KEYPOINTS

Esteemed members of the audience,

Dear friends and colleagues,

My name is Andrei Stănișoară, I am the head of the Economic and Commercial Office within the Romanian Embassy in Athens.

I would like to start my presentation by thanking the organizers for inviting me to say a few words about my country, Romania, as a business destination and about the economic relations between our two nations.

The bilateral economic relations with the Hellenic Republic have a positive and dynamic evolution. Since 2007, the annual volume of bilateral trade constantly exceeded the amount of 1 billion euro. In 2021, the value of the Romanian- Greek trade was 2.28 billion euro (+ 26% compared to 2020), of which export 890 million euro (+26.82%) and import 1.39 billion euro (+25.6%); deficit for Romania -501.3 million euro.

The positive trend of bilateral trade is also maintained in 2022. During last year, the value of Romanian-Greek exchanges was 2707,67 million euro, up by 18,68% compared to 2021. Exports increased by 26,8% and reached the value of 1081,63 million euros and imports increased by 25,6% compared to the reference period, with a value of 1626,04 million euro. The balance of 544,41 million euro was favorable to the Greek side.

As we all know, doing business involves the desire to invest in a project with potential of growth and also to make profit. These are reasons for which investors are looking for competitive profit margins and a favorable business climate for the development of medium and long-term projects.

Romania is an attractive business destination, that can offer a competitive Return On Investment. That is why it is most vital to promote and capitalize on the competitive advantages of our country that can place us ahead of our regional pears in attracting foreign investment.

Greece is one of the most active investors in Romania, in various fields of the economy. Greek companies have significantly contributed, over time, to strengthening the Romanian economy, through major investments in sectors such as food industry and industry in general, building materials, retail, distribution channels, infrastructure, banking and telecommunications. According to the Romanian Trade Registry Office, over 8400 Greek companies were registered in Romania since 1990, with investments of more than 1.66 billion euro (8th place).

We are interested in an increased presence of Greek investors in Romania and we also encourage the Romanian companies to consider the investment opportunities in Greece.

We hope that Romania's constant economic growth in the last period, along with the opportunities it provides, will convince more entrepreneurs from Greece to see it as an attractive destination for their activities.

I will continue be presenting, in a nutshell, the advantages of **Romania, as an attractive and best choice business destination:**

- **<u>Romania is an economy on the rise:</u>**

- Romania owns 105 industrial parks - with both private and public ownership, 20 greenfield, 13 under constructiond and 72 operational (MLPDA, 22nd July 2022).
- Romania enjoys one of the largest domestic markets in CEE, being strategically positioned at the cross-roads of the traditional commercial and energy routes between the EU-27, Asia and the CIS countries, holding 1/3 of the Danube river, 200 km sea shore, as well as the largest and deepest port at the Black Sea – Constanta;
- As regards the market potential, Romania is the 2nd largest country in Central and Southeast Europe and 1st in Eastern Europe, with a significant consumer market, ranking 8th in terms of size and 6th in terms of population in the EU27, with almost 19 million inhabitants;
- Romania is considered a "safe" country, a fact confirmed by the 0 value of the global index of terrorism - according to the annual report "Global Terrorism Index", published by the Institute for Economy and Peace (IEP) in 2022.
- Romania has joined the group of countries that offer digital nomad visas to remote workers (along with Germany, Estonia, the Czech Republic, Portugal, Croatia and Norway).

- **<u>Financial Incentives</u>**
  - Romania also offers two state aid schemes for supporting the foreign capital influx into the domestic economy for investments exceeding EUR 1 million or creating minimum 100 new jobs (extended validity until 2023):
    - ✓ **Minimum EUR 1 M investment**: Eligible costs include: construction of new buildings; renting costs for constructions related to the initial investment; capex aimed at technical installations and tools; acquisition of intellectual property
    - ✓ **Minimum 100 new jobs/per location** (in different locations of the investment): Eligible costs include: salary costs registered for a 2 consecutive year period resulted as a result of job creation; salary costs are comprised of gross average annual salary plus benefit

- ❖ **New state aid scheme GD 959 / 2022 for investments in the manufacturing industry acting in support of Romanian companies to develop the production**

potential for materials / products / equipment and services by ensuring the financing 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**

➢ **<u>Romania has competitive taxation:</u>**

- 16% corporate tax (Romania ranks 6th in the EU with the lowest corporate income tax rate, in 2022)
- 19% - standard VAT rate (Romania ranks 3rd in the EU with the lowest standard VAT rate, in 2021)
- 9% VAT rate for: accommodation, restaurants, food delivery, including beverages (excluding alcoholic beverages), water supply for irrigation in agriculture, delivery of fertilizers and pesticides used in agriculture, seeds and other agricultural products intended for sowing or planting, as well as supply of services of the specific type used in the agricultural sector (provided by joint order of MFP and MADLPA), water supply and sewerage services;
- 0% income tax for IT&C and R&D employees, under the current regulations.
- 0% tax for the profit reinvested in new technological equipment
- 5% dividend tax, the tax may be reduced to 0% in case the beneficiary company held at least 10% of the shares in the company distributing the dividends for at least one year. Romania ranks 2nd in EU at the lowest rate of dividend tax, after Malta, Cyprus, Estonia, Latvia and Hungary, countries where dividend income is not taxed.
- 10% income tax for the employee
- Social contributions for the employee: 35% (25% pension, 10% health)
- Employer contributions: 2.25% work insurance contribution
- Tax exemption on land, construction and urban planning for investments implemented in industrial, science or technology parks.

➢ **<u>Romania s Human resource</u>** – We have skilled labour force at competitive prices:

- In terms of minimum gross wage, Romania ranks third in the EU with 515 euros (in 2022)
- In June 2022, the gross average nominal income was 6,413 RON, with 55 RON (+0.9%) higher than in May 2022 (according to the the NIS – 11th August 2022).
- The hourly labor cost in 2021 was 8.5 euros, the second lowest after Bulgaria, and 3.4 times lower than the EU27 average (29.1 euros), according to Eurostat (March 2022).
- The number of IT engineers per capita is higher in Romania than in India, the United States, Russia or China.
- Low cultural and linguistic barriers (Romanian is the second language spoken in Microsoft / USA after English).

Further, I will give you a brief description of the industry sectors in Romania:

- **Automotive**

- Key sector, enjoying a long tradition in Romania;
- With a contribution of over 14% to GDP, the turnover registered by the automotive sector was 26.4 billion EUR in 2020 (-15% compared to 2019);
- More than 630 supplying companies, with more than 230.000 direct employees
- The regions with significant supplier network: Argeș (Dacia), Oltenia (Ford), West, Center, North-West (export Germany);
- The R&D in the domestic automotive sector continues to grow by new investments and relocations of high tech activities (Continental, Renault, Bosch, Porsche, Delphi, Siemens)
- Top 3 exporting companies: DACIA, FORD, DAIMLER
- Two of the world's largest car manufacturers are present on the domestic market: Dacia Renault and Ford;
- Production capacities: DACIA (350.000 vehicules/year), FORD (250.000 vehicules/year)
- The highest quality level in terms of auto parts manufacturing in Eastern Europe
- The Romanian Automotive Industry – suppliers: Robert Bosch, Continental AG, Magna International, Faurecia, Adient, Delphi, Valeo, TRW, Lear Co., Yazaki Corp, Sumitomo, Calsonic Kansei, Autoliv

- **Services sector - SSC, BPO, BTI, research and development**

- Growth driver and an important contributor to Romania's GDP (2 - 2.5% of GDP)
- Romania is one of the most appealing near-shore locations, capitalizing on a sound educational system, with a strong focus on IT, finance and accounting, thus providing a steady and competitive flow of skilled resources to meet the growing demand of SSC / BPO entities
- Some of the most preeminent international companies in the field, including global players like IBM, HP, Oracle, Microsoft, Adobe, Endava etc.
- Cultural compatibility and wide range of foreign language skills, covering English, French, Spanish, Italian, German, Portuguese, Hungarian, Czech, Slovak, Bulgarian and Russian, provide a competitive edge to the Romanian work force (Source ABSL);
- €4.5 Bn industry size in 2020 (ABSL);
- Wages offered at the entry level in the business services industry are 30% higher compared to the minimum wage, for employees with higher education. (Source ABSL);

- About 45% of the companies in the industry are SSCs (Shared Service Centers – companies which clusters certain activities, such as IT, accounting, purchasing, etc. in an entity specialized in shared services. 44% are active companies in the BPO industry (Business Process Outsourcing – specializes in providing services to external customers), the remaining 11% of companies are hybrid. Most companies operating on the local market come from France, Germany, Romania and USA. (Source ABSL-January 2020);
- Romania has all the required factors to remain a center of excellence in IT. The largest national and foreign IT&C companies have their headquarters in Bucharest.
- Lots of innovation labs and tech hubs in the main cities in Romania - Bucharest, Cluj, Iasi, Brasov and Timisoara
- Romania has the sixth highest number of certified IT specialists per capita in the world.
- Romania ranks 3rd in the Digital Nomad Index by CircleLoop's with one of the fastest-growing information technology markets in Central and Eastern Europe, enjoying some of the cheapest average monthly costs of fixed-line broadband packages ($8.15) and a cheap and reliable internet access.

I would not want to conclude before mentioning that **the Romanian community in Greece and the Greek community in Romania have a dynamic role in developing the relations** between our countries and in strengthening our cultural ties. We count on your continuous support for the projects of the Romanian community in Greece.

Also, the continuity of bilateral political and economic dialogue plays an important role in the development of our economic relations.

We need to encourage our businessmen to find innovative ideas to maintain and revitalize their cooperation. **Enhancing cooperation at the level of business organizations** (chambers of commerce, employer's organizations etc.) is also a very important aspect.

Also, we need to speed up the development of **energy projects of common interest** identified as being of **strategic importance for the region**, in order to achieve the diversification of gas supplies and to increase security of supply in the region.

We strongly believe that energy security should be further strengthened, at both European and regional level, as a major priority for our states and for the EU. We attach great importance to making **gas interconnectors** between our states (including the Vertical Corridor, Greece-Bulgaria Gas Interconnector, Bulgaria-Romania Gas Interconnector, Bulgaria-Serbia Gas Interconnector and Romania-Serbia Gas Interconnector) fully operational, in order for them to become key parts of the overall European energy security infrastructure and contribute to the implementation of the Energy Union.

As a final remark, I would like to emphiseze on the fact that Greece is one of our important partners in EU. Our bilateral relations need **to reach their full potential**. The diplomatic contacts that we had during the last years revealed our common goals and will to further develop the bilateral cooperation in all fields of mutual interest. Last but not least, let me stress about the fact that Romania meets the technical criteria for the Schengen Area.

Not being part of the Schengen Area strongly affects the companies acting in Romania - including the Greek ones - in carrying out their foreign trade operations (more complicated procedures and waste of time in customs).

So, at the end of my presentation, let me express my government gratitude for Hellenic Republic s support in this very important matter for Romania.

Thank you for your attention and I wish you all fruitful exchange of views at this event.