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Research Update:

Romania 'BBB-/A-3' Ratings Affirmed; Outlook Negative

May 15, 2026

Overview

- The dissolution of the four-party coalition will complicate efforts to reduce Romania's wide twin current account and fiscal deficits as the 2028 elections approach.
- However, there is a broad consensus across parties for additional fiscal adjustments and reforms in 2027, and a new government is likely to be formed in the coming weeks.
- Stronger fiscal performance so far this year, driven by tough consolidation measures adopted in 2025 and upcoming sizable EU fund disbursements, should anchor Romania's external funding conditions, as the current account deficit gradually narrows from an estimated 7.9% of GDP last year.
- We affirmed our 'BBB-/A-3' long- and short-term sovereign credit ratings on Romania. The outlook remains negative.

Rating Action

On May 15, 2026, S&P Global Ratings affirmed its 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit ratings on Romania. The outlook remains negative.

As a "sovereign rating" (as defined in EU CRA Regulation 1060/2009 "EU CRA Regulation"), the ratings on Romania are subject to certain publication restrictions set out in Art 8a of the EU CRA Regulation, including publication in accordance with a pre-established calendar (see "Calendar Of 2026 EMEA Sovereign, Regional, And Local Government Rating Publication Dates," Jan. 8, 2026). Under the EU CRA Regulation, deviations from the announced calendar are allowed only in limited circumstances and must be accompanied by a detailed explanation of the reasons for the deviation. In this case, the reason for the deviation is the dissolution of the coalition government following the no-confidence vote in Romania's parliament. The next scheduled publication on the sovereign rating on Romania is Oct. 2, 2026.

Outlook

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The negative outlook reflects our view that implementation risks relating to the consolidation of Romania's public finances and the narrowing of its external deficits will remain elevated over the next six to 12 months. The outlook also reflects Romania's susceptibility to shifts in investor confidence, due to sizable external financing needs and elevated nonresident holdings of government debt.

Downside scenario

We could lower our ratings on Romania if its government stalemate protracted or led to an inability to further reduce fiscal deficits in 2027. We think that if Romania's government is unable to obtain expected EU fund inflows over 2026-2027, this would limit the economy's growth prospects, complicate the government's fiscal consolidation, and amplify balance of payments risks.

We could also consider a downgrade if external pressures compound, for example, through a more severe or lengthy energy market dislocation stemming from the Middle East war that derailed Romania's medium-term inflation expectations while materially weakening its growth, balance of payments position, and fiscal outcomes.

Upside scenario

We could revise the outlook to stable if Romania's external and fiscal deficits narrowed substantially, supported by a rebound in economic growth.

Rationale

The rating affirmation reflects our baseline expectation that the broad fiscal consensus across key parties will support further sizeable consolidation measures this year and next, including the approval of a credible 2027 budget, **despite the dissolution of the governing coalition 11 months after it was formed.** We also expect Romania to obtain most of the available EU funding facilities this year (worth up to 3.5% of its GDP), which could cover a significant part of Romania's elevated external funding requirements.

That said, we see risks that economic and political challenges could undermine Romania's medium-term fiscal adjustment plan:

- We project a stagnation in real GDP as fiscal consolidation and elevated inflation, partly triggered by the global energy price shock, weigh on private consumption.
- The fallout from ongoing fiscal consolidation amid political fragmentation could complicate the commitment to sustained fiscal adjustment ahead of the electoral cycle in 2028.
- Sizable external financing needs of about 18% of GDP in 2026, driven by a wide current account deficit and elevated debt rollover needs, expose Romania to adverse shifts in nonresident investor sentiment.
- High inflation and exchange rate pressures pose a challenge for the National Bank of Romania (NBR), which will likely be unable to loosen monetary policy over the next few months, despite the slowing economy.

Romania's reform-oriented government dissolved on May 5 following a no-confidence vote triggered by the defection of one of the coalition partners. The Social Democratic Party (PSD) moved to oust the Prime Minister Ilie Bolojan, leader of the National Liberal Party (PNL), because it opposed some of the PNL's austerity-driven fiscal reforms. This domestic political crisis comes at a time when Romania needs to balance further fiscal adjustments with containing the fallout from the global energy price shock. In particular, the government needs to continue implementing a consolidation agenda to remain on track to meet its EU Excessive Deficit Procedure requirements; implement a series of reforms to secure EU funds inflows, including from the Recovery and Resilience Facility (RRF), Security Action for Europe (SAFE), and the Cohesion Fund; and deal with the effects of stagflation driven by the Middle East conflict.

We expect a new government to be formed in the next few weeks, via one of two most likely scenarios. In the first scenario, the previous coalition returns and agrees on a new prime minister, perhaps a technocrat. The second scenario could see the formation of a minority government that would lean on support from non-coalition parties within the parliament. Currently, the PNL-led minority government has moved into a caretaker function.

Even if government formation takes longer, early elections are less likely, in our view. Romania's constitution makes dissolving the parliament difficult, since only the president can dissolve it following the failure to vote in a new government twice within a 60-day window, and after at least one prime minister nominee has been rejected. Romania has not held snap parliamentary elections in its post-communist history. The current political environment also provides little incentive for an early election. Current opinion polls suggest that only the opposition right-wing Alliance for the Union of Romanians party, which holds about 20% of parliamentary seats, would tangibly benefit from an election. Romanian President Nicușor Dan has also publicly opposed early elections.

Romania's fiscal deficit narrowed last year and in the first quarter of 2026, although it remains wide and is linked to the current account deficit. The general government fiscal deficit was reduced to 1% of GDP in the first quarter of 2026, almost half its level a year earlier. Fiscal gains have been supported by strong revenue from the higher value-added tax rate as well as the contraction of government spending in nominal terms. This contraction was driven by cost containment measures including a freeze on public wages and pensions legislated last year. That said, even if fiscal measures to mitigate higher energy prices remain limited, the government's deficits will remain high. We project a full-year general government fiscal deficit of 6.25% of GDP, one of the highest levels among rated sovereigns in Europe, the Middle East, and Africa. Romania's domestic capital markets are shallow, and the banking sector is small. Rising indebtedness over the past five years has been funded to a large extent externally, with offshore investors holding over half of government debt stock. We estimate Romania's economy external funding needs will remain high at 18% of GDP in 2026. At the same time, we recognize the treasury's funding strategy to limit gross and net issuance of Eurobonds in 2026, focusing on domestic alternatives and EU funds.

The president and mainstream parties have publicly recognized that continued consolidation and reforms are required to stabilize public finances and enable EU fund disbursements. Romania is set to receive an estimated €15 billion of EU transfers this year. Specifically, the government expects to obtain €10.7 billion of RRF funds in 2026 (almost 2% of GDP), of which €7.12 billion are grants and €3.5 billion are loans via three payment requests. Disbursements are conditional on reforms, and payment requests need to be submitted to the European Commission by August 2026. Many of the most sensitive reforms, such as the pension reform and special pension reform, are complete, but there are two reforms on the public sector wage setting frameworks and public administration that still need to be legislated. In addition to these programs, between 2026 and 2030, Romania also has access to €16.8 billion in low-interest rate EU loans under the SAFE program, which aims to kick-start and coordinate defense spending among European members of NATO.

We project a stagnation in real GDP this year, followed by a rebound to 2.5% in 2027. Private consumption, which accounts for 63% of GDP, has taken a hit from fiscal adjustments and elevated inflation (10.7% year over year in April), which has been partly driven by rising fuel and energy costs emanating from the Middle East war. At the same time, labor demand is softening, as evidenced by the decline in net wage growth to below inflation, which has been boosted by tax increases and the liberalization of regulated prices. As EU funds are disbursed in 2026, we project public investment growth to prevent a full-year recession.

Romania--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
Economic indicators (%)										
Nominal GDP (bil. RON)	1,063.7	1,186.0	1,384.6	1,590.8	1,759.2	1,916.4	2,054.4	2,195.2	2,317.6	2,452.7
Nominal GDP (bil. $)	250.6	285.1	295.3	347.8	382.6	428.7	446.6	493.3	532.8	557.4
GDP per capita (000s $)	13.0	14.9	15.5	18.3	20.1	22.5	23.5	26.0	28.1	29.4
Real GDP growth	(3.6)	5.6	4.2	2.3	0.9	0.7	0.0	2.5	2.3	2.5
Real GDP per capita growth	(3.2)	6.3	5.1	2.2	0.9	0.8	0.1	2.6	2.4	2.6
Real investment growth	(0.5)	4.0	5.4	12.3	(2.5)	3.4	1.3	2.3	2.0	2.0
Investment/GDP	24.3	26.4	27.1	26.2	25.0	25.9	25.7	25.5	25.5	25.3
Savings/GDP	19.2	19.2	17.5	19.5	16.8	18.0	18.5	19.5	19.8	19.8
Exports/GDP	37.0	40.7	43.5	39.2	35.6	35.5	34.4	33.7	33.2	32.6
Real exports growth	(9.5)	12.6	9.3	(1.4)	(2.5)	4.3	1.3	2.0	2.0	2.0
Unemployment rate	6.1	5.6	5.6	5.6	5.4	6.1	6.0	5.8	5.5	5.4
External indicators (%)										
Current account balance/GDP	(5.1)	(7.2)	(9.6)	(6.7)	(8.2)	(7.9)	(7.2)	(6.1)	(5.7)	(5.5)
Current account balance/CARs	(12.1)	(15.8)	(19.6)	(15.0)	(20.1)	(19.5)	(18.4)	(16.1)	(15.3)	(15.0)
CARs/GDP	42.4	45.8	48.7	44.7	40.5	40.5	38.9	37.8	37.1	36.3
Trade balance/GDP	(8.6)	(9.6)	(11.4)	(9.0)	(9.3)	(8.6)	(8.2)	(7.6)	(7.2)	(7.0)
Net FDI/GDP	1.4	3.7	3.3	2.0	1.3	2.0	2.0	2.0	2.0	2.0
Net portfolio equity inflow/GDP	(0.5)	(0.1)	(0.4)	(0.1)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Gross external financing needs/CARs plus usable reserves	101.2	102.0	106.8	103.4	100.9	103.1	99.0	98.2	99.4	99.9
Narrow net external debt/CARs	44.6	34.6	31.7	36.4	42.1	52.4	50.5	48.8	48.4	48.9
Narrow net external debt/CAPs	39.8	29.8	26.5	31.7	35.1	43.9	42.6	42.0	42.0	42.5
Net external liabilities/CARs	121.6	95.3	85.9	92.2	95.4	110.4	116.0	113.5	113.3	115.3

Romania--Selected Indicators

Net external liabilities/CAPs	108.5	82.3	71.8	80.2	79.4	92.4	97.9	97.8	98.2	100.2
Short-term external debt by remaining maturity/CARs	25.8	25.2	23.3	23.8	26.4	24.5	30.2	28.9	29.4	30.3
Usable reserves/CAPs (months)	3.9	4.0	3.4	3.6	4.5	4.0	5.1	4.9	4.8	4.7
Usable reserves (Mil. $)	49,898.8	48,784.9	53,028.8	70,108.8	68,716.3	87,135.4	88,789.8	90,065.7	92,052.2	94,354.3
Fiscal indicators (general government %)										
Balance/GDP	(9.3)	(7.2)	(6.5)	(6.6)	(9.3)	(7.9)	(6.3)	(5.5)	(4.5)	(4.0)
Change in net debt/GDP	9.7	7.0	5.2	5.6	9.1	8.5	6.9	5.7	4.5	4.3
Primary balance/GDP	(7.9)	(5.7)	(5.0)	(4.6)	(6.8)	(5.0)	(3.1)	(2.2)	(1.1)	(0.6)
Revenue/GDP	32.5	32.8	34.4	34.5	34.0	35.5	34.3	34.5	34.7	34.7
Expenditures/GDP	41.7	40.0	40.9	41.1	43.3	43.3	40.6	40.0	39.2	38.7
Interest/revenues	4.3	4.5	4.4	5.9	7.1	8.0	9.2	9.5	9.7	9.9
Debt/GDP	46.9	48.6	48.1	49.3	54.8	59.4	61.8	63.3	64.4	65.0
Debt/revenues	144.5	148.2	139.7	143.0	161.2	167.4	180.1	183.5	185.7	187.6
Net debt/GDP	41.6	44.2	43.1	43.1	48.1	52.7	56.1	58.1	59.6	60.6
Liquid assets/GDP	5.3	4.4	5.0	6.2	6.8	6.7	5.8	5.2	4.8	4.4
Monetary indicators (%)										
CPI growth	2.3	4.1	12.0	9.8	5.8	6.8	7.5	4.5	3.8	3.5
GDP deflator growth	4.1	5.6	12.1	12.4	9.6	8.2	7.2	4.3	3.3	3.3
Exchange rate, year-end (RON/$)	4.0	4.4	4.6	4.5	4.8	4.3	4.5	4.4	4.4	4.5
Banks' claims on resident non-gov't sector growth	5.0	14.2	11.2	5.9	8.1	5.8	8.0	8.0	8.0	8.0
Banks' claims on resident non-gov't sector/GDP	25.9	26.5	25.2	23.3	22.7	22.1	22.2	22.5	23.0	23.5
Foreign currency share of claims by banks on residents	31.3	28.5	32.4	33.1	31.6	33.6	31.5	31.5	31.50	31.50
Foreign currency share of residents' bank deposits	34.8	35.0	34.2	30.1	29.8	31.4	30	30	30	30
Real effective exchange rate growth	1.4	1.0	3.7	5.4	2.6	3.9	N/A	N/A	N/A	N/A

Sources: Eurostat (economic indicators), Bank of Romania and IMF (monetary indicators), Eurostat (fiscal and debt indicators), and National Bank of Romania (external indicators).

Adjustments: No data adjustments applied.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository

Romania--Selected Indicators

corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. RON--Romanian leu. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Romania--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	4	Policy choices over the past few years have led to very procyclical fiscal policies and have therefore weakened support for sustainable public finances. The country suffers from weak transparency, owing to political interference that undermines institutional independence.
Economic assessment	3	Based on GDP per capita ($) and trends as per the Selected Indicators table.
External assessment	3	The Romanian leu is neither a reserve nor an actively traded currency. Based on narrow net external debt and gross external financing needs as per the Selected Indicators table.
Fiscal assessment: flexibility and performance	5	Based on the change in net general government debt (% of GDP) as per the Selected Indicators table.
Fiscal assessment: debt burden	5	Based on net general government debt (% of GDP) and general government (GG) interest paid/GG revenue as per the Selected Indicators table.
		Bank sector exposure to government sector stands at over 20% of assets.
		Over 40% of government debt is denominated in foreign currency.
Monetary assessment	3	Managed float. Since 2005, the National Bank of Romania has targeted inflation but has not moved to a full inflation targeting framework. It therefore intervenes in foreign exchange markets. The central bank enjoys operational independence, with market-based instruments.
Indicative rating	bbb-	As per table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	BBB-	
Notches of uplift	0	
Local currency	BBB-	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings History, May 14, 2026
- Sovereign Ratings List, May 14, 2026
- Sovereign Ratings Score Snapshot, May 8, 2026
- Credit Conditions: Special Update: Time Compounds The Credit Implications Of The War, April 30, 2026
- Sovereign Risk Indicators, April 13, 2026. Interactive version available at https://www.spglobal.com/ratings/sri/
- S&P Global Ratings Raises WTI and Brent Price Assumptions Amid Uncertainty Following Announced Ceasefire, April 10, 2026
- Default, Transition, and Recovery: 2025 Annual Global Sovereign Default And Rating Transition Study, March 4, 2026

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

Ratings List

Ratings Affirmed	
Romania	
Sovereign Credit Rating	BBB-/Negative/A-3
Transfer & Convertibility Assessment	
Local Currency	A-
Senior Unsecured	BBB-
Short-Term Debt	A-3