



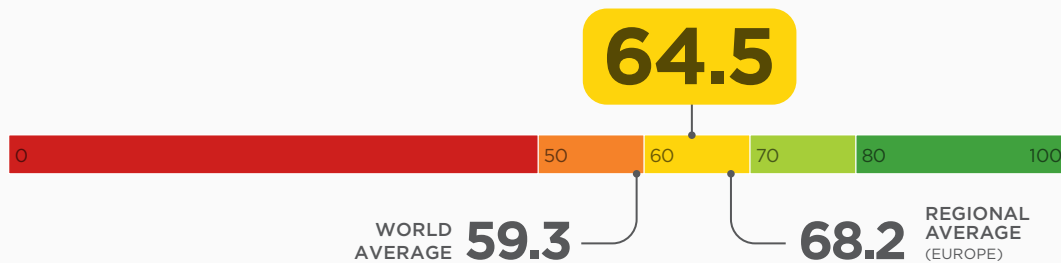
WORLD RANK: <b>53</b>	REGIONAL RANK: <b>30</b>
ECONOMIC FREEDOM STATUS: <b>MODERATELY FREE</b>	

# ROMANIA

**R**omania's economic freedom score is 64.5, making its economy the 53rd freest in the 2023 *Index*. Its score is 2.6 points worse than last year. Romania is ranked 30th out of 44 countries in the Europe region, and its overall score is higher than the world average.

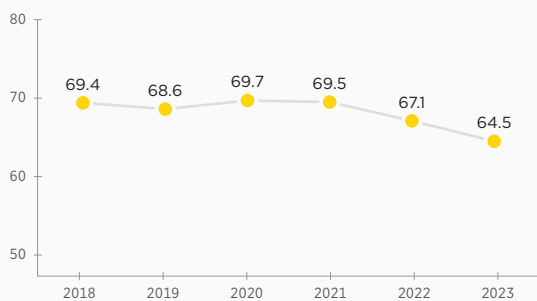
The Romanian economy has benefitted substantially from its openness and flexibility over the past decade. However, deeper institutional reforms in such areas as the labor market and the management of public finance are still needed. The judiciary remains inefficient and vulnerable to political interference, and corruption continues to undermine long-term economic development.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +21.6

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
19.1 million

**GDP (PPP):**  
\$651.6 billion  
5.9% growth in 2021  
5-year compound annual growth 3.6%  
\$33,715 per capita

**UNEMPLOYMENT:**  
5.0%

**INFLATION (CPI):**  
5.0%

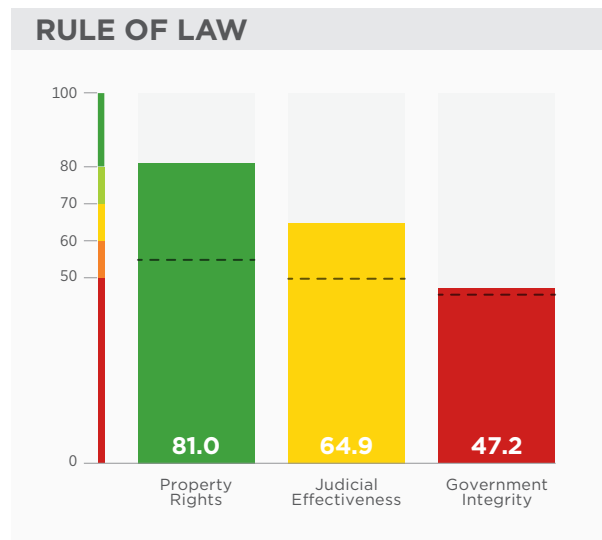
**FDI INFLOW:**  
\$8.6 billion

**PUBLIC DEBT:**  
51.4% of GDP

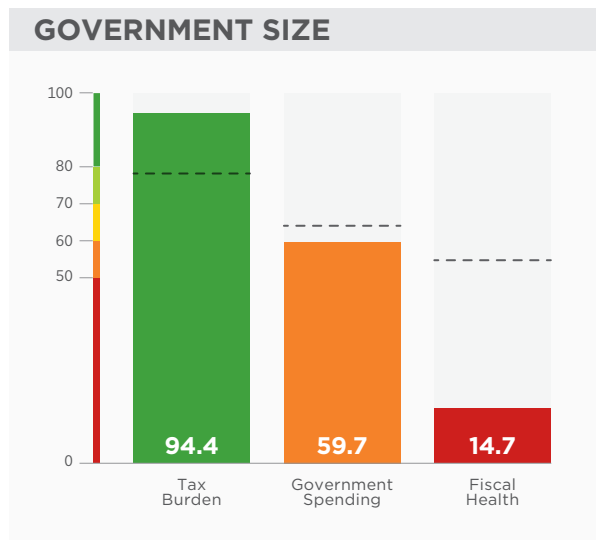
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Romania's transition to a free-market economy began with a new constitution in 1991. Romania joined NATO in 2004 and the European Union in 2007. Parliament elected Nicolae Ciucă of the center-right National Liberal Party (PNL) to serve as prime minister in November 2021 after the previous center-right coalition collapsed. The PNL governs in coalition with the center-left Social Democrat Party (PSD) and the Democratic Alliance of Hungarians in Romania (UDMR). Strategically located on the Black Sea, Romania has extensive natural resources and a productive agriculture sector. Challenges include Russia's war against nearby Ukraine, inflation, and post-pandemic recovery.

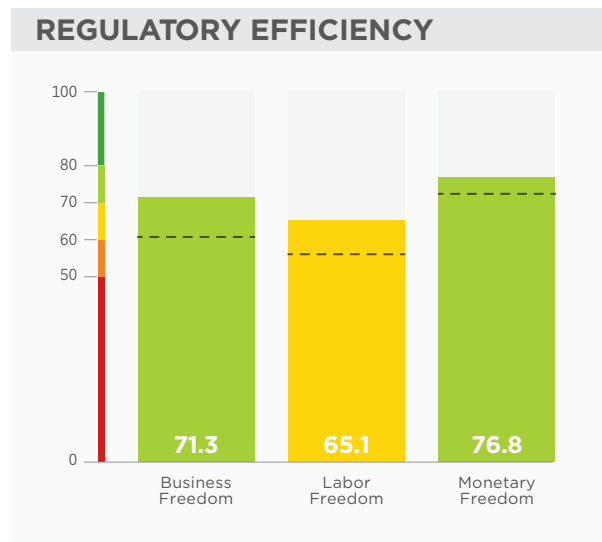
## 12 ECONOMIC FREEDOMS | ROMANIA



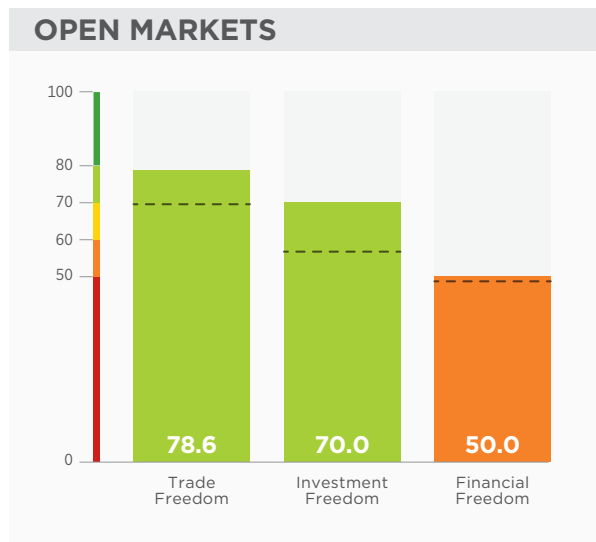
The overall rule of law is relatively well respected in Romania. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 10 percent and 16 percent. The tax burden equals 14.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 36.7 percent and -7.2 percent of GDP. Public debt equals 51.4 percent of GDP.



The process for business registration and operation has been streamlined, but efficient bankruptcy procedures have not been fully implemented. Labor regulations remain rigid, although amendments to improve the labor code's flexibility have been adopted. The most recent available inflation rate is 5.0 percent.



The trade-weighted average tariff rate (common among EU members) is 3.2 percent, and more than 600 EU-mandated nontariff measures are in force. Despite progress, the uneven regulatory system tends to prevent more dynamic foreign investment. The financial sector continues to grow, driven primarily by banking.