
Crisis, an opportunity for creativity

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Global crisis

- Despite the fact that a crisis usually comes as a surprise there were significant signs throughout the world economies (cash flow; payments)
- The globalization process triggered vulnerabilities that were difficult to predict
- An emergent market itself, Romania is addressing the financial crisis at a slower pace, most likely the first signs of improvement will be perceived in 2010 – 2012
- Could our spending habits be totally different once the crisis diminishes ?



Why Romania

- Rich natural resources (agricultural land, thermal springs, minerals)
- Cross road of energy routes
- Skilled labor force at competitive costs
- No major union protest movement (Labor relations regulated by the Romanian Labor Code)
- Continuously improving infrastructure (commitment to improve the highway infrastructure to EU standards)
- Well-developed networks of mobile telecommunication in GSM system
- Highly developed industrial infrastructure
- Extensive maritime and river navigation politics



Why Romania

- Multiculturalism
- Domestic market potential - second largest market in the CEE region, after Poland
- Presence of branch offices and representatives of major international banks
- Given its strategic position, Romania is a generator of stability in the region (EU membership since January 1st, 2007 and part of NATO since 2004)
- Traditional diplomatic relations, bilateral agreements and free trade agreements with the wider neighborhood countries

Why Romania

FDI in Romania per country of origin (dec. 2008)

Austria	9186	Greece	3154
The Netherlands	8402	Switzerland	2298
Germany	7509	Cyprus	1896
France	4294	Luxembourg	1107
Italy	3285	Other countries	7367

(Figures in milion Euro)

Source : National Bank of Romania; National Statistics Institute

European Bank for Reconstruction and Development is the largest institutional investor in Romania, both in the public and private sectors



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Why Romania

FDI in Romania per the main economic activities (dec. 2008)

Industry*	15236	Scientific, technical	
Financial & Insurance services *	10026	& shared services	1617
Construction & real estate *	6155	Agriculture, forestry & fishing	707
Trade *	6060	Transport	500
IT & C *	3283	Hotels & restaurants	181
Electricity, natural gas & water *	2744	Other	131
Extractive Industry *	2158		

(Figures in million Euro)

* Greenfield investments

Source: National Bank of Romania



Why Romania

FDI in Romania per development regions (dec. 2008)

Bucharest	30594
Center	4146
South-East	3551
South	3411
West	2626
North-West	2108
South-West	1226
North-East	1136

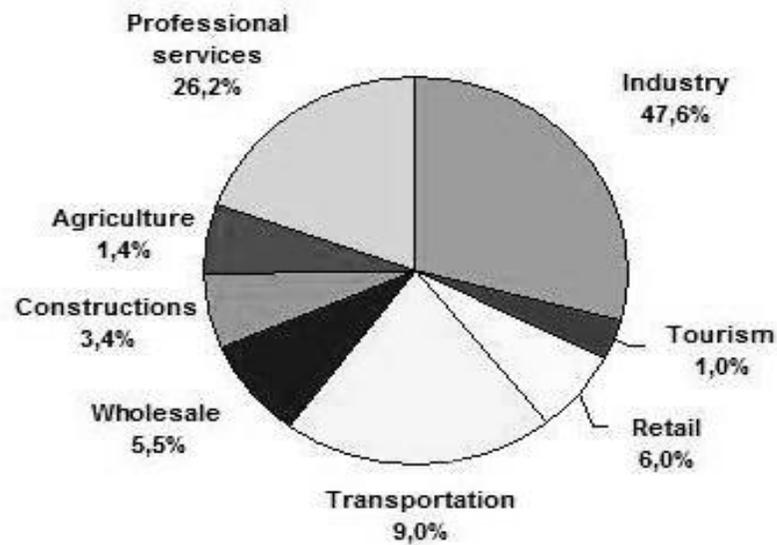


Source: National Bank of Romania



Why Romania

Registered share capital distribution by companies with foreign shareholders 1991 - 2008



Source: National Trade Register Office, 2009



Why Romania

- 2006 and 2008 were years that represented the peak of Foreign Direct Investments in Romania – over 9 billion Euro*
- 2007 – 2013 Romania will receive about 31 billion Euro for Structural and Cohesion Funds
- The funds are meant to increase economic competitiveness, improve transport and environmental infrastructure, HR development, regional development, administrative capacity, etc
- * Source: ARIS (Romanian Agency for Foreign Investments) and BNR (National Bank of Romania)



Why Romania

Legal Framework for FDI observes the basic principles

- equal treatment of investors
- transparency of procedures
- efficiency in the use of facilities
- confidentiality as regards to investors' property rights
- eligibility depending on the source of the financing funds
- the types of facilities to be granted (state aid type)
- the eligibility conditions for both investment and investor

Competitive taxation based on:

- transparency
- simplicity
- partnership with taxpayers



What next

“There’s no challenge without a crisis.

It’s in crisis that inventiveness is born, as well as discoveries made
and big strategies ”

Albert Einstein



What next

A recent UNCTAD survey on FDI, World Investment Prospects Survey 2008 - 2010, shows that the most preferred regions for FDI are :

- South, East and South-East Asia
- EU-15
- North America
- New EU-12
- Latin America
- South East Europe
- Commonwealth of Independent States

The new EU-12 will attract only 4% from the world FDI stock at the level of 2007



What next

Romania is able to attract FDI in sectors such as:

- professional services (financial intermediation, business services and telecommunication, IT outsourcing, insurance)
- agriculture and food industry
- transport (road & air)
- energy, oil & gas and environment (green technology, alternative energy)
- construction and real estate
- automotive

In 2008, the FDI in Romania represented 36.7% from the GDP as compared to 18.8% from the GDP in 2000



What next

- Romania promotes investments in innovation and creativity
- Given the global dimension of the economy and the fierce competition for markets, creativity will be the differentiating factor
- Entrepreneurship spirit represents the future development of SMEs even though most of them outsource innovation
- Romania will continue to attract FDI in other regions throughout the country not only the capital city Bucharest
- FDI have generated not only jobs but also have triggered a relocation of population towards urban areas

What next

Foreign direct investments attracted by Romania in 2009

■ Month	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	
■ Stock	912	1374	1456	2055	2475	2894	3098	3154	
■ Monthly flow	912	462	82	599	420	419	204	56	

(figures in Euro Million)

Source: National Bank of Romania, Balance of Payments

For more information: <http://www.bnro.ro/> Publication - Monthly Bulletins

New registered companies with foreign participation to social capital / 2009

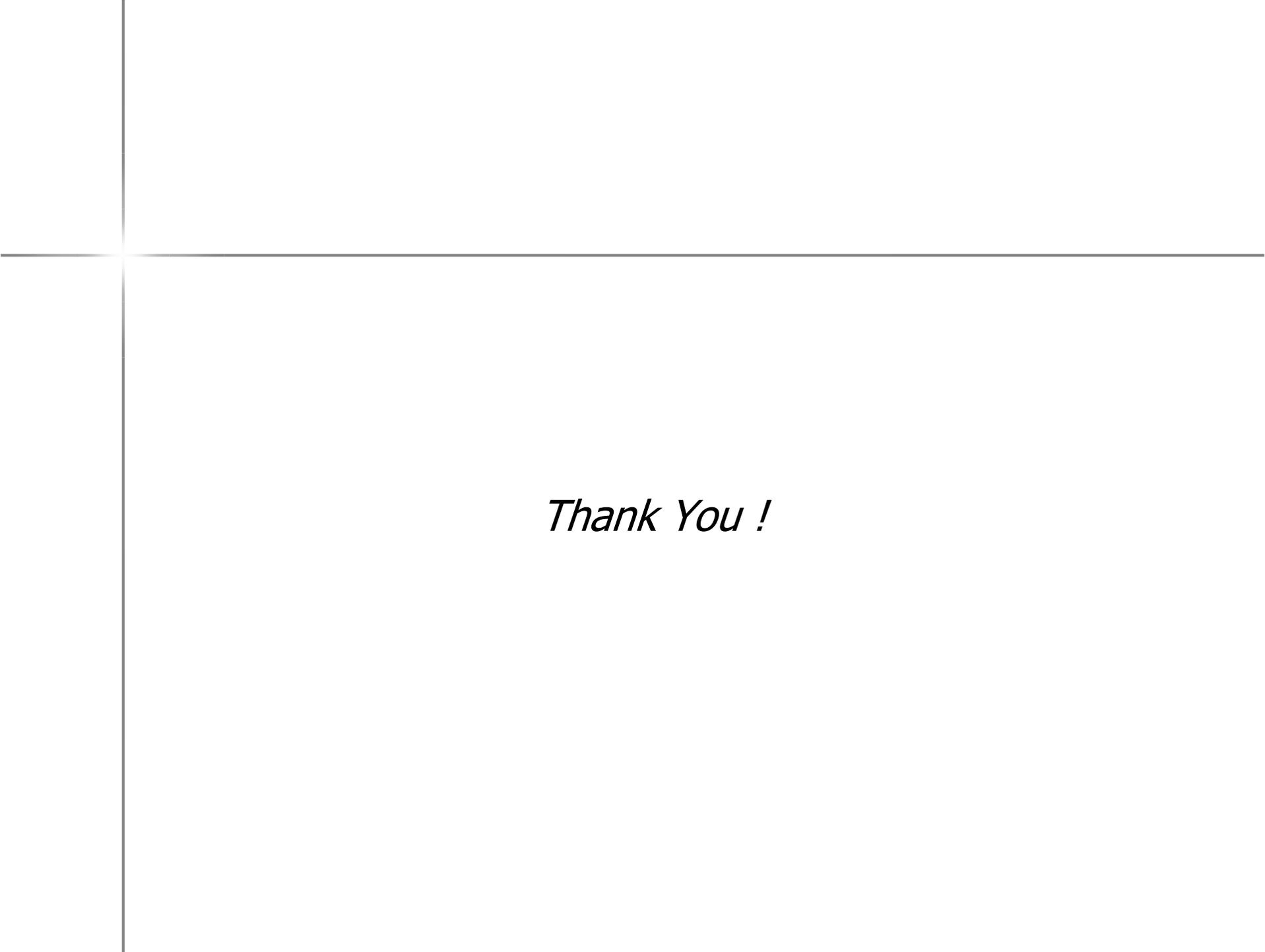
■ Month	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Total</i>
■ Number	614	685	747	646	580	571	583	438	4864

Source: National Trade Office – Statistical Synthesis No.133

For more information: <http://www.onrc.ro/> Statistics/Companies by Foreign Direct Investment

What next

- According to World Bank 2009 survey, Romania ranks 26th in terms of simplicity to start a business, and still ahead of other European countries such as Germany, Austria and Spain for example (ranking over 100)
- Romania continues to be an attractive market for investors even during 2009 due to the long term strategies of the investors
- ARIS is currently monitoring 77 projects totaling 8.7 billion Euro that generated 36.000 jobs
- In 2009, ARIS received 22 new projects totaling 1.5 billion Euro which have generated 6.300 jobs
- Nonetheless, Europe is considered a safe location for investments as compared to BRIC , according to UNCTAD surveys



Thank You !