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WHERE ROMANIA TALKS BUSINESS
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INDUSTRIES TO WATCH IN 2024

BR Business Review
WHERE ROMANIA TALKS BUSINESS

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10 HR #FUTURE OF WORK | WORKING ROMANIA
BR'S READERS' CHOICE AWARDS CEREMONY
AUTUMN — OCTOBER | 2024

11 FOREIGN INVESTORS SUMMIT — NOVEMBER | 2024

12 BUSINESS CHAMPIONS GALA AWARDS — DECEMBER | 2024

• Editorial •

Anda Sebesi
• Editor-in-Chief •

Mixed feelings about 2024

After a strong 5% growth in the first three quarters of 2022, the Romanian economy slowed down, advancing by just 1.4% in the similar period of 2023. High inflation eroded household purchasing power, slowing down consumer spending, which had been the main driver of economic growth in recent years. Even so, Romania's economy had one of the highest growth rates in the region, estimated to have reached 1.8% by the end of last year. But 2024 will be a challenging year for the local economy, with a series of national elections which will only add to the pressure.

Consumers are feeling the effects of prolonged and combined economic troubles. Purchasing power has declined significantly, as there is a compounding effect of price increases. Real wages have fallen as cost of living rises, further exacerbating the constraints felt by consumers and lengthening the timeline of inflationary impact. Rising food prices are by far the biggest concern among consumers, followed by increasing utility costs and the potential economic downturn. In this context, most consumers are spending more prudently, cutting back on discretionary costs, and seeking the lowest prices. With all this in mind, we've dedicated our first cover story of the year to some of the most dynamic sectors in Romania, which should act as driving forces of the local economy this year. Energy, manufacturing, agriculture, real estate, and infrastructure and logistics are the fields with the highest potential to transform current challenges into real business opportunities. And while representatives of companies in these sectors tend to be confident about the evolution of their industries this year, macroeconomic realities may slacken their pace of development. In short, 2024 is a year when businesses will need to stay alert, flexible, open-minded, and innovative.

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WHO'S NEWS

BR welcomes information for Who's News. Submissions may be edited for length and clarity. Get in touch at mihai.cristea@business-review.eu

Gabor Mozga is the new CEO of MOL Romania. "The near future marks a significant milestone in MOL Romania's growth journey. We are enhancing our services to meet the ever-changing needs of our customers and integrating the technological advancements that are helping us provide a more customised experience. To continue differentiating our brand we need to be adaptive, innovative, while maintaining our customer-centric approach. I am happy to lead this evolution phase together with the dedicated team of MOL Romania," he said.

Mircea Tomescu has been appointed eMAG's Chief Marketing Officer for Romania, Hungary, and Bulgaria. A professional with over 25 years of experience in strategic communication and management, he will coordinate brand and marketing strategy and execution together with the integrated marketing teams in the three countries. In recent years, Tomescu was brand and communication director at Carrefour Romania and BRD Societe Generale, and managing director of Graffiti PR.

page 5

E-commerce sales grew by only 3% in 2023, below inflation rate

By Aurel Dragan

Arthur Radulescu, the CEO of MerchantPro

Fuelled by access to digitalization and the increasing income of the young population and digital natives, the e-commerce market in Romania is expected to stay on a growth path in 2024. However, it faces ongoing challenges driven by the local and regional socio-economic context, as indicated by the eCommerce Insights 2024 report conducted by MerchantPro, the local SaaS solutions platform for e-commerce. The number of Romanians making online purchases reached 10.2 million in 2023.

"Since the pandemic began, we have been periodically analysing the dynamics of the e-commerce sector in Romania. The market has experienced exponential growth in recent years, reaching maturity at an accelerated pace. Players in the Romanian e-commerce sector have demonstrated resilience, adaptability, and remarkable innovation. In addition to the real-time analysis based on data from active stores on our platform, the analysis presented in this report provides an overview of the online commerce market in Romania, incorporating data from a multitude of relevant sources and emphasising emerging trends. Automation solutions, the growth of mobile commerce and digital payments, AI and customisation solutions, marketing trends, and the future of the Romanian market are described and analysed, including insights from industry leaders," stated Arthur Radulescu, the CEO of MerchantPro. According to Statista, online retail represents 14 percent of the total retail trade value in Romania, and the estimated value of the local e-commerce market is expected to reach EUR 7.3 billion in 2024. Price remains the most important criterion in choosing an online retailer (45%), followed by special offers (36%), delivery policy (34%), and easy checkout (29%).

M&As: Emerging Europe continues to show resilience amid challenges

By Miruna Macsim

Findings from the CMS Emerging Europe M&A 2023/24 report, published in cooperation with EMIS, demonstrate the resilience of the Emerging Europe deals market as activity holds firm against a backdrop of geopolitical tensions and strong inflationary pressures. The latest report reveals a modest slowdown in total deal flow across Emerging Europe, with 1,187 deals recorded compared to 1,229 deals in 2022. However, these were up from the 2021 total

Deal value stayed on par with 2022 values, at EUR 32.48 billion in 2023

EIB signs EUR 40 million loan with Eldrive to expand EV charging stations

By Miruna Macsim

The European Investment Bank (EIB) has approved a EUR 40 million loan for the Austrian-registered Eldrive Holding GmbH to install 8,472 electric vehicle (EV) charging stations in Bulgaria, Lithuania, and Romania over the next three years. The project supports clean mobility and the EU Green Deal goals for sustainable transport and decarbonisation.

This agreement is backed by the InvestEU programme

This agreement is backed by the InvestEU programme, which aims to trigger more than EUR 372 billion in additional investment between 2021 and 2027. With InvestEU and the EIB's financial support, Eldrive Holding plans to invest about EUR 146 million to deploy 4,376 new EV charging stations in Romania, 2,575 in Lithuania, and 1,530 in Bulgaria, accelerating the infrastructure rollout needed to develop clean transport in these three countries and supporting the transition to climate neutrality. The project will improve the low market penetration of electric vehicles and charging points in the three countries and help them deliver on the EU Green Deal objective of having one million public EV chargers and alternative fuel stations spread across the 27 Member States by 2025. These EV charging networks will underpin the shift to electric vehicles and reduce greenhouse gas emissions and air pollution in urban areas of Bulgaria, Lithuania, and Romania.

"This is a very important project. The transport sector is one of the main sources of greenhouse gas emissions. The transition to e-mobility can help reduce these emissions and combat air pollution. However, a serious shift to electric vehicles cannot take off without the necessary infrastructure," said EIB Vice-President Kyriacos Kakouris.

of 1,164 deals. Despite lower valuations and fewer large transactions, deal value stayed on par with 2022 values, at EUR 32.48 billion in 2023, compared to EUR 32.93 billion in 2022. Notably, with inflation trends showing signs of improvement during the summer, investor confidence experienced a revival in the latter part of the year. Deal value for each quarter saw improvement, resulting in a significant overall increase for H2 2023 (EUR 19 billion), representing a 41% increase on H1 2023 (EUR 13.5 billion).

Bogdan Vaduva
is the new CFO of eMAG Group. A professional with over 22 years of experience in audit and consulting, Bogdan and his team will contribute to achieving eMAG Group's medium- and long-term development goals by identifying new growth opportunities and accelerating younger businesses, aiming at sustainable growth across the region. Prior to eMAG, Bogdan worked at KPMG, Arthur Andersen, EY, and Deloitte.

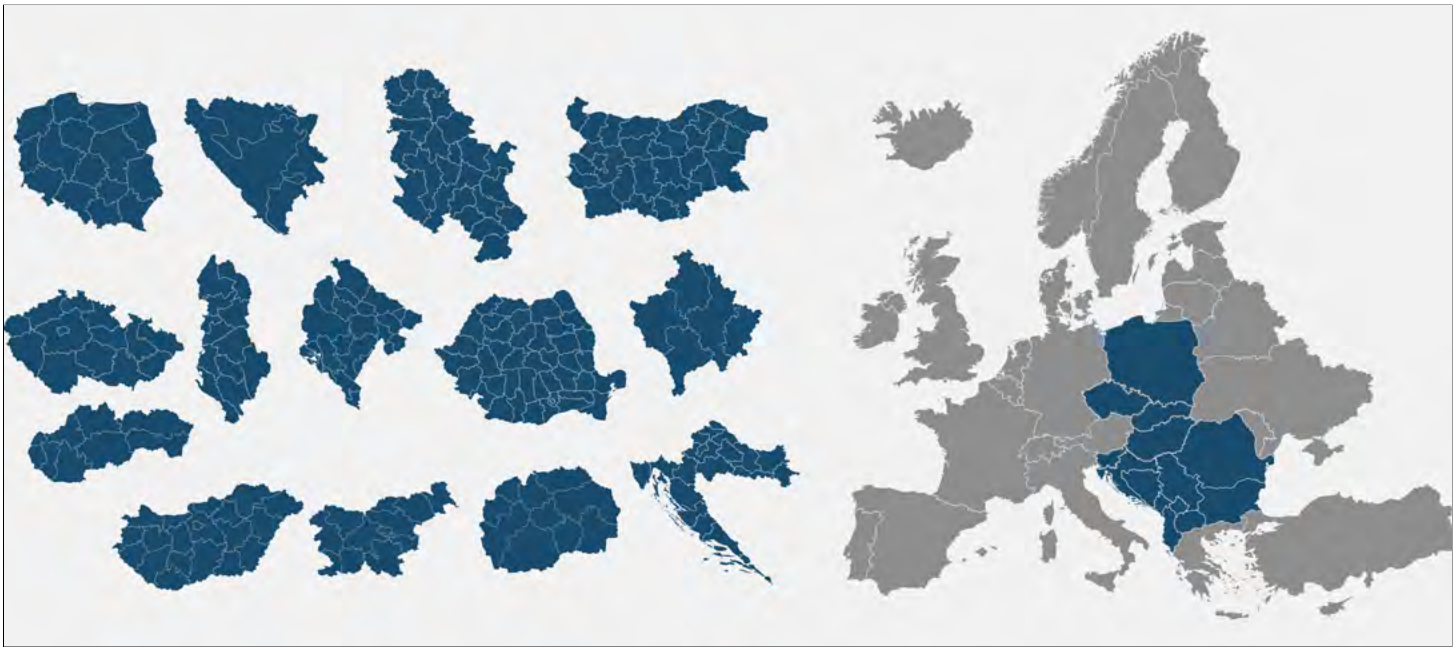
Ramona Livinti
is the new CFO of NN Asigurari de Viata. She has extensive experience of over 16 years in the financial industry, both in core business as well as in audit and consulting. Throughout her career, she evolved in financial controlling roles in insurance and banking and joined NN Asigurari de Viata in 2020 as Controlling Director.

Albin Budinsky
will head Hellmann Romania as General Manager. A highly experienced logistics expert with more than twenty years of experience in the Eastern European and especially the Romanian market, Albin started his career in 1997 as Business Development Manager at DB Schenker Romania and led the country organisation for more than two decades.

Economic prospects and challenges for CEE countries in 2024

2024 is shaping up to be a critical year for many CEE countries. In addition to the upcoming European Parliament elections set for June, other important elections are also on the horizon: presidential in Croatia, Romania, and Slovakia; parliamentary in Croatia and Romania; and local in the Czech Republic, Hungary, Poland, and Romania. With high deficits and fiscal slippage dragging down many of the CEE countries, 2024 will likely bring fully-fledged monetary easing across the region, according to a recent Erste Group report.

By Mihai Cristea



In January 2024, several Central and Eastern European countries actively engaged with foreign markets for financing

CEE OVERVIEW

There is positive outlook for Croatia, anticipating a potential series of rating upgrades once the post-election period stabilises. Meanwhile, Serbia is actively pursuing an investment-grade rating, with the expectation of outlook upgrades in the first half of 2024, followed by an actual rating change in the second half, contingent upon implemented reforms. In contrast, Slovakia and Romania are confronted with credit-negative risks, attributable to fiscal challenges and elevated budget deficits. The fiscal consolidation process in Romania, while not completely derailed, faces potential postponement as a result of the upcoming elections and the pension bill passed in late 2023, raising concerns from major rating agencies.

"Meaningful fiscal consolidation is to be postponed to 2025, after the Romanian general elections to be held in late 2024. It seems there is political consensus on the need for fiscal adjustment," said Ciprian Dascalu, Chief Economist at BCR.

The reintroduction of the Excessive Deficit Procedure (EDP) in 2024 will subject CEE countries to further scrutiny from the European Commission. Romania is already under the EDP, and there are notable concerns regarding Slovakia potentially coming under its purview as well. High deficits in Hungary and Poland could also trigger European concerns unless credible consolidation plans are presented. The Alert Mechanism Report 2024 indicates that In-Depth Reviews of macroeconomic imbalances will be published for Hungary, Romania, and Slovakia in the first half of 2024.

A notable deceleration of the inflation rate is anticipated this year, but at a considerably slower pace than the substantial declines observed in 2023. Throughout last year, Hungary experienced a reduction of approximately 20%, while the Czech Republic and Poland also saw significant decreases. The Czech Republic is projected to undergo the most significant decline in headline inflation in 2024, followed by Serbia. In the remaining countries, inflation in December 2024 is predicted to be lower by varying degrees.

"Most of the inflation decline has already taken place. We can say the same about bond yields, given that monetary easing has already been strongly priced in. Nevertheless, Czech, Polish, and Serbian bonds have some potential to see further yield compression. Bonds in other countries look relatively expensive at the moment, unless inflation surprises on the downside or the fiscal situation improves unexpectedly," said Juraj Kotian, Head of CEE Macro Research at Erste Group.

CEE COUNTRIES TO EMBRACE GLOBAL FINANCING IN EARLY 2024

In January 2024, several Central and Eastern European countries actively engaged with foreign markets for financing. Hungary secured a borrowing of USD 2.5 billion, while Slovenia obtained EUR 1.5 billion. Notably, Poland marked a historic milestone by conducting its largest foreign debt issuance to date, reaching EUR 3.75 billion. Croatia, on the other hand, plans to utilise its cash buffer to repay a maturing Eurobond later in the month, with a current emphasis on local issuance, particularly in the form of retail bonds. The focus is expected to shift back to international markets later in the year. Romania is also gearing up to tap foreign markets in the first months of 2024, and the Czech Republic is contemplating the issuance of a Eurobond to roll over EUR 1 billion.

In Romania, the reported 2023 budget deficit stands at 5.7% of GDP in cash terms, exceeding the target of 4.4% of GDP. The government aims for a 5% budget deficit in cash terms in 2024, with projections varying between the Fiscal Council's 6.4% and Erste's expectation of 5.4% of GDP, highlighting concerns about the structural deficit. Despite manageable financing needs estimated at RON 181 billion in 2024, compared to RON 203 billion borrowed in 2023, potential risks, labelled as "black swan" events, could impact the situation. The Romanian government plans domestic market bond issuance and international borrowing of EUR 8.5-9.5 billion in 2024. The banking system's sovereign exposure, especially in Romanian Government Bonds (ROMGBs), also raises concerns, with offshore holdings at an all-time high of RON 79.3 billion.

ROMANIAN ECONOMY STILL EXPECTED TO OUTPERFORM OTHER COUNTRIES IN THE REGION

The Romanian economy, as outlined in the recent "Global Economic Prospects" report by the World Bank, posted a 1.8% growth in 2023—0.8 percentage points lower than previous estimates and significantly below 2022's robust growth of 4.6%. The World Bank's projections for 2024 and 2025 have also been revised downward, with anticipated real GDP growth rates of 3.3% and 3.8%, respectively. This contrasts sharply with earlier forecast in June of the preceding year, which had indicated a more optimistic increase of 3.9% in 2024 and 4.1% in 2025 for Romania. Despite these adjustments, Romania is expected to outperform other global economies, including some in the CEE region, according to the World Bank's latest Global Economic Prospects report.

Elevated inflationary pressures diminished household purchasing power, resulting in a deceleration of consumer spending, a primary driver of recent economic expansion. However, consumer spending is still expected to remain an important contributor to economic growth going forward, picking up gradually in 2024 and 2025, driven by double-digit increases in wages and pensions.

Nevertheless, Romania maintained one of the highest growth rates in the region last year, despite the ongoing conflict along its border with Ukraine. In contrast, Poland is expected to see meagre economic growth at 0.5% for 2023, while the Czech Republic faces a contraction of 0.5%. Anticipated for

CEE COUNTRIES REAL GDP GROWTH FORECASTS

Countries	2023	2024	2025
Bulgaria	1.7	2.4	3.3
Croatia	2.5	2.7	3.0
Poland	0.5	2.6	3.4
Romania	1.8	3.3	3.8
Serbia	2.0	3.0	3.8

Source: World Bank

2024 is a gradual recovery across all three economies, with investments poised to play a pivotal role, buoyed by infrastructure initiatives, digital transformation, and the transition to sustainable energy. Despite household spending having slowed down in 2023, it is anticipated to rebound in 2024 across all three economies, as the gap between the growth rates of nominal wages and inflation is expected to widen.

The average annual inflation rate in Romania continued its decline in 2023, exhibiting a similar trend observed across regional economies. This downward trajectory is projected to persist in 2024, with inflation reaching around 6.9%. Likewise, the Czech Republic witnessed a significant reduction in base inflation from an early 2023 peak of 18% to an anticipated 3.3% in 2024, down from 10.8% in the previous year. In Poland, inflation expectations are anticipated to be halved, decreasing from 11.6% in 2023 to 5.6% in 2024. Maintaining low levels, unemployment rates in all three countries will be influenced by demographic trends in the medium term, with projected rates around 5.4% in Romania, 5.1% in Poland, and 2.8% in the Czech Republic for 2024, according to KPMG.

"Romania's future growth potential remains high, and this can be fully enabled within a framework of predictable fiscal and legislative policies, as well as through a focus on improving the country's infrastructure. However, the uncertainties surrounding the recently adopted fiscal package have dented business confidence to some extent. The increase in VAT for some products and services and higher fuel excises will place inflation on a more elevated path than initially envisaged for 2024. The introduction of new taxes, including the minimum turnover tax for large companies and additional taxes for credit institutions, together with increased turnover tax rates for a large number of microenterprises, will have a negative effect on inflation and demand. Although the economy is set to benefit from high levels of investment supported by EU funds, it remains to be seen how these changes will impact both economic growth and macroeconomic imbalances in the near-term," said Ramona Jurubita, Country Managing Partner at KPMG in Romania.

INFLATION & UNEMPLOYMENT RATE FORECASTS FOR ROMANIA, POLAND, AND THE CZECH REPUBLIC

Forecasts for Romania	**2023**	**2024**	**2025**
Inflation	10.7	6.9	3.7
Unemployment rate	5.5	5.4	5.2
Forecasts for Poland	**2023**	**2024**	**2025**
Inflation	11.6	5.6	3.8
Unemployment rate	5.2	5.1	5.0
Forecasts for Czech Republic	**2023**	**2024**	**2025**
Inflation	10.8	3.3	2.2
Unemployment rate	2.7	2.8	2.9

Source: KPMG

INVESTMENTS EXPECTED TO DRIVE ROMANIAN ECONOMY FORWARD

Alongside a robust growth in investment throughout 2023 and optimistic projections for the next few years, Romania is poised to reap significant benefits from the substantial financing provided by the EU's Recovery and Resilience Facility, reaching a cumulative 12% of GDP by 2026. This influx of EU funds is anticipated to fuel an increase in the public sector investment's contribution to GDP.

Notably, foreign direct investment (FDI) in Romania reached a record EUR 10.7 billion in 2022, demonstrating a noteworthy year-on-year increase of over 12%, in contrast to the global trend of contraction. The industrial, trade, and financial intermediation sectors were primary recipients of FDI. However, a KPMG forecast shows a projected one-third decline in FDI for 2023, due to the overall economic slowdown, which dampens the private sector's investment appetite.

A shroud of uncertainty looms over Romania's future economic landscape, particularly concerning the correction paths for both the budget and current account deficits. Despite the current account deficit stabilising at an estimated -7.1% of GDP in 2023 and maintaining this level in the foreseeable future, the budget deficit poses more pressing concerns. Forecasts indicate a budget deficit varying between 5.4% and 6.4% of GDP in 2024 significantly exceeding the target of -5%. In response, authorities have endorsed a fiscal consolidation package amounting to 1.2% of GDP, set to take effect at the beginning of 2024. However, this effort faces considerable challenges, particularly due to the planned pension increases in 2024. These increases, estimated at RON 30.2 billion—or 1.9% of nominal GDP—significantly outweigh gains from the fiscal consolidation package.

The fiscal landscape is further complicated by Romania's inclusion in the EU's Excessive Deficit Procedure (EDP) since 2019, emphasising the urgency of reducing the government's budget deficit. Failure to address this could jeopardise EU funds, which are crucial for the nation's economic growth. Finding a viable solution to this intricate financial puzzle in the upcoming multiannual government budget projections is imperative for securing future economic growth.

Artificial intelligence driving innovation in creative industries

In charge of Oxygen, one of the top integrated communications agencies on the market with offices in Bucharest and Cluj-Napoca and a team of 80 professionals, **Tereza Tranakas** has more than 20 years of experience working in brand and corporate communications. She sat down with Business Review and shared her outlook for 2024.

By Romanita Oprea

How do you see the market faring this year?
We must keep in mind the bigger picture when we consider this year's outlook. In fact, in terms of economic growth, Romania has been a bright spot on a rather dismal European landscape. According to analysts, real GDP growth is set to rebound in 2024 and remain strong by EU standards in 2025-28. The solid private sector has been and will continue to be the key driver to Romania's steady growth.

To all the sceptics I say that Romania has been lucky to have experienced steady economic and social development over all these years, despite the geopolitical turbulence at our doorstep.

Within this context, we also expect the marcomm industry to fare better than last year, as we've seen a general improvement in numbers and output after the pandemic.

What are some general trends in marcomm for 2024?
I believe that we'll continue to see a shift in attention and budgets from traditional to digital channels—this trend will only accelerate in 2024. We will see more digital-first campaigns reaching out to consumers in innovative and creative ways.

Every business is looking to automate redundant work with the help of AI, and our industry is no exception. There will be more talk and use of AI in the creative business as well, as AI tools develop and people get more comfortable with them. The use of AI can bring cost savings and increase efficiency, so it's worth exploring.

Company and brand reputation will be in focus, especially in this election year. Continuously building on it, monitoring, and maintaining the positive sentiment around brands will be critical in a highly polarising environment.

Sustainability will gain more ground for small and large companies alike. It's a major buzzword, but few companies are really putting in the effort and taking significant action. With increased pressure from the EU—we will see a new set of norms and guidelines being released this year—, companies and brands need to take sustainability seriously. Our agency is among the few on the market that can provide services in this area: from audit to strategy development and communication around sustainability.

Content is still king; creativity is the queen. Getting heard among the myriad of messages is increasingly difficult. That's why creative content—authentic, useful, educational and/or entertaining—is key to standing out in communication.

How should companies and brands spend their communications budgets in 2024?
With the shortage on the labour market and post-pandemic trauma still affecting performance, I strongly believe that companies should focus more on their internal audiences. Therefore, the work of HR and communication departments will go hand in hand to devise employer benefits focused on wellness, motivation, and balance, together with engagement campaigns.

Another area of focus should be sustainability, as a company-wide commitment from top to bottom, not just a corporate statement. People want to see less greenwashing and more real action. Purpose-driven campaigns will continue to grow, as younger generations seek authenticity and purpose behind brands.

Last but not least, digital combined with influencer and direct consumer engagements will be the playground of brands in 2024.

What will your agency be focusing on in 2024?
We've built a strong agency over the past 15 years, providing integrated communications expertise for large companies. I am grateful for the solid 80-people team and the diversified client portfolio spanning various industries such as energy, IT&C, banking & finance, real estate, gaming & entertainment, heavy industry, fashion & retail and more. Our focus for this year will be on supporting our clients, helping them grow and reach their objectives, while further consolidating our internal teams and strengthening our skills.


INDUSTRIES
TO WATCH
IN 2024

After a strong 5% growth in the first three quarters of 2022, the Romanian economy slowed down, advancing by just 1.4% in the similar period of 2023. High inflation eroded household purchasing power, slowing down consumer spending, which had been the main driver of economic growth in recent years. Even so, Romania's economy had one of the highest growth rates in the region, estimated to have reached 1.8% by the end of last year. But 2024 will be a challenging year for the local economy, with a series of national elections which will only add to the pressure.

By Anda Sebesi

THE BIG ECONOMIC PICTURE

Romania's economic growth has outpaced that of its peers despite the ongoing war in neighbouring Ukraine. The average annual inflation rate in Romania continued to decline in 2023, from a relatively high level, and this trend is expected to continue in 2024.

But from many perspectives, 2024 looks like it's going to be a challenging year for Romania, as the country will go through several electoral processes, starting with the European Parliament and continuing with local, general, and presidential elections. In this context, there may be certain macroeconomic risks, such as an over-emphasis on policies that aim to stimulate demand. There is likely to be a temptation for public spending that's insufficiently balanced by tax revenue, which would lead to an increase in the public budget deficit, already a cause for concern as a result of the deceleration in economic growth as well as the impact of tax increases on companies' activities and consumer spending. "The hope is that authorities will resist short-term electoral pressures and focus on economic policies which are sound in the long term," says Ramona Jurubita, Country Managing Partner at KPMG in Romania.

Ramona Jurubita, KPMG

Meanwhile, the external environment remains uncertain, with the main issues being the continued conflicts in Ukraine and the Middle East and the threat to shipping in the Red Sea. These could place higher costs on trade, raise commodity prices, disrupt supply chains, and lead to higher than anticipated inflation. "However, economic growth could be helped by an effort to absorb EU funds, including those available via the Recovery and Resilience Facility. This provides an opportunity to implement policies that will advance the green transition, including investments in digitalization, green energy, and infrastructure," says Jurubita. She adds that at the same time, the efficiency of the public sector and state-owned enterprises could be improved through the enactment of long-awaited governance reforms. During election years, some sectors exhibit increased volatility due to the impact of short-term economic policies. However, the underlying economic trends usually matter more. According to the current budgetary allocations, authorities plan to spend an increasing amount on infrastructure investments in 2024. As a result, the construction sector—including the majority of related subsectors—could see a healthy level of activity this year. Manufacturing presents possibilities for a positive 2024, largely due to the so-called base effect, following poor performance in 2023. "This will depend to a large extent on continued buoyant activity in subsectors such as the manufacturing of motor vehicles, electrical equipment or computer and electronic products," says the KPMG representative. Turning to services, retail¬—especially related to food items—could still perform well in 2024 given the expected increase in nominal wage growth and the relative moderation in global agricultural prices. Other service sectors, such as information technology and communications may also do well, impacted positively by both the 2024 elections and the objectives set out in the national energy and climate plan.

The climate change transition has a large impact across a number of dimensions that will affect businesses. These range from changes in legislation, product design and specifications or market demand changes, the latter triggered in part by shifts in consumer behaviour. Given the climate change objectives set at the national level, most companies will need to increase investment rates significantly over the next few years to be able to reduce carbon emissions and thus lower the potential amount of carbon taxes they pay. "The EU's introduction of a carbon border tariff for some items such as steel, cement, and other goods in 2026 can be expected to have an impact on input costs for products which cannot be produced more cheaply in the EU. Some companies could be faced with stranded assets as these become costlier to operate as a result of the low carbon transition. Some might also face higher costs in raising capital if their climate change transition plans are perceived to be unambitious by investors," Jurubita concludes.

Real estate players to prioritise digital and green transformation in 2024

2024 is set to be a good year for Romania's economy and, implicitly, for its real estate market. Among the main reasons for optimism are the numerous infrastructure construction sites, the substantial inflows of capital expected from European funds, and the fact that Romania is starting to become an increasingly important regional distribution and production hub, especially in Southeast Europe. Business Review talked to the most important people on the real estate market about their outlook and expectations for 2024.

By Aurel Dragan

2024 looks to be better than last year for several market segments

"This year presents both challenges and opportunities for the real estate industry—including shopping centres—which is in a continuous transformation process, influenced by the fast-paced technological developments, the changes in consumer behaviour, and the economic context," says Geanina Ungureanu, Head of Retail at CPI Romania. Meanwhile, Ema Iftimie, Managing Director at Globalworth Romania, "the perspective for the beginning of this year is significantly more optimistic than the one in January 2023. Additionally, I am certain that 2024 will be a less unstable year, thus establishing a solid foundation for the opportunities that await us in 2025 and 2026, despite the high level of international unpredictability."

"Unquestionably, 2024 is a year of transformations, of decisions on strategies aiming to support the smart, astute management of portfolios, with a focus on cost optimisation and resilience. Such transformations will be at the forefront, holding important positions in the business plans belonging to both tenants and real estate project operators," says Sebastian Mahu, Head of Asset Management at IULIUS.

It is fair to say that 2024 looks to be better than last year for several market segments, such as new residential developments or commercial projects located in emerging areas, sustained by infrastructure investment and urban development. “Even the fact that remote working is already part of the ‘new normal’ presents an opportunity for the development of innovative office spaces adapted to new requirements,” says Lucian Opris, Director of Tenant Services, Office 360 & Industrial at Colliers Romania. “But there are also concerns both internally, such as the country's significant fiscal imbalance, and externally, where some major uncertainties persist, particularly regarding geopolitics. Economic uncertainty may affect investment decisions in real estate projects, generating caution among developers and investors. A change in interest rates can also influence lending costs and the affordability of financing for real estate projects,” Opris explains.

Apart from financial imbalances, “the rising costs of building materials and resource shortages may affect the profitability of real estate projects. With frequent changes in regulations and tax policies that may influence investment and development strategies, I believe that developers’ anticipation and adaptation will be essential in managing real estate projects this year,” says Didier Balcaen, CEO and Co-founder of Speedwell. But “despite the pressures coming from various sources, we remain optimistic in the face of these challenges and are trying to highlight and capitalise on the opportunities that the market offers at the moment: ESG trends, digitalization, and gradually improving economic conditions,” he concludes. The same factors are also cited by Cosmin Savu-Cristescu, Managing Director at Redport Capital. “Climate change and technological development may seem like challenges at first glance, but when integrated correctly into the process, they become opportunities for developers to stand out on the market. Here, I am referring to sustainable development, energy efficiency, carbon footprint reduction, as well as digitalization as part of the company’s workflow. These aspects, initially imposed through international standards, turn into competitive advantages inside projects,” he argues.

Energy efficiency, this time from the buyer’s perspective, is also mentioned by Gabriel Anicai, General Manager at Trust Expert. “One of the most notable phenomena is customers’ growing desire to own energy efficient homes. This is not just a trend, but a paradigm shift that has the potential to be a growth engine in real estate for a long time. Energy efficiency has become a key criterion in real estate purchase and investment decisions. Homeowners are increasingly aware of the impact their homes have on the environment and are interested in the long-term benefits of an energy-efficient home, such as savings on utility bills and increased comfort,” he explains. Or, as Aurelia Luca, Skanska EVP Hu & Ro puts it, “interest in energy efficient and environmentally friendly buildings is growing and investing in technology to achieve this goal is proving to be a wise and a winning move.”

NEW PROJECTS

The most important question for the future is how many new projects will be started and in which sectors. The uncertainty that glooms over 2024 may delay projects and investments, even as there are many places that still need improvement across Romania. “This year will bring the fewest deliveries in the office sector, even though demand remains good, while well-located and ESG-compliant assets will be in significantly higher demand, resulting in rising rent costs,” says Ema Iftimie, adding that “industrial and logistics will continue the positive post-pandemic trend, with tenant interest in this sector expected to remain strong.”

Industrial spaces are seen to be on the rise by Colliers as well, with the CEE region poised to become very important for the whole of Europe. Lucian Opris explains: “Romania's geographical position, as well as its specific economic advantages–particularly the elevated gap between labour costs and labour productivity, comparable to China’s, for example–supports the idea that Romania will become a hotspot for logistics and manufacturing activities in the context of the "friend-shoring" trend. External reports are also taking stock of such trends, as the CEE is set to become the centre of gravity for European growth, according to the National Institute of Economic and Social Research. While companies cannot ignore Asia or parts

Ema Iftimie, Globalworth Romania

“The perspective for the beginning of this year is significantly more optimistic than the one in January 2023. Additionally, I am certain that 2024 will be a less unstable year, thus establishing a solid foundation for the opportunities that await us in 2025 and 2026, despite the high level of international unpredictability.”

Geanina Ungureanu, CPI Romania

“This year presents both challenges and opportunities for the real estate industry—including shopping centres—which is in a continuous transformation process, influenced by the fast-paced technological developments, the changes in consumer behaviour, and the economic context.”

Sebastian Mahu, IULIUS

“Unquestionably, 2024 is a year of transformations, of decisions on strategies aiming to support the smart, astute management of portfolios, with a focus on cost optimisation and resilience. Such transformations will be at the forefront, holding important positions in the business plans belonging to both tenants and real estate project operators.”

of South America for production, they can diversify their operations better to mitigate risks and the CEE is well placed to see much more investments in the coming years—a trend that Colliers's consultants have already started to notice in the last couple of years, even in Romania."

Industrial spaces are not the only ones mentioned in this context; public sector investments are also driving demand. "We anticipate that most projects will come from the public buildings sector, particularly through the rehabilitation of schools, town halls, police headquarters, kindergartens, and other public institutions," says Gabriel Anicai. "This trend is encouraged by access to new European funding programmes that are dedicated to the renovation and modernisation of public infrastructure. It is a sector where we expect significant demand for efficient and sustainable heating, cooling, and ventilation solutions."

The energy efficiency and autonomy trend can also be observed in the residential segment, as Gabriel Anicai points out. "In the residential sector, we see a clear trend towards increasing comfort and energy autonomy. This is manifested by the growing interest in innovative heating systems such as heat pumps, which are often coupled with photovoltaic systems. This combination provides a complete solution for the energy efficiency of homes, helping to reduce their carbon footprint and increase their owners' energy independence."

Developer Nusco Imobiliara cites their own investments as examples of new projects. "Considering the sustained pace we have in the residential segment, it will generate a margin for 2024. At the same time, we want to come up with an educational services element in both of the projects we have under development. At Nusco City we will start the construction of a school that will have the complete educational cycle, grades 0 to 12, while at Nusco Homes we will deliver in September a kindergarten with a capacity for 160 children," says Bogdan Iliescu, Commercial Director at Nusco Imobiliara. Iulius also gives some examples of projects they will either start or continue this year. "We are taking advanced steps in the authorisation process for our project in Cluj-Napoca, which will capitalise on and render new value to the approximately 14 hectares on the former Carbochim industrial site, pursuant to the completion of the factory relocation and upgrade process. This project already elicits major interest from our partners, as it is a sustainable, family-oriented concept in a city where studies show that demand for new brands is high. This is an urban reconversion project concerning an inaccessible former industrial area, with a strong green anchor—the 50,000 sqm garden that will integrate the Somes riverbank for the first time, creating novel leisure facilities: new entertainment solutions, with spaces for indoor or outdoor events, a cultural centre, and the first performance hall integrated into a real estate project," says Sebastian Mahu.

There are several reasons why the residential sector is believed to have good potential for growth across the country. "Many of Romania's cities and dynamic economic areas are affected by overcrowding, which translates to long-term demand for affordable housing," says Didier Balcaen. "I am convinced that most projects this year will come from the residential sector. This expectation is based on several factors that influence the real estate market, and implicitly the business environment. At its core, it's about responding to a growing need for homes in Romania, a country that proudly leads in owner-occupied housing, where the need for adequate residential space remains a key issue."

GREEN ECONOMY

Moving on to factors that will shape the real estate sector regardless of what happens in the geopolitical area, we asked company representatives about digitalization and the green economy. "Digitalization and the transition to a green economy are significantly influencing the real estate sector, imposing new standards and challenges, but also providing valuable opportunities. One of the most relevant aspects is the need to adapt future projects to current legislative requirements, such as the NZEB (Near Zero Energy Building) standard. This standard reflects the global and European commitment to a

Gabriel Anicai,
Trust Expert
"Energy efficiency has become a key criterion in real estate purchase and investment decisions. Homeowners are increasingly aware of the impact their homes have on the environment and are interested in the long-term benefits of an energy-efficient home, such as savings on utility bills and increased comfort."

Lucian Opris,
Colliers Romania
"There are also concerns both internally, such as the country's significant fiscal imbalance, and externally, where some major uncertainties persist, particularly regarding geopolitics. Economic uncertainty may affect investment decisions in real estate projects, generating caution among developers and investors."

Didier Balcaen,
SPEEDWELL
"The rising costs of building materials and resource shortages may affect the profitability of real estate projects. With frequent changes in regulations and tax policies that may influence investment and development strategies, I believe that developers' anticipation and adaptation will be essential in managing real estate projects this year."

sustainable and energy efficient approach in construction," says Gabriel Anicai of Trust Expert.

Furthermore, digitalization means technology that can improve customer experience. "Digitalization is playing a crucial role in the transformation of the real estate sector. Transaction and management processes are becoming faster and more efficient, while consumers benefit from improved experiences when buying or renting properties. Smart technologies are also helping to make buildings more energy efficient and sustainable. From sustainable construction and energy efficiency to the adoption of renewable energy sources to power buildings, the real estate industry is adapting to the new demands of an environmentally conscious world where green buildings, resource efficiency, and environmental certifications are becoming important criteria for attracting investment and sustainability-minded customers," says Speedwell's Didier Balcaen.

"The real estate sector is heavily influenced by digitalization and sustainability, with both being considered key market trends in 2024," says Geanina Ungureanu from CPI Romania. "Moreover, the omnichannel experience is driven by the digitalization process, as consumers demand more and more experiences across digital, social, and physical channels," she adds.

"We are very focused on our marketing and digitalization processes, together with the design and customisation of experiences and events in our regional shopping centres that cover big regions in Romania (Bucharest, Cluj, Constanta, Iasi, Baia Mare, and Pitesti). This always translates into higher loyalty and satisfaction among customers, who can also become brand ambassadors for our locations. We combine the traditional strategies of tenant mix, pop-ups, and clustering, together with the omnichannel tendencies of converging online and physical tools, these translating into almost full occupancy across all our retail properties," explains Geanina Ungureanu.

As far as 2024 corporate strategies go, digital transformation will remain a top priority. "Digitalization must remain an essential cornerstone in the corporate strategies of all real estate companies in 2024. Businesses need to adopt data-driven property management for real-time information on property performance and energy efficiency, AI and predictive analytics for data-driven insights and investment opportunities, and AR and VR to transform the property viewing experiences," says Ema Iftimie. "The Forge solution, which Globalworth implemented a year ago, offers precise information about the performance of our buildings. Designed to reduce operational and maintenance costs while enhancing occupant comfort, asset availability, and the sustainability of our office portfolio, Forge is a machine learning solution that offers asset insights for building management."

"The future of real estate is definitely in digitalization. Digital transformation has become a necessity for industry players in recent years and it has accelerated with the pandemic–from virtual tours and complex, interactive space branding platforms to smart building operations solutions, with a heightened focus today on efficiency and optimal resource use," says Aurelia Luca, Skanska EVP for Hungary and Romania. "For us at Skanska, it is extremely important how we operate buildings and what impact there is on the environment. That's why we constantly measure, monitor, and optimise consumption and the parameters in which projects operate best. We believe that an important differentiator for us is the flexibility and efficiency of using data and the better results we can achieve with it. Equally, the data collected from past projects gives us the opportunity to analyse and improve both current and future projects, thus ensuring a continuous process of re-evaluation and devolution of services, focusing as much as possible on the ESG area," she explains.

"In a green economy, there is high demand for sustainable real estate. From energy-efficient buildings to green building practices, investing in these technologies can increase the attractiveness of properties. And digital technologies and green building concepts are increasingly being integrated into real estate projects, as innovations bring cost and sustainability benefits," adds Lucian Opris of Colliers Romania.

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Cosmin Savu – Cristescu,
Redport Capital
"Climate change and technological development may seem like challenges at first glance, but when integrated correctly into the process, they become opportunities for developers to stand out on the market. Here, I am referring to sustainable development, energy efficiency, carbon footprint reduction, as well as digitalization as part of the company's workflow.."

Energy sector ready for the green transition

The emphasis on sustainable practices and a green economy represents a significant opportunity for the energy sector. The growing demand for clean energy solutions positions companies at the forefront of a burgeoning market. Rapid advancements in technology, especially in the solar energy sector, provide opportunities for innovation and efficiency improvements, allowing companies to stay competitive and meet evolving consumer expectations. In addition, collaborations and partnerships with global organisations can open new avenues for investment, technology transfer, and market expansion.

By Anda Sebesi

Transition to green energy is a positive opportunity for the energy industry

In a context of geopolitical uncertainity and high inflation, the energy sector will continue to be under pressure this year, so it will need to adjust and increase its efficiency. And with 2024 being a major election year in Romania, the sector is also likely to witness the relaunch of some new public initiatives and programmes, especially those aimed at energy efficiency and the transition towards green energy.

"Despite multiple challenges, I believe the energy sector in Romania will continue to grow in 2024. Investments in energy will continue, but they will focus on renewables. Energy prices will remain volatile, but will tend to rise on average," says Andrei Dinescu, Head of Engineering and O&M at Greenvolt Next Romania. Along the same lines, Armand Domuta, General Manager at Restart Energy, says that this specific context serves as a catalyst for investments in sustainable energy. "We anticipate the transition towards green energy to continue and maintain momentum for the next 6 to 8 quarters. Currently, Romania is at 38.7% of its target for 2023, benefitting from a suitable climate, while investors are being encouraged to access European funds through various legal entities," he adds.

"Investments will be on the rise this year based on both economic and operational needs and the ESG requirements that an increasing number of companies must begin to meet," says Lucian Enaru, Country General Manager at Schneider Electric. Meanwhile, Domuta believes that ongoing and future government initiatives supporting renewable energy projects, such as RePower EU, the Romanian National Plan for Energy Development, coupled with the availability of European funds through the PNRR, AFM or other entities, create favourable conditions for investment and project development.

GREEN ENERGY IS CRUCIAL YET CHALLENGING

In general, the transition to green energy is a positive opportunity for the energy industry and it has a significant impact on the industry as a whole. This is because it requires major investments in new technologies and infrastructure. "It has a positive impact on the industry as it creates new business opportunities in the field of renewable energy, promotes economic development and job creation, and reduces greenhouse gas emissions and contributes to environmental protection," says Dinescu of Greenvolt Next. However, he adds that the transition to green energy is also having some negative effects inside the industry, as it increases operating costs for energy companies, reduces demand for energy from conventional sources, and may lead to job losses in the sector.

"The transition to green energy, particularly in the solar sector, plays a pivotal role in reshaping the industrial landscape in Romania. The adoption of solar energy has not only reduced the carbon footprint but has also proven to be a strategic decision in terms of cost efficiency," Domuta notes.

According to Gabriel Anicai, general manager and co-founder of Trust Expert, the need for major investments in the infrastructure for electricity transportation is critical for the transition to green energy. "In order to effectively integrate renewables in the national network and to optimise their distribution, it extremely important to modernise and extend the existing networks." He adds that this transition also requires significant changes in the skillsets of the workforce. "There is an acute need for extended professional retraining, especially in the case of technical staff," he points out.

According to Madalin Mihailovici, CEO at Veolia Romania, the transformative shift towards green energy and digitalization is profoundly impacting the industry. "The increased adoption of renewable sources has reshaped the dynamics of energy supply, prompting a strategic move towards sustainable practices," he says.

The company has initiated seven photovoltaic projects as an integral component of its sustainability and energy efficiency strategy. The Grozavesti, Vitan, Baneasa, and Pantelimon projects are fully operational. "Simultaneously, we have successfully concluded the implementation of three additional projects: the Red Treatment Plant, the North Pumping Station (D. Pompei), and the South Pumping Station (Sinai). Currently, these facilities operate at a limited capacity, exclusively for self-consumption, as they undergo a testing phase to achieve their full operational capacity," Mihailovici explains. He also mentions that in the context of company-wide energy efficiency, Veolia draws up an annual plan encompassing short-, medium-, and long-term actions. "Through these initiatives and others, the specific electricity consumption per cubic metre of treated water has markedly decreased to approximately one third of the levels measured in 2002. These results underscore our steadfast commitment to maintaining a sustainable and energy-efficient business model," the CEO adds.

Madalin Mihailovici,
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"The transformative shift towards green energy and digitalization is profoundly impacting our industry. The increased adoption of renewable sources has reshaped the dynamics of energy supply, prompting a strategic move towards sustainable practices."

Gabriel Anicai,
Trust Expert
"The transition to green energy is not just a trend; it is a major necessity for the energy sector and for society as a whole. The impact of this transition is huge, as it fundamentally changes the ways in which we generate, distribute, and use the energy."

Armand Domuta,
Restart Energy
"Industries in Romania, across various sectors, are increasingly recognising the importance of sustainability and environmental responsibility. The adoption of solar energy has not only reduced the carbon footprint but has also proven to be a strategic decision in terms of cost-efficiency."

Lucian Enaru,
Schneider Electric
"For the energy sector, the transition to green energy is both a great opportunity and a huge responsibility, because electric and data networks will need to be extended, while our solutions for energy efficiency will need to be smarter and better able to support the global trend."

Andrei Dinescu,
Greenvolt Next Romania
"The transition to green energy is a challenge, but also an opportunity for the Romanian energy sector. This country has significant potential for renewable energy, and the transition to these sources can create new jobs and promote economic development."

Romania's infrastructure in need of substantial overhaul

With many challenges and opportunities arising from the current context, industrial logistics projects are expected to continue their growth in 2024. Romania's outdated infrastructure represents a hurdle, impacting the smooth flow of goods and services. The country's long-awaited investments in infrastructure would have positive economic effects and enable new distribution models.

By Anda Sebesi

Romania's infrastructure is outdated, raising obstacles in the flow of goods and services

In the European landscape, Romania continues to be a key gateway for companies seeking to establish a presence on EMEA markets. Foreign companies are capitalising on this and expanding their operations to provide effective solutions and availability at a much lower cost.

With increased focus on sustainability and environmental responsibility, logistics companies are under pressure to reduce their carbon footprints and adopt greener practices. This may involve investing in alternative fuels, acquiring electric vehicles, and optimising transportation routes. Changes in trade policies, customs regulations, and international agreements can also have a high impact in the logistics sector.

"It is essential for us to maintain vigilant oversight and remain agile in adapting to the changes anticipated with this year's forthcoming elections in over 60 countries. Elections are expected to exert a notable impact on market dynamics, and our ability to adapt swiftly will be crucial in navigating potential shifts in the business landscape," says Sorin Preda, the CEO of Global Vision.

Sameday Group CEO Lucian Baltaru says that considering the international perspective as Romania and Bulgaria are in the process of joining the Schengen Area, this represents a major opportunity. Accession would significantly streamline transportation and logistics in the region, contributing to more efficient flows and the expansion of cross-border operations. "But implementing strict standards may require significant adjustments in infrastructure and logistics to meet the requirements and manage the flow of goods and people," he says.

Meanwhile, Sebastian Soltys, the President of LPP Logistics, believes that unpredictability and some conservatism might drive business decisions in the logistics industrial segment in 2024. "Over past three years we have noticed permanent supply chain disruptions or global black swan events, with the most recent one being the Red Sea issue. Plus, although decentralisation is not easy nor quick, it will bring a number of significant benefits in the long term. Reorganising a distribution network can reduce transport costs by as much as 30-40%," he notes.

Romania's infrastructure is outdated, raising obstacles in the flow of goods and services. Ports and terminals lack the necessary technological advancements for efficient cargo handling, leading to delays and inefficiencies across the entire supply chain. "Efficient customs procedures and trade facilitation infrastructure—such as ports with modern container-handling facilities and streamlined customs processes—can significantly impact the speed and cost of moving goods across borders," Preda says.

Furthermore, high-quality infrastructure can facilitate major strategic decisions around distribution models. Also, the simplicity and length of infrastructure play a key role in setting up strategic decisions of distribution models. "The new express road from Bucharest to the town of Siret in Ukraine is a gamechanger that will definitely help open up a new transport corridor and have a significant meaning for the trade exchange between Romania and Ukraine," Soltys argues.

Lucian Baltaru says that in Sameday's case, the quality of road infrastructure directly affects delivery times. Well-maintained and efficient roads enable vehicles to move more quickly and safely to their destinations, resulting in faster delivery times for customers. "In order to address this problem, we try to scale up easybox volumes. Sameday's approach of aligning processes with the state of the infrastructure is a smart strategy. Flexibility in adapting to road conditions allows for increased operational efficiency and can help minimise the impact of infrastructure challenges," he adds.

AN UPWARD TRAJECTORY

Pundits say that industrial logistics projects shall continue to grow in 2024, with a significant part of the demand for industrial spaces coming from the e-commerce sector, which is continuously expanding. "Companies are seeking strategic warehouses to efficiently manage stocks and fulfil online orders. With a heightened focus on fast deliveries, companies are investing in logistics infrastructure to facilitate the rapid distribution of products to consumers, which may include strategically located warehouses near urban centres," says Baltaru of Sameday. He adds that industrial logistics projects must integrate advanced technologies and automation to optimise processes and meet the growing complexities of the market.

Soltys of LPP Logistics shares the same opinion, suggesting that automation will play a significant role in logistics industrial projects and that it will accelerate operational efficiency. "Along with manpower, robotics and automation will be essential elements in the logistics industry."

He adds that companies in 2024 will be less aggressive in their expansion of logistics projects than they have been in the past few years. "Projects will be more subtle in scale, and tailor-made in shape. On the other hand, the retail industry will seek supply chain diversification, which might mean launching smaller project formats, but at a much faster pace." He adds that to be on the safe side, retailers will phase out their projects and choose the ones that enable growth and expansion within the same facilities in the coming years. "However, supply in the logistics industry will be less speculative and reach for more custom-built projects. Landlords will most likely anchor higher rental rates with more eagerness in terms of financial contributions. On the other hand, speculative development is expected to slow down, partly due to a more conservative approach by developers to prevent market oversupply following the deceleration in occupier activity," Soltys notes.

Meanwhile, Preda from Global Vision expects to see a steady growth in the number of industrial logistics projects, albeit at a more moderate pace compared to the rapid growth seen in previous years. "The uptrend in the industrial sector was triggered by the inclination of foreign companies to relocate their economic activities to our country." He adds that in 2024, digitalization and the green economy are expected to have a significant impact on the real estate sector. "This will lead to the increased adoption of smart building technologies, which encompass IoT devices, advanced energy management systems, and integrated building management platforms," he concludes.

Sebastian Soltys,
LPP Logistics
"Road infrastructure determines the preceding and the following of warehouse's links. Whether we are talking about long-distance linehaul or local last-mile deliveries, time is of the essence, so there's little room for congestion and delays in the fast fashion or growing e-commerce business."

Lucian Baltaru,
Sameday Group
"While projects aimed at retail may have decreased in intensity, industrial logistics has become a key sector. In 2024, we are likely to see a continuation of these trends, with significant investments in logistics infrastructure and advanced technologies to support the increasing demand for industrial logistics services."

Sorin Preda,
Global Vision
"Energy and utilities infrastructure are also a critical factor for the logistics sector. A reliable supply of energy and fuel is critical for the functioning of logistics operations, such as transportation, warehousing, and distribution. Dependable utilities infrastructure is essential for maintaining the continuity of logistics activities."

A tough year ahead for the manufacturing industry

Consumers are feeling the pressure of prolonged and combined economic troubles. Purchasing power has declined significantly, as there is a compounding effect of price increases. Real wages have fallen as cost of living rises, further exacerbating the constraints felt by consumers and lengthening the timeline of inflationary impact. Rising food prices are by far the biggest concern among consumers, followed by increasing utility costs and the potential economic downturn. In this context, most consumers are spending more prudently, cutting back on discretionary costs, and seeking the lowest prices.

By Anda Sebesi

The transition to a green economy encourages the adoption of circular economy principles within manufacturing

The economic and geopolitical context continues to be gloomy and uncertain, with high pressure on raw material costs and a shortage of skilled labour. Meanwhile, emerging trends in the manufacturing world include things like shorter lead times from production to market or the need for effective management of possible disruptions in the supply chain, to minimise the impact on the end consumer. “The pressures and uncertainties are setting the bar higher in manufacturing,” says Alexandros Michalatos, Clinceni Manufacturing Director at Mondelez International.

But with a growing emphasis on sustainability, Romanian manufacturers are standing in front of a promising opportunity. “Exploring environmentally friendly practices to align with market demands can not only boost competitiveness, but also contribute to a greener future. In addition, focusing on education and training initiatives holds the key to unlocking Romania's potential for a skilled labour force,” says Beatrice Chis, Executive Marketing Director at ETI International. She adds that embracing Industry 4.0 technologies emerges as a pivotal factor in enhancing efficiency and competitiveness within the manufacturing sector. Moving on to sectors, the automotive industry is undergoing a global paradigm shift, driven by two significant forces—technology and sustainability—that are transforming the industry at an accelerated pace. “The challenges we face as suppliers to the automotive industry are related to European and national regulations as well as consumer behaviours that influence demand in the medium to long term. Another constant challenge we face in the industry has to do with human resources,” says Andrada Verdes, Country Manger at Leoni Wiring Systems Romania.

In his turn, Christian von Albrichsfeld, Country Head at Continental, says that the automotive industry in Romania needs support and measures to facilitate higher sales as well as a reduction of research and production costs. “Unfortunately, we are seeing an approach that works against our needs, with recent tax measures that were not discussed with the business environment (1% tax on turnover, further reduced profitability on top of all the challenges we were already dealing with or the cuts in employee tax exemptions from one month to the next).”

The beverages industry is also under pressure right now, as it has been impacted by successive discriminatory measures in the past two years, claims Jovan Radosavljevic, General Manager at Coca-Cola HBC Romania. “We hope to have a more predictable environment, especially in fiscal terms, not only this year but also in the years to come," he says, adding that his company will continue to build on its stengths in 2024, consolidating its core portfolio while reaching for opportunities that arise in its newer segments , such as coffee and spirits.

UNSTABLE LOCAL DEMAND LEVELS

The evolution of demand amid the current geopolitical and economic uncertainty is a multifaceted challenge. Businesses that are navigating this intricate landscape must pay attention to a number of factors while maintaining agility and strategic alignment of offerings with emerging trends. But many are poised to not only weather the storm, but even thrive under these conditions.

Consumers are feeling the pressure of prolonged and combined economic difficulties, with most of them cutting back on discretionary costs and seeking the lowest prices. "This behaviour has led us to reassess our focus points as a business and adjust our strategy to address the affordability challenges consumers face. We have, for instance, dedicated more resources to developing consumer promotions and ensuring better accessibility for our products," says Radosavljevic.

The automotive industry plays a key role in the local economy, placing our country in an important position among states with high volumes of production of motor vehicles and components. "In the future, we believe that a major impact on demand will be the support given to our industry to develop and provide the necessary human resources for the innovative projects we bring to Romania. A challenge for us is the lack of predictability in the economic field, which affects both large companies and the ecosystem around us equally," Verdes adds.

AN EYE ON THE GREEN ECONOMY

The transition to a green economy encourages the adoption of circular economy principles within manufacturing. This involves designing products with durability, repairability, and recyclability in mind, minimising waste, and promoting a more sustainable use of resources. "Aligning products with evolving environmental sensibilities becomes paramount," says Chis. Meanwhile, Radosavljevic says that Coca-Cola HBC's objective is to create a circular economy for its packaging and points out that the company has reached great milestones in Romania so far. "Successful companies do more than focus on financial results; they create value for the world at large and positively impact the lives of those around them. Now is the time for companies to do what's right," argues Michalatos of Mondelez International.

Andrada Verdes,
Leoni Wiring Systems Romania
"In the context of the legislative changes adopted at the European level to promote the transition to electric cars, given LEONI's position in the production chain, we believe that our main responsibility is to optimally meet the needs of our customers, regardless of the demand context."

Alexandros Michalatos,
Mondelez International
"We aim to make an end-to-end positive impact on the world and the communities where we do business. As such, we're committed to using less energy and water, reducing waste, and decreasing emissions, enhancing the efficient and sustainable use of resources along our supply chain."

Beatrice Chis,
ETI International
"Companies engaged in green manufacturing stand to benefit from access to funding programmes and incentives provided by governments and international organisations. These initiatives support environmentally friendly practices, providing a financial impetus for sustainable manufacturing. Embracing green practices confers a competitive advantage on the market."

Christian von Albrichsfeld,
Continental
"Through the PNRR, we can develop microelectronics in Romania for semiconductor research and manufacturing. There are hundreds of millions of euros that have already been won by companies, including Continental in Romania, which will contribute to the progress of this field."

Jovan Radosavljevic,
Coca-Cola HBC Romania
"The rise of VAT from 9% to 19% for soft drinks, implemented in 2023, generated a 10% drop in our sector's volumes last year. Starting January 1, 2024, we face a new excise tax applied to our sector alone: the sugar tax for non-alcoholic beverages."

A year of innovation and agility in agribusiness

2024 is expected to be yet another difficult year for agriculture, amid the current domestic and international context and considering the situation many local farms are facing. The workforce increasingly prefers other industries with perceived easier work conditions. But resilient companies with good resource management and clear vision can innovate to better respond to consumer demands and environmental challenges. They can capitalise on their products in new markets through business expansion and consumer segment diversification. 2024 is a year when farmers will need to stay alert, flexible, open-minded, and innovative.

By Anda Sebesi

The agricultural sector finds itself in a significant moment of transformation towards digital farming

The agri-food sector, much like the entire economy, will face numerous challenges stemming from the prolonged geopolitical conflicts already underway, continued inflationary and logistical pressures, and shifts in consumer behaviour. We are also in a complex election year, marked by heightened social tensions, including major public protests from transporters and farmers. Extreme weather phenomena are also likely as a result of climate change, leading to fluctuations in agricultural production and more challenging management of natural resources.

"The removal of fiscal facilities for the agricultural sector, which has already led to a decline in nationwide real and nominal wages, adds additional pressure on entrepreneurs in the food industry who were already grappling with significant human resource challenges," says Ioan Popa, President and founder of Transavia SA.

According to Monalisa-Elena Ungureanu, the CEO of Agrii Romania, the agriculture sector in 2024 will offer significant opportunities around the adoption of advanced technologies for productive crops and environmental conservation. At the same time, farmers will need to respond to the effects of climate change and carry out an efficient management of production resources at the farm level. "Although 2024 is expected to be a more problematic agricultural year due to the lack of autumn rainfall, the fluctuations on the plant protection products market, the European-wide withdrawal of active substances, as well as the uncertainty on the fertiliser market and at the macroeconomic and global level, overall, agriculture has the potential to adapt and continue to produce high quality food," Ungureanu argues.

In his turn, Liviu Dobre, the CEO of Agricover Holding, says that it will be extremely important for farmers to be efficient, to optimise their production costs, and to maximise the value of their output. "Effective resource management becomes essential. The agricultural sector's ability to adapt and innovate is the key to successfully meeting these challenges," he says. In his view, major opportunities can arise from the rapid adoption of advanced technologies for precision agriculture, which can accelerate farm growth and performance. “These technologies enable farmers to optimise operations, monitor crops, and make informed decisions, increasing efficiency and productivity. Additionally, the increasing emphasis on sustainable agricultural practices offers a chance to better protect the environment over time,” he adds.

DIGITALIZATION IS KEY

The use of digital solutions in agriculture is expected to increase, especially in basic solutions that are affordable and easy to implement, enabling farmers to define precise quantities of water, pesticides, and fertilisers, thus optimising production quality and productivity, says Ungureanu of Agrii Romania. This behaviour is linked to the objective of efficient resource management at the farm level, which has become a major priority for farmers in the context of rising production costs, uncertainties about crop prices, and environmental legislation imposed by EU. And as the industry is expected to start leveraging artificial intelligence, which is likely to become a catalyst for efficiency and innovation, Popa of Transavia warns that like any tool, this technology must be adopted wisely to minimise cybersecurity and/or reputational risks.

“The agricultural sector finds itself in a significant moment of transformation towards digital farming. This process represents a substantial opportunity for farmers and the sector as a whole, bringing tangible benefits. Farmers need to be open to change and highly adaptable to fully benefit from the advantages of digital technologies. It is crucial for them to understand and approach this transformation as a significant opportunity for farm performance improvement,” says Dobre of Agricover Holding.

By adopting digital technologies, farmers can optimise their operations and manage resources more efficiently. This translates into increased yields and reduced costs, which is fundamental in a competitive agricultural environment. Moreover, digitalization allows for more accurate data collection and analysis, facilitating informed decision-making. Another important aspect is limiting environmental impact. By using digital technologies for more efficient resource management, farmers can reduce their use of exhaustible resources and chemicals and make their businesses more sustainable. “In this context, initiatives such as the creation of a Guide for Agriculture Digitalization by the young farmers at the Agrinnovator think-tank are a step forward in this direction, as they provide farmers with the necessary knowledge and support to successfully adopt digital technologies in their agricultural practices,” Dobre notes.

PRICES STILL A SENSITIVE TOPIC IN 2024

There are several coinciding factors influencing the development of the agricultural sector in Romania, and their effects are directly felt by both companies and individual farmers. These factors the prolongation of the war in Ukraine, the exacerbation of climate change phenomena, as well as developments in global agricultural markets or modest prospects for global economic growth, on top of the still high inflation. “In the current context, these conditions may lead to continued price volatility.

However, looking at the challenging economic and geopolitical context of the past three years, the agricultural sector has shown remarkable resilience. We believe that it has the capacity to adapt and respond to all these challenges,” Liviu Dobre says.

According to Ungureanu of Agrii, prices have been on a downward trend in recent months, but this does not preclude the possibility of future price increases or volatility at the European level for some crops: the most likely to see such changes are maize, barley, wheat, and soy. “Price increases would be largely linked to geopolitical movements or the dithering of ongoing geopolitical conflicts, combined with a possible contraction of production in other geographies,” she explains.

“The new fiscal measures will increase labour costs, which along with other factors such as inflation, the cost of energy, fertilisers, fuel, etc., will influence the cost of converting raw materials, leading naturally to a conclusion that prices will not be able to stagnate,” says Popa of Transavia.

Ioan Popa, Transavia SA
“The removal of fiscal facilities for the agricultural sector, which has already led to a decline in nationwide real and nominal wages, adds additional pressure on entrepreneurs in the food industry who were already grappling with significant human resource challenges.”

Monalisa-Elena Ungureanu, Agrii Romania
“Regenerative agriculture trends supported by EU legislation prioritise minimal soil disturbance while emphasising increased soil biodiversity and topsoil regeneration. This approach encompasses various techniques, such as no-till farming, reduced tillage, crop rotation, and many others.”

Liviu Dobre, Agricover Holding
“By adopting digital technologies, farmers can optimise their operations and manage resources more efficiently. This translates into increased yields and reduced costs, which are fundamental in a competitive agricultural environment. Moreover, digitalization allows for more accurate data collection and analysis, facilitating informed decision-making.”

Romania's startup ecosystem seeking growth in challenging election year

While Romania is gearing up for a busy electoral schedule later this year, startup investors are seeing tech as the main driver of growth for 2024, but also keeping an eye out for potential changes in taxes and regulations once political waters settle.

By Ovidiu Posirca

In CEE-based markets, startup investment activity was stable in Q3 2023, recording new rounds with a combined value of EUR 560 million

This summer, EU citizens will head to the polls to elect a new European Parliament. In addition to that, Romania is set to hold local, parliamentary, and presidential elections, all in Q4.

"Usually, early-stage investments are less susceptible to such political events, but this year with half the globe having elections and amid many populist measures and actions, the incentive to start new endeavours could be affected by new taxes or regulations," Alexandru Bogdan, the CEO of ROCA X, tells BR. "Starting a new tech company in such a context is all the more admirable and worthy of support from mentoring and investment players," he added.

Cristian Munteanu, managing partner at Early Game Ventures, adds that there are few political interests that could interfere with early stage, seed or even Series A funding rounds.

"Taxation, the labour market, the minimum wage, the increased VAT—these may have an impact on any young company, but I believe changes in these areas to be more likely in 2025, after all the elections," Munteanu tells BR.

On the other hand, Ilinca Paun, founder of Bravva Angels, says the election year could have a positive influence, as it brings hope and potentially new opportunities for startups.

"The focus is on economic development, which could translate into increased funding opportunities, grants, and incentives for startups," she tells BR.

The industry is also dealing with some challenges of its own, mainly having to do with the reduction of funding flows. The European tech ecosystem recorded a 45% drop in new investment in 2023 compared to the previous year, to USD 45 billion, according to an Atomico report. Nevertheless, the report noted that 2023 was on track to be the third-largest year on record by total capital invested, as well as on track to come in at four times the volume seen 10 years ago. But 80 percent of founders surveyed by Atomico said it was harder to raise venture capital in 2023, with their share falling only slightly compared to 2022. In contrast, only 18 percent of startup founders had said it was harder to raise capital in 2021.

Ilinca Paun, Bravva Angels

"Last year was challenging for both angel investors and startup teams. This came about somewhat naturally, considering the previous four consecutive years (2019 to 2022) when investors were generous and many startups received investments," Ciprian Man, co-founder of Growceanu, tells BR.

He adds that last year, angel investors were more cautious in adding new deals to their portfolios. At Growceanu, there were 9 follow-on rounds from business angels.

USD **309** mln

total amount invested in Romania-based tech companies in 2023, according to Atomico

EUR **400** mln

size of REF programme to be deployed for Romanian startups

"There were a lot of comments in 2023 regarding VCs' dry powder money, meaning their cash staying in bank accounts. Some portfolio companies could eventually run out of money, which would lead to lower valuations for those startups and a great opportunity for angels to invest," Man points out.

"Electoral years are peculiar, but one thing should continue regardless of election results: access to European funding for the startup ecosystem is on the rise and the natural next step is for the sector to be fuelled by significant public investments in the form of accelerators, funds, and other instruments for growth," Man adds.

Marius Ghenea, managing partner at Catalyst Romania, sees a real impact coming from Romania's Recovery and Resilience Plan (PNRR) when it comes to equity investments. He also mentions the Recovery Equity Fund of Funds (REF) programme, which has a budget of EUR 400 million and is managed by the European Investment Fund (EIF).

"Some of the funds accepted in the programme might be able to start and announce their initial investments in 2024," Ghenea said, suggesting that this programme would have a bigger impact than the elections on the startup ecosystem.

WHAT WILL DRIVE INVESTMENTS THIS YEAR?

Startups integrating Artificial Intelligence (AI) will be on investors' radars this year, consolidating a trend that has been seen across all major markets in the past year.

Alexandru Agatinei, CEO of How To Web, thinks we have only seen the "tip of the iceberg" in what appears to be the driver of investments in Romania and the CEE as well as the broader Eastern European region. He explains that the driver is represented by startups developing products in the field of AI and deep tech.

"It is worth mentioning that apart from the market opportunity, AI is bringing the next big shift across industries and individually in everyone's lives," Agatinei tells BR.

"The venture industry can be influenced by external events, but those are linked to global crises such as wars, layoffs, and market downturns, as well as global opportunities such as emerging technologies (AI and others) and rising industries (automation, sustainability, etc.). In part, this is good news," Agatinei argues.

Munteanu of EGV predicts that "some of these startups will truly use AI to solve client pains, but many will just ride the wave of the latest buzzword."

"Contrarian investors will look elsewhere, trying to find early the next 'big thing,' which will most likely have AI integrated into it already. Segments of interest may include Cybersecurity, Compliance & Legal Tech, AgriTech, and Dev Tools," he notes.

Bogdan of ROCA X hopes this year will unlock the new generation of local VC funds, making them capable to provide much-needed early-stage support and maintain the growth of the ecosystem. He predicts that the rapid evolution of AI and the focus on longevity initiatives will continue to make headlines throughout 2024.

"But I believe that innovation can appear in any niche, and as early-stage investors, we have the duty to evaluate initiatives from all areas, find out which founders have the passion to change the world in the niche that matters to them and, if we can validate their beliefs, provide them the support to reach their potential," he says.

Ghenea of Catalyst Romania also sees the tech vertical as the most important segment for investors this year, especially on AI and automation, EdTech, and Industry 4.0. Additionally, he expects the rise of the green vertical, through Greentech and Cleantech or even more traditional business models like recycling, along with the circular economy model in general.

Talking about opportunities for startups in Romania and the CEE region, Paun of Bravva Angels explains that there are more options for established startups, who can run bridge rounds with capped valuation and discounts for conversion in the following round.

"We can see late-stage companies opening up to business angels, as VCs are tough on revenue conditions and want lower valuations. This is an opportunity for angels to advance on the financing supply chain and get access to deals that would otherwise not be on the table," she explains.

Aside from AI, Paun sees potential for startups in deep tech, especially SaaS.

"I consider B2B SaaS to be the winner, as it has the most predictable go-to-market strategy, close to what most of founders have experience in. The Romanian B2C market is

Ciprian Man, Growceanu

TOP 10 STARTUP INVESTMENTS BY FIELD AND DEAL SIZE IN 2023

Field	Share
Sustainability/Climate	13.1%
AI/ML	10.6%
Electric Vehicles	7%
Energy	5.9%
Health	4.9%
Transportation	4.6%
Digital Care	4.1%
Blockchain & Cryptocurrency	3.7%
Carbon Measurement	3.6%
Robotics & Drones	3.6%

Source: Atomico

not easy to control and is too volatile with its economic variations," she adds, noting that she sees more potential for B2C solutions in the green energy and healthcare sectors.

Cristian Munteanu, EGV

Looking at the bigger European picture, the carbon & energy sector, including climate tech, accounted for 27% of all capital invested in European tech in 2023. Its share has more than doubled compared to 2021, according to Atomico.

This sector has raised more capital than finance & insurance, as well as software, due to the ongoing green transition that is backed by EU authorities.

Significant gains were also recorded in core technologies such as AI infrastructure, quantum computing, and semiconductors.

For early-stage investments, software, carbon & energy, and health are the top three most important sectors.

STARTUP FUNDING ON STABLE FOOTING IN CEE

In CEE-based markets, startup investment activity was stable in Q3 2023, recording new rounds with a combined value of EUR 560 million. This was similar to the result recorded in Q2 2023, according to Vestbee VC data.

"This steadiness in investment volume and value indicates a pause in the downward trend in available financing. However, it is imperative to acknowledge that this resilient posture falls short of reinstating the heightened levels observed in the dynamic periods of Q1 and Q2 2022," the report reads.

EUR **560** mln

startup investments in CEE during Q3 2023

In the region, the biggest funding round recorded in Q3 went to Lithuanian startup PVcase, specialising in solar project design software. The company secured a joint investment of USD 100 million, which took its total funding to over USD 123 million. PVcase has operated almost exclusively from its revenue stream while expanding into 75 countries.

Among the largest deals there was also Romanian startup Druid, a conversational AI platform, which raised USD 30 million in a Series B round.

A breakdown of startup specialisations shows that investors preferred energy, fintech, cybersecurity, SaaS, analytics, and AI across CEE markets during Q3 2023, according to Vestbee VC.

USD **100** mln

biggest round in CEE region in Q3 2023, raised by PVcase

ROMANIA RECORDS INVESTMENT GROWTH IN TECH COMPANIES

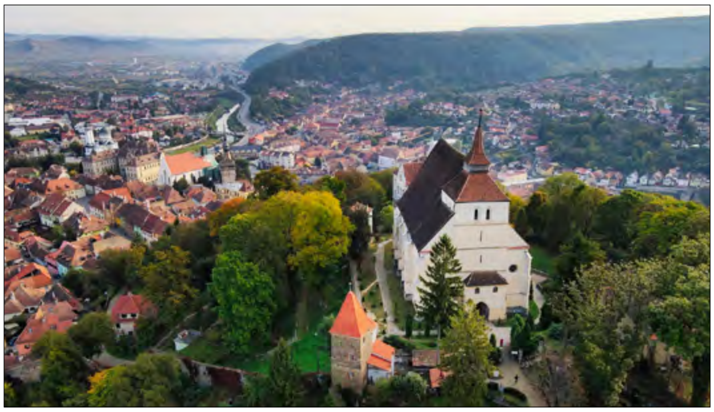
Atomico's report shows that the slowdown of capital invested in private European tech companies was a key trend during 2023, with large year-on-year declines recorded in every major European country. However, Lithuania, Romania, and Luxembourg were the only countries to have recorded a year-on-year increase in total capital invested last year.

Total investment volumes in Romanian tech startups reached an estimated USD 309 million during 2023, compared to USD 110 million in 2022. The country has seen more growth-stage investments in tech companies, while early-stage capital allocations fell by close to 50 percent year-on-year. Despite the gains in investment activity, Romania is still lagging on the number of funded startups per country. Atomico's data points out that there were 119 startups per capita funded last year as a European average. By contrast, Romania had only 16. In the region, Poland had 27 funded startups per capita, Czechia recorded 39, and Hungary 53. In this field, Estonia is the leader in Europe, with 421 startups per capita having received funding.

Year in review: Romania's thriving investments in art, heritage, and culture

Romania's cultural infrastructure got a boost in 2023 as the country tapped into international funding. From immersive art museums to restored historical landmarks, the country's cultural initiatives showcase a diverse and vibrant cultural landscape. Business Review explores several notable projects that have breathed new life into the country's cultural institutions, fostering creativity, education, and a deeper connection to national heritage.

By Oana Vasiliu



The Medieval Citadel of Sighisoara

The National Szekler Museum in Sfantu Gheorghe

NEW OPENINGS

Alongside the revitalisation of existing cultural spaces, Romania has also welcomed the exciting emergence of new museums.

Museum of Immersive New Art – MINA Bucharest

Romania's first Museum of Immersive New Art, MINA, also stands as the largest centre for new media art in Southeast Europe. The museum occupies a vast 2,500 square metres and features dedicated zones for both adults and children. Visitors are greeted by a virtual guide, an AI-powered conversational avatar. There's a section dedicated to temporary new media art exhibitions, and plans include launching an innovation laboratory with cutting-edge equipment for artists.

The Water Museum, Timisoara

The Water Museum finds its home in Timisoara's former Urseni Water Plant, which housed the first industrial water extraction, processing, and purification machinery in the Banat region. Extensive renovations, costing RON 1.5 million, revitalised this historical location, connecting people to the region's water-related identity. The museum aims to bridge the gap between science, technology, and art, fostering interdisciplinary experimentation and creativity. Water, as a vital element, becomes a social bond, an object of investigation, and a source of inspiration.

Museum of Books and Romanian Exile, Craiova

The Museum of Books and Romanian Exile, situated in the Dianu House, a 20th-century architectural monument in Craiova, is a pioneering cultural institution. It houses nearly 40 valuable collections of books, manuscripts, audio-visual materials, personal items, and artworks from the exile generation. This museum was established through the 2014-2020 Regional Operational Programme, with funding of approximately EUR 5 million. It serves to highlight the literary and historical contributions of Romanian exiles.

Centre for Education and Training through Comics, Bucharest

Romania's first Centre for Education and Training through Comics includes the European School of Comics, offering learning, teaching, and evaluation through comics. It houses a research laboratory that explores the role, impact, and evolution of comics in education under the National Museum of Romanian Literature. The centre also has a comic book library that can be accessed for free.

Dracula Castle Museum in Arefu, Arges County

Positioned along the Transfagarasan road in Arefu village, the Dracula Castle Museum immerses visitors in the life of Vlad the Impaler. Decorations, stone walls, and brickwork, painted by local and regional craftsmen, recreate the era. The museum showcases objects from that time, and the Throne Room features life-sized figures of Vlad the Impaler and his nobles. Two projections, including one for children, offer insights into Vlad the Impaler's life.

THEATRE FACELIFTS

In 2024, Romania's dedication to cultural advancement encompasses its Theatres. The ongoing renovation of the Szigligeti Theatre

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in Oradea and the forthcoming construction of Grivita 53 in Bucharest reflect initiatives aimed at rejuvenating and enlarging theatrical spaces.

The Szigligeti Theatre in Oradea has inaugurated the Transylvania Studio Hall with 200 seats after significant renovations totalling approximately 1 million euros. The Theatre's former cinema building, Transylvania Cinema, underwent this transformation to serve various cultural activities. Another project in Bucharest involves the construction of Grivita 53, the country's first Theatre funded entirely by public donations, complemented by a EUR 2 million grant.

The Bulandra Theatre is undergoing consolidation and restoration funded by the National Recovery and Resilience Plan (PNRR), with improvements including actor's dressing rooms, sanitary facilities, and infrastructure updates.

The State Theatre in Constanta initiated the "Highway to the Theatre" project, bringing audiences from Bucharest and offering a visit to the Art Museum, along with a guided tour of the city's peninsula by the sea.

CINEMAS

With such a shortage of cinema screens in Romania, last year only welcomed two new entries: **the Scala in Zalau** and the renovated **Cinema Timis in Timisoara**.

In Zalau, the Scala Cinema recently underwent renovations through a European project worth over RON 16 million. After being closed since 2005, the it now boasts a large screening room with 217 seats, a smaller room with 40 seats, and a digital planetarium.

In Timisoara, Cinema Timis reopened as the second rehabilitated cinema by the Timisoara City Hall, following Cinema Victoria's 2022 reopening. The project, costing nearly RON 23 million, includes a 527-seat cinema hall and a multifunctional room with a retractable screen, professional sound system, and modular furniture.

Cinema Timis


Museum of Immersive New Art – MINA Bucharest

HERITAGE RECOVERY

The European Cultural Centre in Iasi revived the historic Braunstein Palace, investing EUR 6 million in its rehabilitation, consolidation, and reconfiguration. The palace now hosts various exhibition and conference halls.

In Bistrita-Nasaud, the **Evangelical Church**, a 14th-century symbol in the city's historic centre, reopened after renovations totalling over RON 13 million. This project aimed to restore the church, digitalize its historical artifacts, and attract half a million tourists over the next 11 years.

The Ethnography and Folk Art Museum in Tulcea reopened after more than four years of renovations, with an investment of approximately RON 18.8 million. Housed in the former National Bank of Romania building, it boasts a heritage collection of nearly 9,000 objects.

The National Szekler Museum in Sfantu Gheorghe went through modernisation and renovation, funded at a cost of RON 24.7 million. The project encompasses a complex of buildings and a dendrological park, along with a dedicated educational centre.

The Nicolae Balcescu Manor in Valcea County was restored with an investment of EUR 3.75 million. The manor, associated with the Balcescu family and hosting a significant Masonic collection, underwent consolidation, restoration, and modernisation. Plans include integrating the Masonic artifacts into the permanent exhibition and constructing a nearby hotel for tourism development.

The Country of Cris Museum in Oradea relocated to the former Garrison, expanding its space through an investment of RON 21.6 million. The new location offers a more extensive area for exhibitions and activities.

In Buzau, **the I.C. Bratianu Building**, formerly a surgical and military hospital, was transformed into a museum with an investment of over RON 20 million. The historic building has been restored and adapted to host multiple exhibition spaces.

Ion Creanga's Bojdeuca in Ticau, the first literary museum in Romania, reopened following an investment of RON 3 million. The project included various enhancements, such as an amphitheatre, educational spaces, green areas, and modernisation of the adjacent building for use as a library and temporary exhibition space.

The Pharmacy Museum in Cluj-Napoca reopened after six years of closure for rehabilitation. The Hintz House, which housed the Mauksch-Hintz Pharmacy for nearly two centuries, now displays an impressive collection of over 7,000 authentic objects.

The Tower and Butcher's Bastion in the Medieval Citadel of Sighisoara have been culturally revitalised through the CULTFORT project. They have been transformed into an unconventional cultural space, and a strategic plan for the cultural development of Sighisoara has been devised. The "CULTFORT - Urban Cultural Fortress" project received a total non-repayable funding of RON 794,115 through 2014-2021 EEA Grants.

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