



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 May 2007 exchange rates were:

1 EUR = 3.2850 RON

1 USD = 2.4313 RON

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

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Macroeconomics

0.64% inflation in May 2007

According to the data published by the National Statistics Institute the inflation was of 0.64% in May 2007.

April 2007 net average salary

According to the data published by the National Statistics Institute, April 2007 net average salary was of RON 1,027, increasing by 1.4% as compared to the previous month.

Unemployment rate drops to 4.5% in April

Unemployment rate nationwide at the end of April stood at 4.5%, down by 0.4% points as against the previous month and by 1.3% higher than the same period one year ago, according to figures published by the National Agency for Employment (www.anofm.ro). The overall number of unemployed was of 400,339 persons, down by 32,684 persons as against the previous month. In April 2007, the men's unemployment rate decreased by 0.5% to 4.9% and the women's unemployment rate decreased by 0.2 percentage points to 4%.

General consolidated budget reports deficit of 0.12% of GDP

The general consolidated budget registered in the first three months this year a deficit of 0.12% of GDP (RON 449 million), the Ministry of Economy and Trade said. In the said period, the total revenues of the general consolidated budget stood at RON 25.9 billion (representing 6.8% of GDP) and the total expenditures amounted to RON 26.36 billion (or 6.9% of GDP).

The national single fund of social health insurance reported a plus of RON 604 million, the unemployment insurance budget a plus of RON 192 million, whereas the state budget registered a deficit of RON 4.223 billion. The highest sum, of RON 4.87 billion (or 1.3% of GDP) comes from VAT collection, while excise duties fetched RON 2.49 billion (0.7% of GDP). The sum from profit tax stood at RON 2.038 billion (or 0.5% of GDP), and that from salary and income tax at RON 3.39 billion (0.8% of GDP). The state budget revenues amounted in Q 1 2007 to RON 8.38 billion, and the expenditures to RON 12.6 billion. GDP is put at RON 381.9 billion.

BNR international reserves EUR 120 million lower

At the end of April, the international reserves of the National Bank of Romania (BNR) stood at over EUR 23.08 billion, by EUR 120 million lower in comparison with the EUR 23.2 billion registered the month before, reveals data released by BNR. The central bank's forex reserves stood at EUR 21.412 billion, by EUR 116.3 million less than the previous month. The decrease was the result of outflows exceeding inflows, specific figures being EUR 482.2 million and EUR 598.5 million respectively. The inflows of EUR 482.2 million came from the administration of the international reserves, changes in the mandatory foreign currency reserves of commercial banks, foreign currency transfers to the State reserve and others; the outflows of EUR 598.5 million were represented by installments and interests due on the direct foreign debt secured by the Public Finance Ministry, changes in the minimum foreign currency reserves of commercial banks, banking commissions and other costs. The gold reserve kept at 104.7 tonnes; due to the evolution of international prices, the reserve's value remained steady at EUR 1.676 billion. By the end of 2007, the servicing of the direct public foreign debt secured by the Ministry of Public Finance requires payments worth a total of EUR 741 million.

Trade

EUR 1.58 billion trade deficit in April 2007

According to the data published by the National Statistics Institute, Romanian FOB exports were in value of EUR 2.178 billion in April 2007, up by 16.3% as compared to the same period of 2006, while the CIF imports reached EUR 3.760 billion, up by 27.7% as against April 2006. As a result, the trade deficit was in March 2007 of EUR 1.58 billion.

In total, Romania's trade deficit rose to EUR 5.676 billion in the first four months of 2007, up with EUR 2.252 billion reported in the same period last year.

Between January-April 2007, the value of the intracommunitarian (EU 27) goods exchanges was of EUR 6.563 billion for outgoing – representing 70.6% of total Romanian exports, and EUR 10.844 billion for incoming – 72.4% of total Romanian imports.

Legislation

Norms for customs representation

The Vicepresident of the National Agency of Fiscal Administration has published an Order approving the norms for the right of representation and the instructions for filling in the single administrative document. Based on this Order:

- Romanian legal entities authorised to act as customs brokers can act as direct or indirect representatives for any person;
- Romanian legal entities that are not customs brokers can act only as indirect representatives and for just one person.

Indirect representatives can appoint customs brokers to perform customs formalities.

Indirect representation can not be used if the submission of customs declarations in writing imposes specific conditions, such as release for free circulation for end-use, customs procedures with economic impact, presentation of licences, etc.

Customs declarations can be filled in by legal entities established in Romania or in the Community, both in their own names and through direct or indirect representation.

Customs representation implies producing the representation agreement before the customs authorities.

New regulations on the extension of the authorizations for medicines wholesale

Order no. 817/2007 ("the Order") amending the annex to Health Ministry Order no. 893/2006 approving the Norms on the authorization of medicines wholesale distribution has been recently published. Under the Order, operating authorizations issued before the effective date of the norms will be extended based on (i) the documents required to obtain the medicines wholesale distribution authorization and (ii) an evaluation report, as follows:

- depending on the validity term of the authorizations, until the expiration of that term, but not later than 28 July 2008;
- in respect of authorizations for which no express validity terms is provided, until 28 July 2008.

With thanks to PriceWaterhouseCoopers Romania – Tax Department

Taxation

Changes in VAT refund Procedure

The Minister of Public Finance has issued an Order implementing changes to the VAT refund procedures for taxable persons, registered for VAT purposes. According to this procedure, major and medium-size taxpayers and some of the taxpayer performing export operations could benefit from the a VAT refund without prior fiscal inspection. VAT refunds without prior fiscal inspections cannot be granted to the taxpayers for which the VAT returns with refund option are clasified by the tax authorities as involving a high fiscal risk. Medium-size taxpayers may benefit from VAT refunds under this new procedure from 1 January 2008.

Exporters must meet certain requirements to qualify for VAT refunds without prior fiscal inspections. Their exports must account for 80% of all the sales registered in 2006 and the total value of these exports should be at least EUR 1 million.

The inspections are performed:

- For major taxpayers and middle taxpayers, a maximum of 1 year after approval of the refund claim;
- For exporters, a maximum of 6 months after approval of the refund claim.

With thanks to PriceWaterhouseCoopers Romania – Tax Department

EU membership

Agreement on Romania's accession to European Economic Space

The agreement on Romania and Bulgaria accession to the European Economic Space (EEA) was sealed on May 13, in Brussels, the Ministry of Economy and Finance (MEF) informs. Sealing of this European agreement officially marks the negotiations results, started in July 2006, with participation of Romania, Bulgaria, European Commission, on one side and of EEA/EFTA countries

(Iceland, Liechtenstein and Norway) on the other. Implementation of this agreement brings benefits to Romania, such as the application of the four fundamental free movement freedoms in relation to EEA/EFTA countries, Romania's integration in a unitary regulated framework, to which the other European Union (EU) member states are already part of, as well as financial assistance granted by EEA/EFTA countries for the promotion of economic growth and in order to secure a sustainable development meant to support Romania in the process of getting close to the average level of the EU internal market. Negotiations results establish the observance of equal treatment principle for Romania (and Bulgaria) reported to the regime convened for the 10 members states that integrated into the EU in 2004. Financial assistance in the value of almost EUR 100 million is to be granted by EEA/EFTA countries through two mechanisms focused on supporting the development of environment protection fields, including the reduction of gas emissions with greenhouse effects, promotion of a durable development, energy efficiency, development of human resources, health care and child care. Further, in parallel with the process of approval of the signing of this accord, MEF representatives are to finalize talks with representatives of EEA/EFTA countries aimed at establishing and approving as soon as possible the implementation rules of the two financial mechanisms (memoranda of understanding) set to allow the rapid launching of the accessing process of these funds.

Finance & banking

BNR cuts interest rate by 0.25 percent

The Board of the National Bank of Romania (BNR) decided on May 2 to cut the monetary policy interest rate from 7.5% annually to 7.25% annually, reads a BNR release.

The Board also decided to exercise through market operations a liquidity control adjusted to the monetary market conditions and to maintain the banks' current level of the minimum compulsory reserves in domestic and hard currencies and to continue the harmonization process of the Regulation regarding the policy of the minimum compulsory reserves with the standards of the European Central Bank.

According to BNR the analysis of the macro economic indicators proves a continuation of the disinflation process, more accentuated than in the previous prognosis, with the annual inflation rate dropping to 3.66% in March as compared with 4.87% in December, against the background of a smoother dynamics of the administrated prices and of a cut in the volatile prices. There is also a drop in the annual rate of the basic inflation which, calculated without the impact of the tax on vice went down to 2.8%. This drop also reflects the maintaining of some restrictive monetary conditions and also the favorable implications of Romania's EU accession in the respect of boosting competition in the market of goods.

Infrastructure & transport

Works on second Danube River bridge linking Vidin and Calafat to be completed in 2010

The construction works on the second bridge over the Danube River linking the Bulgarian town of Vidin and Romania's Calafat will start in less than a month and are due to be completed in 2010, Radio Romania Actualitati station announced. Bulgarian Premier Sergey Stanishev laid the foundation stone of the bridge on Sunday and spoke about the importance of the European Union co-funded project. On the Danube bank's 796th kilometre, Stanishev dug the first hole at the construction of the future bridge. Spanish company Fomento de Construcciones y Contratas won the tender for the bridge's design and building. The contract stands at nearly EUR 100 million, while the project's overall value will be EUR 236 million. The bridge will be 1,971-metre long, with four-lane road and a railway, a 2-metre wide bicycle lane and sidewalk. Seven kilometres of new railway will be built under the project, while the existing railway stations and road infrastructure will be upgraded on the two river banks.

Bega Canal, possible navigation route between Timisoara and Rotterdam

Based on a study regarding the resumption of navigation along the Bega Canal (the river Bega crosses the city of Timisoara, in the west of the country) the local authorities of the Timis county and representatives of the Dutch Ministry of Economic Affairs discussed the development of a navigable waterway linking Timisoara with Rotterdam, writes daily Bursa. Until then, the study on the Bega Canal, worked out with support from the Dutch government, is useful in the environmental restoration and hazard prevention governmental program. The former Romanian

Ministry of Environment and Water Management - that meanwhile became the Ministry of Environment and Sustainable Development - assigned funds for the project called 'Bega Canal environmental restoration between Timisoara and the Serbian border,' that is part of a program receiving financial support from the Council of Europe Development Bank. This is one of the most complex works carried out along the Bega Canal in the last 45 years, requiring the dredging, transportation and disposal of at least 400,000 c.m. of chemically and biologically contaminated sediments. Over EUR 42.3 million will flow to Timis county, of which almost EUR 20 million earmarked for the revetment and reshaping of the canal bank lines, whereas the environmental restoration of the Bega river on the segment between Timisoara and the Serbian border will receive almost EUR 10 million. The Bega canal dates since 1728, when Dutch engineer Maximilian Fremaut designed a water passage linking the Bega with the Timis river. Upon the works' completion, the canal became a navigable waterway down to the Danube and further to the Rhine. Timisoara was thus linked with Western Europe, so that commodities could be shipped up river to Rotterdam, The Netherlands. As of 1958, for various political and economic reasons, navigation was halted and starting 1970 - say the representatives of the Timis prefecture - the periodic drenching of the canal was no longer performed. The first approaches to revamp the canal were made in 1990, when the project 'Bega Canal Revitalization' took shape.

Energy

Cernavoda Nuclear Power Plant's reactor 2 reaches critical mass late on May 6

Cernavoda Nuclear Power Plant's reactor 2 reached the critical mass (the smallest amount needed for a chain reaction to take place) at 11:25 p.m. on May 6, after the National Commission for Nuclear Activities issued the required authorisation, nuclear energy utility Nuclearelectrica announced. Economy and Trade Minister Varujan Vosganian had said in February Romania might export 18% of its energy output once Cernavoda's unit 2 is commissioned. The export rise is to be seen in September, when the reactor is planned to enter the commercial circuit. Once unit 2 starts producing electricity in this September, Nuclearelectrica will provide some 18% of the Romanian electricity output. Unit 2 is being achieved under a contract on the conduct of works signed with Atomic Energy of Canada Ltd and Ansaldo-Italy in 2003. The CANDU 6 reactor equipping unit 2 is the second of this kind at the southeastern-based Cernavoda Nuclear Power Plant. The first reactor has been operating for 10 years, since 1996.

Production of renewable energy to be endorsed by market of certificates, not by fiscal means

Producers of renewable energy will be endorsed by the Romanian state through the market of certificates and not through fiscal means, Economy Minister Varujan Vosganian said on May 13. "As regards the renewable energy producers, the state guarantees them the access to the system and Transelectrica will directly get involved in their connection to the network," said the economy minister. He added that resources for the production of renewable energy are bigger than the system can currently absorb and that specialists of the ministry intend to impose certain thresholds. The legislative base for the production of renewable energy which is to be completed will focus on the energy policy, the Law on investments (which will have a special chapter in this end), the Law on energy and laws drawn up by the National Regulatory Authority in the Energy Field and the Romanian Agency for Energy Conservation (ARCE). At present, over 60% of the installations that benefit from certificates of greenhouse gas emissions are in the energy system. According to the model of trading of the green certificates, the OPCOM's platform (Romanian Electricity Market Operator) could trade also certificates of emissions, provided the Ministry of Environment agrees with this type of transactions.

Investment in renewable resources estimated at EUR 1.8 billion over 2006-2015

The investment needed for the use of renewable resources is estimated at EUR 1.8 billion over 2006-2015, according to Romania's draft Energy Strategy for 2007-2020 launched for public debate. According to the strategy, the renewable sources will represent 33% of the gross domestic consumption of energy in 2010, 35% in 2015 and 38% in 2020. The national consumption will grow constantly with 3% each year over the analyzed period. Following the implementation of efficient use programmes for energy resources and energy as well as of restructuring, the annual growth rate of primary energy consumption will represent half of the economic growth. In order to support the production of electricity from renewable sources, a promotion mechanism based on green certificates was established. The providers buy certificates

with obligatory quotas proportional to the volume of electricity sold to consumers. The following obligatory quotas were established, representing the annual percentage in the gross consumption of electricity: 2.2% in 2006, 3.74% in 2007, 5.26% in 2008, 6.78% in 2009 and 8.4% in 2010. The measures to be taken meant to promote the use of renewable sources are the increase of capitalization degree for these resources for the production of electricity and thermal power by offering tax ease in the investment stage and access to electricity networks; the consolidation of the green certificates market for the promotion of private capital in investments; the promotion of mechanisms for the support of renewable resources use in producing thermal energy and hot water; the use of structural funds. The most convenient renewable resources for Romania, depending on the utilization costs and volume of resources, are the small hydro, wind and biomass.

Construction works

Construction works up 38.3% in March

Construction works advanced 38.3% in March 2007 as against February and 32.7% compared to last year's similar month, the National Statistics Institute informed Rompres in a release. The volume of construction works advanced 30.6% in Q1 of 2007 as against the similar period of the last year. Construction works reported a 47.2% growth for non-residential buildings, 36.4% for engineering constructions and 30.2% for residential buildings. Works at new constructions rose 49.2%, capital repairs 24.7% and maintenance works and usual repairs 22.6%. Construction works for all types of constructions were up 32.7% in March 2007 as against one year ago. Maintenance works and usual repairs advanced 34.6%, capital repairs 32.2% and works at new constructions 28.4% in Q1 of 2007 compared to the similar period. Works reported a 44.7% increase at residential buildings, 35.3% at non-residential buildings and 26% at engineering constructions over the same period.

IT & C

Broadband Internet access services hit growth of 136% in 2006

Broadband Internet access services hit an increase by 136% in 2006 as against the previous year, with the total number of broadband connections having reached 1.75 million, chairman with the National Regulatory Authority for Communications and Information Technology (ANRCTI) Dan Georgescu said on the occasion of the Communications Day celebrated on May 10. Georgescu also explained that in terms of computer penetration rate, Romania (33% penetration rate in 2006) overtook only Bulgaria (16%). With regard to the Internet penetration rate in the people's homes, Romania ranks last on the European list with a penetration rate standing at no more than 18% in 2006. The communication market's overall value stood at EUR 3.5 billion in 2006, that is an increase by some EUR 500 million on 2005 and by more than EUR 1.1 billion on 2004.

Agriculture & food

Over 1.2 million farmers have submitted requests for EU subsidies

About 1.202 million farmers have submitted before the deadline (May 15) the applications for receiving EU single area payments, out of a total of 1.246 million eligible farmers, according to the data of the Paying and Intervention Agency for Agriculture (APIA). The total eligible area for which subsidies can be received (following the negotiations with the EU) is nine percent smaller than the area for which requests were submitted. APIA data show that almost five million ha are held by farmers with areas larger than 50 ha. On July 1, administrative checks as well as checks in the field will start, in order to verify the information declared by the farmers when they applied for subsidies. The checks will last for some three months. The campaign for submitting requests for single area payments began this March. Currently 1.246 million farmers are eligible to receive subsidies from the EU, for an area of 8.7 million ha, of which 2.2 million ha of pastures. The EU is to grant this year some EUR 50 per ha, to which around EUR 30 per ha will be added from Romania's budget (as National Complementary Direct Payments). In order to be eligible, farmers must own at least one hectare divided into parcels of no less than 0.3 hectares. Farmers must also fulfill the Good Agricultural and Environment Conditions - GAEC, namely a set of 11 minimum rules for land management. To this purpose, the Romanian Ministry of Agriculture and Rural Development will receive this year from the EU some EUR 560 million. According to minister Decebal Traian Remes, the money will be disbursed to the Romanian farmers between December

1 - 22 from budget sources and the EU will refund the amounts in May 2008. APIA will be audited during June 18-22, and the auditors will say if, in their view, Romania is ready to manage the EU funds for agriculture.

Organic agriculture

The year 2006 proved to be a good one for organic agriculture, which reached over 140,000 ha, 32,600 more than in 2005, while cattle and poultry numbers doubled throughout last year. Unfortunately, the grain land area fell to 16,310 ha, from 22,100 ha in 2005. And that despite expert estimates, who spoke about 34,000 ha to be cultivated with organic wheat and barley. Orchard areas also took a plunge to 292 ha. On the positive side, the number of sheep and goats was on the rise. In terms of crop production, the area cultivated with medicinal plants rose from 17,630 ha in 2005, to 38,700 ha in 2006. The bulk of such products went on the domestic market and only 30% of the crop production was exported. The growth is due to large stores promoting organic products, the emergence of specialised shops, and possibly the increasing purchasing power of consumers. Farmers interested in organic agriculture can access European funds of about EUR 260 million during 2007-2013, if they register with the Ministry of Agriculture and Rural Development.

Growing concerns triggered by drought

After a meeting of the Committee for Emergency Situations, the Romanian Government announced the measures which will be taken in order to prevent new damages to crops caused by drought. Following the debates, the officials decided on the following measures: the irrigation subsidy per hectare, granted to both farming associations and individual users, will be doubled from RON 390 up to RON 700 (namely 70% of the irrigation costs), the electric power produced by state-owned hydropower generator Hidroelectrica and state-owned nuclear energy power company Nuclearelectrica will be supplied at a good price, and last, but not least, the deadline for the conclusion of contracts for irrigation services will be extended from January 31 to June 30, 2007. The drought worsened during May 4-6, especially in the south and southeastern Romania, according to data of the National Meteorology Agency. Furthermore, the water deficit is expected to widen in the next coming period. The data of the Ministry of Agriculture and Rural Development, show that an area of some 210,000 hectares of sown land was affected by drought. This represents almost 8% of the total 2.6 million hectares sown last autumn. The agricultural area that can be irrigated at the moment in Romania is 700,000 hectares, but only 357,000 hectares were contracted and a mere area of 35,000 hectares has actually been irrigated. The effect of drought might be severe if the weather forecasts prove to be correct, given the importance of agriculture in GDP growth and the likely increases in the value of agri-food imports which can significantly widen the current account deficit.

Environment

Masterplan for protection of Danube Delta, in value of 140 million euros

The Ministry of Environment and Sustainable Development (MMDD) has conceived the draft of a masterplan meant to protect the Danube Delta, set to be implemented over 2007-2015, in a total value of EUR 140 million, announced Minister Attila Korodi, on May 4, in the framework of a symposium dedicated to Danube Delta protection. "The buffer zone represented by the Danube Delta can be protected only through total involvement of the entire local community and the aforesaid masterplan's implementation is aimed at protecting them against natural disasters", said Korodi. He also announced that from the entire amount EUR 85 million will be earmarked to public utilities (sewer, water or energy supply systems, roads rehabilitation). In order to back up traditional economic activities, as well as construction of housing in line with architectural style in the zone, or development of non-conventional energy, MMDD is to allocate EUR 45 million. Of the entire amount, EUR 5 million are destined to improving the monitoring system in the Danube Delta Biosphere Reservation. Minister Korodi also referred to the allocation of an overall amount of EUR 93 million to the main towns in Tulcea County (Tulcea, Sulina, Macin, Isaccea), representing an investment for water quality improvement. As regards waste management, MMDD official announced that, even though the ministry proposed accessing some cohesion funds in this regard, local authorities preferred public-private partnerships and the ministry supports their moves.

Investments worth EUR 1 billion in 121 environment projects

Romania's Government approved on May 16 a decision that stipulates technical-economic indicators for 121 investment projects in environmental infrastructure, worth over EUR 1 billion, the Government informs. The approval of the indicators precedes the establishment of financing

sources and implicitly the period of unfolding of investments, which prompt the economic impact and the impact on the business environment. For the partial financing of these works the procedure for raising a loan from the Council of Europe Development Bank worth EUR 298.5 million has started. The completion of the defence works against flooding focus on the prevention of destructive effects of high waters, putting the existing economic objectives to safe places, the setting up of new water sources, intensification of the supply to population and industry of drinking and industrial water, providing drinking water within parameters adequate to public hygiene and sanitary norms and removal of putting human lives at risk.

Retail

Retail advances 24.8% in March

The volume of retail (excepting cars and motorcycles) advanced 24.8% in March compared to February and 14.1% as against the similar month of 2006, the National Statistics Institute informs Rompres in a release. The turnover in retail and services advanced 4.3% in Q1 of 2007 compared to last year's similar period. Food products, beverages and tobacco reported a 33.5% increase and non-food products a 17.4% increase in March as against February. The volume of en-gross and retail, the maintenance of cars and motorcycles, trade with fuels reported a 3.3% drop in March. The volume of services in March advanced 13.9% on average, with high results posted mainly by tourism agencies (30.4%).

Privatisation

Investors interested in privatization of Automobile Craiova to submit takeover bids until July 5, 2007

Potential investors interested in the acquisition of the majority share package can submit offers for the taking over Automobile Craiova Co. until the July 5, 2007, informed the Authority for State Assets Realization (AVAS). AVAS was to publish the tender announcement on the majority share package sale over May 23 - 30, 2007. On the date of July 6, 2007 privatization commission is to announce the work program for negotiations with bidders in view of receiving the final, improved and irrevocable offers. Until the date of April 25, 2007, AVAS has received three non-engaging letters of intention for SC Automobile Craiova privatization from General Motors Corporation, Ford Motor Company and JSC Russian Machines. SC Automobile Craiova SA has a share capital of 39.783 million lei and its activity object is making and selling vehicle sub-assemblies. Alongside AVAS, the other shareholders in this company are SIF Oltenia, with 22.0620%, as well as other shareholders with 5.5348% of the entire stock. Automobile Craiova is the sole shareholder with voting rights in SC Daewoo Automobile Romania SA - vehicle producer and distributor and of vehicle sub-assemblies under GM - Daewoo Auto Technologies patent, holding 49% of the share capital. A quota of 51% of SC Daewoo Automobile Romania SA share capital is held by the company. On the date of August 30, 2006 a Transfer Contract of Shares and Debts Transaction was signed between Daewoo Motor Co. Ltd from Korea and SC Daewoo Automobile Romania SA. Through this transaction some 51% of the shares held by the Korean company were bought back and the problem of debts was also regulated between the two companies at an overall price of USD 60 million.

Dutch presence in Romania

Damen Shipyard to deliver 28 vessels in 2007

Damen shipyard of Galati, controlled by the Dutch business group of the same name, has concluded contracts for the delivery of 28 vessels in 2007, Damen Galati Director Gelu Stan informs. The works schedule for 2007 is larger than the one for 2006, which included the delivery of 26 vessels worth a total of EUR 78 million. The value of 2006 deliveries was EUR 20 million higher than the end-2005 value, which stood at EUR 58 million. In 2006, the shipyard delivered 5 ships more than in 2005. The vessels were built for buyers from the European Union. As of this March, construction works were underway on 58 vessels, 28 of which are expected to be finalised in 2007. Stan says that the yard has so far this year delivered 6 ships and 22 more will be finished by the year-end. The next launch of the Damen shipyard, an 800 TEU container vessel, is scheduled for June. The heaviest-priced vessels currently under construction at Damen are two

Heavy Lift vessels, valued at EUR 48 million each. The two vessels will be delivered to a Dutch company in February and September 2008. Damen Galati Shipyard closed 2006 on a gross profit of EUR 11.03 million, up 80% from the year before.

Unilever: over EUR 170 million business in Romania

Dutch group Unilever South Central Europe (USCE), known in Romania for the Dove, Rexona and Rama brands posted a domestic business worth EUR 173 million in 2006, an increase of around 26% against the EUR 136.9 million turnover reported in 2005. The company's net profit margin stood at around 6% in 2006, a slight decline on the previous year, when the profit margin was around 7%. In 2006, the increase in profit in real terms was around 9% (from EUR 9.9 million to EUR 10.8 million). However, if calculated in RON, the profit stagnated at RON 36 million. USCE representatives did not wish to comment on any of the results. Last year, the market of consumer goods registered a 6.1% increase in terms of volume, and a 17.4% increase in terms of value, in comparison with 2005 sales, according to the MEMRB. On the segment of non-food consumer products, where multinationals such as Unilever, Procter&Gamble, Colgate-Palmolive, Henkel and Beiersdorf are market leaders on the various sub-segments, the growth stood at 9.4% in terms of volume, and at 13% in terms of value, according to the same source. Under the circumstances, the Dutch group experienced a turnover growth rate twice as high as the market rate. Other major players also reported increases at a similar rate to that of the market. *Source: Ziarul Financiar.*

Paradigma Group wants to bring creativity to Romanian market

Romanian-Dutch Paradigma Group is one of the leading companies in the Romanian market for professional rental of audio, lighting, staging and video equipment, as well as sales of audio, lighting systems, truss systems and AV projects, the Nine O'Clock daily reports, adding the Group is also renowned for its full event production services providing concept set-up, production design, event management and related services. The company was founded in order to develop a business that would bring something new and creative to the market. The founders of the company have been in the industry for over 20 years and have an in-depth understanding of how the industry works and a clear view on how the services that are currently on offer from other providers can be improved for the benefit of the client.

Spar to open stores in Medias and Ramnicu Valcea

Dutch company Spar will open in June two stores in Medias and Ramnicu Valcea with a total investment value of EUR 3.7 million. The company opened nine stores in Romania, within which eight supermarkets in Arad, Resita, Deva, Odorheiu Secuiesc, Alba Iulia and Hateg and a hypermarket in Targu Mures. The company plans investments of EUR 20 million targeting expansion in Constanta, Orsova, Arad, Lugoj, Simeria, Turda, Targu Jiu, Drobeta Turnu-Severin, Oradea and Bucharest. *Source: Business Media Group – BR Daily.*

Rabobank leasing arm set to enter domestic market

De Lage Landen, the leasing arm of the Rabobank Dutch financial group, believes that investing on the Romanian market is vital to the company's long-term development. "Today's emerging markets are tomorrow's main markets. We must invest in the future, and Romania is one of our priorities in the Central and Eastern European region," Anthony de Monchy, corporate director of general affairs with De Lage Landen, told Ziarul Financiar. Specialising in equipment financing and seller financing programmes, De Lage Landen is one of the biggest international leasing companies. The company financed contracts worth around EUR 18.9 billion in 2006. Despite considering investing in Romania for sometime, De Lage Landen has still not opened any domestic offices yet. "We are not ruling out any options at the moment. We've recently concluded a partnership with a major player on the Romanian leasing market, but we are not ruling out a possible acquisition or the setting up of our own representative office," said de Monchy. Over the last three years, the Romanian leasing market has witnessed a rapid growth rate of around 40%, with 2006 being one of the most dynamic years in terms of acquisitions. Once entering the market, De Lage Landen could join a number of leasing firms owned by banks, which accounted for 75% of the overall assets financed in 2006. With operations in 25 countries, the De Lage Landen is headquartered in Eindhoven (the Netherlands) and is held by the Rabobank Dutch financial group. Last year the company generated a net income worth EUR 206 million, whilst specialising in equipment financing, in particular agricultural equipment. The Rabobank group has also shown an interest in the domestic real estate market, with its specialised firm Bouwfonds Property Management planning to invest EUR 25 million in a residential project next year, which will see 100-150 houses built in a Romanian city.

Events & Useful web links

With the support of EVD, Transport en Logistiek Nederland has organised a trade mission in Romania, between 20th and 24th of May 2007. The delegation consisted of representatives of companies active not only in transport and logistics, but also in auxiliary fields: education and training, specialised insurance for transporters, leasing and vehicle fleet management.

The programme of the delegation consisted of an orientation seminar, followed by meetings with Romanian companies, potential partners or clients.

- 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 and Rural Development - www.mapam.ro
- Romanian Ministry of Communications and Information Technology - www.mcti.ro
- Romanian Ministry of Environment and Sustainable Development - www.mmediu.ro
- Romanian Ministry of Economy and Finance - www.mefromania.ro
- Romanian Ministry of Transport - www.mt.ro
- National Institute for Statistics - www.insse.ro
- Agency for Small and Medium Sized Enterprises - www.animmc.ro