



Romania – a brief overview

Romania is a country located at the intersection of Central and Southeastern Europe, bordering on the Black Sea. Romania shares a border with Hungary and Serbia to the west, Ukraine and Moldova to the northeast and east, and Bulgaria to the south. It has the seventh largest population of the European Union with 19.9Mn people (2015). In 1947 Romania became a People's Republic (1947–1965) and a member of the Warsaw Pact. With the fall of the Iron Curtain, Romania began its transition towards democracy and a capitalist market economy. After a decade of post-revolution economic problems and declining living-standards, extensive reforms fostered economic recovery. Romania joined NATO on Mar. 29, 2004 and the EU on Jan. 1, 2007.

Economy of Romania

As a result of the increase in fiscal and current account deficits and the global financial crisis in 2009, Romania signed on to a \$ 20Bn emergency assistance package from the IMF, the EU, and other international lenders. In March 2011, Romania and the IMF/EU/World Bank signed a 24-month precautionary stand-by agreement, worth \$6.6Bn to promote fiscal discipline, encourage progress on structural reforms, and strengthen financial sector stability. Lately, Romania's economy witnessed improvement in economy where its debt lowered to less than 40% of the GDP, the budget deficit has been contained, the current account deficit narrowed to less than 1% of GDP and inflation is, as well, at record lows. The high rate of the economic growth, along with the strong fundamentals and the positive perspectives is expected to result in an improvement in foreign direct investments flow. Moreover, Romania's attractiveness for investors is expected to be boosted by fiscal improvements, such as the reduction of VAT from 24% to 20%, which entered into force at the beginning of 2016, and the further cut to 19% starting 2017, the reduction of dividend withholding tax from 16% to 5% and the elimination of the special constructions tax starting 2017.

Key Agri-products and Industries of Romania

Key agri-products of Romania are wheat, corn, barley, sugar beets, sunflower seed, potatoes, grapes; eggs, and sheep's. The key Romanian industries include electric machinery and equipment, textiles and footwear, light machinery and auto assembly, mining, timber, construction materials, metallurgy, chemicals, food processing and petroleum refining.

Romania's major trading commodities and partners

Key export commodities of Romania are machinery and equipment, metals and metal products, textiles and footwear, chemicals, agricultural products, minerals and fuels, while, its major export partners are Germany 19.7%, Italy 12.4%, France 6.8%, Hungary 5.3% and UK 4.3%. Moreover, key import commodities of Romania are machinery and equipment, chemicals, fuels and minerals, metals, textile and products, agricultural products, while its key import partners are Germany 19.8%, Italy 10.9%, Hungary 7.9%, France 5.6%, Poland 4.8%, China 4.6%, Netherlands 4% and Austria 3.9% based on the year 2015.

Bilateral Trade and Economic Relations between Pakistan and Romania

In 1964, the two countries signed their first trade agreement despite having no formal diplomatic relations. Several agreements were signed to combat drug trafficking, and illegal immigration.

Pakistan and Romania signed a treaty to enhance bilateral trade in Sep 2011. Both the countries signed also the Agreement on Economic, Technical and Scientific Cooperation in order to promote cooperation in the fields of industry, agriculture, forestry, energy, research and development. In Feb 2013, Pakistan and Romania signed an agreement on defense cooperation to help boost in field of training, exports, imports of defense equipment and high level engagements. Both the countries had signed Bilateral Investment Treaty back in 1995, whereas, Double Taxation Treaty has also been inked between the two trading partners. During Fiscal Year 2016, Pakistan exported goods to Romania of worth \$ 20.12Mn whereas goods imported by Pakistan from Romania stood at \$ 14.11Mn making trade balance favorable for Pakistan by \$ 6.01Mn.

Trading Commodities between Pakistan and Romania

Romania exports ships, boats and other floating structures, oil seed, oleagic fruits, grain, seed, fruit, wood and wood charcoal, mineral fuels, oils, distillation products, machinery, boilers, etc. to Pakistan, while, it imports products of animal origin, cotton, manmade staple fibers, textile articles, worn clothing, pyrotechnics, matches, pyrophoric, etc. from Pakistan.

Pak-Romania Business Council

Pakistan-Romania Business Council is a business organization in Pakistan dedicated to promoting business and trade with Romania. It is a membership-based organization providing business-focused information and events for members in all industries.

Potential for enhancing bilateral trade relations between Romania and Pakistan

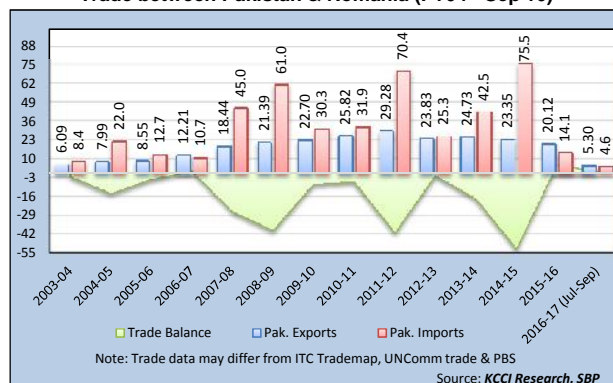
With Romania's continuing strong economic growth, there are many significant opportunities for Pakistan and Romania businessmen to create lasting and highly valuable commercial partnerships. By exploring the competitive and comparative advantages, the two countries can increase trade and permit creation of new and better businesses. Textile and agriculture products hold significant trade potential between the two countries.

Economic Indicators

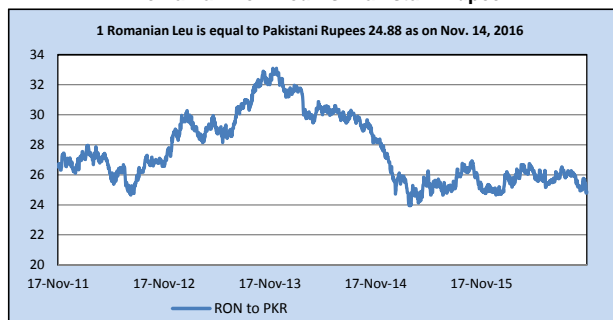
Indicators	Unit	2014	2015	Change
GDP (PPP)	\$ Bn	399.70	414.70	3.75%
GDP per Capita	\$	20,000	20,900	4.50%
GDP growth	%	3.0	3.8	0.80%
Forex Reserves	\$ Bn	43.16	38.71	-10.31%
External Debt	\$ Bn	111	103	-7.82%
Exports	\$ Bn	62.16	54.52	-12.29%
Imports	\$ Bn	70.50	63.12	-10.47%
Trade Balance	\$ Bn	-8.34	-8.60	-3.12%
Current Account	\$ Bn	-0.91	-2.03	-123.30%
CPI	%	1.1	-0.6	-1.70%
Unemployment	%	6.8	6.8	0.00%
Discount Rate	%	2.8	1.8	-1.00%

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Romania (FY04 - Sep'16)



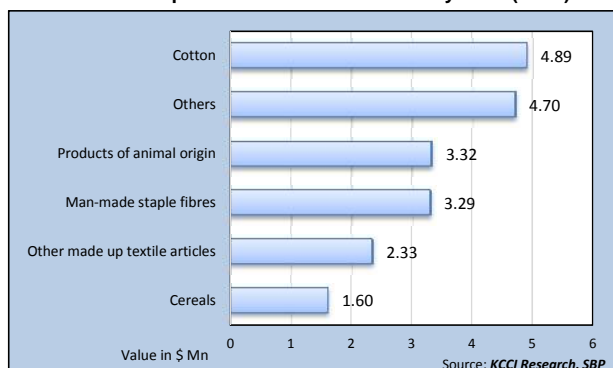
Romanian New Leu Vs. Pakistani Rupee



Key Memberships

Romania belongs to a number international organizations, including the Australia Group, BIS, BSEC, CBSS (observer), CD, CE, CEI, EAPC, EBRD, EIB, ESA, EU, FAO, G-9, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFAD, IFC, LAIA (observer), MIGA, MONUSCO, NATO, NSG, OAS (observer), OIF, OPCW, OSCE, PCA, SELEC, UN, UNCTAD, UNESCO, UNHCR, UNIDO, Union Latina, UNMIL, UNMISS, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

Pakistan Exports to Romania - Commodity Wise (FY16)



Disclaimer

This report has been prepared by KCCI Research & Development Cell. The information contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified. Contact: res@kcci.com.pk