

LOGIPLAN REPORT ON LOGISTICS AND RETAIL IN ROMANIA 2011

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A special sectorial newsletter edited by : camera imobiliara belgia romania www.cibr.be for more information mail us at cibr@telenet.be

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1. Presentation of the Belgian Romanian Real Estate Chamber

We are a Belgian Romanian Real Estate Chamber. We have been created in 2006.

Our main scope is to develop business in Romania for our members and sponsors.

We have a large network of experts and suppliers. We also have a “lobby” department for Romania and Belgium on national and provincial level. We are active in Romania and Belgium and we help Romanian and Belgian investors. We have offices in Gent ,Belgium and Buzau, Romania where we created a business center for starting businesses (incubation center).

If you intend to “develop business” or “create a company in Romania or Belgium” contact us and we will see how that the chamber or one of our experts can help you.

Websites:

www.cibr.be main website

www.investromania.be cibr blog

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2. Why is there a future for Cosntanta as a gateway ?

Why is there a future for Cosntanta as a gateway ?

- Creating direct route for serving EU from Asia (saving 2400 sea miles and reduce CO2 emissions)
- Route is more efficient and will attract additional benefits
- It will create new business for Romania (brokers, storage, transport companies)
- It will stimulate Romania to further develop logistic infrastructure (roads, inland ports, intermodal strategy, railway transferhubs).

What is in it for Romania?

- Job creation (176.000) over 5- 10 years
- Increase tax income state (up 1.6 bln euro)
- More goods volume in port of Constanta (additional 2.1 million TEU in 2020)
- Attract new business and production (assembly): GDP up 10.7 bln euro
- Establishment of university education in supply chain and logistics
- Make Romania international EU entrance gate from the east: a trade hub (assembly & product customization activities, serving the Central and Eastern Europe (CEE) and Black Sea markets)
- Create logistic chain from Constanta to its hinterland
- Economic growth particularly in Romania (hubs: along Corridor Constanta – Bucharest - Timisoara)
- International linkages (eg Danube strategy, energy sector)

Constanta Port's Development Plans

Japan International Cooperation Agency (JICA) prepared a plan for Constanta Port in order to act as a real Logistic Center for the regional trade, to be a Europe's Eastern Gateway, as well as "turn-table" of the European and Euro-Asian transports, a Master Plan for the period up to 2020 and a Short Term Development Plan for the period up to 2013.

The projects are presenting a large range of interests for Constanta Port such as:

- Plans for covering increased traffic demand
- Plans for improving port operations
- Plans for improving port access
- Plans for environmental protection

3. Council gave green light for Danube Strategy

Member States' ministers for EU affairs adopted the Council's conclusions about the Danube Region Strategy on 13 April 2011. Hungarian Minister for Foreign Affairs, János Martonyi, who chaired the meeting, said that the first part of the Presidency's agenda has been reached and preparations can begin for the specific programs.

The month of June 2011 will be marked in European history as the most outstanding political moment in the history of the Danube management. The expected acceptance at the 23-24 June European Council of the European Danube Strategy will have an influence on future management of the river issues in environment, energy, water management, regional cooperation and intermodal transport. In this Danube strategy, the city of Constanța plays an important role since it is connected to the Danube (Rhine Canal - Main - Danube), (Philippe Beke, Ambassador of Belgium, June 2011).

Next year we will also see tangible results - In response to journalists' questions, Johannes Hahn said that the action plan drafted by the Commission contains over 100 possible projects. According to the Commissioner, in the upcoming period the task will be to select the first projects to be implemented from among these. "The first tangible and spectacular results are expected for next year", the Commissioner added.

The involvement of third countries is crucial - The Danube Strategy is primarily an EU policy; however, the eight EU Member States (Austria, Bulgaria, The Czech Republic, Hungary, Germany (Baden-Württemberg and Bavaria), Romania, Slovakia and Slovenia) are also accompanied by six non-EU Member States in it (Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Moldova and Ukraine).

4. Available plots & logistic centers

New: Craiova – 20 hectares prime position for industrial or logistic development

Timis – excellent plot on the ring road of timis – 15 hectare

Have a look:

www.structural-funds-romania.ro/offer_513/offer_513.pdf

Arad – excellent plot of 20 hectare – at National road in Industrial area

Cluj – to plot of 15 hectare – at National road – near Nokia plant 12 Euro/sqm – **TOP PLOT** Rascruci 2 km from Nokia village – wide opening 275 m on 4 hectare at the national road to Tetarom III (Nokia) for only 12 EURO/sqm – URGENT – will be more than double in 2013 - -- TOP DEAL --- LOW RISK HIGH YIELD direct from the owner ideal for a motel a restaurant and some houses/offices on 1-2 hectare or an industrial/logistics project on 15 hectare.

Cluj, 10 km from Nokia – 37.600 sqm divided in 3 plots- all utilities at national road Cluj to Dej – 15 minutes from the airport – 290000 Euro/plot – opening at the national road

Have a look:

[www.structural-funds-romania.ro/offer 537/offer 537.pdf](http://www.structural-funds-romania.ro/offer%20537/offer%20537.pdf)

Sibiu – top plot in front of the airport at the industrial parc

Constanta – Development plot south side – for fast movers – 14 hectare

Constanta – various top plots – on demand from 15 to 200 hectares

5. Logistic and business center for sale in Bucharest

Presentation of a top sale: business and logistics center in Bucharest

The ensemble of buildings in the business and logistics center is composed of 2 main buildings: one for offices and one for storage; in front of offices building are 40 parking spaces. The buildings are fully rented to logistic companies and industrial companies.

Price: 5.2 million Euro's and the buildings – buildings and rental contracts.

The office building is designed for P+4 and was performed as a P+2, 2 additional floors will follow to be built , in front of warehouse and there are over 1000 square meters concrete platform for trucks (standing / parking, handling, unloading). The location is fitted with 2 guard booths/gate (one entry in front at the site and one in the back at the warehouse). The building structure is a frame structure with walls of brick POROTERM . The building area is 875sqm / floor, total 2.625 square meters.

Price: 5.2 million Euro's and the buildings – buildings and rental contracts.

Read more:

<http://www.structural-funds-romania.ro/offer%20559/offer%20559.pdf>

More info and pictures of the complex at frjacobs@telenet.be

6. Taxes of only 3% on a micro company from 1 january 2011

Starting 2011, the microenterprise tax regime is reinforced. Thus, the entities which meet certain criteria (among which, it should have between 1-9 employees and should record a turnover less than EUR 100,000) may choose to pay a tax of 3% of the revenues instead of 16% corporate income tax. The entities which obtain revenues from banking, insurance and reinsurance, gambling, consultancy and management activities cannot apply this tax regime and will continue to be subject to 16% corporate income tax. You pay 3000 Euro taxes on 100.000 Euro ! cal us we have several companies for sale or create a new one for you frjacobs@telenet.be .

Read more:

<http://www.belgianconnection.be/invest-romania-businessclub/microenterprise-3-tax-profit-active-1-january-2011-romanian-company-crea>

7. Business centre in Buzau NEW!

We have taken some initiative and we are preparing a business centre 5 km from the city centre of Buzau. The business centre is a reaction on the law from 1 august 2010 were owners have to register the rental contract for a company creation with ANAF. Most owners refuse companies. In the next month we will announce the service and the prices via our websites.

A sneak preview can be taken at:

<http://www.structural-funds-romania.ro/office/index.html>

8. How to create a Romanian Company

Generalities

In this section, we wish to present to you important information, necessary documents, conditions to be complied in the company incorporation process. This information limits itself to the incorporation of a limited liability company.

The documents

- Copy of the identity document or of the passport and their legalized translation. The translation and legalization can be made by us, the price being included in the service pack.
- Contract for buying or of a necessary location for the incorporation as well as land register extract. The company premises can be provided by us, its price not being included in the service pack.
- Copy of the identity document of the owner of the building where the legal premises are going to be established. In the case the building belongs to a legal person, there needs to be presented a copy of the Unique Incorporation Certificate.
- Three proposals for the company name.
- Articles of Incorporation – this is drawn-up by the shareholders and legalized by a notary or a lawyer. The Articles of Incorporation are drawn-up together with you. The legalization of the Articles of Incorporation can be made by us, its price being included in the service pack.
- Proof of registered capital deposit. This is made by us, the price being included in the pack.
- Legalization of the shareholders' signature. The shareholders' signature has to be legalized by a notary.
- Declaration under own responsibility stating that you don't have fiscal record in Romania.

There are some documents that you will need in case the company from Romania is incorporated by a foreign company:

- registration certificate of the foreign company at the Trade Register.

- certificate of bank reliability.
- extract from the trade register from the company country of origin.

Actual Incorporation Process

1. Searching for a building for the company premises. Put together all the necessary documents: contract of renting or buying, copy of the land register extract. In the case the building has several lodgers, there needs to be obtained their written agreements. The company premises can be provided by us.

2. Take a decision about the company name and its logo. Check the name at the Trade Register.

Afterwards, the name will be booked for a three month period.

3. Drawing-up the Articles of Incorporation.

4. Signing the Articles of Incorporation at the notary. The foreign shareholders can give power-of-attorney to a third person for this.

5. Opening of a bank account and transfer the registered capital.

6. Pay-up of the registration taxes at the Trade Register.

7. The documents are deposited at the Trade Register.

8. The documents are checked by the Judge who approves the demand for the company incorporation.

This decision is published in the "Official Gazette". There is issued the unique registration certificate.

9. Registration at the Public Finances Administration. This will issue also the registration VAT certificate.

10. Request of possible supplementary documents.

Duration: after all the necessary documents are put at our disposal, the company can be registered within two weeks time depending on the client and the type of company.

We also have several companies for sale that are not used/or hardly used for accelerated "departures" and investments.

9. Investments in Logistics in Romania and industrial investments in Romania

Is Romania still an interesting country when it comes to logistic and industrial investments? Why yes/or not?

Romania is still an interesting country when it comes to logistic and industrial investments. For industrial production the salaries will stay low and the crisis will not end in 2011 in my opinion. Growth will be slower or slow down in the next years. In a global economy, language skills are a key workforce advantage. Born at the cross roads of different cultures and civilizations, where East meets West, Romanians are multilingual, open to new experiences, innovative and future oriented. This combination with relatively low salaries can be attractive to foreign investors. The geographical location is the second point were Belgians are keen on (close to Belgium and a central location in a wider area and the potential of an internal market). The emerging region of Central and Eastern Europe (CEE) is the main

macroeconomic driver impacting European supply chains. Simply developing a warehouse that fits building requirements is no longer sufficient. A prime location and availability of additional services in a “logistics park” become more important. For logistic investments the investors look at the country and the possibilities and the area around the country. The industrial investments and the retail investments are booming in Romania even in crisis. We still produce around 20 hot leads with all contact data per month for the chamber members. This is a surprise and it is an indication that Romania is moving on. It's a big country with an extremely young and dynamic population. With its geographical positioning, bordering onto the Black Sea, the Romanian port of Constanta is also the new logistics gateway to Europe, but from the East this time, aside from the western gateway Le Havre-Hamburg. Investors will migrate towards other interesting parts of the country, after having invested largely in the Bucuresti-Ilfov area in 2009.

How do the Belgian investors see Romania in a time of crisis?

The number of investors has decreased with the crisis but Belgians are still looking at Romania. The proof is that we had 147 subscribers for a seminar in Brussels on 10 June 2010 around infrastructure and construction. CIBR co-organized this seminar. Belgians look at Romania as being most probably one of the best choices in the CEE region.

A second view point is that Belgians look at the crisis as being a second opportunity to take a position in Romania. It is possible that this opportunity will not be reproduced.

What are the most important problems the Belgian companies meet in Romania?

I want to brief on this question. Belgian people are pretty direct and straight forward. They want to focus on their business. In the field they encounter the Romanian administrative system. Some find it time consuming others are quite negative about this item.

I noticed that there is a difference and a change of mentality in the 10 years that have passed but there is still a lot of work left for the next decade.

Do you happen to know how many Belgian logistic companies have invested until 2008, and how many after 2008 or with what percent the number of Belgian investors dropped?

WDP from Belgium made substantial investments in Romania They opted for Romania because of the outstanding growth potential. 200 million Euro investment: the project concerns the Promoter's strategic investment programme for its logistics network extension in the Romanian market, with the construction of four industrial estates for logistic warehouses to be erected and operated in two sites close to Bucharest (Corbii Mari and Fundulea), one site close to Ploiesti (Aricestii), and one close to Pitesti (Oarja). In total WDP has around 10 plots of land in Romania. WDP is the market leader in Belgium as well as a European player. WDP Romania is a member of the Belgian Romanian Real Estate Chamber. Feel free to contact us for more information on all WDP projects. *“Warehouses with brains”* from Belgium.

As a chamber we are actively looking for investors in logistics and industrial investments. We monitor the market and help the investors with their entry on a tailor made basis. Our members come from different continents and countries all over the world.

What are the main errors the government/ state has done and what should they do so that they encourage the Belgian investors and not only to come to Romania?

It is not my mission to give advice to a government as I am here as a facilitator and observer. However I understand that Romania is a young economy going through a transition period. On the other hand I would like to promote the Romania of the regions in order to remove the bottleneck that resides in Bucharest. In my opinion it is worthwhile to consider a decentralization in regions.

A second remark is that within the lines of the EU policy a new set of measures should be drafted and funds should be allocated to accelerate and facilitate absorption of funds and a higher amount of money is needed to ensure a sustainable development at a reasonable speed. Let's look at agriculture: a lot of fields are not utilized. It might be the wish of the ministry of health to have new hospitals and medicaments but you cannot eat medicaments ...as an example. Complex matters and paradigm shifts that go way beyond my head. To be sincere: I would not like to give a solution to this complex matter. But one thing is sure somebody has to provide solutions.

What are the main qualities of the Romanian market that encourage logistic / industrial investments?

I have already answered part of this questions in the section above. But I would like to add some interesting facts. Romania has highly skilled labour force at competitive prices (solid knowledge in foreign languages, technology, IT, engineering, etc). This labour force can be used in Romania and in Europe. For this reason we have a special department that takes care of detaching to the EU (gains importance in times of crisis). On the other hand the same department provides the members with project teams and white collar workers for the existing or new projects. Especially for logistics I would like to conclude with the cliché that it is all about taking positions or not taking positions. Do not worry about your hesitation as an investor. Even in crisis somebody else is looking to take a prime position....

What about European funds. Do they attract the investors?

European funds attract European investors. More funds are needed after 2013 to ensure the continuity of what was initiated before the entry and realized in the period 2007-2013. Bottlenecks should be removed and the adsorption speed can quadruple....or sky rocket as it was the case with the pre-adhesion funds a couple of years ago.

Interview freddy jacobs, president Belgian Romanian Real Estate Chamber with constructive magazine Romania .

10. Employ Romanian workers in Belgium, The Netherlands, Germany or any EU country and save 1000 to 2500 Euro per month per worker

Romania has joined the European Union. Since January 2007 the Romanian state improved the mobility of Romanian workers throughout Europe. Per year more then 4 million workers are performing works in foreign countries. The quality of being a member state within EU entitles the citizens of these states to benefit from the four fundamental liberties, for instance, free movement of citizens (persons) which implies also free movement of workers. However

the workers still need a **A1 form** issued by Romanian government if the workers want to work in a European country and get paid by a Romanian company. This creates an advantage and you are able to make savings on your budget. In a period of crisis these considerable savings are more than welcome.

How can a production company benefit from these measures ?

Instead of hiring the workers directly on your company you contract a Romanian company to do the Works. The Romanian company is entitled to send the workers to perform under the condition that the Romanian company can obtain a form E101 for the workers that they send.

Another way is to work from Romania with your own Romanian company. So you will have to create your company in Romania.

These are popular measures in the **construction** sector, **metal construction**, **transport**, **logistics** and similar sectors.

How can a service company benefit from these measures ?

A service company can hire Romanian companies to do the job. This is done for marketing, ICT, web design, webhosting, engineering, architecture, service centres (100-400 people), call centres (50-250 people), help centres, back offices, etc...

This can also be your own company. If you have a larger project then you should take control and do the operations with your own company.

What do we do for you in order to make sure that you have your money and your benefit ?

1. company creation in Romania and pre-set-up you do not have to travel (you save money and time) !
2. The pre-setup is “how to... and why ...”and this comes for free when you create the company with us. So you have all reasons to ask us to create your company.
3. In the pre-setup we optimize the salaries for each and every worker so that you pay the lowest contributions (you earn money for the second time)
4. we do the entire setup as defined in the preliminary setup that we do with your team before we start the execution of the works info frjacobs@telenet.be

11. Linking partners & Events

Economic Seminar In Brussels 26 June – Romania Belgium Business Club (RBBC)

The CEO - Brussels Enterprises, Commerce and Industry, Mr. Olivier WILLOCX
The President of Prahova County Council, Mr. Mircea COSMA
The Ambassador of Romania to the Kingdom of Belgium, H.E. Mr. Ovidiu DRANGA

have the pleasure to invite you to the

ECONOMIC SEMINAR AND BUSINESS MEETINGS WITH ROMANIAN COMPANIES - DOING BUSINESS IN PRAHOVA COUNTY - ROMANIA

Wednesday, 29 June 2011, 10.00-13.30 hrs

Venue: BECI, Avenue Louise 500, 1050 Brussels

Parking: Bascule

Participation is free of charge

<http://www.romania-belgium-bc.com/>

www.belgianconnection.be The PBS blog: from idea to investment, funding and project execution + a complete list of the activities of rbbc and bc (the two leading business clubs)

www.structural-funds-romania.ro a complete overview on fundings in Romania

www.investromania.be The blog of the Belgian Romanian Chamber - cibr

<http://structuralfundsromania.blogspot.com> - blog on structural funds

www.davidintercar.ro – car rental in Romania and Bucharest

www.khafrely.eu : splendid hotel for your Romanian holiday or business stay

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