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PANDEMIC IN ROMANIA – FINANCIAL AND TAXATION MEASURES TAKEN DURING THE COVID-19 CRISIS AND THEIR EFFECTS ON THE ROMANIAN PUBLIC ECONOMY

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Abstract
The outbreak of the Pandemic caused not only a global health crisis but also a strong economic crisis. This paper aims to present the main financing programs adopted at the European level to counter the effects of the pandemic and the effects of these programs on the main macroeconomic indicators of Romania: twin deficits (budget deficit and current account deficit), public debt, evolution of budget revenues and expenditures, economic growth and labor market evolution. The research was conducted between 2019-2021 and is based on analysis of the data collected on Eurostat, INSSE and BNR. The study concludes that the negative impact of the pandemic crisis was significantly mitigated by the funds provided by the EU, but due to the economic context in which Romania was at the onset of the crisis, characterized by a high budget deficit, the return to economic growth will be a long and difficult process.

Keywords: *pandemic; national budget; public debt; economic growth; GDP*

JEL Classification: *E0; H6; H10*

I. INTRODUCTION

At the time of the outbreak of the Covid 19 crisis, Romania recorded the highest level of budget deficit from the European Union (4.4% GDP), to which is added the current account deficit of 4.9% GDP, being the only country in the Union with twin deficits.

On March 4, 2020, based on the achievement in 2019 of a deficit in terms of ESA 2010 of over 3.8% of GDP, the EC notified Romania of the initiation of the Excessive Deficit Procedure and recommended the correction of the budget deficit by 2022 at the latest. In April 2020, in the context of the pandemic, a derogatory clause regarding these conditions was applied as the rules at the European level were suspended. However, the suspension does not mean cancellation. The deficit deepened to -9.3% GDP and budget revenues decreased due to the introduction of the facility to defer the payment of budget obligations by economic agents, simultaneously with the increase in budget expenditures in order to ensure funds for the implementation of measures to combat the social and economic effects generated by the pandemic.

Since the beginning of 2020, the pandemic has been the most important topic in the world. But the pandemic was not only a health system crisis but also a great economic challenge. Finding a balance between economic development and the imposition of restrictions was the most challenging issue. In order to mitigate the impact of the pandemic on the economy of society, the countries of the union have adopted various fiscal measures (Tulvinschi & Macovei, 2020), important not only are the measures were taken but also how fast and efficiently they had been implemented.

Therefore, this paper aims to present the economic measures adopted to counter the effects of the pandemic at the level of the European Union and Romania and the estimated effects of the financing programs, the evolution of the main macroeconomic indicators in the period before and after covid, as well as the fiscal measures adopted in Romania during the pandemic.

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II. LITERATURE REVIEW

Although the pandemic had not officially ended, in September 2022, the General Director of World Health Organization stated that the end of the COVID-19 pandemic was to be seen. Various scientific papers in the economic field were published during the COVID-19 pandemic, among which we mention: fiscal measures during the COVID-19 pandemic (Ene, 2020) estimated 2 years ago that the pandemic and the economic crisis will reduce GDP by at least 4%. According to González Aparicio (2020), the measures taken by the Spanish Government for the reduction of fiscal pressure were not sufficient. The study concludes that other fiscal measures need to be taken in this regard.

Romero-Jordán and Félix Sanz-Sanz (2020) summarize the fiscal measures taken in Spain and provide a compared analysis of the resources involved in deferrals and financial instruments as a percentage of GDP, with the panel countries from the EU-15. The conclusion is that also the improvement of business liquidity and the deferral design will lead to a higher deficit in the short term, but it will turn into a plus for the following periods.

In March 2020, Boscá, Doménecha, and Ferria published an emergency estimate of the economic impact of the coronavirus pandemic in Spain based on different scenarios of the fiscal measures announced to be taken at that moment by the government, the suspension of the European fiscal rule, the program of purchase of ECB assets, the granting of public guarantees and other measures announced in response to the COVID-19 epidemic.

III. THE ECONOMIC MEASURES ADOPTED TO COUNTER THE EFFECTS OF THE PANDEMIC AT THE LEVEL OF THE EUROPEAN UNION AND ROMANIA

The pandemic crisis has led to the adoption of unprecedented funding programs. The European Central Bank's (ECB) Pandemic Emergency Purchase Program (PEPP) is a monetary policy measure that was adopted in March 2020 to prevent risks and uncertainties caused by the coronavirus (COVID-19) epidemic. PEPP is a temporary asset purchase program of public and private sector securities. The initial value of the Program was EUR 750 billion, later being supplemented by EUR 600 billion on June 4, 2020 and by EUR 500 billion on December 10, with a final value of EUR 1,850 billion (see https://www.ecb.europa.eu/).

In December 2020, the Multiannual Financial Framework (MFF) for 2021-2027 was adopted in the amount of 1074.3 billion euros, which was completed by the Next Generation European Union - NGEU Program, in the amount of 750 billion euros, and the proposed objectives are, both post-pandemic economic recovery and financial consolidation in the period 2021-2027, as well as supporting the strategic objectives of climate neutrality and digital transformation (Miron, Strat, Marinaş & Marinaş, 2021: p.12).

CFM 2021-2027 is the extension of the CFM 2014-2020 program and has the role of transposing in financial form the policy priorities of the European Union (D'Alfonso, Delivorias, Milotay & Sapała 2021), and the main role of the CFM is to create incentives for innovation and the transformation of the member states' economies, which will contribute, in the long term, to a systemic change of the economy of the Union as a whole (Miron et al., 2021: p.55). Next Generation EU has the role of an additional incentive for strengthening the positive effects of the use of CFM resources by the member states for investments in relevant fields (D'Alfonso et al., 2021), the goal of the NGEU being the achievement of the strategic objectives of climate neutrality and digital transformation (Miron et al., 2021: p.48).

The NGEU budget is fully financed from financial resources used from the financial markets (through the issue of Eurobonds). The Commission was authorized, for the first time in the history of the European Union, to issue bonds worth up to around 800 billion Euros in current prices (5% of EU GDP) until 2026, with the sums thus contracted to be repaid in the period 2027-2058 (Miron et al., 2021: p.12).

The economic measures adopted at the level of the European Union to counteract the effects of the Pandemic are mentioned in Figure 1.

The funds allocated to the grant component are unevenly distributed among the Member States: the allocations for Member States such as Croatia, Bulgaria and Greece exceed 10% of their GDP, in Spain and Italy 5% of GDP, while the allocations for Member States such as be France, Germany, Austria, Denmark, Luxembourg, Ireland, Denmark, Sweden, represent less than 2% of GDP (Fuest, 2021: p.5).

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Economic measures taken to counter the effects of the pandemic at EU level					
Suspension of the implementation of the Stability and growth Pact: - the maximum deficit 3%GDP - the maximum debt 60%GDP	Amendments to the temporary State aid framework - prompted the infusion of liquidity into the economy	✓The pandemic emergency procurement program issued by THE BEC	✓Additional financial support to the small and medium-sized enterprises seriously affected by the crisis issued by the EIB	✓Recovery assistance for Cohesion and the territories of Europe – react EU	Temporary Recovery Instrument 750 billion Next GenerationEU (NGEU)

Figure 1 – Economic measures adopted to counteract the effects of the Pandemic at EU level
Source: Miron et al., 2021: p. 20

In Romania, the total value of the grants was 14.2 billion euros, which represents 8.26% of the total funds allocated through NGEU. The National Recovery and Resilience Plan (PNRR) of Romania proposes to fully use the allocation of 14.2 billion euros in the form of grants and 14.9 billion euros in the form of loans (see Fiscal Council reports 2021: p.91) from which it benefits from the Mechanism of Recovery and Resilience (MRR).

MRR 2021-2023	
2021+2022 70% Grants	2023 30% Grants

Figure 2 – Distribution of the grant component of the MRR
Source: Miron et al., 2021: p. 57

The Recovery and Resilience Mechanism is the most important component of the NGEU, and MRR resources are available in the form of grants (338 billion euros) and the form of loans (385.8 billion euros) (EU's Fact and Figures, p5). The financial support granted through the NGEU is available until 31.12.2023, the amounts made available must be contracted by this date and used by the end of 2026.

The economic foundation of the NGEU is the faster recovery at the level of all member states in the conditions where the EU's ability to quickly mobilize and allocate financial resources for recovery is clearly superior to the individual capacity of each member state, it ensures a higher impact at the level of all states members, compared to the option of implementing specific measures adopted at the level of each member state, in the absence of a common European coordination framework (Nunez, 2021: p.5).

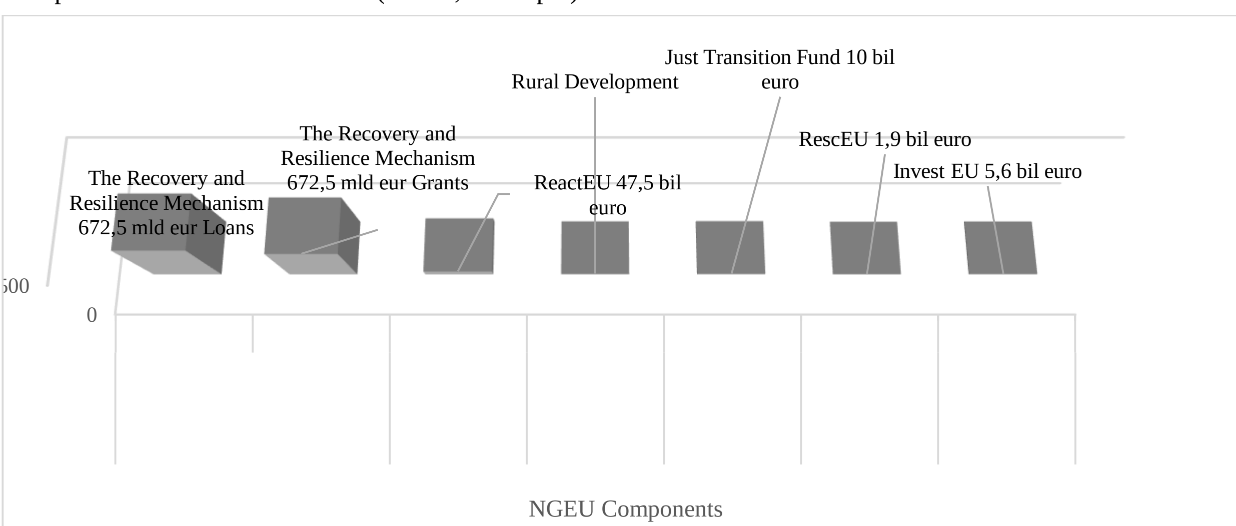

Figure 3 – NGEU components prices 2018
Source: EU in 2020 – General Report on the activities of the European Union, p. 25

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In order to benefit from these programs, the member states presented a National Recovery and Resilience Plan that includes the national investment and reform agenda taking into account the previous recommendations of the European Commission and in accordance with the agreed allocation key (see EU`s 2021-2027 long term budget, p.8).

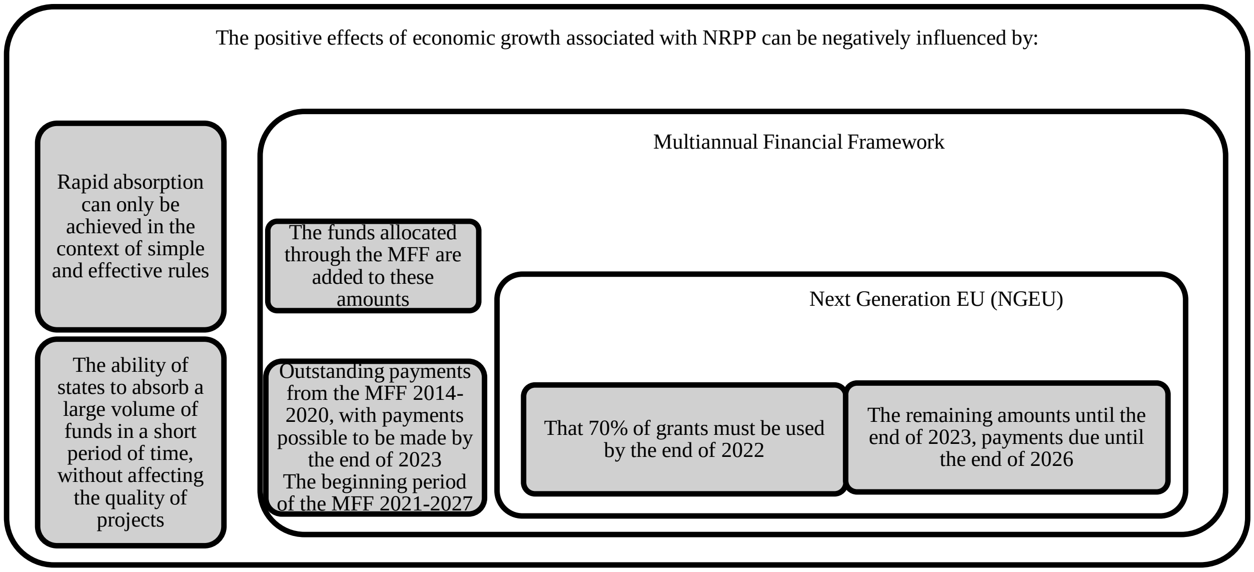

Figure 4 – Negative influences of NRRP
Source: Miron et al., 2021: p.64

In Romania, the estimated effects of the PNRR will materialize in the number of jobs generated, the resulting economic growth and also in the increase of institutional resilience. The European Commission's estimates indicate the value of 90,000 jobs that will be generated by the infrastructure investment projects (an important component of the PNRR) and at the same time by the digitization and education component.

PNRR Romania was approved on 27.09.2021 and consists of European funds of 60 billion euros, and of these, 29.2 billion euros through the Recovery and Resilience Mechanism, 30.3 billion euros through the Multiannual Financial Framework 2021-2027, exclusive of the funds for agriculture, which means about 20.8 billion Euros (Fiscal Council reports 2020, p.11). The advantages that this PNRR program and CFM have for Romania refer to the macroeconomic component, in the sense that the programs can positively influence indicators such as the budget deficit and public investments.

Analyzing their values according to the Fiscal Budget Strategy for the years 2021-2023, the increase of public investments in GDP is observed, from 4.12% GDP in 2019 to 5.32% in 2022, but also a decrease in the deficit, according to the figure below:

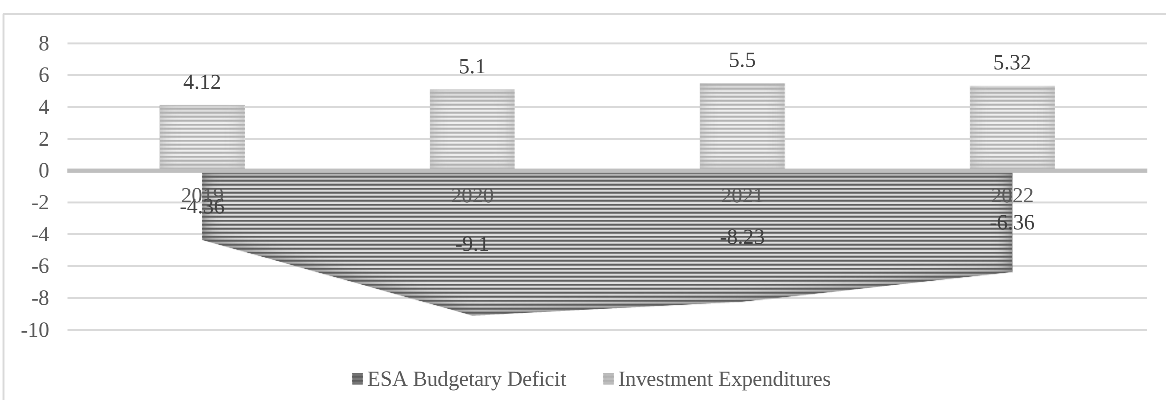

Figure 5 – Evolution of Investment Expenditures and ESA Deficit, % GDP
Source: Budget Fiscal Strategy 2021-2023, p. 20

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IV. The Evolution Of The Main Macroeconomic Indicators In Romania In The Pre- And Post-Covid Period

In Romania, the crisis determined the increase of public debt and budget deficits, and in this context, the disadvantages of the Romanian economy mainly refer to:

- the instability of the exchange rate, the Romanian leu is not a strong currency, and the NBR cannot issue lei as the Fed issues USD and the ECB euros; the depreciation of the national currency can lead to an increase in inflation and a decrease in investor confidence in the national currency;
- in times of crisis, capital market investors reorient to more stable markets that offer better short-term returns;
- access to finance is limited and costs are higher;
- in the process of recovery from the economic crisis, states with large deficits and excessive debts are at a disadvantage.

1. Romania's Public Debt

Romania's public debt increased by 24% in 2020 compared to 2019 and by 27% in 2021 compared to 2019, relative to GDP. Public debt, according to Eurostat data, ESA 2010 increased by 12 percentage points relative to GDP, against the background of the pandemic and the programs adopted to avoid the decline of the economy.

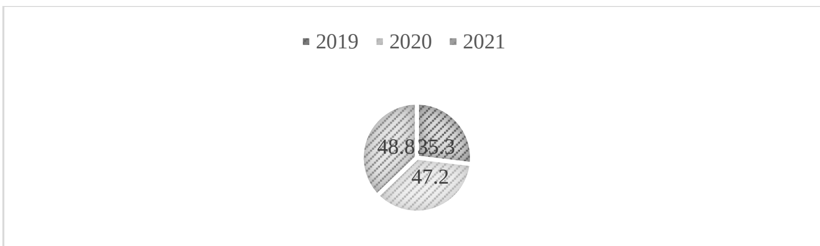
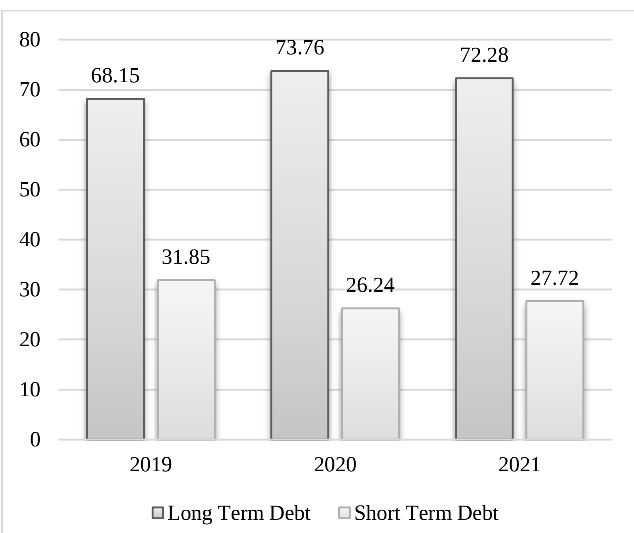
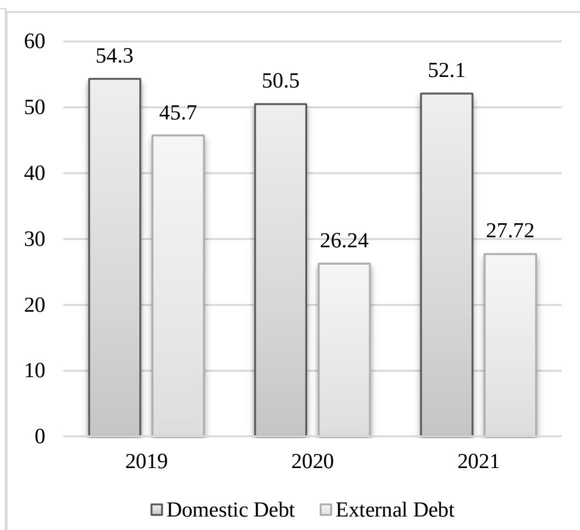


Figure 6 – Romania's public debt % GDP

Source: Eurostat, https://ec.europa.eu/eurostat/databrowser/view/sdg_17_40/default/table?lang=en

In the structure of the public debt, the long-term debt has the largest weight, with approximately 70% in the analyzed interval and approximately 30% of the short-term (see Figure 7 a, b).





a) **b)**

Figure 7 a,b –The structure of public debt

Source: Public Debt Management Strategy, 2021-2023, 2022-2024, p.6; https://bnr.ro/page.aspx?prid=17456

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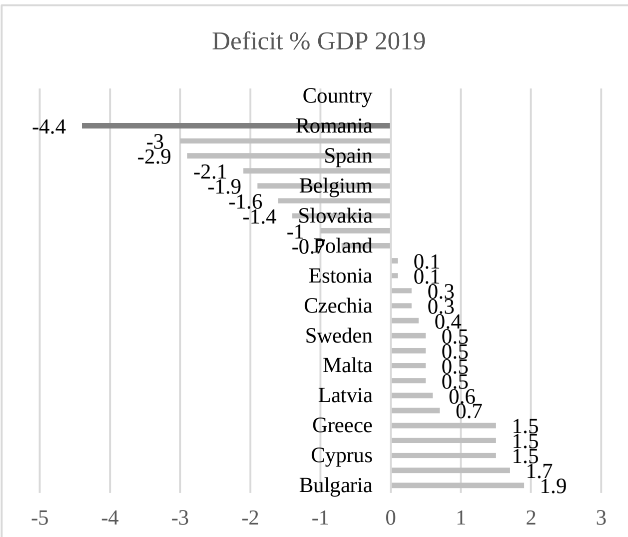
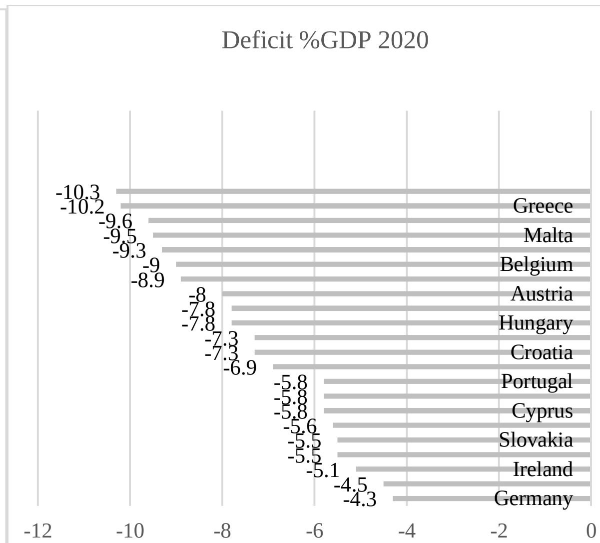
The public debt structure is made up of internal and external governmental public debt, the weight being approximately equal (Government Public Debt Strategy). Domestic debt instruments are government bonds and external debt instruments are Eurobonds.

Even if the level of public debt in relation to GDP increased during the pandemic years, the components of this indicator still maintain relatively the same dynamics. However, the influence of Union funds can be observed, which caused the increase in external public debt by 8.3% and 4.8% in 2020 and 2021 compared to 2019.

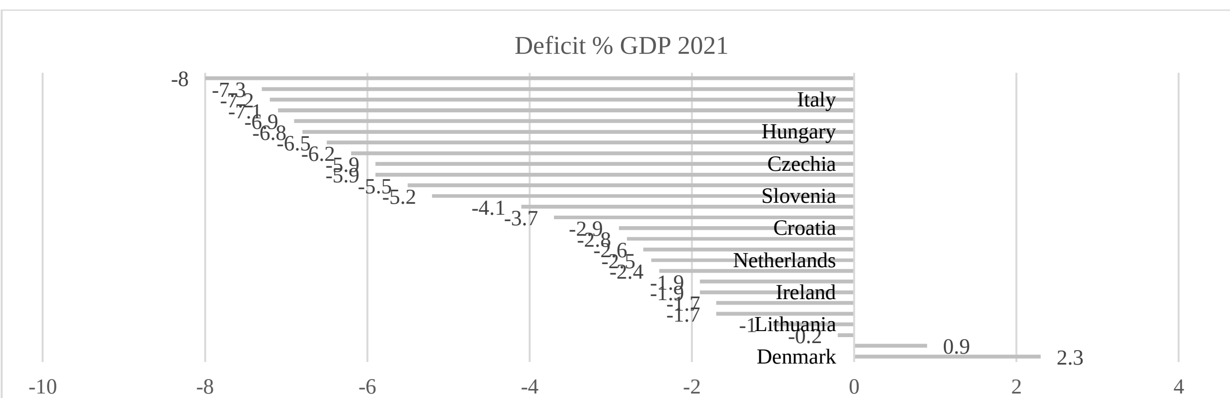
2. The Public Deficit

If in 2019 only 9 EU member countries registered a budget deficit, the exceptional situation in 2020 determined that all countries had higher budget expenses than revenues, a situation that continued in 2021, since only 2 member states - Denmark and Luxembourg - to manage to tilt the income balance (see Figure 8 a, b, c).





a) **b)**



c)

Figure 8 a,b,c – Comparative analysis of the deficit as % GDP for EU member states in 2019, 2020, 2021

Source: Eurostat, https://ec.europa.eu/eurostat

In 2019, Romania faced the largest budget deficit, due to the reductions in taxes and fees but also due to the increase in some expenses, such as the increase in salaries, but also the tax regime of tax contributions from previous years (see Fiscal Council reports 2020, p. 45) which will cause difficulties in consolidating the budget in the years to

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come. The size of the deficit in 2019 is the result of years of pro-cyclical policy, as a result of the political factor, 2016 being the year in which the Fiscal Code was amended, in the sense of fiscal relaxation.

Measures to be adopted in order to reduce the deficit were: increasing tax revenues, primarily by widening the tax base and by changing the rates of some taxes and better collection, but also moderation in public spending; the absorption of European resources at the highest possible level; economic growth.

Entry into the Eurozone remains for now only a wish for Romania, as budgetary consolidation must be achieved in order to be admitted to the Exchange Rate Mechanism (ECM2), where it stagnates for at least 2 years. Membership of the Banking Union is also achieved after the budgetary consolidation, which results in the reduction of the budget deficit below 3% of GDP, advisable being 1% of GDP (MTO indicator – medium term objective).

For this reason, the NBR cannot issue lei as the Fed issues USD and the ECB - euros. The decrease in interest rates in countries with developed economies is not suitable for Romania either: large deficits and low budget revenues, determine the lack of operating space. Flooding the market with liquidity in this context is on the way to destabilizing the economy (Dăianu, 2021: p. 61).

3. Romania's Twin Deficits

It should be noted that the twin deficits (budget deficit and current account deficit, both of approx. 7 % of GDP in 2021) are singular in size in the region (Rusu, 2021). The Romanian economy, unfortunately, is characterized by a high level of twin deficits that negatively affect economic stability.

In 2020, the increase in the current account deficit is due to the deterioration of the balance of goods by 1.5 billion euros, while the balance of services increased by 0.8 billion euros compared to 2019. These processes determined the increase in the trade deficit from 9.2 billion euros in 2019 to 9.5 billion euros in 2020. In 2020, the current account deficit was 10.9 billion euros, i.e. 5.2% of GDP (Statistical Yearbook of Romania 2021, p. 653).

In the year 2021, the current account deficit reached 7% of GDP, with a balance of 16.9 billion euros, with an increase of 2% in a single year. In 2020, the trade deficit deepened by 4.2 billion euros, from 9.5 billion to 13.6 billion, which means a 42% increase in this deficit. This trend is explained by the increase in the deficit of the balance of goods from -18.9 million to -23.1 billion euros, i.e. by 22%, and the balance of services also recorded a decrease from 9.4 billion to 9.2 billion.

The increase in the current account deficit of the balance of payments was also due to the decrease in the primary income balance, from -3.2 billion to -4 billion, but also in the secondary income balance, from 1.9 billion to 1 billion (see Table 1).

Table 1. The current account of the balance of payments (billion euros)

Balance of Payments Current Account	**2019**			**2020**			**2021**		
	Credit	Flow	Balance	Credit	Flow	Hip	Credit	Flow	Balance
Current account (A+B+C)	100.5	111	-10.4	93	104	-10.9	109	125.9	-16.9
A. Goods and services	89.4	98.2	8.8	81.3	90.8	-9.5	96.8	110.7	-13.9
Goods	63	80	-17.4	57.5	76.5	-18.9	70.1	93.2	-23.1
Services	26.3	17.7	8.6	23.7	14.3	9.4	26.7	17.5	9.2
B. Primary income*	5.7	8,9	-3.2	5.9	9.3	-3.4	6.5	10.5	-4
C. Secondary Income**	5.4	3.8	1.5	5.8	3.9	1.9	5,6	4.6	1

Source: BNR.ro https://www.bnr.ro/page.aspx?prid=20576

*Primary income represents the income due for the contribution to the production process or the provision of financial assets or from the transfer of natural resources, in the resident-non-resident relationship (salaries, investment income, taxes on production and imports, subsidies).

**Secondary incomes represent current transfers between residents and non-residents and can be from the public administration (income or wealth tax, social contributions, social benefits) (see Fiscal Council reports 2020, p. 23).

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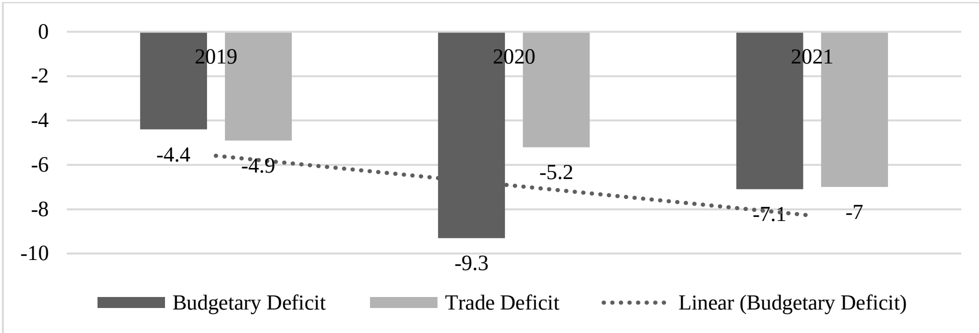

Figure 9 – Romania's Twin Deficits 2019-2021% GDP
Source: Fiscal Council Report 2019, 2020, 2021, author data processing

The high level of twin deficits in the last 3 years causes important problems regarding Romania's economic stability. As can be seen from the image above, the budget deficit is higher than the current account deficit, which means that the source of external imbalances is this indicator. The improvement of the indicator can be achieved through fiscal consolidation, i.e. through budget correction and crowding-in-effect of European funds to a higher degree.

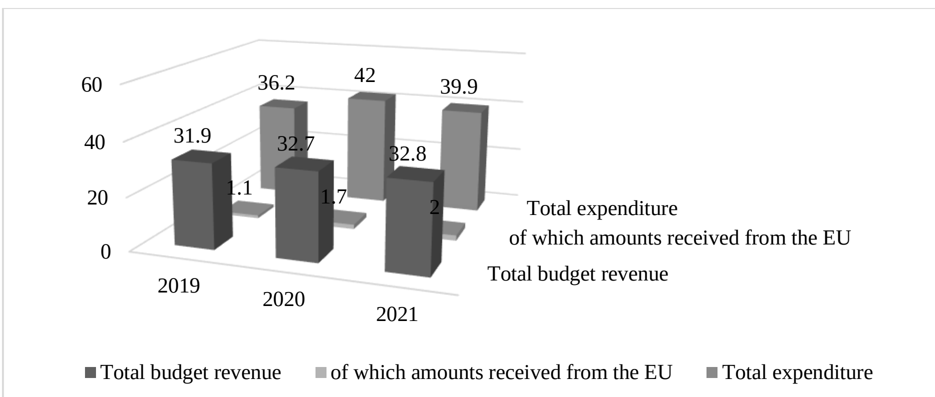

Figure 10 – Evolution of budget revenues and expenses, % GDP
Source: Fiscal Council Report 2021, p. 41, author data processing

The figure shows the evolution of budget revenues as a percentage of GDP, comparing the year 2021 with the pandemic year and the year before the pandemic. In 2019, the negative threshold of 3% of the budget balance was exceeded, thus triggering the excessive deficit procedure, and the impact of the fiscal measures adopted in 2020 to combat the effects of the pandemic determined the increase of the negative budget balance from -4.3% GDP in 2019 to -9.3% GDP in 2020, following a reduction in the deficit by 2.2% GDP (ESA 2010 standards) in 2021, reaching -7.1% GDP.

The impact of the Covid pandemic is even more visible if we analyze the projected level of budget revenues and expenses with that achieved in 2020 and 2021. In 2020, 3 budget corrections took place. The state budget law for 2020 and the social insurance budget law established the achievement of revenues in the amount of 73.93 billion euros, achieving revenues of 66 billion euros, with 7.93 billion euros less. And in terms of spending, there were overshoots of the programmed level. Thus, the initial level was 82 billion euros and the achieved level was 87 billion euros, 5 billion more than the estimated amount.

The non-achievement of the programmed levels is due to the deterioration of macroeconomic conditions in the conditions of the pandemic crisis, which had the effect of granting fiscal facilities in the form of postponement of the payment of fiscal obligations for companies and individuals.

Specifically, the fiscal measures adopted in 2020 which affected receipts to the consolidated state budget were:

1. VAT refund with subsequent control;

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2. Simplified instalment payment (no guarantees, maximum 12-month budget obligations);
3. Cancellation of accessories (if main tax obligations are paid).

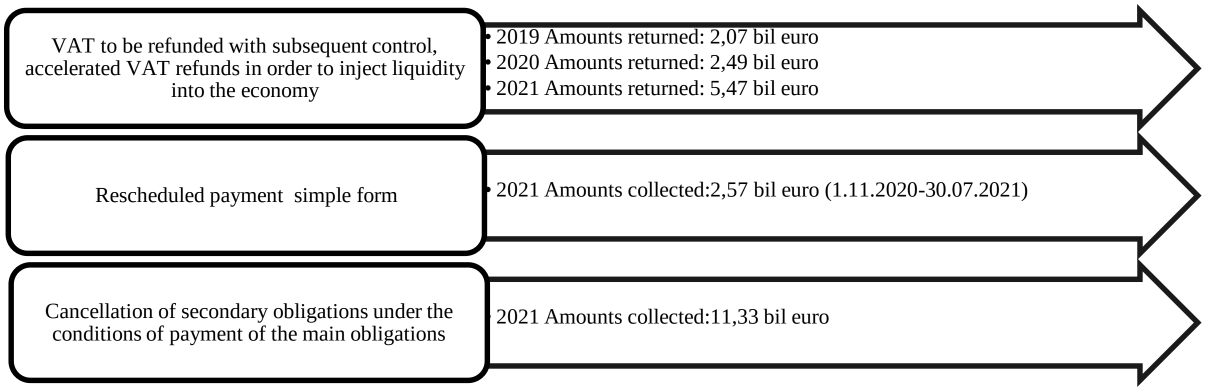

Figure 11 – Fiscal measures adopted with a positive effect on receipts at the State Budget
Source: ANAF performance report for 2020, p.12; https://cursdeguvernare.ro/dan-vilceanu-efecte-masuri-fiscale-criza-covid-19.html

The year 2021 also registered 2 budget corrections with differences between the achieved and the projected level of the indicators. Revenues were higher by 3 billion euros above the projected level, which was due to economic growth higher than the forecasted one. Also, the amounts that were collected from the fiscal facilities granted in 2020 regarding the deferral of tax obligations were above the forecasted level.

4. Share of tax revenues in GDP

The share of tax revenues in GDP was 27.1% in 2020, 14% lower than the European average of 41.3% (EU 27). This level is the lowest in the EU27.

Therefore, the increase in budget revenues is a necessary condition to be able to consolidate the budget, a phenomenon that cannot occur only by reducing expenses. The figure below shows the levels of tax revenues in Hungary (36.4% GDP, Croatia 37.3%, the Czech Republic 36.1% GDP) and by comparison, it can understand the low level of these revenues compared to countries with similar economies such as Romania.

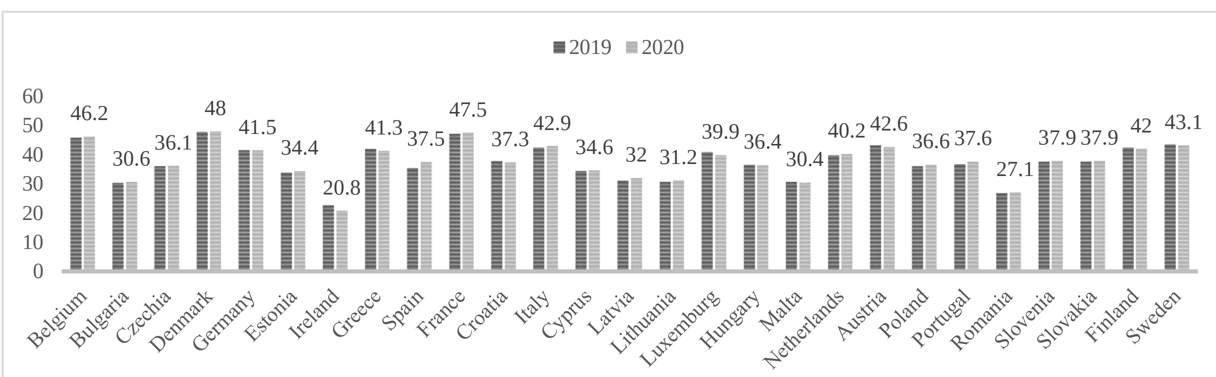

Figure 12 – Share of tax revenues in GDP
Source: Eurostat, https://ec.europa.eu/eurostat

Although in Romania, during the pandemic, the revenues received from the general consolidated budget decreased due to the payment facilities granted, which mainly consist of the postponement and staggered payment of tax obligations, it is still noted that the share of budget revenues in GDP during the mentioned period it did not decrease. The explanation lies in increasing the amounts received from the EU/other donors on account of payments made and pre-financing related to the 2014-2020 financial framework (+ 8.47 billion lei) (see Fiscal Council Report 2020, p.36). The same trend is observed in the other EU member states, and the differences are not significant in 2019 and 2020.

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5. Economic Growth

The year 2021, quarter 4, saw GDP increase by 5.6% compared to the same quarter in 2020 and the year in 2020 GDP decreased by 3.9%, gross series.

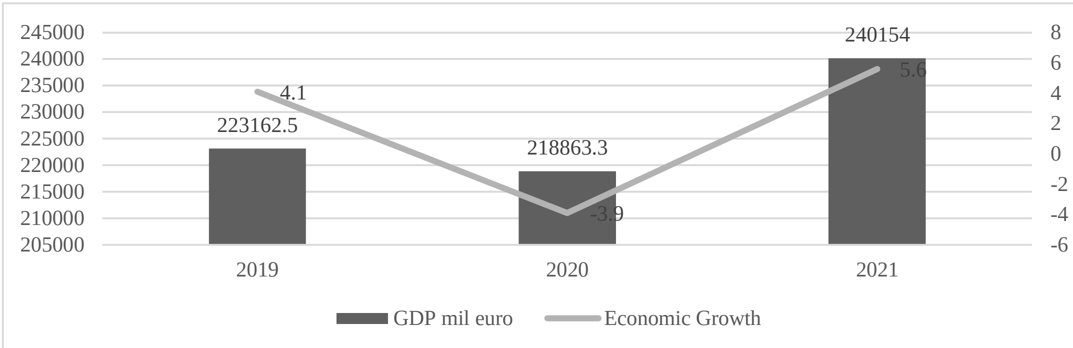
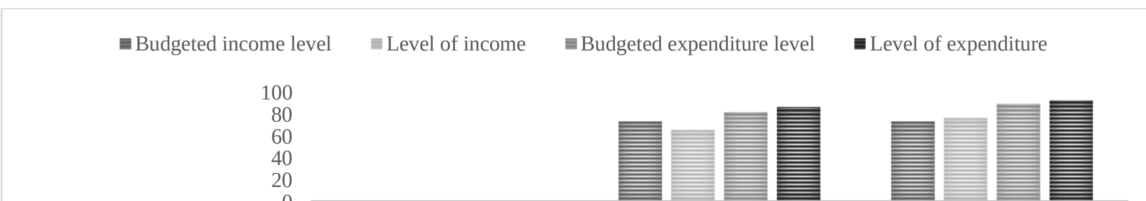


Figure 13 – The evolution of GDP and economic growth
Source: Eurostat; Insse.ro press release no. 39/2022; Insse.ro press release no. 42/2021

The economic growth recorded in 2021 is due to the increase in private consumption, which was reduced during the pandemic, to the sums absorbed from the European CFM and PNRR funds that determined the increase in public investments, respectively the gross formation of fixed capital. In 2021, the state consolidated budget collected sums that have been deferred for payment in 2020. Also, the inflation rate has increased significantly this year, from 3% in January 2021 to 8.2% in December.



	2020	2021
Budgeted income level	73.93	73.7
Level of income	66	76.7
Budgeted expenditure level	82.26	89.9
Level of expenditure	87	92.9

Figure 14 – The difference between the programmed and the achieved level of revenues and budget expenditures in 2020; 2021 (billion euros)
Source: State Budget Law and Social Security Budget Law 2020, 2021 with subsequent additions; Eurostat; Author data processing, exchange rate 2020: 4.86 lei/ 1euro, 2021: 4.94 lei/ 1euro

In 2020, the difference between the revenues forecast to be collected from the consolidated state budget and the revenues achieved was 7.93 billion euros and the expenses exceeded the estimated amount by 4.74 billion euros. The causes underlying this gap were the deterioration of the macroeconomic context and the granting of facilities to postpone and stagger the payment of obligations to the general consolidated budget, but also the increase in budget expenditures to combat the effects generated by the pandemic. The year 2021 registered revenues higher by 3 billion euros than the scheduled one, but expenses exceeded the budgeted level by the same amount of 3 billion euros. The collection above the estimated level due to the recovery of deferred payment amounts in the previous year, was unfortunately cancelled by the increase in public expenditures at the same rate compared to the forecasted level.

6. Labor market

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In 2020, the labor market was not significantly affected due to the support measures granted by the government. However, the number of employees decreased in the pandemic year and in the post-pandemic year by 2.57% and 1.15% respectively compared to 2019.

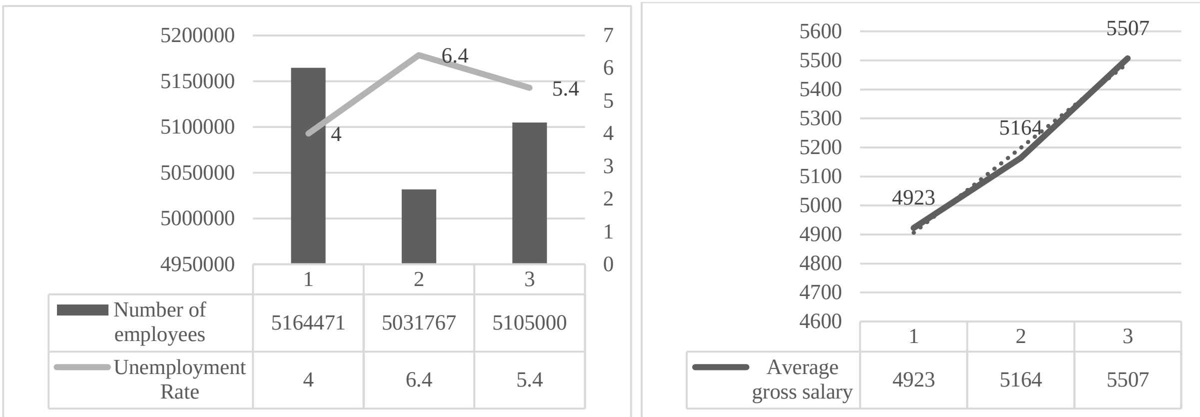

Figure 15 – Labor market indicators

Source: Annual statistical reports, 2019, 2020, 2021; Press release: BIM unemployment December 2021, December 2020

The unemployment rate is decreasing in 2021 by 1%, an evolution correlated with the increase in the number of employees in 2021 by 1.5% compared to 2020. The average gross salary had a constant increase of 11.2% in 2021 compared to 2019, due to the implementation of European programs.

V. CONCLUSIONS

Pandemic had a sudden onset, it caused great loss of human lives, economic crisis and a deadlock that put each of us, as individuals, but also at the macroeconomic level, as governments were forced to face an extreme reality. The measures taken during the pandemic period were probably the best in the context of that time, and the mobilization at European level attracted from the financial markets (through the issuance of Eurobonds), the aim being the rapid economic recovery of all Member States.

As for Romania's economy, a major disadvantage is the large budget deficit (7.1% GDP), complemented by the current account deficit (7% GDP) higher than countries with emerging economies similar to the Romanian economy. Romania's public debt increased in the post-pandemic period, but it is not at a worrying level, it is below the 60% GDP limit under the Maastricht Treaty.

Tax revenues as a share of GDP are the lowest in Europe (26%), it is necessary to increase this indicator, correlated with better management of public expenditure and attracting European sources of financing, both grants and loans, in strict compliance with their destination (digitization of public administration, green transition, tax and pension reform, social policies).

The labour market was not affected by the facilities adopted in the pandemic year – technical unemployment – but also by the fact that during that period some of the Romanians who left abroad were returned home and hired. Economic growth in 2021 (5.6%) was above the 2019 level (4.1%). This was due to the increase in private consumption, which was reduced during the pandemic period, the amounts absorbed from the European funds MFF and NRRP, as well as the collection to the consolidated budget of the state, amounts that were deferred to payment in 2020.

Romania is a mosaic of colors and shades (Rusu, 2021: p.67), which managed to join NATO and the EU, events that changed its historical and economic course. It is a democratic country with institutions in need of reforms, where political life evolves within the democratic framework. Of course, some aspects could have improved, but the path we are currently on is the one that will lead to the exit of the current and future economic crises.

Recommendations:

Our proposals are related to increased absorption of European funds and improved tax debt collection, but also to better spending management, with fiscal consolidation being one of the keys to future economic growth. Improving the health situation will lead to lower expenditure on health procurement; however, there will be other expenditure as

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a result of compensating energy bills. An uncertainty is also how Romania will be affected by the current conflict in our country.

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