

May 29 - June 5, 2026

Weekly Political & Economic Outlook

Report prepared by Ana-Maria Anghel & Emilian Aignătoaei



This Week at a Glance

Political Landscape

Economic & Fiscal Outlook

Recovery & Resilience Plan

This Week at a Glance

Eugen Tomac, Designated PM: President Nicușor Dan appointed Eugen Tomac as prime minister-designate, who announced plans for a technocratic cabinet.

EU Infringement Pressure: The European Commission opened and escalated infringement procedures against Romania for delays and shortcomings in transposing EU energy and transport legislation.

Cost Pressure and Weak Demand: Industrial producer prices continue to rise sharply, especially in energy, while retail trade and GDP data show weaker consumption and a broader slowdown in business activity.

NRRP Funding at Risk: Romania is close to securing payment request no. 4, but future EU funding remains vulnerable to reform delays, project screening and possible penalties for investments that cannot be completed by the August 2026 deadline.

Political Landscape

Domestic Political Dynamics

President Dan designates Eugen Tomac as Romania's next PM.

President Nicușor Dan designated **PMP leader and MEP Eugen Tomac as Romania's next prime minister**. The decision comes after almost a month of failed negotiations between the President and the parliamentary parties following the collapse of the governing coalition. Announcing the nomination, President Dan argued that the **deepening tensions between political parties made the formation of a traditional coalition impossible** and that Romania now needs a prime minister capable of negotiating support across party lines. He presented Tomac as a figure with both political experience and sufficient independence from the parliamentary parties to build consensus around key national priorities.

Accepting the nomination, **Tomac pledged to seek parliamentary support for a technical government** composed of **specialists rather than party representatives**. He stated that his future cabinet would maintain Romania's pro-European and transatlantic orientation, continue efforts to join the OECD, safeguard public finances, and focus on restoring citizens' trust in state institutions.

Many political analysts compared the move to former President Klaus Iohannis' heavily criticized **"my government" approach**, under which the president sought to install cabinets politically aligned with him. After all, Tomac is a supporter of the President, a loyalty demonstrated during Nicușor Dan's presidential campaign. But appointing a close presidential adviser as prime minister will directly expose President Nicușor Dan to the political costs of any future government failure. Especially given that **Tomac's cabinet could be composed predominantly of Nicușor Dan's presidential advisors**.

Eugen Tomac: From Diaspora Advocacy to a Future at Victoria Palace.

Presidential Adviser since last year and **Member of the European Parliament** since 2019, Eugen Tomac is one of the most prominent figures within the extra-parliamentary **People's Movement Party (PMP)**, which he has led for several years. Throughout a political career spanning more than two decades, he **has held positions in both the Romanian Parliament and the Presidential Administration**, while building a profile focused on diaspora affairs, European integration, and relations with the Republic of Moldova. In the European Parliament, he currently serves within the Renew Europe political group. Trained as a historian at the University of Bucharest, Tomac also has a background in journalism and public communication.

What could the Cabinet look like?

Although no official list of ministers has been announced, **several names have already been circulated in the Romanian media**, citing political and presidential sources. According to these reports, President Nicușor Dan is considering a cabinet composed largely of technocrats and experts.

Potential ministers mentioned by **political sources** include:

- **Education** – *Valentin Sorin COSTREIE* (currently Presidential Adviser for Education and Research);
- **Development** – *Bogdan Florin CRISTEA* (currently State Adviser for the President);
- **Foreign Affairs** – *Luca NICULESCU* (currently Secretary of State and Romania’s OECD coordinator);
- **Defence** – *Mihnea MOTOC* (former Defence Minister in the Cioloș Government and diplomat);
- **Finance** – *Alexandru NAZARE* (currently Interim Finance Minister) or *Bogdan DRĂGOI* (former Finance Minister in the Ungureanu Government and then Secretary of State);
- **Health** – *Cătălin CÎRSTOIU* (Manager of the Bucharest University Emergency Hospital, supported by PSD in the 2024 Bucharest elections)
- **Economy and Vice PM** – *Radu BURNETE* (currently Presidential Adviser for Economic and Social Policies)
- **European Funds / Labour** – *Dragoș PÎSLARU* (currently the interim holder of both portfolios);
- **Culture** – *Adrian PAPAHAĞI* (founder of Tomac’s PMP)

The information remains *speculative*, as negotiations are ongoing and neither the Presidency nor the Prime Minister-designate has confirmed any ministerial nominations.

Next step in becoming PM: Procedural steps.

According to the Romanian Constitution, once designated by the President, the **Prime Minister-designate must request a vote of confidence from Parliament within 10 days**. The request must be accompanied by the **governing programme** and the **proposed list of ministers** (Art. 103 para. 2). Failure to meet this deadline results in the lapse of the designation mandate.

The proposed ministers will then **appear before parliamentary committees**, while the governing programme is presented in a joint session of both Chambers. Afterwards, **Parliament votes on the proposed Government**.

The Constitution does not establish a fixed deadline for this vote. However, the Government can only take office if it **secures the support of an absolute majority of all deputies and senators** (Art. 103 para. 3), meaning at least **233 votes** in the current Parliament.

Political negotiations, between refusal and compromise.

The nomination of Eugen Tomac has **triggered mixed reactions across the parliamentary spectrum** and has further complicated efforts to secure a governing majority.

- **PSD has emerged as the only major parliamentary party openly willing to discuss support** for Tomac's cabinet. Both interim party leader Sorin Grindeanu and PSD Secretary-General Claudiu Manda stated that the party is prepared to negotiate with the Prime Minister-designate.
- **PNL announced that it will analyse Tomac's proposals** but reiterated that it will not support any government involving PSD, directly or indirectly. Party leader Ilie Bolojan also expressed **serious doubts that a technocratic government could govern effectively** without a stable parliamentary majority;
- **USR agreed to hold discussions with Tomac** but maintained its opposition to any governing formula involving PSD. Party leader Dominic Fritz argued that reforms require political accountability and warned that **a purely technocratic cabinet would face significant difficulties** in Parliament;
- **UDMR described the nomination as an emergency solution and questioned the logic** of appointing the leader of an extra-parliamentary party to head a technocratic government. Party leaders indicated they will only decide after reviewing Tomac's programme and ministerial team;
- **AUR immediately rejected the nomination.** Senior party figures argued that Tomac is neither independent nor a technocrat and reiterated their preference for early elections.

As a result, **the chances of Tomac's government securing parliamentary approval currently appear weak.** Under the current parliamentary arithmetic, a successful investiture would likely require either defections from parts of PNL despite the party leadership's official position, or a highly controversial alignment between PSD and the nationalist and far-right opposition parties AUR, SOS Romania and POT. Such a scenario would mirror previous occasions when these parties voted alongside PSD on key parliamentary initiatives. For now, the presidential strategy of building a technocratic government remains politically fragile, and the outcome of the investiture vote remains highly uncertain.

***Impact:** The prolonged political uncertainty surrounding the formation of a new government is likely to weigh on business confidence. At the same time, concerns about the government's ability to secure a stable parliamentary majority could heighten market volatility and reinforce cautious consumer behaviour, with households remaining reluctant to increase spending amid uncertainty about future economic measures.*

International & Geopolitical Affairs

EU Commission Opens New Cases Against Romania Over Energy and Transport Rules.

The European Commission has launched **two new infringement procedures against Romania** and escalated another ongoing case, citing **failures to comply with EU legislation in the fields of energy efficiency, district heating planning, and road transport**. Brussels issued reasoned opinions over Romania's failure to transpose the revised Energy Efficiency Directive and its failure to submit an updated assessment of the potential for high-efficiency cogeneration and efficient district heating and cooling systems, warning that both cases could be referred to the Court of Justice of the European Union if corrective measures are not taken within two months.

In addition, the Commission opened a new infringement procedure against Romania for incorrectly transposing EU rules governing the use of rented freight vehicles, arguing that current national legislation does not fully guarantee the rights of transport operators from other EU member states.

The latest actions increase pressure on Romanian authorities to accelerate compliance with EU requirements in key sectors linked to energy transition, infrastructure modernization, and the functioning of the single market.

Romania and Estonia Deepen Security Cooperation After Russian Drone Incident.

Romanian President Nicușor Dan and his Estonian counterpart, Alan Karis, agreed this week to **advance joint anti-drone projects within both NATO and the European Union**. The conversation comes amid a broader effort by Romania to strengthen its air-defence capabilities after the Galați incident, which prompted Bucharest to seek emergency discussions at the UN Security Council and the OSCE. Separately, **Romania and Ukraine are accelerating cooperation on drone production and air-defence initiatives**, with Kyiv offering technical expertise to help strengthen regional protection against aerial threats.

***Impact:** The European Commission's new infringement procedures against Romania increase regulatory and legal pressure on the country. At the same time, Romania's deepening cooperation with Estonia and Ukraine on anti-drone and air-defence capabilities signals stronger regional security alignment within NATO and may help sustain investor confidence by reinforcing Romania's strategic role on the EU's eastern flank.*

Economic & Fiscal Outlook

Business Environment Developments

Weak demand and producer-price pressure deepen Romania's slowdown.

Romania's latest economic data show a clearer deterioration in both **production costs** and **consumer demand**. Industrial producer prices increased by **10.3% in April 2026** compared with April 2025, according to INS data, with the strongest increase in **energy industry prices, up 20.5%**, while Eurostat placed Romania among the EU countries with the highest annual industrial producer-price increases, at **11.5% on the domestic market**. At the same time, retail trade continued to **weaken**: turnover in retail trade fell by **5.8% in January–April 2026**, mainly because of lower sales of **non-food products (-8.7%)**, followed by food, beverages and tobacco (**-3.8%**) and fuels (**-2%**).

The same trend is visible at EU level, where Eurostat data show Romania had one of the largest monthly retail declines in April, **-2.6%**, and the largest annual fall among reporting Member States, **-5.7%**. These indicators fit with the revised GDP data for Q1 2026: Romania's economy contracted by **1.2% year-on-year on gross series** and by **1.1% on seasonally adjusted series**, with negative contributions from **industry, trade/transport/HORECA, IT&C**, and household consumption, which fell by **1.8%**. For businesses, the picture is therefore not only one of slower growth, but of a more difficult operating environment: **energy and production costs remain high**, while **retail demand and household consumption are falling**, limiting companies' ability to pass costs into prices and increasing pressure on **margins, inventories, cash flow and investment plans**.

Fiscal Consolidation Pressure Intensifies as Growth Outlook Weakens.

Romania is facing renewed pressure from European institutions and investors to maintain fiscal discipline, while the economic outlook is deteriorating. Finance Minister Alexandru Nazare said Romania could aim for a **rating upgrade in 2027** if it keeps its fiscal-budgetary trajectory, after discussions with investors, rating agencies and the IMF focused on the **2026 deficit target**, the **2027 budget**, NRRP implementation and policy continuity after the formation of the new government. At the same time, the European Commission confirmed that Romania still faces **excessive macroeconomic imbalances**, with high budget and current-account deficits, and recommended continued fiscal consolidation, higher tax collection, pension and public-sector wage reforms, and better control of public investment.

The Commission estimates the deficit will decline from **9.3% of GDP in 2024** to **6.2% in 2026** and **5.8% in 2027**, but warns that public debt could rise to **61.6% of GDP in 2026** and **63.4% in 2027**. The slowdown is also reflected in external forecasts: OECD estimates a **0.1% GDP contraction in 2026**, followed by **2.5% growth in 2027**, while BERD also points to a recession scenario, with a **0.2% GDP decline in 2026** and only a modest recovery

afterwards. For businesses, the combined message is one of **tighter fiscal policy**, possible tax and collection measures, **weaker demand** and continued dependence on EU-funded investment to support growth.

***Impact:** The latest macroeconomic signals point to a more constrained business environment, where companies face pressure from both **higher operating costs** and **weaker demand**. Rising producer prices, especially in energy, increase costs for manufacturers, retailers and energy-intensive sectors, while falling retail sales and lower household consumption reduce companies' ability to pass these costs on to consumers. At the same time, fiscal consolidation pressure may bring tighter tax collection, spending restraint and more selective public investment, making business planning more dependent on policy predictability, financing conditions and EU-funded projects.*

Recovery & Resilience Plan

NRRP Funding Depends on Reform Continuity.

Romania is presenting progress on the NRRP, but the next stage remains highly dependent on political continuity and the delivery of reforms. Interim EU Funds Minister Dragoș Pîslaru said Romania has exceeded **60% NRRP absorption** and that the ECOFIN Council is **expected** to give the final approval for **payment request no. 4**, which should bring around **€3 billion** into the country, with only **€24–28 million** still under discussion out of a total risk previously estimated at **€4.9 billion**. At the same time, the European Commission **warned** that any future government reversing reforms already assumed under the NRRP could lead to the **suspension of payments**, while Romania still has to close sensitive files linked to milestones and investments before the **August 2026** deadline.

Separately, Pîslaru warned that Romania could face around **€1.5 billion in penalties**, mainly because several projects cannot be completed on time or need to be renegotiated, while earlier estimates also pointed to a broader risk of losing **over €8 billion** if reforms are not finalized. For businesses, the message is mixed: approval of payment request no. 4 would improve short-term liquidity for public investment and contractors, but delays in reforms or project screening could still affect companies involved in **construction, infrastructure, energy, digitalization and public procurement**, through postponed payments, resized projects or cancelled financing.

***Impact:** The NRRP remains a key source of short-term liquidity for Romania's economy, but funding access is increasingly tied to reform continuity and project delivery. The expected approval of payment request no. 4 could support public investment and contractors in **construction, infrastructure, energy and digitalisation**, while the risk of **suspended payments, €1.5 billion in possible penalties** and unfinished projects before the **August 2026** deadline may create uncertainty for companies dependent on public procurement, EU-funded contracts and state-backed investment flows.*