



investromania
ROMANIAN FOREIGN INVESTMENT DEPARTMENT

GOVERNMENT OF ROMANIA



DEPARTMENT FOR
FOREIGN INVESTMENT AND
PUBLIC-PRIVATE PARTNERSHIP

Who We Are?



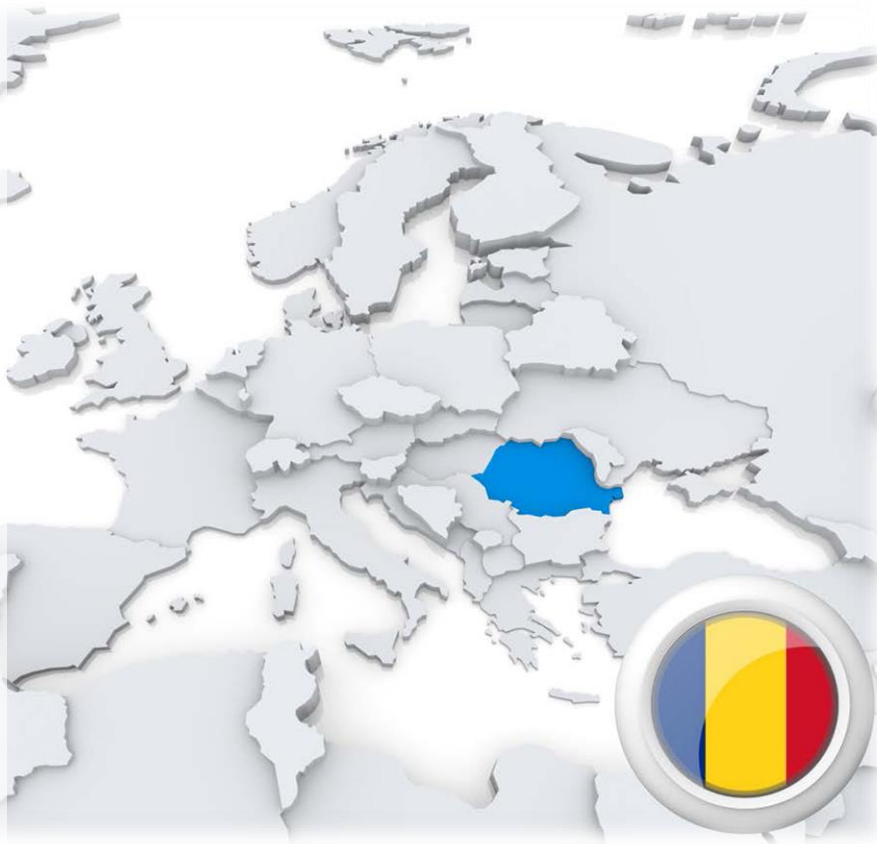
- Government's leading body in developing:
 - **Foreign Direct Investment**
 - **Public Private Partnership**
- Romania's **"one-stop-shop"** for foreign investors
- **Main interface between foreign companies** and central/local authorities
- Reports **directly to the Prime Minister**

ROMANIA



Area:	238,391 km ² (9th largest in EU)
Population:	20 million (7th largest in EU)
Capital city:	Bucharest 2 million
European Union status	Member since January 1 st , 2007
Affiliation:	EU, NATO, WTO, WB, IMF.
Official language:	Romanian
Administrative division:	41 counties and Bucharest

Romania at a glance



- Economic & political **stability**
- **EU membership: gateway to a 500 million consumers market**
- **Second largest country in CEE** and the largest in SEE offering **significant market potential** in terms of size (the 9th in EU28) and population (the 7th in EU28),
- **Geo-strategic location**, at the crossroads of **three great markets**: the European Union, the CIS states and the Middle East



Romania in the European Union

Key facts

Romania is ranked 1st in the EU for:

- Growth of agricultural exports and IT services
- Naval vessels exports
- Total investment share in GDP
- Speed of internet connectivity
- Export growth rate for the past decade

Romania is ranked 2nd in the EU for:

- Number of certified IT specialists
- Office space availability in metropolitan areas
- Wind energy potential
- Low labor cost
- Growth rate of automotive industry in the past decade

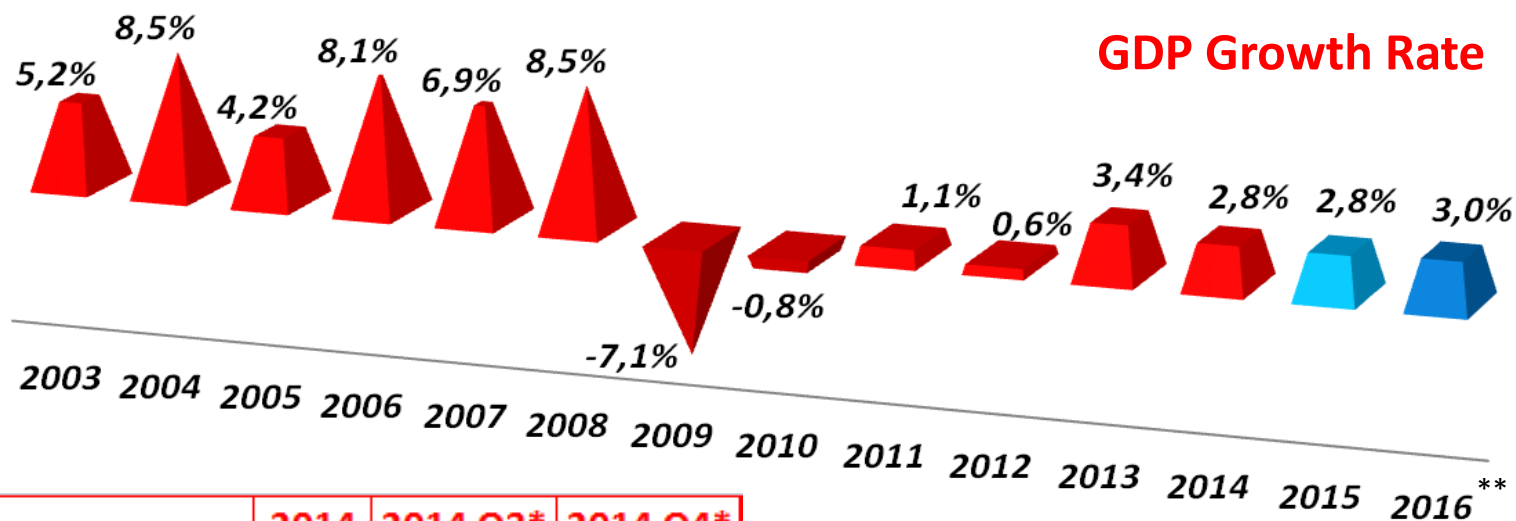
Romania is ranked 3rd in the EU for:

- Oil reserves (with 600 million barrels)
- Export growth rate of R&D services
- Energy independence

Romania is lagging in EU for:

- Waste recycling
- Highway buildup
- Size of mutual fund industry
- GDP and Insurance premium per capita
- Healthcare services (doctor salaries, fertility, life expectancy)

Romania - Potential for growth



	2014	2014 Q3*	2014 Q4*
Romania	2.8%	3.0%	2.7%
Serbia	-1.8%	-3.6%	-1.8%
Poland	3.3%	3.4%	2.9%
Hungary	3.6%	3.3%	3.4%
Slovakia	2.4%	2.4%	2.4%
Bulgaria	1.7%	1.9%	1.6%
Czech Republic	2.0%	2.5%	1.2%
Croatia	-0.4%	-0.5%	0.3%
Slovenia	2.6%	3.2%	2.4%
EU28	1.3%	1.3%	1.2%

- **2013: 3.4%** (the highest in CEE and 2nd in EU)
- **2014: 2,8%** (the 3rd growth in CEE and 6th in EU)
- **2015 (2,8%), 2016 (3,0%) - Com**

*compared with the same quarter 2013

** 2015 / 2016 forecast

Source: National Institut of Statistics, Eurostat,
National Commission for Prognosis,
National Bank of Serbia

Inflation and unemployment

Inflation rate

Target 2015: 2.5%

(Source: National Bank of Romania)

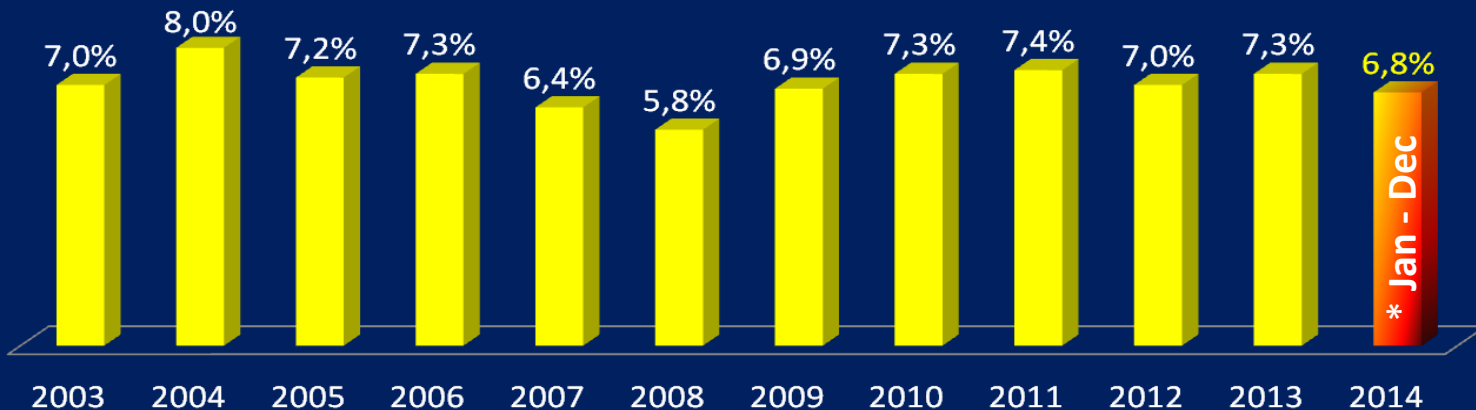


Source: National Institute of Statistics

Unemployment rate

Forecast 2015: 6.7%

(Source: National Commission for Prognosis)



Source: National Institute of Statistics

* provisional data

ECONOMY:

INDUSTRIAL PRODUCTION - **increased by 6,1% in 2014**

compared with 2013 (*due to rise of manufacturing with 7,5% and mining 1%*)

EXPORTS - **increased by 5,8% in 2014**

compared with 2013

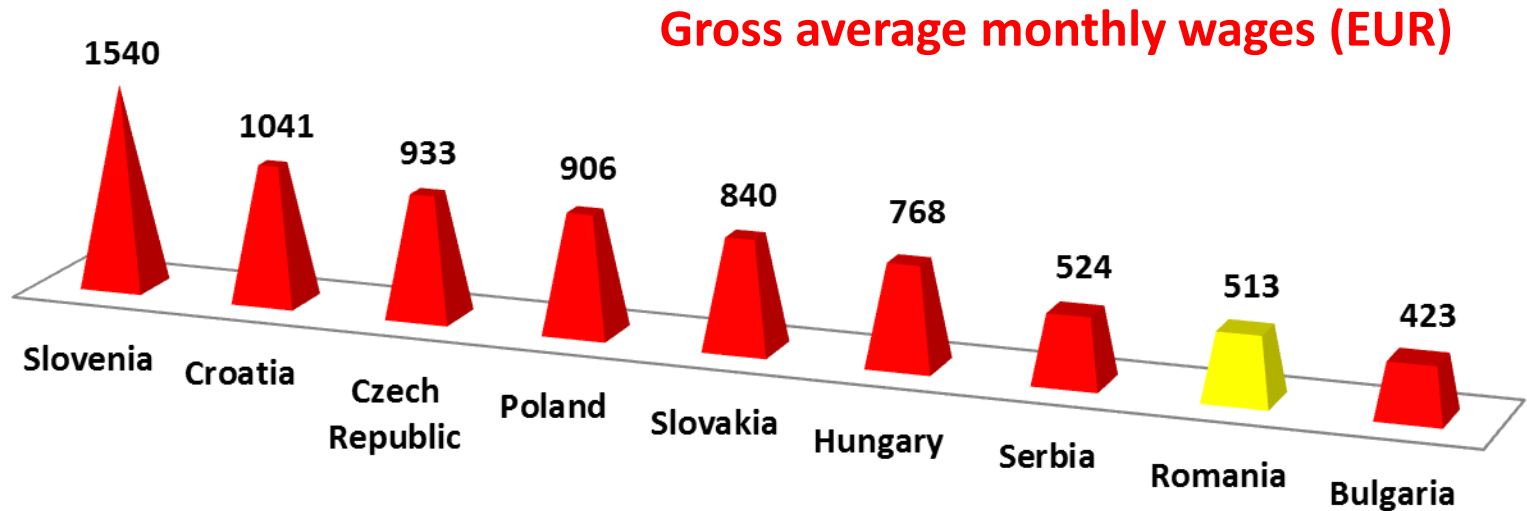
IMPORTS - **increased by 5,9% in 2014**

compared with 2013

- 20 million people / **young population** (almost 50% under 40 years old)
- **103 universities**, 590 faculties
- Over **400,000 Romanian students**
- Over **100,000 university graduates** /year
- Availability of **technical engineers** (15% of the graduates has engineering degrees)
- High **industrial experience**
- **Foreign language skills** (English, French, German, Spanish, Italian)
- **English language** studied by **90% of students**



Competitive Labour Cost (2014)



Source: Vienna Institute for International Economic Studies

- Romania will maintain its competitive advantage related to labor cost.
- The employers enjoy a flexible labor code.
- Romania has the second-lowest wage in EU.

Competitive Taxation

	Corporate & Income Tax	VAT	Social security	
			Employer	Employee
Bulgaria	10%	20%	18.5%	12.9%
Serbia	15%	20%	19.9%	19.9%
Romania	16%	24%	23.45%	16.5%
Slovenia	17%	22%	16.1%	22.1%
Czech Republic	19%	21%	34%	11%
Poland	19%	23%	22.14%	13.7%
Hungary	19%	27%	28.5%	18.5%
Croatia	20%	25%	15.2%	20%
Slovakia	22%	20%	34.8%	13.4%

- 16% corporate tax - one of the lowest in EU28
- 9% VAT for bread, tourism and 5% VAT for real estate
- Romania is committed to reduce:
 - standard VAT rate from 24% to 20% in 2016 and to 18% in 2018;
 - VAT rate for all food products from 24% to 9%, starting with 1st of June 2015
 - corporate & income tax from 16% to 14% in 2019

Romania - Industrial Parks Network



North-West:

12 industrial parks

West:

3 industrial parks

South-West:

5 industrial parks

Bucharest-Ilfov:

2 industrial parks

Center:

15 industrial parks

South:

21 industrial parks

North-East:

3 industrial parks

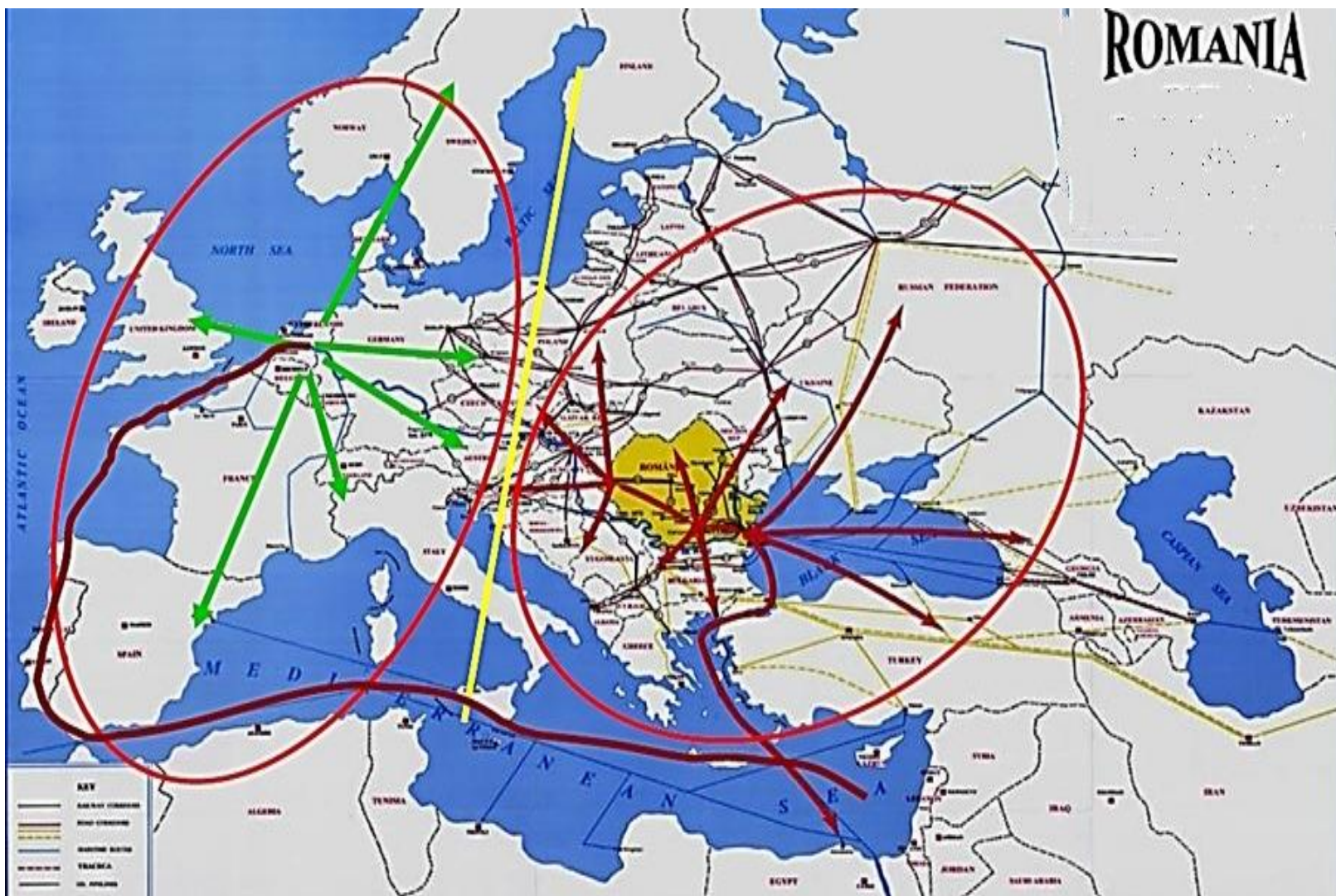
South-East:

2 industrial parks

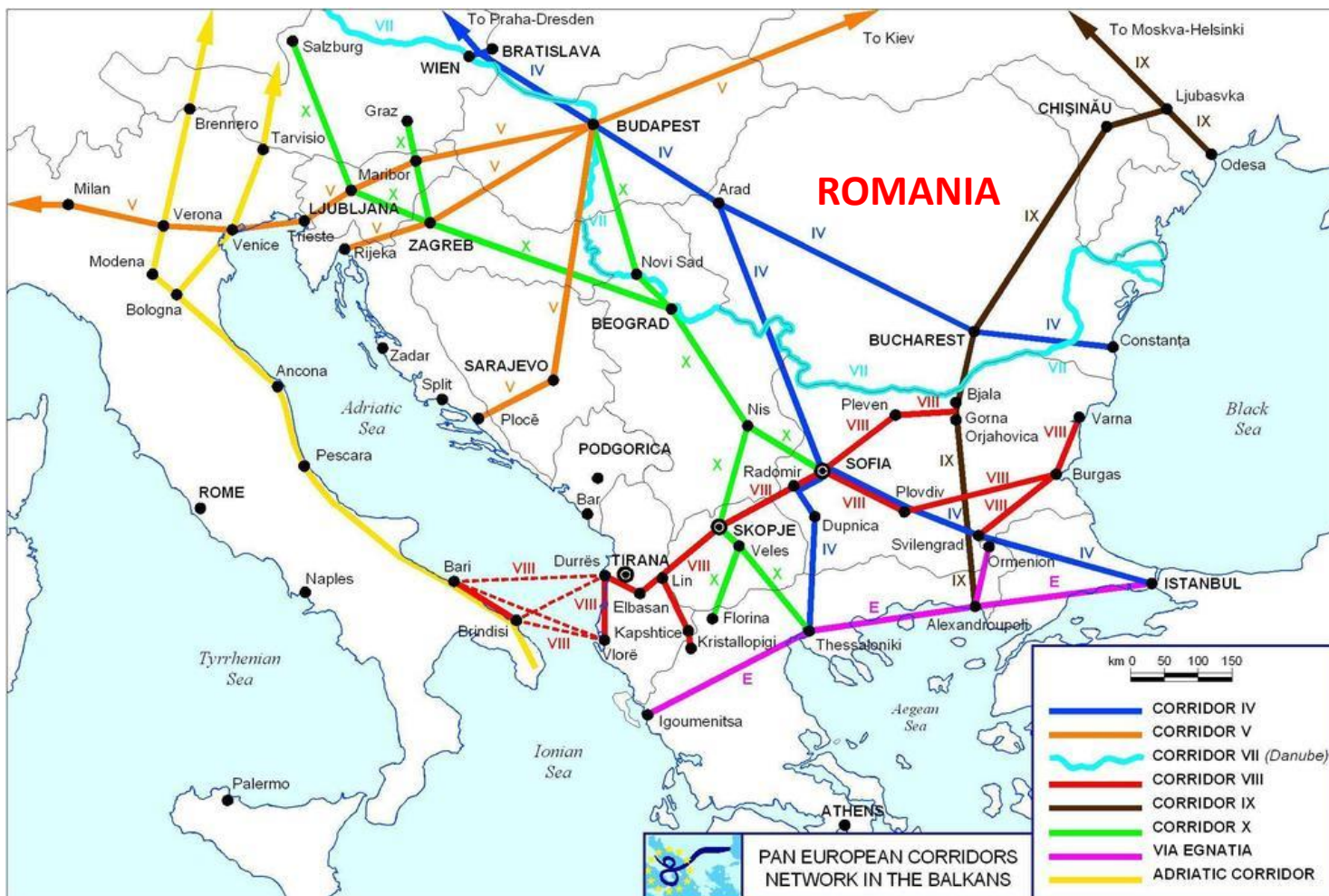
- 66 Industrial Parks
- Private & public ownership
- Greenfield & Brownfield
- Access to utilities
- Package of services offered by the park administration
- Wide variety of activities to be developed
- Some created for high-tech activities

Romania

Gateway to CEE and Europe



Pan European Corridors crossing Romania



IV

Dresden/Nurnberg - Bucharest /Constanta - Thessaloniki/ Istanbul - RAIL * ROAD

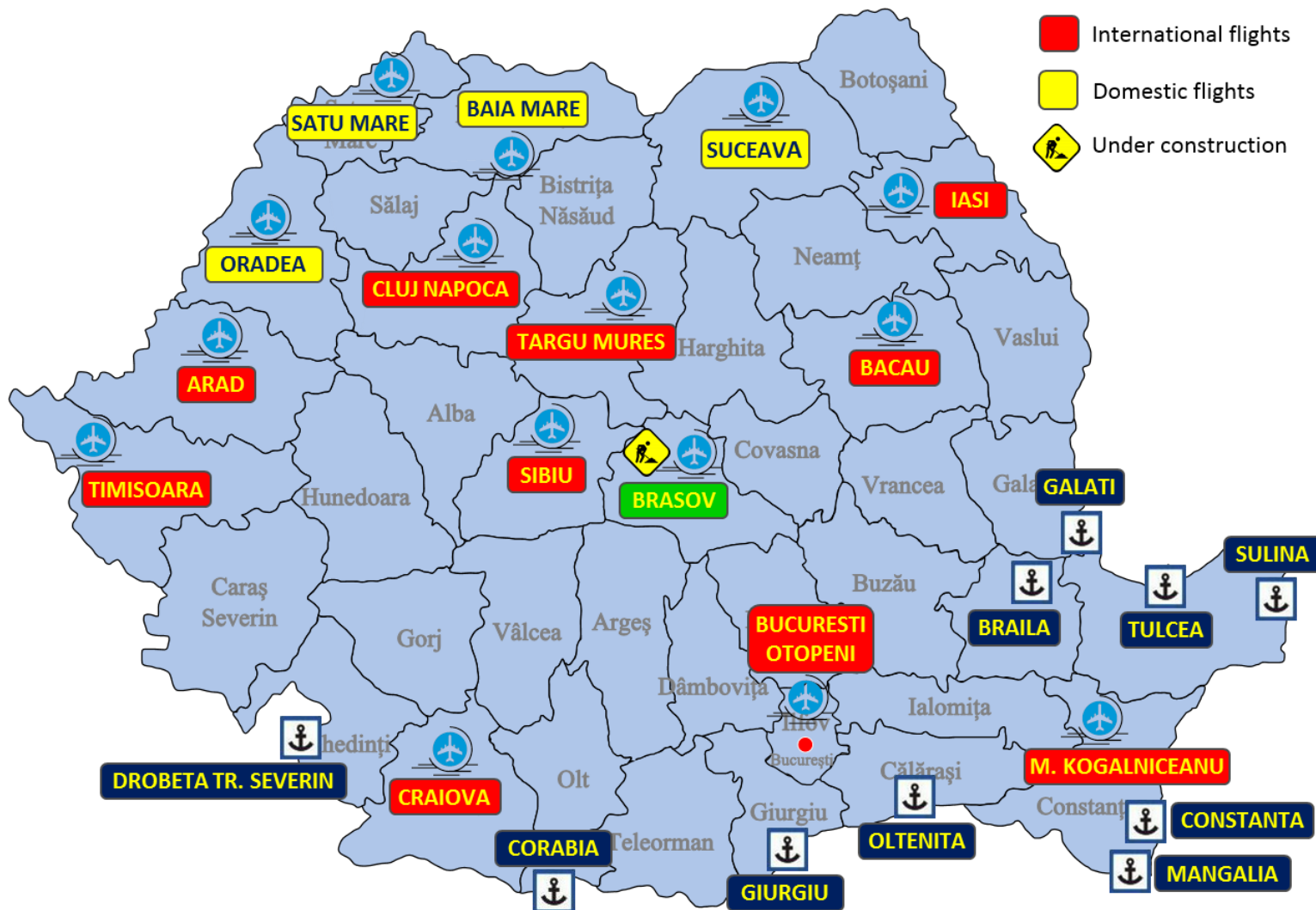
VII

The Danube river - 2,300 km - INLAND WATERWAY

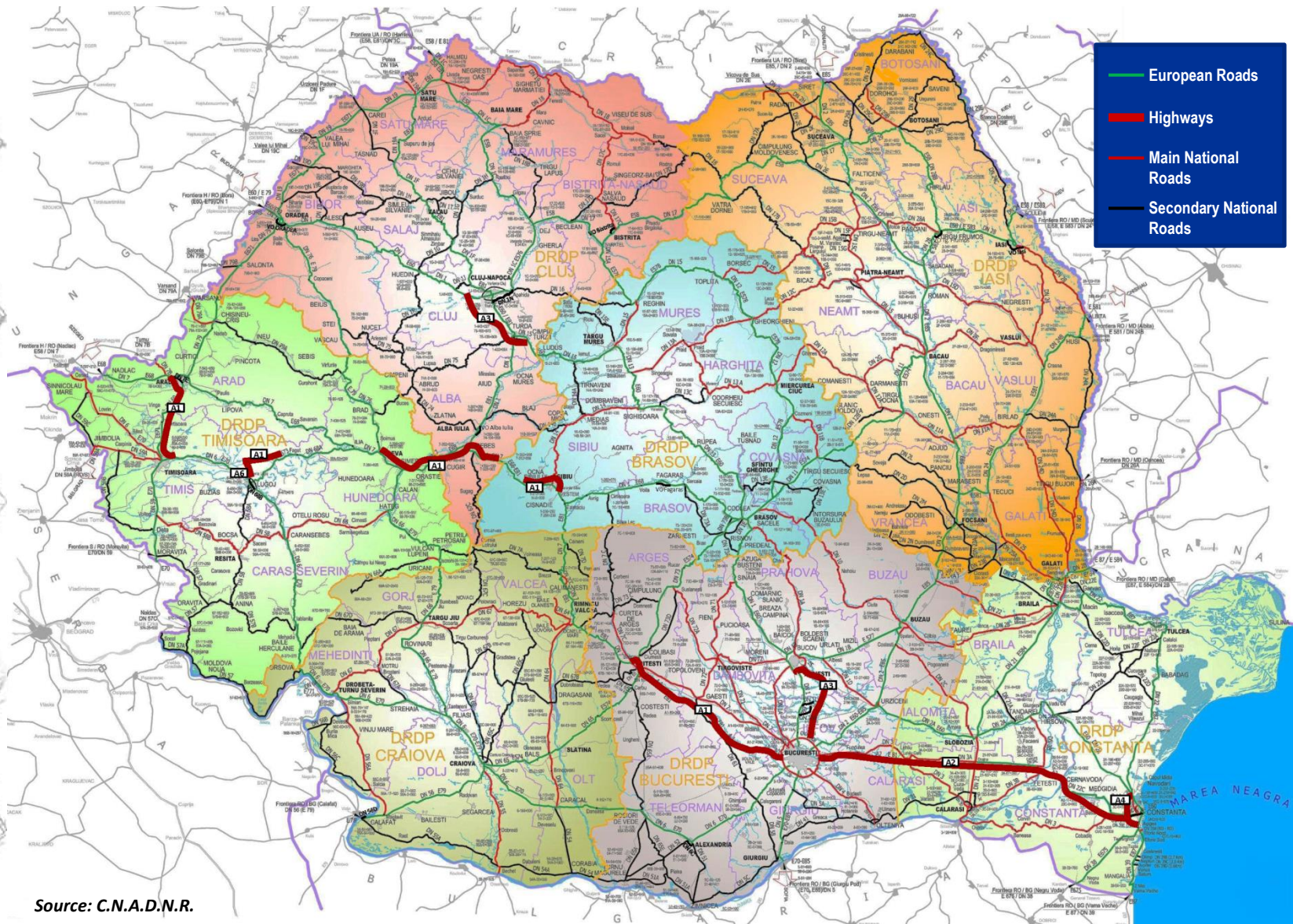
IX

Helsinki - Kiev - Bucharest - Odessa/Alexandroupoulos - ROAD

Ports and Airports

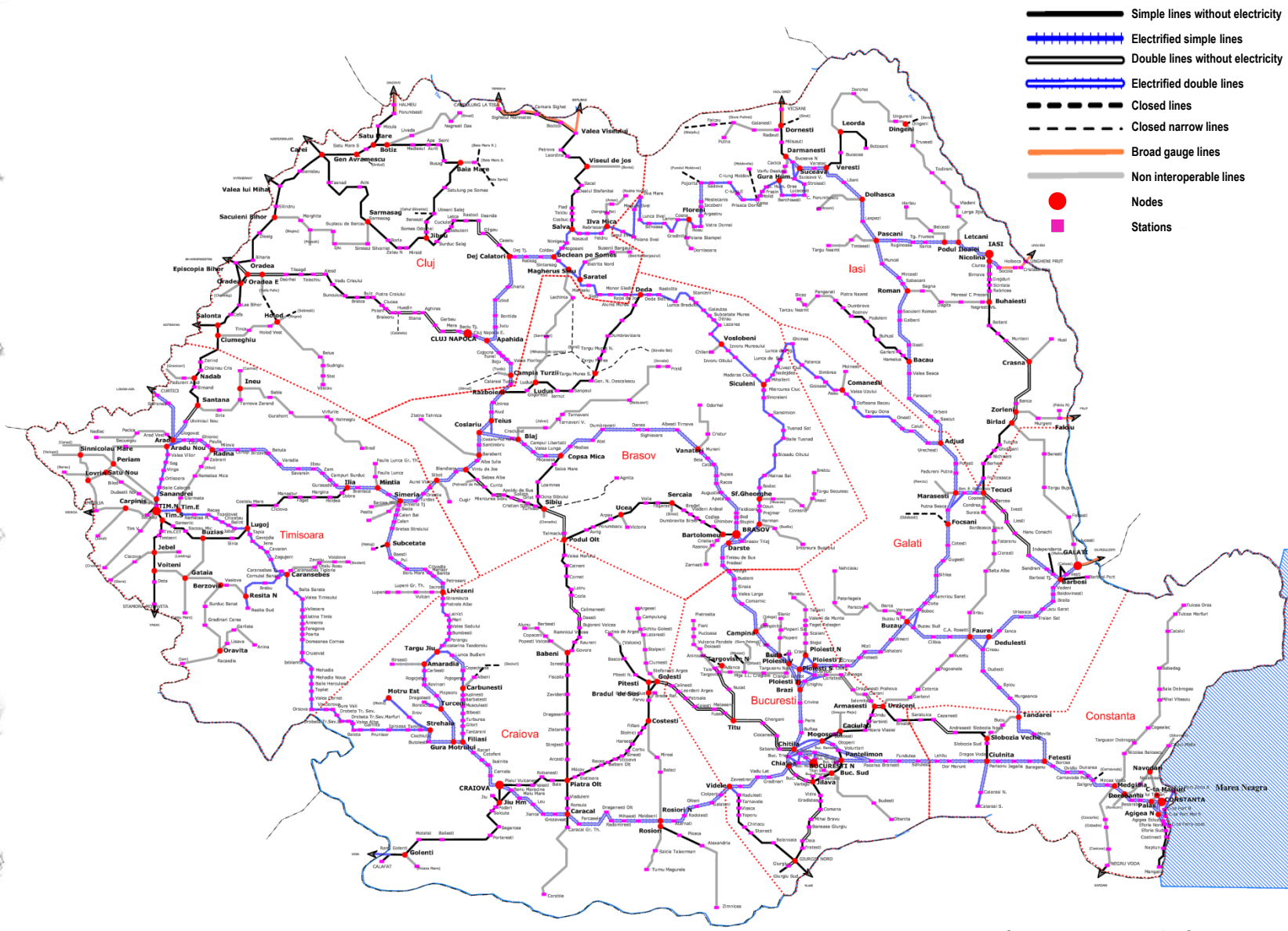


Motorways and National Roads Network (2014)



Source: C.N.A.D.N.R.

Railways Network (2014)



Constanta Port - Strategic hub for Europe



- Port of Constanta is an **important transit center** - by offering the shortest transport alternative to the center of Europe with excellent liaisons toward CIS states, Caucasus, Central Asia, Middle East.
- Has **excellent connections with the Central and Eastern European** countries (rail and road, inland waterway)

Constanta Port - River Port



- The **connection of the port with the Danube river** is made through the Danube - Black Sea Canal
- More than 200 river vessels daily operated in the port.

Romania - Free Trade Zones



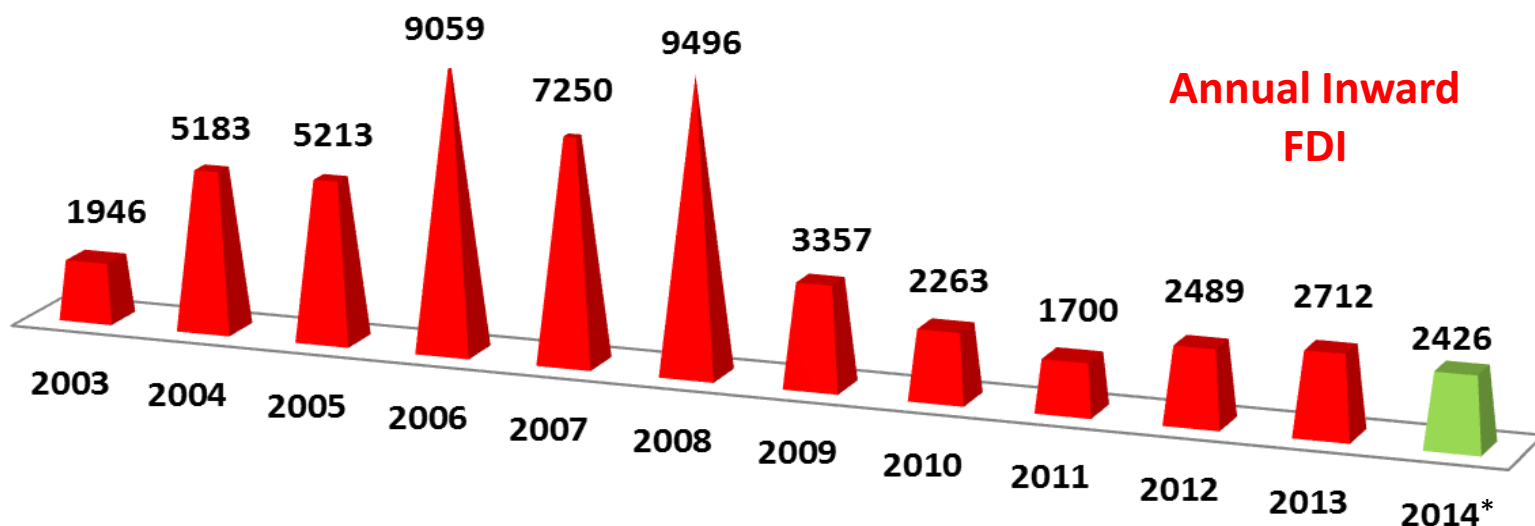
Strengths:

- **Geographical location** (both West & East looking)
- **Labor** (and its relative low cost)
- Capacity of **Constanta Port**
- **Hinterland** infrastructure (Danube, rail, road)
- Sizeable **domestic market**

Opportunities:

- **CEE and EU** distribution hub
- Logistics Corridor for **fast track** development on highways
- Development & increase of **traffic on Danube & rail**
- **Enhance competitiveness** of companies in Romania through efficient logistics infrastructure
- **Accelerate FDI** in Romania

Romania - Inward FDI Flows

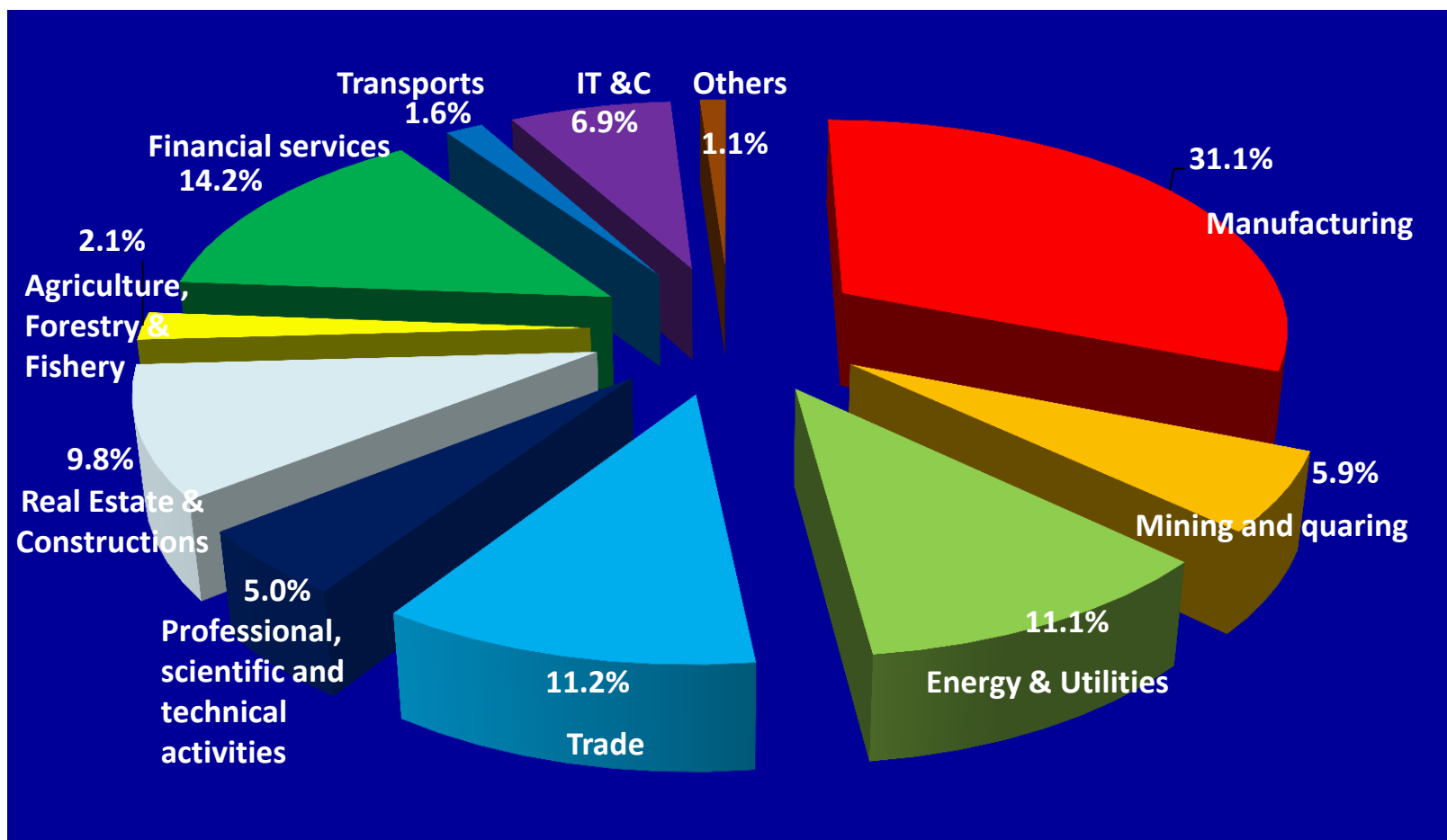


FDI inflow 2013	EUR mill
Czech Republic	3,783
Romania	2,712
Hungary	1,975
Bulgaria	1,157
Serbia	779
Croatia	550
Slovakia	445
Slovenia	-786
Poland	-3,860

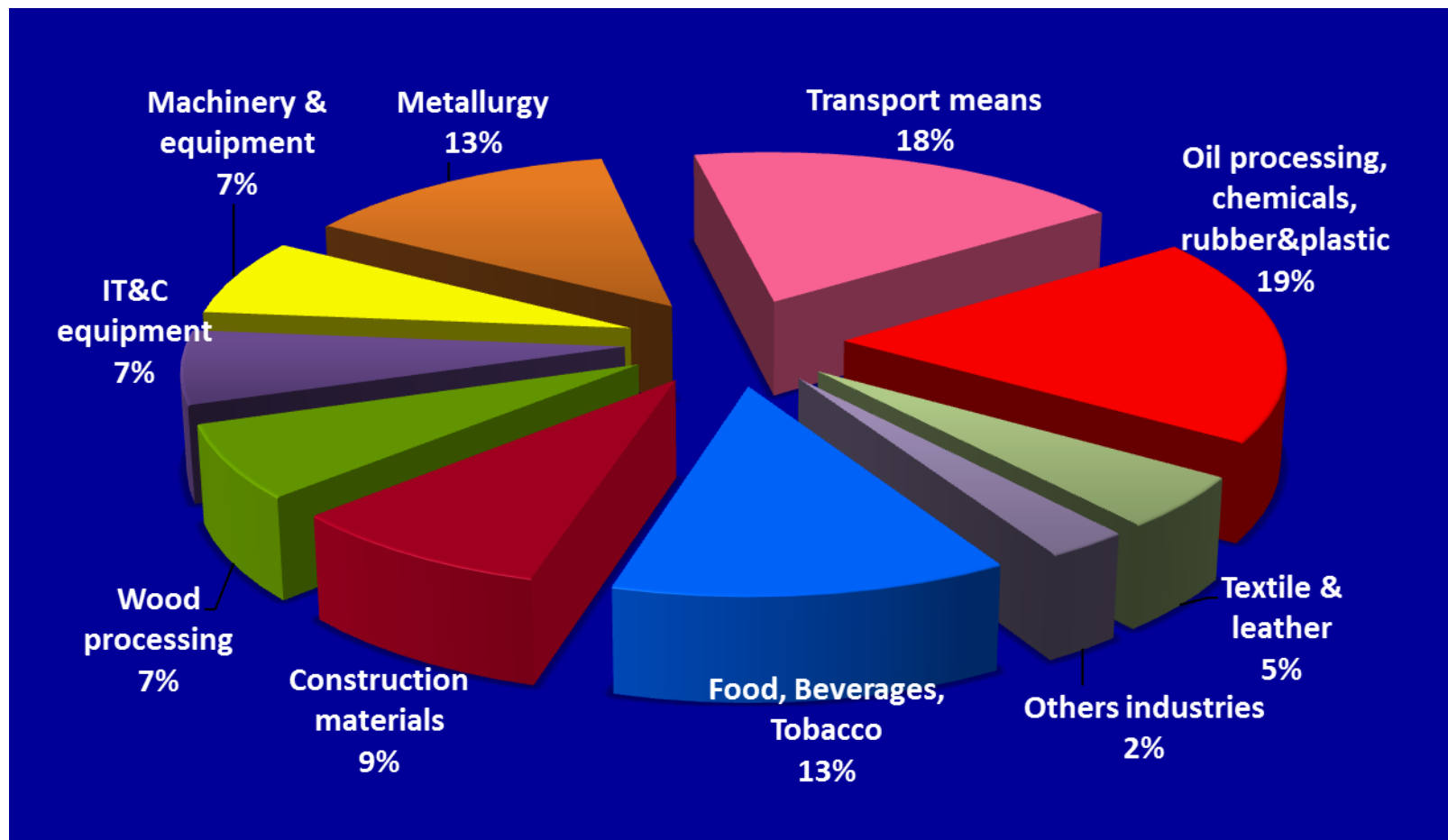
- FDI first 2 months of 2015: **EUR 409 mill.**
- FDI 2014*: **EUR 2,426 mill.**
- Stock: EUR 62,4 bn. (1990 - 31st of Dec 2014)
- One of the leading FDI recipients in SEE (2013)

** provisional data*

FDI Stock by Field of Activity (2013)



FDI Stock in Manufacturing (2013)



FDI Success Stories





Investment Opportunities

Key sectors

- **Manufacturing**
- **Automotive & car components production**
- **Aerospace**
- **Wood industry**
- **Energy and renewable energy**
- **Tourism**
- **IT&C, BPO, SSC, R&D**
- **Infrastructure**
- **Agriculture**
- **Food industry**
- **Pharmaceuticals & Healthcare**
- **Chemicals**
- **Fast moving consumer goods (FMCG)**
- **Natural resources**
- **Real Estate & Constructions**

Investment Opportunities

Manufacturing industry



- Manufacturing industry in Romania is **the main growth driver** and is strongly related to export performance
- **The automotive sector** accounted for 11% of the Romanian GDP in 2013
- Share of **foreign capital** in manufacturing is 74.2%

Investment Opportunities

Automotive



- The **4th largest vehicle manufacturer** in CEE
- **9 billion Euro** contribution to Romania's GDP (2013)
- Growing automotive clusters: **more than 500 automotive industry suppliers**
- Two global car producers: **Renault, Ford**, present in the local market
- **Qualified labor force** and competitive operational costs

Investment Opportunities

IT&C



- **One of the fastest growing IT markets** in Central and Eastern Europe
- IT&C market value in 2013: **7 billion Euro**
- **9000 software and IT service companies**
- Main IT outsourcing and custom software development centers: **Bucuresti, Timisoara, Cluj-Napoca and Iasi**
- Hardware market growth perspective **up to 1 billion USD in 2015**

Investment Opportunities

Agriculture



- With **9.4 million hectares of arable land**, Romania is **one of the largest** agricultural locations in Europe
- In comparison: Germany has 11.2 million hectares
- **Average arable land price** - Euro 3,500 - 4,000/ha (2015 forecast)

- The **7th EU country** in terms of **gross value added** of the agricultural sector
- Romania's **food and drink industry** is the **2nd** largest in Central Europe after Poland
- **Considerable potential** for increase in value through more efficient management and land cultivation
- In 2013 registered **the highest increase in agricultural income (around 10%)** in EU after Netherlands

Investment Opportunities

Energy sector



- The energy sector is dominated by **state-owned companies**
- **Wind power potential**: 2nd in Europe
- Hydropower capacity: **36,000 GW per year**
- **Euro 20 billion** forecasted to be invested in renewable energy by 2020

- **Renewable energy** (wind, solar, biomass, geothermal)
- **Thermal energy** (fossil fuels)
- **Hydro Energy**
- **Nuclear Energy**
- **Mineral Resources**

Investment Opportunities

Oil & Gas



- The **1st oil producer** in Central and Eastern Europe
- The **1st producer of natural gas** in Central and Eastern Europe
- The **1st petroleum industry** in South Eastern Europe
- The **3rd in the UE in terms of oil reserves** with 4 million tons of oil per year
- The **only country producing oil in the Black Sea (offshore)**

Investment Opportunities

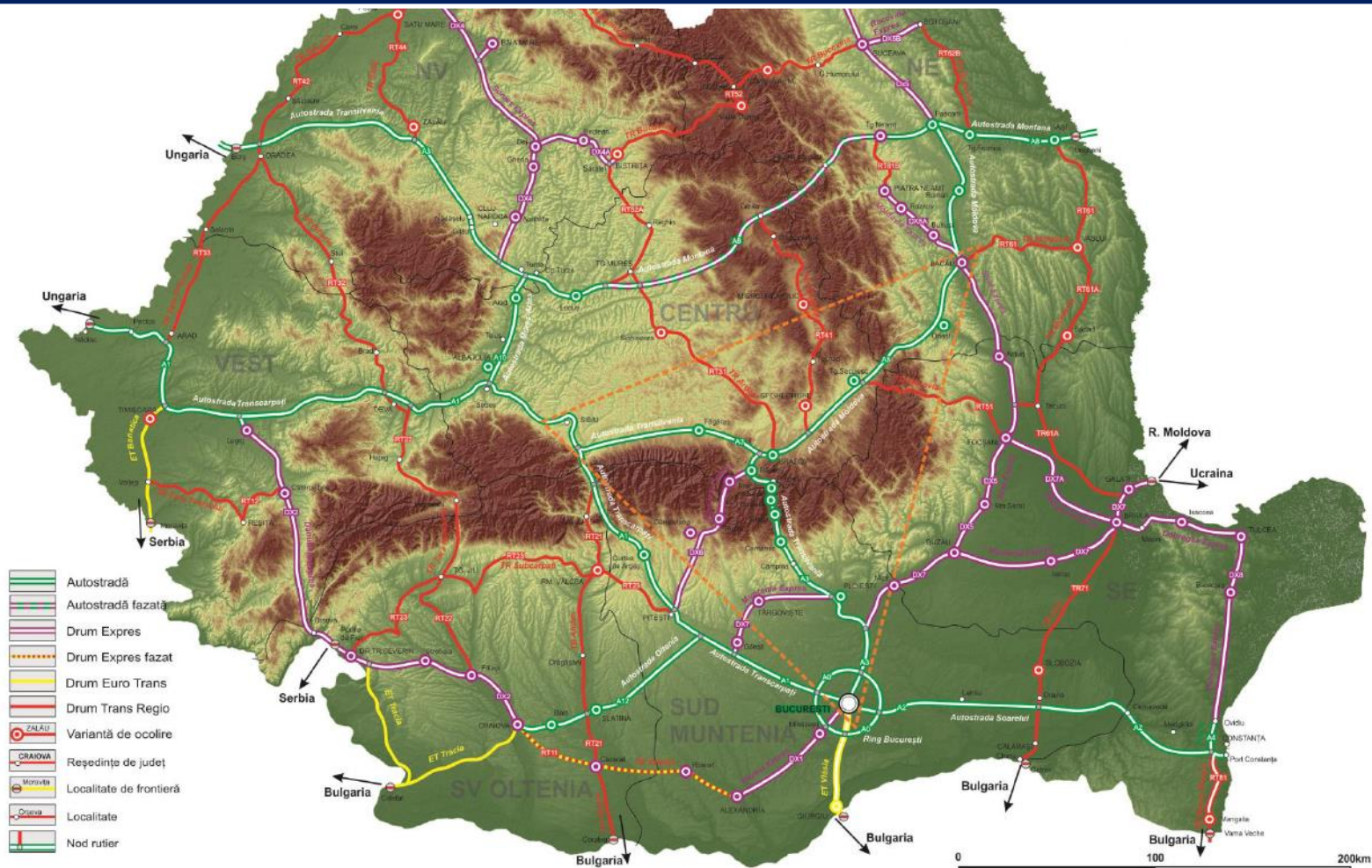
Infrastructure



- **Road** (84,887 km of public roads in Romania, at the end of 2013)
- **Rail** (the rail network covers 20,077 km)
- **Shipping** (Black Sea and Danube ports)
- **Air transport** (17 regional airports)

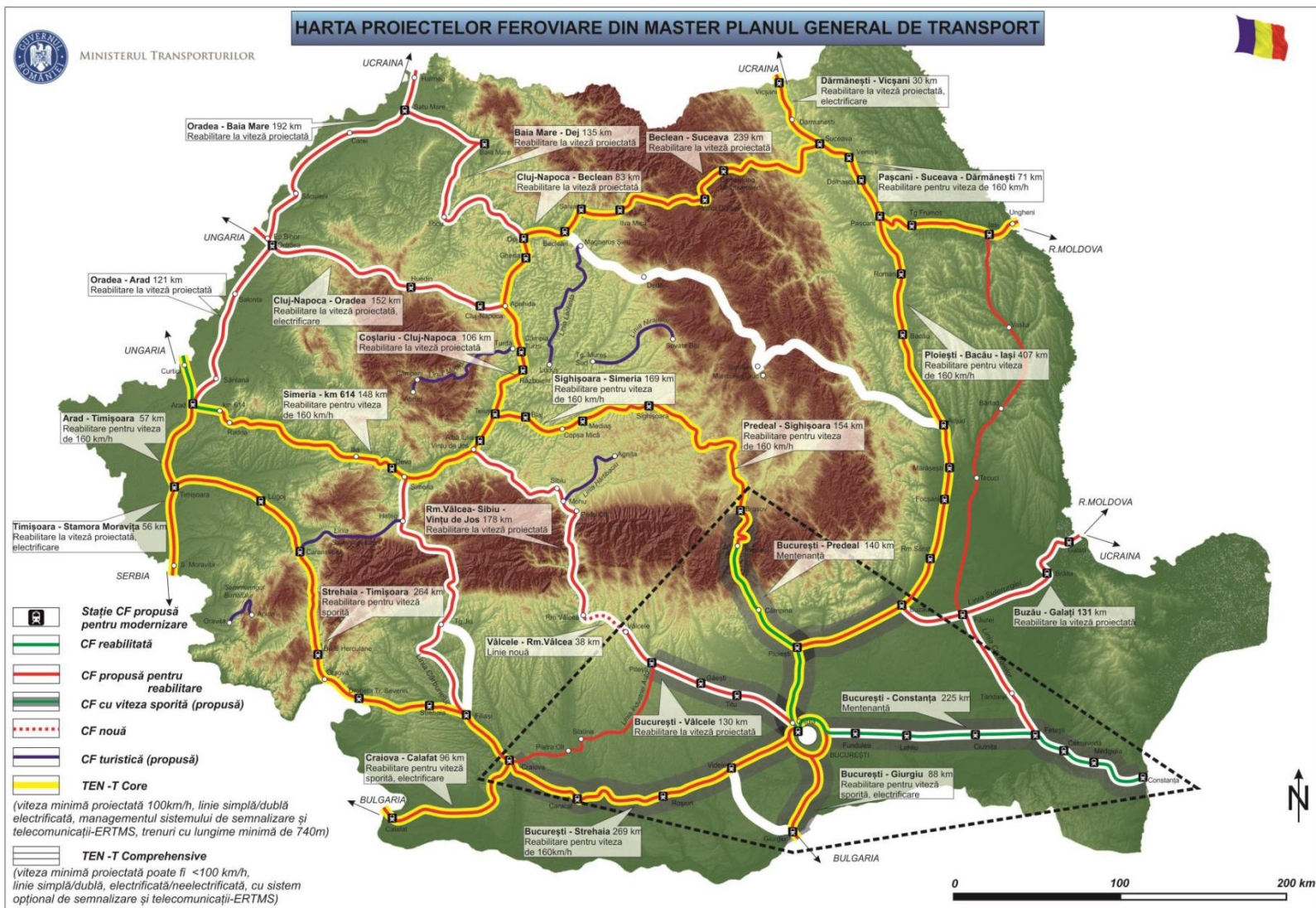
Romania's General Transport Master Plan (2014)

The area crossed by a network of highways, expressways, roads, trans-regional or trans-European roads (at 25 km away from the road) has 204,804 sqkm covering 86% of the country territory.



Romania's General Transport Master Plan

Railway Network (2014)



Why should you invest in Romania?

Key facts

➤ Key growth drivers

- Agriculture
- Exports: Automotive, IT services

➤ Key national advantages

- Educated and relatively low-cost labor force compared to other European countries
 - ✓ Over 95,000 IT&C specialists at national level
 - ✓ The number of engineers per capita is greater than the US, India, China, or Russia
 - ✓ Top 10 globally in the number of certified IT specialists
- Important natural resources and energy self-reliance
- Long history of strong industrial production

➤ Key challenges/opportunities

- Low infrastructure investments
- Low productivity
- Small and ineffective capital markets
- Limited access to leading technologies
- Diminished access to bank financing

➤ Other relevant aspects

- Euro adoption targeted for 2019
- Multiple acquisition and growth opportunities available across various industries

Why should you invest in Romania?

STRENGTHS

- **Strategic location** between Central and Eastern Europe
- **One of the fastest growing economy** in the EU
- **Private consumption is strong**, international trade is holding up in the face of the European slowdown and **investment is making a recovery.**
- Romania will enjoy **a high degree of economic stability** due to a sharp correction of both internal and external balances, reasonable financial sector stability and a low rate of inflation

OPPORTUNITIES

- **Planned investments ready to be used** for the underdeveloped infrastructure in the country
- **External demand is gaining more traction** while Romanian domestic demand has continued to recover
- **Growing automotive and IT sectors**
- Romania has **the largest proven oil reserves in the Balkans**, at almost 600 million barrels, as well as natural gas reserves



Investment Opportunities

Why Romania?

- **Positive Business Climate**

- Relatively Few steps in Establishing a Business
- Less time required for establishing a business
- Low business cost
- Solid financial institutions and banking system
- Leader in IT Industry competitiveness

- **Advantages**

- Large agricultural land
- Important Energy Resources
- Skilled workforce
- Fast internet Infrastructure
- Macroeconomic stability



Business outlook survey Romania 2015

- **90%** of respondents expect **growth for their company's turnover in 2015**
- **87%** of respondents expect **growth for their company's profit in 2015**
- **76%** of respondents expect **growth for their company's investments in 2015**
- **71%** of respondents expect **growth for their company's employees number in 2015**

- National **favorable treatment** for foreign investors
- Foreign **investment allowed in all sectors** of economy
- Possibility to **freely manage the company** with full ownership rights
- **Full repatriation of capital and profits**
- Full **protection against expropriation** and nationalization
- **Access to incentives** and funds provided by EU and Romanian legislation



Investment Support

STATE AID

STATE AID 2007-2014

Total investment amount: over 3 billion Euro
Approved state aid: over 800 million Euro (automotive sector: almost 400 million Euro - around 45%)

STATE AID 2014-2020

G.D. 332/2014

Scheme budget: RON 2,700 mill. (EUR 600 mill.)

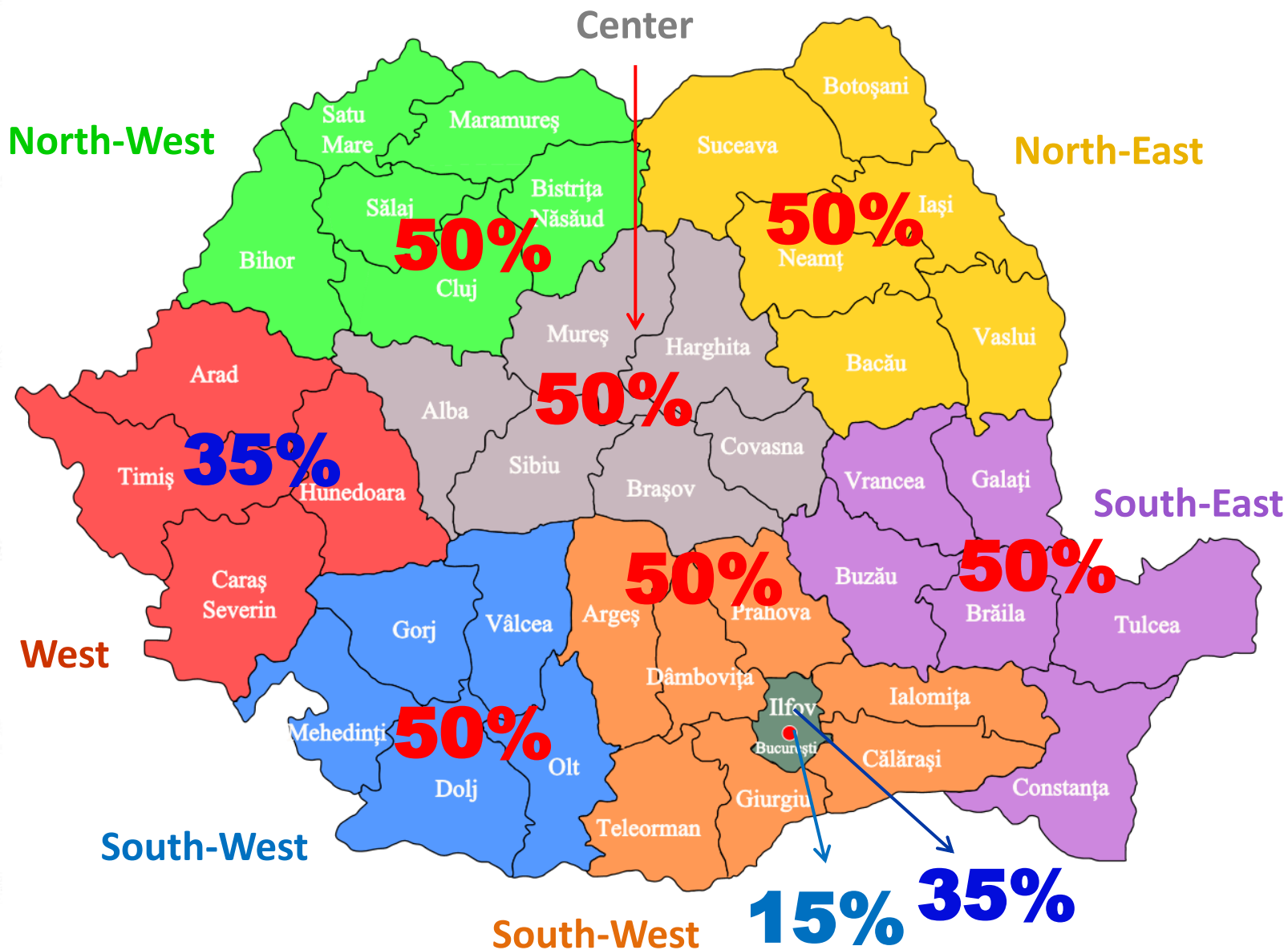
Project eligibility: Investment that would generate within maximum 3 years from the completion of the investment the creation of minimum **10 new jobs**

G.D. 807/2014

Scheme budget: RON 2,700 mill. (EUR 600 mill.)

Project eligibility: Investment in tangible and intangible assets of minimum **10 mill. EUR**

Investment Support State Aid Intensity by Region (2014 – 2020)





Investment Support

EU FUNDS

Romania is scheduled to receive approx. EUR 40 bill. in EU funds, during 2014-2020, out of which:

- EUR 21.5 bill. Structural and Cohesion Funds
- EUR 19.5 bill. Common Agricultural Policy

Operational Program (OP)	Financial programming for 2014-2020 (EUR bill.)
Large Infrastructure OP	9.41
Regional OP	6.70
Human Capital OP	4.22
Competitiveness OP	1.33
Administrative Capacity OP	0.55
Technical Assistance OP	0.21
Agriculture subsidies	10.00
Rural Development OP	8.00
Fishing OP	0.17



GOVERNMENT OF ROMANIA

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