



## Doing Business in ROMANIA: 2009 Country

### Commercial Guide for U.S. Companies

**INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2009. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.**

- [Chapter 1: Doing Business In Romania](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

## Chapter 1: Doing Business in Romania

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

Romania offers significant opportunities to American businesses with products, services, or technologies that either meet growing private demand or contribute to the country's development priorities. The country's entry into the European Union in January 2007 was preceded by a series of government reforms in order to satisfy the conditions of EU membership. Now the requirements of membership – including EU directives – make up one of the driving forces in Romania's program of reform, modernization and investment in infrastructure. More significantly, these directives are accompanied by funding from the EU in the form of Structural Adjustment Funds and other programs to enable the new members to align their economies with the rest of the EU.

At the same time, Romania's membership in NATO has supported demand for defense and security products, and American vendors are well-regarded and active in this market. Romania's defense and security relationship with the United States is strong and productive; the two countries' militaries serve alongside each other in Iraq and Afghanistan.

Private demand has been strong and provided a market for a wide variety of products, and Romanian businesses regularly express interest in U.S. suppliers as alternatives to European competitors. The effects of the slowing world economy arrived late to Romania, but are now beginning to announce themselves in the form of rising unemployment, a drop in demand from Romania's export markets, and a growing budget deficit. Romania has not yet entered the "Eurozone," but has set 2014 as the target year to adopt the euro. In the meantime, many Romanian companies with debts denominated in euros but income in the local currency, the *leu*, are exposed to exchange rates losses as the value of the leu has fallen against both the dollar and euro. As a result, both consumer and corporate purchasing power have fallen, and investment plans are being reconsidered.

American exporters should be attuned to an environment of heightened commercial risks and consider their terms of trade carefully. Adequate due diligence can make the difference between a successful investment or distribution agreement, and a costly mistake.

Despite these caveats and conditions, numerous American companies continue to operate successful subsidiaries in Romania. While the tide of foreign investment may have ebbed, it has not dried up completely. Romania's natural and human resources will

continue to prove attractive to companies contemplating a business presence in the region.

## **Market Challenges**

[Return to top](#)

The poor condition of Romania's physical infrastructure -- including roads, rail, airports, water and wastewater systems -- affects business costs, productivity, public safety, and the country's success in attracting foreign investment. Poor traffic planning and management make it difficult to predict delivery schedules or manage supply and distribution chains. The country's connections to the rest of the EU's transportation infrastructure are underdeveloped, keeping Romania from realizing its potential for trade and tourism.

The problem is not entirely one of money. The EU has allocated billions of euros to Romania for infrastructure development. The persistent challenge has been a lack of adequate administrative capacity and project management skills to plan, budget, obligate and spend these funds in an efficient, transparent and effective manner.

Business operates as usual in Romania, but the relationship between government and business is marred by bureaucratic inefficiency, a lack of transparency, and instances of corruption. The legal and judicial systems do not provide the same recourse and sanctions against corruption as are found among older EU members. A new government was elected late last year, and so the new prime minister inherits these problems amid slowing growth.

## **Market Opportunities**

[Return to top](#)

The strongest areas of opportunity for U.S. exports and investment potential include the following sectors: infrastructure, building materials, energy, environmental technologies, IT&C, defense, and packaging equipment. Each of these sectors is discussed in more detail in Chapter 4 of this report.

Romania's rate of economic growth in 2008 stood at an impressive 7.1%, but has decelerated and is now expected to remain at or below 1% in the year ahead. Against this backdrop, CS Romania advises U.S. businesses to investigate and pursue opportunities -- both public and private sector -- in which the funding sources and prospects for payment are reliable. The public sector plays a major role as purchaser and procurer of products and services, and projects in areas such as ICT, infrastructure, water and wastewater treatment, energy, and agriculture are supported by funds from external sources such as the EU or development banks such as the European Bank for Reconstruction and Development (EBRD) or World Bank.

A local business presence is essential to success in the Romanian market, and this can take the form of a distributor agreement, subsidiary, joint venture or acquisition. Regardless of the form of investment or entry strategy, American businesses considering the Romanian market should research their specific prospects thoroughly, perform due diligence, and be prepared to adapt their business models as necessary. Retaining legal counsel with solid knowledge of Romanian law is extremely important, and relationships with other service providers such as banks and accountants can provide excellent value as well. Selling through a local Romanian partner is a standard element of most entry strategies. Therefore, a U.S. company's success can hinge on identifying, qualifying and selecting a partner with the resources and expertise to help accomplish its objectives.

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/35722.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### **Using an Agent or Distributor**

[Return to top](#)

Local agents, distributors and joint venture partners can contribute significantly to the success of an American company by bringing knowledge of the market, industry experience, access to key contacts, and other resources. Selecting a distributor is a serious strategic decision, with long-term business and legal implications. When establishing a contract with a distributor or joint venture partner, American companies are advised to seek legal advice to draft a distribution agreement that is compliant with local regulations and standard business practices.

CS Romania advises against relying on Internet searches, association lists, or other passive methods for finding a partner. Through its International Partner Search and Gold Key Service, CS Romania helps U.S. companies find and qualify prospective agents, distributors or representatives, and can perform background checks on Romanian companies through the International Company Profile.

([http://www.buyusa.gov/romania/en/international\\_partner\\_search.html](http://www.buyusa.gov/romania/en/international_partner_search.html) and [http://www.buyusa.gov/romania/en/gold\\_key\\_matching\\_services.html](http://www.buyusa.gov/romania/en/gold_key_matching_services.html)), and ([http://www.buyusa.gov/romania/en/international\\_company\\_profile.html](http://www.buyusa.gov/romania/en/international_company_profile.html)).

Opening a local office in Romania involves several steps:

1. *Choose the type of company*

*General Partnership (SNC):* A general partnership can involve two or more partners. The partnership relationship is based upon a contract, and any person who is able to enter into a binding contract may enter into a partnership. The parties must register their partnership with the National Trade Registry Office in the Ministry of Justice.

*Limited Partnership (SCS):* As with other jurisdictions, a limited partnership consists of one or more general partners, who manage the business of the partnership, and one or more limited partners who contribute capital (money or other property) to the partnership, but do not participate in its management. Generally, limited partners are not liable for the debts and obligations of the partnership beyond their contributions to the registered capital.

*Joint-Stock Company (SA):* A joint stock company is a limited liability corporation with registered capital of at least \$960 and at least five shareholders. Shares can be nominative shares or bearer shares, and can be freely traded or pledged. A joint stock company may be set up privately or by public subscription. A privately held company is required to have a Memorandum of Association. At the time of the company's registration, each shareholder must pay at least 30% of his/her portion of the registered share capital, with the remaining 70% paid within a maximum of 12 months.

*Limited Partnership by Share (SCA):* The capital is divided into shares and the obligations are guaranteed by the capital and by the unlimited and joint liability of the general partners. The limited partners are liable only for the payment of their shares.

*Limited Liability Company (SRL):* A limited liability company is a company formed by a limited number of partners (no more than 50). The registered share capital of a limited liability company is normally divided into shares with a registered value of not less than 10 RON each. Shares cannot be freely traded, making limited liability companies similar to what are known as private companies in other legal systems. Shares of these companies cannot be pledged as collateral for loans.

*Representative Offices:* Foreign companies may open representative offices in Romania following registration with the Department of Foreign Trade in the Ministry of SMEs, Trade, Tourism, and Liberal Professions. Representative offices cannot carry out commercial activities on their own behalf, but are entitled to promote and supervise the business of their parent organizations. There is an annual licensing fee of \$1,200.

*Branches:* Foreign companies may establish branches in Romania. They must be registered with the appropriate trade registry, relative to the location of their office.

*Economic Interest Group (EIG):* An EIG is an association of not more than 20 members, which is established for a specific period of time to promote and develop its members' activities. EIG members share unlimited liability. EIGs may not own shares in one of their member companies and may not issue shares or other negotiable instruments.

*European Economic Interest Grouping (EEIG):* Unlike an EIG, an EEIG may be established for an indefinite period of time, and while it may be set up in any EU member state, it may function in Romania only as a Branch or Representative Office.

2. *Determine location of headquarters*

U.S. companies are required to have as a headquarters a physical location (not a postal address as in the U.S.) that is the property of one or more partners/shareholders or are in their use.

3. *Register the name of the company*

The company's name is registered with the Trade Registry in the jurisdiction where the company is to be located.

4. *Authenticate constitutive documents*

General partnerships and limited liability partnerships are set up through a contract of company. Joint-stock companies, limited partnerships with shares and limited liability companies are set up through a contract of company and articles of incorporation. The signatories to the articles of incorporation are considered founders. The company must have a "Constitutive Document," (Articles of incorporation) which sets the rights and obligations of the shareholders, the object of activity of the company, the quorum required for the adoption of different resolutions, the dissolution procedure, and so forth.

5. *Company's account*

A company account is opened in the registered name of the company in order to deposit the share capital. The amounts depend on the form of business organization, but as an example, a limited liability company has a minimum starting capital of RON 200 (approximately \$60).

6. *Other required legal documents*

Other documents are required, such as fiscal records.

7. *Submission of the complete dossier to the One Stop Office*

Once the dossier is complete, it is submitted to the One Stop Office in the proper jurisdiction. The One Stop Office falls under the National Trade Register Office of the Ministry of Justice.

The forms of business most commonly used by foreign investors are limited liability company (SRL), the joint stock company (SA) and the branch of a foreign parent company. Representative offices are often used as a market entry tactic, allowing a company to assess opportunities before making a more substantial investment.

Companies who plan to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union



(EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration, and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized companies (SMEs) and are exempt from the regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized. The EU has indicated that agreements that affect less than 10% of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:

[http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c\\_368/c\\_36820011222en00130015.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

The EU addresses the problem of payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. The Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 % above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: [http://ec.europa.eu/comm/enterprise/regulation/late\\_payments/](http://ec.europa.eu/comm/enterprise/regulation/late_payments/)

Companies' agents and distributors can take advantage of the European Ombudsman if they are the victims of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: <http://www.ombudsman.europa.eu>

Franchising regulations in Romania are much the same as in other countries, basically granting the franchisee the right to operate or develop a business, product, technology or service. A company's contract or franchise agreement should protect the franchisor's intellectual property rights, brand, and reputation as well as define clearly the obligations of all of the parties: franchisor and franchisee. Additionally, the agreement must contain the following elements: object of the contract, rights and obligations of the parties involved, financial clauses, contract duration, and clauses related to modifying, prolongation, and canceling of the agreement. The growing number of franchises testifies to the potential of this business model. In 2008 there were 330 operational franchise chains, with local chains representing 50% of this total.

### American Franchises in Romania

American franchises hold strong market share and represent leading brands in Romania. At the end of 2008, American franchises accounted for 22% of all the international brands on the Romanian market, with the share of European franchises rising in comparison to previous years. In 2008, European concepts prevailed in retail franchises, whereas the Americans brought in major fast food concepts, such as: Quiznos and Burger King.

Among the U.S. companies with franchises in Romania are well-known brands such as McDonald's, Burger King, Pizza Hut, and KFC (Kentucky Fried Chicken). Some of the other American franchises present in the Romanian market include hotels and various services:

- Hertz
- Budget
- Howard Johnson
- Four Star Pizza
- Daylight Donuts
- Ruby Tuesday's
- Pizza Inn
- Candy Bouquet
- Gloria Jean's
- Computer Troubleshooters
- Fastrackids
- Ramada
- Quiznos
- Starbucks

The Romanian Direct Marketing Association (ARMAD) is a member of the Federation of European Direct Marketing (FEDMA) and the European E-commerce and Mail Order Trade Association (EMOTA).

There are more than 30 direct marketing companies who are also members of ARMAD. The direct marketing industry is just developing, but has been growing among Romanian companies for whom the methods offer a business marketing solution. Romania does not have a national "do-not-call list", but in 2007 a "do not mail" list was implemented by the Romanian Direct Marketing Association.

There is a wide range of EU legislation relevant to the direct marketing sector. Compliance requirements are most rigorous for marketing and sales to private consumers, and place an emphasis on the clarity and completeness of the information marketers provide consumers prior to purchase, and on their collection and use of customer data. The following gives a brief overview of the most important provisions of EU-wide rules on distance selling and on-line commerce. We recommend American companies consult the information available via the hyperlinks, and contact the U.S. Commercial Service at the U.S. Mission to the European Union for more specific guidance.

#### Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

#### Distance Selling Rules

- Distance and Door-to-Door Sales

The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers. Before concluding a contract, direct marketers must identify themselves clearly, provide information about their supplier, full details of price and delivery, and the period for which an offer remains valid. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales).

Key Link: [http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm)

- Distance Selling of Financial Services

Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation ensures that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain

abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link: [http://ec.europa.eu/consumers/cons\\_int/fina\\_serv/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm)

### Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software) must also collect value added tax (see the Electronic Commerce section that follows).

Key Link: [http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

## **Joint Ventures/Licensing**

[Return to top](#)

U.S. companies may enter the Romanian market as partners with Romanian counterparts or may operate 100% foreign-owned companies. Many foreign companies involved in local manufacturing do so under joint-venture agreements. The main advantages offered by joint ventures include quick market access through the knowledge, relationships, and existing capacities of the local partner. The potential disadvantages of joint ventures include the loss of complete control, the failure of anticipated synergies, and the costs and difficulties of integration.

## **Selling to the Government**

[Return to top](#)

The Romanian Government adopted public procurement law, Emergency Ordinance 34/2006, in order to align its legislation with EU standards. This ordinance was amended in December 2008 and March 2009. The most recent update shortened the deadlines for contesting procurement procedures. It also required companies contesting awards in court to post a bond equivalent to 2% of the value of the procurement contract plus 2% of the value of damages sought. The Government maintains an electronic system for public acquisitions in an effort to provide a fully transparent procurement process.

The EU public procurement market, including EU institutions and Member States, is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The U.S. and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where 50% of the total value of the goods constituting the tender originates in non-EU countries, or to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the website of the U.S. Commercial Service at the U.S. Mission to the European Union, and the section dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement.

Key Link:

<http://www.e-licitatie.ro>

[http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

## **Distribution and Sales Channels**

[Return to top](#)

Distribution of goods and services in Romania is similar to other European countries. Wholesale and retail tiers, and support services such as packaging, warehousing and merchandising, are fully developed in Romania. Retail outlets, franchisees, and value-added resellers serve as channels for the provision of services ranging from mobile phone service, consulting or software and IT.

Romania's range of retail outlets is likewise European and includes specialty shops, supermarkets, hypermarkets, cash and carry, department stores, gas station convenience stores, and do-it yourself shops, kiosks, street vendors, open-air markets

and wholesale centers. Despite the rapid growth of shopping malls and hypermarkets, many urban consumers still rely on small shops and markets for daily shopping.

Romania is one of the top targets in Eastern Europe for retailers like Metro, Carrefour and Selgros, whose local large-format stores provide the biggest sales increases for their chains. For several years the local market has been dominated by Carrefour and Cora on the hypermarket (or Big Box) segment, while Metro and Selgros have competed on the cash and carry market. Several of these have plans to continue their expansion, but on a scale tempered by the economic downturn.

Foreign supermarkets also have a share of the Romanian market. The first foreign company to enter the market was the Metro Cash & Carry chain in 1996, followed by Billa, Gima, Carrefour, XXL, Auchan, Kaufland, Mega Image, and Artima. Growth plans for the Romania market have been affected by the condition of these companies in their home markets.

### **Selling Factors/Techniques**

[Return to top](#)

Price, payment conditions, value and quality are critical factors for success in Romania's business and consumer markets. In almost any business domain, European competitors exist and enjoy the advantages of tariff free status within the EU. American firms may not always compete on price but need to demonstrate a clear value proposition. Proven products or services with benefits that emphasize cost-savings, efficiencies or – for distributors – profitability and reliability, will stand the best chances of market success.

Romania has seen income growth in recent years, and an expansion in consumer credit, but average incomes remain relatively low. Comparing Romania to other nations on the basis of GDP per capita adjusted for purchasing power parity (PPP) ranks the nation alongside Turkey and Bulgaria, trailing neighboring Hungary, but ahead of Ukraine. However, the small but relatively affluent segment of the population has driven retail development, real estate, and the sale of luxury or “premium brand” goods. The current economic conditions recommend prudence to the U.S. companies pursuing this segment of the market. Market entry plans should be informed by specific and timely intelligence, as well as a careful evaluation of a prospective partner's financial condition.

### **Electronic Commerce**

[Return to top](#)

Electronic commerce remains in its infancy in Romania. Three obstacles impede the development of e-commerce infrastructure and deployment: relatively low Internet penetration, limited use of credit cards, and the prevalence of online fraud and cybercrime. There are a small but growing number of online stores and auction sites, on bank orders and credit cards are the most common form of electronic payment. Banks and technologically sophisticated service providers lead progress in this area. For

example, the international telecom provider, Orange, has introduced the ability to pay bills and purchase calling credit online.

Business-to-business e-commerce appears to have better immediate prospects, mainly because of the easier payment methods. These use e-banking solutions to settle accounts with vendors and customers. Many Romanian banks have developed online systems that allow e-banking operations that support business-to-business e-commerce.

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2009.

U.S. businesses most affected by the 2003 rule change are those that are based in the U.S. and selling ESS to EU-based, non-business customers, as well as businesses based in the EU and selling ESS outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Romania's inter-bank electronic settlement system began operation in May 2005. The system is managed by the central bank and TRANSFOND - a company owned by the central bank and commercial banks. The electronic settlement system allows payment in real time (seconds) for transfers below \$9,600 and in a few hours for larger transfers above that amount, compared to a former average speed of three days. The last module of the electronic settlement system became functional in November 2005 when T-bill transfers were added. Romania's inter-bank electronic settlement system is technically compatible with the international SWIFT and TARGET systems.

In October 2008 the National Authority for Communications produced a Romanian E-Commerce Market Study with the following conclusions:

- The first online shop in Romania was created in 1997 (selling music CDs).
- As of 2008, 5% of the websites in Romania are online shops.
- The most common items sold via shopping websites are computer accessories, computer memory, printers, laptops, and digital cameras.
- Bucharest represents 63% of e-commerce businesses in Romania, followed by Cluj County (almost 4%) and Timis County (3%).
- The "typical" or composite Romanian online consumer was male, age 27, and educated (36% high school graduate, 37% university degree).

(Source: [www.traffic.ro](http://www.traffic.ro))

Key Links: <http://www.anrcti.ro/DesktopDefault.aspx?tabid=3024>

[http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

Romania's progress toward a market economy has brought notable growth in the variety and quality of advertising. Total advertising expenditures were estimated at 593 million Euros in 2008 with 383 million or 65% of television spending, according to an Initiative Media Romania estimate ("Media Fact Book 2008"). Multinational companies that represent a large proportion of the spending are active primarily in rapidly growing categories such as: fast moving consumer goods, mobile communication, beverages and the automotive sector. Automotive and financial services spending on advertising fell during the second half of 2008, due to the financial crisis. The pace of launching new TV channels and print titles also slowed down.

Despite these changes, the increasing media "clutter" and migration of audiences is causing new media to flourish in all forms: Internet, digital TV, etc. Audience fragmentation continues across these media; the number and type of media channels addressing niche audiences is increasing and has attracted more investment. For example, Internet advertising continued to grow, rising to a value of roughly 12.8 million euros in 2008, according to an IAB Romania study.

### Television

In 2007 Romania's National Audio-Visual Council approved more than 56 cable TV licenses, 32 satellite TV licenses, 43 licenses for radio stations and 5 licenses for satellite radios.

According to the latest GfK/ARMA data, 2.2 million viewers from the urban segment watched television daily during 2008 (urban average daily rating), with Pro TV having the highest viewership.

### Print Media

The best-known English-language business publications are:

- Quarterly Bulletin (economic, financing, monetary and credit trend information and statistics), published by the National Bank;
- Statistic Bulletins (on various topics), published by the National Institute of Statistics;
- Romanian Insights (monthly), published by the Romanian Chamber of Commerce and Industry;
- Business Review (weekly), published by Business Media Group SRL;
- Nine O'Clock (daily), published by Nine O'Clock Publications;
- Romanian Business Journal (weekly), published by Penta;
- Ziarul Financiar (daily) published by MediaPro. (One summary page is in English).

The circulation volume of Romanian-language daily newspapers increased by 8.83% in 2008. The table below is drawn from figures provided by the Romanian ABC, and shows



the number of copies sold per day in the 3rd quarter of 2008 compared to the 3rd quarter of 2007.

Title	3 <sup>rd</sup> quarter 008	3 <sup>rd</sup> quarter 007	Var (%)
1 Libertatea	211917	255094	-16,93
2 Click!	132034	51610	155,83
3 Can-Can	106860	46119	131,7
4 Gazeta Sporturilor	89814	71513	25,59
5 Pro Sport	56551	72200	-21,67
6 Jurnalul național	54793	71592	-23,46
7 România liberă	51534	55352	-6,9
8 Evenimentul zilei	46942	56520	-16,95
9 Adevărul	37091	25146	47,5
10 Gândul	19851	25936	-23,46
11 Ziarul financiar	17064	16707	2,14
12 Cotidianul	13639	17260	-20,98
13 Ziua	12840	16918	-24,1
<b>Total market</b>	<b>850930</b>	<b>781967</b>	<b>8,82</b>

Source: Romania ABC

Two tabloid titles, “Click!” and “Can-Can”, accounted for most of this growth while relatively older and established papers such as “Evenimentul Zilei”, “Jurnalul Național” or “Ziua” lost readership significantly. More than half (53%) of the Romanian daily newspaper market consists of the three leading tabloids, while seven non-tabloid newspapers account for only 23% of the total.

The economic downturn has caused a decline in advertising revenues and turnover for “glossy” magazines, which have an average cover price of 1.5 euros in Romania. Some consolidation of media is possible, especially among titles with circulation below 20,000. The major business daily, “Ziarul Financiar”, remains profitable, enjoys a high cover price and good advertising revenues.

There are three important daily free sheets, “Compact”, “Curentul” and “Ring” launched in 2008. Free newspapers are likely to limit their distributed circulation due to expected decreases in advertising revenues.

### Outdoor Advertising

The market increased in volume and consolidated through acquisitions by international companies. Billboard locations are increasing in number, while backlit, street TVs, and dynamic models are replacing the traditional simple painted billboards. Advertising on public transportation is also common.

### Radio

According to a survey conducted by IMAS in 2008, the radio market in Romania (measured as audience share in percent) is structured as follows:

- Radio Romania Actualitati 15.9%
- Europa FM 15.4

• Kiss FM	13.0
• Radio 21	12.8
• Radio Romania Regional	7.9
• Pro FM	7.1
• Radio Antena Satelor	3.9
• Radio Romantic FM	2.8
• InfoPro	2.2
• Magic FM	1.8
• BBC	0.7
• sureNational FM	0.7
• Radio Romania Cultural	0.4
• Other	15.6

### Advertising and Public Relations Agencies

Most major multinational advertising and public relations agencies are represented in Romania. Among the largest of these firms are: Ogilvy & Mather, McCann-Erickson, Lowe & Partners (IPG member), Tempo Advertising, Graffiti/BBDO, Saatchi and Saatchi, Young and Rubicam, Leo Burnett and Publicis.

Team Advertising lost its affiliation with Young and Rubicam during 2008, which is likely to lead to an important change in the top Romanian partnerships.

Specialized market testing and market research are available from independent suppliers, both Romanian and international, as well as from established Romanian institutes and organizations such as BRAT, The Institute of World Economy, and the Romanian Chamber of Commerce and Industry (<http://www.ccir.ro>).

### General Legislation and the EU

Laws against misleading advertisements differ widely among member states of the EU. The European Commission adopted a Directive, in force since October 1986 and amended in 2007, to establish minimum and objective criteria regarding truth in advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Television without Frontiers Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for U.S.-style product placement on television and the three-hour/day limit on advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Product pricing structure is similar to that used in most developed countries: prices are increased by wholesale and retail markups as well as by taxes, especially a Value Added Tax (VAT). VAT is applied at the rate of 19% with a few exceptions, such as medicine and health services. Product pricing is influenced primarily by existing competition in the Romanian market, as well as by the liquidity of the market. Common consumer goods are price-sensitive, and competition can be fierce, as local producers compete with products from China, Southeast Asia and Turkey. In the case of higher quality goods, the reputation of a brand -- as well as technical specifications or length of warranties -- can command a price premium in the market.

According to the National Bank of Romania's Inflation Report (February 2009), at the end of 2008, the 12-month inflation rate stood at 6.3%. On the supply-side, the fall in fuel prices on world market kept this rate in check, and as a result of bumper crops, the prices of processed foodstuffs declined. However, from September to November of 2008, industry-wide wage dynamics continued to overtake productivity gains, leading to a marked increase in unit labor costs. The National Bank of Romania projects inflation for 2009 at 4.5%, falling to 3.2% in 2010.

In addition to taking inflation into account, U.S. exporters should take the opportunity to assess the competitive strength of their currency strategies and terms of sale. The ability to quote prices in local currency, especially for U.S. firms with local accounts payable, could provide an edge with existing and new accounts. Likewise, exporters offering credit terms instead of requiring Letters of Credit or cash in advance can realize greater sales success. There are numerous banks in the U.S. and Romania offering appropriate trade finance tools to manage both currency and payment risk. The U.S. Export-Import Bank, and private providers, offer credit insurance for Romanian buyers as well. The costs of these products should be factored into the export price.

**Sales Service/Customer Support**

The concepts of after sales customer service and support are still developing among Romanian businesses, but large multinationals are providing leadership in this area. As a consequence, Romanian consumers are increasingly sensitive to the quality of after-sales services in making their buying decisions. American firms generally hold an advantage in this area, but local partners may prove the weak link that damages brand perception. U.S. companies should be prepared to work closely with local partners (distributors, value-added resellers) to help them develop their service and support capabilities.

Legal provisions regarding sales, service and customer support are currently in line with European Union provisions. There have been discrepancies among EU member states in product labeling, language use, legal guarantees, and liability. The relevant EU institutions continue to pursue harmonization of national legislation, and this is an area that U.S. suppliers should monitor closely.

## Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link: [http://ec.europa.eu/enterprise/regulation/goods/liability\\_en.htm](http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm)

## Product Safety

The 1992 General Product Safety Directive was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product and provisions for its recall.

Key link: [http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

## Legal Warranties and After-sales Service

Under the EU Directive on the Sale of Consumer Goods and Associated Guarantees, companies are required to provide a minimum two-year warranty on all goods sold to consumers. The remedies available to consumers in case of non-compliance are:

- repair of the good(s);
- replacement of the good(s);
- a price reduction; or
- rescission of the sales contract.

Key link:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

## **Protecting Intellectual Property**

[Return to top](#)

Romania has implemented relevant EU directives related to intellectual property and is a founding member of the World Intellectual Property Organization ("WIPO"). Further, the country has adhered to almost all enactments on intellectual property binding the World Trade Organization member states. The competent authorities are the Romanian Office for Patents and Trademarks ("OSIM") and the Romanian Copyright Office ("ORDA").

It is important for American companies to have an active strategy for managing their intellectual property rights in Romania. Intellectual property is protected differently in Romania than in the U.S. and rights must be registered and enforced in under local

laws. The U.S. Commercial Service can provide introductions to local lawyers and IPR consultants who can provide professional advice regarding registering, protecting and enforcing IPR.

A company's IPR strategy should be founded on a positive relationship with its local partner, who is an important ally in protecting its IPR. A distribution agreement or other contract should include non-competition, confidentiality and non-disclosure clauses, but just as importantly provide clear incentives to honor the contract. Cost structures and margins should reinforce these incentives.

Trade associations and other business groups can augment a company's ability to protect IPR and stop counterfeiting and leverage the efforts of its industry. Several organizations are active in the Romanian market.

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Business Software Alliance (BSA)

Some excellent general resources for companies regarding intellectual property, not specific to Romania, include the following:

- For information about patent, trademark, or copyright issues, including enforcement issues in the U.S. and other countries, call the STOP! Hotline: 1-866-999-HALT or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: 1-202-707-5959.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov)

## Patents

OSIM handles patent applications and the European Patent Convention lays down the procedural rules for a European patent application to confer protection in Romania.

Pursuant to the Patents Law, the subject matter of an invention may be a product or process in any technological field. In order to be patentable, it must be novel, imply an inventive activity and have an industrial application. The protection period of a patent is 20 years from the accepted filing date of a complete application. Upon expiry of protection, the invention is considered in the public domain. The patent confers upon its holder exclusive rights over the invention for the entire duration of the patent.

Patent holders can obtain a supplementary protection certificate for medical products and plants for a maximum period of 5 years, under the relevant EC Regulations directly applicable in Romania.

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately, it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). The most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State.

Key Links: [http://ec.europa.eu/internal\\_market/indprop/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/index_en.htm)  
<http://www.european-patent-office.org/>

### Trademarks

Trademark protection in Romania is obtained by filing a national application to OSIM. The trademark granted then confers protection in all EU Member States.

The law also protects well-known trademarks even if they are not registered with OSIM, OHIM or WIPO (the latter having Romania as designated country). However, the burden of proof as to whether a trademark is well-known always lies with the trademark holder.

The registration certificate is granted following the filing of an application and the examination by the competent authority to determine whether there are any absolute or relative grounds for rejection. If there are no grounds for rejection, OSIM, OHIM or WIPO (depending on which of the three abovementioned authorities receive the application) will register the trademark in the relevant Trademark Registry and grant the trademark certificate, valid for ten years and renewable for equal periods subject to the payment of the applicable fees. Any interested person may file an opposition to the registration of the trademark for which an application was filed.

Key Links: <http://oami.europa.eu/> <http://www.wipo.int/madrid/en>

### Copyright

Romanian Law # 8/1996 on copyright and neighboring rights ("Copyright Act") provides the national regulatory framework for these issues, and Romania is a signatory to the Berne Convention for the Protection of Literary and Artistic Works and the WIPO Copyright Treaty.

Organizations which help manage copyrights, for example representing the interest of composers, writers and producers, and which negotiate the copyright licenses with users are important partners in maintaining an effective business environment for rights holders.

Subsequent amendments strengthening the Copyright Act have helped the Romanian Copyright Office and law enforcement combat counterfeiting and piracy. However,

enforcement still remains an ongoing problem and the International Intellectual Property Alliance 2008 Special 301 Report, after analyzing the country's copyright protection and enforcement problems, recommended keeping Romania on the Watch List for 2008. According to the IPA report, Internet piracy is replacing traditional "hardcopy" DVD piracy, in step with the evolution of new media distribution channels.

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

Key Link: [http://ec.europa.eu/internal\\_market/copyright/index\\_en.htm](http://ec.europa.eu/internal_market/copyright/index_en.htm)

### Counterfeit

The same can be said of Romania's progress in securing IPR against counterfeit products. While the problem persists, OSIM and other groups and authorities have increased their efforts to inform the business community of new legislation and legal means to protect and enforce IPR protection.

### Protection of Intellectual Property Rights during Customs Procedures

According to the EU Council Regulations, intellectual property rights holders may apply to the Customs Authority requesting action against goods infringing their rights. Goods infringing an intellectual property right may not be imported, exported, or re-exported and may be placed under a suspension. Such merchandise may be destroyed or, subject to the consent of the right-holder, they may be given to non-profit organizations, depending on the nature of goods.

In order to receive this protection, the right holder files an application for intervention with the National Customs Authority. This is an inexpensive and simple procedure for the registration of a trademark with the customs authority. Once the trademark is registered, the Customs Authority will quickly alert the right holder in the case of a possible infringement, and prevent any article infringing the trademark from entering Romania.

*Key link*

<http://www.osim.ro/index3.html>

Romania offers attractive opportunities for investment, acquisition, and business partnerships ranging from joint ventures and licensing agreements to distributorships and franchises. However, with these new opportunities come new risks. There are few activities more important in Romania than conducting due diligence on potential investments or business partners.

The U.S. Commercial Service advises American firms to engage reputable legal counsel, and maintains contact with such firms, both international and Romanian. Legal advisers are retained for the usual work of incorporation, obtaining permits, IPR registration, contract preparation, collection and commercial disputes, but are also an excellent resource for identifying potential problems based on their experience in the market.

Comprehensive due diligence should be performed whenever specific circumstances relating to a planned transaction clearly reflect a legal risk which could harm the parties. The legal due diligence process entails the review of all legal aspects pertaining to a transactions such as: corporate documents, historical evolution of the shareholding structure of a company, compliance of corporate decisions with the law and the company's articles of incorporation, legal status of assets, legal compliance of documents by which assets (both movables and real estate) have been acquired and sold, legal status of intellectual property rights, analysis of contracts concluded by that company, ranging from financing contracts up to distribution contracts, competition law issues, legal status of employees, legal compliance of collective bargaining agreements and individual employments agreements, compliance with regulatory requirements in relation to the company's business, checking the existence and lawfulness of all necessary approvals, authorizations and permits issued by different public authorities, legal compliance with environmental requirements and the status of litigation involving the company.

The Romanian justice system continues to be slow and bureaucratic, and despite some progress the best strategy is to avoid commercial conflicts of any type. When possible, contracts should provide for international arbitration.

Romanian bankruptcy legislation provides creditors the ability to force insolvent companies to go either into reorganization or liquidation. If a company is able to overcome its inability to pay its debts, by reorganization, it may not have to go into liquidation. Nevertheless, if the reorganization is not successful, the judge will order the start of the liquidation procedure. Unfortunately, the lack of specialization of judges and lawyers in the bankruptcy field makes it difficult to bring such cases to court, and to obtain consistent outcomes.

Even though due diligence is substantially based on the analysis of documents provided by the investor's counterpart, information from public sources should not be underestimated. There is a wide range of public sources such as the Trade Registry, the Land Book, the Electronic Archive for Pledge Agreements, and the Credit Bureau.

Perhaps the most complicated part of a legal due diligence is the review of information regarding assets, especially real estate. Apart from the fact that it takes time and skill to



identify and collect the relevant documents, it is essential to fully comprehend their legal effects, in particular when it comes to the historical transfer of ownership, by spotting the deficiencies that might lead to legal hazards, and finally to advise the investor on the most effective approach of such data in negotiations process of the transaction.

The most complex legal due diligence operations have been performed in real estate transactions, banking transactions, mergers and acquisitions, and privatizations. As a consequence, Romanian law firms have acquired a considerable expertise, and a better understanding of U.S. companies their business culture and specific needs in complex transactions.

Finally, any due diligence process requires knowledge of applicable regulations, both primary (Romanian) and secondary legislation, specifically European Union law. Over the last nineteen years, Romania's legal framework has evolved into a web of regulatory branches, many of them interlaced and ambiguous. Romanian lawyers have considerable experience in dealing with such matters, and are able to offer a clear view on the way regulations apply to specific legal issues, and devising creative solutions.

It is very important for American firms to know with whom they are doing business, whether selecting a consultant, distributor or deciding to extend credit terms. In addition to introductions to local legal counsel, the U.S. Commercial Service offers a service for investigating the background, financial status and references of Romanian firms. The International Company Profile includes findings from interviews with the target company, supplier and customer references, and a recommendation regarding the subject's reliability as a business partner.

([http://www.buyusa.gov/romania/en/international\\_company\\_profile.html](http://www.buyusa.gov/romania/en/international_company_profile.html)).

## Local Professional Services

[Return to top](#)

A directory of local business service providers offering clear value to U.S. firms is available on the website of the U.S. Commercial Service in Bucharest, Romania:

[http://www.buyusa.gov/romania/en/business\\_service\\_providers.html](http://www.buyusa.gov/romania/en/business_service_providers.html)

A list of service providers expert in EU law, consulting, and business development appears on the website of the U.S. Commercial Service at the U.S. Mission to the European Union at: [www.buyusa.gov/europeanunion/services.html](http://www.buyusa.gov/europeanunion/services.html)

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: <http://www.export.gov/mrktresearch/index.asp> under the Market Research Library.

## Web Resources

[Return to top](#)

Ministry of Justice's Trade Registry  
<http://www.onrc.ro/english/services.php>  
Ministry of Economy and Finance  
<http://www.mefromania.ro/>  
European Union legislation database  
<http://eur-lex.europa.eu/>  
European Ombudsman  
<http://www.ombudsman.europa.eu>  
European Commission, DG Health and Consumer Protection, Consumer Affairs  
[http://europa.eu.int/comm/consumers/cons\\_safe/prod\\_safe/index\\_en.htm](http://europa.eu.int/comm/consumers/cons_safe/prod_safe/index_en.htm)  
European Committee for Electro-technical Standardization  
<http://www.cenelec.org>  
<http://www.cenelec.org/Cenelec/Homepage.htm>  
European Telecommunications Standards Institute  
<http://www.etsi.org>  
European Committee for Standardization  
<http://www.cenorm.be>  
American National Standards Institute  
<http://www.ansi.org>  
New Approach Standardization in Europe  
<http://www.newapproach.org>  
ETSI Collaborative Portal  
[http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)  
The CEN Information Society Standardization System  
[http://www.cenorm.be/cenorm/workarea/sectorfora/isss\(ict\)/index.asp](http://www.cenorm.be/cenorm/workarea/sectorfora/isss(ict)/index.asp)  
European Commission, Enterprise, Single Market, NANDO INFORMATION SYSTEM  
<http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>  
Government-to-Government Mutual Recognition Agreement Information  
<http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>  
European Cooperation for Accreditation  
<http://www.european-accreditation.org>  
New Approach Standardization in the Internal Market  
<http://www.newapproach.org/Directives/DirectiveList.asp>  
European Commission, Enterprise, Technical Regulations Information Systems  
<http://europa.eu.int/comm/enterprise/tris>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

### **Leading Sectors (Alphabetical Listing)**

- [Automotive Industry](#)
- [Building Materials](#)
- [Defense Industry](#)
- [Energy](#)
- [Environmental Technologies](#)
- [Information Technology/Computer Software & IT Services](#)
- [Infrastructure Status](#)
- [Packaging and Packaging Waste Market](#)

## Automotive Industry

This report addresses two sectors of the automotive industry in Romania: automobile production and components. The significant installed base, and plans for increasing investment in Romania earn this industry a spot within the Best Prospects sector, even as the industry, its OEMs and suppliers, are challenged by economic conditions worldwide.

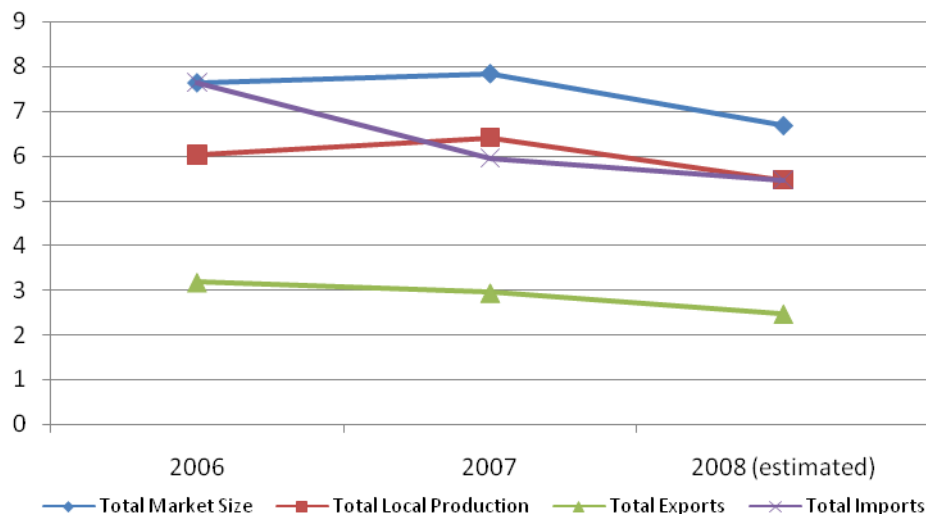
### Overview

[Return to top](#)

Value in USD millions	2006	2007	2008 (estimated)
Total Market Size	7.635	7.842	6.67
Total Local Production	6.022	6.402	5.46
Total Exports	3.178	2.94	2.47
Total Imports	7.641	5.940	5.46
Imports from the U.S.	50	50	39

\*Amounts are estimates (USD millions)

The graph below shows the relative change in value of components of the industry. Notably local production and imports appeared to converge in 2008.



### A. Romanian Automotive Market

The Romanian automotive industry has been one of the most profitable branches of the economy in recent years. In 2008, the industry was subject to certain changes due to the international economic downturn. Consequently, in 2008 a total of 324,080 units were sold, (-11.7%) out of which 270,995 (-14.1%) were passenger cars, 48,920 (+2.0%) commercial vehicles and 4,165 buses (+28.7%).

**Local production.** Romanian local production increased 1.5% across the board reaching a total volume of 245,308 units in 2008. However, the level of car production

was below expectations (-1.3% against a volume of 231,056 units). The gains were accounted for by the production of commercial vehicles, which registered a significant increase of + 87.4% (13,964 units). Taking into consideration that two-thirds of the domestic production was exported, it follows that the domestic production was supported mainly by external demand, reaching a total of 156,098 units.

**Export.** In 2008, Renault Dacia was one of the best performers on the European market. Its exports increased by 26.0% (156,098 units), and Romania continued to be one of the main car-producing countries of Eastern Europe, with Poland, Hungary, the Czech Republic, and Slovakia.

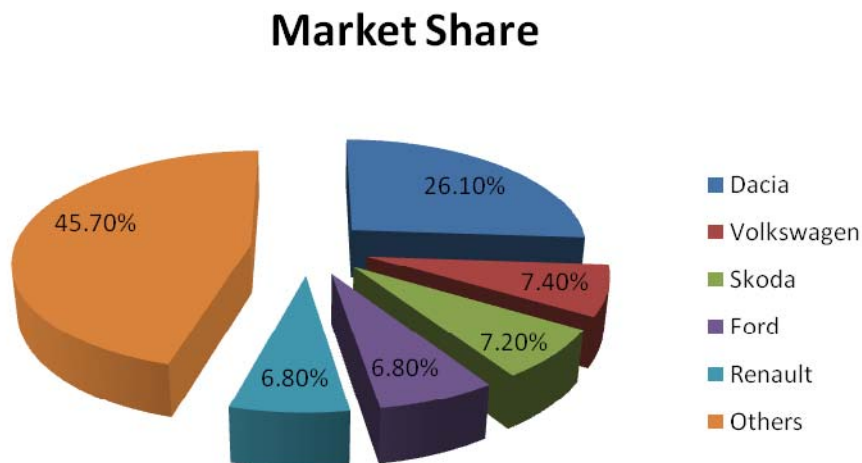
**Import.** The import of motor vehicles slumped 6.6% in 2008, reaching only 232,555 units, which included a 7.7% drop in car imports (189,050 units).

Another significant decrease was in sales of imported diesel cars, which at 18.3% declined faster than the overall decline in car imports.

**Import of commercial vehicles.** A total of 39,352 units were imported in 2008 which indicated a 3.9% decrease against 2007. Also, the decreases in car imports over the three months of the last quarter of 2008 against the same months of 2007 were perceived as a negative signal. This erosion culminated in December with a decrease of -65.4% compared to 2007. Nevertheless, there were segments where imports marked an increase; light commercial vehicles (26,458 units / +2.4%) and commercial vehicles overall (2,485 units / +3.5%) rose modestly.

#### Romanian Car Market Segmented by Brands:

Romania's affinity for European brands, especially French and German, is evident in the relative market shares, and underscored when one realizes the ownership relationships and cooperation between Renault-Dacia and Volkswagen-Skoda.



- **Dacia** led the market in volume with a total of 84,709 units sold (26.1% market share), followed by
- **Volkswagen** with 23, 887 units sold (7.4% market share)

- **Skoda** with 23,189 units (7.2% market share)
- **Ford** with 22,139 units sold (6.8% market share)
- **Renault** with 22,073 units (6.8% market share).

### **Passenger Automobile/Car market**

Overall, this segment registered a decline of 14% by the end of 2008, tumbling to 270,995 units. Even this percentage decrease masks a dramatic collapse in the last month of 2008, when sales decreased 53.0% year-on-year over December 2007.

The market appeared to reward some brands and punish others, though it is important to note that some of these dramatic changes start from very small bases. The brands that grew the most included Mazda (190%), Cadillac (171%), KIA (156%), Suzuki (98%), Maserati (86%), Jaguar (84%), Subaru (61%), Lancia (53%), Mini (37%) and Smart (30%).

In contrast, the most dramatic annual declines were registered by Geely (-90%), Daewoo (-58%), SsangYong (-51%), Great Wall (-49%), Chrysler (-43%), Alfa Romeo (35%), Renault (-34%), Citroen (-28%), Chevrolet (-27%) and Peugeot (-27%).

**Commercial vehicles.** Despite the 2.0% (48,920 units) overall increase registered at the end of 2008, this segment also experienced its worst month in December 2008, when sales fell 61.1% from December 2007. This drop was a clear reflection of the financial downturn evaporating big ticket purchases, and perhaps establishing a new floor on commercial vehicle sales.

**Conclusions.** The Romanian auto market contracted as world economic conditions dried up access to credit, and a weakened local currency made borrowing in euros cost-prohibitive. Sales of domestically produced new motor vehicles took a second blow between July and December. A change in the tax on new vehicle registrations removed a disincentive in the used automobile market, to which consumers responded by importing or purchasing used vehicles, fueling a 143% rise.

The Romanian auto industry makes up 8.5% of GDP and is a major manufacturing employer. Ford Motor Company's purchase of a factory in Craiova represents a major new investment in the industry. The Romanian Government is expected to adopt additional policies aimed at encouraging the purchase of new vehicles -- and replacement of used vehicles -- with lower emissions through measures such as a pollution tax. A "scrapping bonus" has been in place for several years in order to boost new car sales by paying a rebate to consumers who scrap cars more than ten years old and purchase a new car. This program is intended to replace up to 60,000 cars (approx. 22% of the market)

### **B. Automotive Parts**

Not surprisingly, the local manufacturers and suppliers of automotive parts have been affected by the auto industry troubles, and many Romanian suppliers face the prospect

of cutting back production and workforce, in order to survive the first part of 2009. These companies are both direct parts suppliers to Dacia – Renault (which temporarily stopped its production for a month and a half in December 2008 and January 2009) and of various other European automakers. In addition to OEM Dacia, the following auto suppliers have announced job cuts: Draexlmaier (electrical systems), Divertex (car wiring for Renault), Automotive Complete Systems (supplier to Ford), Ana Imep (equipment), Yazaki (wiring), INA Schaeffler. Rolem SA Codlea (supplier to Mercedes), Eybl Automotive (seat covers and autotextiles).

However, if Romania can preserve its OEM manufacturing base, including new capacity with Ford's plant, American automotive parts suppliers will want to monitor the market closely, and consider a business presence in Romania.

## Resources

[Return to top](#)

### **Corina Gheorghisor, U.S. Commercial Service**

E-mail: [Corina.Gheorghisor@mail.doc.gov](mailto:Corina.Gheorghisor@mail.doc.gov)

Automotive Manufacturers and Importers Association (APIA)

<http://www.apia.ro/en/index.php>

## Building Materials

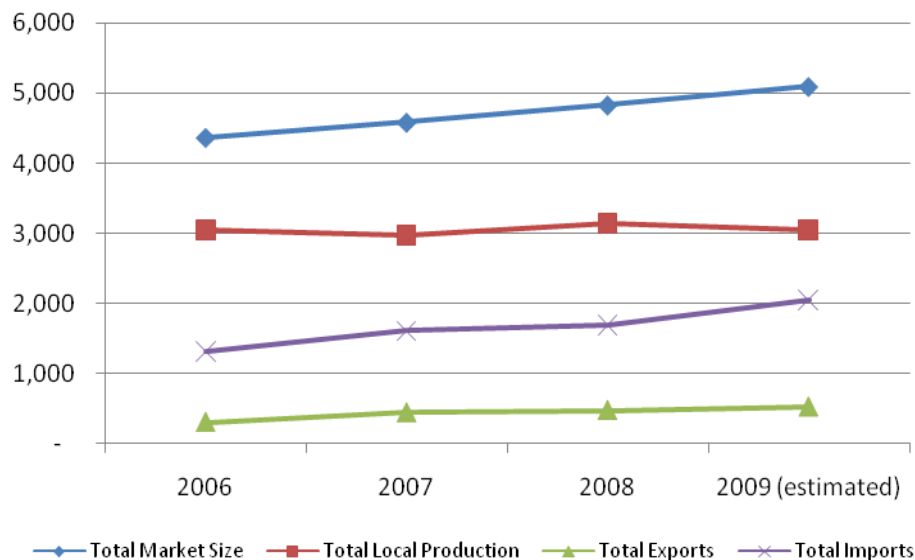
### Overview

[Return to top](#)

	2006	2007	2008	2009 (estimated)
Total Market Size	4,356	4,574	4,824	5,090
Total Local Production	3,048	2,973	3,138	3,047
Total Exports	305	445	480	527
Total Imports	1,308	1,602	1,690	2,045
Imports from the U.S.	124	162	203	340

\*Amounts are estimates (USD billions)

The graph below shows the relative change in value of major components of the building materials industry. Imports are likely to increase their share of total production.



The Romanian construction market increased by 30 % in 2008, according to the National Institute for Statistics, but the financial downturn has affected the real estate and property markets with hard, producing some bankruptcies and layoffs among construction companies. Suppliers of finished materials (such as plumbing fixtures, lighting, etc.) were affected by a declining number of real estate transactions and abandoned or deferred investments.

A recent government ordinance lowering the value added tax (VAT) from the standard 19% to 5% for apartments not exceeding 380,000 RON (\$114,450) including the value of related land will provide some inducement to property buyers.

Infrastructure projects will dominate the construction market in 2009, depending on Romania's ability to marshal internal financial resources, and improve the rate at which it absorbs European Union funds under the EU's Sectoral Operational Program for Transport (POST).



Romania requires massive infrastructure development in order to meet European standards. The National Development Plan (NDP) 2007 – 2013 requires a total budget outlay equivalent to \$75 billion. Under this plan, EU funds will be allocated for infrastructure “rehabilitation” projects such as railways, national roads, ports (river and maritime), and airport infrastructure. These four areas are expected to consume \$13 billion, of which \$6 billion will be financed by the EU’s POST scheme. The largest sums are likely to be spent on projects in rail (\$2.1 billion) and road (\$2.2 billion).

The design for the following projects will be finalized in the period from 2009 to 2013:

- Completion of at least 1,000 km of new highways
- Completion of the National Program for Romania’s major cities
- An upgrade of railway passenger rolling stock,
- The extension and modernization of water and wastewater management infrastructure;
- The development of integrated waste management systems and extension of waste management infrastructure

The new government will seek to accelerate the procedures for obtaining, obligating and spending EU funds in order to accomplish some of the pre-construction steps such as land acquisition, environmental impact studies, and archeological preservation.

## **Best Prospects**

[Return to top](#)

### Building Materials

The market for metallic structures (\$260 mil in 2008) will increase by 20-25% in 2009 due to the demand for logistics warehouses, distribution centers, the relocation of production facilities, and construction of new retail space.

The concept of “green building” materials and techniques is developing in Romania, with awareness and interest growing around energy conservation and real, direct savings. It is unclear whether the newly elected Romanian Government will continue or fund the “Green House” initiative of the previous administration. Under the Green House program, builders and owners could receive rebates for using approved (by the Romanian Government) “green” building technologies, including renewable energy technologies. The Government of Romania has financed a program for “thermal rehabilitation” (insulation and energy renovation) of both public and private buildings, and if this continues it will induce greater demand for insulating materials. The market for these materials stood at \$285 million in 2008, while double-glazing carpentry represented a \$1.3 billion market last year.

Demand for electrical equipment and supplies will receive a boost from several projects to rehabilitate and upgrade railways, and an upgrade and extension of the Bucharest subway system. This may increase demand by 25-30% for such equipment in 2009, from a 2008 base of \$647 million.

## Opportunities

[Return to top](#)

The most important areas of opportunity for U.S. exports or investment include infrastructure development (roads, railways, river and maritime transportation), and projects undertaken in the framework of a public-private partnerships. American companies that can bring expertise in large project design, finance, and management will be particularly well-positioned. Innovative building materials that improve the life-cycle performance and/or conserve energy have a better chance of gaining acceptance than those which appeal simply to “green” ideals in their manufacturing process.

## Resources

[Return to top](#)

### **Doina Brancusi, U.S. Commercial Service**

E-mail: [Doina.Brancusi@mail.doc.gov](mailto:Doina.Brancusi@mail.doc.gov)

Two Romanian trade shows can provide American companies with a point of reference for the types of companies that are active in the market, and with a potential platform on which to meet prospective partners.

Construct Expo – Antreprenor

<http://www.constructexpo-antreprenor.ro/engleza/index.php>

Construct Expo Ambient

<http://www.constructexpo-ambient.ro/engleza/index.php>

## Defense Industry

### Overview

[Return to top](#)

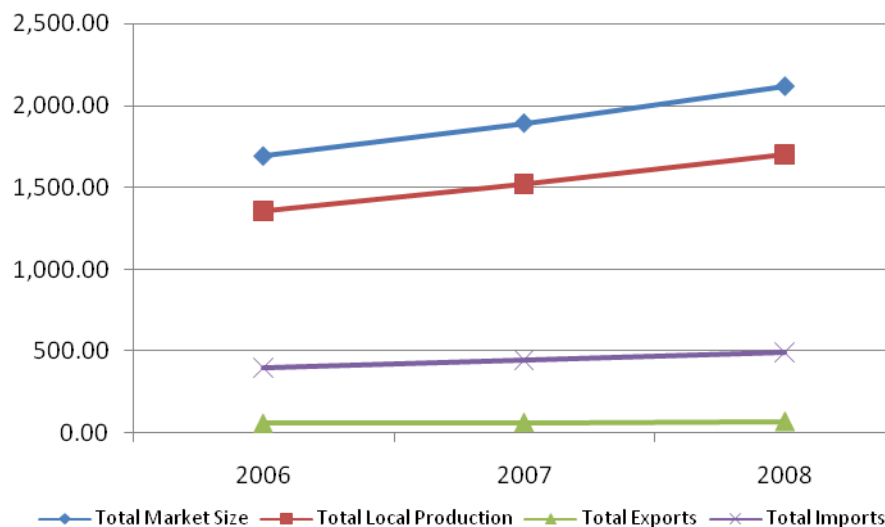
The table and graph below show the relative contribution of imports and local production to Romania's defense industry.

	2006	2007	2008
Total Market Size	1,695.0	1,895.6	2,120.0
Total Local Production	1,355.0	1,517.6	1,699.7
Total Exports	60.0	66.0	72.6
Total Imports	400.0	444.0	492.9
Imports from the U.S.	40.0	45.0	73.9

\* Amounts are in USD millions

Note: The above statistics are unofficial estimates based on SC ROMARM SA and CN ROMTEHNICA SA data

Romanian Defense Market by source of production.



Romania's defense industry represents a complex and dynamic sector, which continues to be attractive to U.S. and foreign investors and vendors. Fifteen years after the fall of communism in Romania, the country became a member of NATO on March 29, 2004. The enormous task of reshaping Warsaw Pact era armed forces to a modern NATO standard is a top priority of the Romanian government. However, the recent economic environment will present a serious challenge to defense procurement plans. From 2003 to 2007, Romania's average annual spending on defense was 2.38% of total GDP. This figure was greater than NATO's guidelines of 2%.

In 2008, the initial defense budget represented 1.91% of GDP, but in March 2008, the Ministry of Finance decided to cut the state budget in order to decrease the country's deficit (below the 3% limit set by the EU). The Ministry of Defense promptly lost 10% of

its funding, or 212.7 million euros, and the final amount remained in flux until the end of 2008. The budget for 2009 represents a decline to approximately 1.3% of GDP. The depreciation of the leu against the euro and U.S. dollar has reduced purchasing power as well.

We expect defense expenditures to significant throughout the next several years, as Romania steps up its efforts to meet NATO requirements for interoperability. As much as 35-40% of the defense budget could be allocated to system and equipment upgrades and modernization.

At present, the Romanian defense industry is capable of producing equipment that meets NATO standards in the following areas: artillery, avionics equipment, helicopters, small arms, communications systems, electro-optics and explosives.

Establishing an effective local presence is a very important step for American firms interested in serving the defense market. Joint ventures and licensing arrangements with Romanian manufacturers provide additional access and allies in competitive tenders. The Government of Romania is also in the process of privatizing state-owned defense manufacturing companies, and these firms represent investment or acquisition opportunities.

## Best Prospects

[Return to top](#)

The best potential sales opportunities for U.S. firms are found in the major ongoing acquisition programs being carried out by the Romanian Armed Forces (Land, Air and Navy) as follows. It is important to note that these are planned acquisition programs, and under review in light of new financial realities.

A short summary of the expected acquisition programs of the **Romanian Land Forces** follows:

- **Romanian Upgraded Tank TR-85M1 Program.** Goals: To improve mobility, protection, communication systems (using hopping frequency radio stations) and night operations (using thermal imaging); to increase firepower (especially using APFSD ammunition) and to improve the turret stabilization; to achieve modernization and assure logistic support in national industries.
- **Infantry Fighting Vehicle MLI – 84M Program.** Goals: To increase firepower by equipping with OWS-25R turret and antitank Spike missile launcher; to improve mobility through the use of a new type of engine, increase protection, implement new communication systems with hopping frequency radio stations and C2 system and night operation by using IR devices.
- **Multi Launcher Rocket System (LAROM – ACCS SYSTEM) Program.** Goals: To increase performance parameters (range, fire power, accuracy, mobility); to integrate a 45 km range rocket; to implement a fire control system (ACCS).
- **35 MM Air Defense Self-propelled System Program.** Goals: Production technology transfer to the state-owned defense company ROMARM in order to

overhaul the GEPARD program; to provide Romanian Armed Forces with two air defense battalions.

- **35 MM Air Defense Towed System Program.** Goals: To transfer production technology to the state-owned company ROMARM for the 35 mm air defense towed system; to assure the capability to engage light armored targets; to deliver three air defense battalions to the Land Forces for night and day operations.
- **UAV System Shadow–600 Program.** Goals: To assure the interoperability with NATO systems for Intelligence Surveillance Reconnaissance; to maintain two operational UAV squadrons (Shadow-600) capable of independent operations; to provide capabilities for reconnaissance missions, surveillance and target acquisition and sending video images in real time from tactical targets to ground stations within a range of 200 km; to provide the capability for search and rescue missions for military and civilian requirements in war or peace time (e.g. antiterrorist support, natural disaster)

The following are the major ongoing acquisition programs of the **Romanian Air Force**:

- **C-130 Hercules Program.** Goals: To improve airlift capabilities. In January 2004 the Romanian government reached agreement with the U.S. Government for the acquisition of an additional surplus USAF C-130 Hercules in addition to upgrading the four C-130s already in service. Romania reportedly wants to buy an additional five C-130s by 2012, with plans to maintain the fleet through a service center in Bucharest.
- **IAR–99 SOIM Program.** Goals: To integrate modern avionics and a weapons management system similar to the MIG-21 LANCER on the IAR-99 platform; to acquire one IAR-99 SOIM squadron and one prototype; to provide training for MIG-21 LANCER pilots; close air defense with highly accurate fly features; and training for military pilots in the second stage of preparation for IV generation fighters.
- **Helicopter IAR-330 Upgraded with SOCAT System Program.** Goals: To make Puma Helicopter NATO compatible; to provide two PUMA multi-role helicopter squadrons for achieving combat missions (antitank, reconnaissance and real time data transmission), SAR, troops and equipment transportation, day and night (including NVG) low level – “head out” flights, secure communications, EW protection and accurate navigation in adverse weather operation conditions; to provide one upgraded PUMA helicopter squadron earmarked for transportation in compliance with NATO standards.
- **Radar for Medium and Low Altitude Surveillance, Gap Filler Program.** Goals: To provide air surveillance together with radar system FPS 117 for altitudes less than 3000 m; to assure compatibility with SCCAN system for providing the Recognized Air Picture for national defense; to develop Romania’s capacity to assemble and integrate the system for logistical support cost reduction.

- **National Air Command and Control System Program (SCCAN).** Goals: To assure the management of military and civilian air traffic, and air police missions; to disseminate the Recognized Air Picture; automatic processing and distribution of military and civilian flight plans; search and rescue missions in different areas; law enforcement (support of low altitude fight against illegal operations). The program is completed and under warranty for the next 9 months and program extension is expected in 2009.
- **Upgrade of FPS-117 long range radars.** Goals: To increase radar capability and manage the obsolescence of some components. The five FPS-117 radars have been upgraded and are now in operation. The program is within the warranty period.
- **Identification Friend or Foe System Program.** Goals: To achieve “friend or foe” radar identification capabilities for objects within Romanian airspace; to receive complete and robust information on these objects, and extend deployment of this kind of equipment for all services.
- **Technical Ground Assistance System for Air Navigation Program.** Goals: To provide full support for three air bases equipped with ground navigation systems in order to assure the interoperability with similar systems used by NATO member countries; to provide the most secure flight conditions for all kinds of aircraft under all weather conditions; optical information for a secondary category landing operation; receive radar information which is protected against electronic countermeasures and has the ability to distinguish between friend and foe.

Major ongoing acquisition programs of the **Romanian Naval Forces**:

- **Preparation for the Phase II Modernization Program for Type 22 Frigates.** Goals: To increase ability to participate in international missions by modernizing air defense capability and EW, combat system, ship to ship missiles, and secure integrated communication systems.
- **Helicopter IAR-330 Upgrade for Naval Missions Program.** Goals: To convert the PUMA helicopter into an multi-role naval helicopter that is NATO compatible; to provide three PUMA naval helicopters for performing naval missions, ASW, ASuW, SAR, troop and equipment transportation, day and night including NVG, low level – “head out” flights, secure communications, EW protection and accurate navigation in adverse weather conditions.
- **The Black Sea Safety and Security Program (SCOMAR):** U.S. consultant, Booz Allen Hamilton, has completed a preliminary feasibility study of the project and Raytheon is currently implementing elements of the SCOMAR system (two over the horizon radar and several X-band radars).

Major ongoing acquisition programs for Common Defense Services Support:

- **RTP/STAR Program.** Goals: To assure communications interoperability with NATO Systems; to achieve NATO compatible strategic communication system; to assure continuous, flexible, secure connection among military units inside national borders in peace or wartime.
- **STAR-RADIO Program - Tactical Communication System.** Goals: To provide Romanian forces with hopping frequency radio stations capable of transmitting secure data, voice and video images; to improve the efficiency of command and control.

## Opportunities

[Return to top](#)

Romania's defense industry is on the threshold of transformation. The government's program to privatize much of the manufacturing base will bring technology transfer, new skills, product innovations, and capital to the growth of the industry. American investors or manufacturing partners are encouraged to perform due diligence on any potential partner, including state-owned enterprises. The Romanian defense industry is relatively small compared to those of its European counterparts, but has a history of exporting product successfully.

The series of major defense program procurements announced in 2008 are now under reconsideration in the budget environment of 2009. However, the Romanian military's "strategic programs" provide an outline of its original intentions. Because of their high cost, a large portion of these programs will be financed through international lending and several may be postponed. The strategic programs are the following:

### Land Forces:

- Procurement of Wheeled Armored Personnel Carriers (8x8 and 4x4)
- Procurement of Multifunctional Platform Vehicles (4x4 armored and non-armored)

**Estimated budget \$1.28 billion**

### Air Force:

- Fighter aircraft program: Future military expenditure is likely to focus on replacing its aging fleet of MiG-21 aircraft. To comply with NATO standards, the Romanian Air Force has requested 48 fourth-generation multi-role aircraft. The Saab JAS 39 Gripen fighter aircraft, the EADS Eurofighter and the Lockheed Martin F-16 and/or refurbished Air Force F-16 multi-role fighter aircraft are under consideration.

**Estimated budget (more than) \$3 billion**

- Procurement of a ground-to-air SHORAD/V-SHORAD missile system.
- Estimated budget \$200 million**

### Naval Forces:

- Procurement of mine hunter vessels and multifunctional corvettes.  
**Estimated budget (more than) \$9 billion over the next ten years**

In addition to the usual logistic support programs for the abovementioned strategic systems, other programs funded from the MoD's budget are expected to be initiated in 2009:

#### Land Forces:

- Radio Frequency Identification (RFID) for tracking assets in the theater of operations, which is a NATO explicit requirement,  
**Estimated budget \$15 million**
- Development of the Command and Control (C2) System for the Division Command Post  
**Estimated budget \$20 million**

#### Air Force:

- Addition of five long-range FPS-117 radars  
**Estimated budget (more than) \$5 million**

#### Naval Forces:

- Upgrade two frigates to NATO standard.  
**Estimated budget (more than) \$400 million**

## Resources

[Return to top](#)

Monica Eremia, U.S. Commercial Service  
E-mail: [Monica.Eremia@mail.doc.gov](mailto:Monica.Eremia@mail.doc.gov)

The U.S. Commercial Service has certified the U.S. Pavilion of the trade show Black Sea Defense & Aerospace, taking place April 13-15, 2010 in Bucharest. U.S. companies interested in participating in this event as exhibitors should contact the show organizer, TNT Productions, at the following website:

Black Sea Defense & Aerospace  
<http://www.bsda.ro/index.php?lang=EN>

Ministry of Defense  
[www.english.mapn.ro](http://www.english.mapn.ro)

Armaments Department  
<http://www.dpa.ro/engleza/index.html>

National Company ROMTEHNICA SA  
[www.romtehnica.com.ro](http://www.romtehnica.com.ro)



Ministry of Economy and Commerce, Defense Industry Department  
[www.minind.ro](http://www.minind.ro)

National Company ROMARM SA  
[www.romarm.ro](http://www.romarm.ro)

Romanian Civil Aeronautical Authority  
[www.caa.ro](http://www.caa.ro)

National Agency for Controlling Exports of Strategic Products (ANCEX)  
<http://www.ancex.ro/?limba=en&pag=1>

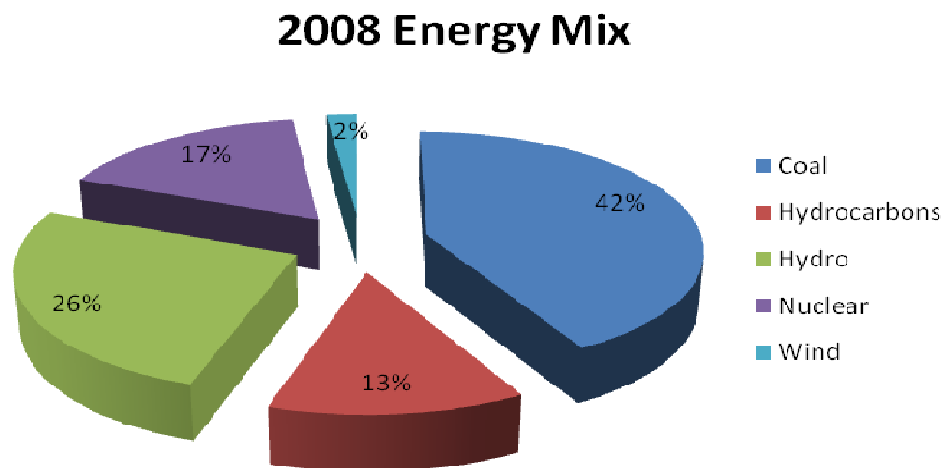
Association of Romanian Defense Producers (PATROMIL)  
[http://www.patromil.ro/home\\_en.html](http://www.patromil.ro/home_en.html)

Black Sea Defense & Aerospace  
<http://www.bsda.ro/index.php?lang=EN>

EXPOMIL  
<http://www.expomil.ro/engleza/index.php>

Romania is endowed with its own primary energy resources, and as a consequence is not as dependent on energy imports as other European countries. The country has the largest oil and natural gas reserves in Central and Eastern Europe. Oil reserves in Romania are estimated at 72 million tons with an annual production that has decreased over the last thirty years, from 14.7 million tons in 1976 to 5 million tons in 2006. Coal reserves in Romania are predominantly lignite and hard coal.

The generation of electricity is primarily based on coal and renewable sources such as large-scale hydro generation and a significant contribution from nuclear energy. The graph breaks down Romania's total energy production by resource.



Since the fall of communism, institutional, regulatory and structural reforms have been carried out in the Romanian energy sector, as well as a program of privatization, in order to fully liberalize the energy market. This objective was substantially achieved on July 1, 2007.

The following are Romania's priorities for the energy sector:

- Total investment of approximately EUR 15 billion in the energy sector over the next 5 years;
- Promotion of renewable and nuclear energy;
- Energy independence by the year 2015, with an ideal energy mix: 1/3 hydro; 1/3 nuclear; 1/3 thermal);
- Increase production capacity from 56-60 to 100 TWh by renewing existing generation capacities and building additional capacity.

## Best Prospects/Services

[Return to top](#)

In light of these priorities above, the best prospects for American companies will be found in electrical power systems, and products and services related to the construction of new power generation capacity. These opportunities include the design and construction of energy networks, their operation (including transportation, transmission and distribution), installation, upgrading, maintenance and repair. There are opportunities in wholesale customer activities as well, including metering and billing, technologies and services for energy management, trading, brokering and sales activities.

The further development of renewable energy sources will create many opportunities for U.S. companies, as well as their competitors, in Romania. Firms providing technology, equipment and solutions that address energy efficiency are likely to find interest as well.

## Opportunities

[Return to top](#)

There are immediate business opportunities to develop small hydro projects in Romania (less than 10 MW). In 2004, the state-owned utility Hidroelectrica received clearance from the Romanian Government to launch a privatization program in which it will sell 150 “micro-hydro” power plants. Of this number, Hidroelectrica has divested successfully 81 micro-hydro power plants in sales totaling 60 million euros. The remaining 69 plants are being put up for sale as scheduled, and these are expected to bring an additional 120 – 160 million Euros to Hidroelectrica.

In 2007, Nuclearelectrica launched an international tender for building Units 3 and 4 of the Cernavoda nuclear power plant. The operator partnered with Electrabel of Belgium, Enel (Italy), Iberdola (Spain), CEZ from the Czech Republic, Arcelor-Mittal from Romania and RWE from Germany. The construction works are scheduled to begin in 2009. In addition, the Romanian Government plans a feasibility study to examine construction of new nuclear power plants elsewhere in Romania.

As in other countries of the EU, the concepts and principles of energy-efficient, sustainable or “green” construction is gaining traction in Romania. The Romanian Government is expected to launch a program “Green House,” aimed to stimulate the development of renewable energy equipment. Certain equipment purchased through this program will receive a subsidy of 90% of the purchase price. Subsidized energy equipment will include geothermic pumps, solar panels, photovoltaic panels, and even small-scale windmills. The Green House project is expected to be a multi-annual program.

## Resources

[Return to top](#)

### **Maria Nitoiu, U.S. Commercial Service**

E-mail: [Maria.Nitoiu@mail.doc.gov](mailto:Maria.Nitoiu@mail.doc.gov)

Ministry of Economy

<http://www.minind.ro>

TERMoeLECTRICA SA  
<http://www.termoelectrica.ro>

HIDROELECTRICA SA  
[http://www.hidroelectrica.ro/index\\_en.html](http://www.hidroelectrica.ro/index_en.html)

NUCLEARELECTRICA SA  
<http://www.nuclearelectrica.ro>

TRANSELECTRICA SA  
<http://www.transelectrica.ro/en.php>

ELECTRICA SA  
<http://www.electrica.ro/default.asp?lang=en>

Romanian Government  
<http://www.gov.ro/main/index/1/2/>

ExpoRenewEnergy  
<http://www.exporenueenergy.ro/engleza/index.php>

Romania needs significant investment to implement the environmental protection standards required by the EU by 2018, when all transitional periods negotiated with the European Commission will expire. Projects related to water and wastewater, solid and hazardous waste management, and large combustion plant air quality control will require the largest and most complex investments.

#### Water and Wastewater

Water and wastewater services in Romania are under a re-engineering process that aims to establish a system of efficient regional water and wastewater operators. More than 79% of Romania's wastewater is either untreated or insufficiently treated and flows directly into natural receivers (such as groundwater, aquifers, rivers, etc.). Only 52% of Romania's population of approximately 21.5 million inhabitants is connected both to running water and sewage services. The part of the population with a water supply but not connected to a sewage system is about 16%, with nearly a third of the population (32%) with neither water supply nor sewage system. The issue is even more apparent in rural areas, where 67% of rural inhabitants do not have access to water supply, and more than 90% are not connected to sewage systems.

#### Waste Management

In urban areas, municipal waste management is carried out through specialized services, covering about 90% of the population. However, no such services exist in rural areas. Romania has 252 municipal landfills, out of which 234 are not compliant with EU environmental standards; there are approximately 2,686 small dumping sites in rural areas. From the total amount of waste from industrial production, excluding mining, only 30% is recovered, the rest being disposed of by land filling or incineration. There are only seven incinerators for hazardous waste in Romania, and seven cement kilns are authorized for the co-incineration of waste. The total number of industrial landfills in Romania is 169, out of which only 15 are in accordance with EU standards. The rest will gradually be closed.

#### Air Quality Control

Various types of particulate matter are the main air pollutants in Romania, and these exceed the maximum admissible concentration by a significant level. The main sources of pollution with particulate matter are thermal power plants using solid fuels, metallurgic and steel industries, cement factories, road transport, waste dumps and waste storage. The Large Combustion Plants (LCP), which produce power and heat, represent the main source of air pollution in many municipalities. In 26 of the largest municipalities in Romania, LCPs are the most important source of thermal energy and household hot water. The main pollution source from the LCP's are the fossil fuels (coal, fuel oil) used by these installations. They emit high concentrations of particulates, nitrogen and sulphur oxides, which cause acid rain and pose a significant health risk.

## Best Prospects

[Return to top](#)

The environmental sectors that are likely to receive the largest amount of investment are water and wastewater, waste management, and integrated pollution control and risk assessment.

The areas offering the best prospects to American firms are those related to local and municipal water supply, waste water treatment, solid waste minimization, recycling and disposal. In addition to the municipal market, other opportunities will continue to appear in projects handled by individual private companies, such as the reduction and treatment of industrial emissions and effluent, and pollution prevention measures. Hazardous waste disposal, soil remediation and waste-to-energy projects remain priorities for Romania.

Waste disposal projects include the construction, modernization, or extension of landfill sites for both cities and villages. For industry, environmental needs include construction of appropriate sites for the deposit of industrial waste, and centralized deposits for hazardous waste, and the construction of incinerators for dangerous and clinical waste. The system and markets for waste recycling are still developing in Romania (see section on Packaging).

## Opportunities

[Return to top](#)

In 2009, the Romanian Ministry of Environment plans to launch 75 projects with a total value of more than 5 billion EUR to address the following applications:

Area	Number of Projects
Water and wastewater	33
Waste management	30
Urban thermal heating	8
Flood management	4

## Resources

[Return to top](#)

### **Maria Nitoiu, U.S. Commercial Service**

E-mail: [Maria.Nitoiu@mail.doc.gov](mailto:Maria.Nitoiu@mail.doc.gov)

Ministry of Environment

[http://www.mmediu.ro/index\\_en.html](http://www.mmediu.ro/index_en.html)

ROMENVIROTEC

<http://www.romenvirotec.ro/engleza/index.php>

EXPOAPA

[http://www.ara.ro/ExpoApa/2008/eng/Index\\_eng.html](http://www.ara.ro/ExpoApa/2008/eng/Index_eng.html)

## Information Technology/Computer Software & IT Services

### Overview

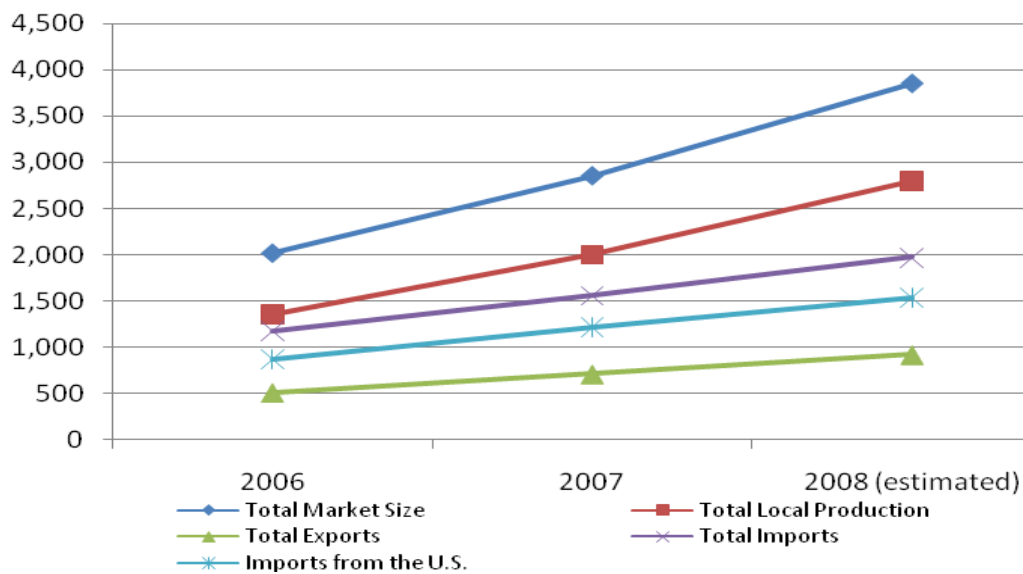
[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	2,015	2,852	3,850
Total Local Production	1,349	2,000	2,800
Total Exports	510	710	920
Total Imports	1,176	1,562	1,973
Imports from the U.S.	870	1,218	1,540

\* Amounts are in USD millions

Note: The above statistics are unofficial estimates based on several sources of market research

The graph below depicts the composition of the Romanian ITC (information technology and communications) market and shows that strong growth has been supported by both a rise in local production and imports. Imports are nearly a third of the market, and U.S. companies account for nearly three-quarters of those.



The Romanian packaged software and IT services market has continued to expand with annual growth rates on the order of 40%, reaching \$2.8 million in 2007, and an estimated value of \$4.05 million in 2008 (up 42%).

Packaged software represents only 12% of overall IT expenditure, and the volume of sales is still low when compared with other countries in the EU or the region. However, the Romanian software market has been growing rapidly, fueled by general economic growth, foreign investment, and the modernization of business and government infrastructure.

Most global software producers are present on the Romanian market. At the same time, local software companies are increasingly involved in packaged software development,

especially in antivirus, e-health and e-learning areas. A number of Romanian software products have gained success on the global market, albeit on a smaller scale, and have won awards at an international level. These include BitDefender/Softwin's security and antivirus product, Siveco's AeL and Inuitext/Softwin's e-learning offerings, and Transart's ERP solutions. Likewise, foreign investors have been active in Romania over the last three years. Some major deals include Siemens SBS' and Ness Technologies' acquisitions of IT service providers Forte and Radix, Intel Capital's investment in Siveco Romania, and Adobe's acquisition of InterAKT.

## Best Products/Services

[Return to top](#)

Systems software and development tools account for more than 50% of total business software expenditures, and U.S. vendors Microsoft, Oracle and IBM have enjoyed strong positions. However, this segment of the market is far from saturated, and provides opportunities for American companies.

The Romanian market for EAS (Enterprise Application Systems) had an estimated value of \$72 million in 2008. The top three vendors (SAP, local player Siveco, and Oracle) captured 65% this segment. Large corporate and government organizations are still the biggest spenders on EAS, but the market is progressively expanding to small and medium-sized businesses. Increasing demand for more complex applications like customer relationship (CRM) or supply chain (SCM) management reflect the drive to modernize operations and wring greater efficiencies in the manufacturing, large retail, utility and medical sectors.

Spending on content and document management solutions (some \$8 million in 2007) has largely been confined to the government and financial services sectors. The security software market expects significant growth in the area of the "3As": Authentication, Authorization, and Administration.

## Opportunities

[Return to top](#)

The general economic malaise will hold Romanian business spending on ITC in check, but not eliminate it entirely. Higher spending on software applications is expected in the next two years, and large IT projects are expected to emerge in the public sector. There is room for further growth in information systems for public administration and the expansion of e-government.

## Resources

[Return to top](#)

### Monica Eremia, U.S. Commercial Service

E-mail: [Monica.Eremia@mail.doc.gov](mailto:Monica.Eremia@mail.doc.gov)

Ministry of Information Technology and Communications

<http://www.mcti.ro/index.php?L=1>

National Regulatory Authority for Communications and Information Technology

<http://www.anrc.ro/index.aspx>



## Infrastructure Status

### Overview

[Return to top](#)

### Road Infrastructure Status

Romania's road infrastructure is one of its most often criticized features, cited as a public hazard, drain on productivity, and obstacle to new investment. It is clear that the road transport infrastructure is inadequate for the demands of the new economy, greater vehicle ownership, and membership in the EU. The country is developing new roads and upgrading its existing network in order to cope with these challenges. The goal is a road network at a standard sufficient to safely and efficiently convey rising traffic levels.

One of the main objectives of the National Transport Policy is the rehabilitation of roads for passenger and freight traffic on the international corridors that pass through Romania. These European corridors consist of: Corridor IV, connecting the Black Sea with Central Europe, Corridor VII –the Danube River, and Corridor IX, connecting the Baltic with the Mediterranean Sea. In order to develop a modern and safe road network to comply with transport demand and EU norms, Romania has, since 1993, initiated a large program of road rehabilitation and development, consisting of fifteen Road Programs. Each phase includes rehabilitation of 500 to 1,000 km and is co-financed by international financial institutions, (primarily the European Investment Bank), the State budget, and the European Commission through the Phare and ISPA programs.

### Rail Infrastructure status

In 2007, the national railway network in Romania included 11,053 km of route in operation (10,914 km standard gauge, 78 km narrow gauge and 61 km broad gauge). Of the total, a little more than a third (35.8%) was electrified, compared with 51% in the EU15. Only 2,965 kilometers (26.9%) were double track, compared with 41% in the EU15. Romania has 996 stations and stops.

Romania's railway network has decreased in length between 1990 and 2007, due to the closure of several little-used lines.

Railway network in Romania 1990-2007 (km)

	1990	1995	2000	2003	2007
Total	11,348	11,376	11,015	11,077	11,053
Electrified	3,689	3,866	3,950	3,965	3,965

\*Source: Statistical Yearbook 2007 and CFR

The railway density is above the EU average in terms of density per population but is slightly below average in terms of density per 1,000 square kilometers. This reflects Romania's relatively large geographical size.

In 2004, the Romanian Government adopted an approach to reduce the amount of rail under its control and budget, by dividing the railway network into two categories:

interoperable and non-interoperable. The former, about 70% of the total route network, are maintained in compliance with EU regulations and standards. The latter 30% are operated under sub-concession agreements by public or private entities.

Due to the heavy use and poor condition of the rail network and associated structures, the maximum traffic speed is subject to dramatic restrictions on several routes. On about 27% of the network, the maximum speed is 50 km/h (31 miles per hour); while on another 39% of the network the maximum speed is 80 km/h (50 mph).

## **Best Products/Services**

[Return to top](#)

The newly-elected Government of Romania has vowed to make massive investments in infrastructure, including public investments in highways, roads, and beltways. Improving rail infrastructure is a priority for Romania's commerce – both domestic and international passengers and freight – and to improve interoperability with the EU.

## **Opportunities**

[Return to top](#)

These projects provide general opportunities for American firms specialized in these fields, but also for those providing more general construction equipment and technologies. There are several specific rail projects for which American firms should position themselves. Over the next six years, the Ministry of Transport and Infrastructure (MTI) will allocate approximately \$1 billion for the modernization of the Bucharest-Brasov, Bucharest-Constanta, Curtici-Simeria and Craiova-Calafat railways, according to a Ministry document quoted by Railway Insider.

The Bucharest urban rail transport administered by MTI, Metrorex, will receive approximately \$500 million for Line Number 5 from Drumul Taberei to Universitate until 2014.

## **Resources**

[Return to top](#)

### **Doina Brancusi, U.S. Commercial Service**

E-mail: [Doina.Brancusi@mail.doc.gov](mailto:Doina.Brancusi@mail.doc.gov)

Ministry of Transport of Romania  
[http://www.mt.ro/engleza/index\\_eng.html](http://www.mt.ro/engleza/index_eng.html)

Romanian Rail System  
<http://cfr.ro/>

## Packaging and Packaging Waste Market

### Overview

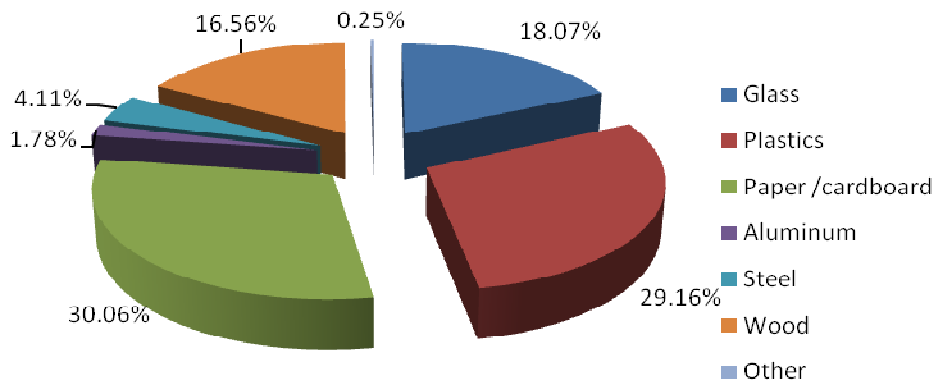
[Return to top](#)

Official figures indicate that the consumption of packaging has steadily increased in the last 8 years. From a quantity of 850,000 tons in 2002 (39 kg/capita), it reached 1,287,018.84 tons in 2007 (over 61kg/capita) with an average increase of 8% per year. In all countries, the amount of packaging released on the market is closely and positively related to the country's Gross Domestic Product. Projections for the next few years indicate that packaging consumption run 1 – 2% higher than the GDP growth, mainly due to changes in Romanian consumers' behavior.

The table and chart show for 2007 the material, volume and relative shares of packaging sold on the Romanian market:

Type of material	Total quantity of packaging placed on the market [t]	%
Glass	232,617.66	18.07
Plastics	375,307.54	29.16
Paper /cardboard	386,855.09	30.06
Aluminum	22,959.31	1.78
Steel	52,931.30	4.11
Wood	213,172.05	16.56
Other	3,175.90	0.25
TOTAL	1,287,018.84	100,00

### Structure of the Packaging Market



Composite packaging is categorized as the material with the highest percentage (paper or plastics).

Prior to its accession to the EU, Romania negotiated with the relevant EU authorities and assumed certain obligations with regard to recovery and recycling of packaging waste. The EU granted Romania a transition period until 2012 to bring its recycling into alignment with Directive 94/62/EC on packaging and packaging waste.

Year	Recycling targets/type of material (%)					Overall recycling target* (%)	Overall recovery or incineration in incinerating facilities with energy recovery ** (%)
	Paper and cardboard	Plastics	Glass	Metals	Wood		
2007	15	10	22	15	5	28	34
2008	60	11	32	50	7	33	40
2009	60	12	38	50	9	38	45
2010	60	14	44	50	12	42	48
2011	60	16	48	50	15	46	53
2012	60	18	54	50	15	50	57
2013	60	22,5	60	50	15	55	60

\*) Minimum percentage from the weight of the packaging on the market.

\*\*\*) Minimum percentage from the total waste of materials contained in the packaging waste released on the market.

Until now, these targets have been met mainly by recovering and recycling packaging waste from industrial and commercial streams (C&I), and to a lesser extent from household waste. The success of a packaging waste collection system from the population depends on its business viability or specifically, its profitability for the eventual owner of the packaging waste. This profitability, in turn, relies on several factors, including domestic and export prices for recycled versus new material, and the ability to reach secondary markets in a cost-effective manner. A national selective collection system was scheduled for 2007, but it was not deployed by the local authorities.

The following table shows the existing recycling capacities in Romania:

Type of waste	Capacity [tones/year]
Paper & cardboard	315,000
Glass	62,000
Plastics	110,000

Romania's primary metals industry (e.g. steel mills) can absorb almost any amount of scrap metal waste. However, the situation is different with wooden packaging waste that is not so frequently recycled. Biomass, or waste-to-energy power generation, is not widespread in Romania to provide a market for this waste.

Under the "Green Dot" system that operates in most European countries, manufacturers who use packaging are required to recover it. Since recovering packaging from downstream users is impractical, manufacturers purchase a license to display the Green Dot on their packaging. The dot shows consumers that the manufacturer contributes to the cost of recovery and recycling by paying a fixed fee and license fee per item of packaging. This system encourages manufacturers to cut down on packaging to avoid license fees, and to pass the cost of the license on to the end user. The general licensor

of the Green Dot is the Packaging Recovery Organization Europe or PRO. In Romania, the affiliate organization is ECO - ROM AMBALAJE S.A., a non-profit organization.

### Market Demand

The introduction of selective collection schemes for municipal waste is an EU requirement and both Romanian industry and local authorities are accountable to annual recovery and recycling targets. Local authorities, in particular, are required to reduce by 15% the amount of waste that is sent to landfills. Failure to meet these targets will lead to penalties as of 2010. In addition to recycling capacity, sorting and collection stations are needed in many municipalities.

### **Best Products/Services**

[Return to top](#)

Demand for other segments of the packaging industry, such as packaging machinery and materials, is linked to the number and production of manufacturers. As new investments or retooling take place in manufacturing, particularly in value-added industries, opportunities to sell packaging equipment will arise.

In 2009, the impending expiration of Romania's grace period for EU compliance will drive the direction of the packaging industry. Many of the market mechanisms that make recycling economically viable are under stress throughout Europe. Romania will require new technologies, business models, and investment in order to reach recycling and recovery targets.

American companies, including specialized consultants with EU experience, with products or services for the collection, recovery and recycling of packaging waste should evaluate the Romanian market for possible entry.

### **Resources**

[Return to top](#)

#### **Corina Gheorghisor, U.S. Commercial Service**

E-mail: [Corina.Gheorghisor@mail.doc.gov](mailto:Corina.Gheorghisor@mail.doc.gov)

CS Romania plans to recruit a Romanian business delegation to the PackExpo exhibition taking place in Las Vegas, Nevada October 5-7, 2009. The event is organized by PMMI, the Packaging Machinery Manufacturers Institute.  
<http://pelv2009.packexpo.com/>

Romanian Association for Packaging and Environment (ARAM)  
[www.aram.org.ro](http://www.aram.org.ro)

AllPack  
<http://www.all-pack.ro/engleza/index.php>

PRO Europe  
<http://www.pro-e.org/>

## Agricultural Sectors

Information about the leading agricultural sectors in Romania is provided by the Foreign Agricultural Service and found at the following link. For more information about opportunities in the agricultural sector please contact: Mr. Hoa Van Huynh, Agricultural Attaché - Bulgaria, Romania, Serbia, Macedonia, Montenegro and Kosovo, Email: [hoa.huynh@fas.usda.gov](mailto:hoa.huynh@fas.usda.gov) OR [huynhh@state.gov](mailto:huynhh@state.gov)

## Overview

[Return to top](#)

Romania remains a largely agrarian country. The Romanian agriculture sector still represents a significant part of GDP -- 7.5 % -- compared to more developed countries. The average for the EU 27 countries is 1.5% of GDP.

Romanian agriculture experienced dramatic growth of 8.6% in Q3 of 2008. Record agricultural production of primary crops (wheat, corn, sunflowers) tempered the effects of the economic crisis. However, this growth braked sharply in the 4<sup>th</sup> Quarter, with both industry and services delivering poorer results, thus reducing their contribution to GDP. The trade deficit in agricultural products continues to grow due to rising consumption, domestic production problems, and global price increases for agricultural products. Yet the chief obstacle to improving this situation is access to capital. Romania could potentially double its agricultural production if it could access EU funding and external financing more effectively. For the years 2007 to 2013, Romania has 8 billion euros in EU funds potentially available for agricultural projects.

Romania's arable land for agricultural purposes is 39.5% of its total area, which ranks the country sixth in the world on that measure. In terms of employment, less than 3% of Romanians are employed officially on agricultural payrolls. However, the official statistics do not capture the situation accurately; closer to 30 % of employment is dependent on agriculture.

European Union Member States continue to be Romania's main agri-food trading partners. The local food industry, which has the largest gross value added in the manufacturing industry (around 28% of total gross value added in manufacturing), is likely to face increasingly tougher competition from the EU. Even though food imports from the EU will be affected by a depreciated local currency, a potential decline could be offset by lower prices, as well as by a higher quality and more diversified range of products. During the first eleven months of 2008, U.S. agri-food exports to Romania increased by 41% compared to the previous year. Some of the most impressive percentage increases were recorded in tree nuts products (60%), consumer-oriented products (51%) and seeds for planting (33%).

## Best Products/Services

[Return to top](#)

### Oilseeds

- Soybeans

Romania continues to be part of a small group of EU countries which still allow some planting of biotech seeds for commercial use. Prior to EU accession, Romania was the

only country in Eastern Europe to plant biotech soybeans. The acreage under biotech soybeans grew 8 times during 2001-2006, reaching 137,000 hectares. This was discontinued in 2007, when Romania acceded to the EU. In 2008, Romanian farmers planted biotech corn for commercial purposes on 7,500 hectares, up from 331 hectares in 2007.

The area planted with soybeans shrank further last year, to 51,000 hectares compared with 80,000 hectares in the prior year. This area drop is viewed as the farmers' response to the moratorium on planting biotech soybeans, as the production costs for conventional soybeans are much higher.

Insufficient domestic production has generated high demand for imports, which continue to grow. Thus, soybean meal imports grew by 60% during the first ten months of 2008 compared to the prior year, reaching 277,513 MT (Table 2).

**Table 2. Soybeans and soybean meal imports into Romania (January-October, 2006-2008)**

Imports into Romania (10 months)	2006		2007		2008	
	Quantity (MT)	Value (USD)	Quantity (MT)	Value (USD)	Quantity (MT)	Value (USD)
<b>Soybeans</b>	9,492	3,697,001	25,230	12,433,024	66,271	41,500,095
<b>Soybean meal</b>	67,862	17,692,139	166,914	53,491,923	277,513	141,337,050
<b>Soybean meal from U.S.</b>	5,927	1,517,670	0	0	25,543	13,287,260

Source: *Global Trade Atlas*

- Sunflower seeds

Romania continues to be a net exporter of sunflower seeds, with a volume of around 0.4 million MT per year. Sunflower seed oil continues to be at the top of the list of oils for human consumption, with 84% of the diet structure (smaller than previous year), followed by Soy 9-10%, Olive 1%, Rapeseed 4%, Corn 0.36% and others.

**Table 1. Sunflower seeds and related products imports into Romania (January-October, 2006-2008)**

Imports into Romania (10 months)	2006		2007		2008	
	Quantity (MT)	Value (USD)	Quantity (MT)	Value (USD)	Quantity (MT)	Value (USD)
<b>Sunflower seeds</b>	18,949	20,149,228	59,995	38,748,104	56,533	60,718,452
<b>Sunflower oil</b>	14,515	8,309,788	26,433	22,838,810	10,431	15,703,192
<b>Sunflower meal</b>	1	1,883	160	100,375	0	0

Source: *Global Trade Atlas*  
Distilled Spirits

The total spirits market is estimated at about \$1.7 billion, including home-made drinks (38 %). As shown in Table 3, imported spirits reached a value of \$71 million during the first ten months of 2008, with whiskey imports capturing more than 65% of all distilled spirits imports (\$46 million). Total volume increased by 24%, from 2.6 million liters in 2007 to 4.1 million liters in 2008, as a result of EU accession and the consequent elimination of tariffs in January 2007. The upward trend is expected to continue in 2008, as disposable income rises and a larger range of products becomes available on the market. The United States is the third largest spirits exporter to the Romanian market, after the United Kingdom and the Netherlands. Bourbon whiskey accounted for 97% of U.S. exports.

**Table 3. Distilled spirits imports into Romania  
(January-October, 2006-2008)**

Imports into Romania (10 months)	2006		2007		2008	
	Quantity (litters)	Value (USD)	Quantity (litters)	Value (USD)	Quantity (litters)	Value (USD)
<b>Distilled spirits</b>	1,976,053	42,392,304	2.673,801	43,327,122	4,158,546	71,156,214
<b>Of which, Whiskey</b>	1.196.324	28,281,892	1.431,488	27,517,066	2,300,489	46,420,296

Source: Global Trade Atlas

## Other Opportunities

[Return to top](#)

### Biofuels

The energy crops used as feedstock for biofuel production (rapeseeds and soybeans for biodiesel, and corn for bioethanol) have very good prospects in the coming years. In 2008, Romanian rapeseed yields varied between 1.7-1.9 MT/HA. Total production figure increased by 10%. The additional output was directed to exports, the estimate totaling around 400,000 MT.

Romania has developed a plan of gradual substitution of conventional fuel with fuel obtained from renewable sources. According to this plan, starting with January 2008, 4% of biodiesel should be blended with diesel, and starting with July 2009, a minimum 4% of bioethanol based on volume should be blended with gasoline.

Considering the annual diesel consumption at the national level and the current capacity for biodiesel production, Romania may be able to export biodiesel in the future. There has been substantial foreign investment in biodiesel production (Portugal, Switzerland, and Germany). None of the large U.S. biofuel producers has invested so far in renewable energy in Romania (Cargill, ADM/Toepfer, Bunge).

### Animal feeds

Despite huge price increases for grains and animal feeds, the livestock industry has a bright future. As EU regulatory (food safety) requirements are implemented, production will move from the subsistence farms level to larger-scale commercial facilities. Therefore, given the current and expected continued feed ingredients shortage in the



EU, forecasts indicate that grains, protein meals, and miscellaneous fodder imports will continue to rise during 2009.

### Dried fruits and nuts

At the consumer level, dried fruits and nuts imports have been on an upward trend over the last several years, triggered by higher consumption, either as an intermediate product for further processing or ready for retail.

### **Resources**

[Return to top](#)

Monica Dobrescu, Foreign Agricultural Service

E-mail: [Monica.Dobrescu@usda.gov](mailto:Monica.Dobrescu@usda.gov)

Ioana Ionescu, Foreign Agricultural Service

E-mail: [ioana.ionescu@usda.gov](mailto:ioana.ionescu@usda.gov), [agbucharest@usda.gov](mailto:agbucharest@usda.gov)

[www.fas.usda.gov](http://www.fas.usda.gov) click on Attaché Reports

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

Romania is an open market, requiring no special conditions for access or operation on the part of foreign companies. Romania adopted an 8-digit customs tariff code in May 1993. The first six numbers indicate the position and sub position of the commodity from the Harmonized System and the last two numbers show the description of Combined Nomenclature. Since January 1 2007, Romania has applied the common EU tariff system. Tariffs are particularly high for items such as cigarettes.

Romania has a Value Added Tax (VAT) with a standard rate of 19% and applies to the base of taxation for any taxable operation that is not exempt from the value-added tax or subject to a reduced rate of value-added tax. A reduced rate of 9% applies to certain services and goods, such as prostheses of any type and their accessories (not dental prostheses), orthopedic products, medicines for human and veterinary use, accommodations within the hotel sector, books, newspapers and tabloids, except those which are used primarily for advertising. Goods imported, stored and transformed through one of the country's six free trade zones are exempt from paying VAT.

### Trade Barriers

[Return to top](#)

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

[http://www.ustr.gov/Document\\_Library/Reports\\_Publications/2007/2007\\_NTE\\_Report/Section\\_Index.html?ht=](http://www.ustr.gov/Document_Library/Reports_Publications/2007/2007_NTE_Report/Section_Index.html?ht=) .

Information on agricultural trade barriers can be found at the following website:  
<http://www.useu.usmission.gov/agri/usda.html>.

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

## **Import Requirements and Documentation**

[Return to top](#)

The Romanian Customs Office requires standard documents for release for free circulation. The import SAD (Single Administrative Document), which also applies to exports, must be submitted for acceptance and registration to the Customs Authority, supported by the following documents:

1. The commercial invoice showing the value of the goods,
2. The declaration of particulars for the assessment of the customs value of the goods declared,
3. Any documents required for the application of preferential tariff arrangements

The customs authorities may require transport documents or documents relating to the previous customs procedure, as appropriate, to be produced when the declaration is lodged. They may also require the production of a packing list or equivalent document indicating the contents of each package. Goods under duty suspension require the authorization of the Customs Authority, and relevant contracts should also be presented for clearance purposes.

At the re-export, the Customs Authority may require documents relating to the previous customs procedure, as appropriate, to be produced when the declaration is lodged. The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link: [http://ec.europa.eu/taxation\\_customs/common/databases/taric/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm)

The Modernized Customs Code (MCC) of the European Union entered into force in June of 2008. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:  
[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/community\\_code/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm).

### Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. EU Member States must implement the EU Directive into their national law by September 26, 2008. For more information, see our market research report: [http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

## REACH

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU Member States in June 2007. Virtually every industrial sector, from automobiles to textiles, could be affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization of Chemicals." As of June 1 2008, REACH will require all chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Most chemicals currently imported into the EU are eligible for pre-registration which provides ECHA with basic information on the substance and allows the continued imports until a later registration deadline. ECHA will accept pre-registrations from 1 June 2008 until 1 December 2008. U.S. companies should take advantage of the pre-registration period if possible. The full registration period for chemicals which are pre-registered ranges from three to eleven years depending on the volume of the substance and its hazard properties. Substances not pre-registered must be registered to stay on the market. Chemicals of very high concern, like carcinogens, will need an authorization for use in the EU. U.S. exporters to Europe should carefully consider this piece of EU environmental legislation. For more information, see the CSEU REACH webpage at: <http://www.buyusa.gov/europeanunion/reach.html>.

## WEEE & RoHS

EU rules on waste electrical and electronic equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the hazardous substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://www.buyusa.gov/europeanunion/weee.html>

American exporters are encouraged to be familiar with the regime of export licensing in the United States. For most goods and services, no special export license is required, but their export sale is covered by a “general license.” The Bureau of Industry and Security (BIS) within the U.S. Department of Commerce conducts an extensive education and outreach program. Complete information can be found on the BIS website: <http://www.bis.doc.gov/>

The term ‘customs procedure with economic impact’ is used to describe the following arrangements:

- customs warehousing;
- inward processing;
- processing under customs control;
- temporary importation;
- outward processing

**The customs warehousing** procedure allows the storage in a customs warehouse of:

- (a) Non-Community goods, without such goods being subject to import duties or commercial policy measures;
- (b) Community goods, where Community legislation governing specific fields provides that their being placed in a customs warehouse shall attract the application of measures normally attaching to the export of such goods

Community and Non-Community refer to the origin of the good as either from within the EU or outside.

**The inward processing procedure** allows the following goods to be used in the customs territory of the Community in one or more processing operations:

- (a) non-Community goods intended for re-export from the customs territory of the Community in the form of compensating products, without such goods being subject to import duties or commercial policy measures (suspension system);
- (b) goods released for free circulation with repayment or remission of the import duties chargeable on such goods if they are exported from the customs territory of the Community in the form of compensating products (drawback system).

**The procedure for processing under customs control** allows non-Community goods to be used in the customs territory of the Community in operations which alter their nature or state, without their being subject to import duties or commercial policy measures, and shall allow the products resulting from such operations to be released for

free circulation at the rate of import duty appropriate to them. Such products shall be termed processed products.

According to Art 137 from Community Customs Code, **the temporary importation procedure** allows the use in the customs territory of the Community, with total or partial relief from import duties and without their being subject to commercial policy measures, of non-Community goods intended for re-export without having undergone any change except normal depreciation, due to making use of them.

In cases qualifying for partial exemption of customs duties, the duties are levied at 3% of the amount due, had the goods been imported. The duty is calculated for every month or partial month in which the goods are under temporary admission but the amount cannot exceed the total due had the goods been imported. In cases qualifying for total exemption of import duties, but which are subsequently imported, the taxation rate will be the one in force at the registration date of the import customs declaration.

Article 145 of the Community Customs Code, states that the outward processing procedure allows Community goods to be exported temporarily from the customs territory of the Community in order to undergo processing operations and the products resulting from those operations to be released for free circulation with total or partial relief from import duties.

## Labeling and Marking Requirements

[Return to top](#)

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes. Manufacturers are advised that all labels in the EU require metric units, although dual labeling is also acceptable until the end of 2009.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products: [http://europa.eu.int/eurlex/en/consleg/main/1980/en\\_1980L0232\\_index.html](http://europa.eu.int/eurlex/en/consleg/main/1980/en_1980L0232_index.html).

The EU distinguishes environmentally friendly production through a labeling scheme called the Eco-label. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar such products. However, the scheme does not establish science-based, ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and regulations.

Prohibited imports into the EU include products such as firearms, ammunition, illegal drugs and other similar items that can affect national security, public health or “good morals.”

The TARIC, mentioned in the Customs section above, shows various rules for specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: [http://ec.europa.eu/taxation\\_customs/common/databases/taric/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)

The Romanian Standards Association (ASRO) is the peak specialized body for standards. ASRO is a private, non-profit association authorized by the Government, replacing in this respect the former Romanian Standards Institute. ASRO is the only national standards body in Romania recognized as and its principal responsibilities are to coordinate the development, approval, and publication of standards, as well as certify conformity with the standards. ASRO represents Romanian interests in international, European and regional standards organizations. The National Standardization Plan is issued annually and is available on the following address:

Key link: [www.asro.ro](http://www.asro.ro)

Romania is a full member of the European standards organizations, CEN and CENELEC and as a result, all Romanian standards are voluntary.

## Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://useu.usmission.gov/agri/>.

### **Standards Organizations**

[Return to top](#)

EU standards development is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.org/Cenelec/Homepage.htm>)
- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

Standards are developed or amended by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge. All the EU harmonized standards, which provide the basis for CE marking, can be found on <http://www.newapproach.org/>.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, it seems likely that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp>.



## NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at: <http://www.nist.gov/notifyus/>

### Conformity Assessment

[Return to top](#)

Conformity Assessment is a mandatory step for a manufacturer to comply with specific EU legislation. The purpose of conformity assessment is to ensure consistent compliance during all stages of the production process. Manufacturers have some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

### Product Certification

[Return to top](#)

In order to sell products on the EU market of 27 countries, U.S. exporters are required to apply CE marking whenever their products are covered by specific product legislation. This legislation requires manufacturers to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

## Accreditation

[Return to top](#)

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: <http://ts.nist.gov/Standards/Global/mra.cfm>

Accreditation is handled at Member State level. "European Accreditation" ([http://www.european-accreditation.org/default\\_flash.htm](http://www.european-accreditation.org/default_flash.htm)) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

## Trade Agreements

[Return to top](#)

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

## Web Resources

[Return to top](#)

National Customs Authority  
<http://www.customs.ro/en.aspx>

European Commission, DG Health and Consumer Protection, Consumer Affairs  
[http://europa.eu.int/comm/consumers/cons\\_safe/prod\\_safe/index\\_en.htm](http://europa.eu.int/comm/consumers/cons_safe/prod_safe/index_en.htm)

European Committee for Electro-technical Standardization  
<http://www.cenelec.org>  
<http://www.cenelec.org/Cenelec/Homepage.htm>

European Telecommunications Standards Institute  
<http://www.etsi.org>

European Committee for Standardization  
<http://www.cenorm.be>

American National Standards Institute  
<http://www.ansi.org>

New Approach Standardization in Europe  
<http://www.newapproach.org>

Government-to-Government Mutual Recognition Agreement Information  
<http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>

European Cooperation for Accreditation  
<http://www.european-accreditation.org>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### Openness to Foreign Investment

[Return to top](#)

#### Encouraging Investment

Romania actively seeks direct foreign investment. The Agency for Foreign Investment (ARIS), created in 2004, is designed to advertise the country as a good investment destination and to improve aspects of the business climate. Romania's marketplace of 21.6 million consumers, a well-educated workforce, geographic location, and abundant natural resources make it an increasingly attractive destination for investment. To date, favored areas for American investment include IT and telecommunications, services, manufacturing, and consumer products.

Romania has taken steps to strengthen tax administration, enhance transparency, and create legal means to resolve contract disputes expeditiously. Mergers and acquisitions are subject to review by the Competition Council. Romania's accession to the European Union on January 1, 2007 has helped solidify institutional reform. However, judicial and legislative unpredictability continues to affect the investment climate. Prospective U.S. investors should exercise careful due diligence, including consultation with competent legal counsel, when considering any investment.

U.S. companies establish a local presence in the Romanian market in several forms. Many form distribution agreements with a local Romanian firm who brings experience, expertise and access to the partnership. Other firms cover Romania from a distributor or

sales representative in the region. Still other American companies choose Romania as a base of manufacturing or distribution and establish a subsidiary. The choice of strategy depends on the industry, the nature of the customer (government buyer or retail trade), and the business case. Companies that rely on regular access to the Government of Romania, or have a significant service component, generally seek to establish a subsidiary, sometimes through acquisitions.

Investments that involve the public authorities (central government ministries, county governments, and city administrations) are generally more complicated than investments or joint ventures with private Romanian companies. Large deals involving the government - particularly public-private partnerships and privatizations of key state-owned enterprises - can become stymied by vested political and economic interests or bogged down due to a lack of coordination among governmental ministries. Investors have generally encountered greater success with less complex deals involving small- to medium-sized private and state enterprises.

### EU Accession

Romania became a member of the European Union on January 1, 2007. The country has worked assiduously to create a legal framework consistent with a market economy and investment promotion, and has largely concluded its efforts to enact EU-compatible legislation. At the same time, implementation of these regulations sometimes lags. The U.S. Department of Commerce recognized Romania as a market economy for anti-dumping investigation purposes beginning in March 2003.

### Legal Framework

Romania's legal framework for foreign investment is encompassed within a substantial body of law, largely enacted in the late 1990s and subject to frequent revision since. Investors are strongly encouraged to engage local counsel to navigate through the various laws, decrees, and regulations.

This body of legislation and regulation provides national treatment for foreign investors, guarantees free access to domestic markets, and allows foreign investors to participate in privatizations. There is no limit on foreign participation in commercial enterprises. Foreign investors are entitled to establish wholly foreign-owned enterprises in Romania (although joint ventures are more typical) and to convert and repatriate 100 % of after-tax profits. Foreign firms are allowed to participate in the management and administration of the investment, as well as to assign their contractual obligations and rights to other Romanian or foreign investors.

Foreign investors may engage in business activities in Romania by any of the following methods:

- Setting up new commercial companies, subsidiaries or branches, either wholly owned or in partnership with Romanian natural or legal persons;
- Participating in the increase of capital of an existing company or the acquisition of shares, bonds, or other securities of such companies;
- Acquiring concessions, leases or agreements to manage economic activities, public services, or the production of subsidiaries belonging to commercial companies or state-owned public corporations;

- Acquiring ownership rights over non-residential real estate improvements, including land, via establishment of a Romanian company;
- Acquiring industrial or other intellectual property rights;
- Concluding exploration and production-sharing agreements related to the development of natural resources.

Foreign investor participation can take the form of: foreign capital, equipment, means of transport, spare parts and other goods, services, intellectual property rights, technical know-how and management expertise, or proceeds and profits from other businesses carried out in Romania. Foreign investment must comply with environmental protection, national security, defense, public order, and public health interests and regulations.

There have been few hostile take-over attempts reported in Romania, and as a result Romanian law has not focused on limiting potential mergers or acquisitions. There are no Romanian laws prohibiting or restricting private firms' free association with foreign investors.

### Privatization

The State Asset Resolution Authority (AVAS) is charged with privatizing state-owned industrial and energy assets and managing these assets in the interim period before a privatization is finalized. The law on privatization permits the responsible authority to hire an agent to handle the entire privatization process, though ultimate decision-making authority remains with the government.

Major energy sector privatization was largely stalled in 2008, although the state-owned hydro power producer, Hidroelectrica, is making progress in selling off micro hydropower plants. The company sold 33 micro hydro power plants, worth 39 million Euros, to foreign and Romanian investors in 2008.

Prospective investors are strongly advised to conduct thorough due diligence before any acquisition, particularly of state-owned assets. Some firms have found it advantageous to purchase industrial assets through AVAS' budget arrears recovery process rather than through direct privatization. When utilized, this method may avoid assuming historical debt or encumbering labor agreements. As a member of the European Union, Romania is required to notify the European Commission's General Directorate for Competition regarding significant privatizations and related state aid. Prospective investors should ascertain whether such an obligation exists, and ensure compliance by relevant government entities. GOR failure to notify the European Commission properly has resulted in delays and complications in some past privatizations. Some investors have also experienced problems due to the occasional failure of GOR entities to fully honor contractual obligations following conclusion of privatization agreements.

Romanian law allows for the inclusion of confidential clauses in privatization and public-private partnership contracts to protect business proprietary and other information. However, in certain high-profile privatizations, Parliamentary action has compelled the opening up of such provisions.

## Property and Contractual Rights

Property and contractual rights are recognized, but enforcement through the judicial process can be difficult, costly, and lengthy. Foreign companies engaged in trade or investment in Romania often express concern regarding Romanian courts' lack of expertise in commercial issues. Judges generally have little experience in the functioning of a market economy, international business methods, intellectual property rights, or the application of Romanian commercial and competition laws. Even when court judgments are favorable, enforcement of judgments is inconsistent and can require further lengthy appeals.

## **Conversion and Transfer Policies**

[Return to top](#)

Romanian legislation does not restrict the conversion or transfer of funds associated with direct investment. All profits made by foreign investors in Romania may be converted into another currency and transferred abroad at the market exchange rate after payment of taxes.

Romania's national currency, the Leu, is freely convertible on current-account transactions, in accordance with the International Monetary Fund's (IMF) Article VII. Proceeds from the sale of shares, bonds, or other securities, as well as from the conclusion of an investment, can also be repatriated. There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital gains, returns on intellectual property, or imported inputs.

In 1997, the Romanian government implemented new regulations that liberalized foreign exchange markets. The inter-bank electronic settlement system became fully operational in 2006, eliminating past procedural delays in processing capital outflows. Commission fees for real-time electronic banking settlements have gradually been reduced.

Capital inflows are free from restraint. Previous restrictions on the opening of Leu deposits by non-residents have been lifted. Romania concluded capital account liberalization in September 2006 with the decision to permit non-residents and residents abroad to purchase derivatives, treasury bills and other monetary instruments.

## **Expropriation and Compensation**

[Return to top](#)

The law on direct investment includes a guarantee against nationalization and expropriation or other equivalent actions. The law allows investors to select the court or arbitration body of their choice to settle potential litigation. Five cases against Romania are pending with the International Center for Settlement of Investment Disputes (ICSID). Several cases involving property nationalized during the communist era also remain unresolved.

### Arbitration

Romania recognizes the importance of arbitration in the settlement of commercial disputes. Many agreements involving international companies and Romanian counterparts provide for the resolution of disputes through third-party arbitration. Romania is a signatory to the New York Convention of 1958 regarding the recognition and execution of foreign arbitration awards. Romania is also a party to the European convention on international commercial arbitration concluded in Geneva in 1961 and is a member of the International Center for the Settlement of Investment Disputes (ICSID).

Romanian law and practice recognize applications to other internationally-known arbitration institutions, such as the ICC Paris Court of Arbitration and the Vienna United Nations Commission on International Trade Law (UNCITRAL). Romania also has an International Commerce Arbitration Court administered by the Chamber of Commerce and Industry of Romania. Arbitration awards are enforceable through Romanian courts under circumstances similar to those in other Western countries, although legal proceedings can be protracted.

### Mediation

Mediation as a tool to resolve disputes is becoming more common in Romania. Mediation became a legal profession in 2006 when the Romanian Parliament passed legislation recognizing it and establishing a certifying body, The Mediation Council, to set standards and practices. The professional association, The Union of Mediation Centers in Romanian, is the umbrella organization for mediators throughout the county. There are recognized mediation centers in every county capital where court-sanctioned and private mediation is available.

There is no court-ordered mediation but judges can encourage litigants to use mediation to resolve their cases. If litigants opt for mediation, upon completion of the mediation process, they must present their proposed resolution to the judge who must approve the agreement.

The Union of Mediation Centers is a member of the European Mediation Network Initiative and is recognized by the European Union and other regional bodies.

### Bankruptcy

Romania's bankruptcy law contains provisions for liquidation and reorganization that are generally consistent with Western legal standards. These laws usually emphasize enterprise restructuring and job preservation. Legal and economic education and the training of judges and lawyers lag behind law-making, which often results in inconsistent outcomes. To mitigate the time and financial costs of bankruptcies, Romanian legislation provides for administrative liquidation as an alternative to bankruptcy. However, investors and creditors have complained that the liquidators sometimes lack the incentive to expedite liquidation proceedings, and that, in some cases, their decisions have served vested outside interests. Both state-owned and private companies tend to opt for judicial reorganization to avoid bankruptcy.



### Incentives

Currently, customs and tax incentives are available for investors in six free trade zones and 36 regions of the country designated as economically disadvantaged. State aid is available for investments in free trade zones under EU regional development assistance rules. Large companies may receive aid equivalent to up to 50 % of their eligible costs (limited to 40 % in Bucharest and surrounding Ilfov county), while small- and medium-sized enterprises (SMEs) may receive assistance with up to 65 % of their eligible costs. Prospective investors are advised to investigate thoroughly the current status of fiscal incentives.

In 2007 Romania adopted European Union regulations on regional investment aid and instituted state aid schemes for large investments. To benefit from state aid under these schemes, the applicant must secure financing for at least 25 % of the eligible costs, either through its own resources or by external financing, in a form which is free of any public support. The applicant must document this financing in strict accordance with Ministry of Finance guidelines. In practice, unfortunately, GOR budget constraints and a less than fully transparent application process have limited access to these forms of state aid.

To reduce initial startup costs, a system of industrial parks and technological parks is being created. Tax incentives are available under the law for the industrial park operator, while companies that establish themselves in the park benefit from access to utility hookups and infrastructure, and to potential local tax rebates under regional development aid schemes. According to the Agency for Foreign Investment, there were 54 industrial parks throughout Romania as of December 2008.

As a member of the European Union, Romania must receive European Commission approval for any state aid it grants which is not covered by the EU's block exemption regulations. The Romanian Competition Council acts as a clearinghouse for the exchange of information between the Romanian authorities and the European Commission. Specifically, the Council screens the state aid notifications and provides an initial opinion to the state aid grantor as to whether the request is consistent with EU directives, allowing for an opportunity to revise or withdraw a request before it is submitted to the Commission. Even after submission, the Council retains jurisdiction over competition and antitrust matters. The failure of state aid grantors to notify the Commission properly on aid associated with privatizations has resulted in the Commission launching formal investigations into several privatizations. Investors should ensure that government entities with which they work fully understand and fulfill their duty to notify competition authorities. Investors may wish to consult with EU and Romanian competition authorities in advance to ensure a proper understanding of notification requirements.

## Tax System

Since 1999, Romania has revised its tax system to bring it closer both to EU models and to the recommendations of the World Bank and IMF. In 2004, Romania adopted a flat tax of 16 % on personal income and corporate profits, and simplified the tax code. The government has also reformed the tax code to encourage economic growth and foreign investment. It reduced employers' payroll taxes by two percent in 2007 and by an additional six percent in three stages in 2008. However, after these cuts, the new GOR increased again the payroll taxes by 3.3% beginning January 2009, so Romania's aggregate payroll tax remains a burden. Romania has a 19 % value added tax (VAT). Investors should be aware that, due to budget constraints, the GOR has occasionally withheld VAT reimbursements due to foreign companies for extended periods. The country is fully integrated into EU customs and excise tax systems, and is scheduled to be fully integrated into EU VAT transfer systems by 2009. The new coalition government, which took office in late December 2008, has announced that it will keep the flat tax unchanged.

## Tariff Preferences

Upon EU accession, Romania implemented the EU Common Customs Tariff, the Generalized Preference Scheme, EU commercial safeguards, preference agreements and cooperation agreements concluded by the EU with third countries, as well as other EU commercial commitments with the WTO.

## **Right to Private Ownership and Establishment**

[Return to top](#)

The Romanian Constitution, adopted in December 1991 and revised in 2003, guarantees the right to ownership of private property. Mineral and air rights, and similar rights are excluded from private ownership. Under the revised Constitution, foreign citizens can gain land ownership through inheritance. With EU accession, citizens of EU member states can now own land in Romania subject to reciprocity in their home country.

Companies having foreign capital may acquire land or property necessary for fulfilling or developing the company's corporate goals. If the company is dissolved or liquidated, the land must be sold within one year of the company's closure and may only be legally sold to a buyer(s) with the legal right to purchase such assets. For a transition period of seven years after Romania's accession to the EU, foreign investors cannot purchase agricultural land or forests and forestry land (except for farmers acting as commercial entities). Investors can purchase shares in agricultural companies that can lease land in the public domain from the State Land Agency.

### Mortgages

In early 2006, the Parliament passed a legislative package that regulates the establishment of specialized mortgage banks, including the possibility of transforming existing non-banking mortgage credit institutions into specialized mortgage banks. The law also makes possible a secondary mortgage market by regulating mortgage bond issuance mechanisms. Currently, mortgage lending is offered by commercial banks, specialized mortgage banks, and non-bank mortgage credit institutions. With the 2006 privatization of the Romanian Commercial Bank (BCR), Romania's mortgage market is almost entirely private (the state-owned National Savings Bank, or CEC, also offers mortgage loans). The primary market demonstrated robust growth until the third quarter of 2008, when credit tightened in response to the international financial crisis and the implementation of much stricter national regulations on borrower qualifications. Standard bank loans currently charge interest of around 15 % APY on Leu loans for an initial fixed term (of one, two, or five years), followed by a variable interest rate for the life of the loan. Variable rates are typically pegged to the six-month ROBOR (Romanian inter-bank) rate (currently around 16.3 %) plus a fixed spread. Euro-denominated loans currently offer interest rates of approximately seven percent APY for the first two years, with subsequent variable rates linked to the six-month EURIBOR (European inter-bank) rate. Due to the financial crisis, however, many banks have restricted euro-denominated lending.

### Intellectual Property Rights

Romania is a signatory to international conventions concerning intellectual property rights (IPR), including TRIPS, and has enacted legislation protecting patents, trademarks, and copyrights. Romania signed the Internet Convention to protect online authorship. While the IPR legal framework is generally good, enforcement in some areas remains weak and ineffectual. The flagrant trade of retail pirated goods has largely been eliminated, but personal use of pirated products and software remains high. The recording, video, and software industries have expressed concerns over increasing levels of Internet-based piracy of electronic media. Romania has passed border IPR control enforcement provisions as required under the WTO, yet judicial enforcement is lax.

### Patents

Romania is a party to the Paris Convention for the protection of industrial property and subscribes to all of its amendments. Romanian patent legislation generally meets international standards, with foreign investors accorded equal treatment with Romanian citizens under the law. Patents are valid for 20 years. Romania has been a member of the European Patent Protection Convention since 2002.

### Trademarks

In 1998, Romania passed a law on trademarks and geographic indicators which is generally consistent with international standards. Areas that require improvement are in administrative procedures and sanctions. Romania is a signatory to the Madrid

Agreement relating to the international registration of trademarks and the Geneva Treaty on Trademarks. Trademark registrations are valid for ten years from the date of application and renewable for similar periods. In 2007, Romania ratified the Singapore Treaty on trademarks registration.

### Copyrights

Romania is a member of the Bern Convention on Copyrights. Its 1996 law on the protection of copyrights and neighboring rights is among the most modern in this field. The Romanian Parliament ratified the latest versions of the Bern and Rome conventions. The Romanian Copyright Office (ORDA) was established in 1997 and ostensibly oversees copyright enforcement. However, copyright law enforcement is often a low priority for Romanian prosecutors and judges. Some magistrates still tend to view copyright piracy as a "victimless crime," particularly if affected copyright holders are not Romanian citizens. This attitude, coupled with a lack of resources, has resulted in weak enforcement of copyright law. Copyright infringement in software, music, and video is prevalent throughout Romania. Although they have declined over the past few years, piracy rates remained high over the last year largely due to widespread cyber-piracy. The latest industry estimates of piracy rates by sector are: 68% of business software, 89% of entertainment software, 65% of music, and 55% of video.

### Semiconductor Chip Layout Design

Romanian law protects semiconductor chip layout design. In order to benefit, designs must be registered with the Romanian Trademark Office. Romania is a signatory to the Washington Treaty.

## **Transparency of Regulatory System**

[Return to top](#)

Cumbersome and non-transparent bureaucratic procedures are a major problem in Romania. Foreign investors point to the excessive time it takes to secure necessary zoning permits, environmental approvals, property titles, licenses, and utility hook-ups. Romania enacted a "Silent Approval" Law in 2003 to reduce bureaucratic delays, but it has yet to be universally enforced or recognized. Furthermore, regulations change frequently, often without advance notice, and are often vaguely worded and poorly explained. These changes, which can significantly add to the costs of doing business, can complicate investors' business plans.

Romanian law requires consultations and a 30-day comment period on legislation affecting the business environment (the Sunshine Law). However, not all ministries adhere to this requirement.

State aid legislation and EU state aid regulations (directly applicable to Romania after January 1, 2007) aim to limit state aid in any form, such as direct state subsidies, debt rescheduling schemes, debt for equity swaps, or discounted land prices. As noted above, the European Commission must be notified of and approve state aid granted by Romania above a certain monetary threshold that does not correspond to pre-approved categories of aid.

### Capital Markets

Romania seeks to develop efficient capital markets. The National Securities Commission (CNVM) is charged with regulating the securities market in order to protect investors. The process provides for the registration and licensing of brokers and financial intermediaries, filing and approval of prospectuses, and approval of market mechanisms.

On November 20, 1995, the Bucharest Stock Exchange (BVB) conducted its first transactions after a hiatus of 50 years. The BVB operates a three-tier system that, at present, lists a total of 67 companies, with 20 companies in the highest tier. The official index, BET, is based on a basket of the 10 most active stocks listed on the first tier. The BVB also has a RASDAQ (OTC) market segment that currently lists 1,763 different stocks. The BVB additionally allows trades in corporate, municipal bonds, and international bonds. Beginning in 2007, the BVB opened derivatives trading.

Despite lower trading fees and a diversified securities listing, the situation on the international capital and financial markets has adversely affected the Romanian capital market. Country funds, hedge funds and venture capital funds continue to participate in the capital markets, yet on a decreasing scale.

Minority shareholders have the right to participate in any capital increase. The Romanian capital market regulation is now EU-consistent, with accounting regulations reflecting EC Directives IV and VII.

### Banking Sector

In 2006, the GOR concluded the privatization of Romania's largest bank, Romanian Commercial Bank (BCR), to Erste Bank of Austria. After BCR, of the 42 banks and credit cooperative unions operating in Romania, the French-owned Romanian Bank for Development (BRD-Societe Generale) is the second largest bank with 15 % market share, followed by Austrian-owned Volksbank (6.31 %) and Raiffeisen Bank (6.11 %). Other large banks include the domestically-owned Banca Transilvania (5.54 %) and Italian UniCredit Tiriac (5.4 %).

According to the Romanian Central Bank, overdue and legally disputed loans now amount to 0.24% of total attracted and borrowed sources, this figure accounts for 0.22 % of total banking assets and 2.36 % of the banks' own capital.

The GOR actively encourages foreign investment in the banking sector, and there are no restrictions on mergers and acquisitions. The only remaining state-owned bank is the National Savings Bank (CEC), with a market share of 4.39 %.

While Romania's Central Bank must approve the operation of all new non-EU banking entities in the country, those banks and non-banking financial institutions with existing

operating approval in other EU countries need merely notify the Central Bank of plans to provide local services.

## **Political Violence**

[Return to top](#)

There have been no reported incidents in Romania involving politically motivated damage to foreign investments (projects and/or installations). Major civil disturbances are not expected to occur in Romania in the near future.

## **Corruption**

[Return to top](#)

Despite some improvements, corruption remains a serious problem. Romania and Bulgaria had the lowest rankings among EU member states in Transparency International's (TI) 2008 Corruption Perception Index. TI's 2007 report on judicial corruption pointed to poor judicial decision making and weak ethical values.

U.S. investors have complained of government and business corruption in Romania, with the customs service, municipal zoning offices and local financial authorities most frequently named. In some cases, demands for payoffs by low- to mid-level officials reach the point of harassment.

Romanian law and regulations contain provisions intended to prevent corruption, but enforcement is generally weak. Corruption is currently punishable under a variety of statutes in the penal code. Prison sentences are sometimes imposed, but powerful and influential individuals have often evaded prosecution or conviction. Under pressure from the European Union, the Government of Romania is attempting to prosecute several high-level political officials from previous governments, including a former Prime Minister.

The government announced a National Anti-Corruption Plan and passed an anti-corruption law in April 2003. The plan contains an impressive list of measures and commitments that constitute key benchmarks for judging the government's commitment to combat corruption. A national strategy to combat corruption in local public administration was adopted in June 2008. However, the implementation of these measures and commitments has lagged.

A money laundering law was passed in February 1999 and a new criminal code came into effect in 2003. With U.S. help, the Romanian government established a new institution in September 2002 - the National Anti-Corruption Prosecutors' Office (DNA) – staffed by prosecutors and police to combat corruption. In the first half of 2008, Romania also established the National Integrity Agency, which is designed to monitor financial asset flows, limit conflicts of interest, and sanction unjustified increases in the personal assets of politicians and public sector employees.

Romania is a member country of the Southeast European Cooperation Initiative (SECI), and it has signed and ratified the Agreement on Cooperation to Prevent and Combat Trans-border Crime of May 1999. Bucharest hosts the SECI Regional Center for Combating Corruption and Organized Crime, and Romania is one of the three members of the Joint Cooperation Committee.

In March 2002, to reduce corrupt practices in public procurement, the GOR inaugurated a web-based e-procurement system which can be accessed at <http://www.e-licitatie.ro/>. Initiated with seed money from USAID, the system is a transparent listing of ongoing auctions and closed auctions, with the name of the winners and the closing prices made available to the public. The use of "e-licitatie" has increased government efficiency, reduced government vulnerability to corruption, and improved fiscal responsibility in government procurement. E-procurement has increased from 159 government clients and 600 suppliers in its initial months to 11,130 state entities and 12,885 suppliers. Initially used solely for basic, standard products, the program is also now applied to more complex projects.

The public procurement legislation, passed in 2006 and repeatedly amended since, establishes ex-ante controls on public procurement processes, stricter rules on eligible participants, and an appeals mechanism for complaints against the process. The National Agency for Public Procurement has general oversight over procurements and can draft legislation, but procurement decisions remain with the procuring entities.

### Court System

The Romanian judicial system suffers from corruption, inefficiency, lack of expertise, and excessive workloads. Divergent and often contradictory rulings are not uncommon, complicating normal commercial activities. Companies routinely complain that commercial disputes take too long to resolve through the court system and, once a verdict is reached, court orders may not be enforced. Errors in court procedures, whether peripheral to the outcome or not, may result in complete retrials, further delaying verdicts. Courts are overburdened and the number of magistrates and judges is too small. Litigants in virtually all cases have a right to two appeals, contributing to clogs in court dockets throughout the system and lengthy delays. Final judgments are not binding until all appeals are exhausted. Clerks, attorneys and judges reportedly remain susceptible to bribes or other "extra-judicial" payments, most commonly to "speed up" litigation, to assure a particular judge is assigned to a case, or to create intentional procedural errors leading to retrial.

### Cyber Crime

Romania has one of the world's highest occurrences of internet fraud. The problem is illustrated by a growing stream of complaints, some of which involve U.S. companies and their customers being defrauded of millions of dollars. The most common problems result from the use of stolen credit card numbers for the purchase of goods online, fraudulent use of on-line auction platforms such as eBay, as well as sophisticated phishing schemes to defraud customers of legitimate e-commerce companies.

Romanian hackers also have gained notoriety for hacking into U.S. companies' servers and stealing proprietary information, including customer credit card data. There have been cases where Romanian hackers have offered to sell the means by which they

hacked the company's server back to the U.S. company victim. On other occasions, hackers have attempted blackmail by threatening to release sensitive data or the means to hack the system unless a specific amount of money is paid.

An e-commerce law that defines and punishes cyber crime came into force in July 2002. Law enforcement efforts are still not commensurate with the scale of the problem, but enforcement activities have notably increased, thanks in part to substantial assistance U.S. law enforcement agencies have provided to the Romanian authorities. Several recent investigations into cyber crime, and successful arrests by Romanian authorities, may serve as a deterrent to new cyber criminals.

## **Bilateral Investment Agreements**

[Return to top](#)

The U.S.-Romanian Bilateral Investment Treaty (BIT) on the reciprocal encouragement and protection of investment (signed May 1992, ratified by the U.S. in 1994) guarantees national treatment for U.S. and Romanian investors. It provides a dispute resolution mechanism, liberal capital transfer, prompt and adequate compensation in the event of an expropriation, and the avoidance of trade-distorting performance requirements. The U.S. government negotiated an agreement with the EU and eight accession countries, including Romania, to cover any possible inconsistencies between the pre-existing BITs and the countries' future EU obligations. This revised BIT was ratified by the U.S. Senate and Romanian Parliament in 2004, and went into effect on February 9, 2007. Other bilateral trade agreements with third countries were terminated upon Romania's EU accession.

## **OPIC and Other Investment Insurance Programs**

[Return to top](#)

The Overseas Private Investment Corporation (OPIC) began operations in Romania in late 1992, following the signing of an investment incentive agreement in June 1992, and continues to actively finance projects in Romania. Romania has been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1992.

## **Labor**

[Return to top](#)

Romania has traditionally offered a large, skilled labor force at comparatively low wage rates in most sectors, although the labor pool is tightening. The university system is generally regarded as good, particularly in technical fields, though foreign and Romanian business leaders have urged reform of outdated higher education curricula to better meet the needs of a modern, innovation-driven market.



The quality of work of Romanian craftsmen, engineers, and software designers is well regarded by foreign managers. With appropriate on-the-job training, local labor performs well with new technologies and more exacting quality requirements. However, labor shortages have appeared in certain sectors, resulting in strong upward pressure on wages. Before the onset of the global economic downturn, analysts estimated that as many as 600,000 additional skilled workers would be needed in the construction industry alone. Outward labor migration and the number of students graduating without the practical skills needed in the modern workplace are considered the main causes for this trend. However, slowing growth and recession in western European countries is expected to alleviate domestic labor market shortages somewhat as some Romanian workers return from abroad.

Since the revolution of December 1989, labor-management relations have occasionally been tense as a result of economic restructuring efforts and personnel layoffs. In September 2008, unemployment officially stood at 3.9%, down from 4.0% at the end of 2007. Trade unions, much better organized than employers' associations, are vocal defenders of their prerogatives. The national minimum wage was recently set at RON 540 per month (about \$180) after extensive negotiations between unions, employers associations, and government representatives. This is scheduled to increase to RON 600 (about \$200) on January 1, 2009, provided certain favorable economic targets are reached. The government adheres to the ILO convention protecting worker rights.

According to Eurostat, Romania's minimum wage (as adjusted for purchasing power parity) of 232 points is among the lowest of all the 27 EU states, placing the country in the next to last place, ahead of Bulgaria. However, also according to Eurostat, Romania registered the biggest growth of the minimum salary in real terms, of 12.2%, from 2000-2008.

Employers considered the Labor Code passed in 2003 to be overly rigid for a market economy, as it made it harder for employers to dismiss employees for poor performance. In June 2005, the GOR approved several amendments to the Code which foreign investors consider to be an improvement, although it still tilts in favor of trade unions and retains provisions restricting labor flexibility.

Payroll taxes remain steep despite recently enacted reductions. As a result, an estimated 25-30% of the labor force works in the "underground economy" as "independent contractors" where their salaries are neither recorded nor taxed. Even for registered workers, under-reporting of actual salaries is common.

Current law makes it very costly to locate non-EU citizen expatriate staff in Romania. Foreign companies often resort to expensive staff rotations, special consulting contracts, and non-cash benefits. Work permits are now issued for a maximum one-year period (except for seasonal work) for a fee of 200 euros (payable in the RON equivalent at the daily exchange rate). These permits are automatically renewable with a valid individual work contract. Starting in 2008, 14 county offices of the Romanian Immigration Authority will be authorized to issue work permits for foreign citizens in an attempt to decentralize this activity. After January 1, 2007, foreigners from EU countries that did not impose restrictions on Romanian citizens can work in Romania without work permits. Although several companies began importing workers, mainly from Moldova, Turkey, China and Syria, most Romanian businesses are still reluctant to bring in large numbers of foreign

workers. In 2008, the Government raised the number of annual work permits allowed from 10,000 to 15,000.

## Foreign-Trade Zones/Free Ports

[Return to top](#)

Free Trade Zones (FTZs) received legal authority in Romania in 1992. General provisions include unrestricted entry and re-export of goods and an exemption from customs duties. The law further permits the leasing or transfer of buildings or lands for terms of up to 50 years to corporations or natural persons, regardless of nationality. Currently there are six FTZs, primarily located on the Danube River or close to the Black Sea: Sulina, Constanta-Sud Agigea, Galati, Braila, Curtici-Arad, and Giurgiu.

The Administrator of each FTZ is responsible for all commercial activities performed within the zone. FTZs are under the authority of the Ministry of Transportation.

## Foreign Direct Investment Statistics

[Return to top](#)

Romania has been an attractive destination for foreign direct investment (FDI), and is currently the number one destination in Southeastern Europe. However, Romania did not become a significant target of FDI until the start of this decade, due to earlier delays in economic reforms. According to data provided by the Romanian Trade Registry, the cumulative net stock of FDI for the period from January 1990 through December 2008 totaled \$29.09 billion, representing 14.5 % of GDP. FDI in 2008 amounted to \$5.9 billion (3.0 % of GDP). Since Romanian capital exports were largely prohibited prior to capital account liberalization in 2006, the total 200 Romanian direct investments abroad were \$937.9 million.

Major sectors for foreign investment include:

- Automobile and automotive components (Renault, Daimler Benz, Ford, Siemens, Continental, Alcoa, Delphi Packard, Johnson Controls, Honeywell Garrett, Michelin, Pirelli);
- Banking and finance (Citibank, Societe Generale, AIG, ING, Generali, Volksbank, Raiffeisen, Erste Bank, UniCredit, National Bank of Greece, Royal Bank of Scotland, Intesa Sanpaolo, Millenium Bank, GE Money);
- Information Technology (Hewlett Packard, Microsoft, Oracle, Cisco Systems, IBM)
- Telecommunications (France Telecom, OTE, Telesystem International Wireless Services, Airtouch-Vodafone);
- Hotels (Hilton, Marriott, Best Western, Howard Johnson, Sofitel, Crowne Plaza, Accor, Ramada, Radisson);
- Manufacturing (Timken, General Electric, LNM, Marco, Flextronics, Holcim, Lafarge, Heidelberg);
- Consumer products (Procter and Gamble, Unilever, Henkel, Coca-Cola, Parmalat, Danone);

- Retail chains (Metro, Delhaize, Carrefour, Cora, Billa, Selgros, Auchan, and Kaufland).

Officially, the value of U.S. direct investment in Romania as of December 2008 was \$1.05 billion. The U.S. is the seventh-ranked foreign investor nation after the Netherlands, Austria, Germany, France, Cyprus, and Italy. U.S.-source FDI represented 3.6 % of Romania's total. However, official statistics do not fully account for the tendency of U.S. firms to invest through foreign, especially European-based, subsidiaries, meaning the actual amount is higher. Romanian statistics also over-emphasize physical capital-intensive investments, such as brownfield investments, while de-emphasizing the impact of foreign investment in services and technology. American investment has mainly been in the telecommunications, mechanized agricultural, and consumer product sectors. Significant U.S. direct investors (including investments made through branches or representative offices) include:

- Advent Central and Eastern Europe - investment fund
- AIG - general insurance
- AIG Life - life insurance
- AIG New Europe Fund - investment fund
- Alcoa - automotive, aluminum processing
- Bunge - food
- Citibank - banking
- Coca-Cola - beverage, food
- Cooper Cameron - gas field equipment manufacturer
- Delphi Packard - automotive
- General Electric - aircraft components
- GE Money - non-banking financial services
- Hewlett Packard - IT&C equipment, services
- Hoeganes - iron powder for automotive
- Honeywell Garrett - automotive
- IBM - IT equipment
- Johnson Controls - automotive
- Kodak - film processing
- McDonald's - food
- Microsoft - software services
- New Century Holding - investment fund
- Office Depot - office and business supplies
- Oracle - IT services, consulting
- Philip Morris - tobacco products
- Procter and Gamble - consumer products
- Qualcomm - telecommunications
- Sigma Bleyzer - investment fund
- Flextronics - contract manufacturing (ICT)
- Timken - industrial bearings
- UPC - cable television operator
- Visa - financial services
- Washington International Group - engineering

In addition to these companies, the European Bank for Reconstruction and Development (EBRD) remains the single largest investor (debt plus equity) in Romania with some - \$5.1 billion invested. The U.S. is a 10 % shareholder in the EBRD.

Romania's biggest investors are:

- Holland - \$5.84 billion ( 20.1 % of total FDI): ICT, banking, insurance, consumer products, food;
- Austria - \$3.85 billion (13.3 %): banking, insurance, construction materials, etc.
- Germany - \$3.31 billion (11.4 %): insurance, food, machine construction, chemicals, cement, banking;
- France - \$2.58 billion ( 8.9 %): food, ICT, automotive, manufacturing, cement, agriculture, banking, hypermarkets;
- Cyprus - \$1.60 billion ( 5.5 %): banking, retail, services;
- Italy - \$1.36 billion (4.7 %): footwear, textiles, food, banking, insurance;
- U.S. - \$1.05 billion (3.6 %): ICT, automotive, banking, insurance, hospitality, manufacturing, consumer products.

## Web Resources

[Return to top](#)

Romanian Government

<http://www.guv.ro>

Romanian Agency for Foreign Investments

<http://www.arisinvest.ro>

The Authority for State Assets Recovery

<http://www.avas.gov.ro/>

Ministry of Public Finance

<http://www.mfinante.ro>

Ministry of Economy

<http://www.minind.ro>

International Centre for Settlement of Investment Disputes

<http://www.worldbank.org/icsid>

Romanian Copyright Office

<http://www.orda.ro>

Ministry of Communications and Information Technology

<http://www.mcti.ro>

National Securities Commission

<http://www.cnvmr.ro>

National Bank of Romania

<http://www.bnro.ro>

National Anti-Corruption Prosecutors' Office

<http://www.pna.ro>

Romanian Government's Web-Based e-Procurement System

<http://www.e-licitatie.ro>

Ministry of Labor, Social Solidarity and Family

<http://www.mmuncii.ro>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [Methods of Payment](#)
- [How Does the Banking System Operate?](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### Methods of Payment

[Return to top](#)

The least risky for the American exporter and most widely accepted method of payment is by confirmed, irrevocable letter of credit. However, this method is not necessarily the most competitive for winning sales in Romania. An L/C represents a credit obligation for the Romanian buyer, who may not be willing (or able) to borrow at a cost-effective rate. Cash-against-documents or open-account terms entail more risk for the exporter, but may be preferable for the buyer. Each exporter has to weigh the element of risk in a transaction against the relationship with the buyer and degree of competition. Commercial bank's offering international trade services can describe the risks and merits of each payment method, but American exporters are well advised to establish payment policies for international sales based in business strategy. In addition to the due diligence tools discussed in Chapter 3, there are other forms of U.S. Government support for managing risk. The U.S. Export-Import Bank (Eximbank) offers a program of export credit insurance to enable U.S. exporters to extend credit terms with protection against the risk of non-payment.

Key link: <http://www.exim.gov/>

### How Does the Banking System Operate?

[Return to top](#)

The number of foreign banks in Romania has increased from 5 in 1990 to more than 30 in 2008, and all are authorized to engage in a full range of traditional banking functions.

With accession to the EU and greater integration into the world financial markets, Romania is exposed to the recent problems in these markets. The dominant role of foreign banks in the market has brought benefits, but also made Romania a captive to the decisions of these banks' home offices, and their shareholders.

In early 1997, the Romanian government lifted all FOREX restrictions. The Romanian currency (abbreviated RON) is fully convertible for business (current account) purposes, with the central bank applying a managed float to reduce currency fluctuations. Foreign investors may freely repatriate profits and dividends in hard currency.

A high budget deficit of more than 5% of GDP in 2008, the negative prospects for growth and development in 2009, and foreign investors' caution regarding the first economic decisions of the new Romanian Government elected in November 2008, led to sharp RON depreciation in late 2008 and early 2009, to more than RON 4.2 per Euro, and to slightly more than RON 3.3 per U.S. dollar.

All commercial banks now operating in Romania have international correspondent relationships, and all are members of the National Bank of Romania's domestic inter-bank payment system.

Citibank is the most well known U.S. financial company in Romania, represented by Citibank Romania S.A. since 1996. Citibank Romania S.A. has 8 corporate banking branches in Bucharest, Constanta, Ploiesti, Timisoara, Cluj, Brasov, Sibiu and Bacau, and 39 CitiFinancial agencies, dedicated to individual clients. .

As mentioned, the Romanian financial landscape includes a substantial number of European bank subsidiaries, and several major Romanian banks. Most of these have parent corporations in Austria, France, Italy, Greece, or Turkey, but also Cyprus (Bank of Cyprus), Israel (Leumi Bank) and The Netherlands (ING Bank). RBS (Royal Bank of Scotland) took over Dutch bank ABN-AMRO's presence in Romania as a result of acquisition. A representative list follows (in alphabetical order):

Alpha Bank Romania S.A.  
BCR (Banca Comerciala Romana S.A.) - Erste Group  
Banca Transilvania S.A.  
Bancpost S.A.  
BRD – Groupe Societe Generale  
Garanti Bank Romania S.A.  
ING N.V.  
Leumi Bank S.A.  
OTP Bank Romania S.A.  
Piraeus Bank Romania S.A.  
Raffaisen Bank S.A.  
UniCredit Tiriac Bank  
Volksbank S.A.

Project financing from public and quasi-public institutions is an important source of investment capital for infrastructure projects in Romania and other countries in the region. Especially as the tide of private investment ebbs, or at least becomes more selective, the roles of organizations such as the World Bank, the European Bank for Reconstruction and Development (EBRD), and the European Union become even more important. This section outlines the major financing organizations, their mechanisms, and their priority areas for Romania. American companies seeking to participate in these projects should become familiar with these organizations and their operations.

### The European Union

The EU provides cohesion funds to member states and sub-state regions whose level of development is below the EU average. Now that Romania is a member of the EU it will benefit from approximately \$44 billion in structural and cohesion funds. American companies can participate in projects funded by the EU in partnership with a company from an EU member country.

In July 2007, the European Commission approved the Regional Operational Program for Romania, \$6.57 billion of which have been earmarked to date. It is worth mentioning that Romania also benefited from the several EU pre-accession funds, including money from the PHARE, ISPA and SAPARD funds.

In the first year of EU membership, Romania was confronted with significant delays in preparing operational programs, and these received approval from the European Commission only in the second half of 2007. Because Romania, like all member states, makes a contribution to the EU, this failure to access and obligate funds set aside for its development placed it in the ironic position of being a net contributor to the EU budget.

In 2008 Romania continued to have problems “absorbing” EU funds (structural and agricultural), with only EUR 268mn actually paid out of EUR 2.2 billion contracted, just 12.2%. Besides structural funds, Romania managed to attract another EUR 800 million from pre-accession funds (ISPA, SAPARD and PHARE); combined. Thus, the total amount the country took in stood at EUR 1.1 billion. Despite this, Romania remained a net contributor to the EU budget in the first two years after accession, with an aggregate deficit of EUR 1.3 billion.

One of the most central issues facing the country is the very poor project valuation and administrative capabilities. The technocratic class of public administrators is still developing its ability to conceptualize and organize projects, and then negotiate the application procedures. More than 1,500 projects (in all operational programs) were approved, but less than 200 projects (without those contracted within the National Program for Rural Development, where no official data about the contracted projects is available) were actually contracted in 2008 (2.2%), out of more than 9,000 submitted in 2008. This poor rate of return constrains Romania’s development.

Romania will have to take immediate action in addressing this problem, since 2009 will certainly bring new challenges to the economy. Improving the administrative capacity of public authorities, the clarity of communication between public and private sectors,



increasing transparency, and accelerating the entire decision process will have to be top priorities for the new government, in order to ensure a higher absorption rate of EU funds. These funds, translated into effective infrastructure projects, will be an important support for GDP growth.

Financing packages for Romanian projects generally include one or more multilateral lenders – the World Bank (or its International Finance Corporation), EBRD, the European Investment Bank – plus foreign and Romanian commercial banks. Priority projects supported by multilateral institutions are usually related to infrastructure modernization in transportation, power generation, telecommunications, and environmental protection.

### The World Bank

The World Bank's fundamental objective in Romania is to support the process of EU integration, improvement in the living standards of the people, and the competitiveness of the Romanian economy. The World Bank's assistance is governed by the Country Partnership Strategy, adopted in 2006, and covers practically all major areas of the economy.

The Country Partnership Strategy (CPS) supports the priorities of the Government and the convergence with the EU. The focus of the CPS is on:

- The implementation of structural and institutional reforms to enhance economic growth and improve competitiveness;
- Addressing fiscal imbalances and improving the efficiency, transparency, and accountability of public resources;
- Modernizing the public sector, improving the quality of governance, the performance of institutions, and fighting corruption;
- Promoting social inclusion, employment, and poverty reduction to achieve convergence with the EU in income levels and living standards.

The program focuses on facilitating the integration with the EU and on building Romania's capacity to absorb the structural and cohesion funds. The Bank works closely with the Government, local communities, and the private sector to enhance their capacity to design, implement, and supervise programs and projects that can be financed from the structural and cohesion funds. For this purpose, a mix of Bank instruments consisting of investment lending, risk guarantee facilities, technical assistance, and non-lending analytical and advisory activities is employed.

Flexibility and responsiveness also entail a gradual movement towards aligning Bank procedures with the country systems. Two new operations (the Social Inclusion Project and the Transport Sector Support Project) use a programmatic approach and are anchored into the Government program in the respective areas, complementing the financial and technical assistance provided by the EU. There has been greater emphasis on the use of national procurement standards (the Transport Sector Support Project) and fiduciary controls in the design and implementation of Bank projects. Two projects (Municipal Service and TSSP) pilot the use of national environmental systems.

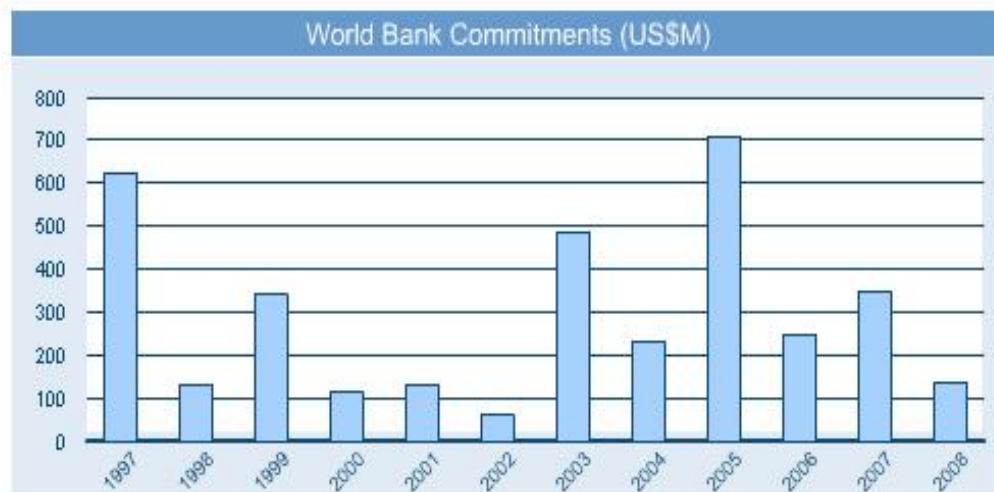
The World Bank's Active Projects Portfolio in Romania is one of the largest in the Europe and Central Asia (ECA) region. It consists of 20 active projects with total

commitments of \$1.77 billion. It includes two GEF grants for the Risk Reduction of Mining Accidents Tisza Basin (Hazards Mitigation Project) and the Integrated Nutrient Pollution Control.

The commitment distribution among sectors is balanced. Although the infrastructure cluster may look larger than the sector average, its projects include important institutional development components (in the case of transport projects). In addition, many projects (Rural Education, MAKIS, Mine Closure, and SSD) contain small grants programs targeting private sector development.

### World Bank Commitments

(US\$ millions)



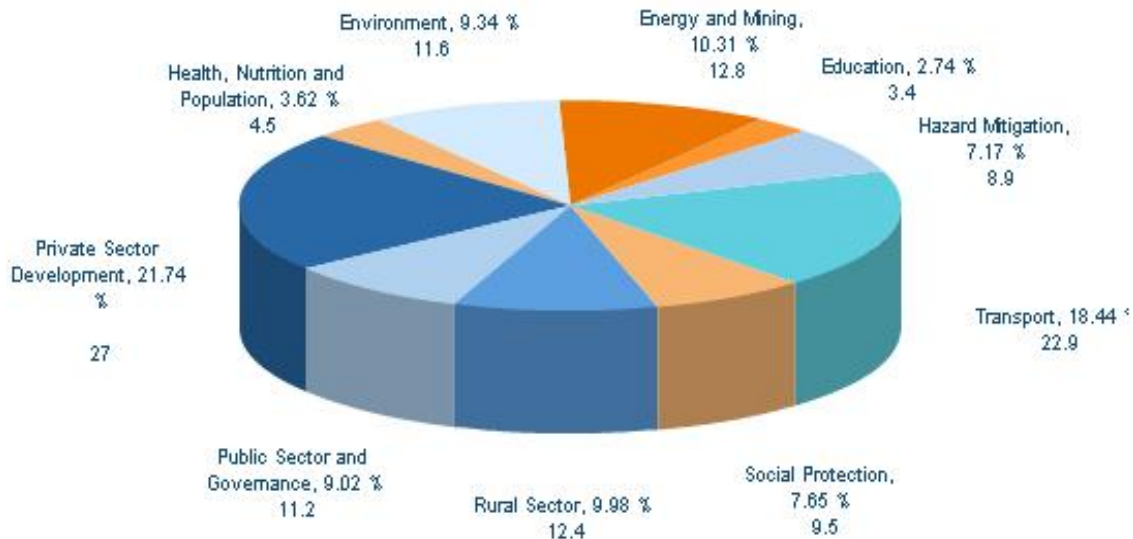
NB: Lending is per fiscal year, July 1-June 30

A diversified program of analytical and advisory assistance (AAA) complements the lending program. AAA services have been identified in close consultation with the Government in response to its priorities (ROSC, Public Pay, Higher Education Financing, including a strategic document on students loans and scholarships) and the strategic development challenges of the country (Rural Development Program, Romania Greening Facility, Municipal Finance, and Poverty Monitoring).

## World Bank in Romania

### **Active Portfolio by Sector as of September, 2008**

(%)



## European Bank for Reconstruction and Development

EBRD's latest strategy for Romania was approved in April 2008. The main goal of the strategy is to help Romania meet its post accession challenges. The strategy focuses on the following key priorities:

- 1) Enterprise Sector: Support will be provided to the private sector (including SMEs and leading domestic corporates, especially in general industry and agribusiness) to enhance business competitiveness and stimulate expansion throughout Romania and cross-border. Investments in high-risk instruments (such as equity, quasi equity and structured debt) and efforts to lend in local currency will be enhanced.
- 2) Energy Sector: The Bank will continue to invest in the energy sector, while supporting policy dialogue to promote appropriate regulatory and institutional reform. The Bank will invest in the upgrade and rehabilitation of electricity assets, especially power stations and will also promote energy renewable and energy efficiency projects.
- 3) Infrastructure: The Bank will assist Romania in improving its national infrastructure (especially transport), to ensure enhanced regional cooperation, improved trade and the utilization of Single Market benefits. In addition, the Bank will continue its activities in the municipal sector throughout the country and support the utilization of EU structural and cohesion funds. The Bank will continue to lend directly to regional water and waste water companies to upgrade and expand their assets and to municipalities for urban transport and roads, and energy efficiency transactions.

4) Finance: The Bank will continue to provide financial support to both foreign owned and local banks to assist them to further develop.

The banking sector will be used as the intermediary to tackle challenges in the agriculture sector, by providing dedicated credit lines to rural areas and piloting more sophisticated agri-lending products. Banking products to foster the energy savings sector in Romania are also being introduced. The Bank will continue to provide financing for Micro Small and Medium Enterprises (MSMEs) and non-bank microfinance institutions and support the general development of the non-banking financial sector.

As the EBRD's graphic at right shows, at the end of 2007, the Bank had signed 248 projects in Romania, a total of 70% of investment being in the private sector.

Export-Import Bank of the United States

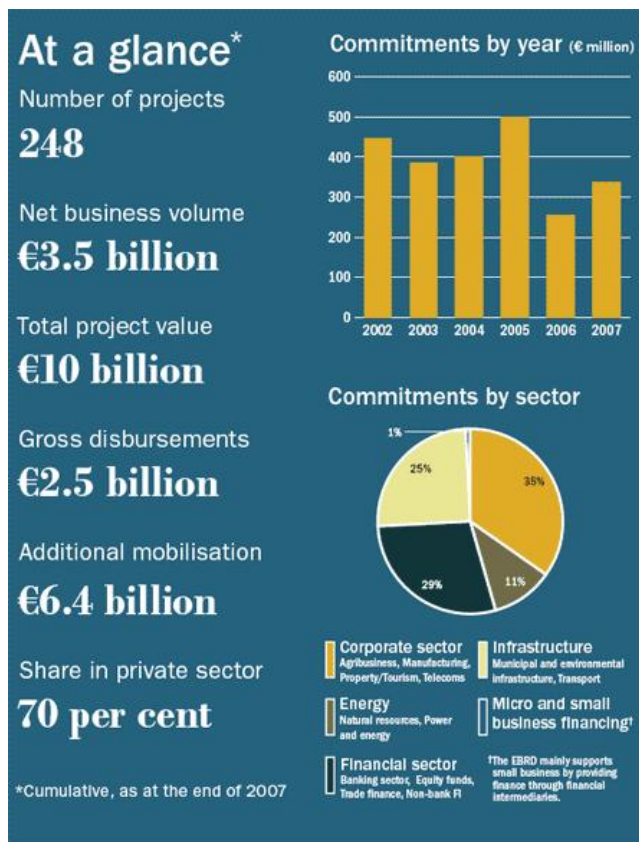
U.S. Ex-Im Bank provides guarantees and direct loans for U.S. exports to Romania. Since opening for business in 1972, it has provided more than \$1 billion in financing. Although most of the credit has been for exports to the Romanian government, private sector and sub-sovereign financing is available as well.

**Insurance - Ex-Im Bank** issues short-term (180 days) coverage for exports to Romania. Medium- and long-term coverage is only available for public sector transactions. Ex-Im Bank provides insurance through its affiliated agent, the Foreign Credit Insurance Association.

U.S. Department of Agriculture

To promote U.S. agricultural exports to Romania, the USDA makes guarantees available to Romania. The GSM-102 program helps ensure that credit is available to finance commercial exports of U.S. agricultural products to developing countries, while providing competitive credit terms in these countries. Under this program, the Commodity Credit Corporation (CCC) reduces the financial risk to lenders by guaranteeing payments due from approved foreign banks to exporters or financial institutions in the United States.

U.S. Department of Agriculture announced on Sept. 30, 2008, the availability of \$25 million in credit guarantees for sales of U.S. agricultural commodities to the Southeast Balkan region under the Commodity Credit Corporation's Export Credit Guarantee



Program (GSM-102) for fiscal year 2009. The Southeast Balkan region includes Albania, Bulgaria, Macedonia, Moldova and Romania.

Beginning October 6, 2008, exporters may apply for credit guarantees on a first-come, first-served basis. These guarantees are to cover sales of any of the commodities specified in the GSM list of commodities. The latest commodity list can be obtained by accessing the Foreign Agricultural Service (FAS) Web page at:  
<http://www.fas.usda.gov/excredits/gsmcommodities.html>

The allocation does not assign dollar amounts to any of the commodities specified in the GSM list of commodities, providing buyers and sellers maximum flexibility in arranging the size of their transactions within the scope of the overall allocation.

For a complete list of eligible banks, refer to the CCC "GSM Program Foreign Bank Obligors" Web page located at <http://www.fas.usda.gov/excredits/foreignbanks.html> . Exporters are advised to obtain from their foreign buyer the name of the CCC-approved foreign bank that will be opening the letter of credit.

**U.S. Overseas Private Investment Corporation (OPIC)** - OPIC offers U.S. project financing and insurance through direct loans, loan guarantees, and political risk insurance, as well as equity financing through OPIC-supported investment funds. OPIC began operations in Romania in 1992. OPIC can co-finance with other bilateral and multilateral development finance institutions, such as the EBRD and IFC.

**U.S. Trade and Development Agency (USTDA)** - Romania became eligible for U.S. Trade and Development Agency (TDA) program funding in November 1991. Since then TDA has provided non-reimbursable funds for feasibility studies, pilot projects and orientation visits covering many sectors of the Romanian economy.

**United Nations Development Program (UNDP)** - Established in 1971, the UNDP Country Office in Bucharest was the first UNDP field office in a former Warsaw Pact member state. UNDP is currently implementing its 2005-2009 Country Program.

**The Ministry of Public Finance** issues Romanian government guarantees for projects up to \$30 million. The Ministry must submit guarantees for larger projects to an inter-ministry committee and the cabinet for approval. Government guarantees are approved on the basis of feasibility studies, which must contain a clear description of the financial package for the project. The government and IFIs may jointly support viable private sector projects.

## Web Resources

[Return to top](#)

Export-Import Bank of the United States  
<http://www.exim.gov>

OPIC  
<http://www.opic.gov>

U.S. Trade and Development Agency  
<http://www.tda.gov/>

USDA Commodity Credit Corporation  
<http://www.fsa.usda.gov/ccc/default.htm>

World Bank, Multilateral Development Bank  
<http://www.worldbank.org>

International Financial Corporation  
<http://www.ifc.org>

European Bank for Reconstruction and Development  
<http://www.ebrd.com>

U.S. Department of Agriculture, Foreign Agricultural Service  
<http://www.fas.usda.gov>

Commodity Credit Corporation's (CCC) Export Credit Guarantee Program (GSM)  
"Program Foreign Bank Obligors"  
<http://www.fas.usda.gov/excredits/foreignbanks.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### Business Customs

[Return to top](#)

Special customs do not figure significantly in business dealings in Romania; Western business standards apply. Romanians generally have positive attitudes toward America, but also draw on their own and other European cultural references.

Romanian nationals are friendly, and foreigners are usually made very welcome. Shaking hands is the normal form of greeting (although, as in other East European cultures, a man may kiss the hand of a woman in greeting); normal courtesies are observed when visiting a person's home. It is important to take business cards to meetings and to give a card to each person present.

Flowers are very popular in Romanian culture, and are given for almost every occasion, including name day celebrations, weddings, and visits to Romanian homes. Always buy an odd number of flowers (even numbers are used at funerals). Casual wear is the most suitable form of dress for most social occasions, but attire may be more formal when specified for entertaining in the evening or in a restaurant or theater. The Romanians use the formal addresses of "domnul" (sir) and "doamna" (madam) when addressing one another, although first names are used among younger people and in business with English-speaking partners. It is customary to say "pofta buna" (bon appétit) before eating, and "noroc" (cheers) before drinking.

### Travel Advisory

[Return to top](#)

General and country-specific travel information can be found on the U.S. Department of State's web site: [http://travel.state.gov/travel/travel\\_1744.html](http://travel.state.gov/travel/travel_1744.html)

## Visa Requirements

[Return to top](#)

American citizens are not required to obtain Romanian visas for stays up to 90 days within 6 months. For any stay longer than 90 days, a temporary stay permit (permis de sedere) must be requested from the Romanian Immigration Office (Oficiul Român de Imigrari). Contact information, application requirements and fees for stay permits can be found on the website of the Romanian Immigration Office, in Romanian, at <http://aps.mai.gov.ro>. In Bucharest, the Immigration Office is located at Str. Eforie nr. 3 – 5, building A (next to the Bucharest Police Department), Tel: (40 021) 311.18.21.

Americans married to Romanian citizens and living in Bucharest can submit their application for a stay permit with Foreigners' Services no. 2, located at 29, Nicolae Iorga Street, building F (near Piata Romana), Tel: (40 021) 212.80.06, or 212.90.07.

We advise applicants for U.S. visas to refer to the following websites:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

The Consular Section of the U.S. Embassy is located at Str. Filipescu 26, near the InterContinental Hotel. The closest Metro station is **Universitate**. The mailing address, phone number, and fax number are as follows:

Str. Nicolae Filipescu 26  
Sector 2, Bucharest  
020962 Romania  
Telephone: (40 21) 200-3300  
Fax: (40 21) 200-3381

## Telecommunications

[Return to top](#)

Local wired-telephony service is reliable. There are four major mobile telephone operators, all of which have extensive coverage of the country and also offer roaming services in a large number of countries, the United States included. International telephone connections via fixed or mobile telephony are generally good. Romania is seven time zones ahead of U.S.-Eastern standard time. Internet service is widely available in hotels and Internet cafes. Broadband Internet access is expanding in Romania but still represents a minority of available Internet service.

## Transportation

[Return to top](#)

TAROM, the Romanian national airline, serves major points in Romania and Europe. The airline has joined the Sky Team Alliance for the purposes of marketing, codeshare,



and group communication. Other international carriers currently serving Romania include Aeroflot (Russia), Air France, Alitalia, Austrian Airlines, Bulgaria Air (Bulgaria), British Airways, CSA (Czech Republic), Delta Airlines (USA), El Al (Israel), KLM (The Netherlands), LOT (Poland), Lufthansa (Germany), MALEV (Hungary), Olympic (Greek), Swiss and Turkish Airlines. Delta Airlines entered the Romanian market in 2007, and has offered direct flights between Bucharest and New York on a seasonal basis.

Most major cities of Romania have airline service which connects to Bucharest. In addition to Henri Coanda, Bucharest's main international airport, Bucharest-Baneasa, Timisoara, Constanta-Kogalniceanu, Cluj-Napoca, Sibiu, and Targu Mures airports are also ports of entry.

In Bucharest, hotel chains such as Radisson, Marriott, Hilton, and Crowne Plaza provide scheduled shuttle bus service to and from the Henri Coanda Airport; rental car service is also available. All taxis are required to have meters.

Romania is well served by an international and domestic rail system, though the country's rail infrastructure is in need of update. The domestic motorway network is extensive, but the road quality is poor. Roads in Bucharest are in a near-constant state of construction. Winter driving in Romania often requires navigating sometimes-hazardous mountain passes. Driving after dark at any time of year requires care because of pedestrians, animals, or slow-moving vehicles often encountered on the roadway.

Romanian traffic laws are very strict. Any form of driver's license or permit can be confiscated by the Traffic Police for 1-3 months and payment of fines may be requested at the time of many infractions. Some examples are: failure to yield the right of way, failure to yield to pedestrians at crossroads, or not stopping at a red light or stop sign. Romanian traffic law provides for retention of licenses and possible imprisonment from 1 to 5 years for driving under the influence or for causing an accident resulting in injury or death. In spite of these strict rules, however, many drivers in Romania often do not follow traffic laws or yield the right of way. Therefore defensive driving is essential while driving throughout Romania. U.S. driver's licenses are only valid in Romania for up to 90 days. Before the 90-day period has expired, U.S. citizens must either obtain an international driving permit in addition to their U.S. driver's license or a Romanian one.

## **Language**

[Return to top](#)

The official language of Romania is Romanian. This language, which uses the Latin alphabet and is a Romance language, evolved from the Latin used in the Roman colony of Dacia. English, French and German are also widely spoken.

## **Health**

[Return to top](#)

Romania's present health care system lags the rest of Europe and the standard of care is not comparable to the United States or Western Europe. U.S. citizens are strongly

advised to check with their insurance company if their policy applies in Romania, including provision for medical evacuation, and for adequacy of coverage. U.S. medical insurance is not always valid outside the United States. U.S. Medicare and Medicaid programs do not provide payment for medical services outside the United States. Doctors and hospitals often expect immediate cash payment for health services. Serious medical problems requiring hospitalization and/or medical evacuation to the United States can cost tens of thousands of dollars.

For a list of hospitals, clinics and physicians with private practice in Romania, please consult this web link:

[http://bucharest.usembassy.gov/US\\_Citizen\\_Services/Visiting\\_Living/Health.html](http://bucharest.usembassy.gov/US_Citizen_Services/Visiting_Living/Health.html)

### **Local Time, Business Hours, and Holidays**

[Return to top](#)

Local time is Standard GMT + 2 hours.

Business hours are usually between 9 a.m. and 5 p.m.

Holidays:

January 1-2 (New Year)  
April 19-20 (Orthodox Easter)  
May 1 (Labor Day)  
June 6-7 (Jesus' Ascension)  
August 15 (Saint Mary)  
December 1 (Romanian National Day)  
December 25-26 (Christmas)

### **Temporary Entry of Materials and Personal Belongings**

[Return to top](#)

Romania's customs authorities may enforce strict regulations concerning temporary importation into or export from Romania of items such as firearms, antiquities, and medications. Romanian law allows travelers to bring cash into or out of Romania. However, sums larger than 10,000 Euros or the equivalent must be declared. It is advisable to contact the Embassy of Romania in Washington or one of Romania's consulates in the United States for specific information regarding customs requirements. It is advisable to contact the Embassy of Romania in Washington at 1607 - 23rd St. NW, Washington, D.C. 20008, telephone number (202) 232-4747, or at one of the Romanian Consulates in Los Angeles, Chicago, or New York City. The Romanian Embassy maintains a web site at <http://www.roembus.org>.

Romania customs authorities encourage the use of an ATA (Admission Temporaire/Temporary Admission) Carnet for the temporary admission of professional equipment, commercial samples, and/or goods for exhibitions and fair purposes. ATA

Carnet Headquarters located at the U.S. Council for International Business, 1212 Avenue of the Americas, New York, NY 10036, issues and guarantees the ATA Carnet in the United States. For additional information call (212) 354-4480, send an e-mail to [atacarnet@uscib.org](mailto:atacarnet@uscib.org), or visit <http://www.uscib.org> for details.

## Web Resources

[Return to top](#)

U.S. Department of State

[http://travel.state.gov/travel/warnings\\_consular.html](http://travel.state.gov/travel/warnings_consular.html)

Authority for Aliens

<http://aps.mai.gov.ro>

State Department Visa Website

<http://travel.state.gov/visa/index.html>

United States Visas.gov

<http://www.unitedstatesvisas.gov>

U.S. Embassy in Bucharest

<http://bucharest.usembassy.gov/main.html>

Ministry of Communications and Information Technology

<http://www.mcti.ro>

Ministry of Transports, Constructions and Tourism

<http://www.mt.ro>

Ministry of Public Health

<http://www.ms.ro>

National Customs Authority

[http://www.customs.ro/vami\\_en/Main](http://www.customs.ro/vami_en/Main)

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

#### In Romania

##### **U.S. Commercial Service Bucharest – U.S. Embassy**

<http://www.buyusa.gov/romania>

Keith Kirkham, Senior Commercial Officer

Phone: +40.21.200.3376 Fax: +40.21.316.0690

Email: [Keith.Kirkham@mail.doc.gov](mailto:Keith.Kirkham@mail.doc.gov)

Doina Brancusi, Commercial Specialist

Phone: +40 21 200 3476 Fax: +40 21 316 0690

Email: [doina.brancusi@mail.doc.gov](mailto:doina.brancusi@mail.doc.gov)

*Industries: Advertising Services, Air Conditioning/Refrigeration Eq., Apparel, Architectural/Constr./Engineering SVC, Audio/Visual Eq., Building Products, Commercial Fishing Eq., Composite Materials, Construction Eq., Consumer Electronics, Dental Eq., Drugs/Pharmaceuticals, Education/Training Services, Films/Videos, Footwear, General Consumer Goods, Giftware, Health Care Services, Hotel/Restaurant Eq., Lawn/Garden Eq., Leather/Fur Products, Medical Eq., Pleasure Boats/Accessories, Railroad Eq., Sporting Goods/Recreational Eq., Textile Fabrics, Textile Machinery/Eq., Toys/Games, Travel/Tourism Services*

Monica Eremia, Commercial Specialist

Phone: +40 21 200 3358 Fax: +40 21 316 0690

Email: [monica.eremia@mail.doc.gov](mailto:monica.eremia@mail.doc.gov)

*Industries: Aircraft/Aircraft Parts, Airport/Ground Support Eq., Aviation Services, Commercial Vessel/Eq. (Non-Fisheries), Computer Services, Computer Software, Computers/Peripherals, Defense Industry Eq., Electronic Components, Electronics Industry Prod/Test Eq., Financial Services, Insurance Services, Investment Services, Leasing Services, Port/Shipbuilding Eq., Security/Safety Eq., Telecommunications Eq., Telecommunications Services*

Corina Gheorghisor, Commercial Specialist

Phone: (+4) (021) 200-3397 Fax: (+4) (021) 316-0690

Email: [corina.gheorghisor@mail.doc.gov](mailto:corina.gheorghisor@mail.doc.gov)

*Industries: Automobile/Light Truck/Vans, Automotive Parts/Services Eq., Books/Periodicals, Cosmetics/Toiletries, Franchising, Furniture, Jewelry, Regulations, Packaging Equipment and Materials*

Maria Nitoiu, Commercial Specialist

Phone: (+4) (021) 200-3379 Fax: (+4) (021) 316-0690

Email: [Maria.Nitoiu@mail.doc.gov](mailto:Maria.Nitoiu@mail.doc.gov)

Industries: *Coal, Electrical Power Systems, Mining Industry Eq., Oil/Gas Field Machinery, Oil/Gas/Mineral Prod/Explor Serv., Pollution Control Eq., Port/Shipbuilding Eq., Renewable Energy Eq., Used/Reconditioned Eq., Water Resources Eq./Services*

Gabriel Popescu, Commercial Specialist

Phone: (+4) (021) 200-3312 Fax: (+4) (021) 316-0690

Email: [Gabriel.Popescu@mail.doc.gov](mailto:Gabriel.Popescu@mail.doc.gov)

Industries: *Accounting Services, Agricultural Machinery & Eq., Chemical Production Machinery, Financial Services, General Industrial Eq./Supplies, Industrial Chemicals, Insurance Services, Investment Services, Iron/Steel, Leasing Services, Machine Tools/Metalworking Eq., Materials Handling Machinery, Non-Ferrous Metals, Oil/Gas Field Machinery, Paper/Paperboard, Photographic Eq., Plastics Materials/Resins, Plastics Production Machinery, Printing/Graphic Arts Eq., Process Controls - Industrial, Pulp/Paper Machinery, Tools - Hand/Power, Used/Reconditioned Eq.*

Monica Pascu, Office Manager

Phone: +40 21 200 3372 Fax: +40 21 316 0690

Email: [Monica.Pascu@mail.doc.gov](mailto:Monica.Pascu@mail.doc.gov)

Ion Duculescu, Receptionist

Phone: (++4) (021) 200-3396 Fax: (++4) (021) 316-0690

Email: [ion.duculescu@mail.doc.gov](mailto:ion.duculescu@mail.doc.gov)

**The United States Embassy in Romania**

<http://bucharest.usembassy.gov>

**American Chamber of Commerce in Romania**

<http://www.amcham.ro>

Romanian Presidency

<http://www.presidency.ro>

Government of Romania

<http://www.guv.ro>

Cabinet

[http://www.gov.ro/cabinet\\_\\_c64l2p1.html](http://www.gov.ro/cabinet__c64l2p1.html)

Ministries

[http://www.gov.ro/ministries\\_\\_c117l2p1.html](http://www.gov.ro/ministries__c117l2p1.html)

National Trade Registry Office

<http://www.onrc.ro>

State Office for Inventions and Trademarks (OSIM)

<http://www.osim.ro>

## Resources in the United States

U.S. Commercial Service, Office of International Operations - Europe  
[http://www.export.gov/comm\\_svc/index.html](http://www.export.gov/comm_svc/index.html)

Market Access and Compliance - Central and Eastern Europe Division  
<http://www.mac.doc.gov>

U.S. Department of State  
<http://www.state.gov>

U.S. Department of Agriculture  
<http://www.usda.gov>

U.S. Trade and Development Agency  
<http://www.tda.gov>

Export-Import Bank of the United States  
<http://www.exim.gov>

Overseas Private Investment Corporation  
<http://www.opic.gov>

U.S. Chamber of Commerce  
<http://www.uschamber.com>

## Romanian Government in the United States

Embassy of Romania in Washington  
<http://www.roembus.org>

Consulate General of Romania in New York  
<http://www.romconsny.org>

### **Market Research**

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports. Registration to the site is required, but free of charge.

### **Trade Events**

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.buyusa.gov/romania>

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process. We help American companies to:

- Research and evaluate the most promising markets,
- Develop strategies to enter or expand in overseas markets,
- Build brand awareness and market share,
- Identify, qualify and establish distribution partners,
- Solve challenges and overcome trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/romania>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.