



CCE-R Newsletter

(No. 2 / February 2004)

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Editorial of the month

Dear members,

By the courtesy of CCE-R, the honour and, why not, the chance of drafting the editorial of this month was offered to SGS. Normally, the Editorial is meant to highlight CCE-R's main events, yet, as this month was not exceeding normality, I said that this is a perfect occasion to present SGS to those of you less familiar with what we do and aim to be. And this from the perspective of one of the values I'm sure we all seek for and cherish when we find it. Trust.

Trust is not a commodity.

Trust is something that cannot be bought; it has to be earned. Increasingly, trust is becoming a vital component in all of our lives. In business too, it is a key to both sustainable growth and development. Without it, there is no long-term security or prosperity. Yet, there is currently a lack of trust in democratic institutions as well as global and large national companies. Consequently, these organisations and businesses are coming under enormous pressure to become transparent.

SGS plays a part in providing certainty, reliability and reducing risk. Ultimately, we're adding a level of confidence that enables governments, businesses and individuals to trade successfully and creating an environment where we can believe in products, services and people because they have proven themselves worthy of our trust.

Through independently testing, verifying and certifying thousands of activities in hundred of countries every day; for the fast food restaurant to meet food safety and quality requirements; for the toy manufacturer to monitor and improve the quality and ensure the safety of its products; for the service company to improve both its management and its competitive position through improved efficiency; for the mineral exporter needing a certificate to trade; for the industrialist to minimize environmental exposure; for the car dealer needing to market its employees' training standards and quality certification to customers; for the grain exporter to minimize risk of loss of income; for the lending bank needing assurance that their exposure is limited when financing trades and transactions; for the Government to protect its collection of customs and tax revenues; for the manufacturer to be certain that raw materials meet environmental and safety standards; for the pharmaceutical company needing analytical support for the development of new drugs; for a global retailer to minimize the impact of new regulations; for the airline to develop its own internal standards of customer service; for the charity to ensure vital aid reaches the people who really need it.

When you need to be sure, SGS's global network responds with a continually improving excellence in service delivery.

Ovidiu Mantho

The CCE-R Board informs

CCE-R Board Meeting – February 10, 2004

The CCE-R monthly Board Meeting took place on February 10, at the CCE-R head-office. 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*;
 - Jürg Hasler, *Swisspor*;
 - Dan Luca, *BIOS International*;
 - Ovidiu Mantho, *SGS*;
 - Jörg Menzer, *Nörr Stiefenhofer Lutz*.
- Dominique Petter, Counselor of the Swiss Embassy, also attended the meeting.

The Board decided that the General Assembly of the Chamber should take place at the *Swiss House*, on March 23, 2004.

The Task Force “Services”, lead by Dan Luca, presented the report on the services to be provided by Chamber in the future. The Board will analyse the proposal and will decide on the tariffs of these services.

The CCE-R website project is being developed. Helvetica Profarm has already booked the domain: www.ccer.ro.

The Board considered all the accountancy offers received and the additional information provided by the bidders. The decision regarding the accountancy contract for 2004 will be taken in the next Board Meeting.

- **The next CCE-R Board Meeting will take place on March 16, 2004, 17:30, at the CCE-R head-office.**

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CCE-R Business Club

Each month, the CCE-R organizes a monthly meeting of its members, giving them the opportunity to receive more information on each other. These monthly meetings have been traditionally known as the “CCE-R Business Clubs”.

CCE-R Business Club - February 10, 2004

TOP SERVICES SRL organized the event at the Hilton Athénée Palace, room George Enescu, on February 10, 2004, 19:00.

After a detailed presentation of the activity of the company and of its kiosks, Panos Papanastasiou, Administrator & Public Affairs Director, replied to the questions of the journalists invited by the company to attend the meeting. A bit unusual for the monthly meetings of the Chamber, the presence of journalists was meant to mediate the problems encountered by Top Services when asking the Municipality of Bucharest for the approval to enter the city’s market.

After the short press conference, the members of the Chamber discussed more in detail with the organizers, looking for new ways to co-operate in the future.

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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.**



VIZAVI is the brand name of Top Services SRL, a company incorporated in Romania and supported by Swiss private investors. It has its Headquarters in Bucharest. The company will own and operate the entire network of VIZAVI modules, which at its peak will represent a 60 million EURO investment and employ over 10,000 people.

The VIZAVI shops, which will be springing up in cities all over Romania over the next two years, are designed and manufactured according to the latest EU regulations, concerning public health and safety, as well as urbanity and aesthetic values.



These structures consist of a small convenience shop (for press, toiletries, candies, coffee, tobacco products, beverages and other essentials) flanked by one or two ecological toilets, properly incorporated into the structure and which are serviced throughout the operational hours by the German joint venture partner of Top Services, namely TOI-TOI Dixie.

The construction is made of aluminium for durability, looks and modularity. There is also an additional model in the works, which incorporates a bus shelter and which can be installed in

major avenues of the cities.

The entire network of shops will be linked by a state-of-the-art IT infrastructure, and provide just-in-time information right down to a neighbourhood or even a specific shop, so as to better serve the consumers. The IT and ERP infrastructure alone will cost over 2 million Euro, a substantial amount of which is already invested.

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Legal&Financial issues

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

New regulations of the National Bank of Romania (NBR) regarding statistical notification of middle and long-term operations in foreign currency to the NBR

The Norm no. 17/2002 obliges legal and natural persons resident in Romania, who conduct middle and long-term legal operations in foreign currency between resident and non-resident natural or legal private persons, to notify to the NBR the contracts with regard to this kind of legal operations within 30 days from the conclusion date of each contract. Additional deeds to already notified contracts must be notified to the NBR within 15 days from their conclusion date. This obligation to notify for statistical purposes is frequently applied in case of loan agreements between foreign companies and their subsidiaries resident in Romania.

This last amendment to the Norm no. 17/2002 (by Norm no. 3/2004 of the NBR) exclusively concerns art. 1, which contains the list of such legal operations in foreign currency.

The original art. 1 of Norm no. 17/2002 mentioned the aforementioned list by means of a cross-reference to Rule no. 3/1997 of the NBR concerning the performance of foreign currency operations regarding capital, which is effective only until 10 April 2004. Rule no. 3/1997 shall be abrogated subsequent to this date and shall be fully replaced by Rule no. 1/2004 of the NBR.

The new version of art.1 has explicitly listed the respective legal operation. The legal operations already mentioned in the original article are to be either restated or amended by supplementary examples or other legal operations. The complete list of legal operations is given hereunder:

- credits and financial loans, with a duration exceeding one year, which are granted by non-residents to the benefit of residents and which represent reimbursable funding on a contractual basis, i.e. standard credits / financial loans / union credits / credit lines / financial leasing operations / mortgages and consumption credits etc.
- credits in foreign trade with a duration exceeding one year, which are granted by non-residents to the benefit of residents, as the case may be credits for international trade operations with goods and services (including payment by installments for phases of execution on request of suppliers of goods and services) or payments on a fixed term after delivery of goods/services, rescheduling of such payments, as well as funding of such credits by third parties;
- primary operations with credit instruments with an initial due-date exceeding one year (liabilities and other financial instruments with fixed income, issued on a foreign capital market by a resident).

We may conclude that legal operations, which could determine the obligation of notification to the NBR can be defined more extensively and precisely as a consequence of these law amendments.

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Business News

- **Raiffeisen Bank increases capital by 42m Euro**

Raiffeisen Bank Romania has increased capital by more than 42.4 million euros following an issue of shares subscribed by the majority shareholder of the bank, Austria's Raiffeisen Group. This operation pushed Raiffeisen Bank's capital up from 6,961.47bn ROL (about 170 million euros) to 8,717.68bn ROL (212 million euros).

"We have increased the share capital to support the quick growth of the bank's assets. We had a balanced development on the corporate and retail segments in 2003. Therefore we nearly doubled our balance sheet and improved its structure in only one year," said Steven Van Groningen, Raiffeisen Bank's president.

The bank's assets were closing in on one billion euros by the end of last year, and are planned to grow by 60% this year. To that end, the General Meeting of Shareholders approved the release of ROL bonds within 75% of the share capital in 2004. The bonds will be launched in one or several issues and mature in two to three years. (by Ziarul Financiar, 03.02.2004)

- **Holcim crosses 100 Million Euro threshold**

Holcim Romania, the local branch of the Swiss cement giant last year logged approximately 100 million euro turnover, up 13% from 2003, as construction works picked up speed in the second half and its own network of concrete stations expanded, general manager Kurt Habersatter said. He added 2003 was seemingly "the best financial and operating performance year for Holcim Romania."

The company improved its financial and operating results last year, given that Holcim and the other two cement producers witnessed a decline in Q1 sales by 30-35% on the average, due to the prolonged winter.

Holcim accounts for about one third of the cement market estimated to approximately 240-250 million euros and competes with Lafarge Romcim, the local branch of French Lafarge Group and Carpatcement, held by German group HeidelbergCement. The latest available data show Holcim to account for some 31-32% of the market, against Lafarge's 33% and Carpatcement's circa 35%.

The Swiss group entered the Romanian market in 1997 when it bought the cement factory in Turda and acquired control of Cimus Campulung in 1999. In 2000, it bought the factory in Alesd. All in all, the Swiss at Holcim have invested more than 270 million euros in acquisitions, upgrades, environment protection and business development thus far.

Holcim Romania, which operates as an integrated company on the construction supplies market, currently owns three cement factories, 13 concrete stations (6 of which traditional and 7 environment friendly), as well as three aggregate stations.

It invested more than 50 million euros in the retooling of the grey cement production line in Alesd especially last year, as well as in refurbishing the delivery centre and opening a modern coal mill in Campulung. Holcim plans to invest another 40 million euros by 2006, its officials say.

At the end of last year, the Authority for Privatisation and Administration of State's Interests (APAPS) officially verified the conclusion of the privatisation files on Holcim Ltd.'s acquisitions from the Romanian State, which acknowledge the investment effort of the Swiss company. (by Ziarul Financiar, 05.02.2004)

- **LaDorna logs 17m Euro revenues**

Food group LaDorna posted 17 million-euro turnover last year, up 112% from 2002, when it logged 8 million euros. "We estimate to sell 28 million euros' worth this year. We supply some 48% of the milk in the "Milk and bread roll" governmental programme," said Jean Valvis, LaDorna president.

The milk market amounts to 5 billion litres a year, but only 1.2 billion are processed by the specialised industry. "We account for 85% of the superior milk market. We have a rather high price, we admit that, but we are a brand distributed throughout the whole country and have huge expenses related to milk collection," Valvis says.

He specified there had been problems in getting LaDorna products in stores in February, because the company had trouble collecting the milk from small farmers, whose cows would usually have calves at this time, therefore no milk to spare. The weather conditions were yet another factor that hindered collection. Most of the milk went to the above-mentioned programme so that there was not enough left for the products destined to the market, according to Valvis. (by Ziarul Financiar, 23.02.2004)

- **Raiffeisen, Bear Stearns fund Bechtel contract**

The syndicate comprising Raiffeisen Austria bank and the American investment bank Bear Stearns won the tender for the first two years of funding the over 2.6bn-euro contract closed by the Romanian authorities with the American Bechtel company for building the Brasov-Bors motorway, banking sources told Ziarul Financiar. The contract awarded to Bechtel without a tender by the Romanian authorities has attracted the dissatisfaction of the European Union, which had another project in mind.

Twelve US and European banks submitted bids for a total funding of 469 million euros, 152 million euros of which are secured by US' Eximbank and the remaining 317 million euros are in form of a ten-year commercial loan, with a grace period of four years. The Finance Ministry is to issue state guarantees for the commercial credit.

"For the 2004-2005 funding, the Transports Ministry got financial offers from 6 syndicates of top international banks: Raiffeisen-Bear Stearns, Deutsche Bank - JP Morgan, Citibank - ABN Amro, ING - BRD (Société Générale), UBS Wartburg - Royal Bank of Scotland, HVB - Alpha Bank, which are being analysed at the moment," the Ministry officials specified.

The Romanian State will bear the full project funding costs, which revolve around 3.4bn euros. The funding secured by US Eximbank is contracted at the market risk of the American market that is at lower interests than the funding contracted at the risk of the Romanian market. The US Eximbank's guarantees for this project amount to some \$800 million, US Embassy sources in Bucharest say. Bechtel and Turkish constructor Enika will build the Brasov-Bors motorway, which runs alongside the route of another highway, Bucharest-Arad-Nadlac, a project agreed upon with the European Union.

The Brasov-Bors motorway is scheduled for construction throughout 2004-2012, with 8,000 jobs created as a result, the project's supporters say. Yesterday, another scandal related to this affair broke out on the market. A recently endorsed Government decision stipulates 3,288bn ROL (82.2 million euros) will be redistributed from seven ministries to the Transports Ministry in support of the funding for the Brasov-Bors motorway.

The Finance Ministry says Article 40 in the 2004 State Budget Law allows redistributing money from external funds, in line with the priorities set by the Government throughout the year. (by Ziarul Financiar, 18.02.2004)

- **Electoral year no good for business**

No matter how many reassurances we might get from the political leaders, 2004 is a year that will suffer in terms of business, Misu Negritoiu, ING Bank Romania deputy general manager told Ziarul Financiar.

"It is hard to demonstrate, to substantiate with feasibility studies for a specific business that 2004 is a regular year. The electoral period already creates premises for subjective doubts as far as the businessman is concerned, anyway. Under the circumstances, we cannot possibly expect business to surge this year," Negritoiu says.

The current tension in the relations with the European Union is just one example of the disturbances that may arise, especially now that more concrete effects of the delay in the structural economic and administrative reforms are starting to show.

Negritoiu believes 2004 to be a crucial year in terms of ensuring the political and economic stability to build upon in 2005. Prime Minister Adrian Nastase has repeatedly said his Government does not think it has to

choose between reform and winning the elections, but last year's very slow reform, blamed by the international institutions, does not sustain such a commitment.

"After the electoral year hangover wears out, we can talk about a new beginning," Misu Negritoiu says. Romania stands the chance of seeing the idea of doing business here discussed "in completely different terms" in 2005, provided it should conclude EU accession negotiations and conduct structural reforms to have the country rating upgraded to a BBB, which shows a low investment risk. (by Ziarul Financiar, 09.02.2004)

- **Offshore firm registration requires Interior Ministry clearance**

Most people that have anything to do with the business world even in the tiniest bit have surely heard of offshore and its practical utility. Which utility means, among others, significant fiscal benefits, in the absence of which many major foreign investors would not have dared invest in Romania.

The investments through offshore companies could soon be faced with one more obstacle to overcome in Romania because of a law modification draft presented by Control Authority Minister Ionel Blanculescu on Monday.

"The National Trade Registry Office will propose a new article to be introduced in the law on tax evasion, which binds every firm that registers in Romania and has tax haven or offshore-based companies among its shareholders to secure a special approval most likely from the Ministry of Interior and Administration," Blanculescu yesterday said.

He did not specify what the object of this approval would be but backed the proposal by the fact that more than 90% of the big tax evasion operations are carried out through legal entities established by offshore or tax haven-based companies.

If the modification passes, even the already existing companies with offshore shareholders will be re-licensed. Blanculescu estimates a six-month deadline from the enforcement of the law will be enough for companies to renew their licenses.

"We will access all the databases out there, including FBI's, to find out whether those companies are part of the black money laundering circuits from the beginning," Blanculescu explained.

If the modification passes, most of the multinationals operating in Romania, which are already complaining about too much red tape, will find themselves forced to put together new files for the Romanian State to check.

"There are too many variables about the proposed special and preliminary endorsement. I see no obstacle in introducing the above-mentioned procedure if it is merely an informative one. On the other hand, if the endorsement in itself conditions the establishment of the trading company, then the measure can become legally questionable," Florian Nitu, partner with Popovici and Asociatii, one of the leading law firms in Romania, said.

"The current legal framework binds every investor to demonstrate its creditworthiness before establishing a trading company in Romania, and this precaution is regarded as sufficient by most jurisdictions. A supplementary prudentiality measure such as that proposed could lead to conflicts between jurisdictions on the one hand, and to deviations from the normal competitive environment," Nitu feels. (by Ziarul Financiar, 11.02.2004)

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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 March – May 2004

Month	Day	Action	Place
March 2004	March 16	Board Meeting	CCE-R's office
	March 23	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:

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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

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