

## Founding members

### VEF Board

<b>Dr. Josef Taus, <i>President</i></b>	Management Trust Holding AG
<b>Dr. Erhard Busek, <i>Vice-President</i></b>	Special coordinator of the Stability Pact for South-Eastern Europe, Chairman IDM
<b>Dkfm. Karl Fink</b>	Deputy CEO, Wiener Städtische Allgemeine Versicherung AG
<b>Dr. Elena Kirtcheva</b>	Ambassador of Bulgaria, Secretary General of Vienna Economic Forum
<b>Heinz Sundt</b>	CEO Telekom Austria
<b>Dr. Andreas Calice</b>	BGS Smartcard System AG
<b>Mag. Katja Georgieva</b>	Head of the VEF Office

### Members

<b>Dr. Andreas Brandstetter</b>	Member of the Board, UNIQA Versicherungen AG
<b>Alfons Graf Mensdorff-Pouilly</b>	M.P.A. Handelsges.m.b.H.
<b>Mag. Andreas Treichl</b>	CEO, ERSTE Bank der Österreichischen Sparkassen AG
<b>Dr. Boris Nemsic</b>	CEO, mobilkom Austria AG
<b>Dr. Wolfgang J. Ruttenstorfer</b>	CEO, OMV Aktiengesellschaft
<b>Veit Schalle</b>	Fully authorised representative, REWE Austria AG
<b>Vagn Sörensen</b>	President, Austrian Airlines
<b>Hanno Soravia</b>	Soravia Group
<b>Dr. Veit Sorger</b>	President, Federation of Austrian Industry
<b>Dkfm. Dr. Herbert Stepic</b>	Deputy CEO, Raiffeisen Zentralbank Austria AG
<b>Dkfm. Johann Zwettler</b>	CEO, BAWAG Zentrale

Among other duties, the Board is authorised to admit new members.

## Honorary members

<b>H.E. Dr. Shpresa Kureta</b>	Extra. and plenip Ambassador of the Republic of Albania to Austria
<b>H.E. Frau Mag. Daria Krsticevic</b>	Extra. and plenip Ambassador of the Republic of Bosnia-Herzegovina to Austria
<b>H.E. Dr. Elena Kirtcheva</b>	Extra. and plenip Ambassador of the Republic of Bulgaria to Austria
<b>H.E. Theodoros Sotiropoulos</b>	Extra. and plenip Ambassador of the Republic of Greece to Austria
<b>H.E. Herr Prof. Dr. Zoran Jasic</b>	Extra. and plenip Ambassador of the Republic of Croatia to Austria
<b>H.E. Herr Aleksandar Tavciovski</b>	Extra. and plenip Ambassador of the Republic of Macedonia to Austria
<b>H.E. Dr. Traian Chebeleu</b>	Extra. and plenip Ambassador of Romania to Austria
<b>H.E. Dragan Velikic</b>	Extra. and plenip Ambassador of the Republic of Serbia and Montenegro to Austria
<b>H.E. Dr. Ernest Petric</b>	Extra. and plenip Ambassador of the Republic of Slovenia to Austria
<b>H.E. Herr A. Mithat Balkan</b>	Extra. and plenip Ambassador of the Republic of Turkey to Austria
<b>H.E. Dr. Martin Bartenstein</b>	Federal Minister of Economics and Labor of Austria
<b>Dr. Christoph Leitl</b>	President of the Federal Economic Chamber of Austria
<b>Dr. Klaus Liebscher</b>	Gouverneur of the National Bank of Austria
<b>Dr. Helmut Zilk</b>	Member of the Executive Board, Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung

## Patrons Committee

**Dr. Wolfgang Schüssel**

Federal Chancellor of Austria, Chairman of the Partons Committee

**Fatos Nano**

Prime minister of Albania, Patron of VEF

**Adnan Terzic**

Prime minister of Bosnia-Herzegovina, Patron of VEF

**Simeon Sachsen Coburg-Gotha**

Prime minister of Bulgaria, Patron of VEF

**Dr. Ivo Sanader**

Prime minister of Croatia, Patron of VEF

**Dr. Vlado Buckovski**

Prime minister of Macedonia, Patron of VEF

**Milo Djukanovic**

Prime minister of Montenegro, Patron of VEF

**Calin Popescu-Tariceanu**

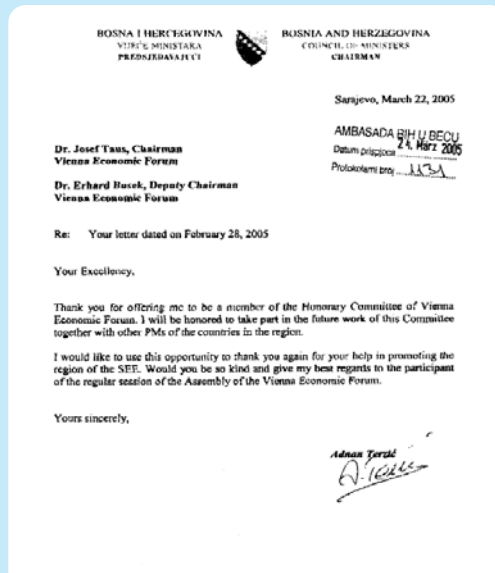
Prime minister of Romania, Patron of VEF

**Dr. Vojislav Kostunica**

Prime minister of Serbia, Patron of VEF

**Janez Jansa**

Prime minister of Slovenia, Patron of VEF



**REGIERUNG DER REPUBLIK BOSNIEN  
KANTONS SARAJEVO**

Zagreb, den 23. September 2005

Vienna Economic Forum  
President Dr. Josef Taus  
Vizepräsident Dr. Erhard Husak  
Nobel „Forum“  
Office Center Plana 107  
Am Stadtpark  
1020 Wien  
Österreich

Herrn geschw. Hart Poljaković  
Sehr geehrten Herr Vizepräsident!

Ich bedanke mich sehr herzlich für die Unterstützung, die Sie als Patron der Initiative des Vienna Economic Forum zu leisten.

Die politische und wirtschaftliche Stabilisierung ganz Südosteuropas ist ein wichtiger Teil der strategischen Außen- und Wirtschaftspolitik und auch mein persönliches Anliegen. In diesem Sinne möchte ich Ihre Einladung zum Patronat der Initiative des Vienna Economic Forum ausdrücklich begrüßen.

Mit freundlichen Grüßen  
  
Dr. Ivo Sanader

**АДА НА  
МАКЕДОНИЈА**

Скопје, 21 септември 2005

г-ноту др Тaus,  
г-ноту др Husak,

Долготува ме радува што во не забораваат на економските потреби на останаа половина од Европскиот Конвент на Балканскиот Полуостров и особено на членовите на неговите помали земји Јужна Македонија и Црната Македонија. Во оваа зона се наоѓаат најмногу етнички македонци и босанци, кои се во голема мера изоставени од европските интеграции.

Република Македонија во огромна мера застапуваат на политички и економски претек и подготвуваат подобра блага состојба на економската и социјалната инфраструктура користејќи ги земјите на регионот. Во таа насока, македонците имаат голема надежа дека Vienna Economic Forum и неговите иницијативи ќе им овозможат значителни benefiti за Република Македонија и ќе придонесат во позитивна економска развој на регионот.

Почитуван др Тaus,  
Почитуван др Husak, претставам во име на моето драго родина македонци и срдечно ви благодарам.

Никола Стојанов  
др Никола Стојанов  
Претседател на Владата  
на Република Македонија



др Josef Taus  
Претседател на  
Vienna Economic Forum

др Erhard Husak  
Vizepräsident на  
Vienna Economic Forum

**THE GOVERNMENT OF MONTENEGRO  
PRIME MINISTER**

Podgorica, March 16, 2005


**VE. Dr. Josef Taus**  
President  
**VE. Dr. Erhard Husak**  
Vice President  
Vienna Economic Forum

Excellencies,  
Dear Sirs,

Thank you for your letter related to further activities of the Vienna Economic Forum. I share your assessment about the Forum's role in promotion of the business and investment capabilities of the ten countries located between the Adriatic and the Black Sea, which should accelerate their economic development and give a hand to the process of their emerging into the economic mainstream of Wider Europe.

Anticipating Montenegro's possibility to make its own contribution, I am gladly accepting your proposal to join the Committee of Patrons of the Vienna Economic Forum.

Being convinced in the full affirmation of the already recognizable Forum's vision, which is additionally reinforced by Austria's growing role as a motor of the pro-active policy of the EU towards the region, I am looking forward to our future cooperation.

Sincerely Yours,  
  
Milo Djukanovic

**РЕПУБЛИКА СРБИЈА  
ВЛАДА РЕПУБЛИКЕ СРБИЈЕ  
Београд**

Београд, 14. септембар 2005. године

Поштована господине,

Долготува ме радува што во не забораваат на економските потреби на економскиот Конвент на Балканскиот Полуостров и особено на членовите на неговите помали земји Јужна Македонија и Црната Македонија. Во оваа зона се наоѓаат најмногу етнички македонци и босанци, кои се во голема мера изоставени од европските интеграции.

Република Србија поддршка европските интеграции која ја трајно унапредува економската состојба и социјалната инфраструктура користејќи ги земјите на регионот. Во таа насока, македонците имаат голема надежа дека Vienna Economic Forum и неговите иницијативи ќе им овозможат значителни benefiti за Република Македонија и ќе придонесат во позитивна економска развој на регионот.

С поштовани,  


др Josef Taus,  
Претседател на  
Vienna Economic Forum

др Erhard Husak,  
Vizepräsident на  
Vienna Economic Forum

388 ПЕРИСТРО ОФИС ПАРКОВАЛ 11, 11000 БЕРЛИН, ТЕЛ: 33 1 888 77 76, ФАКС: 33 1 888 77 86

**GUVERNUL ROMÂNIEI**

Bucuresti, 1 aprilie 2005

**PRIM-MINISTRU**

**Stimate domnule Președinte,**

Vi multumesc pentru invitațiile și bucuria cămi pe care mi le adresati în scopul realizării meu de a fi al Consiliului Român și în egală măsură, pentru intenția dumneavoastră de a organiza, în curând, o reuniune în România, prima conferință în cadrul de la Vienna Economic Forum (VEF), cu tema „A Invest in Romania”.

România este conștientă de importanța de a găsi un echilibru de a economie internațională, care vine în întâmpinarea dorinței noastre de a ne implica activ, atât pe nivel regional, cât și european, pentru asigurarea unui climat investițional propice dezvoltării durabile.

Multe dintre obiectivele noastre pe linie economică se regăsesc și în scopurile naționale ale organizației noastre de dezvoltare, precum cele privind dezvoltarea infrastructurii de transport și investiții în Europa de Sud-Est, stimularea relațiilor de cooperare economică între țările din zonă și integrarea proiectelor de extindere regională în proiectul dezvoltării europene. Guvernul Român și subiectul nu a dată importanță pe care o acordă stimulării investițiilor străine și cooperării economice între țările aflate între Marea Adriatică și Marea Neagră.

Ca urmare, sugerez dumneavoastră să accesați resursele să se destăvăie sub auspiciul Guvernului Român și sub patronajul Prim-Ministrului Român este o uniune pentru țara mea și pentru mine personal.

Am convingerea că un eveniment de a economie internațională necesită coordonarea eforturilor inter-instituționale și implicarea de a marilor structurilor a tuturor actorilor relevanți.

Ca urmare, pentru asigurarea succesului primei Conferințe în cadrul de la Vienna Economic Forum, care să se realizeze în luna decembrie de organizația și care să reprezinte un model pentru viitoare Conferințe, vă rog să analizați propunerea organizației noastre privind eveniment în a două decada a luni iunie 2005.

Vă aștept și în această ocazie, stimate domnule Președinte, expresia sincerității mele.

  
Elena POPESCU-TARICEANU

Domnului Dr. Josef TAUS  
Președintele  
VIENNA ECONOMIC FORUM

**JANEZ JANDA**  
Vice President

Ljubljana, 7 March 2004

dr. Josef Taus  
Chair of the  
Vienna Economic Forum

de Taus,

I am pleased to receive your letter of invitation to the Potsdam meeting of your organized Forum. I attach great importance to the economic development of the Western Balkans, which I hold crucial for fulfilling the European perspective of the countries in the area. I have already acknowledged the role of the Vienna Economic Forum in facilitating process and I will continue to support its efforts for promoting investment options in the Balkans from the Adriatic to the Black Sea.

Even though schedule dates are often not the time to attend the Potsdam meeting, I wish all success in making this event an opportunity for further advancing the agenda of the Vienna Economic Forum, which is of our common interest.

With sincere regards,  


# PROGRAM

20<sup>th</sup> June, 2005

9:00 am **REGISTRATION**

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9:30 am Moderation **Ioan Codrut Seres**, *Minister of Economy and Commerce of Romania*

## **WELCOME ADDRESS**

by H.E. **Calin Popescu-Tariceanu**, *Prime minister of Romania, Member of the Patronage Committee of Vienna Economic Forum*

## **OPENING ADDRESSES**

**Dr. Josef Taus**, *President of Vienna Economic Forum*

Address by **Dr. Erhard Busek**, *Special Co-ordinator of the Stability Pact for South Eastern Europe, Vice-President of the Vienna Economic Forum* (by proxy)

Ambassador **Dr. Elena Kirtcheva**, *member of the Board*, presents the activities of Vienna Economic Forum

Address by Commissioner **Olli Rehn**, responsible for enlargement policy of the European Union (by proxy)

9:50 am **STATEMENTS**

- **Ioan Codrut Seres**, *Minister of Economy and Commerce of Romania*
  - **Heinz Sundt**, *CEO Telekom Austria, Member of the Board of Vienna Economic Forum*
  - **Dr. Andreas Brandstetter**, *Member of the Board, UNIQA Versicherungen AG, Founding member of Vienna Economic Forum*
  - **Mag. Reinhard Ortner**, *Member of the Board, CFO, Erste Bank, Founding member of Vienna Economic Forum*
  - **Mag. Christian Brandstetter**, *Wiener Städtische Allgemeine Versicherung AG, Founding member of Vienna Economic Forum*
  - **Steven van Groningen**, *President & CEO, Raiffeisen Bank Romania*
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11:00 am **COFFEE BREAK**

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11:30 am **KEYNOTE SPEECHES**

- **George Copos**, *State minister for business environment and small and medium-sized Enterprises of Romania:*  
Investment Climate in Romania
  - **Dr. Wolfgang Ruttenstorfer**, *CEO OMV AG, Founding member of Vienna Economic Forum:*  
The Experiences of one of the biggest foreign investors in Romania
  - **Iuliu Winkler**, *Minister Delegate for Commerce:*  
The importance of the foreign trade for the development of the region
  - **Dr. Peter Malanik**, *Secretary General, Austrian Airlines, Founding member of Vienna Economic Forum:*  
Air transport and infrastructure development
  - **Wolfgang Roth**, *EIB Vice-President*
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1:00 pm **BUFFET LUNCH** given by ERSTE BANK

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2:30 pm **ROUND TABLES**

### **Round table 1: Environment projects in the Region**

- Ministry of Environment and water management of Romania
- Siemens AG, Porr AG
- Representatives of Romania and other countries

Moderation: **Mr. Koroti Attila**, *Secretary of State, Ministry of Environment and Water Management, Romania*

#### Round table 2: Investment opportunities in infrastructure projects in the region

- President Emil Constantinescu
- Representatives of Romania and other countries
- **Atanas Sharkov**, Bulgaria; System for Electronic Payment

Moderation: **Mr. Alexandros Galiatsatos**, *Secretary of State, Ministry of Transports, Constructions and Tourism, Romania*

#### Round table 3: Energy industries

- **Bernard Snoy**, *Director WTII: Economic Reconstruction, Co-operation and Development of the Stability Pact for South Eastern Europe*
- Nabucco Project
- Representatives of Romania and other countries

Moderation: **Mr. Dan Victor Alesandru**, *Secretary of State, Ministry of Economy and Commerce, Romania*

#### Round table 4: Small and medium-sized Enterprises

- Representatives of Romania and other countries

Moderation: **Ms. Anca Popescu**, *Director, National Agency for SME's and Cooperation, Romania*

3:30 pm **SUMMARIES** of the round tables

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3:30 pm **PANEL DISCUSSION** with  
**Jusuf Kalamperovic**, *Deputy Prime Minister of the Republic of Montenegro*  
**Sasha Andonovski**, *Deputy Minister of Economy of the Republic of Macedonia*  
**Igor Dodon**, *Deputy minister of Economy and Commerce of the Republic of Moldova*

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4:30 pm **CONCLUDING SPEECH**  
**Ioan Codrut Seres**, *Minister of Economy and Commerce of Romania*

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4:45 pm **CLOSING REMARKS**  
**Dr. Josef Taus**, *President of Vienna Economic Forum*  
Moderation: **Dr. Josef Taus**

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5:00 pm **COCKTAIL** for the participants given by RZB, Vienna Economic Forum founding member

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7:30 pm **DINNER** for the VIP participants hosted by the Romanian Government, with invitations

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# IMPRESSIONS



*Vienna Economic Forum – Bucharest Meeting taken place at the Crowne Plaza Hotel on 20th of June 2005.*



*During the Forum*



*Igor Dodon, Deputy minister of Economy and Commerce of the Republic of Moldova,  
Jusuf Kalamperovic, Deputy Prime Minister of the Republic of Montenegro,  
George Copos, State minister for business environment and small and medium-sized Enterprises of Romania,  
Sasha Andonovski, Deputy Minister of Economy of the Republic of Macedonia*

# SPEECHES AND REMARKS

## MODERATION



Your excellencies,  
Ladies and gentlemen,  
Mister Prime Minister,  
Misters Vice Prime Ministers,

I am honored to open the second edition of Vienna Economic Forum Bucharest Meeting “Investment Opportunities in Romania”.

For the first time Vienna Economic Forum is present here in Bucharest in the presence of some high prestige personalities, representing the political and economic activity from South East Europe. We have beside us the Prime Minister of Romania, Calin Popescu Tariceanu, the Vice Prime Minister of Economy from the Republic of Moldova, Igor Dodon, the Vice Prime Minister of Economy from the Republic of Macedonia, Sasho Andonovski, also joining us is the President of Vienna Economic Forum, Dr. Josef Taus. We are delighted by the presence of some high prestige personalities of political and economic life from Austria, Romania and from a series of Romania’s neighbours. I have the pleasure to say to you a warmly welcome to Romania.

I have a special pleasure to underline the fact that this edition of Vienna Economic Forum is organized under the leadership of Prime Minister Calin Popescu-Tariceanu, and we believe that this event is an extremely important step regarding the economic and diplomatic cooperation between Romania and the other countries as future members of the European Union, and, why not, full partners of the EU.

First of all I would like to pass the word to Prime Minister, Calin Popescu-Tariceanu, to tell us his message.  
Mister Prime Minister, please!



**Calin Popescu-Tariceanu,**  
*Prime Minister of Romania*  
*Member of the Patronage Committee of Vienna Economic Forum*  
*Patron of Vienna Economic Forum – Bucharest Meeting*

## OPENING REMARKS



Dear guests,

Ladies and Gentlemen,

It is my great pleasure to welcome you to this event at a very important juncture for Romania, on its road to EU accession. This reunion is the expression of our mutual interest to develop and reinforce our co-operation in order to encourage entrepreneurship and the development of cross-regional markets in order to create the right incentives for attracting foreign investments in the South East European region.

I believe this reunion to be an excellent opportunity to exchange best practices and share our common commitment for regional development and our common values in encouraging market development, free movement of goods and ever closer commercial links.

I would like to thank Dr. Josef Taus – President of Vienna Economic Forum, as well as your colleagues, for all the joint efforts to facilitate our discussions here today – promoting investment opportunities in the region from the Adriatic to the Black Sea. I want to also thank Dr. Erhard Busek – Special Coordinator of the Stability Pact for South Eastern Europe – for sharing the European dimension and the European destiny of the region. This vision of faith will contribute considerably to a better understanding for all parties involved in the reconstruction and integration process in the Balkans. Mr. Busek, with your long-standing commitment to strengthening the South Eastern European countries' international competitiveness, I am convinced our partnership will be extremely productive.

I would like to recall your words in July 2003 in Vienna, when the Common Principals and Best Practices declaration were signed. You said then and it still holds very true today that it “sends a very important signal to the investors' community in the region and worldwide that SEE is serious about competing for international investment”.

First of all, allow me to underline that Bucharest is an ideal location in the region for having this forum. The notable success last year in attracting FDI is closely related to our commitment for economic growth, job creation and for developing integration of regional business networks. We have yet further strengthened that success this year due to our fiscal reform and all the extra flexibility incentives we have introduced in order to attract FDI on the one hand, and strengthen the competitiveness of our domestic enterprises on the other hand.

I am convinced that foreign investors have made a good decision when they turned their focus to this regional market, in the framework of their global architecture and in the context of a globalized world. We have attempted to modify the very fabric of our economy, given its potential and our fiscal philosophy and early results prove that a bold, inspired decision has produced excellent results and interesting competitive gains.

Let me spell out in more detail why Romania offers in many sectors a considerable competitive advantage and why we are keen to build on our success thus far by ever closer cooperation with other successful economies in the region. Having achieved macroeconomic stability and incorporated legislation according to the EU regulation standards, Romania has become an attractive location for FDI. It is not only its geographical location, key to accessing pan-European and regional markets, but also the consolidated strength of our economy, the right legal framework we have put in place, the workforce and our administrative capacity to offer better services to investors.

Let me start with the economy first. The last four years displayed a good track record in consolidating the macroeconomic stability while simultaneously lowering inflation. An average growth rate of about 5% of GDP is among the highest in the region and we estimate above-trend growth to continue during 2005-2007. Increased long-term growth above trend and above the European average signifies increased convergence with the European economy and better living conditions for our citizens. Prudent fiscal and monetary policies and the right policy mix has set the basis for robust economic growth.

A subsidiary remark is that worries on inflation, which decreased to single digits in 2004 have been proven unwarranted. Even with the rise in administered prices this year, contributing significantly towards inflation, I have full faith in the capacity of the Central Bank to achieve its self-imposed inflation objective. I believe inflation targeting, which is now in its early stages, will further contribute to that objective. It is my anticipation that the disinflation process will continue with minimal adverse effects on growth. I anticipate it will contribute significantly towards long-term stability and the attractiveness of foreign investment into our private sector and in the privatizations we have announced for this year and for 2006.

The results of this coherent strategy to reunite all the necessary ingredients for a stable, solid business environment can already be witnessed – a competitive flat tax rate; a new labor code taking into account investors' proposals and a permanent dialogue concerning the economic policies with the associations of the business community.

Several countries have pursued tax reforms to ensure that their economies remain competitive. Starting in January of this year, Romania has introduced a 16% flat tax on profit, which is in fact a 9 percent reduction compared to the previous tax rate. This shows that tax "competition" is operational in Central and Eastern European countries and Romania can hold its own. Our common goal which we can pursue in tandem with our policy on economic cooperation is to follow the successful Irish example – faster economic growth through low taxation, sector focus and a liberal economic framework.

Moreover, the soundness of our new laws, the thinking behind the new legal framework we have proposed and justice reform will do much to further our cause in bringing foreign investment to Romania. The laws for the judiciary reform guarantee a fair and European justice, which complies with the principles of responsibility and celerity. An independent and efficient judicial system offers a more secure environment for business and a shield against corruption and discriminatory practices. In Romania, the rule of law is to be respected to the letter!

My country has another important advantage: its workforce. An investor can find here a highly specialized, well trained and openminded workforce, open to new technologies and practices, with a very important experience in both management and manufacturing. A tradition of cooperation with foreign companies and our willingness to take over the good practices of the Western European countries are visible additions to the skill-set. Furthermore, this exceptional human capital is available at very competitive prices, which are significantly lower than in most Central and Eastern European countries.

By operating in Romania, a company can fully benefit from having its production site in an accession country and in the future in the European Union, as well as the possibility of easy access to European and neighboring markets.

2004 stands for sound progress in attracting the highest FDI level ever almost 4.1 billion Euros, considering it has been a good year for privatizations. 2005 will also maintain a high standard, given the expected privatization of BCR, CEC and other important companies. New powerful and prestigious firms are expected to come and invest in Romania and we make great efforts to pave the way for their successful insertion. The privatization of Petrom by OMV last year, for example, stands for progress towards a competitive, open and dynamic economy. The new investor brought substantial know-how to the company and has given a regional dimension to a domestic player.

I am sure that Romania will attract even more of such investments this year and the next and I am looking forward to several cross-regional investments. The prospects of increasing mutual economic exchanges and cooperation between Romanian and our regional partners will also allow progress regarding our integration within the European family.

Let me specially welcome the presence of the business community representatives at this event. I think their significant participation today is a sign of a growing interest towards the future of our countries' economic cooperation. I would also like to salute the presence of the representatives of the strategic investors in our country. They will provide general comments from the standpoint of the foreign investor, sharing with us their experience here. I am keen to hear their positive experiences and I am also keen to break down the barriers that still hold them back. I am sure this will be a good opportunity for other companies to convince themselves that Romania is an attractive destination for business.

Increased regional co-operation is an important element in securing progress towards European integration. By enhanced co-operation efforts, our joint activities will allow each initiative to concentrate on areas where effective added value is ensured. The key topics which are to be tackled at this seminar will fully underline the significance of regional cooperation in the present context. Environmental or infrastructure policies, the energetic sector's regulations or the development of the small and medium enterprises by promoting a culture of entrepreneurship are issues of common interest to us all. They will be main subjects for our present debate as they are some of our specific objectives.

Our joint activities in this fields will help us find better solutions for the region as a whole and for each country. I am convinced that our joined efforts will echo in the actions and decisions of our existing and future partners.

I want to thank you for your presence here and I hope this event will set a new ground for future developments in this region, for the benefit of us all.

## OPENING ADDRESS



Herr Ministerpräsident!  
Exzellenzen!  
Sehr geehrte Damen und Herren!

Ich darf mich zunächst einmal im Namen des Vienna Economic Forum bei der rumänischen Regierung auf das allerherzlichste bedanken, dass sie es ermöglicht hat, die heutige Veranstaltung in Bukarest durchzuführen. Wir haben Rumänien und Bukarest deshalb gewählt, weil Österreich seit vielen Jahren in Rumänien stark investiert, und das Vertrauen Österreichs und vor allem der österreichischen Wirtschaft in die Entwicklung Rumäniens dokumentiert werden soll, und die gesellschaftlichen, politischen und wirtschaftlichen Beziehungen zwischen unseren beiden Ländern verstärkt werden können.

Ein Zweites, der Herr Ministerpräsident hat darauf hingewiesen, sind die Vorgänge der letzten Wochen in Brüssel, in der Europäischen Union. Ich will kein politisches Referat halten, aber gestatten Sie mir doch einige Gedanken aus meiner Sicht.

Zunächst zur Auseinandersetzung über den Weg der EU. Wenn Sie die Geschichte der Europäischen Union seit dem Jahr 1957, als die EWG gegründet wurde, verfolgen, hat es immer Diskussionen gegeben, das wird so bleiben. Das Europa der Sechs war etwas anderes als das Europa der Zwölf, der Fünfzehn, etwas anderes auch als das Europa der Fünfundzwanzig ist und als das der Siebenundzwanzig oder vielleicht der Dreißig sein wird. Das ist, wenn ich das sagen darf, ein Quantitätssprung, der eine Qualitätsänderung herbeigeführt hat. Vielleicht ist die Bedeutung dieses Vorganges in dieser Schärfe nie so richtig kommuniziert worden. Und wir sind jetzt mitten in der Diskussion über diesen Expansionssprung der letzten Jahre, und ich rede jetzt nicht aus Opportunismus, weil ich mich in Bukarest befinde: Der Beitritt Rumäniens und Bulgariens ist eine beschlossene Sache. Der Herr Ministerpräsident hat richtig darauf hingewiesen, dass es zwei Grundprinzipien oder zwei Überlegungen über die Konstruktion der EU gibt. Die eine ist, dass in den Köpfen so etwas wie ein Bundesstaat als Ende der Entwicklung steht, und die andere ist, es kann eigentlich auf überschaubare Zeit nicht mehr werden als ein Staatenbund, und jetzt formuliere ich es in österreichischem Juristendeutsch, ein Staatenbund *sui generis*, also eine Zollunion, aber kein Bundesstaat. Diese zwei fundamentalen Überlegungen stießen in den jüngsten Diskussionen wieder aufeinander, und es wird umso schwieriger und umso komplizierter werden, je größer die Union wird.

Ich darf hier noch einen Gedanken anfügen. Politisch hat es überhaupt keine Gegnerschaft für die Erweiterung der Union gegeben. Die ökonomischen Probleme, die damit verbunden sind, hat man weniger intensiv behandelt, und ich bin der Meinung, dass das sogar wichtig war, denn hätte man bei dem ersten großen Erweiterungssprung die ökonomischen Probleme gleichrangig mit den politischen behandelt, wäre die Erweiterung viel schwieriger gewesen. Aber jetzt sind die ökonomischen Probleme in der Union da, jetzt muss man sie lösen. Und jetzt beginnt das alte Spiel: Es geht um die Verteilungsfrage. Wie wird verteilt? Und das wird nicht leicht sein. Es wird eine ganze Reihe von Ländern geben, die bislang – ich formuliere es so vorsichtig – die großen Gewinner der Union waren. Die werden vielleicht weniger große Gewinner werden. Es wird wieder andere Länder geben, die bislang vorteilhafte Bedingungen gekriegt haben, die werden etwas weniger vorteilhafte Bedingungen kriegen müssen. Es wird ein neues ökonomisches Konzept für die neu beitretenden Mitglieder geben, das war vom Anfang an klar. Nur, wie das gemacht wird, wie die Verteilung der Mittel aussieht, wie das alles vor sich gehen soll, das war nicht klar. Die EU: Was macht sie für einen Eindruck in den Mitgliedsländern? Ich weiß es aus meinen Firmen, wenn ich mit den Mitarbeitern rede, auch mit leitenden Mitarbeitern, die auf Distanz gehen und sagen: Was wollen diese Bürokraten, die verbrauchen bloß unser Geld. Dagegen muss aufgetreten werden. Die EU hat bisher allen Vorteile gebracht, sie werden nur zu wenig kommuniziert. Es darf nicht der Eindruck entstehen, die EU, das ist eine distante Behörde, in der irgendwelche Leute irgendwelche Spiele spielen, die dem Mann auf der Straße nichts nützen. Ich sage das in dieser direkten Art aus dem einfachen Grund, weil eben das, wenn man mit den Menschen spricht, ständig wieder gebracht wird. Es wird eine grosse Rolle in der Zukunft spielen.

Nun aber ein nächster Gedanke. Eine funktionierende Marktwirtschaft ist eine entscheidende Voraussetzung. Die großen transnationalen Unternehmungen sind da die entscheidenden Mitspieler in der Weltwirtschaft, die sind schon wichtig, jeder kennt sie, aber sie tragen das System nicht. Das System tragen die Hunderttausende kleine und mittlere Unternehmungen. Je höher eine Wirtschaft im Unternehmensbereich konzentriert ist, umso problematischer wird die Aufrechterhaltung eines vernünftig funktionierenden marktwirtschaftlichen Systems. Ein Gedanke, den viele gar nicht gerne hören. Und daher gilt auch für alle neuen Mitgliedsländer, die erst vor relativ kurzer Zeit aus einem anderen ökonomischen Systems ins marktwirtschaftliche System übergewechselt haben: sie brauchen so viele Unternehmer wie nur möglich im mittleren und im kleineren Bereich. Das Vienna Economic Forum hat sich unter anderem zur Aufgabe gestellt, hier mitzuhelfen. Denn es wird, meiner Meinung nach, eine Art von Hierarchie der Unternehmungen geben, es wird die Tausende und Abertausende ganz kleinen geben, es wird die mittleren geben, und es werden sich sozusagen regionale Konzerne entwickeln, und als nächste Stufe die transnationalen Konzerne. Es wird in Zukunft nicht nur die Dominanz der Transnationalen, der Multinationalen, sondern es wird auch einen sehr hohen Stellenwert der regionalen Unternehmungen geben, der regionalen Konzerne, der regionalen Gruppierungen. Nehmen Sie an, Sie haben Unternehmungen oder Betriebsstätten oder was immer es ist, in einem Bereich, der 1 Million Quadratkilometer hat und vielleicht 100 -150 Millionen Einwohner. Das werden ganz starke Unternehmungen sein, die durchaus in der Lage sind, wettbewerbsfähig mit den ganz Großen zu sein, die technisch mithalten können. Wir müssen das, was wir in Europa haben, halten, und das ist unser Vorsprung gegenüber der ganzen Welt. Wir haben immer noch eine im Durchschnitt hoch gebildete Bevölkerung, auch Sie, auch alle Länder, die lange Zeit nicht im marktwirtschaftlichen System waren. Das ist der große Vorteil der Europäer, ob der westlichen oder der südöstlichen oder wie auch immer, dass wir eine sehr breite Schicht gebildeter Leute haben, wir haben fast keinen Analphabetismus, wo gibt es so etwas in der Welt. Das müssen wir nützen, diese Reserven, diese Kraftreserven, die wir haben, das ist ein entscheidender Vorsprung, den wir in Europa halten müssen, und das wird oft unterschätzt.

Und wie der Herr Ministerpräsident bereits gesagt hat, Sie gehören zu den größeren EU-Ländern mit Ihren über 20 Millionen Einwohnern. Wir rechnen ja anders in Europa. Wir haben nicht die riesigen Staaten. Wir müssen nur wissen, dass die Zukunft dieser Welt von den großen Staaten mehr mitbestimmt wird, als es in der Vergangenheit gewesen ist. Unser Interesse ist, dass es ein friedlicher Prozess ist.

Und jetzt komme ich auf die Dinge, die gemeinsam sind. Ich würde Brüssel nicht zu sehr raten, die Krümmung der Bananen zu regeln. Aber die ökonomischen Grundlagen, die Grundlinien der Politik, damit hat sich die EU sehr wohl zu beschäftigen. Sie hat sich auch mit der Außenpolitik zu beschäftigen und sie hat sich auch mit der Verteidigungspolitik zu beschäftigen.

Die entscheidende Frage ist jedenfalls nicht nur die Solidarität, das ist überhaupt keine Frage, sondern auch die Subsidiarität, das heißt, der EU muss klar sein: Was macht sie, und was macht sie nicht. Sie wird die Souveränität der Staaten nicht aufheben können, aber sie wird ein Netzwerk von Gemeinsamkeiten schaffen können. Bis hin zur Währungsproblematik, denn immerhin, man darf nicht übersehen, dass der Euro eine ökonomische Großtat gewesen ist, die man in vielen Fällen noch gar nicht richtig einschätzen kann. Er hat noch harte Perioden vor sich, gar keine Frage, das ist kein gelaufenes Rennen, es wäre dumm, so etwas zu sagen, aber er ist eine große Sache, und jetzt stellen Sie sich einmal vor, es gäbe wirklich einmal eine gesamteuropäische Währung, was das bedeutet, was das in der Welt ökonomisch für eine Position bedeutet, auf den Kapitalmärkten. Wenn sich die Marktwirtschaft so weiterentwickelt auf allen Finanzmärkten, was das bedeutet, allein an Verminderung der Wechselkursrisiken für den innereuropäischen Handel.

Meine Damen und Herren, ich möchte mich nicht mehr verbreiten. Ich hoffe, dass Sie mit unserem Symposium zufrieden sein werden, dass Sie wertvolle Anregungen mitnehmen, und dass wir viele von Ihnen bei der nächsten Veranstaltung des Vienna Economic Forum in Wien begrüßen dürfen.

Herzlichen Dank noch einmal an Rumänien, dass es uns diese Chance gegeben hat, hier zu tagen.

## OPENING ADDRESS



Ladies and Gentlemen,  
Distinguished guests,

It is quite a pleasure to welcome you all to this meeting of the “Vienna Economic Forum” here in Bucharest and I would like to thank you very much for your interest and contribution.

The “Vienna Economic Forum” strives to support the business community in its efforts to overcome borders, thus promoting the further European integration process. So it pains me that I can not participate personally in this important meeting due to ulterior obligations.

No doubt, economy has always been the motor of the European integration process! Economy offers the ability to discover the market, to carry out investments and to develop connections and last but not least to work out the common ground with the region and the people in order to prepare both for the community of Europe. In this regard economy plays also a leading role in South Eastern Europe and above all the markets of this region are very interesting future markets.

Let me close with one crucial remark that one can not emphasise often enough: Investment in South Eastern Europe is investment in the stability of Europe, in the future of Europe and therefore in our common future.

In this spirit I would like to extend my sincere wishes to this event for a lot of success!

Your  
Erhard Busek  
Vice-President of the Vienna Economic Forum  
Special Co-ordinator of the Stability Pact for South Eastern Europe

**Dr. Elena Kirtcheva**  
*Ambassador of Bulgaria*  
*Founding Member*  
*Secretary General and Member of the Board of Vienna Economic Forum*

## OPENING ADDRESS



Exzellenzen!  
 Verehrte Damen und Herren!

Es ist mir eine große Ehre und eine besondere Freude, hier in Bukarest vor dem First Foreign Meeting von Vienna Economic Forum sprechen zu dürfen. Erlauben Sie mir, Sie über die Aktivitäten des Vienna Economic Forum zu informieren.

Das Vienna Economic Forum wurde im April 2004 gegründet und als juristische Person mit idealem Zweck gemäß dem österreichischen Vereinsgesetz eingetragen.

Hier und heute können wir viele der Gründungsmitglieder des Vienna Economic Forum begrüßen: den bekannten Industriellen Dr. Josef Taus, Präsident des Forums, den

Generaldirektor von Telekom Austria Heinz Sundt, Mitglied des Vorstandes des Vienna Economic Forum, OMV-Generaldirektor Dr. Wolfgang Ruttenstorfer, AUA-Generalsekretär Dr. Peter Malanik, den Leiter der Finanzabteilung und Vorstandesmitglied der Erste Bank Mag. Reinhard Ortner, Dr. Andreas Calice, Finanzberater und Finanzreferent des Vorstandes, Mag. Katia Georgieva, Leiterin des Büros und Vorstandesmitglied des Vienna Economic Forum.

Zu den Gründungsmitgliedern des Vienna Economic Forum zählen weitere einflussreiche Unternehmer, Unternehmen, Politiker und Geschäftsleute wie der anerkannte Kenner Südosteuropas, der Sonderkoordinator des Stabilitätspaktes für Südosteuropa und IDM-Vorsitzender, Vizekanzler a.D. Dr. Erhard Busek, Vizepräsident des Forums, Dr. Herbert Stepic, Generaldirektor Stellv. der RZB, der Generaldirektor von mobilkom austria Dr. Boris Nemsic, der Generaldirektor Stellv. der Wiener Städtischen Dkfm. Karl Fink, Mitglied des Vorstandes des Vienna Economic Forum, BAWAG-Generaldirektor Dkfm. Jochann Zwettler, der Präsident der Industriellenvereinigung Dr. Veit Sorger, der Generalbevollmächtigte der REWE Austria AG Veit Schalle, Hanno Soravia von der Soravia Group, Alfons Graf Mensdorff-Pouilly, M.P.A. Handelsgesellschaft.

Eines der Hauptziele des Vienna Economic Forum ist, auf die Investitionsmöglichkeiten in der Region aufmerksam zu machen sowie die Integrationsprozesse zu und zwischen den Ländern zwischen der Adria und dem Schwarzen Meer zu fördern. Damit ist auch die Bedeutung der Region unterstrichen, die einen Markt mit rund 130 Millionen Konsumenten darstellt und strategisch und wirtschaftlich sehr wichtig ist.

Das Vienna Economic Forum will die Energie der verschiedenen treibenden Kräfte in der Region zwischen der Adria und dem Schwarzen Meer akkumulieren, will nach Recherchen auf die aktuellsten grenzübergreifenden Projekte hinweisen, die Möglichkeiten für Kooperationen und die Wege zur Verwirklichung der Projekte aufdecken, Kontakte vermitteln und Begegnungsstätte sein.

Um wirkungsvoll agieren zu können, trifft das Vienna Economic Forum zu seinen Hauptkonferenzen einmal jährlich, immer am ersten Novembermontag in Wien zusammen. Das 1<sup>st</sup> Vienna Economic Forum fand am 8. November 2004 in Wien statt, und das 2<sup>nd</sup> Vienna Economic Forum wird am 7. November 2005 abgehalten.

Außenkonferenzen von Vienna Economic Forum werden im Sommer in den einzelnen Hauptstädten der Länder der Region, jeweils unter der Patronanz des entsprechenden Premierministers, Mitglied des Patronanzkomitees, veranstaltet. Sie beschäftigen sich mit Themen, die für die Mitglieder des Forums und die Repräsentanten der 10 Länder wichtig sind wie Energiewirtschaft, Investitionsklima, Projektfinanzierung, Kooperation und Förderung in den wichtigsten Wirtschaftsbereichen. Erläutert werden diese Themen von engagierten Politikern, erfahrenen Geschäftsleuten, erfolgreichen Unternehmern. An den Diskussionen nehmen Länder-, Regionen-, Betriebs- und Firmenvertreter teil. Es kommt zu wichtigen Kontakten, Anregungen, Vorschlägen und Initiativen. Und von der Verwirklichung dieser Initiativen hängt unsere gemeinsame Zukunft ab.



Meine Damen und Herren, Europa braucht einen Erfolg in unseren Ländern – auf dem Balkan, in Südosteuropa, zwischen der Adria und dem Schwarzen Meer – mehr denn je, damit der gesamteuropäische Prozess vorangetrieben wird. Und wir müssen diesen Erfolg gewährleisten.

Genau aus dieser Überzeugung heraus sind dem Patronanzkomitee des Vienna Economic Forum mit Vorsitzenden Bundeskanzler Dr. Wolfgang Schäussel die Premierminister der Staaten zwischen der Adria und dem Schwarzen Meer beigetreten: Fatos Nano, Premierminister von Albanien, Adnan Terzic, Premierminister der Republik Bosnien-Herzegowina, Simeon Sachsen Coburg-Gotha, Premierminister der Republik Bulgarien, Dr. Ivo Sanader, Premierminister der Republik Kroatien, Dr. Vlado Buckovski, Premierminister der Republik Mazedonien, Milo Djukanovic, Premierminister von Montenegro, Calin Constantin Anton Popescu –Tariceanu, Premierminister von Rumänien, Dr. Vojislav Kostunica, Premierminister von Serbien, Janez Jansa, Premierminister der Republik Slowenien. Das macht das Forum zu einer Triebkraft im wirtschaftlichen Geschehen Europas. Es ist eine Plattform, wo die Entscheidungsträger der Region zusammen Initiativen und Projekte aktiv nicht nur besprechen, sondern deren Entwicklung beschleunigen.

Gestatten Sie mir, meine Damen und Herren, dem Patron des 1. Foreign Meeting des Vienna Economic Forum, des Bucharest Meeting, S.E. Herrn Calin Constantin Anton Popescu-Tariceanu, Premierminister von Rumänien, aufs herzlichste zu danken! Ein großes Dankeschön allen Vertretern der rumänischen Regierung, den vielen engagierten Mitarbeitern der rumänischen Seite, denen wir die gute Organisation des Vienna Economic Forum – Bucharest Meeting zu verdanken haben.

Und bitte, erlauben Sie mir Sie alle zum 2<sup>nd</sup> Vienna Economic Forum am 7. November 2005 nach Wien einzuladen, damit wir unsere gemeinsame Sache fortsetzen.

Ich danke Ihnen für Ihre Aufmerksamkeit und wünsche dem Bucharest Meeting viel Erfolg!



## OPENING ADDRESS

Video message



Good morning Prime Minister, Ladies and Gentlemen,

I regret that I am not able to personally participate at the highly interesting event in Bucharest. Nevertheless, I am grateful for the opportunity to share with you a few thoughts on enlargement through this video message.

Europe's mood is gloomy, if not grim, after French and Dutch voters rejected the Constitutional Treaty. The citizens of these two EU member states expressed their concern about their jobs, prosperity and security.

At a time like this, we should not lose sight of the fact that Enlargement is one of the EU's most successful policy instruments. The membership perspective is a powerful incentive for reform. But enlargement is also a challenge and I am fully aware of the concerns of our citizens. The overall benefits of enlargement have to be explained further and in a more convincing manner to all people. I have discussed this with

President Barroso and the Commission will pay special attention to communicate enlargement better.

The best way to address citizens is to demonstrate that only well-prepared countries are joining us. Therefore my main message to the candidate countries is this: meet the criteria literally, fulfil the conditions to the last letter so that those who want the slow down or stop process have no reasons or excuses to do so.

On the other hand the EU has to keep to its existing commitments in enlargement policy. After last year's "Big Bang" enlargement, clearly the EU has to pace itself. Future enlargements have to be gradual and carefully managed, but the EU can not close its doors.

The real fear of people in Europe today concerns their economic prospects, security of employment. It is therefore important to note that in economic terms enlargement creates a win-win situation both for "old" and "new" Member States.

In their first year of EU membership, the new Member States recorded GDP growth of some 5% on average, more than twice that posted by the old members, introducing healthy dynamism to part of the EU economy. Romania's growth last year was even more explosive, at above 8%.

As economic operators become more familiar with the new member states, companies are finding that the expanded internal market provides them with opportunities to organise their production more efficiently, drawing on the comparative advantages of all 25 member states. This may be particularly relevant for SMEs, as for them the "mental barrier" to venture outside the comfort of the EU's confines can often be difficult to overcome.

I very much appreciate Romania's stabilising role in South-Eastern Europe: in that context it is an important signal that Romania had the chairmanship of the SEECP just at the time when it signed its accession treaty to the European Union. The regional dimension is deeply embedded in our policy of Enlargement. The Commission has supported and participated in a variety of regional activities in South-Eastern Europe, including trade liberalisation, establishing a regional energy market, and developing an integrated regional transport strategy, as well as activities in the areas of combating organised crime and border management. EU financial support is significant. We have worked closely together with the Stability Pact, as well as other actors involved in regional co-operation.

Let me say, a few words regarding investment opportunities in Romania, the very subject of this event: The level of FDI in Romania remains low when compared to the countries that joined the EU in 2004. It is a serious economic challenge to increase the attractiveness of Romania as a destination for foreign investors. We know the main causes: corruption, excessive



bureaucracy, the uncertain regulatory situation. But things are improving. The year 2004 represented an important milestone as FDI more than doubled to nearly 4.1 billion euro. A large share of the foreign investment is explained by the conclusion of some major privatisations, which are a positive sign to other investors.

Over the last years, Romania has taken a range of initiatives to try and improve the business environment. Efforts to enhance the investment climate include cutting red tape, consolidating contradictory legislation, increasing the openness of the public administration to the views of interested parties or enhancing dialogue on the investment climate with local authorities and social partners. The actual impact of these measures will crucially depend upon the success of ongoing efforts to increase the effectiveness of the judicial system and to improve administrative capacity.

Let me conclude by saying that we look very much forward soon welcoming Romania (and Bulgaria) as a full member in the European Union. In this context I welcome that Bucharest has been chosen as the venue for the Vienna Economic Forum event.

I wish you a very successful meeting.  
Thank you!

## STATEMENT

### Romania is a safe and attractive market



Distinguished guests,

In my name and the whole Ministry of Economy and Trade team I wish to thank you for your interest which you have shown by participating at this major event. I hope that this summit will prove itself extremely useful for all the participating states and that, at the end of this event, our purpose, to prove Romania is a safe and attractive market for foreign investors from your countries will be touched.

Regarding the VEF collaboration with each of the participating states I have to say that we have projects working with all of these states. We are proud to have together with Austria the largest privatisation project in South East Europe that took place last year between OMV- the largest Austrian and Petrom - the largest Romanian oil companies.

With Croatia and Serbia and Montenegro, we have been working on the largest oil project in Europe – Pan European Oil Pipeline, and with two other participating states, Austria and Bulgaria. With four other partner countries - Austria, Hungary, Bulgaria and Turkey - we have been preparing the biggest pipeline in the region, called the Nabucco Project.

I will bring forward a few reasons to invest in Romania. Romania economy has known a growth in the last years starting with 1999, registering an growth rate of approximately 5,4% per year. This aspect is one of the strong points of the Romanian Economy.

The change of the country rating from stable to positive (according to Standard & Poor) and the existence of some important resources like, oil, gas, coal, iron, wool, wood, and the existence of a competitive and qualified work hand offers extended and diverse internal market, the second in size from Central and Eastern Europe, after Poland.

Also, Romania is a country situated excellently from geographical point of view, at the crossroads of some important commercial roads, which connects the far East with the Western Europe on the E-W axe, and which throw the Rhine-Main-Danube channel can secure important connections between the North and the South, offering access for over 200 million consumers on a 1000 km. range.

Through the advantages which Romania offers as a direct foreign investment destination we have to mention:  
Advantages in political plan:

- at 25 April, Romania signed the joining Accession Treaty to the EU as from the January 1, 2007;

- Romania is a stable country in political manner, involved with determination in the reforming process regarding the economical consolidation, the growth of competitiveness to the other European States level;
- Romania fulfilled all the conditions to become functioning market economy- this is acknowledged by the EU and by the U.S.A.
- Romania is member in NATO and other important international organisations;
- The trust determined by what I just said, determined the presence in Romania of some well known banks like ABN-AMRO, ING Bank, Citibank, Chemical Bank, Creditanstalt. 15 international banks are present today in Romania.

#### Advantages in economical plan:

- Facilities offered by Romanian harbors. The Constantia Harbor can accept ships with a capacity bigger then 100.000 tons. From Constantia, using the channel Danube-Black Sea, transport can be secured through the link Rhin-Main, all the way to Rotterdam, at best prices. Also using the Constantia Harbor we can secure the rebuilding of transport corridor Asia-Europe, the silk road, using the link through the Batumi Harbor all the way to the Caspian Sea and Asia, this being the best location for the transit between the Caspian Sea, the Black Sea and Western Europe.
- Access to international airports, „Henri Coanda” and „Baneasa” in Bucharest but also those from Cluj, Timisoara, Constanta, Sibiu.
- An electrical transport system interconnected to UCTE, which has the possibility to connect with other countries which are not connected to this system,
- A national communication network based on optic fiber transfer, fully integrated in the European optic fiber system and satellite network,
- Mobile communication network in GPS and NMT or LEMS system,
- The existence of 48 industrial parks.

#### Advantages in legislation:

- Transparent legislation regarding the investments, based on free access, without market discrimination, in all Economy fields;
- An investment climate, fully improved, supported by a strong legislation;

#### The main normative acts, which support the legislation, are:

1. Law nr.241/1998 referring to the stimulation of foreign investment and settling the rights and the guarantees offered to the investors,
2. Law nr. 332/2001 referring to promoting direct foreign investment with significant impact on the Romanian economy (investments higher than 1 million \$) through issuing conditions, guarantees, rights and facilities which are offered to this type of investors,
3. Law nr. 346/2002 regarding the stimulation of the IMM,
4. Government decision nr. 14/2002 regarding the starting and operation regime of the industrial parks,
5. Other legislative regulations which support investments are those like the Coal Workers Law, the Oil Law, activities related to the sea transport and tourism, etc.

#### Advantages in the energy field:

- In the energy market of South East Europe Romania can play a major role. The completion of unit 3 from Cernavoda of 700MW can create a flow of safe and clean energy, available for the external market in region and beyond,
- At present 50% of the electricity in Romania comes from Thermo systems and the fact that coal extraction is possible at least for the next 35 years shows the following priorities::
  1. the rehabilitation and perfection of our potential of thermo energy,
  2. the equipment with clean systems which will decrease the gas elimination down to a permitted legal level;
- in the same order of ideas, I can mention the fact that we have investments projects for the energy Complex from Turceni, Rovinari and Craiova as well as Electric Plants like SC Termoelectrica Bucharest, SC Electrocentrale Deva, Galati and Bucharest.
- concerning the energy production in hydro system, we have been completing projects for the construction of a few hydro-plants, which are in different stages of execution (unfinished because the lack of funding), like:
  1. Hydroplant from Borca-Poiana Teiului, on the river Bistrita;
  2. From Cosmesti-Movileni, on the river Siret;

3. From Valea Sadului-Vadeni, on the river Jiu;
4. From Subcetate-Simeria, on the river Strei,
5. From Fagaras-Hoghiz, on the river Olt;
6. The construction of a hydrocentral at Tarnita-Lapusesti. Also I have to mention that this power plant having an energy variation between -1000MW and +1000 Mw can secure the lack from the rush hours, transferring in the low intensity hours the energy in it's own system or in the interconnected one, completing the lack during the night time and also securing the frequency adjusting service in it's own system or in the interconnected one.

Advantages in the natural resources field, coal, oil and natural gas extraction:

- The modernization of high capacity equipment from the mine from SNLO SA Tg.Jiu;
- increasing the stocking capacity by building new warehouses (Margineni-Roman region);
- Rehabilitating the infrastructure of natural gas transport;
- the construction of a new transport corridor for the natural gas from the Caspian Sea , throw Romania, towards Europe (with a capacity of 30 billion cubic meters per year – the Nabucco pipeline). The corridor will be connected to the Transgaz Medias pipe system;
- The development of the oil products infrastructure, starting with the pipeline networks from the terminal Constantia and Southern Deposit, continuing with the internal pipes development and finally the connection of the national transport system for pure oil with the ADRIA system (the pipeline Constantia-Pancevo-Omisalj-Trieste);
- the investment volume for the 53 projects from the energy field and energy resources field reaches more then 5,600 million euro. The largest investments are those for Unit 3 from Cernavoda (850 million euro), Tarnita Lapusesti (700 million euro), the Nabucco pipeline (600 million euro), the Constantia-Trieste pipeline (more then 400 million euro).

We believe that we have created an optimal legal framework for foreign investors. By proposal of the recent government the parliament has passed the act of implementation of the unique 16% flat rate tax. In order to encourage the further reforms in Romania, we intend to continue our policy of attracting FDI.

My intention as a member of the government and as minister of economy and trade is to develop the economic cooperation and the strategic partnerships between our countries.

I would like to assure you that the door of the ministry of economy and trade will always be opened to all investors from your countries and I wish that this door will be the first one opened towards the United Europe.

Thank you!

## STATEMENT

### Telecommunications in Southeast Europe



Herr Wirtschaftsminister,  
Exzellenzen,  
Meine sehr verehrten Damen und Herren,

Ich schätze mich glücklich, hier heute in Bukarest vor einem so hochkarätigen Forum präsentieren zu dürfen, und hoffe, dadurch zu einer Intensivierung unserer Wirtschaftsbeziehungen mit Rumänien beitragen zu können. In jedem Fall möchte ich die Gelegenheit nutzen, die Aktivitäten von Telekom Austria in die Diskussion einzubringen: Telekom Austria, die, an anderer Stelle darf ich noch einmal darauf kommen, in Südosteuropa bereits vertreten ist. Ich darf Ihnen, angesichts der Kürze der mir zur Verfügung gestellten Zeit einen Überblick über Telekom Austria geben und dann auf die gemeinsamen Interessen zu sprechen kommen, die uns verbinden.

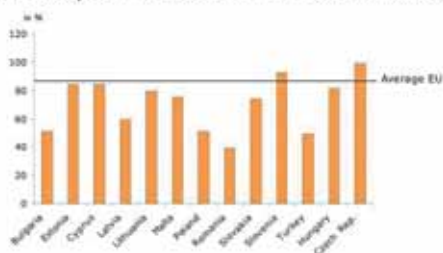
Meine Damen und Herren,

Telekom Austria ist das größte Telekommunikationsunternehmen Österreichs. Wir notieren seit dem November des Jahres 2000 an der Wiener Börse sowie auch an der New York Stock Exchange. Telekom Austria hat 2004 mit etwa 13.000 Mitarbeitern einen Umsatz von rund 4,1 Milliarden Euro erwirtschaftet. Wir sind in zwei Segmenten tätig: im Bereich Wireline, das alle Festnetzaktivitäten von Telefonie, Datendiensten über Internet bis zu Multimediaservices vereint, und im Bereich Wireless – der Mobilkommunikation. Der Marktanteil in der Festnetzsprachtelefonie in Österreich liegt bei rund 55%, in der Mobilkommunikation in Österreich bei 41% (1. Qu 2005). International ist die Telekom Austria in der Tschechischen Republik mit dem Internet Service Provider Czech Online und in der Mobilkommunikation mit VIPnet in Kroatien, mit Si.mobil in Slowenien und mit der mobilkom [liechtenstein] in Liechtenstein tätig. Es ist uns gelungen, im Dezember 2004 eine Kaufoptionsvereinbarung für die Übernahme der Mobiltel, dem führenden Mobilfunkbetreiber in Bulgarien, zu setzen und wir gehen davon aus, dass die Mobiltel bereits im Juli 2005 offizieller Bestandteil der Telekom Austria Gruppe sein wird.

69,8% des Telekom Austria Aktienkapitals befindet sich im Streubesitz. Die ÖIAG und damit die Republik Österreich hält 25,2% der Telekom Austria, 5% des Aktienkapitals sind Umtauschanleihen, die die ÖIAG bereits im Juli 2003 platziert hat.

#### Low Penetration Rates Offer Potential for Growth

##### Mobile Telephone Penetration CEE Countries 2004



Sources: EU, European Electronic Communications, Regulation and Markets 2004, Country Indicators 2004, Roland Berger: Romanian Telecom Market Overview

Telekom Austria hat sich seit dem Jahr 2000, dem Jahr unseres Börsenganges, dynamisch und sehr eindrucksvoll entwickelt. Das Finanzjahr 2004 war ein signifikanter Meilenstein zur Erreichung unserer strategischen Ziele. Wir haben 2004 das stärkste Ergebnis seit dem Börsengang erwirtschaftet und gleichzeitig konkrete Weichen für das weitere Wachstum gesetzt. Erstmals erzielten 2004 einen Umsatz von über 4 Mrd. Euro. Das EBITDA stieg von 1,1 Mrd. Euro im Jahr 2000 auf beinahe 1.6 Mrd. Euro. Die Nettoverschuldung sank von 3,4 Mrd. Euro (2000) auf unter 2 Mrd. Euro (2004).

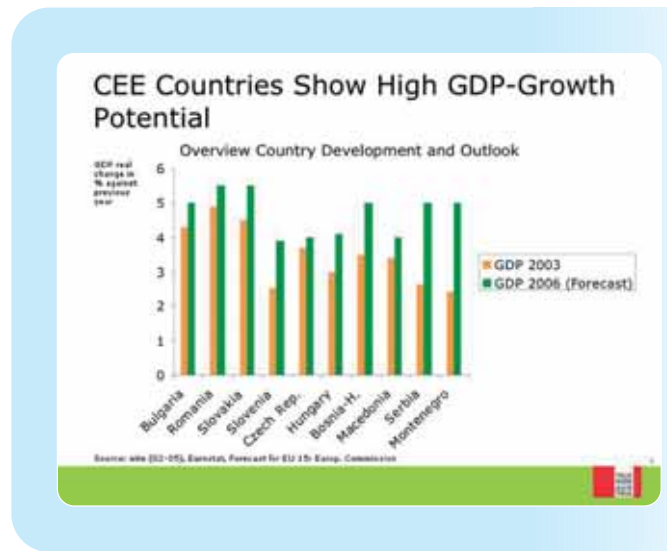
Meine Damen und Herren,

Ich möchte Ihnen nun einen Überblick über unser Engagement in Südosteuropa geben: In Kroatien sind wir mit VIPnet mit einem Marktanteil von 46% (Ende 2004) und 1,3 Millionen Kunden gut positioniert. Si.mobil in Slowenien: wir halten 75% plus 1 Aktie an Si.mobil. Der Marktanteil von Si.mobil betrug

Ende 2004 23,3%, die Mobilfunkpenetrationsrate lag Ende 2004 bei 79,1%. Weiters sind wir noch mit der mobilkom [liechtenstein] in Liechtenstein am Mobilfunkmarkt tätig – eine vergleichsweise kleine Gesellschaft, die aber mit 80,3 Euro einen überproportional hohen monatlichen Durchschnittsumsatz hat. Worauf wir stolz sind: Mit allen diesen Unternehmen erwirtschaften wir positive Betriebs- und Gesamtergebnisse.

So viel zur Telekom Austria Gruppe selbst. Nun möchte ich Ihnen gerne die Gründe unseres Engagements in Südosteuropa an Hand von wirtschaftlichen Fakten darlegen. Während in Westeuropa die Mobilfunkpenetration in den meisten Ländern bei über 80 Prozent – mit Spitzen von bis zu beinahe 100%, wie es zum Beispiel in Österreich der Fall ist, liegt, sind die zentral- und südosteuropäischen Mobilkommunikationsmärkte bis dato weniger ausgeprägt, ein Fatum, das auf Wachstumspotential schließen lässt.

Eine Gegenüberstellung der GDPs (gross domestic product) des Jahres 2003 mit den aus heutiger Sicht zu erwartenden Werten im Jahr 2006 lassen noch stärkeres Potential erkennen. Das Wirtschaftswachstum in Südosteuropa, das sich bereits 2003 auf durchschnittlich 3,9% beschleunigt hat, wird mit entsprechenden Investitionen weiter wachsen können.



Den südosteuropäischen Ländern wird für 2006 eine weitere Beschleunigung auf durchschnittlich 4,7% prognostiziert. Die Erwartungen in die CEE Region ist durchwegs positiv und unterscheidet sich von den Erwartungen des „alten“ Europas“.

Die strategische Ausrichtung der Telekom Austria Gruppe beinhaltet eine selektive Investition in Wachstumsmärkte. Eine Strategie, die wir bereits seit 1998 verfolgen. Durch unsere Tätigkeit in Österreich und unsere Beteiligungen in Kroatien und Slowenien halten wir einen geschlossenen geografischen Bereich. Hinzu kommt noch die mobilitel in Bulgarien, hier haben wir Dezember vergangenen Jahres eine Call Option vereinbart, die im Juli offizieller Bestandteil der Telekom Austria Gruppe sein wird. Damit nähern wir uns einem geografischen Flächenschluss zwischen dem Mittelmeer und dem Schwarzen Meer. Weiters interessant sind für uns Bosnien-Herzogovina und Serbien. Wir beobachten die Entwicklungen in diesen Ländern sehr genau und haben unser Interesse an einer Beteiligung in Serbien bekundet. Auch Bosnien gilt unser strategisches Interesse.



In den kommenden drei Jahren planen wir ein Investitionsvolumen von etwa 2 Milliarden Euro, für Akquisitionen im Wireless-Segment aufzuwenden. Wir haben dazu eine länderübergreifende Organisationseinheit geschaffen, die dafür sorgt, dass zukünftige Beteiligungen in Zukunft schnell und optimal in die Organisationsstruktur integriert werden können. Ich denke, wir sind für die Zukunft gut gerüstet und bin recht zuversichtlich, dass wir die bestehenden Herausforderungen meistern werden.

Ich danke Ihnen für Ihre Aufmerksamkeit und wünsche der Veranstaltung einen erfolgreichen Verlauf!

## STATEMENT

### Providing services and products



Distinguished Board,  
Ladies and Gentlemen,

Providing services and products is the key image of UNIQA, Austrian leading insurance company. Having a look at our already very advanced timetable, Mr Chairman, I think that I know what at the moment the best service for all of you is. Skipping my presentation, which I prepared, I will not hold, but only if the distinguished board gives me the promise that the time we save now will be used even more extensive at the discussions in the working groups afterward.

All the best and good luck for this event!  
Thank you.

**Human resources as critical factor for future success in SEE**

20 th June 2005, Bucuresti

**General aspects**

In international companies in SEE, 80% of top management in the early 90's were expatriates, today there are approx. 36% to 40%.

**Reasons for this development are:**

- Rising expertise of young local talents
- More qualified local managers available
- Local managers are success orientated, open-minded, flexible and have foreign languages skills

**International programm „Go Ahead“**

- Trainee programm for 150 high potentials
- International projects for several countries
- Management tasks at all levels taken on for 2-3 years



**Mag. Reinhard Ortner**  
*Member of the Board, CFO, Erste Bank*  
*Founding Member of Vienna Economic Forum*

## STATEMENT

### Romania is such an attractive opportunity



Thank you Mr Chairman,  
Good morning Ladies and Gentlemen!

I would like to introduce briefly Erste Bank to you and very briefly sketch why Romania is such an attractive opportunity and why we are interested in.

Number one: Erste is the largest retail bank in Central Europe: in five countries outside of Austria, with almost 10 million customers outside of Austria and a little bit more than 2 million customers within Austria. We are retail bank, so we have 2.5 thousand branches there. More than 50% of our net profit, of more than half of billion euros, comes from Central Europe.

So why is Romania a target market for us? Because we believe, as it has been pointed out most recently by Mr Sundt, that the growth opportunities in this country are excellent as Romanian economy will converge with the European average. We are not talking about the short term growth area, but we are talking about the growth pattern that will mean above growth average rates for probably the next 15 to 20 years. It took Spain 15 years after the third enlargement (of the EU) to reach 75% of the European average. I think it is fair that we will see this long extended term growth also in a country like Romania, but from the banking point of view the growth is even faster because the penetration of the economy with banking products in countries like Romania or Bulgaria is very low in comparison to Western Europe and it can be expected that this penetration will increase over years offering even greater growth rates to the banking industry.

You might have heard that we are interested in the privatisation process of the State Saving Bank CEC, you might now understand why we will try to be a successful bidder in this process.

I would like to thank the Vienna Economic Forum for the organisation and wish all the best for the upcoming hours of this event.

Thank you very much.

## STATEMENT

### Durch Investieren Teil der Entwicklung werden



Exzellenzen!  
Sehr geehrtes Forum!  
Meine Damen und Herren!

Ich werde mich auch sehr kurz halten.  
Die Wiener Städtische ist heute die zweit größte Versicherungsgruppe am rumänischen Markt und auch einer der größten Investoren. Mit fast 100 Million Euro, die wir inzwischen hier investiert haben, beweisen wir auch, dass Rumänien ein Zukunftsmarkt ist. Ich möchte nur eins sagen und an Sie adressieren: Investieren Sie und werden Sie ein Teil dieser Entwicklung! Sie werden sehen dies ist ein guter Markt, es ist ein Zukunftsmarkt und wenn Sie Teil dieser Entwicklung werden, werden Sie auch Freude daran haben.

Herzlichen Dank!



#### The success story of Wiener Städtische

The Wiener Städtische Group is today the leading Austrian insurance group in Central and Eastern Europe with a premium income of € 4.5 billion for 2004

16,000 employees handle around 11 million clients with 14 million contracts in 15 countries of Central and Eastern Europe in 1,200 branch offices

The sum of all capital investments is around € 14 billion



#### Wiener Städtische Group

The reasons for our success:

- > Regional management
- > Profits are invested locally
- > Long-term investments
- > Know-how transfer between group companies
- > Innovative products, especially tailored for the local markets
- > 180 years of experience



Steven van Groningen  
President & CEO, Raiffeisen Bank Romania

## STATEMENT

### Support for free initiative and competition



*Dr. Andreas Brandstetter, Mag. Christian Brandstetter, Steven van Groningen*

Ladies and Gentlemen,

On behalf of Raiffeisen Bank, one of the Founding members of the Vienna Economic Forum, of course, I am very pleased and honoured to welcome all of you here in Bucharest. I am happy to see so much interest in Romania and the developments that are taking place here.

You might know that Raiffeisen is present here since 1994 and my personal interest in Romania goes wide before that. So I am very pleased to see that there is more and more interest in Romania and in investing in Romania. Raiffeisen as a group has accumulated a lot of experience not only in Romania, but also in the surrounding countries. This gave us an in-depth knowledge of the entire region and this gives us a good position to put things in European prospective.

Raiffeisen as a group has offered its long-term commitment to Romania and that is why we are committed to support all the policies and actions for a long and better future for the country and we are definitely willing to play our part.

At the moment we are having in Romania more than 4,500 employees and I think this is not unimportant to mention. We acquired in 2001 Banca Agricola – a former state bank – that had 3,500 employees. We have now created one thousand places more. We are also serving in total 1.5 million customers, and at least 3,500 large companies and 100,000 small and medium size companies are now our customers. I think Dr Taus also mentioned the importance of the small and medium size enterprises.

You understand that we have clear interests to support the country option to EU accession and all related actions that go with it. We are very interested to support all state authorities in their policies for free initiative and competition. But it is also important for us to learn as much as possible the preferences, expectations and concerns of our customers. I think that the prime minister has mentioned the importance of the communication with the population and citizens.

One of the things that are up coming now, as one of the largest opportunity for the financial system and the bank industry, is the privatisation of the state saving bank and of course the largest bank in the country – BCR. We did a research and it is interesting to see that there is of course some real concern on the side of the customers that through privatisation the banking services and the banks will become less reliable, maybe because the saving bank will be no more guaranteed by the state. But at the same time 35% of the Romanians believe that after privatisation the services will improve. As I said, we took over a former state bank in 2001 – a heavily lost-making bank. I think we have proved the points that we can make indeed a former state bank into a better bank for its customers and for its employees. And the most important is that we have proven that it is in



Romania very well possible: to buy a former state bank, that is loss-making and to turn it into a highly respected and profitable bank up to the international standards. These are points at this time, which are being overlooked by many investors; you can be extremely successful in Romania sticking to your own values and to your own standards. Of course we know about the problems that exist with corruption and with bureaucracy, but you don't need to be part of it. You can be successful by using your own business practices and your own standards.

Coming back to my point about Romania and the EU, I really think that foreign investors have an important role in the EU accession and can play a role in promoting Romania in their countries of origin. A lot of the foreign investors in Romania think that Romania is some kind undervalued in their countries of origin and I believe we all should play a role in explaining what potential Romania has. I also think that looking at the region it is a clear possibility to make Romania into a region's hub, in the financial sector and in many other sectors as well. I don't think that this has been exploited enough by now and I would encourage everybody to look at this and to play an active role in making this concept work.

That is basically what I wanted to share with you. I wish you a very fruitful day.

Thank you very much.

## DURING THE COFFEE BREAK



*Discussions during the intermission in the focus of interest.*



*Dr. Josef Taus,  
Atanas Sharkov, CEO, System for Electronic Payments  
Penyo Hadjiev, Chairman – System for Electronic Payments*



*Mag. Alois Schrems,  
Wolfgang Rígler, Senior Counselor,  
Privatization Agency Republic of Serbia,  
Heinz Sundt, CEO Telecom*



*The Member of Vienna Economic Forum Managing Board  
 Dr. Andreas Calice in discussion with participants at the conference*



*Norina Boru, Country Manager Romania/ INNEXT,  
 President Prof. Emil Constantinescu,  
 Smaranda Enache, Co-presedinte, Liga Pro Europa*



*Deputy Minister Sasha Andonovski,  
 Firan Vasilescu, counsellor Ministry of Economy and Commerce,  
 Ambassador Dr. Elena Kirtcheva*

# KEYNOTE SPEECHES

## Investment Climate in Romania



Mr Chairman,  
Ladies and Gentlemen,

Let me introduce myself. I am Gheorghe Copos and I am responsible for business environment, foreign direct investments and small and medium enterprises in Romania and I would like to present to you the investment climate in my country.

I think the time, in which we are able to contribute to the Romanian development, gives us as a government a fundamental option. The main points of the further development, as you know, are: limitation of the state intervention in the economic sector, straightening the state role as a guaranty for legality and the consolidation of the functional and efficient market economy.

Our main political objective is Romania to become a member of the EU in 2007. So, you might be interested in the government policy regarding the stimulation of business environment. First of all, we want to support the private investors. We are exerted to stimulate the free initiative and to exert more business environment – oriented governmental measures, as providing stability, legality, predictability and transparency of the business process. We want to create friendly business environment.

### **Romania in the European macro economy**

So, what is the position of Romania in the European macro-economic prospective? Looking at the eastern part of Europe, we can say that our country has a leading position. Romania is today a growing market, achieving an impressive GDP growth, retaining low cost of production and at the same time high quality. There are also a lot of benefits thought the accession of Romania to the European Union. As you might know, in Romania are settled a lot of EU companies, who operate in an extended market of 500 million consumers. But this also will mean for Romania harmonisation of the capital market, new regulations and taxation, administrative proceedings when export to the EU Member States. This also will mean the elimination of exchange risk and conversion-charges, when Romania joins the Euro zone.

In 2004 we had more than 8% increase of GDP. For 2005 we are estimating growth of more than 6%. The inflation rate in 2004 was more than 8%, but I believe we will have about 7% by the end of 2005 and we will achieve the 3% by 2008. The unemployment declined to 6.2%, which is in my opinion a good achievement for the last years.

I am very happy to mention that we have more than 4 billion euro of foreign direct investments. About 56% of them flew to the industry sector, while more than 17 % were invested in the services sector.

### **Incentives**

I would like to present you the incentives that the Romanian government set in order to attract further foreign investments. Before my dedication in the government I was working as a businessman, and I got to know the importance of the incentives.



First of all foreign direct investments are allowed in all sectors of the economy. Moreover our law system gives the foreign investors the possibility of full ownership and management rights by foreign private persons, also the full repatriation of capital and profits; protection against expropriation and nationalisation and equal treatment of investors, independently of their national affiliation.

For investments amounting more than 1 million dollar, the incentives are in the area of the fiscal law. In these investment cases the company profits are free of paying taxes during the following five years, carrying forward the taxes amount. There is accelerating depreciation for machines and equipment, except for buildings. And there is the opportunity for local council to approve exceptions for reduction of taxes of land, during the first 3 years from starting business activity.

Furthermore the state grants the guaranties of 18% of the loan value. The takeover of buildings and land from the state could be exempt from charges. Right now there are sales possible under the market value of buildings and land. In addition there are also low interest rates of credits and I am sure that interest rates will decrease even more in the future.

### **Taxation**

Romania is now very attractive, because the government have decided to modify the Fiscal Code and to introduce the flat tax rate of 16%. I am happy to inform you that tomorrow we will approve the new Label Code, as we already approved the Law Against Fiscal Evasion.

These are some of the success stories of the Romanian government by now. Today more than 9 thousand companies are presented at the Romanian market. This brings the country of rang 3 in the total number of companies and number 10 in the ranking list by value of subscribed capital.

Some more figures of the GDP structure: 43% were accumulated by state activities and 19% were made by the industry.

### **Austrian and gross international investors**

The Austrian investments in Romania are at 7<sup>th</sup> position of the ranging of the value of investments. I am very pleased to welcome here representatives of some of our best partners from the privatisation, as OMV, Raiffeisen Bank, HVB. I am very happy that so many Austrian companies, at large about 700, are now presented in Romania. About 25 % of them are active in the whole sale sector, 30% in the heavy industry; some more are in the field of tourism, retailing, construction industry and agriculture.

Let me mention some of the most recent success stories of the Austrian big investors in Romania: Raiffensen Bank made value of more than 161 million US dollar investments in Romania; Bank Austria-Creditanstalt made about 100 million; 12 millions were contributed by the World Bank, since they started to invest in Romania. I would like to mention some more companies, which did so far huge investments and created thousands of work places in Romania: Alba, invested more than 60 million Us dollar; Jungbuerger with investment of more than 20 million Euro and employs more than 1000 people.

### **Greek direct investments**

A lot of Greek banks are settled in Romania. As a whole the Greek firms are at rang 14 in the ranging of registered companies and at rang 11 by the value of subscribed capital- more than 300 million USD. Some major Greek companies are presented in Romania: Pireos Bank – with very strong position, also Intracom, Alfa Bank. The Greek investors are active in the service sector, also in retailing and whole sales – about 30%.

### **Particular sectors of investment**

As you know Romania is very attractive country. Currently we are strong in manufacturing of cars and automobile components. I like to mention Renault, which invested more than 1 billion Euros in Dacia and their investment will grow by 2008 to more than 2 billion Euros. At present Renault produce more than 160,000 cars in Romania and this figure will grow to 290,000 cars by 2008.

### **Finalising the privatisation process**

Currently is the privatisation of the following companies under consideration: The Romanian Commercial Bank, The Romanian

Saving Bank, The Romanian Mail Company, The Romanian Railway Company (today they are not so interesting, because they are on strike), and there is also privatisation in the energy sector.

### **Development of the infrastructure**

We need to build up our infrastructure and to attract greenfield investments. I hope we can soon finalise the upgrade of the infrastructure, as I believe than Romania can get more attractive with improved infrastructure.

### **Human Potential**

I can assure you that the Romanians are very smart people with excellent learning and professional skills and strong educational background. Furthermore they have command of several languages, like French, English, German, Italian and Russian. The average age is in the recent years very low and the birth-rate is about 0.7%. We are obliged as a government to increase these figures. That is why we have to improve the living standard in Romania. That is why the government decided to reduce the taxation and to introduce the flat rate tax. As well in Romania we have good operational costs for personnel.

### **Reasons for investing in Romania**

There are five important reasons to invest in Romania:

1. Strong market potential;
2. Functioning market economy;
3. High skilled labour force;
4. Competitive tax policy;
5. Significant economic growth: yearly growth of over 6% that rose over 8% in 2004.

The economic and business cooperation is vital for all the countries in the region. Today Romania is reliable, attractive, solid and very profitable partner and this partner is personated by the prime minister and our government. I believe that a powerful government is not the one, which desires to control everything, but the one, which knows to give up a part of its power in order to strengthen the market and the law. And we have this government in Romania today. We have been in a situation, in which you can reduce costs and increase efficiency by investing in Romania. As a businessman I can assure you that this is the right moment to come and invest in Romania.

Thank you very much!

## The Experiences of one of the biggest foreign investors in Romania



Thank you very much for giving me the floor, Mr Chairman, Mr Vice Prime Minister, Excellencies, Ladies and Gentlemen,

Thank you very much, Mr Vice Prime Minister, for giving us this very enthusiastic speech about the investment opportunities in Romania. You have certainly addressed all the keywords important for investors. I think that my job, my role here is to report about our experiences and I have to say that our experiences are coming up to what you have promised. So, I think, that you are not only promising, but you are also delivering and I would like to present of course our experiences.

Ladies and Gentlemen,

OMV has been in Romania for the last 8 years. We have started at the end of the 90's with investments in filling stations. We have so far directly invested in filling stations around 100 million EUR and for us this was the entrance fee, if I can say so. We entered the Romanian market in a bigger style, because we had first to get the necessary experience in order to later participate in a meaningful way in the privatisation of Petrom. The privatisation of Petrom started in the second half of 2003. It was a very open, transparent and competitive process. At the beginning there were participating more than 10 companies, later this number was narrowed down to 6 and finally 3 competitors. I am very proud to say that finally we have succeeded to beat both Occidental – a very successful international oil company – , and MOL – our colleagues from Hungary and also very aggressive in Central and Eastern Europe. So, it was not easy to fight and to win. A year ago we signed the privatisation contract, actually in July last year, and we needed six months for closing. I can tell you that this is quite an achievement, because it was really a big and complex transaction. The closure of such a process within six months shows how our Romanian partners were committed to go ahead like they have signed. I have really big respect, that this was possible in not a very easy time.

Well, now half a year later, I would like to tell you where we are now and what will be the picture of Petrom, as we see it together with the management of Petrom, for 2008: what will be the role of Petrom in Romania, but also beyond Romania, what are we going to do.

Well, this is the market (on the slide), than both OMV and Petrom together as a strategic alliance have. I think, it was mentioned in the morning that with the fall of the iron curtain, with the enlargement of the European Union, national markets do not exist any more. It is not enough any more to have a high market share in Austria, in Croatia, in Hungary and Romania, you have to have a reasonable, sustainable market share in a larger supply area. Together with Petrom, we have defined such area – the Danube area, or let me say the area between the Adriatic to the Black Sea – it is an area, where about 100 million people are living, with an oil demand of around 80-90 million tons, so 10 times of the size of Romania or the size of Austria. The objective is to have there a long term sustainable market share – only in this way you can survive the competition of the big international companies. As you see together with Petrom, we have a very strong position. We have refineries in South East Germany, where we are the biggest refiner, but

### OMV and Petrom – the largest oil and gas group in Central and Eastern Europe



also can supply from there the Czech republic. We have a refinery at the eastern border of Austria to Hungary and to Slovakia, from which we can supply the whole area. And from the two Romanian refineries, we can not only supply Romania, but also Bulgaria, Serbia and more recently via the Bosphorus and Greece – also the Adriatic coast with products from Romania. So if we talk now in terms of reserves, production, refining capacity and oil sales, we are very much ahead of all the regional competitors, like the Hungarian MOL or the Polish PKN.

What is now the picture of Petrom? Petrom is definitely a very important pillar in this strategy. The business of Petrom rests on three activities. The most important definitely is exploration and production and the objective there is to keep production of oil and gas in Romania high at the minimum between 200 to 220 barrels a day, rather at 220 barrels a day. The second most important business of Petrom is refining and marketing and here it is not just the question of a market share in Romania, but also beyond the Romanian borders, as I said, to supply parts of Bulgaria, Serbia, but also other countries maybe even Turkey. Petrom offers a third big chance and this is to develop a gas business. Gas will have a very important role in the future supply of the energy demand in this area. Petrom has a production of around 6 billion m3 per year and based on that it is possible to get a more active role in the Romanian gas market. Of course, it is also very necessary to focus on improvement of the cost structure, on the restructuring of Petrom. Government, unions and the employees are aware that this has to happen. We are trying to negotiate in a spirit of social partnership with the unions to do this over a couple of years, step by step and in a socially acceptable way, because we want to support the Romanian government in their

ambitions as far as employment is concerned. At the same time of course we have to increase efficiency in Petrom, because we also want to raise wages and salaries over time, as Romania has to get nearer and nearer to the European Union average.

Under the bottom line, I am pretty sure that Petrom will be very profitable. Petrom will definitely reach a return on average capital employed of around 13% and with the higher oil prices now it could be even higher, but we expect that the oil prices over the medium term should come down again to around 30\$ and that it is the objective then to reach this kind of profitability.

The next slide shows the upstream business of Petrom, which is of course very strong in Romania and you see the portfolio of reserves that are operated by Petrom onshore and offshore. You can also see Kazakhstan, where Petrom is already active and where Petrom should expand step by step. The intention is really not only to have a national oil business here, but to use Petrom as an international hub for the area and for the Caspian Sea region. The good message is that Romania has excellent technical experts, like reservoir engineers or geological scientists. Nevertheless the most modern technologies in reservoir engineering and 3D seismic were not used. This is insofar good and important, as it offers potential to find more oil and gas to supply the Romanian market from those reserves. So, we are rather optimistic as far as the production in Romania is concerned. At least we will see a stable production in Romania for many years to come. We are pretty sure about that and maybe it is possible even to increase production in the country, as we have to apply this new technology and we will try to expand from that basis to the Caspian area.

### Our vision for 2008

**Core businesses Petrom 2008**

- Exploration & Production: 200,000 - 220,000 boe/d production
- Refining & Marketing: 100% market share in Romania / 8 mln refining capacity
- Gas: 4.5 bn m3 sales

**Integration Petrom 2008**

- Upstream: Oil & gas +10 m3 bbl
- Refining: 8 mln t
- Marketing: 6.5 mln t

\* assumption total market Romania 2008 11.3 m3 t  
total sales volume Romania 4.5 m3 t, export 2 m3 t

Petrom is a profitable company with a ROACE of 13%  
With a Romanian production volume of 200,000 - 220,000 boe/d, further E&P activities in Caspian region

Petrom leads the Romanian downstream operations in market share and network efficiency for company owned filling stations

Beyond Romanian borders Petrom develops a competitive export position (e.g. Turkey) and supplies markets in Bulgaria and Serbia

Petrom's gas business fully leverages the market liberalization, supplying gas to all relevant customer channels

Focus on further improvement of cost structure, increased productivity and approaching industry benchmarks



### Petrom upstream in 2008 – Value creation through world class operations




Petrom leads the upstream business in South Eastern Europe with a daily production of 200,000 - 220,000 boe and a reserve replacement rate of 80%

Recovery and production efficiency are optimised through latest advances in reservoir management and modern production technology

Exploration expenses of 100 mln EUR per year, supported by 3D-seismic and other best in class technology, will add important reserve potentials

Further exploration and development activities in the Caspian Region



On the downstream side Petrom has two good refineries: Arpechim and Petrobrasi. For sure we have to invest a lot in those two refineries in order to bring them up to the western European specifications and requirements. We will do that over the next couple of years and we will have to invest couple of hundreds of millions to reach that. But based on this refinery supply it is possible to keep the around 35% market share in retail and whole sale. Moreover, we will use this refineries to supply the neighbouring countries, maybe Turkey or – via Greece – to reach the Adriatic ports and supply Croatia and Slovenia with Romanian products. Of course we have to become much more efficient and much more attractive as far as Petrom retail stations are concerned, because Petrom has actually lost market share via the Pertom retail stations as they are not attractive enough compared to the international brands. So we will re-launch the Petrom brand and restructure the biggest part of the filling stations – around 300. We will start with the re-launch of the brand and the reconstruction of the network in the second half of the year.

All in all, we have to invest for 2005 a minimum of around 400 million EUR, but I am sure in 2006 and 2007 we will see higher investments, as we want to catch up with the European development very fast, so we rather prefer to concentrate the investments in the next couple of years. Within the next 2 to 3 years Petrom will definitely invest more than one billion euros in Romania and this does not include amounts that could be invested on the top of that outside. Petrom definitely has the cash flow and the cash in hand to do so and will develop to one of the strongest companies as far as financial power and investments are concerned, not only in Romania but rather in the region.

Ladies and Gentlemen,

Let me finish my presentation with a few words regarding the gas-business. Gas will play an important role in the future energy supply of Europe. Because of the Kyoto Agreement and other reasons oil demand is not going to grow in the European Union and only to a limited extent in Romania. That is why gas in Romania and in the region is a very important business and based on the resources of Petrom we are quite confident that we can establish such a gas business in the area. We are also committed to help Romania to participate in new regional initiatives like the Nabucco project, which should bring gas from Iran, Syria and Azerbaijan via Turkey, Bulgaria, Romania and Hungary finally to Western Europe, to markets like Germany and France. We think that such regional initiatives, where we can help, are of high value for Romania. We are definitely committed to the country and to the development of oil, gas as well as oil and gas related opportunities in the area.

So, if I may sum up, our experience in Romania so far has been a good one. It is not easy. There is competition and fighting. This means a lot of personal commitment for me as well as for the other board members of Petrom. There are all kinds of difficulties and we are also coming forward with proposals to improve the business environment in Romania. But under the bottom line, Romania is definitely an attractive country to invest in.

Thank you.

### Petrom Refining & Marketing in 2008 – New quality and expansion



Petrom fully controls the refining capacity for its domestic production  
With significant refining investments in 2005-2008 Petrom complies with EU quality requirements and the market demand structure to reach a competitive cost position  
Petrom holds more than 35% total market share  
With significant Marketing investments in 2005-2008 the brand sets the quality, safety, reliability and convenience standards in Romania  
Petrom operates an efficient retail network in Romania, among which more than 300 premium stations, offering innovative convenience shopping  
Beyond Romanian borders Petrom develops a competitive export position



## Commerce as engines of the Romanian economic



Mister President, ladies and gentlemen,

I believe that for the last 5 or 6 years the external commerce was one of the engines of the Romanian economic growth. We have to consider the Romanian economy point of view as well as the cooperation between our countries in South East Europe, an attitude which will lead to a better external trade. The reasons for this evolution is the fact that Romania belongs to the World Trade Organization as a founding member, the fact that the country is part of the Free Trade Treaty with the countries from the region and the fact that we are part of the Stability Pact for South East Europe, a pact which our government believes gives excellent results.

In the integration process which Romania follows to the EU the participation in the free trade areas is a priority for us. The process is very important, it is supported by the EU and it is nothing else but a preview step before the actual integration. Alongside with the integration pact, Romania has other treaties and free trade pacts with the countries which are members of the free trade association – with the Republic of Moldova, with Turkey, with Israel. Romania is also a member of CEFTA with Bulgaria and Croatia and Macedonia will soon join this agreement, lately at the end of 2005. On the base of these pacts starting from 1 January 2002 the industrial products trade between Romania and the countries members of EU, CEFTA and Turkey is fully free and in 2004 the same thing happened with Israel. These free trade pacts have contributed to the intensification and the diversification of Romania official trades. We have in front of us an export market secured by these trade pacts of approximately 550 million people, tax free market. Relevant is the fact that approximately 80% of Romania's trade is with those countries. We also believe that the liberalization and facilitating the trade in South East Europe is a way for increasing the integration process, a way for attracting more foreign investments and finally achieving our objectives which are to stabilize the region and the integration in the EU. In the meeting last week in Sofia we spoke about the need of making a new multilateral free trade pact in the region. This can be achieved through the modernization of CEFTA in order to receive other countries. It should be flexible enough to receive our neighbors from South East Europe or by creating a new treaty which can receive all the countries from this region. Our preference is the modernization of CEFTA.

I believe that the recent evolution of the Romanian trade is not to be exemplified through numbers. We had a good trade dynamics. In march we recorded the highest Romanian export since 1989 of 1,93 billion euro. 86% from Romania's exchange is with countries from Europe. Finally I want to express my thought that the regional dialogue, forums and participations in meetings like this one will keep contributing to the liberalization of commerce, to the full integration in the EU.

Thank you!

**Dr Peter Malanik**  
Secretary General, Austrian Airlines  
Founding Member of Vienna Economic Forum

## Investments – Economic development – Progress



Thank you very much Mr Vice Prime Minister,  
Excellences,  
Ladies and Gentlemen,

It is a great pleasure to be here to address the Vienna Economic Forum once again after our last meeting with some of you already in Vienna. It is a great pleasure in particular, because the presentations that we have heard so far this morning are a great encouragement and fill me with some enthusiasm for the future of South East Europe and in particular for Romania. We have received all the good and important messages, everything we would like to hear from the politicians in the region that will help us to develop this region together successfully.

There is one thing I would like to point out right at the beginning: Investments, Economic development, Progress – this all happens based on good transport connections. Transport is the backbone for development. In particular air transport is a very important pre-condition for development in this part of the world. I was very pleased to see, when I arrived this morning at the airport of Bucharest that extensive works are going on there. This is a very good and wise decision. Infrastructure is the pre-condition for transport and infrastructure in air transport has a number of great advantages. Infrastructure in air transport is

comparably cheap compared to other modes of transport – like rail or road. If you formulate it in a slightly pointed way one runway at an airport costs about the same amount of money as 30 kms of highway. Yet, 30 kms of highway can take you from here to the suburbs of Bucharest but one runway at the airport takes you to the whole world.

Ladies and Gentlemen,

Infrastructure investments are very important not only at airports, but also in air-traffic control systems and those infrastructure investments that are already made. What is also very good about air transport infrastructure is that it is probably the only infrastructure that is not only paid entirely by its users, but it is also an infrastructure that makes a profit. There are not so many businesses that make such a good profit as airports do. Running an airport is very good business. Investing in airports and investing in infrastructure development is therefore also a very good business.

Transport, as I said, is the foundation of economic development. It is also the basis for increased foreign investments, it is the basis for the development of tourism, it is the basis for connecting countries to the worldwide economy. And therefore we in Austrian Airlines think, that over the last years, we have contributed quite a lot to the development of the South Eastern European region. And I may remind you that we are operating to this country, Romania, since 1959. It has been almost half a century since we operated our first flight to Bucharest. Together with our partner Tarom - the Romanian air transport company – at this point of time, we are operating 44 flights to four different destinations in Romania: we fly to Bucharest, to Timisoara, to Cluj and to Sibiu. And we are currently looking at Iashi, as a new destination, and we are also investigating market possibilities in Constanta and Oradea – two more possible destinations that we are looking at in Romania.

Infrastructure investments are important, the services that we are operating are important, but there is one element missing – and this is obviously the fact that air transport, as some of you may know, is one of the most heavily regulated industries you will find in the world. Air transport was based on a treaty that was concluded at the mid of the last century – the Chicago Convention. The convention basically lays down one major principle of air transport and that is that air transport is generally prohibited unless it is exceptionally allowed. This is the principle of the Chicago Convention and this is the basis for air transport worldwide.

Now, the European Union following the United States has come to a different conclusion: air transport should be generally allowed, it should not be prohibited and it should definitely not be permitted by exceptional allowance only. Airline companies should be allowed to fly wherever they think there is a market. The European Union has therefore over a period of ten years liberalised air transport, has admitted airlines within Europe to operate freely from every point, from every destination to any other destination they would like to operate to. This has indeed had a very strong effect on the air transport industry in Europe. We currently have 40% more Intra-European Community routes, we have 25% more airlines, and most remarkably, all the airlines in the marketplace have increased their productivity by 87%. This is indeed quite remarkable. So, all in all we can only say that liberalisation in Europe has done a very good job. It has provided consumers with much lower prices, and it has turned all airlines operating in Europe into much better companies than they had been before.

Now, what is the situation in South East Europe? South East Europe is still governed by traditional principles of limitation of market access, regulating market access. But liberalisation, as it has to happen within the European Union, is at our doorsteps, also here in South East Europe. Of course, some of the South Eastern European countries have already become members of the European Union, others will follow very soon. The next few years will be gone quickly and, even with the European Union's current own problems, I am convinced that the plan of Romania's accession in 2007 will be adhered to.

So, even if that is not the case for each and every country in South East Europe, there are other treaties, arrangements that are at our door steps which will liberalise air transport in this region of the world. There is a special treaty on air transport which the European Union is proposing to all the countries of South East Europe that will probably be concluded unless the treaty is eventually overtaken by the accession of the South East European countries to the European Union. This – either the treaty of the EU on air transport, or the accession of the South Eastern European countries to the European Union – will eventually result in a big bang of liberalisation.

This is something that will be very difficult for some airlines of this region to digest. I say this with all sympathy, because we – the airlines of the old European Union – had 10 years of adaptation phase, we had 10 years of gradual implementation of liberal market structures, of liberal market access, of moving away from the protectionist elements that the old system of aviation had provided us for many years. Airlines in this part of the world will be confronted with a much harsher and harder way of adapting to liberalisation. There will be very few transitional periods if at all. Probably there will be none. In this case there will be one big bang, when a protected and regulated air transport market will become a liberal one from one day to the other. The airlines of the European Union will then fly much more to the countries of South East Europe than they do at this point in time. It will be very difficult for the airlines of this part of the world to adapt to the new environment at that point if unprepared.

I am not the one to give recommendations to my colleges in the airlines of Romania, of Bulgaria, of all the countries of South East Europe, but it is indeed essential to face the upcoming challenges. There is one perhaps very good example that we have seen in the 10 new member states of the European Union and that is the airline in Lithuania – Air Baltic. I quote this example, because it is so visible. Air Baltic limited market access as much as it could, until the very last moment before Lithuania's EU-accession. From the day the market was open, all the airlines that wanted to fly, flew to Riga. So, what was the situation of Air Baltic? Air Baltic had, admittedly, during the time when it still could limit market access, had the highest passenger average earnings of all the airlines of the 10 accession countries. But it also had, from the minute of the accession of the 10 states, the lowest productivity and the highest cost structure.

Ladies and Gentlemen,

This is confronting an airline with huge problems, because liberalisation means lower air fares, lower prices, and it also means that your cost structure must be reduced and your efficiency must be improved, as I mentioned before, when talking about the airlines in Western Europe.

Air Baltic, if it had not had its parent company SAS of Sweden, Denmark and Norway, would have been in very serious problems. And why is that so? Because Air Baltic relied too long on the fact that it had a protected market of its own, where it could extract monopoly rents from and where it could maintain a relatively inefficient and costly structure.



Ladies and Gentlemen,

Airlines of this part of the world have an enormous advantage. Airlines of this part of the world have, as we have seen, politicians and governments, which favour market opening, which create a very favourable environment to companies in what ever industry they work in. Airlines of this part of the world also have a great advantage because they benefit of relatively low taxation, relatively low labour costs, relatively low costs for operating and running a company. Airlines of this part of the world must capitalise this natural advantage in time. They will be capable of all challenges if they make use of those mechanisms, their environment in order to become strong and be well prepared for liberalisation.

I would also say that the transitional periods, which the European countries and the European governments granted to their own airlines when they phased in liberalisation gradually, is something that should also to a degree be homemade for the airlines of this part of the world. Their governments should start already now gradual liberalisation. Gradual liberalisation, opening of the market step by step and that way creating a little bit of pressure – in a way that shall not kill the airlines, but make them face reality and adapt to that reality, adapt to a liberalised, an open market and force them to capitalise on the strong advantages that those airlines have.

Regrettably, the European Union has for a long time prevented this consolidation from happening, because of state aid that was constantly granted to the companies that should have left the market, also in Western Europe. This state aid policy has prevented consolidation from happening, has prevented infrastructure from improving in Western Europe. I hope that these mistakes, the European Union has made in the airway transport sector over the last 10 years will not be repeated in South East Europe. This consolidation will certainly also further improve the efficiency of Western European airlines. It also means that we will see probably less so called hub-airports- airports where a lot of flights connect to each other and therefore offer a lot of possibilities for transit traffic. There will not be so many hub-airports, as we see now in Western Europe. In fact there is a raise in competition between cities and economic regions to maintain a hub-airport in their home base. Certainly Paris, Frankfurt and London will remain hub-airports and there will be a couple of most probably very specialised hubs, which will survive in Europe and which will offer very distinct services.

We at Austrian Airlines do hope, we are very confident, not to say we are convinced that Vienna will be one of these specialised hubs, because we have a very clear profile: the flights we operate, the focus of our attention which is Central Eastern and South East Europe. We are very strong in this region. When it comes to destinations served, we are amongst the number one carriers in the region, which is quite an achievement for a relatively small company as Austrian Airlines is.

Now, this race is already on and it will be very difficult to try to be part of this race in South East Europe. And my advice to the airlines of the region, if I may give one, is: adapt by gradual liberalisation, by gradually opening your markets, by capitalising on the advantages in terms of labour costs, in terms of operating costs, in terms of tax environment, by providing the flights to your region that are viable in point to point traffic but do not enter the race of becoming one of the hub-airports of Europe. This race is on for a little too long.

To conclude, I am very confident that air transport in particular is one of the most important transport modes to and from the South Eastern European region. It will be a forceful promoter for the development of the economy and of tourism to and from South East Europe, in particular to and from Romania, which is a very important and attractive market. I do firmly believe that the airlines have good prospects for the future, but they must act now.

Thank you very much.

## 3.8 billion Investment

Ladies and gentlemen!

I have just heard that OMV should be the biggest investor in Romania, but we have invested in Romania around 3.8 billion, which is a little bit more.

So, our problem in Romania in the last years was corruption, to be as brief as possible. I hope your new government will change it. My experience here was that I have got always problems in financing roads motorways and so on with corruption.

So, that is my extremely brief message.

Thank you.

# ROUND TABLES

ROUND TABLE 1: Environment projects in the Region

ROUND TABLE 2: Investment opportunities in infrastructure projects in the region

ROUND TABLE 3: Energy industries

ROUND TABLE 4: Small and medium-sized Enterprises

## ROUND TABLE IMPRESSIONS



*Roundtable 1:  
Mr Korodi Atila, Secretary of State,  
Ministry of Environment and Water Management, Romania*



*Roundtable 2: Mr Alexandros Galiatatos, Secretary of State,  
Ministry of Transport, Constructions and Tourism, and  
President Mr Emil Constantinescu*



*Roundtable 2:  
Mr. Atanas Sharkov, CEO, System for Electronic Payments,  
Mrs Vanya Vassileva, Chief Executive Officer - Municipal Bank Plc,  
Bulgaria ,  
Mrs Ambassador Dr Elena Kirtcheva and  
Mr. Penyo Hadjiev, Chairman - System for Electronic Payment,  
Bulgaria*

**Koroti Attila**

Secretary of State, Ministry of Environment and Water Management, Romania

## SUMMARY OF ROUND TABLE 1

### Environment projects in the Region

During the 1<sup>st</sup> Round table information on the investors who are ready to invest on the Romanian Market was presented and discussed.

In the light of the integration process of Romania we have negotiated transitional periods until 2018 in the field of environment and in this time we have to invest according to general estimations 29.3 billion Euros. This includes 5.2 billion euro that will come from local and state budget, 9.9 billion Euro from Community Funds, 7.8 billion Euro from the companies and private sector and 6.2 billion Euro will come from international projects, environmental funds (Romanian state budget), environmental taxes and also from loans, extra budgetary incomes and from public private partnerships. This means that the state will allocate 18% from all the necessary resources for these years. The Community Funds will be 34% from the entire budget, the companies 27% and the financial institutions 21%.

The bigger part of these investments we have to do in the period 2009-2015, where the highest point will be in 2010 and 2011. Now we are in the process of preparation of the National Development Plan and the Operation plan for Environment – the base for absorption of European Funds.

From the 30 billion Euros we have to use 19 billion Euros for environment management. Romania is very sensitive in this field and we have to make investments for all cities that are bigger than 10,000 people. We must invest 4 billion Euros in waste management. Considering that we can invest money from European Funds for hazardous waste only after 2018 we have to find other solution in this area. For pollution control in industry we have to invest 5 billion Euros but these costs mostly affect company's budgets. At the moment we try to use some instruments in programming in the section Operation Plan for Environment and find some solutions helping the enterprises to develop Action plans to prevent pollution. 1 billion Euro should be allocated for alternative energy resources.

In 2001 we begun to prepare projects in the water management and waste management and in the last year we had some significant experience in using European funds. The most of the ISPA projects in Romania were in the water sector. We implement every year a program that accounts 130 to 160 million Euro. Two third from this budget has been allocated to the water sector but we are expecting for the year 2007 almost 500 million Euro to be invested. Until now we received only 30 million Euros per year. In the future we are ready to implement 40 projects per year in the water sector with cost between 10 to 100 million Euro. All these investments are part of the integration of Romania in the European Union and they are necessary to achieve the implementation of the commitments under chapter 22 "Environment". We have a lot of companies from Western Europe involved in ISPA projects. The biggest entrepreneurs come from Spain, Italy, Denmark, Sweden and also a few from Austria. We expect more partners from Austria and Germany.

We have also other important areas where investments are needed for the next years. One of them is the coast erosion on the Black Sea (between 1.5 m-6 m/year). We have a big problem with the lost of parts of the coast and an estimated calculation is 20,000 billion Lei (67 million Euro).

Another part of investments is allocated for solving problems with the floods. Our strategy in the flooding field is based on the evolution of the last 100 years. Perhaps you heard about Timisoara flood from this year. The climate is changing and this means we have to renew our strategy and find other instruments to stop the inundations. A lot of investments were made before 1999 but these investments were not proper for the climate situation. There is also a very clear connection between the floods and erosion. The reason of this erosion (more than 20,000 qkm) is the transportation of sediments on the Danube from the North to the South and also the redirection of these biological sediments to the sea. This is also an area where we have to work on.

In the waste sector we are developing projects for construction of waste depots, more than 6 transfer centers and also our aim is to close all non-ecological waste depots. We encourage the use of selective waste collecting and recycling waste systems. The quality of our waste for example does not permit its incineration. In the negotiations process was established that we can not



use the waste incineration funds before 2018. But for Romania stays the urgent problem with the incineration of medical waste and we have to allocate financing.

From all the loans from EU banks we couldn't cover all the investment. We started some "ppp" projects in order to resolve this problem.

## SUMMARY OF ROUND TABLE 2

### Investment opportunities in infrastructure projects in the region

In the road sector Romania engaged herself since 1990 to European transport corridor, which is not only a national but our European priority. This channel includes Constanta-Bucharest, Sibiu-Deva, and Timisoara-Arad. We have reached a stage of 60 % of technical execution with other bids to be launched soon. The rest 40 % are already with feasibility studies prepared.

I have to highlight a great contribution of the European Bank for Reconstruction and Development (EBRD) for the financial support. Another important part will be the launch of the EU Cohesion Fund in 2007.

I want to draw your attention to some feasible projects that are in their final stage of preparation: Highway Nadlac-Deva for a segment of 38 km with a cost of 147 million Euros, Timisoara-Lugoj segment for 91 km with an estimated cost of 638 million Euros, Lugoj-Deva 31 km on a cost of 121 million Euros. Financing is provided by Financial Institutions and Cohesion Fund. Construction will begin within 2006-2008 period. A new objective for the period of 2008-2009 is Deva-Sibiu highway segment with a feasible project of 669 million Euro and execution in the period of 2005-2008. In the same corridor will be the segment Sibiu-Pitesti, 147 km with an estimated cost of 1.26 billion Euro, finalising term 2012.

An important road around Romanian capital, Bucharest North-Bucharest South, estimated value of 234 million Euros is now being negotiated within a Bilateral Agreement with People's Republic of China.

Starting in 2005 and 2006, operations are running on Cernavoda-Constanta segment with finalisation in 2007. The estimated value of the project is 242 million Euros.

By 2009 Channel 9 will be opened on route Focsani-Bacau-Iasi-Sculeni with estimated costs of 1.5 billion Euro, drawn from Cohesion Fund or FEDER. These are projects for road infrastructure with national and European interest.

The co-operation with Bulgaria seems to be very important especially the bridge Calafat-Vidin. The financing is not assured yet.

Our Minister is running currently a project with World Bank within a value of 225 million Euros for rehabilitation of national roads. According to Romania's commitments, we have to finalise the full rehabilitation program by 2009 with a length of 2,880 km. This program was launched in 2003.

Within rail sector, so important for today's economy, we want to continue modernization of Bucharest-Brasov segment. Currently we want to finalize Bucharest-Campina segment, and then we will continue with Campina-Brasov for a higher speed circulation. Estimated value of this project is 470 million Euros. Using ISPA financing instrument we raised 200 million Euro, for the rest 270 million Euro we are negotiating with European financial institutions.

Other operations, such as Brasov-Sighisoara segment are still within project stage, since only for this project estimated costs are around 356 million Euros, whereas the financing sources are not available for the time being.

Into naval sector Danube-Black Sea Channel in Romania is having its importance. With the extensions to Galati-Sulina, Rhine Main-Rotterdam, this year we launched construction of blocking terminal in Constanta – a project financed by the European Bank for Reconstruction and Development. This financing will be without governmental warranty but with financing raised by Naval Administration of Constanta. This is an advice for those companies that want to run such projects; it would be useful to raise funds without governmental warranty.

On Danube-Black Sea Channel, we have to work on Braila-Calarasi segment, where depths need to go over 2.3 meters. Another objective there is by 2006 to launch reconstruction of Borcea Channel, as it is an important water source for Reactor 2 and 3 from Nuclear Power Plant of Cernavoda. With this project we want to assure supplementary water sources when Danube level drops down. By January 1st, 2006 a new system of data recording will be launched for shippers. We are beginning with Austria and later with Bulgaria, in order to finalize this program of getting data at any time and kilometre of Danube about water depths and debits for a safe circulation.



In the air sector we want to continue modernization of airports under Transportation Minister Authority. Henri Coanda Airport of Bucharest will enter into third developing phase, whereas feasibility studies and blueprints are finalized. At Baneasa Airport, running circuit is going to be rebuilt within this year. The situation with Kogalniceanu of Constanta and Timisoara Airports is the same. For the other national airports we are looking for partnerships to develop. First in the list is Iasi Airport, as local authorities show a great interest.

Transparency brings corruption elimination!



## ROUND TABLE IMPRESSIONS 2



*Mr Bernhard Snoy, Director Stability Pact,  
Moderator of Roundtable 3*



*Roundtable 4:  
Mr Igor Dodod, Deputy Minister of Economy and Commerce,  
and participants from the Republic of Moldova*



*Prof. Dr. Florentina Ionescu, Deputy Director,  
National Agency for SME's and Cooperatives, Romania,  
Moderator of Roundtable 4*

## ROUND TABLE 3: Energy industries

### The Nabucco Project

The Nabucco is a project, which has been started in 2002 by common protocol between five partner companies, namely: Botas from Turkey, Bulgargas from Bulgaria, Transgaz from Romania, MOL from Hungary and OMV from Austria. This is a project, which aims to connect huge gas reserves in the Middle East and the Caspian region with the gas markets in Eastern, Central and even Western Europe by building a pipeline of about 3.500 km long from the Turkish-Iranian and Turkish-Georgian border to the gas hub of Baumgartnen in Austria. The project has been set up, as I said, by five partner companies. Nowadays the consortium has established Study Company, which is based in Vienna, called Nabucco Pipeline Study GmbH and which is currently seeking for large shareholders. We have received currently letters of interest, expressed by some major companies, as GDF, RIVE, Euro Gas.

The project has gone through number of serious steps, beginning with the signing of a co-operation protocol. After that market study was conducted, which has identified potential gas quantities of 30 to 70 bcm (billion cubic meters) to be potentially delivered and sold to western countries through the gas hub in Baumgartnen. Some 11-12 bcm of gas could be discharged along the route- in Bulgaria, Romania, Hungary, and less in Austria.

After the market study we have performed a technical feasibility study, which has proved the technical viability of the project. This project is huge by size, but not necessarily comprises high tech solutions. It uses and involves proven solutions, which are industry practice.

In February last year the Nabucco Company was created. After that we have engaged a financial advisor, who has performed the financing study. We are currently working with our legal advisor from London on documents, which have to be signed in order to go ahead with the project.

Up to now we have elaborated and initialized the joint-venture agreement, which is to be signed in the near future by the five partner companies. This joint-venture agreement will enable us to start the next stage of the project, which will begin with the basic detail design. In this next stage we will start the approaching of shippers. We have already finished heads of terms of transportation contracts. We are currently working on the form of transportation contracts.

Of course as a consequence of the signing of the joint-venture agreement we will be in the position to transform the Nabucco Study Company into International Nabucco Company, which will have all necessary incentives to perform all the investments across the route. This company will have five subsidiaries in each of the transited countries.

This is a project, which is first of all commercially driven. As I said, we have identified the need of some important volumes of gas, which are not covered from the traditional sources, like Russian gas. But the project is also politically driven, because it is important also for the transited countries. Due to the fact that especially for Bulgaria and Romania it ensures the diversification of gas supply sources, it ensures an enhancement of supply security, and for the other countries it gives access to huge gas reserves with low cost.

This is a project, which is very challenging. The development period will last till 2011. Until 2008 we will perform the basic and detail design engineering; we will conclude the shipping contracts; we will acquire additional shareholders. The construction period will last until 2011. I would like to tell you that this is a project of 4.6 billion Euros at prices of 2005. At prices of 2011, when the project will be completed, the value of the investment will be in the range of 5 billion Euros.

We have started talks with banks. We have already met EIB and EBRD. The next international financing institutions the IFC will be met by the consortium this year and we are confident that we will be able to reach financial clause by 2008.

Thank you very much.

**Dorin Mucea**

*Deputy Chief Officer, Agency of Privatisation in the Industry, Romania*

I think looking back at the energy system in Romania, we have done a lot. I would like to give you an example. Last week we had an open session with all the electricity participants, kind of domestic session on the opening of the market to 83.5%. I was amazed to find out how friendly language the participants used during that event. Completely different language adapted and oriented to the market mechanism.

It was a big discussion whether we should continue to open the market in step by step, or in all-of-a-sudden. I was one of the supportive for opening “all-of-a-sudden”, because even if some unexpected or uncontrollable events happen the things will in the end happen. And instead of having two playing cards in one hand, you’d better have one card even if you see some disturbances in the system. It is good that we have started this process before our integration into the European market, because we still give a chance to the Romanian actors to become more accustomed with liberal ways and liberal rules of trading electricity.

My colleague mentioned already the setting up of the electricity exchange market. And one of the topics, we discussed last week, was how to make this electricity exchange market an original hub, an original exchange, recognized by the players in the region. We shouldn’t forget the subjective factor of choosing electricity. There are traditions in the countries by choosing the origin of the electricity they are buying. The origin that is being recognized becomes much more subjective than objective value from the customers. And this plays a role, when we answer the question, where should we trade our electricity? Let say Bulgarian or Macedonian electricity in Bucharest and not in our market. I think we have to be convincing to that.

I had a very interesting discussion with Nord Pol Germany. When they started this process in the North part of the country they had the same approach. Our minister during the talk said that in order to be convincing we are not going to play a Romanian game for the exchange of electricity, but regional, open, transparent and according to objective rules. We should offer this electricity to be shared by Nord Pol (there will be a kind of Nord Pol Romania) and to the players of the region. I mean the countries of the region willing to participate in order to make the process much more advanced. As far as I know, originally speaking, in this region we are the most advanced in terms of the experience we have gained and I invite interested people to pay a visit to OPCOM, to see how we are trading in a very transparent and good manner. Why? Because at the end of the day this spot market will give an important signal- national and regional to the investor on the up-stream side, at least from the point of view of price.

I don’t like to talk about privatization. Of course it is important, because if we do not privatise the generators, we can not speak indeed about real competition. But that is another issue. Much more important is the real interconnection of the electricity market. And I think this is a task, which should be taken by this regional organisation. We are not as big market. We are much more medium to small market, so there are others markets in the region. Whenever you wish to build a strong investment in to the system in order to be competitive, you need to have a larger market, where you can better surf and better accommodate the peak volt and base volt supply in a much more diversified market.

The international institutions should be more innovative rather than providing money for credits or getting certain simple financial involvement into the projects. We have used in Romania for the first time an instrument – we call it PRG – Pursuer Regulatory Guaranty. Based on that experience, we are now talking with the World Bank to use new instrument, called PCG – Pursuer Credit Guaranty – a kind of instrument that facilitates the access to better credit facilities than those used until that.

Environment is a very serious concern for all investors in the energy generation, because it generates costs, without necessarily getting an advantage. Environment should be supported by the state and the international institution such as EBRD and IFC, first by their equity participation but also by long term credits. We should address this issue in order to avoid the impact on the tariffs.

Another issue I wish to mention is the so called independency of the regulators. This is very important for the investors. The better regulatory staff you have in the regulatory authority and more transparent, stable, and predictable regulatory framework, the more independency you have in terms of regulator. The second advantage of our experience is: the more players you have as equity private players into the system, the more independent regulatory you have. I have to say that now as a ministry we are less talking with the regulatory than a year ago. The regulatory now talks directly to the players and it has to take an approach, which is contemplating to protect the consumers, but also to give certain incentives to the producers. Thank you very much.

I would like to say that IFC is quite involved in Romanian energy sector. We have stakes in two companies, which have been privatised: in generation of electricity and in gas. We also have some letters of interest in all the projects, which have been mentioned by Mr Mucea. As he explained there is possibility and need of different new instruments. I think it is important to be said that we have started to be very creative. Now we are having a sort of credit enhancement instruments, which can help in improving either the credit worthiness of a project or the credit granted by different institutions. In the case of IFC, this type of credit enhancement product is done without any state guaranties. It is directed only to purely private and commercial viable projects.

Concerning the two projects, which were discussed a little bit earlier I would like to inform you that for Nabucco project there is an important meeting today in London. And concerning Constanta -Trieste there is a support of the General Secretary expressed on the Inter-ministerial Committee, taking place now in Belgrade. These two projects are going to be successfully placed by the end of 2011 and are going to have an important role.

I just want to mention that up to now our active portfolio in oil and gas is 3.2 billion dollars. So, we are really a leading institution in this sector. We have been the lead financier in almost all other big pipelines in the world.

Thank you.

**Adriana Cernat**

*Head of Day-Head-Market Department in OPCOM*

I would like to present to you some figures about the Romanian electricity market.

OPCOM is the Romanian Electricity Market Operator. We have started the electricity market in Romania in August 2000, so we have almost 5 years of experience. This process was based on provisions of the Energy Law in Romania that was adopted in 2003 harmonizing the European directives 96/92/EC and 2003/54/EC, on the road map and on the Governmental Program.

The degree of the opening of the market was very dynamic. We have started with 15%, now it is about 55%. We have started with a condition of ability with a yearly minimum consumption of 100,000 GWh. Now the minimum is only one GWh per year. Starting with 1st of July 2005 we intend to fully liberalise the market for non-households. This means an open degree of 83.5% and our final goal is to fully liberalise market, starting from 1st of July 2007. This year we are expecting about 600,000 eligible customers.

OPCOM is legally independent subsidiary of Traselectrica. We are the administrator of the electricity market. We are full member of APEXs – the International Association of Power Exchanges and EuroPEX – the European Association of Power Exchanges. Starting with this year, we are going to implement in Romania a new market model, which complies with the European market model and we think that this will ensure the integration of our market into the European one. We are going to replace one single mandatory day-head market with voluntary day-head market, operated by OPCOM, completed with the real time balancing market, operated by Transelektika. We are going to have a new modern trading platform. And we are also going to start the implementation of the financial markets. The whole investment is over 15 million Euros. It is a modern platform, in compliance with the European trading platform.

Also starting with the 1<sup>st</sup> of July this year we are going to implement the green certificate markets. This is a very important date for us – the date when the first green certificate will be issued. And the administrator of this market will be also OPCOM.

Thank you for your attention.

## Future Privatisation of Constanta-Trieste

I am not directly involved in Constanta-Trieste, but as I have been participating in some meetings in Washington I would like to share some information on its future privatisation.

Until now Constanta-Trieste project was only at the level of the governments. In my opinion this is important, but not enough. Constanta-Trieste project should be structured at the level of equity partners with the support of governments.

I also want to underline that even if the other pipeline is putted into operation, the Constanta project will be still very important because for the countries at the Adriatic Sea it gives a better comfort in terms of environment. It doesn't mean discharging from a vessel in the sea, which is quite tide, and in matter of tariffs, as studies demonstrated, it is not more expensive than the other pipeline.

In the meeting held in Washington it was discussed that the project should be promoted now as quick as possible and that we have to try to put together at the end of the pipeline those one, who will pick crude from the pipeline. This means to decide whether this will be OMV, the Italians or BP. This is an important portfolio of customers. If you have a take-off, you need then to take care of supply.

The Americans, who are present on the other side of the pipeline, over the Black Sea, they should also be promoted as partner. If you have two components: the supply side and the take-off side, you have the project.

The most important target for us is to finalise the privatisation of all the electricity distributing companies by the end of next year. This week we shall go with the announcement for Montania South. And for the other 3, of the total of 8 distribution companies in Romania, procedures are ongoing. I think the process of privatisation of these 3 companies will be finalised by the next year. The last 4 companies are already 50% privatised.

So, the gas and electricity distribution will be privatised by 100% by the end of the next year. Generation side is the most challenging side, because the level of perception of the investor is high. That is why we have been promoting the opening of the market, because the characteristics – transparency, stability and predictability can be reached on the generation side through unbundling. I think on the distribution side we have very good framework in Romania, which could be even presented as an example to many other countries in the region. But for the generation side, the most important signal we can give to the investors is the market signal. That is why the government has promoted the opening of the market by 83.5%.

On the generation side the government has taken 4 important steps. First: to promote on the co-generation side a proper regulatory framework, using instruments allowed by EU directives, such as mandatory take-off, priority dispatch, qualified price, which give the investor full safety on selling of the co-generative part of the energy – the electricity.

On the thermo-power side we have put on market and we are preparing to put on the market those projects, which are on the merit scale the best located. In Romania, but also in the region, the best located is the Lignaite. Lignaite has an important value for this country. First the price of Lignaite has nothing to do with the crude price or the gas price. Its price equals the costs of taking out Lignaite of the Lignaite Pit.

We have used and somehow copied the experience from RWE (they are here participating in our session). We have used their experience by integrating the open-pits into the power plants as cost-centres for them. Now we have created integrated energy complexes This is power generation, in which open-pits for production of Lignaite are costs-centres of them and are under the direct control of the power producer. The target, we have now, of about 3.000 MgW is to promote privatisation or to get private equity into this project.

Whenever you start privatisation, it is very important to start with an important project implemented, to give the investor the trust: "Yes, you can invest in that country and you can earn money". I just wish to mention an example. As we started privatisation of the electricity distribution 3 years ago, only one investor came and we had to negotiate 2 years. We have

achieved something good, but we knew that it was important to have a successful finalisation of that story, in order to have a track record, to have a good history, to be offered to further investors. This is what we have to do on the generation side. The approach of the government to this issue is to promote green-grey-field projects, rather than selling assets, which is difficult. This means that we are not necessarily privatising something, but we are contributing to some assets.

Termoelectrica Electro Centrale Bucharest in this respect is now on the way to promote these kind of projects despite the fact that they are sometimes bureaucratically stopped by certain people, who do not understand the importance of doing something good, rather than preserving something bad. I just wish to give an example. The way we are today co-generating energy in Romania is at an efficiency level of 50% of its capacity. What do we have to protect in this case? Nothing! We have to take a realistic approach. The risk of doing something maybe not in the best defined form is anyhow much cheaper than the risk of doing nothing.

The same view we have on the hydro generation. So, this is the kind of picture this government wishes to do and promote in order to start the privatisation of the generation side of electricity, which is very important.

The Minister was talking this morning about an investment need of 5.5 billion Euros just for the generation side, which the State can not afford. Even if the State could afford this investment, this should be stopped, because we are on the way to transform from state economy to private economy.

Thank you very much.

## THE EUROPEAN COMMISSION AIMS THE CREATION OF DYNAMIC REGIONAL ENERGY MARKET IN SOUTH EAST EUROPE

I would like to give you some last elements to the workshop 3, dedicated to energy. I think that we had very interesting discussion about very significant changes taking place in the region but also about the developments in Romania. The most important changes in the region are linked to the process that was initiated by the European Commission in 2002 that aims the creation of regional energy market in South East Europe and the integration of that energy market into the wider European single market. So, how is this to be done? This is possible by extending *acquis communautaire* to all the countries in South East Europe, including Turkey, by implementing the principles of the EU directives in the area of electricity and gas. This means:

- making it possible for cross boarder trades in electricity and in gas to take place to the same rules as they take place among the countries of the European Union;
- establishing in each of the South Eastern European countries of independent energy regulators or said in very objective way – tariffs based on cost recovering;
- unbundling of all the monopoly electricity and gas companies in the generation, transmission and distribution activities;
- transfer of basic environmental standards, required in the European Union to South East Europe, in the energy sector
- Introduction of the EU competition policy by implementing *acquis communautaire* on minimum of energy-production.

This has taken place in number of stages. First was the political commitment taken by the ministers of the economy, of the ministers of the energy of the region by signing the Memorandum of Understanding in Athens on 15<sup>th</sup> of November 2002 then extended to gas in 8<sup>th</sup> of December 2003. It is extremely important for the region that we are moving now from political commitments to a legally binding international treaty that will genuinely incorporate the countries of South East Europe into the EU market. This treaty gives legal guaranties for potential investors. The draft of the treaty has been initialled by the countries of South Eastern Europe on the 31st of May and the treaty is expected to be signed by the European Commission, representing the EU, and the countries of the region. There is still a question mark whether in the end Turkey will sign the treaty or not. But the political significance of this treaty is very high and Dr Busek frequently compares this treaty to the European Coal and Steel Community, which in 1951 further to the plan announce by Robert Schuman on the 9th of May 1950 cemented the reconciliation between France and Germany. The creation of the Coal and Steel Community was the prelude of the common market, of the treaty from Rome.

In the same way and despite the more difficult political situation in Europe, I think trough this treaty the energy sector of some countries for which we do not know the date when they will enter the EU, they will be *de facto* already members of the Union as the energy sector is concerned. Of course the challenges of doing this are quite considerable: the institutional building that has to be created for those independent regulatory authorities; the strengthening of their credibility; the affirmation of their independence. All this takes time. We also have to keep in mind the impact of the financial discipline and the tariffication on the more vulnerable segments of the population. This is a real problem. Energy poverty is something that exists and we have to find the way to mitigate those costs. The most important is enhancement of energy efficiency. We have to keep in mind also the impact of restructuring the energy problem on employment. We have this problem also in Romania. We moved from coal to gas and that means that many jobs will become redundant.

So we discussed all those things. There were also some additional presentations made by the representatives of Romanian companies. They gave me the impression that Romania is not only fully aware of this process but is also ahead in term for instance of deciding at which date non-household customers will be able to select the source of electricity supply. Also Bucharest is developing ideas of electricity exchange and for sure will play important role in this original energy market.

During our workshop there was a very interesting presentation of the Nabucco project, which aims to connect Iran and Turkey with the markets in Western Europe through a pipeline that goes across Romania, Hungary towards Austria. Those projects are of course very important because there is a geopolitical dimension of the creation of this regional energy market in the sense that countries of Western Europe want to reduce their dependence from Russia concerning gas. Therefore there is a need of gas pipelines going across the Balkans. Of course gas pipeline across the Balkan will be viable if local markets are developed. Here again Romania is ahead, because Romania has gas sources and it is the country in South East Europe with the highest percentage



of using gas energy. But the rest of the region, particularly the Western Balkans, is underutilising gas. So, these projects are important, first for the development of the region but also because of their geopolitical significance for whole of Europe.

I think we were extremely encouraged by the discussions in our workshop. They demonstrate once again how much things are changing in the region, how much opportunities have been created for investors and also how much the international financial institutions are behind this process. The EIB, EBRD, the World Bank, they all confirmed that their loans to the energy sector have only one condition: fulfilment of the Acts and the Memorandum, all of the new Energy Treaty. I think Romania has been the first country to benefit of those new types of loans of the World Bank. This shows again that Romania is defending itself quite well in this sector.

Thank you very much for you attention.

## SUMMARY OF ROUND TABLE 3

In the third roundtable Mr. Snoy, Romanian representatives of the energy sector and investors discussed the problems regarding the realisation of the Nabucco project. This includes the connection of natural gas from Caspian Sea with Middle- East and with European Market and also the possibilities of realization of final point, means the technological knot from Baumgarten.

It was also repeated the desire of OMV group to become an active part of this project and the invitation of the agreement signing between the following companies: The natural gas Company from Turkey, Bulgargaz from Bulgaria, Transgas from Romania, Mol from Hungary and OMV from Austria.

In the second project the transfer of pipeline Trieste-Constanta was emphasized as the most important in hydrocarbon supply in West Europe. This project represents also a contribution in realising of stability accord on the Balkans. We have to underline the interest of other countries in this project: Italy and Slovenia.

We talk also about problems referred to electricity on the national and regional market. Starting from July 2005 we will be capable to operate the unique platform of transaction and in a estimate time, to be able to attract other companies from the region and to extend the market from a national to a regional one.

With the support of the OSPI (the office of privatization) of the Ministry of Economy and Commerce was debated and presented the main privatization projects starting with privatization of energy distributor company Muntenia Sud, continuing with the famous energetic organisations like Turceni, Rovinari, Craiova and the potential projects which rely on financing within hydro energetic objectives, rehabilitation of the gas distribution system and development of stock capacity of natural gas.

I would like to thank to all of the participants at the Round Table 3 for the good an aiding discussion.

## SUMMARY OF ROUND TABLE 4

### Small and medium-sized Enterprises

We unfold 18 programs to support SMEs and only one of these programs is unfolded through Finance Bank. We selected this bank to finance investments in new equipment for small and medium sized enterprises. This credit is divided as follows: 45% a grant from the state budget and minimum of 15% of entrepreneur contribution. We also support the development of external activity which means: participating in fairs, creating websites in foreign languages, training SMEs in consulting services, traders and handicrafts. We also have a program able to support textile and leather sector. In Romania this industry works quite well – so we try to keep them in the market.

We also implement a program to increase the competitiveness of products. The support is up to 90,000 Euro per company for implementation of standards, certification of laboratories, for creating entrepreneurial culture. We have different programs. One of them is on "start-ups" and it is oriented to support young people who want to start a business. The program is divided in two components – first training during two weeks on matters like marketing, management and accounting and after that all the participants have to prepare a business plan and based on it we make a selection. 20% from these participants receive credits based on one year grace period.

I would like to mention that in the same time our agency established in 2002 a National Guarantee Fund for SMEs. This is a fund that covers credits with guarantee up to 85% and we are very happy to work with banks as this scheme has a huge potential. Another program for development the entrepreneurial culture is a program dedicated to women. One component of it will promote entrepreneurial culture by using a caravan all over the country and with the assistance of Euro Info Centers. A new component of the program will be training for start-up entrepreneurs and they will benefit from financial instruments and some mentoring for example how to start and develop a business.

Raiffeisen Bank representative provided statistical data on facilities for credit lines offered at RB, also some information on credit portfolio and priorities RB is having for crediting activities.

Small and medium enterprises do not have a strong appetite for advising, since this activity is considered still as an unjustified expense. The strategy to present advising attractive has been discussed. It is important to underline that consulting services is not just investing but also a big profit for the future.

The concern on obtaining financing for the customers has been raised. Here is the case of an outside company that wants to invest in Romania based on a well-organized business plan, with an objective into infrastructure. We could not raise any financing on Romanian market. It was a Greenfield investment. Currently, bank financing is available for companies that already exist for at least six months. What is your offer for companies that come with a business plan?

The representative of Raiffeisen Bank Austria explained why they finance companies that run for at least six months or even one year. The reason behind has to do with the well-calibrated products and address to a company with a running business, an ongoing business. RB is considering including start-up product into its portfolio. RB is exploring such instruments as financing on business plan.

As RB representative mentioned in Romania currently there is no bank to raise the risk on financing on a business plan. I assume nowhere in Europe, or at least within 95% of the countries, there are no such credits. One single agency in Austria, AVS, a governmental credit agency, based on research outcomes, is searching for financing sources. Firstly, professionals come and assess what you want to do and the potential of outcomes, then the agency is searching for finance sources, based on financing programmes and not on crediting. In Romania, we are hoping to get open risk capital companies. As it is known within few weeks a new Law on Micro-credits is going to become effective. Law just passed the Senate debate. Further steps will be parliamentary mediation and publication. Crediting companies could offer up to 10,000 Euro for start-up of business.

## PANEL DISCUSSION



In interest of time, I will not read my speech. I will just briefly inform you about some important issues.

First of all, I would like to express my gratitude to the organisers of this event.

Also, I really hope, as a representative of a country of the Balkan region that Romania and Bulgaria will succeed to enter the European Union in 2007, because this will be very important for the whole region and the whole South East Europe.

I think that Romania already showed that they are quite good neighbour and that they can offer very good opportunities for investment in this region, but also they can share the experience and stimulate investors to come in the other countries in South East Europe.

For the Republic of Macedonia I will only say that all the investors are more than welcome to come. Last week we signed the contract with Luk Oil for about 50 million euros. They will build 50 gas stations in Macedonia. We already signed also last week the agreement with the Turbo Institute from Ljubljana, Slovenia for 20 small hydro power plants, which is an investment of 100 million euros. We signed two weeks ago protocol with Siemens in Munich. They will be our strategic partner for our hydro power plants. In September we will start the privatization process of our electro supply company, which will be publicly announced. Other gas providers said that they will invest in the gasification of Macedonia, which means that we will be very happy to have OMV and Petrom in Macedonia. There are a lot of ongoing investments right now and I am not going to read them all.

Let me just say that in the name of the government of Macedonia, I am quite happy to be here and to share the experience of my country with all of you. I am happy to present to you the close future of Macedonia, because we are expecting to start the negotiations for EU membership in the near future. Next year we are also expecting an invitation for a full membership in NATO. So, it would be very good for us to share experience and to know better each other. Good cooperation is part of the agreement, the ministerial statement and the Stability Pact process, which was signed last week in Sofia. This is a mutual understanding of the countries in the region to cooperate with each other without custom barriers, as a free trade zone.

So thank you again. And I wish you a good success of this meeting.

**Igor Dodod**

*Deputy Minister of Economy and Commerce of the Republic of Moldova*

## PANEL DISCUSSION



I would like to share with you that we are very conscious about the main role which plays this Economic Forum in developing the economy in Romania and in South East Europe.

We also appreciate the structure and economic reforms done in Romania and the steps that the country is making for its integration in EU.

In this moment in Moldova all our reforms are oriented to the economic sector and structures. After a growth of 6% of GPI in 2004 we still register a growth of 8, 2% in the first quarter of 2005.

The external commerce is also growing with 12% and the investment in fix capital with 20%.

We have a lot of new projects developing: PETROM is one of the principal operators now on the Moldavian market. Moldova has investors from Romania but also from other countries in Europe. In this time we implement some reforms of restructure for example the guillotine law which foresee the regularization reform and creates good investing condition for foreigners and also taxes convenience. This already happened in informational technology sector where the investments are completely free of taxes for the whole time of activity.

I would like to invite all the investors from Romania and Europe to profit on the according of free commerce which Moldova is in process of negotiation with all the countries from East and West.

Because of a reduced internal market – just 4 million people – we have a Price Accord with all ex-member countries of the Soviet Union; this means all the residents in Moldova are allowed to make free exports with these countries.

I invite all of you to the Invest Forum in Chisinau in September 2005. We consider that the attendance will be very high.

Thank you!

## CONCLUDING SPEECH



Let me say a short story of what we discussed today and few comments. I would like to start from Mr. Wolfgang Roth's declaration which addressed us a clear message about corruption. I would like to present one more time the efforts from Mr. Tariceanu and his team, from our cabinet for his fight against corruption and for the desire we have to secure trust climate, transparency and stability, things which any investor is looking for. I would like to mention the law package which has been promoted and the strategy with responsibilities so that the fight against corruption can get shape. I would like to mention the efforts from my co-workers, Mr. Dobre, the Transport Minister, the Minister of Administration and Interior, also the Minister of Agriculture, George Flutur. I hope all these efforts are visible not only inside the country but also outside and it will be unfair not to notice the efforts of the current cabinet. Several things have been done, especially strengthening the institutional capacity of fight against corruption.

Dr. Wolfgang Ruttenstorfer talked about business environment. I believe that the privatization of Petrom in which the state still owns 40% is a good example about how efficient is the privatization in Romania. I hope this meeting gave everyone a thought about the fact that there is a political and governmental will in Romania to allow the investors to develop their business in our country. Erste Bank President said about his company interest in the privatization of the Romanian C.E.C. We have Mister Christian Brandstetter message that Romania is a good

insurance market and that it has a good labor force in this field. Actually the moment of opening the insurance market in Romania was in 1989. I want to mention the message of the Minister of Economy from the Republic of Moldova who announced that in September in Chisinau the next edition of Vienna Economic Forum will be held and invited us there. I wish to thank once more to the people who made all this possible, Mister President Dr. Josef Taus and Ms. Ambassador Dr. Elena Kirtcheva.

I believe that our activity here today is extremely good and useful. I wish that the new image of the Romanian Government will be the image which every businessman, politician or citizen has in mind, and that is a new developing strategy, more dynamics, a new way to treat major aspects from the economic point of view.

Thank You for participating. I would like to end by inviting all those who wish to invest in Romania to approach the Minister of Economy and Commerce to receive all the details they might need.

Thank You!

## CLOSING REMARKS



Herr Minister,  
Meine sehr geehrte Damen und Herren,

Wir kommen zum Ende unseres Symposiums, und ich habe die ehrenvolle Aufgabe, einige Schlussworte zu sagen.

Normalerweise heißt es in unserem Land, im deutschsprachigen Raum: „Die letzten beißen die Hunde“. Aber ich habe jetzt nicht diesen Eindruck und ich möchte mich als erstes bedanken für die rumänische Gastfreundschaft, für die Beiträge unserer rumänischen Freunde. Ich darf jetzt nach diesem einen Tag noch etwas sagen. Ich glaube, dass hier sehr viele Kontakte geknüpft, viele Gespräche geführt worden sind und ich hoffe, dass daraus Fruchtbare entsteht.

Was ich so nicht gerne habe, ist, wenn geschulmeister wird. Jedes Land muss trachten, Korruption zu bekämpfen. Es gibt kein menschliches Zusammenleben ohne eine moralische Basis. Da können Sie Gesetze machen, so viel Sie wollen, das ist belanglos. In Wahrheit muss es eine gemeinsame Werteskala geben, der sich der überwiegende Teil der Bevölkerung verpflichtet fühlt. Das ist es, was auch einen Teil der Europäischen Union ausmacht, wenn man schon von Wertegemeinschaft spricht. Das wird immer so dahin gesprochen, ohne dass man sich überlegt, was das ist. Das kann nichts anderes sein als ein paar, gar nicht sehr viele Moralvorschriften: Dass man sich gegenüber allen anderen ganz anständig verhält, dass man sich an bestimmte Formen hält - das ist es, worum es geht. Ich glaube, dass die derzeitige rumänische Regierung sich sehr bemüht, die Dinge in den Griff zu kriegen, die den Rumänen selber in ihrer Mehrheit auch nicht gefallen. Das ist aber ein Problem, mit dem ich mich nicht befassen möchte, weil das eine Sache Rumäniens ist und nicht meine.

Die zweite Frage, die ich anschneiden möchte, ist die Entwicklung. Wir haben ja ein Phänomen in der ganzen westlichen Welt, dass es so etwas wie eine Schattenwirtschaft gibt. In den entwickelteren Industriestaaten weniger als in den weniger entwickelten Industriestaaten. Das heißt, ein erheblicher Teil des Sozialprodukts erscheint nicht in den Statistiken, weil es nicht erfassbar ist, sondern im besten Fall nur schätzbar. Man muss das auch bekämpfen, weil der Staat um einen Teil seiner Einnahmen gebracht wird, aber vergessen Sie nicht, das ist ein Bestandteil des Sozialprodukts, und das Glück dabei ist, dass man wohlhabender ist, als es die Volkseinkommensrechnung darstellt. Damit möchte ich es bewenden lassen.

Die nächste Frage, die mir sehr gefallen hat, ich habe die Diskussionen bei Klein- und Mittelbetrieben, weil mir das besonders am Herzen liegt, angehört und ich wiederhole das wie eine tibetanische Gebetsmühle: Eine Marktwirtschaft funktioniert nicht, wenn es nur einige große starke Unternehmen gibt. Eine Marktwirtschaft funktioniert, wenn es Tausende und Abertausende kleine und mittlere Unternehmer gibt, die jeder selbständig entscheiden, die diese Diversifizierung des Entscheidungsprozesses (und etwas anders ist ja eine Marktwirtschaft theoretisch nicht) ausmachen. Es ist die Diversifizierung der Produktions-, Investitions- und Kaufentscheidungen und des Risikos.

Was wir, das Vienna Economic Forum können, weil wir eine Ansammlung von Praktikern sind, die auch die Theorie nicht vergessen haben, ist, dass wir den Entwicklungsprozess beschleunigen helfen.

Im Bereich der mittleren Unternehmungen müssen wir etwas tun, ich habe es in dem einen der Arbeitskreise ganz kurz angedeutet, dass es vernünftig wäre, einen österreichisch-rumänischen Private Equity Fonds für die mittelständische Industrie zu machen, und österreichische und rumänische Firmen zusammenzubringen und dann mit Eigenmittelzuschüssen zu schauen, regionale Firmengruppen zu schaffen. Das ist wahrscheinlich eine der großen Chancen. Und den ganz Kleinen muss man helfen. Sie leben davon, dass es Tausende von Handwerkern gibt, die die ganze Breite unserer technisierten Gesellschaft abdecken, ob das der Elektriker ist, der Installateur oder wer auch immer es sein mag. Darauf muss man auch achten, das ist auch nicht planbar, dass die Reparaturen einfach funktionieren. Das heißt, ein großer Teil der Menschen arbeitet ja daran, unser System funktionsfähig zu halten. Also was glauben Sie, wie viele Handwerker ununterbrochen notwendig sind, damit zum Beispiel dieser Saal funktioniert? Eine ganze Menge. Wie viel technisches Know-how braucht man, um all das funktionsfähig zu halten? Alles das muss man voraussehen, damit davon ein guter Teil der Menschen lebt. Daher muss man schauen, dass man diese Mittleren und Kleineren besonders fördert, besonders forciert.

Eine Gesellschaft ist umso stabiler, je mittelständischer sie ausgerichtet ist. Das ist nicht eine Weisheit von mir, Aristoteles hat das gewusst. Das ist schon ein paar Tausend Jahre her, um einmal vorsichtig zu sein. Das ist die Chance Europas. In den anderen Ländern, die mit uns konkurrieren, ist das nicht so leicht möglich.

Ich habe den Eindruck: Erfolglos war dieses Symposium nicht. Wir freuen uns – im Herbst in Wien –, wenn möglichst viele von den Teilnehmern hier zu uns nach Österreich kommen, auch aus vielen anderen Ländern der Region, so dass es eine große Veranstaltung wird, bei der man viele Gesprächsmöglichkeiten hat. Das ist das, was wir vom Vienna Economic Forum wollen. Wir alle, die es gegründet haben, waren davon überzeugt, dass es eine Gesprächsbasis geben muss. Wir kommen ja alle aus der Wirtschaft, jeder hat praktische wirtschaftliche Erfahrung.

Wir hoffen, dass Sie auch einen Gewinn aus dieser Veranstaltung haben. Wir hoffen, dass Sie das Vienna Economic Forum in guter Erinnerung behalten. Wenden Sie sich an uns, wenn Sie irgendein Problem haben. Wenn wir Ihnen helfen können, werden wir das sicher tun. Es gibt da einen alten wienerischen Spruch: „Durch Reden kommen die Leute zusammen“. Das ist eines der Dinge, die diese Symposien wollen.

Mit einem Dank an unseren rumänischen Gastgeber, mit einem Dank an Sie alle, die so lange teilgenommen haben, schließe ich das Bukarester Forum unseres Vereines und lade Sie im Nahmen der RZB zu einem Cocktail ein.

Danke schön. Die Veranstaltung ist geschlossen.



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