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Romania: An Overview

With a population of almost 20 million, Romania is the largest country in southeastern Europe. After the end of 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, steadfast commitment to its security partnership with the United States, and shared concerns about Russia make it a key U.S. ally in the region. Romanian officials have unequivocally condemned Russia’s 2022 war on Ukraine and have supported EU sanctions against Russia and NATO’s enhanced deterrence and defense posture in the eastern part of the alliance.

Domestic Background

Romania is a parliamentary republic with a semi-presidential system. A directly elected president serves as head of state, and a prime minister leads the government. President Klaus Iohannis, a centrist backed by the National Liberal Party (PNL), was elected to a second five-year term in 2019. PNL has led successive, short-lived governments since late 2019. Prime Minister Nicolae Ciucă leads a grand coalition government including PNL, the Social Democratic Party (PSD), and the Democratic Alliance of Hungarians in Romania (UDMR). The Ciucă government formed in November 2021, succeeding another PNL-led government that took office in December 2020 and collapsed in October 2021.

Romanian voters largely delivered victories to center-right, liberal, and progressive candidates in European Parliament and presidential elections in 2019 and in local elections in 2020. In the December 2020 parliamentary elections, however, PSD won a plurality of votes (just under 30%). PNL placed second (25%), followed by the liberal USR-PLUS alliance (15%), the newly formed far-right Alliance for Romanian Unity (9%), and UDMR (6%). Key voter concerns included the economy and perceived mismanagement of the COVID-19 pandemic. Despite placing first, PSD remained in opposition until joining the government in November 2021.

The Ciucă government faces serious policy challenges: the continuing pandemic, record-high energy costs and inflation, an influx of hundreds of thousands of refugees from Ukraine, and the security crisis triggered by Russia’s war on Ukraine. The governing parties’ historic rivalry and potentially diverging priorities could strain the coalition. PSD holds key ministries and leads opinion polls, while support for PNL has declined. Under the coalition agreement, Ciucă is to serve as prime minister until May 2023, followed by a PSD appointee.

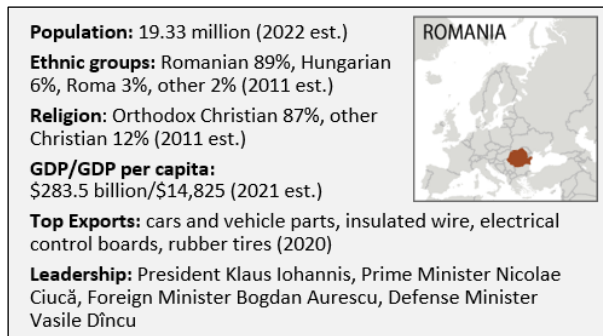
Governance and Rule-of-Law Concerns

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 continues to monitor Romania’s reform progress.

During the 2000s and 2010s, EU assessments praised key elements of Romania’s anti-corruption and judicial reforms. The National Anticorruption Directorate, for example, successfully prosecuted numerous officials and politicians on corruption charges. From 2017 to 2019, however, PSD-led governments sought controversial changes to Romania’s judicial and anti-corruption institutions, citing their politicization and capture. 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 following public backlash and sharp EU and U.S. criticism. Dragnea began a prison sentence for abuse of position in May 2019, and the PSD-led government collapsed in October 2019. Some of the controversial justice measures have since been reversed. Still, corruption remains a major challenge. The State Department’s 2021 human rights practices report for Romania assessed that corruption, misuse of public funds, and bribery remain widespread.

Figure 1. Romania at a Glance



Sources: International Monetary Fund and 2011 Romanian census.

Economy and Energy

For part of the 2000s and 2010s, Romania was among the EU’s fastest-growing economies. Despite improved conditions and greater gross domestic product (GDP) per capita convergence toward the EU average, nearly a third of Romania’s population is at risk of poverty or social exclusion. Other barriers to economic growth include an aging and shrinking population, infrastructure deficiencies, an unpredictable legal environment, and corruption. The pandemic contributed to a 4% contraction in GDP in 2020. Romania’s GDP grew by 5.8% in 2021, and its economy is

forecast to grow by 4% in 2022 and 2023. Romania is to receive €29.2 billion in grants and loans under the EU's COVID-19 recovery and resilience package. Record-high energy costs and inflation may threaten growth, however.

As an oil and natural gas producer, Romania is somewhat self-sufficient in its energy supplies. Offshore Black Sea gas deposits estimated at 200 billion cubic meters could bolster energy security in Central and Eastern Europe, although their development was delayed for years due in part to regulations and offshore taxation that investors viewed as a deterrent. In May 2022, Romania adopted some policy changes in hopes of accelerating production. Initial offshore gas extraction is scheduled to begin in mid-2022.

Foreign and Security Policy

Romania's national defense strategy prioritizes the country's EU and NATO membership and its security partnership with the United States. This Euro-Atlantic orientation is grounded in strong cross-party and popular support. One of Romania's primary foreign policy goals is to elevate Black Sea security as a transatlantic priority, particularly since Russia's 2014 invasion of Ukraine. Supporting the sovereignty and territorial integrity of neighboring Moldova (with which Romania has historical and cultural ties) is another foreign policy priority.

The Black Sea, NATO, and Russia

Romania has sought to elevate Black Sea security as a priority within NATO and the EU. 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, and its military buildup in the Black Sea.

Romania is a proponent of NATO's defense and deterrence initiatives along the alliance's eastern flank and has long urged a greater NATO presence in the Black Sea region. NATO has expanded its presence in Romania amid Russia's 2022 war on Ukraine. In March 2022, NATO announced four new multinational battlegroups to complement existing battlegroups in the Baltic region. The new Romanian battlegroup, which France leads under the auspices of the NATO Response Force, has around 1,000 troops. 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.

Defense Spending and Military Modernization

In recent years, Romania's annual defense spending has met or exceeded NATO's target of 2% of GDP. In March 2022, President Iohannis called for increasing spending to 2.5% of GDP beginning in 2023, citing the security threat triggered by Russia's war on Ukraine. A significant portion of spending has gone toward new equipment and defense capabilities. Romania's planned acquisitions are valued at over \$10 billion, including a \$4 billion deal to purchase new Patriot air defense systems (Romania received its first delivery in 2020). Other planned acquisitions include High Mobility Artillery Rocket Systems, Naval Strike Missile Coastal Defense Systems, and secondhand F-16 fighter jets.

Romania is investing in facilities used by NATO and U.S. forces, including about \$2.5 billion in planned upgrades to Mihail Kogălniceanu air base, a key regional transit hub.

Relations with the United States

Security Cooperation. The United States and Romania closely cooperate on security. 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.

Romanian officials have long sought a stronger U.S. security presence in the country. A 2005 Defense Cooperation Agreement enabled U.S. use of several bases in Romania. Romania hosts one of the two Aegis Ashore ballistic missile defense systems that the United States contributes to NATO missile defense in Europe. The bilateral Roadmap for Defense Cooperation for 2020-2030 reinforces and expands security ties. Since 2014, the United States has typically maintained rotations of around 500-1,000 troops in Romania under Operation Atlantic Resolve. In early 2022, the United States repositioned a 1,000-member Stryker squadron based in Germany to Romania, bringing the total number of U.S. troops to around 2,000.

Foreign and Security Assistance. During the 1990s, the United States provided assistance for Romania's domestic transition and its EU and NATO membership bids. Since Romania's EU accession in 2007, most U.S. assistance has targeted security issues, including military training and modernization, Black Sea security, transnational threats, and improved interoperability with NATO. From FY2018 to FY2021, the United States provided around \$140 million in assistance under the Department of Defense's "train and equip" programs (10 U.S.C. §333) and the State Department's Foreign Military Financing and International Military Education and Training programs. Congress authorized \$130.5 million to upgrade Romania's Cămpia Turzii air base in the FY2021 National Defense Authorization Act (P.L. 116-283).

Energy. 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 2020, the United States and Romania signed an intergovernmental agreement to cooperate on Romania's nuclear power program. The same year, the two countries agreed to cooperate on modernizing Romania's sole nuclear power plant (Romania canceled prior plans to cooperate with China General Nuclear Power Corporation). The U.S. Export-Import Bank signed a memorandum of understanding with Romania to potentially extend up to \$7 billion in financing for the power plant and related projects. Romania hopes to double its nuclear power capacity by 2030.

In November 2021, Romania's Nuclearelectrica reached an agreement with U.S. firm NuScale Power to deploy small modular reactors (SMRs) in Romania. The U.S. government helped facilitate the collaboration on the new technology and is funding a NuScale simulator to help

further Romania's ambitions of becoming a regional hub for SMR training and education.

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