European Investment Bank

Romania

Overview

EIB INVESTMENT SURVEY

2023

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Investment Bank

EIB Investment Survey Country Overview 2023: Romania

About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
The series of reports provide an overview of data collected for the 27 EU Member States and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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EIBIS 2023 – Romania overview

KEY RESULTS

Investment dynamics and focus

Notwithstanding decelerating economic growth and tightening monetary policy, at the time of the interviews (April-July 2023), firms in Romania are relatively positive about their investment intentions for 2023. Asked about 2023 intentions, a larger share of firms expect to increase rather than decrease investment in 2023 (28% net positive), and this is higher than the EU average (14% net positive). Seventy per cent of Romanian firms invested in the previous year, which is lower than the EU average (85%).

Investment needs and priorities

Seven in ten firms in Romania (71%) believe they invested about the right amount over the last three years, similar to EIBIS 2022 (69%) but below the current EU average (82%).

Looking at investment priorities for the next three years, and in line with EIBIS 2022, firms in Romania are more likely to prioritise investment in capacity expansion (37%) compared with investment in replacement (28%) or new products/services (23%). Compared with firms across the EU, Romania's businesses are more focused on capacity expansion and less focused on replacement.

While Romanian firms remain, on balance, pessimistic about some short-term drivers and constraints to investment, the overall picture has improved since EIBIS 2022. For example, expectations around economic climate have increased substantially, rising from -63% to -24% in net balance terms, while expectations around the political or regulatory climate have risen, on balance, from -38% to -25%. Expectations for business sector prospects and the availability of external and internal finance have all risen since EIBIS 2022 to a positive net balance (14%, 8% and 20% respectively). On balance, Romanian firms exhibit higher levels of optimism than the EU average when asked about their expectations around the availability of internal and external finance.

Energy market developments

The energy crisis hit Romanian firms hard, and just as much as businesses throughout the EU as a whole. Energy prices are a major concern for 64%, while uncertainty about prices, availability and regulatory frameworks are a major concern for 51%. The majority of firms are concerned about energy availability, but it was a major concern only for 34% of Romanian firms.

Romanian firms are as likely as those across the whole EU (94% versus 95%) to have responded to the energy shock by adopting one or more relevant strategies. The strategies most frequently put forward by Romanian firms were to seek energy savings/efficiencies (83%), to renegotiate their energy contract (65%) or to change the energy mix (64%). Exceeding the EU average (24%), a third of Romanian firms mention stopping or reducing the production of certain goods (35%) as a strategy or priority.

International trade

Except for disruption around access to semiconductors and microchips, each obstacles to international trade covered by the survey impacted at least four in ten Romanian firms. Disruption to global logistics (61%) and compliance with new regulations/ standards/ certifications (58%) are the main trade-related obstacles faced by Romanian firms.

In response to these difficulties, six in ten Romanian firms (62%) have changed or are planning to change their sourcing strategy, and this proportion is higher than among firms across the EU (49%) as a whole. Firms in Romania were much more likely than those across the overall EU to invest in digital inventory and inputs tracking (46% versus 20%) but were less inclined to increase stocks and inventory (23% versus 31%). Romanian importers were more likely than those across the whole EU to have reduced the share of goods or services imported from abroad (20% versus 10% respectively), and to have diversified or increased the countries they import from (42% versus 24%).

EIBIS 2023 – Romania overview

Climate change and energy efficiency

Climate change is increasingly perceived as a reality by Romanian firms with 69% saying weather events have impacted their business, which is similar to the EU average of 64%. Less than half (45%) of Romanian firms have taken measures to build resilience against such risks, but this is higher than the figure across the whole EU (36%). Romanian firms were as likely to invest in solutions to avoid or reduce exposure to physical risks (20%) as to adapt strategy (21%). Over a quarter (26%) were buying insurance to offset climate related losses, which is higher than the EU average (13%).

Romanian firms are more likely to regard the transition to stricter climate standards and regulations as a risk (32%) than an opportunity (18%). The share of firms seeing the transition as an opportunity has decreased since EIBIS 2022 (18% versus 29%) and is lower than the EU average (29%). Nearly all (96%) Romanian firms are taking actions to reduce their Greenhouse Gas (GHG) emissions, which is higher than the EU average (89%), but only a minority (31%) sets and monitors relevant targets which is lower than the level seen across the overall EU (42%). The main actions taken are waste minimization and recycling (88%), investments in energy efficiency (61%) and in less polluting businesses and technologies (53%). Romanian firms are more likely than those throughout the EU as a whole to be investing in waste minimisation and recycling (88% vs 67%) and investing in less polluting business areas and technologies (53% versus 32%).

Half (51%) of Romanian firms have already invested in tackling the impacts of weather events and reducing carbon emissions and an even larger proportion (66%) plans to invest in the next three years. The planned investment figure is higher than the EU average (54%).

Innovation activities

In 2022, over a third (35%) of Romanian firms developed or introduced new products, processes or services as part of their investment activities. This is below the EU average (39%) but similar to EIBIS 2022 (31%). One in ten firms in Romania (9%) say the products, processes or services were new to either the country or global markets. This is similar to EIBIS 2022 (11%) and the current EU average (13%).

Two thirds (65%) of Romanian firms are using at least one advanced digital technology, but this is lower than both EIBIS 2022 (73%) and the EU average (70%). Romania's firms are using the Internet of Things to a larger degree than seen across the EU (52% versus 41%), while the proportions of Romanian firms using Big Data/AI (23%) and virtual reality (7%) are in line with the EU averages (29% and 11% respectively). However, in relative terms Romanian firms are less likely to be exploiting the potential of 3-D printing, automation via robotics, digital platform technologies and drones.

Investment impediments

The most frequently mentioned long-term impediments to Romanian firms' investment are uncertainty about the future (86%), energy costs (81%), and the availability of skilled staff (79%). These are also the main barriers for firms across the EU. Compared with EIBIS 2022, more Romanian firms view availability of finance as an obstacle for investments (65% versus 52% EIBIS 2022).

Access to finance

The proportion of Romanian firms that are finance constrained is at the highest level yet recorded in the EIBIS survey (17.6%). This represents a slight increase since EIBIS 2022 (15.2%) and positions Romania much above the EU average (6.1%). Among Romanian firms who used external finance, the share of those dissatisfied with the cost of external finance has increased since EIBIS 2022 from 4% to 12%.

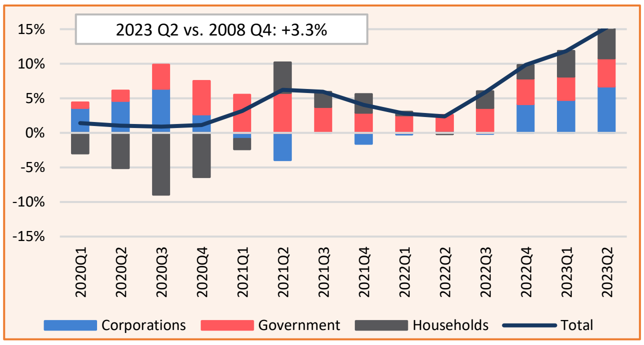
Note on how to read the results:

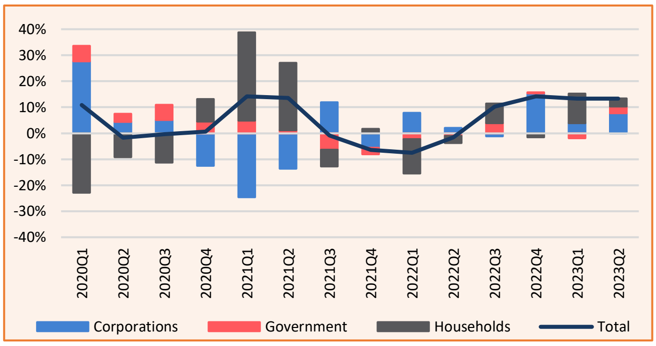
EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to "last financial year" (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- Starting from 2021, investment levels in Romania stayed constantly above the pre-pandemic levels. Firstly, they were boosted by government investments, while after Q3 2022 private investments also started to contribute to such growth.
- Aggregate investment started to accelerate as of Q3 2022, This was due to household and corporate investments, which were the main drivers of the double- digit growth in total investments in the past four quarters (13% y-o-y growth in Q2 2023).

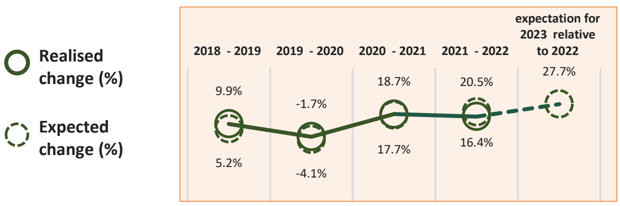




The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0.
The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data.
Source: Institutul Naţional de Statistică (National Statistical Institute for Romania), authors' own calculations.

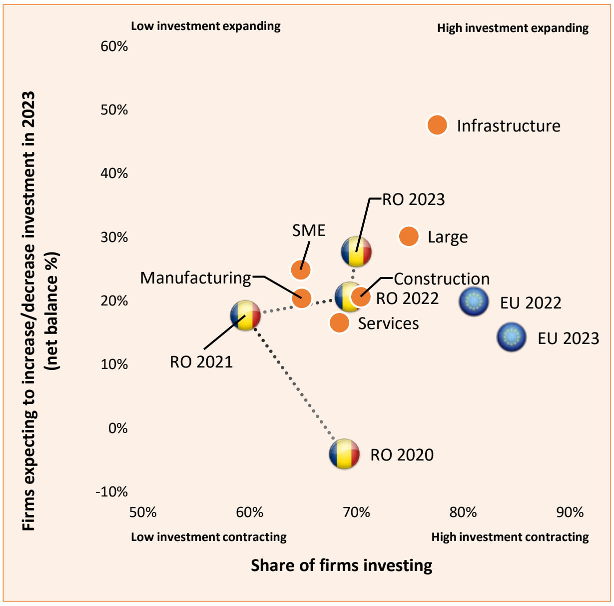
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Firms in Romania hold a positive investment outlook. In 2023 a net balance of 28% is expecting to increase rather than decrease investment. This is above EIBIS 2022 (net balance of 21%) and higher than the current EU average (14%, on balance). The investment outlook is, on balance, more positive than in EIBIS 2021 (18%) or during the pandemic (-4%). However, the share of firms investing in Romania (70%) remains below the EU average (85%).
- Infrastructure firms are the most likely to expect to increase rather than decrease investment (net balance of 48%) and they also have the highest share of firms that were investing in 2022 (78%).
- The share of SMEs that invested in 2022 is lower than among large firms (65% versus 75%).



"Realized change" is the share of firms that invested more minus those that invested less. "Expected change" is the share of firms that expect(ed) to invest more minus those that expect(ed) to invest less.

Base for expected and realised change: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

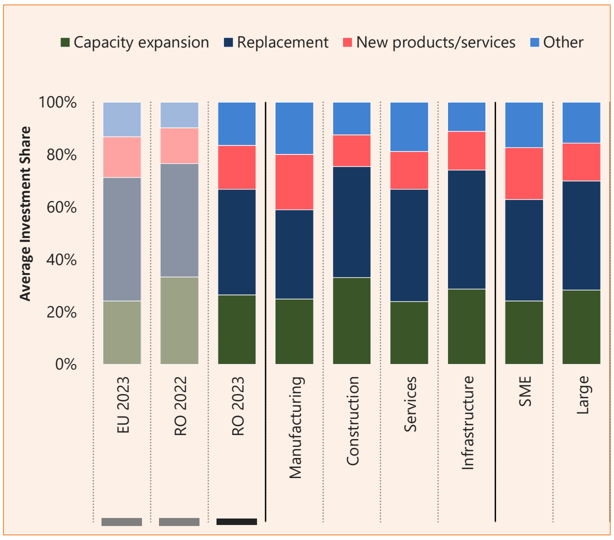
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

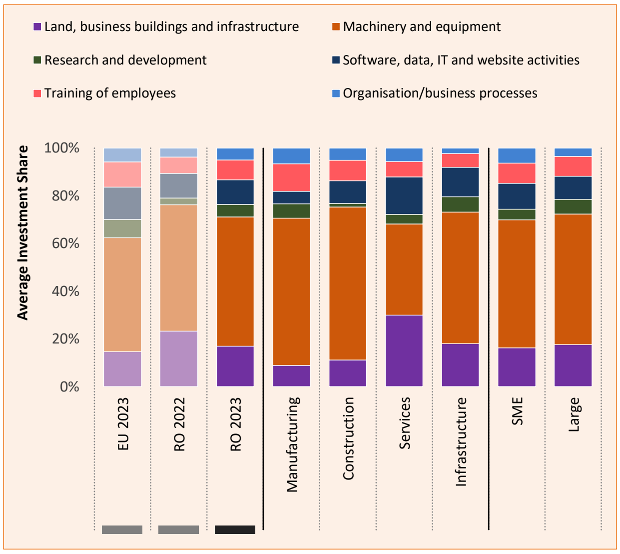
- On average, firms in Romania spent 40% of their investment on replacement in 2022. This is similar to EIBIS 2022 (43%) but lower than the EU average (47%).
- Investment in capacity expansion accounted for 27% of total investment. This is also in line with EIBS 2022 (33%) and the current EU average (24%).
- Investment in new products and services accounted for a lower share of the total expenditure (17%). Again, similar to EIBIS 2022 (14%) and the EU average (16%).
- Romania's large firms and SMEs have a broadly similar profile in terms of their investment focus in EIBIS 2023.



Q. What proportion of total investment in the last financial year was for (a) developing or introducing new products, processes, services; (b) replacing capacity (including existing buildings, machinery, equipment and IT); (c) expanding capacity for existing products/services?

Base: All firms that have invested in the last financial year (excluding don't know/ refused responses)

INVESTMENT AREAS



- As in EIBIS 2022, the single biggest proportion (54%) of the investment made by Romanian firms was directed towards machinery and equipment.
- Over a quarter (29%) of Romanian firms' investment was in intangible assets (R&D, software, training and business processes). This represents a small increase on the EIBIS 2022 figure (24%) but remains substantially lower than the EU average (38%).
- The proportion of investment directed towards intangibles has been broadly similar by sector, ranging from a quarter in construction (25%) to approximately a third in services (32%). Except for service firms (38%), at least 55% of investment has been in machinery and equipment.
- The investment patterns of SMEs and large firms are broadly similar.

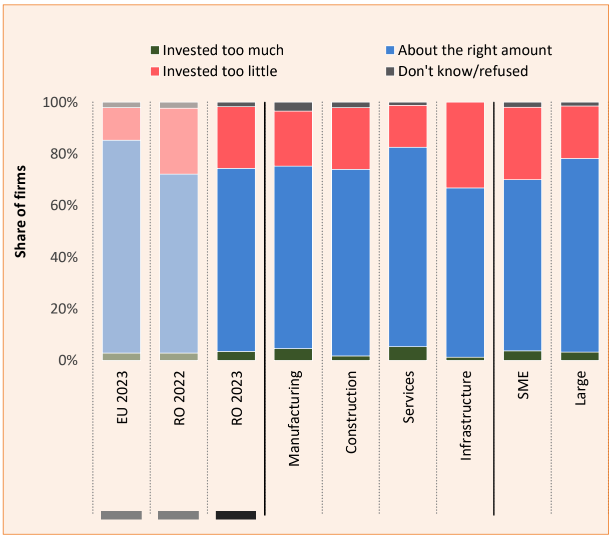
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms that have invested in the last financial year (excluding don't know/refused responses)

Investment needs and priorities

PERCEIVED INVESTMENT GAP

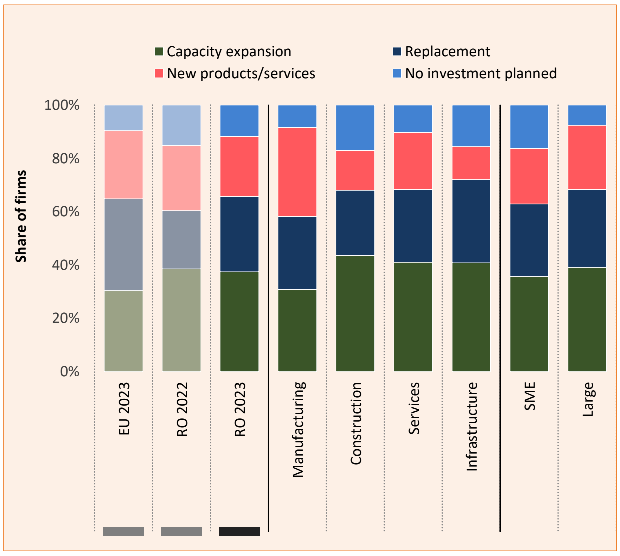
- Seven in ten Romanian firms (71%) believe that their investment activities over the last three years were about the right amount. This share is the same as in EIBIS 2022 (69%) but below the current EU average (82%).
- Almost matching the figure in EIBIS 2022, 24% of firms in Romania believe they invested too little over the past three years. This is much higher than the EU average (13%).
- Only 2% report too much investment, which is identical to EIBIS 2022 and almost matching the EU average.
- In Romania, infrastructure firms (33%) are the most likely to say they invested too little over the past three years. While SMEs are somewhat more likely than large firms to say they have invested too little over the past three years (28% versus 20%).



Q. Looking back at your investment over the last three years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES



- Over a third of Romanian firms (37%) say they will prioritise investment in capacity expansion over the next three years, which is more than for investment in replacement (28%) or new products/services (23%). These figures are similar to those in EIBIS 2022. Compared to firms across the EU, Romania's businesses are more focussed on capacity expansion (37% versus 30%) and less focused on capacity replacement (28% versus 34%).
- Over the next three years, around two-fifths of construction (44%), infrastructure (41%) and service (41%) firms plan to prioritise capacity expansion. A third of manufacturers (33%) intend to prioritise investment in new products/services, compared with 21% or less of firms in other sectors. Similar proportions of construction (17%) and infrastructure (16%) firms have no investment planned for the next three years.
- SMEs (16%) are twice as likely as large firms (8%) to have no investment planned.

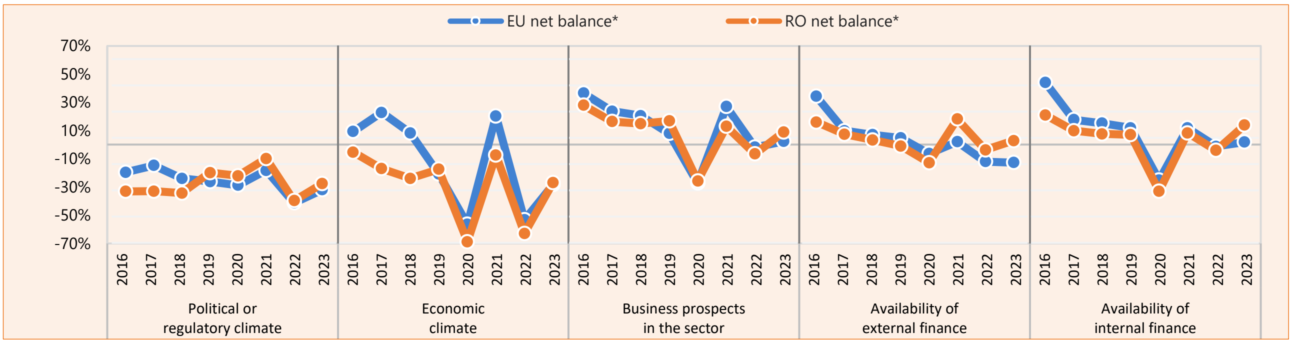
Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes or services?

Base: All firms (excluding don't know/refused responses)

Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- Romanian firms' pessimism about the investment conditions for the year ahead has softened. The net balance expecting an improvement rather than a deterioration of the economic climate increased from -63% to -24%. Similarly, expectations around the political or regulatory climate have improved, rising from -38% to -25%.
- Alongside business sector prospects (net balance of 14%), expectations for the availability of external and internal finance have improved since EIBIS 2022 to 8% and 20%, on balance, respectively.
- For most measures the upward net change in sentiment mirrors the EU. However, Romanian firms exhibit higher levels of optimism than the EU average in the case of expectations around the availability of internal finance (net balance of 20% versus 7%) and external finance (net balance of 8% versus -9%).



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

Base: All firms

**Net balance is the share of firms expecting an improvement minus the share of firms anticipating a deterioration.*

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Romania	25%	24%	14%	8%	20%
Manufacturing	32%	30%	4%	10%	15%
Construction	27%	34%	32%	4%	25%
Services	26%	22%	16%	2%	27%
Infrastructure	15%	16%	20%	14%	18%
SME	36%	33%	6%	3%	7%
Large	15%	16%	22%	17%	31%

Please note: green figures represent a positive net balance,, while red figures represent a negative net balance.

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

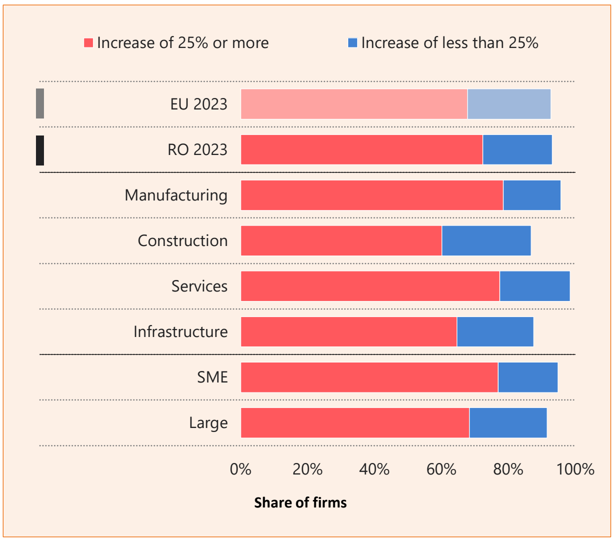
Base: All firms

- The outlook on the political/regulatory and economic climates is, on balance, negative in all sectors and among firms of every size.
- Across all sectors and size of firm, companies are more likely to expect an improvement rather than a deterioration for business prospects and internal finance.
- Although, overall, companies expect, an improvement rather than a deterioration in external finance, service firms and SMEs are, on balance, more pessimistic about external finance (-2% and -3%, respectively).
- In general, SMEs tend to be more pessimistic, on balance, than large firms about investment conditions for the next year.

Energy market developments

INCREASED SPENDING ON ENERGY

- Firms in Romania are as likely as those across the EU to have faced increases in energy costs (both 93%).
- The proportion of firms facing increased energy cost differs across sectors, with service firms (98%) and manufacturers (96%) being the most likely to have faced increases.
- The picture for large firms and SMEs is similar in terms of the proportion facing increased energy costs.



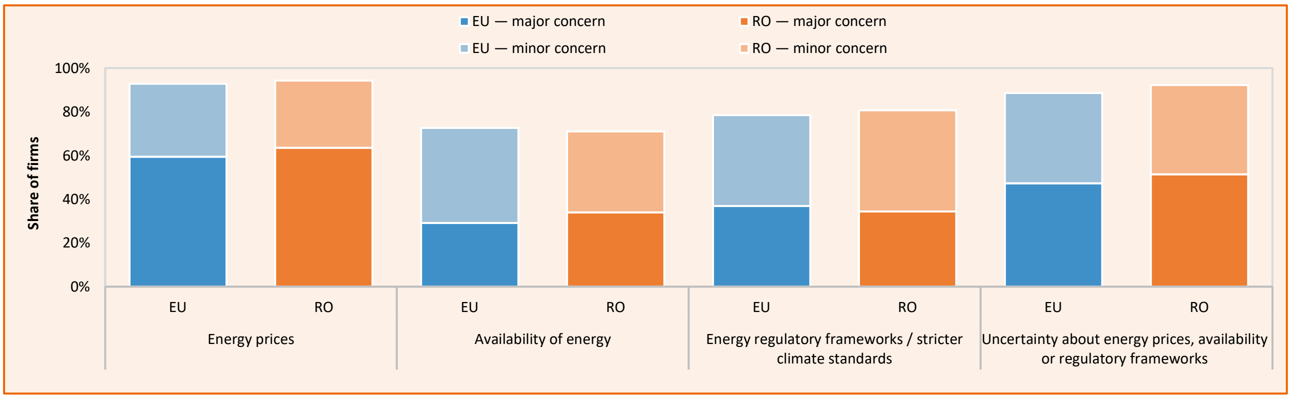
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

Base: All firms (excluding don't know/refused responses)

IMPACT OF ENERGY SHOCK

- The energy crisis hit Romanian firms hard, and just as much as businesses throughout the EU as a whole.
- The main concerns for firms in Romania are energy prices (94%, with 64% citing this as a major concern) and uncertainty about prices, availability and regulatory frameworks (92%, with 51% saying this is a major concern).
- Energy regulatory frameworks / stricter climate standards concern 81% of Romanian firms, while 71% are concerned about energy availability.



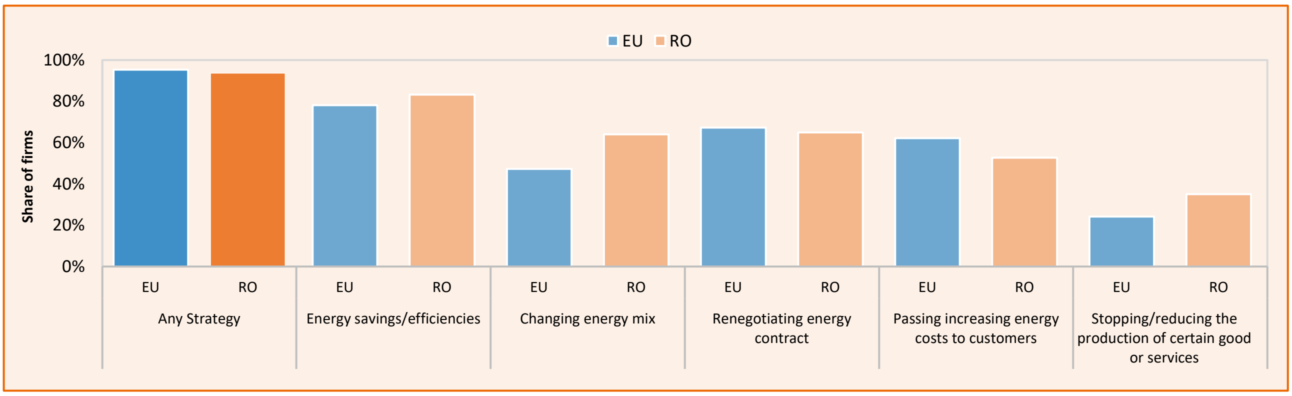
Q. Thinking about the energy shock, to what extent is your company concerned about …?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Almost every Romanian firm (94%) responded to the energy shock by adopting at least one of the strategies proposed. The response most frequently taken by Romanian firms was to seek energy savings/efficiencies (83%).
- Around six in ten firms renegotiated their energy contract (65%) as a strategy or priority. Almost two-thirds (64%) changed their energy mix. Around a half mention passing on costs to customers (53%), while 35% report stopping or reducing the production of certain goods or services as a strategy or priority.
- The responses of Romanian firms differed to those across the EU. Romanian firms being the more likely to report changing the energy mix and stopping or reducing the production of certain goods or services.

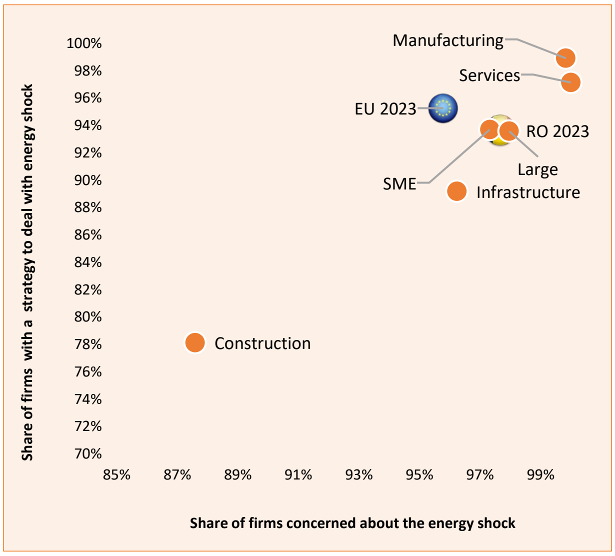


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

Base: All firms (excluding don't know/refused responses)

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of firms in Romania concerned about the energy shock is similar to that seen across the EU as whole (98% versus 96%). A similar proportion to the EU average adopted strategies to help deal with recent developments in the energy market (94% versus 95%).
- In Romania, levels of concern differed by sector, ranging from all firms (100%) in the services and manufacturing sectors, to 88% among construction firms. Concern is very high among both large firms and SMEs.
- A similar proportion of large firms (94%) and SMEs (94%) has adopted strategies in response to the energy shock. While nearly all manufactures (99%) and service firms (97%) had adopted strategies to deal with the recent developments in the energy market, the same was true for smaller proportions of infrastructure (89%) and construction firms (78%).



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

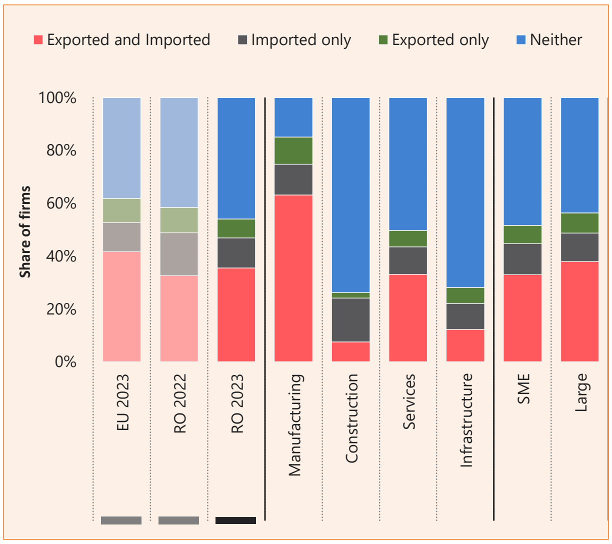
Q. Thinking about the energy shock, to what extent is your company concerned about …

Base: All firms for 'share of firms concerned about the energy shock'
Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall 54% of Romanian firms report that they were engaged in international trade. This figure is almost identical to EIBIS 2022 (58%) but slightly below the current EU average (62%).
- Manufacturers (85%) are far more likely than construction (26%), infrastructure (28%) or service firms (50%) to trade outside their home market.
- Similar proportions of large firms and SMEs are trading internationally (56% versus 52%).

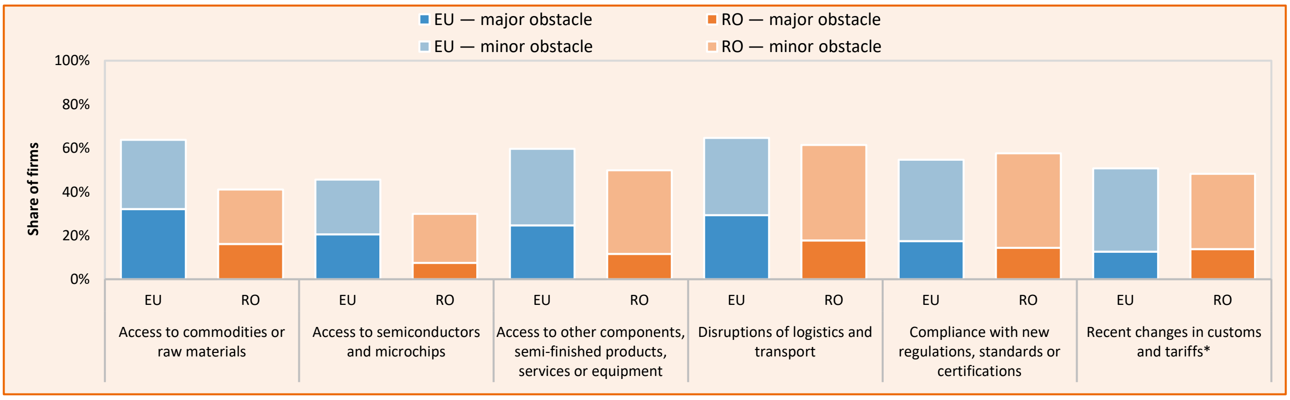


Q. In 2022, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- With the exception of disruptions caused by problems with access to semiconductors and microchips, each of the obstacles to international trade covered by the survey had an impact on at least four in ten Romanian firms.
- Disruption to global logistics (61%) and compliance with new regulations/ standards/ certifications (58%) were the main trade-related obstacles for Romanian firms. Smaller proportions report disruption due to accessing other components or semi-finished products/ services/ equipment (50%), customs or tariffs obstacles (48%), access to commodities or raw materials (41%).
- Firms in Romania were less likely than those across the EU to report disruptions around access to commodities or raw materials (41% versus 64%), access to other components, semi-finished products, services or equipment (50% versus 60%), or access to semiconductors and microchips (30% versus 46%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

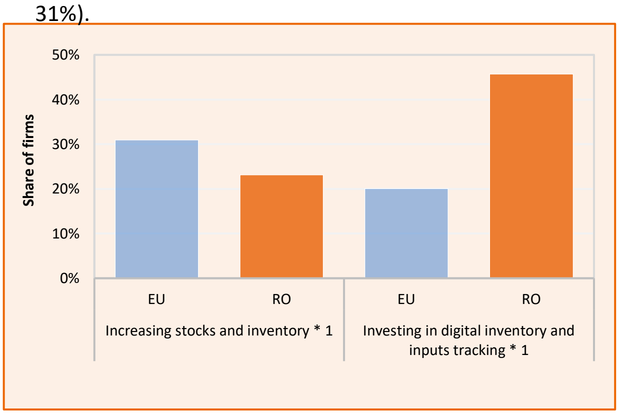
Base: All firms (excluding don't know/refused/not applicable responses)
**Base: All importers and exporters (excluding don't know/refused/not applicable responses)*

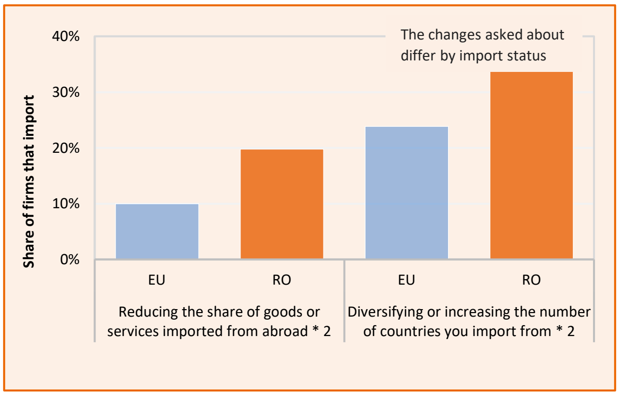
International trade

SOURCING STRATEGY

- Asked about potential changes to their sourcing strategy, firms in Romania were much more likely than those across the overall EU to be investing in digital inventory and inputs tracking or to be planning such investments (46% versus 20%). Romanian firms were however less likely to be increasing stocks and inventory (23% versus 31%).

- Romanian importers were more likely than those across the whole EU to have reduced the share of goods or services imported from abroad (20% versus 10%) and increased the number of countries they import from (42% versus 24%) or have plans to do so.





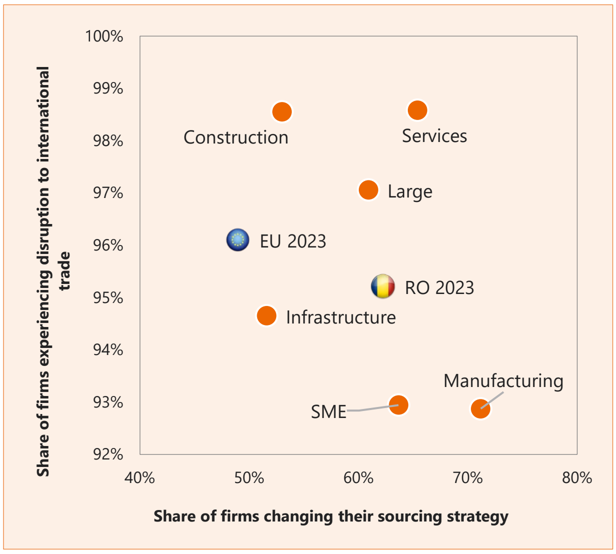
*** 1 = Asked to all, 2 = Asked to all importers**

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

Base: All firms (excluding don't know/refused responses)
Base: All firms that import (excluding don't know/refused responses)

DISRUPTIONS AND SOURCING STRATEGY

- The vast majority of Romanian firms faced at least one of the disruptions to international trade asked about (95%), and 62% have changed their sourcing strategy or are planning to change it. The proportion changing or planning to change their sourcing strategy is higher than the EU average (62% versus 49%).
- Infrastructure and construction firms are the least likely to have changed or have plans to change their sourcing strategy (52% and 53%, respectively) while manufacturing firms are more likely to do so (71%).
- Large firms and SMEs are similar in terms of their response to international disruption with over six in ten changing or planning to change their sourcing strategy (61% and 64%, respectively).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

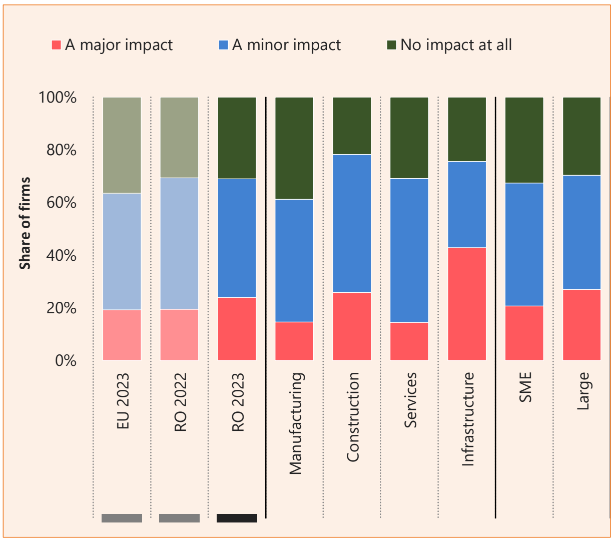
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

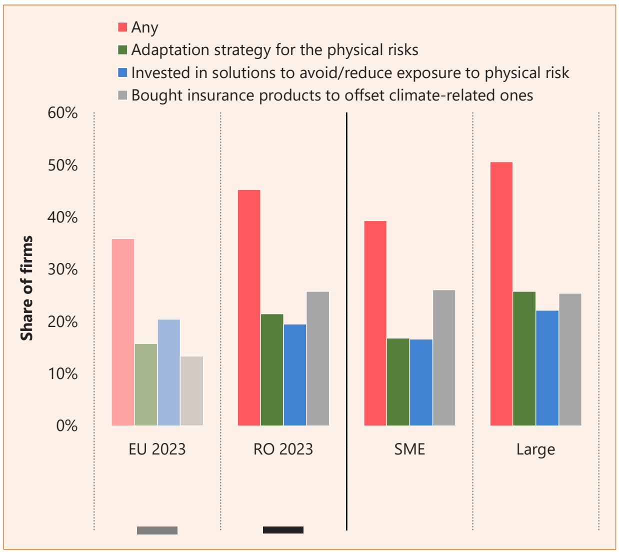
- Climate change is a reality for most of Romanian firms with 69% reporting weather events as having an impact on their business. This is an identical level to EIBIS 2022 (69%) and consistent with the current EU average (64%).
- The manufacturing sector has the fewest share of firms reporting that weather events are having an impact on their business.
- Among infrastructure firms a relatively high share of around two in five firms (43%) say weather events are having a major impact on their business. The lowest share is among service sector firms (15%).
- Large firms and SMEs report similar impacts of climate change in EIBIS 2023.



Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Base: All firms (excluding don't know/refused responses)

BUILDING RESILIENCE TO PHYSICAL RISK



- Just under half of Romanian firms (45%) have already developed or invested in measures to build resilience to the physical risks caused by climate change. This is higher than the EU average (36%).
- Romanian firms are as likely to have responded by developing an adaptation strategy (21%), as to have invested in solutions to avoid or reduce exposure to physical risk (20%). Over a quarter (26%) have bought insurance products to offset climate related losses, which is higher than the EU average (13%).
- Overall, half of Romania's large firms (51%) have developed or invested in at least one measure to build resilience to physical risk. This is higher than the proportion of SMEs (39%).

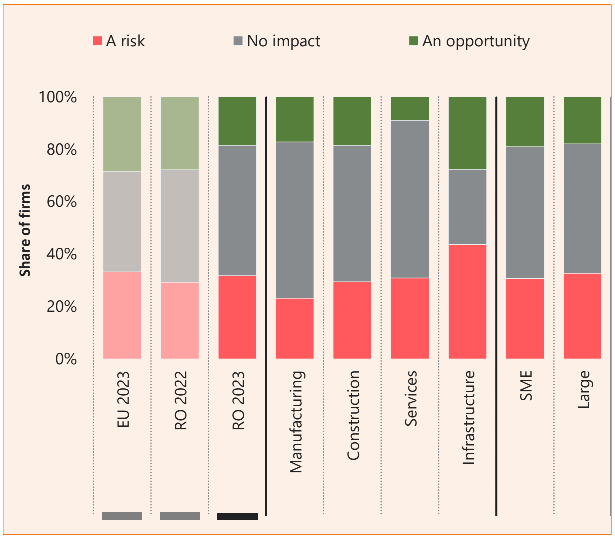
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- The share of Romanian firms seeing the transition to stricter climate standards and regulations as a risk is higher than the proportion regarding it as an opportunity (32% versus 18%, respectively). However, the share of firms seeing the transition as an opportunity has decreased since EIBIS 2022 (18% versus 29%) and is lower than the EU average (29%).
- In all sectors, other than manufacturing, more firms consider the transition to stricter climate standards and regulations as a risk rather than as an opportunity. Notably, 44% of firms in the infrastructure sector view the transition as a risk. In manufacturing, firms' views are more balanced with 23% seeing the transition as a risk compared with 17% who see it as an opportunity.
- The views of large firms and SMEs in Romania are similar regarding the transition to stricter climate standards and regulations.

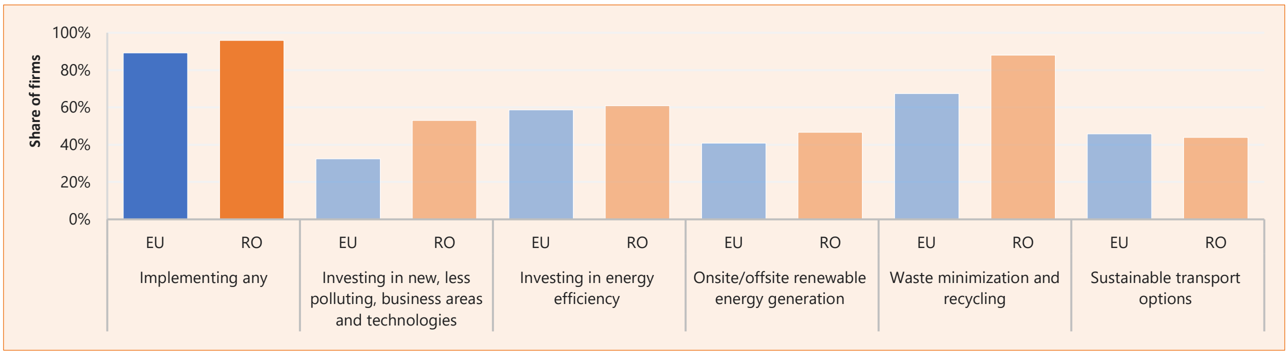


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- The majority (96%) of Romanian firms are taking actions to reduce Greenhouse Gas (GHG) emissions and this is higher than the EU average (89%).
- The main actions taken by Romania firms are waste minimization and recycling (88%) and investments in energy efficiency (61%). While the latter is in line with the EU average (59%), Romanian firms are more likely than the EU average (67%) to be taking action in relation to waste minimisation and recycling.
- Romanian firms are more likely to be investing in less polluting business areas and technologies (53%) than firms across the EU (32%).



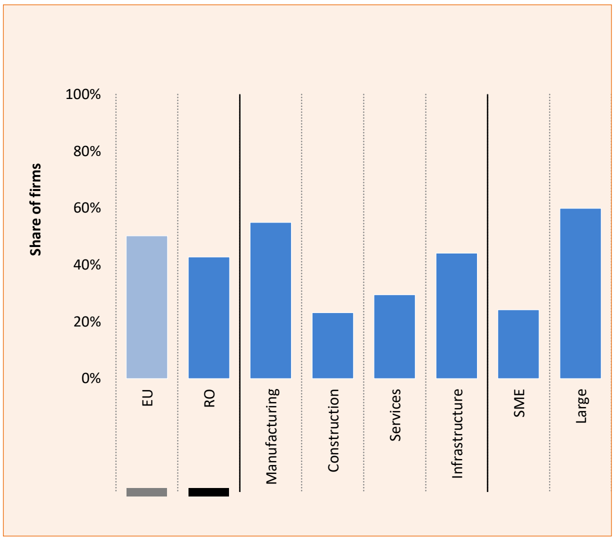
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

ENERGY AUDIT

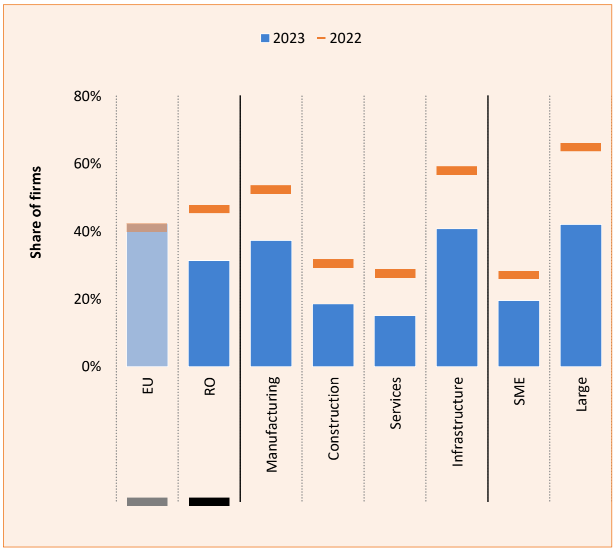
- Around two in five (43%) Romanian firms have conducted an energy audit in the past three years, which is lower than the EU average (50%).
- About 55% of manufacturers and 44% of infrastructure firms have had an energy audit, but a much lower proportion of construction companies (23%) have taken this action.
- Six in ten large firms have had an energy audit in the last three years. This is more than double the share of SMEs who have had an audit (60% versus 24%, respectively).



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings?

Base: All firms (excluding don't know/refused responses)

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- Around a third of Romanian firms (31%) set and monitor targets for their own GHG emissions. This is lower than in EIBIS 2022 (47%) and the EU average (42%).
- Romania's infrastructure (41%) and manufacturing firms (37%) are around twice as likely as those in other sectors to set and monitor GHG emissions targets. However, the share of firms setting and monitoring targets for GHG emissions has fallen across the broad since EIBIS 2022.
- The proportion of large firms that set and monitor targets for their own GHG emissions is more than double that of SMEs (42% and 20% respectively), but this proportion of large firm setting and monitoring targets has fallen since EIBIS 2022 (65%).

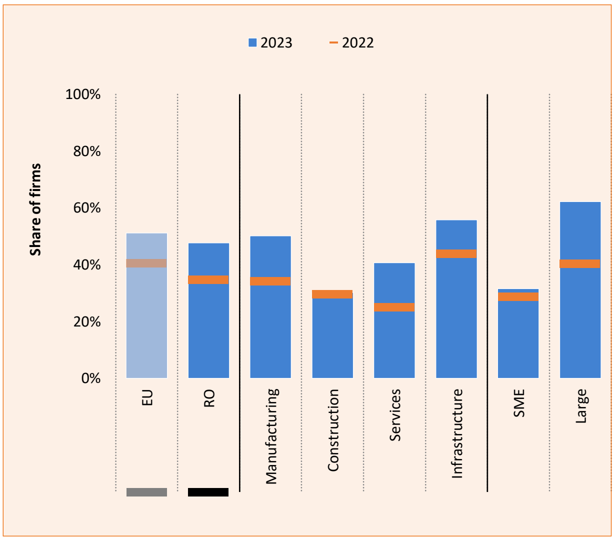
Q. Does your company… sets and monitors targets for its own greenhouse gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- The share of Romanian firms that invested in measures to improve energy efficiency in 2022 (48%) is higher than what was reported for 2021 in EIBIS 2022 (35%) and is now in line with the EU average (51%).
- Infrastructure firms in Romania (56%) were the most likely to invest in energy efficiency, while construction firms were the least likely to be doing so (30%). In each sector, with the exception of construction, the figure is higher than in EIBIS 2022.
- Six in ten large firms (62%) have invested in measures to improve energy efficiency. This is more than double the share of SMEs who have done so (32%) and is a substantial increase since EIBIS 2022 (40%).

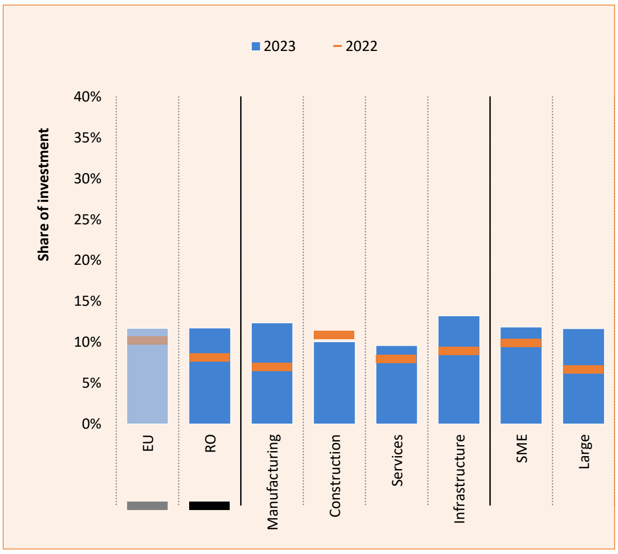


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 12% of the investment made by firms in Romania was directed towards measures to improve the organisation's energy efficiency. This is similar to the proportion in EIBIS 2022 (8%) and identical to the current EU average (12%).
- The proportion of investment focussed on energy efficiency improvements varied very little by sector. It ranged from 10% within service firms to 13% of manufacturers.
- SMEs and large firms directed the same proportion of their investment towards energy efficiency (both 12%).

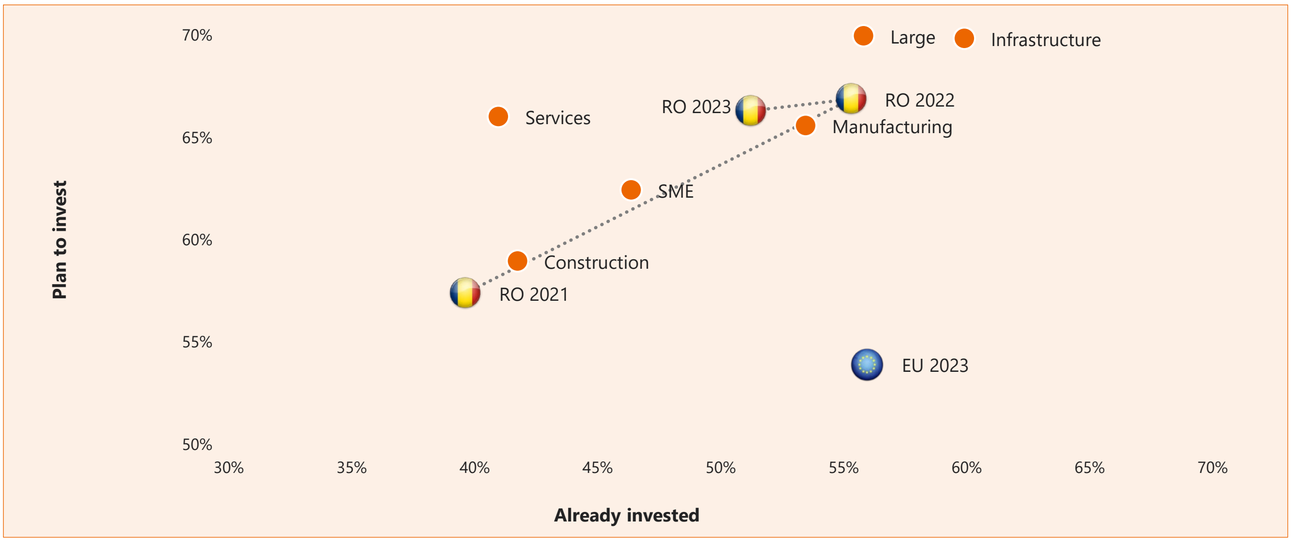


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms that have invested in the last financial year (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?
EIBIS 2021:
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

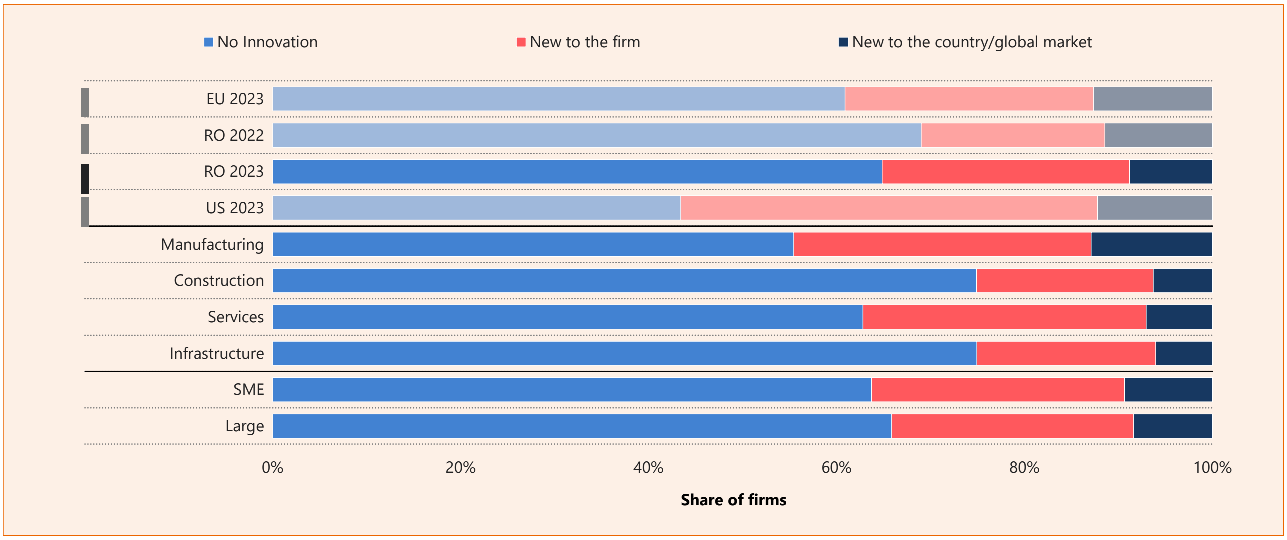
Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

Base: All firms (excluding don't know/refused responses)

- Half (51%) of Romanian firms have already invested in tackling the impacts of weather events and reducing carbon emissions. An even larger proportion (66%) plans to invest in the next three years. The planned investment figure is higher than the EU average (54%).
- A relatively low share of services and construction firms have already invested in this area (41% and 42% respectively), while a higher share of infrastructure firms has invested in such measures (60%). Except for construction (59%), at least two-thirds in each sector have climate change related investment planned.
- Large firms are more likely than SMEs to have already invested (56% versus 46%) and to plan to invest (70% versus 62%) to tackle climate change.

Innovation activities

INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country or new to the global market?

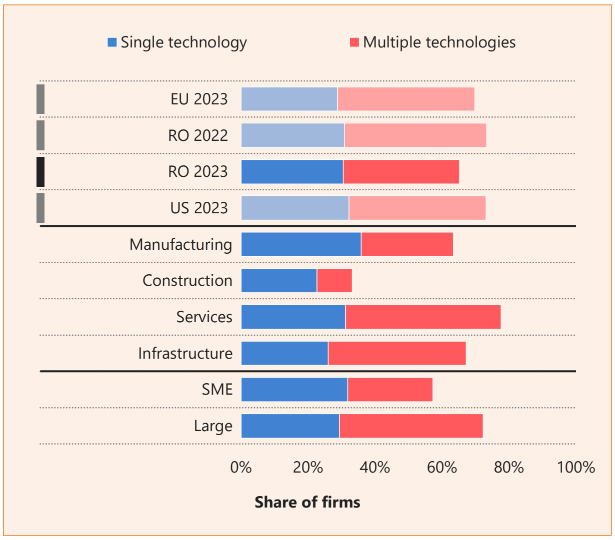
Base: All firms (excluding don't know/refused responses)

- Over a third (35%) of Romanian firms developed or introduced new products, processes or services as part of their investment activities in the past financial year. This is similar to EIBIS 2022 (31%) and in line with the current EU average (39%).
- A quarter of construction (25%) and infrastructure firms (25%) invested in innovation; this contrasts with 45% of manufacturing firms and 37% of service firms.
- In line with the EU average (13%), almost one in ten Romanian firms (9%) have developed or introduced products, processes or services that were new to either to the country or global market. Manufacturing firms (13%) were approximately twice as likely as other firms to have developed or introduced products or services that are new to the country or global markets.
- The level and type of innovation is similar for both SMEs and large firms.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Two-thirds (65%) of Romanian firms are using at least one advanced digital technology. This is lower than both EIBIS 2022 (73%) and the EU average (70%).
- With the exception of construction (33%) a majority of firms in all sectors is using digital technologies, accounting for more than six out of ten manufacturers (63%) and infrastructure firms (67%) and three-quarters of service firms (78%).
- Large firms are more likely than SMEs to utilise digital technologies (72% versus 57%).
- Romania's firms are using the Internet of Things to a larger degree than seen across the EU (52% versus 41%), while the proportions of Romanian firms using Big Data/AI (23%) and virtual reality (7%) are in line with the EU averages (29% and 11% respectively). However, in relative terms they are less likely to be exploiting the potential of 3-D printing (10% versus 23%), automation via robotics (26% versus 54%), platforms (38% versus 50%) and drones (12% versus 24%).



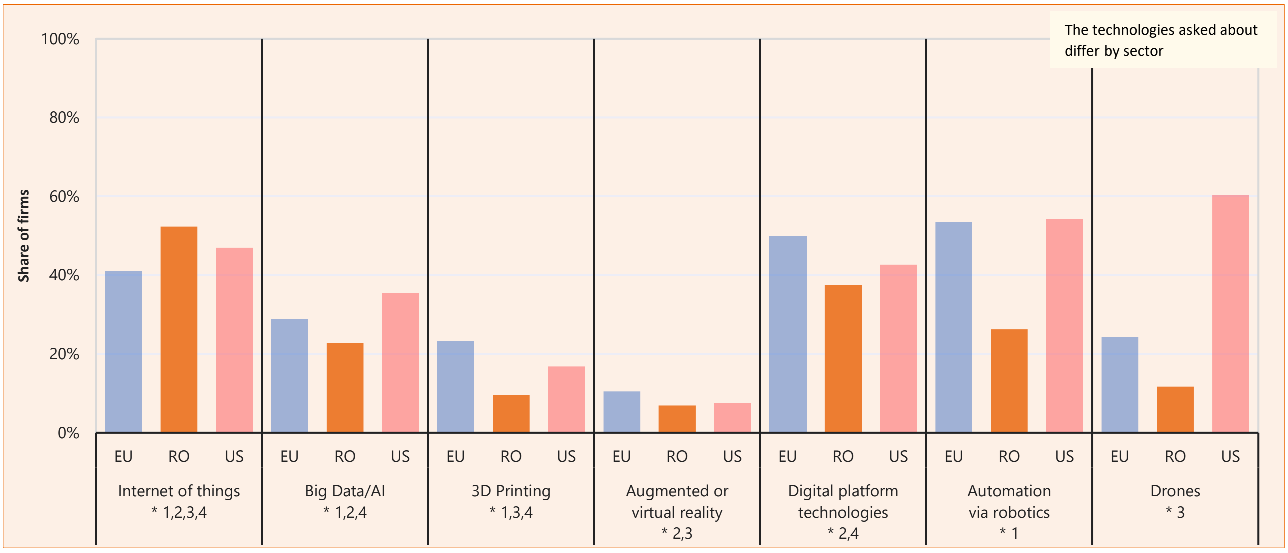
Reported shares combine "used" the technology "in parts of business" and "entire business organised around it."

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about.

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

Base: All firms (excluding don't know/refused responses)

ADVANCED DIGITAL TECHNOLOGIES



*** Sector: 1 = Asked to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms**

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

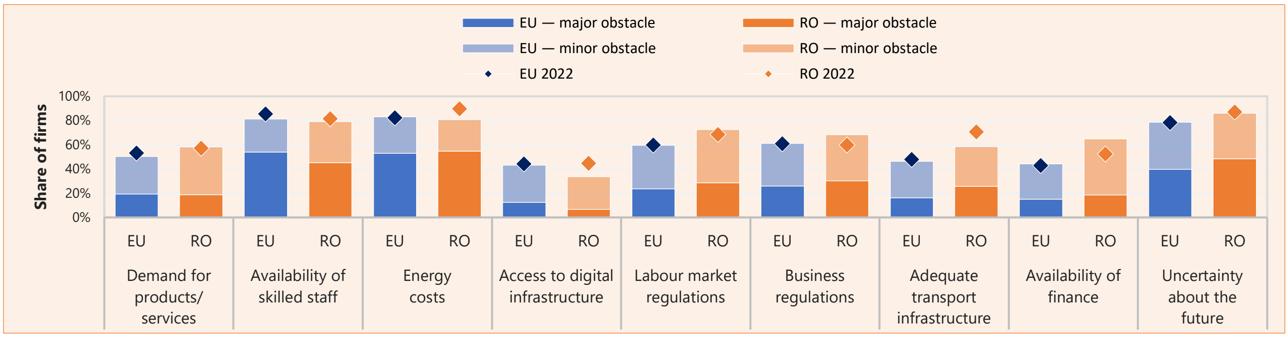
Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses);
Sample size RO: Manufacturing (135); Construction (110); Services (107); Infrastructure (122).

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

- In Romania, the most common long-term barriers to investment are uncertainty about the future (86%), energy costs (81%), and availability of skilled staff (79%). These are also the main barriers for firms across the EU as a whole.
- On all other measures, Romanian firms are more likely to see them as a barrier than the EU average.
- Compared to EIBIS 2022, there has been a decline in the share of firms mentioning energy costs (81%, dropping from 90%), adequate transport infrastructure (58%, dropping from 71%) and access to digital infrastructure (33%, dropping from 45%) as barriers to investment.
- In contrast, there has been an increase in the number of firms seeing the availability of finance as a barrier to investment (rising from 52% to 65%).



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE

	Demand for products/ services	Availability of skilled staff	Energy costs	Digital infrastructure	Labour regulations	Business regulations	Transport infrastructure	Availability of finance	Uncertainty about the future
RO	58%	79%	81%	33%	72%	68%	58%	65%	86%
Manufacturing	66%	84%	90%	28%	72%	65%	62%	68%	91%
Construction	61%	79%	68%	30%	58%	70%	61%	64%	80%
Services	60%	73%	89%	34%	77%	69%	54%	66%	88%
Infrastructure	46%	77%	67%	41%	74%	71%	56%	60%	80%
SME	60%	71%	85%	38%	69%	65%	63%	61%	88%
Large	56%	86%	77%	30%	76%	71%	54%	68%	84%

Share of firms

Reported shares combine 'minor' and 'major' obstacles into one category

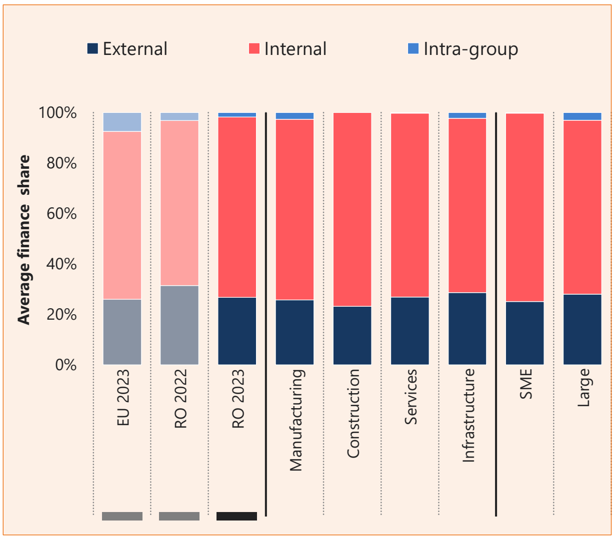
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

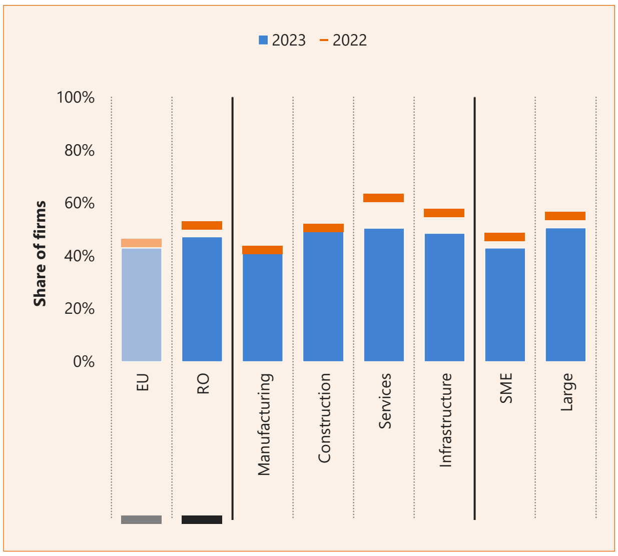
- For firms in Romania, internal sources accounted for the largest share of investment finance (72%). This is followed by external finance (27%) with the remainder (2%) coming from intra-group financing. All proportions are similar to EIBIS 2022 and this pattern of finance is very similar to that for firms across the EU.
- In all sectors, at least 69% of investment was financed from internal sources. Construction firms were most reliant on their own internal resources with 77% of investment funded through this channel.
- Similar proportions of SMEs and large firms financed their investment via internal sources (75% and 69%, respectively).



Q. What proportion of your investment was financed by each of the following?

Base: All firms that invested in the last financial year (excluding don't know/ refused responses)

USE OF EXTERNAL FINANCE



- Around a half of Romanian firms that invested in the last financial year funded at least some of this using external finance (47%), which is similar to that seen in EIBIS 2022 (52%) and the EU average (43%).
- With the exception of manufacturing (43%), around half of investing firms across all sectors have accessed external finance. The proportion of firms accessing external finance has decreased since EIBIS 2022 among service firms (dropping from 62% to 50%) and infrastructure firms (56% to 49%) but remains steady in other sectors.
- A bigger proportion of investing large firms than SMEs have used external finance (51% versus 43%), and these figures are broadly similar to EIBIS 2022.

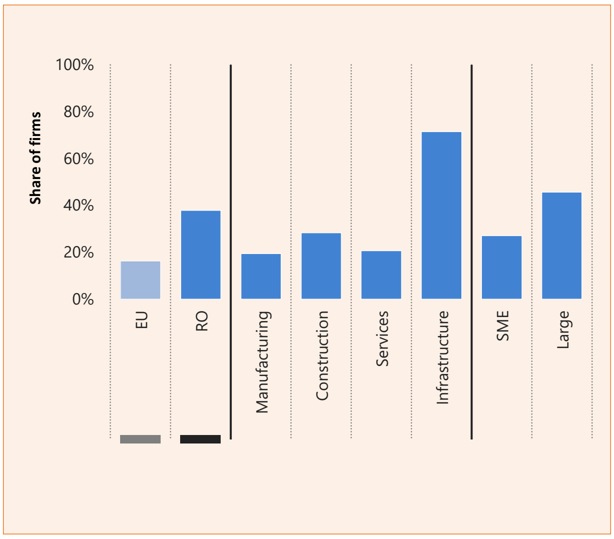
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms that invested in the last financial year (excluding don't know/ refused responses)

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Almost four in ten firms using external finance in Romania received grants (38%), higher than the EU average (16%).
- The majority of infrastructure firms using external finance, received grants (71%), while only a minority of construction firms (28%), service (21%) and manufacturers (19%) received them.
- Far fewer SMEs than large firms, that accessed external finance, received grants (27% versus 46%).

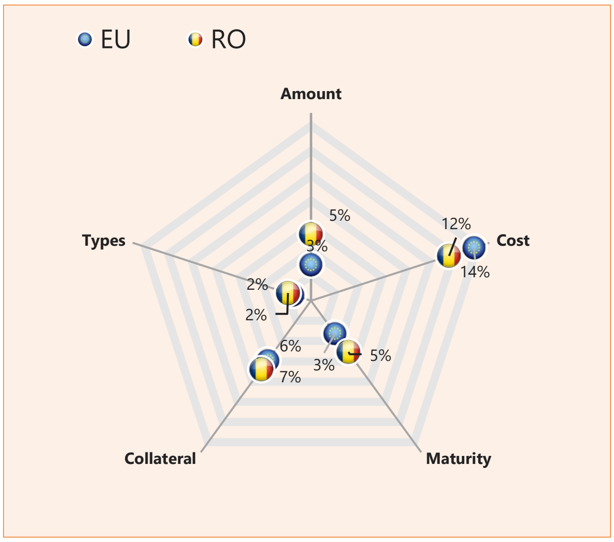


Q. What proportion of your total investment in the last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Among Romanian firms who used external finance 12% were dissatisfied with the cost of finance (up from 4% in EIBIS 2022). Around one in twenty also express dissatisfaction regarding the length of time over which it should be paid back (maturity), the amount of finance and collateral requirements.
- The findings are generally similar to those across the EU as a whole.



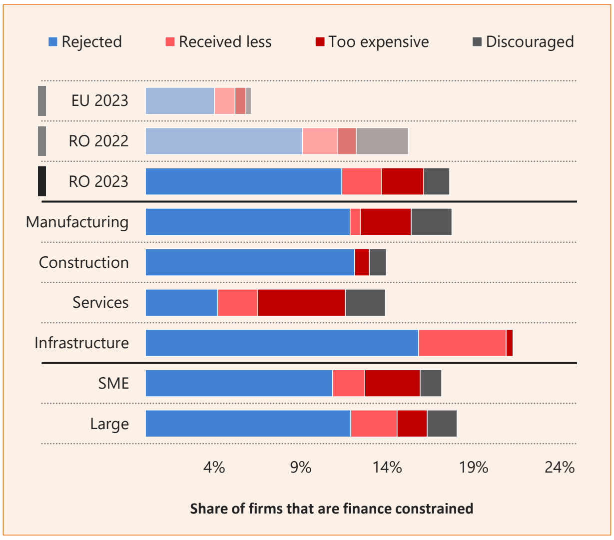
Q. How satisfied or dissatisfied are you with …?

Base: All firms that used external finance in the last financial year (excluding don't know/refused responses)

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

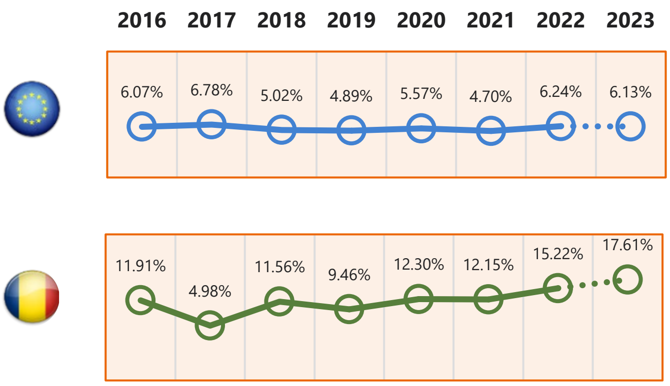
- The share of financially constrained firms in Romania (17.6%) is consistent with EIBIS 2022 (15.2%) but much higher than the EU average (6.1%).
- Rejection (11.4%) accounts for most of Romania's financially constrained firms.
- Firms in the infrastructure (21.3%) and manufacturing sectors (17.7%) are the most finance constrained. Rejection is the dominant reason for constraint across all sectors, except for services where both rejection (4.2%) and financing expense (5.1%) are the main sources of constraint.
- A similar proportion of SMEs (17.2%) and large firms (18.0%) are finance constrained.



Finance-constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those that did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME

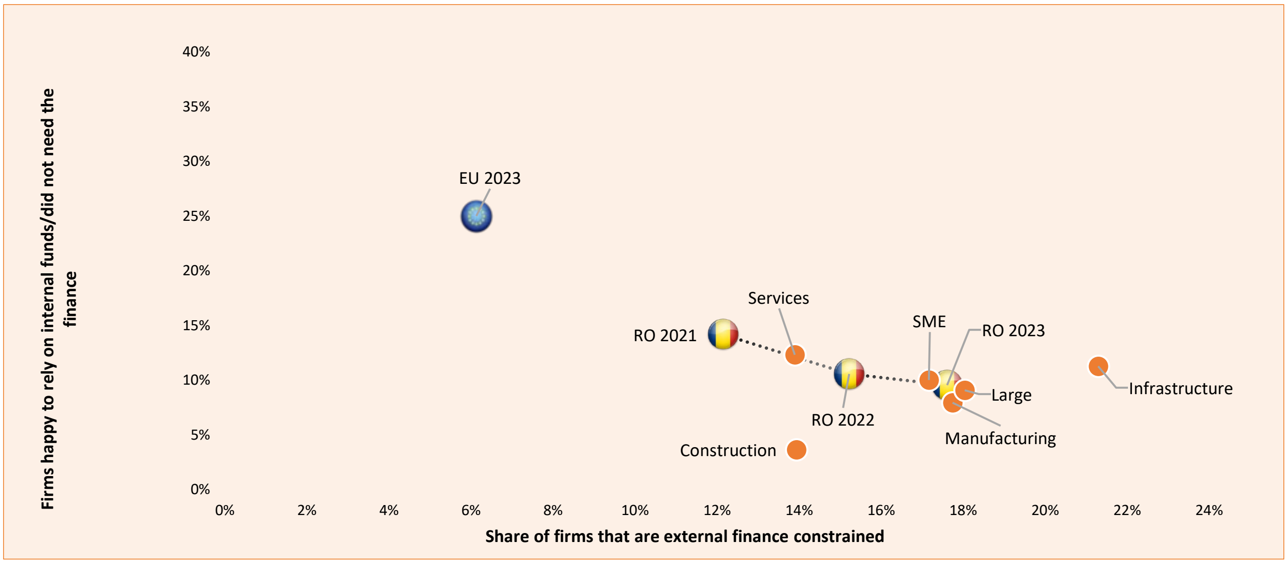


- The proportion of Romanian firms that are finance constrained (17.6%) is the highest yet on record in the EIBIS series.
- Except for 2017, the proportion of finance constrained firms in Romania has always been significantly larger than the EU average. It is now almost three times bigger (17.6% versus 6.1%).

Base: All firms (excluding don't know/refused responses)

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

Base: All firms (excluding don't know / refused)

- Around one in five (17.6%) Romanian firms can be considered finance constrained in EIBIS 2023, and one in ten (10%) are happy to rely on internal finance, with the latter figure similar to EIBIS 2022. While Romania has a lower share of firms than across the EU that are happy to rely on internal finance (10% versus 25%), it is more financially constrained compared to the EU average (17.6% versus 6.1%).
- In Romania, infrastructure sector firms are the most likely to be financially constrained (21.2%), while construction firms are the least likely to be happy relying on internal finance (3.7%). A similar proportion of SMEs and large firms are both financially constrained and happy to rely on internal finance.

EIBIS 2023 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Romania, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU 2023	US	RO	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs RO	Manuf vs Constr	SME vs Large
	(12030)	(802)	(480)	(135)	(110)	(108)	(122)	(406)	(74)	(12030 vs 480)	(135 vs 110)	(406 vs 74)
10% or 90%	1.1%	3.9%	3.3%	5.9%	6.1%	6.8%	6.2%	2.8%	5.8%	3.5%	8.4%	6.4%
30% or 70%	1.8%	6.0%	5.1%	9.0%	9.3%	10.4%	9.5%	4.2%	8.9%	5.4%	12.8%	9.8%
50%	1.9%	6.5%	5.5%	9.8%	10.1%	11.3%	10.4%	4.6%	9.7%	5.9%	14.0%	10.7%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities: firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 480 firms in Romania (carried out between April and July 2023).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2023/2022	US 2023	Romania 2023/2022	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	480/482	135	110	108	122	406	74
All firms (excluding don't know/refused responses), p. 5 (bottom right)	11624/11682	776	454/442	126	105	103	116	387	67
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (top)	10147/9704	692	355/320	98	80	85	91	293	62
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (bottom)	9948/9501	704	319/324	87	75	75	80	274	45
All firms (excluding 'Company didn't exist three years ago' responses), p. 7 (top)	12015/12005	802	480/481	135	110	108	122	406	74
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	474/473	132	109	108	120	403	71
All firms (excluding don't know/refused responses), p. 9 (top)	11812/NA	782	469/NA	132	105	107	120	397	72
All firms (data not shown for those that said not an obstacle at all/don't know/refused), p. 9 (bottom)	12030/NA	802	480/NA	135	110	108	122	406	74
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	463/NA	132	106	103	118	392	71
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	463/NA	132	106	103	118	392	71
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	477/478	135	109	107	121	404	73
All firms (excluding don't know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	207/NA	91	24	46	44	171	36
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	479/NA	134	110	108	122	405	74
All firms that import (excluding don't know/refused responses), p. 12 (top right)	6151/NA	240	184/NA	83	22	43	34	151	33
All firms (excluding don't know/refused responses), p. 12 (bottom)	10139/NA	717	395/NA	118	88	83	101	328	67
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	476/476	134	108	108	121	403	73
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	476/478	135	108	108	120	403	73
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	454/416	127	102	102	118	381	73
All firms (excluding don't know/refused responses), p. 14 (bottom)	11956/11964	800	476/475	134	108	108	121	402	74
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	469/NA	134	107	105	118	398	71
All firms (excluding don't know/refused responses), p. 15 (bottom)	11836/11712	791	471/468	135	109	104	118	399	72
All firms that have invested in the last financial year (excluding don't know/refused responses), p. 16 (bottom)	10210/9752	707	366/358	95	86	87	96	302	64
All firms (excluding don't know/refused responses), p. 17	11721/11685	770	467/455	131	107	106	118	398	69
All firms (excluding don't know/refused responses), p. 18	11738/11735	780	476/479	134	109	107	121	402	74
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	478/475	135	110	108	122	404	74
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	477/465	135	110	107	122	403	74
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (top)	12030/12021	802	480/482	135	110	108	122	406	74
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (bottom)	12030/12021	802	480/482	135	110	108	122	406	74
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (top)	10517/10051	697	371/347	100	86	85	98	307	64
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)	10517/10051	697	371/347	100	86	85	98	307	64
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	155/151	41	31	38	43	123	32
All firms that used external finance in the last financial year (excluding don't know/refused responses), p. 22 (bottom)	4184/3988	264	154/143	41	30	38	42	121	32
All firms (excluding don't know/refused responses), p. 23 (top)	11544/11504	729	442/414	126	99	97	116	377	65
All firms (excluding don't know/refused responses), p. 23 (bottom)	11544/11504	729	442/414	126	99	97	116	377	65
All firms (excluding don't know/refused responses), p. 24	11544/11473	729	442/413	126	99	97	116	377	65

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Romania

Overview

EIB INVESTMENT SURVEY

2023