

# Foreign Direct Investment in Romania



Foreign  
Investors  
Council

2025

# Content

## **1** Introduction

## **2** Executive summary

## **3** Big picture: What is happening to investments in Romania?

- *Declining private and foreign investment*
- *Public funds replacing private capital*

## **4** Trends and developments 2024-2025

- *Slowing foreign direct investment in 2024*

## **5** Structure and economic impact of foreign direct investment

- A. Flow contraction and structural reconfiguration
  - *A closer look at capital flow*
  - *Volatile flows, steady commitment of the investors*
  - *Scale, structure, and room to grow*
  - *Sector shifts signal a strategic reset*
- B. Romania in the regional investment picture
  - *Competitiveness: progress, but ground to cover*
  - *A capital-centred investment map*
  - *Origin of capital*
- C. The changing shape of foreign investment
  - *A shift from expansion to consolidation*
  - *Strengthening before the next growth cycle*
- D. Foreign trade: resilience and rebalancing
- E. Employment and productivity

## **6** Conclusions and recommendations

- *A turning point for foreign investment*
- *Reducing vulnerabilities through diversification*
- *From cost advantage to innovation-driven growth*
- *A more balanced map of investment*
- *Smarter sectoral positioning*
- *Predictability as a competitive advantage*
- *From potential to performance*

## **Annex: References**

# Introduction

The Foreign Investors Council (FIC) is a business association representing the voice of major foreign investors in Romania. Its 110 member companies are among the largest businesses in the country, with a combined turnover equivalent to about 26% of the national GDP. FIC's mission is to promote a stable, transparent, and competitive economic environment through constructive dialogue by providing policy recommendations, supporting regulatory improvements, and sharing best practices from across Central and Eastern Europe. FIC works to strengthen Romania's attractiveness as an investment destination. A core pillar of its activity is rigorous economic analysis, including a long-standing series of studies assessing the contribution of foreign direct investment to Romania's development.

Foreign direct investment (FDI) plays a vital role in Romania's long-term growth model. Beyond financing, FDI brings advanced technologies, managerial know-how, and integration into European and global value chains. These elements support productivity gains, export performance, and economic convergence with the European Union. As Romania navigates structural economic changes and a more uncertain global context, attracting higher-quality, innovation-driven FDI is essential for modernising the economy and ensuring resilient, sustainable growth in the years ahead.

# Executive Summary

Romania has reached a pivotal moment in its investment story. While overall investment levels appear broadly stable, their structure has changed significantly. Private and foreign investment have weakened in recent years and have been increasingly replaced by public and European funds. Although these sources help sustain activity in the short term, they cannot fully substitute for the productivity gains, innovation, and global integration typically driven by private capital and foreign direct investment (FDI). This shift raises important questions about the sustainability of Romania's long-term growth and convergence with the EU.

In 2024, net FDI inflows declined by 17% compared to 2023, reflecting a more cautious international environment and domestic uncertainties related to fiscal pressures and regulatory changes. However, the overall FDI stock continued to rise, reaching €125 billion. This indicates that foreign investors are not withdrawing but rather adjusting their pace and engagement structure. Many companies are prioritising consolidation, intra-group financing, and operational efficiency over large new expansion projects, waiting for greater predictability before committing fresh capital.

Foreign-owned firms remain central to Romania's economy. They account for over 70% of goods exports and generate growing surpluses in high-value services such as IT and professional activities. Productivity in these firms continues to improve, driven by technology and process optimisation, highlighting Romania's potential to move up the value chain if supported by the right policies.

At the same time, structural imbalances persist. Investment is heavily concentrated in Bucharest and a few large counties, while many regions remain undercapitalised. Sectoral gaps in domestic supply chains contribute to trade deficits and external vulnerabilities.

The key policy message is clear: Romania must transition from a cost-based model to one built on predictability, institutional quality, infrastructure, skills, and innovation. A stable and credible policy framework can turn today's cautious consolidation into tomorrow's renewed, higher-quality investment cycle.

# Big picture: What is happening to investments in Romania?

Romania's investment landscape has shifted since 2020, with declining private and foreign investments being replaced by public and EU funds that do not increase total investment; they're just coming from different sources. This change poses risks to productivity and long-term economic convergence with the EU since private and foreign investment are usually the most productive and important for long-term growth.

## Declining private and foreign direct investment (FDI)<sup>1</sup>

Gross fixed capital formation (GFCF)<sup>2</sup> has hovered around 25% of GDP, suggesting stability at first glance. Look closer, however, and a rebalancing is underway. Domestic private investment has fallen from 19.8% of GDP in 2012 to 15.8% in 2024. Over the same period, foreign direct investment has declined from 2.7% to 1.6% of GDP, with the drop particularly evident in 2023 and 2024. This points to a more cautious private sector and to weaker profitability expectations. In the first 11 months of 2025, the FDI flow was €7.59 billion, mainly supported by reinvested profits and the revival of intra-group financing. This shows that the existing investors are committed to continuing their development.

## Public funds replacing private capital

Public funding has stepped in to fill the gap. In 2024, inflows from the PNRR accounted for 1.43% of GDP, while non-reimbursable European funds have fluctuated sharply, ranging from almost no absorption in some years to peaks of 4.8% of GDP in others. Rather than lifting the total investment rate, these sources have largely replaced shrinking private flows. The result is a redistribution of financing toward lower-risk, government-directed channels, in a context marked by sizeable budget deficits in 2023–2025, elevated inflation, and higher interest rates than the EU or eurozone average. These conditions may also be limiting space for private borrowing and investment.

This new structure has mixed implications for long-term growth. Private investment, though cyclical, usually targets sectors with clear market demand and tends to embed incremental technological improvements. By contrast, European and PNRR funding often support public infrastructure. Such projects can yield significant long-term benefits, but their economic returns are typically indirect and spread across the wider economy.

The recent fall in foreign direct investment is particularly significant. Beyond capital, FDI brings technology, managerial expertise, know-how, and links to global value chains, all of which support productivity gains and economic convergence. A sustained slowdown in these flows could therefore weigh on Romania's ability to move closer to Europe's technological frontier.

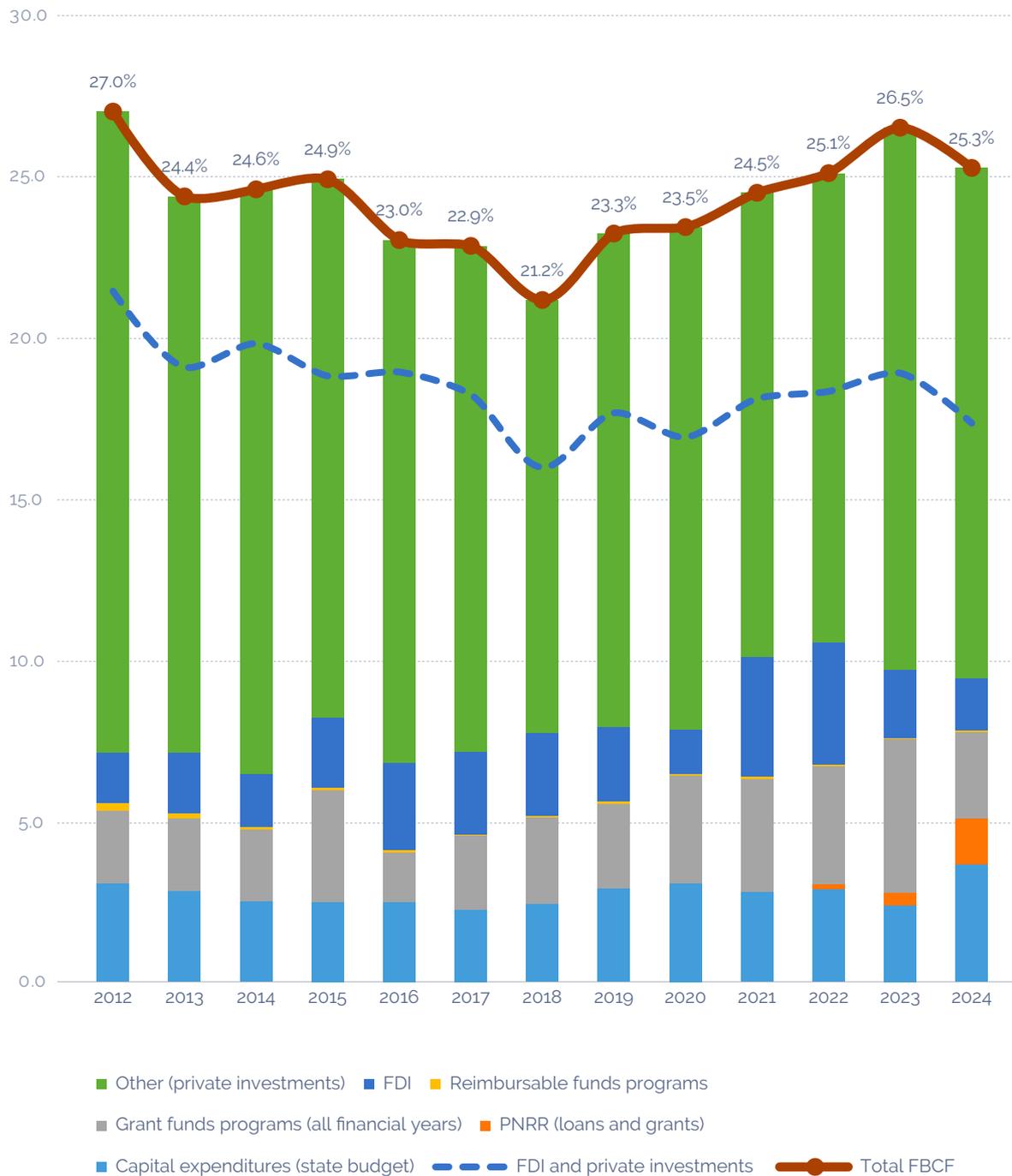
At the same time, the uneven absorption of European funds highlights administrative and institutional bottlenecks. Delays in project implementation and inconsistent execution can reduce the economic impact of spending and increase the risk that funds are directed to projects with suboptimal returns.

Taken together, these trends leave Romania at a crossroads. European and PNRR funds provide an important cushion and a chance to modernise infrastructure, but relying too heavily on them could make growth more dependent on funding cycles and more vulnerable to volatility. A stronger revival of private and foreign investment would add a more dynamic, productivity-enhancing layer to the investment mix.

<sup>1</sup> This analysis is based on available 2024 data. In 2025, the trend was reversed, and FDI increased compared to 2024.

<sup>2</sup> GFCF measures how much an economy invests in long-term assets that are used to produce goods and services.

**FIGURE 1**  
**Comparative data evolution of investment structure (2012-2024)**



Source: FIC calculations based on INS, Eurostat, and NBR data

The outlook, therefore, is not predetermined. With reforms that improve fiscal predictability, ease compliance burdens, and strengthen public administration, Romania could restore investor confidence and complement public investment with renewed private momentum. If that happens, today's stable investment rate could translate into faster, more durable growth. Without such a shift, however, the country risks a period of modest potential growth, making convergence with the European average a slower and more uncertain journey.

# Trends and developments 2024-2025

In 2024, foreign direct investment in Romania entered a new phase, shaped by a more cautious global environment and rising domestic economic pressures. While capital flows moderated, the broader picture is one of adjustment rather than retreat, with long-term investor commitment to the Romanian economy remaining intact.

## Slowing Foreign Direct Investment in 2024

According to data published by the National Bank of Romania in September 2025, net FDI inflows totalled €5.6bn in 2024, a 17% decrease compared with 2023. This brought annual investment volumes back toward levels seen before the pandemic. The slowdown unfolded against a challenging backdrop: Romania's economy grew by just 0.8% in real terms, while the budget deficit widened to 9.3% of GDP.

These developments mirror broader global and regional trends, in which investment flows have become more selective amid geopolitical tensions and economic uncertainty. In Romania's case, several structural factors have also influenced investor sentiment. These include the need for fiscal adjustment in the presence of twin deficits, ongoing debate over how that adjustment will be implemented, persistent inflationary pressures, and a series of recent tax and policy changes—such as the introduction of IMCA, the tax on special constructions, and discussions around energy price liberalisation versus continued regulation.

## Existing investors are staying engaged

Yet beneath the softer annual flow lies a more encouraging signal. The cumulative stock of FDI continued to rise, reaching €125bn in 2024. This suggests that, despite short-term volatility, foreign investors maintain a long-term presence and strategic interest in the Romanian market. In other words, while new inflows have become more measured, existing investors are staying engaged—an important foundation for future recovery once macroeconomic conditions stabilise.

Taken together, 2024 appears less as a turning point away from Romania and more as a period of recalibration, in which both investors and policymakers are adjusting to a more demanding economic environment. This is reinforced by the fact that in the first 11 months of 2025, the FDI flow was €7.59 billion, mainly supported by reinvested profits and the revival of intra-group financing. This shows that new investors are still cautious, but the existing ones persist in continuing their development.

# Structure and economic impact of foreign direct investment

## A. Flow contraction and structural reconfiguration

### A closer look at capital flow

The €1.1bn decline in net FDI inflows compared with the previous year signals more than a routine fluctuation. Data from the National Bank of Romania's Foreign Direct Investment Report point to a shift in how foreign investors are financing their Romanian operations.

One notable change is in reinvested profits. These fell by 37.4%, from €4.9bn to €3.1bn. As a share of total profits earned by foreign-owned firms, reinvested earnings dropped to around 32%—the lowest level in the past decade. This suggests companies are currently retaining a smaller share of profits for expansion, reflecting a more cautious stance amid uncertainty.

New equity contributions also softened, declining by €555m to €1.5bn. Rather than signalling withdrawal, this appears to show a preference for more measured capital allocation while companies assess market conditions.

At the same time, debt instruments recorded a sharp turnaround, shifting from –€248m in 2023 to +€1bn in 2024. Parent companies are increasingly supporting their Romanian subsidiaries through intra-group loans—financing tools that offer greater flexibility than direct equity injections. This points to adaptation rather than disengagement, with investors adjusting their financial structures to current conditions.

The FIC survey conducted in 2025, on a sample of 101 companies (84 with foreign capital, 17 with Romanian capital), outlines a nuanced picture: the appetite for major projects exists, but it depends decisively on the stability of the political, fiscal and regulatory framework. Through the survey conducted by FIC, the respondent companies send a coherent message: Romania remains a market of interest, but predictability and quality of governance are essential to turn potential into concrete investments.

At the same time, the results highlight that Romania is at a critical moment for its investment competitiveness, with more than half of the companies (53.5%) considering the country competitive only on the condition that structural reforms are implemented, compared to Poland, Hungary and Bulgaria. The data highlights a predominantly positive inclination towards expansion, with around two-thirds of declaring plans to expand investment in the next 2-3 years. This figure underlines the continued confidence in Romania's economic potential, despite the existing challenges. Simultaneously, a significant segment of companies is adopting a maintenance strategy, indicating a "wait-and-see" approach in the context of current uncertainties.

In order to transform Romania's potential into a regional competitive advantage, the analysis based on the questionnaire recommends: (1) Fiscal and regulatory stability over a minimum horizon of 5 years, with public consultation and ex-ante impact studies; (2) simplifying and digitalising administrative processes, cutting red tape and aligning with EU standards; and (3) accelerating the development of critical infrastructure, in order to position Romania as an industrial and digital hub in the region.

## Volatile flows, steady commitment of the investors

Over the past decade, Romania's FDI pattern has combined long-term growth with short-term volatility. After moderate inflows between 2013 and 2016, investment accelerated strongly in 2021 and 2022, reaching a post-pandemic peak of more than €10bn in 2022. The pullback in 2023–2024, therefore, represents a cooling from unusually high levels rather than a break in trend.

Indeed, the total stock of FDI has continued to rise steadily. Even in years when new inflows slow, the overall foreign investment position continues to expand, reflecting the ongoing presence and long-term commitment of foreign firms operating in Romania.

## Scale, structure, and room to grow

FDI inflows as a share of GDP have ranged between 1.4% and 3.8%. This indicates that while foreign investment plays a meaningful role in economic activity, it is not the sole engine of structural growth. By contrast, the FDI stock has stabilised at around 40% of GDP, underlining Romania's integration into European production networks and value chains.

Per capita figures tell a similar story of gradual deepening. The FDI stock per person has more than doubled, from roughly €3,000 in 2013 to over €6,500 in 2024. This reflects a more capitalised economy and a stronger footprint of foreign companies. Annual FDI flows per capita, however, have been more volatile, peaking at €556 per person in 2022 before easing again.

Compared with several other countries in Central and Eastern Europe, where FDI stock per capita exceeds €10,000–20,000, Romania still operates below its potential. This gap highlights both the limits of the current investment model and the opportunity ahead. With structural reforms and stronger institutional capacity, including more effective investment promotion, Romania has the scope to turn its existing foreign investor base into a broader, more dynamic wave of future investment.

TABLE 1

### Evolution of FDI and derived indicators (2013-2024)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>FDI flow (million euros)</b>	2712	2421	3461	4517	4797	5266	5173	3005	8964	10587	6748	5603
<b>FDI Balance (billion.euro)</b>	60.6	61.9	64.6	70.7	75.8	81.1	88.3	90.7	100.2	107.9	118.2	125
<b>Flow FDI/GDP (%)</b>	1.9	1.6	2.2	2.7	2.6	2.6	2.3	1.4	3.7	3.8	2.1	1.6
<b>Flow FDI/population (euro/inhabitant)</b>	136	122	175	230	246	271	267	156	471	556	354	294
<b>Flow FDI/GDP (%)</b>	42.4	41.2	40.3	42.2	40.7	39.3	39.3	41.0	41.4	38.3	36.4	35.3
<b>Balance FDI/population (euro/inhabitant)</b>	3039	3119	3272	3601	3883	4176	4562	4721	5266	5665	6202	6567

Source: NBR

## Sector shifts signal a strategic reset

Foreign direct investment in 2024 reveals a clear recalibration of investor priorities. Financial intermediation and insurance drew €1.6 billion—29% of total inflows— overtaking industry, which attracted €1.4 billion, or 25%. This reversal from the previous year suggests a tilt toward sectors seen as more resilient to external shocks and economic volatility.

Industry, however, is far from standing still. Within it, energy has emerged as the new focal point. Investments in electricity, gas and water reached €856 million, exceeding manufacturing (€212 million) for the first time. This marks a notable shift toward energy infrastructure, aligning with the broader push for greener systems and the modernisation of production and storage capacity. Foreign investors appear keen to take part in this transformation, backing the long-term reshaping of the energy landscape.

Not all branches have shared in this momentum. Metallurgy recorded the largest net capital outflows, at –€283 million. The sector continues to grapple with high energy costs and weaker external demand, pressures that have weighed on its attractiveness.

Taken together, these movements indicate less retreat than repositioning. Capital is flowing toward areas linked to stability, modernisation, and long-term structural change—an encouraging sign of adaptation in a shifting economic environment.

## B. Romania in the regional investment picture

**Romania remains an important investment destination in Central and Eastern Europe. Recent data suggest short-term pressures, but also early signs of recovery. Strengthening competitiveness and spreading investment more evenly across the country could turn that recovery into sustained, broad-based growth.**

Romania's drop in foreign direct investment in 2024 did not happen in isolation. Across Central and Eastern Europe (CEE), investment flows weakened, with regional FDI down by roughly a quarter. The picture, however, varies widely by country. While the Czech Republic, Croatia, Hungary, and Slovakia all posted growth — in Slovakia's case, a dramatic surge — Romania recorded a 15% decline.

Even so, Romania's position is not as bleak as the headline numbers suggest. Poland, its main regional competitor, also saw sizeable declines. At the same time, German and Austrian investments — traditionally major sources of capital for the region — fell sharply between mid-2024 and early 2025. Encouragingly, Romania was among the CEE countries showing positive signals in the first quarter of 2025, both in the number of projects announced and in the volume of capital committed. This points to a possible rebound in the second half of the year.

### Competitiveness: Progress, but ground to cover

Competitiveness indicators show that Romania still has room to strengthen its position in the region. By the end of 2024, the FDI stock per capita stood at €6,567. This is well below levels seen in countries such as Slovenia, the Czech Republic, and Slovakia. Part of the gap reflects Romania's larger population, which spreads the impact of foreign investment more thinly.

A more telling measure is the ratio of FDI stock to GDP. In 2024, this fell to 35.3%, the lowest level in the past decade. The reason is not a collapse in investment, but rather the fact that Romania's nominal GDP in euros grew faster than its FDI stock. Still, compared with Hungary, Poland, and the Czech Republic, all of which have higher FDI-to-GDP ratios, Romania's pace of capital accumulation remains too slow to close the gap on its own.

The message is clear: Romania continues to attract foreign investors, but faster, more consistent progress will depend on both policy improvements and the underlying factors investors consider, including costs, infrastructure, and institutional quality.

## A capital-centred investment map

Foreign investment in Romania is highly concentrated geographically. Bucharest alone accounts for 55% of the country's total FDI stock, €69.2 billion out of €125 billion. When combined with Ilfov county, the share rises to 66%. This leaves the remaining 40 counties competing for just one-third of foreign capital. The data on regional concentration in Bucharest-Ilfov should be taken with caution, as the National Institute of Statistics data is based on the investor's headquarters rather than the locations where the investor operates or has facilities. For example, although the investment could be in Brasov, if the headquarters are in Bucharest, the investment will be recorded in Bucharest.

Such concentration is much stronger than in most other emerging economies in the region, where capital cities typically attract 30–40% of FDI. In Romania, the top 10 counties hold 85% of the total stock, while many areas remain largely off the radar for international investors.

A second tier of counties (including Timiș, Cluj, and Brașov) has built meaningful investment profiles, supported by universities, skilled labour, and relatively modern infrastructure. Prahova and Constanța also stand out, benefiting from industrial capacity and port access. Yet even these counties attract only a fraction of the capital flowing into Bucharest.

At the other end of the spectrum, over a third of counties have less than €500m in FDI. A few records show extremely low or even negative balances, reflecting divestments or long-standing structural challenges. These regions often face a difficult cycle: weak infrastructure discourages investors, limited investment slows infrastructure development, and the migration of skilled workers further reduces local appeal.

Because Bucharest's performance skews the national average, the median FDI stock per county, €624m, offers a more realistic picture. This sharp territorial divide is more than a statistical curiosity. Over time, excessive concentration can generate congestion costs in leading cities, while underinvested regions struggle to contribute fully to national growth. A more balanced investment spread would support both resilience and long-term development.

It is important to mention that a factor influencing the concentration of investments in certain geographical areas has been the quality of infrastructure that Romania failed to invest in for a long period of time, and which is being addressed just now through European funds.

## Where the money comes from

Germany remains Romania's largest ultimate investor, followed by Austria and France. At the same time, a significant share of capital is routed through intermediary countries such as the Netherlands and Cyprus, often for corporate structuring or tax reasons.

This layered structure means Romania is influenced not only by economic conditions in source countries, but also by changes in international tax rules and financial regulations. Stability and predictability in this broader environment, therefore, matter just as much as domestic reforms.

## C. The changing shape of foreign investment

Looking beyond headline figures, the structure of foreign direct investment offers useful clues about the quality of capital entering Romania.

### A shift from expansion to consolidation

The structure of foreign direct investment in 2024 shows a clear change in investor behaviour. Greenfield projects, the investments that create entirely new facilities and jobs, fell sharply by 40.3% to €57m. This continues a downward trend that began in 2022 and reflects a more cautious global climate, marked by geopolitical uncertainty and higher energy and labour costs. Investors appear more hesitant to commit to large, long-term projects until conditions become more predictable.

By contrast, mergers and acquisitions surged by 122.9% to €171m, far above the global growth rate in such deals. Rather than building new operations from scratch, many investors chose to acquire existing businesses. This points to a strategy focused on strengthening and consolidating current positions. Although acquisitions do not immediately add new production capacity, they can improve management practices and facilitate the transfer of expertise, helping firms become more competitive over time.

### Strengthening before the next growth cycle

Other investment components reinforce the picture of a temporary pause in expansion. Business development, additional funding for companies to expand existing operations, fell by 77.5% to €268m, the sharpest drop among all categories. This suggests that many firms are choosing to optimise what they already have rather than scale up in the short term.

At the same time, financial restructurings rose by 45.1% to €1bn. This increase indicates a focus on reinforcing balance sheets within multinational groups, likely to ensure stability in a more challenging economic environment.

Taken together, these trends suggest a period of adjustment rather than withdrawal. Investors remain engaged in Romania, but their priorities have shifted toward efficiency, resilience, and consolidation. Such phases often lay the groundwork for stronger, more sustainable expansion once uncertainty fades and confidence returns.

## D. Foreign trade: Resilience and rebalancing

Romania's foreign trade picture in 2024 tells a story of steady integration into global value chains, even as external conditions grew less friendly.

Foreign-owned companies exported goods worth €65.4bn, a 1.8% increase on the previous year. They accounted for a striking 73.3% of Romania's total exports, underlining their central role in connecting the local economy to international markets. Growth was more modest than in earlier years, reflecting softer demand from key European partners, particularly Germany, where parts of the economy have slipped into recession or stagnation. Even so, exports continued to edge upward, a sign of underlying resilience.

That said, pressures are visible on the import side. The trade deficit in goods for foreign direct investment companies widened to €17bn, up from €14.1bn in 2023. The deterioration was concentrated in a few areas:

- Chemicals and plastics (–€8.8bn)
- Mineral products (–€5.5bn)
- Agri-food goods (–€2.6bn)

These gaps outweighed the healthy €2.5bn surplus in machinery, appliances, and equipment, a sector strongly linked to the automotive industry. In other words, while Romania remains competitive in complex manufacturing segments, it still relies heavily on imports for several essential inputs and resources.

The brighter news comes from services, where the trend is clearly upward. FDI companies posted a €12bn trade surplus in services, with exports rising 7% to €24.3bn. Two areas stand out.

- IT services generated €6.8bn in exports, far exceeding €1.4bn in imports.
- Professional consultancy services delivered a surplus of over €900m.

Together, these figures point to a gradual yet meaningful shift toward higher-value-added activities. Traditional manufacturing still dominates the overall investment landscape, but services, especially knowledge-intensive ones, are gaining weight and strengthening Romania's external position.

In short, while goods trade reflects the strains of a weaker European cycle and structural import needs, services are quietly reshaping the country's economic profile. The result is an economy that remains deeply embedded in international production networks, while steadily moving up the value chain.

## E. Employment and productivity

Foreign-owned companies remained major employers in 2024, with an average workforce of 1.299 million people. That figure is 2% lower than a year earlier, though still above 2022 levels. In other words, hiring has cooled modestly, not collapsed. What makes this shift notable is that it occurred alongside almost unchanged turnover, which remained at €274 billion. The result: higher labour productivity, rising to €210,900 per employee—an increase of 2.1%.

Zooming out over the past decade reveals a deeper structural story. Between 2014 and 2024, turnover at foreign-owned firms surged by 93.7%, while their headcount grew by just 9.7%. That widening gap signals a long-term push toward efficiency. Faced with rising wages and shortages of skilled workers, companies have leaned more heavily on automation, technology, and process optimisation to sustain growth.

Even so, productivity levels—though improving—remain well below the European average. Rather than a weakness, this points to untapped potential. With further investment in technology and workforce training, these firms could unlock significant efficiency gains, strengthening both their competitiveness and their contribution to the wider economy.

FIGURE 2

### Evolution of labour productivity and the number of employees in FDI companies



Source: NBR (2025)

# Conclusions and recommendations

**A turning point for foreign investment:** Romania has reached a key moment for foreign direct investments. After a strong post-pandemic rebound, 2024 marked a shift toward consolidation: capital inflows fell by 17%, while the gap between repatriated profits and new investment widened. This is not a collapse, but a signal. The old growth formula, based largely on low labour costs and generous tax incentives, is running out of steam.

The challenge now is not simply to attract *more* investment, but *better* investment. Long-term competitiveness depends on modern transport and digital infrastructure, skilled human capital, and a functioning innovation ecosystem. Countries such as Poland and Czech show that strategic FDI such as investments in research and development, value-added manufacturing, and regional service hubs, flow toward places where institutions are predictable, public administration is efficient, and sectoral strategies are coherent.

Romania already has valuable assets: a strategic geographic position, an adaptable and well-educated workforce, and still-competitive costs. Unlocking this potential, however, requires tackling persistent structural weaknesses: excessive bureaucracy, infrastructure gaps, legislative instability, and shortcomings in technical and vocational education.

**Reducing vulnerabilities through diversification:** Romania's FDI structure is also highly concentrated. German and Austrian investors alone account for more than a quarter of the total stock. This creates exposure to downturns in specific economies and sectors, such as the ongoing restructuring of the European automotive industry.

A broader investor base would make the economy more resilient. Attracting capital from the United States, Asia, and fast-growing emerging economies would diversify risk and introduce complementary business models. At the same time, encouraging Romanian companies to invest abroad and later reinvest at home could strengthen the domestic entrepreneurial base and create beneficial feedback loops.

**From cost advantage to innovation-driven growth:** Recent data suggest a deeper shift in Romania's economic model. Sustaining growth above the EU average and avoiding macroeconomic imbalances will depend less on cheap labour and more on productivity and innovation.

The IT sector offers a glimpse of what is possible: €7.5bn in exports against €1.7bn in imports, generating a substantial net surplus. This success can be replicated by building regional technology hubs beyond Bucharest, in clusters such as Cluj, Timiș, and Brașov, supported by public-private co-financed R&D infrastructure.

Public policy should also steer incentives toward greenfield projects in high-value-added fields aligned with Europe's long-term priorities: electric vehicles, advanced electronic components, biotechnology, renewable-energy equipment, and similar sectors.

**A more balanced map of investment:** Foreign investment in Romania is heavily concentrated in the capital. Bucharest alone holds 55% of the FDI stock; together with Ilfov, the share rises to roughly two-thirds. This imbalance has grown over time, leaving entire regions undercapitalised.

A shift toward a more polycentric model would spread opportunity and reduce regional disparities. Three policy directions stand out:

1. Smarter, place-based incentives. Counties with the lowest FDI levels, such as Gorj, Mehedinți, Teleorman, and Vrancea, could receive stronger, longer-term fiscal incentives and support for utility infrastructure linked to new projects. These measures could remain in place until local FDI stocks converge toward the national median.
2. Strategic connectivity investments. Regions such as the North-East and South- West Oltenia remain marginal, in part due to weak transport links. Prioritising motorway and rail connections to major European corridors would cut logistics costs and improve access to markets. Timiș's success illustrates how strong infrastructure can anchor lasting investor interest.
3. Decentralised, capable institutions. Many administrative procedures are still concentrated in Bucharest, forcing firms to maintain a presence. Strengthening regional development agencies and transferring more decision-making power to the local level would make investment outside Bucharest more attractive and efficient.

**Smarter sectoral positioning:** Trade data from FDI companies reveal another imbalance: €65.4bn in goods exports versus €82.4bn in imports, leaving a €17bn deficit. Large gaps appear in chemicals and plastics, mineral products, and agrifood, only partly offset by a surplus in machinery and transport equipment.

This points to opportunities for strategic import substitution, especially in medium- to high-technology segments. Romania could attract producers of intermediate goods and components (tier-2 and tier-3 automotive suppliers, electronic components manufacturers, and higher-value food processors) to deepen domestic value chains.

FDI firms are already highly productive: output per employee rose by 76.5% between 2014 and 2024, reaching €210,900. The priority now is to spread this know-how. Supplier development programmes, technology transfer centres, and quality certification schemes can help local firms integrate into multinational value chains, turning isolated success stories into broader industrial upgrading.

**Predictability as a competitive advantage:** Beyond incentives and infrastructure, investors value stability. The sharp swings in FDI flows, from €10.6bn in 2022 to €5.6bn in 2024, reflect not only global cycles but also domestic uncertainty over fiscal and legislative changes.

A long-term fiscal stability pact for major greenfield investments could address this. Guaranteeing a consistent tax regime over a defined period would improve predictability and support long-term planning. At the same time, fully digitising administrative procedures and shortening authorisation times would reduce bureaucratic friction that currently undermines competitiveness relative to regional peers.

Monitoring territorial concentration annually and setting realistic targets to raise the share of FDI in lagging counties over the next decade would further align policy with development goals.

**From potential to performance:** Romania's starting point is strong, with an FDI stock of €125bn, a skilled workforce, and a favourable geographic position. The country also benefits from positive signals, including announced projects and committed capital. Turning these advantages into sustained, higher-quality investment, however, requires coordinated action.

That means aligning fiscal, economic, and regional policies; maintaining close dialogue with investors and business organisations; and ensuring consistency with Europe's green and digital transition. With steady reforms and well-targeted public and private investment, including effective use of European funds, Romania can narrow the gap with its Central European peers and build a more resilient, innovation-driven growth model.

**With the strategic framework established, the focus shifts to effective and disciplined implementation.**

## Annex: References

- National Bank of Romania (2025). Foreign direct investments in Romania in 2024.
- Bucharest: NBR. UNCTAD (2024). World Investment Report 2024: Investment Facilitation and Digital Government. Geneva: United Nations.
- UNCTAD (2025). World Investment Report 2025: International Investment in the Digital Economy. Geneva: United Nations.
- OECD (2025). FDI in Figures – April 2025. Paris: OECD Publishing.
- Wiener Institut für Internationale Wirtschaftsvergleiche (wiiw) (2025).
- Foreign Direct Investment in Eastern Europe Shrinks by a Quarter. Vienna: wiiw.
- Foreign Investors Council (FIC) (2024). FDI analysis – Romania 2024. Bucharest: FIC.



# Foreign Direct Investment in Romania

2025 Edition