



Exporting to ROMANIA

—
A guide for clients



#GlobalAmbition

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Bucharest

Capital



19.2m¹

Population



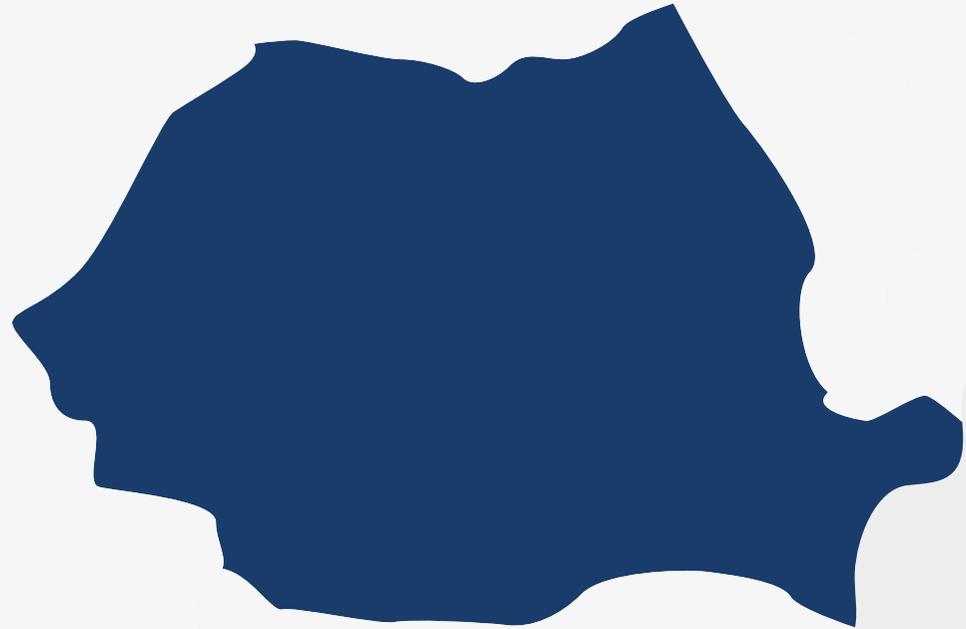
€12,697²

GDP per capita



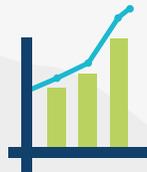
-3.9%³

GDP Growth 2020



4.9%⁴

Unemployment
2021



6%⁵

Predicted Economic
Growth for 2021



€40.9m⁶

Enterprise Ireland Client
Exports (2020)

Why Export to Romania

Since joining the EU, Romania has growing quickly in terms of GDP per capita and productivity⁷. A developed, high-income, export-oriented social market economy based on services, manufacturing and innovation, Romania participates in the European Single Market but uses its own currency, LEI (RON). It has a per capita GDP rate that is 58% of the EU average.

Over the last 10 years, the Romanian GDP per capita at purchasing power parity has grown year on year, having reached its highest in its history in 2019, at €27,947⁸ (similar to Russia, Poland or Turkey). GDP is expected to grow by 6% in 2021, giving the economy one of the highest growth rates in the European Union⁹. The unemployment rate in Romania was also among the lowest in the EU at 4.9% throughout 2020; however, poverty is still a problem, with 23.5% or 4.5 million people ranked as living in poverty¹⁰.

Romania has a moderately diverse economy that ranked 24th in the 2020 Economic Complexity Index¹¹. Industry accounts for 26.37% of the economy, while services and agriculture account for 69.79% and 3.84% respectively¹². The largest

trading partners for both export and import are Germany and the EU in general¹³. With access to the Black Sea and a maritime canal connecting the Danube River to Constanta Shipyard, Romania has easy access to Eastern and Middle Eastern markets, making the country an excellent gateway for both Irish importers and exporters¹⁴.

Irish companies are active in several industrial and service sectors in Romania. Most sell to international and Romanian companies integrated in multinational supply chains, but increasingly now to the growing consumer market. Exports of Enterprise Ireland's clients to Romania continued to grow in the past 10 years despite the financial crisis, exports grew from €39m in 2019 to €40.9m in 2020 (+4.8%). According to CSO, exports of goods to Romania increased by 5% in 2020 compared to 2019 going from €383m to €402m¹⁵. Good connectivity links exist between Ireland and Romania and direct flights between Bucharest / Cluj and Dublin are operated by Ryanair.



Romania ranked **48**, out of 190 countries, in the “Ease of Doing Business” category in the 2020 World Bank’s Doing Business report¹⁶



52nd place in the Global Competitiveness Index 2019¹⁷



46th place in Global Innovation Index¹⁸



22nd safest country in the world out of 163 countries ranked in the Global Peace Index 2019¹⁹



Over 200,000 people work in the ICT sector – world-renowned Romanian IT companies include BitDefender, UiPath, SoftVision and eMAG



Romania has **49 universities** and over **300 institutes and specialised R&D centres**



Get Ready to Do Business in Romania

Romanian companies tend to look for long-lasting partnerships, but they are always open to new ideas and partners especially if some added value can be provided. According to the World Bank, the country is ranked number one for ease of cross-border trading in the world for 2020²², highlighting its importance as a source of suppliers for international businesses. The country also scores well for enforcing contracts, ranking at 19th in the world²³.

In the business world, outsiders are often treated very formally until a firm relationship has been formed²⁴. Romanian businesspeople are wary of being taken advantage of by foreign companies, meaning that international companies need to work hard to build trust²⁵.

The business culture is hierarchy-based. Decisions are made by executives, and lower-level employees rarely question them. This structure applies to business meetings as well²⁶. However, while it may be true that formality dominates, the younger generation of Romanian suppliers are opening to new ideas and practices.

Being too direct and using high pressure, confrontational sales tactics is viewed as poor manners. Romanians prefer to do business with people who are down-to-earth and do not brag about their accomplishments²⁷.



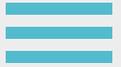
Travelling and geography

Romania shares its borders with Bulgaria and Serbia to the south, Hungary to the west and Ukraine and Moldova to the north and east²⁸. In the southeast, 245km of coastline provides a strategic outlet to the Black Sea²⁹.

The country is a unitary semi-presidential republic with 19.2 million inhabitants; its capital and largest city is Bucharest with 1.8 million residents. Romania is a member of the European Union (EU), NATO, the United Nations, the OSCE, and the Council of Europe³⁰.

The country is around three times the size of Ireland covering 238,397km² and the distances between cities are relatively big. The ground infrastructure in Romania is quite extensive with 103,671km of road, approximately 11,385km of rail and 12 international airports³¹ connecting all major cities. However, the quality of roads and rail is among the lowest in the EU; as a result, the efficiency of transporting goods is below the EU average³². Nonetheless, the country ranks higher than the EU average when it comes to waterways network and transport efficiency³³.

In light of global travel restrictions we are advising all clients to regularly review the Government of Ireland advice at www.gov.ie/, travel advice from the Department of Foreign Affairs, business continuity advice from the Department of Enterprise, Trade and Employment and the World Health Organisation website.



Get Ready to Do Business in Romania

(continued)



Language

A serious exporter should translate materials into Romanian. Use professional help for the translation as Romanian, albeit being considered closely related to English, takes time to learn³⁴.

ROUTES TO MARKET

Importers

Having a local partner with existing contacts can greatly assist an Irish company in establishing a presence in the country, translating marketing materials and making sales.

Distributors or wholesalers

Finding a distributor or a wholesaler that can deliver products across the country can be a good way to access the market. Some companies also opt for having a distributor in three of the eight regions in Romania (Moldova, Transylvania and Muntenia) for better coverage.

Online selling

In 2019, the e-commerce market in Romania exceeded €4.5 billion in value³⁵. According to World Retail Congress, Romania is one of the top five countries to watch beyond the top 30 in terms of pace of growth and expansion of the e-commerce sector³⁶. The largest market segment is fashion, the market size for which is projected to be €645 million by end of 2020³⁷.



Things to Consider

Each EU country has its own culture, traits and traditions, meaning that while they are very closely linked and often similar, there are some things that will work in one country and not another. As separate countries, they also go through different challenges and opportunities at different times such as construction booming in one country, while declining in another. This needs to be considered when proposing your product to each market and the below questions can help guide you in your exporting decisions³⁸.



Market landscape

What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors? There are regional clusters in Romania, especially in the automotive, electronics and ICT sectors and finding the right channel to these markets is a key to success.



Market trends

What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why – it may exist for a reason.



Target market

How does your target market make buying decisions? Who are the relevant decision-makers – what are their job titles and responsibilities? For example, in the automotive sector a supplier must be included on the approved vendor list before any business can be done.



Market segmentation

Who are your possible customers, where are they located, how and what else do they currently buy, who are their influencers and what “need” are you fulfilling?



Market competition

Who are your rivals in the market and how do their offerings compare with and differ from yours? Are there local producers or competitors with outsourced production in the country?



Market research resources

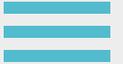
Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the Romanian market.

*Enterprise Ireland's **Market Research Centre** offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.*

See www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information and for a database of sector-specific information that will indicate whether there is research available for the market you wish to target.



Key Growth Opportunities in Romania



Agriculture and Machinery

Agriculture is one of the important sectors of the Romanian economy. In 2019, agriculture, forestry and fish farming contributed around 3.85% to GDP; in comparison, the sector contributed around 1.7% to GDP in other European member states³⁹. Cereal production amounts to 26.1% of the industry with Romania as the top EU producer of maize, wheat and sunflower in 2018⁴⁰.

Romanian agriculture has experienced remarkable growth supported by an expanding food industry, domestic investments and EU farm subsidies. Between 2014 and 2020, CAP and EARDF subsidies will reach €26 billion in Romania (2nd highest in EU after Poland)⁴¹. Spending is driven by pressure on efficiency and food safety, environmental and animal welfare regulations and requirements for farm machinery upgrade or replacements⁴².

Romania has the sixth biggest used agricultural area within the EU at 14.7 million hectares⁴³ but it has low productivity due to several factors. According to an analysis by PwC Romania, these include outdated agri-machinery, poor methods of farming, underpaid and unskilled workforce⁴⁴. In addition, 75% of the farms in Romania are under 2 hectares and the share of farms under 10 hectares is about 98% of the total number and 38% of the

total agricultural area used. At the opposite end, farms with a size of more than 100 hectares account for only 0.5% of the total but exploit 49% of the agricultural area⁴⁵. This results in a very fragmented agricultural industry.

The availability of EU funds, positive sector growth and the need for machinery upgrades represent a great opportunity for innovative Irish companies. Nonetheless, competition is quite high in this sector, coming mainly from German, Dutch and Italian machinery companies.



Automotive and Engineering

The Romanian automotive industry has grown by an average of 18% year-on-year since 2009 and is forecast to exceed €20 billion in 2020. Romania is the 4th biggest automotive manufacturer in Central and Eastern Europe. In the last decade, more than 600 Original Equipment Manufacturers (OEMs) of automotive supplies opened plants in Romania following investments by two large automotive manufacturers at Craiova and Mioveni⁴⁶. The Romanian automotive industry employs more than 185,000 people⁴⁷ and accounts for more than 20% of both Romanian manufacturing output and Romanian exports⁴⁸. At the moment, the country accommodates two major carmakers – Dacia Renault and Ford Motors⁴⁹.

Local transport machinery producers include truck and bus manufacturer Roman, tram manufacturer Astra Arad, railways producer Softronic, tractor and agri-machinery producers such as IRUM and MAT Craiova. Tier 1 to Tier 3 suppliers include OEM names like Continental, Pirelli, Michelin, Delphi Yazaki, Magna, Valeo, Preh, Faurecia and many others.

There is a sub-supply opportunity for Tier 1-3 suppliers to automotive and engineering industries. In 2018 the engineering and automotive sectors experienced a 20% growth in 2019 followed by a 6% growth in the first quarter of 2019⁵⁰. Indigenous exports from Ireland to this sector show solid growth. Competition comes mainly from continental European companies, particularly from Germany, Holland, France and Italy and of course the local suppliers.

Key Growth Opportunities in Romania

(continued)



IT

Technology is considered a primary growth driver for Romania contributing 7% to the national GDP. The IT services sector is forecasted to contribute 10% of GDP by 2025⁵¹.

Romania has a talent pool of over 64,000 university graduates and a long-term potential of 300,000 employees. Currently there are 130,000 employees in the IT sector with the potential to reach 400,000 employees in this sector within the next 15 years⁵².

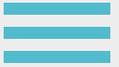
Global software companies such as Oracle, Amazon, IBM or Deutsche Bank already employ Romanian software developers at a fraction of the cost compared to Western Europe workers while still maintaining product quality. They have also contributed to the development of the tech start-up environment⁵³.

Romania is also one of the leading countries in the region in the areas of shared services centres and business process outsourcing. Over the last two years, names like London Stock Exchange Group, Viavi, Huawei, Capgemini, Samsung, Amazon and Accenture have opened offices in Romania for R&D, business services, logistics or other activities⁵⁴.

There are many key opportunities for Irish companies in this sector. Providers of IT solutions, innovative software and efficient services are already in demand. The market particularly welcomes those who can provide quick, reliable and cost-effective support to the growing sector.



Legal & Taxation Information



Visa requirements

Romania is an EU Member State and therefore any nationals from EU Member States do not require visas or special permission to travel to the country. Romania has a civil law system. EU law is directly applicable and takes precedence over national legislation. There are no exchange control or currency regulations⁵⁵.



Formation of companies⁵⁶

The Business Corporations Act recognises the following types of business entities:

- limited liability companies
- joint-stock companies
- general partnerships
- limited partnerships
- Sole entrepreneur
- Societas Europaea (SE, European Companies) and European Economic Interest Groupings (EEIG)



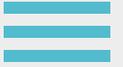
Taxation

Foreign legal entities may establish a branch in Romania. A branch is not considered a legal entity but must be registered in the Commercial Register⁵⁷.

- Corporate income tax (general rate: 16%)
- Withholding tax on dividends, interest and royalties
- Personal income tax (basic rate: 10%)
- Value Added Tax (basic VAT: 19%, reduced rates: 9% and 5%)
- Taxes on capital – real estate tax and real estate transfer tax
- Other business-related taxes – road tax, excise & custom duties

Source: [Accace, Romania https://accace.com/tax-guideline-for-romania/](https://accace.com/tax-guideline-for-romania/)

Helping You Win in Romania



Enterprise Ireland assists clients entering new markets with:

Pre-visit support

Prior to engaging with an overseas market, client companies should engage with their Development Advisor (DA) and the Enterprise Ireland Market Research Centre in Dublin to ensure they leverage the full range of possible supports in preparation for engaging with the EI team in the market.

- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-market support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International trade events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

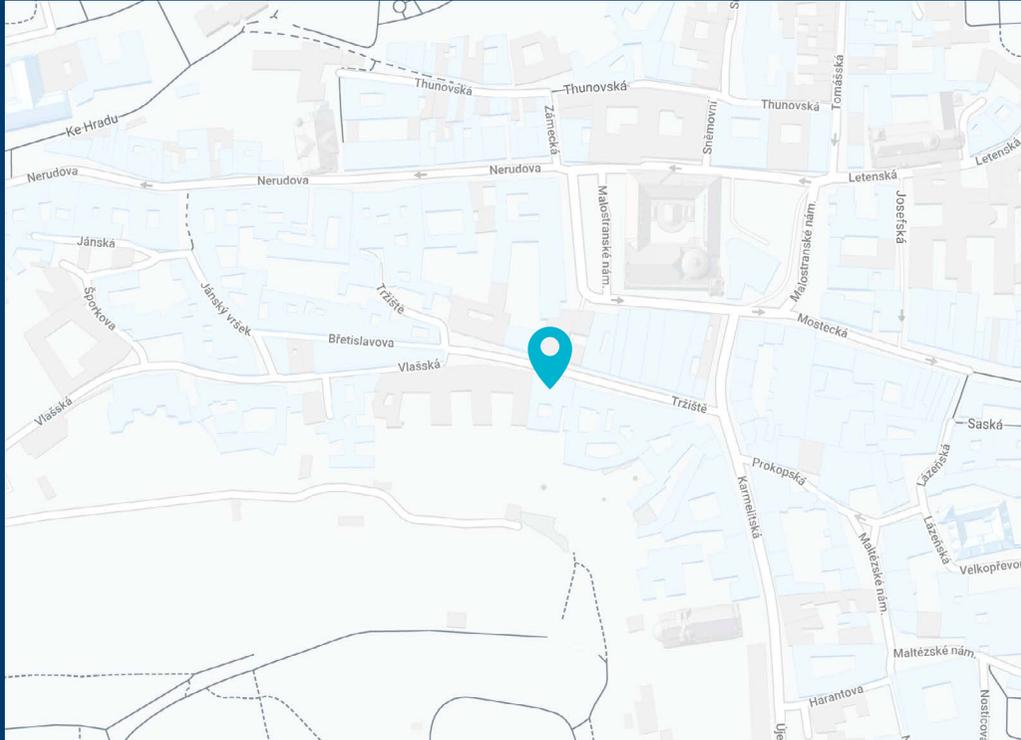
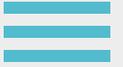
Additional supports

- Access to translation and interpreting services
- Introductions to specialists in all areas, including legal, recruitment, PR and taxation
- Access to mentors

Enterprise Ireland has also built up an excellent network of mentors in Romania who are available to work with Irish client companies looking to develop their business in the country. This network includes market and sector specialists, business accelerators and members of Irish business associations.

For further information on the services of Enterprise Ireland overseas, please see: <http://www.enterprise-ireland.com/en/Export-Assistance/>

Contact Us



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Rialtas na hÉireann
Government of Ireland



Ireland's EU Structural and
Investment Funds Programmes
2014 - 2020

Co-funded by the Irish Government
and the European Union



European Union
European Regional
Development Fund

Ireland's European Structural and Investment Funds Programmes 2014-2021.
Co-funded by the Irish Government and the European Union.

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