

# Euro zone: Forward looking the Romanian Experience

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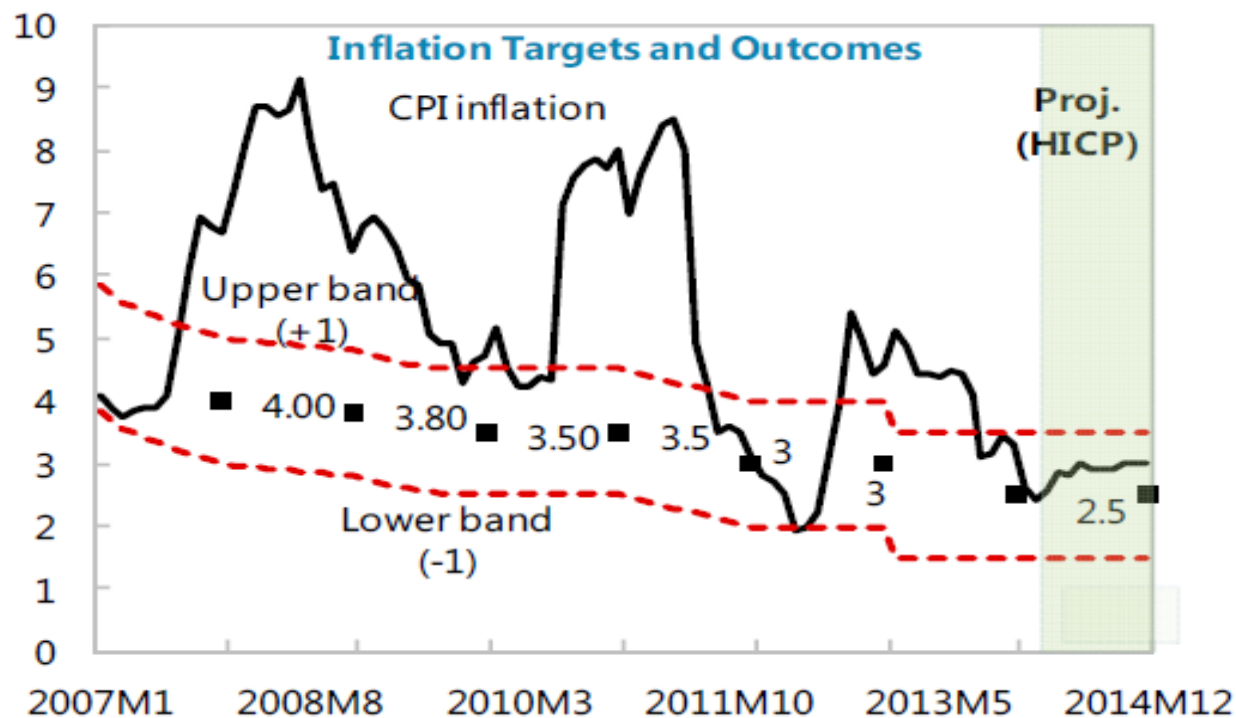
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# Long story short

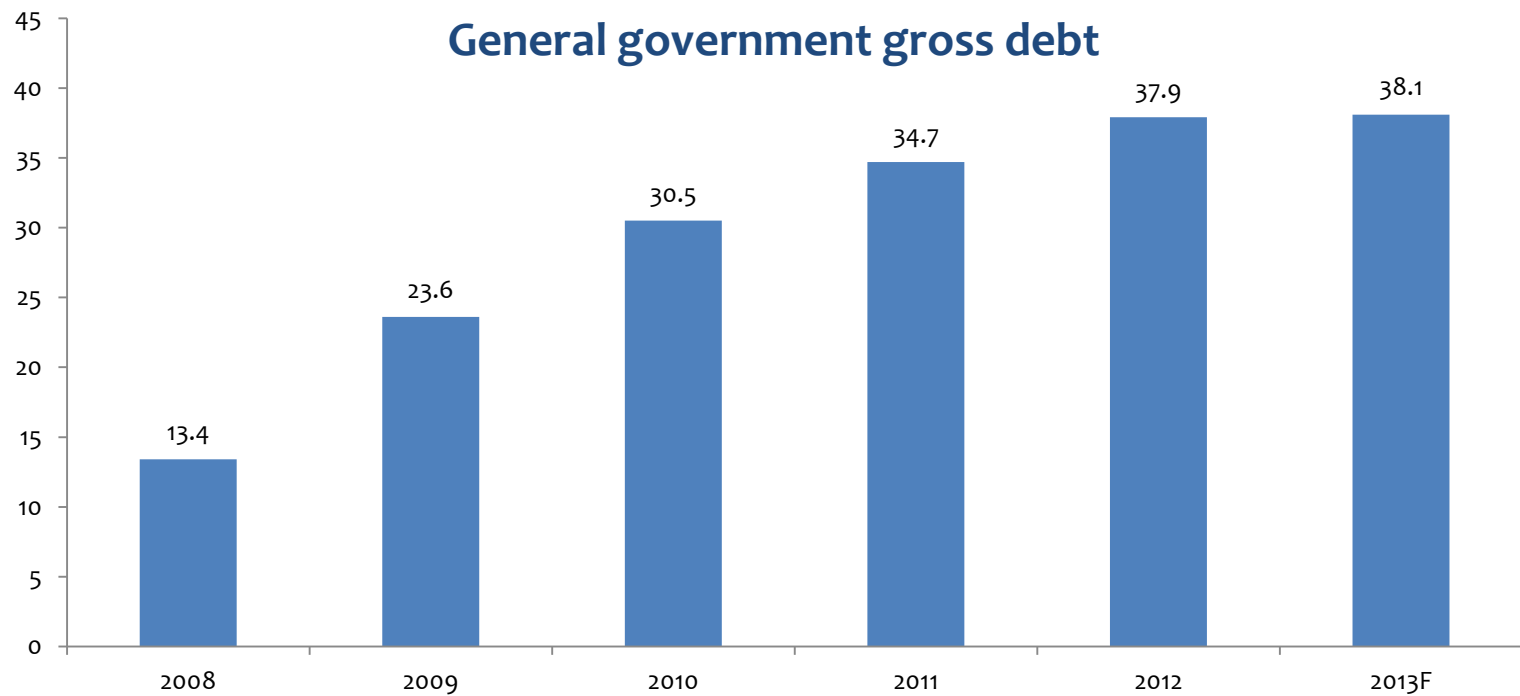
- \* Experiencing deep recession (GDP drop by 7%);
- \* Bailout from IMF, EC and WB (2009: \$ 24.7bn);
  - \* Drastic spending cuts
- \* Wishful thinking: 2015 deadline;
- \* Sticking to figures as a good discipline.

# Inflation

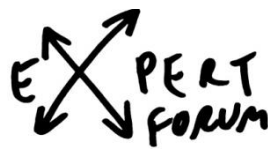


Source: National Bank of Romania

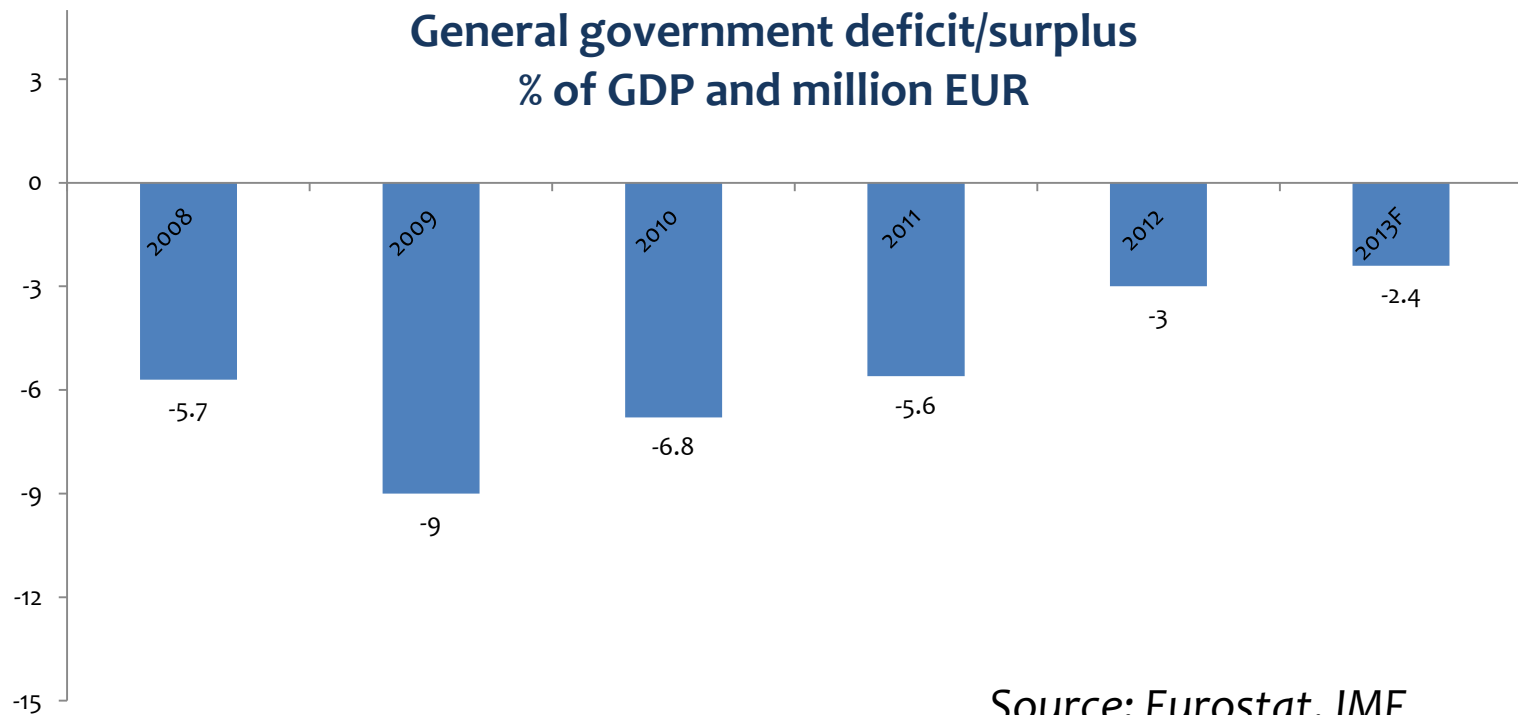
# Debt as % of GDP



Source: Eurostat, IMF

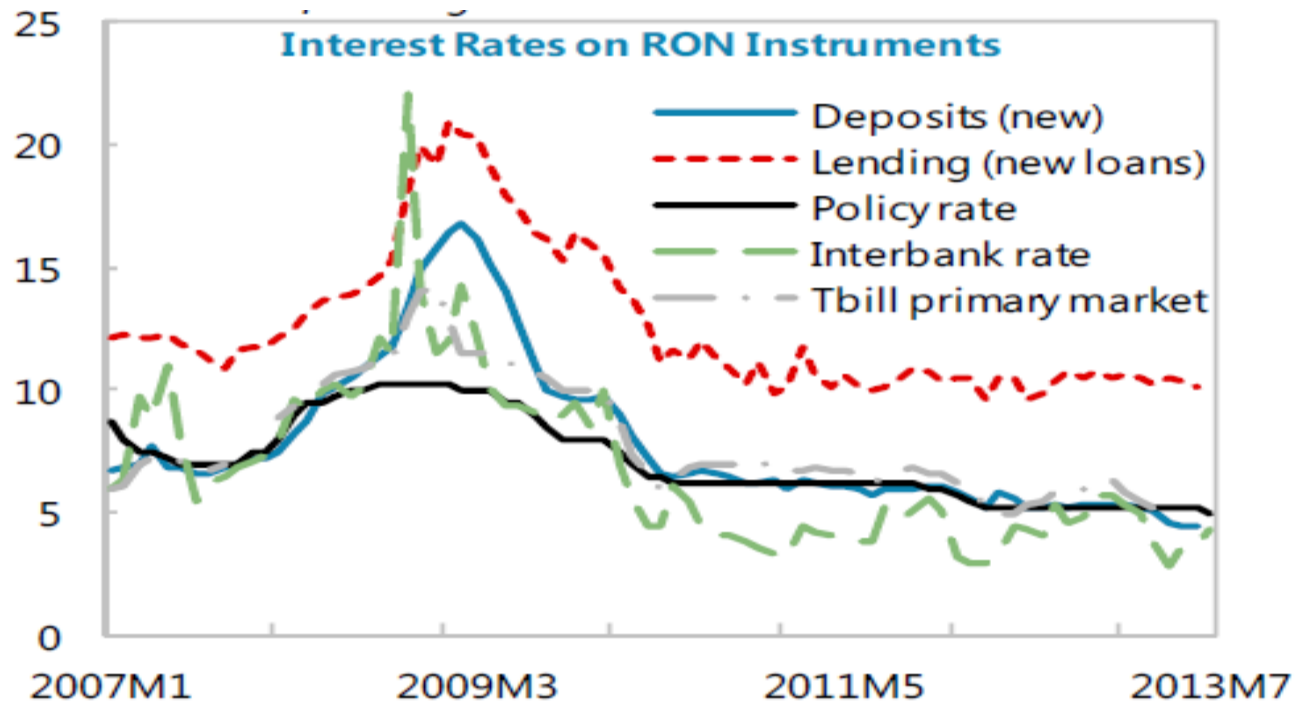


# Deficit as % of GDP



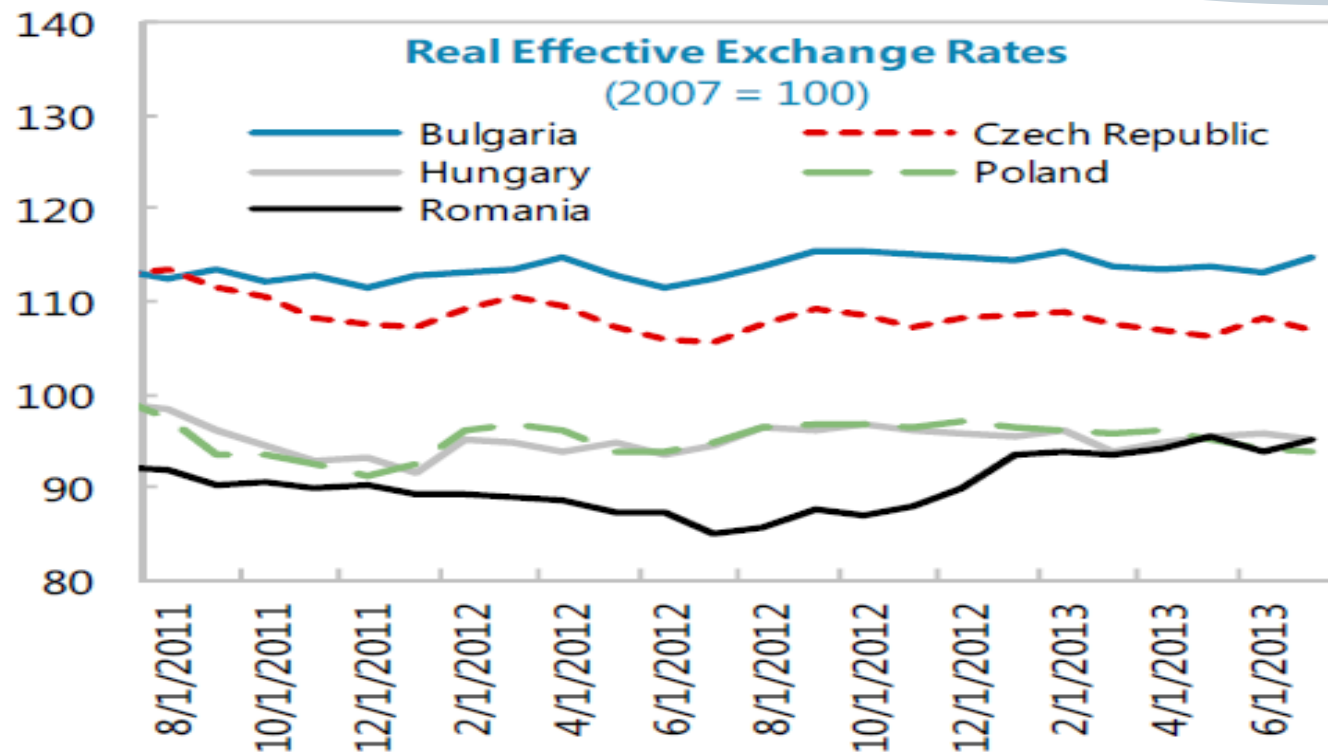
Source: Eurostat, IMF

# Interest rates

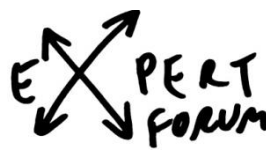


Sources: Haver, National Bank of Romania, Census Forecast, IMF

# Exchange rate



Source: Bloomberg and Haver



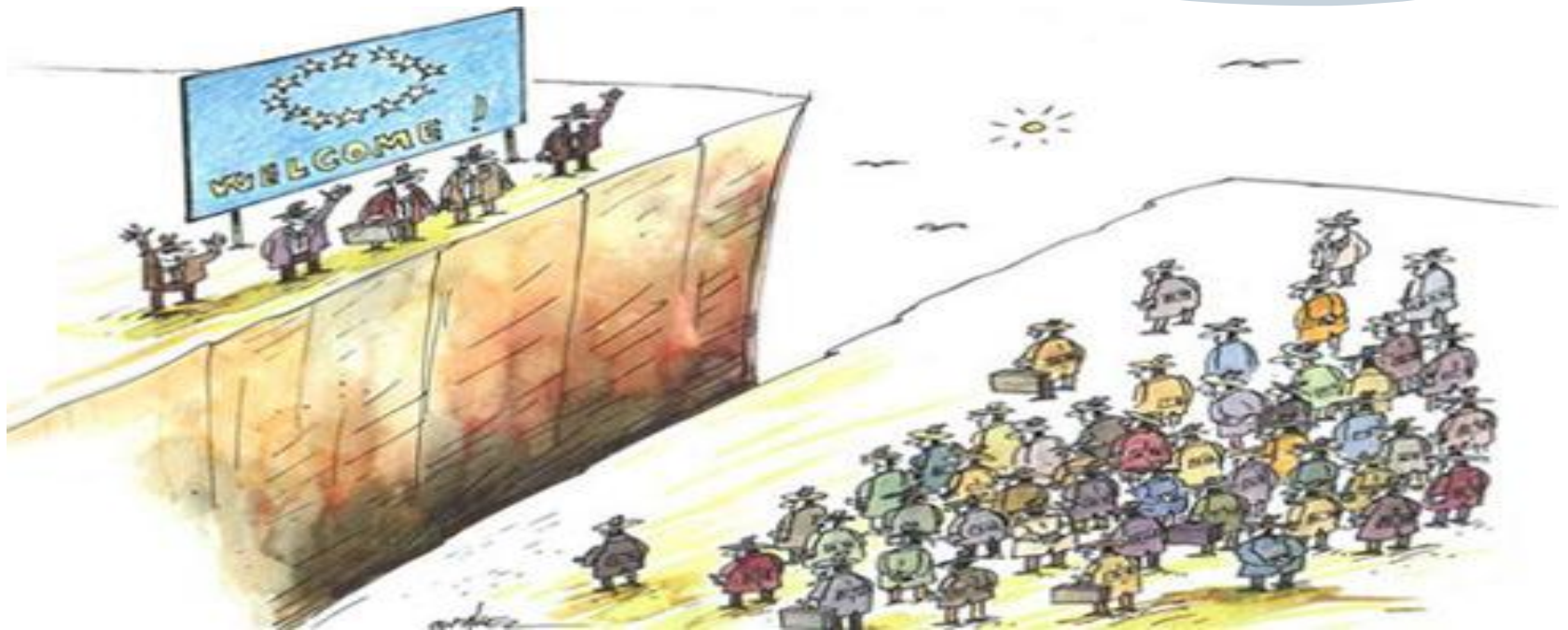


# Pros and cons to 'late' euro adoption

- Longer time span available for tackling structural reforms;
- Further business cycle synchronizations;
- More progress in achieving nominal and real convergence;
- Borrowing in EUR, cheaper loans.

- Delayed euro adoption sends unclear message to investors;
- Fiscal relaxation delays implementation of reforms;
- Persistence of higher transaction costs limits financial, trade integration;
- Volatility in financial flows.

# Other priorities?!?



# Conclusion

- \* Long way to fulfilling the criteria;
- \* Structural reforms needed;
- \* New austerity measures will lead to population reluctance;
- \* New deadline: 2018-2020.



# Thank you!

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