

GOVERNMENT OF ROMANIA
Romanian Agency for Investment
and Foreign Trade



Romania

A Strategic Choice

August 2024

Romania - Country overview

1

Area: 238,391 km²

Capital: Bucharest

Population: 19 M
(1st Jan. 2023)

Currency: Romanian leu (RON)

Exchange rates

RON/EUR: 4.9465

RON/USD: 4.5743

(averages 2023)

Bucharest Metropolitan

Area: ~ 3 M

2

2023

GDP: €324.6 Bn

GDP growth: 2.1%

FDI flows: €6.6 Bn

FDI stock: €113.6 Bn

3

Memberships

2004 – NATO



2007 - EU



4

At the crossroad of three large markets: EU, CIS and Middle East.
Bridge between East and West for 450 M consumers market.
Located in the GMT+2 time zone.

Romania at a glance

✓ 2.1% GDP growth in 2023

(Source: National Institute of Statistics)

✓ FDI flows: €6.6 Bn in 2023

✓ FDI stock: €115.7 Bn (Mar. 2024)

(Source: National Bank of Romania - interactive database)

Fiscal regime

- ✓ 16% standard corporate income tax
- ✓ 19% standard VAT
- ✓ 10% standard personal income tax
- ✓ 8% dividend tax
- ✓ 0% tax on reinvested profit in new technological equipment
- ✓ 0% tax on reinvested profit in supporting vocational-dual education
- ✓ 0% income tax for employees in R&D
- ✓ 0% *income tax for employees who work in the IT&C, construction field, agriculture and food industry

*Note: Exemption on the income for the employees involved in IT sector (software creation), construction, agriculture and food industry that do not exceed a monthly gross income of 10,000 lei inclusive. The exemption applies where the basic function is located, based on an individual employment contract. The part of the monthly gross income that exceeds 10,000 lei does not benefit from tax benefits.

Macroeconomic forecasts

GDP growth (%)

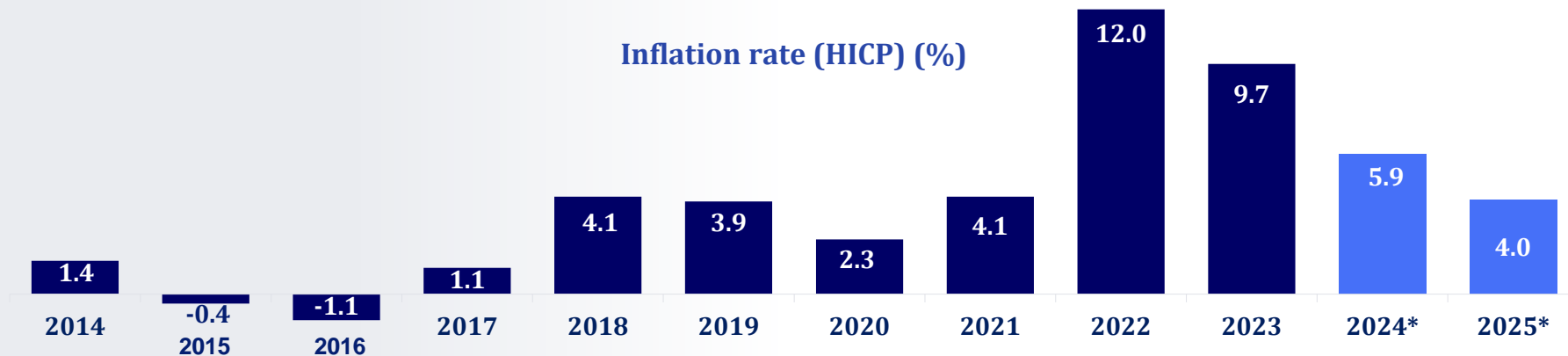


(Source: European Commission)

* European Commission, Spring Forecast 2024

Inflation & Unemployment

Inflation rate (HICP) (%)



Unemployment rate (%)



(Source: European Commission)

* European Commission, Spring Forecast 2024

Minimum wage in EU

Gross Minimum Wage in EU (€/month)
July 2024

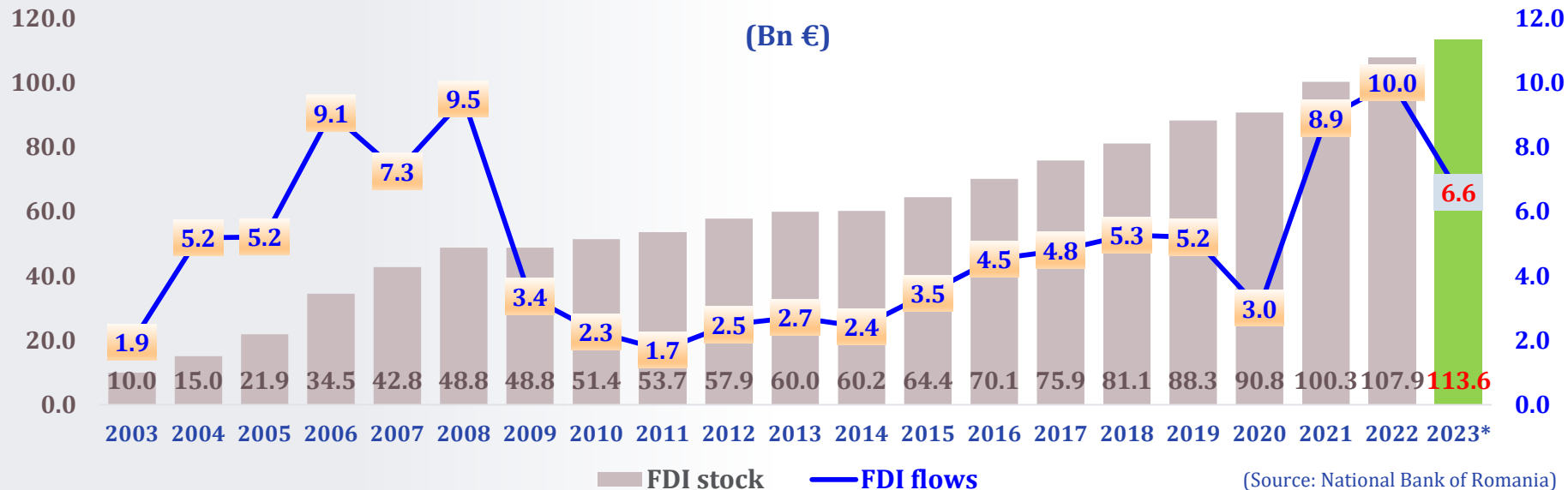


(Note: These provisions do not apply in the construction sector, agricultural and the food industry in Romania.

All values are rounded. Denmark, Italy, Cyprus, Austria, Finland and Sweden - no national minimum wage.)

(Source: Eurostat, July 2024)

FDI Flows & Stock



(Source: National Bank of Romania)

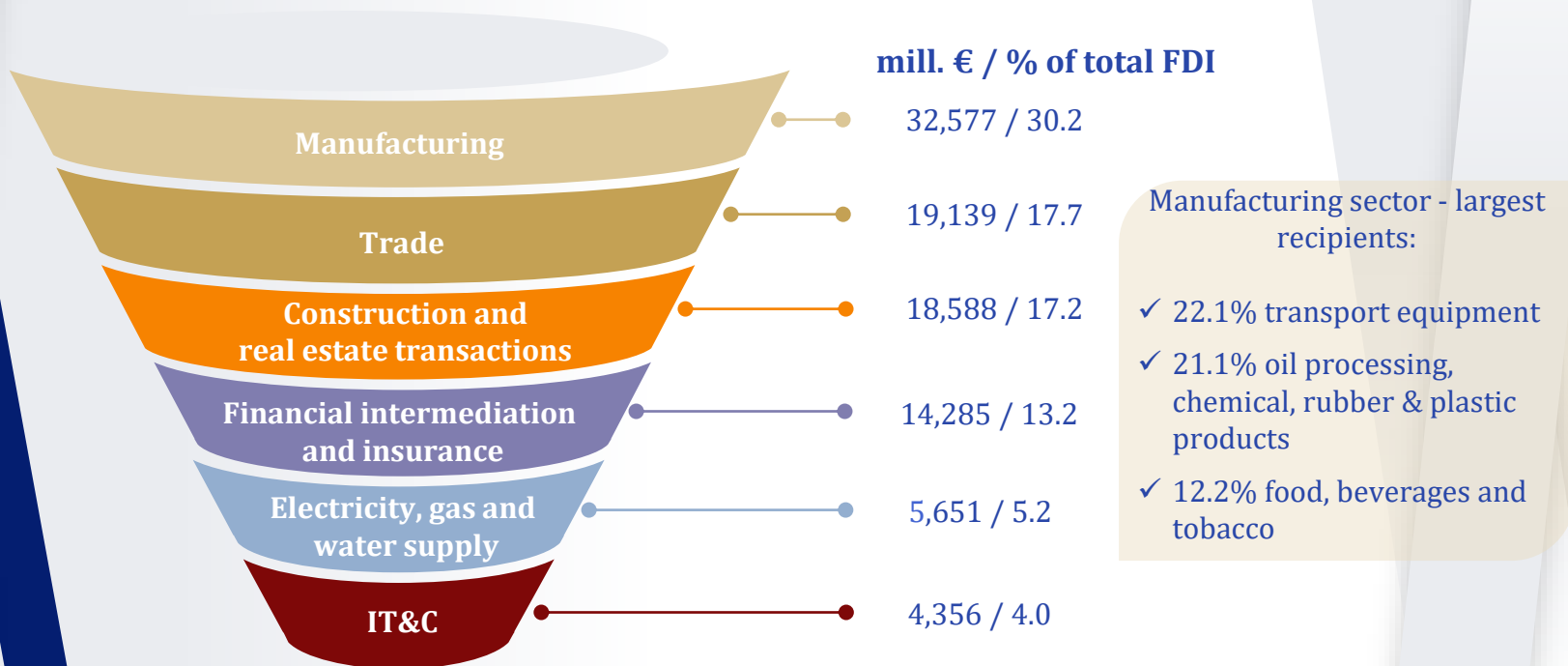
*NBR, provisional data

In 2022, Romania ranked 6th by inflow FDI and 16th by FDI stock, among EU countries.
By the number of on the pipe greenfield FDI projects, Romania ranked 15th in EU, with 69 projects.

(Source: UNCTAD - World Investment Report 2023)

FDI Stock by Sector

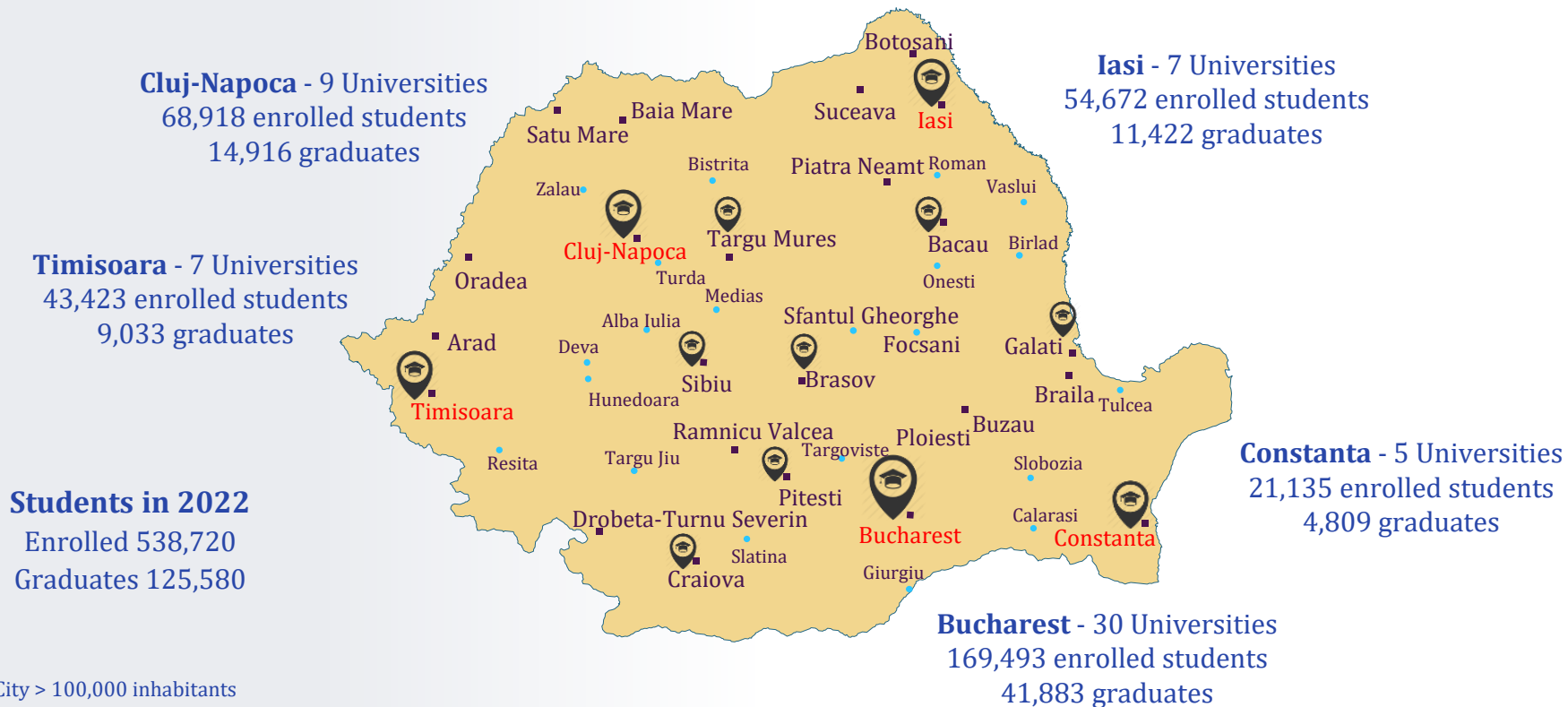
€107,944 million
 at December 31st, 2022



(Note: National Bank of Romania, Report: "Foreign Direct Investment in Romania in 2022", published in September 2023)

Talent Pool

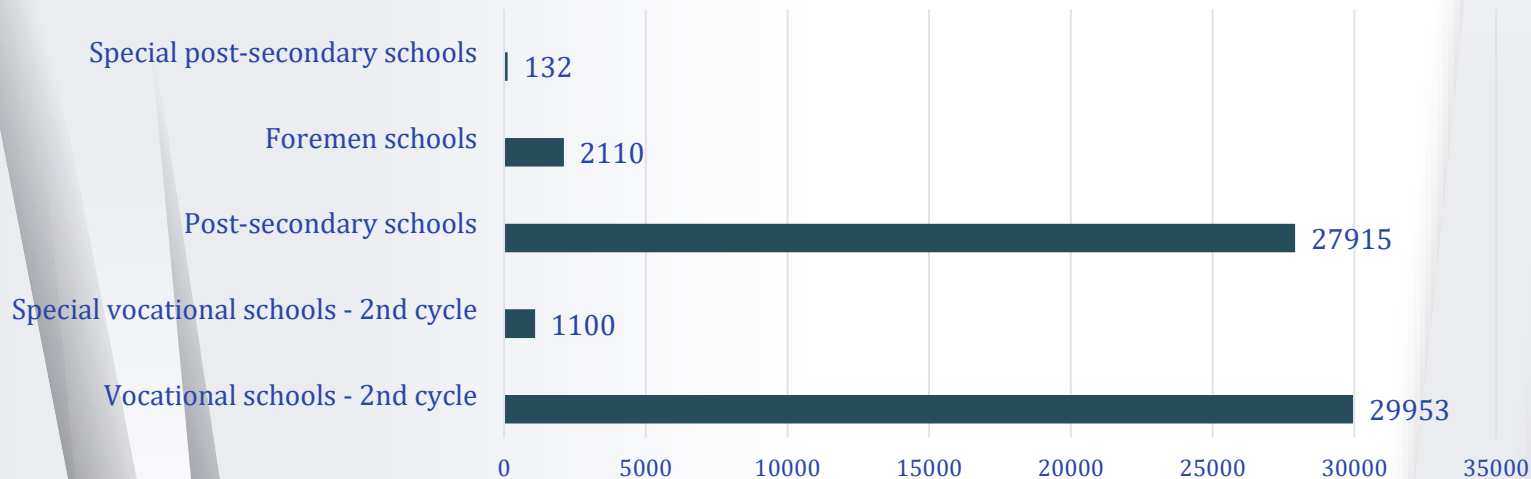
Largest University Centers in Romania



Talent Pool

Professional education

Graduates in the vocational, post high school and foremen education in 2022
 (number of persons)



Communication skills

Languages studied by Romanian students

97%

- 97% of Romanian high school students study two or more foreign languages
- Predominant languages: English, French, German and Spanish, yet initiatives as regards Japanese, Nordic languages or the entire Latin language family

University students in Romania are proficient in (% of total):



Centers of Excellence



SIEMENS Cluj-Napoca



BOSCH Cluj-Napoca



RENAULT



DAIMLER Sebes



SONACA Turda



PORSCHE Engineering
Romania / Cluj-Napoca



HELLA Technical Center
Craiova



ELI - NP Magurele

Romania, competitive market

2

Hourly labor costs 2023

One of the most
competitive labor force in
the EU (€11)

(Source: Eurostat, April 2024)

Fixed Broadband

13/181

212.53 Mbps for download

134.24 Mbps for upload

(Source: Speedtest Global Index,
February 2024)



Natural gas prices

\$1 2023*

EU27 ranking

#20

0.1074€/KWh

*Excluding VAT and other
recoverable taxes and levies

(Source: Eurostat dataset, Apr. 2024)

Harvard University

economic complexity ranking (133 countries)

Ahead of Belgium (20), Denmark (24),
Poland (25), Estonia (27), Netherlands (26),
Lithuania (30), Croatia (31) and Spain (34)

(Source: Harvard, The Atlas of Complexity 2021)

19

Value for money

	BUCHAREST	BERLIN	LONDON
Consumer Prices*	€100	€156	€191
Rent Prices	€100	€263	€436
Restaurant Prices	€100	€132	€189
Groceries Prices	€100	€157	€171
Standard of living equivalency net salary	€2615	€4702	€6993

(Source: Numbeo, april 2024)

*without rent

Numbeo is the world's largest cost of living database. Numbeo is also a crowd-sourced global database of quality of life information including housing indicators, perceived crime rates and quality of healthcare, among many other statistics.

Value for money

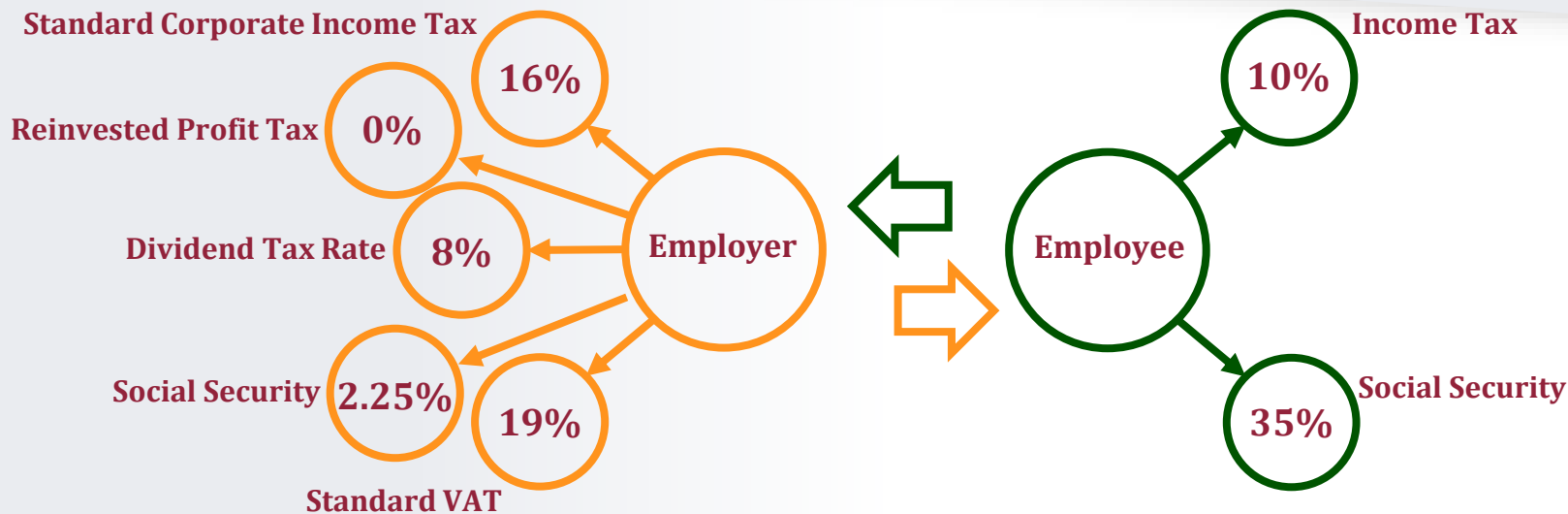
	BUCHAREST	PARIS	BRUSSELS
Consumer Prices*	€100	€180	€162
Rent Prices	€100	€215	€226
Restaurant Prices	€100	€166	€160
Groceries Prices	€100	€210	€170
Standard of living equivalency net salary	€2615	€5490	€4608

(Source: Numbeo, April 2024)

*without rent

Numbeo is the world's largest cost of living database. Numbeo is also a crowd-sourced global database of quality of life information including housing indicators, perceived crime rates and quality of healthcare, among many other statistics.

Tax system



0% income tax for employers and employees that exclusively perform **R&D** and innovation activities or related activities, 0% profit tax for the first 10 years of activity

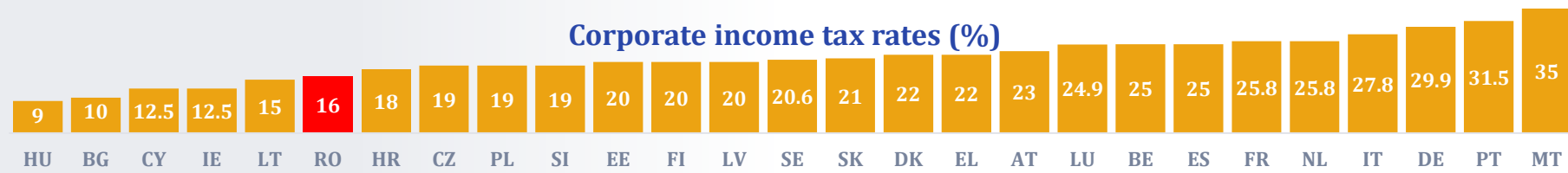
Specific deduction for R&D eligible expenses:

- accelerated depreciation of R&D equipment
- additional corporate tax deduction of 50% of the eligible expenditure for these activities

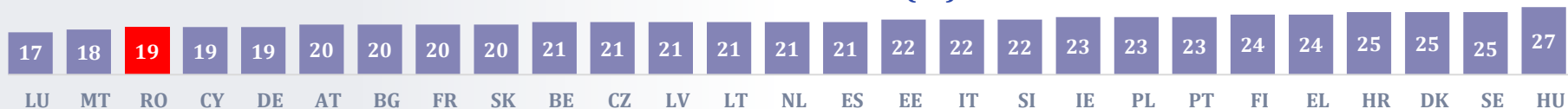
0% income tax for employees involved in: **IT&C (software creation), construction, agriculture & food industry**. The exemption applies for the monthly gross income that does not exceed 10,000 lei inclusive, in compliance to the law in force.

Comparative tax in EU 2023

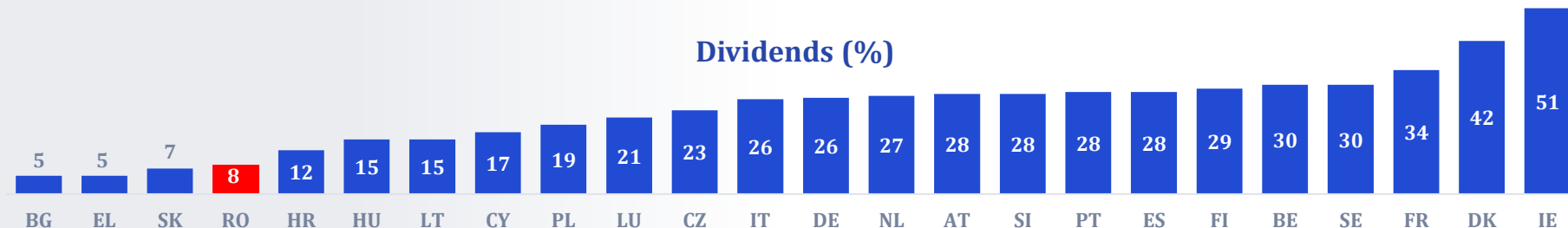
Corporate income tax rates (%)



Standard VAT rate (%)



Dividends (%)



(Source: Tax Foundation)

Investment support

STATE AID - GD 300 / 2024

2024-2026 Total Budget: ~ € 450 Mill.

Annual Budget: ~ € 150 Mill.

Managed by: The Ministry of Finance

Financial support aimed at regional development through investment stimulation

Minimum € 10 Mill. in eligible costs

Eligible expenses:

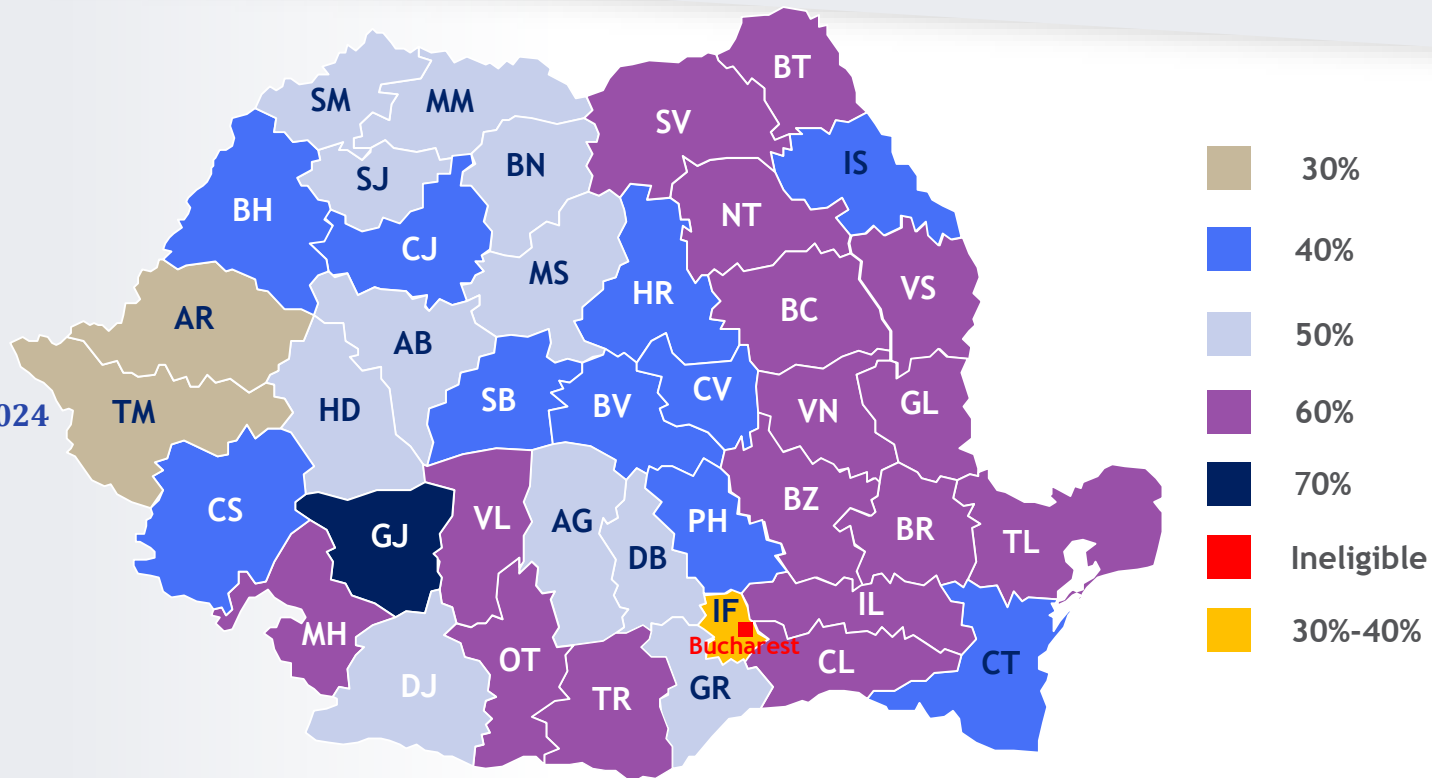
- ✓ any type of new constructions
- ✓ technical installations, new machines and equipment
- ✓ depreciable assets associated with the initial investment such as patents, licenses, know-how or other intellectual property rights

The beneficiary must secure a financial contribution of at least 25% of the eligible costs, either through his own resources or through external financing, in a form that is not subject to any other public aid.

The investment must be maintained for at least 5 years after its completion.

Intensity Map

STATE AID - GD 300 / 2024



(Source: The Official Monitor, April 4th, 2023)

Investment support

STATE AID - GEO 68 / 2023 ConstructPlus

2023-2026 Total Budget: ~ € 596 Mill.

2024 Budget: ~ € 149 Mill.

Managed by: The Ministry of Economy, Entrepreneurship and Tourism

Financial support of investments for the establishment and/or development of production capacities for construction products and materials

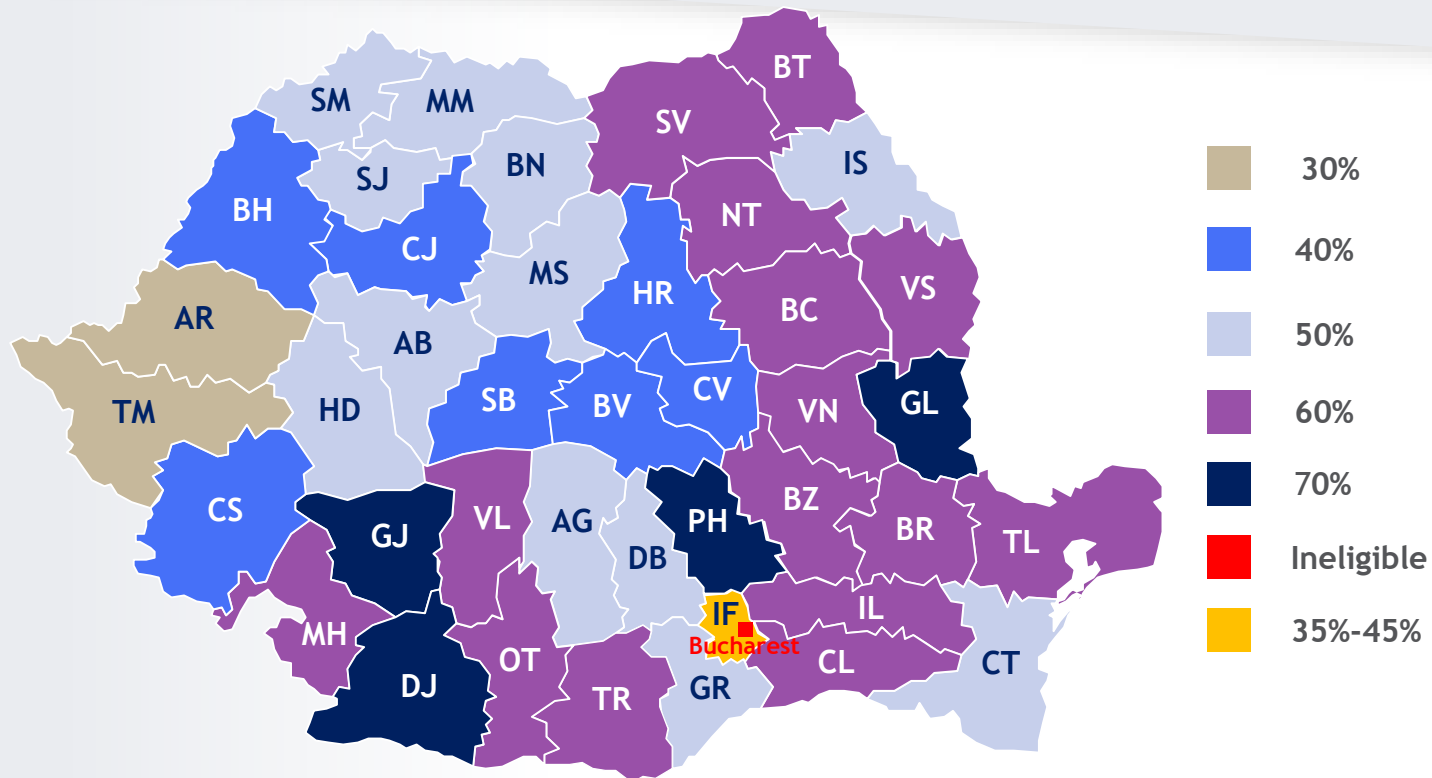
Eligible expenses: investment in tangible assets (buildings, land, technical installations, machinery and equipment) and intangible assets (patents, licenses, know-how or other intellectual property rights) related to the establishment of a new unit, expanding the capacity of an existing one or diversification of a production unit.

Maximum amount: € 50,000,000 depending on the county where the investment is located.

The investment must be maintained in the beneficiary region for a minimum of 5 years after its completion or, at least 3 years for SMEs.

Intensity Map

GEO 68 / 2023
ConstructPlus



(Source: The Official Monitor, July 7th, 2023)

Investment support

STATE AID - GD 959 / 2022

2022-2027 Total Budget: € 300 Mill.

Annual Budget: € 150 Mill.

Managed by: The Ministry of Economy, Entrepreneurship and Tourism

Financial support for investments in the manufacturing industry, in the forms of grants for Greenfields or for projects favoring a new economic activity

Minimum € 3 Mill. investment value

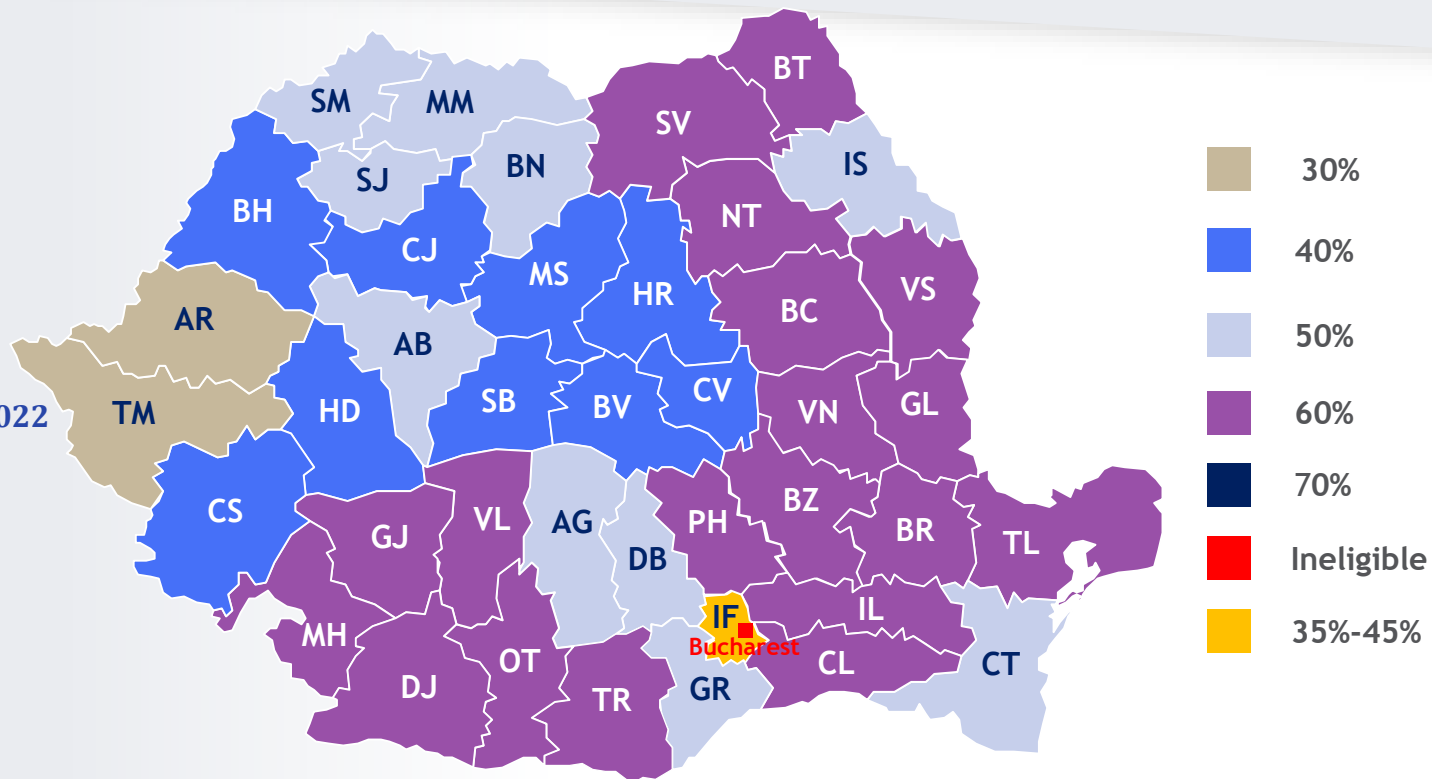
Eligible expenses:

- ✓ Starting a new unit / new activity
- ✓ Expanding the capacity of an existing unit (except for large enterprises from Ilfov)
- ✓ Diversifying the production through products that were not previously manufactured in the unit
- ✓ Fundamental change of the general production process of an existing unit (except for large enterprises from Ilfov)
- ✓ Acquisition of the assets from a closed unit or from a unit that would have been closed in case an independent investor had not been acquired the assets
- ✓ Creating new jobs

The investment must be maintained in the beneficiary region for a minimum of 5 years after its completion or, at least 3 years for SMEs.

Intensity Map

STATE AID - GD 959 / 2022



(Source: The Official Monitor, August 4th, 2022)

The Public-Private Partnership (PPP)

The mechanism of PPP

- ✓ cooperation between the public and the private partner, in order to implement a public project
- ✓ the duration of contractual relationships exceeding 5 years, to allow the private partner the recovery of the investment and the achievement of a reasonable profit
- ✓ financing the project, mainly from private funds and, as the case may be, by merging private and public funds
- ✓ achievement of the public and the private partner's goal
- ✓ risks-sharing between the public and the private partner, depending on each party's ability to assess, manage and control a particular risk

The Public-Private Partnership (PPP)

The forms of PPP

- ✓ **The contractual public-private partnership**, concluded between the public partner and the private one, with the contract being implemented through a project company owned entirely by the private partner
- ✓ **The institutional public-private partnership**, concluded between the public partner and the private one, whereby a new company is set-up by both, to act as a project company that, after its registration at the Companies Register, becomes a party itself to the public-private partnership contract in question

As regards both contractual and institutional public-private partnership, if another public entity intends to support the implementation of the project by assuming payment obligations or guarantees towards the private partner, for the benefit of the public one, it can only do so if the payment obligation or guarantee has been provided for specifically, in both the substantiation study and the tender documentation, with clear indication of the conditions that must be met for its fulfillment.

The Public-Private Partnership (PPP)

Financing investments within the PPP framework:

- ✓ in full, from financial resources provided by the private partner from its own sources or acquired from various financiers
- ✓ from financial resources provided together by the private and public partner
- ✓ from financial resources provided by sovereign development and investment funds, privately managed pension funds, as well as investment funds and investment companies
- ✓ by corporate bonds issued by the project company for implementing the PPP project

The PPP contract is concluded in accordance with the Romanian law,
regardless of the private partner's nationality.

Connectivity

17 International Airports with more than 100 direct flights worldwide.

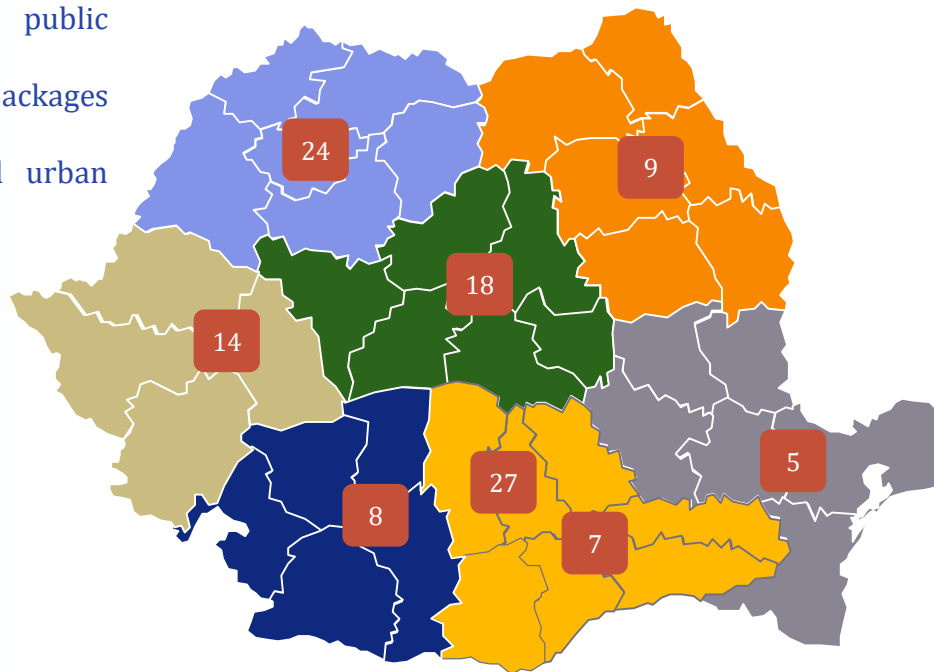
Romania owns 1/3 of the Danube River, also standing as the most significant gateway to the Black Sea through Constanta Port, the largest and deepest one (25 meters) at the Black Sea (with a 6 days time saving competitive advantage against the biggest European port, Rotterdam, as concerns Asian goods transportation by sea).



(Source: National Institute of Statistics)

Industrial parks

- ✓ 112 modern industrial parks spread across Romania, with both private and public ownership, totaling 3,466.76 ha
- ✓ Access to utilities & benefits packages according to their focus
- ✓ Exemption on land, building and urban planning taxes



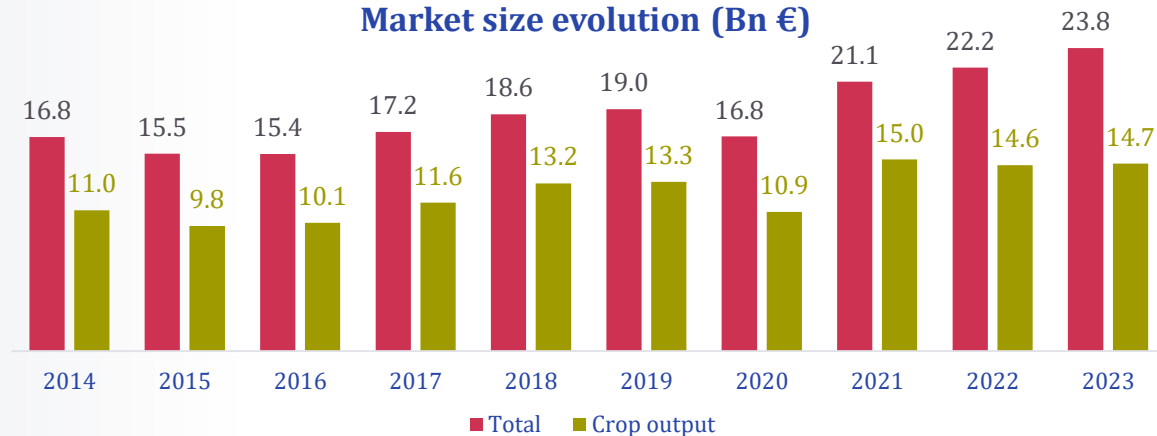
(Source: Ministry for the Public Works, Development and Administration, April 2024)

Agriculture

Investment opportunities

- ✓ Digitalization of the agriculture sector
- ✓ Irrigation infrastructure, drainage and soil erosion
- ✓ Mechanization and the extensive use of modern technology
- ✓ Collecting, storage systems and processing of agriculture products
- ✓ The Organic Farming segment

Market size evolution (Bn €)



- ❖ Romania is the country with the highest number of farmers in the EU, amounting to almost 3.5 million.
- ❖ Romania is one of the biggest producers of cereals in the EU and the largest producer of sunflower seeds, honey and plums
- ❖ The area in Romania used for agriculture constitutes almost 13.5 million ha
- ❖ 23% of the Romanian labour force are employed in agriculture, which is the highest percentage of people employed in agriculture in the EU

(Source: Eurostat)

Energy

Romania
Energy & Ecology
Infographics



Romanian renewable energy market

- ✓ Bioenergy
- ✓ Solar energy
- ✓ Wind
- ✓ Hydropower
- ✓ Hydrogen
- ✓ Nuclear

Future projects with Government Support

- ✓ Offshore wind parks of 300 MW
- ✓ Power Plants Combined Cycle Gas Turbine
- ✓ Smart grids and digitalization of electrical transport network
- ✓ Photovoltaics parks of 700 MW

Romania will include in its national system for energy production the small modular reactors (SMR) by 2028, thus strengthening the partnership with the USA in the civil nuclear field.

Large companies for new investments (clients/suppliers)



Largest IT&C companies in Romania



Key facts for top tech oriented industries in 2022

INDUSTRY SIZE

KEY PLAYERS

NEW KEY PROJECTS

AUTOMOTIVE



€31 Bn



- ✓ Dacia €60 M project for the manufacture of a new model
- ✓ Ford Otosan €490 M project to produce electric cars
- ✓ Nokian Tyres €650 M new passenger car tire factory
- ✓ Daimler (Star Assembly) €135 M e-vehicle engine factory (starting 2024)
- ✓ Continental €180 M investment in 2022 (R&D extension center & megafactory in Timisoara)

IT&C



€15.8 Bn



- ✓ Amazon €120 M new corporate office to develop innovations across areas like product safety, compliance, cloud computing, machine learning, and information security (2023)
- ✓ Siemens has opened a regional service hub in the field of energy, IT and cyber security (2022)
- ✓ Siemens software developers worked on the Mars Rover
- ✓ Microsoft opened a Technology Development Center in Iasi (2020)

AEROSPACE



€678.9 M



- ✓ Premium Aerotec €100 M investment
- ✓ Sonaca €100 M investment
- ✓ Airbus Helicopters €15 M investment
- ✓ UAC Europe €100 M investment

InvestRomania in a nutshell

-  “one-stop-shop” for foreign investors, assisting and advising international companies for project implementation in the country
-  Promoting and facilitating foreign investment in Romania
-  Main interface between foreign companies and central / local authorities
-  Assisting worldwide entrepreneurs in project implementation
-  Tailored and individually custom-made solutions for developing new or current units
-  Consultancy and guidance during all stages of the decisional process (state aid & fiscal incentives)

National Contact Point

InvestRomania hosts the Romanian National Contact Point for Responsible Business Conduct (NCP) responsible with encouraging the observance of the OECD Guidelines for Multinational Enterprises and related information dissemination within the business communities and others interested parties.

National Contact Point for Responsible Business Conduct for the OECD Guidelines for Multinational Enterprises

<https://mneguidelines.oecd.org/ncps/>



The National Contact Point for Responsible Business Conduct (NCP) for the implementation of the recommendations made by the Organization for Economic Cooperation and Development (OECD) in the Guidelines for Multinational Enterprises was established by Government Decision no. 420 of May 12, 2005.

The mandate of the National Contact Point for Responsible Business Conduct, presented in the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development (OECD) is two fold:

- ✓ Promote and increase awareness on the OECD Guidelines for Multinational Enterprises and handle enquiries by organizing and participating in events related to RBC to raise awareness of the Guidelines and to address questions about the Guidelines
- ✓ Provide a grievance mechanism to resolve cases (known as “specific instances”) relating to non observance of the recommendations of the Guidelines

The National Contact Point for Responsible Business Conduct provides a discussion forum and supports the business community, the employer’s organizations and other interested parties in reviewing the subject matter in an effective and timely manner and in accordance with the legislation in force.

Contact

National Contact Point for Responsible Business Conduct

E-mail: pnc@investromania.gov.ro

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct contains a series of recommendations for national governments of multinational enterprises, voluntary principles and standards for responsible business conduct in a global level, in accordance with the existing legislation.

The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct cover fields such as:

- ✓ Employment and Industrial Relations
- ✓ Environment
- ✓ Human Rights
- ✓ Combating Bribery, Bribe Solicitation and Extortion
- ✓ Consumers Interests
- ✓ Science and technology
- ✓ Competition
- ✓ Taxation

“OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES ON RESPONSIBLE BUSINESS CONDUCT” can be downloaded at:
https://read.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en#page1



GOVERNMENT OF ROMANIA
Romanian Agency for Investment
and Foreign Trade

9-11 Promoroaca Street, District 1
Bucharest, Romania

E-mail:

investromania.gov.ro
office@investromania.gov.ro

