



Romania

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Romania

EIB Group survey on investment and investment finance 2020.

Country overview: Romania

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and 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. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom 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, the United Kingdom 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 European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in 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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The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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EIBIS 2020 – Romania

KEY RESULTS

Investment Dynamics

In Q2 2020 investment in Romania still holds above the pre-crisis 2019 level. However, the COVID-19 pandemic is expected to add pressure. Following the global financial crisis, Romania has seen a sharp drop in investment and a protracted period of subdued activity by governments and firms.

In the last financial year, more firms increased than reduced investment. However, the investment outlook for 2020 is negative. The vast majority of firms (84%) expect to invest less or broadly the same amount in the current financial year due to COVID-19.

Investment Focus

Around a quarter (27%) of firms in Romania report abandoning or delaying investment plans as a result of COVID-19, fewer than the EU average (35%). The same proportion of firms in Romania (27%) also report continuing with investment plans albeit on a reduced scale or scope, i.e. well above the EU average (18%).

In the last financial year, the main purpose of investment continued to be capacity replacements (43%), and the highest share of investment was in machinery and equipment (56%).

Investment Needs and Priorities

Six in ten firms say they invested about the right amount over the last three years (60%), down from 75% in EIBIS 2019 and below the EU average (80%). Half of firms (50%) were operating at or above maximum capacity in 2019, below the EU average (61%).

For firms impacted by COVID-19, replacing capacity is the most cited investment priority (33%), followed by capacity expansion (30%). These patterns are in line with EU peers (34% and 23%, respectively).

Innovation Activities

Around one-third of all firms (32%) developed or introduced new products, processes or services as part of their investment activities, which includes 11% of all firms claiming to have undertaken innovation that is new to the country or world. Only 10% are classified as 'active innovators', and only seven percent as 'developers'.

Over half of firms (56%) have implemented, either fully or partially, the key digital technologies they were asked about. This is in line with EIBIS 2019 (52%) but lower than the EU average (63%).

Drivers and Constraints

Firms became, on balance, more pessimistic about the short-term outlook, aligning closely with the overall EU trend. Pessimism is greatest about the economic climate.

Uncertainty about the future remains the most cited long-term barrier to investment (82%), followed by the availability of skilled staff (72%). Firms in Romania are more likely than the EU overall to cite adequate transport infrastructure as a long term barrier to investment (63% versus 40%).

Investment Finance

External funds accounted for 26% of investment finance, in line with EIBIS 2019 (30%) but below the EU average of 35%. Bank loans made up the highest share of external finance (32%), well below EIBIS 2019 (54%) and the EU average (59%).

About one in five firms in Romania (19%) say they were happy to rely exclusively on internal sources to finance investment, up from 7% in EIBIS 2019 and in line with EU peers (17%). 85% of firms report that they were making a profit in the last financial year, similar to the EU average (80%).

Access to Finance

Firms that used external finance in 2019 are on balance satisfied with it. The highest proportion of dissatisfaction is with collateral (11%), followed by cost of finance (5%). 12% of all firms in Romania could be considered finance constrained in 2019, well above the EU average (6%).

Energy Efficiency

Almost four in ten firms (37%) were investing in measures to improve energy efficiency, well below the EU average (47%). Firms used 11% of their total investment in the last financial year on average, in line with EIBIS 2019 (10%) and the EU average (12%).

Climate Change

Three-quarters of firms (75%) say that climate change currently has an impact on their business, well above the EU average (58%).

On balance, firms feel that the transition to a low-carbon future will have a positive impact on their reputation but a negative impact on their supply chain in the next five years.

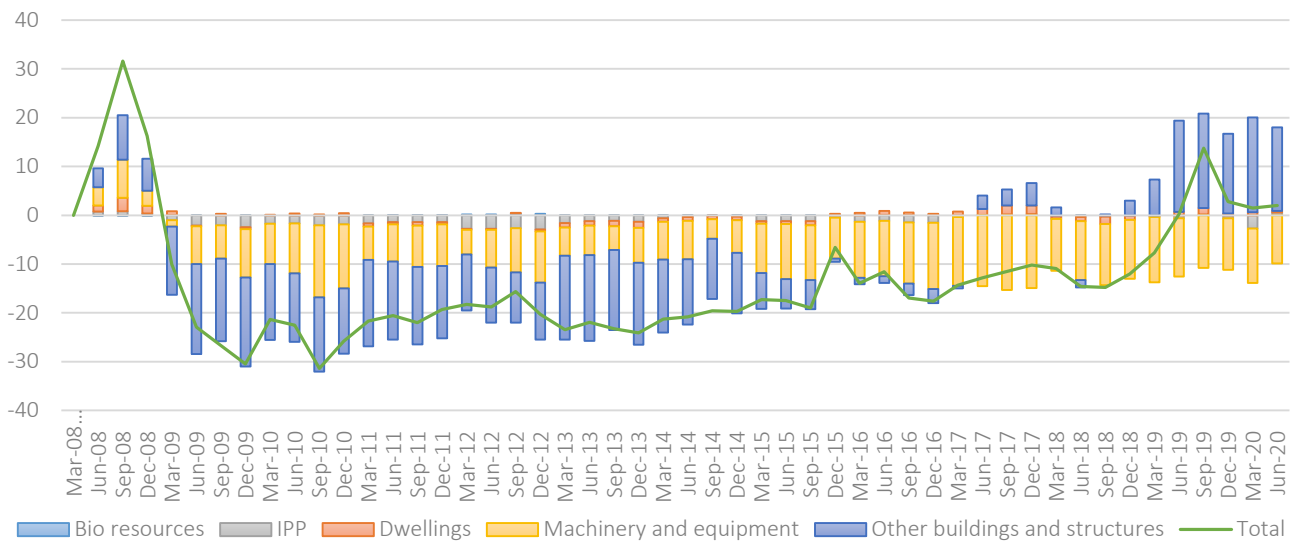
Two-thirds of firms (66%) report already investing or planning to invest to tackle the impact of climate change, similar to EU peers (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

The positive trend in investment since 2018 risks to be halted by the COVID-19 pandemic. In Q2 2020 investment in Romania still holds above the pre-crisis 2019 level. However, the COVID-19 pandemic is expected to add pressure.

Following the global financial crisis, Romania had already seen a sharp drop in investment, reaching its deep after five quarters, followed by a protracted period of subdued investment activity.



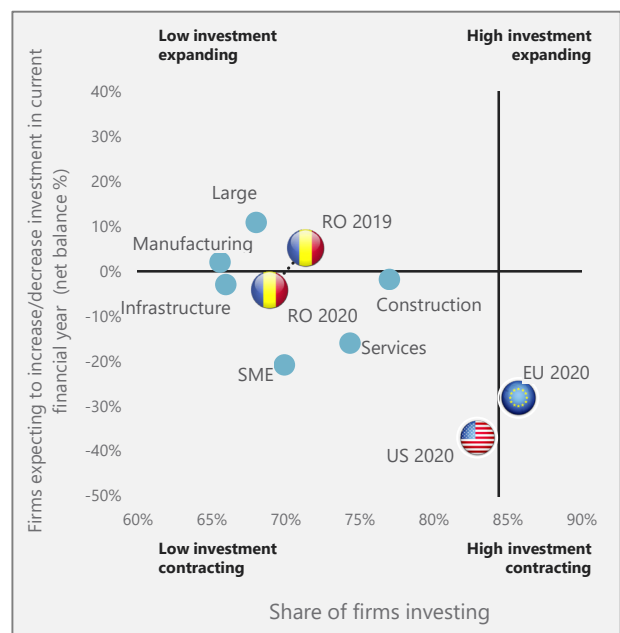
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

Firms' investment activity places Romania just inside the 'low investment contracting' quadrant on the investment cycle. In EIBIS 2019, Romania was just inside the 'low investment expanding' quadrant.

The net balance of services firms expecting to increase rather than decrease their investment activities in the current year remains negative. Construction firms have the highest share of firms investing and a slight negative expectation for investment.

On balance, more large firms expect to increase rather than decrease their investment, compared with SMEs.



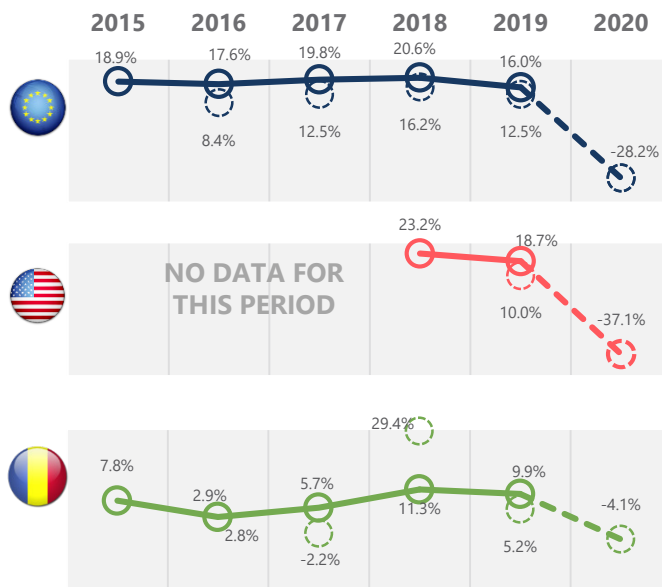
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

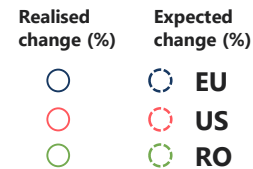
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



On balance, more firms in Romania increased rather than reduced their investment activities in the last financial year (10%), with the extent of the difference exceeding expectations from EIBIS 2019 (5%).

The investment outlook for 2020 is negative (-4%), with more firms expecting to reduce than increase investment. However, the outlook is not as negative as the EU average (-28%).



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

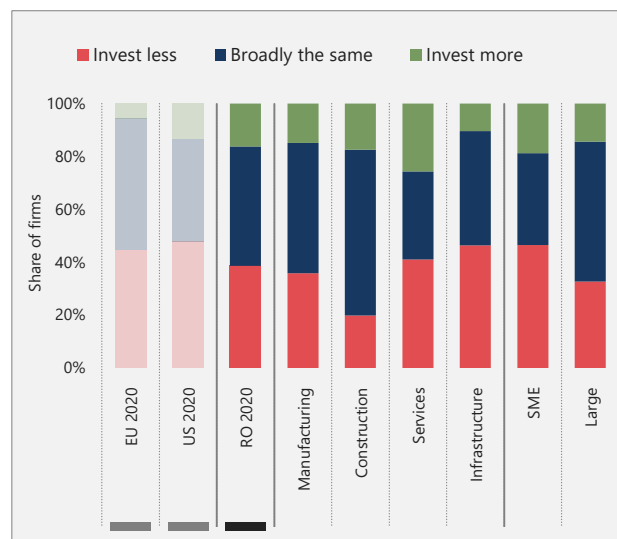
Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

More than half (55%) of firms in Romania, with an investment plan, expect to change their overall investment level: 39% expect to invest less and 16% expect to invest more. The share of firms expecting to invest more exceeds the EU average (6%).

Firms in the construction sector have the highest share of firms who expect to invest broadly the same (63%).

Large firms are also more likely than SMEs to expect to invest broadly the same in the current financial year (53% and 35%).



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

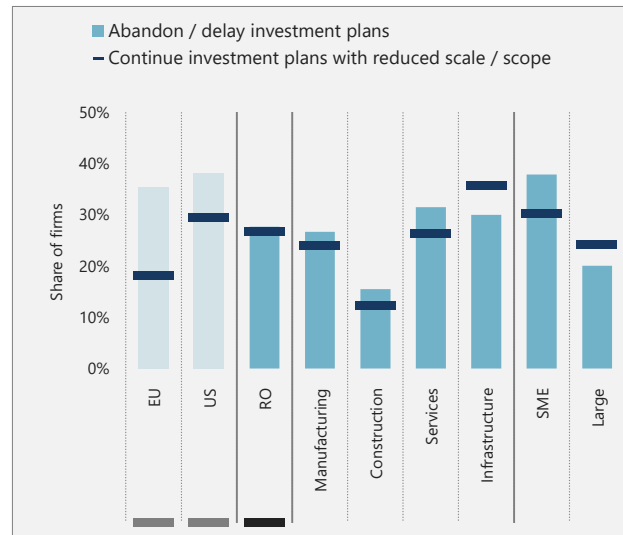
Investment Focus

ACTIONS AS A RESULT OF COVID-19

Around a quarter (27%) of firms in Romania with investment plans in the current financial year report abandoning or delaying at least some of their investment plans as a result of COVID-19, slightly below the EU average (35%).

The exact same proportion of firms in Romania (27%) also report continuing with at least some of their investment plans with reduced scale or scope, i.e. well above the EU overall (18%).

SMEs are more likely to abandon or delay investment plans than large firms (38% versus 20%).

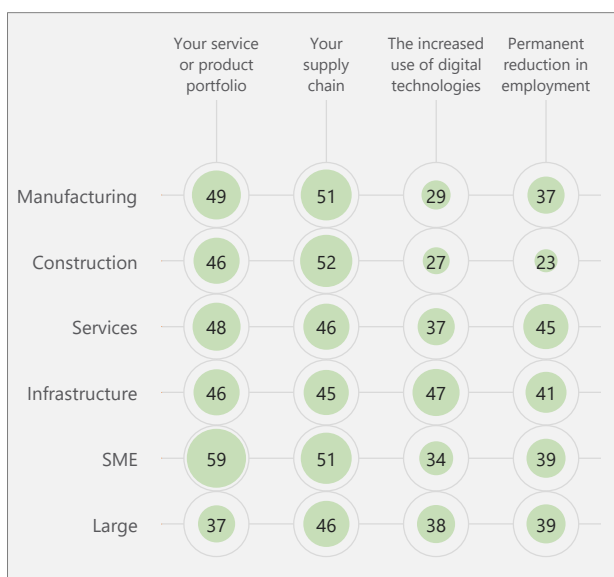


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



Overall, almost half of firms in Romania report an impact on their service or product portfolio (47%) and supply chain (48%) as a long term consequence of COVID-19, while almost four in ten report an increased use of digital technologies (36%) or a permanent reduction in employment (39%).

Firms in the construction sector have the lowest share of firms who expect the long term impact to be a permanent reduction in employment (23%).

The share of large firms reporting an impact on their service or product portfolio is well below that of SMEs (37% versus 59%).

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

Base: All firms

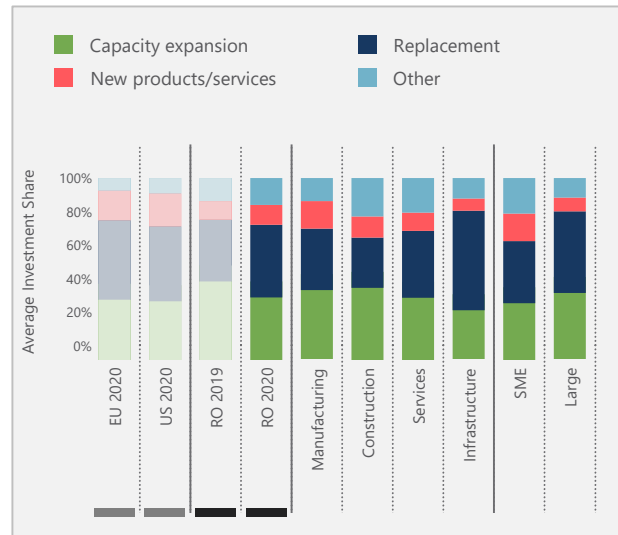
Investment Focus

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

The main purpose of investment in the last financial year was driven by the need to replace existing buildings, machinery, equipment and IT (with an average share of 43% of investment allocated to capacity replacement). This is broadly in line with the EU average (47%). The share of investment for capacity expansion has fallen from 38% in EIBIS 2019 to 28% compared to EIBIS 2019.

Infrastructure firms invested a greater share for replacing capacity (60%) than other sectors, with construction firms investing the smallest proportion (30%).

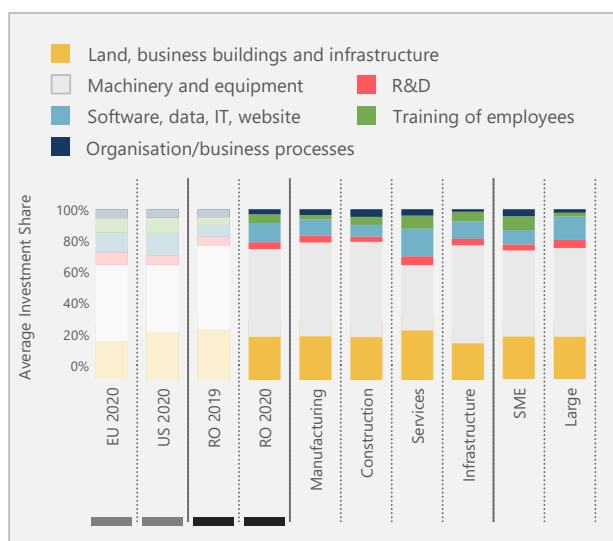
Large firms also allocated a higher share of their investment to replacing capacity than SMEs (49% and 37%, respectively).



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

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

INVESTMENT AREAS



Out of the six investment areas considered, the highest share of investment in Romania was in machinery and equipment (56%), followed by land, business buildings and infrastructure (18%) and software, data, IT and websites (12%). The share allocated to machinery and equipment was broadly in line with the EU overall (49%).

Firms in the services sector allocated a smaller share of investment to machinery and equipment (42%) than firms in manufacturing (60%), construction (61%) and infrastructure (63%).

Comparing firm size, SMEs invested more in training of employees than large firms (9% and 2%, respectively).

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 who have invested in the last financial year (excluding don't know/refused responses)

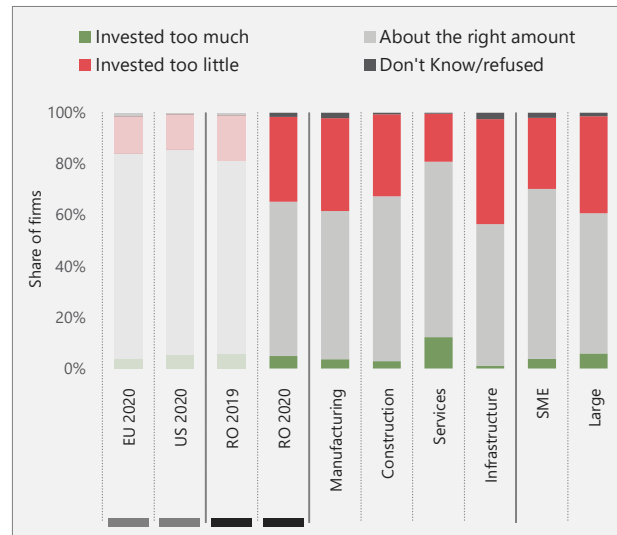
Caution very small base size less than 30

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Six in ten firms (60%) believe their investment over the last three years was about the right amount, down from 75% in EIBIS 2019 and below the EU average (80%). The share of firms reporting they invested too little has increased from 18% to 33%, exceeding the EU average (15%).

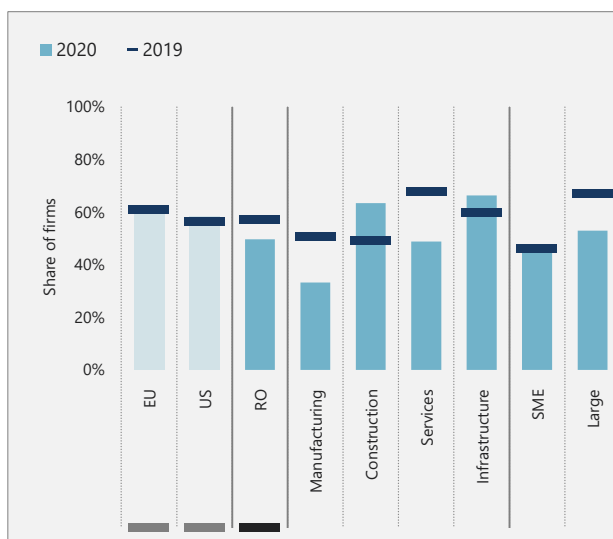
Firms in the service sector have the lowest share of firms who have invested too little.



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

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

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Half of firms (50%) were operating at or above full capacity in 2019, similar to EIBIS 2019 (57%) but below the EU overall (61%).

Construction and infrastructure firms were more likely to be operating at or above full capacity (63% and 66%, respectively) compared with manufacturing firms (33%).

Investment Needs and Priorities

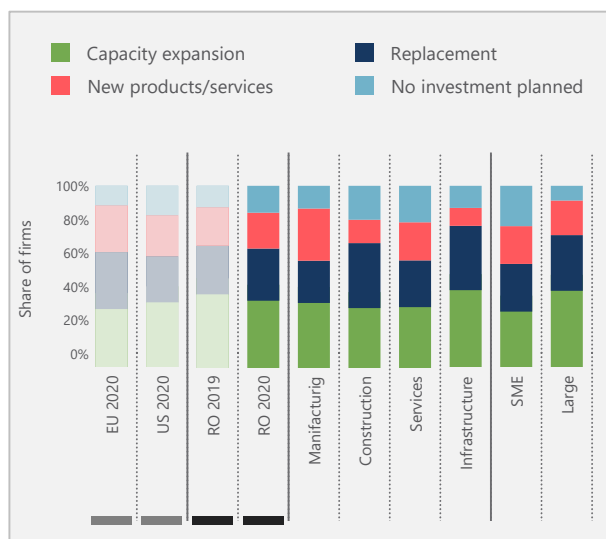
FUTURE INVESTMENT PRIORITIES (% of firms)

Replacing capacity and capacity expansion are each cited as an investment priority by almost one third of firms (both 31%). These are about in line with the EU averages (34% and 26%, respectively).

Firms in Romania are more likely to have no investment planned than EU peers (16% versus 12%) and they are also less likely to prioritise developing new products or services than the EU average (21% and 28%, respectively).

In Romania, manufacturing firms are more likely to prioritise developing new products or services (31%) than firms in the construction (14%) and infrastructure (11%) sectors.

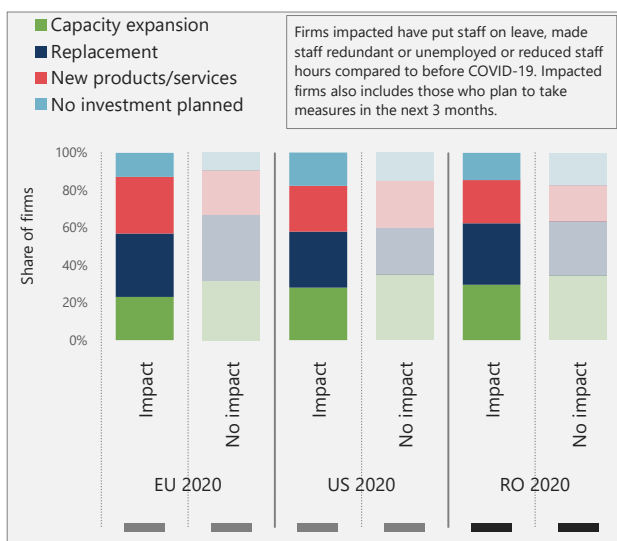
SMEs are more likely to have no investment planned than large firms (24% versus 9%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

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

COVID-19 IMPACT ON PRIORITIES



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

For firms impacted by COVID-19, replacing capacity is the most frequently cited investment priority (33%) and in line with the EU average (34%). Replacement is followed by capacity expansion as priority cited by 30% of firms.

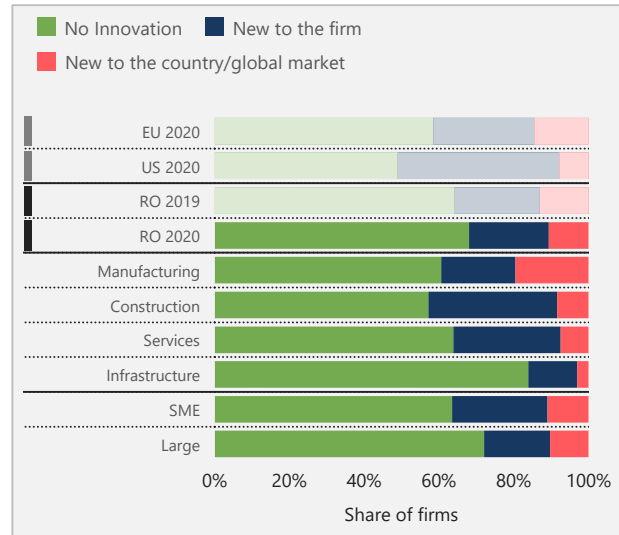
In contrast, among firms not impacted by COVID-19, capacity expansion is the most cited investment priority (34%), followed by replacing capacity (29%), which is not significantly different from the EU average (32% and 35%, respectively).

Innovation Activities

INNOVATION ACTIVITY

Around one-third of all firms (32%) developed or introduced new products, processes or services as part of their investment activities. This includes 11% of firms reporting innovations new to the country or the global market. The share of firms undertaking innovation activity is smaller than the EU average (42%).

Infrastructure firms are more likely to report they have not innovated (84%) than firms in manufacturing (61%), construction (57%) and services (64%).

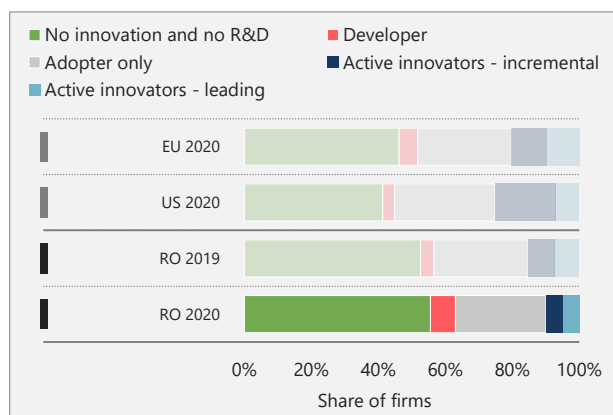


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

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

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

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

When firms' innovation and research and development behaviour is profiled more widely, only 10% of firms in Romania are classified as 'active innovators' (i.e. firms that invested in R&D) and only seven percent fit under 'developers' (i.e. firms that developed new products or services). This profile is broadly in line with Romania in EIBIS 2019.

The share of active innovators is lower than the EU average (20%), while the share of firms reporting no innovation is higher among firms in Romania than across the EU overall (56% versus 46%, respectively).

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world.

Innovation Activities

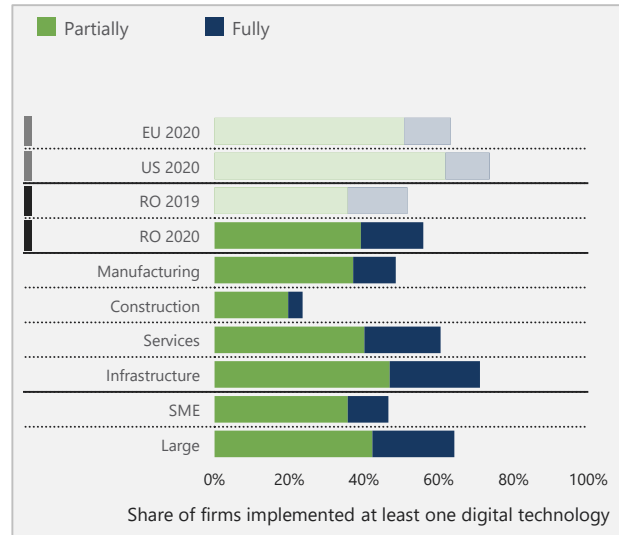
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Over half of firms in Romania (56%) have implemented, either fully or partially, at least one digital technology. This is in line with EIBIS 2019 (52%), but still below the EU average (63%).

Firms in the construction sector are the least likely to have implemented digital technologies, either fully or partially, within their business (24%).

Large firms are more likely to have implemented at least one digital technology than SMEs (64% and 46%, respectively).

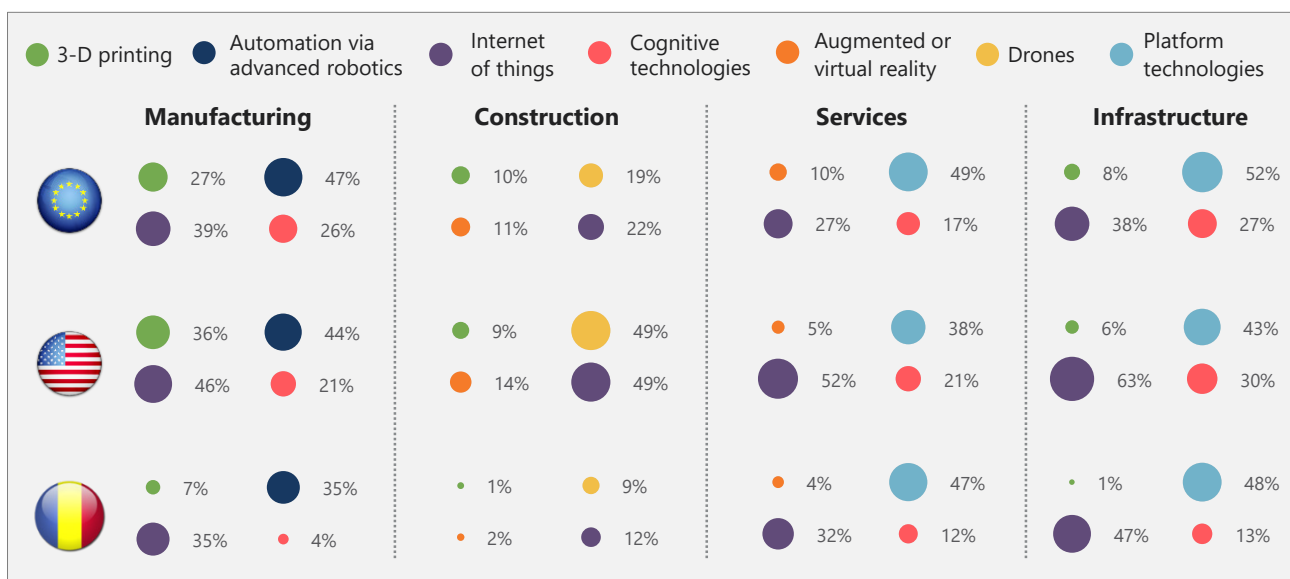
Infrastructure sector firms in Romania are less likely than the EU average to use cognitive technologies (13% and 27%, respectively).



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

DIGITAL TECHNOLOGIES BY SECTOR



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

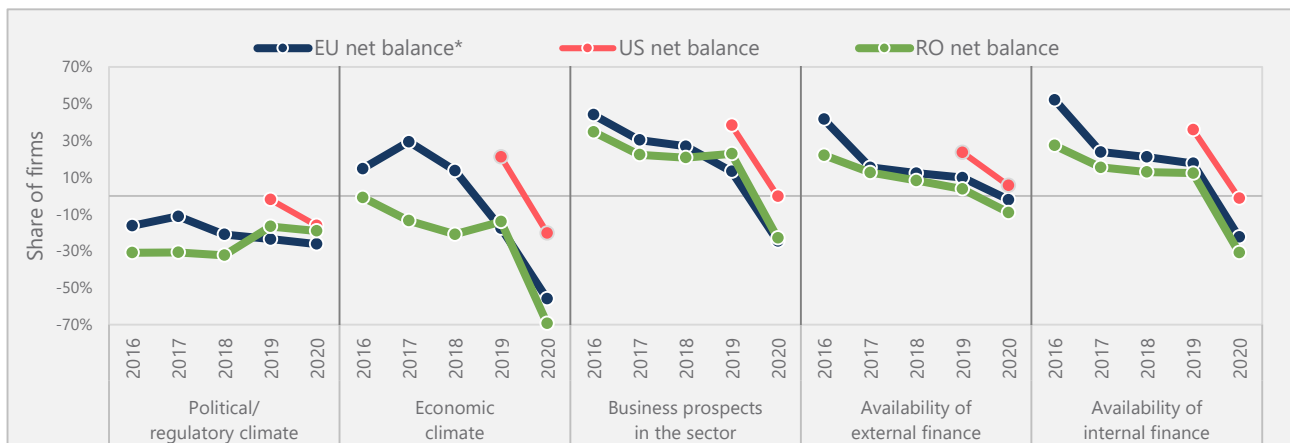
Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

At present, pessimism is spreading through the corporate sector in Romania, in line with the overall EU trends.

More firms expect all of the outlook aspects to deteriorate rather than improve in the next year, though this is less marked for the availability of external finance.

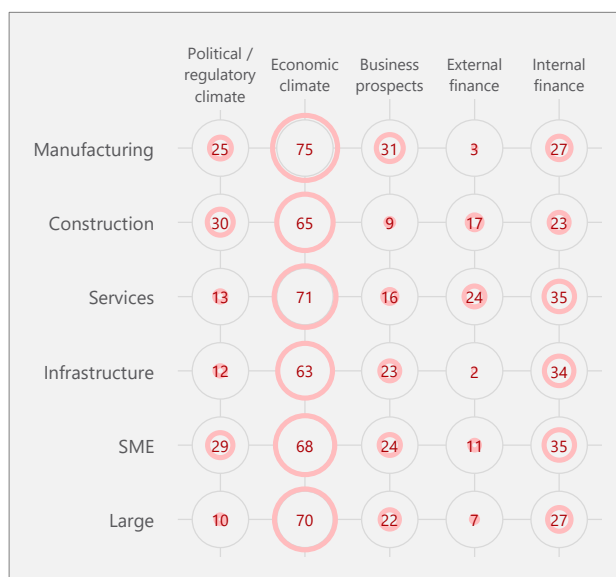


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: red figures are negative

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

Base: All firms

Firms across all sectors and firm sizes are consistently more negative than positive about all the short term outlook aspects but pessimism is particularly marked with regard to the economic climate.

SMEs are more negative about the political and regulatory climate than large firms (29% and 10%, respectively).

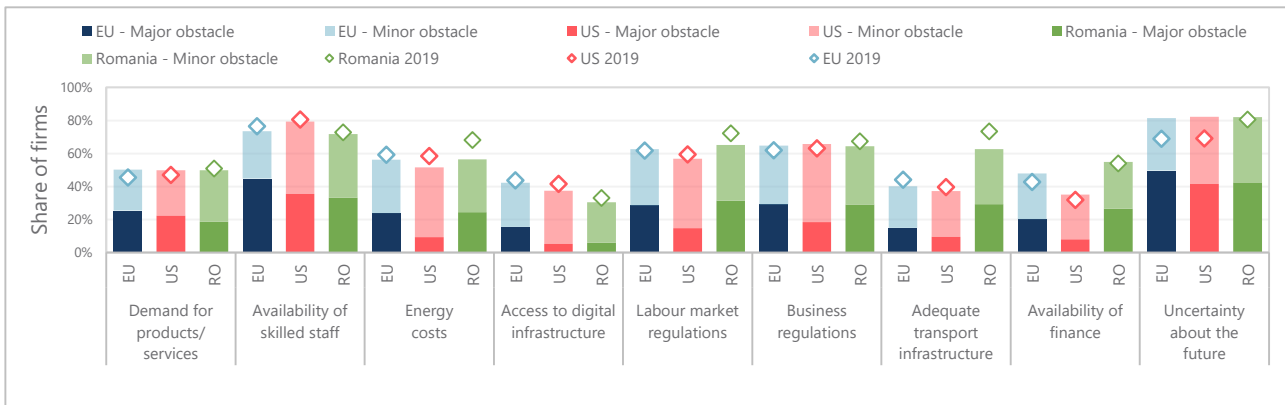
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

Uncertainty about the future is the most frequently cited long term barrier to investment (82%), followed by limited availability of skilled staff (72%). Compared to EIBIS 2019, there has been a decline in the share of firms citing energy costs (56%, down from 68%) and availability of adequate transport infrastructure (63%, down 73%) as long

term barrier.

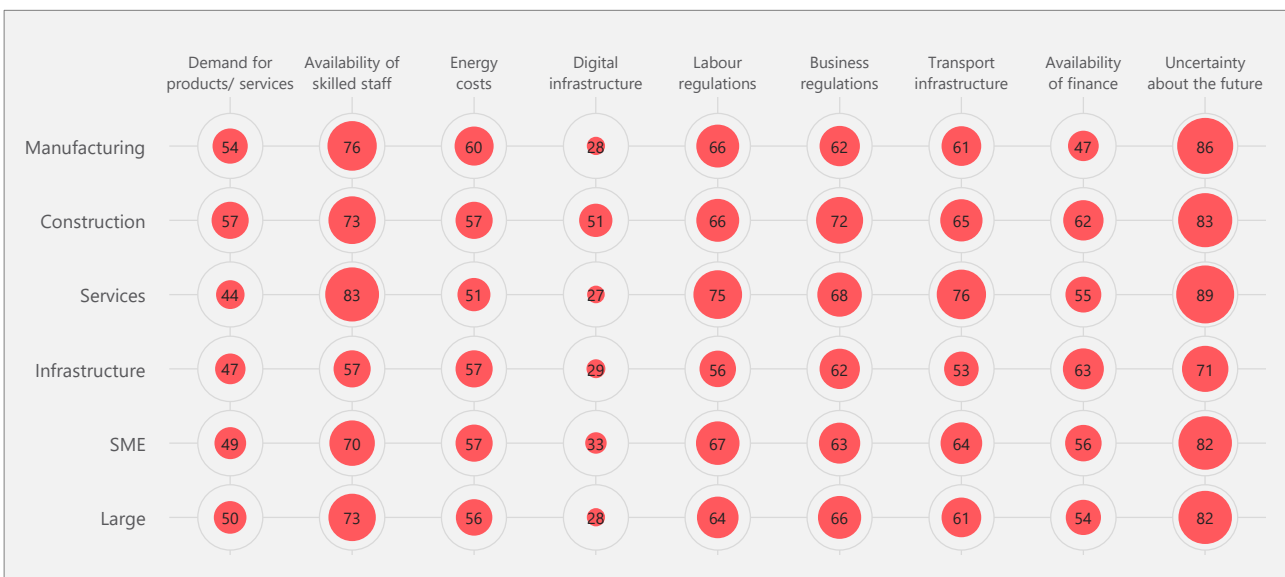
While the share of firms citing the availability of adequate transport infrastructure has decreased, in Romania this remains a barrier more often compared to the EU average (63% versus 40%). Similarly, the availability of finance is cited more frequently (55% versus 48%).



Q. Thinking about your investment activities in Romania, 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 who said not an obstacle at all/don't know/refused)

LONG TERM BARRIERS BY SECTOR AND SIZE



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

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

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

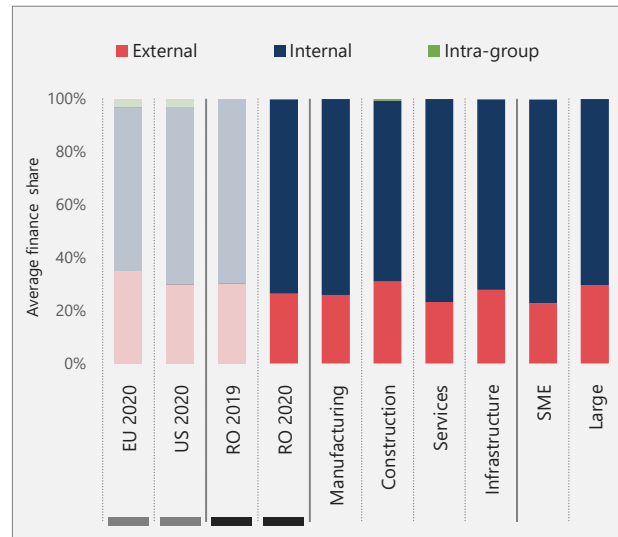
Investment Finance

SOURCE OF INVESTMENT FINANCE

Around a quarter of investment activities of firms in Romania was financed by external sources (26%), in line with EIBIS 2019 (30%) but lower than the EU average (35%).

Conversely, internal finance made up nearly three quarters (74%) of the share of investment finance, which is higher than the EU average of 62%.

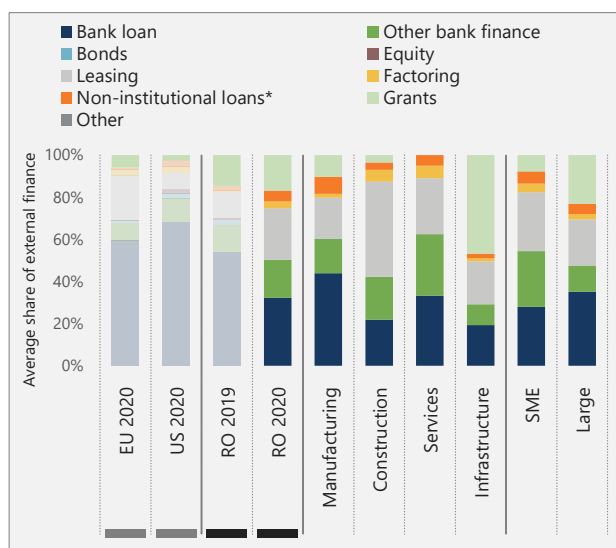
Patterns of investment finance were broadly similar across all sectors and sizes of firms.



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

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

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

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

Caution very small base size less than 30

Bank loans continued to make up the highest share of external finance (32%), though this is well below the share reported in EIBIS 2019 (54%), and the EU average (59%).

One-quarter of external finance was made up of leasing or hire purchase (24%), in line with the EU average (21%) but higher than EIBIS 2019 (13%).

Among the sectors, manufacturing firms reported the highest share of external finance coming from bank loans (44%), while construction firms reported the highest share coming from leasing or hire purchase (45%).

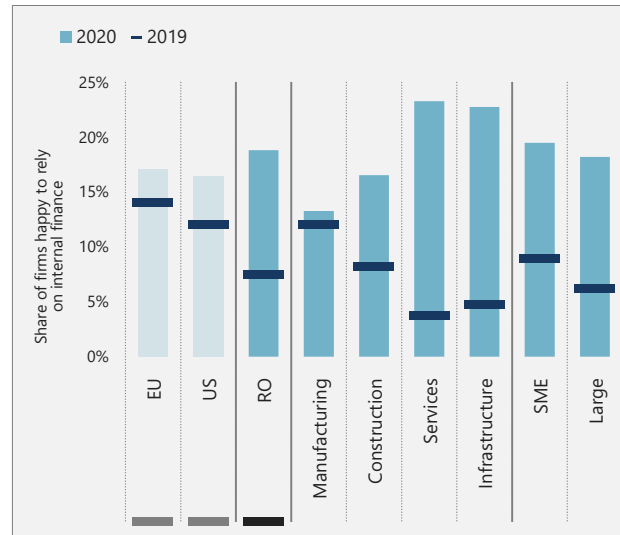
The pattern of external finance used is very different between SMEs and large firms. SMEs had a higher proportion of their investment allocated by other bank finance and leasing, while large firms show a higher share of grants.

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

One in five firms (19%) in Romania were happy to rely exclusively on internal sources to finance investment, up from 7% in EIBIS 2019 and in line with the EU average (17%).

The share of firms happy to rely on internal sources was highest among services and infrastructure firms (both 23%) and the share reporting this has increased significantly among these sectors since EIBIS 2019.



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



More than eight in ten firms (85%) report to have made a profit in the last financial year. This is similar to EIBIS 2019 (80%), and the EU average (80%).

In Romania, one quarter (23%) of firms report being highly profitable, in 2019 more than the EU average (16%).

Firms in the services sector are more likely to report that they were profitable (95%) than those in manufacturing (76%) and the construction (81%) sectors.

The share of profitable firms was broadly similar for SMEs and large firms (81% and 88%, respectively).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

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

Access To Finance

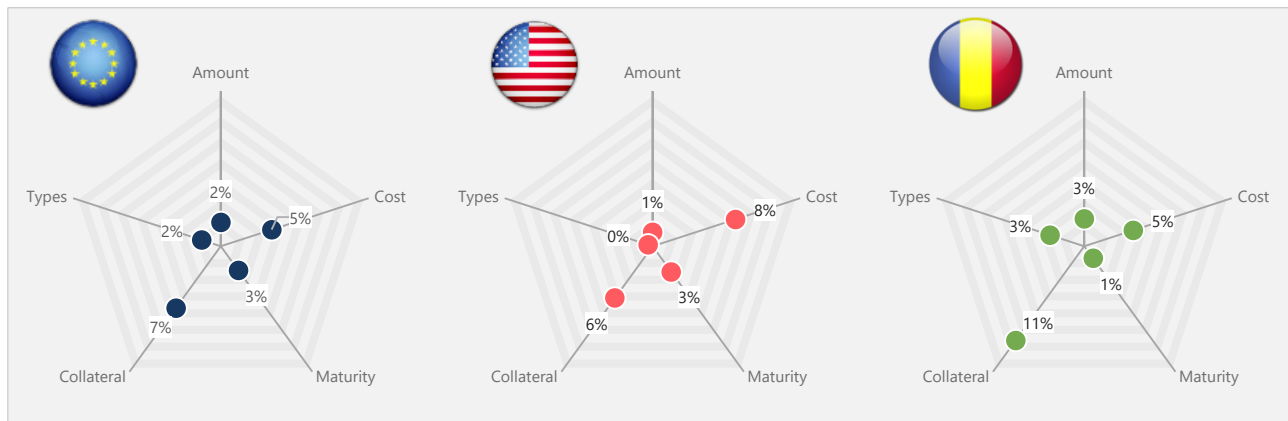
DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms that used external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. The highest levels of dissatisfaction are with collateral

requirements (11%), followed by cost of finance (5%).

Dissatisfaction with all five aspects of external finance is broadly similar to EU patterns.

Share of dissatisfied firms



Q. How satisfied or dissatisfied are you with ...?

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

DISSATISFACTION BY SECTOR AND SIZE (%)



Overall dissatisfaction levels are low, with the highest levels of dissatisfaction mentioned regarding the collateral requirements. This is most pronounced among infrastructure firms (18%), followed by manufacturing firms (13%).

SMEs are more likely to be dissatisfied with the amount of finance (7%) and the cost of finance (12%) compared to large firms (0% for both).

Q. How satisfied or dissatisfied are you with ...?

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

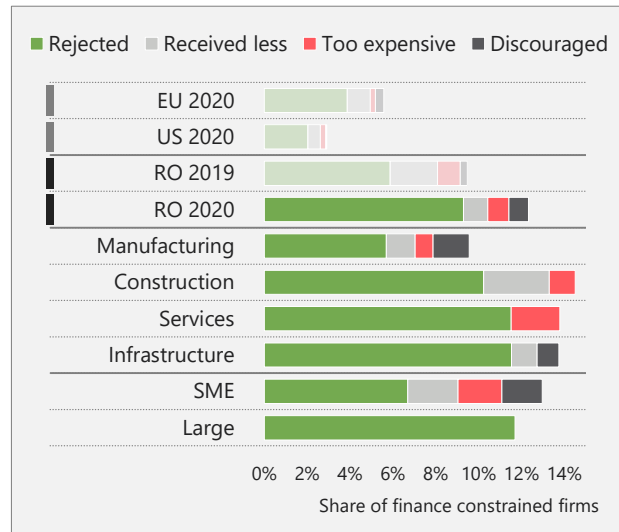
Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Around one in ten firms (12%) in Romania could be considered finance constrained in 2019. This is in line with EIBIS 2019 (9%) but well above the EU average (6%).

By sector, around 14% of firms in construction, services and infrastructure could be considered finance constrained. The share is lower (10%) for manufacturing firms.

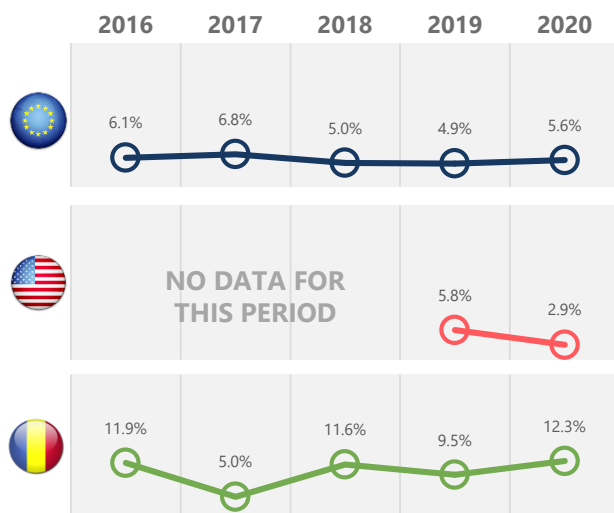
Shares of finance constrained firms are similar for large firms (12%) and SMEs (13%).



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 who 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

FINANCING CONSTRAINTS OVER TIME



Base: All firms

Firms in Romania remain more likely to be finance constrained in the past financial year than the EU average.

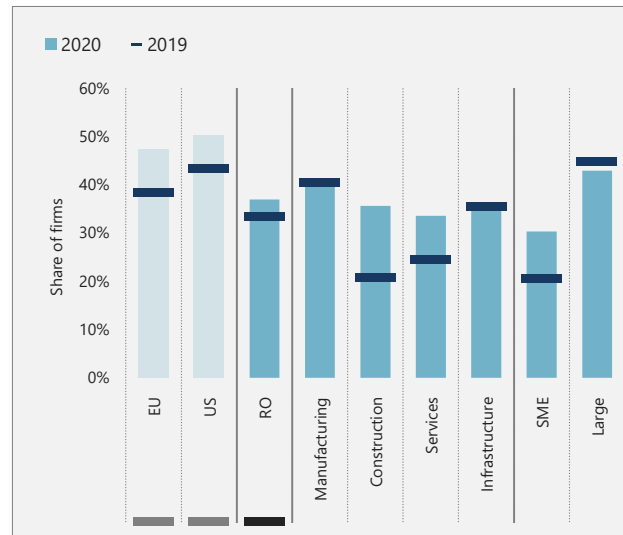
The share of firms classified as constrained has remained broadly similar since EIBIS 2018 in both Romania and the EU overall.

Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Almost four in ten firms (37%) were investing in measures to improve energy efficiency, in line with EIBIS 2019 (33%) but well below the EU average (47%).

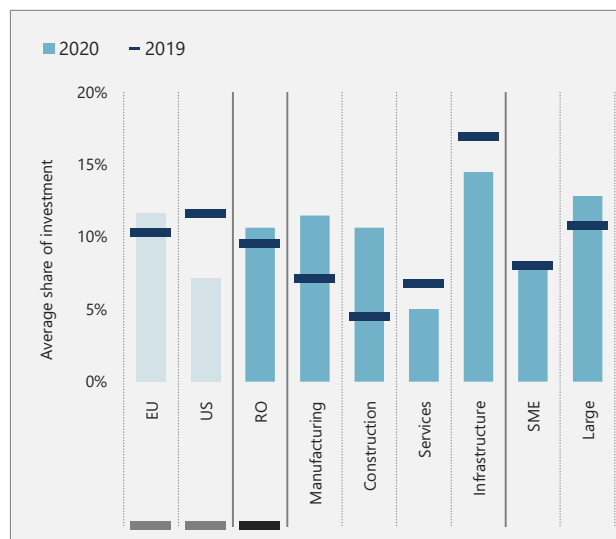
The share of firms investing in measures to improve energy efficiency is broadly similar across all sectors and size of firms.



Q. What proportion of 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



On average, firms in Romania used 11% of their total investment in the last financial year to improve energy efficiency, in line with EIBIS 2019 (10%) and the EU average (12%).

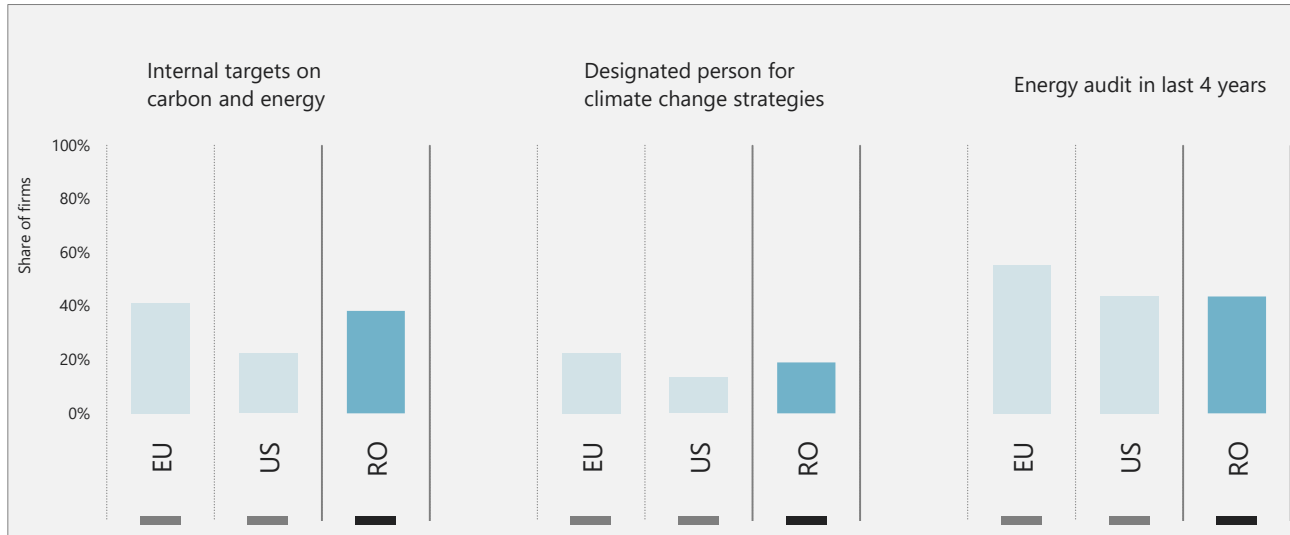
Comparing sectors, infrastructure firms used the highest share of their investment to improve energy efficiency (15%), while services firms used the lowest (5%).

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

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

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



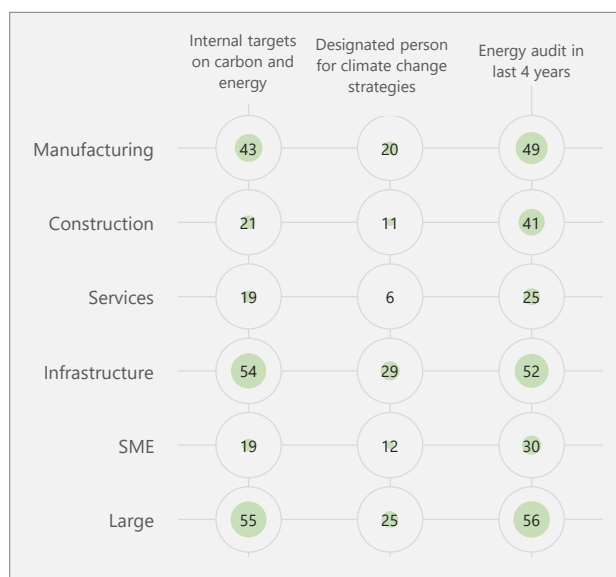
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Four in ten firms (38%) have internal targets on carbon and energy, similar to the EU average (41%).

One in five firms (19%) have a designated person for climate change strategies, again in line with the EU average (23%).

More than four in ten firms (44%) have had an energy audit in the last four years, which is, however, below the EU overall (55%).

Services firms are generally less likely than the firms in manufacturing and infrastructure to have any of these three things.

SMEs are also generally less likely than large firms to have internal targets, a designated person for climate change strategies and an energy audit.

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

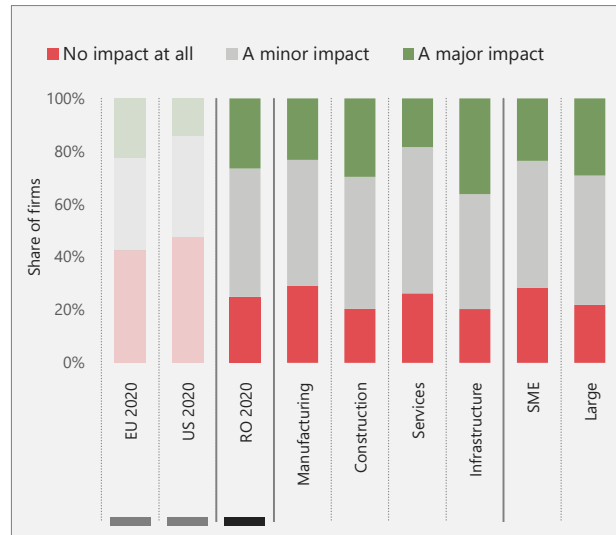
Climate Change

CLIMATE CHANGE IMPACT

Three-quarters of firms in Romania (75%) report that climate change currently has an impact on their business. This is well above the EU average (58%).

Infrastructure firms are more likely than services firms to say that climate change has had a major impact on their business (36% versus 18%).

SMEs and large firms are similar in their assessments.



Q, Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



Please note: green figures are positive, red figures are negative

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

On balance, firms feel that the transition to a low-carbon future will have a positive impact on their reputation but a negative impact on their supply chain in the next five years.

Comparing sectors, infrastructure firms are most positive about the impact on their reputation (net +14%), while construction firms are most positive about the impact on market demand (net +19%). Manufacturing and services firms are most negative about the impact on their supply chain (-25% and -27% respectively).

Large firms are most negative about the impact on their supply chain (net -29%), but are only slightly negative about market demand (net -2%) and positive about the impact on reputation (net +9%).

*Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact

Climate Change

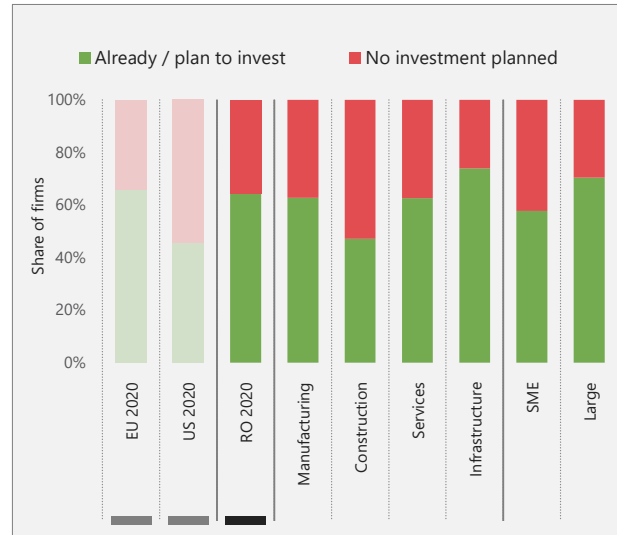
INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Two-thirds of firms (66%) report already investing or planning to invest to tackle the impact of climate change, in line with the EU average (67%).

Construction firms are less likely to be investing or planning to invest (47%) compared to firms in manufacturing (66%) and infrastructure (75%).

Investing or planning to invest in tackling climate change is also less common among SMEs (60%) than large firms (73%).

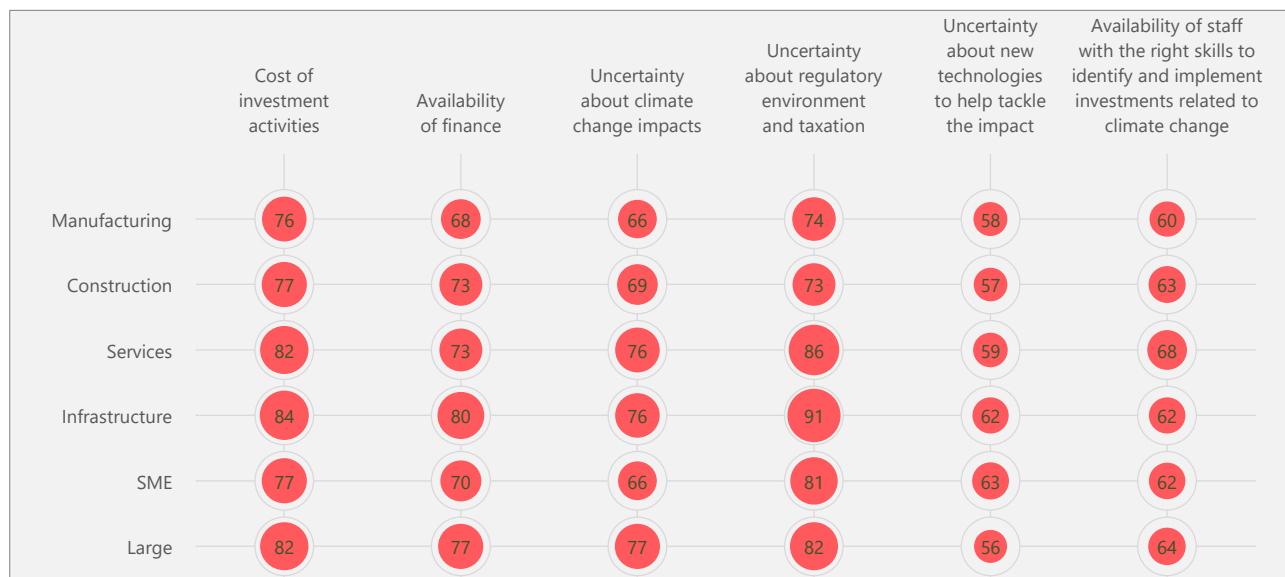
Regarding barriers to climate change investment, there is little variation across sectors and firm size classes, except that infrastructure firms are more likely to find uncertainty about the regulatory environment and taxation as a barrier compared to corporates in manufacturing and construction (91% versus 74% and 73%, respectively).



Q. Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

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

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

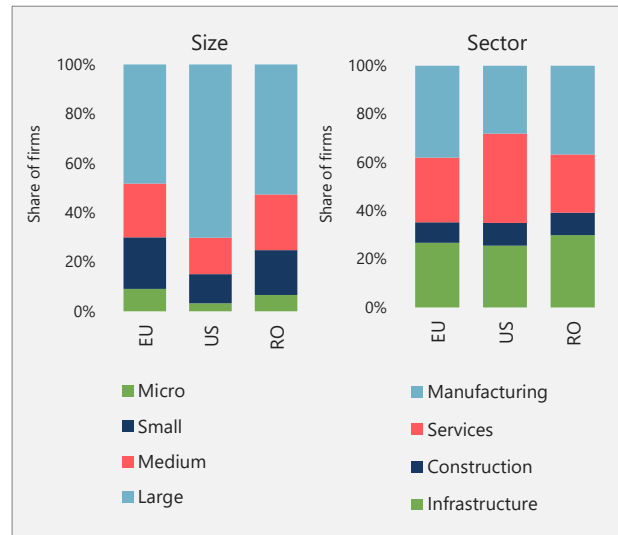
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Large firms with 250+ employees (53%) account for the largest share of value-added in Romania, similarly to the EU pattern (48%). The contribution of medium firms is also in line with the EU average (23% and 22%, respectively).

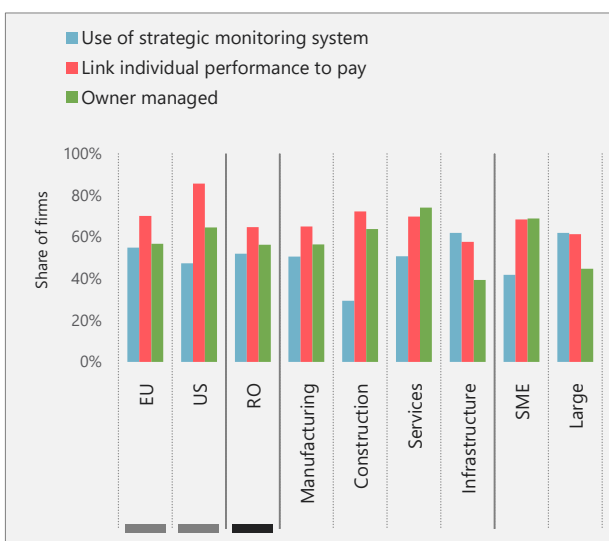
In terms of sector, the profile of firms' contributions to value-added in Romania is about in line with the EU overall, with 37% from manufacturing, 30% from infrastructure, 24% from services and 9% from construction.



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT



Half of firms (52%) use a strategic monitoring system, in line with the EU average (55%). Nearly two thirds link individual performance to pay (65%), again in line with the EU average (70%). More than half of firms in Romania are owner-managed (56%), very similar to the EU average (57%).

Construction firms are less likely to use a strategic monitoring system (29%) than firms in the other sectors. Infrastructure firms are less likely to be owner-managed (39%) than firms in construction (64%) and services (74%).

Comparing firm size classes, large corporates are more likely to use a strategic monitoring system (62%) than SMEs (42%), while SMEs are more likely to be owner-managed (69%) than large firms (45%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – 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	US	RO	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs RO	Manuf vs Constr	SME vs Large
	(11971)	(800)	(480)	(139)	(112)	(103)	(124)	(411)	(69)	(11971 vs 480)	(112 vs 139)	(411 vs 69)
10% or 90%	1.1%	3.5%	3.5%	5.9%	6.6%	7.3%	6.5%	2.7%	6.1%	3.6%	8.8%	6.7%
30% or 70%	1.7%	5.3%	5.3%	9.1%	10.1%	11.2%	9.9%	4.2%	9.3%	5.6%	13.5%	10.2%
50%	1.9%	5.8%	5.8%	9.9%	11.0%	12.2%	10.9%	4.6%	10.2%	6.1%	14.7%	11.1%

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.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 480 firms in Romania (carried out between May and August 2020).

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

Base definition and page reference	EU 2020/2019	US 2020/2019	RO 2020/2019	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	480/482	139	112	103	124	411	69
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	464/451	134	109	100	119	398	66
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	347/NA	101	83	76	86	286	61
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	407/356	110	99	92	104	344	63
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	384/338	103	94	86	99	331	53
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	480/482	139	112	103	124	411	69
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	476/476	138	111	102	123	407	69
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	473/0	136	111	102	122	406	67
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	478/475	139	111	102	124	409	69
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	358/301	95	87	83	91	306	52
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	480/476	139	112	103	124	411	69
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	422/365	114	104	93	109	361	61
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	169/142	46	45	35	43	137	32
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	435/419	124	105	87	117	372	63
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	164/138	44	45	33	42	132	32
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	478/NA	138	112	103	123	411	67
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	472/NA	137	111	103	119	404	68
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	471/456	136	110	102	121	408	63



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Romania

Overview

EIB INVESTMENT SURVEY

2020