



Toward Strengthening Romania's Competitiveness

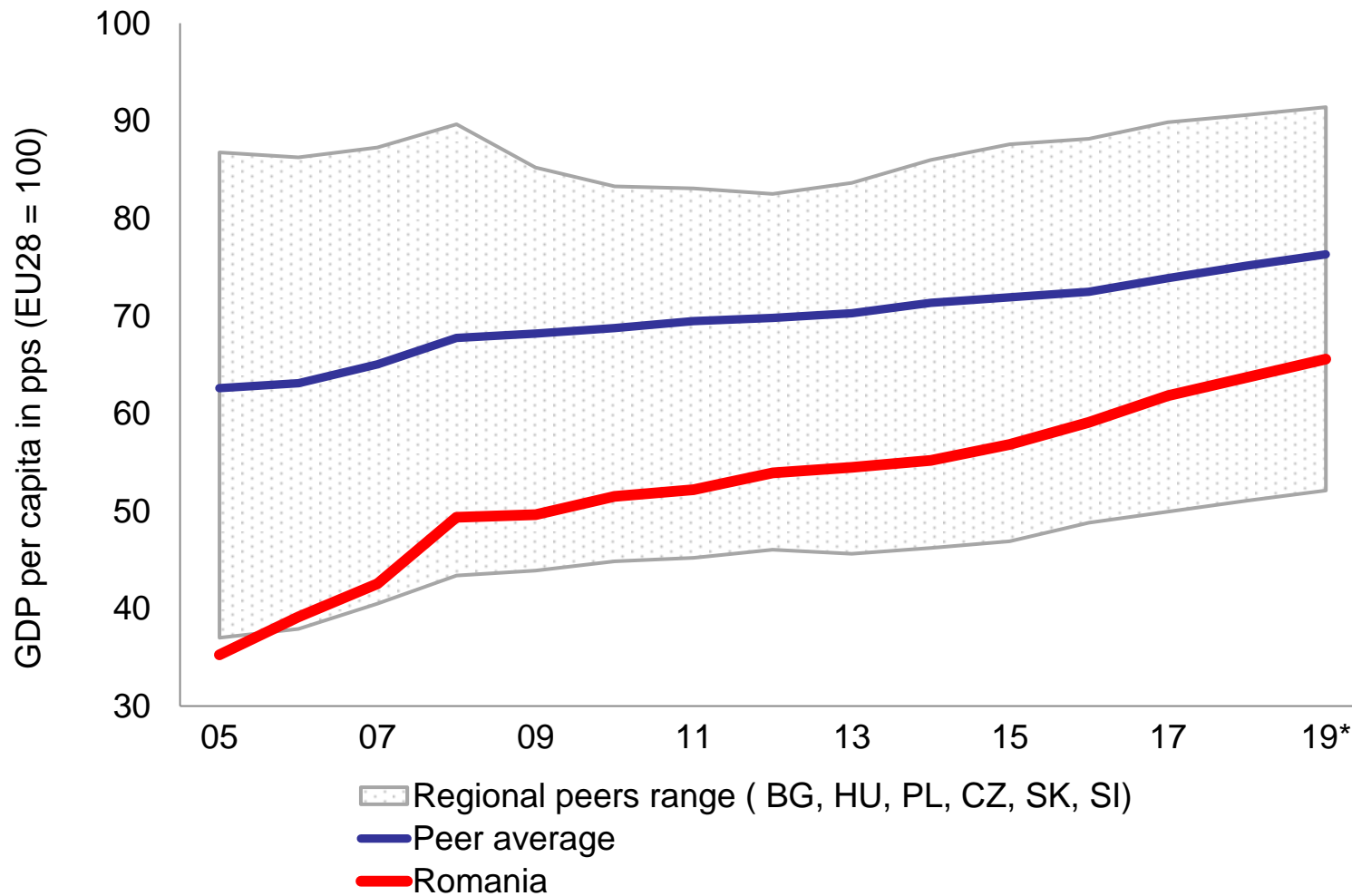
Carmen Mărcuș

Economic Adviser

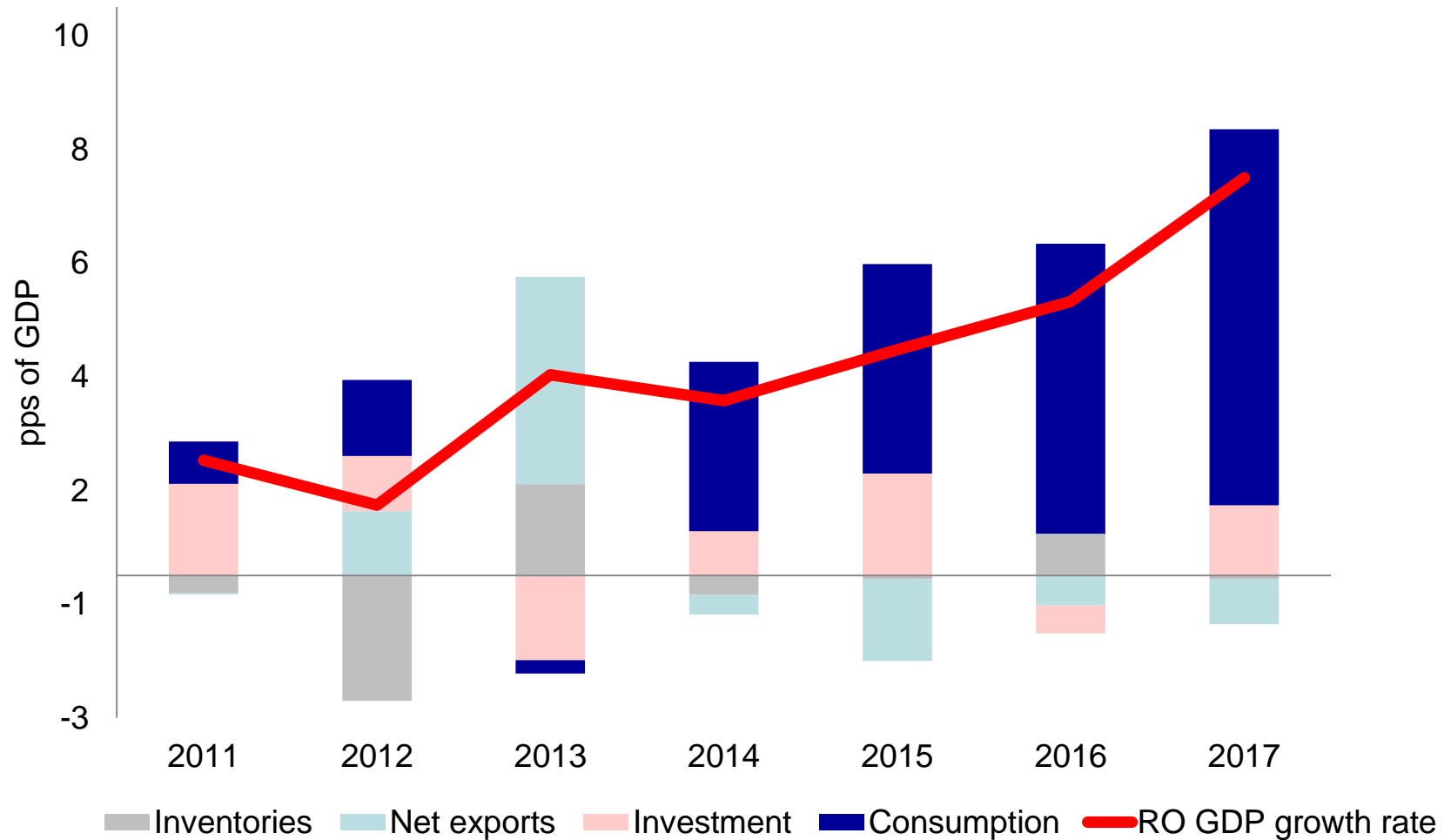
Representation of the European Commission in Romania

Bucharest, 19 September 2018
Country Report and Recommendations for
Romania, European Semester

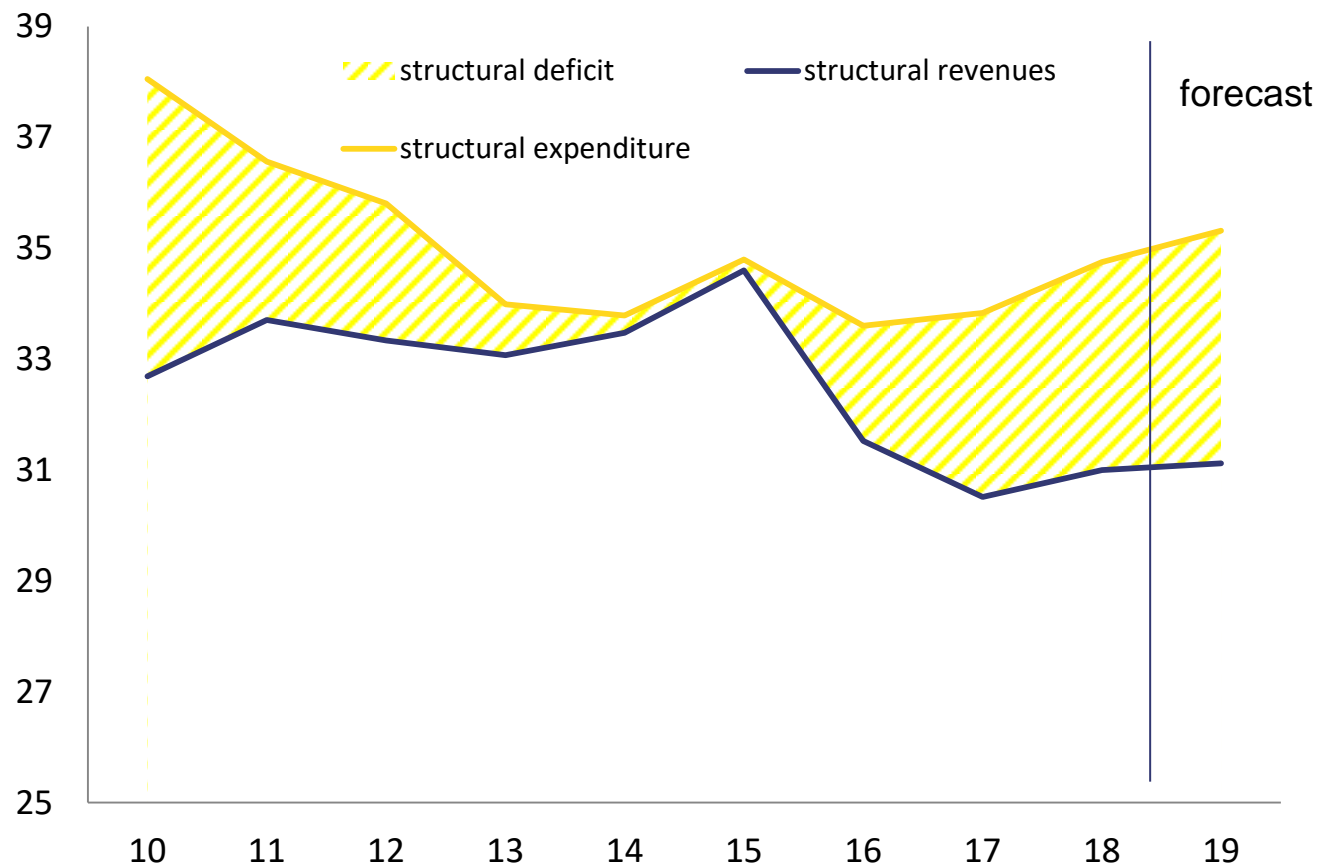
Strong income convergence but gap to EU level still wide



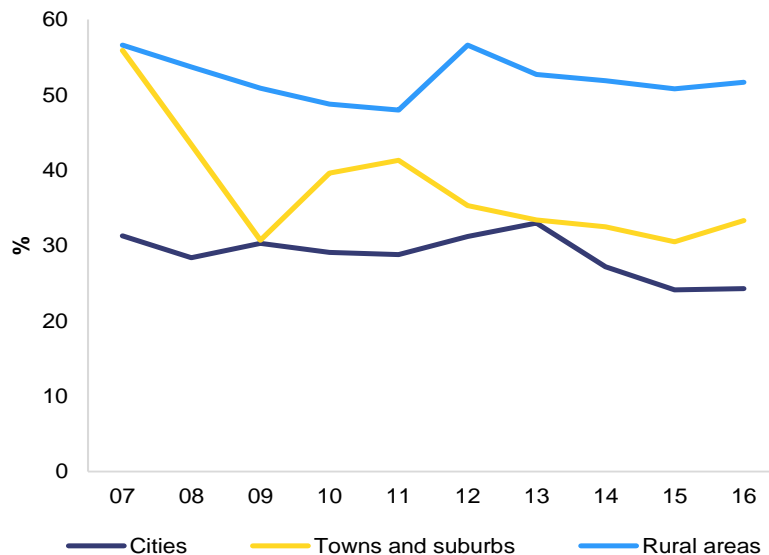
High growth rates fuelled by private consumption



Widening structural deficit

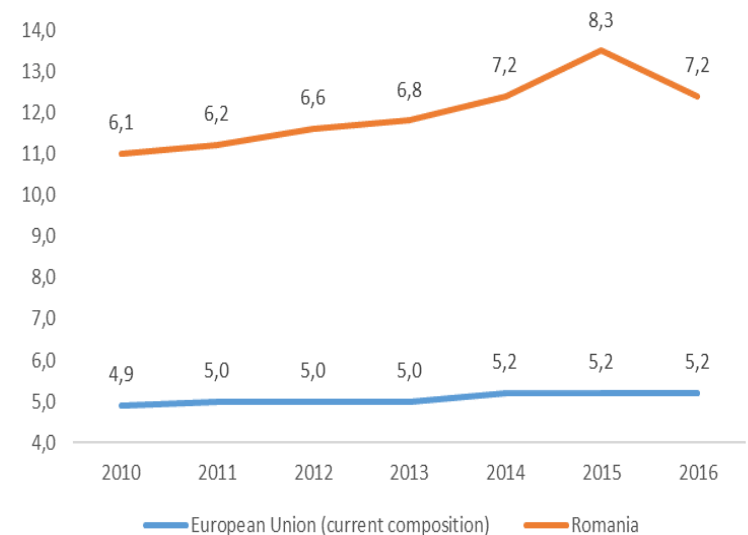


People at risk of poverty or social exclusion by degree of urbanisation



Inequality of income distribution

the richest 20 % compared to the poorest 20 %



Structural reforms: Competitiveness at stake

Romania in the Global Competitiveness Index 2017-2018



Perceived quality of infrastructure remains low

2018 Country Specific Recommendation:

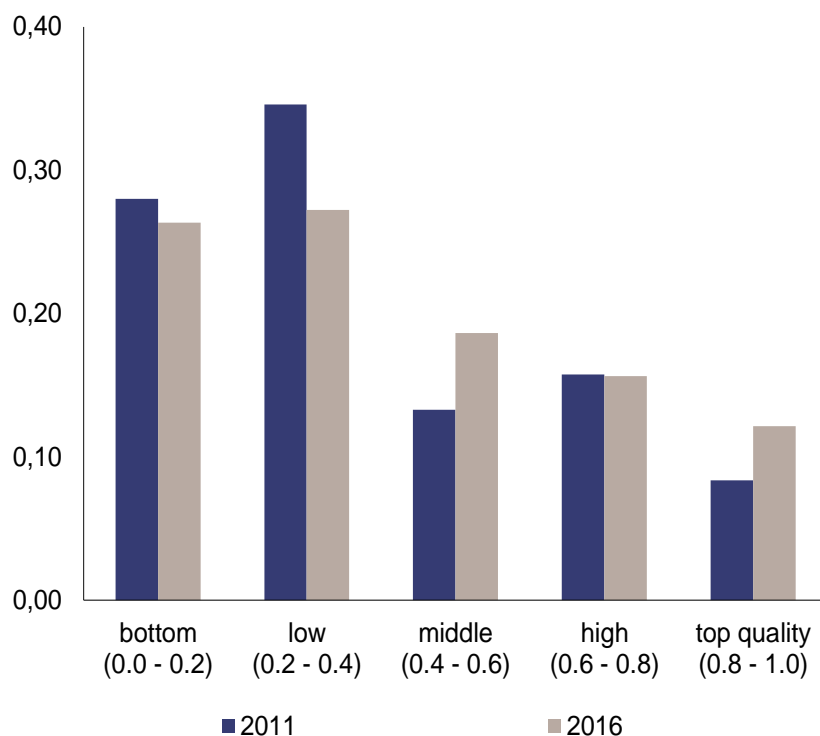
Improve the preparation and prioritization of large infrastructure projects and accelerate their implementation, particularly in the transport, waste and waste water sectors.

Improve the transparency and efficiency of public procurement

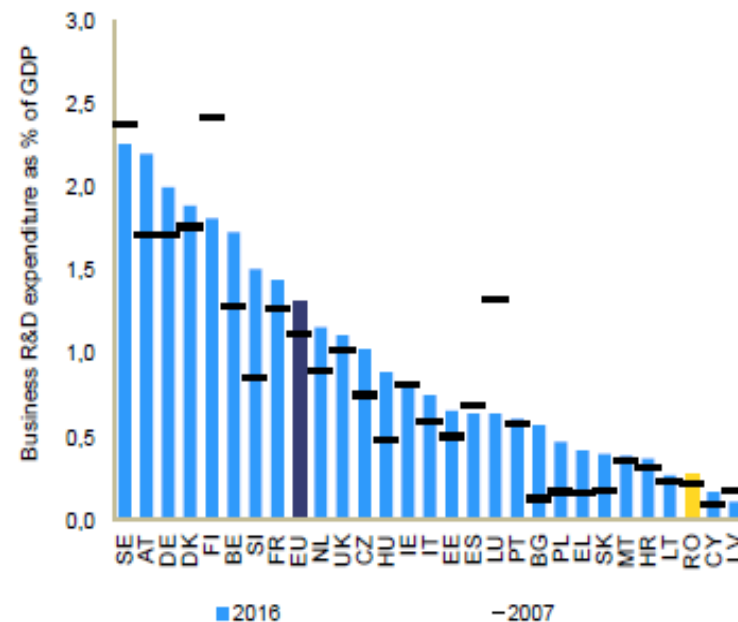


Romania starts competing on quality but the R&I activities are lagging behind

Export value shares by quality category, manufacturing 2011-16



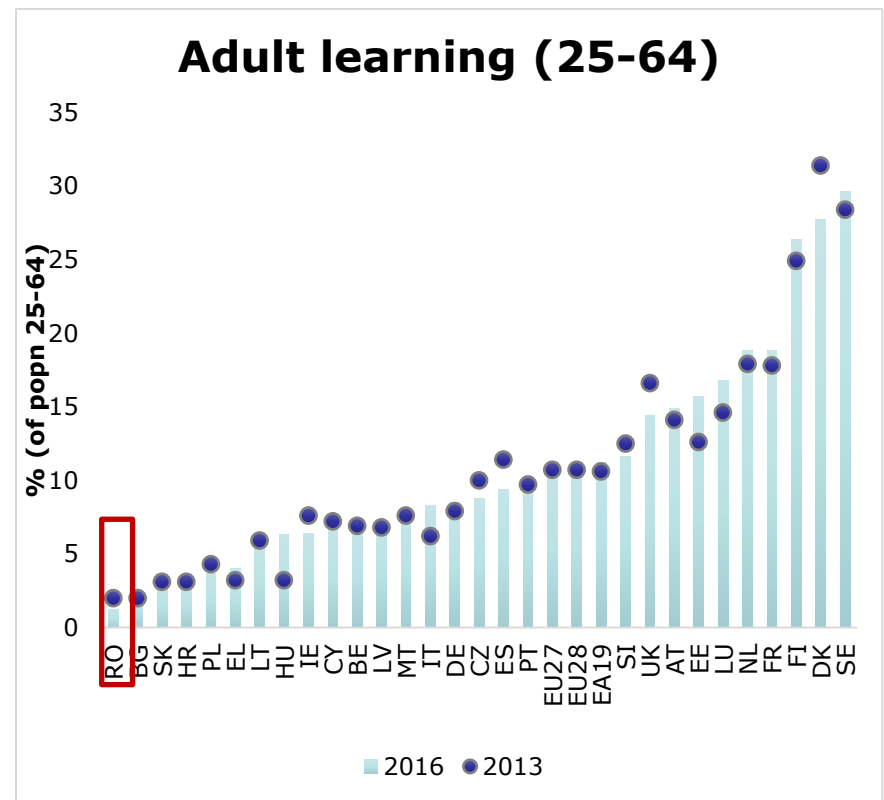
Business R&D expenditure as % of GDP



Supply of skills not keeping up with needs of the economy

2018 Recommendation for Romania

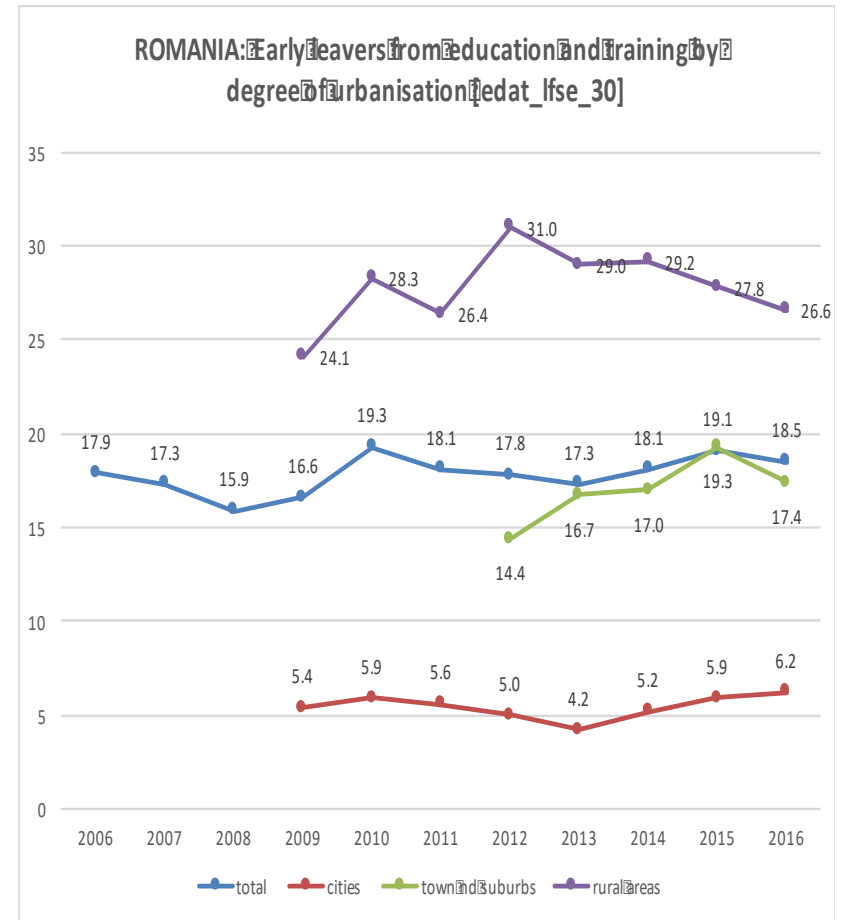
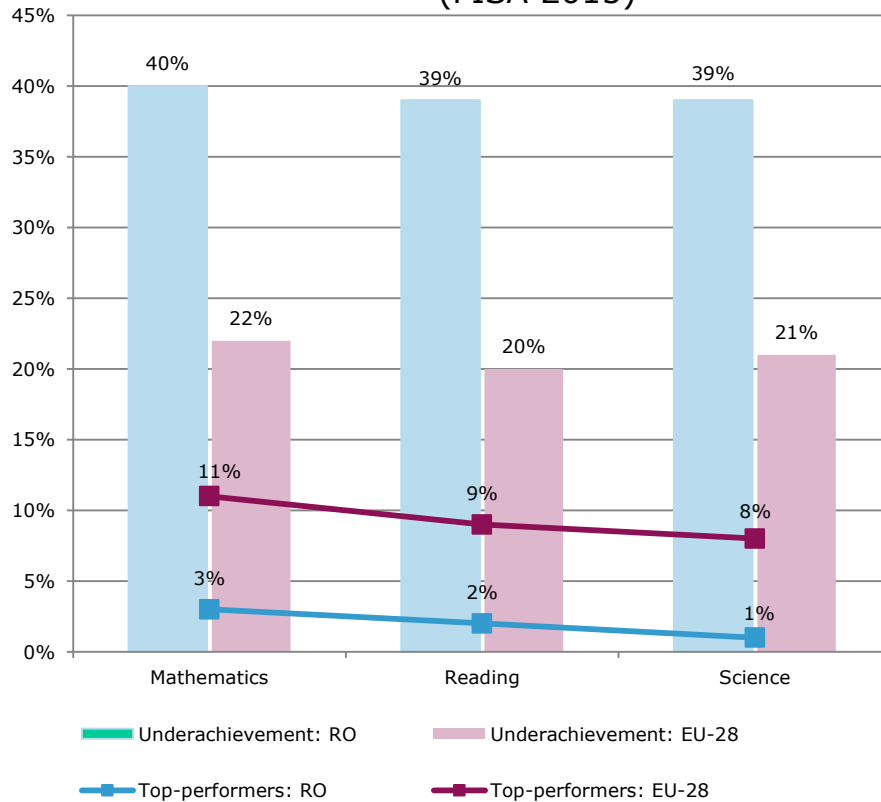
Improve **upskilling**
and the **provision of**
quality mainstream
education, in
particular for Roma
and children in rural
areas.



Source: European Commission, 2018 Country Report for Romania

Education outcomes

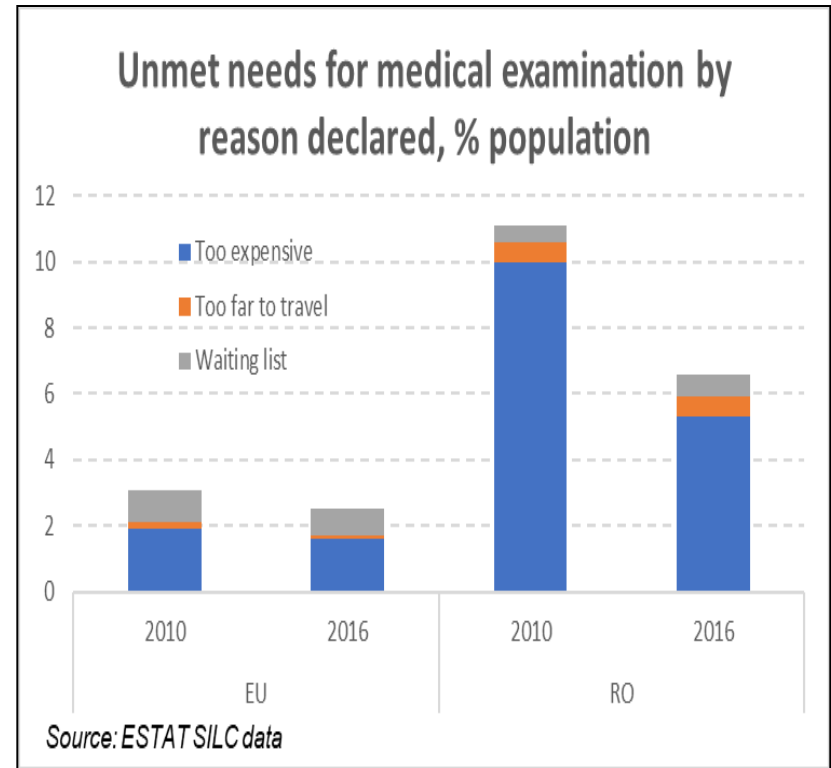
Educational outcomes are low in math, reading and science (PISA 2015)



Health situation

2018 Country Specific Recommendation

Improve **access to healthcare**, including through the **shift to outpatient care**.



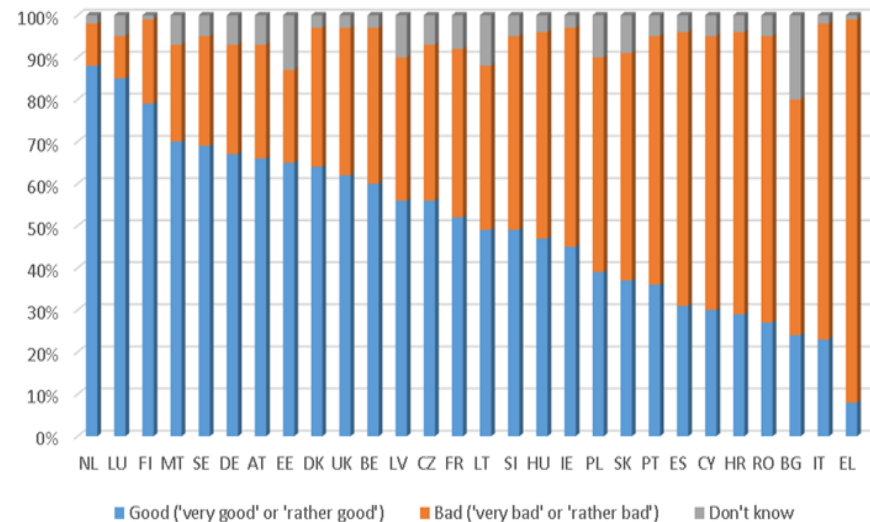
Source: European Commission, 2018 Country Report for Romania

Public administration

2018 Country Specific Recommendation

Increase **the predictability of decision-making** by enforcing the systematic and **effective use of regulatory impact assessment and stakeholder consultation** and involvement in the design and implementation of reforms

Provision of public services, Eurobarometer 2016



- Only 27 % of respondents rated the quality of public services provided as good while 70 % took the opposite view



2018 Country-Specific Recommendations

1. Ensure compliance with the Council recommendation of ... June 2018 with a view to correcting the significant deviation from the adjustment path toward the medium-term budgetary objective. Ensure the full application of the fiscal framework. Strengthen tax compliance and collection.
2. Complete the minimum inclusion income reform. Improve the functioning of social dialogue. Ensure minimum wage setting based on objective criteria. Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. Improve access to healthcare, including through the shift to outpatient care.
3. Increase the predictability of decision-making by enforcing the systematic and effective use of regulatory impact assessment and stakeholder consultation and involvement in the design and implementation of reforms. Improve the preparation and prioritization of large infrastructure projects and accelerate their implementation, particularly in the transport, waste and waste water sectors. Improve the transparency and efficiency of public procurement. Strengthen the corporate governance of State-owned enterprises.

THANK YOU!

USEFUL LINKS

Commission Country Reports 2018:

https://ec.europa.eu/info/publications/2018-european-semester-country-reports_en

Country specific recommendations 2018:

https://ec.europa.eu/info/publications/2018-european-semester-country-specific-recommendations-commission-recommendations_en



European Semester

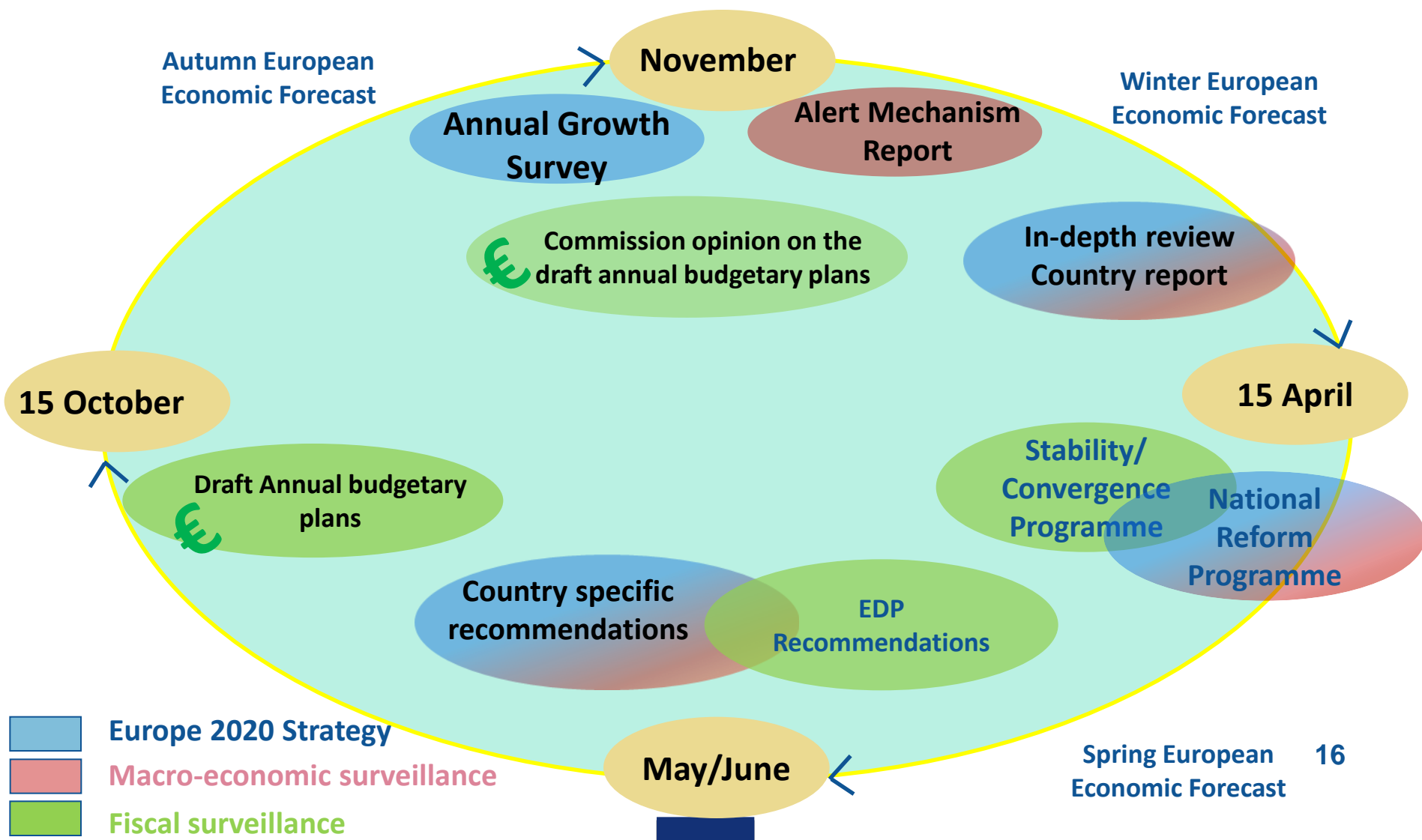
Macroeconomic surveillance
*Macroeconomic imbalance procedure**

Fiscal policy
*Stability and Growth Pact**

Structural reforms of the economy
Europe 2020

**The preventive arm is covered by the European Semester, in terms of country specific recommendations; the corrective arm makes the subject of separate procedures.*

European economic surveillance cycle



Two key Commission documents

- Country report – comprehensive analysis that stays at the basis of recommendations (published in February/March):
 - existing challenges
 - policy response to the challenges
- Country specific recommendations for Romania (published in May/June)

=> *Important to read them together*