



EXTERNAL COMPETITIVENESS OF THE ROMANIAN ECONOMY STRUCTURAL CHALLENGES AND PROSPECTS FOR RECOVERY

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Abstract: *The aim of this paper is to examine the main factors influencing the external competitiveness of the Romanian economy, focusing on structural imbalances in the real economy, weak performance in global value chains, current account deficit and vulnerability to external shocks.*

• Introduction

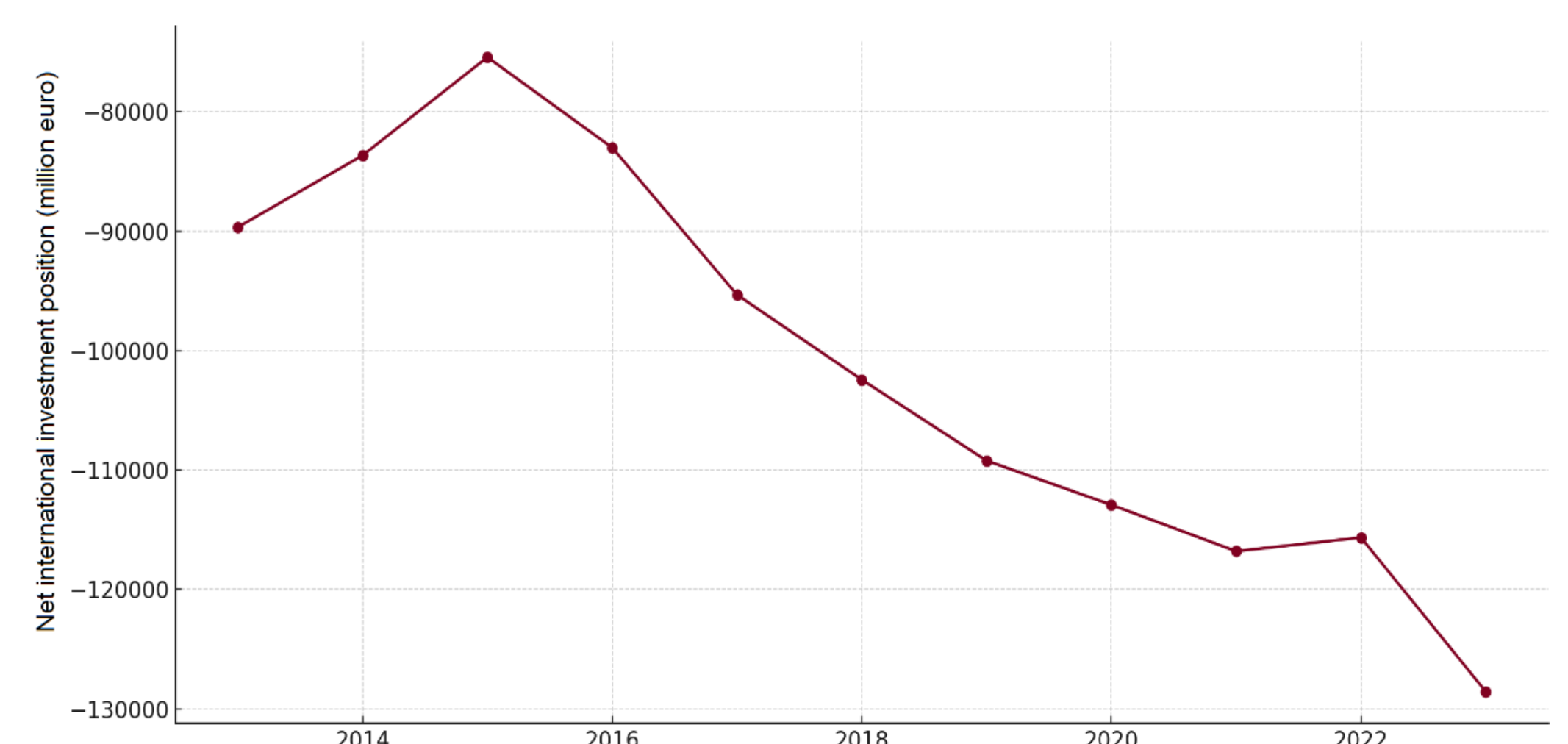
In the context of the globalized economy, external competitiveness has become an essential tool to assess the sustainability of economic growth and the ability of an economy to integrate effectively into international trade circuits. Sustained GDP growth is no longer enough for an economy. What is needed is a solid capacity to produce goods and services globally without causing significant external imbalances.

• Material and method

This paper utilizes a qualitative methodology with exploratory and analytical dimensions, focused on identifying the main structural imbalances affecting the external competitiveness of the Romanian economy. It also explores possible intervention methods to strengthen the external position.

• Results and discussions

The evolution of the net international investment position



Structural challenges affecting Romania's external competitiveness

Structural challenge	Impact on external competitiveness
Economic model based on domestic consumption	Deepening current account deficit
Specialization in low value-added industries	Dependence on lohn-type exports
Stagnating productivity and growing HICP	Erosion of competitive cost advantage
Poor logistics infrastructure	High transaction and time costs
Human capital poorly correlated with market demand	Skills shortages in strategic sectors
Low innovation and R&D expenditure	Limited ability to move up the value chain

• Conclusions

While Romania has the potential to join global value chains and become a stronger economic player in the region, this objective requires coordinated actions, political will and institutional capacity to create a sustainable and durable competitiveness model.

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