

# Romania A Strategic Choice

16 of February, 2021

# Romania - Country overview



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

**Capital:**  
Bucharest



Currency: RON  
RON/EUR: 4.84  
RON/USD: 4.24  
(averages 2020)



(1<sup>st</sup> Jan 2019)

**Population:**  
19.4M

Bucharest

Metropolitan Area: ~3M



At the crossroad of three large markets: UE, CIS and Middle East. Bridge between East and West for 500M consumers market. Romania is located in the GMT+2 time zone

**Nominal GDP**  
2019 **223B €**

**GDP Growth**  
2019 **4.1%**

**FDI flows**  
2019 **5.2B €**

**FDI stock**  
2019 **88.3B €**



2004 - NATO membership



2007 - EU membership  
2019 - EU Presidency

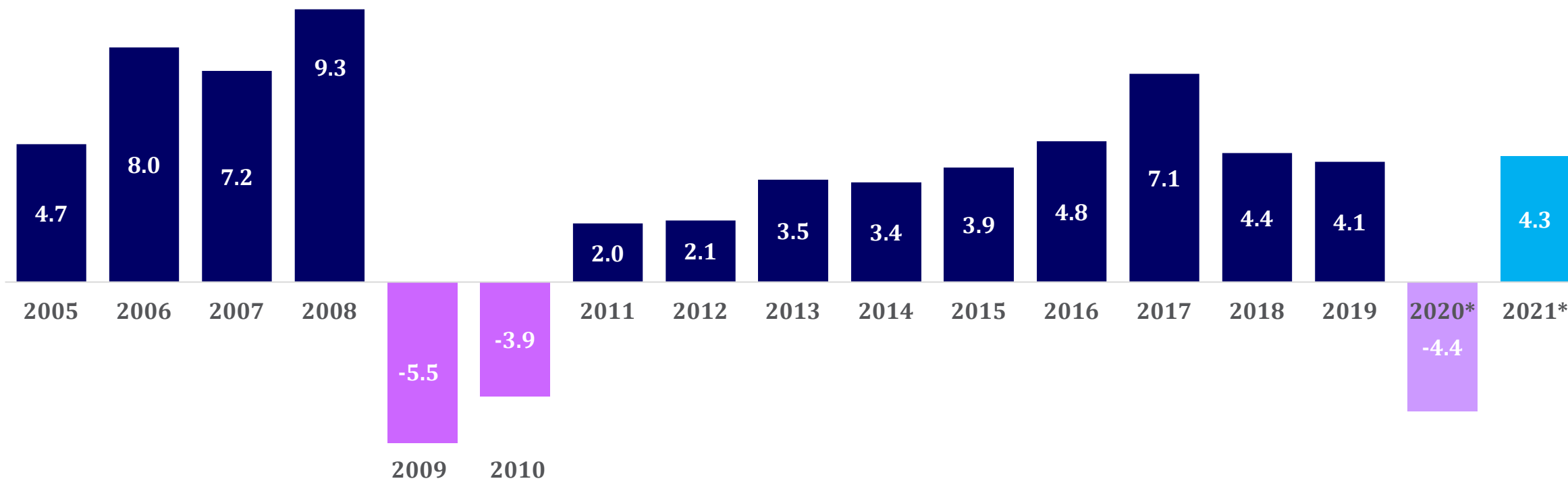


1910 - diplomatic relations  
Romania - Luxembourg



# Potential for growth

## GDP growth (%)

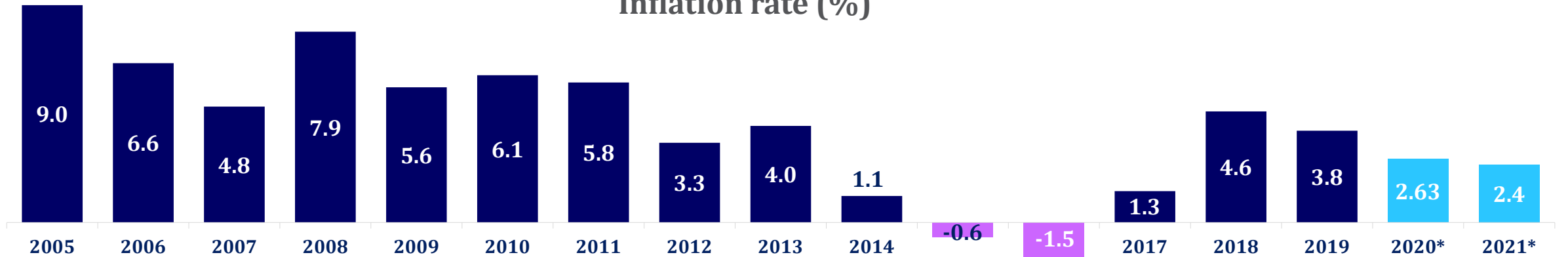


(Source: National Institute of Statistics)

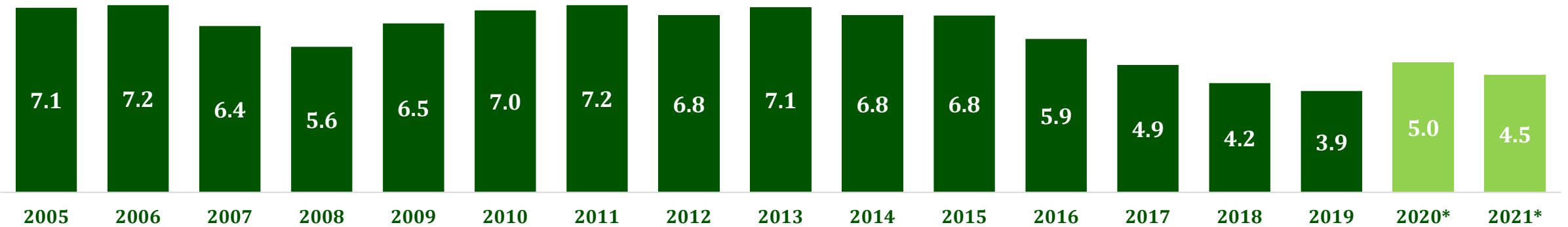
\* Forecast - National Commission of Strategy and Prognosis

# Inflation & unemployment

## Inflation rate (%)



## Unemployment rate (%)

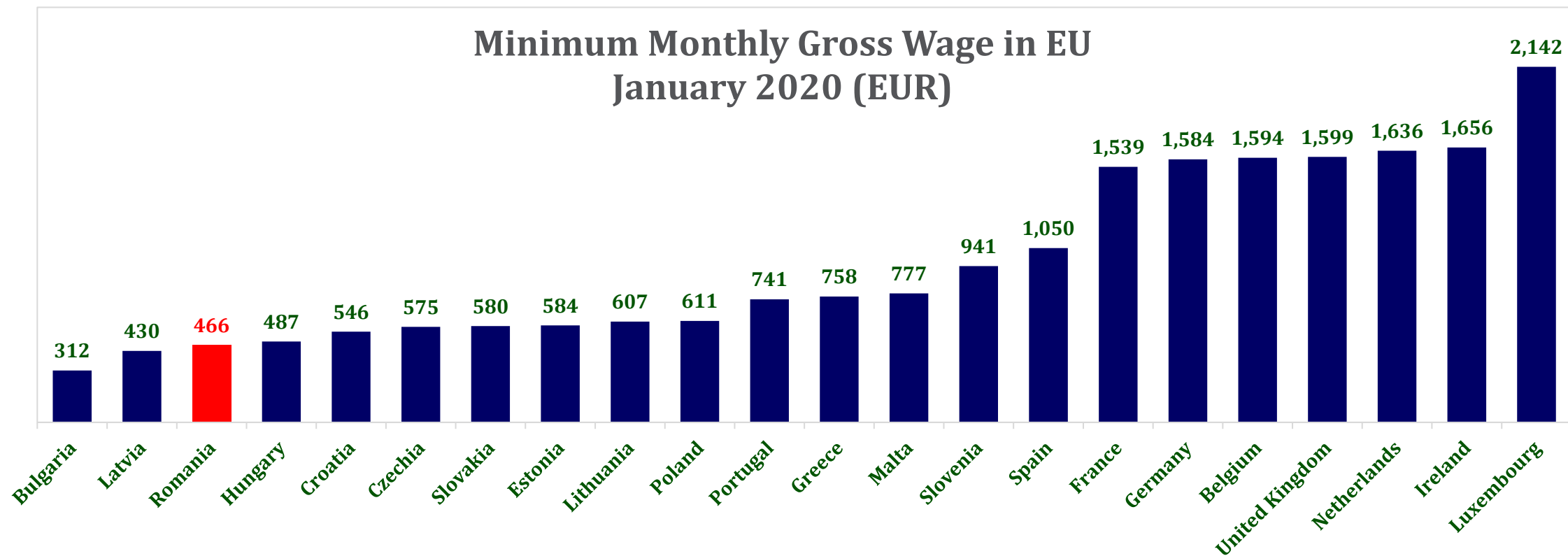


(Source: National Institute of Statistics)

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# Minimum Wage in EU

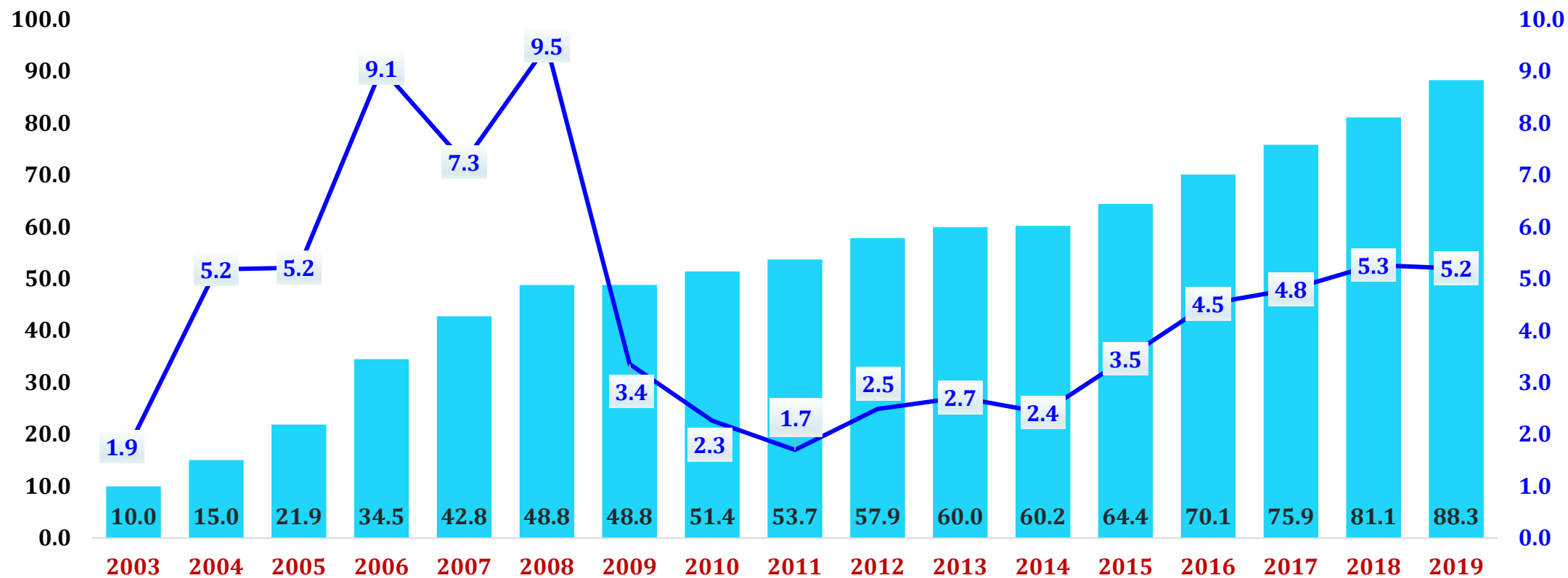


(Source: Eurostat)

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

# FDI Flows and Stock

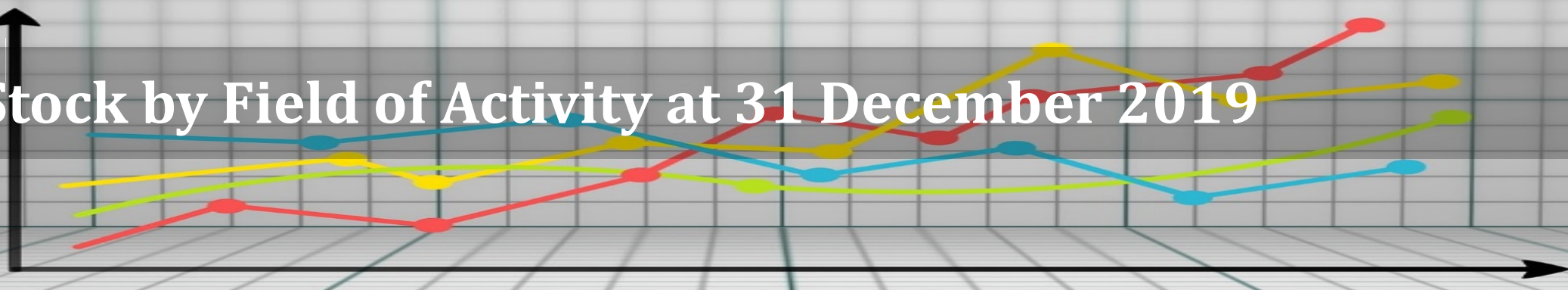
(EUR Bn)



(Source: National Bank of Romania)

FDI stocks for 2009-2018 were recalculated based on the BPM6 methodological framework

# FDI Stock by Field of Activity at 31 December 2019



Sectors	EUR million	% of total FDI
TOTAL	88,304	100.0
Manufacturing	25,596	29.0
Construction & real estate transactions	14,928	16.9
Trade	14,681	16.6
Financial intermediation and insurance	10,152	11.5
Electricity, gas and water supply	6,131	6.9
Professional, scientific, technical and administrative activities and support services	4,386	5.0
IT&C	3,441	3.9
Agriculture, forestry and fishing	2,637	3.0
Mining	3,921	4.4
Transportation	1,274	1.4
Accommodation & food service activities	605	0.7
Other	552	0.6

By economic activity, FDI stock was channeled primarily to manufacturing (29.0% of total FDI), out of which the largest recipients were:

- 22.4% transport equipment
- 20.4% oil processing, chemical, rubber & plastic products
- 12.4% metallurgy

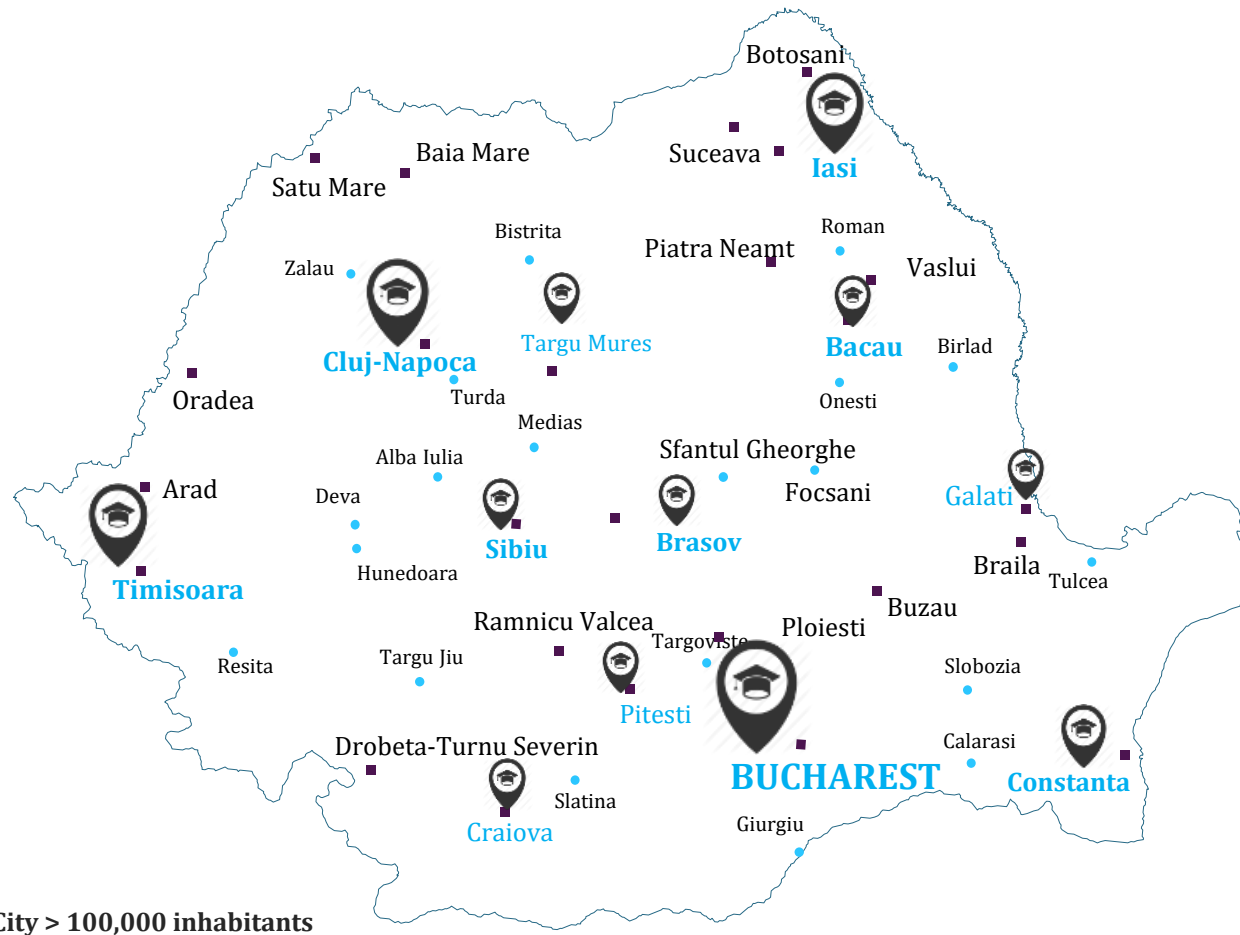
Apart from industry, other activities that also attracted significant FDI were:

- 16.9% construction & real estate transactions
- 16.6% trade
- 11.5% financial intermediation & insurance



# Talent pool

## Top 5 University centers in Romania



Students enrolled\* 543,299 / Students graduated\*\* 124,759

**Bucharest - 34 Universities**  
(175,231 enrolled students/41,827 graduated)

**Cluj - 10 Universities**  
(69,981 enrolled students/14,339 graduated)

**Iasi - 8 Universities**  
(54,653 enrolled students/11,486 graduated)

**Timisoara - 6 Universities**  
(41,976 enrolled students/8,944 graduated)

**Constanta - 5 Universities**  
(21,752 enrolled students/5,017 graduated)

Academic year \*2019-2020; \*\*2018-2019

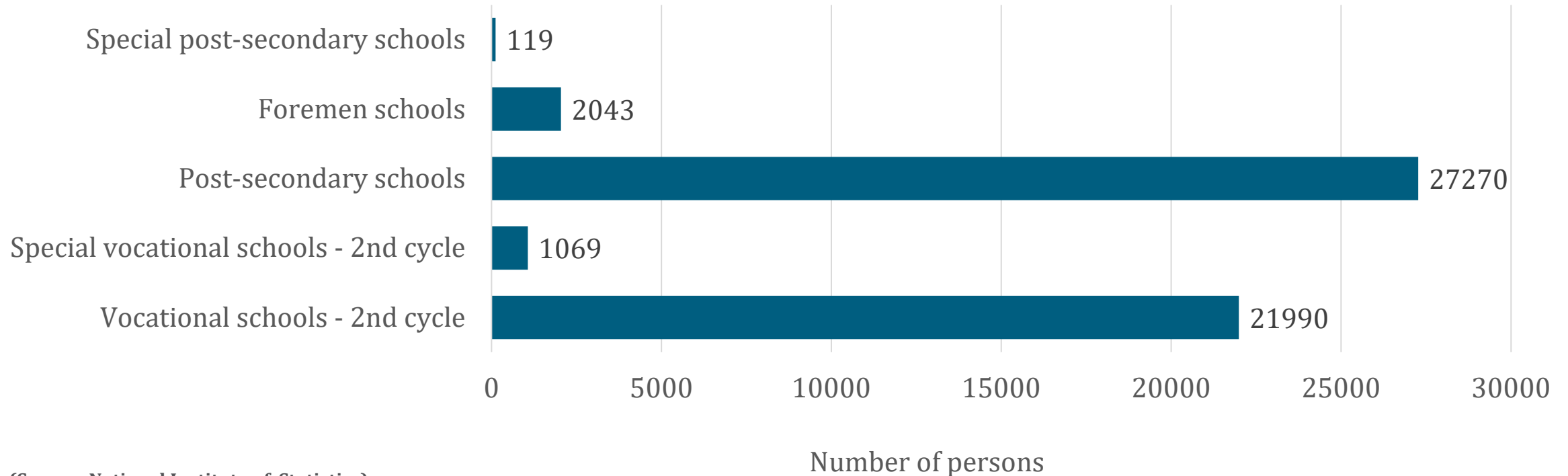
Source: National Institute of Statistics, World Economic Forum



# Talent pool

## Professional education

Graduates in the vocational, post high school and foremen education in 2018



(Source: National Institute of Statistics)

# Communication skills

## Languages studied by Romanian students

99%

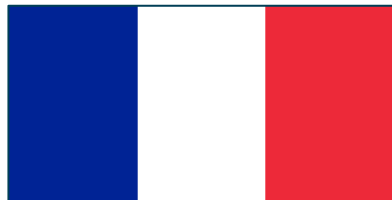
- 99% of Romanian high school students study two or more foreign languages
- Predominant languages: English, French, German and Spanish, yet initiatives for teaching Japanese, Nordic languages or the entire Latin language family.

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

90%



26%



17%



8%



5%





# Centers of Excellence

Renault Technologie Roumanie (RTR), Technical Center Titu



**RENAULT**



**ELI - NP Magurele**



**BOSCH Cluj-Napoca**



**PORSCHE Engineering Romania Cluj-Napoca**



**SONACA Turda**



**DAIMLER Sebes**



**SIEMENS Cluj-Napoca**

**HELLA Technical Center Craiova**





# Romania - competitive market

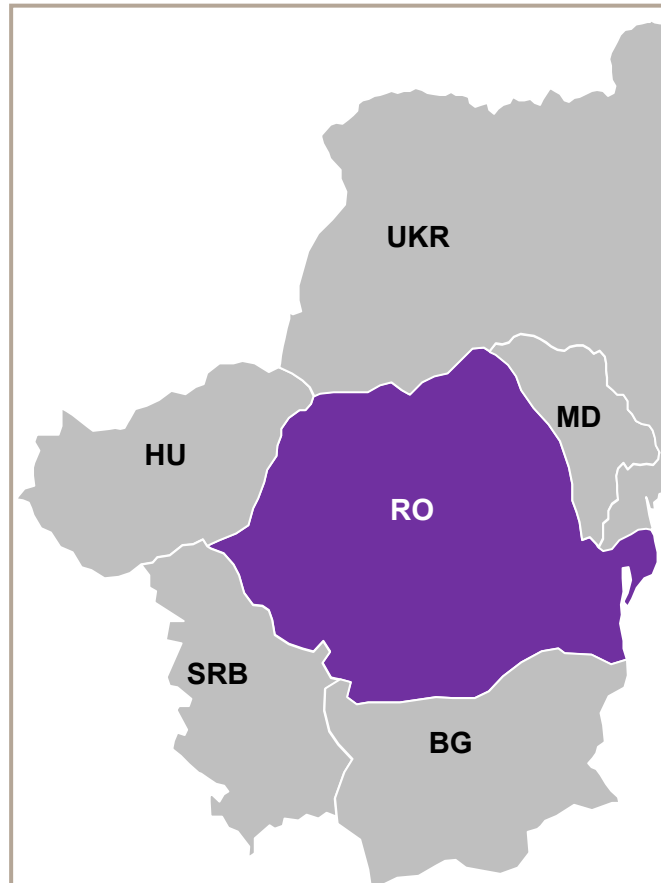
## Natural gas & Electricity prices EU27 ranking (S1 2020)\*

Natural gas prices  
**0.029 €/KWh**

Electricity prices  
**0.106 €/KWh**

\*Excluding VAT and other recoverable taxes and levies

(Source: Eurostat)



## Hourly labor costs 2019

One of the most  
competitive labor force  
in the EU (€7.7)

(Source: Eurostat, March 2020)

2

## World Bank ease of doing business

Ahead of Italy,  
Bulgaria, Luxembourg,  
Greece and Malta

(Source: World Bank Report, 2019)

55



# Value for money

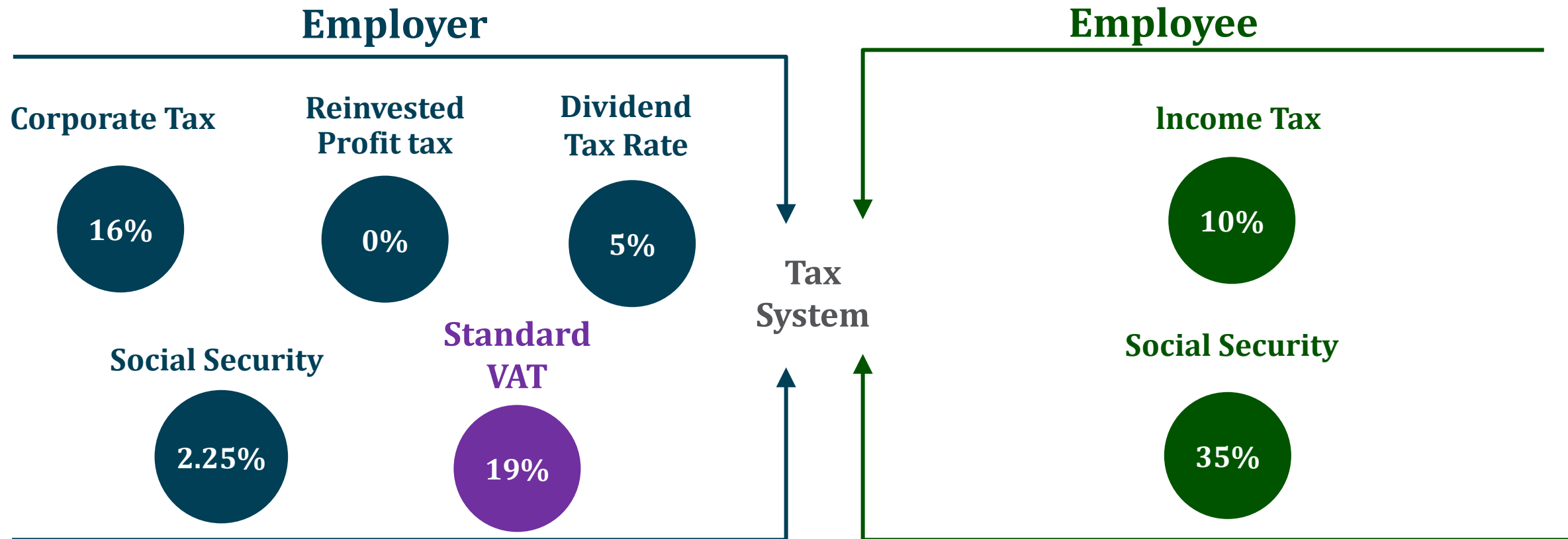


	<b>BUCHAREST</b>	<b>LUXEMBOURG</b>	<b>PARIS</b>
<b>Consumer Prices</b>	100 €	208 €	220 €
<b>Rent Prices</b>	100 €	421 €	341 €
<b>Restaurant Prices</b>	100 €	233 €	215 €
<b>Groceries Prices</b>	100 €	229 €	260 €
<b>Standard of living equivalency net salary</b>	1980 €	5140 €	4942 €

(Source: Numbeo, February 2021)

Numbeo is the world's largest cost of living database. Numbeo is also a crowd-sourced global database of quality of life information's including housing indicators, perceived crime rates, and quality of healthcare, among many other statistics.

# The Romanian tax system 2020



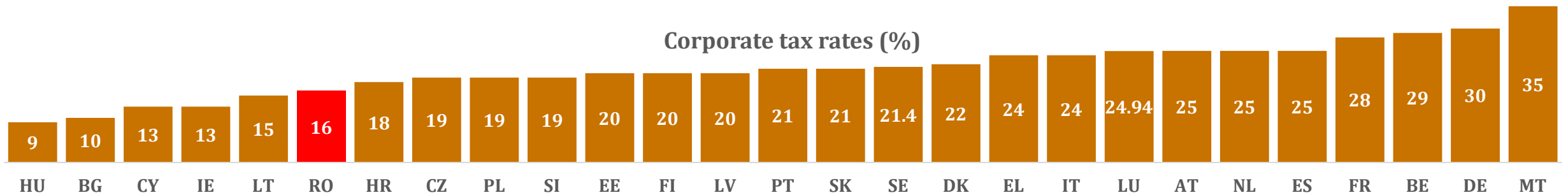
ZERO% income tax for employees who work in Research and Development (R&D)

ZERO% income tax for employees who work in (IT&C)

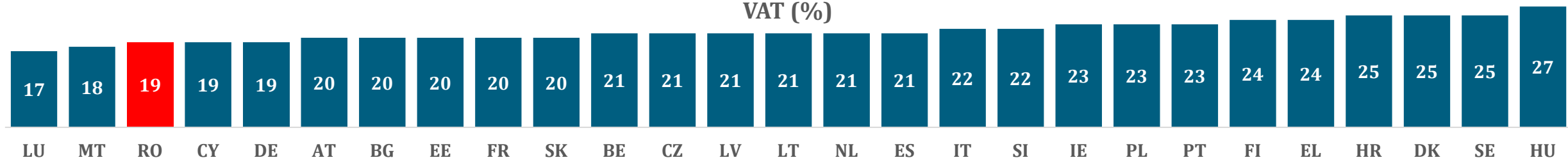


# Comparative tax in EU27 (2020)

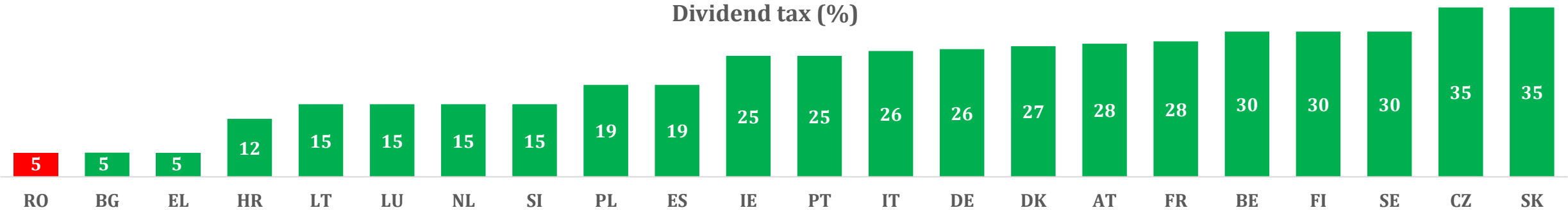
### Corporate tax rates (%)



### VAT (%)



### Dividend tax (%)



0% withholding tax for Malta, Cyprus, Estonia, Latvia and Hungary

Source: KPMG, topforeignstocks.com

# Investment Support

**STATE AID 2014-2023 Total Budget EUR 1.5B**

## **STATE AID - GD 807/ 2014**

### **Minimum EUR 1M investment**

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

## **STATE AID - GD 332 / 2014**

### **Minimum 100 new jobs\***

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

\* in different locations of the investment



# Examples of supported investments

## FISCAL INCENTIVES

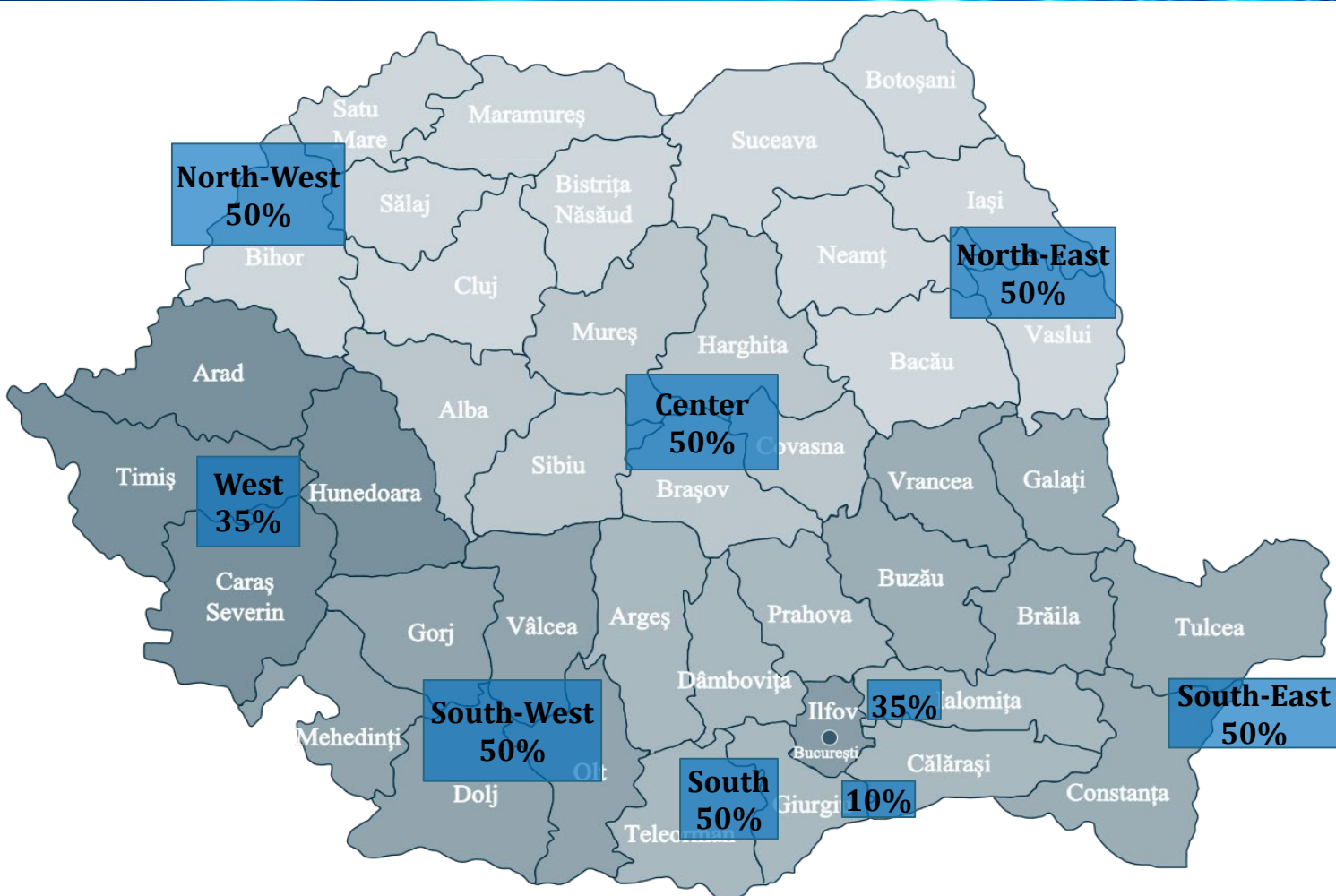
Investors that set up manufacturing locations or offices in an industrial, scientific or technological park benefit from:

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

## State Aid Budget total 2014-2023 1,5 B €

- Dacia Renault, France, 2018 – 24 million Euro state aid (work in progress)
- Dacia Renault, France, 2015 – 13 million Euro state aid (100% realized)
- Sogefi, France, 2018 – 22 million Euro state aid (work in progress)
- Sonaca, Belgium, 2015 - 5 million Euro state aid (100% realized)
- Universal Alloy Corporation, Switzerland – 37 million Euro state aid ( 91% realized)
- Arcelik (Arctic ), Turkey, 2016 - 36 million euro state aid (100% realized)
- Pirelli, Italy, 2016 - 28 million euro state aid ( 91% realized)

# State Aid intensity 2018-2020



State aid intensity, according to development region:

North West - 50%

North East - 50%

South East - 50%

South - 50%

South West - 50%

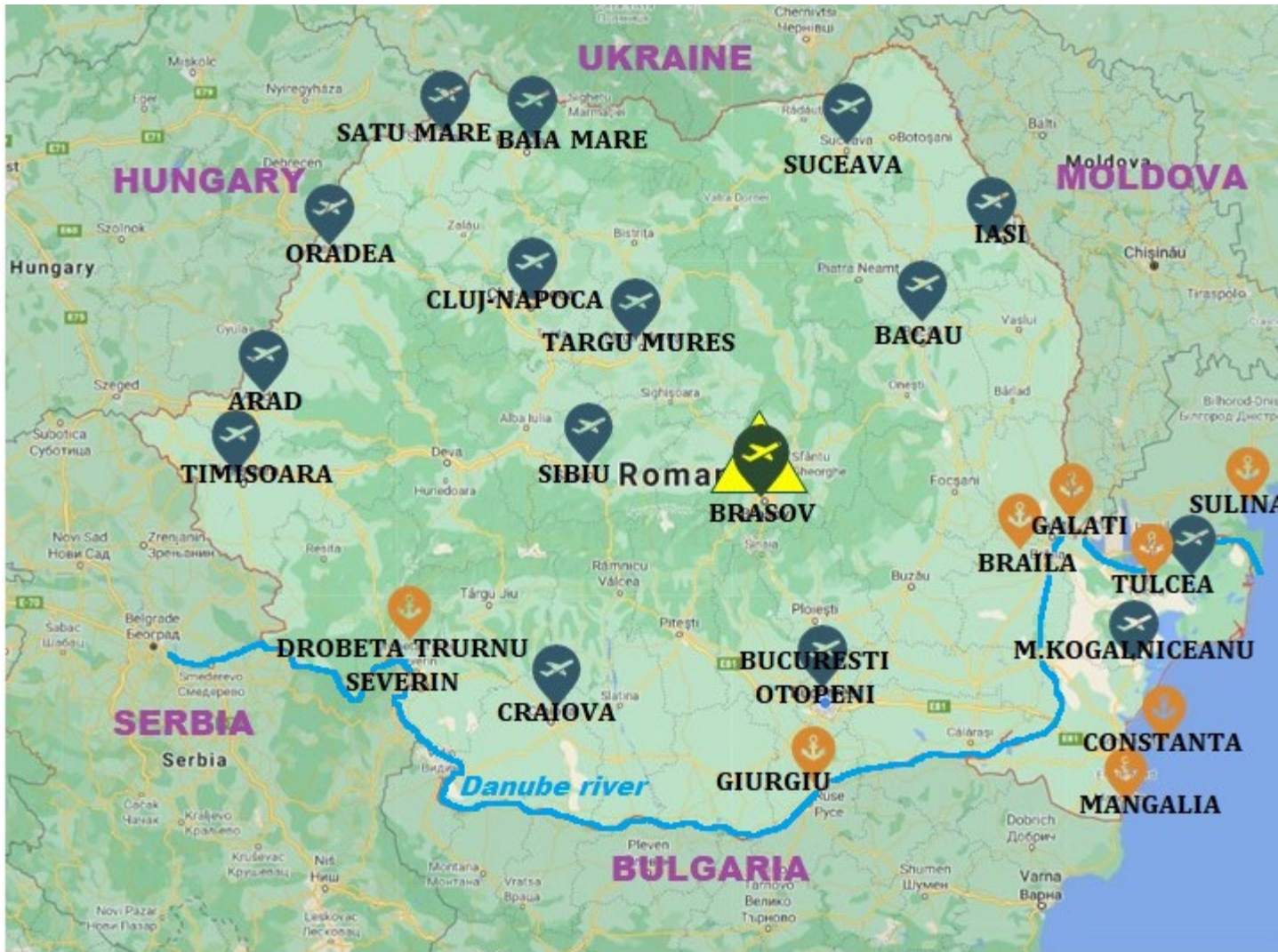
West - 35%

Ilfov County - 35%

Bucharest - 10%



# Connectivity

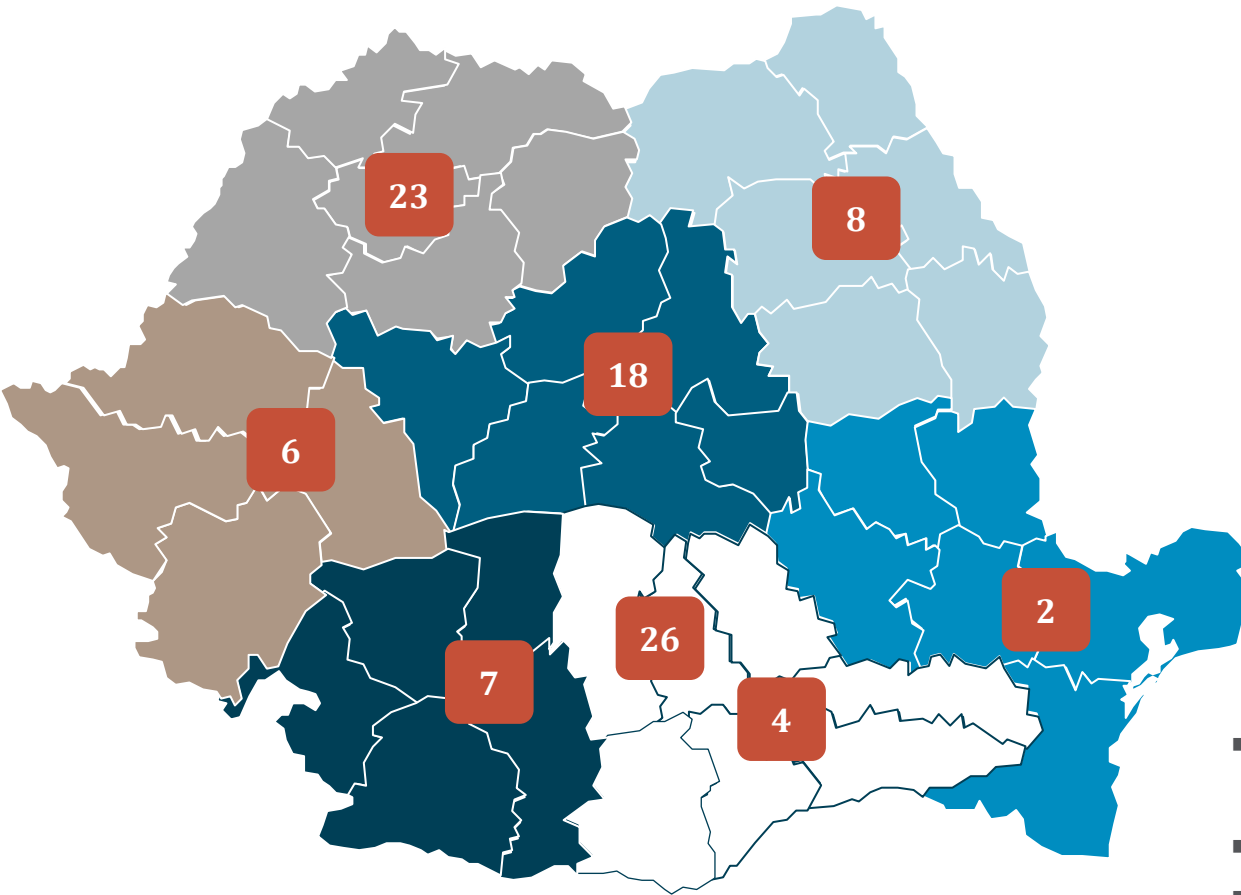


Romania owns 1/3 of the Danube River, also standing as the most significant gateway to the Black Sea through Constanta Port, the largest and deepest port (25 meters) at the Black Sea (with a 6 days time saving competitive advantage against the biggest European port, Rotterdam, as concerns Asian goods transportation by sea).

-  International Flights
-  Ports
-  Under construction



# Industrial Parks in Romania



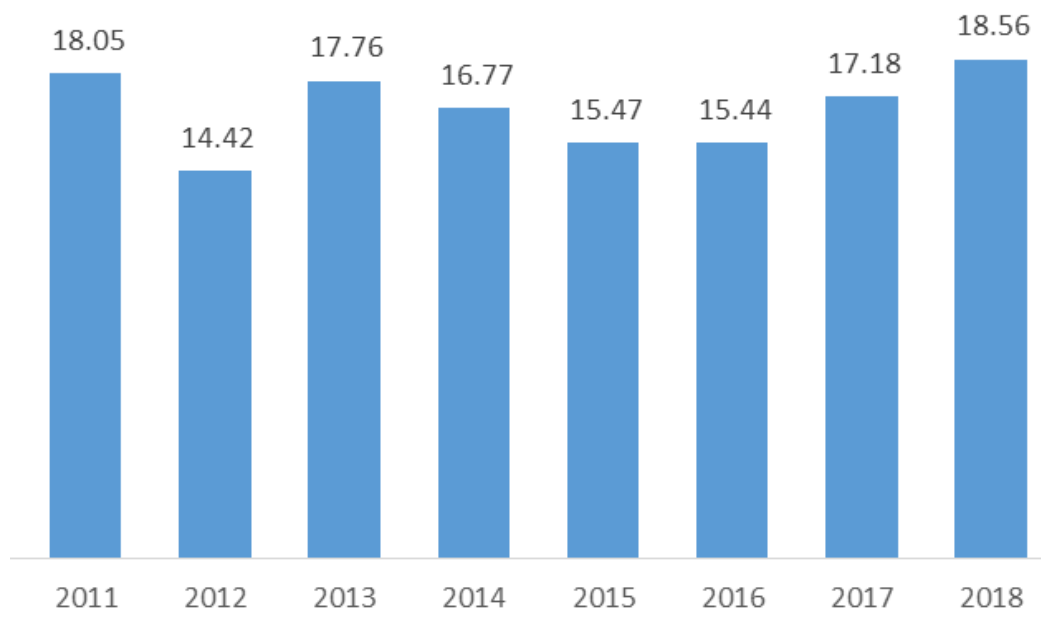
- 94 modern industrial parks spread across Romania both private and public ownership, totaled 3280 ha
- Access to utilities & benefits packages according to their focus
- Exemption on land, building and urban planning taxes

(Source: Ministry for the Public Works, Development and Administration)



# AGRICULTURE

Agriculture market size evolution (€ Mill.)



## INVESTMENT OPORTUNITIES

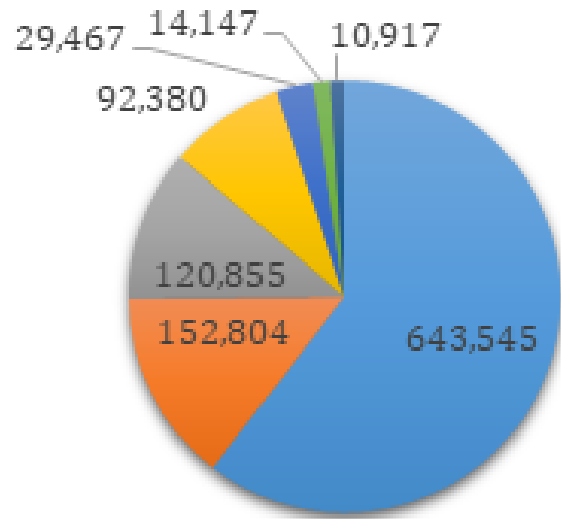
- Digitalization of the agriculture sector
- Irrigation infrastructure, drainage and soil erosion
- Mechanization and the extensive use of modern technology
- Collecting, storage systems and processing of agriculture products
- The Organic Farming segment

- Over 10 mil hectares of land are cultivated from a total of 14.8 mil
- In 2020, Romania was the first agricultural producer in the EU and with the largest amount of maize (more than 590,000 tons) (Source: Agerpres, 2020)

# TOURISM



## Tourists and tourism area in 2019



- Riviera resorts
- Spa resorts
- Other tourist routes
- Mountain resorts
- Religious tourism
- Danube Delta
- Cultural tourism

Entrepreneurs can direct more investments towards:

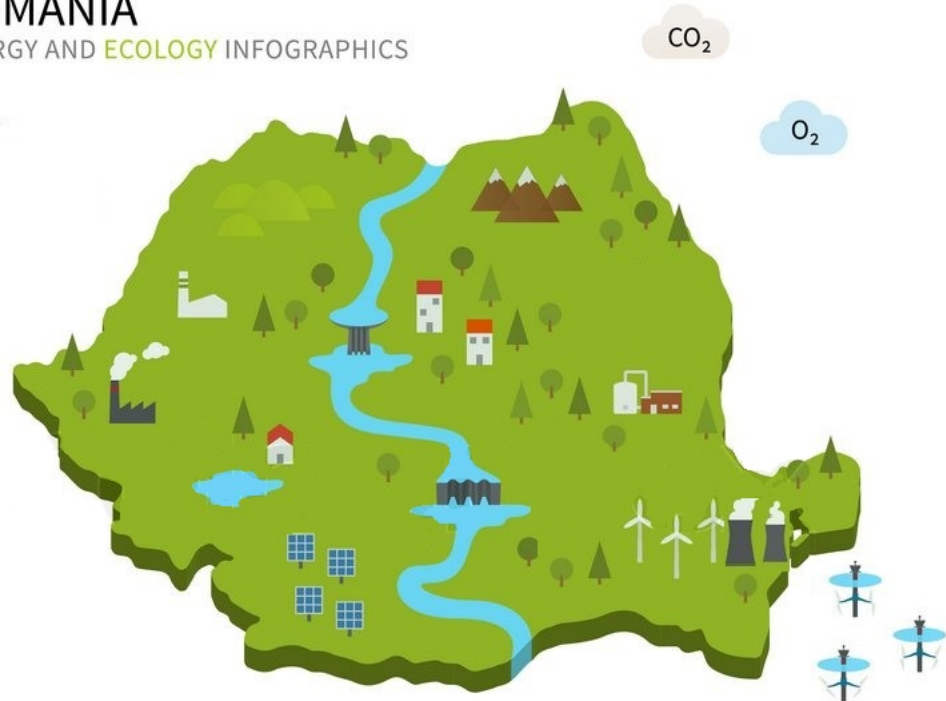
- ❖ Spa resorts and cruise tourism
- ❖ Ecotourism and rural communities
- ❖ Information, booking, and payment system platforms
- ❖ Authentic traditional crafts & ethnographic tourism
- ❖ Wine tourism
- ❖ The railway tourism



# ENERGY

## ROMANIA

ENERGY AND ECOLOGY INFOGRAPHICS

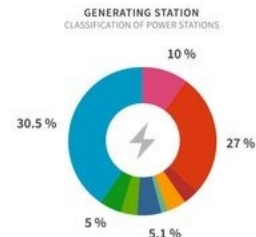


## Romanian renewable energy market

- Bioenergy
- Solar Energy
- Wind
- Hydropower

## Projects and Government's Policies

- Offshore wind parks of 300 MW
- Power Plants Combined Cycle Gas Turbine
- Photovoltaics parks of 80 MW
- Smart grids and digitalization of electrical transport network



# Key facts for top tech oriented industries in Romania (2019)

## INDUSTRY SIZE

## KEY PLAYERS

## KEY PROJECTS

### AUTOMOTIVE



31 B €



- **Continental** EUR 175M investment in 2017
- **Daimler** EUR 250M in 2018 investment for gear boxes
- **Ford** EUR 200M investment for production of new model

### IT&C

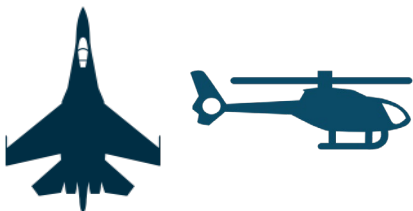


6 B €



- **Siemens** software dev. worked on the Mars Rover
- **Deutsche Bank** EUR 40M investment
- LiveRail was acquired by **Facebook** for EUR 600M

### AEROSPACE



732 M €

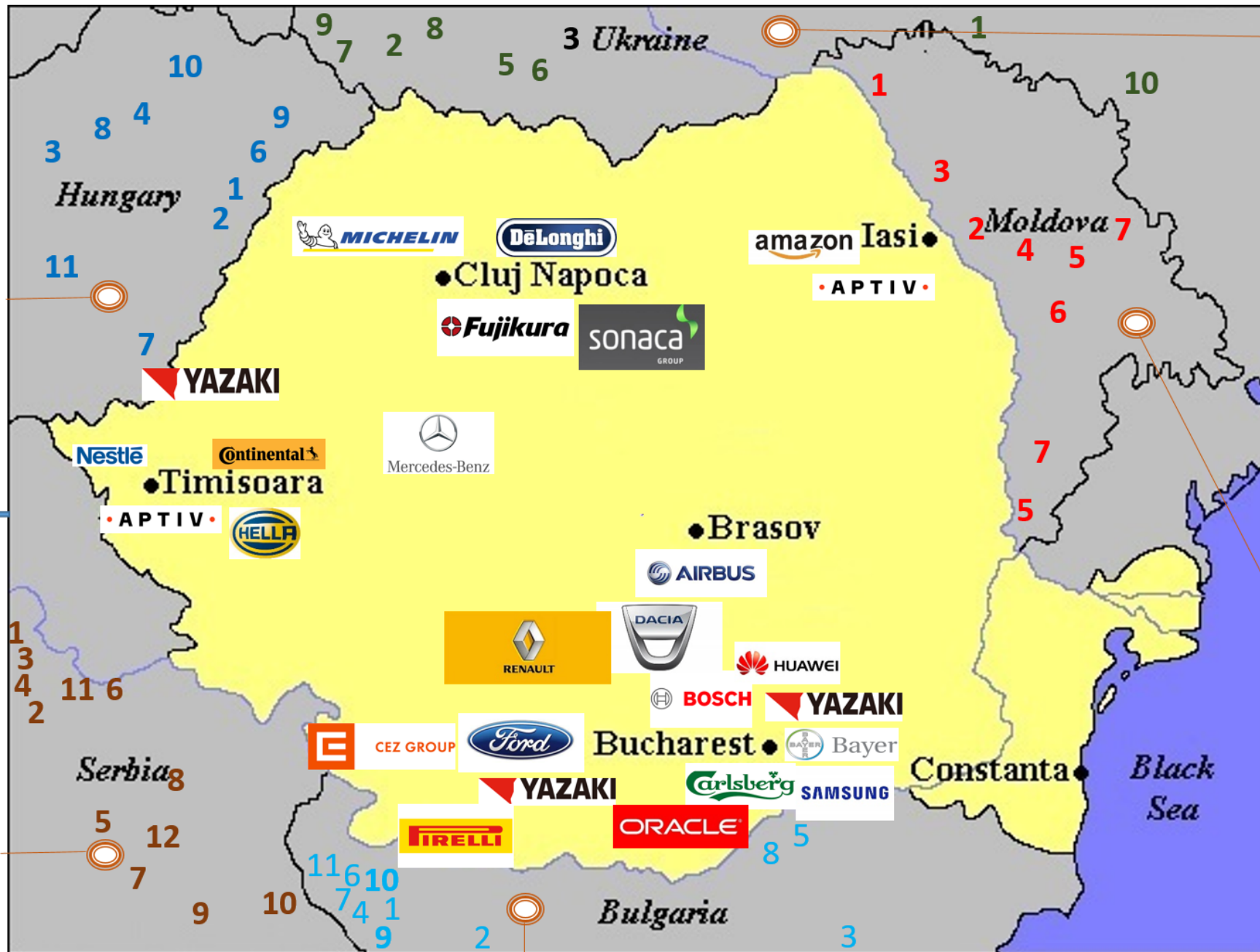


- **Premium Aerotec** EUR 100M investment
- **Sonaca** EUR 100M investment
- **Airbus Helicopters** EUR 15M investment
- **UAC Europe** 100M investment



- 1 Continental
- 2 7P377
- 3 BOSCH
- 4 evosoft
- 5 BMW
- 6 Electrolux
- 7 VIDEOTON
- 8 JABIL
- 9 RAUCH
- 10 Nestlé
- 11 Mercedes-Benz

- 1 Continental
- 2 BOSCH
- 3 APTIV
- 4 YAZAKI
- 5 LEONI
- 6 PKC GROUP
- 7 KROMBERG & SCHUBERT
- 8 GRAH AUTOMOTIVE
- 9 Heineken
- 10 Nestlé
- 12 SIEMENS





- 1 BOEING
- 2 Carlsberg
- 3 Bayer
- 4 The industrial group ViOil
- 5 LEONI
- 6 APTIV
- 7 YAZAKI
- 8 BOSCH
- 9 Fujikura
- 10 GROUPE LACTALIS

- 1 APM CONSTRUCTION SERVICES
- 2 LEAR CORPORATION
- 3 Kab-lem GROUP
- 4 WHETEC
- 5 DRAXLMAIER
- 6 AROBS Transilvania Software
- 7 Fujikura

- 1 SIEMENS
- 2 Schneider Electric
- 3 YAZAKI
- 4 Lufthansa Technik
- 5 Montupet
- 6 CISCO
- 7 Atos
- 8 DATECS
- 9 Nestlé
- 10 SONY
- 11 IBM

# Investment from Luxembourg in Romania

(December 1990 – January 2021)

	No. of companies	1,047
	% of the total no. of companies	1.72
	Subscribed share capital in companies with capital from Luxembourg	USD 2,515 mill.
	% of the total value of capital	3.99
	Ranking	7 <sup>th</sup>

Source: National Office of the Trade Register (ONRC)

According to the National Trade Register available data, in reference period the highest contribution of capital subscription from companies of Luxembourg is in Manufacturing & Mining and quarrying sector (27%), second in Trade sector (14.9%) and Financial and insurance activities sector (14.6%) on the third

\*The subscribed share capital accounts for only a part of the total FDI. According to ONRC, the country of origin of the investment is the country where the capital comes from and not the country of origin of the transnational company.



## Most important investment of Luxembourg in Romania

Company	Sector	Set up
PROFI ROM FOOD	Retail	1999
CARGILL AGRICULTURA	Agriculture	1996
SILCOTUB	Metallurgy	1991
DELPHI DIESEL SYSTEMS ROMANIA	Automotive	2013
APTIV TECHNOLOGY SERVICES & SOLUTIONS	Electronics	1997
DELGAZ GRID S.A	Gas & Oil	1998
LEAR CORPORATION ROMANIA	Automotive	2001
CAMERON ROMANIA	Gas & oil	2010
ADIANT AUTOMOTIVE ROMANIA	Automotive	2016



# InvestRomania in a nutshell

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





## **GOVERNMENT OF ROMANIA**

**Ministry of Economy, Entrepreneurship and Tourism**

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