



CCE-R Newsletter

(No.10 / November 2005)

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Editorial of the month

Investing the future

There is undoubtedly an on-going need for the sports goods industry to address the issue of child labour. One initiative, focusing on the prevention and rehabilitation of child labour in the football manufacturing industry is making considerable progress.

The Sialkot program in Jalandhar, Northern India, is a Sports Good Foundation of India (SGFI) initiative, supported by 25 exporters of sports goods including Adidas and Mitre, FIFA who provide substantial funding for the program, the World Federation of the Sporting Goods Industry (WFSGI), the International Labour Organization, UNICEF, Save the Children Fund, the Government of India and local NGOs. SGS conducts external and independent monitoring of any involvement of children in the stitching of footballs in SGFI registered stitching units and centres. Since January 2000 SGS has verified data submitted by SGFI regarding family profiles, the number and locations of registered units and centres and any possible subcontracting by the registered stitching units and centres. Since 2001 SGS has also monitored the closure of de-registered stitching units and centres and visited schools to verify the attendance of children nominated at registered stitching units and centres.

As an indication of acceptance of this program, membership of SGFI has increased and the number of registered stitching units and centres has grown from 1500 to almost 3000. Just as important is the Social Protection Program. This is coordinated by SGFI and it works alongside the NGO's to ensure that children leaving football stitching are not forced by economic need to enter into other difficult or harmful forms of work. They do this by prevention, rehabilitation, awareness raising and asocial monitoring.

In Jalandhar, almost 30 transitional schools were opened to provide free education, uniforms, mid-day meals, health checks and some stipend to compensate for the economic loss to the family by stopping the child from working.

Ovidiu MANTHO
SGS Romania SA

The CCE-R Board informs

CCE-R Board Meeting – October 20, 2005

The previous CCE-R Board meeting took place on November 14 at CCE-R's head-office in Bucharest. The meeting was chaired by Paul Nuber, CCE-R President.

The Board discussed the proposal of co-operation between the Chamber and osec based on the reply sent by osec to the Chamber's request of subsidy.

 **The next CCE-R Board Meeting will take place in January 2006 at the Chamber's head-office.**

CCE-R Business Club - November 2005

Business Club at GEA – Group of Applied Economics, November 14, 2005

The CCE-R Business Club in November was kindly organized by *GEA – Group of Applied Economics* (www.gea.org.ro) in its head-office in 33, Andrei Muresanu Str., Bucharest, on November 14, 2005, at 19:00.

The members of the Chamber had the opportunity to meet very well-known Romanian economists who tackled the topic "**Romanian Economy and the Challenges of EU Accession**". The discussions that followed the presentation outlined the general macro and micro context of the Romanian economy as well as specific interests of the CCE-R members.

The speakers and our hosts were:

Daniel Daianu, President of the Romanian Economics Society (SOREC),

Florin Citu, Associated Senior Researcher with GEA,

Dragos Pislaru, Executive Director of GEA,

Liviu Voinea, Research Director of GEA.

We thank our hosts for this interesting meeting!

 **The next CCE-R Business Club will take place in February 2006.**

News

Holcim (Romania) S.A. has opened a new ecological concrete station in Timisoara, Calea Mosnitei Str., on November 2nd, 2005.

Hüttenzauber: The German Business Club, the Austrian Economic Office and the Chamber of Commerce Switzerland-Romania got together to organize magic German, Swiss and Austrian evenings at the restaurant *Becker Bräu*, at the beginning of November 2005. The Swiss evening took place on November 8 with the extraordinary co-operation of the restaurant *Mica Elvetie*.

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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@ccer.ro.**

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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 Focus

by “*Zsolt Karl Radnoczy - NÖRR STIEFENHOFER LUTZ*”

Acquisition of land by foreign natural and legal persons and by stateless persons

During the negotiation process on the accession of Romania to the EU, the legal ground, which entitles EU-citizens to acquire land in Romania starting with the EU accession date, be it 2007 or 2008 (unless the “safeguard clause” is imposed), has been laid down. The course of this decision, mainly of political nature, was previously set by the amendment in 2003 of the Constitution. Accordingly, non-residents and stateless persons were entitled to acquire land in Romania, based on international agreements, in conditions of reciprocity, respectively in compliance with the conditions set for Romania’s accession to EU. Furthermore, the Constitution guarantees that non-residents and stateless natural persons are entitled to acquire land by legal succession.

In this context, the Law no. 312/2005 (hereinafter referred to as the “Act”) regarding the acquisition of land by non-residents, stateless persons and foreign legal persons was passed by the Romanian Parliament (Official Journal Part I, no. 1008, from 14.11.2005) on the 10th of November 2005.

The principle contained in the Act is that once with the EU accession, EU citizens, stateless persons and foreign legal persons will be entitled to acquire the ownership right over land, subject to residency condition in Romania.

According to the non-residency criteria, the following persons are entitled to acquire the ownership right over land, only after a period of 5 years from the Romania’s accession to UE:

- ✍ EU-citizens;
- ✍ stateless persons, domiciled in the EU;
- ✍ foreign legal persons, incorporated in the EU.

The acquisition of agricultural land by foreign natural or legal persons is made subject to a period of 7 years after the Romania’s accession to EU. Until then, only independent farmers, authorized by the competent authorities, are entitled to acquire ownership right over agrarian land once with the EU accession date. Additionally, the independent farmers have to be:

- ✍ either EU-citizens and/or stateless persons, domiciled in a Member State, who establish their residency in Romania;
- ✍ or stateless persons with their domicile in Romania.

The acquisition of land by non-EU natural and legal persons remains subject to international treaties and based on reciprocity.

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Tax Column 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 Finance Ministry is pursuing its somehow new policy of communication and has placed, on November 17, on its website, the latest (third edition) proposed amendments to the fiscal code, to be implemented as of January 1st, 2006.

Here is a summary of the main changes proposed:

- ✂ Tax on dividend shall be 16 % (instead of 10% currently);
- ✂ The 16% tax on gains on stock exchange shall be calculated between the value of shares as at December 31, 2005 and sales time ;
- ✂ Interests on current accounts and deposits held in banks shall be taxed at 16% and withholdings shall be done by the Bank;
- ✂ Taxation on real estate sale shall be 2% on the total sales price (and not the gain only), still providing the asset has been owned for less than 3 years.
- ✂ Sales of inherited and donated assets shall follow the same taxation.

In addition and already announced and “given” are the drastic increase of excise taxes on alcohol and tobacco, as well as energy, while VAT shall not be changed.

Work has been pursued on proposing amendments to the fiscal procedures code and this despite the intention of the ministry to redraft completely the present code for 2007. The amendments proposed by the working group relate to a better protection of the tax payer in case of control, judicial procedure, interests due or liability.

The Prime Minister himself has agreed to push on any necessary changes and is keeping informed on the progress made on the fiscal procedures code.

As mentioned previously, focus is given on health and other social contributions, which have been increasing 4 –fold as contribution to the State over the last years... with no improvement (if not decrease) of the standards of services received by the contributors from the Public Health Sector.

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

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Business News

Elvetienii analizeaza agricultura româneasca

Researchers from the FAT Tănikon Institute will try together with their colleagues from the Cluj University to make a study on the agrarian structure of Romania.

They will outline the future development of the Romanian agriculture based on surveys conducted throughout Romanian households. These predictions will be used to increase the efficiency of the cultures taking into account those parameters useful to agrarians. Besides economic figures, the social and cultural environment of the targeted area will also be considered.

Recent statistics speak about approx. 5 million agrarians who work on 2.9 ha in average in Romania. They use crops primarily for their own needs. But, as a consequence of the liberalization and the globalization of agrarian markets, a structural change will take place in Romania

Swiss and Romanian researchers will try to figure out what direction faces this change in order to increase the efficiency of the Romanian agrarians' work. This project has started in November 2005 and will last for three years being financed through Swiss national funds. *(by Deutsche Welle, 15.11.2005)*

Major new work permit rules are to be implemented



The Government has recently approved an Emergency Ordinance amending Law no. 203/1999 regarding work permits. The Emergency Ordinance will come into effect within 60 days from its publication in the Official Gazette, and such publication has not yet taken place, but is expected shortly.

The main change expected to be introduced by the Emergency Ordinance is that non-Romanian nationals who are assigned by non-Romanian employers to work in Romania will, unlike in the past, be required to obtain work permits (so-called B-type work permits).

Individuals will be entitled to hold B-type work permits for a maximum period of 1 year during any 5 year period.



After the 1-year period, if a holder of a B-type work permit intends to continue his or her activity in Romania, he or she is required to apply for a "standard" work permit (so-called A-type work permit). This requires that the individual must work in Romania only on the basis of an employment contract with a Romanian employer.

By exception to the general rules, the following types of person will not be required to obtain work permits in order to work in Romania:

-  Citizens of the European Union and European Economic Area (but only after Romania's EU Accession);
-  Persons who are nominated as heads of Romanian representative offices or subsidiaries of foreign companies.

Note also that persons carrying on independent activities as self-employed freelancers will not be required to obtain work permits, although such persons may be required to comply with registration formalities which are applicable generally to Romanian persons carrying on independent activities.

Various matters related to new work permit rules remain unclear, and will hopefully be clarified via new Application Norms, expected to be published within 30 days from the date of publication of the Emergency Ordinance. These include:

-  Will a person who, at the moment of the Emergency Ordinance coming into effect, has already been on assignment to Romania for some time be entitled to obtain a B-type work permit for a further year?
-  Upon expiry of the one year B-type work permit, will it be possible for a person to remain engaged via a split contract (partly remunerated from non-Romanian employer and partly remunerated from local Romanian employer)?

Given the rapid state of change of the laws in this area, it is important for persons to monitor the rules on an ongoing basis, and to seek professional advice as to their impact in cases of doubt. *(by KPMG)*

SWISS International Air Lines forecasts 5m-euro turnover for 2005

SWISS International Air Lines expects to reach turnover worth 5 million euros in 2005 on the Romanian market. "We estimate turnover for this year will increase by 10% from the figure posted in 2004, to 5 million euros, mainly owing to the reintroduction of catering services and the improved quality of services," stated Andrea Brezean, SWISS country sales manager for Romania and the Republic of Moldova.

The dynamics of the Romanian airline market pushed SWISS to consider both the introduction of a new daily flight on the Bucharest-Zurich route, as well as operating through airports outside Bucharest. "Some changes are due in 2006 as regards the introduction of new flights to Romania, but we will announce them following governmental approval," explained Brezean.

"We may have other destinations besides Romania to Switzerland in the future," she added. At present, SWISS operates a daily flight on the Bucharest-Zurich route. The introduction of e-ticket sales is no longer a tendency seen just globally, but also domestically, and SWISS is one of the first airlines to have introduced this service on the Romanian market.

"While at the beginning, in January 1999, passengers proved reluctant, in 2005 both the volume of direct sales, as well as sales through travel agencies have climbed, reaching 15%. This is not much when compared with other markets, but our efforts are focused in this direction," stated Brezean.

The expansion of the Romanian economy has divided SWISS passengers into two major categories: the representatives of some major Swiss companies doing business in Romania, and Romanian tourists going through the Zurich airport. "SWISS passengers prefer Swiss destinations such as Zurich, Geneva, Basel or Lugano, but also Munich, Vienna, Rome, Paris and Nice. Also, I have recently noticed that passengers are tending toward economy class," said Brezean.

During this year, SWISS International Air Lines was taken over by Lufthansa, an important step toward the consolidation of the European air industry, which has been fragmented following Air France's takeover of KLM.

"As regards the relationship between SWISS and Lufthansa globally and domestically, we are about to engage all synergies in the creation of a complex product in terms of destinations, fares and loyalty programme," explained Brezean. *(by Ziarul Financiar, 24.11.2005)*

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The CCE-R Events Calendar

Next events to be organized by the Chamber of Commerce Switzerland – Romania

Month	Day	Action	Place
December 2005	December 07 17:30	CCE-R Board Meeting	CCE-R office
	December 07 19:00	CCE-R Christmas Party	"Mica Elvetie"



Board Meetings are only for the Board Members.

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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