



NATIONAL BANK OF ROMANIA

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

ANNUAL REPORT

2007

Note

*The drafting of **Annual Report 2007 – Balance of Payments and International Investment Position of Romania** was completed on 5 December 2008 based on the data available in November 2008.*

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

Sources of data are mentioned when institutions other than the National Bank of Romania supplied data.

The drafting was carried out by the Statistics Department while English version and technical co-ordination by the Economics Department.

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MAIN DEVELOPMENTS IN 2007

I. External environment¹

In 2007, world economy grew at a relatively slower pace than the buoyant conditions seen in the past three years. World output stood 3.6 percent higher compared to 3.9 percent in 2006, owing partly to the global financial tensions that were manifest in 2007 H2. Prices on international financial markets were significantly affected by the general reappraisal of risks whose spillover effects spread from the US sub-prime mortgage market to credit markets as a whole and, more broadly, to the financial system. The US housing market conditions had only limited repercussions at global level. In major emerging economies, the turmoil led temporarily to a rise in financial market volatility, but the capacity of most emerging markets² to withstand this turbulence was stronger than in the past. In 2007, the oil price surged markedly for the fourth year in succession, peaking at USD 95.6 per barrel at end-November and averaging year on year at USD 71 per barrel, up 9 percent over the 2006 average. Commodity prices³ rose by about 19 percent in 2007 from a year earlier, with most of the growth being accounted for by food and agricultural prices. The increase in global food prices was boosted by the sizeable rise in demand for foodstuffs – especially from China – as well as by the new sources of demand for agricultural produce, the production of bio-fuels in particular. Global inflation moderated in the first nine months of 2007, but inflationary pressures perked up in December, when inflation rate reached 3.3 percent⁴.

Euro area⁵ economy continued to expand at solid rates during the year under review (2.6 percent)⁶ despite the volatile energy prices and the economic environment afflicted by increased tensions stemming from financial market turmoil in the latter half of 2007. The key driver of further expansion was domestic demand, most notably investment – up 4.4 percent from 2006 – supported by favourable financing conditions (especially in the first half), strong corporate earnings and further gains in business efficiency in the corporate sector. Euro area exports moved ahead 5.9 percent in 2007, reflecting the strong increase in external demand in spite of the appreciating euro and keener competition from China and other Asian countries. The region's imports went up, supported by fast dynamics of corporate investment and exports, as well as by the stronger euro.

¹ Source: ECB, Annual Report 2007.

² Where growth proceeded at a fast pace, particularly in emerging Asia.

³ Energy resources excluded.

⁴ It covers the countries that joined the Organisation for Economic Co-operation and Development (OECD).

⁵ The euro area participants referred to are the thirteen EU Member States making up the currency union at end-2007, namely Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Slovenia.

⁶ From 2.9 percent in 2006.

Net exports had a positive contribution to GDP growth, i.e. 0.4 of a percentage point. The average annual inflation rate, as measured by the Harmonised Index of Consumer Prices, ran at 2.1 percent in 2007 as against 2.2 percent in 2006. This development was mostly attributed to the hikes in prices of commodities, energy in particular, and, in 2007 Q4, of foodstuffs⁷, as well as to the effects of higher indirect taxes and constraints related to productive capacities in an environment of economic development and labour market tightening. Unemployment rate, which followed on a downward path since 2005, declined further, reaching a 25-year low of 7.1 percent at end-2007. This decrease equally illustrates the economic rebound, the effects of moderate, sustained wage rises, as well as the reforms implemented on the labour market. The budget deficit of the currency union narrowed to 0.8 percent of GDP, from 1.5 percent of GDP in the previous year. The deficits of Italy and Portugal, the two Member States that were subject to the excessive deficit procedure, were lowered to 2.4 percent and 3 percent respectively. Under these conditions, the public debt ratio declined by almost 2 percentage points in 2007 year over year to 66.7 percent of GDP, which was the lowest level observed since the start of Stage Three of the Economic and Monetary Union in 1999.

The aggregate current account of the euro area saw a surplus of EUR 15 billion (0.2 percent of GDP) as against a deficit of EUR 13.6 billion a year earlier as a result of a wider trade surplus. The euro zone trade surplus rose by EUR 37.3 billion over the preceding year amid the slower growth⁸ in the value of trade in goods from outside the euro area. By contrast, imports and exports of services grew at a faster pace in 2007 than in 2006, thus offsetting part of the lower expansion of the trade in goods. The analysis of exports of goods by volume and prices pinpoints that the slower export dynamics was due to developments in volume. Export price growth moderated, which allowed companies to adjust their profit margins in order to make up for the reduction in price and cost competitiveness following the appreciating euro. The combination of somewhat slower advance in external demand and the stronger currency resulted in a deceleration in the growth of exports intended for outlets outside the euro area in 2007 H1. However, exports to China and Central and Eastern European countries continued to witness faster rates of increase during 2007 against the backdrop of robust economic expansion in these regions. Imports also rose by volume, but the rise in import prices can be ascribed to substantially higher oil prices, which were partly countered by the stronger euro. The surplus of goods and services totalling EUR 44.5 billion was partly diminished by the deficits under incomes and current transfers.

Portfolio and direct investment posted net inflows in amount of EUR 124 billion, compared with EUR 140 billion in 2006, due to the EUR 44 billion compression in net inflows of portfolio investment that was countered to some extent by the EUR 28 billion decline in net outflows of direct investment⁹. In 2007, direct investment abroad by euro-area residents remained at somewhat elevated levels, primarily due to larger participations in companies incorporated in the USA, United Kingdom, offshore centres and the new EU Member States. The most significant investors in the euro area were the USA and United Kingdom.

⁷ For instance, cereals and dairy produce.

⁸ Exports of goods were up 8.1 percent in 2007 against 14.3 percent in 2006, whereas the rise in imports of goods moderated sharply to 5.5 percent in 2007 from 17 percent in 2006.

⁹ Showing the rise in inflows from foreign direct investment in the euro area.

Economic growth in **non-euro area Member States**¹⁰ kept expanding at a brisk pace, the same as they did in 2006, posting however different developments by country. In 2007, these countries could be ranked by GDP growth as follows: the Baltic States and Slovakia (around 8 percent), the Czech Republic, Poland and Romania (with growth rates ranging between 6 percent and 6.5 percent), Cyprus, Malta, Sweden and the United Kingdom (between 2.8 percent and 4.4 percent), Denmark (1.8 percent) and Hungary (1.3 percent). In most countries the economic growth was driven by domestic demand. Private consumption was spurred by the increase in real disposable income, associated with the sharply higher wages and the rise in employment. The dynamics of gross fixed capital formation gained momentum, amid favourable financing conditions, accompanied in some countries by substantial inflows of foreign direct investment. Net exports contributed negatively to GDP growth in the majority of the economies under review¹¹, in spite of the solid upsurge in external demand given that the robust demand for imports outpaced the advance of exports. Labour market conditions continued to improve in most non-participating EU Member States, the jobless rate edged further downwards as a result of the salient rise in employment. Over the past few years, external migration of workers continued to affect labour supply in Bulgaria, Latvia, Lithuania, Poland and Romania. In 2007, Estonia faced similar conditions as well. By contrast, positive net flows of workforce reported the Czech Republic, Denmark, Cyprus, Hungary, Malta, Slovakia, Sweden and the United Kingdom. Inflation rate, as measured by the Harmonised Index of Consumer Prices, headed upwards in most non-euro area Member States, fuelled by steep increases in food and energy prices as well as by the higher domestic demand. Moreover, solid domestic demand continued to stoke up inflationary pressures, especially in countries with fast-paced private consumption driven by rapid credit expansion, on the back of negative real interest rates and considerable capital entries. Inflationary pressures also resulted from stronger nominal wage growth, which exceeded productivity gains, triggering swift unit labour cost growth. The highest inflation rates were recorded in the fast-growing countries, namely the Baltic States, Bulgaria, Hungary and Romania (between 4.8 percent and 10.1 percent). Average inflation was below 2 percent in Denmark, Malta, Slovakia and Sweden.

Fiscal policies continued to be heterogeneous in 2007. Six of the EU Member States outside the euro area, namely Bulgaria, Cyprus, Denmark, Estonia, Latvia and Sweden, recorded fiscal surpluses, while the others ended the year on a deficit. The government debt ratio was substantially below 60 percent of GDP in most non-euro area Member States¹². The combined current and capital account balance worsened in all non-euro area Member States over the previous year, but the performance by country was mixed. Denmark and Sweden ended 2007 on surpluses whilst the remaining countries ran up fiscal deficits. In year on year comparison, these shortfalls widened in most EU members, except Hungary, Malta and Slovakia. External imbalances were higher than 20 percent of GDP in Latvia and Bulgaria and overstepped the 10-percent-of-GDP mark in Estonia, Lithuania and Romania, and ranged between 4 percent and 8 percent of GDP in Cyprus, Hungary, Slovakia and the United Kingdom. In most countries, the external imbalances originated from deficits in goods, except for the Czech Republic, Hungary, Poland and Slovakia, where the deficits

¹⁰ Non-euro area Member States referred to herein are the following: Bulgaria, the Czech Republic, Cyprus, Denmark, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Sweden and the United Kingdom.

¹¹ Except Hungary, Malta, Slovakia and Sweden.

¹² The government debt ratio remained above the 60 percent reference value only in Malta and Hungary.

in incomes – often linked to the reinvested earnings of foreign-owned companies – were the chief driving force.

In comparison with 2006, net direct investment inflows in 2007 decreased substantially in Denmark, Sweden and the United Kingdom, but remained rather stable for the EU-11 aggregate¹³. Even though net direct investment constituted an important source of financing, such inflows could not cover entirely the current and capital account deficits. In the case of the Baltic States, Hungary, Romania and the United Kingdom the deficit of the basic balance, i.e. the sum of the combined current and capital account balance and net direct investment, was higher than 4 percent of GDP, and for Latvia it exceeded 15 percent of GDP. Net portfolio investment inflows remained negative or neutral in all countries under review, except Denmark and Hungary¹⁴. Net flows under “Other investment” were generally positive in most countries that joined the EU in 2004 and 2007, reflecting particularly loans from foreign parent banks to their subsidiaries in the region.

In the **United States of America**, the annual growth rate of GDP equalled 2.2 percent in 2007, down 0.7 of a percentage point from the 2006 figure. The housing market correction, which had begun in 2006, was the main deterrent to growth and shaved almost one percentage point off the GDP advance through lower residential investment. The net trade contribution turned positive in 2007, for the first time since 1995, reflecting buoyant global growth as well as the depreciation of the real effective exchange rate of the US dollar. These factors explain the decline in the current account deficit from 6.2 percent of GDP in 2006 down to 5.5 percent of GDP in 2007. The narrowing of the goods deficit accounted for the bulk of the improvement in the external imbalance. The annual rate of change in the consumer price index for 2007 came in at 2.9 percent¹⁵, with inflationary pressures surfacing especially in 2007 H1¹⁶ and in the run-up to the year-end¹⁷.

As for fiscal policy, the federal budget deficit narrowed year on year by 0.7 of a percentage point to reach 1.2 percent of GDP. Behind this performance stood the rise in personal tax revenues coupled with lower expenditures.

In **Japan**, the economic recovery persisted into 2007. GDP grew by 2.1 percent as against 2.4 percent in 2006, remaining around potential for the fourth successive year. The performance was solely due to the strength of exports¹⁸ but, their dynamics notwithstanding, domestic demand and especially private consumption slackened to 1.4 percent from 2 percent in 2006. Private investment growth slowed down on the back of more sluggish residential and non-residential investment. Consumer price inflation rate ran at 0.1 percent after 0.3 percent in 2006.

Emerging Asia continued to see solid economic growth rates in 2007, despite the less favourable external conditions in 2007 H2 as a result of the sturdy domestic demand in the largest economies

¹³ Except in Hungary, Slovakia and Malta, where they deteriorated markedly.

¹⁴ In these two countries, net portfolio investment inflows resulted from substantial net external debt levels.

¹⁵ Against 3.2 percent in the prior year.

¹⁶ Due to substantial hikes in energy prices and rents.

¹⁷ As a result of increases in energy and food prices.

¹⁸ Exports benefited from developments in the effective exchange rate of the Japanese yen and sound external demand, especially from Asia.

of the region. Inflationary pressures were partly limited in most economies owing to the tighter monetary policies. The Chinese economy stayed on an upward course in 2007 (by 11.4 percent over 11.1 percent a year earlier) thanks to the increase seen in domestic demand and net exports. The trade surplus widened to USD 262 billion in 2007, almost 50 percent higher than in 2006, thereby contributing to the increase in China's foreign exchange reserves, which reached USD 1,500 billion, accounting for approximately 50 percent of GDP at end-2007.

The economies in **Latin America** advanced at a sustained pace, although heterogeneity in terms of inflation and growth was manifest. Among the growth-boosting factors were: the improvement in macroeconomic fundamentals, the additional reduction in financial vulnerabilities, high prices of exported commodities and stronger domestic demand. The growth rate of the economy was weaker in Mexico (3.3 percent in 2007 from 4.8 percent a year earlier) because of a less favourable external environment, but strong in Brazil (5.4 percent as against 3.8 percent in 2006), whereas inflation edged lower in both countries. In Argentina, the economy kept increasing at a fast tempo, i.e. 8.7 percent versus 8.5 percent in the year before, and inflation remained high. Special mention deserves the breakthrough recorded by the level of foreign investment in Latin America, which went upwards of USD 100 billion against the background of the region's economic growth and the sustained demand for natural resources¹⁹.

¹⁹ Taken from the Report by the Economic Commission for Latin America and the Caribbean (June 2008).

II. Romanian economy in 2007

In 2007, the Romanian economy grew at a slower rate than in 2006. Behind the 1.9 percentage point deceleration year on year stood the summertime draught which depressed the output in the domestic agricultural sector and the international market turmoil that put a damper on the global growth. The rate of increase of the gross domestic product equalled 6 percent in 2007, 3.1 percentage points above the 2.9 percent²⁰ average growth pace in the European Union. Developments in GDP by expenditure point to the robust domestic demand (10.0 percent) on the back of final household consumption and gross fixed capital formation, which rose year on year by 10.2 percent and 28.9 percent respectively. Net exports had a negative contribution to GDP use, i.e. -14.9 percent.

Table No. 1. GDP by expenditure

	previous year = 100	
	2006*	2007**
GDP	107.9	106.0
Actual final consumption of households	111.4	110.2
Actual final consumption of general government	90.1	107.4
Gross fixed capital formation	119.3	128.9
Exports of goods and services	110.6	108.7
Imports of goods and services	122.4	126.1

Source: National Institute of Statistics (NIS)

*) semifinal data

**) provisional data

GDP formation was propelled by the good performance in three sectors of the economy, i.e. industry, services and construction, which jointly accounted for 82.3 percent of GDP. Gross value added in these sectors surged over the year before by 5.1 percent, 7.1 percent and 33.6 percent respectively. As a result of the draught, the agricultural sector posted a negative growth rate of -16.9 percent and saw its share in GDP declining to 6.6 percent.

Inflation rate in 2007 stood at 6.6 percent (December/December), up 1.7 percentage points from 2006. This represents an overshooting of the upper limit of the inflation target set by the central bank (4 percent \pm 1 percentage point). The upturn in inflation occurred in 2007 H2, due mostly to hefty increases in oil and food prices on foreign markets. Other inflation determinants were the still highly volatile prices of non-energy commodities coupled with a series of unfavourable developments on the domestic landscape such as the draught, pay increases and the pick-up in credit to the private sector. Compared to the other eleven countries that have recently joined the EU, Romania ranked sixth, ahead of Latvia (14.0 percent), Bulgaria (11.6 percent), Estonia (9.7 percent), Lithuania (8.2 percent), and Hungary (7.4 percent)²¹.

At end-2007, **registered unemployment rate** touched 4.1 percent of civilian labour force, down 1.1 percentage points from December 2006. The drop in unemployment can be attributed to both the rise in employment and the external migration of skilled workforce.

The share of consolidated general government deficit in gross domestic product²² equalled 2.5 percent in 2007, from 2.2 percent a year earlier, still below the 3 percent ceiling laid down in the budget deficit criterion of the Maastricht Treaty.

²⁰ Source: Eurostat website.

²¹ Source: National Institute of Statistics.

²² Measured according to the European System of Accounts (ESA 1995).

III. Romania's balance of payments and international investment position in 2007

A. Balance of payments

Similarly to most Member States, the external imbalance in Romania was mainly generated by the widening trade deficit, due to extremely strong domestic demand. Behind the expansion of domestic demand stood, among others, the appreciation of the domestic currency versus the euro, wage increases outpacing productivity gains and other structural factors.

Table No. 2. GDP¹⁾ and external sector

	2006	2007
	- EUR mill. -	
1. Final consumption (FC)	83,630	102,713
2. Investment ²⁾ (I)	25,880	35,900
3. Exports of goods and services - net (E)	-11,755	-17,345
4. Income from abroad - net (IA)	-3,246	-4,152
5. Current transfers - net (CT)	4,845	4,820
GROSS DOMESTIC PRODUCT (GDP=FC+I+E)	97,755	121,268
Gross national disposable income (GNDI=FC+I+E+IA+TC)	99,354	121,936
CURRENT ACCOUNT BALANCE (CAB=E+IA+TC)	-10,156	-16,677
GROSS SAVING (GS=I+CAB)	15,724	19,223
	- percent -	
Saving rate (GS/GDP)x100	16.1	15.9
Investment rate (I/GDP)x100	26.5	29.6
Share of current account balance in GDP (CAB/GDP=GS/GDP - I/GDP)x100 ³⁾	10.4	13.8

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 138.6 billion, up 26.6 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 4.1 percentage points, reaching 35 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 2007, the balance-of-payments current account deficit widened to EUR 16,677 million, up 64.2 percent year on year, accounting for 13.8 percent of GDP against 10.4 percent in 2006.

Table No. 3. Balance of payments

	- EUR mill. -					
	2006			2007		
	Credit	Debit	Net	Credit	Debit	Net
1. CURRENT ACCOUNT	38,700	48,856	-10,156	46,075	62,752	-16,677
Goods and services	31,437	43,192	-11,755	36,480	53,825	-17,345
- Goods	25,850	37,609	-11,759	29,549	47,371	-17,822
- Services	5,587	5,583	4	6,931	6,454	477
Incomes	1,726	4,972	-3,246	2,405	6,557	-4,152
Current transfers	5,537	692	4,845	7,190	2,370	4,820
2. CAPITAL AND FINANCIAL ACCOUNT	46,501	36,969	9,532	67,379	50,110	17,269
Capital transfers	681	707	-26	987	283	704
Purchase-sale of non-produced/ non-financial assets	51	50	1	238	128	110
Direct investment	14,148	5,425	8,723	14,267	7,220	7,047
Portfolio investment	1,510	1,705	-195	3,347	2,865	482
Financial derivatives	38	123	-85	247	546	-299
Other capital investment	30,073	23,801	6,272	48,293	34,563	13,730
Reserve assets ("-" increase, "+" decrease)	-	5,158	-5,158	-	4,505	-4,505
3. ERRORS AND OMISSIONS (NET)	624	-	624	-	592	-592

Trade balance (goods) had the largest impact on the current account, reaching 14.7 percent deficit-to-GDP in 2007, 2.7 percentage points above the previous year's figure. The current account deficit widening was also fuelled by larger incomes derived by non-residents from direct investment. The dampening effect of the goods and income flows on the current account was only partly offset by the good performance of the services balance and net inflows of current transfers.

1.1. Trade balance (goods and services)

In 2007, goods and services balance ran a deficit of EUR 17,345 million, up 47.6 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 17,822 million in 2007, rising year on year both in absolute terms and as a share of GDP (by EUR 6,063 million and 2.7 percentage points respectively). The 51.6 percent widening of the trade deficit against 2006 owed to slower export dynamics (particularly petroleum products, textiles, wearing apparel and footwear) and faster expansion of imports²³.

²³ After the National Institute of Statistics implemented the Intrastat system, effective in Romania as of 1 January 2007, intra-Community imports came under the influence of the following developments: conclusion, through the Customs General Department, of the customs regimes in place prior to 1 January 2007, concerning mainly temporary imports in customs warehouses and free areas; introduction of the general trade system for intra-Community trade, according to which goods are registered in full upon crossing the national border and not upon release for free movement, as was previously the case and as extra-Community trade is currently conducted.

Table No. 4. Trade balance (goods)

	2006	2007	Difference (+/-)
		- EUR mill. -	
Exports (FOB)	25,850	29,549	3,699
Imports (FOB)	37,609	47,371	9,762
Trade balance (FOB/FOB)	-11,759	-17,822	-6,063
	- percent -		- percentage points -
Share of exports in GDP	26.4	24.4	-2.0
Share of imports in GDP	38.5	39.1	0.6
Share of trade balance in GDP	-12.0	-14.7	-2.7
Share of trade balance in current account balance	115.8	106.9	-8.9
Coverage of imports through exports (FOB/FOB)	68.7	62.4	-6.3
Economy openness: (exports+imports)/GDP	68.4	66.7	-1.7

Source: National Institute of Statistics

November saw the highest trade deficit in 2007 at EUR 1.9 billion. During the year under review, the trade deficit monthly average stood at EUR 1.5 billion, up EUR 0.5 billion compared to the previous year's monthly average.

Trade balance developments of the eight commodity groups point to surpluses under textiles, wearing apparel and footwear (EUR 1,468 million), and deficits under machinery, equipment and transport means (EUR 8,290 million), chemicals and plastic products (EUR 3,840 million), mineral products (EUR 3,371 million), agrifoodstuffs (EUR 1,960 million), base metals (EUR 424 million), paper and wood products and other merchandise (EUR 1,405 million).

The analysis by major output stage reveals the deficits posted by capital goods (EUR 8,321 million), intermediate goods (EUR 4,903 million), raw materials (EUR 4,569 million) and consumer goods (EUR 29 million).

The geographical spread shows that the deficit stemmed primarily from intra-Community trade (70.1 percent, of which trade with the euro area accounted for about 51.0 percent), ahead of trade with countries outside the EU (29.9 percent). Some 84 percent of the trade deficit recorded in 2007 were ascribable to trade relations with Germany (17.7 percent), the Russian Federation (14.4 percent), Hungary (9.0 percent), Austria (8.6 percent), the People's Republic of China (7.8 percent), the Netherlands (6.2 percent), Italy (5.6 percent), Poland (5.4 percent), Kazakhstan (4.7 percent) and the Czech Republic (4.1 percent). Furthermore, both import cover and economy openness shed 6.3 percentage points and 1.7 percentage points respectively year on year, to stand at 62.4 percent and 66.7 percent respectively.

Exports of goods amounted to EUR 29,549 million, up 14.3 percent from 2006, as a result of higher external prices, the larger volume and the change in the structure of exports in favour of capital goods and intermediate goods. Some 64.6 percent of the increase in export value (EUR 3,699 million versus EUR 3,595 million in 2006) resulted from higher external prices (metal products, motorcars, tractors and other road vehicles, furniture, boilers, turbines, engines, apparatus and mechanical devices, tobacco, wood, fertilizers, plastic items), with the remaining 35.4 percent

representing the contribution of the larger volume (motorcars, tractors and other road vehicles, machinery, electrical machinery and apparatus, boilers, turbines, engines, apparatus and mechanical devices, rubber articles, metal products, glass and glassware, man-made fibres). October saw the highest level of exports in 2007, i.e. EUR 2.8 billion, while the monthly average of exports stood at EUR 2.5 billion, up EUR 0.3 billion from a year earlier.

The table below depicts the increases in goods holding significant shares in total exports:

Table No. 5. Goods with significant shares in total exports in 2007

	Share of goods in total exports %	- EUR mill. -	Increase/decrease against 2006 %
Machinery, mechanic devices, electrical apparatus and equipment	22.2	6,552	24.9
Cast, laminated metal products, made of iron, steel, pig iron, aluminium and copper (excluding scrap metal)	14.4	4,265	23.6
Transport means and materials	12.1	3,577	40.6
Knitted or crocheted wearing apparel	11.4	3,356	-9.3
Chemicals, plastics, rubber and articles thereof	8.7	2,583	20.7
Petroleum products	6.7	1,970	-15.0
Footwear and leather goods	5.0	1,480	-1.9
Furniture (including components)	3.8	1,135	16.4
Wood and wood items	3.4	992	7.5

Source: National Institute of Statistics

The products whose share in total exports widened were: machinery, mechanic devices, electrical apparatus and equipment (22.2 percent in 2007 from 20.3 percent in 2006, up 24.9 percent year on year), cast and laminated metal products, made of iron, steel, pig iron, aluminium and copper (14.4 percent in 2007 from 13.4 percent in 2006, up 23.6 percent year on year), transport means and materials (12.1 percent in 2007 from 9.8 percent in 2006, i.e. an advance of 40.6 percent year on year), and chemicals, plastics, rubber and articles thereof (8.7 percent in 2007 from 8.3 percent in 2006, up 20.7 percent year on year). The share of two commodity groups in total exports remained broadly unchanged, namely furniture (3.8 percent in 2007, up 16.4 percent year over year) and wood and wood items (3.4 percent, up 7.5 percent year over year). The share of the following groups in total exports witnessed a downtrend: knitted or crocheted wearing apparel²⁴ (11.4 percent in 2007 from 14.3 percent a year earlier, down 9.3 percent year on year), petroleum products (6.7 percent in 2007 from 9.0 percent a year earlier, down 15.0 percent year on year), footwear and leather goods (5.0 percent in 2007 from 5.8 percent in 2006, down 1.9 percent year on year).

Imports of goods amounted to EUR 47,371 million, up 26 percent versus 2006, amid higher crude oil prices on international markets and stronger domestic demand for capital goods (motorcars²⁵, tractors and other road vehicles; engines, apparatus and mechanical devices; electrical machinery, appliances and equipment), intermediate goods (transport equipment, subassemblies, parts,

²⁴ As a result of higher utility prices and the Asian competition. At the same time, OPT arrangements are being relocated to countries with cheaper workforce, such as the Republic of Moldova or the Ukraine (Source: Light Industry Employers' Federation).

²⁵ Excluding motorcars for retail customers.

accessories and other processed products for industry) and consumer goods (household appliances; knitted wearing apparel, footwear; food and beverages). The year-on-year increase in import value ran at EUR 9,762 million, EUR 2,214 million higher than in 2006, some 92 percent of this advance being accounted for by the rise in the physical volume of imported goods.

The monthly average of imports equalled EUR 3.9 billion, up EUR 0.8 billion over the year before. Table 6 below sets out the increases in goods holding significant shares in total imports:

Table No. 6. Goods with significant shares in total imports in 2007

	Share of goods in total imports %	- EUR mill. -	Increase/decrease against 2006 %
Machinery, engines, apparatus and mechanical devices (including components)	14.0	6,614	31.0
Motorcars, tractors and other road vehicles	12.2	5,793	51.4
Electrical machinery, appliances and equipment, apparatus for recording and reproducing sound and image	11.1	5,249	28.9
Energy products (crude oil, natural gas, petroleum products, coal, coke)	10.6	5,038	-0.4
Products made of pig iron, iron, steel and non-ferrous metals	10.3	4,881	42.0
Fabrics made of wool, cotton and man-made fibres; man-made fibres, textile products	5.4	2,576	2.1
Plastics and plastic items	4.4	2,098	19.4
Pharmaceutical products	2.8	1,346	18.9
Wearing apparel and footwear	2.3	1,071	24.1
Food, beverages and tobacco	2.1	988	10.5

Source: National Institute of Statistics

The products whose share in total imports widened were: machinery, engines, apparatus and mechanical devices, including components (14.0 percent in 2007 from 13.4 percent in 2006, up 31.0 percent year on year), motorcars, tractors and other road vehicles (12.2 percent in 2007 from 10.2 percent in 2006, up 51.4 percent year on year) and products made of pig iron, iron, steel and non-ferrous metals (10.3 percent in 2007 from 9.1 percent in 2006, i.e. an annual increase of 42.0 percent). 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 (11.1 percent, up 28.9 percent year over year), plastics and plastic items (4.4 percent, up 19.4 percent year on year), pharmaceutical products (2.8 percent, up 18.9 percent year on year), wearing apparel and footwear (2.3 percent, up 24.1 percent year over year). The share of the following groups in total imports witnessed a downtrend: energy products (10.6 percent in 2007 from 13.5 percent in 2006, down 0.4 percent year on year), fabrics made of wool, cotton and man-made fibres; man-made fibres and textile products (5.4 percent in 2007 from 6.7 percent in 2006, up 2.1 percent year on year) and food, beverages and tobacco (2.1 percent in 2007 from 2.4 percent in 2006, up 10.5 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 2006. The value of exports of manufactured goods reached EUR 28,707 million, accounting for 97.2 percent of total exports in the year under review.

Table No. 7. Exports by main economic activity

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
TOTAL	25,850	29,549	114.3	100.0	100.0
Agriculture, forestry and fishery	567	638	112.5	2.2	2.2
Mining and quarrying	69	48	69.6	0.3	0.2
Manufacturing	25,025	28,707	114.7	96.8	97.2
Electricity, heating, gas and water	169	144	85.2	0.7	0.5
Other	20	12	60.0	0.1	0.0

Source: National Institute of Statistics

Exports of manufactured goods stood 14.7 percent higher than in 2006 for most activities, except for petroleum processing (down 14.2 percent), radio, television and communication equipment (down 13.2 percent), wearing apparel (down 9.4 percent) and leather goods and footwear (down 1.4 percent). Above-average increases in exports were recorded by the following sub-sectors: road transport means (by 50.3 percent); rubber and plastic products (39.5 percent); pulp and paper (37.1 percent); metallic construction and metal products (36.3 percent); medical instruments and apparatus, watches and clocks (32.1 percent); machinery and equipment (29.2 percent); food and beverages (26.7 percent); electrical machinery and apparatus (25.4 percent); other road transport means (22.9 percent); metallurgy (20.0 percent); chemicals and man-made fibres (16.8 percent).

Table No. 8. Exports by main manufacturing activity

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007		2007/2006	2006
TOTAL, of which:	25,025	28,707	114.7	100.0	100.0
Food and beverages	322	408	126.7	1.3	1.4
Textiles and textile products	1,017	1,053	103.5	4.1	3.7
Textile, fur and leather apparel	3,179	2,880	90.6	12.7	10.0
Leather goods and footwear	1,523	1,502	98.6	6.1	5.2
Woodworking	955	1,002	104.9	3.8	3.5
Pulp, paper and cardboard	105	144	137.1	0.4	0.5
Petroleum processing and coal coking	2,420	2,077	85.8	9.7	7.2
Chemicals and man-made fibres	1,426	1,665	116.8	5.7	5.8
Rubber and plastic products	704	982	139.5	2.8	3.4
Other non-metallic mineral products	248	280	112.9	1.0	1.0
Metallurgy	3,321	3,984	120.0	13.3	13.9
Metallic construction and metal products	653	890	136.3	2.6	3.1
Machinery and equipment	1,981	2,559	129.2	7.9	8.9
Electrical machinery and apparatus	2,400	3,010	125.4	9.6	10.5
Radio, television and communication equipment	409	355	86.8	1.6	1.2
Medical instruments and apparatus, watches and clocks	168	222	132.1	0.7	0.8
Road transport means	1,764	2,651	150.3	7.0	9.2
Other transport means	985	1,211	122.9	3.9	4.2
Furniture and other activities	1,160	1,326	114.3	4.6	4.6

Source: National Institute of Statistics

In comparison with 2006, the commodity structure of exports by output stage indicated an expansion in the share of exports of capital goods (up 2.2 percentage points to 12.5 percent) and intermediate goods (up 1.5 percentage points to 58.0 percent) along with a decline in the share of consumer goods (down 3.5 percentage points to 24.3 percent) and raw materials (down 0.2 of a percentage point to 5.2 percent).

Table No. 9. Exports by output stage¹⁾

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007		2007/2006	2006
TOTAL	25,850	29,549	114.3	100.0	100.0
Raw materials	1,387	1,545	111.4	5.4	5.2
Intermediate goods	14,600	17,125	117.3	56.5	58.0
Capital goods	2,660	3,687	138.6	10.3	12.5
Consumer goods	7,203	7,192	99.8	27.8	24.3

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

In year-on-year comparison, four groups of commodities increased their contribution to export growth, namely machinery, equipment and transport means (by 4.2 percentage points), base metals (by 1.3 percentage points), agrifoodstuffs (by 0.5 of a percentage point) and chemical and plastic products (by 0.4 of a percentage point).

Table No. 10. Exports by group of commodities

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
TOTAL	25,850	29,549	114.3	100.0	100.0
Agrifoodstuffs	854	1,122	131.4	3.3	3.8
Mineral products	2,702	2,295	85.0	10.5	7.8
Chemical and plastic products	2,140	2,583	120.7	8.3	8.7
Paper and wood products	1,059	1,170	110.5	4.1	4.0
Textiles, wearing apparel and footwear	5,553	5,291	95.3	21.5	17.9
Base metals	3,877	4,815	124.2	15.0	16.3
Machinery, equipment and transport means	7,790	10,128	130.0	30.1	34.3
Other goods	1,875	2,145	114.4	7.3	7.3

Source: National Institute of Statistics

b) Geographical distribution of exports

In 2007, the geographical distribution of exports illustrates a 16.7 percent year-on-year increase in **intra-EU exports to EUR 21,269 million**, mainly owing to exports to Germany, Hungary, Poland, the Czech Republic, Slovakia, Slovenia and Sweden. The share of intra-EU exports in total exports came in at 72.0 percent, up 1.5 percentage points versus 2006.

Table No. 11. Exports by group of countries

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
TOTAL	25,850	29,549	114.3	100.0	100.0
1. Intra-EU exports	18,223	21,269	116.7	70.5	72.0
of which:					
Italy	4,638	5,033	108.5	17.9	17.0
Germany	4,059	5,009	123.4	15.7	17.0
France	1,938	2,272	117.2	7.5	7.7
Hungary	1,276	1,691	132.5	4.9	5.7
United Kingdom	1,216	1,221	100.4	4.7	4.1
Bulgaria	728	941	129.3	2.8	3.2
Austria	685	760	110.9	2.6	2.6
Spain	606	679	112.0	2.3	2.3
Poland	468	637	136.1	1.8	2.2
2. Extra-EU exports	7,627	8,280	108.6	29.5	28.0
of which:					
Turkey	1,996	2,072	103.8	7.7	7.0
USA	664	598	90.1	2.6	2.0
The Republic of Moldova	340	463	136.2	1.3	1.6
Ukraine	338	543	160.7	1.3	1.8
The Russian Federation	299	428	143.1	1.2	1.4

Source: National Institute of Statistics

Exports to the European Union rose for most commodity groups²⁶, special mention deserving agrifoodstuffs (41.4 percent) chemical and plastic products (38.1 percent), base metals (34.9 percent), machinery, equipment and transport means (27.6 percent). In 2007, the following commodity groups increased their contribution to export growth: machinery, equipment and

²⁶ Except for “mineral products” group (-6.4 percent) and “textiles, wearing apparel and footwear” group (-5.1 percent).

transport means (by 3.1 percentage points), base metals (by 1.8 percentage points), chemical and plastic products (by 1.2 percentage points) and agrifoodstuffs (by 0.6 percentage points).

Table No. 12. Exports to the European Union by group of commodities

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007	2007/2006	2006	2007
TOTAL	18,223	21,269	116.7	100.0	100.0
Agrifoodstuffs	560	792	141.4	3.1	3.7
Mineral products	887	830	93.6	4.9	3.9
Chemical and plastic products	1,152	1,591	138.1	6.3	7.5
Paper and wood products	596	641	107.6	3.3	3.0
Textiles, wearing apparel and footwear	5,312	5,039	94.9	29.1	23.7
Base metals	2,108	2,844	134.9	11.6	13.4
Machinery, equipment and transport means	6,010	7,669	127.6	33.0	36.1
Other goods	1,598	1,863	116.6	8.8	8.8

Source: National Institute of Statistics

Extra-EU exports amounted to **EUR 8,280 million**, up 8.6 percent versus 2006, accounting for 28.0 percent in total exports²⁷.

The **first ten export destinations**²⁸ in 2007 were the following: Italy (17.0 percent of total exports), Germany (17.0 percent), France (7.7 percent), Turkey (7.0 percent), Hungary (5.7 percent), the United Kingdom (4.1 percent), Bulgaria (3.2 percent), Austria (2.6 percent), Spain (2.3 percent) and Poland (2.2 percent).

1.1.1.2. Structure and geographical distribution of imports

a) Structure of imports

The structure of imports by output stage in 2007 shows an increase in the share of capital goods (by 2.4 percentage points to 25.3 percent) and consumer goods (by 0.2 percentage points to 15.3 percent), alongside a decrease in the share of raw materials (by 2.2 percentage points to 12.9 percent) and intermediate goods (by 0.4 percentage points to 46.5 percent), as depicted in the table below:

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

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007	2007/2006	2006	2007
TOTAL	37,609	47,371	126.0	100.0	100.0
Raw materials	5,678	6,114	107.7	15.1	12.9
Intermediate goods	17,632	22,028	124.9	46.9	46.5
Capital goods	8,616	12,008	139.4	22.9	25.3
Consumer goods	5,683	7,221	127.1	15.1	15.3

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

²⁷ Down 1.5 percentage points versus 2006.

²⁸ Holding 68.8 percent of total exports in 2007.

In 2007, import demand was upheld in a proportion of 83.7 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 four commodity groups in total imports posted a decline: mineral products (by 2.8 percentage points), textiles, wearing apparel and footwear (by 1.2 percentage points), chemical and plastic products (by 0.2 percentage points) and other commodities (by 0.4 percentage points).

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

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
TOTAL	37,609	47,371	126.0	100.0	100.0
Agrifoodstuffs	2,238	3,082	137.7	6.0	6.5
Mineral products	5,569	5,667	101.8	14.8	12.0
Chemical and plastic products	5,203	6,423	123.4	13.8	13.6
Paper and wood products	1,065	1,334	125.3	2.8	2.8
Textiles, wearing apparel and footwear	3,506	3,822	109.0	9.3	8.1
Base metals	3,720	5,238	140.8	9.9	11.1
Machinery, equipment and transport means	13,469	18,418	136.7	35.8	38.9
Other goods	2,839	3,387	119.3	7.5	7.1

Source: National Institute of Statistics

About one third of the goods imported in 2007 witnessed an increase of 50.7 percent versus the previous year: motorcars and motor vehicles for passenger transport; motor vehicles for freight transport, tractors (including parts and accessories), bulldozers; graders; special vehicles; trailers and semi-trailers; pumps and pumping equipment; electrical machinery; mechanical machinery and apparatus; engines; laminated products; semi-manufactured iron or unalloyed steel products; iron ore; rubber; mineral coal and anthracite coal; constructions and parts of iron or steel constructions; wires, cables and isolated conductors; electrical telephone and telegraph wire apparatus; electrical circuit and integrated circuit apparatus; air-conditioning apparatus; refrigerators and freezers; furniture.

b) Geographical distribution of imports

Intra-EU imports amounted to **EUR 33,770 million** in 2007, up 30.7 percent year on year, mainly owing to imports from Poland, the Netherlands, Spain, Sweden, Slovenia, Slovakia, Greece and Belgium. The share of intra-EU imports in total imports increased by 2.6 percentage points versus 2006 to 71.3 percent.

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

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007	2007/2006	2006	2007
TOTAL	37,609	47,371	126.0	100.0	100.0
1. Intra-EU imports	25,846	33,770	130.7	68.7	71.3
of which:					
Germany	6,231	8,165	131.0	16.6	17.2
Italy	5,242	6,027	115.0	13.9	12.7
Hungary	2,538	3,292	129.7	6.7	6.9
France	2,268	3,009	132.7	6.0	6.4
Austria	2,001	2,292	114.5	5.3	4.8
The Netherlands	1,131	1,715	151.6	3.0	3.6
Poland	1,006	1,599	158.9	2.7	3.4
The Czech Republic	927	1,145	123.5	2.5	2.4
2. Extra-EU imports	11,763	13,601	115.6	31.3	28.7
of which:					
The Russian Federation	2,928	2,986	102.0	7.8	6.3
Turkey	1,795	2,551	142.1	4.8	5.4
Kazakhstan	1,194	911	76.3	3.2	1.9
The People's Republic of China	961	1,541	160.4	2.6	3.3
USA	531	636	119.8	1.4	1.3

Source: National Institute of Statistics

Imports from the European Union posted increases for all commodity groups, particularly for agrifoodstuffs (80.5 percent), mineral products (40.1 percent) and base metals (35.3 percent).

Table No. 16. Imports (FOB) from the European Union by group of commodities

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007	2007/2006	2006	2007
TOTAL	25,846	33,770	130.7	100.0	100.0
Agrifoodstuffs	1,248	2,253	180.5	4.8	6.7
Mineral products	466	653	140.1	1.8	1.9
Chemical and plastic products	4,071	5,189	127.5	15.8	15.4
Paper and wood products	899	1,107	123.1	3.5	3.3
Textiles, wearing apparel and footwear	2,640	3,127	118.4	10.2	9.3
Base metals	2,628	3,556	135.3	10.2	10.5
Machinery, equipment and transport means	11,732	15,209	129.6	45.4	45.0
Other goods	2,162	2,676	123.8	8.4	7.9

Source: National Institute of Statistics

Extra-EU imports equalled **EUR 13,601 million**, up 15.6 percent versus 2006, accounting for 28.7 percent in total imports²⁹.

The following **ten countries** were Romania's largest source of imports in 2007: Germany (17.2 percent in total imports), Italy (12.7 percent), Hungary (6.9 percent), France (6.4 percent), the Russian Federation (6.3 percent), Turkey (5.4 percent), Austria (4.8 percent), the Netherlands (3.6 percent), Poland (3.4 percent) and China (3.3 percent). The imports from these countries accounted for 70.0 percent in total imports.

²⁹ Down 2.6 percentage points versus 2006.

1.1.1.3. Foreign trade efficiency

The influence exerted by the volume and external prices on the rise in the value of exports and imports in 2007 is shown in the table below.

Table No. 17. Foreign trade efficiency

	- percent -	
	2006	2007
Value indices	previous year = 100	
Exports	116.2	114.3
Imports	125.1	126.0
Unit value indices ¹⁾		
Exports	108.2	106.0
Imports	103.6	98.2
Volume indices		
Exports	107.4	107.8
Imports	120.8	128.3
Terms of trade index		
net (unit value)	104.4	108.0
gross (volume)	88.9	84.1
Export purchasing power index	112.2	116.4

¹⁾ Source: National Institute of Statistics (Romania's International Trade Yearbook, 2008, page 28).

The analysis of foreign trade by volume and prices shows that the slower increase recorded by the exports of goods was due to price developments, whereas the acceleration posted by the imports of goods was fuelled by the volume developments.

The export unit value added 6 percent³⁰ in 2007 (against 8.2 percent in 2006), with the following products posting above-average increases: cereals (+54.9 percent), foodstuffs, beverages and tobacco (+31.1 percent), fertilizers (+29.9 percent), seeds, fruit and industrial technical plants (+26.8 percent), cast iron, iron and steel (+16.4 percent), raw hides, tanned hides, furs and products thereof (+15.2 percent), footwear (+11.9 percent), organic chemicals (+10.0 percent), articles of apparel and clothing accessories (+9.3 percent), knitwear (+7.1 percent), inorganic chemicals (+7.0 percent).

The import unit value decreased by 1.8 percent year on year from more than half the value of imported goods³¹, with the following products recording above-average decreases: inorganic chemicals (-29.0 percent), photographic instruments and apparatus (-16.4 percent), miscellaneous chemical products (-10 percent), miscellaneous food products (-9.4 percent), tanning or dyeing extracts (-7.0 percent), motorcars, tractors (-5.4 percent), synthetic or artificial filaments (-5.0 percent),

³⁰ Except for four groups of products: livestock (-6.3 percent), synthetic or artificial fibers (-2.8 percent), electrical machinery and apparatus (-2 percent), glass and glass products (-0.5 percent).

³¹ The rest of the products posted increases as follows: edible fruit (+33.8 percent), ores (+19.7 percent), animal fats and vegetal oils (+17 percent), meat and edible organs (+7.7 percent), sugars and sugar products (+7.3 percent), articles of apparel and clothing accessories (+7.3 percent), coffee, tea and spices (+6.1 percent), pharmaceuticals (+6 percent), wood products (+3.7 percent), organic chemicals (+2.6 percent), cast iron, iron and steel (+2.3 percent), fuel and petroleum products (+1.3 percent), raw hides and tanned hides (+1.2 percent).

electrical machinery and apparatus (-3.3 percent), boilers, turbines, engines, mechanical apparatus and devices (-2.9 percent), footwear (-2.4 percent), plastics and plastic products (-2.3 percent).

In 2007, the pick-up in **the volume of exports** came in at 7.8 percent, over the past three years outpacing the industrial output growth – the main source of exports. In 2007, the volume of imports posted a faster increase to 28.3 percent from 20.8 percent in 2006.

Net terms of trade index followed an upward trend in 2007 as well, reaching 108.0 percent amid higher prices of exported goods (by 6.0 percent) and the drop in the prices of imported goods (by 1.8 percent). **Gross terms of trade index** stood at 84.1 percent, showing a sharper rise in the volume of imports (by 28.3 percent) than in that of exports (by 7.8 percent).

1.1.1.4. Balance on energy resources

In 2007, the balance on energy resources posted a deficit of EUR 2,858 million³², up 14.5 percent year on year, while the coverage of imports of energy products through exports thereof decreased by 7.1 percentage points to 43.9 percent. The deficit reported by the balance on energy resources widened by EUR 363 million versus 2006 on the account of the lower volume of exported energy products³³, given that the exports of petroleum products offset about two thirds of the imports of crude oil (EUR 2,985 million in 2007).

Exports of energy products totalled EUR 2,238 million³⁴, down 13.8 percent from 2006. The value of the exports of energy resources posted a EUR 359 million decrease year on year following the lower volume of petroleum products and electricity. The import of energy products amounted to EUR 5,096 million³⁵, a reading comparable to that seen in 2006.

Table No. 18. Net imports (FOB) of energy products

	- EUR mill. -	
	2006	2007
TOTAL	-2,495.3	-2,858.2
Natural gas	-1,264.8	-975.8
Electricity	135.5	84.6
Crude oil	-2,917.9	-2,985.0
Petroleum products	1,927.8	1,552.0
Mineral fuels	-375.9	-534.0

Source: National Institute of Statistics

³² Narrowing as a share of trade deficit from 21.2 percent in 2006 to 16.0 percent in 2007.

³³ Petroleum products and electricity.

³⁴ Decreasing as a share of total exports from 10.0 percent in 2006 to 7.6 percent in 2007.

³⁵ Dropping as a share of total imports from 13.5 percent in 2006 to 10.8 percent in 2007.

1.1.2. Services balance

The services balance posted a surplus of EUR 477 million in 2007, as compared with EUR 4 million in 2006, due to the increase in receipts of “passenger transport”, “business travel” and “other services”. “Transport” was the only component of services balance which displayed a deficit.

Table No. 19. Services balance

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
Receipts	5,587	6,931	124.1	100.0	100.0
transport	1,498	1,892	126.3	26.8	27.3
tourism-travel	1,034	1,171	113.2	18.5	16.9
other	3,055	3,868	126.6	54.7	55.8
Payments	5,583	6,454	115.6	100.0	100.0
transport	1,916	2,397	125.1	34.3	37.1
tourism-travel	1,035	1,119	108.1	18.5	17.3
other	2,632	2,938	111.6	47.1	45.5
Net	4	477	119.3 times		
transport	-418	-505	120.8		
tourism-travel	-1	52	x		
other	423	930	219.9		

Receipts from services amounted to EUR 6,931 million (24.1 percent higher than in 2006), while services payments stood at EUR 6,454 million (up 15.6 percent), with all components contributing to such surpluses. It is worth mentioning that receipts of “other services” and payments and receipts of “transport” posted above-average increases.

1.1.2.1. Transport services

Transport services recorded a EUR 505 million deficit in 2007, 20.8 percent wider than in 2006, triggered by the increase in payments for “goods transport” and the decline in receipts of “other transport services”. The deficit under “goods transport” was partially offset by the surplus under “passenger transport”.

Table No. 20. Transport services

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
Receipts	1,498	1,892	126.3	100.0	100.0
freight (goods transport)	898	1,276	142.1	59.9	67.4
passenger transport	291	334	114.8	19.4	17.7
other transport services	309	282	91.3	20.6	14.9
Payments	1,916	2,397	125.1	100.0	100.0
freight (goods transport)	1,665	2,136	128.3	86.9	89.1
passenger transport	118	133	112.7	6.2	5.5
other transport services	133	128	96.2	6.9	5.3
Net	-418	-505	120.8		
freight (goods transport)	-767	-860	112.1		
passenger transport	173	201	116.2		
other transport services	176	154	87.5		

“Goods transport” displayed a deficit of EUR 860 million, up 12.1 percent year on year, whilst “other transport services” recorded a surplus of EUR 154 million, down 12.5 percent, due to the decline in receipts from maritime transport services.

“Passenger transport” posted a surplus of EUR 201 million, up 16.2 percent year on year, owing to the rise in receipts from air transport services.

1.1.2.2. Tourism-travel services

In 2007, the rise in receipts and the decline in payments of “business travel” led to the turn of the 2006 deficit under “tourism-travel” into surplus.

Table No. 21. Tourism-travel services

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
Receipts	1,034	1,171	113.2	100.0	100.0
business travel	652	841	129.0	63.1	71.8
personal travel	382	330	86.4	36.9	28.2
Payments	1,035	1,119	108.1	100.0	100.0
business travel	740	578	78.1	71.5	51.7
personal travel	295	541	183.4	28.5	48.3
Net	-1	52	x		
business travel	-88	263	x		
personal travel	87	-211	x		

1.1.2.3. Other services

“Other services” posted a EUR 930 million surplus in 2007, 2.2 times higher year on year, owing to the faster increase in receipts than in payments (26.6 percent versus 11.6 percent). The main services contributing to the increase in surplus were financial, IT, audio-visual, merchanting, advertising, marketing and opinion polls, and inter-subsidiaries services.

Table No. 22. Other services

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007	2007/2006	2006	2007
Receipts	3,055	3,868	126.6	100.0	100.0
<i>of which:</i>					
communication services	878	801	91.2	28.7	20.7
financial services	92	367	398.9	3.0	9.5
IT services	378	448	118.5	12.4	11.6
inter-subsidiaries services	446	583	130.7	14.6	15.1
construction services	210	156	74.3	6.9	4.0
legal, accounting consulting, management services	334	373	111.7	10.9	9.6
architecture, engineering and other technical services	129	133	103.1	4.2	3.4
insurance services	19	44	231.6	0.6	1.1
advertising, marketing and opinion polls	204	279	136.8	6.7	7.2
Payments	2,632	2,938	111.6	100.0	100.0
<i>of which:</i>					
communication services	387	424	109.6	14.7	14.4
financial services	182	188	103.3	6.9	6.4
IT services	336	337	100.3	12.8	11.5
inter-subsidiaries services	220	239	108.6	8.4	8.1
construction services	184	378	205.4	7.0	12.9
legal, accounting consulting, management services	476	536	112.6	18.1	18.2
architecture, engineering and other technical services	140	158	112.9	5.3	5.4
insurance services	114	125	109.6	4.3	4.3
advertising, marketing and opinion polls	87	78	89.7	3.3	2.7
Net	423	930	219.9		
<i>of which:</i>					
communication services	491	337	76.8		
financial services	-90	179	x		
IT services	42	111	264.3		
inter-subsidiaries services	226	344	152.2		
construction services	26	-222	x		
legal, accounting consulting, management services	-142	-163	114.8		
architecture, engineering and other technical services	-11	-25	227.3		
insurance services	-95	-81	85.3		
advertising, marketing and opinion polls	117	201	171.8		

1.2. Income balance

The income balance ended year 2007 on a EUR 4,152 million deficit (about 25 percent of the current account deficit), up 27.9 percent from 2006, owing to non-residents' receipts from direct investment³⁶ and interest payments for loans extended to the banking sector and the real sector. Moreover, the rise in compensation of employees contributed to the lowering by EUR 257 million of the income balance deficit.

³⁶ Survey on foreign direct investment in Romania as of 31 December 2007 (National Bank of Romania and National Institute of Statistics).

Table No. 23. Income balance

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
Receipts	1,726	2,405	139.3	100.0	100.0
compensation of employees	922	1,185	128.5	53.4	49.3
direct investment	-17	43	x	-1.0	1.8
portfolio investment	469	829	176.8	27.2	34.5
other capital investment (interest)	352	348	98.9	20.4	14.5
Payments	4,972	6,557	131.9	100.0	100.0
compensation of employees	33	39	118.2	0.7	0.6
direct investment	3,318	4,376	131.9	66.7	66.7
portfolio investment	566	647	114.3	11.4	9.9
other capital investment (interest)	1,055	1,495	141.7	21.2	22.8
Net	-3,246	-4,152	127.9		
compensation of employees	889	1,146	128.9		
direct investment	-3,335	-4,333	129.9		
portfolio investment	-97	182	x		
other capital investment (interest)	-703	-1,147	163.2		

1.3. Current transfers balance

The balance of current transfers posted a surplus of EUR 4,820 million in 2007, down 0.5 percent from 2006, on the back of the deficit under “current transfers of the government sector”. The balance of private transfers displayed a surplus of EUR 5,120 million, up 10.4 percent from 2006, as a result of the acceleration of money flows to residents. Among these, the remittances from abroad ran at 93.3 percent, out of which Italy held 42.0 percent, followed by Spain (26.0 percent), United Kingdom (5.4 percent), Germany (4.5 percent), USA (3.5 percent), Greece (2.8 percent), France (2.8 percent), Austria (1.9 percent) and Ireland (1.6 percent).

Table No. 24. Current transfers balance

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
Receipts	5,537	7,190	129.9	100.0	100.0
Government sector	288	929	322.6	5.2	12.9
Private transfers	5,249	6,261	119.3	94.8	87.1
Payments	692	2,370	342.5	100.0	100.0
Government sector	81	1,229	15.2 times	11.7	51.9
Private transfers	611	1,141	186.7	88.3	48.1
Net	4,845	4,820	99.5		
Government sector	207	-300	x		
Private transfers	4,638	5,120	110.4		

According to the data released by the Ministry of Economy and Finance, the funds allocated to Romania from the EU budget in 2007 totalled EUR 1,425 million, out of which EUR 748 million represented current transfers of the government sector and EUR 677 million stood for other capital transfers of the government sector (non-redeemable funds for equipment purchase). The European

funds granted to Romania in 2007 include: pre-accession funds³⁷ (51.6 percent of total EU funds), structural funds and cohesion funds³⁸ (26.8 percent), funds for agriculture and rural development³⁹ (1.4 percent) and other funds⁴⁰ (20.2 percent). Payments to the European Union amounted to EUR 1,141 million, out of which 98 percent represented Romania's contribution to EU budget and 2 percent stood for other contributions.

2. Capital and financial account

In 2007, the balance on capital and financial account equalled EUR 17,269 million, 81.2 percent higher than in 2006, due to the following developments recorded by capital and financial account components:

- higher absorption capacity of funds for equipment purchase under PHARE non-redeemable technical assistance;
- increase in loans extended to the real and banking sectors;
- net inflows of portfolio investment, owing to securities operations performed by the real sector;
- rise in NBR's reserve assets coming from: income from the management of foreign reserves, higher prices for government bonds in the NBR's portfolio, income from the change in foreign-exchange reserve requirements of credit institutions and other net inflows;
- decline in non-residents direct investment in Romania, due to the decrease in equity holdings (in the absence of major privatisation deals) and reinvested earnings.

³⁷ PHARE, ISPA and SAPARD.

³⁸ European Regional Development Fund (ERDF), Cohesion Fund (CF), European Social Fund (ESF).

³⁹ European Fund for Agriculture and Rural Development (EFARD), European Fund for Fishing (FEP), European Fund for Agricultural Guarantee (EFAG).

⁴⁰ Schengen facility for cash flows, European Fund for Refugees.

Table No. 25. Capital and financial account

	- EUR mill. -		Indices (%)	Structure (%)	
	2006	2007	2007/2006	2006	2007
Credit	46,501	67,379	144.9	100.0	100.0
capital transfers	681	987	144.9	1.5	1.5
purchase/sale of non-produced/ non-financial assets	51	238	466.7	0.1	0.4
direct investment	14,148	14,267	100.8	30.4	21.2
portfolio investment	1,510	3,347	221.7	3.2	5.0
financial derivatives	38	247	650.0	0.1	0.4
other investment	30,073	48,293	160.6	64.7	71.7
Debit	36,969	50,110	135.5	100.0	100.0
capital transfers	707	283	40.0	1.9	0.6
purchase/sale of non-produced/ non-financial assets	50	128	256.0	0.1	0.3
direct investment	5,425	7,220	133.1	14.7	14.4
portfolio investment	1,705	2,865	168.0	4.6	5.7
financial derivatives	123	546	443.9	0.3	1.1
other investment	23,801	34,563	145.2	64.4	69.0
NBR reserve assets	5,158	4,505	87.3	14.0	9.0
Net	9,532	17,269	181.2		
capital transfers	-26	704	x		
purchase/sale of non-produced/ non-financial assets	1	110	x		
direct investment	8,723	7,047	80.8		
portfolio investment	-195	482	x		
financial derivatives	-85	-299	351.8		
other investment	6,272	13,730	218.9		
NBR reserve assets	-5,158	-4,505	87.3		

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 2007, foreign assets posted a slower increase than in 2006 (EUR 5,165 million, compared with EUR 7,001 million).

Table No. 26. Foreign assets and liabilities

- EUR mill. -

	2006			2007		
	Credit	Debit	Net	Credit	Debit	Net
Foreign assets	7,477	14,478	-7,001	11,014	16,179	-5,165
direct investment	13	350	-337	18	222	-204
portfolio investment	162	813	-651	739	635	104
financial derivatives	38	0	38	247	0	247
other investment	7,264	8,157	-893	10,010	10,817	-807
NBR reserve assets	-	5,158	-5,158	-	4,505	-4,505
Foreign liabilities	38,292	21,734	16,558	55,140	33,521	21,619
direct investment	14,135	5,075	9,060	14,249	6,998	7,251
portfolio investment	1,348	892	456	2,608	2,230	378
financial derivatives	0	123	-123	0	546	-546
other investment	22,809	15,644	7,165	38,283	23,747	14,536

Financial account liabilities point out investment by non-residents in Romania, deposits of non-residents, financial derivatives and loans and borrowings. In 2007, foreign liabilities increased by EUR 21,619 million, compared with EUR 16,558 million in 2006, owing to the twofold increase in the balance of “other investment”.

2.1. Direct investment

The investment environment in South East Europe⁴¹ improved considerably in the past three years, the region ranking first in terms of labour cost and potential productivity growth, and Romania being the most attractive country for foreign investors. In 2007, industrial activities held 56.0 percent of foreign direct investment, whilst tertiary activities made up 44.0 percent.

As concerns foreign investor sentiment on countries in South East Europe, Romania was deemed the most attractive in terms of business stability, followed by Turkey and Bulgaria. According to the same survey, Romania ranks second, after Turkey, if account is taken of foreign direct investment flows.

In 2007, net direct investment⁴² equalled EUR 7,047 million, down 19.2 percent year on year. However, after deducting the privatisation receipts for 2006 worth of EUR 2.2 billion⁴³, mention should be made that net direct investment increased by 8.0 percent in 2007.

Non-residents’ net direct investment in Romania totalled EUR 7,251 million, of which equity holdings and intra-group loans⁴⁴ accounted for 80.6 percent, the remainder representing the reinvested earnings and in-kind contributions to share capital. The net value of intra-group loans amounted to EUR 3,704 million, up 66.2 percent from 2006⁴⁵.

⁴¹ Survey on investment attractiveness of South East Europe for 2008, prepared by Ernst & Young, 17 April 2008.

⁴² Non-residents’ investment in Romania and residents’ investment abroad.

⁴³ Takeover by Erste Bank Austria of 36.8 percent in BCR capital in October 2006.

⁴⁴ Credits between foreign investors and resident firms.

⁴⁵ Most of such loans came from investors in Germany, Austria, the Netherlands, Greece, Sweden, France and Italy.

Table No. 27. Direct investment

	- EUR mill. -		Indices (%) 2007/2006	Structure (%)	
	2006	2007		2006	2007
Credit	14,148	14,267	100.8	100.0	100.0
- investment by non-residents in Romania	14,135	14,249	100.8	99.9	99.9
- investment by residents abroad	13	18	138.5	0.1	0.1
Debit	5,425	7,220	133.1	100.0	100.0
- investment by non-residents in Romania	5,075	6,998	137.9	93.5	96.9
- investment by residents abroad	350	222	63.4	6.5	3.1
Net	8,723	7,047	80.8		
- investment by non-residents in Romania	9,060	7,251	80.0		
- investment by residents abroad	-337	-204	x		

The balance of FDI in Romania totalled EUR 42,770 million at end-2007, up 23.9 percent from end-2006. FDI were channelled mostly to industry (40.7 percent), financial intermediation and insurance (23.3 percent), trade (14.0 percent), construction and real-estate transactions (7.8 percent), post and telecommunication (6.5 percent), services delivered to companies (4.5 percent), transport (1.2 percent). The main investors were: Austria (21.4 percent), the Netherlands (16.3 percent), Germany (11.7 percent), France (8.8 percent), Greece (7.5 percent), Italy (6.1 percent), Switzerland (5.1 percent), Cyprus (4.7 percent), Turkey (1.9 percent), and Hungary (1.7 percent).

2.2. Portfolio investment

Net inflows from portfolio investment amounted to EUR 482 million, as compared with net outflows worth EUR 195 million in 2006, resulted from the securities transactions conducted by the real sector.

Table No. 28. Portfolio investment

	- EUR mill. -					
	2006			2007		
	Credit	Debit	Net	Credit	Debit	Net
Assets	162	813	-651	739	635	104
Banks	158	149	9	118	204	-86
Non-banks	4	664	-660	621	431	190
Liabilities	1,348	892	456	2,608	2,230	378
Banks	460	172	288	389	429	-40
Government sector	56	0	56	234	328	-94
Other sectors	832	720	112	1,985	1,473	512

2.3. Financing of the current account deficit

In 2007, about 46.5 percent of the current account deficit was covered from direct investment and capital transfers, while the remaining was covered from other capital investment (medium- and long-term loans, short-term loans, portfolio investment and other investment).

Table No. 29. Financing of the current account deficit

	- EUR mill. -	
	2006	2007
Financing sources	10,156	16,677
a. capital transfers, net	-26	704
b. direct investment, net	8,723	7,047
- equity stakes	3,945	2,202
- reinvested earnings	2,700	1,319
- intra-group loans	2,078	3,526
c. portfolio investment, net	-195	482
d. other capital investment:	6,812	12,949
- medium- and long-term loans	2,125	5,228
inflows	6,480	11,113
repayments	4,355	5,885
- medium- and long-term loans, net	513	156
- short-term loans, net	3,859	604
- other investment ¹	315	6,961
e. NBR's reserve assets ("-" shows an increase)	-5,158	-4,505

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 704 million surplus, compared to a EUR 26 million deficit in 2006, due to the increased capacity to absorb the non-redeemable EU funds for equipment purchase received by Romania under PHARE technical assistance.

Net inflows from **medium- and long-term borrowings** stood at EUR 5,228 million, 2.5 times higher from 2006, as a result of the rise in the volume of loans taken by the real and banking sectors. In 2007, inflows from medium- and long-term loans and credits were 71.5 percent higher from a year earlier, while repayments moved up 35.1 percent. Net inflows from **short-term loans and credits** diminished by 84.3 percent from 2006, totalling EUR 604 million.

B. Romania's international investment position

1. General features

The debit balance of Romania's international investment position kept widening, mounting to EUR 54 billion at end-2007, up EUR 17.1 billion from a year earlier. Behind this development stood net external transactions (EUR 16.5 billion), exchange rate movements (EUR 2.5 billion), the revaluation of prices of financial instruments (EUR -1.1 billion) and other transactions (EUR -2.1 billion).

Year 2007 saw the increase in foreign investment and capital inflows of foreign loans and investment. Thus, at end-2007, gross external debt totalled EUR 58.5 billion and foreign participating interests in the share capital of Romanian companies amounted to EUR 31.5 billion.

On the background of massive capital inflows, Romania's international reserves rose by EUR 4.3 billion, reaching EUR 27.2 billion at end-2007. At the end of 2007, foreign assets (excluding gold) amounted to EUR 26.7 billion, up EUR 4.1 billion against end-2006 amid the expansion of the NBR's forex reserve and commercial banks' reserves by EUR 4.0 billion and EUR 0.1 billion respectively. Therefore, at end-2007, the NBR's official reserve (including gold) covered 6.1 months of imports compared to 6.4 months of imports at end-2006.

Table No. 30. Foreign reserve assets

	31.12.2006	31.12.2007
		- EUR mill. -
1. National Bank of Romania	22,935	27,187
gold	1,625	1,880
convertible currencies	21,310	25,307
2. Banks	1,302	1,445
convertible currencies	1,302	1,445
3. Foreign reserve assets	24,237	28,632
<i>of which:</i>		
3.1. convertible currencies	22,612	26,752
4. Foreign liabilities	5,467	8,854
Net international reserves (item 3-item 4)	18,770	19,778
<i>of which:</i>		
Net foreign exchange reserves (item 3.1-item 4)	17,145	17,898

In 2007, the growth rate of short-term external debt decelerated compared to the previous years, yet posting a high level (60.4 percent), short-term external debt running at EUR 20.2 billion and accounting for 34.5 percent of gross external debt at end-2007. The rise in short-term external debt entailed the increase in external debt service payments, which totalled EUR 29.9 billion in 2007. Out of total payments, short-term external debt payments stood at EUR 21.5 billion, while medium- and long-term external debt payments came in at EUR 8.4 billion. Against the background of higher

short-term external debt principal repayments, external debt service ratio moved up to 82 percent at end-2007, whilst external debt to the official reserve ratio reached 110.1 percent at end-2007. Gross external debt service as a share to GDP remained within limits that are deemed normal (48.3 percent), up 6.1 percentage points from end-2006, while the ratio of gross external debt to exports of goods and services stood at 160.4 percent. The share of interest in total exports of goods and services stepped up from 5.1 percent at end-2006 to 6.3 percent at end-2007.

Table No. 31. Forex reserves and medium- and long-term external debt by currency

- EUR mill. -

	Forex reserves				Medium- and long-term external debt			
	31.12.2006	%	31.12.2007	%	31.12.2006	%	31.12.2007	%
TOTAL	22,612	100.0	26,752	100.0	28,622	100.0	38,359	100.0
EUR	15,411	68.2	18,393	68.8	20,352	71.1	27,862	72.6
USD	6,156	27.2	6,748	25.2	5,515	19.3	4,545	11.8
Other	1,045	4.6	1,611	6.0	2,755	9.6	5,952	15.5

Medium- and long-term external debt by currency points out that the euro was in the lead (72.6 percent, up 1.5 percentage points from end-2006), followed by the US dollar (11.8 percent, down 7.5 percentage points) and other currencies (15.5 percent). At end-2007, the structure of forex reserves by currency was the following: the euro (68.8 percent), the US dollar (25.2 percent) and other currencies (6 percent).

External debt service (short, medium and long term) amounted to EUR 29,924 million in 2007, of which principal repayments came in at EUR 27,626 million and interest and commissions paid totalled EUR 2.298 million. By maturity, the share of short-term external debt service grew further from 67.2 percent in 2006 to 71.7 percent in 2007, in line with the decline in the share of medium- and long-term external debt service from 32.8 percent to 28.3 percent.

Medium- and long-term external debt⁴⁶ widened by 34,0 percent to EUR 38,359 million year over year, due to net inflows from foreign borrowings tantamount to EUR 10,685 million, the EUR/USD exchange rate gains (EUR -619 million) and some debt-to-equity swaps (EUR -329 million).

Medium- and long-term external debt by creditor at end-2007 shows that private creditors held 84.7 percent (up 5.9 percentage points year on year) and international financial institutions accounted for 15.3 percent. Out of private creditors, banks accounted for 68.4 percent, foreign companies and other financial institutions held 21.8 percent and portfolio investment represented 9.8 percent.

⁴⁶ External debt balance is cash-based, net of accrued unmaturred interest.

Table No. 32. Medium- and long-term external debt by creditor

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	28,622	100.0	38,359	100.0
<i>International financial institutions</i>	<i>5,680</i>	<i>19.8</i>	<i>5,463</i>	<i>14.2</i>
IMF	79	0.3	0	0.0
IBRD	1,869	6.5	1,754	4.6
EIB	1,703	5.9	1,693	4.4
EBRD	786	2.7	731	1.9
<i>Bilateral relations</i>	<i>403</i>	<i>1.4</i>	<i>396</i>	<i>1.0</i>
Korea	66	0.2	66	0.2
Germany	165	0.6	186	0.5
USA	19	0.1	17	0.0
Japan	138	0.5	118	0.3
<i>Portfolio investment</i>	<i>3,575</i>	<i>12.5</i>	<i>3,197</i>	<i>8.3</i>
CS First Boston Switzerland	600	2.1	580	1.5
Deutsche Bank	1,400	4.9	1,312	3.4
JP Morgan	500	1.7	492	1.3
<i>Private banks</i>	<i>13,561</i>	<i>47.4</i>	<i>22,230</i>	<i>58.0</i>
Germany	1,270	4.4	1,493	3.9
France	1,584	5.5	1,736	4.5
Greece	1,100	3.8	3,068	8.0
Ireland	868	3.0	847	2.2
The Netherlands	1,472	5.1	2,024	5.3
United Kingdom	753	2.6	1,439	3.8
<i>Other</i>	<i>5,403</i>	<i>18.9</i>	<i>7,073</i>	<i>18.4</i>

Medium- and long-term external debt by debtor indicates that non-publicly guaranteed external debt held 73.3 percent of total at end-2007, up 10.6 percentage points against the previous year, followed by public debt (21.3 percent) and publicly guaranteed debt (5.4 percent).

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

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	28,622	100.0	38,359	100.0
Public debt	6,931	24.2	8,183	21.3
Publicly guaranteed debt	3,756	13.1	2,076	5.4
Non-publicly guaranteed debt	17,935	62.7	28,100	73.3

At end-2007, non-publicly guaranteed external debt equalled EUR 28,100 million, up 56.7 percent from the prior year as a result of net capital inflows to the tune of EUR 11,100 million. Moreover, the rise in external debt was contained by the gains from the appreciation of the euro against the US dollar (EUR -295 million) and debt-to-equity swaps (EUR -329 million).

The analysis of the **national economy by sector** shows the following distribution of medium- and long-term external debt at end-2007: financial, banking and insurance activities (52.2 percent), real

estate transactions, rentals and services rendered mainly to companies (16.8 percent) and manufacturing (6.4 percent). Most foreign borrowings in the manufacturing sector were channelled to the following sub-sectors: furniture (22.6 percent), metallurgy (14.7 percent), chemicals and man-made fibres (9.5 percent) and food, beverages and tobacco (8.5 percent).

Medium- and long-term external debt by maturity at end-2007 points out that long-term debt, although declining by 1.9 percentage points from the prior year, further held the largest share (65.8 percent), while medium-term debt accounted for 34.2 percent and derived mainly from non-publicly guaranteed borrowings.

Table No. 34. Medium- and long-term external debt by maturity

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	28,622	100.0	38,359	100.0
1-5 years	9,236	32.3	13,121	34.2
<i>Public debt</i>	4	0.0	46	0.1
<i>Publicly guaranteed debt</i>	660	2.3	202	0.5
<i>Non-publicly guaranteed debt</i>	8,572	29.9	12,873	33.6
more than 5 years	19,386	67.7	25,238	65.8
<i>Public debt</i>	6,927	24.2	8,137	21.2
<i>Publicly guaranteed debt</i>	3,095	10.8	1,873	4.9
<i>Non-publicly guaranteed debt</i>	9,364	32.7	15,228	39.7

Medium- and long-term external debt by type of interest shows that floating-rate borrowings further took the largest share (64.6 percent). The most frequently used floating rates were 3-month EURIBOR (17.1 percent), 6-month EURIBOR (15.1 percent) and 6-month LIBOR USD (7.9 percent). Fixed-rate foreign borrowings made up 35.4 percent of total, down 4.3 percentage points from end-2006.

Table No. 35. Medium- and long-term external debt by type of interest

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	28,622	100.0	38,359	100.0
Floating interest	17,255	60.3	24,781	64.6
<i>of which:</i>				
IBRD STANDARD INTEREST	393	1.4	289	0.8
IMF STANDARD INTEREST	79	0.3	0	0.0
1-month LIBOR USD	110	0.4	102	0.3
3-month LIBOR USD	1,092	3.8	1,518	4.0
6-month LIBOR USD	3,283	11.5	3,048	7.9
12-month LIBOR USD	205	0.7	229	0.6
6-month LIBOR EUR	727	2.5	2,001	5.2
3-month EURIBOR	3,647	12.7	6,574	17.1
6-month EURIBOR	5,120	17.9	5,804	15.1
Fixed interest	11,367	39.7	13,578	35.4
0.0-4.99%	5,067	17.7	6,127	16.0
5.0-9.99%	4,809	16.8	6,116	15.9
over 10.0%	1,491	5.2	1,336	3.5

2. International investment position

The monetary authority remained the sole institutional sector posting a net creditor position at end-2007 (EUR 27,044 million, up 18.4 percent year over year), owing mainly to the fast-paced rise in official forex reserves. The net debtor position of the banking sector widened (EUR -24,896 million, up 52.8 percent from end-2006), as a result of the increase in its foreign borrowings. The government sector further posted a net debtor position (EUR -7,112 million), up 1.6 percent from end-2007, given the writing-off of some countries' older debts towards Romania. The same as in the prior years, real economy continued to show a net debtor position (EUR -49,078 million, up 34.6 percent from end-2006), following the rise in external debt and in foreign direct investment.

2.1. Direct investment

At end-2007, the stock of direct investment came in at EUR 41,927 million⁴⁷, up 23.9 percent year on year, due to the 23.9 percent surge in non-residents' direct investment in Romania to as much as EUR 42,770 million.

2.1.1. Foreign assets

At end-2007, direct investment by residents abroad totalled EUR 842 million, 26.2 times higher than at end-2006, due largely to the EUR 164 million increase in the volume of intra-group loans under the reviewed period. The structure of residents' investment abroad by institutional sector at end-2007 shows that the non-bank financial sector further held the prevailing share in total direct investment (83.1 percent), up 4.1 percentage points versus end-2006, along with the fall in the share of the banking sector.

2.1.2. Foreign liabilities

At end-2007, the stock of foreign direct investment in Romania amounted to EUR 42,770 million, up 23.9 percent over the year before, as a result of net capital inflows worth EUR 7,250 million. Movements in stock prices and other changes (EUR 1,695 million and EUR 1,828 million respectively) helped boost foreign direct investment in Romania. The depreciation of the domestic currency against the major currencies depressed the stock of foreign direct investment in Romania, exchange rate gains totalling EUR -2,575 million in the period under review. The major foreign investors as of end-2007 came from Austria (21.4 percent), the Netherlands (16.3 percent), Germany (11.7 percent), France (8.8 percent), Greece (7.5 percent), Italy (6.1 percent)⁴⁸ and Switzerland (5.1 percent).

In 2007, foreign direct investment in the banking sector increased by 19 percent against end-2006, mainly as a result of net inflows tantamount to EUR 1,187.7 billion. Foreign direct investment in the real sector expanded by 24.9 percent in 2007, due to intra-group loans (EUR 3.6 billion), equity

⁴⁷ The stock of direct investment is calculated as the difference between assets-investment by residents abroad (EUR 842 million) and liabilities-investment by non-residents in Romania (EUR 42,770 million).

⁴⁸ Statistical survey on foreign direct investment in Romania in 2007 (National Bank of Romania and National Institute of Statistics).

stakes (EUR 1.6 billion) and reinvested earnings (EUR 0.9 billion). The geographic spread shows that foreign direct investment went mainly to the Bucharest-Ilfov region (64.3 percent), followed by Centre (8.3 percent), South (6.9 percent), South-East (5.7 percent), West (5.5 percent), North-West (4.5 percent), South-West (3.2 percent), North-East (1.6 percent).

2.2. Portfolio investment

The debit balance of portfolio investment at end-2007 was EUR 3,891 million, up 10.7 percent year on year. Behind this development stood the increase in non-residents' holdings of shares in Romanian companies.

2.2.1. Foreign assets

Portfolio investment by type of investment shows that Romanian investors' preferences changed in the reviewed period. Thus, the weight of shares in total portfolio investment (53.8 percent) outpaced the share of debt securities (46.2 percent), moving 18.1 percentage points higher against end-2006. The balance on shares held by residents rose by 38.3 percent in 2007, owing to purchases by the real sector in particular. Investment by institutional sector shows that the real sector further held the largest share (78.4 percent) of investment portfolio, yet declining by 8.5 percentage points. In June 2007, the European Investment Bank launched a bond issue worth RON 300 million on the Romanian capital market which was purchased mostly by residents.

Table No. 36. Portfolio investment (foreign assets)

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	1,263	100.0	1,160	100.0
<i>Shares</i>	451	35.7	624	53.8
-banking sector	29	2.3	99	8.5
-other sectors	422	33.4	525	45.3
<i>Money market instruments and bonds</i>	812	64.3	536	46.2
-banking sector	136	10.8	151	13.0
-other sectors	676	53.5	385	33.2

2.2.2. Foreign liabilities

In the period under review, foreign liabilities associated with portfolio investment moved 5.7 percent ahead, coming in at EUR 5,051 million year over year. By type of placement as of end-2007, shares purchased by non-residents made up 34 percent of total portfolio investment, up 9.8 percentage points against end-2006, 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 (66 percent) in foreign liabilities. By institutional sector, the government sector held 50.5 percent of portfolio investment, ahead of other sectors (33.2 percent) and banks (16.3 percent). In year-on-year comparison, the balance on debt securities issued by the government sector diminished by EUR 180.7 million from the previous year, due mainly to the Eurobonds issued by the central government on foreign markets and purchased by resident banks on the secondary capital market, thereby converting external public debt into domestic public debt.

Table No. 37. Portfolio investment (foreign liabilities)

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	4,777	100.0	5,051	100.0
<i>Shares</i>	1,158	24.2	1,719	34.0
-banking sector	17	0.4	65	1.3
-other sectors	1,141	23.9	1,654	32.7
<i>Money market instruments and bonds</i>	3,619	75.8	3,332	66.0
-government sector	2,640	55.3	2,549	50.5
-banking sector	886	18.5	758	15.0
-other sectors	93	1.9	25	0.5

2.3. Other investment

The debit balance on “other investment” stood at EUR 35,411 million at end-2007, EUR 12,943 million higher than at end-2006, 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 investment” 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. At end-2007, by key instruments, financial credits and residents’ deposits abroad held 58.7 percent of total, followed by trade credits on 30.5 percent and other assets on 10.8 percent.

Table No. 38. Other investments (foreign assets)

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	7,196	100.0	7,883	100.0
<i>Monetary authority</i>	21	0.3	29	0.4
- other assets	21	0.3	29	0.4
<i>Government sector</i>	2,848	39.6	2,449	31.1
- trade credits	2,052	28.5	1,759	22.3
- loans/deposits	8	0.1	14	0.2
- other assets	788	11.0	676	8.6
<i>Banks</i>	1,289	17.9	1,444	18.3
- loans/deposits	1,200	16.7	1,361	17.3
- other assets	89	1.2	83	1.1
<i>Non-banks</i>	3,038	42.2	3,961	50.2
- trade credits	445	6.2	646	8.2
- loans/deposits	2,573	35.8	3,251	41.2
- other assets	20	0.3	64	0.8

The structure by institutional sector illustrates that the item “non-banks” was the major holder of foreign claims, accounting for 50.2 percent of total, ahead of government sector and banks, with 31.1 percent and 18.3 percent respectively.

Some 71.8 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 14.2 percent, as a result of the partial write-off of debts owed by Mozambique and Guinea.

Table No. 39. Medium- and long-term government claims

Country	- equivalent to EUR mill. -	
	31.12.2006	31.12.2007
TOTAL	2,051	1,759
Central African Republic	8	7
Congo	4	4
Cuba	950	866
Guinea	16	2
Iraq	742	665
Lybia	48	44
Mongolian People's Republic	3	2
Mozambique	103	10
Nigeria	10	9
Sudan	130	117
Somali Republic	2	2
Syrian Arab Republic	35	31

The heading “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 112.4 million, due to the debt repayment by Syria.

The balance on “other investment” of banks increased by EUR 154.7 million due mainly to the rise in cash and cheques (EUR 183.3 million) and loans (EUR 65.3 million). Throughout 2007, the Romanian banking sector continued to take external loans, with capital inflows being channelled mainly to financing of the domestic private sector rather than the increase in reserve foreign assets. Thus, in 2007, foreign currency-denominated non-government domestic credit expanded by 72.1 percent, whereas reserve foreign assets by only 11.0 percent.

Table No. 40. Other investments of banks (foreign assets)

	- EUR mill. -	
	31.12.2006	31.12.2007
TOTAL	1,292	1,444
cash and cheques	247	431
deposits and current accounts abroad	846	755
other	199	258
- foreign exchange loans to non-residents	110	175
- other	89	83

The analysis by bank investments as of year-end 2007 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 (52.4 percent), followed by cash and cheques (29.8 percent), and loans (12.1 percent).

In year-on-year comparison, the balance on “other investment” of other sectors advanced 30.4 percent, its share in total investment growing from 42.2 percent to 50.2 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 2007, such deposits totalled EUR 1,137.1 million. Furthermore, many Romanian companies became foreign creditors, the balance of credits granted by other sectors posting an increase of EUR 603.7 million against end-2006.

At end-2007, the balance on “other investment” of other sectors shows that financial credits granted to non-residents rose by 3.6 percentage points, accounting for 53.4 percent of the item’s balance, followed by deposits with banks abroad (28.7 percent) and trade credits (16.3 percent).

2.3.2. Foreign liabilities

Foreign liabilities under “other investment” 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 2007, foreign liabilities under “other investment” rose by EUR 13,629 million against end-2006, following net capital inflows worth EUR 14,537 million and other adjustments in amount of EUR 133 million, the growth being limited by exchange rate gains (EUR -1,041 million). The structure of foreign liabilities by type of investment at end-2007 shows that financial credit balance accounted for 65.2 percent of total, followed by non-residents’ deposits (26.1 percent), trade credits (8.5 percent) and other liabilities (0.2 percent). At end-2007, the share of financial and trade credits with maturity of up to one year in total foreign loans stood at 28.8 percent, down 1.6 percentage points versus the same year-earlier period.

Table No. 41. Other investments (foreign liabilities)

	- EUR mill. -			
	31.12.2006	%	31.12.2007	%
TOTAL	29,664	100.0	43,293	100.0
<i>Monetary authority</i>	<i>106</i>	<i>0.4</i>	<i>171</i>	<i>0.4</i>
- loans/deposits	79	0.3	145	0.3
- other	27	0.1	26	0.1
<i>Government sector</i>	<i>7,205</i>	<i>24.3</i>	<i>7,012</i>	<i>16.2</i>
- trade credits	31	0.1	11	0.0
- loans/deposits	7,174	24.2	7,001	16.2
- other	0	0.0	0	0.0
<i>Banks</i>	<i>11,005</i>	<i>37.1</i>	<i>18,788</i>	<i>43.4</i>
- loans/deposits	10,950	36.9	18,762	43.3
- other	55	0.2	26	0.1
<i>Non-banks</i>	<i>11,349</i>	<i>38.3</i>	<i>17,321</i>	<i>40.0</i>
- trade credits	2,745	9.3	3,669	8.5
- loans/deposits	8,604	29.0	13,628	31.5
- other	0	0.0	24	0.1

The analysis by institutional sector as of 31 December 2007 shows a further decline in the weight of government sector (down 8.1 percentage points to 16.2 percent), in favour of the banking sector and non-banks (up 6.3 percentage points and 1.7 percentage points respectively). The increase by 70.7 percent in foreign liabilities of banks led to a rise in the sector's share to 43.4 percent of total, thus ranking for the first time ahead of the real sector. Net capital inflows ran at EUR 8,235 million and were earmarked for providing liquidity to resident banks. Foreign liabilities of other sectors held the largest share (40 percent) in total, on account of net inflows worth EUR 6,241 million, representing financial and trade credits granted by non-residents to Romanian companies. Foreign liabilities of government sector totalled EUR 7,012 million, down 2.7 percent year over year, due to exchange rate gains (EUR -342.2 million) and net capital outflows (EUR -5.6 million).

Table No. 42. Medium- and long-term external debt of government sector by creditor

	- EUR mill. -	
	31.12.2006	31.12.2007
TOTAL	7,174	6,970
<i>International institutions</i>	<i>4,380</i>	<i>4,311</i>
EBRD	145	176
IBRD	1,769	1,638
EU	150	125
EIB	1,606	1,590
IFAD	10	9
SDF EC	271	332
OECF	205	217
EUROATOM	224	224
<i>Bilateral relations</i>	<i>106</i>	<i>82</i>
Japan	30	22
USA	19	17
Germany	15	11
Italy	8	2
Korea	34	30
<i>Private banks</i>	<i>2,659</i>	<i>2,549</i>
Austria	425	673
Germany	418	347
France	580	543
Netherlands	185	169
Italy	19	15
Luxembourg	31	24
USA	91	57
Switzerland	135	100
Israel	59	30
United Kingdom	251	180
Sweden	34	29
Other	431	382
Other	29	28

Source: Ministry of Economy and Finance

By creditor, the structure of foreign liabilities under "other investment" illustrates that international financial institutions continued to be the main creditor to the government sector (61.8 percent), ahead of private banks (36.5 percent), and bilateral sources (1.2 percent). Among international

financial institutions, the World Bank remained the biggest creditor to the government of Romania, with a share of 23.5 percent in total external loans. In 2007, loans from the World Bank totalled EUR 143 million, of which EUR 25 million were intended for the development of agriculture and rural sector, whereas EUR 27 million for road rehabilitation and streamlining of transportation, and EUR 9.2 million for financing the mine closure plan and road rehabilitation. Principal repayments on IBRD loans equalled EUR 145 million, of which EUR 60 million in payments under structural adjustment loans (SAL, ASAL, FESAL), EUR 13 million were destined to road rehabilitation, EUR 13 million for financing the development of agriculture and rural sector, and EUR 10 million to health sector reform.

The loans extended by the European Investment Bank made up 22.8 percent of external debt of the government sector. In the period under review, drawings ran at EUR 132 million, of which EUR 60 million were earmarked for road and motorway rehabilitation, EUR 29 million for school building and rehabilitation and EUR 28 million for urban transport rehabilitation and Bucharest underground modernisation.

At end-2007, loans granted by private banks to the government sector dropped 4.2 percent year on year to EUR 2,547 million. Austrian, French and German banks were the main creditors of the government sector.

Foreign liabilities of banks stood 70.7 percent higher than at end-2006, on the back of new foreign borrowings and the increase in outstanding deposits of non-residents.

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

	- EUR mill. -	
	31.12.2006	31.12.2007
TOTAL	11,005	18,788
<i>short-term foreign liabilities</i>	<i>5,388</i>	<i>8,854</i>
short-term credits	2,314	904
short-term deposits	3,019	7,924
other	55	26
<i>medium- and long-term foreign liabilities</i>	<i>5,617</i>	<i>9,934</i>
medium- and long-term borrowings	4,651	6,715
medium- and long-term deposits of non-residents	966	3,219
<i>of which:</i>	<i>5,617</i>	<i>9,934</i>
bilateral relations	61	81
international institutions	515	557
private banks	5,037	9,296
other private sources	4	0

By maturity, the structure of foreign liabilities under “other investment” of banks shows a slight increase in the weight of medium- and long-term commitments compared with short-term commitments, accounting for 52.9 percent of total, up 1.9 percentage points from end-2006. Thus, in the period under review, the stock of short-term credits advanced 64.3 percent, whereas that of medium- and long-term credits moved up 44.4 percent and the stock of medium- and long-term deposits multiplied 3.3 times. The structure of liabilities by bank indicates that more than 70 percent

of total liabilities as of end-2007 were held by six banks, namely BCR, Volksbank, Alpha Bank, BRD, Bancpost and UniCredit Ţiriac Bank.

By creditor, the structure of medium- and long-term foreign liabilities reveals that foreign private banks were the main creditor, with 93.6 percent of total loans (3.9 percentage points higher than at end-2006), ahead of international financial institutions (5.6 percent), bilateral and other private creditors (0.8 percent). Among multilateral sources, the European Bank for Reconstruction and Development was the main creditor, with 44.7 percent, followed by the International Finance Corporation, with 41.7 percent. In the period under review, foreign liabilities of “other sectors” advanced 52.6 percent, their share in total foreign liabilities under “other investment” moving 1.7 percentage points higher to 40.0 percent at end-2007.

Table No. 44. Other investments of non-banks (foreign liabilities)

	- EUR mill. -	
	31.12.2006	31.12.2007
TOTAL	11,351	17,323
<i>short-term foreign liabilities</i>	<i>5,432</i>	<i>8,300</i>
short-term borrowings	2,968	4,962
short-term trade credits	2,464	3,314
other	0	24
<i>medium- and long-term liabilities</i>	<i>5,919</i>	<i>9,023</i>
medium- and long-term borrowings	5,638	8,668
medium- and long-term trade credits	281	355
<i>of which:</i>	<i>5,919</i>	<i>9,023</i>
bilateral relations	236	232
international institutions	771	577
private banks	3,562	6,411
other private sources	1,350	1,803

Medium- and long-term borrowings at end-2007 ran at EUR 9,023 million, up EUR 3,104 million in absolute terms, with their share in other sectors’ foreign liabilities staying flat at 52.1 percent.

By creditor, the structure of medium- and long-term external debt of non-banks shows that the Romanian economy benefited from financing mainly from private sources (91 percent, up 8 percentage points as compared with end-2006), the remainder coming from international financial institutions (6.4 percent), and government agencies (2.6 percent). Among international financial institutions, the European Bank for Reconstruction and Development was still the main creditor (53 percent), followed by the World Bank (20.1 percent), and the International Finance Corporation (14.8 percent). Loans from international financial institutions were earmarked for the development of infrastructure, revamping of some local companies, financing of leasing companies, and the expansion of the mobile telephony network.

2.4. NBR reserve assets

The international investment position of the monetary authority further witnessed the favourable performance that was manifest over the past few years. Foreign assets came in at EUR 27,215 million, as a result of transactions worth EUR 4,515 million, developments in prices of financial instruments and in the price of gold on international markets of precious metals (EUR 610 million), as well as of exchange rate movements (EUR -865 million). Thus, official reserve grew by 18.5 percent from end-2006 and covered 6.1 months of imports of goods and services.

The value of monetary gold increased by EUR 255 million, owing to the rise in the price of gold on international markets of precious metals (from EUR 482.8 per ounce at end-2006 to EUR 563.7 per ounce at end-2007).

At end-2007, the NBR's forex reserve amounted to EUR 25,307 million, up 18.8 percent year over year, owing to net inflows worth EUR 4,504 million. In 2007, the official reserve was fuelled mainly by net purchases off the foreign exchange market (EUR 2.5 billion) and banks' contribution to the minimum reserve requirements (EUR 2.3 billion). Over the reference period, payments from official reserve to cover external debt service equalled EUR 746 million and led to a decrease in official reserve.

Table No. 45. Official reserve structure

	31.12.2006	31.12.2007
		- EUR mill. -
Convertible currencies	21,310	25,307
deposits with banks and international institutions	8,015	5,357
securities	13,295	19,950
Gold	1,625	1,880

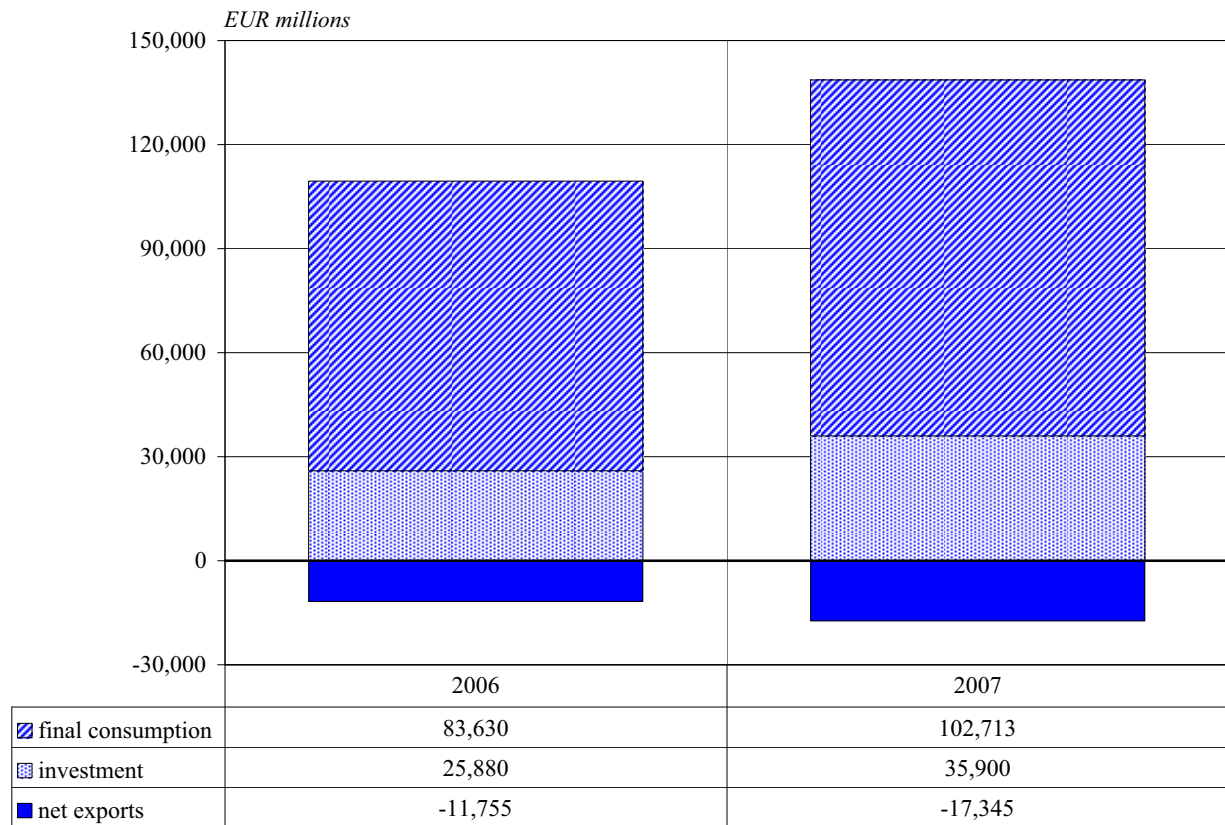
By type of investment, the structure of the NBR's forex reserve is indicative of an increase in the share of foreign exchange-denominated securities, from 62.4 percent to 78.8 percent year on year, along with the drop in the share of deposits with banks abroad.

Charts

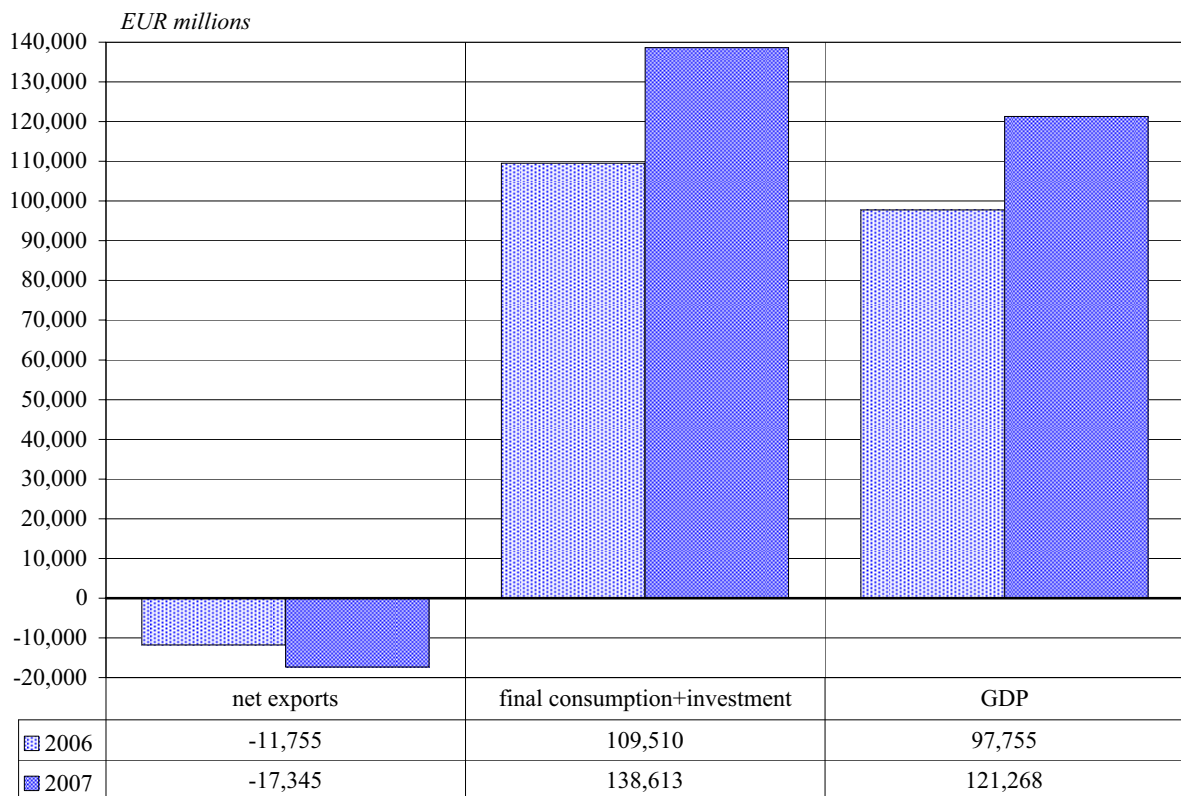
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GDP Components

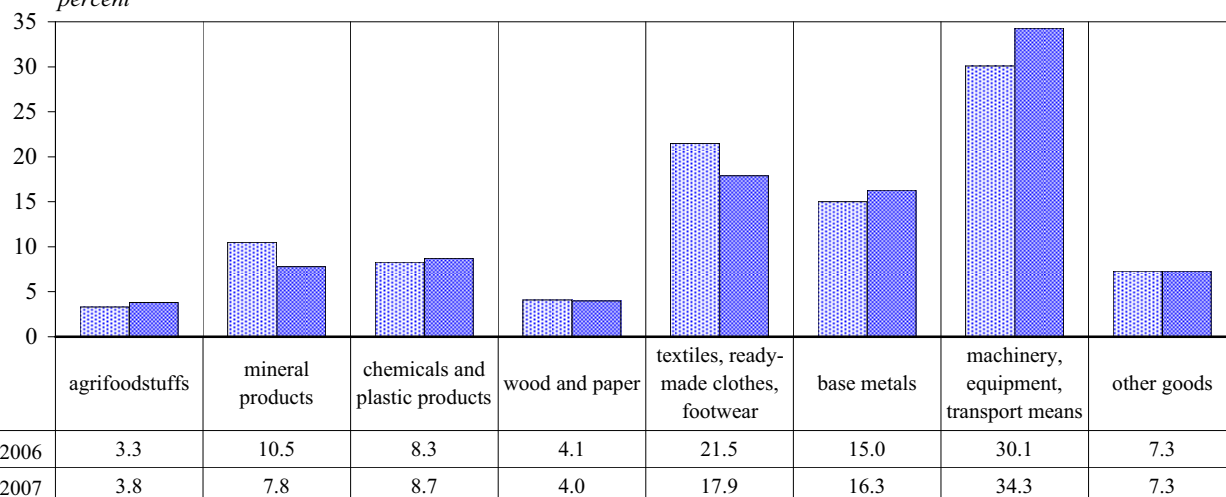


GDP Components



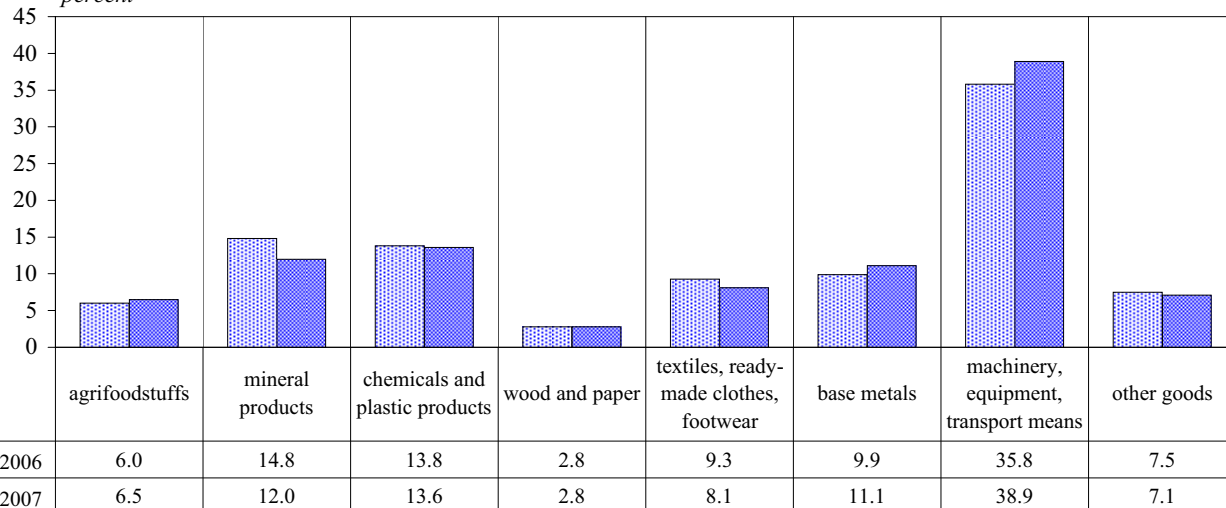
Exports by Group of Commodities

percent



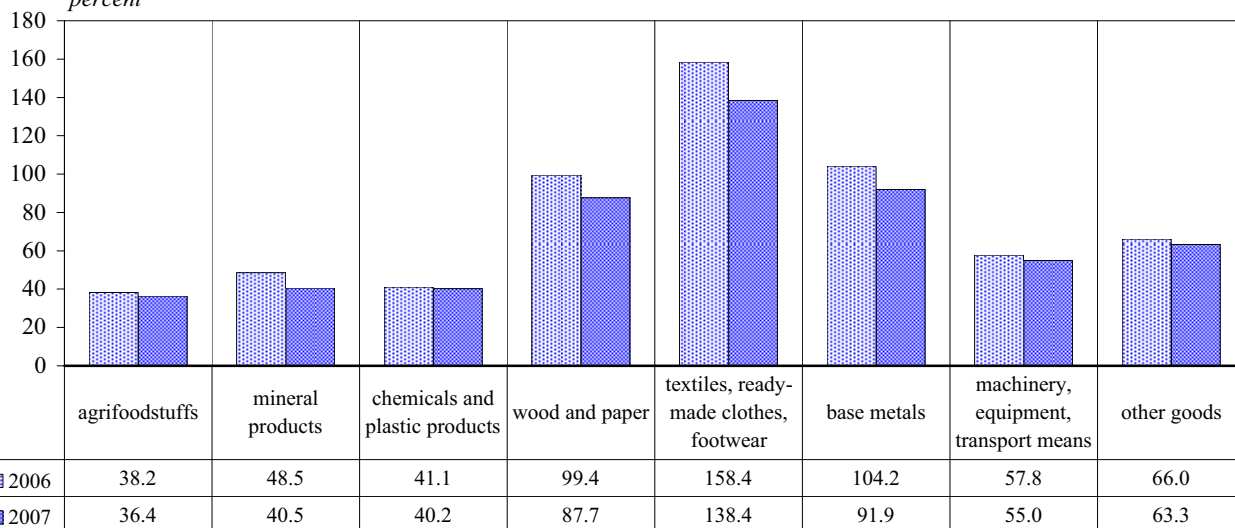
Imports by Group of Commodities

percent

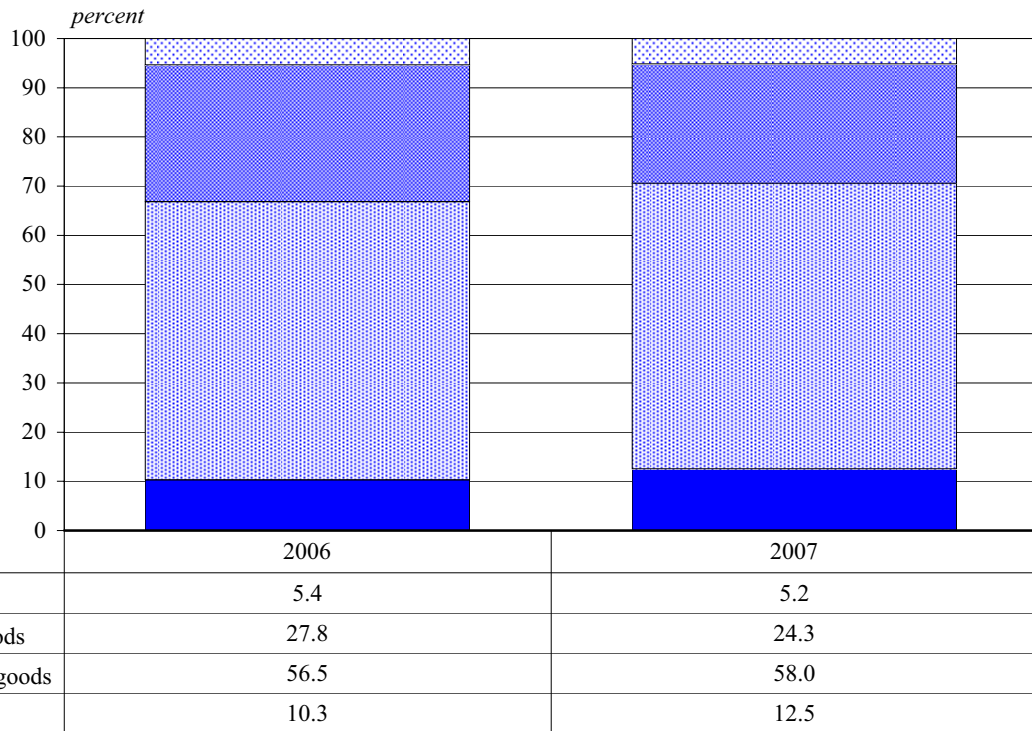


Coverage of Imports through Exports by Group of Commodities

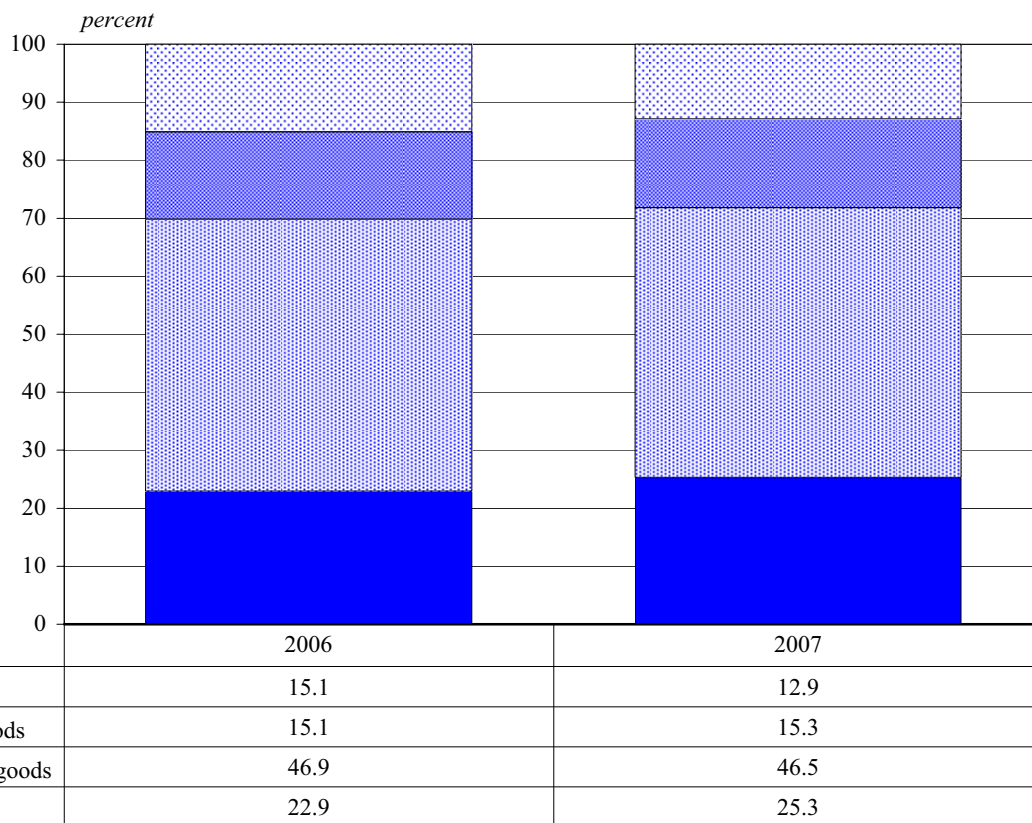
percent



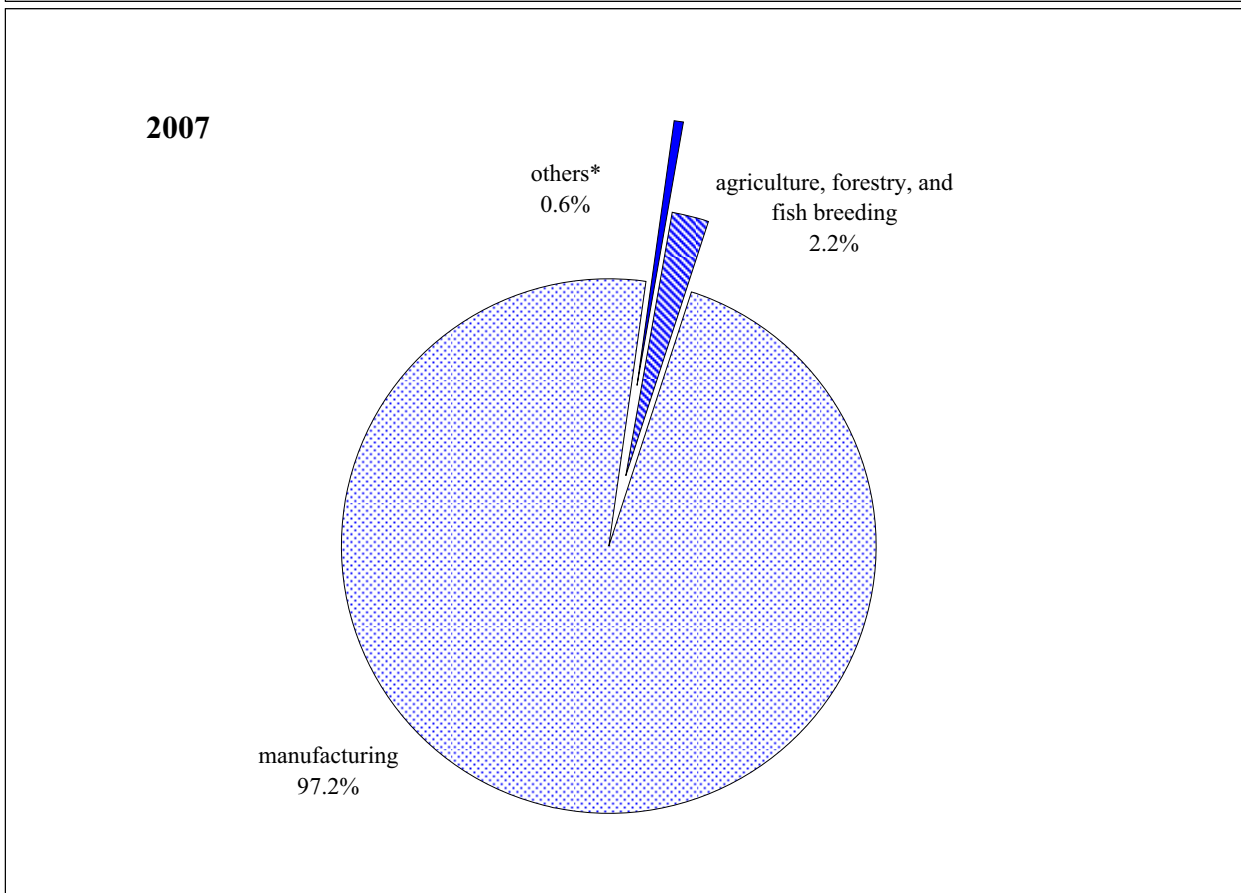
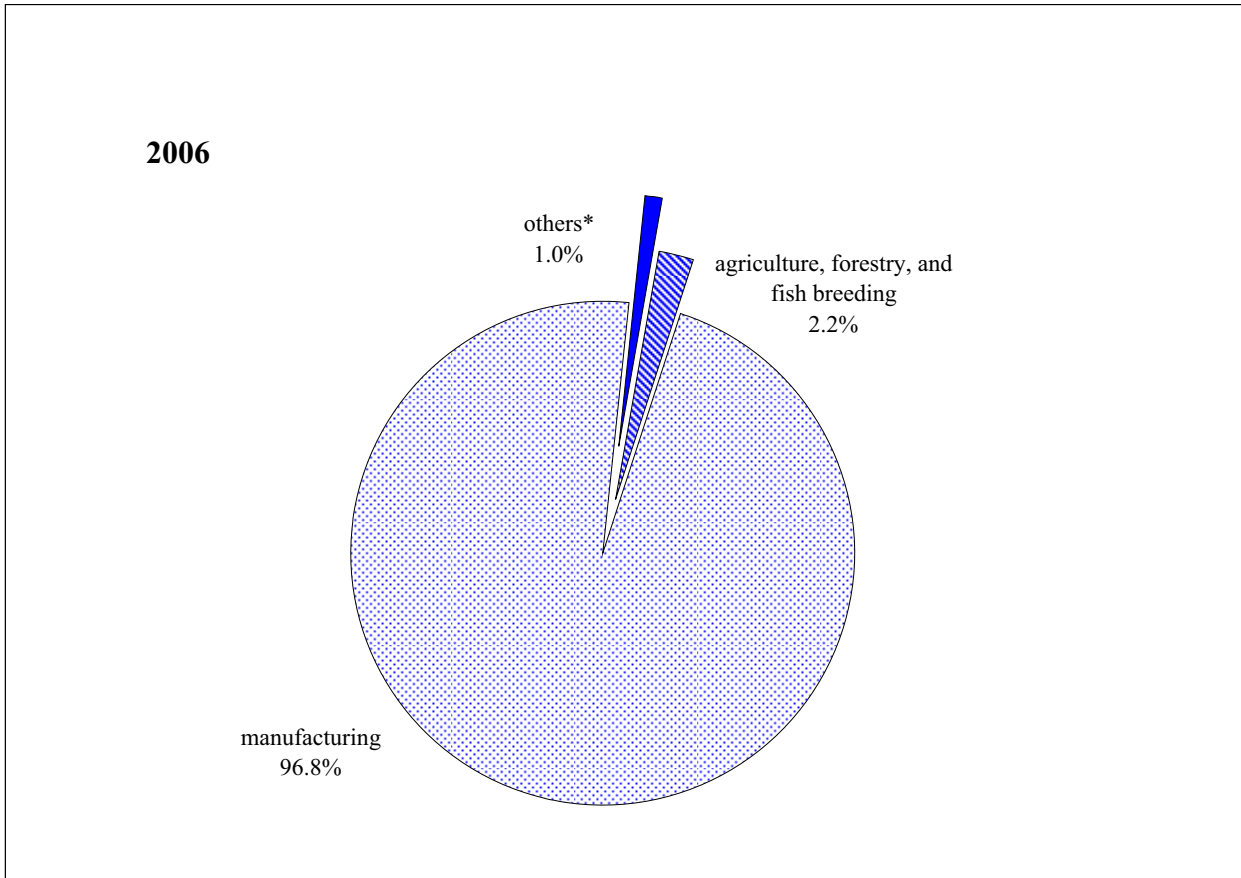
Exports by Production Stage



Imports by Production Stage

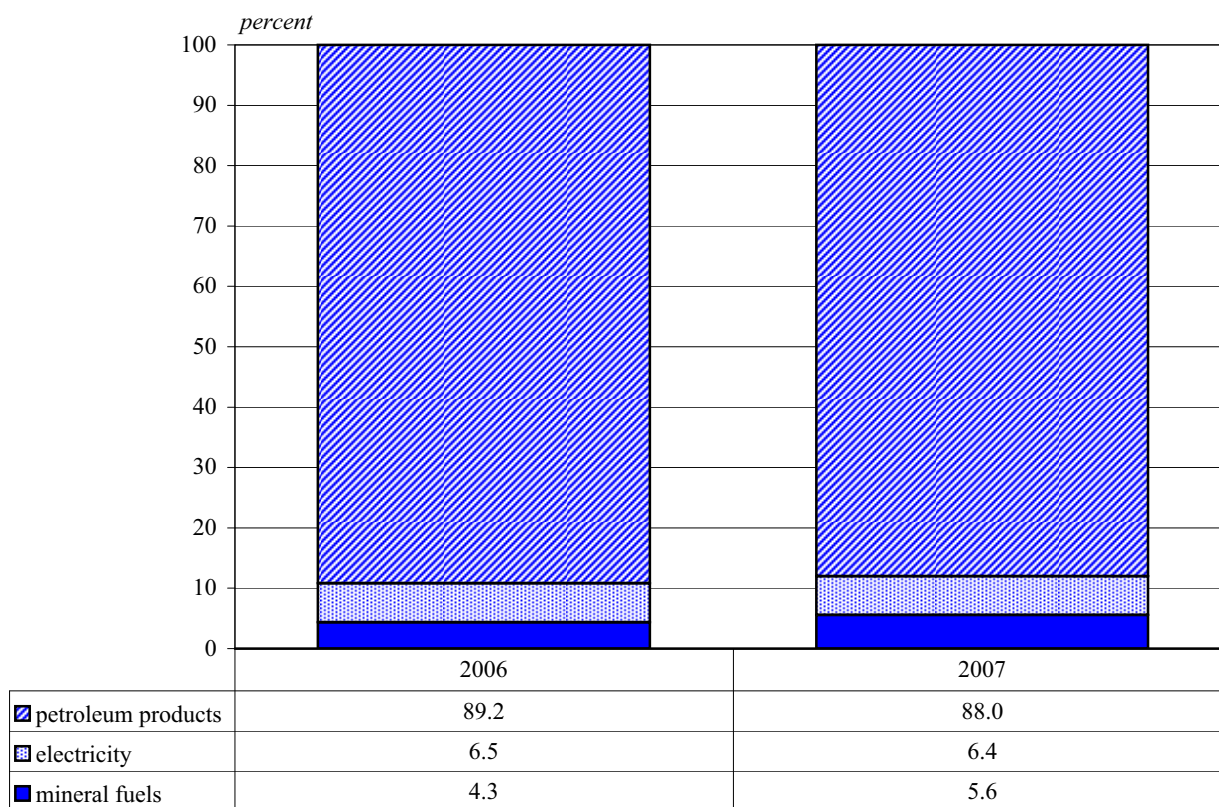


Exports by Economic Sector

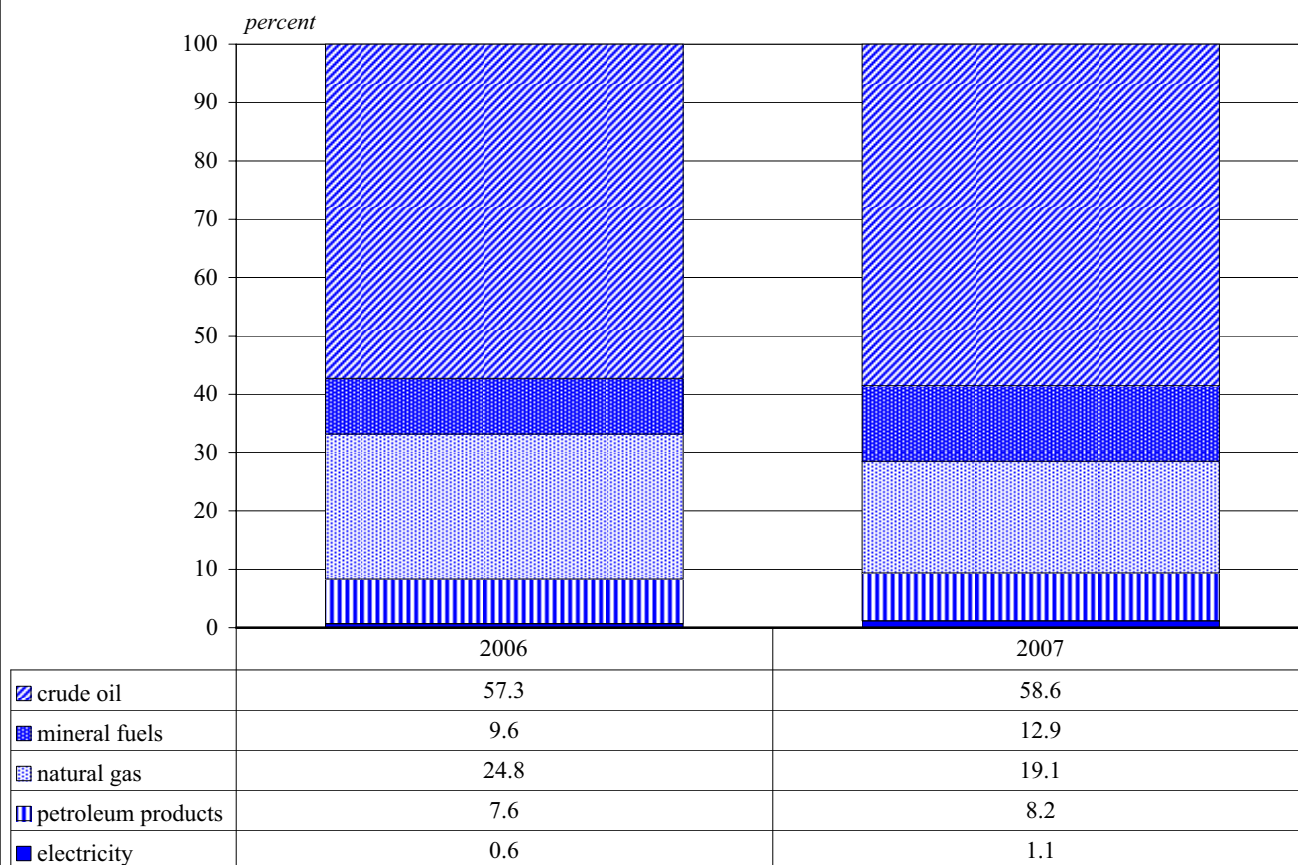


*) including mining, electricity, thermal energy, gas, water and unclassified activities

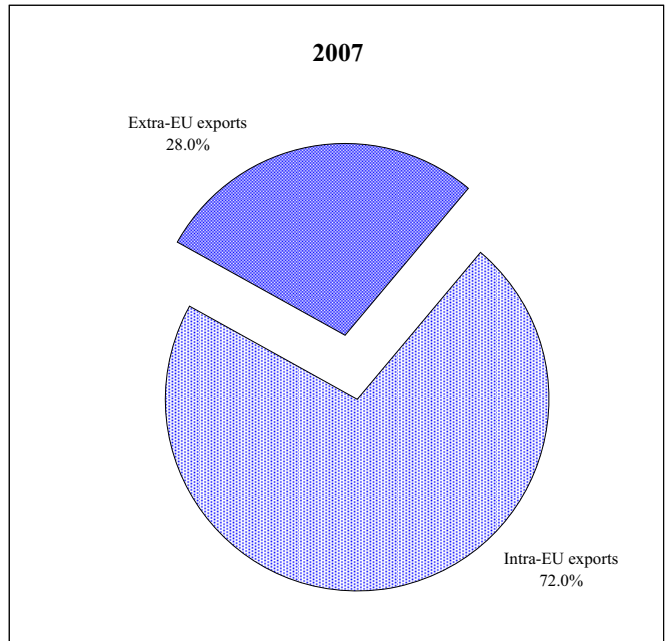
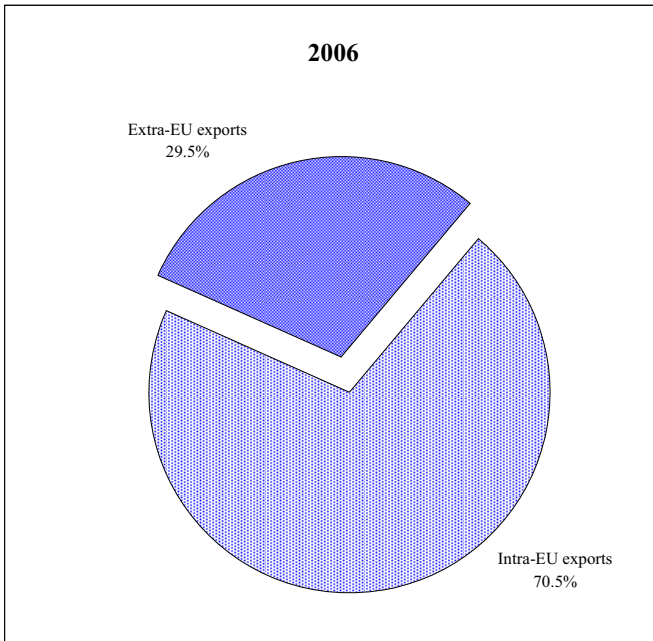
Export Value of Energy Products



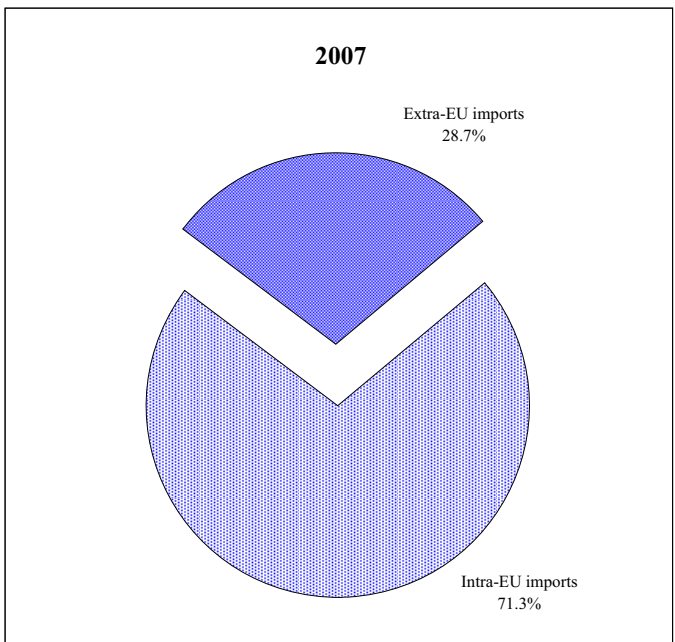
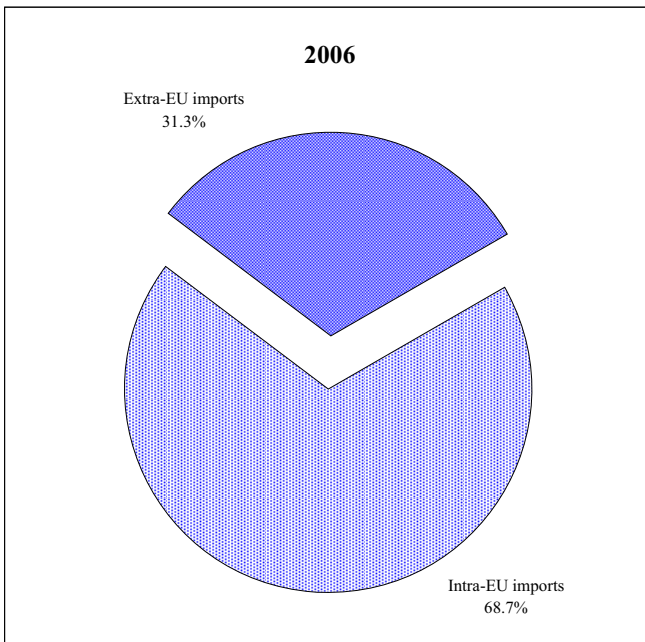
Import Value of Energy Products



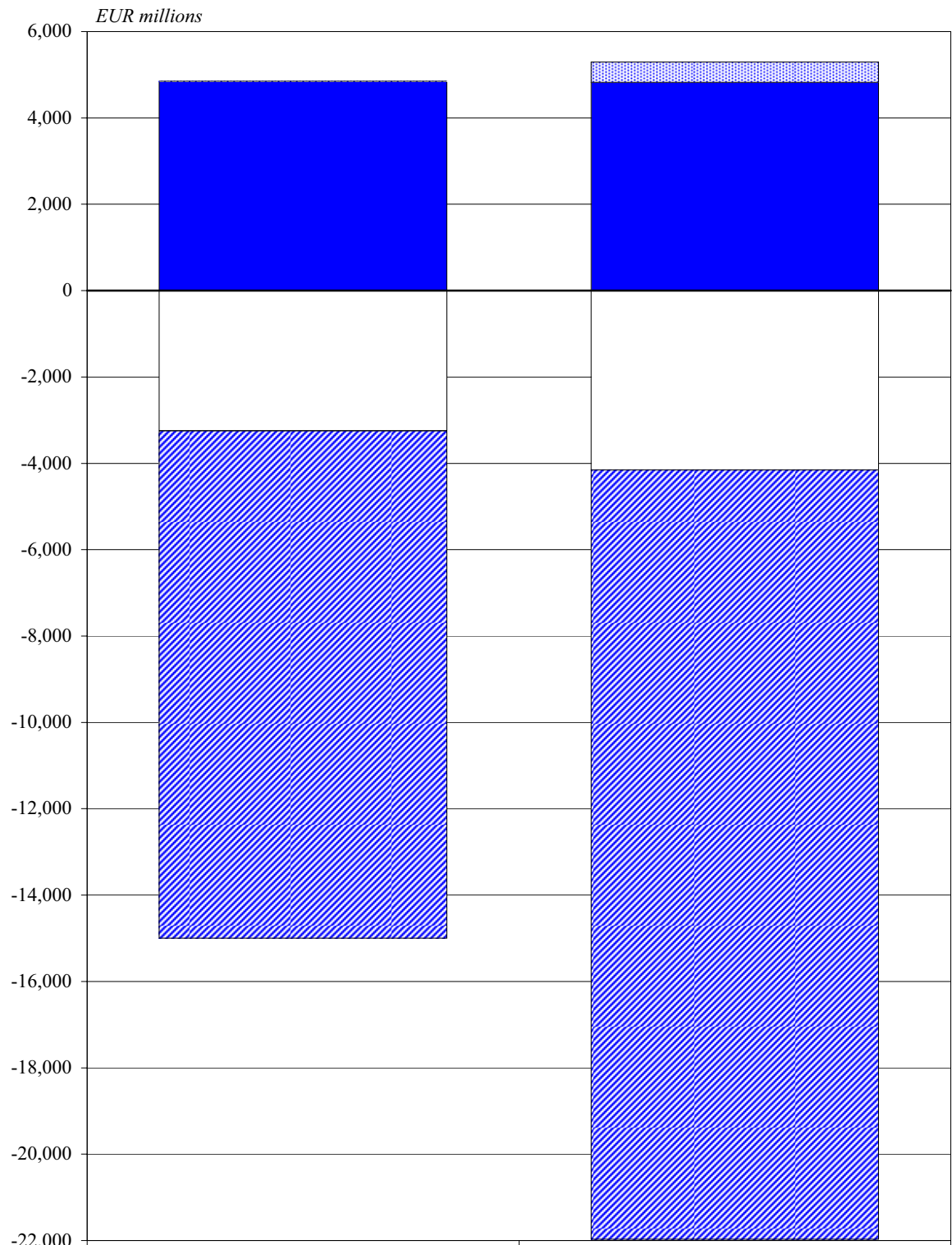
Geographical Distribution of Exports



Geographical Distribution of Imports

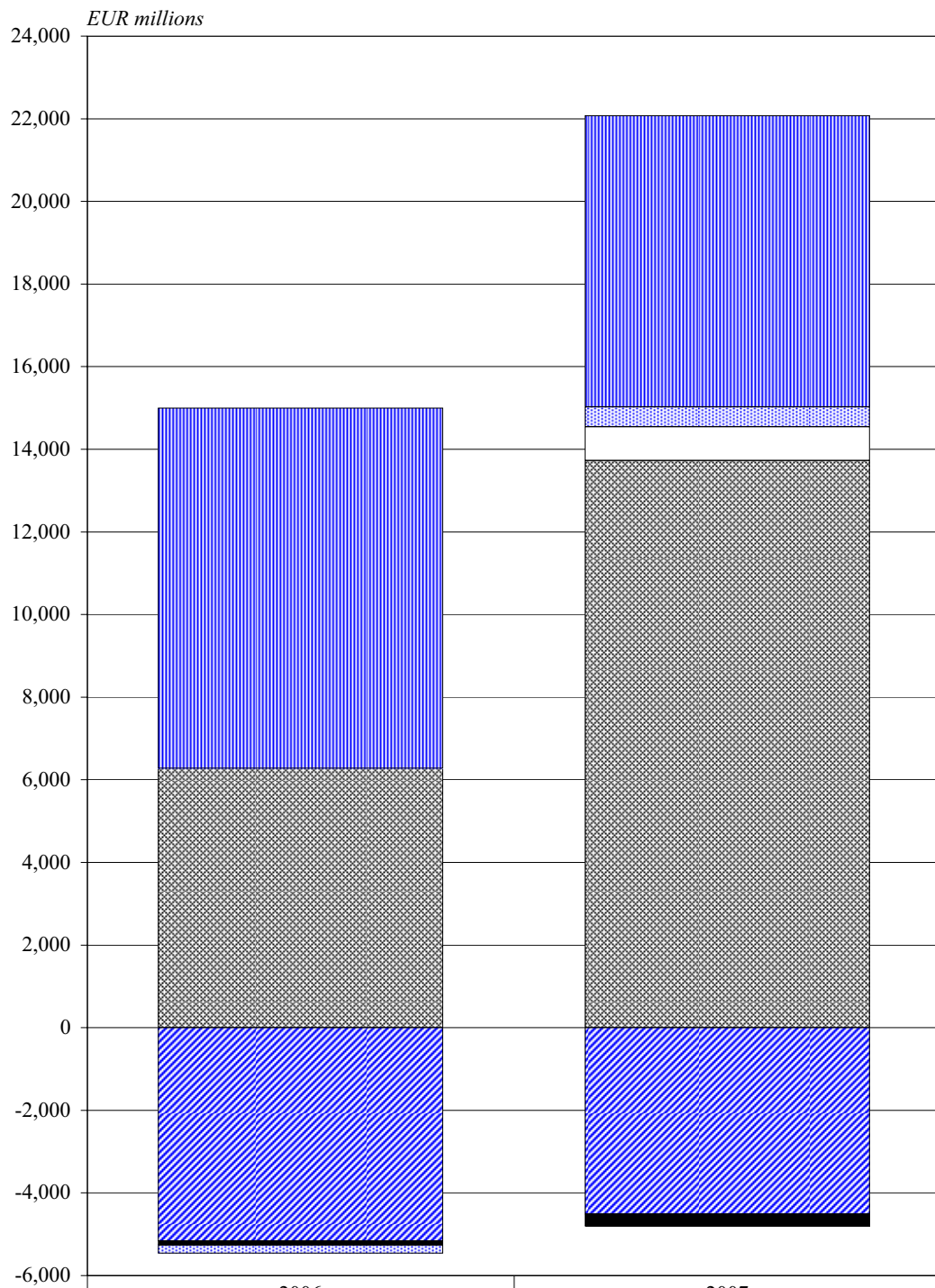


Current Account Components



	2006	2007
goods	-11,759	-17,822
services	4	477
incomes	-3,246	-4,152
current transfers	4,845	4,820

Capital and Financial Account Components



	2006	2007
direct investment	8,723	7,047
portfolio investments	-195	482
capital account	-25	814
other investments	6,272	13,730
financial derivatives	-85	-299
reserve assets	-5,158	-4,505

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BALANCE OF PAYMENTS, 2006 - 2007

EUR mill.

Item	2006			2007			Item
	credit	debit	net	credit	debit	net	
1. Current account	38,700	48,856	-10,156	46,075	62,752	-16,677	1. Current account
<i>A. Goods and services</i>	31,437	43,192	-11,755	36,480	53,825	-17,345	<i>A. Goods and services</i>
a. Goods	25,850	37,609	-11,759	29,549	47,371	-17,822	a. Goods
b. Services	5,587	5,583	4	6,931	6,454	477	b. Services
- transport	1,498	1,916	-418	1,892	2,398	-506	- transport
- travel	1,034	1,035	-1	1,171	1,119	52	- travel
- other	3,055	2,632	423	3,868	2,937	931	- other
<i>B. Incomes</i>	1,726	4,972	-3,246	2,405	6,557	-4,152	<i>B. Incomes</i>
- compensation of employees	922	33	889	1,185	39	1,146	- compensation of employees
- direct investment	-17	3,318	-3,335	43	4,376	-4,333	- direct investment
- portfolio investment	469	566	-97	829	647	182	- portfolio investment
- other capital investment	352	1,055	-703	348	1,495	-1,147	- other capital investment
<i>C. Current transfers</i>	5,537	692	4,845	7,190	2,370	4,820	<i>C. Current transfers</i>
- government sector	288	81	207	929	1,229	-300	- government sector
- other sectors	5,249	611	4,638	6,261	1,141	5,120	- other sectors
2. Capital and financial account	46,501	36,969	9,532	67,380	50,111	17,269	2. Capital and financial account
<i>A. Capital account</i>	732	757	-25	1,225	411	814	<i>A. Capital account</i>
a. Capital transfers	681	707	-26	987	283	704	a. Capital transfers
- government sector	450	592	-142	677	70	607	- government sector
- other sectors	231	115	116	310	213	97	- other sectors
b. Purchase/sale of non-produced/ non-financial assets	51	50	1	238	128	110	b. Purchase/sale of non-produced/ non-financial assets
<i>B. Financial account</i>	45,769	36,212	9,557	66,155	49,700	16,455	<i>B. Financial account</i>
a. Direct investment	14,148	5,425	8,723	14,267	7,220	7,047	a. Direct investment
- of residents abroad	13	350	-337	18	222	-204	- of residents abroad
- of non-residents in Romania	14,135	5,075	9,060	14,249	6,998	7,251	- of non-residents in Romania
b. Portfolio investment	1,510	1,705	-195	3,347	2,865	482	b. Portfolio investment
- assets	162	813	-651	739	635	104	- assets
- liabilities	1,348	892	456	2,608	2,230	378	- liabilities
c. Financial derivatives	38	123	-85	247	546	-299	c. Financial derivatives
d. Other capital investment	30,073	23,801	6,272	48,294	34,564	13,730	d. Other capital investment
- assets:	7,264	8,157	-893	10,010	10,817	-807	- assets:
1. medium- and long-term loans and credits	715	202	513	293	137	156	1. medium- and long-term loans and credits
1.1. trade credits	663	17	646	233	7	226	1.1. trade credits
1.2. financial credits	52	185	-133	60	130	-70	1.2. financial credits
2. short-term loans and credits	1,666	2,551	-885	1,896	2,798	-902	2. short-term loans and credits
2.1. trade credits	1,423	1,545	-122	1,490	1,764	-274	2.1. trade credits
2.2. financial credits	243	1,006	-763	406	1,034	-628	2.2. financial credits
3. cash and deposits	4,495	4,989	-494	7,340	7,370	-30	3. cash and deposits
4. other assets	388	415	-27	481	512	-31	4. other assets
- long-term	262	297	-35	225	225	0	- long-term
- short-term	126	118	8	256	287	-31	- short-term
- liabilities:	22,809	15,644	7,165	38,284	23,747	14,537	- liabilities:
1. IMF loans and credits	0	134	-134	0	78	-78	1. IMF loans and credits
2. medium- and long-term loans and credits	6,480	4,221	2,259	11,113	5,807	5,306	2. medium- and long-term loans and credits
2.1. trade credits	242	481	-239	357	326	31	2.1. trade credits
2.2. financial credits	6,238	3,740	2,498	10,756	5,481	5,275	2.2. financial credits
3. short-term loans and credits	7,845	3,101	4,744	7,673	6,168	1,505	3. short-term loans and credits
3.1. trade credits	2,295	1,275	1,020	2,900	2,050	850	3.1. trade credits
3.2. financial credits	5,550	1,826	3,724	4,773	4,118	655	3.2. financial credits
4. cash and deposits	7,690	6,790	900	15,833	10,348	5,485	4. cash and deposits
5. other liabilities	794	1,398	-604	3,665	1,346	2,319	5. other liabilities
- long-term	423	551	-128	2,506	196	2,310	- long-term
- short-term	371	847	-476	1,159	1,150	9	- short-term
e. NBR reserve assets (net) (increase "-" / decrease "+")	-	5,158	-5,158	-	4,505	-4,505	e. NBR reserve assets (net) (increase "-" / decrease "+")
3. Errors and omissions (net)	624	-	624	592	-	-592	3. Errors and omissions (net)

QUARTERLY BALANCE OF PAYMENTS, 2007

EUR mill.

Item	Q 1			Q 2		
	credit	debit	net	credit	debit	net
1. Current account	10,928	13,695	-2,767	11,187	15,401	-4,214
<i>A. Goods and services</i>	8,701	11,922	-3,221	8,883	13,061	-4,178
a. Goods	7,032	10,547	-3,515	7,188	11,543	-4,355
b. Services	1,669	1,375	294	1,695	1,518	177
- transport	485	533	-48	484	582	-98
- travel	229	214	15	286	238	48
- other	955	628	327	925	698	227
<i>B. Incomes</i>	639	1,189	-550	564	1,860	-1,296
- compensation of employees	286	6	280	311	12	299
- direct investment	9	699	-690	8	1,273	-1,265
- portfolio investment	249	145	104	133	185	-52
- other capital investment (interests)	95	339	-244	112	390	-278
<i>C. Current transfers</i>	1,588	584	1,004	1,740	480	1,260
- government sector	116	370	-254	90	199	-109
- other sectors	1,472	214	1,258	1,650	281	1,369
2. Capital and financial account	15,463	10,823	4,640	15,969	12,228	3,741
<i>A. Capital account</i>	140	61	79	279	92	187
Capital transfers	121	48	73	226	47	179
- government sector	49	0	49	155	0	155
- other sectors	72	48	24	71	47	24
b. Purchase/sale of non-produced/ non-financial assets	19	13	6	53	45	8
<i>B. Financial account</i>	15,323	10,762	4,561	15,690	12,136	3,554
a. Direct investment	3,182	921	2,261	3,704	2,468	1,236
- of residents abroad	2	10	-8	4	51	-47
- of non-residents in Romania	3,180	911	2,269	3,700	2,417	1,283
b. Portfolio investment	971	595	376	896	745	151
- assets	185	159	26	185	159	26
- liabilities	786	436	350	711	586	125
c. Financial derivatives	59	107	-48	117	143	-26
d. Other capital investment	11,111	8,884	2,227	10,973	8,209	2,764
- assets:	2,011	2,273	-262	2,085	2,830	-745
1. medium- and long-term loans and credits	18	16	2	31	38	-7
1.1. trade credits	10	1	9	8	2	6
1.2. financial credits	8	15	-7	23	36	-13
2. short-term loans and credits	334	803	-469	528	505	23
2.1. trade credits	240	565	-325	350	335	15
2.2. financial credits	94	238	-144	178	170	8
3. cash and deposits	1,603	1,349	254	1,399	2,131	-732
4. other assets	56	105	-49	127	156	-29
- long-term	24	45	-21	46	54	-8
- short-term	32	60	-28	81	102	-21
- liabilities:	9,100	6,611	2,489	8,888	5,379	3,509
1. IMF loans and credits	0	24	-24	0	23	-23
2. medium- and long-term loans and credits	3,220	1,990	1,230	2,242	1,222	1,020
2.1. trade credits	105	77	28	115	70	45
2.2. financial credits	3,115	1,913	1,202	2,127	1,152	975
3. short-term loans and credits	1,772	2,340	-568	1,742	1,577	165
3.1. trade credits	820	761	59	581	335	246
3.2. financial credits	952	1,579	-627	1,161	1,242	-81
4. cash and deposits	2,767	2,109	658	4,240	2,178	2,062
5. other liabilities	1,341	148	1,193	664	379	285
- long-term	857	12	845	531	55	476
- short-term	484	136	348	133	324	-191
e. NBR reserve assets (net) (increase "-" / decrease "+")	-	255	-255	-	571	-571
3. Errors and omissions (net)	-	1,873	-1,873	473	-	473

QUARTERLY BALANCE OF PAYMENTS, 2007

EUR mill.

Q 3			Q 4			Item
credit	debit	net	credit	debit	net	
11,831	15,921	-4,090	12,129	17,735	-5,606	1. Current account
9,162	13,463	-4,301	9,734	15,379	-5,645	<i>A. Goods and services</i>
7,410	11,767	-4,357	7,919	13,514	-5,595	a. Goods
1,752	1,696	56	1,815	1,865	-50	b. Services
463	599	-136	460	684	-224	- transport
355	360	-5	301	307	-6	- travel
934	737	197	1,054	874	180	- other
643	1,902	-1,259	559	1,606	-1,047	<i>B. Incomes</i>
291	10	281	297	11	286	- compensation of employees
11	1,407	-1,396	15	997	-982	- direct investment
278	172	106	169	145	24	- portfolio investment
63	313	-250	78	453	-375	- other capital investment (interests)
2,026	556	1,470	1,836	750	1,086	<i>C. Current transfers</i>
506	274	232	217	386	-169	- government sector
1,520	282	1,238	1,619	364	1,255	- other sectors
18,850	15,214	3,636	17,098	11,846	5,252	2. Capital and financial account
365	185	180	441	73	368	<i>A. Capital account</i>
242	144	98	398	44	354	Capital transfers
165	70	95	308	0	308	- government sector
77	74	3	90	44	46	- other sectors
123	41	82	43	29	14	Purchase/sale of non-produced/ non-financial assets
18,485	15,029	3,456	16,657	11,773	4,884	<i>B. Financial account</i>
4,234	1,998	2,236	3,147	1,833	1,314	a. Direct investment
2	110	-108	10	51	-41	- of residents abroad
4,232	1,888	2,344	3,137	1,782	1,355	- of non-residents in Romania
756	696	60	724	829	-105	b. Portfolio investment
185	159	26	184	158	26	- assets
571	537	34	540	671	-131	- liabilities
22	145	-123	49	151	-102	c. Financial derivatives
13,473	8,762	4,711	12,737	8,709	4,028	d. Other capital investment
3,960	3,054	906	1,954	2,660	-706	- assets:
117	33	84	127	50	77	1. medium- and long-term loans and credits
102	2	100	113	2	111	1.1. trade credits
15	31	-16	14	48	-34	1.2. financial credits
534	694	-160	500	796	-296	2. short-term loans and credits
443	412	31	457	452	5	2.1. trade credits
91	282	-191	43	344	-301	2.2. financial credits
3,180	2,223	957	1,158	1,667	-509	3. cash and deposits
129	104	25	169	147	22	4. other assets
54	55	-1	101	71	30	- long-term
75	49	26	68	76	-8	- short-term
9,513	5,708	3,805	10,783	6,049	4,734	- liabilities:
0	15	-15	0	16	-16	1. IMF loans and credits
2,234	1,374	860	3,417	1,221	2,196	2. medium- and long-term loans and credits
43	116	-73	94	63	31	2.1. trade credits
2,191	1,258	933	3,323	1,158	2,165	2.2. financial credits
1,871	1,169	702	2,288	1,082	1,206	3. short-term loans and credits
529	530	-1	970	424	546	3.1. trade credits
1,342	639	703	1,318	658	660	3.2. financial credits
4,731	2,665	2,066	4,095	3,396	699	4. cash and deposits
677	485	192	983	334	649	5. other liabilities
480	13	467	638	116	522	- long-term
197	472	-275	345	218	127	- short-term
-	3,428	-3,428	-	251	-251	e. NBR reserve assets (net) (increase "-" / decrease "+")
454	-	454	354	-	354	3. Errors and omissions (net)

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2007

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	-6,996	-32	0	-155	71	-7,112
<i>foreign assets</i>	<i>2,848</i>	<i>-132</i>	<i>0</i>	<i>0</i>	<i>-268</i>	<i>2,449</i>
other investment	2,848	-132	0	0	-268	2,449
trade credits	2,052	-153	0	70	-209	1,759
medium- and long-term trade credits	2,052	-153	0	70	-209	1,759
deposits	8	0	0	0	6	14
other assets	789	22	0	-70	-64	676
other long-term assets	616	22	0	0	-64	573
other short-term assets	173	0	0	-70	-1	103
<i>foreign liabilities</i>	<i>9,844</i>	<i>-99</i>	<i>0</i>	<i>155</i>	<i>-339</i>	<i>9,561</i>
portfolio investment	2,640	-94	0	0	3	2,549
- bonds	2,620	-177	0	0	-3	2,439
- money market instruments	20	83	0	0	7	110
other investments	7,205	-6	0	155	-342	7,012
trade credits	31	-21	0	0	2	11
medium- and long-term trade credits	31	-21	0	0	2	11
financial credits	7,174	-19	0	155	-339	6,970
medium- and long-term financial credits	7,174	-22	0	158	-339	6,970
short-term financial credits	0	3	0	-3	0	0
deposits	0	35	0	0	-5	30
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	22,850	4,447	610	0	-864	27,044
<i>foreign assets</i>	<i>22,956</i>	<i>4,515</i>	<i>610</i>	<i>0</i>	<i>-865</i>	<i>27,215</i>
other investments	21	10	0	0	-2	29
other assets	21	10	0	0	-2	29
other long-term assets	21	10	0	0	-2	29
reserves	22,935	4,504	610	0	-863	27,187
gold	1,625	0	254	0	0	1,880
forex reserves	21,310	4,504	356	0	-863	25,307
<i>foreign liabilities</i>	<i>106</i>	<i>67</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>171</i>
other investments	106	67	0	0	-2	171
financial credits	79	-78	0	0	-1	0
medium- and long-term financial credits (IMF)	79	-78	0	0	-1	0
deposits	0	145	0	0	0	145
other liabilities	27	0	0	0	-1	26
other long-term liabilities	27	0	0	0	-1	26
III. Banks	-16,296	-8,990	-56	-640	1,085	-24,896
<i>foreign assets</i>	<i>1,594</i>	<i>-78</i>	<i>0</i>	<i>172</i>	<i>148</i>	<i>1,836</i>
direct investment	140	7	0	-6	0	142
equity holdings and reinvested earnings	132	7	0	-6	1	134
others	8	0	0	0	0	8
portfolio investment	165	86	0	0	0	250
shares	29	70	0	0	0	99
bonds	136	13	0	0	0	149
money market instruments	0	3	0	0	0	3
financial derivatives	0	-178	0	178	0	0
other investments	1,290	7	0	0	148	1,444
financial credits	110	94	0	0	-29	175
medium- and long-term financial credits	65	56	0	0	0	121
short-term financial credits	45	38	0	0	-29	54
deposits	1,091	-45	0	0	140	1,186
other assets	89	-43	0	0	36	83
other long-term assets	59	-29	0	0	0	30
other short-term assets	30	-13	0	0	36	53
<i>foreign liabilities</i>	<i>17,890</i>	<i>8,912</i>	<i>56</i>	<i>812</i>	<i>-938</i>	<i>26,732</i>
direct investment	5,982	1,188	56	342	-446	7,122
equity holdings and reinvested earnings	5,272	1,049	56	266	-431	6,211
others	710	139	0	76	-15	911
portfolio investment	903	-40	0	-67	28	823
shares	17	48	0	0	0	65
bonds	886	-88	0	-67	28	758
financial derivatives	0	-470	0	470	0	0
other investments	11,005	8,235	0	67	-519	18,787
financial credits	6,965	620	0	67	-33	7,618
medium- and long-term financial credits	4,652	1,962	0	67	35	6,714
short-term financial credits	2,314	-1,342	0	0	-68	904
deposits	3,985	7,631	0	0	-472	11,143
other liabilities	55	-15	0	0	-14	26
other short-term liabilities	55	-15	0	0	-14	26

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2007

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	-36,450	-11,880	-1,639	-1,316	2,207	-49,078
<i>foreign assets</i>	4,664	859	0	91	-43	5,570
direct investment	527	196	0	21	-44	700
equity holdings and reinvested earnings	259	18	0	4	-14	267
others	269	178	0	17	-30	433
portfolio investment	1,098	-189	0	0	0	909
shares	422	103	0	0	0	525
bonds	555	-202	0	0	0	353
money market instruments	121	-90	0	0	0	31
financial derivatives	0	-70	0	70	0	0
other investments	3,038	922	0	0	1	3,961
trade credits	445	201	0	0	0	646
medium- and long-term trade credits	21	-73	0	52	0	0
short-term trade credits	424	273	0	-52	0	646
financial credits	1,510	604	0	0	0	2,114
medium- and long-term financial credits	174	14	0	0	0	188
short-term financial credits	1,336	590	0	0	0	1,926
deposits	1,063	75	0	0	-1	1,137
other assets	20	43	0	0	1	64
other short-term assets	19	45	0	0	0	64
other long-term assets	1	-3	0	0	2	0
<i>foreign liabilities</i>	41,113	12,739	1,639	1,407	-2,250	54,648
direct investment	28,530	6,062	1,639	1,486	-2,069	35,648
equity holdings and reinvested earnings	21,744	2,498	1,639	1,013	-1,605	25,289
others	6,785	3,564	0	473	-464	10,358
portfolio investment	1,235	512	0	-66	-3	1,678
shares	1,141	513	0	0	0	1,654
bonds	69	-1	0	-66	-3	0
money market instruments	25	0	0	0	0	25
financial derivatives	0	-76	0	76	0	0
other investments	11,349	6,241	0	-89	-178	17,322
trade credits	2,745	903	0	0	22	3,669
medium- and long-term trade credits	281	52	0	0	22	355
short-term trade credits	2,464	850	0	0	0	3,314
financial credits	8,604	5,329	0	-106	-200	13,628
medium- and long-term financial credits	5,635	3,335	0	-106	-200	8,665
short-term financial credits	2,969	1,994	0	0	0	4,963
deposits	0	0	0	0	0	0
other liabilities	0	9	0	17	0	26
other short-term liabilities	0	-15	0	17	0	1
other long-term liabilities	0	24	0	0	0	24
TOTAL	-36,891	-16,455	-1,085	-2,112	2,500	-54,042

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2007

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	-36,891	-16,455	-1,085	-2,112	2,500	-54,042
<i>of which:</i>						
Foreign assets	32,062	5,164	610	262	-1,027	37,071
direct investment	668	203	0	15	-44	842
portfolio investment	1,263	-104	0	0	0	1,160
financial derivatives	0	-247	0	247	0	0
other investments	7,196	807	0	0	-121	7,883
reserves	22,935	4,504	610	0	-863	27,187
Foreign liabilities	68,953	21,619	1,695	2,374	-3,528	91,114
direct investment	34,512	7,250	1,695	1,828	-2,515	42,770
portfolio investment	4,777	378	0	-133	29	5,051
financial derivatives	0	-546	0	546	0	0
other investments	29,664	14,537	0	133	-1,041	43,294
Net position	-36,891	-16,455	-1,085	-2,112	2,501	-54,042
direct investment	-33,844	-7,047	-1,695	-1,813	2,472	-41,928
portfolio investment	-3,514	-482	0	133	-28	-3,891
financial derivatives	0	299	0	-299	0	0
other investments	-22,468	-13,730	0	-133	920	-35,411
reserves	22,935	4,504	610	0	-863	27,187
Foreign assets	32,062	5,164	610	262	-1,027	37,071
A. Direct investment of residents abroad	668	203	0	15	-43	842
- equity holdings	391	26	0	-3	-13	401
- other	277	178	0	17	-30	442
B. Portfolio investment	1,263	-104	0	0	0	1,160
- bonds	691	-189	0	0	0	502
- shares	451	-87	0	0	260	624
- money market instruments	121	173	0	0	-260	34
C. Financial derivatives	0	-247	0	247	0	0
D. Other investments	7,196	807	0	0	-121	7,883
- loans and credits	4,117	745	0	0	-168	4,694
- long-term loans and credits	2,311	-156	0	122	-210	2,068
- short-term loans and credits	1,805	901	0	-122	41	2,626
- cash and deposits	2,161	30	0	0	146	2,337
- other assets	918	32	0	0	-98	852
- medium- and long-term	696	0	0	0	-64	632
- short-term	223	32	0	0	-34	221
E. NBR reserve assets	22,935	4,505	610	0	-863	27,187
- monetary gold	1,625	0	254	0	0	1,880
- forex reserves	21,310	4,505	356	0	-863	25,307
Foreign liabilities	68,953	21,619	1,695	2,374	-3,528	91,113
A. Direct investment of non-residents in Romania	34,512	7,250	1,695	1,828	-2,515	42,770
- equity holdings	27,016	3,547	1,695	1,279	-2,036	31,501
- other	7,496	3,703	0	549	-479	11,269
B. Portfolio investment	4,777	378	0	-133	28	5,051
- shares	1,158	561	0	0	0	1,719
- bonds	3,575	-266	0	-133	22	3,197
- money market instruments	44	83	0	0	7	135
C. Financial derivatives	0	-546	0	546	0	0
D. Other investments	29,664	14,537	0	133	-1,041	43,293
- loans and credits	25,597	6,733	0	133	-566	31,897
- long-term loans and credits	17,851	5,229	0	136	-498	22,717
- short-term loans and credits	7,746	1,505	0	-3	-68	9,180
- cash and deposits	3,985	7,810	0	0	-477	11,318
- other liabilities	83	-6	0	0	2	78
- medium- and long-term	27	-15	0	0	16	27
- short-term	56	9	0	0	-14	51

ROMANIA: INTERNATIONAL INVESTMENT POSITION, 2003 - 2007

EUR mill., end of period

Institutional sector	2003	2004	2005	2006	2007
I. Monetary authority	6,999	11,518	18,027	22,850	27,044
- assets	7,503	11,944	18,279	22,956	27,215
- liabilities	504	426	252	106	171
II. Government sector	-4,842	-5,738	-6,374	-6,996	-7,112
- assets	3,148	3,235	3,753	2,848	2,449
- liabilities	7,990	8,973	10,127	9,844	9,561
III. Banks	-1,587	-3,662	-8,563	-16,296	-24,896
- assets	975	1,418	1,324	1,594	1,836
- liabilities	2,562	5,080	9,887	17,890	26,732
IV. Non-banks	-13,583	-18,572	-26,237	-36,449	-49,078
- assets	864	1,095	2,385	4,664	5,570
- liabilities	14,447	19,667	28,622	41,113	54,648
Net position	-13,013	-16,454	-23,147	-36,891	-54,042
- assets	12,490	17,692	25,741	32,062	37,071
- liabilities	25,503	34,146	48,888	68,953	91,113

ROMANIA: GROSS INTERNATIONAL RESERVES, 2003 - 2007

EUR mill., end of period

	2003	2004	2005	2006	2007
<i>National Bank of Romania</i>	7,492	11,933	18,259	22,935	27,187
- gold	1,118	1,085	1,461	1,625	1,880
- SDRs	0	0	0	0	0
- convertible currencies	6,374	10,848	16,798	21,310	25,307
<i>Commercial banks</i>	756	1,220	1,103	1,302	1,445
- convertible currencies	756	1,220	1,103	1,302	1,445
Gross international reserves	8,248	13,153	19,362	24,237	28,632
of which:					
Gross foreign exchange reserves	7,130	12,068	17,901	22,612	26,752

ROMANIA: EXTERNAL DEBT INDICATORS, 2003 - 2007

	2003	2004	2005	2006	2007
External debt (ED) - EUR mill.	17,835	21,504	30,914	41,196	58,531
- medium- and long-term (MLT)	15,859	18,298	24,642	28,622	38,359
- short-term (ST)	1,976	3,206	6,272	12,574	20,172
GDP					
- EUR mill.	52,605	60,808	79,532	97,754	121,268
Exports of goods and services - EUR mill. (EXP)	18,285	21,838	26,359	31,438	36,480
Imports of goods and services - EUR mill. (IMP)	22,178	27,374	34,510	43,192	53,825
External debt service - EUR mill. (EDS)	3,808	4,972	13,578	19,801	29,925
- principal repayment	3,033	4,117	12,415	18,191	27,626
- interest payment (INT)	775	855	1,163	1,610	2,299
Official reserves (EUR mill.)	7,492	11,933	18,259	22,935	27,187
Indicators	<i>percent (%)</i>				
ED/GDP	33.9	35.4	38.9	42.1	48.3
MLT/GDP	30.1	30.1	31.0	29.3	31.6
ED/EXP	97.5	98.5	117.3	131.0	160.4
MLT/EXP	86.7	83.8	93.5	91.0	105.2
EDS/EXP	20.8	22.8	51.5	63.0	82.0
EDS/GDP	7.2	8.2	17.1	20.3	24.7
EDS/OR	50.8	41.7	74.4	86.3	110.1
INT/EXP	4.2	3.9	4.4	5.1	6.3
ST/ED	11.1	14.9	20.3	30.5	34.5
Multilateral/ED	28.9	24.1	18.4	13.8	9.3
OR/IMP (months)	4.1	5.2	6.3	6.4	6.1