



# Romania A Strategic Choice

October 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)

**Population:**  
19.3M



(1<sup>st</sup> Jan 2020)

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

2020

**GDP** 217B €

**GDP growth** -3.9%

**FDI flows** 1.9B €

**FDI stock** 87.5B €



2004 - NATO membership

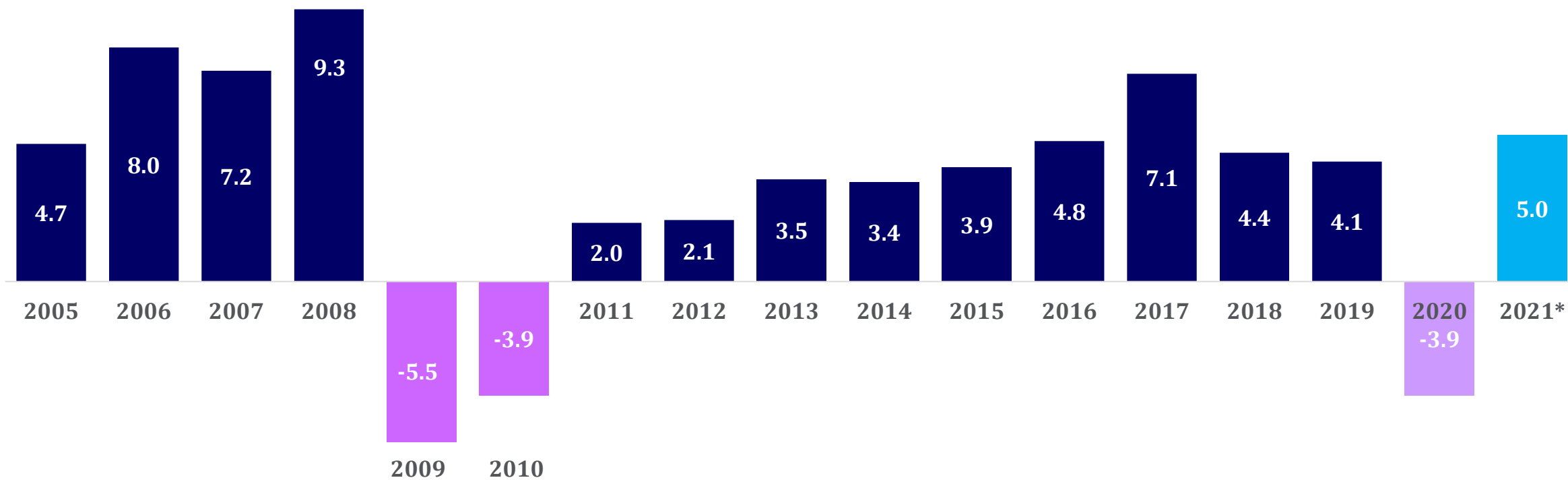


2007 - EU membership

2019 - EU Presidency

# Potential for growth

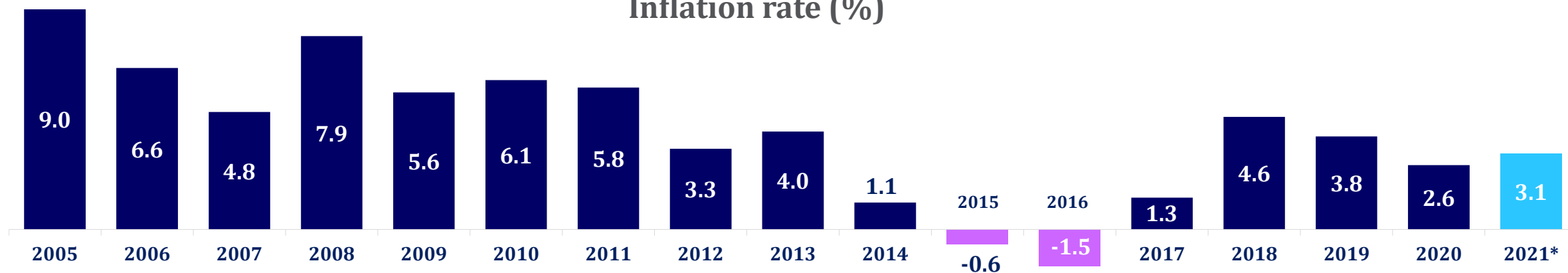
GDP growth (%)



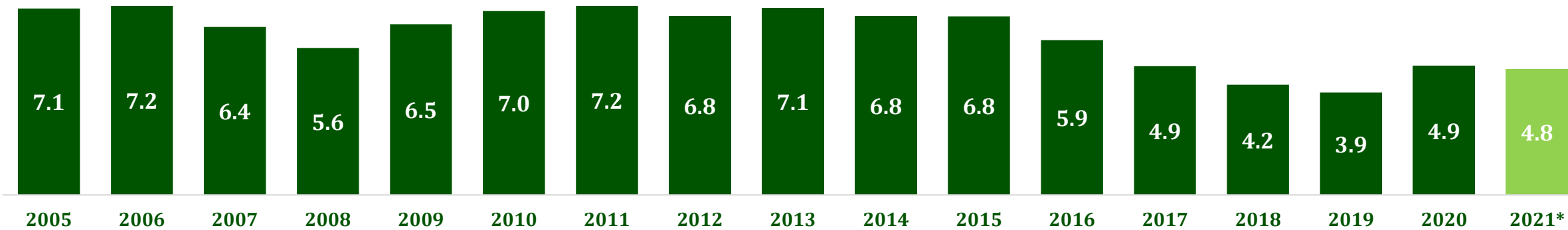
\* Forecast - National Commission of Strategy and Prognosis  
(Source: National Institute of Statistics)

# Inflation & unemployment

## Inflation rate (%)

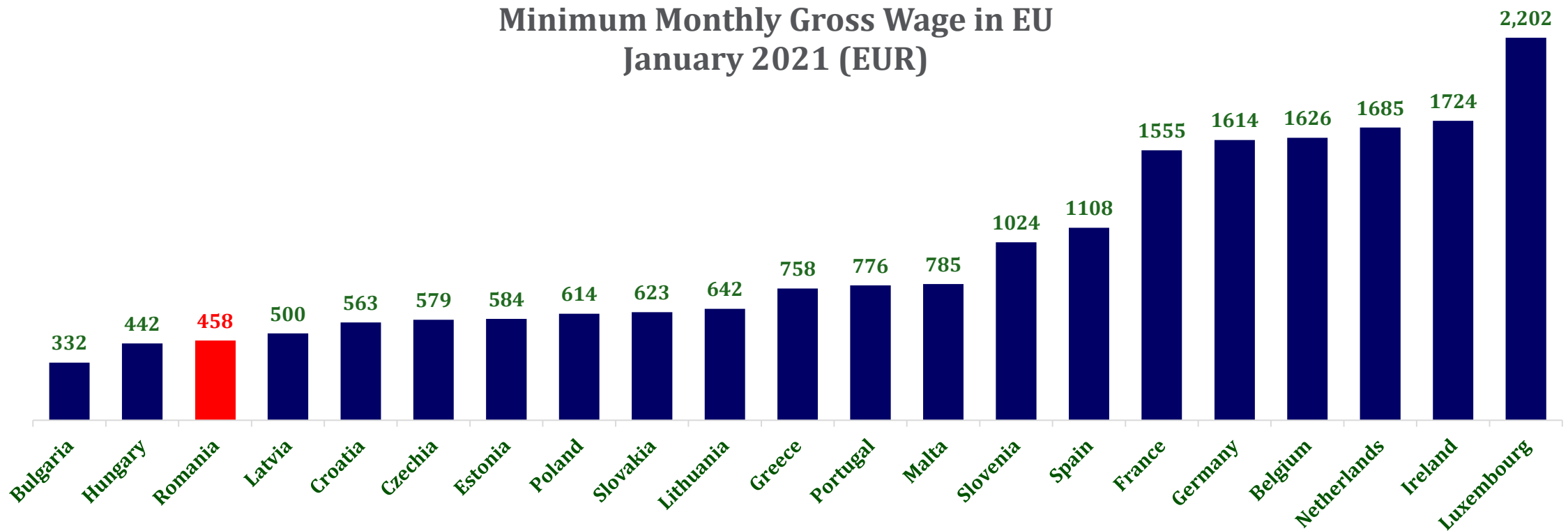


## Unemployment rate (%)



# Minimum Wage in EU

Minimum Monthly Gross Wage in EU  
January 2021 (EUR)

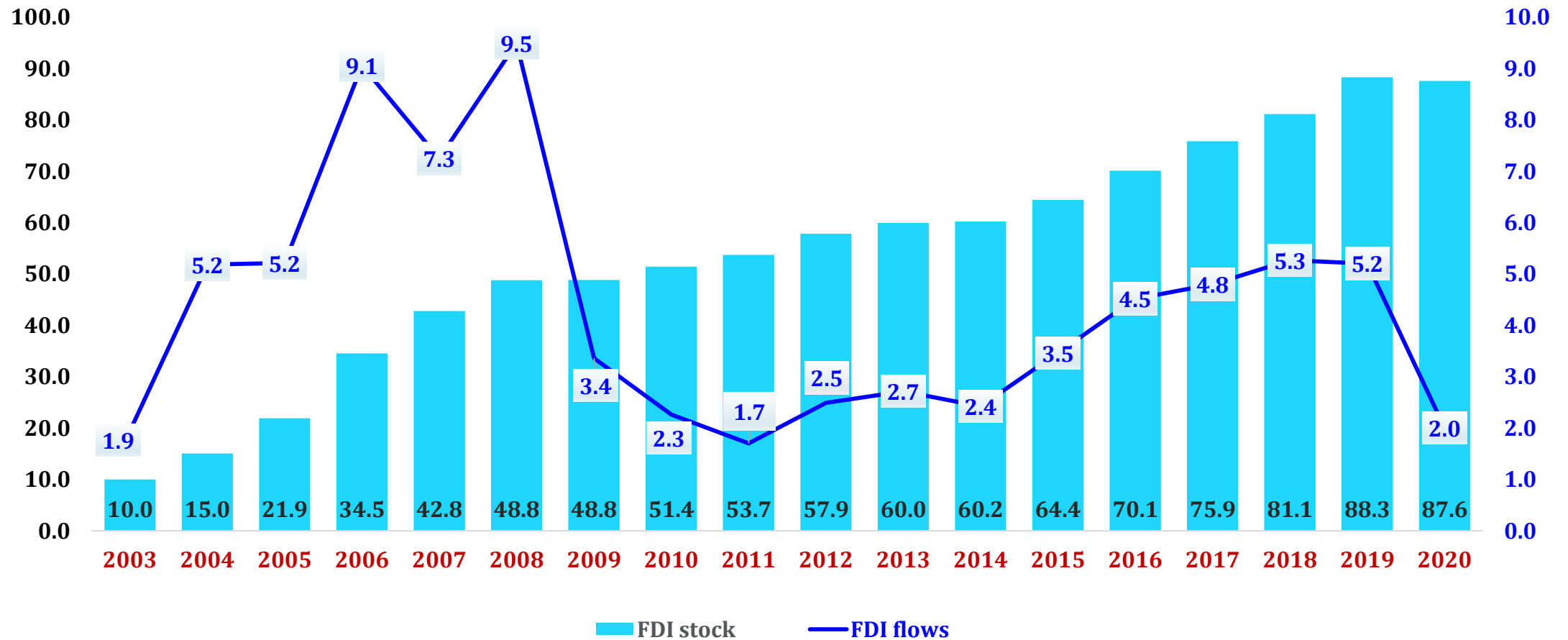


Note: EU countries without a national minimum wage were: Denmark, Italy, Cyprus, Austria, Finland and Sweden.

(Source: Eurostat)

# FDI Flows and Stock

(EUR Bn)



FDI stocks for 2009-2018 were recalculated based on the BPM6 methodological framework  
 (Source: National Bank of Romania)

# 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            |

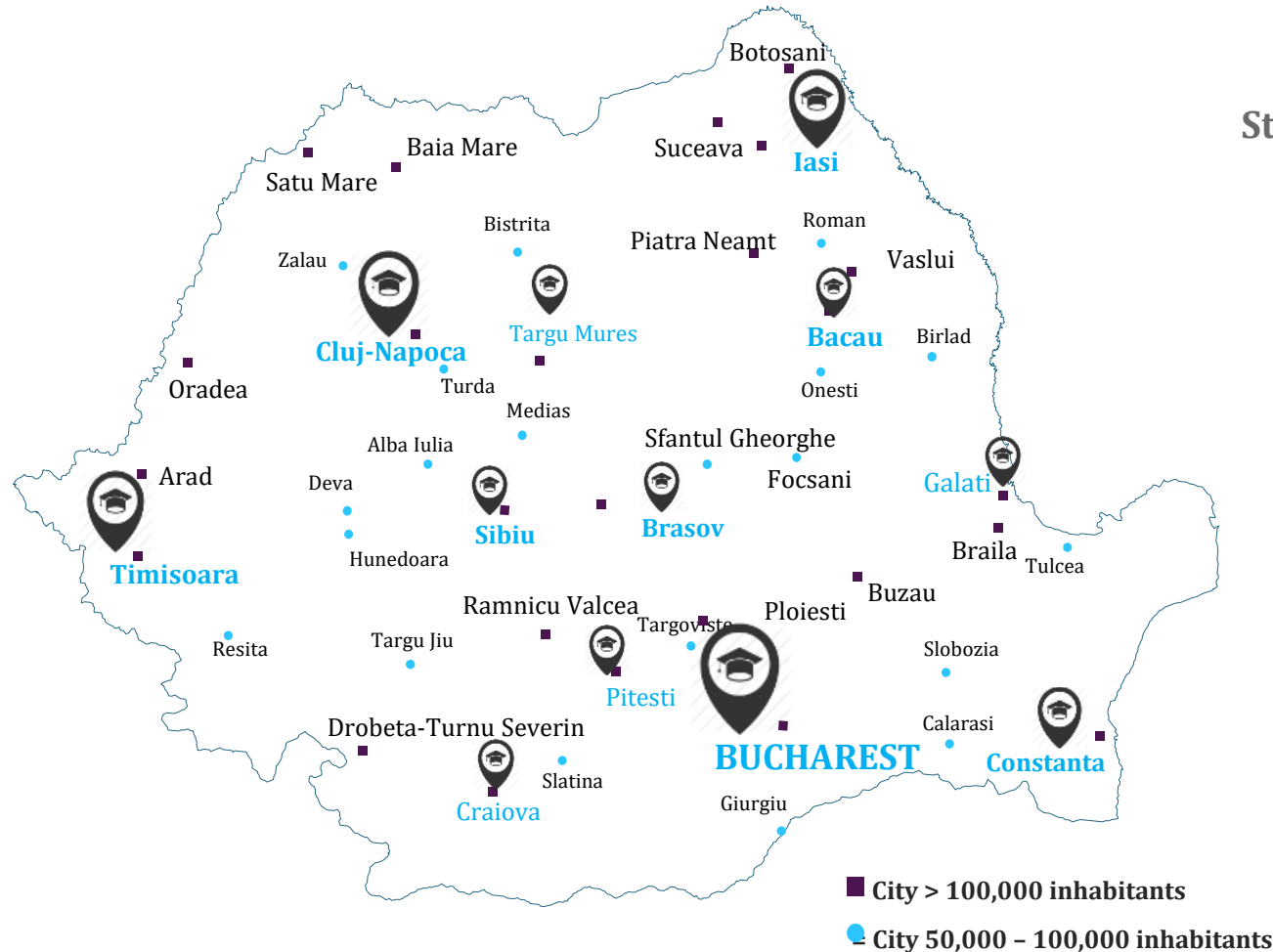
By economic activity, FDI stock was channeled primarily to manufacturing (29.0% of total FDI), out of which the largest recipients were:

- 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\* 560,490 / Students graduated\*\* 130,271

**Bucharest - 31 Universities**  
(177,718 enrolled students/43,315 graduated)

**Cluj - 9 Universities**  
(72,786 enrolled students/15,852 graduated)

**Iasi - 7 Universities**  
(56,889 enrolled students/12,032 graduated)

**Timisoara - 6 Universities**  
(43,582 enrolled students/9,133 graduated)

**Constanta - 5 Universities**  
(22,142 enrolled students/5,165 graduated)

Academic year \*2020-2021; \*\*2019-2020

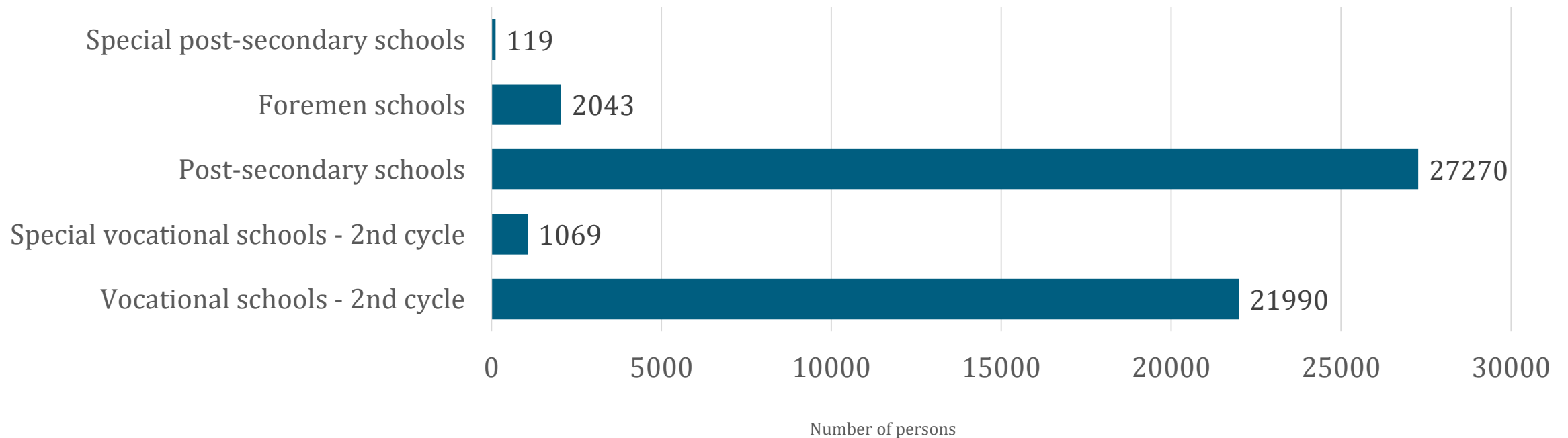


# Talent pool



## 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**

**HELLA Technical Center Craiova**



**ELI - NP Magurele**

**SONACA Turda**



**BOSCH Cluj-Napoca**



**DAIMLER Sebes**



**PORSCHE Engineering Romania / Cluj-Napoca**



**SIEMENS Cluj-Napoca**

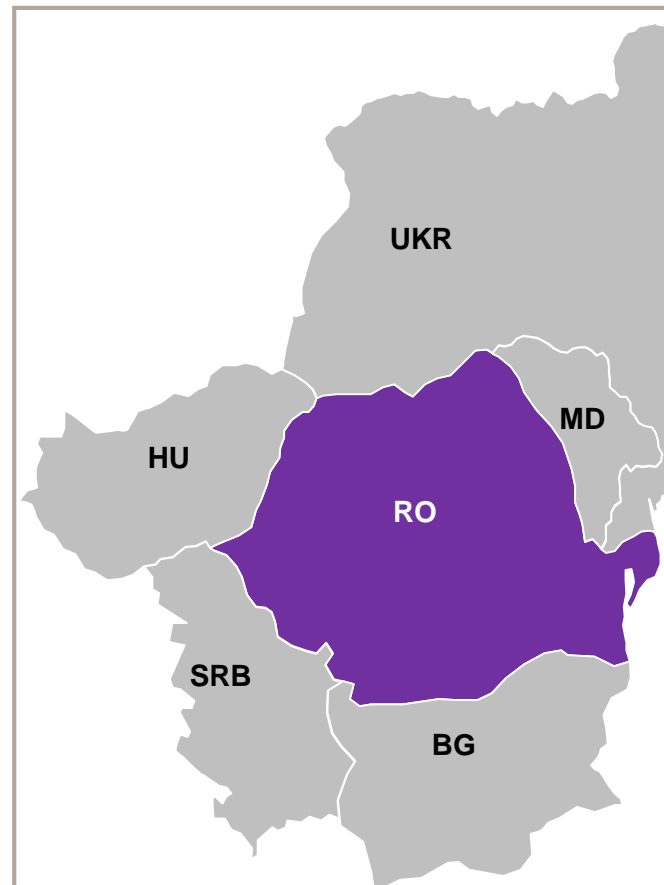


# Romania - competitive market

## Natural Gas & Electricity prices EU27 ranking (S2 2020)\*

Natural gas prices  
#8  
**0.0244 €/KWh**

Electricity prices  
#11  
**0.1019 €/KWh**



## Hourly labor costs 2020

One of the most  
competitive labor force in  
the EU (€8.1)

(Source: Eurostat, 2021)

2

## World Bank ease of doing business

Ahead of Italy, Bulgaria,  
Luxembourg, Greece and  
Malta

(Source: World Bank Report, 2020)

55

\*Excluding VAT and other recoverable taxes and levies  
(Source: Eurostat)

# Value for money



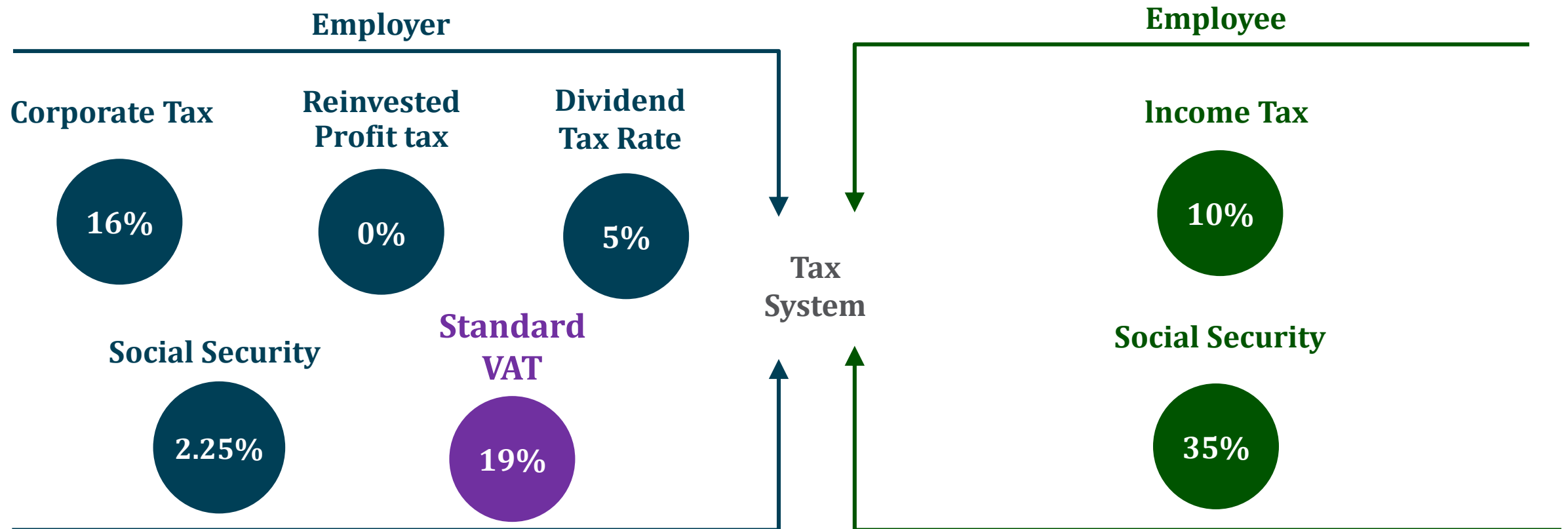
|  | <b>BUCHAREST</b> | <b>BERLIN</b> | <b>LONDON</b> |
|--|------------------|---------------|---------------|
| <b>Consumer Prices*</b>                          | 100 €            | 170 €         | 216 €         |
| <b>Rent Prices</b>                               | 100 €            | 244 €         | 352 €         |
| <b>Restaurant Prices</b>                         | 100 €            | 160 €         | 217 €         |
| <b>Groceries Prices</b>                          | 100 €            | 170 €         | 253€          |
| <b>Standard of living equivalency net salary</b> | 1993 €           | 3749 €        | 4961 €        |

\*without rent

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.

(Source: Numbeo, May 2021)

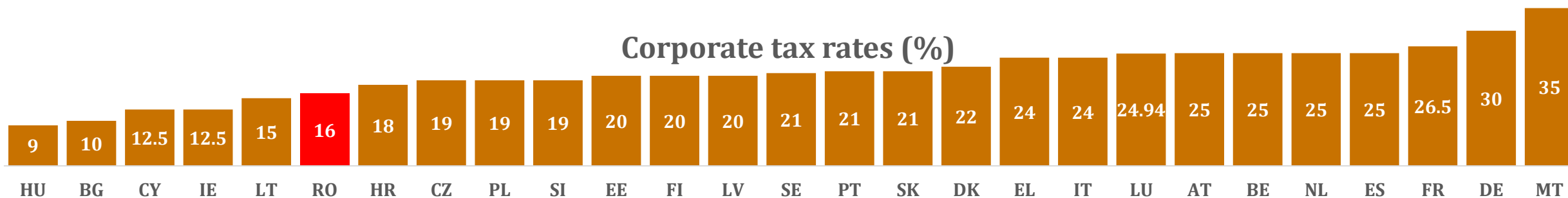
# The Romanian tax system 2020



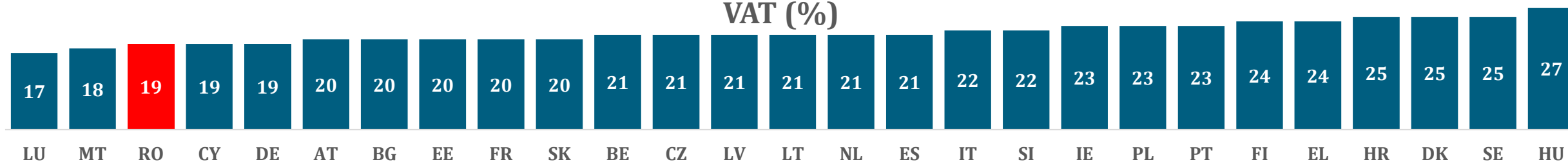
ZERO% income tax for employees who work in Research and Development (R&D)  
ZERO% income tax for employees who work in (IT&C)

# Comparative tax in EU27 (2021)

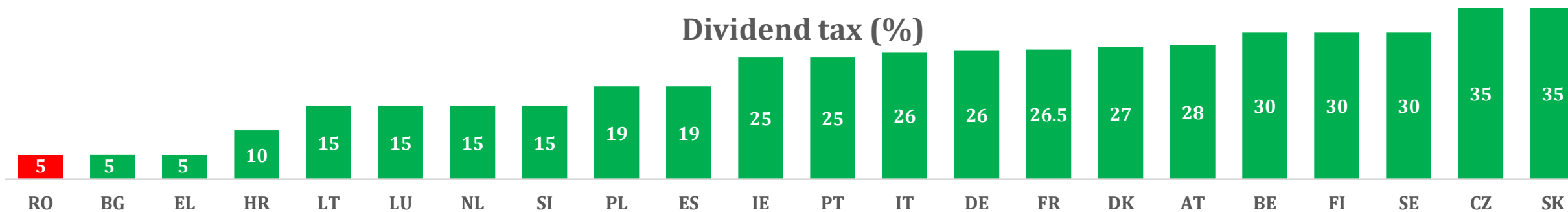
## Corporate tax rates (%)



## VAT (%)



## Dividend tax (%)



Source: KPMG, topforeignstocks.com

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

# 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

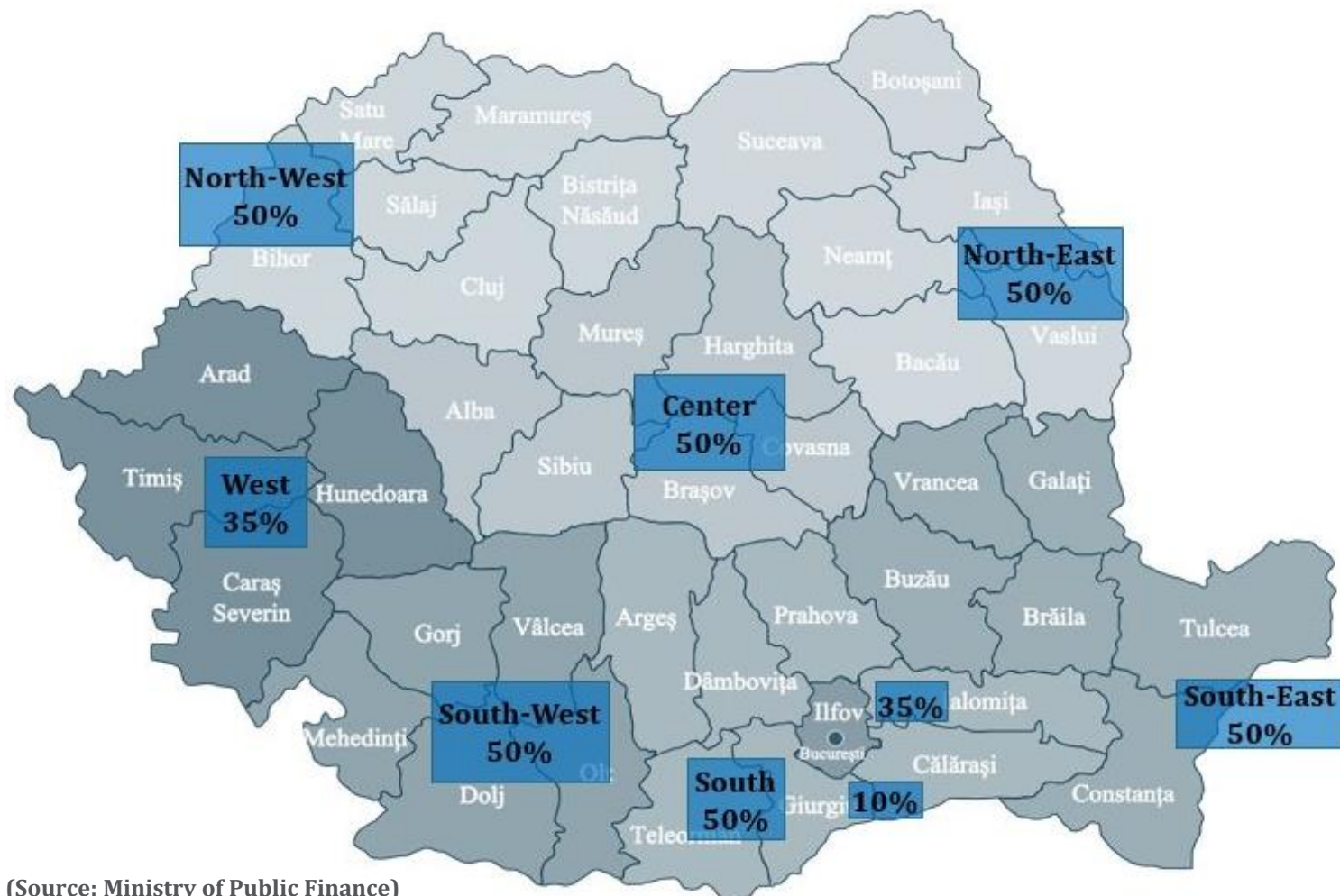
Investors that set up manufacturing locations or offices in an industrial, scientific or technological park benefit from:

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

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

- Dacia Renault, France, 2018 – 24.86 million Euro state aid (25% realized)
- Dacia Renault, France, 2015 – 13 million Euro state aid (100% realized)
- Sogefi, France, 2018 – 22.34 million Euro state aid (33% realized)
- Sonaca, Belgium, 2015 - 5 million Euro state aid (100% realized)
- Universal Alloy Corporation, Switzerland, 2018 – 37.39 million Euro state aid (100% realized)
- Arcelik (Arctic), Turkey, 2016 - 36 million euro state aid (100% realized)
- Pirelli, Italy, 2016 – 28.58 million euro state aid (100% realized)

# State Aid intensity 2018-2021



State aid intensity, according to development region:

North West – 50%

North East – 50%

South East – 50%

South – 50%

South West – 50%

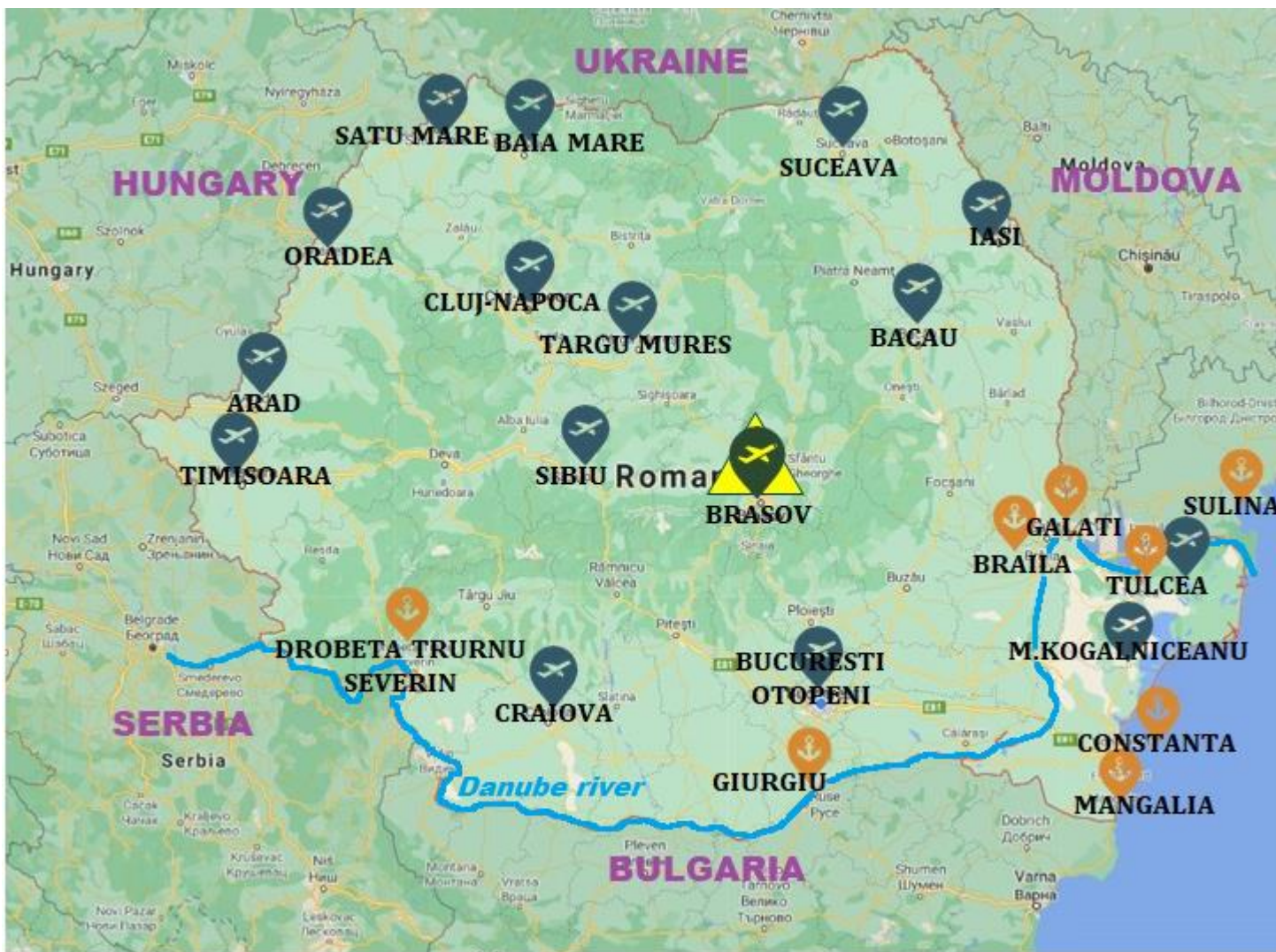
West – 35%

Ilfov County – 35%




Bucharest – 10%

(Source: Ministry of Public Finance)

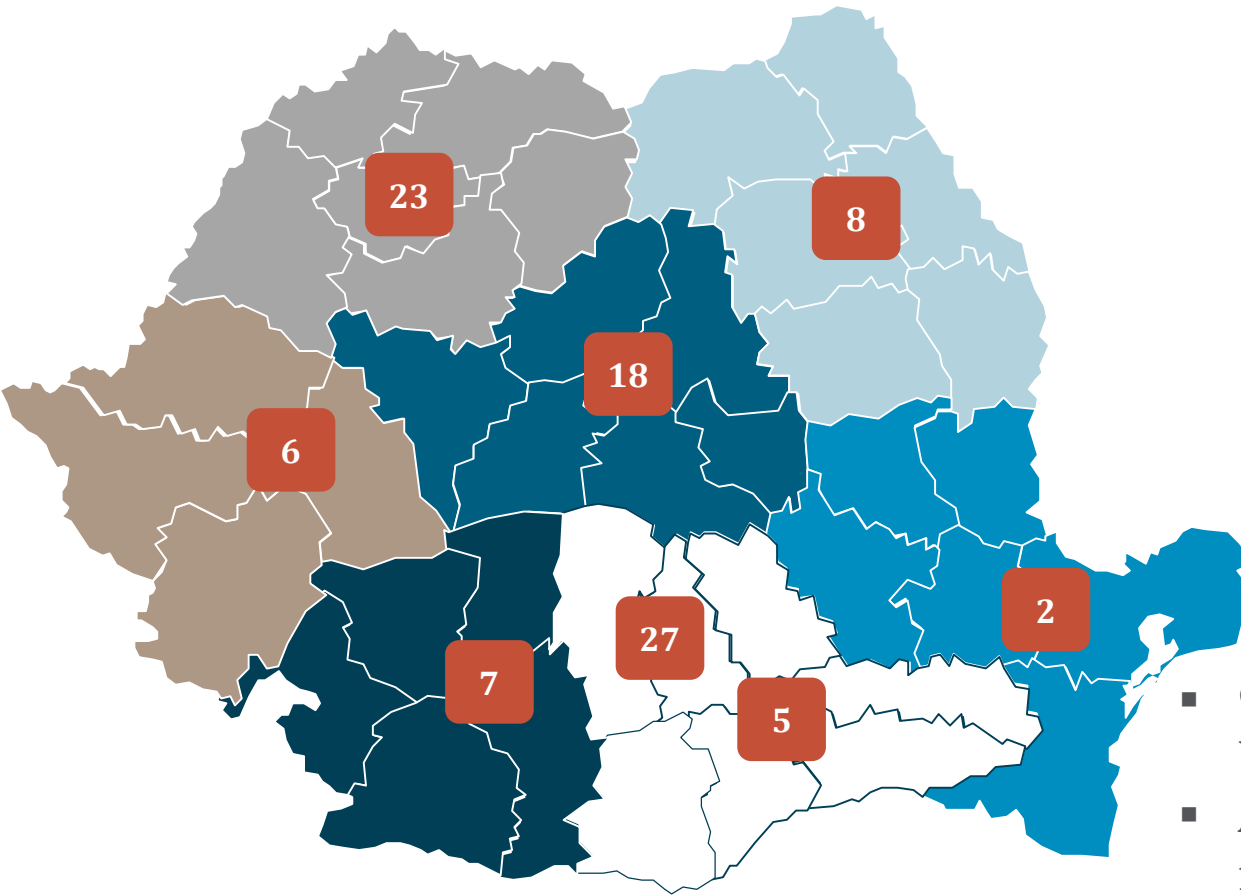
# Connectivity



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

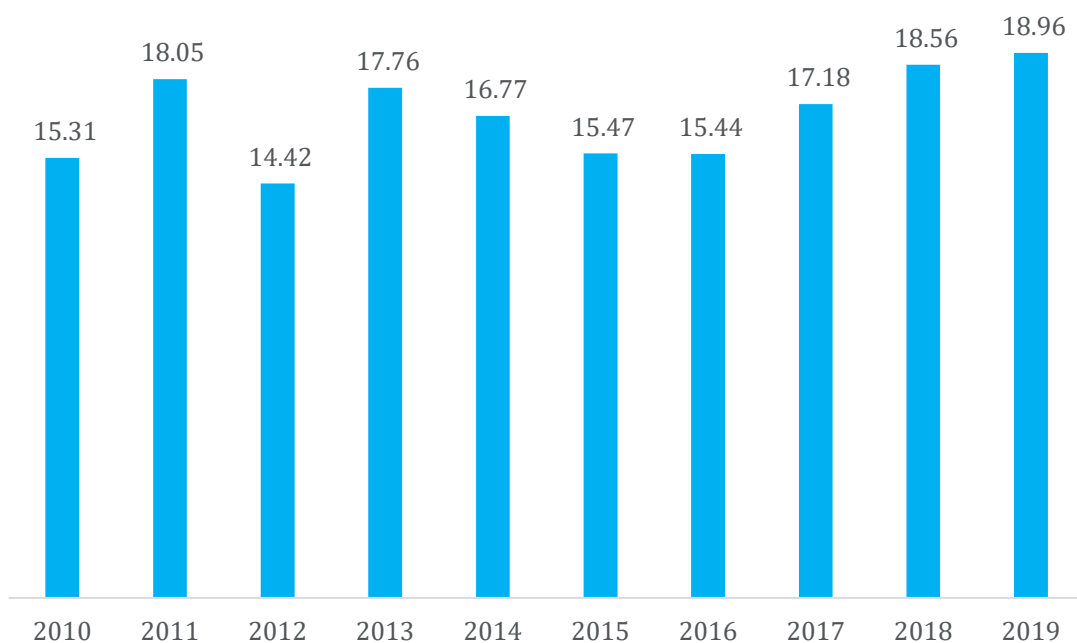


- 96 modern industrial parks spread across Romania both private and public ownership, totaled 3330.5 ha
- Access to utilities & benefits packages according to their focus
- Exemption on land, building and urban planning taxes

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

# Agriculture

Agriculture market size evolution (EUR billions)



## 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

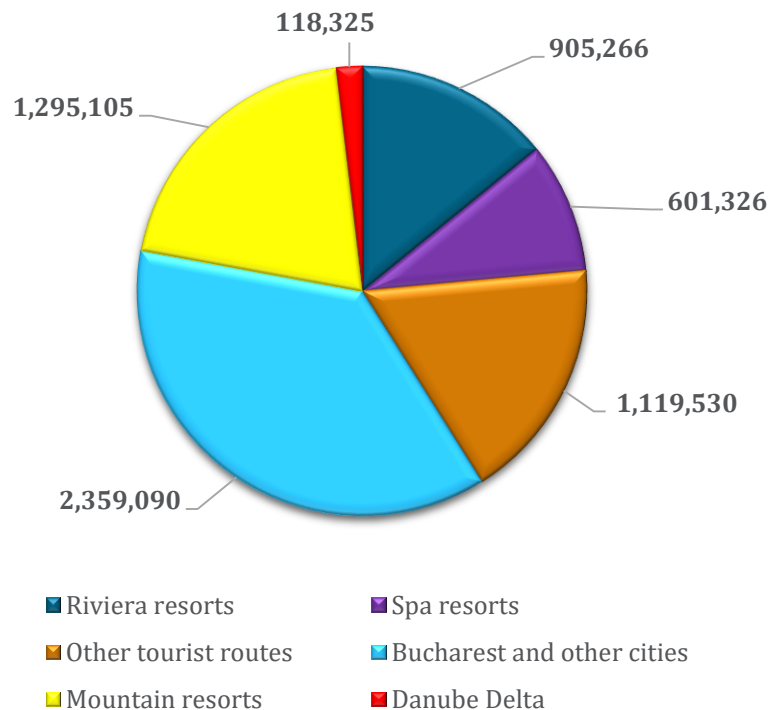
- Over 10 mil hectares of land are cultivated from a total of 14.8 mil
- Marketing season 2019/2020 – Romania is EU’s largest exporter of wheat and maize

(Source: Agerpres, 2020)

# Tourism

## Tourism in 2020

### The overnight stays in the establishments of tourists' reception



### 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

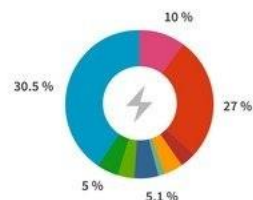
CO<sub>2</sub>

O<sub>2</sub>



H<sub>2</sub>O

GENERATING STATION  
CLASSIFICATION OF POWER STATIONS



## 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

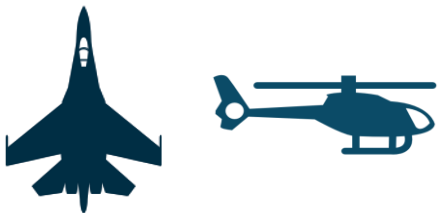


6 B €



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

### AEROSPACE



732 M €

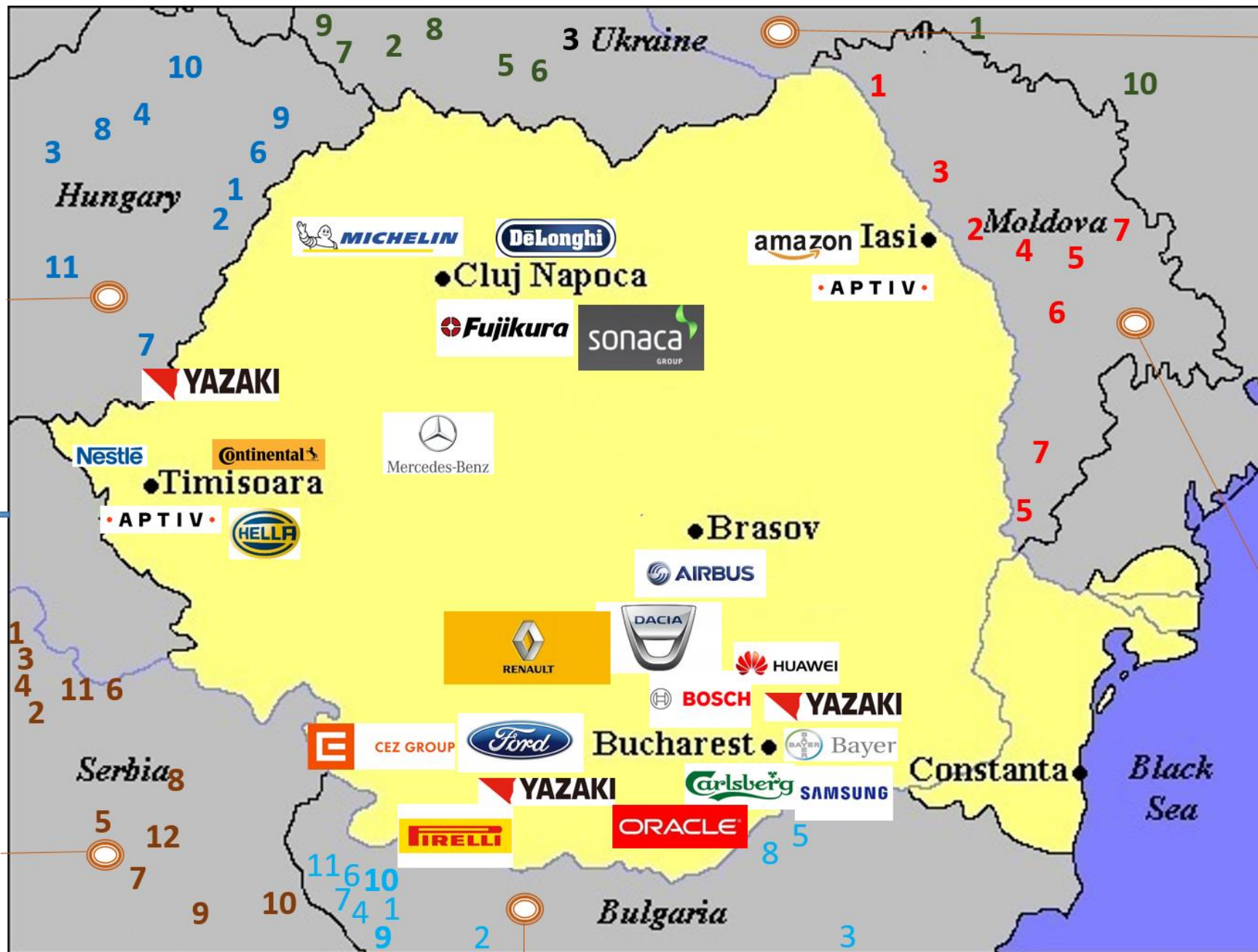


- **Premium Aerotec** EUR 100M investment
- **Sonaca** EUR 100M investment
- **Airbus Helicopters** EUR 15M investment
- **UAC Europe** 100M investment



- 1 Continental
- 2 7P3771
- 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 Heineken
- 11 Nestlé
- 12 SIEMENS



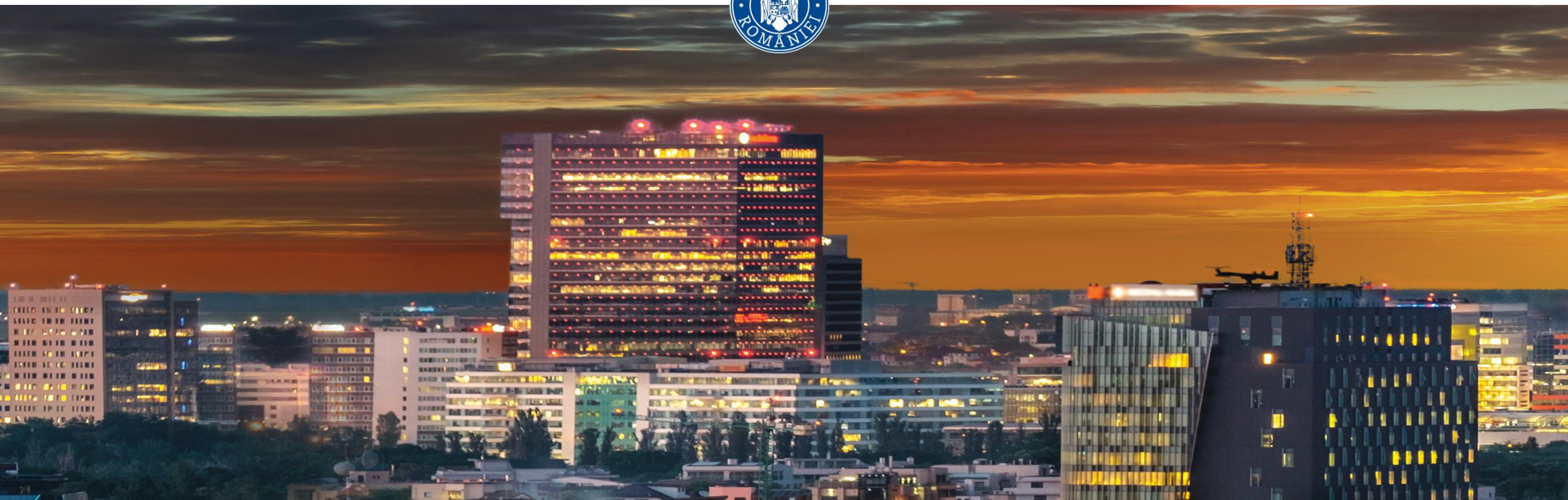
- 1 BOEING
- 2 Carlsberg
- 3 Bayer
- 4 The industrial group ViOil
- 5 LEONI
- 6 APTIV
- 7 YAZAKI
- 8 BOSCH
- 9 Fujikura
- 10 GROUPE LACTALIS

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

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

# 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)**



**Senior adviser – INVESTROMANIA**

**Mr. Alexandru MITROI – 004.0723.615944**

**GOVERNMENT OF ROMANIA**

**Ministry of Economy, Entrepreneurship and Tourism**

152 Victoriei Av. District 1, Bucharest, Romania

[www.investromania.gov.ro](http://www.investromania.gov.ro)

E-mail: [alexandru.Mitroi@investromania.gov.ro](mailto:alexandru.Mitroi@investromania.gov.ro)