

MARKET AND INVESTMENT OPPORTUNITIES IN ROMANIA – Q3 2011



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KEY SECTORS OF POTENTIAL OPPORTUNITY

1. ENVIRONMENTAL TECHNOLOGY AND WASTE MANAGEMENT

1.1 SOLID WASTE AND RECYCLING

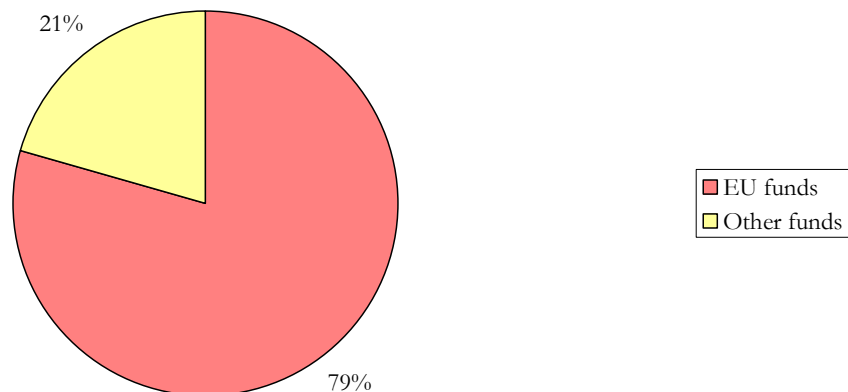
a) Sector brief

According to numerous players including the Romanian Association for Solid Waste Management, the Romanian waste management market is an emerging sector, mainly due to two factors:

- continuous growth of the un-managed quantity of generated waste
- the requirements of the modernisation process which sets out new rules on waste management

In order to meet the EU requirements, approximately 1.17 billion EUR are estimated to be directed to waste management and recycling in Romania, during the period 2007 - 2013, out of which 930 million EUR represent EU funds.

**Amounts estimated to be directed to
waste management and recycling in Romania, during 2007 - 2013**



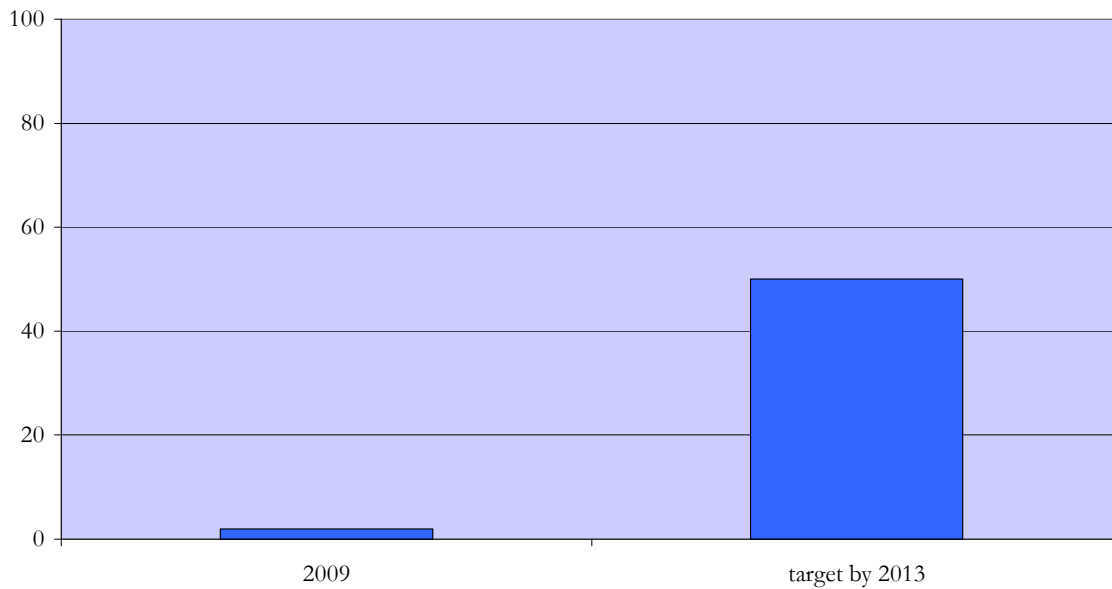


The most frequent method of waste disposal in Romania remains landfill. Selective collection is done only in certain pilot centres and most of the recyclable materials are lost to landfill. So far, Romania closed 137 non-compliant waste landfills and has to close another 100 landfills.

Romanian waste management challenges various factors. One of its main problems is the increasing amount of plastic waste in concurrence with declining landfill space. The usage of PET is growing in Romania at a rate of 15% per year.

Romania has to be able to recycle approximately 50% of its waste by 2013. In 2009, the Romanian recycling sector hit only a 2% rate of recycling, given a 22 million population and an annual generation of approx. 380 kg of municipal waste per capita, to which the industrial waste adds up.

Rate of recycling in Romania



Waste collection and recycling is a success business in Romania. Investments in equipment are nowadays not only encouraged by the availability of EU funds, but are also a necessity given the lack of capacity to fulfil the EU recycling requirements by 2013. Important companies at European level invested significant amounts in waste recycling in Romania, in equipment, transport machines and installations.



According to the Ministry of Environment and Forests, Romania intends to implement the integrated waste management system in all its counties by 2015. The local authorities have the responsibility to implement the system.

The transitional periods for the compliance with Landfill Directive No 1999/31/EC for certain types of waste landfills are:

- municipal landfills - transition period by 2017
- industrial non-hazardous waste landfills - transition period by 2013

The targets set for 2013 involve recycling percentages of 60% for paper and cardboard, the same as for glass, 50% for metal, 22% for plastic and 15% for wood. To this, a recycling percentage of 65% of the WEEE is added.

b) Opportunities: CONSULTING, TECHNOLOGY, EQUIPMENT, EXPERTISE, QUALITY CONTROL

1.2 WASTE WATER MANAGEMENT

a) Sector brief

Romania is the largest state in the Danube River Basin. Each Romanian citizen disposes of some 1.870 m³ of water / inhabitant / year. Romania draws its drinking water from surface waters, such as the Danube River, and groundwater resources.

The biggest challenges in the water and wastewater management sectors in Romania are:

- development and reform of the water sector
- problems related to climate changes (e.g. large fluctuations in available water amounts in rivers and lakes)
- unbalanced access to water (many consumers without access to piped water)
- water pollution
- deteriorated water distribution and sewer networks
- old and deteriorated wastewater treatment plants
- need for new wastewater treatment facilities

The water supply and disposal situation in Romania is characterised by the following data:

- 91% of the urban population has access to piped drinking water
- Only 21% of the rural population has access to piped drinking water
- 9.2 million people (43% of the total population) are connected to urban wastewater collecting systems
- 3.9 million people (18% of the total population) have access to wastewater treatment plants with sufficient treatment
- 18 m³/s of untreated wastewater are currently discharged

According to the EU Water Framework Directive, the main objective of the water management policy in Romania is to reach by 2015 “good ecological status” for all waters, through the integrated management of the water resources.

One of the specific objectives of the Sector Operational Programme Environment (SOP Environment) is to improve the quality and access to the water and wastewater infrastructure, by providing water supply and wastewater services in most urban areas by 2015 and by setting efficient regional water and wastewater management structures.

b) Opportunities: CONSULTING, EXPERTISE, TECHNOLOGY, EQUIPMENT, QUALITY CONTROL, AUTOMATISATION, CHEMICALS





2. AGRIBUSINESS

a) Sector brief

The EU funds available for modernisation of agriculture in Romania are a major opportunity which is utilised by more and more farmers and companies.

During the period 03 March 2008 – 01 January 2011, within the Measure 121 (Modernisation of Agricultural Holdings) in the National Rural Development Programme 2007 – 2013, 1,624 projects have been approved in Romania and the total accessed value was of 593,657,668 EUR. The Measure 121 finances investments for the acquisition of tractors, agricultural machinery and other equipment specific to the vegetal and animal sectors, through public assistance (EU and national) and private co-financing.

According to BCR Leasing, the value of the financing granted by the leasing companies in Romania for agricultural equipment was of some 20 million EUR in 2010. The leasing for agricultural equipment has a significant potential to grow on medium and long term due to the low number of equipment owned by the Romanian farmers.

In the recent years, an increase in the acquisition of imported agricultural machines and equipments has been recorded in Romania, mainly thanks to the EU funds available.

An increase in the construction of modern greenhouses equipped with modern installations was recorded in Romania in the last years, mainly thanks to the EU funds available. The EU funds are mainly used by producers of vegetables that construct new modern greenhouses or equip and modernise their greenhouses with automated heating and humidity systems, laminates for thermal insulation, renewable energy sources etc. More and more Romanian producers of vegetables seek alternative solutions for heating and cooling in their greenhouses or for new projects of greenhouses.

b) Opportunities: TECHNOLOGY, EQUIPMENT, TOOLS, BRANDS, QUALITY CONTROL, AUTOMATISATION

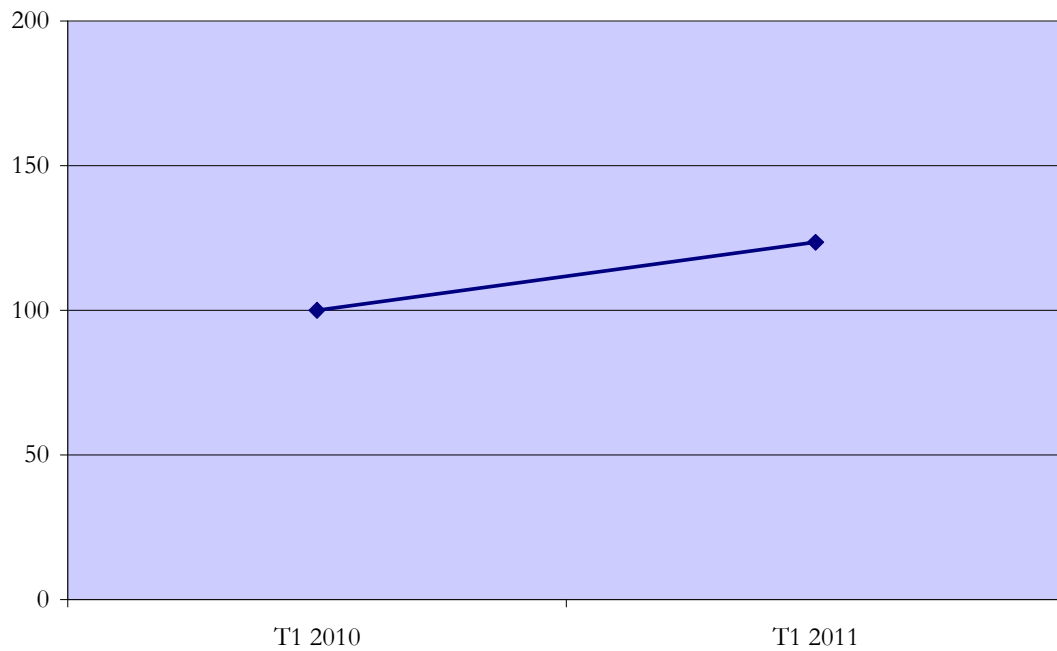


3. AUTOMATION AND MACHINE-TOOLS

a) Sector brief

According to the National Institute of Statistics, the gross production index of electrical equipment in Romania recorded an increase by 31.5% in March 2011 compared to March 2010 and by 23.6% during the first quarter of 2011 compared to the same period of the previous year.

Gross production index of electrical equipment in Romania

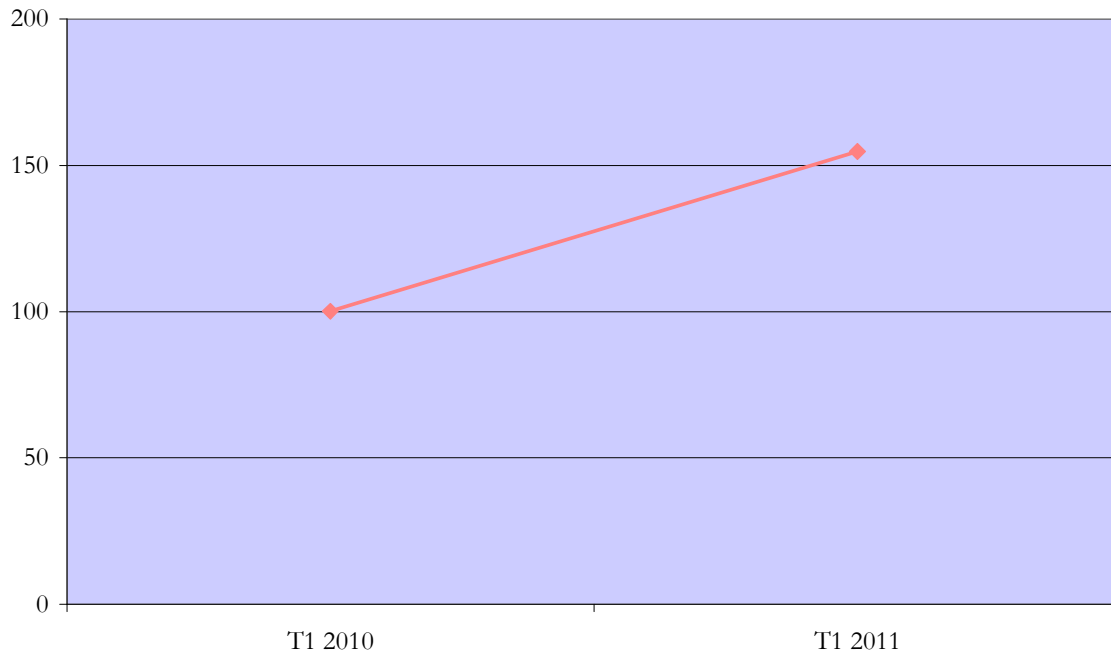


Source: National Institute of Statistics

According to the National Institute of Statistics, the value index of new orders, per domestic and non-domestic market, in the manufacture branch of electrical equipment, recorded the growth of 37.4% in March 2011 compared to March 2010 and of 54.7% during the first quarter of 2011 compared to the first quarter of 2010.



Value index of new orders in manufacture of electrical equipment



Source: National Institute of Statistics

According to the National Institute of Statistics, in January 2011, in the case of the computer, electronic and optical products, the exports FOB recorded 340.8 million EUR (up by 77.2% compared to January 2010) and the imports CIF recorded 407.2 million EUR.

According to the same source, in regards to the electrical equipment, in January 2011, the exports FOB recorded 247.5 million EUR and the imports CIF registered 300.8 million EUR.

b) Opportunities: EQUIPMENT, MACHINE-TOOLS, SPECIAL MATERIALS, QUALITY CONTROL, AUTOMATISATION, TECHNOLOGY



4. MEDICAL EQUIPMENT AND SERVICES

4.1 MEDICAL EQUIPMENT

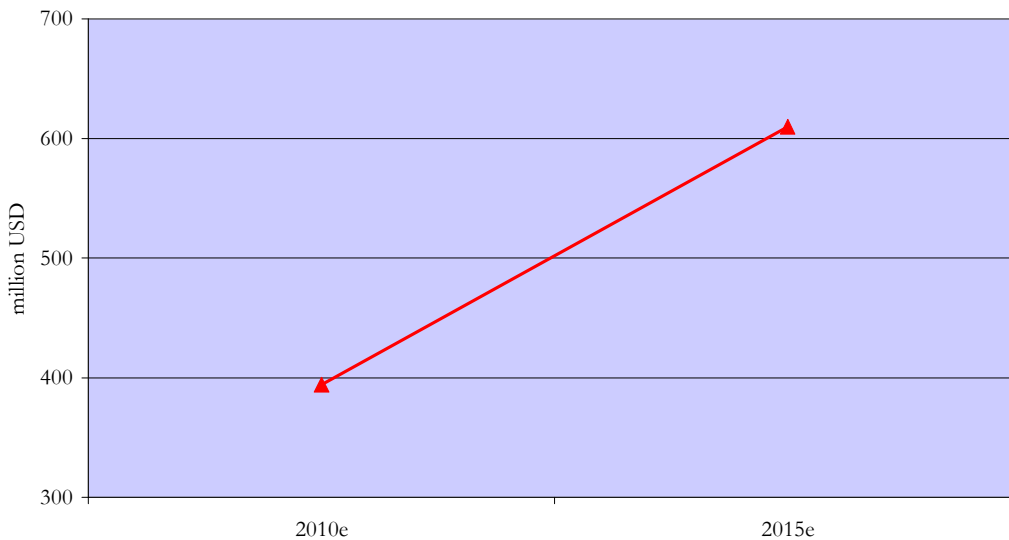
a) Sector brief

The market of medical equipment in Romania increased significantly in the past years, as the general level of the health spending increased and new diagnostic equipment was purchased for the hospital refurbishments.

Some 90% of the medical equipment in Romania is imported. The imports of the medical equipment are expected to grow in the future, also due to the deficit of the high technology equipment and the growing need to renovate the technology used in the public hospitals in Romania.

According to published information by Espicom, the Romanian market for medical equipment and supplies is estimated at 394 million USD in 2010, or 18 USD per capita. The medical device market in Romania is expected to grow by an average 9.2% in the period 2010 - 2015 and to reach around 610 million USD in 2015.

Expected evolution of medical device market in Romania



Source:

Espicom



The structural funds in the medical sector in Romania are administrated through the Regional Operating Programme 2007 - 2013, the priority axis 3 - Improvement of the social infrastructure, the key area of intervention 3.1 - Rehabilitation, modernization and equipping of the health services. The key area of intervention 3.1 was launched in Romania in January 2008.

By September 2010, nine hospitals and over 100 ambulatories in Romania obtained or were in progress to obtain European funds for the rehabilitation and modernisation.

New investments are expected both in the private and public medical sectors in Romania in the next years and this fact will have a strong positive impact on the medical equipment market.

For 2011, the Ministry of Health announced investments of some 45 million EUR in order to rehabilitate the oncology, anaesthesia and intensive care units and to acquire equipment in the medical units subordinated to the Ministry and to the local authorities.

b) Opportunities: EQUIPMENT, DEVICES, TOOLS, PACKAGING, QUALITY CONTROL

4.2 MEDICAL SERVICES

a) Sector brief

The healthcare funding in Romania is largely through the National Health Insurance Fund. The healthcare provision is predominantly managed by the state.

The private medical services market is one of the fastest developing markets in Romania, with y/y increases of approximately 35% in the past years and growing perspectives for 2011 - 2013.

Some of the factors that influence the development of the private medical services market in Romania are:

- the insufficient number of public ambulatory centres
- the development of the private hospitals infrastructure



- a higher demand for better medical services due to the increase in health awareness and the growing needs of an ageing population
- the demand for more sophisticated laboratory tests, which require the use of the latest technological developments
- the development of the prepaid medical services by the private providers of medical services

b) Opportunities: FACILITIES, EQUIPMENT, CONSUMABLES, LABORATORY, HEALTH INSURANCE

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Sources consulted for this report: business mass media, the companies, official sources

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