

# **EU Subsidies in Romania for EU companies**

## **Structural funds**

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### *Promotion and funding instruments*

Future EU structural and cohesion policy turn three priority goals: convergence, regional capacity to meet competition and employment, and European economical cooperation.

EU cohesion policy regards the hypothesis that a repartition between rich areas and poor areas of EU is necessary for equilibrating economical integration. Between 2007 and 2013, 307,6 Mrd. EUR (35,7% from EU budget) are available as structural funds for regional development program.

83% from these amounts are concentrated towards the convergence and are planned for the promotion of the poorest member states and areas.

Read also: [www.belgianconnection.be](http://www.belgianconnection.be) in 6 languages

### **Instruments for cohesion**

The most important instruments for cohesion are:

1. European regional development fund (ERDF)
2. European social fund (ESF)
3. European cohesion fund

For agriculture there is a special fund, the European agriculture fund (EAF).

### **Structural funds from EU budget**

Between 2007-2013, Romania receives around 19,7 Mrd € as means of promotion from EU structural funds.

These means are divided into seven operational programmes (OP) within the convergence promotion. The most ample programs promote the environment circulation and infrastructure with 23% from total means of promotion. Almost 20% are reserved for regional development and labor force qualification. For economical promotion, 13% from means are allotted, which will be granted on the strength of sectoral operational programmes „Increase of economic competitiveness” (SOP IEC).

### **Subsidies for productive investments in Romanian enterprises**

SOP IEC contains the most important measures of promotion from EU structural funds for investments in Romanian enterprises (Priority 1). These contain subsidies for productive investments in Romanian enterprises (especially small and medium enterprises), the improvement of access to credits and financing instruments such as patronage development. Until 2015, 1.000 small and medium enterprises have to be helped in direct investments by means of promotion in the program. For these, 1,1 Mrd € are prepared. As measure of promotion 1.1 of SOP IEC „Productive investments” the Ministry of Small and Medium Enterprises published in May 2009 auctions for investment expenses subsidies. Other measures of promotion refer to internationalization and manager capacity improvement in small and medium enterprises. The other priorities of SOP IEC are

dedicated to research and designs, information and communication technology, energetic efficiency and marketing of localities in Romania.

### **Requests for promotion for investments between 250.000 €si 1,5 Mill €can be filed**

Small and medium enterprises with their head office in Romania (KMU according to EU definition) which invest between 1.075.000 Lei (around 250.000 €) and 6.450.000 Lei (around 1,5 Mill €), can file a request for funding at the Romanian Ministry for Small and Medium Enterprises. The foundation, the development or the modernization of production departments, the innovation of the stock, the investments in environment technique, the acquisition of software, patents and authorizations or know-how and counseling services can be funded.

The requirement is that the enterprise is already registered in Romania, at least from 1 year.

The grant of means is made in the contest procedure: the requests for the projects with the best evaluations get line in means of promotion, until the budget is spent.

Subsidies are possible in principle to a **maximum regional limit (50-70%)**, however their real value depends on the project, precise locality and available means.

### **Investments up to 250.000 €**

For investements up to 1.075.000 Lei (around 250.000 €), requests for funding by KMU can be filed continuously starting from 09.06.2009 until the budget of 430 Mill Lei (around 103 Mill €) on 2009 is spent.

### **Microenterprises**

Microenterprises with fewer than 10 employees can be funded to their investments by Regional Operational Programme (ROP).

### **Large investment funding – big Romanian enterprises**

By Investment Law of October 2007, the state aid for ednterprise investments in Romania was adapted to EU standards.

Primary investments starting with 30 Mill €and from 300 new places of employment could get direct subsidies from public means.

The funding quota must not exceed here the maximum limit of regional subsidies.

Total amount of means of funding in Bucharest can reach 22,5 Mill €maximum from the project, while in other parts of Romania the maximum admitted limit is 28,1 Mill €

Subsidies must be asked before starting the investments, from the Romanian Ministry of Economy and are paid as reimbursements of expenses.

The expenses which can be funded are the acquisition of lands, buildings, machinery and other equipments, and non-material assets. Excepting the overtaking of enterprises and to small and medium enterprises the installation must be new in order to be able to be funded. In this case the subsidy is calculated on the strength of manual labor expenses for all the places created newly in the first two years from the construction of the enterprise.

Generally, the investment must be justified for the last five years. The term for small and medium enterprises is three years...

### **Increase of investments in industrial parks**

In about 45 state industrial parks fiscal facilities to local taxes for a certain period can be insured. Therefore, industrial parks give prices relatively convenient for lands and infrastructure. In order to get a land in an industrial park it is not necessary a minimum established amount, but most big investors have their head offices in an industrial park.

### **Type and content of the promotion**

EU structural funds:

Direct subsidies for productive investments of small and medium investments, partly also in big enterprises.

National instruments of promotion:

State subsidies only for big investments starting with 30 Mill € and 300 places of employment.

Fiscal facilities are guaranteed for local taxes and convenient prices for lands possessed of state or locality in public industrial parks.

Maximum limit of promotion:

Maximum limit of promotion reaches generally 50% in Romania, 40% from promotion expenses in Bucharest. For small and medium enterprises the possible promotion quota increases with around 10, respectively 20%, so that small undertakers which invest outside Bucharest, can be funded from public means with up to 70%.

### **Possible petitioners:**

EU structural funds:

Responsible for the promotion of productive investments in SOP IEC is Romanian Ministry for Small and Medium Enterprises. This makes the auctions, overtakes the requests for funding and adopts the projects.

For big enterprises is responsible the Romanian Ministry of Economy.

National instruments:

Romanian Agency for Foreign Investments (RAFI) deals with state measures of promotion for foreign investors. RAFI helps foreign investors in choosing an adequate locality in Romania, informs about state incentives and arranges for investors the contact with the appropriate institutions: authorities, attorneys, fiscal advisers.

### **Auctions and deposit terms of requests for investments for small and medium enterprises with an amount up to 1.075.000 RON (around 250.000 €)**

Investments which can be funded: lands (up to 10% from expenses, constructions, machinery, installations, non-material assets, training and counseling).

Type of promotion: subsidies corresponding to regional promotion limits.

**Investments in small and medium enterprises, exception also big enterprises with investments between 1.075.000 Ron and 6.450.000 RON (around 250.000-1,5 Mill €)**

Investments which can be funded: lands (up to 10% from expenses, constructions, machinery, installations, non-material assets, training and partly counseling services).

Type of promotion: subsidies corresponding to regional promotion limits.

Method of grant: procedure by contest, submitted project ranking made by experts, grant of funding means until the budget is spent.

**Investments in big enterprises**

Investments which can be funded: lands (10% maximum), constructions, machinery, installations, non-material assets, training and partly counseling services.

Type of promotion: subsidies corresponding to regional promotion limits, 5 Mill € maximum.

Requests at Romanian Ministry of Economy can be filed for unique measures by the end of 2009.

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