

## CEO Survey 2022: Share of Romanian CEOs expecting a slowdown in economic growth has doubled since the war in Ukraine broke out



**Romanian CEOs' optimism about Romania's economic growth has faded since the outbreak of the war in Ukraine, according to the revised April edition of the CEO Survey 2022 conducted by PwC Romania. The percentage of them expecting national GDP growth to accelerate has dropped to 34%, from 59% in the January edition of the report, while the share of respondents expecting a slowdown in economic growth has more than doubled from 26% to 54%.**

“Since we started exploring the perceptions of Romanian CEOs in the CEO survey, there have been many shocks, but the way they have emerged and juxtaposed over the last two years – from the health crisis, to the energy crisis, to accelerating inflation and war, with all their effects – cannot be compared to any previous period. Although we were starting 2022 under favourable auspices and with great confidence, after Romania's economy had recovered from a brutal fall in 2020, the outbreak of war in Ukraine has tempered the expectations of executives in Romania and around the world”, said **Dinu Bumbacea**, *Country Managing Partner PwC Romania*.

The International Monetary Fund (IMF) has recently revised its estimates to +2.2% for Romania's economy (from 4.8% previously) and 9.3% for average annual inflation, which is expected to fall to 4% in 2023. The growth rate announced by the IMF is higher than the World Bank's national GDP growth prediction of only 1.9%.

The war in Ukraine is taking its toll on the confidence of our country's CEOs and on the ability of their companies to grow their revenues over the next 12 months. Thus, only 20% of respondents say that they are extremely or very confident that turnover will increase (down from 54%), while another 49% are somewhat confident about the prospects of a better year.

As expected, the war in Ukraine has repositioned concerns on the list and influenced CEOs' perceptions. Macroeconomic volatility remains the most acute threat in the opinion of Romanian business leaders. Of Romanian CEOs, 54% say that they are extremely or very concerned about this risk (up slightly from 51%). Concerns over geopolitical conflicts come second: the share of respondents who say that they are extremely or very concerned about this threat has doubled to 43%. Cybersecurity, as mentioned by 31% of company executives (down from 43% in January), remains in third place. However, the pandemic threat is decreasing in intensity, with only 17% of our country's CEOs saying that they are extremely or very concerned (down from 49% in January), while another 40% express some concern about this threat.

In terms of expansion opportunities, Romanian CEOs see opportunities in both nearby and distant markets. Compared to last year, the importance of the United States (second place) and China (third place) has increased for Romanian companies, along with the importance of new European markets in Italy, Austria and Moldova. Germany tops the list of markets with growth opportunities.

“What do we think business leaders have learned over the years? That there are critical dependencies for which they need to find quick answers, such as energy dependency on Russia, supply chain dependency on China and semiconductor dependency on Taiwan. It is possible that the solutions to these dependencies will produce more protectionism and less globalisation. Moreover, in addition to these factors that have massively influenced the economic and social environment, business leaders have also had to manage transformations related to the workforce, technology, environment and sustainability – areas where the pressure for change has intensified in recent years and sometimes required disruptive decisions. Companies in Romania – obviously not in all sectors, but in general – have reacted and acted surprisingly well in the last two years to show that they are resilient and mature”, Dinu Bumbacea added.

In terms of environmental, social and governance (ESG) policies, 27% of CEOs in Romania are committed to reducing CO2 emissions. That is a similar percentage as in Central and Eastern Europe and worldwide. Although interest in ESG is growing, long-term business strategies continue to be driven by non-financial indicators of day-to-day business performance, such as customer satisfaction, employee engagement or digitalisation. Thus, 30% of Romanian CEOs say their organisations are working on CO2 reduction strategies, but 40% have no such commitment.

For a decade, the PwC CEO Survey has been exploring the perceptions of Romanian CEOs on economic growth and their organisations’ development prospects, challenges and opportunities. Almost 150 executives responded to the survey in 2022.

The full CEO Survey Romania 2022 report can be found [here](#).