



CCE-R Newsletter

(No.1 / January 2004)

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Editorial of the month

Dear Members,

For the ones I have not met yet personally I wish all of you good luck and success for a prosperous 2004!

Our Chamber started with fresh spirit and dynamism and I am convinced that it will go through a successful year.

I always use Christmas holidays to spend with my family and friends back home in Switzerland. It is always a pleasant mix between socializing and doing actively winter sports and I always take some time to think of the achievements of the ending year and the challenges to come. I consider 2003 a successful year for the Chamber.

Among the highlights, I would mention our new monthly newsletter, the trip to Timisoara and the fact that we have reached our goal to grow to 50 members. And here comes the good news for 2004: the 51st member, *BIOS Diagnostic S.R.L.*, has already signed up, received Board approval and paid its fee!

In our first Board Meeting, two weeks ago, we worked on the annual program which looks already pretty good. Soon we will start with the preparation of the General Assembly which will take place towards the end of March.

As I have mentioned many times, our Chamber lives from the activeness of its members. In this sense, I repeat my request to you to let us know your ideas and contributions for our activities this year. Please double check whether you have paid your membership fee for 2003 in order to avoid surprises at the General Assembly.

I am looking forward to meeting you at our next Business Club on Feb. 10, 2004. See you there!

Kurt Habersatter
President

The CCE-R Board informs

CCE-R Board Meeting – January 14, 2004

The CCE-R monthly Board Meeting took place on January 14, at Ms. Dominique Petter's residence. The meeting was chaired by Kurt Habersatter, *Holcim (Romania) SA*, President of the CCE-R. The following Board members attended the meeting:

- ✚ Hans Jürg Bangerter, *Swiss International Air Lines*;
- ✚ Peter Bayard, *Helvetica Profarm*;
- ✚ Dan Luca, *BIOS International*;
- ✚ Ovidiu Mantho, *SGS*;
- ✚ Reto Iten, *SEC*

Dominique Petter, Counselor of the Swiss Embassy, also attended the meeting.

The Board approved the candidanship of three new members: *Teaha Management Consulting SRL*, *BIOS Diagnostic SRL* and *eNsight Consulting SRL*.

The Board established the events that the CCE-R would organize in January – May 2004.

President Kurt Habersatter represented the Chamber in the meetings organized during President Ion Iliescu's visit to Switzerland. He reported that the issues raised by our members were also discussed.

The CCE-R website project is being developed. The Board will discuss next time two more proposals and will decide upon the most convenient one.

The three member companies that sent their proposals to the Chamber for keeping the accountancy during the next year will be asked to send additional details. The Board will consider them together with the existent information and will chose one of the bidders.

- ✚ **The next CCE-R Board Meeting will take place on February 10, 2004, 17:30, at the CCE-R head-office.**

Romanian – Swiss cooperation: Transition 2003/2004 through top level meetings

As highlights of the bilateral relations between Switzerland and Romania, the year 2003 finished *en beauté* with **the official visit of President Ion Iliescu in Switzerland**. There were no clouds at all for the political part, which saw the long expected agreement on visa lifting signed – but not enforced yet, expected in the first quarter of this year. The economical part in Zürich was a good opportunity to put together the various actors involved in economical relationship between our countries : Chambers of Commerce – CCIRB, SEC, CCER, governmental agencies – ARIS, SECO, SOFI and, last but not least, private companies, being investors, traders or just interested people, Romanian and Swiss. As usual in these types of meetings, most of companies present already had longer or shorter presence and contacts with Romania. And Romanian authorities' delegates were more eager to present success stories, rather than to address current issues faced by Swiss companies established in Romania, issues well presented and summarized by our President, Kurt Habersatter (VAT claims, frequency of controls, gaps in the labour code, etc.).

To start well this New Year 2004 between Switzerland and Romania, the highlight is not of an economical nature, but still worth mentioning: **The tennis Davis Cup** round between our two excellent teams – Pavel and Federer, world no. 1 on arrival from Melbourne - will happen on February 6 to 8, 2004 at Sala Polivalenta -Tineretului. Come to encourage your team – whichever it is!

February 22, 2004: Romanian citizens may travel to Switzerland without visa

Starting February 22, 2004, Romanian citizens are allowed to travel to Switzerland without visa under the following terms:

- They should possess a Romanian passport valid for at least three months after they leave Switzerland. Identity cards and birth certificates are not considered travel documents;
- The total duration of their stay should not exceed 6 months within 12 months. After a three-month stay, it is compulsory to leave Switzerland for at least one month;
- The purpose of the stay in Switzerland should be one of the following ones:
 - tourism;
 - visit (family, friends);
 - business;
 - transit and airport transit;
 - training courses;
 - medical treatments;
 - participation at scientific and economic seminars as well as cultural, religious and sports events;
 - transport of persons or merchandises to Switzerland or via Switzerland by a professional driver employed by a company based in Romania.

For any other kinds of stay in Switzerland the visa is necessary.

The Swiss Embassy's official press release on this topic was transmitted to all our members via e-mail on February 3, 2004.

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New members

We are pleased to welcome our three new members:

Teaha Management Consulting S.R.L. joined the Chamber on December 10, 2004. It is the largest financial and bookkeeping assistance company with 100% Romanian capital. Its strategy is to offer high quality services at an attractive price, oriented towards each client's individual requests. You may find below a presentation of the company. Its coordinates are:

TEAHA MANAGEMENT CONSULTING S.R.L.

Corneliu-Teofil Teaha, General Manager

Address: 21, Octavian Goga Bd., B. M103, Sc. 2, Ap. 58; RO-030981, Bucharest

Tel. / Fax: +40 21 320 59 99

E-mail: teaha@hades.ro

Web: www.teaha.ro

eNsight Consulting S.R.L. joined the Chamber on January 19, 2004. Founded in December 2002, it is the only one of our members acting in the management and IT consulting field. The company assists its clients in their optimization process by providing IT solutions. It is affiliated to AMCOR (Association of Management Consultants in Romania), TRADE (Training Regionally and Developing Expertise) and MaCoNet (Network for Consultancy in Management)

You may access the latest version of the company's Newsletter at http://www.ensight.ro/main.php?page=_NL14.

The company's coordinates are:

eNsight Consulting S.R.L.

Robert Maxim, General Manager

Address: 17, Stockholm Str.; RO-011786 Bucharest

Tel.: +40 21 231 82 38

Fax: +40 21 231 82 37

Email: contact@ensight.ro

Web: www.ensight.ro

BIOS Diagnostic S.R.L. joined the Chamber on January 20, 2004 and became **our 51st member**. It is a brand new medical tests laboratory, established in 2003 and inaugurated on January 08, 2004. Its Chairman is Mr. Dan Luca, a CCE-R Board Member and a founding member with BIOS International S.A.

The laboratory offers state-of-the-art medical tests services covering clinical biochemistry, haematology, hormones, immunodiagnosics, microbiology, toxicology, tumoral markers, and viral markers. Its equipment has been supplied by world market leaders such as Roche-Diagnostics (Switzerland), Dade-Behring (USA), Sysmex (Japan). The scientific consulting is provided by reference specialists in the field whose declared aim is to provide to their clients "*High Quality for Healthcare*". The coordinates of the laboratory are:

BIOS DIAGNOSTIC S.R.L.

Dan Luca, President of the Board

Address: 39, Roma Str.; RO-011773 Bucharest

Tel.: 0040 21 230 55 00

Fax: 0040 21 230 77 89

Email: bdiag@pcnet.ro

This month's member / 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@fx.ro.**

TEAHA MANAGEMENT CONSULTING SIMPLY THE BEST



TEAHA MANAGEMENT CONSULTING is the largest financial and bookkeeping assistance company with 100% Romanian capital. Its strategy is to offer high quality services at an attractive price, oriented towards each client's individual requests.

The service offer includes:

- ☛ Drawing up and certifying the balance sheet in conformity with Romanian and international regulations (IAS and GAAP);
- ☛ Evaluating enterprises and assets;
- ☛ Financial Due Diligence and feasibility studies;
- ☛ Fiscal assistance regarding the VAT, the tax on profit, the tax on income and wages, agreements related to the avoidance of the double taxing;
- ☛ Accountancy services and assistance in the relation with the Romanian authorities and institutions;
- ☛ Assistance in establishing companies or joint ventures or in taking over participations in other Romanian enterprises.

"My expectations in 1997, when I set up the company, were to be able to deduct through this the VAT for gas, car repairs and other such expenses", declares Corneliu – Teofil Teaha, the general manager and the owner of the company. "Soon after that, we started transmitting some of our experience to some German investors, who thus became our first clients. Due to the quality of our services, among the almost 80 clients we have today, there are companies with an international reputation, most of them from Germany, Austria and Switzerland, but also from more "exotic" countries like Japan and India. Actually the domains in which our clients perform their activity are most varied: wholesale trade, constructions, software development, textile industry, real estate and many others. In 2004, I hope we will have a turnover of more than EUR 500,000 at the group level."

"Our competitors are very strong, not so much the Romanian companies in the field as the ones with foreign capital which grow more and more every year. Their competition puts a lot of pressure on us but at the same time it honors us", Mr. Teaha further declares. "As a joke however, I would like to remark that the year we were established there were six big international financial and bookkeeping assistance companies worldwide ("The Big Six"). Today, there are only four of them left and nobody can tell what the future has in store ..."

We take pride not only in our clientele but also in our team: twelve committed young employees, devoted not only to their profession but also to the company they work for. And this is with good reason since at **TEAHA MANAGEMENT CONSULTING**, the working conditions and also the remuneration are similar to those of the big international companies. The average age is of 30 years and 7 months.

Much like in Formula 1 where time is extremely precious, our company's strategy consists in developing in the future a "one box stop" concept for its clients. Thus, by appealing only to **TEAHA MANAGEMENT**

CONSULTING, they will have the possibility to solve all their needs related to their investments in Romania: access to legislative information and to information regarding the Romanian business environment, business plans, feasibility and market studies, the establishment of a new company or the purchase of an already existing one, accountancy services and fiscal and legal assistance services, and even financing solutions.

“We are practically a service and assistance supermarket and we represent the Romanian alternative for the “Big Four”, Corneliu-Teofil Teaha says with justified pride.

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Legal&Financial issues

At the most welcome initiative of the CCE-R's member, *Nörr Stiefenhfoer Lutz*, we present a new column concerning legal and financial matters, starting October 2003. Featuring important topics regarding latest legal and tax news, as well as financial ones, the column can be built based on your general interests too. Should you need certain information in this respect, please write to us at ccer@fx.ro and we will send your queries to our members acting in the field.

Latest tax developments

by **S.R. Gonvers / Audiconsult S.R.L.**

The new fiscal code is valid since January 1st, 2004.

The related methodological norms have been discussed by the Government, but have not been published yet, at the time of issuing this newsletter.

Both finance authorities and economical actors, that we all are, are currently reading and understanding this voluminous document that is the fiscal code. The code introduces a number of novelties, which all need to understand and to apply. This shall take a bit of time on both sides.

The business community has generally welcome the appearance of the fiscal code, especially due to the fact that we have been closely associated to the drafting. Although the code is not perfect and we still work and expect adjustments on time, it is considered as a good working basis and a step forward.

Our Chamber, together with sister organizations will continue working, lobbying and proposing improvements to develop a more dynamic general business environment in Romania.

Highlights of the fiscal code

Profit tax:

- Deductibility of 20 % of accounts receivable/clients older than 270 days;
- Social expenses (list exhaustive) deductible up to 2% of the total gross salaries;
- Accelerated depreciation of fixed assets up to 50% of its value;
- If you create/hire 10% more staff from one year to another, your profit tax bill can be reduced by 20%;
- Private pension funds and insurances concluded by the Company for its employees can be deducted up to EUR 200 per employee;
- 1.5% tax on revenue for micro-enterprises is maintained, providing the Company is declared as such and has minimum one employee.

VAT:

- Reduced rate of 9% for medicine, hotels, entry to museums, fairs & exhibitions, books, magazines & other publications, orthopaedic products;
- Companies with a yearly turnover of less than EUR 100'000 may, upon request file its returns, and pay, quarterly only,
- The VAT return shows only the monthly (or quarterly) statement.

Income (personal) tax:

- A number of deductibles are introduced :
home insurance, private health insurance, private additional pension fund contributions, thermal improvement of home, trade union membership fee.

The flat tax is not introduced in 2004, but is not excluded for the future.

Originally, a rate of 23% was proposed. It is now talked about an even lower rate, down to 14%, which will address the objection of increase for lower revenue (The current rates are from 18 to 40%).

Furthermore, a number of Eastern European countries, including Russia, have very successfully introduced the flat rate system: Not only it increased the level of collection for the State, but it attracted delocalization of industries from Western Europe, especially for the newcomers to EU, by making them more attractive.

Other

- The closing instructions for the financial year 2003 have just been issued by the Ministry of Finance.
- The revaluation of fixed assets for 2003 has been decided, using the inflation rate published by the National Institute of Statistics. As well a minimum value of ROL 15 mio. has been fixed for the registration of an item as fixed asset.
- Since January 1st, 2004, tax brackets for personal income tax have been modified, as well as social security contribution (CAS) - employer (standard contribution from 24.5% to 22%) and unemployment fund - employer (from 3.5% to 3%).

The author of this article is welcoming any contribution, comment or more specific question of Chamber members at serge.gonvers@audiconsult.ro

The new Banking Law

by Nörr Stiefenhofer Lutz

The fundamental law in the field of banking legislation is the Law No. 58/1998 (hereinafter referred to as "**Banking Law**"). This law has been amended several times since its publication. The Law No. 485/2003 (published in the Official Journal of Romania No. 876 on December 10, 2003) broadly amended the Banking Law in order to adapt the Romanian banking system to the EU regulations and standards.

Terminology. The new Banking Law has brought an extension and specification of the relevant legal banking terminology. The key word "credit institute" now stands for banks, credit cooperatives, building and loan associations and all other organizations similar to the banks. Furthermore the appearance and definition of those terms like associated companies, financial holdings or associated operating groups of persons should be greeted as a significant improvement.

Scope of activity. Compared to the original version of the Banking Law, the scope of permitted banking activities has been extended by the new Banking Law. Apart from the enumeration of the classical banking

activities (e.g. acceptance resp. granting of credits, payments, bank transfers, issuance of guarantees, transactions on own account or on account of clients etc.), new types of transactions such as futures and option contracts, placement and management of securities and other financing instruments are mentioned, as well.

Management Board. According to the provisions of the new Banking Law, duly authorized employees are also permitted to occupy the position of Head of the Bank, notwithstanding the obligation to be members of the Management Board. The Head of the Bank shall be in any case an employee of the bank, and can be a member of the Management Board. The Head of the Bank is in charge of the effective daily business of a bank. In the event that the Heads of the Bank are at the same time members of the Management Board, the Management Board has to be built up in a manner in which the managing directors, which are not Heads of the Bank, represent the majority of its members. This means that according to the new regulations, the power to represent a bank in relation to third parties can be delegated to so-called “authorized representatives” (which are not members of the Management Board).

Capital increase. The means by which a capital increase may be performed have been limited by the new Banking Law. Capital cannot be raised by means of reserves from differences in exchange or differences from the reevaluation of assets.

Audit. The function of censor of a joint stock company is performed by a chartered audit accountant in case of credit institutes. The audit can only be executed by authorized audit companies (and not auditors, which are natural persons) on the basis of a service agreement concluded with the credit institute.

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

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Business News

Raiffeisen Bank tries its hand at ROL bonds

Raiffeisen Bank Romania will release an issue of ROL-denominated bonds worth several tens of millions of dollars on the domestic market in the second quarter of this year. The bank is now in talks with potential investors, especially foreign ones, to see if it should pursue a fixed or floating interest, James Stewart, vice-president of the bank told Ziarul Financiar.

The bonds will float on the Bucharest Stock Exchange (BSE) and the cash raised will be used to restore the balance between Raiffeisen's financing streams and loans. The issue will mature in two or three years and has no precise value set yet.

"As most of the banks in the system, we started granting loans (either for housing or other purposes) for longer and longer maturities, while the deposits, which should be our main stream of cash are still made for short term. We therefore need alternative funding sources, such as capital increases or bond issues with longer maturities," Stewart specified.

Raiffeisen is the second major bank in Romania besides Banca Romana pentru Dezvoltare (Romanian Development Bank - BRD) to announce plans to release ROL-denominated bond issues this year to fuel its lending business. Also Banca Comerciala Romana (Romanian Commercial Bank - BCR) in its turn will release 200 million euros' worth in bonds on the international market.

"We intend to achieve 60% asset growth to 1.6bn euros this year. We must also make sure we have the necessary financing sources to sustain this growth," Stewart says.

Raiffeisen Bank Romania is now undergoing a share capital increase by 45 million euros to approximately 220 million euros, following an inflow provided by the majority shareholder, Austrian Raiffeisen Group, which holds more than 90% in it.

Now that BRD has announced its bond issue might be worth several tens of millions of dollars, too, the Romanian capital market is in for an unprecedented demand for cash. This is an all the more true if other bank decides to take Raiffeisen and BRD's lead.

Will the Romanian institutional investors, such as insurance companies, financial investment companies (SIF) or mutual funds be able to stomach such a demand?

"The Romanian investors will play an important part, but we will mainly rely on foreign institutional investors. Unlike three or four years ago, the ROL-denominated assets have become attractive for foreign investors and we plan to take advantage of that," Stewart said. (by Ziarul Financiar, Jan. 13, 2004)

Howard Johnson to open on February 3, 2004

Howard Johnson Grand Plaza, the former hotel Dorobanti from Bucharest, will open on February 3, as the \$30m modernisation works have been completed, said Antoni Kuhnen, the hotel's general manager. The Grand Plaza Hotel SA, whose shareholders are several natural and legal persons, controls the hotel.

The money for the modernisation works, which started in 2000, came from a syndicated banking loan maturing in eight years, granted by the Romanian Bank for Development (BRD) - Société Générale and Alpha Bank Romania. The fees for a standard room at the hotel range between 149 euros (VAT not included) and 169 euros, namely 209-229 euros for suites. (by Ziarul Financiar, Jan. 30, 2004)

Foreign Investment Below Target

The Romanian authorities have failed to meet the foreign investment target set in the governing programme last year - \$1.8 billion.

Although the chairman of the Romanian Agency for Foreign Investment (ARIS), Marian Saniuta had said foreign investment would climb to \$2 billion in 2003, he admitted yesterday that the actual level would revolve around \$1.5bn.

As for 2004, the ARIS chairman said foreign direct investment would be 30-40% bigger than in 2003, provided the State managed to privatise companies such as BCR (Romanian Commercial Bank), SNP (National Oil Company) Petrom and power company Electrica.

According to the latest data released by the National Bank of Romania, foreign direct investment amounted to 1.1 billion euros (some \$1.35bn) in the first ten months of last year. It took twelve years for Romania to break the \$10bn FDI threshold.

Thus, foreign direct investment only reached \$10.09 billion last September and, although the authorities deemed this as a success, it actually accounts for less than half the foreign direct investment attracted by other Central and Eastern European countries.

For instance, Poland last year recorded \$43bn in FDI, whereas the Czech Republic attracted \$9.3bn in 2003 alone. (by Ziarul Financiar, Jan. 07, 2004)

GMP Picks Drug Makers Out

A number of 18 drug makers out of the total 66 authorised by the Health Ministry will not get GMP certifications and will have to cease operations at the end of 2004, said Daniela Enache, spokesperson for the National Drug Agency.

"At present, we have 13 companies that got this certification for all their production flows, two that got certified for certain capacities only and 33 companies that stand all the chances of becoming certified in 2004. Which leaves 18 companies that do not stand a chance and will have to cease operations," Enache specified.

She added the production of the 18 companies to close accounted for some 6% of the Romanian drug market. The Good Manufacturing Practice (GMP) standards became a mandatory requirement as of December 31, 2003, after a series of postponements.

The chairman of the Association of Drug Makers in Romania (APMR) Petre Panculescu says the companies that have not received GMP certification yet will no longer be allowed to make drugs, but only sell those in stock for no more than six months.

He added none of the companies to cease production was actually that important, except for the vaccine and serum department of the Cantacuzino Institute. (by Ziarul Financiar, Jan. 15, 2004)

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The CCE-R Events Calendar

This calendar informs you on the next CCE-R events and is constantly up-dated.

Events to be organized by the Chamber of Commerce Switzerland – Romania in January – May 2004

Month	Day	Action	Place
January 2004	January 14	Board Meeting	Dominique Petter's residence
February 2004	February 10	Board Meeting	CCE-R's office
	February 10	Business Club organized by <i>TOP SERVICES</i>	<i>The HILTON Hotel</i> (Bucharest)
March 2004	March 16	Board Meeting	CCE-R's office
	March 30	General Assembly	<i>La Maison Suisse</i> (21, Plantelor Str.; Bucharest)
April 2004	April 6	Board Meeting	<i>AGRO INTERNATIONAL</i> (Sos. Pipera-Tunari)
	April 6	Business Club: Visit to <i>AGRO INTERNATIONAL</i>	<i>AGRO INTERNATIONAL</i> (Sos. Pipera-Tunari)
May 2004	May 11	Board Meeting	<i>HOLCIM</i> (Primaverii Bd., Bucharest)
	May 11	Business Club: Visit to <i>BIOS Diagnostic</i>	<i>BIOS Diagnostic</i> (Roma Str., Bucharest)

✚ Board Meetings are only for the Board Members.

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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: ccer@fx.ro

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, Sector 2, 020521 Bucharest Tel/Fax: +40 21 212 2707 GSM: +40 745 635 383 E-mail: ccer@fx.ro

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