



**Koninkrijk
der Nederlanden**

Romania – Economic Newsletter

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The Embassy of the Kingdom of the Netherlands in Bucharest publishes a monthly economic newsletter, distributed by e-mail. The material published in this newsletter is compiled by the staff in the Economic and Agriculture sections on the basis of publicly available information, from various sources (Agerpres 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 September 2008 exchange rates were:

1 EUR = 3.6254 RON

1 USD = 2.5237 RON

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

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Macroeconomics

0.4% inflation in September 2008

According to the data published by the National Statistics Institute the inflation in September 2008 was of 0.4%.

Average wage in August 2008

According to the data published by the National Statistics Institute, in August 2008, the net average wage was of RON 1,277, with 2.4% lower as compared to the previous month.

Unemployment in September 2008

According to the data published by the National Employment Agency (ANOFM), the unemployment rate in September 2008 was of 3.9%.

National Bank of Romania to maintain key interest rate at 10.25%

The Board of the National Bank of Romania (BNR) has decided to maintain the monetary policy interest rate at 10.25% per year, Central Bank representatives announced on September 25, in a release sent to Agerpres. The Board has also decided the firm administration of liquidities on the monetary market through market operations, the maintaining of the current level of the compulsory minimum reserves rates applied to the lei liabilities (national currency) and to the foreign currency liabilities of the credit institutions. (compulsory minimum reserves in lei - 3.95% per year (+0.60); minimum compulsory reserves in euro - 1.90% per year (+0.15), and for the US dollar 0.80% per year (-0.10). The Board highlighted it would closely monitor the evolution of the macroeconomic indicators, on a domestic and international level, so that, by adjusting its instruments, it should ensure the strengthening of the disinflation process, in order to reach the inflation target on the medium term.

Government increases minimum salary

In its September 10 meeting the Government decided on increasing the minimum salary from RON 500 to RON 540 starting on October 1 and to RON 600 starting on January 1, 2009, according to the agreement concluded with the trade unions and the employers' associations in July. Spokesperson for the Government Camelia Spataru said that the increase in the guaranteed gross minimum salary over October 1-December 31 as against the one that is being paid now was 8 percent for a full programme of 170 hours a month. The rise in salary on January 1, 2009 will be 11% from the 540 lei. According to the Government resolution adopted on September 10, the Government will analyze in June 2009, together with the social partners, the value of the monthly gross average income for the first four months of next year. "In case there are deviations of more than 5% of the monthly gross average salary from the predicted one, the Government will change, through a resolution, the gross minimum salary as of July 1, 2009, so that its share should be 33% of the gross average salary," said Camelia Spataru. According to the National Agency of Fiscal Administration, of the 6.4 million employees who have handed in fiscal records of the incomes they got from their basic position for 2007, 3.94 million are paid the minimum salary, namely 61,5% of the total number. *Source: Agerpres.*

World Bank: Romania on 47th spot in global rankings of states having most favourable business climate

Romania is placed 47th in the global rankings of the states having the most favourable business climate in 2008, with the Doing Business 2009 rankings having been made by the World Bank. Romania has stayed this year on last year's spot, the 47th in the annual rankings made by the international financial institution. Romania in 2007 advanced one spot, to the 48th from the 47th. The report takes into account several criteria of business regulation that record the time and cost to meet government requirements in starting and operating a business, trading across borders, paying taxes, and closing a business as well as personnel employment, property registration, getting a licence and the investors' protection. The rankings do not reflect such areas as macroeconomic policy, quality of infrastructure, currency volatility, investor perceptions, or crime rates. The report is available at http://www.doingbusiness.org/documents/DB09_Overview.pdf.

International Trade

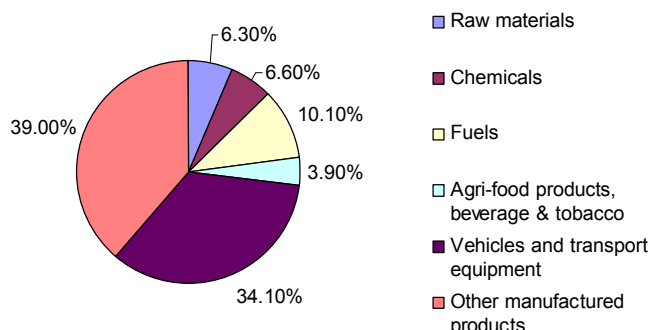
EUR 1.71 billion trade deficit in August 2008

Data published by the National Statistics Institute shows that FOB exports in August 2008 were in value of EUR 2.62 billion, up 16.2% as against August 2007, while the CIF imports were of EUR 4.33 billion, up 6.4% as compared to the same period of last year. As a result, trade deficit for August 2008 was in value of EUR 1.71 billion.

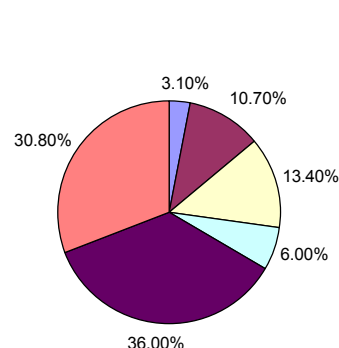
	FOB exports		CIF imports		FOB/CIF balance (billion EUR)	
	Value (bill. EUR)	% as against August '07	Value (bill. EUR)	% as against August '07	August 2008	August 2007
Intracommunitarian trade (EU 27)	1.77	114.3	2.74	98.5	-0.97	-1.23
Extra-communitarian trade (extra EU 27)	0.85	120.4	1.59	123.5	-0.74	-0.58
TOTAL	3.19	120.8	5.08	114.2	-1.71	-1.8

See graphs below.

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



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



Legislation / taxation

Governmental Ordinance no. 22/20.08.2008 regarding energy efficiency and promotion of the use of renewable energy resources by end-consumers

Governmental Ordinance no. 22/20.08.2008 regarding energy efficiency and promotion of the use of renewable energy resources by end-consumers has been published. The aim of the Ordinance is the establishment of the legal framework for drafting and implementing the national policy in energy efficiency. The beneficiaries of the Ordinance are: suppliers of energy services, through which measurements for the improvement of energy efficiency are attained, distribution system operators, energy sector retail companies, end-consumers and the military, with the exception of materials used for military purposes. Economic operators that annually consume an energy quantity exceeding the equivalent of 1,000 tonnes of petroleum, are obliged to: • annually

perform an energy audit conducted by a natural or legal person, authorised by the Romanian Agency for Conservation of Energy ("ARCE"); • develop energy efficiency programmes; • appoint an energy manager authorised by ARCE or conclude a management agreement with an accredited natural or legal person that provides energy services. Economic operators that annually consume an amount of energy between 200 and 1,000 tonnes equivalent in petroleum, are obliged to elaborate an energy audit every two years, conducted by a natural or legal person authorised by ARCE. ARCE is the specialist authority contributing to setting up the energy efficiency policy and is responsible at a national level for the implementation and monitoring of this policy. The Ordinance regulates financial and fiscal incentives for the improvement of energy efficiency and promotion of the use of renewable energy resources by endconsumers in observance with state aid legislation. *See: Romanian Official Gazette no. 628/29.VIII.2008, part I.*

Amendments concerning the Environmental Fund

The Romanian Government issued Ordinance no. 25 dated August 27, 2008 amending and supplementing an earlier Ordinance regarding the Environmental Fund ("EF"). Some of the major changes are: • the introduction of a new tax of 3% levied on revenues from the sale of goods intended for dismantlement; • the RON 1/kg tax for packaging waste increased to RON 2/kg; • a new monthly tax of RON 0.2/piece ("ecotax") will be paid from 1 January 2009 by companies placing sale packaging on the market, for carrier bags not made of biodegradable materials. In order to inform end consumers, the ecotax must be shown separately on sale documents; it should also be visibly displayed by retailers. Failure to comply with this regulation can result in fines of between RON 2,000 and 2,500. *See: Official Gazette, Part I, no. 628/29 August 2008*

Technical norms regarding the authorisation for adjustment of the customs value

The National Agency for Fiscal Administration issued Order no. 6577 dated August 26 approving the technical norms regarding the authorisation for adjustment of the customs value of goods imported. The adjustment of the customs value refers to: • elements which are to be added to the customs value, but are not quantifiable at the time of import (e.g. royalties, licence fees); • elements which are not to be included in the customs value (e.g. interest, charges for assembly) but are not shown separately from the goods price. The authorisation for the adjustment of the customs value is granted by the National Customs Authority based on a request submitted by interested companies. Certain conditions must be fulfilled by Companies (i.e. not register bad debts to the customs authority) to receive authorisation for the adjustment of the customs value. The validity period of the authorisation is that requested by Companies, but it can not exceed three years from the issuance date. *See: Official Gazette, Part I, no. 635/3 September 2008*

With thanks to PriceWaterhouseCoopers Romania – Tax Department

EU funds

Romania to benefit from European funds worth EUR 1.5 billion in 2008

Romania will benefit from EUR 1.5 billion worth of European funds in 2008, said on September 12 Secretary of State at the Ministry of Economy and Finance Eugen Teodorovici. "The European financing for the projects in 2008 amounted to EUR 2.8-2.9 billion, and the national contribution to EUR 1.3 billion," the state secretary said. So far, European funds worth EUR 2 billion have entered Romania, according to Teodorovici. ISPA funds amounted to over EUR 300 million in 2008. "Over 3,200 projects were submitted until August, and the main areas where the European funds will go are environment infrastructure and transport, " Teodorovici also said. *Source: Agerpres.*

MEF to replace national funding for three transport infrastructure projects

Romania's Ministry of Economy and Finance (MEF) will replace national funding worth EUR 1 billion with European grants for three transport infrastructure projects, MEF State Secretary Eugen Teodorovici said on September 16. 'The national funding worth EUR 1 billion for the Cernavoda-Constanta, Lugoj-Arad motorways and the Constanta ring road will be replaced with European grants,' the MEF official informed. The three projects are estimated at EUR 2 billion. EUR 1 billion will come from the European Investment Bank (EIB) and EUR 1 billion from the Romanian Government. 'The advance payment on the works, which is 20% of the total value of the projects, will be paid out from European grants,' said Teodorovici. The state secretary also said national funding for infrastructure projects will be replaced with European grants in the case of other projects as well, at the proposal of the Transport Ministry. *Source: Agerpres.*

Support from EIB for drawing European funds for Romania Bucharest,

European Investment Bank (EIB) could grant a financing incentive of EUR 1 billion for pre-financing and for drawing European structural funds granted to Romania until 2012, said, on September 12, in Oradea, Eugen Teodorovici, state secretary for treasury and external public finance at the Romanian Ministry of Economy and Finance and member from Romania in the EIB steering board. According to him, talks are held with EIB for creation of a financing incentive for the main three operational sectoral programmes, very big as value and impact, those for transport, environment and energy. Teodorovici said he is confident that until the end of 2008, this financing incentive will be approved both by the government and by the board of the bank. "I believe it will be a very sensible instrument, by which we can make payments in advance, we can receive from the bank a downpayment of some 30% of this sum, out of which the Romanian party, the ministries managing European funds can ensure pre-financing of European projects, " said the state secretary. The support from EIB will be a very useful mechanism for a rapid absorption of European funds at national level, it is known that along with European funds worth over EUR 20 billion, there must be local or national co-financing. The amount of EUR 1 billion can be raised if needed, Teodorovici also said. *Source: Agerpres.*

European funds to arrange Danube's cliff in Mehedinti

The Orsova City Hall, Mehedinti County, is the beneficiary of RON 6.8 million representing funds from the European Union, following to use the money to arrange 2.5 kilometres of cliff along the Danube. The Mayor of the City Constantin Bragaru told Agerpres on September 18 the Orsova Local Council is to add RON 1.1 million co-financing to this amount, with the money to come from own sources and being to contribute to the completion in no more than a year of the works to be carried out in the southeastern area of the city. "There will also be built three mini-ports for the light boats to moor in the area of the sports base for kayak-canoe. We will also make pontoons to be used for parking the cruise ships which started to appear in the Romanian-Serbian cross-border area," Bragaru said. The City Hall has also implemented this year a project to rebuild the Cerna Gulf segment between the European road DE 70 and the Pescarusului island, which became an important area for walks and leisure for the inhabitants of the city and tourists too.

Romania, Bulgaria set up business centre from EU funds

The Chamber of Commerce, Industry, Navigation and Agriculture (CCINA) based in the Black Sea port of Constanta launched on September 18 the project named Euro Dobrogea - The Romania-Bulgaria Centre of Business and Innovation Research, worth EUR 435,000, of which 88% are European Union funds. The Chamber chairman Mihai Daraban told a news conference the project is achieved by his institution in partnership with the Chamber of Commerce and Industry based in Dobrich, Bulgaria, the Ovidius University of Constanta and the Dobrich Technical College; the project will be completed in the next 14 months, he added. 'The project is aimed at making a contribution to the economic development of the Romanian and Bulgarian region of Dobrogea, by means of the services of business support and innovation, with the direct beneficiaries being the business communities from Constanta and Dobrich', he said. The Centre of Business and Innovation Research has been built on 423 square meters, with the project targeting some 2,400 firms operating in Constanta and Dobrich, CCINA vice chairman Danut Juganaru said. *Source: Agerpres.*

Foreign investment

Foreign investment at the end of July 2008

According to the provisory data published by the National Office of the Trade Registry, after the first semester of 2008, there were 155,517 companies registered in Romania with foreign participation in social capital, total foreign investment amounting to EUR 20.8 billion. The top of the first five foreign investors was led by the Netherlands, with 3,337 companies registered and total invested capital of EUR 3.84 billion, followed by Austria with 5,218 companies and a total investment of EUR 2.36 billion, Germany with 16,247 companies and a total investment of EUR 2.04 billion, France with 5,702 companies and an investment of EUR 1.62 billion, and Italy with 26,067 registered companies and a total investment reaching EUR 0.88 billion.

More investors following Ford's suit in the region Bucharest,

The Ford investment in Craiova has increased the interest of Dutch investors in the region, and that is why the Dutch Embassy in Romania and the South-West Oltenia Regional Development Agency (ADR SV) have laid the foundations for a joint working and cooperation project to boost the number of Dutch companies investing in Dolj County. ADR SV Oltenia Director Marilena Bogheanu told Agerpres that she had a meeting early in the first week of September with Dutch

Embassy officials where the officials voiced much interest in the zone, particularly in investing in green energy and farming. Head of the Business Section of the Dutch Embassy Marjolijn van Deelen presented at the meeting the top fields of the Dutch economy, particularly green energy generation and free range agriculture as well as full readiness for cooperation and know-how exchanges with local companies and authorities, said Bogheanu. 'The Ford investment in Craiova opens new opportunities for Dutch companies operating in various sectors, such as research technology parks, automotive development and innovation, and the Dutch officials mentioned in this respect cooperation with the Automation, Computer Sciences and Electronics Faculty of Craiova, which could provide well-trained specialists,' she explained. Bogheanu also said the Dutch officials voiced readiness to cooperate in various areas with ADR SV Oltenia and relevant institutions of Oltenia, particularly on an investment level. Bogheanu introduced to the Dutch guests the main funding opportunities included in the Regional Operational Programme, highlighting the need for fresh foreign investment in the region and assisting local public authorities with drawing European funds by developing the consultancy and projection sector, which should ensure the drawing up of mature and consistent documentations. Another topic approached at the meeting related to the development of agriculture, environmental protection, research, development and innovation, as well as to possible academic cooperation projects, with the potentials of the Oltenia region being emphasised. *Source: Agerpres.*

Energy

Korodi: Environment Ministry to invest EUR 20 million in renewable energy projects

Environment Ministry will invest over EUR 20 million in renewable energy projects in 2009, to be financed by the Environment Fund, Environment and Sustainable Development Minister Atilla Korodi said during a seminar on renewable power, on September 3. 'The amount is four times larger than the investments so far, and the money will be paid by the Environment Fund for renewable energy projects,' Korodi stressed, adding that starting Dec 2009, the Ministry is to draw up a guidebook for obtaining finance for building renewable power generating units on EU funds, the guide being aimed both to companies and individuals. Likewise, Korodi pointed out that the 16 projects, concluded with 10 countries, on the implementation of environmental projects related to Kyoto protocol, and more 30 projects are underway. The Environment Fund is an economic financial instrument aimed to support and achieve the environment protection projects and programmes. *Source: Agerpres.*

Romania might draw energy investments worth EUR 12 to 15 billion over 2009-2012

Romania might draw some EUR 12 billion to EUR 15 billion in investments in the energy sector over 2009-2012 in order to build reactors 3 and 4 of Cernavoda Nuclear Power Plant, investments in thermal power plants and in building a hydro-power plant at Tarnita-Lapusesti, Economy and Finances Minister Varujan Vosganian said on September 16. The minister took part in the signing of a non-repayable loan worth more than USD 1 million that the U.S. Trade and Development Agency (USTDA) offers Romanian gas company Romgaz for the conduct of a feasibility study on the regional natural gas market. Vosganian reiterated that the key problem in Romania is infrastructure, meaning that there is need to redefine the concept of critical infrastructure. As such, he stressed there is no rush to privatise the Romanian energy sector, i.e. such companies as Romgaz, Nuclearelectrica and Hidroelectrica, but it is important that these companies be listed on the Stock Exchange. 'Romania is playing an increasingly big part in the European Union's energy security and we do not want to lose control of these companies', he argued. The economy minister hailed the signing of the grant agreement, underscoring that the event is an important signal that Romania together with the United States give amid the need for Europe's re-orientation with respect to the energy sources, taking into account that it currently imports half the demand of hydrocarbons for consumption. 'This project is a sign of the U.S.' interest for Romania, and Romania's energy security is a stability factor for the Euro-Atlantic security', Vosganian stressed. *Source: Agerpres.*

Infrastructure & transport

President Basescu advocates pan-European corridor

President Traian Basescu said that the project of the pan-European transport corridor needs to be promoted "with all our force." In the opinion of the Head of State, Romania must begin talks with the Danube riparian countries and with the Rhine and the Main riparian ones about the unification of transport rules. "The Danube can become an economic corridor you can certainly promote,

starting from the reality that this corridor can develop around the 13 river ports we have," said the President. He mentioned that Romania was the country having the most numerous ports along the Danube. All along the 1,075 km there are 13 river ports, besides the river and sea ones: Sulina (southeastern Romania), Galati and Braila (both of them in eastern Romania). "Around these ports it is clear that the Danube can become an economic corridor, not only a transport corridor, by stimulating foreign and Romanian investments," said Basescu. *Source: Agerpres.*

Galati County Council joins Black Sea Euroregion

Galati County Council will participate, as a founding member, in the setting up of the Black Sea Euroregion Association, president of the said council Eugen Chebac told Agerpres on September 2. He explained that in the association there were so far regions in Turkey, Ukraine, Bulgaria, and from Romania, only the county of Constanta. "We have also introduced Tulcea and Galati, believing it is normal to do so, because the maritime Danube reaches Galati," Chebac said. The Black Sea Euroregion Association, based in Constanta, is a legal person and is a forum of cooperation between local and regional authorities in the Black Sea area. It operates under the European legislation of cross-border cooperation. The Euroregion aims at the improvement of good governance practices, consolidation of democratic stability, environment protection, promotion of investment in renewable energies, development of infrastructure, access to European financing programmes, relations among people and cultural exchanges. The county of Galati, along with the counties of Tulcea and Braila, is part of the Lower Danube Euroregion, which also includes the region of Odessa, in Ukraine, and the counties of Cahul and Ismail, in the Republic of Moldova. The Lower Danube Euroregion, which will be a legal person, soon, will be based in Galati. *Source: Agerpres.*

Container terminal in Galati port Bucharest

The first container terminal on the maritime Danube opened in Galati (south eastern Romanian Danube harbour), at the beginning of September. The new terminal is a joint investment by the Galati-based Maritime Danube Port Administration National Company (APDM) and the Metaltrade International Company belonging to businessman and main shareholder of the Bazinul Nou and the Docks harbours Corneliu Gavaneanu. The total investment grossed about EUR 10 million, the terminal covering 16,000 sqm, along 135 meters of the pier and it brought 22 new jobs. The quay was upgraded by APDM that invested RON 7.8 million and the rest up to RON 34 million by Metaltrade International. 'It was Europe that pushed us to such an investment. In two years, at the longest, there is the prospect that the traffic to Ukraine and Russia should grow fast. There are growing demands by big European (Austrian, German, Serbian) companies that want to transfer goods to Russia, which also owns raw materials, coal, ore, cement, fertilizers, etc. Subsequently, Galati is to play a key role in this eastern European link,' Gavaneanu said. The terminal is to complete harbour unloading, loading and container depositing operations, which are in high demand all over Europe and worldwide. The terminal's initial capacity amounts to 7,800 TEUs and is expected to attain 30,000 TEUs. *Source: Agerpres.*

Bega Canal, prepared for navigation

Navigation Directorate of Banat (DAB) begins this week mud cleaning works and ecological reconstruction of Bega Canal, in Timisoara, western Romania, with authorities expecting to remove some 400,000 cubic meters of mud. DAB executive manager Titu Bojin told Agerpres the toxicity of the mud will be submitted to biochemical tests in specialized labs, and the behaviour of residues in time will be followed by authorities for a period up to ten years. A firm already prepared an ecological area for storing the mud, vegetation will be planted over it. According to Bojin, the works will affect the fauna and flora during mud cleaning, but after that, things will return to normal, and it is even possible that new fish species appear. "Due to these works, Bega Canal will deepen up to four meters, which will take the level of the water at seven-eight meters, making it navigable," said Bojin. At the end of the works, in late 2009, little ships, barges can navigate on Bega, up to the border with Serbia, over a distance of 43 km. In a next step, a project of commercial navigation will start. The current works are worth EUR 17 million, the money comes from a total loan of EUR 61 million, which Romania made in Jan 2007 with the European Bank for Reconstruction and Development (EBRD), for the financing of a project of defence against floods, in south-western Romania. A stage for commercial and tourist navigation follows. Bega Canal is the first navigable canal built in Romania, with a total navigable length of 44 km in Romania and 72 km in Serbia. The works on the canal started in 1728, upstream Timisoara. Last modest works for cleaning the mud were carried out almost 50 years ago. Bega Canal is for Timisoara city an opportunity of lasting economic development. For deriving full benefits from the economic efficiency of the canal, DAB will sign, at the end of this month a protocol with Serbian authorities on the environment parameters which Bega must have on both sides of the border.

All infrastructure projects financed through ISPA, finalized until end-2010

Minister of Transport Ludovic Orban said on September 30 that all the infrastructure projects that benefit from financial support through the ISPA Programme of the EU would be finalized by end-2010. "All these projects will be finalized until 2010, including here the infrastructure on the Romanian bank of the Danube bridge Calafat -Vidin," said Orban in a seminar on infrastructure matters. The minister said the ISPA programme finances projects such as the ring roads of Deva, Simeria, Orastie and Caransebes towns (west), the infrastructure of the Calafat-Vidin Bridge and ensuring navigation conditions of minimum 2.5 meters on the Romanian bank of Danube River between Braila (east) and Calarasi (south). According to the minister of transport, Romania will absorb European funds of EUR 350-500 million for the development of road infrastructure in 2009. All the execution contracts for the motorways projects will be signed by 1 July 2009. *Source: Agerpres.*

Environment & water

Senate scraps pollution tax

Convened in a plenary meeting, the Senate voted on September 8, to scrap the pollution tax, adopting the amendments to the government's Emergency Ordinance No. 50/2008 proposed by the two Committees, for Budget-Finance and Public Administration respectively. The tax collected over the period January 1, 2007 - June 30, 2008 and the amounts cashed since the enactment of the government's Emergency Ordinance No. 50/2008 shall be fully refunded within three months since the adoption of the law in Parliament. Accepting an amendment suggested by Conservative Senator Marius Marinescu, the Senators also decided that the amounts payable to the citizens shall be adjusted by the inflation rate. The refunds shall be covered from the state budget and not from the environment fund. *Source: Agerpres.*

Harsher punishments for illegal waste transport

The Romanian Government passed the Resolution on the transport and the storage of dangerous waste, stipulating severer punishments for the trespassers, Environment Minister Attila Korodi said on September 11. The new Resolution rises the fines that are to reach RON 30,000, but it also stipulates the confiscation of the transportation means used to carry illegally the waste and thus to violate the law, Minister Korodi added. Likewise, the fines to be imposed on the unauthorized litter operators for urban waste transport are to range between RON 3,000 and RON 6,000. "When the National Environment Guard or the police catch in the act or their investigations disclose that an economic agent has transported or stored waste, the transportation means will be confiscated and it becomes the State's property," Environment Minister pointed out. The Resolution also regulates the approvals and authorizations the beneficiary of the waste transport must get from the relevant authorities. Whereas, the waste transportation used to require only a simple note released by the Local Environment Agency, from now on, the transport must be notified in due time, and the transporter must lodge the documents on the waste and establish clear routes avoiding urban jams, as much as possible. The transporter needs permits from both the local Environment Agency and the Inspectorate for Emergency Situations and the city halls of the localities, which the waste will be carried through, says the new law. It was the Environment Ministry that initiated the new law on the transport of dangerous and non-dangerous waste on Romania's territory, and it regulates the system of transportation of such materials, clarifying the responsibilities incumbent to all the factors involved in the waste transportation. *Source: Agerpres.*

Water resources management in extreme conditions

The natural cycle of seasons has changed over the past years in Romania as well, so that starting 2003, we have been dealing with extreme weather, head of "Romanian Waters" National Administration Marius Postelnicescu said at a conference. The international Conference "Water Resources Management in Extreme Conditions," organized by the National Institute of Hydrology and Water Management, over September 22-24, 2008, will debate the way of introducing new ways of forecasting floods, the weather impact on the water network and the efficient use of land. "As of 2005 we have started to support the rebuilding of the water infrastructure, especially of that affected by extreme weather. Over 2005-2006 we have financed the reconstruction of dams, dredging, unsilting, and the reconstruction of the bed of the river. The upgrading of Costinesti resort (southeast, at the Black Sea), was made with funds from the Environment Fund Administration. A budget of 20 million lei has been allotted for such works. All flood-stricken constructions in Maramures county (north) will be rebuilt with money from the Environment Fund," head of the Environment Fund Administration told Agerpres. Attending the event are representatives of the International Association of Hydrologic Science, experts of the DELFT

Hydrodynamics Institute of the Netherlands. The participants will hold talks on the programs related to the forecast of extreme weather conditions, water resources management and other related issues.

Romania's floodability maps to be finalised by 2011

Romania's floodability maps indicating the expansion of floodable areas and the variations in water depths when flush-flooded that takes into account different overflowing probabilities will be out by 2011, Director General Marius Postelnicescu of the Romanian National Waters Administration (ANAR) told a specialist conference on September 22. 'The new European legislation concerning floods, which came into force in 2007, has set 2013 as the deadline for the completion of the flood hazard maps, those maps that can indicate the possible effects floods will likely trigger, areas where people can be evacuated, as well as flood-prone areas where people should not build houses. The risk maps will round up the floodability maps and they will help us assess flood damage that occurs with a probability of once in 50, 100 and 1,000 years,' said Postelnicescu. After being completed, the maps will be made available to mayors and the public at large, in an attempt to prevent people from building homes in flood-prone areas. The risk plans are expected out by 2009, and the provisions thereof will be included in water planning projects, which are an integral part of guiding schemes for river basin planning and management. The international conference on the management of water resources under extreme conditions, organised by the Romanian National Water Engineering and Management Institute, September 22-24, in Bucharest discusses ways of introducing the new models for flush flood predictions, the climate impact on water networks, as well as efficient use of land. Romania is said to have been one step ahead of European requirements, in that helicopter flights have already been operated to get a digital drainage models of water sectors preliminary identified as at high risk for flooding. *Source: Agerpres.*

First ISPA project in Romania, completed in Satu Mare Bucharest

The first fully completed ISPA project in Romania has been submitted on September 29, in Satu Mare (northwestern Romania), in the presence of Environment and Sustainable Development Ministry Attila Korodi, reads a release with the Ministry of Environment and Sustainable Development (MMDD). The value of the project, aimed at upgrading the water and waste water networks, amounted to EUR 37.3 million, of which EUR 26.5 million are ISPA pre-accession funds and EUR 10.8 million represent a co-financing of Satu Mare municipality, through a loan from the European Investment Bank (BEI). As many as six kilometers of pipes have been set up, the old ones have been replaced and the electric equipment and pumps have been upgraded. In the waste water sector the cleansing station has been upgraded and disinfection equipment has been set up right before the waters' flowing into Somes river. Also, some 13 kilometers of sewerage systems and seven pumping stations have been upgraded.

Agriculture & food

SAPARD payments resume

On September 22, the Paying Agency for Rural Development and Fisheries (APDRP) has resumed the payments of SAPARD funds to project beneficiaries, as result of the implementation of an action plan designed to solve the deficiencies identified by the European Commission earlier this year. According to APDRP, the total sum still to be paid to SAPARD project beneficiaries stands at some EUR 307 million for 1,409 projects. In a first phase, payments are made from the national budget, while the European Commission will reimburse the respective funds only after the confirmation of an external auditor that the action plan was properly implemented. *Source: Agerpres.*

New financing opportunities for small non-agricultural activities in the rural area

Starting with September 18 - and until the end of 2013 - entrepreneurs have access to EUR 383 million representing European non-repayable funds for the development of micro-enterprises in the rural area. Financing is done under measure 312 of the National Rural Development Programme. The operational goals of the measure refer to the setting up of micro-enterprises and the development of those already existing in the non-farming sector in the rural areas, the encouragement of business initiatives promoted especially by young people and women and the encouragement of crafts and other traditional activities. The non-repayable funding is up to 70% of the total eligible project cost, but it cannot exceed EUR 50,000 per project if the beneficiaries are authorised individuals, EUR 100,000 for micro-enterprises operating in road transport and EUR

200,000 for other micro-enterprises. The funds may be used for non-farming activities, like the light industry, industrial processing of wood products, fine mechanics, machine assembly, household tools and packaging-making. The funds can also be used to support the development of crafts, traditional non-farming activities specific to the respective area (tailor's, barber's, shoe-repair shops), internet connection and supply, transport services. Measure 313 which supports rural tourism has also been recently launched. The maximum amount of public funds per one project is EUR 200,000 and can be used for the construction/modernisation of touristic villas, cottages, bed&breakfast or camping units, leisure activities (swimming, horseback riding, rafting, etc.), and setting up/modernisation of tourist information centres. Some EUR 544 million are available for this measure until 2013. *Source: Agerpres.*

Agricultural production increases in the first half of this year

Agricultural production grew by 3.8% in the first half of 2008, compared to the same period of 2007, according to the data made public by the National Statistics Institute. Crop production increased by 18.8%, while animal production and farming services decreased by one percent and 18.7% respectively. *Source: Agerpres.*

Romania has not exceeded its national milk quota

Romania has not exceeded its national milk quota for 2007-2008 and therefore will not be penalized by the EU, according to the Paying and Intervention Agency for Agriculture (APIA). As many as 621,702 dairy farmers with direct sale quotas and 242,303 farmers with quotas for deliveries to milk processors had to lodge annual statements for the quota year April 1, 2007 - March 31, 2008. In its negotiations with the EU, Romania was given the right to produce 3 million tonnes of milk per year, two million tonnes for direct sales and 1 million tonne for deliveries to milk processing units. Exceeding this quantity attracts penalties worth EUR 278.3 for each milk tonne above the quota, and in case less milk is produced, Romania's milk quota is reduced in the forthcoming years. Nevertheless, the milk production quotas grew by 2% in all EU countries starting April 1, 2008. This is important for Romania because it helps the sector's restructuring, given that many new cattle breeding farms will be finalised over 2008-2009. In 2006, Romania counted 1.15 million farms and 1.7 million cows, with over 90% of the farms having 1-2 cattle heads, while only 163 farms had more than 100 cattle. *Source: Agerpres.*

National Office for Romanian Traditional and Organic Products

The city of Brasov was the host of the launching of the National Office for Traditional and Organic Romanian Products (ONPTER). The Office has representatives in six (out of the 41) counties, namely in Iasi, Galati (east), Arges (south), Timis, Bihor (west), Alba (central) covering Romania's whole territory. ONPTER works with small and medium-sized producers, keeps in touch with processors and other players and collects applications for product certification. The Ministry of Agriculture and Rural Development drafted a Government decision providing that organic products should be supported through a programme (compatible with European rules) whereby 50% of the expenditures related to the certification of traditional and organic products is supported from the budget of the Ministry. Moreover, RON 425 will also be granted for a hectare of certified organic crops, RON 700 for a hectare of organically certified vineyard, but with the area not exceeding 20 hectares, and RON 75 for a family of honey bees organically certified. At the moment, there are 1,800 traditional and organic products registered in Romania and 3,800 players in the organic sector. Romania imported in 2007 organic products worth EUR 3 million and exported in the same period some 87 tonnes of organic and traditional products worth EUR 68 million to Germany, Italy, the Netherlands, Greece and France. Among the certified traditional/organic products are the potato bread, the cheese wrapped in fir tree bark, the smoke-dried trout, the Plescoi sausages, the plum jam, forest fruits and others. According to statistics, from 2000 to 2007, the areas covered by organic crops increased almost ten times, with the number of certified organic animals having increased 16 times. *Source: Agerpres.*

Tourism

Romania numbers 27 campsites in Kosmos Campingwijzer Guide

Romania is presented with 27 campsites in this year's edition of Kosmos Campingwijzer Guide, one of the best known tourism publication in Europe, informs the Ministry for Small and Medium Sized Companies, Trade, Tourism and Liberal Professions (MIMMCTPL). Kosmos Campingwijzer Guide is annually published in 25,000 copies and it is distributed in the Netherlands and Belgium and it is a reference guide for similar publications in UK, Germany and France. "The Dutch and Belgian holidaymakers are well known for their hobby to travel by caravans. This is the reason

why, this year, the Tourism Department financed the visit paid to Romania by Piet Lettinck, the inspector the Guide designated to verify the campsites to be issued in the 2009 edition, said Tourism State Secretary Lucia Morariu. Kosmos Campingwijzer Campsite Guide 2009 edition will be published late this year and will be officially launched at the Vakantiebeurs International Tourism Fair due in Utrecht, the Netherlands, in Jan 2009, the most representative tourism event in Holland and one of the biggest in Europe. The Guide's 2008 edition has 1,000 pages and a CD presenting 6,500 campsites in 33 European countries, and those interested can access the campsites list at www.campingwijzer.nl. "We are confident that along with the development of Romania's road infrastructure, the more Romanian campsites will be listed, the more that the National Statistics Institute (INS) data say that 599,113 foreign holidaymakers came to Romania by car," Morariu added. *Source: Agerpres.*

Dutch presence in Romania

Remco to build a complex industrial project in Ludus

Remco Romania, member of Janssen de Jong Groep, and active in infrastructure, building systems and project management, has won the contract to build a complex "greenfield" industrial project in Ludus, Mures county. The beneficiary of the project is a well known international company with its headquarters in Manchester, UK. This British company is specialised in manufacturing accessories for the furniture industry. In Ludus, Remco will build 5 independent units/production halls, for different production lines, covering a total area of 10,000 square meters. The project is due to be finished in 9 months.

Interamerican Insurance posts 21% rise in gross written premiums

In H1 2008, Interamerican Insurance Company SA collected RON 44.286 million in gross written premiums, up 21% from the same period of 2007, the company informs. With a surge of 43%, the health insurance segment witnessed the most aggressive rise of all of Interamerican's business lines, higher than the market's average growth on this segment. Interamerican Insurance holds the leading position in the health insurance market with gross written premiums worth RON 5.167 million. "The company's provisional financial results confirm the strategy of Eureka Group to continue corporate investments on markets with an immense development potential, like Interamerican Group in Romania. We will further speed up the development of health and life insurance segments to consolidate our market positions in these business lines," said Frans van der Ent, CEO with Interamerican Insurance Company SA and member in the Interamerican Pensions Board. Dutch financial group Eureka B.V., majority shareholder with Interamerican Romania Group (insurance and pensions), has recently announced that its financial outcomes in H1 2008 were satisfactory, especially in the context of the turmoil challenging the global financial market. Gross written premiums on all insurance classes increased 26%, reaching EUR 10.8 billion in H1 2008 from the same period of 2007, with the health insurance segment contributing the heaviest to this amount. Eureka's gross written premiums on the health insurance market advanced from EUR 4.382 billions in the first half of 2007 to EUR 6.459 billion in the first half of 2008. Following the merger with Agis at the end of 2007, Eureka has grown into the leader of the Netherlands health insurance business, with a market share of 28% at mid-2008. *Source: Agerpres.*

ING to further invest in Romania

"We are willing to continue to invest in Romania and I don't know why others would think differently," says Eli Leenaars, a member of ING's Executive Board, who coordinates the group's retail operations in the Netherlands, Belgium, South-West Europe, Poland and India. ING official says that an investor will "withdraw its money from a market confronted with problems. But this year's economic growth in Romania, expected to stand at 9%, would therefore act as a "buffer" in case of a slowdown under external pressure. "Liquidity constraints are not as strongly felt in Central and Eastern Europe. As far as we are concerned, the most important risk facing Romania is how the economy's overheating is corrected. The risk of a hard landing is still there, but it is precisely the financing constraints and the higher premium risks which could contribute to a more gradual slowdown of the economy," says the ING official, quoted by Ziarul financiar daily. *Source: Agerpres.*

Events & Useful web links

New board at the Netherlands-Romania Chamber of Commerce

The NRCC held its general meeting on 30 October. The new board was elected as follows: Klaas Postema (Chairman), Bas Hoekstra, Robert Delhaas, Peter Jansen, Ciprian Nanu, Peter de Ruiter and Robin Martens.

Members of Jong V&W Organisation visit Romania

From 20 - 26 October, 40 enthusiastic professionals, members of Jong V&W, the organisation of young civil servants of the Dutch Ministry of Transport, Public Works and Water Management will visit Romania. These people represent all the departments within the Ministry, roads, water and air. They all have two things in common: they are all under 36 and they are eager to learn from this experience in a new EU member state. The group will visit Bucharest, Constanța, Tulcea and Brașov.

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.

- 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
 - 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
 - www.netherlandsemb.ro
 - www.evd.nl
 - www.netherlands.ro
 - www.nederland.ro
 - www.mapam.ro
 - www.mefromania.ro
 - www.mmediu.ro
 - www.mt.ro
 - www.insse.ro
 - www.mimmc.ro
 - www.romexpo.org
 - www.fonduri-structurale.ro