



## PRESS RELEASE

### FIC Business Sentiment Index

Bucharest, 9 October 2014

The Foreign Investors Council - FIC has continuously provided input for policy makers in their effort to achieve a better business environment that will result in improved economic results for Romania. FIC represents a significant business segment in respect of investments in Romania and its members account for approximately two thirds of all total foreign investments in Romania.

In their effort to provide further input FIC is pleased to share the results of its first business sentiment questionnaire based on FIC member responses that participated in the survey.

In the survey members were asked as to their 1) expectations of results of operations and growth expectations 2) capital investment outlook for the coming year 3) attractiveness of Romania compared to other similar geographic locations of their respective group companies 4) workforce plans and 5) administrative, legislative and fiscal environment when conducting their businesses.

The FIC members, for the comparative period December 31, 2013 and June 30, 2014, note their sentiment as follows:

#### Result of operations and business outlook

A very small group of respondents (3.5%) note that they expect a significant increase in their revenues. The major proportion of respondents (57.6%) expects their revenues to improve slightly this year. We note that there is a positive increase in this from 51.5% in December 31, 2013 to June 30, 2014.

**However, compared to December 31, 2013, the number of respondents expecting contraction in their revenues significantly increased from 6% in December 31, 2013 to 20% in June 30, 2014.**

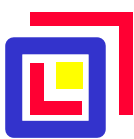
Similarly companies that felt their business will remain unchanged this year, has gone down from 39.3% to 19.2 %.

A very small percentage of respondents saw their domestic market to grow significantly (3%), however the number of respondents that felt that their business will grow somewhat have gone down from 48.8% to 40%. The respondents expect a higher contraction in domestic market that saw an increase from 12% to 20% while there was a slight improvement (4.7% from 6.6%) for their export markets.

#### Capital investments and workforce plans

The majority of the respondents (48%) are planning to keep the capital investments at last year's level. 24.14% would see to invest more and 6.9% will reduce it significantly. **Overall there is a lull in investments. Respondents have noted that "We do not see reasons for a more optimistic view; investment will probably wait for a better period to come in Romania".**

We noted a decline in sentiment by respondents (27.5% in June 2014 compared to 38.2 % in December 31, 2013), when asked about attractiveness of their capital projects in Romanian



operations while competing for funds for capital projects within the group. No major change in workforce plan is noted with 55.5% respondents expecting similar workforce as in prior year, 24% planning a small increase, while 20.6% expecting a small decrease.

#### **Legislative environment and administrative effectiveness**

44.4% of respondents feel as of June 30, 2014, that the overall legislative, fiscal and administrative environment has moderately worsened compared to December 31, 2013 of 42.8%. Respondents noted that the economic environment in Romania presents opportunities for growth, but the predictability of the fiscal and regulatory framework needs to be improved. Respondents also noted that the high and costly bureaucracy, as well as authorities and administrative bodies lack of planning capabilities is resulting in investment decisions to be on the cautious side in such environment. Additionally respondents noted that the public sector needs stability related to personnel (human resources). The often changes of the staff does not help public-private interactions and jeopardize the continuity of the ongoing projects. Additionally, respondents note that there is a lack of co-operation in common projects to facilitate lowering the unemployment or development in various domains: technology, infrastructure, research, etc.

***Overall, respondents acknowledge there is potential and some good economic indicators, but the sentiment remains cautious with a reduction in confidence in growth prospects as well as in investment decisions.***

For further information please follow the link below or contact us at [office@fic.ro](mailto:office@fic.ro).  
<http://www.fic.ro/FIC%20members%20business%20sentiment%20index%20survey%20-%20october%202014.pdf>

The Foreign Investors Council (FIC) is an association of the leading investors in Romania. The FIC was established in 1997 when it officially began its activity with 25 companies as members.

Today, the FIC has 117 member companies whose cumulated investments in Romania exceed EUR 35 billion, representing approximately two thirds of the total foreign direct investment made since 1990.

The FIC includes companies providing the Romanian economy with a variety of goods and services and creating almost 200,000 direct and indirect jobs.

In the Top 10 largest companies by turnover, eight companies are FIC members, and 35 member companies are included in the Top 100 – as per the report “Major Companies in Romania” published in 2013 by IBP.

**Foreign Investors Council (FIC) – [www.fic.ro](http://www.fic.ro)**