

ROMANIA

economic development priorities according to the government program, including support for the private environment

THE ROMANIAN GOVERNMENT PROGRAMME 2020-2024

- Romania must become a competitive economic country at regional and global level by implementing an economic model based on entrepreneurship, openness to competition, innovation and investments based on European funds.
- The main economic priorities of the Romanian Government are:
 - ✓ *Entrepreneurship without bureaucracy. Objectives:*
 - De-bureaucratization (cutting red tape) and digitalization;
 - Stability and predictability;
 - Lowest administrative costs and efficient public services;
 - Accessible connections infrastructure (transport, communications);
 - Equal treatment and compliance with the law;
 - Ensuring the legislative and economic framework for liberal professional development and self-employment (freelancers).
 - ✓ *Supporting businesses' access to finance (especially SMEs), by continuing the post-COVID 19 economic recovery program:*
 1. Financing schemes designed to increase competitiveness.
 2. Contracting the financial allocations from the Competitiveness Operational Program 2014-2020.
 3. Continuation of start-up support programs to increase technical capacity, by increasing budget allocations. Estimated beneficiaries: 10,000 SMEs.
 4. Continuation of granting *de minimis* aid in accordance with the provisions of Law no. 346/2004 on stimulating the establishment and development of small and medium-sized enterprises, with subsequent amendments and completions.
 5. Supporting closed businesses in shopping centers. Budget: 160 million lei. The maximum amount of state aid that can be granted through the scheme is 800,000 euros per beneficiary, representing 50% of the fixed rent expenditures reported in February 2020, calculated and due for the closed period. Estimated beneficiaries: 3,000 companies, which prove the lease agreements with major shopping centers and whose activity was closed by military ordinances during the state of emergency.
 6. State aid scheme to support the film industry (GD no. 712/2020). Another 150 million euros have been allocated for the next three years. Thus, the maximum budget for this state aid scheme reached 1.2 billion lei.
 - ✓ *Strengthening access to finance through the development of the financial-banking market and the capital market.*

tools and programs for balancing Romania's trade balance, promoting exports and supporting incoming / outgoing investments:

1. The foreign trade objectives during the period 2021-2024:

- Elaboration of a foreign trade strategy accompanied by government program proposals for strengthening the domestic production capacity and relaunching the economic branches that generate trade deficit, by attracting foreign investments in Romania (US investors, EU Member States, Middle East, Japan, South Korea, Singapore).

- Streamlining the activity of promoting foreign trade and reconfiguring the networks of external economic representation (trade diplomacy), in line with the objectives of EU trade policy.

2. Foreign trade support programs:

- Program for export promotion.

- The program to support the internationalization of Romanian economic operators.

- The program for Romanian-Swiss cooperation.

✓ *Horizontal support for innovation, internationalization, creation of value chains in production and entrepreneurial community development.*

✓ *Smart specialization and support for SMEs according to the new EU industrial policy based on European funds for industries of the future.* Development of the following sectors: the sector dedicated to the production of goods and services for environmental protection and resource management (green technologies), the digital sector, the automotive industry, high value-added processing industries (including those that use natural gas as resource), the circular economy, the food industry, the cultural and creative industries, (eco)tourism and the hospitality industry, the care and health industry, defense industry (including the non-military components).

- The central pillar of this programme will be large-scale public investments meet for infrastructure, able to attract substantial private investments. Energy, IT, telecommunications and transport infrastructure, as well as in the fields of education and public health, are primarily targeted.

- Greenfield investments are to be carried out by new companies or companies already active on the Romanian market, through a state aid scheme for guaranteeing and insuring commercial loans. This will reduce bottlenecks and support companies in the value chain if they have trouble making payments.

ROMANIAN ECONOMIC CONTEXT DURING THE PANDEMIC

- In 2020, the contraction of the Romanian economy was 3.9% of GDP (estimated NSI data).

- The COVID-19 crisis seriously affected the activity in the Romanian business environment, both the companies and their employees. Many companies have reduced, suspended or closed their activity, laying off employees or sending them into technical unemployment. The state has pledged to support the economy and pay technical unemployment benefits, with priority given to European funds.

- The most affected economic areas were: cultural and educational activities, education, hotels and restaurants, health and social work, administrative services and support services, real estate transactions, transport and storage, professional, scientific and technical activities. At the same time, some businesses have thrived in a number of areas, such as the IT industry, software solutions

for businesses and the general public (software as a service – SaaS), mobile telecommunications and Internet providers, e-commerce, food trade and pharmaceutical, medical and social work services.

- After the establishment of the alert state (on May 15th 2020), the economic activity was gradually resumed in several sectors at the initiative of private decision makers, but in compliance with the recommendations for the protection of employees and customers made by the public authorities.
- According to the European Commission's 2021 winter forecast, Romanian economy will increase in GDP by 3.8% in 2021 and 4.0% in 2022, respectively, and inflation will be at relatively low levels (from 2.6% and 2.4%, respectively).
- In the period 2021-2027, Romania will benefit from European funds totaling almost 80 billion euros, of which 33 billion euros from the EU Recovery Plan and over 46 billion euros related to the EU's Multiannual Financial Framework.

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