deutsche Bank	1,400	6	1,400	4.9
Ing Bank Barings	300	1	0	0.0
JP Morgan	0	0	500	1.8
<i>Private banks</i>	5,302	22	9,204	32.4
Germany	686	3	854	3.0
France	723	3	1,168	4.1
USA	158	1	208	0.7
United Kingdom	530	2	788	2.8
Netherlands	873	4	1,229	4.3
<i>Supplier credit</i>	287	1	211	0.7
Greece	72	0	4	0.0
Switzerland	116	0	115	0.4
Other	9,837	40	9,324	32.9

External debt service (short, medium and long term) amounted to EUR 19,801 million in 2006, of which principal repayments came in at EUR 18,191 million and interest and commissions paid totalled EUR 1.610 million. By maturity, the share of short-term external debt service grew further from 60.9 percent in 2005 to 67.2 percent in 2006, whereas the share of medium- and long-term external debt service diminished from 39.1 percent to 32.8 percent.

Medium- and long-term external debt⁴⁰ widened by 15.2 percent to EUR 28,376 million year over year, due to net inflows from foreign borrowings tantamount to EUR 4,402 million, the EUR/USD exchange rate gains (EUR -622 million) and some debt-to-equity swaps (EUR -45 million).

At end-2006, **medium- and long-term external debt by creditor** shows that private creditors held 78.3 percent (up 4.2 percentage points year on year) and international financial institutions accounted for 21.7 percent. Out of private creditors, foreign companies accounted for 42.9 percent, bank and other financial institutions took 41.4 percent and portfolio investment represented 15.7 percent.

Medium- and long-term external debt by currency points out that that the euro was in the lead (70 percent, up 5.9 percentage points from end-2005), followed by the US dollar (19.4 percent, down 7.8 percentage points) and other currencies (10.6 percent). Moreover, it is noteworthy that the structure of foreign assets by currency has been coming into line with the structure of medium- and long-term external debt.

Table No. 34. Forex reserves and medium- and long-term external debt by currency

	- EUR mill. -							
	Forex reserves				Medium- and long-term external debt			
	31.12.2005	%	31.12.2006	%	31.12.2005	%	31.12.2006	%
TOTAL	17,901	100.0	22,613	100.0	24,641	100.0	28,376	100.0
EUR	11,580	64.7	15,471	68.4	15,793	64.1	19,872	70.0
USD	5,397	30.2	6,115	27.0	6,704	27.2	5,505	19.4
Other	924	5.2	1,027	4.5	2,144	8.7	2,999	10.6

Medium- and long-term external debt by debtor shows that non-publicly guaranteed external debt held 62.2 percent of total at end-2006, up 7.9 percentage points against the previous year, followed by public debt (24.6 percent) and publicly guaranteed debt (13.2 percent).

Table No. 35. Medium- and long-term external debt by debtor

	- EUR mill. -			
	31.12.2005	%	31.12.2006	%
TOTAL	24,641	100.0	28,376	100.0
Public debt	6,895	28.0	6,981	24.6
Publicly guaranteed debt	4,367	17.7	3,741	13.2
Non-publicly guaranteed debt	13,379	54.3	17,654	62.2

At end-2006, non-publicly guaranteed external debt equalled EUR 17,654 million, up 31.9 percent from the prior year. This was the result of net capital inflows to the tune of EUR 4,520 million and losses due to the depreciation of the euro against the US dollar (EUR -200 million) and debt-to-equity swaps (EUR -45 million).

⁴⁰ External debt balance is cash-based, net of accrued unmatured interest.

Analysis of the **national economy by sector** shows the following distribution of medium- and long-term external debt at end-2006: financial, banking and insurance activities (27.8 percent), real estate transactions, rentals and services rendered mainly to companies (11 percent), manufacturing (9.4 percent), transport and warehousing (7.5 percent), electricity, heating, gas and water sector (7.4 percent). Most foreign borrowings within the manufacturing sector were channeled to the following sub-sectors: food, beverages and tobacco (12.5 percent), furniture (12.2 percent), chemicals and man-made fibers (11.8 percent), metallurgy (11.0 percent) and textiles and textile products (8.1 percent).

Table No. 36. Medium- and long-term external debt by maturity

	- EUR mill. -			
	31.12.2005	%	31.12.2006	%
TOTAL	24,641	100.0	28,376	100.0
1-5 years	8,779	35.6	11,112	39.2
Public debt	3	0.0	0	0.0
Publicly guaranteed debt	1,036	4.2	662	2.3
Non-publicly guaranteed debt	7,740	31.4	10,450	36.8
more than 5 years	15,862	64.4	17,264	60.8
Public debt	6,892	28.0	6,981	24.6
Publicly guaranteed debt	3,330	13.5	3,079	10.9
Non-publicly guaranteed debt	5,640	22.9	7,204	25.4

Medium- and long-term external debt by maturity at end-2006 points out that long-term debt, although declining by 3.6 percentage points from the prior year, further held the largest share (60.8 percent), while medium-term debt accounted for 39.2 percent and derived mainly from non-publicly guaranteed borrowings.

Table No. 37. Medium- and long-term external debt by type of interest

	- EUR mill. -			
	31.12.2005	%	31.12.2006	%
TOTAL	24,641	100.0	28,376	100.0
Floating interest	14,555	59.1	17,320	61.0
<i>of which:</i>				
IBRD STANDARD INTEREST	532	2.2	393	1.4
IMF STANDARD INTEREST	221	0.9	79	0.3
1-month LIBOR USD	129	0.5	111	0.4
3-month LIBOR USD	1,359	5.5	1,086	3.8
6-month LIBOR USD	3,828	15.5	3,326	11.7
12-month LIBOR USD	205	0.8	218	0.8
6-month LIBOR EUR	653	2.7	727	2.6
3-month EURIBOR	1,984	8.1	3,767	13.3
6-month EURIBOR	3,963	16.1	5,043	17.8
Fixed interest	10,086	40.9	11,056	39.0
0.0-4.99%	4,372	17.7	4,748	16.7
5.0-9.99%	4,230	17.2	4,850	17.1
over 10.0%	1,484	6.0	1,458	5.1

Medium- and long-term external debt by type of interest shows that floating-rate borrowings took the largest share (61 percent). The most frequently used floating rates were 6-month

EURIBOR (17.8 percent), 3-month EURIBOR (13.3 percent) and 6-month LIBOR USD (11.7 percent). Fixed-rate foreign borrowings made up 39.0 percent of total, down 1.9 percentage points from end-2005.

2. International investment position

The monetary authority was still the sole institutional sector posting a net creditor position at end-2006 (EUR 22,850 million, up 26.8 percent year over year), owing mainly to the accelerated rise in official forex reserves. The net debtor position of the banking sector widened (EUR -16,501 million, up 93.3 percent from end-2005), as a result of the increase in foreign investment and short-term external debt. Government sector further posted a net debtor position (EUR -7,046 million), up 10.5 percent from end-2006, given the writing off of some states' older debts towards the Government of Romania. The same as the prior years, real economy further showed a net debtor position (EUR -35,994 million, up 37.2 percent from end-2005), following the rise in external debt and in foreign direct investment.

2.1. Direct investment

At end-2006, the stock of direct investment came in at EUR 33,844 million⁴¹, up 55.9 percent year on year, due to the 57.7 percent surge in non-residents' direct investment in Romania to as much as EUR 34,512 million.

2.1.1. Foreign assets

As at year-end 2006, direct investment by residents abroad totalled EUR 668 million, 3.7 times higher than at end-2005, due largely to the increase in participations of Romanian companies operating abroad. In the period under review, the volume of intra-group credit rose by EUR 223 million. In 2006, the share of non-bank financial sector in total direct investment of residents abroad grew by 48.9 percentage points, along with the fall in the share of the banking sector.

2.1.2. Foreign liabilities

At end-2006, the stock of foreign direct investment amounted to EUR 34,512 million, up 57.7 percent over the year before, as a result of net capital inflows worth EUR 9,060 million. Movements in stock prices, the exchange rate (EUR 1,309 million and EUR 1,974 million respectively), and other changes (EUR 285 million) helped boost direct investment in Romania. The major foreign investors as of 31 December 2006 came from Austria (23 percent), the Netherlands (17.1 percent), Germany (10.1 percent), France (8 percent), Greece (7.8 percent), Switzerland (6.9 percent) and Italy (6.7 percent)⁴².

⁴¹ The stock of direct investment is calculated as the difference between assets-investment by residents abroad (EUR 668 million) and liabilities-investment by non-residents in Romania (EUR 34,512 million).

⁴² Statistical survey on foreign direct investment in Romania in 2006 (National Bank of Romania and National Institute of Statistics).

Table No. 38. Foreign direct investment by key economic activity at end-2006

	Foreign direct investment EUR mill.	<i>of which</i>		Mergers and acquisitions %
		Greenfield EUR mill.	%	
TOTAL	34,512	16,725	48.5	51.5
Industry	15,155	4,912	32.4	67.6
<i>Mining</i>	2,105	156	7.4	92.6
<i>Manufacturing</i>	11,782	4,645	39.4	60.6
<i>Electricity, heating, gas, water</i>	1,268	111	8.8	91.2
Financial intermediation and insurance	7,678	2,929	38.1	61.9
Wholesale and retail trade	4,209	3,819	90.7	9.3
Post and telecommunications	2,831	1,653	58.4	41.6
Construction and real estate	2,200	1,594	72.5	27.5
Other activities	2,439	1,818	74.5	25.5

In 2006, foreign direct investment in the banking sector increased 2.6 times against end-2005, following the completion of the privatisation of Banca Comercială Română through the acquisition of a 36.8 percent equity stake by Erste Bank Austria (EUR 2.2 billion). Foreign direct investment in the real sector expanded by 45.2 percent, due to the reinvested earnings (EUR 2.5 billion) and the intra-group credit (EUR 1.9 billion). The geographic spread shows that foreign direct investment went mainly to Bucharest-Ilfov region (64.3 percent), followed by South-East (7.7 percent), Centre (7.4 percent), South (6.5 percent), West (5.6 percent), North-West (4.5 percent), South-West (2.7) and North-East (1.3 percent).

2.2. Portfolio investment

The debit balance of portfolio investment at end-2006 was EUR 3,572 million, down 6.6 percent year on year. Behind this development stood the doubling of foreign assets held by the real sector, such as shares and debt securities.

2.2.1. Foreign assets

Portfolio investment by type of investment shows that debt securities continue to hold the largest share in portfolio investment (64.3 percent), down 11.7 percentage points against end-2005. The balance on shares held by residents multiplied 3.1 times in 2006, owing widely to purchases by the real sector in particular. Investment by institutional sector shows an increase in the share of the real sector from 71.7 percent to 86.9 percent, on the back of the rise in holdings of money market shares and debt securities. The World Bank launched for the first time a bond issue worth RON 525 million on the Romanian capital market, which was purchased mostly by residents.

Table No. 39. Portfolio investment (foreign assets)

	- EUR mill. -			
	31.12.2005	%	31.12.2006	%
TOTAL	612	100.0	1,263	100.0
<i>Shares</i>	147	24.0	451	35.7
-banking sector	14	2.3	29	2.3
-other sectors	133	21.7	422	33.4
<i>Money market instruments and bonds</i>	465	76.0	812	64.3
-banking sector	160	26.1	136	10.8
-other sectors	305	49.8	676	53.5

2.2.2. Foreign liabilities

In the period under review, foreign liabilities associated with portfolio investment moved 8.9 percent ahead, coming in at EUR 4,835 million year over year. By type of placement as of 31 December 2006, shares purchased by non-residents made up 24 percent of total portfolio investment, up 5.3 percentage points against end-2005, as a result of the increase in the balance on shares issued by Romanian companies and acquired by non-residents. Debt securities held the largest weight (76 percent) in foreign liabilities. By institutional sector, the government sector held the bulk of portfolio investment (55.8 percent), ahead of other sectors (25.5 percent) and banks (18.7 percent). In year-on-year comparison, the balance of debt securities issued by the government sector expanded by EUR 58 million from the previous year, due to the bonds issued by local government (municipal bonds) acquired by non-residents on the secondary capital market. In the banking sector, bonds worth RON 735 million were issued by BRD-Société Générale, led managed by Société Générale (France). Local companies have not issued bonds to ensure finance, and in September SNP Petrom repurchased securities issued in 2001, worth EUR 125 million.

Table No. 40. Portfolio investment (foreign liabilities)

	- EUR mill. -			
	31.12.2005	%	31.12.2006	%
TOTAL	4,438	100.0	4,835	100.0
<i>Shares</i>	831	18.7	1,158	24.0
-banking sector	15	0.3	17	0.4
-other sectors	816	18.4	1,141	23.6
<i>Money market instruments and bonds</i>	3,607	81.3	3,677	76.0
-government sector	2,640	59.5	2,698	55.8
-banking sector	651	14.7	886	18.3
-other sectors	316	7.1	93	1.9

2.3. Other investments

The debit balance of “other investments” stood at EUR 22,299 million at end-2006, EUR 6,422 million higher than at end-2005, due to the rise in foreign borrowings and deposits of non-residents with domestic credit institutions.

2.3.1. Foreign assets

Foreign assets under “other investments” include financial and trade credits granted by residents to foreign natural and legal entities, Romanian government’s subscription quotas in international financial institutions and its equity stakes in foreign companies, active clearing accounts, residents’

deposits abroad, distributed and uncollected dividends, collected insurance premiums, a.s.o. By financial instruments, financial credits and residents' deposits abroad held 52.5 percent of total, followed by trade credits on 34.7 percent and other assets on 12.8 percent.

Table No. 41. Other investments (foreign assets)

	31.12.2005		31.12.2006	
	EUR mill.	%	EUR mill.	%
TOTAL	6,689	100.0	7,194	100.0
<i>Monetary authority</i>	<i>20</i>	<i>0.3</i>	<i>21</i>	<i>0.3</i>
- other assets	20	0.3	21	0.3
<i>Government sector</i>	<i>3,753</i>	<i>56.1</i>	<i>2,845</i>	<i>39.5</i>
- trade credits	2,913	43.5	2,052	28.5
- loans/deposits	4	0.1	4	0.1
- other assets	836	12.5	789	11.0
<i>Banks</i>	<i>1,025</i>	<i>15.3</i>	<i>1,291</i>	<i>17.9</i>
- loans/deposits	1,005	15.0	1,199	16.7
- other assets	20	0.3	92	1.3
<i>Non-banks</i>	<i>1,891</i>	<i>28.3</i>	<i>3,037</i>	<i>42.2</i>
- trade credits	365	5.5	445	6.2
- loans/deposits	1,471	22.0	2,573	35.8
- other assets	55	0.8	19	0.3

The structure by institutional sector illustrates that the item "non-banks" was the main holder of foreign claims (42.2 percent of total), ahead of government sector and banks (39.5 percent and 17.9 percent respectively).

Table No. 42. Medium- and long-term government claims

Country	- EUR mill. -	
	31.12.2005	31.12.2006
TOTAL	2,913	2,052
Democratic Republic of the Congo	1	0
Central African Republic	9	8
Congo	5	4
Cuba	1,024	950
Guinea	18	16
Iraq	1,459	742
Lybia	52	48
Mongolian People's Republic	3	3
Mozambique	145	103
Nigeria	11	10
Sudan	145	130
Somali Republic	2	2
Syrian Arab Republic	39	35

About 72.1 percent of external claims of the government sector came from exports to developing countries in the Middle East, Africa, Latin America and former CMEA members prior to 1990. The balance of external claims fell by 29.6 percent, as a result of the partial write-off of debts owed by Iraq and Congo totalling EUR 592 million.

"Other assets of the government sector" includes clearing accounts in convertible currencies and transferable roubles, as well as Romanian government's subscription quotas in international financial institutions and equity stakes in foreign companies such as the combined works at Krivoi-

Rog. In the period under review, the balance of these assets shrank by EUR 47.1 million, due to the strengthening of the domestic currency against the USD and other currencies.

The balance on “other investments” of banks increased by EUR 266 million, amid the growth of residents’ deposits and current accounts abroad (EUR 121 million), as well as the rise in cash and cheques (EUR 47.7 million). Throughout 2006, the Romanian banking system continued to take external loans, foreign capital inflows being channelled mainly to financing of the domestic private sector rather than the increase in foreign reserve assets. Thus, in 2006, foreign currency-denominated non-government domestic credit expanded by 45.4 percent, whereas reserve foreign assets by only 18.1 percent.

Table No. 43. Other investments of banks (foreign assets)

	- EUR mill. -	
	31.12.2005	31.12.2006
TOTAL	1,025	1,291
cash and cheques	200	247
deposits and current accounts abroad	722	843
other	104	200
- foreign exchange loans to non-residents	83	108
- other	20	92

The analysis by bank investments as of year-end 2006 shows that the weights of the key financial instruments in total foreign assets remained broadly unchanged year on year. Deposits and accounts with banks abroad further held the largest share of bank investments (65.3 percent), followed by cash and cheques (19.1 percent), and loans (8.4 percent).

In year-on year comparison, the balance on “other investments” of other sectors advanced 60.7 percent, its share in total investment growing from 28.3 percent to 42.2 percent. Against the background of liberalisation of capital transactions, many residents, both natural and legal persons, chose to open accounts with banks abroad; at year-end 2006, such deposits totalled EUR 1,063 million. Furthermore, many Romanian companies became foreign creditors, the balance of credits granted by other sectors posting an increase by EUR 875 million at end-2006.

At end-2006, the balance on “other investments” of other sectors shows that financial credits granted to non-residents rose by 16.1percentage points, accounting for 49.7 percent of the item’s balance, followed by deposits with banks abroad (35 percent), and trade credits (14.6 percent).

2.3.2. Foreign liabilities

Foreign liabilities under “other investments” consist of financial and trade credits granted by non-residents to natural and legal entities in Romania, passive clearing accounts, non-residents’ deposits, distributed but unpaid dividends, past-due debts, paid insurance premiums, a.s.o. In 2006, foreign liabilities under “other investment” rose by EUR 6,927 million against end-2005, following net capital inflows worth EUR 7,164 million and other adjustments (EUR 290 million), the growth being limited by exchange rate gains (EUR 527 million). The structure of foreign liabilities by type of investment at end-2006 shows that financial credits accounted for 76.5 percent of total, followed

by non-residents' deposits (13.8 percent), trade credits (9.4 percent) and other liabilities (0.3 percent). At end-2006, the share of financial and trade credits with maturity up to one year in total foreign loans stood at 30.6 percent, amid the increase in short-term external debt of other sectors.

Table No. 44. Other investments (foreign liabilities)

	31.12.2005	%	31.12.2006	- EUR mill. - %
TOTAL	22,566	100.0	29,493	100.0
<i>Monetary authority</i>	<i>252</i>	<i>1.1</i>	<i>106</i>	<i>0.4</i>
- loans/deposits	221	1.0	79	0.3
- other	31	0.1	27	0.1
<i>Government sector</i>	<i>7,487</i>	<i>33.2</i>	<i>7,193</i>	<i>24.4</i>
- trade credits	69	0.3	33	0.1
- loans/deposits	7,418	32.9	7,160	24.3
<i>Banks</i>	<i>6,750</i>	<i>29.9</i>	<i>10,945</i>	<i>37.1</i>
- loans/deposits	6,688	29.6	10,890	36.9
- other	62	0.3	55	0.2
<i>Non-banks</i>	<i>8,077</i>	<i>35.8</i>	<i>11,249</i>	<i>38.1</i>
- trade credits	1,712	7.6	2,747	9.3
- loans/deposits	5,984	26.5	8,502	28.8
- other	381	1.7	0	0.0

The analysis by institutional sector as of 31 December 2006 shows a further decline in the weight of government sector (down 8.8 percentage points to 24.4 percent), in favour of the banking sector and non-banks (up 7.2 percentage points and 2.3 percentage points respectively). The increase by 62.1 percent in foreign liabilities of banks was due to net capital inflows worth EUR 3,890 million, meant to accommodate resident banks' demand for liquidity. Foreign liabilities of other sectors further held the major share (38.1 percent) in total, on account of net inflows worth EUR 3,395 million, representing financial and trade credits granted by non-residents to Romanian companies. Foreign liabilities of government sector totalled EUR 7,193 million, down 3.9 percent year over year, due to exchange rate gains (EUR 459 million) and a low volume of net capital inflows (EUR 16 million).

By creditor, the structure of foreign liabilities under "other investments" illustrates that international financial institutions continued to be the main creditor to the government sector (57.8 percent), ahead of private banks (34.6 percent), and bilateral sources (1.4 percent). Among international financial institutions, the World Bank (IBRD) remained the biggest creditor to the government of Romania, with a share of 24.6 percent in total external loans. In 2006, loans from the World Bank totalled EUR 91 million, of which EUR 34 million were intended for the development of agriculture and rural sector, whereas EUR 14 million for financing the mine closure plan and road rehabilitation. Principal repayments on IBRD loans equalled EUR 148 million, of which EUR 60 million in payments under structural adjustment loans (SAL, ASAL, FESAL), EUR 14 million were destined to road rehabilitation, EUR 11 million to health sector reform, and EUR 11 million for financing the development of agriculture and rural sector.

Table No. 45. Medium- and long-term external debt of government sector by main creditor

	31.12.2005	31.12.2006
	- EUR mill. -	
TOTAL	7,487	7,193
<i>International institutions</i>	4,189	4,155
EBRD	168	145
IBRD	1,973	1,769
EU	150	150
EIB	1,522	1,606
IFAD	8	10
SDF EC	235	271
OECE	133	204
<i>Bilateral relations</i>	137	104
Belgium	0	1
Japan	42	30
USA	21	19
Germany	21	14
Italy	21	8
Korea	32	32
<i>Private banks</i>	2,559	2,490
Austria	299	281
Germany	468	429
France	571	583
Netherlands	205	181
Italy	22	19
Luxembourg	35	31
USA	119	83
Switzerland	150	133
Israel	88	59
United Kingdom	454	355
Sweden	40	34
Other	108	302
<i>Supplier credits</i>	69	33
<i>Other creditors</i>	533	411

Source: Ministry of Economy and Finance

The loans extended by the EIB made up 22.3 percent of external debt of the government sector. In the period under review, drawings ran at EUR 213 million, of which EUR 62 million were earmarked for road and motorway rehabilitation, EUR 38 million for school building and rehabilitation, EUR 37 million for urban transport rehabilitation and Bucharest underground modernisation, and EUR 30 million for the removal of the flood-induced effects.

At end-2006, loans granted by private banks to the government sector dropped 2.7 percent year on year to EUR 2,490 million. French, German and British banks were the main creditors of the government sector.

Foreign liabilities of banks stood 62.1 percent higher than in 2005, on the back of new foreign borrowings and the increase in short-term deposits of non-residents.

By maturity, the structure of foreign liabilities under “other investments” of the banking sector shows an increase by 11.9 percentage points in the weight of short-term commitments, which resulted in an almost perfect balance between short-term (49.9 percent) and medium- and long-term foreign liabilities (50.1 percent). Thus, in the period under review, the stock of short-term credits advanced 5 times year on year, the stock of short-term deposits expanded by 51.3 percent, and the stock of medium- and long-term credits moved up 39.7 percent. Thus, at end-2006, almost 75 percent of short-term foreign liabilities were held by six banks: BCR, Alpha Bank, BRD, Raiffeisen Bank, and OTP Bank. More than 80 percent of long-term foreign liabilities were held by BCR, Volksbank, HVB Bank, BRD, UniCredit Bank and Raiffeisen Bank.

By creditor, the structure of medium- and long-term foreign liabilities reveals that loans granted by foreign private banks accounted for 87.2 percent of total loans (3 percentage points higher than at end-2005), ahead of loans extended by international financial institutions (9.8 percent), and other private creditors (3 percent). Among multilateral sources, the International Finance Corporation was the main creditor with 44.9 percent, followed by the European Bank for Reconstruction and Development with 37.7 percent and the European Investment Bank with 16.1 percent.

Foreign liabilities of “other sectors” advanced 39.3 percent, their share in total foreign liabilities under “other investments” moving 2.3 percentage points higher to 38.1 percent at end-2006.

Medium- and long-term borrowings at end-2006 ran at EUR 5,817 million, up EUR 771 million in absolute terms, but down 10.8 percentage points as a share in other sectors’ foreign liabilities.

By creditor, the structure of medium- and long-term external debt of non-banks shows that the Romanian economy was financed mainly from private sources (79.1 percent, up 5.9 percentage points as compared with end-2005), the remainder coming from international financial institutions (17.2 percent), and government agencies (3.7 percent). Among international financial institutions, the European Bank for Reconstruction and Development was still the main creditor (43.6 percent), followed by the World Bank (10.1 percent), and the International Finance Corporation (9.2 percent). Loans from international financial institutions were earmarked for the development of infrastructure, revamping of some local companies, financing of leasing companies, and extension of the mobile telephony network.

Table No. 46. Other investments of banks (foreign liabilities)

	- EUR mill. -	
	31.12.2005	31.12.2006
TOTAL	6,750	10,945
<i>short-term foreign liabilities</i>	<i>2,571</i>	<i>5,467</i>
short-term credits	461	2,314
short-term deposits	2,048	3,098
other	62	55
<i>medium- and long-term foreign liabilities</i>	<i>4,179</i>	<i>5,478</i>
medium- and long-term borrowings	3,230	4,513
medium- and long-term deposits of non-residents	949	965
<i>of which:</i>	<i>3,230</i>	<i>4,513</i>
bilateral relations	67	75
international institutions	547	536
private banks	2,611	3,898
other private sources	5	4

Table No. 47. Other investments of non-banks (foreign liabilities)

	- EUR mill. -	
	31.12.2005	31.12.2006
TOTAL	8,077	11,249
<i>short-term foreign liabilities</i>	<i>3,031</i>	<i>5,432</i>
short-term borrowings	1,208	2,969
short-term trade credits	1,443	2,463
other	380	0
<i>medium- and long-term liabilities</i>	<i>5,046</i>	<i>5,817</i>
medium- and long-term borrowings	4,776	5,534
medium- and long-term trade credits	270	283
<i>of which:</i>	<i>4,776</i>	<i>5,534</i>
bilateral relations	234	216
international institutions	1,119	998
private banks	3,179	4,136
other private sources	244	184

2.4. NBR reserve assets

The international investment position of the monetary authority further witnessed the favourable performance that was manifest over the past years. Foreign assets came in at EUR 22,935 million, as a result of transactions worth EUR 5,158 million, developments in prices of financial instruments and the price of gold on international markets of precious metals (EUR 107 million), as well as of exchange rate movements (EUR 589 million). Thus, official reserve grew by 25.6 percent from end-2005 and covered 6.4 months of imports of goods and services.

The value of monetary gold increased by EUR 107 million, owing to the rise in the price of gold on international markets of precious metals (from EUR 433.3 per ounce at end-2005 to EUR 482.8 per ounce at end-2006).

At end-2006, the NBR's forex reserve amounted to EUR 21,310 million, up 26.9 percent year over year, owing to net inflows worth EUR 5,158 million. In 2006, the NBR made no purchases off the foreign exchange market, the main factors behind the rise in the official reserve were the banks' contribution to the minimum reserve requirements (EUR 3.4 billion), and proceeds from privatisation (EUR 2.3 billion). Other factors behind the rise in the NBR's forex reserve were the incomes from forex reserve management, foreign borrowings and EU funds transferred under SAPARD programme.

Over the reference period, payments from the official reserve to cover external debt service equalled EUR 910 million, while redemption of foreign currency-denominated securities and Treasury certificates issued by the Ministry of Economy and Finance on the domestic market stood at EUR 291 million.

Table No. 48. Official reserve structure

	- EUR mill. -	
	31.12.2005	31.12.2006
Convertible currencies	16,798	21,310
deposits with banks and international institutions	7,262	8,015
securities	9,536	13,295
Gold	1,461	1,625

By type of investment, the structure of the NBR's forex reserve is indicative of an increase in the share of securities, from 56.8 percent to 62.4 percent year on year, along with the drop in the share of deposits with banks abroad.

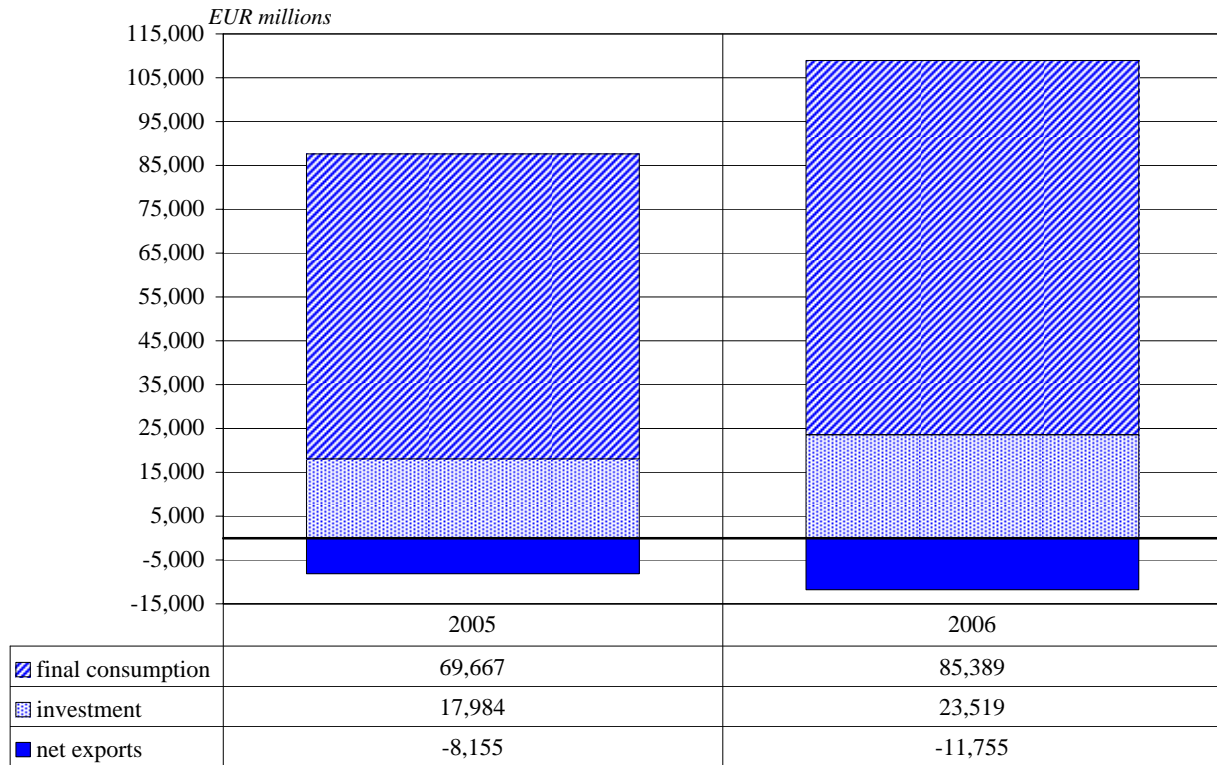
By currency, the structure of the central bank's forex reserve illustrates that the euro held the largest share (68.8 percent, up 4.1 percentage points from end-2005), ahead of the US dollar (27.2 percent, down 3 percentage points), and other currencies (4 percent).

Charts

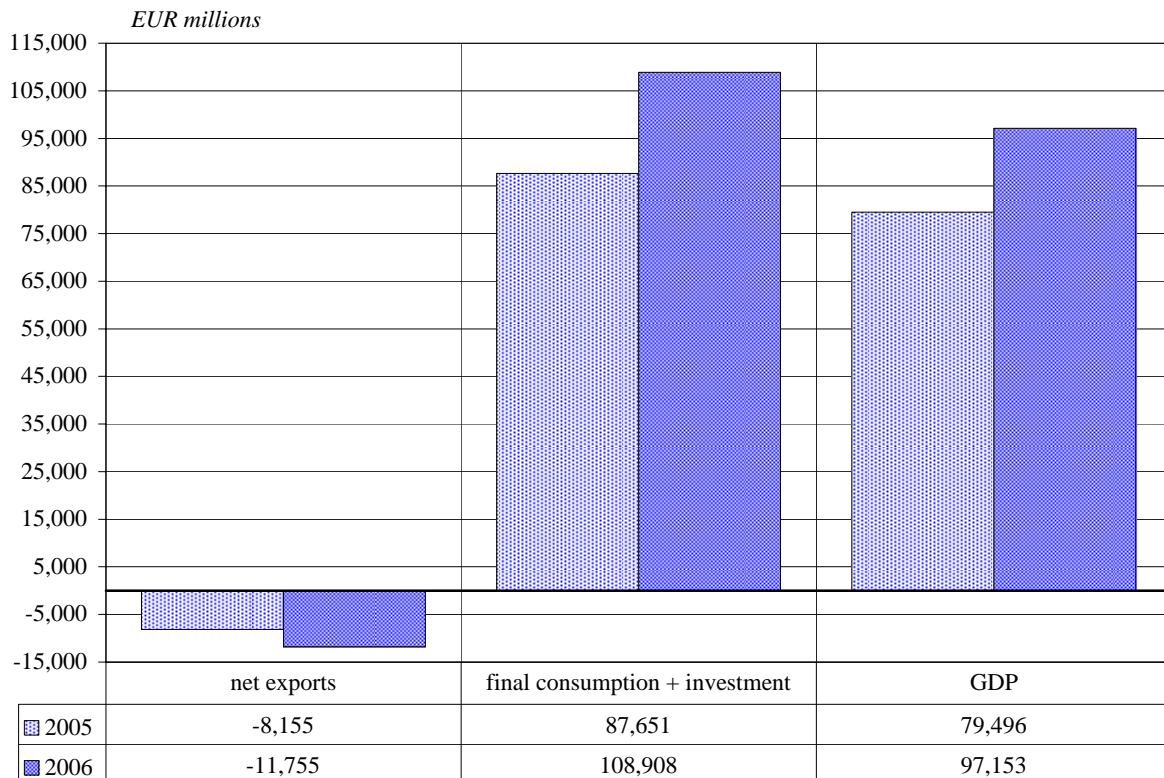
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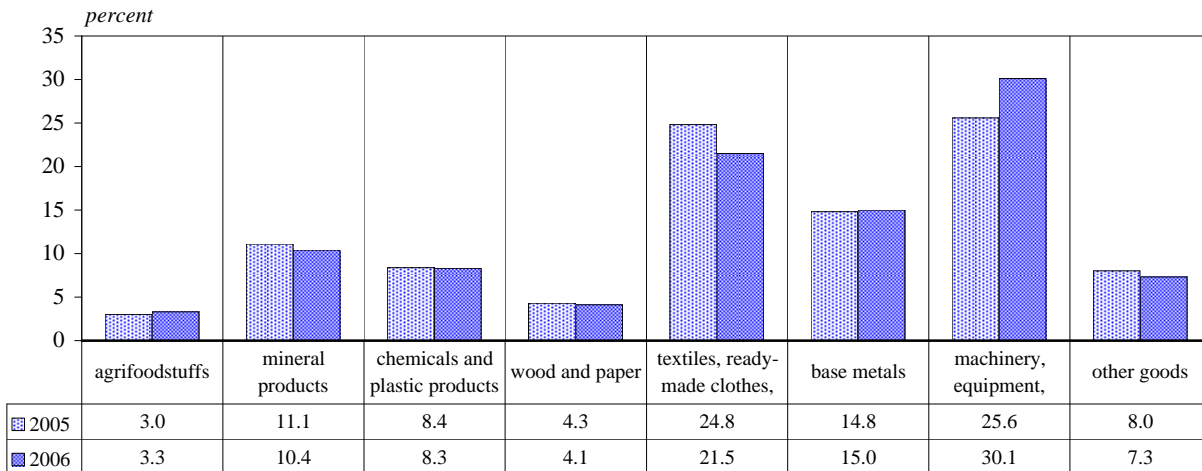
GDP Components



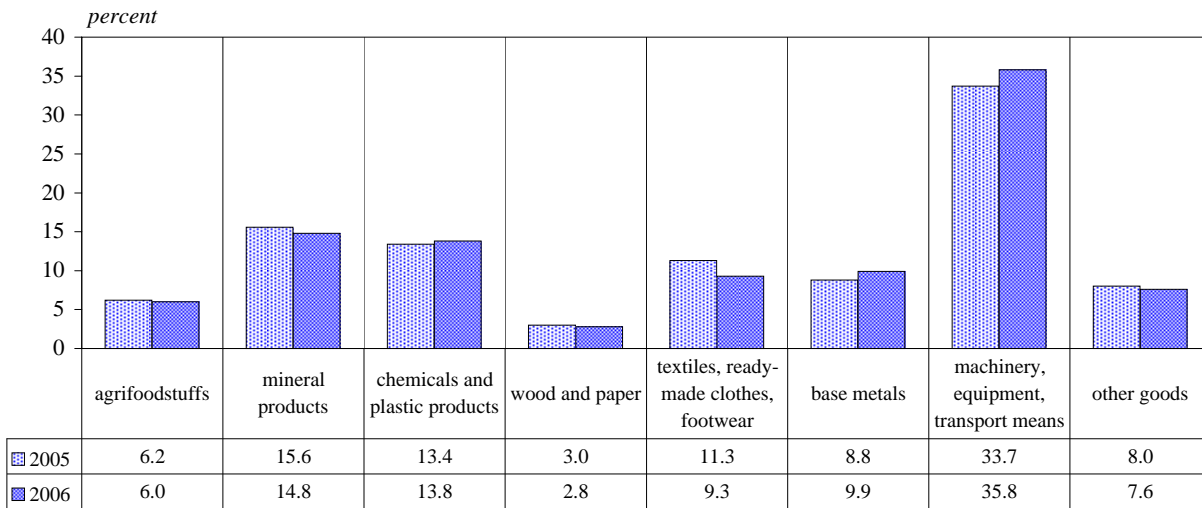
GDP Components



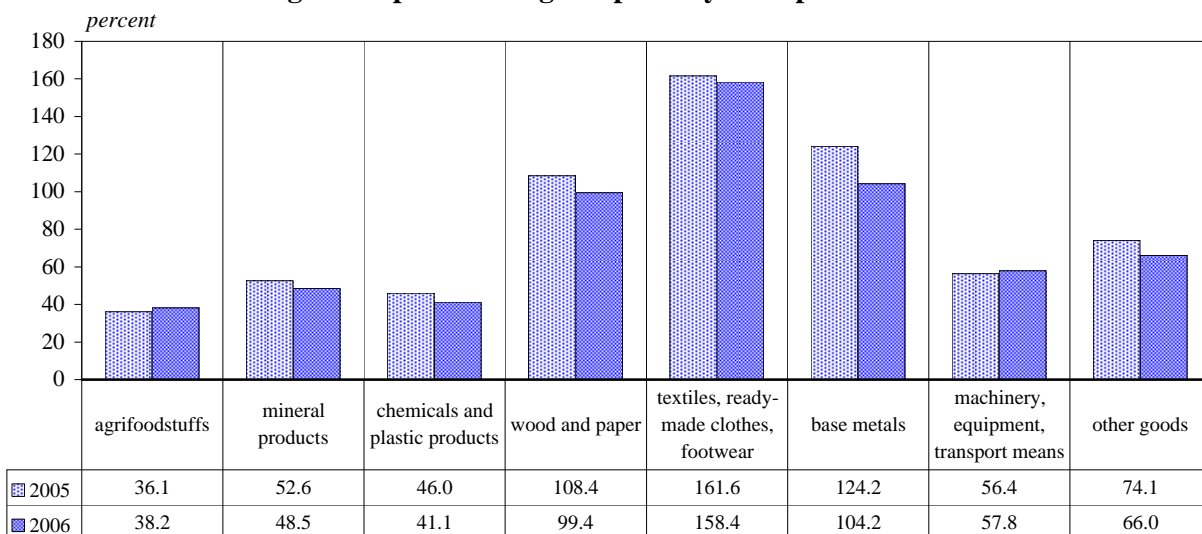
Exports by Group of Commodities



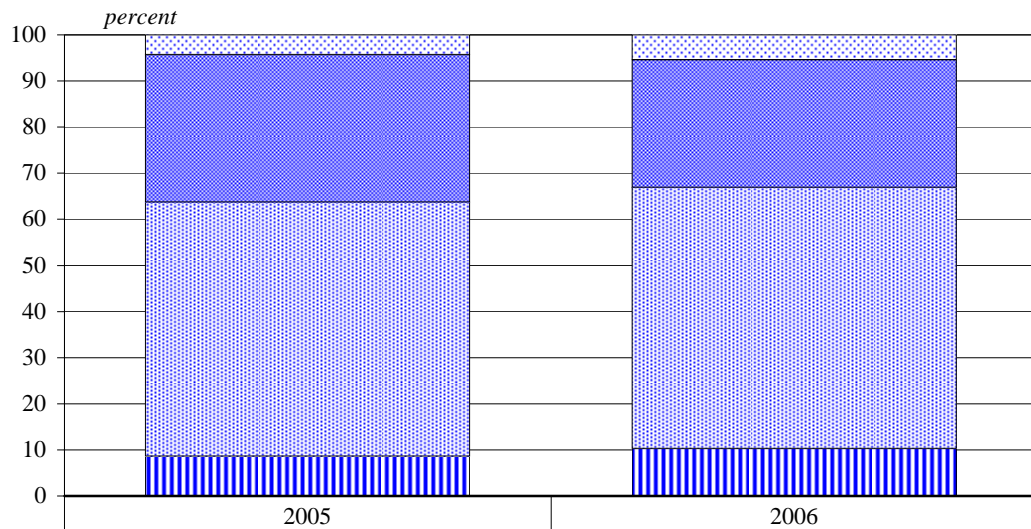
Imports by Group of Commodities



Coverage of Imports through Exports by Group of Commodities

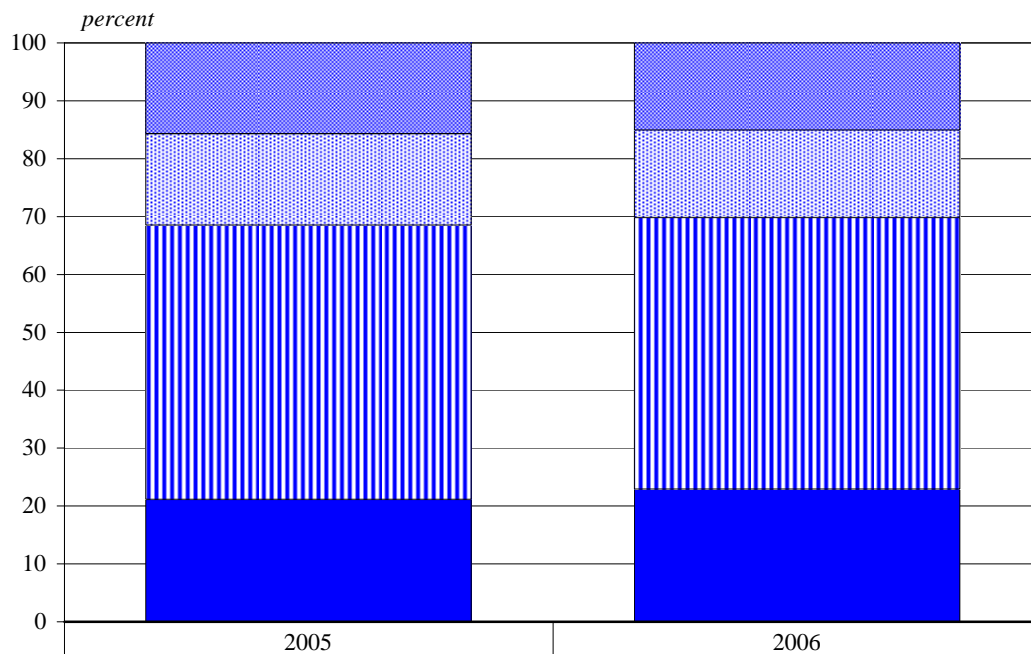


Exports by Production Stage



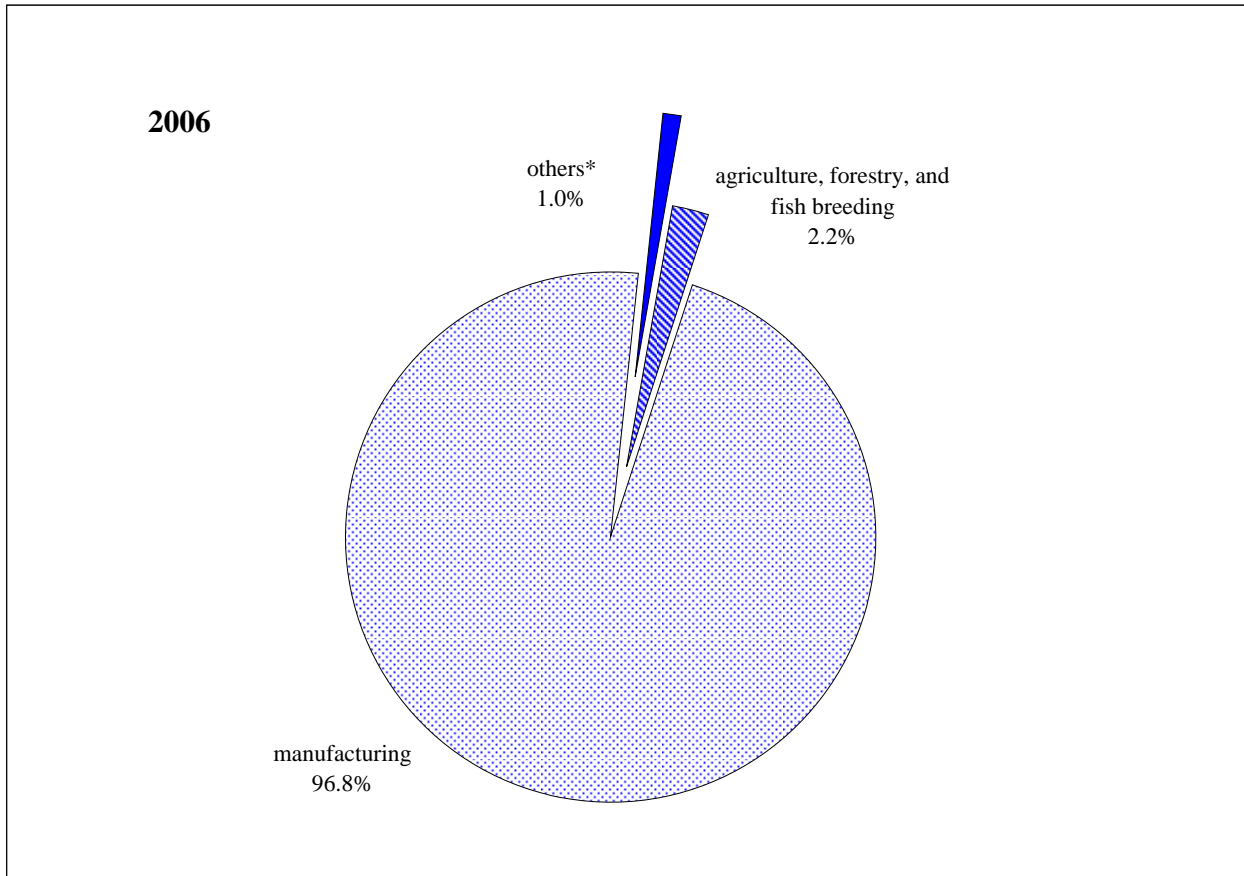
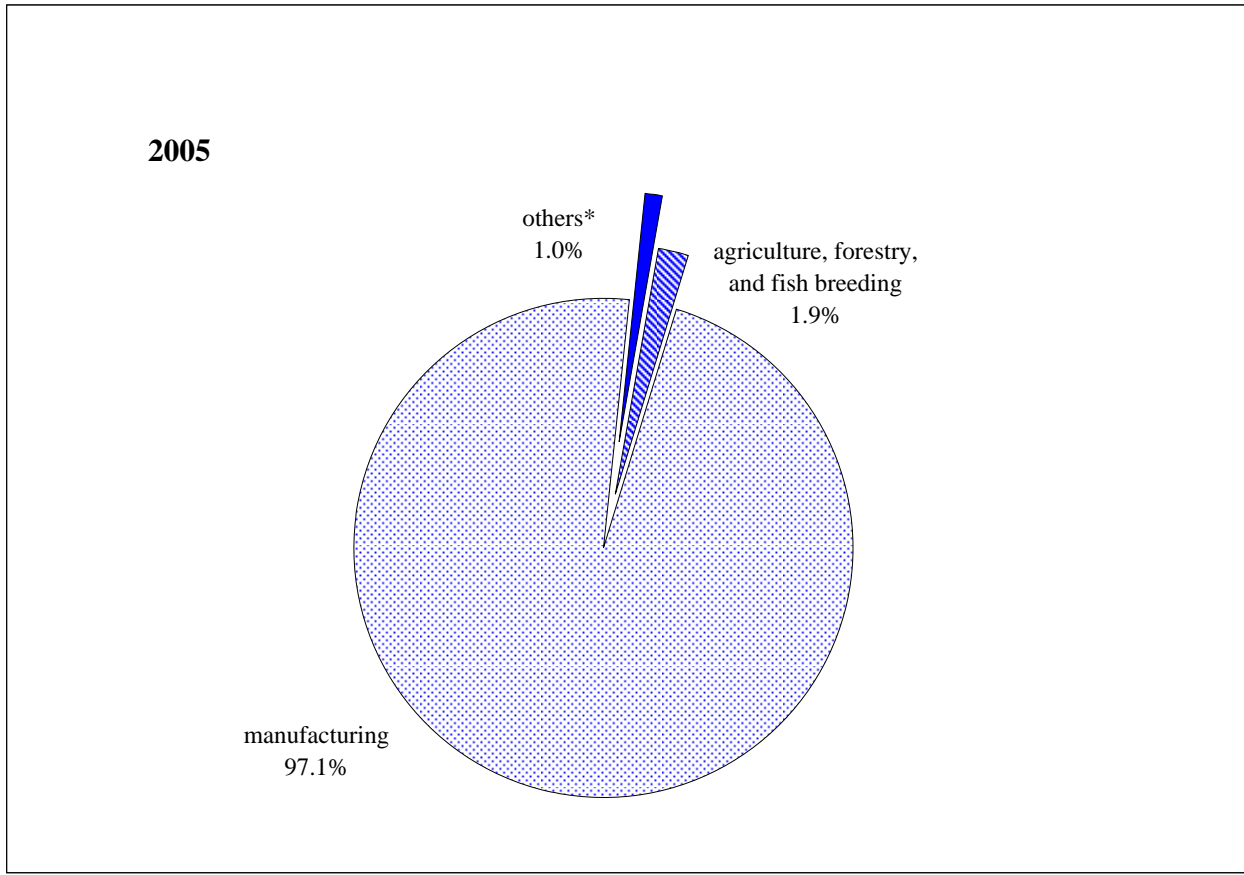
raw materials	4.3	5.4
consumer goods	32.0	27.7
intermediate goods	55.1	56.6
capital goods	8.6	10.3

Imports by Production Stage

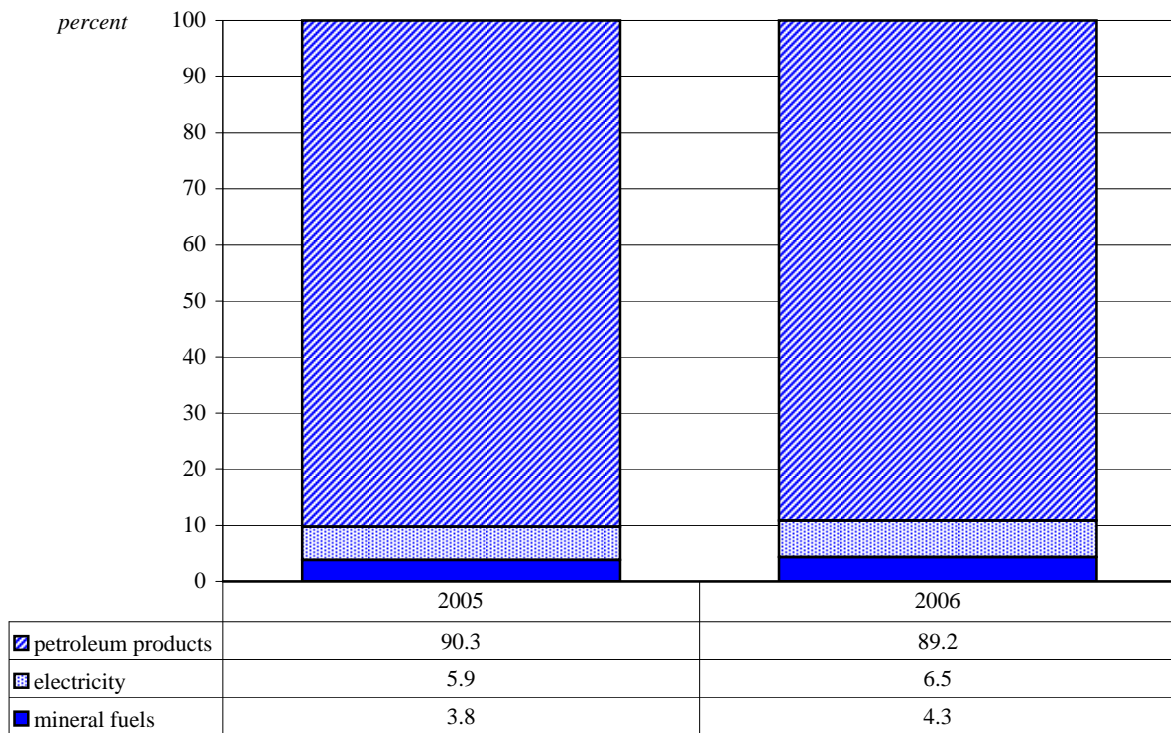


raw materials	15.7	15.1
consumer goods	15.8	15.1
intermediate goods	47.4	46.9
capital goods	21.1	22.9

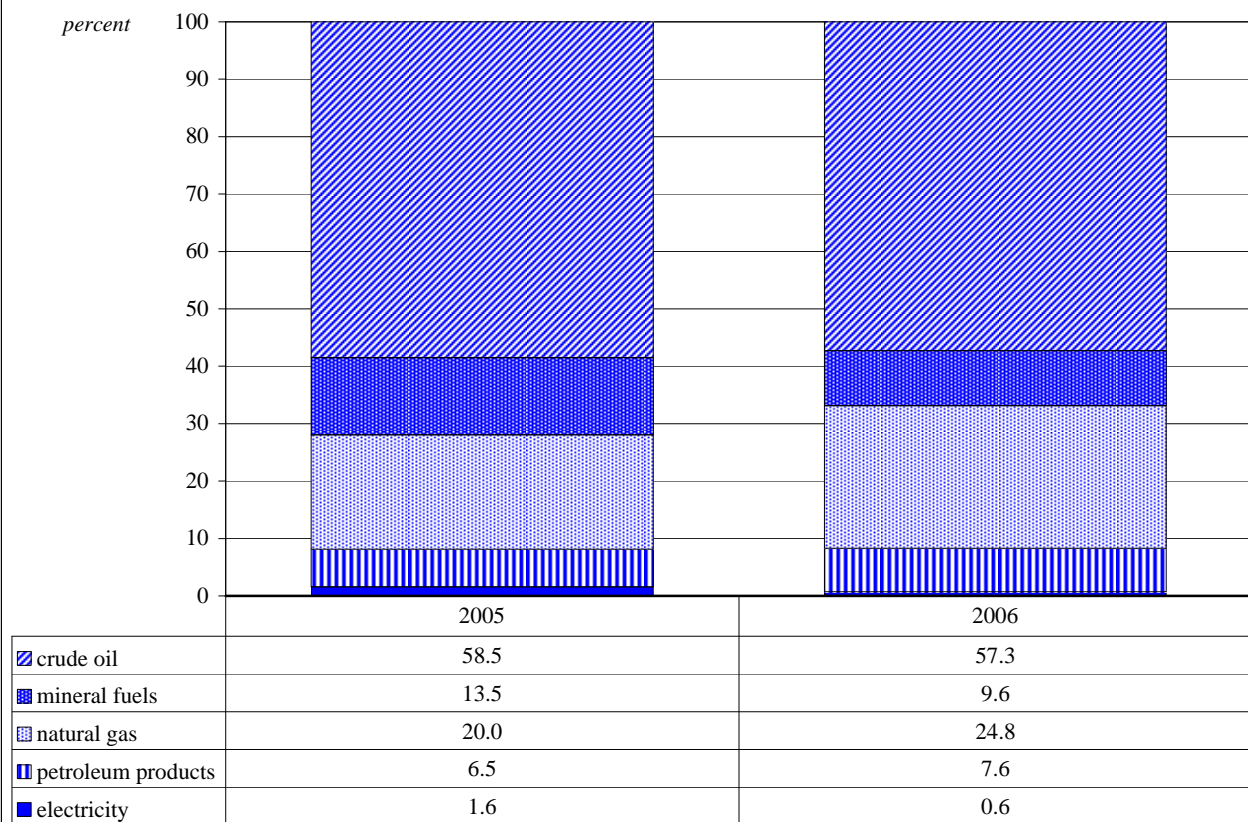
Exports by Economic Sector

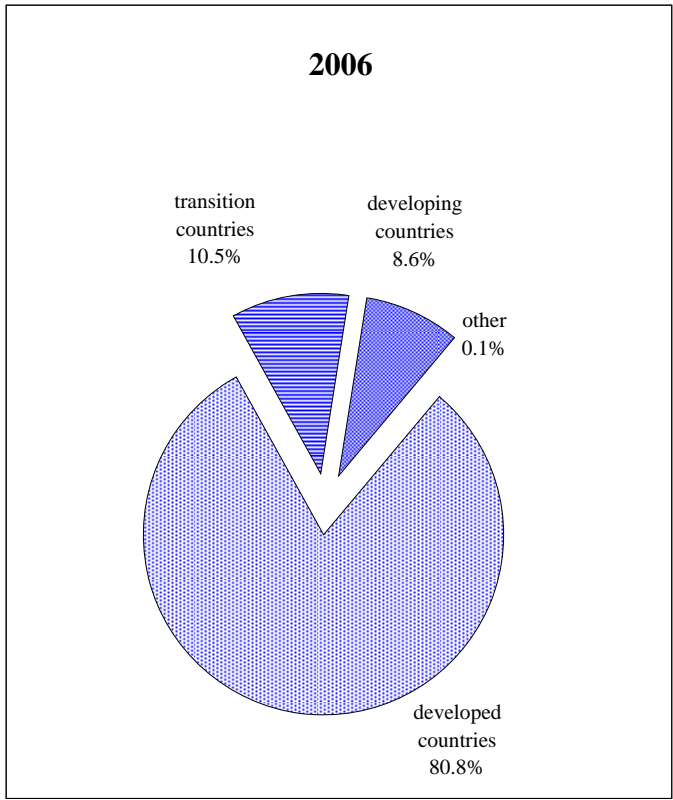
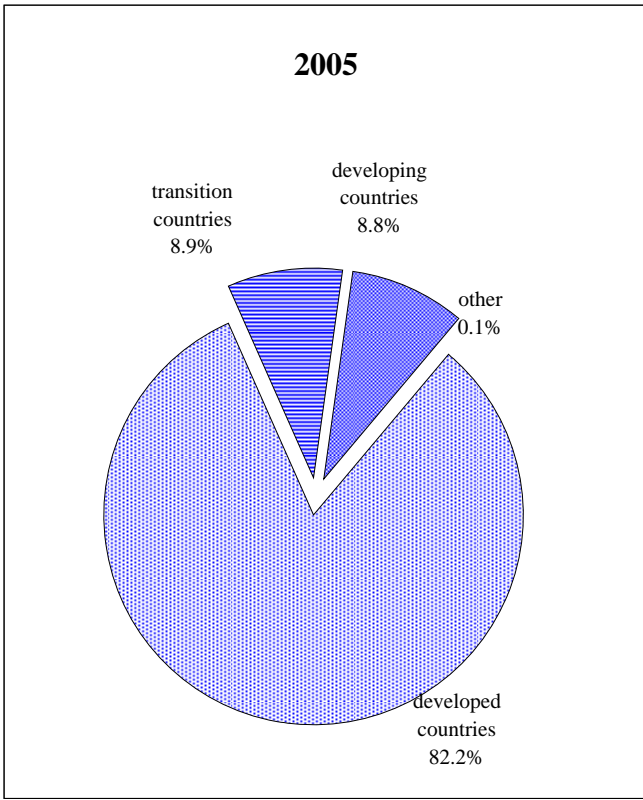


Export Value of Energy Products

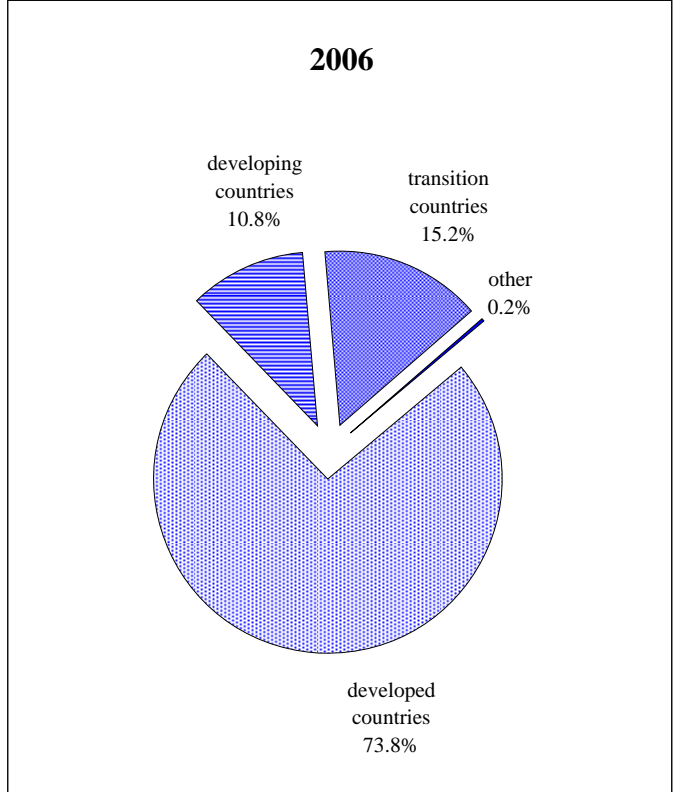
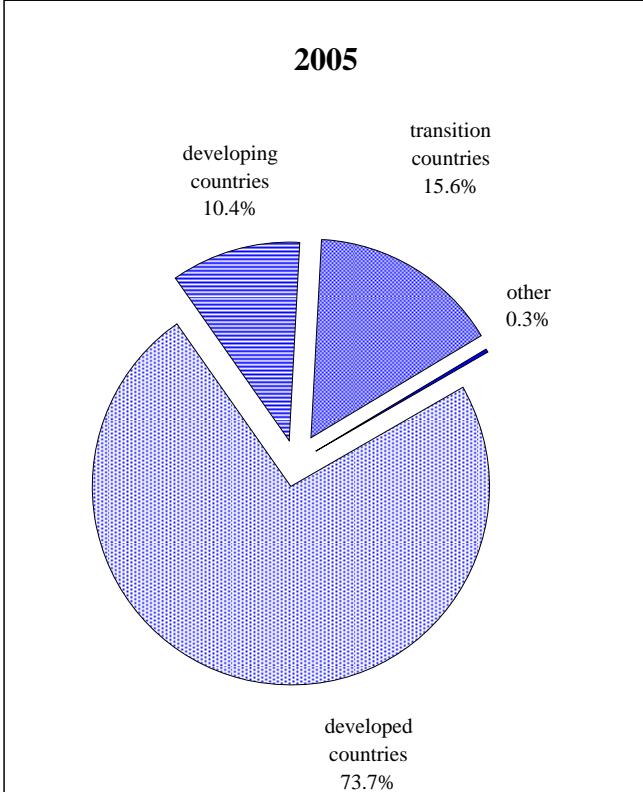


Import Value of Energy Products

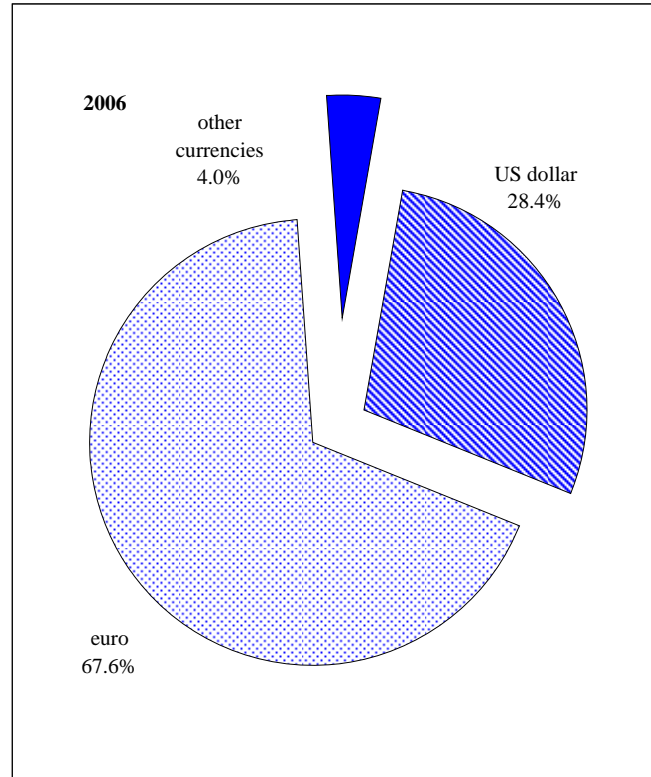
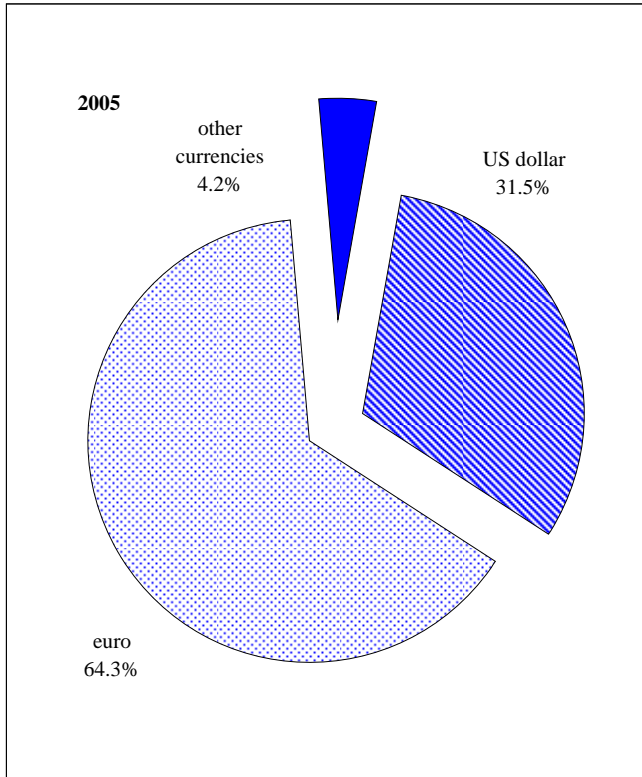




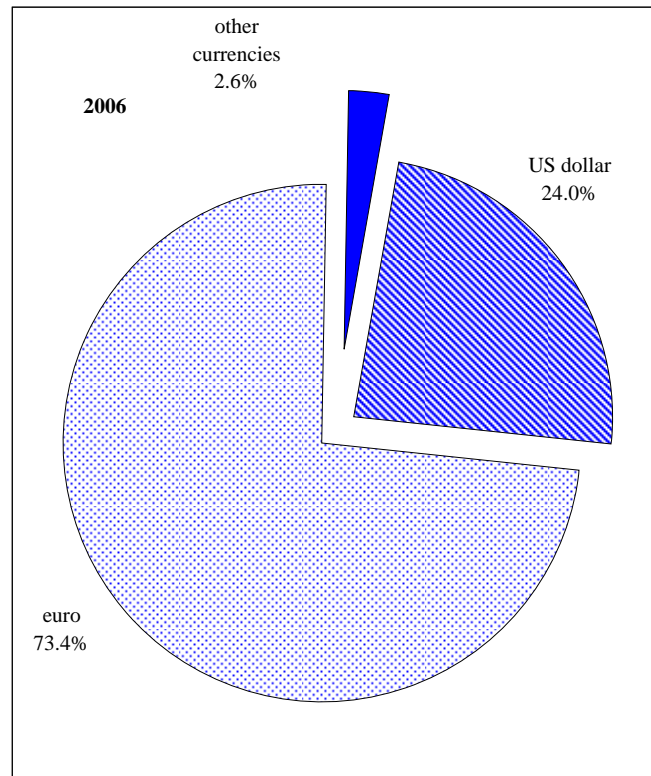
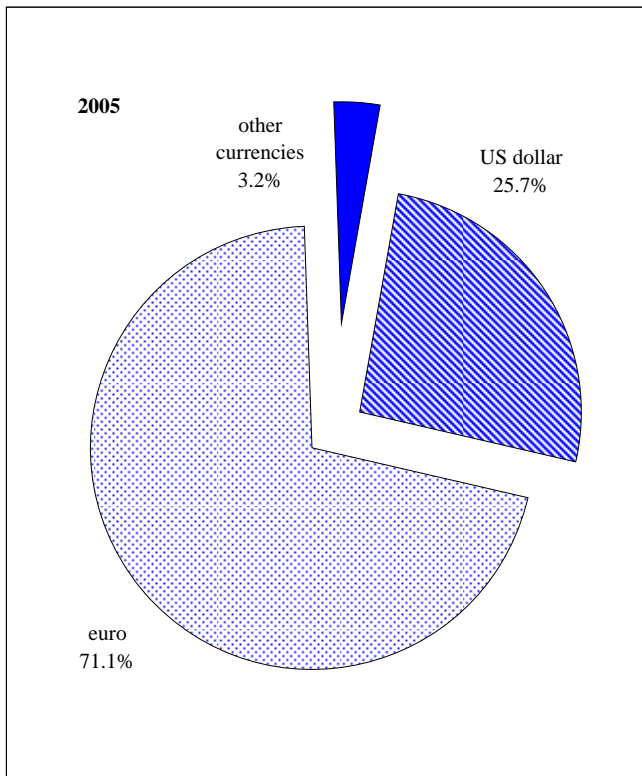
Geographical Distribution of Imports



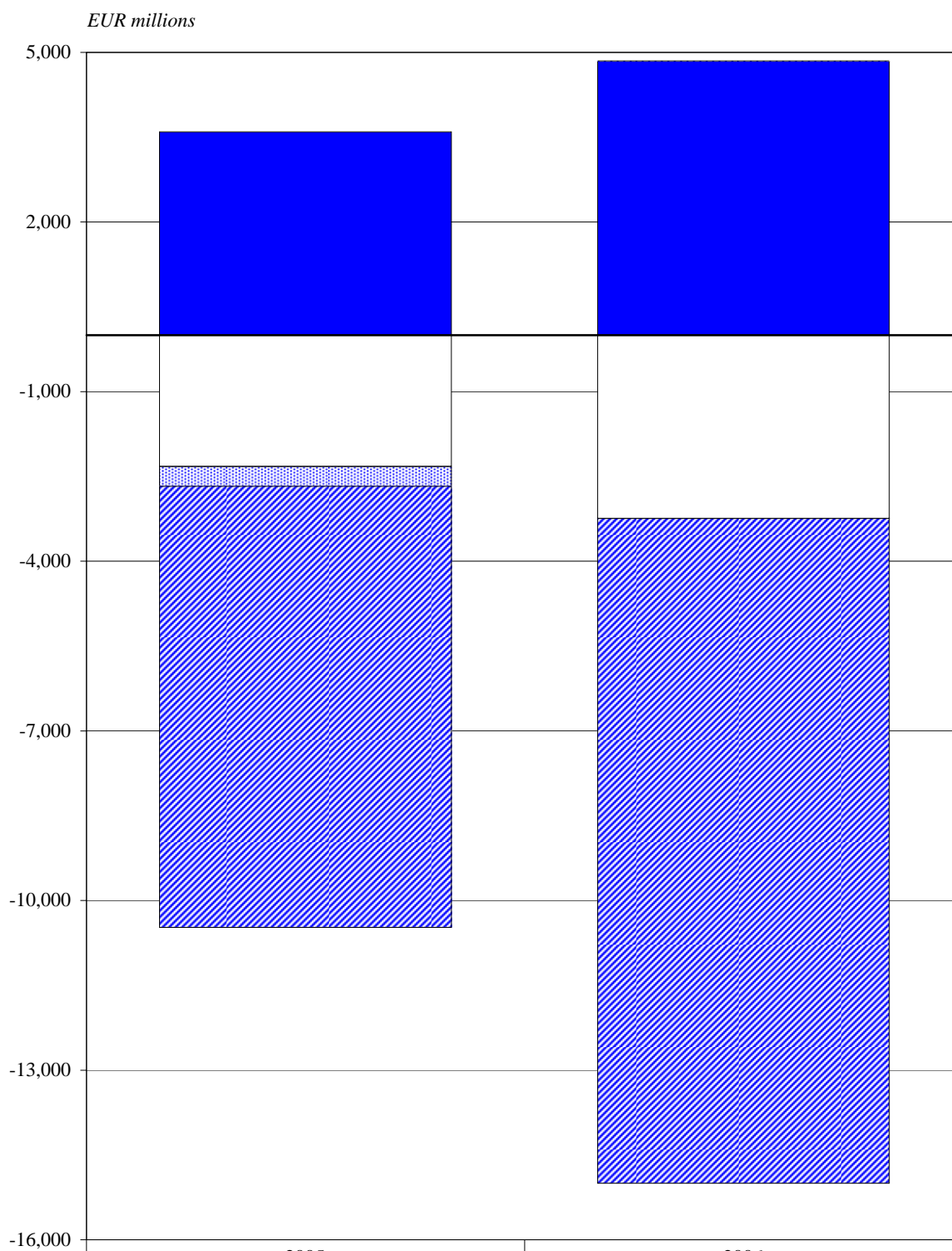
Exports by Currency



Imports by Currency



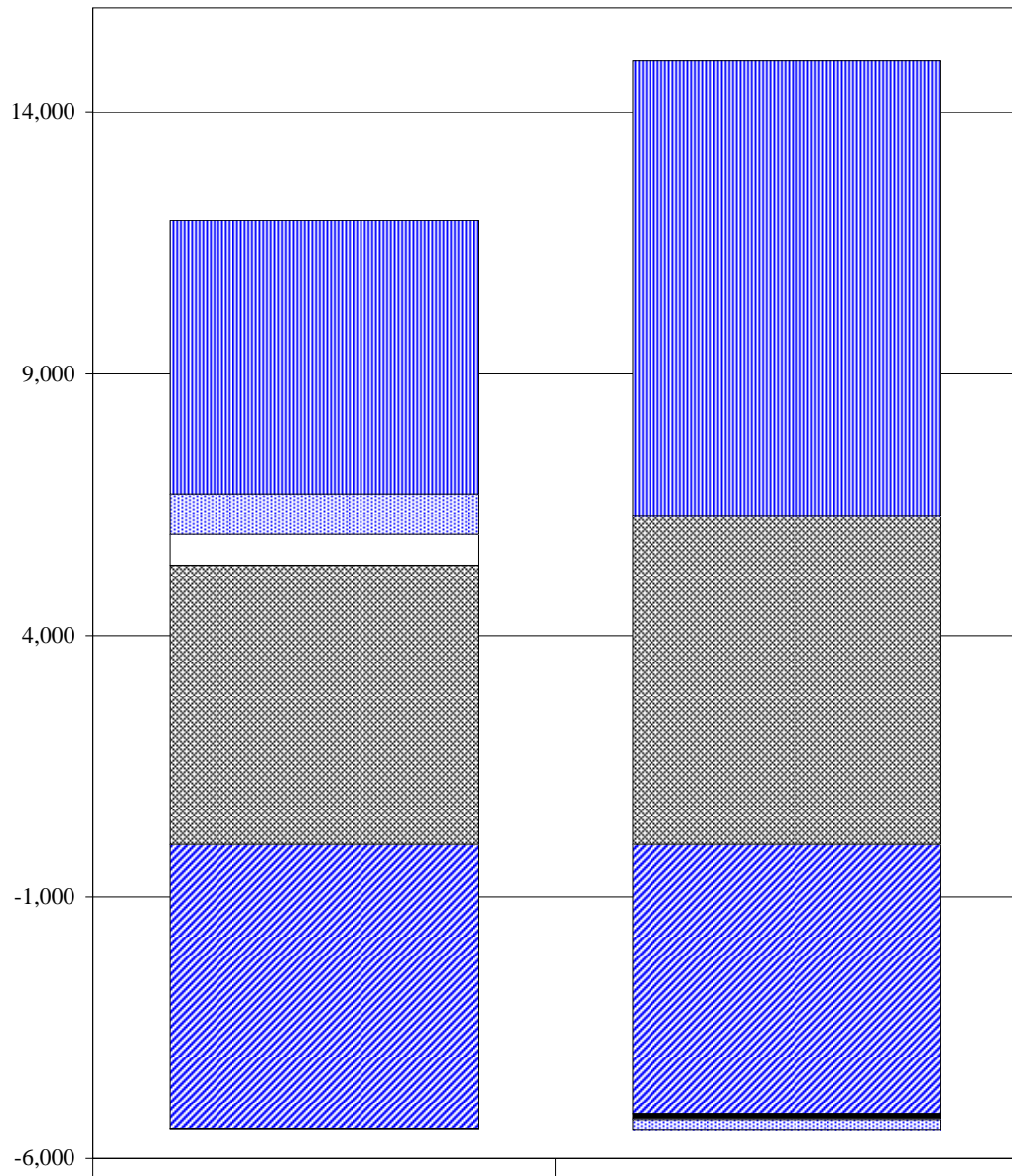
Current Account Components









	2005	2006
goods	-7,806	-11,759
services	-349	4
incomes	-2,326	-3,246
current transfers	3,593	4,845

Capital and Financial Account Components

EUR millions



	2005	2006
 direct investment	5,237	8,723
 portfolio investments	778	-195
 capital account	595	-25
 other investments	5,328	6,272
 financial derivatives	-21	-85
 reserve assets	-5,434	-5,158

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BALANCE OF PAYMENTS, 2005-2006

EUR mill.

Item	2005			2006			Item
	credit	debit	net	credit	debit	net	
1. Current account	31,680	38,568	-6,888	38,700	48,856	-10,156	1. Current account
A. Goods and services	26,357	34,512	-8,155	31,437	43,192	-11,755	A. Goods and services
a. Goods	22,255	30,061	-7,806	25,850	37,609	-11,759	a. Goods
b. Services	4,102	4,451	-349	5,587	5,583	4	b. Services
- transport	1,188	1,583	-395	1,498	1,916	-418	- transport
- travel	852	750	102	1,034	1,035	-1	- travel
- other	2,062	2,118	-56	3,055	2,632	423	- other
B. Incomes	1,241	3,567	-2,326	1,726	4,972	-3,246	B. Incomes
- compensation of employee	771	19	752	922	33	889	- compensation of employee
- direct investment	-61	2,353	-2,414	-17	3,318	-3,335	- direct investment
- portfolio investment	394	464	-70	469	566	-97	- portfolio investment
- other capital investment	137	731	-594	352	1,055	-703	- other capital investment
C. Current transfers	4,082	489	3,593	5,537	692	4,845	C. Current transfers
- government sector	156	86	70	288	81	207	- government sector
- other sector	3,926	403	3,523	5,249	611	4,638	- other sector
2. Capital and financial account	37,187	30,704	6,483	46,501	36,969	9,532	2. Capital and financial account
A. Capital account	675	80	595	732	757	-25	A. Capital account
a. Capital transfers	661	65	596	681	707	-26	a. Capital transfers
- government sector	391	0	391	450	592	-142	- government sector
- other sector	270	65	205	231	115	116	- other sector
b. Purchase-sale of non-produced/non-financial assets	14	15	-1	51	50	1	b. Purchase-sale of non-produced/non-financial assets
B. Financial account	36,512	30,624	5,888	45,769	36,212	9,557	B. Financial account
a. Direct investment	8,313	3,076	5,237	14,148	5,425	8,723	a. Direct investment
- of residents abroad	8	-16	24	13	350	-337	- of residents abroad
- of non-residents in Romania	8,305	3,092	5,213	14,135	5,075	9,060	- of non-residents in Romania
b. Portfolio investment	4,322	3,544	778	1,510	1,705	-195	b. Portfolio investment
- assets	2,513	2,638	-125	162	813	-651	- assets
- liabilities	1,809	906	903	1,348	892	456	- liabilities
c. Financial derivatives	29	50	-21	38	123	-85	c. Financial derivatives
d. Other capital investment	23,848	18,520	5,328	30,073	23,801	6,272	d. Other capital investment
- assets:	6,526	7,525	-999	7,264	8,157	-893	- assets:
1. medium- and long-term loans and credits	121	108	13	715	202	513	1. medium- and long-term loans and credits
1.1. trade credits	28	33	-5	663	17	646	1.1. trade credits
1.2. financial credits	93	75	18	52	185	-133	1.2. financial credits
2. short-term loans and credits	1,153	1,794	-641	1,666	2,551	-885	2. short-term loans and credits
2.1. trade credits	923	982	-59	1,423	1,545	-122	2.1. trade credits
2.2. financial credits	230	812	-582	243	1,006	-763	2.2. financial credits
3. cash and cheques	5,077	5,437	-360	4,495	4,989	-494	3. cash and cheques
4. other assets	175	186	-11	388	415	-27	4. other assets
- long-term asset	104	143	-39	262	297	-35	- long-term asset
- short-term asset	71	43	28	126	118	8	- short-term asset
- liabilities:	17,322	10,995	6,327	22,809	15,644	7,165	- liabilities:
1. IMF loans and credits	0	122	-122	0	134	-134	1. IMF loans and credits
2. medium- and long-term loans and credits	6,653	3,409	3,244	6,480	4,221	2,259	2. medium- and long-term loans and credits
2.1. trade credits	193	340	-147	242	481	-239	2.1. trade credits
2.2. financial credits	6,460	3,069	3,391	6,238	3,740	2,498	2.2. financial credits
3. short-term loans and credit	4,101	2,557	1,544	7,845	3,101	4,744	3. short-term loans and credit
3.1. trade credits	1,579	643	936	2,295	1,275	1,020	3.1. trade credits
3.2. financial credits	2,522	1,914	608	5,550	1,826	3,724	3.2. financial credits
4. cash and deposits	4,598	3,856	742	7,690	6,790	900	4. cash and deposits
5. other liabilities	1,970	1,051	919	794	1,398	-604	5. other liabilities
- long-term	955	472	483	423	551	-128	- long-term
- short-term	1,015	579	436	371	847	-476	- short-term
e. NBR reserve assets (net) (increase "-" / decrease "+")	-	5,434	-5,434	-	5,158	-5,158	e. NBR reserve assets (net) (increase "-" / decrease "+")
3. Errors and omissions (net)	405	-	405	624	-	624	3. Errors and omissions (net)

QUARTERLY BALANCE OF PAYMENTS, 2006

EUR mill.

Item	Q1			Q2		
	credit	debit	net	credit	debit	net
1. Current account	8,928	10,243	-1,315	9,498	12,315	-2,817
<i>A. Goods and services</i>	7,454	9,100	-1,646	7,853	10,473	-2,620
a. Goods	6,218	7,910	-1,692	6,460	9,191	-2,731
b. Services	1,236	1,190	46	1,393	1,282	111
- transport	356	409	-53	377	474	-97
- travel	160	166	-6	233	218	15
- other	720	615	105	783	590	193
<i>B. Incomes</i>	346	962	-616	386	1,672	-1,286
- compensation of employees	193	6	187	211	7	204
- direct investment	-2	720	-722	-5	1,021	-1,026
- portfolio investment	91	26	65	88	400	-312
- other capital investment (interests)	64	210	-146	92	244	-152
<i>C. Current transfers</i>	1,128	181	947	1,259	170	1,089
- government sector	41	20	21	21	30	-9
- other sectors	1,087	161	926	1,238	140	1,098
2. Capital and financial account	10,077	8,553	1,524	10,890	8,506	2,384
<i>A. Capital account</i>	155	33	122	108	627	-519
Capital transfers	153	18	135	93	612	-519
- government sector	102	0	102	28	592	-564
- other sectors	51	18	33	65	20	45
Purchase-sale of non-produced/ non-financial assets	2	15	-13	15	15	0
<i>B. Financial account</i>	9,922	8,520	1,402	10,782	7,879	2,903
a. Direct investment	3,738	1,844	1,894	2,580	1,445	1,135
- of residents abroad	0	67	-67	4	54	-50
- of non-residents in Romania	3,738	1,777	1,961	2,576	1,391	1,185
b. Portfolio investment	381	369	12	197	247	-50
- assets	41	113	-72	41	113	-72
- liabilities	340	256	84	156	134	22
c. Financial derivatives	9	8	1	7	8	-1
d. Other capital investment	5,794	4,758	1,036	7,998	5,864	2,134
- assets:	1,555	1,542	13	1,711	1,445	266
1. medium- and long-term loans and credits	36	62	-26	619	9	610
1.1. trade credits	30	2	28	608	3	605
1.2. financial credits	6	60	-54	11	6	5
2. short-term loans and credits	245	581	-336	473	728	-255
2.1. trade credits	215	473	-258	401	414	-13
2.2. financial credits	30	108	-78	72	314	-242
3. cash and deposits	1,168	834	334	562	657	-95
4. other assets	106	65	41	57	51	6
- long-term	79	47	32	40	33	7
- short-term	27	18	9	17	18	-1
- liabilities:	4,239	3,216	1,023	6,287	4,419	1,868
1. IMF loans and credits	0	37	-37	0	37	-37
2. medium- and long-term loans and credits	1,088	931	157	1,491	1,128	363
2.1. trade credits	29	104	-75	55	118	-63
2.2. financial credits	1,059	827	232	1,436	1,010	426
3. short-term loans and credits	1,372	888	484	1,889	665	1,224
3.1. trade credits	468	515	-47	595	250	345
3.2. financial credits	904	373	531	1,294	415	879
4. cash and deposits	1,610	971	639	2,548	2,217	331
5. other liabilities	169	389	-220	359	372	-13
- long-term	66	174	-108	212	231	-19
- short-term	103	215	-112	147	141	6
e. NBR reserve assets (net) (increase "-" / decrease "+")	-	1,541	-1,541	-	315	-315
3. Errors and omissions (net)		209	-209	433	-	433

QUARTERLY BALANCE OF PAYMENTS, 2006

EUR mill.

Q3			Q4			Item
credit	debit	net	credit	debit	net	
9,720	12,274	-2,554	10,554	14,024	-3,470	1. Current account
7,948	10,887	-2,939	8,182	12,732	-4,550	A. Goods and services
6,493	9,413	-2,920	6,679	11,095	-4,416	a. Goods
1,455	1,474	-19	1,503	1,637	-134	b. Services
381	482	-101	384	551	-167	- transport
314	321	-7	327	330	-3	- travel
760	671	89	792	756	36	- other
479	1,240	-761	515	1,098	-583	B. Incomes
205	8	197	313	12	301	- compensation of employees
-6	845	-851	-4	732	-736	- direct investment
159	94	65	131	46	85	- portfolio investment
121	293	-172	75	308	-233	- other capital investment (interests)
1,293	147	1,146	1,857	194	1,663	C. Current transfers
35	10	25	191	21	170	- government sector
1,258	137	1,121	1,666	173	1,493	- other sectors
10,229	8,341	1,888	15,305	11,569	3,736	2. Capital and financial account
119	35	84	350	62	288	A. Capital account
99	25	74	336	52	284	Capital transfers
61	0	61	259	0	259	- government sector
38	25	13	77	52	25	- other sectors
20	10	10	0	0	0	Purchase-sale of non-produced/ non-financial assets
10,110	8,306	1,804	14,955	11,507	3,448	B. Financial account
2,539	664	1,875	5,291	1,472	3,819	a. Direct investment
7	82	-75	2	147	-145	- of residents abroad
2,532	582	1,950	5,289	1,325	3,964	- of non-residents in Romania
229	514	-285	703	575	128	b. Portfolio investment
41	228	-187	39	359	-320	- assets
188	286	-98	664	216	448	- liabilities
8	74	-66	14	33	-19	c. Financial derivatives
7,334	6,569	765	8,947	6,610	2,337	d. Other capital investment
2,054	2,523	-469	1,944	2,647	-703	- assets:
34	114	-80	26	17	9	1. medium- and long-term loans and credits
15	11	4	10	1	9	1.1. trade credits
19	103	-84	16	16	0	1.2. financial credits
461	661	-200	487	581	-94	2. short-term loans and credits
408	344	64	399	314	85	2.1. trade credits
53	317	-264	88	267	-179	2.2. financial credits
1,479	1,599	-120	1,286	1,899	-613	3. cash and deposits
80	149	-69	145	150	-5	4. other assets
60	124	-64	83	93	-10	- long-term
20	25	-5	62	57	5	- short-term
5,280	4,046	1,234	7,003	3,963	3,040	- liabilities:
0	36	-36	0	24	-24	1. IMF loans and credits
1,394	988	406	2,507	1,174	1,333	2. medium- and long-term loans and credits
99	117	-18	59	142	-83	2.1. trade credits
1,295	871	424	2,448	1,032	1,416	2.2. financial credits
1,981	749	1,232	2,603	799	1,804	3. short-term loans and credits
385	339	46	847	171	676	3.1. trade credits
1,596	410	1,186	1,756	628	1,128	3.2. financial credits
1,835	1,915	-80	1,697	1,687	10	4. cash and deposits
70	358	-288	196	279	-83	5. other liabilities
15	40	-25	130	106	24	- long-term
55	318	-263	66	173	-107	- short-term
-	485	-485	-	2,817	-2,817	e. NBR reserve assets (net) (increase "-" / decrease "+")
666	-	666	-	266	-266	3. Errors and omissions (net)

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2006

EUR mill.

Institutional sector	Outstanding at start of period	Transactions	Adjustments due to price changes	Other adjustments	Adjustments due to exchange rate changes	Outstanding at end of period
I. Government sector	-6,374	-670	0	-440	438	-7,046
<i>foreign assets</i>	<i>3,753</i>	<i>-598</i>	<i>0</i>	<i>-291</i>	<i>-19</i>	<i>2,845</i>
other investments	3,753	-598	0	-291	-19	2,845
trade credits	2,913	-594	0	-291	24	2,052
medium- and long-term trade credit	2,913	-594	0	-291	24	2,052
deposits	4	0	0	0	0	4
other assets	836	-4	0	0	-43	789
other long-term assets	663	0	0	0	-48	616
other short-term assets	173	-4	0	0	4	173
<i>foreign liabilities</i>	<i>10,127</i>	<i>72</i>	<i>0</i>	<i>149</i>	<i>-457</i>	<i>9,891</i>
portfolio investment	2,640	56	0	0	2	2,698
bonds	2,620	56	0	0	2	2,678
money market instrument	20	0	0	0	0	20
other investments	7,487	16	0	149	-458	7,193
trade credits	69	-37	0	0	1	33
medium- and long-term trade credit	69	-37	0	0	1	33
financial credits	7,418	52	0	149	-459	7,160
medium- and long-term financial credit	7,418	52	0	149	-459	7,160
other liabilities	0	0	0	0	0	0
other long-term liabilities	0	0	0	0	0	0
other short-term liabilities	0	0	0	0	0	0
II. Monetary authority	18,027	5,294	107	-2	-576	22,850
<i>foreign assets</i>	<i>18,279</i>	<i>5,158</i>	<i>107</i>	<i>0</i>	<i>-588</i>	<i>22,956</i>
other investments	20	0	0	0	1	21
other assets	20	0	0	0	1	21
other long-term asset	20	0	0	0	1	21
reserves	18,259	5,158	107	0	-589	22,935
gold	1,461	0	165	0	0	1,625
forex reserve:	16,798	5,158	-58	0	-589	21,310
<i>foreign liabilities</i>	<i>252</i>	<i>-136</i>	<i>0</i>	<i>2</i>	<i>-13</i>	<i>106</i>
other investments	252	-136	0	2	-13	106
financial credits	221	-134	0	0	-8	79
medium- and long-term financial credits (IMF)	221	-134	0	0	-8	79
deposits	0	0	0	0	0	0
other liabilities	32	-2	0	2	-5	27
other short-term liabilities	0	-2	0	2	0	0
other long-term liabilities	32	0	0	0	-5	27
III. Banks	-8,537	-7,218	-22	-111	-614	-16,501
<i>foreign assets</i>	<i>1,301</i>	<i>277</i>	<i>0</i>	<i>1</i>	<i>-45</i>	<i>1,534</i>
direct investment	125	8	0	1	2	135
equity holdings and reinvested earning	117	8	0	-4	6	126
others	8	0	0	5	-4	9
portfolio investment	174	-9	0	0	0	165
shares	14	15	0	0	0	29
bonds	160	-24	0	0	0	136
financial derivatives	-23	-33	0	0	0	-56
other investments	1,025	312	0	0	-47	1,291
financial credits	83	22	0	0	3	108
medium- and long-term financial credit	63	0	0	0	1	65
short-term financial credit	20	22	0	0	2	43
deposits	922	220	0	0	-51	1,091
other assets	20	70	0	0	2	92
other long-term asset	18	40	0	0	0	59
other short-term asset	2	30	0	0	2	33
<i>foreign liabilities</i>	<i>9,838</i>	<i>7,495</i>	<i>22</i>	<i>111</i>	<i>568</i>	<i>18,035</i>
direct investment	2,471	3,431	22	111	297	6,333
equity holdings and reinvested earning	2,108	3,027	22	56	344	5,557
others	363	404	0	56	-47	776
portfolio investment	666	288	0	0	-51	903
shares	15	-2	0	0	4	17
bonds	651	290	0	0	-56	886
financial derivatives	-49	-113	0	0	17	-145
other investments	6,750	3,890	0	0	306	10,945
financial credits	3,691	3,075	0	0	61	6,826
medium- and long-term financial credit	3,230	1,168	0	0	115	4,513
short-term financial credit	461	1,907	0	0	-54	2,314
deposits	2,997	825	0	0	242	4,064
other liabilities	62	-10	0	0	3	55
other short-term liabilities	62	-10	0	0	3	55

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2006

continued

EUR mill.

Institutional sector	Outstanding at start of period	Transactions	Adjustments due to price changes	Other adjustments	Adjustments due to exchange rate changes	Outstanding at end of period
IV. Other sectors	-26243	-6,962	-1,287	-93	-1,410	-35,994
<i>foreign assets</i>	2,379	2,165	0	149	-33	4,660
direct investment	56	328	0	149	0	533
equity holdings and reinvested earnings	11	181	0	71	3	265
others	45	148	0	78	-3	268
portfolio investment	439	660	0	0	0	1,098
shares	133	289	0	0	0	422
bonds	302	253	0	0	0	555
money market instruments	4	118	0	0	0	121
financial derivatives	-6	-3	0	0	0	-9
other investments	1,891	1,180	0	0	-33	3,038
trade credits	365	71	0	0	9	445
medium- and long-term trade credits	62	-52	0	0	11	21
short-term trade credits	303	122	0	0	-1	424
financial credits	635	874	0	0	2	1,510
medium- and long-term financial credits	39	133	0	0	2	174
short-term financial credits	596	741	0	0	-1	1,336
deposits	836	274	0	0	-47	1,063
other assets	55	-39	0	0	4	20
other short-term assets	48	-33	0	0	5	19
other long-term assets	7	-6	0	0	-1	1
<i>foreign liabilities</i>	28,622	9,127	1,287	241	1,377	40,654
direct investment	19,413	5,628	1,287	174	1,678	28,179
equity holdings and reinvested earnings	15,381	3,805	1,287	-596	1,582	21,459
others	4,032	1,823	0	770	96	6,720
portfolio investment	1,132	112	0	-71	62	1,235
shares	817	242	0	0	83	1,141
bonds	280	-118	0	-71	-21	69
money market instruments	36	-12	0	0	0	25
financial derivatives	0	-9	0	0	0	-9
other investments	8,077	3,395	0	139	-362	11,249
trade credits	1,712	817	0	219	-2	2,747
medium- and long-term trade credits	270	-203	0	219	-2	283
short-term trade credits	1,443	1,020	0	0	1	2,464
financial credits	5,984	3,096	0	-133	-445	8,502
medium- and long-term financial credits	4,776	1,278	0	-133	-388	5,534
short-term financial credits	1,208	1,818	0	0	-57	2,969
deposits	0	0	0	0	0	0
other liabilities	381	-518	0	52	85	0
other short-term liabilities	380	-466	0	0	85	0
other long-term liabilities	0	-53	0	52	0	0
TOTAL	-23,127	-9,555	-1,202	-646	-2,162	-36,692

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2006

EUR mill

Item	Outstanding at start of period	Transactions	Adjustments due to price changes	Other adjustments	Adjustments due to exchange rate changes	Outstanding at end of period
Total	-23,127	-9,555	-1,202	-646	-2,162	-36,692
<i>of which:</i>						
Foreign assets	25,712	7,002	107	-142	-685	31,994
direct investment	181	336	0	150	1	668
portfolio investment	612	651	0	0	-1	1,263
financial derivatives	-29	-37	0	0	0	-66
other investments	6,689	893	0	-291	-97	7,194
reserves	18,259	5,158	107	0	-589	22,935
Foreign liabilities	48,839	16,557	1,309	504	1,477	68,686
direct investment	21,884	9,060	1,309	285	1,974	34,512
portfolio investment	4,438	456	0	-71	12	4,835
financial derivatives	-50	-122	0	0	17	-155
other investments	22,566	7,164	0	290	-527	29,493
Net position	-23,127	-9,555	-1,202	-646	-2,162	-36,692
direct investment	-21,703	-8,724	-1,309	-135	-1,973	-33,844
portfolio investment	-3,826	195	0	71	-13	-3,572
financial derivatives	21	86	0	0	-17	89
other investments	-15,877	-6,270	0	-581	430	-22,299
reserves	18,259	5,158	107	0	-589	22,935
Foreign assets	25,712	7,002	107	-142	-685	31,994
A. Direct investment of residents abroad	181	336	0	150	1	668
- equity holdings	127	188	0	66	9	391
- other	54	148	0	84	-8	277
B. Portfolio investment	612	651	0	0	0	1,263
- bonds	462	229	0	0	0	691
- shares	147	304	0	0	0	451
- money market instruments	4	118	0	0	0	121
C. Financial derivatives	-29	-37	0	0	0	-66
D. Other investments	6,689	893	0	-291	-97	7,194
- loans and credits	3,996	372	0	-291	38	4,115
- long-term loans and credits	3,077	-513	0	-291	39	2,311
- short-term loans and credits	919	885	0	0	-1	1,804
- cash and deposits	1,762	494	0	0	-99	2,157
- other assets	931	27	0	0	-37	921
- medium- and long-term	708	35	0	0	-47	696
- short-term	223	-8	0	0	11	226
E. NBR reserve assets	18,259	5,158	107	0	-589	22,935
- monetary gold	1,461	0	165	0	0	1,625
- forex reserves	16,798	5,158	-58	0	-589	21,310
Foreign liabilities	48,839	16,557	1,309	504	1,477	68,686
A. Direct investment of non-residents in Romania	21,884	9,060	1,309	285	1,974	34,512
- equity holdings	17,489	6,832	1,309	-540	1,926	27,016
- other	4,395	2,227	0	825	49	7,496
B. Portfolio investment	4,438	456	0	-71	12	4,835
- shares	832	239	0	0	87	1,158
- bonds	3,551	228	0	-71	-75	3,633
- money market instruments	56	-12	0	0	0	44
C. Financial derivatives	-50	-122	0	0	17	-155
D. Other investments	22,566	7,164	0	290	-527	29,493
- loans and credits	19,094	6,870	0	236	-853	25,347
- long-term loans and credits	15,983	2,125	0	236	-743	17,601
- short-term loans and credits	3,112	4,745	0	0	-110	7,746
- cash and deposits	2,997	825	0	0	242	4,064
- other liabilities	475	-531	0	55	84	82
- medium- and long-term	32	-53	0	52	-5	27
- short-term	443	-478	0	2	88	55

ROMANIA: INTERNATIONAL INVESTMENT POSITION, 2001-2006

	EUR mill., end of period					
Institutional sector	2001	2002	2003	2004	2005	2006
I. Monetary authority	4,928	6,574	6,999	11,518	18,027	22,850
- assets	5,520	7,018	7,503	11,944	18,279	22,956
- liabilities	592	444	504	426	252	106
II. Government sector	-2,590	-3,432	-4,842	-5,738	-6,374	-7,046
- assets	4,389	3,762	3,148	3,235	3,753	2,845
- liabilities	6,979	7,194	7,990	8,973	10,127	9,891
III. Banks	871	-430	-1,587	-3,662	-8,537	-16,501
- assets	1,966	1,256	975	1,418	1,301	1,534
- liabilities	1,095	1,686	2,562	5,080	9,838	18,035
IV. Non-banks	-13,786	-11,964	-13,583	-18,572	-26,243	-35,995
- assets	1,214	865	864	1,095	2,379	4,659
- liabilities	15,000	12,829	14,447	19,667	28,622	40,654
Net position	-10,577	-9,252	-13,013	-16,454	-23,127	-36,692
- assets	13,089	12,901	12,490	17,692	25,712	31,994
- liabilities	23,666	22,153	25,503	34,146	48,839	68,686

ROMANIA: GROSS INTERNATIONAL RESERVES, 2001-2006

	EUR mill., end of period					
	2001	2002	2003	2004	2005	2006
<i>National Bank of Romania</i>	5,509	7,009	7,492	11,933	18,259	22,935
- gold	1,064	1,132	1,118	1,085	1,461	1,625
- SDRs	8	2	0	0	0	0
- convertible currencies	4,437	5,875	6,374	10,848	16,798	21,310
<i>Commercial banks</i>	1,722	1,042	756	1,220	1,103	1,303
- convertible currencies	1,722	1,042	756	1,220	1,103	1,303
Gross international reserves	7,231	8,051	8,248	13,153	19,362	24,238
of which:						
Gross foreign exchange reserves	6,167	6,919	7,130	12,068	17,901	22,613

ROMANIA: EXTERNAL DEBT INDICATORS, 2001-2006

	2001	2002	2003	2004	2005	2006
External debt (ED) - EUR mill.^{*)}	14,787	16,200	17,835	21,504	30,914	41,083
- medium- and long-term (MLT)	13,677	14,969	15,859	18,298	24,641	28,376
- short-term (ST)	1,110	1,231	1,976	3,206	6,273	12,707
GDP						
- RON million - current prices	116,769	151,475	197,565	246,469	288,048	342,418
- RON/EUR average annual rate	2.6027	3.1255	3.7556	4.0532	3.6234	3.5245
- EUR million ^{**)}	44,865	48,464	52,606	60,808	79,496	97,154
Exports of goods and services - EUR mill. (EXP)	14,995	17,143	18,285	21,838	26,357	31,437
Imports of goods and services - EUR mill. (IMP)	18,447	19,890	22,178	27,374	34,512	43,192
External debt service - EUR mill. (EDS)	3,648	4,249	3,808	4,972	13,578	19,801
- principal repayment	2,916	3,502	3,033	4,117	12,415	18,191
- interest payment (INT)	732	747	775	855	1,163	1,610
Official reserves (EUR mill.)	5,509	7,009	7,492	11,933	18,259	22,935
Indicators			<i>percent</i>			
ED/GDP	33.0	33.4	33.9	35.4	38.9	42.3
MLT/GDP	30.5	30.9	30.1	30.1	31.0	29.2
ED/EXP	98.6	94.5	97.5	98.5	117.3	130.7
MLT/EXP	91.2	87.3	86.7	83.8	93.5	90.3
EDS/EXP	24.3	24.8	20.8	22.8	51.5	63.0
EDS/GDP	8.1	8.8	7.2	8.2	17.1	20.4
EDS/OR	66.2	60.6	50.8	41.7	74.4	86.3
INT/EXP	4.9	4.4	4.2	3.9	4.4	5.1
ST/ED	7.5	7.6	11.1	14.9	20.3	30.9
Multilateral/ED	34.8	31.9	28.9	24.1	18.3	13.8
OR/IMP (months)	3.6	4.2	4.1	5.2	6.3	6.4

^{*)} External debt balance is calculated on a cash basis, leaving out of account the unmatured accrued interest

^{**)} Based on the RON/EUR average annual rate