



CCE-R Newsletter

(No. 01 / January 2005)

In this issue:

Editorial

The CCE-R Board informs

>> [more](#)

This Month's Member

Edipresse

>> [more](#)

Legal&Financial issues

>> [more](#)

Business News

>> [more](#)

CCE-R Events Calendar

>> [more](#)

Become a CCE-R member

>> [Join now](#)

Contact us:

CCE-R

4-10, Drobeta Str., Apt. 1

Sector 2, 020521 Bucharest

Tel./ Fax: +40 21 212 27 07

GSM: +40 745 63 53 83

E-mail: ccer@pcnet.ro

Editorial of the month

Dear all,

Let me first wish you again a very Happy New Year 2005! I hope all have returned safely and healthy from their year-end holidays and have started this New Year on a positive note.

One can say that many things have happened since our last Newsletter. Firstly, we had the opportunity to welcome our New Ambassador to Romania, H. E. Ambassador Jean-Claude Richard and his spouse, Viviane and visited the new Swiss Embassy during our December Business Club.

Then Romania witnessed a change in the political landscape, with the victory of Traian Basescu in the 2nd round of the presidential elections, triggering a change in the coalition in power. No doubt that this will bring some interesting times ahead of us. The challenges ahead on the road to the EU will remain as quite a mountain to climb and, as far as mountain climbing is concerned, no doubt that the Swiss Community will be in a good position to play a role in ensuring the ascension is secure and timely.

In 2005, the Chamber of Commerce will continue with the monthly Business Clubs starting in February, and some proposals will be made to the Board to amend slightly the format, as well as to try and expand the role of our Chamber in better promoting economic exchanges with Switzerland, in cooperation with SIPPO as well as directly with interested parties. Additionally, our website will be running in February, which will also enable electronic availability of our Newsletter and easier access to the Chamber for any query they have.

Looking forward to meeting you all at our Business Clubs as well as at other events in the coming months,

Yours sincerely,

Paul Nuber

The CCE-R Board informs

CCE-R Board Meeting – January 24, 2005

The Board meeting in January 2005 took place on the 24th, at the CCE-R's office. The meeting was chaired by Paul Nuber, CCE-R President.

The candidanship of a new member was approved: *Versailles Restaurante SRL*.

The Board analyzed the report on the CCE-R website. The conclusion was that the site will be launched in English by mid-February.

This year, the Chamber's monthly meetings will have different formats such as excursions, dinners or official meetings with guest speakers. The schedule of the meetings will be established by the Board during its next meeting.

A communications strategy of the Chamber will be implemented this year in order to make the Association more visible and attractive for the potential members.

CCE-R new member

We have the pleasure to introduce our new member to you:

VERSAILLES RESTAURANTE SRL

represented by Mr. Gilbert MONTANI, President & Administrator.

The company will open a chain of restaurants in Romania.

The website (currently under construction) is: www.pizzeria-romana.ro

❖ **Coordinates:**

Address: 10, Gh. Manu Str., Bucharest

Phones: +40 722 675 629; +41 26 670 48 55

Faxes: +40 21 650 77 57; +41 26 670 49 57

❖ **Contact:**

Gilbert MONTANI, President and Administrator

[^Back to top^](#)

This month's member / News and Company Profile

This column gives our members the possibility to present themselves to the other companies and to highlight important aspects of their activity. Our initiative goes together with the invitation for subscribing to this facility: **if you want to present your company to the other members in one of the next issues of the Newsletter, please contact us at ccer@pcnet.ro.**



Edipresse Group

Before Edipresse S.A., a new holding company, was officially established in 1988, the company, which has been Lausanne-based from its earliest days, already had a long history.

The business, in its current form, is almost a hundred years old. It began its operations in January 1907, under the name of the Société de la Feuille d'Avis de Lausanne et des Imprimeries Réunies S.A.

The company published two daily newspapers (the Feuille d'Avis de Lausanne, established in 1762, and the Tribune de Lausanne, established in 1893) and was the owner of a printing plant. It joined forces with the company Lousonna S.A., a company which was established in 1925 and had operations in the related areas of printing, graphic arts, book publishing and distribution.

Over several decades, the company continued to expand its operations. In 1982, the Société de la Feuille d'Avis de Lausanne et des Imprimeries Réunies S.A. (known today as 24 heures-Imprimeries Réunies S.A.) became an independent company separate from Lousonna S.A.

During the 1980's, the company underwent reorganisation and restructuring. It focused on newspaper and magazine publishing in Switzerland, as well as on graphic arts. The holding company, Edipresse S.A., was created in 1988 in order to regroup the various business activities under the Edipresse Group name.

The 1990s were marked by expansion abroad: into Spain in 1990, Portugal in 1992, Poland in 1995, Greece and Romania in 1998, the Ukraine in 2000, Mexico in 2001 and Russia in 2003.

Today, Edipresse is a multilingual and multicultural international Publishing house. It operates in the areas of newspaper and magazine publishing, printing and multimedia. The Group is active in Switzerland, where the company is registered, Spain, Poland, Greece, Portugal, Romania, Ukraine, Russia and Mexico. It publishes over 125 titles and has more than 3,000 employees, of whom about 1,800 are based in Switzerland. It strives to ensure that its expansion takes place in a controlled and coherent fashion. Its strategy is fundamentally based on the written word and on three simple principles.

The first of these is to concentrate resources, both human and financial, on the activities and the countries where the company can achieve significant market share.

The second principle expresses the corporate desire to publish quality titles, which clearly meet the needs of both readers and advertisers.

The third principle concerns the special responsibilities involved in the publishing profession.

Edipresse has been present in the Romanian market since 1998. The Romanian Publishing Group SRL (RPG) is the leading magazine publisher in the country.

Initially entering the market in association with its Greek partner, Antonios Liberis, Edipresse owns a controlling 60% stake in RPG, since 2004. The remaining 40% are held by the Axel Springer Group, who integrated their Romanian publications into the group in 2002.

[^Back to top^](#)

Legal&Financial issues

All CCE-R members acting in the legal and financial fields are invited to contribute to this column.

The Tax Column

January 2005

By Serge R. Gonvers, Senior Partner, Audiconsult Srl

The purpose of this "tax column" is not only to highlight major recent changes in the field of taxation but, as well, to give some updated trends and opinions prevailing in the business community.

The three major changes, effective January 1st, 2005, made by O.G. 1.281 / 30.12.2004 are:

- 1) The standard corporate tax rate is now fixed at **16%** (instead of 25% in 2004)
- 2) The tax on income for micro-enterprises is now **3%** (instead of 1.5% in 2004)
- 3) The standard income tax rate for physical persons is now a flat tax rate of **16%** for everybody (instead of various brackets in 2004)

The ordinance is detailing taxation for physical persons according to the type of revenues (salaries, independent activities, pensions, prizes, investments, etc.), as well as social security contributions and authorized deductions.

Among the interesting details, for physical persons only, are:

- Profit on sale of land and buildings is not taxable;
- Income from rent is taxed at 16% of 75% of the renting revenue;
- Tax exemption for people employed in software development is maintained;
- Income from dividends is taxed at 10%;
- Income from interests is taxed at 1%.

In the months to come, some issues, with higher or lower probability, are discussed:

- Government may consider rising either VAT rate or excise taxes level, the latter appearing more likely, in order to compensate for the decrease of income tax rates;
- The complete foreign exchange market liberalization, part of EU standards completion, originally planned for April, might be postponed for the second half of the year, financial authorities being afraid of higher appreciation of the Leu, which is already quite high;

- The “heavy” Leu (RON) is still programmed and maintained for July 1st, 2005.

Any comments or questions are welcome at serge.gonvers@audiconsult.ro

Audiconsult Srl
Public accountants & consultants
Bd. D. Cantemir 2A, Bl. P3, Sc. 2, Ap. 39, 040241 Bucharest 4
Tel.: 0040 21 336 90 88, 336 90 89 / Fax: 0040 21 336 90 98
www.audiconsult.ro

[^Back to top^](#)

Business News

✚ **Holcim sales hit record high**

Turnover derived by construction materials producer *Holcim Romania*, the domestic branch of Swiss group *Holcim Ltd.*, last year hit the record high of 118 million euros, which is over 10% higher year-on-year, according to company officials.

Overall, the Romanian cement market enjoyed growth estimated by players at between 5 and 10%, coming at a time of increasing sales by domestic producers and increasing imports from Ukraine.

"2004 has been the best year *Holcim Romania* has had so far. Investments reached 26 million euros and we plan to pour another 32 million euros this year into the launch of three ecological concrete stations in Bucharest-Pantelimon, Timisoara and Targu-Mures; the modernisation of production lines at the Campulung and Alesd cement plants; and the expansion of existing capacities for co-processing of a wide range of debris," explained Markus Wirth, *Holcim Romania* general manager.

Holcim Romania is one of the main players on the cement, concrete and aggregates markets. From the annual sales on the cement market of about 250 million euros, the three existing producers have fairly similar shares, each owning three plants, *Lafarge Romcim*, *Holcim Romania* and *Carpatcement Holding Romania*, respectively.

The domestic branch of the Swiss group began production last year in Alesd on what is the most modern cement production line, thanks to the investment of 70 million euros.

The Alesd plant was in effect the first cement production unit to have been largely rebuilt through retooling. The Swiss acquired the Alesd plant in 2000 from *Lafarge* of France.

The company earmarked 3.5 million euros for the modernisation of the only white cement plant in the country, which is located in Turda, and over 1.5 million euros for the setting up of the first ecological concrete station in Bucharest.

In Romania, *Holcim* owns three cement plants - in Turda, Campulung and Alesd; 13 concrete stations and three aggregates units. To date, *Holcim* has invested around 300 million euros in Romania. In 2003, *Holcim Romania* generated turnover of around 100 million euros, 13% higher than in 2002. Swiss group *Holcim* entered the Romanian market in 1997, at a time when most of the Romanian cement industry was being privatised.

In the end, only nine plants continued to operate on the market, albeit at 50% capacity due to continuing low domestic demand averaging around 220 kg per capita. (by *Ziarul Financiar*, Jan. 07, 2004)

Expur buys Ulcom in \$10 Million deal on edible oil market

The wave of takeovers on the vegetal oil market has continued with the completion of a deal in which Expur Urziceni, held by a Swiss investor, has acquired the oil producer Ulcom Suceava.

The Ulcom deal is connected to the name of a local businessman, Nicolae Basoiu. Industry sources say the deal is worth more than 10 million dollars (7.5 million euros). It also involves the acquisition of a grain silo. Expur officials confirmed the completion of the transaction, but provided no further details.

"It is true that we took over 100% of Ulcom. We want to improve Ulcom's position on the market with reasonably priced products. At the same time, we want to revitalise Slobozia from an economic point of view," said Peter Tage, general manager of Expur Urziceni. He provided no details as to the value of the transaction.

Two months ago, Expur and Ulcom launched a new product, which has already reached the shelves of major supermarket chains. Until completion of this deal, Expur had a contract with Ulcom, whereby it was allowed to rent all the company's assets until all lawsuits involving Ulcom's assets were settled. Expur posted a 38 million-euro turnover in 2003, while Ulcom made 20 million euros of losses for the same year and had total debts of 7 million euros.

Expur specialises in soybean processing, and is over 90% owned by the Swiss company Alimenta, a major player on the vegetal oil market. Expur exports 80% of its oil (95,000 tonnes) every year, while its total capacity is around 150,000 tonnes per year. The main beneficiaries of Expur's production are Agricola International, Avicola Slobozia, Avicola Bacau and swine farms.

Ulcom Slobozia is a standard factory, which has seen major investments. However, it has also been involved in a number of financial scandals that had negative consequences. Ulcom took out loans from now bankrupt Bancorex and, at one point, was even placed under receivership.

The Romanian edible oil market, which is estimated at more than 300 million dollars (225 million euros) per year, has witnessed some extraordinary activity in terms of acquisitions over the last couple of years. The market leader is US Bunge Corp, which owns three factories: Unirea Iasi, Muntenia Bucharest and Interoil Oradea. Estimates show Bunge accounts for 35% of the market, followed by Argus Constanta with 19%.

Ultex Tandarei, which was acquired from Topway Industries Craiova by entrepreneur Vasile Nitescu, accounts for more than 7% of the market. Topway Industries had a market share of around 10% until last year when it sold its two edible oil factories to US giant Cargill, one of the leading cereal traders in the world.

Cargill bought Topway Industries Craiova's factories in Podari and Craiova for 30 million dollars (22 million euros). The other three shareholders in Topway Industries were supposed to receive 2-3 million dollars for the controlling interests, with the rest of the money in the deal used to pay off Topway Industries' commitments to banks. (by Ziarul Financiar, Jan. 17, 2004)

LaDorna to sell organic products on foreign markets

The Romanian food industry is starting to sell its own products on foreign markets and helping to reduce the trade deficit in food products, which has been increasing year after year.

Milk industry group LaDorna, which is owned by businessman Jean Valvis, will export more than 8 million euros' worth of organic products to Greek and UK markets this year after receiving certification from international authorities.

"We will export organic milk and Swiss cheese mainly branded as LaDorna. This is the first time a Romanian food industry product will be released internationally under its own brand. The Dorna brand is very well known on the Greek market, where Dorna mineral water became number two three years ago before I sold my business to Coca Cola (a 39 million-euro deal)," said Jean Valvis, the group's chairman.

The company is the first producer to export organic milk to the Greek market. "The European market for organic products is constantly increasing, with suppliers unable to meet demand. This is a very big opportunity for the Romanian food industry," said Valvis.

Romanian exports of organic products amounted to about 20 million euros last year and largely consisted of raw materials and not value added products. However, Romania's trade deficit in terms of food products is widening by the year. The top exported products are livestock and raw materials.

LaDorna has completed an investment to build 50 organic livestock farms, and will begin a similar investment in 125 such farms this year worth nearly 14 million euros, according to an announcement.

"We achieved great success with those farms so we decided to go on with this type of investment on a much larger scale. If we do not consolidate our livestock farming sector, we will end up like Greece or Italy, which did not negotiate a milk quota sufficient to cover domestic consumption and are now finding themselves forced to import huge amounts from Germany and Austria," explained Valvis.

The net benefits for a farmer joining the eurofarm programme started by LaDorna is 500 euros/month in addition to 1,400 euros/month as soon as the farm is paid of after an average of six years. (by Ziarul Financiar, Jan. 25, 2004)

[^Back to top^](#)

The CCE-R Events Calendar

Events to be organized by the Chamber of Commerce Switzerland – Romania in February 2005

Month	Day	Action	Place
February 2005	February 23	Board Meeting	Dominique Petter's residence
	The last week of the month (date to be determined)	Business Club: Visit to SYNERGY INTERNATIONAL SRL	SYNERGY INTERNATIONAL SRL

✚ Board Meetings are only for the Board Members.

✚ The other events to be organized by the Chamber of Commerce Switzerland – Romania in 2005 will be announced to you as soon as the Board makes a decision in this way.

This is a monthly Newsletter, released at the end of each month. Should you have any suggestions concerning it or should you want to contribute to its realization, please send us your proposals at:

CCE-R; Contact person: Gentiana Bulau
4-10, Drobeta Str., Apt. 1; RO-020521 Bucharest
Tel. / Fax: +40 21 212 27 07; GSM: +40 745 63 53 83
E-mail: cceer@pcnet.ro

[^Back to top^](#)

Become a CCE-R Member

If you want to help our Association grow, one of the best ways is to make it known and accessible. Invite interested companies to become members of CCE-R. They may fill in this form and return it to the head-office of the CCE-R.

MEMBERSHIP APPLICATION FORM

You are kindly requested to fill in the application form in block letters

COMPANY DATA		
Full Name		
Scope of Activity		
Registered Address		
Mailing Address (if different from above)		
Phones	#1	#2
Fax	#1	#2
E-mail	Website	
Reg. Com. No.	Fiscal Code	
Bank		
Account No.		
REPRESENTATIVE OF THE COMPANY		
Full Name	<input type="checkbox"/> Mr.	<input type="checkbox"/> Mrs.
Position		
Direct Phone	Direct Fax	
Mobile Phone (optional)	E-mail	
ADDITIONAL INFORMATION (optional)		
Links with Switzerland		
Specific interests within the CCER		
Any other relevant information		

Signature and stamp

CCE-R 4-10, Drobeta Str., Apt. 1, 020521 Bucharest Tel. /Fax: +40 21 212 27 07 GSM: +40 745 63 53 83 E-mail: ccer@pcnet.ro

[^Back to top^](#)