Strengthening Romania's competitiveness

Category: Romania
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These forces have driven strong productivity gains (Figure 1), bringing labour productivity close to the OECD average. Yet significant untapped potential remains. Further boosting the productivity of domestic firms and integrating them more deeply into global markets would raise the domestic value-added content of production and help the country move up the value chain. At the same time, realigning wage dynamics more closely with productivity growth – which wages have outpaced in recent years – will be essential to safeguard competitiveness and support sustained improvements in living standards.

The new 2026 OECD Economic Survey of Romania highlights four key priorities to increase the integration of domestic firms into global markets while supporting broader productivity gains:

- Strengthening innovation capacities and digital intensity among domestic firms
- Promoting human capital development and skills
- Improving the business environment and market efficiency
- Fostering infrastructure development.

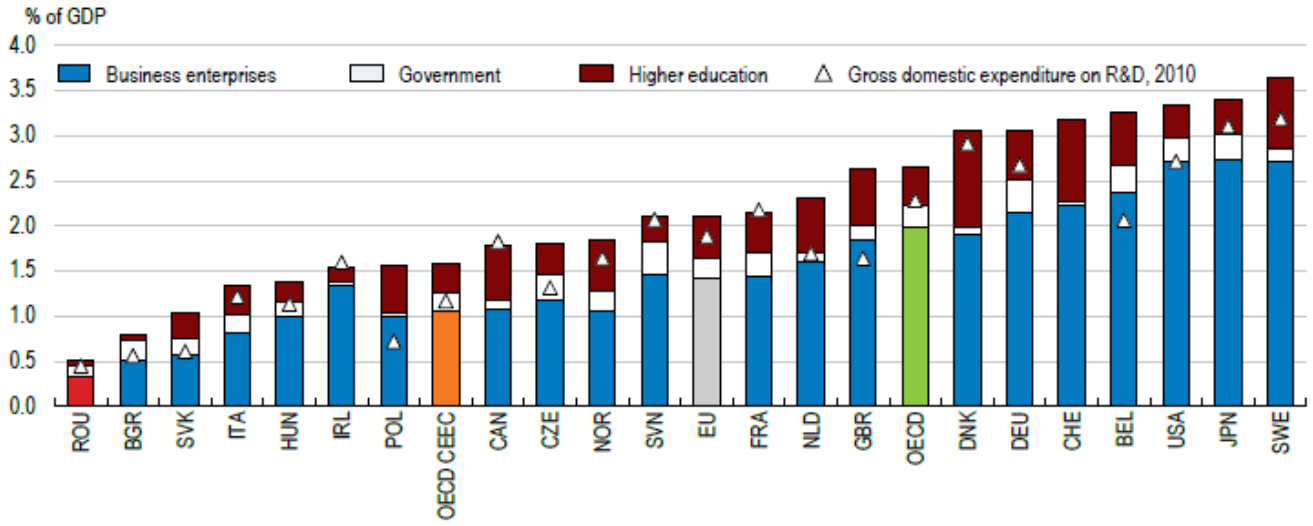
The innovation gap remains wide compared with both OECD and regional peers. Domestic firms continue to exhibit low rates of product, service, and process innovation, as well as limited R&D investment (Figure 2). Closing this gap requires measures to strengthen firms' innovation capacities – for example, by simplifying access to R&D tax incentives and raising awareness of their availability. Innovation among SMEs could be further supported by making R&D tax incentives more effective, including through refundability so that any credit exceeding the tax liability is paid out in cash, and by establishing well-defined public-private project opportunities that encourage SME participation in R&D. In parallel, improving firms' access to finance and advancing financial deepening – including through more developed capital markets – will be essential to enable productivity-enhancing investment, foster innovation, and support firm growth and scaling.

Romania's digital infrastructure has improved significantly: access to high-speed broadband is now approaching levels seen in the best-performing OECD countries. However, digital intensity and the use of digital technologies by firms remain low. This reflects relatively low digital skills in the wider population, which should be strengthened as a priority. Awareness of and access to digital advisory and support schemes could also be improved. Ireland's Grow Digital portal

provides a useful example of good practice, consolidating support programmes, training and funding information, and a self-assessment tool to help firms identify their digital needs.

Figure 2. Romania's R&D spending is very low

Gross domestic expenditure on R&D, 2024 or latest available



Note: OECD CEEC is the non-weighted average of Czechia, Hungary, Poland, Slovak Republic, and Slovenia.
Source: OECD Main Science and Technology Indicators database.

The economy's productive capacity depends critically on the availability of advanced skills. As Romania moves up the value chain, demand for technical, digital, and managerial competencies is set to rise. Yet the country starts from a challenging position, with a high share of adults with low educational attainment, persistently elevated early-school-leaving rates, and comparatively weak learning outcomes. Addressing these gaps requires broad-based reforms, as recognised in the 2023 education reform. Romania should focus resources on key priorities and ensure effective delivery – modernising curricula, strengthening teacher capacity, and investing in school infrastructure, particularly in disadvantaged areas. These efforts must be supported by sustainable and adequate financing, alongside a stronger focus on lifelong learning and continuous skills upgrading.

Fostering a dynamic, growth-oriented business environment requires a regulatory framework that supports entrepreneurship, competition, and firm expansion. While Romania has made progress in improving the regulatory environment and market efficiency, further steps are needed. Starting and operating a business remains more burdensome than in top-performing OECD countries, despite ongoing simplification efforts. Priority should be given to accelerating the implementation of the streamlined single industrial licensing procedure and strengthening the insolvency framework – including by improving the efficiency of court procedures and expanding the use of digital tools in insolvency cases. Further improvements in the efficiency and accessibility of public procurement processes are also required

Finally, the Survey highlights opportunities to further strengthen transport infrastructure, including by improving network connections, ensuring more efficient transport pricing, and enhancing road maintenance. Promoting alternative low-emission transport modes and improving governance in the transport sector will also be essential to support sustainable mobility and improve overall system performance.

Visit the OECD’s Romania Economic Snapshot page for further information.

References:

OECD (2026), OECD Economic Surveys: Romania 2026, https://doi.org/10.1787/4844067e-en, OECD Publishing, Paris.