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Romania: An Overview

With a population of almost 20 million, Romania is the largest country in southeastern Europe. After the revolution ending communist rule in 1989, Romania adopted a Euro-Atlantic orientation, joining NATO in 2004 and the European Union (EU) in 2007. Romania's strategic Black Sea location and commitment to strong transatlantic relations have made it a key U.S. partner in the region.

Domestic Background

Romania is a parliamentary republic with a semi-presidential system; the prime minister leads the government, and a directly elected president is head of state and wields some powers in defense and domestic affairs. Prime Minister Florin Cîțu of the center-right National Liberal Party (PNL) has led the current government since December 2020. President Klaus Iohannis (backed by PNL) was elected to a second five-year term in 2019. Romania's bicameral parliament consists of a Senate and a Chamber of Deputies.

Romania has had a volatile political scene over the past few years, characterized by political polarization, unstable governments, and disputes over constitutional prerogatives. From 2017 to 2019, governments led by the center-left Social Democratic Party (PSD) introduced controversial changes to the justice system that drew U.S. and EU criticism and triggered Romania's largest protests since 1989 (see below). The PSD government collapsed in late 2019, and PNL-led coalitions have governed since then.

Romania has held four countrywide elections over the past two years. European Parliament, presidential, and local elections in 2019 and 2020 largely delivered victories to PNL and centrist liberal parties. In December 2020, however, PSD won parliamentary elections with just under 30% of the vote. PNL placed second (25%), followed by the liberal USR-PLUS alliance (15%). Some observers were surprised when a new far-right populist party garnered 9% of the votes. With PSD unable to secure coalition partners, PNL formed the current government with USR-PLUS and the Democratic Alliance of Hungarians in Romania (UDMR). Cîțu, the outgoing government's finance minister, became prime minister.

Governance and Rule-of-Law Concerns

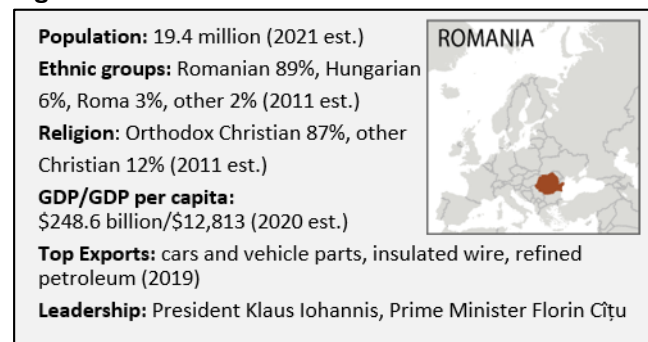
Corruption and weak rule of law are regarded as significant challenges in Romania. Due to concern that these issues had not been resolved when Romania joined the EU in 2007, Brussels monitors the country's reform progress through a temporary Cooperation and Verification Mechanism.

During the 2000s and 2010s, EU reports and other external assessments praised some of Romania's anti-corruption and judicial reforms. The National Anticorruption Directorate,

for example, successfully prosecuted hundreds of officials and politicians. From 2017 to 2019, however, PSD-led governments sought to change Romania's judicial and anti-corruption institutions. Many critics viewed the measures as an effort to undermine judicial independence and protect officials accused of corruption, including PSD's powerful then-leader, Liviu Dragnea.

The situation changed alongside strong public backlash and EU criticism. Dragnea began a three-and-a-half-year prison sentence for abuse of position in May 2019, and the PSD government collapsed in October. Since then, Romanian governments have moved to reverse the justice measures, and PSD's new leadership has sought to distance the party from its past agenda. Still, corruption remains a major challenge, and some of the 2017-2019 measures have not yet been reversed. A 2020 EU assessment notes continuing challenges to judicial independence and combating corruption. Romania, Hungary, and Bulgaria share the worst score among EU members in Transparency International's 2020 Corruption Perceptions Index.

Figure 1. Romania at a Glance



Source: Map and graphic created by CRS. Information from 2011 Census, International Monetary Fund, and National Bank of Romania.

Economy and Energy

By 1989, Romania was one of Europe's most impoverished countries. Conditions gradually improved, however, alongside economic reforms and EU integration. For part of the 2000s and 2010s, Romania was among the EU's fastest-growing economies. In 2020, the World Bank classified Romania as a high-income country for the first time (based on 2019 data).

Despite these gains, Romania has one of the EU's lowest levels of gross domestic product (GDP) per capita. Nearly a third of its population is at risk of poverty or social exclusion. Other barriers to economic growth include an aging and shrinking population, infrastructure deficiencies, and widespread corruption. As elsewhere, the Coronavirus Disease 2019 (COVID-19) pandemic has adversely

impacted the economy, with an estimated 4.8% GDP contraction in 2020.

As one of the EU's top oil and gas producers, Romania is relatively self-sufficient in its energy supplies, particularly natural gas. Recent oil and gas discoveries in the Black Sea could open new export opportunities, although resource development has been delayed.

Foreign and Security Policy

Romania's Euro-Atlantic strategic orientation is backed by strong cross-party consensus. Because of its more limited trade, energy, and cultural ties to Russia, Romania is arguably less vulnerable to Russian influence operations than other countries in southeastern Europe. Romania's national defense strategy attaches central importance to the country's EU and NATO membership and its bilateral partnership with the United States. Romania has sought to elevate Black Sea security as a transatlantic priority.

NATO and EU Membership

Romania is an active NATO member and seeks to shape EU foreign policy on certain issues. The country is a hub for NATO's defense and deterrence initiatives in the Black Sea region (see below) and has organized major naval and onshore exercises. For years, Romania has been a top troop contributor to the NATO-led Resolute Support Mission in Afghanistan. Within the EU, Romania generally backs a firmer approach to relations with Russia and supports EU enlargement into the Western Balkans.

Black Sea Security

Romania has sought to lead regional cooperation initiatives and elevate Black Sea security in NATO and the EU. Bilateral relations with Russia, Romania's neighbor across the Black Sea, are often strained. Romanian officials have criticized Russia's actions in the Black Sea region, including its support for breakaway territories in Moldova and Georgia, its aggression against Ukraine in 2014, and its subsequent military buildup in the region.

Romania is a strong proponent of NATO's defense and deterrence initiatives along the alliance's eastern flank. Largely at Romania's behest, the allies agreed in 2016 to a tailored Forward Presence in southeastern Europe. Romania hosts the Multinational Divisional Headquarters Southeast, which commands the Romanian-led Multinational Brigade Southeast and oversees NATO Force Integration Units in Bulgaria and Romania. While some observers call for greater NATO engagement in the Black Sea region—noting in particular its more expansive initiatives in the Baltic region—Black Sea NATO members Bulgaria and Turkey have resisted some proposals due to their differing threat perceptions and strategic interests.

Defense Spending and Military Modernization

Romania has significantly increased its defense spending since 2014, partly in response to Russia's actions in Ukraine and the Black Sea. In 2020, Romania's defense spending exceeded the NATO benchmark of 2% of GDP. A significant portion of recent spending went toward new equipment and defense capabilities. Romania's planned acquisitions are valued at over \$10 billion, including a \$4

billion deal to purchase new U.S.-developed Patriot air defense systems (Romania received its first delivery in September 2020). Other planned acquisitions include High Mobility Artillery Rocket Systems, Naval Strike Missile Coastal Defense Systems, and secondhand F-16 fighter jets.

Relations with the United States

Security Cooperation. The United States and Romania have wide-ranging security relations and share similar perceptions of Black Sea issues and global challenges. Romania's strategic partnership with the United States is a pillar of its defense strategy, and U.S. officials have described Romania as a steadfast ally. U.S. and Romanian soldiers have deployed together in Afghanistan, Iraq, Kosovo, and elsewhere. Bilateral security ties are further cemented through frequent drills and regular U.S. rotations to joint-use bases in Romania.

Romanian officials have welcomed a strong U.S. security presence in the country. A 2005 Defense Cooperation Agreement enables U.S. use of several bases in Romania, some of which have served as logistical and transportation hubs for missions in Afghanistan. Romania hosts one of the two Aegis Ashore ballistic missile defense systems that the United States contributes to NATO missile defense in Europe. More recently, in October 2020 the United States and Romania signed a 10-year Roadmap for Defense Cooperation to reinforce and expand ties.

Foreign and Security Assistance. During the 1990s, the United States provided extensive assistance for Romania's domestic transition and its EU and NATO membership bids. Since 2000, the United States has provided about \$700 million in assistance to Romania. Following Romania's EU accession in 2007, most U.S. assistance targeted security issues, including military training, Black Sea security, transnational threats, military modernization, and improved interoperability with NATO. In addition, the United States has invested in upgrading and expanding joint-use facilities in Romania. The FY2021 National Defense Authorization Act (P.L. 116-283) authorizes \$130.5 million to expand and upgrade Cămpia Turzii air base.

Energy. The United States and Romania cooperate on energy security. Romania is part of the Three Seas Initiative, a U.S.-backed platform among EU member states in central Europe that includes a focus on energy infrastructure. In October 2020, the two countries signed an initial agreement to cooperate on modernizing Romania's sole nuclear power plant. A consortium led by the U.S. engineering firm AECOM is slated to carry out the multibillion dollar project (Romania canceled prior plans to cooperate with China General Nuclear Power Corporation).

Corruption and Rule of Law. The United States has long urged Romania to strengthen the rule of law and combat corruption. In September 2019, the State Department imposed a travel ban on former PSD leader and Speaker of the Chamber of Deputies Liviu Dragnea and his immediate family over his involvement in significant corruption. The designation was made under Section 7031(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2019 (P.L. 116-6).

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