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Romania will increase the minimum guaranteed income and the family support allowance. .

According to the decision, the family support allowance will increase by an average of 30% starting July 1. For families wilth two children the allowance will rise to 80 lei (EUR18.4) from RON60. The minimum guaranteed income will be increased by 8.5% starting July 1, and by another 4.5% starting 2014, to an average of RON 217.

The number of families to receive support allowance will climb from 307,000 to 444,000. Beneficiaries of minimum guaranteed income will increase from 214,000 to 279,000 families starting July, and to 307,000 families stating next year.

Romanian investment fund Fondul Proprietatea reported a net profit of EUR 3.88 million.

End-April, the fund posted net assets of RON14.97 billion, down 1.7% on the month. In April 2012, the fund's assets stood at RON15.52 billion. Around 43% of Fondul Proprietatea's assets were listed equities in April, while 55.57% non-listed equities. Net cash and receivables stood at 1.33% of the net asset value.

End-April, foreign investors held 64.33% of the fund's shares, while residents had 33.68%. Fondul Proprietatea owns 1.97% of its own shares, which are due for cancellation.

10,000 employees in state companies and institutions will be laid off by 2018.

The estimate is attached to a government emergency decree regulating severance pay, which was recently approved by the government and has moved up through the legislative process to the Senate's committee for labour. The government was planning to start a lay-off program in 16 state companies in the energy sector, for the interval 2013-2018, but the bill in question has been since withdrawn.

Romania's privatization authority plans to sell its minority stakes in 81 companies

The authority targets revenues of 240 million lei three times higher than in 2012. The privatization authority has 641 firms in its portfolio, of which 321 are liable to privatization and 320 are insolvent or undergoing liquidation.

The Finance Ministry is considering issuing government bonds dedicated to the population.

In the past few years the Romanian state has preferred to rely on bank financing and not compete against banks for resources by launching its own investment instruments dedicated to individuals. This approach is supported by the International Monetary Fund. Other European countries believe financing from the population is important. Although it may be more expensive, it is also more reliable, especially at a time when foreign capital can prove extremely volatile.

In the last few months demand from foreign investors for Romanian government bonds in lei has surged after Barclays and JP Morgan announced Romania's inclusion in two of the most followed reference indexes in the region.

In money terms, this interest means foreign currency inflows of between EUR3 and EUR4 billion since the beginning of the year which on the forex market meant a fast appreciation of the Romanian currency to around RON4.30 per euro. Foreign investors now account for over 20% of the public debt after in 2012 their holdings had plummeted towards 5% of the total amid the political crisis and the eurozone crisis. However, this money, which entered the market during a short span, can leave the market just as fast, and can deal shocks both to the exchange rate and to the government bonds market.

Winemakers expect this year to be another difficult year.

However, new wine launches are expected after investments from European money have been made, with the wine sector being the only one to fully attract the European funds made available. In 2013 we expect a market contraction against 2012 because of the purchasing power decline as well as because of the instability of market mechanisms, along the distribution, logistics chain, because of insolvencies, bankruptcies, says general manager of Carl Reh Winery SRL.

The wine market is estimated at EUR350 million, according to the latest estimates of the National Vine and Wine Owners' Association and companies say the market has been difficult in the past few years, as competition has increased while demand has been low. The vine and wine sector attracted European funds of over EUR166 million between 2007 and 2011, with the amounts available being fully absorbed.

Romania has around 180,000-200,000 ha of vine and is among the world's major wine producers. Most of the wine produced in Romania is consumed domestically. The largest wine producers include Murfatlar, Vincon, Jidvei, Cotnari, Tohani, Halewood.

Romania's central bank revised downward its inflation forecast for 2013 to 3.2%.

The revised forecast is slightly below the upper end of the bank's target range of 1.5%-3.5% for 2013. The annual inflation eased for a second straight month in March on lower food and non-food prices. The inflation rate slowed to 5.25% at the end of March, from 5.65% in the twelve months through February.

Sixty one per cent of Romanian company managers believe that corruption is widely spread in business in Romania.

E&Y polled 3,459 managers in 36 countries, including 22 EU states. Estonia, Latvia and Lithuania were regarded as one entity – the Baltic States. According to E&Y, 57% of company heads in the 36 countries included in the survey said corrupt practices happen widely in business.

In Romania, 61 of the 100 respondents said corruption is widely spread in the local business environment. Slovenia is seen as the most corrupt EU country, as 96% of Slovenian managers consider corruption in business is a widespread phenomenon. It is followed by Greece and Slovakia (84%), the Czech Republic (73%), Portugal (72%), Hungary (70%), Spain (65%), Romania (61%), Italy (60%), Belgium (51%), the Baltic States (47%), Austria (46%), Ireland (43%), the UK (37%), Germany (30%), France (27%), The Netherlands (23%), Sweden and Finland (12%), Switzerland (10%). Bulgaria, Cyprus, Denmark, Luxembourg and Malta were not included in the report. According to the survey, 19% of Romanian respondents said corruption is present in their business sector.

The underground economy is seen to have fallen 3.5% over the past five years.

The shadow economy in the southeastern European country, mainly illegal labour and revenue/profit underreporting, has decreased almost 15% in the last ten years. The decrease reflects Romania's efforts to join the European Union. Staring 2008, after the beginning of the financial crisis, Romania's underground economy witnessed a mixed evolution, according to Visa Europe. Between 2010 and 2013, the phenomenon gained impetus following austerity measures and fueled by belief that corruption goes unpunished.

In 2013, underground economy will drop by EUR1.5 billion and Romania's GDP will return to the

level registered in 2008, according to Visa Europe. The European black market will fall in 2013 to a 10-year record low of EUR2,100 billion, or 18.5% of the GDP, as many states will strive to consolidate their public finance and stimulate economy in order to cope with the economic crisis.

In Europe, the illegal labour market represents about two thirds on the underground economy, while revenue underreporting accounts for one third of it.

Comarnic-Brasov (58 km) and Craiova-Pitesti (121 km) highways, as well as Bucharest's southern bypass route (48 km), are set to be built under concession.

At an average cost of EUR21.5 million per km, the cost of these highways is the closest to that of building the Transilvania highway, considered one of the most burdensome for the Romanian state in the last 23 years. Highway concessions, a failed experiment for Romania in the past, raise questions over the price at which highways can be built in Romania, as well as over how these partnerships between the public and private sector can help speed up the highway building process.

Romania, which has 530 km of highway, has long since lost the regional race for highway construction. Croatia, a much smaller country, already has 1,260 km of highway. The Craiova-Pitesti highway or expressway (the state has yet to decide which type of road it will build), is a much demanded road by the car industry, as it will link two major plants – Ford in Craiova and Dacia in Pitesti. The 121-km road will be built under concession and will cost around EUR1.7 billion or EUR14 million per km, according to estimates of roads authority CNADNR.

The Comarnic-Brasov highway, which is 58 km-long, will be built, operated and maintained for EUR 1.2 billion or EUR 21 million per km. Bucharest's Southern bypass to be built at highway standards will cost EUR 2 billion. Also included in the cost of building the bypass will be the operating and maintenance of highway A1 Bucharest-Pitesti and A2 Bucharest-Constanta, so the estimated cost of the bypass itself is not mentioned.

In general the construction of a highway is justified if traffic is upwards of 16,000 vehicles per day, according to market information. The roads authority estimates traffic on Craiova-Pitesti, if the expressway variant is chosen, will be of 6,950 vehicles per day by 2015 and 8,362 vehicles by 2020..

In both cases the "acceptable fee" for the Craiova-Pitesti road is 2.4 eurocents per km or 2.9 eurocents (VAT-less) for the entire length of the highway/expressway, according to the documents in the concession auction.

Romanian modern retail is dominated by foreign networks.

In Romania the top-ranking companies are three foreign groups, which managed from the time they entered the market to boast turnover of hundreds of millions of euros or even billions of euros. None of the 12 modern retail chains on the Romanian market is held or even created by a Romanian entrepreneur. Carrefour did buy a local supermarket chain (Artima), but only after developing from scratch a hypermarket division which contributes the bulk of the overall turnover.

Foreign networks, such as Mega Image, Profi and Carrefour also bought local stores, but small ones, and only to integrate them within their chains, which they had already developed.

Several Romanian entrepreneurs have sought to put their name on the map of modern retail, but failed the test of time and of the crisis. One such example is that of the Penescu brothers who created the PIC chain, which is currently insolvent and has closed down all stores.

In a ranking dominated by foreign players, no. 1 is Germany's Kaufland. The retailer developed a chain of 85 low-priced hypermarkets, with sales of around EUR1.5 billion last year. No. 2 in the ranking is Lidl, a network that officially entered the Romanian market in 2011 by taking over 100 Plus Discount stores of German Tengelmann group. Kaufland and Lidl are both held by the

Schwarz group.

Real estate developer RomReal, plans to sell land it owns in several areas in Romania.

We are actively seeking buyers for part of the lands we own to improve the company's liquidity until the market recovers. Getting financing is one of the main difficulties on the Romanian market and the company management is currently changing area plans for several lands in Constanta, which will be divided into smaller plots, RomReal said in a report. RomReal hope smaller lands in good locations will appeal to buyers with limited financing sources. Land plots in RomReal's portfolio range from 4,000 to 865,000 square meters.

The real estate developer got an approval last year from lender Alpha Bank to extend a EUR11.6 million loan by three years, until November 30, 2015. RomReal is registered in Bermuda and was to develop real estate projects in Romania through Westhouse. The company owns 14 plots of land in Bucharest, Constanta and Brasov, valued at EUR24 million.

Westhouse announced early 2007 it planned to invest EUR1.5 billion in real estate projects in Bucharest, Constant, and Brasov. The projects were to include residential, commercial, and office compounds, the company planned to finish building 4,500 homes in 2011-2012. However, the company only finalized a 37-home residential project in Constanta, which it managed to sell, and was also involved in the development of two other residential compounds in Constanța, sold in 2010 to companies in the Nova group.

UniCredit Tiriac Bank and UniCredit Consumer Financing have reached an agreement to acquire the retail and private banking business of Royal Bank of Scotland's.

The transaction value was not disclosed. UniCredit Tiriac Bank and UniCredit Consumer Financing, two units of Italy's UniCredit group, will take over RBS Bank Romania assets worth EUR 315 million and EUR 230 million worth of liabilities. All RBS Romania staff associated with the bank's retail and private banking business will transfer to UniCredit Tiriac Bank subject to consultation with the social partners. .

Retail represents a core business for our bank and this acquisition perfectly fits our development strategy in the medium- and long-term, while at the same time maintaining our position as a leading European bank in the Romanian market," said chief executive of UniCredit Tiriac Bank and UniCredit's country chairman for Romania.

RBS Romania will continue to focus on its corporate business activities. RBS Bank Romania, formerly ABN AMRO, was founded in 1995 and operates 26 branches on the local market.

Head of the Romanian Competition Council, has announced that they will start an analysis of the medical services market in general.

With doctors, we have some indication that they establish within their professional association fees for services not covered by the framework contract, which patients pay out of their pockets. It appears that at least in some counties there have been talks among doctors about the fees they would charge, which we could find to be anticompetitive.

Romanian family doctors and public hospitals will for the first time be approached by the Competition Council as economic operators, in an analysis of the medical services market in general. The first findings are expected at the end of the year. In Romania there are over 350 public hospitals and over 10,000 family doctors, whose services are largely paid for by the state through the framework contract with the National Health Insurance House (CNAS).

CNAS has a budget of 1.32 billion lei (EUR300 million) for family medicine. But there are categories of services which are paid for by the patients out of their own pockets, such as doctor's visits and medical tests for children prior to enrolling them in school or kindergarten.

The World Bank has approved a EUR70 million modernization project for Romania's tax authority ANAF.

The World Bank has approved a EUR70 million modernization project for Romania's tax authority ANAF, the institution said in a statement.

The modernization project, which will be implemented by ANAF, aims to increase effectiveness and efficiency in the collection of taxes and social contributions, increase tax compliance, and reduce the administrative burden on taxpayers to comply with their responsibilities under the country's tax laws. Modernization of revenue administration is an important component of the Government's economic reform program. Despite recent fiscal adjustment efforts, the external environment in Europe and weak growth in Romania will continue to pose a risk to macroeconomic stability, the World Banks said in its statement.

ANAF has laid a solid foundation for the next generation of revenue administration reforms that will span the next five years. ANAF has decided that the next reforms will focus on fighting tax evasion, reducing the administrative burden on taxpayers, and increasing collection efficiency and the project is contributing to these goals. A modernized ANAF will be fair, taxpayer service-oriented, and effective in identifying tax evaders, and it will, as a result, reduce evasion. The restructuring of ANAF and the reengineering of business processes is vital to the Ministry of Public Finance's objective to increase revenue as a share of GDP.

According to the World Bank, revenue performance gains during the boom years of 2004-2007 were modest with the revenue-GDP ratio rising from 27.2% to 29%, while revenue losses during the recession were severe, with tax-GDP ratio dropping back to 27.2% in 2010. Romania's tax efficiency index is one of the lowest in EU countries, at 54% and 61% for VAT and social contributions respectively.

Investments in key government institutions, including and not limited to revenue administration, are an important pre-condition for Romania to continue its convergence with the European Union.

Romania's government agreed with the International Monetary Fund, the European Commission, and the World Bank to reorganize ANAF and redistribute the activity of the institution's current 221 offices into eight regional units and 47 local offices.
