

FinMin Citu: Romania's full-year economic contraction will be between minus 2 and minus 3 percent

The second quarter's negative impact on the Romanian economy was worse than anticipated, but the full-year economic contraction will be between minus 2 and minus 3 percent, Public Finance Minister Florin Citu said on Wednesday evening.

"For the budget revision, the National Prognosis Commission will come up with a new estimate, and they might change their initial projection of minus 1.9 percent. It is true that the second quarter had a slightly higher negative impact than we expected, but not by much. We are steering clear of those apocalyptic estimates that predicted an economic decrease of minus 6, minus 8, or even minus 9 percent. We won't get there. I think that [the contraction] will be somewhere between minus 2 and minus 3 percent," Citu told broadcaster Antena 3, adding that the budget revision will be operated in the second half of July.

Referring to the impact of the four months of pandemic on the budget, the Finance Minister said that budget revenues this June have been higher than in the year-ago period.

"Tax-wise, the economy starts recovering in June and we see budget revenues exceeding last year's revenues. The estimates I have show that tax revenues are higher year-over-year, and this despite VAT refunds higher than last year, despite higher sick leave payments. Today we also announced savings in interest costs, which are lower year-over-year. ... Overall, the second quarter is an economically negative, difficult quarter. I have always said that the economic recovery - and June numbers give me hope here - will start in the third quarter and we stay with the V-shaped economic recovery scenario," said the Finance Minister.

Florin Citu also announced that money will be allocated at the budget revision for works on several sections of the Sibiu - Pitesti motorway to start this year.

"There have always been budget earmarks for the Sibiu - Pitesti motorway, but at the revision that money was transferred to other objectives, much more important in the short term, which were usually not related to investments. I tell you that this year we will start these important sections of the Sibiu - Pitesti motorway and the Transport Ministry will get the necessary allocations at the budget revision. Of course, the rest depends on how this will be implemented, but the Transport Minister too announced today that our goal is to allocate 2 percent of GDP for infrastructure in the budgets of the following years," Citu said.

The National Investment and Economic Recovery Plan unveiled on Wednesday by the government of Romania provides for the construction, in the coming years, of over 407 kilometers of motorway and express roads worth 4.3 billion euros, while works on approximately 3,000 km of motorways and express roads for the connection of Romania's historical provinces and with the pan-European transport networks will be started in the period 2020 - 2030.