Romania external relations briefing:
Relations between Romania and Major Powers
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In relation to major powers, Romania is strongly dedicated to its role inside the European Union (EU) and therefore to developing its ties with the Member States. In addition, a special role is assigned to the United States of America (USA), a strategic partner wherewith the collaboration was consolidated in the last years. Special consideration is dedicated to China and Russia, where economic relations prevail, and, more recently, to the United Kingdom, given its new status once the exit from the EU.

European Union

President Klaus Iohannis has recently emphasized again the idea that, in what concerns foreign policy, Romania acts inside a “golden triangle” which targets the increase of the role in the EU and in NATO, respectively developing and deepening the Strategic Partnership with the USA. Within the EU, Romania aims to strengthen the European project, alongside the cohesion and unity between Member States, and supports and promotes the major objectives agreed through the EU Strategic Agenda for 2019-2024 in the priority areas that will guide the Union’s activity for the next 5 years: protecting citizens and freedoms; developing a solid and vital economic base; building a green, fair, social and climate-neutral Europe; globally promoting European interests and values. Very recently, Romania’s National Recovery and Resilience Plan was approved by the European Commission (EC). This provides, in addition to financing economic recovery actions, the resources to implement essential investments and structural reforms for medium and long-term development. The Plan is the result of an intense dialogue with the EC and its implementation will mean to continue a close cooperation with the EU representatives.

In addition, there are some delicate issues that continue to be negotiated with the EU, such as Romania’s accession to the Schengen area, so that Romanian citizens can benefit from the advantages of fully exercising their right to free movement. In addition, Romania also envisages to join the Euro Area, but the objective was postponed in the last period due to the difficult macroeconomic environment.

EU’s Member States are Romania’s main trade partners, due to the free market that abolishes legislative, customs or administrative barriers. The share of total trade with EU countries was around 75% in the previous year (78.1% for exports and 72.9% for imports). The
main export countries were Germany (22.5% of total exports), Italy (10.8%) and France (7.6%). At import, the main partners were Germany (20.2% of total imports), Italy (8%) and Hungary (6.9%). EU countries are also among the major investors in Romania, the distribution of the foreign direct investment (FDI) stock according to the country of origin of the final investor showing Germany on top, followed by Austria and France in 2020.

**United States of America**

The relations with the USA are governed by the Strategic partnership established for the first time in 1997 and enforced periodically since then. Under its auspices, in October 2020, Romania and the US established the Intergovernmental Agreement on cooperation in the field of civil nuclear industry, an Agreement which was subsequently notified and endorsed by the EC. The ratification of the Agreement between the two governments represents the general framework for the continuation and realization of strategic nuclear projects, assumed by Romania in the energy strategy in the view of achieving decarbonisation targets, energy security and efficient transition to clean energy. Therefore, in June this year, the Romanian Parliament approved the draft law on the ratification of the Agreement between the two Governments on cooperation in the Cernavoda nuclear projects, the refurbishment of Unit 1 and the construction of Units 3 and 4. The goal is to have Unit 3 connected to the network in 2030, and Unit 4 in 2031. The two nuclear projects will contribute to the development of the internal supply chain, will generate an additional up to 9,000 jobs, while stimulating research, innovation and development in the nuclear industry, with the retention of highly qualified specialists.

In addition, in September, the two countries celebrated 10 years since the adoption of the Joint Declaration on the Strategic Partnership for the 21st Century and 10 years since the signing of the Romanian-American Agreement on the location of the US ballistic missile defence system in Romania. From an economic perspective, the trade relations were not as developed as expected, at least so far. 1.7% of total Romanian exports went to the US in 2020, while only 0.66% of total imports came from there. However, when looking at the distribution of total FDI in Romania according to the country of origin of the final investor, US is the fifth largest investor, with a share of 6.8% of total stocks.

**United Kingdom**

Despite Britain’s exit from the EU, Romania is determined to strengthen the cooperative relationship with the UK and work to update the existing Strategic Partnership, as one million
Romanians are living in the UK. The goal is to modernize and expand bilateral cooperation in other areas, from foreign and security policy, defence and economic ties to cultural and educational ones. The two countries share values and many common goals, in areas of action such as combating climate change, terrorism or intensified security cooperation in the Black Sea, according to Romanian officials. The Ambassador of Great Britain in Romania showed that in the last two years, the quality and size of the bilateral relationship have increased remarkably. In addition, British activities also support non-governmental organization in Romania in dealing with social challenges.

The UK is a very important market for Romania, and the Romanian authorities have every interest for the volume of trade to remain on an upward trend. Following the need to present some authorizations for the import and export of some goods, and aligning to the new customs regulations following Brexit, the officials in the Romanian Government had prepared measures to keep informed the companies having trading relations with the UK on the novelties given by the country’s new status. However, a proper assessment of the evolutions in economic relations is to be made in the near future, since starting from October the movement of persons will also be more difficult. Romania’s international trade with UK represented 3.43% of total exports and 1.77% of total imports in 2020. In addition, 4.1% of total FDI in Romania had UK as final investor.

**People’s Republic of China**

Romania has a special relation with the People’s Republic of China, the political relations between the two countries being established since 1949, therefore for more than 70 years. In 2004, the two countries signed the Joint Declaration on Forming an Extended Partnership Based on Friendship and Cooperation. There are strong economic connections, since China was the most important non-EU import country for Romania in 2020, and on top four countries considering the volume of imports, with a share of 6.22% of total import, while 1% of Romanian exports are allocated to China. However, only 1.2% of total FDI in Romania in 2020 were realized by a final investor having China as a country of origin.

Analysts noticed a cooling of the relations between the two countries starting with 2019, as Romania stated that the central relations on the international stage are those with the EU, NATO and the USA. A memorandum banning operators from non-EU countries that do not have public procurement agreements with the Union to accelerate the construction of large projects, such as highways, has been adopted by the Government, companies from China being
also affected by this decision. The reason was not to support companies receiving direct or indirect subsidies from their country of origin and thus having an unfair comparative advantage, or those lacking adequate regulatory accreditations. In a recent speech, President Iohannis stated that regarding the traditional relationship with China, the national institutions are looking for solutions compatible with national security and economic interest, while considering synchronizing with the EU’s strategic approach and the dynamics of transatlantic partners’ relations.

**Russia**

Romania’s position regarding Russia is based on clear principles, established at the EU level. According to a recent statement by President Iohannis, Romania’s attitude towards Russia remains unchanged: a normal relationship depends on the return to predictable behaviour, based on respect for international law, as blockades in resolving protracted conflicts continue, while the militarization of Crimea and the Black Sea remains worrying. On the other hand, in certain areas, where it is a question of common interests, punctual cooperation with Russia is possible, as it is the case with the goal of climate change. Such an approach has been agreed within the EU, together with the other states, and decided at the level of the European Council, at the level of the Foreign Affairs Council. Russia was the source for 3.55% of total Romanian imports in 2020 and the destination of 1.28% of total exports, while final investors from Russia were responsible for 1.3% of total FDI in Romania.

This year, the message received from Russia indicates the intention to develop a series of mutually beneficial relations with Romania, by working together to intensify political, economic and humanitarian ties. There is good potential for cooperation in the Black Sea region. The dialogue in this regard and an agenda leading to a series of meetings could be enhanced in the following period.