

Euro zone: Forward looking the Romanian Experience

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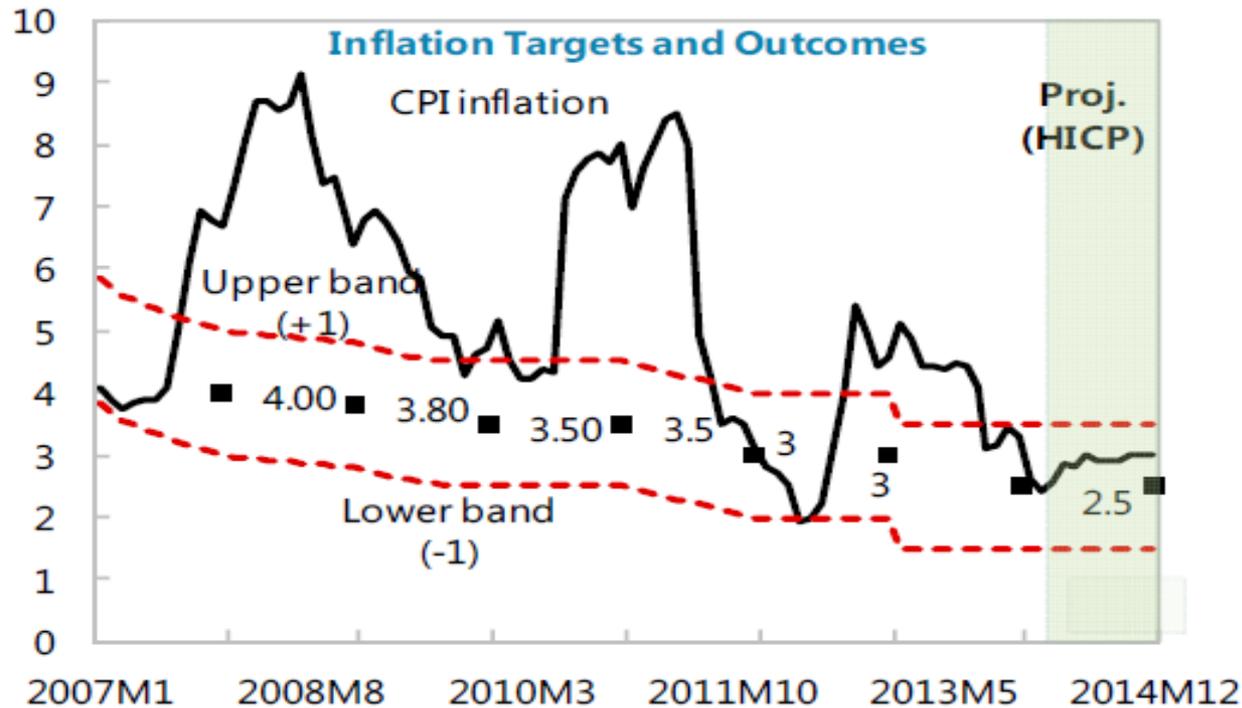
Contents

- * Long story short
- * The entry criteria and where we are
- * Pros and cons to 'late' euro adoption
- * Conclusion and forward looking

Long story short

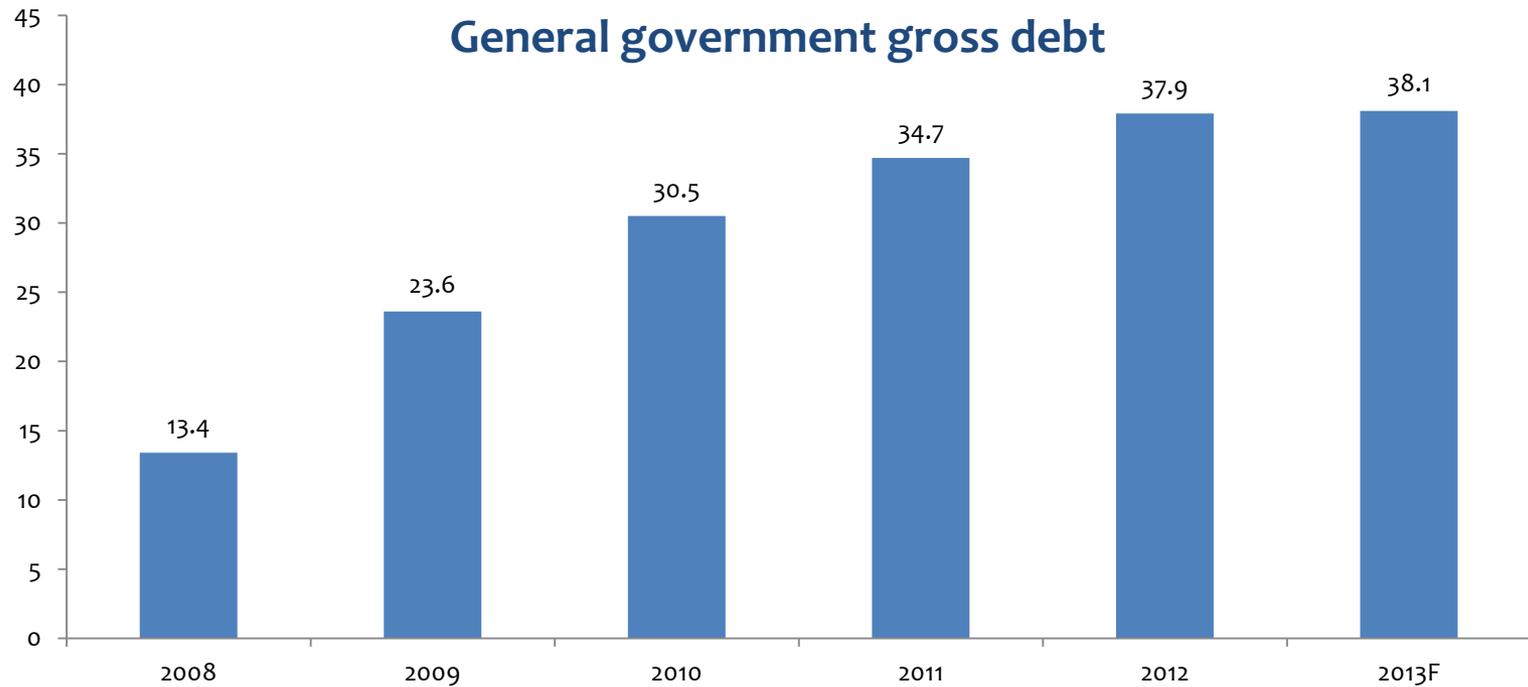
- * Experiencing deep recession (GDP drop by 7%);
- * Bailout from IMF, EC and WB (2009: \$ 24.7bn);
 - * Drastic spending cuts
- * Wishful thinking: 2015 deadline;
- * Sticking to figures as a good discipline.

Inflation



Source: National Bank of Romania

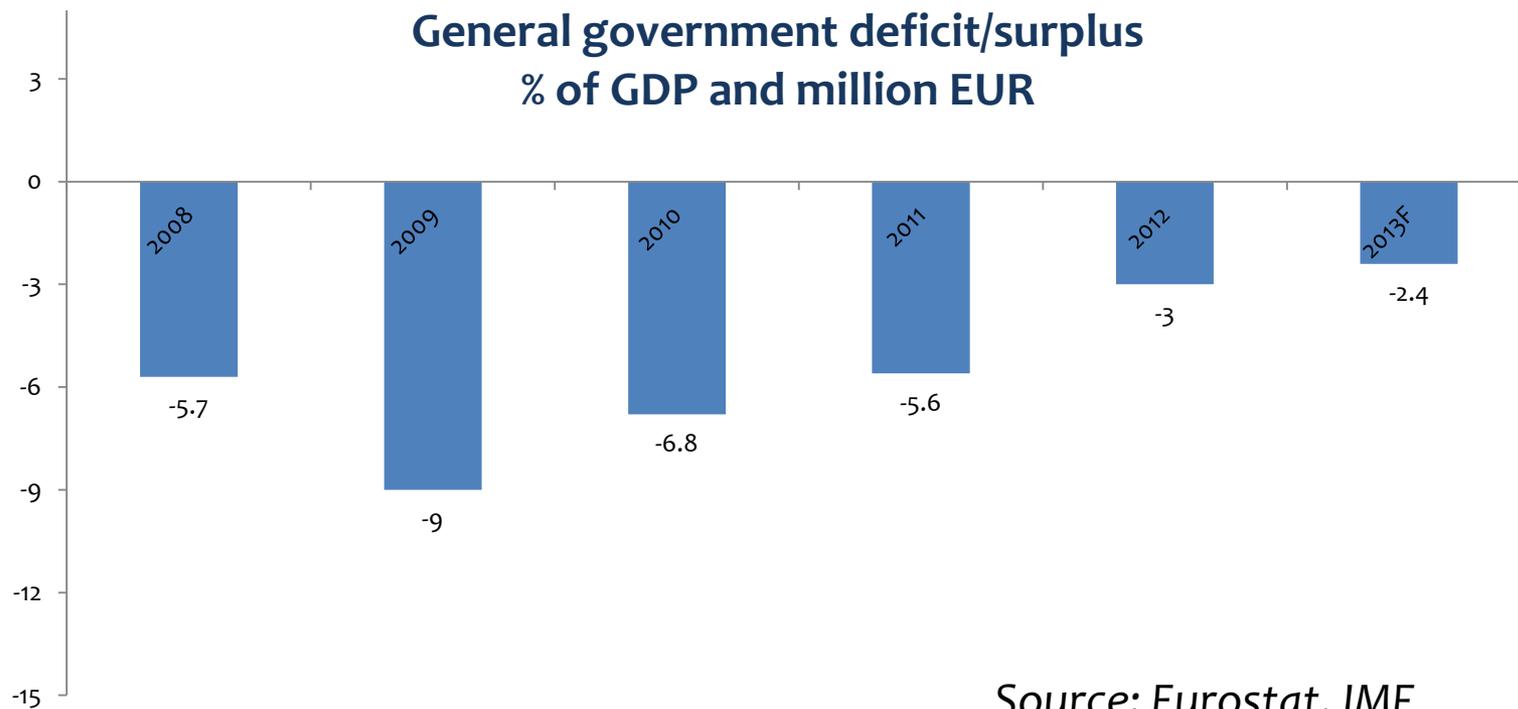
Debt as % of GDP



Source: Eurostat, IMF

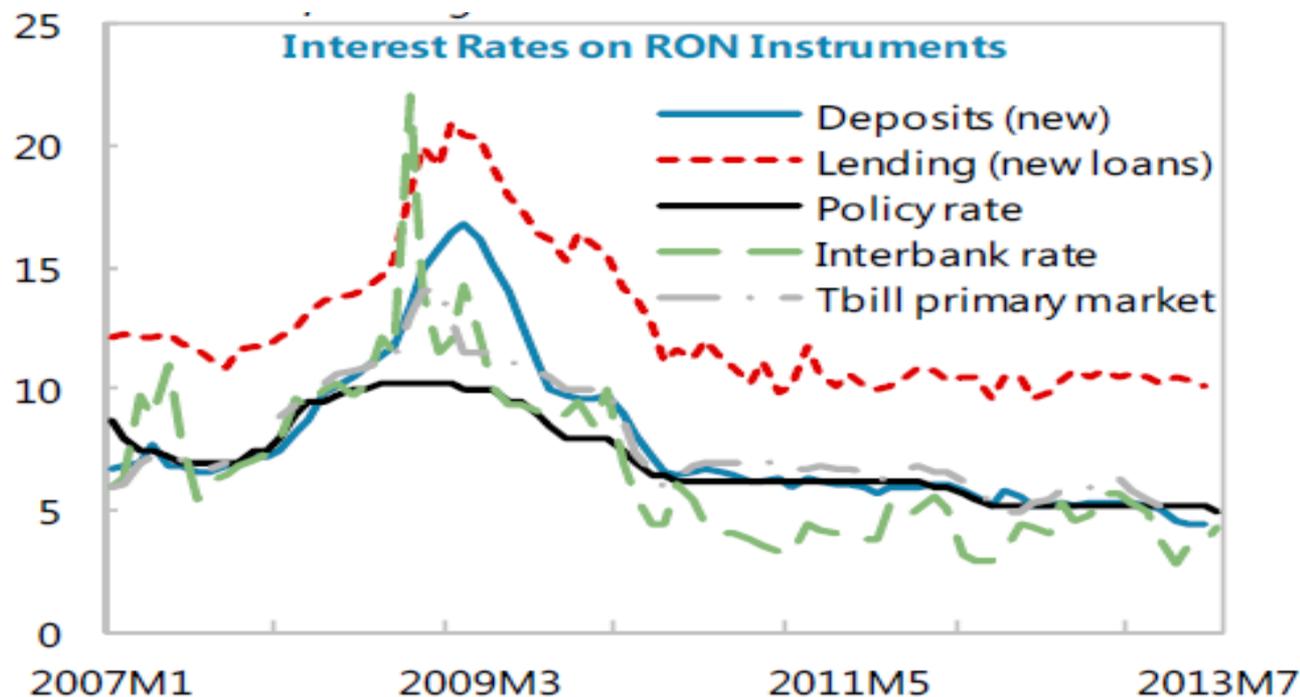


Deficit as % of GDP



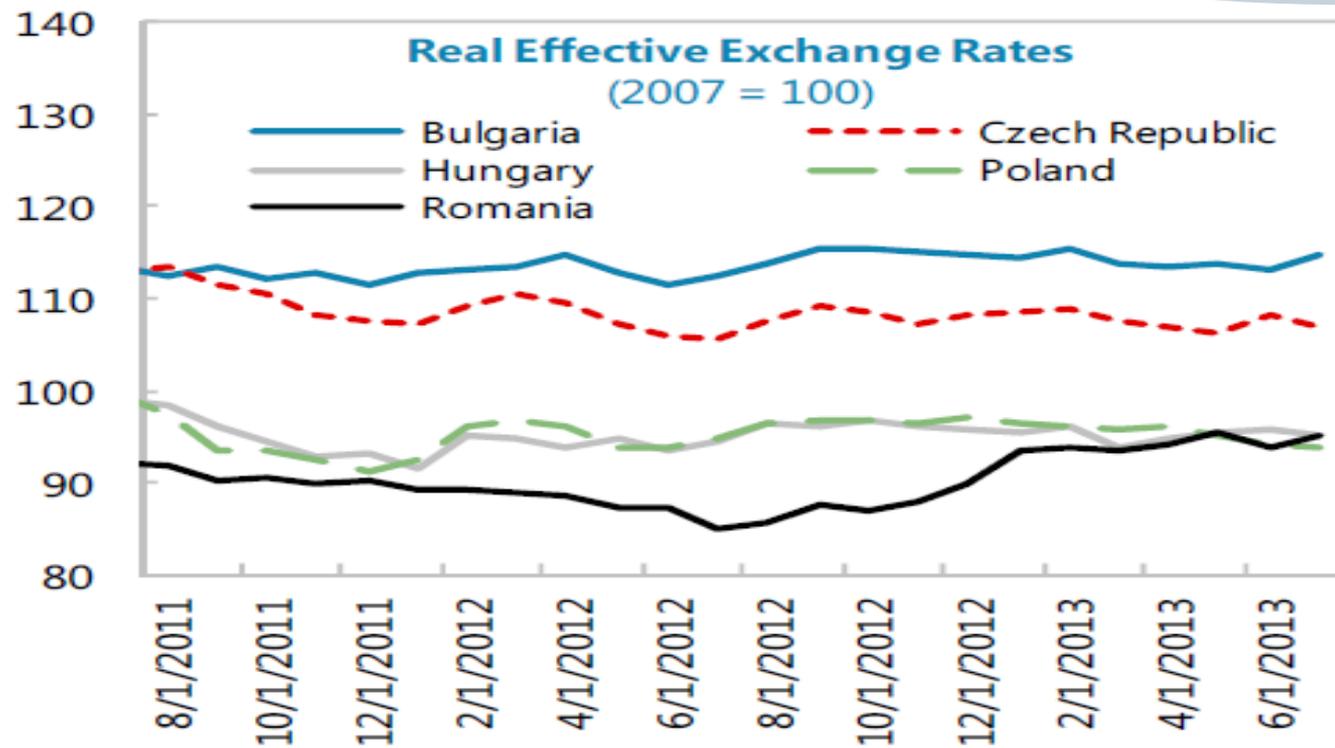
Source: Eurostat, IMF

Interest rates

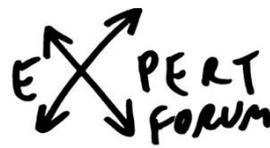


Sources: Haver, National Bank of Romania, Census Forecast, IMF

Exchange rate



Source: Bloomberg and Haver

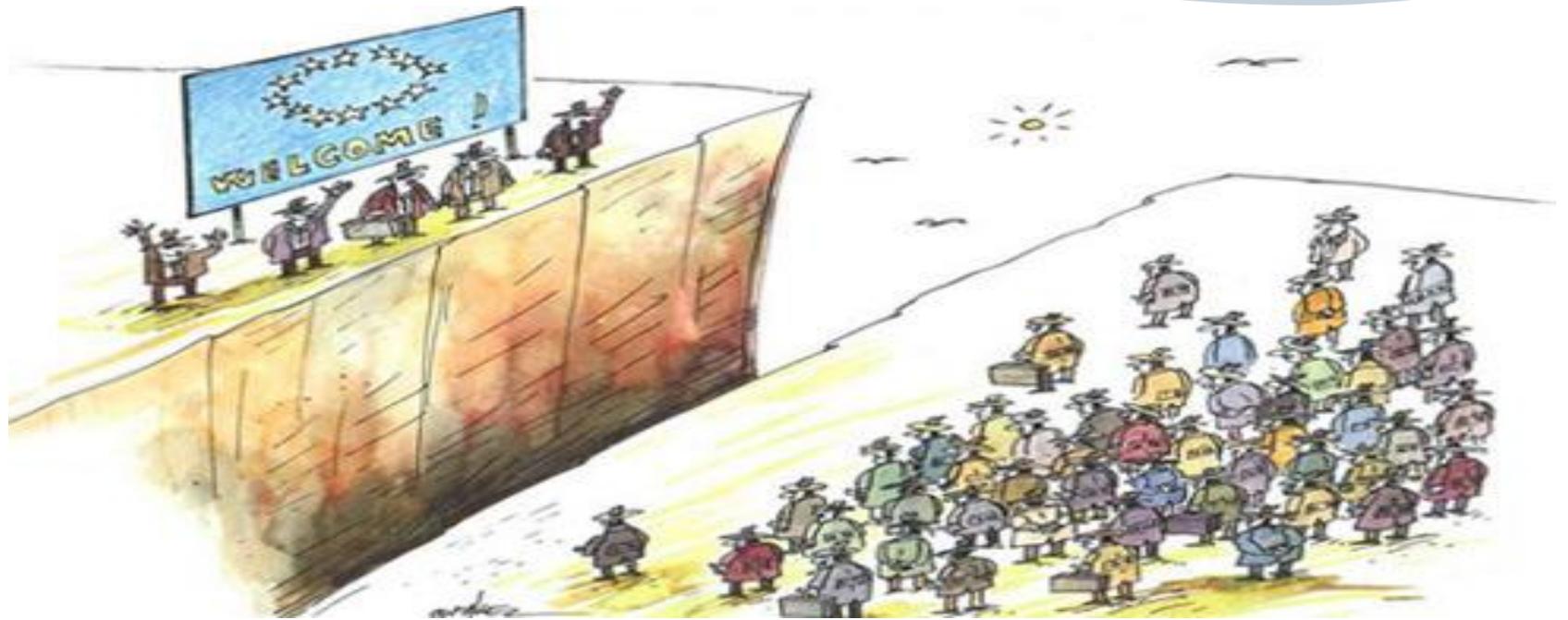


Pros and cons to 'late' euro adoption

- 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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