

Romania – ‘The Land of Choice’

You can find a piece of Romania anywhere in the world. Its spectacular natural environment, the friendliness of the people, combined with weather and lifestyle and, last but not least, the business opportunities make Romania the “It” place to be. Romania is a puzzle of pieces from all over the world - high quality wine, natural springs, breathtaking landscapes with the greenest hills, churches older than time and customs that defy even the most sceptical minds, together with spectacular mountains and an impressive seaside at only a few km away from each other.

Destination Keys For Expatriates

The capital of Romania, **Bucharest**, or **Little Paris of the East**, as it was called in the 19-20th century, is a city that holds memories of the past.

Bucharest is the financial, industrial and political centre of the country and is the city to which the vast majority of expatriates on international assignments to Romania are relocated.

Constanta is a city at the Romanian Black Sea that is more than 2500 years old. The Greek called the city Tomis in ancient times, and thus the name Tomis pops up all over this prosperous city, on the front of a shopping centre, in townships, on boulevards. Constanța has approximately half a million inhabitants and is the second largest city in Romania, and a booming one - being the biggest port from the Black Sea Region. The port has attracted a lot of Korean and Dutch investors over the years.

Brasov, another Romanian/Transilvanian city preferred by expatriates, is located in the centre of the country surrounded by mountains. Due to an



impressive amount of the population speaking German in this region, it is not surprising that many German companies have settled here.

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Immigration Aspects

Romania, though not a popular destination for immigrants before 2000, increased its number of investors after 2001. Austria is the biggest investor, followed by The Netherlands, Germany, France, Italy and Spain. In the last few years, Romania has experienced a large wave of immigrants, mostly from China, India, Africa, Moldova and the Ukraine.

According to the Romanian Immigration Office, by 31.08.2009, there were 59,017 non-EU immigrants registered with legal rights. Out of these, 49,497 held temporary residency permits and 9,520 held permanent residency permits.

Foreigners living in Romania, especially the Non-EU nationals, may face problems. The immigration system's lack of coherence, coupled with the insufficient coordination between the institutions involved in the management of the immigration phenomenon and the excessive bureaucracy, are some of the inconveniences experienced.

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Romanian immigration law, first and foremost, protects its internal labour force. A Romanian company who wants to hire non-EU citizens has to prove that qualified EU nationals are not available for the

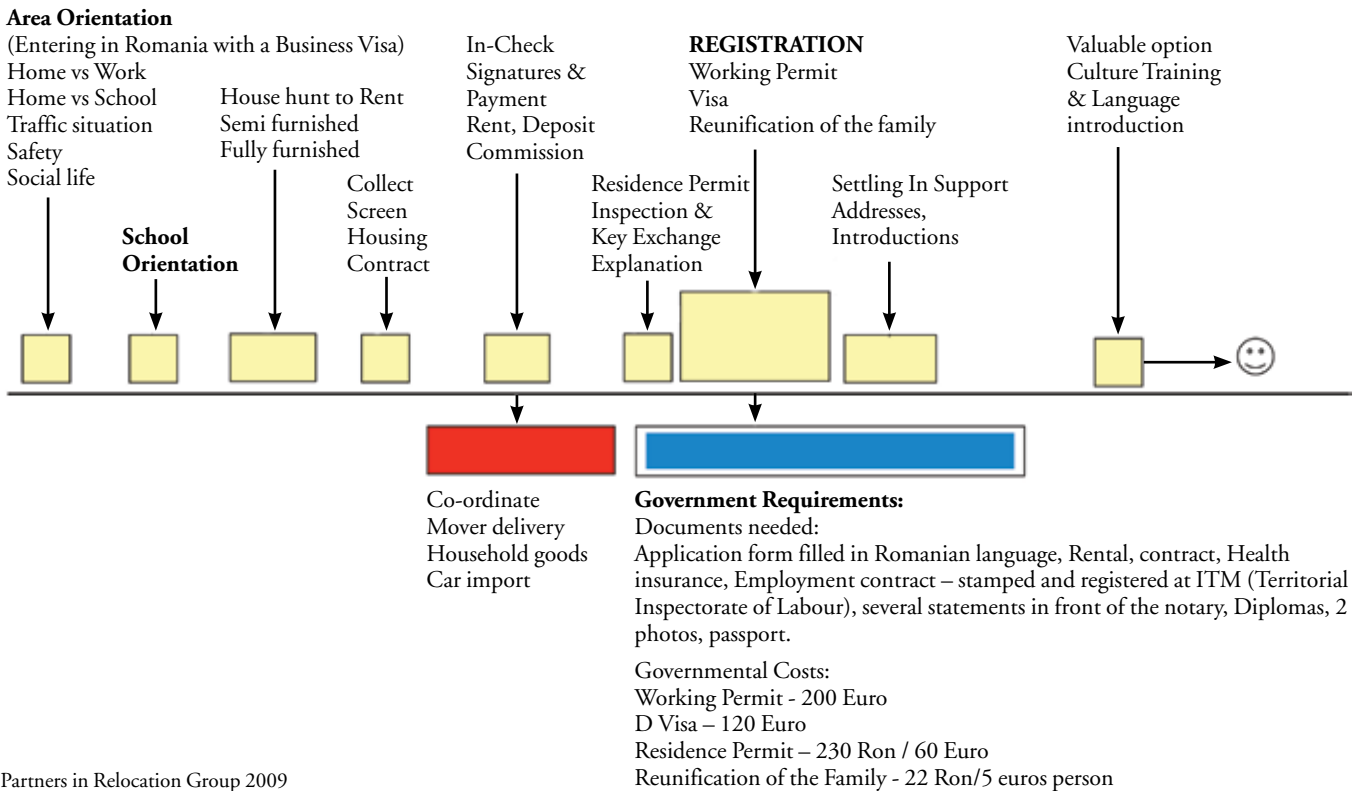


job. This process is the subject of very strict rules and regulations. The non-EU applicant must meet all the required qualifications including academic qualifications and relevant work experience for the position. In the event that a non-EU citizen wishes to relocate with his family to Romania, the legal time it takes to obtain the approval of reunification is long. Once the employee obtains his residency permit, the application process for the family reunification can commence.

The first step is to apply for the so called “communication document”, which is delivered by the Ministry of Interior and consists of a strict “check” of each family member’s international immigration details. The legal time for this process is 90 days. After the 90 days, if the “communication” is delivered, the family members can apply for their “D” visa. The “D” visa is normally delivered within 30 days from the date the file is submitted to the Embassy. After the 30 days, the family members will receive their visa and can put into process their relocation to Romania, where they will be obliged to submit another file in order to obtain their residency permits, which, again, is delivered by the authorities within 30 days. The Romanian family reunification process can take over 4 months to complete, assuming all the immigration requirements are met. The process of reunification for non-EU nationals is the subject of much discussion between multinational companies, relocation and immigration consultants and The Romanian Immigration Office and is continually being raised at national level with the Romanian authorities who are attempting to find a way to resolve these application issues.

For a full picture on the relocation and immigration process recommended for non-EU nationals relocating to Romania, please refer to the flow chart on the next page of this article.

Chronological Flow of Activities **NON-EU CITIZENS** – Process upon arrival in ROMANIA



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Housing Market

In general, expatriates working with multinational companies in Romania live all over Bucharest and the suburbs. Whilst there are houses in the city, these are largely unavailable for rent. Apartments are the primary option in the city, and detached and semi-detached houses are available in the suburbs, where families tend to be close to the international schools. Preferred expatriate areas include Nordului- Herastrau, Pipera, Primaverii, and Cotroceni.

Quality rentals (whether houses or apartments) are in demand, making the acquisition of a quality property a very competitive process. Rent varies based on type of residence, location and standard of renovation, and normally includes the basic utilities of water, gas, and electricity. Some include furniture and run fairly close to those charged



in Western countries - from 800 for a small apartment in the city centre; to 1.000-1,800 for large and luxury apartments, from 2,000-3,000 for medium size comfortable houses with 2-3 rooms and garden to more than 3,000 for a luxury house in the suburbs. The local currency is LEI (ROL).

International Schooling

Bucharest has a wide range of International Schools: The American International School offers education from pre-K to grade 12, The British International School offers all grade levels based on the British school system, and the newer British School of Bucharest offers education through to year 6. The Bucharest Christian Academy, is another option for international transferees to Romania. International schools can also be found in Cluj, Constanta, Brasov and Timisoara.

Almost all the International Schools are within easy reach of suitable expatriate housing areas so, for many transferees, selection of a suitable residential area proves secondary to that of school selection.



Healthcare System

In Romania the public healthcare system is less developed than the private sector. That's why most companies, multinational or local, provide their employees with private health insurance with the best private clinics. Despite this aspect, Romania provides good medical care, with medical specialists in all areas of expertise.

Bucharest boasts one of the most important centres of healthcare in Romania, as well as Cluj. They have the best private clinics that offer English speaking staff.



Romanian Athenaeum

Romania Double Taxation

Romania is a signatory to a Treaty for the Prevention of Double Taxation with many countries worldwide.

Draft agreements with additional countries are at the discussion stage.

A Double Taxation Prevention Treaty, in principle, enables offsetting tax paid in one of two countries against the tax payable in the other, in this way preventing double taxation. Another important factor is the grant of an exemption on tax at a reduced rate on certain receipts such as interest, royalties, dividends, capital gains and others that are connected with a transaction carried out between parties associated with the Double Taxation Prevention Treaty.

When certain income is taxable under the Romanian Income Tax Ordinance but there is an exemption (reduced tax) under any Taxation Treaty, the income is taxed, if at all, but only according to the provisions of the Taxation Treaty.

Romania Business Practice and Business Etiquette Tips

In general, the code of business conduct in Romania is similar to that in the rest of Europe and the USA. A handshake at the beginning and end of a meeting is the accepted custom.

It is very important at a business meeting to indicate your colleague's title first and then his surname. Use of first names is intended only for private meetings, after a personal relationship has been established. For example, if you meet a doctor, address him by the title Doctor Schmidt. In no circumstances should first names be used other than amongst close friends.

If you are invited to a colleague's home in Romania, it is customary to bring a small gift, such as a selected wine or a box of chocolates. If you give flowers, be careful to give an uneven number; an even number of flowers is customary at funerals.

Romanians are very proud of their historical heritage. Be very careful in relation to comments that relate to political subjects.

How the Global Economical Crisis might affect expatriates moving to Romania?

Romania faces its first economic crisis since the fall of communism. Its 2008 performance, with a record economic growth of approximately 9% in the first nine months, has significantly slowed down by the global financial crisis.

Due to the economic crisis, this year Romania has also seen a reduction in the number of incoming expatriates and a continuous increase in the number of outbound expatriates. Some expatriates have been repatriated even before the end of their assignment.

Advantages for Romania

When considering Romania as a possible location for developing business, foreign investors tend to take a closer look at the advantages provided by the country, as outlined below.

Market & Location

Romania is one of the largest markets in Central and Eastern Europe (ranking 7th, with over 22 million inhabitants). It is also an EU unique market gateway – having access to approximately 500 million consumers.

Romania is an attractive location too. Situated at the turning point between the EU, the Balkans and CIS countries, Romania is crossed by three important pan-European transportation corridors. Corridor No. IV - linking Western and Eastern Europe; corridor No. IX - connecting Northern and Southern Europe and corridor No. VII – the Danube River, facilitating inland water transportation, at the same time connecting the Romanian Port of Constanta (the biggest Port to the Black Sea) to Northern Europe, through the Rhine.

Resource

Romania has a highly skilled labour force at competitive prices, solid knowledge in foreign languages, technology, IT and engineering.

Its rich natural resources, including surface and underground waters, fertile agricultural land, oil and gas, puts Romania clearly on the European investment map.

Political

Romania is a stable country, being a NATO member, having guaranteed stability in South Eastern Europe and, last but not the least, having EU membership.

Economical

Before the economical crisis Romania faced sustainable economic growth and decreasing inflation.

There is an increasing interest on behalf of Foreign Investors, being a leader destination for FDI in the region (*source: Ernst&Young, SEE Attractiveness Survey – SouthEast Europe: An Emergent FDI Destination in Europe, April 2008*).

Another important advantage is the fiscal policy - a flat rate of 16%.

Legislative

In 2007, Romania joined the "Acquis Communautaire" (AC), which is the total body of European Union (EU) law applicable in the the EU Member States. During the enlargement process of the European Union, the acquis was divided into 31 chapters for the purpose of negotiation between the EU and the candidate member states. Regarding fiscal policy, Romania is regulated by the Fiscal Code.

Other Advantages

- Continuously improving infrastructure (commitment to improve the highway infrastructure to EU standards)
- Well-developed networks of mobile telecommunications in GSM systems
- Highly developed industrial infrastructure, including oil and petrochemicals
- Presence of branch offices and representatives of various well-known international banks
- Extensive maritime and river navigation facilities.



Elena Antoneac is the Country Manager of Pirgroup Romania since 2007. With offices in The Netherlands, Bulgaria, Latvia,

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