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2026 Country Report - Romania

Accompanying the document

Recommendation for a COUNCIL RECOMMENDATION

on the economic, social, employment, structural and budgetary policies of Romania

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European Commission

Economic and Financial Affairs

Romania

2026 Country Report

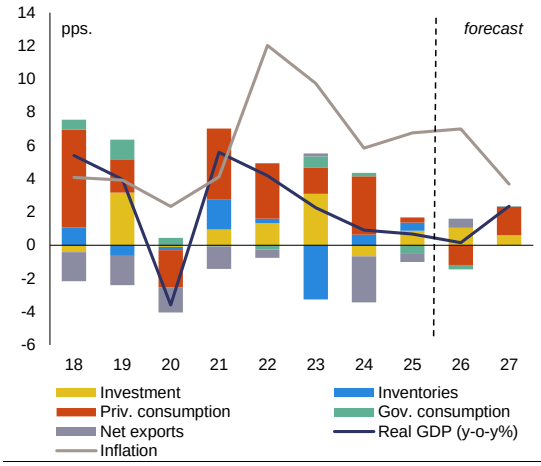
ECONOMIC DEVELOPMENTS AND KEY POLICY CHALLENGES

Subdued economic growth amid economic rebalancing and sizeable fiscal consolidation measures

Romania has achieved rapid convergence to EU income and productivity levels, but economic growth has slowed markedly recently. Since its EU accession, Romania has increased its GDP per capita from 44% of the EU average in 2007 to about 78% in 2024. However, more recently, the strong post-pandemic economic recovery, helped by loose monetary conditions and government spending, has resulted in a rapid increase of the fiscal and current account deficits. The increase in macro-economic imbalances triggered a pronounced drop in investor sentiment and forced the authorities to implement in summer 2025 a significant package of fiscal consolidation measures, amounting to around 3.7% of GDP. This reduced real GDP growth to less than 1% in 2025, a level notably lower than Romania's potential growth rate. With fiscal consolidation policies still in place, the growth outlook for 2026 remains subdued, close to stagnation (Graph 1.1). On the positive side, recent measures have helped start a necessary macroeconomic rebalancing: the government deficit is likely to decline to around 6.2% of GDP in 2026, external imbalances are receding, and inflation is expected to gradually converge to the National Bank of Romania (NBR) target. This rebalancing should, if sustained over time, create the conditions for a continuation of real income convergence to the EU average in the medium term.

Harmonised index of consumer prices (HICP) inflation increased to a high of 8.6% at the end of 2025. This was mainly due to policy measures such as the increase in value added tax (VAT) rates and excises, and the end of the cap on electricity prices. Core inflation increased at a slower pace than HICP inflation, also helped by slowing wage growth. The current account deficit started receding but remained at a high level of around 7.9% of GDP in 2025. Its financing sources became more robust, with almost half of financing needs being covered by non-debt financial inflows, including EU grants.

Graph 1.1: **Inflation – real GDP growth and contributions**



Source: European Commission

Labour demand has eased due to weak economic activity leading to lower hiring and employment rates. The employment rate declined from 69.5% in 2024 to 69% in 2025. The unemployment rate increased slightly above 6% in 2025, broadly in line with EU peers. Weaker labour demand, high inflation and fiscal consolidation have slowed wage dynamics in Romania. In particular, the public sector wage freeze has helped moderate nominal wage growth, while still-elevated inflation has weighed on real wages, including in the private sector.

Real GDP growth is expected to broadly stagnate at 0.1% in 2026 and to pick up

as of 2027. The ambitious fiscal consolidation measures and still elevated inflation are expected to lower real disposable income and consumer spending in 2026. Public spending is also forecast to decline. However, the restoration of market confidence following the adoption of the fiscal consolidation packages is projected to support a recovery in private investment. Total investment should also benefit from the completion of large projects funded under the recovery and resilience plan (RRP). This is expected to support a pick-up in real GDP growth to 2.3% in 2027. Inflation is forecast to decline as of the second half of 2026, which is expected to support consumer spending and investment. Nevertheless, the conflict in the Middle East and its impact on energy prices have slowed the disinflation process. Growth, however, may fall short of current projections, given elevated global geopolitical risks, rising domestic political instability and uncertainty surrounding the fiscal consolidation path, and implementation of RRP investments.

Sizeable fiscal consolidation measures have helped contain the budget deficit. After reaching 9.3% of GDP in 2024, the general government deficit fell to 7.9% of GDP in 2025 and is expected to reach 6.2% of GDP in 2026 and 5.8% in 2027. This was achieved through two large consolidation packages adopted in the second half of 2025 and stronger spending control. Romania's deficit remains high and government debt, which increased to 59.3% in 2025, is on the rise. Debt is expected to exceed 60% of GDP in 2026 and continue rising in 2027.

The quality of public finances remains a central issue. Romania has reduced the government deficit through two large tax reform packages. On the expenditure side, it mainly relied on broad freezes in public wages and pensions. Further progress in reducing fiscal imbalances will be needed in the coming years, through two main channels. First, Romania needs to implement lasting structural improvements in revenue collection. Romania has the largest VAT and corporate income tax (CIT) compliance gaps in the EU (around 30% and 44%, respectively). It has committed, in the context of the RRP, to a wide range of measures that should, if fully implemented, result in a meaningful increase in VAT collection at unchanged VAT rates over the coming years. Second, Romania needs to improve the budget process to reverse the tendency of overspending relative to budget plans. Some progress was made in 2025, and the 2026 budget seems to rely on credible assumptions. Strict adherence to budget plans over several years would foster predictability and potentially generate large benefits for the government's financing costs.

Public investment increased to an exceptionally high level in 2025, raising questions about the quality, prioritisation, and post-RRP sustainability of public capital expenditure. Public investment is projected to rise from 7.2% of GDP in 2025 to 8% of GDP in 2026 in cash terms. These levels are more than twice higher than the EU average. While they may be justified for 2026, when both RRP and cohesion spending will operate at close to full speed, they do not appear sustainable in the medium term. In 2025, the authorities took some steps to contain domestically financed investment, including cancelling or postponing projects and tightening the rules for national programmes. Yet, the broader challenge remains, in particular as regards public investment by local administrations. In the coming years, the authorities' capacity to better control and prioritise public investment will be a key factor in the ability to correct fiscal imbalances.

EU funding instruments provide considerable resources to Romania. They support investments and structural reforms to increase competitiveness, environmental sustainability, skills, social fairness and security, while helping to address challenges identified in the CSRs. Key instruments include the Recovery and Resilience Facility (see Box 2) and Cohesion policy funds (see Box 3). In addition, the Common Agricultural Policy (CAP) provides Romania with an EU contribution of EUR 15 billion under the CAP strategic plan for 2023-2027([1]), while EUR 162 million are

([1]) An overview of Romania's formally approved strategy to implement the EU's common agricultural policy

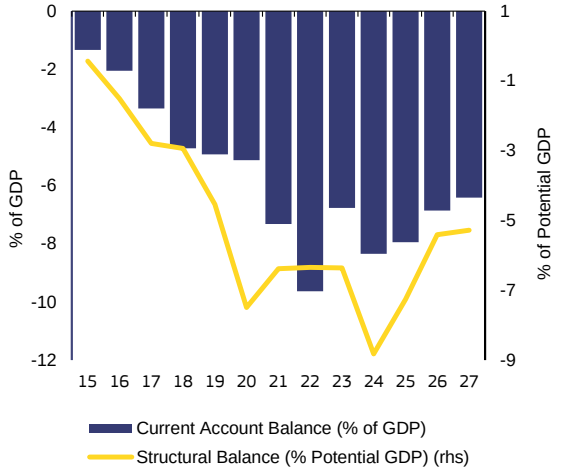
allocated under the Common Fisheries Policy (CFP). A further EUR 467.9 million are available under the Asylum, Migration and Integration Fund (AMIF), together with the Border Management and Visa Instrument (BMVI) and the Internal Security Fund (ISF). Other EU programmes also support competitiveness in Romania, for instance through open calls under Horizon Europe and the Connecting Europe Facility.

Macroeconomic challenges

Romania continues to face vulnerabilities related to large fiscal and external deficits, despite some improvement in 2025. The Commission undertook an in-depth review of the Romanian economy as part of the ([2]). That review highlighted that in addition to large fiscal and external deficits, borrowing costs for the sovereign remained elevated, and Romania's sovereign credit rating was just at investment grade. At the same time, it noted that inflation remains high, while unit labour cost growth has slowed markedly from the very high rates recorded in previous years. It also stressed that the bold fiscal consolidation packages adopted in 2025 were an important step in addressing Romania's vulnerabilities, while the current policy stance needs to be maintained.

Romania's high government deficit has been a key driver of the large external deficits and borrowing needs. The bold fiscal consolidation packages adopted in 2025 was a first and important step in addressing Romania's vulnerabilities, but the current policy stance needs to be maintained (Graph 1.2). Without pursuing fiscal consolidation in line with the excessive deficit procedure (EDP) recommendations, complemented by prudent income policies and ambitious structural reforms, Romania remains exposed to weak credit ratings and adverse changes in investor sentiment.

Graph 1.2: **Current account and structural government balance**



Source: European Commission

Climate change is increasingly exposing Romania to economic and fiscal risks. Romania is highly vulnerable to droughts and floods, with climate-related impacts already affecting agriculture, water resources, infrastructure, energy and health, while the number of extreme flood events rose from 94 in 2010 to 215 in 2022. These risks are compounded by a very low level of climate insurance protection, as 1% of weather and climate-related losses in Romania are privately insured. This may increase contingent liabilities for the public sector ([3]).

Defence spending is set to rise over the medium-term and will have to be embedded in a fiscal strategy respecting fiscal consolidation needs and efficient public spending. Defence expenditure is projected to increase from 1.5% of GDP in 2025 to 1.8% of GDP in 2027, supported by loans under the SAFE programme. Following the Commission's positive assessment of Romania's national defence investment plan, the Council adopted a decision on financial assistance available to Romania through the

nationally can be found at https://agriculture.ec.europa.eu/cap-my-country/cap-strategic-plans/romania_en

([2]) SWD(2026) 141 final and European Economy Institutional Paper 338, May 2026.

([3]) European Environment Agency, Economic losses from weather- and climate-related extremes in Europe: Indicators, 2025.

Security Action for Europe Instrument, for an amount of up to EUR 16.7 billion in loans under highly favourable terms. This should ease near-term financing constraints for military procurement. Even so, higher defence spending will have to be anchored in a credible medium-term budget strategy and in stronger expenditure prioritisation. In practice, this means leaving room for priority defence investment while improving the quality of other public spending and avoiding further fiscal slippage in domestically financed programmes.

growth and job creation. Moreover, the three regions bordering Ukraine (North-West, North-East and South-East) face additional challenges, including an influx of displaced persons, disruptions in trade, security concerns, and a deterioration in the housing stock, healthcare system, and social services. While investments undertaken in the context of cohesion policy and the RRP should, over time, contribute to reducing these regional disparities, they remain a major policy challenge for the authorities.

Box 1:

UN Sustainable Development Goals (SDGs)

Romania has made progress across almost all SDGs, but it is still below the EU average for most of them (Annex 17). Out of the 16 goals measured, status is better than EU average for 2 SDGs. These relate to ***affordable and clean energy*** (SDG 7) and ***life on water*** *(*SDG 14). On SDGs related to competitiveness, Romania is improving on ***decent work and economic growth*** (SDG 8), as well as ***quality education*** (SDG 4), even though the percentage of adults with basic digital skills is significantly lower than the EU average. However, ***industry, innovation, and infrastructure*** (SDG 9) remains a major challenge. SDGs related to sustainability are improving, except ***zero hunger*** (SDG 2) and ***life on land*** (SDG 15). Despite overall progress on social fairness-related SDGs, the country still falls short on ***no poverty*** (SDG 1) and ***gender equality*** (SDG 5). Positive trends in *macroeconomic stability-related goals* (SDGs 8, 16, 17) have been registered, notably increasing GDP per capita. However, challenges remain regarding institutional trust and perceptions of corruption.

Despite Romania's strong convergence with the EU, large regional economic and social disparities remain. The significant gap in terms of GDP per capita between the capital and the rest of the country reflects differences in labour productivity and accumulated investment, in particular foreign direct investment (FDI). In 2022, labour productivity (GDP per hour worked) in Romania was 70% of the EU average, but in the capital region it was significantly above the EU average, at 130%. The poorest Nord-East region lagged behind considerably at 40%. These regional disparities have led to a divergence in income and inequality across the country. They have also exacerbated demographic challenges related to population migration and decline. Significant gaps in the transportation networks, both road and railways, have contributed to the regional disparities in investment, innovation, economic

Key competitiveness policy challenges

Romania's transition to a more productive growth model is still hampered by significant competitiveness bottlenecks. So far, the country's economic catching-up has largely relied on lower labour costs and technological progress driven by foreign investment. Going forward, faster productivity growth would require broader domestic investments in innovation and technologies, in particular in small to medium-sized enterprises (SMEs), in order to go up further in EU value chains. It will also be important to improve administrative capacity. Recurring delays in the implementation of major EU programmes, including the RRP, are

a clear symptom of the insufficient agility and efficiency of the public administration to plan, organise and implement complex policy projects.

Despite a relatively high investment-to-GDP ratio, business investment has stagnated in recent years, and innovation performance has remained weak. The latter is undermined by low R&D intensity, in both the private and public sector, and a fragmented institutional set-up (Section 2). Productivity growth and innovation are hampered by low numbers of tertiary graduates, a shortage of qualified workers and researchers, and overall insufficient skills (Section 3). The adoption of digital technologies by firms has improved, but it remains below the EU average, and the diffusion of more advanced digital tools is still uneven (Section 2).

Romania has a strong foothold in specific higher-value-added manufacturing activities, but there is large scope for further diversification. The country has reached a mid-level position in global value chains, in particular in automotive and industrial equipment. Still, the share of industrial activity in GDP has declined steadily over the last decade, particularly in energy and labour-intensive sectors, where both labour and energy costs went up. While efforts to deploy clean energy and decarbonisation could support lower energy prices (Section 4), further reforms are necessary to strengthen other economic sectors with high value-added and innovative potential, such as information and communication technology (ICT), which have been growing steadily and could allow Romania to diversify its economy.

Box 2:

Key achievements of the Recovery and Resilience Plan

The RRP of **Romania** represents a total envelope of **EUR 21.4 billion**, corresponding to **6.6% of GDP**, aimed at supporting reforms and investments contributing to the green and digital transitions, strengthening economic resilience, and addressing long-standing structural challenges identified in the European Semester.

As of May 2026, **EUR 10.7 billion** (around **50%** of the total allocation) had been disbursed to Romania following the satisfactory fulfilment of **144 milestones and targets**, of which EUR 4.3 billion in loans. Implementation has progressed, with a growing number of reforms and investments already completed and delivering tangible results.

Highlights and impact of the plan

- **Reform of the public pension system** implemented in 2023 to ensure fiscal sustainability.
- **Decarbonisation legislation** adopting the 2023 deadline for the phase-out of coal/lignite electricity production entered into force in 2023.
- **Digitalisation of the Romanian Tax Administration (ANAF)**, a digital and remote service model for interaction between taxpayers and the tax authorities, since 2022.
- **Improvement and extension of social services** for children, persons with disabilities and elderly (expected).
- **Digitalisation of higher education** to transform teaching, learning and administrative processes in at least 60 Romanian universities (expected).
- **Reform on preventing and reducing early school leaving**, including a warning mechanism, adopted in 2021, and investments in schools with high risk of dropout (expected).
- **Renovation** of a large number of public and private buildings to improve energy efficiency (expected).

The business environment would benefit from less regulation, legislative and tax predictability and a more efficient public administration. Following the recent implementation of major RRP reforms in the areas of pensions and taxation, strict implementation of their provisions and refraining from additional initiatives in the coming years is important, to avoid backsliding or creating unnecessary policy uncertainty. Instead, policy attention and action could focus on improving state-owned enterprises (SOEs) corporate governance and further reforming the public procurement system, with a view to improving competition. SMEs still rely mainly on the domestic market, and do not take full benefit of the EU Single Market, limiting scope to grow and innovate. Barriers persist in the provision of cross-border services. Access to finance remains a constraint for many companies, especially SMEs and start-ups, and non-bank financial intermediaries are developing only slowly. Supplementary pensions (relying mostly on individual savings) play a limited role in the provision of retirement income, with low coverage and limited financial depth (Section 2 and Section 6).

Box 3:

Contribution of Cohesion Policy Funds

EU cohesion policy funding supports Romania's efforts to increase convergence and competitiveness, environmental sustainability, skills and social fairness. In 2021-2027, EU cohesion policy funds ([4]) are providing EUR 30.9 billion (amounting to EUR 42.0 billion with national co-financing) or 8% of 2024 GDP of Romania. This makes cohesion policy one of the main sources of public investment in the country. The value of selected projects corresponds to 94.3% of the total allocation as of March 2026, with additional calls for projects in the pipeline.

- **Innovation, business environment and productivity:** Approximately EUR 4.35 billion from the ERDF is allocated to boost research, innovation, and SMEs competitiveness in Romania, with roughly 5 000 SME projects already approved. Additionally, EUR 1.2 billion from the Just Transition Fund (JTF) is dedicated to support the economic diversification and competitiveness of regions most affected by the transition away from carbon-intensive activities.

- **Decarbonisation, energy affordability and sustainability:** EUR 8.3 billion from ERDF, CF and JTF is dedicated to green transition projects including investments in sustainable transport, wastewater treatment, flood risk prevention, waste management systems, and circular economy infrastructure. Across all programmes, EUR 1.4 billion is supporting energy efficiency measures. Projects to improve the energy performance of over 38 000 dwellings have already been selected for funding.

- **Skills, quality jobs and social fairness:** Over EUR 1.6 billion is allocated to modernise labour market institutions and strengthen social dialogue, increase accessibility and labour market participation. EUR 1.55 billion is being invested to build a quality, inclusive early childhood and care system, reduce early school leaving, ensure quality education for all, strengthen the relevance of vocational education and training (VET) and promote life-long learning. EUR 1.76 billion is dedicated to fostering social inclusion by improving social services, including integrated community services for at least 450 000 vulnerable people particularly in rural and marginalised communities, and to supporting the European Child Guarantee. More than EUR 1 billion is allocated for material support to at least 1.8 million deprived persons. EUR 514 million is dedicated to improving the quality of primary and community healthcare and outpatient services and to strengthening prevention.

The mid-term review - a formal assessment process required under the Common Provision Regulation aimed to assess the implementation programmes and, where necessary, propose adjustments to improve their performance, ensure their relevance in light of new and emerging needs and keep them aligned with other EU policies - strengthened cohesion policy's contribution to emerging strategic priorities, reallocating nearly EUR 2.8 billion to such priorities. Over half of these reallocations go towards boosting competitiveness (EUR 1.5 billion), including the development of critical Strategic Technologies for Europe Platform (STEP) technologies (EUR 1.07 billion) and the promotion of specialised skills in key sectors. The mid-term review also bolstered support for defence and civil preparedness, with EUR 500 million allocated to military mobility though improvements to railway infrastructure and TEN-T corridors, with a focus on the North-East border region. An additional EUR 276 million was earmarked for dual-use hospital infrastructure **and EUR 100 million for strengthening industrial capacities for the promotion of defence capabilities, with a prioritisation of dual-use capabilities. Also, EUR 28 million were reprogrammed for the development of resilient defence infrastructure, with priority given to dual-use infrastructure, in Bucharest Ilfov region.** EUR 207 million was allocated towards the development of social housing infrastructure in Romania, and a further EUR 200 million towards the construction and modernisation of wastewater treatment facilities. In addition to cohesion policy funding, Romania will be allocated up to EUR 6 billion under the Social Climate Fund for the 2026-2032 period to help mitigate the social impact of the new emissions trading system (ETS2), providing targeted support to vulnerable households and small businesses.

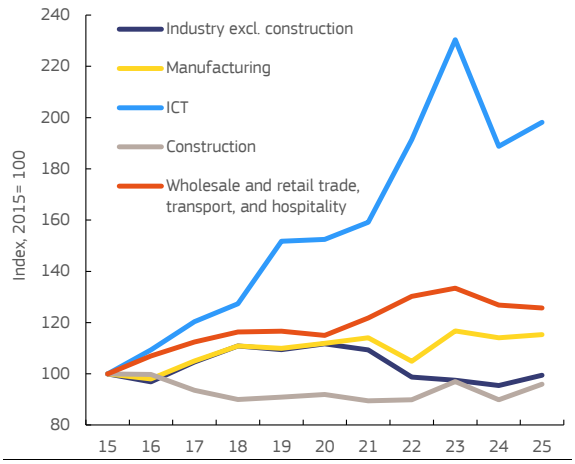
([4]) ERDF, ESF+, CF and JTF.

INNOVATION, BUSINESS ENVIRONMENT AND PRODUCTIVITY

In 2025, Romania received country-specific recommendations (CSRs) on improving the quality and effectiveness of public administration and on addressing skills shortages, while improving the preparation, prioritisation and delivery of public investment projects and promoting private investment. Since then, some measures have been implemented, particularly under the RRP and in selected areas such as administrative simplification, skills, access to finance and support for innovation, but progress has remained uneven and large gaps persist.

Romania has made substantial progress in economic convergence over the past decades, but to advance further, Romania needs to address long-standing productivity gaps. Real labour productivity per hour worked grew on average by about 4.5% per year from 2015 to 2019 but slowed markedly to around 2% per year from 2020 to 2025. Productivity growth has largely been driven by ICT and mostly by foreign-owned manufacturing clusters in automotive, pharmaceuticals and chemicals, electronics and aviation components, in a small group of urban centres. Since the pandemic, momentum in industry and services has weakened. (Graph 2.1). Productivity growth and diffusion of innovation in the economy are being held back by the structure of the business sector, which is dominated by a large number of SMEs. These firms operate mainly on the domestic market and have limited access to skilled staff and financial capacity to adopt advanced technologies or scale up (Graph 2.2).

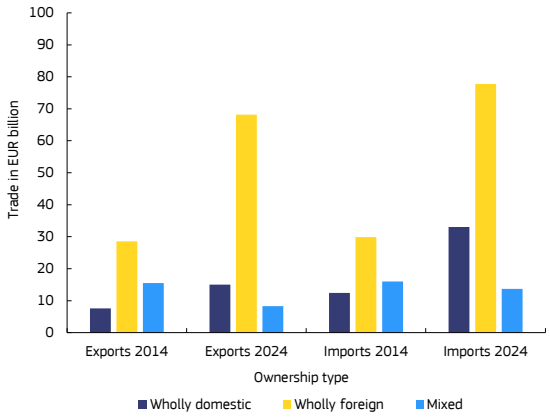
Graph 2.1: **Real labour productivity growth per hour worked**



Source: Eurostat

Romania's growth model would benefit from broadening its base beyond some core sectors, advancing further towards higher value-added activities and integration into European value chains. Industrial activities remain an important driver of exports, innovation and productivity, but they have come under strong competitive pressure due to high energy costs, rising labour costs and weaker external demand. While addressing competitiveness bottlenecks in these areas remains important, the next phase of Romania's productivity convergence would benefit from focusing especially on knowledge-based services and SMEs. Accelerating structural reforms to improve the business environment and the quality of public services, deepening access to finance, increasing the supply of scientific and managerial skills, and improving the public research system while strengthening linkages between research and business, are prerequisites for further productivity improvements.

Graph 2.2: **Trade by firm ownership type**



Source: National Institute of Statistics

Boosting innovation

Closing the innovation gap is key to strengthening productivity growth. The country is classified as an emerging innovator and ranks last in the EU in the 2025 European Innovation Scoreboard, at 37.7% of the EU average. R&D intensity stood at about 0.5% of GDP in 2024, far below the EU average of 2.2%, with both public and business expenditure among the lowest in the EU. Public R&D expenditure remains underfunded and institutionally fragmented. Reforms under the RRP seek to improve coordination and long-term planning within the public research system, make researchers' careers more merit-based, and increase cooperation between the academic and business sectors. However, implementation remains incomplete, and the effect on research performance will depend on continued stable funding and effective institutional follow-through.

Private innovation performance is also weaker compared with the rest of the EU. Business expenditure on R&D stood at 0.29% of GDP in 2024, far below the EU average, while the share of innovative firms remains low. From 2020 to 2022, only 8.8% of Romanian firms introduced product or process innovations, against 51.4% in the EU. The 2025 CSRs called for promoting private investment. Romania has taken some steps, such as revising R&D tax incentives and making greater use of cohesion policy funding to support innovation, public-private collaboration, and strategic technologies under STEP. Yet the overall policy mix still lacks continuity, coordination and scale.

A shortage of skilled workers and skills mismatches continue to weigh on productivity and innovation. The share of 25-to-34-year-olds with tertiary education increased only slightly, to 23.2%, in 2024, still the lowest in the EU and far below the EU average of 44.1%. Romania's research workforce remains relatively small and in 2024 was less concentrated in firms compared with the rest of the EU. In 2024, only 37.9% of researchers worked in the business enterprise sector, against 57% in the EU. More broadly, structural transformation towards higher-skill activities has been weaker than in much of the EU. According to the OECD, employment has shifted from agriculture primarily to services, but the increase in high-skilled jobs was only 1.7 percentage points between 2008 and 2019, against 3.5 percentage points in the EU, while the share of low-skilled jobs rose by 3.6 percentage points ([5]).

Romania has a relatively high share of tertiary students enrolled in STEM fields and a sizeable pool of ICT graduates, but these strengths are not yet translating fully into innovation performance, digital uptake by firms, or employment of ICT specialists. Low overall tertiary attainment means the absolute supply of highly skilled graduates for innovative firms remains limited. Poor working conditions and weak career prospects for researchers also make it difficult to retain talent in the country. A new law on the status of R&D staff aims to improve research careers, though implementation and stable financing matter more than new formal commitments.

([5]) OECD, Reviews of Labour Market and Social Policies: Romania, 2025.

Increasing the adoption of digital technologies

Broad-based use of digital technologies by Romanian firms could support productivity. In 2025 around 44% of Romanian SMEs reached at least basic digital intensity ([6]). This represents a significant improvement compared to 2023, when such share was less than 27%, but it still remains among the lowest in the EU ([7]). Romania also lags behind on the more productivity-enhancing uses of digital technology. The share of SMEs with high or very high digital intensity stood at 21.7%, significantly below the EU average of 32.7%, while the take-up of advanced tools such as AI, cloud, and data analytics remains weaker than in most Member States ([8]).

Romania has strong basic digital connectivity, but wider adoption and effective use of digital technologies could bring broader productivity gains across the business sector. Romania remains an EU leader in fibre coverage, including in rural areas, but 5G coverage remains below the EU average. The remaining constraints appear to stem from spreading advanced digital technologies more widely across firms and translating the digital uptake into productive and innovative uses. Measures under the RRP, the cohesion policy funds, and the European Digital Innovation Hubs support the wider adoption and more effective use of digital technologies by firms. Progress has also been made in developing integrated digital platforms for public services dedicated to businesses, particularly in areas such as licensing, authorisations and certifications, in order to streamline procedures and reduce administrative burden.

Industry and economic security

Romania's industrial base remains important for innovation, productivity growth and exports, but it faces stronger competitive pressures. The share of industry decreased from close to 25% of GDP in 2015 to just below 17% in 2025. Industry still accounts for a large share of exports and much of Romania's more complex production, in particular in the automotive sector ([9]). Yet, momentum has weakened, amid high energy prices, rapid labour cost increases and weak external demand from traditional partners. Total industrial output declined by 0.9% in 2025. Energy-intensive sectors such as basic metals and chemicals recorded some of the largest declines in production relative to 2021. Similarly, large increases in the minimum wage in recent years have had a negative effect on labour-intensive manufacturing, such as textiles and clothing, wood products, and furniture. These challenges underscore the need to improve the policy framework with a view to incentivising industrial companies to accelerate investments in modern technologies, innovation and digitalisation. This will strengthen their competitiveness and help them weather the green transition. Romania also needs to upgrade conditions for a wider and deeper technology adoption, not only in industry but also in knowledge-intensive services, such as IT and software development, engineering and business design.

([6]) The digital intensity index (DII) is a composite indicator, which measures the use of different technologies by firms, with the aim of assessing the extent to which EU firms are digitalised.

([7]) Eurostat, DII, SMEs with at least basic digital intensity, 2025 data.

([8]) This is broadly in line with findings in the 2025 EIB Investment Survey, which suggests that Romanian firms are now broadly in line with the EU average in the use of multiple advanced digital technologies, with 48% of firms reporting adoption. At the same time, Romania still appears weaker on some frontier uses. About 30% of firms report systematic use of generative AI to improve processes, below the EU average of 37%.

([9]) The automotive sector accounts for roughly one third of goods exports and continues to have one of the highest employment weights in manufacturing in the EU, with direct automotive jobs representing 14.5% of manufacturing employment in 2024.

Over time, the Romanian industry has become more specialised in complex manufacturing activities. Nonetheless, broad challenges remain in increasing the domestic value added and moving further up the value chain. A study by the National Bank of Romania found that specialisation has improved, allowing the economy to produce and export a larger range of high-value-added goods. The composition of exports, too, has improved as the share of high technological intensity goods has risen ([10]). The 2025 Regional Innovation Scoreboard shows that exports of medium- and high-technology products are among Romania's relatively stronger regional innovation indicators with several regions recording marked gains since 2023 ([11]). However, Romania's manufacturing is still split between, on the one hand, foreign-owned manufacturing clusters and a few dynamic urban service centres and, on the other, a large base of smaller, domestically focused firms with weaker capacity to scale up, adopt and use new technologies. This is one reason why strong performance in a few sectors has not translated into broader productivity gains across the economy.

A larger role for knowledge-intensive services in the next phase of convergence would be beneficial. Services account for around 62% of GDP, but much of the sector remains concentrated in lower productivity, non-tradable activities such as retail, transport and construction. Knowledge-intensive, export-oriented services, especially ICT, have increased in recent years, from 5% in 2015 to 7.1% in 2025, though they still represent only a relatively small share of GDP. The 2025 Digital Decade report shows that 6.9% of all post-secondary education graduates are ICT specialists, putting Romania among the EU's leaders. The ICT sector has weathered recent competitive pressures relatively well, despite volatile external demand and increases in taxation, but it needs to adapt to rapid market changes triggered by the AI revolution.

([10]) National Bank of Romania, European Romania: Developments, Progress, Challenges, 2025.

([11]) European Commission, Regional Innovation Scoreboard 2025: Regional Profile Romania.

Business environment

Business dynamism is relatively weak, in particular for SMEs, with negative effects on productivity. SME productivity is lower in comparison with the rest of the EU and the productivity gap between SMEs and large firms is wide. Small firms account for a large share of employment, while generating low value added per worker. In 2024, value added per person employed in Romanian SMEs stood at roughly half of the EU average, while value added per person employed in large firms was around 40% higher than in SMEs. This reflects, in part, the structure of the business sector, which is dominated by small, poorly capitalised firms which are insufficiently integrated into higher-value-added activities. Firms' market exit rates are slightly below the EU average, pointing to weaker resource reallocation, while the insolvency framework still appears slow and insufficiently geared towards early intervention and restructuring.

Institutional weaknesses continue to weigh on the business environment. Although the 2025 CSRs highlighted the need for better legislative predictability and quality, repeated significant changes in tax rules, extensive use of emergency ordinances, short legislative preparation periods, and weak use of impact assessments continue to affect business decisions. Public service delivery has improved in some areas, including in the digitalisation of public services for individuals and businesses, but business satisfaction remains very low. Excessive paperwork, fragmented procedures, as well as limited interoperability across all levels of government, weaken the quality of public services. Further efforts are needed to simplify and streamline administrative processes by setting clearer service standards and improving transparency and user experience. On the Single Market and Competitiveness Scoreboard, Romania is among the weaker performers on the burden of regulation: 66% of respondents view business regulation as an

obstacle to long-term investment ([12]). Moreover, Romania stands out for the second-highest number of SMEs in the EU reporting late payments from public entities (Annex 5).

State-owned enterprises in key network sectors, notably transport and energy, continue to exhibit weaknesses. Despite recent reforms under the RRP and in the context of OECD accession, governance weaknesses persist in practice. Lack of transparency and competition in board appointment processes, inconsistent mandates, and the limited use of performance-based remuneration continue to weaken operational efficiency and investment discipline. Stronger implementation of the corporate governance framework would improve service delivery, financial results and productivity growth, and reduce fiscal risks.

Strengthening public procurement could support competition and productivity growth in certain parts of the economy. Romania's public procurement system has a persistently high share of single bids (38% in 2025, EU average at 29%), pointing to weak competition in several sectors. In addition, the system has capacity constraints and is highly decentralised, with weaknesses in planning and tender preparation, and reported barriers to participation such as rigid or subjective qualification and selection criteria, technical specifications perceived as difficult to comply with or not aligned with needs, and unrealistic cost estimation. Public procurement remains a high-risk area for corruption ([13]).

Despite improvements, gaps in transport infrastructure are major obstacles to competitiveness and territorial cohesion. Romania is pursuing sizeable investments, through the RRP and cohesion policy, in major rail modernisation and rolling stock upgrades, alongside large road and road connectivity projects. Still, large gaps persist in finalising the TEN-T network as well as in rail and road infrastructure quality, rolling stock modernisation, and connectivity in remote areas, while car fleet renewal remains slow and road safety outcomes remain among the weakest in the EU. Projects are frequently delayed because of weak preparation, tendering and land acquisition problems, unrealistic project planning, and limited administrative capacity, especially in rail infrastructure.

Access to finance

Access to finance remains a constraint for firms, especially for SMEs, innovative firms and high-growth companies. Although SMEs account for the majority of firms in Romania, large firms generate a much bigger share of value added, which shapes both financing needs and financing capacity. Romanian firms rely heavily on internal financing. According to the 2025 EIB Investment Survey, internal funds accounted for 71% of investment finance in Romania, above the EU average of 66%, while external finance represented 24%. Many firms report satisfactory investment levels, yet 18% say they invested too little over the past three years, compared with 12% in the EU.

Debt finance is relatively small in macro terms. Borrowing by non-financial corporations was only 37% of GDP in 2024, well below the EU average, while trade credit and advances represented a large share of liabilities. This is likely due to the weak capitalisation of many firms, which constrains access to external finance. Around one third of Romanian companies have equity below the regulatory threshold, making them less eligible for bank financing, and 10.2% of firms report being finance constrained in 2025, against 6.1% in the EU. Undercapitalised companies account for a large share of overdue payments in the economy, which worsens payment discipline and reinforces dependence

([12]) European Commission, Single Market and Competitiveness Scoreboard 2025, Country data: Romania.

([13]) Businesses' views on corruption risks in public procurement are above the EU average. Among companies that have experience in and have participated in a public procurement procedure, 37% think that corruption has prevented them from winning a public tender or a public procurement contract in practice, against an EU average of 25%.

on supplier credit. The banking system is profitable, well capitalised, and liquid, which suggests that the main constraints are more due to Romania's still limited financial deepening, weak firm capitalisation and high borrowing costs.

Capital markets remain underdeveloped. Equity market capitalisation stood at 12.4% of GDP in mid-2025, far below the EU average, while corporate bond issuance remains marginal. Household participation in capital markets is low, reflecting limited financial wealth, weak financial literacy, limited incentives for long-term retail investment, savings and investment accounts and a strong preference for deposits and real estate. At the end of 2024, households' financial assets stood at 63% of GDP, against 212% in the EU, while almost 42% of this wealth was held in cash and deposits. Pension and insurance assets are small in comparison with the rest of the EU, and private pension funds remain heavily invested in government bonds, which limits their contribution to long-term investment in the real economy. The 2025 CSRs called for promoting private investment. The establishment of a new Bank for Investment and Development, and the financial instruments financed under cohesion policy and the RRP are useful steps in that direction, though the wider financing ecosystem would benefit from a broader investor base, stronger institutional investor participation, and higher financial literacy among firms and households.

Making better use of the Single Market

Romanian firms are not exploiting fully the opportunities offered by the Single Market. Romania performs relatively well on the formal transposition of and conformity with Single Market rules, with a transposition deficit of 0.8% in 2024 according to the Single Market Scoreboard. However, the number of pending infringement cases remains high. Goods and services integration in the Single Market is above the EU average as a share of GDP (Annex 5), and Romania's full entry into Schengen from 1 January 2025 should further reduce cross-border frictions in transport and logistics. Even so, large firms account for most intra-EU exports in value terms, which suggests that many SMEs still do not scale across borders.

Regulatory and administrative barriers continue to hinder trade in goods and services and freedom of establishment in Romania. For goods, market access could be improved by updating national product rules. For services, regulatory restrictions in several professions in terms of exclusive rights and regulatory requirements for notaries, accountants, architects and engineers, can limit competition and raise costs for firms using professional services. Easing administrative requirements in the implementation of posting of workers rules could reduce regulatory fragmentation within the Single Market, facilitate cross-border mobility and foster competitiveness, without undermining workers' protections. Business establishment is also hindered by restrictive practices, such as lengthy and fragmented licensing procedures ([14]). Despite progress under the RRP on reforms such as the Single Industrial Licence and construction permits, these are yet to produce effects on the ground. Additional efforts, including further digitalisation, are needed to streamline processes across the commercial and services sectors.

([14]) OECD, Business Licensing Reforms in Romania, 2026.

DECARBONISATION, ENERGY AFFORDABILITY AND SUSTAINABILITY

In 2025, Romania received CSRs to reduce its dependency on fossil fuels and to facilitate the expansion of renewable energy. The recommendations call for improving the grid capacity, strengthening of the cross-border electricity connections, advancing regulatory reforms to de-risk clean energy projects and improving the transparency and efficiency in the permitting process. Some steps were taken in the decarbonisation of Romania's energy mix, and the country made limited progress in expanding the availability of renewable energy sources (RES).

Energy affordability remains a challenge amid fossil fuel dependence and market interventions

Energy affordability in Romania remains a challenge, shaped by a sharp post-2021 price spike followed by years of state intervention. From November 2021 to June 2025, the government maintained an electricity price cap and compensation scheme that shielded households from market rates. The simultaneous expiry of the price cap in July 2025, a VAT increase on electricity from 19% to 21%, and a summer heatwave caused household bills to more than double. Household electricity prices have stabilised since and remain below the EU average, whereas for industry, prices are slightly higher than in 2024. Romania's wholesale electricity prices averaged 110 EUR/MWh in 2025, the fourth highest in the EU, a situation aggravated by the country's continued dependence on fossil fuel-generated energy. Some measures are planned to reduce electricity prices, like the acceleration of storage and grid investments to bring more renewables online. In the medium term, completing the process of phasing out coal and replacing it with gas capacities would also help. The phase-out of the price caps for natural gas, initially planned for April 2026, has been put on hold as on 5 March 2026 the Romanian government adopted an emergency ordinance prolonging the use of capped prices for natural gas for households from 1 April 2026 until 31 March 2027. In response to the regional conflict in the Middle East, Romania introduced broad fuel-market intervention measures, including caps on fuel mark-ups at 2025 averages, restrictions on oil and diesel exports, and a 0.30 lei/litre cut in diesel excise duty. The government also imposed a progressive solidarity tax on oil company revenues, and extended diesel support schemes for the transport and agricultural sectors, including subsidies for transport operators. Going forward, it will be important to ensure that support measures remain temporary and targeted.

In 2025, Romania took important steps to support the deployment of renewable energy, in line with the CSR it received in 2025**.** It managed to increase the flexibility of its energy systems, reducing the risk of excessive electricity price spikes, and removed the regulatory price caps for electricity. The RRP aims at reforming Romania's regulatory framework to promote the deployment of renewable energy sources.

Despite progress on self-energy consumption, consumer empowerment remains limited. The number of prosumers is rapidly increasing. Still, no noticeable progress has been made on the participation of individuals in energy communities. Romania lacks legislation for energy sharing despite efforts to amend the definition of prosumers and promote direct energy sales. While initiatives exist for energy communities, the legal framework is not sufficiently clear.

The share of fossil fuels in total energy consumption declined, but structural dependence persists. Romania's electricity mix has improved, but fossil fuels remain deeply embedded across the energy system and are often setting the (high) energy price in the market. In 2025, the share of non-low-carbon electricity reached 34.1%. On the contrary, the share of low-carbon electricity reached 65.9%, lower than the EU average of 70%.

Romania has made progress in decarbonising its energy mix by decommissioning coal and lignite-fired power generation capacity. However, further efforts are still needed to advance this transition, by continuing implementation of the Decarbonisation Law, a cornerstone of the RRP, to phase out more than 3 870 megawatts (MW) of coal and lignite-based electricity generation capacity by August 2026. On the gas side, Romania is reducing dependence on imported fossil fuels while expanding domestic gas production. The country, currently the second largest gas producer in the EU after the Netherlands, aims to become a net gas exporter by 2030 by developing the Neptun Deep deep-water drilling project in the Black Sea, with first deliveries expected in 2027.

Progress has been made in expanding renewable energy, but challenges remain. Romania has taken important steps in expanding RES in recent years, driven by EU funding and an improving support framework. The new support mechanism, the Contracts for Difference (CfD) scheme, has already seen three successful auction rounds, covering onshore wind and solar photovoltaic projects, with a total installed capacity of more than 4.5 gigawatts (GW). For offshore wind, Romania approved the Offshore Wind Energy Law in 2024, establishing a regulatory framework aiming to achieve 3 to 7 GW of offshore wind capacity by 2032; however, the implementing rules are missing. In addition, constant amendments to the legal framework - although sometimes aimed at simplification - have created a fast-changing and sometimes unpredictable regulatory environment for developers. The maximum approval deadlines under the Revised Renewable Energy Directive (RED III) are still being transposed and are not yet fully operational. Keeping focus is key to accelerating offshore wind permitting to tap the significant potential in the Black Sea, and full use should be made of the CfDs scheme by launching new auctions to bring more renewables online.

In parallel to the accelerated deployment of new renewable capacities, grid infrastructure and stability require close attention. Romania has taken some steps to promote the expansion of grid and electricity storage, in particular power battery storage, but deployment is slow. Romania's electricity storage capacity reported in its final National Energy and Climate Plan (NECP) stands at just 16.2 MW. Furthermore, demand-side response (DSR) and other distributed energy resources are still held back by market barriers and an insufficient legal framework.

While Romania is on track to achieving the 15% interconnection target for 2030, its capacity is still insufficient. Romania currently has 4 000 MW of cross-border interconnection capacity, with plans to double it to 7 000–8 000 MW by 2030. Progress is ongoing, although further acceleration would support deeper regional market integration. On the transmission side, Transelectrica, the national transmission system operator, has promoted the idea of classifying certain projects as projects of national importance, allowing for faster permit approvals and administrative processing. There is scope for further coordination with neighbouring countries (Bulgaria, Hungary, Moldova and Ukraine) to further increase market integration in the region.

Romania still subsidises fossil fuels, while the heating sector, which is heavily reliant on gas, remains largely unreformed. Romania received a CSR in 2025 to reduce reliance on fossil fuels, but progress is lacking. In 2024, according to the latest available data, the fossil fuels subsidies (FFS) in place which do not specifically address energy poverty or genuine energy security concerns represented 0.30% of Romania's GDP, a decrease compared to the previous year. However, the current absence of a clear

phase-out trajectory before 2030 disincentivises electrification and hinders the decarbonisation of the energy mix. Due to an unfavourable electricity-to-gas price ratio (to which FFS partially contributes), the share of electricity in Romania's final energy consumption has remained largely stagnant in the last decade (around 15.8%, below the EU average of 23.4%).

Romania would benefit from further efforts to reduce its energy consumption. Final energy consumption decreased in industry and services but increased substantially in the transport sector (+16.3% since 2019). In the residential sector, it has decreased by only 4.3% since 2019, whereas Romania's Long-Term Renovation Strategy sets a target of a 9% reduction by 2030 (compared to 2020 levels). The building stock currently accounts for 40% of total final energy consumption. Investments in its energy efficiency continue to be needed. For Romania, the 2025 CSRs highlighted the need for further efforts to improve energy efficiency. Romania's RRP and cohesion policy programmes contain several large investments on energy efficiency in housing and public buildings, but progress has been slow. Further policy efforts are needed to reduce energy consumption, in particular in the transport sector and in the building stock.

Emissions in the transport sector, particularly road transport, are a concern for Romania, as greenhouse gases (GHG) emissions have increased (Annex 8). Both the RRP and cohesion policy support measures to increase the sustainability of the transport sector. The goal is to reduce fossil fuel dependence via electrification and local renewables, but also to enlarge the public transport coverage in the country. Investments include the modernisation of railway infrastructure and the upgrading of rolling stock. Reforms include the introduction of a distance-based charging system for trucks, replacing the time-based system currently in place. On the other hand, progress towards the electrification of the car fleet remains slow.

High energy costs, low resource efficiency and pressures on environment weigh on industrial decarbonisation and competitiveness

Without decarbonisation, reinforced grids and a more flexible energy system, industry risks losing competitiveness due to high energy prices. Decarbonisation is unavoidable to maintain competitiveness. The share of industry in GDP has declined every year in the last five years. Energy-intensive industries have been particularly hit. Romania's manufacturing industry has gone through significant decarbonisation over the past decades but still has one of the highest intensities of GHG emissions. In addition, prices in Romania for the first semester of 2025 were imbalanced: for large businesses, electricity was 3.4 times more expensive than gas, with taxes and levies (excluding VAT) accounting for 9% of electricity bills and 1% of gas bills.

Investments in clean technology and hydrogen infrastructure under the RRP and the Just Transition Fund (JFT) incentivise the decarbonisation of heavy industry, but more progress is needed. The industrial sector is dominated by processes with limited flexibility (e.g. steel/aluminium, cement, glass), which constrains demand-side response**.** However, despite reforms under the RRP aimed at supporting investment in renewables, further efforts are needed to accelerate the deployment of new generation capacity and reduce reliance on fossil fuels to enable decarbonisation of the heavy industry.

Environmental degradation, waste and water management issues, air pollution and biodiversity loss continue to have negative impacts on the economy. Inefficient waste management systems characterised by high landfilling and low recycling rates pose obstacles to advancing the circular economy in Romania. The circular use of materials has been slowly declining since 2012 and stood at 1.3 % in 2023, the

lowest rate in the EU. Romania is a source of critical raw materials and among the least dependent on their imports in the EU. The country faces challenges in water management and infrastructure, with water productivity well below the EU average and high water-withdrawal levels in manufacturing and agriculture. At the same time, pressures on ecosystems and biodiversity persist, including habitat degradation linked to agriculture, fisheries and aquaculture, urban expansion and infrastructure development, which affect sectors relying on ecosystem services. Limited administrative capacity at central and local level continues to constrain implementation of environmental projects. Local communities often lack the expertise and resources required to implement measures effectively. Systemic weaknesses in administrative procedures, enforcement, data collection and environmental impact assessment further reduce policy effectiveness and hinder monitoring of progress. Investment projects under the RRP for the construction of facilities for waste separate collection are currently ongoing.

Romania is highly exposed to climate change impacts. This includes droughts, river flooding and heatwaves, which are already affecting economic activity, infrastructure and public health. Heat stress exposure has surged in recent years, and climate-related disasters have caused substantial economic losses, while insurance coverage remains low. Although Romania has adopted a National Strategy for Adaptation to Climate Change for 2024-2030, implementation challenges persist due to fragmented institutional responsibilities, limited administrative capacity, lack of coordination with academia and insufficient integration of adaptation considerations into economic and budgetary policies. Romania could benefit from embedding climate-resilient design for nationally financed infrastructure, by embedding relevant standards in laws, programmes, and projects across all governance levels.

SKILLS, QUALITY JOBS AND SOCIAL FAIRNESS

In 2025, Romania received CSRs to strengthen labour market participation of women and young people by improving the effectiveness of active labour market policies and participation in early childhood education and care, tackle skills shortages by boosting basic skills and labour market relevant skills, reduce poverty and social exclusion risks by extending social protection and improving its effectiveness, as well as through better access to essential and enabling services. Since then, some measures have been implemented to address the challenges identified, but there is still significant room for improvement (Annex 1).

Labour market challenges persist across population groups and regions

Employment rates could further increase by integrating certain population groups into the labour market and addressing regional disparities. The employment rate has decreased by 0.5 pp in 2025 and remains among the lowest in the EU (69.0% vs 76.1% in the EU) and below the 2030 employment target of 74.7%. The limited labour market participation of women, young people and persons with disabilities, as well as Roma, keeps the rate low, as do regional disparities and a strong rural-urban divide. Economic opportunities, population growth and foreign investment intensity centre around urban clusters, while rural areas still focus on agriculture with high self-employment linked to subsistence farming or small-scale trade.

Employment participation of women, Roma, youth and persons with disabilities continues to be limited. Romania has one of the lowest employment rates of women in the EU and a significant gender employment gap. The situation is worse in rural areas compared with urban ones. Amongst the main factors for gender employment disparities are limited enrolment in and insufficient offer of early childhood education and care (ECEC) services, particularly in rural areas, and limited part-time work options, making it challenging for women to balance work with caregiving responsibilities (Annex 13). Youth unemployment remains among the highest in the EU, with youth from rural areas disproportionately affected. High school drop-out rates and a mismatch between educational offerings and labour market needs are contributing to low labour participation rates of young people. Addressing these shortcomings and focusing on labour market integration measures for young people may contribute to better employment outcomes. The disability employment gap is also significantly larger than the EU average. Limited employment rates among persons with disabilities are primarily due to insufficient accessibility support and incentives to encourage their participation in the workforce (Annex 11). In line with the 2025 CSR, Romania used funding under the European Social Fund Plus (ESF+) to provide integrated packages of activation measures aimed at increasing the share of women and youth in the workforce. These included measures to support youth networks, support employers in organising childcare services, and stimulate entrepreneurship, including social entrepreneurship. Yet, further efforts are needed to improve employment outcomes, particularly for persons with disabilities and Roma.

Refocusing employment subsidies and training would result in better job opportunities for the unemployed. Romania predominantly relies on ineffective and poorly targeted employment subsidies to boost labour market participation. Instead, prioritising the upskilling and reskilling of

jobseekers instead seems warranted, to equip them with the relevant skills and boost their employment chances. Despite improvements, the Public Employment Services has limited capacity to provide better quality services. Modernisation efforts are ongoing, under the ESF+ and the RRP, aimed at strengthening human resources, improving the quality of services and developing modern IT tools. Nonetheless, further efforts are needed to ensure better targeting and sufficient funding for active labour market policies.

Romania faces job quality challenges related to low wage levels and inadequate working conditions. The country has a considerably higher share of low-wage earners than the EU average, as well as one of the highest shares of workers with atypical working hours (Annex 11). In-work poverty remains significantly above the EU average and is among the highest in the EU even after social transfers. Adult participation in learning is low, including among employed people, hampering skills development, career progression and potentially labour productivity growth. Limited access to social protection for people in non-standard employment and the self-employed further reduces job quality for these types of workers. Despite the recent reform of the social dialogue law, supported by the RRP, collective bargaining coverage remains low, especially at sector level. Particular challenges have been reported with regard to social dialogue in state-owned enterprises. Social partner consultations are often formalistic and without substance. Social partners' capacity building is supported through ESF+, yet further efforts are needed to strengthen their active role in policymaking and reform implementation.

Life-long skills development is crucial for Romania's competitiveness

Romania displays a severe deficit of basic skills. Over 40% of 15-year-olds fall below minimum proficiency in mathematics, reading, and science, placing Romania among the EU's lowest performers. Socio-economic disparities, including parents' education levels, as well as school segregation of Roma and limited inclusion of children with disabilities, further exacerbate inequities and learning disadvantages (Annex 13). Additionally, the low share of top-performing students negatively impacts talent development and innovation. On boosting basic skills, linked to the 2025 CSR, despite pilot projects supported by the ESF+ under the national programme to prevent and reduce functional illiteracy, effective implementation and national upscaling has not yet been achieved. The challenges faced by teachers in adapting to rapidly evolving teaching environments and in implementing a competence-based curriculum are further exacerbated by teacher shortages in rural areas and STEM disciplines. While the ESF+ and the Technical Support Instrument (TSI) support the development of a competence-based curriculum approach, there is room for improvement in integrating basic skills across all subjects, while preventing curriculum overload.

Targeted reforms to close structural education gaps and promote life-long learning are needed. The 'Educated Romania' reform package, backed by funding under the Recovery and Resilience Facility (RRF), seeks to strengthen teacher training and specialisation, but a consistent implementation tailored to teacher needs is key. Despite salary increases in 2023 and 2024, the cost reduction measures taken in 2025, such as increasing class sizes, increasing the teaching workload, reorganising and merging schools, and imposing salaries freeze, have adversely impacted teacher working conditions. High rates of early school leaving and out-of-school children restrict children's access to further education and the labour market (Annex 13). Although the RRF-funded secondary education programme aimed at preventing school dropout appears promising, the planned ESF+ measures in primary education are still to be implemented. Targeted outreach and reintegration measures, including enforcement of compulsory education, are necessary, as second-chance measures show limited results.

To better align skills with the needs of the labour market, Vocational Education and Training (VET) needs to be made more attractive, offering higher quality training and more opportunities for work-

based learning. Romania faces a significant structural skills mismatch, adversely affecting the country's competitiveness and people's skills development. Skills shortages are especially acute in sectors relevant to the green transition ([15]). The construction sector is particularly affected, but also other sectors such as waste and circular economy, water, nature-based solutions and biodiversity conservation. These are exacerbated by a major deficit of basic digital skills (31.8% vs EU 60.4% in 2025). Although a high share of upper-secondary students attend VET (61.2% vs 52.9% in the EU in 2024), employment outcomes for VET graduates are limited and well below the EU average (63.4% vs 80.2% EU in 2025). This suggests that the current VET curriculum is of limited relevance to the labour market. Providing more opportunities for work-based learning and offering dual VET degrees (combining classroom learning with apprenticeships) could address this shortcoming. Beyond completing ongoing RRF initiatives, such as the establishment of integrated VET campuses and their equipping, it would be useful to involve economic operators more closely in the provision and design of work-based learning.

Educating and retaining workers with high qualifications is a precondition for continued economic growth. Romania's tertiary attainment rates among 25-34 olds are significantly below the EU average and the 2030 EU-level target, due to high numbers of students leaving school without graduating, low participation of disadvantaged students, high post-secondary dropout rates, and emigration. Despite high enrolment numbers, the supply of STEM graduates is already falling short of demand, which is set to increase by 2035. The National Programme for Reduction of University Dropout (PNRAU), funded by the ESF+, supports young adults with scholarships and housing/meal assistance, career counselling, and remedial education, allowing them to achieve their degree. This measure complements RRP investments in student accommodation and related infrastructure, aiming to improve material conditions and the learning environment. In addition, Romania could take additional measures to develop and retain highly skilled talent, e.g. by boosting STEM capacity through enhanced STEM education from school and by better aligning higher education programmes with labour market needs. Improving the attractiveness of the tertiary education sector through better horizontal and vertical differentiation among tertiary institutions, stronger institutional governance, and increased investment in research activities is equally important.

Engaging stakeholders in designing adult learning strategies and making best use of available data on skills needs and development are essential for improving innovation and economic growth in Romania. While Romania achieved its 2030 national skills target already in 2022, the adult learning rate remains among the lowest in the EU (19.1%, EU: 39.5%). Employees in the private sector have limited life-long learning opportunities, with only 17.5% of firms providing some form of Continuing Vocational Education and Training (CVET). This reflects the private sector's weak engagement in upskilling. In this context, further strengthening the adult learning system through a forward-looking approach to training, engaging the private sector in skills developments and making best use of skills intelligence are crucial. The implementation of adult learning strategies, largely supported by the ESF+ and the RRP is key. RRP investments in upskilling/reskilling employees and people with low-level qualifications, in particular for green and digital skills, are ongoing, with the potential to reach over 100 000 persons. Romania could benefit from further strengthening inter-ministerial and cross-sectoral coordination of policymaking for skills development, as well as make better use of relevant available data and involve more closely the private sector in upskilling and reskilling.

More efforts are needed to address the persistent urban-rural divide across all levels of education services. Romania has stark urban-rural disparities across the entire education spectrum, with nearly half of the population living in rural areas where small schools prevail (Annex 18). The rural-urban basic skills gap is the largest in the EU, with rural students scoring substantially lower than their urban peers. Only two-thirds of adults

([15]) OECD (2024), Job Creation and Local Economic Development 2024: - Country Notes: Romania.

living in rural areas complete primary education and just one in fifteen attain tertiary education. The early school leaving rate in rural areas (23.7%) is substantially higher compared to urban areas (4.6%) and almost double the national average. ECEC participation lags due to limited availability, access challenges, and socio-economic barriers. Rural schools suffer from teacher shortages exacerbated by unattractive working conditions. Functional illiteracy, early school leaving, and higher education dropout levels could be reduced through targeted support under current measures. The school network would benefit from reorganisation, ensuring school desegregation and commuting support to improve access for both students and teachers, along with improving teachers' working conditions in rural areas.

Ensuring social fairness requires effective social protection and access to enabling and essential services

Romania is facing high poverty and social exclusion risks, particularly affecting children. Despite consistent progress, the country has one of the highest risks of poverty or social exclusion in the EU (27.94% vs an EU average of 20.9%), with children even more exposed (32.8% vs 24.3% in the EU); these rates are even higher in rural areas (Annex 18). Vulnerable groups, such as Roma, persons with disabilities, and populations with lower education, face elevated risks. While a far-reaching policy framework, including the 2022-2027 National Strategy on Social Inclusion and Poverty Reduction, and sectoral strategies are in place, Romania's social protection system still lags in terms of adequacy and coverage, necessitating targeted efforts to achieve poverty reduction goals by 2030 and to implement the 2025 CSR on reducing poverty and social exclusion risks. Strengthening the system's efficiency, funding stability, resilience, and monitoring and evaluation processes is crucial to reducing poverty and fostering social inclusion nationwide, as well as delivering on the European Child Guarantee.

Access to essential and enabling services remains insufficient, particularly for disadvantaged, rural areas and vulnerable groups. Social, health and educational services continue to be unevenly available, and marginalised communities such as the Roma have difficulties accessing them. A 2024 reform to improve the quality of social and care services is a promising starting point, but it will require appropriate institutional backing and monitoring, as well as timely adoption of secondary legislation, especially for the 'funds follow the beneficiary' mechanism. Strong cross-government coordination, closer cooperation between key ministries, meaningful involvement of Roma NGOs and communities, and stronger action against anti-Roma racism and segregation would also be beneficial. Considerable EU support is available, including for a flagship initiative launched in 2025 to scale up integrated social, health, and educational services to 2 000 disadvantaged rural communities.

Strengthening prevention and primary care is essential to reducing avoidable mortality in Romania. In 2025, preventable and treatable mortality remained very high, reflecting low investment in and lack of a coordinated, multisectoral approach to primary prevention. This is particularly concerning given the high prevalence of lifestyle risk factors in the population, including obesity, poor diet, low physical activity, and rising alcohol consumption. Weak primary care, also due to lack of staff, limits opportunities for early intervention. This further drives the levels of avoidable hospital use and the associated costs (Annex 15). Moreover, prohibitive out-of-pocket costs for households contribute to unmet medical needs, especially outside the capital.

Long-term care (LTC) services, particularly home care, are insufficient and community-based services to support independent living of persons with disabilities remain scarce. Romania has one of the highest rates of self-reported LTC needs, but one of the lowest homecare coverage rates and public expenditure levels. Rural and remote communities often have scarce, uneven and low-quality services. Shortages of qualified staff result in a high

reliance on informal carers. Despite the legislative reforms on deinstitutionalisation (DI) supported through the RRP, a substantial share of adults with disabilities still reside in large and small-scale institutions, while non-residential community-based services and support remain scarce. Improved coordination to address delays in implementing the DI strategy, as well as the RRP-supported LTC and active aging strategy for 2023-2030, is crucial, especially on access for the most vulnerable, but also for those with moderate needs. Additional measures to address the growing mental health challenges in the country, and to strengthen the LTC workforce would be beneficial (Annex 12).

Social housing in Romania is scarce despite high needs. In 2024 households experiencing poverty spent more than twice the share of their disposable income on housing compared with average income households. Poor housing conditions in general remain widespread, affecting in particular vulnerable groups, including persons with disabilities and Roma households. The 2022-2050 National Housing Strategy, part of the RRP, aims to deliver approximately 40 000 social housing units by 2050, but still lacks dedicated financing for municipalities, or a monitoring framework on waiting lists. Improving interinstitutional cooperation, allocating sufficient funding, proper monitoring and introducing legislation to allow for a wider diversity of social housing models can contribute to expanding the social housing stock and tackling segregation (Annex 16).

Addressing these challenges will help Romania boost upward social convergence. The second-stage analysis in line with the Social Convergence Framework points to challenges for Romania that may affect social convergence in relation to its labour market, education and skills, as well as its social situation ([16]).

([16]) European Commission, SWD(2026) 122 final. The analysis relies on all the available quantitative and qualitative evidence and the policy response undertaken and planned.

KEY FINDINGS

In areas **covered by existing CSRs**, Romania would benefit from:

- **continuing fiscal consolidation,** including by fully implementing the general and special pension reforms, designing and implementing a reform of public sector wage conducive to greater fairness and contributing to fiscal sustainability, and strengthening budgetary procedures to ensure better control over public investments;

- **boosting innovation and research to increase productivity and economic growth** by ensuring reliable long-term public R&D investment, fostering private investment, also reducing regional disparities, strengthening researcher's careers, and enhancing business-academia cooperation;

- **strengthening the quality and effectiveness of the public administration with a view to improving the business environment and Single Market access** through higher predictability and quality of law making, streamlining regulatory and administrative processes for businesses, in particular SMEs, stepping up the digitalisation of public services, and increasing competition and preventing corruption risks in public procurement;

- **expanding firms' access to bank and non-bank financing to promote investment**, notably by appropriate use of national and EU guarantee schemes for SMEs, easing markets participation of retail and institutional investors, including pension funds, as capital providers and increasing financial literacy;

- **speeding up the transition to a modern, affordable and sustainable energy system** by scaling up renewables, phasing out coal and lignite use and fossil fuel subsidies, increasing energy efficiency in transport and buildings, while strengthening system flexibility and electricity infrastructure, specifically by investing in transmission, distribution and energy storage infrastructure;

- **facilitating investment in environmental infrastructure**, in particular in the circular economy and waste management, water resilience and management, focusing on nature-based solutions and projects with an impact on air pollution and biodiversity conservation;

- **fostering upward social convergence by further reducing poverty and social exclusion risks,** in particular for children, Roma and persons with disabilities, by improving access to essential and enabling services, including social housing, in disadvantaged areas, as well as improving coverage and adequacy of social protection;

- **increasing employment rates for women, youth, persons with disabilities and Roma** through more effective, targeted and better-funded active labour market policies and through improved provision of early childhood education and care;

- **promoting human capital development, tackling skills shortages and skills mismatches with labour market needs** by boosting basic skills, improving teaching quality, increasing participation at all levels of education, reducing early school leaving and retaining highly skilled talent, while addressing the persistent urban-rural divide across all levels of education;

- **reducing in-work poverty and the prevalence of atypical working hours** through strengthening collective bargaining and improving adult learning to improve job quality.

In **other areas**, Romania would benefit from:

- **increasing overall tax collection as a share of GDP**, by focusing on closing the VAT and CIT gaps and fully implementing the tax administration reform;

- **strengthening the implementation of the corporate governance framework for state-owned enterprises,** while also promoting the rationalisation and efficiency of the sector;

- **increasing the connectivity of remote and rural areas and within regions** through sustainable, safe and smart transport networks and services;

- **strengthening climate resilience of infrastructure** by accelerating climate adaptation investments and increasing climate risk insurance coverage;

- **improving the attractiveness and quality of Vocational Education and Training** while expanding work-based learning to tackle skills shortages by strengthening private-sector involvement and cross-governmental coordination;

- **pursuing targeted investments and cost-effective measures** to shift the focus from hospital care services to primary, community and outpatient services, while strengthening the availability of qualified staff in underserved areas and improving access to long-term care.

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Table A1.0:**2025 CSR implementation and Commission assessment**

Romania faces challenges in a wide range of policy areas, as identified in the country-specific recommendations (CSRs). Romania was recommended, among other things, to tighten fiscal policy and ensure debt sustainability, improve public administration and governance, accelerate infrastructure and private investment, accelerate the green transition, boost labour market participation and skills, and reduce poverty and social exclusion risk.

The Commission has assessed the degree of implementation of the 2025 CSRs considering the policy action taken by Romania to date*. To do so, the Commission has taken into account the information provided by Romania in its Annual Progress Report as well as other information sources. This annex provides summary information on the policy actions taken or planned by Romania for each CSR. More detailed information on these actions is included in the relevant chapters and other annexes of the report.

**CSR 2 is not assessed in CeSaR. RRP implementation is monitored through the assessment of RRP payment requests and analysis of the bi-annual reporting on the achievement of the milestones and targets, to be reflected in the country reports. Progress with the cohesion policy is monitored in the context of the Cohesion Policy of the European Union.*

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
1.1 Reinforce overall defence spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March	Total general government defence expenditure in 2026 is projected at 1.7% of GDP, corresponding to an increase of 0.1 pps. compared to 2024.	Total general government defence expenditure in 2027 is projected at 1.8% of GDP, corresponding to an increase of 0.2 pps. compared to 2024. Romania has also taken steps to reinforce defence and security spending through the EU's SAFE instrument, with a loan envelope amounting to a maximum of EUR 16.68 billion	Substantial progress
1.2 Considerably tighten fiscal policy to ensure that net expenditure stays within the corrective path under the Excessive Deficit Procedure and to bolster the external position.	Annual and cumulated deviations in 2025 amounted to -0.8% of GDP. The EDP is held in abeyance. Fiscal consolidation also contributed to a gradual correction of external imbalances with current account deficit declining from 8.2% of GDP in 2024 to 7.9% of GDP in 2025.	Annual and cumulated deviations in 2026 are projected at -0.3% of GDP and -1.1% of GDP, respectively.	Full implementation
1.3 Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025	See table A.2.4 in Annex 2 of the Country Report.	The implementation of the key steps of these reforms and investments that were due by 30 April 2026 seems to be broadly on track.	Substantial Progress
3.1 Improve the quality and effectiveness of public administration	In line with Romania's 2021-2027 Partnership Agreement, the National Administrative Capacity Building Roadmap and eight Regional Administrative Capacity Building are currently under implementation. Through a Technical Support Instrument (TSI) funded project, Romania	The RRP includes measures on the organisation of national recruitment competitions for civil servants and the introduction of competence-based frameworks for recruitment, evaluation and career development, alongside the digitalisation of HR management systems. These measures are ongoing with a completion date mid-2026. The draft Government Decision approving the Strategy in the field of	Some Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	has developed a digital competence framework for civil servants. The new 2025–2030 national strategy for innovation in the public sector proposes measures to create a culture of innovation in public administration. The public administration reform adopted at the beginning of 2026 aims to streamline decentralisation, introduce competency-based performance evaluations for civil servants, limit temporary leadership appointments, cut advisory staff and reduce personnel spending by 10% across central institutions.	the civil service for the period 2027–2032 is currently under preparation, with a deadline for its approval by the Government in the first semester of 2026.	
3.2 and the predictability of decision-making	Slight decrease in the use of government emergency ordinances, standing at 25,5% of all primary legislation adopted in 2025, compared to 29,3% in 2024.	The RRP includes the adoption of a Plan for Better Regulation 2026-2030 aimed at improving public policy planning (planned for mid-2026).	Limited Progress
3.3 while ensuring that legislative initiatives do not undermine legal certainty through appropriate stakeholder consultations, effective impact assessments and streamlined administrative procedures.	Operationalised the risk-based licensing framework, introducing a classification of industrial licences into low-, medium- and high-risk categories. GEO No. 75/2025 states that all regulatory acts impacting SMEs must receive prior approval from the Ministry of Economy to reduce administrative burden (the SME test).	The RRP includes the adoption of a Plan for Better Regulation 2026-2030 aimed at improving public policy planning, impact assessment and stakeholder consultation process (planned for mid-2026).	Limited Progress
3.4 Better prepare and prioritise large infrastructure projects and accelerate their implementation,	Projects prepared with technical assistance within the Large Infrastructure Operational Programme have been contracted and are under implementation.	Romania's Territorial Development Strategy will provide a framework for coordinating and prioritizing investments in relation to the territorial dimension.	Some Progress
3.5 ensure mature public investment projects are carried out in a timely manner	During the 2021–2027 programming period, most of the selection criteria approved by the Monitoring Committees have prioritised mature, high-		Some Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	quality projects.		
3.6 and promote private investment to foster sustainable economic development.	Set up and started deploying financial instruments under RRF and Cohesion Funds to improve access to finance for firms, including SMEs. Established a National Development Bank to improve access to finance for firms, including SMEs. Started implementing measures to support regional business infrastructure, including incubation and acceleration services, clusters, and smart specialisation parks, under cohesion funds. Initiated the process of simplifying legislation for Alternative Investment Funds (AIFs).	The RRP includes measures (expected to be completed by August 2026): • a one-stop-shop website for industrial • a National Innovation Agency to promote private sector innovation • legislation to foster business–academia cooperation, by August 2026. Under Cohesion Funds, calls for financing industrial parks, incubated companies, clusters, as well as for increasing the competitiveness of SMEs will be launched in the second part of 2026.	Some Progress
4.1 Reduce the reliance on fossil fuels	Adoption of the Decarbonisation Law with a coal phase out calendar by 2023. Romania has already decommissioned 2 830 MW of coal-fired capacity by December 2025. Under Cohesion policy, investments in clean urban and transport infrastructure, have been financed.	An additional 710 MW is expected to be decommissioned by August 2026; however, a certain share of coal-fired capacity will remain in operation until 2032.	Some Progress
4.2 In particular by speeding up the roll-out of renewable energy, improving grid capacity, strengthening cross-border electricity connections, advancing regulatory reforms that de-risk clean energy projects, and improving transparency and efficiency in the permitting process.	In 2025, RO launched its second and third Contracts for Difference (CfD) auctions for renewables. These auctions resulted in the allocation of 3,067 MW of new renewable energy capacity, consisting of 1,488 MW solar photovoltaic and 1,579 MW wind. Completion of electricity transmission infrastructure supporting the integration of Moldova's power system into the European electricity market through	Project of Common Interest, which plays a key role in relieving structural congestion on the RO–BG border, received a CEF grant in 2026. Development of the legal framework for a comprehensive regional green hydrogen market by Romania, supported by the TSI. Preparation of secondary legislation for offshore wind development in the Black Sea, also supported by the TSI.	Some Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	the Isaccea–Vulcănești–Chișinău and Suceava–Bălți interconnections. Increased investments in distribution grid modernisation, supported by EU funds, EIB loans and the Modernisation Fund. Under Sustainable Development Program, 48.26 MW of new capacity from renewable sources will be achieved.		
4.3 Also, phase out fossil-fuel subsidies in the heating sector and invest in energy efficiency,	Under Cohesion, investments on energy efficiency in public buildings and houses, as well as in modernising heating networks and increase efficiency are under implementation.	RRP investments on energy efficiency in housing, expected to be completed by August 2026. Calls for proposals on supporting energy efficiency in public buildings will be launched in 2026 at in some region Contracts signed for the modernisation of heating networks, and the Bucharest district heating rehabilitation project. Investments in the energy efficiency of buildings, with a focus on single- and multi-family housing units will be deployed via financial instruments on the Multiregional Investment Platform at regional level.	Limited Progress
4.4 Environmental infrastructure and innovation	Cohesion Funds absorption on wastewater has improved, while water investments under the RRF have been significantly reduced. Limited progress in improving and extending separate collection of waste. Limited progress in reducing air pollutants.		Limited Progress
4.5 Taking into account regional disparities such as the impact on the coal regions.	Entry into force of GEO 59/2025 establishing the legal framework for renewable energy communities. Launch of the Just Transition Fund call (EUR 170 million across six JTF		Limited Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	territories) for renewable energy development by local authorities. Through the Jiu Valley Initiative, funding is allocated to reduce dependence on fossil fuels in transport (public transport fully electric), aiming to mitigate the side effects of the transition - unemployment and energy poverty.		
4.6 Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit.	Regulated electricity prices were ended, after a few years of maintaining price caps. However, capped prices for natural gas for households are in place until 31 March 2027.	Planned phase out of natural gas price cap in April 2027.	Limited Progress
5.1 Strengthen labour market participation of women and young people through improving effectiveness of active labour market policies	Amendment of the Social Economy Law, complementing employer support. Ongoing tailored support for young NEETs through enhanced local collaborations between Public Employment Services (PES) and other key stakeholders. 2025-2026 ESF+ project stimulating employment with hiring incentives for employers hiring long-term unemployed, low-skilled individuals, persons with disabilities, people from marginalised groups including Roma and people over 55 years old. Amendment of Law 76/2022 on promotion of employment, improving access to activation measures fort women victims of domestic violence and human trafficking.	Introduction of the stability bonus for young NEETs to support retention in employment for 24 months. 2026 Calls for ESF+ funded projects addressing NEETs, development of social inclusion enterprises and support for employers to ensure childcare services, facilitating the access of women to the labour market.	Limited Progress
5.2 and participation in early childhood education and care	ERDF resources have been mobilised to address structural deficits in educational infrastructure and to support equal access to education. Ongoing ESF+ project	Two RRP investments supporting the increased capacity of the early-childhood education system are ongoing, by constructing and equipping 110 crèches. Two ESF+ projects supporting complementary services and	Limited Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	supporting teaching staff and students in ECEC training programmes.	integrated education and care services in creches. Ordinance 7841/2024 that foresees an ECEC bachelor programme for 2026.	
5.3 Tackle skills shortages by boosting basic skills and labour market relevant skills of the workforce, as well as improving stakeholder engagement and making best use of skills intelligence in education and skills policies.	Ongoing ESF+ adult learning projects targeted at employees and low-skilled citizens. RRP investments in upskilling/reskilling employees in SMEs, digital skills trainings for civil servants, green energy skills trainings for specialists in clean technologies, and trainings on basic digital skills for people from disadvantaged communities. Ongoing upper-secondary curriculum revision (supported by ESF+ and TSI) strengthening pedagogical preparation. From 2025, a compulsory teacher competence framework guiding career development. Ongoing projects for development of skills for smart specialisation, industrial transition and entrepreneurship within SMEs ongoing under the Smart Growth Programme.	ESF+ projects expected to be launched by the end of 2026: flexibility and diversification of training opportunities and development of students' key competences; continuous training of trainers/instructors/apprenticeship coordinators in continuing vocational training; developing and testing innovative tools for assessing competences acquired in non-formal and informal systems to facilitate mobility in employment or training; provision by employers of training programmes for career progression for disadvantaged employees.	Limited Progress
6.1 Reduce poverty and social exclusion risks by extending social protection and improving its effectiveness,	The Minimum Inclusion Income Programme (VMI) that started in January 2024 continued, combining benefits which had their value increased slightly due to indexation as of March 2025 and as of March 2026. A "Solidarity Package" was adopted in April 2026, for providing ad-hoc support to pensioners, ranging from 600 to 1000 RON. The package also foresees additional support for families of vulnerable		Limited Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
	children. Through ESF+ funding, between 2022 and 2025, 2.5 million social cards provided food aid to deprived families through the "Sprijin pentru Romania" programme. As of July 2025, an electricity voucher scheme was introduced to alleviate energy costs for vulnerable consumers, substituting the previous price caps system. With the implementation of Law 111/2024 on domestic service providers, approximatively 40,000 inactive and unemployed people benefited from domestic activity vouchers as of 30 November 2025, that includes also a basic medical insurance package. An ad-hoc financial support (GEO 12/2025) was provided to retirees with low pensions (800 RON in 2 instalments, in April and December), to compensate for the frozen indexation of the pension decided for 2025 (and continued for 2026).		
6.2 including through better access to quality essential and enabling services, focusing on integrated social, health, educational and employment services, in particular for Roma and other disadvantaged groups,	The Health Programme, has contracted ESF+ and ERDF projects for the implementation of screening programs for the primary public health diseases, for the development of tools, guidelines, protocols, and training in various medical fields such as primary, outpatient, and inpatient care and for developing the infrastructure at all levels of health care but also in specific areas.	A flagship initiative to scale up integrated social, health, and educational services in 2000 disadvantaged rural communities started in 2025 supported by ESF+ and ERDF. RRP supports investments to extend the network of day-care centers for elderly (63 centers), as well as for persons with disabilities (50 modernised and 31 new community services), to be completed by June 2026. As of July 2026, as part of the ESF+/ERDF co-funded Social Inclusion and Dignity Programme, a project to train specialists and informal caregivers for older persons (ADAPT) will be implemented.	Limited Progress

(Continued on the next page)

Table (continued)

Recommendation text	**Main measures adopted or implemented** *By 30 April 2026*	**Preparatory steps/ credibly announced measures** *By 30 April 2026*	**Assessm. of progress**
		Preparatory work for introducing a new mechanism for financing social services, based on the "funding follows the beneficiary" principle, in accordance with the Law 100/2024 reforming the social assistance/care system. Several measures supporting the development of services for children, elderly, persons with disabilities and other vulnerable groups are planned in the coming years, as part of the ESF+/ERDF funded Social Inclusion and Dignity Programme. ESF+ financed calls for projects under the Health Programme will be launched by the end of 2026 to support preventive services in primary and community healthcare provided by integrated community centes that were developed under the NRRP; increasing the capacity to provide rehabilitation services; and supporting the operational capacity of family planning clinics rehabilitated and equipped through the NRRP.	
6.3 while maintaining fiscal sustainability.	To correct the very large fiscal deficit recorded in 2024, the authorities adopted fiscal consolidation measures which, by the end of 2025, improved the budgetary outturn and the credibility of the fiscal adjustment path.		Some Progress

Source: Romania's reporting and Commission assessment

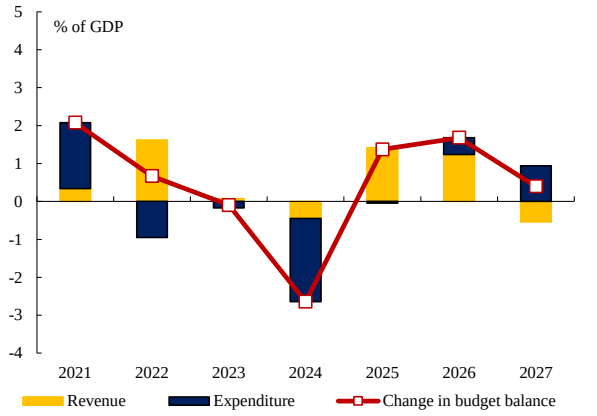
This annex discusses selected topics in Romania's public finance and developments in the fiscal country-specific recommendations (CSRs) addressed to Romania in 2025. These CSRs include a call to increase defence spending while continuing to correct fiscal imbalances in line with the corrective path under the medium-term fiscal-structural plan and the excessive deficit procedure (EDP). Romania also needs to implement the set of reforms and investments underpinning the extended adjustment period endorsed by the Council of the European Union on 21 January 2025. These reform commitments include a comprehensive review of the tax framework, modernisation of tax administration, annual spending reviews, pension reforms, a new minimum wage-setting mechanism, measures to improve business financing and reform of the expenditure system of state-owned enterprises.

On 21 January 2025, the Council adopted the Recommendation endorsing Romania's medium-term fiscal-structural plan for 2025 to 2031 ([17]). The plan includes an extended fiscal adjustment over seven years. On the same date, the Council adopted a revised Recommendation under Article 126(7) TFEU require Romania to bring an end to its excessive deficit by 2030 ([18]). However, on 4 June 2025, the Commission concluded that Romania had not taken effective action to correct its deficit, and the Council confirmed this on 20 June 2025 under Article 126(8) TFEU. The Council therefore adopted a revised Recommendation under Article 126(7) TFEU on 8 July 2025, which sets out a new corrective path replacing the original expenditure path of the medium-term fiscal-structural plan as the operative benchmark for EDP monitoring. The reforms and investments underpinning the seven-year adjustment period still remain in force ([19]).

Developments in the government balance, debt and public expenditure ([20])

Romania's fiscal position improved in 2025, but the deficit remains exceptionally high. Romania's general government deficit fell from 9.3% of GDP in 2024 to 7.9% of GDP in 2025 in European System of Accounts (ESA) terms. It is projected to fall further to around 6.2% of GDP in 2026 and 5.8% in 2027 (in ESA terms). This trajectory reflects the impact of two large fiscal consolidation packages adopted since mid-2025, stronger spending control and strict budget execution in the second part of 2025. Even so, Romania still recorded the highest deficit in the EU in 2025. Fiscal challenges are closely linked to the country's wider macroeconomic imbalances, as large public deficits have fed domestic demand, inflation, import growth and the persistently high current account deficit. Government debt rose from 54.8% of GDP in 2024 to 59.3% in 2025, mainly as a result of still very large primary deficits. According to the Commission's Spring Forecast, government debt is set to increase further to 61.6% in 2026 and 63.4% in 2027.

Graph A2.1: **Contributions to the change in the general government balance (% of GDP)**



Source: European Commission 2026 Spring Forecast

([17]) OJ C, C/2025/647, ELI: EUR-Lex - 32025H00647 – EN – EUR-Lex.

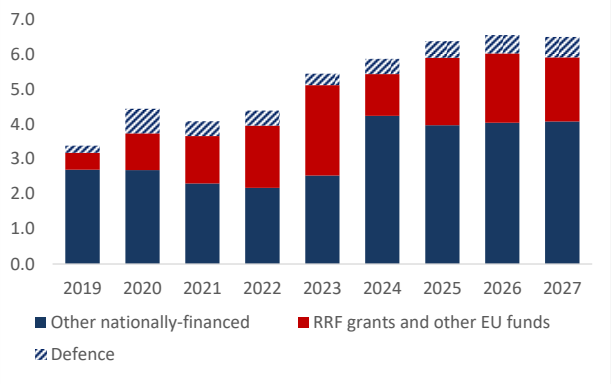
([18]) OJ C/2025/1264, ELI: EUR-Lex - 32024R1264 – EN – EUR-Lex.

([19]) Compliance by Romania with the maximum growth rates of net expenditure recommended by the Council is assessed in [COM(2026)200].

([20]) Figures underpinning fiscal surveillance (net expenditure growth) are provided in the Fiscal Statistical Tables SWD(2026)200 providing background data relevant for the assessment of the budgetary policies of the Member States.

Public expenditure growth remained very high in 2024 and 2025, and the composition of spending remains a central issue for the quality of public finances. Current expenditure pressures from pensions, interest payments, defence and fixed capital spending remained substantial, even as tighter control of other current spending helped improve the fiscal outcome in 2025. In particular, public investment rose to exceptionally high levels by EU standards, at around 6% of GDP, against 3.5% of GDP on average in the EU (see Graph A2.2). The budget for 2026 plans a further increase in public investment to close to 7% linked to the final phase of the national recovery and resilience plan (NRRP) and the rise in cohesion policy spending. Romania would benefit from preserving high-quality EU-funded investment while reducing domestically financed projects of lower quality and avoiding a post-RRP cliff effect in investment in 2027 and beyond.

Graph A2.2: **Public investment evolution and composition (% of GDP)**



Source: European Commission 2026 Spring Forecast

The CSRs addressed to Romania in 2025 included a call to considerably tighten fiscal policy to secure a lasting correction of the excessive deficit. Romania responded to this recommendation by adopting two large fiscal consolidation packages in July and September 2025. Together, these measures are estimated at around 3.7% of GDP over 2025 and 2026 and include: (i) an immediate increase in the two main VAT rates, from 9% and 19% to 11% and 21%; (ii) the introduction of a health contribution for higher income pensioners; (iii) higher taxation on banks; (iv) a higher dividend tax rate; and (v) extension of the public wage and pension freeze into 2026. The second package, adopted in September 2025, plans for: (i) an increase in property taxation (which is very low by EU standards); (ii) a new fee on parcels imported from outside the EU; (iii) a special tax aimed at limiting profit shifting abroad; and (iv) higher taxation of polluting vehicles. Altogether, these measures helped contain immediate fiscal risks and significantly helped to preserve Romania's investment grade rating at a time of heightened market sensitivity to fiscal sustainability.

The 2025 CSRs also recommended that Romania implement the set of reforms and investments underpinning the extension of the adjustment period endorsed by the Council in January 2025. These commitments include: (i) a comprehensive review of the tax framework; (ii) modernisation of tax administration; (iii) annual spending reviews; (iv) pension reform; (v) reform of public sector remuneration; (vi) measures to improve business financing, and (vii) reform of the expenditure system of state-owned enterprises. Some steps were taken in 2025. Some of reforms have already been implemented, including on tax and pensions (both the general system and special pensions). Modernising the tax administration is a key priority for 2026. Romania's revised RRP includes detailed commitments to this effect. This reform is particularly important because Romania's VAT gap is still the largest in the EU. Another major area for reform in 2026 is the public sector remuneration system, which should introduce greater fairness while contributing to fiscal consolidation efforts. Public investment management will also require further progress, as recent developments highlight deficiencies in all stages of budgeting (planning, monitoring and execution).

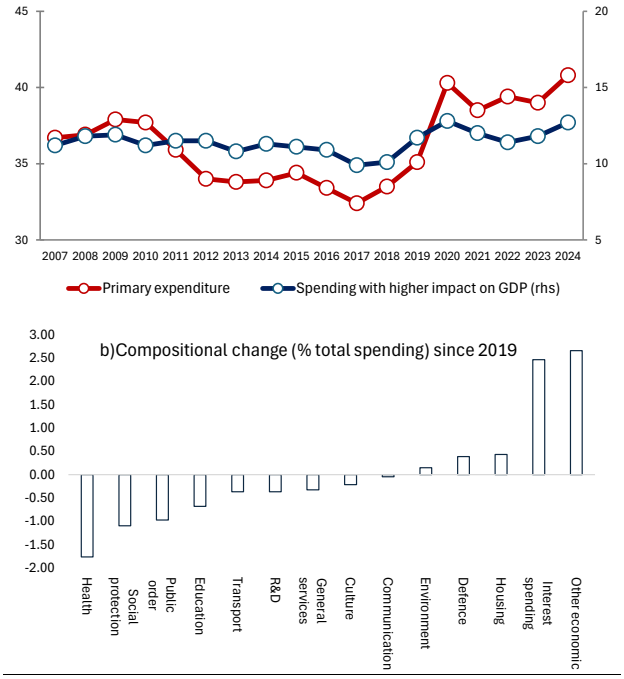
Defence spending is set to rise materially over the medium term, moving in the opposite direction to the medium-term fiscal consolidation trajectory defined in the context of the EDP. In the 2025 CSRs, Romania was asked, like all Member States, to increase overall defence spending and readiness in line with the European Council conclusions of 6 March 2025, while preserving debt sustainability. Defence spending is expected to rise to 3.5% of GDP by 2028. Romania is expected to benefit significantly from the SAFE instrument, with an allocation of EUR 16.68 billion. This should ease financing constraints for defence procurement, but SAFE support takes the form of loans and therefore adds to deficits and debt when recorded. Romania did not request activation of the Stability

and Growth Pact national escape clause for defence spending. This means higher defence outlays will need to be accommodated within the EDP fiscal consolidation path, which increases the importance of prioritising expenditure and medium-term budget planning.

The type of expenditure with a greater impact on GDP has remained broadly stable for nearly three decades; however, it has increased slightly since 2017, peaking during the pandemic before stabilising again. Zooming in on the composition of spending, social protection accounts for the largest share of total expenditure (above 30%), followed by economic affairs, general public services and health, which each account for at least 10% of total spending. Since 2019, public expenditure on other economic affairs and interests has increased significantly (see Graph A2.3). Spending on housing, defence and environment has risen more modestly. By contrast, spending on communication, R&D, transport, education and health has declined. This trend deserves attention, as these spending categories are generally considered growth friendly. In the case of education, the decline is particularly concerning, as spending is below the EU average and student performance remains weak (See Annex 13 for further details).

Romania has relatively low tax revenues as a share of GDP and relies heavily on consumption taxes. In 2024, Romania's total tax revenues as a percentage of GDP (including compulsory social contributions) amounted to 27.9%, compared with the EU average of 39.4%. Total tax revenues are projected to increase to 28.6% of GDP in 2025, 29.6% of GDP in 2026, and 29.7% in 2027 according to the Commission's 2026 Spring Forecast. The tax mix in Romania relies heavily on consumption taxes (37.3% of tax revenues vs EU average of 26.8%). The flat-rate personal income in Romania risks reducing the tax revenue from labour taxation and limits the redistributive power of the tax-and-benefit system. In addition, revenue from property taxation, including recurrent taxation, is also well below the EU average (see Annex 3).

Graph A2.3: **Primary spending evolution and composition**



Source: Eurostat

Note: Based on economic literature, the categories considered to have a greater growth impact include education, R&D, health, transport and communication (See Barbiero and Cournede (2013), Gemmel et al. (2016), Lupu et al. (2018), Cepparulo and Mourre (2020) and OECD (2025)).

The costs of ageing

Total ageing-related spending in Romania is projected to rise by about 0.5 percentage points (pps) of GDP by 2040 but to fall by around 2 pps by 2070 (see Table A2.1). The decline in the long-term stems from a projected fall in pension spending, which more than offsets an expected rise in public healthcare and long-term care expenditure.

Public pension spending as a percentage of GDP is projected to decline slightly between now and 2040 but by about 3 pps in the long term. Between now and 2070, public pension outlays would represent around 7.5% of GDP, compared with an EU average of about 12%.

Table A2.1: **Projected change in ageing-related expenditure in 2025-2040 and 2025-2070**

	ageing-related expenditure	change in 2025-2040 (pps GDP) due to:					ageing-related expenditure	
		pensions	*healthcare*	*long-term care*	*education*	*total*		
RO	17.9	*-0.2*	*0.4*	*0.2*	*0.0*	***0.4***	18.3	**RO**
EU	24.3	*0.5*	*0.3*	*0.4*	*-0.3*	***0.9***	25.2	EU

	ageing-related expenditure	change in 2025-2070 (pps GDP) due to:					ageing-related expenditure	
		pensions	*healthcare*	*long-term care*	*education*	*total*		
RO	17.9	*-2.9*	*0.6*	*0.4*	*0.0*	***##***	16.0	**RO**
EU	24.3	*0.2*	*0.6*	*0.8*	*-0.3*	***1.3***	25.6	EU

Source: 2024 Ageing Report (EC/EPC).

Table A2.2: **Supplementary pension schemes – Scope for expansion**

	Assets in 2024 (% GDP)	**Gross replacement rate at retirement:** (pps change 2025-2040)	**Participation in 2024** (% working-age population)	
RO	8.9	*-3.6*	67.6	**RO**
EU	32.4	*-2.8*	55.9	EU

Source: European Commission.

Supplementary pension schemes can increase the resilience of the pension system by diversifying retirement income sources. In Romania, however, uptake of such schemes remains modest. At the end of 2024, private pension assets amounted to around 9% of GDP while participation in supplementary schemes covered around 70% of the working-age population ([21]). This coincides with rising both: (i) medium-term pressures on public pension spending; and (ii) a projected decrease in the replacement rate by 3.6 pps between 2025 and 2040 (Tables A2.2 and A2.3) ([22]).

Public healthcare expenditure is projected to be 4.5% of GDP in 2025 (below the EU average of 6.6%) and is expected to increase by 0.4 pps between now and 2040 and by a further 0.2 pps between 2040 and 2070 ([23]). Public expenditure on long-term care is projected to be 0.4% of GDP in 2025 (well below the EU average of 1.7%) and is expected to increase by 0.2 pps of GDP between now and 2040 and by a further 0.2 pps of GDP between 2040 and 2070. The projected increase is the result of an ageing population but is relatively low due to underdeveloped long-term care services ([24]).

National fiscal framework

The Romanian Fiscal Council (RFC) is of average size and has a relatively narrow mandate. It monitors compliance with fiscal rules and assesses the government's macroeconomic and budgetary forecasts, including by costing the main discretionary measures. It is not involved in long-term sustainability analysis but will monitor implementation of key provisions of the 2024 pension reform. Its members are nominated by several independent institutions and have nine-year mandates with no staggering. In the Secretariat, only about a third of the 20 available positions are filled, indicating severe recruitment problems, possibly linked to restrictions on pay levels. The RFC has some issues with access to information, in particular regarding budget measures. It reports high visibility in the media but does not perform any formal media coverage analysis. The RFC does not have a developed policy

([21]) Source: OECD Pension Market in Focus 2025. The highest participation rate in at least one supplementary pension plan is reported.

([22]) The (gross) replacement rate refers, depending on data availability, to both public and private pensions. It is based on projections from the 2024 Ageing Report.

([23]) Key performance characteristics, recent reforms and investments of the Romanian healthcare system are discussed in Annex 15.

([24]) The adequacy and quality of the Romanian long-term care system are covered in Annex 12.

Table A2.3: **Fiscal governance database indicators and public accounting maturity**

2024	Romania	EU Average
Country Fiscal Rule Strength Index (C-FRSI)	19.01	14.81
Medium-Term Budgetary Framework Index (MTBFI)	0.80	0.72
2025 Public accounting maturity of general government	64%	65%

(1) "The Country Fiscal Rule Strength Index (C-FRSI) shows the strength of national fiscal rules aggregated at the country level based on: i) the legal base; ii) how binding the rule is; iii) monitoring bodies; iv) correction mechanisms; and v) resilience to shocks. The Medium-Term Budgetary Framework Index (MTBFI) shows the strength of the national MTBF based on: i) coverage of the targets/ceilings included in the national medium-term fiscal plans; ii) connected
ness between these targets/ceilings and the annual budgets; iii) involvement of the national parliament in the preparation of the plans; iv) involvement of independent fiscal institutions in their preparation; and v) their level of detail. A higher score is associated with higher rule and MTBF strength.
The score for public accounting reflects the degree of maturity in relation to the International Public Sector Accounting Standards (IPSAS). Countries with an accounting maturity of 70% or more in relation to IPSAS are deemed to apply accrual accounting. For more information, see the report on public accounting in the EU (COM(2025)746 and accompanying Staff Working Document SWD(2025)396)."
Source: Fiscal governance database, European Commission

dialogue with the government, possibly due to lack of formal arrangements for such a dialogue.

Spending reviews are a critical but underused instrument in Romania's fiscal adjustment strategy. Across the board spending cuts, administrative capacity and politics have influenced how spending scrutiny was carried out in the past. The Ministry of Finance has committed to conducting systematic spending reviews and to producing an annual report certifying their completion. Despite producing the strategy for analytical evaluation of public expenditure 2024-2030, there is limited evidence that meaningful progress was made on spending reviews.

Management of public investment in Romania remains weak across the entire investment cycle. Long-term investment planning is carried out mainly by line ministries with limited coordination across sectors and limited involvement by the Ministry of Finance. Mechanisms to support funding availability beyond the annual budget year, such as a mechanism for appropriations beyond the budget year and restrictions in diverting funds to other purposes, are missing. *Ex post* reviews of the effectiveness and efficiency of investment projects are rare and not systematically integrated into future planning.

Accrual accounting makes a public body's financial position and performance more transparent and can boost sustainability and intergenerational equity. Most (14) Member States have implemented accrual accounting across the general government sector and five are set to do so by 2030 ([25]). Romania is close to the EU average (see Table 2.3) and has implemented accrual accounting amounting to 38% for social security funds and on medium term has plans to transition towards accrual accounting ([26]).

Implementation of the set of reforms and investments underpinning the extension of the adjustment period

The CSRs for Romania also encourage the country to implement the set of reforms and investments underpinning the extension of the adjustment period. This set of reforms is composed of: (i) commitments from the RRP; (ii) commitments extending previously existing RRP measures; and (iii) some additional commitments to reforms and investments. Considering the information provided in the Annual Progress Report, Table A2.4 shows the implementation status of the set of reforms and investments due in 2025 and the first half of 2026.

(25) Report on public accounting in the EU (COM(2025)746 and accompanying Staff Working Document SWD(2025)396). Countries with an accounting maturity of 70% or more in relation to International Public Accounting Standards are deemed to apply accrual accounting.

(26) Annexes 3.1 and 3.4 of SWD(2025)396.

Table A2.4: **Implementation of Reforms and Investments underpinning an extension**

Measure	Key steps	Recommended implementation date	COM assessment 2026
Special pension reform	Entry into force of a normative act revising special pensions to align them with the contributory principle.	Q3 2024	Completed*
Public sector wage reform	Step 1: Adoption and entry into force of the new legal framework for the remuneration of public officials, ensuring the public wage bill remains, as a share of GDP, in line or below that included in the projections of the medium-term fiscal plan.	When the government deficit is below 5 % of GDP:	Draft legal act under preparation; entry into force is linked to the government deficit falling below 5% of GDP.
Review of the tax framework	Step 1: Preparation of a Report, building on the World Bank report on taxation (prepared under RRP milestone 205) establishing two scenarios for the tax reform, with fully specified measures. Measures should cover all areas of taxation and social contributions.	Q1 2025	Completed**
	Step 2: Government adoption of memorandum including specific tax measures based on the above-mentioned report. Measures should be in line with milestones 207, 208, and 237 of the RRP, and objective 1 of the tax reform.	Q1 2025	Completed**
	Step 3: Government organises a public debate on the amendments to the Fiscal Code.	Q1 2025	Completed**
	Step 4: Implementation and entry into force of the measures on 1 April 2025 at the latest.	Q1 2025	Completed**
	Step 5: As referenced in milestone 237 of the RRP, developing an IT system to implement the automated property assessment model for real estate taxation, supporting the new market value-based approach, and operationalising a specialized department with respon sibilities in the field of property taxation.	Q4 2025	The IT system for the automated property assessment model is under development. Work is ongoing on notary, cadastral and local tax data.
Tax administration reform	Step 1: Implementation of an early detection mechanism for VAT fraud associated with intra-community purchases, transits, and domestic transactions.	Q1 2025	Implementation continues in 2026, including development of algorithms and strategies for detecting VAT fraud and evasion.
	Step 2: Implementation of anti-fraud modules for analysing and identifying transactions suspected of carousel fraud (CARUSEL, INDFISC, TRANSPRISC, COMRISC, and RORISC).	Q2 2025	In progress
	Step 3: Completion of 7 digitalisation projects, including e-Invoice, SAF-T, e-AMEF, e-DU, e-VAT, DAC-7, and CESOP.	Q2 2025	Small taxpayers were included in SAF-T, automated D406 validation and notification were implemented, RO e-Factura was extended, and RO e-TVA work focused on pre-filled VAT returns and taxpayer notifications.
	Step 4: Strengthen oversight of the tax planning mechanism for large taxpayers and the extension of this mechanism to medium-sized taxpayers after the implementation of APIC.	Q1 2025	Progress on transfer pricing and advance pricing agreements. In 2026, authorities plan to strengthen oversight for large taxpayers, extend it to medium-sized firms, and consolidate the framework.

(Continued on the next page)

Table (continued)

	Step 5: Integrating and consolidating internal data bases; developing a new system based on the 360-degree profiling concept of taxpayers; ensuring interoperability with the information systems of state institutions.	Q4 2025	Progress on interinstitutional data exchange. Work continues on Big Data tools and integration to strengthen fiscal risk analysis and build an integrated taxpayer profile.
	Step 6: Implementation of a modern collection mechanism that provides taxpayers with the option to choose recurring payment of declared tax liabilities.	Q4 2026	
	Step 7: Establishment and operationalisation of a specialised structure comprised of experts in IT, econometrics, and financial analysis to quantification risks and tax gaps.	Q4 2025	In progress
Restructuring the Public Spending System/ Spending Reviews	Step 1: Create a database and establish a control mechanism for increases exceeding 20% compared to the average costs of public institutions.	Q4 2025	Completed*
	Step 2: Conduct yearly thematic expenditure reviews and apply conclusions and recommendations in the budget planning process, in line with the established annual schedule	Yearly	Completed*
	Step 4: Operationalise the specialised structure within the Ministry of Finance to monitor public expenditure systems using performance indicators and participate in specialised training courses organised with the support of the World Bank	Q4 2025	In progress
	Step 5: Establish a legal framework for implementing performance indicators at the level of central and local public authorities.	Q4 2025	Completed
Business Financing Reform	Reform of the Institutional Framework for Allocating Funds to Support the Business Environment-Private Equity Investment Fund for SME Support.	Q2 2026	The law operationalising the private-equity investment fund for SME support is under approval.
Reform of the Expenditure System for State-Owned Enterprises	Step 1: Conducting a diagnostic analysis of the operational expenditure system, the revenue system, and the mechanisms for updating fees, as well as the subsidy system for economic operators.	Q3 2025	In progress
	Step 2: Establishing the regulatory framework to enhance the operational expenditure system, improve the management of public assets, introduce expenditure rules, and reduce dependence on the general government budget by Q4 2025.	Q4 2025	Draft amendments to the Water Law are under review. The IT system for implementation is operational. Draft legal acts on heating and cooling have been submitted to the Commission.

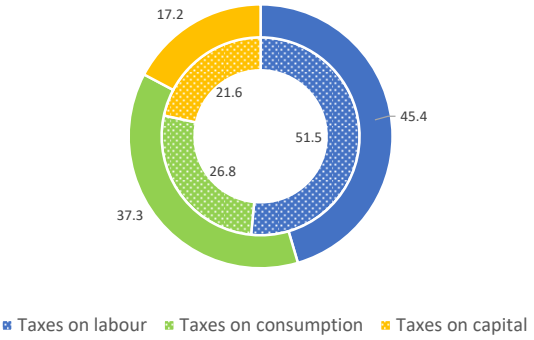
The table focuses on key steps scheduled for completion between the start of the plan and Q4 2026. The progress of each backward-looking key step, i.e. those scheduled for completion by 30 April 2026, is classified as either "completed" or "factual information provided". The status of forward-looking key steps in 2026 remains blank unless already completed. Key steps due after December 2026 do not appear in the table, as they will be assessed by the Commission in future APRs.
** These key steps correspond to milestones/targets 202, 234, M392 and 403 of Romania's RRP.*
*** These key steps correspond to milestones/targets 207, 208, 215 and 237 of Romania's RRP, whose assessment is still pending in the context of a payment request under the RRF. The information in the table does not prejudge that assessment.*
***Source**: Annual Progress Report of Romania and Commission's assessment.*

This annex provides an indicator-based overview of Romania's tax system. It includes information on the tax mix, on competitiveness and fairness aspects of the tax system, and on tax collection and compliance. In the area of taxation, the 2025 CSRs for Romania highlighted the need to implement the set of reforms and investments underpinning the extended adjustment period for Romania's medium-term fiscal-structural plan as recommended by the Council on 21 January 2025. These include a comprehensive review of the tax framework covering all areas of taxation (e.g. microenterprise tax reform) and modernising the tax administration system.

Romania continues to collect relatively low tax revenues as a percentage of GDP across the board, despite a slight increase between 2023 and 2024. In 2024, Romania's total tax revenues as a percentage of the GDP (27.9%) remained significantly below the EU average (39.4%). This is particularly true for labour (although the ratio of social security contributions -SSC, was closer to the EU average) and capital taxes. Revenues from personal income tax (PIT) as percentage of GDP stood at only one third of the EU average (2.9% versus 9.6%). The figure for consumption taxes remained closer to the EU average, despite having the highest VAT compliance gap in the EU (see below). Romania also experiences the largest compliance CIT gap in the EU, of about 44% ([27]). The shadow economy in Romania is estimated to be the third largest in the EU, standing at 29% of GDP ([28]).

Total recurrent property tax revenues as a percentage of GDP were 0.4% in 2024, thus remained lower than the EU average of 0.9%. Such revenues are likely to increase substantially due to the recent reforms ([29]). As of 2026, for local property taxes (with some exceptions), the tax rate for buildings cannot be lower than the rate set for 2025; the amount of the tax due on residential dwellings is indexed with the annual inflation rate, in the absence of which penalties apply; the relevant taxable value used for calculating the property tax was increased (from RON 75–1 000 to RON 201–2 677); and the reduction in the taxable base depending on the age of the building or number of flats was eliminated. The tax on agricultural land (hectare of land) was also increased, depending on use and location of the land. The exemption from property tax for certain vulnerable groups, such as people with disabilities, was replaced by a reduction in tax of 25% or 50% for the private dwellings ([30]). Also, as of 2027, buildings owned by legal entities will be taxed as non-residential (where higher rates apply), eliminating the reduced rate for residential or mixed-use buildings owned by such taxpayers.

Graph A3.1: **Tax revenue by economic function in 2024, RO (outer ring) and EU-27 (inner ring)**



Source: Taxation Trends Data, DG TAXUD

Environmental taxes remained slightly above the EU average at 2.4% of the GDP in 2024. Reliance on energy taxation is strong, while resource and pollution taxes are underused and transport taxes are at half of the EU average (0.5% vs 0.9%). A handling fee (logistic tax) of RON 25 was introduced as of January 2026 for parcels entering Romania with a declared value below EUR 150, delivered from outside the EU ([31]).

([27]) Based on 2019 data from JRC. For details, see DG TAXUD (2025) - The Corporate Income Tax Gap. A European approach to measuring losses in corporate tax revenues.

([28]) Based on 2022 data. For details, see the European Parliament (2022) - Taxation of the Informal Economy in the EU.

([29]) Government Emergency Ordinance No 78/2025 amending Law No. 239/2025 establishing measures for the recovery and efficiency of public resources and for amending and completing certain normative acts; published in Official Gazette, Part I, No 1172 of 17 December 2025.

([30]) Government Emergency Ordinance No. 8 of 27 February 2026 establishing economic recovery measures, increasing productive investments and competitiveness, and amending and completing certain normative acts in the fiscal-budgetary field; published in Official Gazette No 147 of 25 February 2026.

([31]) LAW No. 239 of 15 December 2025 establishing measures for the recovery and efficiency of public resources and for amending and completing certain normative acts; Official Gazette No 1160 of 15 December 2025

Table A3.1: **Taxation Indicators**

		Romania					EU-27				
		2019	2022	2023	2024	2025	2019	2022	2023	2024	2025
Tax structure	Total taxes (including compulsory actual social contributions) (% of GDP)	26.0	27.4	26.7	27.9		39.9	39.7	39.0	39.4	
By tax base	Taxes on labour (% of GDP)	12.0	11.6	11.7	12.7		20.6	20.1	19.9	20.3	
	of which, social security contributions (SSC, % of GDP)	10.6	10.1	10.2	10.9		13.0	12.7	12.7	13.0	
	Taxes on consumption (% of GDP)	10.1	10.4	10.2	10.4		11.2	10.9	10.5	10.6	
	of which, value added taxes (VAT, % of GDP)	6.1	6.9	6.7	6.8		7.1	7.4	7.1	7.1	
	Taxes on capital (% of GDP)	3.9	5.4	4.8	4.8		8.1	8.7	8.5	8.5	
Some tax types	Personal income taxes (PIT, % of GDP)	2.3	2.6	2.5	2.9		9.6	9.4	9.3	9.6	
	Corporate income taxes (CIT, % of GDP)	2.1	3.1	2.3	2.5		2.6	3.2	3.2	3.1	
	Total property taxes (% of GDP)	0.7	0.6	0.6	0.6		2.2	2.1	1.9	1.8	
	Recurrent taxes on immovable property (% of GDP)	0.5	0.5	0.4	0.4		1.2	1.0	0.9	0.9	
	Environmental taxes (% of GDP)	2.1	3.8	2.6	2.4		2.6	2.1	2.1	2.1	
	Effective carbon rate in EUR per tonne of CO_2 equivalents	na	na	54.6	na		na	na	84.8	na	
Progressivity & fairness	Tax wedge at 50% of average wage (single person) (*)	41.4	42.3	41.8	42.1	41.7	32.4	31.6	31.5	31.5	31.6
	Tax wedge at 100% of average wage (single person) (*)	42.8	42.8	42.8	42.8	42.8	40.1	39.7	39.9	39.9	40.0
	Corporate income tax - effective average tax rates (1) (*)	16.3	16.3	16.3	16.3		20.0	19.2	19.0	19.3	
	Difference in Gini coefficient before and after taxes and cash social transfers (pensions excluded from social transfers) (2) (*)	6.8	5.6	6.3	6.6		7.8	8.0	7.9	7.8	
Tax administration & compliance	Outstanding tax arrears: total year-end tax debt (including debt considered not collectable) / total revenue (in %) (*)	41.2	34.9	31.7	na		31.8	32.6	30.7	na	
	VAT gap (% of VAT total tax liability, VTTL) (**)	30.9	26.7	30.0	29.5		10.5	7.3	8.2	na	

(1) Forward-looking effective tax rate (KPMG).
(2) A higher value indicates a stronger redistributive impact of taxation.
(*) EU-27 simple average.
(**) Forecast value for 2024. EU-27 refers to the median value. For more data on tax revenues as well as the methodology applied, see the Data on Taxation Trends webpage.
Source: European Commission, OECD, ISORA.

Several direct and indirect taxes will be increased as of 2026. For taxation of individuals, until 1 January 2028 pension income exceeding RON 3 000 is subject to a 10% health insurance contribution, and several other categories are no longer exempt from SSC. The tax rate on gambling gains was increased to 4% (from 3%) for gains not exceeding RON 10 000 (the first bracket), thus increasing respectively the amount of tax due also in the higher brackets. Also as of 2026, income from short-term rents for touristic purposes of up to 7 rooms is taxed as additional income (subject to income tax and SSC), while income from renting out 8 rooms or more is taxed as income from business activity.

Some increases have already applied as of mid-2025 ([32]). As of July 2025, and until the end of 2026, the supplementary tax on turnover was increased from 2% to 4% for credit institutions with a market share of more than 0.2%. Moreover, excise duties for tobacco, alcohol, fuel and other products increased as of August 2025, same as the annual tax vignette for cars (50 EUR per year as of 1 September 2025).

As of August 2025, the standard VAT rate increased to 21% (from 19%) and the reduced rates of 5% and 9% have been increased to 11% ([33]). While such changes may likely lower the VAT policy gap, they may also have a regressive effect on taxpayers according to EUROMOD estimates. The reduced VAT rate will no longer apply to the acquisition and installation of certain green assets (e.g. heat pumps; photovoltaic and solar panels, batteries) or to new dwellings less than 120 m^2 worth less than RON 600 000 (EUR 120 000) without VAT, although such dwellings may be bought at a reduced rate for one more year, if certain conditions are met. Some medical devices will no longer be exempt from VAT. Finally, the VAT exemption threshold was increased from RON 300 000 to RON 395 000 (around EUR 80 000) as of September 2025, and rules were also introduced to transpose the special VAT scheme for small enterprises (SMEs) within the EU.

Romania has a low corporate income tax (CIT) rate and offers some incentives for businesses. CIT is subject to a flat rate of 16%, which is lower than the EU average, with the

([32]) Law No 141/2025 on fiscal-budgetary measures, published in Official Gazette No. 699 of 25 July 2025.

([33]) Ibidem.

effective tax rate stabilised at around 16.3% (3.0 pps below the EU average).

As of tax year 2026, the reduction of the income tax due by taxpayers maintaining or increasing own capital will no longer apply ([34]). Romania gradually reduced the scope of the optional substitute tax for certain microenterprises (at the same time replacing the income threshold by an accounting (turnover) threshold of less than EUR 100 000 as of 2026, with transitional rules. Moreover, only one rate will apply for the future, i.e. 1% on income. This will increase the number of taxpayers subject to standard CIT. Furthermore, the (supplementary) minimum tax applied so far on large companies with turnover higher than EUR 50 million is reduced to 0.5% of the turnover for tax year 2026 and will be fully eliminated as of 2027.

The Romanian Tax Code offers tax incentives for R&D activities such as additional deductions from taxable income of qualifying R&D expenses and accelerated depreciation. The exemption (for the first 10 years) from CIT on profits for taxpayers performing exclusively R&D activities is apparently not applicable for lack of implementing State aid rules. The existing income tax exemption for employees performing R&D activities seems to be insufficiently used. There are also green tax incentives for investment in renewable energy sources. Despite these incentives, Romania had among the lowest R&D intensity in the EU in 2024 (0.46% of GDP dropping from 0.52% the previous year, see also the annex on innovation to business). Romania is working to put in place processes to ensure higher legal certainty and uniform interpretation of R&D expenses which qualify for tax deductions.

Additional generous and targeted tax incentives were introduced with effect from 2026. These were designed to stimulate specific sectors, clusters and manufacturing companies for products with trade deficits, investments aimed at efficiently using strategies and critical raw materials, net zero technologies, R&D, defence, tourism, and investments contributing to acceleration of innovation and digital transition. For example, eligible expenses ([35]) can benefit from a depreciation base increased by 100%; tax credits or grants for manufacturing products with trade deficit were introduced, and an 10% tax credit for R&D activities was introduced as an alternative to the existing 50% increased deduction for eligible R&D costs. Unused tax credits can be carried forward.

Flexible depreciation and long-term credits enhance investment appeal. The accelerated depreciation for R&D equipment remains available regardless of whether a company chooses the 10% tax credit or the 50% deductibility option. Furthermore, tax credits can be claimed for up to seven years for eligible investments that aim to efficiently use raw materials, strategies, critical raw materials, and net zero technologies. A 'super-accelerated depreciation' scheme has been introduced, allowing a 65% depreciation in the first year of use for certain fixed assets, such as technological equipment and livestock and plantations obtained or commissioned between January and December 2026.

Liquidity and capital market support measures provide further financial relief. To strengthen companies' liquidity, reinvested profit reserves established from 2026 on will be tax-exempt if maintained for a five-year period (though normal CIT rules apply if funds are used or distributed before this period ends). In a bid to strengthen the capital market, an additional 50% deductibility is now granted for expenses related to listing or maintaining trading on regulated markets, applicable in the tax year following the listing.

Romania has a flat-rate tax system with a high uncapped rate for social security contributions, which reduces progressivity. This results in a very high labour tax wedge ([36]) for

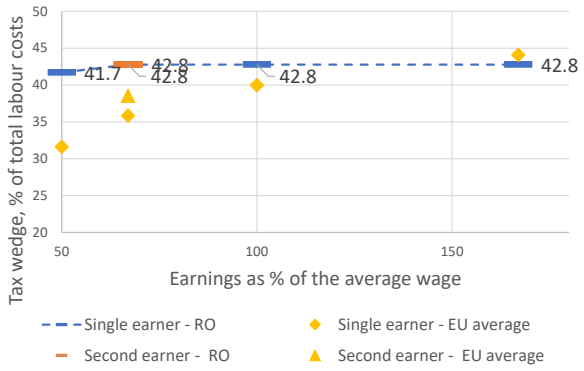
([34]) Government Emergency Ordinance No. 153/2020 establishing certain tax measures to support the maintenance/increase of own capitals and supplementing certain legislative acts, published in the Official Gazette of Romania, Part I, No. 817 of 4 September 2020

([35]) Eligible tangible and non-tangible assets, for investments between RON 5 million and 50 million in the research and development of frontier technologies

([36]) The tax wedge is an indicator of the tax burden on labour that can be assessed at various levels of earnings. It is defined as the sum of personal income taxes, employee and employer social-security contributions and other mandatory contributions, expressed as a percentage of total labour costs (composed of the net wage, personal income tax, social security contributions, and other mandatory contributions). Tax wedge data in the 2026 country reports are calculated by the Joint Research Centre of the European Commission and based on the EUROMOD model, while in the

low-income earners, namely the highest of all Member States at 41.7% for a single person earning 50% of the average wage (vs. an EU average of 31.6%) and the second-highest at 42.8% for a single person at 67% of the average wage (compared to an EU average of 35.8%), which may weaken their employment outcomes. In contrast, high income earners (single household at 167% of the average wage) the tax wedge is with 42.8% relatively low (vs. EU average of 44.1%).

Graph A3.2: **Tax wedge for single and second earners as a % of total labour costs, 2025**



Note: The second earner tax wedge shows a household's tax wedge resulting from the wage that a second earner taking up a job at 67% of the average wage receives. It does not show the total tax wedge of the household. The household is assumed to have a first earner at 100% of the average wage and no children. For the methodology of the tax wedge for second earners, see OECD (2024), Taxing Wages 2024.
Source: European Commission

The low progressivity in the PIT system reduces the redistributive of the tax and benefit system. The tax-and-benefit system reduced the Gini coefficient ([37]) in 2024 by 6.6 points, which was below the EU average of 7.8 points. Recently, for the purpose of computing income from independent activities, the deductibility threshold for the newly introduced pension contributions (i.e. pan-European personal pension products; occupational pensions funds/schemes; and voluntary pension schemes) was set as a separate tax-exempt threshold of EUR 400 per year ([38]).

Taxation of high-value assets or of certain sources of investment income was increased ([39]). As of 2026, the income tax rate applied on selected high-value assets ([40]) increased from 0.3% to 0.9%. Furthermore, for certain investment income the relevant tax rates were increased from 10% to 16%. This applies to gains from the transfer of virtual currencies or from securities and financial gold to dividend income distributed as of 2026. The tax rates on capital gains from securities (shares/bonds) and derivatives transferred through intermediaries increased from 1% and 3% to 3% and 6% respectively, if the assets were held more or less than 365 days.

For 2024, the foregone revenue due to tax expenditures (TE) ([41]) amounted to 4.2% of GDP (around RON 78.1 billion or EUR 15.5 billion). This was expected to remain at similar levels in 2025 and 2026. Romanian TE reporting covers CIT, PIT, VAT, SSC and local taxes. Some of the TEs have been eliminated with effect from 2026. The abolition as of 2025 of sector-specific TEs (such as exemption from PIT for IT, construction and agriculture workers) was expected to increase revenue by RON 3.94 billion (EUR 0.77 billion) in 2025. The lowering of the threshold to qualify for the micro-enterprises tax regime (of 1% rate) to EUR 250 000 in 2025 and to EUR 100 000 in 2026 is also expected to increase revenues ([42]).

Romania has a yearly reporting practice on TE, but lacks thorough evaluations integrated into the annual budget process. The Romanian authorities perform yearly TE reporting which is

past country reports they were based on the OECD tax and benefit model. While the underlying methodology is very similar, differences in the assumptions can lead to different results between both models.

([37]) The Gini coefficient measures the extent to which the distribution of income within a country deviates from a perfectly equal distribution. A coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income.

([38]) Government Emergency Ordinance No 8/2026

([39]) LAW no. 239 of 15 December 2025 establishing measures for the recovery and efficiency of public resources and amending and completing; Official Gazette No 1160 of 15 December 2025

([40]) Residential buildings exceeding RON 2.5 million and cars exceeding RON 375 000

([41]) Tax expenditures are tax relief measures or tax concessions resulting from a derogation from a benchmark system of a given tax in favour of (i) certain taxpayers or (ii) certain economic, social or cultural, activities.

([42]) Fiscal Council – Final Opinion - Budget 2025 - FINAL.pdf

made public in the report on the budget ([43]). The report does not however comprise a regular evaluation of TEs and whether the intended policy objectives are met, which would help evaluate cost-effectiveness.

Romania maintained a VAT compliance gap estimated at around 29.5% of the total VAT liability in 2024, the highest in the EU, despite a VAT policy gap significantly lower than the EU average ([44]). The VAT compliance gap has consistently been among the highest in the EU over the years. This reflects the administration's long-term ineffectiveness in addressing compliance issues and the informal economy. In 2023, the VAT losses due to missing trader intra-community fraud were estimated at EUR 292 million ([45]). While a drop of 3 pps in the VAT compliance gap was estimated for 2022 (to 26.7%) compared to 2021, in 2023 and 2024 the estimated VAT compliance gap increased again to around 30% ([46]).

As of 2022, electronic reporting obligations (SAF-T) have been mandatory for large firms and were extended to medium-sized enterprises in 2023 (yearly income above RON 50 000). Starting in 2025, the system is also mandatory for small businesses. Furthermore, as of 1 January 2025 Romania made e-invoicing for B2C supplies mandatory for established taxable persons, with certain derogations such as the postponement until 1 June 2026 for individual farmers applying the special VAT scheme. E-invoicing has already been mandatory for domestic B2B supplies between established taxable persons since 1 July 2024. On average, the additional combined taxes computed following audits amounted to approximately EUR 30 000 per audited taxpayer in 2025, the same as in 2024 ([47]).

Recent reforms regarding 'undeclared work' ([48]) reflect that the informal economy remains a concern with impact on the revenue collection. For PIT and SSC, the amount of the fines for 'contracting' workers without properly registering the contract was increased to RON 40 000 (EUR 10 000) per worker, without exceeding a combined fine per employer of RON 1 million (EUR 200 000), complementing the existing penalties for 'under-declared work and income'.

Romania had high e-filing rates for VAT (99.8%) and CIT (99%), but a low rate for PIT (52.9%) ([49]). Despite such high e-filing VAT rates, the VAT and CIT compliance gaps remain significant (see above). Romanian authorities published the procedure for submitting a pre-filled single tax return for individuals (Form 212) to be made available by 30 March of the tax year. For some income categories, a paper declaration may still be submitted on request. The submission deadline for the annual CIT return has been permanently extended to 25 June (instead of 25 March) of the following year.

Tax arrears are 1 pp. above the EU average, despite a positive trend in recent years and the lack of a tax recovery strategy ([50]). The level of outstanding tax arrears (31.7%) has decreased by 10.8 pps since 2018**.** Romania has a practice of writing off tax claims for VAT, income taxes and excise under certain circumstances and does not keep data on their recovery rate. The same recovery rules and practices apply across VAT, income taxes, excise duties and other national taxes. Under its national RRP, Romania has committed to making legislative changes on insolvency and the recovery of tax claims owed to the tax authority (ANAF) and other measures to improve fiscal transparency and public reporting on ANAF's performance. The Insolvency Law was recently amended (Law 239/2005).

Romania receives support under the EU's Technical Support Instrument to enhance

([43]) Ministry of Finances, Budget Report 2024

([44]) See Romania – Country Fiche, in European Commission (2025), Mind the Gap Report

([45]) VAT compliance gap due to Missing Trader Intra-Community (MTIC) fraud, Final report. Phase II

([46]) VAT gap in the EU - Publications Office of the EU

([47]) Buletin statistic fiscal nr 3 2025

([48]) Law No. 239/2025 on establishing measures to recover and streamline public resources and for amending and supplementing certain normative acts

([49]) International Survey on Revenue Administration data.

([50]) Romanian reply to the Survey for the preparation of EU Article 27 (3) of Directive 2010/24 (Tax Recovery Directive).

strategic tax administration reforms through the tax administration diagnostic assessment tool. The aim is to identify strengths and areas for improvement in administration of taxes upon international best practices, and to plan for reforms that will improve efficiency and effectiveness.

Romania's research and innovation (R&I) performance remains weak, associated with underinvestment, skills shortages, lack of coordinated innovation policy and governance deficiencies. Romania is classified as an 'emerging innovator' and exhibits the lowest innovation performance in the European Union. According to the 2025 European Innovation Scoreboard ([51]), Romania's innovation score is 37.7% of the EU average and also falls below the average for emerging innovators. For Romania, the 2025 country-specific recommendations (CSRs) highlighted the need to *promote private investment to foster sustainable economic development and to invest in innovation to reduce the dependency on fossil fuels*.

In 2024, Romania's R&D intensity stood at just 0.46% of GDP (EU average: 2.24%). This was the lowest in the EU and far from Romania's own target of reaching 2% of GDP by 2027 ([52]). This underfunding, coupled with the lack of multiannual budgeting and an inadequately developed system for performance-based funding, has created challenging conditions for research and innovation. The lack of skilled workers negatively affects Romania's research and innovation capacity, and the number of researchers employed in the public sector is almost three times lower than the EU average ([53]). Public policies to support innovation are underdeveloped and the innovation system suffers from governance deficiencies, with no single agency responsible for the overall management and coordination of innovation policy.

The digitalisation of Romanian businesses is improving, with companies performing better on integrating advanced digital technologies such as cloud and AI. Nevertheless, performance on AI adoption remains below the EU average and further efforts are needed to align with its Digital Decade targets.

([51]) European Innovation Scoreboard, 2025.

([52]) Government of Romania, 2022, *Strategia Națională de Cercetare, Inovare și Specializare Inteligentă 2022-2027*.

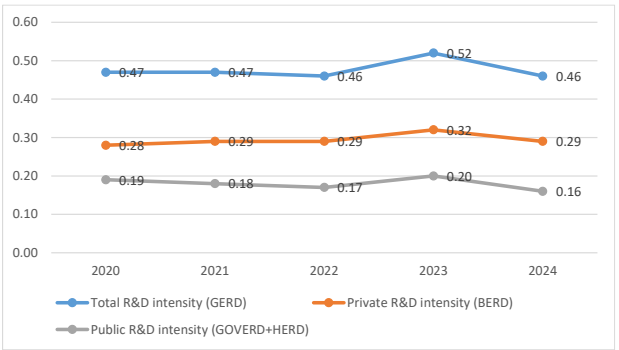
([53]) The number of researchers (measured in full-time equivalents) has remained stagnant since 2009 at 1.6 per 1 000 of population. This is below the EU average of 4.3 and is the lowest figure in the EU.

Excellent science

Romania's public research base remains weak due to underinvestment and a fragmented funding system. Public R&D expenditure has been declining, with the 2024 figures at only 0.16% of GDP. This is less than a quarter of the EU average of 0.72%. This underinvestment, coupled with fragmented public research system, has resulted in a weak foundation for public science ([54]). The public funding portfolio is fragmented and consists of many small instruments operating below optimal scale and efficiency.

Romania's public funding for R&I is also characterised by a lack of continuity and predictability in financial support. The lack of multiannual funding for R&I support instruments inhibits Romania's R&I investments, making it difficult to issue calls for proposals on a regular and predictable basis. To ensure coordination and strategic oversight of R&D investments, a National Science, Technology and Innovation Committee was established in 2023 as part of the national recovery and resilience plan (RRP) reform. However, this has yet to become fully functional.

Graph A4.1: **R&D intensity (GERD, GOVERD and BERD as % of GDP)**



Source: Eurostat

Unpredictability of public funding has created a large degree of uncertainty among R&I performers and has hindered long-term planning and projects. Universities play a very

([54]) European Commission (2022): *PSF Country review of the Romanian Research and Innovation System*.

limited role in public R&D and receive disproportionately low institutional R&D funding compared with other public research actors. The higher education sector carried out only 10% of public R&D in 2022, less than half the EU-27 average ([55]). Nevertheless, Romania has made some progress in improving the quality of its research system, as evidenced by a 38-percentage point increase in the number of scientific publications among the top 10% most-cited since 2018 ([56]). Romania has also taken action to boost R&D and scientific excellence in targeted areas, particularly in the medical field, with the national health programme financed by cohesion policy including pilot investments in thematic public-private partnerships and technology transfer facilities (see Annex 15). Overall, Romania has committed to increasing public R&D expenditure to 1% of GDP by 2027 ([57]) and is planning to introduce a multiannual funding mechanism. In addition, to address the public research system's fragmentation, regular evaluation of public research institutes as part of the RRP reform started in 2025. The reform is expected to be completed in 2026, with a need to design and implement proper follow-up actions.

Business innovation

Innovation performance remains limited, driven by low private investment. Business enterprise expenditure on R&D (BERD) has stagnated in recent years. In 2024 it stood at 0.29% of GDP in 2024, approximately one fifth of the EU average of 1.49% and lacking robust government support. BERD financed by the public sector (national and abroad) as a percentage of GDP has stagnated and is one of the lowest in the EU. This situation is particularly critical for SMEs, as they invest very little in R&D (0.04% in 2023 vs 0.43% EU average).

Romanian enterprises tend to innovate less and grow less quickly than their competitors in other EU countries. The number of high-growth enterprises is low and decreasing ([58]), and Romania has by far the lowest share of innovative enterprises in the EU. During 2020-2022, only 8.8% of Romanian firms introduced product and process innovations, compared with the EU average of 51.4% ([59]). This is combined with the low number of innovators not developing innovations themselves, few innovation-active non-innovators, and few non-innovators with the potential to innovate. Overall, the picture is one of a narrow innovation system, with few firms engaging in or supporting innovation processes ([60]).

Low business R&D, weak science-industry collaboration and limited effectiveness of technology transfer and commercialisation programmes are reflected by a poor level of innovation outputs. Patenting activity remains very low and has even decreased over the years. Romania's patent applications filed under the Patent Cooperation Treaty per billion euro of GDP declined from 0.37 in 2018 to 0.24 in 2022 and remain far below the EU average (2.81). By joining the unitary patent system in September 2024, Romania took a significant step towards potential increased patenting activity, enabling innovative companies to more easily protect their inventions and innovations across Europe. This is in line with the 2025 CSR on *promoting private investment to foster sustainable development.* The number of public-private co-publications as a percentage of total publications has also stagnated over the past decade and remains below the EU average – 5.65% compared with 7.62% in 2023. The share of innovating firms collaborating with higher education institutions or research institutions is one of the lowest in the EU and has been decreasing since 2017 ([61]). This result can largely be explained by the underdeveloped support for technology transfer offices and by regulatory

([55]) World Bank, 2024, *Note with the assessment of industry-academia linkages, good-practice example(s) of estimation of resources, and recommendations on key features of a potential program to support collaborative research.*

([56]) *Science, Research and Innovation Performance of the EU*, 2024.

([57]) National Strategy for Research, Innovation and Intelligent Specialisation 2022-2027 and National RDI Plan 2022-2027 – PNCDI IV.

([58]) Eurostat, 2024, *High growth enterprises and related employment by NACE Rev. 2 activity*, Statistics | Eurostat.

([59]) Community Innovation Survey 2022, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Community_Innovation_Survey_2022_-_key_indicators.

([60]) European Innovation Scoreboard, 2025.

([61]) ERA Dashboard 2024.

obstacles to the transfer of intellectual property rights for researchers and entrepreneurs ([62]). Few or no national statistics are collected on licensing activities and the creation of spin-offs from Romanian universities and research institutes. The RRP includes measures to improve the regulatory framework to incentivise collaboration. However, no further measures were taken to encourage universities and research institutes to actively participate in entrepreneurial initiatives and foster technology and knowledge transfer.

Efforts to bridge the gap between research and business have been hindered by limited implementation of innovation instruments. Romanian public support for innovation has remained weak. Romania had only four instruments in the 2014-2020 EU multiannual financial framework's policy mix specifically targeting firm innovation jointly amounting to EUR 74 million ([63]). To address this situation, from 2023 to 2028 Romania plans to spend around EUR 476.3 million annually on private-sector innovation and public-private collaboration ([64]). In addition, Romania has recently amended its R&D tax allowances scheme to make it more effective. However, the use of the tax incentives still remains negligible (0.007% of GDP, compared with 0.103 in the EU in 2021) ([65]), indicating the need to further simplify the measures in place. Cohesion policy provides a strategic solution to the gap between research and business, with a budget of EUR 1.05 billion ([66]) dedicated to long-term innovation instruments in Romania (see Annex 18). An interconnected opportunity to bring innovation closer to the market is provided by the development and manufacturing of critical technologies under cohesion policy. Part of the Strategic Technologies for Europe Platform (STEP), the initiative includes projects worth EUR 1.07 billion, expected to be financed in areas such as AI, green hydrogen, semiconductors and critical medicines. Most of the investment-focused interventions in the Romanian common agricultural policy (CAP) strategic plan prioritise innovative technologies. However, Romania's CAP support for cooperation and innovation in agriculture through the operational groups participating in the European Innovation Partnership is limited to approximately EUR 20 million for 2023-2027 and is lagging behind in terms of implementation and results ([67]).

Romania has yet to set up an innovation agency to coordinate and facilitate innovation efforts and stimulate private R&D. Significant regional and sub-regional disparities in innovation performance persist in Romania (see Annex 18). Regional development agencies responsible for regional innovation policies and investment lack the necessary skills and report a disconnect between national-level innovation priorities and specific, place-based innovation opportunities and challenges prioritised at regional level ([68]). This disconnect is a further barrier to achieving effective strategic coordination of innovation support. To address these challenges and promote a more coordinated and effective approach to innovation support, *in line with the 2025 country-specific recommendation to promote private investment,* Romania is preparing to set up a national innovation agency, expected to start operations in 2027. The agency is expected to drive innovation and integrate new stakeholders into the Romanian research and innovation system.

Uptake of digital technologies by firms is gradually increasing, although performance remains below the EU average and further efforts will be needed ([69]). As of 2025, less than half of Romanian SMEs (44.34%) have achieved at least a basic level of digital intensity. While this is a significant increase from 26.78% in

([62]) Kaymaktchiyski, S., Battiston, A. and Jiménez, V.M. editor(s), 2024, *Strategic evaluation of the technology transfer and IPR protection systems of Bulgaria, Croatia and Romania and recommendations for their enhancement*, Publications Office of the European Union.

([63]) World Bank, 2023, *Increasing Competitive Funding at the System Level and Predictability of Funding Streams at the Institutional Level, Functional Analysis with Research Support Instruments, and Methodology for Assessing the Policy Mix and Functional Analysis*.

([64]) World Bank, 2024, *ROINNOVATE: Building Blocks for an Innovation Agency in Romania*.

([65]) OECD, 2024, *R&D tax incentives in Romania*, https://stip.oecd.org/innotax/countries/Romania.

([66]) Cohesion Open Data Platform, https://cohesiondata.ec.europa.eu/.

([67]) Raport anual PS PAC 2023-2027 - Ministerul Agriculturii și Dezvoltării Rurale.

([68]) OECD, 2023, *Enhancing Strategic Planning and Innovation Services: Supporting Romanian Regional Development Agencies*.

([69]) *Romania 2025 Digital Decade Country Report, European Commission*.

2023, the level remains well below the EU average of 71.39%. More problematic is the level of SMEs with a very high digital intensity, where the gap with the EU average is increasing (2.42% in Romania; EU average: 9.06%). Nevertheless, Romania has been slowly improving in adopting advanced digital technologies within the broader Romanian business ecosystem. AI uptake increased from 3.07% in 2024 to 5.21% in 2025, but this is well below the EU level of 19.95%, with the gap increasing compared with previous years. The use of cloud computing registered the most significant growth, up from 15.52% in 2023 to 22.13% in 2025 (EU average: 46.69%). Data analytics solutions were used by 35.07% of Romanian companies in 2025, well above the 2023 level of 21.87% and closing the gap with the EU average of 39.85%.

Ongoing efforts by the government mostly target simplification of the business environment. Measures under the RRP aim to simplify and digitise procedures for issuing licences (following support received through the EU's Technical Support Instrument – TSI), authorisations, certifications and inspections (through an ongoing TSI project). The RRP measures also include efforts to identify disproportionate administrative requirements. These measures align with the 2025 CSR on promoting private investment to *foster sustainable development*. Authorities are cooperating with European Digital Innovation Hubs to support SMEs in their digitalisation process via an SME mentor programme and a mix of financial and non-financial instruments. Nevertheless, challenges remain, with companies struggling to identify how digitalisation can help their daily activities and to find the necessary capital to invest in digital solutions.

Entrepreneurial dynamism

Romania's local venture and growth capital market remains underdeveloped (see Annex 6). Despite progress in recent years, Romania's venture capital market still faces substantial structural weaknesses. A positive step towards addressing the persistent equity financing gap and catalysing innovation-driven enterprise growth comes from the establishment in 2025 of the Innovation Romania Holding Fund, co-financed by cohesion policy funds. The Fund will leverage private capital and invest in financial intermediaries supporting innovation-driven companies with potential for long-term growth. Other equity-based financial instruments have recently been set up at both national and regional levels, financed by cohesion and RRP funding. These include the Smart Growth programme and Vest Ventures. These instruments have potential to address the market shortcomings by delivering patient capital to viable yet underfunded businesses, facilitating technological upgrades, expansion and innovation.

Romanian small and medium-sized enterprises face limited access to funding (see Annex 6). Many businesses remain small, with limited potential to scale or integrate into higher value-added economic chains. In addition, there are regional and rural vs urban gaps in support services. Some regions and rural areas have been left with little or no support, little support for late-stage start-ups, a lack of experienced staff and a low level of public funding support ([70]). In total, cohesion policy envisages EUR 1.59 billion ([71]) worth of support for the growth and competitiveness of SMEs. The establishment in 2024 of the ROStartup Association ([72]), under the remit of cohesion policy, has been a significant step towards better coordination and support for community and capacity building for business support infrastructures and to strengthen links with public research organisations. The Association currently stands as an example of how local initiatives to unite the start-up ecosystem can be scaled up beyond the local level.

Romania's innovation procurement framework would benefit from significant improvement. In the benchmarking of national innovation procurement policy frameworks across Europe, Romania is in 22nd position in the EU, with a total score of 15.81% ([73]). Even though the country improved its score (from 12.9% to 15.81%), it has gone down one position compared

([70]) Startup Enabler Capability Assessment (SECA): A Toolkit for Understanding Startup Ecosystems through the Capabilities of Intermediaries, World Bank, 2024.

([71]) Cohesion Open Data Platform, https://cohesiondata.ec.europa.eu/.

([72]) https://rostartup.com/.

([73]) ROMANIA. COUNTRY PROFILE – Benchmarking of national policy frameworks for innovation procurement, 2024.

with the previous benchmarking in 2020, as other countries improved their policy frameworks faster. The country's performance is below the EU average (33.05%) in total and on 9 of the 10 indicators. Romania has so far implemented only a few of the policy measures to establish a comprehensive framework for innovation procurement.

The low number of researchers and shortage of skilled workers limit Romania's innovation and research capacity. The number of researchers employed in the public sector (measured in full-time equivalents) has remained stagnant for more than a decade at 1.6 per 1 000 active population, considerably below the EU average of 4.3 and placing Romania last of all EU countries. Challenges such as limited career development opportunities, poor working conditions and low salaries for researchers ([74]) contribute to the unattractiveness of researcher careers and to brain drain ([75]). Additionally, the number of new graduates in science and engineering has stagnated, which negatively impacts the country's innovation potential. This issue is compounded by Romania having the lowest percentage of population aged 25-34 to have completed tertiary education in the EU. Even though the proportion of Romanians aged 25-34 with a tertiary degree increased slightly to 23.2% in 2024, it remains significantly below the EU average of 44.1% and the EU-level target of 45% ([76]). Romania's RRP outlines various reform and investment measures aimed at improving governance of the R&I system. They aim at increasing the appeal of research careers, attracting international talent to the sector, and creating centres of excellence. A new law on the status of R&I staff was adopted in 2024, aiming to create a better environment for human resources in the public research system, increase the attractiveness of research careers and align salaries in the sector ([77]). The reform is planned to be completed in 2026 and needs to be put in practice, supported by sufficient financial resources for universities and research institutes.

Entrepreneurship education remains an emerging field in Romania, without a unified strategy to increase innovation readiness. Romania lacks a dedicated national strategy for entrepreneurship education. The 2023 Pre-University Education Law ([78]) explicitly mentions entrepreneurial competence as a key skill throughout schooling. Romania is among a handful of EU countries employing all three classical curricula approaches to entrepreneurship education, i.e. (i) as a cross-curricular objective, (ii) as a separate compulsory subject, and (iii) infused into other subjects like 'Civic Education', 'Technological Education' and 'Economics' ([79]). Teacher competence frameworks do not facilitate entrepreneurs' involvement in entrepreneurship education, as a university degree is required in order to teach at universities ([80]). This limits their involvement in entrepreneurship education and reduces students' exposure to practical business experience. Practical entrepreneurial experiences include optional activities under the Junior Achievement Romania programme ([81]) in general upper secondary education, as well as practice firms and the 'Quality Mark' school competition for vocational students. In higher education, entrepreneurship education is concentrated in business and economics faculties, with limited cross-disciplinary integration. Meanwhile, challenges persist in bridging theory-practice gaps and engaging the business sector in developing curriculum and skills intelligence. Despite recent efforts, systemic challenges persist in ensuring consistent development of relevant entrepreneurial skills for the labour market across the entire educational system.

([74]) PSF Open Final Report, 2022, *Implementation Plans for Recommendations from the PSF Country Review of the Romanian Research and Innovation System*.

([75]) European Commission, 2022, *Knowledge Ecosystems in the new ERA: Talent circulation and intersectoral mobility: Analytical report with a mapping of talent mobility and causes of brain drain*.

([76]) *Education and training monitor 2025 – Romania*, European Commission

([77]) https://legislatie.just.ro/Public/DetaliiDocument/283972.

([78]) Pre-University Education Law No 198/2023 (https://legislatie.just.ro/Public/DetaliiDocument/271896) and Order No 6731/2023 for approving graduate student competency profile with descriptors tailored to each educational level – primary, lower and upper secondary (https://legislatie.just.ro/public/DetaliiDocument/277019).

([79]) European Commission / EACEA / Eurydice, 2025, 'Entrepreneurship education at school in Europe – 2025', *Eurydice Report*, Luxembourg: Publications Office of the European Union.

([80]) Higher Education Law No 199/2023.

([81]) Junior Achievement (JA) programme: https://www.jaromania.org/.

Table A4.1: **Key Innovation Indicators**

Romania	2010	2015	2020	2022	2023	2024	2025	EU average (1)	US
Headline indicator									
R&D intensity (gross domestic expenditure on R&D as % of GDP)	0.45	0.49	0.47	0.46	0.52	0.46	:	2.24	3.44
Science and innovative ecosystems									
Public expenditure on R&D as % of GDP	0.27	0.28	0.19	0.17	0.20	0.16	:	0.72	0.64
Scientific publications of the country within the top 10% most-cited publications worldwide as % of total publications of the country	3.61	4.06	5.28	6.19	:	:	:	9.44	12.31
Researchers (FTEs) employed by public sector (Gov+HEI) per thousand active population	1.7	1.6	1.6	1.6	1.6	1.6	:	4.3	:
International co-publications as % of total number of publications	26.61	32.65	38.03	40.01	39.74	41.03	:	57.24	:
R&D investment & researchers employed in businesses									
Business enterprise expenditure on R&D (BERD) as % of GDP	0.17	0.21	0.28	0.29	0.32	0.29	:	1.49	2.69
Business enterprise expenditure on R&D (BERD) performed by SMEs as % of GDP	0.09	0.07	0.03	0.04	0.04	:	:	0.47	0.30
Researchers employed by business per thousand active population	0.7	0.5	0.6	0.7	0.9	1.0	:	5.9	:
Innovation outputs									
Patent applications filed under the Patent Cooperation Treaty per billion GDP (in PPS €)	0.33	0.51	0.33	0.24	:	:	:	2.81	2.20
Employment share of high-growth enterprises measured in employment (%)	:	:	:	1.01	1.03	:	:	0.87	:
Digitalisation of businesses									
SMEs with at least a basic level of digital intensity % SMEs (EU Digital Decade target by 2030: 90%)	:	:	:	:	26.78	:	44.34	71.39	:
Data analytics adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	21.87	:	35.07	39.85	:
Cloud adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	15.52	:	22.13	46.69	:
Artificial intelligence adoption % enterprises (EU Digital Decade target by 2030: 75%)	:	:	:	:	1.51	3.07	5.21	19.95	:
Academia-business collaboration									
Public-private scientific co-publications as % of total number of publications	4.64	4.80	6.0	6.28	6.07	5.65	:	7.62	:
Public expenditure on R&D financed by business enterprises (national) as % of GDP	0.03	0.03	0.02	0.02	0.02	:	:	0.06	0.02
Public support for business innovation									
Total public-sector support for BERD as % of GDP	:	0.04	0.03	0.03	0.01	:	:	0.21	:
R&D tax incentives: foregone revenues as % of GDP	:	0.00	0.01	0.00	0.00	:	:	0.10	:
BERD financed by the public sector (national and abroad) as % of GDP	0.05	0.04	0.02	0.03	0.01	:	:	0.11	:
Financing innovation									
Venture capital (market statistics) as % of GDP (calculated as a 3-year moving average)	0.00	0.00	0.01	0.01	0.01	0.01	:	0.06	:
Seed stage funding share (% of GDP)	0.00	0.00	0.00	0.00	0.00	0.00	:	0.01	:
Start-up stage funding share (% of GDP)	0.00	0.00	0.00	0.00	0.00	0.00	:	0.03	:
Later stage funding share (as % of GDP)	0.00	0.00	0.00	0.00	0.00	0.00	:	0.03	:
Innovative talent									
New graduates in science & engineering per thousand population aged 25-34	:	11.17	12.04*	12.31*	12.84*	13.41*	:	16.82	:
Graduates in the field of computing per thousand population aged 25-34	:	2.60	3.59*	3.86*	4.29*	4.34*	:	3.84	:

(1) EU average for the last available year or the year with the highest number of country data. * Break in series

Source: Eurostat, OECD, DG JRC, Science-Metrix (Scopus database), Invest Europe, European Innovation Scoreboard

The good performance of the economy that had been under way for a long time has almost stopped in the last two years. The economy is deindustrialising. Industrial output went down from a share of 25% of GDP in 2015 to 17% in 2024. Business environment remains unpredictable. Business investment is stagnating. Business dynamism is below the EU average. Business exit and the efficiency of the insolvency framework are low. The productivity gap between large companies and SMEs is significant. Access to bank finance for SMEs is hampered by weak capitalisation of companies, but also by expensive loans coming, among other factors, from low retail competition in banking. Self-financing and trade credit are widely used. The GDP share of energy intensive industries dropped significantly following the increase in energy prices. Public procurement is affected by a high share of single bids, pointing to weak competitive dynamics in several sectors. Restrictively regulated professions may hamper productivity.

The 2025 CSRs highlight the lack of predictability as a key weakness of the business environment, affecting investment. Regulation is done on an ad hoc basis, with only symbolic stakeholder consultation and impact assessment. The administrative burden is high but there are no systemic initiatives to tackle it, except for the reforms supported by the Recovery and Resilience Plan (RRP) to ease entry into business. Other relevant initiatives require further action (SME test, single industrial license).

Business dynamics

Business investment is stagnating. Total investment has been high for a long time and remained at high levels in 2024 - 25.3% of GDP, the second highest level in the EU. But its composition has changed in the last years. Business investment remained relatively stable since 2019 (around 13% of GDP) and close to the EU average (13.4% vs 12.6% in 2024). Investment in equipment posted several negative year-on-year growth rates after 2016([82]). Public investment has increased strongly from 2.5-3% before COVID to 5.5-6% after the pandemic. With close to 6% in 2024, Romania has the third highest level of public investment in the EU. EU funds absorption has supported those high levels, facilitated by the extra resources from the RRF and the usually higher payments associated with the final years of the Multiannual Financial Framework (MFF). Household investment is also high in EU comparison since 2017 (6-8% of GDP).

SMEs are very important for the economy but show weak performance. In 2024, Romanian SMEs had an average level of value-added per person employed that was half that of the EU (EUR 27200 vs 54 000) ([83]). Their share of employment (68.6%) was slightly above the EU average (65.1%) but much higher for value added (60.5% vs 53.6%) ([84]). The country has a low SME-intensity: 49 SMEs/1 000 inhabitants, well below the EU average of 58 ([85]). The productivity gap between large companies and SMEs is significant. Value-added per person employed is around 40% higher in large companies ([86]). Micro firms, which employ almost half of the SME labour force, are the least performing among SMEs, similar to EU peers.

Business exit and the efficiency of the insolvency framework are low. Cumulative business entry and exit rate (business churn) for 2023 (18%) is slightly below the EU figure (19%) ([87]). The exit rate (6%) seems especially low compared with the EU level (8.4%). It may also be linked to the fact that the insolvency framework in Romania is more rigid than in most European countries ([88]). Insolvency is time-consuming, late and has limited impact in terms of prevention or reorganisation ([89]). The weight of companies under

([82]) European Commission, Spring Forecast, p. 195.

([83]) European Commission, Annual Report on European SMEs 2024-2025, p. 14. The figure refers to the non-financial business economy.

([84]) 2025 SME Factsheet for Romania.

([85]) See p. 11 of the Annual Report on European SMEs 2024-2025.

([86]) Calculations based on the data in the SME Factsheet.

([87]) Eurostat.

([88]) OECD, Enhancing Insolvency Frameworks to Support Economic Renewal, 2022, p. 9; OECD, Economic Survey of Romania, March 2026. Business insolvency has by far the lowest score (51.7/100) among the 10 areas considered in the 2025 report of the World Bank 'Business Ready for Romania'.

([89]) National Bank of Romania, Raport asupra stabilitatii financiare, December 2023, p. 119; December 2025, p. 59-60.

insolvency, on the other hand, is limited (1.7% of GVA, 4.5% of assets). The government has recently adopted minimum levels of capitalisation for SMEs and dissolution measures for inactive firms. The EU rules on insolvency had been transposed into national legislation by mid-2022.

Business environment

The 2025 CSRs highlight the lack of predictability as a key weakness of the business environment, affecting investment ([90]). Investment is a long-term business and needs predictability. The government adopted several packages of measures in the last three years that have significantly changed the rules for both SMEs and large companies. Preparation time left for businesses was very short or non-existent. The use of emergency ordinances by the government is extensive. 200 ordinances have been adopted in 2024, which gives an almost 30% increase on 2023([91]). Emergency ordinances represented 25,5% of all primary legislation adopted in 2025 (see Annex 7). The 2025 recommendation focuses on three areas (see also Annex 7 Effective Institutional Framework):

Stakeholder consultation. Business associations are more active. The government sought more feedback from enterprises. Several problematic legislative provisions for companies have been removed following consultations. But there are still surprises: no follow up on agreed measures or new measures adopted which have never been discussed.

Effective impact assessments. Stakeholders report missing and inadequate impact assessments ([92]). With RRF support, the authorities have adopted a new legislative framework for the SME test, but further efforts are required to facilitate its practical application. ([93]).

Streamlined administrative procedures. The share of firms with a relatively large proportion of their employees working on regulatory assessment and compliance is the third highest in the EU ([94]). The government has delivered on its RRP commitment to ease the requirements for setting up a company. The single industrial license, benefitting from support under the Technical Support Instrument (TSI) and RRF, has made progress. The new framework envisages tacit approval, a one-stop-shop and coordination among the 19 authorities involved. However, an encompassing, whole-of-government agenda for simplification is not in place, partly because of missing resources.

Access to bank finance for SMEs is hampered by weak capitalisation of companies but also by expensive loans coming from low retail competition in banking. Self-financing and trade credit are widely used. Trade credit is 16 times larger than short-term loans from banks, placing Romania top of the EU for this metric. Weak capitalisation among companies and, for medium-sized SMEs, unprofessional management (e.g. absence of a chief financial officer) should be addressed to improve bankability. On the other hand, more than half of the entrepreneurs perceive bank loans as expensive (see Savings, Investment, and Access to Finance annex) and the main barrier to access. Three quarters of the companies in Romania have not taken out any loans denominated in lei. The average interest rate for new loans was above 9% in September 2025 ([95]). The tougher macroprudential rules set up during the financial crisis; the high risk premium demanded by foreign owned banks; the significant crowding high-risk credit by the government make credit expensive. Weak competition is also a contributing factor to making the loans expensive. Retail banking, together with notaries and cement, are the three sectors where competition pressure is weakest ([96]). Nationally owned entities seem to have a higher exposure to SMEs. The new Bank for Investment and Development, which is the national promotional bank, set up with RRP and TSI support, may help SMEs access finance. It has nevertheless to learn the lessons from previous national support programs – mostly untargeted,

([90]) See CSR 3/2025.

([91]) 2025 Rule of Law Report for Romania, Commission Staff Working Document, p. 16.

([92]) 2025 Rule of Law Report for Romania.

([93]) No SME test has been applied to the very significant legislative changes adopted in the last three years.

([94]) EIB Investment Survey 2025.

([95]) National Bank of Romania, Survey on Access to Finance - December 2025, p. 14.

([96]) Competition Council, Competition developments in key sectors, 2025, p. 78.

providing stimulus mainly to commercial activities. The national medium-term fiscal-structural plan includes a new business financing support measure. This reform foresees the establishment of an Investment Fund for the support of the private equity business for SMEs, a new legal framework to support strategic investments in the manufacturing industry, and a new legal framework for granting special purpose grants for manufacturing.

SMEs are affected by late payments from the public sector. Romania stands out in the 2025 SAFE survey in terms of the number of SMEs reporting late payments from public entities (32%, the second highest share in the EU). As in the previous edition, there is no data for 2025 for Romania concerning average payment periods in G2B and B2B transactions. In April 2024 the European Commission initiated an infringement procedure against Romanian public health authorities for failing to correctly apply the EU Late Payment directive for payments to pharmacies.

Romania remains an EU leader in gigabit connectivity, but struggles with ensuring 5G coverage, despite the progress registered since 2023. FTTP (fibre-to-the-premises) coverage in 2024 was at 95.74%, well above the EU average of 69.24%. A similar situation can be seen for fixed very high-capacity networks (VHCN), with Romania registering 95.88% coverage in 2024 compared to the EU average of 82.49%. Remarkably, Romania registered similar levels of coverage for both categories in rural areas, with FTTP levels at 93.48% (EU average 58.78%) and VHCN levels of 93.62% (EU average 61.89%). Growth for both categories has been slow, with telecom operators reaching a limit in cost effectiveness in extending network coverage in the remaining areas. Additional incentives could be explored between the telecom operators and the national authorities to identify ways to get closer to the 2030 target of 100% coverage. While the situation has been improving, Romania underperforms in terms of 5G coverage. In 2024, 46.75% of Romanian households were covered by 5G connectivity, a substantial increase from 2023 (32.75%), but significantly under the EU average of 94.35%. This is mainly due to relatively low demand (most needs are met by existing 4G networks and only 38.33% of harmonised spectrum has been assigned), the high level of investment needed to replace the existing network compared to revenue per user and limited support measures to facilitate 5G extension and take-up.

Single Market

Romania's public procurement system continues to face challenges over transparency, efficiency and competition. Key issues include persistently high single-bid tenders, weaknesses in planning and tender preparation that can reduce participation and persistent capacity gaps across a highly decentralised system. The OECD 2025 report ([97]) finds that Romania has integrity and risk controls but they are often applied late and in an uncoordinated way, focusing on formal compliance checks rather than preventing problems and improving outcomes.

A key concern is the persistently high share of single bids, pointing to weak competitive dynamics in several sectors. Romania records one of the highest single-bid rates in the EU, reaching 49% in 2025, which is well above the EU median of 27%. Single bids show different sectoral patterns depending on the metric used. One metric, focused on risk by sector, shows elevated single-bid rates in utilities and in a set of specialised markets, including certain professional services (consultancy, R&D), textiles, basic metals, and some specialised services. In addition, another metric, focused on the sectoral contribution to total single-bid awards, shows medical equipment/health, forestry and local authorities as the most problematic sectors. Single-bid rates are highest in intermediate value bands (approximately EUR 150 000 to EUR 5 000 000) and lower for the highest-value contracts. Higher rates are also observed for public undertakings and entities controlled by central or regional authorities. The World Bank's 2025 study on EU public procurement competition identifies, for Romania, a skewed distribution of awards, with many one-off winners alongside a sizeable group of repeat winners, consistent with concentration of awards in parts of the market.

The direct awards indicator shows a significant break in series in 2024–2025. After standing at 22% in 2023, the rate reported

([97]) Managing Public Procurement Risks in Romania | OECD

in the Public Procurement Data Space (PPDS) falls to below 1% in 2024 and 2025, reflecting late and incomplete reporting. This reduces the reliability of monitoring and limits the scope for an evidence-based assessment of procurement performance in Romania.

The effects of measures to improve performance have yet to be observed. Romania is continuing with reforms (supported by the RRP and TSI) to streamline procedures and strengthen institutional capacity. Studies and surveys highlight persistent skills gaps among many local authorities and challenges in preparing and running procedures. Reported barriers to participation include rigid or subjective qualification and selection criteria, technical specifications perceived as difficult to comply with or not aligned with needs, unrealistic cost estimation, short time limits for bid preparation, and low confidence the likelihood of a fair chance to win. The OECD 2025 report also highlights that data from e-procurement systems is not yet used systematically enough to monitor risk patterns and competition outcomes or to target interventions to the weakest-performing authorities and procedures.

There are significant regional disparities in running public procurement procedures. Over half of Romania's public procurement contracts were concentrated in just ten counties ([98]), with Bucharest and Cluj alone accounting for more than 50% of total contract value and almost 40% of the number of contracts. Ten counties account altogether less than 7% of all contracts. The practice shows that there is a limited number of specialists to conduct a transparent and competitive process in the small municipalities and high turnover. Project preparation and planning are weak at both national and local level.

Several measures are being implemented to address these issues, in line with the Public Procurement National Strategy 2023–2027, notably on professionalisation, digitalisation and centralisation. Competency frameworks for procurement roles are publicly available, while structural constraints remain on professionalisation (including the absence of a dedicated special status for procurement staff, incomplete career/managerial pathways and fragmentation of responsibilities for training delivery and certification). On centralisation and e-procurement under the RRF, seven central purchasing bodies are operational, with framework agreements and call-offs underway for standard categories and an expansion in 2025 of centrally purchased categories and users. New functionalities, including electronic evaluation forms, expanded dynamic purchasing system functionalities, and electronic contract, e-invoice and e-payment, have been introduced.

On strategic procurement, institutional arrangements have been put in place through the competence centre structure established within the procurement authority in late 2024 and staffed through internal redeployment in 2025. Measures have been adopted on green public procurement (including criteria for 12 product categories and a national programme for 2025–2030), while work on social and innovation procurement continues, with some actions delayed.

Businesses' views on corruption risks in public procurement are above the EU average. In Romania, 75% of companies (EU average: 58%) consider tailor-made specifications for particular companies in public procurement procedures, and 70% (EU average: 53%) conflicts of interest in the evaluation of bids, 'very' or 'fairly widespread' practice. Among companies that have experience in and participated in a public procurement procedure, 37% think that corruption has prevented them from winning a public tender or a public procurement contract in practice (EU average: 25%) ([99]). 45% of businesses perceive the level of independence of the public procurement review body (The National Appeals Settlement Council) to be 'very' or 'fairly good' when it is reviewing public procurement cases ([100]). Romania received support through the EU's Technical Support Instrument to implement the integrity and anti-corruption framework, including reducing the risk of corruption in public procurement.

Romania's eProcurement landscape and data quality issues highlight the need for

([98]) National Agency for Public Procurement, data for 2023.

([99]) European Commission, 2025, *Flash Eurobarometer 555*, Ec.europa.eu.

([100]) European Commission, 2025, *EU Justice Scoreboard*, Ec.europa.eu

interoperable systems, common standards and stronger data governance. Romania's centralised eProcurement service allows economic operators to use a single system to access all national public procurement procedures. However, concerning cross-border procurement, issues remain, creating complexity and barriers to participation for firms of other Member States. This is specifically relevant for the relatively high rate of foreign economic operators registered in Romanian's eSubmission service. This fragmentation underscores the need to introduce interoperability and common standards. The once-only principle is only partially implemented at national level (see Annex 7), and buyers across the EU still lack digital access to relevant evidence. Romania has one dedicated service for public procurement data which is used for statistical reporting and monitoring of the public procurement system. However, it does not fully cover the public procurement lifecycle (e.g. including invoices to understand contract performance). Reinforcing data collection and analysis will contribute to the objective of supporting a data-driven management of the public procurement lifecycle ([101]).

Corruption and fraud have been identified by the national authorities as risks in the public procurement process, with some measures ongoing to address them. Procurement is considered a sector with a high risk of corruption with 75% of Competition Council investigations concerning public procurement procedures. The Court of Accounts submits that most corruption cases, alongside bid-rigging and overpricing, seem to take place mostly at local level. It pleads in favour of more training on ethics for local officials, in particular mayors. Through the EU's TSI, the Competition Council is fighting bid rigging in public procurement to improve compliance and competition for public contracts. The number of integrity warnings issued by the electronic system to prevent conflicts of interests in public procurement continued to be stable. Work is ongoing under the RRP to digitalise the public procurement process. Electronic submission forms, electronic tender evaluation, dynamic purchasing procedures with automated qualification assessment, and tools for e- contracts, e-invoicing, e-payments and contract management have been introduced, and the Electronic Public Procurement System (SEAP) is now interconnected with registers of other public institutions. With the support of the EU's Technical Support Instrument, Romania has identified fraud and corruption risks in all stages of the public procurement process.

Romania performs well in transposing Single Market legislation. Romania has a transposition deficit of 1% (in line with both the EU average of 1.1% and the 1% target set by the EU Council). The percentage of Single Market directives incorrectly transposed (conformity deficit) is at 0.4% (third best performance among the Member States). The number of pending Single Market infringement cases in Romania and the average time to solve infringement proceedings are slightly above the EU average. Romania resolved 86% of all SOLVIT cases it handled as lead centre (EU average of 84.6% in 2025).

The compliance of products circulating in the Market ([102]) is key to ensuring a level-playing field for law-abiding companies and the safety of consumers. In Romania, the number of market surveillance investigations has increased compared with 2019. In 2025, national authorities reported – in the EU system for market surveillance (ICSMS) – a total of 26.7 investigations per one million inhabitants, which is lower than the EU median of 136.2. The number of notifications remains limited in absolute terms, which may also be the result of insufficient IT national interoperability to the ICSMS system. The upcoming revision of the Market Surveillance Regulation will upgrade ICSMS to a fully interoperable EU digital platform.

National Standardisation Bodies are central to ensuring that the European Standardisation System operates effectively and contributes to removing structural barriers-such as the "Terrible Ten"-that continue to limit the full potential of the Single Market and the competitiveness of EU industry. However, evidence suggests that the Romanian Standardisation

([101])European Court of Auditors, Special Report 28/2023: *Public Procurement in the EU. Less competition for contracts awarded for works, goods and services in the 10 years up to 2021*, 2023, Special report 28/2023: Public procurement in the EU

([102])Part of the barriers highlighted in the Single market strategy ('Terrible Ten') and the 2026 Annual Single Market and Competitiveness Report.

Association faces persistent resource constraints, which risk slowing down standardisation processes and limiting stakeholder participation. Without targeted investment, Romania risks falling behind in standardisation, which could ultimately weaken its industrial competitiveness and its ability to fully benefit from the opportunities of the Single Market.

Access to the Single Market is an opportunity that many SMEs in Romania could exploit better. Romania's trade integration (goods and services) into the Single Market is above the EU average (28% of GDP vs 26%). The bulk of intra-EU exports in value terms (60%) came from large companies, which indicates that SMEs have scope to improve their presence on the single market.

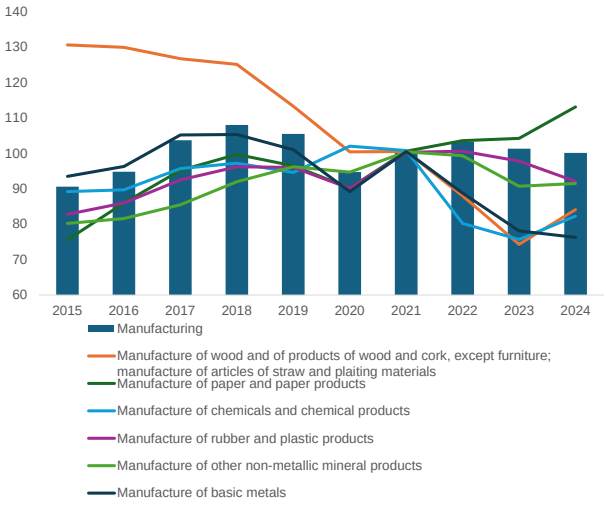
Restrictively regulated professions may hamper productivity. Regulatory restrictions in a number of professions remain stricter in Romania than the EU average, creating additional costs, especially for SMEs, while lowering productivity. This applies in particular to civil engineers, architects, accountants, tourist guides, and notaries. Lawyers are also subject to legal form, incompatibility rules and multidisciplinary restrictions, all of which affect the potential of the legal sector for innovation. The fragmented system regulating civil engineers and their activities seems to be a barrier to their free movement and hampers the efficiency of service provision.

Industry and economic security

The economy is deindustrialising. Industry went from a share of 25% of GDP in 2015 to 20% in 2020 to 16.8% in 2025. It is now slightly below the EU average. Manufacturing dropped from 20% of GDP in 2016 to 11.9% in 2025. Construction held better and registered the highest share in GDP in the EU in 2024 (7.9%) and 2025 (8.7%). These high levels of construction are also boosted by infrastructure.

The GDP share of energy-intensive industries dropped significantly following the increase in energy prices. In recent years, Romania has seen an increase in energy prices. Electricity prices for businesses were the third highest in the EU in the first half of 2025; second highest for gas, despite being a significant EU producer. The prices for the large consumers were even higher. The hardest hit sectors were manufacturing of basic metals (-24% compared to 2021), chemicals (-18%) and wood (-16%). If the share of energy-intensive industry hovered around 4-5% in 2018-2021, it declined steeply to 2.8% by 2023 (see also Annex 9).

Graph A5.1: **Manufacturing output: total and selected sectors, index (2021=100), 2015-2024**



Source: Eurostat

The automotive industry is a crucial sector for Romania. Automotive is the top industrial sector with 13-14% of GDP and 1/3 of exports. It accounts for as much as half of manufacturing. With more than half a million cars a year, Romania ranks 6th to 8th among the biggest producers in the EU, on a par with Hungary and Italy. The sector has moved up the value-added chain. 70% of everything for Dacia cars is made locally (everything except design). The external economic environment creates significant challenges for the future. 40% of manufactured exports go to Germany. The weakening of the German economy is affecting the automotive sector as well as Romanian industry in general. Three factors may be key in keeping a strong automotive sector in Romania: support for innovation in the sector by mobilising the favourable on-paper framework ([103]); affordable energy; phasing out the special minimum income tax on turnover. The government has acted on the latter by halving the rate for

([103])See OECD, Economic Survey for Romania, 2026, p. 102.

2026 (0.5% instead of 1%) and committing to remove it from 2027 on.

Romania could improve its performance in implementing the Net-Zero Industry Act (NZIA). Romania has designated a single point of contact, which is crucial for streamlining communication and coordination among stakeholders. For the moment, it has not confirmed any Net-Zero Strategic Projects and has not established a national contact point to manage applications that could facilitate the advancement of those projects. Finally, Romania has not expressed an interest in the acceleration valleys described in NZIA regulation.

Romanian manufacturing's dependence on imports of critical raw materials is low. With 9% of material inputs stemming from imports in 2024 (EU average: 22%), Romania is the least vulnerable to supply chain disruptions of all EU Member States. Its index of strategic dependencies on raw materials in 2024 was one of the lowest in the EU, suggesting that its sources of supply are well diversified. Through a multi-country TSI project, Romania is coordinating industrial capabilities for supply chains resilience, to enhance the security of EU supply chains, with a focus on reducing dependencies on non-EU countries for critical raw materials and strategic industrial products. Additionally, Romania is addressing critical raw materials (CRMs) and CRM-rich products in several national laws and initiatives. The "National Strategy for Non-Energy Mineral Resources, Horizon 2035" was adopted at the end of 2024. Romania's efforts to contain the expected rise in demand for CRMs also include increased investment in R&D and education via its national Circular Economy Action Plan. The country may be a source of critical raw materials for the green transition, but certification and exploitation for these materials remain difficult. Permitting for CRM works well in Romania (60 days, well below the EU target of 27 months). The country has three projects under the Critical Raw Materials Act.

Table A5.1: **Single Market and Industry**

Romania								
POLICY AREA	**INDICATOR NAME**		**2021**	**2022**	**2023**	**2024**	**2025**	**EU-27 average**
Business environment and investment								
Productivity and investment	Labour productivity (GDP per hour worked in PPP terms), % of EU27[1]		66.7	68.1	73.2	72.8	76.2	100.0
	Business investment (share of GDP)[1]		12.4	13.0	13.0	13.4	13.4	12.6
	Public investment (share of GDP)[1]		4.1	4.4	5.4	5.9	6.0	3.9
Business environment and simplification	Impact of regulation on long-term investment, % of firms reporting business regulation as a major obstacle[2]		16.8	22.7	30.1	31.0	35.0	34.0
SME liquidity	EIF Access to Finance for SMEs index - loans[3]		0.27	0.37	0.23	0.25	-	0.43
	EIF Access to Finance for SMEs index - equity[3]		0.10	0.08	0.32	0.14	-	0.19
Late payments	Payment gap - corporates B2B, difference in days between offered and actual payment[4]		11.7	12.2	14.5	-	-	17.4
	Payment gap - public sector, difference in days between offered and actual payment[4]		9.2	15.4	16.4	-	-	13.6
	Share of SMEs experiencing late payments, %[5]	from private entities in the previous or current quarter	-	-	-	44.9	46.5	47.1
		from public entities in the previous or current quarter	-	-	-	29.8	32.1	15.9
Single Market								
Integration	EU trade integration, average(intra-EU imports + intra EU exports)/GDP, %[1]		31.7	33.6	30.3	28.1	27.8	40.7
	EEA Services Trade Restrictiveness index[6]		-	-	-	-	-	0.050
Public procurement	Single bids, % of total contractors[7*]		32	39	42	44	49	27
	Direct awards, % of negotiated procedures[7*]		17	24	22	1	1	6
Compliance	Transposition deficit, % of all directives not transposed[8]		2.9	0.3	0.2	0.8	1	1
	Conformity deficit, % of all directives transposed incorrectly[8]		0.9	1	1.2	0.2	0.4	1.1
	SOLVIT, resolution rate per country, %[8]		86.9	93.2	91	92.3	86	84.6
	Number of pending infringement proceedings[8]		30	32	32	28	28	25
Industry and economic security								
Energy-intensive industries	Electricity prices for non-household consumers[1]		0.2131	0.4337	0.2787	0.2431	0.2423	0.1462
	Electrification (electricity as a share of total energy consumption in industry)[1]		26.5	27.1	29.0	-	-	32.7
	Share of energy from renewable sources (renewable energy generation as a share of overall energy consumption)[1]		23.9	24.2	25.8	25.4	-	25.2
Critical raw materials	Material import dependency, %[1]		10.1	9.9	9.2	9.0	-	22.4
	Circular material use rate[1]		1.5	1.5	1.5	1.3	-	12.2
Operational cleantech manufacturing capacity in 2025[9]	- Solar PV (c: cell, w: wafer, M:module), GW		-		- Electrolyzer, GW		-	
	- Heat pump assembly		-		- Battery, GW		2.0	

Source: (1) Eurostat, (2) EIB Investment Survey, (3) EIF SME Access to Finance Index, (4) Intrum Payment Report, (5) SAFE survey, (6) OECD, (7) data up to 2024: Single Market and Competitiveness Scoreboard, 2025: Commission calculation based on TED data, accessible at the Public Procurement Data Space (PPDS) (*) the value represented here under EU average is the median, (8) Single Market and Competitiveness Scoreboard, (9) European Commission calculations.

Table A6.1: **Savings and Investments Union summary diagnostic**

Topic	*Main features*	*Relative EU positioning*
Asset-backed pension schemes	Assets at 8.9% of GDP (32.3% in the EU) 10-year real return of 1.0 (1.4% in the EU)	Low pension assets yield a high real return.
Households' financial assets	EUR 11 915 per capita (EUR 85 090 in the EU) o/w 5.8% in listed shares and bonds (7.6% in the EU) o/w 2.6% in investment funds (11.0% in the EU) o/w 1.2% in life insurance (13.4% in the EU) o/w 13.7% in pension claims (13.6% in the EU)	A low share of households' very low financial assets is invested in equity and in capital markets. No savings and investment account.
Venture capital (VC) **Private equity (PE)**	VC at 0.007% of GDP (0.064% in the EU) PE at 0.035% of GDP (0.487% in the EU)	Very low venture capital and low private equity investments.
Capital taxation	Capital gains tax of 3% or 6% if held less than 365 days. Dividends are taxed at 16% while interest income tax is 10%. Interest income from public debt is exempted in certain cases.	Dividends are taxed higher than interest income and interest income from public debt is exempted
1-3 **4-10** **11-17** **18-24** **25-27**	Colours indicate the country's relative ranking based on five groups, ranging from the three best to the three worst performers. The relative ranking as regards an SIU diagnostic topic derives from a consistent cross-country comparison, the starting point of which is the average of the underlying main features.	

Source: OECD (pensions), Eurostat (households' financial wealth), FISMA CMU dashboard (VC and PE), national sources (capital taxation). End-2024.

Romanian companies rely more than their EU peers on internal funding, despite operating in a business environment that is comparable with the EU average for structure and size. This is largely because non-financial corporations have limited capital. For Romania, the 2025 CSRs highlighted the need to promote private investment to foster sustainable economic development. In this, the role played by the financial sector as an enabler of economic growth is key. The financial sector in Romania is dominated by banks, which are well placed to channel funds to the economy, yet Romanian capital markets still have significant room for growth. One obstacle to its expansion is the limited level of households' financial assets and their low investments in capital markets products. Non-banking intermediaries are still underdeveloped and have conservative investment strategies, which does not support equity, bonds, and venture capital and private equity investments. Romania shows some weaknesses in the main indicators of progress towards the policy goals of the Savings and Investments Union (see Table A6.1). The authorities have undertaken several initiatives to address some of these challenges, including a national strategy for the development of the Romanian capital market for the period 2023-2026 ([104]).

Business landscape and company funding

Romania's corporate landscape, in terms of structure and size, is similar to the European average. Micro firms represent 94.2% ([105]) of the total number of firms, employ 32.1% of the working population and provide 26.2% of total value added (VA). Large enterprises employing over 250 staff make up only 0.2% of all firms but provide employment to 31.4% of the active population and 39.5% of the economy's VA (see Annex 5 for more details). This business landscape has concrete implications for the corporate sector's demand for funding.

The Romanian corporate sector heavily relies on internal financing. According to the 2025 EIB Investment Survey: CESEE overview ([106]), internal sources accounted for the greatest proportion of the funds invested by Romanian companies (71%), followed by external sources (24%), with the remainder (5%) coming from intra-group financing – compared with EU averages of 66%, 25% and 9%, respectively. According to the survey, many Romanian firms (74%) were satisfied with their overall level of investment over the last three years, but 18% reported having invested too little, a number which is higher than the EU average (12%). Romanian firms continue to focus the largest share of their investments on replacing

([104])National strategy.

([105])SME Performance Review - Internal Market, Industry, Entrepreneurship and SMEs.

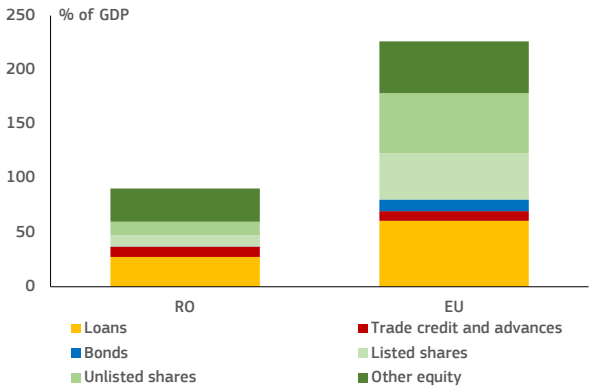
([106])See EIB Investment Survey 2025: CESEE overview.

capacity (including existing buildings, machinery, equipment and IT) (45% vs an EU average of 54%) rather than expanding it (34%, vs an EU average of 23%).

Romanian companies rely relatively moderately on debt finance to fund their activities. Borrowing by non-financial corporations (NFCs) in Romania (including loans, trade credit and bonds) reached just 37% of GDP in 2024, which is significantly below the EU average of about 81% (see Graph A6.1). Trade credit and advances represent a major proportion of their liabilities (almost 11% of NFC funding in Romania, as compared with just under 4% on average in the EU), which creates liability interlinkages between companies and exposure to the risk of non-payment by customers. One of the reasons behind this type of financing is the low level of capital held by many NFCs, which constrains their access to external finance – 10.2% of firms report being finance-constrained in 2025, vis-à-vis the EU average of 6.1% ([107]). Under-capitalised companies' drive the deterioration of payment discipline in the economy, as they account for approximately 56% of total overdue payments of firms ([108]).

To improve access to finance, the National Development Bank (NDB) has recently become operational under the recovery and resilience plan (RRP). It is developing its financing products to address financing gaps, in particular for SMEs, innovative firms and viable infrastructure projects. Its strategy – encompassing loan portfolio guarantees, individual guarantees and direct lending – targets projects with high growth and job creation potential. NDB's operational initiatives, such as the EUR 233 million Regional Participation Fund ([109]), which combine low interest loans with grant components, aim to support SMEs and move private capital into underserved segments, thereby complementing the private banking sector and enhancing overall access to finance.

Graph A6.1: **Composition of non-financial corporations' funding**



Source: Eurostat. End-2024.

Size and structure of the financial sector

The Romanian financial sector is dominated by banks. By the end of 2024, Romanian banks' assets reached 52% of GDP (see Graph A6.2), well above any other segment of the financial sector, but also well below the EU average of 251%, making it the smallest banking sector in the EU relative to GDP. Foreign presence is predominant and accounts for almost 63% ([110]) of bank assets. The banking sector has been consolidating recently, with smaller, less profitable and under-capitalised banks acquired by larger credit institutions. The concentration in the banking sector now appears to be slightly higher than the EU average, with the top five monetary financial institutions (MFIs) representing around 62% of total bank assets ([111]). The insurance and pension funds sector as well as the investment funds play a very limited role in financial intermediation (see the section below on institutional investors).

Romania shows a very low degree of financial intermediation. This could be explained by: (i) a large proportion of companies with equity below the regulatory threshold limiting their access to bank finance, which according to

([107])EIB (2025), Investment Survey Romania. Finance-constrained firms include those whose loan applications were rejected (7.6% of the total 10.2%), those that received less financing than requested (1.5%), those that ultimately did not take up the loan because it was too expensive (0.8%), and discouraged firms (0.4%).

([108])Financial Stability Report, December 2025 - Overview.

([109])*Fondul de Participare Regional | Banca de Investiții și Dezvoltare*.

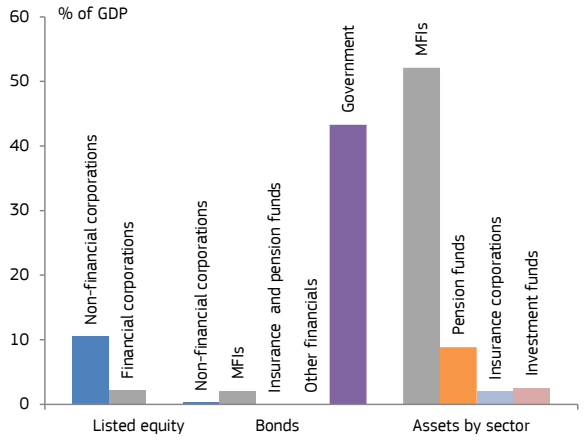
([110])Banking structure | ECB Data Portal.

([111])Banking structure | ECB Data Portal.

the National Bank of Romania amounted to one third of the companies ([112]); (ii) weak payment discipline in the economy; (iii) low rates of bank account ownership ([113]), particularly among low-income individuals outside the labour force; and (iv) a modest degree of financial literacy.

Romanian capital markets still have significant room for growth. The market capitalisation of listed equity reached 12.4% of GDP at Q2-2025 (see Graph A6.2), which is well below the EU average of 67.9%. Despite this, the trend has been positive since the second half of 2023 ([114]). Romania has passed legislative measures ([115]) to simplify the listings process in terms of both procedures and timelines, which contribute to addressing the CSR on promoting private investment. The Romanian RRP includes a measure providing financial support to firms intending to list on the stock exchange, but interest in the measure has been limited. NFCs accounted for 83% of the market capitalisation, which implies that the stock market in Romania is predominantly geared towards funding the non-financial segment of the economy. The outstanding volume of debt securities reached 46% of GDP at end-2024, which is also significantly below the EU average. Bonds issued by the government accounted for 95% of the total, meaning that the amount of corporate bonds is marginal. The market infrastructure mainly comprises the Bucharest Stock Exchange, which is a joint stock company owned by institutional and private investors. *Depozitarul Central* is the Central Security Depository (CSD) for Romanian equities, municipal and corporate bonds and investment funds units, and SaFIR is the CSD for government securities. To stimulate regional markets, in 2024 eight central and eastern European stock exchanges (Bratislava, Bucharest, Budapest, Ljubljana, Zagreb, Sofia, Warsaw and Skopje), together with the EBRD, signed a memorandum of understanding (MoU), which was followed by another MoU signed by the finance ministers of these eight countries.

Graph A6.2: **Capital markets and financial intermediaries**



Source: ECB, OECD, AMECO. End-2024.

Households' participation in capital markets

One obstacle to the expansion of Romania's capital markets is the low level of households' financial assets and their even lower investment in capital markets products. Retail investment remains modest compared with other EU countries, partly due to limited disposable income and a cultural preference for traditional savings methods, such as bank deposits and non-financial assets (mainly real estate). As of end-2024, Romanians have the lowest financial assets per capita in the EU, at c. EUR 11 900, vs an EU average of c. EUR 85 000 (see Graph A6.3). Romanian households' aggregate financial assets stood at 63% of GDP, which is below the EU average of 212%. Households held almost 42% of this financial wealth in cash and bank deposits, as opposed to 32% on average in the EU ([116]). Romanian household investments across all other categories of financial assets are significantly below the EU average. For example, investments in insurance and pension funds, relative to GDP, are almost six times smaller than the EU average. Direct holdings of bonds and listed equity are also significantly lower, both in nominal amounts per capita and relative to GDP (0.3% in Romania vs 2.4% in the EU, in nominal

([112])Financial Stability Report, December 2025 - Overview.

([113])Global Findex Database 2025.

([114])*Autoritatea de Supraveghere Financiară - Evoluția pieței de capital din România în primul semestru din anul 2025.*

([115])Law No 11/2025.

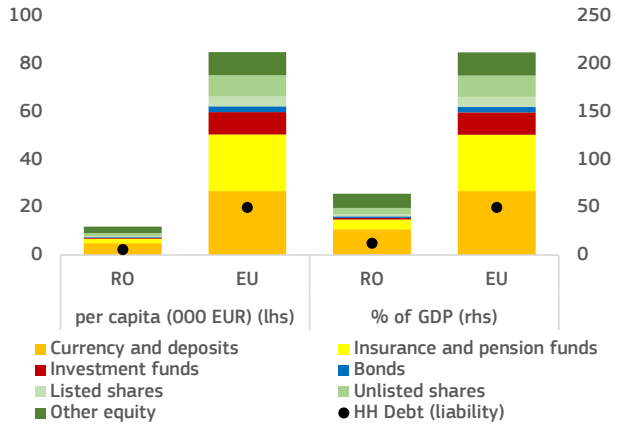
([116])Households - statistics on financial assets and liabilities - Statistics Explained - Eurostat.

amounts per capita, for bonds, and 0.4% vs 4.1% for listed equity). Personal income taxes distinguish between dividends (taxed at 16%) and interest income (taxed at 10%). Capital gains are taxed at 3% or 6% if the assets are held less or more than 365 days (see Annex 3).

Romania ranks comparatively low in the EU for financial knowledge and financial inclusion. According to the Global Findex database ([117]), account ownership in Romania remains the lowest in the EU. The lack of financial knowledge is a barrier to increasing retail-investor participation in capital markets and to helping companies explore alternatives to traditional bank financing. According to the 2023 Eurobarometer survey ([118]), only 13% of Romanians have a high level of financial knowledge (vs 26% for the EU average), 57% have a medium level (vs 50%), and the remaining 30% possess a low level (vs 24%). At the same time, Romania scored better than the EU average for financial behaviour in terms of choosing products (65% completely agree to consider whether they can afford it vs 51% in the EU), keeping track of expenses (57% completely agree to do it vs 49% in the EU) and setting and striving to achieve long-term financial goals (30% completely agree vs 21% in the EU).

Several recent initiatives aim to address these challenges. One of the objectives of the national strategy for the development of the capital markets 2023-2026 ([119]) is to increase the participation of individual investors in capital markets. This strategy contributes to addressing the CSR on promoting private investment. In addition, the government adopted in 2024 a national strategy for financial education with a 2030 target date ([120]) as the framework for improving financial education across three main target groups: children and young people up to 25 years, the adult population, and businesses. This aligns with the legislative recognition of financial education in school curricula ([121]), where it has been compulsory for eighth-grade students since 2020/21, though broader exposure remains limited due to integration within optional modules, socio-human subjects, and uneven teacher preparedness despite several training initiatives. Romania has put in place two retail sovereign tax free bond issuance programmes (FIDELIS ([122]) and TEZAUR ([123])) to increase retail participation in financial markets, offering bonds in both EUR and RON, with different maturities. However, there is no individual savings and investment account with a simplified and advantageous tax treatment, as recommended by the Commission ([124]).

Graph A6.3: **Composition of households' financial assets**



Source: Eurostat. End-2024.

The banking sector: resilience and financing of the economy

The banking sector in Romania is highly profitable, well-capitalised and has a strong liquidity position. The system-wide capital ratio stood at 23% in Q3-2025, well above the EU average (see Table A6.2). Romanian banks' profitability remained high in 2025, though earnings are expected to decline as interest rates continue to normalise. Banks also maintained a very strong liquidity position, with a net stable funding ratio at 186% and a liquidity coverage

([117]) Global Findex Database 2025.

([118]) Monitoring the level of financial literacy in the EU - July 2023 - Eurobarometer survey.

([119]) National Strategy.

([120]) The National Financial Education Strategy 2024-2030 has been adopted | Ministry of Education and Research.

([121]) Law No 198/2023 on Pre-university Education.

([122]) Fidelis ONLINE - TREZOR - MF.

([123]) Government bonds FIDELIS - TREZOR - MF.

([124]) Commission Recommendation (EU) 2025/2029 of 30 September 2025 on increasing the availability of savings and investment accounts with simplified and advantageous tax treatment.

ratio at 243.2% in Q3-2025([125]). Asset quality has deteriorated recently with a marginal increase in the non-performing loan (NPL) ratio to 3% in Q3-2025. The banks' asset quality outlook is subject to increased uncertainty due to the current conflict in the Middle East and its impact on energy prices and economic growth.

Despite the overall favourable situation, Romanian banks face several challenges. The sovereign-bank nexus has strengthened in recent years. Romanian banks' exposure to domestic general government debt has further increased, reaching the highest level among EU countries at about 24.6% ([126]) of total assets in November 2025. In addition, banks (as well as NFCs) face other challenges stemming from global geopolitical uncertainties and trade tensions, domestic macroeconomic imbalances, the need to adapt to climate change, the amplification of cyber risks and rapid digitalisation.

Credit growth to the private sector accelerated in 2025 although the overall level of private sector credit-to-GDP remains the lowest in the EU (see Table A6.2). The increase was driven by consumer loans which accelerated rapidly, at a double-digit rate, due to the significant increase in nominal incomes, as well as to corporate credit growth, while mortgage lending was subdued.

Role of non-bank financial intermediaries

The Romanian insurance sector is relatively small and invests predominantly in fixed-income instruments. The insurance sector is dominated by non-life insurers, whose liability structure overall does not favour asset allocation to equity and other long-term and high yield assets. The Romanian insurance sector, that has experienced turbulence in recent years, ranks last in the EU in terms of assets as a percentage of GDP (2.1% in Q3-2025 compared with 53.9% on average in the EU) (see Table A6.2). The insurance sector is highly concentrated, both in terms of the types of insurance offered (mainly car insurance) and in terms of the significant market shares held by a relatively small number of insurance companies. According to data from the European Insurance and Occupational Pensions Authority (EIOPA) ([127]), as of Q3-2025, Romanian insurance companies primarily invested in fixed-income financial instruments, mainly government bonds (1.2% of GDP), most of them Romanian, while corporate bonds were the equivalent of just 0.1% of GDP. Equity investments were even smaller, at 0.01% of GDP.

The private pension sector is developing. Since its creation in 2007, the Romanian private pension sector has played an increasingly important role, complementing the public pension system. There are two main categories of private pension schemes. The main one (called pillar 2 in Romania) must be joined by individuals under the age of 35 and represents 96% of private pension funds' assets. The other one (pillar 3) is voluntary. Together, pillar 2 and pillar 3 pension schemes' assets amounted to EUR 37.3 billion at the end of September 2025, up by 23% compared with September 2024 ([128]). There are no occupational pension funds, even though the framework exists (called pillar 4 in Romania). Romania does not operate a formal nationwide pension tracking system that consolidates all pension sources in one place for individuals, in line with Commission Recommendation ([129]). Total pension assets (public and private) stood at 8.9% of GDP vs an EU average of 32.3% in 2024 (see Table A6.2). Romania adopted in 2025 a law ([130]) that limits withdrawals after 2027 to 30% of an individual's total private pension savings (in pillars 2, 3 and 4) as a lump sum upon retirement. The previous system allowed retirees to withdraw the total amount of their private pension savings at once when they reached the retirement age of 65. Moreover, Romania's mandatory pillar 2 contribution rate currently stands at 4.75% of gross wage, up from 3.75% as of January 2024

([125])Data categories | ECB Data Portal.

([126])ECB total assets and ECB holdings of debt securities

.

([127])Insurance statistics - European Insurance and Occupational Pensions Authority.

([128])Financial Supervisory Authority - 2025 - Private Pension Reports.

([129])Commission Recommendation (EU) 2025/2384 of 20 November 2025 on pension tracking systems, pension dashboards and auto-enrolment.

([130])Law 2/2026.

following the increase implemented under the RRP pension reform.

Private pension funds invest mainly in government bonds, and only a relatively small portion in shares. At the end of September 2025, Pillar 2 assets were mainly invested in government bonds (65% of total assets), with only 25% invested in listed shares and 0.09% non-listed shares ([131]). This asset allocation is not bound by the limits included in the applicable legislation. According to the OECD ([132]), it could be linked to the approach taken by the financial market supervisor when classifying the pension funds in different risk categories. To assess the risks of a fund, the different asset classes are weighted by their corresponding risk. The weights assigned by the supervisor could be hampering long-term investments in the economy. Pillar 3 pension schemes are also heavily invested in government bonds pattern despite being allowed more freedom in allocating assets.

The investment funds sector in Romania is less developed than in other EU countries, due to factors such as a less mature financial market, lower financial literacy and lower overall wealth. Investment funds assets amounted to only 3.1% of GDP in Q4-2025 ([133]). On the other hand, the fund management industry in Romania tends to invest more in equity and deposits than its European peers: 43.3% of total assets were allocated to shares and other equity, 30.8% to debt securities, 15.4% to deposits and 9.6% to investment fund units.

Venture capital ecosystem

Romania's domestic venture and growth capital market remains significantly underdeveloped and insufficient to meet the potential financing needs of innovative companies. In 2024, PE (private equity) and VC (venture capital) stood at just 0.035% and 0.007% of GDP, well below the EU average figures of 0.5% and 0.064% of GDP, respectively. This means that funding available for start-ups and high-growth companies is limited. This is partly due to the relatively small size of institutional investors and their conservative investment strategies. Another reason is that Romania also has the lowest level of research and development (R&D) expenditure as a percentage of GDP in the EU, which limits the creation of innovative and technological companies, and hence the need for VC funding (see Annex 4). In recognition of these challenges, one of the key objectives of the national strategy for the development of the capital markets 2023-2026 is to stimulate the growth and maturity of the PE and VC markets, fostering an ecosystem that can better support the country's innovative and high-potential companies and connect them with investors. In this framework, to further promote alternative investment funds (AIFs) following a PE or VC investment strategy the authorities are in the process of revising and secondary legislation on AIF by making AIF arrangements for professional investors in Romania more flexible and simplified, as well as increasing the clarity, predictability, and harmonisation of the legislation applicable to collective investment undertakings. This initiative contributes towards addressing the CSR on promoting private investment.

([131]) Financial Supervisory Authority - 2025 - Private Pension Reports.

([132]) Capital Market Review of Romania (EN).

([133]) See Assets and liabilities of investment funds | ECB Data Portal.

Table A6.2: **Financial sector indicators**

		2018	2019	2020	2021	2022	2023	2024	2025-Q3	EU
Banking sector	Total assets of MFIs, % of GDP	50.9	50.0	56.7	58.2	54.9	53.2	52.1	49.1	246.1
	Common equity Tier 1 ratio	17.7	19.0	21.8	19.9	19.2	19.5	20.5	19.8	16.8
	Total capital adequacy ratio	19.7	21.0	23.5	22.2	22.4	22.7	23.5	23.0	20.2
	Overall NPL ratio, % of all loans	5.0	4.3	3.9	3.4	2.8	2.5	2.6	3.0	1.9
	NPL ratio, loans to NFCs	8.8	7.3	6.6	5.5	4.1	3.7	4.1	4.9	3.5
	NPL ratio, loans to HHs	5.1	4.4	4.5	4.0	3.7	3.8	3.5	3.3	2.1
	Return on equity ratio[1]	13.6	12.3	9.0	13.1	15.7	16.8	17.7	16.4	9.6
	Loans to NFCs, % of GDP	11.6	11.0	11.6	12.4	12.8	12.2	11.9	11.2	29.3
	Loans to HHs, % of GDP	13.9	13.4	14.0	13.8	12.4	10.9	10.9	10.6	43.6
	NFC credit growth rate, %	9.3	6.0	6.7	20.0	19.1	12.8	10.1	10.0	2.5
	HH credit growth rate, %	10.9	7.0	4.7	9.7	6.0	3.9	11.8	14.6	2.6
Non-banking sector	Stock market capitalisation, % of GDP	-	-	8.4	11.4	9.0	13.5	12.7	13.7	69.9
	Initial public offerings, % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.06
	Market funding ratio	28.5	28.3	28.8	26.3	24.5	24.7	24.2	-	49.7
	Private equity, % of GDP	0.175	0.205	0.127	0.086	0.036	0.041	0.035	-	0.487
	Venture capital, % of GDP	0.001	0.004	0.005	0.007	0.007	0.008	0.007	-	0.064
	Financial literacy, composite index	-	-	-	-	-	47.5	-	-	45.5
	Bonds, % of HHs' financial assets	1.8	2.0	2.2	1.8	2.0	2.4	2.7	-	2.8
	Listed shares, % of HHs' financial assets	2.4	2.3	2.0	3.8	3.1	3.3	3.1	-	4.8
	Investment funds, % of HHs' financial assets	4.4	4.5	3.4	3.5	2.4	2.1	2.6	-	11.0
	Insurance/pension funds, % of HHs' financial assets	12.9	14.2	14.1	14.4	13.7	15.1	15.8	-	27.8
	Total assets of insurers, % of GDP	2.2	2.1	2.2	2.0	1.9	1.9	2.1	2.1	53.9
	Pension assets, bn EUR	-	-	-	18.7	20.2	26.4	31.3	-	5813.8
	Pension assets, % of GDP	-	-	-	7.8	7.2	8.2	8.9	-	32.3
	10y real return average of pension assets, %	-	-	-	-	-	1.7	1.0	-	1.4
	Pension funds assets, ECB (% of GDP)	-	-	-	-	-	-	-	-	-

1-3 | 4-10 | 11-17 | 18-24 | 25-27 — Colours indicate performance ranking among the 27 EU Member States.

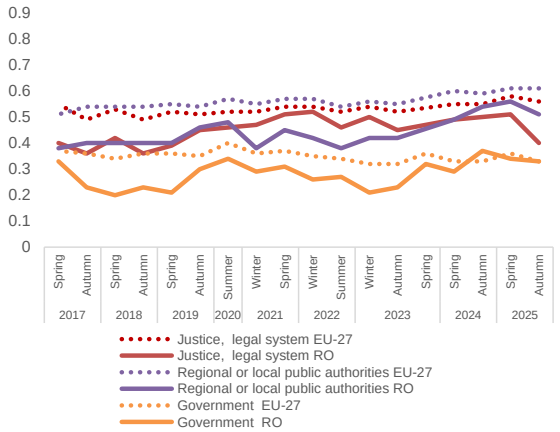
(1) Annualised data. EU data for credit growth and pension funds refer to the EA average.

Source: ECB, Eurostat, European Insurance and Occupational Pensions Authority, DG FISMA CMU dashboard, AMECO.

An effective institutional framework is essential for competitiveness. This requires public trust built on integrity, quality legislation, regulatory simplification and efficient services for people and businesses. For Romania, the 2025 country specific recommendations highlighted challenges with the quality and effectiveness of public administration and the predictability of decision-making, including the need for appropriate stakeholder consultations, effective impact assessments and streamlined administrative procedures.

Public trust

Graph A7.1: **Trust in justice, regional / local authorities and in government**



(1) EU-27 since 2019; EU-28 before
Source: European Commission, Standard Eurobarometer surveys

Public trust in Romania is below the EU average. Trust in regional and local authorities is highest, although it fell in 2025. Trust in justice also declined sharply in 2025 (Graph A7.1). Both people and companies retain confidence in the public administration's ability to handle their data securely and responsibly ([134]).

([134])European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

Quality of lawmaking and implementation

Romania has a formal framework to develop quality legislation, but there is scope for further improvement. All draft laws and regulations require an accompanying explanatory note describing the rationale and likely impacts. However, the quality of these notes varies greatly between and within institutions, despite overall improvement in the last years. The Consultative Council for the Impact Assessment of Normative Acts, set up in 2022, needs to further improve its capacity to ensure an adequate quality control ([135]). The absence of a formal requirement for the legislator to assess the level of compliance when developing legislation weakens the ability to monitor the implementation of legislation (Table A7.1). The legislative backlog had reached 1 500 draft laws when the new parliament was elected in December 2024.

Shortcomings persist in practice for public consultations, which remain often formalistic. Consultations lack early engagement in the policy cycle and are usually conducted on draft legislation ([136]). Ministries are required by law to publish all draft legislation for feedback on their website. Civil society organisations and businesses still consider that public consultation often remains a box-ticking exercise, with very tight deadlines and little consideration for their comments. An exception to the general transparency obligations, including public consultations, applies in emergency situations ([137]), which is still frequently used ([138]). The e-Consultare platform ([139]), which aims to centralise public consultations on draft legislation, was further improved with new features but is still seen as non-user-friendly by civil society organisations and businesses. Under Romania's

([135])Annual report on the impact assessments of regulation adopted by the Romanian government in 2024.

([136])The World Bank, 2025, Report on Mapping the Functional Relationships between the Consultative Council, the General Secretariat of the Government and Line Ministries, and Streamlining and Consolidation Recommendations.

([137])Government Decision 1173/2022 of 21 September 2022.

([138])European Commission, 202,5 Rule of Law Report, Chapter on Romania, and country visit to Romania, February 2026.

([139])https://e-consultare.gov.ro/. Funded under the RRP.

Table A7.1: **Romania. Selected indicators on better regulation practices for primary legislation**

Tools for smart legislation:	
Share of possible impacts assessed for all primary laws when developing legislation	
Regulators are required to identify and quantify the benefits of a new primary law	
Regulators are required to identify and assess the impacts of alternative non-regulatory options	
Tools for effective implementation: when developing laws, regulators are required to:	
Assess the level of compliance	
Identify and assess potential enforcement mechanisms	
Specify the methodology of measuring progress in achieving the law's goals	
Oversight of better regulation:	
There is an external body responsible for reviewing the quality of RIAs and of ex post evacuations	
There are publicly available assessments of the effectiveness of RIA in modifying regulatory proposals	
There are reports on the level of compliance by government department with the requirements of RIA	
There are indicators on the percentage of ex post evaluations that comply with guidelines	
The effectiveness of ex post evaluations in improving the regulatory stock has been assessed in the last five years	

High / yes / for all primary laws | Medium / in part / for major primary laws | Low / for some primary laws | Very low / no / never

Source: OECD, 2025, Regulatory Policy Outlook 2025 [https://doi.org/10.1787/56b60e39-en] and Better Regulation across the European Union 2025.

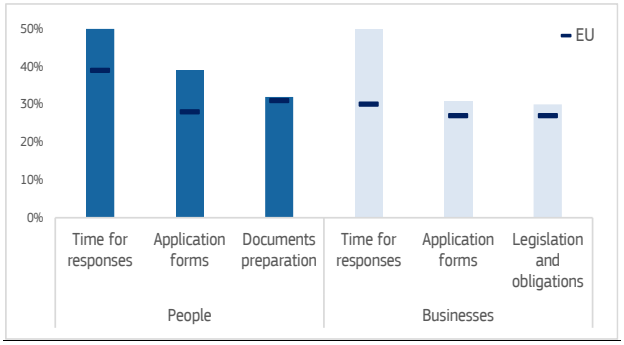
recovery and resilience plan (RRP), a public dashboard on the level of transparency of public institutions was developed ([140]). The RRP also includes the adoption of a 2026-2030 plan for better regulation aimed at improving public policy planning, impact assessment and stakeholder consultation process.

***Ex post* evaluation of legislation is well below the EU average**. It is neither systematic nor consistent, despite available guidance. *Ex post* evaluation of government emergency ordinances with significant impact is required two years after their adoption, while further evaluations can be conducted on an ad hoc basis at the government's request ([141]).

Legislative unpredictability and regulatory burden are primary concerns for businesses ([142]). Government emergency ordinances continue to be used frequently, accounting for 25.5% of all primary legislation adopted in 2025, compared to 29.3% in 2024 and 21.6% in 2023 ([143]). Constant amendments to the legal framework further undermine local administrative capacity (see Annex 18) and the business environment. While a whole-of-government approach for simplification is missing, some measures have been launched (see Annex 5).

Public service delivery and digitalisation

Graph A7.2: **Most time-consuming aspects of service delivery**



Source: European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

Romania has made good progress in digitalising its public services but still faces significant challenges with the level of satisfaction of people and businesses. Only 22% of businesses are satisfied with the public administration services (EU: 42%), placing Romania lowest in the EU. Moreover, 64% of businesses declared that they had experienced increased operational costs due to challenges with

([140])https://info-transparenta.gov.ro/.

([141])OECD, 2025, Better Regulation Practices across the European Union 2025, OECD Publishing, Paris, https://doi.org/10.1787/6f007516-en.

([142])Fact-finding Semester visit to Romania, January 2026.

([143])Legislative Council database.

Table A7.2: **Digital Decade key performance indicators: availability of digital public services**

	Romania			EU-27
	2023	2024	2025	2025
Digital public services for citizens (0 to 100)	48	52	63	82
Digital public services for businesses (0 to 100)	45	50	55	86
Access to electronic health records (0 to 100)	57	59	75	83

(1) Digital Decade target by 2030: 100. (2) Publishing year, data were collected in the previous year.
Source: European Commission, State of the Digital Decade report 2025

public administration services. Overall, people are more satisfied with public services (44%), just below the EU average. However, the perception of public administration as slow in service delivery remained unchanged between 2023 and 2025, and 52% of people cite public administration processing time as the most time-consuming aspect, marking a huge gap with the EU average (Graph A7.2). In addition, they report that clarity on procedures would improve interaction with public administration (61% versus 44% at EU level). Some 45% of businesses mention processing delays as their main challenge in dealing with public services ([144]).

The availability of digital public services for people increased in the last year but is still significantly below the EU average (Table A7.2). Similarly, the availability of electronic health records has increased considerably from 59 to 75 but is still below the EU average of 83 ([145]). While people can in theory access their electronic health records via an online portal (see Annex 15), few manage to do so as the platform is outdated, and mobile access is not available. Moreover, not all data types are available and less than 50% of healthcare providers are connected and supplying data. A new Health Insurance IT platform is expected in 2026 under the RRP investments. The share of e-government users remains very low at 25%, compared to the EU average of 76%, and fell 1% in 2025 compared to 2024 ([146]). One in five people claim to have never used digital services, the highest share in the EU. This can be explained by the fragmented nature of public services, which the RRP is addressing by connecting public institutions through the government cloud. Low digital adoption can also be explained by the underperformance in basic digital skills, in which Romania ranks last in the EU ([147]). Just under 5% of individuals in Romania have used their eID to access services provided by public authorities (EU: 46%) ([148]), which should improve with the ongoing RRP investment in eIDs. Moreover, 71% of people agreed that public administration repeatedly asks for the same personal data. This is also reflected by the low level (27%) of pre-filled forms for key life events ([149]).

Digital public services for businesses have improved but the gap with the EU remains high (Table A7.2). The National Trade Register digital portal provides a fully online company registration process, and 73% of Romanian businesses report regular use of digital public administration services (EU: 68%) ([150]). However, the platform's user-friendliness remains low, due to the need for repetitive data entry, limited status tracking, manual post-registration procedures and insufficient automation and validation features ([151]). In 2025, the government approved changes to urban planning and construction procedures, to simplify the process and to speed up investment. The adoption of the Code of Spatial Planning,

([144])European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

([145])European Commission, 2025, Digital decade e-health indicator study.

([146])European Commission, 2025, eGovernment Benchmark.

([147])European Commission, 2025, Romania 2025 Digital Decade Country Report.

([148])Eurostat, 2025, Use of electronic identification (eID), isoc_eid_ieid.

([149])European Commission, 2025, Romania 2025 Digital Decade Country Report.

([150])European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services

([151])European Commission, forthcoming, Simplification of key life events.

Urbanism and Construction is an upcoming milestone in the RRP. Moreover, the single industrial licence reform was adopted, and the new framework will become operational once the supporting digital platform is completed. The Office for Industrial License has also been set up, and Romania mapped commerce and services licences that could be potentially brought together under the same office ([152]). Key challenges that companies face include non-harmonised legislation and procedures, excessive paperwork and non-transparent processes ([153]). No comprehensive online system is currently available for building and environmental permits ([154]).

Romania is not yet ready to enable the cross-border exchange of data and documents between authorities through the EU once-only technical system (OOTS) ([155]). When once-only enabled services ([156]) become accessible, people and businesses will no longer have to search for their data, download and upload documents manually across e-government portals in different Member States. There is potential for Romania to be more actively involved in the OOTS community and continue the Romanian roll-out of the Single Digital Gateway Regulation to connect authorities to the OOTS, foster cross-border exchanges and encourage cooperation between related EU-wide projects.

Civil service

Adult learning and continuous training remain a challenge for civil servants. The proportion of civil servants who participate in adult learning is below the EU average (15.6% vs 19.0% in 2025). The gap with the EU is particularly striking for young civil servants (18.0% vs 27.7%). However, the proportion of civil servants with post-secondary education has been rising since 2021 ([157]). Romania has developed a digital competence framework for civil servants, linked to HR processes and ICT capacity planning ([158]).

Human resource management reforms are ongoing, although implementation is slow. The RRP includes measures on organising national recruitment competitions for civil servants and introducing competence-based frameworks for recruitment, evaluation and career development, alongside digitalising HR management systems. The public administration reform adopted at the beginning of 2026 aims to streamline decentralisation, introduce competency-based performance evaluations for civil servants, limit temporary leadership appointments, cut advisory staff and reduce personnel spending by 10% across central institutions ([159]). The new 2025–2030 national strategy for innovation in the public sector proposes measures to create a culture of innovation in public administration, increase the innovation capacity of public institutions and ensure collaborative governance of innovation processes ([160]).

Integrity

Although the perception of corruption when doing business in Romania remains very high, the reported level of experienced corruption is only slightly above the EU average. The figures indicate an acute integrity challenge for the business environment, with 90% of companies saying corruption is widespread (EU: 63%) and claiming that overly close links between business and politics lead to corruption (EU: 76%). 72% report that corruption is a problem when doing business – more than double the EU average of

([152])OLI.GOV.RO – Oficiul pentru Licență Industrială, with support from the EU's Technical Support Instrument and the RRP.

([153])OECD, 2026, Business Licensing Reforms in Romania.

([154])World Bank, 2024, Subnational Business Ready in the European Union 2024: ROMANIA, p.26.

([155])European Commission, *Once-Only Technical System Acceleratormeter*, Ec.europa.eu.

([156])Procedure types under Annex II of the SDGR (2018/1724/EU) and directives 2005/36/EC, 2006/123/EC, 2014/24/EU and 2014/25/EU.

([157])European Commission, Eurostat, 2026, European Union Labour Force Survey, Employed persons by economic activity (NACE Rev. 2) (2008-2026).

([158])Project funded by the Technical Support Instrument: European Commission, World Bank, and Romanian Government Join Efforts to develop a digital competency framework for the Romanian civil servants - Reforms and Investments.

([159])Government Emergency Ordinance No. 7 of 24 February 2026.

([160])Government Decision No. 1062 of 5 December 2025.

35% ([161]). Procurement remains a sector with a high risk of corruption ([162]) (see also Annex 5). Slightly more companies report being asked or expected to offer gifts or extra payments for permits, services, or procurement (Romania: 14%; EU: 10%), while confidence that bribing senior officials is appropriately punished is merely in line with the EU average (34% vs 33%) ([163]).

Romania has made significant progress in strengthening its integrity framework. It introduced rules on lobbying for Members of Parliament, imposing transparency requirements for meetings with third parties ([164])**.** Under the RRP, a code of ethics for government members was adopted in 2025, which includes provisions on gifts ([165]). A law regulating revolving doors introduced pre- and post-employment restrictions for officials for a period of 12 months ([166]). In Romania, confidence in whistleblower protection is comparatively strong, with 42% of businesses rating it as effective (EU: 29%). This is supported by the National Integrity Agency's role as the main external reporting channel and its efforts to raise awareness about the whistleblower framework among companies.

The authorities maintain a positive track record in combating corruption, including in high-level corruption cases. The National Anti-Corruption Directorate achieved similar results as in 2024 in addressing its backlog, but its overall workload remains high (5 556 criminal cases per year). Some 114 criminal cases were resolved by indictment and 80 cases by plea agreements ([167]). The implementation of rulings by the High Court of Cassation and Justice on the statute of limitations resulted in many corruption cases being closed and convictions being annulled.

Justice

The justice system performs well in terms of efficiency. The time taken to reach a decision in civil and commercial cases at first instance courts decreased (from 218 days in 2023 to 180 days in 2024). The estimated time to resolve administrative cases at first instance courts increased (from 387 days in 2023 to 410 in 2024). The quality of the justice system is average. Measures are being taken to address human resources shortages in the judiciary, whilst the rate of vacancies remains an important concern for magistrates ([168]). The legal aid system remains underfunded. Romania's justice system is moderately digitalised. The RRP includes measures on introducing electronic case allocation within the prosecution service, as well as making full use of electronic communication within the courts and the prosecution service. Romania performs well in digital solutions to initiate and follow proceedings in civil/commercial and administrative cases, as well as in the general public's online access to published judgments. However, it lags behind on arrangements for producing machine-readable judicial decisions. Following public debates in December 2025([169]), the government had set up a Committee for the Review and Revision of the Justice Laws to discuss further improvements within the judiciary. However, following a decision by the High Court of Cassation and Justice ([170]), this Committee has suspended its work. Magistrates have raised concerns about promotions, delegations and secondments of magistrates, the composition of governing boards in courts and efficient investigation and prosecution of corruption offences in the judiciary ([171]). Adoption of the law to extend the term of

([161])European Commission, 2025, Flash Eurobarometer survey 557 on businesses' attitudes towards corruption in the EU and selected enlargement countries.

([162])European Commission, 2025 Rule of Law Report.

([163])European Commission, 2025, Flash Eurobarometer survey 557 on businesses' attitudes towards corruption in the EU and selected enlargement countries

([164])Law No. 197/2025 amending Article 12 of Law No. 96/2006 on the Status of Deputies and Senators. It introduces mandatory use of RUTI (Unique Interest Groups' Transparency Register).

([165])Law No. 49/2025 amending and supplementing the Government Emergency Ordinance No. 57/2019 and amending Article 1(1) of Law No. 251/2004.

([166])Law No. 189/2025 amending and supplementing Law No. 176/100 and Law No. 144/2007.

([167])Figures provided by the National Anti-corruption Directorate.

([168])See survey organised by the Superior Council of Magistracy, Dec. 2025. European Association of Judges (2026).

([169])In the wake of the broadcasting of the Recorder documentary on "Captured Justice".

([170])Decision not published yet.

([171])Concerns raised by 900 magistrates in a public letter. See also Presidency of the Republic: 'Summary of the comments submitted by magistrates and other actors in the judicial system on the functioning of justice, the independence of

office of high-ranking prosecutors and render it non-renewable, as recommended by the Venice Commission to strengthen their independence, was suspended. Judicial police officers are still obliged to report on their activity to the Minister of Internal Affairs ([172]).

magistrates and the mechanisms regarding the career of magistrates'. And magistrates' associations, written and oral contributions to the 2026 Rule of Law Report.

([172])For a more detailed analysis of the performance of the justice system in Romania, see the upcoming 2026 EU Justice Scoreboard and the upcoming 2026 Rule of Law Report.

Romania still faces challenges on industry decarbonisation, road transport emissions, air pollution and waste management. To reduce the greenhouse gas emission intensity of Romania's manufacturing industries (among the highest in the EU) and maintain industrial competitiveness, deliberate policy action is needed. This includes support for investments in modernisation, access to funding and upskilling the workforce. Road transport emissions need to be tackled as they are increasing rapidly. Action on this front would include improving public transport, modernising rail services and measures to promote the renewal of car fleets and e-vehicle rollout. Air pollution and waste management are critical environmental, public health and economic challenges in Romania. The issues are driven by rapid, often unregulated urbanisation and inefficient waste management infrastructure. In 2025, Romania received a recommendation to invest in environmental infrastructure. Investments in waste and circular economy and in sectors with an impact on air pollution are not progressing sufficiently and have been reduced both in the recovery and resilience plan and under regional policy. This reflects administrative capacity issues, weak governance and the institutional setup, including the local public administration and the lack of technical expertise/green skills. Romania is paying fines for not having closed and rehabilitated illegal and substandard landfills and is not on track to meet the recycling targets. It has significantly reduced investment in waste infrastructure. The underlying root causes are poor strategic planning and lack of administrative capacity, weak governance, lack of coordination between the central and local level and a lack of technical expertise.

Industry decarbonisation

Greenhouse gas emissions from industry

The high greenhouse gas intensity of the Romanian economy reflects a lack of support policies ([173]). Greenhouse gas (GHG) emissions from industry fell by 44.4% between 2000 and 2023 (from 36 to 20 $MtCO_2eq$). This is linked to a decrease in emissions from energy use per unit of product and process emissions per unit of product (a reduction of 21 $MtCO_2eq$ each). These decreases were significant, more than offsetting the increase linked to Romania's much bigger economic activity (24 $MtCO_2eq$) and the emission intensity of energy used (3 $MtCO_2eq$) ([174]).

Romania's manufacturing industry still has one of the highest levels of greenhouse gas emission intensity in the EU. In 2024, manufacturing generated 21% of all GHG emissions in Romania, against 26% for the whole EU ([175]). That same year, manufacturing also generated a lower share of gross value added in Romania, approx. 14.5%, against the EU average of 16% ([176]). However, GHG emission intensity is noticeably higher in Romania than the EU average (approx. 465 g/EUR versus approx. 312 g/EUR – adjusted for inflation). This is over 16.5% higher than 2023 levels (when the emission intensity was approx. 399 g/EUR) ([177]). Eurostat data for energy-intensive industries in 2024 show that they accounted for almost 78% of manufacturing emissions in Romania, against the EU average of over 84%.

([173])This Annex discusses the transition of Romania's manufacturing industry, specifically its energy-intensive industries, to low-carbon and net-zero modes of production, which is key to preserving competitiveness on the path towards climate neutrality as mandated by the European Climate Law. A broader perspective on the current competitiveness challenges facing Romania's manufacturing industry is provided in Annex 5. For a more detailed description of greenhouse gas emissions from industry, see European Commission (2025), 2025 Country Report - Romania, Commission staff working document, SWD (2025) 205 final, Brussels, 4.6.2025, Annex A7. Clean industry and climate mitigation.

([174])Romania's climate action strategy.

([175])Data collected from Eurostat, online data code: env_ac_ainah_r2. Manufacturing includes all divisions of the "C" section of the NACE Rev. 2 statistical classification of economic activities, link here.

([176])Data collected from Eurostat, online data code: nama_10_a10. Manufacturing includes all divisions of the "C" section of the NACE Rev. 2 statistical classification of economic activities, link here.

([177])Data collected from Eurostat, online data code: env_ac_aeint_r2. Manufacturing includes all divisions of the "C" section of the NACE Rev. 2 statistical classification of economic activities, link here.

The gross added value of energy-intensive industries to the economy has plateaued, however. Over the same period, the economy as a whole and the added value of the manufacturing sector in general has been growing.

Policies to promote industry decarbonisation

Romania's clean industry transition is hampered by the lack of a clear strategic framework and better access to EU funds. The barriers to a shift to cleaner technologies frequently mentioned by business include delays in receiving funding to support their investments. On a broader scale, industries lack strategic direction on the clean industry transition. Romania's industrial strategies ([178]) provide an incomplete picture of the challenges faced by industry as it moves towards climate neutrality. The national energy and climate plan does not include a pathway for 2030 and beyond to support the process of industrial decarbonisation. Both the energy and climate plan and Romania's long-term strategy for 2050 contain few concrete measures to curb industry greenhouse gas emissions and lack a clear designation of institutional responsibilities and realistic targets for resources and infrastructure ([179]). The country's hydrogen strategy (drawn up with support from the EU's Technical Support Instrument) and the recovery and resilience plan (RRP) provide guidance on industrial decarbonisation, but achieving its objectives requires effective implementation, including through supporting infrastructure and financing frameworks. Further analysis ([180]) finds a lack of realistic cost assessments, clear action plans and funding support proposals – short of EU funds - and few details on available technology options. A sequenced set of policy actions to manage the industrial transition is needed, as the industry cannot bear the costs alone. Expert recommendations propose designing carbon contracts for difference schemes, using different carbon capture and storage technologies, or adopting a national action plan for green public procurement.

Underinvestment in modernising the economy is constraining the capacity of Romania's businesses to embrace clean production technologies. According to SME associations ([181]), over the past 35 years, Romanian businesses have received insufficient support to modernise outdated, energy-intensive production lines. Many manufacturing firms operate inefficient equipment with high operating costs, low productivity and weak export competitiveness compared to their peers. Energy inefficiency is compounded by the lack of modern monitoring systems, limiting the capacity to contain costs and reinvest. The misalignment between the funding available and business needs creates a structural barrier to industrial modernisation, energy efficiency and reducing greenhouse gas emissions.

Skill obsolescence is another barrier to the clean industry transition in Romania. There is scope to increase investment in social policies, to provide policy support for comprehensive re-skilling and upskilling programmes and to modernise collective bargaining. Under the RRP, investments provide support for people to develop the skills and competencies needed for the green transition.

Reduction of effort sharing emissions

Compliance with effort sharing limits with domestic measures

Romania is projected to overachieve its effort sharing target in 2030, but its emission allocations for 2021-2030 appear insufficient to cover its effort sharing emissions in the entire period ([182])**.** In 2024,

([178])The national industrial strategy 2024-2030, the national energy and climate plan, and the long-term strategy for climate neutrality.

([179])CLUBUL CLIMATIC – următorul pas după includerea României în grupul țărilor dezvoltate?

([180])https://www.epg-thinktank.org/wp-content/uploads/2024/09/EPG-SLIDE-DECK-The-cost-of-Romanias-Industrial-Transition-30.09.pdf.

([181])Information from the 2026 European Semester fact-finding mission.

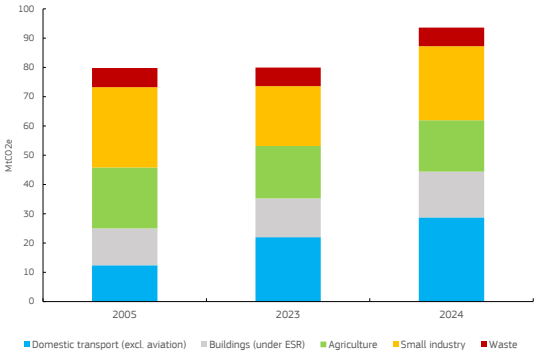
([182])The national GHG emission reduction target is set out in Regulation (EU) 2018/842 (the Effort Sharing Regulation). It applies jointly to buildings (heating and cooling), road transport, agriculture, waste and small industry (known as the effort sharing sectors). The emissions from effort sharing sectors for 2024 are based on approximated inventory data. The final data will be established in 2027 after a comprehensive review. Projections about the impact of

greenhouse gas emissions from Romania's effort sharing sectors are expected to have been 19.6% above 2005 levels. By 2030, with current and planned policies and measures, these emissions are expected to decrease to 15.3%, resulting in a surplus of 2.6 percentage points relative to the 2030 target, 12.7%. Romania is projected to exceed its effort sharing emissions limits temporarily over the 2021-2030 period. It could bridge part of the gap with own unused annual emission allocations from other years but would also need transfers of allocations from other Member States to achieve compliance with the Effort Sharing Regulation. Progressing towards climate neutrality will require swift implementation of Romania's additional measures.

Recent national research shows that a significant share of greenhouse gas emissions reductions in Romania since 1990 were due to disruptive economic changes rather than to decarbonisation policies ([183]). According to the same assessment, short-term needs (2025-2027) include transposing the ETS2 legislation, adopting its social climate plan and passing a climate law with binding targets and a predictable framework for industry. A dedicated climate coordination body with planning, monitoring and modelling capacity would also be needed to support ministries, ensure policy coherence and avoid fragmentation. In the medium term (by 2030), a priority is to decarbonise heavy industry by investing in clean technology, hydrogen infrastructure and carbon capture and by leveraging EU funding. In the meantime, converting the transport and building sectors to electricity would require action to consolidate the electricity grid and renewable storage capacity. Romania has committed to the EU's target of climate neutrality by 2050. However, it still relies mainly on fossil fuels to meet its energy needs. The above study also highlighted the economic security benefits of reducing fossil fuel dependence by using electricity, local renewables and nuclear power, in Romania and beyond.

Sustainable transport

Graph A8.1: **Greenhouse gas emissions in the effort sharing sectors, 2005, 2023, and 2024**



Source: European Environmental Agency.

Road transport emissions in Romania continue to rise at a fast pace. In 2024, road transport generated 31% of Romania's effort sharing emissions, a 132% increase from 2005 levels, the highest increase in the EU. The year-on-year increase from 2023 to 2024 was particularly strong, reaching 54 percentage points above 2005 levels.

Road transport is highly fossil fuel-dependent and expanding rapidly ([184]). Passenger cars are the dominant form of transport, with car ownership expected to rise further as incomes grow. Public transport use has fallen over the last decade while car travel rose faster than in other countries in the region. The car fleet is old and emission-intensive and electric vehicles make up less than 1% of the fleet, well below the 2030 target of 31%. Although there is in general a weak link between fuel and vehicle taxes, Romania is working, under a measure in its RRP, on phasing out time-based road charges in July 2026 and bringing in distance-based charges for freight vehicles ([185]). This represents an important step towards achieving the 'polluter pays' principle, although the tariffs applicable from July 2026 ([186]) do not fully exempt zero-emission trucks from the infrastructure charge, as allowed

current policies ('with existing measures', WEM) and additional policies ('with additional measures', WAM) as per Romania's 2025 reporting under Article 17 of Regulation (EU) 2018/1999 (the Governance Regulation). Also see European Commission (2025), Climate Action Progress Report 2025 – Technical Information, Commission staff working document, Brussels, Chapter 9 (pp. 111ff.), and in particular Tables 25 and 26.

([183])Starea Climei; Romania; 2025.

([184])OECD Economic Survey 2026.

([185])Law No. 226/2023 on levying of certain tariffs on the national road network of Romania.

([186])ORDIN 1925 10/10/2025 - Portal Legislativ.

under EU law until 30 June 2031. The fiscal package could be consolidated to give a real economic incentive for people and businesses to shift to low and zero-emission vehicles.

The overdependence on private vehicles stems partly from the lack of or inadequate public transport and rail services. Romania's rail network has suffered from decades of underinvestment. Most of the 11 000 km of Romania's railway network is in a precarious state. Trains barely reach an average speed of 55 km/h (passenger trains) and 16 km/h (freight trains), far below the EU average. The service is marked by frequent delays and a lack of maintenance. Much of the infrastructure is in poor condition, forcing speed restrictions that make trains exceptionally slow ([187]). The rolling stock is also largely obsolete – around 70% of locomotives and a third of wagons have exceeded their service life. Poor service quality combined with a focus on road transport in past policies, has driven passengers and logistics firms away from rail. Road and car transport dominate (carrying roughly 82% of passengers against only 15% by rail in 2020), reflecting the lack of investment and focus on rail by successive governments ([188]). The share of rail freight in inland transport has also decreased by 7.7% between 2018 and 2024 ([189]). The lack of charging infrastructure for heavy goods vehicles in Romania risks becoming a significant bottleneck to the uptake of electric lorries. In 2025, the fleet included only 75 battery electric heavy goods vehicles and one plug-in hybrid electric heavy vehicle ([190])).

Sustainable industry

Circular economy

Romania's circular economy action plan adopted in 2023 (with support from the EU's Technical Support Instrument) its and RRP are ambitious, but implementation remains uneven and the adoption of secondary materials is slow. The action plan sets out a national vision to speed up the transition to a circular economy, with measures designed for the nine economic sectors with the greatest potential for circularity in Romania's economy: agriculture and forestry, automotive, construction, food and beverages, packaging; textiles, electrical and electronic equipment, waste, water, and wastewater. It is also based on 52 priority measures scheduled to be rolled out between 2024 and 2032. The aims include massively reducing the use of primary raw materials and boosting resource efficiency, but progress remains uneven across sectors.

On the one hand, Romania ranks among the EU worst performers on recycling rates, with 12.4% of municipal waste recycled (against the EU average of 47.9%) in 2023, 88% of construction and demolition waste recovered (against the EU average of 89%) and 31.6% of plastic packaging recycled (below the EU average of 40.3% in 2021). Romania is also behind on patents filed related to recycling and secondary raw materials. In 2019, it filed eight patents (rising to 12.3 in 2020, still far below the EU average). The country's innovation pace tracked by patent applications lags behind other EU Member States.

On the other hand, despite employment levels plateauing ([191]), the circular economy sector accounted for 2.3% of total employment in 2023 (2.3% in 2014), slightly above the EU average of 2%. Although per capita material consumption has increased by 12% over the past five years ([192]) and resource productivity has in parallel nearly doubled (a 45% increase from 2019 to 2024), the volume of waste generated is decreasing and the use of secondary materials grew only marginally from 11.7% to 14.8% over the past 10 years, underscoring persistent reliance on primary resources ([193]), Romania's rate of adoption of secondary raw materials is low, significantly behind the EU average. In 2023, its circular material use rate was just 1.3%, the lowest in the EU (EU average

([187])Romanian transport infrastructure: A roller coaster ride.

([188])Saracia din transporturi in Romania.

([189])Statistics | Eurostat.

([190])https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/romania

([191])Circular economy sector covers the recycling sector, repair and reuse sector and rental and leasing sector. Eurostat definition code [cei_cie011].

([192])Eurostat, Material footprints, 2024.

([193])Eurostat, circular material use rate.

11.8%). This figure has remained broadly unchanged or even slightly decreased in recent years ([194]).

Romania has scope to develop its fiscal tools to promote circular practices, raise revenue and reduce waste. Total environmental tax revenue is above the EU average (2.7% of GDP in 2022, EU average: 2%). The data on taxes on pollution and resources were not available ([195]). With support from the EU's Technical Support Instrument, Romania is exploring options for green taxation and for implementing the carbon border adjustment mechanism. The environmental taxation options are being discussed with the government and stakeholders, not only in terms of expected environmental impacts, but also economic and social impacts.

Romania's waste sector also applies producer responsibility fees covering tyres, packaging, electrical and electronic goods, and batteries. These fees are paid to environmental funds or collective compliance schemes. However, the lack of consistent reporting, transparency and reinvestment mechanisms limits their effectiveness in steering behaviour or supporting environmental objectives. This underlines the scope to better target environmental charge revenues and integrate them as part of a broader framework for the circular economy – especially in the waste and water sectors.

The recent introduction of a landfill tax seems like a step forward, albeit a small step. The PAYT (pay-as-you-throw) system is only partly in place (covering 66% of local administrations. Romania has not yet adopted a national plastic tax. Reaching its circular economy objectives would require additional investment of EUR 42 billion ([196]).

Romania has made limited progress on waste management. The country's reliance on waste disposal in landfills is still too high. Despite Romania having made some progress on closing substandard or illegal landfills, progress has been too slow, and it is paying the consequent financial penalties. Despite some progress in improving and extending the separate collection of waste and using economic instruments such as the extended producer responsibility, Romania is not on track to meet the recycling targets. It has significantly reduced investments in waste infrastructure and Romania is one of the Member States at risk of missing both the municipal waste and the packaging waste targets for 2025. It has obtained a postponement of the target deadline on preparing municipal waste for reuse and recycling (i.e. by 2030 instead of 2025). The country is also at risk of not meeting the 2035 target of municipal waste landfilled. The national waste management plan is currently being revised and the 41 county waste management plans and the management plan for Bucharest municipality will also be revised ([197]).

Bioeconomy industry

In Romania, the average value added by bioeconomy sub-sectors increased between 2018 and 2023. Bio-based chemicals and plastics saw the highest growth in value added (11.6% on average between 2018 and 2023) ([198]),([199]). Overall employment in the bioeconomy has fallen. However, among the bioeconomy sub-sectors, bio-based chemicals and plastics and food and beverages showed a different trend, recording growth in total employment between 2018 and 2023 (3.6% and 0.5% on average ([200]). Labour productivity in the bioeconomy – measured as value added per person employed – stood at 25.8% of the national average and it has been decreasing from 27.3% in 2018 ([201]).

Research and development (R&D) business expenditure from bioeconomy-relevant sub-sectors has grown more than the overall R&D business expenditure in Romania (12.8%

([194])Environmental Implementation Review 2025 Register of Commission Documents - SWD(2025)322.

([195])Environmental Implementation Review, Country Report for Romania, p. SWD(2025)322_0 (36).pdf.

([196])Environmental Implementation Review, 2025 country report for Romania, eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025SC0322.

([197])Environmental Implementation Review, 2025 Country Report for Romania, eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025SC0322.

([198])Bioeconomy subsectors: bio-based chemicals and plastic, bio-based textiles, food and beverages, wood and furniture.

([199])Joint Research Centre, Developments of Economic Growth and Employment in Bioeconomy Sectors across the EU, Link.

([200])Ibid.

([201])Ibid.

compared to 9.2% on average between 2018 and 2023([202]). Romania has a developed network of clusters and organisations that support the bioeconomy and bio-based research, innovation and industrial ([203]).

Zero-pollution industry

Over the past decade, Romania has made little progress in reducing key air pollutants. It is taking measures to ensure cleaner energy production, tighten up vehicle emission standards and improve industrial technology, however. The emissions of several air pollutants have decreased significantly in Romania since 2005, while GDP continues to grow. Romania has met its emission reduction commitments for 2020–2029 for the air pollutants non-methane volatile organic compounds, sulphur dioxide (SO_2) and ammonia (NH_3), but has not met the commitments for nitrogen oxides (NOx) or PM2.5. Romania does not properly monitor air quality in all zones. It does not invest sufficiently in measures to reduce air pollution in line with the National Air Pollution Control Programme and has not developed sufficient air quality plans.

On industrial emissions, although Romania has the 10th highest level of damages in the EU, it ranks sixth on emission intensity, above the EU average. The main industrial sources of emissions to air are the energy sector and the mineral industry for NOx emissions, the waste management and chemical sector for dust emissions, and the energy sector, metals sector and mineral sector for SO_2 and heavy metals. The EEA has identified Liberty Galati SA, the installation manufacturing iron and steel in Galati, as one of the 30 industrial facilities in Europe that generated the highest absolute damage costs from emissions of the main air pollutants and GHG over the 10-year period from 2012–2021 ([204]).

Romania continues to grapple with significant air pollution costs ([205]). The EEA estimates that in 2023, 1 233 years of life were lost per 100 000 inhabitants attributable to air pollution due to PM2.5 concentrations that exceed the World Health Organization's air quality guideline levels ([206]). Air pollution in the form of ozone and fine particulate matter (PM2.5) exposure accounted for an additional 6% of deaths, higher than in most EU countries ([207]). This underscores the potential benefit of further action, particularly in industrial regions, energy-intensive industries and urban transport corridors. Further action in these areas would help reflect more accurately the impact road transport has on air pollution such as congestion charges in cities, pedestrian and low-emission zones.

Water pollution from agriculture and industry also remains a critical challenge. Romania has achieved improvements in water pollution including a 73% reduction in industrial heavy metal releases (cadmium, mercury, nickel and lead), a 16% reduction in total organic carbon, a 32% reduction in phosphorus emissions to water since 2010 and a 16% decrease in total organic carbon emissions, as reported under the Industrial Emissions Directive ([208]). However, 97.6% of surface waterbodies are reported to have good chemical status ([209]). Failure to achieve good chemical status is mostly due to ubiquitous persistent bio-accumulative and toxic substances, which are difficult to address and often have transboundary sources. In Romania, these are mainly mercury and polybrominated diphenyl

([202])Joint Research Centre, Business expenditure in Research and Development (R&D) in the EU bioeconomy, Link,.

([203])BIC Country Report - Mapping Romania's biobased potential_0.pdf

([204])European Commission, Environmental Implementation Review (2025), Romania country report. EUR-Lex - 52025SC0322 - EN - EUR-Lex.

([205])NEC evaluation support study final report (https://op.europa.eu/en/publication-detail/-/publication/f2e22a18-cccf-11f0-8da2-01aa75ed71a1/language-en).

Table 2-36: Illustrative of costs and benefits over evaluation period using the outputs of the 'new counterfactual' analysis (2025 prices, EUR million, discounted to 2016), column Benefit-cost ratio – VOLY.

([206])EEA, 2025, *Harm to human health from air pollution in Europe: burden of disease status*, 2025, Link.

([207])European Commission, 2025, *State of Health in the EU Romania Country Health Profile 2025*, p.4, affaf991-adcd-4ff6-a3d8-01f9b988139d_en.

([208])European Environmental Agency (EEA) - Water pollutant releases changes from 2010 to 2022 for the EU Member States.

([209])Third River Basin Management Plan for Romania, 02/2025 eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025SC0020

ethers. Water pollution by industry imposes direct and indirect costs of EUR 6 million a year ([210]), not yet sufficiently borne by the polluters.

The total economic cost of industrial air pollution in Romania was estimated at EUR 11 billion in 2021 ([211]). The estimated investment needs for air pollution control and noise control amount to around EUR 2.1 billion per year, of which approximately EUR 1.3 billion is currently covered, leaving a gap of about EUR 805 million annually (about 0.28% of GDP), largely on measures to tackle clean air and noise ([212]).

([210])European Commission: Directorate-General for Environment, IEEP, Green taxation and other economic instruments – Internalising environmental costs to make the polluter pay (p. 36, Table 5), 2021, Link.

([211])The cost to health and the environment from industrial air pollution in Europe, 2024 update. EEA. The costs reported are computed in terms of value of a statistical life.

([212])2025 Environmental Implementation Review (SWD(2025) 303 final), country report – Romania.

Table A8.1: **Key clean industry and climate mitigation indicators: Romania**

Climate mitigation	Romania							Trend	EU	
Industry decarbonisation	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**2023**
GHG emissions intensity of manufacturing production, g/€ (1)	555	561	647	614	531	399	465	↘	330	-
Share of energy-related emissions in industrial GHG emissions (2)	51.4	50.8	52.6	53.0	55.9	57.7	-	↗	55.5	57.9
Energy-related GHG emissions intensity of manufacturing and construction, g/€ (3)	357.0	352.0	420.4	402.3	387.6	313.5	-	↘	203.9	163.0
Share of electricity and renewables in final energy consumption in manufacturing, % (4)	32.4	31.7	30.0	29.3	30.5	31.7	32.0	↗	42.8	43.9
Energy intensity of manufacturing, GWh/€ (4)	1.86	1.89	1.99	2.00	1.79	1.38	1.38	↘	1.27	1.05
Share of energy-intensive industries in manufacturing production, % in GVA (5)	11.99	10.76	10.26	14.07	13.53	11.13	9.64	↘	-	-
GHG emissions intensity of production in sector [...], g/€ (6)										
- paper and paper products (NACE C17)	878	933	788	988	1 233	517	615	↘	722	619
- chemicals and chemical products (NACE C20)	4 833	4 902	5 595	4 630	3 447	2 348	2 795	↘	-	-
- other non-metallic mineral products (NACE C23)	4 264	4 706	5 536	4 740	5 296	4 545	5 165	↘	2 495	2 352
- basic metals (NACE C24)	4 281	4 565	6 346	4 486	3 678	1 616	1 500	↘	2 842	3 099
Reduction of effort sharing emissions	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**2023**
GHG emission reductions relative to base year, %				-2.3	-4.7	-5.5	19.6			
- domestic road transport	47.3	51.0	47.2	56.6	69.0	77.5	131.8	↗	-1.4	-5.6
- buildings	-0.7	-0.6	1.0	15.0	6.7	5.0	24.0	↗	-20.3	-33.5
	2005			**2021**	**2022**	**2023**	**2024**	**Target**	**WEM**	**WAM**
Effort sharing: GHG emissions, Mt; target, gap, %	78.2			76.5	74.5	73.9	93.6	-12.7%	-8.9%	-15.3%
Sustainable road transport	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2018**	**2021**
New zero-emission vehicles, electricity motor, % (7)	0.46	0.93	2.25	5.23	9.00	10.63	6.48	↗	1.03	8.96
Number of publicly accessible AC/DC charging points (8)	-	-	477	1097	1479	2723	4566	7112 ↗	446956	n/a
Share of electrified railways, % of total (9)	37.43	37.45	37.46	37.49	37.98	38.00	38.00	↗	55.47	56.49

Sustainable industry	Romania							Trend	EU-27	
Circular economy transition	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**latest data**
Material footprint, tonnes per person	23.5	28.0	29.1	30.7	30.2	29.1	31.7	↗	14.8	13.7
Circular material use rate, %	1.6	1.4	1.5	1.5	1.5	1.5	1.3	↘	11.6	12.2
Resource productivity, €/kg	0.5	0.4	0.4	0.4	0.5	0.6	0.6	↗	2.1	3.0
Employees in circular economy	2.3	2.4	2.4	2.8	2.3	2.3	-		2.1	2.0
Patents in circular economy	11.5	8.0	12.5	12.3					12.3	12.0
Recycling rate	11.1	11.5	12.2	12.3	12.3	12.4	:		46.40	48.1
Plastic recyling	43%	31%	30%	32%	-	:	-		41%	42%
Construction and demolition waste (CDW) recovery	74	-	88						88	89
Bioeconomy industry	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**CAGR 2018-2023**	**2018**	**2021**
Value added, million EUR	14 159	15 107	14 309	17 665	17 907	19 407	-	5.4%	642 438	863 436
Employment, total number of people employed	2 403 956	2 306 391	2 187 030	2 199 463	2 160 029	2 153 960	-	-1.8%	17 649 040	17 085 642
Productivity										
Valued added per worker, thousand EUR	5.9	6.5	6.5	8.0	8.3	9.0	-	7.3%	36.4	50.5
Valued added per worker, % of national average	27.3	27.8	27.7	31.3	27.6	25.8	-	-	62.2	70.7
R&D business expenditure										
Total bioeconomy (biomass producing and converting sectors)	14	14	20	20	26	28		12.8%	15 672	23 335
Total R&D business expenditure	608	617	605	690	811	1 033	-	9.2%	196 587	259 525
Zero pollution industry	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**		**2018**	**2021**
Damage cost for industrial pollution	13.5	11.8	10.9	11.0	-	-	-		414.9	352.7

Water industrial pollutants releases	Cd, Hg, Ni, Pb		nitrogen		TOC		Phosporus			
	2021	change (2010)	2021	change (2010)	2021	change (2010)	2021	change (2010)		
	4 706	-73%	6 815 300	-28%	18 764 200	-16%	619 910	-32%		
Water chemical status		Good	2 955	Good (%)	1.0		Poor	71.0	Poor (%)	2%

Sources and notes: **Industry decarbonisation:** All data are from Eurostat; data following the UNFCCC Common Reporting Format (CRF) are from the European Environment Agency (EEA), republished by Eurostat. (1) Sectors covered: all divisions of section C - Manufacturing - of the NACE Rev. 2 statistical classification of economic activities, except C19 (manufacture of coke and refined petroleum products). (2) GHG emissions as per UNFCCC Common Reporting Framework (CRF) categories 1.A.2 - fuel combustion in manufacturing in industries and construction (that broadly correspond to the broadly correspond to the NACE sections C - Manufacturing and E - Construction, excluding C-19), and CRF2 - industrial processes and product use. The figures shows the emissions in the 1.A.2 category as a share of the sum of CRF1.A.2. and CRF2 emissions. (3) Sectors covered: CRF 1.A.2 as described above. Gross value added (GVA) data in the denominator aligned in sectoral coverage, in 2020 prices. (4) Sectors covered: NACE section C excluding C19. (5) Nominator: NACE divisions C17, 20, 23, 24; denominator: NACE section C excluding C19 (see above). (6) GVA (denominator) in 2020 prices. **Reduction of effort sharing emissions:** Data source: European Environment Agency, greenhouse gas data viewer; European Commission, Climate Action Progress Report, 2025. For details, see the footnote in the "Reduction of effort sharing emissions" section. **Sustainable road transport:** (7) Source: Eurostat; (8) Source: European Alternative Fuels Observatory; (9) Source: Eurostat. For all climate mitigation indicators, the trend arrows compare the latest available data (year t) with the data four years earlier (t-4). **Sustainable industry**: Bioeconomy value added, employment and productivity: JRC, Developments of Economic Growth and Employment in Bioeconomy Sectors across the EU. Bioeconomy R&D business expenditure: JRC, Business expenditure in Research and Development (R&D) in the EU bioeconomy. Damage cost for industrial pollution: EEA, The costs to health and the environment from industrial air pollution in Europe, 2024. Water industrial pollutants releases: EEA, Industrial releases of pollutants to water and economic activity in the EU-27, 2024. Water chemical status: WISE, Surface water bodies: Chemical status, 2024 and WISE Groundwater bodies: chemical status, 2024. Other indicators: Eurostat. For circular economy indicators, the trend arrows compare the latest available data (year t) with the data two years earlier (t-2).

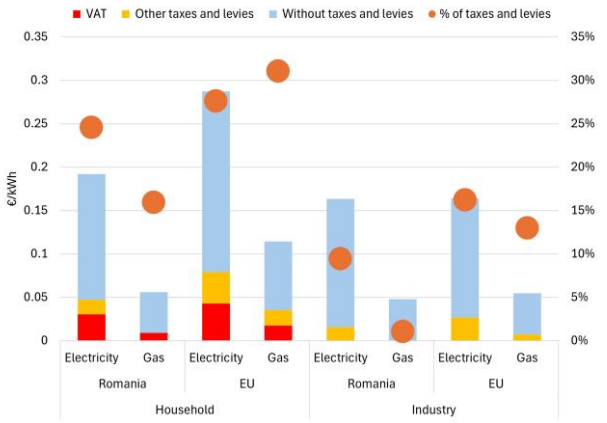
In 2025, Romania took important steps to support the deployment of renewable energy. It managed to increase the flexibility of its energy systems, reducing the risk of episodes of excessive electricity prices, and it removed the regulatory price caps on electricity. Romania made limited progress on energy efficiency, reducing its reliance on fossil fuels and phasing out fossil fuel subsidies.

The 2025 *country-specific recommendations highlighted the need for Romania to: reduce its reliance on fossil fuels by speeding up the roll-out of renewable energy; increase grid capacity; strengthen cross-border electricity connections; advance regulatory reforms that de-risk clean energy projects; and increase transparency and efficiency in the permitting process.* The recommendations also highlighted the need to *phase out fossil fuel subsidies in the heating sector and invest in energy efficiency, taking into account regional disparities, such as the impact on the coal regions*. They also encouraged Romania to wind down the emergency energy support measures in force, using the related savings to reduce the government deficit.

Energy prices and costs

Partly as a result of the retail energy price caps ([213]), household energy prices in Romania have stabilised and remained below the EU average, whereas non-household consumer prices have increased slightly since 2024. In the first half of 2025, household electricity and gas prices in Romania remained below the EU average, at EUR 0.1918/kWh and EUR 0.0559/kWh respectively. Industrial electricity prices (EUR 163/MWh) have increased slightly since 2024 and reached EU levels (EUR 164/MWh), while non-household gas prices have also increased but remained below the EU average. While 61% of the electricity price for industry is accounted for by wholesale cost, network cost, carbon cost and taxes represent 19%, 11% and 9% respectively of the electricity bill.

Graph A9.1: **Electricity and gas prices for household and non-household consumers, first half of 2025**



(i) For household consumers, the consumption band is DC for electricity and D2 for gas.
(ii) For non-household consumers, the consumption band is ID for electricity and I4 for gas. VAT and recoverable charges are not displayed for non-household consumers as these are typically recovered by businesses. This also applies to the '% of taxes and levies', which is shown excluding VAT and recoverable charges for non-household consumers.
(iii) 'Without taxes and levies' indicates the retail price excluding all taxes and levies. It always includes the energy/supply and network cost components, which are not disaggregated in Eurostat's six-monthly price dataset.
Source: Eurostat

Final energy prices in Romania in the first half of 2025 were unbalanced: for large businesses, electricity was 3.4 times more expensive than gas, with disproportionately high taxes and levies (excluding VAT) accounting for 9% of electricity bills and 1% of gas bills. Excluding taxes and levies, the electricity-to-gas price ratio would have decreased to 3.1, signalling a negative balancing effect of Romania's fiscal measures. For household consumers, the impact of taxes and levies on the electricity-to-gas price ratio is similar ([214]).

Driven by its continued dependence on fossil fuel-fired generation and limited non-fossil flexibility, Romania's wholesale electricity prices averaged EUR 110/MWh in 2025 (EU average: EUR 85/MWh) ([215]), the fourth highest in the EU. Fossil fuels maintained their structural role as the dominant, and costly, marginal price-setting technology (66% of price-

([213])Eurostat.

([214])Analysis based on Eurostat data from the first half of 2025.

([215])Ember.

setting hours for 29.4% electricity generation capacity in 2025).

Average day-ahead electricity prices increased by 5% in 2025 amid rising natural gas procurement costs. The short-run marginal costs ([216]) of natural gas in the EU increased from EUR 96/MWh in 2024 to nearly EUR 103/MWh in 2025. Although daytime prices have fallen in recent years owing to the growing penetration of solar power, Romania remains vulnerable to severe price spikes during peak-demand hours. Falling solar output in the evening and early morning, combined with limited non-fossil flexibility, has led to a significant ramp-up of thermal plants to cover the supply–demand gap. As a result, price spreads ([217]) in Romania averaged EUR 156/MWh in 2025 – down 17% from 2024, but significantly above the EU average of EUR 121/MWh.

Graph A9.2: **ow-carbon electricity generation vs. electricity wholesale prices, 2025 L**

Unavailable data for Cyprus and Malta. Wholesale price is given as average of day-ahead electricity prices over 2025. EU-27 average is calculated as consumption-weighted. EU low-carbon share is calculated out of total EU electricity generation. Low-carbon share by country is calculated out of total public electricity generation. Low-carbon includes renewables and nuclear.
Source: Eurostat

([216])Short-run marginal costs (SRMCs) are the sum of the variable costs associated with producing electricity using hard coal and fossil gas. These are fuel costs, carbon costs and variable operating and maintenance costs. Estimates are provided by Ember.

([217])'Spread' refers to the difference between the highest and lowest hourly day-ahead electricity prices in a single day.

Flexibility and electricity grids

Romania is part of the Core ([218]) **and South-East Europe** ([219]) **capacity calculation regions (CCRs)** ([220])**.** Member States should ensure that at least 70% of technical cross-border capacity is available for trading. In the Core region, Romania is not meeting this target and has a derogation in place that limits the cross-zonal capacity available for trading. In the South-East Europe CCR, electricity flows are heavily influenced by exchanges at nearby bidding zone borders, including the Western Balkan countries. Romania is a net electricity importer (7% of its own consumption), exporting volumes to Moldova, while importing significant volumes from Hungary.

In 2025, Romania had a 12.72% interconnection level, marking a significant reduction compared to the previous two years (16.34% in 2024 and 18.27% in 2023) ([221]). In 2025 the interconnection level was below the 2030 interconnection target (15%). Preliminary data from the beginning of 2026 indicated that the interconnection level had improved, reaching 15.71%.

Romania has several projects of common interest in electricity transmission that also have a priority status under the Central and South-Eastern Europe Energy Connectivity (CESEC) High-Level Group. These are: (i) the Cernavodă-Stâlpu and Gutinaş-Smârdan internal lines as part of the Black Sea corridor with Bulgaria; (ii) the Porțile de Fier-Reșița, Reșița-Timişoara/Săcălaz and Arad-Timişoara/Săcălaz internal lines; (iii) cross-border interconnections, such as the Reșița-Pančevo line as part of the Mid Continental East Corridor with Serbia; and (iv)

([218])Core is the CCR which covers central European countries, namely Belgium, Czechia, Germany, France, Croatia, Hungary, the Netherlands, Austria, Poland, Romania, Slovenia, Slovakia and, once connected, Ireland.

([219])South-East Europe is the CCR to which Bulgaria, Greece and Romania belong.

([220])A CCR is a group of countries which calculate the cross-border electricity trade flows together.

([221])Source: For 2026, ENTSO-E Winter Outlook 2025-2026 (DG ENER calculations based on import interconnection capacity and generation capacity data reported for 19:00, 10 January 2026).

interconnection between Isaccea (Romania) and Artyz (Ukraine), included on the second Union PCI/PMI list.

The completion of the infrastructure is also supporting the integration of Moldova's power system into the European electricity market and its security of supply by providing two electricity transmission lines: Isaccea-Vulcăneşti-Chişinău (construction works completed in December 2025) and Suceava–Bălți. In addition, the CARMEN project of common interest, which received a Connecting Europe Facility grant in 2026, plays a key role in relieving structural congestion on the Romania-Bulgaria border, increasing security of supply and enabling higher cross-border exchanges. This project complements internal reinforcements on both sides of the border and supports more efficient market integration in the region. Furthermore, Romania has increased investments in distribution grid modernisation, supported by EU funds (including the Modernisation Fund) and European Investment Bank loans.

Romania has taken steps to develop a hydrogen market. With support from the EU's TSI, Romania and Bulgaria are creating the groundwork for a joint project, including the development of the legal framework for a comprehensive regional green hydrogen market, after Romania has developed its national hydrogen strategy and action plan.

The national framework for the permitting of energy infrastructure projects is well structured. However, the coordination between various public authorities across different levels seems difficult. The administrative procedures involved in energy infrastructure development are very complex. Moreover, the permitting framework does not yet take the hydrogen and CO_2 infrastructure into account. There is room further streamlining environmental assessments and reducing the duration of procedures.

Despite some progress in self-energy consumption, consumer empowerment remains limited in Romania. The number of prosumers is rapidly increasing, having reached 281 496 by October 2025 (a 52% increase year-on-year ([222])). On the other hand, no noticeable progress has been made regarding the participation of individuals in energy communities. The latest data indicate that there are only two energy communities in the country. While initiatives exist for energy communities, the legal framework is not sufficiently clear and the procedures for setting up such communities are often viewed by the interested parties as complex. In November 2025, domestic legislation was passed in order to provide greater legal certainty (Government Emergency Ordinance 59/2025).

Romania has no explicit legislation on energy sharing, despite its efforts to redefine prosumers and promote direct energy sales. Romania received support from the EU's Technical Support Instrument (TSI) to promote renewable energy communities and demand-side response. The country is experiencing some delays in its plan to deploy smart meters: At the end of 2025 smart meter rollout stood at only 34.5% ([223]).

Romania's electricity storage capacity reported in its final national energy and climate plan (NECP) is around 16.2 MW. Romania has taken some steps to promote the installation of electricity storage, in particular power battery storage, but deployment is very slow, lack of adequate electricity storage being perceived as a significant obstacle to the further deployment of RES.

Romania's regulatory framework still presents barriers to the development of flexible resources, hindering the participation of demand-side response (DSR) and other distributed energy resources. Romania allows DSR and storage to sell and buy electricity in the day-ahead and intraday markets, although participation is limited. DSR and storage are also allowed to participate in ancillary services and are eligible to provide congestion management services to transmission system operators. Aggregators, including independent aggregators, are allowed to participate in those markets and services, but their involvement is restricted by

([222])ANRE, Cum Devii Prosumator, https://anre.ro/consumatori/energie-electrica/cum-devin-prosumator/.

([223])Source: ANRE, Raport privind stadiul implementării sistemelor de măsurare inteligentă a energiei electrice la data de 31.12.2025

regulatory and market barriers, such as the limited deployment of smart meters or the lack of a proper legal framework.

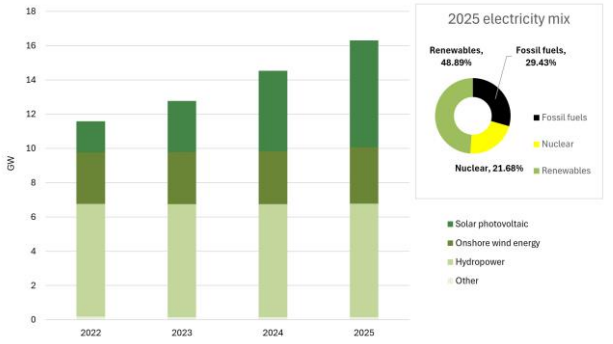
In 2025 the number of hours with negative electricity prices more than doubled compared to 2024 (from 85 to 174) ([224]). RES curtailment and the associated costs do not seem to be monitored in Romania (this is flagged by ACER as a weakness in Romania's 2024 country sheet) ([225]).

In 2024, electricity accounted for 15.8% of Romania's final energy consumption, below the EU average of 23.4%, and this share has remained largely unchanged in the past decade ([226])**, partly due to an unfavourable electricity-to-gas price ratio that disincentivises electrification and cost-effective decarbonisation.** When it comes to households, electricity accounts for 16.1% of final energy consumption, while in industry it represents 29.1% (see also Annex 8). For the transport sector, this share remains negligible, at 1.3%. Further progress in electrification across sectors is required in order to cost-effectively decarbonise the economy and bring the benefits of affordable renewable energy generation to consumers.

Renewables and long-term contracts

In 2025 renewable energy installed capacity increased in Romania by 15.7% ([227]), a clear progress compared to the previous year, driven mostly by solar capacity, which grew by 46,5%. In 2025 the share of RES in electricity generation in Romania was 48.9%, slightly higher than the EU average (47%) ([228]). Nuclear energy represented 21.7%, raising the share of low-carbon electricity to 70.6%.

Graph A9.3: **Romania's installed renewable capacity vs electricity generation mix**



Electricity mix is given as net electricity generation (gross electricity production minus consumption of power stations' auxiliary services). Electricity produced in pumped hydro plants is excluded from total net electricity production, as it was previously counted as electricity produced from another source.
"Other" includes renewable municipal waste, solid biofuels, liquid biofuels, and biogas.
Source: IRENA, Eurostat

The Romanian recovery and resilience plan (RRP) includes measures to accelerate the deployment of renewable energy, such as investments in new renewable power production capacity (wind and solar) and in electricity storage, as well as reforms aimed at decarbonising the energy system, to facilitate the use of state land as acceleration areas for investments in renewable energy sources (RES).

In 2025, with the support of the EU's TSI, Romania's RRP and the Modernisation Fund, Romania launched its second contract-for-difference (CfD) auction for renewables. The auction resulted in the allocation of 2 700.63 MW of new renewable energy capacity, consisting of 1 218.38 MW for onshore wind and 1 482.25 MW for solar photovoltaic. Subsequently, Romania launched a third CfD auction, resulting in a further 318.8 MW of onshore wind capacity being awarded ([229])). With support from the EU's TSI, Romania is preparing the secondary legislation for offshore wind development in the Black Sea.

So far, Romania does not have a market for power purchase agreements (PPAs). The Romanian authorities indicated that they did not have accurate data, as most PPAs are concluded under directly negotiated contracts. However, they estimated that the number of PPA contracts

([224])Source: Ember.

([225])ACER – Country_Sheets_MMR_Retail_2024.pdf.

([226])CAGR (compound annual growth rate) of −0.89% between 2015 and 2024 and minimum/maximum share of 15.4% and 17.1% respectively (source: Eurostat).

([227])IRENA – Renewable Capacity Statistics 2026

([228])Eurostat 2026

([229])Contracte pentru Diferența (CfD) – Ministerul Energiei.

increased significantly in 2025. Stakeholders view PPAs as an important tool, long awaited by the industry, to support investment in the RES sector, and deplore their underdevelopment. Beyond possible regulatory barriers, the pipeline of renewable energy projects is too constrained to allow for sufficient supply to feed a PPA market, and Romania is not fully integrated into the European guarantees of origin system.

Energy efficiency

Romania made no progress in terms of reducing its energy consumption, despite some measures aimed at increasing energy efficiency. In 2024 final energy consumption (FEC) in Romania increased by 0.2%, compared to 2023, to 23.35 Mtoe, reversing the slight decline since 2019. However, Romania's FEC in 2024 was in line with the trajectory to its expected contribution in 2030. [According to the trajectory in the Romanian NECP, FEC in 2024 should have been 23.8 Mtoe.]

Since 2019, FEC has decreased substantially in industry (– 24.3%) and decreased slightly in services (– 1.4%) and in the residential sector (– 4.1%). However, it has increased substantially in the transport sector (+ 16.3%).

For the residential sector, the decrease in FEC (– 4.1% ([230])) has been driven, in particular, by changes in heating behaviour, which overcompensated for the impact of having new, larger buildings constructed in the meantime ([231]). Romania's long-term renovation strategy (LTRS) indicates a 9% reduction by 2030 (compared to 2020 levels). Romania submitted its draft national building renovation plan, indicating a clear commitment to setting up a predictable pathway towards an energy-efficient and decarbonised building stock, currently responsible for 40% of total final energy consumption, and therefore the importance of the sector in increasing the country's energy security.

Heating and cooling account for 76% ([232]) of the country's residential final energy consumption in 2023, with renewables supplying 29% ([233]) of the total energy used for heating and cooling in all sectors.

Since electricity in Romania was 3.5 times more expensive than gas in the first half of 2025, end users choosing a heat pump for heating save energy but pay more. There is a lack of data on sales and installations of heat pumps in Romania ([234]).

Romania has not reported any ecodesign or energy labelling checks since 2010. This is a major breach of its legal obligations and a serious threat to the business playing field, consumer benefits and the EU's environmental and energy goals.

Security of supply and diversification

Despite progress in renewables, Romania's overall energy mix in 2024 remained heavily reliant on fossil fuels, with oil accounting for 36% and natural gas for 26.7% of the energy mix ([235])([236]), while renewables (together with biofuels) accounted for 19.6%. There is little change compared to the previous year and, overall, still less than one third of the country's energy mix (19.6% renewables and 9.2% nuclear) comes from non-fossil sources of energy. The recent efforts made by Romania to decarbonise its energy sector are not yet reflected in its energy mix.

([230])Based on Eurostat energy balances, adjusted for compliance with the methodology used for monitoring the progress made towards the Energy Efficiency Directive (Directive (EU) 2023/1791) targets.

([231])Based on the breakdown tool of the ODYSSEE-MURE EU project available at https://www.indicators.odyssee-mure.eu/decomposition.html.

([232])Eurostat, 2025. https://data.europa.eu/data/datasets/uvygjkxev6pywqwbgmgwyg?locale=en.

([233])Eurostat, 2025. https://ec.europa.eu/eurostat/databrowser/product/view/SDG_07_40?lang=en&category=sdg.sdg_07.

([234])European Heat Pump Association (EHPA), 2025. https://ehpa.org/market-data/.

([235])Electricity and heat have been excluded to avoid double counting, focusing on primary energy sources.

([236])Gross inland consumption, Eurostat.

Romania covers most of its natural gas demand from domestic production and has diversified the sources of import for the remaining part. Romania does not need to develop new cross-border gas infrastructure for security-of-supply reasons. The country completed the Tuzla-Podișor pipeline, to bring natural gas from the Black Sea into BRUA. Maximising the use of existing infrastructure is essential for the security of supply of the entire south-eastern European region. In this context, the CESEC High-Level Group is looking into the gas quality harmonisation process with a view to removing regulatory obstacles that impede use of the trans-Balkan pipeline. Romania's engagement in this process is essential in view of the important role it plays in security of supply in the region.

Romania expects Neptun Deep to become operational in 2027, significantly increasing its domestic production of natural gas. With plans to increase domestic natural gas supplies and gradually phase out coal and lignite power generation, Romania aims to build additional gas-fired energy capacity by 2030, in particular 2.4 GW of natural gas-powered combined-cycle gas turbine capacity and 900 MW of natural gas-powered combined heat and power capacity.

Nuclear energy is an essential component of Romania's energy mix. Romania has two CANDU 6 (650 MW) nuclear reactors in operation at the Cernavodă site, commissioned in 1996 and 2007, generating 21.3% of the country's electricity in 2024, providing stable baseload power and contributing to national energy security and decarbonisation objectives.

Romania is planning to increase the use of nuclear energy through: i) refurbishment (life extension) of the two existing CANDU units; ii) construction of two additional large reactors (CANDU Units 3 and 4) at the Cernavodă site; and iii) deployment of small modular reactors (SMRs). Romania plans to construct a nuclear SMR with an installed capacity of 462 MW at Doicești. The **Doicești SMR project** is transitioning toward implementation but requires robust financing mechanisms and the development of domestic and regional supply chains. As a pioneering licensing case, its success depends on **EU-wide regulatory convergence** and knowledge-sharing to overcome development hurdles. Furthermore, targeted **workforce upskilling** is essential to ensure timely project delivery.

Although in July 2025 Romania ended regulated electricity prices, in response to the regional conflict in the Middle East, on 5 March 2026 the Romanian government adopted an emergency ordinance extending the use of capped prices for natural gas for households until 31 March 2027. Romania also capped fuel mark-ups at 2025 averages, limited retail price hikes to once/day, restricted oil/diesel exports, cut biofuel blending (8→2%), reduced diesel excise (−30 bani/L), added progressive solidarity taxes on oil revenues (1.5-9.9% above Brent $70/bbl), and extended transport and agriculture diesel aid. Romania has also implemented a windfall tax on oil companies when Brent prices exceed $70/barrel and provided 0.85 lei/litre diesel subsidies for transport companies.

Fossil fuel subsidies

In 2024, environmentally harmful ([237]) fossil fuel subsidies without a planned phaseout before 2030 represented 0.30% ([238]) of Romania's GDP ([239]). This relatively low value reflects the planned phaseout of capped prices for natural gas (in 2027) and financial support for high-efficiency gas-fired cogeneration in district heating (in 2028). Fossil fuel subsidies without a planned phaseout before 2030 which do not specifically address energy poverty or genuine energy security concerns include: subsidies for heating supplied to households; an excise tax reduction on gas oil used in agriculture; and excise tax exemptions on natural gas consumed by households. Additionally, Romania's 2023 effective carbon rate ([240]) averaged EUR 54.6 per tonne of

([237]) Explicit fossil fuel subsidies (e.g. direct transfers) and implicit fossil fuel subsidies (i.e. tax expenditures linked to forgone tax revenues that have an identifiable fiscal impact for the central budget) that support fossil fuel energy production, transmission and/or consumption.

([238]) European Commission calculation based on underlying data from the *Study on energy subsidies and other government interventions in the EU – 2025 edition,* Enerdata.

([239]) 2024 gross domestic product at market prices, Eurostat.

([240]) The effective carbon rate is the sum of carbon taxes, ETS permit prices and fuel excise taxes, representing the aggregate effective carbon rate paid on emissions.

CO_2, below the EU weighted mean of EUR 84.80 ([241]).

([241])OECD (2024), Pricing Greenhouse Gas Emissions 2024.

Climate change and environmental degradation are putting increasing pressure on Romania's economy and social well-being. The country is highly exposed to rising temperatures, droughts, heatwaves and flooding that are incurring important economic costs. A driver of economic growth, Romania's manufacturing and agricultural sectors are among the main causes of Romania's water management issues. The state of nature, ecosystems and soils are at risk of degrading, posing significant risks to the economy and competitiveness. Romania has made progress in building institutions and financing for climate adaptation, but this remains fragile. Funding still depends heavily on external sources, the institutional approach is fragmented, and adaptation is not yet fully integrated into economic and budgetary policies. Cooperation between local authorities, academia and civil society is still limited, while weak links between research and public administration reduce the scientific basis of policy.

The necessary reforms and investments in water and biodiversity are still insufficient, despite recent improvement in water projects. Romania had received the recommendation to invest in environmental infrastructure. Investments in water management and resilience and in biodiversity have been significantly reduced in the last version of the RRP. This indicates problems with strategic planning and administrative capacity, weak governance and institutional setup, including in local public administration, and a lack of technical expertise/green skills.

Climate adaptation and preparedness

Romania is highly exposed to climate change impacts, which will require significant investments across sectors. It is particularly exposed to river floods, droughts, heatwaves and landslides. Over the period 2020-2024, the country experienced, on average, more than 18 additional days of heat stress exposure compared to the reference period of 1981-2010. This brings the total to 48 heat stress days annually, placing Romania among the countries most affected by heatwaves. The average number of tropical nights (temperatures exceeding 20 °C) nearly doubled over the same period, reaching on average 13 nights per year compared to the historical baseline. Heatwaves have a substantial negative impact on economic activity by reducing productivity, while also increasing heat-related illnesses and work absenteeism, and causing disruptions to critical infrastructure such as transport and water supply systems ([242]).

Half of Romania's urban population will be affected by extreme heat waves by 2040. The maximum temperature difference between the centre of Bucharest and the adjacent rural areas, caused by the urban heat island effect, is between +3 and +8 degrees ([243]). Rising temperatures have also contributed to an increasing frequency and intensity of droughts and desertification processes. On average, between 2019 and 2023, about 6% of cropland area was impacted by drought in Romania ([244]).

The country will need to invest EUR 2.1 billion per year ([245]) up to 2050 for adaptation and resilience. This includes 41% for its ecosystems ([246]), 30% for infrastructure ([247]), 13% in health ([248]), 12% in food ([249]) and 4.2% in economy and finance ([250]). Taken against

([242])OECD Draft Economic Surveys of Romania 2026.

([243])State of Climate Romania 2025 - Starea Climei - România 2025 FINAL.pdf - Google Drive.

([244])European Environment Agency, 2024.

([245])European Commission: Directorate-General for Climate Action, Monteleone, L., Roberti, G., Fossati, F., Davies, W. et al., *Assessment of EU and Member States adaptation investment needs – Study on the macro-economic impacts of the climate transition*, 2026, https://data.europa.eu/doi/10.2834/2895769.

([246])Soil restoration measures, biodiversity protection and pollinator measures, wildfire prevention, coastal ecosystem restoration such as dune and saltmarsh measures, habitat connectivity and grassland restoration.

([247])Flood protection, building retrofits, transport infrastructure.

([248])Occupational health and safety measures to protect workers from heat stress - modified work schedules, shaded rest areas, and protective equipment, wastewater treatment upgrades are the second largest category, wildfire disaster response, urban cooling and green infrastructure, infectious disease monitoring and early warning systems, training of health professionals in disaster management.

([249])Adaptation in the food sector is primarily a matter of safeguarding agricultural productivity (crop and livestock adaptation measures).

([250])This means property and insurance markets, risk transfer mechanisms and climate finance instruments, or adaptation of climate-sensitive industries (such as winter tourism).

its GDP, Romania is close to the EU average as regards its investment needs (0.5% of GDP). However, the country will need a much larger share of investments (compared to the EU average) allocated for economy and finance (4.2% vs 1% for the EU) and health (13% vs 10% for the EU). Given this, investments in these two sectors deserve more attention, considering the large needs gap compared to the EU average.

Adaptation is increasingly being integrated into policy objectives, but significant implementation challenges remain. Climate adaptation, resilience and mitigation is covered by the Ministry for Environment, Water and Forests, along with other line ministries responsible. In 2024, Romania adopted the national strategy for adaptation to climate change (SNACS) 2024-2030 (with a broad view to 2050) ([251]). The strategy aligns with the EU adaptation strategy and the European Green Deal, including both sector-specific and cross-sector methods. It targets 13 key sectors, including agriculture, water resources, energy, health, air quality and transport, to mitigate vulnerabilities to climate impacts. The strategy also contains a national action plan ([252]), which sets out more precise implementation actions, funding lines and responsible ministries. However, the interventions do not differentiate between mitigation and adaptation measures. The timeline for the implementation of measures lacks precision and prioritisation according to a climate-risk assessment. The plan does not include a mechanism for reporting and monitoring advancement and investments or for assessing results, which weakens accountability. The strategy is supported by a website (RO-ADAPT) ([253]) with adaptation-related best practices and documentation.

The 2024 national climate adaptation strategy explicitly calls for integrating climate adaptation measures into all sectors, including land-use planning, transport and agriculture, fisheries and aquaculture, but this only recently started to take effect. This strategy highlights as priorities reinforcing roads, railways and bridges and the adaptation of the agricultural sector and rural areas to withstand extreme weather and limit losses.

Romania also set up an Interministerial Committee on Climate Change in 2022 to act as the main forum for intragovernmental coordination of green policies. It is responsible for setting climate change priorities, proposing technical solutions and facilitating the adoption and implementation of cross-sectoral measures. However, it does not convene ([254]).

The European Climate Law encourages Member States to adopt a national climate law to transform the strategic commitments undertaken at European level into a binding legal framework. Romania does not have a national climate law, as the government considers that the existing strategies provide a sufficient framework. However, these commitments do not have the necessary legal force to prevent regression or inconsistencies between policy cycles ([255])([256]).

A draft climate law tabled in June 2024 included legally binding targets and the establishment of a scientific advisory body. However, only the Scientific Advisory Council on Climate was retained in the final law, which has yet to be formally founded and become operational ([257]).

The number of cities participating in the Covenant of Mayors has slightly increased, as has the number of Romanian cities and municipalities that have developed tailored local adaptation strategies. Furthermore, some municipalities and regions are participating in the EU Mission on Adaptation to Climate Change.

Despite these efforts, the OECD notes the need for clear mandates to overcome institutional fragmentation. It recommends as a priority to improve governmental coordination, strengthen data gathering, up-skill human resources and empower local action through

([251])STRATEGIE 14/08/2024 - Portal Legislativ.

([252])STRATEGIE 14/08/2024 - Portal Legislativ, Annex 4.

([253])RO-ADAPT Platform.

([254])Romania's climate action strategy.

([255])Starea Climei 2025, Adaptarea la efectele schimbarilor climatice.

([256])Co-ordination of green policies at the centre of government in Romania (EN).

([257])OECD Economic Survey 2026.

accrued vertical coordination ([258]). A second recommendation focuses on creating a legally binding climate resilience framework to promote long-term policies, prioritise climate resilience through strategic planning and strengthen green budgeting practices. The third layer encouraged strengthening evidence-based climate policies development, engaging inhabitants and non-governmental stakeholders in developing climate policies and supporting the development of climate resilient policies by mainstreaming climate considerations in the policy development process.

Romania is significantly impacted by climate risks, and unlike many EU Member States the insurance coverage there remains low. Between 1980 and 2024, Romania recorded just under EUR 24 billion in economic losses caused by weather and climate-related extreme events, of which only 1% were insured losses (vs 19% for the EU). Romania also belongs to a group of countries with the highest share of damages from natural catastrophes in relation to GDP. Damages from extreme weather events (floods, droughts and heatwaves) will only rise in Romania. This will have significant economic effects, lowering the gross value added (GVA) by almost EUR 4 billion in 2029 (rising from EUR 1.54 billion in 2025). This is significantly higher than the EU average in percentage terms ([259]) for Romania vs 0.78% in 2029 for the EU). Romania also has one of the largest insurance protection gaps for natural catastrophes (low insurance penetration and high-risk estimation), being surpassed only by Italy and Greece. The biggest risks were from earthquakes and floods, and the insurance penetration for these risks is under 25% (lowest category labelled in the European Insurance and Occupational Pensions Authority (EIOPA) dashboard). During 2024 and 2025, Romania dealt with some of its worst floods in at least two decades, causing burst riverbanks, collapsed bridges and damage to thousands of homes.

The transport vulnerability index of the TEN-T network to climate change has been assessed to be one of the highest in the EU. Romania has the highest transport vulnerability ([260]). The risk is especially high due to the quality of transport infrastructure and the general adaptation preparedness – meaning that general disaster prevention or relief measures (not related to transport) are insufficient and likely to affect the transport sector and the TEN-T in case of a crisis. The low resilience is also due to logistics performance, meaning that in the event of a crisis, it is unlikely the country can respond and sustain its infrastructure (as happened in February 2026 during an intense snowfall). Interoperability on the Romanian TEN-T is also low – an important determinant of the network's response capacity in in the event of disruption. Finally, the country's economic capacity score means that Romania lacks the resources and administrative capacity to effectively respond to and recover from climate-related disruption.

Romania has seen a significant increase in the number of fires, as well as the areas burnt, with both numbers rising significantly since 2019([261]). This increase is due in significant part to human activity and land use. The country has introduced legislation to combat it, including the national forest strategy 2030 and an updated Forestry Code, which strictly regulate the use of fire in land management. Romania is also strengthening early detection, preparedness and response capacities to limit the impact of fires when they do occur. The country operates a multi-layered early warning system that combines meteorological risk indices, satellite monitoring through the European Forest Fire Information System, and public alerts via the RO-ALERT system ([262]).

([258]) Co-ordination of green policies at the centre of government in Romania (EN).

([259]) Usman, Parker & Vallat (2025), Dry-roasted NUTS: early estimates of the regional impact of 2025 extreme weather, Link.

([260]) European Commission: Directorate-General for Mobility and Transport, *Support study on the climate adaptation and cross-border investment needs to realise the TEN-T network*, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2832/7839720.

([261]) According to EFFIS, in 2025 the number of fires and the area burnt were considerably lower in 2025 than the 2006-2024 average.

([262]) World Bank. 2025. Romania – Management of Wildfire Risk. Washington, D.C.: World Bank Group

Water resilience

Romania is increasingly exposed to water-related climate risks, including severe droughts, more frequent flash river floods and significant shifts in seasonal flow patterns. These trends are already negatively impacting local communities, critical infrastructure, and water operators across the country. Romania is a flood prone country. Projections indicate that these pressures will intensify in the future, leading to greater flood-related damage ([263]). Water scarcity in Romania is mainly due to depleted groundwater reserves and the poor management of water mains. The regions most affected are primarily in the southeastern and eastern parts of the country, especially in rural areas. Some municipalities in Romania have restricted water access due to scarcity. These areas experience more frequent and intense droughts, exacerbated by climate change and inefficient infrastructure. The national water exploitation index plus (WEI) ([264]), a measure of how much water is being used compared with the total renewable freshwater resources available for a given territory and period, indicates significant pressure on renewable freshwater sources that Romania is confronted with ([265]).

As shown by the JRC European Drought Risk Atlas, Romania already has relatively high risks, and projections show an increase in risks (e.g. for agriculture, water supply, hydropower production, terrestrial and freshwater ecosystems). Water scarcity can have disruptive effects on many sectors of the economy, with reduction of crop yields in agriculture, reduced production from aquaculture, reduced power generation from hydropower and thermal energy as well as problems for water-intensive processes in industry.

Romania is one of the Member States with the highest risks of drought impact for agriculture in Europe, with the largest average annual relative reduction in crop yield (in %) due to droughts (in particular for wheat, barley, maize and rice). While in 2023 only 3.9% ([266]) of usable agricultural land was irrigable, compared to the 9.9% EU average, in the future, the irrigated area and water consumption for irrigation are expected to increase. Using CAP funds, Romania finances the sustainable modernisation of irrigation installations and would benefit from more investments in rainwater storage capacities and water recycling.

Water productivity in Romania ([267]) stood at EUR 24 per m³ of abstracted water in 2023, below the EU-27 average of EUR 153 per m³, reflecting inefficiencies in abstraction-heavy sectors like manufacturing and agriculture. These inefficiencies pose competitiveness risks, especially during peak seasons. In 2023, public water supply accounted for 16.2% of freshwater abstraction, with manufacturing at 43.8% and agriculture at 34.8, showing the need to continue increasing the efficiency of water use, with priority for the most water-consuming sectors. There is progress to address the inefficiencies of water use in agriculture by using funds from the rural development programme 2014-2020 and the CAP strategic plans 2023-2027 for the modernisation of irrigation systems which potentially reduce the water consumption by minimum 5-8%. It should be noted that Romania's fisheries and aquaculture sectors operate under pronounced environmental and structural challenges. The Black Sea environment is affected by climate change, eutrophication, pollution and biodiversity degradation.

Since 2014, abstraction has risen by 25%, driven by increased reliance on surface water (40% of abstraction in 2023) rather than groundwater. The quantitative risk analysis reveals that the highest average annual increase in drought-induced water abstraction is currently estimated in Romania, in addition to Spain and France ([268]).

([263]) Developing flood mapping procedure through optimized machine learning techniques. Case study: Prahova river basin, Romania - ScienceDirect.

([264]) Eurostat, Water exploitation index, plus (WEI+), Link.

([265]) European Drought Risk Atlas, JRC.

([266]) PMEF Data Explorer.

([267]) Water productivity is a metric that is calculated by dividing GDP (in chain-linked volume) by total water abstraction. It indicates the average economic value (GDP) a Member State creates for each unit of water it takes from nature.

([268]) Rossi, L., Wens, M., De Moel, H., Cotti, D., Sabino Siemons, A., Toreti, A., Maetens, W., Masante, D., Van Loon, A., Hagenlocher, M., Rudari, R., Naumann, G., Meroni, M., Avanzi,

The assessment of the third river basin management plan (RBMP), covering from 2021 to 2027, indicates that there has been a slight improvement in the ecological status/potential of surface water bodies and a slight deterioration in their chemical status, compared with the status reported in the second RBMP ([269]), covering years 2016 to 2021. Approximately 67% of surface waterbodies have good ecological status/potential and 87.7% are expected to achieve good ecological status/potential by 2027. Two of the four Romanian coastal water bodies show deterioration of their ecological status in the biological quality elements since the second RBMP and even more since the first RBMP. There is a continued pressure of nitrogen conditions in all four coastal waterbodies since the second RBMP. The river basin specific pollutants also have some negative impacts on the status of two coastal waters. A driver of economic growth, Romania's agricultural sector is also one of the main reasons for Romania's water issues. According to the third river basin management plan, agriculture is considered to be one of the main sources of point and diffuse pollution with nutrients, organic and hazardous substances present in surface water. On one hand, the sector relies heavily on water for irrigation, and the quality and quantity of water can significantly affect the crop yields. On the other hand, agriculture contributes to water pollution through the runoff of fertilisers and pesticides. This affects not only the quality of the water, but also the environment more generally. On a positive note, some progress has been achieved on nutrient conditions, with 82% of surface water bodies achieving good status for nitrogen conditions in the 3rd RBMP, against 68% in the 2nd RBMP, and 82% of surface water bodies achieving good status for phosphorus conditions in the 3rd RBMP, against 70% in the 2nd RBMP ([270]).

Romania has one of the lowest compliance rates with EU water legislation, in particular with regard to the Drinking Water Directive and the Urban Wastewater Treatment Directive, and faces the highest investment needs to reach and maintain compliance. Romania has one of the lowest drinking water connection rates in the EU. The Romanian population connected to the public water supply system was 77.6% in 2024, compared to 63.7% in 2015. Although the quality of 140 underground water bodies is monitored, the quality of the water in private homes and its availability during summer season in the droughts-affected regions is not directly monitored by Romania ([271]). Local/regional studies from academia show high variations and sometimes worrying results that show that this water is unfit for drinking ([272])([273]).

Romania's drinking water system is characterised by a significant urban-rural divide. There are ongoing efforts to improve infrastructure using EU funds, particularly the European Agricultural Fund for Rural Development, which financed the expansion with 5 700 km of the public water supply network and used water infrastructure in rural areas during the 2014-2020 programming period. An additional EUR 500 million are allocated in the CAP strategic plans 2023-2027 for LEADER initiatives, which can finance investments in the drinking water supply.

Romania is making extensive use of EU funding to address longstanding challenges in its water sector, including insufficient network coverage, ageing infrastructure and compliance gaps with EU environmental *acquis*. Romania continues to struggle with incomplete public water supply connections. It continues to be confronted with the highest investment needs to reach and maintain compliance, despite an acceleration in absorption

F., Isabellon, M. and Barbosa, P., European Drought Risk Atlas, Publications Office of the European Union, Luxembourg, 2023. Link

([269])EU Commission, 2025, *Third River Basin Management Plans Second Flood Hazard and Risk Maps and Second Flood Risk Management Plans Member State: Romania*, Link.

([270]),WISE Freshwater – Freshwater Information System for Europe, by selecting for "quality element", respectively nitrogen conditions and phosphorus conditions, and for "Management Plan (RBMP)', respectively 2nd or 3rd, Link

([271])Peticila, A., 2019, *Universal screening of private wells water quality in the Muntenia Region, Romania,* SIMI, Link.

([272])Bălc, R., Roba, C.-A., Moldovan, M., Zglobiu, O. R., Roșian, G., & Vasilian, L., 2025, *Hydrochemical Characterisation and Assessment of Groundwater Suitability for Drinking and Irrigation Purposes in Sângeorz-Băi Area, Bistrița-Năsăud County (Romania)*, Sustainability, 17(20), 9238, Link.

([273])Rosu, Cristina & Roba, Carmen & Pistea, Ioana & PAUL, ROMINA, 2016, *GROUND WATER QUALITY FROM PRIVATE WELLS. CASE STUDY: TARNA MARE - SATU MARE COUNTY*. Aerul şi Apa: Componente ale Mediului. 2016, Link.

of EU funds recently. It is implementing a large-scale extension programme as part of its recovery & resilience plan (RRP), cohesion policy funding, local actions financed by the CAP strategic plans as well as reforms of the water sector. It has allocated around EUR 2.94 billion under the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) for investments in water infrastructure during 2021-2027 programming periods and around EUR 400 million through the revised RRP, though with a significant downscaling from the original RRP. The funding is intended to support the expansion, upgrading and rehabilitation of water supply networks, reinforce system resilience and ensure compliance with EU water quality standards. The level of investment shows Romania's commitment to leveraging EU cohesion policy resources to enhance the sustainability, efficiency and territorial equity of its water services. Further efforts would contribute to stepping up the extension and modernisation of drinking water and wastewater infrastructure, including in rural areas, and to ensure a sustainable service at a reasonable price. The Romanian RRP has identified some key reforms to support the water sector, notably by strengthening the regulatory framework for the sustainable management of the water and wastewater sectors, and accelerating public access to quality services. The significant leakage rate of water supply systems highlights the need for investment in network infrastructure. In addition, under a TSI 2025 support project, the National Regulatory Authority for Public Utilities Services (ANRSC) aims to reduce water losses for sustainable water management. This is all the more important since Romania loses more than 565 million cubic metres of drinking water each year through its public distribution networks ([274]). As a result, nearly 50 per cent of the volume is classified as non-revenue water, attributable to leaks, ageing infrastructure, metering errors, unmetered consumption or theft ([275]).

Compared to 2020, Romania has slightly decreased its compliance rate with the Urban Wastewater Treatment Directive (91/271/EEC) reaching 12.8([276]) (from 15.4% in 2020). Romania still remains one of the Member States with the lowest compliance ([277]). The forecast for investment needed (in the accelerated national compliance plan for water and wastewater approved by the Government in December 2022) of around EUR 7 billion is planned to be financed for urban wastewater infrastructure in the period 2022-2030 from different funding sources (mainly the European Union's Recovery and Resilience Facility, Cohesion funds and national funds). Looking ahead, the investments planned for the period 2021-2027 are much higher for collecting systems (EUR 7 931.45 million) and for treatment plants (EUR 3 010.84 million) than past investments made from 2012 until 2020 (EUR 977.03 million for the collecting systems and EUR 199.35 million for the treatment plants ([278]).

In this sector, Romania has increased its investments recently, in particular with the support of cohesion funds. This should result in positive improvements that will become evident in next reporting rounds.

Nature restoration

Romania's economy is structurally exposed to nature loss because it is dependent on ecosystem services. 37% of gross value added relies directly on the ecosystem – though this is below the EU average of 44%. This vulnerability is particularly acute in agriculture, forestry, construction, water and the healthcare sector ([279]).

Despite Romania's rich biodiversity – reflected in 23.5% of its territory and 21.5% of its marine areas designated as protected

([274])According to official data for 2024 submitted to the European Commission under the EU Drinking Water Directive (EU) 2020/2184. The data, covering 47 large regional water operators, indicate that out of approximately 1.23 billion cubic metres of water introduced into the system, only around 661 million cubic metres were billed.

([275])Losses are described as structurally high and concentrated among a limited number of operators, with 10 companies accounting for almost 58 per cent of total losses. In some areas, losses exceed 30 000 cubic metres per kilometre of network per year.

([276])EEA compliance dashboard, accessed on 23/02/2026 (available here: Register - UWWTD).

([277])UWWTD compliance (2022), internal documents.

([278])Based on 2022 data reported by Member States on the implementation of Directive 91/271/EEC, internal documents.

([279])Dataset from JRC, based on The EU economy's dependency on nature, JRC (2024).

areas – some habitats and species are currently under pressure. While fish stocks remain sensitive to environmental variability, enhancing the sustainable management of marine and aquatic ecosystems and strengthening monitoring, data collection and fisheries control, remain essential to safeguard long-term sector viability. Agriculture along with urban expansion and infrastructure development put by far the greatest pressure on habitats. For species, the development, construction and use of infrastructure and the extraction and cultivation of living resources are the main pressures. Despite the availability of funds, Romania has made almost no progress on adopting management plans for Natura 2000 sites, with nearly half of the plans still missing. There is a lack of progress on effectively managing these sites and updating the existing outdated management plans, showing administrative capacity issues. Efforts have been carried out to restore some of the degraded peatlands. Romania is considering these peatlands priorities for the designation of new Sites of Community Importance (SCIs) ([280]).

Romania needs to take further steps to align with key targets of the EU biodiversity strategy. It is in the process of updating the national strategy and action plan for biodiversity conservation ([281]). As far as the national nature restoration plan is concerned, Romania is not on track to deliver it by September 2026. It has secured technical assistance funding, but the development of the plan itself has not yet started due to administrative procedures. It is to be noted that Romania has taken action to set up a legal framework for strictly protected areas as part of its RRP, in line with the EU biodiversity strategy.

Nature degradation in some parts of the country is further amplified by invasive alien species, with 22 recorded in Romania in 2024 ([282]), inflicting significant estimated damages of EUR 1.04 billion, primarily affecting agriculture and public health ([283]). At the same time, eutrophication – a threat to biodiversity and ecosystem integrity – has only slightly improved, with the areas at risk declining from 96% to 92% since 2005([284]). Nitrogen deposition from agriculture and industrial combustion remains a critical driver of this degradation.

Romania has still a significant persistent biodiversity finance gap. Romania faces an estimated EUR 3 billion shortfall in funding ([285]). Despite significant from CAP and cohesion policy, the shortfall underscores the need for increased investment in habitat restoration.

Sustainable agriculture and land use

Romania's carbon removals fall short of the level of ambition needed to meet its 2030 target for land use, land use change and forestry (LULUCF). To meet its 2030 LULUCF target, additional carbon removals of -2.4 million tonnes of CO^2 equivalent (CO2eq) are needed ([286]). Recent trends show that LULUCF removals have been slowly decreasing since 2020 in Romania and the latest available projections show a gap to target of almost 2 million tonnes of CO_2eq for 2030. Thus, additional measures are needed to reach the 2030 target. However, the National Energy and Climate Plan (NECP) does not provide sufficient information on how public funding (CAP, State aid) and private financing through carbon farming schemes are used to reach the LULUCF target. It lacks information on the status and progress in ensuring higher tier levels and geographically explicit datasets needed to ensure the robustness of net removal estimates. In addition to increasing LULUCF net removals, further investments in healthy forests and soils are key to building resilient bio-based product value chains and enabling a growing, competitive EU bioeconomy. In particular continued

([280])European Commission, Environmental Implementation Review for Romania, 2025. Link

([281])National strategy and action plan for biodiversity conservation. Link

([282])European Commission, 2025, *Environmental Implementation Review, Romania Country Report*. Link.

([283])Economic Cost of invasive alien species across Europe (2021), NeoBiota and Report 'Update of the costs of not implementing EU environmental law' (2025).

([284])Eutrophication caused by atmospheric nitrogen deposition in Europe. EEA (2024).

([285])European, Commission, Environmental Implementation Review for Romania, 2025. Link

([286])National LULUCF targets of the Member States in line with Regulation (EU) 2023/839 Link.

improvements in the monitoring system of net removal data and will be crucial in supporting timely and effective action in the sector.

Romania's share of agricultural land organically farmed is increasing slowly. Between 2012 and 2024 it rose from 2.10% to 6.16% ([287]). With this pace, Romania is not sufficiently contributing to achieving the 25% EU wide target by 2030. 3.35% of Romanian agricultural land features landscape elements like woods and grasslands. The estimated rate of soil loss by water erosion is higher than threshold of 2 t/ha. It is also affected by wind erosion but not so affected by tillage erosion ([288]).

Romania faces environmental and public health risks due to persistent agricultural pollution pressures and rapid transfer of contaminants in groundwater systems. Romania's functional urban area has considerably expanded in the last few years, with net land taken between 2018-2021 accounting for 2 240 ppm/year of the total urban surface of the country, the highest level in the EU. Most land has been taken from pastures and arable land ([289]). Romania was one of the Member States with the highest increases in land take in commuting areas. It should nevertheless be noted that among the EU Member States, the functional urban area (FUA) showed one of the lowest rates of artificial area per capita in 2018. Romania also experienced one of the largest increases in artificial surfaces in protected areas of suburban areas. This ongoing 'land take' and the associated soil sealing causes less resilient ecosystems, decreased carbon sequestration and impaired flood protection.

There are still some pressures on water quality in Romania. Under the EU Nitrates Directive, 24.8% of Romania's groundwater monitoring stations recorded average nitrate concentrations exceeding 25 mg/l between 2016 and 2019 ([290]). 12.6% recorded concentrations above 50 mg/l, the EU threshold for safe drinking water. This trend underscores systemic agricultural pressures, despite Romania's relatively low livestock density – 0.34 livestock units per hectare in 2023 ([291]) compared to the EU average of 0.75. With a 6% increase in agricultural ammonia emissions between 2018 and 2023, underscores a degradation in emission control, nitrate pollution persists, indicating gaps in the nutrient management strategies ([292]). This is also evidenced in the third river basin management plan which has identified nutrients from agriculture as an important pressure for groundwater/surface waters that is affecting these ([293])[294].

Pesticide contamination levels do not seem well reported. Agriculture is considered to be one of the main sources of point and diffuse pollution with nutrients, organic and hazardous substances present in surface water. However, contamination from pesticides is not sufficiently monitored and reported. The third river basin management plan presents an overview of the quantified gaps and how much the planned measures are expected to achieve in terms of closing the gaps for pesticides. Pesticides not only threaten aquatic ecosystems but also pose long-term risks to human health through contaminated drinking water and food chains. At the same time, Romania reports a soil contamination level below the European average, as 38% of the concentration of pesticides exceeds 0.05 mg kg-1, compared to 57% in the EU.[295]

([287])Context indicator C.33 Agricultural area under organic farming.

([288])European Commission, EUSO Soil Degradation Dashboard.https://esdac.jrc.ec.europa.eu/esdacviewer/euso-dashboard/

([289])EEA, Net land take in cities and commuting zones in Europe. Link

([290])https://www.eea.europa.eu/en/analysis/indicators/nitrate-in-groundwater-8th-eap EEA, 2025, Nitrate in groundwater in Europe, Link.

([291])Livestock density index, Eurostat.

([292])Source: Eurostat, Ammonia emissions from agriculture, Link.

([293])European Commission, Environmental Implementation Review for Romania, 2025. Link

([294]) Pesticides residues in European agricultural soils, JRC Technical Report

([295]) Ibid.

Table A10.1:**Key Adaptation Indicators**

Sustainable agriculture and land use:							**EU-27**
			2012-2018		**2018-2021**		**latest data**
Yearly net land taken by Member State *[ppm of total urban surface per Member State]*			1 319		2 240		670
Land conversion in functional urban area *[% of total land taken from 2018-2021]*							
Arable land					46%		
Complex and mixed cultivation					1%		
Forests					1%		
Herbaceous vegetation associations					3%		
Open spaces with little or no vegetation					0%		
Pastures					48%		
Permanent crops					1%		
Water					0%		
Wetlands					0%		
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**latest data**
Nitrates in groundwater [5] *[$mgNO_3/l$]*	14.0	14.2	14.5	14.9	15.5		
Livestock density *(number of livestock units per hectare of utilised agricultural area)*		0.35			0.34		0.75
Ammonia emissions *[% of total utilised agricultural area]*	94%	94%	94%	95%	96%	-	94%
Pesticide contamination on rivers and lakes water bodies *[% of monitoring sites with pesticides exceeding thresholds, 2018-2023]*				rivers	0%		27%
				lakes	n.d.		18%
Pesticide contamination in soil *[% of samples with a concentration over 0.5 mg/Kg^{-1}]*					38%		57%
Net greenhouse gas removals from LULUCF [6] *[$ktCO_2$-eq]*	-46733.8	-49110.3	-47791.9	-45686.1	-46424.8	-	-198 421

(Continued on the next page)

Table (continued)

Sustainable agriculture and land use:							EU-27
			2012-2018		2018-2021		latest data
Yearly net land taken by Member State *[ppm of total urban surface per Member State]*			1 319		2 240		670
Land conversion in functional urban area *[% of total land taken from 2018-2021]*							
Arable land					46%		
Complex and mixed cultivation					1%		
Forests					1%		
Herbaceous vegetation associations					3%		
Open spaces with little or no vegetation					0%		
Pastures					48%		
Permanent crops					1%		
Water					0%		
Wetlands					0%		
	2019	2020	2021	2022	2023	2024	latest data
Nitrates in groundwater [5] *[mgNO_3/l]*	14.0	14.2	14.5	14.9	15.5		
Livestock density *(number of livestock units per hectare of utilised agricultural area)*		0.35			0.34		0.75
Ammonia emissions *[% of total utilised agricultural area]*	94%	94%	94%	95%	96%	-	94%
Pesticide contamination on rivers and lakes water bodies				rivers	0%		27%
[% of monitoring sites with pesticides exceeding thresholds, 2018-2023]				lakes	n.d.		18%
Pesticide contamination in soil *[% of samples with a concentration over 0.5 mg/Kg^{-1}]*					38%		57%
Net greenhouse gas removals from LULUCF [6] *[ktCO_2-eq]*	-46733.8	-49110.3	-47791.9	-45686.1	-46424.8	-	-198 421

(1) EFFIS (European Forest Fire Information System). Link.
(2) The climate protection gap refers to the share of non-insured economic losses caused by climate-related disasters, based on modelling of the risk from floods, wildfires, windstorms, and the insurance penetration rate. Scale: 0 (no protection gap) – 4 (very high gap). EIOPA, 2025, Dashboard on insurance protection gap for natural catastrophes.
(3) Measures total water consumption as a percentage of the renewable freshwater resources available for a given territory and period. Values above 20 % are generally considered to be a sign of water scarcity, while values equal or greater than 40 % indicate situations of severe water scarcity.
(4) European Commission, 2024, seventh Implementation Report from the Commission to the Council and the European Parliament on the implementation of the Water Framework Directive (2000/60/EC) and the Floods Directive (2007/60/EC) (Third River Basin Management Plans and Second Flood Risk Management Plans).
(5) Indicator refers to concentrations of nitrate (NO3) in groundwater, measured as milligrams per litre (mg NO3/L). Nitrate can persist in groundwater for a long time and accumulate at a high level through inputs from anthropogenic sources (mainly agriculture). The EU drinking water standard is limited to 50 mg NO3/L to avoid threats to human health.
(6) Net removals are expressed in negative figures, net emissions in positive figures. Reported data are from the 2025 greenhouse gas inventory submission. 2030 value of net greenhouse gas removals as in Regulation (EU) 2023/839 – Annex IIa.
Source: Eurostat, EEA, JRC

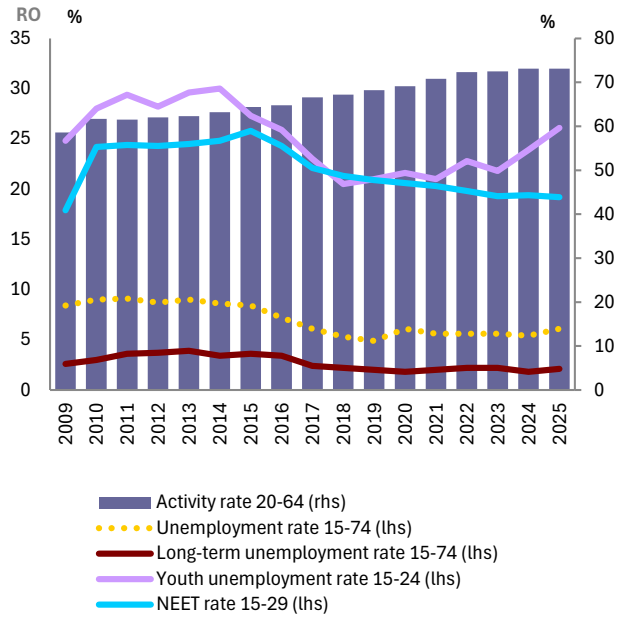
ANNEX 11: LABOUR MARKET

Romania's labour market is improving, but persistent participation gaps, adverse demographic trends and weak activation measures hinder the improvement of employment outcomes, productivity and competitiveness. In 2025, the country-specific recommendations for Romania highlighted the need to strengthen the labour market participation of women and young people by improving the effectiveness of active labour market policies (ALMPs) and increasing enrolment of young children in early childhood education and care. Economic growth remains subdued, and employment growth is still constrained by the under-representation of women, young people and persons with disabilities in the labour market, and by limited access to skills development and employment opportunities for the population. As Romania works towards achieving its 2030 employment rate target, mobilising untaped potential, tackling regional disparities and improving job quality will be key to supporting a more robust and inclusive labour market.

The labour market has shown gradual improvement, but low participation continues to weigh on overall employment outcomes. The employment rate has risen in recent years but, at 69.0% in 2025, it was among the lowest in the EU (EU: 76.1%) and below the national 2030 employment rate target (74.7%). Labour force participation declined by 0.3 pps in 2025 to 67.1% and is among the lowest in the EU (EU: 75.7%). The unemployment rate increased by 0.7 pp in 2025 and lies slightly above the EU average (6.1% vs 6.0% in the EU). The long-term unemployment rate also rose by 0.3 pp in 2025 and lies above the EU average (2.1% vs 1.9%).

Regional disparities and strong rural-urban divide in employment are still significant. In 2025, the gap between the regions with the highest and lowest employment rates (Bucharest-Ilfov – 81.1%, and the South-West Oltenia– 61.7%) was 19.4 pps. Employment dropped across most regions during the year, with the largest decreases in South-West Oltenia (-1.8 pps) and North-West (-1.5 pps), while in Centre the employment rate increased by 1.6 pps. These regional disparities result from structural differences in economic opportunities, population growth and foreign investment intensity between the capital and the rest of the country. In Romania, 23% of workers are employed in agriculture – the highest share in the EU. However, in 2025 the employment rate in rural areas was 18.9 pps lower than in cities (60.7% vs 79.6%). Self-employment is common in rural areas (32.1%), which is often linked to subsistence farming or small-scale trade. This can be coupled with limited economic diversification, poor public transport and restricted access to education in rural areas.

Graph A11.1: **Key labour market indicators**



Source: Eurostat, LFS [lfsi_emp_a, une_rt_a, lfsi_neet_a, une_ltu_a]

Women's participation in the labour market is still low. In 2025, the gender employment gap was among the highest in the EU (18.7 pps vs EU: 9.6 pps), and significantly higher in rural areas than in cities (26.7 pps vs 9.1 pps). One notable exception is the ICT sector, where Romania performs above the EU average (in 2024, 27.8% of ICT specialists were women compared with the EU average of 19.5%). Yet in 2024, ICT specialists represented only 2.7% of employment against 5.0% in the EU. Women's participation in the labour force (57.8 % vs 71.1% in the EU in 2025) is also among the lowest in the EU. Low female participation is driven by limited enrolment of children under three years of age in early childhood education and care (11.1% vs EU: 40.5% in 2025), particularly in rural areas (see Annex 13). Limited access and few regulatory disincentives to part-time work (performed by 2.9% of the total number of employed people in Romania compared with the EU average of 7.1% in 2024) constitute

additional barriers for individuals to combining work with care responsibilities, which mainly affects women. With the support from the Recovery and Resilience Facility (RRF), 110 nurseries will be constructed, and at least 25 complementary services will be made available, in particular in disadvantaged localities.

Young people struggle to enter into formal employment. Youth unemployment reached 26.1% in 2025 and was among the highest in the EU (EU: 15.2%), after a long period of increase since 2018. The rate of young people neither in employment nor in education and training (NEETs) fell to 19.2% but was nonetheless among the highest in the EU (EU: 11.0%). It was also significantly higher in rural areas than in cities (27.7% vs 7.2%). High school drop-out rates and misalignment between the education system and labour market needs ([296])) are big drivers of youth unemployment (see Annex 13). Inadequate outreach activities further exacerbate these challenges. In this regard, a reform was implemented under the RRF to prevent and reduce early school leaving in the compulsory education system, and 2 300 schools have received support to reduce the risk of drop-out.

Employment remains limited for persons with disabilities and for Roma. In 2025, the disability employment gap increased by 0.6 pp and reached 45.4%, which is 21.2 pps above the EU average (24.2%). Incentives and support for persons with disabilities to help them look for work are limited, and their labour market participation at the end of their careers (55-64) is one of the lowest in the EU (24.3% vs EU: 55.1% in 2024). Roma remain under-represented in the labour market, with only 59% of them engaged in paid work, 10 pps below the rate for the general population (69%). In 2024, 42% of young Roma were neither in employment nor in education and training, compared with 19.4% of young people on average. The rate of perceived discrimination is rising, hindering labour market integration: 27% of Roma report discrimination when looking for work (+17 pps since 2016) and 24% at work (+18 pps) ([297])).

ALMPs are not efficient, and there is not enough funding to tackle employment gaps. The exiting activation measures are ineffective in bringing people from under-represented groups into employment, which reflects insufficient targeting and funding. Romania spends by far the least in the EU on labour market policies ([298]), with total expenditure decreasing markedly over the years – from 0.13% of GDP in 2020, to 0.09% in 2023 and 0.05% in 2024 ([299]). Over 90% of the funding is allocated to employment subsidies, which tend to be less effective than other measures, and only around 7% is allocated to training (EU: 44% and 28% respectively in 2020) ([300]). Limited staff capacity of the public employment services, coupled with inadequate IT tools and quality services, further undermine the reach and effectiveness of activation policies.

Romania is making use of EU funds to improve employment outcomes. The European Social Fund Plus (ESF+) supports measures to facilitate access to the labour market through the national 'Education and Employment' programme. Under-represented and disadvantaged groups are provided with integrated packages of active measures, including support services to help them find a job, and vocational training programmes. A total of 44 000 young people, of whom 3 960 are Roma, will benefit from the national youth employment incentive schemes. ESF+ funding is also used to support the creation of jobs for vulnerable and marginalised groups through 647 social economy enterprises. The Romanian CAP Strategic Plan 2023–2027 allocates about EUR 5.8 billion to rural development. These funds support economic diversification, local infrastructure (including transport), and social and education services aiming to support 36 000 young farmers and create around 12 000 additional jobs.

Public employment services are being modernised, but some challenges persist. With combined support from the ESF+ and the RRF, Romania is reforming its public employment services by strengthening their human resources, improving their service quality, including digitalisation, and enhancing their visibility. Some 275 000 jobseekers and 87 000 employers are expected to benefit from the modernised services until 2029. However, there is still scope for

([296])OECD, 2025, *Review of Labour Market and Social Policies: Romania 2025*.

([297])EU Fundamental Rights Agency (FRA), Roma Survey 2024

([298])Labour Market Policy (LMP) Database, 2020 data.

([299])Romanian Public Employment Service (ANOFM), Activity Report 2024.

([300])Labour Market Policies (LMP) Database, 2020 data.

improving the funding, efficiency and targeting of ALMPs, and particular attention should be paid to labour market integration of under-represented groups. Expanding outreach and strengthening mobile teams, with particular focus on rural areas, based on the good practices put in place during the INTESPO (Registration of Youth in the Records of the Public Employment Service) project, could help further improve employment outcomes.

Labour shortages are still well below the EU average. Romania's job vacancy rate remained stable at 0.6% in Q4-2025 and significantly below the EU average of 2.1%, and below its pre-pandemic level of 1.0% in Q4-2019. Consistent with this, a small share of employers expect labour shortages to constrain production: 6.7% of companies in the services sector (vs EU: 22.8%), 6.4% in industry (EU: 17.5%) and 13.8% in the construction sector (EU: 27.9%) ([301]). These shares are lower than before the pandemic across all sectors. The macroeconomic skills mismatch indicator ([302]) fell slightly to 22.1% in 2024 from 22.6% in 2023 and remains above the EU average of 19.3%. Prioritising policies that promote workforce training, upskilling and reskilling, including through individual learning accounts, could help tackle labour and skills shortages.

Despite strong wage growth, in-work poverty remains high. Wages grew by 8.2% in 2025, following an increase of 17.3% and 20.3% in 2024 and 2023 respectively. This growth rate is projected to have further decelerated to drop to 4.9% in 2026([303]). Real wages increased marginally, by 1.4% in 2024, below the EU average (1.7%) and are expected to turn negative in 2026 (-1.9%). The statutory minimum wage surged by 59% between January 2022 and January 2026, an increase by more than 15% in real terms. Nonetheless, in-work poverty remains well above the EU average (10.8% vs 8.3% in 2025). At the same time, robust wage growth has raised competitiveness concerns: over the past decade, wage growth has been well above the level indicated by macroeconomic fundamentals, and unit labour costs have increased significantly (from 9.9% in 2022, to 16.2% in 2023 and 18% in 2024) before easing in 2025 at 3.8%. While export market shares continued to increase in recent years (2021-2023), sustained wage rises may increasingly weigh on competitiveness.

Romania faces adverse demographic developments and an outflow of talent. Demographic projections suggest that the country's population will decrease by 4.4 million until 2100 (compared with the 2022 figure) ([304]). Outward mobility is also high: 2.5 million Romanian citizens of working age were living in another Member State in 2025, and emigration reached a decade high in 2023, with 324 000 people leaving the country (compared with 293 000 in 2022). The outflow of talent is particularly pronounced among highly skilled workers, with the share of graduates moving abroad reaching 15.7% in 2022. To compensate for these losses, Romania increasingly relies on migrant workers through admission quotas: at the end of 2024, more than 100 000 non-EU nationals held residence permits for employment, up from 52 000 in 2022 (which marks a 94% increase), corresponding to 1.2% of total employment, up from 0.6% in 2022 ([305]). Together, the demographic decline and talent outflow are placing growing pressure on Romania's labour market and competitiveness. With support from the Technical Support Instrument, the Romanian authorities are updating the procedural and legislative framework in the field of migration management to tackle the current situation.

Several factors weigh on job quality. Romania has a significantly higher share of low-wage earners than the EU average (23.9% vs 14.7% in 2022) and one of the highest shares of workers with atypical working hours (40.0% vs 32.6%) in 2025. Moreover, adult (25-64) participation in learning is very low and below the EU average (19.1% vs 39.5%), limiting skills development and career progression. These factors, coupled with one of the highest gender employment gaps in the EU and high in-work poverty, undermine overall job quality. Additional challenges persist regarding

([301])Source: European Business and Consumer Surveys, data until October 2025.

([302])The macroeconomic skills mismatch indicator measures the discrepancy between employment outcomes for workers with low, medium, and high levels of skills (represented by qualification levels, with ISCED 0-2 – low, 3-4 –medium and 5-7 – high). Source: F2 own calculations.

([303])Based on the European Commission Spring 2026 economic forecast.

([304])Eurostat, 2023, Population projections in the EU.

([305])OECD, 2025, *Reviews of Labour Market and Social Policies: Romania 2025*.

access to social protection for non-standard workers and self-employed people (see Annex 12).

Despite improvements, social dialogue continues to face challenges. Trade union density and employer organisation density stood at 21.3% (2024) and 56.7% (2017) respectively ([306]). The reported collective bargaining coverage rate is 27.96% (2023) ([307]). The new Social Dialogue Law, supported by the recovery and resilience plan, came into force in 2023 and brought several significant changes to the previous framework, such as lowering representativeness thresholds and opening access to collective bargaining to self-employed people. While the Law introduces a number of positive changes, some persisting issues include the low rate of collective bargaining coverage and an insufficient level of genuine involvement of social partners. The problem of social dialogue in state-owned companies also needs to be addressed. There is scope for further capacity building of social partners in addition to the EUR 78 million from ESF+.

Employment in energy-intensive sectors remains significant in Romania. Energy-intensive industries accounted for 5.0% of total employment in 2025, one of the highest levels in the EU (EU: 3.5%). At 0.7%, the share of people employed in the mining industry is also relatively large – the second highest among all Member States, with around 50 000 workers. In 2023, the emission intensity of gross value added was double the EU average. At the same time, the employment share of the environmental goods and services sector was 2.4% in 2023, below the EU average of 2.7%, but not low in a regional context. Moreover, Romania is expected to experience some of the largest GDP losses in the EU from heat-stress-related productivity impacts, with outdoor professions particularly at risk. Improving working conditions as part of climate adaptation measures is key to maintaining job quality and competitiveness.

([306]) The OECD/AIAS database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS), version 2.0.

([307]) According to the data transmitted by Romania under Article 10(2) of the EU Directive on Adequate Minimum Wages.

Social conditions continue to improve in Romania, yet significant poverty and social exclusion challenges persist. The 2025 country-specific recommendations encouraged Romania to reduce poverty and social exclusion risks by extending social protection and improving its effectiveness, including through better access to quality essential and enabling services, focusing on integrated social, health, educational and employment services, in particular for Roma and other disadvantaged groups, while maintaining fiscal sustainability. Despite recent progress and various policy frameworks, further efforts would help advance towards the 2030 poverty reduction target, notably by ensuring better coverage and adequacy of the social protection system. Access to social, health, educational, long-term care and employment services remains limited and uneven, particularly in rural areas and for Roma, affected by educational and spatial segregation. A more efficient, adequately funded, responsive and integrated delivery of services would be beneficial. Addressing these challenges would significantly contribute to Romania's competitiveness, prosperity and inclusive sustainable growth.

Rural areas and vulnerable groups still face significant poverty and social exclusion risks. The percentage of people at risk of poverty or social exclusion (AROPE) has decreased at one of the fastest rates in the EU, dropping by 8.7 percentage points (pps) between 2019 and 2025. At 27.4%, however, it remains well above the EU average of 20.8%. Romania made good progress toward its national 2030 target of reducing the number of people facing poverty or social exclusion risks by 2 532 000 compared to 2019 (-1 863 000). However, territorial disparities stand out: the AROPE rate is much higher in rural areas (39.8%) compared to cities (13.7%), one of the largest rural-urban divides in the EU. Uneven economic opportunities and access to services contribute to these stark regional disparities, with AROPE rates reaching 8.0% in the south-east compared to 13.6% in Bucharest-Ilfov in 2025. This risk is higher for those with a low level of education (54.7%), part-time workers (55.7%) and the self-employed (55.7%). Among older people (aged 65 and over), 27.9% were at risk of poverty or social exclusion (vs EU 19%). Persons with disabilities also face significantly higher risks (37% vs EU 28.8%). In 2024, the at-risk-of-poverty (AROP) rate for Roma was 68%, 10 pps lower than in 2021, but still much higher than the national AROP rate (19.0%). Overall, in 2025, the relative median at-risk-of-poverty gap was 25.5% (vs EU 22.5%), underlining the importance of efforts to reduce the depth of poverty. Romania has a far-reaching policy framework in place, including the 2022-2027 national strategy on social inclusion and poverty reduction ([308]), along with sectoral strategies targeting specific vulnerable groups such as children, homeless people, Roma, persons with disabilities and older persons ([309]). A comprehensive approach, as outlined in the EU anti-poverty strategy, could help address the multiple dimensions of poverty and achieve the national anti-poverty target.

Child poverty decreased but remains among the highest in the EU. In 2025, the AROPE rate for children reached 32.4% (EU: 24.3%). Children in households where the parents have a low level of education or with three or more dependent children are especially vulnerable. Roma children also remain disproportionately affected, with 75% at risk of poverty in 2024. By 2030, Romania aims to reduce the number of children at risk of poverty or social exclusion by 500 000 compared with 2019 levels and has already achieved a reduction of 263 000. Romania adopted a national European Child Guarantee (ECG) action plan in 2023 and is committed to its implementation. However, long-term progress is jeopardised by low participation in early childhood education and care, and unequal access to quality education, housing and healthcare. Moreover, declining child vaccination rates (78-79%, down from 86-95% in 2015) and growing concerns over mental health should be monitored. Adequate budget allocations and an evidence-based monitoring system are key to delivering on ECG commitments.

Despite improvements, the social protection system still responds ineffectively to poverty and social exclusion risks. In 2024, the impact

([308])Strategia națională privind incluziunea socială și reducerea sărăciei pentru perioada 2022–2027 (mmuncii.ro).

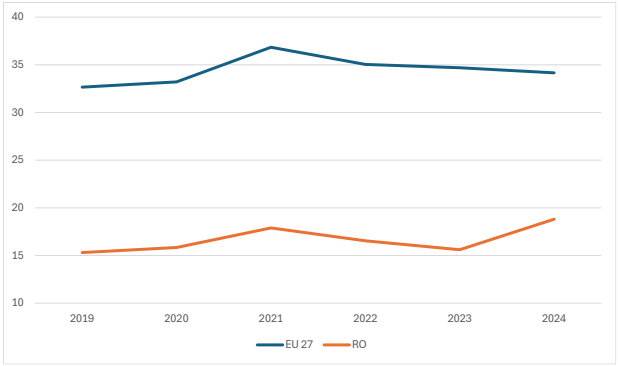
([309])National strategy "protected children, safe Romania" 2023-2027; national strategy for the inclusion of the homeless 2022-2027; national strategy on preventing the institutionalisation of adults with disabilities and accelerating the de-institutionalisation process; national strategy on long-term care and active ageing 2023-2030; national health strategy; national strategy for employment 2021-2027, including its 2021-2027 action plan, Strategy of the Government of Romania for the Inclusion of Romanian Citizens Belonging to the Roma Minority for the period 2022–2027

of social transfers (excluding pensions) on poverty reduction was 21.7%, among the lowest in the EU (EU average: 33.2%). Expenditure on social protection also remains among the lowest in the EU (13.6% of GDP in 2023 vs 19.6% in the EU), with only a small fraction allocated to social assistance and unemployment benefits. Adequacy remains low: in 2024, individuals receiving minimum income benefits had a net income of only 9.4% of the AROP threshold, and only 14% of the net income of a low-wage worker (EU: 56.3% and 50% respectively). Under its recovery and resilience plan (RRP) commitments, the minimum inclusion income (VMI) programme began in January 2024, aiming to combine a more adequate and effective social benefits system with non-monetary support services. In March 2024, the social reference indicator (SRI) was raised to account for inflation and set for annual updates, but the 2025 indexation suspension risks eroding benefit adequacy.

Social protection coverage remains low for certain groups, increasing their poverty risks. Workers in non-standard forms of employment (including casual and seasonal workers) and, to some extent, the self-employed (e.g. farmers), receive minimal protection. Participation in voluntary insurance schemes among the self-employed and low-income workers remains minimal, due to low trust in the system and irregular incomes. Less than 2% of those in employment and at risk of poverty (before social benefits) received benefits in 2025, with the rate falling below 1% for self-employed people at risk of poverty. Over one third (38.2%) of self-employed people face material and social deprivation (EU: 7.1%) and their AROP rate is 48.4% (EU: 20.1%). Moreover, about 4 in 10 self-employed people work for a single employer (making them economically dependent), which represents 6.5% of total employment (EU: 1.5%) ([310]). Only 10.8% of unemployed people (those unemployed for less than 12 months) received benefits in 2025 (vs 37.7% in the EU). Finally, 52.7% of unemployed people face material and social deprivation (EU: 36.3%) and 69.9% of people in quasi-jobless households are at risk of poverty (EU: 64.4%). Hence, additional policy steps would be beneficial to improve the coverage and adequacy of social protection and related services, strengthen resilience and ensure fiscal sustainability.

The pension system faces challenges from demographic trends and a declining contribution capacity. The aggregate pension replacement ratio (excluding other social benefits) ([311]) reached 0.47 in 2025 (EU: 0.60). In 2024, the severe material and social deprivation rate for older people (65 and over) was one of the highest in the EU (19.2% vs EU: 4.9%), and higher than for the working-age population (14.6%). A new public pensions law, supported through the RRP and effective since September 2024, increased the adequacy of low and medium pensions and the social indemnity for pensioners, with additional legislation to support persons with disabilities. However, pension adequacy remains a challenge for agricultural workers due to predominantly non-standard employment. Demographic trends could put financial pressure on the pension system, as the population aged 65 and over is projected to increase from 3.7 million to 4.3 million, while the working-age population (20-64) is set to decrease by 30% to 7.8 million in 2070 ([312]).

Graph A12.1: **Impact of social benefits (excluding pensions) on poverty reduction**



Reduction in AROP rate due to social benefits.
Source: Eurostat (ilc_li02, ilc_li10)

Access to quality social, employment, and educational services remains limited, especially in rural areas, smaller cities and some regions. The availability of licensed social services across Romania is uneven, ranging from 172 licensed services in Cluj county (i.e. one

([310])European Working Conditions Survey, 2024.

([311])Defined as the gross median individual pension income (for the age group 65–74) relative to gross median individual earnings from work (for the aged 50–59).

([312])2024 Ageing Report – Country Fiche for Romania

service per 4 300 inhabitants), to as few as 22 in Mehedinți county (1 service per 22 000 inhabitants) ([313]). Marginalised communities, including Roma, face significant gaps in access to these services. In 2024, Romania adopted a reform to improve the quality of social assistance and care services as well as the protection of beneficiaries ([314]). The reform is underpinned by the RRP-supported 2022-2030 'deinstitutionalisation' strategy. Its success depends on appropriate institutional backing, adequate funding, monitoring and the adoption of secondary legislation, especially for the 'funds follow the beneficiary' mechanism. Despite progress in deinstitutionalisation, a substantial proportion of adults with disabilities still reside in large and small-scale institutions, while non-residential community-based services and support remain scarce. Around EUR 2.28 billion from cohesion policy funds is available to improve service accessibility and quality. A flagship initiative to scale up integrated social, health and educational services in 2 000 disadvantaged rural communities started in 2025, supported by the European Social Fund+ and the European Regional Development Fund. The 2023-2027 CAP strategic plan also allocates EUR 500 million to community-led development initiatives supporting access to health and social infrastructure ([315]). Effective implementation ([316]) would benefit from strong coordination across government levels, closer cooperation between key ministries, meaningful involvement of Roma NGOs and communities, and stronger action against antigipsyism and segregation.

Availability of long-term care services remains insufficient, particularly for home care and independent living for persons with disabilities. Romania has one of the highest rates of self-reported long-term care (LTC) needs (56.5% vs 26.6% in the EU in 2019), but one of the lowest public expenditure levels (0.3% GDP vs 1.7% GDP on average in the EU) ([317]) and home-care coverage rates (4.7% of people aged 65 and over used home care vs 28.6% in the EU in 2019). Access to healthcare and LTC (see Annex 15) is hampered by the shortage of qualified staff (0.6 workers per 100 people aged over 65 vs 3.2 in the EU) and weak social protection for LTC, resulting in high unmet needs (61.6% vs 46.6% in the EU) and excessive reliance on informal carers. Territorial gaps in access persist, with rural and remote communities often relying on scarce, uneven and low-quality services. For example, only 369 out of 949 centres providing services for persons with disabilities are located in rural areas, where 50% of the total live ([318]). Non-residential community-based care is still scarce and often unaffordable, delaying the deinstitutionalisation and transition to independent living of persons with disabilities ([319]). As part of the RRP, Romania adopted an LTC strategy for 2023-2030 ([320]) to help older people live longer independently and improve access to LTC services for those in need; cohesion policy and RRP funds are available to support its implementation. Improved coordination is required to address delays in implementing the strategy, especially to ensure access for the most vulnerable, but also for those with moderate needs. Additional steps to address the growing mental health challenges ([321]) in the country, as well as to strengthen the LTC workforce, would also be beneficial.

Energy and transport poverty pose challenges for the fair green transition. In 2025, 11.9% of the population was unable to keep their homes adequately warm, above the EU average of 8.8%. People at risk of poverty were more affected (21.4% vs 19.6% in the EU). Similarly, 17.7% of individuals faced arrears on utility bills in 2024 (EU: 7.0%), an increase of 10.42 pps since 2021. The upcoming extension of the EU emissions trading system to buildings and road transport (ETS2) may put additional pressure on the most vulnerable households, due to expected price increases for households that rely

([313])Registry of accredited/licensed services, Ministry of Labour, Family, Youth and Social Solidarity.

([314])Law 100 of 18 April 2024.

([315])RO CAP Plan 2023-2027 – Chapter 5.3 LEADER.

([316])2022-2027 strategy for the inclusion of Romanians belonging to the Roma ethnicity.

([317])2024 Ageing Report.

([318])Registry of accredited/licensed services, Ministry of Labour, Family, Youth and Social Solidarity.

([319])https://www.esn-eu.org/social-services-index/2024/romania.

([320])National long-term care and active aging strategy 2023-2030.

([321])OECD (2025), OECD Reviews of Health Systems: Romania 2025, OECD Reviews of Health Systems, OECD Publishing, Paris, https://doi.org/10.1787/f52e4a98-en.

on fossil fuels ([322]). From July 2025, Romania replaced energy price caps with electricity vouchers for vulnerable consumers. Since 2021, additional measures have supported vulnerable households by reducing heating costs in winter and subsidising energy bills year-round. In 2025, 8.1% of the population could not afford a personal car (EU: 5.5%), thus limiting mobility. This constraint is further exacerbated by the decline in alternatives: the percentage of public transport in land passenger travel decreased from 27% in 2011 to 20% in 2022. Overall, Romania's transport infrastructure and public transport system may not adequately meet the needs of the population, particularly low-income households and persons with disabilities. Rural inhabitants (46% of the population) often lack effective access to public transport (40% of rural areas are 'transport-deficient' vs 22% in the EU) ([323]) and therefore rely more on private cars, with high costs for both users and the environment. Moreover, 11.7% of people in rural areas could not afford a car (EU: 3.7%) in 2025 and, among those at risk of poverty, car unaffordability increased to 27.1 % (EU: 16.5%) ([324]). As ETS2 is expected to increase transport fuel prices in Romania, strengthening affordable and accessible public transport is key to supporting affected households. From 2026, the European Social Climate Fund will assist vulnerable households and micro-enterprises through energy efficiency investments and improved access to zero- and low-emission mobility.

([322])Final energy consumption of Romanian households consisted of35% fossil fuels, 14.9% electricity and 38.9% renewables and biofuels in 2023. The majority of passenger cars are petrol and diesel vehicles, representing approximately 98.6% of the total in 2023 [road_eqs_carhab].

([323])Direct EU Cohesion Data Explorer (Filter: "Romania" + "Rural Transport")

([324])No data on public transport accessibility in Romania exist on the Commission's Transport Poverty Hub because it is unclear whether any data exist on Romania's national access point (set up as part of Delegated Regulation (EU) 2017/1926 (the MMTIS Delegated Regulation)).

Strengthening Romania's education and skills system requires sustained efforts to boost long-term competitiveness and reduce social exclusion. The 2025 country-specific recommendations for Romania highlighted the need to improve participation in early childhood education and care and tackle skills shortages by boosting the basic skills and labour-market relevant skills of the workforce, as well as improving stakeholder engagement and making best use of skills intelligence in education and skills policies. Despite promising measures to increase participation in early childhood education and care (ECEC) and improve access to educational services, particularly in rural areas, coordinated action is still needed to deliver lasting results. While Romania has introduced major education and skills reforms to optimise skills development, challenges persist in enhancing basic skills, particularly among disadvantaged students and students with disabilities, and in aligning educational outcomes with labour market needs. The persistent urban-rural divide at all levels of education further deepens these disparities in skills development, as nearly half of Romanians live in rural areas. There are ongoing reforms and investments with EU support to address early school leaving, tertiary education attendance and the labour-market relevance of vocational education and training (VET), notably in the context of the green and digital transition. However, additional and adequate support remain essential despite fiscal budgetary measures.

Low and unequal participation in ECEC undermines early childhood development. In 2024, enrolment for children aged 3 to compulsory primary education rose slightly to 76.5%, still significantly lower than the EU average (95%) and the 2030 EU-level target (96%). Although education has been compulsory from the age of four since 2023, shortages of facilities and staff continue to constrain participation. Lower participation persists among Roma children despite recent improvements ([1]), and in rural areas due to limited availability and accessibility of ECEC services. In 2024, participation in formal childcare for children under three was 11.4%, far below the EU average of 39.2%, decreasing to 11.1% in 2025 (EU: 40.5%). This affects women's labour market participation.

Despite promising ECEC measures, access and quality remain insufficiently developed. **A unitary ECEC system, introduced in 2022 under the recovery and resilience plan (RRP), is being implemented to improve quality.** As part of this, the ESF+ SU-ETIC project *Unitary System for Inclusive and Quality Early Childhood Education,* launched in 2025, will develop quality standards and mentoring for educators and teachers. With support from the Recovery and Resilience Facility (RRF), Romania is expanding its ECEC network with 110 crèches, 25 complementary services for disadvantaged groups, and staff training programmes. A new bachelor's programme in early childhood education ([325]), starting in 2026/2027, will create a dedicated professional pathway to address the growing need for ECEC teachers. Nevertheless, ECEC remains limited, especially in rural areas and for children with disabilities, while staff shortages and turnover affect quality. Gaps in staff training, quality assurance and outreach to disadvantaged communities limit accessibility.

Low basic skills among young Romanians hinder competitiveness and human capital development. Over 40% of 15-year-olds do not reach minimum proficiency in mathematics (48.6% vs EU average: 29.5%), reading (41.7% vs EU: 26.2%), and science (44% vs EU: 24.2%) ([326]) The underachievement rates have been among the highest in the EU since 2012. Only 4% demonstrated advanced skills in mathematics (EU average: 7.9%), 2% in reading (EU: 6.5%), and 1.4% in science (EU: 6.9%), limiting the pool for innovation and excellence. Romania's national programme to prevent and reduce functional illiteracy will develop a student assessment framework, strengthen teacher competences and pilot an intervention mechanism for students, which was initiated in 2025 with ESF+ support. However, effective implementation and national upscaling remain to be seen.

The lack of basic skills reveals systemic issues in teaching quality and curriculum implementation. While 83% of recent initial teacher education (ITE) graduates rate their overall training positively, satisfaction with general pedagogy training specifically has declined since

([325])Order 7841/2024.

([326])OECD, 2023, *PISA 2022 Results (Volume 1): The State of Learning and Equity in Education.*

2018 (from 87% to 69%) ([327]). Access of teachers to induction rose from 30.5% to 66.4% since 2018 (EU average: 66%). However, only 23.6% of novice teachers report having an assigned mentor in 2024, revealing uneven implementation. Despite mandatory continuous professional development (CPD), only 59.8% of teachers found recent training impactful, suggesting challenges in adapting to rapidly evolving teaching environments and implementing the 2012/2013 competence-based curriculum for primary and lower-secondary education. The upper-secondary curriculum is being revised with support from ESF+ and the Technical Support Instrument (TSI) to strengthen the implementation of a competence-based approach. Further improvements could include integrating basic skills across all subjects and preventing curriculum overcrowding. The recently adopted reform package ('Educated Romania') with RRF support seeks to strengthen pedagogical preparation and professionalise teacher entry through a compulsory master's in pedagogy with school-based practicum, enhanced induction and mandatory mentoring. From 2025, a compulsory teacher framework will guide career development and set ITE/CPD quality standards. However, teacher shortages persist, especially in rural and small schools and in science, technology, engineering and mathematics (STEM) subjects. This is due to unattractive rural working conditions, a limited supply of STEM graduates and private sector competition. Additionally, few teachers are trained to work with children with disabilities and/or special education needs ([328]). Romanian teachers report high overall job satisfaction (95.8% vs EU average: 89.9%) and significantly improved salary satisfaction following 2023-2024 pay increases (57.2% vs 23.3% in 2018; EU average: 37.3%), with actual salaries 15% higher than those of tertiary-educated workers (but 15% lower than the EU average) ([329]). However, recent budgetary measures impact teachers' working conditions, including frozen salaries since late 2024 ([330]), a 50% reduction in extra teaching hourly pay, a two-hour increase in teaching hours, and larger class sizes across all levels ([331]).

Socio-economic background and Roma marginalisation continue to drive basic skills gaps. There are stark disparities, with 57.8% of students from the poorest quartile lacking basic skills in mathematics, reading and science simultaneously, compared to just 9% for those in the richest quartile ([332]). Educational equity is among the lowest in the EU, with only 3.7% of disadvantaged students performing well in basic skills (EU average: 16.3%) compared to 38.7% of their advantaged peers ([333]). Parents' education strongly shapes outcomes, with only 4% of those aged 25-64 whose parents did not finish upper secondary school reaching education ([334]). School segregation remains critical, with 43% of Roma students in schools ([335]) and only 31% of children with disabilities attending mainstream school. This exacerbates marginalisation and learning disadvantages. Romania has adopted a new monitoring framework with TSI support to identify and help combat school segregation, but effective implementation remains crucial.

Education outcomes vary considerably between urban and rural areas. Around 45% of Romania's population lives in rural areas, where education outcomes lag behind those in cities, further challenged by a fragmented school network. Romania has the largest rural-urban gaps in basic skills in the EU, with rural students scoring substantially lower than urban students in mathematics, reading, and science (see Graph A13.1), while representing 42% of primary and lower-secondary students. Only 68.4% of adults have completed primary education (vs 94.6% in cities) and 6.4% have attained tertiary education (vs 34.6% in cities) (see Annex 19). The ESF+/ERDF-funded project 'Integrated service provision in rural communities' aims to provide educational support alongside other social services

([327])OECD, 2025, *Results from TALIS 2024: The State of Teaching*; also for other data in this paragraph unless indicated.

([328])European Commission, Directorate-General for Justice and Consumers, Human European Consultancy, Pascu, G. and Cojocaru, A., 2025, *European Semester 2025-2026 country fiche on disability equality – Romania*.

([329])OECD, 2025, Education at a Glance 2025.

([330])Emergency ordinance 156/2024 of December 2024.

([331])Law 141/2025 of July 25, 2025, implemented through Order 5.197/2025 of August 6, 2025.

([332])OECD, 2023, PISA 2022.

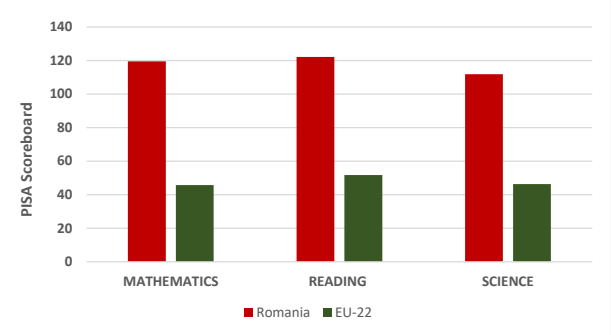
([333])Achieving level 4 or above in one of the PISA domains (Commission calculations based on OECD 2022 PISA).

([334])OECD,2024, *Education at a Glance 2024*.

([335])European Union Agency for Fundamental Rights, 2025, *Rights of Roma and Travellers in 13 European countries: Perspectives from the Roma Survey 2024*.

in 2 000 rural communities (see Annex 12) to help address gaps in rural educational outcomes.

Graph A13.1: **Difference in average basic skills performance between schools in urban and rural areas 2022, Romania and EU**



Source: PISA 2022 Urban-Rural Score Gaps

High rates of early school leaving and out-of-school children restrict access to further education and the labour market, reinforcing poverty. The share of young adults (aged 18-24) who left education and training early increased overall, peaking at 16.8% before declining to 15.5% in 2025, close to 2020 levels, while the EU average declined steadily from 10% to 9.1%. Early school leaving remains particularly high in rural areas (23.7% vs 4.6% in cities), in towns and suburbs (16.3%), and, despite some improvement, among Roma ([336]). Moreover, in 2024 early school leaving concerned 61.6% of young people with disabilities (EU: 24.6%). Through the national programme for reducing school dropout (PNRAS), financed under the RRF, 2 300 schools receive support for educational, remedial and preventive activities in grades 5-8, with 45% of schools selected under the first lot showing improved participation and performance in national evaluations, and reduced dropout rates ([337]). Similar measures are expected to be rolled out in primary education under the ESF+, although the project is delayed. However, with more children out of school ([338]) and limited results from second-chance measures, targeted outreach and reintegration measures (including enforcement of compulsory education) remain insufficient. Educational disparities limit career opportunities and reinforce intergenerational poverty (see Annex 10).

Limited alignment of VET with labour market needs can contribute to skills gaps and constrain competitiveness. Although a high share of upper-secondary students attend VET (61.2% vs 52.9% EU average in 2024), the slow uptake of work-based learning and dual VET limits its labour-market relevance. In 2025, only 9.1% of recent VET participants had work-based learning during their training (vs EU average: 66.0%), while only 63.4% of those who had recently completed VET were employed (EU average: 80.2%), mainly due to weak involvement of businesses and limited use of skills intelligence in policymaking ([339]). Of Romania's upper secondary VET students, 35.9% (EU average: 36.6%) were in STEM, of whom 36.5% were female (EU: 15.4%), suggesting potential to address future skill demands. Strengthening VET's labour-market relevance and making use of digital and AI technologies would improve employment outcomes, particularly for students from disadvantaged backgrounds, and improve inclusion of students with disabilities. With demand for highly skilled labour projected to grow strongly by 2035, persistent skills gaps could lead to labour shortages and weaker innovation, productivity and competitiveness.

Persistent low tertiary attainment points to structural barriers to advanced skills development. Tertiary attainment among those aged 25-34 stood at 23.0% in 2025, broadly stagnant over the last decade and far below the EU average of 44.8% and the 2030 EU-level target of 45%. Stagnation over the past decade has been driven by high early school leaving, low participation of disadvantaged students, high dropout rates (especially among VET graduates pursuing higher education studies) due to financial barriers and misalignment between upper-secondary and higher education pathways, and emigration ([340]). To improve participation, Romania is implementing the national programme for reducing university dropout (PNRAU), with its

([336])Fundamental Rights Agency, 2025, Roma upper-secondary completion rose from 22% in 2021 to 34% in 2024.

([337])Ministry of Education, 2025, Evaluation of the National Programme for Reducing School Dropout - Round I, conducted by the World Bank: Positive results for the Romanian education system.

([338])National Institute of Statistics (INSSE): In 2022, only 83.9% of children of primary school age (6-10) were enrolled in school (vs 90.5% in 2015) (INSSE, code scl102a). *Raportul de analiză și eficientizare a cheltuielilor publice în domeniul educație.*

([339])European Commission, 2025, Education and Training Monitor

([340])OECD, 2025, *Education and Skills in Romania*.

methodology adopted in 2025. This includes the ESF+ co-funded *'First student in the family'* programme, supporting young students with scholarships and housing/meal assistance, career counselling, and remedial education. It is already showing good progress towards the target of 10 000 students supported. ESF+ will also compensate for reduced social scholarships in 2025-2026 due to fiscal consolidation. While the '*First student in the family*' programme aims to improve accessibility and retention, its impact on students with disabilities remains limited. Additionally, ongoing RRP investments in student accommodation and university infrastructure, alongside ERDF-funded tertiary education infrastructure upgrades, aim to enhance the learning environment. To boost access for VET participants and labour-market relevance, five integrated VET campuses are being funded under the RRP, including further equipping of IT laboratories and practice workshops in VET schools. However, challenges remain, including weak institutional governance and underfunded research (see Annex 4).

The number of STEM graduates remains below demand despite high enrolment. Romania is close to the proposed EU targets in tertiary STEM education, with 30.9% of students enrolled in STEM fields in 2023 (EU average: 26.9%) and 37.4% of them being women (EU: 32.2%). However, low overall participation and high dropout rates resulted in only 19.0 STEM graduates (ISCED 5-8) per 1 000 people aged 20-29 in 2023 (EU average: 22.4). ICT enrolment is improving, with 4.5% of doctoral students in ICT (EU average: 3.8%) and 33.1% of them being women (EU: 24.3%). Despite these gains, labour market forecasts for 2022–2035([341]) predict that Romania will have one of the highest increases in demand for STEM professionals in the EU. Persistently high dropout rates and STEM education misaligned with economic needs may mean this demand is not fully addressed.

Despite recent improvements, low adult learning participation hampers innovation and productivity. Between 2016 and 2022, Romania experienced a substantial improvement in the adult learning participation rate, having already achieved the 2030 national skills target in 2022 ([342]). Data from the labour force survey (LFS) also point to an increase between 2022 and 2024. Although substantial progress was made, the participation rate remains among the lowest in the EU (19.1% vs EU average: 39.5%) and is particularly low among those with lower-secondary education (3.7%), the unemployed (5.2%), and those living in rural areas (7.7%)([343]). Private sector employees still have limited lifelong learning opportunities, with only 17.5% of businesses providing some form of continuing vocational education and training ([344]). This reflects the private sector's weak engagement in upskilling and lifelong learning.

Skills shortages continue to affect Romania's green transition and the wider economy. Skills shortages are particularly present in sectors relevant to the green transition, in particular the construction sector. In 2023, 84% of small and medium-sized enterprises in the construction sector indicated that skills shortages held them back in general business activities ([345]). Workers' participation in education and training in energy-intensive industries increased from 2.2% in 2015 to 20% in 2025, well above the EU average (12%) ([346]) which shows a positive trend towards addressing these challenges. The macroeconomic skills mismatch indicator ([347]) increased slightly to 22.5% in 2025 compared to 22.1% in 2024 but remains above the EU average of 19.2%. The demand for highly skilled workers is forecast to grow by 26% ([348]). Misalignment between workforce skills and employer needs is reported as

([341])Cedefop, 2025, *Skills forecast 2025*.

([342])European Commission, 2025, Education and Training Monitor 2025.

([343])European Commission, 2025, Education and Training Monitor 2025.

([344])[trng_cvt_01s] Enterprises providing training by type of training and size class - % of all enterprises. Data available for 2020, unclear when 2025 data will be published.

([345])Eurobarometer 509, 2023, European Year of Skills: Skills shortages, recruitment and retention strategies in small and medium-sized enterprises.

([346])The macroeconomic skills mismatch indicator measures the dispersion of employment rates across skill groups (proxied by qualification levels, with ISCED 0-2 low; 3-4 medium and 5-7 high). Source: European Commission own calculations.

([347])The macroeconomic skills mismatch indicator measures the dispersion of employment rates across skill groups (proxied by qualification levels, with ISCED 0-2 low; 3-4 medium and 5-7 high). Source: European Commission own calculations.

([348])Cedefop, 2025, *Skills forecast 2025*.

one of the key constraints for businesses ([349]). With support from the EU's TSI, Romania aims to implement a competence- and evidence-based national curriculum in general education that is more aligned to labour market needs.

Romania faces a major digital skills deficit, which poses a risk for economic development and social inclusion. In 2025, less than one third of the population had basic digital skills (31.8% vs EU average: 60.4%), with 74% of 14-year-olds lacking essential computer and information literacy skills (EU-22 average: 43%), far from the EU target of only 15% by 2030. This is compounded by one of the EU's largest socio-economic gaps in digital skills, at 57 pps based on parents' educational status (EU average: 40.9 pps). The RRP provides funding for digital equipment, resources and teacher training in schools, while also supporting at least 60 universities to enhance their digital infrastructures, digital skills of staff and students, and curricula. Romania's digitalisation efforts are hindered by digital skills gaps, particularly among the rural and older population and people with disabilities, risking exclusion from the labour market and public services.

Romania is actively addressing challenges in adult learning and skills gaps under a new strategic framework. Romania is performing poorly in the 2024 European Skills Index ([350]) measuring skills development, activation and matching of national skills systems. However, Romania's skills intelligence has been strengthened through the ESF-funded ReCONECT project, which developed a graduate tracking system, a skills anticipation tool, a policy evaluation dashboard and a national labour demand forecast until 2028. The implementation of adult learning strategies developed by the Ministry of Labour and the Ministry of Education has gained momentum in 2024, largely supported by the ESF+ and the RRP. Large-scale upskilling projects targeted at employees (e.g. 'Keep Up' and 'Digital skills for the labour market') and low-skilled individuals ('Basic package for people with/without a low level of education') are being implemented, with the potential to reach over 100 000 people. The strategies also include plans to pilot individual learning accounts, roll out micro-credential certifications and improve quality assurance. The RRP includes investments to upskill/reskill employees in SMEs, provide digital skills training for civil servants, and disadvantaged communities in local libraries turned into digital skills hubs. However, the latter investment, initially expected to reach 100 000 people, was reduced in the latest RRP amendment.

([349])Eurobarometer on SMEs, 2023, World Bank Private Sector Diagnostic

([350])Cedefop, European Skills Index (2024)

Table A14.1:**Social Scoreboard for Romania**

Equal opportunities and access to the labour market	Adult participation in learning (during the last 12 months, excl. guided on the job training, % of the population aged 25-64, 2022)	19.1
	Early leavers from education and training (% of the population aged 18-24, 2025)	15.5
	Share of individuals who have basic or above basic overall digital skills (% of the population aged 16-74, 2025)	31.8
	Young people not in employment, education or training (% of the population aged 15-29, 2025)	19.2
	Gender employment gap (percentage points, population aged 20-64, 2025)	18.7
	Income quintile ratio (S80/S20, 2025)	4.37
Dynamic labour markets and fair working conditions	Employment rate (% of the population aged 20-64, 2025)	69.0
	Unemployment rate (% of the active population aged 15-74, 2025)	6.1
	Long term unemployment (% of the active population aged 15-74, 2025)	2.1
	Gross disposable household income (GDHI) per capita growth (index, 2008=100, 2024)	178.8
Social protection and inclusion	At risk of poverty or social exclusion (AROPE) rate (% of the total population, 2025)	27.4
	At risk of poverty or social exclusion (AROPE) rate for children (% of the population aged 0-17, 2025)	32.4
	Impact of social transfers (other than pensions) on poverty reduction (% reduction of AROP, 2025)	21.7
	Disability employment gap (percentage points, population aged 20-64, 2025)	45.4
	Housing cost overburden (% of the total population, 2025)	5.0
	Children aged less than 3 years in formal childcare (% of the under 3-years-old population, 2025)	11.1
	Self-reported unmet need for medical care (% of the population aged 16+, 2025)	2.9

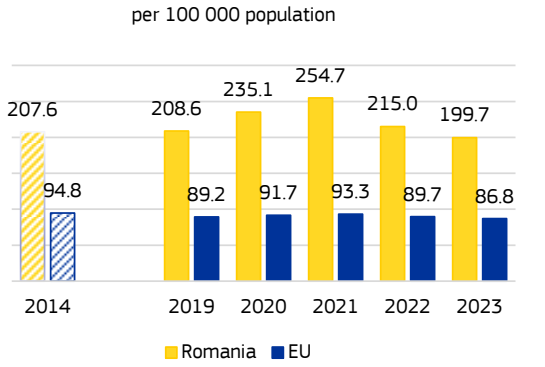
Critical situation	To watch	Weak but improving	Good but to monitor	On average	Better than average	Best performers

Update of 4 May 2026. Members States are categorised based on the Social Scoreboard according to a methodology agreed with the EMCO and SPC Committees. Please consult the Annex of the Joint Employment Report 2026 for details on the methodology (https://employment-social-affairs.ec.europa.eu/joint-employment-report-2026_en).

Source: Eurostat

Romania's health system faces significant challenges that need to be addressed to improve the health of its population, social fairness and productivity. Challenges include low life expectancy resulting from high preventable and treatable mortality and limited access to care. These issues are caused by: (i) inadequate allocation of resources, reflected in poor geographical distribution and weak organisation and management of healthcare delivery; (ii) a limited focus on prevention, primary care and outpatient services; and (iii) persistent shortages of healthcare workers, resulting in limited access to care, particularly in primary care and in rural and remote areas. The 2025 country-specific recommendations (CSRs) highlighted the access challenges, in particular those related to 'quality essential and enabling services', including health, in particular for Roma and other disadvantaged groups, while maintaining fiscal sustainability.

Graph A15.1: **Treatable mortality**



Age-standardised death rate - mortality that could be avoided through optimal quality healthcare.
Source: Eurostat (indicator: hlth_cd_apr)

Life expectancy at birth in Romania was among the lowest in the EU in 2024, and in 2022 avoidable mortality was among the highest. There is still a large gender gap in life expectancy in Romania, with men living 7.5 years less than women on average. This is partly due to men's greater exposure to risk factors such as smoking and very high alcohol consumption. In 2023, the rate of treatable mortality was one of the highest in the EU, suggesting serious shortcomings in the effectiveness of the health system. Moreover, Romania has seen a very limited decline in the mortality rate from treatable causes over the last 10 years. The treatable mortality rate reached more than twice the EU average in 2022, and the gap widened during the pandemic (see Graph A15.1). Diseases of the circulatory system (cardiovascular diseases (CVDs)) were the main cause of death in 2023. The 2024-2030 national strategy to combat cardiovascular and cerebrovascular diseases, published in October 2024, sets out integrated measures for prevention, early diagnosis, treatment and patient rehabilitation. Romania participates in several EU4Health-funded joint actions that aim to reduce the burden of cardiovascular diseases, cancer, diabetes and respiratory diseases ([351]).

Preventable mortality was also very high in 2023. Romania is among the countries allocating the smallest shares of health expenditure to prevention. Despite limited resources, prevention efforts were strengthened in 2024 through the introduction of a primary care screening tool. The 'Riskogramme' aims to reduce high levels of avoidable mortality and is designed for adults aged 40 years and over to identify chronic conditions (such as circulatory diseases, cancer and diabetes) as well as behavioural risk factors (including alcohol use and smoking). However, Romania still lacks a comprehensive, multisectoral approach to primary prevention, which is essential to reducing preventable mortality. Influenza vaccination among people aged 65 years and over was less than half the EU average in 2022 and 2023. Immunisation against measles is declining, with one of the lowest rates in the EU in 2024. Between 1 August 2024 and 31 July 2025, Romania accounted for 67% of all measles cases reported in the EU, reflecting the impact of persistently low vaccination coverage ([352]). Policy measures have recently aimed to increase vaccination uptake. The 2023-2030 National Vaccination Strategy was adopted in 2023, most vaccines were made free of charge, and the human papillomavirus (HPV) vaccination programme was relaunched in 2020, but HPV coverage still remains below the EU average.

Preventable mortality in Romania is closely linked to lifestyle risk factors. A large portion of the population is overweight, with childhood obesity rates among the highest in the EU. Romania is among the countries that had the highest levels and saw the largest increases in alcohol consumption between 2010 and 2022. The

([351])EUnetCCC Joint Action; Home - Jane 2.

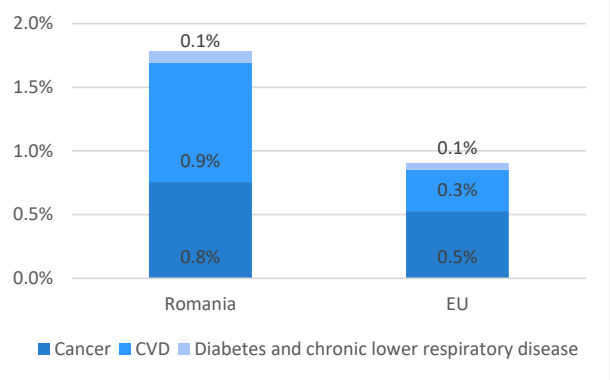
([352])ECDC (2025), Measles and Rubella monthly report.

country also has one of the highest shares of people not eating fruit or vegetables at least daily and not engaging in physical activity.

These poor health outcomes negatively affect Romania's workforce, productivity and competitiveness. In Romania, mortality at working age as a proportion of total mortality was among the highest in the EU in 2024, exacerbating the effects of population ageing on a shrinking labour force. Expanding preventive action could deliver health gains that would help mitigate this impact. For example, preventing all deaths from non-communicable diseases in Romania – in particular CVDs – would result in a 1.8% gain in working-life years from 2022 to 2040 (vs 0.9% for the EU, see Graph A15.2). This is among the highest potential increases across Member States and would save about 3 228 300 life years between 2022 and 2040. This increase would mitigate an otherwise expected 7% reduction of the workforce due to population ageing, equal to the EU average ([353]).

Romania had one of the highest hospital bed densities in the EU in 2023, accompanied by high discharge rates, although much of the infrastructure is outdated and undergoing major modernisation. In 2023, health spending per inhabitant was among the lowest in the EU, with the largest share going on inpatient care and day care. The health system remains hospital-centric. Avoidable hospital admissions for many chronic conditions are high, reflecting long-standing gaps in primary care capacity and coordination. Despite the national health strategy for 2023-2030 aiming to strengthen the role and improve the performance of outpatient care, progress has been limited, and a substantial share of healthcare resources continues to be directed towards hospital care. The persistently low level of investment in the health sector is also accompanied by limited per capita investment in health infrastructure. However, the Romanian recovery and resilience plan (RRP) aims to expand the capacity of health services and support essential investments within the health sector. Major initiatives include upgrading health infrastructure through the construction or renovation of hospitals, integrated community centres, outpatient care units and family planning offices. Significant funding for healthcare (EUR 3.6 billion) is also planned under the 2021-2027 cohesion policy funds to address key access and quality challenges highlighted in the 2025 CSR. This funding will modernise infrastructure and medical equipment, strengthen screening programmes and invest in primary, community-based services.

Graph A15.2: **Potential gains in working-life years from prevention, between 2022 and 2040**



Source: EC/OECD, State of Health in the EU: 2025 Synthesis Report

Romania is advancing long-term health reforms to strengthen health system resilience, but the sustainability of these reforms is challenged by long-term financing constraints. Public spending on health rose sharply before and after the COVID-19 pandemic, but its share of total government expenditure fell from 13.8% in 2019 to 11.7% in 2023. This raises concerns about the long-term financing of reforms outlined by Romania for the 2023-2030 period. Antimicrobial resistance (AMR) is a major public health threat in Romania, as in other EU countries. Romanians have long ranked among the highest consumers of antibiotics in the EU. In 2024, antibiotic consumption reached 25.2 defined daily doses (DDDs) per 1 000 population per day, exceeding pre-pandemic levels. The country is not on track to achieve its 2030 reduction target ([354]). To curb uncontrolled antibiotic use, Romania introduced enhanced monitoring rules in 2024 requiring pharmacists to systematically record and report prescription and dispensing data, with the aim of tracking the trends. Romania is also involved in the Joint Action on Antimicrobial

([353])EC/OECD, State of Health in the EU: 2025 Synthesis Report.

([354])National target set by the Council Recommendation on stepping up EU actions to combat antimicrobial resistance in a One Health approach, 2023/C 220/01.

Table A15.1:**Key health indicators**

	2020	2021	2022	2023	2024	10-year change**	EU average* (latest year)
Cancer mortality per 100 000 population	260.3	243.2	240.8	241.5	n.a.	0.88	233.1 (2023)
Mortality due to circulatory diseases per 100 000 population	918.2	1 005.4	924.5	787.1	n.a.	0.83	313.0 (2023)
Current expenditure on health, purchasing power standards, per capita	1 443	1 646	1 613	1 776	n.a.	2.32	3834.9 (2023)
Public share of health expenditure, % of current health expenditure	80.3	78.3	77.8	76.2	n.a.	0.97	80.6 (2023)
Spending on prevention, % of current health expenditure	2.0	3.7	2.8	1.3	n.a.	0.72	3.7 (2023)
Available hospital beds per 100 000 population***	627	634	640	641	n.a.	1.06	440 (2023)
Doctors per 1 000 population*	3.3	3.5	3.6	3.7	n.a.	1.35	4.3 (2023)*
Nurses per 1 000 population*	0.8	0.9	0.9	1.0	n.a.	1.76	7.6 (2023)*
Mortality at working age (20-64 years), % of total mortality	21.6	21.3	20.8	21.0	20.5	0.89	14.3 (2023)
Consumption of antibiotics in the community and hospital sectors, defined daily doses per 1 000 inhabitants	25.2	25.7	27.6	27.4	25.2	0.90	20.3 (2024)

*The EU average is weighted for all indicators except for doctors and nurses per 1 000 population, for which the EU simple average is used based on 2023 data (or latest available). Doctors' density data refer to practising doctors in all countries except Greece, Portugal (licensed to practise) and Slovakia (professionally active). Density of nurses: data refer to practising nurses (EU recognised qualification) in most countries except Portugal (licensed to practice) and Slovakia (professionally active). Latest data update on nurses for Belgium and Sweden: 2022; for France: 2021; for Luxembourg: 2017.
** latest available 10-year trend: ratio 2023/2014 or 2024/2013; a factor of 2.00 means that it has doubled in 10 years.
***'Available hospital beds' covers somatic care, not psychiatric care.
Source: Eurostat

Resistance and Healthcare-Associated Infections ([355]).

Poor access to outpatient care is a key driver of Romania's high levels of treatable mortality. Romania devoted one of the lowest shares of health spending to primary care in the EU in 2023. Limited primary care capacity pushes many patients to rely on emergency departments as the main entry point to specialist services, resulting in avoidable emergency visits. Inadequate outpatient care further restricts access to healthcare, a concern highlighted in the 2025 CSR. Greater integration and coordination between primary, outpatient and hospital care are identified in the National Health Strategy 2023-2030 as important areas for development, with effective implementation seen as an important enabling factor.

Access to healthcare remains uneven, especially in rural areas and among disadvantaged groups, with financial barriers playing a major role. Romania's health benefits package is broad, and in 2023 public financing covered almost all inpatient care – well above the EU average – while public coverage of outpatient care was in line with the EU average. By contrast, only about half of pharmaceutical spending was publicly financed, and public coverage of dental care was well below the EU average. Dental services are covered only for children, veterans and patients with chronic conditions. Relatively few dentists are contracted by the National Health Insurance House ([356]), contributing to high unmet needs for dental care, particularly among people at risk of poverty, as also noted in the 2025 CSR. Although unmet needs for medical care fell from 5.2% in 2023 to 2.2% in 2024, they rose again in 2025 (2.9%). Financial barriers and travel distance remain key factors, alongside pronounced income-related and rural-urban disparities (including for Roma). Romania has one of the largest gaps in the EU in unmet needs between rural areas and the national average (see Annex 18). Income disparities are stark: around 5% of people above the poverty threshold reported unmet needs, compared with 17% among those below the threshold. Moreover, access to mental healthcare remains limited, and community-based mental health services are still under development under the 2024-2029 action plan. Out-of-pocket (OOP) payments have risen since 2019, reaching 23% of total health spending in 2023, well above the EU average (15%). Nearly 60% of these payments were for pharmaceuticals, followed by dental care and outpatient services. To mitigate costs, in 2023 the government increased the income threshold for pensioners eligible for reduced medicine co-payments to EUR 321 per month.

([355])EU-JAMRAI 2 funded by the EU4Health Programme.

([356])OECD/European Observatory on Health Systems and Policies (2025), Country Health Profile 2025: Romania. State of Health in the EU.

Shortages of health personnel, especially of general practitioners (GPs), constrain care availability, with more severe impacts in rural and remote areas. In 2023, the number of practising nurses per 1 000 population was among the lowest in the EU. Romania also had a comparatively very low number of nursing graduates in relation to its population (one fifth of the EU average). In 2023, there were 3.7 physicians per 1 000 population in Romania, compared with an EU average of 4.3. Retention challenges continue to exacerbate shortages of doctors and nurses, impacting on the accessibility of health and long-term care (see Annex 12). Despite having a higher density of medical graduates than the EU average, emigration among health professionals contributes significantly to workforce shortfalls. In 2023, GPs accounted for 18% of the physician workforce, below the EU average of 20%. The share of GPs within the medical workforce has been below the EU average since 2018 ([357]). This reflects two reinforcing pressures: low interest in primary care among new doctors, especially for working in rural areas, and a high rate of retirement among current GPs. The latter is likely to persist, as two in five GPs are over 60 years of age ([358]). Romania has adopted measures to support retention, notably substantial salary increases for doctors in public hospitals, but progress in addressing workforce challenges in the primary care sector remains limited. Under the Romanian RRP, the 2022–2030 Human Resources Strategy aims to improve working conditions, strengthen workforce planning and attract staff to underserved areas. RRP measures also include health worker training and management capacity, while cohesion policy funds invest in upskilling targeted practitioners to improve the accessibility and effectiveness of primary care.

Romania has yet to embrace the opportunities offered by e-health, especially for hard-to-reach areas. Investments to boost the digital transformation of Romania's health sector are planned under the 2021-2027 cohesion policy and as part of the RRP, in particular to strengthen digital capacity across health institutions, improve data management, enhance access to health data and reduce fragmentation. By utilising support from the EU's Technical Support Instrument, Romania aims to improve the digital competencies of health and care providers. Meanwhile, Romania's health system digitalisation and the uptake of e-health tools still lag behind other EU countries and are uneven across the population. The shares of people accessing their personal health records online and of those using online health services (excluding phone) instead of in-person consultations further increased in Romania in 2024 compared with 2022 but are well below the EU average. This illustrates the generally low level of digital literacy in the country (see Annex 13). Moreover, major differences in the use of these tools are observed according to people's socio-economic background. Romania is currently working on building new national integrated e-health systems while actively participating in joint actions funded by the EU4Health programme and promoting digitalisation ([359]).

Romania's pharmaceutical sector is of comparatively modest economic significance. Employment in pharmaceutical manufacturing remains among the lowest in the EU, and Romania is among the EU countries that report the lowest public spending on health R&D, despite investments from cohesion policy funds under the Strategic Technologies for Europe Platform (STEP). The numbers of European patents ([360]) granted and of clinical trials ([361]) per million population were also limited and below the EU average, despite some slight improvements in 2024. Regarding trade and commercialisation, the industry maintains a modest share of extra-EU exports (3.4% in 2025 vs 13.8% for the EU average), although there was a positive increase in 2024 compared with 2023 (3.5% vs 1.3%).

([357]) *Country Health Profile 2025: Romania 2025* – see earlier footnote.

([358]) *Country Health Profile 2025: Romania 2025* – see earlier footnote.

([359]) Second Joint Action Towards the European Health Data Space – TEHDAS2 - Tehdas https://tehdas.eu/.

([360]) European Patent Office: Statistics & Trends Centre | epo.org.

([361]) US National Library of Medicine, https://clinicaltrials.gov.

The Romanian housing market is geared towards owner-occupied housing, with most rentals being informal and no legally secured tenant protection. With the high ownership rates, policies tend to focus on homeownership. However, the lack of rental protection could negatively impact the chances of a healthy and larger formal rental market developing, which would be particularly beneficial for young and older people, people with disabilities, vulnerable groups, such as Roma, mobile workers and expats. A formal rental market would also create better conditions for private investment in new supply and in renovation.

Housing affordability has generally improved in Romania over the past ten years, but an affordability gap persists. House prices in the past decade grew less rapidly than household incomes. However, in absolute terms, purchase affordability remains constrained by low-income levels and high interest rates. While the rental market is rather small and largely informal, rental affordability pressures are substantial, especially in urban areas.

Housing costs have decreased but still weigh heavily on living standards as do energy costs. The house price-to-income ratio has declined over the past decade, thereby improving housing affordability. In line with this, the proportion of people facing housing costs that exceed 40% of their total disposable household income has decreased in recent years, amid steady growth in income levels, but is still more pronounced for those at risk of poverty. In 2024, households experiencing poverty spent more than twice as much of their disposable income on housing compared with other households. The same is true for energy bills, where sudden price hikes, in particular, affect households in poverty the most. People with disabilities often face higher housing and energy costs due to accessibility and increased energy needs for medical equipment, mobility devices and temperature regulation.

Poor housing conditions remain widespread. In 2024, 40.7% of Romanians lived in an overcrowded household vs 16.9% in the EU. For those at risk of poverty, more than half are affected vs 28.9% in the EU. This indicates insufficient housing supply relative to household needs. People with disabilities continue to experience inequality in housing conditions and limited access to accessible housing and support. Thus, many adults with disabilities live with their parents or in institutions owing to a lack of accessible (social) housing in the community. Despite improvements, Romania still has one of the highest severe housing deprivation rates in the EU, with almost 1 in 10 people living in homes that are overcrowded and have a leaking roof, damp walls, floors or foundations or rot in window frames or floors. This is the case particularly in rural areas, and for those under the poverty threshold. This is largely due to inadequate infrastructure, limited access to services and marginalisation, especially in informal settlements. Furthermore, in 2023, a relatively high proportion of the population and of those below the poverty threshold (15.4% and 43.3%, respectively) ([362]). While keeping homes affordable, especially for those at risk of poverty, it would be beneficial to improve not only housing quality and accessibility but also access to essential and social inclusion services.

Housing market developments

Romania has the highest home ownership rate in the EU. Around 94% of people lived in an owner-occupied dwelling in 2024([363]), compared with an EU average of 70% ([364]). This pattern reflects the mass privatisation of state housing in the 1990s.

Despite a noticeable increase in house prices from 2014 to 2025 (69%, with an average annual growth rate of 6.3%), the price increase has remained consistently below income growth. This has resulted in a declining price-to-income ratio and increased affordability ([365]). Nevertheless, purchase affordability is still constrained by income levels and high interest rates. While purchasing a 100 m^2 apartment would

([362]) Purchasing power parities, price level indices, nominal and real expenditures by analytical categories - based on COICOP 1999[prc_ppp_ind__custom_17966005].

([363]) The home ownership rate is the percentage of people who lived in an owner-occupied dwelling. Full definition available here (Eurostat).

([364]) European Commission: Eurostat, 'Distribution of population by tenure status, type of household and income group'[ilc_lvho02].

([365]) European Commission calculations based on Eurostat (2025).

cost 40% of a homeowner's average income over at least 20 years in most Romanian NUTS 3 regions, in most western European countries this is the case only in a minority of regions. Mortgage repayment periods, even for small dwellings, frequently exceed 30 years when one third of income repayments ([366]). The uptake of housing loans is very limited in the country, with only 1.5% of the population living in a mortgage-backed apartment, vs the EU average of 22%.

Romania's rental housing market remains small and informal, reflecting the country's exceptionally high homeownership rate and the limited affordability. Rental affordability pressures are substantial, particularly in urban areas. While only 6% of the population lives in a rental unit (Eurostat, Distribution of population by tenure status, type of household and income group), the actual proportion appears to be higher when accounting for the informal market (for which, by definition, no reliable statistics exist). For small dwellings (around 25 m^2), rents in some cities absorb more than two thirds of average incomes, while affordability challenges are even higher for standard-sized units (around 45 ([367])). The rapid growth of short-term rentals could result in a further tightening of the urban rental supply, with demand (excluding hotels) having increased by 120% from 2019 to 2024([368])). That was the highest increase in the European Union, with the EU average increase being 66.8%. However, the starting point was significantly lower than in Member States of comparable size in the region, such as Hungary and Poland. This surge could reduce the availability of the long-term rental stock, potentially affecting rent levels for local residents. Moreover, weak contract registration enforcement on the landlord side, combined with limited incentives for tenants to register (e.g. tenants can choose a general practitioner ([369]) or enrol their children in in a given school ([370]) without being registered does not encourage the formalisation of rental contracts and instead favours informal arrangements.

Despite a slight recovery as of 2024, housing supply remains subdued. The number of building permits issued has been declining since 2022, while construction costs have been increasing since 2021 ([371]). After reaching its lowest level since 2016, the number of residential building permits issued started to increase again at the beginning of 2024 (see Graph A16.1). A particular gap remains in the provision of accessible housing, as acknowledged in the national strategy for the inclusion of persons with disabilities ([372]).

Graph A16.1: **House supply indicators in RO since 2005**

Source: Eurostat

Urban-rural disparities persist, with housing price pressures concentrated in major urban centres, especially Cluj-Napoca. The city has become the most expensive housing market in Romania. In 2021, the average purchase price was around EUR 1 760 per square metre, substantially higher than the EUR 1,200 average price of the ten ([373]). Currently, house prices appear to be well above 2021 levels, especially in big cities. Considering the steady price increases, investing in an increase in supply through renovations,

([366])ESPON (2025). *HOUSE4ALL - Access to Affordable and Quality Housing for All: Main Report.*

([367])ESPON (2025). *HOUSE4ALL - Access to Affordable and Quality Housing for All: Main Report.*

([368])Calculation based on Eurostat, Short-stay accommodation offered via collaborative economy platforms - experimental statistics. Available here (last accessed on 06/02/2026).

([369])Law No 157/2008 supplementing Article 218(2) of Law No 95/2006 on healthcare reform, published in the Official Gazette of Romania, Part I, No 557 of 23/08/2008.

([370])Ministry of Education, Ministerial Order No 4019/2024, published in Official Journal, Part I, No 247 of 22/03/2024.

([371])European Commission calculations based on Eurostat (2025).

([372])National strategy for the rights of persons with disabilities 'An equitable Romania', 2022-2027.

([373])World Bank (2021). Cluj-Napoca Housing Strategy.

repurposing and new construction could take some pressure off the markets.

Romania reported labour shortages for several construction-related occupations in 2024. Building and related trade workers (excluding electricians) are among the occupational groups with shortages, indicating unmet demand for construction labour ([374]). Structural issues such as skills mismatches, demographic pressures and a shortage of appropriately trained workers can contribute to shortages, including in the construction sector. Nonetheless, labour shortages in Romania remain well below the EU average (see Annex 11).

Structural policies

Romania's stocks of public and social housing are among the lowest in the EU. As of 2021, 96% of Romania's total housing stock is privately owned, while the state holds just 1.46% - one of the lowest proportions of public housing in the EU.

The social housing stock is limited and unevenly managed. According to 2025 estimates, only 14.41% of all local governments in Romania own or administer social housing, amounting to 18 292 units, or 0.018% of the national total. As social housing management is a responsibility of local governments, data on social housing difficult to collect. At the same time, the demand is very high, particularly for social housing ([375]). Actual demand is probably even higher, as a lack of availability, as well as administrative and informational barriers may prevent eligible people from formally applying. Romania's previous social housing construction programme for 2007-2022 (set up by Law 114/1996) increased the stock only marginally, with 3 911 social housing units built nationwide. The 2022-2030 national housing strategy (Strategia Nationala a Locuirii) aims to deliver around 40 000 social housing units by 2050.

Romania has worked on improving its building codes and regulations to adapt the housing stock for the future. This includes updating seismic regulations due to the country's vulnerability to earthquakes, with new guidelines to make buildings more resilient to seismic activity ([376]). The Energy Efficiency Law (121/2014) and related regulations have mandated improvements in insulation, heating systems and overall energy performance. Although legal standards, such as NP 051-2012, define clear accessibility requirements for the construction and renovation of both public and private buildings, enforcement is inconsistent ([377]).

The vacancy rate is relatively high in Romania and there is no dedicated policy to tackle it. National vacancy data are scarce ([378]), with only associated indicators, such as labour market tightness, overcrowding, social housing shortage and housing quality deficits, being reported. However, there is a persistent mismatch between urban centres, which attract population, and areas with many rural homes (often inherited older houses) that remain unused. Romania has occasionally adjusted tax incentives or subsidies to promote homeownership (see Annex 3).

Romania has launched initiatives to improve housing affordability and availability. As part of its recovery and resilience plan (RRP), Romania adopted legislation that promotes the implementation of the 2022-2050 national housing strategy and its action plan. The national housing strategy aims to increase access to suitable housing for vulnerable groups, especially young people, people with disabilities, people in informal settlements and homeless people. The RRP includes investments in new housing for young people from vulnerable communities and groups, and for healthcare and education professionals working in marginalised communities. Cohesion policy funds support energy-efficient construction and renovation, as well as the purchasing/renovation of social housing. These funds also support local authorities in addressing informal settlements. At the same

([374])ELA EURES report on Labour Shortages and Surpluses 2024.

([375])2021 Ministry of Development, Public Works and Administration, quoted also in the ESPON report 2025 european-compendium-of-housing-policies.pdf.

([376])World Bank 2025 Romania - Management of Earthquake Risk | GFDRR.

([377])Accessible and sustainable housing for persons with disabilities, Georgiana Pascu, Ana Cojocaru, European Disability Expertise, to be published.

([378])ESPON 2024.

time, appropriate monitoring of progress, as well as sufficient financing for implementation of the legislative frameworks have not yet been fully ensured. There is still scope to improve housing market regulation and zoning policies by: (i) requiring a minimum percentage of affordable and social housing units in new infrastructure developments; (ii) enforcing minimum accessibility targets; (iii) flexibilising the purchasing of social housing; (iv) fostering public-private partnerships and civil society involvement; and (v) strengthening the implementation of the 2022-2027 national strategy for the social inclusion of the homeless.

Vulnerable groups

While there are no data available on waiting lists in Romania, the estimated housing needs among the most vulnerable are high. This includes people living in deprivation and overcrowded conditions, people with disabilities living in institutions, as well as people in informal or unsuitable housing situations. In 2022, at least 393 informal settlements inhabited by 71 965 people were identified ([379]), with the actual number likely larger. The need is high among young people: 57.1% of people aged 18–34 live with their parents (EU average: 49.6%). Romania also had one of the highest rates of severe housing deprivation among at-risk young people aged 20–29 in 2023, at 35%, vs the EU average of 13.8% ([380]). Housing needs are high for people leaving institutional care: according to national authorities, nearly 3 000 young people leave the special protection system annually. Over 15 000 people with disabilities are estimated to remain institutionalised in ([381]) housing solutions for their deinstitutionalisation ([382]). Additionally, victims of domestic violence and human trafficking are among those who need the most urgent support. As of March 2026, approximatively 200,000 refugees with temporary or similar protection status, primarily from Ukraine, were registered. The Romanian authorities estimated the number of homeless people (including children) at around 17 000 people in 2025. Children's housing needs are assessed in the 2023 national child guarantee action plan, and its success depends on sufficient funding and support services.

Roma households continue to face bad living conditions. 56% of Roma households lived in housing deprivation in 2024, compared with 21% for the general population, which is an improvement from 83% in 2016. At the same time, 86% of Roma people lived in overcrowded households in 2024, vs 41% of the general population, which is worse than the 76% registered in 2016. Moreover, 28% of Roma live in households without running water inside the dwelling, compared with 14% of the general population, and 23% of them reported being discriminated against while looking for housing ([383]). Long-standing policy commitments, including most recently under the 2021-2027 national Roma inclusion strategy, are in place. However, strong implementation, clear accountability for local authorities and sufficient investment are still needed to ensure the timely delivery of suitable accommodation and to address systemic discrimination in access to housing.

([379]) https://documents1.worldbank.org/curated/en/099062123013526907/pdf/P1761690122ece050b24e0994a1005f38c.pdf 2022 World Bank Report on Informal Settlements.

([380]) Severe housing deprivation rate by age, sex and poverty status [ilc_mdho06a__custom_20278915]

([381]) National Authority for the Protection of the Rights of Persons with Disabilities, 'Statistici' (Statistics), https://anpd.gov.ro/web/transparenta/statistici/.

[382] National Authority for the Protection of the Rights of Persons with Disabilities, "Statistici" (Statistics), https://anpd.gov.ro/web/transparenta/statistici/

([383]) Fundamental Rights Agency, Roma Survey 2024.

Graph A16.2: **Housing affordability selected indicators**

		EU27				RO							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	51.4	47.2		YoY%	-9.7	-8.3	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	63.8	61.9	62.5	YoY%	-3.9	-3.0	1.1
Overburden rate, total	%	9.9	8.8	8.2		12.4	9.1	4.7	5.0	PPS/y	0.6	-4.4	0.3
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		50.7	44.2	28.3	56.0	PPS/y	1.6	-15.9	27.7
Overvaluation gap	%					-0.4	-18.1	-23.2	-25.4				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	104.8	133.6	138.6	138.8	YoY%	-2.1	5.0	0.1
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	478.7	456.3	461.7	509.4	YoY%	-23.7	1.2	10.3
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	2.4	3.1	2.9	3.0	YoY%	-3.1	-6.5	3.4
Share of ownership	%	70.0	69.1	68.4		95.9	95.6	94.3	93.2	PPS/y	0.8	-1.4	-1.2
Share of people living in overcrowded homes	%	17.7	16.8	16.9		47.6	40.0	40.7	40.4	PPS/y	-0.5	0.7	-0.3

Source: Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

EU funding support is available to address housing issues, in particular for the most vulnerable. More than EUR 190 million has been made available to improve access to housing for marginalised communities and groups through the social inclusion and dignity programme, which is financed through the 2021-2027 cohesion policy funds. The programme includes: (i) support for housing needs identified at community level by local action groups; (ii) support for people living in informal settlements; (iii) providing access to social housing to vulnerable children, people with disabilities and older people; and (iii) measures to assist the homeless. Additional EUR 206 million from the cohesion policy funds were also allocated for social housing following the mid-term review. Within the South Muntenia Regional Programme there are EUR 5 million supporting investments in social housing Romania will continue to benefit from the Social Climate Fund to support vulnerable households impacted by the introduction of the Emissions Trading System 2 Directive. The Romanian RRP includes several measures to support social and affordable housing, including via the national housing strategy and the 2022-2050 action plan, as well as investments in housing for vulnerable young people and professionals working in health and education. In addition, Romania benefits from technical support provided through the Technical Support Instrument to improve: (i) data collection, management and sharing approaches in the field of social housing; (ii) allocation criteria and prioritisation of beneficiaries; (iii) investment and management approaches for the social housing stock at local level; and (iv) the regulatory and policy framework for the administration and governance of the social housing sector.

The LGBTQ+ community faces discrimination in accessing secure housing in certain areas ([384]). The lack of tenant protection measures in general exacerbates the unfair treatment. The promotion of inclusive housing options could further support this minority.

Accessibility barriers remain high in residential housing for people with disabilities. While a national accessibility standard ([385]) (applying to new constructions, major renovations and public and private housing developments) exists for public buildings and urban spaces, its implementation is lagging. In addition, accessibility standards address only physical disabilities but not other forms of disability (intellectual or sensorial disabilities).

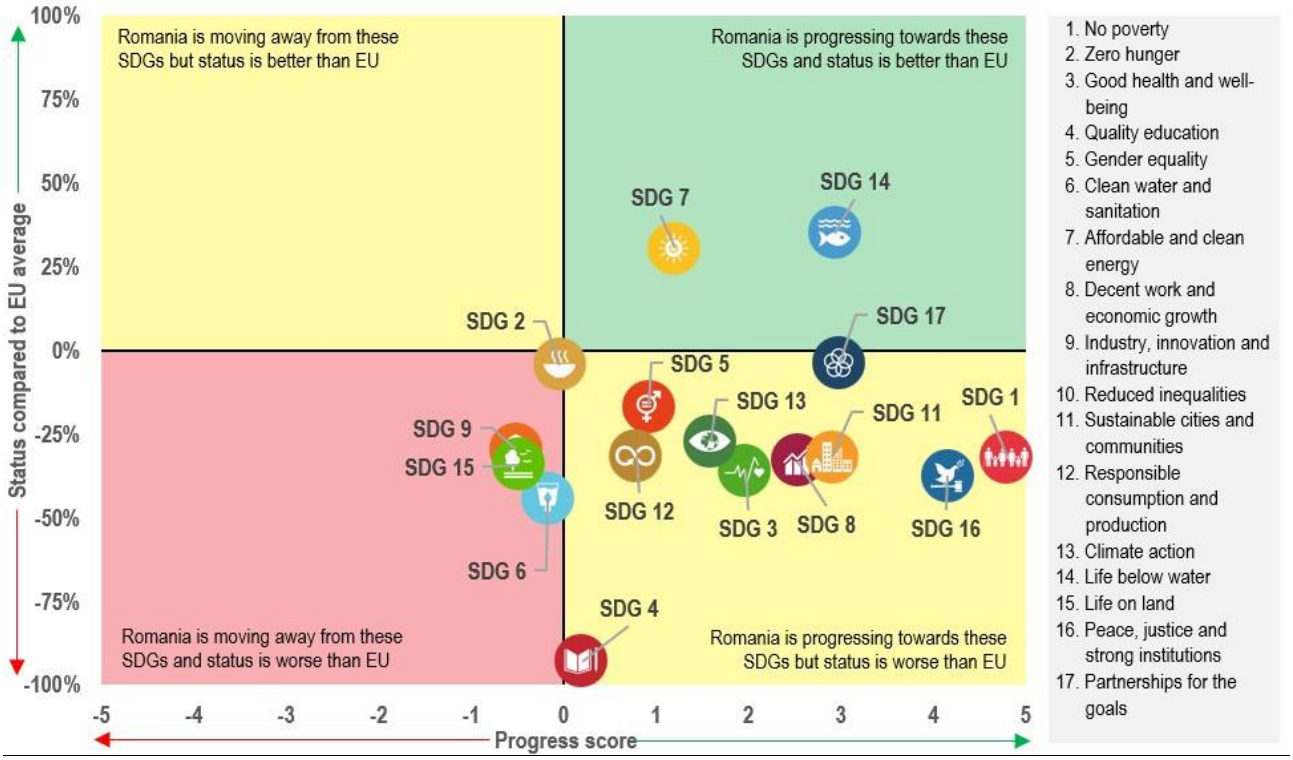
([384])The 2024 Fundamental Rights Report, Fundamental RightsAgency

([385])Ministry of Development, Public Works and Administration,Norm on the adaptation of civil buildings and urban spacesto the individual needs of persons with disabilities, codeNP 051-2012 – Revision of NP 051/2000, https://www.mdlpa.ro/userfiles/reglementari/Domeniul_XVII/17_23_NP_051_2012.pdf

This annex assesses Romania's progress on the sustainable development goals (SDGs) along the dimensions of competitiveness, sustainability, social fairness and macroeconomic stability. The 17 SDGs and their related indicators provide a policy framework under the UN's 2030 Agenda for Sustainable Development. The aim is to end all forms of poverty, fight inequalities and tackle climate change and the environmental crisis, while ensuring that no one is left behind. The EU and its Member States are committed to this historic global framework agreement and to playing an active role in maximising progress on the SDGs. The graph below is based on the EU SDG indicator set developed to monitor progress on the SDGs in the EU.

On SDGs linked to *competitiveness*, Romania is improving on SDG 8 (Decent work and economic growth) and SDG 4 (Quality Education) but is moving away from the goal for SDG 9 where the developments do not bring it into line with the EU average. Romania needs to catch up with the EU average for all competitiveness-related SDGs. On SDG 8, although the percentage of young people not in employment, education or training fell from 20.9% to 19.2% between 2019 and 2025, the figure remains well above the EU average of 11% in 2025, down from 12.8% in 2019. On quality education (SDG 4), the percentage of adults with at least basic digital skills rose from 27.8% in 2021 to 31.8% in 2025, but it is still significantly lower than the EU average of 60.4% in 2025, up from 53.9% in 2021. Romania also needs to catch up with the EU average on SDG 9 (0.46% of GDP expenditure on R&D; EU average: 2.24% in 2024). To address the challenges linked to productivity, Romania's recovery and resilience plan (RRP) supported the organisation of a full professional route for higher technical education, while providing funds for the construction of integrated campuses for vocational

Graph A17.1: **Progress towards the SDGs in Romania**



For a detailed progress assessment towards the various SDGs, see the annual Eurostat report 'Sustainable development in the European Union'; for extensive data on the short-term SDG progress of EU countries, see Key findings – Sustainable development indicators; for an interactive visualization of SDG progress of EU countries, see SDG country overview. A high status does not mean that a country is close to reaching a specific SDG, but signals that it is doing better than the EU on average. The progress score is an absolute measure based on the indicator trends over the past five or six years. The calculation does not take into account any target values, as most EU policy targets are only valid for the aggregate EU level. Depending on data availability for each goal, not all 17 SDGs are shown for each country.

Source: Eurostat, latest update of 29 April 2026. Data refer mainly to the period 2019-2024 or 2019-2025. Data on SDGs may vary across the report and its annexes due to different cut-off dates.

education and training, to digitalise the education process to improve digital skills for students and teachers and support research and innovation.

Romania is improving on several SDGs related to *sustainability* (SDGs 11, 12, 13, 14) but needs to catch up with the EU average on all of them, except SDG 14. The country is moving away from three SDGs (6, 9, 15), while it performs well and is above the EU average on SDG 14 (Life below water). On SDG 12 (Responsible consumption and production), the material footprint was 31.7 tonnes per inhabitant in 2024, compared to an EU average of 13.7 tonnes. On SDG 11 (Sustainable cities and communities), the number of road traffic deaths per 100 000 persons was 7.8 in 2024, compared with an EU average of 4.4. The recycling rate of municipal waste in 2023 was 12.4% against an EU average of 47.9%. On SDG 9, the patent applications to the European Patent Office remained at 8 per million inhabitants from 2019 to 2025, while the EU average rose from 152 in 2019 to 156 in 2025.

Romania made progress on SDGs related to social fairness. For *no poverty* (SDG 1), *good health and well-being* (SDG 3), *gender equality (*SDG 5), and *decent work and economic growth* (SDG 8), Romania is improving but needs to catch up with the EU average. For *affordable and clean energy (SDG 7)*, Romania performs well, above the EU average. While the percentage of the population at risk of poverty or social exclusion decreased from 36.1% in 2019 to 27.9% in 2024, it was still above the EU average of 21% in 2024 (down from 21.8% in 2019). The percentage of unmet needs for medical care decreased from 4.9% to 2.2% over that period. Romania's track record on gender equality is concerning compared to the rest of the EU. In 2025, women held only 22.0% of seats in national parliament and government compared with the EU average of 33.6%. For SDG 7, the RRP aims to support clean energy production and energy-efficiency renovation. The Romanian RRP supports the deployment of renewable energies sources (RES) through investments in new RES facilities and subsidising RES production and storage for households. Energy efficiency renovations are boosted through the Renovation wave component with the establishment of a renovation wave fund, a grant voucher scheme for renovations of private and public buildings such as administrative buildings, schools and medical facilities.

Romania is improving on all SDGs related to *macroeconomic stability* (SDGs 8, 16, 17). Real GDP per capita (SDG 8) rose from EUR 11 760 in 2019 to EUR 13 190 in 2025 - measured in chain linked volumes (2020). The EU average in 2025 was EUR 34 110. However, the country faces challenges related to trust in institutions, with its Corruption Perceptions Index score up from 44 in 2019 to 45 in 2025, while the EU average fell from 64 in 2019 to 62 in 2025. The index's scale runs from 0 (highly corrupt) to 100 (very clean). Romania performs well on SDG 17 (Partnership for the goals). The RRP is expected to further improve the fight against corruption and help increase trust in public administration.

As the SDGs form an overarching framework, any links to relevant SDGs are either explained or depicted with icons in the other annexes.

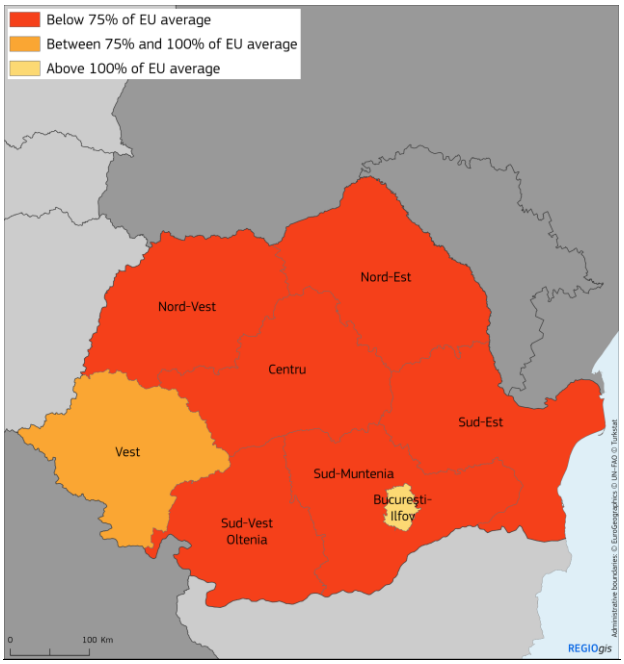
Regional development trends

Romania has seen strong convergence with the EU average in terms of GDP per head (PPS), much of which has been driven by the capital region. Bucharest stands out for its path towards economic convergence with the EU, even amidst the overall strong convergence of all Romanian regions since accession to the EU. Economic convergence with the EU began in the first decade after Romania's accession in 2004, but it further accelerated after 2015, highlighting the strong recovery of all Romanian regions after the economic and financial crisis. Despite Romania's continued convergence with the EU in GDP per head, regional disparities within the country remain significant. This is mostly due to differences between the capital and the other regions in terms of demographic dynamics, labour productivity, investment, and employment.

Disparities in GDP per head between the capital and the rest of the country reflect disparities in labour productivity. The evolution of labour productivity in Romania (see Graph A18.1) shows that all regions have been catching up with the EU average over the last decade. However, labour productivity in 2023 (measured as GDP per hour worked) still varied extensively between regions, with the Bucureşti-Ilfov capital region being above the EU average (143%), while Nord-Est, at 44%, still considerably lagged behind (see Map A18.1 and Annex 11).

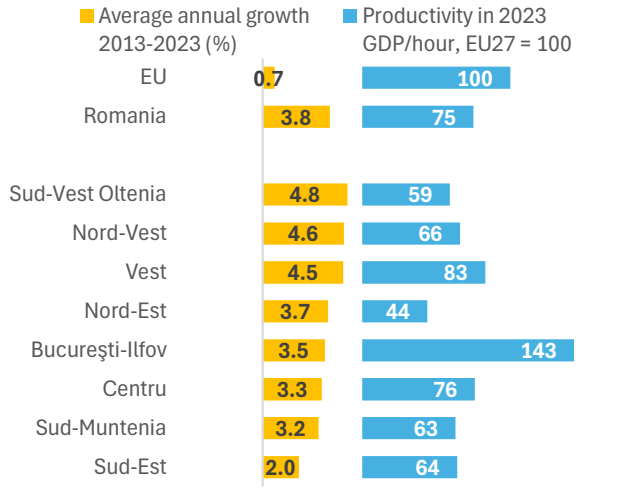
Agriculture and industry still account for a very significant share of GDP in some Romanian regions. The country's sectoral structure differs substantially from that of the EU-27 as a whole. Agriculture accounts for 21% of employment, well above the EU average of 4%, and is the single largest employer in Nord-Est (where it accounts for 41% of all employment), Sud-Vest Oltenia (33%) and Sud-Est (25%). Employment rates in manufacturing and construction are also above the EU average, with the Vest and Centru regions exhibiting especially high shares of employment in industry at 34% and 30%, respectively. Services also make a significant contribution to gross value added in all regions but are especially concentrated in the north-west of the country.

Map A18.1: **GDP per head compared with the EU average.**



2021-2023 average GDP per head in purchasing power standard compared with the EU average.
Source: Commission calculations based on Eurostat 16 July 2025 data

Graph A18.1: **Labour productivity growth (2013-2023) and labour productivity (2023), Romania (NUTS 2 regions)**



Source: European Commission calculations based on JRC data

Table A18.1:**Main development trends, challenges and concentration of resources**

	Main development trends
Less developed regions (population 15 million)	Less developed regions in Romania have made progress in economic convergence with the EU, but continue to face structural challenges that constrain their competitiveness. Although convergence accelerated after 2015, six out of eight Romanian regions continue to have GDP per head (in PPS) below 75% of the EU average. These disparities reflect persistent gaps in demographics, labour productivity, investment and job opportunities. Meanwhile, the competitiveness potential of these regions is supported by: (i) emerging hubs of urban growth; (ii) improving connectivity; and (iii) the presence of industrial and service activities in regions such as Nord-Vest and Centru. The economic structure of many less developed regions in Romania remains heavily reliant on lower-value sectors, which limits economic diversification and competitiveness potential. Regions such as Nord-Est, Sud-Est and Sud-Vest Oltenia continue to face significant challenges in strengthening their competitiveness and building competitive and higher-value economies.
Transition regions (population 1.66 million)	Vest region experienced solid growth in GDP per head (in PPS), exceeding the EU average. It is industrialised and manufacturing accounts over 35% of the economy. Vest has the highest R&D expenditure at 1.21%. The private sector accounts for most of this research effort, contributing up to 90%
More developed regions (population 2.3 million)	The București-Ilfov region reached a gross domestic product (GDP) at purchasing power per capita of 188% of the EU average in 2024, having grown at a much faster rate than the other Romanian regions over the previous decade. This strong performance was driven by a concentration of high-value service activities, innovation and skilled labour. The region also benefits from better infrastructure, greater labour market opportunities, and higher levels of education than the rest of the country. Although București-Ilfov has become a major centre of labour productivity within Romania, the strong growth of the region has also contributed to widening economic disparities between the capital and the less developed regions.
Specific territories	Three out of eight Romanian regions (North West, North East and South East), which form part of the EU's eastern border with Ukraine, are directly affected by ongoing cross-border dynamics. These three regions are facing serious challenges, including: (i) an influx of displaced persons; (ii) disruptions in trade; (iii) security concerns; and (iv) a deterioration in the housing stock, healthcare system, and social services. The Integrated Territorial Instrument (ITI) of the Danube Delta, ITI Jiu Valley and the Black Sea coastal region also face specific challenges due to remoteness and environmental constraints in these three regions, although some of these three regions play a strategic role as an energy and transport corridor on the EU's eastern border. Across all of Romania's eight regions, poverty is highly concentrated in rural areas, where the share of the population at risk of poverty or social exclusion (AROPE) is six times greater than it is in the cities. Rural areas generally suffer from dramatically lower access to employment, education, healthcare, and water utility services. Romania's 'just transition territories' face economic dependence on carbon-intensive industries, limited labour market diversification, and greater exposure to the social impacts of the green transition.
National cohesion aspects	Romania continues to face significant territorial development challenges related to infrastructure gaps, environmental services and the transition to a climate-neutral economy. Persistent deficiencies in water supply, wastewater treatment and air-quality management contribute to uneven living conditions across Romania's regions, with the most pronounced shortcomings observed in less developed and rural areas. Gaps in environmental infrastructure remain particularly acute in regions such as Sud-Muntania, Sud-Vest Oltenia and Nord-Vest. Underdeveloped transport infrastructure continues to constrain regional connectivity and access to essential services. There are also substantial territorial disparities in Romania's rail infrastructure, with low connectivity limiting the development of integrated and sustainable mobility across regions.

Source: European Commission based on Eurostat data; categories of regions based on Map A18.1

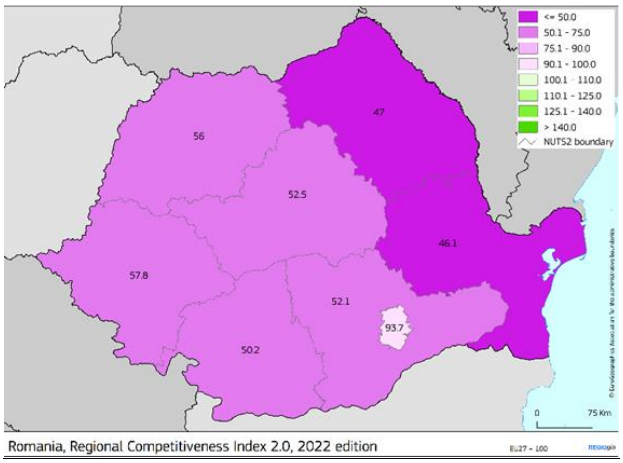
Key challenges for regional competitiveness

Romania faces significant regional disparities in competitiveness, with most regions performing well below the EU average. Competitiveness in Romania's regions remains below the EU average, with productivity differences and uneven progress in digitalisation among the regions. Romania's overall competitiveness index is the lowest in the EU. Only the București-Ilfov capital region approaches the EU average (at 93.7% in 2022), while eastern regions score well below 50% of the EU average and are among the least competitive regions in the EU ([386]). The Nord-Vest region scores slightly

([386])Regional Competitiveness Index 2.0, 2022 edition.

higher but is still considerably below the EU average (see Map A18.2). Differences in regional competitiveness are closely associated with variations in labour productivity and are also affected by the highly uneven quality of the business environment across the country ([387]). Moreover, weaknesses in local digital infrastructure constrain investment, and constitute an important underlying driver of persistent regional differences in economic performance ([388]). Despite overall progress in digital connectivity between 2020 and 2025, while the western and southern regions have benefited from sustained investments in connectivity, some rural areas (especially in Nord-Est and Centru) still face exclusion from the digital economy.

Map A18.2: **Competitiveness in Romanian regions, 2022**



Source: Romania, Regional competitiveness Index 2.0, 2022 edition

Chronically low levels of R&D spending and gaps in technology transfer hamper regional competitiveness. Romania's overall R&D expenditure is the lowest in the EU, with significant gaps between Bucureşti-Ilfov and the relatively industrialised region of Vest (with the highest R&D expenditure as a percentage of GDP) on the one hand, and the other regions on the other (see Annex 4). Regional R&D ecosystems outside Bucharest face pronounced imbalances marked by silos and disconnections between public and private actors, coupled with the migration of talent toward the capital and major university hubs such as Cluj or Timişoara. These centres concentrate access to universities, start-up incubation programmes, business acceleration programmes, and funding. This leaves other regions with fewer resources and results in a poor balance of R&D nationwide ([389]). Less developed regions in Romania have significant intra-regional gaps in technology transfer, particularly in terms of businesses with a higher level of technological readiness. While large urban centres provide favourable conditions for technology transfer, spillover effects across the wider regions remain ([390]).

Demographic decline is a key challenge outside the capital region, most notably in the southern regions. Romania's regions face demographic challenges, including significant population decline and shifts in workforce potential across the country, including an ongoing brain drain. These challenges hamper regional competitiveness. Between 2015 and 2024, the population in Romania decreased by 4.2 per 1 000 residents annually. The reduction in population is uneven across the regions, and is particularly pronounced in the southern regions, most notably in Sud-Vest Oltenia (-8.7), Sud-Muntenia (-8), Sud-Est (-6.7), and Vest (-8.1). The capital region of Bucureşti-Ilfov was the only region to experience a positive change during this time, due to high net migration (see Map A18.3) Overall, the cumulative population decline in Romania during this period was almost 6% in rural areas, and above 8% in cities. Rural areas such as those in Brăila, Teleorman, Mehedinți, Olt, Caraș-Severin, and Hunedoara experienced a steady population decline from 2015 to 2024, averaging between -1.11% and -1.57% yearly. These areas face profound demographic changes that reduce the availability of workers, constrain local economies and diminish community vibrancy ([391]).

Unemployment remains high in the southern regions of the country. Unemployment, particularly among younger people, constitutes a long-term challenge, impeding economic growth

([387])World Bank (2023) *Systematic Country Diagnostic Update: Romania, p. 50.*

([388])World Bank (2023) *Systematic Country Diagnostic Update: Romania, p. 46.*

([389])OECD (2023). Enhancing Strategic Planning and Innovation Services. Supporting Romanian Regional Development Agencies. OECD Publishing, Paris.

([390])European Commission, 2025. Regional Innovation Scoreboard – Regional profile Romania.

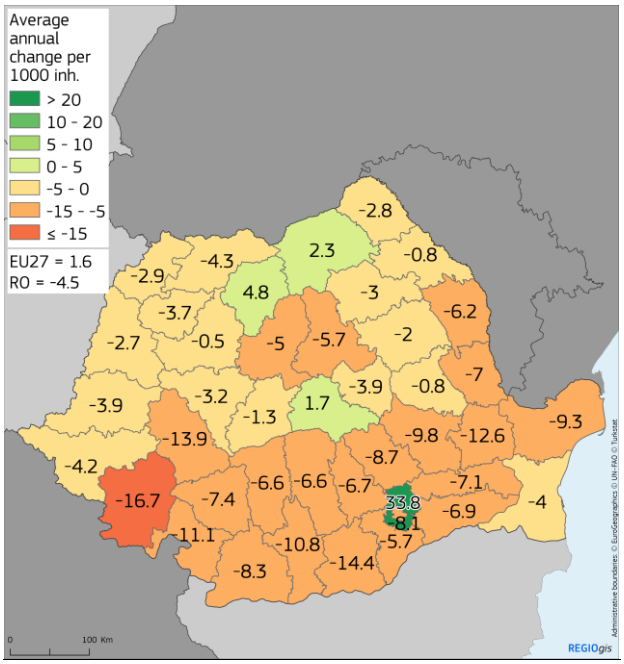
([391])Statistics | Eurostat.

and competitiveness ([392]). The unemployment rate in Romania shows clear regional differences. Unemployment is low in the capital region, in Nord-Vest, Nord-Est, Centru and Vest, while it is close to 10% in Sud-Est, and above 7% in Sud-Muntenia and Sud-Vest Oltenia (See Table A18.2). Youth unemployment is a major concern in Sud-Est (where it is 35%) and is above 30% in other southern regions and Vest. It is the lowest in Bucureşti-Ilfov, which is aligned with the EU average (see Annex 11).

Shrinking populations disproportionately affect the quality and availability of public services in less developed regions ([393]). Adverse demographic trends are reducing workforce numbers in most Romanian regions, and as a result are hindering the potential of these regions for growth and development. In addition, a shrinking population puts increasing strain on the recruitment of professionals in affected areas. This is a challenge for providing key public services such as healthcare or education by local authorities. In 2023, Romania had the highest number of NUTS 3 territories in the EU where a minority of the population lived within a 10-minute drive of a hospital (33 out of 41 counties). By contrast, access to healthcare is significantly better in the capital region, where 98.2% of the population in Bucureşti-Ilfov lives within a 15-minute drive of a hospital. Unmet medical needs also show a high urban-rural divide and significant territorial disparities (see Annex 15). Limited access to essential and enabling services makes less developed regions even less appealing to live in and reduces their ability to both retain and attract young people ([394]).

Deficiencies in environmental infrastructure remain a major challenge in Romania and contribute to territorial disparities. The quality and accessibility of environmental services continue to affect quality of life and exacerbate territorial disparities. Substantial gaps between regions persist in water collection and wastewater infrastructure (see Annex 10), particularly in the less developed regions. 'Non-collected', i.e. untreated, urban wastewater poses a particular challenge for the southern regions of Sud-Muntenia (where 56% of the generated load of urban wastewater is non-collected in 2023), Sud-Vest Oltenia (55%), and Nord-Vest (39%) ([395]). Structural gaps and insufficient coverage of the infrastructure for public water supply, in particular in rural areas, continues to hinder compliance with EU water legislation. The delays in regional infrastructure development reduce economies of scale and may create long-term sustainability risks. Furthermore, the quality of the environment is affected by persistent air pollution across Romanian regions, particularly in urban areas, where PM2.5 concentrations exceeded the EU average by more than 30% in 2023, limiting residents' access to a healthy living environment ([396]).

Map A18.3: **Average annual population change at NUTS 3 level (2015-2024)**



Source: Eurostat and JRC

Access to education is very limited in many less developed regions, especially in rural areas. As is the case with other local public

([392])OECD (2025), OECD Reviews of Labour Market and Social Policies: Romania 2025, OECD Reviews of Labour Market and Social Policies, OECD Publishing, Paris.

([393])SNG-WOFI country profile; OECD (2025) *Preparing for Demographic Change in Nord-Vest, Romania.*

([394])World Bank Group. (2023) *Romania - Systematic Country Diagnostic Update (English). Washington, D.C.*

([395])European Environment Agency (EEA). (2023). *Urban Waste Water Treatment Directive (UWWTD) dataset (Waterbase).* Retrieved from: https://www.eea.europa.eu/data-and-maps/data/waterbase-uwwtd-urban-waste-water-treatment-directive-6.

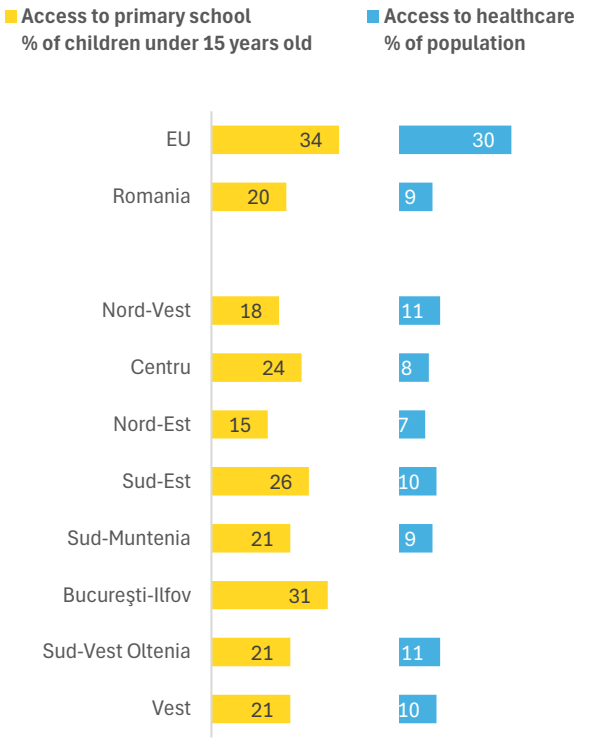
([396])European Environmental Agency (2025). Health impacts of air pollution – Country profiles, Romania

services, the coverage and quality of education in Romania are affected by distinct territorial disparities. In rural areas, access to primary schools is well below the EU average (see Graph A18.2). Access to education is particularly limited in the Nord-Est, Nord-Vest, Sud-Vest Oltenia, Sud-Muntenia, and Vest regions, with children from marginalised communities affected by segregation (such as Roma and children with disabilities) suffering particularly low levels of enrolment ([397]). Teacher shortages are more pronounced in rural and small schools, alongside a marked urban-rural divide in basic skills (with children in urban schools performing better). Additionally, the rate of early school leaving in 2024 was substantially higher in rural areas (26%) compared with urban areas (5%). (see Annex 13)

High educational attainment is limited, particularly in the regions of southern Romania. Persistent skills shortages and mismatches linked to both education inefficiencies and the emigration of skilled professionals constrain the competitiveness of Romania's regions ([398]). The low tertiary educational attainment rate (for the population aged 25-34) is a widespread problem across all regions, except for București-Ilfov where this rate was above the EU average of 49.7% (see Annexes 11 and 13). Sud-Muntenia and Sud-Est have the lowest percentages of the population aged 25-34 with tertiary attainment, at 15.3% and 15.8%, respectively. The digital and green transitions are likely to widen regional inequalities and intensify demand for specialised skills, especially in regions with already low levels of human capital, underscoring the need for stronger links between education (including lifelong learning and vocational education and training), and the labour market. ([399])

Poverty and social exclusion remain a significant challenge in several Romanian regions, constraining development and productivity and thereby weakening regional competitiveness and growth. In 2024 the share of the population at risk of poverty or social exclusion (AROPE rate) reached 27.9%, well above the EU average (see Annex 12). Housing affordability pressures and very low access to social housing further exacerbate social and territorial inequalities and can undermine people's ability to remain in their communities. Regional disparities in housing cost overburden are notable (see Annex 16), with the highest rates experienced in Sud-Vest Oltenia (10.8%) and Vest (10.2%), compared with 4.1% in the Bucureşti-Ilfov capital region in 2024 ([400])([401]).

Graph A18.2: **The share of children with a primary school within a 15-minute walk and the share of population with a hospital within 10-minute drive by car in rural areas, (NUTS 2), 2023**



Source: Eurostat

Road infrastructure across Romania's regions – including local and secondary roads – remains underdeveloped and of low quality, limiting access to public services and contributing to a persistently high level of

([397])OECD (2025), *Education and Skills in Romania,* Reviews of National Policies for Education, OECD Publishing, Paris; Fundamental Rights Agency (2025), *Survey - Country Data – Romania*.

([398])OECD (2025), Education and Skills in Romania, Reviews of National Policies for Education, OECD Publishing, Paris.

([399])World Bank (2023), *Romania - Systemic Country Diagnostic Update*.

([400])Statistics | Eurostat.

([401])The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Table A18.2:**Key regional indicators (at NUTS 2 level) for Romania**

	GDP per head (PPS, index)	Real GDP growth	Population aged 20-64	Employment rate 20-64	Unemployment rate	At-risk-of-poverty or social exclusion rate (AROPE)	GVA in industry	Employment in industry	R&D expenditure	Green employment - in sustainable but competitive sectors
	EU27=100	Average annual % change	% of total population	% of population aged 20-64	% of labour force	% of population	% of total GVA	% of total employment	% of GDP	% of total employment
	2024	2014-2024	2025	2025	2025	2025	2024	2023	2023	2020
EU	100	1.6	58.3	76.1	6.0	21.0	19.3	15.3	2.24	15.1
Romania	77	3.2	58.5	69.0	6.1	27.4	19.1	20.3	0.46	12.6
Nord-Vest	71	3.9	59.5	70.3	5.9	27.5	20.5	24.4	0.29	2.7
Centru	71	3.3	57.6	70.0	4.1	24.1	24.6	30.0	0.41	5.0
Nord-Est	48	3.7	56.7	69.1	5.7	30.3	14.8	11.2	0.25	
Sud-Est	59	1.4	57.4	62.1	11.3	38.0	21.8	20.7	0.12	6.2
Sud-Muntenia	55	1.0	58.3	68.3	8.6	27.5	27.1	24.0	0.40	0.2
Bucureşti-Ilfov	188	4.5	61.2	81.1	1.8	13.6	10.2	10.1	0.82	68.1
Sud-Vest Oltenia	60	3.6	59.0	61.7	6.9	36.0	29.1	19.9	0.17	0.5
Vest	78	2.9	58.9	66.5	5.1	20.2	24.3	34.0	1.18	18.4

Dark green - the indicator is 120% or more of the EU average.
Light green - the indicator is 100% or more, but less than 120% of the EU average.
Yellow - the indicator is 90% or more, but less than 100% of the EU average.
Light red – the indicator is 75% or more, but less than 90% of the EU average.
Dark red – the indicator is below 75% of the EU average.
This colour scale applies to 'positive' indicators, where higher values are favourable.
For 'negative' indicators (where higher values are unfavourable), the colours are reversed.
Source: Eurostat and JRC

traffic fatalities. Road infrastructure in Romania remains less dense and of lower quality than in many other EU Member States, with the Nord-Est region recording the lowest motorway density in the country in 2023 ([402]). In addition, poor road conditions and insufficient safety infrastructure significantly increase road safety risks. Romania has consistently had the highest road fatality rates in the EU, with the highest rate of traffic fatalities in Sud-Vest Oltenia (107 per million inhabitants in 2023) and Sud-Est (102) (see Annex 19).

Rail connectivity and infrastructure quality is poor, especially in the eastern regions. There are significant territorial imbalances in Romania's railway network, particularly affecting the development of integrated, smart, and sustainable mobility across regions. Rail connectivity, as measured by the average share of people within a 120 km radius that can be reached within 1h30 by rail, is lower than the EU average. Rail connectivity is particularly poor in Nord-Est and Sud-Est. The share of electrified railways differs between the country's different regions: Bucureşti-Ilfov leads at 61%, followed by Sud-Vest Oltenia at 53%, while Nord-Vest lags at only 19%. In 2022, Romania had the second lowest expenditure on rail infrastructure of any country in the EU at EUR 44 per inhabitant compared with the EU average of EUR 114 EU ([403]). As a result, Romania's regions suffer from severe degradation of rail infrastructure and transport poverty. The implementation of railway projects is frequently delayed.

In line with the 2025 country-specific recommendation, reducing reliance on fossil fuels requires regionally differentiated actions, in particular by taking into consideration the impact on areas that are economically centred around coal and energy-intensive industries. The Romanian authorities have laid down a legal framework for the operation of renewable energy communities ([404]) and are implementing dedicated support through the Just Transition Fund in the Sud-Est, Sud-Muntenia, Vest, Sud-Vest Oltenia and Centru regions. The deployment of new capacity from renewable energy sources remains essential in the coal-dependent regions along the Jiu River basin

([402])Statistics | Eurostat.

([403])European Commission, 2024, SWD accompanying the ninth monitoring report on the development of the rail market.

([404])Government Emergency Ordinance No. 59/2025.

([405]). The establishment of new energy communities should be combined with economic diversification and job creation measures, including to promote the development of strategic technologies. Modernisation through the implementation of decarbonisation technologies in the strategic steel and fertiliser industries will be critical in ensuring the long-term competitiveness of Galați and Mureș counties and will play a major role in Romania's ability to meet EU emissions targets.

The economic significance of Romania's 'blue economy' is declining and remains narrowly concentrated in traditional sectors in the Sud-Est region, constrained by several challenges limiting diversification and the sector's growth. Blue economy activities are largely located along the Black Sea coast and centred on established industries rather than emerging high-value areas such as marine energy. Although the Sud-Est region remains the core of Romania's fisheries region, fleet viability is undermined by structural bottlenecks – including declining employment in shipbuilding, ageing port and tourism infrastructure, and the increasing exposure of coastal communities to climate-related risks.

The provision of public services is impeded by deficiencies in public governance and administrative capacity ([406]) The quality of local and regional institutions and their administrative capacity are hampered by frequent personnel changes and lack of clear leadership creating an unstable environment that disrupts institutional continuity and limits financial autonomy and predictability. In addition, Romania's legal framework is often subject to amendments, reducing the capacity for local planning and weakens the confidence of local government staff at regional and municipal level to carry out reforms. This instability results in serious discrepancies in access to quality public services and diminishes trust in public administration ([407]). The low uptake of advanced ICT tools and digital technologies further compounds these challenges, particularly in the smaller local administrative units. This translates into poor data collection, analysis and monitoring. Moreover, the specific Integrated Terrirotial Investment territories (Delta Dunării, Valea Jiului, Moții Țara de Piatră, and Țara Făgăraşului) face limited local capacity to design and implement projects of common interest. In particular, the governance arrangements for the territory of the Danube Delta reflect poor coordination between the local jurisdictions in Tulcea County and the Danube Delta Biosphere Reserve Administration. Last but not least, the lack of technical expertise is a real issue, in particular for green skills (water, waste, etc.).

Smaller local administrative units in Romania face persistent challenges in the face of fragmented and overlapping governance structures, which hinders fiscal sustainability and limits the efficacy of public investments. Local public governance structures are heavily dependent on central funding and often struggle to attract private investments. In addition, Romania's spatial planning framework suffers from weak coordination across the regional, national, and local levels, including between local territories within functional urban areas. Although existing national legislation ([408]) provides a legal basis for such partnership structures, uptake remains low, with only 24 out of 91 possible functional urban areas established so far. Further uptake could make territorial planning more coherent and improve the efficiency and impact of projects of common interest ([409]), including the provision of public services.

([405])Territorial Just Transition Plans of Hunedoara, Gorj, Dolj, counties, annexes to the Just Transition Program.

([406])World Bank. 2023. *Romania - Systemic Country Diagnostic Update:*. Washington, D.C.: World Bank Group; OECD. 2023. *Open Government Review of Romania,* OECD Public Governance Review, OECD Publishing, Paris.

([407])World Bank Group. (2023) *Romania - Systematic Country Diagnostic Update (English). Washington, D.C.*

([408])Law no. 246/2022 regarding metropolitan areas.

([409])OECD (2025), *Preparing for Demographic Change in Nord-Vest, Romania*, OECD Regional Development Studies, OECD Publishing, Paris,

This Transport Annex presents the state of play and the challenges Romania is facing with the implementation of the trans-European transport network (TEN-T), the European Railway Traffic Management System (ERTMS), road safety and the roll-out of sustainable aviation fuels (SAF).

Romania's transport system faces significant challenges that need to be addressed to improve the competitiveness of the sector, increase the safety and environmental performances, and favour the shift to rail. Challenges include (i) modernisation, electrification and digitalisation of the railway network, as well as the increasing the efficiency of infrastructure related procurement procedures, (ii) professionalisation of the rail sector and increase of institutional capacity, (iii) modernisation of the railway rolling stock and road vehicles fleet, and (iv) improving the safety of the road infrastructure and deployment of automatic speed enforcement system.

Two European transport corridors cross Romania (Rhine – Danube and Baltic Sea – Black Sea – Aegean Sea). The Romanian TEN-T rail network comprises 5 742 km. The TEN-T road network in Romania extends for 4 836 km (2 573 of which form part of the core network). In addition, Romania has 1 285 km of inland waterways, 18 ports (including four core ports), 12 airports (including two core airports), and 23 urban nodes ([410]).

Romania has a large railway network, though less than half is electrified, there are gaps, and major routes suffer from speed restrictions. In recent years, Romania has intensified its modernisation efforts along the TEN-T corridors, driven also by its strategic importance as a hub to Ukraine and Moldova. The focus is on the north-south line from Bucharest to Vicșani (Ukrainian border) and Iași (Moldovan border) essential for enhancing military mobility. Equally important for military mobility are enhanced connections to Bulgaria and further to Greece, focusing on the critical cross-border projects, including those with dual civil-military use, in accordance with EU technical and operational standards. A major domestic section outside the cross-border lines is the Craiova-Bucharest route. Furthermore, modernising the Constanta-Bucharest-Central Europe link requires the rail ring around Bucharest, to be completed by 2034. Under its recovery and resilience plan (RRP), Romania is expected to modernise and upgrade more than 1 800 km of railway infrastructure, as well as upgrade part of its rolling stock, by August 2026. Additionally, Romania will also be ready for the construction of the Brașov-Predeal rail tunnel in the immediate future This tunnel addresses a current significant bottleneck but is also a component of the future highspeed railway line extending towards the Hungarian border.

At the end of 2024 ([411]), the European railway traffic management system (ERTMS) was operational on less than 1% of the Romania's TEN-T network. The ERTMS digitalises the railways and modernises and harmonises railway operations across Europe. It ensures the safety of rail networks by providing a unified signalling system that significantly reduces the risk of accidents. It also provides interoperability between national rail systems, improving cross-border train movements. Finally, the ERTMS enhances network capacity and operational efficiency, increasing the competitiveness of the rail sector. To meet its national plan's ERTMS roll-out target by 2035, Romania aims to deploy ERTMS on an additional length of 2 730 km.

Transport infrastructure projects are subject to significant delays. Project preparation is often hampered by lengthy land acquisition and tendering procedures. The low quality of tender documentation often triggers complaints and appeals causing important delays. Despite improvements, through the creation of a specialised national authority for ex ante checks of the tender documentation, the tender procedures remain lengthy. Unrealistic financial planning, the need for additional technical studies and low operational capacity of contractors implementing the construction work often result in slow project implementation and cost overruns.

([410])TENtec Information System, according to Reg. 2024/1679.

([411])Based on ERTMS – Third work plan of the European Coordinator Matthias Ruete.

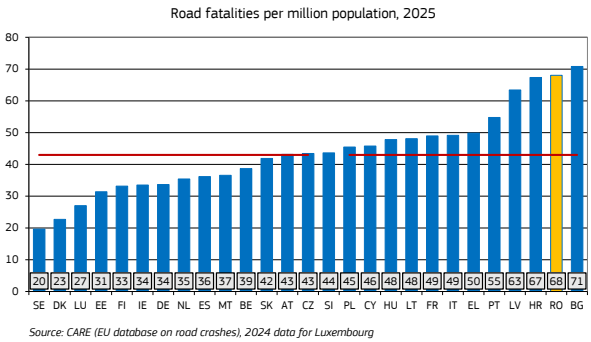
The administrative capacity of the main beneficiaries of infrastructure projects (e.g. CFR for railways) is limited, they are understaffed and lack expertise. Moreover, the National Safety Authority still faces operational challenges related to its autonomy, lack of expertise (especially related to ERTMS), the effectiveness of supervision, limited investment in maintaining rail infrastructure, and the proper functioning of key processes such as vehicle authorisation.

Romania's capacity to increase the operations of trains to Bulgaria and Greece in line with the rules of the single European railway area is underdeveloped. Its list of national rules impeding efficient operations is long. Harmonising technical and operational rules with the minimisation of national rules in line with the EU directives on rail interoperability and safety remains critical to ensure seamless cross-border rail transport. The proper notification and clean-up of its national rules by committing to the envisaged processes at EU level is not yet completed.

Road crashes impose an enormous social, economic and health burden on the economy. The Communication on the Implementation of the EU Road Safety Policy Framework at the Mid-Point (COM(2026)77) sets out the case for investing in road safety. The external socio-economic costs of fatal, serious and minor injuries have remained persistently high despite the progress made in reducing crash frequency and severity ([412]). These resources could otherwise support innovation, education, healthcare and other crucial public investments. Road safety thus constitutes a pillar of the EU's economic competitiveness as it directly influences the efficient movement of goods and labour and the operational costs of businesses across all sectors ([413]).

In 2025, Romania had the second highest fatality rate in the EU, with 68 road fatalities per million inhabitants (the EU average is 43). While a significant decrease in road fatalities was achieved in recent years, i.e. 12% between 2024 and 2025, and 30% between 2019 and 2025 ([414]), making Romania almost on track to meet the 2030 target of halving road deaths and serious injuries, more action is needed by 2030 to reduce the high number of fatalities and bridge the gap with the better performing countries in the EU. Compared with the EU average, the distribution of fatalities in Romania shows a relatively high proportion of pedestrian fatalities and fatalities on urban roads. Among the contributing factors to the high road death rates are the poor state of infrastructure, excessive speed and mixed traffic (vehicles sharing the road with pedestrians and cyclists). There is a delay in implementing the automatic speed enforcement system (e-SIGUR). Furthermore, traffic-calming measures and sidewalks for pedestrians are reportedly not sufficiently developed or even missing completely.

Graph A19.1: **Romania's road fatalities per million, 2025**



Source: CARE (EU database on road crashes)

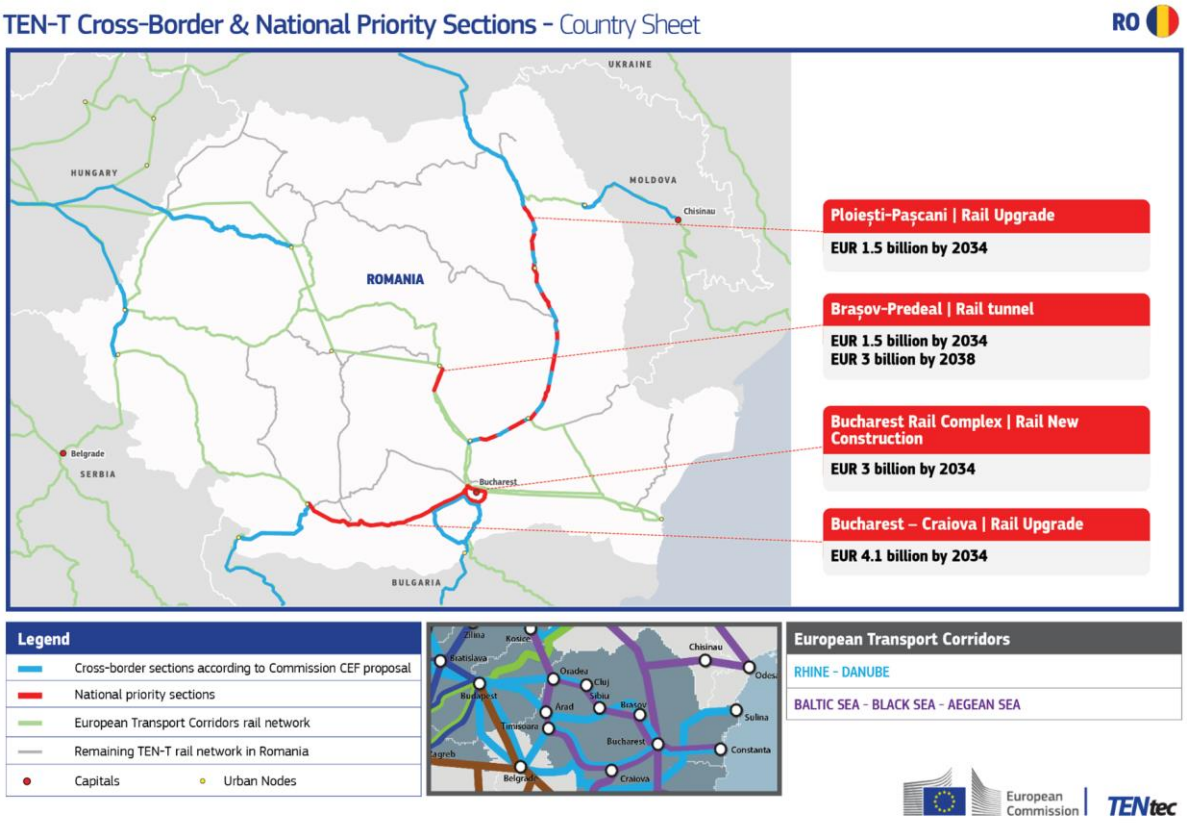
The first steps toward addressing the road safety problem were already implemented under the RRP. In 2022 the national road safety strategy was approved. Following the strategy, the legal changes to promote road safety were implemented. They include enforcement of the compliance rules, higher penalties for breaches, monitoring of road offences by automatic equipment and risk-based reduction of speed limits in specific areas or roads depending on accidents data, risk analysis and best practice at EU level. Investments to reduce the number the existing black/hotspots are ongoing under the RRP and expected to be completed by August 2026. These investments target safer road infrastructure and upgrades, improved traffic monitoring and

([412])SWD(2026) 55 final, EUR-Lex - 52026SC0055 - EN - EUR-Lex.

([413])Report on the implementation of the EU Road Safety Policy framework at the Mid-Point, COM(2026) 77 final.

([414])Annual statistical report on road safety in the EU 2026.

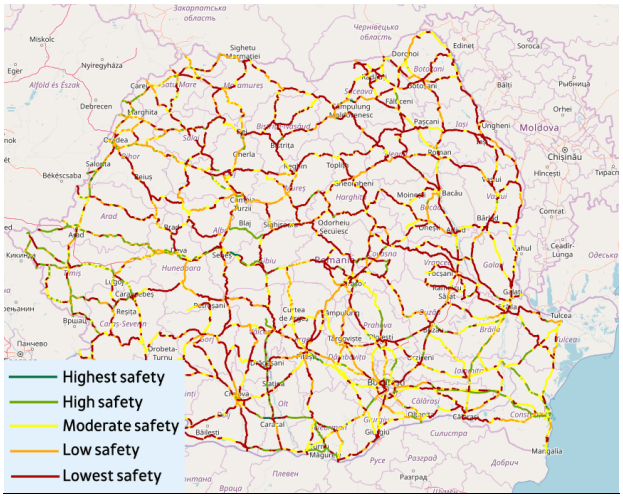
Map A19.1: **TEN-T cross-border & national priority sections in Romania.**



enforcement capacity and measures to reduce the existing black/hot spots.

More details in SWD(2026) 55 final. EUR-Lex - 52026SC0055 - EN - EUR-Lex.

Map A19.2: **Romania's road safety map**



Source: TENtec Information System and TEN-T map library – European Commission

The previous map presents the roads where the safety of the infrastructure is poor and thus where urgent action is required.

Sustainable aviation fuels are planned to be produced in Romania as from 2028. In 2024 no sustainable aviation fuel (SAF) was supplied to airports, while 0.03 kt SAF was purchased by aircraft operators. In 2025 a project to produce SAF started in Romania; operations are expected to begin in 2028 ([415]).

([415]) ReFuelEU Aviation Annual Technical Report 2025.

Table A19.1:**ERTMS deployment in Romania.**

ERTMS in Romania				
TEN-T rail network	ERTMS (trackside) in operation			Min. estimated cost of additional deployment until 2035
5742 km	Year	length	% of total TEN-T	
	end 2024	40 km	<1 %	
	by 2035	2 770 km	48 %	EUR 665 million

Source: Based on ERTMS – Third work plan of the European Coordinator Matthias Ruete.