

Most probably budget deficit weight in GDP will be close to 5 pct in 2021 (Banca Transilvania opinion)

Romania will manage to decrease this year from a budget deficit of 9.2 pct of GDP in 2020 to 5.4 pct of GDP, said Andrei Radulescu, director of macroeconomic analysis at Banca Transilvania (BT), at the 17th edition of the event "Meeting with the economic press", in central Predeal.

The decrease will take place due to the fact that the part of economic growth will support the dynamics of budget revenues, yet not only the economic growth, but also the absorption of European funds, including the programmes that were launched last year by the European Union - Next Generation, and the multiannual financial framework, Andrei Radulescu added.

He explained that, in terms of public consumption, last year the increase was only 2 pct, but Romania did very well, taking into account the fact that it had no room for maneuver of fiscal-budgetary policy. Basically, Romania entered the pandemic crisis with a very high level of budget deficit and yet the performance was very good for the economy.

"So, Romania will somehow manage to move from a budget deficit of 9.2 pct last year to a deficit of 5.4 pct in 2021, in view of the fact that the part of economic growth will support the dynamics of budget revenues, yet not only economic growth, but also the absorption of European funds, including the programmes that were launched last year," he said.

As for the annual dynamics of GDP (evolution of GDP in volumetric terms or real GDP), Radulescu said that the growth outlook is 6 pct this year, 5.5 pct in 2022 and 4.8 pct in 2023.

"Should we look at the GDP components from the perspective of demand, we notice that there are very good growth prospects for productive investments. After an increase of 6.8 pct last year, there are acceleration prospects to 10.3 pct this year and next year, followed by an acceleration to 8.3 pct in 2023," he asserted.

In his opinion, it is a very good time to invest in the national economy.

"I repeat the before the pandemic motto: it is a very good time to invest in the national economy. Romania has resources, these resources must be allocated efficiently to generate sustainable economic growth and economic growth that generates development. For private consumption, the main component of GDP, we expect growth with annual dynamics of 6.1 pct in 2021, 4.5 pct in 2022 and 3.9 pct in 2023," he underlined.