

## 25 Years of the Strategic Partnership between the United States and Romania U.S. – ROMANIA ECONOMIC FORUM: FROM SECURITY TO PROSPERITY

28 September 2022

### POST-EVENT REPORT

AmCham Romania welcomed high-ranking stakeholders from the United States and Romania alongside business leaders and representatives of the academia, non-governmental organizations and media, for the **“U.S. – Romania Economic Forum: From Security to Prosperity” on 28 September 2022**, joining the celebratory initiatives in the context of the 25th anniversary of the US-RO Strategic Partnership. The event was designed as a forward-looking policy-industry dialogue on nurturing the potential of the economic ties to expand and deepen the scope of the bilateral partnership beyond the security and defense dimension, and a call to action to all stakeholders for a joint effort towards advancing trade and investment cooperation between Romania and the USA.

AmCham President **Ionuț Simion** praised the presence of more than 300 participants as a proof of the importance of the economic ties between the two countries and reinforced AmCham’s commitment to outlined the **main conclusions of the study on US-RO economic relations**, namely:

- ✓ The U.S. are the 5<sup>th</sup> largest foreign investor in RO;
- ✓ Biggest investments are Manufacturing (49%) & Agri-food (29%), followed by Health (9%), Services (6%), IT&C (6%) and Energy (1%);
- ✓ The US-RO trade grew steadily over the last 10 years;
- ✓ The comparison with other countries in the CEE region shows that there is a significant potential for growth of U.S. FDI in Romania.



**“The United States continues to see in Romania one of Eastern Europe’s most promising markets for U.S. trade and investment”** noted **David Muniz**, Chargé d’Affaires, U.S. Embassy in Romania and Honorary President of AmCham Romania. This encouraging message was echoed by the highest-ranking U.S. officials to ever join an AmCham Romania event, the Forum’s special guests, **Don Graves**, Deputy Secretary of Commerce, U.S. Department of Commerce & **Jose W. Fernandez**, Under Secretary for Economic Growth, Energy, Environment, U.S. Department of State:

- *“Over the past 25 years, the primary focus of the Strategic Partnership has been national security and defense. As we continue our work together to address common threats and challenges, **strengthening the U.S.-Romania economic relationship is the natural and important next step.**”* Deputy Secretary of Commerce **Don Graves** >> [full speech](#);

- ***“As business and government leaders we have an important role to play in ensuring that our economies create jobs and foster innovation. The private sector is essential to laying the groundwork – including establishing secure supply chains – preparing us for the next pandemic and help usher in the climate-smart, tech-centered infrastructure we need to build our future economies.”*** **Jose W. Fernandez**, U.S. Department of State >> [full speech](#).

On the Romanian side, high-ranking officials from both the legislative and executive branches reinforced the commitment of the authorities to ensure a stable and predictable framework for businesses to thrive, and for the USA and Romania to pursue deeper and broader cooperation in the economic field.



***“Despite all the crises we are facing, Romania is a safe country with a stable government. Romania is also a growth space with many opportunities for consolidating existing investments and expanding through new foreign investments.”***

**Alina-Ștefania Gorghiu, Acting President of the Senate of Romania** praised the US-Romania Strategic Partnership as an ***“investment in our future”***, assured business leaders that the Romanian authorities commit

to undertake key reforms and measures in areas such as justice, education and labor force, money laundering, commercial law, OECD and Schengen area accession, to become an enabler for American investments and a catalyst for economic and social development.

***“You have an honest dialogue partner at Victoria Palace”*** was one of the highlights of **Deputy Prime Minister of Romania Sorin-Mihai Grindeanu’s** address to the top business executives in the AmCham community. The Deputy PM emphasized the Executive’s priority to position itself as a ***“Government that supports investments”*** translated into the largest state budget allocation for investments in the last 32 years (more than 90 billion lei), and to provide stability, consistency and predictability in the absence of which business plans cannot be devised. Going forward, the Government is set to launch an efficient and operational investment agency, to become a central point of contact for prospective investors.



Last but not least, **NATO Deputy Secretary-General Mircea Geoană** put forward a powerful and inspiring pitch for choosing Romania as a destination for U.S. investments and seizing the momentum for taking the RO-US partnership to the next level, building on a unique and durable political and strategic foundation and innovating the way we do business together.



***“Don’t think of Romania from a regional perspective, as an unexplored local market, but, as a 360 degree European portal: a developed nation which provides access to the vast EU market, an ideal place to start the reconstruction of Ukraine, an anchor in this brave nation, but also in the Republic of Moldova and Georgia, in west and a platform towards the Balkans, towards the Caucasus and towards the extended region of the Middle East. The competition with Russia and China needs a strong economic investments component.***

***Romania shouldn’t be just your local headquarters, but your multi-regional headquarters”***

## B2G Session: Forward looking Policy-Industry Dialogue

*“We see the current in infrastructure is poor but improving slowly. How do we accelerate that investment using the new EU funds and how do we deliver on the projects in a timely fashion?”*

*Josephine Payne – President, Ford Otosan Craiova*

*“The role of logistics in supply chain management is key to investment decisions. When can we expect progress on major infrastructure projects for supply chain integration?”*

*Alina Negru – General Director, Emerson*

*“There is huge potential to double Romania’s business performance in the agrifood sector, but this requires significant investments in infrastructure, both when it comes to transportation and operational components, such as irrigation.”*

*Vasile Varvaroi – CEO, Cargill Romania*

**Minister of Economy Florin Spătaru** stressed the Government’s commitment to support infrastructure development as a cornerstone of the automotive industry, in line with the goals of the Transport Master Plan adopted early this year and the 5 billion EUR allocation for infrastructure projects throughout 2022.

**Industrial development** ranks high on the Minister’s agenda, who noted a series of priority policy areas – manufacturing, circular economy, mining, mineral resources, R&D and innovation in microelectronics, semiconductors – that will create a framework for a more sustained and efficient US-RO economic cooperation. The Circular Economy Strategy together with the minimis aid scheme will incentivize companies into developing pilot micro-projects for circular economy purposes, and strengthen the supply with critical raw materials as a key element of competitiveness.



*“It is for the first time in 30 years that we have a state-aid scheme for investments in the manufacturing industry. I see that already 49% of US FDI in Romania goes into the manufacturing industry, and this is only one of the instruments that will support investments.”*

Minister Spătaru noted that the recently adopted state-aid scheme for the manufacturing industry is the first one in a series of instruments to be designed to stimulate investments into areas that can turn into poles of competitiveness at national level. **One of the Government’s priorities is to support a balanced nation-wide development of economic sectors since there are a lot of regions with untapped competitive advantages due to poor economic development.** The Minister also launched a challenge for the private sector to join this goal and consider an upgrade of business plans in view of a diversification of investments around the country.

**Minister of Energy Virgil Popescu** emphasized the Ministry’s aim to reduce dependence on energy imports (and in particular non-EU imports) and encourage investments by companies capitalizing on the financing available both through the National Recovery and Resilience Plan (PNRR) and the Modernization Fund. While the funding application framework was amended to stimulate companies to develop renewable energy projects, **a significant pool of funding opportunities can be accessed by companies in the short-term** – the ongoing call for grants for energy efficiency of industrial facilities, two yearly calls under the Modernization Fund, two PNRR calls for electrical batteries (production/assembling and solar panels, to be launched by the end of the year).



One of the future directions that the Ministry aims to encourage is **the development of capacities for energy self-consumption** by companies (so-called *autoconsum*), as means to reduce costs and increase competitiveness regardless of the sector of activity. Minister Popescu announced the launch of separate calls for projects for renewable energy for self-consumption and renewable energy production, ensuring that there is sufficient financial envelope for both objectives.

Regarding the energy prices' crisis, Minister Popescu signalled that an updated version of the GEO is expected from the Parliament. Noting that short-term protection is guaranteed for the upcoming winter, he stressed the need for price predictability on the market, noting that all companies where the state is a majority shareholder will approve sales strategies to allow the conclusion of long-term contracts between industry or suppliers with industrial consumers, and producers.

*“People and skills make a big difference for investors’ decision whether to invest in Romania or in other country. How can we partner – private sector, academia, policymakers – to convince young talents to stay and build R&D value for the country?”*

*Marta Branska – CEO, IBM Romania*

All policymakers emphasized the strong **link between human capital and economic development**, and the need for a close multistakeholder (business-academia-government) collaboration in this area.

- *Minister Adrian Căciu* stressed that addressing the labor force crisis and ensuring a pool of highly skilled specialists requires joint efforts to **maintain brains in the country rather than export them**. With this aim in mind, the Government recently adopted measures to facilitate that the business environment supports young people through dual education and during their subsequent academic path in view of fast-paced integration in the labor market.
- Both *Ministers Popescu and Spătaru* highlighted best practices of initiatives aimed at nurturing skills of young people in areas such as nuclear energy, hydrogen, batteries and semiconductors through innovation hubs created by the academic environment.
- *Minister Sebastian Burduja* praised **IT&C specialists as Romania’s business card and one of its biggest assets** that is acknowledged by companies that have recently announced important investments in the country. This pool of talents should be increased with the NRRP grants available for top R&D researchers from all around the world that Romania wishes to attract.
- *Minister Alexandru Rafila* emphasized that technological development and human resources are inextricably linked and that Romania’s investment potential should be stimulated through the development of human capital since **the value of the country rests not so much in its natural resources but in the people**.

*“The challenge for Romania is to stand out in the competition for investments with other countries. How do we transform Romania in the next 5 years in the preferred destination for R&D investments?”*

*Mihai Brana – CEO, Honeywell Romania*

**Minister of Research, Innovation and Digitalization Sebastian Burduja** announced the long-awaited operationalization of the R&D fiscal facilities, in collaboration with the Ministry of Finance, leading to the creation of a clear and attractive framework for unlocking the potential of R&D investments.



*“The partnership with the U.S. is the greatest chance for Romania’s development. The recipe for a successful economic development is the access to markets, a productive labor force and locally nurtured innovation. All these components are linked with the Strategic Partnership that must extend beyond the security dimension both in the economic, academic and R&D areas.”*



According to Minister Burduja, the success story of other countries lies not only in welcoming investors, but also reaching out to them.

The Government will set up a **solid Investment Agency**, replicating the best practice models of the Czech Republic and Hungary, that will lead the efforts of attracting high value-added investments, while the outreach effort will be strengthened with the ambitious plan of the Ministry to **build a presence in Silicon Valley**. Romania has an Office for Science and Technology (ROST) in Brussels and aims to create a second ROST office in Silicon Valley in the next period.

*“Romania has only one task in this historical moment – attracting investments while benefiting from unprecedented funding opportunities. Investments are attracted based on respect, trust, consistency and stable government policies that grant confidence to investors.”*



**Minister of Finance Adrian Căciu** raised a challenge for developing projects and partnerships to seize this momentum, giving as an example the strong collaboration of the Ministry with the biggest global IT&C developers to fulfill the ambitious goals for the digitalization of the fiscal framework, emphasizing that **the future is digital, and that we need to build this digital future together**.

While Romania proves **stability** in both security, economic and political areas, by contrast to other countries standing out as investment champions but starting to adopt ambiguous approaches to democratic values, the Minister emphasized that such stability needs to be harnessed by both public and private stakeholders.

A change of paradigm is needed in our understanding of financing from a quantitative to a qualitative perspective, said Minister Căciu, adding that financing is always available but needs to be earmarked, targeted and used sustainably – *“We can reach 100% allocation PIB for a sector, if we are not using the funds in a sustainable manner we will be only wasting them in the end.”*

*“We need healthy people to grow the economy thus healthcare must be regarded as an investment, not a cost. How will the Government support, in the difficult macroeconomic context, both long-term healthcare projects and the implementation of ambitious policy initiatives such as the National Cancer Control Plan?”*

*Alexandra Munteanu – Country Manager Romania & Moldova, GE Healthcare*

**Minister of Health Alexandru Rafila** emphasized that the sustainability of the health system rests on nurturing a **prevention** culture and behaviour at the level of the society and prioritizing funding towards the **development of ambulatory care facilities** that can place prevention, early detection and access to care at the core of the system. In the same spirit, the Government is working together with the World Health Organisation to set-up a Regional WHO Centre of Excellence to study health behaviour.

***“Romania needs a health policy that is bounded by stability and a long-term commitment that transcends political cycles and Government changes. Likewise, we need a medicines policy that encourages investments the development of the pharmaceutical industry and stimulates the production of medicines in the country, not only the distribution component.”***



Recalling the Government’s commitment for an annual 0.5% increase in the GDP allocation for healthcare, the Minister stressed that this is possible only in a context marked by stability and economic growth. Alternatively, a focus on prevention together with reversing the pyramid from hospital to ambulatory care will turn into the most cost-efficient mechanism in healthcare. The preconditions for the **implementation of National Cancer Control Plan**, according to Minister Rafila, are a sustainable financing calendar that is correlated with the current realities, together with the creation of the infrastructure and human resources to adress this longstanding burden on Romanian patients.

***“Romanians are, at least structurally and culturally, the most Americans among Europeans and this is an extraordinary premise to develop, through entrepreneurship, successful partnerships that strengthen the value of the Romanian economy.”***

*Sergiu Negut – Co-Founder & EVP, FintechOS*

Last, the success story of Romanian entrepreneurship on the U.S. market was a call to action for the consolidation of US-RO economic ties through a two-way street approach:

- supporting the access of Romanian companies on the US market and
- increasing American investments building value in the Romanian economy. A target in this direction was already set by Minister of Finance Căciu – ***This year’s study of US-RO economic relations shows an amount of USD 7,6 billion of US FDI Romania. Let us work together to reach minimum 12 billion by next year!***

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