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New Leads generation, Trade Missions,  
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# OPPORTUNITIES for MARKET EXPANSION, TRADE AND INVESTMENT IN ROMANIA 2022



# MARKET EXPANSION, TRADE AND INVESTMENT OPPORTUNITIES IN ROMANIA 2022

## a FRD Center publication

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Market entry services to Romania, the CEE and SEE.  
Market research, B2B matchmaking, sector studies, trade missions,  
investment opportunity research, M&A support,  
new supplier identification and selection.

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For over 20 years, provides assistance to:

- Foreign companies, SMEs, corporations
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Upon demand from Clients, FRD Center is generating data collection, primary research, market and sector studies, players analysis in Romania and other markets in CE Europe, Eastern Europe and SE Europe.

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with your specific demand for local support

As part of the CSR activity, FRD Center endorses the  
**Sibiu International Theatre Festival FITS**  
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with a tradition of 29 editions so far, the Sibiu International Theatre Festival is the most complex festival in Romania. Internationally, it is recognised as one of the most important performing arts festivals in Europe, alongside Edinburgh International Festival (Great Britain) and Avignon Festival (France).

We are looking forward to welcoming you to the 30th edition in 2023!



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Since 2000, FRD Center offers upon demand opportunity assessment, new business partners identification and selection services, market research and intelligence, new leads generation, B2B matchmaking, target origination and M&A consulting services to foreign companies and organisations interested to enter Romania and the emerging markets in Europe as exporters, consultants, investors or joint-ventures, to relocate their operations, to find new vendors or to source in CE, SE and Eastern Europe.

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## MARKET EXPANSION, TRADE AND INVESTMENT OPPORTUNITIES IN ROMANIA 2022

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### WHY ROMANIA? WHAT IS HAPPENING IN ROMANIA IN 2022?

#### MACROECONOMIC DATA AND ESTIMATIONS FOR 2023 - 2025

Indicator	2020	2021	2022e	2023e	2024e	2025e
GDP - bn RON	1,058.9	1,181.9	1,372.5	1,519.2	1,656.2	1,786.1
Real GDP growth rate %	-3.7	5.9	3.5	3.7	4.7	4.5
FDI - bn EUR	3.005	8.940	n/a	n/a	n/a	n/a
Consumer Price Index (CPI) - annual average	2.6	5.1	12.6	8.2	4.4	3.2
ILO unemployment rate %	6.1	5.6	5.4	5.3	4.8	4.6
General government gross debt, % of GDP	46.9	48.9	n/a	n/a	n/a	n/a
Balance of trade - mEUR	-18,396.9	-23,699.9	-32,336	-37,239	-41,454	-43,538
Current account balance - mEUR	-10,898	-16,755	-22,002	-22,297	-22,656	-22,351

*Source: Eurostat, National Bank of Romania, National Commission for Strategy and Prognosis*

A NATO member-state since 2004 and a full EU member since 2007, Romania is the second largest market in Central, Southern and Eastern Europe, after Poland.

It has a strong industrial manufacturing sector, oil & gas industry, agriculture, superb IT & software development. It has several maritime ports, considerable logistic sector and strong ship-building industry.

According to the FRD Center analysis based on official data published by BNR (The National Bank of Romania), the foreign direct investments (FDI) in Romania went up 46.47% in the first eight months of 2022, compared to the same period of 2021, reaching 6.474 billion EUR.

As for the GDP, it increased y-t-y by 5.7% in the first semester of 2022. It is expected to grow by 3.5% in 2022, according to the National Commission for Strategy and Prognosis.

Since the war in Ukraine, several international players have been relocating their manufacturing sites to Romania. The latest to do so is the Finnish company Nokian Tyres which will invest 650 mEUR to construct a vehicle tire factory in Romania with the annual manufacturing capacity of 6 million tires.

As it results from the FRD Center analysis, in the first eight months of 2022 compared to the same period of the previous year, the turnover in the manufacturing industry in Romania increased by 23.6% in nominal terms, while the new orders in this sector rose by 18.9%.

In regards to the manufacture of food products in Romania, according to the FRD Center analysis, in the first eight months of 2022 it recorded a y-t-y growth as gross series of 4.4% while the manufacture of fabricated metal products, except machinery and equipment increased by 3.3%.

## MARKET EXPANSION, TRADE AND INVESTMENT OPPORTUNITIES IN ROMANIA 2022

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The Romanian manufacture of basic pharmaceutical products and pharmaceutical preparations increased by 4.6%.

The volume of the construction works in Romania increased by 6.6% as gross series in the first eight months of 2022 compared to the same period of 2021, as it results from the FRD Center analysis.

Romania will benefit of 29.18 bn EUR European funding through the National Recovery and Resilience Plan (NRRP).

One of the sectors to receive funding through the NRRP is the Romanian microelectronics sector. They will receive 500 mEUR to develop a strategic program of research and production of microchips and semiconductors in Romania.

Also through the NRRP, Romania receives 1.2 bn EUR for waste management projects and must implement the planned projects by 2026. One priority is the digitization of the waste management sector.

Romania has qualified professionals with Industry 4.0 skills and a developed IT infrastructure allowing the implementation of the latest technologies in the sector of the autonomous mobile robots.

Young Romanians participate at international competitions and win awards, such as the Delta Force team from the National High School of Informatics in Arad that won the big competition in Houston, USA in April 2022.

Romania ranks 10th among 132 countries for the ICT services exports (% total trade). It is one of the leading countries in the region in terms of BPO, ITO and SSC.

Major global companies opened centres in Romania for R&D, business services, custom software development etc.

In respect to agriculture, Romania is one of the largest players in Europe, with the utilised total agricultural surface of around 14 million hectares.

In the 2021-2022 commercial year Romania was the largest maize exporter of the EU and the second-biggest wheat exporter of the EU.

Furthermore, Romania was the largest sunflower producer in the EU in 2021.

Within the National Programme for the rehabilitation of the irrigation infrastructure, the Romanian Government approved in August 2022 allocations from the national budget of 1.5 bn EUR by 2027, with the target is to increase the irrigated surface of Romania from 1.8 million hectares to 2.6 million hectares.

According to Eurostat, with a production of 2.5 million of bicycles in 2021, Romania is the second largest manufacturer of bicycles in the EU.



## SECTORS OF INTEREST

- 1 – DIGITALIZATION IN ECONOMY: AGRICULTURE, WASTE MANAGEMENT
- 2 – INDUSTRY 4.0 AND ROBOTICS: PLAYERS, INVESTMENTS AND DEVELOPMENTS
- 3 – INDUSTRIAL MANUFACTURING: PLAYERS, INVESTMENTS AND DEVELOPMENTS
- 4 – AGRICULTURAL TECHNOLOGY AND IRRIGATION: IMPORTS, INVESTMENTS AND DEVELOPMENTS
- 5 – OIL & GAS: EXTRACTION, PRODUCTION, EXPORT, ENGINEERING, PLAYERS EXAMPLES
- 6 – BPO AND SOFTWARE DEVELOPMENT OUTSOURCING: PLAYERS, INVESTMENTS AND DEVELOPMENTS
- 7 – MICROELECTRONICS AND MICROCHIP PRODUCTION

## 1 – DIGITALIZATION IN ECONOMY: AGRICULTURE, WASTE MANAGEMENT, LOGISTICS, HEALTHCARE

### SECTOR BRIEF

Agriculture represents one of the most important economic sectors in Romania and it offers significant digitalization opportunities. The agricultural sector has potential to grow through the digitalization of certain processes and the implementation of technology in machinery.

Currently, the digitalization records a growing trend in the agricultural sector in Romania, with more and more farmers interested in the latest technology. The investments in digitalization, irrigation and integration bring performance and added value in the agribusiness sector.

IoT, artificial intelligence, Big Data and other digital solutions are key facilitators of sustainability in a diversified range of industries, from smart agriculture to smart utilities. Their benefits include increased productivity and reduced costs.

The EU pledged to become climate-neutral by 2050 as part of the European Green Deal.

Achieving the objectives by 2050 requires actions and investments in digital solutions across multiple sectors including agriculture.

Romania receives 1.2 bn EUR for waste management projects through the National Recovery and Resilience Plan and must implement the planned projects by 2026. Approximately 14,000 digitized underground ecological islands are expected to be installed for the selective collection of household or packaging waste, which can be monitored by authorities from a distance.

The conclusions of the Agriculture Summit organised by the newspaper Ziarul Financiar in October 2022 in Bucharest are that the digitalization in the agricultural sector is indispensable and vital and that the farmers must invest in new technologies and training.

Some of the major topics of the summit were digitalization, investments in irrigation, EU funds, impact of climate changes etc. The participants at the event included representatives of the public authorities, farmers, importer-distributors, financial institutions etc.

The COVID-19 pandemic accelerated the digitalization processes in the logistics industry in Romania, with focus on innovative solutions to optimize the businesses. There is a growing trend for technology and digitalization solutions in the domestic logistics market, with investments in equipment for electronic data transfer, digital portals, planning programmes of goods and routes, optimizing flows for goods and resources etc.

Regarding the healthcare system digitalization, Romania targets to strengthen the telemedicine, to improve the digital infrastructure of the healthcare units, the mobile patient monitoring systems and the technical assistance for the development and integration of the digital health solutions.

The Ministry of Health announced in October 2022 investments of over 200 mEUR for the hospitals' digitalization in Romania through the National Recovery and Resilience Plan.

## CASE STUDIES

Founded in 2020, **AgroCity** is a Romanian start-up. It develops software that helps farmers manage more easily and efficiently all the data and activities within a farm. With the AgroCity application, the farmers can see the works for every plot and plan them based on the crop sheet, can see the machines positions in real time and can print harvest shipping documents using the mobile printer. Currently, AgroCity has over 420 users active in the application, with around 73,000 hectares worked in a crop year. AgroCity is used by farms with surfaces of 100 - 20,000 hectares.

**Bento - 2B Intelligent Soft** is a Romanian IT consulting and software development company. Its products and solutions are used by players operating in diverse fields such as agriculture, utilities, energy, telecommunications, transport, distribution, healthcare, FMCG, food etc. Its portfolio includes the Bento Granar warehouse management application which allows clients to efficiently manage in-land silos and grain terminals. Bento is listed on the Bucharest Stock Exchange.

The Romanian IT company **Syswin Solutions** developed the customized precision solution SysAgria for farmers. It provides real-time key parameters to plan sowing, harvesting, fertilizer and pesticides application, weather forecast of microclimate, warning of diseases and pests risk, production estimation and NPK requirements for different types of crops.

The Turkish agri-fintech company Tarfin entered the Romanian market in 2021. Tarfin targets to support the Romanian agricultural production through technology and to accelerate the digitalization in the agricultural sector. The company focuses on supporting the farmers and providers of agricultural inputs by combining the traditional distribution channels with the technology and financial resources.

Founded in 2017 by Romanian entrepreneurs, **EcoTree** is a digital platform that provides benefits to the waste management sector by digitizing operational processes and legal documentation through business intelligence modules for data analysis, reporting and dedicated tendering modules. EcoTree offers a B2B SaaS platform for waste management transactions and tracking, for greenhouse gas emission calculation and monitoring resulting from waste management activities.

Recycle International, a local company specialised in the collection of non-hazardous waste, invested in 2021 in digitalization by acquiring intelligent software robots developed by the Romanian start-up Tailent to increase the efficiency of the waste collection services. Tailent develops solutions that automate operational processes using Robotic Process Automation (RPA).

**Grup Feroviar Roman (GFR)**, a large private railway and logistics operator in Romania, focuses on accelerating its digitalization and innovation projects. One of the latest solutions implemented by GFR in 2022 is Bento Mobile Device Management, developed by the Romanian software company Bento. The solution digitalizes the GFR operations for the centralised management of mobile devices assigned to locomotive personnel and documents specific to their activity.

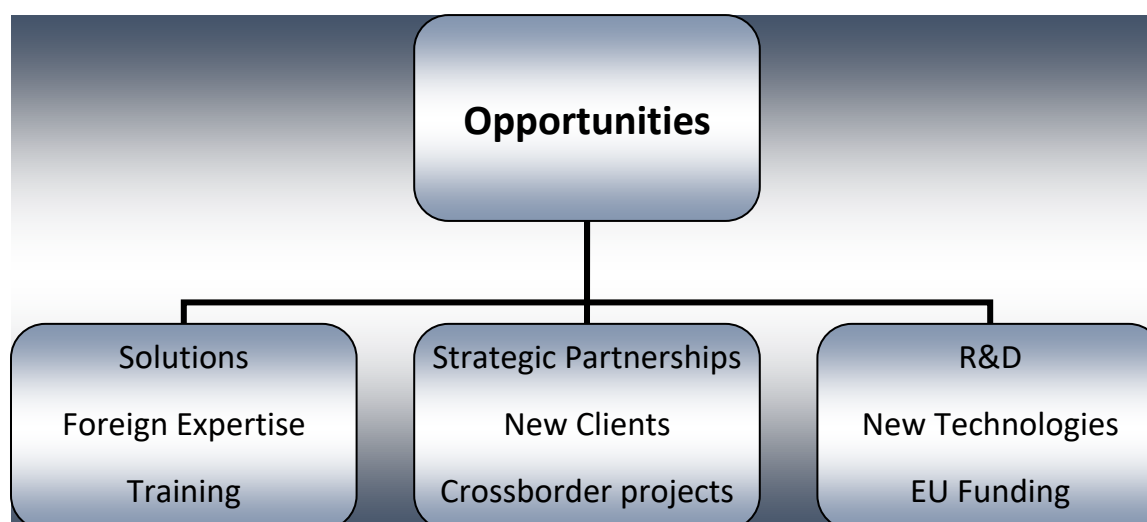
**Gebruder Weiss Romania**, one of the main players on the domestic transport and logistics market, launched in June 2021 the myGW portal, as part of its digitalization strategy. The

platform is an integrated solution offering services of track & trace, document management, e-booking etc.

The 6th edition of the **SSIMA RE:Imagine Healthcare International Medical Technology Conference**, the largest healthcare technology event in Eastern Europe, took place in September 2022 in Oradea, NW Romania. The main topics of the event were the hospital digitalisation, robotic surgery and future medicine based on artificial intelligence. The event included two panels dedicated to the emergency management in hospitals and investments in the Romanian healthcare system.

**Biodyssey**, the first medical technology innovation hub in Romania, was launched in September 2022. It was founded by experts from the Technion University in Israel and Stanford University, with the support of the Romanian-American Foundation. The project is supported by the Romanian Ministry of Research, Innovation and Digitalisation.

The non-profit organisation **Junior Achievement Romania** in partnership with **Novartis Pharma Services Romania** launched in April 2021 a Pre-Accelerator project in digital health, artificial intelligence and robotics. It targets to promote research, innovation and entrepreneurship in the medical universities in Romania, to accelerate the process of digitalization and medical robotics applications for the healthcare sector.



## 2 – INDUSTRY 4.0 AND ROBOTICS: PLAYERS, INVESTMENT AND DEVELOPMENTS

### SECTOR BRIEF

Companies in Romania increasingly rely on technology-based solutions such as robots, artificial intelligence or mobile applications, due to increased productivity, process stability, improved working environment or relocation of human resources to higher value-added activities. The companies that mainly generate the demand are from the automotive, electronics, FMCG and logistics sectors.

Romania has a developed an IT infrastructure that allows implementation of the latest technologies in the sector of the autonomous mobile robots and solutions for performance optimizing based on advanced analysis of data obtained from sensors.

The Romanian industry benefits from qualified professionals with Industry 4.0 skills. The major universities in Romania, such as the University Politehnica of Bucharest and the Technical University of

Cluj Napoca, have faculties of industrial engineering and robotics. Romanians participated at various international competitions and won awards. One example is the Delta Force team from the National High School of Informatics in Arad that won the big competition in Houston, USA in April 2022.

According to the latest data from the Industrial Federation of Robotics, Romania has an estimated number of 4,400 industrial robots. This number does not include the mobile robots, a fast-growing sector.

Organisations such as the American Chamber of Commerce in Romania - AmCham, the German-Romanian Chamber of Commerce and Industry - AHK Romania or Advantage Austria support the Industry 4.0 and digitalization on the domestic market.

AmCham has a Digital Economy Committee targeting to promote Romania's digital transformation. AmCham organised various events, such as the webinar “RPA for SMEs: Increase your Digital Capacity and Productivity with Robotic Process Automation” in collaboration with UiPath and Vapro Romania.

Advantage Austria will organise during February - March 2023 the visit in Romania of a delegation of Austrian companies that offer digitalization products, solutions and services in the fields of e-government and intelligent administration.

## CASE STUDIES

The German Group **Continental** announced for 2023 investments to build a new production module in Sibiu, Centre Romania. The Module 7 modern factory will manufacture autonomous driving systems, connectivity systems and other mobility solutions for automotive customers, with latest technologies and smart processes of Industry 4.0.

Part of the Turkish Group Arcelik, **Arctic** is the leader of the Romanian home appliance market. It has a manufacturing plant in Ulmi, Southern Romania, the first Industry 4.0 factory on the domestic market, integrating state of the art technologies in robotics, artificial intelligence, machine learning and automation processes. After recent investments of over 37.8 mEUR in a second production line, the factory has a production capacity of 2.2 million washing machines a year.

The general contractor and developer Masterbuild has announced in September 2021 the start of works for the new **Research Centre in Green Aerospace Technologies** in Craiova, SW Romania, with investments of over 17 mEUR. The project is co-financed through the European Regional Development Fund, coordinated by the National Institute for Aerospace Research Elie Carafoli. Located near the Craiova International Airport and based on the Industry 4.0 principles, the new centre will benefit from advanced technologies: innovative robotic systems, next generation installations, revolutionary technologies and 3D prototyping systems.

**KFactory** is the leading Industry 4.0 start-up from Romania. It raised funds of 600,000 EUR in 2022 to accelerate its growth on international markets, expand the capabilities of its platform and invest in the network of integrations and partners. The enterprise process automation platform increased the customer base with 500% in 2021, having over 300 industrial equipment connected.

At the end of 2021, Haier opened its manufacturing facility in Romania, following investments of over 70 mEUR. The plant features the latest Industry 4.0 and IoT innovations, robots and cutting-edge machinery. The factory has the manufacturing capacity of over one million refrigerators per year.

In 2022, **Bobnet Group** launched Bob IoT Enterprise, a new factory in Pitesti, Southern Romania to produce innovative IoT devices. Following investments of 10 mEUR during the next few years, Bob IoT Enterprise will provide industrial-scale manufacturing of IoT devices for automated retail and smart logistics.

### 3 – INDUSTRIAL MANUFACTURING: PLAYERS, INVESTMENTS AND DEVELOPMENTS

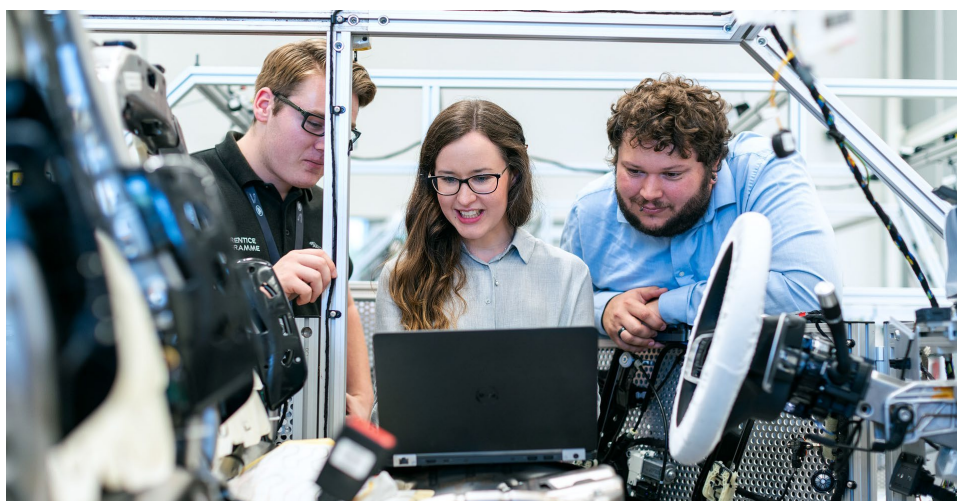
#### SECTOR BRIEF

In spite of the problems generated by the energy prices in Europe, the manufacturing industry in Romania increased by 0.2% as gross series in H1 2022 compared to H1 2021, according to the National Institute of Statistics.

Examples of relevant growths are:

- manufacture of food products: +5.9%
- manufacture of beverages: +4%
- manufacture of wearing apparel: +2.3%
- manufacture of paper and paper products: +5.6%
- manufacture of basic pharmaceutical products and pharmaceutical preparations: +4.1%
- manufacture of rubber and plastic products: +1.6%
- manufacture of other non-metallic mineral products: +4.1%
- manufacture of fabricated metal products, except machinery and equipment: +5.3%
- manufacture of computer, electronic and optical products: +1.7%
- manufacture of machinery and equipment n.e.c.: +3.8%
- manufacture of other transport equipment: +11.7%

According to the National Institute of Statistics, the turnover in the manufacturing industry in Romania increased by 23.6%, in nominal terms, in the first eight months of 2022 compared to the same period of 2021. Furthermore, the new orders in the manufacturing industry increased by 18.9% in the first eight months of 2022 compared to the same period of the previous year.



## CASE STUDIES

The **Ford** plant in Craiova, SW Romania will start the production of the new generation Courier model, both the freight (Transit) and passenger (Tourneo) variants in 2023, with an all-electric version from 2024. To support the launch of the Courier model, Ford announced investments of 490 mEUR during the next three years at its Craiova plant. Furthermore, the Ford Puma passenger car will benefit from a fully electric version to be produced at the plant in Romania in 2024.

**Bosch** recorded consolidated sales of 494 mEUR in Romania in the 2021 fiscal year, up by approximately 10% compared to the previous year. The growth was mainly due to long-term investments in manufacturing and R&D activities, extension of operations and services area, following a strategy focused on technology, innovation and sustainability. Bosch invested approximately 83 mEUR in 2021 in Romania, mainly in the development of its Mobility Solutions manufacturing plants located in Cluj and Blaj. The Bosch Engineering Center in Cluj signed in 2021 a collaboration agreement with Orange Business Services to test custom new features designed for automated vehicles, through Cellular-based Vehicle-to-Everything (C-V2X) with the help of the 5G technology.

**Theta Furniture & More** opened in 2022 a new custom-made furniture production factory, in Paulesti, Southern Romania, following an investment of around 4 mEUR. The company targets to reach revenues of 25 mEUR by 2025.

The producer of RVM systems for collecting beverage packaging **Envipco** launched in 2022 its first factory in Romania, following investments of over 2 mEUR. The factory located in Sebes, Centre Romania has a scheduled production capacity of over 6,000 RVMs for 2022 and over 15,000 units for 2023.

In 2022, **Stada** announced an investment of 48.3 mEUR in a new pharmaceuticals production facility in Turda, NW Romania. The plant will initially include nine state-of-the-art technology lines for capsules and tablets, with a capacity of 100 million packages per year. The deadline for the completion of the project is planned for October 2024.

The dairy producer **FrieslandCampina Romania** completed in 2022 an investment of 3 mEUR in a new production line with the annual capacity of over 3,000 tonnes of yellow cheese.

## OPPORTUNITIES

EQUIPMENT & TOOLS, TECHNOLOGY, FACILITIES, STRATEGIC PARTNERSHIPS, OUTSOURCING

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- Players identification and detailed profiles
- Comparative analysis, background and reputation checks
- Data collection, interviews with KOLs, Decision Makers
- B2B matchmaking, Trade missions - physical, virtual

For over 22 years, provides assistance to:

Foreign companies, SMEs, corporations

Foreign export promotion agencies, international trade organisations, global consulting groups, chambers of commerce, commercial sections of embassies

International companies looking to expand to Romania and the region

## 4 – AGRICULTURAL TECHNOLOGY AND IRRIGATION: IMPORTS, INVESTMENTS AND DEVELOPMENTS

### SECTOR BRIEF

There are around 3.4 million farms in Romania, according to the President of the Commission for Agriculture, Food Industry and Rural Development in the Romanian Senate quoted by Ziarul Financiar and the country should develop dedicated programmes to keep the future generations connected to the traditional rural life.

According to the Vice-President of the Commission for Agriculture in the European Parliament quoted by Ziarul Financiar, Romania needs sustainable investments in agriculture to develop agricultural capacities that will be active on the market also after 10 - 20 years. Romania is on a good path, there is political will to ensure the food security and for the country to be a food supplier also outside the European Union.

In order to develop and modernize their farms, including by acquiring agricultural and irrigation technology and equipment, the Romanian farmers can access funds within the National Rural Development Programme 2014 - 2020. By 13 October 2022, within the Sub-Measure 4.1 - Investments in agricultural holdings, a total number of 2,950 projects with the cumulated value of almost 1.7 bn EUR were selected in Romania. Furthermore, within the Sub-measure 4.3 - Investments for

development, modernization or adaptation of agricultural and forestry infrastructure - irrigation, 440 projects with the total value of around 434 mEUR were selected in Romania by 13 October 2022.

Within the National Programme for the rehabilitation of the irrigation infrastructure, the Romanian Government approved in August 2022 allocations from the national budget of 1.5 bn EUR by 2027. The target is to increase the irrigated surface of Romania from 1.8 million hectares to 2.6 million hectares.

The Rural Invest Programme in Romania, through the Rural Credit Guarantee Fund, ensures the access of the farmers to loans guaranteed by the state.

Based on the FRD Center calculations using TradeMap data, the Romanian imports of tractors increased by 27% in 2021 compared

According to the General Director of the domestic importer-distributor of agricultural equipment Serv Class quoted by Ziarul Financiar, the opportunities for the farmers in Romania are to use cutting-edge irrigation technology and to be trained. Furthermore, the Executive Director of the Bovine Union of Cooperatives Bovicoop considers that the Romanian farmers should focus on technology, on improving the logistics and the reproductive genetics and having productive animal herds.

to 2020, reaching almost 628 mEUR. The main five origin countries in 2021 were Germany, Hungary, Bulgaria, Belgium and the Netherlands.

Furthermore, the imports of agricultural, horticultural or forestry machinery for soil preparation or cultivation, lawn or sports-ground rollers recorded approximately 190 mEUR in Romania in 2021, 15% higher compared to 2020. Romania imported these products in 2021 mainly from Germany, Bulgaria, Italy, Hungary and Poland.

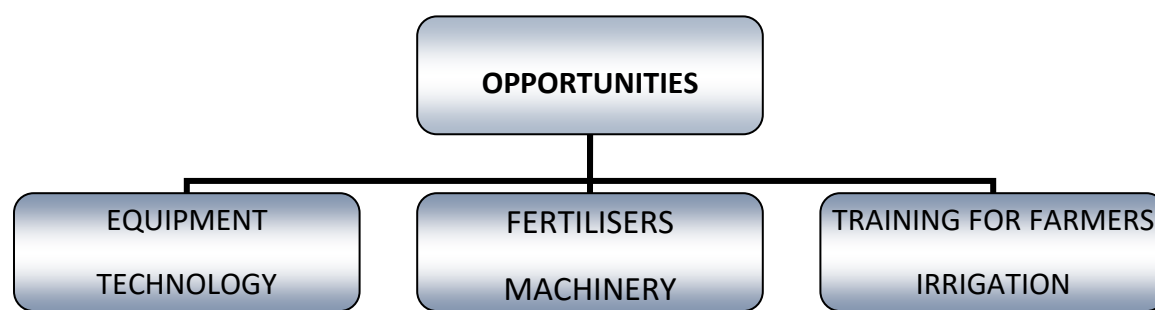
According to the President of the Romanian Farmers' Club quoted by Ziarul Financiar, Romania should focus on allocating funds for the training of young people and explaining them the attractiveness of the agricultural field to make a successful transition to the future generations. Furthermore, the technologies helping farmers make savings are very important, such as systems for digitalization, guidance, sowing and distribution of chemical fertilizers.

## CASE STUDIES

**Holde Agri Invest**, a Romanian company that operates agricultural area of almost 10,000 hectares, intends to modernize its farms and to invest in irrigation, machinery and storage spaces. In order to support the development plans, the company raised in 2022 approximately 4.2 mEUR from investors and successfully closed the share capital increase operation. The company is listed on the Bucharest Stock Exchange.

The Romanian agricultural company **Grup Serban Holding** targets investments of approximately 50 mEUR during the next ten years in irrigation systems, agricultural surfaces, poultry farms, production facilities and storage capacity. The company registered in 2021 consolidated revenues of approximately 108 mEUR, 50% higher than in 2020. Grup Serban Holding is listed on the Bucharest Stock Exchange.

Part of the French Group Monnoyeur, the local importer-distributor of agricultural machinery **IPSO** recorded a net turnover of around 201 mEUR in 2020, 28% higher compared to 2019, according to FRD calculations based on official financial data. The company's portfolio includes the following brands: John Deere, Kuhn, Manitou, Ferbo, Bednar, Fliegl, Pichon, Siptec, Perard, Kemper, Zurn, Geringhoff etc.



## 5 – OIL & GAS: EXTRACTION, PRODUCTION, EXPORT, ENGINEERING, PLAYERS EXAMPLES

### SECTOR BRIEF

Romania has a history of over 160 years in the crude oil production and refining. Currently most of the fields are matured but the recent gas discoveries in the deep waters of the Black Sea indicate significant potential.

Currently the oil and gas industry must manage a diversified range of financial, political and social pressures to transition to the low-carbon energy system, while meeting expected long-term demand for oil and gas.

According to the National Institute of Statistics, the extraction of crude petroleum and natural gas in gross series recorded some month-over-month growths in Romania in 2022. Some examples are: +3.3% in July 2022 vs. June 2022 or +10.3% in March 2022 vs. February 2022.

The biggest oil producers in Romania are:

- OMV Petrom, part of the Austrian Group OMV, which operates the Petrobrazi Refinery
- Rompetrol Rafinare, part of the KMG International Group, which owns the Petromidia and Vega refineries
- Lukoil Romania, part of the Russian Group Lukoil, which operates the Petrotel Refinery

The biggest natural gas producer in Romania is Romgaz, controlled by the Romanian State. The company undertakes geological exploration, produces methane by exploiting the reservoirs in its portfolio and stores natural gas in underground deposits.

According to the FRD Center calculations using TradeMap data, the Romanian exports of petroleum oils and oils obtained from bituminous minerals, other than crude recorded 1.56 bn EUR in 2021, up 35% compared to 2020. Furthermore, the Romanian exports of petroleum gases and other gaseous hydrocarbons registered around 327 mEUR in 2021, a significant increase of 392% compared to 2020.

There are various companies specialised in engineering services in the oil and gas industry on the domestic market, both with Romanian and foreign ownership. Some relevant examples are: CIS Gaz, Saipem, Adrem Engineering, Raptronic Process Engineering, Roconsult Tech etc.

## CASE STUDIES

**OMV Petrom** operates 152 commercial oil and gas fields onshore and offshore in Romania and has the annual production of approximately 47 million boe. Its Petrobrazi Refinery has an annual refining capacity of 4.5 million tonnes of crude oil. According to the SEE Top 100 ranking published by SeeNews in October 2022, OMV Petrom was ranked first in terms of sales in Romania in 2021, ousting the auto-vehicle manufacturer Automobile Dacia.

**Rompetrol Rafinare** targets a production of almost 4 million tonnes of fuels in 2022, out of over 5 million tonnes of raw materials targeted for processing. Out of its total production in the first quarter of 2022, 66% was destined for the domestic market. The company initiated in 2022 an extensive program of rehabilitation, modernization and maintenance of around 50 tanks in the Petromidia and Vega refineries, with investments estimated at approximately 40 mUSD by 2027. Rompetrol Rafinare recorded a gross turnover of 1.17 bn USD in the first quarter of 2022, up 16% compared to the same period of the previous year.

**Black Sea Oil & Gas** started in June 2022 the natural gas production through the Midia Gas Development (MGD) Project in the Black Sea. It is the first exploitation of this type in Romania in the past 30 years. The MGD project includes the Ana and Doina gas fields in the Black Sea.

Established in 1991, the Romanian company **INSPET** is a construction field assembly and general contractor for the oil and natural gas industries. It has experience in rehabilitation of oil refineries, underground natural gas storage facilities, natural gas compressor stations etc. Its portfolio includes the upgrading of the Petrotel Lukoil Refinery, the construction of natural gas transit pipeline for Transgaz or the upgrading the natural gas storage and extraction capabilities for Romgaz. The company recorded a net turnover of 65.6 mEUR in 2021, 56% higher compared to 2020, according to the FRD Center analysis.

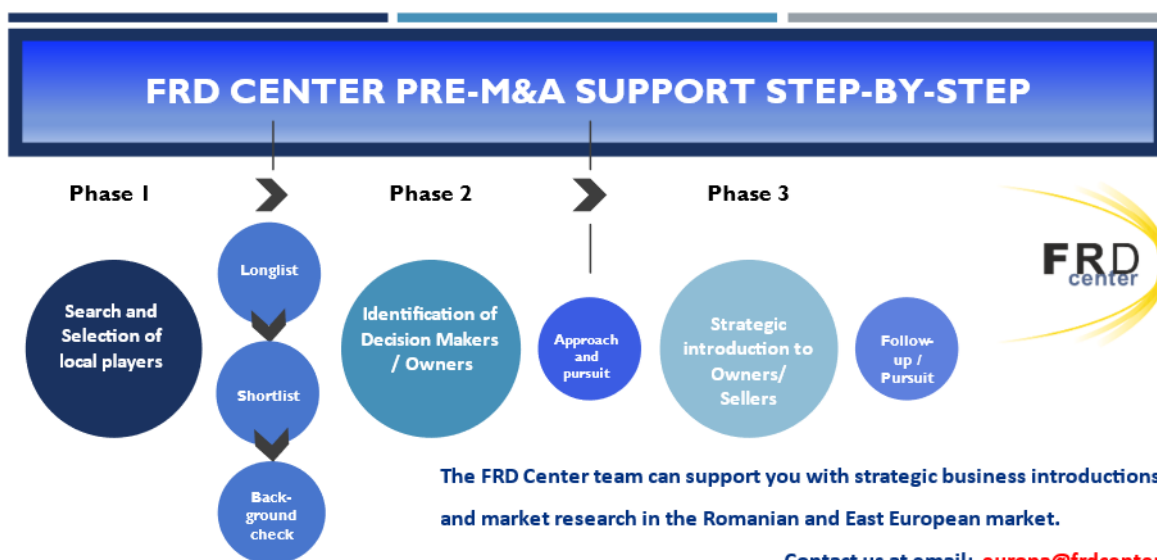
Founded in 2007, **J. Christof E&P Services** is the Romanian operation of the multinational group Christof Industries. It is a major provider of services for complex piping systems on the domestic market. Its portfolio includes successful projects such as engineering and construction for a new gas processing facility at OMV Petrom, upgrade of the turbo-pump assembly at the Petrobrazi Refinery or maintenance services at the Petromidia Refinery. According to the FRD Center calculations, the company reached a net turnover of 93 mEUR in 2021, up by almost 64% compared to 2020.

## OPPORTUNITIES

STRATEGIC PARTNERSHIPS, TECHNOLOGY, R&D, KNOW-HOW, EQUIPMENT & TOOLS, INVESTMENTS, DIGITIZATION, ENGINEERING

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## 6 – BPO AND SOFTWARE DEVELOPMENT OUTSOURCING: PLAYERS, INVESTMENTS AND DEVELOPMENTS

### SECTOR BRIEF

Romania is ideally located in the GMT+2 time zone, enabling easy, real time communication with the European-based companies.

Bucharest is the biggest outsourcing hub in Romania. It is characterised by a strong high-tech service sector growing steadily, various universities, the largest talent pool in the country and dynamic companies in the SSC, BPO, IT and R&D sectors. Other outsourcing hubs in Romania are Cluj Napoca, Timisoara, Iasi, Brasov and Sibiu.

Romania is one of the leading countries in the region in terms of BPO, ITO and SSC. Major global companies opened centres in Romania for R&D, business services, custom software development etc.

The Romanian software outsourcing is attractive for players looking for a convenient geographic location in Eastern Europe, growing economy, stable political and banking systems, developed IT sector, extensive talent pool, tech expertise, language skills and high-quality services at reasonable costs.

The IT companies can save up to 50 - 60% in labour costs when outsourcing to Romania.

According to the Global Innovation Index 2021 of the World Intellectual Property Organization, Romania ranks 10th among 132 countries for the ICT services exports (% total trade).

As the investors see Romania as a suitable destination for business services, more companies developed new operations areas defined by complex services.

Romania is emerging as a top development outsourcing location in the software sector due to:

- the rise of the tech hubs
- the growing use of advanced dev tools to build and manage software solutions
- a booming IT market accelerating digital transformation and modernised software
- an extensive software developer expertise
- flexible, educated, multilingual and talented professionals with Industry 4.0 skills such as cyber security, IoT and AI
- the growth in the IT education

Romania is currently one of the top 20 software development countries in the world, with a yearly growth rate of approximately 25% in the domestic software market. Currently the opportunities for enterprises and fintech startups in the IT field in Romania are booming. The domestic IT industry is one of the most profitable investments for large tech companies.

According to a report published by the Association of Business Service Leaders (ABSL) in 2021, the business services sector in Romania has the following characteristics:

- the main service scope of the players is procurement & supply chain management, followed by IT services, finance & accounting, customer operations, HR, project management, business transformation, knowledge management etc
- the main parent company HQ location is USA, followed by France
- the employment structure by functional area is dominated by customer operations, IT services, finance & accounting
- the average number of languages spoken by the employees is eight
- 22 companies deliver services in at least ten languages
- more sophisticated automation solutions are increasingly compared to previous years, such as autonomic process automation, cognitive RPA or cognitive automation
- the average attrition rate of 17% at the end of July 2021

The Romanian outsourcing market included 1,080 companies with over 178,000 employees in 2021. The outsourcing market is expected to reach 208,000 employees in 2022, after a y-o-y increase of almost 17%. The IT services represent the main driver of the local outsourcing market.

According to ABSL, the revenues generated by the business services industry in Romania are estimated at 4.5 billion EUR in 2020. The business services industry contributes with around 2 - 2.5% to the GDP in Romania.

According to the National Bank of Romania, the Romanian exports of IT&C services

recorded approximately 5 billion EUR in the first seven months of 2022, generating a trade surplus of almost 3 billion EUR.

Bucharest became in 2021 home to the European Competence Center for Industrial, Technological and Research Cybersecurity.

For more details consult the FRD Center DEMO sector brief available for free download at the link: <https://www.frdcenter.ro/wp-content/uploads/2022/10/BPO-AND-OUTSOURCING-IN-ROMANIA-2022-brief-by-FRD-Center.pdf>



## CASE STUDIES

**Computer Generated Solutions - CGS** is implementing in Romania new tools to automate the processes, such as automated recruitment, sentiment analysis and quality control automation tools. Currently, over 20% of the recruitments made by CGS Romania are performed through automated systems.

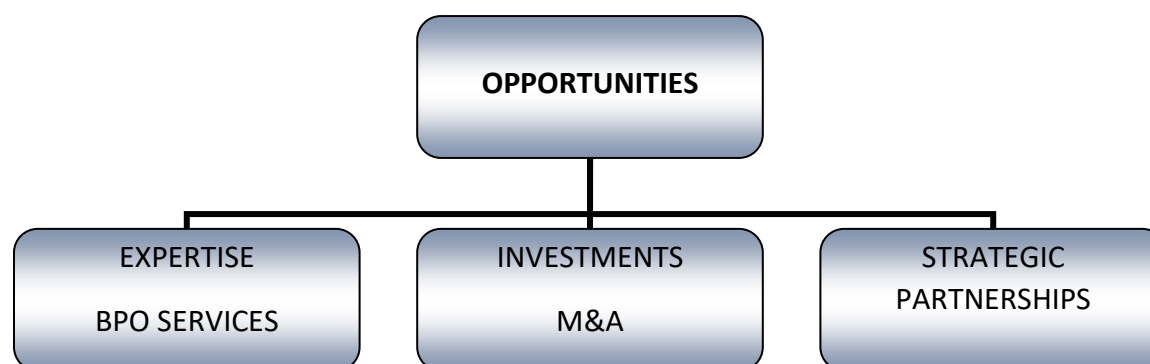
**CGS Romania** will hire over 800 specialists with a technical background in 2022, in positions of customer relations representatives, back office and technical support.

In order to support the growth of its operations in Romania, **Telus International** plans to recruit 1,500 persons in 2022 to handle customer interactions and technical support for several global brands from high-growth industries such as fast-growing tech, travel, hospitality, games and telecommunications.

The Romanian independent BPO provider **Valoris Center** opened in May 2022 a fully operational centre in Belgrade, Serbia.

**Webhelp Romania** extended in March 2022 the lease with the real estate company GTC for three more years for around 5,000 sqm in Premium Plaza in Bucharest.

At the 8th edition of the ANIS Gala in March 2022, **Wipro Romania** won the “Software Outsourcing Project of the Year” award, with the VDCM Software (Vehicle Domain Controller Management) project. Wipro Romania is currently expanding its centre of excellence in automotive and embedded software, connectivity and data platforms.



## 7 – MICROELECTRONICS AND MICROCHIP PRODUCTION

### SECTOR BRIEF

The European Union announced in February 2022 a plan of 42 bn EUR to become a major semiconductor producer, through the European Chips Act.

In the context of the global microchip crisis, Romania has the potential to become an important player in the production of microelectronics in Europe. Romania has raw materials to be exploited, a tradition in the field of microelectronics, a very advanced infrastructure in the field of research, development and innovation with various universities and companies involved.

The Romanian authorities target to develop a national ecosystem in microelectronics that includes large companies, SMEs, national development centres and universities to be able to provide the necessary products for the automotive industry and other sectors of the economy.

According to the specialists in the field, Romania can be involved in the European development project in microelectronics in the following directions:

- design of digital circuits
- advanced encapsulation technologies
- manufacturing of silicon wafers in high-technology nodes

Some companies already producing microchips, PCB, integrated circuits and semiconductors in Romania include PCB Electra, Celestica Romania, Kimball Electronics Romania, EMS Electra, Mecatronics, Systronics, EC Electronics Manufacturing and Mibatron.

The National Recovery and Resilience Plan in Romania finances a program worth 500 mEUR to develop the microelectronics sector, respectively for the research and production of microchips and semiconductors.



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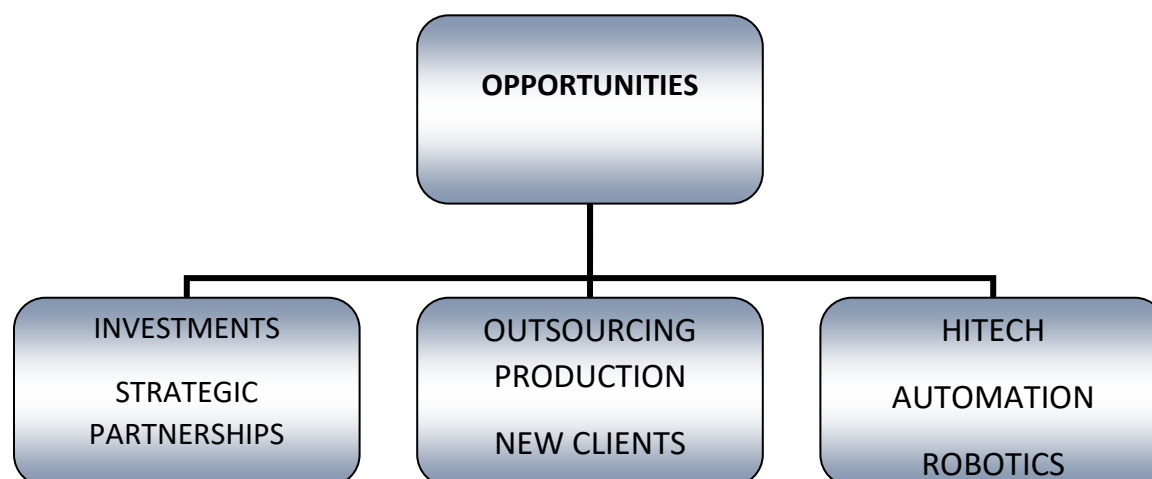
## CASE STUDIES

Within the programme targeting to develop the microelectronics sector, part of the National Recovery and Resilience Plan in Romania, the Ministry of Economy opened in January 2022 the call for submission of projects. Almost 50 applications were submitted to access the funds and eight projects qualified. Some examples of qualified projects are detailed below.

The German Group Bosch, one of the biggest manufacturers of automotive components in Romania, submitted the project “European microelectronics value chain for highly automated driving and green mobility - EuroDrives” in partnership with the University Politehnica of Bucharest and the Technical University of Cluj Napoca. Bosch requested 36 mEUR for research and development and 1.3 mEUR for industrial applications.

Part of the Dutch Group NXP, **NXP Semiconductors Romania** submitted a project entitled "Senthicom" in partnership with various local companies and universities. NXP requested 86 mEUR for the research and development. The NXP engineers in Romania focus on software IP (automotive, microcontroller and connectivity devices) and board solutions. The company recorded a net turnover growth of around 36% in 2021 compared to 2020.

The German Group **Continental** submitted the project “Automotive Systems Smart Energy Efficient Transducers-Innovation across value Chain (ASSET IxC)” in partnership with various local companies, universities and institutes. Continental requested 101 mEUR for research and development and 40 mEUR for investments needed to achieve the first industrial application. The biggest manufacturer of automotive components in Romania, Continental invested approximately 150 mEUR in its operations on the domestic market in 2021.



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