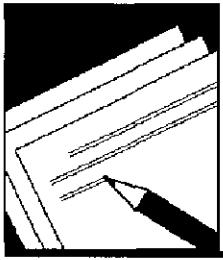


Policy Discussion Paper



IMF Policy Discussion Paper

The Energy Sector Reform and Macroeconomic Adjustment in a Transition Economy: The Case of Romania

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European I Department

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Abstract

The views expressed in this Policy Discussion Paper are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. Policy Discussion Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.

This paper assesses the main issues faced by the energy sector in a transition economy such as Romania and their macroeconomic dimension. It examines how the size of quasi-fiscal subsidies, owing mainly to inappropriate prices and the lack of financial discipline, has led to an increased focus on the energy sector under the IMF-supported programs. The paper analyzes the macroeconomic impact of recent reform measures and discusses the next steps to improve price policy and collection in energy utilities. Shifting to targeted budgetary subsidies appears also to be a crucial reform step.

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