

June 8, 2026

12034
Romania

Long-term Rating	BBB
Outlook*	Stable
Short-term Rating	—

*Long-term Rating refers to Long-term Issuer Rating in principle.

▼ Overview

Romania had a population of 19.04 million (as of January 2025) and a nominal GDP of 380 billion euros in 2025, making it the second-largest economy in Central and Eastern Europe (CEE) after Poland. After its regime change in 1989, the country promoted reforms toward democratization and a market economy, becoming a member of NATO in 2004 and the EU in 2007. It has made progress in the process of catching up by receiving the benefits of the EU membership such as the inflow of foreign capital and subsidies. Its GDP per capita in PPP terms rose to USD48,000 in 2025. On the other hand, the country faces twin deficits in the current account and fiscal balance and correcting them remains one of the challenges it needs to address. In a re-run presidential election in 2025, a centrist candidate defeated a far-right candidate. At the same time, progress was seen in fiscal consolidation measures under a coalition government composed of the National Liberal Party (PNL) and the Social Democratic Party (PSD), which led to a significant reduction in political uncertainty. Recently, in April 2026, the PSD withdrew from the coalition, citing opposition to radical spending cuts. A motion of no confidence against the Bolojan administration was passed by a majority in May 2026, and political uncertainty is once again intensifying. However, in broad terms, JCR expects fiscal consolidation to progress under a policy framework based on the EDP and the RRP.

▼ Political and social situation and economic policy

In the first round of the presidential election held in November 2024, far-right, pro-Russian candidate Calin Georgescu (independent) came in first. However, the Constitutional Court annulled the result of the presidential election for the reason of fraud and a re-run election was held in May 2025. In a subsequent run-off election, Nicusor Dan, a centrist and mayor of Bucharest, defeated George Simion, the leader of the far right-wing opposition

party Alliance for the Union of Romanians (AUR). Mr. Dan has signaled a pro-EU stance and upheld fiscal consolidation as a top priority, a move seen as reducing political uncertainty.

The new government inaugurated at the end of June 2025 was composed of four parties: the center-left Social Democratic Party (PSD), the center-right National Liberal Party (PNL), the Save Romania Union (USR), and the Democratic Alliance of Hungarians in Romania (UDMR). The government put up fiscal consolidation as its top priority and implemented multiple fiscal packages, which helped the country's fiscal situation improve in 2025. However, in April 2026, the PSD withdrew from the coalition, citing opposition to rapid spending cuts. A motion of no confidence against the Bolojan administration was passed by a majority in May 2026. The PSD and the PNL have a history of alternating in power and differ fundamentally in their political ideologies. While they had formed a grand pro-EU coalition to counter the rise of the far-right, they appear to have been unable to reach agreement at the level of specific policies, particularly because spending cuts would have a significant impact on the PSD's core support base of elderly and low-income voters. The passage of the no-confidence motion has made it likely that the prime minister will be replaced. However, President Dan, who holds the authority to nominate the prime minister, is calling on all parties to cooperate in forming a new pro-EU government.

Romania, as a member state of the EU, has been required to implement policies in accordance with the EU's economic and fiscal governance framework. The EU's Recovery and Resilience Facility (RRF) and Excessive Deficit Procedure (EDP) have been important policy anchors in recent years. The RRP, which the EU launched to promote post-COVID economic recovery, sets out reforms and investments that each member country will implement by 2026. It not only supports economic growth through expanded investments but also

serves as an incentive to advance reforms since EU funds are disbursed in keeping with the progress of those investments and reforms. While much of the funds allocated to Romania is earmarked for green transition and digital transformation, its milestones also include judicial reforms, anti-corruption measures, and pension and tax reforms. As such, the RRF is promoting a wide range of reforms involving political, economic, and fiscal issues.

The degree of policy predictability provided by EU membership has been an important factor supporting Romania's creditworthiness. At present, however, the outlook for the passage of key reform legislation in 2026 has become uncertain following the PSD's withdrawal from the coalition. If these bills cannot be enacted by the August 2026 deadline, Romania may lose its remaining RRF funds totaling approximately 7.8 billion euros. Future developments need to be closely monitored.

▼ Economic base

Romania is in the process of catching up as a latecomer member of the EU. It has been making progress on economic convergence by benefiting from the development of institutional frameworks in line with the EU standards, deepening integration with other member countries through trade and finance and receiving subsidies from the EU budget. Its per capita GDP in PPP terms approximately tripled over the 15 years since joining the EU, totaling USD48,000 in 2025, the highest among the countries rated in the BBB range by JCR. Its governance indicators (as published by the World Bank) such as "rule of law" and "control of corruption" are also high compared to other countries in the BBB range. As for its economic structure, direct investment from Western European countries has led to building up a cluster of manufacturing industries, and more than 70% of exports are destined for other EU member states, including Germany. Structural challenges for the country include a decline in the labor force stemming from population aging and the outflow of skilled workers. Its labor force participation rate stands at just under 70%, below the EU average. Without adequate countermeasures, these factors could hinder its medium- to long-term growth.

In terms of energy balance, natural gas accounts for just under 30% of Romania's energy mix. The country meets most of its domestic natural gas consumption through domestic production, and according to Eurostat, its natural gas exports exceeded imports in 2024, making the country a net exporter. Moreover, the Neptun Deep gas field development project in the Black Sea is currently

underway, with production scheduled to begin in 2027. The recoverable reserves of Neptun Deep are estimated at approximately 100 billion cubic meters. Once production commences, Romania is expected to achieve full self-sufficiency in natural gas and become one of the leading gas producers in the EU, which will support its future economic growth. Imports of natural gas and crude oil from Russia had already fallen to zero as of 2023, with alternative procurement from other countries advancing.

▼ Economic trends

Despite the rising inflation caused by higher energy prices and slower external demand, the Romanian economy had maintained a relatively high growth among the CEE countries in 2022 and 2023, driven by private consumption and investment. However, the deterioration of external demand became clear in 2024, with the real GDP growth rate slowing to 0.9% from 2.3% in 2023. The growth rate further slowed to 0.7% in 2025, due mainly to a slowdown in private consumption caused by the heightened political uncertainty ahead of the presidential election, as well as the fiscal tightening measures introduced that year, the removal of caps on household electricity prices, and the resurgence of inflation driven by tax increases. Private consumption is expected to remain subdued in 2026. However, JCR forecasts that GDP growth of around 1% will be achieved, supported by a pickup of capital investment financed through the RRF which expires in that year and an improvement of net exports driven by reduced imports amid weak domestic demand. Downside risks to the economy include uncertainty in the external environment, such as the rising geopolitical tensions in the Middle East, a delayed recovery of the German economy, and the impact of Trump tariffs as well as the impact of fiscal austerity on domestic demand.

Regarding the EU funds, around 31.0 billion euros are allocated under the 2021-2027 Multiannual Financial Framework (MFF), with 21.6 billion euros (about 6% of 2025 GDP) still available as of May 2026. As for the RRF, which expires in 2026, the approved allocation for Romania (as revised in November 2025) is 21.4 billion euros, consisting of 13.6 billion euros in grants and 7.8 billion euros in loans, equivalent to 6% of GDP in 2025. Of this, approximately 10.7 billion euros (about 3% of 2025 GDP) remain to be used. To ensure a full disbursement of the remaining funds, Romania needs to steadily achieve the EU's numerous milestones related to structural reforms. However, amid the parliamentary turmoil following the PSD's withdrawal, there is a risk that key reform legislation may not be enacted within the EU's deadline. If this

occurs, Romania could lose approximately 7.8 billion euros in the remaining RRF funds. Developments need to be closely monitored.

Consumer price (HICP) inflation (year-on-year) declined from the peak of 14.6% in November 2022 to 4.9% in April 2025 (the EU average: 2.4%). In the second half of 2025, inflation reaccelerated as the cap on household electricity prices was lifted and increases of value-added tax and excise duties took effect, with the HICP rising to 8.6% in December 2025. However, inflation is expected to decline in 2026 as the direct impact of those supply-side shocks fades out and private consumption stays subdued. The National Bank of Romania lowered its policy rate by a total of 50 basis points in July and August 2024, after having kept it at 7% since January 2023. However, in response to persistently high inflation, it has subsequently held the policy rate unchanged at 6.5% for 13 consecutive meetings.

▼ Financial system

Romania's financial system remains stable. Following the global financial crisis and the European debt crisis, important structural reforms have progressed in the banking sector. The improvement in the funding structure has been particularly remarkable. The banking sector had relied on external funding in the past, mainly borrowing from parent banks, but now it is mainly funded by domestic deposits. On the other hand, foreign currency-denominated loans, which were the main cause of increased nonperforming loans, have been curtailed. The proportion of such loans in total loans currently stands at the 30% level, a significant decline from over 60% in 2013. JCR judges that the financial system's resilience to external shocks has increased as its liquidity, exchange rate and credit risks have been significantly reduced.

The banking sector's nonperforming loan ratio (as defined by the EBA) had been declining since 2014. Despite the economic slowdown and rising interest rates in recent years, the ratio stayed low at 2.7% as of the end of 2025. Its profitability has also been stable, with the capital adequacy ratio staying sufficient at 23.9% at the end of September 2025.

▼ Resilience to external shocks

The country's current account balance has been chronically in deficit. The deficit narrowed from 8.2% of GDP in 2024 to 7.95% in 2025 due mainly to a reduced trade deficit. This was partly attributable to the fading of temporary factors from the previous year, such as a decline in agricultural exports caused

by drought. JCR holds that medium- to long-term factors causing the high current account deficit include procyclical fiscal policies and declining competitiveness due to rising unit labor costs. While addressing these structural factors will be difficult in the short term, fiscal tightening from 2026 onward is expected to dampen domestic demand, leading to a narrowing of the trade deficit. As a result, the current account deficit/GDP ratio is projected to improve gradually over the medium term. Moreover, from the second quarter of 2025 onward, the real effective exchange rate based on unit labor costs has declined, reflecting the slowdown in labor cost growth since 2025, and indicating an improvement in competitiveness.

In recent years, much of the current account deficit (70% on average in 2021-2023) had been financed with capital inflows via net foreign direct investment and capital transfers mainly from the EU funds. These inflows do not lead to an increased external debt and are deemed to be stable sources of external financing. The coverage of the current account deficit with net foreign direct investment and capital transfers fell to 34% in 2024. However, the rate recovered to 49% in 2025, supported by increased inflows of foreign direct investment and EU funds. External financing may continue to be supported by inflows of EU funds in the medium term, but if dependence on other sources such as portfolio investment goes up, its stability will become more susceptible to changes in the sentiment of foreign investors.

Romania's gross external debt/GDP ratio and net external liabilities/GDP ratio on an IIP basis stood at 60.1% and 44.6%, respectively, at the end of 2025, up from 57.5% and 41.3% at the end of 2024. However, the external debt position has not deteriorated significantly over a period of around five years. Moreover, much of the net external liabilities (on an IIP basis) is direct investment, and the net external liabilities/GDP ratio excluding such investment was low at 11.1% at the end of 2025. The country's foreign exchange reserves increased from 62.1 billion euros at the end of 2024 to 64.8 billion euros at the end of 2025, covering 1.3 times of its short-term external debt and 5.0 times of its monthly imports in the year.

▼ Fiscal position

Romania introduced large-scale tax cuts and implemented a series of increases in public-sector wages and pensions during the period from around 2016 to the year before the outbreak of the COVID-19 pandemic. As a result, its fiscal deficit/GDP ratio widened to 4.3% in 2019, above the EU threshold of

3%. The size of the deficit was prominent among the EU member countries. Despite the government's efforts to curb the deficit, as exemplified by the introduction of the consolidation measures equal to around 1% of GDP in 2023, its deficit target has been repeatedly revised in recent years due to slower economic growth and expenditure overruns. This means that the country's post-COVID fiscal consolidation has not progressed as planned by the government.

In July 2025, the EU Council recommended that Romania bring forward the deadline for ending the Excessive Deficit Procedure (EDP) from 2031 to 2030, citing a lack of effective action in line with its medium-term fiscal and structural reform plans. In response, the new administration formed at the end of June 2025 clearly demonstrated its commitment to fiscal consolidation by adopting austerity measures through an emergency ordinance immediately after taking office. The government implemented several legislative measures (a fiscal package), including an increase of the value-added tax and a cut of public-sector bonuses, which helped reduce the general government fiscal deficit (on a cash basis) from 8.7% of GDP in 2024 to 7.7% in 2025. Under its 2026 budget plan, the government is aiming to reduce the fiscal deficit to 6.2% by enforcing additional fiscal measures, including a higher dividend taxation and a freeze on public-sector wages and social benefits.

However, in a political environment that has become increasingly unstable following the PSD's withdrawal from the coalition, it may be difficult to steer policies effectively, raising the possibility that fiscal consolidation measures may not proceed as planned.

The general government debt/GDP ratio rose to 59.3% at the end of 2025 from 54.8% at the end of 2024. This is still somewhat lower than the average for the countries rated in the BBB range by JCR and is also relatively low among the EU member countries. However, due to the large fiscal deficits recorded in recent years and the slowdown of nominal GDP growth, the increase in the government debt-to-GDP ratio has been greater than the past trends. While this ratio will exceed the EU reference value of 60% and may continue to rise over the medium term, JCR expects it to stabilize as fiscal deficits are reduced. To ensure a medium- to long-term fiscal consolidation, it is important to keep the growth of primary expenditures, a key indicator for fiscal management, within the level recommended by the EU council in July 2025.

The country's interest payment/revenue ratio rose from the 4% range in 2020-2022 to 8.02% in December 2025. The debt burden has increased in line with the expansion of outstanding debt and interest costs, and while its future trajectory warrants close monitoring, JCR expects it to be brought under control over the long term as fiscal consolidation progresses.

▼ Overall assessment

The ratings on Romania are primarily supported by the country's relatively developed economic base, comparatively low government debt level and various benefits it enjoys as an EU member state. On the other hand, they are constrained by its chronic current account deficit and large fiscal deficit stemming from structural factors. In 2025, JCR revised its rating outlook from negative to stable in light of an easing of political uncertainty following the re-run presidential election and some progress made in fiscal consolidation through measures such as tax increases and cuts to public-sector bonuses. The political environment has once again become increasingly unstable since the PSD's withdrawal from the coalition in April 2026. However, in broad terms, JCR expects fiscal consolidation to progress under a policy framework based on the EDP and the RRP.

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Selected Economic and Fiscal indicators

		2021	2022	2023	2024	2025
Nominal GDP	EUR billion	241	281	322	354	380
Population (as of January)	million	19.2	19.0	19.1	19.1	19.0
GDP per capita (purchasing power parity)	USD	37,716	42,441	44,976	46,788	48,724
Real GDP growth rate	%	5.6	4.2	2.3	0.9	0.7
Consumer price inflation (HICP)	%	4.1	12.0	9.7	5.8	6.8
Unemployment rate (annual average)	%	5.6	5.6	5.6	5.5	6.1
General government revenue/GDP	%	32.8	34.4	34.5	34.0	35.4
General government expenditure/GDP	%	40.0	40.9	41.1	43.3	43.3
General government balance/GDP	%	-7.1	-6.4	-6.6	-9.3	-7.9
General government debt/GDP	%	48.6	48.1	49.3	54.8	59.3
Current account balance/GDP	%	-7.2	-9.6	-6.7	-8.2	-7.9
Gross external debt/GDP	%	59.2	54.7	56.9	57.5	60.1
Gross external debt/exports of good and services	%	145.3	125.9	144.9	161.7	169.3
Foreign currency reserves/monthly imports	times	4.3	4.0	5.1	5.1	5.0
Foreign currency reserves/short-term external debt	times	1.0	1.0	1.3	1.3	1.3

* Figures for the most recent period could be indicators based on preliminary figures.

(Note) The general government balance/GDP figures in the table are based on ESA standards and therefore differ from those in the main text.

(Source) National Institute of Statistics, Ministry of Public Finance, National Bank of Romania, Eurostat, EIU

Ratings

	Rating	Outlook*	Amount	Currency	Rate (%)	Issue Date	Maturity Date	Release
Foreign Currency Long-term Issuer Rating	BBB	Stable	-	-	-	-	-	2026.03.27
Local Currency Long-term Issuer Rating	BBB+	Stable	-	-	-	-	-	2026.03.27
Japanese Yen Bonds-First Series(2024)(Green Bonds)	BBB	-	22,000	JPY	2.1	2024.10.11	2027.10.08	2026.03.27
Japanese Yen Bonds-Second Series(2024)(Green Bonds)	BBB	-	3,600	JPY	2.63	2024.10.11	2029.10.11	2026.03.27
Japanese Yen Bonds-Third Series(2024)(Green Bonds)	BBB	-	7,400	JPY	3.14	2024.10.11	2031.10.10	2026.03.27

History of Long-term Issuer Rating

(Long-term Issuer Rating or its equivalent)

Date	Rating	Outlook*	Issuer
1996.03.05	BB+	-	Romania
1998.09.28	#BB+	-	Romania
1998.12.15	#BB-	-	Romania
1999.04.14	BB-	-	Romania
2000.05.29	BB-	-	Romania

2001.12.12	BB-	Positive	Romania
2002.12.18	BB	Stable	Romania
2003.12.17	BB	Positive	Romania
2004.11.15	BB+	Positive	Romania
2005.09.09	BBB-	Stable	Romania
2006.11.29	BBB	Stable	Romania
2008.12.18	BBB-	Negative	Romania
2010.12.17	BBB-	Stable	Romania
2015.04.23	BBB-	Positive	Romania
2016.03.18	BBB	Stable	Romania
2020.06.22	BBB	Negative	Romania
2023.02.01	BBB	Stable	Romania
2025.03.28	BBB	Negative	Romania
2026.03.27	BBB	Stable	Romania

*Outlook for long-term issuer rating, or direction in case of Credit Monitor

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