



# Romania A Strategic Choice

2017, Bucharest

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MINISTRY FOR BUSINESS ENVIRONMENT,  
COMMERCE AND ENTREPRENEURSHIP

# Romania - Country overview



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



Capital:  
Bucharest



Currency: RON

EUR/ RON: 4.5



Population:  
apox: 20 mill  
Buc-Ilfov : 2.3 mill



Bridge between  
East and West

Forecasted growth  
2017

National Commission for  
Prognosis

5.2%

GDP

2016 vs. 2000

5x

FDI stock

70bn

S & P

BBB-  
Stable

Moody's

Baa3-  
Positive

Fitch

BBB-  
Stable



2004 - NATO membership



2007 - EU membership

2019 - EU Presidency



Strategic US-Romanian  
partnership

Source: \*NSI 2016

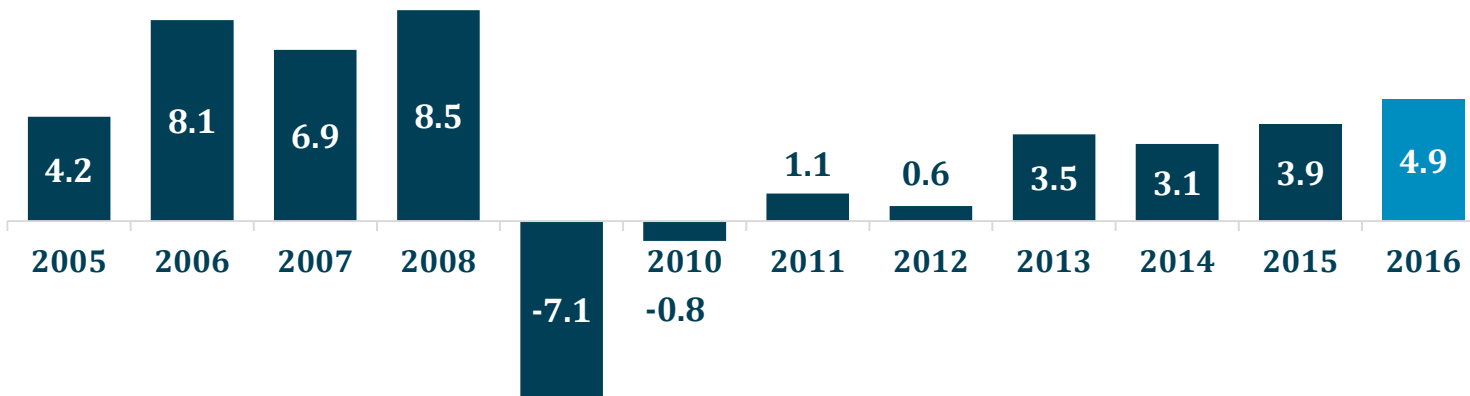
# At a glance



- **Economic & political stability**
- **Gateway to a 500 million consumers market**
- **2nd largest country in CEE and the largest in SEE in terms of size (the 9th in EU28) and population (the 7th in EU28)**
- **At the crossroads of 3 great markets: the European Union, the CIS states and the Middle East**
- **1st in EU for average peak connection speeds and 6th for 4 Mbps broadband adoption in Q3 2016\***

Source: \*Akamai 2016 Q3 2016 State of the internet

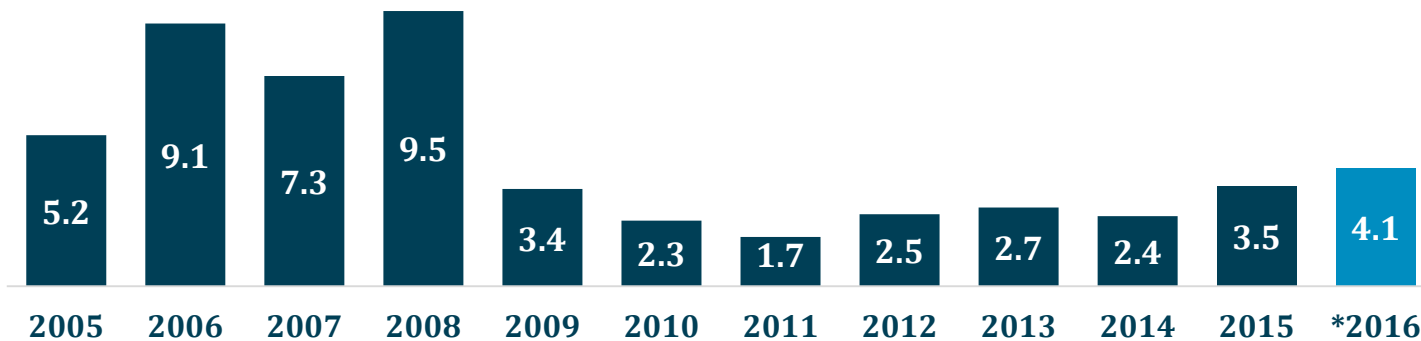
# Potential for Growth



**GDP growth [%]**  
**Forecast 2017: 5.2%**

*(Source: National Commission for Prognosis)*

Source: European Commission



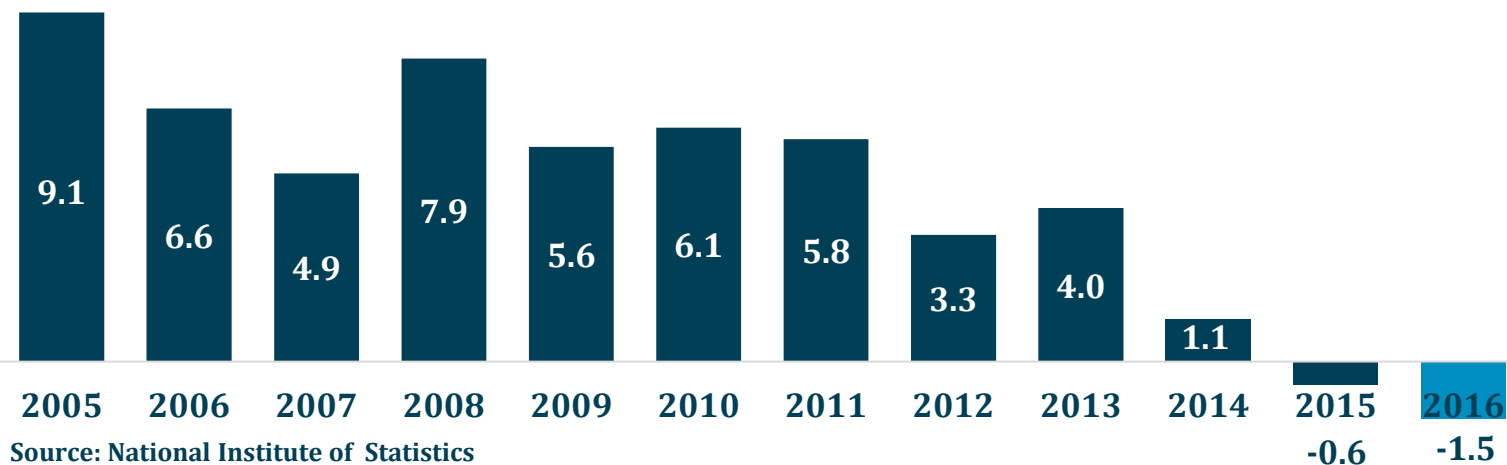
**FDI Inflows**  
**(EUR mld.)**

*(Source: National Bank of Romania)*

*\*January - December 2016*

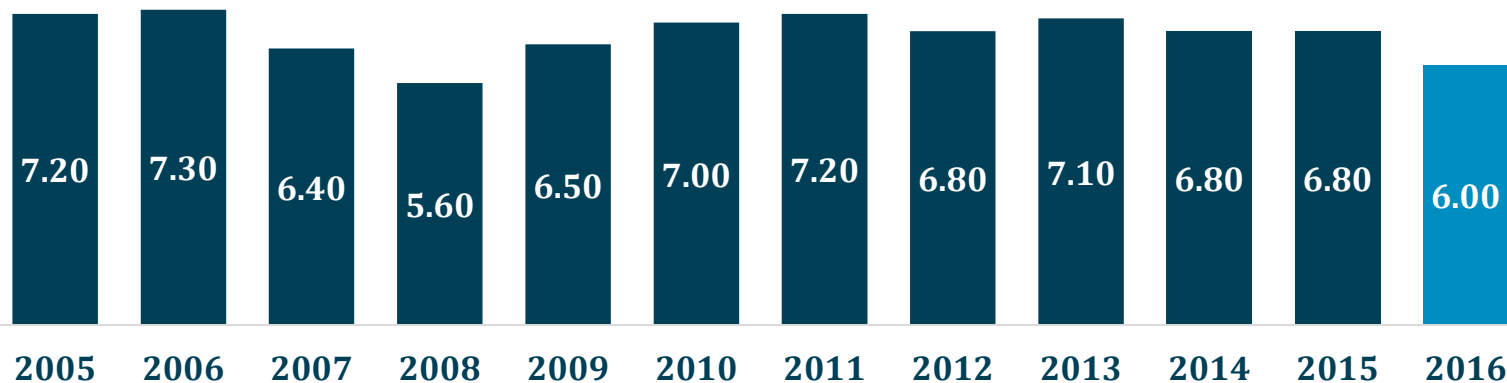
Source: National Bank of Romania

# Inflation and unemployment



**Inflation rate**  
[%]

**Target \*2017: 1.7**  
(Source: \*National Bank of Romania)

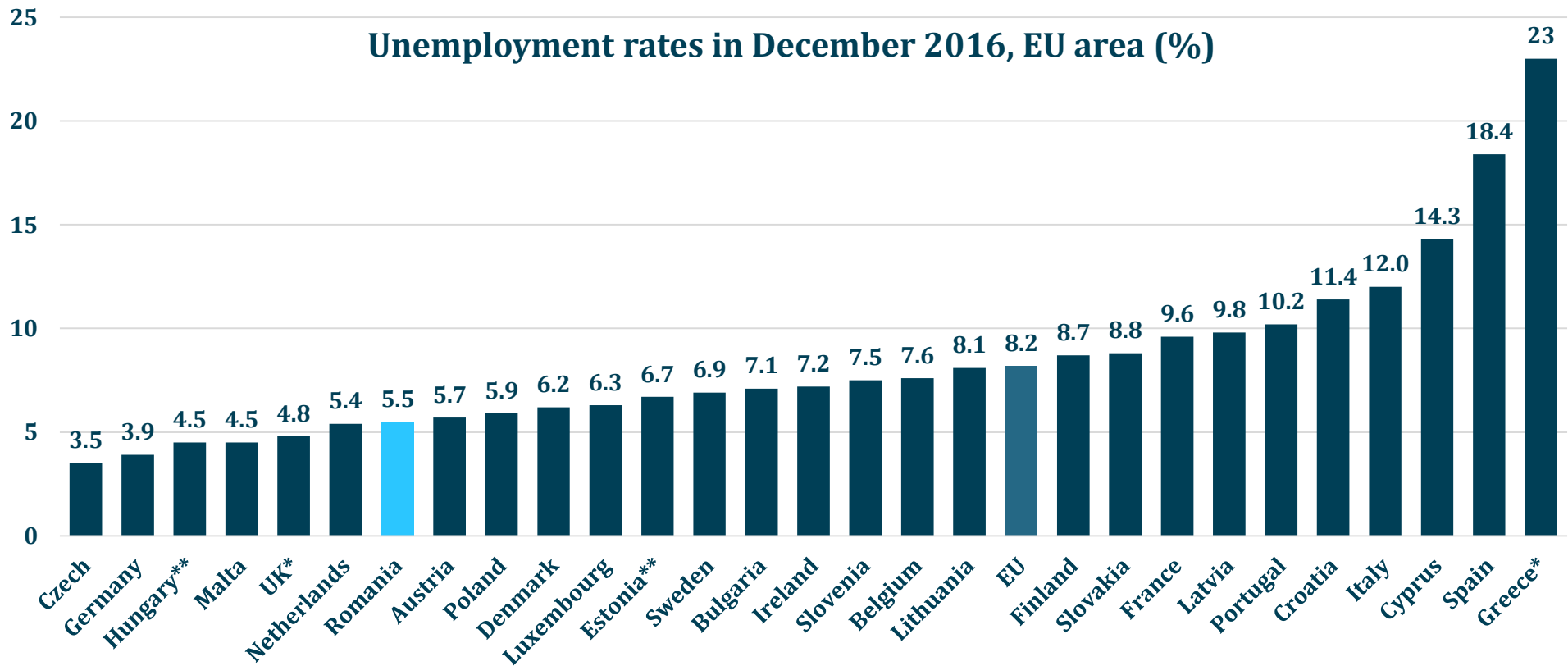


**Unemployment rate**  
[%]

**Forecast \*2017: 5.9**  
(Source: National Commission for Prognosis)

# Unemployment in EU

Unemployment rates in December 2016, EU area (%)

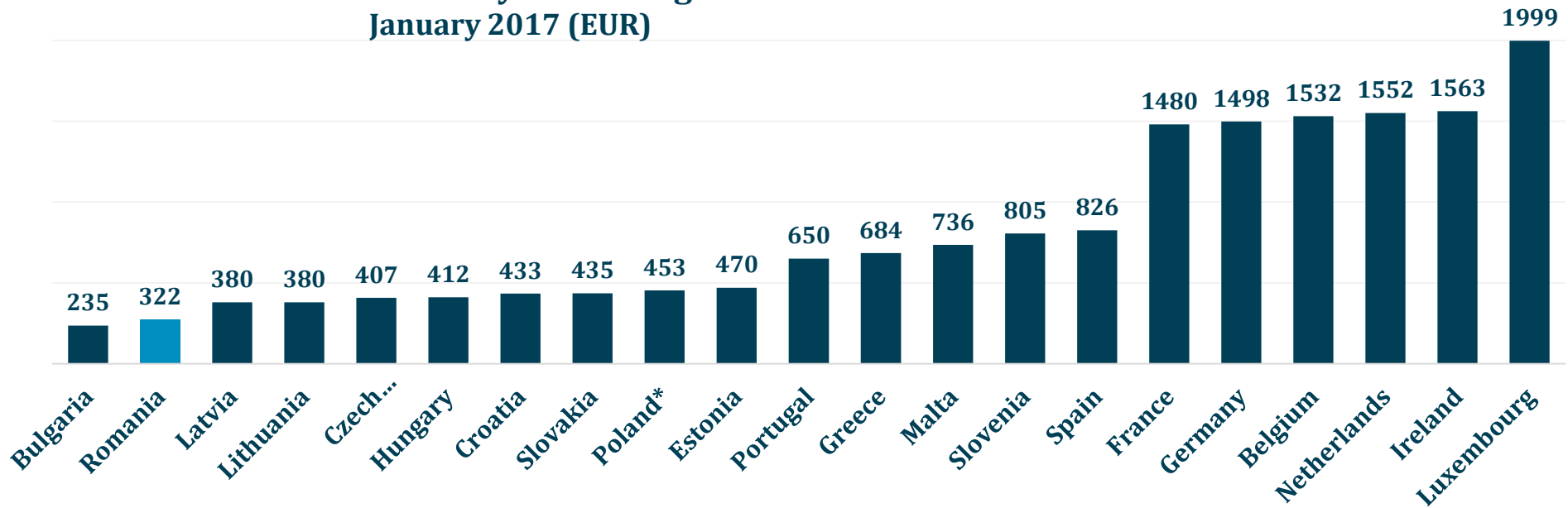


\* October 2016    \*\* November 2016

Source: Eurostat

# Minimum Wage

Minimum Monthly Gross Wage in EU  
January 2017 (EUR)

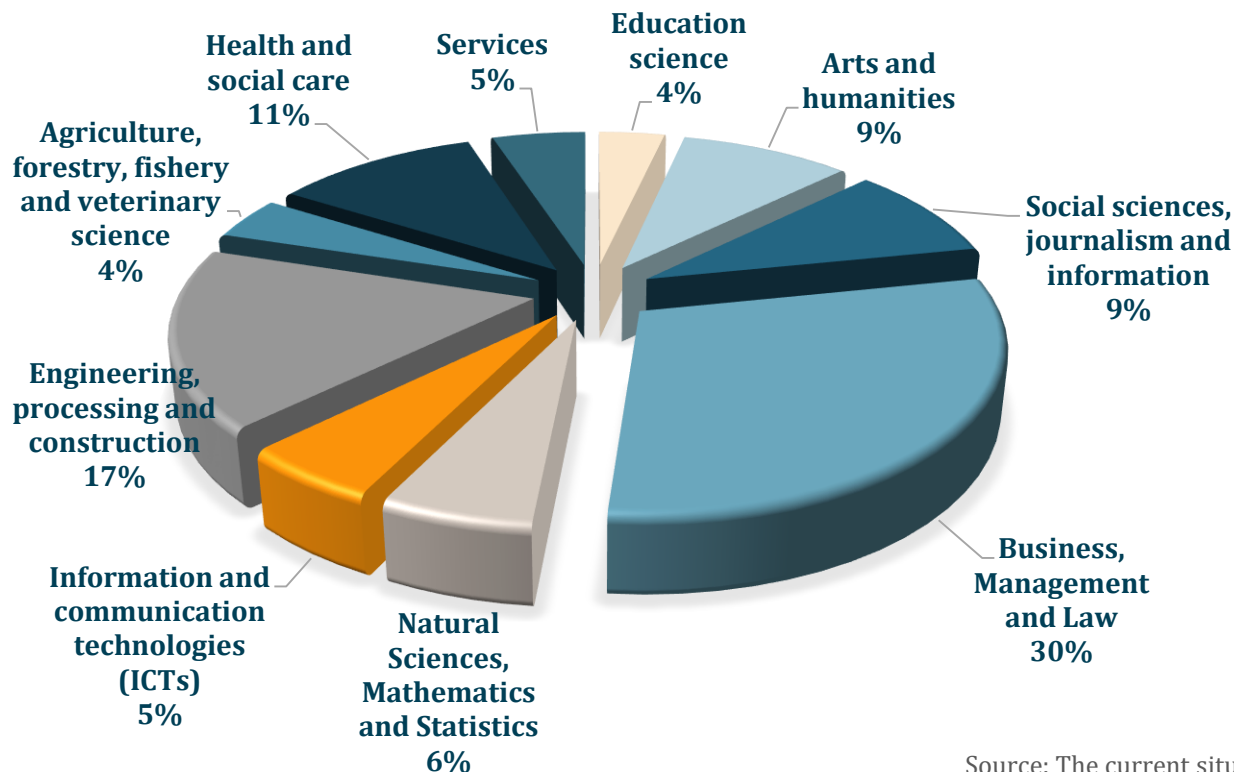


Romania has the second lowest minimum wage in UE after Bulgaria.  
Starting February 1<sup>st</sup> 2017, the minimum monthly gross wage in Romania is EUR 322/month.

Source: Eurostat

# Talent Pool

## University graduates by subject of degree [2015]



University students 535,000

Women in science & engineering vs EU-28 avg.

53% vs 38%  
30% vs 25%

Source: The current situation of gender equality in Romania – Country Profile 2012; NIS



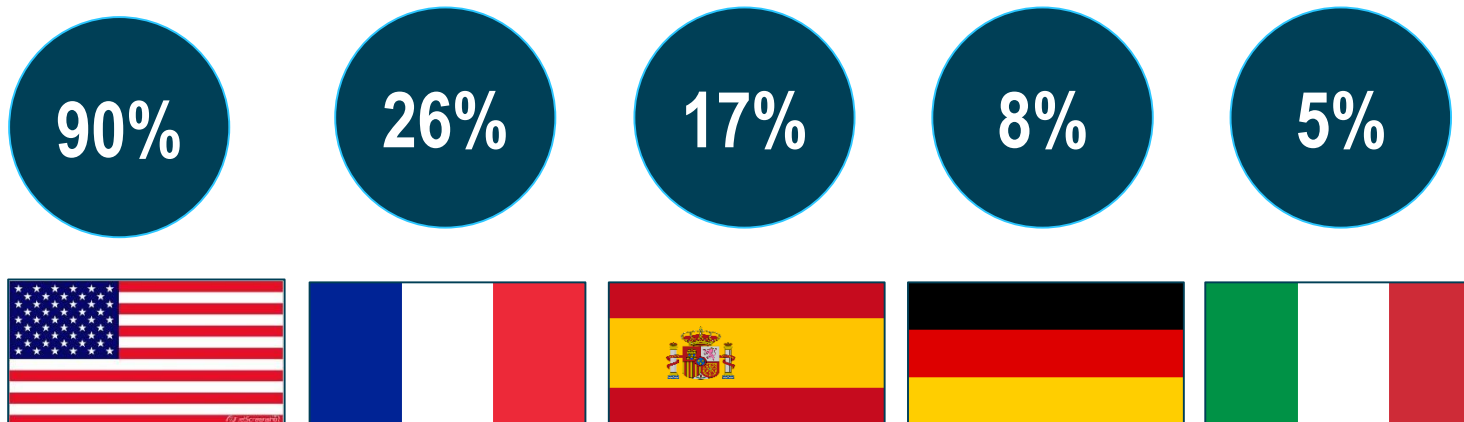
# Skilled labor force

## Languages studied by Romanian students [2014]

97%

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

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



Source: ABSL, NIS, Eurostat

# Key Figures

## Labor costs ranking

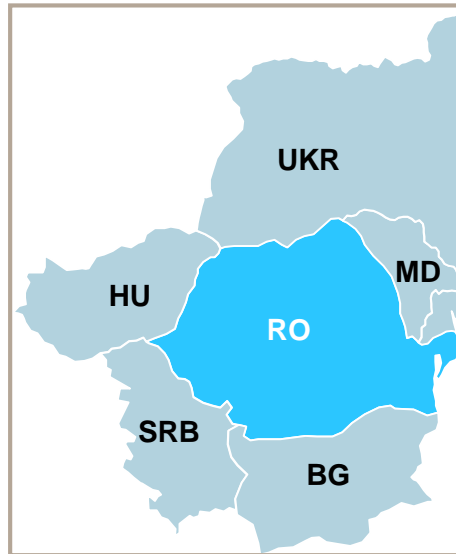
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One of the most competitive labor force in the EU

## Maximum broadband speed

1

First in EU for average peak connection speeds



## Gas prices ranking

1

Lowest gas prices  
5<sup>th</sup> lowest electricity in Europe

## World Bank ease of doing business

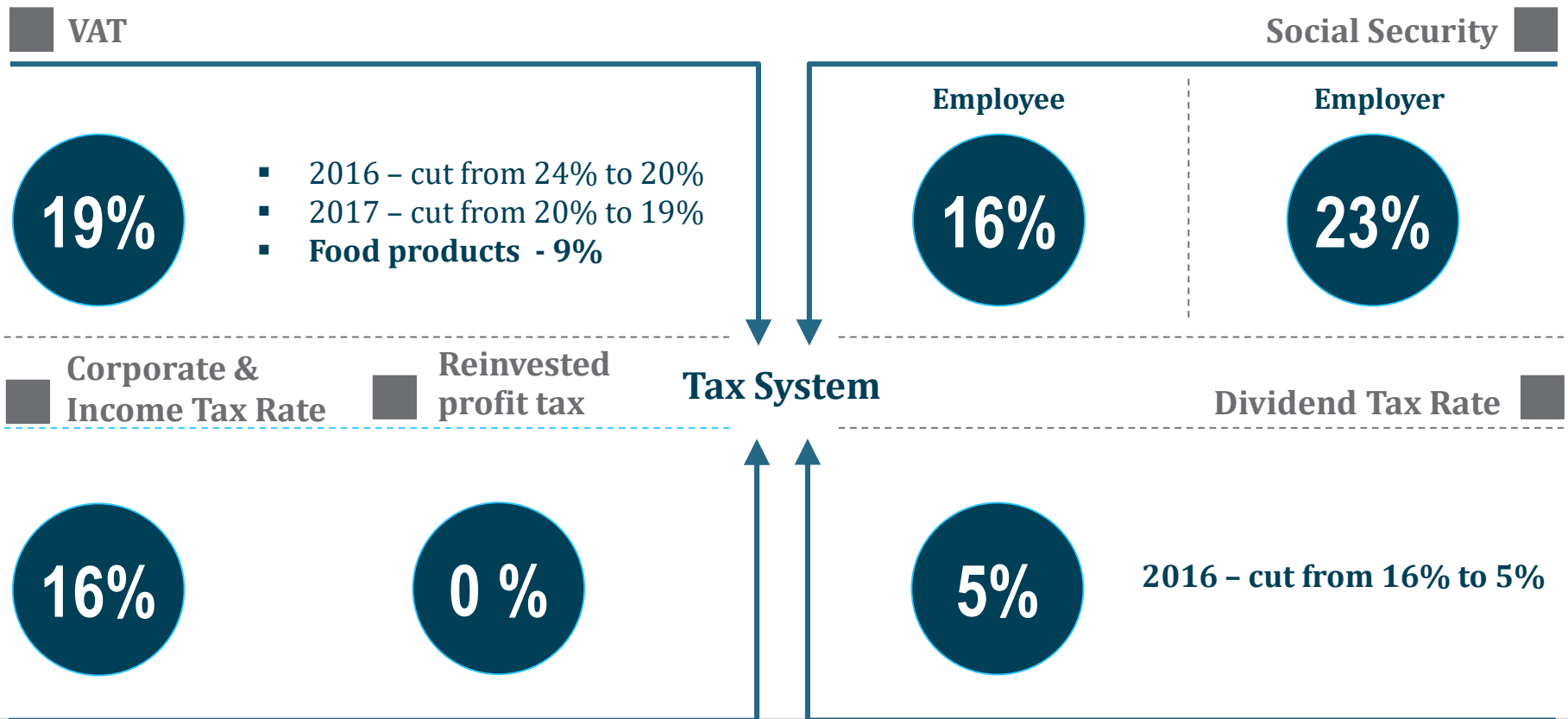
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Ahead of Bulgaria, Croatia, Hungary, Italy, Turkey, Serbia or Greece

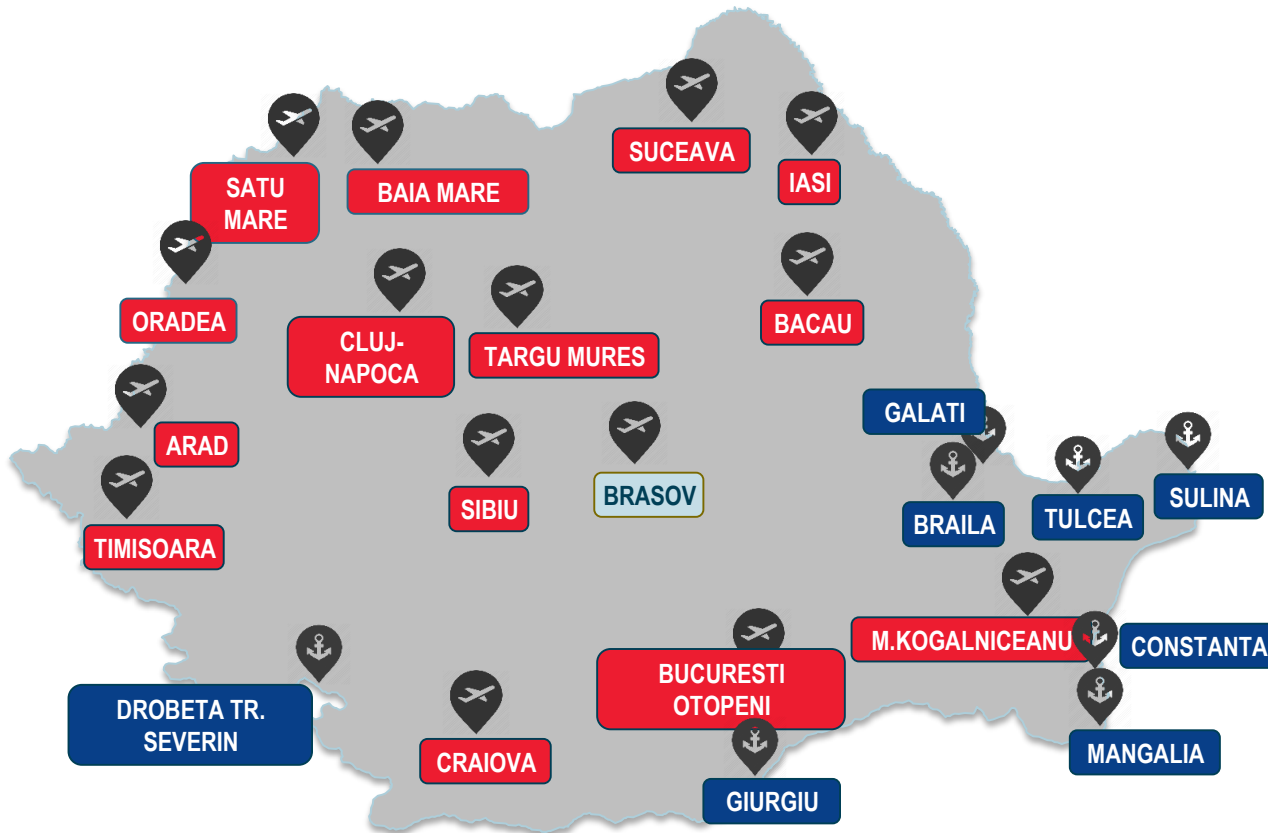
Source: World Banks, Doing Business Report 2016; Akamai Q32016

# Competitive Taxation

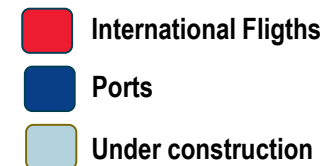
## Overview of the Romanian tax system



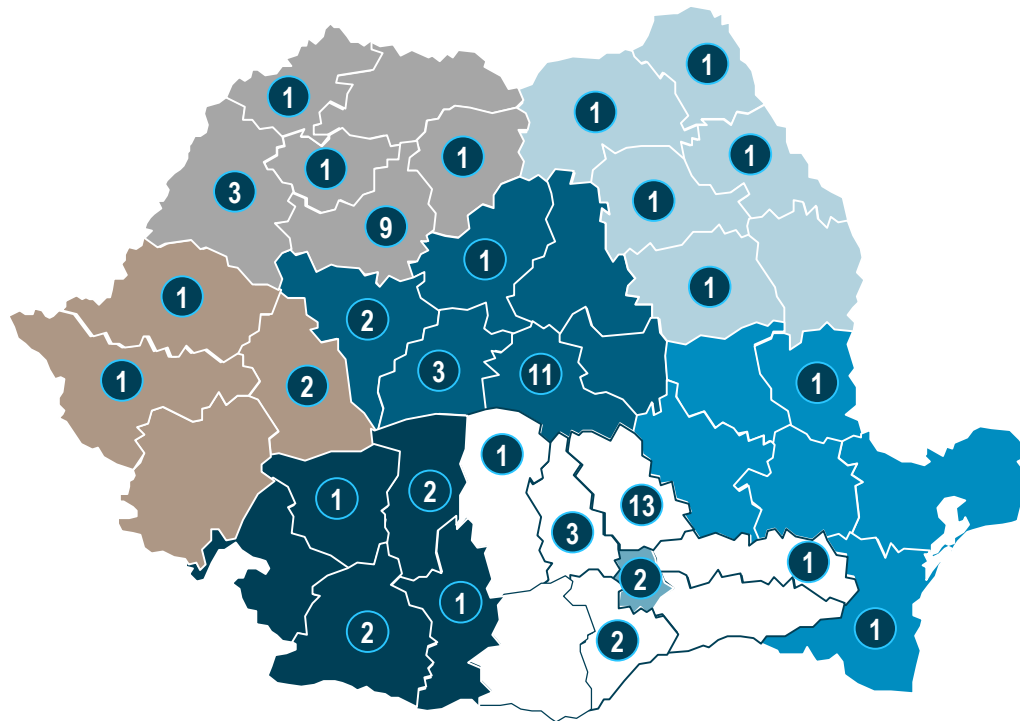
# Ports and Airports



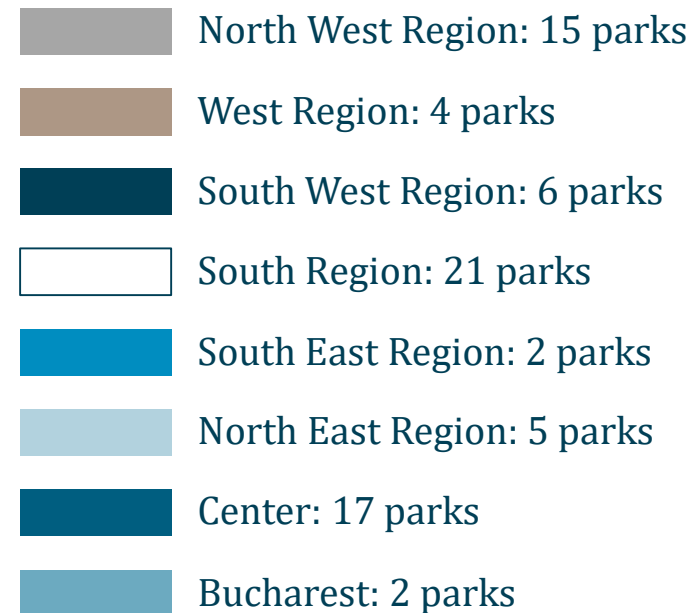
- 130 direct flights leading to 76 destinations in 31 countries worldwide
- 14 international airports and 8 major ports
- Constanta Port - the deepest and largest port at the Black Sea.



# Industrial Parks

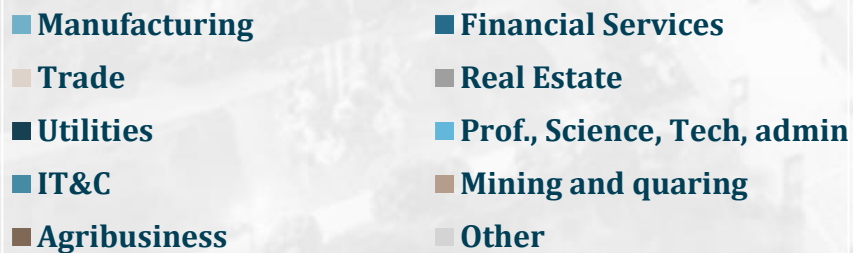
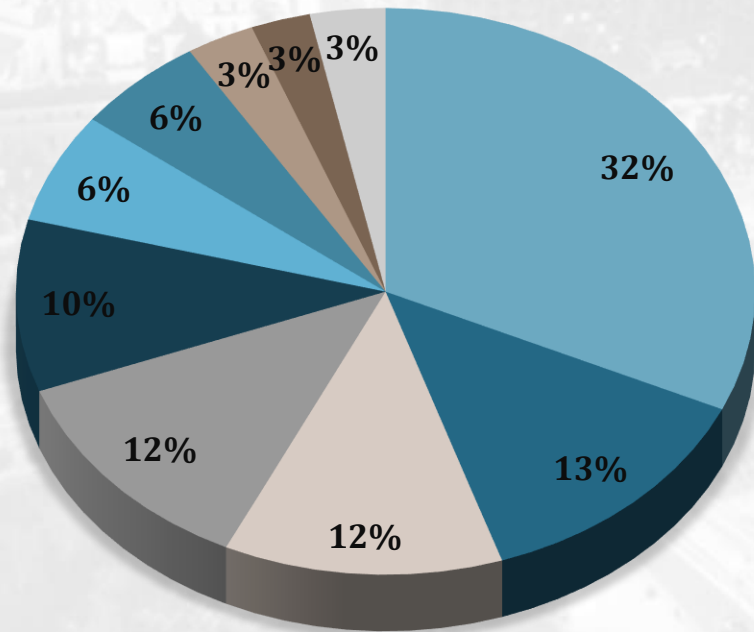


## Status at regional level



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

# FDI Stock by Field of Activity 2015



- **Manufacturing, financial services and trade account for approx. 57% of FDI stock existing in Romania, followed by real estate and utilities**
- **The real estate sector as well as professional, scientific and technical activities registered the highest FDI growth rates**
- **IT&C, while not growing at the same pace, is becoming a focus sector with strong connections to the international markets**

Source: National Bank of Romania

# Key facts for top tech oriented industries in Romania

	INDUSTRY SIZE	KEY PLAYERS	KEY PROJECTS
<p>AEROSPACE</p> 	<p>EUR 400M</p>		<ul style="list-style-type: none"> <li>• Airbus Helicopters EUR 15m investment</li> <li>• Sonaca EUR 12m investment</li> <li>• Premium Aerotec EUR 50m investment</li> </ul>
<p>IT&amp;C</p> 	<p>EUR 3.6B</p>		<ul style="list-style-type: none"> <li>• Siemens software dev. worked on the Mars Rover</li> <li>• Deutsche Bank EUR 40m investment</li> <li>• LiveRail was acquired by Facebook for EUR 600m</li> </ul>
<p>AUTOMOTIVE</p> 	<p>EUR 18B</p>		<ul style="list-style-type: none"> <li>• Continental EUR 26m investment in R&amp;D center</li> <li>• Daimler EUR 300m investment for gear boxes</li> <li>• Ford EUR 200m investment for production of new model</li> </ul>

# Investment Support

## STATE AID 2014-2020 Total budget EUR 1.5 billion

### STATE AID - GD 807/ 2014

Minimum EUR 10 mil. investment

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

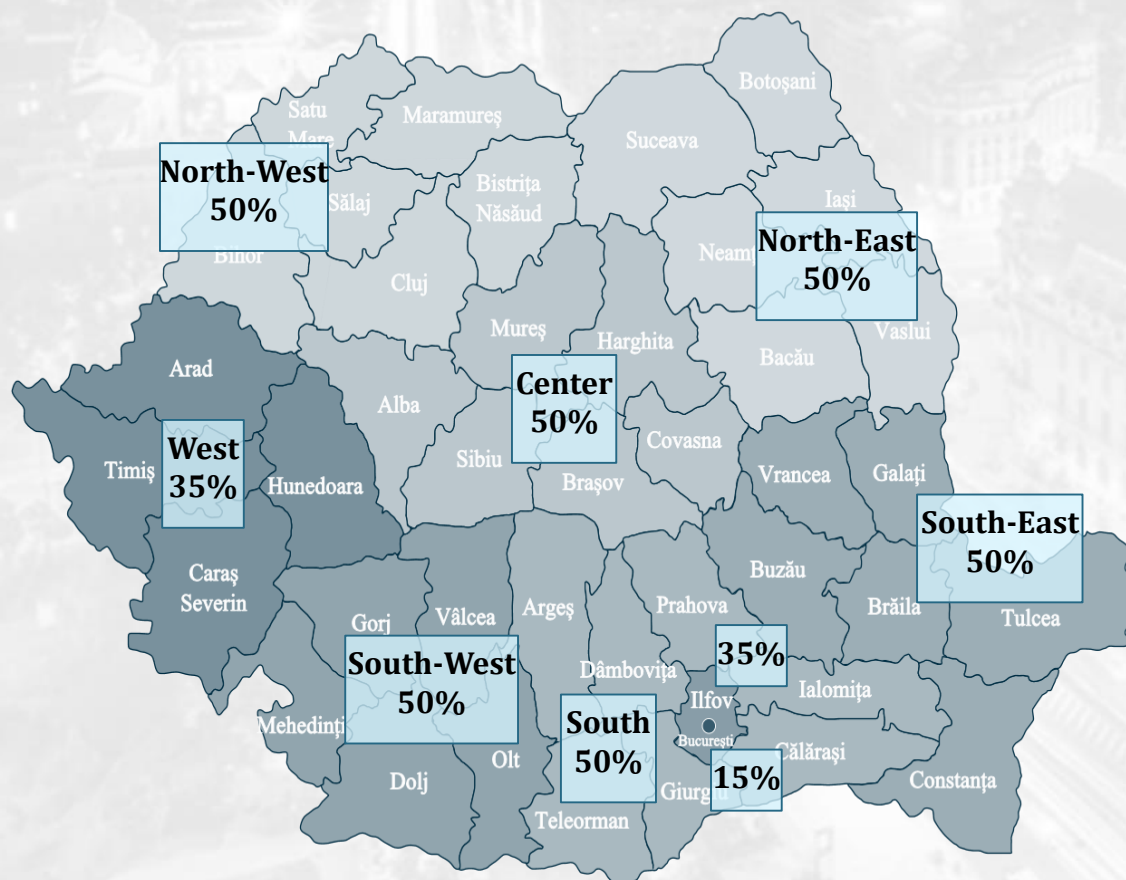
### STATE AID - GD 332 / 2014

Minimum 10 new jobs/ per location

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



# Intensity State Aid



## 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 – 15%

Sources: Ministry of Public Finance

# Investment Support Fiscal incentives

## IT&C

0 % income tax for employees

Eligibility criteria:

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

## R&D

0 % income tax for employees

0 % income tax for R&D companies for the next 10 years

Deduction of R&D eligible expenses:

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

## Industrial parks

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

## Other

0% profit tax for the reinvested profit in new technological equipment used for business purposes

If a company benefits from exemption on the income tax for reinvestment it will not benefit from accelerated depreciation

# Living in Romania

## BERLIN vs. BUCHAREST

## LONDON vs. BUCHAREST

### Consumer Prices

- 68 % higher in Berlin
- 118 % higher in London

### Rent Prices

- 122 % higher in Berlin
- 485 % higher in London

### Restaurant Prices

- 56% higher in Berlin
- 161 % higher in London

### Groceries Prices

- 66% higher in Berlin
- 97 % higher in London

### Standard of living equivalency (EUR 1,750 net salary in Bucharest)

- EUR 3,160 net salary in Berlin for the same standard of living in Bucharest
- GBP 4,500 net salary in London for the same standard of living in Bucharest

Sources: Numbeo 2017

# 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**
- **Contributing to Romania’s economic resilience and steady growth**
- **Bringing investment projects in Greenfield and expansions in value - added sectors**
- **Reducing economic discrepancies between regions for a more balanced country development**
- **Boosting regional development by creating new jobs and generating spillover effects in the economy**

# Our Services

- **Assisting worldwide entrepreneurs in project implementation, including those financed through PPP**
- **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)**
- **Assisting with site selection and identifying local suppliers**
- **Advocating and negotiating with public authorities(central/local) in project relevant area**
- **Main liaison between local / central authorities, Embassies/Foreign Missions, Bilateral Chambers of Commerce**
- **Match-making company needs with the local resources and opportunities**
- **High quality “after-care” services**

# Governance Program 2017-2020

- **A visionary new Economic Code, encompassing all economic provisions currently into force in a sole package starting January 2018 (2022)**
- **VAT cut down to 18% starting 1st of January 2018, hence having the second lowest rate in EU 28**
- **Dropping the Income tax from 16% to 10% and social contributions from 39.25% to 35% starting 1st of January 2018, thus reducing the labor costs for EUR 100 net wage from EUR 175 to EUR 161.**
- **Tax exemption on VAT for apartment selling, advertising and agriculture input starting 1st of March 2017**
- **0% taxes - for property purchasing under EUR 100 000**
  - **3% taxes - for the difference between EUR 100 000 and the overall value**

# Governance Program 2017-2020

- **Cutting income tax down to 10% for wages up to 2 000 RON starting January 2018**
- **Tax exemption on income in IT sector extended to all categories of graduates: university and secondary education**
- **The number of due taxes in Romania: maximum 50**
- **Sovereign Investment and Development Fund with aprox. EUR 10 Bn state shareholdings EUR 3 Bn in building highways and another EUR 3 Bn in building 8 national hospitals**
- **Romania Start Up Nation” - RON 200 000/start-up for 10 000 companies annually**
  - **- 0 cost for setting up a new company for 10 000 start-ups**



- ✓ **A significant domestic market and stable/safe country**
- ✓ **A competitive tax policy and state support for businesses**
- ✓ **Talented and skilled workforce**
- ✓ **Best quality price ratio for labor in EU**
- ✓ **High life standards, great lifestyle and rich personal experience**



