



**NATIONAL BANK OF ROMANIA**

# **Romania's Balance of Payments and International Investment Position**

**Annual Report 2010**







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and International Investment Position**

**ANNUAL REPORT**

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## ***Note***

*The drafting of **Annual Report 2010 – Romania’s Balance of Payments and International Investment Position** was completed by Statistics Department based on data available in November 2011.*

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

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## MAIN DEVELOPMENTS IN 2010

### I. External environment<sup>1</sup>

In 2010, global economic activity continued to improve after the financial crisis-induced decline. World output stood 5.0 percent higher, after having fallen 0.5 percent in 2009. The economic rebound was driven, particularly in 2011 H1, by the implementation of stimulative monetary and fiscal policies and the financing conditions returning to normalcy. The recovery was driven especially by the manufacturing performance and was accompanied by a strong revival of world trade in goods and services (up 12.4 percent after having dropped 10.9 percent a year earlier), with both exports and imports posting high growth rates. The pace of recovery was uneven across regions, as the emerging economies, especially those in Asia, recovered faster than the developed economies, which posted moderate growth rates. In the latter half of the year, world economic activity slowed temporarily, due to the phasing-out of fiscal incentives and the adverse impact of balance sheet adjustments at sectoral level, along with the labour market stalemate. Hence, world trade saw its rate of increase losing momentum. Inflationary pressures were stronger in emerging economies than in advanced economies (except for the United Kingdom of Great Britain and Northern Ireland). Inflation declined gradually in the first half of 2010, from 2 percent in January to 1.6 percent in August, but thereafter started rising to reach 2.1 percent in December<sup>2</sup>, amid higher food and energy prices. Brent oil price stabilised in the first half of 2010, but then it began to grow, with the annual average oil price standing at USD 80 per barrel, i.e. 29 percent above the 2009 figure. Prices of commodities<sup>3</sup> (expressed in USD) increased by more than one-third year on year, due mainly to metal prices, as a result of supply-side constraints and to the movements in food prices against the background of emerging economies' demand.

Euro area<sup>4</sup> economy grew at a 1.8 percent rate in 2010, after having fallen by 4.2 percent in 2009 amid the rebound in both exports and domestic demand. The latter development reflected the restoration of consumer confidence, on the back of countercyclical monetary policies and the measures to support the financial system. Private consumption expanded by 0.9 percent, after having shed 1.2 percent in 2009, given that households' real disposable income went up and savings contracted. General government consumption rose at a slower pace than a year earlier (by 0.4 percent compared to 2.6 percent), mirroring the efforts aimed at reining in budget deficits. Gross fixed capital formation saw its decline moderating considerably (-0.8 percent versus -12.0 percent) following the improvement in the business environment, a greater number of orders and easier financing conditions. Exports of goods and services benefited from the improving external environment once the financial crisis lost strength. Exports of goods and services increased by 10.1 percent and imports thereof by 9.3 percent in 2010, after having plunged by 12.8 percent and 11.7 percent respectively in the year before. From a sectoral perspective, the rebound in output was predominantly driven by industrial activity, with gross value added standing 6.3 percent higher. Capital goods output also turned up, on the back of stronger external demand and an improved economic outlook domestically. Activity in the construction sector continued to decline, owing to housing market adjustments that could not be offset by the contribution of infrastructure projects put forward by governments. Against

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<sup>1</sup> Sources: ECB, Annual Report 2010, Monthly Bulletin, November 2011; IMF, World Economic Outlook, April 2011.

<sup>2</sup> Figures reported by the countries that joined the Organisation for Economic Co-operation and Development (OECD).

<sup>3</sup> Excluding energy.

<sup>4</sup> The countries referred to herein are the 16 EU Member States making up the currency union at end-2010: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

the backdrop of inflationary pressures stemming from external food and energy prices, the average annual inflation rate, as measured by the Harmonised Index of Consumer Prices (HICP), rose to 1.6 percent in 2010, from 0.3 percent in 2009. The euro area labour market stabilised during 2010, following the worsening seen in the previous year – the fall in employment rate slowed and the growth in unemployment rate decelerated. Unemployment rate (based on International Labour Office methodology) advanced to 10.1 percent in 2010, from 9.6 percent in 2009, when it had gained 1.9 percentage points. The euro area budget deficit stopped growing, and even narrowed somewhat, reaching 6.2 percent of GDP in 2010 from 6.4 percent of GDP in 2009 (when it had posted a threefold increase), amid the renewed rise in incomes and expenditure restraint. In most euro area countries, the budget imbalance exceeded the 3.0 percent-of-GDP reference value in 2010. Two of the euro area members reported deficit-to-GDP ratios higher than 10 percent, namely Ireland (31.3 percent of GDP) and Greece (10.6 percent of GDP), while Portugal was very close to this level (9.8 percent of GDP). The lowest deficit-to-GDP ratios were displayed by Luxembourg and Finland: 1.1 percent of GDP and 2.5 percent of GDP respectively. In 2010, the euro area public debt ratio added 5.6 percentage points year over year to 85.4 percent of GDP, mainly due to wider budget shortfalls and, to a lower extent, to the financial support granted to Greece. The region's public debt ratio overstepped the 60 percent reference value in 12 of the 16 euro area countries, going beyond 100 percent in Greece and Italy: 144.9 percent and 118.4 percent respectively.

The euro area aggregate current account ended 2010 on a deficit of EUR 42.2 billion, or 0.5 percent of GDP, against EUR 25.9 billion a year earlier, on the back of a lower trade surplus and a wider deficit of the current transfers balance. The euro area trade balance registered a surplus of EUR 12.9 billion, nearly one-third of the 2009 figure, amid a sharper increase in imports than in exports: 22.2 percent and 19.8 percent respectively. Exports advanced at a faster pace in 2010 H1, against the backdrop of heftier external demand, but growth moderated later in the year. Imports followed a similar trend, their growth also slowing in 2010 H2 in the context of declining domestic demand.

Direct and portfolio investment posted net inflows amounting to EUR 98.1 billion, from EUR 158.6 billion in 2009. Behind the reduction stood the decline in net inflows of debt instruments and, to a lesser extent, an increase in net outflows of foreign direct investment (FDI). These developments were partially offset by higher net inflows of equity stakes.

Non-euro area EU Member States<sup>5</sup> recorded an economic advance of 1.3 percent in 2010, compared with a decline of 4.6 percent in the preceding year. The economic recovery was fuelled mostly by exports, on the back of robust external demand. Domestic demand remained subdued, in spite of the improved consumer confidence against the background of private sector adjustments. Labour market and tight lending conditions put a damper on private consumption. Investment fared poorly overall, with some countries reporting severe restraints as a result of housing market adjustments and the decline in the construction sector. Resumption of the economic upturn after the decline seen in 2009 was a typical feature in most of the countries in the region (except Romania and Latvia), but a certain volatility of the growth pattern and significant differences among countries were manifest. The fastest growing economies were those of Poland and Sweden, which had posted small current account imbalances once they had fallen into recession, while other good performers were the countries where economic activity had contracted significantly in the previous year. Average annual inflation increased in 2010 in most non-euro area EU Member States, in spite of the weak domestic demand. The major determinants of inflation were hikes in food and energy prices<sup>6</sup>, along with increases in administered prices

<sup>5</sup> The countries referred to herein are the 11 Member States outside the euro area at end-2010: Bulgaria, the Czech Republic, Denmark, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Sweden and the United Kingdom.

<sup>6</sup> Most notably in Central and Eastern European countries, where food and energy hold large weights in the HICP basket.



and indirect taxes in some countries. On average, the annual inflation rate of non-euro area EU Member States came in at 3.2 percent, against 2.7 percent in 2009, but cross-country differences remained conspicuous. The highest average inflation rates were recorded in Romania and Hungary (6.1 percent and 4.7 percent), followed by the United Kingdom, Bulgaria, Estonia and Denmark, with inflation rates ranging from 3.3 percent to 2.2 percent; the other countries reported below 2 percent inflation rates, with Latvia posting a 1.2 percent decline in the annual HICP. Unemployment rate rose to levels above those seen in the previous year in most economies under review, even though employment went up in some countries. Labour market performances bore the hallmark of differences across sectors, with labour demand rising at a faster pace in export-oriented activities.

In 2010, the fiscal situation improved in the majority of the non-euro area countries, due mostly to higher tax receipts once economic activity rebounded. Overall, the budget deficit-to-GDP ratio stood at 7.5 percent compared to 8.5 percent a year earlier. Levels in excess of the 3 percent of GDP reference value were recorded in 8 of the 11 countries (except Denmark, Estonia and Sweden), which were subject to excess deficit procedures initiated by the EU Council. Budgetary developments reflected the differentiated responses of governments in the face of the economic crisis. The measures ranged from expenditure restraints (Bulgaria, the Czech Republic, the Baltic States, Romania) to non-intervention and allowing the automatic stabilisers to operate or the introduction of fiscal stimulus measures (Denmark, Sweden). Government debt accounted for as much as 64.4 percent of GDP, from 58.4 percent of GDP in 2009, but exceeded the 60 percent reference value only in Hungary and the United Kingdom. In 2010, the current account balance of the non-euro EU Member States worsened year on year in all countries, touching -1.0 percent of GDP against -0.7 percent of GDP in the prior year. Developments were uneven across countries, as follows: current account surpluses narrowed in Latvia, Lithuania, Sweden and Estonia, reflecting a gradual recovery of those economies and stronger domestic demand, whereas current account deficits widened in the Czech Republic, the United Kingdom and Poland; the other countries posted a positive performance: the deficit turned to a surplus (in Hungary, on the back of the revival of exports), it narrowed (in Bulgaria, Romania, as a result of larger exports and structural adjustments), or the surplus expanded (in Denmark). Inflows of FDI dwindled over the year before in the 11 countries overall, accounting for 1.8 percent of GDP in 2010 from 2.9 percent of GDP in 2009. Three of the countries under review, namely the Czech Republic, Lithuania and Latvia, reported increases in FDI, accompanied by larger inflows of net portfolio investment. Net outflows under "other investment" dropped to -1.1 percent of GDP in 2010, from -1.8 percent of GDP in 2009, following the developments in Sweden, Latvia, the United Kingdom and Lithuania. In Latvia and Romania, inflows of private capital continued to be supplemented by the financial support programmes provided by international organisations.

In the United States of America, the gross domestic product grew by 2.8 percent in 2010, after having shrunk by 2.6 percent in 2009, prompted by the implementation of supportive macroeconomic policies and a gradual improvement in financing conditions. A major contributor to the GDP advance was IT investment, underpinned by more readily-available loans and stronger profitability as a result of cost-cutting measures taken during the crisis. Private consumption had a small contribution to economic growth, given that high unemployment and the attempts at restoring net wealth and reducing the debts incurred in previous years depressed household spending. Net exports of goods and services had a negative contribution to GDP growth, with imports rising faster than exports. The current account deficit widened in 2010 (to 3.3 percent of GDP from 2.7 percent of GDP in 2009), after having narrowed sharply in the year before. The average annual inflation rate for 2010 ran at 1.6 percent in 2010, compared to -0.4 percent in 2009, owing to higher energy prices.

The federal budget deficit narrowed year on year to 8.9 percent of GDP from 10 percent of GDP in 2009, while public debt rose as high as 62 percent of GDP from 53 percent a year earlier.

Japan's economy exhibited a revival in the first three quarters of 2010 driven by the substantial fiscal incentives and the countercyclical monetary policies. The Nipponese economy benefited, especially in the first half of the year, from the rebounding external demand, particularly from emerging Asian economies. In the latter half of the year though, the contribution of the external sector dwindled and growth was underpinned by domestic demand. In the year as a whole, Japan's economy expanded by 4.0 percent after having receded 6.3 percent in 2009. The average annual inflation rate, as measured by the consumer price index, came in at -0.7 percent in 2010 from -1.3 percent in 2009, the slower deflation stemming from the rise in commodity prices and higher excise duties on tobacco. Unemployment rate stayed flat at 5.1 percent versus 2009, the slight improvement in labour market conditions notwithstanding.

Emerging Asian economies withstood the global economic crisis and reported a robust performance, as reflected by the 9.1 percent increase in GDP across the region. Once the fiscal and monetary incentives were phased out in the latter half of the year and the contribution of net exports lowered, private consumption and gross fixed capital formation became the chief drivers of growth. The region's upturn brought in capital flows and many countries intervened in the foreign exchange markets with a view to preventing their currencies from appreciating and/or introduced capital controls. Inflationary pressures were on the increase in 2010 and the annual inflation rate went to 5 percent, largely as a result of the impact of international commodity prices. In China, economic growth gathered pace, reaching 10.3 percent in 2010 against 9.2 percent in the previous year, on the back of the contributions of investment and net exports that offset the adverse effects from the phasing-out of fiscal and monetary stimuli. Inflationary pressures kept augmenting throughout the year, with the annual inflation rate averaging 4.6 percent, mostly under the impact of higher food prices. Real estate prices edged ahead given that liquidity remained at elevated levels and deposit rates in real terms were in negative territory. The authorities responded by implementing tight monetary policies in the latter half of 2010, leading to lower lending ceilings and higher interest rates. Capital inflows expanded, especially in the final quarter of 2010, causing foreign currency reserves to climb as high as USD 2,850 billion at the end of the year under review.

Latin American and Caribbean economies<sup>7</sup> reported a 5.9 percent advance in GDP in 2010, against a 2.1 percent decline in 2009. The pace of increase was swifter in the first half of the year thanks to domestic demand. Top-three fastest growing economies were Paraguay (15 percent), Argentina (9.2 percent) and Brazil (7.5 percent). Investment moved up 14.5 percent, fostered by brighter economic growth prospects, more elevated international commodity prices and improved financing conditions. Private consumption, up 6 percent, was propelled by renewed consumer confidence, coupled with increases in employment and real wages. General government consumption stood 3.9 percent higher. The fastest rising activities were trade, financial and business services, and communications. Urban unemployment rate dropped to 7.3 percent, from 8.1 percent, thus reverting to the 2008 figure. The average annual inflation rate rose to 6.6 percent in 2010 versus 4.7 percent in 2009, against the background of steeper international prices of food items, fuels, transport services and houses, as well as the uptrend in domestic demand. The aggregate current account deficit of Latin America widened to 1.2 percent of GDP in 2010, from 0.4 percent of GDP a year earlier, amid the decrease in the trade surplus, with imports outpacing exports on the back of larger domestic demand and stronger currencies in the reported countries. An additional determinant of the increase in the region's external deficit was the fall in net inflows of current transfers following the setback in workers'

<sup>7</sup> Additional source: Economic Commission's Report for Latin America and the Caribbean (July 2011).

remittances (from Spain and the United States in particular). The financial and capital account reflected the favourable influence of easier access to financial markets, faster rising FDI and an increase in foreign currency reserves.

## II. Romania's balance of payments and international investment position in 2010

### A. Balance of payments

#### 1. Current account

In 2010, Romania's balance-of-payments current account deficit amounted to EUR 4,951 million, a reading comparable to that reported in 2009. The current account deficit-to-GDP ratio equalled 4.1 percent, as against 4.2 percent a year earlier. The current account developments were underpinned by an improvement in the trade balance, with an upturn in external demand fostering exports and a flagging domestic demand containing imports, particularly of consumer goods. The decrease in the trade deficit dampened the negative impact that the decline in Romanian workers' remittances from abroad had on the current account, against the backdrop of a worsening euro area labour market.

**Table 1. Balance of payments**

	2009			2010		
	Credit	Debit	Net	Credit	Debit	Net
<b>1. CURRENT ACCOUNT</b>	<b>44,055</b>	<b>48,968</b>	<b>-4,913</b>	<b>50,753</b>	<b>55,704</b>	<b>-4,951</b>
Goods and services	36,147	43,312	-7,165	43,985	50,459	-6,474
- goods	29,084	35,955	-6,871	37,368	43,291	-5,923
- services	7,063	7,357	-294	6,617	7,168	-551
Incomes	1,188	3,090	-1,902	923	2,841	-1,918
Current transfers	6,720	2,566	4,154	5,845	2,404	3,441
<b>2. CAPITAL AND FINANCIAL ACCOUNT</b>	<b>76,671</b>	<b>70,789</b>	<b>5,882</b>	<b>73,073</b>	<b>67,257</b>	<b>5,816</b>
Capital transfers	791	278	513	476	246	230
Acquisition/disposal of non-produced/ non-financial assets	201	68	133	100	82	18
Direct investment	13,435	9,885	3,550	13,927	11,691	2,236
Portfolio investment	1,714	1,198	516	3,441	2,588	853
Financial derivatives	379	430	-51	464	450	14
Other capital investment	60,151	57,806	2,345	54,665	48,712	5,953
Reserve assets ("-" increase, "+" decrease)	-	1,124	-1,124	-	3,488	-3,488
<b>3. ERRORS AND OMISSIONS (NET)</b>	<b>-</b>	<b>969</b>	<b>-969</b>	<b>-</b>	<b>865</b>	<b>-865</b>

The 2010 current account deficit dynamics reflected a wider services deficit and a lower current transfers surplus. The negative impact of these developments was offset by the narrowing of the trade deficit.

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

In 2010, the goods and services balance posted a deficit of EUR 6,474 million, down 9.6 percent year on year, exclusively on account of the goods balance.

### 1.1.1. Trade balance (goods)

Trade deficit came in at EUR 5,923 million<sup>8</sup>, in 2010, almost EUR 1 billion lower than in 2009, amid the stronger increase in exports than in imports. In year-on-year comparison, exports and imports rose by 28.5 percent and 20.4 percent respectively, whereas the share of trade deficit in GDP decreased by 0.9 percentage points to 4.9 percent.

**Table 2. Trade balance (goods)**

	2009	2010	Difference (+/-)
	EUR million		
Exports (FOB)	29,084	37,368	8,284
Imports (FOB)	35,955	43,291	7,336
Trade balance (FOB/FOB)	-6,871	-5,923	948
	percent		percentage points
Share of exports in GDP	24.7	30.6	5.9
Share of imports in GDP	30.6	35.5	4.9
Share of trade balance in GDP	-5.8	-4.9	0.9
Share of trade balance in current account balance	139.9	119.6	-20.3
Coverage of imports through exports (FOB/FOB)	80.9	86.3	5.4
Economy openness: (exports+imports)/GDP	55.3	66.1	10.8

*Source: National Institute of Statistics*

The highest monthly trade deficit in 2010, i.e. EUR 651 million, was recorded in May. During the period under review, the monthly average of the trade deficit stood at EUR 494 million, down EUR 79 million as against 2009.

The analysis of trade balance developments by the eight groups of goods pointed to surpluses under the following positions: textiles, wearing apparel and footwear (EUR 1,031 million), machinery, apparatus, equipment and transport means (EUR 402 million), wood and paper products (EUR 201 million), and to deficits under: chemical and plastic products (EUR 3,767 million), mineral products (EUR 2,721 million), agrifoodstuffs (EUR 498 million), base metals (EUR 271 million) and other goods (EUR 301 million).

The trade balance breakdown by production stage highlighted surpluses under capital goods (EUR 253 million) and consumer goods (EUR 237 million), namely deficits under intermediate goods (EUR 4,729 million) and raw materials (EUR 1,684 million).

In terms of the geographical spread, intra-EU trade accounted for the largest share of the trade deficit (74.7 percent), ahead of trade with countries outside the EU (25.3 percent). The coverage of imports through exports moved up 5.4 percentage points to 86.3 percent, whereas the openness of the Romanian economy increased by 10.8 percentage points to 66.1 percent.

Exports of goods amounted to EUR 37,368 million<sup>9</sup>, up 28.5 percent compared with 2009, due to a comeback in external demand. In terms of value, the advance in exports amounted to EUR 8,284 million, 59 percent of which stemmed from a higher volume (motorcars, tractors; electrical machinery, apparatus and equipment; boilers, turbines, engines, mechanical apparatus and devices; iron, pig iron, steel and products thereof; wood and wood products; rubber products; footwear; fertilisers), while the remaining 41 percent were

<sup>8</sup> About one third of the trade deficit was generated in 2010 Q2.

<sup>9</sup> The share of exports in GDP rose to 30.6 percent in 2010 from 24.7 percent in 2009.

due to an upsurge in external prices (electrical machinery, apparatus and equipment; pig iron, iron and steel; petroleum products; pharmaceuticals; grains; aluminium and aluminium products; plastics and items thereof; boilers, turbines, engines, mechanical apparatus and devices; sea or river vessels; mineral fuels; copper).

November saw the highest level of monthly exports in 2010, i.e. EUR 3.6 billion, while the monthly average of exports stood at EUR 3.1 billion, up EUR 0.7 billion from a year earlier. The products holding significant shares in exports are listed in Table 3.

**Table 3. Goods with significant shares in total exports in 2010**

	Share of goods in total exports %	EUR million	Increase against 2009 %
Machinery, mechanical devices, electrical apparatus and equipment	27.1	10,135	32.1
Transport means and materials	15.6	5,811	19.0
Cast, laminated metal products made of iron, steel, pig iron, aluminium and copper (excluding scrap metal)	11.9	4,461	52.7
Chemical products, plastics and rubber items	9.5	3,554	41.8
Wearing apparel, knitted and crocheted clothing	6.7	2,506	5.3
Petroleum products	4.3	1,608	11.2
Footwear and leather goods	3.4	1,284	14.4
Wood and wood products	3.3	1,224	33.3
Furniture (including components)	3.1	1,175	13.9

*Source: National Institute of Statistics*

The products whose share in total exports widened were: machinery, mechanical devices, electrical apparatus and equipment (27.1 percent in 2010 from 26.4 percent in 2009), base metals (11.9 percent in 2010 from 10.0 percent in 2009), chemical products, plastics and rubber items (9.5 percent in 2010 from 8.6 percent in 2009). Wood and wood products held a broadly unchanged share in exports (3.3 percent). The share of the following groups in total exports witnessed a decline: transport means and materials (to 15.6 percent in 2010 from 16.8 percent in 2009), wearing apparel, knitted and crocheted clothing (to 6.7 percent in 2010 from 8.2 percent in 2009), petroleum products (to 4.3 percent in 2010 from 5.0 percent in 2009), footwear and leather goods (to 3.4 percent from 3.9 percent) and furniture (to 3.1 percent from 3.5 percent).

Imports of goods reached EUR 43,291 million<sup>10</sup>, up 20.4 percent year on year. The advance in imports amounted to EUR 7,336 million, of which 57.3 percent resulted from an increase in volumes of imported goods (electrical machinery, apparatus and equipment; motorcars, tractors; pig iron, iron and steel; boilers, turbines, engines, mechanical apparatus; aluminium and aluminium products; petroleum products; plastics and items thereof; rubber products; ores, slag and ash; seeds, fruit and industrial technical plants) and 42.7 percent were due to higher external prices (electrical machinery, apparatus and equipment; crude oil; boilers, turbines, engines, mechanical apparatus; plastics and items thereof; pig iron, iron, steel and related products; pharmaceuticals; petroleum products; natural gas; mineral fuels; optical and photographic instruments and apparatus). During 2010, monthly imports peaked at EUR 4.2 billion in November, while their monthly average was EUR 3.6 billion, up EUR 0.6 billion from a year earlier. The goods holding significant shares in total imports are listed in Table 4.

<sup>10</sup> The share of goods imports in GDP rose to 35.5 percent in 2010 from 30.6 percent in 2009.

**Table 4. Goods with significant shares in total imports in 2010**

	Share of goods in total imports %	EUR million	Increase against 2009 %
Electrical machinery, apparatus and equipment, apparatus for recording and reproducing sound and image	16.6	7,168	35.1
Machinery, engines, mechanical apparatus and devices (including components)	11.9	5,148	16.9
Products made of pig iron, iron, steel and non-ferrous metals	10.9	4,732	34.3
Energy (crude oil, natural gas, petroleum products, coal, coke)	10.0	4,348	29.6
Plastics and plastic items	7.0	3,013	28.4
Motorcars, tractors and other road vehicles	6.8	2,957	22.6
Fabrics made of wool, cotton and man-made fibres, man-made fibres, textile products	4.8	2,059	14.2
Pharmaceuticals	4.5	1,935	13.1
Food, beverages and tobacco	3.4	1,462	2.6
Wearing apparel and footwear	2.5	1,062	7.6
Vegetal products	2.4	1,053	13.8

*Source: National Institute of Statistics*

The products whose share in total imports moved ahead were: electrical machinery, apparatus and equipment, apparatus for recording and reproducing sound and image (16.6 percent in 2010 from 14.8 percent in 2009), products made of pig iron, iron, steel and non-ferrous metals (10.9 percent in 2010 from 9.8 percent in 2009), energy (10.0 percent in 2010 from 9.3 percent in 2009), plastics and items thereof (7.0 percent in 2010 from 6.5 percent in 2009). The share of the following groups of goods in total imports remained broadly unchanged: motorcars, tractors and other road vehicles (6.8 percent), fabrics made of wool, cotton and man-made fibres (4.8 percent), pharmaceuticals (4.5 percent), wearing apparel and footwear (2.5 percent) and vegetal products (2.4 percent). The following goods saw their share in total imports decrease: machinery, engines, mechanical apparatus and devices, including components (to 11.9 percent in 2010 from 12.2 percent in 2009) as well as food, beverages and tobacco (to 3.4 percent from 4.0 percent).

#### 1.1.1.1. Structure and geographical distribution of exports

##### a) Structure of exports

Manufacturing was the main driver of Romanian exports, with a share of 91.4 percent in total exports. In 2010, the value of exports of industrial goods amounted to EUR 34,142 million.

**Table 5. Exports by main economic activity**

	EUR million		Indices (%) 2010/2009	Structure (%)	
	2009	2010		2009	2010
<b>TOTAL</b>	<b>29,084</b>	<b>37,368</b>	<b>128.5</b>	<b>100.0</b>	<b>100.0</b>
Agriculture, forestry and fishery	1,316	1,849	140.5	4.5	4.9
Mining and quarrying	48	106	220.8	0.2	0.3
Manufacturing	26,838	34,142	127.2	92.3	91.4
Electricity, heating, gas and water	140	140	100.0	0.5	0.4
Other	742	1,131	152.4	2.5	3.0

*Source: National Institute of Statistics*

Exports of manufactured goods rose by 27.2 percent as against 2009, with most activities posting higher values, except for other transport means (-10.6 percent). The following sub-sectors recorded above-average increases in exports: base metals (61.5 percent), food (61.3 percent), pharmaceuticals (58.4 percent), computers and electronic products (48.1 percent), chemicals and chemical products (44.3 percent), paper and paper products (38.6 percent), rubber and plastic products (36.1 percent), base metals (32.1 percent), electrical equipment (31.9 percent), wood products (30.5 percent), road transport means (29.3 percent).

**Table 6. Exports by main manufacturing activity**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>26,838</b>	<b>34,142</b>	<b>127.2</b>	<b>100.0</b>	<b>100.0</b>
Food	538	868	161.3	2.0	2.5
Beverages	57	69	121.1	0.2	0.2
Tobacco products	365	382	104.7	1.4	1.1
Textile products	632	751	118.8	2.4	2.2
Wearing apparel	2,244	2,356	105.0	8.4	6.9
Hides, skins and leather	1,031	1,187	115.1	3.8	3.5
Wood products (excluding furniture)	920	1,201	130.5	3.4	3.5
Paper and products thereof	140	194	138.6	0.5	0.6
Coke and refined petroleum products	1,601	1,800	112.4	6.0	5.3
Chemicals and chemical products	1,045	1,508	144.3	3.9	4.4
Basic pharmaceuticals and pharmaceutical preparations	377	597	158.4	1.4	1.7
Rubber and plastic products	1,144	1,557	136.1	4.3	4.6
Other non-metallic mineral products	202	251	124.3	0.8	0.7
Base metals	1,586	2,562	161.5	5.9	7.5
Fabricated metal products (except machinery and equipment)	814	1,075	132.1	3.0	3.1
Computers, electronic and optical products	2,391	3,541	148.1	8.9	10.4
Electrical equipment	2,108	2,781	131.9	7.9	8.1
Machinery and equipment n.e.c.	2,162	2,640	122.1	8.1	7.7
Road transport means	4,718	6,099	129.3	17.6	17.9
Other transport means	1,479	1,322	89.4	5.5	3.9
Furniture	990	1,064	107.5	3.7	3.1
Other	294	337	114.6	0.9	1.1

*Source: National Institute of Statistics*

In year-on-year comparison, the structure of exports by output stage indicated an increase in the share of intermediate goods (up 1.5 percentage points to 49.9 percent) and raw materials (up 1 percentage point to 8.3 percent), along with a decline in the share of consumer goods (down 1.9 percentage points to 21.0 percent) and capital goods (down 0.6 percentage points to 20.8 percent), as shown in Table 7.

**Table 7. Exports by output stage<sup>1)</sup>**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>29,084</b>	<b>37,368</b>	<b>128.5</b>	<b>100.0</b>	<b>100.0</b>
Raw materials	2,110	3,113	147.5	7.3	8.3
Intermediate goods	14,077	18,626	132.3	48.4	49.9
Capital goods	6,218	7,791	125.3	21.4	20.8
Consumer goods	6,679	7,838	117.4	22.9	21.0

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

In 2010, the following four groups of goods made a larger contribution to exports than in 2009: base metals (by 1.9 percentage points), chemical and plastic products (by 0.9 percentage points), agrifoodstuffs (by 0.7 percentage points), and wood and paper products (by 0.2 percentage points).

**Table 8. Exports by group of goods**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>29,084</b>	<b>37,368</b>	<b>128.5</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	2,242	3,126	139.4	7.7	8.4
Mineral products	1,784	2,059	115.4	6.1	5.5
Chemical and plastic products	2,506	3,553	141.8	8.6	9.5
Wood and paper products	1,084	1,458	134.5	3.7	3.9
Textiles, wearing apparel and footwear	3,924	4,318	110.0	13.5	11.6
Base metals	2,922	4,461	152.7	10.0	11.9
Machinery, apparatus, equipment and transport means	12,553	15,946	127.0	43.2	42.7
Other	2,069	2,447	118.3	7.2	6.5

Source: National Institute of Statistics

## b) Geographical distribution of exports

In 2010, the geographical distribution of exports showed a 24.8 percent year-on-year increase in intra-EU exports to EUR 26,953 million. The share of intra-EU exports in total exports stood at 72.1 percent, down 2.2 percentage points versus 2009.

Exports to the European Union picked up for all groups of goods, above-average increases being reported by: base metals (48.9 percent), chemical and plastic products (41.8 percent), agrifoodstuffs (32.2 percent), wood and paper products (29.3 percent), mineral products (29.0 percent).

**Table 9. Exports by group of countries**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>29,084</b>	<b>37,368</b>	<b>128.5</b>	<b>100.0</b>	<b>100.0</b>
<b>1. Intra-EU exports</b>	<b>21,600</b>	<b>26,953</b>	<b>124.8</b>	<b>74.3</b>	<b>72.1</b>
<i>of which:</i>					
Germany	5,441	6,765	124.3	18.7	18.1
Italy	4,495	5,165	114.9	15.5	13.8
France	2,369	3,102	130.9	8.1	8.3
Hungary	1,266	1,775	140.2	4.4	4.8
United Kingdom	960	1,356	141.3	3.3	3.6
Bulgaria	1,105	1,339	121.2	3.8	3.6
Spain	858	1,129	131.6	3.0	3.0
The Netherlands	959	1,026	107.0	3.3	2.7
Poland	647	982	151.8	2.2	2.6
Austria	681	862	126.6	2.3	2.3
<b>2. Extra-EU exports</b>	<b>7,484</b>	<b>10,415</b>	<b>139.2</b>	<b>25.7</b>	<b>27.9</b>
<i>of which:</i>					
Turkey	1,450	2,611	180.1	5.0	7.0
The Russian Federation	514	833	162.1	1.8	2.2
USA	344	548	159.3	1.2	1.5
Ukraine	349	533	152.7	1.2	1.4
The Republic of Moldova	374	463	123.8	1.3	1.2

Source: National Institute of Statistics



In 2010, the following groups of goods made a larger contribution to intra-EU exports: base metals (by 1.4 percentage points), chemical and plastic products (by 1.2 percentage points), agrifoodstuffs (by 0.4 percentage points), mineral products and wood and paper products (by 0.1 percentage points each).

**Table 10. Exports to the European Union by group of goods**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>21,600</b>	<b>26,953</b>	<b>124.8</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	1,742	2,303	132.2	8.1	8.5
Mineral products	665	858	129.0	3.1	3.2
Chemical and plastic products	1,760	2,496	141.8	8.1	9.3
Wood and paper products	560	724	129.3	2.6	2.7
Textiles, wearing apparel and footwear	3,722	4,057	109.0	17.2	15.1
Base metals	1,614	2,403	148.9	7.5	8.9
Machinery, apparatus, equipment and transport means	9,718	11,989	123.4	45.0	44.5
Other	1,819	2,123	116.7	8.4	7.8

*Source: National Institute of Statistics*

Extra-EU exports amounted to EUR 10,415 million, up 39.2 percent from 2009, accounting for 27.9 percent of total exports<sup>11</sup>.

The first ten export destinations<sup>12</sup> in 2010 were the following: Germany (18.1 percent of total exports), Italy (13.8 percent), France (8.3 percent), Turkey (7.0 percent), Hungary (4.8 percent), Bulgaria (3.6 percent), the United Kingdom (3.6 percent), Spain (3.0 percent), the Netherlands (2.7 percent), and Poland (2.6 percent).

### 1.1.1.2. Structure and geographical distribution of imports

#### a) Structure of imports

In 2010, the structure of imports by output stage illustrated an increase in the share of intermediate goods (up 2.9 percentage points to 53.9 percent) and raw materials (up 0.1 percentage points to 11.1 percent), alongside a decrease in the share of consumer goods (down 2.0 percentage points to 17.6 percent) and capital goods (down 1 percentage point to 17.4 percent), as shown in Table 11:

**Table 11. Imports (FOB) by output stage<sup>1)</sup>**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>35,955</b>	<b>43,291</b>	<b>120.4</b>	<b>100.0</b>	<b>100.0</b>
Raw materials	3,953	4,797	121.4	11.0	11.1
Intermediate goods	18,345	23,355	127.3	51.0	53.9
Capital goods	6,619	7,538	113.9	18.4	17.4
Consumer goods	7,038	7,601	108.0	19.6	17.6

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

Five groups of goods, i.e. machinery, apparatus, equipment and transport means; chemical and plastic products; mineral products; base metals and agrifoodstuffs, accounted for more than 80 percent of the demand for imports in 2010.

<sup>11</sup> Up 2.2 percentage points from 2009.

<sup>12</sup> Accounting for 67.5 percent of total exports in 2010.

In year-on-year comparison, the following three groups of goods reported a wider share in total imports: machinery, apparatus, equipment and transport means (up 1.5 percentage points), base metals (up 1.1 percentage points), and mineral products (up 1 percentage point).

**Table 12. Imports (FOB) by group of goods**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>35,955</b>	<b>43,291</b>	<b>120.4</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	3,529	3,624	102.7	9.8	8.4
Mineral products	3,584	4,780	133.4	10.0	11.0
Chemical and plastic products	6,315	7,320	115.9	17.6	16.9
Wood and paper products	1,176	1,256	106.8	3.3	2.9
Textiles, wearing apparel and footwear	2,935	3,287	112.0	8.2	7.6
Base metals	3,522	4,732	134.4	9.8	10.9
Machinery, apparatus, equipment and transport means	12,375	15,544	125.6	34.4	35.9
Other	2,519	2,748	109.1	6.9	6.4

Source: National Institute of Statistics

## b) Geographical distribution of imports

In 2010, intra-EU imports amounted to EUR 31,375 million, up 19.4 percent year on year. The share of intra-EU imports in total imports narrowed by 0.6 percentage points versus 2009 to 72.5 percent.

**Table 13. Imports (FOB) by group of countries**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>35,955</b>	<b>43,291</b>	<b>120.4</b>	<b>100.0</b>	<b>100.0</b>
<b>1. Intra-EU imports</b>	<b>26,280</b>	<b>31,375</b>	<b>119.4</b>	<b>73.1</b>	<b>72.5</b>
<i>of which:</i>					
Germany	6,223	7,251	116.5	17.3	16.7
Italy	4,201	5,015	119.4	11.7	11.6
Hungary	3,040	3,739	123.0	8.5	8.6
France	2,222	2,566	115.5	6.2	5.9
Austria	1,722	1,771	102.8	4.8	4.1
Poland	1,278	1,611	126.1	3.6	3.7
The Netherlands	1,389	1,535	110.5	3.9	3.5
Czech Republic	847	1,030	121.6	2.4	2.4
United Kingdom	792	992	125.3	2.2	2.3
Belgium	707	917	129.7	2.0	2.1
<b>2. Extra-EU imports</b>	<b>9,675</b>	<b>11,916</b>	<b>123.2</b>	<b>26.9</b>	<b>27.5</b>
<i>of which:</i>					
People's Republic of China	1,756	2,358	134.3	4.9	5.4
The Russian Federation	1,386	1,887	136.1	3.9	4.4
Turkey	1,348	1,593	118.2	3.7	3.7
Kazakhstan	1,273	1,252	98.4	3.5	2.9
Ukraine	217	503	231.8	0.6	1.2
USA	475	487	102.5	1.3	1.1

Source: National Institute of Statistics

Imports from the European Union picked up for all groups of goods, as shown in Table 14.

**Table 14. Imports (FOB) from the European Union by group of goods**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>TOTAL</b>	<b>26,280</b>	<b>31,375</b>	<b>119.4</b>	<b>100.0</b>	<b>100.0</b>
Agrifoodstuffs	2,854	2,957	103.6	10.9	9.4
Mineral products	544	974	179.0	2.1	3.1
Chemical and plastic products	5,171	5,985	115.7	19.7	19.1
Wood and paper products	979	1,050	107.3	3.7	3.3
Textiles, wearing apparel and footwear	2,448	2,724	111.3	9.3	8.7
Base metals	2,667	3,562	133.6	10.1	11.4
Machinery, apparatus, equipment and transport means	9,654	11,940	123.7	36.7	38.1
Other	1,963	2,183	111.2	7.5	6.9

*Source: National Institute of Statistics*

Extra-EU imports equalled EUR 11,916 million, up 23.2 percent from 2009, holding 27.5 percent of total imports<sup>13</sup>.

In 2010, Romania's imports came mainly from the following ten countries: Germany (16.7 percent of total imports), Italy (11.6 percent), Hungary (8.6 percent), France (5.9 percent), People's Republic of China (5.4 percent), the Russian Federation (4.4 percent), Austria (4.1 percent), Poland (3.7 percent), Turkey (3.7 percent) and the Netherlands (3.5 percent). Imports from these countries accounted for 67.6 percent of total imports.

### 1.1.1.3. Efficiency of foreign trade in goods

Table 15 comprises the analysis of foreign trade in goods, by volume and prices, in 2010:

**Table 15. Foreign trade efficiency**

	2009	- percent - 2010
Value indices		
Exports	86.3	128.2
Imports	68.0	120.2
Unit value indices		
Exports	89.3	107.0
Imports	89.3	104.2
Physical volume indices		
Exports	96.7	119.9
Imports	76.1	115.3
Terms of trade index		
Net (unit values)	100.1	102.7
Gross (physical volume)	127.0	104.0

*Source: National Institute of Statistics*

Both export and import unit values saw increases in 2010, i.e. up 7.0 percent and 4.2 percent, respectively. The following goods witnessed above-average rises in the export unit value: organic chemicals (37.7 percent), aluminium and products thereof (27.3 percent), fuels and petroleum products (27.0 percent), pig iron, iron and steel (24.5 percent), seeds, fruit and industrial technical plants (21.2 percent), fertilisers

<sup>13</sup> Up 0.6 percentage points from 2009.

(16.4 percent), grains (15.1 percent). The largest increases in the import unit value were reported mainly by: fuels and petroleum products (26.5 percent), ores and slag (22.4 percent), organic chemicals (15.7 percent), pharmaceuticals (12.5 percent), pig iron, iron and steel (11.6 percent), rubber and products thereof (10.9 percent), animal fats and vegetal oils (10.3 percent), tea, coffee, spices (8.4 percent), man-made fibres (4.7 percent).

In 2010, the physical volume of exports added 19.9 percent year on year, owing particularly to: fertilisers (50.0 percent), pig iron, iron and steel products (43.9 percent), organic chemicals (42.7 percent), paper, cardboard and products thereof (36.6 percent), pig iron, iron and steel (32.2 percent), electrical machinery, apparatus and equipment (29.9 percent), motorcars, tractors and other road vehicles (29.1 percent), inorganic chemicals (28.8 percent), glass and products thereof (28.5 percent), wood, charcoal and wood products (28.3 percent).

The annual growth rate of the physical volume of imports was 15.3 percent in 2010, chiefly on the back of: ores (104.6 percent), pig iron, iron and steel (34.3 percent), electrical machinery, apparatus and equipment (30.9 percent), rubber and products thereof (27.3 percent), boilers, turbines, engines, mechanical apparatus and devices (23.0 percent), animal fats and vegetal oils (22.7 percent), optical and photographic instruments and apparatus (22.6 percent), motorcars, tractors and other road vehicles (21.2 percent).

In 2010, net terms of trade index came in at 102.7 percent, amid higher prices of exported goods (up 7.0 percent) and imported goods (up 4.2 percent). Gross terms of trade index stood at 104.0 percent, pointing to a sharper increase in the physical volume of exports (up 19.9 percent) than in that of imports (up 15.3 percent).

#### **1.1.1.4. Energy balance**

In 2010, the energy balance posted a deficit of EUR 2,395.7 million<sup>14</sup>, up 45.5 percent year on year, while the coverage of energy imports through exports thereof narrowed by 6 percentage points to 45.3 percent. Crude oil, which recorded net imports worth EUR 2,308 million, had the largest contribution to the deficit of the energy balance.

Energy exports totalled EUR 1,980.7 million<sup>15</sup>, up 14.2 percent from 2009. The value of energy exports posted a EUR 247 million increase year on year, which was almost entirely accounted for by higher external prices. Energy imports amounted to EUR 4,376.4 million<sup>16</sup>, up 29.5 percent versus 2009. The value of energy imports posted a EUR 996 million advance year on year, to which the rise in external prices contributed over 95 percent.

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<sup>14</sup> Increasing as a share of trade deficit to 40.4 percent in 2010 from 24.0 percent in 2009.

<sup>15</sup> Decreasing as a share of total exports to 5.3 percent in 2010 from 6.0 percent in 2009.

<sup>16</sup> Increasing as a share of total imports to 10.1 percent in 2010 from 9.4 percent in 2009.

**Table 16. Net energy imports (FOB)**

	EUR million	
	2009	2010
<b>TOTAL</b>	<b>-1,646</b>	<b>-2,396</b>
Natural gas	-430	-566
Electricity	114	112
Crude oil	-2,069	-2,308
Petroleum products	975	728
Mineral fuels	-236	-362

*Source: National Institute of Statistics*

### 1.1.2. Services balance

The services balance recorded a deficit of EUR 551 million in 2010, 87.4 percent wider than a year earlier, amid larger payments related to freight transport and business travel, as well as lower receipts from other transport services. "Other services" was the only component of the services balance to post a surplus.

Receipts from services totalled EUR 6,617 million, down 6.3 percent from 2009, with all components contributing to this decline, while services-related payments stood at EUR 7,168 million (down 2.6 percent year on year) on account of "other services".

**Table 17. Services balance**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>Receipts</b>	<b>7,063</b>	<b>6,617</b>	<b>93.7</b>	<b>100.0</b>	<b>100.0</b>
transport	2,077	1,926	92.7	29.4	29.1
tourism-travel	884	860	97.3	12.5	13.0
other	4,102	3,831	93.4	58.1	57.9
<b>Payments</b>	<b>7,357</b>	<b>7,168</b>	<b>97.4</b>	<b>100.0</b>	<b>100.0</b>
transport	2,000	2,103	105.2	27.2	29.3
tourism-travel	1,051	1,239	117.9	14.3	17.3
other	4,306	3,826	88.9	58.5	53.4
<b>Net</b>	<b>-294</b>	<b>-551</b>	<b>187.4</b>		
transport	77	-177	x		
tourism-travel	-167	-379	226.9		
other	-204	5	x		

#### 1.1.2.1. Transportation

"Transport" recorded a EUR 177 million deficit in 2010 compared to a EUR 77 million surplus in the previous year, as a result of higher payments related to "freight transport" and lower receipts from "other transport services". Both "passenger transport" and "other transport services" continued to record surpluses, but they were no longer sufficient to cover the deficit under "freight transport", as had been the case in 2009.

**Table 18. Transportation**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>Receipts</b>	<b>2,077</b>	<b>1,926</b>	<b>92.7</b>	<b>100.0</b>	<b>100.0</b>
freight transport	1,298	1,290	99.4	62.5	67.0
passenger transport	327	375	114.7	15.7	19.5
other transport services	452	261	57.7	21.8	13.5
<b>Payments</b>	<b>2,000</b>	<b>2,103</b>	<b>105.2</b>	<b>100.0</b>	<b>100.0</b>
freight transport	1,615	1,770	109.6	80.8	84.2
passenger transport	214	198	92.5	10.7	9.4
other transport services	171	135	78.9	8.5	6.4
<b>Net</b>	<b>77</b>	<b>-177</b>	<b>x</b>		
freight transport	-317	-480	151.4		
passenger transport	113	177	156.6		
other transport services	281	126	44.8		

“Freight transport” displayed a deficit of EUR 480 million in 2010, up 51.4 percent year on year, on account of developments in all transport means, which recorded either larger payments (road, railway and sea transport services) or lower receipts (air and river transport services). “Other transport services” posted a surplus of EUR 126 million, i.e. less than half of the previous year’s figure, primarily due to the decrease in receipts from sea transport services.

“Passenger transport” witnessed a surplus of EUR 177 million in 2010, 56.6 percent higher year on year, on account of the rise in receipts from air transport services.

#### 1.1.2.2. Tourism-travel services

In 2010, the deficit under “tourism-travel” amounted to EUR 379 million, i.e. 2.3 times wider compared to the previous year, owing to developments in “business travel”.

**Table 19. Tourism-travel services**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>Receipts</b>	<b>884</b>	<b>860</b>	<b>97.3</b>	<b>100.0</b>	<b>100.0</b>
business travel	643	561	87.2	72.7	65.2
personal travel	241	299	124.1	27.3	34.8
<b>Payments</b>	<b>1,051</b>	<b>1,239</b>	<b>117.9</b>	<b>100.0</b>	<b>100.0</b>
business travel	666	827	124.2	63.4	66.7
personal travel	385	412	107.0	36.6	33.3
<b>Net</b>	<b>-167</b>	<b>-379</b>	<b>226.9</b>		
business travel	-23	-266	1,156.5		
personal travel	-144	-113	78.5		

#### 1.1.2.3. Other services

“Other services” posted a EUR 5 million surplus in 2010, compared to a EUR 204 million deficit in the previous year, as a result of the sharper cutback in payments versus receipts. The main services that helped turn the deficit into a surplus were communications, construction, computer and information services, licence fees and royalties.

**Table 20. Other services**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>Receipts</b>	<b>4,102</b>	<b>3,831</b>	<b>93.4</b>	<b>100.0</b>	<b>100.0</b>
<i>of which:</i>					
communications services	623	422	67.7	15.2	11.0
construction services	360	514	142.8	8.8	13.4
computer and information services	725	769	106.1	17.7	20.1
advertising, marketing and opinion polls services	310	249	80.3	7.6	6.5
agricultural and geological prospecting services	146	48	32.9	3.6	1.3
financial services	128	95	74.2	3.1	2.5
licence fees and royalties	136	352	258.8	3.3	9.2
<b>Payments</b>	<b>4,306</b>	<b>3,826</b>	<b>88.9</b>	<b>100.0</b>	<b>100.0</b>
<i>of which:</i>					
communications services	803	302	37.6	18.6	7.9
construction services	381	374	98.2	8.8	9.8
computer and information services	549	551	100.4	12.7	14.4
advertising, marketing and opinion polls services	104	78	75.0	2.4	2.0
agricultural and geological prospecting services	56	54	96.4	1.3	1.4
financial services	324	294	90.7	7.5	7.7
licence fees and royalties	260	344	132.3	6.0	9.0
<b>Net</b>	<b>-204</b>	<b>5</b>	<b>x</b>		
<i>of which:</i>					
communications services	-180	120	x		
construction services	-21	140	x		
computer and information services	176	218	123.9		
advertising, marketing and opinion polls services	206	171	83.0		
agricultural and geological prospecting services	90	-6	x		
financial services	-196	-199	101.5		
licence fees and royalties	-124	8	x		

## 1.2. Income balance

The income balance ended the year 2010 on a EUR 1,918 million deficit, comparable, to the previous year's reading, in both absolute terms and as a share of the current account deficit. The structural analysis shows a decrease in non-residents' receipts from direct investment<sup>17</sup>, along with higher interest payments on government bonds.

<sup>17</sup> Survey on foreign direct investment in Romania in 2010 (the National Bank of Romania and the National Institute of Statistics).

**Table 21. Income balance**

	EUR million		Indices (%)
	2009	2010	2010/2009
<b>Receipts</b>	<b>1,188</b>	<b>923</b>	<b>77.7</b>
compensation of employees	492	484	98.4
direct investment	24	-112	x
portfolio investment	538	438	81.4
other capital investment (interest)	134	113	84.3
<b>Payments</b>	<b>3,090</b>	<b>2,841</b>	<b>91.9</b>
compensation of employees	46	67	145.7
direct investment	874	541	61.9
portfolio investment	313	456	145.7
other capital investment (interest)	1,857	1,777	95.7
<b>Net</b>	<b>-1,902</b>	<b>-1,918</b>	<b>100.8</b>
compensation of employees	446	417	93.5
direct investment	-850	-653	76.8
portfolio investment	225	-18	x
other capital investment (interest)	-1,723	-1,664	96.6

### 1.3. Current transfers balance

The current transfers balance posted a surplus of EUR 3,441 million in 2010, down 17.2 percent from 2009, owing mainly to the fall in Romanian workers' remittances from abroad. The private transfers balance displayed a surplus of EUR 2,800 million, down 17.4 percent versus 2009, on account of "workers' remittances". Out of EUR 2,800 million worth of total net private transfers, remittances from abroad (mainly from Italy, Spain, USA, Greece, Germany, and the United Kingdom) accounted for 78.5 percent.

**Table 22. Current transfers balance**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>Receipts</b>	<b>6,720</b>	<b>5,845</b>	<b>87.0</b>	<b>100.0</b>	<b>100.0</b>
government sector	2,360	1,998	84.7	35.1	34.2
private transfers	4,360	3,847	88.2	64.9	65.8
<b>Payments</b>	<b>2,566</b>	<b>2,404</b>	<b>93.7</b>	<b>100.0</b>	<b>100.0</b>
government sector	1,597	1,357	85.0	62.2	56.4
private transfers	969	1,047	108.0	37.8	43.6
<b>Net</b>	<b>4,154</b>	<b>3,441</b>	<b>82.8</b>		
government sector	763	641	84.0		
private transfers	3,391	2,800	82.6		



The funds allocated to Romania from the EU budget in 2010 representing “current transfers of the government sector” totalled EUR 1,998 million<sup>18</sup>, out of which funds for agriculture and rural development<sup>19</sup> accounted for more than 70 percent, structural funds and cohesion funds<sup>20</sup> for around 25 percent, while the remainder came from other funds<sup>21</sup>. Payments to the European Union amounted to EUR 1,357 million, over 80 percent of which representing Romania’s contribution to the EU budget.

## 2. Capital and financial account

The structure of the capital and financial account was shaped by global developments in 2010. Thus, despite posting a surplus comparable to that recorded a year earlier (i.e. EUR 5,816 million versus EUR 5,883 million in 2009), the structural breakdown of the capital and financial account points to a drop in direct investment, in line with the European trend, a tendency to replace long-term loans by shorter-term financing, as well as slower growth of NBR reserve assets.

**Table 23. Capital and financial account**

	EUR million		Indices (%)	Structure (%)	
	2009	2010	2010/2009	2009	2010
<b>Credit</b>	<b>76,672</b>	<b>73,073</b>	<b>95.3</b>	<b>100.0</b>	<b>100.0</b>
capital transfers	791	476	60.2	1.0	0.7
acquisition/disposal of non-produced, non-financial assets	201	100	49.8	0.3	0.1
direct investment	13,435	13,927	103.7	17.5	19.1
portfolio investment	1,715	3,441	200.6	2.2	4.7
financial derivatives	379	464	122.4	0.5	0.6
other investment	60,151	54,665	90.9	78.5	74.8
NBR reserve assets	-	-	x	x	x
<b>Debit</b>	<b>70,789</b>	<b>67,257</b>	<b>95.0</b>	<b>100.0</b>	<b>100.0</b>
capital transfers	278	246	88.5	0.4	0.4
acquisition/disposal of non-produced, non-financial assets	68	82	120.6	0.1	0.1
direct investment	9,885	11,691	118.3	14.0	17.4
portfolio investment	1,198	2,588	216.0	1.7	3.8
financial derivatives	430	450	104.7	0.6	0.7
other investment	57,806	48,712	84.3	81.6	72.4
NBR reserve assets	1,124	3,488	310.3	1.6	5.2
<b>Net</b>	<b>5,883</b>	<b>5,816</b>	<b>98.9</b>		
capital transfers	513	230	44.8		
acquisition/disposal of non-produced, non-financial assets	133	18	13.5		
direct investment	3,550	2,236	63.0		
portfolio investment	517	853	165.0		
financial derivatives	-51	14	x		
other investment	2,345	5,953	253.9		
NBR reserve assets	-1,124	-3,488	310.3		

<sup>18</sup> Source: Ministry of Public Finance.

<sup>19</sup> European Agricultural Fund for Rural Development (EAFRD), European Fisheries Fund (EFF), European Agricultural Guarantee Fund (EAGF).

<sup>20</sup> European Regional Development Fund (ERDF), Cohesion Fund (CF), European Social Fund (ESF).

<sup>21</sup> Schengen facility also for cash flows, European Refugees Fund.

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 2010, net foreign assets expanded by EUR 3,207 million compared with EUR 2,784 million the previous year.

**Table 24. Foreign assets and liabilities**

	2009			2010		
	Credit	Debit	Net	Credit	Debit	Net
<b>Foreign assets</b>	<b>16,561</b>	<b>19,345</b>	<b>-2,784</b>	<b>19,504</b>	<b>22,711</b>	<b>-3,207</b>
direct investment	156	94	62	294	278	16
portfolio investment	597	736	-139	566	953	-387
financial derivatives	379	0	379	464	0	464
other investment	15,429	17,391	-1,962	18,180	17,992	188
NBR reserve assets	x	1,124	-1,124	x	3,488	-3,488
<b>Foreign liabilities</b>	<b>59,119</b>	<b>51,098</b>	<b>8,021</b>	<b>52,993</b>	<b>44,218</b>	<b>8,775</b>
direct investment	13,279	9,791	3,488	13,633	11,413	2,220
portfolio investment	1,118	462	656	2,875	1,635	1,240
financial derivatives	0	430	-430	0	450	-450
other investment	44,722	40,415	4,307	36,485	30,720	5,765

Financial account liabilities reflect investment by non-residents in Romania, deposits of non-residents, financial derivatives, as well as loans and credits. In 2010, foreign liabilities increased by EUR 8,775 million, a slightly larger advance than a year earlier (EUR 8,021 million in 2009).

## 2.1. Direct investment

In 2010, net direct investment<sup>22</sup> in Romania totalled EUR 2,236 million, down 37.0 percent versus the previous year. Investment by non-residents in Romania amounted to EUR 2,220 million, of which EUR 1,824 million were equity stakes (consolidated with the net loss) and EUR 396 million intra-group loans<sup>23</sup>. Credit institutions and non-financial corporations saw significant share capital increases in 2010.

**Table 25. Direct investment**

	EUR million		Indices (%) 2010/2009	Structure (%)	
	2009	2010		2009	2010
<b>Credit</b>	<b>13,435</b>	<b>13,927</b>	<b>103.7</b>	<b>100.0</b>	<b>100.0</b>
investment by non-residents in Romania	13,279	13,633	102.7	98.8	97.9
investment by residents abroad	156	294	188.5	1.2	2.1
<b>Debit</b>	<b>9,885</b>	<b>11,691</b>	<b>118.3</b>	<b>100.0</b>	<b>100.0</b>
investment by non-residents in Romania	9,791	11,413	116.6	99.0	97.6
investment by residents abroad	94	278	295.7	1.0	2.4
<b>Net</b>	<b>3,550</b>	<b>2,236</b>	<b>63.0</b>		
investment by non-residents in Romania	3,488	2,220	63.6		
investment by residents abroad	62	16	25.8		

## 2.2. Portfolio investment

Net inflows of portfolio investment amounted to EUR 853 million in 2010, up 65.3 percent from 2009. This was attributable particularly to transactions in government securities on the secondary market.

<sup>22</sup> Non-residents' net investment in Romania and residents' net investment abroad.

<sup>23</sup> Loans between the foreign investor and the resident company.

**Table 26. Portfolio investment**

	2009			2010		
	Credit	Debit	Net	Credit	Debit	Net
<b>Assets</b>	<b>597</b>	<b>736</b>	<b>-139</b>	<b>566</b>	<b>953</b>	<b>-387</b>
banks	39	206	-167	145	400	-255
other sectors	558.0	530.0	28.0	421.0	553.0	-132.0
<b>Liabilities</b>	<b>1,118</b>	<b>462</b>	<b>656</b>	<b>2,875</b>	<b>1,635</b>	<b>1,240</b>
banks	93	124	-31	92	88	4
government sector	742	79	663	2,669	1,450	1,219
other sectors	283	259	24	114	97	17

### 2.3. Financing of the current account deficit

In 2010, some 50 percent of the current account deficit were covered from direct investment and capital transfers, while the remainder was covered from other capital investment and portfolio investment.

**Table 27. Financing of the current account deficit**

	EUR million	
	2009	2010
<b>Financing sources</b>	<b>4,913</b>	<b>4,951</b>
<b>a. capital transfers, net</b>	<b>513</b>	<b>230</b>
<b>b. direct investment, net</b>	<b>3,550</b>	<b>2,236</b>
<i>of which:</i>		
– direct investment by non-residents in Romania	3,488	2,220
• equity stakes (consolidated with the net loss)	1,729	1,824
• intra-group loans	1,759	396
<b>c. portfolio investment, net</b>	<b>516</b>	<b>853</b>
<b>d. other capital investment:</b>	<b>1,458</b>	<b>5,120</b>
– medium- and long-term loans	10,152	3,714
• inflows	17,553	12,760
• repayments	7,401	9,046
– medium- and long-term loans, net	-51	329
– short-term loans, net	-4,674	345
– other investment <sup>1)</sup>	-3,969	732
<b>e. NBR reserve assets (“-” shows an increase)</b>	<b>-1,124</b>	<b>-3,488</b>

<sup>1)</sup> Includes the net value of the following items: non-produced/non-financial assets, financial derivatives, currency and deposits, other assets, other liabilities, errors and omissions.

Net capital transfers ended the year on a EUR 230 million surplus, i.e. less than half the previous year's surplus, as the lifespan of pre-accession funds came close to an end.

Net inflows from medium- and long-term loans stood at EUR 3,714 million, down from EUR 10,152 million in 2009, when Romania had received the tranches from the loans granted by the IMF, the EU and the World Bank. In 2010, the inflows from medium- and long-term loans and credits were 27.3 percent lower than in the previous year and repayments rose by 22.2 percent. Short-term loans and credits recorded net inflows worth EUR 345 million, compared to net outflows totalling EUR 4,674 million in 2009. The trend reversal in financial flows was primarily attributable to the rise in financial credits to the banking sector.

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

### **1. Overview**

The debit balance of Romania's international investment position kept widening, amounting to EUR 78.3 billion at end-2010, up EUR 4.6 billion from a year earlier. Behind this increase stood net external transactions (EUR -5.6 billion), exchange rate movements (EUR 0.2 billion), the revaluation of financial instrument prices (EUR 1.0 billion) and other transactions (EUR -0.2 billion).

Year 2010 saw the rise in debt-creating capital inflows and foreign investment in Romania. Thus, at end-2010, gross external debt totalled EUR 92.5 billion and loans from parent companies equalled EUR 17.8 billion, up EUR 2.7 billion from end-2009.

The monetary authority was further the only institutional sector posting a net creditor position (EUR 26,849.8 million), up 7.0 percent versus end-2009. The net debtor position of the banking sector widened by 7.3 percent from end-2009 to EUR -27,914.5 million, as a direct impact of non-residents closing their short-term positions with banks in Romania, along with the rise in foreign equity stakes, as well as with the opening of long-term positions.

The net debtor position of the government sector widened markedly (EUR -15,938.4 million), up 42.1 percent as against end-2009, given the higher external debt of this sector, which financed the 2010 budget deficit: to the EU (EUR 2.2 billion) and the IMF (EUR 1.2 billion), to which added Eurobonds in amount of EUR 1.0 billion.

The real economy posted a net debtor position similar to that recorded in the previous years (EUR -61,327.6 million, down 0.4 percent versus end-2009), given that non-resident investors increased their equity stakes in Romanian companies and granted loans to them, on the one hand, and financial credits were reimbursed, on the other hand.

**Table 28. International investment position**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>-73,741.2</b>	<b>100.0</b>	<b>-78,330.7</b>	<b>100.0</b>
Government sector	-11,216.5	15.2	-15,938.4	20.3
Monetary authority	25,098.1	-34.0	26,849.8	-34.3
Banks	-26,019.9	35.3	-27,914.5	35.6
Other sectors	-61,602.9	83.5	-61,327.6	78.3

**Table 29. Foreign reserve assets**

	- EUR million -	
	31.12.2009	31.12.2010
<b>1. National Bank of Romania</b>	<b>30,858.5</b>	<b>35,950.7</b>
gold	2,555.7	3,518.3
convertible currencies	28,302.8	32,432.4
<b>2. Banks</b>	<b>2,715.6</b>	<b>2,297.0</b>
convertible currencies	2,715.6	2,297.0
<b>3. Foreign reserve assets</b>	<b>33,574.1</b>	<b>38,247.7</b>
<i>of which:</i>		
3.1. convertible currencies	31,018.4	34,729.4

On the background of capital inflows, Romania's international reserve rose by EUR 5,092 million, reaching EUR 35,951 million (foreign currencies and gold) at end-2010.

## 2. International investment position

### 2.1. Foreign assets

At end-2010, foreign assets stood at EUR 50,254.7 million, up 15.0 percent year on year, due to capital transactions in amount of EUR 3,206.6 million and revaluation flows (price, exchange rate and reclassification effects) totalling EUR 3,334.6 million.

The foreign assets of the banking sector equalled EUR 2,297 million, down 15.4 percent from end-2009. Hence, foreign exchange assets of the National Bank of Romania and the banking sector amounted to EUR 34,729 million, covering 8.3 months of imports of goods and services as compared with 8.6 months at end-2009.

**Table 30. Foreign assets by instrument**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>43,713.4</b>	<b>100.0</b>	<b>50,254.7</b>	<b>100.0</b>
<b>Direct investment</b>	<b>969.6</b>	<b>2.2</b>	<b>1,130.6</b>	<b>2.2</b>
equity stakes	310.4	0.7	379.2	0.8
inter-company loans	659.2	1.5	751.4	1.5
<b>Portfolio investment</b>	<b>1,194.0</b>	<b>2.7</b>	<b>1,581.3</b>	<b>3.1</b>
shares	404.3	0.9	583.2	1.2
bonds	777.7	1.8	913.1	1.8
money market instruments	12.0	0.0	85.0	0.2
<b>Other investment</b>	<b>10,691.3</b>	<b>24.5</b>	<b>11,592.1</b>	<b>23.1</b>
financial credits	2,835.4	6.5	3,278.6	6.5
trade credits	3,374.7	7.7	4,252.3	8.5
currency and deposits	3,640.5	8.3	3,088.1	6.1
other assets	840.7	1.9	973.1	1.9
<b>Reserve assets</b>	<b>30,858.5</b>	<b>70.6</b>	<b>35,950.7</b>	<b>71.5</b>

The breakdown of foreign assets by main component of the capital account remained unchanged from end-2009, with reserve assets further holding 71.5 percent of total, ahead of "other investment" (23.1 percent), portfolio investment (3.1 percent) and direct investment abroad (2.2 percent).

Residents' direct investment abroad stood at EUR 1,130.6 million at end-2010, up 16.6 percent year on year, as a result of the rise in equity stakes and loans from parent companies to subordinated units with Romanian capital that operate abroad. The stock of loans granted by resident parent companies to their affiliates abroad increased to EUR 751.4 million, up 14.0 percent from a year earlier.

The balance on portfolio investment of local investors (EUR 1,581.3 million) rose by EUR 387.3 million versus end-2009. The breakdown of portfolio investment by instrument shows the Romanian investors' bias towards bonds or other medium- and long-term securities (accounting for 57.7 percent of total) rather than towards shares, units of collective investment undertakings and money market instruments.

During the period under review, the balance on other investment widened by merely 8.4 percent, mainly as a result of the larger balance on trade credits relative to exports of goods and services (EUR 4,252.3 million, up 26.0 percent) and on financial credits (EUR 3,278.6 million, up 15.6 percent) amid the lower balance on the residents' deposits abroad (EUR 3,088.1 million, down 15.2 percent versus end-2009). The decline in the balance on deposits abroad stemmed from the banking sector's withdrawing its deposits from abroad, due to higher financing needs emerging from the international financial market turmoil.

At end-2010, reserve assets with the NBR amounted to EUR 35,950.7 million as compared with EUR 30,858.5 million at end-2009, following net transactions (EUR 3,487.9 million) and revaluation flows (EUR 1,604.3 million). Specifically, Romania's international reserve moved up 16.5 percent due to capital inflows in the form of loans from the IMF and the European Commission as well as to the Eurobond issue, covering 8.6 months of imports of goods and services at end-2010. The ratio of international reserves to the stock of short-term debt based on the residual maturity improved, reaching 107.0 percent as against 102.5 percent a year earlier.

The breakdown of foreign assets by institutional sector reveals that the monetary authority further held the largest share (71.6 percent), followed by the assets of the real sector (17.8 percent), of the banking sector (5.4 percent) and of the government sector (5.2 percent).

**Table 31. Foreign assets by institutional sector**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>43,713.5</b>	<b>100.0</b>	<b>50,254.7</b>	<b>100.0</b>
Monetary authority	30,887.5	70.7	35,981.1	71.6
Government sector	2,366.0	5.4	2,592.0	5.2
Banks	3,156.3	7.2	2,719.9	5.4
Other sectors	7,303.7	16.7	8,961.7	17.8

## 2.2. Foreign liabilities

At end-2010, foreign liabilities amounted to EUR 128,585.4 million, up 9.5 percent from the previous year, as a result of net foreign transactions (EUR 8,775.5 million) and revaluation flows (EUR 2,355.2 million).

**Table 32. Foreign liabilities by instrument**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>117,454.7</b>	<b>100.0</b>	<b>128,585.4</b>	<b>100.0</b>
<b>Direct investment</b>	<b>49,984.5</b>	<b>42.6</b>	<b>52,585.3</b>	<b>40.9</b>
equity stakes	35,600.2	30.3	35,529.0	27.6
inter-company loans	14,384.3	12.2	17,056.3	13.3
<b>Portfolio investment</b>	<b>4,918.8</b>	<b>4.2</b>	<b>5,793.2</b>	<b>4.5</b>
shares	1,387.4	1.2	1,351.1	1.1
bonds	2,950.3	2.5	3,025.2	2.4
money market instruments	581.1	0.5	1,416.9	1.1
<b>Other investment</b>	<b>62,551.4</b>	<b>53.3</b>	<b>70,206.9</b>	<b>54.6</b>
financial credits	48,056.1	40.9	54,625.2	42.5
trade credits	1,417.8	1.2	1,766.7	1.4
currency and deposits	5,599.0	4.8	5,509.9	4.3
other liabilities	7,478.5	6.4	8,305.1	6.5

The breakdown of foreign liabilities by main financial instrument shows that “other investment” further held the largest share (54.6 percent), up 1.3 percentage points versus 2009, followed by direct investment (40.9 percent) and portfolio investment (4.5 percent).

At end-2010, the balance on non-residents’ direct investment in Romania (foreign direct investment) stood at EUR 52,585.3 million, up 5.2 percent year on year, on the back of the 2010 net capital inflows in amount of EUR 2,220.2 million.

The major foreign investors<sup>24</sup> in Romania as at end-2010 were the same as in 2009. They came from the Netherlands (20.7 percent), Austria (17.8 percent), Germany (12.2 percent), France (8.3 percent), Greece (5.7 percent), Italy (5.3 percent), and Cyprus (4.9 percent).

The geographic spread of foreign direct investment was as follows: Bucharest-Ilfov region (62.2 percent), Centre (7.4 percent), South (7.3 percent), West (6.5 percent), South-East (6.3 percent), North-West (4.2 percent), South-West (3.7 percent), and North-East (2.4 percent).

Foreign direct investment was channelled mostly to manufacturing, which held a 32.0 percent share in the balance of this item. As concerns structure, foreign direct investment was largely earmarked for oil processing, chemical products, rubber and plastics products (6.9 percent), metallurgy (5.3 percent), transport means (4.9 percent), food, beverages and tobacco (3.9 percent). Among the other sub-sectors that posed interest to foreign investors were financial intermediation and insurance (19.1 percent), trade (12.4 percent), construction and real estate transactions (9 percent), information technology and communications (5.9 percent).

The components of direct investment posted mixed developments in the period under consideration, with equity stakes edging down 0.2 percent and intra-group loans picking up 18.6 percent. Compared to end-2009, the share of equity stakes in total foreign liabilities shrank by 2.7 percentage points, while that of intra-group loans moved ahead 1.1 percentage points.

<sup>24</sup> Statistical survey on foreign direct investment in Romania in 2010 (National Bank of Romania and National Institute of Statistics).

At end-2010, portfolio investment saw its share in total foreign liabilities (4.5 percent) increasing from the previous year, moving up EUR 874.4 million in absolute terms. The need to finance the 2010 budget deficit prompted the Ministry of Public Finance to launch securities on the domestic capital market, partly purchased by non-resident investors, and Eurobonds on the international capital market, which led to a 4.5 percent rise in the balance on bonds year on year and the 1.5 time increase in the balance on money market instruments.

Other investment amounted to EUR 70,206.9 million at end-2010, up 12.2 percent from a year earlier, amid capital inflows to the monetary authority and the government sector. The breakdown by financial instrument indicates that the stock of financial credits widened by 13.7 percent in the period under review, as a result of the loans taken by the government sector and the monetary authority from the International Monetary Fund, the European Union and the World Bank.

In 2010, the balance on trade credits stood 24.6 percent higher, with short-term trade credits holding the largest share. Foreign liabilities of the banking sector, in the form of short-term deposits, remained broadly unchanged. The item "other liabilities", which includes mainly medium- and long-term deposits of non-residents, picked up 11.1 percent versus end-2009, parent banks preferring this form of financing for their affiliates.

**Table 33. Foreign liabilities by institutional sector**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>117,454.7</b>	<b>100.0</b>	<b>128,585.4</b>	<b>100.0</b>
Monetary authority	5,789.4	4.9	9,131.3	7.1
Government sector	13,582.5	11.6	18,530.4	14.4
Banks	29,176.2	24.8	30,634.4	23.8
Other sectors	68,906.6	58.7	70,289.3	54.7

The breakdown of foreign liabilities by institutional sector indicates that, at end-2010, the real economy still held the largest share (54.7 percent), down 4 percentage points, followed by the banking sector (23.8 percent), down 1 percentage point, the government sector (14.4 percent), up 2.8 percentage points, and the monetary authority (7.1 percent), up 2.2 percentage points as compared with end-2009.

### 2.2.1. External debt

At end-2010, external debt<sup>25</sup> totalled EUR 92,460 million, 13.9 percent higher than at end-2009, on the back of net capital inflows worth EUR 8,325 million in the reviewed period.

External debt by currency points out that the euro was in the lead (66.0 percent), ahead of the US dollar (6.0 percent) and other currencies (28.0 percent). The composition of the foreign exchange reserve at end-2010 was the following: euro (65.5 percent), US dollar (24.4 percent) and other currencies (10.1 percent).

<sup>25</sup> External debt balance is cash-based, net of accrued unmatured interest.



**Table 34. Foreign reserve assets and external debt by currency as of year-end 2010**

	Foreign reserve assets		External debt	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>32,432.4</b>	<b>100.0</b>	<b>92,460.0</b>	<b>100.0</b>
EUR	21,243.2	65.5	61,077.3	66.0
USD	7,913.5	24.4	5,526.8	6.0
Other	3,275.7	10.1	25,855.9	28.0

Medium- and long-term external debt ran at EUR 72,909.5 million at end-2010, 11.1 percent higher year on year, as a result of net inflows tantamount to EUR 6,152.2 million, EUR/USD exchange rate losses (EUR 1,461.3 million) and debt-to-equity swaps (EUR 320.1 million).

Medium- and long-term external debt by creditor at end-2010 shows that private creditors held 66.8 percent (down 9 percentage points year on year) and international financial institutions accounted for 33.2 percent. Out of private creditors, banks held 73.5 percent, foreign companies and other financial institutions accounted for 20.3 percent and portfolio investment made up 6.2 percent.

**Table 35. Medium- and long-term external debt by creditor**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>65,616.1</b>	<b>100.0</b>	<b>72,909.5</b>	<b>100.0</b>
<b>International financial institutions</b>	<b>15,640.3</b>	<b>23.8</b>	<b>23,974.4</b>	<b>32.9</b>
IBRD	2,051.9	3.1	2,082.4	2.9
EIB	2,493.1	3.8	3,192.0	4.4
EBRD	1,310.7	2.0	1,751.8	2.4
EU	1,575.0	2.4	3,687.5	5.1
IMF	6,619.5	10.1	11,333.8	15.5
<b>Bilateral relations</b>	<b>256.7</b>	<b>0.4</b>	<b>215.1</b>	<b>0.3</b>
Republic of Korea	49.4	0.1	49.4	0.1
Germany	130.8	0.2	113.8	0.2
Japan	68.5	0.1	36.7	0.1
<b>Portfolio investment</b>	<b>2,871.7</b>	<b>4.4</b>	<b>3,025.3</b>	<b>4.1</b>
CF First Boston Switzerland	750.0	1.1	734.5	1.0
Deutsche Bank	1,370.0	2.1	1,488.4	2.0
JP Morgan	492.0	0.7	461.4	0.6
<b>Private banks</b>	<b>37,696.8</b>	<b>57.5</b>	<b>35,813.9</b>	<b>49.1</b>
Austria	15,605.8	23.8	15,048.6	20.6
Germany	1,776.2	2.7	1,468.1	2.0
France	2,155.8	3.3	1,915.9	2.6
Greece	3,796.8	5.8	3,509.0	4.8
Italy	777.8	1.2	876.1	1.2
Luxembourg	1,886.1	2.9	1,412.4	1.9
Hungary	1,059.2	1.6	1,073.3	1.5
The Netherlands	5,514.3	8.4	5,474.4	7.5
United Kingdom	2,465.0	3.8	2,389.7	3.3
<b>Other</b>	<b>9,150.6</b>	<b>13.9</b>	<b>9,880.8</b>	<b>13.6</b>

Medium- and long-term external debt by maturity at end-2010 highlights that the share of long-term debt narrowed by 1.1 percentage points from a year earlier, further holding the largest share (70.9 percent), while medium-term debt accounted for 29.1 percent, deriving largely from non-publicly guaranteed loans, up 1 percentage points.

**Table 36. Medium- and long-term external debt by maturity**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>65,616.1</b>	<b>100.0</b>	<b>72,909.5</b>	<b>100.0</b>
<b>1-5 years</b>	<b>18,349.5</b>	<b>28.0</b>	<b>21,241.1</b>	<b>29.1</b>
public debt	1,002.2	1.5	3,302.3	4.5
publicly guaranteed debt	2.5	0.0	322.4	0.4
non-publicly guaranteed debt	17,344.8	26.4	17,616.4	24.2
<b>more than 5 years</b>	<b>47,266.6</b>	<b>72.0</b>	<b>51,668.4</b>	<b>70.9</b>
public debt	16,669.3	25.4	21,583.1	29.6
publicly guaranteed debt	1,512.0	2.3	1,385.8	1.9
non-publicly guaranteed debt	29,085.3	44.3	28,699.5	39.4

Medium- and long-term external debt by interest rate points out that floating-rate loans were further in the lead (73.0 percent). The most frequently used floating rates were 6M EURIBOR (16.5 percent), IMF standard rate (15.5 percent), 3M EURIBOR (14.2 percent) and 1M EURIBOR (4.3 percent). Fixed-rate loans made up 27.0 percent of total, rising 5.6 percentage points from end-2009.

**Table 37. Medium- and long-term external debt by interest rate**

	31.12.2009		31.12.2010	
	EUR million	%	EUR million	%
<b>TOTAL</b>	<b>65,616.1</b>	<b>100.0</b>	<b>72,909.5</b>	<b>100.0</b>
<b>Floating rates</b>	<b>51,589.8</b>	<b>78.6</b>	<b>53,200.0</b>	<b>73.0</b>
<i>of which:</i>				
IMF STANDARD RATE	6,619.5	10.1	11,333.8	15.5
IBRD STANDARD RATE	162.6	0.2	142.0	0.2
3M USD LIBOR	1,767.9	2.7	1,966.4	2.7
6M USD LIBOR	2,951.9	4.5	2,857.8	3.9
12M USD LIBOR	512.7	0.8	578.7	0.8
6M EURO LIBOR	1,058.7	1.6	1,045.2	1.4
1M EURIBOR	3,305.2	5.0	3,141.8	4.3
3M EURIBOR	10,949.2	16.7	10,382.6	14.2
6M EURIBOR	12,061.1	18.4	12,044.1	16.5
12M EURIBOR	1,802.7	2.7	2,027.9	2.8
<b>Fixed rates</b>	<b>14,026.3</b>	<b>21.4</b>	<b>19,709.5</b>	<b>27.0</b>
0.0-4.99%	5,574.0	8.5	11,389.2	15.6
5.0-9.99%	8,452.3	12.9	8,320.3	11.4
over 10.0%	0.0	0.0	0.0	0.0

At end-2010, short-term external debt increased by 25.4 percent, totalling EUR 19,550.6 million and making up 21.1 percent of total gross external debt as of 31 December 2010. The real economy is the institutional sector making the largest contribution to the rise in short-term external debt. It rose 25.3 percent (EUR 2,222.4 million), followed by credit institutions, up 15.4 percent (EUR 940.8 million), and the government sector, with a 2.3 time increase (EUR 855 million).

In 2010, external debt service amounted to EUR 43,801.4 million, of which principal repayments equalled EUR 40,783.3 million and payments of interests and commissions totalled EUR 3,018.1 million. By maturity, the share of short-term external debt service declined to 66.5 percent in 2010 from 75.0 percent in 2009, whereas the share of medium- and long-term external debt service moved ahead to 33.5 percent from 25.0 percent.

The main indebtedness indicators show that the external debt service ratio stood at 99.8 percent, while the ratio of external debt service to the official reserve was 126.1 percent at end-2010. The share of external debt in GDP rose to 75.8 percent, up 7.1 percentage points from end-2009, and the ratio of external debt to exports of goods and services was 210.6 percent. The share of interests in total exports of goods and services decreased to 6.9 percent in 2010 from 7.7 percent in 2009.

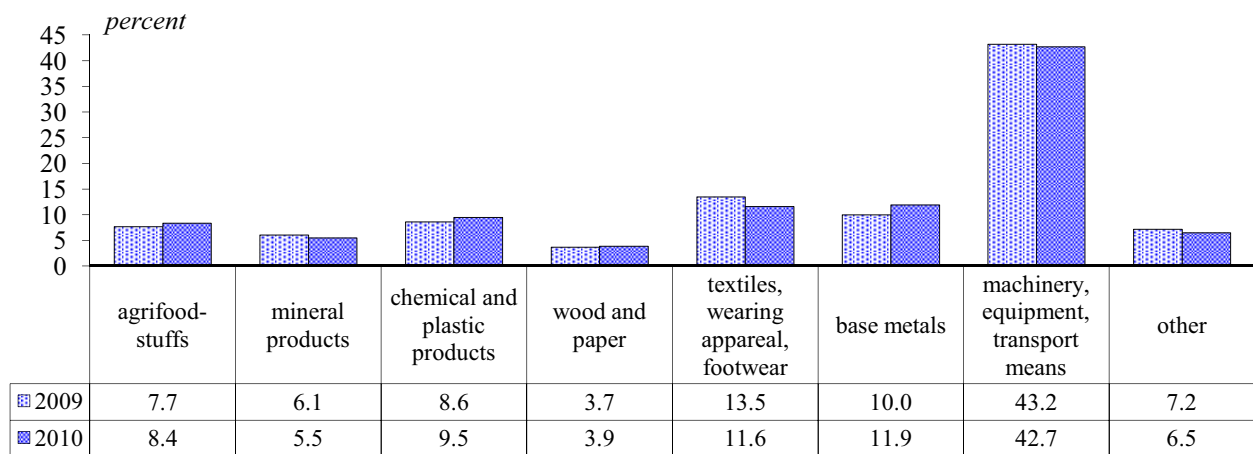


# *Charts*

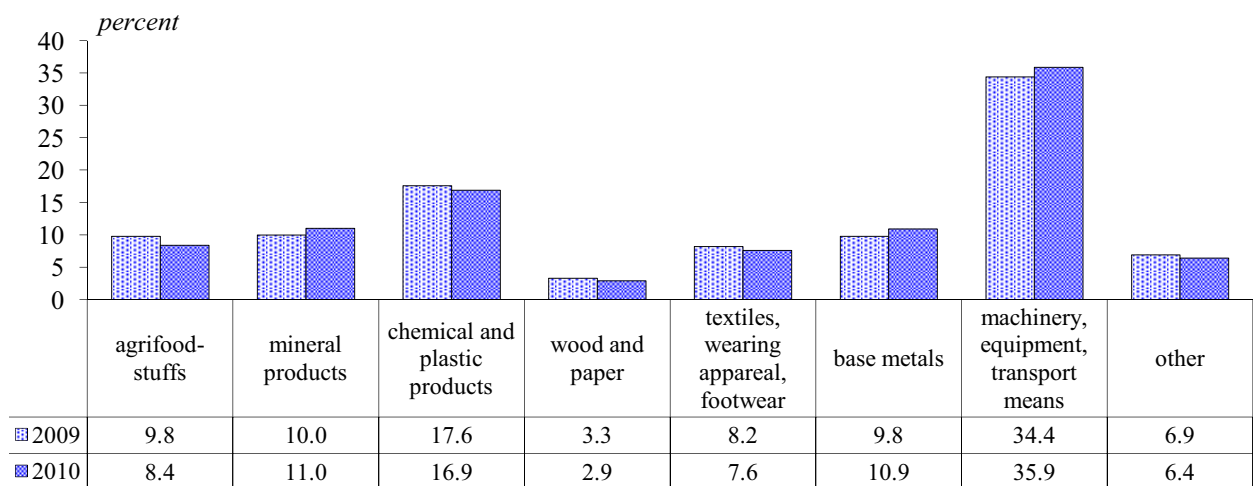
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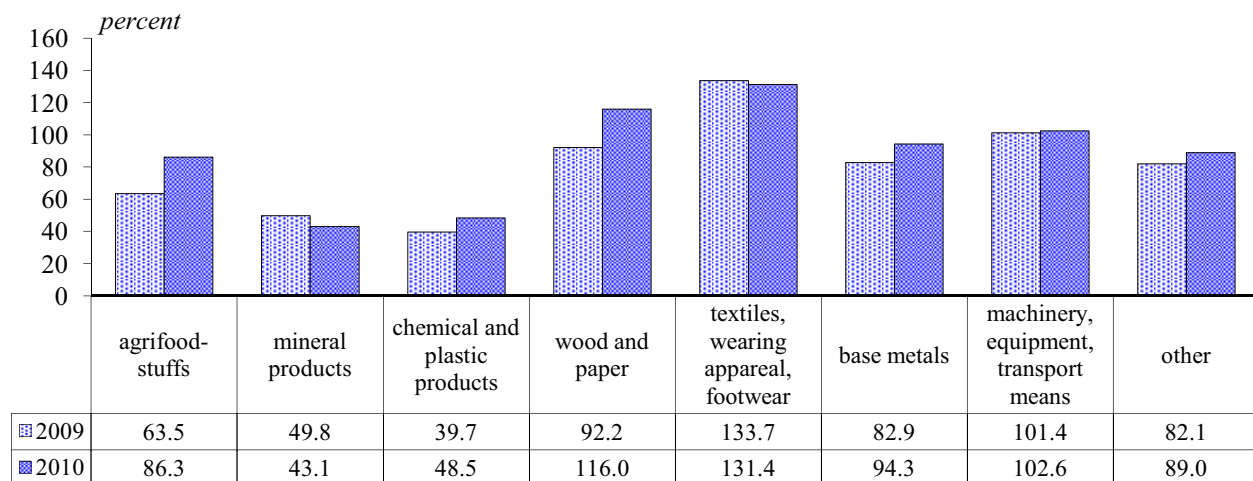
### Exports by Group of Goods



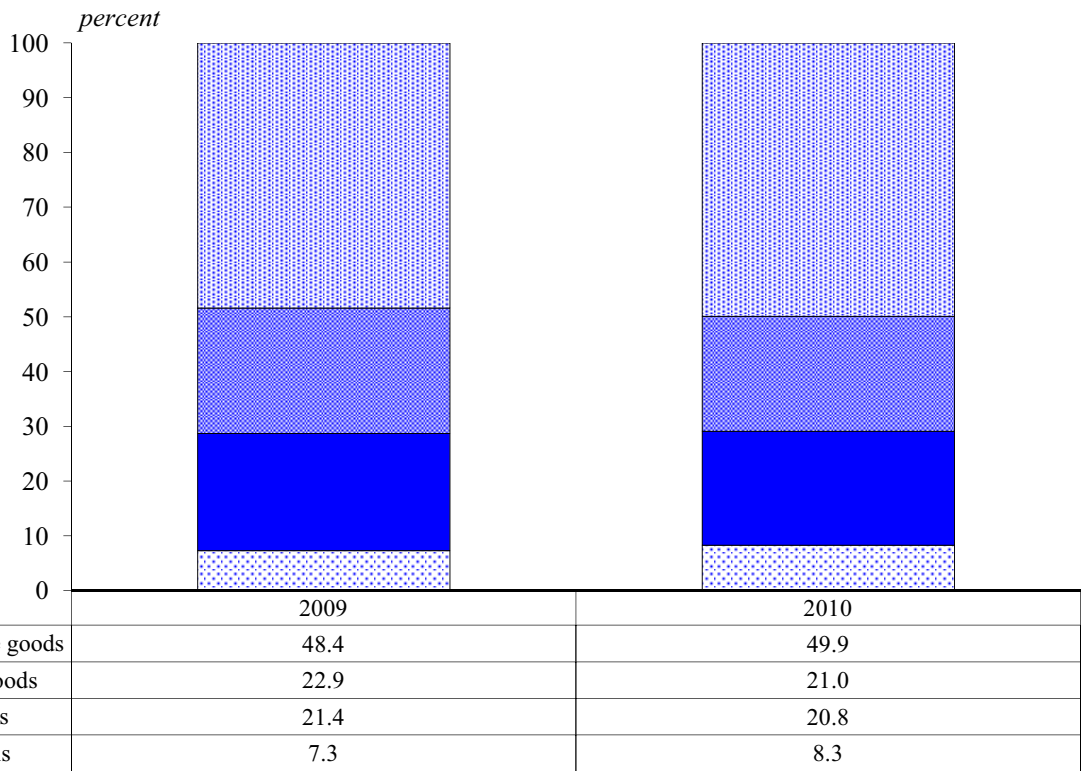
### Imports by Group of Goods



### Coverage of Imports through Exports by Group of Goods



### Exports by Production Stage

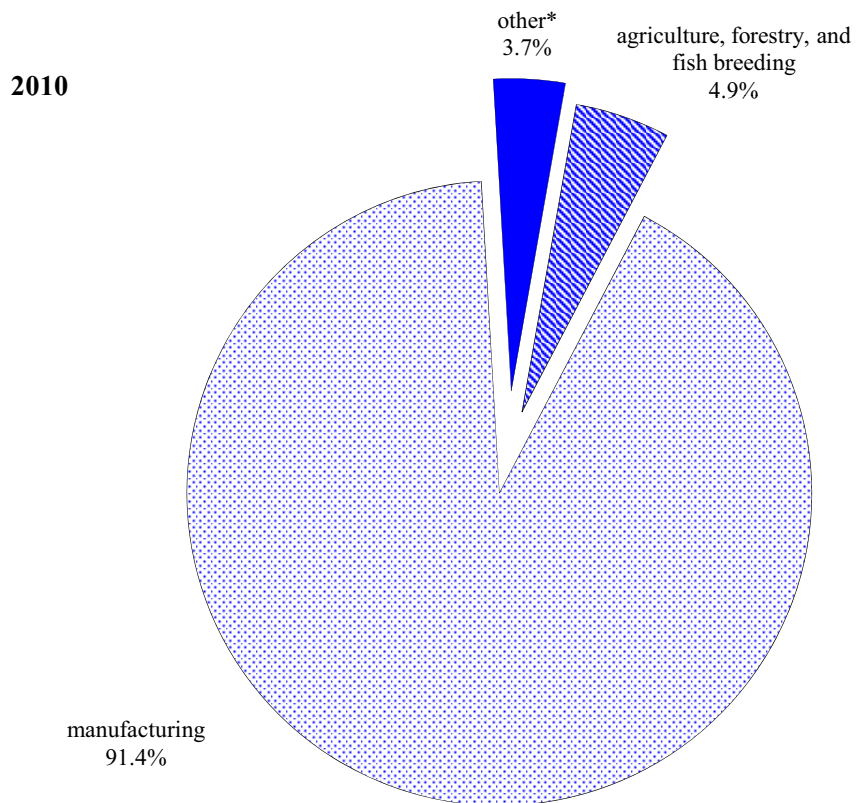
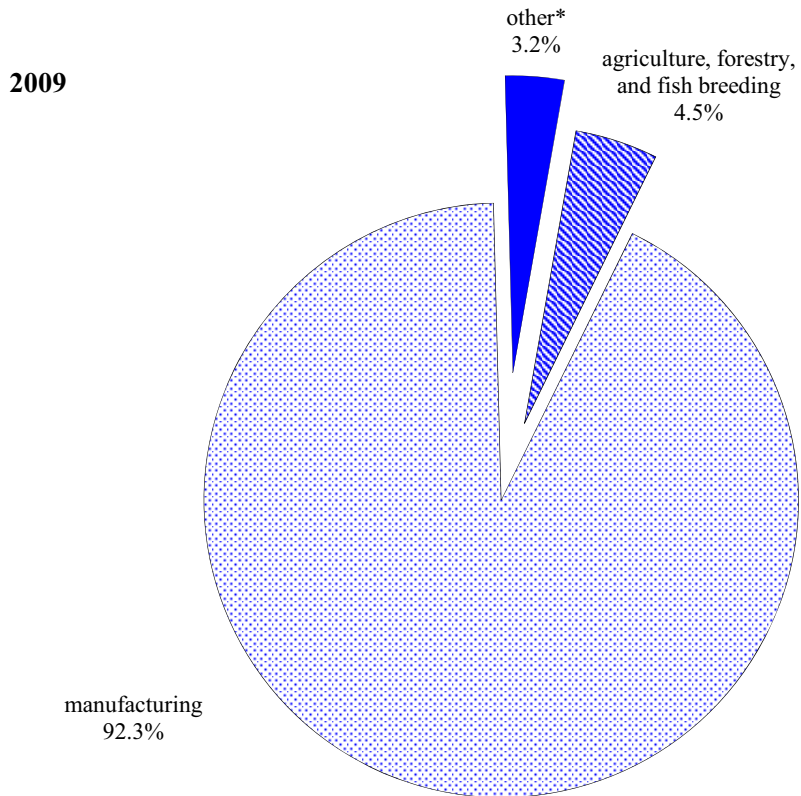


### Imports by Production Stage



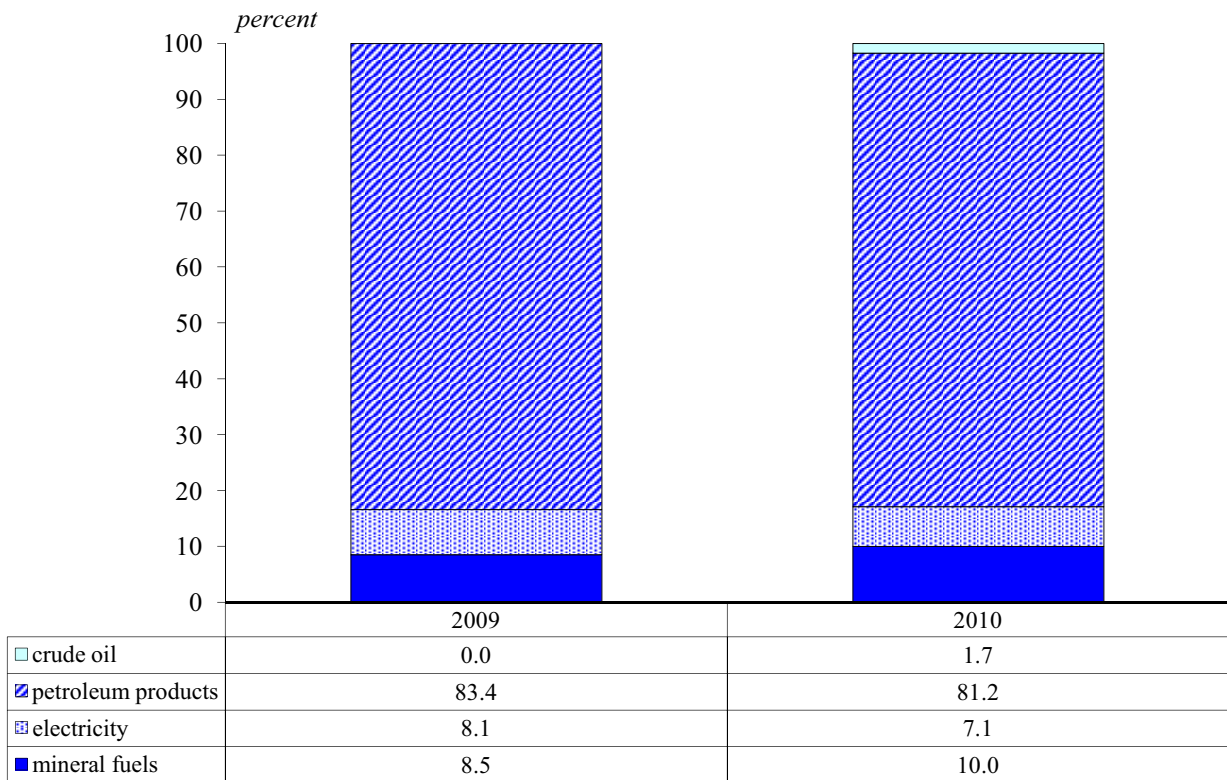


## Exports by Economic Sector

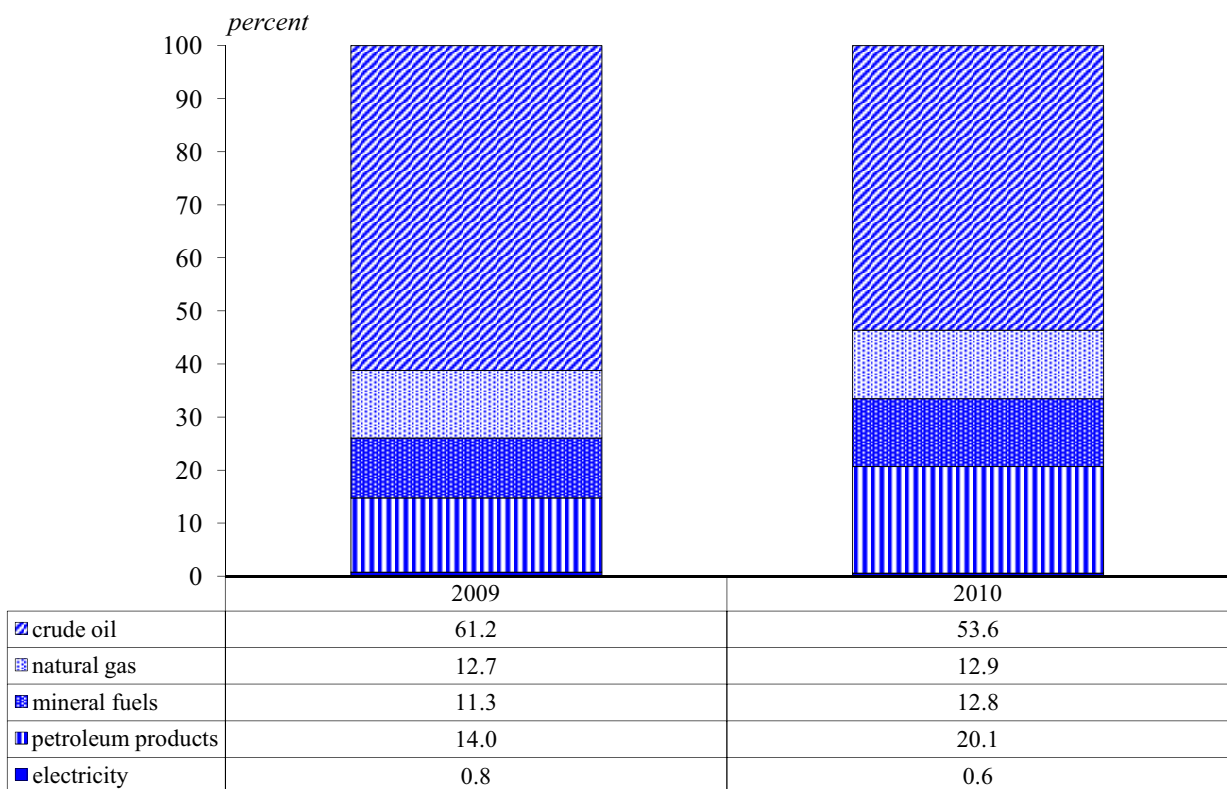


\* including mining, electricity, heating, gas, water and unclassified activities

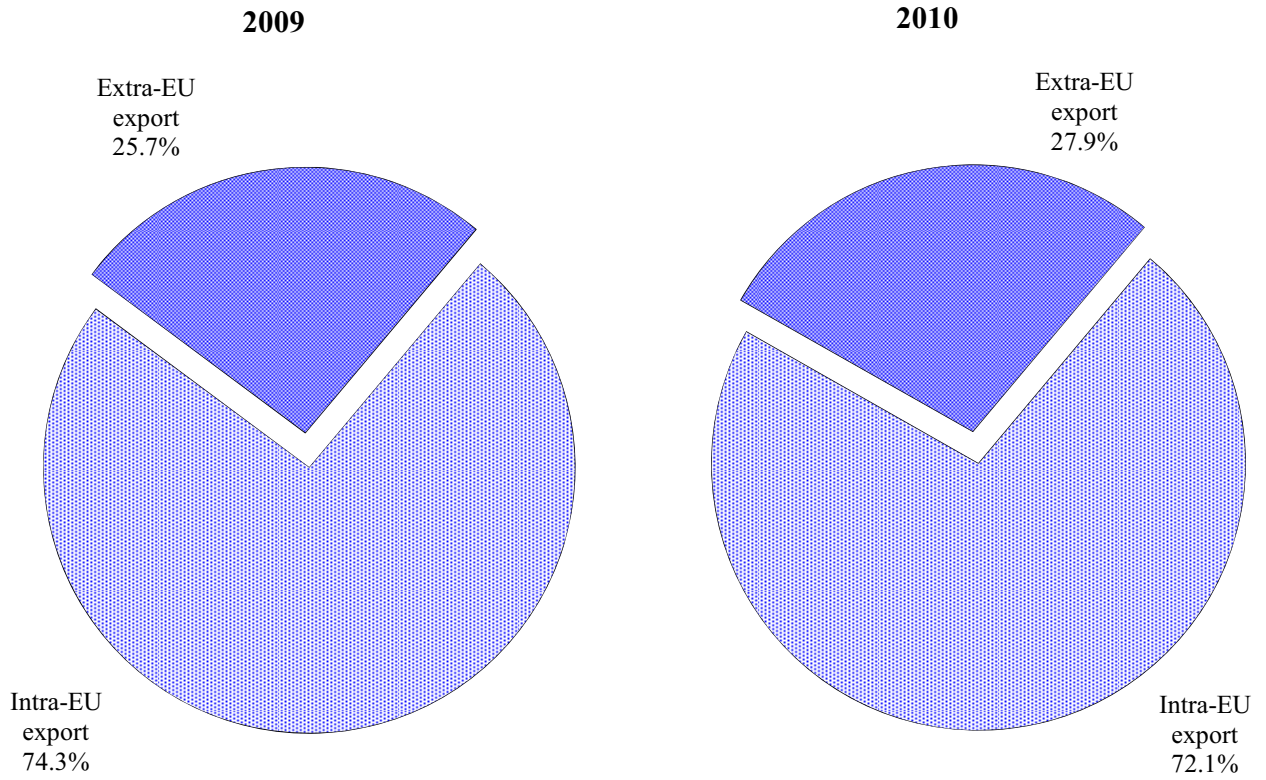
### Export Value of Energy Products



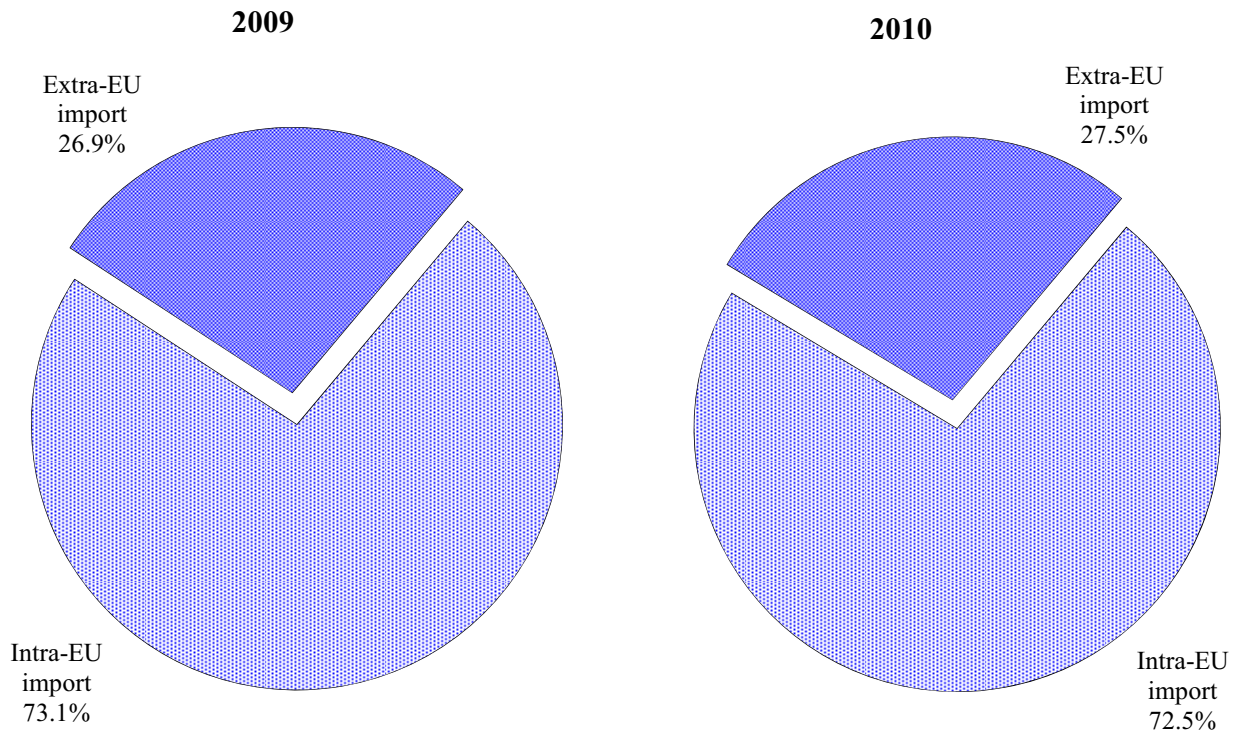
### Import Value of Energy Products



## Geographical Spread of Exports



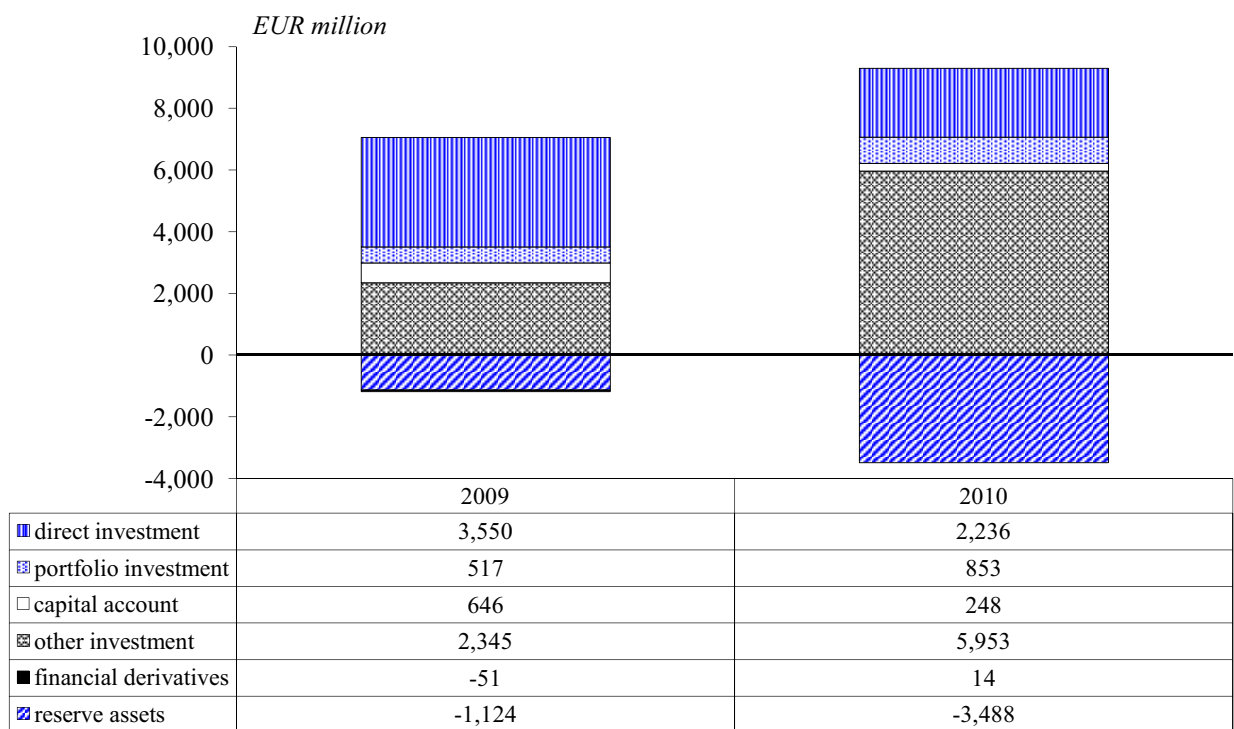
## Geographical Spread of Imports



### Current Account Components



### Capital and Financial Account Components



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## BALANCE OF PAYMENTS, 2009-2010

EUR million

Items	2009			2010		
	credit	debit	net	credit	debit	net
<b>1. Current account</b>	<b>44,055</b>	<b>48,968</b>	<b>-4,913</b>	<b>50,753</b>	<b>55,704</b>	<b>-4,951</b>
<i>A. Goods and services</i>	<i>36,147</i>	<i>43,312</i>	<i>-7,165</i>	<i>43,985</i>	<i>50,459</i>	<i>-6,474</i>
a. Goods	29,084	35,955	-6,871	37,368	43,291	-5,923
b. Services	7,063	7,357	-294	6,617	7,168	-551
- transport	2,077	2,000	77	1,926	2,104	-178
- travel	884	1,051	-167	860	1,239	-379
- other	4,102	4,306	-204	3,831	3,825	6
<i>B. Incomes</i>	<i>1,188</i>	<i>3,090</i>	<i>-1,902</i>	<i>923</i>	<i>2,841</i>	<i>-1,918</i>
- compensation of employees	492	46	446	484	67	417
- direct investment	24	874	-850	-112	541	-653
- portfolio investment	538	313	225	438	456	-18
- other capital investment	134	1,857	-1,723	113	1,777	-1,664
<i>C. Current transfers</i>	<i>6,720</i>	<i>2,566</i>	<i>4,154</i>	<i>5,845</i>	<i>2,404</i>	<i>3,441</i>
- government sector	2,360	1,597	763	1,998	1,357	641
- other sectors	4,360	969	3,391	3,847	1,047	2,800
<b>2. Capital and financial account</b>	<b>76,672</b>	<b>70,789</b>	<b>5,883</b>	<b>73,073</b>	<b>67,256</b>	<b>5,817</b>
<i>A. Capital account</i>	<i>992</i>	<i>346</i>	<i>646</i>	<i>576</i>	<i>328</i>	<i>248</i>
a. Capital transfers	791	278	513	476	246	230
- government sector	562	147	415	275	112	163
- other sectors	229	131	98	201	134	67
b. Acquisition/disposal of non-produced/ non-financial assets	201	68	133	100	82	18
<i>B. Financial account</i>	<i>75,680</i>	<i>70,443</i>	<i>5,237</i>	<i>72,497</i>	<i>66,928</i>	<i>5,569</i>
a. Direct investment	13,435	9,885	3,550	13,927	11,691	2,236
- by residents abroad	156	94	62	294	278	16
- by non-residents in Romania	13,279	9,791	3,488	13,633	11,413	2,220
b. Portfolio investment	1,715	1,198	517	3,441	2,588	853
- assets	597	736	-139	566	953	-387
- liabilities	1,118	462	656	2,875	1,635	1,240
c. Financial derivatives	379	430	-51	464	450	14
d. Other capital investment	60,151	57,806	2,345	54,665	48,711	5,954
- assets:	15,429	17,391	-1,962	18,180	17,991	189
1. medium- and long-term loans and credits	170	222	-52	633	304	329
1.1. trade credits	75	26	49	385	32	353
1.2. financial credits	95	196	-101	248	272	-24
2. short-term loans and credits	1,759	2,624	-865	2,040	2,907	-867
2.1. trade credits	1,614	2,256	-642	1,756	2,261	-505
2.2. financial credits	145	368	-223	284	646	-362
3. currency and deposits	13,161	14,253	-1,092	15,355	14,560	795
4. other assets	339	292	47	152	220	-68
- long-term	122	146	-24	14	46	-32
- short-term	217	146	71	138	174	-36
- liabilities:	44,722	40,415	4,307	36,485	30,720	5,765
1. IMF loans and credits	6,769	0	6,769	4,247	0	4,247
2. medium- and long-term loans and credits	10,784	7,402	3,382	8,513	9,046	-533
2.1. trade credits	48	681	-633	11	659	-648
2.2. financial credits	10,736	6,721	4,015	8,502	8,387	115
3. short-term loans and credits	5,461	9,268	-3,807	7,218	6,008	1,210
3.1. trade credits	1,655	2,907	-1,252	2,810	2,352	458
3.2. financial credits	3,806	6,361	-2,555	4,408	3,656	752
4. currency and deposits	18,369	21,464	-3,095	14,268	13,992	276
5. other liabilities	3,339	2,281	1,058	2,239	1,674	565
- long-term	3,191	1,971	1,220	2,108	1,365	743
- short-term	148	310	-162	131	309	-178
e. NBR reserve assets (net) (increase "-" / decrease "+")	-	1,124	-1,124	-	3,488	-3,488
<b>3. Errors and omissions (net)</b>	<b>-</b>	<b>970</b>	<b>-970</b>	<b>-</b>	<b>866</b>	<b>-866</b>

**QUARTERLY BALANCE OF PAYMENTS, 2010**

EUR million

Items	Q1			Q2		
	credit	debit	net	credit	debit	net
<b>1. Current account</b>	<b>10,721</b>	<b>11,956</b>	<b>-1,235</b>	<b>12,428</b>	<b>14,619</b>	<b>-2,191</b>
<i>A. Goods and services</i>	<i>9,305</i>	<i>10,858</i>	<i>-1,553</i>	<i>10,953</i>	<i>13,018</i>	<i>-2,065</i>
a. Goods	7,908	9,207	-1,299	9,316	11,169	-1,853
b. Services	1,397	1,651	-254	1,637	1,849	-212
- transport	401	448	-47	498	562	-64
- travel	162	244	-82	226	290	-64
- other	834	959	-125	913	997	-84
<i>B. Incomes</i>	<i>170</i>	<i>286</i>	<i>-116</i>	<i>251</i>	<i>981</i>	<i>-730</i>
- compensation of employees	107	10	97	123	20	103
- direct investment	-37	-185	148	-24	289	-313
- portfolio investment	81	38	43	113	219	-106
- other capital investment (interest)	19	423	-404	39	453	-414
<i>C. Current transfers</i>	<i>1,246</i>	<i>812</i>	<i>434</i>	<i>1,224</i>	<i>620</i>	<i>604</i>
- government sector	400	566	-166	231	311	-80
- other sectors	846	246	600	993	309	684
<b>2. Capital and financial account</b>	<b>20,325</b>	<b>18,882</b>	<b>1,443</b>	<b>16,114</b>	<b>13,012</b>	<b>3,102</b>
<i>A. Capital account</i>	<i>139</i>	<i>76</i>	<i>63</i>	<i>150</i>	<i>120</i>	<i>30</i>
a. Capital transfers	108	72	36	115	70	45
- government sector	51	22	29	40	19	21
- other sectors	57	50	7	75	51	24
b. Acquisition/disposal of non-produced/ non-financial assets	31	4	27	35	50	-15
<i>B. Financial account</i>	<i>20,186</i>	<i>18,806</i>	<i>1,380</i>	<i>15,964</i>	<i>12,892</i>	<i>3,072</i>
a. Direct investment	2,594	2,314	280	3,443	2,431	1,012
- by residents abroad	86	156	-70	29	76	-47
- by non-residents in Romania	2,508	2,158	350	3,414	2,355	1,059
b. Portfolio investment	1,690	321	1,369	430	617	-187
- assets	142	238	-96	142	238	-96
- liabilities	1,548	83	1,465	288	379	-91
c. Financial derivatives	78	99	-21	146	105	41
d. Other capital investment	15,824	12,930	2,894	10,614	9,739	875
- assets:	4,762	4,977	-215	4,337	3,702	635
1. medium- and long-term loans and credits	55	51	4	79	65	14
1.1. trade credits	28	5	23	42	14	28
1.2. financial credits	27	46	-19	37	51	-14
2. short-term loans and credits	332	797	-465	302	663	-361
2.1. trade credits	254	572	-318	237	516	-279
2.2. financial credits	78	225	-147	65	147	-82
3. currency and deposits	4,329	4,053	276	3,919	2,929	990
4. other assets	46	76	-30	37	45	-8
- long-term	6	1	5	1	22	-21
- short-term	40	75	-35	36	23	13
- liabilities:	11,062	7,953	3,109	6,277	6,037	240
1. IMF loans and credits	2,453	0	2,453	0	0	0
2. medium- and long-term loans and credits	2,548	2,550	-2	1,083	1,637	-554
2.1. trade credits	4	64	-60	3	140	-137
2.2. financial credits	2,544	2,486	58	1,080	1,497	-417
3. short-term loans and credits	1,281	1,225	56	1,781	1,029	752
3.1. trade credits	640	510	130	810	339	471
3.2. financial credits	641	715	-74	971	690	281
4. currency and deposits	4,316	3,748	568	2,591	3,057	-466
5. other liabilities	464	430	34	822	314	508
- long-term	440	350	90	796	241	555
- short-term	24	80	-56	26	73	-47
e. NBR reserve assets (net) (increase "-" / decrease "+")	-	3,142	-3,142	1,331	-	1,331
<b>3. Errors and omissions (net)</b>	<b>-</b>	<b>208</b>	<b>-208</b>	<b>-</b>	<b>911</b>	<b>-911</b>



QUARTERLY BALANCE OF PAYMENTS, 2010

EUR million

Q3			Q4			Items
credit	debit	net	credit	debit	net	
<b>13,588</b>	<b>14,415</b>	<b>-827</b>	<b>14,016</b>	<b>14,714</b>	<b>-698</b>	<b>1. Current account</b>
<b>11,472</b>	<b>12,769</b>	<b>-1,297</b>	<b>12,255</b>	<b>13,814</b>	<b>-1,559</b>	<b>A. Goods and services</b>
9,708	10,927	-1,219	10,436	11,988	-1,552	a. Goods
1,764	1,842	-78	1,819	1,826	-7	b. Services
502	530	-28	525	564	-39	- transport
257	392	-135	215	313	-98	- travel
1,005	920	85	1,079	949	130	- other
<b>257</b>	<b>1,070</b>	<b>-813</b>	<b>245</b>	<b>504</b>	<b>-259</b>	<b>B. Incomes</b>
124	15	109	130	22	108	- compensation of employees
-29	485	-514	-22	-48	26	- direct investment
142	132	10	102	67	35	- portfolio investment
20	438	-418	35	463	-428	- other capital investment (interest)
<b>1,859</b>	<b>576</b>	<b>1,283</b>	<b>1,516</b>	<b>396</b>	<b>1,120</b>	<b>C. Current transfers</b>
840	315	525	527	165	362	- government sector
1,019	261	758	989	231	758	- other sectors
<b>20,671</b>	<b>20,381</b>	<b>290</b>	<b>17,650</b>	<b>16,668</b>	<b>982</b>	<b>2. Capital and financial account</b>
<b>106</b>	<b>42</b>	<b>64</b>	<b>181</b>	<b>90</b>	<b>91</b>	<b>A. Capital account</b>
88	35	53	165	69	96	a. Capital transfers
38	17	21	146	54	92	- government sector
50	18	32	19	15	4	- other sectors
18	7	11	16	21	-5	b. Acquisition/disposal of non-produced/ non-financial assets
<b>20,565</b>	<b>20,339</b>	<b>226</b>	<b>17,469</b>	<b>16,578</b>	<b>891</b>	<b>B. Financial account</b>
4,515	3,357	1,158	3,375	3,589	-214	a. Direct investment
72	65	7	107	-19	126	- by residents abroad
4,443	3,292	1,151	3,268	3,608	-340	- by non-residents in Romania
590	1,157	-567	731	493	238	b. Portfolio investment
142	238	-96	140	239	-99	- assets
448	919	-471	591	254	337	- liabilities
140	132	8	100	114	-14	c. Financial derivatives
15,320	13,660	1,660	12,907	12,382	525	d. Other capital investment
4,322	4,620	-298	4,759	4,692	67	- assets:
276	122	154	223	66	157	1. medium- and long-term loans and credits
138	2	136	177	11	166	1.1. trade credits
138	120	18	46	55	-9	1.2. financial credits
660	767	-107	746	680	66	2. short-term loans and credits
582	644	-62	683	529	154	2.1. trade credits
78	123	-45	63	151	-88	2.2. financial credits
3,351	3,700	-349	3,756	3,878	-122	3. currency and deposits
35	31	4	34	68	-34	4. other assets
3	1	2	4	22	-18	- long-term
32	30	2	30	46	-16	- short-term
10,998	9,040	1,958	8,148	7,690	458	- liabilities:
1,794	0	1,794	0	0	0	1. IMF loans and credits
3,385	2,859	526	1,497	2,000	-503	2. medium- and long-term loans and credits
2	315	-313	2	140	-138	2.1. trade credits
3,383	2,544	839	1,495	1,860	-365	2.2. financial credits
1,625	2,020	-395	2,531	1,734	797	3. short-term loans and credits
640	776	-136	720	727	-7	3.1. trade credits
985	1,244	-259	1,811	1,007	804	3.2. financial credits
4,009	3,520	489	3,352	3,667	-315	4. currency and deposits
185	641	-456	768	289	479	5. other liabilities
159	539	-380	713	235	478	- long-term
26	102	-76	55	54	1	- short-term
-	2,033	-2,033	356	-	356	e. NBR reserve assets (net) (increase “-” / decrease “+”)
<b>537</b>	<b>-</b>	<b>537</b>	<b>284</b>	<b>-</b>	<b>-284</b>	<b>3. Errors and omissions (net)</b>

## ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2010

EUR million

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
<b>I. Government sector</b>	<b>-11,216</b>	<b>-4,778</b>	<b>0</b>	<b>197</b>	<b>-141</b>	<b>-15,938</b>
<i>foreign assets</i>	<b>2,366</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>2,592</b>
<b>financial derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>other investment</b>	<b>2,366</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>2,592</b>
trade credits	1,623	13	0	0	125	1,761
medium- and long-term trade credits	1,623	13	0	0	125	1,761
deposits	9	-2	0	0	0	7
other assets	734	43	0	0	47	824
other long-term assets	631	43	0	0	39	713
other short-term assets	103	0	0	0	8	111
<i>foreign liabilities</i>	<b>13,582</b>	<b>4,832</b>	<b>0</b>	<b>-197</b>	<b>313</b>	<b>18,530</b>
<b>portfolio investment</b>	<b>3,329</b>	<b>1,219</b>	<b>0</b>	<b>-241</b>	<b>-33</b>	<b>4,274</b>
bonds	2,773	389	0	-259	-5	2,898
money market instruments	556	830	0	18	-28	1,376
<b>other investment</b>	<b>10,253</b>	<b>3,613</b>	<b>0</b>	<b>44</b>	<b>346</b>	<b>14,256</b>
trade credits	1	0	0	0	0	1
medium- and long-term trade credits	1	0	0	0	0	1
financial credits	10,172	3,614	0	44	310	14,140
medium- and long-term financial credits	10,172	3,578	0	44	346	14,140
short-term financial credits	0	36	0	0	-36	0
deposits	80	-1	0	0	36	115
<b>II. Monetary authority</b>	<b>25,098</b>	<b>525</b>	<b>920</b>	<b>0</b>	<b>306</b>	<b>26,849</b>
<i>foreign assets</i>	<b>30,888</b>	<b>3,488</b>	<b>920</b>	<b>0</b>	<b>685</b>	<b>35,981</b>
<b>other investment</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>30</b>
other assets	29	0	0	0	1	30
other long-term assets	29	0	0	0	1	30
<b>reserves</b>	<b>30,859</b>	<b>3,488</b>	<b>920</b>	<b>0</b>	<b>684</b>	<b>35,951</b>
gold	2,556	0	963	0	-1	3,518
forex reserves	28,303	3,488	-43	0	685	32,433
<i>foreign liabilities</i>	<b>5,790</b>	<b>2,963</b>	<b>0</b>	<b>0</b>	<b>379</b>	<b>9,132</b>
<b>other investment</b>	<b>5,790</b>	<b>2,963</b>	<b>0</b>	<b>0</b>	<b>379</b>	<b>9,132</b>
<b>financial credits</b>	<b>5,686</b>	<b>3,020</b>	<b>0</b>	<b>0</b>	<b>377</b>	<b>9,083</b>
medium- and long-term financial credits (IMF)	5,686	3,020	0	0	377	9,083
deposits	79	-57	0	0	0	22
other liabilities	25	0	0	0	2	27
other long-term liabilities	25	0	0	0	2	27
<b>III. Banks</b>	<b>-26,020</b>	<b>-1,903</b>	<b>-5</b>	<b>90</b>	<b>-77</b>	<b>-27,915</b>
<i>foreign assets</i>	<b>3,156</b>	<b>-548</b>	<b>0</b>	<b>73</b>	<b>39</b>	<b>2,720</b>
<b>direct investment</b>	<b>206</b>	<b>-38</b>	<b>0</b>	<b>-54</b>	<b>-1</b>	<b>113</b>
equity stakes and reinvested earnings	191	-26	0	-55	-1	109
other	15	-12	0	1	0	4
<b>portfolio investment</b>	<b>301</b>	<b>254</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>557</b>
shares	2	79	0	0	1	82
bonds	299	105	0	0	1	405
money market instruments	0	70	0	0	0	70
<b>financial derivatives</b>	<b>0</b>	<b>-128</b>	<b>0</b>	<b>127</b>	<b>1</b>	<b>0</b>
<b>other investment</b>	<b>2,649</b>	<b>-636</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>2,050</b>
financial credits	296	-26	0	0	10	280
medium- and long-term financial credits	198	-10	0	0	6	194
short-term financial credits	98	-16	0	0	4	86
deposits	2,318	-623	0	0	26	1,721
other assets	35	13	0	0	1	49
other long-term assets	35	-2	0	0	1	34
other short-term assets	0	15	0	0	0	15
<i>foreign liabilities</i>	<b>29,176</b>	<b>1,355</b>	<b>5</b>	<b>-17</b>	<b>116</b>	<b>30,635</b>
<b>direct investment</b>	<b>7,633</b>	<b>405</b>	<b>5</b>	<b>-53</b>	<b>-86</b>	<b>7,904</b>
equity stakes and reinvested earnings	6,476	398	5	-222	-86	6,571
other	1,157	7	0	169	0	1,333
<b>portfolio investment</b>	<b>233</b>	<b>4</b>	<b>0</b>	<b>-73</b>	<b>-2</b>	<b>162</b>
shares	56	-19	0	0	-1	36
bonds	177	23	0	-73	-1	126
<b>financial derivatives</b>	<b>0</b>	<b>-136</b>	<b>0</b>	<b>136</b>	<b>0</b>	<b>0</b>
<b>other investment</b>	<b>21,310</b>	<b>1,082</b>	<b>0</b>	<b>-27</b>	<b>204</b>	<b>22,569</b>
financial credits	8,417	187	0	84	233	8,921
medium- and long-term financial credits	7,978	-983	0	84	231	7,310
short-term financial credits	439	1,170	0	0	2	1,611
deposits	5,440	298	0	-374	9	5,373
other liabilities	7,453	597	0	263	-38	8,275
other long-term liabilities	7,242	760	0	264	-38	8,228
other short-term liabilities	211	-163	0	-1	0	47

## ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2010

continued

EUR million

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
<b>IV. Other sectors</b>	<b>-61,603</b>	<b>587</b>	<b>59</b>	<b>-447</b>	<b>77</b>	<b>-61,327</b>
<i>foreign assets</i>	<i>7,304</i>	<i>212</i>	<i>0</i>	<i>1,301</i>	<i>145</i>	<i>8,962</i>
<b>direct investment</b>	<b>765</b>	<b>22</b>	<b>0</b>	<b>202</b>	<b>28</b>	<b>1,017</b>
equity stakes and reinvested earnings	120	-26	0	178	-2	270
other	645	48	0	24	30	747
<b>portfolio investment</b>	<b>892</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>1,024</b>
shares	402	94	0	0	5	501
bonds	478	35	0	0	-5	508
money market instruments	12	4	0	0	-1	15
<b>financial derivatives</b>	<b>0</b>	<b>-337</b>	<b>0</b>	<b>337</b>	<b>0</b>	<b>0</b>
<b>other investment</b>	<b>5,647</b>	<b>394</b>	<b>0</b>	<b>762</b>	<b>118</b>	<b>6,921</b>
trade credits	1,751	139	0	560	42	2,492
medium- and long-term trade credits	0	-366	0	367	-1	0
short-term trade credits	1,751	505	0	193	43	2,492
financial credits	2,539	412	0	2	46	2,999
medium- and long-term financial credits	267	35	0	2	6	310
short-term financial credits	2,272	377	0	0	40	2,689
deposits	1,314	-170	0	187	29	1,360
other assets	43	13	0	13	1	70
other short-term assets	42	21	0	4	1	68
other long-term assets	1	-8	0	9	0	2
<i>foreign liabilities</i>	<i>68,907</i>	<i>-375</i>	<i>-59</i>	<i>1,748</i>	<i>68</i>	<i>70,289</i>
<b>direct investment</b>	<b>42,351</b>	<b>1,815</b>	<b>-59</b>	<b>748</b>	<b>-173</b>	<b>44,682</b>
equity stakes and reinvested earnings	29,124	1,425	-59	-1,144	-388	28,958
other	13,227	390	0	1,892	215	15,724
<b>portfolio investment</b>	<b>1,357</b>	<b>17</b>	<b>0</b>	<b>-2</b>	<b>-16</b>	<b>1,356</b>
shares	1,332	0	0	0	-17	1,315
bonds	0	1	0	-1	0	0
money market instruments	25	16	0	-1	1	41
<b>financial derivatives</b>	<b>0</b>	<b>-313</b>	<b>0</b>	<b>313</b>	<b>0</b>	<b>0</b>
<b>other investment</b>	<b>25,199</b>	<b>-1,894</b>	<b>0</b>	<b>689</b>	<b>257</b>	<b>24,251</b>
trade credits	1,417	-190	0	524	14	1,765
medium- and long-term trade credits	168	-648	0	601	-6	115
short-term trade credits	1,249	458	0	-77	20	1,650
financial credits	23,782	-1,672	0	129	243	22,482
medium- and long-term financial credits	20,781	-1,255	0	150	206	19,882
short-term financial credits	3,001	-417	0	-21	37	2,600
deposits	0	0	0	0	0	0
other liabilities	0	-32	0	36	0	4
other long-term liabilities	0	-17	0	17	0	0
other short-term liabilities	0	-15	0	19	0	4
<b>TOTAL</b>	<b>-73,741</b>	<b>-5,569</b>	<b>974</b>	<b>-160</b>	<b>165</b>	<b>-78,331</b>

**ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS OF YEAR-END 2010**

	EUR million					
Items	Outstanding at start of period	Transactions	Adjustments due to price changes	Other adjustments	Adjustments due to exchange rate changes	Outstanding at end of period
<b>TOTAL</b>	<b>-73,741</b>	<b>-5,569</b>	<b>974</b>	<b>-160</b>	<b>165</b>	<b>-78,331</b>
<i>of which:</i>						
<b>Foreign assets</b>	<b>43,714</b>	<b>3,206</b>	<b>920</b>	<b>1,374</b>	<b>1,041</b>	<b>50,255</b>
direct investment	971	-16	0	148	27	1,130
portfolio investment	1,193	387	0	0	1	1,581
financial derivatives	0	-465	0	464	1	0
other investment	10,691	-188	0	762	328	11,593
reserves	30,859	3,488	920	0	684	35,951
<b>Foreign liabilities</b>	<b>117,455</b>	<b>8,775</b>	<b>-54</b>	<b>1,534</b>	<b>876</b>	<b>128,586</b>
direct investment	49,984	2,220	-54	695	-259	52,586
portfolio investment	4,919	1,240	0	-316	-51	5,792
financial derivatives	0	-449	0	449	0	0
other investment	62,552	5,764	0	706	1,186	70,208
<b>Net position</b>	<b>-73,741</b>	<b>-5,569</b>	<b>974</b>	<b>-160</b>	<b>165</b>	<b>-78,331</b>
direct investment	-49,013	-2,236	54	-547	286	-51,456
portfolio investment	-3,726	-853	0	316	52	-4,211
financial derivatives	0	-16	0	15	1	0
other investment	-51,861	-5,952	0	56	-858	-58,615
reserves	30,859	3,488	920	0	684	35,951
<b>Foreign assets</b>	<b>43,714</b>	<b>3,206</b>	<b>920</b>	<b>1,374</b>	<b>1,041</b>	<b>50,255</b>
<b>A. Direct investment by residents abroad</b>	<b>971</b>	<b>-16</b>	<b>0</b>	<b>148</b>	<b>27</b>	<b>1,130</b>
equity stakes	311	-52	0	123	-3	379
other	660	36	0	25	30	751
<b>B. Portfolio investment</b>	<b>1,193</b>	<b>387</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1,581</b>
bonds	777	140	0	0	-4	913
shares	404	173	0	0	6	583
money market instruments	12	74	0	0	-1	85
<b>C. Financial derivatives</b>	<b>0</b>	<b>-465</b>	<b>0</b>	<b>464</b>	<b>1</b>	<b>0</b>
<b>D. Other investment</b>	<b>10,691</b>	<b>-188</b>	<b>0</b>	<b>762</b>	<b>328</b>	<b>11,593</b>
loans and credits	6,209	538	0	562	223	7,532
long-term loans and credits	2,088	-328	0	369	136	2,265
short-term loans and credits	4,121	866	0	193	87	5,267
currency and deposits	3,641	-795	0	187	55	3,088
other assets	841	69	0	13	50	973
medium- and long-term	696	33	0	9	41	779
short-term	145	36	0	4	9	194
<b>E. NBR reserve assets</b>	<b>30,859</b>	<b>3,488</b>	<b>920</b>	<b>0</b>	<b>684</b>	<b>35,951</b>
monetary gold	2,556	0	963	0	-1	3,518
forex reserve	28,303	3,488	-43	0	685	32,433
<b>Foreign liabilities</b>	<b>117,455</b>	<b>8,775</b>	<b>-54</b>	<b>1,534</b>	<b>876</b>	<b>128,586</b>
<b>A. Direct investment by non-residents in Romania</b>	<b>49,984</b>	<b>2,220</b>	<b>-54</b>	<b>695</b>	<b>-259</b>	<b>52,586</b>
equity stakes	35,600	1,823	-54	-1,366	-474	35,529
other	14,384	397	0	2,061	215	17,057
<b>B. Portfolio investment</b>	<b>4,919</b>	<b>1,240</b>	<b>0</b>	<b>-316</b>	<b>-51</b>	<b>5,792</b>
shares	1,388	-19	0	0	-18	1,351
bonds	2,950	413	0	-333	-6	3,024
money market instruments	581	846	0	17	-27	1,417
<b>C. Financial derivatives</b>	<b>0</b>	<b>-449</b>	<b>0</b>	<b>449</b>	<b>0</b>	<b>0</b>
<b>D. Other investment</b>	<b>62,552</b>	<b>5,764</b>	<b>0</b>	<b>706</b>	<b>1,186</b>	<b>70,208</b>
loans and credits	49,475	4,959	0	781	1,177	56,392
long-term loans and credits	44,786	3,712	0	879	1,154	50,531
short-term loans and credits	4,689	1,247	0	-98	23	5,861
currency and deposits	5,599	240	0	-374	45	5,510
other liabilities	7,478	565	0	299	-36	8,306
medium- and long-term	7,267	743	0	281	-36	8,255
short-term	211	-178	0	18	0	51

## ROMANIA'S INTERNATIONAL INVESTMENT POSITION, 2006-2010

	EUR million, end of period				
Institutional sector	2006	2007	2008	2009	2010
<b>I. Monetary authority</b>	22,850	27,047	27,971	25,098	26,849
assets	22,956	27,216	28,300	30,888	35,981
liabilities	106	169	329	5,790	9,132
<b>II. Government sector</b>	-6,996	-7,375	-7,863	-11,216	-15,938
assets	2,848	2,255	2,391	2,366	2,592
liabilities	9,844	9,630	10,254	13,582	18,530
<b>III. Banks</b>	-16,296	-24,809	-30,917	-26,020	-27,915
assets	1,594	1,841	1,647	3,156	2,720
liabilities	17,890	26,650	32,564	29,176	30,635
<b>IV. Other sectors</b>	-36,449	-49,085	-58,197	-61,603	-61,327
assets	4,664	5,556	6,702	7,304	8,962
liabilities	41,113	54,641	64,899	68,907	70,289
<b>Net position</b>	<b>-36,891</b>	<b>-54,222</b>	<b>-69,006</b>	<b>-73,741</b>	<b>-78,331</b>
<b>assets</b>	<b>32,062</b>	<b>36,868</b>	<b>39,040</b>	<b>43,714</b>	<b>50,255</b>
<b>liabilities</b>	<b>68,953</b>	<b>91,090</b>	<b>108,046</b>	<b>117,455</b>	<b>128,586</b>

## ROMANIA'S GROSS INTERNATIONAL RESERVE, 2006-2010

	EUR million, end of period				
	2006	2007	2008	2009	2010
National Bank of Romania	22,935	27,187	28,270	30,858	35,951
gold	1,625	1,880	2,049	2,556	3,518
convertible currencies	21,310	25,307	26,221	28,302	32,433
Commercial banks	1,302	1,445	1,344	2,716	2,297
convertible currencies	1,302	1,445	1,344	2,716	2,297
<b>Gross international reserve</b>	<b>24,237</b>	<b>28,632</b>	<b>29,614</b>	<b>33,574</b>	<b>38,248</b>
<i>of which:</i>					
<b>Gross foreign exchange reserve</b>	<b>22,612</b>	<b>26,752</b>	<b>27,565</b>	<b>31,018</b>	<b>34,730</b>

## ROMANIA'S EXTERNAL DEBT INDICATORS, 2006-2010

Items	EUR million				
	2006	2007	2008	2009	2010
<b>External debt (ED)</b>	<b>41,196</b>	<b>58,628</b>	<b>72,354</b>	<b>81,205</b>	<b>92,460</b>
medium- and long-term (MLT)	28,622	38,711	51,762	65,616	72,909
short-term (ST)	12,574	19,917	20,592	15,589	19,551
<b>GDP</b>	<b>97,787</b>	<b>124,654</b>	<b>139,762</b>	<b>118,269</b>	<b>122,008</b>
<b>Exports of goods and services (EXP)</b>	<b>31,438</b>	<b>36,434</b>	<b>42,479</b>	<b>36,148</b>	<b>43,911</b>
<b>Imports of goods and services (IMP)</b>	<b>43,192</b>	<b>53,847</b>	<b>60,929</b>	<b>43,311</b>	<b>50,365</b>
<b>External debt service (EDS)</b>	<b>19,801</b>	<b>29,925</b>	<b>45,575</b>	<b>49,038</b>	<b>43,801</b>
principal repayment	18,191	27,627	42,338	46,252	40,783
interest payment (INT)	1,610	2,298	3,237	2,786	3,018
<b>Official reserves (OR)</b>	<b>22,935</b>	<b>27,187</b>	<b>28,270</b>	<b>30,858</b>	<b>35,951</b>

Indicators	percent				
	2006	2007	2008	2009	2010
ED/GDP	42.1	47.0	51.8	68.7	75.8
MLT/GDP	29.3	31.1	37.0	55.5	59.8
ED/EXP	131.0	160.9	170.3	224.6	210.6
MLT/EXP	91.0	106.2	121.9	181.5	166.0
EDS/EXP	63.0	82.1	107.3	135.7	99.7
EDS/GDP	20.2	24.0	32.6	41.5	35.9
EDS/OR	86.3	110.1	161.2	158.9	126.1
INT/EXP	5.1	6.3	7.6	7.7	6.9
ST/ED	30.5	34.0	28.5	19.2	21.1
Multilateral/ED	13.8	9.3	9.0	12.3	25.9
					months
OR/IMP	6.4	6.1	5.6	8.5	8.6



