



Environmental and Green Energy Sector in Romania Newsletter – November 2008

In this issue:

- Romania Grants Subsidies For Renewable Energy Via Green House Program
- AVE Waste Management has big plans in the region
- U.S. Energy Quest, Italy's COFAMM Set Up Energy-From-Waste Venture In Romania
- Environment Minister: Romania Has Not Reached European Targets On E-Waste Collection
- Romanian companies interested in producing biogas
- Eco-Tic study shows Romanians not ready to give away e-goods
- ECOMEDIU trade fair in Arad, Western Romania
- Local law firms expect higher turnover from green energy business
- Romet group expecting 15pc rise in 2008 turnover
- EDP to build wind farm within two years
- Marex alcohol producer enters the biofuel market
- RoGBC participates at ECOMEDIU
- Romanian farmers urged to use less fertilisers and pesticides
- UK EISU Seminar Mission to Romania: Waste Management and Recycling
- Law no. 220/2008 regarding the establishment of a system for promoting electricity generation out of renewable energy sources
- RENEXPO® South-East Europe, 19 - 21.11.2008, Bucharest
- Company profile: ROSAL

This is a FRD Center [www.frdcenter.ro] publication

This newsletter is produced by FRD Center Market Entry Services – www.frdcenter.ro - a privately owned market entry consulting firm based in Romania.

FRD Center offers business intelligence and market support for foreign companies interested to enter the Romanian and Bulgarian market as exporters, consultants, investors or joint-ventures, to relocate their manufacturing or to source in SE Europe.

Since 2000, FRD Center has been the trade consultant for the Irish Government Agency, Enterprise Ireland. Other clients include companies from: Canada, Denmark, Greece, Ireland, Israel, Lithuania, Norway, Poland, UK, USA, South Africa, Spain, Switzerland etc.

Our services include:

- market research, investment opportunities assessment, sectorial studies, market briefs
- partners and providers identification, selection and profiling
- commercial due diligence, pre-M&A business support and research
- identification of market opportunities: sourcing, sales etc.
- trade missions, business itineraries, inward buyer missions

FRD Center is a member of the Global Consulting Network-GCN.

**For further details, please contact:
Jackie Bojor, Director of Business Development
FRD Center, Bucharest, Romania –
www.frdcenter.ro
tel: +4021 411 1460; fax: +4021 411 1461
e-mail: europa@frdcenter.ro**

Sources for this newsletter include: FRD Center research, Rompres, Business Standard, HotNews, Ziarul Financiar, MediaFax

Whilst every care is taken in compiling this newsletter, no responsibility is taken for errors or omissions.

Romania Grants Subsidies For Renewable Energy Via Green House Program

Romania's Environment Ministry recently launched a national program called "Green House", aimed to stimulate the development of renewable energy equipment.

The equipment purchased via the Green House program will be 90% subsidized, provided individuals who want to install alternative energy production systems agree to buy from companies accepted by the ministry.

Subsidies for the Green House program, due for implementation on January 5, 2009, will be allocated via the Environment Fund Administration.

The Administration benefits from overall financing meant for the program of 520 million lei (EUR1=RON3.6140), of which RON400 million target financing for eligible projects submitted by individuals and employers' associations.

According to the Environment Ministry, the subsidized energy equipment will include geothermic pumps, solar panels, photovoltaic panels and even mini-aeolian systems. Therefore energy or heating costs will be considerably reduced with the help of these systems.

Ministry calculations indicate hot water bills might see a 60% drop, while heating costs could be reduced by some 30%.

According to the Environment Ministry the Green House project was set to be a multi-annual program.

AVE Waste Management has big plans in the region

AVE Waste Management Romania, part of the Austrian energy company Energie AG, has announced big expansion plans for the region.

Company officials are talking about making new acquisitions in Cluj, Iasi and Bucharest, as well as the opening of an AVE unit in Chisinau, by the end of the year.

The firm has also started a partnership with Austrian company Swietelsky to construct a garbage storehouse in Petrila with a capacity of one million tonnes, which will be used for 30 years.

The company has a turnover target of EUR 6.6 million, from EUR 2.2 million at the end of last year. Earlier this year they were planning to reach 400,000 residential customers, from just 200,000 last year and 5,000 commercial clients, a rise of 20%.

So far they have units in Odorheiu Secuiesc and Harghita and are planning to expand to Cluj, Iasi and Bucharest..

To date the company has invested more than EUR 15 million in its current units in Romania.

AVE Waste Management is interested in the Moldovan market and they are discussing with officials from Chisinau.

Competition on this business segment is fierce. The market is divided between Rosal, Remat, REBU, Urban and AVE Waste Management. The industry is just developing in Romania as EU regulations have started to be implemented in Romania, while the EU has put at Romania's disposal millions of euros to invest in a clean environment.

U.S. Energy Quest, Italy's COFAMM Set Up Energy-From-Waste Venture In Romania

U.S. Energy Quest Inc. on Monday said it has signed a memorandum of understanding with Italy's recycling machine manufacturer COFAMM on the construction of a 500 ton per day municipal solid waste gasification plant in Romania, which will generate 20 megawatts of power.

Energy Quest and COFAMM are to set up a joint venture that will invest EUR73 million in the Romanian facility, the American company said in a statement.

Energy Quest will provide the proprietary technologies, equipment and project management for the facility. COFAMM will provide a solution to sort municipal solid waste, providing refuse derived fuel as a feedstock.

According to the President and Chief Executive Officer of Energy Quest the facility is extremely environmentally friendly since it will be a near zero emitter in terms of air pollution and greenhouse gases.

The plant will take approximately one year to build. Energy Quest officials estimate the facility will bring in annual revenues of some EUR20 million, yielding net profit of EUR8.3 million after taxes and debt payment.

Environment Minister: Romania Has Not Reached European Targets On E-Waste Collection

Romania collected 4,000 tons of electric and electronic waste by July this year, and has not met its European objective on this segment, according to the Romania's environment minister.

According to the Minister, we haven't reached European targets, as currently in Romanian households there is not enough waste (electric and electronic waste - e.n.) to reach 4 kilograms per capita. Very few countries in Europe, and these are Western European countries, reach four kilograms of waste, but they have a tradition of 20-30 years of consumer education.

In April 2008, nearly 650 tons of electronic and household waste was collected from 110 localities countrywide, within the same campaign.

Ministerul Mediului și Dezvoltării Durabile
MAREA DEBARASARE

Pe 1 noiembrie scote în stradă
șeurile electrice stricate.
Acțiunea va continua
în prima sâmbătă a fiecărei luni.

Orândă deseurile electrice
pot fi date la centrele de colectare
din orașul tău. Detalii pe:
www.deseurielectrice.ro
0800.888.666

Campanie sprijinită
de autoritățile locale
și organizațiile colective

ECO TIC
PENTRU UN MEDIU CURAT

recolamp
DROD-SRS-REB

ASOCIATIA ENVIRON

Romanian companies interested in producing biogas

Local companies, especially in the food industry, are increasingly interested in using waste resulting from production for the manufacturing of biogas, to be used to generate energy.

Among companies that have applied this system are Ursus and Tuborg brewers, according to a representative of Enterprise Capital, the management company of the Romanian-American Enterprise Fund (RAEF), involved in energy operations.

Other companies producing electricity from biogas are Chimcomplex Borzesti and Somes Dej.

The interest of Romanian companies to turn waste into energy is not due to incentives offered by the Government, but rather from pressures for environmental protection, which requires waste treatment. Classic waste treatment methods, chemical or mechanical, involve costs, while waste treatment for the production of energy generates economic efficiency.

RAEF installed a co-generation engine for an Ursus Breweries factory in Buzau, which produces both electricity and thermal energy. The investment is worth €1.5 million.

Residual water from the factory has biological waste, which can be turned into biogas, used as fuel for energy production.

A similar investment will be made at bread factory Spicul Chitila where they will produce electricity, heat and cold, with the investment to stand also around 1.5 million EUR.

Other companies that have invested in this type of projects are chemicals producer Chimcomplex Borzesti, cellulose and paper maker Somes Dej, and the big pig-fattening farms.

Eco-Tic study shows Romanians not ready to give away e-goods

According to findings of a recent study conducted by Daedalus Millward Brown, the green fee is the least important acquisition criterion when buying IT&C devices and consumer electronics in Romania.

According to the cited study, the duration of utilisation estimated by users for most of electronic equipment is to complete wear out and technical obsolescence.

More than one quarter of the interviewed own worn-out electric or electronic equipment because of faults or wear, and 68% of them do not know what to do with it. Other owners of worn-out electric or electronic equipment continue to own it because they intend to repair it.

At the same time, more than 78% of the interviewed could not name an organisation specialising in recycling. They believe the organisations concerned with selective collection and recycling of e-waste are public sanitation companies (46.5 %), local administration organisations (21.5 %), public bodies (13.2 %).

Likewise, 44.7% of the respondents would like to turn over for recycling their worn-out or malfunctioning devices if they received a price cut for buying new devices, or if the unusable devices were collected from home.

According to the Eco Tic Chairman, the study confirms that Romanians are not ready to give away equipment, as they prefer to repair it.

As far as the age of electric and electronic devices is concerned, the study indicates that fume extractors, washing machines, fridges, hair dryers and mixers are usually more than five years old.

The study was conducted on a sample of 1,002 urban dwellers aged between 22 and 55.

ECOMEDIU trade fair in Arad, Western Romania

November, 26-28: ECOMEDIU is an international fair of equipment, utilities for investigation, analysing and quality control of water, air, ground and urban hygiene equipment as well as solutions for protecting the environment.

130 specialized companies will exhibit from Romania, Austria, Germany, Italy and Hungary.

This fifth edition of the fair is organized by Expo Arad International in collaboration with Interbusiness Promotion & Consulting and under the patronage of the Ministry of Environment and Sustainable Development.

More details at: www.expoarad.ro

Local law firms expect higher turnover from green energy business

Local law firms specialized on energy are expecting higher turnover in the coming months, due to a focus by investors on wind energy, as well as major private investments and privatizations, which should be starting full force. Also, gas market consolidations by selling small distributors will contribute to a higher turnover for law firms.

The Romanian energy market has great potential, both in terms of renewable energy and thermal, nuclear and hydroelectric energy, which will increase the ratio of such projects in many law firms business.

Several Romanian law firms may expand their teams of energy law specialists, since this segment is getting so important.

According to players in the field, the energy market is being consolidated, mainly on the natural gas segment and liquefied petroleum gas (LPG). Also, Romania's wind energy potential is interesting for several international companies.

Romet group expecting 15pc rise in 2008 turnover

The Romet group, a provider of equipment and technology for the water industry, is estimating a 2008 business turnover that exceeds by 15% its 2007 turnover of more than 220 million EUR.

According to company sources, because of a financial blockage, some 35% of the business orders for November and December have been cancelled and some of the external customers have delayed their payments to them.

Had it not been for these problems, Romet would have probably recorded better results.

Romet's exports to other EU countries accounted for nearly 15% of the group's 2007 total turnover and they aim to double the export figures in 2009.

The group's 2009 investment plan is standing at 5-6 million EUR, 3 million of which will be invested in plant and equipment.

The group has recently opened a pipe factory in Buzau for water carriage for irrigations, the largest such investment in Romania.

The Romet group of companies is made up of 15 companies and it is the sole provider in Romania of all kinds of installations and accessories for complete irrigation systems, offering turnkey watering systems, providing their design, build and servicing.

Their systems are said to offer solutions for all kinds of crops and being economical in terms of water and power use.

EDP to build wind farm within two years

The biggest company in Portugal, utilities company Energias de Portugal (EDP) will operate in Romania within about two years a wind farm of 225 MW, for which it has already obtained all the approvals and authorizations.

The local company has so far been allotted 8.4 million euros for the construction of the wind farms of 225 MW and will provide consulting services to Energias de Portugal for similar projects that are aimed at an overall capacity of 727 MW on the local market by the Portuguese company.

According to players in the sector, so far the international financial crisis did not touch the Romanian wind sector that is still lucrative.

The consulting company develops at present wind projects with a total capacity of up to 1,000 MW in the next five years on local market for various developers, investors and big-sized energy companies.

In the second half of last month, utilities group Energias de Portugal announced it purchased in exchange for 8.4 million euros from a Cyprus-registered company, an 85 % Romanian companies Renovatio Power and Cernavoda Power, which are undergoing different stages of development, projects of wind energy that, if finalized, might reach 737 MW.



Marex alcohol producer enters the biofuel market

The Braila-based Marex group, operating in the field of meat and alcohol, entered the biofuel market, following a €5 million investment in a bioethanol factory.

According to Business Standard, Marex built the first bioethanol factory in Romania. Construction work was recently finalized, but they have not yet started production, as they are waiting for the agricultural season to end.

The factory has an annual production capacity of 10 million liters.

Marex's management is considering building a biodiesel factory for the processing of fat waste from slaughter houses, the company's meat product factory, and of sub products from the processing of soya beans for fodder and residual methyl alcohol.

Moreover, Marex plans to produce biogas and is developing a project which is to be finalized by the end of 2009.

RoGBC participates at ECOMEDIU

Romania Green Building Council is a non-profit association encouraging the market, educational, and legislative conditions necessary to promote high performance construction that is both sustainable and profitable.

The RoGBC will attend the ECOMEDIU fair that will take place between November, 26-28, in Arad and will be located by the A pavilion entrance, with information about the organization and steps to build more energy efficient and environmentally-friendly green buildings.

The RoGBC has received accreditation as an "Emerging Council" from the World Green Building Council

Romanian farmers urged to use less fertilisers and pesticides

Romanian farmers should use less chemical fertilisers and pesticides, and local authorities should improve the ways of treating waste water from agriculture by developing investment projects as the content of nitrates and phosphorus is high, particularly in the areas of big urban settlements, recent monitoring reports of the Romanian Waters National Administration (ANAR) indicate.

ANAR statistics drawn up in 2004-2007 reveal that in the case of ungrounded waters high contents of nitrates were recorded in the plain areas (the Romanian Plain, the Western Plain), and less so in hilly areas (the Moldavian Hills, the Transylvanian Hills).

In the case of streams, high contents of nitrates were recorded on the sections of low-flow streams in the Romanian Plain and the province of Dobrogea.

Although the content of nitrates does not exceed the 50 mg/l level, eutrophication is recorded particularly because of high temperature of waters and low speed, in 50 percent of the sections under monitoring, on lakes, particularly in the Romanian Plain and the province of Dobrogea, but also on the Black Sea sections under monitoring, especially in summertime.

There are multiple cases having led to nitrate pollution. Contributing to the pollution of underground waters has been the lack of waste water collection systems in human settlements, historic sources (animal farms having closed down or reduced business), agricultural activities (incorrect storage of manure and incorrect animal breeding, incorrect use of chemical and organic fertilisers), communal and industrial waste landfills inadequately secured, industrial facilities and platforms, which contribute to the pollution of undergrounds waters because of the storage of raw material, finished and ancillary products.

The causes for the pollution of ground waters include the lack of waste water cleaning stations, industrial sources, including animal farms, particularly facilities covered by the integrated pollution prevention and control directive (91/61/EC) which have been extended derogations, as well as incorrect use of chemical and organic fertilisers.

At the same time, the state of Romania's coastal waters depends to a great extent on the quality of the Danube waters, given that this river is a major contributor of nutrients, as it collects 801,463 square km of water, covering the territory of 19 countries, in whole or in part.

The EU directives related to water management require that three-step cleaning stations be set up, particularly in big towns and cities, in order to achieve the water quality standards in force.

ANAR reports indicate that there is currently no such station in Romania able to treat wastewater of phosphorus and nitrates.

The year 2010 is the first deadline for Romania reporting on the implementation of the European directive. It is the year in which some of the large urban settlements in excess of 100,000 people have to complete works on three-step water treatment stations and connect the local to them.

There are currently 397 water treatment stations, 14 with finalised mechanical and biological steps for settlements of between 2,000 and 10,000 people.

Out of the total stations, 18 reports connection rates in excess of 95%.

Officials of European water management organisations say farm pollution in the most serious problem facing most of European countries in the area of water management, and particularly Romania.

UK EISU Seminar Mission to Romania: Waste Management and Recycling

The Environmental Industries Sector Unit (EISU) is a government unit, operating within the Sectors Group of UK Trade & Investment, with responsibility for promoting the UK environmental industry overseas.

On 6-7 October a trade mission of British companies operating in the field of waste management and environmental technologies visited Romania.

Participating companies included: EnviroComms, Albion Environmental Ltd., Ernst & Young, Geotechnical Instruments Ltd., JCB Sales Ltd., Pinsent Masons - Farne Project Consultancy.

Romania offers immense opportunities for U.S. environmental companies

According to the United States Department of Commerce, International Trade Administration Global Environmental Team, Romania offers immense opportunities for U.S. environmental companies as the country undertakes an estimated \$35 billion in investments required to upgrade environmental conditions to EU standards by 2019.

EU funds are expected to cover around 34 percent of investments, with the rest requiring government and private funds, including loans from international financing institutions and private-public partnerships.

Best opportunities for U.S. environmental exports to Romania focus in the highest priorities for these investments, which include water and wastewater, solid and hazardous waste management, and large combustion plant air quality control.

Law no. 220/2008 regarding the establishment of a system for promoting electricity generation out of renewable energy sources

In the context of Romania's obligations regarding the harmonization of environment conditions with EU regulations, the Parliament has recently passed the long-awaited law regarding the promotion of energy generated through renewable sources.

According to the Voicu Filipescu October newsletter, the Law shall rescind a whole range of normative deeds containing similar regulations, ensuring thus a unitary and coherent regime for encouraging generation of "green" energy as well as an attractive scheme of Green Certificates (green tariffs).

The Law no. 220/2008 specifies the legal framework needed to expand the use of renewable energy sources, generated by: the hydro sector, used in power plants of an installed power of not more than 10 MW, the wind sector, the solar sector, the geothermal one and the sector of fuel gases, biomass, biogas, waste fermentation gas and mud fermentation gas within the sewage treatment plants, energy which is subsequently delivered to the electric network.

The levels of national targets regarding the ratio held by the "green" energy within the final consumption of electricity have been set at 33% in 2010, 35% in 2015 and 38% in 2020, respectively.

In order to encourage investments into green energy generation in Romania, investors will benefit from facilities such as:

- a) a percentage of not more than 50% of the value of medium or long-term loans shall be secured;
- b) a transportation and utility infrastructure necessary for the launch and development of the investment shall be granted;
- c) access roads and alterations of the existing infrastructure, necessary for the launch and development of the investment project;
- d) tax and charge exemptions or deductions on the reinvested profit, for a three-year period until the investment shall be implemented;
- e) financial contributions from the state consolidated budget for newly created jobs shall be granted.

RENEXPO® South-East Europe, 19 - 21.11.2008, Bucharest

The International Trade Fair and Conference for Renewable Energy and Energy Efficient Construction and Renovation focused on the following topics:

- Energy Services
- Geothermal Energy
- Wood Energy Supply
- Energy Efficient Construction and Renovation
- Cogeneration
- Solar Technology
- Heat Pump
- Hydropower
- Wind Energy

Participating companies and organisations were:

AB Energy SPA

AGIMUS GmbH / ProBioPol-Consortium

ALTUS NEW ENERGY SRL

Bauland Group

Bioterpena System Ltd.

Caranda Baterii SRL

CCIA Arad - Camera de Comert, Industrie si Agricultura Arad / Expo Arad International

CINK Hydro-Energy k.s.

CUBE Engineering GmbH

DANEX CONSULT SRL

Dinamic 99 Agro S.R.L

Duo Best Grup SRL

e.n.o. energy managment GmbH

Eco Energy SRL

Ecofys Bulgaria OOD

EDEFAU TECHNIK

ELAMPSIS ENERGY SYSTEMS S.A.

EMD Deutschland GbR

Endress+Hauser Romania SRL

ENER-G Energia Technologia Zrt.

ENERGIA Media Grup

etaone energy gmbh

GE Energy

GENERAL MEMBRANE SRL

GIRASOLAR ROMANIA SRL
Global Hydro Energy GmbH
GreenExpert
Gugler Water Turbines GmbH
HORNET GRUP SRL
HYDROLINK s.r.o.
IMAGELINE SRL
Institutul national de cercetare dezvoltare turbomotoare COMOTI
IPA CIFATT Craiova
ISPE - Institutul de Studii si Proiectari Energetice
KAEFER-HEIBL ISOLIERTECHNIK SRL
Keszenlet Zrt.
Marex S.A.
NAHTEC - Nahwärmetechnologie & Anlagentechnik GmbH
NK-Naturkraft
REECO GmbH
REECO Hungary Kft.
REECO RO Expoziții SRL
REHAU
Sattler AG
Seba Industrial SRL
SECPRAL PRO INSTALȚII SRL
Seed-Imex Kft.
Seeger Engineering AG
SENTIS SRL
SME Consult Ltd.
STAR DOME SRL
Superlit Romet
TEGOLA ROMANIA SRL
UNIMETAL SRL
UNION T INTERNATIONAL SRL
VA TECH HYDRO GmbH
VORNADO ENERGIE SRL
Wärtsilä Biopower Oy

Company profile: ROSAL

1. General data

Company name:	Rosal Grup SRL
Address (headquarters):	Str. Biruintei 98, Pantelimon, Ilfov county
Phone:	+4021 2006951
Fax:	+4021 2006949
Web:	www.rosal.ro
E-mail:	secretariat@rosal.ro
Year of establishment:	1994
Ownership:	Prigoana family

2. Financial data

Year/Category	Turnover (mil. EUR)	Employees	Net profit (mil. EUR)
2007	32.8	1,426	0.5
2006	27.2	1,261	4.2
2005	19.4	1,175	3.2

Type of investment	already done	announced
General	Approx. 10.5 million EUR (2004 – 2006)	
General (mainly for the equipment acquisition)	Approx. 8 million EUR (2007)	
General (mainly for the equipment acquisition)		Approx. 10 million EUR (2008)

Total assets (2007): 66.7 million EUR

3. Brief profile

Rosal Grup has branches in Bucharest, Cluj-Napoca, Suceava and Baia Mare. The company offers sanitation services (domestic, commercial and related waste, waste related to construction activity, ooze, silt and related waste, snow removing with snow ploughs, prevention of glazed frost through non-skid material).

At the beginning of year 2007, Rosal together with Esorec company, opened the ecological sorting and recycling station in Glina, Ilfov county. The station sorts recyclable materials (PET, plastic foil, carton, paper, ferrous and non-ferrous materials or glass) from the urban solid waste. The station in Glina has the processing capacity of 130,000 - 150.000 tons/year.