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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 (Rompres news bulletins, National Institute for Statistics, Nine O’Clock, Capital, Ziarul Financiar, Business Review) and reflects the developments of the month. It does not represent the opinion of the Embassy of the Kingdom of the Netherlands or any other official body. No responsibility for factual accuracy can be taken. Those interested in receiving the newsletter are requested to contact the above listed telephone and/or fax numbers or the e-mail address. Comments and suggestions are appreciated.

EUR / USD exchange rates against RON

Average February 2008 exchange rates were:

1 EUR = 3.6528 RON

1 USD = 2.4767 RON

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

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Macroeconomics

0.7% inflation in February 2008

According to the data published by the National Statistics Institute the inflation was of 0.7% in January 2008.

Unemployment at the end of January 2008

According to the data published on the web site of the National Agency for Employment www.anofm.ro the unemployment rate as of January 31 was of 4.3%. The highest unemployment rates were registered in Vaslui (9.4%), Mehedinti (9.1%), Ialomita (7.9%), Teleorman (7.6%), Covasna (7.1%), Caras-Severin (6.7%), and Gorj (6.1%) counties. The lowest unemployment rate was recorded in Timis county, i.e. 1.3%.

Average net wage in January 2008

Data published by the National Statistics Institute shows that the average net salary in January 2008 was in value of RON 1,200.

BNR increases monetary policy interest rate by 1% to 9%

The National Bank of Romania (BNR) increased the monetary policy rate on Monday with 1%, from an annual 8% to 9%, deciding to adopt additional caution measures, including growth in commission for loans in foreign currencies, destined to debtors exposed to risks related to currencies. This is the third subsequent growth of the key interest rate announced by the National Bank, after the one on October 31, 2007 (from 7% to 7.5%) and on January 7 (from 7.5% to 8%). Actually, the BNR decision reaches the highest value of the estimations made by the majority of economical analysts, who forecasted an increase of the key interest rate ranging from 0.5 to 1%.

6% GDP increase in 2007

According to the data published by the National Statistics Institute the GDP increase was of 6% in 2007 as compared to the previous year.

International Trade

International trade of Romania in 2007

According to the preliminary data published on February 11 by the National Statistics Institute, the Romanian FOB exports were in value of EUR 29.38 billion in 2007, while the CIF imports reached EUR 50.88 billion during the same period. As compared to 2006, the exports went up by 13.7%, while the imports increased by 24.9%.

The FOB-CIF trade deficit for 2007 was of EUR 21.5 billion, with EUR 6.6 billion (44.3%) more as compared to 2006.

Total value of the intracommunitarian goods exchanges in 2007 reached EUR 21.12 for outgoings, and EUR 36.15 for incomings, representing app. 72% of total Romanian exports, and app. 71% of total imports.

EUR 1.4 billion trade deficit in January 2008

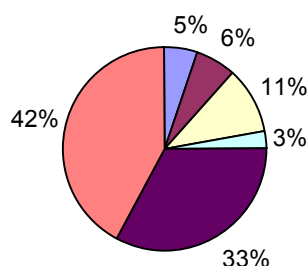
The preliminary estimations of the National Statistics Institute show that Romanian FOB exports were in value of EUR 2.426 billion in January 2007, up by 16.9% as compared to the same period of 2007, while the CIF imports reached EUR 3.843 billion, up by 11.3% as against January 2007. As a result, the trade deficit was in January 2008 of EUR 1.417 billion, with EUR 39 million higher than in January 2007

	FOB exports		CIF imports		FOB/CIF balance (billion EUR)	
	Value	% as against	Value	% as against	January	January

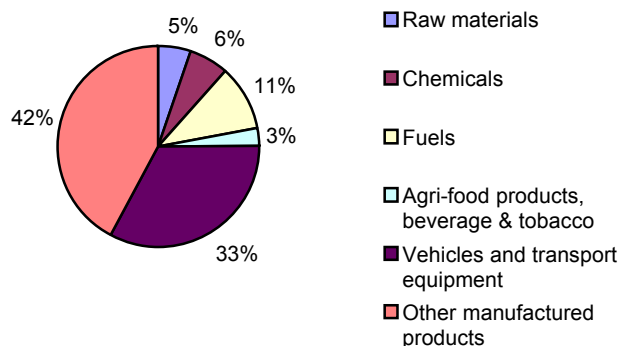
	(bill. EUR)	January '07	(bill. EUR)	January '07	2008	2007
Intracommunitarian trade (EU 27)	1.726	113.3	2.627	108.8	-0.9	-0.889
Extra-communitarian trade (extra EU 27)	0.7	127.0	1.216	117.1	-0.516	-0.487
TOTAL	2.427	116.9	3.843	111.3	-1.417	-1.378

In January 2008, the highest percentages in total exports and imports are held by product group "Vehicles and transport equipment", with 33% of exports and 37.7% of imports, and by "Other manufactured products", with 42.1% of exports, and 29.9% of the imports. See graphs below.

**January 2008 FOB Exports
breakdown on main categories of
goods**



**January 2008 CIF Imports breakdown on
main categories of goods**



Legislation / taxation

Changes to the Norms to the Fiscal Code

Government Decision No. 1.579/2007 amends and completes the Methodology Provisions on the applicability of law No. 571/2003 regarding the Fiscal Code in force from 1 January 2008. See: *Official Gazette no. 894 of 28 December 2007*

Changes to Accounting Regulations in accordance with EU Directives

Order of the Ministry of Economy and Finance no.2374/2008 introduces numerous changes and additions to Order no.1725/2005. See: *Official Gazette no. 25 of 14 January 2008*

The Transfer Pricing Documentation File

Order no. 222 of 8 February 2008 approves the content of the transfer pricing documentation file. The Order is supplemented by the Transfer Pricing Guidelines issued by the Organisation for Economic Cooperation and Development (OECD) and the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union, published in the Official Journal of the European Union No. C176/01 of 28 July 2006. See: *Romanian Official Gazette No. 129/ of 19.02.2008*

Tax return forms

Order 101/21.01.2008 issued by the Ministry of Economy and Finance has been published in the Official Gazette no. 70/30.I.2008. The order approves return forms to be filed by taxpayers with self-assessed and withholding tax liabilities and contributions. The annexes to the order present models, content and filing instructions for the return forms to be used by taxpayers in reporting annual tax liabilities pertaining to fiscal year 2007, 2008 and onward (with earliest filing deadline on 25 February 2008).

Tax returns filing

Order 125/15.01.2008 issued by the Ministry of Economy and Finance has been published in the Official Gazette no. 71/30.I.2008. The order approves the tax return forms which taxpayers are obliged to file using the system "codified information in bar code". The order also clarifies what categories of taxpayers are exempted from using the bar code system, and file instead via Electronic National System and ANAF portal.

Tax payments procedures

Order 131/30.01.2008 issued by the Ministry of Economy and Finance has been published in the Official Gazette no. 73/31.I.2008. The order modifies and replaces Annex no. 1 and Annex no. 2 of the Order 1294/2007 regarding taxes, contributions and other fiscal receivables paid by taxpayers in a sole account. The annexes update nomenclatures to be used for payments of taxes, contributions, and other fiscal receivables due after 1 February 2008.

Establishment of a European Pollutant Release and Transfer Register

The Romanian Government has issued Decision no. 140/2008 concerning the establishment of a European Pollutant Release and Transfer Register ("EPRTR"), thus implementing Regulation No. 166/2006 of the European Parliament ("the Regulation") and repealing Orders of the Ministry of Water and Environmental Protection no. 1144/2002 and no. 1440/2003. In comparison to the previous legislation, this Government Decision covers a larger number of pollutants and activities. Subject to these rules is the release of pollutants to air and water, as well as:

- the release of pollutants to land;
- the release of pollutants from diffuse sources;
- off-site transfers of hazardous / non-hazardous waste.

Companies have to report annually to the National Environmental Protection Agency the amounts of pollutants released and off-site transfers of hazardous / non-hazardous waste if the thresholds specified in Annex II of the Regulation are exceeded. The deadlines for submitting the reporting data are:

- 31 May 2008 for the first reporting year (i.e. 2007);
- 30 April of each year for the following reporting years.

Within 30 days of entry into force of this Government Decision (i.e. by 19 March 2008) the Minister of the Environment and Sustainable Development is to establish the standard format for reporting.

See: Official Gazette of Romania no. 125/18.02.2007

Norms for the operation of the Central Customs Laboratory and its analysis methods

The vice-president of the National Agency of Fiscal Administration has issued Order no. 356/11.02.2008 amending Order no. 9250/18.12.2006, approving the norms for the operation of the Central Customs Laboratory and the analysis methods it uses. One of the major amendments requires the customs office to issue a sampling report. By signing it, companies acknowledge the representative nature of the samples. The Order lists the documents to be submitted to the National Customs Authority in order to obtain the customs tariff classification of the products. This applies to companies seeking authorisation as tax warehouses for the production of ethylic alcohol and / or alcoholic beverages, or for production of energy products. The norms also apply to companies authorised as tax warehouses for the production of ethylic alcohol and alcoholic beverages. These companies are required to obtain the customs tariff classification for their manufactured products from the National Customs Authority by 30 April 2008. *See: Official Gazette of Romania no. 130/19.02.2008*

PFA – CAEN changing

Due to the provisions of Order no. 337/20 April 2007, regarding the updating of the Classification of Activities from National Economy – CAEN, which entered into force on 1 January 2008, individuals who perform economic activities as authorised individuals (PFA) have to change their object / objects of activity accordingly. PFAs have to submit the following documents to the relevant town hall:

1. PFAs who obtained authorisation in or before 2006: • Registration certificate in original; • Authorisation in original; • New fiscal registration code (issued by the Fiscal Administration); • Town hall request form (appendix no.6 to H.G. 1766/2004); • ONRC request form (ONRC form no.12).

2. PFAs who obtained authorisation in 2007: • Registration certificate in original; • Authorisation in original; • Town hall request form (appendix no.6 to H.G. 1766/2004).

In both cases the taxes to be paid are:

- 29 RON for annual certification of the authorisation;

- 25 RON for changing the object of activity.

Authorisation procedure in Romania for individuals with tax consultant status in other EU member states or in the European Economic Space

The Romanian Tax Consultant Chamber has issued Decision no. 9/24 January 2008 approving the authorization procedure in Romania for individuals with tax consultant status in an EU member state or the European Economic Space. According to the Decision, individuals with tax consultant status in an EU member state or the European Economic Space may act as such in Romania in the following ways: • On a freelancer basis; • As employees; • Through the supply of services as defined in Government Order no. 71/2001.

Under the Decision individuals with tax consultant status in an EU member state or the European Economic Space have to request authorization as tax consultants in Romania from the Romanian Tax Consultants Chamber.

With thanks to PriceWaterhouseCoopers Romania – Tax Department

Private pensions

Compulsory private pensions, second largest market in Europe

The market of compulsory private pensions in Romania is the second largest in Europe after Poland, in terms of number of participants. The private pensions attracted almost 4 million persons, the surprise of the campaign was the high number of people subscribing for optional compulsory pensions, people aged between 35 and 45 years. President of Supervisory Commission of Private Pensions System Mircea Oancea said that contributions worth of EUR 300 million will be directed towards the compulsory private pensions system in 2008. There are 18 pension funds on the domestic market, the first position being held by ING with 1,279,955 participants (30% market share), Allianz Tiriac with 1,017,935 participants (over 25%) and Generali with over 400,000 participants (10% market share). Interamerican and BT Aegon rank 5th, and 8th in the top ten players on this market. The gathered assets of the 18 private administrators will reach EUR 200 million by year-end, according to estimates.

EU

Romanian Parliament ratifies Lisbon Treaty

On February 4, the Romanian Parliament ratified the EU's Reform Treaty with 387 votes in favour, 1 vote against and 1 abstention. "The ratification of the Lisbon Treaty reconfirms Romania's commitment for the advancement of the European project, by improving the EU's capacity to implement policies to the benefit of the European citizens and by the consolidation of the EU's role at global level," stated the Romanian Foreign Affairs Ministry in a press release. Romania has been the 4th EU member state that ended the parliamentary procedure of ratification of the Treaty of Lisbon, after Hungary (Dec. 17, 2007), Slovenia and Malta (Jan. 29, 2008), the Foreign Ministry also says.

Launch of the SOP Increase of Economic Competitiveness

Ministry of Economy and Finance launched Monday, March 10, the Sectoral Operational Programme Increase of Economic Competitiveness (SOPIEC). Total financial allocation for the period 2007-2013 for the SOPIEC is of EUR 3.011 billion, representing co-financing from the European Fund for Regional Development of 85%, and the rest of 15% is covered from the state and local budgets. *More info, especially on the time frame for each priority axe and area of intervention, is available in Romanian at <http://www.fonduri-structurale.ro/detaliu.aspx?t=Stiri&ID=2184>.*

Support for micro enterprises within the framework of the ROP

Ministry of Development, Public Works and Housing launched the call for proposals for the 4th Axis of the Regional Operational Programme (ROP), i.e. Strengthening the regional and local business environment, "Support to develop micro-enterprises" area of intervention. Eligible for this field are projects related to building / expanding / modernising of production facilities; services offered to micro enterprises; acquisition of new, modern production equipment and technology; acquisition of IT systems (hardware and/or software), etc. Total budget available for this first call for proposals is of EUR 39.43 million. For the period 2007 – 2013, financial allocation available for the "Support to develop micro-enterprises" area of intervention is of EUR 200.09 million from the European Fund for Regional Development". Eligible beneficiaries for the above mentioned area of

intervention are companies that meet the legal criteria defining the micro enterprises. De minimis aid scheme for supporting micro enterprises is applied for this area of intervention. Starting with Thursday, March 13, the 8 Regional Development Agencies will receive proposals until June 16, 04:00 p.m. See <http://www.fonduri-structurale.ro/detaliu.aspx?eID=2202&t=Stiri>

EBRD in Romania

EBRD states support on update ROBOR-market money index in Romania

The European Bank for Reconstruction and Development (EBRD) said that the institution would support the introduction of updated ROBOR-market money index in Romania. The improved index which replaced the previous BUBOR index was launched by the Central bank (BNR) on March 6th. The quoting banks will be ABN Amro, Bancpost, banca Transilvania, BRD Societe Generale, BCR, CEC, Eximbank, ING, Raiffeisen and Unicredit banks.

Energy

Romanian-Dutch projects for increase in energy efficiency

Romania and the Netherlands want to develop common projects for the increase in energy efficiency, with European financing, representatives of Romanian Association for Energy Conservation (ARCE) announced on February 13 in a press conference. ARCE and the Agency for Innovation and Sustainable Development with the Dutch Economic Affairs Ministry - SenterNovem have signed an agreement memorandum on energy, for the increase in energy efficiency in both states. 'We have signed a memorandum to find together projects of cooperation in the energy field, able to attract European funds, that we can use together,' said ARCE President Tudor Constantinescu. One of the main sectors of interest for the two agencies is the transport sector. The ARCE President said that the institution he represents and SenterNovem have already cooperated in construction projects and in SME sector. 'We also want to monitor the energy efficiency in the two states and cooperate in building new energy units,' said the SenterNovem official Rob Kool, when signing the memorandum.

National Energy Company - one fifth of energy system

Romania's integrated state-owned National Energy Company will include all the non-privatized subsidiaries of Electrica SA, namely one fifth of the energy system, according to a first configuration had in view by the Government. Thus, Electrica Transilvania Nord, Electrica Transilvania Sud, Muntenia Nord, Hidroelectrica (all generating electricity), Electrica Serv (maintenance services) and the thermal power stations at Rovinari and Turceni (the biggest out of the three on the local market) are the companies to make up the new structure. According to Adolf Muresan, president of the Unions Federation (federation of the employees from the energy transport and distribution fields), the company will hold 40-45% of the thermal energy-generating system, 100% of the water energy one and 40% of the distribution system. The representatives of the Authority for privatization of State's Assets (AVAS) say the new entity will be established in a few weeks and the minority stakes will be listed on the Bucharest Stock Exchange (BVB). Moreover, a capital inflow will take place after the Government takes the final decision on this new entity. AVAS president Teodor Atanasiu says an initial stake of 20% will be listed on BVB, and the general manager of Transelectrica, Stelian Alexandru Gal, believes the listing is the best way to sell some stakes.

Investment in wind power systems reaches EUR 1.5 billion

The value of projects for the construction in Romania of wind power systems generating electricity has reached EUR 1.5 billion so far this year. There are 22 wind turbines currently operating in Romania which commissioning was made on investments of EUR 50 million. In 2007, the 22 turbines generated 4,947 MWh of wind power, less than 1% of the electricity consumption nationwide.

The newly unveiled projects are for an installed capacity of some 2,200 MWh. The wind power facilities are expected to cover approximately 10% of the current electricity consumption in Romania. If all the investment projects are carried through by 2010, Romania will have exceeded its 3.7 TWh wind power electricity generating quota to which it committed during accession talks with the European Union. In 2008, Cyprus' CWP company will invest EUR 1 billion in building a

wind power area in the eastern province of Dobrogea with an installed capacity of 335 MW. The project comprises two locations - at Fantanele de Sud (85 MW) and Fantanele de Vest (250 MW) - and it has been submitted for approval to the National Energy Regulatory Authority. EGL Power&Gas, the local subsidiary of Austrian EGL, has a budget of app. EUR 200 million to be invested in renewable energy projects, particularly wind power, while UPC Romenergy Investment, a member of the US UPC Renewables trust, is contemplating a project for the commissioning of a 70-MW wind power facility in which to invest some EUR 100 million. The company has started taking measurements, and construction on the facility should begin somewhere in the following three years. Spanish group of companies Iberdola, one of Europe's energy giants, has prepared 50 wind power projects for eastern Romania, which will add up to the projects already unveiled by Italy's Enel for wind power facilities to generate 200 MW of electricity in Dobrogea as from 2010. E.ON has started off a project for the construction of three wind mills in the eastern province of Moldavia with a total capacity below 10 MW, while Eviva Nalbant, a subsidiary of Portuguese Martifer, has taken a 260-ha land under lease to build wind power facilities that will generate 400 MW of electricity under a project to be finalised in 2012. The largest area with wind turbines in Romania will be in the central county of Cluj, where turbines will start spinning in 2009 at Marisel, 50 km from the county seat of Cluj Napoca.

Environment

Rehabilitation works for Danube Delta

The Danube Delta could benefit in 2008 from RON 26 million (over EUR 7 million) for rehabilitation works included in the Ecological Reconstruction Programme, the Ministry of Environment and Sustainable Development informs in a release. The works include the ecological reconstruction in agricultural and piscicultural areas, afforestations for bank consolidation and restoration of forests. 'The rehabilitation of Danube Delta biodiversity is as priority goal of the Ministry of Environment and Sustainable Development, and the ecological reconstruction is the only way to restore the functions of ecosystems and natural habitats in the Delta,' said State Secretary Lucia Ana Varga.

Four dams to be commissioned in 2008

Four dams, all of them placed on three reservoirs, with a total volume of 65 million cubic meters of water, are to be switched on in 2008, Secretary of State with the Romanian Ministry of Environment and Sustainable Development (MMDD) Lucia Varga, who participated in the conference "Measures to Adapt to and Reduce the Impact of Climate Changes," said on February 22. According to her, the biggest of the four dams is the one at Maracineni, built on the Arges River, with a total storage capacity of some 3.3 million cubic m of water, followed by the dam at Suplacu de Barcau locality in the Bihor County, on the Suplacu River, with a total capacity of 12.5 million cubic m of water, the dam at Mihaileni on the Crisul Alb River, in the Hunedoara County, with a 10-million cubic m storage capacity and the one in Ogrezeni de Arges, close to Bucharest, with a total capacity of some 8 million cubic m of water. "The dam in Ogrezeni is to supply drinking water to the capital. This is a strategic reserve of water in case of a chemical accident or major pollution," Lucia Varga explained. According to the data from the MMDD, there are 1,616 dams in Romania, with a total storage capacity of 10.15 billion cubic m of water. Among these, 1,373 dams, with a total capacity of 9.06 billion cubic m, represent permanent storages of water, with 243 dams with a capacity of 1.09 billion cubic m being non-permanent storages (used only for taking over the water in case of floods).

Infrastructure & transport

EUR 4 million for rehabilitation of some Pan-European roads

National Company of Motorways and National Roads (CNADNR) concluded on the 30th of January a contract with the European Union for the financing of a technical assistance project in the value of some EUR 4 million (without VAT), according to a release of the Ministry of Transport. Spanish Inocsa Ingenieria Co. is to offer technical assistance for the rehabilitation of some roads, part of the Pan-European transport network: DN 1 H (Zalau - Alesd), 70 kilometers long and DN 24, linking Galati and Vaslui counties and Crasna - Albita segment, 103 km. long. The contract is to be finalized within a 15-month period and financing is secured both from European funds, through Ex-ISPA facility and from the state budget.

Vinci, Strabag, FCC, Astaldi, Mota Engil interested in taking Bucharest-Brasov highway on lease

Large European construction companies are interested in taking the Comarnic - Brasov highway segment on lease: no less than 12 consortia filed pre-qualification bids for the leasing of the

segment, the construction of which is due to start in 2009. The group of 12 consortia includes some of the largest European contractors. Austria's Strabag heads a consortium interested in the construction of the segment and FCC Construcction (Spain) - Alpine (Austria) - Astaldi (Italy) too filed a common bid for the Comarnic - Brasov segment. French contractor Vinci Construction joined forces with Hellenic company Aktor to file a bid; another competing team is made up of Austria's Swietelsky, Spain's Diversa Construction and Romania's Euro Construct Trading. Other consortia that filed pre-qualification bids are Mochlos (Greece) - Danya Cebus (Israel); Astrada Concesions; Stradacia Consortium headed by Portugal's Mota Engil; the consortium made up of the Greek companies J&P Avax and Athena; the French - Hungarian team Eiffage - Vegyepszer; Italy's Impregilo - Itinera; the consortium Bilfinger Berger (Germany) - Porr (Austria); and Ashtrom Group (Israel) - Shapir Structures 1991 (Israel).

The Comarnic - Brasov highway segment will be 58 km long and will include 57 bridges, passages and viaducts, as well as hard-shoulder service schemes; it is designed for traffic speeds of 80 - 120

km per hour. The winning consortium must design, finance, build and operate the highway for some 30 years. In Romania's neighbouring area, highway stretches are being leased out for 28 - 32 years in Croatia, 35 years in Poland and 25 years in Hungary. According to the National Company of National Highways and Roads, the estimated cost for the Comarnic - Brasov segment is EUR 955 million (VAT excluded) a figure representing just design and construction costs (operation and maintenance are not included).

Plans for 35 bypass routes in 2008

Construction works are scheduled to begin this year for a number of bypass routes for cities around the country, including Brasov, Bacau, Constanta, Timisoara and Arad, according to data from the National Motorway Corporation (CNADNR). For the construction of the over 35 routes, the Transport Ministry will use both funds from the State Budget, and foreign financing. Thus, procedures have been initiated for eight routes funded from the State Budget, including the Ploiesti Vest bypass and segments 5, 6 and 7 of the Bucharest North bypass. The other four routes, i.e. Cluj East, Oradea, Iasi North and Suceava are new projects. Moreover, CNADNR intends to build another 15 by-pass roads, for which financing sources are yet to be identified. As regards the projects financed from foreign programs, construction works will be initiated within the Transport Restructuring Project (financed by the International Bank for Reconstruction and Development) for bypass routes in Brasov, Bacau, Targu Mures and Reghin. Apart from the IBRD loan, budgetary allocations will also be used in this respect. Also in 2008, a Road Rehabilitation Programme financed by the Japanese Bank for International Cooperation will facilitate the completion of works for the Timisoara by-pass. The Constanta by-pass is to be financed by the European Bank for Reconstruction and Development and the Government of Romania, while the contract for the Arad by-pass will be funded by the European Investment Bank and the State Budget. In the bypass construction program contracted with the ISPA Agency, works will be initiated in Adunatii Copaceni, Drobeta Turnu Severin, Deva-Orastie and works on the Sibiu by-pass will be resumed. On the other hand, CNADNR deputy general manager Dorin Debucean told Rompres at the beginning of February that the first petrol stations on the Bucharest - Cernavoda Motorway will be completed in the summer of 2009 at the soonest, as concession procedures have been delayed. According to the official, concession procedures should have been completed this summer. Although launched three years ago, the process was hindered, as town halls in the area were late in submitting the plans of the land parcels where the petrol stations and service facilities should have been built.

Construction works

Construction works up 33% in 2007

The volume of the construction works increased by 33.6% in 2007, with the most significant growth having been registered in the non-residential businesses sector, according to the National Institute of Statistics. In 2007, there were registered increases in all the construction sectors: non-residential buildings (36.6%), engineering constructions (34.0%) and residential buildings (29.3%). There were also recorded increases in all the sectors in terms of structure elements, as follows: the maintenance and current repairs works recorded an increase by 37.4%, the capital repair works hit an increase by 36.7% and the new construction works went up by 31.3%.

Automotive industry

Car industry attracts EUR 1.1 billion investments

The domestic automotive sector is set to attract investments expected to reach EUR 1.1 billion this year, up 10% from last year's level. In 2008, more than one third of the estimated value of investments aimed at the automotive sector will be operated by Automobile Dacia and Ford, with the producer of Logan model having already started the EUR 300 million programme meant to boost the plant's capacity from 330,000 units to 400,000 units in 2009. Ford will invest around EUR 80 million in Craiova this year in case the European Commission approves the takeover of Daewoo plant by March 31, after the Senate has already approved the law draft on the privatisation of Automobile Craiova. Integrators' investments will be followed by twice as big investment programmes from the part of suppliers. "For the investments aimed at the two Dacia and Daewoo assembly plants, domestic suppliers providing to them will earmark investments funds meant to secure the new quantity requirements worth at least EUR 320 million," stated Constantin Stroe, Dacia deputy chairman. He added the investments of the new suppliers that will choose Romania this year as a destination for the relocation of operations related to the production of car parts for Western European producers may reach EUR 400 million. Given market conditions, most these investors will choose to set up their new production facilities not in industrial parks, but on free plots of land, leased around some localities or cities of Western Romania or even in brownfield sites, using already existent buildings. Such choices have led to the emergence of some industrial centres that will eventually turn into industrial parks. Besides the benefit of lower leasing costs, car part producers will also seek sites outside industrial parks to more easily identify the necessary workforce. At the same time, industrial parks such as Tetarom (Cluj) or PIP (Ploiesti) are also coping with a land shortage and this is why most parks are now expanding their areas by including new land. After car part producers' development plans are put into practice, amid the rising demand from the part of Automobile Dacia, shortly Ford and possibly Mercedes, the suppliers' concentration process will also gain speed. Even without new investments in other car plants, a large number of car part production units, mostly investments by German car part producers, have particularly invaded the Western and Northwestern parts of the country. After the investments in 2000, there is another wave at present, with a series of producers filling the free spaces of Ardeal. Other programmes, much more important in terms of value, have been implemented in the southern part of the country, with two Japanese producers, Calsonic Kansei and Yakazi, operating investments of 100m euros and 30m euros respectively in Ploiesti. *Source: Ziarul Financiar.*

IT&C

High speed Internet in rural areas

The first licence of WiMax type will be granted this year to operators interested in the introduction of this new technology, that allows the supply of high speed Internet services on extensive areas and is very appropriate for the development of communication infrastructure in rural areas, Romania Libera daily writes. In order to allow the beginning of the implementation procedures at a national level the Government approved in its February 27 meeting the reorganization of the use of radio spectrum in the frequencies 3,600-3,800MHz. The licence for the use of this frequency is currently held by the Radio Broadcasting Corporation but this right is to be granted to other companies as well, based on a selection procedure organized by the National Regulation Authority in Communications and IT (ANRCTI). The move is aimed at bridging the gap between the rural and urban areas and between Romanian and the other EU states as regards the citizens's access to broadband Internet. The implementation of BWA systems of WiMAX type at a national level will ensure the success to broadband communications for undeprivileged, poor or remote areas, leading to a more efficient use of radio frequencies for broadband service.

Personal PCs market doubles in Q4 2007

Personal computers (PC) market in Romania advanced in the fourth quarter of 2007 both in terms of units' number and the value, the top three vendors being Flamingo Computers, Dell and HP, with an accumulated share market of 33% of the total, according to the most recent data provided by IDC. As such, the number of delivered units increased by 70% and the market's value almost doubled compared to the same period in 2006. The fastest growth was registered on the notebook market, where the number of units surged by 160% as against the same period in 2006 and by 133% from the previous quarter. According to IDC, the number of delivered notebooks attained 40% of the overall value of the PCs market in Q4 last year. "The entire PCs market grew

by record values in the last quarter of 2007, but the notebook segment had an evolution beyond expectations, showing an explosive increase in Q4 2007", said Calin Mirea, IDC Romania research analyst. Even though in the first nine months of the year notebook sales were within the estimated limits, Q4 2007 sales almost equalled the number of delivered units in the first three quarters.

IDC is one of the biggest market research and consultancy companies in the field of information technology, telecommunications and technology users' markets worldwide.

Agriculture & food

Projects for the European Agricultural Fund for Rural Development

Starting with March 3, investment project proposals can be submitted at the county offices of the Paying Agency for Rural Development and Fisheries for the first three measures launched in the framework of the National Programme for Rural Development. For these measures, beneficiaries can receive non-reimbursable funds and can be paid in advance 10% of the eligible value of the projects; they can also ask co-financing from banks after the project is approved. The first three measures refer to the modernisation of farms, food processing as well as the development of villages and rural infrastructure. According to the Romanian Ministry of Agriculture, these three measures are the most important ones and also the most awaited due to their economic impact. The first session when projects can be submitted will cover March 3-28, 2008. Measure 121 - "Modernisation of agricultural holdings" - has over EUR 347.1 million available for 2008, funds for Measure 123 - "Adding value to agricultural and forestry products" - amount to EUR 428.4 million and measure 322 - "Village renewal and development" - has EUR 618.43 million allocated for 2008. Romania is to receive more than EUR 8 billion for rural development from the European Union until 2013.

Edible oil market doubles in value in 2007

Edible oil sales volume almost doubled last year, reaching EUR 155 million, a surge of 96.6% from the previous year, sunflower oil continuing to lead the top of Romanian consumer preferences, according to a study conducted recently by AC Nielsen. Based on the study's data, in 2006, edible oil sales attained a total of EUR 74.4 million. At the same time, from the volume point of view, the market recorded a jump of 82.1% - from 74.3 million litres of edible oil in 2006, to 135.4 million litres last year. The vegetable oil market rise in value is also confirmed by the main players who said that the average price per litre increased last year to RON 5, from just RON 2.5-3 two years ago. According to them, on the background of price hikes on the domestic market last year, annual consumption of vegetal oil stood at 12 litres per capita, reflecting a slight drop of 5-10% compared to the previous year. The Nielsen study also shows that the top players on the edible oil market are Unirea Iasi (Bunge), Agricover Buzau, Cargill Oils, Argus Romania and private brands sold by big retail chains, which last year accounted for 73.1% in volume and 69.1% as for the market's value. Best sold brands were Bunica (Cargill), Ulvex, Unisol, Raza Soarelui and Floriol (Bunge). The Romanian edible oil market is dominated by products obtained from sunflower seeds refining. They account for 84.1% of the overall consumption in Romania. Viewed as healthier, the olive oil accounts at present for 8% of the total market.

Beer market at EUR 1 billion in 2007

Beer consumption per capita increased significantly in 2007, reaching 89 litres, compared to 81 litres in 2006, while the market value reached EUR 1 billion, according to the Romanian Brewers Association. Beer consumption increased because the market development goes along with economic growth, and investments in beer advertising also increased significantly. It can be said that Romanians are getting close to beer consumption in European countries with tradition in this respect. In 2007, beer production stood at 19.4 million hectolitres and the members of the Romanian Brewers Association reported a production of 15.15 million hectolitres. Brewers estimate that the market will grow 5% in 2008, but the European Football Championship (for which Romania is also qualified) might bring along an increase of over 10% this summer. Established in December 2004, the Romanian Brewers Association accounts for 80% of the Romanian beer industry and includes the leading four players on the market: Heineken Romania, United Romanian Breweries, InBev Romania and Ursus Breweries. The members of the Association invested EUR 766 million in production facilities and contributed EUR 264 million to the state budget.

Retail

Retail trade increases by 17.8% in January

The turnover of the retail trade (except for the trade in motor vehicles and motorcycles) increased by 17.8% in 2007 as against the previous year and was mainly supported by the 27.8% increase in the sales of food, beverages and tobacco, according to the data centralized by the National Statistics Institute. The turnover of the wholesale and retail trade, the maintenance and repair of the motor vehicles and motorcycles grew by 24.3% and were mainly supported by the retail trade in fuels for motor vehicles (52.6%). As regards the market services for the population, the turnover increased by 3.7% in 2007 as against the previous year.

Foreign investment

Foreign investment at the end of 2007

At the end of 2007, according to the provisory data published by the National Office of the Trade Registry there were 146,663 companies registered in Romania with foreign participation in social capital, total foreign investment amounting to EUR 17.74 billion. The top of the first five foreign investors was led by the Netherlands, with 3,130 companies registered and total invested capital of EUR 3.33 billion, followed by Austria with 4,889 companies and a total investment of EUR 2.3 billion, Germany with 15,572 companies and a total investment of EUR 1.86 billion, France with 5,373 companies and an investment of EUR 1.75 billion, and Italy with 24,477 registered companies and a total investment reaching EUR 0.9 billion.

Privatisation

Hidroelectrica to put up for sale 31 micro hydropower plants

A new batch of 31 micro hydropower plants of a total of 86 still state-owned will be put up for sale this April, Hidroelectrica officials told Rompres on February 29. The sale procedures will start this March so that the sale proper may start in April. According to the officials, Hidroelectrica wants to speed up the privatisation of the plants still under state ownership, and it expects all the 86 plants to be sold by the end of the year. As part of its accession negotiations with the European Union, Romania pledged to turn private all the 150 state-owned micro hydropower plants. Hidroelectrica already sold 48 of them in 2006 and 16 more went on an open cry auction this week. Micro hydropower plants are small every generation facilities using water power, with an installed capacity of less than 10 MW each.

Dutch presence in Romania

Dutch company Quadra Invest expands its presence on the Romanian market

For over ten years European Heritage www.european-heritage.ro has been the name under which Quadra Invest has marketed its products for exports throughout the world (turnover 2007: Euro 5 million). Fully produced in Romania, the original collection ranged from solid reproduction furniture and leather & fabric upholstery, to decorative articles. Over the past 4 years, the collection has been enhanced with imported 18th century French style furniture and accessories (mirrors, chandeliers, paintings, lamps, bronze statues and porcelain). With its current portfolio, Quadra Invest believes the time is right to expand its presence on the Romanian market. Three new retail outlets are planned to open in the first half of this year in a move to make European Heritage furniture and accessories widely available on the Romanian market. "A strong and continued focus on residential sales throughout the country will see demand rise for distinct, good quality and affordable furniture and home decorations. With our diverse range and big variety of European style models, we deliver just that!", says Ralph Polko, Business Development Manager of Quadra Invest. Fully developed plans have been confirmed and the following locations are due to open for business: Bucharest in Home & Design Mall on March 15, Sibiu in Mobilia, European Retail Park on April 1, and Targoviste in a Factory Outlet, Street Gaesti 1, on May 10.

ING anticipates 200,000 voluntary pension clients

Dutch-based ING, which attracted almost 1.3 million clients during the mandatory pension campaign and became leader of this market, predicts it will close this year with at least 200,000 clients on the voluntary pensions market. "I think the voluntary pensions market will reach at least 500,000 participants in 2008, and even one million in the best circumstances. I think

mandatory pension sales will significantly encourage the sales of voluntary pensions and life insurance, because people are starting to become aware of the importance of these products," said Bram Boon, general manager of ING Asigurari de Viata (ING Life Insurance), leader of the life insurance market. He predicts that, by the end of the year, the company will manage assets worth at least EUR 40 million on the voluntary pension market, given that every participant will pay at least EUR 200 a year, the maximum fiscal-deductible contribution.

ING targets 720,000 retail banking clients

ING Bank will expand its retail banking client portfolio to 720,000 this year, after it achieved last year's target of half a million clients, according to Albert Roggemans, CEO of the bank's retail division Ziarul Financiar daily reports. "Now we are confident we will achieve the one million-client target set for 2010 on the retail banking segment," said Roggemans. ING launched a MasterCard credit card on February 19. The card uses chip technology, which provides a high level of security for transactions. So far, the bank has only operated debit cards attached to the Cont'Rol account (the main product in the bank's retail offer). The head of ING's retail says the biggest advantage of the card is the cost: the annual interest rate stands at 18%, and the bank will operate only one annual management fee of RON 18.

Events & Useful web links

Dutch Economic Official visit to Bucharest

On 26 and 27 February, Mr Bart van Bolhuis, Director for International Business at the Dutch Ministry of Economic Affairs, visited Bucharest. The visit took place in the framework of bilateral consultations in several areas between the Netherlands and Romania. Mr. van Bolhuis had discussions with the Ministry of Trade on bilateral trade relations and with the Department for European Affairs on issues of energy and climate change on the agenda of the EU-council.

2getthere programme – Improving the logistic infrastructure in Romania

On March 27th between 10.00 and 13.00, the Agency for International Business and Cooperation (EVD) will host in The Hague the Launching Meeting of the 2getthere programme Improving the Logistic Infrastructure in Romania. The programme, approved and financed by the EVD, is an initiative of the European Gateways Platform, which focuses on market possibilities and public-private cooperation in logistics, infrastructure and transport. You can find more information and register for this event at www.evd.nl/together/roemenie.

Dutch corner at the ExpoRenewEnergy in Bucharest

Between April 21st and 24th ROMEXPO will host in Bucharest the ExpoRenewEnergy. At the initiative of SenterNovem a 'Dutch Corner' will be set up, providing Dutch companies active in the field of 'energy efficiency' and durable energy the opportunity to present themselves. You can find more information on this international fair at www.romenvirotec.ro/engleza/index.php. For registration please contact SenterNovem, Willem Jaspers, tel. +3146 420 2274, email: w.jaspers@senternovem.nl.

Holland stand at Agraria in Cluj-Napoca

The Netherlands Ministry of Agriculture, Nature and Food Quality is organising a Holland Stand (business lounge) at the AGRARIA international agri-food fair which will take place during 20-24 May in Cluj-Napoca (www.agraria.info.ro). Interested Dutch companies have the opportunity to display their products in showcases, spread information materials about their companies and have talks with Romanian partners in the business lounge. For more information, please contact either our Agricultural Department (BKR-LNV@minbuza.nl, tel: +40 21 2315657) or the Industry and Trade Department of the Ministry of Agriculture (a.j.middleton@minlnv.nl, tel: +31 70 3785466).

Trade mission on environmental technology in Romania between 2 and 6 June 2008

For the EVD, agency of the Netherlands Ministry of Economic Affairs, Rocon organises together with the Chambers of Commerce of North West Holland and East Netherlands and Syntens a trade mission to Romania. This mission takes place from 2 – 6 June 2008 and is targeted at all Dutch businesses that are related to the environmental technology industry. The goal is to link Dutch businesses to Romanian businesses in the same sector and to intensify cooperation.

For more information: www.rocongroup.com/handelsmissieroemenie.

-	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.mmmediu.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
-	Exhibitions in Romania	- www.romexpo.org
-	Information on EU funds	- www.fonduri-structurale.ro