

# FIC VISION

## Key Priorities

## I. Budget, Taxation & Reform Of The Tax System



1

**Fiscal consolidation:** reducing the budget deficit by increasing revenue collection and controlling expenditure.



**Measures:** combating tax evasion/fraud and reducing the VAT gap, strengthening the administrative capacity of ANAF through digitalization (integrating risk management and modernizing systems), rationalization of public expenditure through multiannual program budgeting, prioritisation of investments, regular monitoring of expenditure, reforms of salaries of public sector employees and pension reform (restricting early retirement opportunities, eliminating special pensions over time)

2

**Reform of the fiscal system**



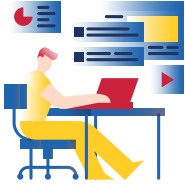
**Measures:** legislative predictability (the legislative amendments in the fiscal field to enter into force at least 6 months after publication), reanalysing the entire fiscal system to ensure fairness and eliminate distortions (gradual withdrawal of fiscal incentives/facilities, exemptions from various chapters of the Fiscal Code that generate inequity), analysis of income taxation for individuals - flat tax versus a system with progressive rates aimed at total taxation (income tax and social security contributions) as a percentage of gross salary. In 2021, total taxation was 37.2%, while the EU average was 31.9%, and the OECD average was 34.5%. According to the latest data published by Eurostat, Romania is the 5th country in the EU, at the same level as Austria, in terms of the tax burden on salaries. This analysis must be carried out taking into account the structure of the local economy as well as the administrative capacity of ANAF.

## II. Human Capital



3

**Labor shortages:** reforms are needed in two vital sectors: public health and education systems.



**Measures:** Reforms in two vital sectors, which are predominantly managed by the state: public health and education systems, with a focus on spending analysis, digitalization of the health system, development of skills development centers, involvement of social partners in the development of the educational curriculum, and, regular updating, flexibility of the labor regulatory framework, diminishing the undeclared work phenomenon, revision of the legislative framework and taxation for part-time contracts.

## III. Energy Transition, Environment & Sustainability



4

**Regulation and financing:** stronger collaboration between industries, government, and other institutions to better structure the regulatory framework and financing options



**Measures:** Strengthening electricity storage capacity, investing in energy efficiency in industry, ensuring energy efficiency of buildings, accelerating the decision-making process on the use of European funds available for the modernization of the energy sector, and harmonization of strategic documents for environment, energy and sustainable development, improvement of the waste management system.

5

**The preparation and implementation of new technologies** (CCUS, Biomethane, batteries / flexibility assets, hydrogen etc.) would foster innovation and knowledge sharing and enable the most cost-effective solutions to be found in all economic sectors, but also in the public sector.



**Measures:** Encouraging FDI that can lead to investments in renewable energy projects, technology transfer and know-how, which can stimulate the development and adoption of renewable energy in the medium and long term.

# IV. Business Environment & Investment



6



**Removing regulatory constraints (administrative barriers):** that hamper the economic growth of productive firms and streamlining administrative procedures.

**Measures:** transparency of the legislative process, limitation of the number of emergency ordinances, reducing bureaucracy (reducing number of permits, digitizing approval systems)

7

**Institutional design for attracting investments:**

**Measures:** The efficiency of the foreign investment agency can be maximised if it reports to a supervisory board that includes representatives from all relevant institutions in attracting foreign investment (Ministry of Finance, Ministry of Economy, Ministry of Foreign Affairs, Presidential Administration) and even representatives of embassies and the private sector that could bring more responsibility, efficiency and promotion of the image of Romania. The direct reporting to the prime minister and the existence of a supervisory board with multi-institutional representation is a signal that the entire government is oriented towards performance and reforms in the direction of attracting FDI, and it is not only a consequence of the effort of a small unit or representatives of the private sector.



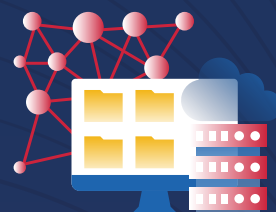
Collaboration with private investors: association with the main investor groups (foreign and domestic) in Romania, so as to facilitate the links between foreign and Romanian private companies and, further, with universities, local and central public authorities.

Monitoring the impact of EU-wide regulations and policies on location decisions and cross-border investment, while learning from regional best practices, to make timely use of emerging FDI opportunities.

Given the development disparities between regions and the concentration of FDI in certain areas, each municipality in Romania should have sector presentations, opportunities, industrial base, potential suppliers and the dynamics of the economy in recent years.

Strategic use of sectoral state aid schemes: state aid schemes focus on a selection of areas that (i) are locally competitive or (ii) have high potential to bring high added value in the economy.

# V. Digitalization & Innovation



8

## Investing in the digitalization of public institutions



**Measures:** financing the development of digital infrastructure of public institutions, digitalisation of the processes in administration, using Next-GenEU funds of 5.97 billion euros. Implementing government cloud as the central pillar of this transformation, with the aim of simplifying the services and interaction of citizens and companies with public administration.

9

## Research-development, innovation



**Measures:** Increasing the scale and effectiveness of research and innovation spending and strengthening the innovation ecosystem, providing selective tax incentives, co-financing for research, development and innovation, and, simplified administrative procedures and modernisation of ICT infrastructure.

# VI. Governance & Companies With State Capital



10

## Efficiency of state-owned companies and reduction of their overdue liabilities



**Measures:** Consolidated rules on corporate governance of state-owned companies should be properly applied and monitored.

Developing the administrative capacity of public authorities in the management of financial instruments and in the design and implementation of public infrastructure projects financed by financial instruments.