

# Bulgaria & Romania – Opportunities for West Midlands Companies

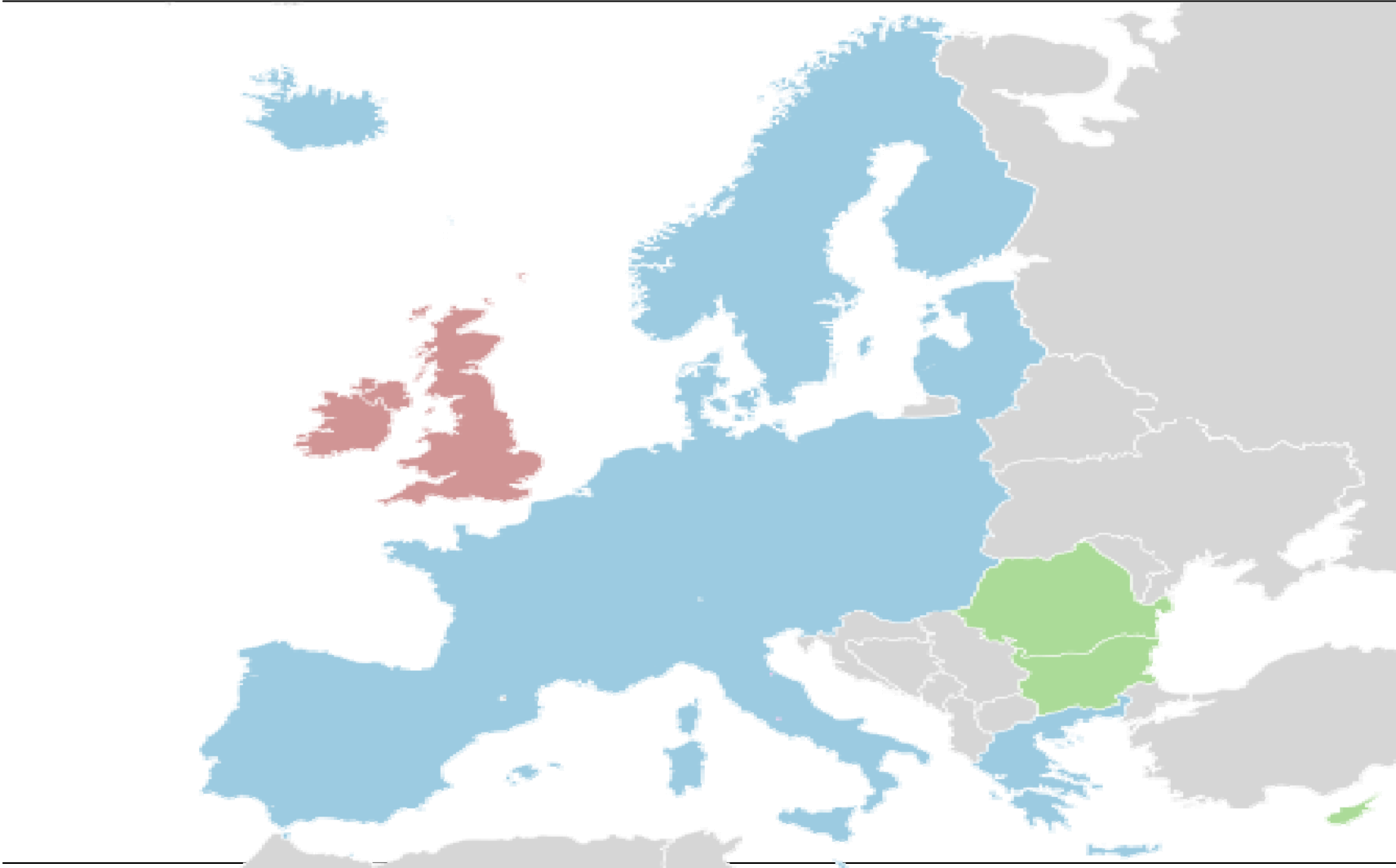
Steve Williams: British Ambassador to Bulgaria

Robin Barnett: British Ambassador to Romania

14<sup>th</sup> May, 2010

# CONTENT

- Political and Economic Perspectives
- Business Climate
- EU Funding and Allocation
- Market Opportunities
- How We Can Help



# BULGARIA AND ROMANIA KEY FACTS

## Bulgaria

Size: 110,550 sq km  
Population: 7.6 mln  
GNI per capita: \$5,487

Source: World Bank

## Romania

Size: 237,500 sq km  
Population: 21.5 mln  
GNI per capita: \$7,928

Source: World Bank

# WHY BULGARIA AND ROMANIA?

- Highly skilled labour force at competitive salaries
- Attractive taxation policy
- EU market gateway to the East and the Balkans (access to over 300 million consumers)
- English as the business language

# POLITICAL PERSPECTIVE

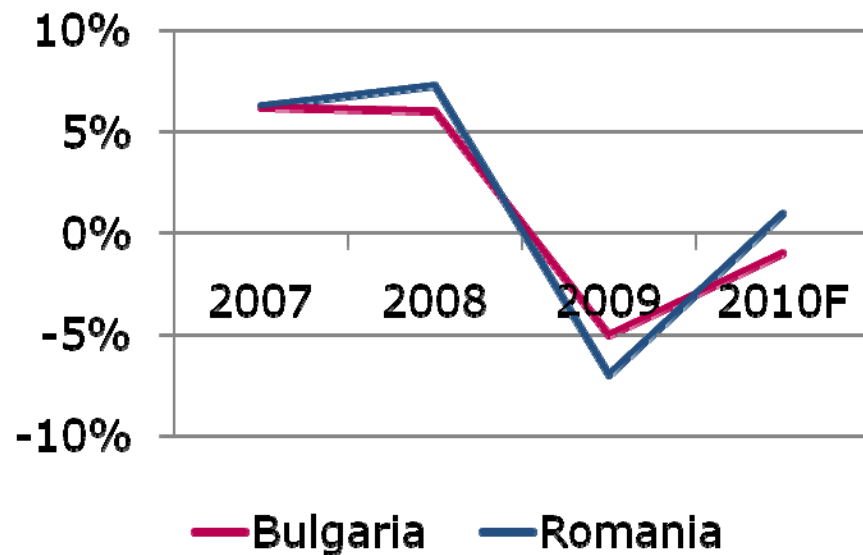
- EU and NATO members
- Social and ethnic stability
- Schengen membership in 2011
- Energy security
- Russia
- Organised crime and corruption
- Flawed civil justice

# ECONOMIC PERSPECTIVE

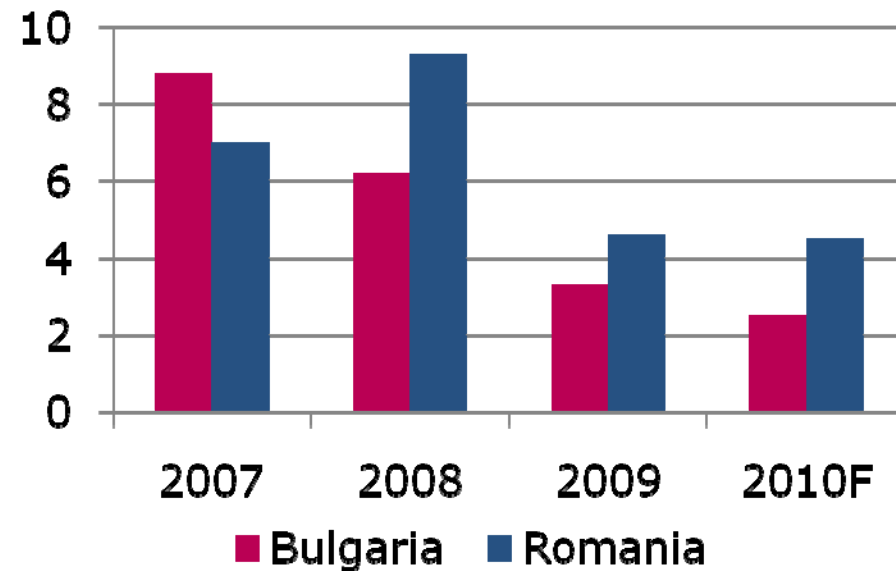
- The two poorest countries in the EU
- A decade of sustained high growth before accession
- Sound banking system
- Budgetary issues
- Recession: late in, late out
- FDI: real estate v real economy
- EU funds: low absorption, stop, start

# MACROECONOMIC INDICATORS

**GDP annual change**



**FDI (EUR bn)**



# BUSINESS CLIMATE - STRENGTHS

- UK highly regarded as a partner
- Low operating costs
- Skilled, multilingual labour
- EU funds
- English language widely spoken
- Air links to the UK
- Location – good regional base

# BUSINESS CLIMATE - CHALLENGES

- Infrastructure
- Public procurement
- Judicial system
- Corruption / Red tape
- Budget deficit / unpaid debts

# DOING BUSINESS IN BULGARIA

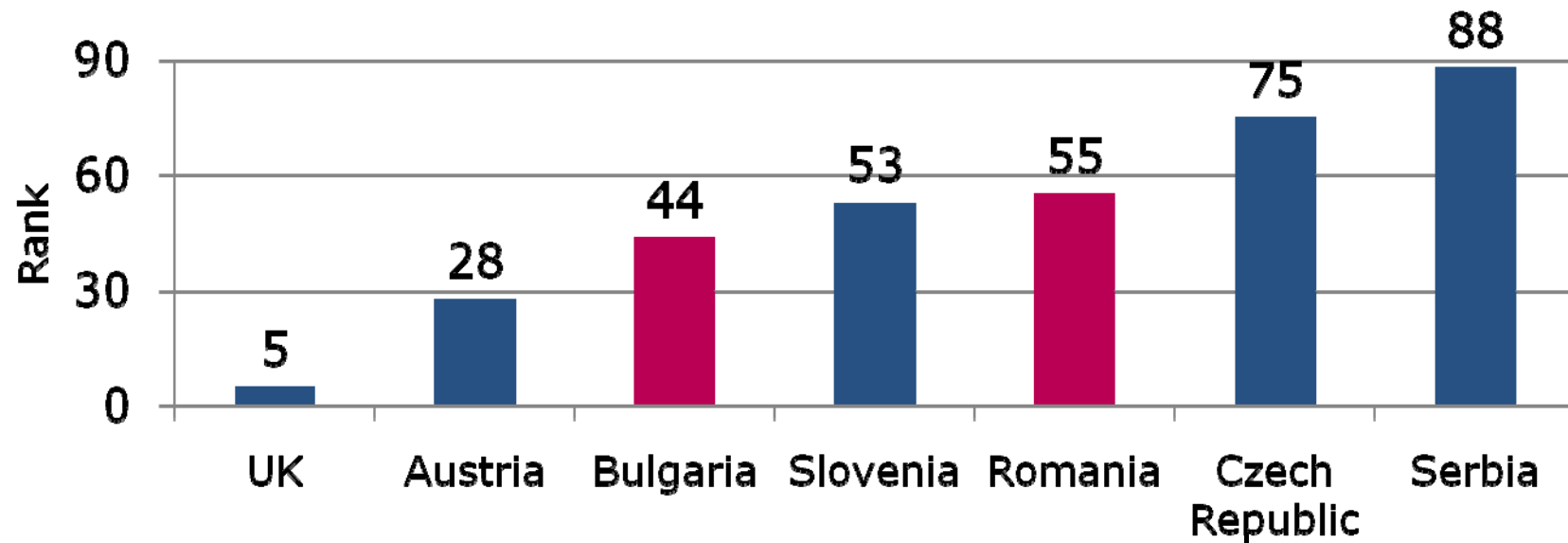
- 10% corporate and personal income tax
- UK cumulatively 4th largest investor (but inflated by real estate)
- UK export performance at best “moderate”
- No room for complacency: strong competition

# DOING BUSINESS IN ROMANIA

- 16% flat rate income and corporate profits tax
- UK cumulatively 10<sup>th</sup> largest investor
- Bilateral Trade EUR 1.5 bn (Jan – Oct 2009)

# SECTOR OPPORTUNITIES

# EASE OF DOING BUSINESS



Source: World Bank

# EU FUNDS ALLOCATION 2007-2013

Sector	Bulgaria & Romania (EUR billion)
Regional development	5.7
Transport	7.2
Environment	7.1
Human resources	5.0
Agriculture	14.6
Competitiveness	4.0

# INFRASTRUCTURE

*Infrastructure upgrades long overdue*

## **Opportunities**

- Building of highways, project management and consultancy
- Danube Bridge II
- Airports development
- Telecommunications
- Urban improvement and regeneration

# RAILWAYS

## *Modernisation of railways under way*

### **Romania**

- Rail market liberalised, over 25 private operators active
- EUR 3bn to be invested in 3 new metro lines
- EUR 1bn estimated cost of rehabilitation for corridor IV

### **Bulgaria**

- EUR 464m for railway upgrades and new lines
- EUR 157m for Sofia Underground

### **Opportunities**

- Consulting, design, equipment, works, alternative financing

# WATER

*EU compliance driving investment and improvement*

## **Romania**

- EUR 3.3bn available in EU funds

## **Bulgaria**

- EUR 12bn to be invested till 2025
- PPP opportunities

## **Opportunities**

- Design, water treatment equipment, management of water services, no-drill technologies

# PORTS

## *Modernisation and concessions in planning*

- Modernisation and development of the infrastructure to meet the requirements and growth of international commercial traffic
- Danube River ports development and concession

### **Opportunities**

- Passenger terminals, container terminals, grain terminals

# ENVIRONMENT

## *EU compliance driving investment*

- Waste management systems and recycling facilities
- Soil pollution and contaminated land rehabilitation
- Reduction of greenhouse gases
- CO2 trading
- Renewable energy

### **Opportunities**

- Consultancy, recycling equipment and technologies, wind power and solar equipment

# EDUCATION

## *Need for improving the skills pool*

- Increasing demand for soft skills
- Lack of adequate structures to sustain vocational training and life long learning

## **Opportunities**

- Corporate training and staff development, health & safety training, security training, special education needs products

# FINANCIAL SERVICES & PPP/PFI

*Well developed banking sectors*

## **Opportunities**

- Capital markets
- Insurance and pension services
- Carbon trading
- PFI in transport, judicial system, water services and education

# AGRICULTURE

## *Need for modernisation and land consolidation*

- Agriculture substantial contributor to GDP
- Discounted land prices, expansive arable land and good quality soil – high investment potential
- Potential to feed more than 100 million people
- Favourable conditions for organic farming

## **Opportunities**

- Land investment, livestock and genetics, agri-food processing, agricultural machinery, technical assistance, training and consultancy

# SECURITY

*Schengen accession with funding available for:*

- Video surveillance systems
- CCTV systems: remote control and information systems, monitoring of traffic lights, street lights and flood control
- Access control and perimeter security systems
- Customs and border crossing database systems
- Infrared mobile and stationery equipment
- Field testing equipment
- Laboratory equipment

# HOW TO APPROACH THE MARKETS

- Research the market potential
- Find the right partners
- Develop the relationship
- Mind the cultural differences
- Arrange for a proper contract

# HOW WE CAN HELP YOU

- UKTI portal <http://www.uktradeinvest.gov.uk>
- Market information
- Identify local partners
- Promotional events
- Advocacy

## Regional Support Network

- West Midlands Chambers of Commerce LLP

Web: [www.chamberinternationaltrade.co.uk](http://www.chamberinternationaltrade.co.uk)

Tel: 0845 074 1515

- Midlands World Trade Forum

Web: [www.mwtf.org.uk](http://www.mwtf.org.uk)

Tel: 0121 607 1759

Further information is also available in the delegation pack

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# THANK YOU!

Tanya Koicheva  
Head of UKTI

British Embassy  
Sofia, Bulgaria  
Tel: 00359 2 9339 228  
[tanya.koicheva@fco.gov.uk](mailto:tanya.koicheva@fco.gov.uk)

Andreea Radu  
Deputy Head UKTI

British Embassy  
Bucharest, Romania  
Tel: 0040 21 201 7364  
[andreea.radu@fco.gov.uk](mailto:andreea.radu@fco.gov.uk)