



Romania

Population ¹	19,587,491
Area (km ²) ¹	238,400
GDP per capita (USD) ¹	10,792.96
TPES (Mtoe) ²	31.74
Energy intensity (toe/10 ³ 2010 USD) ²	0.16
CO ₂ emissions - energy (MtCO ₂) ²	67.90

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Romania’s overall risk level against the assessed areas is **low**.

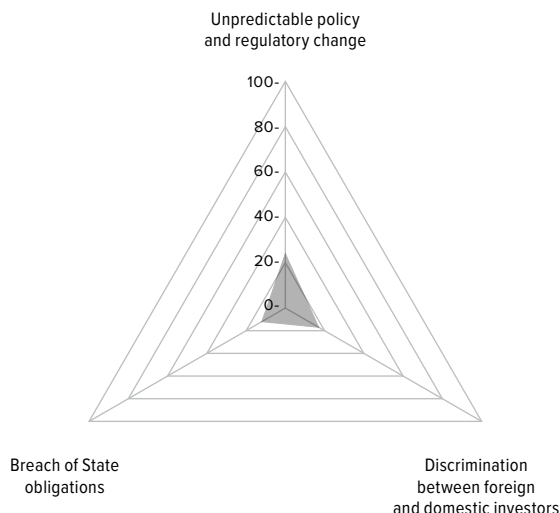
Among the three EIRA risk areas, *breach of State obligations* continues to be lower compared to *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Romania has a very good performance on two of the EIRA indicators. It has a good performance on one indicator and a moderate performance on one. It has maintained a score of 88 on the indicators *rule of law*, and 81 on *regulatory environment and investment conditions*. *Management of decision-making processes* is again at 80, while *foresight of policy and regulatory change* is at 59.

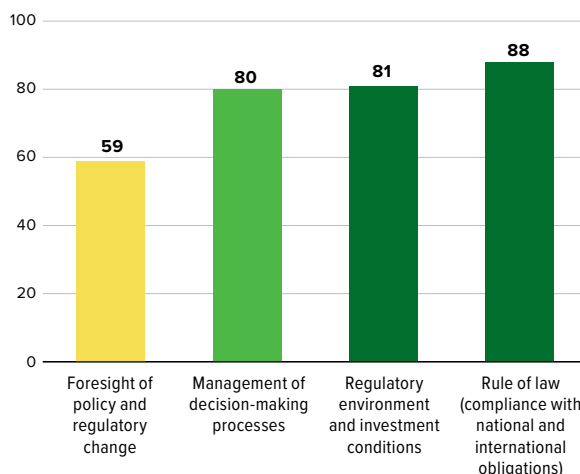
On a more detailed level, Romania’s overall sub-indicator performance is also good. *Respect for property rights* and *restrictions on FDI* remain the highest-scoring sub-indicators with 100 and 90 points, respectively. *Institutional governance* stands again at 88 and *management and settlement of investor-State disputes* at 75. A good score has been obtained for *transparency* and *regulatory effectiveness*, both with 72 points. Performance on *robustness of policy goals and commitments* is good with 68 points. *Communication of vision and policies* remains the lowest-scoring sub-indicator with 50 points.

Romania provides attractive conditions for investors and is working in the right direction. Attention should be given to better communicating the country’s vision and policies.

RISK LEVEL



INDICATOR PERFORMANCE

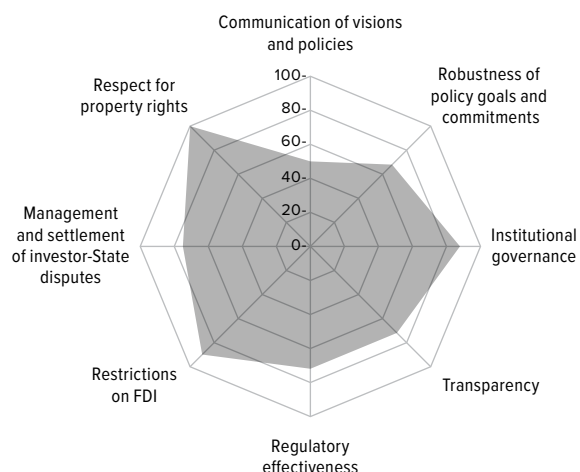


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	25	25
Discrimination between foreign and domestic investors	17	17
Breach of State obligations	13	13

INDICATORS	2018	2019
Foresight of policy and regulatory change	59	59
Management of decision-making processes	80	80
Regulatory environment and investment conditions	81	81
Rule of law	88	88

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The Energy Strategy 2007-2020 continues to be the main energy strategy document in force.

The draft of the first National Energy and Climate Plan sets the national targets for 2030 regarding the reduction of GHG emissions, the share of renewable resources in the final energy consumption, and the increase of energy efficiency.

Romania ratified the Paris Agreement in 2017 and submitted its NDC together with all Member States of the EU.

STRENGTHS

Romania has achieved a balanced and diversified electricity mix. The policy targets in terms of energy transformation are stated in the Energy Strategy 2007-2020. Significant progress has been achieved in the renewables sub-sector with the 2018 revisions in the relevant regime ("E-Res Promotion Act"). Provisions have been drafted on prosumers, the process for supplying the network with the produced energy, as well as on exemptions from tax obligations. The latest initiative for supporting the transition to a low-carbon economy is the establishment of a Specialised Energy Efficiency Investment Fund. This comes in addition to existing financing options, such as the Operational Programme for Large Infrastructure 2014-2020 and the Regional Operational Programme 2014-2020.

The Ministry of Energy maintains its role as the lead authority for monitoring the implementation of the overall energy strategy. The National Authority for Energy Regulation (ANRE) monitors the implementation of the National Energy Efficiency Action Plan and the Law no. 121/2014 on energy efficiency. It submits an annual report to the Government and the European Commission on the progress made towards the national energy efficiency objectives. According to the data presented by the ANRE in the 2018 report, Romania is on track with its renewable energy target for 2020.

AREAS FOR IMPROVEMENT

The energy policies should be comprehensively reviewed to meet the current challenges and fill in gaps in the country's vision for the energy sector. The adoption of the draft Energy Strategy 2019-2030 will provide clarity about the prospects of the national energy sector. The new Energy Strategy should be supplemented by secondary legislation that is aligned with the EU 2030 framework for climate and energy.

Although the energy transition is an ongoing process and targets for renewable energy have been achieved, regulatory coherence is imperative. Achieving affordability and security of supply by investing in the fossil-based industries can undermine the country's de-carbonisation efforts. In light of this, the Government may consider creating sustainable strategies that will help Romania fully exploit its potential for wind and solar energy.

Management of decision-making processes

QUICK FACTS

The Ministry of Energy is responsible for the overall development of the energy sector.

The Ministry for Business Environment, Commerce and Entrepreneurship designs and implements investment-related laws and policies.

InvestRomania was established in 2016 to provide professional support and advice to foreign investors.

Romania enacted Law no. 544/2001 on free access to information of public interest and Law no. 52/2003 on decisional transparency in public administration.

STRENGTHS

The Ministry of Energy consults with other ministries and regulatory bodies on cross-cutting issues, such as investment incentives in the energy sector. Coordination between the Ministry of Energy and the National Agency for Mineral Resources (ANRM) took place during the process of revising Law no. 85/2003 on mining activities and Law no. 238/2004 on petroleum. The Ministry of Environment regularly reports to the European Commission and the UN on its GHG emissions, and climate change policies and measures.

National legislation contains detailed mechanisms for ensuring the participation of relevant stakeholders in the overall decision-making process. Public consultation announcements must be accompanied by a draft of the document, a feasibility study and an impact assessment. Legislative and regulatory proposals made by the Ministry of Energy and ANRE, during the EIRA assessment year, can be found on their respective website. For instance, the Ministry of Energy has posted on its official website the new draft of the Energy Strategy 2019-2030 which will be approved only upon the completion of public consultation and the conclusion of the environmental impact assessment. Moreover, national authorities are required to draw up and publish an annual report, which includes information regarding the number of debates organised, the participants, the quantity and impact of the recommendations received, and cases in which the public authority has been sued for failure to comply with these requirements.

AREAS FOR IMPROVEMENT

As suggested in 2018, the availability of official translations for key energy documents and laws currently only in Romanian will facilitate access to information for foreign investors. Moreover, it should be ensured that all public entities, including ANRM, update their website on a regular basis to contain the entirety of information required by the relevant laws.

Regulatory environment and investment conditions

QUICK FACTS

The ANRE regulates the electricity, heat (produced in cogeneration) and natural gas sub-sectors under Law no. 160/2012 for the approval of Government Emergency Ordinance no. 33/2007 on the organisation and functioning of ANRE, as further amended by Law no. 1/2018.

The ANRM regulates and supervises upstream oil and gas operations.

The equal treatment of domestic and foreign investors is provided in the Government Emergency Ordinance no. 92/1997 on the stimulation of direct investment.

STRENGTHS

Amendments to Law no. 123/2012 on electricity and gas have created new rights and obligations for the electricity and gas sub-sectors. The concept of “natural gas trader” as a physical or legal person purchasing and selling natural gas exclusively on the wholesale gas market has been introduced. Regulations detailing the issuance of natural gas trading licences were enacted in 2019 by the ANRE. Through these, entities with a gas supply licence will be able to trade gas on the wholesale market without obtaining a separate trading licence. Moreover, an EU licensed entity may carry out gas trading or supply activities in Romania without holding a gas trading or supply licence issued by the ANRE.

The legal regime for foreign investment continues to provide access in all areas of the Romanian economy. Under the Government Emergency Ordinance no. 85/2008 on fostering investments, energy investors can be granted certain facilities subject to prior approval by the European Commission. For example, non-reimbursable financial support from European and national funds is granted to investments related to the production of energy from biomass, biogas and geothermal energy.

AREAS FOR IMPROVEMENT

In 2019, the Government increased the quota of non-EU/EEA workers admitted in Romania. This measure contributes to a higher mobility of foreign workers. The Government should pay attention to some remaining practices that may be perceived as burdensome, such as the three-year limitation on the stay of ICT workers holding leadership positions and the one-year limitation for trainees assigned in Romania.

In light of the growing need for investment in clean and cost-effective new capacities, the Government should consider employing additional mechanisms for tendering new wind and PV power projects. These mechanisms may include contracts for difference and power purchase agreements that are available for all participants in the electricity market, along with additional norms and instruments to handle energy price volatility and mitigate contractual risks.

Rule of law

QUICK FACTS

With the entry into force of Law no. 18/2017 on the termination of Bilateral Investment Treaties concluded between Romania and European Union Member States, Romania has moved to gradually phase out all its intra-EU BITs.

Romania ratified the Energy Charter Treaty in 1996.

Romania ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1975.

Romania acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1961.

STRENGTHS

Disputes between foreign investors and Romania may be settled, at the investor’s choice, by the national courts or an arbitral tribunal without prior exhaustion of local remedies. The Civil Procedure Code 2013 provides the possibility of mediation in civil and commercial matters. The Romanian courts enforce foreign judgments and foreign arbitral awards.

The current legal system continues to offer adequate protection of private property. Guarantees against expropriation, nationalisation and other measures of equivalent effect are provided by legal acts and international treaties on investment protection. Moreover, national laws define “public interest” and enumerate various public utility projects of national, regional or local interest as legitimate grounds for expropriation. The procedure and the calculation of compensation are also described in these laws. The determination of the value of expropriated assets and the amount of compensation can be challenged before the competent courts. Intellectual property rights constitute a form of protected investment. Currently, there are no restrictions on the transfer of technology.

AREAS FOR IMPROVEMENT

In line with last year’s suggested area of improvement, an investment ombudsman may be established to promote cost-effective and swift extra-judicial resolution of complaints against public authorities.

The introduction of binding time limits for all stages of a trial and the delivery of final judgments will further expedite court proceedings.