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2. Key facts about Romania

Demographics

Population 19.3 million

Geography, regions and governance

- Romania is located in the southeastern part of Europe with an area of 238,397 square kilometers and a temperate climate. Romania's landscape is divided among mountains, hills and plains. Forests cover over a quarter of the country.
- Romania is structured in 41 counties and the Bucharest municipality.
- Romania is a semi-presidential republic where the Prime Minister is the head of government while the President represents the country internationally, signs decrees and promulgates laws adopted by the parliament. The legislative power is vested in the two chambers of Parliament: the Chamber of Deputies and the Senate Chamber. Romania has a multi-party system. The judiciary is independent of the executive and the legislature, the supreme court being the High Court of Cassation and Justice. Romania also has a Constitutional Court.
- Romania is a member of the European Union since 2007 and of NATO since 2004. It is not a member of the eurozone nor the Schengen area.

Economy

- GDP: +4.1% / 222 billion EUR (2019)
- GDP per capita: 11 500 EUR (2019)
- Exports of goods: 68.5 billion EUR (2019)
- Unemployment rate: 3.9% (2019)
- Romanian exports to Finland 263 600 000 € (2019)
- Romanian imports from Finland 179 600 000 € (2019)
- Number of companies with Finnish capital (partial or total) in Romania: about 105 (2020), having a total invested capital of 366 million lei
- Local currency is RON/LEI

DOING BUSINESS IN ROMANIA

Romania is the second largest market in Central Eastern Europe, one of the most dynamic economies in the region and a gateway to both the EU and Eastern European markets.

Key industries

1. Services (58% of the GDP)

- **Retail sector**

- **Business services (20%)**

This includes the financial, real estate, and IT & communications services (5.9%). Romania has a fast internet connection, and e-commerce has been rapidly growing in recent years. Over three quarters of the Romanian households have access to a fixed internet network. Romania is a strong player in regard to business processes outsourcing and call centers. The country is a recognized hub for BPO in Europe due to a wide range of foreign languages spoken, technical, IT, finance and accounting skills, low costs and soft skills and project management knowledge.

- **Trade, hotels and restaurants, and transport (18%)**

- **Public administration, defense, education and health sectors (13%)**

The health care industry is growing rapidly, and is the third largest sector in Romania.

2. Industry (28% of the GDP)

- **Automotive industry (14%)**

Romania is the 4th biggest automotive manufacturer in the CEE: Renault Romania, S.C. Automobiles Dacia S.A., Ford Romania S.A..

- **Manufacturing industry for metal parts**

It is a well-developed sector in Romania. There are numerous players on the domestic market manufacturing a wide variety of products such as: stamped parts, turbocharger components, injection parts, cold coiled springs, parts for the construction of industrial equipment etc.

The manufacturers of metal parts in Romania have domestic or external clients in various sectors: automotive, industrial, construction, transport, logistics, food, electronics, pharmaceuticals, telecommunications etc.

- **Energy industry**

Percentages of total energy produced:

- **Hydro energy 32%**

There are 326 hydro plants on Danube and other rivers. The state-owned Hidroelectrica administrates the hydro plants.

- **Fossils 23%**

- **Hydrocarbons 15%**

- **Wind energy 14%**

The biggest wind park is located near to Constanta. Romania is the 7th biggest producer of the wind energy in Europe.

- **Nuclear energy 6.8%**

Romania has one nuclear power plant with two reactors in Cernavoda and two new reactors are being considered.

- **Solar energy 6.7%**

Romanian state offers financial support for consumers to install equipment for solar energy.

- **Biomass 0.8%**

Renewable energy constitutes about 30% of the total of energy used in Romania. There is a high potential for renewable energy sources such as biomass, hydro or wind energy. Regarding the production of renewable energy, Romania is ranked the second country in the southeastern Europe.

- **Construction (5.5%)**

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3. Agriculture, forestry and fishing (4% of the GDP)

Romania boasts some of the largest agricultural and cereals outputs in Europe, especially in regards to maize and sunflower production. Currently the agricultural machinery and farm technology in Romania is mainly imported.

Romanian consumers

- Key consumer behavior trends: e-commerce, digitalization, local branding, organic food.
- Romanian e-commerce market has been growing rapidly in the last years. The growth of the online sales was 20-22 % between 2018 and 2019 (from €3.6 billion to €4.3 billion), and the trend has accelerated during Covid-19 in 2020. There are more than 20 000 online shops in Romania. The biggest online store in Romania is eMAG.ro.
- In Romania, 75% of Romanian people use the internet.
- Just as in other European countries, similar trends are visible in the Romanian food market. Healthy, organic and local food products can count on an increasing popularity.
- Local branding is on the rise with local tourism including local food.

10 Largest companies in 2019 (by turnover)

AUTOMOBILE-DACIA SA	- Auto
OMV PETROM MARKETING SRL	- Oil
OMV PETROM SA	- Oil
ROMPETROL RAFINARE SA	- Oil
ROMPETROL DOWNSTREAM SRL	- Oil
KAUFLAND ROMANIA SCS	- Retail
FORD ROMANIA	- Auto
BRITISH AMERICAN TOBACCO (ROMANIA) TRADING SRL	- Tobacco
LUKOIL ROMANIA	- Oil
CARREFOUR ROMANIA SA	- Retail

Industrial Parks in Romania

There are 88 industrial parks across Romania under both private and public ownership, most offering capabilities suited for industries like aerospace, IT&C and industry. All industrial parks offer companies access to utilities and some particular benefits packages according to their focus. Investors are exempted from land, building and urban planning taxes as well as for land destination changing.

Start-up hubs

Romania is emerging as one of the best countries in Europe for technology startups and investors to join forces. With strong innovation hubs in Bucharest and Cluj-Napoca – and startups popping up everywhere in the major cities – the ecosystem has been supported by one of the fastest-growing ICT workforce in Europe, with over 100,000 IT professionals able to support projects of extraordinary technical diversity.

[UiPath](#) became in 2018 Romania's first start-up valued over 1 billion. Other Romanian start-ups include [TypingDNA](#) , [FintechOS](#) , [TeleportHQ](#), [Questo](#) , [Elrond](#) , [CyberSwarm](#) , [SmartDreamers](#) , [Nifty Learning](#) , [TalentBrowse](#) and [XVision](#).

Accelerators

As the Romanian start-up scene has begun to develop in recent years, so has the surrounding eco-system supporting it. The accelerators and acceleration programs available to local entrepreneurs have increased during recent years, offering mentoring, connections and initial capital funding. Below is the list of local accelerators that Romanian start-ups has used in building their business:

- Spherik Accelerator in Cluj-Napoca. Its programs contain business education, support with product building and marketing strategy, events, networking opportunities, and legal services, financial and accounting

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advice. Provides office services in Liberty Technology Park in Cluj-Napoca. Linked to universities in Cluj-Napoca.

- Seed for Tech in Cluj-Napoca. The product investment division of Fortech is one of the largest software service companies in Romania. It offers services in product development, business services and marketing support. It uses business partnership models, which can co-invest in highly promising ideas and teams.
- Startup Transilvania Entrepreneurship and Innovation Center. The company's services include a digital incubator and an incubation program for entrepreneurs who create innovative technology and IT products in Cluj.
- MVP Academy acceleration program supports tech start-ups.
- Risky Business, an acceleration fund for startups in Romania.
- Orange Fab, international startup accelerator program in Romania.

Incubators

- Gemini Solutions Foundry - Bucharest, Romania
- Innovation Labs - Bucharest, Romania
- Mincubator - Bucharest, Romania

4. Basic requirements for starting a company with permanent establishment in Romania

- Hiring a business consultant and a lawyer
- Registrating a company to the [Romanian National Trade Register Office](#)

State support and European Funds

- For the period 2020-2027, Romania will receive in total EUR 46 billion from the EU budget and EUR 30 billion from the Recovery and Resilience Facility Fund.

Tips for the tenders to the EU projects in Romania

- **Electronic System for Public Procurement** ([Sistem Electronic de Achizitii Publice – SEAP](#))
- Companies **must register** to SEAP and get a **Digital Certificate** valid for 2 years.
- Most of the documents should be done in Romanian language. The cost for the translations into Romanian language are low.
- It is highly recommended to **hire a consultant** specialized in public procurement procedures.
- It is advisable to have a **partnership** with a Romanian entity with a knowledge of Romanian market and networks.

Fiscality

- National Agency for Fiscal Administration ([ANAF](#))
- The standard **corporate tax** is 16%. In case of micro companies, the tax is 1% or 3%, depending on the number of employees.
- **VAT** is 19% for the most of the goods and services except for food and beverages (9% VAT) and books, magazines, museum tickets, hotel accommodation services and eco-food products (5% VAT).
- The pension insurance is 25%, health insurance 10%, and the income tax 10% of the salary. These are paid by the employees. The work insurance contribution (2.5%) is paid by the employer.
- Tax exemption is offered for some categories: IT, research and innovation, construction and architecture.

Current hot topics

- **Digitalization**
Romania ranks 26th out of EU28 on the Digital Economy and Society Index (2020). While connectivity is well above the EU average (fast broadband and wide availability of fixed networks), the scores on digital public services, integration of digital technology, use of internet services and human capital are below EU averages. In 2020 the government decided on a new Authority for the Digitalisation of Romania, which will function under the Prime Minister and will for example coordinate the implementation of eGovernment and eAdministration projects and other nationwide IT infrastructure and service work.
- **Energy technology, renewable energy**
The energy sector in Romania is undergoing restructuring. In general, Romania has fared relatively well in Europe in energy independence (not being largely dependent on imports of energy resources). The renewable energy and modernization of the distribution network are highly topical.
- **Environmental technologies - Circular economy/Green buildings/Recycling**
Romania intends to modernize its infrastructure in the coming years, including with EU funds, and in line with EU environmental principles. Cities with mayors are a major players e.g. in recycling, waste management, more efficient heating and electric transport infrastructure development. Ministry of Environment supports individuals and companies in changing to more environmentally friendly vehicles, energy solutions etc.
- **New technologies**
Digitalization opens up possibilities for using new technologies such as those facilitated by 5G, AI etc. There is also e.g. a high-intensity laser at a research facility near Bucharest, enabling researchers from around the world to use extreme light to explore new theories and discover new applications in a range of fields. (Known as Măgurele Laser, part of the nuclear physics project ELI-NP.)
- **Health care**
Renovation of hospitals and building the new ones.
- **Education**
Digitalisation including e-learning. Developing teacher training.
- **Processing and distribution of organic food**
- **Basic infrastructure (road, railway, naval)**

5. Cultural issues and ease of doing business

- **Official language:** Romanian
- **Other languages used:** English, French, German, Hungarian (in Transylvania)
- **Hierarchy:** Quite strict and based on age and position. Professional titles and surnames are used.
- **Greetings:** A firm hand shake with eye contact is the standard. Some Romanian men might kiss the hand of a woman they meet. Only close friends exchange kisses on the cheeks when meeting.
- **Communication:** direct and frank, but also sensitive and courteous, with care being taken not to offend. You will likely require an interpreter when dealing with traditional firms.
- **Business culture:** Formal, reserved, polite, bureaucratic. Great respect is paid to more senior people. Punctuality is valued. Appointments should be planned well in advance. Formal business attire is required.
- **Business relationships:** Business relationships are based on mutual trust. Time and in-person meetings are needed for the relationship to develop. Personal questions shouldn't be asked at early stages of the relationship. Once a relationship has been developed, it is personal; if personnel change, new relationship must be built. It is advisable for the previous contact to introduce their replacement to Romanian partners.
- **Meetings:** Formal, often dominated by the senior decisionmaker whose decisions are rarely challenged by those of lower rank. There is often a strict seating protocol.
- **Presentations:** Facts and figures should be used to back up conclusions. Exaggerated claims should be avoided as Romanians prefer honesty and modesty in business. Confrontational behavior and high-pressure sales tactics should be avoided.
- **Gifts:** It is not common for Romanians to invite foreign business partners to their homes, but if invited, gifts such as flowers, chocolate or high quality Scotch are appreciated.

6. Sources of information

- [Ministry of Foreign Affairs](#)
- [Ministry of Public Finance](#)
- [Ministry of Economy, Energy and the Business Environment](#)
- [Invest in Romania](#)
- [Ministry for Transport, Infrastructure and Communications](#)
- [Ministry of Agriculture and Rural Development](#)
- [Ministry of the Environment, Waters and Forests](#)
- [Ministry of European Funds](#)
- [Ministry of Labor and Social Protection](#)
- [National Trade Register Office](#)
- [National Agency for Fiscal Administration \(ANAF\)](#)
- [National Institute of Statistics](#)
- [National Bank of Romania \(BNR\)](#)
- [Romanian Energy Regulatory Authority \(ANRE\)](#)

Fairs/Exhibitions

[World Education Fair Romania](#)

[Indagra Food](#)

[International Electric & Automation Show](#)

[Black Sea Ports & Shipping](#)

[Internet Mobile & World](#)

[Ambient](#)

[Automotive Expo & B2B Meetings](#)

[Metal Show & TIB](#)

Education

Agriculture & Forestry Food & Beverages

Auto & Automotive Industrial Engineering

Logistics & Transportation

Telecommunication IT & Technology

Building & Construction Home & Office

Logistics & Transportation

Electric & Electronics Industrial Engineering