

# ROMANIA

## *Geared for Growth*

Over the past 15 years, Romania has undergone one of the greatest transformations in its entire history. Opening to democracy in December 1989 meant that Romanians have since been able to enjoy previously forbidden liberties such as freedom of thought, expression, and choice. President Traian Basescu is at the helm of this burgeoning Eastern European state and in this introduction he outlines Romania's choices towards regional, European and global partnerships and the advancement of a nation geared for great economic expansion.



The world has changed dramatically in the last decade and a half. New security challenges and geopolitical perspectives have shaped a new global, regional and sub-regional environment. Our immediate objective is the EU accession on January 1, 2007. Therefore, it is crucial for us to continue on the

good path of preparations and to make our progress known. Romania's achievements in judiciary reforms have ensured a solid, independent system of preventing, investigating and sanctioning acts of corruption and the improvement of border security. I am confident that the ratification process of Romania's Accession Treaty with the EU will be completed in all member states by the end of this year, and will enable us to become full members as of January 1, 2007.

I expect our accession process to the EU to be a strong incentive for investment in Romania. EU membership will add confidence in a stable legislative framework to the already existing economic opportunities. Investing in Romania will also open the possibility for any company to perform on the internal market of the EU. I want to see Romania as an important European player and I am confident that foreign direct investment can help achieve this goal.

Romania enjoys real competitive advantages that consolidate its profile as one of the most attractive locations for investment; one of the largest markets in Central and Eastern Europe; a strategic position at the crossroads of traditional trade and energy routes between the EU-27, Asia and the CIS; the impressive creative potential of a highly skilled, relatively low-cost workforce; rich natural resources; investment opportunities in sectors with high growth potential like IT, agriculture and tourism. In 2005, FDI in Romania reached a record \$6.607 billion. Romania has earned a respected voice in the international community, being a reliable partner for dialogue and action. Our fight alongside world's leading nations against emerging global threats is an eloquent example. We have supported the global fight against terrorism in a significant, steadfast manner. Through this contribution we have consolidated security and stability and created proper conditions for reconstruction and democratization. Romania has also assumed its responsibilities as a NATO member-state, fully meeting its obligations, from its presence in different operational theaters and adapt-

ing military capabilities to be compatible with allied standards, to participating with a distinctive voice in the debates on NATO's political and military improvement.

We are currently engaged in another difficult, yet equally important and worthwhile challenge. Romania's full membership in the EU will soon place us at the junction of two almost symmetrical perspectives, each with its own set of challenges and benefits. First of all, the EU will border the Black Sea and its outlook will extend to new partners such as Georgia and Ukraine. Secondly, Romania will play a new role both as a state interested in countering regional security threats and as a promoter of European and democratic values into the extended Black Sea region and the Western Balkans. The relationship with the Republic of Moldova is another priority of my mandate as the President of Romania. We will not waver in our support and guidance for the Republic of Moldova on its natural path towards the EU and we will continue to uphold its economic and social stability.

Romania's strategic partnership with the United States has been steadily confirmed as an essential landmark of Romanian foreign policy. This relationship, alongside our European partnership commitments, produced a valuable catalyst for Romania's internal reforms, from a political, administrative, economic and military point of view. Thus, our shared democratic values are at the core of Romania's cooperation with the US. We are equally determined to pursue the development of our economic relations with the US, towards more substantial and diversified trade relations, as well as ample American investments. This is especially relevant for fields such as IT - and others related to high technologies - for which we believe we have an excellent potential stratum of a skilled, young and enterprising workforce.

Romania supports the development of an EU-US relationship based on a complementary and strategic partnership. From our point of view, the main underpinning of such a relationship is an honest, pragmatic and comprehensive trans-Atlantic dialogue. In this respect, Romania has already substantiated its readiness and capacity, by working as a political bridgehead on aspects related to the Black Sea region and adjacent areas. I believe such examples prove Romania's capacity to act as a convincing and valuable partner, both in extending the realm of stability and security, and in disseminating the values of freedom and democracy.

*President Traian Basescu*

## ROMANIA 2007: On the Road to EU Membership

Signing the EU accession treaty on April 25, 2005 was a landmark for Romania in its transition from Communism to being a full member of the European Union. It was only the beginning, however, of a long and rocky road towards integration. Prime Minister Călin Popescu-Tăriceanu was the first to admit that the treaty did not automatically mean a free ticket, saying that the process would “not be easy because we will have to implement the reforms which have been delayed for 15 years.” He was referring to economic, judicial, and political issues, the latter two of which carried a burden of widespread corruption. An October 2005 EU commission report still flagged these as being stumbling blocks that could cause some EU members to invoke the safeguard clauses, delaying Romania’s membership by a year.

Romanian President Traian Basescu is determined that his country will prevail in joining on the treaty’s original target date. “We have a single plan: plan A, which means accession on January 1, 2007.” President Basescu outlines the main steps taken by his government in this process. “We embarked on three types of action: changing the judicial legislation to fight corruption, creating an institution dedicated to investigating politicians, and encouraging the institutions to work and apply the law. In the 16-year period following the revolution, certain politicians acted as if they were above the law. Now those politicians, together with business people and other persons suspected of corruption, are the first clients of the Prosecutor’s Office.” These actions had a significant effect on the outlook of monitors

and previously skeptical members, leading up to a second report in May this year. “The pre-review reports regarding the judiciary, the border security and the different actions in enforcing free economic competition are excellent,” says President Basescu. “We shall come into the EU with a market of 22 million customers and we are in a position to supply a very qualified work force as well as strategic security. We can provide the EU with a breath of fresh air.”

Romania will clearly benefit from structural and cohesive funds, and according to Anca Boagiu, Minister of European Integration, a delay in the accession would create many problems and expenses. “The biggest costs would be non-monetary, as the economic and institutional development of Romania would be delayed, current gaps between Romania and other member states would be maintained and even Romania’s international credibility would be drastically impaired. Other weak points would be a fall in FDI and a delay in safeguarding the Romanian society from phenomena like corruption, the black economy and tax evasion.” Foreign Affairs Minister Mihai-Răzvan Ungureanu underlines the achievements that will lead to his nation’s timely accession. “We are already an active part of the decision-making mechanisms of the Union, we follow the European political guidelines in our foreign affairs and our strong economic growth is a catalyst for investments. All our energy and efforts are focused on accomplishing the remaining commitments. There is no alternative to January 1, 2007.”

## A New European Banking Nucleus

The heavily contested 2005 privatizations of Romanian state banks were followed closely by analysts worldwide. Acquisitions in Romania’s banking sector resemble nothing short of a gold rush, with Greek, Italian, Austrian, German, Belgian and French banks opting to get a foot in the doorway of Eastern European financial opportunities. The successful sales of such giants as Banca Commerciala Romana and the ongoing privatization of savings bank CEC are indicative of how attractive the sector is to foreign investors. It is also seen as a barometer for the way ex-communist bloc nations are becoming major private sector playing fields in their run-up to joining the European Union. So far the sun seems focused and luminous on the emerging eastern lands, but will banks be able to weather the current torrents of attention beyond the EU accession date?

According to the Governor of Romania’s National Bank, Mugur Isarescu, patience is the key virtue in Romania’s rapid developments. “We have to rush slowly, *festina lente*,” says Isarescu, quoting the paradoxical yet relevant Latin signature of Aldus Manutius. The National Bank of Romania has been consistently administering its policies to achieve financial stability in its 15 years of independence, sharply bringing the rate of inflation down towards EU levels. Its track record is one of the reasons why foreign banking groups have flocked to the country, but the National Bank remains cautious in the run-up to adopting the euro, scheduled for 2012-2014. “EU integration is the best catalyst for reform in Romania, an incredibly good anchor to stimulate

progress,” confirms Isarescu, adding that “the financial intermediation will increase both in the banking and non-banking sectors. I also believe gains in productivity will allow us to increase the living standards and wage levels.”

BCR, by far the largest bank in Romania with a 25 percent market share, was privatized in November 2005 at \$4.76

**THE PARTNER YOU NEED**

[www.romtehnica.com.ro](http://www.romtehnica.com.ro)



**With more than 30 years of experience in the international defense business, ROMTEHNICA is one of the largest defense exporters and importers in Romania.**

5C, Timisoara Blvd. 061301, Bucharest, Romania | Tel: +40 21 318 50 04  
Fax: +40 21 318 50 00; 318 50 35 | E-mail: [marketing@romtehnica.com.ro](mailto:marketing@romtehnica.com.ro)

billion for a 62 percent stake to Austria's Erste Bank. "Erste Bank did its homework very well," says BCR's CEO, Dr. Nicolae Danila. "It took a wise decision, identifying BCR as a clean bank, with a healthy balance sheet of \$11 billion and continuous growth." Its successful privatization indicates how the bank's high standards justified the Austrian group's generous offer, as well as portraying the vivid potential of the Romanian market. BCR posted a net profit of \$256 million in 2005. Danila pinpoints retail banking as having the highest growth potential, BCR having experienced an 86 percent increase in retail lending last year. In a perpetual drive for quality, the bank aims to reach a total of 460 branches to service its 4 million clients. "The main engine for change and development is the still low financial intermediation in a large market offering good prospects for different segments of the business, and customers deserve good products." BCR is also becoming a major international player. "Last year, BCR had a remarkable presence on the international capital markets with a heavily oversubscribed Eurobond issue and two syndicated loans, receiving over \$1.5 billion." The bank also operates branches in London, Frankfurt, Moldavia, New York and Moscow.

Anticipating regional consolidation after Romania's EU accession, the country's third largest bank, Raiffeisen Romania, plans to increase its market share to 15 percent by acquiring CEC. Having already merged with the privatized Banca Agricola in 2001, Raiffeisen Romania's President and CEO Steven van Groningen sees the state savings bank as being key to its continued growth, adding CEC's 400 branches to its existing network of 219 banking outlets. "Our increased net profit these last years contributed significantly to making 2005 the most successful business year in the history of Raiffeisen International," says van Groningen. "Investors are interested in acquiring presence on a market which has two things: a huge poten-

tial and a proven capability of living up to its potential," according to Mihai Bogza, President of Bancpost, part of the EFG Eurobank group and winner of the "Bank of the Year" award in 2004. Bogza says that since a major restructuring of the system in 1999-2000, the total value of assets in the banking sector has increased three times over the past five years.

Romania currently counts 40 banks with steep competition amongst them. The National Bank would like to see mergers and acquisitions of the smaller banks to streamline the sector. Commercial banks are gearing up for an ambitious expansion in terms of mortgages, credit cards and loans to the high-potential agricultural sector. "Everybody wants to expand and grow in Romania," says Christos Giampanas, Executive President of Alpha Bank Romania, the first foreign bank to be established in Romania 13 years ago. The Greek group has initiated an aggressive three-year expansion plan that will see their Romanian branches increase from the current 35 to 150 units by 2008. Alpha Bank Romania is intent on doubling its total assets from \$1.6 billion to over \$4 billion by 2008, with profits exceeding \$63 million, according to Giampanas. "These are aggressive yet achievable targets. There will be very tough competition so you have to be even more efficient and effective, offering quality of service and credibility. Another target is the regulatory environment itself and the reaction, behavior, and attitude of the country as a whole after EU accession. We feel confident that we will be able to take advantage of this transition period as we have seen this 'movie' for many years in Greece, which also went through an accession period and was exposed to European competition." Even though the speedy growth of SME's and public borrowing may fuel inflation, it benefits the banking sector and, in Giampanas' view, leverages economic growth. "Romania is a fantastic country at the moment, having gathered such a tremendous growth momentum."

## ROMANIA

Your immediate investment priority



BCR

The power of team and partnership

## Romania's Powerful Energy Expansion

Romania enjoys a strong energy market. The traditionally well-established oil and gas sector is now going through a dynamic phase of expansion that will see key Romanian companies take on a larger international role, both regionally as well as further afield. As an example of the sector's importance to Romania's economy one only needs to take a look at the Ministry of Economy and Commerce's portfolio. According to Minister Ioan Codrut Seres the assets currently include 43 energy related companies in generation, transportation, distribution, extraction, and mining, with a total share capital of \$4.454 billion. "Our energy policy ranges from interconnecting with EU states through a proposed electricity stock exchange market to strong ties with Egypt and its projected natural gas-exporting pipelines." An important player in this strategy will be Petromservice, which is participating in an international tender for the Nabucco gas distribution project. "The programs that my ministry will develop for the energy sector," says Seres, "shall mainly focus on efficient capitalization of coal and hydropower potential in compliance with environmental standards, finalization of two units at the Cernavoda Nuclear Station, better use of renewable energy resources, and complete opening of the electricity and natural gas market in 2007."

51 percent of Romania's energy portfolio has already been successfully privatized, including four subsidiaries of S.C. Electrica SA. Leading the market is Petrom, the largest Romanian oil and gas group, with activities in the business segments of exploration and production, refining and petrochemicals, as well as marketing. Petrom has estimated oil and gas reserves of 1 billion BOE, a refining capacity of 8 million metric tons per year and approximately 600 fill-

ing stations. As a result of its restructuring and consequent privatization to the Austrian OMV Group in 2004, Petrom has moved into a modernization process, investing up to \$3.8 billion by 2010. Petrom, in all its activities, is the engine of growth in Romania's well-oiled energy sector. Total turnover of South-Eastern Europe's leading oil and gas producer was \$2.762 billion for the first 9 months of 2005.

Equally important in the sector's development is Petromservice SA, which emerged from Petrom's restructuring in 2002 as a major constructor of turnkey projects and a specialized provider of services for the gas and oil industry. Petromservice's CEO, Sorin Mihai, explains how the Romanian sector's successes are interlinked. "The formation of Petromservice SA had enhanced Petrom's own attractiveness in the process of its privatization with OMV, concurrently preparing Petromservice's integration in the EU. Our turnover followed an ever-growing trend from \$172 million in 2002 to \$397 million in 2005. We are aiming at doubling this by 2008 and becoming the most important operator in Central and Eastern Europe." Reiterating the government's ratification of the Kyoto Protocol, in which 12 approved Romanian Joint Implementation projects will constitute a decrease of 7.5 million tons of CO2 emission, Sorin Mihai says the company's "devoted commitments have led to the expansion of our activities abroad, in countries like Kazakhstan, Azerbaijan, the Middle East, Syria, Kuwait, and Egypt." With Romania's main focus on becoming a major player in Europe, the chances are high that ongoing natural gas pipeline projects will fall into the capable hands of Romanian companies, ensuring success on a regional level as well as in a global environment.

SR EN ISO 9001:2001 Certified

MFA

MECHANICAL FACTORY FOR ARMAMENT

www.mfaromania.ro

# Tradition & Experience

SC MFA SA was founded 55 years ago as a result of the Orders from the Great General Staff. Ever since, it has been a point of reference not only in the armament industry, addressing especially to the industry of chain track armoured vehicles, but also in the civilian market, addressing mainly to the oil industry.

Due to its diversified abilities, experience, and staff training, the company was able to include, today, in its own portfolio the following main activities: the upgrading program for the infantry fighting vehicle MLI-84M; the integration and manufacturing of the OWS-25R turret; oil industry engines type refurbished; machining by chipping and metallic structures; manufacturing components, subassemblies for the 4x4 armoured wheeled tracked vehicles in cooperation with foreign companies.

187 Mihai Bravu Street, 105800 Mizil  
Prahova, ROMANIA  
Phone: 0040 244 251222; 251366  
Fax: 0040 244 251912; 251 676  
E-mail: office@mfaromania.ro  
Website: www.mfaromania.ro

## Tactical Strategies Are Driving Romania's Defense Sector

The business of national protection has always been a part of Romania's history, especially a large portion of the previous century when its western borders served as part of the Iron Curtain. However, the long-awaited accession to the EU has also brought a shift in focus. The country's eastern perimeters on the Black Sea will now become the extended European Union frontier, this time serving as a bridge to Central Asia and the Middle East. Romania has thereby obtained a strategically important position in the international arena of political and diplomatic relations, as well as enhancing its already solid military ties with NATO. The country's contribution to stability also extends far beyond its own borders, evidenced by the valuable presence of Romanian troops in Afghanistan and Iraq. As an active member of the OSCE, Romania considers it its duty to serve as a mediator in regional disputes. "We try to internationalize the talks around the frozen conflicts of the region, like in the case of Transnistria" says Defense Minister Teodor Atanasiu. "We represent NATO as a consultant in the region for the countries which strive to have Partnership for Peace treaties with NATO and want to move towards this organization. We have a very good rapport, in this regard, with Georgia, Azerbaijan, Ukraine and the Republic of Moldova. We also take part in the EU missions in the West Balkans, the biggest Romanian contribution being to the Althea, the EU military operation in Bosnia and Herzegovina."

Simultaneously, new opportunities arise in terms of economical development as Romania's role in stability services grows, a fact corroborated by Defense Minister Atanasiu. "Any industrial development leads to the economic expansion of a country. Starting in 2007, in the defense sector alone, Romania will invest some \$1 billion in modern military equipment and technology." This fact will also lead to important business opportunities for the sector. "Part of our strategy is to bring the Romanian industry into our acquisitions and development plans, which will surely result in partnerships between foreign and Romanian companies."

### Defense Experts

There are four significant entities servicing Romania's Ministry of Defense. Romaero supports the air force as

maintenance and repair specialist for Hercules C 130 aircraft, as well as being a major international aerospace manufacturer. Romarm is a state-owned military production unit that has recently also become a major exporter of defense techniques. Similarly, the defense field is led by the National Company Romtehnica, which exports armaments and ammunition, as well as handling strategic imports. Romtehnica's \$25.5 million in exports are a testament that the sector is booming. "Since joining NATO, Romtehnica's economic relations with US and EU companies have increased intensively," remarks the company's Director General, Mihai Nicusor-Micrea. "This was mainly due to the increased demand of the Romanian Ministry of Defense for imports of western military hardware, ensuring interoperability with other NATO members, and exports to sensitive destinations under contracts signed mainly with the United States. These exports are part of the Romanian contribution to the war on terrorism." Romtehnica also performs all commercial and financial activities related to Romanian Armed Forces upgrade programs.

Last but not least is MFA (Mechanical Factory for Armament), which was founded in 1951 as a state company and privatized in 2003. Its main activities are upgrading the infantry fighting vehicle MLI 84 M with the specialized OWS 25 R turret. Although exports of spare parts for older soviet vehicles form a main part of the company's revenues, it has gone in joint ventures with several international companies to manufacture armored wheel-tracked vehicles. Dr. Eng. Constantin Cazacu, General Manager and President of MFA, illustrates the company's recent success in terms of revenues. "We started in 2002 with a \$6 million total turnover. Last year we made about \$19 million and for 2006 we expect a turnover of \$32 million. We have also started developing a remote weapon station with the Israeli company Rafael, a project conducted jointly between us and the MoD." Cazacu considers it a big advantage point to be working with its various prestigious partners, as it provides MFA access to high-level technology and expert know-how. "The potential for MFA is to cooperate with US companies and large international corporations," partnerships that will also merge Romania with the cutting edge of defense systems.



## Experience multimedia!

The leading retail concept in Romania  
in electronics, home appliances, IT&C and multimedia

[www.mediagalaxy.ro](http://www.mediagalaxy.ro)

# The Dynamic Domains of Entrepreneurship

In the age of global corporations and regulated growth, it is rare to find a one-person, self-made fortune story. The days where building up an empire by sheer hard work and vision seem to have made way for instant mergers and acquisitions of promising start-ups. In Eastern Europe, however, the entrepreneurial spirit was allowed to break free from socialist shackles relatively recently and the economies of countries like Romania and Bulgaria have been reaping the benefits of liberated business minds ever since.

President Traian Basescu, in his opening speech at the 2005 Bucharest International Technical Fair, said: "It is obvious that Romania's performance, the sustainable economic growth of over 5 percent of the GDP, and the forthcoming EU integration definitely stimulate the business community," adding that the country's advantageous environment helped "to promote Romanians' intelligence, their capacity to do research, and definitely their capacity to be the best in many domains."

Romania's development is geared towards growth by its dynamic private sector, and the government is intent on motivating enterprises to excel even further. The fact that demand for offices in the capital Bucharest outweighs the supply is a firm indicator of the sector's activity. Major investments in office real estate and hotel development are taking place and IT companies are setting up research centers to invest in the potentials of well-educated youth. Especially in these two divisions, Romanians are fuelling the force.

## Leading the Vision of Development

"In the first years I did everything myself," recalls Nicolae Dumitru, founder, President, and CEO of the NIRO Group, one of the most successful holding companies in Romania. "It was difficult, but eventually I raised enough money to fulfill my dream. In 1993 I launched the first Romanian business focused on commercial and industrial development: The NIRO Trade Center." The pioneering vision of Nicolae Dumitru is evident from his timely outlook on world trade, specifically with the Far East. "We started a small business building shopping areas and renting them to Chinese businessmen. It turned out to be a profitable business and as the profits increased, we decided to diversify." From the onset, Dumitru and his partners built up the business for all they were worth. "Everything we achieved was done through our own forces, without any bank loan or state subventions." In only 13 years, the NIRO Group has become a multi-faceted enterprise with a \$20.7 million annual turnover, trading in major real estate projects, construction, wholesale and retail sales, beverages, security services, and media. The group's growth shows no signs of slowing, and is estimated for 2006 to be around 25 percent.

2007 will mark a grand year, not only for Romania, but also for the NIRO Group, as it has scheduled the completion of three major developments in Bucharest: the residential and commercial China Town complex, with an investment of \$127 million; Central Park, the largest residential and office project undertaken since the revolution; restoration of the recently acquired Grand Hotel du Boulevard, a historical landmark built in 1867. "The Grand Hotel is a project close to my heart," admits Dumitru. "It is

the first hotel ever built in Romania and used to host royal guests. Unfortunately the building fell into disrepair over the years, and we acquired it with the goal of restoring it to its original grandeur."

China Town is an indication of the group's competitive edge, as the 300,000 square meters commercial and office area, as well as 600 apartments, will become a logistical center for the burgeoning trade between Europe and China. Dumitru believes it is also a great vantage point for Romania, as the link will combine businesses from both sides. "It will not be an exact replica of what Chinatowns around the world are known for, but a modern one, which will provide as many business opportunities as possible for

"We would like to create a bridge between China and Europe by building a business and logistical center enabling the contact between Chinese and European business people."

Nicolae Dumitru, President & CEO NIRO Group

both Chinese and European partners, and also for Romanian businessmen." NIRO Group hopes the project will create a bridge between east and west in Romania. "Think of it this way," says Dumitru: "maybe European companies want to invest in China, maybe Chinese companies want to do business in Europe. The trip, both ways, is long and expensive. Romania's location, somewhere in the middle, could be a very good starting point. My main goal is, therefore, to gather these people from their opposite parts of the world together around a table and let them talk business."

The Central Park project defines how much Romania's real estate business is flourishing. Since construction started at the end of 2005, more than half of the 460 apartments have already been sold. When the complex is completed in September 2007, NIRO's President and CEO says it will provide all amenities for the "young and active" person, including a gym, a restaurant, a beauty center, a kindergarten, and spacious gardens. There is no doubt it will become a sprawling center for downtown professionals with a modern European lifestyle and a renewed interest in the European way of doing business.

## Romania At a Glance

President.....	Traian Basescu
Prime Minister.....	Călin Popescu-Tăriceanu
Area.....	91,725 sq miles
Population.....	21.60 million (2004 census)
Capital.....	Bucharest
Religions.....	Christian Orthodox 87%, Other 13%
Life expectancy.....	men 67.61 yrs., women 74.9 yrs.
GDP per capita.....	\$3,389
Climate.....	moderate
Languages.....	Romanian
Currency.....	Romania New Lei (RON)
Exchange rates.....	1 RON = 0.366 US dollars

*Investing in people, we invest in the future*



**Niro Group**  
Romania

**Niro Group** imposed itself in the Romanian business environment through a gradual and secure evolution, approaching and developing businesses in the most diverse fields of activity.

Niro Group assumed a **corporate social responsibility** by getting involved in the life of the community.

Fields of activity:

- Real estate transactions
- Rentals and service performing activities
- Construction works
- Commercial and industrial development
- Wholesale and retail sales
- International trade
- Transportation and storage
- Guarding and protection of assets and people
- Alarm and surveillance systems

**Niro Group in figures**

Annual Turnover in 2005: 17,1 mil. EUR  
Net Profit in 2005: 2,8 mil. EUR  
2005 growth towards 2004: 17,5%.  
2006 foreseen growth: 25%.  
Investments in 2006: 70 mil. EUR

**e-mail: [nirocenter@nirogroup.ro](mailto:nirocenter@nirogroup.ro)**  
**web: [www.nirogroup.ro](http://www.nirogroup.ro)**

## Major projects in 2006



### **Chinatown Romania**

an important pole of economic relations between the European Union and China.  
[www.chinatownromania.ro](http://www.chinatownromania.ro)



### **Grand Hotel du Boulevard 1867**

an architectural jewel in downtown Bucharest which, after restauration, will regain its 19th century grandeur.  
[www.hotelbulevard.ro](http://www.hotelbulevard.ro)



### **Central Park**

a green oasis surrounded by a residential area which will represent the neighbourhood of the future in a traditional city.  
[www.centralpark.ro](http://www.centralpark.ro)

## Chain of Creative Innovation

While YouTube is becoming America's online goggle-box of choice, Romania's Internet access has not yet become enough of a household medium to pull people away from their trusted televisions. It's a popular item, by far the best selling product of all consumer electronics in Romania. Dan Ostahie knows this for a fact. He started selling second-hand TV's from Switzerland back in 1992, as an enterprising 24-year old in a business set up with money borrowed from his dad. Now, 14 years on, he is selling 213,000 brand new sets per year through his chain of 125 ALTEX Megastores and eight Media Galaxy electro complexes.

This spectacular development follows a gradual growth in the number of stores until 2001, and a rapid leap after introducing a consumer credit plan which increased sales from \$20 million in 2001 to \$349 million in 2005. "Anticipating the direction of the retail market, in 2004 we successfully launched Media Galaxy, a new retail concept for Romania offering everything in the field of IT&C and multimedia," says Ostahie, President and CEO of the ALTEX Group. The company is now the strongest player on the electronics and home appliances retail market in Romania, with increased sales of 87 percent and investments of \$19 million.

"Plans for the future also include expansion into several Central and East European countries, with the support of local partners." Dan Ostahie has seen the Romanian retail market develop strongly and "progressing towards its maturity level." Understanding that the market is what you make it, ALTEX has also entered into the IT&C manufacturing and services division

through Complet electro Serv. The company managed to capture 30 percent of the computer retail market in only three years. "Furthermore," adds Ostahie, "we have invested around \$1.9 million in a new automated line, Complet Electro Serv thus becoming the only Eastern European producer of computers at international standards." Naturally, with such success, the CEO doesn't rule out the possibility of a joint venture when the time is right. "Most important for a partnership is the timing, as it synchronizes the wishes of the partners. For any of ALTEX's divisions this would be minority or majority stock acquisition or an IPO." The company looks forward to Romania's entry into the European Union which, according to Ostahie, will be beneficial to both businesses and consumers. "Romania's accession will bring a lot of benefits in the long term, especially as far as the stability of the local business environment is concerned."

The fact that Ostahie and his young partners have made it this far is testament to their creative approach and hard work. But success has also given the CEO some time to play. Quizzed on why he purchased part of AFC Rapid football club, he answered: "For fun! Football is not about profits or money. It's just something to do for fun."

### Strategic Media

Directors: Maja Lapcevic, Elodie Piat, Stephen de Vasconcellos-Sharpe

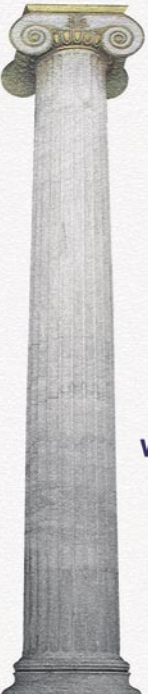
Project Director: Rania Todoulou

Editorial Coordinator: Grégoire de Bourgues

Chief Editor: Mark Riley


Creative Director: Pedja Zdravković

For more info contact: [info@smlstrategicmedia.com](mailto:info@smlstrategicmedia.com)



**reliability**  
**flexibility**  
**quality**


**WITH ALPHA BANK ROMANIA**



**ALPHA BANK**

[www.alphabank.ro](http://www.alphabank.ro)

*Most reliable constructor of turn-key complex projects and provider of upstream and downstream services for the oil and gas industry.*



**PETROMSERVICE** EXPERIENCE RECOMMENDS US

11 bis G-ral C-tin Budisteanu Street, Sect.1, 010772 Bucharest, ROMANIA  
Tel: 004-021-208 93 21 | Fax: 004-021-312 69 00 | E-mail: [comercial@psr.ro](mailto:comercial@psr.ro) | [www.petromservice.ro](http://www.petromservice.ro)