



NATIONAL BANK OF ROMANIA

Romania's Balance of Payments and International Investment Position

Annual Report 2012





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ANNUAL REPORT

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Note

*The drafting of **Annual Report 2012 – Romania’s Balance of Payments and International Investment Position** was completed by the Statistics Department based on data available at end-December 2013.*

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

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

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Symbols used in tables:

– = *nil*

0 = *value included in the range (0;0.5)*

-0 = *value included in the range (-0.5;0)*

x = *not applicable*

Totals may not add up or slight differences from the percentage changes in the tables may occur, due to rounding.

MAIN DEVELOPMENTS IN 2012

I. External environment¹

The external economic environment of 2012 was further characterised by global financial market tensions, the sovereign debt crisis in the euro area, geopolitical strains and civilians' unrest in the Middle East and North Africa, higher energy prices as well as the persistence of uncertainties surrounding the outlook for resuming economic growth. Against this background, the growth rate of world output dropped from 3.9 percent in 2011 to 3.2 percent in 2012, with the emerging economies posting a faster slowdown than the advanced economies. Hence, the slowdown in world trade in goods and services was even sharper during the period under review, with global trade standing merely 2.7 percent higher, as against 6.1 percent in 2011, amid the decline in demand for capital goods stemming from the global uncertainty. Average annual inflation rate² followed a downward path, touching 2 percent, from 2.7 percent in the previous year, given the underutilisation of production capacities and weak economic activity in the advanced economies. Brent oil price was still elevated, on average, at a level comparable to that of 2011 (more than USD 110 per barrel), despite the slowing growth of world economy, on the backdrop of tensions surrounding Iran and the cut in oil production in non-OPEC countries. Abating pressures were nonetheless recorded on non-energy commodity markets, with the annual rate of increase of these prices³ sliding in 2012 to 2.6 percent, from 12.8 percent in the year before.

After having advanced by 1.5 percent in 2011, real GDP in the euro area⁴ contracted by 0.6 percent in the reported year, as weak business and consumer confidence, high oil prices worldwide, tight bank credit supply conditions and tensions in sovereign debt markets dampened domestic demand. Thus, private consumption went down 1.4 percent, after having increased by 0.3 percent in 2011, amid the cut in real income and government consumption declined further (-0.6 percent) in the context of the ongoing fiscal consolidation in most Member States. A heftier reduction saw gross fixed capital formation, down 3.9 percent (+1.6 percent in 2011), the major determinants being tougher lending conditions and the process of balance sheet adjustment in the financial and non-financial sectors.

¹ Sources: ECB, Annual Report 2012, *Monthly Bulletin* – October 2013; IMF, *World Economic Outlook* – October 2013.

² It covers the countries that joined the Organisation for Economic Co-operation and Development (OECD).

³ Expressed in EUR and based on the GDP-by-expenditure weighing system (energy excluded).

⁴ The countries referred to herein are the 17 EU Member States making up the monetary union at end-2012: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

Net exports of goods and services was the only demand component that made a positive contribution to the euro area economic growth, both trade flows however posting slower rates of increase compared to a year earlier: exports edged 2.5 percent higher (as compared to 6.4 percent in 2011), while imports shrank 1.1 percent (after having risen by 4.3 percent).

From a sectoral perspective, economic activity contraction in the euro area was broadly based, with gross value added dropping by 1.1 percent in industry and in a range from 0.6 percent to 4.7 percent in construction, agriculture and services.

The average inflation rate, as measured by the Harmonised Index of Consumer Prices – HICP, dropped marginally to 2.5 percent from 2.7 percent registered in 2011. The persistence of its relatively elevated level was attributed to changes in indirect taxes and pressures caused by high energy and agri-food prices.

The euro area labour market stayed on the downward path manifest since 2011 H2, with the employment rate falling by 0.7 percentage points and unemployment rate⁵ increasing to 11.4 percent (from 10.2 percent in 2011).

In view of the ongoing fiscal consolidation and the structural reforms being implemented by the Member States, the general government deficit for the euro area narrowed to 3.7 percent of GDP, from 4.2 percent of GDP in 2011⁶. The general government deficit narrowed year on year in eight out of the 17 euro area members and nine countries exceeded the 3.0 percent-of-GDP reference value. The lowest deficit-to-GDP ratios were displayed by Estonia, Luxembourg and Finland (0.2 percent of GDP, 0.6 percent of GDP and 1.8 percent of GDP respectively), while Germany reported a 0.1 percent of GDP budget surplus. In 2012, the euro area public debt ratio added 3.3 percentage points from the previous year to reach 90.6 percent of GDP, overstepping the 60 percent-of-GDP reference value in 12 countries and still remaining above 100 percent in Greece, Italy, Ireland and Portugal.

The euro area aggregate current account ended 2012 on a surplus of EUR 122.4 billion, up by a sturdy EUR 14.9 billion over the year before, mainly on the back of the trade balance (goods and services). The eurozone trade balance (goods) rang up a surplus of EUR 98.9 billion, as against EUR 6.8 billion in 2011, given the sharper increase in exports than in imports (7.3 percent and 2.2 percent respectively). Exports to the United States were particularly robust, but those to non-euro area EU Member States and Asia posted slower dynamics.

Direct investment saw a decline in 2012, accounted for by residents' investment abroad and non-residents' investment in the euro area, as both types of flows made up approximately two-thirds of the year-earlier levels.

⁵ According to ILO (International Labour Office) methodology.

⁶ Eurostat, Newsrelease Euroindicators 152/2013: *Provision of deficit and debt data for 2012 – second notification*, 21 October 2013.

Non-euro area EU Member States⁷ continued to register positive economic growth in 2012, albeit at a significantly slower pace than in the previous year: 0.4 percent versus 1.8 percent. A major deterrent to real GDP growth in these countries was the economic contraction in the euro area, their main trade partner. Domestic demand was the key driving force behind economic growth in these countries, fuelled chiefly by consumption, as well as investment in countries such as Bulgaria, Denmark, Romania and the United Kingdom. In seven out of the ten non-euro area EU Member States, the GDP growth was in positive territory⁸, the best performers remaining Latvia, Lithuania, Poland and Sweden (with GDP rising in a range from 1 percent to 5.5 percent).

In 2012, average annual inflation rate dipped in the countries under review from 4 percent in 2011 to 3 percent in 2012, reflecting the trend displayed by most countries, except the Czech Republic and Hungary, amid still subdued domestic demand and large spare capacities. The highest inflation rates were recorded in Hungary (5.7 percent), Poland (3.7 percent), the Czech Republic (3.5 percent), Romania (3.4 percent), Lithuania (3.2 percent), followed by the United Kingdom, Bulgaria, Denmark and Latvia, ranging from 2.8 percent to 2.3 percent; the only Member State where inflation was below 2 percent was Sweden (0.9 percent).

The fiscal situation improved in six of the ten non-euro area EU Member States, largely as a result of the ongoing fiscal consolidation process. Overall, the deficit-to-GDP ratio equalled 4.6 percent, down 0.6 percentage points versus a year earlier. Levels in excess of the 3 percent of GDP reference value were recorded in five of the ten countries (the United Kingdom, the Czech Republic, Denmark, Poland and Lithuania), whereas three of them managed to correct the excessive deficits seen in the past years (Latvia, Hungary and Romania). Government debt accounted for 70.2 percent of GDP, compared to 68.2 percent of GDP in 2011, but exceeded the 60 percent of GDP reference value only in Hungary and the United Kingdom.

The current account balance worsened in the non-euro area EU Member States on the whole to reach -1.6 percent of GDP against -0.4 percent of GDP in 2011, with the United Kingdom standing out as the main culprit. In other countries the external position improved as a result of either lower current account shortfalls (Poland, Romania, Lithuania, the Czech Republic and Latvia) or wider surpluses (Sweden, Hungary). Inflows of foreign direct investment (FDI) experienced a rise in the non-euro EU Member States in terms of both absolute volume (up 16.7 percent) and as a share of GDP (to 2.7 percent of GDP in 2012 from 2.4 percent of GDP in 2011), driven by four countries, i.e. the Czech Republic, Hungary, the United Kingdom and Sweden. Portfolio investment posted net outflows worth 7 percent of GDP for these countries as a whole compared to 0.3 percent of GDP in the year before, following larger net outflows from the United Kingdom, Denmark and Bulgaria as well as lower net inflows to Sweden, Hungary and Lithuania.

⁷ The countries referred to herein are the 10 non-euro area Member States at end-2012: Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

⁸ The same as in 2011, the Czech Republic, Hungary and Denmark displayed an economic downturn.

Four out of the ten countries under review, namely Poland, Romania, the Czech Republic and Latvia, recorded net inflows of portfolio investment larger than in the preceding year.

In the United States of America, gross domestic product expanded at a faster pace year on year to reach 2.8 percent in 2012. The first-half slowdown, arising out of weaker government expenditure and the deceleration in the growth of the other domestic demand components, was followed by a rebound in economic activity, driven by the recovering private consumption and improvements in the housing market. The average annual inflation rate for 2012 stood at 2.1 percent, against 3.2 percent in the previous year, posting an uneven performance throughout the year. In 2012, the increase in employment caused the unemployment rate to fall to 8.1 percent, from 8.9 percent a year earlier. The federal budget deficit narrowed year on year by 1.5 percentage points to 8.7 percent of GDP and the public debt expanded to 90.0 percent of GDP after standing at 86.0 percent of GDP in the year before. The US current account deficit added 0.5 percentage points to 3.5 percent of GDP in the reported year.

After having contracted by 0.6 percent in 2011, Japan's economy expanded by 2.0 percent in 2012 on the back of stronger public and private consumption in the context of the reconstruction work to remove the aftereffects of the earthquake and tsunami in 2011. Moreover, unemployment rate dropped to 4.4 percent, from 4.6 percent in the prior year. Average annual inflation was slightly positive in the first half of the year but turned negative again in the second half, with consumer prices remaining virtually unchanged from the previous year (in 2011, annual inflation stood, on average, at -0.3 percent).

The growth rates of emerging Asian economies slowed to 5.8 percent in 2012, down from 7.3 percent in 2011, against the background of weaker export dynamics. Even though domestic demand partially felt the pinch of tighter fiscal and monetary policies, it was still a major driver of economic growth in those countries. Inflationary pressures abated in 2012, taking the annual inflation rate to 4.4 percent (versus 5.9 percent a year earlier), largely on account of the impact from global food prices. In the People's Republic of China, economic growth moderated to 7.7 percent in 2012, from 9.3 percent in 2011, with net exports of goods and services making a negative contribution to growth. Throughout the reported year inflation alleviated, as food prices went down, and the average annual inflation rate tumbled to 2.6 percent against 5.4 percent in the year before. The Chinese currency appreciated in nominal effective terms and the foreign currency reserve surged to USD 3,300 billion.

The economies in Latin America and the Caribbean saw an advance of 2.9 percent in GDP in 2012, down from 4.6 percent in the previous year, amid an unfriendly external environment and shrinking domestic demand. Private consumption across the region outpaced public consumption, but net exports of goods and services had a negative contribution to real GDP growth. The current account deficit in the region as a whole widened to 1.9 percent in 2012 from 1.4 percent in 2011. Urban unemployment rate dropped to 6.8 percent versus 7.3 percent a year earlier. Average annual inflation rate slipped to 5.9 percent in 2012 from 6.6 percent in 2011, largely on account of weaker economic growth and lower food and fuel prices.

II. Romania's balance of payments and international investment position in 2012

A. Balance of payments

In 2012, Romania's balance-of-payments current account deficit amounted to EUR 5,843 million. Deficit financing was ensured by financial and capital inflows worth EUR 5,010 million, including NBR's foreign currency reserves, as well as unidentified inflows (errors and omissions). The current account shortfall stemmed solely from trade with the European Union (EU), with trade with the euro area generating nearly 50 percent of this deficit.

Table 1. Balance of payments in relation to the EU and the euro area					
EUR millions					
	Total	<i>of which:</i>			
		EU	Extra-EU	EA	Extra-EA
Current account	-5,843	-6,076	233	-3,062	-2,781
Goods	-7,379	-7,211	-168	-3,867	-3,512
Services	1,129	913	216	770	359
Income	-3,025	-2,420	-605	-2,050	-975
Current transfers	3,432	2,642	790	2,085	1,347
Capital account	1,906	1,926	-20	208	1,698
Financial account	3,104	1,528	1,576	-1,567	4,671
<i>of which:</i>					
Direct investment	2,228	1,834	394	1,330	898
<i>of which:</i>					
– in Romania	2,138	1,756	382	1,229	909
Portfolio investment	3,545	2,530	1,015	422	3,123
Other	-3,945	-2,694	-1,251	-3,205	-740
Assets	40	207	-167	-237	277
Liabilities	-3,985	-2,901	-1,084	-2,968	-1,017

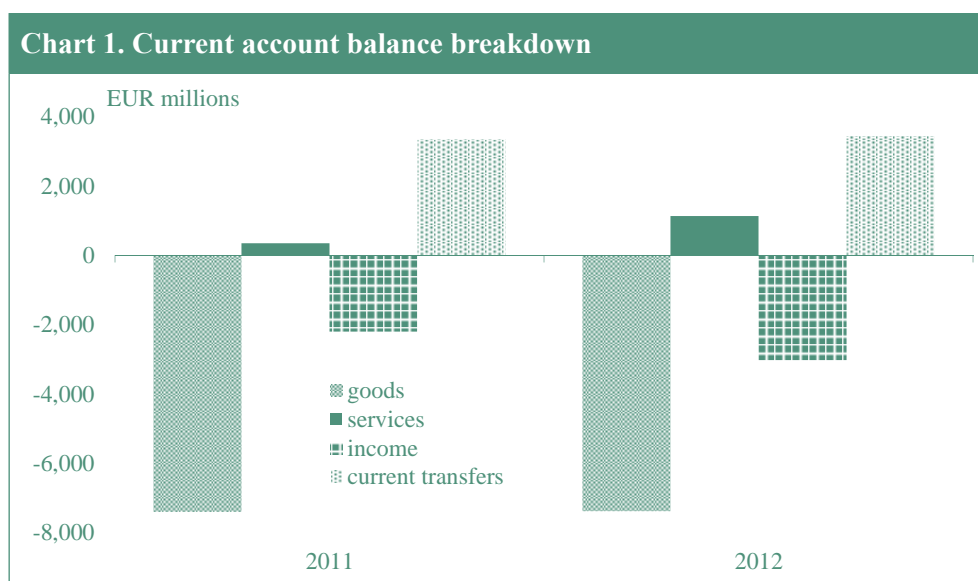
1. Current account

Romania's external position recorded a slight adjustment in 2012, when the current account deficit narrowed by 1.4 percent over a year earlier as a result of a wider surplus under services and current transfers. The current account deficit-to-GDP ratio was 4.4 percent, down 0.1 percentage points from the previous year.

Table 2. Contributions to current account deficit					
	share in GDP				
	Current account	Goods	Services	Income	Current transfers
2012	-4.4	-5.6	0.9	-2.3	2.6
2011	-4.5	-5.6	0.3	-1.7	2.5
Difference (pp)	0.1	-	0.6	-0.6	0.1

The developments in the current account and its components as a share of GDP (Table 2) show the persistence of the trade deficit, which was further the main determinant of the current account value and evolution, at a level similar to that seen in 2011, owing to comparable export and import figures. As for services, the surplus recorded in the previous two years strengthened in 2012 following the expansion of freight transport as well as some IT, financial and professional services provided to non-residents. The income deficit continued to widen, reflecting however the contraction in the net loss incurred by direct foreign investors and the increase in paid dividends. Current transfers ran a surplus equal in size to that recorded in 2011, mainly on the back of private transfers other than workers' remittances.

Table 3. Current account		
	EUR millions	
	2011	2012
Current account	-5,924	-5,843
credit	59,534	60,660
debit	65,458	66,503
Goods	-7,394	-7,379
credit	45,292	45,070
debit	52,686	52,449
Services	340	1,129
credit	7,253	8,402
debit	6,913	7,273
Income	-2,207	-3,025
credit	1,274	1,380
debit	3,481	4,405
Current transfers	3,337	3,432
credit	5,715	5,808
debit	2,378	2,376



1.1. Trade balance (goods and services)

In 2012, the goods and services balance posted a deficit of EUR 6,250 million, down 11.4 percent against 2011, as a result of the larger services surplus and the slightly lower goods trade deficit.

1.1.1. Trade balance (goods)

In 2012, trade deficit came in at EUR 7,379 million, down 0.2 percent from a year earlier, with imports declining at a faster pace than exports. The trade deficit-to-GDP ratio remained virtually unchanged from 2011 at 5.6 percent.

The highest monthly trade deficit in 2012, i.e. EUR 892 million, was recorded in October and the lowest, i.e. EUR 237 million, in November.

The trade balance – by the eight groups of goods – ended on a deficit under mineral products (EUR 4,224 million), chemical and plastic products (EUR 4,205 million), agrifoodstuffs (EUR 594 million), base metals (EUR 459 million), but rang up surpluses under textiles, wearing apparel and footwear (EUR 984 million), wood and paper products (EUR 649 million), machinery, apparatus, equipment and transport means (EUR 403 million) and other goods (EUR 22 million).

The trade balance breakdown by production stage showed a deficit under intermediate goods (EUR 4,233 million⁹), raw materials (EUR 2,970 million) and capital goods (EUR 1,241 million) and a surplus under consumer goods (EUR 1,065 million).

In terms of the geographical breakdown, intra-EU trade accounted for the bulk of trade deficit, i.e. 97.7 percent.

⁹ Other goods included.

The coverage of imports through exports was little changed over 2011 at 85.9 percent, whereas the openness of the Romanian economy decreased by 0.4 percentage points to 74.1 percent.

Table 4. Trade balance (goods)			
	2011	2012	Difference (+/-)
	EUR millions		
Exports (FOB)	45,292	45,070	-222
Imports (FOB)	52,686	52,449	-237
Trade balance (FOB/FOB)	-7,394	-7,379	15
GDP	131,515	131,676	161
Current account balance	-5,924	-5,843	81
	percent		percentage points
Share of exports in GDP	34.4	34.2	-0.3
Share of imports in GDP	40.1	39.8	-0.3
Share of trade balance in GDP	-5.6	-5.6	0.0
Share of trade balance in current account balance	124.8	126.3	1.6
Coverage of imports through exports (FOB/FOB)	86.0	85.9	-0.1
Economy openness: (exports+imports)/GDP	74.5	74.1	-0.4

Source: National Institute of Statistics

Exports of goods amounted to EUR 45,070 million¹⁰, down 0.5 percent from 2011, as a result of the shrinking demand from euro area countries, accounting for more than half of Romania's exports. In terms of value, the fall in exports came in at EUR 222 million and stemmed mostly from a lower volume (electrical machinery, apparatus and equipment; articles of iron, pig iron and steel; wearing apparel and footwear; man-made and artificial fibres) and, to a smaller extent, from the decline in external prices (iron, pig iron and steel; aluminium).

December saw the ebb of exports in 2012, i.e. EUR 3,149 million, following the peak of EUR 4,203 million in November. The monthly average of exports equalled EUR 3,756 million, down EUR 18 million from a year earlier.

Imports of goods ran at EUR 52,449 million¹¹ in 2012, down 0.4 percent year on year. In terms of value, the contraction in imports was EUR 237 million, owing to a lower volume of imports of electrical machinery, apparatus and equipment; iron, pig iron and steel and articles thereof; footwear; cotton; man-made fibres; wood products, together with the favourable contribution from external prices for electrical machinery, apparatus and equipment; motorcars, tractors; iron, pig iron and steel and articles thereof. In 2012, imports posted a low of EUR 3,786 million in January and a high of EUR 5,089 million in October. The monthly average of imports stood at EUR 4,371 million, EUR 20 million below the year-earlier figure.

¹⁰ The share of exports of goods in GDP narrowed to 34.2 percent in 2012 from 34.4 percent in 2011.

¹¹ The share of imports of goods in GDP dropped to 39.8 percent in 2012 from 40.1 percent in 2011.



1.1.1.1. Structure and geographical breakdown of exports

a) Structure of exports

Manufacturing was the main driver of exports, accounting for 91.7 percent of Romania's exports. In 2012, exports of industrial goods totalled EUR 41,335 million.

Table 5. Exports by main economic activity

	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL	45,292	45,070	99.5	100.0	100.0
Agriculture, forestry and fishery	2,359	2,318	98.3	5.2	5.1
Mining and quarrying	127	104	81.9	0.3	0.2
Manufacturing	41,351	41,335	100.0	91.3	91.7
Electricity, heating, gas and water	146	67	45.9	0.3	0.2
Other	1,309	1,246	95.2	2.9	2.8

Source: National Institute of Statistics

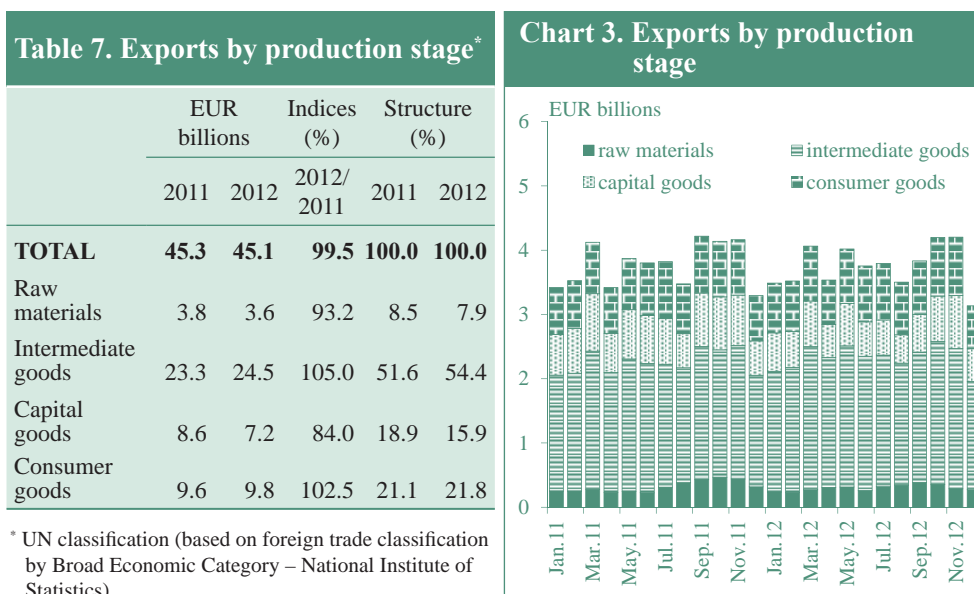
In 2012, exports of manufactured goods remained flat year on year. However, the following manufacturing activities recorded rises in exports: motor vehicles, machinery and equipment, electrical equipment, rubber and plastic products, chemicals and chemical products, wood products, as well as other less statistically-relevant activities, as set out in Table 6:

Table 6. Exports by manufacturing activity					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL,	41,351	41,335	100.0	100.0	100.0
<i>of which:</i>					
Food products	1,214	1,230	101.3	2.9	3.0
Beverages	85	87	102.4	0.2	0.2
Tobacco products	459	470	102.4	1.1	1.1
Textile products	893	893	100.0	2.2	2.2
Wood products (except furniture)	1,349	1,542	114.3	3.3	3.7
Paper and paper products	213	235	110.3	0.5	0.6
Chemicals and chemical products	2,029	2,184	107.6	4.9	5.3
Basic pharmaceuticals and pharmaceutical preparations	744	916	123.1	1.8	2.2
Rubber and plastic products	2,048	2,192	107.0	5.0	5.3
Other non-metal mineral products	295	307	104.1	0.7	0.7
Fabricated metal products	1,341	1,376	102.6	3.2	3.3
Electrical equipment	3,323	3,521	106.0	8.0	8.5
Machinery and equipment n.e.c.	3,386	3,583	105.8	8.2	8.7
Motor vehicles, trailers and semi-trailers	7,122	7,598	106.7	17.2	18.4
Furniture	1,306	1,403	107.4	3.2	3.4
Other n.e.c.	394	402	102.0	1.1	1.1

Source: National Institute of Statistics

In year-on-year comparison, the breakdown of exports by production stage illustrates a decline in the share of capital goods (down 3.0 percentage points to 15.9 percent) and raw materials (down 0.6 percentage points to 7.9 percent), along with an increase in the share of intermediate goods (up 2.8 percentage points to 54.4 percent¹²) and consumer goods (up 0.7 percentage points to 21.8 percent).

¹² Other goods included.



In 2012, the following four groups of goods had smaller contributions to exports than in the previous year, as follows: base metals (by 0.9 percentage points), machinery, apparatus, equipment and transport means (by 0.8 percentage points), mineral products (by 0.2 percentage points) and textiles, wearing apparel and footwear (by 0.1 percentage points). The remaining four groups made larger contributions to Romania's exports: chemical and plastic products (by 0.7 percentage points), wood and paper products (by 0.4 percentage points), agrifoodstuffs (by 0.1 percentage points), and other goods, including raw hides and furs (by 0.8 percentage points).

	EUR millions		Indices (%)		Structure (%)	
	2011	2012	2012/2011	2011	2012	
TOTAL	45,292	45,070	99.5	100.0	100.0	
Agrifoodstuffs	4,021	4,044	100.6	8.9	9.0	
Mineral products	2,702	2,611	96.6	6.0	5.8	
Chemical and plastic products	4,680	4,947	105.7	10.3	11.0	
Wood and paper products	1,727	1,895	109.7	3.8	4.2	
Textiles, wearing apparel and footwear	4,994	4,899	98.1	11.0	10.9	
Base metals	5,559	5,138	92.4	12.3	11.4	
Machinery, apparatus, equipment and transport means	18,709	18,267	97.6	41.3	40.5	
Other	2,900	3,269	112.7	6.4	7.2	

Source: National Institute of Statistics

b) Geographical breakdown of exports

In 2012, intra-EU exports totalled EUR 31,602 million, down 1.8 percent from 2011. The share of intra-EU exports in total exports was 70.1 percent, down 0.9 percentage points from a year earlier owing to lower exports to the euro area, especially to Italy and France.

Table 9. Exports by group of countries					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL	45,292	45,070	99.5	100.0	100.0
1. Intra-EU exports, of which:	32,166	31,602	98.2	71.0	70.1
1.1. Euro area, of which:	24,093	23,289	96.7	53.2	51.7
Germany	8,423	8,413	99.9	18.6	18.7
Italy	5,799	5,440	93.8	12.8	12.1
France	3,375	3,148	93.3	7.5	7.0
1.2. Extra-euro area, of which:	8,073	8,313	103.0	17.8	18.4
Hungary	2,581	2,410	93.4	5.7	5.3
Bulgaria	1,638	1,731	105.7	3.6	3.8
United Kingdom	1,448	1,621	111.9	3.2	3.6
Poland	1,070	1,083	101.2	2.4	2.4
2. Extra-EU exports, of which:	13,126	13,468	102.6	29.0	29.9
Turkey	2,787	2,462	88.3	6.2	5.5
Russian Federation	1,018	1,052	103.3	2.2	2.3
Ukraine	843	842	99.9	1.9	1.9
USA	798	859	107.6	1.8	1.9

Source: National Institute of Statistics

Exports to the European Union went down for mineral products (25.7 percent), base metals (5.8 percent), agrifoodstuffs (3.4 percent) and machinery, apparatus, equipment and transport means (2.6 percent), concurrently with higher exports of chemical and plastic products (4.7 percent), wood and paper products (2.1 percent) and other goods (9.8 percent).

In 2012, the groups of goods which made lower contributions to intra-EU exports were: mineral products (by 0.6 percentage points), machinery, apparatus, equipment and transport means (0.5 percentage points), base metals (0.4 percentage points) and agrifoodstuffs (0.2 percentage points).

Table 10. Exports to the European Union by group of goods					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL	32,166	31,602	98.2	100.0	100.0
Agrifoodstuffs	2,911	2,813	96.6	9.1	8.9
Mineral products	849	631	74.3	2.6	2.0
Chemical and plastic products	3,131	3,277	104.7	9.7	10.4
Wood and paper products	861	879	102.1	2.7	2.8
Textiles, wearing apparel and footwear	4,675	4,580	98.0	14.5	14.5
Base metals	3,285	3,096	94.2	10.2	9.8
Machinery, apparatus, equipment and transport means	13,981	13,611	97.4	43.5	43.0
Other	2,473	2,715	109.8	7.7	8.6

Source: National Institute of Statistics

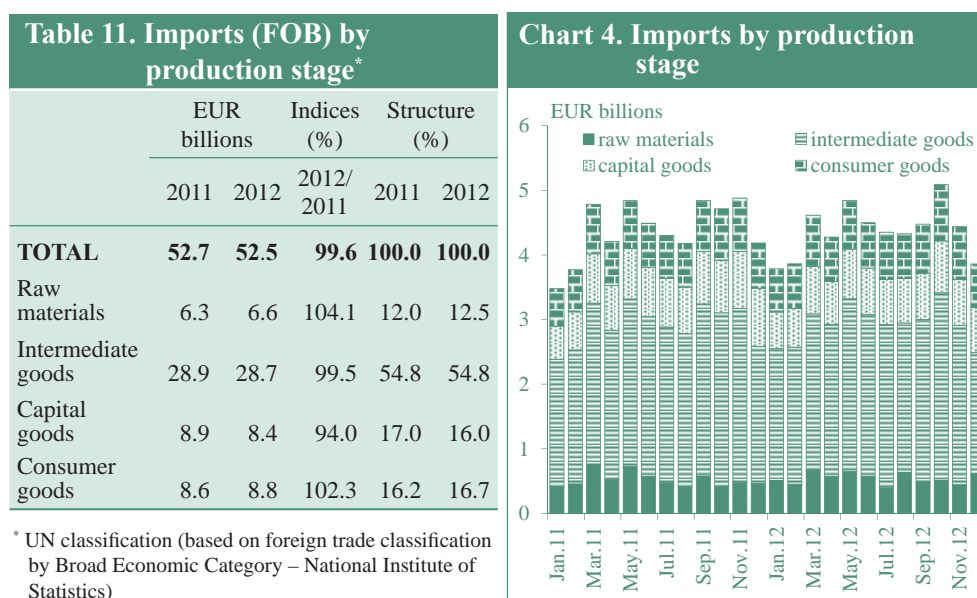
Extra-EU exports amounted to EUR 13,468 million, up 2.6 percent from 2011, accounting for 29.9 percent of total exports¹³.

The first ten export destinations¹⁴ in 2012 were: Germany (18.7 percent of total exports), Italy (12.1 percent), France (7.0 percent), Turkey (5.5 percent), Hungary (5.3 percent), Bulgaria (3.8 percent), the United Kingdom (3.6 percent), the Netherlands (2.8 percent), Spain (2.5 percent) and Poland (2.4 percent).

1.1.1.2. Structure and geographical breakdown of imports

a) Structure of imports

In 2012, the structure of imports by production stage illustrates a decrease in the share of capital goods (by 1 percentage point to 16 percent), concurrently with an increase in the share of consumer goods and raw materials (by 0.5 percentage points each to 16.7 percent and 12.5 percent, respectively).



The same as in 2011, the demand for imports was upheld in a proportion of more than 75 percent by four groups of goods: machinery, apparatus, equipment and transport means; chemical and plastic products; mineral products; base metals.

In year-on-year comparison, the shares of the following four groups of goods in total imports declined: machinery, apparatus, equipment and transport means (by 1 percentage point), base metals (by 0.6 percentage points), textiles, wearing apparel and footwear (by 0.2 percentage points), wood and paper products (by 0.1 percentage points).

¹³ Up 0.9 percentage points from 2011.

¹⁴ Accounting for 63.7 percent of total exports in 2012.

Table 12. Imports (FOB) by group of goods					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL	52,686	52,449	99.6	100.0	100.0
Agrifoodstuffs	4,262	4,593	107.8	8.1	8.8
Mineral products	6,396	6,835	106.9	12.1	13.0
Chemical and plastic products	9,034	9,152	101.3	17.1	17.4
Wood and paper products	1,338	1,246	93.1	2.5	2.4
Textiles, wearing apparel and footwear	3,981	3,915	98.3	7.6	7.4
Base metals	5,930	5,597	94.4	11.3	10.7
Machinery, apparatus, equipment and transport means	18,500	17,864	96.6	35.1	34.1
Other	3,245	3,247	100.1	6.2	6.2

Source: National Institute of Statistics

b) Geographical breakdown of imports

Intra-EU imports amounted to EUR 38,815 million in 2012, up 0.6 percent year on year. The share of intra-EU imports in total imports rose by 0.7 percentage points versus 2011 to 74 percent, with Germany, the Netherlands, Spain, Austria, Hungary, and Poland making the largest contributions thereto.

Table 13. Imports (FOB) by group of countries					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL	52,686	52,449	99.6	100.0	100.0
1. Intra-EU imports, of which:	38,602	38,815	100.6	73.3	74.0
1.1. Euro area, of which:	27,006	27,158	100.6	51.3	51.8
Germany	9,093	9,209	101.3	17.3	17.6
Italy	6,029	5,783	95.9	11.4	11.0
France	3,061	2,987	97.6	5.8	5.7
1.2. Extra-euro area, of which:	11,596	11,657	100.5	22.0	22.2
Hungary	4,631	4,753	102.6	8.8	9.1
Poland	2,096	2,254	107.5	4.0	4.3
Bulgaria	1,575	1,480	94.0	3.0	2.8
Czech Republic	1,303	1,296	99.5	2.5	2.5
United Kingdom	1,240	1,264	101.9	2.4	2.4
2. Extra-EU imports, of which:	14,084	13,634	96.8	26.7	26.0
Russian Federation	1,967	2,248	114.3	3.7	4.3
Kazakhstan	2,141	2,140	100.0	4.1	4.1
China	2,378	1,968	82.8	4.5	3.8
Turkey	1,789	1,731	96.8	3.4	3.3
Ukraine	740	471	63.6	1.4	0.9
USA	583	769	131.9	1.1	1.5

Source: National Institute of Statistics

Imports from the European Union posted increases for three groups of goods, as indicated in Table 14:

Table 14. Imports (FOB) from the European Union by group of goods					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
TOTAL	38,602	38,815	100.6	100.0	100.0
Agrifoodstuffs	3,423	3,705	108.2	8.9	9.5
Mineral products	1,338	1,609	120.3	3.5	4.1
Chemical and plastic products	7,364	7,525	102.2	19.1	19.4
Wood and paper products	1,118	1,016	90.9	2.9	2.6
Textiles, wearing apparel and footwear	3,292	3,232	98.2	8.5	8.3
Base metals	4,420	4,301	97.3	11.5	11.1
Machinery, apparatus, equipment and transport means	14,953	14,739	98.6	38.7	38.0
Other	2,694	2,688	99.8	7.0	6.9

Source: National Institute of Statistics

Extra-EU imports equalled EUR 13,634 million (down 3.2 percent versus 2011), accounting for 26 percent of total imports¹⁵.

In 2012, Romania's imports came mainly from the following ten countries: Germany (17.6 percent of total imports), Italy (11.0 percent), Hungary (9.1 percent), France (5.7 percent), Poland (4.3 percent), the Russian Federation (4.3 percent), Austria (4.2 percent), Kazakhstan (4.1 percent), China (3.8 percent), and the Netherlands (3.4 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 2012:

Table 15. Foreign trade efficiency		
	percent	
	2011	2012
Value indices		
exports	121.2	99.5
imports	117.2	99.6
Unit value indices		
exports	107.9	103.9
imports	106.2	100.7
Physical volume indices		
exports	112.3	95.8
imports	110.4	98.9
Terms of trade index		
net (unit values)	101.6	103.2
gross (physical volume)	101.8	96.8

Source: National Institute of Statistics

¹⁵ Down 0.7 percentage points from 2011.

In 2012, export and import unit values saw increases by 3.9 percent and 0.7 percent, respectively. Above-average rises in the export unit value were recorded by the following goods: pig iron, iron, steel and articles thereof, man-made fibres, aluminium and articles thereof, live animals, footwear, food products, beverages and tobacco, glass and glassware, organic chemicals. Above-average advances in the import unit value were posted by: rubber, cotton, pig iron, iron, steel, boilers, turbines, engines, articles of stone, coffee, tea, and spices.

In 2012, the physical volume of exports and that of imports saw decreases by 4.2 percent and 1.1 percent, respectively. In the case of exports, the trend was shaped by: machinery, apparatus and electrical equipment, fuels and petroleum products, pig iron, iron and steel, plastic products, fertilizers, seeds, fruits and industrial plants, inorganic chemicals. In the case of imports, significant declines in the physical volume saw machinery, apparatus and electrical equipment, articles of pig iron, iron and steel, rubber, paper and cardboard, organic chemicals, articles of stone, footwear, raw hides, cotton.

Net terms of trade index stood at 103.2 percent in 2012, as export prices saw a 3.9 percent rise and import prices posted a 0.7 percent advance. Gross terms of trade index reached 96.8 percent, pointing to a larger decline in the physical volume of exports (4.2 percent) than in that of imports (1.1 percent).

1.1.1.4. Balance on energy resources

In 2012, the balance on energy resources ended on a deficit of EUR 3,918 million¹⁶, up 16.2 percent year on year, while the coverage of imports of energy resources through exports thereof declined by 4.5 percentage points to 39 percent. The crude oil, reporting net imports worth EUR 3,085 million, made the largest contribution to the energy deficit.

Exports of energy products totalled EUR 2,507 million¹⁷, down 3.3 percent from 2011. The value of the exports of energy resources posted a EUR 85 million decrease from 2011 and was entirely ascribable to the drop in volume. Imports of energy products amounted to EUR 6,425 million¹⁸, up 7.7 percent versus 2011. In 2012 the value of the imports of energy resources went up by EUR 461 million versus 2011 and was mainly accounted for by the rise in external prices.

¹⁶ Increasing as a share of trade deficit to 53.1 percent in 2012 from 45.6 percent in 2011.

¹⁷ Decreasing as a share of total exports to 5.6 percent in 2012 from 5.7 percent in 2011.

¹⁸ Increasing as a share of total imports to 12.3 percent in 2012 from 11.3 percent in 2011.

Table 16. Net imports (FOB) of energy products		
	EUR millions	
	2011	2012
TOTAL	-3,372	-3,918
Natural gas	-938	-969
Electricity	99	2
Crude oil	-2,986	-3,085
Petroleum products	963	459
Mineral fuels	-510	-325

Source: National Institute of Statistics

1.1.2. Services balance

The services balance posted a EUR 1,129 million surplus in 2012, compared to EUR 340 million in 2011, on account of the increase in receipts from transport, travel, information services, architectural and engineering services, legal and consulting services, financial services, licence fees and royalties, operational leasing (included in “other services”). All the components of the services balance witnessed a favourable evolution compared with 2011, with transport recording a higher surplus, travel reporting a lower deficit and other services moving into surplus).

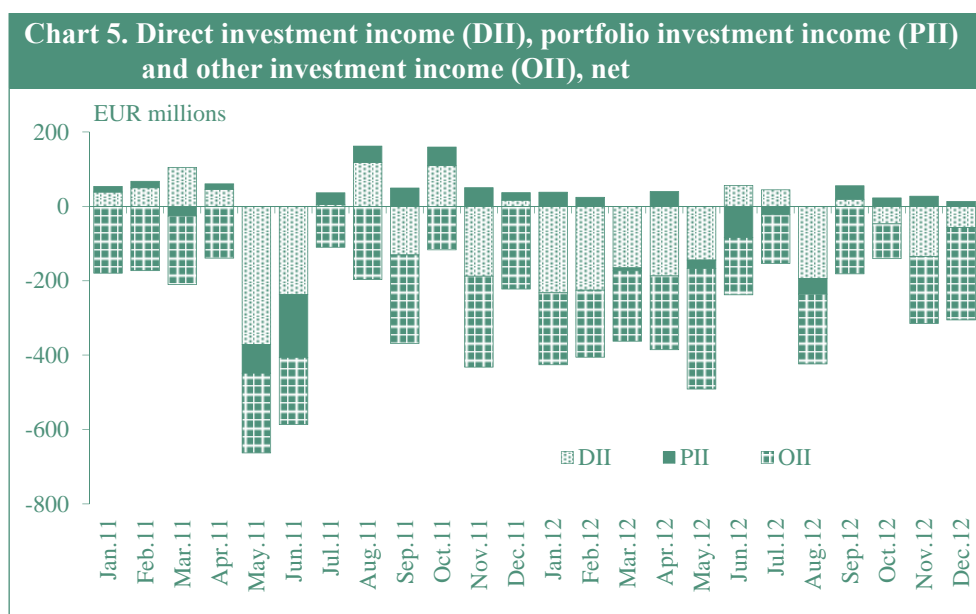
Table 17. Services balance					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
Receipts	7,253	8,402	115.8	100.0	100.0
transport	2,227	2,487	111.7	30.7	29.6
travel	1,019	1,142	112.1	14.0	13.6
other services	4,007	4,773	119.1	55.3	56.8
Payments	6,913	7,273	105.2	100.0	100.0
transport	1,344	1,325	98.6	19.4	18.2
travel	1,408	1,429	101.5	20.4	19.6
other services	4,161	4,519	108.6	60.2	62.1
Net	340	1,129	332.1	x	x
transport	883	1,162	131.6	x	x
travel	-389	-287	73.8	x	x
other services	-154	254	x	x	x

Receipts from services totalled EUR 8,402 million, up 15.8 percent from 2011, with more than half coming from various services (information, legal, consulting, architectural, communication) and approximately a third from transport (mainly from the road freight transport). Services-related payments stood at EUR 7,273 million, up 5.2 percent, with various services (financial, construction, legal, consulting, architectural, insurance, licence fees and royalties, audio-visual services) holding almost a third.

1.2. Income balance

The income balance ended the year 2012 on a EUR 3,025 million deficit, 37.1 percent wider versus 2011, mainly on account of direct investment by non-residents¹⁹ (higher dividend payments and lower net loss).

	EUR millions		Indices (%)
	2011	2012	2012/2011
Receipts	1,274	1,380	108.3
compensation of employees	499	571	114.4
direct investment	48	46	95.8
portfolio investment	578	670	115.9
other capital investment (interest)	149	93	62.4
Payments	3,481	4,405	126.5
compensation of employees	92	91	98.9
direct investment	485	1,312	270.5
portfolio investment	558	647	115.9
other capital investment (interest)	2,346	2,355	100.4
Net	-2,207	-3,025	137.1
compensation of employees	407	480	117.9
direct investment	-437	-1,266	289.7
portfolio investment	20	23	115.0
other capital investment (interest)	-2,197	-2,262	103.0



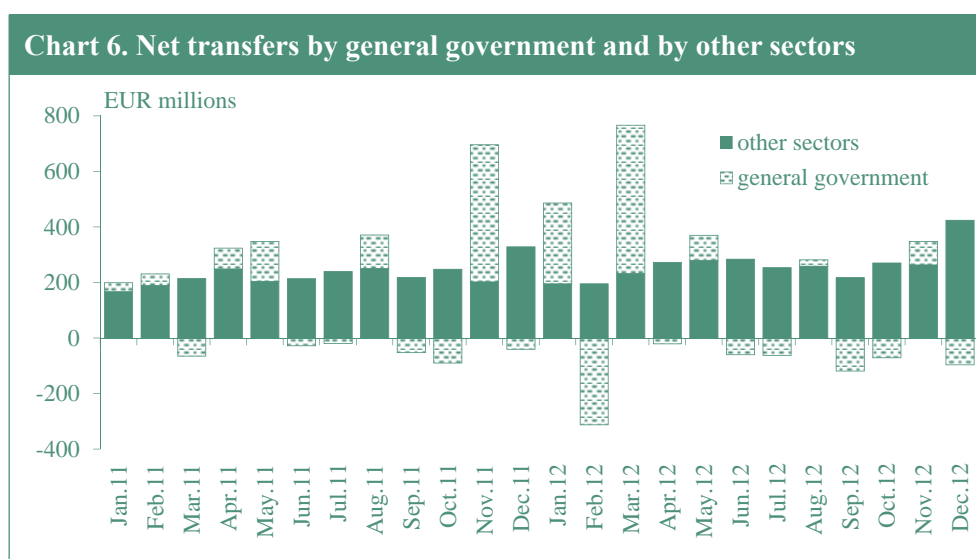
¹⁹ Statistical survey on foreign direct investment in Romania in 2012.

1.3. Current transfers balance

The current transfers balance posted a surplus of EUR 3,432 million in 2012, up 2.8 percent from 2011, mainly as a result of a marginal advance in inflows of private transfers (other than workers' remittances). The private transfers balance displayed a surplus of EUR 3,150 million, up 15.6 percent versus 2011, on account of other private transfers (donations, inheritances, sponsoring). Romanian workers' remittances remained at a level comparable to that seen in 2011, despite the economic setback posted by the main destination countries for Romanian workers (Italy, Spain).

	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
Receipts	5,715	5,808	101.6	100.0	100.0
government sector	1,984	1,827	92.1	34.7	31.5
private transfers	3,731	3,981	106.7	65.3	68.5
Payments	2,378	2,376	99.9	100.0	100.0
government sector	1,371	1,545	112.7	57.7	65.0
private transfers	1,007	831	82.5	42.3	35.0
Net	3,337	3,432	102.8	x	x
government sector	613	282	46.0	x	x
private transfers	2,724	3,150	115.6	x	x

Disbursements to Romania from the EU budget in 2012 representing current transfers of the government sector totalled EUR 1,729 million²⁰, out of which funds for agriculture and rural development²¹ accounted for roughly 90 percent. Payments to the European Union amounted to EUR 1,428 million, representing almost entirely Romania's contribution to the EU budget.



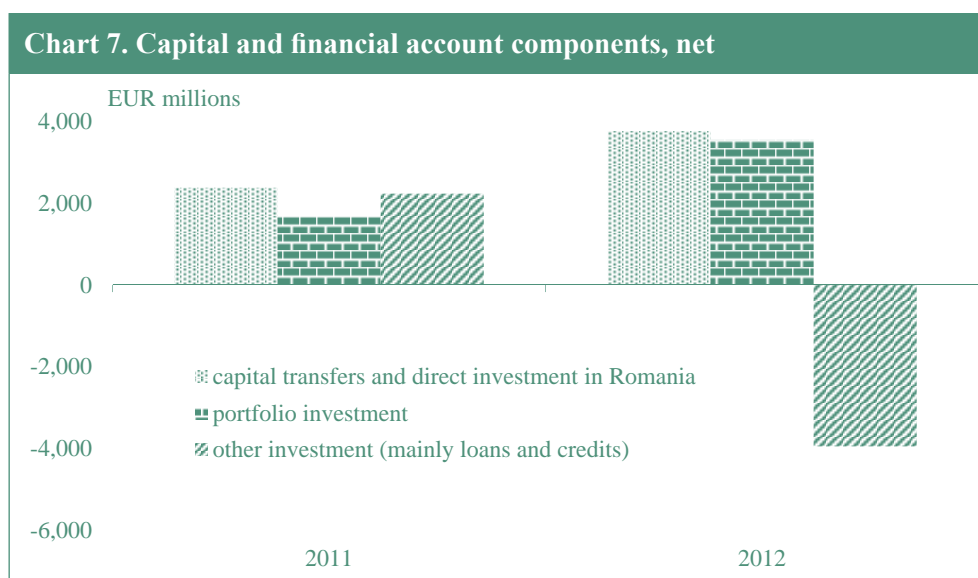
²⁰ Source: Ministry of Public Finance.

²¹ The European Agricultural Guarantee Fund (EAGF), the European Agricultural Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF).

2. Capital and financial account

In 2012, the capital and financial account balance saw an 8.9 percent decrease to EUR 5,010 million, with the increase in direct investment, portfolio investment and capital transfers offsetting the drop in financing in the form of loans and credits.

Table 20. Capital and financial account		
	EUR millions	
	2011	2012
Capital and financial account	5,497	5,010
credit	75,963	87,653
debit	70,466	82,643
Capital transfers	560	1,622
credit	844	1,814
debit	284	192
Acquisition/disposal of non-produced, non-financial assets	160	284
credit	337	451
debit	177	167
Direct investment	1,838	2,228
credit	14,544	16,721
debit	12,706	14,493
Portfolio investment	1,675	3,545
credit	5,421	8,436
debit	3,746	4,891
Financial derivatives	-71	-177
credit	428	301
debit	499	478
Other investment	2,232	-3,944
credit	54,389	58,478
debit	52,157	62,422
Reserve assets ("-" shows an increase, "+" shows a decrease)	-897	1,452
credit	-	1,452
debit	897	-



2.1. Capital account

Capital account saw net inflows of EUR 1,906 million, accounting for approximately a third of the current account deficit. Capital transfers were the main component reporting a EUR 1,622 million surplus, i.e. almost three times the level recorded in 2011. The magnitude of the change can be associated with the increase in the funds attracted from the European Union: the Cohesion Fund, the European Regional Development Fund, the European Agricultural Fund for Rural Development.

2.2. Financial account

The financial account balance totalled EUR 3,104 million, down 35 percent from the previous year, with both assets and liabilities witnessing larger decreases than in 2011.

Financial account assets show the changes to: investment by residents abroad, trading in foreign securities, financial derivatives, investments in deposits with banks abroad, loans and official reserves. In 2012, net foreign assets fell by EUR 1,413 million, exceeding markedly the contraction of EUR 195 million seen in 2011.

Table 21. Foreign assets		
	EUR millions	
	2011	2012
Foreign assets	195	1,413
credit	23,809	29,452
debit	23,614	28,039
Direct investment	23	89
credit	187	359
debit	164	270
Portfolio investment	-42	-468
credit	771	418
debit	813	886
Financial derivatives	428	300
credit	428	300
debit	-	-
Other investment	683	40
credit	22,423	26,923
debit	21,740	26,883
Reserve assets ("-" shows an increase, "+" shows a decrease)	-897	1,452
credit	-	1,452
debit	897	-

Financial account liabilities reflect investment by non-residents in Romania, trading in securities issued by residents, deposits of non-residents, financial derivatives, as well as credits and loans. In 2012, foreign liabilities increased by EUR 1,691 million, accounting for roughly a third of the advance seen in the previous year (EUR 4,582 million).

Table 22. Foreign liabilities		
	EUR millions	
	2011	2012
Foreign liabilities	4,582	1,691
credit	50,973	55,936
debit	46,391	54,245
Direct investment	1,815	2,138
credit	14,357	16,362
debit	12,542	14,224
Portfolio investment	1,717	4,014
credit	4,650	8,018
debit	2,933	4,004
Financial derivatives	-499	-477
credit	-	1
debit	499	478
Other investment	1,549	-3,984
credit	31,966	31,555
debit	30,417	35,539

2.2.1. Direct investment

In 2012, net direct investment²² in Romania totalled EUR 2,228 million, up 21.2 percent versus the previous year. Investment by non-residents in Romania²³ amounted to EUR 2,138 million, of which EUR 795 million were equity stakes (consolidated with the net loss) and EUR 1,343 million intra-group loans²⁴.

Table 23. Direct investment					
	EUR millions		Indices (%)	Structure (%)	
	2011	2012	2012/2011	2011	2012
Credit	14,544	16,722	115.0	100.0	100.0
investment by non-residents	14,357	16,362	114.0	98.7	97.8
investment by residents	187	360	192.5	1.3	2.2
Debit	12,706	14,494	114.1	100.0	100.0
investment by non-residents	12,542	14,224	113.4	98.7	98.1
investment by residents	164	270	164.6	1.3	1.9
Net	1,838	2,228	121.2	x	x
investment by non-residents	1,815	2,138	117.8	x	x
investment by residents	23	90	391.3	x	x

2.2.2. Portfolio investment

Net inflows of portfolio investment amounted to EUR 3,545 million in 2012, almost double the year-earlier figure. This was primarily attributable to the Ministry of Public Finance tapping the international markets (via a bond issue worth USD 2,250 million on the US market in the spring of 2012 and the Eurobond issues in amount of EUR 750 million and EUR 1.5 billion carried out in September and November), as well as to the trading in government securities on the secondary market.

Table 24. Portfolio investment						
	EUR millions					
	2011			2012		
	Credit	Debit	Net	Credit	Debit	Net
Assets	771	813	-42	418	887	-469
banks	280	129	151	258	278	-20
other sectors	491	684	-193	160	609	-449
Liabilities	4,650	2,933	1,717	8,018	4,004	4,014
banks	271	165	106	59	28	31
government sector	4,303	2,650	1,653	7,592	3,913	3,679
other sectors	76	118	-42	367	63	304

²² Net investment by non-residents in Romania and net investment by residents abroad.

²³ For further details, see *Foreign Direct Investment in Romania*.

²⁴ Loans between the foreign investor and the resident company.

2.2.3. Loans and credits

Medium- and long-term loans posted net outflows of EUR 1,822 million, compared to EUR 59 million in 2011, which reflects the repayment of the instalments related to the first tranche of the Stand-By Arrangement concluded with the IMF in 2009. Short-term loans saw net outflows in amount of EUR 345 million, compared to net inflows of EUR 1,183 million, reflecting the contraction of financial loans to the banking sector.

2.3. Capital and financial account structure by institutional sector

In 2012, net capital and financial inflows came mainly from the capital transfers to the government sector, direct investment in real economy (the non-bank sector) and portfolio investment in the government sector.

Table 25. Capital and financial account balance by institutional sector		
	EUR millions	
	2011	2012
Current account	-5,924	-5,843
Capital and financial account	5,497	5,010
1. Capital account	720	1,906
government sector	566	1,559
banks	154	347
2. Portfolio investment	4,777	3,104
a. Direct investment	1,838	2,228
banks	389	-251
non-banks	1,449	2,479
b. Portfolio investment	1,675	3,545
government sector	1,653	3,679
banks	257	12
non-banks	-235	-146
c. Financial derivatives	-71	-177
banks	-47	-161
non-banks	-24	-16
d. Other investment	2,232	-3,944
monetary authority	939	-1,441
government sector	1,650	132
banks	504	-2,118
non-banks	-861	-517
e. NBR reserve assets	-897	1,452
Errors and omissions	427	833

Capital transfers to the government sector consisted of funds attracted from the European Union, especially from the Cohesion Fund, the European Regional Development Fund and the European Agricultural Fund for Rural Development. The non-bank sector saw the largest volume of inflows from direct investment, with equity stakes (adjusted with the net loss) and intra-group loans, respectively, making relatively equal contributions. As concerns portfolio investment, the government sector made the largest contribution via the bonds issued by the Ministry of Public Finance on the international markets. Loans and deposits (other investment) posted net outflows reflecting the repayment of the instalments related to the first tranche of the Stand-By Arrangement concluded with the IMF in 2009 (the government sector and the monetary authority). Net outflows of other investment reported by the bank sector stemmed mainly from deposits by non-residents and short-term loans.

2.4. Financing of the current account deficit

In 2012, approximately two thirds of the current account deficit were covered by direct investment and capital transfers, and a third by portfolio investment.

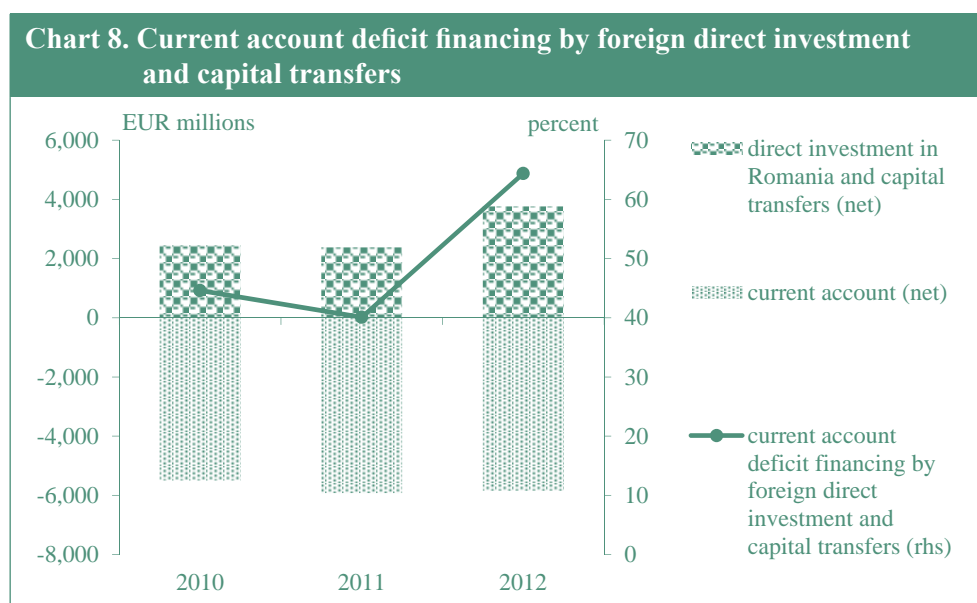


Table 26. Financing of the current account deficit		
	EUR millions	
	2011	2012
Financing sources	5,924	5,843
a. capital transfers, net	560	1,622
b. direct investment, net	1,838	2,228
<i>of which:</i>		
– direct investment by non-residents in Romania	1,815	2,138
• equity stakes (consolidated with the net loss)	1,512	795
• intra-group loans	303	1,343
c. portfolio investment, net	1,675	3,545
d. other capital investment:	2,748	-3,004
– medium- and long-term loans	-59	-1,822
• inflows	9,175	6,673
• repayments	9,234	8,495
– medium- and long-term granted loans, net	743	126
– short-term loans, net	922	-103
– other investment ¹	1,142	-1,205
e. NBR reserve assets (“-” shows an increase)	-897	1,452

¹⁾ Including net positions for: non-produced, non-financial assets, financial derivatives, currency and deposits, other assets, other liabilities, errors and omissions.

Net outflows from medium- and long-term loans stood at EUR 1,822 million, compared to EUR 59 million in 2011 against the background of a lower volume of new loans and the repayment of the first two instalments related to the first tranche of the Stand-By Arrangement concluded with the IMF in 2009. In 2012, the inflows from medium- and long-term loans and credits were 27.3 percent lower than in the previous year and repayments declined by 8 percent from 2011. A similar trend was noticed in the case of short-term loans and credits, which saw net outflows in amount of EUR 103 million, compared to net inflows of EUR 922 million in 2011.

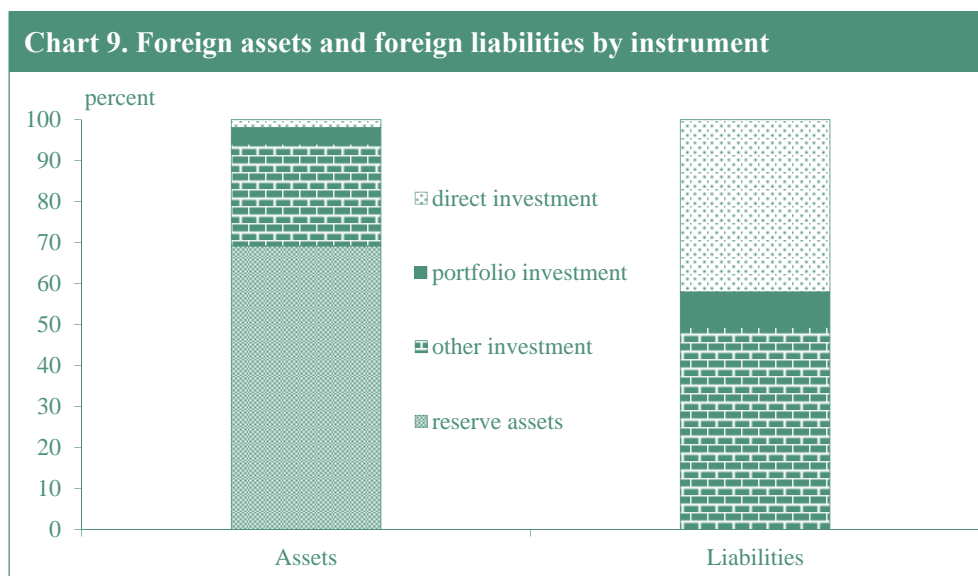
B. Romania's international investment position

1. Overview

Romania's international investment position stuck to the trend witnessed in previous years, with its debit balance widening to EUR 89.5 billion at end-2012, up EUR 5.1 billion (or 6 percent) from a year earlier. Behind this increase stood net transactions with non-residents (EUR -3.1 billion), price revaluations (EUR -0.8 billion) and other adjustments (EUR -2.2 billion), while exchange rate movements made a positive contribution of EUR 1.0 billion.

The year 2012 saw foreign liabilities expand by EUR 1.7 billion, whereas foreign assets shrank by EUR 1.4 billion. External funding came largely in the form of portfolio investment (shares, bonds and money market instruments) and direct

investment (equity stakes, intra-group loans). Foreign loans together with deposits (medium and long term, but also short-term ones) made a negative contribution to external funding, given external debt repayments and the maturing deposits, only a small share of which was renewed.



At end-2012, gross external debt totalled EUR 99.7 billion (from EUR 98.7 billion at end-2011), while loans from parent companies equalled EUR 20.5 billion (versus EUR 19 billion in December 2011), reflecting the preference for financing in the form of intercompany lending. Foreign investment in the form of equity stakes grew by EUR 2.3 billion, totalling EUR 39.3 billion at end-2012, indicative of non-resident partners' propensity for long-term investment in the shares of Romanian companies.

The monetary authority preserved its net creditor position, the EUR 1.5 billion decline in foreign assets (owing primarily to repayments under the Stand-By Arrangement concluded by the Romanian authorities in 2009) notwithstanding. This sector's foreign liabilities witnessed a corresponding adjustment, so that the net position declined slightly (-1 percent) year on year, to stand at EUR 26.7 billion at end-2012. The net debtor position of the banking sector shrank to EUR 27.1 billion, on account of the rise in foreign assets in the form of deposits and the decline in foreign liabilities, driven mainly by the lower shares of short-term loans and time deposits with a maturity of more than one year. The banking system saw an increase in equity stakes, resulting from adjustments due to accounting reclassifications performed at the beginning of 2012, when the new accounting standards were adopted, in line with European regulations.

The net debtor position of the government sector widened further by 13.4 percent as against 31 December 2011 (to EUR -23 billion), given the higher external debt of this sector, which financed the 2012 budget deficit primarily via issues of Eurobonds and government securities on the external/domestic market. The outstanding amount of the net position contracted following the adjustment brought about by the institutional reclassification of the shares issued by *Proprietatea* Fund from the government sector to the non-bank financial institutions sector.

The net debtor position of the real economy widened by 6 percent to EUR -66.1 billion versus end-2011, given that non-resident investors continued to increase their equity stakes in Romanian companies and to grant loans to subsidiaries. Financing via loans from entities other than parent undertakings was achieved by raising short-term funds.

Table 27. International investment position				
	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	-84,394	100.0	-89,481	100.0
government sector	-20,260	24.0	-22,970	25.7
monetary authority	26,972	-32.0	26,705	-29.8
banks	-28,749	34.1	-27,094	30.3
other sectors	-62,357	73.9	-66,122	73.9

On the background of much lower capital inflows than in previous years, to which added external debt repayments, Romania's international reserve diminished by EUR 1.5 billion. The lower prices of portfolio securities also made a contribution to the decline. The foreign assets of the banking sector equalled EUR 1.9 billion, up 15.5 percent from end-2011. Foreign exchange assets of the National Bank of Romania and the banking sector amounted to EUR 33.1 billion, below the previous year's reading (EUR 34.8 billion), covering only 6.7 months of imports of goods and services.

Table 28. Foreign reserve assets		
	EUR millions	
	31.12.2011	31.12.2012
1. Romania's international reserve	37,252	35,413
gold	4,058	4,207
foreign exchange	33,194	31,206
2. Credit institutions	1,639	1,892
foreign exchange	1,639	1,892
3. Foreign reserve assets,	38,891	37,305
<i>of which:</i>		
3.1. foreign exchange	34,833	33,099

2. International investment position

2.1. Foreign assets

At end-2012, foreign assets stood at EUR 51,190 million, down 2.5 percent year on year, given that capital transactions amounted to EUR -1,412 million and revaluation flows (price, exchange rate changes and reclassification effects) totalled EUR 122 million.

Table 29. Foreign assets by instrument				
	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	52,480	100.0	51,190	100.0
– direct investment	1,050	2.0	984	1.9
• equity stakes	368	0.7	343	0.7
• intra-group loans	682	1.3	641	1.3
– portfolio investment	1,610	3.1	2,054	4.0
• shares	726	1.4	910	1.8
• bonds	883	1.7	1,115	2.2
• money market instruments	1	-	29	0.1
– financial derivatives	-	-	1	-
– other investment	12,568	23.9	12,739	24.9
• loans	3,526	6.7	3,572	7.0
• trade credits	4,547	8.7	4,183	8.2
• currency and deposits	3,341	6.4	3,822	7.5
• other assets	1,154	2.2	1,162	2.3
– reserve assets	37,252	71.0	35,413	69.2

The breakdown of foreign assets by main component of the capital account remained relatively unchanged from end-2011, with reserve assets further prevailing, with 69.2 percent of total, ahead of “other investment” (24.9 percent, up slightly from a year earlier), portfolio investment (4.0 percent, above the previous year’s reading) and direct investment abroad (1.9 percent).

Residents’ direct investment abroad stood at EUR 984 million at end-2012, down 6.3 percent year on year, as a result of the drop in equity stakes and in the volume of loans from parent companies to subordinated units with Romanian capital that operate abroad.

The balance on portfolio investment of local investors (EUR 2,054 million) surged to stand more than EUR 400 million (27.6 percent) higher than at end-2011. The breakdown of portfolio investment by instrument shows the Romanian investors’ bias towards bonds or other medium- and long-term securities, as well as

towards foreign company shares, with only marginal purchases of units of collective investment undertakings and money market instruments.

During the period under review, the balance on other investment widened by merely 1.3 percent, as a result of making new deposits, i.e. the only financial instrument on the rise compared to the previous year. All the other components (short or medium to long-term loans, trade credits, and other liabilities) either remained unchanged or declined year on year.

At end-2012, Romania's international reserve came in at EUR 35,413 million, down from EUR 37,252 million at end-2011, on account of net transactions (EUR -1,452 million) and revaluation flows (EUR -387 million). Specifically, Romania's international reserve shrank 4.9 percent as compared with a year earlier, owing to external debt repayments and changes in foreign currency-denominated minimum reserves set up by credit institutions (partly offset by capital inflows in the form of Eurobond issues and by developments in the gold price on global markets).

The breakdown of foreign assets by institutional sector reveals that the monetary authority further held the largest share (69.2 percent), ahead of the real sector (21.2 percent), the government sector (5.0 percent) and the banking sector (4.5 percent) as at 31 December 2012.

Table 30. Foreign assets by institutional sector				
	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	52,480	100.0	51,190	100.0
monetary authority	37,283	71.0	35,444	69.2
government sector	2,734	5.2	2,575	5.0
banks	1,975	3.8	2,303	4.5
other sectors	10,488	20.0	10,869	21.2

2.2. Foreign liabilities

At end-2012, foreign liabilities amounted to EUR 140,671 million, up 2.8 percent from the end of the previous year, as a result of net foreign transactions (EUR 1,690 million) and revaluation flows (EUR 2,105 million).

Table 31. Foreign liabilities by instrument

	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	136,875	100.0	140,671	100.0
– direct investment	55,139	40.3	59,125	42.0
• equity stakes	37,001	27.0	39,266	27.9
• intra-group loans	18,138	13.3	19,860	14.1
– portfolio investment	7,521	5.5	12,113	8.6
• shares	1,339	1.0	2,395	1.7
• bonds	4,300	3.1	8,676	6.2
• money market instruments	1,881	1.4	1,042	0.7
– financial derivatives	1	-	1	-
– other investment	74,215	54.2	69,432	49.4
• loans	56,955	41.6	55,224	39.3
• trade credits	1,974	1.4	1,848	1.3
• currency and deposits	5,967	4.4	3,907	2.8
• other liabilities	9,319	6.8	8,452	6.0

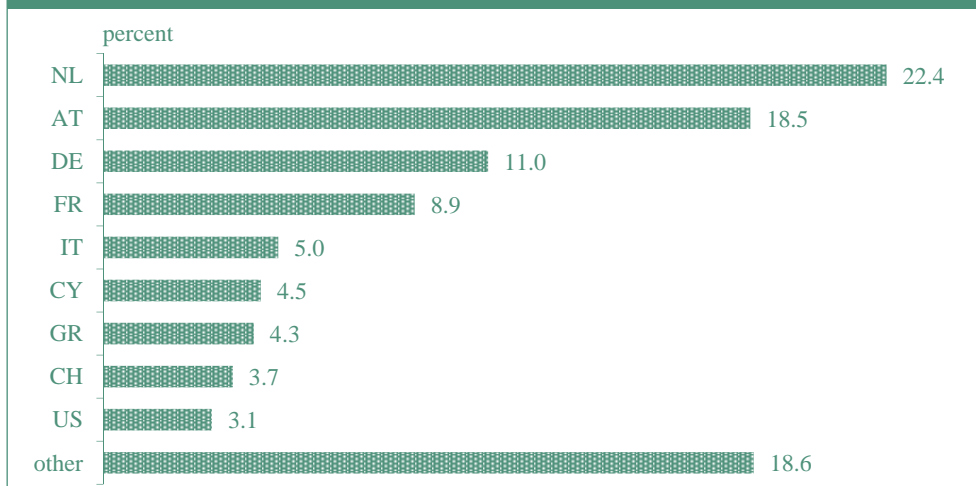
The breakdown of foreign liabilities by main financial instrument shows that “other investment” further held the largest share (49.4 percent), down 4.8 percentage points versus 2011, followed by direct investment (42 percent) and portfolio investment (8.6 percent).

At end-2012, the balance on non-residents’ direct investment in Romania (foreign direct investment) stood at EUR 59,125 million, up 7.2 percent year on year, on the back of net capital inflows in amount of EUR 2,139 million and changes in equity prices (EUR 402 million). The domestic currency depreciation versus the major currencies had a negative impact on the balance of direct investment in Romania, with the adjustments from exchange rate movements totalling EUR 1,018 million in the period under consideration. Other adjustments associated with accounting restatements exerted a positive impact (EUR 2,464 million).

The major foreign investors²⁵ in Romania as at end-2012 came from the Netherlands, Austria, Germany, France, Italy, Cyprus, Greece, Switzerland, and the United States.

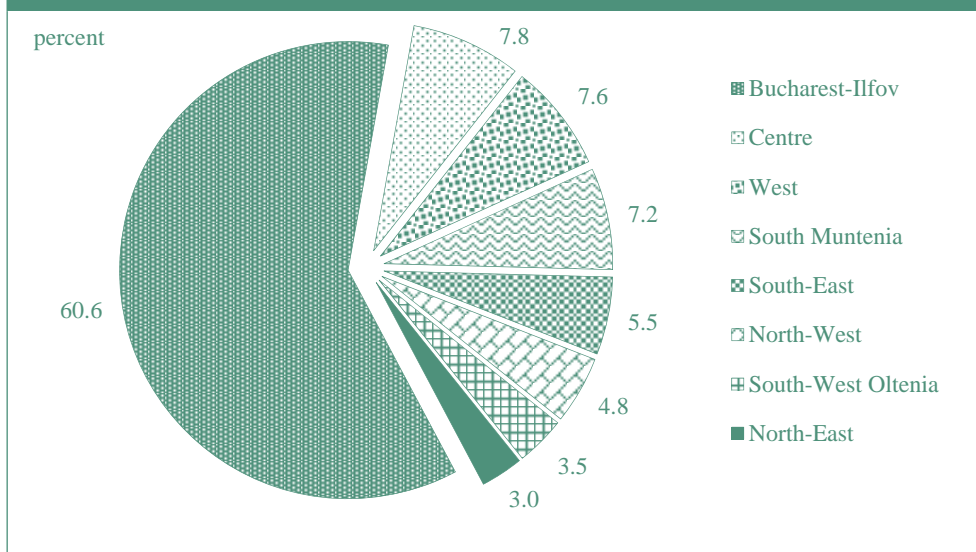
²⁵ Statistical survey on foreign direct investment in Romania in 2012.

Chart 10. FDI breakdown by country of origin

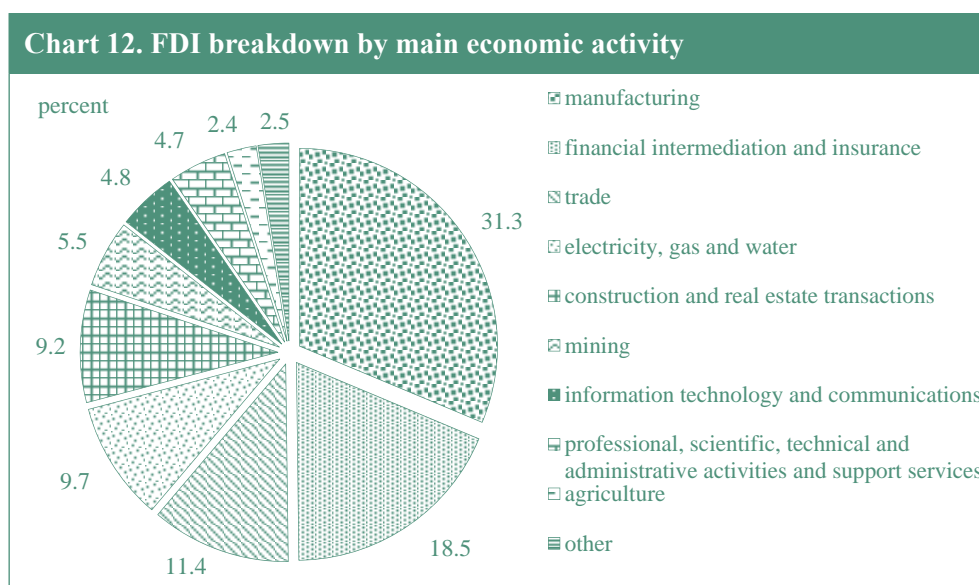


The geographic spread of foreign direct investment shows that the Bucharest-Ilfov region was in the lead, followed by Centre, West, South Muntenia, and South-East. The same as in the previous year, North-East came in last in terms of foreign direct investment.

Chart 11. Geographic spread of foreign direct investment in Romania



Foreign direct investment was channelled mostly to manufacturing. As concerns structure, foreign direct investment was largely earmarked for oil processing, chemical products, rubber and plastic products, transport means, metallurgy, food, beverages and tobacco, as well as concrete, glass, and ceramics. Among the other sub-sectors that posed interest to foreign investors were financial intermediation and insurance, trade, energy, construction and real estate transactions, mining, information technology and communications, professional, scientific, technical and administrative activities and support services.



The two components of direct investment posted similar developments in the period under review, with equity stakes and intra-group loans picking up 6.1 percent and 9.5 percent respectively.

At end-2012, portfolio investment saw its share in total foreign liabilities moving ahead 3.1 percentage points, following its increase from the previous year by EUR 4,592 million or 61.1 percent. The need to finance the 2012 budget deficit prompted the Ministry of Public Finance to resort to several government security issues on the domestic capital market, partly purchased by non-resident investors. The bias on the domestic market was towards EUR-denominated long-term government securities. External funding was also achieved via issues of bonds on foreign capital markets, which proved very attractive to non-residents as well. The appetite for equity investment became keener towards end-2012, causing the widening of the related balance to EUR 2,395 million. Equity prices and adjustments made a positive contribution to the ending balance.

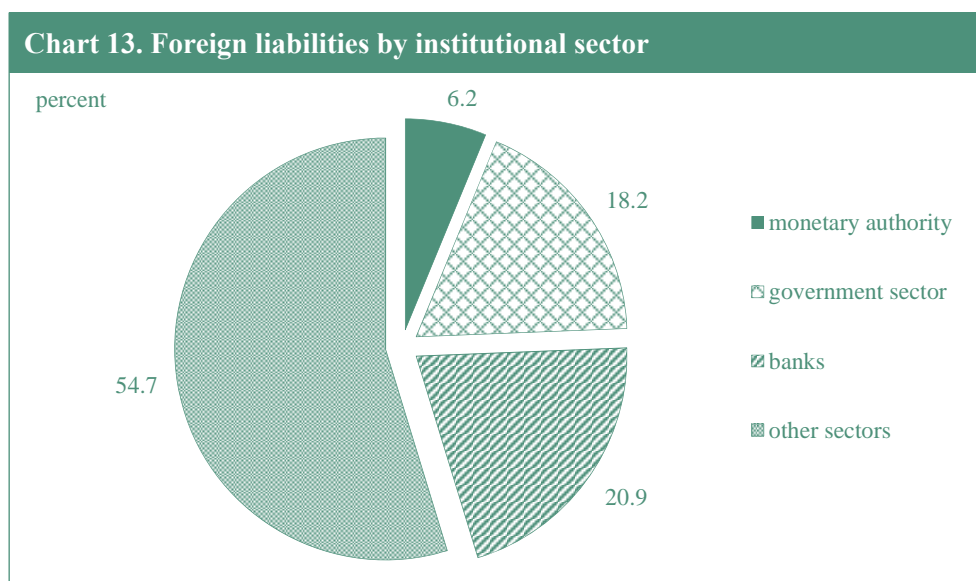
The Government of Romania launched the first of its issues on foreign capital markets in February 2012, by tapping the US market with a bond issue worth USD 2,250 million and a 6.75 percent coupon. In September the MPF reopened the books on a former issue in the amount of EUR 750 million and a coupon rate set at 6.5 percent. Finally, November saw the closing issue of the year under review, totalling EUR 1,500 million at a coupon rate of 4.875 percent. The funds raised via these issues helped ease the pressure on government security yields on the domestic market. In addition, bonds worth EUR 700 million were redeemed in May 2012.

Other investment amounted to EUR 69,432 million at end-2012, down 6.4 percent from a year earlier, following capital outflows in the form of instalment payments related to all categories of financial instruments, short, medium and long-term credits, as well as deposits. Under "other adjustments", mention should be made of the reclassification of the shares issued by *Proprietatea* Fund from the central general government (other liabilities) to non-bank financial institutions (portfolio investment,

shares), which prompted an increase in portfolio investment to the detriment of other liabilities.

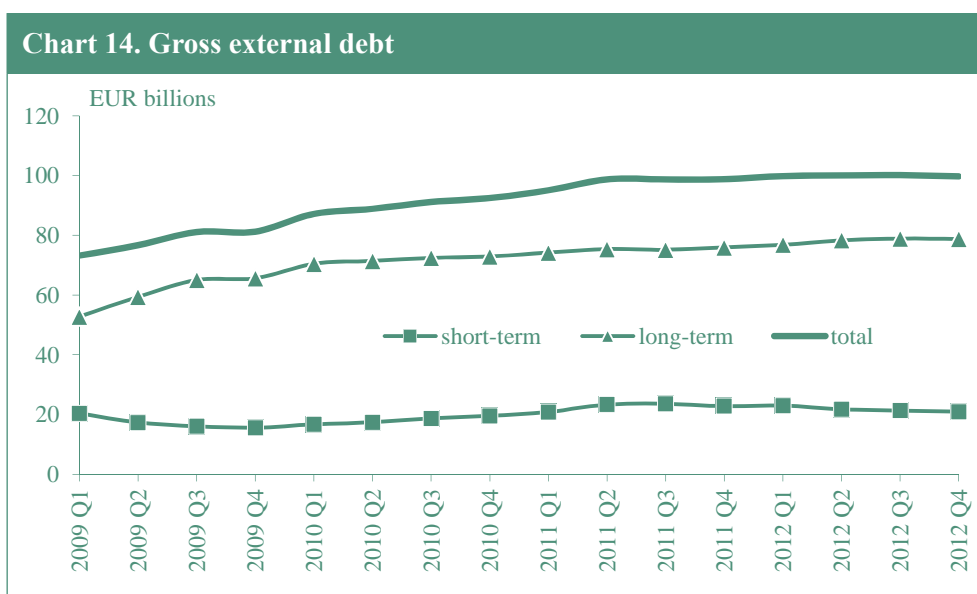
Table 32. Foreign liabilities by institutional sector				
	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	136,875	100.0	140,671	100.0
monetary authority	10,311	7.6	8,739	6.2
government sector	22,994	16.4	25,545	18.2
banks	30,724	22.5	29,397	20.9
other sectors	72,845	53.5	76,991	54.7

The breakdown of foreign liabilities by institutional sector indicates that, at end-2012, the real economy still held the largest share, followed by the banking sector, the government sector (with a rising share due to increasing borrowing requirements), and the monetary authority, whose share narrowed on account of repayments in line with the schedule under the external funding package.



2.2.1. External debt

As of 2009, gross external debt entered an upward path that revealed higher borrowing requirements, with its volatile component, i.e. the short term, displaying slightly uneven developments due to the short-lived trend reversals seen in the financial and business environments.



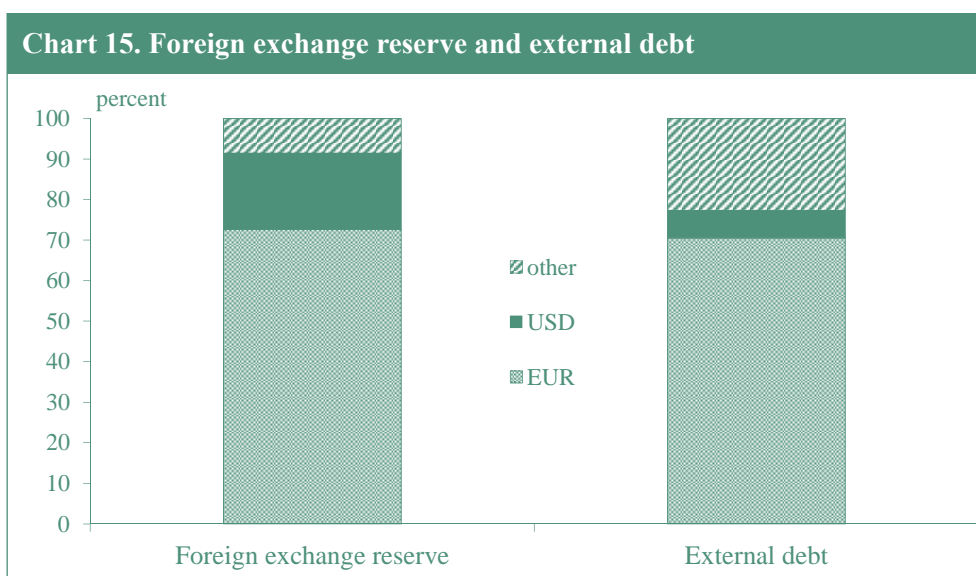
At end-2012, external debt²⁶ totalled EUR 99,681 million, slightly up (+1 percent) from end-2011, on the back of net capital inflows worth EUR 1,279 million.

Table 33. Foreign exchange reserve and external debt by currency as at year-end 2012

	Foreign exchange reserve		External debt	
	EUR millions	%	EUR millions	%
TOTAL	31,206	100.0	99,681	100.0
EUR	22,694	72.7	70,315	70.5
USD	5,847	18.7	6,779	6.8
other	2,665	8.6	22,587	22.7

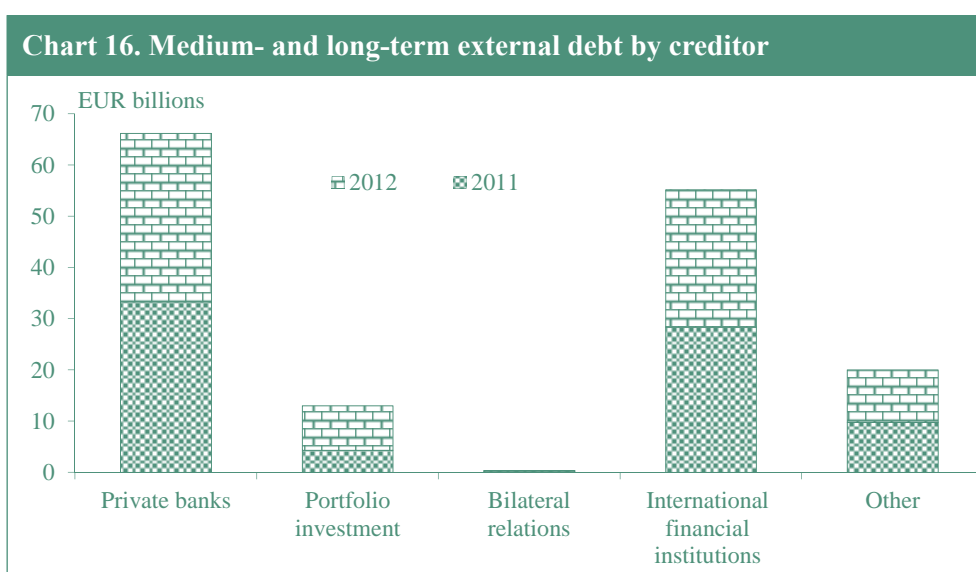
External debt by currency points out that the euro was in the lead, ahead of the US dollar and other currencies; the composition of the foreign exchange reserve was much the same, with the euro prevailing.

²⁶ External debt balance is cash-based, net of accrued unmatured interest.



Medium- and long-term external debt ran at EUR 78,760 million at end-2012, 3.7 percent higher year on year, as a result of net inflows tantamount to EUR 3,729 million, diminished by a negative adjustment stemming from exchange rate changes (EUR -571 million) and debt-to-equity swaps (EUR -327 million).

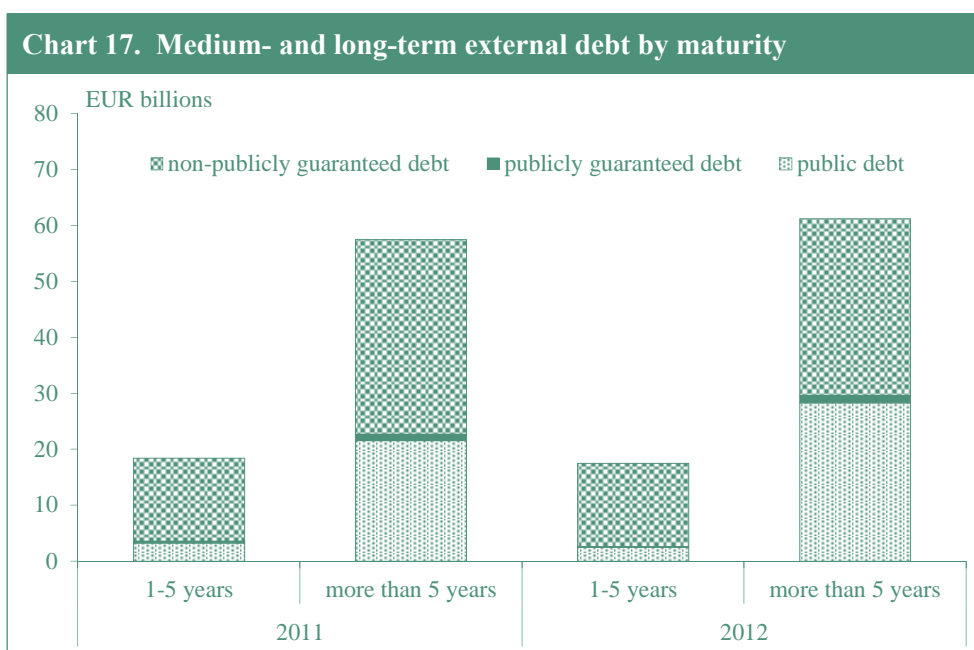
Medium- and long-term external debt by creditor at end-2012 shows that private creditors were further in the lead, while international financial institutions slightly decreased their share, owing particularly to the start of repayments on the 2009 financing agreement. Out of private creditors, foreign credit institutions continued to channel medium- and long-term loans into the economy, ahead of foreign companies and other financial institutions, while portfolio investment doubled its share due to increased borrowing requirements, as well as to higher funds available for this type of instrument.



	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	75,929	100.0	78,760	100.0
International financial institutions	28,338	37.3	26,871	34.1
IBRD	2,696	3.6	2,666	3.4
EIB	3,828	5.0	4,275	5.4
EBRD	2,045	2.7	1,898	2.4
EU	5,025	6.6	5,013	6.4
IMF	12,541	16.5	10,799	13.7
Bilateral relations	205	0.3	129	0.2
Republic of Korea	19	-	26	-
Germany	101	0.1	92	0.1
Japan	65	0.1	6	-
Portfolio investment	4,300	5.7	8,676	11.0
CS First Boston Switzerland	707	0.9	707	0.9
Deutsche Bank	1,412	1.9	1,412	1.8
JP Morgan	433	0.6	433	0.5
Erste Bank	1,275	1.7	1,139	1.4
Deutsche Bank London/HSBC	-	-	1,663	2.1
Barclays/Citigroup	-	-	1,168	1.5
Private banks	33,331	43.9	32,837	41.7
Austria	13,502	17.8	13,174	16.7
Germany	1,690	2.2	1,514	1.9
France	2,216	2.9	2,188	2.8
Greece	3,229	4.3	3,039	3.9
Italy	1,049	1.4	766	1.0
Luxembourg	1,403	1.8	1,795	2.3
Hungary	906	1.2	754	1.0
The Netherlands	5,321	7.0	5,950	7.6
United Kingdom	1,912	2.5	1,463	1.9
Other	9,755	12.8	10,247	13.0

Medium- and long-term external debt by maturity at end-2012 highlights that the share of long-term debt rose from a year earlier, further holding the larger share, while medium-term debt slightly declined, due largely to non-publicly guaranteed loans. This reveals that both the general government and the non-financial corporations focus on maturities that ensure avoiding peak debt repayments.

	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	75,929	100.0	78,760	100.0
1-5 years	18,426	24.3	17,526	22.3
public debt	3,259	4.3	2,502	3.2
publicly guaranteed debt	322	0.4	111	0.1
non-publicly guaranteed debt	14,845	19.6	14,913	18.9
more than 5 years	57,503	75.7	61,234	77.7
public debt	21,542	28.4	28,347	36.0
publicly guaranteed debt	1,144	1.5	1,313	1.6
non-publicly guaranteed debt	34,817	45.9	31,574	40.1



Medium- and long-term external debt by interest rate points out that floating-rate loans were further in the lead and are currently on an upward trajectory, the most frequently used floating rates being 6M, 3M, and 1M EURIBOR. Fixed-rate loans tended to decrease as compared to the preceding year, the two ranges (up to and over 5 percent) displaying fairly equal shares in 2012.

Table 36. Medium- and long-term external debt by interest rate				
	31.12.2011		31.12.2012	
	EUR millions	%	EUR millions	%
TOTAL	75,929	100.0	78,760	100.0
Floating rates,	57,832	76.2	62,453	79.3
<i>of which:</i>				
IBRD STANDARD RATE	142	0.2	75	0.1
3M USD LIBOR	1,784	2.3	1,843	2.3
6M USD LIBOR	2,866	3.8	2,393	3.0
12M USD LIBOR	562	0.7	739	0.9
6M EURO LIBOR	1,117	1.5	1,014	1.3
1M EURIBOR	3,188	4.2	4,024	5.1
3M EURIBOR	9,686	12.8	10,408	13.2
6M EURIBOR	11,882	15.6	11,244	14.3
12M EURIBOR	2,284	3.0	1,929	2.4
Fixed rates	18,097	23.8	16,307	20.7
0.0-4.99%	10,324	13.6	7,891	10.0
5.0-9.99%	7,773	10.2	8,415	10.7
over 10.0%	-	-	-	-

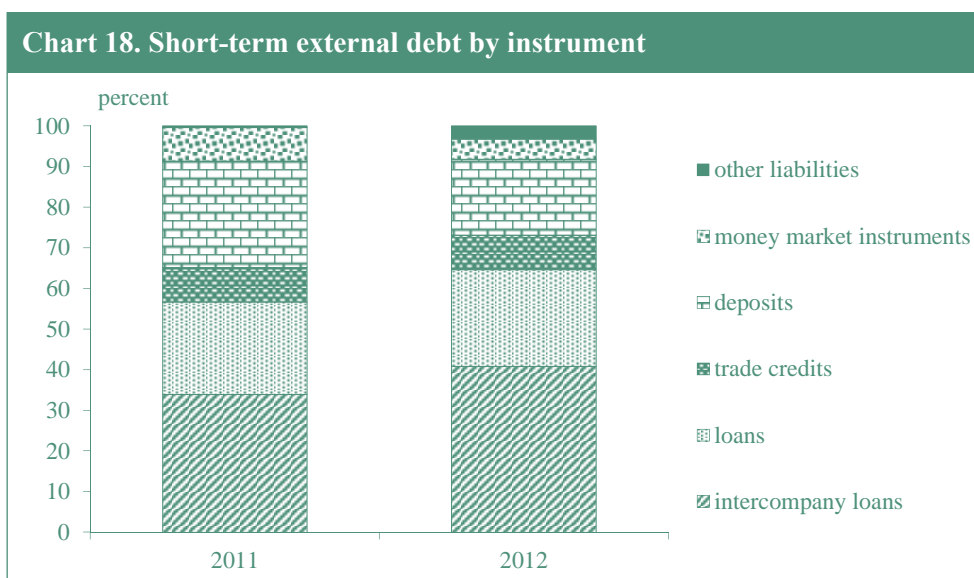
Throughout 2012, short-term external debt dropped markedly by 8.2 percent to EUR 20,921 million, making up 21 percent of total gross external debt. Institutional sectors held highly different weights in the short-term external debt, the real sector making the largest contribution, ahead of credit institutions and the government sector.

Table 37. Short-term external debt by institutional sector				
	2011		2012	
	EUR millions	%	EUR millions	%
TOTAL	22,795	100.0	20,921	100.0
government sector	1,932	8.5	1,134	5.4
monetary authority	53	0.2	57	0.3
banks	7,479	32.8	5,329	25.5
other sectors	13,331	58.5	14,401	68.8

From a sectoral perspective, 2012 saw different developments as compared with the preceding year. Because of the fairly restrictive financial environment, the real sector resorted to short-term loans more than in previous years, while the banking sector and the government sector tended to do the opposite, given the alternative to change the maturity of loans.

	2011		2012	
	EUR millions	%	EUR millions	%
TOTAL	22,795	100.0	20,921	100.0
intercompany loans	7,726	33.9	8,550	40.9
loans	5,199	22.8	4,969	23.7
trade credits	1,928	8.5	1,775	8.5
deposits	5,967	26.2	3,907	18.7
money market instruments	1,881	8.3	1,042	5.0
other liabilities	94	0.4	678	3.2

Short-term external debt by financial instrument indicates a preference for certain types, i.e. a stronger focus on intercompany lending, while traditional instruments posted a downward trend.

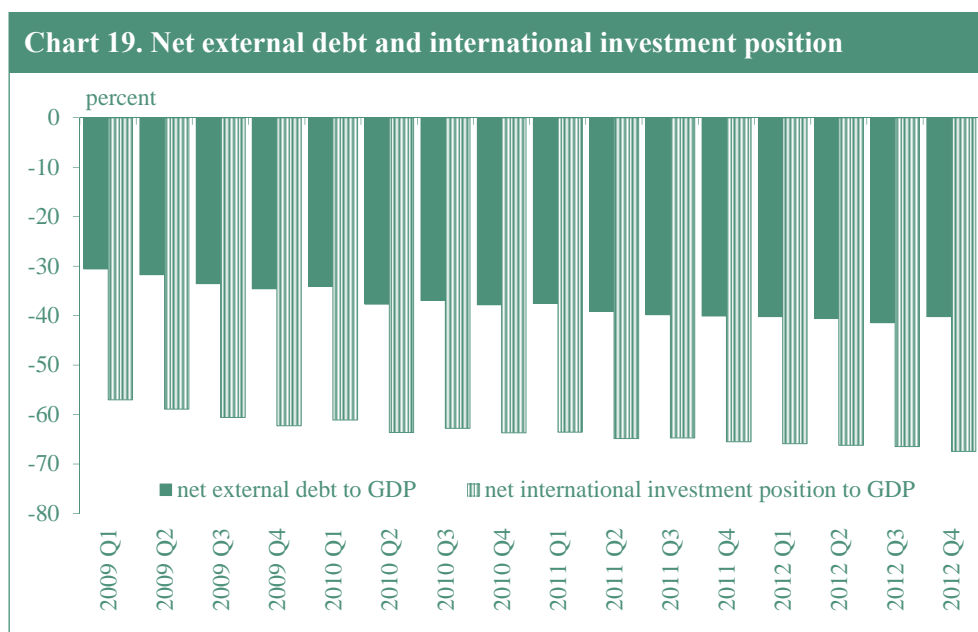


In 2012, external debt service amounted to EUR 54,268 million, of which principal repayments equalled EUR 50,339 million and payments of interest and commissions totalled EUR 3,929 million. By maturity, the share of short-term external debt service decreased to 65.6 percent (from 67.3 percent in 2011), concurrently with the widening of the share of medium- and long-term external debt service from 32.7 percent in 2011 to 34.4 percent.

	2011	2012
EDS (EUR millions)	46,232	54,268
EXP* (EUR millions)	52,545	53,472
GDP (EUR millions)	131,515	131,676
EDS/GDP (%)	35.2	41.2
EDS/EXP* (%)	88.0	101.5

* Exports of goods and services

While in 2011 the share of external debt service stood below 100 percent in exports and at around a third in GDP, in 2012 its share in GDP accounted for over 40 percent and its share in total exports increased to 101.5 percent.



The share of net external debt in GDP²⁷ saw a steady rise over time (-40.3 percent at end-2012) that was reflected also by Romania's net international investment position (-67.5 percent). Foreign direct investment stock as a share in GDP also followed an upward trend over time, in a range between around 20 percent in early 2000s and nearly 45 percent in 2012.

The main indebtedness indicators show that the ratio of external debt service to Romania's international reserve was 153.2 percent at end-2012. The share of external debt in GDP rose to 75.7 percent, and the ratio of external debt to exports of goods and services was 186.4 percent. As regards the share of interest in total exports of goods and services, it increased to 7.3 percent, around 0.4 percentage points above the level seen in the past two years.

Guidotti ratio²⁸ reached 149.2 percent at end-2012 measured by original maturity, and 82.1 percent measured by residual maturity.

²⁷ Calculated as the difference between foreign assets and foreign liabilities arising of all debt instruments (loans, currency and deposits, bonds and money market instruments, trade credits).

²⁸ Calculated as a ratio of the central bank's foreign currency reserves to short-term external debt (original maturity), plus the medium- and long-term external debt service for the next 12 months (residual maturity).

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BALANCE OF PAYMENTS, 2011-2012

EUR millions

Items	2011			2012		
	credit	debit	net	credit	debit	net
1. Current account	59,534	65,458	-5,924	60,660	66,503	-5,843
A. Goods and services	52,545	59,599	-7,054	53,472	59,722	-6,250
a. Goods	45,292	52,686	-7,394	45,070	52,449	-7,379
b. Services	7,253	6,913	340	8,402	7,273	1,129
– transport	2,227	1,344	883	2,487	1,325	1,162
– travel	1,019	1,408	-389	1,142	1,429	-287
– other	4,007	4,161	-154	4,773	4,519	254
B. Income	1,274	3,481	-2,207	1,380	4,405	-3,025
– compensation of employees	499	92	407	571	91	480
– direct investment	48	485	-437	46	1,312	-1,266
– portfolio investment	578	558	20	670	647	23
– other capital investment	149	2,346	-2,197	93	2,355	-2,262
C. Current transfers	5,715	2,378	3,337	5,808	2,376	3,432
– government sector	1,984	1,371	613	1,827	1,545	282
– other sectors	3,731	1,007	2,724	3,981	831	3,150
2. Capital and financial account	75,963	70,466	5,497	87,653	82,643	5,010
A. Capital account	1,181	461	720	2,265	359	1,906
a. Capital transfers	844	284	560	1,814	192	1,622
– government sector	713	146	567	1,685	126	1,559
– other sectors	131	138	-7	129	66	63
b. Acquisition/disposal of non-produced/ non-financial assets	337	177	160	451	167	284
B. Financial account	74,782	70,005	4,777	85,388	82,284	3,104
a. Direct investment	14,544	12,706	1,838	16,721	14,493	2,228
– by residents abroad	187	164	23	359	270	89
– by non-residents in Romania	14,357	12,542	1,815	16,362	14,223	2,139
b. Portfolio investment	5,421	3,746	1,675	8,436	4,891	3,545
– assets	771	813	-42	418	886	-468
– liabilities	4,650	2,933	1,717	8,018	4,005	4,013
c. Financial derivatives	428	499	-71	301	478	-177
d. Other capital investment	54,389	52,157	2,232	58,478	62,422	-3,944
– assets:	22,423	21,740	683	26,925	26,883	42
1. medium- and long-term loans and credits	1,233	490	743	451	324	127
1.1. trade credits	846	24	822	203	31	172
1.2. loans	387	466	-79	248	293	-45
2. short-term loans and credits	2,401	2,661	-260	2,527	2,284	243
2.1. trade credits	2,156	2,267	-111	2,304	2,028	276
2.2. loans	245	394	-149	223	256	-33
3. currency and deposits	18,491	18,155	336	23,443	23,772	-329
4. other assets	298	434	-136	504	503	1
– long-term	30	79	-49	69	89	-20
– short-term	268	355	-87	435	414	21
– liabilities:	31,966	30,417	1,549	31,553	35,539	-3,986
1. IMF loans and credits	908	-	908	-	1,571	-1,571
2. medium- and long-term loans and credits	8,267	9,234	-967	6,673	6,924	-251
2.1. trade credits	101	579	-478	71	263	-192
2.2. loans	8,166	8,655	-489	6,602	6,661	-59
3. short-term loans and credits	6,024	4,842	1,182	5,292	5,636	-344
3.1. trade credits	2,746	2,477	269	2,123	2,262	-139
3.2. loans	3,278	2,365	913	3,169	3,374	-205
4. currency and deposits	14,885	14,498	387	15,713	17,748	-2,035
5. other liabilities	1,882	1,843	39	3,875	3,660	215
– long-term	1,601	1,482	119	2,869	3,226	-357
– short-term	281	361	-80	1,006	434	572
e. NBR reserve assets, net (increase “-” / decrease “+”)	-	897	-897	1,452	-	1,452
3. Errors and omissions (net)	427	-	427	833	-	833

QUARTERLY BALANCE OF PAYMENTS, 2012

EUR millions

Items	Q1			Q2		
	credit	debit	net	credit	debit	net
1. Current account	15,045	16,076	-1,031	15,111	17,232	-2,121
A. Goods and services	12,834	13,973	-1,139	13,396	15,473	-2,077
a. Goods	11,073	12,267	-1,194	11,313	13,625	-2,312
b. Services	1,761	1,706	55	2,083	1,848	235
– transport	513	311	202	657	340	317
– travel	226	289	-63	292	338	-46
– other	1,022	1,106	-84	1,134	1,170	-36
B. Income	301	1,329	-1,028	369	1,261	-892
– compensation of employees	123	20	103	153	26	127
– direct investment	10	632	-622	20	295	-275
– portfolio investment	151	96	55	168	235	-67
– other capital investment (interest)	17	581	-564	28	705	-677
C. Current transfers	1,910	774	1,136	1,346	498	848
– government sector	1,084	572	512	316	306	10
– other sectors	826	202	624	1,030	192	838
2. Capital and financial account	21,551	20,792	759	22,352	20,602	1,750
A. Capital account	510	120	390	639	90	549
Capital transfers	481	105	376	561	24	537
– government sector	457	81	376	535	13	522
– other sectors	24	24	-	26	11	15
Acquisition/disposal of non-produced/non-financial assets	29	15	14	78	66	12
B. Financial account	21,041	20,672	369	21,713	20,512	1,201
a. Direct investment	3,097	2,784	313	4,172	3,726	446
– by residents abroad	14	54	-40	159	111	48
– by non-residents in Romania	3,083	2,730	353	4,013	3,615	398
b. Portfolio investment	3,347	997	2,350	600	1,835	-1,235
– assets	105	222	-117	105	222	-117
– liabilities	3,242	775	2,467	495	1,613	-1,118
c. Financial derivatives	80	67	13	70	170	-100
d. Other capital investment	14,517	15,024	-507	14,806	14,781	25
– assets:	5,470	5,352	118	6,721	6,564	157
1. medium- and long-term loans and credits	158	75	83	112	79	33
1.1. trade credits	64	-	64	82	13	69
1.2. loans	94	75	19	30	66	-36
2. short-term loans and credits	403	648	-245	625	515	110
2.1. trade credits	364	595	-231	564	433	131
2.2. loans	39	53	-14	61	82	-21
3. currency and deposits	4,752	4,507	245	5,875	5,811	64
4. other assets	157	122	35	109	159	-50
– long-term	21	7	14	7	49	-42
– short-term	136	115	21	102	110	-8
– liabilities:	9,047	9,672	-625	8,085	8,217	-132
1. IMF loans and credits	-	-	-	-	-	-
2. medium- and long-term loans and credits	997	1,426	-429	2,491	1,628	863
2.1. trade credits	8	65	-57	18	87	-69
2.2. loans	989	1,361	-372	2,473	1,541	932
3. short-term loans and credits	1,176	1,380	-204	1,009	1,354	-345
3.1. trade credits	508	579	-71	513	348	165
3.2. loans	668	801	-133	496	1,006	-510
4. currency and deposits	5,687	5,790	-103	3,602	4,333	-731
5. other liabilities	1,187	1,076	111	983	902	81
– long-term	497	938	-441	765	745	20
– short-term	690	138	552	218	157	61
e. NBR reserve assets, net (increase “-” / decrease “+”)	-	1,800	-1,800	2,065	-	2,065
3. Errors and omissions (net)	272	-	272	371	-	371

QUARTERLY BALANCE OF PAYMENTS, 2012

EUR millions

Q3			Q4			Items
credit	debit	net	credit	debit	net	
14,726	16,374	-1,648	15,778	16,821	-1,043	1. Current account
13,251	14,941	-1,690	13,991	15,335	-1,344	A. Goods and services
11,135	13,168	-2,033	11,549	13,389	-1,840	a. Goods
2,116	1,773	343	2,442	1,946	496	b. Services
648	331	317	669	343	326	– transport
334	444	-110	290	358	-68	– travel
1,134	998	136	1,483	1,245	238	– other
379	910	-531	331	905	-574	B. Income
152	24	128	143	21	122	– compensation of employees
11	141	-130	5	244	-239	– direct investment
202	231	-29	149	85	64	– portfolio investment
14	514	-500	34	555	-521	– other capital investment (interest)
1,096	523	573	1,456	581	875	C. Current transfers
148	306	-158	279	361	-82	– government sector
948	217	731	1,177	220	957	– other sectors
21,340	20,056	1,284	24,211	22,993	1,218	2. Capital and financial account
314	41	273	802	108	694	A. Capital account
279	30	249	493	33	460	Capital transfers
234	19	215	459	13	446	– government sector
45	11	34	34	20	14	– other sectors
35	11	24	309	75	234	Acquisition/disposal of non-produced/non-financial assets
21,026	20,015	1,011	23,409	22,885	524	B. Financial account
4,612	3,676	936	4,840	4,307	533	a. Direct investment
88	62	26	98	43	55	– by residents abroad
4,524	3,614	910	4,742	4,264	478	– by non-residents in Romania
1,306	1,036	270	3,183	1,023	2,160	b. Portfolio investment
105	222	-117	103	220	-117	– assets
1,201	814	387	3,080	803	2,277	– liabilities
68	127	-59	83	114	-31	c. Financial derivatives
14,744	15,176	-432	14,411	17,441	-3,030	d. Other capital investment
7,003	6,947	56	7,731	8,020	-289	– assets:
43	67	-24	138	103	35	1. medium- and long-term loans and credits
16	6	10	41	12	29	1.1. trade credits
27	61	-34	97	91	6	1.2. loans
586	545	41	913	576	337	2. short-term loans and credits
530	471	59	846	529	317	2.1. trade credits
56	74	-18	67	47	20	2.2. loans
6,232	6,231	1	6,584	7,223	-639	3. currency and deposits
142	104	38	96	118	-22	4. other assets
10	14	-4	31	19	12	– long-term
132	90	42	65	99	-34	– short-term
7,741	8,229	-488	6,680	9,421	-2,741	– liabilities:
-	667	-667	-	904	-904	1. IMF loans and credits
1,535	1,606	-71	1,650	2,264	-614	2. medium- and long-term loans and credits
3	50	-47	42	61	-19	2.1. trade credits
1,532	1,556	-24	1,608	2,203	-595	2.2. loans
1,486	1,416	70	1,621	1,486	135	3. short-term loans and credits
499	540	-41	603	795	-192	3.1. trade credits
987	876	111	1,018	691	327	3.2. loans
3,906	3,684	222	2,518	3,941	-1,423	4. currency and deposits
814	856	-42	891	826	65	5. other liabilities
767	778	-11	840	765	75	– long-term
47	78	-31	51	61	-10	– short-term
296	-	296	892	-	892	e. NBR reserve assets, net (increase “-” / decrease “+”)
364	-	364	-	174	-174	3. Errors and omissions (net)

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS AT YEAR-END 2012

EUR millions

Institutional sector	Out-standing at start of period	Transactions	Adjustments due to price changes	Other adjustments	Adjustments due to exchange rate changes	Out-standing at end of period
I. Government sector	-20,260	-3,810	-65	807	358	-22,970
A. Foreign assets	2,734	-87	-	-1	-71	2,575
financial derivatives	-	-	-	-	-	-
other investment	2,734	-87	-	-1	-71	2,575
trade credits	1,781	-31	-	-1	-33	1,715
medium- and long-term	1,781	-31	-	-1	-33	1,715
deposits	10	4	-	-	-7	7
other assets	943	-60	-	-	-31	852
long-term	797	0	-	-	-12	785
short-term	146	-61	-	-	-19	67
B. Foreign liabilities	22,994	3,723	65	-808	-429	25,545
portfolio investment	6,098	3,679	-	-	-276	9,500
bonds	4,298	4,422	-	-	-262	8,458
money market instruments	1,800	-744	-	-	-14	1,042
other investment	16,897	44	65	-808	-153	16,045
trade credits	1	-0	-	-	-0	1
medium- and long-term	1	-0	-	-	-0	1
loans	16,062	22	-	-4	-128	15,951
medium- and long-term	16,062	18	-	-	-128	15,951
short-term	-	4	-	-4	-	-
deposits	132	-44	-	-	4	92
other liabilities	701	67	65	-804	-29	-
long-term	701	67	65	-804	-29	-
II. Monetary authority	26,972	-11	-172	-	-84	26,705
A. Foreign assets	37,283	-1,452	-172	-	-216	35,444
other investment	31	-	-	-	-0	31
other assets	31	-	-	-	-0	31
long-term	31	-	-	-	-0	31
reserves	37,252	-1,452	-172	-	-216	35,413
gold	4,058	-	148	-	-	4,207
foreign exchange	33,194	-1,452	-320	-	-216	31,206
B. Foreign liabilities	10,311	-1,441	-	-	-132	8,739
other investment	10,311	-1,441	-	-	-132	8,739
loans	10,231	-1,446	-	-	-131	8,655
medium- and long-term loans (IMF)	10,231	-1,446	-	-	-131	8,655
deposits	53	5	-	-	0	57
other liabilities	28	-	-	-	-1	27
long-term	28	-	-	-	-1	27
III. Banks	-28,749	2,517	-41	-1,153	333	-27,094
A. Foreign assets	1,975	267	-	86	-25	2,303
direct investment	36	2	-	6	-4	41
equity stakes and reinvested earnings	36	2	-	6	-4	41
other	-	-	-	-	-	-
portfolio investment	403	19	-	-	-9	414
shares	34	-2	-	-	-1	31
bonds	370	1	-	-	-8	363
money market instruments	-	21	-	-	-0	21
financial derivatives	-	-80	-	80	-	-
other investment	1,536	325	-	-	-13	1,848
loans	344	73	-	-	-3	413
medium- and long-term	243	50	-	-	-1	292
short-term	101	23	-	-	-2	122
deposits	1,158	222	-	-	-10	1,369
other assets	34	31	-	-	1	66
long-term	23	24	-	-	0	47
short-term	11	7	-	-	1	19
B. Foreign liabilities	30,724	-2,250	41	1,240	-358	29,397
direct investment	7,876	-248	41	1,144	-220	8,593
equity stakes and reinvested earnings	6,501	-339	41	1,122	-189	7,137
other	1,375	91	-	22	-31	1,456
portfolio investment	93	32	-	156	-3	278
shares	50	11	-	-	-1	60
bonds	3	21	-	197	-2	218
money market instruments	40	-	-	-40	-	-
financial derivatives	-	-241	-	241	-	-
other investment	22,755	-1,792	-	-302	-135	20,526
loans	8,452	-92	-	-	2	8,362
medium- and long-term	6,826	624	-	-	2	7,452
short-term	1,626	-716	-	-	0	910
deposits	5,782	-1,996	-	-	-29	3,758
other liabilities	8,521	296	-	-302	-109	8,406
long-term	8,490	-338	-	-302	-105	7,745
short-term	31	634	-	-	-4	661

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS AT YEAR-END 2012
continued

EUR millions

Institutional sector	Out-standing at start of period	Transactions	Adjustments due to price changes	Other adjustments	Adjustments due to exchange rate changes	Out-standing at end of period
IV. Other sectors	-62,357	-1,799	-480	-1,862	376	-66,122
A. Foreign assets	10,488	-140	-	616	-95	10,869
direct investment	1,013	-91	-	31	-11	942
equity stakes and reinvested earnings	332	-90	-	62	-2	302
other	682	-1	-	-31	-8	641
portfolio investment	1,206	449	-	-	-15	1,640
shares	692	191	-	-	-4	879
bonds	513	250	-	-	-10	753
money market instruments	1	8	-	-	-	8
financial derivatives	0	-220	-	220	0	1
other investment	8,268	-278	-	365	-70	8,286
trade credits	2,767	-415	-	139	-24	2,468
medium- and long-term	-	-139	-	139	-	-
short-term	2,767	-275	-	-	-24	2,468
loans	3,182	4	-	-	-28	3,159
medium- and long-term	350	-5	-	-	-2	343
short-term	2,832	9	-	-	-25	2,816
deposits	2,173	103	-	188	-19	2,446
other assets	146	29	-	38	-0	214
short-term	143	34	-	26	-0	202
long-term	4	-5	-	13	-0	12
B. Foreign liabilities	72,845	1,659	480	2,478	-471	76,991
direct investment	47,263	2,387	360	1,320	-798	50,532
equity stakes and reinvested earnings	30,500	1,134	360	779	-645	32,129
other	16,763	1,253	0	541	-153	18,404
portfolio investment	1,330	303	120	605	-23	2,335
shares	1,289	303	120	646	-24	2,335
bonds	-	0	-	-0	-	-
money market instruments	41	-0	-	-41	0	-
financial derivatives	1	-236	-	236	-	1
other investment	24,252	-796	-	317	350	24,123
trade credits	1,972	-331	-	221	-14	1,847
medium- and long-term	44	-192	-	221	-1	73
short-term	1,928	-139	-	-	-14	1,775
loans	22,211	-319	-	-	365	22,257
medium- and long-term	18,637	-826	-	-	387	18,198
short-term	3,574	507	-	-	-22	4,059
deposits	-	-	-	-	-	-
other liabilities	69	-146	-	96	-	19
long-term	7	-85	-	80	-	1
short-term	62	-61	-	16	-	17
TOTAL	-84,394	-3,103	-758	-2,209	982	-89,481

ROMANIA'S INTERNATIONAL INVESTMENT POSITION AS AT YEAR-END 2012

EUR millions

Component	Out-standing at start of period	Transac-tions	Adjust-ments due to price changes	Other adjust-ments	Adjust-ments due to exchange rate changes	Out-standing at end of period
TOTAL	-84,394	-3,103	-758	-2,209	983	-89,481
<i>of which:</i>						
Foreign assets	52,480	-1,412	-172	701	-408	51,190
direct investment	1,050	-89	-	37	-14	984
portfolio investment	1,610	468	-	-	-23	2,054
financial derivatives	0	-300	-	300	0	1
other investment	12,569	-40	-	364	-154	12,739
reserves	37,252	-1,452	-172	-	-216	35,413
Foreign liabilities	136,875	1,690	586	2,910	-1,391	140,671
direct investment	55,139	2,139	402	2,464	-1,018	59,125
portfolio investment	7,521	4,013	120	761	-303	12,113
financial derivatives	1	-477	-	477	-	1
other investment	74,214	-3,985	65	-793	-70	69,432
Net position	-84,394	-3,103	-758	-2,209	983	-89,481
direct investment	-54,089	-2,228	-402	-2,427	1,004	-58,142
portfolio investment	-5,911	-3,545	-120	-761	279	-10,059
financial derivatives	-1	177	-	-178	-	-1
other investment	-61,646	3,946	-65	1,157	-84	-56,693
reserves	37,252	-1,452	-172	-	-216	35,413
Foreign assets	52,480	-1,412	-172	701	-408	51,190
A. Direct investment by residents abroad	1,050	-89	-	37	-14	984
– equity stakes	368	-88	-	69	-6	343
– other	682	-1	-	-31	-8	641
B. Portfolio investment	1,610	468	-	-	-23	2,054
– bonds	883	251	-	-	-18	1,116
– shares	726	189	-	-	-5	910
– money market instruments	1	28	-	-	-0	29
C. Financial derivatives	0	-300	-	300	0	1
D. Other investment	12,569	-40	-	364	-154	12,739
– loans and credits	8,073	-369	-	138	-88	7,755
– long-term	2,374	-126	-	138	-37	2,350
– short-term	5,699	-243	-	-	-51	5,405
– currency and deposits	3,341	330	-	188	-36	3,822
– other assets	1,155	-0	-	38	-31	1,162
– medium- and long-term	855	20	-	13	-12	875
– short-term	300	-20	-	26	-18	287
E. NBR reserve assets	37,252	-1,452	-172	-	-216	35,413
– monetary gold	4,058	-	148	-	-	4,207
– foreign exchange	33,194	-1,452	-320	-	-216	31,206
Foreign liabilities	136,875	1,690	586	2,910	-1,391	140,671
A. Direct investment by non-residents in Romania	55,139	2,139	402	2,464	-1,018	59,125
– equity stakes	37,001	795	402	1,902	-834	39,266
– other	18,138	1,344	-	563	-184	19,860
B. Portfolio investment	7,521	4,013	120	761	-303	12,113
– shares	1,339	314	120	646	-25	2,395
– bonds	4,300	4,443	-	197	-264	8,676
– money market instruments	1,881	-744	-	-81	-14	1,042
C. Financial derivatives	1	-477	-	477	-	1
D. Other investment	74,214	-3,985	65	-793	-70	69,432
– loans and credits	58,929	-2,166	-	217	92	57,073
– long-term	51,802	-1,822	-	221	128	50,330
– short-term	7,127	-344	-	-4	-36	6,743
– currency and deposits	5,967	-2,035	-	-	-24	3,907
– other liabilities	9,319	216	65	-1,010	-138	8,452
– medium- and long-term	9,225	-357	65	-1,026	-134	7,773
– short-term	94	573	-	16	-4	678

ROMANIA'S INTERNATIONAL INVESTMENT POSITION, 2008-2012

Institutional sector	EUR millions, end of period				
	2008	2009	2010	2011	2012
I. Monetary authority	27,971	25,099	26,850	26,972	26,705
– assets	28,300	30,888	35,981	37,283	35,444
– liabilities	329	5,789	9,131	10,311	8,739
II. Government sector	-7,863	-11,216	-15,938	-20,260	-22,970
– assets	2,391	2,366	2,592	2,734	2,575
– liabilities	10,254	13,582	18,530	22,994	25,545
III. Banks	-30,917	-26,020	-27,912	-28,749	-27,094
– assets	1,647	3,156	2,722	1,975	2,303
– liabilities	32,564	29,176	30,635	30,724	29,397
IV. Other sectors	-58,197	-61,603	-60,845	-62,357	-66,122
– assets	6,702	7,304	9,464	10,488	10,869
– liabilities	64,899	68,907	70,309	72,845	76,991
Net position	-69,006	-73,740	-77,846	-84,394	-89,481
– assets	39,040	43,714	50,760	52,480	51,190
– liabilities	108,046	117,454	128,606	136,875	140,671

ROMANIA'S GROSS INTERNATIONAL RESERVE, 2008-2012

	EUR millions, end of period				
	2008	2009	2010	2011	2012
National Bank of Romania	28,270	30,858	35,951	37,252	35,413
– gold	2,049	2,556	3,518	4,058	4,207
– convertible currencies	26,221	28,302	32,432	33,194	31,206
Commercial banks	1,344	2,716	2,298	1,639	1,892
– convertible currencies	1,344	2,716	2,298	1,639	1,892
Gross international reserve	29,614	33,574	38,249	38,891	37,305
<i>of which:</i>					
Gross foreign exchange reserve	27,565	31,018	34,731	34,833	33,099

ROMANIA'S EXTERNAL DEBT INDICATORS, 2008-2012

	2008	2009	2010	2011	2012
	EUR millions				
External debt (ED)	72,354	81,205	92,458	98,724	99,681
– medium- and long-term (MLT)	51,762	65,616	72,909	75,929	78,760
– short-term (ST)	20,592	15,589	19,549	22,795	20,921
GDP	139,762	118,269	124,396	131,515	131,676
Exports of goods and services (EXP)	42,479	36,148	43,982	52,545	53,472
Imports of goods and services (IMP)	60,929	43,311	51,155	59,599	59,721
External debt service (EDS)	45,575	49,038	43,775	46,233	54,268
– principal repayment	42,338	46,252	40,745	42,631	50,339
– interest payment (INT)	3,237	2,786	3,030	3,602	3,929
Romania's international reserve (IR)	28,270	30,858	35,951	37,252	35,413
Indicators					
	percent				
ED/GDP	51.8	68.7	74.3	75.1	75.7
MLT/GDP	37.0	55.5	58.6	57.7	59.8
ED/EXP	170.3	224.6	210.2	187.9	186.4
MLT/EXP	121.9	181.5	165.8	144.5	147.3
EDS/EXP	107.3	135.7	99.5	88.0	101.5
EDS/GDP	32.6	41.5	35.2	35.2	41.2
EDS/IR	161.2	158.9	121.8	124.1	153.2
INT/EXP	7.6	7.7	6.9	6.9	7.3
ST/ED	28.5	19.2	21.1	23.1	21.0
Multilateral/ED	9.0	12.3	25.9	28.7	26.9
	months				
IR/IMP	5.6	8.5	8.4	7.5	7.1

