EMBASSY OF INDIA, BUCHAREST
ROMANIA MONTHLY REPORT FOR THE MONTH OF MARCH, 2017

Economy

Unemployment rate

The seasonally adjusted unemployment rate was 5.4 pct in January 2017, down 0.1 percentage points from the previous month. The number of unemployed (aged 15 to 74) was 488,000, down from the 493,000 jobless registered in the month before, and also from the 582,000 persons registered in the same month of 2016. By gender, at 5.8 percent, the male unemployment rate was 0.9 percentage points higher than the female unemployment rate (4.9 percent).

Forex Reserves

The forex reserves of the National Bank of Romania (BNR) decreased by 23 million euro in February, 2017 from the month before, reaching 34.495 billion euro. Inflows recorded in February amounted to 405 million euro representing changes in the foreign exchange reserve requirements of the credit institutions, inflows into the Ministry of Public Finance's accounts, a.s.o.Outflows stood at 428 million euro, representing changes in the foreign exchange reserve requirements of the credit institutions, interest and principal payments on foreign currency public debt, payments from the European Commission's account etc. The gold stock remained unchanged at 103.7 tonnes, priced at 3.94 billion euro. Romania' international reserves (foreign currencies and gold) as of February 28, 2017 stood at 38.435 billion euro, compared with 38.251 billion euro as of January 31, 2016.

Availability of Qualified work force

The idea that Romania has a qualified workforce has become an illusion, as the human resource is more and more unqualified, which is noticed in the quality of the students, and on the other hand it has become more expensive, stated the chairman of the Fiscal Council Ionut Dumitru. The big issue of the workforce, besides the fact that is less and less, out of different reasons, such as the demographic factor, migration as well as the tendency of the pupils and students, is the quality of the human resource, which is getting weaker.

Statistics: Romania's economic growth is 4.8 pct in 2016

Romania's Gross Domestic Product (GDP) increased in 2016 by 4.8 percent compared to 2015, important contributions being recorded in trade sectors of wholesale and retail, vehicles and motorcycles repair, transport and storage, hotels and restaurants, according to the provisional data (1) published by the National Institute of Statistics (INS). The estimated GDP for 2016 was 759.228 billion lei current prices, increasing — in real terms — by 4.8 percent compared to 2015. Compared to the Q 3 of 2016, the GDP in the Q 4 of 2016 was, in real terms, higher by 1.3 percent. In comparison to the same quarter of 2015, the GDP recorded a growth by 4.7 percent on gross series and on seasonally adjusted series an increase by 4.8 percent.

On gross series, the GDP estimated for the Q 4 of 2016 stood at 227.141 billion lei current prices, increasing — in real terms — by 4.7 percent compared to the Q 4 of 2015.

In the growth of the GDP in 2016 compared to 2015, all economy branches contributed, except agriculture, forestry and fishing, the following branches having more important positive contributions: wholesale and retail trade, vehicles and motorcycles repair, transport and storage, hotels and restaurants (+1.8 percent), with a share of 18.1 percent to the GDP forming and of which activity volume increased by 10.9 percent; information and communication (+0.7 percent), with a reduced share to the GDP forming (5.6 percent), but which recorded a significant growth of the activity volume (14.2 percent); professional, scientific and technical activities; administrative services activities and activities of support services (+0.6 percent), with a share of 7.4 percent to the GDP forming and of which activity volume increased by 8.0 percent; industry (+0.4 percent), with a share of 23.1 percent to the GDP forming and of which activity volume increased by 1.7 percent and net taxes per products (+0.5 percent), with a share of 10.5 percent to the GDP forming and of which activity volume increased by 4.3 percent.

In respect to using the GDP, the increase was mainly due to the expenditure for the final consumption of population's households, of which volume increased by 7.4 percent, thus contributing by 4.5 percent to the growth of the GDP and the final collective effective consumption of public administrations, with a share of +0.4 percent, a consequence of the growth by 4.7 percent of its volume.

The net export (-0.8 percent) had an important negative contribution to the GDP increase, consequence of the growth by 7.6 percent of goods and services exports volume, correlated with a higher increase of goods and services imports volume by 9.3 percent.

The European Commission (EC) revised the prognosis regarding the GDP development in 2017 to increase to 4.4 percent, the advancement following to slow-down to 3.7 percent in 2018. The International Monetary Fund (IMF) counts in 2017 on a growth of Romania's GDP of 3.8 percent, the highest economic growth rate of Europe.

Vast Resources confirms higher grades of silver, copper, lead, zinc at Romanian tailings dam

UK-based mining company Vast Resources said on Monday it has confirmed significantly higher grades of silver, copper, lead and zinc at Faneata tailings dam located near the Baita Plai Polymetallic Mine (BPPM) in Romania. The company said it will perform further metallurgical tests to determine optimum processing routes to recover the contained metals and support completion of a feasibility study planned for the second half of 2017. Vast plans to use the existing plant and equipment at BPPM to recover metals from the tailings dam. Vast holds an 80% interest in a prospecting licence over Faneata located 7 km from BPPM. Vast Resources, formerly known as African Consolidated Resources Plc, is an emerging mid-tier, multi-commodity, multi-jurisdictional development and mining company with a project portfolio covering gold, nickel, copper, phosphate and diamonds. It also owns a gold mine in Zimbabwe.

Annual inflation continues on a rising trend in Feb.17; consumer prices up 0.2pct

Y-o-y inflation continued on a rising trend during February 2017 in Romania, with consumer prices up 0.2 percent from the same month in 2016, on a 1.43-percent increase in food prices, according to data released by the National Institute of Statistics (INS). The average increase in consumer pieces over the past 12 months — March 2016 — February 2017 against the previous 12 months — March 2015 — February 2016 computed against the consumer price index-1.1 percent. Against the harmonised consumer price index, the average rate was—0.7 percent. The National Bank of Romania was expecting a 0.2-percent inflation rate in late March, plus/minus 0.5 percent, according to data released by the bank. BNR has downwardly adjusted by 0.4 percentage points to 1.7 percent its inflation projection for late 2017.

În January 2017, FDI went down to EUR 260 million

The foreign direct investments (FDI) in January 17 went down to EUR 260 million, compared to the similar period of 2016, when they stood at EUR 286 million, according to the National Bank of Romania (BNR). Non-residents' direct investment in Romania totalled EUR 260 million, of which equity (including estimated net reinvestment of earnings) amounted to EUR 207 million and intercompany lending recorded a net value of EUR 53 million, the BNR release shows. Last year, Romania drew foreign direct investments worth EUR 4.08 billion, by over one billion euro (34.4 percent) more compared to the level registered in 2015, when the investments totalled EUR 3.035 billion.

BNR: Balance-of-payments current account posted a surplus of EUR 416 million in January 2017

In January 2017, the balance-of-payments current account posted a surplus of EUR 416 million, compared with EUR 211 million in January 2016, according to the National Bank of Romania (BNR). The goods balance deficit widened by EUR 226 million, the surplus on secondary income narrowed by EUR 100 million, that on services widened by EUR 17 million, while the primary income balance turned into deficit. Long-term external debt at end-January 2017 stood at EUR 68,472 million (74.3 percent of total external debt), down 0.9 percent from the level reported at end-2016. Short-term external debt at end-January 2017 amounted to EUR 23,691 million (25.7 percent of total external debt), up 1.2 percent against end-2016.

In the period under review, total external debt decreased by EUR 369 million, of which the public debt declined by EUR 416 million and the monetary authority's debt declined by EUR 8 million, while the non-publicly guaranteed debt rose by EUR 55 million. Long-term external debt service ratio ran at 20.4 percent in January 2017 against 25.2 percent in 2016. At end-January 2017, goods and services import cover stood at 6.7 months, as compared with 6.4 months at end-2016. At end-January 2017, the ratio of the National Bank of Romania's foreign exchange reserves to short-term external debt by remaining maturity came in at 87.4 percent, against 90.1 percent at end-2016.

Romania strengthened its economy considerably after the global financial crisis and its macroeconomic indicators compare favourably to its peers. However, successive tax cuts, wage increases in excess of productivity, and limited high quality public investment are beginning to threaten these gains and constrain potential growth. A reorientation of policies from stimulating consumption to supporting investment is needed for sustainable growth. Protecting policy buffers, strengthening structural reforms—particularly to prioritize EU funds absorption—and sustaining the fight against corruption will help secure faster income convergence with the European Union.

Context and outlook

1. **Romania has enjoyed strong economic growth in recent years.** Real growth reached 4.8 percent in 2016, amongst the highest in the European Union (EU), with private consumption boosted by an expansionary and pro-cyclical fiscal policy and wage increases. Low imported inflation and indirect tax cuts have kept inflation subdued despite the unemployment rate being at historic lows. Growth is projected at 4.2 percent in 2017 supported by continued stimulus to private consumption from a new round of fiscal relaxation and wage increases.

2. **A reorientation of policies—from stimulating consumption to supporting investment—however is required to make growth sustainable.** Without a strong push to boost investment, accelerate structural reforms, and strengthen institutions, growth is projected to slow over the medium term, reducing the pace of convergence towards the EU's income level. Progress on structural reforms has been limited: the quality of public investment remains low, absorption of EU funds has been weak, restructuring and privatization of state-owned enterprises has stagnated, and private investment remains below pre-crisis levels.

3. **Risks to the medium-term outlook are tilted to the downside** . A perception that fiscal prudence has been abandoned, or signs that institutions are weakening, would adversely affect market confidence. Coupled with continued political tensions, this could dampen economic activity, raise the cost of government borrowing and put pressure on the exchange rate. Continued tightening of the labor market and wage growth in excess of productivity threaten Romania's competitiveness. The main external risks are a protracted slowdown in the euro area and rising interest rates in the U.S.

Fiscal policy

4. **Fiscal policy should focus on protecting revenues and moderating expenses.** Successive tax cuts have structurally shrunk the revenue envelope while the share of wages and pensions has grown at the cost of investment. The current expansionary stance is not warranted by the cyclical position of the economy and puts at risk Romania's favourable macroeconomic indicators relative to peers. Recent experience—when Romania's public debt tripled in only a few years—highlights the importance of fiscal prudence. The mission recommends the revenue envelope be protected, wage and pension growth be moderated, and the authorities aim for a medium-term deficit of 1.5 percent of GDP to rebuild buffers. This can be achieved by reducing the 2017 deficit to around 2.3 percent of GDP—a broadly neutral stance—and to 2 percent in 2018.

5. **Without additional effort, it will be challenging to meet the budget deficit target of 3 percent of GDP in 2017** . The mission projects a deficit of 3.7 percent of GDP. The budget included wage and pension increases and revenue cuts with an estimated cost of 1.4 percent of GDP. Previously legislated tax cuts entering into effect this year carry an additional cost of 0.9 percent of GDP. Possible near-term measures to reduce the deficit

include expenditure reprioritization and postponing a planned pension increase.

6. Moreover, there are risks of further deterioration of the fiscal balance going forward. Under current policies, the deficit is projected to deteriorate to 3.9 percent of GDP in 2018, reflecting the full-year effect of the pension increase scheduled to enter into effect in July. Other measures included in the government's program (such as the implementation of the unified wage bill, reduction of social security contribution rates, and further tax cuts) could raise the deficit by 5.5 percent of GDP over the next few years.

7. Medium term consolidation should be supported by reforms to enhance the effectiveness of the public sector.

> ***Reforming public remuneration*** . The government plans a unified wage law to eliminate distortions in the public remuneration system.
>
> ***Improving revenue collection*** . Romania has the largest Value-Added Tax compliance gap in the EU. Reform of the tax administration (ANAF) needs to be accelerated.
>
> ***Enhancing expenditure efficiency and commitment controls*** . It would be important to strengthen transparency and the commitment controls system. It will also be important to assess the sustainability of the pension system.

Structural reforms

8. Achieving higher sustainable growth will be difficult without stronger efforts to increase efficient investment and reform state-owned enterprises (SOEs). The quality of infrastructure in Romania is amongst the lowest in the EU. There is a critical need to strengthen public investment institutions to fully utilize European funds and improve the quality of domestically financed investment. It will also be essential to strengthen the preparation of large infrastructure projects.

9. Improving the performance of SOEs is also essential to raise economic efficiency and enhance the quality of public investment . The authorities should reenergize the stalled program for privatization and restructuring of SOEs to help improve overall SOE financial performance and reduce arrears. The government envisages creating a sovereign fund to support investment.

10. The tight labor market conditions call for measures to alleviate existing pressures. The government should focus on reducing mismatches in the labor market by improving vocational education and training and strengthening the capacity of the National Employment Agency.

11. The drive against corruption should continue. Maintaining the momentum will require effective implementation of the national anti-corruption strategy, preventing conflict of interest in public procurement, and strengthening the management of seized assets.

Monetary policy and financial sector

12. The National Bank of Romania should remain vigilant against rising inflationary pressures and consider tightening monetary conditions.

13. The mission welcomes the significant reduction in banks' non-performing loans (NPLs) and encourages close monitoring of banks' growing exposure to households and the government.

PwC: Romanian M&A market up 17 pct to EUR 3.6 bln in 2016

The Romanian mergers and acquisitions market rose by 17 percent in 2016 to EUR 3.6 billion, says a PwC Romania analysis. The M&A market will continue to grow in 2017, as well as sectors such as medical, industrial and fast moving consumer goods, also attract new investments, according to the professional services firm. PwC transaction experts say the local M&A market will continue its increasing trend in 2017, capitalizing in areas such as medical services and pharmaceutics, industrial production and fast moving consumer goods, as well as on the tendency for companies that developed production capacities in Asia to relocate them towards Eastern Europe, including Romania.

Unemployment rate down to 5.5 pct in Q4 2016, youth unemployment, highest

The unemployment rate of last year's last semester decreased to 5.5 pct, as compared with the previous semester when it was at 5.7 pct and the highest unemployment level, of 20.8 pct was registered among young people (15-24 years). In the fourth quarter of 2016, the employment rate of the working age population (15-64 years) was 61.6 pct, down compared to the previous quarter by 1.5 percentage points. The occupancy rate was higher for men (70 pct against 53.1 pct in women) and people in urban areas (63.9 pct as compared to 58.8 pct in rural areas). The employment rate of young people (15-24 years) was 21.5 pct. The employment rate of the population aged 20-64 years was 66.5 pct, at a 3.5 percentage point distance from the national target of 70 pct established in the Europe 2020 strategy context.

Commercial

Carrefour network reaches 298 units in Romania at end-2016

The French retailer Carrefour reached a network of 298 stores in Romania at the end of 2016, according to a company report. In Romania the group is present at the moment only on food online trade and the marketplace segment is in the implementation phase this year (online sales platform).

Industrial turnover increased by 9.1% in January 2017

In January 2017, the turnover in industry, per total (domestic and non-domestic market),increasedinnominal terms compared to the previous month by 5.6% and increasedcomparedto the corresponding month of the previous y ear by 9.1%. The industry turnover increased by 9.1 pct, in nominal terms, in January as compared to the same month of the previous year, but decreased by 5.6 pct compared with December 2016, reads a press release of the National Statistics Institute (INS). The industry turnover fell by 5.6 pct in January 2017 compared to the previous month, following the drops in the manufacturing industry (-5.7 pct) and the mining industry (-3.3 pct). The following decreases were recorded in the large industrial groups: the consumer goods industry (-16.0 pct), the energy industry (-14.1 pct), the intermediary goods industry (-3.5 pct) and the durable goods industry (-1.6 pct). The capital goods industry has grown by 1.1 pct, reads the document. As compared to January 2016, the overall industry turnover grew by 9.1 pct following growths of the manufacturing industry (+10.2 pct). The mining industry turnover decreased by 17.5 pct.

In January 2017, the exports and imports increased by 13.6% and by 17.4%, respectively, compared to January 2016

- ☐ In January 2017, the FOB exports amounted to 4680.2 million euro and the CIF imports amounted to 5282.4 million euro. ?
- ☐ In January 2017, the FOB-CIF commercial deficit was of 602.2 million euro, 222.5 million euro more than in January 2016.
- ☐ Compared to December 2016, the exports increased by 8.6% and the imports decreased by 3.9% in January 2017.

The trade balance deficit (FOB/CIF) in January stood at 602.2 ml euro, by 222.5 ml euro more than in January 2016. FOB exports amounted to 4.68 billion euro, while CIF imports stood at 5.28 bln euro, up 13.6 pct and 17.4 pct, respectively from January 2016. Compared with December 2016, January's exports were up 8.6 pct and imports were down 3.9 pct, respectively. The value of intra-Community (intra-EU28) trade exchanges in January 2017 was 3.56 billion euro on the outbound and 3.94 billion euro on the inbound, representing 76.5 percent of total exports, and 74.7 percent of aggregate imports, respectively. The amount of extra-Community exchanges of goods (extra-EU28) over the same period was 1.11 billion euro for exports and 1.33 billion euro for imports, representing 23.8 percent of total exports and 25.3 percent of total imports. The product groups with a significant share of the country's trade in January 2017 were machines and transport equipment (48.3 percent for exports and 36.9 percent for imports) and other manufactured products (33.2 percent for exports and 30 percent for imports.

Sectors

Automotives

Continental Romania to hire 180 at Brasov factory

German automotive parts supplier Continental plans to hire over 180 people at its fuel pump production unit in the Industrial Park Ghimbav in Brasov county, in central Romania.

ACAROM: the turnover of the auto industry increased by 10% last year, up to 22 billion euro

The turnover of the auto industry advanced with 10% in 2016 up to 22 billion euro thus reaching a percentage of 13% of GDP as the industry generates almost a quarter of the total exports of Romania as per the Association of Automobile Builders of Romania (ACAROM). The exports were of almost 13 billion euro, 24% of the total export of Romania. On the domestic market Dacia sells only 7% of the production and Ford 1%. The elimination of the environment tax starting with 1 February 2017 led to the recording of 68,731 second hand cars from import with 200.7% more than in the same period of last year. The report between new domestic cars and the used ones from import got to 1/33.

- **Agriculture**

PRIA Agriculture conference: In 2016, a trade deficit of 600 million euro of food products

Romania imported food products last year worth 6.8 billion euro and exported products worth 6.2 million euro, resulting in a trade deficit of 600 million euro, up 100 million against 2015. In 2016 the export of agricultural products was 6.2 billion euro, up 4.2 pct against 2015. The share of these products' exports in the overall Romanian exports is 10.7 pct in 2016, compared to the 2015 level. The imports registered a growth of 12 pct in 2016, reaching a value of 6.8 billion euro, as compared to 6.1 billion euro in 2015. Their share in the country's overall imports was 10.1 pct, higher than in 2015, when it was 9.6 pct. The main import countries were Hungary (16%), Germany, Poland, Bulgaria, Holland, Italy, France, Spain, Greece, Turkey, Brazil. At the top of the imported products lie the pork, wheat and olives, bakery, chocolate, animal food, cheese, tobacco, sugar.

- **Energy**

INDUSTRIAL PRODUCTION UP 5.8% IN JANUARY 2017 FROM JANUARY 2016

In January 2017, industrial production increased by 0.9% as gross series compared to the previous month and was down 0.5% as series adjusted by number of working days and seasonality. Compared to the same month of the previous year, industrial production rose by 5.8% as gross series and was up 5.5% as series adjusted by number of working days and seasonality. The mining industry dropped by 7.0 pct. The industrial output, by series adjusted on the number of working days and seasonality, as compared to the previous month decreased by 0.5 pct.. The manufacturing and supply of electric and thermal energy increased by 1.3 pct and 0.9 pct, respectively, while the mining industry decreased by 0.1 pct.

- **Industry**

Romania exported in 2016 iron and steel worth 1.72 billion euros

Romania exported in 2016 iron and steel worth 1.72 billion euros, a value which is lower by 11.2 percent compared to the one in 2015, according to data centralized by the National Institute of Statistics (INS). Iron and steel imports stood at 2.433 billion euros, being lower by 6 percent compared with the ones in the period January-October 2015, therefore a deficit of over 713 million euros was recorded on this segment.

- **ICT**

Telecom .IT: Internet service penetration rate in Romania stands at 89 percent

The Internet service penetration rate in Romania stands at 89 percent and connectivity around 60 percent, the National Authority for Administration and Regulation in Communications according to ANCOM President Catalin Marinescu. From a service quality point of view, Romania is on the first place and this is owed to some historic working conditions of the communications networks of Romania.

- **Real Estate/Construction**

Industry, the highest insolvency risk in 2017

Industry and constructions become more vulnerable with 54% and 15% of overall immobilized active stock of companies with insolvency applications registered in 2016 coming from these sectors, according to a study made by CITR specialists in analysis and prognosis. At the end of February 17, 120 companies, each with active stock of over 1 million euros, already had insolvency applications in court. The accumulated number of employees from these companies amount to 20,000 and their business figures amount to 1.5 billion euros. Most of them activate in industry, as per a CITR analysis. The highest share of immobilised shares of impact companies were in industry (46%) and services (24%). Industry and services hold 31% of the cumulated business figure of the 205 companies, being followed by agriculture with 21%, trade with 12% , constructions and real estate with 5%.

- **Healthcare**

Pharma market gains 10.6 pct to EUR 2.8 bln in 2016

The value of the Romanian pharma market stood at RON 12.95 billion (EUR 2.8 billion) on distribution prices in 2016, a growth by 10.6 percent compared with 2015, says Cegedim, the provider of data for the pharma industry. The volume of drugs sold in Romania reached 542.8 million units in 2016, up by 2.1 percent compared with 2015, and also a growth in the total treatment days (5.9 percent). Except the impact of programs cost-volume-result and cost-volume, the value of medical drugs from the pharmacies went down compared with 2015 (-3 percent). The three main pharma players in Romania by sales are Abbvie (RON 1.4 billion), Sanofi (RON 831 million) and Novartis (RON 591 million). This results takes into account the sales from January to December 2016.

Over 14,000 physicians, 28,000 nurses left Romania in 2009-2015

More than 14,000 physicians and 28,000 medical nurses have left Romania in 2009-2015, many of whom ending by working in different fields, according to president of the SANITAS Bucharest trade union. The main problems cited is that the medical system is confronted with excessive politicising. It came to even hire a section's head or a head nurse on political terms. Once the government is changed, they are sacked too. This is followed by underfunding. In 2009, the Government blocked the hiring in the medical system and social care. This stoppage plus the freezing of the salaries at the level of 2009 have led to the exodus of the physicians and medical nurses from the country.

External

European Commission presents White Paper on the future of Europe: Avenues for unity for the EU at 27

As announced in President Juncker's 2016 State of the Union speech, the European Commission presented a White Paper on the Future of Europe, which forms the Commission's contribution to the Rome Summit of 25 March 2017.

The White Paper looks at how Europe will change in the next decade, from the impact of new technologies on society and jobs, to doubts about globalisation, security concerns and the rise of populism. The White Paper sets out **five scenarios**, each offering a glimpse into the potential state of the Union **by 2025** depending on the choices Europe will make. The scenarios cover a range of possibilities and are illustrative in nature. They are neither mutually exclusive, nor exhaustive.

Scenario 1: Carrying On - The EU27 focuses on delivering its positive reform agenda in the spirit of the Commission's New Start for Europe from 2014 and of the Bratislava Declaration agreed by all 27 Member States in 2016. By 2025 this could mean:

Europeans can drive automated and connected cars but can encounter problems when crossing borders as some legal and technical obstacles persist. Europeans mostly travel across borders without having to stop for checks. Reinforced security controls mean having to arrive at airports and train stations well in advance of departure.

Scenario 2: Nothing but the Single Market – The EU27 is gradually re-centred on the single market as the 27 Member States are not able to find common ground on an increasing number of policy areas. By 2025 this could mean:

Crossing borders for business or tourism becomes difficult due to regular checks. Finding a job abroad is harder and the transfer of pension rights to another country not guaranteed. Those falling ill abroad face expensive medical bills. Europeans are reluctant to use connected cars due to the absence of EU-wide rules and technical standards.

Scenario 3: Those Who Want More Do More – The EU27 proceeds as today but allows willing Member States to do more together in specific areas such as defence, internal security or social matters. One or several "coalitions of the willing" emerge. By 2025 this could mean that:

15 Member States set up a police and magistrates corps to tackle cross-border criminal activities. Security information is immediately exchanged as national databases are fully interconnected. Connected cars are used widely in 12 Member States which have agreed to harmonise their liability rules and technical standards.

Scenario 4: Doing Less More Efficiently - The EU27 focuses on delivering more and faster in selected policy areas, while doing less where it is perceived not to have an added value. Attention and limited resources are focused on selected policy areas. By 2025 this could mean that a European Telecoms Authority will have the power to free up frequencies for cross-border communication services, such as the ones used by connected cars. It will also protect the rights of mobile and Internet users wherever they are in the EU. A new European Counter-terrorism Agency helps to deter and prevent serious attacks through a systematic tracking and flagging of suspects.

Scenario 5: Doing Much More Together – Member States decide to share more power, resources and decision-making across the board. Decisions are agreed faster at European level and rapidly enforced. By 2025 this could mean: Europeans who want to complain about a proposed EU-funded wind turbine project in their local area cannot reach the responsible authority as they are told to contact the competent European authorities. Connected cars drive seamlessly across Europe as clear EU-wide rules exist. Drivers can rely on an EU agency to enforce the rules.

Next Steps

The White Paper is the European's Commission contribution to the Rome Summit, the moment when the EU will discuss its achievements of the past 60 years but also its future at 27. The White Paper marks the beginning of a process for the EU27 to decide on the future of their Union. To encourage this debate, the European Commission, together with the European Parliament and interested Member States, will host a series of 'Future of Europe Debates' across Europe's cities and regions.

The European Commission will contribute to the debate in the months to come with a series of reflection papers on:

- developing the social dimension of Europe;
- deepening the Economic and Monetary Union, on the basis of the Five Presidents' Report of June 2015;
- harnessing globalisation;
- the future of Europe's defence ;
- the future of EU finances.

Like the White Paper, the reflection papers will offer different ideas, proposals, options or scenarios for Europe in 2025 without presenting definitive decisions at this stage.

President Juncker's State of the Union speech in September 2017 will take these ideas forward before first conclusions could be drawn at the December 2017 European Council. This will help to decide on a course of action to be rolled out in time for the European Parliament elections in June 2019. The 60th anniversary of the Treaties of Rome on 25 March 2017 will be an important occasion for EU27 leaders to reflect on the state of play of European project, to consider its achievements and strengths as well as areas for further improvement, and to show common resolve to shape a stronger future together at 27. The White Paper will serve to steer the debate among the 27 Heads of State or Government and help structure the discussion at the Rome Summit and well beyond. It will also be used by the Commission as the starting point for a wider public debate on the future of our continent

Foreign Minister Melescanu had a meeting in Budapest with his Hungarian counterpart, Peter Szijjarto

Furthering economic relations between Hungary and Romania represents a priority for the Government led by Viktor Orban, Hungarian Minister of Foreign Affairs and Trade Peter Szijjarto stated, after the meeting he had in Budapest with the Romanian Foreign Ministrer Teodor Melescanu. He mentioned that Romania was the second largest market for Hungarian exports after Germany. For this reason Hungary has opened (through a commercial bank) a loan framework of 514 million euros, to facilitate the cooperation in the economic area. Starting 2019 the pipeline which ensures the interconnection of gas transmission between the two countries is also to start and expected to reach full capacity in 2020.

Hungary is one of the traditional economic partners of Romania and it always ranked a top position in the Romanian external trade. According to the data of the Embassy of Romania in Budapest, starting 2019, the trade exchanges with Hungary recorded a constant growth (except in the period between 2012-2013- a slight decline was recorded) - balance favorable to the Hungarian side. On 31 October 2016, the Romanian-Hungarian trade exchange value stood at 6,586,34 million euros, of which the export stood at 2,506,77 million euros and the import stood at 4,079,57 million euros, while the trade balance payments was negative, namely 1,572,80 million euros.

New round of a defence strategic dialogue between Romania and Israel

Developing bilateral defence cooperation between Romania and Israel in various areas was an item on the agenda of talks conducted by a visiting Romanian delegation headed by deputy head of the Defence Policy and Planning Department with Romania's Defence Ministry (MApN), March 8-10 in Tel-Aviv as part of a new round of a defence strategic dialogue between Romania and Israel. MApN says that discussed at the meeting were matters of shared interest regarding world security, with emphasis on the latest developments in the Black Sea region and the Middle East, along with furthering bilateral defence cooperation in various areas. A bilateral cooperation agreement was signed by the defence ministries of the two countries.

Germany attracted 20 percent of Romania's total exports in 2016

Romania's imports from Germany amounted to EUR 13.8 billion (+10.5 percent), while Romania's exports to Germany amounted to EUR 12.3 billion (14.6 percent) in 2016, accounting for 20 percent of Romanian exports, according to the Romanian-German Trade Chamber and Industry (AHK Romania). AHK Romania stated that for the German economy, Romania is a strategic partner. Bilateral economic relations went up in 2016, as the National Institute of Statistics (INS) data show. Among the most important products group in German-Romanian trade are machinery, electric equipments and transport materials and common metals. The Romanian market hosts around 7,500 German companies that have over 250,000 employees. An importance given by the German companies is to the anti-corruption fight and the maintenance of the rule of law.

Bilateral

Ambassador hosts lunch for ForMin Melescanu and the heads of diplomatic missions of Asian countries accredited in Bucharest

Foreign Affairs Minister Teodor Melescanu had a meeting with the heads of diplomatic missions of Asian states, accredited in Bucharest, namely of China, Republic of Korea, India, Indonesia, Iran, Japan, Malaysia, Turkey, Pakistan and Vietnam over a working lunch hosted by the Indian ambassador, Dr AVS Ramesh Chandra at India House.

During the meeting, Minister Teodor Melescanu highlighted the importance the Government in Bucharest placed in promoting Romania's relations with the states of the Asia-Pacific area, "through a pragmatic approach that stresses the consolidation of the economic cooperation on a commercial and investment level, He also pointed out the objectives of strengthening the .bilateral partnerships and reinvigorating the traditional relations with countries in the region, the distinct components of the foreign policy dimension of the Governance programme. Also discussed were modalities to expand and diversify the multisectoral cooperation of Romania with states of Asia-Pacific, highlighting the relevant collaboration potential in areas such as infrastructure, energy, IT and communications, agriculture and agri-food industry. At the same time, the meeting pointed out the common interest for a more efficient capitalization on the opportunities provided by the EU's instruments for the collaboration with the states in the region, the release shows. The meeting also brought forth exchange of opinions on topical issues in international sphere, including the perspectives of the European project, Eastern Europe, the future of transatlantic relations, the political-economic developments and those in the security area in the Asia-Pacific area.

Trends in global trade - Romania and India:

Romania - In the period January to March 2017 current account of balance of payments recorded a deficit of 690 million euros compared with 314 million euros in the period January-March 2016; The balance of goods recorded a larger deficit of EUR 281 million, the balance of the secondary revenues and the balance of services ended with lower surpluses by EUR 317 million and EUR 19 million respectively, while the primary income balance had a deeper deficit Reduced by € 241 million. Direct investments of non-residents in Romania amounted to 1 075 million euros of equity stakes (including reinvested earnings estimated net) amounted to 1 258 million and intra-group loans recorded negative net worth of 183 million euros. **Long-term external debt** totaled EUR 68,968 million at 31 March 2017 (74 percent of total foreign debt), a level comparable to that at 31 December 2016. **Short-term external debt** was EUR 24,224 million (26 percent of total foreign debt) on 31 March 2017, up 3.5 percent on December 31, 2016. Between January and March 2017, total foreign debt increased by € 815 million, due to a rise in the unsecured debt (by € 596 million) and the government debt balance (by € 224 million). **The long-term external debt service rate** was 16 percent between January and March 2017, compared with 27.4 percent in 2016. The coverage of imports of goods and services on March 31, 2017 was 6 months, 6.3 months on 31 December 2016. Short-term external debt coverage, calculated at residual value, with foreign exchange reserves at the NBR on 31 March 2017 was 90.3 percent versus 90.1 percent at 31 December 2016.

India -

I. MERCHANDISE TRADE

EXPORTS (including re-exports)

In continuation with the double digit growth exhibited by exports during February 2017, exports during March 2017 showed a significant growth of 27.59 per cent in dollar terms valued at US$ 29232.05 million as compared to US$ 22911.74 million during March,2016. Cumulative value of exports for the period April-March 2016-17 was US$ 274645.10 million as against US$ 262290.11 million registering a positive growth of 4.71 per cent in Dollar terms and positive growth of 7.28 per cent in Rupee terms over the same period in 2016.

Non-petroleum and Non Gems & Jewellery exports in March 2017 were valued at US$ 21420.91 million against US$ 17071.00 million in March 2016, an increase of 25.5 %. Non-petroleum and Non Gems and Jewellery exports during April - March 2016-17 were valued at US$ 200557.90 million as compared to US$ 192423.94 million for the corresponding period in 2016, an increase of 4.2%. The growth in exports is positive for all major economies, USA(8.99%),EU(9.27%) ,China(7.85%) and Japan(4.48%) for January 2017 over the corresponding period of previous year as per latest WTO statistics.

IMPORTS

Imports during March 2017 were valued at US$ 39669.22 million which was 45.25 per cent higher in Dollar terms over the level of imports valued at US$ 27310.28 million in March, 2016. Cumulative value of imports for the period April-March 2016-17 was US$ 380367.65 million as against US$ 381006.64 million registering a negative growth of 0.17 per cent in Dollar terms over the same period last year.

CRUDE OIL AND NON-OIL IMPORTS:

Oil imports during March, 2017 were valued at US$ 9714.01 million which was 101.43 percent higher than oil imports valued at US$ 4822.59 million in March 2016. Oil imports during April-March, 2016-17 were valued at US$ 86457.87 million which was 4.24 per cent higher than the oil imports of US$ 82944.45 million in the corresponding period in 2016.In this connection it is mentioned that the global Brent prices ($/bbl) have increased by 33.02% in March 2017 vis-à-vis March 2016 as per World Bank commodity price data (The pink sheet).

Non-oil imports during March, 2017 were estimated at US$ 29955.21 million which was 33.21 per cent higher than non-oil imports of US$ 22487.69 million in March, 2016. Non-oil imports during April-March 2016-17 were valued at US$ 293909.78 million which was 1.39 per cent lower than the level of such imports valued at US$ 298062.19 million in April-March, 2015-16.

II. TRADE IN SERVICES (for February, 2017, as per the RBI Press Release dated 13th April, 2017)

EXPORTS

Exports during February 2017 were valued at US$ 13060 Million registering a negative growth of 3.76 per cent in dollar terms as compared to negative growth of 1.70 per cent during January 2017.

IMPORTS

Imports during February 2017 were valued at US$ 7235 Million registering a negative growth of 13.96 per cent in dollar terms as compared to positive growth of 1.39 per cent during January 2017.

III.TRADE BALANCE

MERCHANDISE: The trade deficit for April-March, 2016-17 was estimated at US$ 105722.55 million which was 10.95% lower than the deficit of US$ 118716.53 million during April-March, 2015-16.

SERVICES: trade balance in Services (i.e. net export of Services) for February, 2017 was estimated at US$ 5825 million. The net export of services for April- February, 2016-17 was estimated at US$ 59302 million which is lower than net export of services of US$ 64429 million during April-February, 2015-16.

OVERALL TRADE BALANCE: Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April-March 2016-17 is estimated at US$ 46420.55 million which is 14.49 percent lower in Dollar terms than the level of US$ 54287.53 million during April-March 2015-16.

Bilateral Trade

(US$ million)

Product Groups	Export	Import	Total
Romania's Trade with India 2015-2016	309.30	255.76	565.06
Romania's Trade with India Apl 2016-Feb 2017	292.54	230.26	522.80
Romania's total global trade in January-March 2017	15460.5	17778.0	33238.50

(Source conversion of euro to US$: BNR at 30.06.2016 rate 1 Euro = 1.0516 USD)
(Source – M/Commerce & Industry, New Delhi and National Institute of Statistics, Romania)

Top 6 items of Export by Romania to the World

S. No.	Commodity	Period (2017)	% Share in total Export
1.	Machinery and transport equipment	Jan-March	47.8
2.	Other manufactured products	Jan-March	33.8
3.	Food, beverages & tobacco	Jan-March	7.0
4.	Chemicals & similar items	Jan-March	4.5
5.	Mineral fuels, lubricants etc.	Jan-March	3.6
6.	Raw materials	Jan-March	3.3

(Source: Romania National Institute of Statistics)

Top 6 items of Import from the World

S. No.	Commodity	Period (2016)	% Share in total Import
1.	Machinery and transport equipment	Jan-Dec	36.9
2.	Other manufactured products	Jan-Dec	30.5
3.	Chemicals & similar items	Jan-Dec	4.5
4.	Food, beverages & tobacco	Jan-Dec	7.0
5.	Mineral fuels, lubricants etc.	Jan-Dec	3.6
6.	Raw materials	Jan-Dec	3.3

(Source: Romania National Institute of Statistics)

Top 10 items of Export to India
Period – 2016-17 (April-March)

(US$. million)

S. No.	Commodity	Export Romania to India.
1.	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	110.62
2.	Electrical machinery and equipment	53.62
3	Inorganic chemicals; organic or inorganic compounds of precious metals	37.42
4.	Vehicles other than railway or tramway rolling stock and parts & accessories thereof	27.64
5	Organic Chemicals	19.72
6	Edible vegetables and certain roots and tubers	16.71
7	Ships, Boats & floating structures	7.25
8	Articles of Iron & Steel	6.48
9	Optical, photographic cinematographic measuring, checking precision, medical or surgical Inst. and Apparatus parts and accessories thereof	6.38
10	Iron & Steel	5.11

(Source: Ministry of Commerce & Industry, Government of India)

Top 10 items of Import from India
Period – 2016-17 (April-March)

(US$. million)

S. No.	Commodity	Imports Romania from India.
1.	Nuclear reactors, boilers, machinery and mechanical appliances	32.24
2	Vehicles other than rail way or tramway rolling stock and parts & accessories thereof	26.87
3	Iron & Steel	23.63
4.	Electrical Machinery and appliances	22.80
5	Pharmaceutical products	16.46
6	Plastic and articles thereof	15.61
7	Organic chemicals	13.54
8	Apparel and articles thereof	12.15
9	Ceramic Products	10.03
10	Rubber & articles thereof	8.97

(Source: Ministry of Commerce & Industry, Government of India)

Significant trends

Details of significant trends in trade in Romania
In the first quarter of 2017, the exports and imports increased by 11.5% and by 12.4%, respectively, compared to the first quarter of 2016. In the first

quarter of 2017, the FOB exports amounted to 15460.5 million euro and the CIF imports amounted to 17778 million Euro. In the first quarter of 2017, the FOB-CIF commercial deficit was 2317.5 million Euros, 361.5 million Euro more than in the same period of 2016. In March 2017, the FOB exports were of 5711.0 million euro and the CIF imports were 6766.7 million euro, a commercial deficit of 1055.7 million euro. Compared to March 2016, the exports increased by 15.9% and the imports increased by 14.8% in March 2017. In the first quarter of 2017, the Intra-community trade of goods (Intra-EU28) amo unted to 11761.4 million euro for dispatches and to 13507.1 million euro for arrival s, representing 76.1% of the total exports and 76.0% of the total imports. In the first quarter of 2017, the Extra-community trade of goods (Extra-EU28) am ounted to 3699.1 million euro for exports and to 4270.9 million euro for imports, r epresenting 23.9% of the total exports and 24.0% of the total imports. In the first quartet of 2017, important items of exports and imports were represented by the following groups of goods: machinery and transport equipment (47.8% for export and 36.9% for import) and other manufactured goods) (33.8% for export and 30.5% for import, respectively).

(Source: Romanian National Institute of Statistics)

Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:

During the working lunch hosted by ambassador for the Romanian Foreign Minister, Mr Melescanu, and the resident ambassadors from Asian countries, the Minister stressed on the need to focus on economic relations with all countries in Asia including relevant collaboration potential in areas such as infrastructure, energy, IT and communications, agriculture and agri-food industry. He also highlighted that the common interest for a more efficient capitalization on the opportunities provided by the EU's instruments for the collaboration with the states in the region, the release shows. The meeting also brought forth exchange of opinions on topical issues in international sphere, including the perspectives of the European project, Eastern Europe, the future of transatlantic relations, the political-economic developments and those in the security area in the Asia-Pacific area.

Feedback from major Indian industries/ other commercial concerns set-up in that country and Indian trade visitors to that country

S. No.	Name of business house	Activity sector	Trade barrier issues if any	General Feedback
1.	Feedback has generally been positive. However, for Indian businessmen to obtain visas for Romania is not easy and they are forced to obtain Schengen visas for other EU countries to travel to Romania. India has currently been placed in the Prior Reference Category list of countries which requires each visa for an Indian citizen to be approved centrally in Bucharest before issue in New Delhi or elsewhere. The matter is being taken up by the Embassy with the local Foreign Office at every opportunity at all levels, including the Romanian Minister of Foreign Affairs who have reiterated that they follow EU guidelines in the issue of their visas. However, it has also been stated that the Romanian visa regime is in the process of a revamp with a view to			

	easing their regulations' and requirements. This is still awaited. In the meantime, this is an issue for businessmen to travel to this country.

Feedback on major trade fairs / BSM including Indian participation (*whether or no t supported by MAI funds*) :

S. No.	Particulars of Trade Fair, dates etc.	Number of participants from India	List of large participants	Feedback received
1.	The Indian companies/delegation continues to participate in important trade fairs. The feedback has generally been positive. However, there is no record of any Indian company having participated in any Trade Fairs in Romania in March, 2017.			

Upcoming Trade Fairs in Romania:

Further information please see website: www.romexpo.ro

Feedback from local commercial visitors to trade fairs in India, including under BSM. Number of Business Visas issues:

S. No.	Particulars of Trade Fair, dates etc.	Number of participants	List of large participants	Number of Business Visas issued	Feedback received
1.	Feedback has been encouraging and positive. A total of 92 business visas and 1 Conference Visas were issued by Embassy of India, Bucharest for Romanian Nationals during January 2017.				

Investment

Details of activities conducted out of Trade Promotion budget till end January 2017 (in Indian Rupees)

BE for 2016-17	RE for 2015-16	Amount utilized	Details of Activity
5,50,000	-	*25,080.00* *82,382.00*	• *Trade Promotion Event held in May 2016 in Tirana, Albania to highlight the various Investment and Trade Promotion Initiatives of the Government of India to the Albanian government officials, members of the Albanian Chamber of Commerce and Industry and the Albanian Business Community.* • *Reprint of the Booklet "INDIA-A PREFERRED INVESTMENT AND TRADE DESTINATION' 300 copies in English and Romanian languages for distribution to*

		1,46,772.00 1,68,347.00 95,016.00	*local Provincial Chambers of Commerce & Industry and other businessmen after the earlier stock was exhausted.* • *A Business Interaction and Trade Promotion event was held on 3rd November, 2016 in Chisinau, Moldova during the visit of Hon'ble Minister for Statistics & Programme Implementation, Shri D V Sadananda Gowda* • *Market Survey on the Automotive Sector of Romania and India commissioned with M/s THE SMART CUBE which is in its final stage of completion. Payment was made in December 2016.* • *Printing of 500 copies each of the four zones of tourism material of India provided by 'Incredible India' tourism office, Frankfurt.*

Indian Trade inquiries for the month of December 2016

Trade enquiries: In the month of March 2017 Embassy of India, Bucharest received **15** trade enquiries from India and NIL trade enquiry from Romania. All the enquiries were responded to within 2-3 days by providing the Indian companies with the list of National and Regional Chambers of Commerce of Romania, Moldova and Albania with their addresses and contact details. We also share Romanian Trade Portal , National Business Information System (www.snia.ro) with details of Romanian companies which can be accessed sector/product/commodity-wise, latest investment guide to Romania in their website (www.investromania.gov.ro) and also sector-specific associations with their details.

S. No.	*Enquiry originator*	*Product of interest*
1.	Subham Samanta Gem Allied Industries Pvt. Ltd. 10/C, Middleton Row 3rd Floor, Kolkata-7000 71 India Ph: 033-22177328 (4 Lines) E-mail: central@gemforgings.com	Fertilizers
2.	QUALITY LIFESCIENCES PVT LTD G-10th Floor Titanium City Centre, 100 ft Ananad Nagar Road, Satelite,Ahmedabad-380 015 Gujarat, India Tel. No. : 079-26934210 (Mobile) : 8980151100	Ceramic and food products

3.	KP Textile (Trader Unit) CP-1, C-block Shree Kuberji Textile Park , Opp/ Linear Bus Stop, Ring Road, Surat-395002-Gujarat-INDIA E-mail: -kptextiletrader@gmail.com Skype ID :- KP Textile Trader Contact Number: -+91 7046793580, +91 7573964127, +91 9574473501	Textiles
4.	A K Mahajan, +91-9968316746 Daman International, 1032 Sector-A, Pocket-B, Vasant Kunj, New Delhi-110070 www.nonsparkingtools.in E Mail- info@nonsparkingtools.in - akm4351@gmail.com	Non sparking tools
5.	CAN EXIM INTERNATIONAL 108 Dhanlaxmi Society, Simadanaka, Varachha Road, Surat-395006-Gujarat-INDIA E-mail: - can.eximinternational01@gmail.com Skype ID :- can.eximinternational01@gmail.com website:- www.caneximinternational.com Contact Number: -+91 91733 69988 WhatsApp Support: -+91 9173369988, +91 8866634100	Printed fabrics
6.	Arijiit Dey Export Manager *Banik Rubber Industries (India) Private Limited* *Ajanta House, 79/2 A.J.C. Bose Road* *Kolkata-700014.* Mobile No: +91-9674829221 Email Id: export@ajantashoes.com Website: www.ajantashoes.com	Shoes
7.	Shree Gajanana Polymere Co 00919830012085 Aayush Tibrewal Website : www.gajananapolymere.com	Termite control
8.	Aaradhya Textiles Plot no. 1047, Road no. 6, Sachin GIDC, Surat-394230-Gujarat-INDIA E-mail:- aaradhyatextiles@gmail.com Skype ID :- aaradhyatextiles@gmail.com Contact Number: - +91 9825082141	Textiles
9.	Contact: Zhang Meilin Address: changchun shuangyang district of changchun city of jilin province ridge of luxury culture printing industry development zone of nine ridge road No. 777 Changchun city tai yuan fluorine phlogopite	OEM Synthetic Mica Sheets

	co., LTD Tel: 86-15904437404. 431-431 Fax: 86-431-84160499 Email: fujingyunmu@sina.com	
10.	Kashyap Thakkar Cell.: +91 9820630444 Tel.: +9122 27895431 Tel.: +9122 27895439 ROLEX IMPEX CO A-302, Groma House, Sector 19c, Vashi, Navi Mumbai 400705, India Email.: roleximpex@gmail.com	Motorcycles and scooters
11.	Raju Ghori Shraddha Art 70, Ground Floor, Narayan Industrial Estate, Anjana Farm, Surat-395010, Gujarat, India Mobile : +91-9909655117 Email : shraddhaartexport6@gmail.com Skype :- shraddhaartexport6	Textiles
12.	Ganga Textiles E-1A, Maruti Industrial, Near Daxeshwer Mahadev Mandir, BRC Road, Pandesara, Surat-394220- Gujarat-INDIA E-mail:- gangatextiles1@gmail.com Skype ID :- gangatextiles Contact Number: -+91 9825476672	Textiles
13.	Lafnich International Mr. Ramiz sumra, Sanjay sharma Ceramic Products,Ceramic Grade China Clay Exporter in Gujarat,India 8-A National Highway, Real plaza Complex, Shop NO. B45/46, Second Floor, Nr Omkar Petrol Pump, At, Lalpar, Tal.Morbi, Dist.Morbi.363642 INDIA IEC CODE: 2412010935	Ceramics
14.	EKTA CHRISTIAN (Export Executive) CELL: +91 95123 64545 SKYPE ID: live:sunworldexport1 EMAIL ID: export1@sunworldtiles.com WEBSITE: www.sunworldtiles.com	Ceramic tiles
15.	Feeling Zhen Merchandiser | Softlife Mattress Machinery Co.,Ltd Tel +86 750 5489338 | Whatsapp +86 138 224 17621	Foaming and cutting foam machines

(Ravi Chandar)
First Secretary
Commercial Representative