

Romania: business in a high growth EU Economy



by Anne-Marie Martin

ROMANIA, strategically located in Central and Eastern Europe, with a population of approximately 22m people, is the second largest market in the region. Romania is the UK's fourth largest export market and the UK is the seventh largest investor in Romania with more than 3600 companies present. With a government committed to improving the business environment, the highest FDI destination in Europe, the promise of incoming EU structural funds of over €30bn between now and 2013, the economy is vibrant and fast developing with a predicted growth rate of around 8% by the end of this year.

At a recent event organised jointly by the London Chamber of Commerce and the British Romanian Chamber of Commerce, one of the key speakers, Mr Raymond Breden, Tax Director at KPMG Romania noted that "the availability of EU funding for private sector projects in Romania is a wonderful opportunity for British business, provided that you have a good business plan and plenty of patience!"

Leading up to and since its accession to the EU we have seen Romania achieve comparable standards of trade liberalization, develop its private economic sector, restructure and initiate state-owned

enterprises, develop free market finance and banking systems, modernise its tax system and review investment laws.

These reforms have led to economic and political stability, standardised rules and regulations, a greater level of transparency and predictability, and a stimulated, competitive market place. "For us the hidden secret of Romania was a well-educated and talented workforce," said Brian Davies, Chairman Sanders Polyfilms Ltd and Chairman British Romanian Chamber of Commerce.

The UK and Romania are generating more trade and foreign direct investment than ever before. The need for responsible investment is paramount to Romania's long term, sustainable development. "We came, we liked it and we stayed! Western European market "position" plus Romanian location and local expertise makes a good business proposition," said Brian Stables, Profex Associates.

The opportunities available in Romania are reflected by the fact that the country's information-technology companies are partners with industry leaders such as Microsoft and Google, while consumer-goods groups export products that can be found in IKEA and all leading high street fashion outlets. Both Nokia and Ford have recently developed manufacturing bases in Romania and we have seen the first British Bank, the Royal Bank of Scotland, launch in the market.

"When you think about Romania,

ally. There are significant opportunities for UK companies in major cities such as Braşov, Constanţa, Timişoara, Cluj and Craiova. I have put a few, advised Richard Borden, Head of Trade at the British Embassy in Bucharest.

Key sectors with high growth and investment potential include telecoms and internet, roads, rail, waterways and water supply, airports, retail, automotive and the energy sector. In addition, Romania's priority markets still rank among Europe's fastest-growing and most profitable.



Environmental project management is one of the key areas where UK business can assist as well as the much needed expertise in development of human resources and staff retention.

Carla Ghosn, CEO of Renault said recently: "It is hard to call Romania an emerging market, given that it is part of the European Union. The Romanian market still has growth potential, in fact a much bigger one in comparison to European countries. I wouldn't call Eastern European countries emerging markets, I would say they are faster growing European markets."

With opportunity, challenges do arise. An increase in internal consumer demand and shortages in the local labour force are just two examples of these. Furthermore, the current global economic crisis is having an impact on Romania and rating agencies are uncomfortable with Romania's increasingly large account deficits, downgrading its status in the recent weeks.

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London Chamber of Commerce is planning a trade mission to Romania in March 2009. Contact Annabel Tomlinson