



Submission No 49

Inquiry into Australia's Overseas Representation

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Romania: Geographic, Politic, Strategic, Economic, and Social features

Romania is a Central-Eastern European country, full member of the European Union (which is one of the most important economic and trade partners for Australia, and the second contributor, after Australia, for assistance for development in Asia-Pacific).

Romania is an important NATO member, with a substantial contribution to various NATO missions, and a very good cooperation with Australia in several such missions.

Within the 27 members of the European Union, Romania ranks 7th in terms of population (and representation in the EU Parliament), and 9th as geographical area.

Bordering both the Black Sea, and the Danube river (the most important river transport lane in Europe, with a 100 bill. Euro development project of the EU for the next 10 years), Romania has a geo-strategic location of special interest, also being centrally positioned for the main existing, and forthcoming energy transport networks (especially natural gas) from Western and Central Asia to Europe.

With various and substantial natural resources, both on-shore, and off-shore, large railroad and land transport network, and a huge agricultural potential, Romania offers extensive possibilities and opportunities for economic cooperation, and investments, not only direct, bilateral ones, but also on third regional markets.

Romania is also a leading country in the fields of IT (second only to the Republic of Korea in terms of broadband speed, with a rapidly growing fiber-optic network, and a substantial number of very good computer soft companies), and green energy (especially wind generated. European and Eurostat studies estimate that Romania will be, by 2020, one of the major countries in the EU, if not the first one, in terms of wind generated energy).

In the economic field, due to the early and appropriate measures taken within the context of the global economic and financial crisis, Romania is currently among the few European countries which has a positive economic growth (estimated to 1.5 – 1.8 % for 2012, significantly over the EU average), and a balanced external debt and current deficit, within the limits established by the EU, and an inflation and unemployment below the EU average. The forecast of the main international rating agencies for Romania is “Stable; suitable for investments”. Consequently, in March 2012, the total amount of foreign direct investments in Romania was almost 10 times bigger then the same period of 2011.

Concerning the politic and diplomatic relations, Romania and Australia are entirely like-minded countries. Like Australia, Romania has a traditional policy of extending, and developing friendly and mutually beneficial relations with all countries, promoting and supporting all the international, and EU core values of democracy, liberty, human rights, and rule of law.

In Bucharest are the resident Embassies of 82 countries, and the permanent missions of 14 important international organizations, which place Romania among the major countries within the EU in terms of diplomatic representation.

Romania: Economic and Social data

The main economic and social data are presented in the annexed Fact Sheet.

Diplomatic relations

Diplomatic relations between Australia and Romania were established in 1968.

Romanian representation in the Commonwealth of Australia:

- **The Embassy of Romania to Australia**
- The Consulate-General of Romania in Sydney, NSW
- The Honorary Consulate of Romania in Melbourne, Victoria

Australian representation in Romania:

- The Honorary Consulate of Australia in Bucharest

Australia – Romania bilateral interests, potential interests, cooperation, and Australian presence in Romania

Politic, Diplomatic, and Strategic interests and cooperation

- Based on sharing the same core values, and similar views of regional and international main issues and developments, Romania and Australia have had, and have a very good cooperation in various political and diplomatic fields and topics, as well as within the international, and regional organizations, mutually supporting their candidateship / initiatives.
- Both countries have had, and have a very good cooperation in stabilization and peace keeping operations (e.g. currently ISAF).
- A very good cooperation in managing migration issues, respectively through the UNHCR Transit Centre in Timisoara, Romania.
- Unfolding and promoting excellent relations with common major partners, like the US, the EU, and the major Asian Countries.

Economy, trade, and investments

Although the two-way trade is not substantial (approx. A\$ 80 million for 2011), the features already mentioned for Romania, the unfolding and the forthcoming projects, both national, and regional, offer a very good, interesting, and suitable base for economic and scientific cooperation (in the fields of industry, oil and gas, mining, energy, green energy, transports, services, health and education infrastructure, research related areas, agriculture, bio-agriculture, etc.), as well as for significant investments in most of these fields, benefiting of the already established and accepted standards and legislation within the EU.

Australian companies are interested to enter the Romanian market, especially in the field of oil, gas, and mineral resources, for on, and off shore exploration and exploitation. One of these Australian companies has invested approx. Euro 30

million (A\$ 36 million) for a natural gas extraction perimeter in Romania, and forecasts expanding its operations.

Several Australian, and Australians of Romanian descent have invested in agricultural projects in Romania.

For tourism, there is a substantial – and growing – interest of Australian citizens to travel to Romania. If in 2009 there was an average of 15 – 20 inquiries every week concerning the travel conditions for tourism in Romania, presently the Embassy receives more than 80 – 100 such quest in the same period of time.

Regional representation

The very special and close relation Romania has with the Republic of Moldova (inclusively the same language, history, traditions and aspirations) can substantially facilitate and support Australia's interests in the region.

Conclusion

Considering the presented data and facts, the opening of an Australian Embassy in Bucharest would not only be very welcomed by Romania, but would represent an important, and useful instrument for further promoting, developing, and extending the bilateral relations, and Australia's relations with the EU and the non (yet) EU countries in the region.

Furthermore, and besides being a reconfirmation of the principle of reciprocity in the bilateral diplomatic relations, an Australian Embassy in Bucharest would:

- facilitate and uphold the bilateral relationship framework;
- further support and promote the bilateral dialogue in all areas of mutual interest;
- better serve the interests of the significantly growing number of Australian citizens traveling to Romania (and to / from the EU via Romania);
- substantially facilitate the two-way promotion of economic, financial, and trade interests of both countries and their businessmen / investors;
- be of significant support inclusively for the Australians of Romanian descent, and their important role of economic, social, and cultural bridge between Romania and Australia;

An Australian Embassy in Bucharest would also be the best current option for being accredited in the Republic of Moldova as well, for the reasons already stated.

Romania – Economic and Social Data

April, 2012

- **GDP / capita** – 46 % of the EU average in 2010 (PPS)
- **Public Debt** – 34,3 % of GDP

Indicators	2010	2011	2012 (forecast)
GDP (billion Euro)	122	136,7	aprox. 136
Economic Growth (%)	-1,3	2,5	1,5
Budgetary Deficit (% of GDP)	6,5	4,35	below 3%
Current Account Deficit (% of GDP)	4,1	4,0	-4,7
Inflation	6%	3,14%	3,4%
Unemployment (according to International Bureau of Labor)	7,3%	7 % (end of year)	7,3%
Average net wage (Euro)	331	348	361
Rate of Exchange Leu / Euro (annual average)	4,25	4,23	4,26
Exports (billion Euro)	37,2 (28% increase)	45 (20,5% annual increase)	47,6 (11% annual increase)
Imports (billion Euro)	46,8 (20% increase)	54,7 (16,7% annual increase)	58,2 (11% annual increase)
Foreign Direct Investments	2,69 billion Euro	2 billion Euro	-

Foreign Trade

- Was, next to agriculture, one of the major vectors for economic growth in 2011.
- **Main exports:** products of the machine industry, inclusively electro-technical, chemical products, plastics, metal products, textile and leather, agriculture and food products, minerals, wood and wood products (furniture), paper.

Investments

- Top 5 states of origin for foreign investments in Romania are: **The Netherlands** (27%), **Austria** (11,3%), **Germany** (8,48%), **Cyprus** (7,15%), **France** (6,55%). The **total of foreign direct investments in Romania** is more than **55 billion Euro**.
- Main areas of the Romanian economy for foreign investment: industry (machines, chemistry, metallurgy, etc.), drilling and extractive industry, electricity, thermal energy, oil land gas, water, financial services and insurance companies, real estate, trade, IT industry.
- Important areas for investments are also: transport, agriculture, energy, tourism, and health system.

Banking System:

- Foreign Institutions own 85% of the total of the actives in the banking system. Main foreign branches are from **Austria** (Erste, Raiffeisen, Volksbank etc.), **France** (Societe Generale), **Italy** (Unicredit, San Paolo etc.), and **Greece** (AlphaBank, EFG - Bancpost).
- In spite of tensions of international financial markets, the Romanian banking system preserved flexibility, and the average rate of capital suitability in the banking sector is at a high level (more than 13%).

Privatizations:

- For 2012, the Romanian Government intends to privatize various bundles of shares *minority, or majority shares) for the following major companies: Tarom (airlines), CFR Marfă (railroads), Romanian Post, OMV Petrom, Transelectrica, Transgaz, Romgaz, Hidroelectrica, Nuclearelectrica, Oltchim (chemicals), CUPRUMIN Abrud (copper mine), Electrica Serv, Electrica Furnizare, Electrica Distribution, Elcen Bucuresti, and the energy plants Oltenia and Hunedoara.

Private – Public Partnerships PPP (for which interested partners are to be identified)

- **Transport and infrastructure** – Highways: Comarnic - Braşov, Sibiu – Piteşti, Ploieşti - Buzău – Focşani, Southern Bucharest Ring, and Northern Bucharest Ring, Târgu-Mureş-Iaşi-Ungheni.
- **Energy** - Tarniţa – Lăpuşteşti Hydro-Central, finalizing the 3 and 4 nuclear units at the Cernavodă Nuclear Power Plant, Thermocentral in Doiceşti, International AGRI Project (interconnector for gas transport Azerbaijan - Georgia - România).
- **Environment and agriculture** – navigation channel Siret- Bărăgan.
- **Regional Development** – Finalizing the navigation channel Danube – Bucharest, Road bridge over the Danube: Brăila - Tulcea, housing projects, etc.
- **Health system:** Building 6 regional emergency hospitals in Timişoara, Cluj-Napoca, Târgu-Mureş, Iaşi, Craiova, and Bucharest, and the health centre „Ana Aslan”.