



Romania A Strategic Choice

Milano, 26 October 2022

Romania - Country overview



Area:
238,391 km²

Capital:
Bucharest



Currency: RON
RON/EUR: 4.9204
RON/USD: 4.1604
(averages 2021)



Population:
19.1M

(1st Jan 2021)

Bucharest
Metropolitan Area: ~3M



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

2021

GDP 240.2 Bn €

GDP growth 5.9%

FDI flows 7.3 Bn €

FDI stock 96 Bn €



2004 - NATO membership



2007 - EU membership

2019 - EU Presidency

Romania at a glance

GDP growth (%)



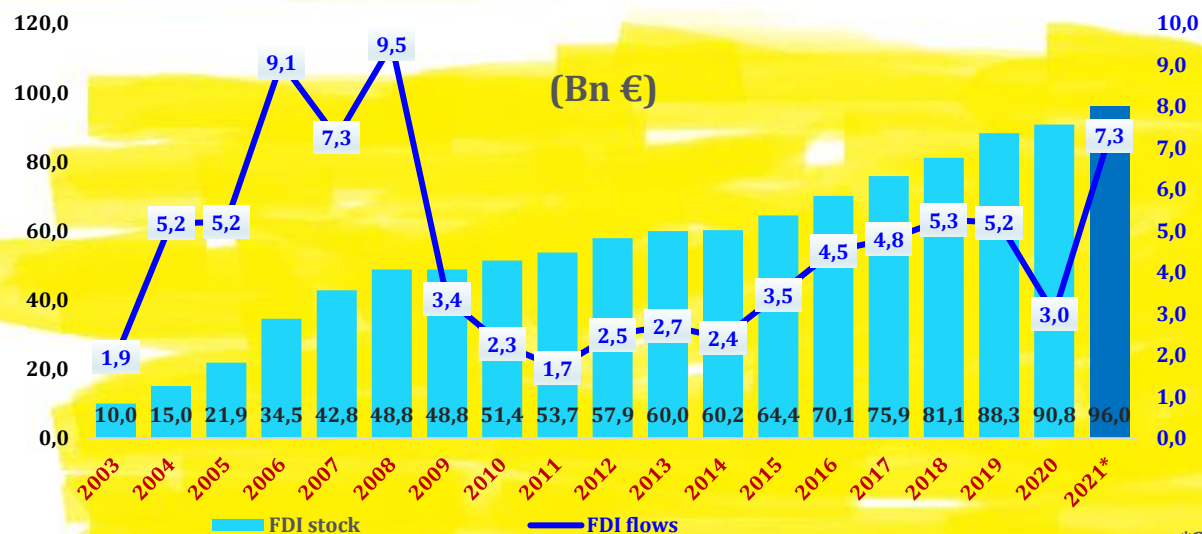
(National Institute of Statistics)

3.9% GDP growth in 2022

(European Commission
- Revised Summer 2022 forecast)

Fiscal regime

- ✓ 16% standard corporate income tax, one of the lowest in Europe
- ✓ 19% standard VAT, 3rd in EU
- ✓ 10% standard personal income tax
- ✓ 5% dividend tax
- ✓ 0% profit tax for the reinvested profit in new technological equipment
- ✓ 0% income tax for employees in IT&C or R&D

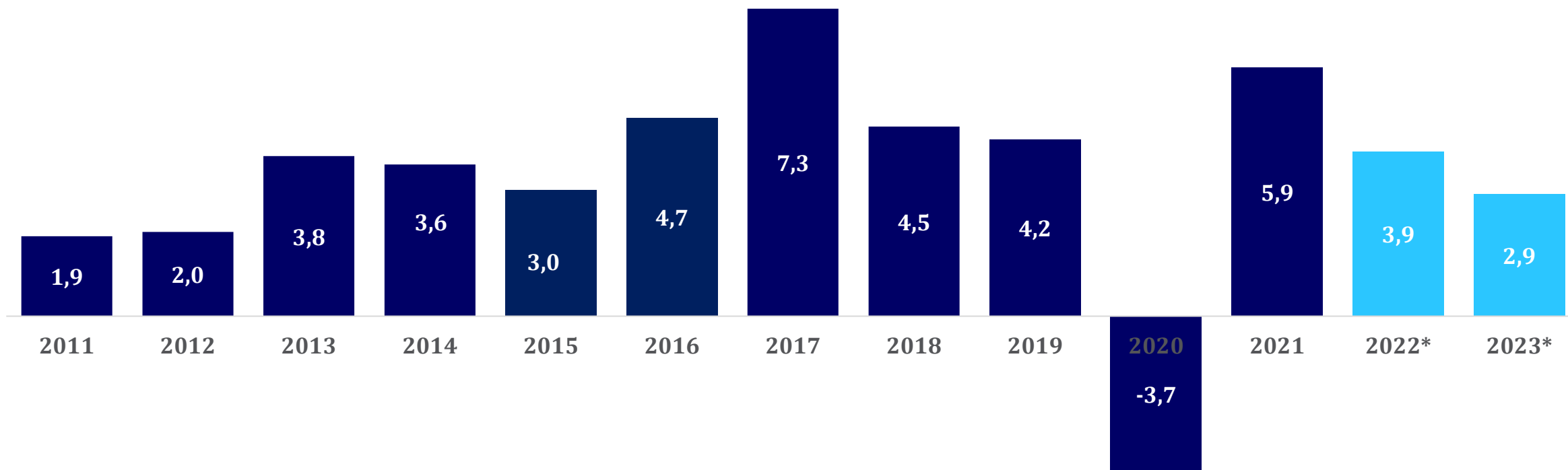


- ✓ FDI flows: 5,505 Bn € in January-July 2022, up by 43.7% compared to same period last year
- ✓ FDI stock: 102.7 Bn € (June 2022)

*2021 estimates data, NBR

Potential for growth

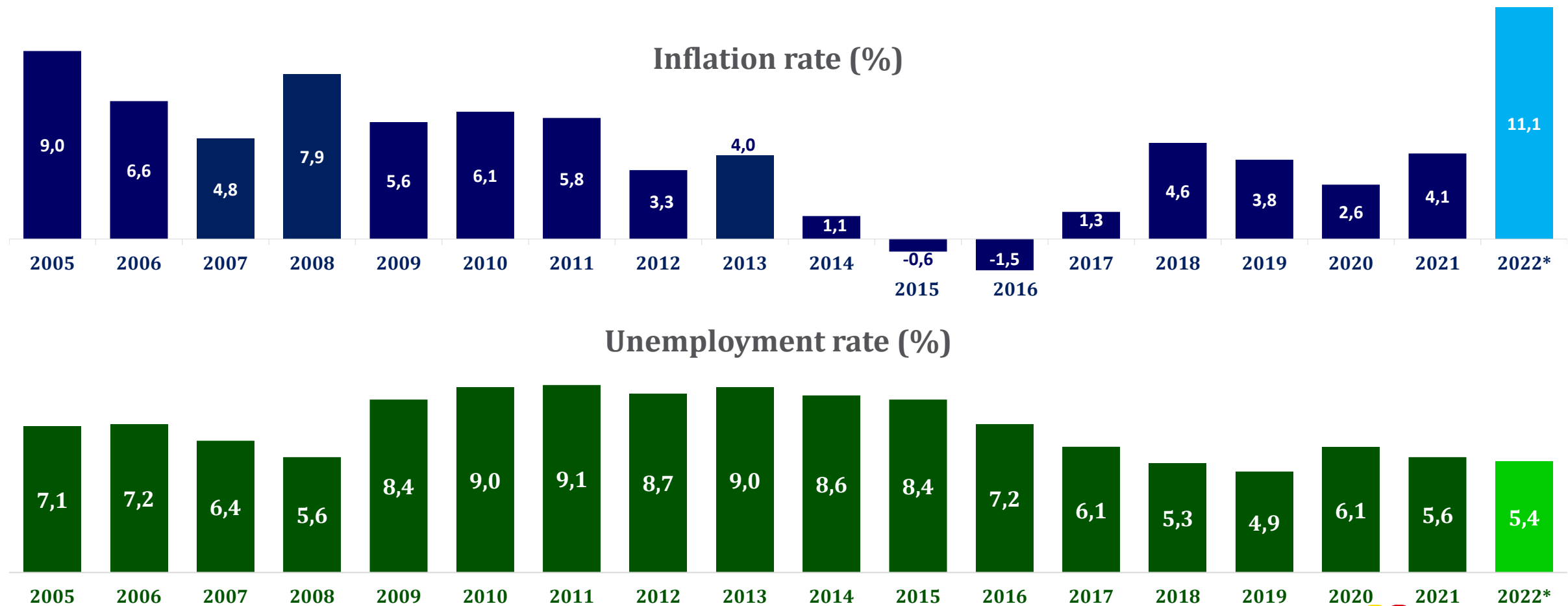
GDP growth (%)



(Source: National Institute of Statistics)

(*National Commission of Strategy and Prognosis - Forecast Summer 2022)

Inflation & unemployment

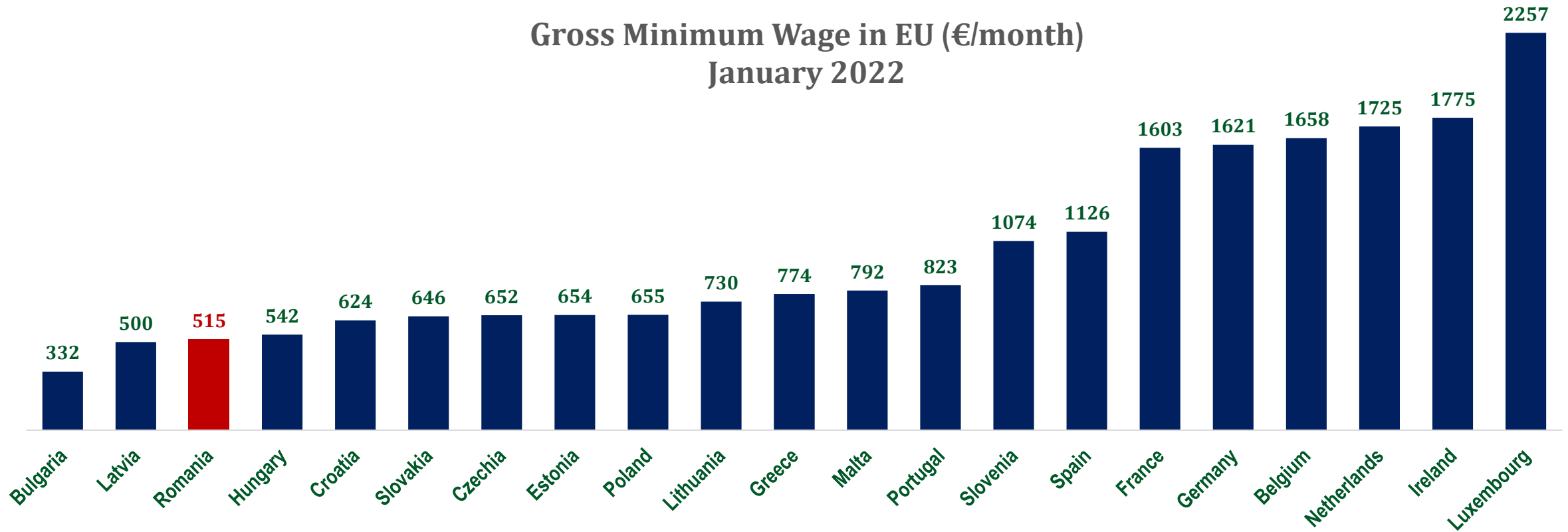


(Source: National Institute of Statistics)

(National Commission of Strategy and Prognosis – *Forecast Summer 2022)

Minimum Wage in EU

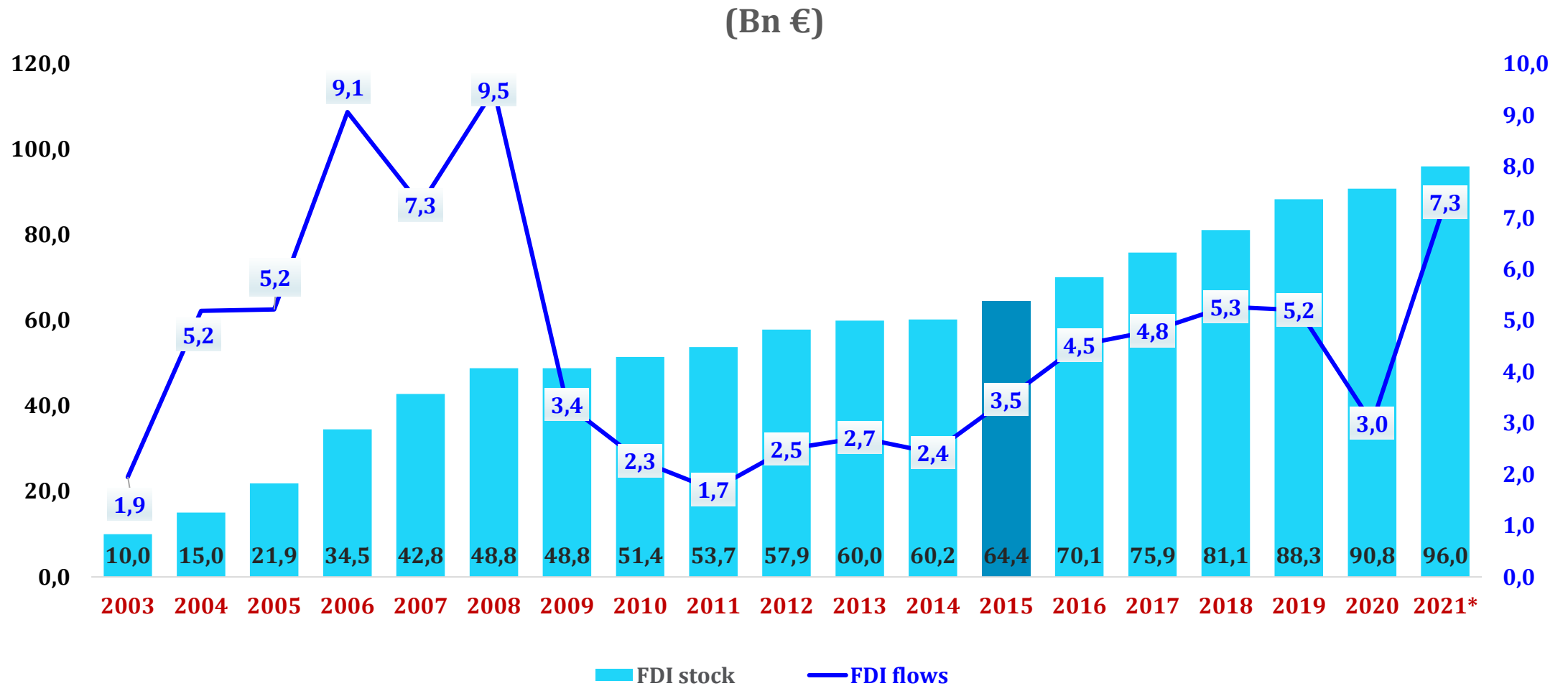
Gross Minimum Wage in EU (€/month)
January 2022



Note: EU countries without a national minimum wage: Denmark, Italy, Cyprus, Austria, Finland and Sweden.

(Source: Eurostat)

FDI Flows & Stock



(Source: National Bank of Romania) - *2021 estimates data

FDI Stock by Field of Activity at 31 December 2020



Sectors	Million €	% of total FDI
TOTAL	90,773	100.0
Manufacturing	26,475	29.2
Trade	15,658	17.2
Construction & real estate transactions	15,361	16.9
Financial intermediation and insurance	10,746	11.8
Electricity, gas and water supply	5,845	6.4
Professional, scientific, technical and administrative activities and support services	4,183	4.6
IT&C	3,918	4.3
Mining	3,373	3.7
Agriculture, forestry and fishing	2,621	2.9
Transportation	1,496	1.6
Accommodation & food service activities	651	0.7
Other	448	0.5

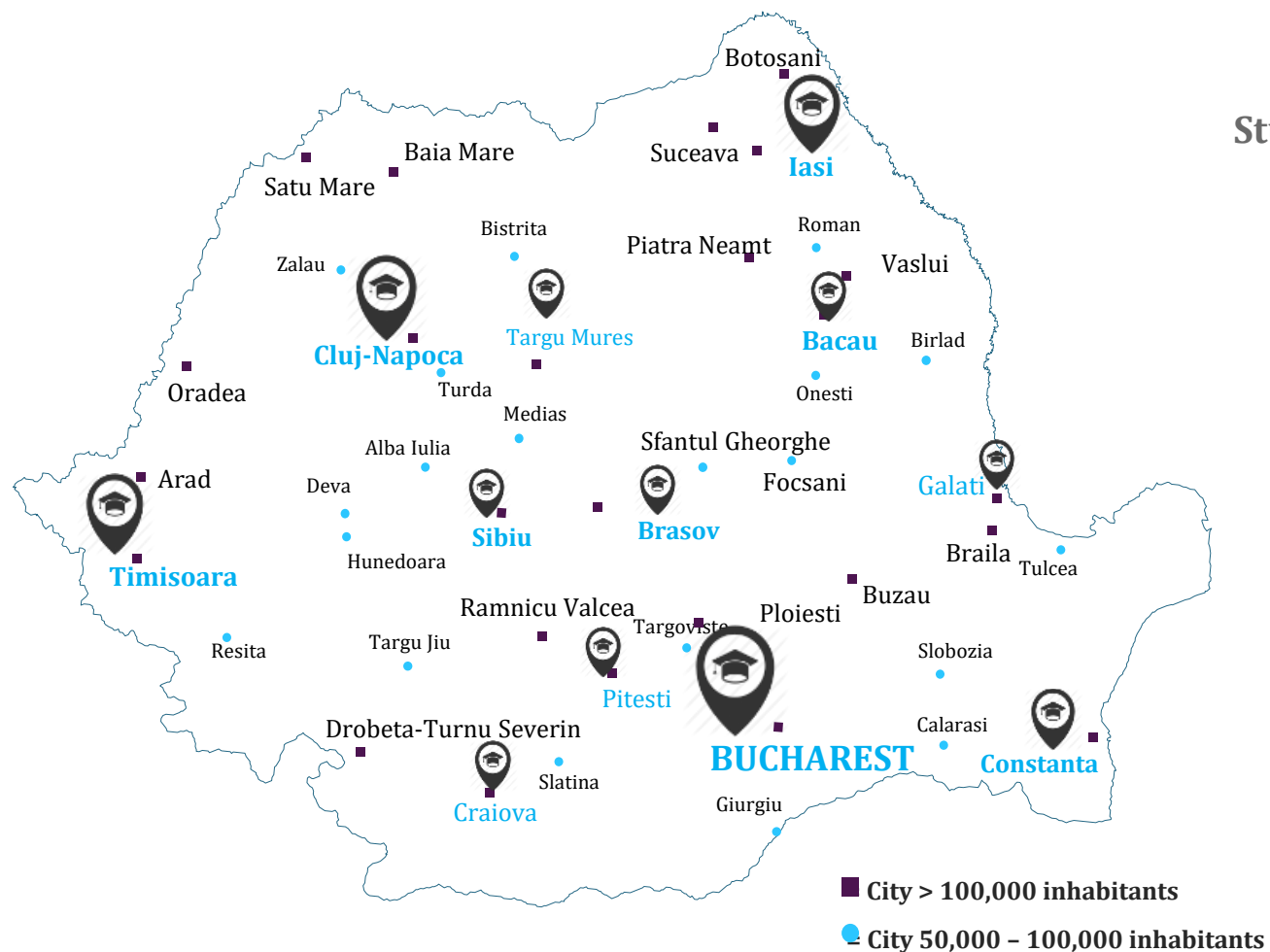
FDI stock was channeled primarily to manufacturing (29.2% of total FDI), with the largest recipients being:

- 23% transport equipment
- 19% oil processing, chemical, rubber & plastic products
- 12.1% metallurgy

Other activities that also attracted significant FDI:

- 17.2% trade
- 16.9% construction & real estate transactions
- 11.8% financial intermediation & insurance

Talent pool



Top 5 University centers in Romania

Students enrolled* 560,490/ Students graduated** 130,271

Bucharest - 31 Universities
(177,718 enrolled students/43,315 graduated)

Cluj - 9 Universities
(72,786 enrolled students/15,852 graduated)

Iasi - 7 Universities
(56,889 enrolled students/12,032 graduated)

Timisoara - 6 Universities
(43,582 enrolled students/9,133 graduated)

Constanta - 5 Universities
(22,142 enrolled students/5,165 graduated)

Academic year *2020-2021; **2019-2020

Source: National Institute of Statistics, World Economic Forum

Communication skills

Languages studied by Romanian students

99%

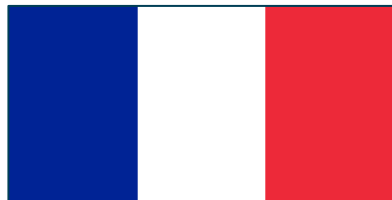
- 99% of Romanian high school students study two or more foreign languages
- Predominant languages: English, French, German and Spanish, yet initiatives for teaching Japanese, Nordic languages or the entire Latin language family.

University students in Romania are proficient in [% of total]:

90%



26%



17%



8%



5%



Centers of Excellence

Renault Technologie Roumanie (RTR), Technical Center Titu



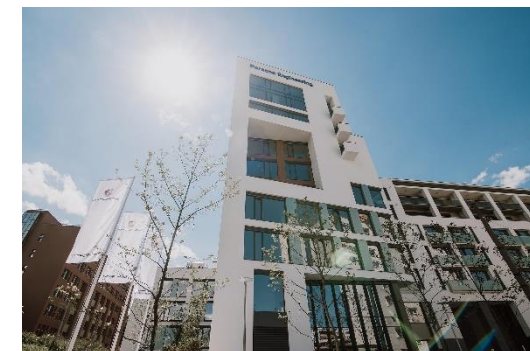
RENAULT



ELI - NP Magurele



BOSCH Cluj-Napoca



**PORSCHE Engineering
Romania / Cluj-Napoca**



**HELLA Technical Center
Craiova**



SONACA Turda



DAIMLER Sebes



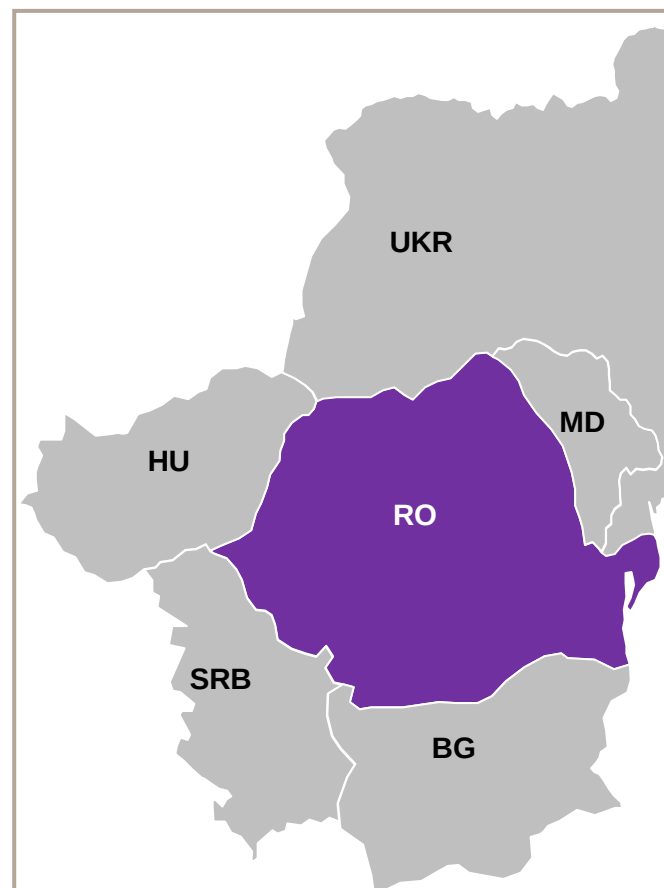
SIEMENS Cluj-Napoca

Romania - competitive market

Natural Gas & Electricity prices EU27 ranking (2021)*

Natural gas prices
#7
0.0437€/KWh

Electricity prices
#9
0.1293 €/KWh



Hourly labor costs 2021

One of the most
competitive labor force in
the EU (8.5 €)

(Source: Eurostat, March 2022)

2

World Bank ease of doing business

Ahead of Italy, Bulgaria,
Luxembourg, Greece and
Malta

(Source: World Bank Report, 2020)

55

*Excluding VAT and other recoverable taxes and levies
(Source: Eurostat)

Value for money



	BUCHAREST	BERLIN	LONDON
Consumer Prices*	100 €	156 €	184 €
Rent Prices	100 €	283 €	473 €
Restaurant Prices	100 €	135 €	196 €
Groceries Prices	100 €	155 €	160 €
Standard of living equivalency net salary	2470 €	4557 €	6151 €

*without rent

(Source: Numbeo, 8th September 2022)

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



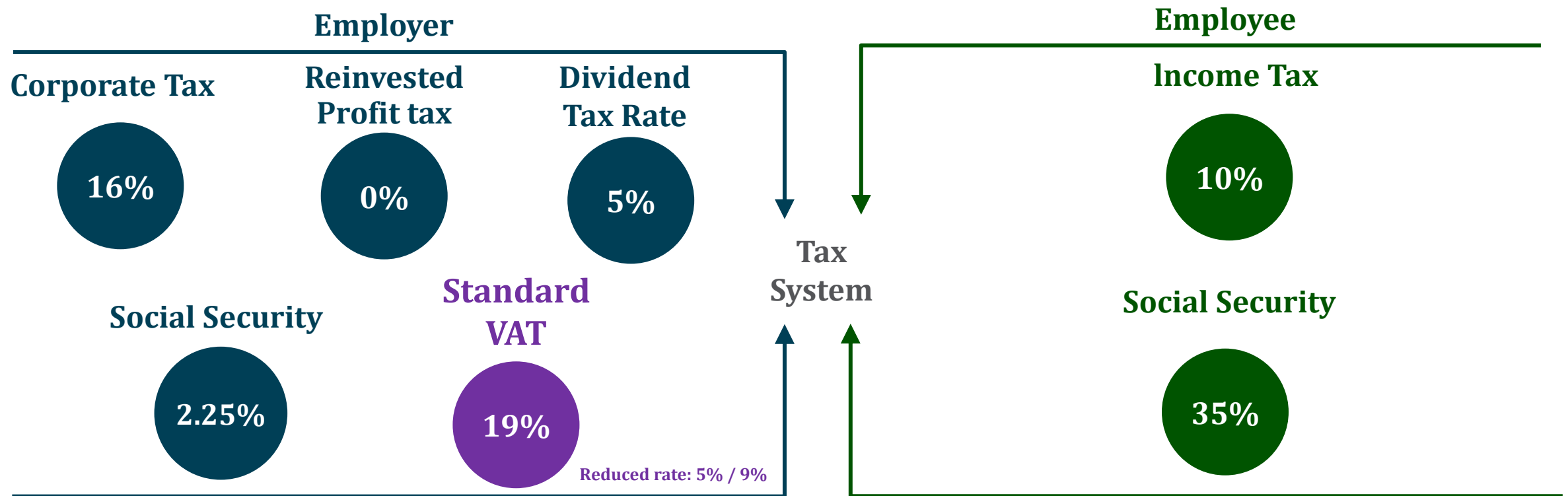
	BUCHAREST	PARIS	BRUSSELS
Consumer Prices*	100 €	178 €	162 €
Rent Prices	100 €	331€	222€
Restaurant Prices	100 €	173 €	173 €
Groceries Prices	100 €	208 €	163 €
Standard of living equivalency net salary	2470 €	5256 €	4333 €

*without rent

(Source: Numbeo, 8th September 2022)

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.

The Romanian tax system 2022



R&D - 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.

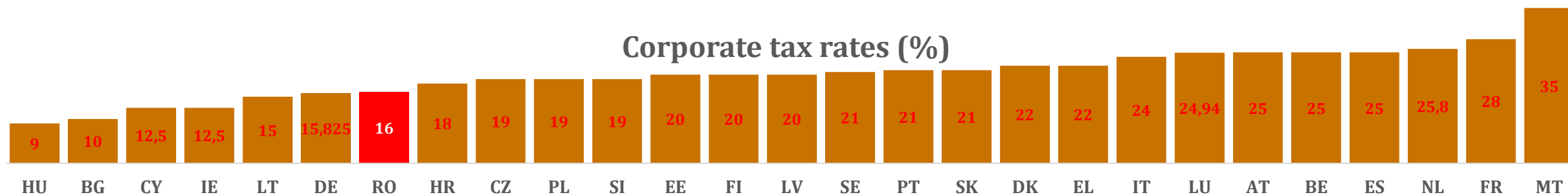
Specific deduction in case of R&D eligible expenses:

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

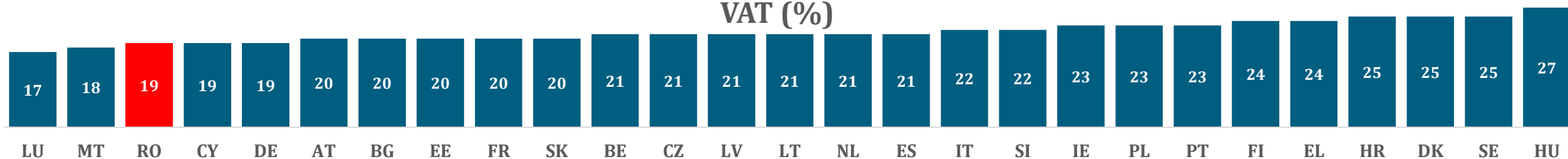
IT&C - 0% income tax for employees involved in software development activities. IT specialists must respect a certain strict set of provisions.

Comparative tax in EU 2022

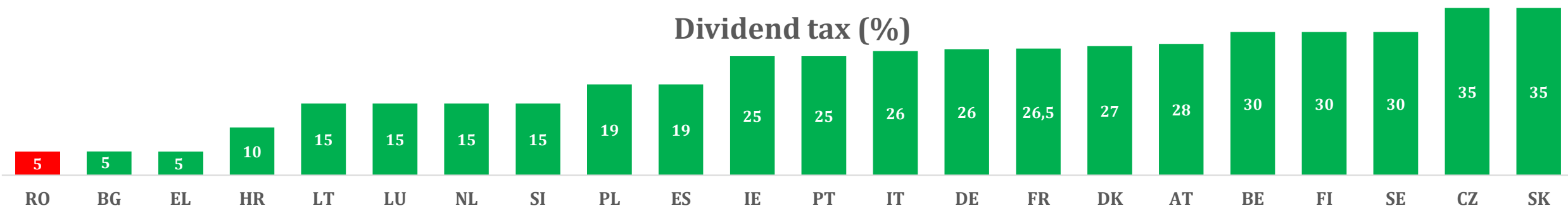
Corporate tax rates (%)



VAT (%)



Dividend tax (%)



Source: taxsummaries.pwc.com, taxfoundation.org, topforeignstocks.com

0% withholding tax for Malta, Cyprus, Estonia, Latvia and Hungary

Investment Support

STATE AID 2014-2023 Total Budget 1.5 Bn €

STATE AID - GD 807/ 2014

Minimum 1M € investment

- Construction of new buildings
- Renting costs for existing buildings
- CAPEX aimed at technical installations and tools
- Acquisition of intellectual property

STATE AID - GD 332 / 2014

Minimum 100 new jobs*

- Salary costs registered for a 2 consecutive year period resulted as a direct consequence of the investment
- Salary costs are comprised of gross average annual salary plus benefits

* in different locations of the investment

Examples of supported investments

FISCAL INCENTIVES

Investors that set up manufacturing locations or offices in an industrial, scientific or technological park benefit from:

- Exemption on land, building and urban planning tax
- Exemption on taxes charged for changing land destination

State Aid Budget total 2014-2023: 1.5 Bn €*

- Dacia Renault, France, 2018 – 24.86 M € state aid (27% realized)
- Dacia Renault, France, 2015 – 13 M € state aid (100% realized)
- Sogefi, France, 2018 – 22.34 M € state aid (43% realized)
- Sonaca, Belgium, 2015 - 5 M € state aid (100% realized)
- Universal Alloy Corporation, Switzerland, 2018 – 37.29 M € state aid (132% realized)
- Arcelik (Arctic), Turkey, 2016 - 36 M € state aid (105% realized)
- Pirelli, Italy, 2016 – 28.58 M € state aid (105% realized)

Investment Support

STATE AID 2022-2027 Total Budget 300M €

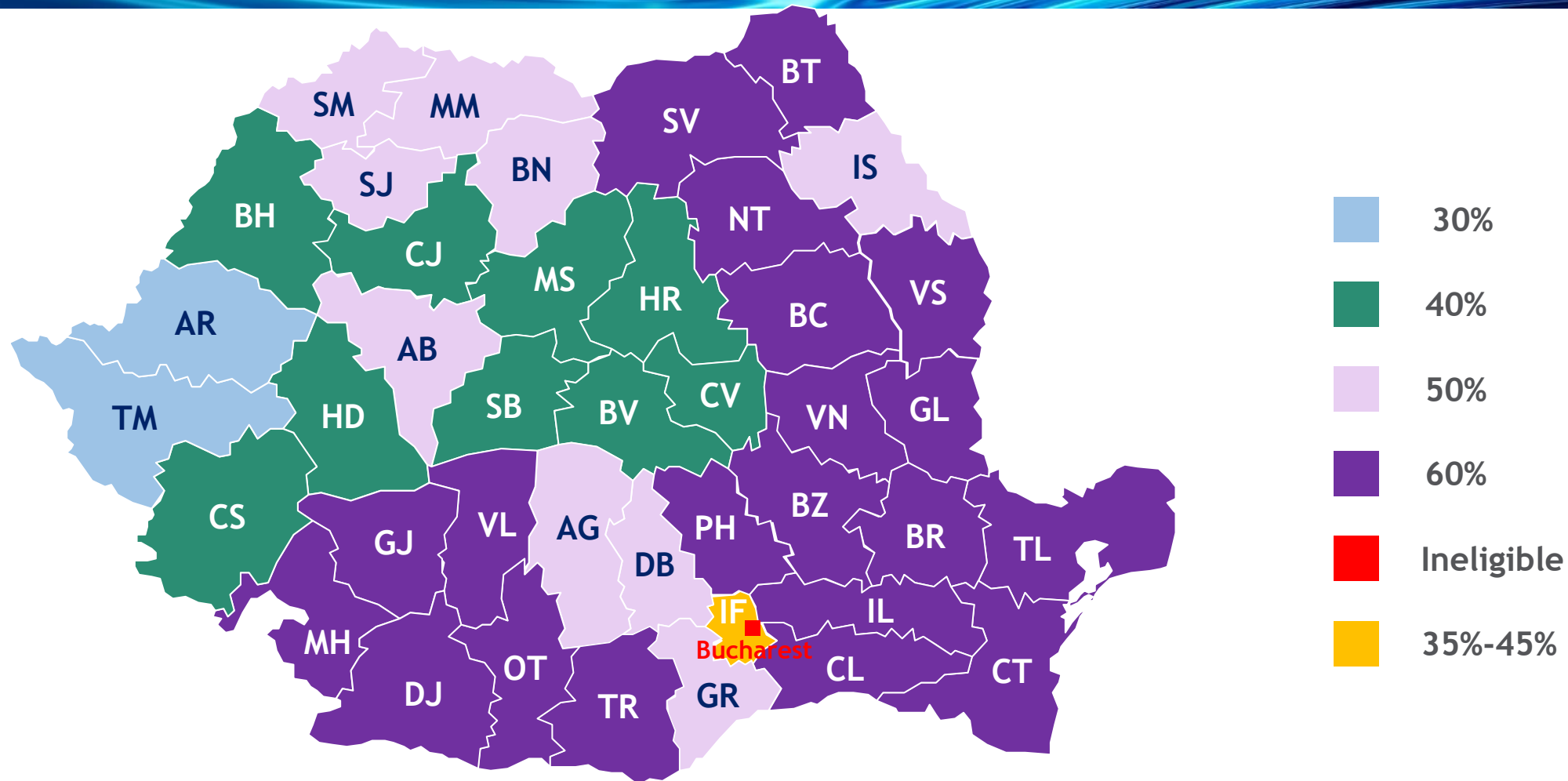
GD 959 / 2022 for supporting investments in the manufacturing industry

For supporting the Romanian economic companies to develop the production potential for materials / products / equipment and services necessary for the market, by ensuring the necessary financing sources and production capabilities

Minimum 3M € investment

- Starting a new unit
- Expanding the capacity of an existing unit
- Diversifying the production of a unit through products that were not previously manufactured in the unit
- Fundamental change of the general production process of an existing unit
- Creating new jobs

Current map of intensities (2022-2027)



(Source: European Commission)

Connectivity

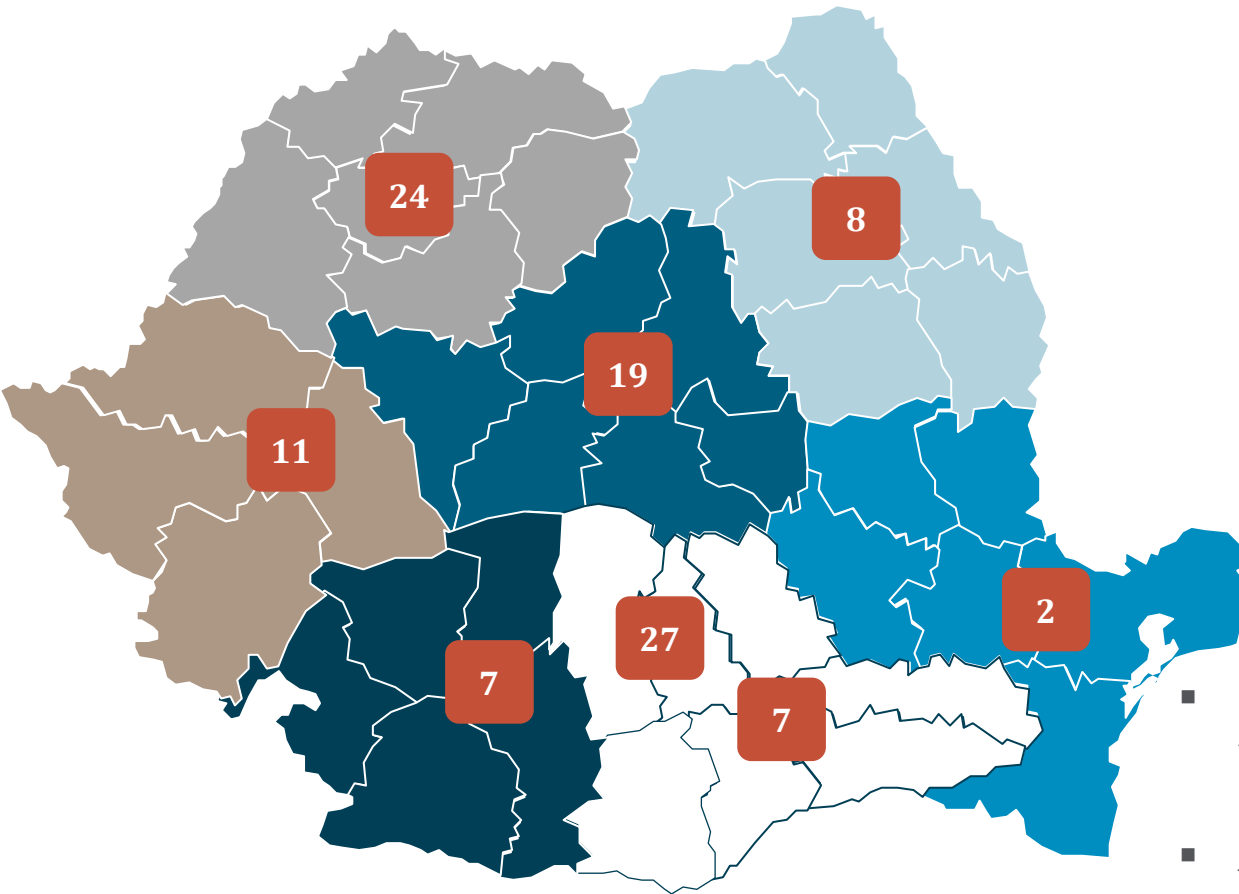


Romania owns 1/3 of the Danube River, also standing as the most significant gateway to the Black Sea through Constanta Port, the largest and deepest port (25 meters) at the Black Sea (with a 6 days time-saving competitive advantage against the biggest European port Rotterdam, as concerns Asian goods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

16 International Airports with over 100 direct flights worldwide .



Industrial Parks



- 105 modern industrial parks spread across Romania with both private and public ownership, totaled 3,382.86 ha (from which 42.5% are available)
- 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, 30 March 2022)

Key facts for top tech oriented industries in Romania (2020)

INDUSTRY SIZE

KEY PLAYERS

KEY PROJECTS

AUTOMOTIVE



26.4 Bn €



RENAULT



SCHAEFFLER



BOSCH

DAIMLER



- **Continental** 175 M € investment in 2017
- **Daimler** 250 M € in 2018 investment for gear boxes
- **Ford** 200 M € investment for production of new model

IT&C



8.2 Bn €



Microsoft

ERICSSON



amazon



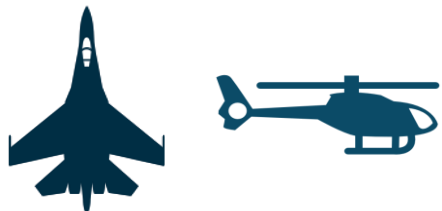
ORACLE

NTT DATA



- **Siemens** software dev. worked on the Mars Rover
- **Deutsche Bank** 40 M € investment
- **LiveRail** was acquired by **Facebook** for 600 M €

AEROSPACE



906.2 M €



AIRBUS
HELICOPTERS



A COMPANY OF MONTANA TECH COMPONENTS AG



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

Priority areas for investment in Romania

- Infrastructure (Transport – highways, railways, maritime; Energy; Health; Education)
- Chemical, plastics, pharmaceutical industries
- Medical equipment
- Electronics and electrotechnical industry (including microprocessors)
- Hydrogen industry
- Batteries for electro-mobility
- Agricultural machinery
- Food industry and agriculture (irrigations; collection, storage and processing facilities etc.)
- Trucks, busses, light commercial vehicles
- Defence industry
- Tourism

Romania – Italy bilateral trade

Italy – second trade partner of Romania

Bilateral trade 2021 versus 2020

Total: EUR 16.55 billion (+19.45%)

Export: EUR 7.81 billion (+17.03%)

Import: EUR 8.74 billion (+21,69%)

Bilateral trade first semester 2022 versus first semester 2021

Total: EUR 9.96 billion (+23 %)

Export: EUR 4.7 billion (+22%)

Import: EUR 5.26 billion (+24%)

 **The high value of bilateral trade between Italy and Romania indicates the restart of both economies and allows an optimistic forecast for the end of 2022.**

Romania – Italy Trade Structure

Main Romanian exports of goods to Italy in first semester 2022:

Machines and electrical equipment

Vehicles, aircraft, transport equipment

Shoes, hats, umbrellas, canes

Nuclear reactors, machines and mechanical devices

Plastic Materials

Fashion and garments

Metals and articles thereof

Main Romanian imports of goods from Italy, in first semester 2022:

Nuclear reactors, machines and mechanical devices

Machines and electrical equipment

Metals (cast iron, iron, steel)

Plastic materials

Vehicles, tractors, bicycles

Cast iron, iron or steel products

Aluminum and aluminum products

Italian direct investments in Romania

Main sectors (% invested capital, 30 June 2022):

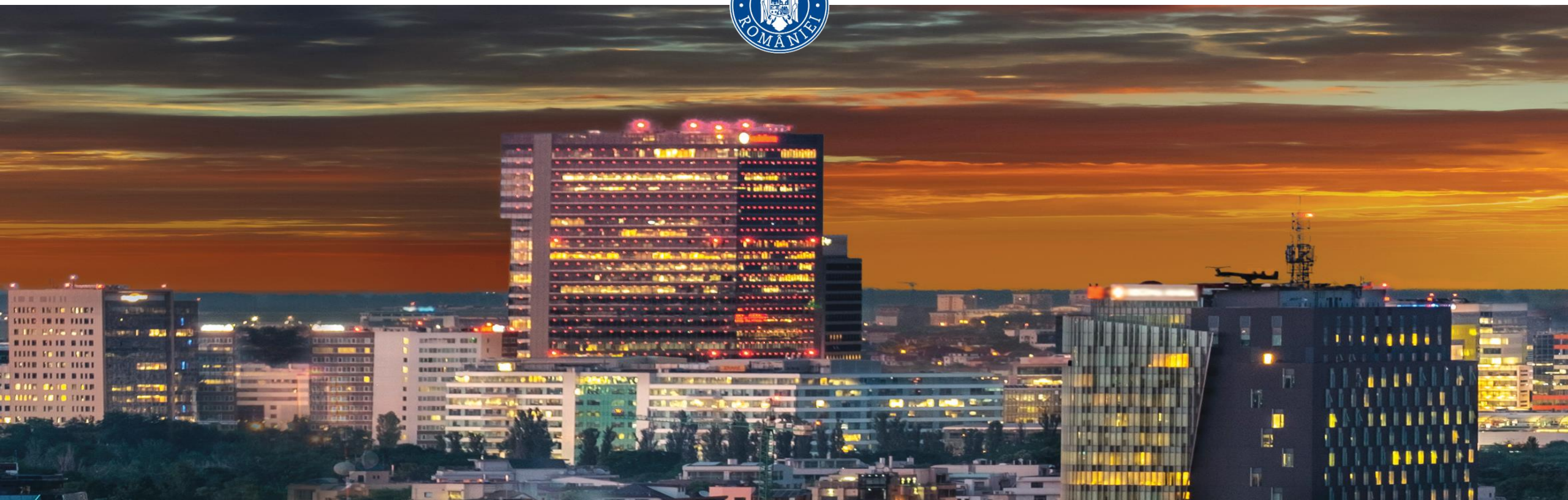
- First place by number of companies
- 51.167 companies registered since 1990 (19.700 active companies in 2022)
- Fifth place for capital
- EUR 3 billion euros capital
- Industry- 42.46% - Pirelli Tyre, Beltrame, Alenia Aeronautica,
- Energy – 28,65% - Enel, Ansaldo Nucleare, ButanGas, Ducati Energia
- Banking- 8,53% - Intesa Sanpaolo, Unicredit
- Real estate – 6,71% - Astaldi, Maltauro

Companies with Romanian shareholders, registered in Italy

- **18.500 capital companies, mainly Ltd**
- **8.000 partnerships/società di persone**
- **55. 079 individual companies**

- **Subsidiaries of important Romanian companies:**
 - Banca Transilvania – banking
 - BLUE AIR – airlines
 - DIGI - telecommunications
 - ATLAS SIB – international transports

Source: Unioncamere , CERVED



GOVERNMENT OF ROMANIA
Ministry of Entrepreneurship and Tourism

152 Calea Victoriei, District 1, Bucharest, Romania

www.investromania.gov.ro ; www.turism.gov.ro

E-mail: office@investromania.gov.ro

dgre@dce.gov.ro