Adviser Marinescu: Romania continues to run up some of the largest current account deficits in the EU

Unfortunately, Romania continues to run up some of the largest current account deficits in the European Union (EU) as a share of the Gross Domestic Product (GDP), presidential adviser Cosmin Marinescu told the National Recovery Forum on Tuesday.

"Unfortunately, Romania continues run up some of the largest current account deficits in the European Union, as a share of Gross Domestic Product. As far as the trade balance is concerned, Romania has negative records, being the only country in the region with a continually deepening trade balance. That is why we need to come up with proactive policies in relation to these vulnerabilities, improve our external economic position through the most effective strategies to increase exports. There are good signs of regaining the confidence of foreign investors in our economy, which was confirmed by an increase in foreign direct investment in the first months of 2021. However, the current account deficit could exceed the current forecast of 4.9% of GDP by almost one percentage point," Marinescu said.

According to the presidential adviser, the current budget deficit and excess economic demand also puts pressure on external deficits, and the solution is the progressive and consistent consolidation of public finances over time.

"The solution does not consist in austerity measures, but in a progressive and consistent consolidation over time of public finances that will allow us to return to the criteria of nominal convergence. In the coming years, we have huge European funds at our disposal to meet most of the challenges, both quantitative and qualitative. The essential stake of Romania is the use of European funds. The modernisation of Romania can only be conceived through investment, through reforms. The European funds that make today's headlines are in fact the basis for the development of the economy of the future. Green transition is not just about a threshold to be reached in the National Recovery and Resilience Plan (PNRR), but it must be a real concern about what tomorrow's economy will look like. Similarly, digital transformation will generate competitiveness in the economy and increase people's living standards," said Marinescu.

Sustainable Romania and EM360 Group organised on Tuesday the National Recovery Forum, an online event that aims to bring into debate Romania's opportunity under the EU's Recovery and Resilience Facility.

The Recovery and Resilience Mechanism (RRF) is the key instrument at the heart of NextGenerationEU to help the EU emerge stronger and more resilient from the current crisis. It will make 672.5 billion euros in loans and grants available to support reforms and investments undertaken by member states. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

The member states' National Recovery and Resilience Plans have to provide reforms and investment in areas such as: transport, environment, climate change, energy, energy efficiency, green transition, tourism, agriculture, education, health, business, research, innovation, digitalisation.

Romania submitted national plan to the European Commission on May 31, 2021.