



ECONOMIC TRENDS

ROMANIA

1st semester 2010

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TRENDS

According to the data from the NIS (National Institute of Statistics), the value of Gross Domestic Product in the first half of 2010 was 211,4 billion Lei, at current prices, reduced with 1,5% compared to the first half of 2009. The value of GDP in the first half of 2010 was 50.9 billion €, at the BNR semestrial average exchange rate of 1 € = 4,15 Lei. After three years of high economic growth (7,9% in 2006, 6,3% in 2007 and 7,3% in 2008) Romania's GDP registered a sudden slowdown in 2009 (-7,1%) and that continued in first half of 2010 (-1.5%).

The trend of GDP over the past few years was:

	2006	2007	2008	2009	I sem 2009	I sem 2010
GDP (in billion Lei)	344,6	416,0	503,9	491,3	206,5	211,4
GDP (in billion €)*	97,9	121,5	136,9	115,9	48,8	50,9
% Change according to the previous year / semester **	7,9 %	6,3%	7,3%	-7,1%	-7,6%	-1,5%

* annual average rate / half-yearly

** changes in real terms

Considering the weight of the main productive sectors, dropping with 1,5% of GDP in the first half of 2010, the services sector had a dropping of -1,2%, construction (-0,9%), net taxes (-0,7%) while the industry has had a positive contribution, of 1,3%. The agriculture, forestry and fishing had no influence on the decline of GDP.

Considering instead the contribution of the main categories of resources to the formation of GDP in the first half of 2010, we highlight the strong weight of the services with a market share of 51,3%, while the industry had 27,6% of GDP, Construction 7,0%, agriculture 3,3% and the net taxes on products 10,8%.

The productive sectors that have been most affected by the effects of the crisis in the first half of 2010, according to the first half of 2009, were: the constructions (-12%) and services (-2,2%). The agriculture, forestry and fishing grew by 0,3% while the industry increased by 5,1%.

The internal demand and final consumption of households have continued the declining trend already noted last year, registering a -2,3% and -0,3%.

The national investment dropped by 18,7%, compared to the first half of 2009, particularly in the area of new construction (-22,5%) and in the field of machinery and equipment (including transportation) (-18,2 %).

According to statistics provided by the National Agency for Employment, on June 30th, 2010, the unemployment rate was 7,4%, with an increase of 1,4% compared to June 2009 (but there was a decrease of 0,4% compared to December 31st, 2009, when the unemployment rate was 7,8%), the number of unemployed at the end of June 2010 was 680,782 persons, with 131,852 people more than in June 2009.

The highest unemployment rates were registered in the eastern and southern provinces of the country: Vaslui 13,9%, 12,3% Mehedinti, Teleorman 12,1%, 11,4% Dolj. The lowest levels were observed in Bucharest (2,6%) and in the region of Ilfov, around the capital (2,8%).

County	Unemployment rate June 30th, 2009	Unemployment rate June 30th, 2010
Vaslui	12,1%	13,9%
Mehedinti	10,6%	12,3%
Teleorman	9,4%	12,1%
Dolj	9,3%	11,4%
Ialomita	8,4%	11,0%
Alba	9,9%	10,9%
Cluj	5,0%	6,0%
Bihor	4,2%	5,9%
Arad	5,4%	5,9%
Constanta	3,8%	5,5%
Timis	3,4%	4,2%
Ifov	1,5%	2,8%
Bucuresti	1,8%	2,6%
ROMANIA	6,0%	7,4%

The published data of the National Institute of Statistics indicate an annual average rate of inflation of 4.4% in June 2010. In July 2010, the rate increased to 7.14%, due in particular to the increase of VAT and that has increased from 19% to 24% on July 1st, 2010. The increase of VAT is part of the austerity measures taken by the Government to reduce the budget deficit. One of these measures is the cutting of 25% of civil servants' salaries from July 1st to December 31st, 2010.

Regarding the currency market, compared to an average annual return in 2009 of 4.24 Lei for €, in the first half of 2010 there was registered an average exchange rate of 4.15 Lei for €.

The current account deficit of Romania in the first half of 2010 has increased by 50% over the same period last year, from 2.431 million € in the first half of 2009 to 3.647 million € in the first half of 2010.

The external debt on June 30th 2010 increased by 8.4% compared to December 31, 2009, reaching 87.03 billion euro.

In the first half of 2010 the budget deficit was 18.07 billion lei (about 4.35 billion €), below the limit of the deficit of 18.2 billion lei established in the agreement with the International Monetary Fund, pushing the national debt up to a value of 176.89 billion lei (about 42.6 billion €), representing 34.7% of GDP.

COUNTRY RISK

Regarding the SACE risk, Romania is included in the medium risk category 4 / 7, with open conditions of insurability both for sovereign risk and for banking and corporate risk. A strong element of risk, according to the SACE, is the banking sector's dependency on external financing.

In August 2010, the rating agency FITCH has confirmed the economic ratings granted to Romania in 2009 for the long-term debt in foreign currency and local currency, at the level "BB +" / "BBB-" with stable outlook.

The rating agency Standard & Poor's has revised to increase, in March 2010, the economic ratings granted to Romania in 2008 for the long-term debt in foreign currency and local currency 'BB + / BBB-"with stable outlook (compared to previous rating "negative").

Moody's maintained the estimates of country risk level "Baa3" in the "investment grade", with negative outlook.

FOREIGN DIRECT INVESTMENTS

According to the data published by the National Bank of Romania, foreign direct investments reached in the first half of 2010 a total value of 1.838 million € compared to the 2.588 million euro in the same period in 2009, with a net loss of approximately 29% caused by the negative effects of international economic crisis, which reduced the flow of foreign capital and bank support to new investment projects.

Among the FDI in the period January-June 2010, intra-group loans represent 23.4% (430 million €), while the issued share capital 72.5% (1333 million €) and the profits reinvested 4.1 % (75 million €).

The sectors preferred by foreign investors were: energy (especially wind energy), industry (especially metallurgical industry, automobile and auto parts, construction materials, food and tobacco) and services (especially financial brokerage services, banking&insurance and IT services).

One of the most important foreign investment in Romania, inaugurated in 2010, was building a shampoo factory at Urlati. The investment of Procter & Gamble was 72 million € and created 240 jobs. Also the Korean company of electronic components Shinheung Electronics has invested in a new factory in Oradea 20 mil. €, creating 121 jobs. The company aims to continue investing, in this sense another 5 million € will be invested and the total number of employees by the end of the year will reach 600.

Transdanube Industries Ltd, part of the African Steel Mills, began the construction of a steel mill and a rolling mill in Oltenita. The project has a total value of 150 million €. The investment will generate 300 jobs, directly, and induced, about 1500 jobs. Representatives of Transdanube Industries Ltd said that the project would be implemented in 30 months and hopefully would be ready by the end of 2012.

Other major investments during 2010: CEZ (for a total of 1.1 billion € in a wind park), Petrom (100 mil € in a wind project), Pepsi (150 mil. € for a new establishment - 2009-2011), Lufkin Industries (for a factory of equipment and services for the oil and gas industry, of 91 mil. € - 2010-2012); Renovatio Group (solar panels factory - 10 mil. €), Group Windex (wind turbine manufacturing factory - 25 mil. €).

The significant drop of the investments, linked to the effects of the crisis, continued in the first half of 2010, as shown in the table below which shows the time series of FDI in the last 6 ½ years:

Foreign direct investment in Romania (in millions €)								
	2004	2005	2006	2007	2008	2009	I sem 2009	I sem 2010
FDI	5.183	5.213	9.059	7.250	9.496	3.488	2.588	1.838
Annual var. (sem)%	+166,3	+0,6	+73,8	-20,0	+31,0	-63,3	-43%	-29%

Considering however the number of new companies with foreign participation (data from the Registry of Commerce) in the first half of 2010 there have been 3,156 new companies registered in Romania, bringing to 169,884 the total number of foreign firms since 1991. Also in this case the data are lower than in the first half of 2009 (-17.5%), when there had been recorded 3,827 new companies with foreign participation.

On June 30th 2010, according to the Office of the Register of Commerce, there were recorded a total of 29,536 Italian companies, of which 19,659 active, with a paid-up capital of about 994 million €.

In the first half of 2010 there were registered 1386 new companies with Italian participation, about 43% of the total of 3,150 new foreign-invested companies registered in Romania.

Italy continues to be, for over 10 years, the leading investor country, by the number of registered companies, and holds the seventh place among the top investors, by the capital invested.

Top 10 investing countries by the number of firms 1991 - 30th June 2010			
N.	Country	No. Companies	%
	Total Romania	169.884	100
1.	ITALY	29.536	17,4
2.	GERMANY	17.908	10,5
3.	TURKEY	11.744	6,9
5.	HUNGARY	10.513	6,2
4.	CHINA	9.876	5,8
6.	FRANCE	6.360	3,7
7.	USA	6.158	3,6
8.	ISRAEL	6.051	3,6
9.	AUSTRIA	5.849	3,4
10.	IRAK	5.646	3,3

Top 10 countries for investors by the paid share capital (mil €) 1991 - 30th June 2010			
N.	Country	Mil. Euro	%
	Total Romania	27.408	100
1.	HOLLAND	4.996	18,2
2.	AUSTRIA	4.304	15,7
3.	GERMANY	4.290	15,7
4.	FRANCE	2.205	8,0
5.	GREECE	1.928	7,0
6.	CYPRUS	1.619	5,9
7.	ITALY	1.418	5,2
8.	SWITZERLAND	1.054	3,9
9.	SPAIN	937	3,4
10.	GREAT BRITAIN	836	3,0

The first Italian investments in Romania in the '90s focused on labor-intensive sectors, developing types of processing under contract raw materials or semi-finished products from Italy. As a result, there has been an evolution of Italian business presence, with the establishment of joint ventures or contracts with local manufacturers from supplying and assembling mechanical parts and capital goods, up to direct investment of some large Italian groups for the production of goods and infrastructure development.

Following this "step change", there are now present, in addition to small and medium Italian companies, also medium and large companies that have moved to Romania considerable financial and technological investments, with a relapse in terms of employment of over 800 000 jobs, including direct and induced employment.

The table below shows however the distribution of the Italian presence by sectors as on June 30th 2010, according to the CAEN (Codification of national economic activity).

Analyzing the Italian presence on the productive sectors, the first place is taken by the wholesale trade

(entry No.46 - 3,130 firms), followed by real estate (No. 68-2568 firms), followed by the activities of buildings construction (No. 41-2037 firms). There must be also mentioned a strong presence in agriculture (No. 1 to 1270 firms) and retail (No. 47 to 958 firms).

In traditional manufacturing sectors, as indicated in the first part of the table, and who have experienced a boom of investments in the 90's, the presence is still significant but with lower numbers: in clothing enterprises 504, leather 381, woodworking 428, food industries 272, furniture-making 241.

ITALIAN PARTICIPATION COMPANIES ACTIVE IN ROMANIA
SECTORIAL PARTITION on June 30th, 2010

01	Agriculture, hunting and related services	1270
02	Forestry and forest areas	60
03	Fishing and aquaculture	19
07	Mining of metal ores	3
08	Other mining	102
09	Activities of mining support service	4
10	Food products	272
11	Production of beverages	31
12	Tobacco production	1
13	Manufacture of textiles	195
13	Manufacture of wearing apparel	504
15	Tanning and dressing of leather; manufacture of other luggage, handbags and the like, saddlery and harness, riding crops and whips; shoes, dressing and dyeing of fur	381
16	Wood processing and manufacture of products of wood and cork (except furniture), manufacture of articles of straw and plaiting materials	428
17	Manufacture of paper and paper products	55
18	Printing and reproduction of recorded media	38
19	Manufacture of refined petroleum products of oil	1
20	Manufacture of chemicals	49
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	1
22	Manufacture of rubber and plastic products	158
23	Manufacture of other non-metallic mineral processing	289
24	The Metal industry	52
25	The metal construction and metal products industry, excepting machinery and equipment	435
26	Manufacture of computers and electronic and optical products	63
27	Manufacture of electrical equipment	116
28	Manufacture of machinery and equipment nec	141
29	Manufacture of motor vehicles, trailers and semitrailers	58
30	Manufacture of other transport equipment	30
31	Manufacture of furniture	241
32	Other industrial activities nec	91
33	Repair, maintenance and installation of machinery and equipment	64
35	Production and supply of electricity and heat, gas, hot water and air conditioning	166
36	Collection, purification and water distribution	3
37	Collection and treatment of wastewater	13
38	Collection, treatment and disposal of waste collection activities of recyclable materials;	107
39	Activities and rehabilitation services	4
41	Construction of buildings	2037
42	Civil Engineering	129
43	Specialised construction activities	418

45	Wholesale and retail trade, maintenance and repair of motor vehicles, motorcycles	340
46	Wholesale trade, except of motor vehicles and motorcycles	3130
47	Retail trade, except of motor vehicles and motorcycles	958
49	Land transport and transport via pipelines	507
50	Water transport	2
51	Air transport	4
52	Warehousing and support activities for transportation	56
53	Postal and courier activities	7
55	Hotels and other accommodations	234
56	Restaurants and other food service	598
58	Publishing activities	38
59	Film production activities, video and television programs, recordings and music publishing	14
60	Programming and broadcasting activities	6
61	Telecommunications	42
62	Information technology service activities	141
63	Activities of intelligence services	40
64	Financial intermediation, except insurance and pension funds	70
65	Insurance, reinsurance and pension funding (except compulsory social security)	3
66	Activities auxiliary to financial services, insurance business and pension funds	36
68	Real estate	2568
69	Legal and accounting activities	24
70	Management activities, the central administrative offices, business management and management consultancy	675
71	Architectural and engineering activities; technical testing and analysis	395
72	Scientific research and development	9
73	Advertising and market research	99
74	Other professional, scientific and technical activities	118
75	Veterinary services	2
77	Rental and operating lease	116
78	Research, selection, provision of personnel	104
79	Service activities of travel agencies, tour operators and other reservation service and tour assistance	76
80	Security services and investigation	6
81	Buildings and landscape services	57
82	Secretarial and support services and other business support services	826
84	Public administration and defense, compulsory social security	1
85	Education	34
86	Health activities	43
87	Nursing services and social housing	1
88	Social work without accommodation	20
90	Creative and artistic activities	14
91	Libraries, archives, museums and other cultural activities	4
92	Activities relating to lotteries, betting, casinos	34
93	Sports, amusement and recreational activities	124
95	Computers and personal or household goods repair	13
96	Other service activities	144
97	Activities of households as employers of domestic personnel	3
	TOTAL	19659

Since the '90s, Romania has implemented a strong policy of liberalization of foreign investments, encouraged by a series of tax benefits, primarily the single rate of taxation of 16%, and the simplification of procedures for the society establishment.

The Law regarding Commercial Companies (Law 31/1990), amended and updated by Law 441/2006, does not distinguish Romanian from foreign members in a company, which can be natural persons / legal entities, a principle now accepted by Romania's legislation on equal treatment between local and foreigners. Therefore, there is no distinction between joint enterprise and foreign investment to 100%, no prior authorization is needed for investment, except for those in the banking sector which require the approval of the Central Bank.

Foreign investors can acquire all the shares in most of the enterprises to be privatized or already privatized, with the exception of the areas of defense and national security, for which it is necessary the permission of the competent authorities.

The Government's commitment to the final implementation of the privatization of major state-owned companies continues through the agency AVAS - Agency for the Valuation of state assets.

FOREIGN TRADE

The degree of openness to international trade of Romania's economy is very high, due to an open economy and the recent entry into the European Union. After the fall in 2009 due to the international economic crisis, the foreign trade has returned to growth in the first half of 2010.

According to the data released by the National Institute of Statistics, the total value of FOB exports made in the first half of 2010 was 17.21 billion euro, while CIF imports amounted to 21.95 billion euro. Compared to the same period of 2009, exports grew by 26,2% and imports by 19,8%. Exports have changed the trend from negative to positive already from November 2009 while imports from January 2010.

The trade deficit FOB-CIF during 1.I-30.VI.2010 was 4,74 billion euro (in the first half of 2009 the trade deficit was 4,68 billion euro).

ROMANIA trade balance (in billion € and% variations)

	2006	2007	2008	2009	2009 (I-VI)	2010 (I-VI)
Exports	25,9	29,4	33,6	29,1	13,6	17,2
Annual var. (months)%	16,6%	13,7%	13,8%	-13,7%	-20,3%	26,2%
Imports	40,7	50,9	56,3	-38,9	18,3	22,0
Annual var. (months)%	24,8%	25,1%	9,8%	-32,0%	-36,4%	19,8%
Balance (negative) trade balance	14,9	21,5	22,7	9,8	4,7	4,7

The sectoral analysis of Romania's interchange, shown in the tables below, shows a preponderant weight in the export of the items "machines and mechanical equipment, machinery, equipment and electrical equipment", "motor vehicles and other vehicles and transport equipment", "metal and other metal products; items for which increases have been important. It can also be mentioned a strong increase in exports of metal and other metal products (+44.8%). Related to import, the main items are "machines and mechanical devices, machinery, equipment and electrical equipment", "mining" and "industrial chemicals", with increasing values, compared to the first half of 2009.

EXPORTS - IMPORTS

Main sections of the Combined Nomenclature.

Exports FOB 1.01 - 30.06.2010 - Main product groups (75,9% of total exports)

Types of goods	Value million-Euro-	Share in % on Total exports	Variation% Sem I 2010 / I sem 2009
Machinery and mechanical devices; machinery, equipment and electrical equipment	4.612,2	26,8	33,2
Cars and other vehicles and transport equipment	2.877,2	16,7	28,2
Base metals and other metal products	2.067,1	12,0	44,8
Textile materials and other related items	1.510,3	8,8	1,6
Mineral products	1.101,4	6,4	23,4
Plastics, rubber and related items.	891,9	5,2	36,9
Total World Exports	17.214,5	100%	26,2

Imports CIF 1.01 - 30.06.2010 - Main product categories (74.6% of total imports)

Types of goods	Value million-Euro-	Share in% on Total	Variation% Sem I 2010 / I sem 2009
Machinery and mechanical devices, machines and electrical equipment	6.220,4	28,3	30,0
Mineral products	2.475,6	11,3	50,4
Chemic industry products	2.306,0	10,5	8,8
Base metals and other metal products	2.292,7	10,4	33,2
Cars and other vehicles and transport equipment	1.590,6	7,3	15,1
Plastics, rubber and related items	1.493,9	6,8	26,7
Total World Imports	21.953,4	100	19,8

Concerning the geographical distribution by area, it is confirmed the leadership of the European Union, which has a market share of approximately 72,6% (compared to 74% in the first half of 2009) of the total interchange. The value of intra-Community trade was 12.6 billion € for exports and 15,8 billion€ for imports, accounting for 73,5% of total exports and 71,9% of total imports.

As shown in the table below, the increase of trade was more pronounced with non-EU countries, comparing the first half of 2010 and 2009.

Exports FOB - 1.01 - 06/30/2010 (in millions of euro)						
		Value - million EUR		% share of total		Var.% I sem 2009 / I sem 2008
		I sem 2009	I sem 2010	I sem 2009	I sem 2010	
	World	13.641,7	17.214,5	100	100	26,2
1.	Eu trade (EU 27)	10.186,9	12.644,3	74,7	73,5	24,1
2.	non EU trade	3.454,8	4.570,2	25,3	26,5	32,3

Imports CIF - 1.01 - 06/30/2010 (in millions of euro)						
		Value - million EUR		% share of total		Var.% I sem 2009 / I sem 2008
		I sem 2009	I sem 2010	I sem 2009	I sem 2010	
	World	18.323,5	21.953,4	100	100	19,8
1.	European Community trade	13.597,8	15.776,1	73,6	71,9	16,0
2.	non EU trade	4.725,7	6.177,3	26,4	28,1	30,7

TRADE WITH ITALY AND MAIN TRADE PARTNERS

According to NIS data, the commercial exchange between Italy and Romania has achieved in the first half of 2010 a total of 5,07 billion euro, exceeding the levels in the first half of 2009 (when it was 4,38 billion euro).

Romania exported to Italy a value of 2,45 billion € (+12,4% versus the first half of 2009), while imports from Italy reached a value of 2,62 billion € (+15,4% versus the first half of 2009). Thus in the first half of 2010 the trade balance of Romania on trade with Italy has registered -171 million €.

Romania's foreign trade with Italy (in millions of € and var.%)

	1 st semester 2009	1 st semester 2010	Variation %
Export to Italy	2.172	2.450	12,4
Import from Italy	2.204	2.621	15,4
Balance	-32	-171	-

By analyzing the time series of the interchange between the two countries from 2003 to the first half of 2010, it can be noticed a gradual increase in values, which stood still in 2008, the year when the exchange has slightly increased and then decreased in 2009. In addition, there was a progressive reduction of the negative balance which from 1.515 million € in 2007 came to only 103 million € in 2009. In the first half of 2010 it can be noticed a slight improvement in values.

Romania's foreign trade with Italy from 2003 to the first half of 2010 (in millions of euro)

	2003	2004	2005	2006	2007	2008	2009	I sem 2009	I sem 2010
Export to Italy	3.774	3.993	4.249	4.596	5.013	5.217	4.467	2.172	2.450
Import from Italy	4.140	4.500	5.008	5.915	6.528	6.618	4.570	2.204	2.621
Total exchange	7.914	8.493	9.257	10.511	11.541	11.835	9.037	4.376	5.071
Balance	- 366	- 507	- 759	-1.319	-1.515	-1.401	-103	- 32	-171

The following tables show the ranking of the top 10 trade partners of Romania, in exports and imports.

Romania's exports - most important sales markets						
	Country	Value - milion Euro -		Units		Variations % I SEM 2010/ I SEM 2009
		Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Jun 2010	
	World	13.641,7	17.214,5	100,0	100,0	26,2
1.	Germany	2.584,5	3.226,1	19,0	18,8	23,6
2.	Italy	2.172,1	2.449,8	16,0	14,2	12,4
3.	France	1.118,0	1.521,4	8,2	8,8	36,2
4.	Turkey	678,8	1.190,0	5,0	6,9	75,2
5.	Hungary	595,8	811,1	4,4	4,7	33,8
6.	United Kingdom	440,9	644,9	3,2	3,8	45,6
7.	Bulgaria	425,6	637,8	3,1	3,7	48,7
8.	Spain	392,6	524,3	2,9	3,0	36,1
9.	Poland	274,4	453,3	2,0	2,6	61,5
10.	Netherlands	436,8	414,3	3,2	2,4	-8,9

Imports of Romania - Main supplying countries						
	Country	Value - milion Euro -		Units		Variations % I SEM 2010/ I SEM 2009
		Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Jun 2010	
	World	18.323,5	21.953,4	100,0	100,0	19,8
1.	Germany	3.007,3	3.721,7	16,8	17,0	19,8
2.	Italy	2.203,8	2.620,6	12,3	11,9	15,4
3.	Hungary	1.501,4	1.767,8	8,4	8,1	13,4
4.	France	1.187,3	1.379,7	6,6	6,3	14,1
5.	China	825,9	1.177,2	4,6	5,4	42,5
6.	Russia	588,3	1.037,1	3,3	4,7	76,3
7.	Austria	880,0	920,2	4,9	4,2	3,3
8.	Turkey	676,4	823,0	3,8	3,7	21,6
9.	Poland	614,6	768,4	3,4	3,5	23,7
10.	Netherlands	716,4	750,6	4,0	3,4	1,9

In the first half of 2010, Italy found itself in the second place of the ranking, behind Germany both on the list of countries supplying and the export markets of Romania.

Exports from Romania - Italy is the second country of destination with a value of 2.4498 million euro, with a share value of 14.2% and an increase of 12,4% over the first half of 2009. Germany consolidated its position

as leader of the country of destination of exports (up to 2007 occupied by Italy), with a value of 3.2261 million € and a share of 18,8% of the total, with an increase of 23,6% in the first half of 2010 versus the same period in 2009. In addition to Germany and Italy, France must also be mentioned as the third target market, which increased its market share (8,8%). Among non-EU countries, Turkey is to be mentioned, it stands in fourth place.

Imports of Romania - Italy is the second largest supplier, with a value of 2.6206 million €, a 11.9% share of the total and an increase of 15,4% compared to the first half of 2009. Germany is consolidating its position as the first supplier country in the first half of 2010, with 3.7217 million euro and a 17% share of the total, and an increase of 19,8% over the same period in 2009. Hungary, in the third place, with a value of 1.767 million € in exports to Romania and a share of the total of 8,1%. Of note is the entry of Russia in the ranking of the top 10 supplier countries, on the sixth position, with a record increase of exported products amounted to 76,3%.

Although the trade with Italy has an upward trend, in the first half of 2010, Italy has decreased both the share of exports to Romania (from 16% to 14.2%) and the share of imports from Romania (from 12,3% to 11,9%).

The following table shows the ISTAT data (ATECO3) on the ranking of the main products traded by Italy with Romania in the first half of 2010 and a comparison with the corresponding period in 2009, taking into account first the exports and then the imports .

Romania-Italy: main products (ATECO3) exported and imported in thousands of euro and percentage changes in Rank according to the value of imports from Italy to Romania in the last period						
MAIN PRODUCTS	Romania's imports from Italy			Exports from Romania to Italy		
	2009 Jan-Jun	2010 Jan-Jun	Var %	2009 Jan-Jun	2010 Jan-Jun	Var %
132 - Fabrics	138.095	161.028	16,6	11.377	14.165	24,5
151 - Tanned and worked leather, luggage, handbags, saddlery and harness; prepared and dyed furs	140.867	157.341	11,7	29.772	40.687	36,7
259 - Other fabricated metal products	76.922	106.266	38,1	26.878	42.142	56,8
282 - Other general purpose machinery	92.622	105.275	13,7	21.343	24.539	15,0
289 - Other special purpose machinery	84.917	103.597	22,0	21.910	23.267	6,2
222 - Articles of plastics	84.220	98.576	17,0	19.840	28.336	42,8
152 - Footwear	77.796	89.613	15,2	203.426	257.524	26,6
141 - Articles of clothing, excluding fur apparel	91.263	87.443	-4,2	329.729	312.575	-5,2
201 - Chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms	55.359	83.924	51,6	27.059	34.294	26,7
139 - Other textile products	72.144	82.127	13,8	19.213	24.302	26,5
271 - Electric motors, generators and transformers, electricity distribution and control devices	38.520	80.768	109,7	30.239	41.026	35,7
131 - Textile fibers	55.593	71.627	28,8	44.266	55.885	26,2
281 - General purpose machinery	44.965	66.366	47,6	18.716	20.898	11,7

244 - Basic metals, precious and other nonferrous metals, nuclear fuel	47.241	64.507	36,5	45.125	50.130	11,1
192 - Products derived from oil refining	38.684	63.810	64,9	19.768	1.505	-92,4
241 - Iron and steel products	43.405	56.843	31,0	23.850	19.435	-18,5
273 - Wiring Equipment	27.694	50.776	83,3	22.466	34.492	53,5
293 - Parts and accessories for motor vehicles and their engines	40.623	46.462	14,4	21.842	31.353	43,5
283 - Machinery for agriculture and forestry	27.899	34.452	23,5	2.572	2.679	4,1
243 - Other products of first steel processing	22.004	29.595	34,5	5.633	9.608	70,6

**Romania-Italy: main products (ATECO3) exported and imported
in thousands of euro and percentage changes in
Rank according to the value of exports of Romania to Italy in the latest period**

MAIN PRODUCTS	Exports from Romania to Italy			Romania's imports from Italy		
	2009 Jan-Jun	2010 Jan-Jun	Var %	2009 Jan-Jun	2010 Jan-Jun	Var %
141 - Articles of clothing, excluding fur apparel	329.729	312.575	-5,2	91.263	87.443	-4,2
152 - Footwear	203.426	257.524	26,6	77.796	89.613	15,2
120 - Tobacco	124.446	137.715	10,7	10		-100,0
291 - Motor vehicles	64.110	92.803	44,8	32.547	25.784	-20,8
310 - Furnishings	73.557	82.353	12,0	33.566	26.813	-20,1
275 - Household equipment and appliances	86.440	81.610	-5,6	21.793	25.966	19,2
263 - Telecommunications Equipment	55.006	64.520	17,3	7.629	10.985	44,0
131 - Textile fibers	44.266	55.885	26,2	55.593	71.627	28,8
242 - Tubes, pipes, hollow profiles and related accessories in steel (excluding cast steel)	44.954	54.528	21,3	19.872	26.513	33,4
143 - Articles of hosiery	53.329	52.139	-2,2	19.095	13.533	-29,1
244 - Basic metals, precious and other nonferrous metals, nuclear fuel	45.125	50.130	11,1	47.241	64.507	36,5
221 - Rubber	35.957	49.528	37,7	23.469	27.243	16,1
162 - Wood products, cork, straw and plaiting materials	33.013	47.153	42,8	11.543	10.289	-10,9
259 - Other fabricated metal products	26.878	42.142	56,8	76.922	106.266	38,1
271 - Electric motors, generators and transformers, electricity distribution and control devices	30.239	41.026	35,7	38.520	80.768	109,7
151 - Tanned and worked leather, luggage, handbags, saddlery and harness; prepared and dyed furs	29.772	40.687	36,7	140.867	157.341	11,7
273 - Wiring Equipment	22.466	34.492	53,5	27.694	50.776	83,3

201 - Chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms	27.059	34.294	26,7	55.359	83.924	51,6
899 - Goods declared as stores, national goods refused or returned, general cargo	51.659	31.561	-38,9	45.572	22.482	-50,7
293 - Parts and accessories for motor vehicles and their engines	21.842	31.353	43,5	40.623	46.462	14,4

FORECAST

After the GDP's decline of 1,5% in the first half of 2010, in Romania the estimates of the National Commission of Forecasting (CNP) show a further decline in the second half, which should lead to an annual value of around 1,9% less than in 2009.

For 2011 there is expected a recovery of the economic growth which should lead to an increase in GDP of 1,5%.

Forecasts of the production sectors for 2010 show a particularly emphasized decrease in the construction sector (-15.9%) and continuing the downward trend for the services sector (-3.1%). There are expected to register slight increases in other sectors: agriculture and industry +1% +3,6%. In 2011, however, all the sectors will return to grow.

The CNP provides for 2010 an average annual inflation rate of 5,9% compared to 5,6% in 2009.

The trade balance is projected negative for 2010 with -5,9 billion €, lower than the -6,7 billion € negative balance of 2009, due to the fact that imports will register a smaller increase than exports (forecast CNP).

For 2010 it is estimated that the exchange Euro-Leu will maintain the same level as in 2009: 4,24 lei / euro. According to the National Agency for Employment, the unemployment rate will rise in 2010 to 7,9%, compared to 6,3% in 2009.

Foreign direct investments (FDI) in Romania during 1.01-31.08.2010 recorded a value of 1.956 million euro, a decline of 36% over the same period in 2009 when they had reached a value of 3.054 million euro. For the next period a slight upturn in FDI is expected.

The year of 2009 is an important year to achieve a fast and correct use of financial resources of EU structural funds. The Government of Romania, after having identified delays and slowdowns in the use of funds, has prepared measures to simplify and speed up the procedures for submitting projects and allocating funds. In a context of economic crisis, it is important that the country uses efficiently the resources that the European Union provided until 2013, with total value of about 31 billion € of which:

- 19.2 billion € financed by the ERDF (European Regional Development Fund), ESF (European Social Fund) and the Cohesion Fund divided into 7 Operational Programmes (OP for the growth of economic competitiveness: OP Transport, OP Environment, OP Regional Development; OP Human Resources Development, OP Administrative Capacity Development, OP Technical Assistance;
- about 12 billion € allocated to agriculture and rural development and fisheries, through the EAFRD (European Agricultural Fund for Rural Development) and the EFF (European Fisheries Fund).

At the ICE office in Bucharest has been active since June 2008 a "Desk Structural Funds", a support tool for Italian companies interested in the structural funds and the measures that provide business and investment opportunities.

The site of ICE <http://www.ice.it/paes/europa/romania/index.htm> Bucharest, under the heading of "

Structural Funds Desk ", there can be found information on various operational programs, with links to web sites of Ministries and authorities who manage the funds.

To counter the negative effects of the economic and financial crisis on economic development of Romania, the Government of Romania has reached an agreement in March 2009 between and the International Monetary Fund, the European Union and the World Bank, European Bank for Reconstruction and Development (BERD) and the European Investment Bank (EIB) for granting a loan of around 20 billion € in two years (12.95 billion € from the IMF, 5 billion € from EU, 1 billion € from the World Bank and 1 billion € from BERD and EIB). The loan aims to limitate the drastic reduction of capital flows, to reduce the external deficit, the budget deficit , stabilize the exchange rate and increase the liquidity of banks to encourage granting loans to companies. The disbursement of the loan would occur between March 2009-March 2011, with low interest rates, fixed at 3.5%/year and are repayable in stages up to 2015. By October 2010 there have been paid the first six tranches of IMF loan (for a total of 11.6 billion €), the first three installments of the EU loan (for a total of 3.7 billion €) and 300 million € loan from the World Bank.

It is anticipated the need for a new loan with the IMF, negotiations will begin with the Fund in October 2010.

In addition to international lending, the government has planned a series of austerity measures to counteract the effects of the crisis on employment. Among them, the most important are the increase of VAT from 19% to 24% and wages cuts in the public sector by 25%.

There have also been activated a series of employment support programs funded by the EU Social Fund - Sectoral Operational Programme for the Development of Human Resources 2007-2013 (POS DRU). In total available resources of 142 million € divided into three measures: for creating new jobs, vocational training for employees and improvement of working conditions.

The first grant program covers the salaries of new employees at least 50%, with particular attention to recruitment of people from rural areas. The subsidy may also be granted to create more jobs or to fill the vacancies, with the condition that these are not a result of cutting other jobs. The second program covers the professional training of employees, with different incentives depending on the number of employees of the company and the type of qualifications that the company intends to offer. The third program provides grants for investments made by companies to improve the health and safety at work, in particular for the acquisition of equipment.

In addition to the measures promoting employment, the main objectives of the Government for 2010 will be the restraint of current spending, inflation control, the execution of public investment, particularly regarding the infrastructure and health system.