



ECONOMIC AND LEGAL PRACTICALITIES FOR START-UPS AND SCALE-UPS WISHING TO DO BUSINESS OR INVEST IN ROMANIA

We believe that entrepreneurs are motivated not just by careful financial consideration and market analysis but also by determined, laborious and purposive observance of economic and legal practicalities.

With a marketplace of roughly 20 million people, Romania has the seventh largest population in the European Union (EU) and the largest in the South-Eastern Europe. It is famous for its well-educated labour force, with raising wages and enhanced IT and foreign language abilities. It also has a generous endowment of natural resources, notably including energy sources (coal, oil, natural gas, hydro, nuclear and wind) and 37 million acres of arable land. Romania's top trading partners are the European countries (84.2% of total exports), followed by Asian countries (8.7%) and African countries (3.4%). Significant investments have been made in sectors like banking, energy, biotechnology, manufacturing, electronics, consumer products, telecommunications, and cross-border mergers & acquisitions. Business opportunities are limitless.

In a nutshell:

International economic relations. Romania is a Member State of the EU, member of the World Trade Organization (WTO) and of the United Nations (UN). It has bilateral diplomatic relations with 187 countries. The Romanian and EU companies and citizens benefit from free trade agreements (FTAs) with 72 countries under 41 existing agreements. Romania entered in 92 bilateral investment treaties (BITs) and concluded treaties for the avoidance of double taxation with 88 countries. Romania is a signatory to the Energy Charter Treaty (ECT).

International business. It is mainly regulated by the EU legislation, WTO rules, Romanian Customs Code and international, regional and bilateral agreements to which Romania is part, governing the import-export regulations, the access of Romanian products to foreign markets and the protection of foreign investments.

Main trade competitors. Bulgaria, Croatia, Italy, Poland, Tunisia, Turkey, and Ukraine are the main Romania's trade competitors, based on a combined indicator between their export portfolio and export target-markets.

Foreign investment incentives. All EU investors benefit from the same protection provided by the EU rules. EU membership enables companies to seek financial support through the EU structural and cohesion funds. Development grants are the most common incentives. Investment incentives are available to qualified applicants from various economic sectors, in particular to small and medium-sized enterprises (SMEs).

National business. It is mainly regulated by the Romanian Companies Act, governing how the different types of companies may be established, governed, re-organised and dissolved. The protection of intellectual property rights is also legalized.

Legal forms of companies. Limited-Liability Company, Joint-Stock Company, Partnerships, Joint-Venture Agreement, Societas Europaea (SE) and Representative Offices set up by foreign companies.

Labour legislation. It mainly consists of the Labour Code. The employment relationship must be subject to a contract of employment. Romania has an extensive social security system, providing health insurance, maternity benefits, death grants, unemployment allowance, pension rights, insurance against accidents at work and occupational diseases.

Access to labour market. Foreign nationals wishing to work in Romania need to apply for a Romanian work permit, except for the holders of other EU, Switzerland, and other European Economic Area (EEA) countries citizenship. The citizens of these countries have free access to the Romanian labour market.

Taxation. The main taxes are corporate income tax, micro-enterprise tax, income tax, value added tax, land tax, customs duties, and excise duties.

Romanian market is characterized by a large business potential. Provided stable economic policies, friendly business environment and predictable legal framework are further promoted, Romania is the last true emerging market in the EU.

For business advice and detailed analysis, please contact: info@gicel.ch.

Next Brief: Economic and legal practicalities for start-ups and scale-ups wishing to do business or invest in Egypt.