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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 December 2007 exchange rates were:

1 EUR = 3.5289 RON

1 USD = 2.4247 RON

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

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Macroeconomics

0.64% inflation in December 2007

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

Average net salary in November 2007

November 2007 net average salary was of RON 1,121, increasing by 3.4% as compared to the previous month shows the data published by the National Statistics Institute.

4.1% Unemployment in November

The unemployment rate registered nationwide at the end of November was of 4.2%, up 0.1% as against the previous month, but 0.9% lower than the same period one year ago, according to the National Agency for Employment and Professional Upgrade (ANOFM). The overall number of unemployed was of 371,969 people, up 4,594 people compared to October. Of the total of unemployed registered, 115,477 were paid unemployed and 256, 492 were unpaid unemployed.

The lowest unemployment rate was registered in Ilfov county with 1.5% and the highest in Vaslui with 9.5%.

Budgetary revenues surge 21.81% in first 11 months

Revenues to the consolidated general budget surged in the first 11 months of 2007 by 21.81% compared to the similar period of last year, amounting at 109.68 billion lei, according to centralized data of the Ministry of Economy and Finance (MEF). As such, revenues to the state budget advanced by 19.51%, reaching at 68.105 billion lei, the biggest increase being recorded by revenues drawn from income and salary taxes, of 45.55% (12.17 billion lei) and those from the tax on profit, with a jump of almost 34.11% (10.37 billion lei). Revenues from customs duties recorded a decline of 63% over the examined period, amounting at 802 million lei. Revenues from the Value Added Tax - VAT were up 10.5%, to some 27.69 billion lei. At the same time, excise revenues increased by 13.6%, up to 10.28 billion lei. Revenues to the public social insurance budget advanced by 24.45%, up to 22.25 billion lei and those to the unemployment budget were up 13.63%, to 2.24 billion lei. The consolidated general budget recorded in the first 11 months of the year a deficit of 1% of the Gross Domestic Product (GDP), according to MEF officials. After the first ten months of the year, the consolidated general budget showed a surplus of 0.12% of the GDP.

Trade

EUR 2.2 billion trade deficit in November 2007

The data published by the National Statistics Institute shows that Romanian FOB exports were in value of EUR 2.735 billion in November 2007, up by 11.0% as compared to the same period of 2006, while the CIF imports reached EUR 4.939 billion, up by 21.2% as against November 2006. As a result, the trade deficit was in November 2007 of EUR 2.2 billion.

In total, Romania's trade deficit rose to EUR 17.2 billion in the period January 1 – November 30, up with EUR 6.657 billion as compared to the same period last year.

Between January – November 2007, the value of the intracommunitarian goods exchanges was of EUR 19.617 billion for outgoings, and EUR 33.085 billion for incomings, representing 72% of total Romanian exports, and 71% of total imports.

Legislation / taxation

Changes to the VAT simplification measures applicable to work on movable assets

The Minister of Economy and Finance has issued Order no. 1.823/29.10.2007 cancelling Order no. 2.221/22.12.2006 regarding the VAT simplification measures applicable to work on movable assets. The VAT simplification measures are designed to limit the VAT registration liability in Romania for non-resident companies established in the EU, involved mainly in the processing of movable goods. The simplification measures are applicable regardless of the VAT treatment applicable by the member states in which these companies are registered for VAT purposes. The Order also brings new instructions for VAT simplification measures applicable to specific cases of goods returned to their initial supplier in the EU and also regarding movement of goods for repair

or replacement within the warranty and post-warranty period. These specific scenarios include, but are not limited to:

- Goods refused and returned to their supplier;
- Goods refused by the initial client and re-dispatched by the supplier to another client;
- Goods accepted by the client, but subsequently returned to the supplier due to the cancellation of the transaction;
- Goods accepted by the initial client, but further re-dispatched by the supplier to a second client due to the cancellation of the first transaction;
- Goods sent for repair or replacement during or after the warranty period;
- Goods replacing other goods which have not been sent to the supplier for repair or replacement.

See: Official Gazette of Romania no. 770/14.11.2007

Modifications to excise tax, starting with January 1, 2008

Excise taxes levied on cigarettes and Diesel oil are to increase, starting with January 1, 2008 but, in exchange, those on coffee and gold jewels will drop, according to a timetable convened between the Ministry of Economy and Finance and the European Union. As such, cigarettes excise is to rise up to EUR 50 for 1,000 cigarettes, starting with January 1, 2008, according to the Fiscal Code. Excise tax on Diesel oil is to rise to EUR 325 per ton after, on January 1, 2007, its level was increased at EUR 307.59 per ton. At the same time, the excise tax applied on electricity used to commercial ends is to advance from EUR 0.26 / MWh, at present, to EUR 0.34 / MWh since January 1 and the excise on non-commercially used electricity is to surge to EUR 0.68 / MWh from EUR 0.52 / MWh, at present. As of 2008, a series of excise reductions will take place, especially for coffee, crystal made articles and gold and platinum jewelry (with the exception of the wedding bands). Romania pledged, through a timetable convened with the EU, to gradually reduce the excise level for these product categories, so that their level will be eliminated up to the 2011 horizon (for coffee), respectively 2010 for crystal articles and gold and platinum jewelry.

Recodification of corporate activity. New CAEN code.

A new classification of commercial activities ("CAEN Code") comes into force on 1st January 2008. The New CAEN Code is adopted in accordance with EU legislation, namely Regulation no. 1893/2006 of the European Commission, and amends Regulation no. 3037/1990 on the classification of economic activities in the European Community. The new CAEN Code is approved by Order no. 337/2007 issued by the National Institute of Statistics. As a consequence, Romanian companies are required to recodify their commercial activities in accordance with the new CAEN Code and register their updated activities with the competent Trade Registry. The regulation does not set a deadline for the registration of recodified scopes of activity. However, since 1st January 2008 it has been the practice of the Trade Registry to reject corporate change applications (e.g. capital increase, change of shareholders/administrator, etc) if recodification is not requested in the same application or has not been registered previously. *Source: TPA Horwath Quintus*

Modification of Law no. 18/1991 regarding the land resources

Law no. 340/2007, regarding the modification of paragraph 6 of art. 92 of the republished Law no. 18/1991 regarding land resources, was published in the Romanian Official Journal. This modification extends the exemption from paying taxes due for the final withdrawal of land from agricultural and forest circuit. In addition to those categories stated in the original paragraph, the exemption is extended to include agricultural and forest land with surface areas up to 500 sqm, owned by individuals before the age of 40 who intend to build a residence. *See: The Romanian Official Journal no. 846/10.XII.2007, part I*

Tax on micro-companies' revenues to be of 2.5% in 2008

Tax on micro-companies' revenues will be of 2.5% starting in 2008, the Fiscal Code says. At present, such revenues are charged a 2% tax, a quota established on January 1, 2007, and it is to grow gradually up to 3% starting in 2009. According to regulations, a micro-company is a legal person that cumulatively earns 50% of its total revenues others than those resulting from consultancy and management, numbers 1 up to 9 employees and earned revenues exceeding the lei equivalent of EUR 100,000 and the legal person's share capital is owned by persons others than the state, the local authorities and the public institutions. *Source: Rompress*

New Regulations for Registration of Agreements Between Romanian and Foreign Companies / Revenues obtained from real estate transactions to be integrally paid to the state budget as of 2008

Romanian legal entities must register agreements concluded with foreign legal entities or foreign non residents providing services such as constructions, assembling, supervision, consultancy, technical assistance and any other activities that may constitute permanent headquarters in

Romania, according to an order of the President of the National Tax Administration (ANAF), Rompres informs. Agreements signed by Romanian legal entities with foreign legal entities or foreigners who are not residents for activities performed outside Romania do not need to be registered, according to the same order. New rules for revenue obtained from independent activities. Individual persons who, in 2007, caused revenues from letting properties and who, on December 31, 2007 had more than five such contracts of lease or sub-lease, will be taxed according to the rules applicable to independent activities, ANAF informs. Tax-payers must declare the estimated revenues and expenditures by submitting form 220 – Declaration on estimated revenue' no later than January 15, 2008. According to ANAF, the revenue obtained from the trading of real estate will be integrally paid to the state budget starting in 2008, according to the ordinance that amends the Tax Code. Such revenue is to be declared within 10 days of the transaction. Tax for the selling of buildings or any kind plus the connected land, as well as land of any kind without constructions on it that had been acquired in the last three years, is 3% cent for a value of up to RON 200 000 and a flat amount of RON 6 000 plus 2% for transactions over RON 200 000; the tax on real estate tractions of property acquired more than three years before the transaction is 2% for values up to RON 200 000 and a flat amount of RON 4 000 plus 1% for values higher than RON 200 000. *Source: Nine O'Clock*

Expediting debt recovery in commercial transactions

Government Emergency Ordinance no.119/2007 concerning measures to combat late payments in commercial transactions (hereinafter referred to as the "GEO no.119") was published in the Official Gazette no.738/31.10.2007. By adopting GEO no.119, the Romanian government fulfilled its obligations as a European Union member, by transposing into judicial procedures the provisions of the Directive no.2000/35/CE issued by the European Parliament and the Council in the same area. When GEO no.119 came into force in October 2007, none of its provisions cancelled Government Ordinance no.5/2001 regarding the summons procedure ("GO no.5"), referring to actual, liquid and matured claims, and, consequently, as of today the two ordinances co-exist, granting two different options to creditors to pursue their claims for debt recovery. Although many of the provisions of the two ordinances are similar or even identical, there also are certain sections which turn GEO no.119 into a more advantageous piece of legislation for creditors. However, GEO no.119 only applies to claims resulting from commercial contracts, while GO no.5 is more comprehensive, covering other types of claims as well. *Source: Rubin Meyer Doru & Trandafir*

With thanks to PriceWaterhouseCoopers Romania – Tax Department

EU membership

"Engine" cities for Romania's development

Eight Romanian cities, to which another two or three can be added, are to manage millions of euros in European funds, thus becoming true "engines" for Romania's development. Bucharest, Ploiesti (south), Iasi (north-east), Craiova (south), Timisoara (west), Cluj (center), Constanta (south-east) and Brasov (center) are to become, in the years to come, the locomotives for the Romanian regions' development. To these eight cities, designed as Romania's growth poles, another two or three could be added, after the Monitoring Committee of the Regional Operational Program (ROP MC) will discuss this likelihood with representatives of the Ministry of Interior and Administrative Reform (MIRA). These talks, set to take place these days, could also include Galati-Braila (south-east) zone among the growth poles, according to Laszlo Borbely, Minister of Development, Public Works and Housing. At the end of last week, ROP MC approved the eligibility and selection criteria for the projects in this field. This refers to the priority Axis 1 from ROP - Support to sustainable development of urban growth poles. An applicant's guide is to be finalized so that, in the first months of next year, the projects could be submitted. They should be drawn up by the respective cities' local authorities or by inter-community development associations. Projects' value ranges between EUR 500,000 and 45 million. Prior to submitting Axis 1 projects, cities should outline a complex development strategy, including the most acute problems, inhabitants' needs, otherwise all that can be done and must be done with the help of these European funds, not only from ROP, but from other programs as well. The growth poles were established in line with very clear criteria, in order to avoid creation of artificial poles. Cities bearing the highest responsibility in spending the more than EUR 10 million, made available for each growth pole, are those with more than 200,000 inhabitants, with growth possibilities. At the same time, another conditions refer to their power in the past to attract more foreign investments, a Gross Domestic Product (GDP) on the rise and an offer of many work places. But

the growth pole cities cannot be earmarked more than 50% from the money allocated to the regions. The remainder of the funds will go to small cities' projects, set to improve the standard of living of many inhabitants in the zone. These smaller cities, with an economic and social development potential are considered as urban "development poles" and can attract financing in excess of EUR 5 million. *Source: Nine O'clock*

Romania can absorb EUR 2.5-3 billion in European funds in 2008

Romania should absorb in 2008 some EUR 2.5 – 3 bln in European funds, double the amount in 2007, Minister of Economy Varujan Vosganian stated, according to Rompres. Vosganian said last year Romania was allotted EUR 1.5 bln from the EU, and contributed EUR 1.1 bln to the Union Budget. "I believe the main problem is the limited number of applications, which is why, apart from Romanian contractors, we invite foreign investors to apply for European project funding," the Economy Minister explained. According to Vosganian, Romania has so far seen a low fund absorption rate because private companies and local public authorities have inadequate project design skills. In 2007-2013, the EC allots Romania EUR 19.67 bln in structural and cohesion funds, of which EUR 12.661 bln earmarked for the "Convergence" objective, EUR 6.552 bln for the Cohesion Fund, and EUR 45.5 M for "European Territorial Cooperation." *Source: Nine O'clock*

Energy

Hidroelectrica announces sale of 16 micro-hydro power stations

Electricity producer Hidroelectrica announced the launching of a public tender offer for the sale, as a package, of 16 micro-hydro power stations, whose overall value exceeds RON 20.414 million, according to an announcement published in the press. The 16 micro-hydro power stations were divided into five asset groups, according to the hydro-graphic basins where they are located, namely Suha Mare basin (four micro-hydro power stations – RON 9.3 million), Suha Mica basin (three micro-hydro power stations – RON 6 million), Ilfov basin (five micro-hydro power stations – RON 1.7 million), Sovata basin (two micro-hydro power stations – RON 1.2 million) and Fenes basin (two micro-hydro power stations – RON 2.02 million). The public tender in which the stations will be sold to the highest bidder is set to take place at Hidroelectrica headquarters each day between February 25 and 29, 2008, each asset group being assigned to a certain day. Hidroelectrica director general mentioned that evaluation of another batch of 86 micro-hydro power stations, set to be privatized, is to be launched in 2008 and they will be put on sale starting with January-February, on the basis of the same principle. Of Hidroelectrica's 150 micro-hydro power stations, a number of 48 were privatized up to now. *Source: Rompres*

Iron Gates II transformer plant upgraded with EUR 7 million

The fully state-owned electricity producer Hidroelectrica will invest EUR 7 million for the modernization of a transformer plant of the Danube Iron Gates II hydropower plant. The contract provides the replacement of the equipment of a transformer plant and bids for the works' award can be filed until January 30, 2008. The Iron Gates I and II hydropower plants can take up a flow of 8,700 cubic meters per second. Iron Gates I lies 15 km upstream from Drobeta Turnu-Severin (south-west, Danube port) and the Iron Gates II plant is located 60 km downstream the same city. The Iron Gates System is one of the largest hydrotechnical facilities in Europe and the largest on the Danube, producing 45% of Hidroelectrica's annual output. The company runs 304 hydropower plants with an aggregate generating capacity of 6,325 MW. In November 2007, Hidroelectrica was ranking sixth among the most valuable companies in Romania. In 2006, the company's turnover stood at EUR 672.1 million whilst its net profit was EUR 15.9 million. Hidroelectrica covers about 30% of the annual national energy consumption. The medium-term program for the company's upgrading provides investments of some EUR 1 billion. In the first half of the year Hidroelectrica made a profit of EUR 8.6 million and its revenues totaled EUR 272 million. *Source: Rompres*

Infrastructure & transport

Government approves list of ports related to railway transportation network

In order to meet the related EU objective, the Romanian Government approved, on December 6, the list of ports related to the Trans-European railway freight transportation network in Romania.

This list includes Constanta, Mangalia, Midia, Tulcea, Galati, Braila, Medgidia, Oltenita, Giurgiu, Zimnicea, Calafat, Turnu Severin and Orsova. *Source: Rompres*

CFR to lease 2,000 km railways

CFR Railways Corp. will hold tenders for leasing some 2,000 km of non-inter-operational railways in 2008, following the promotion of a normative act regulating the organization of a tender at the Commodities Exchange, CFR general manager Constantin Manea told Rompres on November 28. "Following a government resolution in 2004, some 3,000 km were offered for leasing, but only one third of them were leased, so the rest of the sectors can be offered for leasing in 2008, we have been made many requests in this respect," Manea said. CFR has leased 851 km of railways, for both passenger and goods transport. The biggest number of non-inter-operable (less important) km of railways, 682, will be offered for leasing in Timisoara Regional Department, followed by Iasi Department - 498 km, Cluj Department - 210 km, and Bucharest Department - 127 km. The sectors will be leased for periods between five and ten years. Among the most important sectors leased for passenger and goods transport so far, there are Costesti - North Rosiori (64 km) in the county of Craiova, West Tarnaveni - Praid (77 km) and Blaj - West Tarnaveni (36 km) in Brasov Department, Arad-Nadlac (52 km) and Berzovia-Oravita (59 km) in Timisoara Department. Among the sectors leased exclusively for goods transport there are Navodari - Capul Midia (6 km), Capul Midia- Storman (12 km), Dorobantu- Navodari (26 km), with the operator Rompetrol Logistics, and Chileni - Voslobeni (7 km), from Brasov Department, with the operator Servtrans Invest. Thirty passenger and goods railway operators are currently active in Romania, 25 of them private goods transport operators, to which CFR Marfa (goods) operator is added, as well as two private passenger operators, to which added are CFR Passengers and the Railways Tourism Co., for passenger tourism on short distance, between Bucharest and Snagov, and Servtans Invest, a company for passenger and goods transport. *Source: Rompres*

Changes in the railway infrastructure by 2018

The main projects for the rehabilitation of Romania's railway infrastructure are trans-European corridors IV and IX, which total over 2,000 km of railway and investments worth above EUR 10 billion. EU accession has forced the Romanian state to invest in the development of its rail network through the creation of some high-speed routes that would link Greece and the rest of the continent. The two European corridors that cross Romania are corridor IV (a link between Germany and Greece) and corridor IX (between Finland and Greece), which total almost 10,000 km of track. The rehabilitation of the over 2,000 km of railway in Romania, in order to become part of the European rail network, will require investments worth at least EUR 10 billion, with the objective being for passenger trains to reach a maximum speed of 140 km/h and compliance with EU safety standards. At the same time, the Ministry of Transport has started to modernise passenger railway stations and bring them in line with European safety and operative standards. At present, Romania has only 12 "Euro-stations", whilst another 30 stations are included in this programme.

Corridor IV runs from Curtici to Constanta along 2 sections, namely (Arad-Constanta and Arad-Calafat). Necessary investments (as estimated by CFR) amount to over EUR 6 billion for the almost 1,400 km. Corridor IX (which crosses Moldavia and runs from Iasi to Giurgiu) travels a length of 618 km, which involves rehabilitation costs worth around EUR 4.5 billion, according to current estimates. In the wake of rehabilitation works, passenger trains will be able to reach speeds of up to 160 km/h along at least 1,000 km of railway. In most cases, the deadline for the rehabilitation projects is the end of 2018. "We will not have high-speed trains (of over 200 km/h i.e.) in Romania earlier than 2025," stated Constantin Onoiu, head of the projects department at CFR Infrastructura. He specified that in order to reach such high speeds an IT rail traffic management system would also be necessary. Until the early '90s, CFR held the leading position in terms of passenger and freight transportation, but more recently lost its position to road transport. The phenomenon is apparent across Europe, as EU officials announce a series of measures intended to bring passengers back to rail travel. Adrian Vlaicu, a marketing manager at CFR Calatori, recently stated that CFR could not compete with road infrastructure as well, because of the toll (TUI) levied by CFR Infrastructura at EUR 3 per km. In late 2006, CFR Calatori accounted for 98.8% of railway passenger traffic, but the situation may change, as CFR is obliged to open the market to private European operators. *Source: Rompres*

Construction of Sibiu - Pitesti Motorway to start in 2009

Construction works on Sibiu-Pitesti segment of the pan-European Corridor IV are to start in the first half of 2009, the contract going to be signed at the end of 2008, announced on December 11 Minister of Transports Ludovic Orban, on the occasion of the seminar "Romania at European crossroads". "This segment is to be built through leasing and the works are to be launched in 2009. This is in fact the last segment on Corridor IV not finalized yet", explained Ludovic Orban.

The minister said that, in March next year, a feasibility study for this segment is to be finalized and till the year-end the execution contract is to be signed, the construction works spanning over a three-year period. "Romania needs infrastructure in order to attain its economic objectives. Unfortunately, in the last 18 years we lost time and now we are trying to compensate that lost time", explained Orban. The minister announced that, in 2008, construction contracts for some 70 ring roads are to be signed, the most important being Ploiesti South Ring Road, Timisoara Ring Road, Ramnicu Valcea and Alba Iulia ring roads. The minister also said that, up to 2013, Romania is to finalize its main motorway projects: Transilvania Motorway, European Corridor IV (Nadlac - Constanta) and Bucharest-Brasov Motorway. *Source: Rompres*

Navigation upgrading project on Danube's Romanian sector

Contracts related to the navigation upgrading project on the Romanian sector of the Danube were launched at the end of November and beginning of December 2007. According to a release of the Ministry of Transports, the implementation of contracts afferent to lots 2 and 7 was started at the end of November, as part of the project "System for collection and processing of topo-hydrografic data and for the drawing up the electronic navigation maps (HNE) in ECDIS format", part of PHARE 2005 Program financed by the European Union. Within the same project the contracts afferent to lots 1, 4, 5, 6 and 8 were also finalized on December 4, 2007. Project's beneficiary is the River Administration of the Lower Danube Galati. Contracts value is of EUR 208,946.64 of which EUR 150,441.58 represent PHARE non-repayable funds and EUR 58,505.06 co-financing from Romania's Government. PHARE 2005 Program has as general objective improvement of safety, quality and efficiency of Romania's transports sector. This project's objective is the improvement of navigation on the Romanian sector of the Danube through implementation of a collection and processing system of topo-hydrografic data with the aid of which the Navigation Electronic Maps are made. These maps are to replace the one existing on paper, at present provided by Romania to the Danube's Commission and to ship operators. Navigation Electronic Maps are to be used for maritime ships that navigate on Sulina-Braila segment and for the interior river navigation on the Romanian sector of the river Danube. Finalization of activities associated with this project is set on March 30, 2008. *Source: Rompres*

Timisoara International Airport enlarges terminal

Traian Vuia International Airport of Timisoara has finalized a new investment worth almost RON 2 million, of its own money, to enlarge its terminal by three new passenger gates, totaling seven now. The Airport's passenger flow has been continuously growing namely by round 50% in 2007 than in the previous year. As many as 870,000 passengers arrived or departed from Traian Vuia Airport, more than from Baneasa Airport (nearby Bucharest) that scored 800,000 passengers, statistics say. The two airports counted a relatively equal number of passengers, namely 600,000 in 2006. The enlargement will smooth passenger traffic in the terminal, the Airport being extremely important in the perspective of its permanent development, expected to bring a rise in the number of passengers, reads a release by the Airport on Tuesday. Likewise, since a new building has been erected, the terminal's waiting space has been enlarged by round 400 sq.m. The building's design is a modern one, modeled on that of the Western air-stations. *Source: Rompres*

IT&C

Communications market in Romania at EUR 5 billion

The domestic communications market could reach EUR 5 billion at year-end and estimates for 2008 show a 15% advance, the President of National Regulatory Authority in IT&C Dan Cristian Georgescu told Rompres. 'Taking into account the growth pace, but also the investment projected for the next year, we can estimate that the communications market next year will reach EUR 6 billion next year,' said Georgescu. The penetration rate of the mobile telephony was 80.7% in December 2006, 90.5% in June 2007 and is expected to reach 100% in early 2008. Besides the GSM usual bands, Romania used CDMA, EDGE and UMTS technologies. The 3G services were launched in April 2005 by Vodafone and in June 2006 by Orange. Two other 3G licenses have been granted in January 2007 to Telemobil and RCS&RDS. The Authority had registered in midyear 72 active providers of fixed telephony. The market share of alternative providers reached 25% and the number of lines reached 1.03 million. The number of telephonic lines connected, including those of the traditional operator Romtelecom, was 4,106,000, down 7% as against the similar period of the past year. The penetration rate was 19 lines per 10 inhabitants. The number of internet connections had reached 4.5 million in June 2007, up 78.2% compared to mid 2006. The penetration rate was 21%. There were 2.33 million broadband connections (including mobile connections), the penetration rate being 10.8%.

MCTI finalizes 246 networks for local communities

The 246 new Local Community Electronic Networks included in the project called Knowledge-Based Economy were installed, starting with December this year and are available to the public, stressed on December 18 Karoly Borbely, Minister of Communications and Information Technology on the occasion of a national conference. Attending the conference "Virtual collaboration. Collaboration that counts" there were mayors, local networks managers and directors of gymnasiums from the 255 localities, beneficiary of Knowledge-Based Economy project. Organization of this conference marks the moment of installation finalization of the 246 new Electronic Networks of the Knowledge-Based Economy project, implemented by Romtelecom - Sysware Systems Integration, respectively S&T and accessNET consortia. Starting with December, all networks are open to the public, offering basic services and with value added focused on the respective localities' steady development - public services provided through electronic means, computer-assisted education, computer-aided business management, as well as granting of nonrepayable financing for bolstering the activity of small and medium-sized enterprises and technology utilization in business development. Through the Knowledge-Based Economy project, a MCTI initiative, institution that coordinates the project since 2005, Local Community Electronic Networks are installed in approximately 20% of the rural and small rural zones. Beneficiaries of this project are more than 1.8 million citizens from communes, villages and towns with a population below 30,000 inhabitants. The project is financed by the World Bank and Romania's Government and has a total budget of USD 69.4 million, being coordinated by MCTI until 2010. The rollout of the Local Community Electronic Networks implementations have been monitored with the support of a customised web based software tool, that is development by the software engineers from BSC, a Dutch-Romanian software company, with its base in Bucharest. To be informed about best practices and to learn more about available ICT solutions, for Local Public Administration, a project Delegation will visit the Netherlands, in spring 2008.

Agriculture & food

European Commission does not activate safeguard clause for agriculture

The European Commission has not activated the safeguard clause for agriculture, a possibility seriously considered in autumn, when the Commission asked Romania to make further improvements to its control system and software module designed to ensure that farm payments will be made correctly. Mariann Fischer Boel, Commissioner for Agriculture and Rural Development, commented: "I commend Romania for the rapid progress they have made in improving their control systems, which avoided a triggering of the safeguard. This mechanism has clearly helped in motivating Romania to improve the situation. I hope the remaining issues can be ironed out quickly, which will permit farmers to get their payments. We will remain very vigilant when we audit farm payments in both Romania and Bulgaria. Just as we do for all other Member States, we will not hesitate to claim back any misspent money." The EC's decision not to apply the safeguard clause (implying a 25% cut in EU payments) has been taken based on the conclusions of the final report made by the auditor Deloitte&Touche and submitted to Brussels in mid December 2007.

Romanian authorities re-send the National Rural Development Programme to Brussels

Romania has sent its adjusted version of the National Rural Development Programme (NPRD) to the EU Commission in Brussels on December 21. PNDR was first sent to Brussels on June 29, 2007, but the European Commission made some remarks on the priority criteria for certain measures. The first revised PNDR version, following the comments received from the Commission on September 28, was sent informally to Brussels at the end of November. The Ministry of Agriculture and Rural Development hopes that the programme will be approved in February 2008. About EUR 8 billion are allocated for NRDP. The programme is structured along four main axes. Axis 1, "Improving the competitiveness of the agricultural and forestry sectors" will receive EUR 3.967 billion (42.2% of total). For Axis 2, "Improving the environment and the countryside", EUR 2.293 billion (25% of total) have been allocated. Axis 3, "The improvement of the quality of life in rural areas and rural economy diversification" will receive EUR 2.473 billion (26.3% of total). While to Axis 4, "Implementation of the Leader approach", EUR 235 million (2.5% of total) have been allocated. Romania's agriculture is to receive almost EUR 14 billion over 2007-2013, EUR 8 billion for rural development and EUR 5.47 billion for direct payments in agriculture. To these amounts, co-financing from the national budget is added.

Tourism

New country brand and tourist roads

Minister for Small and Medium-Sized Enterprises, Trade, Tourism and Liberal Professions Ovidiu Silaghi said in Oradea that he wants to change the image associating Romania with Dracula with a new country brand. "We want to fully change that image seen at any tourism fair, of Romania associated with Dracula. When they hear about Romania or Transylvania, foreigners immediately say Dracula. We have what to show them: Sibiu, European capital city, the monasteries of Moldova, historical Maramures, the Danube Delta and cultural destinations," Minister Silaghi said. According to him, EUR 15 million are allocated for changing the country brand and EUR 75 million more for tourism promotion in the coming four years, with EUR 15 million already earmarked for next year. Silaghi announced a common programme with the Transport Ministry called "Tourist roads" and worth around EUR 1 billion, of which EUR 190 million have already been earmarked for making a list of the county roads to be included in the programme and even for starting works.

Foreign investment

Foreign investment at the end of October 2007

At the end of October 2007, according to the provisory data published by the National Office of the Trade Registry there were 145,133 companies registered in Romania with foreign participation in social capital, total foreign investment amounting to EUR 17.4 billion. The top of the first five foreign investors was led by the Netherlands, with 3,049 companies registered and total invested capital of EUR 3.2 billion, followed by Austria with 4,781 companies and a total investment of EUR 2.3 billion, France with 5,279 companies and an investment of EUR 1.8 billion, Germany with 15,369 companies and a total investment of EUR 1.8 billion, and Italy with 23,991 registered companies and a total investment reaching EUR 0.8 billion.

Privatisation

Bidding for Antibiotice Iasi to start from a EUR 136 million price

The public tender for the sale of pharmaceutical company Antibiotice Iasi is to start from the price of EUR 138 million, announced on December 20, in a press conference, president of the Authority for State Assets Realization (AVAS) Teodor Atanasiu. AVAS managing board decided to increase by 5% the amount initially proposed by the evaluators, of EUR 130 million. The tender for Antibiotice SA Iasi privatization is to be organized in the second half of January.

Dutch presence in Romania

CTP to invest EUR 100 million in Romania

Dutch capital company CTP Invest plans to invest more than EUR 100 million in the development of three real estate projects in Romania, in the following two years, announced in a press conference, Catalin Hanu, development manager with CTP Invest. He pointed out that CTP wishes to develop in Romania, in approximately five years, industrial space projects with an overall surface of more than one million square meters. "We already have bought 60 hectares of land in Oradea, Pitesti and Cluj for the construction of the first three projects", said Hanu. The company invested up to now EUR 4.5 million for the acquisition of land in Romania, other targeted cities being Craiova, Constanta or Iasi. "CTP Invest projects will be mainly focused on the light industry segment, weakly represented on the Romanian market", stressed Hanu. The biggest investment is to be implemented in Cluj, where the project is to amount at some EUR 50 million.

We are keen to further develop our leadership role, says ABN Amro Bank CEO

ABN Amro Bank CEO Peter Weiss told daily Nine O'Clock that 'innovative' is the best word to describe our performance this year as we successfully launched new products and service concepts in the market, in both corporate and consumer businesses. "We were the first bank in Romania to introduce structured notes for our clients through our ABN AMRO Securities unit. We opened a world-class service for affluent individuals through our Preferred Banking concept. We successfully launched a syndicated loan for Banca Transilvania that was oversubscribed despite the turbulent credit markets. In the second quarter we were selected by the European Investment

Bank (EIB) to act as sole manager, distribution group and financial advisor for launching their first RON denominated bond on the local market. In October we were also nominated for Excellence in Development of the Capital Markets by the Romanian Brokers Association. In November we were awarded the "Most innovative banking product " award 2007 at the annual 'Financial awards for excellence' Gala' the CEO said. We are keen to further develop our leadership role, especially in the areas of customer service and product innovation, to the benefit of our targeted corporate, institutional and consumer clients, Weiss also said.

Events & Useful web links

Monthly Borrel der Lage Landen

As of February 2008, the monthly Borrel der Lage Landen will take place at the Novotel on Calea Victoriei. Everybody is welcome starting 19.00 in the foyer on the first floor. For more information, check www.nederland.ro.

Romania – day in the Netherlands

On December 4, NCH and EVD organised a Romania-day in Papendrecht. The presentations on EU funds are available on www.evd.nl/presentaties/roemenie.

- 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
- The Dutch-Romanian Association - www.nederland.ro
- Romanian Ministry of Agriculture and Rural Development - www.mapam.ro
- Romanian Ministry of Economy and Finance - www.mefromania.ro
- Romanian Ministry of Environment and Sustainable Development - www.mmediu.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

Information on EU funds - www.fonduri-structurale.ro