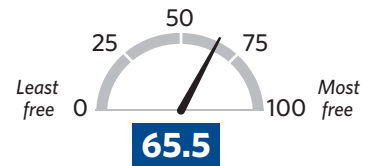


# ROMANIA

## Economic Freedom Score



World Rank: **62** Regional Rank: **29**

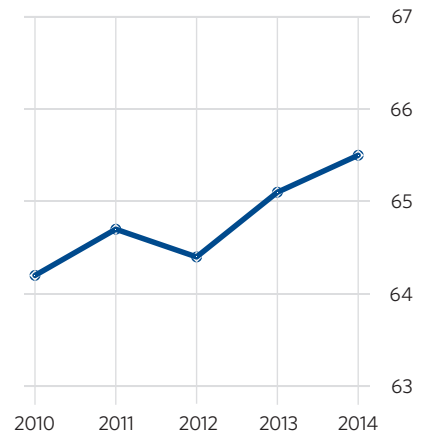
**R**omania's economic freedom score is 65.5, making its economy the 62nd freest in the 2014 *Index*. Its score is 0.4 point better this year due to small improvements in half of the 10 economic freedoms, including monetary freedom, freedom from corruption, and trade freedom. Romania is ranked 29th out of 43 countries in the Europe region, and its overall score is higher than the world average.

Over the 20-year history of the *Index*, Romania's economic freedom score has advanced by about 23 points, the eighth best improvement of any country. With gains in nine of the 10 economic freedoms, Romania has made tremendous strides in eliminating economically repressive policies. Structural reforms to enhance regulatory efficiency and market openness have advanced the economy to "moderately free." In the 2014 *Index*, Romania has achieved its highest economic freedom score ever.

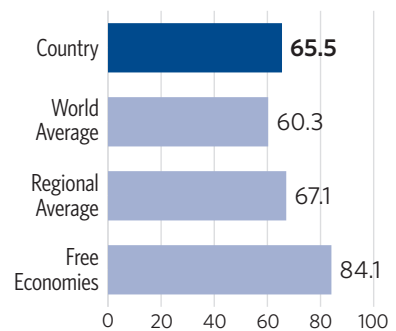
Deeper institutional reforms, particularly related to eradicating corruption and ensuring judicial independence, remain critical to ensuring Romania's ongoing transition to a more resilient market-oriented economy and to improved economic growth.

**BACKGROUND:** Romania is a member of the European Union and NATO. Center-right politician Traian Basescu won the presidency in 2009 for a second time and has survived a series of impeachment attempts, the most recent led by center-left Prime Minister Victor Ponta in July 2012. The results of a July 2012 impeachment referendum were struck down by the Constitutional Court due to low voter turnout. Romania experienced a deep recession as a result of the 2008 global financial crisis. Modest economic growth has resumed. The government is pursuing significant privatization of major state corporations such as railway freight company CFR Marfa, chemical producer Oltechim, copper mines, and energy companies. Geostrategically positioned on the Black Sea, Romania has extensive natural resources, a productive agriculture sector, and the potential for growth in industry and tourism.

## Freedom Trend



## Country Comparisons



## Quick Facts

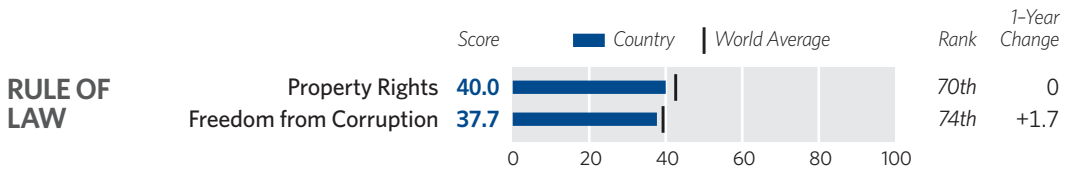
- Population:** 21.3 million
- GDP (PPP):** \$273.4 billion
- 0.3% growth in 2012
- 5-year compound annual growth 0.3%
- \$12,808 per capita
- Unemployment:** 7.0%
- Inflation (CPI):** 3.3%
- FDI Inflow:** \$2.2 billion
- Public Debt:** 37.0% of GDP

### How Do We Measure Economic Freedom?

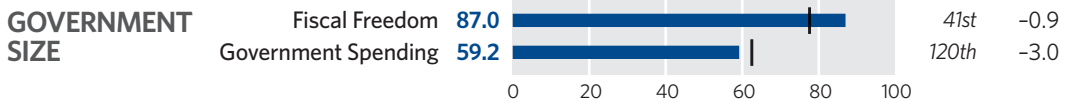
See page 471 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2012 data unless otherwise noted.  
Data compiled as of September 2013.

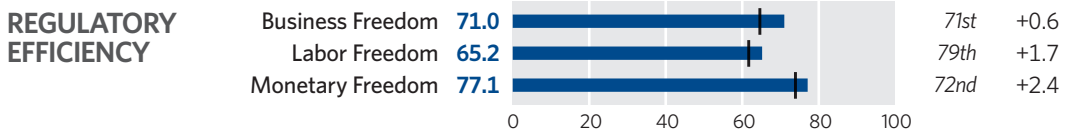
**THE TEN ECONOMIC FREEDOMS**



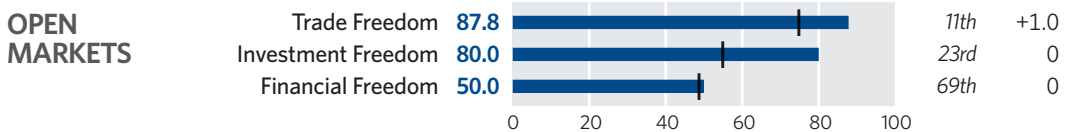
Romania has struggled to meet EU anti-corruption requirements. A 2012 EU report cited problems with follow-up by administrative and judicial bodies and a pattern of minimum or suspended sentences. Judicial independence was threatened in 2012 by political pressure surrounding the presidential impeachment effort, and courts continue to suffer from corruption, political influence, staffing shortages, and inefficient resources.



The top individual income and corporate tax rates are 16 percent. Other taxes include a value-added tax (VAT) and an environmental tax. The overall tax burden is equal to 28 percent of GDP. Government spending amounts to 37 percent of GDP. Public debt is equivalent to 37 percent of the domestic economy. The government has been receiving EU and IMF loans to temper the effects of the eurozone crisis.



The processes for business formation and operation have been streamlined. Launching a business takes five procedures and about 8 days. Labor regulations remain rigid, although several amendments to improve the flexibility of the labor code have been made. Government efforts to privatize three heavily subsidized loss-making state-owned enterprises in the rail, mining, and petrochemical sectors are still in progress.



EU members have a low 1.1 percent average tariff rate and, in general, few non-tariff barriers to trade. Romania's legal and regulatory systems can be difficult for foreign investors to navigate. The evolving financial sector is open to competition, and foreign-owned banks dominate the banking sector. The banking system remains liquid and well capitalized, but significant vulnerabilities remain in light of the ongoing eurozone turmoil.

**Long-Term Score Change (since 1995)**

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	<b>+10.0</b>	Fiscal Freedom	<b>+47.6</b>	Business Freedom	<b>+16.0</b>	Trade Freedom	<b>+8.8</b>
Freedom from Corruption	<b>+27.7</b>	Government Spending	<b>+7.0</b>	Labor Freedom	<b>+9.7</b>	Investment Freedom	<b>+10.0</b>
				Monetary Freedom	<b>+77.1</b>	Financial Freedom	<b>0</b>