



Romania as a Partner: Actual Opportunities and Perspectives

July 2021

Romania - Country overview



Area:
238,391 km²

Capital:
Bucharest



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

Population:
19.3M



(1st 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 €



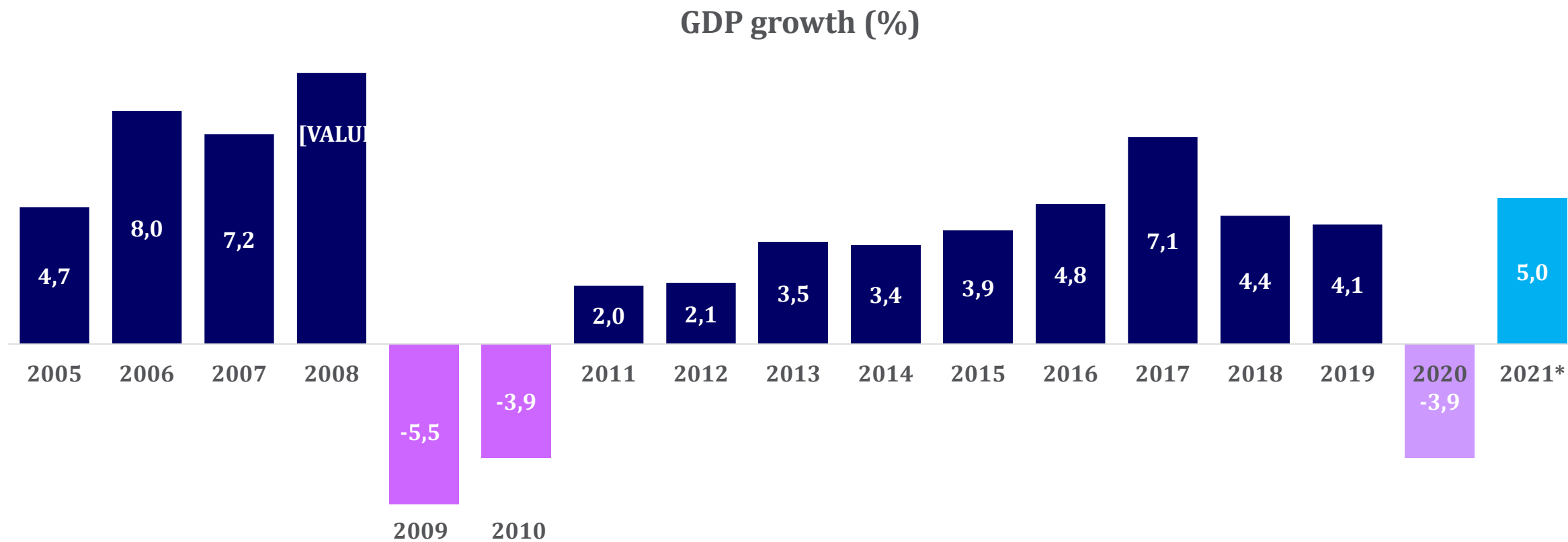
2004 - NATO membership



2007 - EU membership

2019 - EU Presidency

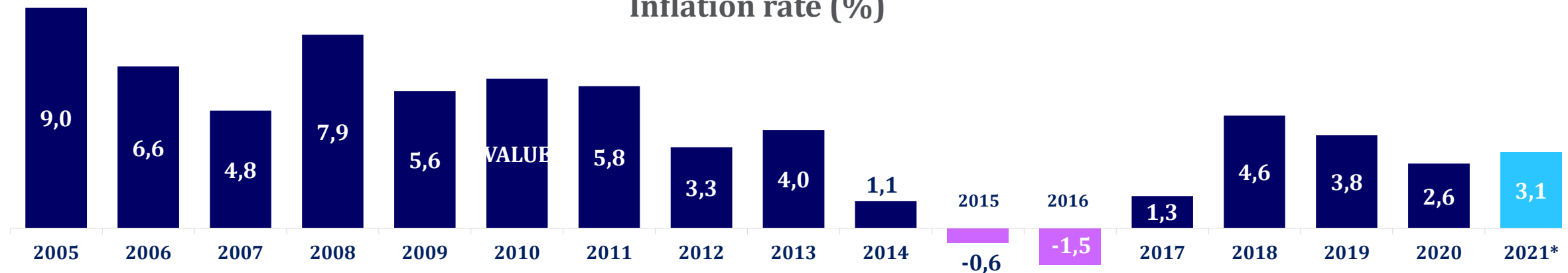
Potential for growth



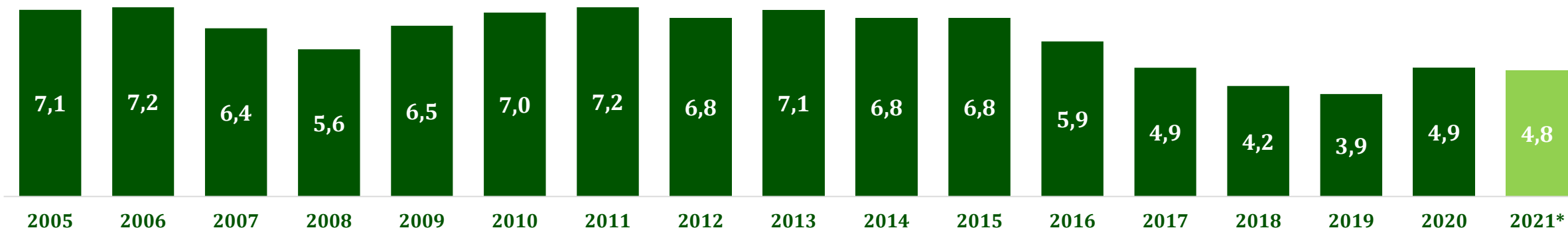
* Forecast - National Commission of Strategy and Prognosis
(Source: National Institute of Statistics)

Inflation & unemployment

Inflation rate (%)

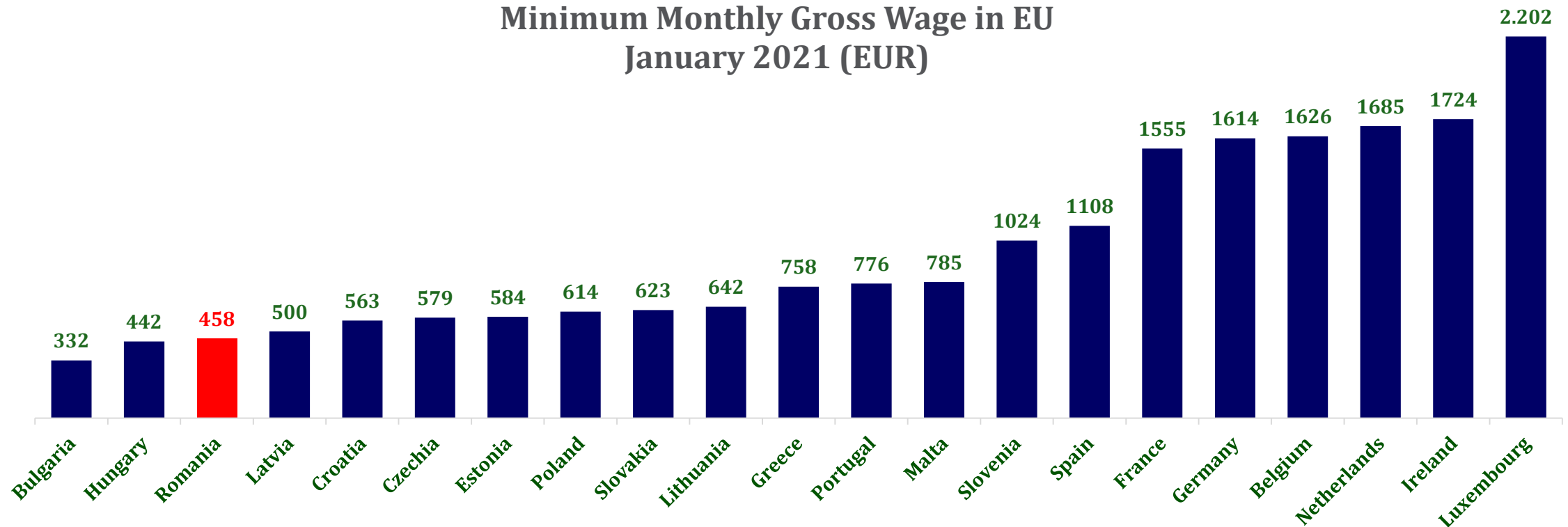


Unemployment rate (%)



Minimum Wage in EU

Minimum Monthly Gross Wage in EU
January 2021 (EUR)

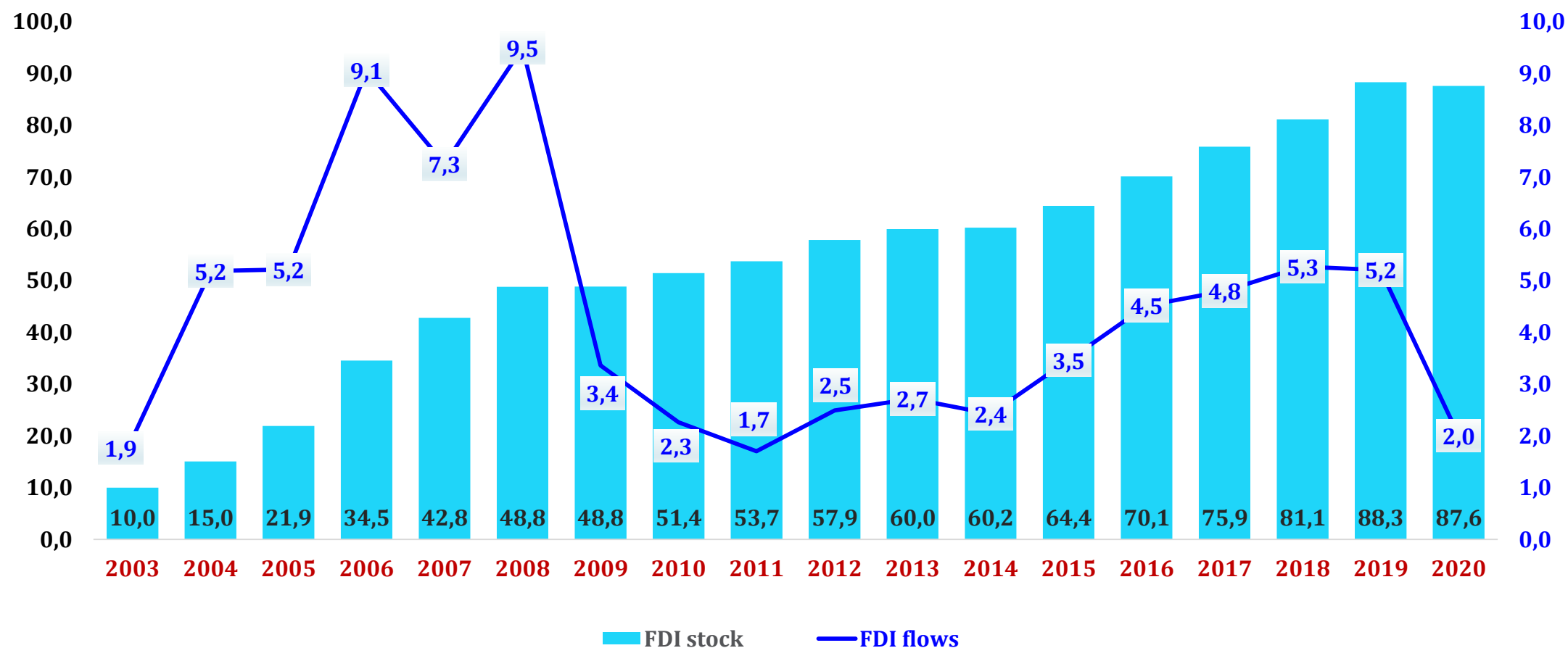


Note: EU countries without a national minimum wage were: Denmark, Italy, Cyprus, Austria, Finland and Sweden.

(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)

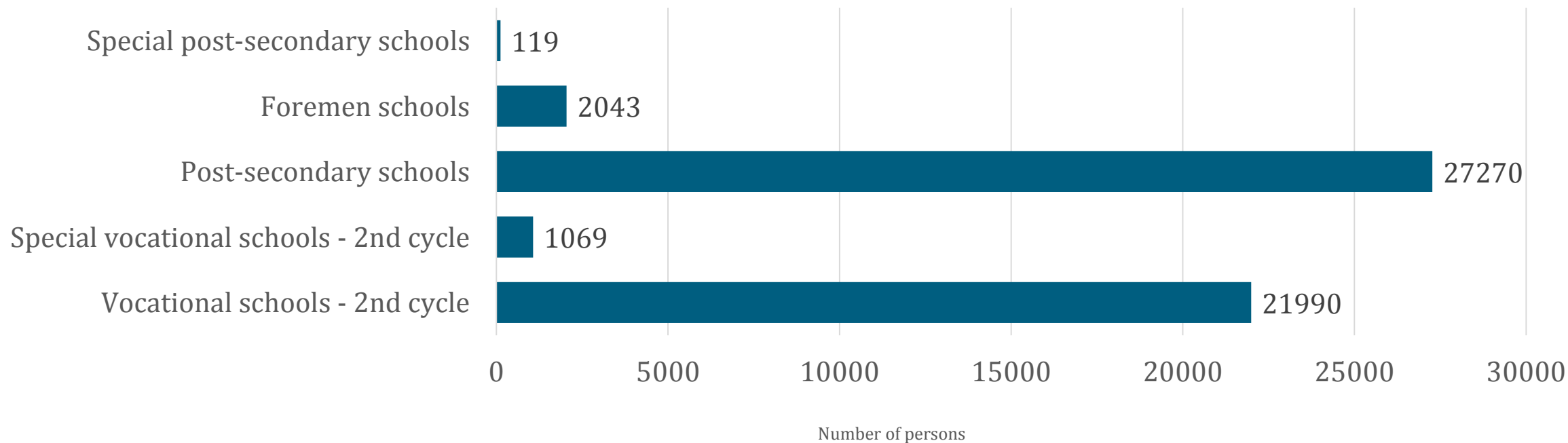
Academic year *2020-2021; **2019-2020

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%

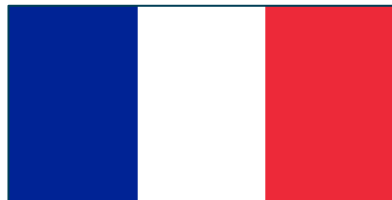
- 99% of Romanian high school students study two or more foreign languages
- Predominant languages: English, French, German and Spanish, yet initiatives for teaching Japanese, Nordic languages or the entire Latin language family.

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

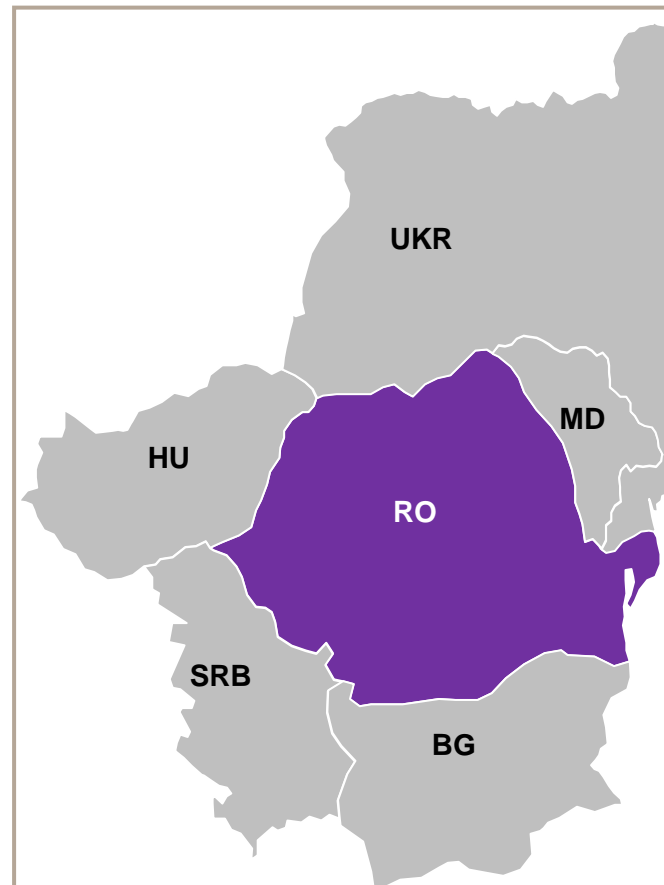


Romania - competitive market

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



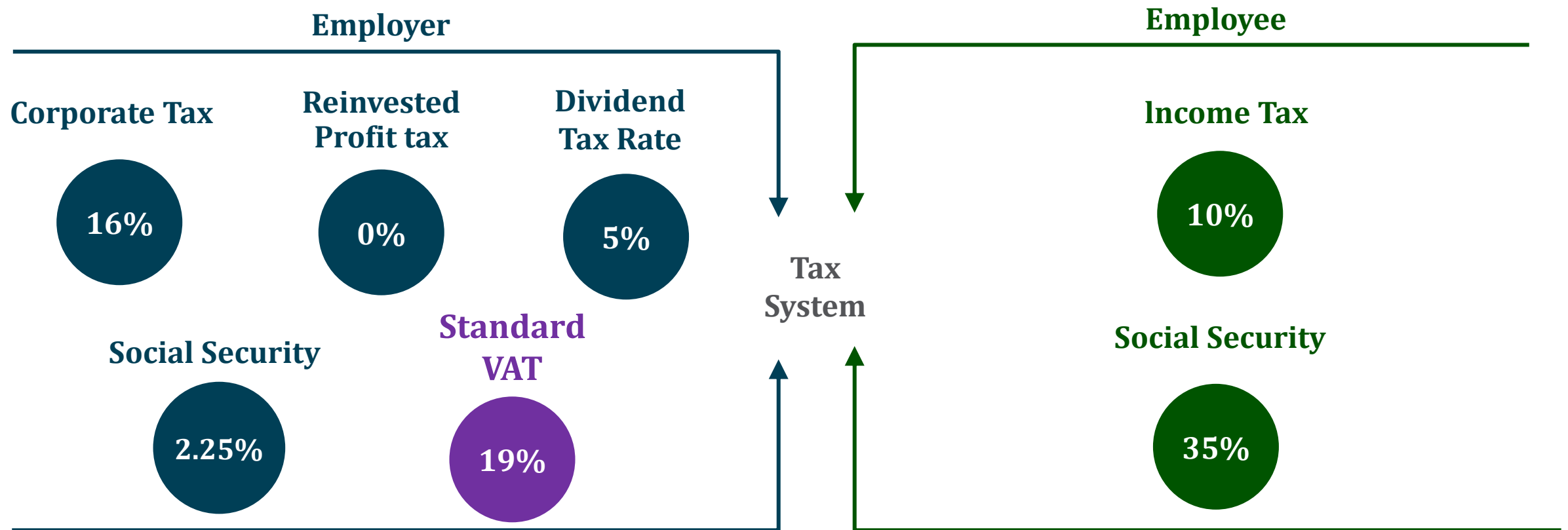
	BUCHAREST	BERLIN	LONDON
Consumer Prices*	100 €	170 €	216 €
Rent Prices	100 €	244 €	352 €
Restaurant Prices	100 €	160 €	217 €
Groceries Prices	100 €	170 €	253€
Standard of living equivalency net salary	1993 €	3749 €	4961 €

*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



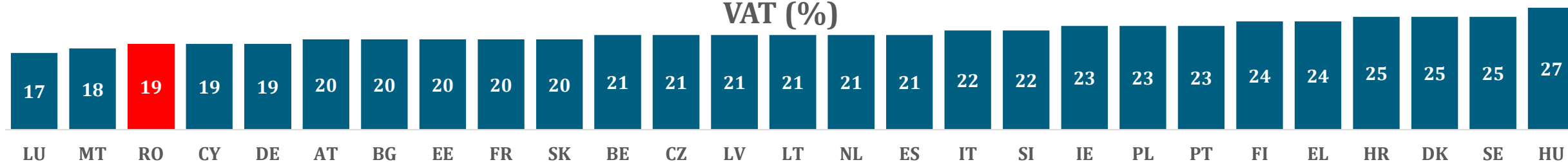
ZERO% income tax for employees who work in Research and Development (R&D)
ZERO% income tax for employees who work in (IT&C)

Comparative tax in EU27 (2021)

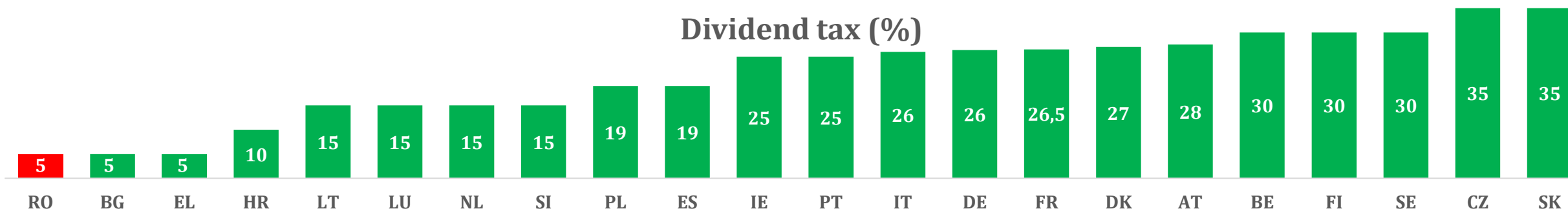
Corporate tax rates (%)



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

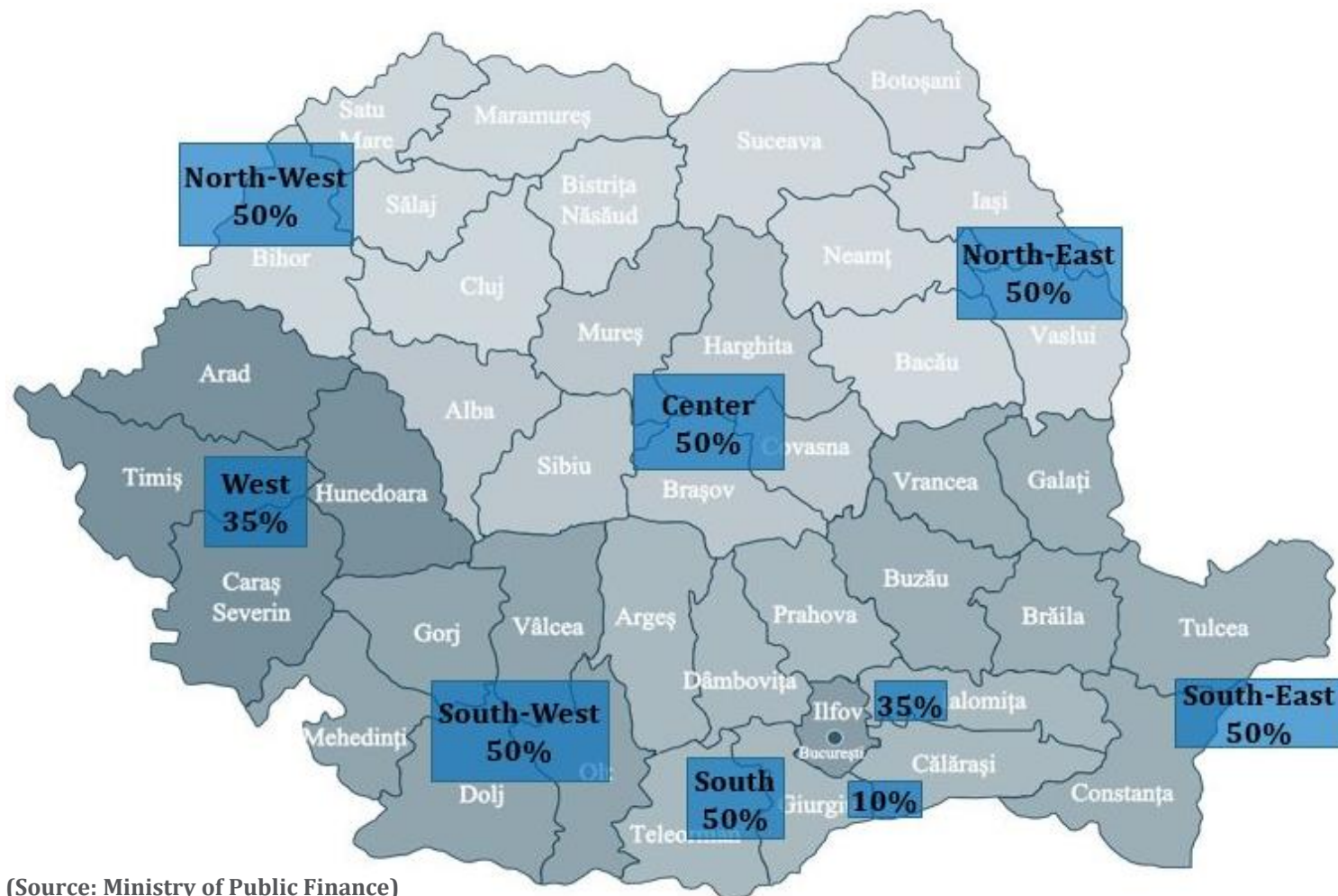
Investors that set up manufacturing locations or offices in an industrial, scientific or technological park benefit from:

- 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%

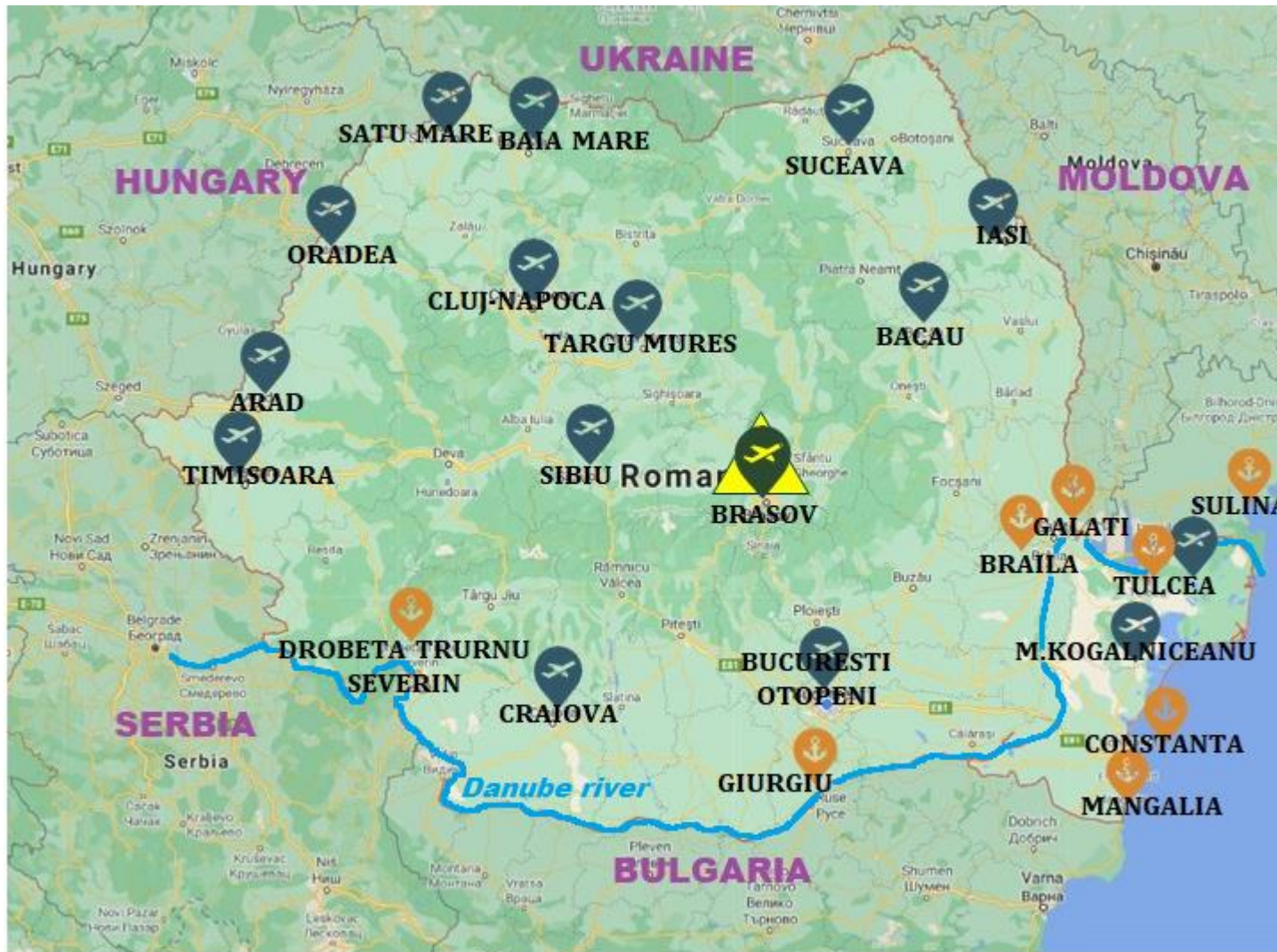
South West – 50%

West – 35%

Ilfov County – 35%

Bucharest – 10%

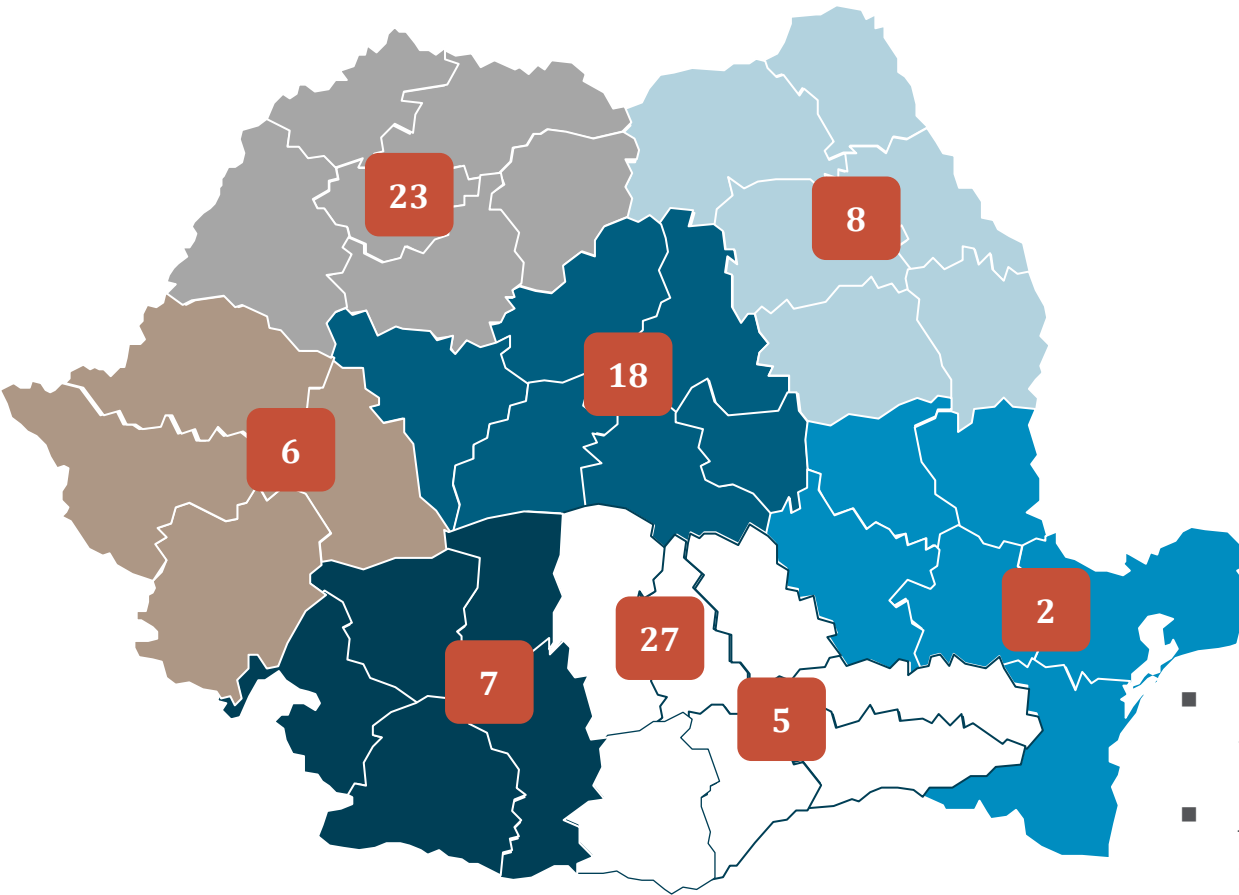
Connectivity



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).



Industrial Parks in Romania

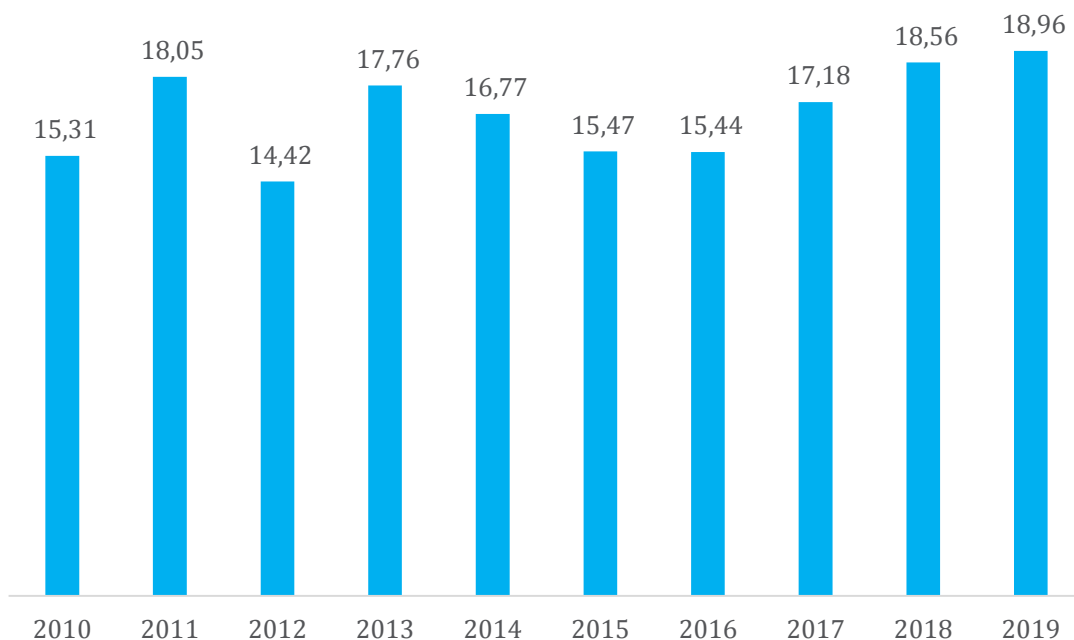


- 96 modern industrial parks spread across Romania both private and public ownership, totaled 3330.5 ha
- Access to utilities & benefits packages according to their focus
- Exemption on land, building and urban planning taxes

(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

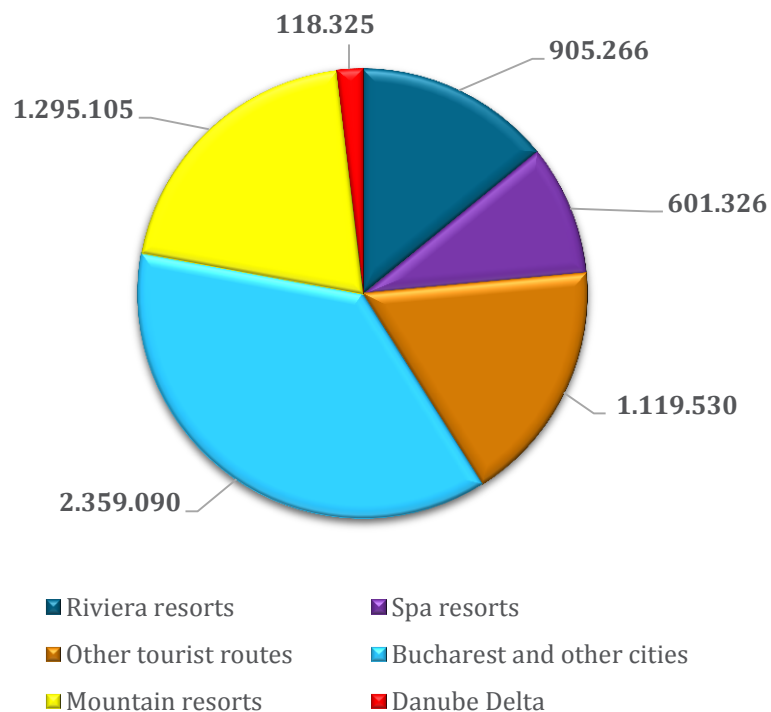
- Over 10 mil hectares of land are cultivated from a total of 14.8 mil
- Marketing season 2019/2020 – Romania is EU's largest exporter of wheat and maize

(Source: Agerpres, 2020)

Tourism

Tourism in 2020

The overnight stays in the establishments of tourists' reception



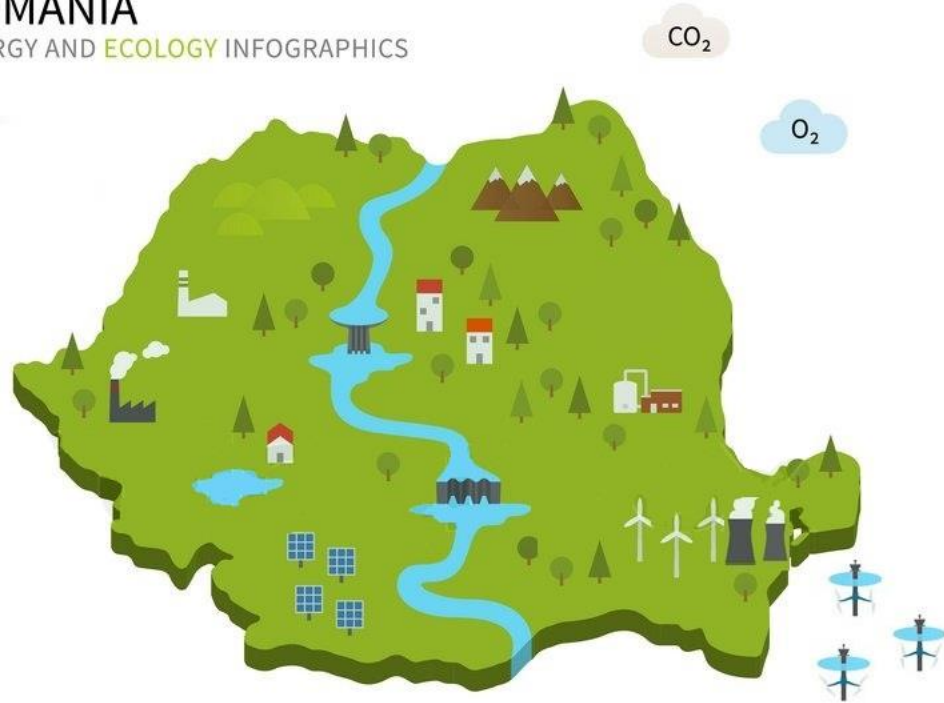
Entrepreneurs can direct more investments towards:

- 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



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

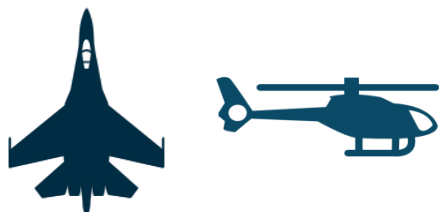


6 B €



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

AEROSPACE



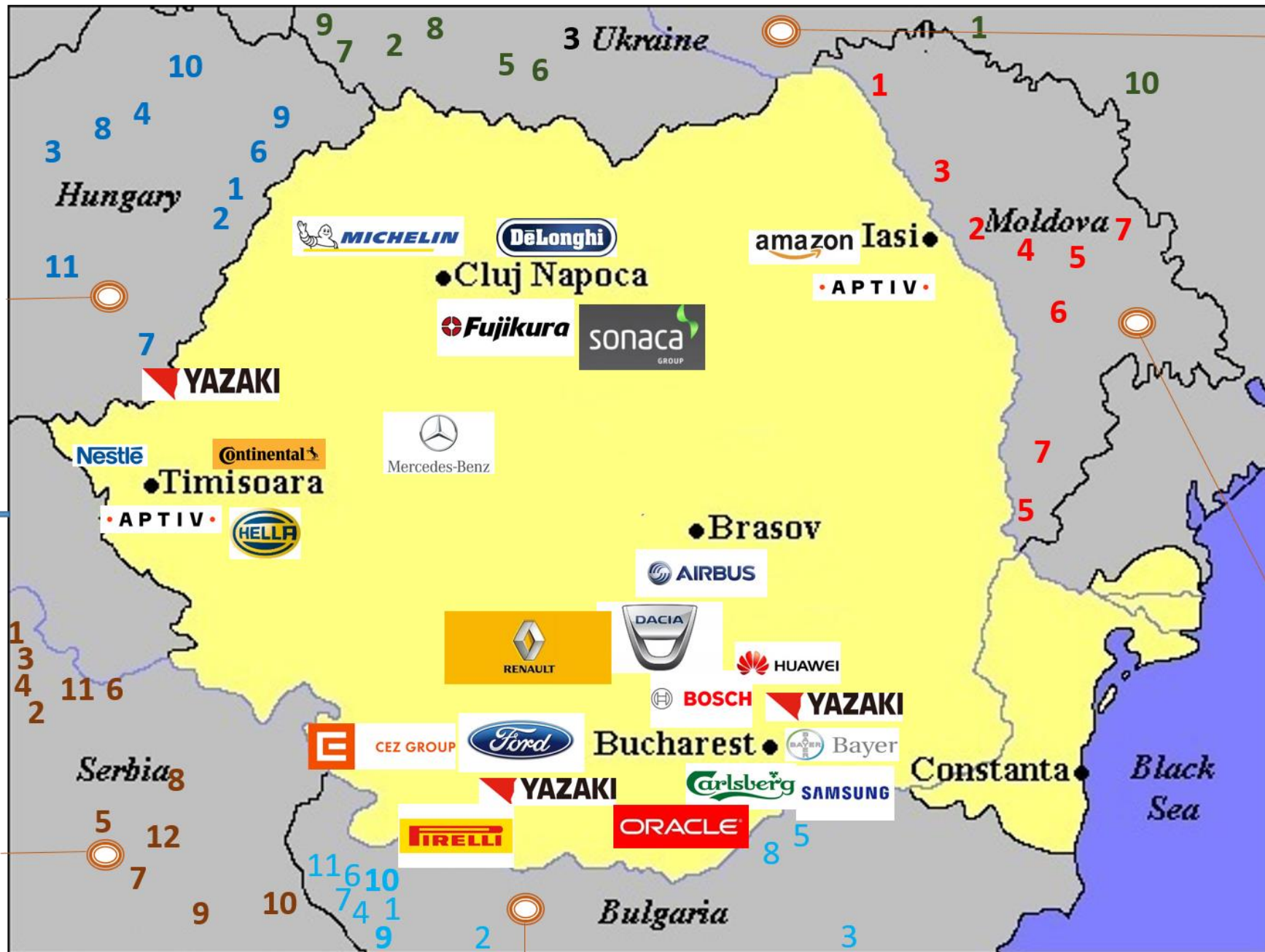
732 M €



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

- 1 Continental
- 2 ТЭТ
- 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



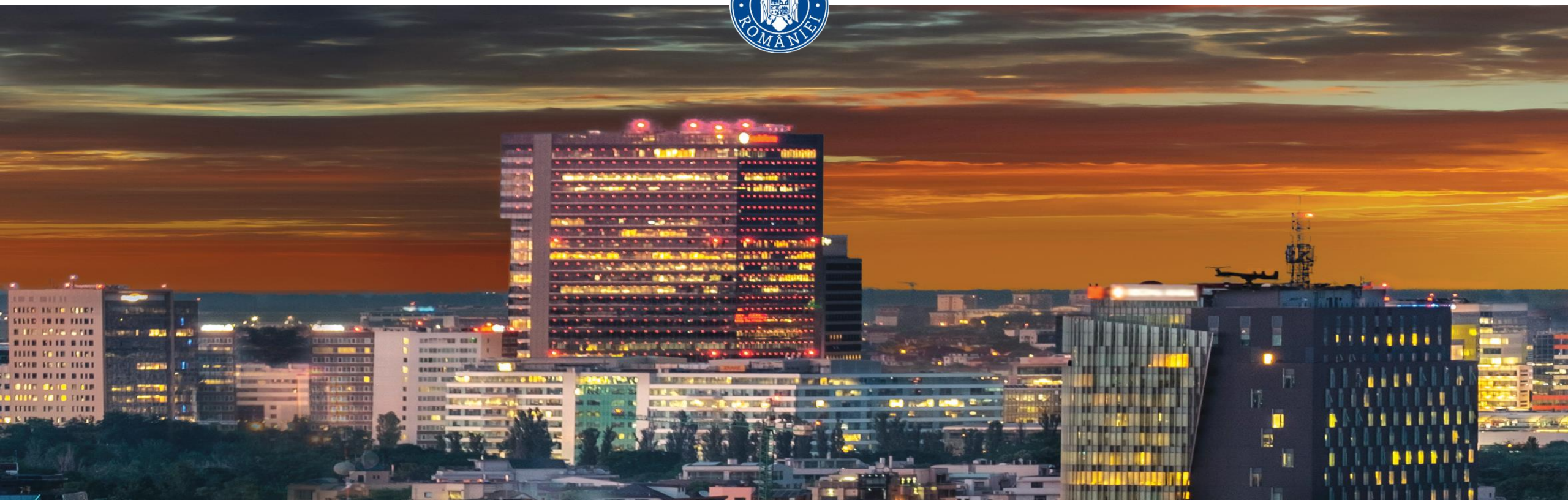
- 1 BOEING
- 2 Carlsberg
- 3 Bayer
- 4 The industrial group ViOil
- 5 LEONI
- 6 APTIV
- 7 YAZAKI
- 8 BOSCH
- 9 Fujikura
- 10 GROUPE LACTALIS

- 1 APM
- 2 LEAR CORPORATION
- 3 Kab-lem GROUP
- 4 HETEL
- 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

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)**



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