

COUNTRY PROFILE



Romania

GLOBAL RANK: 47th of 104



Romania scores far higher in Economic Competitiveness (31st) than in Comparative Liveability (65th): excellent educational attainment, and a high degree of economic openness, contrast with weak scores for family life. Romania's overall Index ranking is 47th place.

● BACKGROUND

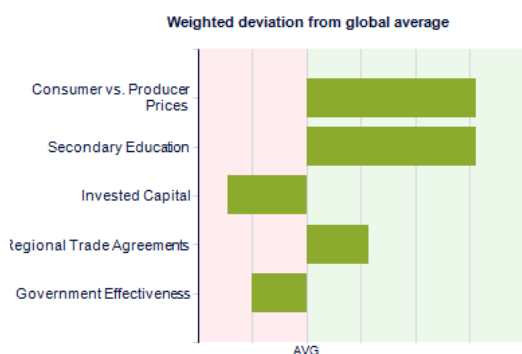
The years preceding Romania's entry to the EU in 2007 saw a range of reforms designed to tackle corruption and modernise the economy. Per capita incomes are just 40% of the EU average, but Romania has experienced steady growth since 2002, led by manufacturing exports and consumer demand from a nascent middle class. Since EU entry, however, action on corruption has been disappointing, and public finances are deteriorating. Future growth is likely to be constrained by rising inflation, a growing government deficit, and underdeveloped education and transport systems. Romania's low birth rate and high emigration have also fuelled fears of a future demographic crisis.

FAST FACTS

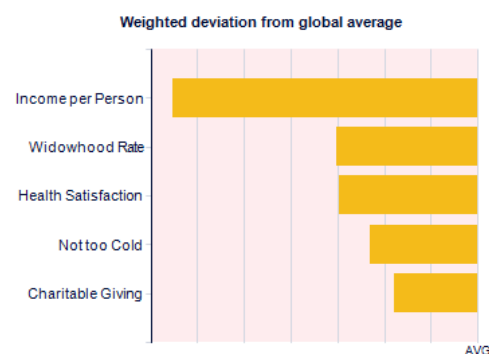
Population:	22.2 million (2008 est.)	FDI (net inflow):	6.73% (2005 est.)
Life Today	5.2 (2007 est.)	Exports	No data
GDP (PPP)	\$245.5 billion (2007 est.)	Imports	No data
		Unemployment:	4.1% (2007 est.)
GDP (Growth)	6% (2007 est.)	Life Expectancy	72.18 years (2008 est.)
GDP (per Capita)	\$11,400 (2007 est.)		
Political System:	Republic		
Foreign Aid:	No data		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Romania has one of the biggest gaps between its sub-index ranks of 30th for Economic Competitiveness and 64th for Comparative Liveability. The country faces few serious challenges on the material front. It scores well for economic openness, participating in a number of regional trade agreements, including most importantly the European Union. This is supported by vibrant local entrepreneurship and strong levels of competitiveness in domestic markets.

The costs of starting a business are low, as opening a new business takes only 14 days, and corporate income tax rates are very low (a flat 16%). Romania has seen solid growth since 2001, at over 4% annually. This robust growth is expected to continue in the coming years, although the current account deficit shows alarming trends

Despite Romania's rising wealth and the strong religious faith (as reported on the World Values Survey), most of the typical challenges of Central Europe are evident. Family and community life are particularly fragmented: 11%⁹ of the population is widowed, and 21%⁹ of citizens report that they do not have any relatives or friends to rely on in times of trouble. Social trust is particularly low at 10%^w, which leaves a vacuum in civil society that is only partially filled by religious organisations. In addition, the average income of Romanians, while rising, remains low by global standards.

Environmental indicators are also exceptionally bad, including high levels of air pollution. In addition, 32% of the population is dissatisfied with their personal health, according to Gallup. The

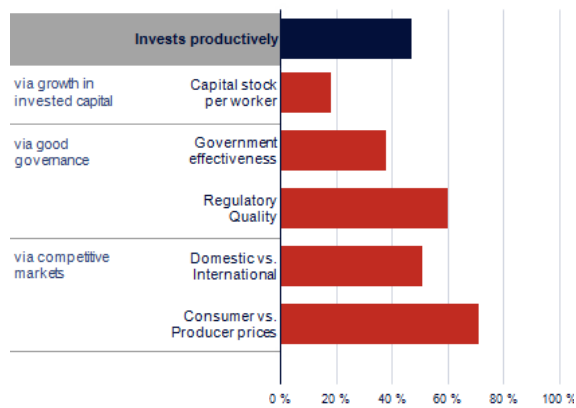
and has the potential to cause short-term problems. Also problematic is the low level of capital investment, which constrains productivity increases and potentially hinders the increase of material wealth.

The combined gross enrolment ratio for primary, secondary and tertiary education is almost 80%, and almost all pupils who enter primary school also finish secondary school, providing Romania with a strong ranking in terms of mass education. An average worker has almost 4.5 years of secondary education, which is on a par with the richer EU members.

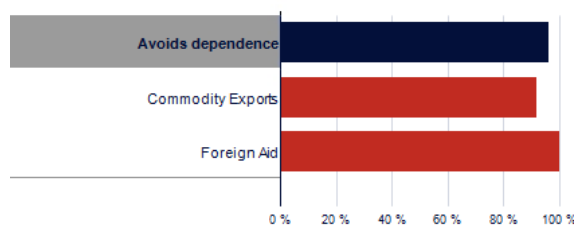
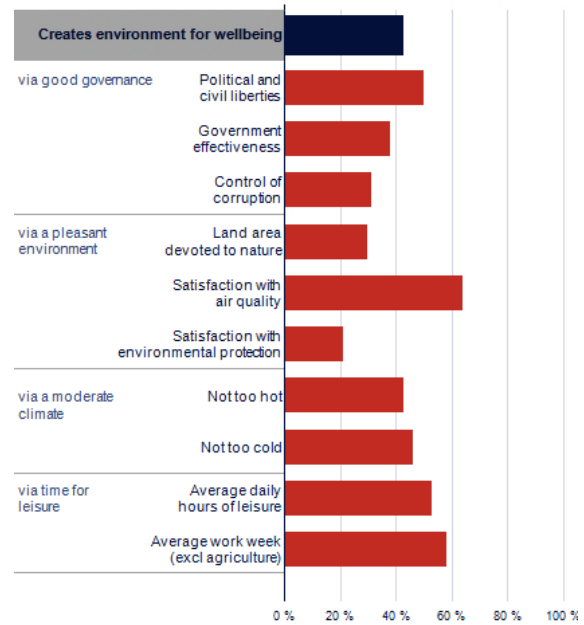
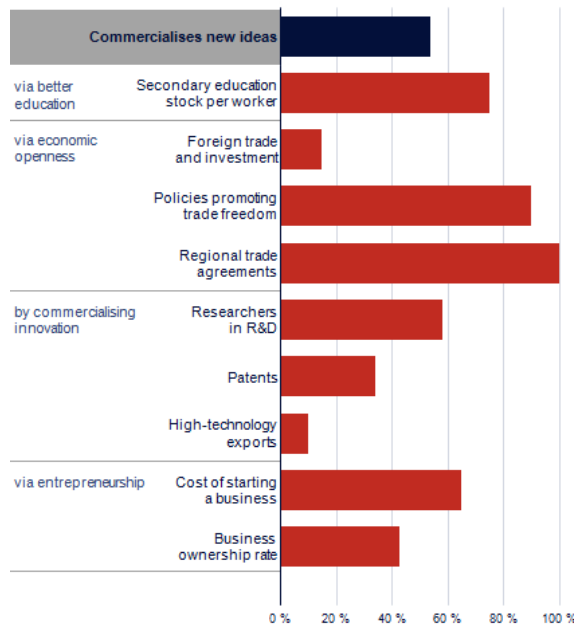
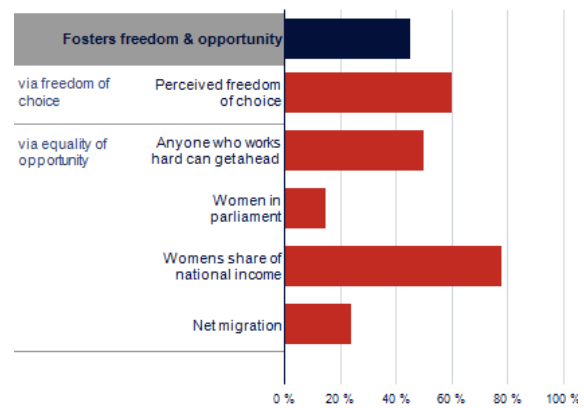
population is decreasing, a trend exacerbated by negative migration trends. The cold winters only serve to amplify these problems.

Minority tensions additionally strain social cohesion. The Hungarian minority in the west of the country triggers intermittent political debates with its drive for autonomy, while the integration of the Roma ethnic minority (over 10% of the country's population) represents another challenge. There is significant pessimism over the ability to get ahead through hard work, resulting in a poor equality of opportunity score, despite middling scores for gender equality.

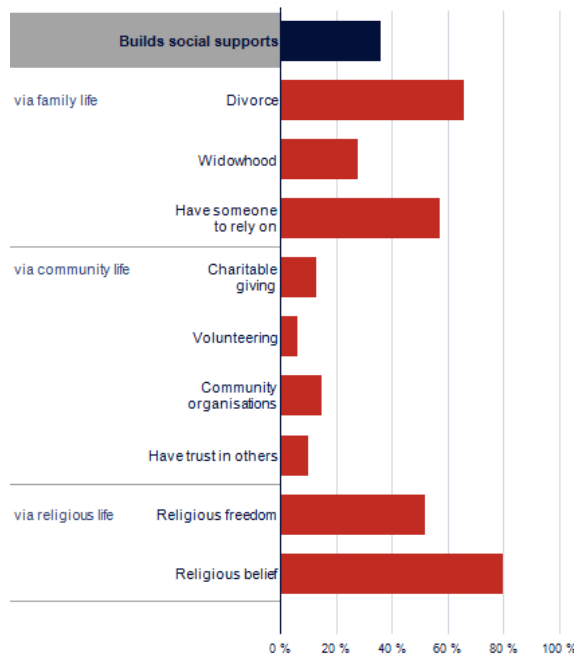
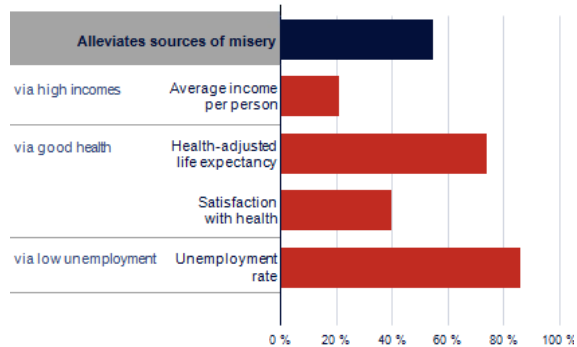
ECONOMIC COMPETITIVENESS: SCORECARD



COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.