



# ROMANIA

## STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

July 29, 2022

Prepared By

European Department

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# FUND RELATIONS

(as of June 30, 2022)

<b>Membership Status</b>	Joined 12/15/72	Article VIII
<b>General Resources Account</b>	<b>SDR million</b>	<b>% Quota</b>
Quota	1,811.40	100.00
Fund holdings of currency	1,811.40	100.00
Reserve Tranche Position	0.00	0.00
<b>SDR Department</b>	<b>SDR million</b>	<b>% Allocation</b>
Net cumulative allocation	2,720.91	100.00
Holdings	2,737.40	100.61
<b>Outstanding Purchases and Loans</b>		None

## Financial Arrangements

Type	Approval Date	Expiration Date	Amount Approved (SDR million)	Amount Drawn (SDR million)
Stand-By	09/27/13	09/26/15	1,751.34	0.00
Stand-By	03/31/11	06/30/13	3,090.6	0.00
Stand-By	05/04/09	03/30/11	11,443.00	10,569.00
Stand-By	07/07/04	07/06/06	250.00	0.00
Stand-By	10/31/01	10/15/03	300.00	300.00
Stand-By	08/05/99	02/28/01	400.00	139.75
Stand-By	04/22/97	05/21/98	301.50	120.60
Stand-By	05/11/94	04/22/97	320.50	94.27
Stand-By	05/29/92	03/28/93	314.04	261.70
Stand-By	04/11/91	04/10/92	380.50	318.10

## Overdue Obligations and Projected Payments to Fund<sup>1</sup>

(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2022	2023	2024	2025	2026
Principal					
Charges/interest		0.03	0.03	0.03	0.03
Total		0.03	0.03	0.03	0.03

<sup>1</sup> When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

## Exchange Rate Arrangement

Romania has accepted the obligations of Article VIII and maintains an exchange rate system free of multiple currency practices and restrictions on making of payments and transfers on current international transactions except for those maintained solely for preservation of national or international security in accordance with UNSC resolutions and that have been notified to the Fund under the procedure set forth in Executive Board Decision No. 144-(52/51). De jure exchange rate arrangement is managed floating and the de facto exchange rate arrangement was reclassified to “crawl-like” from “stabilized” (effective August 23, 2019).

## Technical Assistance

Capacity building in Romania has been supported by substantial technical assistance from multilateral agencies and bilateral donors. Expert Fund assistance has focused in recent years mostly on structural fiscal reforms, in particular modernizing tax administration, strengthening public financial management, and reviewing tax policy options.

Date	Purpose	Department
<b>Tax Administration</b>		
January-February 2020	Modernizing tax administration	FAD
November-December 2021	Assessment of ANAF revenue recovery plan	FAD
February-March 2021	Risk management (virtual)	FAD
April 2021	Arrears management (virtual)	FAD
May 2021-March 2022	RA-GAP VAT (duty station-based)	FAD
June-July 2021	Assessment of ANAF digitalization strategy (duty station-based)	FAD
September 2021	Assessment of ANAF reform strategy (duty station-based)	FAD
November-December 2021	Desk audits (virtual)	FAD
February-March 2022	Addressing VAT non-compliance (virtual)	FAD
March-April 2022	Addressing tax noncompliance by multinational enterprises (virtual)	FAD
March-April 2022	Managing tax risks related to e-commerce/platform economy (virtual)	FAD
March-April 2022	Taxpayer services (virtual)	FAD
<b>Tax Policy</b>		
February 2020	Tax policy options and revenue mobilization	FAD
March-April 2022	Strengthening property taxes (virtual)	FAD
May 2022	Improving progressivity of individual income tax	FAD
<b>Public Financial Management</b>		
March 2022	Public Investment Management Assessment	FAD

## Article IV Consultations

Romania is on a 12-month consultation cycle. The previous Article IV consultation was concluded by the Executive Board on August 27, 2021.

**FSAP and ROSC**

A joint IMF-World Bank mission conducted an update assessment of Romania's financial sector as part of the Financial Sector Assessment Program (FSAP) during October 21-November 31, 2017, and January 11-23, 2018. The Financial Sector Assessment Report (FSSA) was discussed at the Board in June 2018.

A pilot of the IMF's new Fiscal Transparency Evaluation took place in February 2014 and the findings were published in March 2015. It assessed the government's fiscal reporting, forecasting, and risks management practices against the IMF's revised Fiscal Transparency Code.

**Resident Representative**

From September 2022, the local Fund office in Bucharest is overseen by the Senior Regional Resident Representative, Mr. Geoff Gottlieb.

## COLLABORATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

- As of June 23, 2022, Romania has collaborations with the World Bank Group, the European Bank for Reconstruction and Development, and the European Investment Bank.
- Further information can be obtained from the following hyperlinks.

International Financial Institution	Hyperlink
The World Bank Group	<a href="https://www.worldbank.org/en/country/romania/overview#4">https://www.worldbank.org/en/country/romania/overview#4</a>
The European Bank for Reconstruction and Development (EBRD)	<a href="https://www.ebrd.com/country/romania.html">https://www.ebrd.com/country/romania.html</a>
The European Investment Bank	<a href="https://www.eib.org/en/projects/regions/european-union/romania/index.htm">https://www.eib.org/en/projects/regions/european-union/romania/index.htm</a>

# STATISTICAL ISSUES

(as of June 23, 2022)

I. Assessment of Data Adequacy for Surveillance
<p><b>General:</b> Data provision is adequate for surveillance.</p>
<p><b>National accounts:</b> Quarterly and annual national accounts statistics are produced by the National Institute for Statistics (INS) using the <i>European System of Accounts 2010 (ESA 2010)</i>. Estimates are reported to the Fund on a timely basis for publication in the <i>International Financial Statistics (IFS)</i>. Provisional and semi-final versions are disseminated in the <i>Statistical Yearbook</i> and other publications, as well as on the web (<a href="http://www.insse.ro">www.insse.ro</a>).</p>
<p><b>Prices:</b> The Consumer Price Index is subject to standard annual reweighting, and is considered reliable. In January 2004, the INS changed the coverage of the Producer Price Index (PPI) to include the domestic and export sectors. PPI weights are revised every five years with revisions finalized three years after the new base year.</p>
<p><b>Labor market:</b> Labor market statistics are broadly adequate. The definition used for employment is consistent with <i>ESA 2010</i>.</p>
<p><b>Public finances:</b> Annual GFS data for the general government sector, including public corporations operating on a non-market basis, are reported on an accrual basis derived from cash data using various adjustment methods. Tax revenues are adjusted using the time-adjusted cash method; expense data are adjusted using due-for-payments data; and interest payments are calculated on an accrual basis. Accrual data are also available on a quarterly basis three months after the end of each quarter. EUR receives monthly cash budget execution data. Consolidated data on general government operations, financial assets and liabilities are reported for inclusion in the <i>IMF GFS annual database</i>.</p>
<p><b>Monetary and financial statistics:</b> The National Bank of Romania (NBR) reports monetary and financial statistics for publication in the <i>IFS</i>, using the Standardized Report Forms (SRFs). The SRFs for the central bank and other depository corporations are reported on a monthly basis, while the SRF for Other Financial Corporations (OFCs) is reported on a quarterly basis. The NBR also reports data on some key series and indicators of IMF's Financial Access Survey including gender disaggregated data, mobile money and the two indicators adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (commercial bank branches 100,000 adults and ATMs per 100,000 adults).</p> <p><b>Financial Soundness Indicators (FSIs):</b> The NBR reports all core and most encouraged FSIs for Deposit Takers on a quarterly basis. In addition, the NBR reports FSIs for the nonfinancial corporations (NFCs) and households (HHs) sectors, as well as those for real estate markets. However, FSIs for NFCs are reported with a long lag.</p>

**External sector statistics:** The NBR routinely reports quarterly and annual balance of payments and international investment position statistics to the Fund and external debt statistics to the World Bank's QEDS database in a timely fashion. Since September 2014 the authorities implemented the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*, in line with other European countries. Romania participates in the IMF's Coordinated Portfolio Investment Survey (CPIS), Coordinated Direct Investment Survey (CDIS) and reports International Reserves and Foreign Currency Liquidity (IRFCL) Data Template.

## II. Data Standards and Quality

Romania is a subscriber to the Fund's Special Data Dissemination Standard Plus (SDDS Plus) since November 1, 2019.

A Data ROSC was published in November 2001.

**Romania: Table of Common Indicators Required for Surveillance**  
(as of August 2022)

	Date of latest observation	Date received	Frequency of Data <sup>6</sup>	Frequency of Reporting <sup>6</sup>	Frequency of Publication <sup>6</sup>
International Reserve Assets and Reserve Liabilities of the Monetary Authorities <sup>1</sup>	June 2022	July 2022	D and M	D and M	M
Reserve/Base Money	June 2022	July 2022	D and M	W and M	M
Broad Money	June 2022	July 2022	M	M	M
Central Bank Balance Sheet	June 2022	July 2022	M	M	M
Consolidated Balance Sheet of the Banking System	June 2022	July 2022	M	M	M
Interest Rates <sup>2</sup>	June 2022	July 2022	M	M	M
Consumer Price Index	June 2022	July 2022	M	M	M
Revenue, Expenditure, Balance and Composition of Financing <sup>3</sup> – General Government <sup>4</sup>	June 2022	July 2022	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt <sup>5</sup>	Q2 2022	July 2022	Q	Q	Q
External Current Account Balance	Q2 2022	August 2022	M	M	M
Exports and Imports of Goods and Services	June 2022	July 2022	M	M	M
Gross External Debt	June 2022	July 2022	M	M	M
International Investment Position <sup>7</sup>	Q1 2022	May 2022	Q	Q	Q

<sup>1</sup> Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

<sup>2</sup> Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

<sup>3</sup> Foreign, domestic bank, and domestic non-bank financing.

<sup>4</sup> The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds), and state and local governments.

<sup>5</sup> Including currency and maturity composition.

<sup>6</sup> Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I); and not available (NA).

<sup>7</sup> Includes external gross financial asset and liability positions vis-à-vis nonresidents.