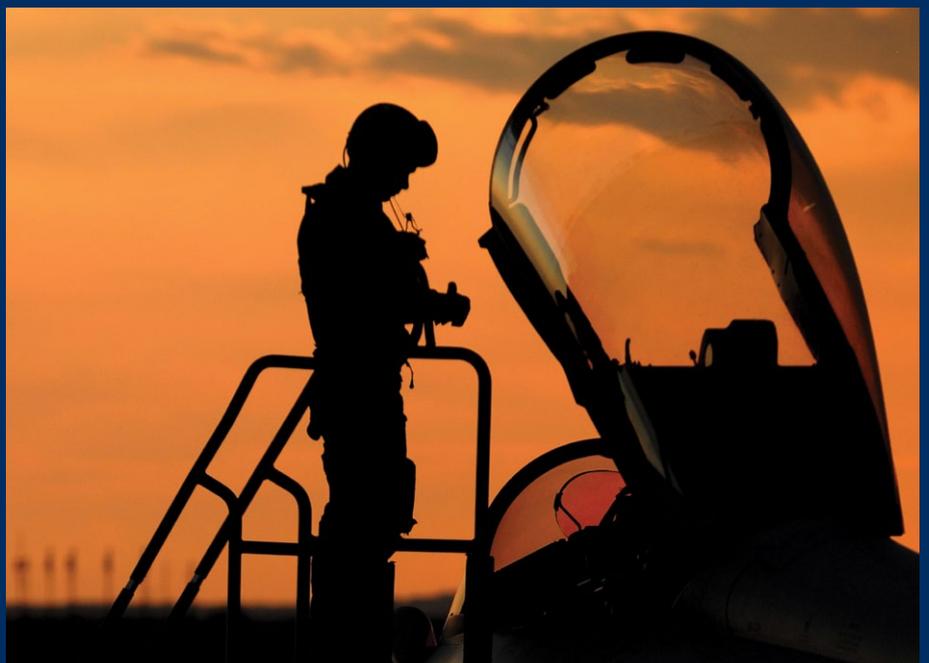




Defence & Security

Opportunities

Romania



Defence & Security Opportunities Romania



Military overview

Romania has six major procurement programmes, though because of the current global financial crisis – and the fact that 70% of the defence budget is earmarked for salaries and pensions – it is highly unlikely that there will be any positive movement on the programmes for some time. Romania currently has around 1800 troops in Afghanistan, and is a NATO member, as well as a member of the EU. A NATO human intelligence (HUMINT) centre of excellence has been opened in Oradea.

Defence & security opportunities

The current major defence and security planned procurement programmes are: upgrade of the combat aircraft fleet, enhanced long-range air defence capability, programmes to be developed together with Romanian industry and experienced foreign companies (e.g. new 8x8 armoured personnel carriers, new assault rifle to replace AKM-47, new UAV and mini-UAV), C4I for the Land Forces HQ, armoured and non-armoured light vehicles, corvettes, mine-hunters, and a planned border surveillance project centred on the River Danube. Owing to the small defence budget, however, it remains to be seen how many of these programmes will be fulfilled.

Economic background

GDP (US\$ BN): 163.317 (2009) 161.629 (2010)
185.315 (2011)

GDP per capita (US\$): 7,609.6 (2009)
7,542.25 (2010) 8,665.79 (2011)

Source: IMF World Economic Outlook Database

Defence economics

Defence Budget:
2011: US\$1.6bn
2012: US\$2.0bn

Source: British Embassy Bucharest

The Romanian defence market and how to do business

Romania's defence industry is an emergent industry. The larger supplier for military equipment, ammunition and maintenance services in Romania is the state-owned national company Romarm (<http://www.romarm.ro/index.php/en/about-us.html>) which was set up in 2000 by uniting the most important factories of the Romanian defence industry.

In recent years, the state has subsidised close to 100% of their losses in an effort to keep them running, and to keep tens of thousands of workers in employment. Efforts are now under way to start either licensed production of Western-designed equipment, or to integrate Romanian producers into joint development programmes. In Romania, there are over 200 indigenous producers, specialising in production of goods, parts and technologies with defence applications.

The Romanian aerospace industry is a centre of excellence within the Romanian defence industry.

The following general information is intended as a preliminary guide to help UK defence companies understand the Romanian defence market. It is not intended to be exhaustive.

Fundamentals needed to succeed in the Romanian defence market – routes to market

The best ways of selling into this market are through a specialised partner, with good business connections and a track record in the defence sector. Most contracts are tenders, and call for extensive product testing and demonstrations, which can only be achieved with a permanent local presence, and a good understanding of the decision-making process. Agents are often used for highly specialised technical equipment. It is the strong desire – effectively policy – of the Romanian government, that defence procurement should, through transfer of technology via joint ventures with overseas companies, provide the stimulus for industrial development.

Distributors are the main sales channel for standard equipment which may require in-country servicing and emergency stocks. Ad-hoc partnerships with systems integrators and general contractors are often used for project-based supplies and services.

Public administrations and government departments are bound by public procurement rules, and purchase through public or restricted tender. Only minor requirements or exceptional technical projects are purchased through negotiated contracts.

Each company should go through a national security accreditation. It is highly recommended that companies should find local partners.

One important factor that separates Romania from the rest of eastern and south-eastern Europe is the issue of offset. At present, Romanian law dictates that any contract placed with foreign companies that is valued in excess of €3m automatically attracts an offset obligation which can be at least 80% of the contract value.

HMG Support

For the Romanian defence market, advice, support and assistance to UK companies is provided by UKTI DSO RD West in London, the Defence Equipment Officer in the British Embassy in Bucharest, and the Defence Attaché for Romania based at the British Embassy in Prague.

We encourage the companies interested in opportunities in the country's defence and security sectors to contact the UKTI Trade & Investment Team at the British Embassy in Bucharest for advice and practical support.

Romania Export Controls

UK defence manufacturers must first obtain a F680 licence, in order to be able to export, but should also ensure that none of the items are controlled, or appear on the Military List. This also applies to UK security companies.

For more information, contact the Export Control Organisation of the Department of Business, Innovation and Skills, at <http://www.bis.gov.uk/exportcontrol>.

Visit Security Clearance

This is obtained from the UK Ministry of Defence's (MoD) International Visits Control Office, which is located at Abbey Wood in Bristol.

Further guidance and the required forms are at: <http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/SecurityandIntelligence/DESPSYA/InternationalVisitsControlOffice.htm>

Armed forces – military strength

Active	ca. 70,000 (Army – 48,000; Navy – 13,000; Air – 9,000)
Reserve	ca. 15,000
We understand that further personnel cuts across the armed forces are expected in 2012.	

Source: IISS and the Military Balance 2010

Security issues

The Romanian government considers national security as one of the most important areas of development, particularly as the country works towards access to the Schengen Convention. This is likely to include a degree of re-equipping the Romanian Border Police, plus new equipment for the intelligence services. The evaluation visits for the approval of accession to Schengen would cover border control, visas regime, police cooperation, implementation of the Schengen information system, plus personal data protection.

A key objective of the Romanian government is homeland security. In 2009, UKTI DSO, together with the British Embassy in Bucharest and a UK trade association, successfully planned and executed a population security seminar in Bucharest. A number of UK companies participated in a table-top exhibition as part of the overall event, and there were keynote speeches and presentations by senior Romanian and UK representatives (including the Commissioner of the City of London Police).

Domestic defence industrial capability

The Romanian defence industry is of modest size, which in its Cold War heyday could satisfy over 80% of the Romanian Armed Forces' needs within the Warsaw Pact. The industry has fallen on hard times in recent years with a many enterprises in debt and/or laying off staff. The defence industry is broadly capable of producing artillery, avionics equipment, helicopters, small arms, communications systems, electro-optics and explosives.

Major companies include:

- Aerostar – manufacturer of aerobatic trainer aircraft, landing gears, hydraulics
- Avioane Craiova – trainer/fighter aircraft
- Romaero – aircraft parts
- Constructii Aeronautice – aircraft structures/ sub-assemblies
- Romarm – aircraft structures and assemblies
- IAR Brasov – helicopters
- Mangalia Shipyard
- IOR Bucuresti
- Orastie mechanical plant.

Successive Romanian governments have attempted to privatise some defence companies with varying degrees of success.

Romanian firms such as IAR Brasov (now a joint stock company) have developed international relationships with established producers, for example, working with Aerospatiale (now EADS Eurocopter) in the area of helicopter production. Eurocopter Holdings has a stake in the company – in April 2007, Romania's privatisation agency AVAS rejected EADS' Eurocopter's bid to acquire the government's majority holding of nearly 65%.

Defence imports & exports 2006-2010

**Identified Romanian Defence Import Procurement:
Total: \$417M**

Top Country suppliers (\$BN)/Market Share:

Italy	\$318M (76%)
Norway	\$31M (7%)
Spain	\$28M (7%)
Israel	\$18M (4%)
Canada	\$16M (4%)

**Identified Romanian Defence Exports:
Total: \$52M**

Source: UKTI DSO Survey of Defence Exports & Various Open Sources

Competitors

US, Israeli and Italian (eg, Finmeccanica's Alenia Aeronautica) companies are active in the market.

At the governmental-level, Romania works closely with its NATO partners as well as with Israel with whom it has a history of defence co-operation and with whom it has maintained increased defence dialogue since 2010.

Romania is a recipient of US security assistance that includes Foreign Military Sales (FMS) and Excess Defense Articles (EDA).

Procurement organisation

Major defence procurement is carried out by the Armaments Department of the Romanian Ministry of National Defence. All major procurement decisions are taken by the Defence Minister. In certain cases, the approval of the Supreme Defence Council (CSAT) is required.

In the security sector, the procurement process follows the rules of the public procurement process without exception (set by Emergency Ordinance no. 34 /19.04.2006). The contracting authorities may be either the Ministry of Administration and Interior, or other legal entities (e.g. the General Inspectorate for Border Police, the Romanian Gendarmerie, the Special Telecommunications Service, etc). Basically all public tenders are publicised on the national site (<http://www.e-licitatie.ro/Public/Common/Content.aspx?f=PublicHomePage> (English version)).

Key Personalities

Defence Minister

Mr. Gabriel Oprea

State Secretary for Defence Policy and Planning

Viorel Oancea

Armed Forces

Chief of General Staff – Lt-Gen. Ștefan Dănilă

Land Forces Chief of Staff – Maj-Gen. Ariton Ioniță

Navy Chief of Staff – Vice-Adm. Ph. D. Aurel Popa

Air Force Chief of Staff – Lt-Gen. Ph. D. Fănică Cârnu

Minister of Administration and Interior

Gabriel Berca

State Secretaries

Quaestor Ioan Dascalu

(Head of Public Order and Safety Department)

Quaestor-in-Chief Marian-Grigore Tutilescu

(Head of Schengen, European Affairs and International Relations Department)

N.B. Quaestor is equivalent to 1-star general

Quaestor-in-Chief is equivalent to 3-star general

Further Information:

If you require further information/clarification on anything in this Fact Sheet, please contact:

UKTI Defence & Security Organisation

BD Market Analysis

1st Floor

1 Victoria Street

London SW1H 0ET

Tel: +44 (0)20 7215 8209

Email: dso.businessservices.ukti.gsi.gov.uk

Next steps – How UKTI can help

British companies wishing to develop their business in the Romanian market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in Romania, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Romanian market
- Establishment of interest of such contacts in working with you
- Presentation of companies' products/services hosted either at the Embassy or at HM Ambassador's residence
- Business lunches, dinners or receptions with targeted top management from Government and/or private entities

This work is available via our Overseas Market Introduction Service (OMIS) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find contact details for your local UKTI office.

Other Useful Contacts:**Romania Desk, UKTI Defence & Security Organisation**

Assistant Director RD West
UKTI Defence & Security Organisation
1 Victoria Street
London SW1H 0ET

Tel: +44 (0)20 7215 8153

RD West, Desk Officer for Central & Eastern Europe

UK Trade & Investment Defence & Security Organisation
1 Victoria Street
London SW1H 0ET

Tel: +44 (0)20 7215 8320

Romanian Embassy London

Embassy of Romania
Arundel House
4 Palace Green
London W8 4QD

Tel: +44 (0)20 7937 9666

Fax: +44 (0)20 7937 8069

Email: roemb@roemb.co.uk

<http://londra.mae.ro/en>

British Embassy in Romania

British Embassy Bucharest
Strada Jules Michelet 24
010463 Bucharest

Tel: 0040 21 201 7243

Fax: 0040 21 201 7311 (defence)

Email: mihaela.stefanescu@fco.gov.uk

Tel: 0040 21 201 7272

Fax: 0040 21 201 7311 (security)

Email: mihaela.dodoiu@fco.gov.uk

<http://ukinromania.fco.gov.uk/en/>

Other Useful Websites:

Government of Romania:

<http://www.gov.ro/main/index/l/2/>

Ministry of National Defence:

<http://english.mapn.ro/>

Ministry of Administration and Interior:

<http://www.mai.gov.ro/engleza/english.htm>

Customs procedures (Romanian only):

<http://www.customs.ro/ro.aspx>

Romanian Police:

<http://www.politiaromana.ro/Engleza/index.htm>

Romanian Border Police:

<http://www.politiadefrontiera.ro/>

Romanian Gendarmerie:

<http://www.jandarmeriaromana.eu/en/>

Romanian General Inspectorate for Emergency

Situations: <http://www.igsu.ro/>

Romanian Intelligence Service:

<http://www.sri.ro/index.php>

Foreign Intelligence Service:

http://www.sie.ro/En/index_e.html

Protection and Guard Service:

<http://www.spp.ro/>

Special Telecommunications Service:

<http://www.sts.ro/indexe.html>

Romania Travel Advice

Travel information and general Embassy contact details can be found at:

<http://www.fco.gov.uk/en/travel-and-living-abroad/>

[travel-advice-by-country/europe/romania](http://www.fco.gov.uk/en/travel-advice-by-country/europe/romania)

<http://ukinromania.fco.gov.uk/en/>

Foreign Consular Offices in Romania

Media, travel, careers, business and state links/ information can be found at:

Agerpres (national news agency) (in English):

<http://www.agerpres.ro/english/index.php/english.html>

Nine O'Clock (in English):

<http://www.nineoclock.ro/>

Tourism:

<http://www.romaniatourism.com/>

<http://www.romania.org/>

Visa Services and Links

<http://www.fco.gov.uk/en/travel-and-living-abroad/>

[travel-advice-by-country/europe/romania](http://www.fco.gov.uk/en/travel-advice-by-country/europe/romania)

(UK Nationals do not require visas for Romania unless for visits of more than 3 months' duration)

BBC Country Profiles

http://news.bbc.co.uk/1/hi/world/europe/country_profiles/1057466.stm

Whereas every effort has been made to ensure that the information given in this document is accurate, neither UK Trade & Investment nor its parent Departments (the Department for Business, Innovation and Skills, and the Foreign and Commonwealth Office), accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organisation mentioned.