



## Economic and Social Council

Distr.: General  
30 March 2010

Original: English

---

### Economic Commission for Europe

#### Conference of European Statisticians

##### Fifty-eighth plenary session

Paris, 8–10 June 2010

Item 7 of the provisional agenda

##### Impact of global crises on statistical systems

### In focus for the Romanian Official Statistics: economic and financial crisis

#### Note by the National Institute of Statistics of Romania

##### *Summary*

The implications of the financial crisis for Romanian official statistics reflect the need for statistical progress, mainly in the monitoring of crisis' effects and re-orientation of existing statistical data compilations and collections areas. The crisis forced Romania to look whether and to what extent its statistical infrastructure is appropriate to identify structural weaknesses in Romanian society and to monitor performances. The crisis also obliged Romania to assess the potential gaps existing in all statistical domains. As solutions to the challenges generated by the financial crisis and taking into account the measures and actions adopted at national level to counteract the effects of the crisis, the National Institute of Statistics of Romania proposed actions regarding the following: the improvement of systems of data collection and dissemination in order to better anticipate and monitor the crisis evolution; the improvement of existing data communication; and the development of data availability in order to cover the data necessities of the government's anticrisis programme.

## I. Introduction

1. The world is paying the price today for the extent of economic inter-dependency brought about by globalisation. The “sub-prime crisis” initially precipitated a general crisis of the whole American financial system, with fast track effects for the rest of the world, namely its propagation from the financial sector towards real economy and from developed countries towards the developing countries. Once the devastating wave of the most severe global recession in the last eight decades appeared to be over, countries now attempt to assess losses and find solutions with a view to avoiding a similar crisis in the future.

2. The financial crisis, which began in September 2008, resulted in a large-scale economic recession, whose severity is similar only to the Great Depression of the '30s. At the European Union level, this recession proved to be the deepest, the longest and the most extensive one in its history. The Gross National Income (GNI) was estimated to fall by about 4% in 2009, both at the European Union (EU) level as a whole and in the euro area. The cumulated fall of productivity accounts for about 5% from the beginning of the recession until the second half of 2008. This figure is over three times higher than the average decrease recorded during the last three recessions. The crisis affected all the economies and, as far as bigger Member States are concerned, the GNI contraction in 2009 ranged between 2% in France and 4.5-5% in Germany, Italy and the United Kingdom. This divergent impact of the crisis reflects the different level of exposure to the major turbulences in the financial sector, of opening to commercial relationships, as well as to the existence (or not) of real estate projects inflation previous to the crisis start point.

3. The EU had a quick response to the crisis and drafted an ambitious plan of economic recovery, which gathers fiscal incentives meant to promote demand, in the short term, with a programme of “intelligent” investments in view of consolidating the growth perspectives on the medium- and long-term.

4. The results of the recovery measures are already visible. The signs of improvement of the economic situation are increasingly obvious, both in terms of confidence indicators and of basic data recorded since the summer of 2009. The exceptional measures of monetary and fiscal nature have not only prevented a systemic fall, but have also allowed for a substantial alleviation of financial markets conditions, while a series of indicators turned back to the levels recorded before the crisis.

5. Where Romania is concerned, several years of over-acceleration and accumulation of unsustainable disequilibria led to the exposure of the Romanian economy to the crisis, with its various dimensions. The current account deficit had reached 12.3% in 2008; the banks and the business environment were increasingly dependent on short-term financing, with half of the private domestic loans being in foreign currency.

6. Once the global crisis was installed, the economic operators became increasingly concerned about these evolutions. This situation has entailed a significant decrease in capital flows and has stretched the banking system to its limits. The pressures on the exchange rate increased, resulting in the national currency depreciation of over 30% between August 2007 and January 2009. The balance effects and a substantial fall of exports demand plunged the economy into a severe recession in the second half of 2008. Under these circumstances, the authorities decided to ask for external financial support.

7. On 5 May 2009, the EU Council adopted the decision to grant medium-term financial assistance to Romania, up to 5 billion euro. The package was devised to allow the Romanian economy to counteract, in a well-structured manner, the pressures on liquidities in the short term, while improving competitiveness and correcting imbalances in the medium term. The EU assistance to Romania was combined with loans from the

International Monetary Fund (IMF) (13 billion euro), the World Bank (1 billion euro), the European Investments Bank and the European Bank for Reconstruction and Development (EBRD) (1 billion euro). The EU assistance is to be granted in five instalments at most, thus fulfilling the conditions stipulated in the Agreement Memorandum signed on 23 June 2009. On 27 July, the Commission released the first instalment of 1.5 billion Euro.

8. The EU financial assistance is conditioned by the implementation of a coherent programme of economic policies, aiming at fiscal consolidation, reforming the public administration, regulating and supervising the financial sector, as well as structural reforms.

9. The recent economic evolution is encouraging. The high frequency indicators suggest that GNI could become stable in the second half of the year, entailing a contraction of about 8% for the whole year. A positive economic growth is foreseen for 2010, of about 0.5%. The financial pressures have been substantially diminished since the beginning of this programme. So far, the banking sector seems not to have been influenced by the crisis, but risks still exist, particularly due to the increasing percentage of un-performing credits. The situation of the balance of payments has improved, the current account deficit diminished and the capital flows were better than expected. The current political uncertainty did not influence, so far, these evolutions.

10. Official statistics have been recognised as the means for evaluating the impact of the crisis faced by Romania. The Romanian economy was hit by the global crisis leading to a crisis of the national economy, which highlighted the need to address both causes and effects of the turmoil.

11. Thus, Romanian statistics mobilised itself in approaching the crisis in a responsible manner, adopting the appropriate measures.

## II. What did Romanian statistics do?

12. Romanian official statistics did not hesitate to publicly provide theoretical and practical information on the economic crisis causes, manifestations and evolution, as well as on the measures taken by the governmental bodies (and on their effects) with a view to fight the crisis at a social level.

13. The National Institute of Statistics of Romania (INS) assumed the task of explaining the origin and the evolution of this phenomenon, so that decision-makers could plan and implement accurate decisions, and direct their efforts towards fighting the crisis, with statistical support based on strong theoretical fundaments.

14. To this end, INS has analysed the action plans adopted by IMF (the Inter-agency Group for Economic and Financial Statistics) and by OECD on the statistical implications of the global crisis and decided to implement certain recommendations generally addressed to the national statistical offices, to be included, through concrete undertakings, into the annual programmes of statistical surveys.

15. Thus, INS has drawn up a global programme, proposed as an addendum to the government anti-crisis programme, structured around the following pillars:

- (a) The collection of more comprehensive and up-to-date information on monthly prices and the balance of payments;
- (b) The improvement of quarterly accounts and the compilation of key macro-economic variables for each institutional sector;
- (c) The development of multi-dimensional definitions and measures related to poverty;

(d) The analysis of eventual redesigning of social surveys so that they would have a modular approach and would provide key results as early as possible; going beyond poverty definitions based on households income, through the development of multi-dimensional measures.

16. The President of INS set up a horizontal statistical group to outline the global action programme. The group was given the following tasks:

(a) Monitoring the production of relevant data for drawing up the anti-crisis measures and for their implementation;

(b) Improving the dissemination and the on-line communication of key anti-crisis indicators, without affecting their quality;

(c) Promoting more efficiently the communication of official statistics, with a view to increase awareness of available data for political purposes. The more we know about users and the way they use statistics, the better we can meet their requirements;

(d) Improving communication with policy makers in order to better anticipate their needs;

(e) Ensuring the key statistics comparability;

(f) Managing the programme implementation.

17. Among the above-mentioned tasks, the following three should be stressed:

(a) Issuing a special publication focusing on the key statistics related to the crisis;

(b) Maintaining a permanent dialogue with the INS leadership, submitting for approval the data relevant to the crisis and the publication of which should be speeded up without affecting the statistical data quality. Statistical data should be available on a monthly basis, immediately after the end of the month;

(c) Thoroughly analysing the current statistical processes, with a view to identifying the possibilities of more rapid statistical products.

### **III. What are the actions planned and undertaken in Romanian statistics?**

18. In the short term, the global plan included the following actions whose monitoring is still ongoing:

(a) *Documentation on the crisis issues*, in an attempt to identify joint actions with other national institutes of statistics from EU-27, with other ministries and authorities, with a view to avoid duplication and false competition between INS and these ministries;

(b) *Knowing the crisis stage* through speeding up the publication of relevant data; developing global aggregates of key indicators; improving the INS website with indicators of high interest; strengthening communication in terms of relevant data publication;

(c) *The new special publication* was released, comprising a set of key indicators selected by good governance and efficient public services, which became a working tool for the Government, facilitating its understanding, as well as the efficient comparison of its own practices and performances.

19. The global plan, however, was not limited to the short term. In the medium term, it envisaged methodological developments, implementations of new surveys, theoretical breakthroughs related to new and original concepts:

(a) Use the current social surveys to address other aggregates issues as well, INS experts being aware that a higher coherence is necessary to explain data significance and that a sound communication of results is essential;

(b) Find quick solutions to the issues related to financial statistics, government finances and transactions reflected by the public sector account, ensuring, at the same time, their higher transparency;

(c) Focus on the classic statistical issues, since the financial crisis effects upon the real economy became visible in the traditional official statistics, more precisely in:

- (i) Short-term economic statistics;
- (ii) Short-term turnover and prices statistics;
- (iii) International trade statistics;
- (iv) Quarterly GDP;
- (v) Employment statistics, etc..

20. The financial crisis symptoms are partly quantified by traditional official statistics. The developments related to **dwelling prices, shares and stocks** allowed for measurements, but not for assessing the difference between the prices and their intrinsic values. The number of new dwellings as well as the property transfer is measured, but the outstanding mortgages debts or mortgage prescriptions are not. Since services account for an increasing share of statistics, the strengthening of **services statistics** dissemination (including financial services) is crucial.

- Reconsider as priorities the following issues: net adjusted disposable income of households; more accurate measurement of governmental services; measurement of the average income; highlight “subjective welfare” in the standard surveys carried out by INS; development of a hybrid approach of “net adjusted economy” as a set of complementary indicators meant to measure “sustainable development”;
- Improve environmental statistics from the perspective of an improved statistical information system related to resources and environment; improve the questionnaires and promote the electronic forms; drawing up quality reports; define an action plan in view of improving the access to environment related data in both downstream and upstream of surveys;
- Develop statistical surveys for measuring and analysing the human capital; it is worth mentioning that, at OECD level, a cooperation Consortium where INS Romania participates, has been set up to measure and analyse the human capital stock;
- Develop new surveys related to the set of indicators on children and families welfare (material welfare; dwelling and environment; education; health; behaviour associated risks; school life quality);
- Promote, develop and implement certain dissemination initiatives, such as the publication “National Accounts flash”, the booklet on education and health measurement;
- Transparently disseminate the statistical data on household goods and obligations distribution; financial goods (including liabilities); sustainable welfare; society progress measurement; data mapping.

21. The global plan covers issues of statistical productions, such as:

(a) **Coverage:** in several statistical areas, statistical information is quite poor (in the financial area, the currently available information on balance sheets and assets prices is quite inappropriate for assessing the sustainability of debts accumulations; and in social statistics - the household conditions);

(b) **Timeliness:** the everlasting questions related to the balance between data timeliness and accuracy became more acute during the crisis period (statistical users consider the time lags to be too long when information resulting from household surveys on income and welfare, as well as information on certain economic pillars, such as productivity, is published).

(c) **Access to microdata:** improved access to microdata would allow for a more efficient management of the crisis consequences, and of the different effects at levels of individuals, enterprises and regions.

---