
ROMANIA NEEDS REFORMS, FISCAL DISCIPLINE TO MEET EURO ADOPTION CRITERIA - ECB

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"Achieving an environment that is conducive to sustainable convergence in Romania requires stability [] economic policies and wide [] structural reforms," European Central Bank (ECB) said in its latest Convergence Report on Wednesday.

Romanias general government budget deficit was significantly above the 3% reference value in 2025, while its debt level was below the 60% reference value, the bank noted, highlighting that the country has been subject to an excessive deficit procedure since 2020. While Romania remains subject to the procedure, the European Commission said in June 2026 that the country had taken effective action and the procedure is being held in abeyance. The consolidated budget deficit was 23.95 billion lei (\$5.3 billion/4.6 billion euro) in the first four months of 2026, nearly half the level recorded in the same period last year, latest finance ministry data indicated.

The ECB also warned about the sustainability of inflation convergence in Romania over the longer term. As Romania's economy continues to catch up with states in the euro area, wages and prices are likely to rise faster, which could keep the country's inflation higher than in the euro area, unless this is offset by a stronger exchange rate. The bank also cautioned that inflation risks could worsen if accompanied by unsustainable developments in credit and asset prices. In May 2026 the 12 [] average rate of HICP inflation in Romania was 8.4%, considerably above the reference value of 2.7% for the criterion on price stability. This rate is expected to remain elevated over the coming months, owing partly to higher commodity prices and broadening inflationary pressures related to the war in the Middle East.

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