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Bucharest , November 18th 2011

Minister for European Affairs will draw up by the end of November a code of conduct targeting those tasked with managing EU-funded projects.

The Government has decided to set up a workgroup whose duty is to draw up a draft code of conduct by the end of next month. Referring to his priorities, the ministry wants to simplify EU fund management procedures. The Ministry will ask the Government to call on authorities managing EU funds to post on their websites information regarding refund requests.

Romanian Government approved the ordinance providing state aid through green certificates for renewable energy production.

The ordinance amends Law 220/2008 concerning the promotion of energy production from renewable energy sources. Under this incentive scheme, investors earn money by selling the energy and by trading green certificates on the market, since energy suppliers are required to buy an annual quota. This form of support has been approved by the European Commission.
The incentive scheme will be applied between 2011 and 2021. The greatest impact will be felt in 2016-2017, when consumers may pay 30% more on their bills.
According to estimates of the national energy regulator, Romanian consumers are likely to pay another EUR10 billion until 2020 to support renewable energy projects under the new green certificate scheme.

Romanian Chamber of Deputies adopted a bill whereby usury is considered a crime.

The money and goods resulting from usury will be confiscated, reads the normative act.

The Government reserves the right to increase the value of a public-private partnership contract by up to 50% for services without a prior notice of participation.

This exception has been decided by the Government through an emergency ordinance that amends the Law on public-private partnership. The current law says partnership contracts must be awarded through an open auction or competitive dialogue. The ordinance says the Government reserves the right to increase the value of a contract already awarded to an investor, simply by negotiation and without a new auction.

The value would be raised in order to cover additional work or services not provided by the initial contract, but which have become necessary because of an unexpected turn of events. The additional services may not be technically or economically separated from the initial contract without being "a major inconvenience" to the public partner and must be "strictly necessary" to the project's completion. The combined value of additional work/services may be up to 50% of the initial value.

The new ordinance also says that a public partner which perceives that an offer is "unusually low," because the private investor is a beneficiary of state aid, may not reject the offer purely for this

reason, except when it consults the investor and the investor is unable to prove the aid does not constitute unfair competition between bidders. An "unusual bid" according to the law on public procurement is one where the price is less than 85% of the contract's estimated value, without VAT.

Government approved two oil exploration licenses in the Black Sea platform.

The licenses are for 30 years and include the rights for exploration, development and exploitation of two maritime blocs with a surface of 1,000 square kilometers each. The two companies are to invest $75 million in the first three years, with another $80-$160 million to be added in the next few years, depending on potential discoveries. Romania recently signed similar agreements with the companies Petromar Resources, AuDAX Resources, Petro Ventures Europe, Blackstairs Energy and Moesia Oil and Gas.

All EU member states must allow Romanians and Bulgarians access to the labor market by the end of 2011.

The resolution notes that "no negative effects have been reported in those Member States which have not applied the transitional measures concerning free movement of workers originating from Member States that acceded to the EU in 2004 and 2007."

The MEPs call on EU member states "to review their provisions regulating the transitional periods for access to their labor markets" and ask the states that still restrict Bulgarian and Romanian citizens to remove these barriers by the end of 2011, ahead of the 2013 deadline stipulated in the Treaty of Accession. They argue that "in the long term, [the barriers] can have negative effects on the fundamental values and rights enshrined in the EU Treaties, such as freedom of movement, non-discrimination and solidarity and equal rights."

The Parliament "deplores the recent legislative proposals in other Member States intended to undermine the rights of workers from the Member States that joined the EU in 2004 and 2007" and "calls on the Commission to investigate whether such policies infringe EU law."

The resolution notes that current procedures for the recognition of professional qualifications are a major hindrance to free labor movement and asks the Commission to reform EU rules on this issue.

Romanian state secretary Valentin Mocanu said, in late September, that 11 member states, including Austria, Belgium, France, Luxembourg, Malta, the United Kingdom, the Netherlands and Spain, still restrict Romanian citizens from the labor market.

The European Commission (EC) asked Romania and Germany to ensure within two months full compliance with EU rules on data retention.

Since the judgments of their Constitutional Courts, which annulled the respective national laws that transposed the Data Retention Directive, the two EU member states have not said how and when they will adopt the new norms. The directive obliges telephone companies and Internet service providers to store telecommunications traffic and location data for law enforcement purposes.

Germany and Romania notified the Commission on January 2008 and November 2008, respectively, regarding measures to transpose the EU directive on data retention into their national legislation.
In March 2010 the German Constitutional Court annulled certain provisions of the Telecommunications Surveillance Law 31 December 2007. A similar decision was made on 8 October 2009 by the Romanian Constitutional Court who declared Law 298/2008 unconstitutional.

“The German and the Romanian courts did not rule that the Data Retention Directive as such was unconstitutional. Yet, though none of the conclusions of both Constitutional Courts' judgments preclude full transposition of the directive in a way that complies with the German and Romanian constitutions, no new legislation has been adopted yet, according to the EC.

The Data Retention Directive was adopted in 2006 and should have been transposed into national law by 15 September 2007, with the option of postponing the retention of communications data relating to Internet access, Internet telephoning and Internet e-mail until 15 March 2009.

Romanian state-owned enterprises have incurred losses of as much as hundreds of thousands of lei per employee.

Out of the total 154 state-owned companies monitored by the Government and the International Monetary Fund, 59 posted losses between 1,000 lei per employee (EUR231) and as much as RON883,000 per employee at Uzina Mecanica Orastie, a weapons factory that branched out from Romarm and was included in a restructuring program nearly ten years ago, with no end in sight.

Other companies with considerable losses are SN Carbunelui (RON 359,000 per employee), SC Carbonifera (RON 238,000 per employee), Termoelectrica (RON 203,000 per employee), Santierul Naval Mangalia (RON 181,000 per employee), Tarom (RON 163,000 per employee), Romavia (RON144,000 per employee), CN Huilei (RON 72,000 per employee), Oltchim (RON 60.000 per employee), Avioane Craiova (RON 54,000 per employee), CNM Petromin (RON 52,000 per employee), CN CFR (RON 41,000 per employee), CFR Marfa (RON 29,000 per employee), SN Radiocomunicatii (RON 20,000 per employee), Metrorex (RON 14,000 per employee), SNLO (RON 6,000 per employee), Posta Romana (RON 3,000 per employee), CFR Calatori (RON 3,000 per employee), and Regia Patrimoniului Protocolului de Stat (RON 3,000 per employee).

Companies that control the market in their segment also recorded profits, Electrica (RON 599,000 per employee), Imprimeria Nationala (RON 229,000 per employee), CN Aeroporturi Bucuresti (RON 87,000 per employee), Transgaz (RON 81,000 per employee), Loteria Romana (RON 66,000 per employee), Hidroelectrica (RON 15,000 per employee) and Nuclearelectrica (RON 13,000 per employee).

The list of companies considered "de facto" bankrupt includes RADET, CFR SA, Oltchim, CFR Marfa, Termoelectrica, CN Huilei, CET Iasi, Electrocentrale Oradea, CET Brasov, Apaterm, CFR Calatori, RADET Constanta, Regia de Termoficare Craiova, Regia de Transport Timisoara, Regia de Transport Brasov, Romavia, Regia de Drumuri Valcea, Urbis, Braicar and Cuprumin.

In the autumn of 2009, after reorganizing the governmental agencies, the Executive announced it would launch a similar process to restructure, merge or close the companies and autonomous administrations owned entirely by the state, to limit their losses, which amounted to more than RON4.8 billion at the end of 2008. So far, the only steps taken by the authorities have been increasing the budgets of several ministries to repay these companies' debts.

Jeffrey Franks, head of the IMF evaluation mission, has said several times that the outstanding debts of state-owned companies, amounting to 5% of the GDP, are a major hindrance to economic growth and that he will work with the Government towards a comprehensive solution.

The Romanian Transport Ministry will sign by the end of November European financing contracts worth EUR500 million for road infrastructure investments.

Romania has so far signed European financing contracts worth EUR725 million for infrastructure projects and will raise the total value of contracts to EUR1.25 billion by the end of November.

Banks in Romania will require a down payment of at least 25% for mortgage loans in euro and 40% for mortgage loans in other currencies.

The First Home program and refinancing schemes are exempt from the abovementioned conditions. For mortgage loans in national currency, clients will pay a deposit of at least 15%, while for loans in foreign currency issued to clients who obtain revenue in that currency, the minimum down payment is 20%.

The value of a loan for real estate investment will not by higher than 85% of the mortgage guarantee for loans in leu. For loans in foreign currency, the value cannot be higher than 80% of the mortgage guarantee if the debtor obtains revenue in the loan currency. When the debtor does not obtain revenue in the loan's currency, the loan value cannot exceed 75% of the guarantee when the loan is in euro, and 60% when the loan is in other foreign currencies, according to the regulations. For loans in the Government-backed First Home program, banks require a 5% down payment.

Romania's Government approved a new exploration, development and drilling agreement between local mineral resources manager ANRM and Irish companies.

The 20-year agreement states that the company needs to invest some $6 million during the exploration phase, and at least $4 million in the second phase, depending on the results.

Romanian telecom regulator ANCOM will reduce the interconnection charges.

The charges will be reduced by 19-30% in the first stage, down to similar levels across all mobile operators, and by 24% in the second stage, starting on September 1, 2012. The regulator's suggestions for landline interconnection fees are the same as those announced in August. They will be reduced, initially, by 15.5%, from 0.97 eurocents/minute to 0.82 eurocents/minute as of January 1, 2012, and by 18%, to 0.67 eurocents/minute as of July 1, 2012.

Government has agreed with the IMF to freeze public sector salaries and pensions, but to increase them slightly halfway through next year, if budget revenue allows.

Franks pointed out that any pension raise will be modest, likely equivalent to the rate of inflation. The central bank's estimate for inflation is 3.3% this year and 3% in 2012. If projections indicate the budget will have room for income raises in 2012, the Government may decide to raise salaries later in the year. He added that the law of fiscal responsibility does not permit such decisions in the six months before elections, but the Government may decide to raise salaries and pensions in May and implement them two months later.

Romanian President Traian Basescu making the Law making August 23 the Remembrance Day for Victims of Fascism and Communism, and December 21 the Remembrance Day for Victims of Communism in Romania.

August 23 was a national holiday in Romania between 1948 and 1989, celebrating the coup d'état organized by King Michael during World War II, when Romania switched sides from the Axis to the Allies. The 1989 revolution that toppled the communist regime in Romania began as a series of protests in Timisoara on December 16, 1989 that had spread to Bucharest by December 21.

The strategic investor of the national postal company, Posta Romana, will be chosen by a consortium made up of an investment bank and a law house.

The investor will take over a stake of up to 33% in Posta Romana, as well as the company's management. The committee in charge of this reorganization decided that the company that will evaluate Posta Romana for a share capital increase would be selected by December 2011. The consortium that will select the postal company's strategic investor would be assembled by the end of January 2012.

Romania's insurance regulator CSA will reduce its number of offices from 28 to 12 and will cut staff by up to 10%.

At the end of 2010, CSA had 163 employees, the institution revealed in its annual report. CSA decided to adopt a new organizational chart starting December 1 to bring the institution's strategic objectives in line with the European system supervising financial markets and implement the European set of directives Solvency II.

The new organizational chart was adopted by the CSA Council and will be available on the institution's website, www.csa-isc.ro, The council decided to cut spending due to the decrease registered on the insurance market in the first nine months of the year, when underwritten premiums dropped by over 7%. In 2010, CSA's revenues stood at 59.24 million lei (EUR13.6 million) and its expenses reached RON54.1 million.

Private pension contributions amassed in pension funds on Pillar II will be transferred to funds with low-risk investments 10 years before the contributor retires.

Net assets on the mandatory private pension segment reached 6.04 billion lei (EUR1.38 billion) and the number of contributors reached 5.44 million at the end of October, according to the private pension system regulator CSSPP.

"With the introduction of the multi-fund system, contributors will choose, depending on their age and appetite for risk, a pension fund with a certain risk profile, which can be conservative, medium, or dynamic. Sums accumulated by contributors to Pillar II will be transferred to conservative funds 10 years before the contributor's retirement to protect their savings from potential financial turmoil," CSSPP head said.

Most of the nine pension funds operating the mandatory segment in Romania have low risk investment policies.

All cigarettes sold in Europe as of November 17 will have to be 'Reduced Ignition Propensity' (RIP) cigarettes.

This safety measure is already in place in some countries globally (US, Canada, Australia), and, in the EU, in Finland since April 2010, the European Commission said in a press release. Starting November 17, 2011, once the new safety standards are published in the EU Official Journal all cigarettes sold in Europe will have to comply with these measures and national authorities will have to see that this new fire safety measure is enforced.

The new standards, which have been drawn up under the General Product Safety Directive, obliging producers to place only safe products on the market, require reduced ignition propensity, which is the ability of a cigarette left unattended to start a fire.

Romania will have up to 20 private health insurance houses "fighting over clients" by 2013, said the head of the National Public Health and Sanitary Management School.

The new bill on public health is based on a presidential committee strategy and on the results of a study, which said 79% of Romanians with incomes above 3,000 lei (EUR688) are willing to get private health insurance.

The private health insurance houses would need to meet certain requirements, he explained: have at least one million registered contributors, and be authorized by the National Health Insurance House and the Insurance Supervision Commission.

"Private houses may not refuse anyone. In addition, the private health insurance houses will not sell policies, but must develop quality management and attract patients, doctors, hospitals, everybody," said Vladescu.

The basic service package will be the same for every house. The patient will be required to stay in contract with the house of their choice for at least one year. "It is very clear that the state can no longer provide more than a minimum service package. For those services that cannot be covered by the minimum package, there will be private insurance. The insurance budget per patient is about EUR300 at the moment," he added.
The ministry plans to introduce a basic package for medical services to be covered under public health insurance, and to set up around ten private health insurance houses to create competition.

Romania spends an annual EUR5 billion on public healthcare, of which EUR3.5-4 billion come from the National Health Insurance House and the rest from the Health Ministry. The healthcare system also engulfs an annual EUR300-500 million in informal payments received directly from patients and about EUR500 million on the private medical services market.

The Romanian private health insurance market amounts to EUR10 million, and the main insurers on this market are Eureko Asigurari, Signal Iduna Asigurari de Viata, and Allianz-Tiriac Asigurari.