

Romania

An overview on economy and business environment



Romania is in Southeastern Europe, between Bulgaria and Ukraine, bordering also the Black Sea, Moldova, Hungary and Serbia.

Romania's economic situation has always been complex. In the last twenty years it underwent difficult periods like the 2009 financial crisis, when Romania suffered an economic slowdown, especially in the automobile sector, which is dependent on foreign demand. Financial difficulties pushed the country to seek financial help from the IMF, the European Commission and the World Bank. More recently, the Romanian economy was among the fastest-growing in the EU; however, the global crisis brought by the COVID-19 pandemic has stopped this fast growth and has strongly affected the Romanian economy, mainly due to weak external demand which slowed production and exports and to lower consumer spending. On the contrary, investments had a positive contribution to growth. As the global economy should stabilize, GDP is expected to rebound by 4.6% this year and 3.9% in 2022, though the situation remains very unstable (IMF).



In addition to the contingent situation related to the pandemic, some threats to the Romanian economy are an ageing population, the emigration of skilled labour, significant tax evasion, informal labour, and insufficient health care. Romania is still one of the poorest countries in Europe. Furthermore, the COVID-19 crisis led to a rise in unemployment, estimated at 7.9% in 2020.

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Let's have a look at the economic sectors. Romania has a labour force of 8.8 million people out of its 19.4 million population, though this number has been decreasing over the last decade due to the massive migration of Romanian workers to Western European countries.

Agriculture represents around 4.1% of Romania's GDP and employs 21% of the country's active population (World Bank, 2020). The main resources and agricultural production in Romania are cereals, sugar beets, maize, wheat, milk, sunflower seed, barley, grapes, sugar beet, rapeseed, plums/sloes and potatoes. However, production remains very low in comparison with the country's potential capacity (more than one-third of the land is arable). About 25% of the country is covered by forest (especially around Transylvania), and the logging industry is developing very fast.



Romania has a limited energy dependence thanks to coal, oil, gas and uranium reserves. According to data from Eurostat, Romania became the seventh-biggest agricultural producer in the European Union; nevertheless, the impact of the COVID-19 pandemic was heavy, with the sector dropping by 13.9% in 2020 (Eurostat).



The industrial sector contributes to 28.2% of the country's GDP and employs 30% of the active population. Thanks to inexpensive labour, its industry is diversified and competitive. Historically, manufacturing companies and the industrial sector represent the backbone of Romania's economy.

For this reason, foreign direct investors are involved in heavy industry (metallurgy, steel), the manufacturing of vehicle parts, building and construction, petroleum refining and textiles, footwear, chemicals food processing, mining, construction materials, timber.

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According to figures by the World Bank, the manufacturing sector alone contributes 17% of GDP. Also the industrial sector has been strongly hit by the COVID-19 PANDEMIC, in the period Jan-Nov 2020 total industrial decreased by 10.2%.

Romania's economy is mainly centered on the services sector, which represents 58.2% of the GDP and employs around 49% of the nation's workforce. Tourism, in particular, has been booming in recent years. In 2020, however, the number of tourists staying in Romania fell by 52.3% as a consequence of the COVID-19 global restrictions (INSEE). The technology sector has also seen consistent growth in recent years, due to the emergence of a high-qualified workforce whose cost is lower than the European average. Romania's ITC sector accounts for around 6% of GDP (Romanian Software Industry Association).

Regarding exports, the most exported commodities are machinery and equipment, other manufactured goods, agricultural products and foodstuffs, metals and metal products, chemicals, minerals and fuels, raw materials. The top export partners are Germany, Italy, France, Hungary, UK.

Most imported products are machinery and equipment, other manufactured goods, chemicals, agricultural products and foodstuffs, fuels and minerals, metals and metal products, raw materials. The top import partners are Germany, Italy, Hungary, Poland, France, China and Netherlands.

Despite the pandemic effects and the above mentioned challenges, Romania keeps being an attractive and profitable market for foreign companies. Especially in this period characterized by uncertainty, only the most credited and trusted business information sources can successfully support you in retrieving information on Romanian companies.

SkyMinder, thanks to the most expert and trusted sources in the country, is able to support you in getting a reliable and in-depth view of your business partner and prospects.



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All SkyMinder credit reports on Romania are online and updated and they include the following information (if available at local sources):

- Complete company identification details: correct company name, address(es), contact details such as phone, fax, email, webs, etc.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (if companies are obliged to disclose).
- Credit rating and suggested credit limit
- Payments
- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
- Negative information on the company
- Banks information

SkyMinder offers also the fastest delivery times, by ensuring the most accurate and updated credit report in a few working days. The reports are complete, updated and easy to read.

After purchasing a credit report, it is also possible to enable the Full Monitoring service in order to be informed of any change regarding the company for 12 months.

SkyMinder also offers Slim Report and KYC report on Romania. The Slim Reports provide a quick and concise overview on the credit situation of a company, while the KYC reports give an overview on the shareholders.

Thanks to all the range of the SkyMinder reports on Romania and to the expertise of local providers, it is possible to establish safe and profitable business relationships with any Romanian company.

Sources: <https://www.worldbank.org/>; <https://www.nordeatrade.com/>; <https://www.cia.gov/>;
<https://www.oecd.org/>; <https://www.economy.com/>; <https://www.focus-economics.com/>;