

Romania still has a great deal to offer the foreign investor and potential business partner

At the end of 2010, capital invested by British companies represented 2.9 pc of the total foreign investments in Romania, according to British Romanian Chamber of Commerce (BRCC) CEO, Anne-Marie Martin.

2010 was a year of adjustment to the phenomenon called crisis and its effects for many people. How much did these phenomena affect the commercial exchanges between the UK and Romania and what is their estimated value for the current year? Commercial exchanges between the UK and Romania have been affected by the crisis during 2009 and in 2010, as the financial system and fiscal stability faced great problems during this period. The National Institute of Statistics reported a 30 pc increase in commercial exchanges between Romania and the United Kingdom in 2010 as compared to the previous year, with a total amount of EUR 2.05 bln. Out of this total, Romania's exports to the UK amounted to EUR 1.25 bln, a 54 pc increase compared to 2009, while imports totalled EUR 800 M, a 12 pc increase compared to 2009. A significant increase in bilateral trade is expected to take place in 2011 because of the downward trend of the global financial crisis. European-wide economic recovery will also contribute to the development and diversification of products subject to the British Romanian bilateral trade. ***What was the most dynamic sector last year and what was the percentage it stood for from the total value of the commercial exchanges?*** According to available data, the petrochemical sector was the most dynamic sector of 2010, followed by chemical engineering, exploitation of oil deposits, electronics and electrical engineering, telecommunications, textile and food industry. ***Looking at Romania's map – what are the regions which the business people might consider and what value do you think the British investments will have this year in Romania, compared to 2010?*** It is impossible to guess what the likely outcomes will be for 2011. Bucharest has attracted more than 60 pc of the total number of foreign investors, being the country's capital and because of its adequate infrastructure (transport, telecommunications, corporate offices, production areas and storage, well-qualified labour force). The South East Development Region ranks second on the list due to investments made mainly in the counties near the Black Sea. The North-West Region is yet another potential area of development in IT. It is worth noting that EU funding is available in considerable values for regional development and the inward investment regional development agencies of Romania stand to gain a good share of the funding pie. The UK is a major investment partner of Romania – it ranks 10th on the list. At the end of 2010 capital invested by British companies in Romania represented 2.9 pc of the total foreign investments in Romania. For the current year it is estimated that British investments in Romania will maintain a positive trend. ***From the data you are having at this moment how many companies with British capital are still active in Romania and which are the most important five investors?***

According to data available from the British Embassy in Bucharest there are 4276 British-owned companies with a market capitalization of EUR 816.5 M operating in

Romania, including big brand names such as Vodafone, GSK, Arcelor Mittal, Aviva, Provident Financial, Halewood, Mark & Spencer, Royal Bank of Scotland. **Considering the still difficult environment, both economic and financial at international level, where would you place Romania's business potential, from a scale from 1 (the poorest) to 5 (the best), as an emerging country and how friendly is the domestic business environment, from legislative and judicial standpoints?** As a chamber we have spent a great deal of time and effort emphasizing the plus side of doing business in Romania and despite some of the obvious challenges in Romania including a perceived political instability and often quick introduction of legislative changes which affect the business environment without due transition notice. However we feel that Romania still has a great deal to offer the foreign investor and potential business partner; the size of the market (22 million), its skilled labour force, foreign language capability, and still a cost advantage are plus factors. Sectors include infrastructure development (utilities, road, rail etc), Oil and Gas exploration, specialist services, general manufacturing. Also, political relations between Romania and the UK are good. As the economic crisis will begin to diminish across the world, Romania will, together with its neighbours be in a good position to again resume its inward investment activity. **What joint strategies do you consider should and could be drafted with the help of Chambers of Commerce in order to re-launch the economy and what specific measures could be developed for new investments?** The BRCC has historically worked closely with its partners in Romania, and the other foreign bilateral chambers/ associations, to represent the views of members to Government through direct meetings and position papers, most recently contributing to suggested amendments to an emergency ordinance in the Fiscal Code in 2011. This is just one example of many such joint initiatives which have taken place over the years and the BRCC will continue to contribute such assistance.