



Romania – Economic Newsletter

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The Embassy of the Kingdom of the Netherlands in Bucharest publishes a monthly economic newsletter, distributed by e-mail. The material published in this newsletter is compiled by the staff in the Economic and Agriculture sections on the basis of publicly available information, from various sources (Rompres news bulletins, National Institute for Statistics, Nine O'Clock, Capital, Ziarul Financiar, Business Review) and reflects the developments of the month. It does not represent the opinion of the Embassy of the Kingdom of the Netherlands or any other official body. No responsibility for factual accuracy can be taken. Those interested in receiving the newsletter are requested to contact the above listed telephone and/or fax numbers or the e-mail address. Comments and suggestions are appreciated.

EUR / USD exchange rates against RON

Average February 2007 exchange rates were:

1 EUR = 3.3824 RON

1 USD = 2.5881 RON

Source: National Bank of Romania (www.bnr.ro)

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Macroeconomics

0.2% inflation in January 2007

According to the data published by the National Statistics Institute the inflation was 0.2% in January 2007. The main trigger of the small consumer price index was non-food prices, which fell 0.2% month-over-month, while food prices and services prices rose by 0.1%, and 0.2%.

Average net salary in January 2007

January 2007 net average salary was of RON 918, decreasing by 16.5% as compared to the previous month when winter holiday premiums and the 13th salary have been offered.

Economic growth of 6.3% and inflation of 5.2% in 2007

The Romanian Academic Society estimates a 6.3% economic growth and 5.2% inflation in 2007. The prognosis report published on February 15 that the budgetary deficit will be 2.9% of GDP, while the current account deficit will be 10.6%. One EUR is estimated at RON 3.36 for December 2007. The budget project was drafted on a 2.8% budgetary deficit and a 6% economic growth. The National bank targets inflation around 4%. The Academic Society forecasts a 9.5% real increase in the average salary. According to the report, Romania's EU accession and the rating improvement gave more confidence to foreign investors. The Academic Society estimates a significant increase in the foreign direct investment, mainly in greenfield investment. The consumption to go up this year will cause inflation pressures, massive imports and trade deficit. The report says that the expansion of hypermarkets could have a negative impact on the traditional market and on the small farmers. The price of vegetables and fruits dropped 10% in 2006, while the price of living animals was lower. *Full report is available at <http://www.sar.org.ro/files/PWR-en.pdf>.*

Trade

2006 trade deficit stood at EUR 14.9 billion

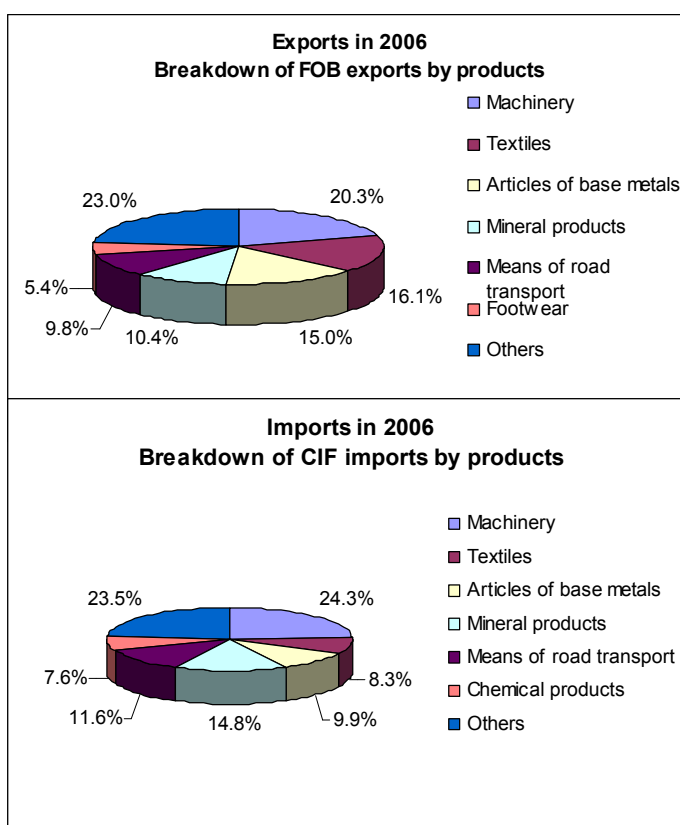
According to the data published by the National Statistics Institute Romania's trade deficit rose to EUR 14.9 billion in 2006, up by EUR 4.6 billion as compared to the previous year. *See below.*

Exports up by 16.2 %

According to the National Institute for Statistics, Romanian 2006 FOB exports totalled EUR 25.85 billion, up by 16.2% as compared to 2005. Exports to EU-25 increased by 16.3%, and reached the level of 67.7% in total exports. Top ten partner countries importing from Romania in 2006 were Italy (17.9%), Germany (15.7%), Turkey (7.7%), France (7.5%), Hungary (4.9%), Great Britain (4.7%), Bulgaria (2.8%), Austria (2.7%), USA (2.6%), and the Netherlands (2.5%).

Imports up by 25.1%

In 2006 CIF imports amounted to EUR 40.75 billion, up 25.1 % as against the previous year. As compared to 2005, the value of imports from the European Union countries (EU - 25) rose by 25.9%, accounting for 62.6 % of the total imports. Top ten partner countries exporting to Romania during 2006 were Germany (15.2%), Italy (14.6%), Russian Federation



(7.9%), France (6.5%), Turkey (5.0%), China (4.3%), Austria (3.8%), Hungary (3.3%), Kazakhstan (3.2%), and Poland (2.8%).

Legislation

Leasing operations ongoing at the Accession date - Correction

The second paragraph of item 2 of the article "Leasing operations ongoing at the Accession date" in the legislation section of the previous Economic Newsletter should read:

For goods introduced in Romania by Romanian leasing companies pursuant to Governmental Ordinance 51/1997 on leasing operations and leasing companies, VAT is due as per the provisions in force at the date when the leasing contract was initiated, meaning that VAT will not be actually paid in customs, but accounted in the monthly VAT return both as input and output tax.

Acquisitions of medicinal products from the European Economic Area

A draft Order has been recently posted on the Health Ministry's site to amend Health Minister's Order no. 918/2006 approving the Regulations on the manufacturing/import authorization of producers of medicines for human use, including investigational medicinal products, raw materials used in the manufacturing of medicines for human use, including investigational medicinal products. Under the Order, medicines originating in the European Economic Area ("EEA") can be distributed on the Romanian territory based solely on the wholesale distribution authorization, as opposed to medicines originating from third countries, which are to be cleared for customs on the basis of an import authorization. This is the first time that the Romanian lawmaker highlights the distinction between the scope of distribution versus import authorizations in light of the acquisitions of medicinal products from the EEA and acquisitions from non EEA countries.

New regulations regarding the secondment by EU/EEA companies to Romania

Further to the implementation into the national legislation of Directive 96/71/EC on the posting of workers in the framework of transnational services (the Law no 344/2006), Romanian authorities have established the specific procedure regulating the secondment of expatriates by companies located in the European Union / European Economic Area. Romanian companies that engage expatriates from EU/SEE companies on a secondment basis should notify the Territorial Labour Inspectorate (ITM), by means of registration of:

- a secondment notification no later than the first day of activity in Romania,
- a statement regarding the legality of the employment of the foreign secondee in the EU / EEA country that assigned him/her to the Romanian company – in case of non-EU nationals only

The Romanian employers that engage expatriates seconded by EU/SEE companies should also produce supporting documentation, in the event of an ITM inspection, consisting of the cooperation

contract with the EU/EEA seconding company, the secondment letter and evidence that the Romanian Labour Code is observed. In case of failure to comply with the obligation of notification, penalties might be imposed on the Romanian company.

State Aid

Order no. 111/2007 of the Ministry of Public Finances regarding the duty to submit Statements related to state aid received between January 2003 and December 2006 by state aid beneficiaries located in disfavored areas has been recently published in Official Gazette no. 67 of 29 January 2007. The Order requires companies that benefited from state aid in the guise of profit tax exemptions under art. 38 par. 1 in the Fiscal Code to submit to the territorial general directorate of public finance or to the General Directorate for Administration of Major Taxpayers, as the case may be, statements regarding state aid received between January 2003 and December 2006.

With thanks to PriceWaterhouseCoopers Romania – Tax Department

EU membership

European funds

At the end of January 2007, the Romanian Government approved strategy documents for the absorption of European funds in five fields, as well as the National Strategic Reference Framework for 2007-2013. The five operational programmes regard transport, environment, human resources, regional development and technical assistance. The remaining sectoral operational

programmes, namely for increasing economic competitiveness and developing administrative capacities were approved on the 8th of February. The documents have been submitted to the European Commission. "Romania is ready to absorb the European funds. All that depended on the national authorities of Romania has been finalized. The ball is now in the court of the European Commission," said state secretary with the Finance Ministry Alice Batu.

The National Strategic Reference Framework for 2007-2013 is a reference document for the programming of structural and cohesion funds. In 2007-2013, the European Union will grant Romania EUR 19.7 billion worth of assistance from the structural and cohesion funds to help the country achieve its national development priorities in order to bridge the gaps separating it from other EU member states. Established under the National Strategic Reference Framework for 2007-2013 are intervention priorities of the structural and cohesion funds in the reference time. The document links Romania's national development priorities set forth in the National Development Plan to Europe-wide priorities. The aim of the National Strategic Reference Framework is bridging economic and social development gaps separating Romania from other EU member states by effecting an additional growth by 15% of the Gross Domestic Product and a rise of 2% in employment by 2015. The sectoral operational plans set out the priority axis in the respective domains and plan for the allocation of EU-funds. *More information is available on the Embassy's site at www.netherlandsemb.ro, within the section Economy and Trade / Information for Dutch companies / EU membership.*

Finance & insurance

Twice as many insurers in the first month of EU membership

The number of insurers on the Romanian market almost doubled in the last month, reaching 75 companies, as compared with 41 insurers at the end of 2006. 34 insurance companies in the EU took advantage of the deregulation of the insurance market and notified the Insurance Supervision Commission (CSA) of their intention to operate on the Romanian insurance market. Among these, only Coface Austria notified the CSA that it had opened an office in Bucharest, while the remaining 33 companies intend to operate directly from the country in which they are registered. The bulk of the insurers interested in the potential of the Romanian market after the deregulation are registered in the UK (18), with the rest of the companies originating from Ireland (5), Germany (4), France (4) and Austria (2). The latest companies to have submitted notifications to the CSA are the French at Gan Eurocourtage IARD and Groupama Transports, the former specialising in general insurance and the latter in maritime, logistical and transport insurance.

Privatisation

State sells 72.4% stake in Daewoo Craiova

The Romanian state will sell the entire stake it holds in carmaker Daewoo Craiova, namely 72.4% of the company's shares. The preliminary privatisation announcement will be made by, at the very latest, the first week in March, said the Finance Minister, Sebastian Vladescu. The Premier Calin Popescu-Tariceanu met on February 2, at Victoria Palace, with the representatives of Ford. He assured them that the privatisation of Daewoo Automobile Craiova was a priority for the Government and that the Executive intended the privatisation process to be both fast and transparent. Tariceanu also stated he had asked the privatisation commission of Daewoo Craiova to submit a weekly report regarding the evolution of the privatisation process. "The Finance Minister, Sebastian Vladescu, who attended the meeting, said the preliminary privatisation announcement would be made, at the very latest, by the first week in March. The privatisation commission decided to sell 72.4% of the company's shares (namely the entire stake held by the state), according to the Finance Minister," reads a press release issued by the Government's Press Office. The press release also confirms that Ford's representatives reiterated the company's interest in participating in Daewoo's privatisation process. Automobile Craiova, a state-owned company, purchased the shares held by the Korean company Daewoo Motor in the Daewoo Craiova car factory for a price of USD 60 million. *Source: Ziarul Financiar.*

Environment

Romania to request EC to decrease quotas on collection of electric and electronic equipment waste

Romania will not be able to collect, in 2007, three tonnes of electric and electronic equipment waste, in line with the European Council's directive 2002/96, said on February 13 general commissioner of National Environment Guard, Silvian Ionescu in a seminar on infringement procedure. "A study conducted by Czech specialists found that none of the countries that have joined the EU since 2004 cannot reach this volume. In Romania's case, the assumed pledge did not take into account the national realities. For reaching in 2007 this quantity of electric and electronic waste, the sales of such equipment in the 1994-1995 period should have stood at some 3 kg per capita. In 2006, Romania had a collection target of 2 kg of electric and electronic equipment waste per capita, out of which only 1% was achieved", said Ionescu. The countries that have joined the EU in the past years, Romania and Bulgaria included, will present the study conducted by the Czech specialists to the European Commission to request a decrease in this collection quota. "Given that through the implementation plan for directive 2002/96 on electric and electronic equipment waste the responsibility falls both on business operators and local authorities, a new plan for a selective collection is necessary", said the president of National Agency for Environment Protection (ANPM), Ioan Gherghes. The seminar organized by ANPM on the infringement procedure refers to observing the transition period and obligations set within the environment authorizations.

Economic operators not observing environment norms could be shut down

The Ministry of Environment and Water Management will sanction drastically, even shut down, the economic operators not observing the environment norms, for the European Commission not to institute an infringement procedure against Romania, said on February 13 Ioan Gherghes, President of National Agency for Environment Protection, during the seminar mentioned in the previous news. "The Ministry will back the economic agents in observing the obligations assumed towards the European Commission, supporting thus the general economic interest. Some economic agents might not be able to observe their engagements, which will lead to the introduction of the infringement procedure, causing million of euro losses for Romania," said the general commissioner of National Environment Guard Silvian Ionescu. Mittal Steel, Romplumb SA Baia Mare, Petrotel, the Turceni Power Plants and Arpechim Pitesti are the companies in questions. Ionescu reconfirmed the position of the Ministry, who wants to start the shutdown procedure in the activity of Romplumb on March 18, if the company does not make the proper investment. Petrotel Ploiesti, one of the main environment polluters, could also be closed. Romania currently has 50,000 hectares of oil-polluted soil, besides the pipes' nearby area.

Energy

Romanian companies may access EU funds to produce alternative energy

Romanian companies may access EU structural funds, for energy projects totalling EUR 210 million, starting this year, say officials of the Intermediary Body for Energy (OIE) with the Ministry of Economy and Trade. There was also established the largest value of the EU grants a company can get. Thus, the utmost grant for energy efficiency projects amounts to EUR 50 million, to EUR 10 million for the capitalization of renewable resources, while the grant for curbing the negative impact on the environment may not exceed EUR 50 million. The EU co-financing for big companies will represent 50% of the project's total costs and 60-70% for smaller companies. Projects exceeding EUR 50 million will not be managed by Romania, but by the European Commission that will mainly deal with the projects' approval and financing, if they meet the required criteria. "Increased energy efficiency and sustainable development of the energy system" represents the 4th Priority Axis of the Sectoral Operational Programme (SOP) "Increased of Economic Competitiveness". *The full text of the final draft of the SOP is available on the web site of the Embassy, at www.netherlandsemb.ro, within the section "Economy and trade" / Information for Dutch companies / EU Membership.*

Romanian electricity producers report 2006 deliveries in excess of 56,000 GWh

Romanian electricity producers delivered in 2006 56,373 GWh, almost 5% more than in 2005, when 53,784 GWh were supplied, the Ministry of Economy and Trade reports. The largest market share was held by Hidroelectrica (31.7%), which delivered 17,871 GWh, down 1,867 GWh from 2005. The Rovinari and Turceni energy complexes came in next, with 6,412 GWh and 6,406 GWh,

with a market share of 11.4% each. Electrocentrale Bucharest delivered 6,181 GWh and had an 11% market share. SN Nuclearelectrica, CE Craiova, Electrocentrale Deva, Termoelectrica, RAAN, Electrocentrale Galati and independent producers fell below the 10% market share mark, having delivered together 19,503 GWh in 2006 and holding a share of 34.6% in the market all together.

Romgaz - Gazprom talks on founding gas deposit in Romania

Officials of Romania's state-owned gas producer Romgaz Medias and of Russian gas monopoly Gazprom will meet in Moscow to discuss on the construction of a natural gas storage facility in Margineni-Roman, central Romania, Romgaz General Manager Alexa Jakob said on February 8. Late January, Economy Minister Varujan Vosganian said officials of the two companies would meet to discuss the possibility of setting up a joint venture to import gas from Russia, as well as the gas deposit in Margineni. The construction of the gas deposit requires investments between EUR 120 million and EUR 258 million. *Source: Mediafax.*

Romania and Croatia might close a Memorandum for oil duct in 2007

The Romanian and Croatian governments might sign this year an Agreement Memorandum regarding the Constanta -Trieste oil pipeline, Romania's Prime Minister Calin Popescu Tariceanu said on February 9 after talks with Croatia's Prime Minister Ivo Sanader. The pipeline will be 1,360 kilometres long and will facilitate crude oil transportation from the Black Sea to the European market, having an annual capacity of up to 112 million tons of oil. The pipe crosses Serbia and Montenegro before reaching Croatia. The route continues to Trieste, where it is to connect to the Trans Alpine Pipeline - TAP system, which supplies Austria and Germany. Another ramification will ensure transportation toward Venice and is to supply refineries in the north of Italy. The project is supervised by a committee including members from Romania, Serbia and Croatia, while Italy and Slovenia are observing members with full rights. Costs are estimated USD 2.2 billion and USD 4.6 billion, depending on the pipe's transportation capacity. *Source: Mediafax.*

Cernavoda nuclear power reactor no. 2 to become operational on April 25

The second reactor of Romania's sole nuclear power station Cernavoda will start working on April 25 and will function to full capacity by yearend, economy minister Varujan Vosganian, said in a press conference on February 11. The power station's operator, state-owned nuclear energy company Nuclearelectrica, estimated that the production would increase this year by 50%, to 8.4 TWh, from 5.6 TWh in 2006, as a result of the second reactor's functioning. Vosganian reminded that several companies and consortiums expressed their interest in taking part in the construction of Cernavoda's 3 and 4 reactors, a project worth EUR 2.2 billion. The Romanian authorities selected thirteen companies interested in the construction works of the two nuclear reactors. The qualified companies for negotiations are USA's AES Romenergia, Alro Slatina, TESS Conex-ASAM-Iasi consortium, Italy's Ansaldo and Canada's AECL, Unit International of Belgium and Turkey, Belgium's Electrabel, Romania's Electrica, Italy's ENEL, Germany's RWE Power and E.ON, Canada's Gabriel Resources, Spain's Iberdrola, South Korea KHNP. Nuclearelectrica will contribute to the capital with the structure of 3 and 4 reactors, for which some construction works have already been carried out, and they were evaluated to EUR 250 million. Nuclearelectrica will be the reactors' operator. The construction works will probably start in the first part of 2008. The economy minister said the participant companies would not receive dividends, but would have the right to buy energy at the production price. "The investment will be finalized in 2014. The nuclear power will provide 28% of the national electricity production. Romania could become a regional energy power," Vosganian said. The power plant in Cernavoda has initially been designed to have five reactors, 700 MWatt each, on Canadian CANDU-type technology. The power plant currently operates with one reactor, which provides over 10% of the national electrical power demand.

Infrastructure & transport

Investments of some EUR 85 million in "Henri Coanda" Airport upgrading

Two development programs in overall value of EUR 84.5 million are to be implemented this year for the upgrading of "Henri Coanda" Bucharest International Airport (AIHCB), Adevarul daily announced on February 16. The money is mainly earmarked for rehabilitation of taxi-ways, expansion of the departures and arrivals areas and modernization of a runway for landing. Although the development plans exist ever since 1991, they were not implemented, on one hand due to the lack of funds and, on the other, because of permanent legislative changes. But this amount is set to be spent in 2007 for finalization of the second stage of the development project launched in 1991 and the start of last works' phase. The two programs are to be materialized on the basis of a decision initiated by the Ministry of Transports, Constructions and Tourism that

provides the expanding of the boarding area and the airport building and, until 2018, the infrastructure rehabilitation program is to be finalized. In the first nine months of 2006, as many as 2,629,905 passengers used the Otopeni Airport and the estimated number in 2007 is of some 4.5 million passengers. According to studies conducted last year by AICHB, the traffic is set to jump by more than 30 percent until 2010, as a consequence of Romania's European Union accession, amounting at some six million passengers.

IT&C

13,200 IT companies in Romania

At present, there are over 16,300 companies in Romania's IT&C industry, out of which 13,200 belong to the software and services sector, according to the 2005-2006 IT&C industry study, drawn up by Mircea Vuici for the Computer Science Institute. According to the latest estimates on the market, in end-2006 there were over 7 million Romanian users of Internet. Web surfing is a frequent activity for 28% of Romania's population. In 2006, a significant rise was recorded also in terms of number of PCs: some 81.90% of local firms are equipped with computers, 64.16% access the Internet, and 56.51% use the email. Some 27.97% of SMEs have their own websites and 7.51% of enterprises sell or buy online. The IT sector alone contributed, in 2006, by 4.19% to GDP, up versus 2005, when the contribution of the sector was 3.09%. In end-2006, the software and IT services field numbered 13,200 companies, and the productivity rate stood in this field at EUR 32,000 per person. In 2006, the total turnover of the IT sector was EUR 1 billion, and exports stood at EUR 450 million. The 2007 growth rate of IT exports is estimated to stand at some 50%, up versus the growth rate recorded in the first 11 months of 2006 - some 46%. *Source: Rompres.*

Romanian IT security solution market to grow by 30%

"The local market for IT security solutions will register growth rates of around 30% in the next years, as it is still developing," Nine O'Clock daily quotes Thomas Vavra, Software Research Director with IDC for Central Europe, Middle East and Africa, as saying on February 16. The difference between Romania and the other Central European countries is very big, and the local IT security solution market is immature, said IDC representative for Romania Laurentiu Popescu. Minister of Communications and Information Technology Zsolt Nagy says the solution for the market to develop will come from the structural funds Romania will receive - EUR 336 million - by the end of 2013. The local IT security solution market grew last year by 29.3% to USD 8.76 million, Vavra also said. "IT security has become a business issue and is no longer confined to the IT environments. Around 70% of the IT threats in a company are now generated by internal factors," said Vavra.

Agriculture & food

Increasing flower sales

Domestic demand of cut flowers, which represents more than 1.4 billion stems, is covered just in a proportion of 10% by domestic production. So last year, Romania imported 90% of the sold flowers, namely 8,455.9 tonnes of fresh cut flowers, almost 3,000 tonnes more than in 2005, when just 5,615 tonnes were imported, according to the data of the Ministry of Agriculture, Forests and Rural Development. In 2006 the value of imports reached EUR 12.5 million. The Netherlands, Turkey, Italy, Hungary and Thailand are the countries where most of the imported flowers and exotic plants (like orchids) come from. The area cultivated with field flowers in 2006 was 340 hectares compared to just 252 ha in 2005 and the resulting crop was 72 million stems. The area cultivated with greenhouse flowers expanded to 160 ha, the respective production being 70 million stems. In the open field, the flower assortment is more diversified, however, most of the area is covered by tulips, gladiolas, chrysanthemums and in the greenhouses the largest share is held by carnations - 67%, chrysanthemums, 10 times less - 6.7% of the total, followed by roses - 4.9%, freesias - 4.3% and gerberas - 3.8%.

Meat products market growth to slow down

Last year, the turnover of the meat processing industry amounted to some EUR 800 million (producer prices), and to more than EUR 1 billion (consumer prices). Whereas until recently producers' investments have mainly been intended for the modernisation of plants in order to meet EU standards, this year's investments are going to increase the production capacities. According to the main competitors in this industry, the meat products market registered last year sales of around 600 tonnes of meat products daily, or around 220,000 tonnes a year. According to

the estimates of the same players, the market will witness a growth of some 5-10% this year, as there will be an inflow of products from the EU. In addition, major producers will also strengthen their position through investments in production. The CrisTim group plans to double its current production capacity of 150 tonnes per day in the next three years, with investments topping EUR 30 million. Investments will also target a larger range of packaged products. The company in 2006 posted a cumulated turnover of EUR 180 million, from EUR 150 million in 2005, according to the group's preliminary figures. For 2007, the group projects a growth in turnover by 20-25%. Caroli, another major domestic player, plans also to increase its production capacities in Pitesti. It finalised the EUR 2 million investment to expand its meat processing plant and also invested EUR 4 million to build a new dry-cured salami plant in 2006. The company posted a cumulated turnover worth EUR 93 million, up 50% year-on-year and a profit margin of around 10%. According to its representatives, Caroli will hit a turnover of EUR 125 million in 2007, up 20-30%. Aldis Calarasi increased the capacity of its plant to 100 tonnes per day in 2006 from 80 tonnes in 2005. The producer had a turnover of EUR 75 million in 2006, up 25% year-on-year and expects growth to continue this year. The structure of the market is expected to change this year, with the arrival of Germany's Reinert, which plans to gain one of the top five positions on the market.

International trade retailers operate 283 outlets in Romania

International trade retailers are operating 283 outlets in 76 Romanian cities and towns, among which 37 are cash-and-carries, 51 hypermarkets, 96 supermarkets and 99 discount outlets. There are 67 such stores in Bucharest alone, with 12 in Timisoara (west) and 10 each in the cities of Constanta (southeast) and Pitesti (central-south). Metro has the largest cash-and-carry network in Romania, with 23 locations nationwide, while Kaufland is the leader on the hypermarket segment, with 20 units. In terms of supermarkets, Billa ranks first, with a 22-unit network nationwide, while Plus Discount has conquered the discount shop market, with 35 units. The cash-and-carry and the hypermarkets are predominant in Bucharest, Timisoara and Constanta, while the discount outlets (Minimax, Penny Market, Plus Discount and Profi) operate mostly in the smaller cities and towns.

EU Funds for Rural Development

The European Union funds for rural development will reach Romania most likely in September – October this year at the earliest, according to the Minister of Agriculture Dan Motreanu. The funds will total almost EUR 8 billion during 2007-2013 and will be available through a mechanism similar to the SAPARD programme, that is by submitting projects. In order to receive these funds, Romania has foreseen a set of measures in the National Rural Development Plan, which is to be sent to the European Commission for approval in March - April 2007, according to the minister. However, farmers would be able to already submit projects starting end of March, early April, after the authorities send the plan to Brussels. For the start, projects could be submitted for co-funding investments in farms, processing and non-agricultural economic activities in the rural area.

Dutch presence in Romania

A new ING branch for corporations

On February 15, ING Bank opened officially the third branch of the bank for companies from Bucharest, Nine O'Clock daily reports. The new branch will provide services chiefly for the companies from District 3, and will offer the whole array of products and services available at national level, of payments, money exchange, loans and custody services up to factoring, leasing or Internet banking. The branch also offers the Self Banking service for the population, a service whereby the clients can manage alone their own finances. Present at the launching of the branch, Misu Negritoiu, general manager ING Bank Romania, announced that the bank will lower the turnover ceiling requested from the clients from EUR 3 million to EUR 2 million, in order to offer the smaller local companies the possibility to have access to ING banking services and products. 'Currently, the bank has 135 branches around the country, but we will exceed 200 units this year', said Misu Negritoiu. The bank intends to extend to the local companies loans for the pre-financing of the projects eligible to attract European funds, and loans for their co-funding. In late 2006, ING Bank registered assets of RON 7.2 billion (EUR 2.1 billion), with a market share of 4.2%. In Romania, ING comes first on the life insurers market. This year, ING will launch in Romania a fund of private optional pensions, followed by a fund in the field of private compulsory pensions in 2008. *Source: Rompres.*

KLM boasts 87% take-up

Airline operator KLM Royal Dutch Airlines recorded an 87% take-up and a 9% increase in turnover in 2006, which allowed it to maintain its 9% market share. "The growth is the result of the natural increase in the number of passengers that have started travelling to and from Romania. We estimate an increase of 5% in turnover for the financial year 2007," the company officials stated. The business of the airline went up to approximately EUR 25 million in 2006 compared with EUR 23 million in the previous year and is set to exceed EUR 26 million this year. The introduction of new destinations will also contribute to the anticipated growth. "As for our future plans, we want to increase the number of daily flights to and from Bucharest and to begin operating from other cities in Romania," the representatives of the company also added. According to later information provided by the company, the new destinations considered include those operated from Timisoara, Cluj, Iasi and Constanta. KLM Romania has one of the highest take-up rates of all the companies operating in Romania, which is also higher than the average recorded by the company on the total destinations offered. "The take-up rate of the KLM aircraft departing from Bucharest, that is the number of passengers per total seats offered, is one of the highest in Europe, an average of more than 87% a month," KLM Romania officials said. KLM's take-up rate increased by 1.2% in 2006 in comparison with 2005. KLM also witnessed the highest take-up rate in Europe last year, according to the Association of European Airlines. The take-up rate on the Bucharest-Amsterdam route is higher than the average recorded by the Dutch operator. KLM is currently operating three flights a day in Romania, carrying more than 100,000 passengers from Bucharest to Amsterdam and beyond, every year. "Approximately 80% of the passengers transported from Bucharest pass through the Schiphol Amsterdam, one of the largest airports in the world, to more than 400 destinations where KLM and its partners operate globally," the company officials specified. The company introduced electronic tickets (e-ticketing), at the end of 2005, which already account for 90% of the total tickets sold. "In Romania, the share of electronic tickets stands at 90% (i.e. of the total tickets sold by KLM), as registered in January 2007, compared with the figure of 21.83% for January 2006," the KLM Romania representatives stated. KLM Royal Dutch Airlines resumed flights to and from Romania (Bucharest) in April 1996 after a 27-year hiatus. *Source: Ziarul Financiar.*

TNT expects 30% growth in 2007

TNT, leader of the Romanian courier services market, has budgeted a turnover worth about EUR 33 million for this year, counting on rising international exchanges with EU countries. "For 2007, we expect to witness a growth of at least 30% in the wake of investments we will operate and owing to the development of international delivery services, which will see spectacular growth in the following years. At the same time, a series of multinationals are starting to develop significant production facilities in the area, which will trigger positive chain reactions for the domestic partners of these companies," stated Bogdan Enache, country manager with TNT Romania. TNT, part of Dutch TNT Express group, operates international and domestic courier services. However, international shipments account for 85-90% in the company's turnover. TNT last year generated a turnover exceeding EUR 25 million, witnessing growth of almost 25% year-on-year. At the same time, the company's gross income advanced by 30%, to some EUR 5 million. TNT is retaining its position on the market through massive investments in infrastructure, traffic lines and connections, and through the opening a new operations centre in Henri Coanda Airport (Otopeni). TNT will further invest in the development of sorting centres in Timisoara, Cluj-Napoca and Brasov, and also in the development of its services network. TNT Romania has around 20 offices nationally, 388 employees and a fleet of 170 vehicles, with its main rivals on the market in international courier services sector being DHL, UPS and FedEx. International shipment services account for around 40-45% of the overall courier services market of Romania, which is worth approximately EUR 130 million, according to a Datamonitor survey quoted by the company. The courier services market is one of the most dynamic markets in Romania, witnessing sustained growth each year. TNT Express is a world-leading provider of express delivery services and it defined its position on the Romanian market in 1999 by acquiring a 100% stake in ROMCARGO company. The company delivers 3.5 million parcels weekly, documents and freight in more than 220 countries and operates with over 19,000 road vehicles and 43 aircraft. *Source: Ziarul Financiar.*

Dutch Spar Group to open 5 more stores in Bucharest in 2007

Dutch Spar consumer goods store chain will open 20 more stores in Romania, 5 of them in Bucharest, in 2007, and its total investment will amount to EUR 20 million, reads a Spar release. The company's medium term development goal is to set up a 55-store chain. In the long run, Spar plans to open 250 shopping centres in all the important cities and towns of Romania. Spar Romania network currently numbers 7 supermarkets. At global level, the Spar chain is made up of

over 15,000 centres in 34 countries, on 4 continents, that grossed a 2005 turnover worth EUR 27.9 billion.

Notices

Dutch entrepreneur - Will van Lankvel, +31653378209 / +40748129638, e-mail: j.lankveld3@chello.nl - as set up in Abram, Bihor County (5 km from E60, 15 minutes driving to the border with Hungary) a complex for wood-related products. Space and facilities are available for rent for Dutch companies wishing to start doing business in the wood processing sector.

Events & Useful web links

Dutch mission in Romania in March 2007

Between 25 and 30 March 2007 the Dutch Association FME – CWM, Association of Enterprises in the Technological Industrial Sector, is organising a mission to Romania. The mission will focus on production in Romania for the metal and plastics industry and the members of the mission will visit Bucharest, Timisoara, Cluj-Napoca and Brasov. As this mission was fully booked, the FME - CWM anticipates a second mission between 8 - 12 October.

Business delegations from the Netherlands are visiting Romania in April 2007

Between 15 and 20 April 2007 a delegation of the Ministry for Economic Affairs from the Netherlands is visiting Romania. The delegation is headed by the Director of the International Business Directorate, Mr. Bart van Bolhuis and official and business meetings will take place both in Bucharest and Timisoara. Mr van Bolhuis will welcome Romania as a new EU Member state and he will discuss the strengthening of bilateral relations in the economic field.

In that same period a business delegation from the metal sector is also visiting the Timisoara region. This delegation is organized by the Netherlands Metaalunie.

Koninginnedag in Bucharest on April 26

The Embassy of the Kingdom of the Netherlands will invite the Dutch community to celebrate the National Day on Thursday, the 26th of April 2007, in Bucharest.

Dutch transport & logistic trade mission in Romania in May 2007

With the support of EVD, Transport en Logistiek Nederland is organising a trade mission in Romania, between 20th and 24th of May 2007. The objective of the mission is to give support to the Dutch entrepreneurs involved in the transport & logistic sector during their orientation on the Romanian market, as well as putting them in contact with interested Romanian partners. Meetings are going to take place both in Bucharest and Constanta.

- Embassy of the Kingdom of the Netherlands in Bucharest - www.netherlandsemb.ro
- Agency for International Business and Cooperation -EVD - www.evd.nl
- The Netherlands – Romanian Chamber of Commerce - www.netherlands.ro
- Romanian Government - www.gov.ro
- Romanian Ministry of Agriculture, Forestry and Rural Development - www.maap.ro
- Romanian Ministry of Communications and Information technology - www.mcti.ro
- Romanian Ministry of Economy and Commerce - www.minind.ro
- Romanian Ministry of Environment and Water Management - www.mmediu.ro
- Romanian Ministry for European Integration - www.mie.ro
- Romanian Ministry of Public Finance - www.mfinante.ro
- Romanian Ministry of Transports, Constructions and Tourism - www.mt.ro
- National Institute for Statistics - www.insse.ro
- Agency for Small and Medium Sized Enterprises - www.animmc.ro