

# TRADE AND INVESTMENT OPPORTUNITIES

## ROMANIA Q1 2021



Romania is one of the most dynamic economies in the region, the 2<sup>nd</sup> largest market in Central Eastern Europe and a gateway for foreign investors to both the European Union and the Eastern European markets and Russia.

*Some key dynamic sectors of the Romanian economy observed by FRD Center include:*

1. BPO, SSC and services outsourcing
2. Automotive manufacturing
3. Building and constructions
4. Healthcare and medical services
5. Manufacturing
6. Delivery and courier services
7. Pharmaceutical and chemicals production
8. Electronic components and PCB manufacturing

*For tailored Market Research, New suppliers search and selection,  
B2B Matchmaking with local players in the sector, Deal Origination  
and M&A assistance in Romania and Emerging Europe  
contact*

*Jackie BOJOR, Director  
e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)*

This opportunity report is produced by **FRD Center Market Entry Services** – [www.frdcenter.ro](http://www.frdcenter.ro) - one of the pioneer privately owned market entry consulting firms in Romania.

Since 2000, FRD Center offers tailor-made market intelligence, B2B matchmaking, new suppliers search & selection, target origination and market access consulting services to foreign companies and organisations interested to expand overseas and enter the emerging markets in Emerging Europe: Central, Southern and Eastern Europe.

**Disclaimer:**

*Whilst every care is taken in compiling this report, no responsibility is taken for errors or omissions. FRD Center guarantees that this information, collected and generated, has been operated in a professional manner and best efforts were applied with a view to offering accurate and complete results. However, FRD Center will not be held liable for any damage or loss resulting from the use of the information contained herein.*

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

**FRD Center** is the trade consultant for the Government Agencies such as Enterprise Ireland, Business Finland (Finpro), Switzerland Global Enterprise, a member of Sweden on the Go and the representative of the Murcia region Development Agency (Spain). Other clients are Commercial Sections of Embassies, Export Councils, Trade Governmental Agencies, Chambers of Commerce, private companies, corporations, SMEs from Canada, China, Denmark, Finland, France, Germany, India, Ireland, Israel, Italy, Jordan, Norway, Poland, UK, USA, Spain, Switzerland, Turkey etc.

Our services include:

- 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, M&A assistance
- identification of market opportunities: exports, sourcing, B2B sales etc.
- trade missions, business itineraries, inward buyer missions

***As part of the CSR activities, FRD Center endorses the***

***Sibiu International Theatre Festival***

***FITS - [www.sibfest.ro](http://www.sibfest.ro)***



In Q4 2020 the GDP in Romania **increased** by 5.3% compared to Q3 2020, the best result in the EU. This economic growth led analysts to improve the forecasts for 2021 to an economic growth of over 5%, even above the government's optimistic forecast of 4.3% which was the basis for the 2021 budget.

## 1 - Romanian economy outlook

Overall, the Romanian GDP decreased in 2020 by 3.9% compared to 2019, a very good result taking into account the Covid-19 crisis.

According to provisional data from the

National Institute of Statistics, the GDP structure in Romania in Q3 2020 was as follows:

- Agriculture, forestry and fishing:	7.2%
- Industry:	21%
- Constructions:	5.5%
- Wholesale and retail; repair of motor vehicles and motorcycles; transport and storage, hotels and restaurants:	15.6%
- Information and communication:	6.1%
- Financial intermediation and insurance:	2.3%
- Real estate activities:	7.3%
- Professional, scientific and technical activities; activities of administrative services and support services:	8.9%
- Public administration and defense, social insurance of public sector; education; health and social assistance:	14.1%
- Shows, cultural and recreation activities; repair of households goods and other services:	2.6%
- Net taxes on product:	9.4%

The construction and the IT&C sectors were the engines of the Romanian economy in 2020, with contributions to the GDP growth of +0.5% and respectively +0.4% in Q3 2020, according to provisional data from the National Institute of Statistics.

The Romanian Government unveiled the 2021 budget and it will pursue big reforms in four areas: pensions, incomes, education and public administration. The main coordinates of the 2021 budget are:

- economic growth: 4.3%
- GDP: 1,116 billion RON (approx. 228 billion EUR)

- estimated budget deficit: 7.16% of the GDP (down from 9.79% of GDP in 2020)
- ESA deficit: 8.2% of GDP investments: 60.8 billion RON (approx. 12.4 billion EUR)

## 2 - Fighting the Covid-19 pandemic in Romania

The first case of Covid-19 in Romania was reported on 26 February 2020. In spite of the early measures taken by the Romanian authorities, Covid-19 has been spreading across Romania.

In March 2021, the Romanian Ministry of Investments and European Projects detailed the structure of **the National Recovery and Resilience Plan (NRRP)**. The plan has 33 components for essential reforms, grouped into six distinct pillars, according to the EU Regulations:

- Pillar I: Green transition
- Pillar II: Digital transformation
- Pillar III: Smart, sustainable and inclusive growth
- Pillar IV: Social and territorial cohesion
- Pillar V: Health and economic, social and institutional resilience
- Pillar VI: Policies for the next generation: children and young people

The Romanian government has been implementing a series of measures to delay the spread of the coronavirus and to support people, jobs and businesses.

According to the EU formal negotiations, the ceiling allocated to Romania for the **NRRP is 29.2 billion EUR**. Based on provisional information, of this total, the Romanian Government will allocate:

- **11% for education**
- **9% for healthcare**
- **28% for road, rail and metro transport**

The Romanian Government approved in March 2021 the continuation of the **IMM Invest and IMM Factor Programmes** to support the economic activity.

**IMM Invest** is a programme through which the State provides guarantees for loans contracted by micro-enterprises and SMEs, in order to finance investments and to ensure working capital. For 2021, the Government allocated a guarantee ceiling of approximately 3 billion EUR, out of which around 0.2 billion EUR for AGRO IMM Invest, a sub-programme for companies in the agriculture, fisheries, aquaculture and food sectors. The Government decided to extend the deadline until which guarantee contracts / financing agreements can be issued until 30 June 2021 and the grant

payment will be made until 30 June 2022. Launched in 2020, IMM Invest is a successful programme, as approximately 25,600 loans with a value of over 2.8 billion EUR were granted in 2020.

**IMM Factor** ensures the access of SMEs to the financing of the commercial credit. The Government extended the validity of the state aid scheme until 30 June 2021, with a budget of over 0.2 billion EUR.

An emergency ordinance for providing state financial support to HoReCa players worth around 200 million EUR was published in Romania in the Official Journal in February 2021. The grants for the HoReCa sector will cover 20% of the turnover drop in 2020 compared to 2019.

In December 2020, the Romanian Government decided amending the state aid scheme - **Support for SMEs to overcome the economic crisis caused by the COVID-19 pandemic.**

On 11 March 2021, the European Commission proposed a package of almost 14 million EUR in additional financial support for Romania under the EU Solidarity Fund to support emergency measures against the COVID-19 pandemic. This funding will support part of the public expenditure on medical and personal protective equipment, emergency support to the population and measures of prevention, monitoring and control of the spread of the disease.

The total budget is **1.485 billion EUR**, out of which EU funds of around 1.266 billion EUR, allocated as follows:

- **Measure 1:** Micro-grant with fixed amount in the form of unit cost: the equivalent in RON of the amount of 100 million EUR, out of which EU funds of 85 million EUR
- **Measure 2:** Grant for working capital in the form of unit cost: the equivalent in RON of the amount of 907 million EUR, out of which EU funds of 765 million EUR
- **Measure 3:** Grant for investments in productive activities: the equivalent in RON of the amount of 478 EUR, out of which EU funds of almost 416 million EUR

In November 2020, the European Commission approved a ***scheme of 216 million EUR for Romania to support SMEs affected by the COVID-19 crisis.*** Under the state aid Temporary Framework, the scheme in the form of direct grants aims to help businesses



cover liquidity shortages faced due to the COVID-19 outbreak and to ensure diversified financing channels.

The European Commission approved in November 2020 a Romanian ***aid scheme of 4.4 million EUR in order to compensate regional airport operators*** for the damage suffered due to the COVID-19 pandemic. The scheme is open to operators of Romanian airports with annual traffic turnovers of 200,000 - 3,000,000 passengers.

In November 2020, the European Commission approved a Romanian ***aid scheme of 12.4 million EUR to support wine producers*** affected by the COVID-19 crisis. Under the state aid Temporary Framework, the scheme in the form of direct grants targets to support over 1,000 wine producers.

The European Commission approved in October 2020 a ***guarantee scheme of 103 million EUR for Romania to support the trade credit insurance market*** in the context of the COVID-19 pandemic. The scheme ensures that trade credit insurance continues to be available to all companies.

In September 2020, the European Commission approved the modification of the “Competitiveness” Operational Programme in Romania, by redirecting ***550 million EUR*** from the Cohesion Fund to attenuate the adverse effects of the COVID-19 crisis. ***The financial support will be given to over 120,000 micro-enterprises, SMEs and initiatives for digitalisation and e-education.***

FRD Center researched this topic also from IMF records and detailed the measures of the Romanian government below.

**a - Fiscal:**

- additional funds for the healthcare system
- covering partially the wages of parents staying home for the period the schools are closed
- measures to support businesses including covering in part the wages of self-employed and workers in danger of being laid off for an initial period of one month, deferral of utilities payments for SMEs

In addition, the government provided 15 billion RON (approx. 3 billion EUR) for loan guarantees and subsidized interest for working capital and investment of SMEs. A new guarantee scheme of approximately 1.5 billion RON (approx. 0.3 billion EUR) was adopted in order to support the procurement of work equipment by SMEs. Other measures include:

- faster reimbursement of VAT
- suspending foreclosures on overdue debtors
- suspending tax authorities' control
- discounts for paying corporate income taxes
- postponement of property tax by three months, exempting the hospitality industry from the specific tax for 90 days.

**b - Monetary and Macro-Financial**

- reducing the monetary policy rate by 1.25 percentage points to 1.25 percent
- narrowing the corridor defined by interest rates on standing facilities around the monetary policy rate to  $\pm 0.5$  percentage points from  $\pm 1.0$  percentage points
- providing liquidity to credit institutions via repo transactions (repurchase transactions in government securities)
- purchasing government securities on the secondary market
- operational measures to ensure the smooth functioning of payment and settlement systems

Furthermore, the Government issued legislation that banks will defer loan repayments for households and businesses affected by Covid-19 for up to nine months.

***For tailored Market Research, New supplier qualification, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance in Romania and Emerging Europe***

***contact***

***Jackie BOJOR, Director***

***e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)***



## 1. BPO, SSC and services outsourcing

### *New entries and developments, market expansion of main players, expectations for 2021 - 2022*

#### **Sector brief and players recent activities**

The year 2020 brought unprecedented challenges, the economic conditions completely shifted the expected trends and the Romanian BPO sector has to adapt to the Covid-19 crisis. The sector was well prepared for the remote work as the outsourcing is based on the concept of working from a distance. The pressure put on costs due to the Covid-19 pandemic determined companies globally to rethink their cost structure and rebuild their outsourcing strategies and Romania is in the top of relocation options.

Currently, there are approximately 280 companies that activate in the BPO and SSC sector in Romania, with over 131,000 employees.

According to the Association of Business Service Leaders in Romania ([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. The attrition rate in the business services sector in Romania was 12% by July 2020, with an average of 22% in the past three years.

The main players on the Romanian BPO market are: Genpact, Accenture, Computer Generated Solutions (CGS), Wipro, Sykes, Comdata, Webhelp, WNS, Arvato, Concentrix, Telus / Competence Call Center, Teleperformance.

In January 2021, [Wipro](#) agreed to take over IT units from the German retailer Metro, namely Metronom Germany and Metro Systems Romania, in a transaction estimated at 700 million USD. Set up in 2004, Metro Systems Romania has 850 employees.

The global BPO player [Telus International](#) confirmed in February 2020 the close of the previously announced acquisition of Competence Call Center (CCC). Telus International now holds a 100% interest in CCC.

Both companies are also present in Romania. Telus International entered the domestic market in 2012 through the acquisition of CallPoint New Europe, a successful regional BPO provider with operations in the CEE region, including Romania.

[Computer Generated Solutions \(CGS\)](#) maintained in 2020 its recruitment pace in Romania despite the pandemic. The BPO player increased its team in Romania with 500 new employees in 2020. CGS signed contracts with new clients or extended projects with the existing ones in 2020, which translated into a significant employment volume.

The company invested in a remote network for the entire company to allow its employees to work safely from home. For 2021, CGS Romania forecasts a similar increase in its number of employees as in 2020.

**Wipro** leased 11,000 sqm of office space in Globalworth Square, a new office project in northern Bucharest, expected to be finalised in Q2 2021.

**Teleperformance Romania** plans to hire 400 - 500 persons who speak foreign languages in 2021.

**Accenture** will continue in 2021 the educational programmes in the IT field, developed and implemented in 2020 for pupils and students across Romania.

According to ABSL, the Romanian business services industry is expected to record a growth of 5 - 10% in the medium term.

Out of the 59 business services companies in Romania which participated at an ABSL survey in 2020, 53% of the respondents forecast to record similar business level as before Covid-19 pandemic by mid 2021, while 37% are reserved to estimate the timeline.

**FRD Center** considers that some opportunities related to the Romanian BPO, SSC and services outsourcing sector are in the following areas:  
MARKET ENTRY THROUGH ACQUISITION OF LOCAL PLAYERS, EXPERTISE, SERVICES, CROSSBORDER STRATEGIC PARTNERSHIPS



Photo: CGS

***For tailored Market Research, Target Origination, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance in Romania and Emerging Europe contact***

***Jackie BOJOR, Director***  
***e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)***

## 2. Automotive Manufacturing

### *New investments and developments, electric components / batteries manufacturing, R&D and software / IT for automotive, e-mobility*

#### Sector brief and players recent activities

According to the [National Institute of Statistics](#), the manufacturing of motor vehicles, trailers and semi-trailers in Romania increased by 7% as gross series in December 2020 compared to December 2019.

According to the [Association of Automotive Manufacturers in Romania](#), the country's potential to attract new investments remains high despite the Covid-19 crisis.

There are two manufacturers of passenger cars in Romania: [Automobile Dacia](#) (part of Renault Group) and Ford. Automobile Dacia and Ford manufactured a cumulated number of 438,207 auto vehicles in Romania in 2020, 11.9% lower compared to 2019.

The decrease was caused by the production interruptions due to Covid-19.

By models, the domestic production of passenger cars in 2020 was as follows:

- Dacia Duster: 183,286 units
- Ford EcoSport and Ford Puma: 179,008 units
- Dacia Sandero: 36,416 units
- Dacia Logan: 30,834 units
- Dacia Logan MCV: 8,663 units

[Ford Romania](#) started in October 2020 the series production of the new Puma ST at its plant in Craiova, SW Romania. The Puma ST is powered by a 200 PS 1.5-litre EcoBoost engine. Furthermore, Ford announced in July 2020 an investment of approximately 30 million EUR in a new pressing line at its plant in Craiova.

In August 2020, [Iveco Defense](#) started the construction of an automotive plant in Petresti, Dambovită county, Southern Romania, where it will manufacture military trucks for the Romanian Army.

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

[Schaeffler](#) targets to open a new production hall in 2021 in Romania. Schaeffler Romania, recorded an increase of its turnover by 8% in H1 2020 compared to the same period of 2019.

The German Group [Draxlmaier](#) announced in 2020 its plans to build a battery factory for electric cars in Romania.

Some examples of recent or announced investments and developments in the automotive components manufacturing sector in Romania are:

- [Leoni](#) announced at the beginning of 2021 the recruitment process of approximately 100 persons at its auto cables plant in Bihor county
- [Continental](#) completed in December 2020 an investment of 4 million EUR in a new odour emission treatment system at its tire plant in Timisoara, Western Romania.
- [Autoliv](#) announced in November 2020 plans to relocate the production from Vargarda, Sweden to existing facility in Brasov, Centre Romania.
- The German manufacturer of automotive chains [IWIS](#) inaugurated in September 2020 its first plant in Romania. It covers a total surface of approximately 7,000 sqm in Oradea, NW Romania.
- [Star Assembly](#), part of the [Daimler Group](#), started in August 2020 to increase the production capacity of the 8G-DCT dual-clutch automatic transmission in its plant in Sebes, Centre Romania, due to high demand.
- In July 2020, the French automotive electrical cable producer [Delfingen](#) entered into exclusive negotiation with the German automotive group Schlemmer to buy, among others, its factory in Romania.
- The manufacturer of automotive locking systems [Huf Romania](#) doubled in 2020 the production area at its factory in Arad, reaching 20,000 sqm.

[Rombat](#), owned by the South African Group Metair, is the main manufacturer of batteries in Romania. Designing batteries for electric cars is a challenge for Rombat and the company implemented health, safety, environment, quality, energy management

In H2 2021, [Rombat](#) will start the production of lithium-ion (Li-ion) battery cells for electric cars at its new plant in Bucharest. The cells will be delivered to the producer of car batteries Prime Motors, where Rombat is a minority shareholder. Rombat took over a 35% stake in [Prime Motors](#) in 2019 and invested 13.6 million EUR in its first Li-ion battery plant.

The Romanian engineering and technical consulting company [Atnom](#) announced in 2020 investments of over 6 million EUR, out of which 4.6 million EUR European grants, in a plant of batteries for electric cars, airplanes and industrial applications in Oradea, NW Romania. Furthermore, Atnom announced plans to build a R&D center in Oradea, with investments of approximately 2 million EUR.

The Romanian automotive market offers opportunities for R&D, software and IT companies that intend to expand their activities. One dynamic company in this field is the Romanian software service provider [Telligence Technologies](#) which plans to open offices in Iasi, Timisoara and Cluj Napoca in 2021 and to hire more than 100 people. Based in Bucharest, Telligence Technologies offers software services for automotive and other sectors. In December 2020, Telligence Technologies expanded its collaboration with Redis Labs in order to build a cloud services R&D center in Romania. In February 2021, the digital transformation and product development services firm [Orion Innovation](#) and Telligence Technologies entered into a definitive agreement under which Orion will acquire Telligence. The Romanian operation is expected to continue its rapid expansion, growing to more than 1,000 engineers in the next years.

At the end of 2020, there were over 500 electric

In January 2021, [Enel X Romania](#) installed the first six charging stations for electric vehicles in Constanta, SE Romania. The network developed by Enel X in Romania thus reached 53 stations, respectively 106 charging points. Enel X Romania has the largest public e-mobility infrastructure plan on the domestic market, which includes the installation of approximately 2,500 charging points in the entire country, with total investments of 15 - 20 million EUR. Enel X Romania is part of Enel X, the advanced energy services division of Enel Group.

[FRD Center](#) considers that some **opportunities related to the Romanian automotive manufacturing are in the following sectors:**

NEARSHORE SOURCING, MARKET ENTRY AND DEVELOPMENT BY ACQUISITION OF LOCAL PLAYERS, EXPORT OF TECHNOLOGY, EQUIPMENT, ADVANCED MANUFACTURING, KNOW-HOW, INVESTMENTS, R&D



***For tailored New supplier search and selection, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance in Romania and Emerging Europe***

***contact***

***[Jackie BOJOR, Director](#)***



### 3. Building and constructions

#### ***New trends in construction due to Covid-19, dynamics of building sector, building materials market, infrastructure development plans for 2021***

##### **Sector brief and players recent activities**

Despite the Covid-19 crisis, the construction sector in Romania increased in 2020.

According to the National Institute of Statistics, the volume of the construction works in Romania increased, as gross series, by 15.9% in 2020 compared to 2019.

By structure elements, in 2020 compared to 2019, increases as gross series were reported for:

- capital repair works: +46%
- maintenance and current repair works: +24.4%
- new construction works: +9.3%

By construction objects, as gross series, rises were reported in 2020 compared to 2019 as follows:

- engineering works: +18.5%
- residential buildings: +17.8%
- non-residential buildings: +10.9%

2,558 construction permits were released for residential buildings in Romania in January 2021, up by 10.2% compared to January 2020.

According to the business tendency survey of February 2021 published by the National Institute of Statistics, there will be a moderate growth in the production volume of the construction activity in Romania for the period February - April 2021 (balance +12%).

The managers in the construction sector forecast a relative stability in the number of employees (balance +4%) for the period February - April 2021.

The development potential of the Romanian market of the thermal insulation systems is very high, considering the ambitious plans for the renovation of the buildings, which will ensure the demand at least until 2050. The main insulation product used in the building sector in Romania is the polystyrene, followed by the mineral wool of basalt and glass.

The main factors for the market growth are the implementation of the national thermal rehabilitation programme, partially funded by the EU, with an impact mainly on the polystyrene segment and the new constructions of commercial, office and industrial buildings which support the sales of mineral wool.

**Sanex**, part of **Lasselsberger Group**, is the only producer of ceramic tiles in Romania. It produces the Cesarom brand. Its plant in Cluj Napoca, NW Romania has the total production capacity of over 8 million sqm of ceramic tiles annually.

At the beginning of 2021, Sanex launched 15 new collections of ceramic tiles. Sanex plans to invest around 2 million EUR in 2021, mainly for the acquisition of two fully automated sorting-packaging lines.

According to the Association of the AAC Producers in Romania, the domestic AAC (autoclaved aerated concrete) market registered a value increase of 20% in the first nine months of 2020 compared to the same period in 2019.

Controlled by two Romanian entrepreneurs, **Celco** is a major producer of AAC, adhesives and lime on the domestic market. Based in Constanta, SE Romania, Celco plans to invest 1.5 million EUR in its plants in 2021. The Celco business increased by 10% in 2020 compared to 2019.

The roofs market in Romania is forecasted to increase in volume by 5% in 2021 and the demand for more expensive, premium products is expected to grow.

Controlled by a Romanian entrepreneur, **Bilka Steel** is a major producer of roofs on the local market. Currently, the company has 550 employees and targets to reach 600 by the end of 2021.

Bilka registered in 2020 a turnover of 163 million EUR, 20% higher compared to 2019.

Some examples of new plants of construction materials in Romania whose launching is announced for 2021 are:

- **Leier** prefabricated concrete plants in Cluj county, NW Romania and Arad county, Western Romania: investment of 25 million EUR
- **Bilka Steel** plant of thermal insulation panels in Brasov county, Centre Romania: investment of 5 million EUR (part of an investment programme of 25 million EUR)
- **Daw Benta** plant of decorative bricks in Mures county, Centre Romania: investment of 3.6 million EUR
- **Austrotherm** plant of extruded polystyrene in Neamt county, NE Romania: investment of 3 million EUR

The **Romanian Ministry of Transport** has a budget of approximately 1.18 billion EUR in 2021 for the maintenance, modernisation and development of the road infrastructure.

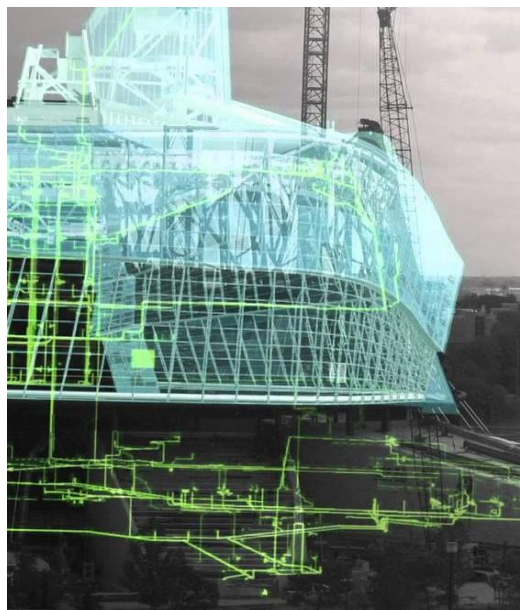
The major road infrastructure projects for 2021 include:

- sections 1, 2, 3, 4 and 5 of the Sibiu - Pitesti Highway
- Dumbrava - Deva section of the Lugoj - Deva Highway
- Sebes - Turda Highway
- Campia Turzii - Ogra - Targu Mures Highway
- Southern Bucharest Belt Highway
- Northern Bucharest Belt Highway
- Craiova - Pitesti Express Road
- Braila - Galati Express Road
- Suspension Bridge over the Danube in the Braila area



**FRD Center** considers that some opportunities related to the Romanian building and constructions are in the following sectors:

MARKET EXPANSION THROUGH  
ACQUISITION OF LOCAL PLAYERS,  
EXPORT DEVELOPMENT, TECHNOLOGY,  
EQUIPMENT, EXPERTISE, QUALITY  
CONTROL, EU FUNDING, INVESTMENTS,  
M&A, BRANDS, DIY



***For tailored Market Research, New supplier qualification, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance in Romania and Emerging Europe***

***contact***

***Jackie BOJOR, Director***

***e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)***



## 4. Healthcare and medical services

### *Investments and developments due to Covid-19, expansion of private healthcare*

#### Sector brief and players recent activities

The Covid-19 vaccination campaign in Romania is carried out in three stages. The first stage started on 27 December 2020 and targeted the medical staff. Started on 15 January 2021, the second phase targets vulnerable groups and persons working in essential areas. The third stage which includes the rest of the population started on 15<sup>th</sup> March 2021.

According to official data, by 24th March 2021, 1.831.477 persons in Romania have been vaccinated against Covid-19 with [Pfizer](#), [Moderna](#) and [AstraZeneca](#) vaccines, out of which 977.076 received the first dose while 854.401 received both doses.

The [Romanian Minister of Investments and European Projects](#) signed in March 2021 financing contracts of approximately 16 million EUR aimed at improving the public health system, especially in the context of the Covid-19 health crisis.

Some examples are:

- Targoviste County Emergency Hospital: approx 8.7 mEUR
- Sinaia Hospital: approx 2.6 mEUR
- Dr. Ghe. Constantinescu Bumbesti Jiu Hospital: approx 2 mEUR
- Constanta Pneumo-TBC Hospital: 1.5 mEUR
- Sighisoara Hospital: approximately 1.1 mEUR

On 03 February 2021, the [Romanian Government](#) approved a memorandum for the allocation of 50 million EUR, European funds through the Large Infrastructure Operational Programme, to increase the patient safety in hospitals.

In February 2021, the [Minister of Health](#) announced that three hospitals have signed contracts with the Ministry of Investments and European Projects in order to improve the safety of patients and medical staff.

These are the Emergency Clinical Hospital " St. Ioan " in Bucharest (43.9 mRON), the Emergency County Clinical Hospital " Sf. Apostol Andrei " in Constanța (36 mRON) and the Municipal Emergency Hospital in Roman (8.6 mRON).

In November 2020, the Romanian authorities signed contracts for ten public hospitals in Bucharest to receive EU funding amounting to around 67.7 million EUR to purchase equipment to face the Covid-19 crisis:

- 126 ventilators
- 342 monitoring stations
- 101 apparatus for respiratory and digestive investigation
- 99 ultrasound devices
- 205 ECG monitors and defibrillators

[MedLife](#) is the biggest provider of private medical services in Romania. In December 2020, MedLife reached an agreement to acquire 75% of the pharmaceutical distribution firm Pharmachem and signed a contract to take over CED Pharma, which owns six pharmacies located in Bucharest. In November 2020, MedLife announced the acquisition of 100% in Veridia Medical Center in Bucharest, known as Basarab Medical Center.

MedLife announced in January 2020 plans to construct the largest private medical park in Romania, with eight pavilions and 1,000 beds surrounded by green spaces in Bucharest.

MedLife recorded a turnover of 158 million EUR in the first nine months of 2020, 8.4% higher compared to the same period of 2019. Furthermore, its profit reached 9 million EUR in first nine months of 2020, up 126% compared to first nine months of 2019.

[Regina Maria](#), the second largest provider of private medical services in Romania, launched in November 2020 the first online store dedicated to medical services on the domestic market. The platform is dedicated to employees in companies that have contracts with Regina Maria.

Currently, Regina Maria has 630,000 subscribers from over 5,000 partner companies. In January 2020, Regina Maria took over the Endo Institute in Timisoara, Western Romania.

The Swedish provider of medical services [Medicover](#), which operates in Romania the Medicover clinics network, the Medicover and Pelican hospitals and the Synevo laboratories, recorded a turnover of 128 million EUR on the domestic market in 2020, 7.5% higher compared to 2019.

[Enayati Medical City](#) opened in Bucharest in January 2021, following an investment of 60 million EUR. It is a project of Mr. Wargha Enayati, the founder and former owner of Regina Maria. Covering 35,000 sqm, Enayati Medical City includes several hospitals with the capacity of 300 beds.

The German Group [Bosch](#) opened in November 2020 a medical center for its employees in Blaj, Centre Romania, in collaboration with its institutional partner Elisa Med. It is one of the few Bosch plants in the world that offers such benefits to employees.

**[FRD Center](#) considers that some opportunities related to the healthcare and medical services in Romania are in the following areas:**

MARKET ENTRY THROUGH ACQUISITION OF LOCAL PLAYERS - M&A, INVESTMENTS, EU FUNDING, PUBLIC TENDERS, EXPORT OF MEDICAL TECHNOLOGY, LABORATORY, MEDICAL DEVICES AND EQUIPMENT, CONSUMABLES

## 5. Manufacturing

### *Industrial manufacturing, metal parts, plastics manufacturing for automotive sector*

#### Sector brief and players recent activities

Historically, the manufacturing companies and the industrial sector represent the backbone of Romania's economy.

Based on official data from the National Institute of Statistics, in December 2020 compared to December 2019, the industrial manufacturing in Romania increased by 2.6% as gross series, due to the growth reported for:

- manufacturing industry: +2.8%
- electricity, gas, steam and air conditioning supply: +3.8%

The turnover in manufacturing industry in Romania, in December 2020 compared to December 2019, increased for the following categories:

- durable goods industry: +26.9%
- intermediate goods industry: +11.7%

The overall new orders in the Romanian manufacturing industry, both from the domestic and foreign markets, increased in nominal terms by 7.7% in December 2020 compared to December 2019, due to the growth registered for:

- durable goods industry: +39%
- intermediate goods industry: +29.3%

According to the business tendency survey of February 2021 published by the National Institute of Statistics, there will be a moderate growth in the production volume of the manufacturing sector in Romania for the period February - April 2021 (balance +9%).

The activities that are estimated to register the most important increases are the manufacturing of motor vehicles, trailers and semi-trailers and the manufacturing of other non-metallic mineral products (balances +32%).

According to the FocusEconomics Consensus Forecast, the Romanian industrial output is expected to expand by 9% in 2021 and 4.5% in 2022.

Some examples of dynamic producers of metal parts, steel components and metal structures in Romania are:  
Compa, Comelf, Ramira, Setro Metal Group, Aateq etc.

They use technologies such as: laser cutting, CNC lathing, bending, welding, milling, turning, turret punching etc.

Founded in 1886, [Compa](#) produces metal structures, subassemblies and turbocharger components, injection components, stamped parts, cold coiled springs etc. Some of its main clients are: Bosch, [Delphi Technologies](#), DMG MORI, [Garrett Advancing Motion](#), JTEKT etc.

Some examples of plastics manufacturers for the automotive industry in Romania are: [Rochling](#), [Magna](#), Rosti, [ELJ Automotive](#), Delta Invest, Subansamble Auto, [Plastor](#) etc.

In 2020, the Swedish Group [Rosti](#) rented 11,300 sqm for a new high precision injection moulding plastic parts plant for the automotive industry in Ploiesti. The project is expected to be completed in 2021.

b) [FRD Center](#) considers that some opportunities related to the manufacturing industry in Romania are in the following sectors:

OUTSOURCING OF METAL PARTS AND COMPONENTS MANUFACTURING, INJECTION MOULDING OF PLASTIC PARTS, FACILITIES, EXPORT OF ADVANCED MANUFACTURING EQUIPMENT, MACHINERY AND TOOLS, KNOW-HOW, TECHNOLOGY, QUALITY CONTROL, MARKET EXPANSION THROUGH ACQUISITION OF A LOCAL PLAYER, INVESTMENTS AND M&A



*For tailored New supplier search and selection, Target Origination and M&A assistance in Romania and Emerging Europe contact*

***[Jackie BOJOR, Director](#)**  
e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)*



## 6. Delivery and courier services

### *Developments due to Covid-19, main players, recent investments*

#### **Sector brief and players recent activities**

The delivery and courier market in Romania recorded a steady growth in the recent years, from an estimated 8.75 mRON in 2008 to more than 4 bnRON in 2019, which is almost five times higher. For 2020, the local courier market is estimated at about 5 bnRON (1 bnEUR) according to ZF estimates based on market data.

In 2009 there were only 652 companies operating in the Romanian postal and courier industry. However, in 2019 the number of courier companies was 2326, almost four times more than ten years ago.

The Covid-19 pandemic generated a significant increase in the e-commerce segment and the online shopping. As a result, the courier market in Romania registered new developments.

The pandemic has positively influenced the courier market because it has generated not only the increase in sales, but also consumer behavior change, with many buyers having decided to switch to online shopping. According to market players, the period of restrictions generated an increase in volumes on average by 20%.

At the end of last year, courier companies took stock of the last Black Friday and announced record deliveries. The weekend that followed Black Friday recorded the highest number of deliveries in 2020, the volume increases reported by the courier company DPD Romania being important: a double number of parcels compared to a normal day, an increase of over 10% compared to the busiest period of the lockdown (April-May) and 30% compared to the Black Friday period of 2019.

For 2021, the growth expectations of the Romanian delivery and courier market are of more than 10% y-t-y.

The courier company [DPD Romania](#), one of the largest courier companies on the local market, ended 2020 with a turnover of over 50 mEUR, up 30% compared to 2019, when it reported revenues of about 35 mEUR.

The increase in the company's turnover comes amid the fact that the courier industry is considered to be a winner of this crisis, in the context in which online commerce and home deliveries have increased considerably.

In 2020, the company invested over 2 mEUR in a new warehouse near Bucharest in order to adapt to the business increase.

Controlled by Romanian entrepreneurs, [Fan Courier](#) is the leading courier company on the domestic market. Its revenues reached approximately 200 million EUR in 2020, up by over 27% compared to the previous year. Furthermore, the company estimates a growth of 10 - 15% in 2021.

The company will complete an investment of 7 million EUR in a new hub in Cluj Napoca, NW Romania by the end of 2021.

The transport and logistics company SLS Cargo, owned by Fan Courier, leased 15,500 sqm of storage space in the P3 Bucharest A1 Park in September 2020. Thus, Fan Courier consolidates its operations in the Bucharest area.

Owned by the investment fund Mid Europa Partners, [Cargus](#) is the second-largest courier company in Romania. In November 2020, the company inaugurated its second warehouse near Bucharest, following an investment of 7.4 million EUR. The project generates over 250 jobs. Furthermore, Cargus announced investments in a new sorting center in Timisoara, Western Romania.

The courier company [Sameday](#), controlled by the Romanian online retailer eMag, rented in August 2020 another 1,200 sqm of warehouse space near Bucharest, in order to continue its expansion.

Part of the Packeta courier group, [coletaria.ro](#) is a company specialised in sending and delivering parcels. It shipped over 300% more parcels in 2020 than the previous year.

The company opened in the spring of 2020 a logistic hub in Oradea, NW Romania

[FRD Center](#) considers that some opportunities related to the delivery and courier services in Romania are in the following areas:

MARKET EXPANSION THROUGH  
ACQUISITION OF A LOCAL PLAYER,  
INVESTMENTS AND M&A, EXPORT OF  
LOGISTIC TECHNOLOGIES, FACILITIES,  
INVESTMENTS



***For Target Origination and M&A assistance, market research and  
players analysis in Romania and Emerging Europe  
contact***

***Jackie BOJOR, Director***  
***e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)***



## 7. Pharmaceutical and chemicals production

### *Developments due to Covid-19, recent investments, disinfectants*

#### Sector brief and players recent activities

The COVID19 pandemic positively influenced the development of the Romanian pharmaceutical and chemical substances production in 2020.

According to the National Institute of Statistics, the manufacturing of basic pharmaceutical products and pharmaceutical preparations in Romania increased by 5% as gross series in 2020 compared to 2019.

Furthermore, the manufacturing of chemicals and chemical products increased as gross series by 7.2% in 2020 compared to 2019, partly driven by disinfectants.

The local pharma producers supported the need for medicines in the market in 2020. The main three local drug manufacturers - [Terapia Cluj](#), [Zentiva Bucharest](#) and Antibiotice Iasi - worked with full engines, supporting market demand, from drugs such as paracetamol or products such as disinfectants.

Zentiva tripled its production of paracetamol, Antibiotice resumed production of this drug along with algocalmin, and Terapia marketed disinfectants and brought favipiravir.

As a measure to support the Romanian pharma industry in 2020, the clawback tax, a percentage paid quarterly by drug producers in sales, was capped at 15% for medicines produced in Romania, amid higher pandemic drug consumption by Romanians. In the case of innovative medicines, the tax was capped at 25%, and for generic medicines, the capping level is 20%. The measure was adopted by the Chamber of Deputies.

The Romanian pharmaceutical market increased in value by 1.3% in 2020, to 3.7 billion EUR, according to [Cegedim](#). In volume, the drug sales totalled 625 million boxes in 2020, a level similar with 2019.

Sales of hand sanitizer have increased by 900% in 2020 compared to the previous year.

Anticipating the effervescence of the market, the Romanian producers of cosmetics and household chemicals quickly reinvented themselves to focus production on biocides and disinfectants.

The Romanian state-owned pharmaceutical producer [Antibiotice](#) won in October 2020 an auction organised by the European Commission. Based in Iasi, NE Romania, the company will deliver 2.75 million vials of AmoxiPlus (amoxicillin / clavulanic acid - sterile injectable powder) to EU countries in a period of 12 months. AmoxiPlus is used to treat Covid-19 associated infections.

The Czech pharmaceutical group [Zentiva](#) announced in April 2020 that it completed the takeover of the local pharmaceutical producer Labormed. Zentiva entered the Romanian market in 2005 by taking over the generic drug producer Sicomed.

In 2020, Zentiva increased the production of pharmaceuticals used in treating Covid-19 infections, such as paracetamol and sodium metamizole. During the state of emergency, the company also received the approval to produce disinfectants based on alcohol.

[Farmec](#), the biggest cosmetics producer in Romania, started in March 2020 the production of disinfectants, with the target to reach a production of over 1,000 tonnes of disinfectants per month.

Farmec is based in Cluj Napoca, NW Romania. The company has developed strongly in the last decade, attacking new market segments and developing products to fight on an equal footing with foreign giants in a highly competitive market. Farmec is now active in most segments of the cosmetics market, but it also has brands in the disinfectants and home cleaning market.

In 2020, they organized all their resources and adapted their production lines, prioritizing sanitizing, disinfectant and antibacterial products to meet the needs and requirements of the market, especially requests from institutions, which fight in the first line against spread of COVID-19.

Their estimated monthly production was of 650,000 units.

The company had a turnover of over 55 mEUR in 2019 and, according to the CEO, ended the first 10 months of last year with a 10% increase in business compared to the same period in 2019. For 2021, they expect similar revenues.

The Romanian manufacturer of cosmetics [Gerocossen](#) decided in March 2020 to adapt part of its production process, in order to produce disinfectants, biocidal products and sanitary products in the context of the Covid-19 crisis.

Specifically, the company is approving two biocidal products for human hygiene. In addition, Gerocossen has launched a hand sanitizing gel.

ROCA Investments, part of the Romanian Group Impetum, acquired in January 2021 a 24% stake in [CAHM Europe](#), a domestic manufacturer of disinfectants for personal, medical and industrial use, hotel cosmetics and retail products.

During the Covid-19 pandemic, CAHM launched the disinfectant line Sense Emergency, including products with an alcohol concentration of 85%.

In December 2020, [MedLife](#) has announced it had signed the acquisition contract for the majority stake of 75% of the shares of [Pharmachem](#). It is the first acquisition of the group in the pharma sector.

Pharmachem has been operating on the local market of medicines distribution for 16 years. It reported a turnover of RON 83.4 million in 2019, up by 30% as against the previous year.

**[FRD Center](#) considers that some opportunities related to the Romanian pharmaceutical and chemicals production sector are in the following areas:**  
MARKET EXPANSION THROUGH ACQUISITION OF A LOCAL PLAYER, INVESTMENTS IN FACILITIES, TECHNOLOGY, EQUIPMENT, KNOW-HOW, CHEMICAL SUBSTANCES AND RAW MATERIALS, QUALITY CONTROL, BRANDS, PACKAGING, STORAGE, RETAIL, M&A

## 8. Electronic components and PCB manufacturing

### *Main players, recent investments and developments*

#### Sector brief and players recent activities

According to the National Institute of Statistics, the manufacturing of computer, electronic and optical products in Romania increased by 15.7% as gross series in December 2020 compared to December 2019. Furthermore, the domestic manufacturing of electrical equipment increased by 27.7% as gross series in December 2020 compared to the same month of 2019.

According to the Romanian Association for Electronic and Software Industry ([ARIES](#)), the main electronic manufacturing sector in Romania is the Contract Electronics Manufacturing Services (EMS) with an export figure of 4 billion EUR.

The largest EMS companies with manufacturing facilities in Romania are foreign investments, setting up their operations either greenfield or through acquisitions of local players.

Currently, the production and assembly of Printed Circuit Boards (PCB) is one of the main activities in the electronic industry in Romania.

There are various PCB companies operating in Romania, out of which local firms such as Phoenix PCB, PCB Electra, [Mibatron](#) or AR Elektronik and entities part of multinational groups, such as Celestica, [Systronics](#), EC Electronics or [Kimball Electronics](#).

The German Group [Bosch](#) manufactures in its plant in Blaj, Centre Romania electronic components and sensors.

The plant implemented Industry 4.0 solutions, production monitoring systems and intelligent solutions for laser welding to increase its competitiveness.

Bosch inaugurated in Blaj a new building with offices and test labs in 2019, following investments of 7 million EUR. At the beginning of 2021, Bosch hires 115 people at its production unit in Blaj.

The German Group [Continental](#) has an electronic components facility in Sibiu, Centre Romania. The plant continued hiring during the Covid-19 pandemic in 2020. It looked for engineers, programmers and technicians specialised in installations and electrical engineering.

The Canadian manufacturer of electronic components [Celestica](#) has a plant in Bors, NW Romania. In the past years, Celestica made investments in expanding the production capacity and office area of the factory in Bors.

Celestica supplies electronic components to companies such as Alcatel, [Honeywell](#), HP or NEC.

The producer of electronic components and lighting systems for the automotive industry [Hella](#) announced in February 2021 that it will hire around 100 persons in Timisoara, Western Romania.

Therefore, the Timisoara unit will become the biggest administrative centre in the Hella international network.

Hella Romania targets to hire people also in its two Technical Centres and Special Applications division.

The producer of electronic components [Preh Romania](#), part of the [Preh Group](#), targets a turnover of 257 million EUR in 2021, 13% higher compared to the previous year. Preh Romania supplies components to [Porsche](#), [Mercedes](#), [Audi](#) or [BMW](#).

The domestic producer of electronic components for the automotive industry [Marquardt Schaltsysteme SCS](#), part of the German Group Marquardt, reached a turnover of 267.7 million EUR in 2020. Its plant is located in Sibiu, Centre Romania.



Photo: Mibatron

b) [FRD Center](#) considers that some opportunities related to the electronic components and PCB manufacturing in Romania are in the following sectors: OEM SUBCONTRACTING, NEARSHORE OUTSOURCING, TECHNOLOGY, MACHINE-TOOLS AND EQUIPMENT, KNOW-HOW, QUALITY CONTROL, INVESTMENTS, MARKET EXPANSION THROUGH ACQUISITION OF A LOCAL PLAYER,

*For tailored Market Research, New suppliers search and selection, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance in Romania and Emerging Europe*

*contact*

*[Jackie BOJOR, Director](#)*

*e-mail: [europa@frdcenter.ro](mailto:europa@frdcenter.ro)*