

NATIONAL
BANK OF
ROMANIA

Romania's Balance
of Payments
and International
Investment Position
Annual Report 2017

Romania's Balance
of Payments
and International
Investment Position
Annual Report 2017

NOTES

The drafting of *Romania's Balance of Payments and International Investment Position – Annual Report 2017* was completed by the Statistics Department based on data available at end-November 2018.

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>.

All rights reserved.

Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

National Bank of Romania
25 Lipscani St., 030031, Bucharest – Romania
Phone: 40 21/312 43 75; Fax: 40 21/314 97 52
Website: <http://www.bnr.ro>

ISSN 1453-3952 (print)
ISSN 1584-0964 (online)

Contents

I. External environment	5
<hr/>	
II. Romania's balance of payments and international investment position in 2017	8
<hr/>	
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	19
1.3. Balance on secondary income	20
2. Capital account	21
3. Financial account	21
3.1. Direct investment	22
3.2. Portfolio investment	24
3.3. Other investment	25
B. Romania's international investment position	28
1. Overview	28
2. International investment position	32
2.1. Foreign assets	32
2.2. Foreign liabilities	33
2.2.1. External debt	35
Statistical section	45
Charts	58
Tables	58

I. External environment¹

World economy continued to expand in 2017 (3.7 percent, against 3.3 percent a year earlier), with this trend being manifest in both advanced and emerging economies. The activity in advanced economies was underpinned by consumption and the recovery of investment demand. In the commodity-importing emerging economies, the upswing was fuelled by accommodative policies, while in the exporting ones, higher commodity prices and the resumption of capital inflows played a role. After recording a slowdown in the previous year, global trade of goods and services rebounded (+5.2 percent compared with +2.2 percent in 2016) and accompanied the strengthening of business confidence and the shift of demand towards more import-oriented regions, Europe in particular.

On the whole, financial market volatility was very low, as the year's events had an almost insignificant impact. Average annual inflation rate² rose to 2.2 percent in 2017, from 1.1 percent in 2016, against the backdrop of steeper commodity prices. The average spot price of crude oil³ stood 20.8 percent higher in 2017, after having shed 15.4 percent in the year before. Commodity prices⁴ resumed the upward path in 2017 (+4.6 percent), after contracting for five years in a row, amid the climb in metal prices in particular.

In the United States of America, the rate of increase of the gross domestic product stepped up to 2.2 percent, from 1.6 percent in 2016, on the back of sizeable tax incentives reflected in an expansion of investment, private consumption and net exports. Labour market conditions remained favourable, pushing unemployment rate down to 4.4 percent at the end of 2017, compared with 4.9 percent in the year before. The average annual inflation rate came in at 1.9 percent, against 1.1 percent a year earlier. The federal budget deficit narrowed slightly to 3.8 percent of GDP, from 3.9 percent a year earlier, while the federal debt slipped to 105.2 percent of GDP from 106.8 percent of GDP. The current account deficit⁵ stayed flat at 2.3 percent of GDP.

Japan's economy advanced at a pace of 1.7 percent, compared with 1 percent in the previous year, on account of expansionary monetary and fiscal policies and labour market consolidation. Unemployment rate went down to 2.8 percent, from 3.1 percent in the prior year. Average annual inflation rate was slightly negative at -0.2 percent versus 0.3 percent in 2016, despite the upturn in international commodity prices, amid further subdued consumer confidence.

Euro area economy⁶ rose by 2.4 percent in 2017, compared to 1.9 percent in 2016, reflecting the positive contribution from net exports of goods and services and from

¹ Source: ECB – *Annual Report 2017 and Economic Bulletin*, Issue 7/2018; IMF – *World Economic Outlook*, October 2018.

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

³ Calculated as an average of UK Brent, Dubai and West Texas prices; in euro.

⁴ Energy not included; in euro.

⁵ BPM6 methodology.

⁶ The countries referred to herein are the 19 EU Member States making up the monetary union at end-2017: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

domestic demand. Domestic demand contributed 1.6 percentage points to GDP growth, due in particular to developments in private consumption and investment. Private consumption was fostered by employment growth and low interest rates. The increase in domestic demand and foreign demand, accommodative monetary policies, stronger corporate profitability and a higher capacity utilisation rate boosted investment, which made a positive contribution to GDP growth for the third year in succession (0.5 percentage points, compared with 0.8 percent a year earlier). Euro area government consumption contributed positively to economic growth, by 0.2 percentage points in 2017 against 0.4 percentage points in 2016.

Net exports of goods and services had a positive contribution to euro area GDP growth (0.8 percentage points), after a negative one in 2016 (-0.4 percentage points), amid heftier import demand from the bloc's major trading partners (US, China, other European countries). Specifically, euro area exports of goods and services grew faster than in 2016 (5.2 percent versus 2.9 percent) and imports thereof went up at a slower pace (3.9 percent from 4.1 percent in the year before).

The breakdown by sector shows that euro area's economic growth was broad-based in 2017. Gross value added increased 2.4 percent, after having risen by 1.8 percent in the year before. The largest positive contributions to GDP growth came from services (communications and information, professional and business, commercial and transport services), manufacturing and construction.

Average annual inflation rate, as measured by the Harmonised Index of Consumer Prices, picked up to 1.5 percent, from 0.2 percent in 2016, reflecting mostly the rise in energy prices and, to a lower extent, that in food prices.

The labour market in the euro area continued to recover in 2017, with the number of persons employed climbing 1.6 percent and unemployment rate⁷ sliding to 9.1 percent, from 10 percent in 2016.

In 2017, the general government deficit for the euro area narrowed to 1 percent of GDP, from 1.6 percent of GDP in 2016⁸, amid the cyclical upswing and lower interest costs. The general government deficit narrowed or remained comparable to that in the prior year in 8 out of the 19 euro area members, with two countries exceeding the 3 percent-of-GDP reference value, namely Spain and Portugal. The lowest deficit-to-GDP ratio was recorded by Ireland (0.2 percent), whereas Luxembourg, Germany, the Netherlands, Greece, Cyprus, Lithuania, Slovenia and Malta experienced budget surpluses. In 2017, the euro area public debt ratio declined by 2.3 percentage points over the year before to 86.8 percent of GDP as a result of smaller budget deficits, economic growth and low interest rates, exceeding the 60 percent-of-GDP reference value in 13 countries and remaining above 100 percent in Greece, Italy, Belgium and Portugal.

⁷ According to ILO (International Labour Office) methodology.

⁸ Eurostat, Newsrelease Euroindicators 163/2018: Provision of deficit and debt data for 2017 – second notification, 22 October 2018.

The aggregate current account of the euro area ended 2017 on a surplus of EUR 430 billion, or 3.8 percent of GDP, up by 15.3 percent from a year earlier, on the back of heftier receipts from services and primary income.

Non-euro area EU Member States⁹ reported economic growth of 2.6 percent in 2017, against 2.3 percent in 2016, driven by domestic demand, especially general government consumption and household consumption, but also investment. Five of the nine countries posted economic growth, with the best performers being Czechia, Poland and Romania, with rates of increase ranging from 4.3 percent to 6.9 percent.

In 2017, average annual inflation rate increased in the region overall to 2.1 percent, from 0.3 percent in 2016, reflecting mainly higher energy prices. The United Kingdom experienced the highest average inflation rate, at 2.7 percent, ahead of Hungary and Czechia, at 2.4 percent.

The fiscal position improved in seven of the nine non-euro area EU Member States, as a result of either cuts in spending or rises in revenues. On the whole, the deficit-to-GDP ratio narrowed to 1 percent in 2017 from 2 percent a year earlier, with all the countries registering levels below the 3 percent-of-GDP benchmark. Government debt accounted for 67.7 percent of GDP in 2017, down from 68.3 percent of GDP in 2016. It surpassed the 60 percent-of-GDP reference value in the United Kingdom, Croatia and Hungary, being on the rise in the first country and on the wane in the last two countries.

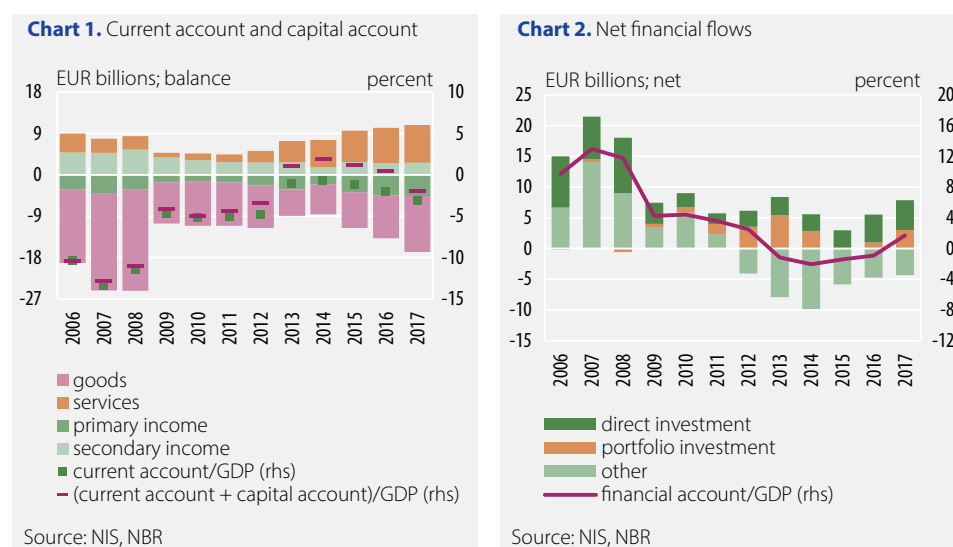
The current account deficit narrowed in the non-euro area EU Member States on the whole to reach 1 percent of GDP in 2017, against 1.9 percent of GDP in the prior year. Behind this trend stood the widening service surplus (from 4.4 percent to 4.6 percent of GDP), mostly in the United Kingdom, but also in Poland, Denmark and Croatia, and the narrowing deficit on primary income in the United Kingdom, Poland, Czechia, Bulgaria and Croatia. Direct investment displayed net outflows in amount of approximately EUR 67 billion, or 1.6 percent of GDP, in the nine countries as a whole (versus 5.1 percent of GDP in net inflows a year earlier). The worsening was chiefly the result of net outflows from the United Kingdom and Sweden. Portfolio investment posted net inflows of about EUR 85 billion (2 percent of GDP, compared with 4.6 percent of GDP in 2016), with the United Kingdom being accountable for more than 80 percent. Other investment (largely loans and deposits) reported net inflows in amount of roughly EUR 74 billion, or 1.8 percent of GDP, against net outflows accounting for 5 percent of GDP in 2016.

⁹ The countries referred to herein are the nine non-euro area EU Member States at end-2017: Bulgaria, Croatia, Czechia, Denmark, Hungary, Poland, Romania, Sweden and the United Kingdom.

II. Romania's balance of payments and international investment position in 2017

A. Balance of payments

In 2017, the widening trend of the current account deficit that had started in 2015 continued, amid a worsening balance on both goods and primary income. The increase in the current account deficit and the halving of the capital account surplus against 2016 pushed the combined current and capital balance into negative territory (Chart 1).



After a two-year contraction in net financial outflows, in 2017 the financial account ended with net inflows of about 1.7 percent of GDP (Chart 2).

In 2017, the current account posted an approximately EUR 6 billion deficit, up more than two-thirds over 2016, while the capital account surplus almost halved. The combined current and capital account rang up a deficit of EUR 3.8 billion. Approximately 90 percent of the current account deficit (EUR 5.3 billion) and almost 90 percent of the capital account surplus (EUR 2 billion) came from intra-EU trade. Out of the current account deficit with EU countries, the deficit with the euro area (EA¹⁰) accounted for 54 percent (EUR 2.9 billion; 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	-5,970	-5,311	-659	-2,870	-3,100
Goods	-12,183	-10,064	-2,119	-5,745	-6,438
Services	8,210	6,593	1,617	5,796	2,414
Primary income	-4,638	-4,057	-581	-4,893	255
Secondary income	2,641	2,217	424	1,972	669
Capital account	2,216	1,959	257	2	2,214
Financial account, of which:	-3,188	-6,666	3,478	-6,483	3,295
Direct investment	-4,883	-4,648	-235	-4,163	-720
Assets	350	-69	419	-186	536
Liabilities	5,233	4,579	654	3,977	1,256
Portfolio investment	-2,987	-2,390	-597	-1,871	-1,116
Assets	510	260	250	315	195
Liabilities	3,497	2,650	847	2,186	1,311
Financial derivatives	-71	-90	19	-58	-13
Other investment	4,329	4,141	188	3,050	1,279
Assets	3,123	2,192	931	2,497	626
Liabilities	-1,206	-1,949	743	-553	-653

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

In the course of 2017, the financial account exhibited net inflows in amount of EUR 3.2 billion, following the net increase in liabilities in the form of direct investment and portfolio investment and the slower net decrease in “other investment” liabilities, reflecting mainly the dynamics of deposits and trade credit and advances. As for the geographical breakdown, the transactions with the EU impacted the financial account, the same as the current account and the capital account.

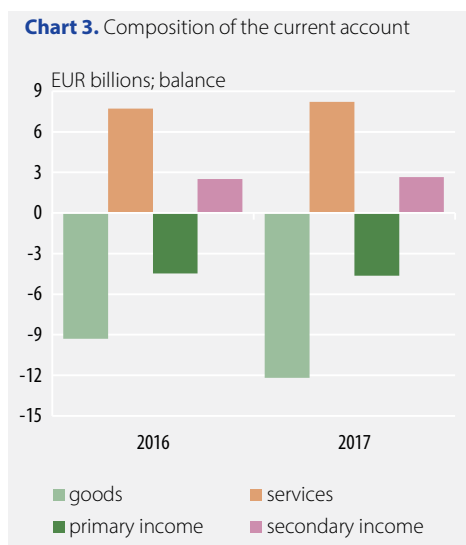
1. CURRENT ACCOUNT

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

	percent of GDP				
	Current account	Goods	Services	Primary income	Secondary income
2017	-3.2	-6.5	4.4	-2.5	1.4
2016	-2.1	-5.5	4.5	-2.6	1.5
Difference (pp)	-1.1	-1.0	-0.1	0.1	-0.1

In 2017, Romania's balance of payments recorded a current account deficit of EUR 5,970 million, compared with EUR 3,549 million in 2016. The share of the current account deficit in GDP¹¹ equalled 3.2 percent, against 2.1 percent in

¹¹ Source for the gross domestic product: NIS (final data for 2016 and provisional data for 2017).



the previous year (Table 2). The 1.1 percentage point increase was chiefly attributed to the widening of the deficit on trade in goods (up 1 percentage point of GDP).

The developments in the current account and its components (Chart 3) point to the widening deficit on trade in goods by 30.9 percent in 2017 versus a year earlier (Table 3), amid a sharper rise in imports than in exports. Primary income saw its deficit widen, which was largely the result of profits made by direct investment enterprises, while the surplus on secondary income

exhibited a slight increase. In 2017, the surplus on trade in services expanded by 6.3 percent year on year, spurred by larger receipts from; processing of goods; road freight transport; computer and information services; financial services; and construction services.

Table 3. Current account

	EUR millions		Indices (%)
	2016	2017	2017/2016
Current account	-3,549	-5,970	168.2
Credit	78,039	85,627	109.7
Debit	81,588	91,597	112.3
Goods	-9,305	-12,183	130.9
Credit	52,173	57,187	109.6
Debit	61,478	69,370	112.8
Services	7,723	8,210	106.3
Credit	18,007	20,693	114.9
Debit	10,284	12,483	121.4
Primary income	-4,467	-4,638	103.8
Credit	2,820	3,248	115.2
Debit	7,287	7,886	108.2
Secondary income	2,500	2,641	105.6
Credit	5,039	4,499	89.3
Debit	2,539	1,858	73.2

1.1. Balance on goods and services

In 2017, the balance on goods and services witnessed a deficit of EUR 4 billion, i.e. 2.5 times higher than the year-earlier reading, owing mainly to the 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 12,183 million in 2017, up 30.9 percent year on year, as exports and imports moved ahead 9.6 percent and 12.8 percent respectively. The trade deficit-to-GDP ratio added 1 percentage point to 6.5 percent (Table 4).

Table 4. Balance on trade in goods			
	2016	2017	Difference (+/-)
	EUR millions		
Exports (FOB), of which:	52,173	57,187	5,014
General merchandise	52,195	57,184	4,989
Net exports of goods under merchanting	-22	3	25
Imports (FOB)	61,478	69,370	7,892
Balance on trade in goods (FOB/FOB)	-9,305	-12,183	-2,878
	percent		percentage points
Share of exports in GDP	30.6	30.4	-0.2
Share of imports in GDP	36.1	36.9	0.8
Share of balance on trade in goods in GDP	-5.5	-6.5	-1.0
Coverage of imports by exports (FOB/FOB)	84.9	82.4	-2.4
Economy openness (exports+imports)/GDP	66.7	67.3	0.6

Source: NIS, NBR calculations

Over the reported period, the highest monthly trade deficit stood at EUR 1,557 million in December and the lowest was of EUR 569 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 6,640 million); mineral products (EUR 2,504 million); base metals (EUR 2,201 million); textiles, wearing apparel and footwear (EUR 1,316 million); agrifoodstuffs (EUR 970 million). Surpluses were recorded for: machinery, apparatus, equipment and transport means (EUR 909 million); wood and paper products (EUR 421 million); and other goods (EUR 116 million)¹³.

By geographical breakdown, intra-EU trade accounted for 82.6 percent of the deficit on trade in goods, with extra-EU trade covering 17.4 percent.

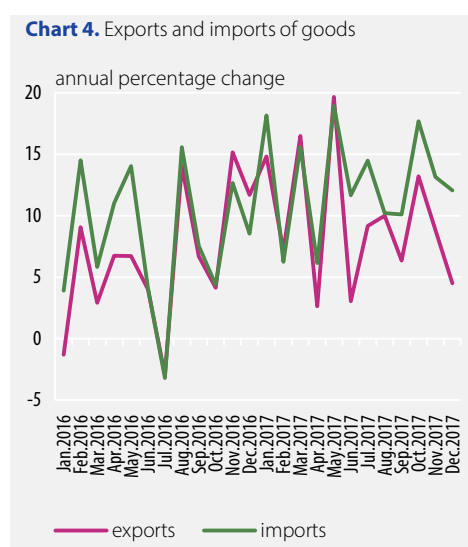
The coverage of imports by exports moved down 2.4 percentage points to 82.4 percent, while the openness of the Romanian economy increased by 0.6 percentage points to 67.3 percent.

Exports of goods amounted to EUR 57,187 million, up 9.6 percent against a year earlier, amid the bright picture painted by world trade, reflected in stronger external

¹² According to the BPM6 methodology, the balance on trade in goods does not include goods for processing for which there is no ownership transfer 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 12,185 million) and the balance on goods in Table 4 (EUR 12,183 million) is reflected in the surplus on merchanting (EUR 2 million).

demand, from the European Union in particular, from both euro area and non-euro area countries. In terms of value, exports stood EUR 5,014 million higher than in 2016, but their share in GDP shed 0.2 percentage points to 30.4 percent in 2017.



December witnessed the lowest monthly exports in 2017, i.e. EUR 4,123 million, while the highest came in at EUR 5,287 million in November (Chart 4). The monthly average of exports equalled EUR 4,766 million, up EUR 418 million against the prior year.

Imports of goods (FOB) reached EUR 69,370 million, up 12.8 percent, or EUR 7,892 million, compared with 2016. The share of imports of goods in GDP widened by 0.8 percentage points from a year earlier, to 36.9 percent. The lowest monthly import value of 2017

was EUR 4,831 million in January and the highest was of EUR 6,514 million in October. The monthly average of imports stood at EUR 5,781 million, up EUR 658 million over the year before.

Structure and geographical breakdown of exports of goods

a) Structure of exports of goods

In 2017, four groups of goods reported larger contributions to Romania's exports than in 2016 (Table 5): base metals (by 0.8 percentage points); chemical and plastic products (by 0.1 percentage points); mineral products (by 0.1 percentage points); and other goods (by 1 percentage point). The remaining four groups had smaller contributions to exports than in the previous year, as follows: machinery, apparatus, equipment and transport means (by 0.8 percentage points); agrifoodstuffs (by 0.6 percentage points); textiles, wearing apparel and footwear (by 0.4 percentage points); and wood and paper products (by 0.2 percentage points).

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

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Goods	52,173	57,187	109.6	100.0	100.0
General merchandise	52,195	57,184	109.6	100.0	100.0
Agrifoodstuffs	6,120	6,359	103.9	11.7	11.1
Mineral products	2,173	2,471	113.7	4.2	4.3
Chemical and plastic products	5,027	5,522	109.8	9.6	9.7
Wood and paper products	2,050	2,121	103.5	3.9	3.7
Textiles, wearing apparel and footwear	2,851	2,932	102.8	5.5	5.1
Base metals	4,339	5,184	119.5	8.3	9.1

continued

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Machinery, apparatus, equipment and transport means	25,066	26,994	107.7	48.0	47.2
Other	4,569	5,601	122.6	8.8	9.8
Net exports of goods under merchanting*	-22	3	x	x	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

b) Geographical breakdown of exports of goods

In 2017, intra-EU exports amounted to EUR 42,625 million, up 10.9 percent against the prior year (Table 6). The share of intra-EU exports in total exports stood at 74.5 percent, up 0.9 percentage points versus 2016, due to larger foreign sales to Germany in particular.

Table 6. Exports of goods, by group of countries

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Total	52,173	57,187	109.6	100.0	100.0
1. Intra-EU exports, of which:	38,423	42,625	110.9	73.6	74.5
1.1. Euro area, of which:	27,608	30,955	112.1	52.9	54.1
Germany	11,012	12,992	118.0	21.1	22.7
Italy	4,794	5,047	105.3	9.2	8.8
France	3,811	3,896	102.2	7.3	6.8
1.2. Extra-euro area, of which:	10,815	11,670	107.9	20.7	20.4
Hungary	2,847	2,775	97.5	5.5	4.9
United Kingdom	2,131	2,176	102.1	4.1	3.8
Bulgaria	1,814	2,061	113.6	3.5	3.6
Poland	1,649	1,942	117.8	3.2	3.4
2. Extra-EU exports, of which:	13,750	14,562	105.9	26.4	25.5
Turkey	1,815	2,084	114.8	3.5	3.6
USA	899	1,056	117.5	1.7	1.8
Russian Federation	970	1,105	113.9	1.9	1.9
Egypt	523	446	85.3	1.0	0.8
Republic of Moldova	645	835	129.5	1.2	1.5
Republic of Serbia	637	736	115.5	1.2	1.3
China	614	738	120.2	1.2	1.3
Ukraine	270	329	121.9	0.5	0.6

Source: NIS, NBR calculations

Exports to the European Union increased for all groups of goods (Table 7), and three of them had larger contributions to the intra-EU trade in 2017: base metals (by 0.6 percentage points); mineral products (by 0.3 percentage points); and other goods (by 1.1 percentage points).

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

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Goods	38,423	42,625	110.9	100.0	100.0
General merchandise	38,437	42,625	110.9	100.0	100.0
Agrifoodstuffs	3,781	4,195	110.9	9.8	9.8
Mineral products	878	1,095	124.7	2.3	2.6
Chemical and plastic products	3,626	3,925	108.2	9.4	9.2
Wood and paper products	1,121	1,162	103.7	2.9	2.7
Textiles, wearing apparel and footwear	2,551	2,586	101.4	6.6	6.1
Base metals	3,104	3,706	119.4	8.1	8.7
Machinery, apparatus, equipment and transport means	19,694	21,385	108.6	51.3	50.2
Other	3,682	4,571	124.1	9.6	10.7
Net exports of goods under merchandising*	-14	0	0.0	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

Extra-EU exports amounted to EUR 14,562 million, up 5.9 percent year on year, holding 25.5 percent of total exports, 0.9 percentage points lower than in 2016.

In 2017, the top ten export destinations, making up 63.9 percent of the total figure, were as follows: Germany (22.7 percent of total exports), Italy (8.8 percent), France (6.8 percent), Hungary (4.9 percent), the United Kingdom (3.8 percent), Turkey (3.6 percent), Bulgaria (3.6 percent), Poland (3.4 percent), Spain (3.2 percent), and Czechia (3.1 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 76 percent by four groups of goods: machinery, apparatus, equipment and transport means; chemical and plastic products; agrifoodstuffs; and base metals (Table 8).

Compared to 2016, three groups of goods posted larger shares in total imports, with increases ranging between 0.4 percentage points and 1 percentage point, namely base metals; mineral products; and other goods.

b) Geographical breakdown of imports of goods

Intra-EU imports amounted to EUR 52,690 million in 2017, up 11.1 percent year on year (Table 9). The share of intra-EU imports in total imports of goods contracted by 1.1 percentage points versus 2016 to stand at 76 percent, with Germany and Hungary accounting particularly for this decrease.

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

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Total	61,478	69,370	112.8	100.0	100.0
Agrifoodstuffs	6,778	7,329	108.1	11.0	10.6
Mineral products	3,836	4,975	129.7	6.2	7.2
Chemical and plastic products	10,919	12,162	111.4	17.8	17.5
Wood and paper products	1,606	1,700	105.9	2.6	2.5
Textiles, wearing apparel and footwear	3,909	4,248	108.7	6.4	6.1
Base metals	6,256	7,385	118.0	10.2	10.6
Machinery, apparatus, equipment and transport means	23,801	26,085	109.6	38.7	37.6
Other	4,373	5,486	125.5	7.1	7.9

Source: NIS, NBR calculations

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

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Total	61,478	69,370	112.8	100.0	100.0
1. Intra-EU imports, of which:	47,420	52,690	111.1	77.1	76.0
1.1. Euro area, of which:	33,289	36,700	110.2	54.1	52.9
Germany	12,529	13,682	109.2	20.4	19.7
Italy	5,394	6,007	111.4	8.8	8.7
France	3,367	3,649	108.4	5.5	5.3
1.2. Extra-euro area, of which:	14,130	15,990	113.2	23.0	23.1
Hungary	4,915	5,406	110.0	8.0	7.8
Poland	3,324	3,958	119.1	5.4	5.7
Bulgaria	2,034	2,062	101.4	3.3	3.0
Czechia	1,829	2,090	114.3	3.0	3.0
United Kingdom	1,311	1,605	122.4	2.1	2.3
2. Extra-EU imports, of which:	14,058	16,680	118.7	22.9	24.0
China	3,267	3,594	110.0	5.3	5.2
Turkey	2,406	2,817	117.1	3.9	4.1
Russian Federation	1,826	2,274	124.5	3.0	3.3
Kazakhstan	759	1,023	134.8	1.2	1.5
USA	556	1,032	185.6	0.9	1.5
Ukraine	540	580	107.4	0.9	0.8
South Korea	484	393	81.2	0.8	0.6
Republic of Serbia	408	466	114.2	0.7	0.7

Source: NIS, NBR calculations

Imports from the European Union posted increases in the shares of the same three groups of goods as total imports (Table 10).

Extra-EU imports amounted to EUR 16,680 million, up 18.7 percent versus 2016, accounting for 24 percent of total imports of goods, i.e. 1.1 percentage points higher than a year earlier.

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

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Total	47,420	52,690	111.1	100.0	100.0
Agrifoodstuffs	5,732	6,315	110.2	12.1	12.0
Mineral products	828	1,116	134.8	1.7	2.1
Chemical and plastic products	9,192	10,194	110.9	19.4	19.3
Wood and paper products	1,211	1,298	107.2	2.6	2.5
Textiles, wearing apparel and footwear	2,967	3,265	110.0	6.3	6.2
Base metals	4,759	5,505	115.7	10.0	10.4
Machinery, apparatus, equipment and transport means	19,291	20,913	108.4	40.7	39.7
Other	3,440	4,084	118.7	7.3	7.8

Source: NIS, NBR calculations

In 2017, Romania's imports came mainly from the following ten countries, accounting for 67.4 percent of total imports: Germany (19.7 percent), Italy (8.7 percent), Hungary (7.8 percent), Poland (5.7 percent), France (5.3 percent), China (5.2 percent), the Netherlands (4.2 percent), Turkey (4.1 percent), Austria (3.4 percent) and the Russian Federation (3.3 percent).

Energy trade balance

In 2017, the energy trade balance ended on a deficit of EUR 2,224 million, up 55.9 percent from the previous year (Table 11). As a share of the deficit on trade in goods, net energy imports rose from 15.3 percent in 2016 to 18.3 percent in 2017. Crude oil, reporting net imports of EUR 2,465 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 (+)	
	2016	2017	2016	2017	2016	2017
Total	2,092	2,377	3,519	4,601	-1,427	-2,224
Natural gas	0	4	228	210	-228	-206
Electricity	299	272	107	179	192	93
Mineral fuels	140	228	399	532	-259	-304
Crude oil	12	19	1,918	2,484	-1,906	-2,465
Petroleum products	1,641	1,854	867	1,196	774	658

Source: NIS, NBR calculations

Energy exports totalled EUR 2,377 million, up 13.6 percent (EUR 285 million) from 2016, accounting for 4.2 percent of total exports of goods compared to 4 percent

in 2016. Energy imports came in at EUR 4,601 million, standing 30.7 percent higher than in 2016 (up EUR 1,082 million in terms of value). As a share in total imports of goods, energy imports expanded from 5.7 percent in 2016 to 6.6 percent in 2017. The coverage of imports of energy resources by exports thereof contracted by 7.8 percentage points to 51.7 percent.

1.1.2. Balance on trade in services

In 2017, the balance on trade in services posted a EUR 8,210 million surplus (4.4 percent of GDP) compared to EUR 7,723 million (4.5 percent of GDP) in 2016, amid the increase in receipts from processing of goods; road freight transport; computer and information services; financial services; and construction services (Table 12). The main components of the balance on trade in services reporting a favourable evolution compared to 2016, 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 (%)	
	2016	2017	2017/2016	2016	2017
Credit	18,007	20,693	114.9	100.0	100.0
Processing of goods	2,631	2,886	109.7	14.6	13.9
Transport	5,537	6,186	111.7	30.7	29.9
Travel	1,568	2,237	142.7	8.7	10.8
Communications, computer, and information services	3,279	3,938	120.1	18.2	19.0
Professional consulting	1,758	1,875	106.7	9.8	9.1
Other	3,234	3,571	110.4	18.0	17.3
Debit	10,284	12,483	121.4	100.0	100.0
Processing of goods	202	183	90.6	2.0	1.5
Transport	1,915	2,358	123.1	18.6	18.9
Travel	1,930	3,074	159.3	18.8	24.6
Communications, computer, and information services	1,364	1,872	137.2	13.3	15.0
Professional consulting	1,273	1,270	99.8	12.4	10.2
Other	3,600	3,726	103.5	35.0	29.8
Balance	7,723	8,210	106.3		
Processing of goods	2,429	2,703	111.3		
Transport	3,622	3,828	105.7		
Travel	-362	-837	231.2		
Communications, computer, and information services	1,915	2,066	107.9		
Professional consulting	485	605	124.7		
Other	-366	-155	42.3		

Exports of services totalled EUR 20,693 million (up 14.9 percent from 2016), of which approximately half came, as in the previous year, from transport services (primarily road freight transport) and communications, computer, and information services. More than 80 percent of the receipts from services came from EU Member States, especially Germany, Italy, France, the United Kingdom and the Netherlands (Table 13).

Table 13. Exports of services by country group

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Total	18,007	20,693	114.9	100.0	100.0
1. Intra-EU exports, of which:	14,509	16,787	115.7	80.6	81.1
1.1. Euro area, of which:	11,592	13,365	115.3	64.4	64.6
Germany	3,152	3,568	113.2	17.5	17.2
Italy	2,112	2,343	110.9	11.7	11.3
France	1,649	1,921	116.5	9.2	9.3
Netherlands	1,022	1,252	122.5	5.7	6.1
Austria	1,007	1,184	117.6	5.6	5.7
Belgium	867	987	113.8	4.8	4.8
1.2. Extra-euro area, of which:	2,917	3,422	117.3	16.2	16.5
United Kingdom	1,279	1,688	132.0	7.1	8.2
Hungary	584	497	85.1	3.2	2.4
Bulgaria	296	328	110.8	1.6	1.6
Denmark	203	258	127.1	1.1	1.2
Poland	201	246	122.4	1.1	1.2
2. Extra-EU exports, of which:	3,498	3,906	111.7	19.4	18.9
USA	1,129	1,322	117.1	6.3	6.4
Switzerland	694	835	120.3	3.9	4.0
Turkey	185	191	103.2	1.0	0.9
Canada	145	147	101.4	0.8	0.7
Israel	225	131	58.2	1.2	0.6
Singapore	104	130	125.0	0.6	0.6
Republic of Moldova	119	74	62.2	0.7	0.4

Imports of services amounted to EUR 12,483 million (up 21.4 percent from 2016), 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 30 percent. The geographical breakdown shows that services-related payments recorded similar shares to those of receipts from services, with almost 82 percent being accounted for by intra-EU trade, especially with Germany, the United Kingdom, France, Italy, Austria and the Netherlands (Table 14).

Table 14. Imports of services by country group

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Total	10,284	12,483	121.4	100.0	100.0
1. Intra-EU imports, of which:	8,127	10,194	125.4	79.0	81.7
1.1. Euro area, of which:	6,021	7,569	125.7	58.5	60.6
Germany	1,636	2,067	126.3	15.9	16.6
France	714	949	132.9	6.9	7.6
Italy	880	937	106.5	8.6	7.5
Austria	705	785	111.3	6.9	6.3
Netherlands	503	628	124.9	4.9	5.0
Belgium	271	472	174.2	2.6	3.8
Spain	332	423	127.4	3.2	3.4

continued

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
1.2. Extra-euro area, of which:	2,106	2,625	124.6	20.5	21.0
United Kingdom	1,028	1,051	102.2	10.0	8.4
Hungary	325	534	164.3	3.2	4.3
Bulgaria	220	274	124.5	2.1	2.2
Poland	198	247	124.7	1.9	2.0
Denmark	63	105	166.7	0.6	0.8
2. Extra-EU imports, of which:	2,157	2,289	106.1	21.0	18.3
USA	612	607	99.2	6.0	4.9
Switzerland	327	410	125.4	3.2	3.3
Canada	204	188	92.2	2.0	1.5
Turkey	188	171	91.0	1.8	1.4
Republic of Moldova	102	101	99.0	1.0	0.8

1.2. Balance on primary income

The balance on primary income ended the year 2017 on a EUR 4,638 million deficit, with the 3.8 percent rise versus the previous year being ascribable to investment income, which reported an 11.2 percent wider deficit (to EUR 7,122 million; Table 15). The share of the primary income deficit in GDP narrowed by 0.1 percentage points from 2016 to 2.5 percent. The primary income deficit was contained by the surpluses recorded by the compensation of employees (representing income from activities performed based on a work contract for less than one year) and other primary income. The surplus on the compensation of employees increased by 41.8 percent to EUR 902 million, while the surplus on other primary income advanced by 21.4 percent to EUR 1,582 million, following the trend in the subsidies from the European Agricultural Guarantee Fund – EAGF (up by about EUR 263 million from 2016).

Table 15. Balance on primary income

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Credit	2,820	3,248	115.2	100.0	100.0
Compensation of employees	702	972	138.5	24.9	29.9
Investment income	598	465	77.8	21.2	14.3
Direct investment income	119	62	52.1	4.2	1.9
Portfolio investment income	150	114	76.0	5.3	3.5
Other investment income – interest	46	35	76.1	1.6	1.1
Income on reserve assets	283	254	89.8	10.0	7.8
Other primary income	1,520	1,811	119.1	53.9	55.8
Debit	7,287	7,886	108.2	100.0	100.0
Compensation of employees	66	70	106.1	0.9	0.9
Investment income	7,004	7,587	108.3	96.1	96.2
Direct investment income	5,160	5,916	114.7	70.8	75.0
Portfolio investment income	1,112	1,020	91.7	15.3	12.9
Other investment income – interest	732	651	88.9	10.0	8.3
Income on reserve assets	-	-	-	-	-
Other primary income	217	229	105.5	3.0	2.9

continued

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Balance	-4,467	-4,638	103.8		
Compensation of employees	636	902	141.8		
Investment income	-6,406	-7,122	111.2		
Direct investment income	-5,041	-5,854	116.1		
Portfolio investment income	-962	-906	94.2		
Other investment income – interest	-686	-616	89.8		
Income on reserve assets	283	254	89.8		
Other primary income	1,303	1,582	121.4		

In 2017, investment income saw further an unfavourable evolution, especially in the context of a larger deficit reported by direct investment income, which added 16.1 percent to EUR 5,854 million amid the hike in reinvested earnings and dividends. Portfolio investment income recorded a EUR 906 million deficit, a level comparable to that in 2016 (EUR 962 million), owing primarily to interest payments on the bonds issued by the general government, the same as in the previous year. The deficit on other investment income shrank by approximately 10 percent to EUR 616 million as a result of lower interest payments on foreign loans.

1.3. Balance on secondary income

The balance on secondary income ended the year 2017 on a EUR 2,641 million surplus, i.e. 5.6 percent above the previous year's level, mainly reflecting the advance in the volume of miscellaneous current transfers (Table 16). The balance on secondary income of the general government ended the year on a EUR 350 million deficit compared with a EUR 146 million surplus seen in 2016, given the drop by about one third in the EU fund inflows under current transfers¹⁴, especially from the European Social Fund (ESF). The balance on private secondary income posted a EUR 2,991 million surplus, up 27.1 percent from that recorded in 2016. Workers' remittances from abroad stood 15.1 percent above the 2016 level against the background of further economic growth in the main destination countries for Romanian workers (Italy, Germany, the United Kingdom, Spain, France).

Table 16. Balance on secondary income

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Credit	5,039	4,499	89.3	100.0	100.0
General government	1,670	1,098	65.7	33.1	24.4
Other sectors	3,369	3,401	100.9	66.9	75.6
Debit	2,539	1,858	73.2	100.0	100.0
General government	1,524	1,448	95.0	60.0	77.9
Other sectors	1,015	410	40.4	40.0	22.1
Balance	2,500	2,641	105.6		
General government	146	-350	x		
Other sectors	2,354	2,991	127.1		

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).

Payments from the EU budget to Romania in 2017, recorded as current transfers received by the general government, totalled EUR 1,094 million¹⁵, with approximately 70 percent of this amount coming from the European Agricultural Fund for Rural Development (EAFRD), while the remainder was miscellaneous secondary income. Payments to the European Union amounted to EUR 1,500 million (versus EUR 1,505 million in 2016), representing almost entirely Romania's contribution to the EU budget.

2. CAPITAL ACCOUNT

The capital account saw net inflows of EUR 2,216 million, slightly above half the 2016 level (Table 17), on account of the contraction in the capital transfers surplus¹⁶, i.e. the fall in inflows from EU funds included under capital transfers (lower inflows from the European Regional Development Fund and the Cohesion Fund).

Table 17. Capital account

	EUR millions		Indices (%)	Composition (%)	
	2016	2017	2017/2016	2016	2017
Credit	4,412	2,246	50.9	100.0	100.0
Capital transfers	4,230	1,970	46.6	95.9	87.7
General government	4,225	1,953	46.2	95.8	87.0
Other sectors	5	17	340.0	0.1	0.8
Acquisitions/disposals of non-produced non-financial assets	182	276	151.6	4.1	12.3
Debit	152	30	19.7	100.0	100.0
Capital transfers	108	0	x	71.1	0.0
General government	0	0	x	0.0	0.0
Other sectors	108	0	x	71.1	0.0
Acquisitions/disposals of non-produced non-financial assets	44	30	68.2	28.9	100.0
Balance	4,260	2,216	52.0		
Capital transfers	4,122	1,970	47.8		
General government	4,225	1,953	46.2		
Other sectors	-103	17	x		
Acquisitions/disposals of non-produced non-financial assets	138	246	178.3		

3. FINANCIAL ACCOUNT¹⁷

In 2017, the financial account witnessed net inflows worth EUR 3,188 million compared with outflows in the amount of EUR 1,550 million in the previous year (Table 18), with the trend being driven by the rise in net inflows of portfolio investment and the

¹⁵ Source: Ministry of Public Finance.

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

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 (+).

slower advance in reserve assets. To these added the pick-up in net inflows of direct investment and the fall in net outflows reported by other investment (deposits and trade credit).

Table 18. Financial account

	EUR millions	
	2016	2017
Financial account	1,550	-3,188
Net acquisition of assets	5,044	4,335
Net incurrence of liabilities	3,494	7,523
Direct investment	-4,513	-4,883
Net acquisition of assets	1,143	350
Net incurrence of liabilities	5,656	5,233
Portfolio investment	-975	-2,987
Net acquisition of assets	352	510
Net incurrence of liabilities	1,327	3,497
Financial derivatives	38	-71
Net acquisition of assets	38	-71
Other investment	4,743	4,329
Net acquisition of assets	1,253	3,123
Net incurrence of liabilities	-3,490	-1,206
Reserve assets	2,258	424
Net acquisition of assets	2,258	424

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.

Portfolio investment helped improve the financial account due to the lower volume of Eurobond redemptions from non-residents.

Other investment recorded a moderation in net outflows brought about by the fall in deposit withdrawals by non-residents in Romania, as well as by the pick-up in net liabilities in the form of trade credits.

3.1. Direct investment

In 2017, direct investment recorded net inflows in the amount of EUR 4,883 million, up 8.2 percent from the 2016 value, i.e. EUR 4,513 million (Table 19), due to reinvestment of earnings by foreign-owned companies in Romania, including both monetary financial institutions and non-banks, as well as to net intercompany lending.

Table 19. Direct investment

	EUR millions					
	2016			2017		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	1,143	5,656	-4,513	350	5,233	-4,883
Equity	9	4,341	-4,332	387	3,965	-3,578
Equity other than reinvestment of earnings	46	3,203	-3,157	428	2,232	-1,804
Deposit-taking corporations except the central bank	-12	48	-60	0	148	-148
Other sectors	58	3,155	-3,097	428	2,084	-1,656
Reinvestment of earnings	-37	1,138	-1,175	-41	1,733	-1,774
Deposit-taking corporations except the central bank	2	397	-395	0	529	-529
Other sectors	-39	741	-780	-41	1,204	-1,245
Debt instruments	1,134	1,315	-181	-37	1,268	-1,305
Deposit-taking corporations except the central bank	0	-3	3	0	-4	4
Other sectors*	1,134	1,318	-184	-37	1,272	-1,309

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

Investment by non-residents in Romania¹⁸ totalled EUR 4,797 million (Table 20), of which equity (consolidated with the net reinvestment of earnings) came in at EUR 3,970 million and intercompany lending was in the amount of EUR 827 million in net terms.

Table 20. Direct investment under the directional principle

	EUR millions					
	2016			2017		
	Credit	Debit	Net	Credit	Debit	Net
Total	61,675	57,162	4,513	43,839	38,956	4,883
Direct investment by non-residents in Romania	61,448	56,931	4,517	42,885	38,088	4,797
Equity other than reinvestment of earnings	5,477	2,274	3,203	4,046	1,810	2,236
Deposit-taking corporations except the central bank	776	728	48	202	54	148
Other sectors	4,701	1,546	3,155	3,844	1,756	2,088
Reinvestment of earnings	1,138	0	1,138	1,734	0	1,734

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					
	2016			2017		
	Credit	Debit	Net	Credit	Debit	Net
Deposit-taking corporations except the central bank	397	0	397	529	0	529
Other sectors	741	0	741	1,205	0	1,205
Debt instruments	54,833	54,657	176	37,105	36,278	827
Deposit-taking corporations except the central bank	4	7	-3	0	5	-5
Other sectors	54,829	54,650	179	37,105	36,273	832
Direct investment by residents abroad	227	231	-4	954	868	86
Equity other than reinvestment of earnings	16	62	-46	28	459	-431
Deposit-taking corporations except the central bank	12	0	12	0	0	0
Other sectors	4	62	-58	28	459	-431
Reinvestment of earnings	0	-37	37	0	-42	42
Deposit-taking corporations except the central bank	0	2	-2	0	0	0
Other sectors	0	-39	39	0	-42	42
Debt instruments	211	206	5	926	451	475
Other sectors	211	206	5	926	451	475

Investment by residents abroad saw a EUR 86 million drop in net terms, with equity virtually offset by intercompany lending.

3.2. Portfolio investment

In 2017, portfolio investment recorded net inflows of EUR 2,987 million versus EUR 975 million in 2016 (Table 21), reflecting a lower volume of Eurobond redemptions from non-residents.

Table 21. Portfolio investment

	EUR millions					
	2016			2017		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total	352	1,327	-975	510	3,497	-2,987
Equity and investment fund shares	129	-412	541	117	-62	179
Deposit-taking corporations except the central bank	37	127	-90	-3	83	-86
Other sectors	92	-539	631	120	-145	265
Debt securities	223	1,739	-1,516	393	3,559	-3,166

continued

	EUR millions					
	2016			2017		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Short term	-22	80	-102	18	-24	42
Deposit-taking corporations except the central bank	-3	0	-3	0	0	0
General government	0	80	-80	9	-24	33
Other sectors	-19	0	-19	9	0	9
Long term	245	1,659	-1,414	375	3,583	-3,208
Deposit-taking corporations except the central bank	-99	-18	-81	-18	25	-43
General government	10	1,672	-1,662	22	3,554	-3,532
Other sectors	334	5	329	371	4	367

The net acquisition of assets stood at EUR 510 million, i.e. approximately 45 percent above the volume recorded in 2016, with the increase owing to securities purchases by pension funds and investment funds.

The net incurrence of liabilities was in the amount of EUR 3,497 million, i.e. 2.6 times larger than in the previous year, reflecting a greater volume of net Eurobond issues. The year 2017 saw new issues of Eurobonds worth EUR 1 billion (in April) by the Ministry of Public Finance and the reopening of earlier issues worth EUR 1.75 billion (in April and October).

3.3. Other investment

In 2017, other investment recorded net outflows of EUR 4,329 million, down 8.7 percent compared with the value of outflows recorded in the previous year (Table 22). Net outflows reflected net acquisition of assets worth EUR 3,123 million and net incurrence of liabilities in the amount of EUR -1,206 million.

Table 22. Other investment

	EUR millions					
	2016			2017		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Total, of which:	1,253	-3,490	4,743	3,123	-1,206	4,329
Other equity	1	0	1	5	0	5
Currency and deposits	568	-3,095	3,663	1,874	-1,139	3,013
Central bank	0	-183	183	618	-1	619
Deposit-taking corporations except the central bank	952	-3,135	4,087	1,183	-1,182	2,365
General government	2	223	-221	0	44	-44
Other sectors	-386	0	-386	73	0	73

continued

	EUR millions					
	2016			2017		
	Net acquisition of assets	Net incurrence of liabilities	Net	Net acquisition of assets	Net incurrence of liabilities	Net
Loans	86	-1,162	1,248	56	-1,490	1,546
Central bank	0	-123	123	0	0	0
Deposit-taking corporations except the central bank	28	0	28	-21	0	-21
General government	60	-766	826	83	-1,354	1,437
Other sectors	-2	-273	271	-6	-136	130
Insurance, pension schemes, and standardised guarantees	0	0	0	0	0	0
Trade credit and advances	576	763	-187	1,186	1,368	-182
General government	-3	0	-3	620	-9	629
Other sectors	579	763	-184	566	1,377	-811
Other accounts receivable/payable	22	4	18	2	55	-53
Deposit-taking corporations except the central bank	1	4	-3	5	68	-63
General government	0	-1	1	0	0	0
Other sectors	21	1	20	-3	-13	10

The net acquisition of assets went up to EUR 3,123 million from EUR 1,253 million in 2016, showing mainly a pick-up in assets in the form of long-term trade credit and advances granted by the general government, as well as a moderation in deposit withdrawals by residents abroad (Table 23).

Table 23. Other investment – net acquisition of assets

	EUR millions					
	2016			2017		
	Increase in assets	Decrease in assets	Net acquisition of assets	Increase in assets	Decrease in assets	Net acquisition of assets
Total, of which:	39,182	37,929	1,253	39,048	35,925	3,123
Other equity	1	0	1	5	0	5
Currency and deposits	31,720	31,152	568	32,084	30,211	1,873
Central bank	0	0	0	2,036	1,419	617
Deposit-taking corporations except the central bank	12,762	11,810	952	11,569	10,386	1,183
General government	33	31	2	17	17	0
Other sectors	18,925	19,311	-386	18,462	18,389	73
Loans	645	559	86	918	863	55
Deposit-taking corporations except the central bank	490	462	28	698	719	-21
General government	60	0	60	90	8	82
Other sectors	95	97	-2	130	136	-6

continued

	EUR millions					
	2016			2017		
	Increase in assets	Decrease in assets	Net acquisition of assets	Increase in assets	Decrease in assets	Net acquisition of assets
Insurance, pension schemes, and standardised guarantees	0	0	0	0	0	0
Trade credit and advances	6,114	5,537	577	5,545	4,358	1,187
General government	56	58	-2	727	107	620
Other sectors	6,058	5,479	579	4,818	4,251	567
Other accounts receivable	702	681	21	496	493	3
Deposit-taking corporations except the central bank	51	50	1	45	40	5
General government	0	0	0	0	0	0
Other sectors	651	631	20	451	453	-2

The negative net incurrence of liabilities fell to EUR 1,206 million in 2017 from EUR 3,490 million in 2016, as a result of the slowdown in deposit withdrawals by non-residents in Romania and the increase in net liabilities in the form of trade credit and advances (Table 24).

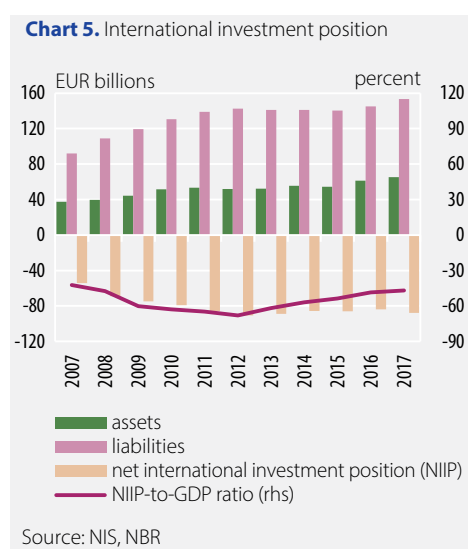
Table 24. Other investment – net incurrence of liabilities

	EUR millions					
	2016			2017		
	Increase in liabilities	Decrease in liabilities	Net incurrence of liabilities	Increase in liabilities	Decrease in liabilities	Net incurrence of liabilities
Total	34,516	38,006	-3,490	34,376	35,582	-1,206
Currency and deposits	16,882	19,977	-3,095	15,063	16,203	-1,140
Central bank	7,456	7,639	-183	5,096	5,098	-2
Deposit-taking corporations except the central bank	7,944	11,079	-3,135	8,500	9,682	-1,182
General government	1,482	1,259	223	1,467	1,423	44
Loans	9,473	10,635	-1,162	10,391	11,882	-1,491
Central bank	0	123	-123	0	0	0
Deposit-taking corporations except the central bank	0	0	0	0	0	0
General government	103	869	-766	652	2,007	-1,355
Other sectors	9,370	9,643	-273	9,739	9,875	-136
Trade credit and advances	6,842	6,079	763	7,776	6,408	1,368
General government	0	0	0	21	29	-8
Other sectors	6,842	6,079	763	7,755	6,379	1,376
Other accounts payable	1,319	1,315	4	1,146	1,089	57
Deposit-taking corporations except the central bank	153	149	4	167	99	68
General government	1	2	-1	0	0	0
Other sectors	1,165	1,164	1	979	990	-11

To sum up, in 2017, the balance of payments posted a net volume of transactions in real assets in the amount of EUR 3,754 million (shown under the combined current and capital account deficit), having as counterpart net financial inflows of EUR 3,188 million (financial account balance), with the difference being accounted for by errors and omissions. Net financial inflows had an unfavourable impact on the international investment position, contributing to the further decline in its debit balance.

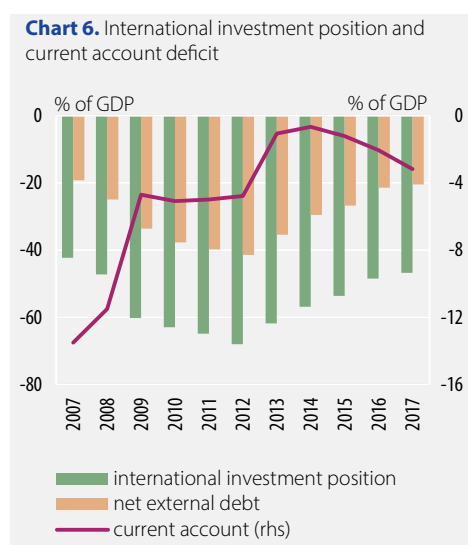
B. Romania's international investment position

1. OVERVIEW



The international investment position deteriorated compared to 2016 to reach EUR 87.9 billion at end-2017 (Chart 5).

In 2007-2017, the indicator had a negative evolution in nominal terms and almost doubled about halfway through this period, subsequently showing an adjustment tendency, mainly brought about by the decrease in net external debt. The robust GDP growth starting with 2010 caused the ratio of net international investment position to GDP to post less negative values and near the 2007 level. Over the analysed period, the composition of net international investment position revealed the major contribution of foreign liabilities in the form of direct investment (53.5 percent of total liabilities at end-2017), which mitigates the potential external vulnerabilities.



In parallel to the dynamics of the international investment position and of net external debt, the current account deficit saw a strong adjustment in 2009, remained relatively unchanged close to 5 percent of GDP until 2012 and returned to sustainable levels towards end-2014. The 2015-2017 period

saw a widening in the current account deficit from 1.2 percent of GDP in 2015 to 3.2 percent of GDP in 2017, along with an adjustment of the net investment position to 46.7 percent of GDP (Chart 6).

The breakdown of the international investment position by financial instrument was similar to that in the previous year, with direct investment (equity, loans from direct investors) being followed by other investment (loans and deposits) and portfolio investment (long-term debt securities; Table 25). Direct and portfolio investment reported larger shares, whereas the contribution of other investment to foreign funding continued to narrow.

Table 25. Foreign assets and liabilities by instrument

	EUR millions		
	Assets	Liabilities	Net
Direct investment	6,728	81,946	-75,219
Portfolio investment	3,782	25,646	-21,864
Financial derivatives	36	80	-44
Other investment	17,693	45,543	-27,850
Reserve assets	37,107	0	37,107
Total	65,345	153,215	-87,870

The contribution of debt instruments to foreign funding showed an improvement trend during 2017 in the general government sector and the non-financial corporations sector, with roll-over rates¹⁹ above 100 percent. The roll-over rate of deposit-taking corporations except the central bank went up considerably to 55.9 percent for long-term instruments (from 29.3 percent) and to 107.5 percent, respectively, for short-term instruments (from 84.5 percent).

The top ten destinations of Romania's foreign assets accounted for 70.3 percent at end-2017, a level comparable to the year-earlier reading, Germany ranking first with 20.8 percent, followed by international institutions²⁰ with 9.8 percent and the United States, the Netherlands, France and Austria, holding more than 5 percent. Romania's foreign liabilities were mainly in relation to EU Member States (64.6 percent), ahead of the United States and Switzerland jointly accounting for 6.6 percent (Table 26).

Table 26. Geographical breakdown of foreign assets and liabilities (by country and international institution)

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total assets, of which:	62,333	100.0	65,345	100.0
Germany	12,290	19.7	13,616	20.8
International institutions (BIS, ECB, ESM)	8,293	13.3	6,425	9.8
USA	4,007	6.4	5,765	8.8
Netherlands	3,728	6.0	5,267	8.1
France	4,446	7.1	4,426	6.8
Austria	2,659	4.3	3,523	5.4
Luxembourg	2,361	3.8	1,889	2.9
Italy	1,405	2.3	1,892	2.9

¹⁹ The roll-over rate is calculated as a ratio of drawings to the repayments of debt instruments.

²⁰ Bank for International Settlements (BIS), European Central Bank (ECB), European Stability Mechanism (ESM).

continued

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Belgium	2,741	4.4	1,736	2.7
Japan	1,246	2.0	1,412	2.2
Total liabilities, of which:	144,916	100.0	153,215	100.0
Netherlands	23,148	16.0	26,039	17.0
Germany	15,549	10.7	17,722	11.6
Austria	16,760	11.6	17,038	11.1
Italy	7,904	5.5	9,965	6.5
France	8,412	5.8	8,520	5.6
Luxembourg	7,581	5.2	8,403	5.5
USA	5,630	3.9	5,788	3.8
Cyprus	5,450	3.8	5,631	3.7
United Kingdom	5,467	3.8	5,622	3.7
Switzerland	3,721	2.6	4,394	2.9

In 2017, the currency composition of foreign assets revealed the prevalence of the euro and the US dollar, whose shares, albeit on a decline in the former case, totalled 76.1 percent. The foreign liabilities of the investment position were primarily denominated in euro and lei, which jointly accounted for 91.4 percent, taking roughly similar shares (46.9 percent and 44.5 percent respectively). Foreign liabilities expressed in US dollars, Swiss francs, and special drawing rights made up 8.1 percent of total (Table 27).

Table 27. Currency composition of foreign assets and liabilities

	31 December 2017			
	Foreign assets		Foreign liabilities	
	EUR millions	%	EUR millions	%
Total	65,345	100.0	153,215	100.0
EUR	39,468	60.4	71,867	46.9
USD	10,274	15.7	8,599	5.6
RON	3,781	5.8	68,105	44.5
XAU	3,612	5.5	0	0.0
RUN	1,658	2.5	0	0.0
CHF	1,423	2.2	477	0.3
XDR	1,250	1.9	1,177	0.8
GBP	1,110	1.7	77	0.1
JPY	850	1.3	2,610	1.7
Other currencies	1,920	2.9	303	0.2

At end-2017, foreign liabilities in the form of external debt instruments stood at EUR 97.4 billion (versus EUR 92.9 billion at end-2016), up 4.8 percent. Intercompany loans went up to EUR 29.2 billion (from EUR 26.1 billion in 2016), prevalently driven by short-term instruments (EUR 16.4 billion compared to EUR 11.6 billion at end-2016). Equity rose by EUR 3.8 billion (to EUR 52.7 billion at end-2017), which shows that non-residents continued to make long-term investment in the equity of Romanian companies.

Romania's international reserves witnessed a slight reduction to EUR 37.1 billion (Table 28), covering 5.4 months of the imports of goods and services. The breakdown shows net capital inflows of EUR 0.4 billion and amounts arising from changes in the prices of gold and securities (EUR -1.2 billion).

Table 28. Foreign reserve assets

	EUR millions	
	31 December 2016	31 December 2017
Romania's international reserves	37,905	37,107
Gold	3,664	3,612
Foreign currency	34,242	33,494
Credit institutions	4,240	5,081
Foreign currency	4,240	5,081
Foreign reserve assets, of which:	42,145	42,188
Foreign currency	38,481	38,576

The net creditor position of the central bank stayed at EUR 37.8 billion at end-2017, a level comparable to the year-earlier reading. Foreign investments in the form of deposits went up 28.4 percent, reaching EUR 12 billion, while assets in the form of securities shed 10.9 percent, to EUR 22.1 billion.

Table 29. International investment position

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	-82,583	100.0	-87,870	100.0
General government	-29,177	35.3	-30,153	34.3
Central bank	37,857	-45.8	37,757	-43.0
Deposit-taking corporations except the central bank	-13,564	16.4	-11,828	13.5
Other sectors, of which:	-77,699	94.1	-83,647	95.2
Non-financial corporations	-73,949	89.5	-80,244	91.3

The breakdown of the international investment position by institutional sector in 2017 (Table 29) shows that the sector of deposit-taking corporations except the central bank continued to see a decreasing net debit balance, from EUR 13.6 billion to EUR 11.8 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 19.8 percent versus 2016 to EUR 5.1 billion.

The net debtor position of the general government increased from EUR 29.2 billion to EUR 30.2 billion, up 3.3 percent versus 31 December 2016, amid the pick-up in this sector's external debt balance through a new security issue. Most of the leu-denominated government security issues on the domestic market had maturities spanning between 3 and 10 years and an average coupon of 3.2 percent.

Non-financial corporations recorded an increase in their net debtor position by 8.5 percent from 2016 to EUR 80.2 billion, with equity in companies operating in Romania, intercompany lending and foreign loans further acting as the main means of financing.

2. INTERNATIONAL INVESTMENT POSITION

2.1. Foreign assets

At end-2017, foreign assets stood at EUR 65,345 million, up 4.8 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, albeit with a slightly lower share of 56.8 percent, ahead of other investment (27.1 percent), direct investment (up 1.2 percentage points to 10.3 percent) and portfolio investment (5.8 percent; Table 30).

Table 30. Foreign assets by instrument

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	62,333	100.0	65,345	100.0
Direct investment	5,673	9.1	6,728	10.3
Equity	-88	-0.1	324	0.5
Debt instruments	5,761	9.2	6,403	9.8
Portfolio investment	3,163	5.1	3,782	5.8
Equity and investment fund shares	1,240	2.0	1,510	2.3
Debt securities (long-term)	1,920	3.1	2,251	3.4
Debt securities (short-term)	3	0.0	21	0.0
Financial derivatives	6	0.0	36	0.1
Other investment	15,586	25.0	17,693	27.1
Other equity	1,088	1.7	950	1.5
Loans	807	1.3	770	1.2
Trade credit and advances	5,888	9.4	6,664	10.2
Currency and deposits	7,626	12.2	9,150	14.0
Other accounts receivable	177	0.3	159	0.2
Reserve assets	37,905	60.8	37,107	56.8

At end-2017, foreign assets in the form of direct investment came in at EUR 6,728 million²¹, up EUR 1,055 million from the 2016 level, as a result of the increase in the volume of intercompany loans to non-resident enterprises.

The stock of portfolio investment of resident investors came in at EUR 3,782 million, adding 0.7 percentage points in terms of share. The breakdown of portfolio investment by instrument shows that resident investors further purchased in 2017 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 13.5 percent against 2016, to stand at EUR 17,693 million.

²¹ 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 632 million at end-2017.

At end-2017, Romania's international reserves (foreign exchange plus monetary gold) amounted to EUR 37,107 million, down EUR 799 million from a year earlier, the main influences being associated with principal repayments and interest payments in relation to the public debt and with the new issues of government securities.

The breakdown of foreign assets by institutional sector (Table 31) shows that, at 31 December 2017, the central bank continued to hold the largest share (59.6 percent), ahead of non-financial corporations (18.4 percent), deposit-taking corporations except the central bank (9.6 percent), and the general government (5.5 percent).

Table 31. Foreign assets by institutional sector

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	62,333	100.0	65,345	100.0
General government	3,262	5.2	3,612	5.5
Central bank	39,115	62.8	38,930	59.6
Deposit-taking corporations except the central bank	5,265	8.4	6,278	9.6
Other sectors, of which:	14,692	23.6	16,525	25.3
Non-financial corporations	10,769	17.3	12,020	18.4

2.2. Foreign liabilities

At end-2017, foreign liabilities amounted to EUR 153,215 million, up 5.7 percent from the end of the previous year (Table 32).

Table 32. Foreign liabilities by instrument

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	144,916	100.0	153,215	100.0
Direct investment	75,059	51.8	81,946	53.5
Equity	48,969	33.8	52,747	34.4
Debt instruments	26,091	18.0	29,199	19.1
Portfolio investment	22,894	15.8	25,646	16.7
Equity and investment fund shares	3,034	2.1	3,027	2.0
Debt securities (long-term)	19,766	13.6	22,550	14.7
Debt securities (short-term)	94	0.1	68	0.0
Financial derivatives	4	0.0	80	0.1
Other investment	46,960	32.4	45,543	29.7
Other equity	0	0.0	0	0.0
Loans	28,270	19.5	26,940	17.6
Trade credit and advances	6,001	4.1	7,312	4.8
Currency and deposits	11,212	7.7	9,940	6.5
Other accounts payable	222	0.2	179	0.1
SDR allocations	1,255	0.9	1,171	0.8

The breakdown of foreign liabilities by main financial instrument shows that the change in ranking that had started in the previous years – when the two large

contributors to financing had switched positions – consolidated during 2017. Specifically, the share of direct investment widened by 1.7 percentage points, to 53.5 percent, and exceeded that of other investment, which narrowed 2.7 percentage points to 29.7 percent. Under other investment, external loans further held the largest share in total liabilities (down 1.9 percentage points), followed by deposits, whose share contracted 1.2 percentage points, and trade credit, whose share added 0.7 percentage points from a year earlier.

At end-2017, the stock of direct investment stood at EUR 81,946 million²² (up 9.2 percent against end-2016), corresponding to a 43.6 percent share in GDP versus 44.1 percent a year earlier. The weight of equity held by non-residents in the companies operating in Romania was comparable to the 2016 reading, while that of debt instruments in the form of intercompany loans widened by 1.1 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, electricity, gas, water, 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 47.7 billion at end-2017. The value of non-resident direct investors' shares listed on the domestic capital market rose to EUR 4.4 billion, with non-financial corporations and deposit-taking corporations except the central bank as the main issuers. At end-2017, 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, Italy, France, Cyprus, Luxembourg and Switzerland.

The stock of foreign direct investment by development region shows that the Bucharest-Ilfov region was in the lead, well ahead Centre and West, South-Muntenia, North-West, South-East and South-West-Oltenia. The same as in previous years, in 2017 North-East came in last in terms of foreign direct investment.

At end-2017, portfolio investment saw its share in total foreign liabilities moving ahead 0.9 percentage points. The stock of investment in equity and investment fund shares stood at the previous year's level, while that of investment in long-term debt securities (bonds and government securities) came in at EUR 22,550 million, up 1.1 percentage points.

²² 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 stock of foreign direct investment in Romania (directional principle) stood at EUR 75,851 million at end-2017, as a result of deducting from the equity of and intercompany loans taken by direct investment companies the loans granted by the latter within the group.

The stable outlook on the investment rating was kept unchanged by rating agencies throughout 2017, ensuring further access onto foreign capital markets at low costs and with sustainable maturities. In this context, the Ministry of Public Finance continued to launch government security issues on the domestic and foreign capital markets. The stock of euro- and leu-denominated securities issued on the domestic market (EUR 5.7 billion) trended upwards versus the previous year by more than EUR 600 million, being held by both resident credit institutions and non-residents.

The financing ensured by tapping foreign capital markets consisted in a new Eurobond issue in amount of EUR 2 billion, with a 10-year maturity and a coupon set at 2.375 percent, as well as in the reopening of a 2015 issue worth EUR 750 million (20-year maturity and a coupon of 3.875 percent).

Other investment amounted to EUR 45,543 million at end-2017, down 3 percent from a year earlier, amid further capital outflows in the form of principal repayments related to loans and deposits.

The composition of foreign liabilities by institutional sector remained unchanged in 2017 as well (Table 33). Specifically, the non-financial corporations sector held the largest share (60.2 percent), followed by general government, with a slightly decreasing share (from 22.4 percent to 22 percent), due primarily to new issues and reopenings of government securities issues. Deposit-taking corporations except the central bank recorded a share of 11.8 percent, down 1.2 percentage points, following a drop in the volume of deposits and the low roll-over rates of long-term instruments. The share of the central bank remained virtually unchanged from the previous year, at 0.8 percent.

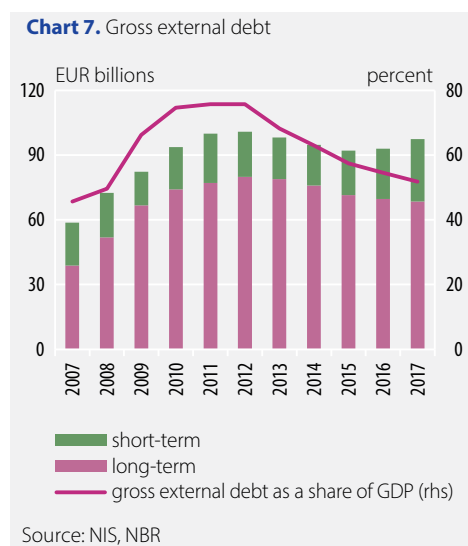
Table 33. Foreign liabilities by institutional sector

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	144,916	100.0	153,215	100.0
General government	32,439	22.4	33,765	22.0
Central bank	1,258	0.9	1,172	0.8
Deposit-taking corporations except the central bank	18,829	13.0	18,106	11.8
Other sectors, of which:	92,390	63.8	100,172	65.4
Non-financial corporations	84,718	58.5	92,264	60.2

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 with international developments. In the period from 2012 to 2015, gross external debt displayed a downward trend (Chart 7), amid steady principal repayments on long-term external debt. Starting 2016, the evolution of external debt witnessed somewhat of a trend reversal, mainly ascribable to the sturdy increase of the short-term component.

At end-2017, the stock of gross external debt²³ totalled EUR 97,361 million, up 4.8 percent from end-2016, largely due to the stock of short-term external debt.



Gross external debt as a share of GDP contracted from 54.5 percent in 2016 to 51.8 percent.

To the higher stock of gross external debt contributed net transactions worth EUR 3.6 billion and revaluation differences in the amount of EUR 2.6 billion (other changes²⁴). At the same time, changes in the exchange rates of the major currencies had a negative contribution of EUR 1.7 billion.

Long-term external debt ran at EUR 68,520 million at end-2017, down 1.6 percent against end-2016. Developments in the stock of

long-term external debt were attributable to the reduction in private external debt by 6.3 percent. External public debt²⁵ witnessed an increase of 3.9 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 (Table 34).

Table 34. Gross external debt

	EUR millions	
	31 December 2016	31 December 2017
Long-term external debt	69,645	68,520
Public debt	32,299	33,550
Private debt	36,091	33,800
Central bank debt, of which:	1,255	1,171
SDR allocations from the IMF	1,255	1,171
Short-term external debt	23,265	28,841
Gross external debt	92,910	97,361

The currency composition of external debt (with the euro accounting for 73.7 percent and the US dollar for 8.8 percent) was replicated in a balanced manner in the NBR's foreign exchange reserves, where the euro and the US dollar jointly held 83.3 percent (Table 35).

²³ The stock of gross external debt is cash-based and hence does not include accrued unmatured interest.

²⁴ Other changes include values that entail a change in the final stock through reclassifications and corrections of statistical reports from previous periods.

²⁵ 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.

Table 35. Currency composition of the NBR's foreign exchange reserves and of external debt

	31 December 2017			
	NBR's foreign exchange reserves		External debt	
	EUR millions	%	EUR millions	%
Total	33,494	100.0	97,361	100.0
EUR	21,814	65.1	71,743	73.7
USD	6,108	18.2	8,577	8.8
GBP	840	2.5	77	0.1
JPY	1,412	4.2	477	0.5
XDR	1,175	3.5	1,177	1.2
CHF	527	1.6	2,610	2.7
RON	0	0.0	12,397	12.7
Other	1,619	4.8	303	0.3

Table 36. Long-term gross external debt by creditor

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	69,645	100.0	68,520	100.0
Loans from international institutions, of which:	15,071	21.6	13,532	19.7
IBRD	3,794	5.4	4,132	6.0
EIB	4,053	5.8	3,766	5.5
EBRD	986	1.4	1,002	1.5
EU	3,500	5.0	2,350	3.4
IMF	1,255	1.8	1,171	1.7
EDF-EC	763	1.1	679	1.0
OECE	444	0.6	384	0.6
Portfolio investment of private banks and other financial institutions	19,766	28.4	22,551	32.9
Loans from private banks and other financial institutions	20,295	29.1	19,615	28.6
Other	14,513	20.8	12,822	18.7

Table 37. Long-term external debt by maturity

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	69,645	100.0	68,520	100.0
1-5 years	9,840	14.1	8,201	12.0
Public debt	23	0.0	3	0.0
Private debt	9,817	14.1	8,199	12.0
More than 5 years	59,805	85.9	60,319	88.0
Public debt	33,500	48.1	34,718	50.7
Private debt	26,305	37.8	25,601	37.4

Long-term external debt by creditor at end-2017 (Table 36) shows that private banks further held the largest share (61.5 percent), up 4 percentage points year on year, primarily on account of portfolio investment, while official creditors saw their share decrease by 1.9 percentage points, to 19.7 percent, owing to debt repayments on the financial arrangements with international institutions. Among private creditors,



foreign credit institutions continued the long-term lending to the economy, as well as general government financing via purchasing government securities that increased the stock of portfolio investment.

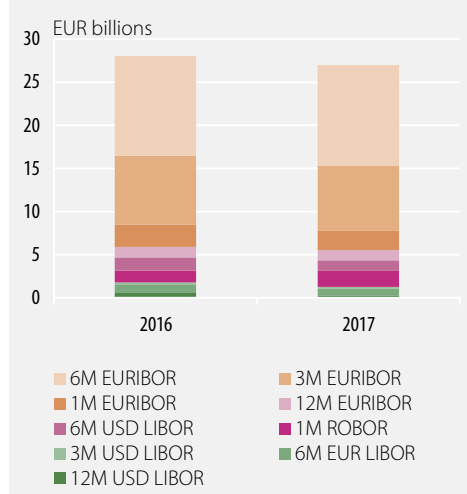
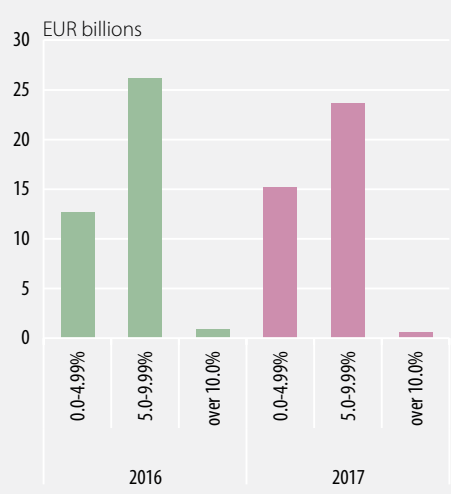
Long-term external debt by maturity at end-2017 shows a reduction in the stock of external debt across the 1 to 5 year-maturity and an increase in external debt maturing in more than 5 years (Table 37). In the context of a rise in external public debt against the previous year, further noticeable is the focus on debt management strategies

whereby maturities are set so as to ensure avoiding any peak debt repayments. Hence, from the perspective of the original maturity, 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 8).

Table 38. Long-term external debt by type of interest rate

	31 December 2016		31 December 2017	
	EUR millions	%	EUR millions	%
Total	69,645	100.0	68,520	100.0
Floating rates, of which:	30,757	44.2	28,662	41.8
12M USD LIBOR	633	0.9	208	0.3
6M EUR LIBOR	852	1.2	844	1.2
3M USD LIBOR	311	0.4	200	0.3
1M ROBOR	1,340	1.9	1,849	2.7
6M USD LIBOR	1,533	2.2	1,227	1.8
12M EURIBOR	1,216	1.7	1,187	1.7
1M EURIBOR	2,574	3.7	2,261	3.3
3M EURIBOR	8,000	11.5	7,549	11.0
6M EURIBOR	11,564	16.6	11,661	17.0
Fixed rates	38,888	55.8	39,858	58.2
0.0-4.99%	14,613	21.0	16,369	23.9
5.0-9.99%	23,718	34.1	23,014	33.6
over 10.0%	557	0.8	476	0.7

Long-term external debt by type of interest rate shows that the stock of floating-rate loans remained on a slight downtrend versus a year earlier across most interest rate types (Table 38). Fixed-rate loans were on an upward path in the 0-5 percent range, by 2.9 percentage points, whereas those in the immediately consecutive ranges contracted further. The concern for a sustainable long-term debt service was further visible, as shown by the decrease in the share of floating rates (Chart 9) and the increase in that of fixed rates (Chart 10).

Chart 9. Long-term external debt by floating rate**Chart 10.** Long-term external debt by fixed rate

Long-term external debt incurred by the central bank and the credit institutions witnessed a further contraction during 2017 (Table 39) 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 below that recorded at end-2016, its share in total debt shrinking 1.2 percentage points to 33.3 percent.

Table 39. Long-term external debt by institutional sector

	2016		2017	
	EUR millions	%	EUR millions	%
Total	69,645	100.0	68,520	100.0
General government	32,120	46.1	33,425	48.8
Central bank	1,255	1.8	1,171	1.7
Deposit-taking corporations except the central bank	7,985	11.5	6,377	9.3
Other sectors, of which:	28,285	40.6	27,547	40.2
Non-financial corporations	24,034	34.5	22,851	33.3

Table 40. Long-term external debt by instrument

	2016		2017	
	EUR millions	%	EUR millions	%
Total	69,645	100.0	68,520	100.0
Direct investment instruments	14,527	20.9	12,822	18.7
Loans	25,941	37.2	25,369	37.0
Trade credit and advances	271	0.4	370	0.5
Currency and deposits	7,828	11.2	6,209	9.1
Debt securities	19,766	28.4	22,550	32.9
SDR allocations	1,255	1.8	1,171	1.7
Other accounts payable	57	0.1	28	0.0

The composition of long-term external debt by instrument (Table 40) shows declining shares of intercompany loans and of deposits by 4.3 percentage points, whereas the share of portfolio investment instruments in the form of debt securities widened by 4.5 percentage points.

Short-term external debt ended the year 2017 at EUR 28,841 million, accounting for 29.6 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 (85.4 percent, up 3.1 percentage points), ahead of deposit-taking corporations except the central bank and the government sector (Table 41).

Table 41. Short-term external debt by institutional sector

	2016		2017	
	EUR millions	%	EUR millions	%
Total	23,265	100.0	28,841	100.0
Government sector	318	1.4	339	1.2
Central bank	3	0.0	2	0.0
Deposit-taking corporations except the central bank	3,182	13.7	3,565	12.4
Other sectors, of which:	19,762	84.9	24,934	86.5
Non-financial corporations	19,136	82.3	24,620	85.4

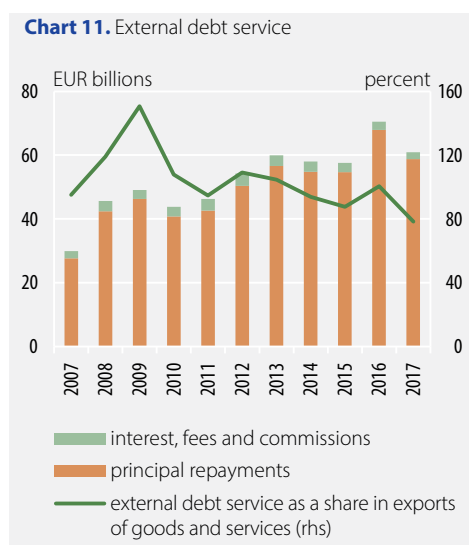
The non-financial corporations sector and deposit-taking corporations except the central bank resorted to short-term foreign funds in 2017 as well, as pointed out by roll-over rates of 105 percent and 107.5 percent respectively.

Table 42. Short-term external debt by instrument

	2016		2017	
	EUR millions	%	EUR millions	%
Total	23,265	100.0	28,841	100.0
Direct investment instruments	11,564	49.7	16,377	56.8
Loans	2,329	10.0	1,571	5.4
Trade credit and advances	5,730	24.6	6,942	24.1
Currency and deposits	3,384	14.5	3,731	12.9
Debt securities	94	0.4	68	0.2
Other accounts payable	165	0.7	151	0.5

The share of debt instruments in the form of deposits taken by credit institutions, as a means of short-term funding, shrank by 1.6 percentage points compared with 2016, to 12.9 percent (Table 42). An upward shift occurred with respect to short-term direct investment instruments, whose share widened 7.1 percentage points and reached 56.8 percent, and to trade credit and advances, which – although rising in absolute terms – saw their share narrow 0.5 percentage points, to 24.1 percent.

The external debt service posted significant increases during 2008-2009, followed by a moderate easing in 2010 and considerable rises 2011 through 2013 (Chart 11). 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, withdrawals of deposits by non-residents, and other payments to multilateral and private creditors in line with commitments falling due. The year 2017 saw the level of the external debt service decline both in absolute terms (to EUR 60.9 billion) and as a share in exports of goods and services (to 78.2 percent).

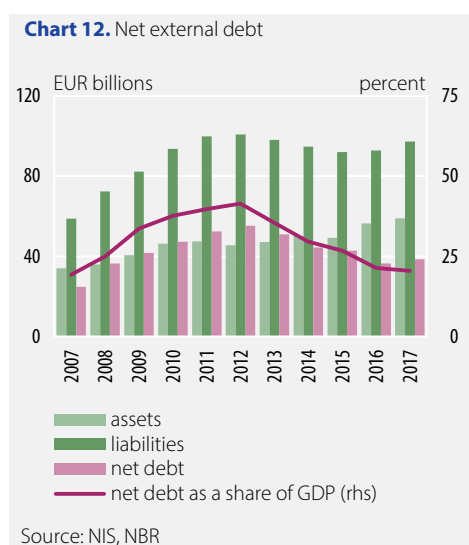
In 2017, the external debt service amounted to EUR 60,891 million, of which principal repayments equalled EUR 58,691 million and payments

of interest and commissions totalled EUR 2,200 million. The composition by maturity changed against the previous year, as the share of long-term external debt service widened from 29.9 percent in 2016 to 31.9 percent in 2017 and that of short-term external debt service narrowed from 70.1 percent to 68.1 percent.

Table 43. External debt service (EDS)

	2016	2017
EDS (EUR millions)	70,436	60,891
EDS/GDP (%)	41.3	32.4
EDS/EXP* (%)	100.4	78.2
EXP* (EUR millions)	70,180	77,880

*) exports of goods and services



Source: NIS, NBR

During the period under review, the external debt service stood below the level of exports of goods and services, taking 78.2 percent of their value (Table 43). In relation to GDP, the external debt service saw its share narrow by 8.9 percentage points against 2016, to 32.4 percent.

Net external debt²⁶, the indicator that influenced the evolution of the international investment position, as a component, witnessed a considerable adjustment in the period from 2007 to 2017, from 19.2 percent

²⁶ 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).

of GDP in 2007 to 41.5 percent in 2012, before returning to 20.5 percent of GDP at end-2017 (Chart 12).

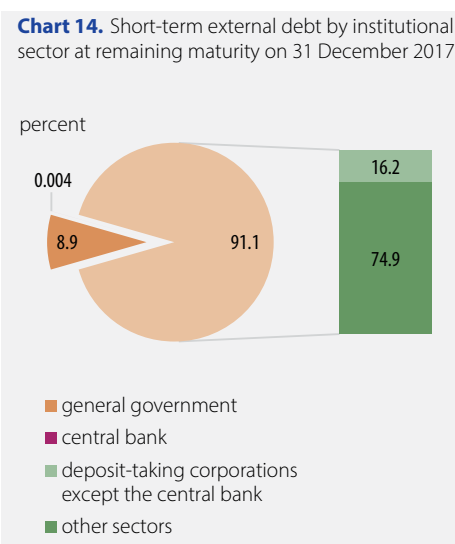
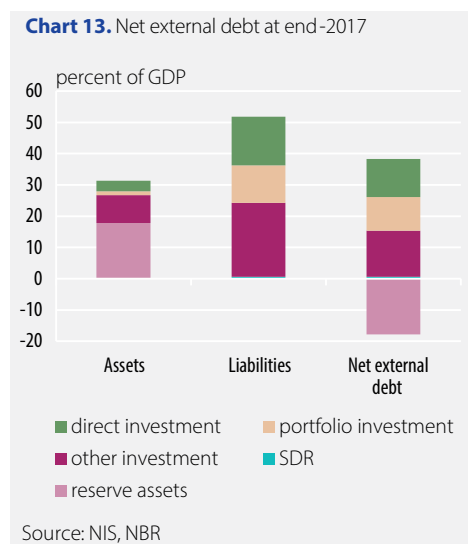
Net external debt came in at EUR 38.4 billion at end-2017, up from EUR 36.5 billion in 2016, amid the rise in net external debt of general government and of other sectors (Table 44). The net external debt stemming from direct investment reached EUR 22.8 billion from EUR 20.3 billion in the previous year, primarily on account of the higher stock of intercompany trade credit. The increase in foreign assets from EUR 34.2 billion to EUR 35.3 billion led to the central bank's stock of net external debt move from EUR -33 billion to EUR -34.1 billion.

Table 44. Net external debt at end-2017

	EUR millions		
	Gross external debt	Foreign assets based on debt instruments	Net external debt
General government	33,765	2,697	31,068
Currency and deposits	260	8	253
Debt securities	22,435	40	22,395
Loans	11,057	143	10,914
Trade credit and advances	4	2,429	-2,425
Other accounts receivable/payable	8	78	-70
Central bank	1,172	35,283	-34,110
Special drawing rights (SDR)	1,171	1,175	-4
Currency and deposits	2	11,986	-11,985
Debt securities	0	22,121	-22,121
Loans	0	0	0
Other accounts receivable/payable	0	0	0
Deposit-taking corporations except the central bank	9,938	6,182	3,756
Currency and deposits	9,678	5,432	4,246
Debt securities	168	146	22
Loans	0	582	-582
Other accounts receivable/payable	92	22	70
Other sectors	23,286	8,348	14,938
Currency and deposits	0	1,922	-1,922
Debt securities	16	2,086	-2,071
Loans	15,884	46	15,838
Trade credit and advances	7,308	4,234	3,074
Other accounts receivable/payable	79	59	20
Direct investment, debt instruments (intercompany lending)	29,199	6,403	22,796
Total	97,361	58,913	38,448

At 31 December 2017, net external debt accounted for 20.5 percent of GDP, down 1 percentage point versus end-2016, which led to a reduction in the debit balance of the international investment position from 48.5 percent to 46.7 percent of GDP (Chart 13).

The stock of short-term external debt at remaining maturity²⁷ totalled EUR 42,395 million, of which other sectors' debt accounted for 74.9 percent (Chart 14). The general government saw its share widen slightly, by 1.8 percentage points, staying at a sustainable level. The ratio of the foreign exchange reserves to short-term external debt at remaining maturity diminished in 2017 to 79 percent from 90.5 percent a year earlier, through the joint contribution of the higher stock of short-term external debt, on one hand, and the lower forex reserves, on the other.



The analysis of the main indebtedness indicators in 2017 shows that the share of long-term external debt in GDP narrowed to 36.5 percent, the share of short-term external debt in GDP widened to 15.3 percent, the ratio of gross external debt to exports of goods and services was 125 percent, while the share of interest in total exports of goods and services decreased to 2.8 percent. At end-2017, Romania's international reserves (foreign currency and monetary gold) covered 5.4 months of imports of goods and services. The ratio of foreign exchange reserves at the National Bank of Romania to short-term external debt²⁸ fell to 116.1 percent at end-2017, compared with 147.2 percent at end-2016.

²⁷ Short-term external debt outstanding at end-2017 plus the principal and/or interest on long-term gross external debt payable over the following 12 months (2018).

²⁸ Gross external debt with an original maturity of up to and including 1 year.

Statistical section

Balance of payments, 2016 – 2017

Item	EUR millions					
	2016			2017		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	78,039	81,588	-3,549	85,627	91,597	-5,970
A. Goods and services	70,180	71,762	-1,582	77,880	81,853	-3,973
a. Goods	52,173	61,478	-9,305	57,187	69,370	-12,183
general merchandise on a balance of payments basis	52,195	61,478	-9,283	57,184	69,370	-12,186
net exports of goods under merchandising	-22	0	-22	3	0	3
goods acquired under merchandising	-287	0	-287	-259	0	-259
goods sold under merchandising	265	0	265	262	0	262
b. Services	18,007	10,284	7,723	20,693	12,483	8,210
processing of goods	2,631	202	2,429	2,886	183	2,703
transport	5,537	1,915	3,622	6,186	2,358	3,828
travel	1,568	1,930	-362	2,237	3,074	-837
other	8,271	6,237	2,034	9,384	6,868	2,516
B. Primary income	2,820	7,287	-4,467	3,248	7,886	-4,638
compensation of employees	702	66	636	972	70	902
investment income	598	7,003	-6,405	465	7,587	-7,122
other primary income	1,520	218	1,302	1,811	229	1,582
C. Secondary income	5,039	2,539	2,500	4,499	1,858	2,641
general government	1,670	1,524	146	1,098	1,448	-350
other sectors	3,369	1,015	2,354	3,401	410	2,991
2. Capital account	4,412	152	4,260	2,246	30	2,216
A. Capital transfers	4,230	108	4,122	1,971	0	1,971
general government	4,225	0	4,225	1,953	0	1,953
other sectors	5	108	-103	18	0	18
B. Acquisitions/disposals of non-produced non-financial assets	182	44	138	275	30	245
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	5,044	3,493	1,551	4,335	7,523	-3,188
A. Direct investment	1,143	5,656	-4,513	350	5,233	-4,883
equity	8	4,340	-4,332	387	3,965	-3,578
equity other than reinvestment of earnings	46	3,203	-3,157	428	2,232	-1,804
reinvestment of earnings	-38	1,137	-1,175	-41	1,733	-1,774
debt instruments	1,135	1,316	-181	-37	1,268	-1,305
B. Portfolio investment	352	1,327	-975	510	3,497	-2,987
equity and investment fund shares	128	-412	540	117	-62	179
debt securities	224	1,739	-1,515	393	3,559	-3,166
C. Financial derivatives	38	0	38	-71	0	-71
D. Other investment	1,253	-3,490	4,743	3,122	-1,207	4,329
other equity	1	0	1	5	0	5
currency and deposits	567	-3,095	3,662	1,874	-1,140	3,014
loans	86	-1,161	1,247	56	-1,490	1,546
insurance, pension schemes, and standardised guarantees	0	0	0	0	0	0
trade credit and advances	576	763	-187	1,186	1,368	-182
other accounts receivable/payable	23	3	20	1	55	-54
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	2,258	0	2,258	424	0	424
4. Net errors and omissions	x	x	839	x	x	566

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

Quarterly balance of payments, 2017

Item	EUR millions					
	Q1			Q2		
	Credit	Debit	Balance	Credit	Debit	Balance
1. Current account	20,785	21,518	-733	21,503	24,223	-2,720
A. Goods and services	18,814	19,023	-209	19,236	20,252	-1,016
a. Goods	14,103	16,285	-2,182	14,078	17,175	-3,097
general merchandise on a balance of payments basis	14,089	16,285	-2,196	14,077	17,175	-3,098
net exports of goods under merchandising	14	0	14	1	0	1
goods acquired under merchandising	-64	0	-64	-69	0	-69
goods sold under merchandising	78	0	78	70	0	70
b. Services	4,711	2,738	1,973	5,158	3,077	2,081
processing of goods	692	51	641	755	43	712
transport	1,412	533	879	1,584	608	976
travel	463	626	-163	507	736	-229
other	2,144	1,528	616	2,312	1,690	622
B. Primary income	1,207	1,980	-773	954	3,486	-2,532
compensation of employees	190	17	173	268	19	249
investment income	104	1,905	-1,801	133	3,409	-3,276
other primary income	913	58	855	553	58	495
C. Secondary income	764	515	249	1,313	485	828
general government	169	416	-247	233	384	-151
other sectors	595	99	496	1,080	101	979
2. Capital account	218	5	213	318	2	316
A. Capital transfers	151	0	151	263	0	263
general government	135	0	135	263	0	263
other sectors	16	0	16	0	0	0
B. Acquisition/disposal of non-produced non-financial assets	67	5	62	55	2	53
	Net acquisition of assets*	Net incurrence of liabilities*	Net	Net acquisition of assets*	Net incurrence of liabilities*	Net
3. Financial account	981	1,765	-784	2,042	3,621	-1,579
A. Direct investment	291	1,390	-1,099	-112	465	-577
equity	98	1,265	-1,167	98	837	-739
equity other than reinvestment of earnings	108	501	-393	108	236	-128
reinvestment of earnings	-10	764	-774	-10	601	-611
debt instruments	193	125	68	-210	-372	162
B. Portfolio investment	147	360	-213	161	1,800	-1,639
equity and investment fund shares	49	-88	137	20	-27	47
debt securities	98	448	-350	141	1,827	-1,686
C. Financial derivatives	-19	0	-19	-6	0	-6
D. Other investment	42	15	27	925	1,356	-431
other equity	1	0	1	0	0	0
currency and deposits	-351	-381	30	752	103	649
loans	29	-103	132	40	-103	143
insurance, pension schemes, and standardised guarantees	0	0	0	0	0	0
trade credit and advances	379	502	-123	72	767	-695
other accounts receivable/payable	-16	-3	-13	61	589	-528
special drawing rights	0	0	0	0	0	0
E. NBR's reserve assets	520	0	520	1,074	0	1,074
4. Net errors and omissions	x	x	-265	x	x	826

*) "+" increase; "-" decrease

Note: Totals may not add up due to rounding.

EUR millions						Item
Q3			Q4			
Credit	Debit	Balance	Credit	Debit	Balance	
21,531	22,857	-1,326	21,808	22,999	-1,191	1. Current account
19,795	20,612	-817	20,035	21,966	-1,931	A. Goods and services
14,324	17,329	-3,005	14,682	18,581	-3,899	a. Goods
14,326	17,329	-3,003	14,692	18,581	-3,889	general merchandise on a balance of payments basis
-2	0	-2	-10	0	-10	net exports of goods under merchanting
-62	0	-62	-64	0	-64	goods acquired under merchanting
60	0	60	54	0	54	goods sold under merchanting
5,471	3,283	2,188	5,353	3,385	1,968	b. Services
737	43	694	702	46	656	processing of goods
1,592	593	999	1,598	624	974	transport
745	912	-167	522	800	-278	travel
2,397	1,735	662	2,531	1,915	616	other
535	1,814	-1,279	552	606	-54	B. Primary income
207	9	198	307	25	282	compensation of employees
111	1,748	-1,637	117	525	-408	investment income
217	57	160	128	56	72	other primary income
1,201	431	770	1,221	427	794	C. Secondary income
338	320	18	358	328	30	general government
863	111	752	863	99	764	other sectors
327	3	324	1,383	20	1,363	2. Capital account
260	0	260	1,297	0	1,297	A. Capital transfers
260	0	260	1,295	0	1,295	general government
0	0	0	2	0	2	other sectors
67	3	64	86	20	66	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	
-186	414	-600	1,498	1,723	-225	3. Financial account
-405	1,708	-2,113	576	1,670	-1,094	A. Direct investment
98	1,280	-1,182	93	583	-490	equity
108	723	-615	104	772	-668	equity other than reinvestment of earnings
-10	557	-567	-11	-189	178	reinvestment of earnings
-503	428	-931	483	1,087	-604	debt instruments
107	432	-325	95	905	-810	B. Portfolio investment
39	135	-96	9	-82	91	equity and investment fund shares
68	297	-229	86	987	-901	debt securities
5	0	5	-51	0	-51	C. Financial derivatives
1,700	-1,726	3,426	455	-852	1,307	D. Other investment
0	0	0	4	0	4	other equity
1,374	-704	2,078	99	-158	257	currency and deposits
212	-741	953	-225	-543	318	loans
0	0	0	0	0	0	insurance, pension schemes, and standardised guarantees
158	265	-107	577	-166	743	trade credit and advances
-44	-546	502	0	15	-15	other accounts receivable/payable
0	0	0	0	0	0	special drawing rights
-1,593	0	-1,593	423	0	423	E. NBR's reserve assets
x	x	401	x	x	-396	4. Net errors and omissions

Romania's international investment position, 2010 – 2017								
EUR millions, end of period								
Institutional sectors	2010	2011	2012	2013	2014	2015	2016	2017
I. Central bank	25,738	25,831	25,585	29,644	32,942	33,963	37,857	37,757
Foreign assets, of which:	35,982	37,283	35,444	35,464	35,540	35,522	39,115	38,930
Foreign exchange reserve	32,432	33,193	31,206	32,525	32,216	32,238	34,242	33,494
Monetary gold	3,518	4,058	4,207	2,910	3,290	3,247	3,664	3,612
Foreign liabilities, of which:	10,244	11,452	9,859	5,820	2,598	1,560	1,258	1,172
Currency and deposits	22	53	57	10	3	186	3	2
Loans from the IMF	9,083	10,231	8,654	4,708	1,421	122	0	0
SDR allocations	1,139	1,168	1,148	1,102	1,173	1,252	1,255	1,171
II. General government	-15,965	-20,288	-22,998	-27,298	-29,807	-28,278	-29,177	-30,153
Foreign assets, of which:	2,592	2,734	2,575	2,567	2,834	3,102	3,262	3,612
Other investment, of which:	2,592	2,734	2,575	2,567	2,834	3,102	3,252	3,572
other equity	713	797	785	868	945	1,027	1,049	915
trade credits and advances	1,761	1,781	1,715	1,625	1,810	1,985	2,047	2,429
Foreign liabilities, of which:	18,557	23,022	25,573	29,865	32,641	31,380	32,439	33,765
Portfolio investment	4,275	6,098	9,500	14,214	17,999	18,153	19,694	22,435
debt securities	4,275	6,098	9,500	14,214	17,999	18,153	19,694	22,435
Other investment, of which:	14,282	16,923	16,072	15,652	14,641	13,227	12,745	11,330
currency and deposits	115	132	92	92	215	5	224	260
loans	14,139	16,062	15,952	15,535	14,403	13,197	12,507	11,050
III. Deposit-taking corporations except the central bank	-27,912	-28,749	-27,094	-23,875	-18,996	-17,189	-13,564	-11,828
Foreign assets, of which:	2,722	1,975	2,303	2,208	3,538	4,371	5,265	6,278
Direct investment	109	36	41	42	42	44	33	35
equity	109	36	41	40	42	41	31	32
debt instruments	0	0	0	2	0	3	2	3
Portfolio investment	557	403	414	578	641	294	212	184
equity and investment fund shares	82	33	31	19	23	1	44	38
debt securities	475	370	383	559	618	293	168	146
Other investment, of which:	2,056	1,536	1,848	1,588	2,855	4,033	5,019	6,036
currency and deposits	1,721	1,158	1,369	1,348	2,401	3,419	4,370	5,432
loans	285	344	413	214	439	597	631	582
other accounts receivable	50	34	66	26	14	18	19	22
Foreign liabilities, of which:	30,634	30,724	29,397	26,083	22,534	21,559	18,829	18,106
Direct investment	6,571	6,501	7,137	6,658	5,625	6,257	6,350	6,816
equity	6,571	6,501	7,137	6,657	5,623	6,249	6,346	6,812
debt instruments	0	0	0	1	3	8	4	4
Portfolio investment	162	93	278	560	882	1,152	1,469	1,442
equity and investment fund shares	36	50	60	394	678	982	1,317	1,274
debt securities	126	43	218	166	204	171	152	168
Other investment, of which:	23,901	24,130	21,982	18,866	16,027	14,150	11,010	9,770
currency and deposits	23,854	24,098	21,321	18,724	15,852	14,129	10,985	9,678
other accounts payable	47	31	661	141	175	21	25	92

continued

	EUR millions, end of period							
Institutional sectors	2010	2011	2012	2013	2014	2015	2016	2017
IV. Other sectors	-60,856	-62,352	-66,121	-67,421	-69,617	-74,509	-77,699	-83,647
Foreign assets, <i>of which:</i>	10,237	11,419	11,570	11,978	13,554	11,446	14,692	16,525
Direct investment	1,800	1,939	1,641	1,657	2,540	3,434	5,640	6,692
equity	272	337	304	394	65	-142	-118	292
debt instruments	1,528	1,602	1,337	1,263	2,475	3,577	5,759	6,401
Portfolio investment	1,025	1,206	1,640	1,770	1,795	2,470	2,940	3,558
equity and investment fund shares	502	692	879	844	806	1,054	1,195	1,471
debt securities	523	514	761	926	989	1,417	1,745	2,086
Other investment, <i>of which:</i>	7,422	8,274	8,289	8,550	9,208	5,536	6,105	6,262
currency and deposits	1,747	2,173	2,446	2,614	2,984	2,122	2,078	1,922
loans	2,994	3,188	3,162	3,163	3,391	117	116	46
trade credit and advances	2,612	2,767	2,468	2,573	2,562	3,247	3,840	4,234
other accounts receivable	70	147	214	201	271	50	71	59
Foreign liabilities, <i>of which:</i>	71,093	73,771	77,691	79,399	83,170	85,955	92,390	100,172
Direct investment	45,012	47,637	50,925	54,381	56,892	60,909	68,709	75,130
equity	28,961	30,503	32,131	34,057	37,641	38,854	42,623	45,936
debt instruments	16,051	17,134	18,794	20,325	19,250	22,055	26,086	29,195
Portfolio investment	1,377	1,330	2,334	1,994	2,265	2,312	1,731	1,768
equity and investment fund shares	1,336	1,289	2,334	1,990	2,251	2,298	1,717	1,753
debt securities	41	41	0	4	14	14	14	16
Other investment, <i>of which:</i>	24,704	24,804	24,431	23,022	24,009	22,732	21,947	23,271
loans	22,956	22,764	22,565	21,362	22,429	17,328	15,763	15,884
trade credit and advances	1,744	1,972	1,847	1,564	1,514	5,222	6,001	7,308
other accounts payable	4	69	19	95	64	182	183	79
Net position	-78,995	-85,558	-90,628	-88,950	-85,478	-86,013	-82,583	-87,870
Foreign assets	51,533	53,411	51,892	52,218	55,465	54,441	62,333	65,345
Foreign liabilities	130,528	138,969	142,520	141,168	140,943	140,454	144,916	153,215

Romania's gross international reserve, 2010 – 2017

	EUR millions, end of period							
	2010	2011	2012	2013	2014	2015	2016	2017
National Bank of Romania	35,951	37,252	35,413	35,435	35,506	35,485	37,905	37,107
Gold	3,518	4,058	4,207	2,910	3,290	3,247	3,664	3,612
Foreign exchange reserve	32,432	33,194	31,206	32,525	32,216	32,238	34,242	33,494
Credit institutions	2,298	1,639	1,892	2,035	3,285	3,512	4,240	5,081
Foreign currency	2,298	1,639	1,892	2,035	3,285	3,512	4,240	5,081
Gross international reserve, of which:	38,249	38,891	37,305	37,470	38,791	38,997	42,145	42,188
Gross foreign exchange reserve	34,731	34,833	33,098	34,559	35,501	35,750	38,482	38,576

External debt indicators, 2010 – 2017

	2010	2011	2012	2013	2014	2015	2016	2017
	EUR millions							
External debt (ED)	93,624	99,926	100,857	98,069	94,744	92,069	92,910	97,361
Long-term (LT)	74,075	77,131	79,936	78,860	75,829	71,425	69,645	68,520
Short-term (ST)	19,549	22,795	20,921	19,209	18,915	20,644	23,265	28,841
GDP	125,477	131,963	133,246	143,802	150,428	160,312	170,378	187,969
Exports of goods and services (EXP)	40,572	48,799	49,776	57,308	61,917	65,755	70,180	77,880
Imports of goods and services (IMP)	48,697	56,526	56,568	58,422	62,585	66,749	71,762	81,853
External debt service (EDS)	43,775	46,232	54,268	59,961	58,019	57,570	70,436	60,891
Principal repayments	40,745	42,631	50,339	54,873	54,768	54,640	67,885	58,691
long-term (LT)	12,756	12,932	16,391	22,544	21,879	23,247	19,136	17,512
short-term (ST)	27,989	29,699	33,948	32,329	32,889	31,393	48,750	41,179
Interest payments (INT)	3,030	3,601	3,929	3,378	3,251	2,931	2,550	2,200
long-term (LT)	1,940	2,207	2,273	2,032	2,224	2,039	1,906	1,928
short-term (ST)	1,090	1,394	1,656	1,346	1,026	892	644	272
Romania's international reserves (IR)	35,951	37,252	35,413	35,435	35,506	35,485	37,905	37,107
	percent							
ED/GDP	74.6	75.7	75.7	68.2	63.0	57.4	54.5	51.8
LT/GDP	59.0	58.4	60.0	54.8	50.4	44.6	40.9	36.5
ED/EXP	230.8	204.8	202.6	171.1	153.0	140.0	132.4	125.0
LT/EXP	182.6	158.1	160.6	137.6	122.5	108.6	99.2	88.0
EDS/EXP	107.9	94.7	109.0	104.6	93.7	87.6	100.4	78.2
EDS/GDP	34.9	35.0	40.7	41.7	38.6	35.9	41.3	32.4
EDS/IR	121.8	124.1	153.2	169.2	163.4	162.2	185.8	164.1
INT/EXP	7.5	7.4	7.9	5.9	5.2	4.5	3.6	2.8
ST/ED	20.9	22.8	20.7	19.6	20.0	22.4	25.0	29.6
Multilateral/ED	26.8	29.5	27.8	24.2	20.5	17.7	16.3	14.3
	months							
IR/IMP	8.9	7.9	7.5	7.3	6.8	6.4	6.3	5.4

Romania's international investment position at end-2017 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	-29,177	-1,473	8	-49	539	-30,152
Foreign assets	3,262	737	0	-38	-349	3,612
Portfolio investment	10	31	0	0	-1	40
Long-term debt securities	10	31	0	0	-1	40
Financial derivatives	0	0	0	0	0	0
Other investment	3,252	706	0	-38	-348	3,573
Other equity	1,049	4	0	-49	-89	915
Trade credit and advances	2,047	620	0	11	-249	2,429
Loans	60	83	0	0	0	143
Deposits	8	0	0	0	0	8
Other accounts receivable	88	0	0	0	-10	78
other long-term accounts receivable	5	0	0	0	0	5
other short-term accounts receivable	82	0	0	0	-10	73
Foreign liabilities	32,439	2,210	-7	11	-888	33,765
Portfolio investment	19,694	3,530	-7	7	-788	22,435
Long-term debt securities	19,600	3,554	-8	7	-787	22,367
Short-term debt securities	94	-24	0	0	-2	68
Other investment	12,745	-1,320	0	4	-99	11,330
Trade credit and advances	0	-9	0	13	0	4
Loans	12,507	-1,354	0	-5	-91	11,057
Deposits	224	44	0	0	-8	260
Other accounts payable	13	0	0	-4	-1	8
other long-term accounts payable	13	0	0	-4	-1	8
other short-term accounts payable	0	0	0	0	0	0
II. Central bank	37,857	1,044	-356	-3	-784	37,757
Foreign assets	39,114	1,042	-356	-3	-868	38,930
Other investment	1,209	619	0	-3	-2	1,823
Other equity	39	1	0	-3	-2	35
Deposits	1,170	618	0	0	0	1,788
Reserve assets	37,905	424	-356	0	-866	37,107
Monetary gold	3,664	0	-52	0	0	3,612
Foreign exchange reserve	34,242	424	-304	0	-866	33,494
Foreign liabilities	1,258	-1	0	0	-84	1,172
Other investment	1,258	-1	0	0	-84	1,172
Loans	0	0	0	0	0	0
long-term loans	0	0	0	0	0	0
Deposits	3	-1	0	0	0	2
SDR allocations	1,255	0	0	0	-84	1,171

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	-13,564	1,410	141	11	175	-11,828
Foreign assets	5,265	1,153	7	19	-166	6,278
Direct investment	33	0	0	2	-1	35
Equity	31	0	0	2	-1	33
Debt instruments	3	0	0	0	0	3
Portfolio investment	212	-21	7	0	-14	184
Equity and investment fund shares	44	-3	0	0	-3	38
Long-term debt securities	168	-18	7	0	-11	146
Financial derivatives	0	6	0	16	0	22
Other investment	5,019	1,168	0	0	-151	6,036
Loans	631	-21	0	0	-29	582
long-term loans	523	39	0	0	-26	536
short-term loans	108	-60	0	0	-2	46
Currency and deposits	4,370	1,183	0	0	-121	5,432
currency and deposits – long term	424	146	0	0	-6	565
currency and deposits – short term	3,945	1,037	0	0	-115	4,867
Other accounts receivable	19	5	0	0	-1	22
Foreign liabilities	18,829	-256	-134	8	-341	18,106
Direct investment	6,350	672	-39	7	-174	6,816
Equity	6,346	676	-39	3	-174	6,812
Debt instruments	4	-4	0	4	0	4
Portfolio investment	1,469	109	-95	0	-41	1,442
Equity and investment fund shares	1,317	83	-89	0	-37	1,274
Long-term debt securities	152	25	-5	0	-4	168
Financial derivatives	0	78	0	0	-1	77
Other investment	11,010	-1,115	0	0	-125	9,770
Deposits	10,985	-1,182	0	0	-124	9,678
long-term deposits	7,828	-1,588	0	0	-31	6,209
short-term deposits	3,156	406	0	0	-93	3,469
Other accounts payable	25	68	0	0	-1	92
IV. Other sectors	-77,699	-4,176	-1,354	-2,017	1,599	-83,647
Foreign assets	14,692	1,341	179	586	-272	16,525
Direct investment	5,640	350	0	783	-80	6,692
Equity	-118	386	0	28	-5	292
Debt instruments	5,759	-37	0	754	-75	6,401
Portfolio investment	2,940	500	173	16	-72	3,558
Equity and investment fund shares	1,195	120	161	16	-21	1,471
Long-term debt securities	1,742	371	13	0	-51	2,074
Short-term debt securities	3	9	0	0	0	13
Financial derivatives	6	-139	5	142	0	13
Other investment	6,105	631	0	-354	-120	6,262

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
Trade credit and advances	3,840	566	0	-89	-84	4,234
long-term trade credit and advances	307	-14	0	-47	-14	233
short-term trade credit and advances	3,533	580	0	-42	-70	4,002
Loans	116	-6	0	-61	-3	46
long-term loans	63	-1	0	-59	0	2
short-term loans	53	-5	0	-2	-3	44
Deposits	2,078	73	0	-197	-32	1,922
Other accounts receivable	71	-4	0	-7	-1	59
other long-term accounts receivable	6	-1	0	1	0	6
other short-term accounts receivable	65	-3	0	-8	-1	53
Foreign liabilities	92,390	5,517	1,533	2,603	-1,872	100,172
Direct investment	68,709	4,561	1,319	2,063	-1,522	75,130
Equity	42,623	3,289	1,319	-118	-1,176	45,936
Debt instruments	26,086	1,272	0	2,181	-345	29,195
Portfolio investment	1,731	-142	214	14	-49	1,768
Equity and investment fund shares	1,717	-145	215	14	-48	1,753
Long-term debt securities	14	3	-1	0	0	16
Short-term debt securities	0	0	0	0	0	0
Financial derivatives	4	-132	0	130	0	2
Other investment	21,947	1,230	0	395	-301	23,271
Trade credit and advances	6,001	1,377	0	60	-130	7,308
long-term trade credit and advances	271	75	0	37	-13	370
short-term trade credit and advances	5,730	1,301	0	23	-116	6,938
Loans	15,763	-136	0	424	-168	15,884
long-term loans	13,434	503	0	520	-138	14,319
short-term loans	2,329	-639	0	-97	-29	1,565
Other accounts payable	183	-11	0	-89	-4	79
other long-term accounts payable	43	-12	0	-11	-1	20
other short-term accounts payable	140	0	0	-78	-3	59
Total	-82,583	-3,195	-1,562	-2,058	1,529	-87,870

Note: Totals may not add up due to rounding.

Romania's international investment position at end-2017 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:	-82,583	-3,195	-1,562	-2,058	1,529	-87,870
Foreign assets	62,333	4,274	-170	564	-1,655	65,344
Direct investment	5,673	350	0	785	-81	6,728
Portfolio investment	3,163	510	180	16	-88	3,781
Financial derivatives	6	-133	5	158	-1	36
Other investment	15,586	3,123	0	-396	-620	17,693
Reserve assets	37,905	424	-356	0	-866	37,107
Foreign liabilities	144,916	7,469	1,392	2,621	-3,184	153,214
Direct investment	75,059	5,233	1,279	2,070	-1,696	81,946
Portfolio investment	22,894	3,497	112	21	-878	25,646
Financial derivatives	4	-54	0	131	-1	80
Other investment	46,959	-1,206	0	399	-609	45,543
Net position	-82,583	-3,195	-1,562	-2,058	1,529	-87,870
Direct investment	-69,386	-4,883	-1,279	-1,285	1,615	-75,218
Portfolio investment	-19,731	-2,987	68	-5	791	-21,864
Financial derivatives	2	-79	5	27	0	-44
Other investment	-31,374	4,330	0	-795	-11	-27,850
Reserve assets	37,905	424	-356	0	-866	37,107
Foreign assets	62,333	4,274	-170	564	-1,655	65,344
Direct investment	5,673	350	0	785	-81	6,728
Equity	-88	387	0	31	-5	324
Other equity	5,761	-37	0	754	-75	6,403
Portfolio investment	3,163	510	180	16	-88	3,781
Equity and investment fund shares	1,240	117	161	16	-24	1,509
Long-term debt securities	1,920	384	19	0	-63	2,260
Short-term debt securities	3	9	0	0	0	13
Financial derivatives	6	-133	5	158	-1	36
Other investment	15,586	3,123	0	-396	-620	17,693
Other equity	1,088	5	0	-52	-91	950
Loans and trade credit	6,695	1,242	0	-139	-364	7,434
long-term loans and trade credit	3,001	727	0	-95	-289	3,342
short-term loans and trade credit	3,694	516	0	-44	-74	4,092
Currency and deposits	7,626	1,874	0	-197	-153	9,150
Other accounts receivable	177	1	0	-7	-12	159
long-term	11	-1	0	1	0	11
short-term	166	2	0	-8	-12	148
Reserve assets (NBR)	37,905	424	-356	0	-866	37,107
Monetary gold	3,664	0	-52	0	0	3,612
Foreign exchange reserve	34,242	424	-304	0	-866	33,494
Foreign liabilities	144,916	7,469	1,392	2,621	-3,184	153,214
Direct investment	75,059	5,233	1,279	2,070	-1,696	81,946
Equity	48,969	3,965	1,279	-116	-1,350	52,747
Other equity	26,091	1,268	0	2,186	-345	29,199

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	22,894	3,497	112	21	-878	25,646
Equity and investment fund shares	3,034	-62	125	14	-85	3,027
Long-term debt securities	19,766	3,582	-14	7	-791	22,550
Short-term debt securities	94	-24	0	0	-2	68
Financial derivatives	4	-54	0	131	-1	80
Other investment	46,959	-1,206	0	399	-609	45,543
Loans and trade credit	34,271	-123	0	492	-388	34,253
long-term loans and trade credit	26,212	-776	0	552	-242	25,746
short-term loans and trade credit	8,059	654	0	-60	-146	8,507
Currency and deposits	11,212	-1,140	0	0	-132	9,940
Other accounts payable	222	56	0	-93	-6	179
long-term	57	-12	0	-15	-2	28
short-term	165	68	0	-78	-4	151
SDR allocations	1,255	0	0	0	-84	1,171

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	Exports and imports of goods	12
Chart 5	International investment position	28
Chart 6	International investment position and current account deficit	28
Chart 7	Gross external debt	36
Chart 8	Long-term external debt by maturity	38
Chart 9	Long-term external debt by floating rate	39
Chart 10	Long-term external debt by fixed rate	39
Chart 11	External debt service	41
Chart 12	Net external debt	41
Chart 13	Net external debt at end-2017	43
Chart 14	Short-term external debt by institutional sector at remaining maturity on 31 December 2017	43

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	12
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	Exports of services by country group	18
Table 14	Imports of services by country group	18
Table 15	Balance on primary income	19
Table 16	Balance on secondary income	20
Table 17	Capital account	21
Table 18	Financial account	22
Table 19	Direct investment	23
Table 20	Direct investment under the directional principle	23
Table 21	Portfolio investment	24
Table 22	Other investment	25
Table 23	Other investment – net acquisition of assets	26
Table 24	Other investment – net incurrence of liabilities	27
Table 25	Foreign assets and liabilities by instrument	29
Table 26	Geographical breakdown of foreign assets and liabilities (by country and international institution)	29
Table 27	Currency composition of foreign assets and liabilities	30
Table 28	Foreign reserve assets	31
Table 29	International investment position	31
Table 30	Foreign assets by instrument	32
Table 31	Foreign assets by institutional sector	33
Table 32	Foreign liabilities by instrument	33
Table 33	Foreign liabilities by institutional sector	35
Table 34	Gross external debt	36
Table 35	Currency composition of the NBR's foreign exchange reserve and of external debt	37
Table 36	Long-term gross external debt by creditor	37
Table 37	Long-term external debt by maturity	37
Table 38	Long-term external debt by type of interest rate	38
Table 39	Long-term external debt by institutional sector	39
Table 40	Long-term external debt by instrument	39
Table 41	Short-term external debt by institutional sector	40
Table 42	Short-term external debt by instrument	40
Table 43	External debt service (EDS)	41
Table 44	Net external debt at end-2017	42

Balance of payments, 2016 – 2017	47
Quarterly balance of payments, 2017	48
Romania's international investment position, 2010 – 2017	50
Romania's gross international reserve, 2010 – 2017	52
External debt indicators, 2010 – 2017	52
Romania's international investment position at end-2017 by institutional sector	53
Romania's international investment position at end-2017 by item	56

