

Investing in Romania

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A Q&A guide to investing in Romania.

This Q&A gives an overview of the key factors affecting inward investment, including information on the jurisdiction's legal system; key laws and regulatory authorities; investment restrictions; and details of international treaties, customs and monetary unions. The guide also provides information on investor individuals; visa permits; restrictions on foreign ownership; transfer pricing and thin capitalisation rules; imports and import duties; safety regulations and standards for commercial goods and services; structuring and tax incentives; investment guarantees; recent developments and proposals for reform.

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The market

1. How does your jurisdiction compare internationally as a destination for inward investment?

Romania is an attractive target for foreign investment standing at the crossroads of three very large markets, the EU, the Commonwealth of Independent States (CIS) and the Middle East.

It is the second largest country in Central and Eastern Europe (CEE) and the largest in South-Eastern Europe (SEE) in terms of size (the ninth in the EU 28) and population (the seventh in the EU 28).

Romania's economy ranked first in the EU in 2017 in terms of economic performance, seeing 6.9% real GDP growth. One of the growth generators was the increase in private consumption due to an expansionary fiscal policy. Forecasts maintain a positive outlook for 2018, with economic growth expected to remain robust, and the European Commission forecasting a 4.5% rise in GDP.

Foreign investment benefits from an overall positive environment, whether it is private or public, targeted at private or state-owned entities, direct or indirect, and irrespective of the industry concerned. With a stable and growing economy, a large consumption market and a wealth of natural and human resources, Romania has seen a decrease in previously significant drawbacks such as bureaucracy, corruption and legislative instability, and started to emerge as an appealing jurisdiction for foreign investors.

Foreign direct investment in Romania went up by 17.6% in the first five months of 2018 compared to the same period of 2017, reaching EUR1.72 billion, according to Romania's National Bank (BNR).

Equity investments, including reinvested net profits, amounted to EUR2.21 billion and inter-company lending recorded a negative net value of EUR488 million.

Foreign direct investment (FDI) net flow stood at EUR4.51 billion in 2016 and EUR4.6 billion in 2017 according to the BNR.

The FDI net flow in 2016 went into:

- Trade (EUR600 million).
- Financial intermediation and insurance (EUR800 million).
- Manufacturing (EUR2021 million), including:
 - transport (EUR928 million);
 - oil processing, chemicals, rubber and plastic products and machinery and equipment (EUR352 million each); and
 - computer, electronic, optical and electrical products manufacturing (EUR164 million).

2. What types of companies are attracting foreign investment into your jurisdiction and what are the most active sectors?

Active players on the Romanian investment market include:

- Real estate developers and construction companies.
- IT and high-tech companies.
- Investment funds.
- Fast-moving consumer goods (FMCG) producers.
- Chemical products manufacturers.
- Oil and gas companies.
- Automotive industry players.
- Healthcare professionals.

3. What will be the main factors affecting the market and how do you expect the market to develop?

Romania's growth rate between 1992 and 2016 was 1% higher than the average for upper middle-income countries and more than three times the average rate for the EU and developed countries, according to reports from the World Bank. This is an impressive growth rate and all analysts predict that the growth and development of Romania will continue on the same bullish trend. However, despite improvements in recent years, concerns about governance and weak administration limit Romania's competitive advantages.

Legal system

4. Please briefly outline the government and legal system.

Romania is a republic run according to democratic and free market principles. It has been a member of the EU since 2007 and a member of NATO since 2004. For the past 15 years, leading Romanian political parties holding the majority in the various representative bodies of Romania (Presidency, Parliament, local communities) have been of moderate liberal and/or moderate social democratic orientation.

The Constitution of Romania is based on the Constitution of France's Fifth Republic and was approved in a national referendum on 8 December 1991 and amended in October 2003 to bring it into conformity with the EU legislation. The country is governed on the basis of a multi-party democratic system and the separation of powers between the legislative, executive and judicial branches. It is a semi-presidential republic where executive functions are held by both government and the president. The president is elected by popular vote for a maximum of two terms of five years and appoints the prime minister, who in turn appoints the Council of Ministers. The legislative branch of the government, collectively known as the Parliament (residing at the Palace of the Parliament), consists of two chambers (Senate and Chamber of Deputies) whose members are elected every four years by simple plurality.

The justice system is independent of the other branches of government and is made up of a hierarchical system of courts culminating in the High Court of Cassation and Justice, which is the supreme court of Romania. There are also courts of appeal, county courts and local courts. The Romanian judicial system is strongly influenced by the French model, based on civil law and is inquisitorial in nature. The Constitutional Court (*Curtea Constituțională*) is responsible for judging the compliance of laws and other state regulations with the constitution, which is the fundamental law of the country and can only be amended through a public referendum.

The 2007 entry into the EU has had significant effects on Romanian domestic policy, including judicial reforms, increased judicial co-operation with other member states, and measures to combat corruption.

5. What are the key laws and regulatory authorities governing foreign investment in your jurisdiction?

Various enactments, methodologies and enforceability norms apply to foreign investment in different sectors of economy, including, for example:

- The banking system.
- Foreign credit institutions.
- Currency operations.
- Imports and exports.
- Corporate immigration.
- Capital markets.
- Copyright.
- State aid.
- Taxation.
- Transfer pricing.
- The main relevant authorities include the:
 - National Bank of Romania.
 - Financial Supervisory Authority.
 - Ministry of Public Finance.
 - Ministry of Internal Affairs.
 - National Agency for Fiscal Administration.
 - Competition Council.

6. What international treaty organisations and/or economic, customs or monetary unions or free-trade areas is your jurisdiction a member of?

Romania's international relations include:

- EU membership.

- NATO membership.
- Free trade agreements with EFTA and CEFTA countries.
- WTO member since January 1995.
- Member of the UN and other international organisations, such as the:
 - Council of Europe;
 - Organisation for Security and Co-operation in Europe (OSCE);
 - International Organisation of the Francophonie.
- International Centre for Settlement of Investment Disputes (ICSID) bilateral investment treaties (BITs) with 103 countries.
- Energy Charter Treaty and Kyoto Protocol to the United Nations Framework Convention on Climate Change signatory.

The Transatlantic Trade and Investment Partnership (TTIP) between the EU and US is currently under negotiation and, if it is adopted, Romania, as part of the EU, will be a signatory member.

7. What other international agreements apply to foreign investment?

See [Question 6](#).

Investor individuals

8. Are there any visas, permits or other requirements for foreign individuals entering your jurisdiction for business purposes?

Romanian diplomatic and consular missions abroad grant Romanian visas under Government Ordinance 194/2002 concerning the regime for foreigners in Romania, as subsequently amended.

The types of visas granted are:

- **Airport transit visa (marked A).** This allows entry and temporary stay in the international area of an airport until boarding a plane to a subsequent country of destination.
- **Transit visa (marked B).** This allows entry to Romania for up to five days.
- **Short-stay visa (marked C).** This allows entry and a short stay in Romania for up to 90 days within a maximum six-month interval from the date of entry (in the case of a multiple-entry visa, the duration of the stay is taken into account from the date of the first entry). The short-stay visa is granted for the following purposes:
 - official government missions;
 - tourism;
 - business;
 - private visits;
 - transport;
 - participation in sports activities and cultural, scientific or academic events.

The right to stay cannot be extended.

- **Long-stay visa (marked D).** This allows entry and stay in Romania for up to 90 days for the following purposes:
 - economic activities;
 - professional activities;
 - commercial activities (such as investment);
 - religious or humanitarian activities;
 - work;
 - studying;
 - family reunification;
 - research.

The long-stay visa is only granted with the approval of the Romanian Office for Immigration, which is part of the Romanian Ministry of Administration and Interior.

The 90-day period can be prolonged following an official request to the Romanian Office for Immigration. Requests for the extension of the right of stay must be personally submitted by the applicants at the local branch offices of the Romanian Office for Immigration closest to their place of residence, at least 30 days before expiry of the stay right granted by the visa. Overstaying the visa entails cancellation of the visa and the obligation to leave Romania.

Foreigners who have entered Romania with a long-stay visa can apply for the extension of the right of temporary residence and obtain a residence permit. This request must be addressed to the Romanian Office for Immigration.

All foreigners requiring a Romanian visa must include in their application:

- A duly filled-in and signed application form.

- A valid travel document to which the visa sticker can be applied.
- All the documents required by the law to attest the:
 - stated purpose of the trip;
 - duration of the stay;
 - financial means for the stay;
 - individual being able to return to their home country or a third state at the end of their stay in Romania.

For states or territorial authorities that are not acknowledged by Romania, visas can be granted on request under the Government Emergency Ordinance 94/2008 on establishing measures regarding the issue of electronic passports and of other travel documents.

The fees charged for the processing and granting of entry visas to Romania are:

- Airport transit visa: EUR60.
- Transit visa: EUR60.
- Short stay visa: EUR60.
- Long stay visa: EUR120.

Visa processing fees are charged beforehand, in EUR, USD or in the currency of the state of residence, as the case may be, based on the average exchange rate to EUR. In countries with a free currency market, visa fees are usually charged in EUR or USD.

9. Are there any visa waivers or fast-track procedures available for foreign individuals entering your jurisdiction as investors?

There are no waivers or fast-track procedures, see [Question 8](#).

10. What are the circumstances under which an individual becomes liable to pay tax in your jurisdiction? Can individuals be liable for tax on foreign-source income?

The Fiscal Code defines "taxpayers" as resident natural persons and non-resident natural persons who obtain revenues from Romania.

Romanian and foreign natural persons who have their tax residence in Romania must declare and pay tax in Romania for income earned from abroad. There is an exception for income from salaries paid abroad by non-residents.

Investment restrictions

11. Are there any restrictions on foreign ownership and investment in specific industry sectors? Do any formalities, permit or notification requirements apply?

Romania's business culture is aligned to international practice and the legal framework accommodates virtually all main types of investment. There are no quotas or restrictions on foreign ownership or investment in general. However, there are some state-monopolised businesses in specific strategic sectors (*see Question 12*).

12. Does the government retain and exercise control over certain industry sectors? If so how?

There are several state monopolised businesses, either for reasons of national security or merely because they have not yet been privatised. These include the:

- National Lottery.
- Transportation of natural gas and energy.
- Telecommunications industry.
- Defence industry.

13. Are there restrictions on foreign ownership or occupation of real estate? Do any formalities, permit or notification requirements apply?

There are no restrictions on foreign ownership rights over Romanian residential houses or apartments, or commercial or industrial buildings. However, the land itself cannot be acquired by a foreign citizen and therefore, a right of "*superficies*" must be established in favour of these properties. Therefore, in principle, a foreign citizen intending to make a Romanian real estate investment can acquire the right to use the land, but not the land itself.

For EU citizens, the land acquisition process is regulated through a normative act in the Romanian Constitution. Under Law No 312/2005, foreign citizens and stateless persons can acquire private ownership of land only under terms arising from Romania's accession to the EU or other international treaties to which Romania is a party, on a reciprocal basis, in accordance with an organic law, or by statutory inheritance (*Article 44, paragraph (2)*).

A non-EU citizen, stateless person or foreign legal entity buying property in Romania can therefore only acquire ownership rights over Romanian land under the conditions stipulated by international treaties, on a reciprocity basis.

A Romanian legal entity business organisation can acquire ownership of Romanian real estate buildings and land, including agricultural land, forests and forestry land. Consequently, the shareholders or the partners of a company can acquire land and buildings indirectly, no matter what their nationality.

14. Are there any minimum capital requirements for foreign investment?

There are no minimum capital requirements for foreign investment.

15. Are there any exchange control or currency regulations? Are there any restrictions on the remittance of profits abroad?

Currency transfers and exchanges can be freely performed in foreign or national currency (RON) between residents and non-residents. There is no restriction on the remittance of profits abroad, as long as all taxes have been paid.

Imports

16. Are there any restrictions on the importation of commercial goods and services?

The EU imposes quantitative quotas on imports of certain goods from non-EU countries. It is highly recommended to obtain an import licence before importing such products. Import/export licences are also mandatory for goods considered to be potentially hazardous to human health or to the environment. Specific measures apply to agricultural products.

The EU Customs Code governs imports into Romania. A transaction value must be indicated to identify the goods customs value taking into account international freight, insurances and other charges. The majority of import declarations are acknowledged with the transaction value method. All administrative or judicial evaluations concerning customs valuation decisions can be appealed to the National Customs Authority in Romania.

The EU Customs Code sets out non-preferential and preferential measures. Non-preferential measures are imposed for various reasons such as:

- Quantitative restrictions.
- Most-favoured-nation tariff quotas.
- Origin marking.
- Contingency measures.
- Government procurement.

All preferential measures are applied in accordance with preferential arrangements.

Custom tariffs are generally adapted to EU stipulations, and Romania guarantees most-favoured-nation treatment or improved treatment for WTO members and non-members.

17. What import duties apply to commercial goods and services?

Romania has applied the common EU tariff system since becoming a member state on 1 January 2007.

The custom tariffs are available at http://taric3.customs.ro:9080/taric/web/main_EN.

The tariff quotas are available at https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/tariff-quotas_en.

18. Are the safety regulations and standards applicable to commercial goods and services in your jurisdiction compatible with other standards that are recognised internationally?

All the safety regulations and standards applicable to commercial goods and services in Romania are either directly effective EU regulations or are EU directives transposed into Romanian Law.

Under the EU "new approach" to the protection of the health and safety of consumers and the environment, products must be retested and recertified to EU requirements. If products are not regulated by specific EU technical legislation, they are subject to Directive 2001/95/EC on general product safety (General Product Safety Directive), as well as possible additional national requirements.

EU legislation and standards are harmonised across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the EU new approach is the European Conformity (*Conformité Européenne*) (CE) marking.

The Romanian National Institution for Standardisation (*Asociația de Standardizare din România*) (ASRO) is the national standards body. It is a national private legal entity acting in the public interest, and is non-governmental and apolitical. ASRO is a member of the:

- European Committee for Standardisation (CEN).
- European Committee for Electrotechnical Standardisation (CENELEC).
- International Organisation for Standardisation (ISO).
- International Electrotechnical Commission (IEC).
- European Telecommunications Standards Institute (ETSI) (observer member).

ASRO's main duties include:

- Establishing the principles and methodologies of national standardisation.
- Developing and approving national standards.
- Participating in European and international standardisation activities
- Providing information to the public in the field of standardisation, as well as publishing and disseminating standards.

The National Standardisation Programme is ASRO's annual working plan covering the list of topics to be developed. Details included in the 2016 National Work Programme, which can be found in Romanian at www.asro.ro/?page_id=443.

Many standards in the EU are adopted from international standards bodies such as the ISO. The drafting of specific EU standards is handled by three European standards organisations:

- CENELEC, for electrotechnical standards.
- ETSI, for telecommunications standards.

- CEN, for all other standards (www.cen.eu/cen/pages/default.aspx).

See www.ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm.

Conformity assessment is a mandatory step for a manufacturer to comply with EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages from design to production, to allow acceptance of the final product. EU product legislation allows manufacturers to choose the level of conformity assessment depending on the level of risk involved in the use of their product, including:

- Self-certification.
- Type examination and production quality control.
- Full quality assurance.

Conformity assessment bodies in Romania are listed on the European Commission's New Approach Notified and Designated Organisations (NANDO) website.

19. Are there any similar or equivalent restrictions on providing services into another jurisdiction?

There are no restrictions on providing services into another jurisdiction. The only other restrictions refer to deals/ transactions with sanctioned states such as Iran, North Korea, and so on. All sanctioned states and sanctions are available at www.sanctionsmap.eu.

Structuring and tax

20. How is foreign investment into your jurisdiction typically structured? What forms of legal vehicle are attractive to foreign investors?

Companies

As a general rule, companies incorporated in Romania have Romanian nationality, irrespective of the nationality of their shareholders. Similarly, companies seated abroad but with secondary offices in Romania are regarded as having foreign nationality.

When incorporating a company in Romania, shareholders can choose between five types of companies:

- Unlimited guarantee collective company (*societate în nume colectiv*).
- Limited partnership (*societate în comandită simplă*).
- Limited stock partnership (*societate în comandită pe acțiuni*).
- Joint stock company (*societate pe acțiuni*).
- Limited liability company (*societate cu răspundere limitată*).

The most frequent forms of business in Romania are joint stock companies and limited liability companies.

Foreign companies can carry out activities in Romania through:

- **Subsidiaries.** Foreign companies can set up Romanian subsidiaries (that is, Romanian companies) in one of the forms provided by the law. The Romanian subsidiaries of foreign companies are deemed to be Romanian legal persons and have the same status as Romanian companies.
- **Branches.** Branches are corporate entities with no legal personality of their own, set up by Romanian or foreign companies.
- **Representative offices.** Foreign companies and economic entities can open representative offices in Romania, subject to authorisation by the Ministry of Economy, Trade and the Business Environment. Representative offices are not authorised to perform independent business operations and can only undertake transactions on behalf of their parent companies that are consistent with the parent's objects.

Regies autonomes

Regies autonomes are public utility companies that operate in strategic sectors of the economy, such as:

- Defence.
- Energy.
- Mining and natural gas exploitation.
- Post
- Railway transportation.

Most *regies autonomes* have already been or are about to be reorganised as companies. Joint stock companies resulting from the restructuring of the *regies autonomes*, which perform activities of national public interest, are called national companies, and may be subject to privatisation.

Economic Interest Groups

An Economic Interest Group is an association between two or more entities or individuals with legal status and a business purpose, incorporated for a determined duration, with the aim of promoting and developing the economic activity of its members. The rules of registration and functioning are similar to those applicable to companies.

The number of members of the Economic Interest Group cannot exceed 20. The Economic Interest Group cannot seek to obtain profit for itself. If profit is generated by the group's activity, that profit must be fully apportioned between the members of the group as dividends in the shares provided by the constitutional documents. In the absence of a clause setting out shares, the profit is equally distributed.

European companies

As an EU member state, Romania has harmonised its legislation with European norms and therefore allows for the European company as a legal entity, seated under its jurisdiction and able to function in other member states. A European company is subject to compliance with the European regulations as well as with the special provisions in the Romanian legislation applicable to joint stock companies.

A European company can only be registered on execution of an agreement on the involvement of its employees in its corporate activity.

European Economic Interest Groups

Romania also recognises European Economic Interest Groups. A European Economic Interest Group is set up by articles of incorporation concluded in notarised form and registered with the relevant trade registry.

European Economic Interest Groups can establish branches in Romania, as well as subsidiaries, representative offices and other units with no legal personality.

Individuals and family partnerships

Individuals, individual enterprises and family enterprises can be authorised to perform economic activities in any sector, profession or occupation, except for those activities that are subject to special legislation or are prohibited by law.

However, such entities do not have a distinct legal personality from their founder(s) and are therefore usually used for small-scale commercial activities.

21. What are the circumstances under which a business becomes liable to pay tax in your jurisdiction?

Rates

Resident entities are subject to the standard profit tax rate for Romanian companies of 16% on their worldwide income. Taxpayers performing activities relating to the provision of bars, night-clubs, discotheques, casinos or sports betting and for which the profit tax owed is less than 5% of the respective income must pay a tax equal to 5% of the revenue made from those activities.

Companies with an annual turnover under EUR65,000 do not pay profit tax but are taxed at 3% of their total income, although there are several exceptions.

Facilities for holdings

Income from dividends is not taxable if it is received by a Romanian legal entity that holds for a continuous period of at least one year 10% of the share capital of another legal entity located in Romania or a state with which Romania has concluded a double taxation treaty.

Dividends received by a holding company from a Romanian subsidiary are exempted from tax, with no minimum shareholding or holding period requirements.

Capital gains are not taxable if they are derived from the sale or transfer of shares by a Romanian legal entity that holds, for a continuous period of at least one year, 10% of the share capital of another legal entity located in Romania or a state with which Romania has concluded a double tax treaty. The same treatment applies to proceeds obtained from the liquidation of a Romanian or foreign legal entity located in a state with which Romania has concluded a double tax treaty.

Calculation

Taxable profit is calculated as the difference between taxable income obtained from any source within a fiscal year, and deductible expenses incurred for the purpose of obtaining that income.

Net operating loss carry forwards

Annual losses established by a profit tax return can be recovered from taxable profits obtained during the following five consecutive years, or seven consecutive years starting with the fiscal losses incurred in 2009. For foreign legal entities, this rule applies only in relation to revenue and expenses attributable to a permanent establishment in Romania.

Transfer pricing

Romania generally follows the transfer pricing methods recommended by the OECD guidelines.

Under the Fiscal Code, when determining the amount of any tax or fee, the fiscal authorities can disregard a transaction that does not have an economic purpose, or re-qualify its form to reflect the economic substance of the transaction. In a transaction between affiliated persons, the fiscal authorities can adjust the amount of income or expense of either person as necessary to reflect the market price for the goods or services provided in the transaction.

Taxation of foreign legal entities

Foreign legal entities that carry out activities through a permanent establishment in Romania must pay tax on income attributable to the permanent establishment, within the amounts established by law. The taxable profit is determined in accordance with the rules for Romanian legal entities except that:

- Only income that is attributable to the permanent establishment is included in taxable income.
- Only expenses that are made for the purpose of obtaining that income are included in deductible expenses.

22. What are the main business tax rates?

Companies with a turnover below EUR1 million are subject to a tax rate of 3% on turnover if they have no employees, and of 1% if they have at least one employee.

For companies exceeding EUR1 million in turnover or that opt for corporate tax, the tax rate is 16% applied to the tax profit, calculated as the difference between taxable income and deductible expenses. The option to pay corporate tax can be taken when the company has both:

- Capital over RON45,000.
- At least two employees.

23. What is the tax treatment in your jurisdiction of profits from an investee company remitted outside your jurisdiction by an investor?

The profits of a resident company in Romania can be distributed as dividends to investors, legal or natural persons. The standard retention quota for dividend distribution is 5% of the value of the dividends.

However, such dividends may be exempt from taxation if:

- There is a relevant double taxation treaty concluded by Romania with the investor's state of residence that sets a retention quota less than the standard rate provided by the Romanian tax legislation. Currently, Romania has concluded double taxation treaties with 88 states.
- The investor and dividend payer are legal entities and:
 - the investor is resident in the EU, is subject to corporation tax and has held at least 10% of the share capital for at least one year on the date of receipt of the dividends;
 - the payer is Romanian and is subject to corporation tax.

24. What transfer pricing and/or thin capitalisation restrictions may apply to investments into your jurisdiction from elsewhere?

An investor and recipient company are affiliated companies if the investor directly or indirectly holds 25% of the recipient's shares. Under Romanian tax law, it is mandatory to complete a transfer pricing file if there are transactions between affiliated companies exceeding a certain amount. Tax authorities can request and verify the way the transfer pricing file is created and adjust the tax base of the transactions made.

There is also a limitation on the deductibility of excess costs of indebtedness, defined as the amount by which the cost of a taxpayer's indebtedness exceeds the interest and other economic incomes that the taxpayer receives.

Surplus leverage costs exceeding the deductible ceiling of EUR200,000 are only deductible in the tax period to which they are incurred up to 10% of the difference between revenues and expenses, after deducting non-taxable income plus tax expenses, surplus leverage costs, and deductible amounts of tax depreciation.

A transfer price analysis of transactions between an investor and beneficiary company can result in an adjustment or diminishing of the investor's profits. Limiting interest deductibility can similarly affect the investor's profits by increasing the taxable base and establishing a higher tax liability.

Incentives

25. What tax incentive or other schemes exist to encourage foreign investment?

General

Business incentives involving state aid measures are subject to EU legislation. State aid is an advantage in any form conferred on a selective basis by national public authorities on undertakings. Therefore, in principle, only general measures open to all undertakings are not covered by this prohibition and do not constitute state aid (examples normally include general taxation measures or employment legislation).

A member state must notify the European Commission if a measure that could be deemed as state aid is being considered, whether on an individual basis or under an aid scheme addressing several undertakings. No notifiable state aid can be put into effect before being authorised by the Commission. Notification is not required in certain cases expressly provided by EU legislation. However, the aid measure in such cases can only be awarded under the conditions set out by the relevant EU provisions.

Government Emergency Ordinance No 77/2014 regarding the national procedures for state aid sets out the main legal framework for the implementation of EU state aid rules at national level, and sets out the:

- Role of the Competition Council in relation to state aid.
- National representation procedure in front of the European Commission.
- Monitoring of the granted state aid.
- Reimbursement, recovery and suspension of the illegal or abusive state aid.
- Obligations of state aid recipients.

State aid schemes

In November 2014, the European Commission issued guidelines on regional state aid for 2014-2020. Romania has adopted/updated several regional aid schemes that are exempted from EC notification requirements, such as, among others:

- Government Decision No 807/2014 on state aid schemes stimulating investments with major impact in the economy. This scheme allows for the co-financing of assets acquisitions, to be awarded up to a maximum

annual budget of EUR145 million (with an overall budget of EUR925 million), to an expected number of 300 undertakings making new investments of at least EUR3 million.

- Government Decision No 332/2014 on a state aid scheme supporting investments that promote regional development by creating employment. Under this scheme, the state provides grants for salary costs incurred for two consecutive years for at least ten new employments (out of which at least three are for less favoured employees) directly created in the first three years of a new investment. The grants are subject to a total annual budget of EUR100 million and an expected overall budget of EUR600 million.
- Order No 117/2014 of the Ministry of European Funds on a state aid scheme for the consolidation and modernisation of the production sector via new investments performed by large undertakings. The scheme consists of non-reimbursable co-financing of up to EUR5 million (up to a total of EUR9 million for the entire scheme) for new investments in real estate, equipment, transportation and intellectual property made by large undertakings.
- Order No 2980/2013 of the Ministry of Regional Development and Public Administration on aid for investments in industrial parks, which provides for exemptions from various taxes and levies (such as tax on land and buildings, taxes for the changing of land designation, taxes for issuance of building permits and other authorisations).

Investment guarantees

26. What legal guarantees exist against expropriation and/or provide for appropriate compensation? What is your government's track record in this regard?

Expropriation is possible in Romania if the property is needed for reasons of overriding public interest at a local or national level. Expropriation requires fair and equitable compensation first to be paid to the owner of the property (if the parties do not agree on the amount, the courts can decide this, and disputes have arisen as to the value of such compensation).

Romania is a party to over 80 bilateral and multilateral investment protection treaties, which provide for various rights, guarantees and protection measures in favour of foreign investors, including alternative state-to-investor dispute resolution mechanisms such as international arbitration. Romania is also a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States establishing the International Centre for Settlement of Investment Disputes (ICSID), headquartered in Washington.

Investment protection is also ensured by the interplay of national and EU legislation coupled with the influence of the European Convention on Human Rights (to which Romania is a party), all of which provide various rights, guarantees and protection measures safeguarding individuals and private undertakings from any arbitrary or abusive conduct by public authorities.

27. Are there any issues in relation to the enforcement of intellectual property rights?

There are no issues in relation to the enforcement of intellectual property rights.

28. Are there any issues in relation to the gaining and enforcement of judgments and/or arbitral awards?

There are no issues in relation to the gaining and enforcement of judgments and/or arbitral awards.

Recent developments and proposals for reform

29. Have there been any significant recent or proposed legal developments affecting investors?

There are no significant recent or proposed legal developments affecting investors.

30. Are there any planned or on-going treaty negotiations or political developments that could have an impact on your jurisdiction's bilateral relationships with other nations and/or other economic, customs or monetary unions, free-trade areas or markets?

There are no significant recent negotiations or political developments.

Online resources

Invest Romania

W <http://investromania.gov.ro>

Description. Resource of the Ministry for Business Environment, Commerce and Entrepreneurship providing information for investors in Romania. English version available.

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Recent team transactions

- Acted for Betty Ice in one of the most significant FMCG transactions of 2018, the sale of Betty Ice to Unilever. Assistance related to the sale of Betty Ice in a complex bidding process involving multiple bidders, and a partial spin-off preceding the sale. Assistance covered the buyer's due diligence and bidding process, drafting and negotiating all transaction documents, closing and post-closing aspects, vendors' due diligence, and competition compliance matters.
- Retained by Chimcomplex, leading Romanian chemicals producer in relation to the acquisition of the business of Oltchim SA, one of the CEE's leading chemicals producers currently undergoing insolvency and state aid investigation by the European Commission. Chimcomplex is part of SCR Group, the leading industrial group with over ten industrial companies including the most efficient cogeneration plant in Europe. Assistance covered due diligence, the tendering process, the negotiation of the transaction documents, exchanges and notifications to relevant authorities (Competition Council, European Commission, and environmental agencies), post-acquisition implementation, and financing.
- Retained by Teamnet, an award-winning IT company and one of the most important IT integrators in the region, with regard to the sale of its business to the largest telecoms player in Romania. Currently in insolvency, Teamnet is known internationally for its state-of-the-art cloud, GIS, UAV, BPO and SCADA technologies and systems. Assistance covered due diligence, the tendering process, the negotiation of the transaction documents, exchanges with and

notifications to the relevant regulatory authorities (Competition Council, European Commission), post-acquisition implementation, and financing.

- Assisting Nordic Petfood Production and Nordic Petfood distribution, leading producers and distributors of pet food, in all aspects of the transaction consisting of the sale of the business to United Petfood. Assistance included due diligence, drafting and negotiating the transaction documents and terms. Competition clearance assistance is currently ongoing.
- Advising Astra Holding on the acquisition of Jolidon, a Romanian textile producer with global presence (60 countries) undergoing insolvency proceedings, including all related and arising disputes. Assistance includes complex strategy, filing the insolvency commencement request, co-ordinating the judicial administrator and other players involved, court representation, assisting on purchase of receivables, takeover of immovable assets, enforcement procedures against the debtor and the guarantors, and so on. Matter is important due to the size of the target and difficulties stemming from the transboundary acquisition of the core distressed assets.

Team publications

- *The Legal 500: Technology Comparative Guide – co-author, The In-House Lawyer 2018.*
- *Getting the Deal Through – State Aid, Romanian chapter, Law Business Research, July 2018.*
- *Life Sciences: product regulation and liability in Romania, Lexology Navigator, May 2018.*
- *GDPR – Data processing, article published in CEE Legal Matters Magazine, May 2018.*
- *Current status of cryptocurrencies in Romania, interview in Legal Marketing, May 2018.*
- *Life Sciences: product regulation and liability in Romania, Lexology Navigator, May 2018.*
- *Keeping records of data processing, article published in GDPR comments and explanations book, Juridice.ro – Hamangiu 2018.*
- *"Will drones start to be part of our daily lives by 2019?", Disruptive Technology article published in The In-House Lawyer, May 2018.*
- *Doing Business in the EU 2017: Bulgaria, Hungary and Romania, February 2018.*
- *Commercial arbitration 2018, Romanian know-how chapter – contributor, Global Arbitration Review 2018.*
- *Romanian Cartels Navigator – co-author, Lexology 2017.*
- *The Legal 500: Technology Comparative Guide – co-author, The In-House Lawyer 2017.*
- *Overview and requirements for changing board members, Romanian Chapter of ChangeBoardMember.com, June 2017.*
- *Commercial arbitration 2017, Romanian know-how chapter – contributor, Global Arbitration Review 2017.*

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