



CCE-R Newsletter

(No. 4 / April 2004)

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Editorial of the month

Romania wants to achieve its EU integration in 2007 with might and main. In a country as "crazy about football" as Romania is, the choice of this sport as an example for illustrating the current situation has obvious reasons.

Many teams are playing on the football field Romania. Successful ones, less successful ones and some which want to force their own success. This leads to the fact that some teams think they are playing in the field, but suddenly realize it isn't so and the situation is, unexpectedly, pointed out to them by the umpire. Somehow, inwardly, the borderlines of the football field have moved. Sometimes not traceable. Unfair! Where's the fair play? This is exactly the question the EU is posing. Once investments in lawn are made, it should be guaranteed that all teams playing on it have equal chances.

The stadium management welcomes the investments, doesn't regard a clear indication of the field borderlines as necessary, though. The lack of experience cannot be accepted as an argument in this case, quite a few years having passed over the country since the system has been changed. Is it really the Romanian soul that aids and abets all this or the long pocket of an elite?

The observers who comment and express their criticism on the happenings on the lawn are being pointed out the fact that they should either change their perspective or, yet more convenient, look for another occupation.

Democracy does not only mean having free elections, but also organizing oneself in such a way that a balanced system is created. Various forces are necessary for that – one of these being an independent press – which, per definition, are permanently engaged in an interaction in order to find a balance.

The freedom of the press in this country has been very much talked about and will be very much talked about in future as well. Not just vaguely. There is much to be done until 2007 and the popular answer "immediate" is not enough to fulfill the justified requirements.

Thomas Landolt

The CCE-R Board informs

CCE-R Board Meeting – April 06, 2004

The CCE-R monthly Board Meeting took place on April 06, at *AGRO International's* headquarters. The meeting was chaired by Kurt Habersatter, *Holcim (Romania) SA*, President of the CCE-R. The following Board members attended the meeting:

- ✚ Thomas Landolt, *Ringier Romania*;
- ✚ 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 approved the audit contract. The accounting contract will be discussed in the next Board meeting.

The location for the next Board Meeting has been changed from *Holcim* to *BIOS Diagnostic*.

The Board charged Mr. Dan Luca to take care of the acquisition of a new multifunctional office equipment for the Chamber. A HP 3380 machine will be bought.

✚ **The next CCE-R Board Meeting will take place on May 11, 2004, 17:30, at *BIOS Diagnostic* headquarters.**

✚ **The next Business Club will be hosted by our member, *BIOS Diagnostic SRL*, on May 11, 2004, at its headquarters, in 39, Roma Str., Bucharest, at 19:00.**

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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, April 06, 2004

AGRO International hosted the meeting of our members in April. It was also an occasion for the company to present them its new head-office situated in 83, Sos. Pipera-Tunari. It is a modern bright building, mainly painted in green, as a symbol of agriculture.



The presentation of the hosting company was made in French for all attending members. It was followed by vivid discussions with the guest speakers invited to the Business Club, **Prof. Dr. Horia Iliescu**, General Director of the Romanian Research Institute for Plants Protection and **Dr. biol. Klaus Fabritius**, Director of the Toxicology Dept., Institute for Public Hygiene and Health in Bucharest. They shortly presented the activity of their institutions and the impact it has on the development of the Romanian agriculture in the light of the future accession to the EU. Some of the members were interested in finding out more about the co-operation between the two institutes and the production companies. It turned out that the feed-back exchanged between researchers and producers is important not only in the agriculture field but in any other area of activity. The discussions continued during the cocktail offered by *AGRO International*.



This was the first Business Club with guest speakers from outside the Chamber. As it proved to be an interesting event meeting the requests of our members to have the opportunity to learn from the experience of other bodies or companies, the series of Business Clubs with special guests will continue in the future.

✚ **The next Business Club will be hosted by our member, *BIOS Diagnostic srl*, on May 11, 2004, at the company's Bucharest headquarters, 39, Roma Str. at 19:00.**

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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.**

S.C. AGRO International Ltd. - ILFOV

AGRO International Ltd. is one of the largest and most representative distributors of agrochemicals and seeds in Romania.

The company started in 1994 as a Swiss-Romanian joint venture in partnership with CIBA-GEIGY Switzerland as its exclusive representative and after the merger between CIBA-GEIGY and SANDOZ, the company continued to be the exclusive representative of NOVARTIS (the legal successor of Ciba-Geigy) as supplier of pesticides, seeds (including vegetables seeds) and foliar fertilizers.

After the further merger of NOVARTIS and ZENECA under the name of SYNGENTA, AGRO International still preserved the role of importer and key supplier of SYNGENTA products since 2001.

AGRO International Ltd. has a social capital of CHF 300'000, out of which the Romanian part owns 66% and SYNGENTA 34%. The patrimony of the company is of 1.5 million CHF and its turnover about 10 million CHF per year.

This year, on the occasion of celebrating ten years of activity, we would like to point out that the company's total turnover was of over 150 million CHF. The management of the company is ensured by 5 persons - 3 Romanians and 2 Swiss, Mr. Viorel BRATU being the President of the Administrative Board.

AGRO International offers a broad portfolio of products and agronomic services. The value developed by AGRO International - customer focusing, continuous improvement, teamwork and results - complement every aspect of human resources management. Therefore, we built up a team of professionals in plant protection and seeds production. Our skilled personnel can assist the clients in satisfying the demand in the Romanian market for quality consumer products at very competitive prices.

Nowadays, AGRO International has not only a very strong commercial potential, but plays an important role in the agricultural field.

AGRO International is also the owner of two farms located in Manastirea - Calarasi county and Maicanesti - Vrancea county, which are a vivid proof of its dynamics and success.

➤ S.C. Agroind Unirea Manastirea, with an acreage of 3360 ha, is structured on two sectors, mechanics and phyto-sanitary, and consists of four farms: two cereals/ vegetal farms, one for vegetables and one livestock farm. The livestock farm with its 400 sheep has a valuable genetical patrimony; the 150 Holstein bovines provide high milk production.

➤ S.C. Agroindustrială Maicanesti has an acreage of 5500 ha and owns five cereal/ vegetal farms, two live-stock farms, an agro-industry sector, two bakeries, a meat processing factory, two stores to sell its own products and a mill.

AGRO International provides 80% of the necessary phyto-sanitary products for these two units. During the campaign, the company also organizes demonstrative fields in order to show to the clients the performances achieved as a result of the high professional technology.

AGRO International has eight subsidiaries all over the country, five warehouses located in Constanta, Brasov, Tg. Mures, Calarasi and Focsani, twelve trucks and highly qualified personnel.

AGRO International enjoys excellent business relationships on an important Romanian market share and has become a traditional exporter in the field of cereals.

For its economical results AGRO International was awarded several prizes:

- the 1st rank as the most competitive middle sized company in 1996;
- the 2nd rank for "Intermediaries in the commerce with various products" on the ratings of the "National Top of the Private Companies 2002";
- the 3rd rank in the field: "Commerce en gross, middle companies" in the "Top of the Private Companies in 2003".

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Conference on investment opportunities in Romania / University of Geneva, April 15, 2004

The conference was organized by **Romania Network**, a Swiss non-profit association, circulating economic and cultural information on Romania and Eastern European countries.

Guest speakers:

- Dr. Ioan Maxim, Romanian Ambassador in Switzerland;
- Cristina Simion, General Director of *Romanian Publishing Group* ;
- Serge R. Gonvers, Senior Partner, *Audiconsult srl*
- Pierre-Alain Avoyer, Director, *Swiss Organisation for Facilitating Investments*
- Michael Derrer, Programme Director, University of Fribourg

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As two of our members were present in this conference, we will include in our Newsletters their presentations on Romania's investment climate.

How to set up an enterprise in Romania: opportunities and experience

by Serge R. Gonvers, Audiconsult SRL

For quite awhile, Romania is a "fashionable" country, since the delocalisation becomes more and more a key word for many economic fields, especially for those that largely rely on the work force.

If one forgets about clichés and the bad general image associated to Romania abroad, caused by abandoned children and wandering dogs, one discovers a country with a Latin culture, not very far away from us, either geographically or culturally and, above all, with an extraordinary economic potential. Nevertheless, the business environment is not always as easy as one could imagine at first glance.

Swiss presence in Romania

Switzerland has a long history in Romania. A quite large part of Romanian vineyards, of a very good quality, but still unknown, were planted by Swiss wine-growers who emigrated more than a century ago, but returned home since. The Swiss Association in Romania, reborn in 1995, has a history of more than 150 years and owned, in the past, a shooting stand for its members.

Closer to us, the Swiss economic presence is highlighted by trade operations and especially by large investments.

We estimate that, beyond official figures, Switzerland would be the 6th foreign investor in Romania, with an amount gently reaching a billion Swiss francs. This, as compared to the size of our country, is a rather material amount.

Even more surprising is the fact that these Swiss investments are not due to multinational companies, not that numerous in Switzerland, but the outcome of SME's and individual investors that are well represented next to *Holcim*, *Nestlé* and others.

Strengths and weaknesses of the Romanian market

Romania has an interesting potential given by its 22 million consumers, who need goods of primary use as well as goods of long run use or infrastructure. But the purchasing power remains incredibly low with an average net monthly salary lower than 200 Swiss francs.

The Romanian market is then interesting both for its local potential (see the recent and rapid development of the large distribution – Carrefour, Cora and others) and for its exporting companies in many fields (textiles, wood-furniture, glass work, software).

One of the greatest advantages of the Romanian market remains the quality of its work force for being numerous, cheap, educated (often highly educated), eager to learn and with solid knowledge in some areas (mathematics and IT, aeronautics, linguistics abilities).

The quality standards used or practiced are not necessarily those to which Swiss people are accustomed. This is why a vigilant control and a good management are more than necessary.

Also, the economic environment is not one of the most comfortable ones, as it includes many state structures inherited from the past, with badly paid and incompetent civil servants and a plethoric bureaucracy. The legal and judicial environment is not very clear and is often changing, with authorization and control requirements reminding more of the ancient times than of the modern ones.

This environment is progressing however in the light of the future accession to the European Union. Regardless of the effective accession date, this fact will definitely generate more favourable conditions for the economic activities.

In this way, one of the positive aspects to be mentioned is the introduction of the Labour Code last year, and especially of a new Fiscal Code this year, that was adopted after discussions with economic agents and, in particular, with foreign investors. These are indeed good signs for the future of investments.

The Swiss entrepreneur

Although Swiss people proved their entrepreneurship during centuries, maybe they could not be always as adventurous as Italians, Greeks or Turks are on new markets such as Romania.

We have very high expectations, and this is not always the case of our foreign partners, who do not have necessarily the same standards of quality, probity and ethics. Swiss people prove often to be candid, even naive.

In every project, and especially in Romania, it is not enough to be certain about the idea, the know-how and the financing. It is also extremely important to consider the environment, the partners, the collaborators and the time frame, all of them being highly sensitive elements for an enterprise with limited resources.

Conclusions

Romania is and remains an excellent opportunity to invest for an enterprise eager to develop itself. However, this will need deep persistence and high energy and it is better to think any project on a long run than on short term.

There are success stories: *Angst*, *Heidi*, *Ringier* and *Edipresse*, *LaDorna*, *Romsys*, and many others. One will not mention here the failures, but they exist also.

Many expatriates came to Romania 10 years ago and remained here with no intention to leave soon. Out of them, Swiss are numerous, I being one of them.

One could compare investments in Romania with mountains trekking: even if the weather forecast is favourable and the sun shines in the morning of departure, it is better to take along a pullover and provisions in your back-bag, and always have good shoes...

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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.

Legal News

1. Amendment to Law No. 10/2001

Upon Law No. 48/2004 (Official Journal of Romania No. 262/03-25-2004) the Government Emergency Ordinance No. 184/2002 and thus Law No. 1-/2001 (hereinafter referred to as “**Restitution Law**”) have been amended. The regulation on foreigners and stateless persons who acquired a special right of use on certain real estate according to the Emergency Ordinance No. 184/2002 is of especially high importance. According to the initial regulation foreigners and stateless persons who were entitled to the restitution of local real estate upon the Restitution Law, had the option to acquire a special right of use. Such right of use entitled the beneficiary to rights and obligations to which an owner is entitled, except for the right of disposal. Upon Law No. 48/2004 the right mentioned above has been repealed in principle, whereas the law does not provide the possibility to acquire such a right anymore. Furthermore the law stipulates that, in case of foreigners and stateless persons who have already acquired such a right of use upon the provisions set forth in the Emergency Ordinance No. 184/2002 - such a right of use can be changed into a property right upon request. The persons in question need to acquire Romanian citizenship as a condition.

2. Assumption of the legal function of the audit court by the Supreme Cassation Court

On 04-25-2003 Law No. 49/2004 on the approval of the Emergency Ordinance No. 117/2003 was published in the Official Journal No. 262. As a result of approving the above mentioned Government Ordinance the Supreme Cassation Court has assumed the legal function of the Audit Court. Upon the provision of the new law the Supreme Cassation Court shall take over all files that have been taken under examination by the Legal Department within the Audit Court so far. Henceforth, the prosecutors from the Audit Court shall be subordinated to the Public Prosecutor's Department. The Ministry for Finances has been authorized to adjust any particular budget of the Audit Court, of the Ministry of Justice, as well as of the Supreme Cassation Court correspondingly. As a result of the reorganization of the Audit Court it is to be expected that the Supreme Cassation Court will have to deal with capacity overload.

3. Public aid

Upon the Decision of the Antitrust Division No. 51 from 03-22-2004, art. 20 of Law No. 143/1999 on public aid has been amended. According to the article mentioned above the public aid amounting to ROL 3 billion, which were granted to companies within a period of three years, has been regarded as approved by the Antitrust Division and require no obligation to notice. Upon the new decision issued by the Antitrust District the amount has been increased to ROL 4 billion, i.e. approximately EUR 100.000,-- whereas up to this amount no notice thereof is needed.

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Business News

🇷🇺 **Holcim's first-quarter turnover, up 37%**

Holcim Romania, the domestic branch of Swiss construction materials group Holcim, ended Q1 2004 with turnover worth about 11 million euros, up 37% from the year-ago period. The growth was largely prompted by the expansion of the group's concrete operations. The Swiss, though, are counting on moderate growth this year, by 5-6%, against the 100 million euros posted in 2003.

"During the first quarter of this year we benefited from higher temperatures as compared to the similar period of last year, which allowed us to kick-start our operations earlier. Turnover rose from about 8 million euros last year to 11 million euros at the end of March," Kurt Habersatter, chairman and general manager of Holcim Romania told Ziarul Financiar.

"We expect a 4% surge of the cement market this year, as motorway and national road projects might be delayed," the Swiss group official estimates. Last year, because of the cold weather, the market's global growth rate reached only 4.3%, although analysts had forecast a 7% jump.

Holcim, which operates in the field of cement, concrete and aggregates, entered the market in 1997, having invested more than 270 million euros on the Romanian market by the end of last year. The sum includes acquisitions, upgrading, environment protection and business development programmes.

"We plan to invest 20 million euros this year, mainly in the modernisation of cement plants, the expansion of the concrete station network and the rehabilitation of existent networks," Habersatter says.

According to the Holcim official, the company will set up a new production line at its cement plant in Turda, with investments coming to 3.5 million euros. Holcim is also slated to open two ecological concrete stations in Bucharest and Timisoara, under three million-euro investments.

Holcim, the world's second-largest cement producer, has said the Romanian market went up to 4.9 million tones of cement last year. The company's market share has been estimated at 31%. (by Ziarul Financiar, April 16, 2004)

🇷🇺 **Romania – 75th most competitive economy**

Romania ranks 75th among the world's top 100 most competitive economies according to The World Economic Forum Report for 2003-2004. The country has gone down 8 positions against its previous ranking. More significantly, Romania's economy is rated below Algeria's.

But not all is lost, as Romania outranks Malawi, Serbia, Argentina and Senegal. The ranking criteria include both current productivity indexes and medium- and long-term growth potential.

The world's top 4 economies are Finland, US, Sweden and Denmark. Estonia ranks 22nd, followed by Slovenia (31st), Hungary (33rd), Czech Republic (39th) and Bulgaria (64th). (by Gardianul, April 28, 2004)

🇳🇱 **Netherlands wants Romania in EU in 2007**

On April 28, 2004, President Iliescu received Gerrit Zalm, Deputy Prime Minister and Finance Minister of The Netherlands. Iliescu expressed appreciation of the Dutch support for Romania's accession to EU and hope that Romania would conclude the last negotiation chapters during The Dutch Presidency of The EU.

Iliescu remarked that accession to EU was one solution to reduce the technological and economic gap between Romania and EU.

Zalm said that The Dutch Government wanted Romania to join The EU on January 1st, 2007 and also hoped that Romania would conclude negotiations in H2 this year, under The Dutch Presidency. He added that while The Netherlands was willing to support Romania, the bulk of the accession effort had to be made in Bucharest. (by **Gardianul** April 29, 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 May 2004

Month	Day	Action	Place
May 2004	May 11	Board Meeting	<i>BIOS Diagnostic srl</i> (39, Roma Str., Bucharest)
	May 11	Business Club: Visit to <i>BIOS</i> <i>Diagnostic srl</i>	<i>BIOS Diagnostic srl</i> (39, 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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