

TRADE AND INVESTMENT OPPORTUNITIES IN ROMANIA H1 2017



KEY SECTORS OF POTENTIAL OPPORTUNITY FOR EXPORT AND INVESTMENT TO ROMANIA, FOR SOURCING PRODUCTION AND FOR RELOCATION OF OPERATIONS

1. Automotive Aftermarkets Parts: Imports
2. Automotive Components: Manufacturing
3. Smart Grid and Smart Metering
4. Industrial Chemicals and Polymers: Distribution
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- market research, investment opportunities assessment, sector studies, market briefs
- identification and qualification of B2B distributors, importers, suppliers etc.
- product presentation and assessment of interest from clients / partners
- pre-M&A business support and research, deal origination
- identification of market opportunities: exports, sourcing, B2B sales etc.
- trade missions, business itineraries, inward buyer missions

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

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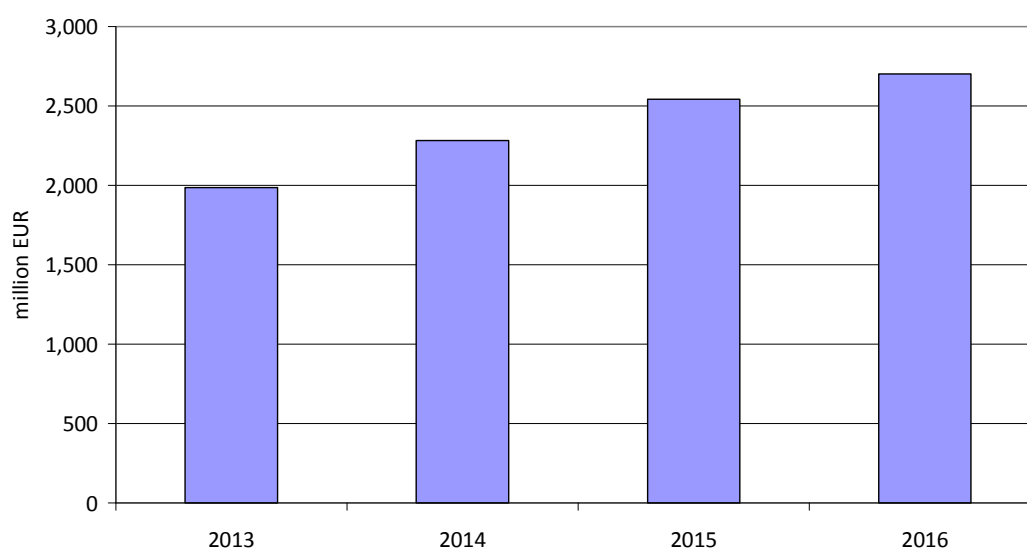
1. Automotive Aftermarkets Parts: Imports

a) Sector brief

According to the Romanian Automotive Manufacturers and Importers Association - APIA, there have been sold **17% more cars and 18.8% more commercial vehicles** in Romania in 2016 compared to 2015.

According to the FRD Center analysis based on official data, the imports of parts and accessories of motor vehicles in Romania have recorded EUR 2.7bn in 2016, **up by approximately 6%** compared to 2015.

Imports of parts and accessories of motor vehicles in Romania



Source: Eurostat, Comtrade, FRD Center

According to the FRD Center research and analysis, there are approximately 40 major - with an annual net turnover of over EUR 2.5m - importers of aftermarket automotive parts and tyres in Romania. They have recorded a cumulated net turnover of approximately EUR 1bn in 2015, **up by some 20%** compared to 2014.

The main five importers of aftermarket automotive parts in Romania, according to their net turnover figure in 2015, are:

- Autonet Import
- AD Auto Total



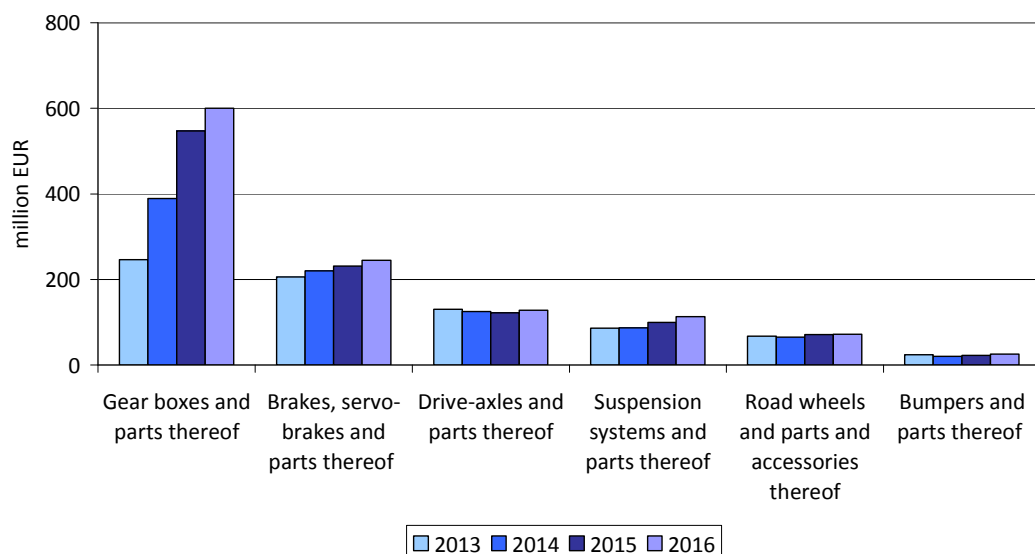
- Inter Cars Romania
- Augsburg International Impex
- Unix Auto

These five importers of aftermarket automotive parts have registered a cumulated net turnover of EUR 615m in 2015, **up by 22%** compared to 2014.

According to the FRD Center analysis based on official data, some examples of imports of parts and accessories of motor vehicles in Romania and their y-t-y dynamics in 2016 are:

- gear boxes and parts thereof: almost EUR 601m, **up by approximately 10%**
- brakes, servo-brakes and parts thereof: almost EUR 245m, **up by some 6%**
- drive-axles with differential and non-driving axles and parts thereof: approximately EUR 128m, **up by almost 5%**
- suspension systems and parts thereof (including shock-absorbers): around EUR 113m, **up by approximately 13%**
- road wheels and parts and accessories thereof: some EUR 72m, up by around 1%
- bumpers and parts thereof: approximately EUR 25m, **up by around 11%**

Imports of parts and accessories of motor vehicles in Romania, by category



Source: Eurostat, Comtrade, FRD Center



More details in the FRD Center business blog posting at <http://market-entry-romania.blogspot.ro/2017/03/imports-and-importers-of-automotive.html>

b) Opportunities: CROSSBORDER ACQUISITIONS, TECHNOLOGY, KNOW-HOW, EQUIPMENT, FACILITIES, TOOLS, QUALITY CONTROL

2. Automotive Components: Manufacturing

a) Sector brief

Romania is an attractive market for the foreign manufacturers of auto components. The

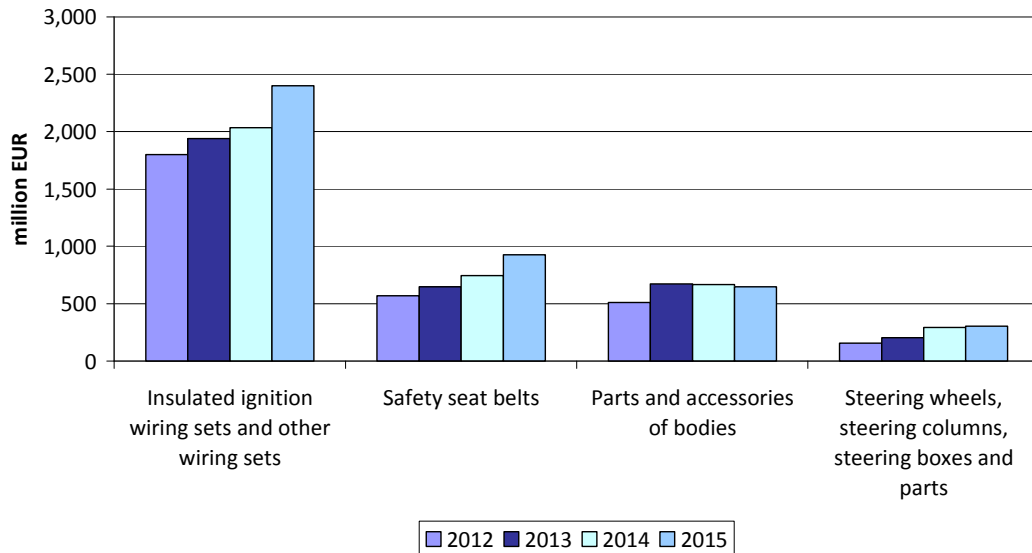
The manufacturing of automotive components is a dynamic sector in Romania, benefitting from ongoing foreign investments, an educated and productive labour force and a long tradition of industrial manufacturing, metal working and casting.

domestic market of auto components is dominated by big foreign companies that have manufacturing facilities in Romania, such as: Continental, Michelin, Autoliv, Takata, Schaeffler, Johnson Controls, Pirelli, Delphi, TRW Automotive, Leoni, Draxlmaier, Yazaki, Daimler etc.

According to the FRD Center analysis based on official data, the manufacturing of insulated ignition wiring sets and other wiring sets in Romania has recorded almost EUR 2.4bn in 2015, up by 18% compared to 2014. Furthermore, the Romanian manufacturing of safety seat belts has recorded a y-t-y increase of 25% in 2015, reaching EUR 926m.

Key foreign manufacturers of automotive components have been attracted in Romania by the investments made by the domestic manufacturers of auto vehicles - Automobile Dacia (part of Renault Group) and Ford Romania.

Automotive components manufacturing in Romania



Source: Eurostat, FRD Center

Recent investments in the Romanian automotive components manufacturing sector include:

- Chinese company Ningbo HuaXiang Electronic Co active in the automotive components manufacturing field, will invest USD 30m in a new production hall in Romania, which will manufacture spare parts and accessories for German Mercedes cars. The investment’s beneficiary is the German-Romanian company Hib Rolem Trim.
- Gestamp, the Spanish group specialised in the design, development and manufacturing of components for the auto industry, is expanding on the Romanian market by acquiring the main stakes of the Romanian factory whose main client is Renault-Nissan through its subsidiary, Dacia.
- Japanese car maker Mitsubishi Motors is exploring the option of making a green-field investment of around EUR 200m in an engine plant in Romania, according to government sources.
- Faist Mekatronic invests EUR 10m in its plant in Oradea (NW Romania) during 2016 - 2019. The investment aims the development of the mould, assembly and tuning units. Faist Mekatronic manufactures in Oradea aluminium die casting for automotive and telecom industries. Faist Mekatronic has projects in the



automotive sector for the following companies: Mahle, Borg Warner, Hella, Kahrein, Ina Schaeffler, Konsberg, Brose or Magna.

- Ford invests approximately EUR 200m to start producing a new model in its plant in Craiova (SW Romania). Ford is expected to start producing the EcoSport small SUV model in Romania in the fall of 2017.

b) Opportunities: CROSSBORDER ACQUISITIONS, TECHNOLOGY, KNOW-HOW, EQUIPMENT, FACILITIES, TOOLS & MACHINERY, QUALITY CONTROL, GREENFIELD INVESTMENT

3. Smart Grid and Smart Metering

a) Sector brief

Energy efficiency is a strategic priority for Romania. In the Romanian Energy Strategy,

In 2017, Romanian authorities continue to be pressured by EU and international regulators and donors to achieve or improve energy efficiency: optimizing the use of energy and reducing waste and losses on the value chain, together with a regulatory push for enhancement of grids to achieve efficiency gains.

one of the new avenues for development of the Romanian energy sector is the SMART GRID DEVELOPMENT. Smart grids enable real-time communication with consumers, with better control and instant optimisation of energy generation and consumption.

According to the EU requirements, 80% of the electricity consumers in Romania should

have smart meters installed by 2020.

Romania has set a goal to reduce the energy consumption by 19% by 2020, according to the Law no. 121/2014.

Within the Large Infrastructure Operational Programme (LIOP) 2014 – 2020, the Ministry of European Funds in Romania has launched in August 2016 calls for projects worth EUR 70.83m for financing investments in the following areas:

- creating the technical conditions necessary for the takeover of electricity produced from renewable energy sources: EUR 20.96m



- implementing systems to monitor the energy consumption at industrial level: EUR 11.75m
- installation of smart meters in homes: EUR 38.12m

One example of locally developed solutions for smart metering is inteliGRID® developed by Flashnet, a Romanian technology research and development company that integrates the latest hardware and software solutions, creating and implementing intelligent energy management systems for cities and electric utilities.

The projects are selected and financed through the Priority Axis 6 - Promoting clean energy and energy efficiency aiming at supporting a low carbon economy.

Recent investments in the Smart Grid and Smart Metering sector in Romania include:

- Electrica, the main electricity supplier in Romania, invests over EUR 715m during 2015 - 2018. The investments include also the installation of more than 500,000 smart meters and their integration into the telemanagement systems by 2018. Electrica is currently running the SINGULAR project (Smart and Sustainable Insular Electricity Grids under Large-Scale Renewable Integration) within the call FP7-ENERGY-2012-1-2STAGE, ENERGY.2012.7.1.1: Integration of variable distributed resources in electricity distribution networks.
- CEZ Romania, owned by the Czech Group CEZ, targets to install at least 436,000 smart meters during the period 2015 - 2020. CEZ Romania provides energy to 1.4 million consumers in the Oltenia region (SW Romania).
- Compania Utilitati Publice Dunarea Braila intends using the savings from the proceeds of a loan from the EBRD for a project to procure water meters and ancillary goods and services. The proposed savings from the project, which are estimated to EUR 3m equivalent, will require the procurement of around 29,000 cold water smart meters with radio transition of various DN sizes including software, communication equipment, software and hardware for meter reading and training and the procurement of around 3,000 water manholes fully equipped with smart meters with radio transition, communication equipment software and hardware for meter reading and training.

More details in the FRD Center business blog posting at

<http://market-entry-romania.blogspot.ro/2017/03/smart-grid-and-smart-metering.html>
<http://www.frdcenter.ro/assets/Romanian-Smart-Metering-Sector-2017-DEMO-by-FRD-Center.pdf>



b) Opportunities: TECHNOLOGY, EQUIPMENT, TOOLS, SERVICES, FACILITIES, QUALITY CONTROL, EU FUNDING, CROSSBORDER ACQUISITIONS

4. Industrial Chemicals and Polymers: Distribution

a) Sector brief

In order to expand their operations towards Eastern Europe, a number of foreign

According to the FRD Center analysis, ten of the most relevant Romanian wholesalers, distributors and traders operating in the field of industrial raw materials distribution of chemicals and/or plastics raw materials are Dafcochim, Govcrest International, Chemtransfert, Kasakrom Chemicals, Stera Chemicals, Ascom International, Art Chemicals, Bridgexim Ind, Aectra and Eranco Chemicals.

players are interested to acquire Romanian distributors and wholesalers of Industrial Chemicals and Polymers.

These main Romanian independent suppliers of industrial chemicals have registered cumulated revenues of EUR 162.8m in 2015.

FRD Center can assist with target search & selection, with deal origination, market research and M&A.

More details in the FRD Center business blog posting at

<http://market-entry-romania.blogspot.ro/2017/03/industrial-chemicals-and-polymers.html>

b) Opportunities: CROSSBORDER ACQUISITIONS, TECHNOLOGY, KNOW-HOW, EQUIPMENT, FACILITIES, TOOLS, QUALITY CONTROL, PACKAGING, LOGISTICS



5. Agro-technology: Imports, Developments

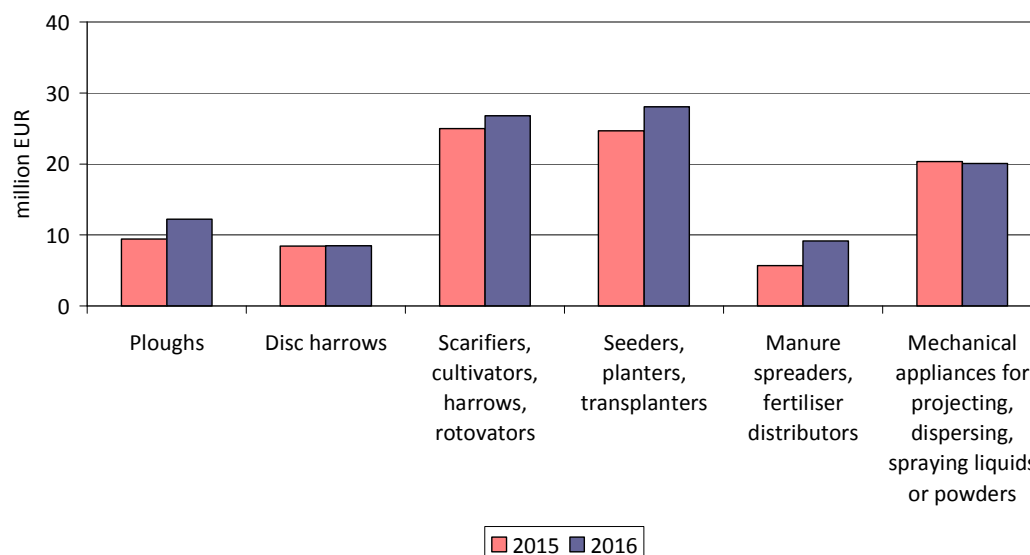
a) Sector brief

The Romanian agro-technology market continues to develop backed by EU funding and foreign investments. The imports of agricultural, horticultural or forestry machinery for soil preparation or cultivation, lawn or sports-ground rollers Romania have **increased by 14%** in 2016 compared to 2015 and the trend is expected to continue in 2017.

According to the FRD Center analysis based on official data, after a **16% growth** in 2015 compared to 2014, the Romanian imports of tractors have **increased by 24%** in 2016 compared to 2015.

Furthermore, the imports of manure spreaders and fertiliser distributors in Romania have **increased by 61%** in 2016 compared to 2015, while the Romanian imports of ploughs have recorded a y-t-y **increase of 30%** in 2016. Smaller growth in 2016 compared to 2015 registered the imports of seeders, planters and transplanters (14%) and of scarifiers, cultivators, harrows and rotovators (8%).

Imports of agricultural machinery in Romania



Source: Eurostat, FRD Center

The double-digit growth trend of the Romanian imports of agro-technology is expected to continue in 2017.



Some recent developments of the players in the agriculture and agrifood sector in Romania that FRD Center has monitored are:

- The importer-distributor of agricultural machinery IPSO Agricultura targets to open two new regional offices in 2017, located in Fetesti (SE Romania) and Targu Mures (Central Romania). Furthermore, the company plans to introduce in its portfolio new models of tractors and agricultural machinery in 2017. IPSO Agricultura has recorded sales of EUR 152m in 2016.
- Comcereal Focsani exploits approximately 4,500 hectares of agricultural land, out of which a surface of only 500 hectares is irrigated. Comcereal Focsani plans to implement in 2017 the drip irrigation technology on a surface of 50 hectares, with estimated investments of 2,000 – 2,500 EUR / hectare.
- Agroserv Mariuta has a cattle farm in Ialomita (Southern Romania) that produce approximately 25 tonnes of milk per day. Agroserv Mariuta will invest EUR 5.1m in 2017 in the construction of a premium dairy plant. Established in 1994, Agroserv Mariuta is controlled by a Romanian businessman.
- Agricola Group has announced investments of approximately EUR 6m for 2017. Agricola Group includes Agricola International SA (poultry farms and production of poultry meat), Salbac SA (production of salami and sausages), Europrod SA (production of ready meals), Avicola Lumina SA (production of eggs) and Agricola Magazine SRL (operator of a network of around 30 stores). Agricola targets to increase its salami production capacity by approximately 38% until 2020.
- The producer of meat and meat products Diana controls the cattle farm Carvil in Ramnicu Valcea (SW Romania). Diana targets to open new stores in 2017 and to reach a chain of 50 stores by the end of the year. Diana has recorded a turnover of EUR 96m in 2016.
- Summit Agro Romania has launched in February 2017 the Trika Expert insecticide, a unique product on the domestic market. It is a soil insecticide with incorporated fertilizer, of type G Plus innovative technology. Summit Agro Romania and the Corn Producers Association of Romania have agreed to use the Trika Expert insecticide in all the corn testing platforms set up by the Association.

More details in the FRD Center business blog posting at

<http://market-entry-romania.blogspot.ro/2017/03/romanian-agrotechnology-market.html>



b) Opportunities: TECHNOLOGIES, CROSSBORDER ACQUISITIONS, KNOW-HOW, EQUIPMENT, FACILITIES, TOOLS, QUALITY CONTROL, EU FINANCING

6. IT and Outsourcing

a) Sector brief

Romanian IT and software sector is one of the most dynamic sectors in Europe, presenting numerous opportunities for foreign players interested to enter the region and set up operations in Europe.

According to ANIS - the Romanian Software and Services Association - the IT industry in Romania has accelerated its growth to reach an added value to Romania's GDP of EUR 3.6bn in 2016, representing a 5% GDP growth. In 2015, the added value stood at over EUR 3bn, up by 21%

year-on-year. The business in the sector has increased by an average 15% in recent years and will continue to grow at a fast pace in the next years. The total turnover may surpass EUR 4bn in 2017.

The sector's growth has been mainly based on service exports, which reached over EUR 2bn in 2015, a 31% increase compared to 2014, and should reach EUR 3bn in 2017 and EUR 4bn by 2019.

In the 2016 A.T. Kearney ranking, Romania has significantly improved its position as an IT outsourcing (ITO) hub moving up 5 positions. Currently, it ranks 13 and makes it to Top 15 best countries for global services delivery.

According to the Employers' Association of the Software and Service Industry in Romania, large international IT companies currently operate approximately 50 centres, most of them BPO and IT-related.

The modernisation of the key economic sectors in Romania will continue to offer opportunities for providers in the IT sector in the banking, oil and gas, energy and telecommunications sectors. Investments in modernisation are bound to create



opportunities for the IT sector, especially in transports and utilities.

The cyber security market in Romania is still at an emerging stage, so there is significant potential to be captured, especially considering the intellectual potential that the Romanian IT sector has exhibited over the past few years and the exposure of the Romanian market to cyber security threats and opportunities.

The IT industry in Romania has a need for enhanced cyber security in sectors such as business analytics, mobile computing, cloud computing, social business, as the government and companies alike are increasingly dependent on cyberspace.

As almost half of the fix broadband width services have at least 100 Mps, Romania ranks 1st in Europe for ultra-fast broadband use. As a paradox, the number of contracts for broadband services is one of the lowest in the European Union. Therefore, the access to IT & C services is still unequal.

Many of the players in the Romanian IT and software market are recording business growth and attracting investments for further developments. Some examples are:

- IT services provider Atos has recorded a turnover of EUR 54.2m in 2016 in Romania, a 20% growth compared to 2015. The growth is a result of the innovations implemented in the cyber security services, automation and data analysis. Locally, Atos has grown due to the opening of the new data security centre in Timisoara (Western Romania), delivering services for an increased number of customers from Romania and abroad.
- Fortech, a Western-Romanian software developer with a portfolio of over 140 clients mostly from Germany and the US, and three operation centres in Romania, has began 2017 with a new leadership formula and a turnover of over EUR 20m.
- Integrated business solutions provider Entersoft has increased businesses by 50% in 2016. The boost comes as result of the company's strategy to expand the ongoing contracts by 30%, new regional contracts by 30% and new Romanian projects by 40%. In 2016, Entersoft Romania was involved in projects developed on markets such as Spain, Portugal, Bulgaria, Poland, Czech Republic, Greece and Slovakia.
- Local online application solution provider Zitec has attracted an investment worth EUR 1.7m from eMag - the largest online retailer in Romania, owned by



South-African investment fund Naspers, to be used for further expansion of the company, common projects and the creation of a specialised department for European funds and grants. The company has posted a solid growth in the past five years, reaching EUR 4m turnover in 2016, with EBITDA boost of 12%. Zitec's investments portfolio comprises companies such as Zipongo.com, cosSquare.com, HAC!BD publishing house.

- Romanian software company Tremend forecasts a 40% turnover increase in 2017, from EUR 3.5m in 2016, mainly due to the high demand for advanced software solutions. The increase is based on both the consolidation of existing accounts and the expansion of the client portfolio.

More details in the FRD Center business blog posting at

<http://market-entry-romania.blogspot.ro/2017/03/romanian-it-and-outsourcing-market.html>

b) Opportunities: M&A, CROSSBORDER PARTNERSHIPS, SERVICES, EXPERTISE, EMPLOYMENT, TECHNOLOGY, TRAINING

7. Food & Beverages: Retail, Imports

a) Sector brief

According to the FRD Center analysis based on official data, after a y-t-y growth of over 15% in 2016, in January 2017 compared to January 2016, the Romanian sales of foods

According to the National Statistics Institute, the Romania's food imports have reached in 2016 the historical record of EUR 5.8bn, amid the inability of local production to meet domestic consumer demand.

and beverages have registered a growth of 2.6%. The local food production has increased in 2016 compared to 2015 with only 2.7%, while the overall food sales have increased five times more.

After opening some 250 new stores of modern food retail in 2016, the multinational supermarket chains operating in Romania have announced plans for

opening at least some 300 more stores in 2017.

According to the FRD Center analysis based on official statistic data, the Romanian imports of milk and cream, as described in TARIC 0401, have been 10.3% higher in 2015



compared to 2014, while in the first seven months of 2016 they have registered a growth of 24.7% compared to the similar period of 2015.

Similarly, the Romanian imports of buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, as described in TARIC 0403, have been

2.8% higher in 2015 compared to 2014 and have registered a growth of 15.3% in the first seven months of 2016 compared to the same period of 2015.

According to the same sources, the imports of yogurt in Romania, as described in TARIC 040310, have been 5.3% higher in 2015 compared to 2014 and have increased by 11.8% in the first seven months of 2016 compared to the same period of 2015, thus confirming the consumers' appetite for more speciality type yogurts that are not yet locally produced.

Likewise, the Romanian imports of butter, as described in TARIC 040510, have registered a 16.2% growth in 2015 compared to 2014 and have increased with a whopping 56.3% in the first seven months of 2016 compared to the same period of 2015.

According to the FRD Center analysis based on official statistic data, the Romanian imports of cheese and curd, as described in TARIC 0406, have registered an increase of 9.3% in 2015 compared to 2014, while in the first seven months of 2016 compared to the same period of 2015, they have grown with 26.7%, confirming the consumers interest in gourmet and speciality cheeses from abroad.

According to the same analysis, the Romanian imports of meat and edible meat offal, as described in TARIC 02, have increased by 12.2% between January – July 2016 compared to January – July 2015.

Similarly, the imports into Romania of edible vegetables and certain roots and tubers, as described in TARIC 07, have increased in 2015 with over 20% compared to 2014, while the growth registered in the first seven months of 2016 compared to the same period of 2015 has been of 44%.

Romania is a net importer, rather than exporter, of processed fruits and vegetables.

According to FRD Center analysis based on official statistic data, the Romanian imports of edible fruit and nuts, peel of citrus fruit or melons, as described in TARIC 08, have



increased by 39.3% in 2015 compared to 2014 with the main country of origin being Greece. The imports edible fruit and nuts, peel of citrus fruit or melons in Romania in the first seven months of 2016 have increased by 23.8% compared to the same period of 2015.

The Romanian imports of vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid, as described in TARIC 2001, have increased in 2015 with 20% compared with 2014. The imports have increased by over 29% in the first seven months of 2016 compared to the same period of 2015.

The imports of whiskey have recorded approximately EUR 38m in Romania in 2016, up by 21% compared to 2015. Furthermore, the Romanian imports of whiskey have increased by 7% in 2015 compared to 2014.

The whiskey consumption in Romania has recorded approximately 4 million litres in 2015. The best selling brands of whiskey in Romania are: Jack Daniel's, J&B and Ballantine's.

Some of the main food importer-distributors in Romania are: Interbrands Marketing & Distribution, Aquila Part Prod Com, Macromex, Whiteland Import Export and Elgeka Ferfelis Romania.

More details in the FRD Center business blog posting at <http://market-entry-romania.blogspot.ro/2017/03/food-retail-and-food-imports.html>

b) Opportunities: BRANDS, INGREDIENTS, M&A, TECHNOLOGY, KNOW-HOW, MACHINERY, FACILITIES, TOOLS, QUALITY CONTROL, PACKAGING, TEMPERATURE CONTROLLED STORAGE, RETAIL, MERCHANDISING, LOGISTICS

8. Water and Wastewater Management

a) Sector brief

Romanian local authorities, public and private utilities operators are focused on the upgrade and modernisation of water supply and sewage networks, including metering, new technologies, clean tech.



Romania benefits from EU non-reimbursable funding, as well as other grants for the development and modernisation of its water and wastewater systems.

In the context of only half of the Romanian population having access to water and

The areas that already are connected to the infrastructure of the water supply, sewerage and water treatments systems are currently in the process of improving and modernising them, including with efficiency measures, such as smart metering and leakage detection systems.

sewage, many of the local authorities, especially in the rural areas, see it imperative to introduce and extend the water supply and sewerage systems in the rural localities.

After utilising some EUR 8bn under the Operational Sectorial Programme Environment, a total of over EUR 11bn is available under the Operational Sectorial Programme Large Infrastructure till 2020. Namely, under Priority

Axis 3 - Developing the environmental infrastructure under efficient resource management conditions – the assigned amount is almost EUR 2.9bn.

Recent investments in the water and wastewater sector in Romania include:

- Two of the EU funded wastewater management projects that will continue in 2017, funded with RON 1.7bn (approx. EUR 378m), are the Glina Wastewater Treatment Plant and the rehabilitation of the Dambovita main collector sewer and sewer network in Bucharest.
- Compania Apa Brasov SA has contracted the project “Rehabilitation and extension of water and wastewater systems in Brasov county”, with the total value of approximately EUR 160m, within the Sectoral Operational Programme Environment 2007 - 2013.
- Compania de Utilitati Publice SA Focsani has contracted the project “Rehabilitation and modernisation and water and wastewater systems in Vrancea county”, with the total value of approximately EUR 125m, within the Sectoral Operational Programme Environment 2007 - 2013.
- The regional utility operator Compania de Apa Olt SA has contracted the project “Extension and rehabilitation of water and wastewater systems in Olt county”, with the total value of approximately EUR 75m, within the Sectoral Operational Programme Environment 2007 - 2013. The population in the project area is approximately 116,000 persons.



- Romania's largest water network operator, Apa Nova Bucharest, has signed a five-year contract with Israeli firm TaKaDu's in order to use its clean tech solution across its drinking water network.
- Dutch company Nijhuis Industries and the Romanian chemical fertilizer producer Azomures have inaugurated a wastewater treatment plant to treat 22,000 m³/day and meet regulations for discharging effluent into the Targu Mures river.

More details in the FRD Center business blog postings at

<http://market-entry-romania.blogspot.ro/2017/02/opportunities-for-cleantech-and.html>

<http://www.frdcenter.ro/assets/Water-and-Wastewater-Developments-Romania-FRD-Center-analysis.pdf>

b) Opportunities: EXPERTISE, TECHNOLOGY, KNOW-HOW, EQUIPMENT, TOOLS, QUALITY CONTROL, SERVICES, FACILITIES, EU FUNDING

9. Healthcare services

a) Sector brief

The Romanian healthcare sector is undergoing considerable reform and development.

While the private health networks continue to attract foreign investment and acquire local players in order to consolidate their position, the public hospitals receive EU funding and public money for new buildings, development, refurbishment and modernisation.

Both the public health services and the private healthcare system are expected to improve, expand and develop in the next period.

The Romanian public is notably more vigilant towards the state of the public health facilities. They sanction lack of proper conditions on site and report bribery in the medical systems at an unprecedented scale, which is expected to lead to improved conditions both for patients and staff.

Several local public authorities have allocated funds for hospital refurbishment and building new hospitals in 2017. One example is the City-Hall of Sibiu (Central Romania), who have allocated over EUR 4m for building a new county hospital this year.

Recent investments and developments in the healthcare sector in Romania include:

- Regina Maria network, the second largest player in the Romanian private medical services market, has carried out six investments in 2016, acquiring smaller players in Bucharest, Ploiesti, Craiova, Timisoara etc.
- MedLife, the biggest private medical services provider in Romania, has recorded a consolidated turnover of EUR 112m in 2016, up by 29% compared to 2015. MedLife also has made several acquisitions in the market in order to consolidate its position.
- Monza Hospital, the largest private medical unit specialised in cardiovascular surgery and interventional cardiology in Romania, part of the Italian Group “Policlinico di Monza”, will invest over EUR 2m in robotic surgery through the Da Vinci medical system.

In 2017, the Romanian Health Ministry has been allocated a budget of nearly EUR 1.8bn, with almost 6% higher than in 2016. The Government has committed in its programme to build eight regional hospitals in the next few years. Also, some EUR 1bn - from IBRD and the EU - can be accessed for hospital building and refurbishing till 2020.

More details in the FRD Center business blog posting at

<http://market-entry-romania.blogspot.ro/2017/02/health-services-in-romania-in-2017.html>

b) Opportunities: FACILITIES, EQUIPMENT, DEVICES, CONSUMABLES, LABORATORY, PRIVATE HEALTH INSURANCE, TENDERS

10. New Investments in the Romanian economy: Examples

KMG International, the former Rompetrol Group, which owns the biggest oil refinery in Romania and the second-biggest fuel distribution network on the local market, invests USD 6m in the expansion of its fuel delivery systems in Romania.

Greek investor Evangelos Poullos, the co-owner of the fashion retailer BSB, will invest EUR 6m in 2017 in completing the residential complex Belize in Bucharest.



Local authorities in Ocna Mures, a town in Central Romania known for its salt waters, plan to invest over EUR 8.4m in a spa resort with health centres, rehabilitation, beauty and leisure centres.

Alesonor, the Greek real estate developer that owns the luxury housing project Amber Gardens in Otopeni, plans to invest EUR 12m in developing the second phase of the compound and in starting two other luxury residential projects in Bucharest.

Romanian investor Andrei Iusut has sold the Divan restaurant network to a Turkish investment fund.

Local investor invests EUR 5m in Bucharest's landmark Lido hotel refurbishment and plans

Trump Hotels' affiliation after reopening. A symbol of Bucharest between the two world wars, the Lido hotel has had, at the time of its opening, the only waves pool in the country.

Romanian oil & gas producer OMV Petrom will invest approximately EUR 60m in a new unit converting liquefied petroleum gas (LPG) into gasoline.

Turkish group Arcelik, the owner of the Romanian appliance brand Arctic, will build a new plant in Romania following an investment worth EUR 200m. The new factory will produce washing machines, dishwashers and microwave ovens.

Almost 70% of the value of real estate transactions made in Romania in 2017 has been carried out by investors from outside Europe, from countries such as Singapore, South Africa or USA. The total stock of foreign direct investment in Romania has reached EUR 68.5bn at the end of 2016, based on current data, up 1.7% over 2015, as the economic growth is estimated at 4.8% in 2016.

The biggest private international school in Romania invests EUR 2m in new tech centre. The AISB design & technology centre aims to offer students a fully immersive experience by combining traditional learning with modern design processes, allowing students to explore, innovate and experiment.

Romania's state forest management company Romsilva will invest EUR 9.3m in the spring of 2017 to regenerate 10,712 hectares of forests.



British-American Tobacco (BAT) will invest EUR 21m in its Ploiesti factory in Romania, where it will start making next generation vapour products, which are seen as the cigarettes of the future. The group has already invested EUR 250m in the factory since

its creation in 1997, reflecting Romania's leading status as a hub for research and innovation.

Three Romanian investors open EUR 4.5m private kindergarten in Northern Bucharest. The new kindergarten, called Karin's Kids Academy, will officially open in September this year. It covers 10,000 sqm and has 12 classrooms, a medical centre, a conference room, a dining room, a gym and two terraces.

Romanian company FAN Courier, the biggest courier firm on the local market, will invest EUR 8.5m in expanding its current warehouse north of Bucharest.

A Swiss private investor named Max Rossler will take over Romanian insurance company City Insurance. Mr. Roessler is the main stakeholder in the construction firm Implenia and has stakes in financial services companies, including some insurance firms. City Insurance is one of the top Romanian players on the mandatory car insurance (RCA) segment.

Italian utilities group Enel plans to invest EUR 329m in its Romanian operations in the current regulatory cycle ending in 2018. The company will invest EUR 151m in 2017 and EUR 178m in 2018.

Solina, a leading European producer of savoury ingredients for the food industry has reached an agreement to complete the acquisition of Supremia Grup - the leader in Romanian food ingredients and spices market, active in Eastern and Western Europe, as well as Scandinavia.

Romanian windows and doors producer Electric Plus, which operates under the brand Barrier, plans to invest EUR 10m in a new production capacity in 2017. The company, which produces PVC windows and doors, has recorded a turnover of EUR 23m in 2016, up 36% y-t-y.

Linde Gas Romania, the supplier of industrial gases, has finished the acquisition of ITO Industries International Romania and Rodmir Expert, both suppliers of gas in the retail sector.

The Coface Group, the company specialized in credit insurance, opened an IT development center in Bucharest at the beginning of April, employing 80 people. The



setting up of a new IT development center based in Bucharest is part of Coface's new strategic plan to become the most agile global trade credit partner in the industry.

Chinese telecom giant Huawei has launched a new Global Service Center in Bucharest, following an investment of EUR 10m. The center comprises four units: technical support, remote delivery, network operation, and marketing and channel support. It covers 2,000 square meters.

The positive economic outlook, new investors on the market and fresh projects going up for sale should see this year's investments in real estate acquisitions go as high as EUR 1.4 billion, predicts Cushman & Wakefield Echinox.

More details in the FRD Center business blog posting at <http://market-entry-romania.blogspot.ro/2017/03/new-investments-in-romanian-economy.html>

For other commercial and investment opportunities in Romania and the region, please feel free to contact us directly.

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