Analyses OSW

CENTRE FOR EASTERN STUDIES 14.07.2026 www.osw.waw.pl

Romania is no closer to a new government: political deadlock and the risk of losing Recovery and Resilience Plan funds

Kamil Całus

More than two months after the collapse of Ilie Bolojan's government, Romania's main political parties remain unable to reach an agreement on the formation of a new cabinet. This impasse comes at an exceptionally challenging time. The country is facing its most severe economic crisis in years and is implementing a socially burdensome fiscal consolidation programme launched in the summer of 2025. At the same time, Russia's war against Ukraine continues near Romania's borders, resulting in repeated incursions into its airspace and territorial waters by Russian and Ukrainian drones. Since 5 May, executive authority has been exercised by a caretaker government led by outgoing prime minister, Ilie Bolojan, who also heads the centre-right National Liberal Party (PNL). This interim cabinet operates with limited powers and lacks a parliamentary majority. It also includes representatives of the Save Romania Union (USR) and the Democratic Alliance of Hungarians in Romania (UDMR), which represents the country's Hungarian minority. Two attempts to appoint a new prime minister have failed. Meanwhile, the parliament's two-month summer recess, which began on 1 July, has further impeded the already difficult coalition negotiations. Internal divisions within the parties themselves, particularly within the PNL, have further complicated the talks.

These factors, combined with the absence of a full explanation for the annulment of the 2024 presidential election, have further eroded the credibility of mainstream parties and bolstered radical political forces, led by the sovereigntist-nationalist Alliance for the Union of Romanians (AUR). Currently the most popular political party in Romania, AUR, has benefited from the prolong political deadlock, which has reinforced its narrative that the ruling elites are corrupt and incapable of governing.

The political deadlock is expected to continue at least until August, and its resolution remains uncertain. In the absence of a stable government, Romania risks losing approximately €8.5 billion in funding from the National Recovery and Resilience Plan (NRRP) unless parliament enacts the necessary legislation to meet the required milestones by the end of August.

Failed attempts to form a government

The collapse of the previous cabinet – comprising all the pro-European parliamentary parties, from the centre left to the centre right – was triggered by the withdrawal of the post-communist Social Democratic Party (PSD) from the coalition, which had been formed only in June 2025. The PSD then allied with the opposition AUR to pass a vote of no confidence

(see '*Romania: breakup of the grand coalition and a new phase of the political crisis*'). President Nicușor Dan first attempted to restore a parliamentary majority on 4 June, tasking Eugen Tomac, his adviser and leader of the extra-parliamentary People's Movement Party (PMP), with forming a government. Tomac ultimately abandoned the effort before presenting his proposed cabinet, having failed to secure sufficient parliamentary support.

The president's second nominee, Adrian Veștea, a senior member of the PNL, was considerably more controversial. Nicușor Dan designated Veștea without consulting the party leadership and against Bolojan's preferences. This decision was most likely intended to overcome the resistance from the National Liberal leader, who appears to favour a snap parliamentary election and has categorically ruled out cooperation with the Social Democrats. The current political crisis has increased the PNL's approval rating. The party now enjoys the support of approximately 22% of voters, compared with just 13% in the December 2024 parliamentary election, and has overtaken the PSD, whose support has fallen from around 22% to approximately 18%. A snap election would likely further improve the Liberals' parliamentary position. By nominating an alternative PNL politician willing to cooperate with the PSD, Dan aimed to prevent this outcome, concerned that it could further strengthen AUR. Although the party currently holds 18% of the seats in parliament, it is polling at 35–40%. However, the president's decision only intensified divisions within the PNL. In the end, Veștea failed to secure a parliamentary majority, with his nomination rejected by most PNL deputies and senators as well as by AUR. Although AUR initially indicated possible support under strict conditions, it ultimately abstained from voting to avoid accusations of collaborating with the political establishment.

Currently, neither the PSD nor the PNL has proposed a candidate acceptable to the opposing party. The Social Democrats have put forward their leader, Sorin Grindeanu, while the National Liberals have nominated their leading MEP, Siegfried Mureșan. However, neither candidate is in a position to secure the 233 votes required to obtain a parliamentary majority. At the same time, President Dan has stated that he will not nominate another prime minister until a stable parliamentary majority is established in support of a candidate. Another round of talks with the leaders of the four parties from the former governing coalition is scheduled for 13 July.

The severity of the impasse reflects the divergent political calculations of the main parties. Under Bolojan's leadership, the National Liberals have categorically ruled out not only any cooperation with AUR, but also a return to government with the PSD; the USR has adopted a similar position. The PSD, by contrast, has declared its willingness to reestablish the pro-European coalition, provided it is led by a Social Democrat under a rotating premiership, with a PNL representative assuming office midway through the parliamentary term. AUR, meanwhile, has sought to prolong the crisis and intensify tensions among and within the mainstream parties, ultimately viewing a snap parliamentary election as the most advantageous outcome.

Underlying causes of the crisis and AUR's offensive

The radical opposition has benefited not only from the prolonged political deadlock but also from the convergence of multiple crises. The current impasse coincides with one of Romania's most severe economic downturns in recent years, further eroding public confidence in the parties that have governed the country for much of the past decade. Since

2024, economic stagnation has persisted, with GDP growth projected at just 0.1% in 2026. Inflation, the highest in the EU, has remained at approximately 10% over the past year, driven in part by rising fuel prices linked to the US–Iran conflict and the gradual withdrawal of long-standing price support measures for electricity and natural gas. Since the summer of 2025, Romania has implemented a socially burdensome fiscal consolidation programme in response to rapidly increasing public debt, which rose from about 35% of GDP in 2019 to nearly 60% in 2025. The budget deficit reached 9.3% of GDP in 2024, the highest in the EU. Additionally, Romanian society continues to be affected by Russia's war against Ukraine, with frequent and increasingly severe drone incursions into Romanian airspace and territorial waters. Notably, on the night of 28–29 May, a Russian drone struck a residential building in Galați, injuring two people, while in early June a stray Ukrainian naval drone exploded in the port of Constanța, causing no casualties or material damage.

These developments have further intensified the widespread public distrust of, and disillusionment with, the political establishment. The unresolved annulment of the 2024 presidential election has exacerbated the situation. Despite repeated assurances, authorities have not yet published a report explaining the decision, and on 6 June, President Dan declined to specify when it would be released. Public confidence in the parliament and the government has fallen to around 25%, while more than 80% of Romanians believe that the country is "heading in the wrong direction". At the same time, President Dan himself, who won the presidential election in May 2025, has lost a substantial share of his public support, with only about 24% of Romanians now considering him trustworthy. He faces criticism for failing to resolve the political crisis and for actions perceived by his liberal electorate as ambiguous and detrimental to the PNL.

Risks and potential scenarios

The absence of a stable parliamentary majority and an effective government jeopardises approximately €8.5 billion in funding from the final instalments of Romania's Recovery and Resilience Plan (RRP). Disbursement of these funds is conditional on the adoption by 31 August of the legislation that constitutes the outstanding milestones. However, parliament began its two-month summer recess on 1 July. Although Bolojan has announced plans to convene an extraordinary parliamentary session in the second half of July to pass six key bills, including new public sector pay legislation, it remains uncertain whether these measures will secure the required parliamentary support under current conditions.

The outcome of the current crisis remains difficult to predict. The main political parties appear entrenched in their positions and demonstrate limited willingness to compromise. Attempts to reestablish the pro-European coalition, as well as proposals to form a minority government comprising the PNL, the USR and the UDMR, have failed due to mutual vetoes discussed above. Alternative arrangements that appear more politically feasible – such as a temporary government without the participation of the USR, advocated by UDMR leader Hunor Kelemen – have also not achieved a parliamentary majority. In this context, the formation of a technocratic government appears more plausible, though it remains challenging due to insufficient political will.

When the previous government collapsed in May, the mainstream parties dismissed the prospect of a snap parliamentary election. However, this scenario can no longer be ruled out. While still considered only moderately likely, it is supported by a significant portion of

the electorate (33.2%), who view it as the optimal resolution to the current impasse. President Dan has consistently opposed this option. The constitution does not specify a deadline for calling an early election or require the president to dissolve parliament after a certain number of failed government formation attempts. Moreover, organising an early election would present procedural challenges. Romania has not held snap parliamentary elections since the 1989 revolution, and the current electoral framework may prove difficult to implement in the absence of a stable parliamentary majority and a fully empowered government.