



**Koninkrijk  
der Nederlanden**

## **Romania – Economic Newsletter**

**Embassy of the Kingdom of the  
Netherlands in Bucharest**

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### **EUR / USD exchange rates against RON**

Average November 2008 exchange rates were:

1 EUR = 3.7753 RON

1 USD = 2.9634 RON

Source: National Bank of Romania ([www.bnr.ro](http://www.bnr.ro))

## **Contents**

<b>MACROECONOMICS .....</b>	<b>3</b>
0.32% INFLATION IN NOVEMBER 2008 .....	3
AVERAGE WAGE IN OCTOBER 2008 .....	3
GDP IN THE PERIOD JANUARY – SEPTEMBER 2008 .....	3
EBRD: ROMANIAN ECONOMY TO GROW 3% IN 2009 .....	3
<b>FINANCIAL CRISIS .....</b>	<b>3</b>
HEALTHCARE SERVICES ALSO CAUGHT UP IN CRISIS .....	3
TEXTILE MANUFACTURERS WHO EXPORT PRODUCTION HIT BY THE CRISIS .....	3
LAYOFFS IN BUILDING SECTOR UP 35 – 40% .....	4
ECONOMIC CRISIS DECREASES RAIL FREIGHT TRANSPORT .....	4
LOCAL IT MARKET'S GROWTH PACE SLOWS DOWN TO HALF IN 2009 .....	4
<b>INTERNATIONAL TRADE .....</b>	<b>5</b>
EUR 2 BILLION TRADE DEFICIT IN OCTOBER 2008 .....	5
<b>LEGISLATION / TAXATION .....</b>	<b>5</b>
REMINDER – FREELANCERS AND FAMILY ENTERPRISES .....	5
GOVERNMENT EMERGENCY ORDER NO. 148/2008 – AMENDMENTS TO THE ROMANIAN LABOUR CODE .....	6
LEGAL AMENDMENTS ON SUPPLEMENTATION OF THE NUMBER OF WORK AUTHORISATIONS AVAILABLE .....	6
AMENDMENTS AND SUPPLEMENTS TO LAW 31/1990 ON COMMERCIAL COMPANIES AND ON LAW 26/1990 ON THE TRADE REGISTRY .....	6
<b>EU FUNDS .....</b>	<b>6</b>

FUNDS FOR URBAN CENTER DEVELOPMENT REACH EUR 503.60 MILLION .....	6
ROMANIA BORROWS EUR 1 BILLION FROM EIB .....	6
<b>INFRASTRUCTURE &amp; TRANSPORT .....</b>	<b>7</b>
DANUBE-BUCHAREST CANAL CONSTRUCTION TO START IN 2010 .....	7
<b>ENVIRONMENT &amp; WATER .....</b>	<b>7</b>
ROMANIAN-BULGARIAN CROSS-BORDER FLOOD PREVENTION PROJECT .....	7
ROMANIA SEEKS TO PROMOTE DANUBE AREA DEVELOPMENT PROGRAM, AT EU LEVEL .....	7
<b>AGRICULTURE &amp; FOOD .....</b>	<b>8</b>
ROMANIA IS SATISFIED WITH THE COMPROMISE ON THE CAP HEALTH CHECK REACHED IN BRUSSELS.....	8
NEW SESSION FOR ACCESSING NON-REPAYABLE EU FUNDS HAS STARTED IN NOVEMBER .....	8
AGRICULTURAL HOLDINGS DECREASE BY 8% IN 2007 COMPARED TO 2005 .....	8
SMITHFIELD INAUGURATES A EUR 30 MILLION FACILITY IN TIMIS COUNTY .....	9
<b>IT&amp;C .....</b>	<b>9</b>
ROMANIAN IT SECURITY SOLUTIONS MARKET ESTIMATED AT USD 12.72 MILLION IN 2007 .....	9
NUMBER OF ONLINE STORES TO RISE 50% BY 2011 .....	9
<b>HEALTH &amp; PHARMA .....</b>	<b>10</b>
CENTER FOR STAFF IN FIELD OF MENTAL HEALTH .....	10
GOVT APPROVES ORDINANCE TRANSFERRING HOSPITALS TO LOCAL AUTHORITIES.....	10
<b>ENTERTAINMENT &amp; LEISURE .....</b>	<b>10</b>
ROMSILVA CHOOSES DOR MARUNT TO HAVE RACECOURSE BUILT .....	10
<b>DUTCH PRESENCE IN ROMANIA .....</b>	<b>11</b>
PUBLIC PRIVATE PARTNERSHIP CONFERENCE .....	11
ING GROUP AND MASTERCARD BRING PAYMENT VIA MOBILE PHONE IN ROMANIA .....	11
<b>EVENTS &amp; USEFUL WEB LINKS .....</b>	<b>11</b>
PRINCESS MÁXIMA ATTENDS ROUNDTABLE DISCUSSION ON MICROFINANCE .....	11
DUTCH-FUNDED WATER QUALITY MONITORING SYSTEM IN IASI .....	11
WEEKLY BULLETIN REGARDING WATER PROJECTS IN ROMANIA.....	12

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## Macroeconomics

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### **0.32% inflation in November 2008**

According to the data published by the National Statistics Institute the inflation was of 0.32% in November 2008, as compared to the previous month.

### **Average wage in October 2008**

According to the data published by the National Statistics Institute, in October 2008, the net average wage was of RON 1,327, with 2.4% higher as compared to the previous month.

### **GDP in the period January – September 2008**

According to the data published by the National Statistics Institute, the gross domestic products (GDP) for the period 01.01 – 30.09.2008 was estimated at RON 335 billion. In real terms the GDP for this period increased by 8.9% as compared to 01.01 – 30.09.2007.

### **EBRD: Romanian economy to grow 3% in 2009**

The European Bank for Reconstruction and Development (EBRD) forecasts significant economic drop in countries where it operates, in the wake of economic slowdown and turbulences on world financial markets, reads an EBRD report on transition in 2008. The EBRD prospects for Romania include a 7.5% economic growth in 2008, against 6% in 2007, and a 3% growth in 2009. "Romania further has favorable prospects on the long run, though will see a cut in its economic growth in the short term. The main challenges facing the country will be maintaining fiscal discipline and drawing investment in companies and infrastructure," said the EBRD economist Peter Sanfey. EBRD is the largest institutional investor in Romania with EUR 3.54 billion invested in 248 projects at end-2007. In collaboration with its numerous partners, the bank has pumped EUR 6.5 billion in projects conducted in Romania. *Source: Agerpres.*

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## Financial crisis

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### **Healthcare services also caught up in crisis**

The international financial crisis could trigger the postponement of some investments in the private medical services industry, budget reviews, and freeze the increase in prices of services, according to the main players in the field. Most exposed are the players where corporate contracts account for most of their business, as there is the risk that these customers might give up a series of benefits, which include health subscriptions and insurance. Despite effects of the crisis becoming ever more visible in Romania, the industry is not feeling any impact at present, say the representatives of Centrul Medical Unirea (CMU), which derived EUR 10.3 million turnover in 2007. "(...) As regards Romania, I don't believe we are going to see dramatic changes on the short term, but if some players need to raise money to sustain investment programmes, we may see some project blocked or delayed," Sergiu Negut, CMU CEO, believes. For many players on the market of private health services, there is heavy pressure on results because they have investment funds in their shareholder structure. *Source: Ziarul Financiar.*

### **Textile manufacturers who export production hit by the crisis**

The international crisis hit the Romanian textile companies and those companies that produce for exports are most hit, said Sudanese businessman Joseph Seroussi, one of the most important players of the Romanian relevant market. ' If there are no buyers you do not have for whom to produce anymore, therefore those who targeted for export the bulk of their production no longer withstand on the market and have started to shut down,' Joseph Seroussi told daily Business Standard. He said in the context of the international financial crisis, the next four-five months will be critical for the international economy, but also for the Romanian economy. Seroussi said the serious international crisis strongly hits local companies of textiles and at present investors lost their interest in acquisitions. The Sudanese businessman, who two years ago received purchasing offers worth several million of euros for the J&R Enterprises, which encompasses clothing production and retail, said he would no longer find in this moment a buyer for the empire built in more than 40 years in Romania. In the current context, the company's strategy was reconsidered, so that the company will focus on the production and sale of products at lower prices, in order to draw other segment of customers, which in fact means, repositioning of Seroussi brand from a premium level to an average segment. *Source: Agerpres.*

### **Layoffs in building sector up 35 – 40%**

Over 70,000 construction workers will be sent home until January 2009 because of the sector's downturn triggered by the financial crisis, said officials of the Romanian Building Contractors Association (ARACO). Another 35,000 workers will be laid off in the first part of 2009, if there is no rise in financing to the sector to reinvigorate the business. About 50,000 workers are usually sent home in winter due to the unfavourable weather conditions that halt the works, but this year the lack of financing has strongly affected the building sector. Therefore, the number of layoffs is expected to grow by 35-40% from the normal wintertime. The workers made redundant will get 75% of the wage over the interval January – March, with the money being disbursed by the Builders Social Security Trust Fund (CSC). According to data revealed by ARACO, some 30% of the construction companies engaged in real estate projects are strongly affected by the financial crisis and their number will rise unless European funding for infrastructure is attracted. "What happens with financing for constructions in the first part of the coming year is very important. The banking system should adopt a different attitude as far as the financing of building companies is concerned, because of looming incertitude," said Plosceanu. Plosceanu believes the new government will have to rise the flat tax to 19% in order to get the necessary funding for the co-financing of European funds assigned for Romanian infrastructure. According to the ARACO official, pressure on wages will lower in the next period and there will be a slowdown in the wage growth pace from the first part of the current year. In 6 months, the building sector is expected to shift from a workforce crisis to lesser pressure on salaries because of the high number of Romanians returning home from their current jobs in Spain and Italy. The Social Security Trust Fund (CSC) is the only private social security operator in Romania; it was established in 1998 as a not-for-profit autonomous organization with the equal and free participation of union organizations and employers associations in the building and building materials sector. In 10 years of operation CSC paid more than RON 80 million (some EUR 22.2 million) in social security benefits to over 210,000 construction workers.

### **Economic crisis decreases rail freight transport**

The slowdown in the activity of large production companies because of the international economic crisis will trigger a drop in the rail freight traffic and smaller revenues, according to deputy general manager of CFR Freight Calin Gratian, quoted by Business Standard daily on November 21. Gratian says that revenues dropped 10% in October and that a 20% decrease is forecast for November and December, following crisis facing companies in the chemical, wood, steel and engineering industries. Losses of EUR 6-7 million were registered in October alone, and they might go up to EUR 20 million from the EUR 500-million revenue budget set for this year. The car industry had the steepest drop in the number of railway transport orders. Gratian underscored that the number of cars exported by rail transport went down from 3,000 in September to 1,450 in October. A similar situation faced the cement industry, with the construction materials contracted by Lafarge dropping from 60,000 tons in September to 30,000 tons in October. Imports and exports made by rail transport towards iron and steel works decreased 20% in October and oil companies cut orders by 10%. *Source: Agerpres.*

### **Local IT market's growth pace slows down to half in 2009**

Under the pressure of the international financial crisis that is to affect IT infrastructure projects too, the growth pace of the local information technology market (IT) will slow down to half in 2009, Zoltan Somodi, Secretary of State with the Ministry of Communications and Information Technology (MCTI) told Agerpres. "Several investments in IT infrastructure will be cancelled next year because the companies, and SMEs in particular, will cut budgets for this segment, and the most affected are those depending on a sole beneficiary, in other words those addressing a single industry. Under such circumstances we estimate the growth of the IT market will be a maximum of 5-6%," said Somodi. According to market surveys conducted by IDC, the value of the Romanian IT market is supposed to reach EUR 1.37 billion in 2008, up by some 11% from 2007. The year before the IT market's growth rate has been 16.7% for a market EUR 1.22 billion. The MCTI official mentioned the importance of structural funds in the reduction of negative effects of the international financial crisis on the private environment. "In this context we can speak of IT projects that generate investments, result in cost reduction and process optimization, and also increase the number of IT&C consumers," added Somodi. In Romania, computer sales increased significantly over the last years and 2008 is no exception to this rule. IDC estimates that laptop sales are expected to soar by plus 100% in 2008, on the local market; desktop sales will rise as well, but at a slower pace. Some 42.5% of the computers sold this year were laptops, compared to just 33% in 2007 and by the end of the year the ratio will tip the balance in favor of portables. In 2008, the local market of hardware equipment will top one million sold units, up 25% from last year's supplies that stood at 944,000 units. Sales this year will get a boost from access to

European structural funds, as well as from the restart of public administration computerization projects.

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## International Trade

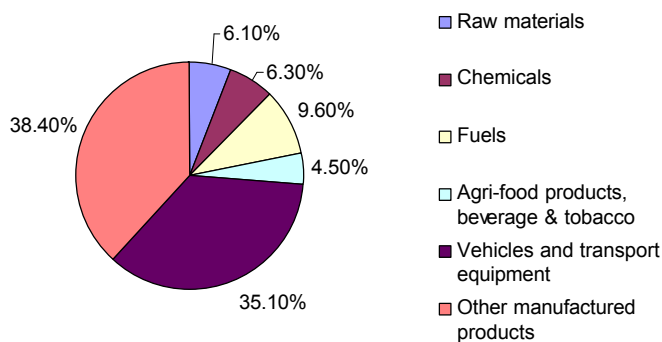
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### EUR 2 billion trade deficit in October 2008

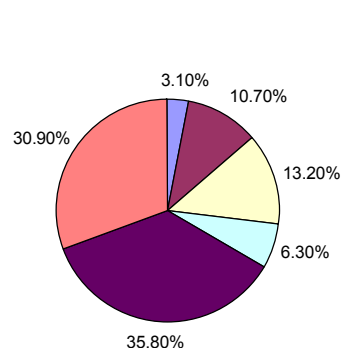
Estimated data published by the National Statistics Institute shows that FOB exports in October 2008 were in value of EUR 3.219 billion, up 13.3% as against October 2007, while the CIF imports were of EUR 5.23 billion, up 3.6% as compared to the same period of last year. As a result, trade deficit for October 2008 was in value of EUR 2.011 billion, with only EUR 196.6 million lower as the trade deficit registered in October 2007. See table and graphs below.

Trade (bill. EUR)	FOB exports			CIF imports			FOB/CIF balance	
	2007	2008	'08/'07 - % -	2007	2008	'08/'07 - % -	2007	2008
Intra EU 27	2.06	2.28	110.7	3.67	3.6	98.1	-1.6	-1.3
Extra EU 27	0.78	-0.94	120.0	1.38	1.63	118.1	-0.6	-0.7
<b>TOTAL</b>	<b>2.84</b>	<b>3.22</b>	<b>113.3</b>	<b>5.05</b>	<b>5.23</b>	<b>103.6</b>	<b>-2.2</b>	<b>-2.0</b>

January - October 2008 FOB Exports  
breakdown on main categories of goods



January - October 2008 CIF Imports  
breakdown on main categories of goods




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## Legislation / taxation

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### Reminder – freelancers and family enterprises

Having in view the Romanian Government Ordinance no. 44/16 April 2008 on economic activities performed in Romania by freelancers, private enterprises and family enterprises, please note that freelancers and family enterprises authorised through previous procedures must opt for one classification under which to perform economic activities. The classification options are: freelancer, private enterprise or family enterprise. This has to be done by 25 April 2009. Freelancers authorised under Law 300/2004 who wish to maintain their authorisation must provide the Commerce Register Office with: the registration certificate; the authorisation for operating a signature specimen; a fee. Freelancers wishing to register as private enterprises have to hand in all the documents mentioned in Ordinance no. 44/16, dated April 2008, for the initial registration. Failure to exercise the option right by 25 April 2009 will result in having to cease activities and automatic removal from the Commerce Register.

### **Government Emergency Order no. 148/2008 – Amendments to the Romanian Labour Code**

Government Emergency Order no. 148 amending Law no. 53/2003 - the Labour Code has been published. Under the Order, work experience will continue to be proved by labour books until 31 December 2010. The Order also stipulates that the provisions of Decree no. 92/1976 on labour books will be repealed on 1 January 2011. *See: Romanian Official Gazette no. 765/13 November 2008, part I.*

### **Legal amendments on supplementation of the number of work authorisations available**

The Romanian Parliament has approved Government Decision no. 1368/ 28 October 2008 regarding the supplementation of the work authorisations quota for 2008. An additional 5,000 work

authorisations can now be issued this year (2008). These amendments come into force within three days of their publication in the Official Gazette. *See: Official Gazette no. 746 dated 4 November 2008.*

### **Amendments and supplements to Law 31/1990 on commercial companies and on Law 26/1990 on the trade registry**

A new amendment to Law 31/1990 on commercial companies has been published. A new provision is introduced regarding share capital reduction. The competent court may now oblige companies to grant adequate guarantees, at the request of creditors whose receivables date to before the publication of the share capital reduction resolution. Such guarantees may be required when it can be reasonably assessed that the share capital reduction affects a creditor's chances of obtaining payment of the receivables. *See: Romanian Official Gazette no. 778/20 November 2008, part I.*

*With thanks to PriceWaterhouseCoopers Romania – Tax Department*

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## **EU funds**

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### **Funds for urban center development reach EUR 503.60 million**

The Romanian Ministry of Development, Public Works and Housing launched the open call for proposals, with submission deadline, for Axis 1 of the Regional Operational Program 'Support the sustainable development of the cities - urban growth poles', key area of intervention 'Integrated urban development plans', sub-area 'Urban centers'. Under this sub-area, on the basis of integrated urban development plans, financing will be granted to projects aimed at the rehabilitation of urban infrastructure and improvement of urban services, including urban transport (public urban infrastructure, transport and population mobility, UNESCO world, national and local cultural heritage, from the urban environment), sustainable development of the business environment, social infrastructure rehabilitation. The available financial allocation for this first call for projects is EUR 503.60 million, of which EUR 68.1 million for the Northeastern Region, EUR 55.2 million - Southeastern Region, EUR 59.3 million - South Region, EUR 58.4 million - South-western Region, EUR 43.1 million - Western region, EUR 50.4 million - Northwestern Region, Central region – EUR 45.49 millions, Bucharest-Ilfov – EUR 123.26 million. The eligible applicants under this area of intervention are local public authorities in the urban areas, partnerships among these, or inter-community development associations. This open call for projects addresses to urban centers, namely cities / municipalities exceeding 10,000 inhabitants, with the exception of the growth poles (Iasi, Constanta, Ploiesti, Craiova, Timisoara, Cluj-Napoca and Brasov) and the urban development poles (Arad, Baia Mare, Bacau, Braila, Galati, Deva, Oradea, Pitesti, Ramnicu-Valcea, Satu Mare, Sibiu, Suceava, Targu Mures), for which the open calls for projects will be launched at a later date. As of December 2, 2008 the eight Regional Development Agencies may receive financing applications until March 31, 2009. *Source: Agerpres.*

### **Romania borrows EUR 1 billion from EIB**

On November 24, Romania and the European Investment Bank (EIB) signed a loan agreement worth EUR 1 billion, the Romanian Ministry of Economy and Finance (MEF) reports. The loan will be granted as matching funds for eligible investment projects qualifying for EU grants in accordance with the Transport, Environment and Improved Economic Competitiveness Sectoral Operational Programmes as well as those not qualifying for the EU grants, as mentioned in the

objectives of the National Reference Strategic Framework. Romania needs investments worth RON 5-7 billion throughout 2008, and some of the money to cover them will come from external sources and others from reducing statutory reserves with the National Bank of Romania, Finance Minister Varujan Vosganian explains. The Romanian Government has set its 2008 deficit target at nearly 2.7% of the Gross Domestic Product (GDP) under the initial draft Budget, which was later on downwardly adjusted to 2.3% of the GDP. The draft 2009 Budget reads a Government deficit of at most 2% of the GDP. The 1-billion loan was approved by the EIB Board of Directors on October 21, 2008. Signing the agreement on behalf of Romania was MEF Secretary of State Eugen Teodorovici, while EIB Vice-President Matthias Kollatz signed it on behalf of the EIB. *Source: Agerpres.*

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## **Infrastructure & transport**

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### **Danube-Bucharest canal construction to start in 2010**

The company in charge of designing and construction of Bucharest-Danube canal will be selected at the beginning of 2010, and the works are estimated to take some four years, announced November 13 Sorin Ovidiu Cupsa, director of Navigable Canals Administration. "Mid-year 2009, we will finalize the feasibility study and by year-end we are going to select the company in charge of the design, construction and 49-year leasing of this canal", said Cupsa. He stressed that canal finalization works, constructed in a proportion of 70% at the end of the '80s, will exceed EUR 500 million. The project will link Bucharest to the Danube river, respectively by connecting the municipality to the Pan-European transport Corridor VII, through a navigable canal with a transport capacity of up to 20 million tons per year on Budesti - Oltenita segment, of which 16 million tons per year on Budesti - Bucharest Port - December 1 segment and four million tons per year on Budesti - Bucharest Port - Glina segment. As well, the project will lead to the elimination of flood effects on some 30,000 hectares agricultural land and 11 localities, will ensure the necessary amounts of water for the irrigation of more than 150,000 hectares of agricultural land and for water supply of the adjacent localities and the production of some 58 GWH electrical energy per year, to which another 15 GWH per year will be added, produced by the four micro hydro stations and hydro stations to be raised on this canal. As well, representatives of the Minister of Transport maintain that this project will secure the development of leisure activities and tourism in the zone. The Danube - Bucharest Canal Project provides two navigable ways on Arges and Dambovita rivers, as well as three ports: December 1 on Arges, Glina on Dambovita and Oltenita. The project was transferred from the Ministry of Environment to the Ministry of Transport. *Source: Agerpres.*

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## **Environment & water**

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### **Romanian-Bulgarian cross-border flood prevention project**

A cross-border project aimed at preventing and containing flood effects in the border area of Giurgiu (Romania) - Ruse (Bulgaria) was launched on November 10 in the Giurgiu Danube port. "Under this project, that will receive some EUR 80,000 in PHARE funding and about EUR 10,000 from the Giurgiu County Council, we intend to carry out a study on natural destructive phenomena and offer alternative solutions for the prevention of disasters, flooding in particular in the Giurgiu-Ruse cross-border area," declared project manager Adriana Udroui. "We estimate that this project will be a first step in working out the next cooperation stages and upon its completion we will try to jointly carry out an investment project in this sector consisting of the construction of dams and levees or the dredging of the Danube and contributors' river beds in the Giurgiu-Ruse border area," declared the representative of the EcoLinks Ruse Association, Bulgaria, Dr. Todor Petrov. The project will unfold between 2008-2009 and is expected to produce in the end a permanent cross-border body to address environmental issues in the Giurgiu-Ruse region; two training courses for the authorities and institutions involved in disaster-containing in the Giurgiu-Ruse area, a relevant study and a guidebook to be published in 200 copies. The project is expected to benefit the population and authorities in Giurgiu and Ruse, as some 43,000 persons were identified who might be affected by major flooding in this area. *Source: Agerpres.*

### **Romania seeks to promote Danube area development program, at EU level**

Romania proposed to the European Union that, starting 2014, a separate Danube operational program be implemented, similar to the ones for the Baltic Sea or Mediterranean, already existing understandings to this end concluded with Hungary and Bulgaria, stated on November 11 Minister

of Development, Public Works and Housing Laszlo Borbely. "Romania has become the promoter of this program not at random, but because we have the Danube Delta and the longest Danube coast of all the riparian countries and Bulgaria and Hungary were receptive to this proposal. We have two declarations signed at the level of the three governments to this end", said Borbely. He explained that, by 2011, a set of proposals for a new separate Danube program must be finalized at the level of the European Commission, a complex operational development program of the Danube zone, starting with the Black Forest Mountains up to the Delta. Subsequently, in 2011, the Hungarian presidency is going to make those strategic decisions so that, by 2014, this separate Danube program will be implemented, Romania going to also profit of. In Borbely's opinion, this program would mean new tourist ports and new investments that "could be finalized only based on cooperation with the other Danube riparian countries". The Minister of Development, Public Works and Housing presented on November 12 the Strategic Concept of Territorial Development Romania 2030, launched for public debate. *Source: Agerpres.*

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## **Agriculture & food**

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### **Romania is satisfied with the compromise on the CAP Health Check reached in Brussels**

Following the EU Council of Agriculture Ministers which took place during 18-20 November, a compromise was reached regarding the Health Check of the Common Agricultural Policy (CAP). Romania is satisfied with the results achieved in Brussels. Among the major results favourable to Romania is the increase by 20% in the level of direct payments that can be granted as of 2010. "We have the permission to increase subsidies per hectare granted from the national budget as of 2010 and until we reach one hundred percent of the EU level. Thus, we will be able to give subsidies per hectare not at 30% of the European level (as now), but at 50%. This means that we win two years and we will reach the targeted level sooner than initially expected; we will go from EUR 120 per hectare in 2009 to EUR 160-170 per hectare and we can get closer to EU's average of EUR 200 per hectare", Agriculture Minister Dacian Ciolos told Agerpres. Romania obtained also an extra amount of approximately EUR 100 million for 2010-2016 for the support of certain production sectors in vulnerable areas. It refers to article 68 of a draft regulation which states that member states can use up to 10% of the direct payments envelope for certain sectors in vulnerable areas. For instance, animal breeding in the mountain areas or certain crops for which subsidies have been cut. An intervention price for cereals was also obtained for a quantity limited to 3 million tonnes per year at EU level. "It is important to maintain the intervention mechanism for cereals, as the Commission was planning to remove it. We have also been granted the permission to increase the milk quota by 1% per year in the next five years, which means a total growth of 5%. In addition, the plan of distributing fruits in schools was adopted," he explained. Moreover, Romania obtained the postponement from 2014 to 2016 of the application of the animal welfare conditions foreseen by the cross-compliance requirements necessary for receiving subsidies. *Source: Ministry of Agriculture and Rural Development and Agerpres.*

### **New session for accessing non-repayable EU funds has started in November**

The Romanian Paying Agency for Rural Development and Fisheries has launched on November 3rd a new session for submitting projects in view of accessing non-repayable funds for rural development for three active measures within the National Rural Development Programme (NRDP) and two state aid schemes. The session will be conducted over November 3 - December 15. This is the fourth session targeting Measure 121 on the Modernisation of Agricultural Holdings and Measure 322 aimed at village rehabilitation and development. This is also the seventh session for Measure 123 targeting the food industry sector. The total available funds for the current session amount to more than EUR 674 million, with Measure 322 benefiting of nearly half of this amount. According to the figures made public by the Ministry of Agriculture and Rural Development, some 3,204 projects worth EUR 2.039 billion were submitted from March till August under the five opened measures of the NRDP and two other state aid schemes. Some 1,130 projects have been selected for funding and they are worth EUR 634.2 million. There are 698 contracts already signed, with a value of more than EUR 359 million. The NRDP was approved in Brussels in February this year, with the funds assigned for rural development in Romania standing at roughly EUR 8 billion for 2007-2013. *Source: Agerpres.*

### **Agricultural holdings decrease by 8% in 2007 compared to 2005**

The number of agricultural holdings in Romania stood at 3,931,350 in 2007, down nearly 8% from 2005, as registered in the Structural Agricultural Survey, and by more than 12% compared to the General Agricultural Census of 2002, shows the data released by the National Statistics Institute

(INS). The number of individual agricultural holdings stood at 3,913,651, down 7.7% from 2005 and 12.3% from 2002. At the same time, the number of agricultural holdings with legal personality stood at 17,699, down 3.1% from 2005 and 21.9% from 2002. The data of INS indicate that the number of individual agricultural holdings was standing at 4,462,221 in 2002, going down to 4,237,889 in 2005. The number of agricultural holdings with legal personality was 22,672 in the 2002 General Agricultural Census and 18,263 in the INS Structural Agricultural Survey of 2005. *Source: Agerpres.*

### **Smithfield inaugurates a EUR 30 million facility in Timis County**

Smithfield Ferme, the Romanian farm division of the US-based Smithfield group, organised in the beginning of November the ribbon-cutting ceremony for a combined fodder plant that was built in the western locality of Vinga (Timis County), based on an investment of EUR 30 million. 'This is the largest Smithfield Ferme investment so far, applying state-of-the-art bio security measures,' said PR manager Mihai Sepetean. The decision to place the production unit in this locality was reached due to the favourable combination of raw material (cereals) and climate elements specific to Vinga. The Smithfield Ferme management underscored that the American contractor that built the facility has an experience of 125 years in the business and completed the construction in the same time as it would have taken to do it in the US. The construction works kicked off in May 2006 and the first granular fodder left the production line in May 2008. The plant has a weekly capacity of 8,000 tonnes per shift and is completely automated, having just 14 operators to service it. The Smithfield Ferme investment program will continue with a EUR 20 million pig farm with a capacity of 10,000 animals. *Source: Agerpres.*

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## **IT&C**

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### **Romanian IT security solutions market estimated at USD 12.72 million in 2007**

The Romanian IT security solutions market for 2007 was estimated at USD 12.72 million, up 13% against 2006, according to data supplied by IDC Romania research and analysis company. The antivirus, antispyware, VPN and antispam solutions and the identity management solutions accounted for most of the Romanian IT security market with over 90% market share. According to the IDC, one in five companies is spending more than 10% of the IT budget on security, this mirroring the sudden increase in the employees' mobility and in the number of communication networks within the companies. The most important element in lifting investment in the IT sector was, last year, the rapid expansion of the broadband connections and of the multiple access channels. "The money invested at world level in IT security has covered 4.51% of the total IT budget of a company, with the disaster recovery side included, though there are industries that exceeded the 6.9%, especially in the financial field," head of CIO Council, Felix Enescu said at a conference devoted to the data security solutions. *Source: Agerpres.*

### **Number of online stores to rise 50% by 2011**

Number of online stores in Romania is to jump by 50% in the three years to come, to 3,000, by 2011, according to a study commissioned by the National Communications Authority (ANC). The study was conducted over September - October 2008 and reveals that the number of online stores in Romania will continue to grow by 50% per year in the period 2009-2011, up to 3,000 functional stores set to carry out retail activities on Internet. "We can estimate that the electronic retail currently records a value of EUR 250 million and online stores representatives, quoted in this study, appreciate that in the two years to come the online sales volume will attain the value of EUR 1 billion, without taking into account the services, namely tourism or bill payment", said Liviu Nistoran, ANC President. According to a study on electronic retail, at present, there are some 900 active online stores in Romania, most of them offering products in the field of technology and communications. In Romania, 30% of the computer games, toys, flowers, watches and tickets to various shows are sold through online stores. In 2008 one notices a tendency of growth as for the number of specialized stores selling products such as computers, telephony, films, art, industrial products, auto and clothing. The study appreciates that in 2008-2009 information technology products will dominate the online retail. "The fact that the majority of the buyers on Internet say they used Romanian online stores, just 3% saying they exclusively used online stores abroad, means that the Romanian online buyers trust the domestic e-commerce sites", appreciated Liviu Nistoran. The study was commissioned by ANC, was conducted by Link 2 eCommerce, at a cost of some EUR 6,000 and had 6,095 respondents among the online users and 51 among the online stores. *Source: Agerpres.*

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## Health & pharma

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### **Center for staff in field of mental health**

An agreement on the setting up, until Oct 2009, of a pilot center of intervention and training for the staff in the field of mental health was signed, on November 26, by state secretary at the Romanian Ministry of Public Health Mircea Manuc, and ambassador of the Netherlands Jacques Louis Werner, at Titan Psychiatry Hospital in Bucharest. The center will have an amphitheater, classrooms, offices for the teaching staff. The project is financed with EUR 300,000 by the Dutch Government and with EUR 95,000 by the Government of Romania. "I have always supported projects in the medical field and implicitly those regarding mental health. We hope the future government will support the project, " said ambassador of the Netherlands Jacques Louis Werner. According to state secretary Mircea Manuc, in the past two years, the Ministry of Public Health has allocated EUR 25 million for the repairing of mental health institutions. *Source: Agerpres.*

### **Govt approves ordinance transferring hospitals to local authorities**

Romanian Health Minister Eugen Nicolaescu announced on November 12 that the Government had approved an emergency ordinance transferring the entire powers and tasks of the Public Health Ministry to the local public administration authorities. 'In other words, the decentralisation of the health care system, which is a target of the reform initiated in 2005, begins to come true. (...) By the decentralisation of the health care system, the offer of medical services will be achieved in accordance with the community's real needs and the local public administration authorities will be directly involved in improving the accessibility of the medical services', Nicolaescu stressed. The minister said the decentralisation will enhance the role of the local public administration in the implementation of the health care programmes. Nicolaescu explained that the ordinance mainly refers to the full decentralisation of community medical assistance, of school medical assistance, of the activity of the health mediators, of the management of bed-health units as well as of certain approvals and authorisations to be issued. Furthermore, the act calls for starting a pilot programme in Bucharest, to be conducted for a year, by which the hospitals will be transferred to the local authorities. The emergency hospitals will be excepted from this move, as they will continue to be managed by the health ministry, he added. The project will be extended all over Romania, depending on the results, the minister said. Money will be transferred from the state budget to the local budgets via the health ministry budget, in order to achieve such decentralised powers, Nicolaescu announced. *Source: Agerpres.*

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## Entertainment & leisure

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### **Romsilva chooses Dor Marunt to have racecourse built**

The most likely location for the new racetrack we plan to build in a public-private partnership is Dor Marunt, Calarasi County (south), Romsilva National Forest Authority (RNP) general manager Dorel Oros told Agerpres. 'Out of the three places we have analyzed for building a racecourse as near to Bucharest as possible, namely Balotesti, Glina and Dor Marunt, I think we shall choose the last, the more that Romsilva owns 140 ha and a stud farm here,' Oros explained, adding that first it is required to clarify the status of the thoroughbred horses that Romsilva owns, given that it is not known for sure if RNP wants to carry on the activity. 'Romsilva and the Agriculture Ministry officials will discuss the future of the studs, next week, because the segment needs firm and reliable laws. We have to be sure whether we manage the activity definitively and the state budget will finance the horse genetic fund. It is only on such terms that we can start investing massively in thoroughbred horses,' Oros said. Romsilva project also aims at building a real tourism complex including betting houses, tennis courts and golf courses, a hotel and a shopping center, nearby the horse track. Romsilva expects to own 3,800 horses and the number of the horses in the National Stud (the national genetic horse heritage) to drop by 145 heads, namely from 1,652 to 1,506 horses, and this due to the many restructuring processes that the state-owned studs underwent in 2008, and the promotion of the private horses through the enactment of the Law on the horse No 389/2005. Thus, it is expected to sell 915 horses, in 2008, compared to 457 last year. *Source: Agerpres.*

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## **Dutch presence in Romania**

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### **Public private partnership conference**

AON Romania and Nestor Nestor Diculescu Kingston Petersen (NNDKP) hosted in Palatul Parlamentului the international conference "Development of the Romanian public-private partnership infrastructure". This event comes second in a series of events that are going to be organised with the purpose of identifying the opportunities for carrying out public-private partnership projects in areas such as health and transport infrastructure. *Source: AON Romania.*

### **ING Group and MasterCard bring payment via mobile phone in Romania**

ING Mobile Payments service is to be launched in Romania for the first time in December 2008, representing the newest payment modality currently used on the Romanian market, reads a release of ING Romania. Romania is the first location ING Group would test the solution based on the Maestro PayPass system and was selected from 50 countries the bank operates in. ING Mobile Payments was developed in partnership with MasterCard, Collis, Toro, Venyon and Nokia. The service is currently being implemented in several partner units in Romania. "ING Romania is currently launching the first stage of the pilot-programme ING Mobile Payments following that, after an evaluation of the reaction of the consumer and traders, to develop it. In a few years payment via the mobile phone is to become something usual and we are proud ING and Romania were the first in the region to do that," Albert Roggemans, CEO ING Retail Romania. Although payment via mobile phone is already used in France, UK, US, Taiwan and South Korea, the ING Mobile Payments product to be launched in Romania represents also a premiere worldwide. The innovative solution offered by ING and MasterCards is the single offering the client the possibility to charge his phone card too, without going to the bank.

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## **Events & Useful web links**

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### **Princess Máxima attends roundtable discussion on microfinance**

Her Royal Highness Princess Máxima of the Netherlands attended on the 25th of November a roundtable discussion on microfinance in Bucharest, Romania. Princess Máxima discussed with the participants the importance of access to financial services for all levels of society in Romania. The meeting was organised by the Royal Bank of Scotland in Romania. Participants were key decision makers in the financial sector in Romania. During the afternoon Princess Máxima visited the ProCredit Bank. ProCredit Bank is a bank with focus on savings, lending to small enterprises and on responsible banking. Princess Máxima attended a meeting with pensioners about financial education and a lesson with children about the role of money and banks. Princess Máxima is member of the UN Advisors Group on Inclusive Financial Sectors. The main role of this group is to advise the United Nations system and member states on global issues relating to inclusive finance. The objective of the Advisors Group is to increase sustainable access of poor and low-income households and micro- and small entrepreneurs to a broad range of financial products and services through the development of inclusive financial sectors around the world. The Advisors Group worked with Governments, regulatory and supervisory bodies, central banks, academia and the private sector to identify and define the key issues constraining access to financial services and advised the United Nations on strategies and concrete steps that can be taken to remove these constraints. [www.UNadvisorgroup.org](http://www.UNadvisorgroup.org).

### **Dutch-funded water quality monitoring system in Iasi**

Apavital, the water company of Iasi county, now has an integrated system for monitoring the quality of drinking water in various points of its distribution network, thanks to the PSO project funded by the Dutch Government. Hardware - a mobile laboratory, sensors, measuring instruments, etc. - has been delivered, but also know-how has been transferred regarding the monitoring system, processing and analysis of data, and training of the operators was ensured. By setting up a modern monitoring system, the quality of the drinking water delivered has improved, and eventual leakages can be timely diagnosed, which can lead to a reduction of the water losses and of the repair costs. On November 25 and 26, a conference was held in Iasi, for disseminating the results of the project to other water companies in Romania. The presentations will soon be available on [www.apavital.ro](http://www.apavital.ro).

### **Weekly Bulletin regarding water projects in Romania**

The Embassy of the Kingdom of the Netherlands in Bucharest started publishing, in partnership with EVD and NWP, a weekly bulletin regarding water projects in Romania, distributed by e-mail. The material published in the bulletin is compiled on the basis of publicly available information, from various sources (the Electronic Systems for Public Acquisitions, the national press, the websites of the relevant Romanian authorities, etc.).

Those interested in receiving the bulletin are requested to contact Violeta Cozianu, at +40-21-208 6039 or [bkr-ea@minbuza.nl](mailto:bkr-ea@minbuza.nl).

- Economic network of the Netherlands in Romania
  - Embassy of the Kingdom of the Netherlands in Bucharest
  - Agency for International Business and Cooperation - EVD
  - The Netherlands – Romanian Chamber of Commerce
  - The Dutch-Romanian Association
  - The Dutch Romanian Network
  - Romanian Ministry of Agriculture and Rural Development
  - Romanian Ministry of Economy and Finance
  - Romanian Ministry of Environment and Sustainable Development
  - Romanian Ministry of Transport
  - National Institute for Statistics
  - Ministry of SMEs, Trade, Tourism and Liberal Professions
  - Exhibitions in Romania
  - Information on EU funds
- [www.hollandtrade.ro](http://www.hollandtrade.ro)
  - [www.netherlandsemb.ro](http://www.netherlandsemb.ro)
  - [www.evd.nl](http://www.evd.nl)
  - [www.netherlands.ro](http://www.netherlands.ro)
  - [www.nederland.ro](http://www.nederland.ro)
  - [www.dutchromaniannetwork.nl](http://www.dutchromaniannetwork.nl)
  - [www.mapam.ro](http://www.mapam.ro)
  - [www.mefromania.ro](http://www.mefromania.ro)
  - [www.mmediu.ro](http://www.mmediu.ro)
  - [www.mt.ro](http://www.mt.ro)
  - [www.insse.ro](http://www.insse.ro)
  - [www.mimmc.ro](http://www.mimmc.ro)
  - [www.romexpo.org](http://www.romexpo.org)
  - [www.fonduri-structurale.ro](http://www.fonduri-structurale.ro)