




ROMANIA – Dynamic automotive exporter

Sustainable growth

After 60 years of automotive tradition, Romania, with an optimal positioning in Central and Eastern Europe for increasing demand and automotive production, has a strong automotive industry with a modern and diversified supplier network. A new opportunity to develop further has arisen after Ford's takeover of the Daewoo Craiova plant. The Romanian automotive sector has known an important development during 2001-2007, mainly due to Renault's involvement at Dacia and its suppliers' investments. Following on their footsteps, more and more significant automotive suppliers decided to create production facilities in Romania. Taking into account that Renault decided to increase Dacia's production capacity to 400,000 vehicles per year and the CKD 800,000 collections (equivalent of 400,000 vehicles) that will be shipped to other Logan production facilities all over the world, and Ford's aim to produce 300,000 vehicles per year, growth of the automotive sector is assured, and Romania will manufacture the equivalent of 1.1 million vehicles in 2011.

Key figures

With a population of 22 million, Romania ranks as the second largest of the new EU member states, after Poland. The car fleet (in 1000) is 3,603, and the car density per 1000 inhabitants is 167. The Romanian automotive industry employs approximately 120,000 people (direct employment only). Local motor vehicles production has faced an extremely important growth over the last years. In 2007 it rose by 16% to 241,712 units, compared to 2006, and during the first 8 months of 2008 there was an increase of 13.6%, compared to the first 8 months of 2007. The export of passenger cars went up by 41.1%, for the first 8 months of 2008 reaching 101,126 units, figure that represents a growth up to five times compared to the whole year 2004. After an important increase of the automotive market of 21.6% up to 348,342 units in 2007 compared to 2006, the forecast for 2008 is that the automotive market will stabilize at a level of around 340,000 – 350,000 units. In March 2008 Ford took over the ancient Daewoo plant in Craiova, and plans to invest €650 million for upgrading and increasing the plant's production capacity up to 300,000 vehicles per year. The production will start in the second half of 2009; therefore 2008 will be influenced only by the production figures of Dacia.

 Direct automotive employment*	120,000
as share of total manufacturing	5.2%
Production of motor vehicles	241,712
of which production of passenger cars	234,103
Car fleet (in 1,000)	3,603
Car density (per 1,000 population)	167
* total employment depending on automotive sector is around five times higher	

Foreign direct investments

Renault remains the main investor in the automotive sector, with a total amount invested in Romania of €1.4 billion. More, Renault Technology Romania, the new investment at Titu means another investment of more than €100 million and will create 3,000 jobs, out of which 2,300 are for college graduates. Ford's announced plans to invest €650 million in the Craiova plant and the wave of suppliers that will follow Ford will bring new investments in order to create their own facilities in Romania. Meanwhile, the main foreign suppliers already established in Romania have announced investment plans in order to increase their production capacities and also to create new research centres – Ford, Continental, Siemens. Even though the labor costs have started to increase, they are still at 1/10 compared to the cost of one labour hour in Western Europe, so Romania continues to be attractive as a foreign investment target.

Suppliers

Today the number of suppliers for the automotive industry exceeds 500, with a total turnover of around €6.5 billion. A significant number of these suppliers are gathered in ACAROM – The Association of Romanian Automotive Manufacturers, the representative association in the automotive sector. Besides the Romanian suppliers, brands like Johnson Controls, Valeo, Trelleborg, Delphi, ACI, Siemens, Continental, Pirelli, Hella, TRW, Faurecia and many others, are producing in Romania for western OEMs. ACAROM's forecast shows that for the horizon of 2010-2011, there will be an increase of the total turnover for automotive component business (increase of current activities, new production facilities of the traditional suppliers of Ford), which added to the turnover of the two manufacturers DACIA and Ford, will lead to a total of approximately 10% of the total GDP of Romania.

R&D

The R&D linked to the automotive industry has started along with the development of the automotive industry in the 1960's. Now, the main pillars in R&D in the automotive sector are supported by two other pillars: academic research in the 11 technical universities and private research that has started to develop particularly as from 2005. In Romania, companies like: Continental, Siemens, Ina Schaeffer, etc have invested in R&D centres. With the newly created Renault Technology Romania, the R&D activities will substantially grow, bringing an added value to the production activities. With the perspective of DACIA and Renault vehicles being designed for the entire Central-Eastern Europe area at Titu as from 2009, and the funds being allocated by the Romanian authorities to the R&D in the automotive component sector, Romania will become a key player regarding R&D activities in the region.