



Pakistan-Romania Business Council

(A Company setup under section 42 of the Companies Ordinance 1984)

House 132, K.M.C.H. Society, Block 7/8, Hill Park, Karachi-Pakistan

Tel: +92-21-35151900 / 35112578

Email: info@pakromaniacouncil.org

Website: www.pakromaniacouncil.org

“Romania Trade News Highlights”

Compiled by Pakistan-Romania Business Council (PRBC)

(16 –29 Feb, 2020)

1. State body keeps 4.1% growth forecast for RO economy despite Covid-19 risks



The emergence and spread of the coronavirus (Covid-19) could have an adverse effect on global demand, which could also negatively impact Romania’s exports, shows the Winter Forecast of the National Commission for Strategy and Prognosis (CNSP), released on February 26, Agerpres reported.

However, CNSP maintained its 4.1% forecast for the growth of the Romanian economy this year. Moreover, it expects the growth rate to slightly accelerate in the coming years, then ease towards 4% in 2023.

Real growth rates of 4-6% in the real wages combined with 1.7-1.9% rise in employment are expected to be strong enough to support the domestic demand and

consequently Romania’s GDP, but not as strong as to further push up the current account deficit, which is projected to narrow from 4.7% of GDP in 2019 to 4.5% this year and later 3.5% in 2023. CNSP also estimates that Romania’s industry will recover in the second part of this year, so that the overall evolution of the gross added value generated by this sector will be positive (+2.9%, compared to -1.9% in 2019). In the coming years, the added value generated by industry is seen as rising by around 3% per annum. The sector of construction will keep rising by robust rates (+6.2%) in 2020, albeit slowing down from a record 17.5% advance estimated for 2019.

The sector of services will generate 4.2% more value added than in 2019, temporarily losing momentum from the 4.8% advance in 2019 to marginally gain momentum in the coming years.

The sector of agriculture is expected to advance by 2.5% (-4.4% in 2019) but CNSP stresses that it remains exposed to adverse weather risks.

On the utilisation side, the domestic demand is expected to remain robust driven by 4.4% advance in household consumption (+4.5% in 2019) while the gross fix capital formation will slow down to still significant 6.8% growth rate from 17.7% in 2019 (in close connection to the slowdown in the constructions sector).

The CNSP’s projections are significantly more optimistic than those presented by international institutions or local banks, which expect Romania’s economy to continue losing momentum this year and in the years to come.

Source: <https://www.romania-insider.com/forecast-commission-ro-economic-growth-feb-2020>

2. Commissioning ceremony of Offshore Patrol Vessel PNS 'YARMOOK'



The Pakistan Navy has commissioned a 2300 Tonnes Corvette PNS YARMOOK (F-271) – a Damen OPV 1900 – in a ceremony held at Constanta Port, Romania on 13th February 2020. Attending the event was Vice Admiral Muhammad Fayyaz Gilani HI (M), Vice Chief of the Naval Staff as Chief Guest. The ceremony was also attended by teams from Ministry of Defense Production Rawalpindi, Chief Naval Overseer (Romania) and senior management of Damen Shipyards Group.

Damen signed the contract with the Ministry of Defence Production for two multipurpose OPVs for the Pakistan Navy on 30th June, 2017, following a tender process. Damen will deliver the Second vessel PNS TABUK (Designate) in May this year. PNS YARMOOK is capable of performing a variety of maritime operations and can transport both a helicopter and a UAV. The ship can launch two high speed RHIBs of 11.5 meters and 6.5 meters simultaneously and also has the capability to accommodate two TEUs for special mission based operations. Speaking during the launching ceremony, the Chief Guest highlighted the importance of the Project for the Pakistan Navy and stated that the vessels will significantly enhance Pakistan Navy’s capability to safeguard its maritime borders. The Chief Guest also acknowledged the professional competence of Damen and the prospects of future cooperation in delivering cutting-edge naval technologies to the Pakistan Navy.

Damen constructed the PNS YARMOOK at its yard in Galati. The yard has built nearly 40 vessels for the defence and security segment, including the last seven complex naval vessels for the Royal Netherlands Navy and the Stefan cel Mare offshore patrol vessel, the flagship of the Romanian Border Police, showing time and time again that is a trustworthy and highly capable international player in naval shipbuilding.

Source: <https://www.damen.com/en/news/2020/02/commissioning-ceremony-of-offshore-patrol-vessel-pns-yarmook>



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3. Flower sales in RO expected to reach EUR 20 mln this week



Within just over a week, between March 1 and March 8, Romanian florists are expected to sell flowers worth almost EUR 20 million, according to estimates by market research firm Frames based on data from the statistics office INS, Trade Registry and Finance Ministry, quoted by Mediafax.

The analysis assumes that in the urban areas, where over 90% of flowers are sold, there are 4.56 million women over 18 years and at least half of them will receive a bouquet of flowers during this period, with an average price of RON 40 (EUR 8.3). Over 2.28 million flower bouquets will thus be sold during March 1-8, resulting in a turnover of over RON 100 mln (over EUR 20 mln) in 8 days.

According to Frames, 2020 is expected to be the best year in history for the flower market in Romania. Preliminary data show that in 2019, the flower business in Romania exceeded RON 1.5 billion (EUR 315 mln), a figure more than double compared to 2010 (RON 399 mln).

In 2018, the 3,091 companies active in this sector reported business of RON 1.4 bln, up by EUR 170 mln from the previous year. The aggregated profit of the sector has also increased significantly, from RON 14.7 mln in 2010 to RON 99.5 mln lei in 2018 (hence the profit margin has improved as well). However, there are still many outlets in Romania that sell flowers without issuing a receipt, which means that the actual sales could be even higher.

Source: <https://www.romania-insider.com/flower-sales-first-week-march-2020>

4. Stock of industrial spaces in western Romania doubles in four years



The stock of industrial spaces in the west and north-west part of Romania has doubled over the past four years and is growing rapidly, becoming the second largest market after Bucharest, CBRE data shows.

The stock of industrial spaces in this region of the country is expected to surpass 700,000 square meters this year.

“We are seeing an increasing drive in the western and north-western part of the country, both in terms supply of, as well as demand for, industrial spaces. The volume rented in 2019 exceeded the deliveries of new spaces. Currently, 65,000 square meters of industrial space are being built near the cities of Timișoara, Cluj-Napoca, Oradea and Satu Mare,” stated Mădălin Aresmerițoae, Senior Advisor,

Industrial Services, CBRE Romania.

In 2019, 67,000 square meters of industrial space were delivered in the west and northwest of Romania, raising the current stock to 650,000 square meters. As for the demand, almost 70,000 square meters of industrial space were rented.

Source: <https://www.romania-insider.com/industrial-spaces-western-ro-feb-2020>

5. BNR's forex reserves rise to EUR 35.830 bln, end-February



As of February 29, 2020, the forex reserves of the National Bank of Romania (BNR) rose by 0.9 pct, to EUR 35.830 billion, from EUR 35.505 billion at January 31, 2020, the central bank announced in a release sent to AGERPRES on Monday.

Inflows recorded in February amounted to EUR 1.371 billion, representing changes in the foreign exchange reserve requirements of the credit institutions, inflows into the accounts of the Ministry of Public Finance, into the European Commission's accounts, other.

Outflows amounting to EUR 1.046 billion euros were recorded, representing changes in the foreign exchange reserve requirements of the credit institutions, interest and principal payments on foreign currency public debt, other.

BNR mentions that the decision to reduce the mandatory minimum reserve rate applicable to foreign currency liabilities to 6 pct from 8 pct is being enforced February 24 through March 23, 2020. Romania's gold stock remained unchanged at 103.6 tonnes. worth EUR 4.922 billion, as per the current international prices. As of February 29, 2020, Romania's international reserves (foreign currencies and gold) stood at EUR 40.752 billion, compared to EUR 40.278 billion as of January 31, 2020. Payments due this March on the public and publicly guaranteed foreign currency denominated debt amount to approximately EUR 136 million.

Source: <https://www.agerpres.ro/english/2020/03/02/bnr-s-forex-reserves-rise-to-eur-35-830-bln-end-february--458334>

Disclaimer: The data provided is intended to offer general information and all reasonable measures have been taken to ensure that the information set out is accurate. However, readers to this data are advised that: Pakistan Romania Business Council does not accept any responsibility for any errors, omissions or inaccuracies or for any other details provided.