



**romania2019.eu**  
Romanian Presidency of the Council of the European Union

# Romania A Strategic Choice

March 2019

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MINISTRY FOR BUSINESS ENVIRONMENT,  
COMMERCE AND ENTREPRENEURSHIP

# Romania - Country overview



Area:  
238,391 km<sup>2</sup>



Capital:  
Bucharest



Currency: RON

RON/ EUR: 4.7  
(2018)



Population:  
19.52M

(1<sup>st</sup> Jan 2018)

Bucharest  
Metropolitan Area: 3M

S & P

BBB-  
Stable

Moody's

Baa3  
Stable

Fitch

BBB-  
Stable

2018

GDP Growth **4.1%**

FDI stock **€81.6B**

FDI flow **€4.9B**



Bridge between East and West  
for 500M consumers market



2004 - NATO membership



2007 - EU membership

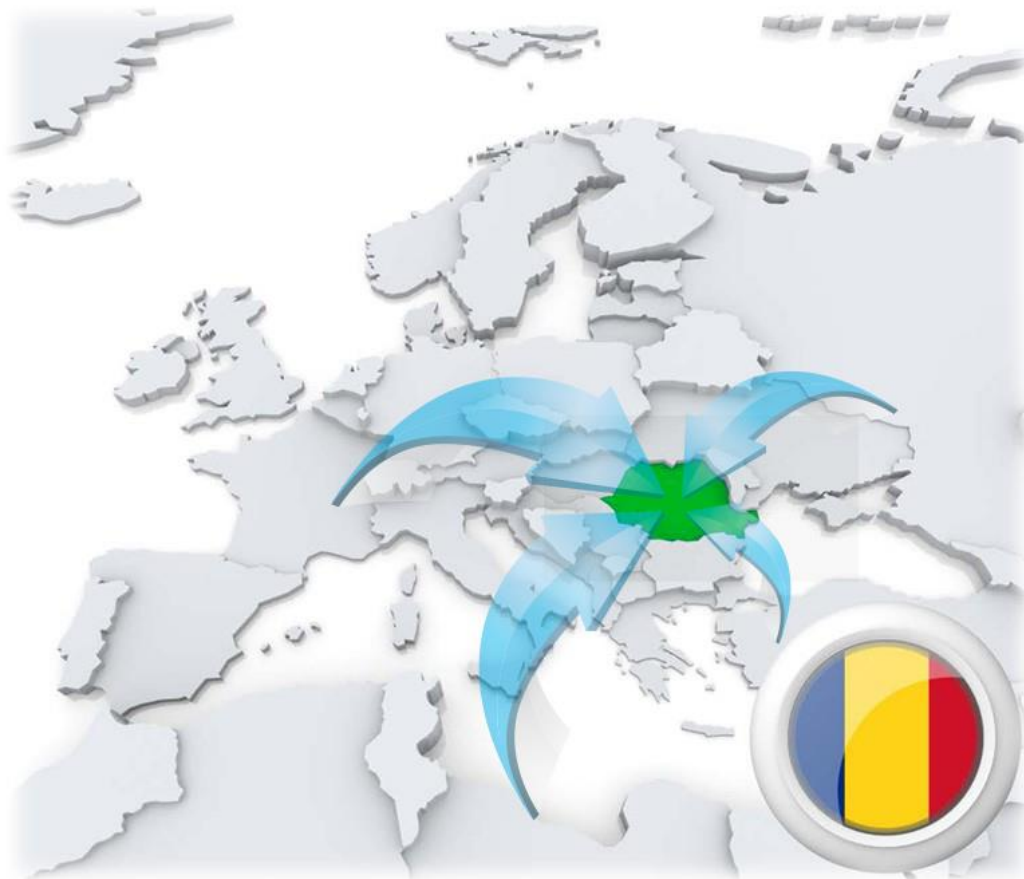
2019 - EU Presidency



Strategic US-Romanian  
partnership



# At a glance

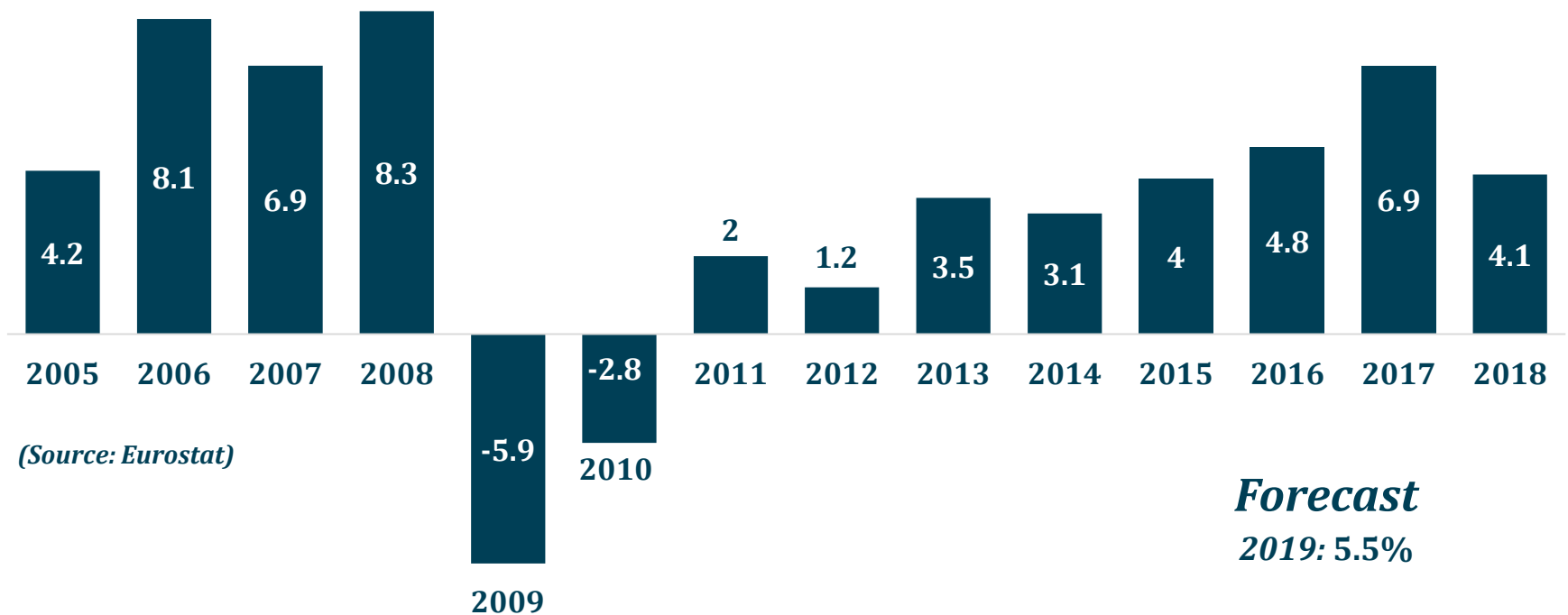


- **2<sup>nd</sup> largest country in CEE and the largest in SEE in terms of size (the 9<sup>th</sup> in EU28) and population (the 7<sup>th</sup> in EU28)**
- **At the crossroads of 3 great markets: the European Union, the CIS (Commonwealth of Independent States) and the Middle East**
- **3<sup>rd</sup> in EU for average download speed and 6<sup>th</sup> for 4 Mbps broadband adoption in Q1 2017\***

Source: \*Akamai Q1 2017 State of the internet report

# Potential for Growth

## GDP growth (%)



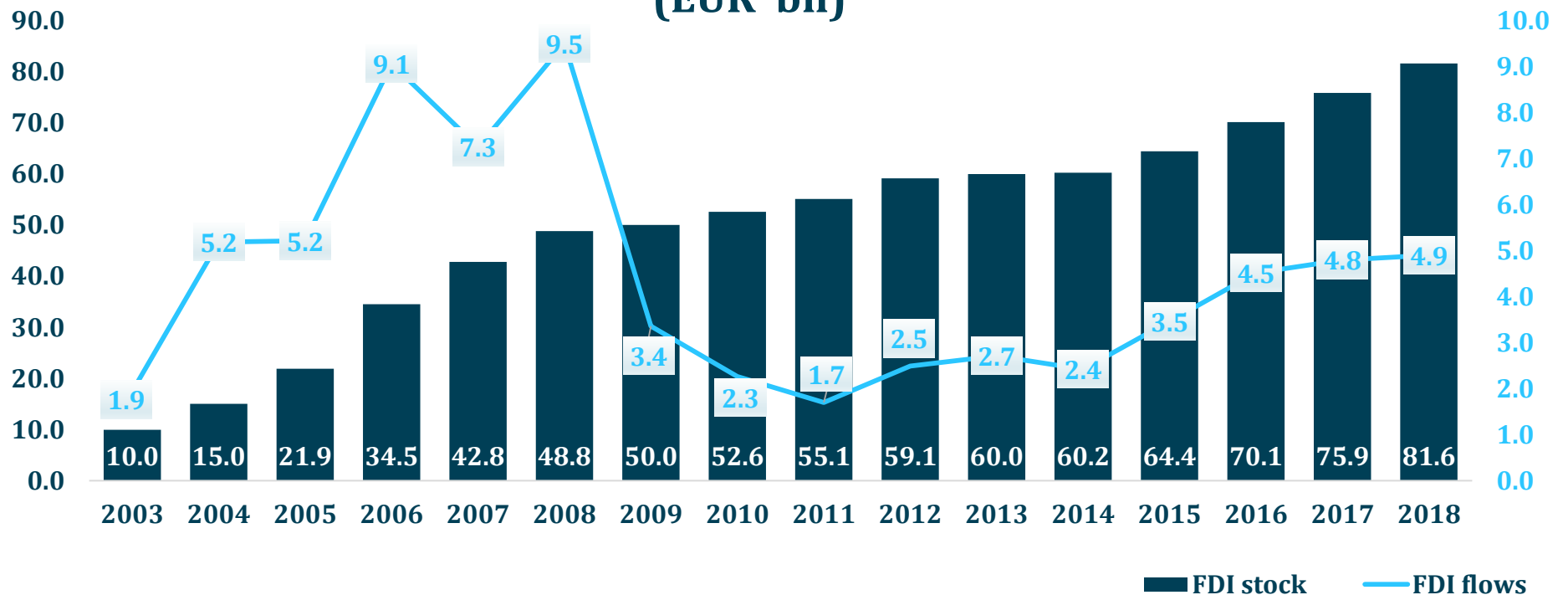
(Source: Eurostat)

**Forecast**  
2019: 5.5%

(Source: National Commission of Strategy and Prognosis)

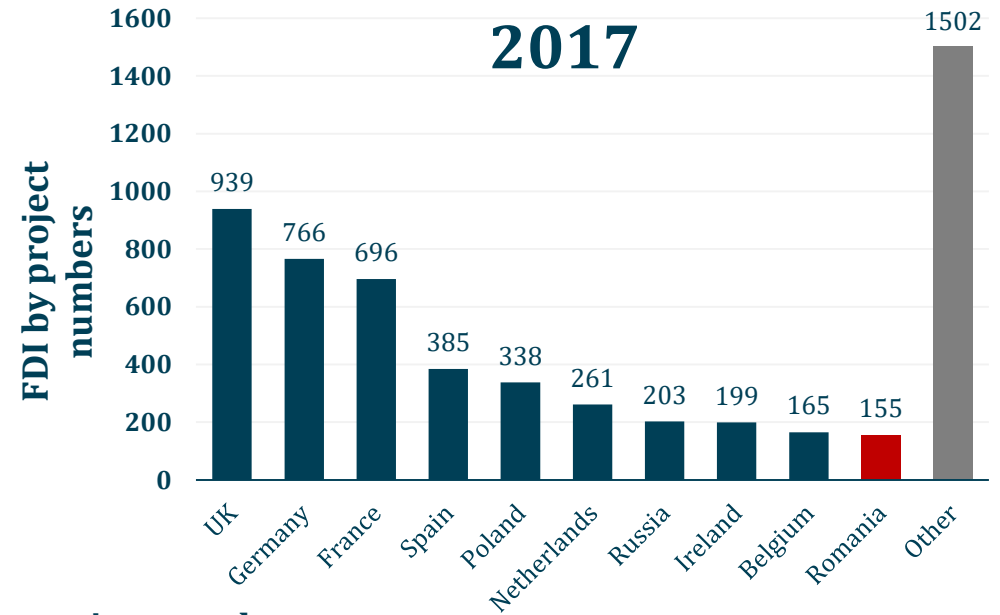
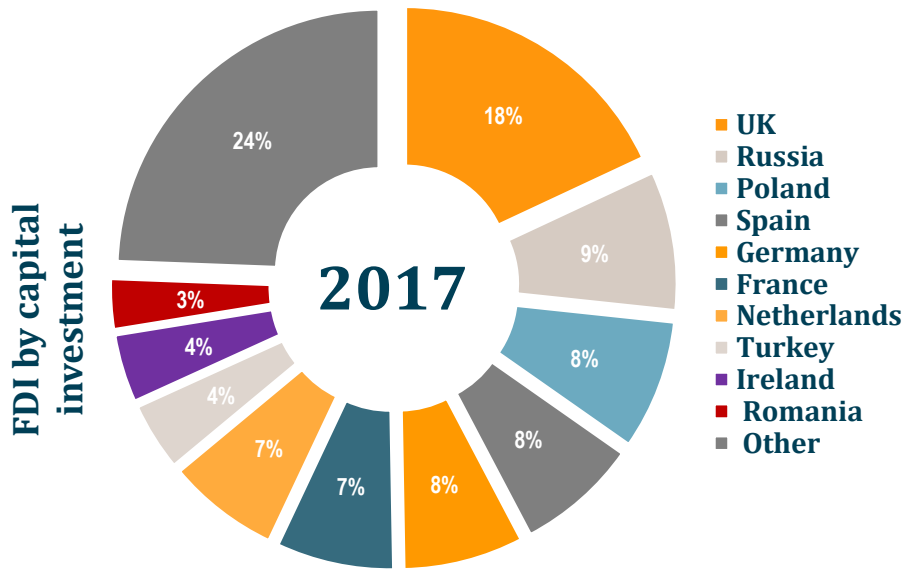
# Potential for Growth

## FDI Flows and Stock (EUR bn)



(Source: National Bank of Romania)

# Romania FDI Into Europe



❑ Romania ranking 10<sup>th</sup>, by capital investment and by project numbers

- \$5.8 bn capital investment
- 3% market share Europe
- 155 new projects

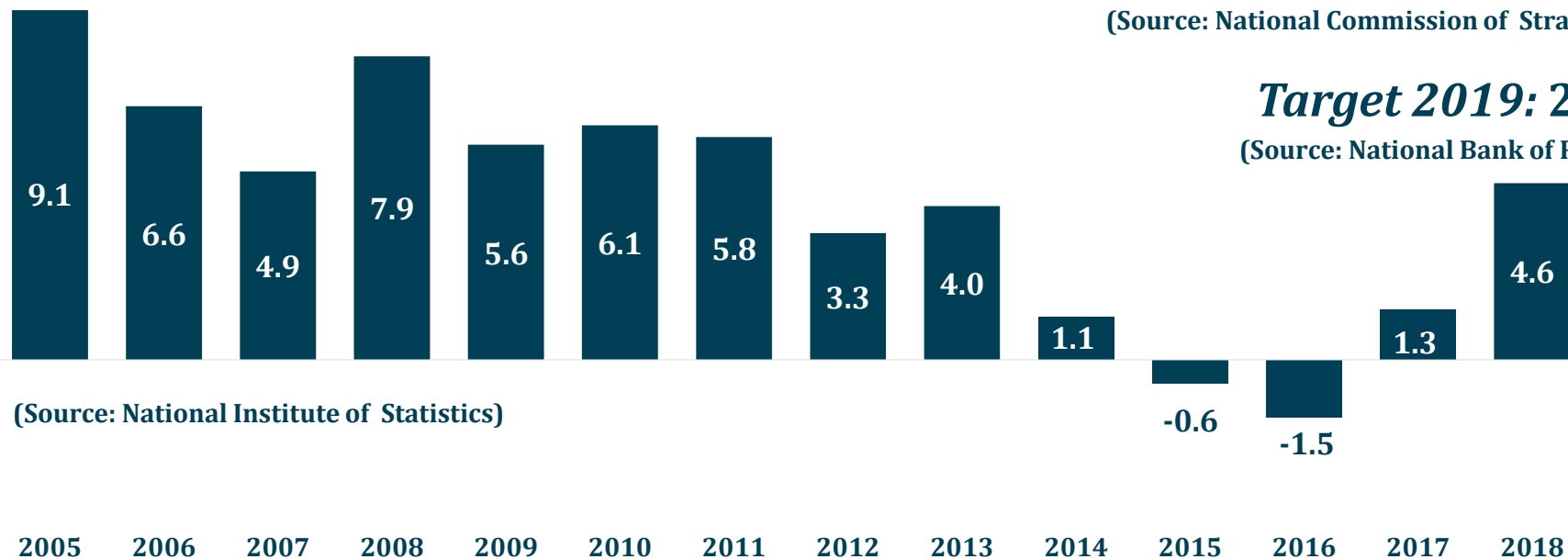
❑ Romania registered the biggest increase in FDI new projects in 2017 compared to 2016 (40%)

(Source: Financial Times, The fDi Report 2018)



# Inflation

## Inflation rate (%)



(Source: National Institute of Statistics)

**Forecast 2019: 2.8%**

(Source: National Commission of Strategy and Prognosis)

**Target 2019: 2.5%**

(Source: National Bank of Romania)

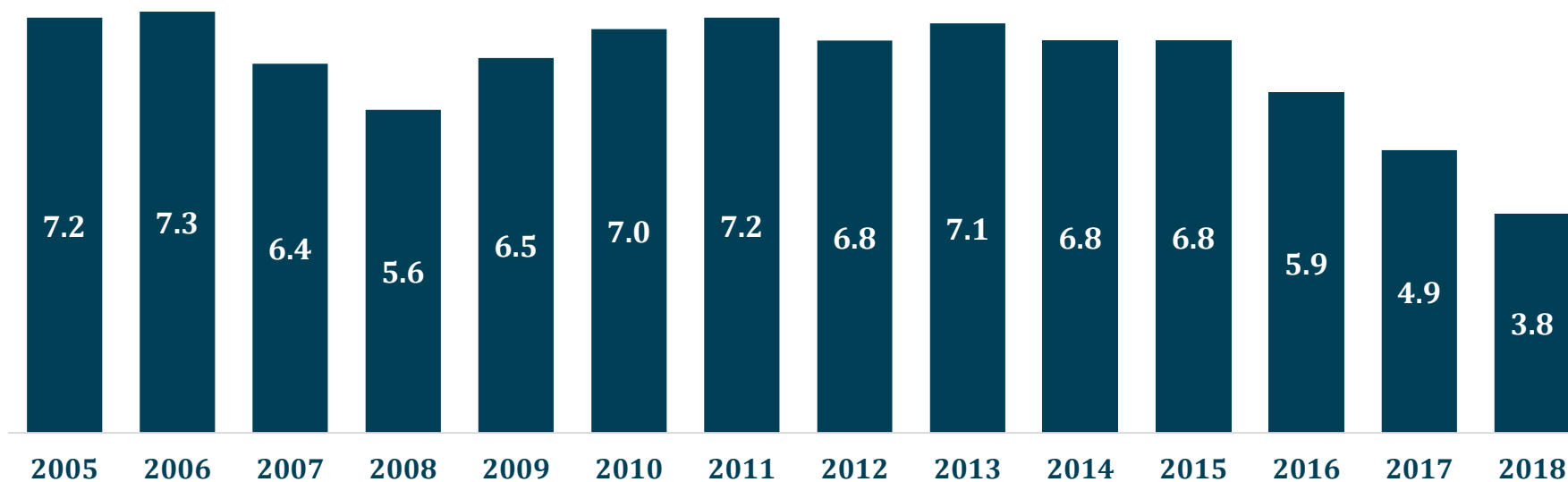
Inflation started to be on a positive trend at the beginning of 2017 due to the persistence of the internal inflationary pressures associated with the increase of aggregate demand and the rise in wage costs.

# Unemployment

## Unemployment rate (%)

**Forecast 2019: 4.1%**

*(Source: National Commission of Strategy and Prognosis)*

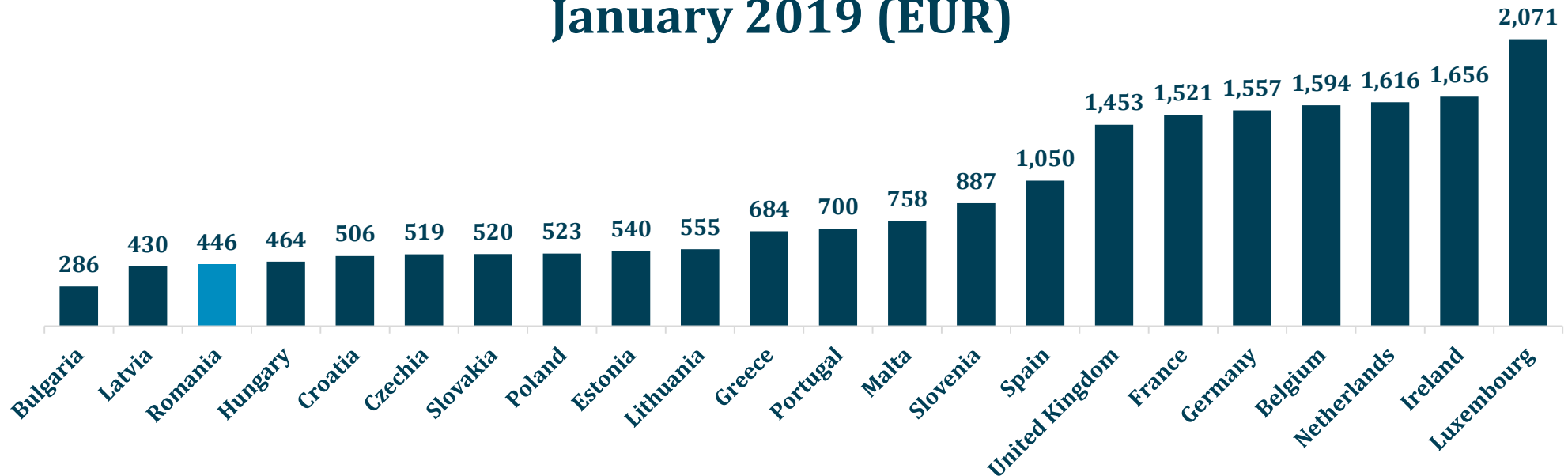


*(Source: National Institute of Statistics)*



# Minimum Wage in EU

## Minimum Monthly Gross Wage in EU January 2019 (EUR)



Note: Denmark, Italy, Cyprus, Finland and Sweden have no national minimum wage

(Source: Eurostat)

# Skilled labor force

## Languages studied by Romanian students

97%

- 97% of Romanian high school students study 2 or more foreign languages
- The predominant languages are English, French, German and Spanish, yet initiatives for teaching Japanese, Nordic languages or the entire Latin language family (Spanish, Italian, French) exist

University students in Romania are proficient in [% of total]:

90%



26%



17%



8%



5%



Source: ABSL, NIS, Eurostat



# Skilled labor force

Renault Technologie Roumanie (RTR), Technical Center Titu





# Romania

## Largest Market in the SEE

### Maximum broadband speed

2

Second in EU for average peak connection speeds

Source: Akamai Q1 2017 Report

### Natural gas & Electricity prices EU ranking (S1 2018)\*

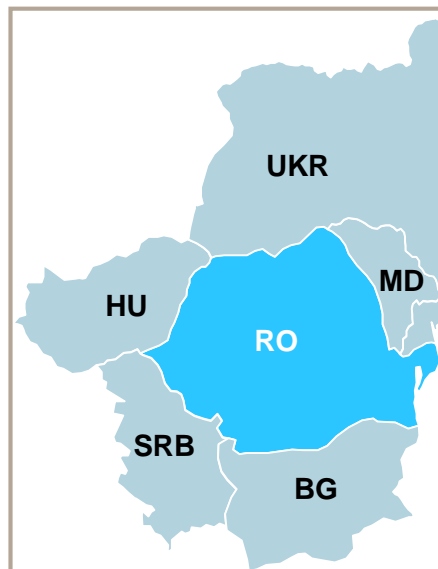
6

6<sup>th</sup> lowest natural gas prices

6

6<sup>th</sup> lowest electricity prices

\*Excluding VAT and other recoverable taxes and levies



### Hourly labor costs 2017

2

One of the most competitive labor force in the CEE (€6.3)

Source: Eurostat, April 2018

### World Bank ease of doing business

52

Ahead of Hungary, Cyprus, Croatia, Bulgaria, Luxembourg or Greece

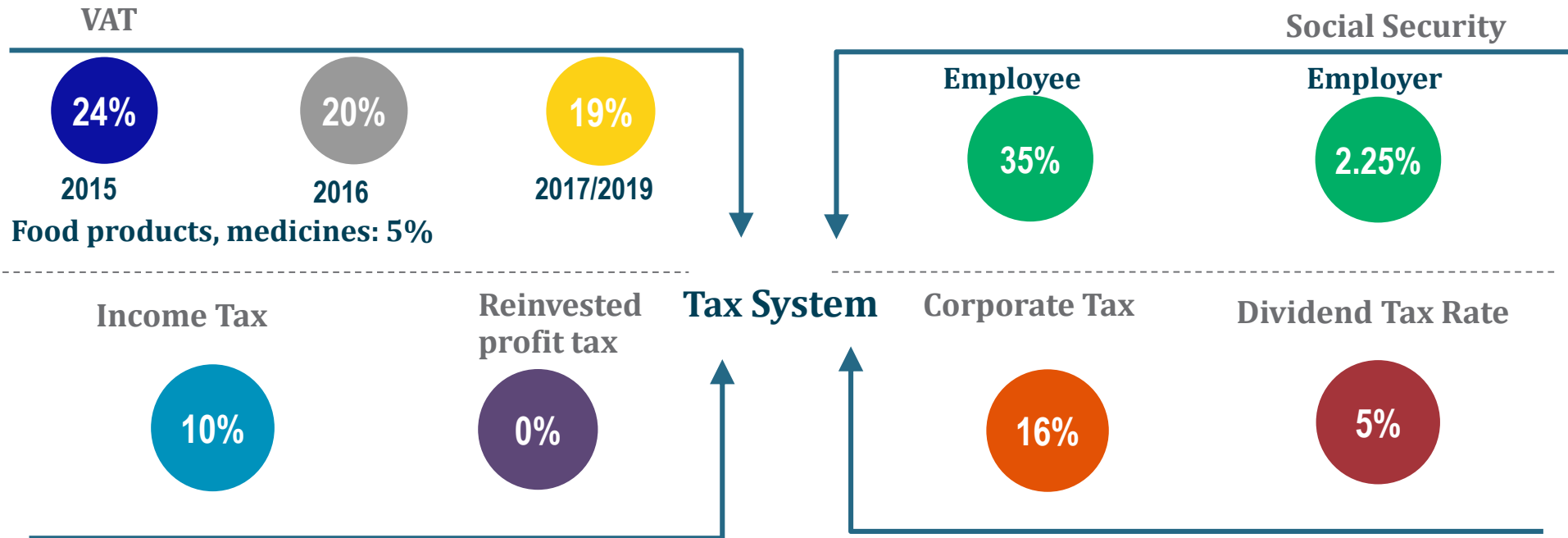
Source: World Bank Report, 2018

# VALUE FOR MONEY

	BUCHAREST	BERLIN	LONDON
Consumer Prices	€100	€142	€152
Rent Prices	€100	€160	€182
Restaurant Prices	€100	€134	€155
Groceries Prices	€100	€143	€149
Standard of living equivalency net salary	€1,840	€3,500	€5,245

Source: Numbeo, January, 2019

# Overview of the Romanian tax system



## IT&C - 0 % income tax for employees

- BA -14 technical specializations available
- Employee is hired on a software engineer/ programmer/ software analyst position
- Annual revenue per exempted employee must be over USD 10,000

## R&D - 0 % income tax for employees

Deduction of R&D eligible expenses:

- depreciation of R&D equipment, salaries for R&D personnel; 50% of these expenses can be deducted from the taxable income



# Investment Support

## STATE AID 2014-2020 Total Budget EUR 1.5B

### STATE AID - GD 807/ 2014

Minimum EUR 1M investment

- Construction of new buildings
- Renting costs for existing buildings
- CAPEX aimed at technical installations and tools
- Acquisition of intellectual property

### STATE AID - GD 332 / 2014

Minimum 10 new jobs/ per location

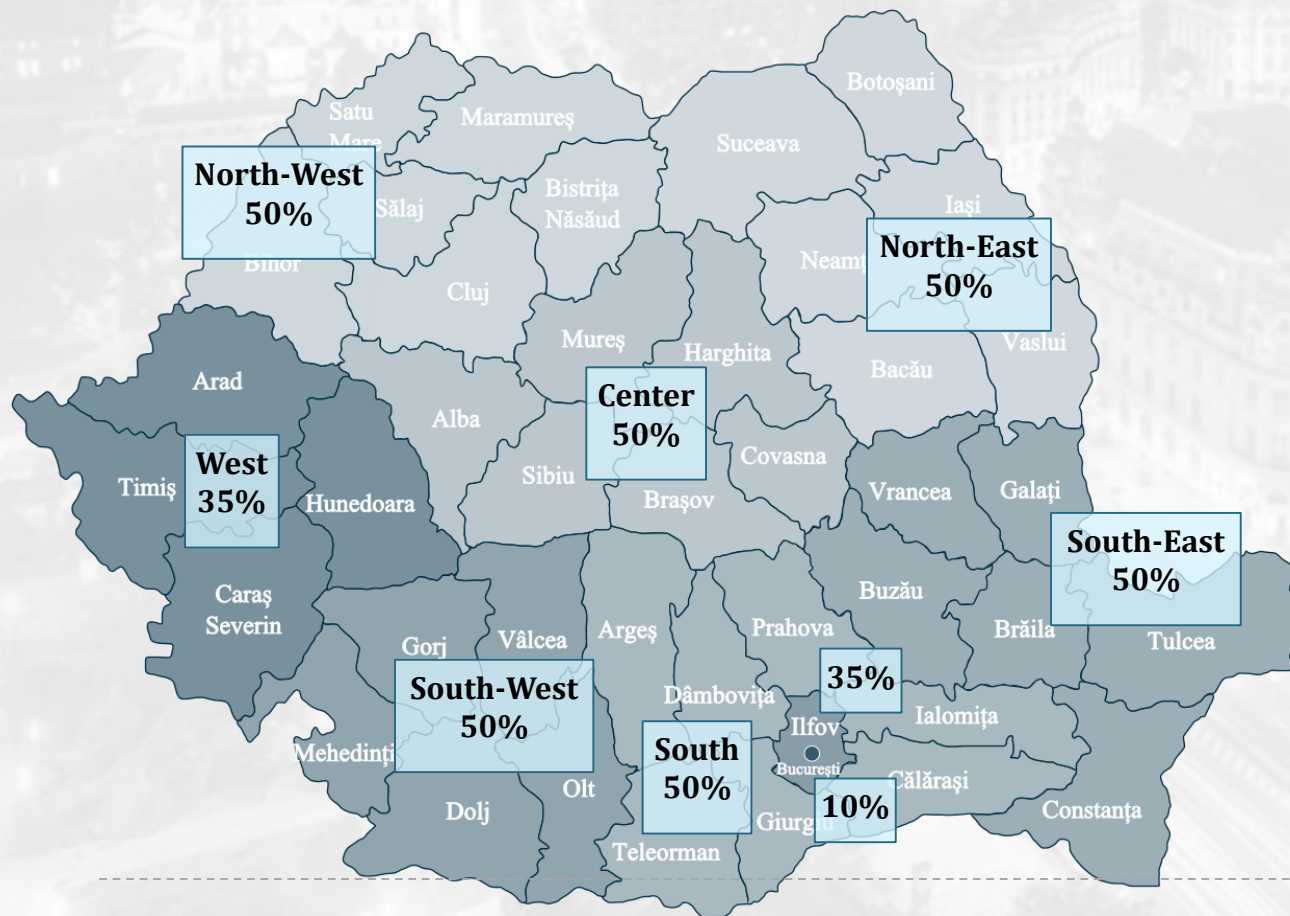
- Salary costs registered for a 2 consecutive year period resulted as a direct consequence of the investment
- Salary costs are comprised of gross average annual salary plus benefits

### FISCAL INCENTIVES

Investors that set up manufacturing locations or offices in an industrial, scientific or technological park benefit from :

- Exemption on land, building and urban planning tax
  - Taxes charged for changing land destination

# Intensity State Aid 2018-2020

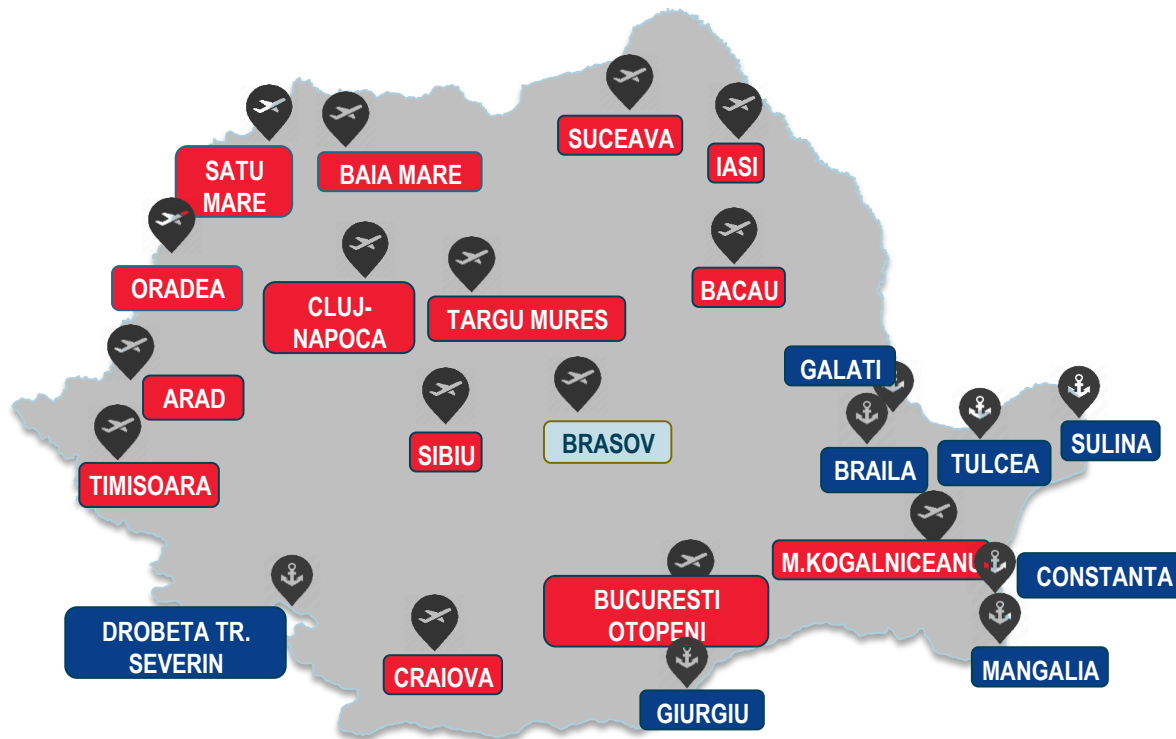


## State aid intensity, according to development region:

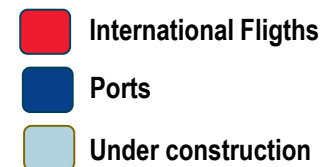
- North West – 50%
- North East – 50%
- South East – 50%
- South – 50%
- South West – 50%
- West – 35%
- Ilfov County – 35%
- Bucharest – 10%

Source: Ministry of Public Finance

# Ports and Airports



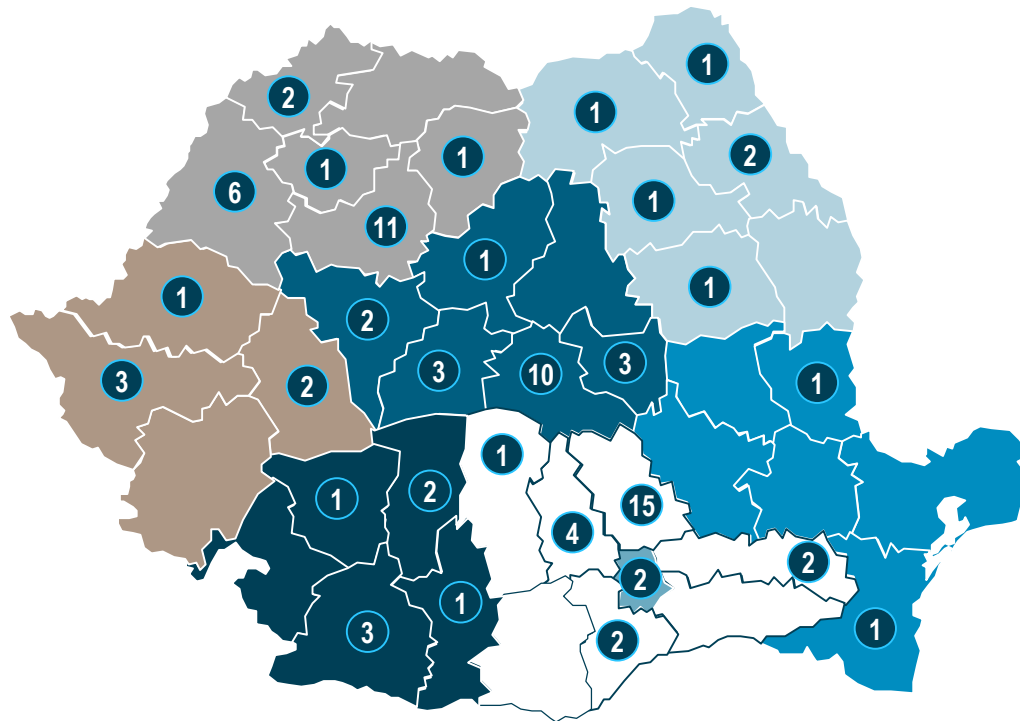
- 130 direct flights leading to 76 destinations in 31 countries worldwide
- 14 international airports and 8 major ports
- Constanta Port - the deepest and largest port at the Black Sea.



Aircraft traffic reached 20M passengers in 2017, up by 23% compared to 2016

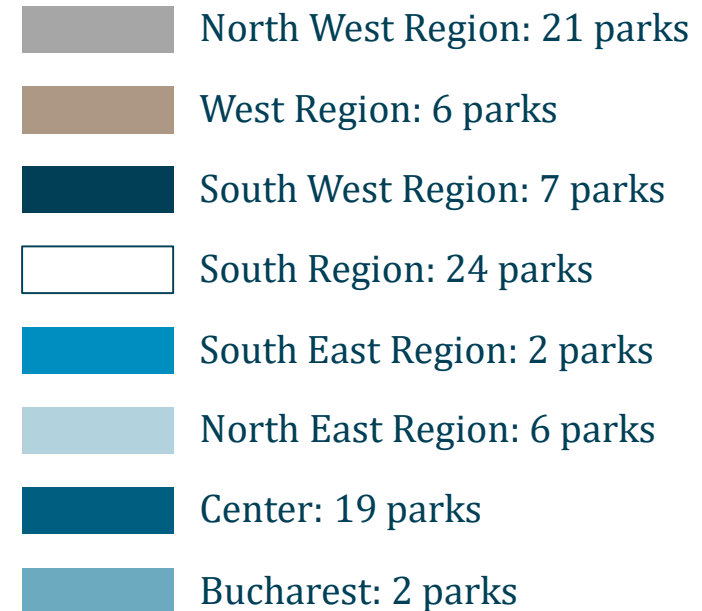


# Industrial Parks



## Status at regional level

(February, 2019)



- 87 industrial parks spread across Romania - both private and public ownership
- Access to utilities & benefits packages according to their focus
- Exemption on land, building and urban planning taxes

(Source: Ministry of Regional Development and Public Administration)

# Romania five free zones



**In Romania there are currently five Free Zones**

- **Arad**
- **Giurgiu**
- **Braila**
- **Galati**
- **Sulina**

# FDI Stock by Field of Activity

at 31 December 2017

Sectors	EUR million	% of total FDI
<b>TOTAL</b>	<b>75,851</b>	<b>100.0</b>
Manufacturing	24,250	32.0
Construction & real estate transactions	11,611	15.3
Trade	10,446	13.8
Financial intermediation and insurance	9,398	12.4
Electricity, gas and water supply	6,451	8.5
Professional, scientific, technical and administrative activities and support services	4,088	5.4
IT&C	3,150	4.1
Agriculture, forestry and fishing	2,272	3.0
Mining	1,965	2.6
Transportation	1,247	1.6
Accommodation & food service activities	449	0.6
Other	524	0.7

By economic activity FDI stock was channeled primarily to manufacturing (32.0% of total FDI), out of which the largest recipients were:

- 7.4% transport equipment
- 6.4% oil processing, chemical, rubber & plastic products
- 4.2% metallurgy
- 8.5 % other industrial activity, i.e. electricity, gas and water supply

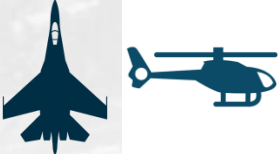





Apart from industry, other activities that also attracted significant FDI were:

- 15.3% construction & real estate transactions
- 13.8% trade
- 12.4% financial intermediation & insurance

Source: National Bank of Romania



# Key facts for top tech oriented industries in Romania (2017)

	INDUSTRY SIZE	KEY PLAYERS	KEY PROJECTS
<p>AEROSPACE</p> 	<p>EUR &gt;580M</p>		<ul style="list-style-type: none"> <li>• Premium Aerotec EUR 50M investment</li> <li>• Sonaca EUR 12M investment</li> <li>• Airbus Helicopters EUR 15M investment</li> </ul>
<p>IT&amp;C</p> 	<p>EUR 4.0B</p>		<ul style="list-style-type: none"> <li>• Siemens software dev. worked on the Mars Rover</li> <li>• Deutsche Bank EUR 40M investment</li> <li>• LiveRail was acquired by Facebook for EUR 600M</li> </ul>
<p>AUTOMOTIVE</p> 	<p>EUR 23.5B</p>		<ul style="list-style-type: none"> <li>• Continental EUR 175M investment in 2017</li> <li>• Daimler EUR 300M investment for gear boxes</li> <li>• Ford EUR 200M investment for production of new model</li> </ul>

# InvestRomania in a nutshell

- **“one-stop-shop” for foreign investors, assisting and advising international companies for project implementation in the country**
- **Promoting and facilitating foreign investment in Romania**
- **Main interface between foreign companies and central / local authorities**
- **Assisting worldwide entrepreneurs in project implementation**
- **Tailored and individually custom-made solutions for developing new or current units**
- **Consultancy and guidance during all stages of the decisional process (state aid & fiscal incentives)**



## “one-stop-shop” for foreign investors

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MINISTRY FOR BUSINESS ENVIRONMENT,  
COMMERCE AND ENTREPRENEURSHIP





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