

NATIONAL
BANK OF
ROMANIA

Romania's Balance
of Payments
and International
Investment Position
Annual Report 2016

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NOTE

The drafting of Romania's Balance of Payments and International Investment Position – Annual Report 2016 was completed by the Statistics Department based on data available at end-November 2017.

Some of the statistical data are provisional and will be updated as appropriate in the subsequent publications of the National Bank of Romania. The source of data was indicated only when data were provided by other institutions.

Data series were compiled in compliance with the BPM6 methodology and are available on the National Bank of Romania's website at: <http://www.bnr.ro/Baza-de-date-interactiva-1107.aspx>.

The detailed methodology containing definitions, legislation and sources are available on the National Bank of Romania's website under Statistics, Data sets, Balance of Payments and International Investment Position - BPM6, Balance of payments, Methodology or via this link: <http://www.bnr.ro/Balanta-de-plati-%e2%80%93-Precizari-metodologice-11756.aspx>.

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Contents

I. External environment	5
<hr/>	
II. Romania's balance of payments and international investment position in 2016	8
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A. Balance of payments	8
1. Current account	9
1.1. Balance on goods and services	10
1.1.1. Balance on trade in goods	11
1.1.2. Balance on trade in services	17
1.2. Balance on primary income	18
1.3. Balance on secondary income	19
2. Capital account	20
3. Financial account	21
3.1. Direct investment	21
3.2. Portfolio investment	23
3.3. Other investment	24
B. Romania's international investment position	26
1. Overview	26
2. International investment position	29
2.1. Foreign assets	29
2.2. Foreign liabilities	30
2.2.1. External debt	33
Statistical section	41
Charts	54
Tables	54

I. External environment¹

World economy continued to expand in 2016, albeit at a slower rate than in the previous year (3.2 percent versus 3.4 percent in 2015), with the global environment being marked by uncertainty episodes, especially as regards the future of the UK as an EU Member State and the US presidential elections. Advanced economies further benefited from accommodative financing conditions and improving labour markets. Economic activity in emerging market economies was moderate, with the deceleration of the Chinese economy and the sluggish pace of recovery in commodity-exporting economies taking their toll. The slower rate of increase of global production brought about a loss of momentum in global trade in goods and services, up merely 1.7 percent, compared with 2.1 percent in 2015.

Overall, financial markets remained stable, despite the uncertainty triggered by the above-mentioned political events, benefiting from support from central banks in major advanced economies, which maintained an accommodative policy stance. Average annual inflation rate² rose from 0.6 percent in 2015 to 1.1 percent in 2016, amid narrowing output gaps in advanced economies, the slight decline in spare capacity in several emerging market economies and the hike in food prices. Average price of energy (crude oil, coal and natural gas)³ decreased by 16.6 percent in 2016, the major influence coming from crude oil, whose average spot price calculated as an average of UK Brent, Dubai and West Texas prices contracted by approximately 16 percent. Commodity prices⁴ posted a much slower fall in 2016 compared with that of a year earlier (-1.9 percent versus -17.4 percent), with the fall in prices of metals and agricultural raw materials being offset by the rise in food prices.

In the United States of America, the rate of increase of the gross domestic product slowed to 1.5 percent, from 2.9 percent in 2015, against the background of a decline in investment in the energy sector and lower inventories. Labour market conditions remained favourable, pushing unemployment rate down to 4.7 percent at the end of 2016, compared with 5.3 percent a year before. In 2016, average annual inflation rate stood at 1.3 percent versus 0.1 percent a year earlier. The federal budget deficit widened to 4.4 percent of GDP, compared with 3.5 percent in the prior year, while the federal debt increased to 107.1 percent of GDP, from 105.2 percent of GDP. The current account deficit⁵ stayed flat at 2.4 percent of GDP.

Japan's economy grew by 1 percent, thus replicating the year-earlier performance, supported by accommodative monetary and fiscal policies and labour market consolidation. Unemployment rate went down to 3.1 percent, from 3.4 percent in the previous year. Average annual inflation rate turned slightly negative in 2016, coming in at -0.1 percent versus 0.8 percent in 2015, as a result of declining global commodity prices and the stronger yen.

¹ Source: ECB – *Annual Report 2016, Economic Bulletin, Issue 7/2017*; IMF – *World Economic Outlook*, October 2017.

² For the countries that are members of the Organisation for Economic Co-operation and Development (OECD).

³ In US dollars.

⁴ In US dollars; energy not included.

⁵ BPM6 methodology.

Euro area economy⁶ expanded by 1.8 percent in 2016, compared with 2.1 percent in 2015, reflecting the positive and rising contribution of domestic demand (2.2 percentage points to GDP dynamics, a record high from 2007 onwards), fostered in particular by private consumption and investment. The major determinants driving private consumption higher were improvements in labour market conditions, which had a positive impact on the increase in income, and low interest rates. The accommodative monetary policy, which translated into favourable financing conditions, for small- and medium-sized enterprises as well, and increases in corporate profitability and production capacity utilisation fostered investment that made a positive contribution to GDP growth (0.9 percentage points, compared with 0.6 percentage points a year earlier) for the third year in a row. Euro area government consumption contributed positively to economic growth (0.4 percent in 2016, against 0.3 percent in 2015).

Net exports of goods and services had a negative contribution to GDP growth (-0.4 percentage points), following an almost neutral effect in 2015 (0.1 percentage points), amid the reduction in import demand from the major trade partners of the euro area (USA; Asia, China excluded; and a number of emerging market economies). As a result, exports of goods and services advanced at a slower pace than in 2015 (3.3 percent versus 6.4 percent) and imports of goods and services stood 4.7 percent higher in 2016, after having risen by 6.7 percent in the preceding year.

The breakdown by sector shows that euro area's economic recovery was broad-based in 2016. Gross value added ticked up 1.7 percent, compared with a rise of 1.9 percent a year earlier. The largest positive contributions to GDP growth came, similarly to 2015, from manufacturing, trade, transport, and communications, computer and information services.

Average annual inflation rate, as measured by the Harmonised Index of Consumer Prices (HICP), inched up to 0.2 percent, from 0 percent in 2015, with the fluctuations seen in the course of the year reflecting those of energy prices.

The labour market in the euro area continued to recover in 2016, with the number of employed persons climbing 1.3 percent and the unemployment rate⁷ slipping to 10 percent, from 10.9 percent in 2015.

In 2016, the general government deficit for the euro area narrowed to 1.5 percent of GDP⁸, from 2.1 percent of GDP in 2015, amid favourable developments in the business cycle and lower interest costs. The general government deficit narrowed or stayed virtually flat from 2015 in ten out of the 19 euro area members, with two countries exceeding the 3 percent-of-GDP reference value, namely Spain and France. The lowest deficit-to-GDP ratio was recorded by Estonia (0.3 percent), whereas Luxembourg,

⁶ The countries referred to herein are the 19 EU Member States making up the monetary union at end-2016: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

⁷ According to ILO (International Labour Office) methodology.

⁸ Newsrelease Euroindicators 160/2017: *Provision of Deficit and Debt Data for 2016 – Second Notification*, 23 October 2017, Eurostat.

Germany, the Netherlands, Greece, Cyprus, Latvia, Lithuania and Malta experienced budget surpluses. The euro area public debt ratio shed one percentage point versus the previous year to 88.9 percent of GDP. The debt-to-GDP ratio overstepped the 60 percent reference value in 14 countries and remained above 100 percent in Greece, Italy, Belgium, Cyprus and Portugal.

The aggregate current account of the euro area ended 2016 on a surplus of EUR 360 billion, or 3.3 percent of GDP, up 7.5 percent from a year earlier, on the back of the surplus on trade in goods driven by the downturn in imports.

Non-euro area EU Member States⁹ reported economic growth of 2.3 percent in 2016, down from 3.0 percent in 2015, spurred by domestic demand, especially general government and household consumption. All the nine EU Member States under review posted economic growth, with the best performers being Croatia, Sweden and Romania, with rates of increase ranging from 3 percent to 4.8 percent.

Average annual inflation rate went up in the region overall to 0.3 percent in 2016, compared with -0.1 percent in 2015, reflecting largely the hike in energy prices. Sweden experienced the highest average inflation rate, at 1.1 percent, while four out of the nine countries registered deflation.

The fiscal situation improved in eight of the nine non-euro area EU Member States, generally on account of income consolidation. On the whole, the deficit-to-GDP ratio narrowed to 2.0 percent in 2016, from 3.1 percent a year earlier, all countries complying with the 3 percent reference value. Government debt accounted for 68.4 percent of GDP in 2015, down from 71.3 percent of GDP in 2015. It surpassed the 60 percent-of-GDP reference value in the United Kingdom, Croatia and Hungary, while being on the wane in the first two countries and on the rise in the last.

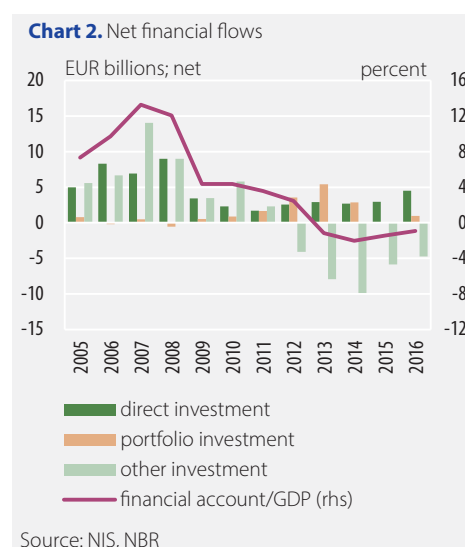
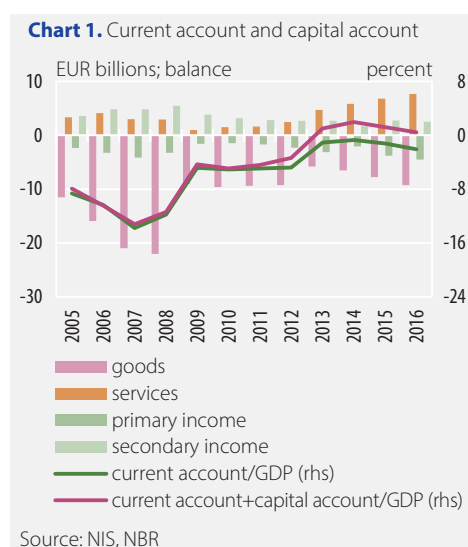
The current account deficit widened in the non-euro area EU Member States on the whole, reaching 2.3 percent of GDP in 2016, against 2.1 percent of GDP a year before. Behind this stood a larger shortfall on primary income, chiefly in the United Kingdom, but also in Poland, Denmark and Croatia. Direct investment displayed net inflows tantamount to around EUR 230 billion, or 5.6 percent of GDP in the nine countries overall (versus 2.3 percent of GDP in 2015), as a result of increases mainly in the United Kingdom, the Czech Republic and Croatia. Portfolio investment posted a net inflow worth approximately EUR 183 billion (4.5 percent of GDP, compared with 5.1 percent of GDP in 2015), with the United Kingdom being accountable for nearly 95 percent. Other investment (largely loans and deposits) reported a net outflow of more than EUR 210 billion, or 5.1 percent of GDP (against 7.4 percent of GDP in 2015).

⁹ The countries referred to herein are the nine non-euro area EU Member States at end-2016: Bulgaria, Croatia, the Czech Republic, Denmark, Hungary, Poland, Romania, Sweden and the United Kingdom.

II. Romania's balance of payments and international investment position in 2016

A. Balance of payments

2016 saw an ongoing widening of the current account deficit, a trend that had started in 2014, on the backdrop of a worsening of the balance on goods and that on primary income. The capital account surplus strengthened and thus the combined current and capital account balance remained in positive territory (Chart 1).



At the same time, net financial outflows have been contracting since 2014, due to the finalisation of repayments on the IMF's 2009 Stand-by Arrangement and the consolidation of direct investment (Chart 2).

In 2016, the current account ran a deficit of EUR 3.5 billion, i.e. more than three fourths higher than the year-earlier reading, while the capital account surplus widened by approximately 10 percent. The combined current and capital account posted a surplus of EUR 0.8 billion. The current account deficit from intra-EU trade, worth EUR 4.5 billion, was partly offset by the extra-EU trade surplus of EUR 1 billion. Looking at the relation with the EU, Romania's current account deficit was more than 90 percent offset by the capital account surplus. Out of the current account deficit with EU countries, the EUR 3.2 billion deficit with the euro area (EA¹⁰) accounted for approximately 70 percent (Table 1).

¹⁰ European institutions not included.

Table 1. Balance of payments in relation to the EU and the euro area

	EUR millions				
	Total	of which:			
		EU	Extra-EU	EA	Extra-EA
Current account	-3,498	-4,470	972	-3,151	-347
Goods	-9,254	-9,033	-221	-5,643	-3,611
Services	7,723	6,383	1,340	5,571	2,152
Primary income	-4,467	-3,942	-525	-4,568	101
Secondary income	2,500	2,122	378	1,489	1,011
Capital account	4,260	4,087	173	-51	4,311
Financial account, of which:	1,550	-854	2,404	984	566
Direct investment	-4,513	-4,407	-106	-3,329	-1,184
Assets	1,143	967	176	977	166
Liabilities	5,656	5,374	282	4,306	1,350
Portfolio investment	-975	-720	-255	-727	-248
Assets	352	417	-65	230	122
Liabilities	1,327	1,137	190	957	370
Financial derivatives	38	15	23	27	11
Other investment	4,742	3,554	1,188	2,946	1,796
Assets	1,253	919	334	659	594
Liabilities	-3,489	-2,635	-854	-2,287	-1,202

Note: Extra-EU – countries outside the EU; Extra-EA – EU countries outside the euro area.

In the course of 2016, the financial account displayed EUR 1.5 billion in net outflows following the higher net increase in liabilities in the form of direct investment and portfolio investment and the slower net decrease in “other investment” liabilities, mirroring basically the developments in foreign borrowings. As for the geographical breakdown, the transactions with the EU impacted the financial account, the same as the current account and the capital account.

1. CURRENT ACCOUNT

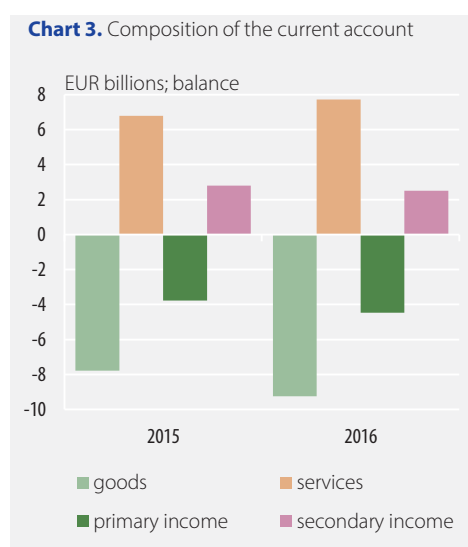
Table 2. Components' contributions to developments in the current account deficit

	percent of GDP				
	Current account	Goods	Services	Primary income	Secondary income
2016	-2.1	-5.5	4.5	-2.6	1.5
2015	-1.2	-4.9	4.3	-2.4	1.8
Difference (pp)	-0.9	-0.6	0.2	-0.2	-0.3

In 2016, Romania's balance-of-payments recorded a current account deficit of EUR 3,498 million, compared with EUR 1,972 million in 2015. The current account deficit as a share of GDP¹¹ equalled 2.1 percent, compared with 1.2 percent in the previous year (Table 2). The 0.9 percentage point increase was ascribed to larger

¹¹ GDP: NIS (final data for 2015 and provisional data for 2016).

shortfalls on trade in goods (up 0.6 percentage points of GDP) and primary income (up 0.2 percentage points of GDP), as well as the narrowing of the surplus on secondary income (down 0.3 percentage points of GDP).



The developments in the current account and its components (Chart 3) show a wider deficit on trade in goods (up 18.8 percent; Table 3) in 2016 versus the previous year, as imports augmented at a swifter pace than exports. The deficit on primary income saw an increase, which was largely the result of profits made by direct investment enterprises, while the surplus on secondary income exhibited a slight decline. In 2016, the surplus on trade in services moved ahead 13.7 percent year on year, spurred by the advance in processing of goods, road freight transport services, and communications, computer and information services.

Table 3. Current account

	EUR millions		Indices (%)
	2015	2016	2016/2015
Current account	-1,972	-3,498	177.4
Credit	73,775	78,035	105.8
Debit	75,747	81,533	107.6
Goods	-7,788	-9,254	118.8
Credit	49,113	52,170	106.2
Debit	56,901	61,424	107.9
Services	6,794	7,723	113.7
Credit	16,642	18,007	108.2
Debit	9,848	10,284	104.4
Primary income	-3,773	-4,467	118.4
Credit	2,319	2,820	121.6
Debit	6,092	7,287	119.6
Secondary income	2,795	2,500	89.4
Credit	5,701	5,038	88.4
Debit	2,906	2,538	87.3

1.1. Balance on goods and services

In 2016, the balance on goods and services showed a deficit of EUR 1.5 billion, i.e. 54 percent higher than the year-earlier reading, owing to the roughly one fifth increase in the deficit on trade in goods.

1.1.1. Balance on trade in goods¹²

The deficit on trade in goods came in at EUR 9,254 million in 2016, up 18.8 percent year on year, as exports and imports increased by 6.2 percent and 7.9 percent respectively. The trade deficit-to-GDP ratio added 0.6 percentage points to 5.5 percent (Table 4).

Table 4. Balance on trade in goods

	2015	2016	Difference (+/-)
	EUR millions		
Exports (FOB), of which:	49,113	52,170	3,057
General merchandise	49,103	52,192	3,089
Net exports of goods under merchanting	10	-22	-32
Imports (FOB)	56,901	61,424	4,523
Balance on trade in goods (FOB/FOB)	-7,788	-9,254	-1,466
	percent		percentage points
Share of exports in GDP	30.6	30.8	0.2
Share of imports in GDP	35.5	36.2	0.7
Share of balance on trade in goods in GDP	-4.9	-5.5	-0.6
Coverage of imports by exports (FOB/FOB)	86.3	84.9	-1.4
Economy openness (exports+imports)/GDP	66.1	67.0	0.9

Source: NIS, NBR calculations

Over the reviewed period, the highest monthly trade deficit stood at EUR 1,115 million in December and the lowest was of EUR 372 million in January.

The breakdown of trade balance by the eight groups of goods in the Combined Nomenclature shows deficits for chemical and plastic products (EUR 5,950 million), base metals (EUR 1,908 million), mineral products (EUR 1,742 million), textiles, wearing apparel and footwear (EUR 1,053 million), agrifoodstuffs (EUR 710 million) and surpluses for machinery, apparatus, equipment and transport means (EUR 1,563 million), wood and paper products (EUR 383 million), and other goods (EUR 185 million)¹³.

By geographical breakdown, intra-EU trade was almost the only source of the deficit on trade in goods (97.6 percent), with extra-EU trade accounting for a meagre 2.4 percent.

The coverage of imports by exports moved down 1.4 percentage points to 84.9 percent, while the openness of the Romanian economy added 0.9 percentage points to 67 percent.

¹² According to the BPM6 methodology, the balance on trade in goods does not include goods for processing for which there is no change in ownership and thereby differs from the international trade in goods compiled and published by the National Institute of Statistics in line with the specific methodology prepared by Eurostat.

¹³ The difference between the sum of components (EUR 9,232 million) and the balance on trade in goods in Table 4 (EUR 9,254 million) is reflected by the deficit on "merchanting" (EUR 22 million).

Exports of goods amounted to EUR 52,170 million, up 6.2 percent against a year earlier, given the stronger external demand, particularly from the European Union, from both euro area and non-euro area countries. In terms of value, exports stood EUR 3,057 million higher than in 2015 and their share in GDP edged up 0.2 percentage points to 30.8 percent in 2016.



January witnessed the lowest monthly exports in 2016, i.e. EUR 3,712 million, while the highest came in at EUR 4,856 million in November (Chart 4). The monthly average of exports equalled EUR 4,348 million, up EUR 255 million against the prior year.

Imports of goods (FOB) were valued at EUR 61,424 million, up 7.9 percent, or EUR 4,523 million, compared with 2015. The share of imports of goods in GDP picked up 0.7 percentage points to 36.2 percent. The lowest monthly import level of 2016 equalled EUR 4,084 million in January and

the highest was of EUR 5,636 million in November. The monthly average of imports amounted to EUR 5,119 million, up EUR 377 million from the previous year.

Structure and geographical breakdown of exports of goods

a) Structure of exports of goods

In 2016, two groups of goods reported larger contributions to Romania's exports than in 2015 (Table 5): machinery, apparatus, equipment and transport means (by 2.8 percentage points) and other goods (by 0.6 percentage points) and five groups saw smaller shares in total exports, as follows: mineral products (by 1 percentage point), base metals (by 0.9 percentage points), chemical and plastic products (by 0.7 percentage points), and wood and paper products (by 0.5 percentage points).

b) Geographical breakdown of exports of goods

In 2016, intra-EU exports amounted to EUR 38,425 million, up 8.2 percent over the year before (Table 6). The share of intra-EU exports in total exports stood at 73.7 percent, up 1.4 percentage points versus 2015, due to larger foreign sales to Germany, Italy, France, Poland and the United Kingdom.

Table 5. Exports by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Goods	49,113	52,170	106.2	100.0	100.0
General merchandise	49,103	52,192	106.3	100.0	100.0
Agrifoodstuffs	5,879	6,118	104.1	12.0	11.7
Mineral products	2,557	2,170	84.9	5.2	4.2
Chemical and plastic products	5,058	5,026	99.4	10.3	9.6
Wood and paper products	2,170	2,052	94.6	4.4	3.9
Textiles, wearing apparel and footwear	2,621	2,846	108.6	5.4	5.4
Base metals	4,532	4,337	95.7	9.2	8.3
Machinery, apparatus, equipment and transport means	22,237	25,068	112.7	45.3	48.1
Other	4,049	4,575	113.0	8.2	8.8
Net exports of goods under merchanting*	10	-22	-	0.0	0.0

*) goods purchased by residents from non-residents and subsequently sold to other non-residents, without being moved on the country's territory (Source: NBR)

Source: NIS, NBR calculations

Table 6. Exports of goods, by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Total	49,113	52,170	106.2	100.0	100.0
1. Intra-EU exports, of which:	35,524	38,425	108.2	72.3	73.7
1.1. Euro area, of which:	25,377	27,628	108.9	51.7	53.0
Germany	9,418	11,034	117.2	19.2	21.2
Italy	4,885	4,788	98.0	9.9	9.2
France	3,396	3,818	112.4	6.9	7.3
1.2. Extra-euro area, of which:	10,147	10,797	106.4	20.6	20.7
Hungary	2,778	2,840	102.2	5.7	5.4
United Kingdom	1,978	2,127	107.5	4.0	4.1
Bulgaria	1,782	1,815	101.9	3.6	3.5
Poland	1,454	1,644	113.1	3.0	3.2
2. Extra-EU exports, of which:	13,589	13,745	101.1	27.7	26.3
Turkey	2,142	1,815	84.7	4.4	3.5
USA	1,004	898	89.4	2.0	1.7
Russian Federation	986	970	98.4	2.0	1.9
Egypt	709	523	73.8	1.4	1.0
Republic of Moldova	625	645	103.2	1.3	1.2
Republic of Serbia	616	634	102.9	1.3	1.2
China	525	614	117.0	1.1	1.2
Ukraine	251	271	108.0	0.5	0.5

Source: NIS, NBR calculations

Exports to the European Union increased for four groups of goods: machinery, apparatus, equipment and transport means; textiles, wearing apparel and footwear; wood and paper products; and other goods (Table 7).

The following groups of goods posted larger contributions to intra-EU exports in 2016: machinery, apparatus, equipment and transport means (by 2.7 percentage points) and other goods (by 0.5 percentage points).

Table 7. Exports of goods to the European Union, by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Goods	35,524	38,425	108.2	100.0	100.0
General merchandise	35,516	38,439	108.2	100.0	100.0
Agrifoodstuffs	3,848	3,781	98.3	10.8	9.8
Mineral products	964	878	91.1	2.7	2.3
Chemical and plastic products	3,668	3,626	98.9	10.3	9.4
Wood and paper products	1,083	1,120	103.4	3.1	2.9
Textiles, wearing apparel and footwear	2,328	2,551	109.6	6.6	6.6
Base metals	3,117	3,104	99.6	8.8	8.1
Machinery, apparatus, equipment and transport means	17,272	19,694	114.0	48.6	51.3
Other	3,236	3,685	113.9	9.1	9.6
Net exports of goods under merchandising*	8	-14	-	0.0	0.0

*) goods purchased by residents from non-residents and subsequently sold to other non-residents, without being moved on the country's territory (Source: NBR)

Source: NIS, NBR

Extra-EU exports amounted to EUR 13,745 million, a reading comparable to that posted in 2015, holding 26.3 percent of total exports of goods, 1.4 percentage points lower than in the previous year.

In 2016, the top ten export destinations, making up 63.1 percent of the total figure were as follows: Germany (21.2 percent of total exports), Italy (9.2 percent), France (7.3 percent), Hungary (5.4 percent), the United Kingdom (4.1 percent), Turkey (3.5 percent), Bulgaria (3.5 percent), Spain (3.2 percent), Poland (3.2 percent), and the Czech Republic (2.5 percent).

Structure and geographical breakdown of imports (FOB)

a) Structure of imports of goods

Imports of goods were accounted for in a proportion of more than 77 percent by four groups of goods: machinery, apparatus, equipment and transport means; chemical and plastic products; agrifoodstuffs; base metals (Table 8).

Five groups of goods posted larger shares in total imports than in 2015, with increases ranging between 0.1 percentage points and 0.5 percentage points: textiles, wearing apparel and footwear; agrifoodstuffs; machinery, apparatus, equipment and transport means; other goods; and wood and paper products.

b) Geographical breakdown of imports of goods

Intra-EU imports amounted to EUR 47,459 million in 2016, up 8.2 percent year on year (Table 9). The share of intra-EU imports in total imports of goods rose by 0.2 percentage points versus 2015 to stand at 77.3 percent, with Germany and France accounting particularly for this pick-up.

Table 8. Imports of goods (FOB), by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Total	56,901	61,424	107.9	100.0	100.0
Agrifoodstuffs	6,021	6,828	113.4	10.6	11.1
Mineral products	4,145	3,912	94.4	7.3	6.4
Chemical and plastic products	10,333	10,976	106.2	18.1	17.9
Wood and paper products	1,482	1,669	112.6	2.6	2.7
Textiles, wearing apparel and footwear	3,341	3,899	116.7	5.9	6.3
Base metals	6,203	6,245	100.7	10.9	10.2
Machinery, apparatus, equipment and transport means	21,523	23,505	109.2	37.8	38.3
Other	3,853	4,390	113.9	6.8	7.1

Source: NIS, NBR calculations

Table 9. Imports of goods (FOB), by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Total	56,901	61,424	107.9	100.0	100.0
1. Intra-EU imports, of which:	43,869	47,459	108.2	77.1	77.3
1.1. Euro area, of which:	30,632	33,271	108.6	53.8	54.2
Germany	11,209	12,490	111.4	19.7	20.3
Italy	5,308	5,395	101.6	9.3	8.8
France	3,149	3,366	106.9	5.5	5.5
1.2. Extra-euro area, of which:	13,237	14,188	107.2	23.3	23.1
Hungary	4,788	4,944	103.3	8.4	8.0
Poland	2,941	3,344	113.7	5.2	5.4
Bulgaria	1,795	2,047	114.0	3.2	3.3
Czech Republic	1,704	1,821	106.9	3.0	3.0
United Kingdom	1,306	1,314	100.6	2.3	2.1
2. Extra-EU imports, of which:	13,032	13,965	107.2	22.9	22.7
China	2,698	3,225	119.5	4.7	5.3
Turkey	2,111	2,392	113.3	3.7	3.9
Russian Federation	1,842	970	52.7	3.2	1.6
Kazakhstan	949	774	81.6	1.7	1.3
USA	601	554	92.2	1.1	0.9
Ukraine	456	544	119.3	0.8	0.9
South Korea	452	479	106.0	0.8	0.8
Republic of Serbia	334	411	123.1	0.6	0.7

Source: NIS, NBR calculations

Imports from the European Union posted increases in the shares of four groups of goods (Table 10).

Table 10. Imports of goods (FOB) from the European Union, by group of goods in the Combined Nomenclature

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Total	43,869	47,459	108.2	100.0	100.0
Agrifoodstuffs	4,948	5,848	118.2	11.3	12.3
Mineral products	1,009	858	85.0	2.3	1.8
Chemical and plastic products	8,686	9,207	106.0	19.8	19.4
Wood and paper products	1,134	1,256	110.8	2.6	2.7
Textiles, wearing apparel and footwear	2,565	2,969	115.8	5.8	6.3
Base metals	4,652	4,749	102.1	10.6	10.0
Machinery, apparatus, equipment and transport means	17,769	19,144	107.7	40.5	40.3
Other	3,106	3,428	110.4	7.1	7.2

Source: NIS, NBR calculations

Extra-EU imports amounted to EUR 13,965 million, up by 7.2 percent from 2015, accounting for 22.7 percent of total imports of goods, i.e. 0.2 percentage points lower than in 2015.

In 2016, Romania's imports came mainly from the following ten countries, carrying 68.4 percent of total imports: Germany (20.3 percent), Italy (8.8 percent), Hungary (8.0 percent), France (5.5 percent), Poland (5.4 percent), China (5.3 percent), the Netherlands (4.3 percent), Turkey (3.9 percent), Austria (3.6 percent) and Bulgaria (3.3 percent).

Energy trade balance

In 2016, the energy trade balance ended on a deficit of EUR 1,511 million, up 10.1 percent from the previous year (Table 11). As a share of the deficit on trade in goods, net energy imports diminished from 17.6 percent in 2015 to 16.3 percent in 2016. Crude oil, reporting net imports worth EUR 1,946 million, made further the largest contribution to the energy trade deficit.

Table 11. Energy exports and imports (FOB)

	EUR millions					
	Exports		Imports		Net imports (-)/ Net exports (+)	
	2015	2016	2015	2016	2015	2016
Total	2,448	2,092	3,820	3,603	-1,372	-1,511
Natural gas	0	0	50	232	-50	-232
Electricity	403	299	129	111	274	188
Mineral fuels	200	140	461	410	-261	-270
Crude oil	14	12	2,126	1,958	-2,112	-1,946
Petroleum products	1,831	1,641	1,054	892	777	749

Source: NIS, NBR calculations

Energy exports totalled EUR 2,092 million, down 14.5 percent (EUR 356 million) from 2015, accounting for 4 percent of total exports of goods, compared to 5 percent in 2015. Energy imports came in at EUR 3,603 million, standing 5.7 percent lower than in 2015 (EUR 3,820 million), with a EUR 217 million drop in terms of value. As a share in total imports of goods, energy imports declined from 6.7 percent in 2015 to 5.9 percent in 2016.

The coverage of imports of energy resources by exports thereof declined by 6 percentage points to 58.1 percent.

1.1.2. Balance on trade in services

In 2016, the balance on trade in services posted a EUR 7,723 million surplus (4.5 percent of GDP) compared to EUR 6,794 million (4.3 percent of GDP) in 2015, on account of the increase in receipts from road freight transport; communications, computer, and information services; professional and management consulting services (Table 12). The main components of the balance on trade in services reporting a favourable evolution compared to 2015, i.e. higher surpluses, were: communications, computer, and information services; transport; and processing of goods.

Table 12. Balance on trade in services

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Credit	16,642	18,007	108.2	100.0	100.0
Processing of goods	2,567	2,631	102.5	15.4	14.6
Transport	5,204	5,537	106.4	31.3	30.7
Travel	1,542	1,568	101.7	9.3	8.7
Communications, computer, and information services	2,693	3,279	121.8	16.2	18.2
Professional consulting	1,571	1,758	111.9	9.4	9.8
Other	3,065	3,234	105.5	18.4	18.0
Debit	9,848	10,284	104.4	100.0	100.0
Processing of goods	172	202	117.4	1.8	2.0
Transport	1,796	1,915	106.6	18.2	18.6
Travel	1,855	1,930	104.0	18.8	18.8
Communications, computer, and information services	1,195	1,364	114.1	12.1	13.2
Professional consulting	1,121	1,273	113.6	11.4	12.4
Other	3,709	3,600	97.1	37.7	35.0
Balance	6,794	7,723	113.7		
Processing of goods	2,395	2,429	101.4		
Transport	3,408	3,622	106.3		
Travel	-313	-362	115.7		
Communications, computer, and information services	1,498	1,915	127.8		
Professional consulting	450	485	107.8		
Other	-644	-366	56.8		

Receipts from services totalled EUR 18,007 million (up 8.2 percent from 2015), with more than 30 percent coming from transport (especially from road freight). The composition of receipts is relatively stable, with a more noticeable change versus 2015 consisting in the pick-up in the share of receipts from communications, computer, and information services (from 16.2 percent to 18.2 percent) and from professional consulting (from 9.4 percent to 9.8 percent) to the detriment of receipts from transport (whose share went down from 31.3 percent to 30.7 percent), the processing of goods (down from 15.4 percent to 14.6 percent) and travel (down from 9.3 percent to 8.7 percent).

Services-related payments stood at EUR 10,284 million (up 4.4 percent from the previous year), with miscellaneous services (maintenance and repair, construction, financial and insurance services, charges for the use of intellectual property, research and development, technical and trade-related services) holding roughly 35 percent. The breakdown shows larger shares of payments for transport (up 0.4 percentage points to 18.6 percent) and communications, computer, and information services (by 1.1 percentage points to 13.2 percent).

Trade in services is mainly carried out with 11 countries, with roughly 80 percent of receipts coming from and over 70 percent of payments being made to: Germany, Italy, France, the United Kingdom, the United States of America, Austria, the Netherlands, Spain, Belgium, Hungary and Switzerland.

1.2. Balance on primary income

The balance on primary income ended the year 2016 on a EUR 4,467 million deficit, with the 18.4 percent rise versus the previous year being ascribable to investment income, which reported a 13.9 percent wider deficit (to EUR 6,405 million; Table 13). The share of the income deficit in GDP rose by 0.2 percentage points from 2015 to 2.6 percent. The compensation of employees, representing income from activities performed based on a work contract for less than one year, posted a 13.4 percent larger surplus to EUR 636 million. The surplus on other primary income also stood slightly higher, i.e. by 0.9 percent, to EUR 1,302 million, following the trend in the subsidies from the European Agricultural Guarantee Fund – EAGF (up by about EUR 90 million than in 2015).

In 2016, investment income continued to post an unfavourable evolution, especially in the context of a larger deficit on direct investment income. The direct investment income deficit rose by more than 30 percent to EUR 5,041 million amid the pick-up in reinvested earnings and dividends. Portfolio investment income recorded a EUR 962 million deficit, a level comparable to that seen in 2015 (EUR 910 million), owing primarily to interest payments on the bonds issued by the general government, the same as in the previous year. The deficit reported by other investment income shrank by about 35 percent to EUR 685 million, on account of lower interest payments on foreign loans.

Table 13. Balance on primary income

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Credit	2,319	2,820	121.6	100.0	100.0
Compensation of employees	606	702	115.8	26.1	24.9
Investment income	277	598	215.9	11.9	21.2
Direct investment income	-69	119	-	-3.0	4.2
Portfolio investment income	107	150	140.2	4.6	5.3
Other investment income – interest	51	46	90.2	2.2	1.6
Income on reserve assets	188	283	150.5	8.1	10.0
Other primary income	1,436	1,520	105.8	61.9	53.9
Debit	6,092	7,287	119.6	100.0	100.0
Compensation of employees	45	66	146.7	0.7	0.9
Investment income	5,902	7,003	118.7	96.9	96.1
Direct investment income	3,781	5,160	136.5	62.1	70.8
Portfolio investment income	1,017	1,112	109.3	16.7	15.3
Other investment income – interest	1,104	731	66.2	18.1	10.0
Income on reserve assets	-	-	-	-	-
Other primary income	145	218	150.3	2.4	3.0
Balance	-3,773	-4,467	118.4		
Compensation of employees	561	636	113.4		
Investment income	-5,625	-6,405	113.9		
Direct investment income	-3,850	-5,041	130.9		
Portfolio investment income	-910	-962	105.7		
Other investment income – interest	-1,053	-685	65.1		
Income on reserve assets	188	283	150.5		
Other primary income	1,291	1,302	100.9		

1.3. Balance on secondary income

The balance on secondary income ended the year 2016 on a EUR 2,500 million surplus, 10.6 percent below the previous year's level, mainly reflecting the fall in the volume of miscellaneous current transfers (Table 14). The balance on secondary income of the general government ended the year on a surplus of EUR 146 million, close to the one of EUR 149 million in 2015, given comparable EU fund inflows under current transfers¹⁴. The balance of private secondary income posted a EUR 2,354 million surplus, down by 11 percent from 2015. Workers' remittances from abroad stood 12.6 percent above the 2015 level against the background of the economic recovery in the main destination countries for Romanian workers (Italy, Spain, France, Germany).

Payments from the EU budget to Romania in 2016, recorded as current transfers received by the general government, totalled EUR 1,626 million¹⁵, with approximately 43 percent of this amount coming from the European Social Fund (ESF) and

¹⁴ Current transfers include European funds other than subsidies (included under primary income) or than those for gross fixed capital formation (included under capital transfers).

¹⁵ Source: Ministry of Public Finance.

33 percent from the European Agricultural Fund for Rural Development (EAFRD), while the remainder was miscellaneous secondary income. Payments to the European Union amounted to EUR 1,505 million, representing almost entirely Romania's contribution to the EU budget.

Table 14. Balance on secondary income

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Credit	5,701	5,038	88.4	100.0	100.0
General government	1,866	1,670	89.5	32.7	33.1
Other sectors	3,835	3,368	87.8	67.3	66.9
Debit	2,906	2,538	87.3	100.0	100.0
General government	1,717	1,524	88.8	59.1	60.0
Other sectors	1,189	1,014	85.3	40.9	40.0
Balance	2,795	2,500	89.4		
General government	149	146	98.0		
Other sectors	2,646	2,354	89.0		

2. CAPITAL ACCOUNT

The capital account saw net inflows of EUR 4,260 million, up by 9.2 percent from 2015 (Table 15), on account of the advance in the capital transfer surplus¹⁶ from EU funds in the form of capital transfers, mainly from the European Regional Development Fund and the Cohesion Fund.

Table 15. Capital account

	EUR millions		Indices (%)	Composition (%)	
	2015	2016	2016/2015	2015	2016
Credit	4,013	4,412	109.9	100.0	100.0
Capital transfers	3,781	4,230	111.9	94.2	95.9
General government	3,298	4,225	128.1	82.2	95.8
Other sectors	483	5	1.0	12.0	0.1
Acquisitions/disposals of non-produced non-financial assets	232	182	78.4	5.8	4.1
Debit	112	152	135.7	100.0	100.0
Capital transfers	63	108	171.4	56.3	71.1
General government	1	0	-	0.9	0.0
Other sectors	62	108	174.2	55.4	71.1
Acquisitions/disposals of non-produced non-financial assets	49	44	89.8	43.8	28.9
Balance	3,901	4,260	109.2		
Capital transfers	3,718	4,122	110.9		
General government	3,297	4,225	128.1		
Other sectors	421	-103	-		
Acquisitions/disposals of non-produced non-financial assets	183	138	75.4		

¹⁶ Capital transfers include European funds which contribute to gross fixed capital formation.

3. FINANCIAL ACCOUNT¹⁷

In 2016, the financial account witnessed net outflows worth EUR 1,550 million, compared with EUR 2,280 million in the previous year (Table 16), with the downward trend being driven, on the one hand, by the rise in direct investment net inflows and, on the other hand, by the drop in net outflows in the form of other investment (mainly loans).

Table 16. Financial account

	EUR millions	
	2015	2016
Financial account	2,280	1,550
Net acquisition of assets	1,539	5,044
Net incurrence of liabilities	-741	3,494
Direct investment	-2,955	-4,513
Net acquisition of assets	929	1,143
Net incurrence of liabilities	3,884	5,656
Portfolio investment	-5	-975
Net acquisition of assets	300	352
Net incurrence of liabilities	305	1,327
Financial derivatives	-24	38
Net acquisition of assets	-24	38
Other investment	5,864	4,742
Net acquisition of assets	934	1,253
Net incurrence of liabilities	-4,930	-3,489
Reserve assets	-600	2,258
Net acquisition of assets	-600	2,258

Note: "+" increase, "-" decrease for both net acquisition of assets and net incurrence of liabilities.

Direct investment saw larger net inflows in the form of reinvestment of earnings by non-residents in direct investment enterprises in Romania and intercompany loans taken by non-financial corporations.

The slowdown in the net outflows under other investment/loans was mainly the result of the drop in repayments by the general government and the central bank on foreign loans.

3.1. Direct investment

In 2016, direct investment recorded net inflows in amount of EUR 4,513 million, up by more than 50 percent than in 2015, i.e. EUR 2,955 million (Table 17), amid both the reinvestment of earnings by foreign-owned companies in Romania, including equally monetary financial institutions and enterprises in the non-bank sector, and the intercompany lending.

¹⁷ The financial account covers foreign transactions in financial assets and liabilities, shown under the net acquisition of assets and the net incurrence of liabilities respectively. The difference between the net acquisition of assets and the net incurrence of liabilities (net) points to a net inflow in case of (-) and to a net outflow in case of (+).

Table 17. Direct investment

EUR millions

	2015			2016		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	929	3,884	-2,955	1,143	5,656	-4,513
Equity	-140	3,591	-3,731	9	4,341	-4,332
Equity other than reinvestment of earnings	9	3,080	-3,071	46	3,203	-3,157
Deposit-taking corporations except the central bank	1	-24	25	-12	48	-60
Other sectors	8	3,104	-3,096	58	3,155	-3,097
Reinvestment of earnings	-149	511	-660	-37	1,138	-1,175
Deposit-taking corporations except the central bank	3	272	-269	2	397	-395
Other sectors	-152	239	-391	-39	741	-780
Debt instruments	1,069	293	776	1,134	1,315	-181
Deposit-taking corporations except the central bank	-3	5	-8	0	-3	3
Other sectors*	1,072	288	784	1,134	1,318	-184

*) non-financial corporations, non-bank financial institutions, households and non-profit institutions

Investment by non-residents in Romania¹⁸ totalled EUR 4,517 million (Table 18), of which equity (consolidated with the net reinvestment of earnings) amounted to EUR 4,341 million and the net value of intercompany lending stood at EUR 176 million.

Investment by residents abroad reported an insubstantial net value (EUR 4 million), with equity being virtually offset by profit withdrawal and some repayments of loans granted by residents.

Table 18. Direct investment under the directional principle

EUR millions

	2015			2016		
	Credit	Debit	Net	Credit	Debit	Net
Total	41,454	38,499	2,955	61,675	57,162	4,513
Direct investment by non-residents in Romania	40,939	37,478	3,461	61,448	56,931	4,517
Equity other than reinvestment of earnings	5,246	2,161	3,085	5,477	2,274	3,203
Deposit-taking corporations except the central bank	507	531	-24	776	728	48

¹⁸ For further details on the presentation of data according to the directional principle, see *Foreign Direct Investment in Romania* on the NBR website.

continued

	EUR millions					
	2015			2016		
	Credit	Debit	Net	Credit	Debit	Net
Other sectors	4,739	1,630	3,109	4,701	1,546	3,155
Reinvestment of earnings	510	0	510	1,138	0	1,138
Deposit-taking corporations except the central bank	272	0	272	397	0	397
Other sectors	238	0	238	741	0	741
Debt instruments	35,183	35,317	-134	54,833	54,657	176
Deposit-taking corporations except the central bank	8	0	8	4	7	-3
Other sectors	35,175	35,317	-142	54,829	54,650	179
Direct investment by residents abroad	515	1,021	-506	227	231	-4
Equity other than reinvestment of earnings	55	68	-13	16	62	-46
Deposit-taking corporations except the central bank	0	1	-1	12	0	12
Other sectors	55	67	-12	4	62	-58
Reinvestment of earnings	0	-149	149	0	-37	37
Deposit-taking corporations except the central bank	0	3	-3	0	2	-2
Other sectors	0	-152	152	0	-39	39
Debt instruments	460	1,102	-642	211	206	5
Other sectors	460	1,102	-642	211	206	5

3.2. Portfolio investment

In 2016, portfolio investment posted net inflows worth EUR 975 million, compared to EUR 5 million in 2015 (Table 19), amid the pick-up in government bond issues (two reopenings in February in amount of EUR 1.25 billion, a new issue worth EUR 1 billion in May and its reopening in October equal to EUR 1 billion).

Table 19. Portfolio investment

	EUR millions					
	2015			2016		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	300	305	-5	352	1,327	-975
Equity and investment fund shares	184	328	-144	128	-412	540
Deposit-taking corporations except the central bank	-25	92	-117	36	127	-91
Other sectors	209	236	-27	92	-539	631

continued

	EUR millions					
	2015			2016		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Debt securities	116	-23	139	224	1,739	-1,515
Short term	-5	-181	176	-22	80	-102
Deposit-taking corporations except the central bank	-17	0	-17	-3	0	-3
General government	0	-181	181	0	80	-80
Other sectors	12	0	12	-19	0	-19
Long term	121	158	-37	246	1,659	-1,413
Deposit-taking corporations except the central bank	-297	-37	-260	-99	-18	-81
General government	0	195	-195	10	1,672	-1,662
Other sectors	418	0	418	335	5	330

3.3. Other investment

In 2016, other investment recorded net outflows worth EUR 4,742 million, down 19.1 percent from the the previous year (Table 20), which reflected EUR 1,253 million in net acquisition of assets and EUR -3,489 million in net incurrence of liabilities.

Table 20. Other investment

	EUR millions					
	2015			2016		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total, of which:	934	-4,930	5,864	1,253	-3,489	4,742
Other equity	11	0	11	1	0	1
Currency and deposits	602	-1,743	2,345	567	-3,095	3,662
Central bank	0	183	-183	0	-183	183
Deposit-taking corporations except the central bank	325	-1,800	2,125	952	-3,135	4,087
General government	-1	-126	125	2	223	-221
Other sectors	278	0	278	-387	0	-387
Loans	264	-3,180	3,444	86	-1,161	1,247
Central bank	0	-1,376	1,376	0	-123	123
Deposit-taking corporations except the central bank	30	0	30	28	0	28
General government	0	-1,358	1,358	60	-766	826
Other sectors	234	-446	680	-2	-272	270
Trade credit and advances	-271	17	-288	576	764	-188
General government	-32	-1	-31	-3	0	-3
Other sectors	-239	18	-257	579	764	-185

continued

	EUR millions					
	2015			2016		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Other accounts receivable/payable	327	-24	351	23	3	20
Deposit-taking corporations except the central bank	212	-21	233	1	4	-3
Other sectors	115	-1	116	22	0	22

The net acquisition of assets rose versus the previous year to EUR 1,253 million, from EUR 934 million in 2015, mainly reflecting the advance in the volume of short-term trade credit granted by resident non-financial corporations (Table 21).

Table 21. Other investment – net acquisition of assets

	EUR millions					
	2015			2016		
	Increase in assets	Decrease in assets	Net acquisition of assets	Increase in assets	Decrease in assets	Net acquisition of assets
Total, of which:	27,441	26,507	934	39,183	37,930	1,253
Other equity	16	5	11	1	0	1
Currency and deposits	20,955	20,353	602	31,720	31,153	567
Deposit-taking corporations except the central bank	10,405	10,081	324	12,762	11,810	952
General government	20	21	-1	33	31	2
Other sectors	10,530	10,251	279	18,925	19,312	-387
Loans	2,372	2,108	264	645	559	86
Deposit-taking corporations except the central bank	2,105	2,076	29	490	462	28
General government	1	1	0	60	0	60
Other sectors	266	31	235	95	97	-2
Trade credit and advances	3,214	3,485	-271	6,114	5,538	576
General government	27	59	-32	56	58	-2
Other sectors	3,187	3,426	-239	6,058	5,480	578
Other accounts receivable	883	556	327	703	680	23
Deposit-taking corporations except the central bank	504	292	212	51	50	1
Other sectors	379	264	115	652	630	22

The negative net incurrence of liabilities diminished from 2015 (to EUR 3,489 million, from EUR 4,930 million), owing to a lower volume of repayments by the central bank under the 2009 Stand-by Agreement (EUR 123 million compared to EUR 1,376 million) and by the general government (Table 22).

Table 22. Other investment – net incurrence of liabilities

EUR millions

	2015			2016		
	Increase in liabilities	Decrease in liabilities	Net incurrence of liabilities	Increase in liabilities	Decrease in liabilities	Net incurrence of liabilities
Total	28,125	33,055	-4,930	34,516	38,005	-3,489
Currency and deposits	19,786	21,529	-1,743	16,882	19,977	-3,095
Central bank	6,670	6,487	183	7,456	7,639	-183
Deposit-taking corporations except the central bank	11,677	13,477	-1,800	7,944	11,079	-3,135
General government	1,439	1,565	-126	1,482	1,259	223
Loans	6,341	9,521	-3,180	9,473	10,634	-1,161
Central bank	0	1,376	-1,376	0	123	-123
General government	1,192	2,550	-1,358	103	869	-766
Other sectors	5,149	5,595	-446	9,370	9,642	-272
Trade credit and advances	1,848	1,831	17	6,842	6,078	764
General government	0	1	-1	0	0	0
Other sectors	1,848	1,830	18	6,842	6,078	764
Other accounts payable	150	174	-24	1,319	1,316	3
Deposit-taking corporations except the central bank	63	86	-23	153	149	4
General government	0	1	-1	1	2	-1
Other sectors	87	87	0	1,165	1,165	0

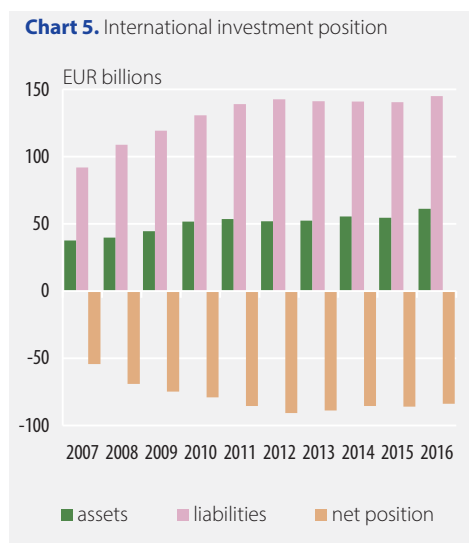
To sum up, in 2016, the balance of payments posted a net volume of transactions in real assets in amount of EUR 762 million (shown under the combined current and capital account surplus), having as counterpart net outflows in the form of financial transactions worth EUR 1,550 million (net of financial account), with the difference being accounted for by errors and omissions. Net outflows in the form of financial transactions had a favourable impact on the international investment position, contributing to the decline in its debit balance.

B. Romania's international investment position

1. OVERVIEW

The international investment position saw its debit balance decrease by 2.6 percent from 2015 to EUR 83.8 billion at end-2016 (Chart 5).

Foreign funding featured the same breakdown by financial instrument as in the previous year, coming in the form of direct investment (equity, loans from direct investors), followed by other investment (loans and deposits) and portfolio investment (long-term debt securities; Table 23). Direct and portfolio investment reported larger shares unlike other investment, whose contribution to foreign funding posted further a downward trend.



The contribution to funding of financial loans and deposits from non-residents continued to decline, with the roll-over rate of deposit-taking corporations except the central bank decreasing to only 26 percent for long-term instruments while standing at 84 percent for short-term instruments.

In 2016, the currency composition of foreign assets revealed the prevalence of the euro and the US dollar, whose shares, albeit on a decline, totalled 77.8 percent. The foreign liabilities of the investment position were mainly denominated in euro and lei, which jointly accounted for 91 percent, taking roughly similar shares (46.7 percent and 44.3 percent respectively). Foreign liabilities expressed in US dollars, special drawing rights and Swiss francs accounted for 8.5 percent of total, 0.6 percentage points lower than in 2015 (Table 24).

Table 23. Foreign assets and liabilities by instrument

	EUR millions		
	Assets	Liabilities	Net
Direct investment	5,673	75,059	-69,386
Portfolio investment	3,163	22,894	-19,731
Financial derivatives	6	4	2
Other investment	14,416	46,960	-32,544
Reserve assets	37,905		37,905
Total	61,163	144,916	-83,753

Table 24. Currency composition of foreign assets and liabilities

	31 December 2016			
	Foreign assets		Foreign liabilities	
	EUR millions	%	EUR millions	%
Total	61,163	100.0	144,916	100.0
EUR	40,530	66.3	67,636	46.7
USD	7,052	11.5	8,804	6.1
RON	2,681	4.4	64,223	44.3
XAU	3,664	6.0	0	0.0
RUN	1,888	3.1	0	0.0
CHF	337	0.6	2,204	1.5
XDR	1,317	2.2	1,267	0.9
GBP	1,362	2.2	58	0.0
JPY	1,254	2.1	498	0.3
Other currencies	1,077	1.8	227	0.2

At end-2016, foreign liabilities in the form of external debt instruments stood at EUR 92.9 billion (versus EUR 92.1 billion at end-2015), up 0.9 percent. Intercompany loans went up to EUR 26.1 billion (from EUR 22.1 billion in 2015), prevalently driven by short-term instruments (EUR 11.6 billion compared to EUR 8.5 billion at end-2015). Equity rose by EUR 3.9 billion (to EUR 49 billion at end-2016), which shows that non-resident partners continued to make long-term investment in shares and fund units issued by Romanian companies.

The NBR's net position went up to EUR 36.7 billion at end-2016 amid the climb in the central bank's foreign assets from EUR 35.5 billion to EUR 37.9 billion (Table 25). At end-2016, Romania's international reserves covered 6.3 months of the imports of goods and services. The breakdown shows net capital inflows (EUR 2.3 billion) and amounts arising from revaluations due to changes in the prices of gold and securities (EUR 0.1 billion).

Table 25. Foreign reserve assets

	EUR millions	
	31 December 2015	31 December 2016
Romania's international reserves	35,485	37,905
Gold	3,247	3,664
Foreign currency	32,238	34,242
Credit institutions	3,512	4,240
Foreign currency	3,512	4,240
Foreign reserve assets, of which:	38,997	42,145
Foreign currency	35,750	38,481

The breakdown of the international investment position by institutional sector in 2016 (Table 26) shows that the sector of deposit-taking corporations except the central bank continued to see a decreasing net debit balance, from EUR 17.2 billion to EUR 13.6 billion, as a joint result of the increase in assets and the decline in foreign liabilities in the form of deposits. The foreign assets of credit institutions expanded by 20.7 percent versus 2015 to EUR 4,240 billion.

Table 26. International investment position

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	-86,014	100.0	-83,753	100.0
General government	-28,278	32.9	-29,177	34.8
Central bank	33,963	-39.5	36,687	-43.8
Deposit-taking corporations except the central bank	-17,189	20.0	-13,564	16.2
Other sectors, of which:	-74,509	86.6	-77,699	92.8
Non-financial corporations	-70,779	82.3	-73,949	88.3

The net debtor position of the general government increased from EUR 28.3 billion to EUR 29.2 billion, up 3.2 percent versus 31 December 2015, amid the pick-up in this sector's external debt balance through a new government security issue and two reopenings of a 2015 issue.

Non-financial corporations recorded an increase in their net debtor position by 4.5 percent from 2015 to EUR 73.9 billion, given that equity in companies operating in Romania, intercompany lending and foreign loans continued to be the main means of financing.

2. INTERNATIONAL INVESTMENT POSITION

2.1. Foreign assets

At end-2016, foreign assets stood at EUR 61,163 million, up 12.3 percent year on year.

The composition of foreign assets by main component of the investment position remained similar to that seen in the previous year. Specifically, reserve assets further prevailed (Table 27), albeit with a slightly lower share of 62 percent, ahead of other investment (23.6 percent), direct investment (up 2.9 percentage points to 9.3 percent) and portfolio investment (5.2 percent).

At end-2016, foreign assets in the form of direct investment came in at EUR 5,673 million¹⁹, above the 2015 level, as a result of the increase in the volume of intercompany loans to non-resident enterprises.

Table 27. Foreign assets by instrument

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	54,441	100.0	61,163	100.0
Direct investment	3,478	6.4	5,673	9.3
Equity	-101	-0.2	-88	-0.1
Debt instruments	3,579	6.6	5,761	9.4
Portfolio investment	2,764	5.1	3,163	5.2
Equity and investment fund shares	1,054	1.9	1,240	2.0
Debt securities (long-term)	1,685	3.1	1,920	3.1
Debt securities (short-term)	25	0.0	3	0.0
Financial derivatives	5	0.0	6	0.0
Other investment	12,708	23.3	14,416	23.6
Other equity	1,063	2.0	1,088	1.8
Loans	714	1.3	807	1.3
Trade credit and advances	5,231	9.6	5,888	9.6
Currency and deposits	5,547	10.2	6,455	10.6
Other accounts receivable	152	0.3	177	0.3
Reserve assets	35,485	65.2	37,905	62.0

¹⁹ According to the BPM6 methodological framework, in the standard presentation of the international investment position and of the gross/net external debt, the asset and liability principle has replaced the directional principle in the presentation of direct investment. The balance on direct investment abroad (directional principle) stood at EUR 728 million at end-2016.

The stock of portfolio investment of resident investors came in at EUR 3,163 million, adding 0.1 percentage points in terms of share. The breakdown of portfolio investment by instrument shows that resident investors further purchased in 2016 bonds and other long-term securities, as well as shares of foreign companies.

During the period under review, the stock of other investment went up 13.4 percent year on year, to stand at EUR 14.4 billion.

At end-2016, Romania's international reserves (foreign exchange plus gold) came in at EUR 37,905 million, up EUR 2,420 million from a year earlier, against the background of further principal repayments and interest payments in relation to external public debt falling due over the reported period and of a new issue of government securities.

Table 28. Foreign assets by institutional sector

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	54,440	100.0	61,163	100.0
General government	3,102	5.7	3,262	5.3
Central bank	35,522	65.2	37,945	62.0
Deposit-taking corporations except the central bank	4,371	8.0	5,265	8.6
Other sectors, of which:	11,446	21.0	14,692	24.0
Non-financial corporations	7,930	14.6	10,769	17.6

The breakdown of foreign assets by institutional sector (Table 28) shows that, at 31 December 2016, the central bank continued to hold the largest share (62 percent) via reserve assets, ahead of non-financial corporations (17.6 percent), deposit-taking corporations except the central bank (8.6 percent), and the general government (5.3 percent).

2.2. Foreign liabilities

At end-2016, foreign liabilities amounted to EUR 144,916 million, up 3.2 percent from the end of the previous year (Table 29).

The breakdown of foreign liabilities by main financial instrument shows that the change in ranking that had occurred in 2015 – when the two large contributors to financing had switched positions – consolidated during 2016. Specifically, the share of direct investment widened by 4 percentage points, to 51.8 percent, and exceeded that of other investment, which narrowed 4.4 percentage points to 32.4 percent. Foreign funding, which was ensured primarily via financial instruments classified under direct investment and, to a lower extent, by other investment (largely in the form of loans and deposits) that trended visibly downwards by 4.8 percentage points, was affected by the ongoing external debt repayments, as well as by the diminishing roll-over rates for long-term debt in the case of credit institutions (29.3 percent).

Table 29. Foreign liabilities by instrument

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	140,454	100.0	144,916	100.0
Direct investment	67,166	47.8	75,059	51.8
Equity	45,103	32.1	48,969	33.8
Debt instruments	22,062	15.7	26,091	18.0
Portfolio investment	21,617	15.4	22,894	15.8
Equity and investment fund shares	3,280	2.3	3,034	2.1
Debt securities (long-term)	18,322	13.0	19,766	13.6
Debt securities (short-term)	15	0.0	94	0.1
Financial derivatives	3	0.0	4	0.0
Other investment	51,669	36.8	46,960	32.4
Other equity	0	0.0	0	0.0
Loans	30,647	21.8	28,270	19.5
Trade credit and advances	5,225	3.7	6,001	4.1
Currency and deposits	14,320	10.2	11,212	7.7
Other accounts payable	226	0.2	222	0.2
SDR allocations	1,252	0.9	1,255	0.9

At end-2016, the stock of direct investment stood at EUR 75,059 million²⁰ (up 11.8 percent against end-2015) or 44.3 percent as a share in GDP versus 41.9 percent a year earlier. The weight of equity held by non-residents went down by 1.7 percentage points, while that of debt instruments in the form of intercompany loans widened by 2.3 percentage points.

Direct investment in the form of intercompany lending further targeted the main economic sectors, predominantly manufacturing, construction and real estate transactions, trade, financial intermediation and insurance, as well as professional, scientific, technical and administrative activities and support services.

Foreign investors increased their portfolio of unlisted shares in non-financial corporations, banks, insurance undertakings and other financial intermediaries, equalling EUR 44.4 billion at end-2016. The value of non-resident investors' shares listed on the domestic capital market diminished to EUR 3.9 billion, with non-financial corporations and deposit-taking corporations except the central bank as the main issuers. At end-2016, non-residents' investment in resident investment funds stuck to the year earlier level.

The geographical composition of foreign capital in the form of direct investment remained unchanged, with investors coming from countries with financial potential such as the Netherlands, Germany, Austria, France, Cyprus, Italy, Luxembourg and Switzerland.

²⁰ According to the BPM6 methodological framework, in the standard presentation of the international investment position and of the gross/net external debt, the asset and liability principle has replaced the directional principle in the presentation of direct investment data. The balance on foreign direct investment in Romania (directional principle) stood at EUR 70,113 million at end-2016, as a result of deducting from the equity and borrowings of direct investment companies the loans granted by the latter within the group.

The stock of foreign direct investment by development region shows that the Bucharest-Ilfov region was in the lead, followed by Centre and West, South-Muntenia, North-West, South-East and South-West-Oltenia. The same as in previous years, in 2016 North-East came in last in terms of foreign direct investment.

At end-2016, portfolio investment saw its share in total foreign liabilities moving ahead 0.4 percentage points. The stock of investment in equity and investment fund shares declined slightly to EUR 3,034 million, while that on investment in long-term debt securities (bonds and government securities) came in at EUR 19,766 million, up 0.6 percentage points from the previous period.

The stable outlook on the investment rating, as confirmed by rating agencies, ensured further access onto foreign capital markets. In this context, the Ministry of Public Finance continued to launch government security issues on the domestic and foreign capital markets, at low costs and with sustainable maturities, ensuring the increase in the average maturity by avoiding debt peaks and the lowering of the stock of short-term debt. The stock of euro-denominated bonds issued on the domestic market trended further downwards (an issue worth EUR 1.5 billion was redeemed in February 2016), whereas that on leu-denominated securities rose, with both resident credit institutions and non-residents among the holders.

The favourable sentiment vis-à-vis the domestic economy enabled the Government of Romania to further tap foreign capital markets. Specifically, the year 2016 saw the launch of a Eurobond issue in amount of EUR 2 billion, with a coupon set at 2.875 percent and a 12-year maturity, as well as two reopenings of a 2015 issue worth EUR 1.25 billion.

Other investment amounted to EUR 46,960 million at end-2016, down 9.1 percent from a year earlier, amid further capital outflows in the form of principal repayments related to loans and deposits.

Table 30. Foreign liabilities by institutional sector

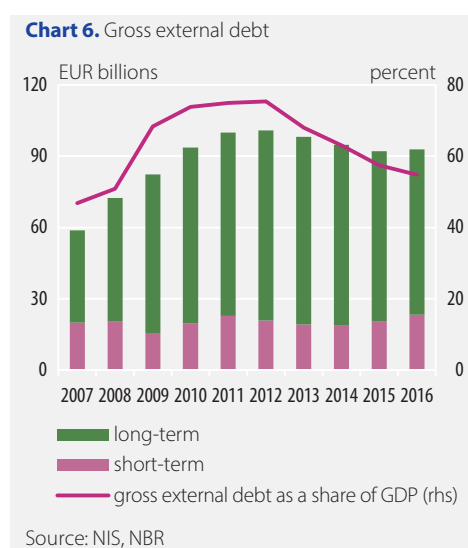
	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	140,454	100.0	144,916	100.0
General government	31,380	22.3	32,439	22.4
Central bank	1,560	1.1	1,258	0.9
Deposit-taking corporations except the central bank	21,559	15.3	18,829	13.0
Other sectors, of which:	85,955	61.2	92,390	63.8
Non-financial corporations	78,710	56.0	84,718	58.5

The composition of foreign liabilities by institutional sector was little changed in 2016 as well (Table 30). Specifically, the non-financial corporations sector still held the largest share (58.5 percent), followed by general government, with a slightly increasing share (from 22.3 percent to 22.4 percent), due to new issues that were counterbalanced by maturing government securities. Deposit-taking corporations except the central bank recorded a share of 13 percent, down 2.3 percentage points,

following a drop in the volume of deposits and the low roll-over rates of long-term instruments, while the share of the central bank narrowed 0.2 percentage points, to 0.9 percent.

2.2.1. External debt

As of 2008, gross external debt posted an upward path that peaked at EUR 100 billion in 2012, reflecting heightened financing requirements, correlated with the evolution of domestic macroeconomic indicators and international developments. Afterwards,



gross external debt displayed a downward trend (Chart 6), amid steady principal repayments on both long- and short-term external debt.

At end-2016, the stock of gross external debt²¹ totalled EUR 92,910 million, edging up 0.9 percent from end-2015, due to the reduction in the long-term component by 2.5 percent, whereas the short-term component added a sturdy 12.7 percent.

Developments in the stock of long-term external debt during 2016 were ascribable to the reduction in private external debt by 6.1 percent. External public debt²² witnessed an increase of 2.2 percent, while the central bank's external debt consisted in only one component, i.e. SDR allocations from the IMF, whose value stuck to the year earlier reading. The external debt to the IMF in relation to the central bank commitment was fully repaid (Table 31).

Table 31. Gross external debt

	EUR millions	
	31 December 2015	31 December 2016
Long-term external debt	71,424	69,645
Public debt	31,610	32,299
Private debt	38,441	36,091
Central bank debt, of which:	1,374	1,255
Loans from the IMF	122	0
SDR allocations from the IMF	1,252	1,255
Short-term external debt	20,644	23,265
Gross external debt	92,068	92,910

²¹ The stock of gross external debt is cash-based, net of accrued unmaturing interest.

²² External public debt includes external loans taken directly by the MPF and local governments, external loans guaranteed by the MPF and local governments, in compliance with the legislation on public debt, including the loans taken by the MPF in accordance with Government Emergency Ordinance No. 99/2009 ratifying the Stand-by Arrangement between Romania and the IMF, as well as government securities purchased by non-residents – calculated at market value.

Long-term external debt ran at EUR 69,645 million at end-2016, down 2.5 percent against end-2015. To this contributed net capital outflows (EUR -1,951 million), changes in the prices of government securities held (EUR -360 million), and the influence of exchange rate changes and other changes (EUR 531 million).

Table 32. Currency composition of the NBR's foreign exchange reserve and of external debt

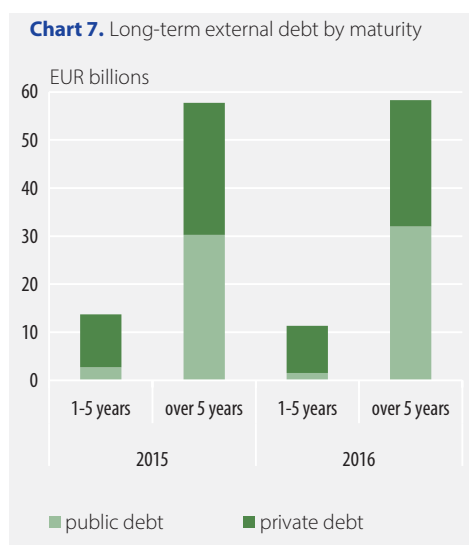
	31 December 2016			
	NBR's foreign exchange reserve		External debt	
	EUR millions	%	EUR millions	%
Total	34,242	100.0	92,910	100.0
EUR	25,702	75.1	67,635	72.8
USD	4,037	11.8	8,775	9.4
GBP	1,124	3.3	58	0.1
JPY	1,246	3.6	498	0.5
XDR	1,259	3.7	1,267	1.4
CHF	47	0.1	2,204	2.4
RON	0	0.0	12,246	13.2
Other	827	2.4	227	0.2

The currency composition of external debt (with the euro accounting for 72.8 percent and the US dollar for 9.4 percent) was replicated in a balanced manner in the NBR's foreign exchange reserve, where the euro and the US dollar jointly held 86.9 percent (Table 32).

Table 33. Long-term gross external debt by creditor

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	71,425	100.0	69,645	100.0
Loans from international institutions, of which:	16,126	22.6	15,071	21.6
IBRD	4,002	5.6	3,794	5.4
EIB	4,318	6.0	4,053	5.8
EBRD	1,316	1.8	986	1.4
EU	3,500	4.9	3,500	5.0
IMF	1,374	1.9	1,255	1.8
EDF-EC	825	1.2	763	1.1
OECD	436	0.6	444	0.6
Portfolio investment of private banks	18,322	25.7	19,766	28.4
Loans from private banks and other financial institutions	23,379	32.7	20,295	29.1
Other	13,597	19.0	14,513	20.8

Long-term external debt by creditor at end-2016 (Table 33) shows that private banks further held the largest share (29.1 percent, albeit edging down 3.6 percentage points), while official creditors saw their share decrease by 1 percentage point, to 21.6 percent, owing to debt repayments on the financial arrangements with the IMF, EBRD, IBRD, EIB, EDF-EC. Among private creditors, foreign credit institutions further supported the long-term lending



to the economy, as well as general government financing via purchasing a new Eurobond issue that increased the stock of portfolio investment.

Long-term external debt by maturity at end-2016 shows a reduction in the stock of external debt across the 1 to 5 year-maturity and an increase in external debt maturing in more than 5 years (Table 34). In the context of a rise in external public debt against the previous year, further noticeable is the focus on debt management strategies whereby maturities are set so as to ensure avoiding any peak debt

repayments. Hence, the share of external debt with more than 5 years maturity further exceeded significantly that of debt with a maturity between 1 and 5 years (Chart 7).

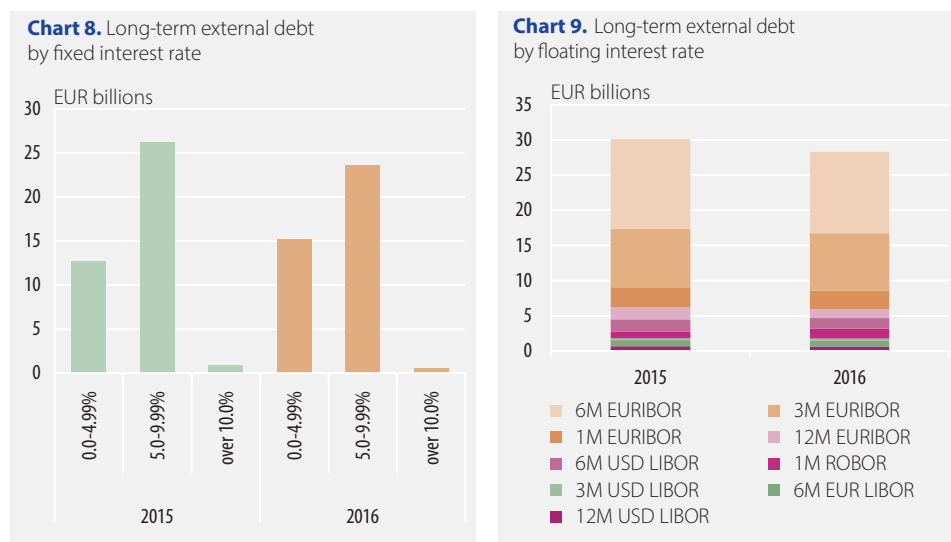
Table 34. Long-term external debt by maturity

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	71,424	100.0	69,645	100.0
1-5 years	13,727	19.2	11,352	16.3
Public debt	2,693	3.8	1,536	2.2
Private debt	11,035	15.4	9,817	14.1
More than 5 years	57,697	80.8	58,292	83.7
Public debt	30,268	42.4	32,019	46.0
Private debt	27,429	38.4	26,274	37.7

Table 35. Long-term external debt by type of interest rate

	31 December 2015		31 December 2016	
	EUR millions	%	EUR millions	%
Total	71,425	100.0	69,645	100.0
Floating rates, of which:	31,674	44.3	30,274	43.5
12M USD LIBOR	667	0.9	617	0.9
6M EUR LIBOR	850	1.2	861	1.2
3M USD LIBOR	308	0.4	301	0.4
1M ROBOR	872	1.2	1,378	2.0
6M USD LIBOR	1,786	2.5	1,534	2.2
12M EURIBOR	1,702	2.4	1,192	1.7
1M EURIBOR	2,880	4.0	2,700	3.9
3M EURIBOR	8,328	11.7	8,160	11.7
6M EURIBOR	12,741	17.8	11,531	16.6
Fixed rates	39,750	55.7	39,370	56.5
0.0-4.99%	12,690	17.8	15,182	21.8
5.0-9.99%	26,183	36.7	23,638	33.9
over 10.0%	877	1.2	551	0.8

Long-term external debt by type of interest rate shows that the stock of floating-rate loans followed a downtrend versus a year earlier across most interest rate types (Table 35). Fixed-rate loans were on an upward path in the 0-5 percent range, whereas those in the immediately consecutive ranges contracted further. The concern for a debt service as sustainable as possible in relation to long-term loan agreements was further visible, through a decrease in the share of floating rates (Chart 9) and an increase in that of fixed rates (Chart 8).



Long-term external debt incurred by the central bank and the credit institutions witnessed a further contraction during 2016 (Table 36) due to principal repayments and withdrawals on deposits by non-residents, while general government debt continued to increase, primarily via the new securities issues on capital markets. Non-financial corporations' long-term debt stood slightly below that recorded at end-2015, its share in total debt shrinking 0.4 percentage points to 34.5 percent.

Table 36. Long-term external debt by institutional sector

	2015		2016	
	EUR millions	%	EUR millions	%
Total	71,424	100.0	69,645	100.0
General government	31,359	43.9	32,120	46.1
Central bank	1,374	1.9	1,255	1.8
Deposit-taking corporations except the central bank	9,767	13.7	7,985	11.5
Other sectors, of which:	28,924	40.5	28,285	40.6
Non-financial corporations	24,914	34.9	24,034	34.5

The composition of long-term external debt by instrument (Table 37) shows declining shares of loans and deposits by 2.3 percentage points and 2.2 percentage points respectively, as well as of trade credit by 0.1 percentage points, whereas the shares of portfolio investment instruments in the form of debt securities and direct investment instruments widened by 2.7 percentage points and 1.8 percentage points respectively.

Table 37. Long-term external debt by instrument

	2015		2016	
	EUR millions	%	EUR millions	%
Total	71,424	100.0	69,645	100.0
Direct investment instruments	13,608	19.1	14,527	20.9
Loans	28,206	39.5	25,941	37.2
Trade credit and advances	382	0.5	271	0.4
Currency and deposits	9,589	13.4	7,828	11.2
Debt securities	18,322	25.7	19,766	28.4
SDR allocations	1,252	1.8	1,255	1.8
Other accounts payable	66	0.1	57	0.1

Short-term external debt ended the year 2016 at EUR 23,265 million, accounting for 25 percent of total gross external debt. Institutional sectors held uneven weights in the short-term external debt, with the non-financial corporations sector further making the largest contribution (82.3 percent, up from 74.9 percent), ahead of deposit-taking corporations except the central bank and the government sector (Table 38).

Table 38. Short-term external debt by institutional sector

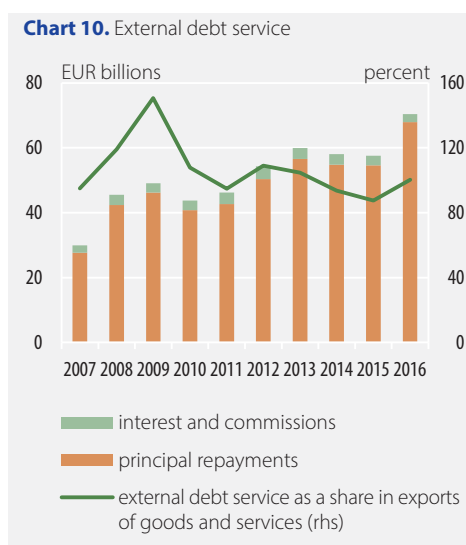
	2015		2016	
	EUR millions	%	EUR millions	%
Total	20,644	100.0	23,265	100.0
Government sector	20	0.1	318	1.4
Central bank	186	0.9	3	0.0
Deposit-taking corporations except the central bank	4,561	22.1	3,182	13.7
Other sectors, of which:	15,877	76.9	19,762	84.9
Non-financial corporations	15,459	74.9	19,136	82.3

The non-financial corporations sector and deposit-taking corporations except the central bank resorted to short-term external funds in 2016 as well, as pointed out by roll-over rates of 106.6 percent and 84.5 percent respectively.

Table 39. Short-term external debt by instrument

	2015		2016	
	EUR millions	%	EUR millions	%
Total	20,644	100.0	23,265	100.0
Direct investment instruments	8,454	41.0	11,564	49.7
Loans	2,442	11.8	2,329	10.0
Trade credit and advances	4,842	23.5	5,730	24.6
Currency and deposits	4,731	22.9	3,384	14.5
Debt securities	15	0.1	94	0.4
Other accounts payable	160	0.8	165	0.7

The share of debt instruments in the form of deposits taken by credit institutions, as a means of short-term funding, shrank by 8.4 percentage points compared with 2015, to 14.5 percent (Table 39). An upward shift occurred with respect to short-term direct



investment instruments, whose share widened 8.7 percentage points and reached 49.7 percent, and to trade credit and short-term government securities.

The external debt service doubled in the period from 2007 to 2013, having posted significant increases during 2008-2009, followed by a moderate easing in 2010 and considerable rises 2011 through 2013 (Chart 10). During 2014-2015, the external debt service stood below the EUR 60 billion mark, before exceeding EUR 70 billion in 2016, reflecting government security redemptions and secondary market

transactions, liquidation of deposits by non-residents, and other payments to multilateral and private creditors in line with commitments falling due in connection with investment relations in the form of trade credit and direct investment.

In 2016, the external debt service amounted to EUR 70,436 million, of which principal repayments equalled EUR 67,885 million and payments of interest and commissions totalled EUR 2,550 million. The composition by maturity changed against the previous year, as the share of long-term external debt service narrowed from 43.9 percent in 2015 to 29.9 percent in 2016 and that of short-term external debt service widened from 56.1 percent to 70.1 percent.

Table 40. External debt service (EDS)

	2015	2016
EDS (EUR millions)	57,570	70,436
EDS/GDP (%)	35.9	41.5
EDS/EXP* (%)	87.6	100.4
EXP* (EUR millions)	65,754	70,176

*) exports of goods and services

During the period under review, prompted by an increase, the external debt service slightly exceeded exports of goods and services, taking 100.4 percent of their value (Table 40). In relation to GDP, the external debt service saw its share widen by 5.6 percentage points against 2015, to 41.5 percent.

Net external debt²³ came in at EUR 37.7 billion at end-2016, down from EUR 42.9 billion in 2015, amid the drop in net external debt of deposit-taking corporations except the central bank (credit institutions) and of other sectors (Table 41). The net external debt of the non-financial corporations sector diminished from EUR 14 billion to EUR 12.1 billion, whereas that stemming from direct investment (intercompany lending) rose to EUR 20.1 billion from EUR 18.3 billion in the previous year.

²³ Calculated as the difference between foreign liabilities and foreign assets related to all debt instruments (loans, currency and deposits, bonds and money market instruments, trade credit).

Table 41. Net external debt at end-2016

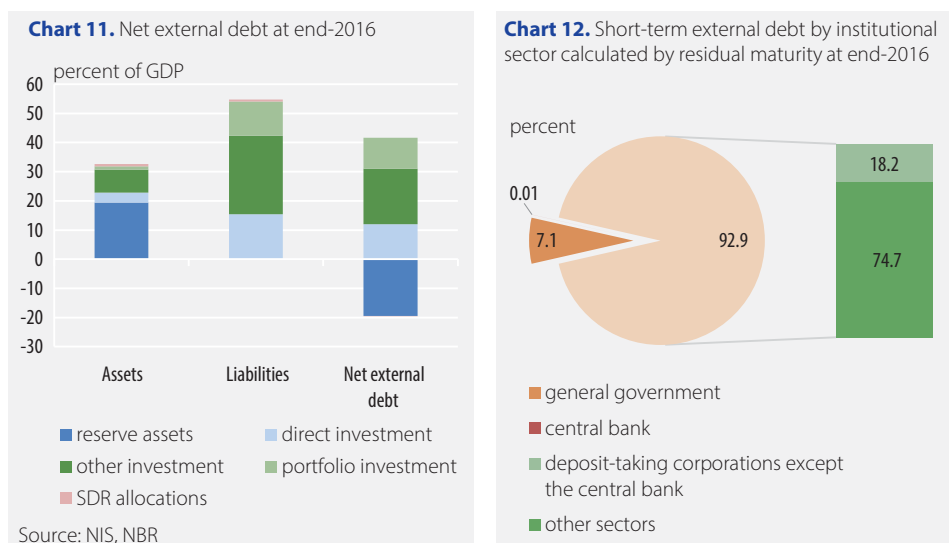
	EUR millions		
	Gross external debt	Foreign assets based on debt instruments	Net external debt
General government	32,439	2,213	30,226
Currency and deposits	224	8	217
Debt securities	19,694	10	19,684
Loans	12,507	60	12,447
Trade credit and advances	0	2,047	-2,047
Other accounts receivable/payable	13	88	-74
Central bank	1,258	34,242	-32,984
Special drawing rights (SDR)	1,255	1,259	-4
Currency and deposits	3	8,168	-8,165
Debt securities	0	24,814	-24,814
Loans	0	0	0
Other accounts receivable/payable	0	0	
Deposit-taking corporations except the central bank	11,162	5,187	5,975
Currency and deposits	10,985	4,370	6,615
Debt securities	152	168	-16
Loans	0	631	-631
Other accounts receivable/payable	25	19	7
Other sectors	21,961	7,850	14,110
Currency and deposits	0	2,078	-2,078
Debt securities	14	1,745	-1,731
Loans	15,763	116	15,647
Trade credit and advances	6,001	3,840	2,160
Other accounts receivable/payable	183	71	112
Direct investment, debt instruments (intercompany lending)	26,091	5,761	20,330
Total	92,910	55,253	37,657

At 31 December 2016, net external debt accounted for 22.2 percent of GDP, against 26.8 percent at end-2015²⁴, which led to a reduction in the debit balance of the international investment position from 53.6 percent to 49.4 percent of GDP (Chart 11).

The stock of short-term external debt calculated at residual value²⁵ totalled EUR 37,852 million, of which other sectors' debt accounted for 74.7 percent (Chart 12). The general government recorded an identical share, while the central bank reported a declining share, with a favourable impact on the sustainability of the public sector's short-term external debt. The ratio of the foreign exchange reserve to short-term external debt calculated at residual maturity diminished in 2016 to 90.5 percent from 95.6 percent a year earlier, fully covering the commitments falling due.

²⁴ During the same period, gross external debt declined from 57.4 percent to 54.8 percent as a share of GDP.

²⁵ Short-term external debt outstanding at end-2016 plus the principal and/or interest on long-term gross external debt payable over the following 12 months (2017).



The analysis of the main indebtedness indicators in 2016 shows that the share of long-term external debt in GDP narrowed to 41.1 percent, the share of short-term external debt in GDP widened to 13.7 percent, the ratio of gross external debt to exports of goods and services was 132.4 percent, while the share of interest in total exports of goods and services decreased to 3.6 percent. At end-2016, Romania's international reserves (foreign currency and gold) covered 6.3 months of imports of goods and services. The ratio of foreign exchange reserves at the National Bank of Romania to short-term external debt²⁶ fell to 147.2 percent at end-2016, compared with 156.2 percent at end-2015.

²⁶ Gross external debt with an original maturity of up to and including one year.

Statistical section

Balance of payments, 2015 – 2016						
Item	EUR millions					
	2015			2016		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	73,775	75,747	-1,972	78,035	81,533	-3,498
A. Goods and services	65,755	66,749	-994	70,177	71,708	-1,531
a. Goods	49,113	56,901	-7,788	52,170	61,424	-9,254
general merchandise on a balance of payments basis	49,103	56,901	-7,798	52,192	61,424	-9,232
net exports of goods under merchandising	10	0	10	-22	0	-22
goods acquired under merchandising	-232	0	-232	-287	0	-287
goods sold under merchandising	242	0	242	265	0	265
b. Services	16,642	9,848	6,794	18,007	10,284	7,723
processing services	2,567	172	2,395	2,631	202	2,429
transport	5,204	1,796	3,408	5,537	1,915	3,622
travel	1,542	1,855	-313	1,568	1,930	-362
other	7,329	6,025	1,304	8,271	6,237	2,034
B. Primary income	2,319	6,092	-3,773	2,820	7,287	-4,467
compensation of employees	606	45	561	702	66	636
investment income	277	5,902	-5,625	598	7,003	-6,405
other primary income	1,436	145	1,291	1,520	218	1,302
C. Secondary income	5,701	2,906	2,795	5,038	2,538	2,500
general government	1,866	1,717	149	1,670	1,524	146
other sectors	3,835	1,189	2,646	3,368	1,014	2,354
2. Capital account	4,013	112	3,901	4,412	152	4,260
A. Capital transfers	3,781	63	3,718	4,230	108	4,122
general government	3,298	1	3,297	4,225	0	4,225
other sectors	483	62	421	5	108	-103
B. Acquisitions/disposals of non-produced non-financial assets	232	49	183	182	44	138
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	1,539	-741	2,280	5,044	3,494	1,550
A. Direct investment	929	3,884	-2,955	1,143	5,656	-4,513
equity	-139	3,591	-3,730	8	4,341	-4,333
equity other than reinvestment of earnings	9	3,080	-3,071	46	3,203	-3,157
reinvestment of earnings	-148	511	-659	-38	1,138	-1,176
debt instruments	1,068	293	775	1,135	1,315	-180
B. Portfolio investment	300	305	-5	352	1,327	-975
equity and investment fund shares	184	328	-144	128	-412	540
debt securities	116	-23	139	224	1,739	-1,515
C. Financial derivatives	x	x	-24	x	x	38
D. Other investment	934	-4,930	5,864	1,253	-3,489	4,742
other equity	11	0	11	1	0	1
currency and deposits	602	-1,743	2,345	567	-3,095	3,662
loans	264	-3,180	3,444	86	-1,161	1,247
trade credit and advances	-271	17	-288	576	764	-188
other accounts receivable/payable	327	-24	351	23	3	20
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	-600	0	-600	2,258	0	2,258
4. Net errors and omissions	x	x	351	x	x	788

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

Quarterly balance of payments, 2016

Item	EUR millions					
	Q1			Q2		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	18,589	18,762	-173	19,220	21,256	-2,036
A. Goods and services	16,664	16,703	-39	17,446	17,766	-320
a. Goods	12,508	14,380	-1,872	12,992	15,284	-2,292
general merchandise on a balance of payments basis	12,526	14,380	-1,854	12,985	15,284	-2,299
net exports of goods under merchanting	-18	0	-18	7	0	7
goods acquired under merchanting	-86	0	-86	-57	0	-57
goods sold under merchanting	68	0	68	64	0	64
b. Services	4,156	2,323	1,833	4,454	2,482	1,972
processing services	635	48	587	648	49	599
transport	1,273	434	839	1,389	462	927
travel	343	388	-45	376	455	-79
other	1,905	1,453	452	2,041	1,516	525
B. Primary income	593	1,341	-748	565	2,927	-2,362
compensation of employees	173	9	164	177	22	155
investment income	149	1,282	-1,133	158	2,852	-2,694
other primary income	271	50	221	230	53	177
C. Secondary income	1,332	718	614	1,209	563	646
general government	570	473	97	371	280	91
other sectors	762	245	517	838	283	555
2. Capital account	1,342	28	1,314	1,275	14	1,261
A. Capital transfers	1,287	11	1,276	1,239	10	1,229
general government	1,286	0	1,286	1,237	0	1,237
other sectors	1	11	-10	2	10	-8
B. Acquisition/disposal of non-produced non-financial assets	55	17	38	36	4	32
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	1,273	157	1,116	1,375	1,328	47
A. Direct investment	252	1,102	-850	150	1,377	-1,227
equity	18	843	-825	14	853	-839
equity other than reinvestment of earnings	27	582	-555	23	372	-349
reinvestment of earnings	-9	261	-270	-9	481	-490
debt instruments	234	259	-25	136	524	-388
B. Portfolio investment	154	82	72	-56	-402	346
equity and investment fund shares	76	-454	530	35	28	7
debt securities	78	536	-458	-91	-430	339
C. Financial derivatives	x	x	2	x	x	6
D. Other investment	1,517	-1,027	2,544	848	353	495
other equity	1	0	1	0	0	0
currency and deposits	1,084	-1,193	2,277	529	-773	1,302
loans	14	-272	286	69	15	54
trade credit and advances	379	411	-32	289	513	-224
other accounts receivable/payable	39	27	12	-39	598	-637
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	-652	0	-652	427	0	427
4. Net errors and omissions	x	x	-25	x	x	822

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

EUR millions						Item
Q3			Q4			
Credit	Debit	Balance	Credit	Debit	Balance	
20,339	21,016	-677	19,887	20,499	-612	1. Current account
17,794	18,145	-351	18,273	19,094	-821	A. Goods and services
13,212	15,535	-2,323	13,458	16,225	-2,767	a. Goods
13,215	15,535	-2,320	13,466	16,225	-2,759	general merchandise on a balance of payments basis
-3	0	-3	-8	0	-8	net exports of goods under merchanting
-70	0	-70	-74	0	-74	goods acquired under merchanting
67	0	67	66	0	66	goods sold under merchanting
4,582	2,610	1,972	4,815	2,869	1,946	b. Services
668	46	622	680	59	621	processing services
1,416	494	922	1,459	525	934	transport
466	581	-115	383	506	-123	travel
2,032	1,489	543	2,293	1,779	514	other
1,062	2,124	-1,062	600	895	-295	B. Primary income
164	20	144	188	15	173	compensation of employees
138	2,047	-1,909	153	822	-669	investment income
760	57	703	259	58	201	other primary income
1,483	747	736	1,014	510	504	C. Secondary income
500	364	136	229	407	-178	general government
983	383	600	785	103	682	other sectors
1,257	96	1,161	538	14	524	2. Capital account
1,216	87	1,129	488	0	488	A. Capital transfers
1,215	0	1,215	487	0	487	general government
1	87	-86	1	0	1	other sectors
41	9	32	50	14	36	B. Acquisition/disposal of non-produced non-financial assets
Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net	
2,529	1,175	1,354	-133	834	-967	3. Financial account
254	1,458	-1,204	487	1,719	-1,232	A. Direct investment
-2	924	-926	-22	1,721	-1,743	equity
7	348	-341	-11	1,901	-1,912	equity other than reinvestment of earnings
-9	576	-585	-11	-180	169	reinvestment of earnings
256	534	-278	509	-2	511	debt instruments
122	712	-590	132	935	-803	B. Portfolio investment
30	-57	87	-13	71	-84	equity and investment fund shares
92	769	-677	145	864	-719	debt securities
x	x	35	x	x	-5	C. Financial derivatives
417	-995	1,412	-1,529	-1,820	291	D. Other investment
0	0	0	0	0	0	other equity
226	-354	580	-1,272	-775	-497	currency and deposits
44	-701	745	-41	-203	162	loans
85	43	42	-177	-203	26	trade credit and advances
62	17	45	-39	-639	600	other accounts receivable/payable
0	0	0	0	0	0	special drawing rights
1,701	0	1,701	782	0	782	E. NBR's reserve assets
x	x	870	x	x	-879	4. Net errors and omissions

Romania's international investment position, 2009 – 2016								
Institutional sectors	EUR millions, end of period							
	2009	2010	2011	2012	2013	2014	2015	2016
I. Central bank	24,051	25,738	25,831	25,585	29,644	32,942	33,963	36,687
Foreign assets, of which:	30,888	35,982	37,283	35,444	35,464	35,540	35,522	37,945
Foreign exchange reserve	28,303	32,432	33,193	31,206	32,525	32,216	32,238	34,242
Monetary gold	2,556	3,518	4,058	4,207	2,910	3,290	3,247	3,664
Foreign liabilities, of which:	6,838	10,244	11,452	9,859	5,820	2,598	1,560	1,258
Currency and deposits	79	22	53	57	10	3	186	3
Loans from the IMF	5,686	9,083	10,231	8,654	4,708	1,421	122	0
SDR allocations	1,073	1,139	1,168	1,148	1,102	1,173	1,252	1,255
II. General government	-11,241	-15,965	-20,288	-22,998	-27,298	-29,807	-28,278	-29,177
Foreign assets, of which:	2,366	2,592	2,734	2,575	2,567	2,834	3,102	3,262
Other investment, of which:	2,366	2,592	2,734	2,575	2,567	2,834	3,102	3,252
other equity	630	713	797	785	868	945	1,027	1,049
trade credits and advances	1,623	1,761	1,781	1,715	1,625	1,810	1,985	2,047
Foreign liabilities, of which:	13,607	18,557	23,022	25,573	29,865	32,641	31,380	32,439
Portfolio investment	3,329	4,275	6,098	9,500	14,214	17,999	18,153	19,694
debt securities	3,329	4,275	6,098	9,500	14,214	17,999	18,153	19,694
Other investment, of which:	10,278	14,282	16,923	16,072	15,652	14,641	13,227	12,745
currency and deposits	80	115	132	92	92	215	5	224
loans	10,172	14,139	16,062	15,952	15,535	14,403	13,197	12,507
III. Deposit-taking corporations except the central bank	-26,020	-27,912	-28,749	-27,094	-23,875	-18,996	-17,189	-13,564
Foreign assets, of which:	3,156	2,722	1,975	2,303	2,208	3,538	4,371	5,265
Direct investment	191	109	36	41	42	42	44	33
equity	191	109	36	41	40	42	41	31
debt instruments	0	0	0	0	2	0	3	2
Portfolio investment	301	557	403	414	578	641	294	212
equity and investment fund shares	2	82	33	31	19	23	1	44
debt securities	299	475	370	383	559	618	293	168
Other investment, of which:	2,664	2,056	1,536	1,848	1,588	2,855	4,033	5,019
currency and deposits	2,318	1,721	1,158	1,369	1,348	2,401	3,419	4,370
loans	311	285	344	413	214	439	597	631
other accounts receivable	35	50	34	66	26	14	18	19
Foreign liabilities, of which:	29,176	30,634	30,724	29,397	26,083	22,534	21,559	18,829
Direct investment	6,476	6,571	6,501	7,137	6,658	5,625	6,257	6,350
equity	6,476	6,571	6,501	7,137	6,657	5,623	6,249	6,346
debt instruments	0	0	0	0	1	3	8	4
Portfolio investment	233	162	93	278	560	882	1,152	1,469
equity and investment fund shares	56	36	50	60	394	678	982	1,317
debt securities	177	126	43	218	166	204	171	152
Other investment, of which:	22,467	23,901	24,130	21,982	18,866	16,027	14,150	11,010
currency and deposits	22,256	23,854	24,098	21,321	18,724	15,852	14,129	10,985
other accounts payable	211	47	31	661	141	175	21	25

continued

Institutional sectors	EUR millions, end of period							
	2009	2010	2011	2012	2013	2014	2015	2016
IV. Other sectors	-61,604	-60,856	-62,352	-66,121	-67,421	-69,617	-74,509	-77,699
Foreign assets, <i>of which:</i>	8,067	10,237	11,419	11,570	11,978	13,554	11,446	14,692
Direct investment	1,528	1,800	1,939	1,641	1,657	2,540	3,434	5,640
equity	120	272	337	304	394	65	-142	-118
debt instruments	1,408	1,528	1,602	1,337	1,263	2,475	3,577	5,759
Portfolio investment	892	1,025	1,206	1,640	1,770	1,795	2,470	2,940
equity and investment fund shares	402	502	692	879	844	806	1,054	1,195
debt securities	490	523	514	761	926	989	1,417	1,745
Other investment, <i>of which:</i>	5,647	7,422	8,274	8,289	8,550	9,208	5,536	6,105
currency and deposits	1,313	1,747	2,173	2,446	2,614	2,984	2,122	2,078
loans	2,539	2,994	3,188	3,162	3,163	3,391	117	116
trade credit and advances	1,751	2,612	2,767	2,468	2,573	2,562	3,247	3,840
other accounts receivable	43	70	147	214	201	271	50	71
Foreign liabilities, <i>of which:</i>	69,671	71,093	73,771	77,691	79,399	83,170	85,955	92,390
Direct investment	42,624	45,012	47,637	50,925	54,381	56,892	60,909	68,709
equity	29,124	28,961	30,503	32,131	34,057	37,641	38,854	42,623
debt instruments	13,500	16,051	17,134	18,794	20,325	19,250	22,055	26,086
Portfolio investment	1,357	1,377	1,330	2,334	1,994	2,265	2,312	1,731
equity and investment fund shares	1,332	1,336	1,289	2,334	1,990	2,251	2,298	1,717
debt securities	25	41	41	0	4	14	14	14
Other investment, <i>of which:</i>	25,690	24,704	24,804	24,431	23,022	24,009	22,732	21,947
loans	24,273	22,956	22,764	22,565	21,362	22,429	17,328	15,763
trade credit and advances	1,417	1,744	1,972	1,847	1,564	1,514	5,222	6,001
other accounts payable	0	4	69	19	95	64	182	183
Net position	-74,814	-78,995	-85,558	-90,628	-88,950	-85,478	-86,013	-83,753
Foreign assets	44,477	51,533	53,411	51,892	52,218	55,465	54,441	61,163
Foreign liabilities	119,291	130,528	138,969	142,520	141,168	140,943	140,454	144,916

Romania's gross international reserve, 2009 – 2016

	EUR millions, end of period							
	2009	2010	2011	2012	2013	2014	2015	2016
National Bank of Romania	30,858	35,951	37,252	35,413	35,435	35,506	35,485	37,905
Gold	2,556	3,518	4,058	4,207	2,910	3,290	3,247	3,664
Foreign exchange reserve	28,302	32,432	33,194	31,206	32,525	32,216	32,238	34,242
Credit institutions	2,716	2,298	1,639	1,892	2,035	3,285	3,512	4,240
Foreign currency	2,716	2,298	1,639	1,892	2,035	3,285	3,512	4,240
Gross international reserve, of which:	33,574	38,249	38,891	37,305	37,470	38,791	38,997	42,145
Gross foreign exchange reserve	31,018	34,731	34,833	33,098	34,559	35,501	35,750	38,482

External debt indicators, 2009 – 2016

	2009	2010	2011	2012	2013	2014	2015	2016
	EUR millions							
External debt (ED)	82,304	93,624	99,926	100,857	98,069	94,744	92,069	92,910
Long-term (LT)	66,715	74,075	77,131	79,936	78,860	75,829	71,425	69,645
Short-term (ST)	15,589	19,549	22,795	20,921	19,209	18,915	20,644	23,265
GDP	120,483	126,816	133,344	133,610	144,254	150,327	160,328	169,563
Exports of goods and services (EXP)	32,562	40,573	48,799	49,777	57,308	61,909	65,755	70,177
Imports of goods and services (IMP)	40,631	48,697	56,526	56,568	58,422	62,376	66,749	71,708
External debt service (EDS)	49,038	43,775	46,232	54,268	58,251	58,019	57,570	70,436
Principal repayments	46,252	40,745	42,631	50,339	54,873	54,768	54,640	67,885
long-term (LT)	10,164	12,756	12,932	16,391	22,544	21,879	23,247	19,136
short-term (ST)	36,088	27,989	29,699	33,948	32,329	32,889	31,393	48,750
Interest payments (INT)	2,786	3,030	3,601	3,929	3,378	3,251	2,931	2,550
long-term (LT)	2,108	1,940	2,207	2,273	2,032	2,224	2,039	1,906
short-term (ST)	678	1,090	1,394	1,656	1,346	1,026	892	644
Romania's international reserves (IR)	30,859	35,951	37,252	35,413	35,435	35,506	35,485	37,905
	percent							
ED/GDP	68.3	73.8	74.9	75.5	68.0	63.0	57.4	54.8
LT/GDP	55.4	58.4	57.8	59.8	54.7	50.4	44.5	41.1
ED/EXP	252.8	230.8	204.8	202.6	171.1	153.0	140.0	132.4
LT/EXP	204.9	182.6	158.1	160.6	137.6	122.5	108.6	99.2
EDS/EXP	150.6	107.9	94.7	109.0	101.6	93.7	87.6	100.4
EDS/GDP	40.7	34.5	34.7	40.6	40.4	38.6	35.9	41.5
EDS/IR	158.9	121.8	124.1	153.2	164.4	163.4	162.2	185.8
INT/EXP	8.6	7.5	7.4	7.9	5.9	5.3	4.5	3.6
ST/ED	18.9	20.9	22.8	20.7	19.6	20.0	22.4	25.0
Multilateral/ED	13.4	26.8	29.5	27.8	24.2	20.5	17.7	16.3
	months							
IR/IMP	9.1	8.9	7.9	7.5	7.3	6.8	6.4	6.3

Romania's international investment position at end-2016 by institutional sector						
	EUR millions					
Institutional sector	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
I. General government	-28,278	-1,139	360	-26	-94	-29,176
Foreign assets	3,102	69	0	0	91	3,262
Portfolio investment	0	10	0	0	0	10
Long-term debt securities	0	10	0	0	0	10
Financial derivatives	0	0	0	0	0	0
Other investment	3,102	59	0	0	91	3,252
Other equity	1,026	0	0		23	1,049
Trade credit and advances	1,985	-3	0	0	66	2,047
long-term trade credit and advances	1,985	-3	0	0	66	2,047
Loans	0	60	0	0	0	60
Deposits	6	2	0	0	0	8
Other accounts receivable	85	0	0	0	3	88
other long-term accounts receivable	5	0	0	0	0	5
other short-term accounts receivable	79	0	0	0	3	82
Foreign liabilities	31,380	1,208	-360	26	185	32,438
Portfolio investment	18,153	1,751	-360	9	140	19,694
Long-term debt securities	18,138	1,672	-360	9	142	19,600
Short-term debt securities	15	80	0	0	-1	94
Other investment	13,227	-544	0	16	45	12,744
Trade credit and advances	2	0	0	-2	0	0
long-term trade credit and advances	2	0	0	-2	0	0
Loans	13,197	-766	0	27	48	12,507
long-term loans	13,197	-766	0	27	48	12,507
Deposits	5	223	0	0	-4	224
Other accounts payable	23	-1	0	-8	0	13
other long-term accounts payable	23	-1	0	-8	0	13
other short-term accounts payable	0	0	0	0	0	0
II. Central bank	33,962	2,564	134	0	26	36,687
Foreign assets	35,522	2,259	134	0	30	37,945
Other investment	37	1	0	0	1	39
Other equity	37	1	0	0	1	39
Reserve assets	35,485	2,258	134	0	29	37,905
Monetary gold	3,247	0	417	0	0	3,664
Foreign exchange reserve	32,238	2,258	-284	0	29	34,241
Foreign liabilities	1,560	-305	0	0	4	1,258
Other investment	1,560	-305	0	0	4	1,258
Loans	122	-123	0	0	0	0
long-term loans	122	-123	0	0	0	0
Deposits	186	-183	0	0	0	3
SDR allocations	1,252	0	0	0	3	1,255

continued

	EUR millions					
Institutional sector	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
III. Deposit-taking corporations except the central bank	-17,189	3,477	128	-30	50	-13,564
Foreign assets	4,371	836	-17	69	6	5,265
Direct investment	44	-10	0	0	0	33
Equity	41	-10	0	0	0	31
Debt instruments	3	0	0	0	0	3
Portfolio investment	294	-66	-17	0	1	212
Equity and investment fund shares	1	37	5	0	2	44
Long-term debt securities	290	-99	-22	0	-1	168
Short-term debt securities	3	-3	0	0	0	0
Financial derivatives	0	-70	0	70	0	0
Other investment	4,033	981	0	0	5	5,019
Loans	597	28	0	0	6	631
long-term loans	513	4	0	0	7	523
short-term loans	84	24	0	0	-1	108
Currency and deposits	3,419	952	0	0	-1	4,370
Other accounts receivable	18	1	0	0	0	19
other long-term accounts receivable	0	0	0	0	0	0
other short-term accounts receivable	18	1	0	0	0	19
Foreign liabilities	21,559	-2,641	-145	99	-44	18,829
Direct investment	6,257	442	-143	-180	-25	6,350
Equity	6,249	445	-143	-180	-25	6,346
Debt instruments	8	-3	0	0	0	4
Portfolio investment	1,152	110	-1	218	-9	1,469
Equity and investment fund shares	982	127	-1	218	-9	1,317
Long-term debt securities	171	-18	-1	0	0	152
Financial derivatives	0	-61	0	61	0	0
Other investment	14,150	-3,131	0	0	-9	11,010
Deposits	14,129	-3,135	0	0	-10	10,985
long-term deposits	9,589	-1,761	0	0	0	7,828
short-term deposits	4,540	-1,373	0	0	-10	3,156
Other accounts payable	21	4	0	0	0	25
other short-term accounts payable	21	4	0	0	0	25
IV. Other sectors	-74,509	-3,352	-619	665	116	-77,699
Foreign assets	11,446	1,523	65	1,632	25	14,692
Direct investment	3,434	1,153	0	1,039	14	5,640
Equity	-142	18	0	5	0	-118
Debt instruments	3,577	1,135	0	1,033	13	5,759
Portfolio investment	2,470	407	63	0	0	2,940
Equity and investment fund shares	1,054	92	49	0	1	1,195
Long-term debt securities	1,395	335	13	0	-1	1,742
Short-term debt securities	22	-19	0	0	0	3
Financial derivatives	5	-249	2	247	0	6

continued

	EUR millions					
Institutional sector	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
Other investment	5,536	212	0	346	11	6,105
Trade credit and advances	3,247	579	0	5	11	3,840
long-term trade credit and advances	404	-100	0	0	3	307
short-term trade credit and advances	2,842	678	0	5	8	3,533
Loans	117	-2	0	0	1	116
long-term loans	74	-12	0	0	1	63
short-term loans	43	10	0	0	0	53
Deposits	2,122	-386	0	342	1	2,078
Other accounts receivable	50	22	0	0	-1	71
other long-term accounts receivable	7	-1	0	0	0	6
other short-term accounts receivable	43	23	0	0	-1	65
Foreign liabilities	85,955	4,875	684	967	-91	92,390
Direct investment	60,909	5,215	728	1,980	-122	68,709
Equity	38,854	3,896	728	-675	-180	42,623
Debt instruments	22,055	1,319	0	2,655	58	26,086
Portfolio investment	2,312	-534	-46	5	-6	1,731
Equity and investment fund shares	2,298	-539	-42	5	-6	1,717
Long-term debt securities	14	5	-4	0	0	14
Short-term debt securities	0	0	0	0	0	0
Financial derivatives	3	-296	2	294	1	4
Other investment	22,732	491	0	-1,312	36	21,947
Trade credit and advances	5,222	763	0	1	15	6,001
long-term trade credit and advances	380	-111	0	0	2	271
short-term trade credit and advances	4,842	874	0	1	13	5,730
Loans	17,328	-273	0	-1,312	21	15,763
long-term loans	14,886	-181	0	-1,287	15	13,434
short-term loans	2,442	-92	0	-25	5	2,329
Deposits	0	0	0	0	0	0
Other accounts payable	182	0	0	0	1	183
other long-term accounts payable	43	-1	0	0	1	43
other short-term accounts payable	139	1	0	0	0	140
Total	-86,013	1,550	2	610	98	-83,753

Note: Totals may not add up due to rounding.

Romania's international investment position at end-2016 by item						EUR millions
Item	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
Total, of which:	-86,013	1,550	2	610	98	-83,753
Foreign assets	54,441	4,687	182	1,702	151	61,162
Direct investment	3,478	1,143	0	1,039	14	5,673
Portfolio investment	2,764	352	46	0	1	3,162
Financial derivatives	5	-319	2	317	0	6
Other investment	12,708	1,253	0	346	108	14,415
Reserve assets	35,485	2,258	134	0	29	37,905
Foreign liabilities	140,454	3,137	180	1,092	54	144,916
Direct investment	67,166	5,656	585	1,800	-147	75,059
Portfolio investment	21,617	1,327	-407	232	125	22,894
Financial derivatives	3	-357	2	355	1	3
Other investment	51,669	-3,490	0	-1,295	76	46,959
Net position	-86,013	1,550	2	610	98	-83,753
Direct investment	-63,688	-4,513	-585	-761	161	-69,386
Portfolio investment	-18,853	-975	453	-232	-124	-19,731
Financial derivatives	2	38	0	-38	-1	2
Other investment	-38,960	4,742	0	1,642	32	-32,544
Reserve assets	35,485	2,258	134	0	29	37,905
Foreign assets	54,441	4,687	182	1,702	151	61,162
Direct investment	3,478	1,143	0	1,039	14	5,673
Equity	-101	8	0	5	0	-88
Other equity	3,579	1,135	0	1,033	13	5,761
Portfolio investment	2,764	352	46	0	1	3,162
Equity and investment fund shares	1,054	128	55	0	3	1,239
Long-term debt securities	1,685	246	-9	0	-2	1,920
Short-term debt securities	25	-22	0	0	0	3
Financial derivatives	5	-319	2	317	0	6
Other investment	12,708	1,253	0	346	108	14,415
Other equity	1,063	1	0	0	24	1,089
Loans and trade credit	5,946	662	0	5	83	6,695
long-term loans and trade credit	2,976	-51	0	0	76	3,000
short-term loans and trade credit	2,970	713	0	5	7	3,694
Currency and deposits	5,547	567	0	342	0	6,455
Other accounts receivable	153	23	0	0	2	177
long-term	12	-1	0	0	0	11
short-term	140	24	0	0	2	166
Reserve assets (NBR)	35,485	2,258	134	0	29	37,905
Monetary gold	3,247	0	417	0	0	3,664
Foreign exchange reserve	32,238	2,258	-284	0	29	34,241
Foreign liabilities	140,454	3,137	180	1,092	54	144,916
Direct investment	67,166	5,656	585	1,800	-147	75,059
Equity	45,103	4,341	585	-855	-205	48,968
Other equity	22,062	1,316	0	2,655	58	26,091

continued

Item	EUR millions					
	Beginning-of-period position	Transactions	Revaluation due to price changes	Other revaluation	Revaluation due to exchange rate changes	End-of-period position
Portfolio investment	21,617	1,327	-407	232	125	22,894
Equity and investment fund shares	3,280	-412	-42	223	-14	3,034
Long-term debt securities	18,322	1,659	-365	9	141	19,766
Short-term debt securities	15	80	0	0	-1	94
Financial derivatives	3	-357	2	355	1	3
Other investment	51,669	-3,490	0	-1,295	76	46,959
Loans and trade credit	35,872	-398	0	-1,287	84	34,271
long-term loans and trade credit	28,588	-1,180	0	-1,262	66	26,212
short-term loans and trade credit	7,284	782	0	-25	18	8,059
Currency and deposits	14,320	-3,095	0	0	-13	11,212
Other accounts payable	226	3	0	-9	1	222
long-term	66	-1	0	-8	1	57
short-term	160	5	0	0	1	165
SDR allocations	1,252	0	0	0	3	1,255

Charts

Chart 1	Current account and capital account	8
Chart 2	Net financial flows	8
Chart 3	Composition of the current account	10
Chart 4	Monthly developments in exports and imports of goods	12
Chart 5	International investment position	27
Chart 6	Gross external debt	33
Chart 7	Long-term external debt by maturity	35
Chart 8	Long-term external debt by fixed interest rate	36
Chart 9	Long-term external debt by floating interest rate	36
Chart 10	External debt service	38
Chart 11	Net external debt at end-2016	40
Chart 12	Short-term external debt by institutional sector calculated by residual maturity at end-2016	40

Tables

Table 1	Balance of payments in relation to the EU and the euro area	9
Table 2	Components' contributions to developments in the current account deficit	9
Table 3	Current account	10
Table 4	Balance on trade in goods	11
Table 5	Exports by group of goods in the Combined Nomenclature	13
Table 6	Exports of goods, by group of countries	13
Table 7	Exports of goods to the European Union, by group of goods in the Combined Nomenclature	14
Table 8	Imports of goods (FOB), by group of goods in the Combined Nomenclature	15
Table 9	Imports of goods (FOB), by group of countries	15
Table 10	Imports of goods (FOB) from the European Union, by group of goods in the Combined Nomenclature	16
Table 11	Energy exports and imports (FOB)	16

Table 12	Balance on trade in services	17
Table 13	Balance on primary income	19
Table 14	Balance on secondary income	20
Table 15	Capital account	20
Table 16	Financial account	21
Table 17	Direct investment	22
Table 18	Direct investment under the directional principle	22
Table 19	Portofolio investment	23
Table 20	Other investment	24
Table 21	Other investment – net acquisition of assets	25
Table 22	Other investment – net incurrence of liabilities	26
Table 23	Foreign assets and liabilities by instrument	27
Table 24	Currency composition of foreign assets and liabilities	27
Table 25	Foreign reserve assets	28
Table 26	International investment position	28
Table 27	Foreign assets by instrument	29
Table 28	Foreign assets by institutional sector	30
Table 29	Foreign liabilities by instrument	31
Table 30	Foreign liabilities by institutional sector	32
Table 31	Gross external debt	33
Table 32	Currency composition of the NBR's foreign exchange reserve and of external debt	34
Table 33	Long-term gross external debt by creditor	34
Table 34	Long-term external debt by maturity	35
Table 35	Long-term external debt by type of interest rate	35
Table 36	Long-term external debt by institutional sector	36
Table 37	Long-term external debt by instrument	37
Table 38	Short-term external debt by institutional sector	37
Table 39	Short-term external debt by instrument	37
Table 40	External debt service (EDS)	38
Table 41	Net external debt at end-2016	39
	Balance of payments, 2015 – 2016	43
	Quarterly balance of payments, 2016	44

Romania's international investment position, 2009 – 2016	46
Romania's gross international reserve, 2009 – 2016	48
External debt indicators, 2009 – 2016	48
Romania's international investment position at end-2016 by institutional sector	49
Romania's international investment position at end-2016 by item	52

