

Romania posts high Q1 2021 economic growth, among EU's highest

In the first quarter of 2021, seasonally adjusted GDP decreased by 0.3% in the euro area and by 0.1% in the EU compared with the previous quarter, according to an estimate published on Tuesday by Eurostat, the statistical office of the European Union. Ireland (+7.8%) and Croatia (+5.8%) recorded the sharpest increases of GDP compared to the previous quarter, followed by Estonia(+4.8%), Greece (+4.4%) and Romania (+2.8%).

Declines follow falls in the fourth quarter of 2020 (-0.6% in the euro area and -0.4% in the EU).

The strongest declines were observed in Portugal (-3.3%) and Slovakia (-2.0%), followed by Germany (-1.8%) and Latvia (-1.7%).

In the first quarter of 2021 compared with the same period in 2020, Romania's economy stagnated, after a decline of 2% in Q4 2020. Compared with the same quarter of the previous year, seasonally adjusted GDP decreased by 1.3% in the euro area and by 1.2% in the EU in the first quarter of 2021, after -4.7% and -4.4% respectively in the previous quarter.

In its recently published spring 2021 economic forecasts, the European Commission upgraded to 5.1% its estimates regarding the growth of the Romanian economy in 2021, from a previous 3.8% ; the GDP should advance 4.9% in 2022, up from a 4% forecast in February 2021.

The International Monetary Fund (IMF) is expecting Romania's real GDP to advance 7%, with the proviso that the main downside risk stems from unexpected adverse shifts in the evolution of the pandemic.

"A strong, 7% real GDP rebound is projected for 2021. Romania's economic pickup appears to have been the fastest among the EU countries since Q4 2020. A better agricultural harvest is expected to support output later this year. The main downside risk to the outlook stems from unexpected adverse shifts in the evolution of the pandemic, including possibly due to new virus strains, shorter vaccine effectiveness, or unwillingness to vaccinate," reads IMF's Romania 2021 Article IV Staff Concluding Statement.