

**Monthly Romanian Financial Bulletin**  
**April 2007**



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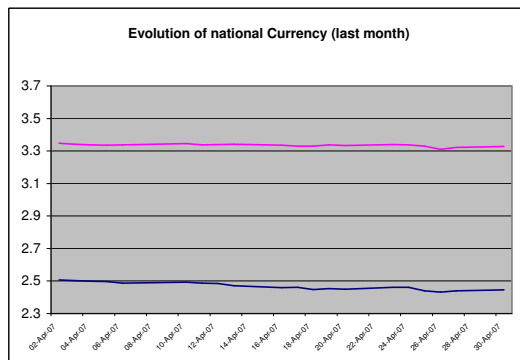
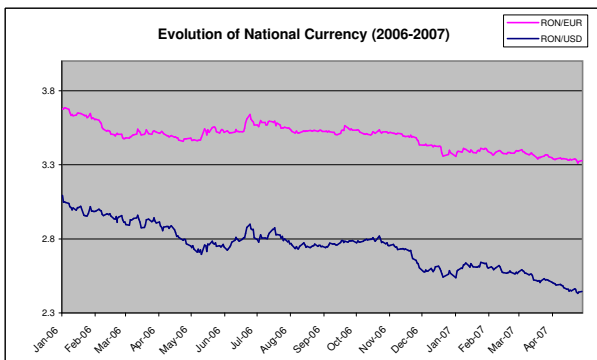
**Taxation**  
Tax Advisory Services  
Due Diligence  
Tax Compliance  
Personal Income Tax

**Romania**  
**General Data**

Population (th)	21,673
Surface (sq km)	238,391
Unemployment rate	5.8%
Per capita GDP (2005 in EUR)	3660.0
GDP (2005 in EUR bn)	79.3
out of which:	
Industry	27.7%
Agriculture	10.1%
Constructions	7.3%
Services	54.9%

Currency quotations		Foreign exchange rates				Inflation rate %			BNR base interest rate
30-Apr-07	Quotation	Date	RON/EUR	RON/USD	Date	Inflation rate %	BNR base interest rate		
	EUR/USD	1.3607	24-Apr-07	3.3374	2.4608	Jan-07	0.20	8.75	
	USD/JPY	119.6516	25-Apr-07	3.3300	2.4402	Feb-07	0.04	8.75	
	GBP/USD	1.9918	26-Apr-07	3.3104	2.4314	Mar-07	0.07	8.08	
	USD/CHF	1.2088	27-Apr-07	3.3222	2.4402	2005	9.00		
	EUR/CHF	1.6448	30-Apr-07	3.3272	2.4452	2006	4.87		

Source: National Bank of Romania, National Institute of Statistics



Deposits interest			Futures quotations BMFMS <sup>1)</sup>		Futures quotations BMFMS			
Maturity	Interest BUBID	Interest BUBOR	Contract	Maturity	Amount RON	Contract	Maturity	Amount RON
1 month	8.22%	12.47%	RON/EUR	Jun-07	3.3399	SNP	Jun-07	0.5500
3 months	7.06%	8.97%	RON/EUR	Sep-07	3.3775	TLV	Jun-07	1.1190
6 months	6.79%	8.31%	RON/USD	Jun-07	2.6000	RRC	Jun-07	0.1085
9 months	6.58%	8.25%	RON/USD	Sep-07	2.6000	SIF2	Jun-07	3.3398
12 months	6.54%	8.25%	EUR/USD	Jun-07	1.3230	SIF5	Jun-07	3.7310

1) Sibiu Monetary Financial and Commodities Exchange

Source: National Bank of Romania, Sibiu Monetary Financial and Commodities Exchange

**Bucharest Stock Exchange (BSE) - 30 April**

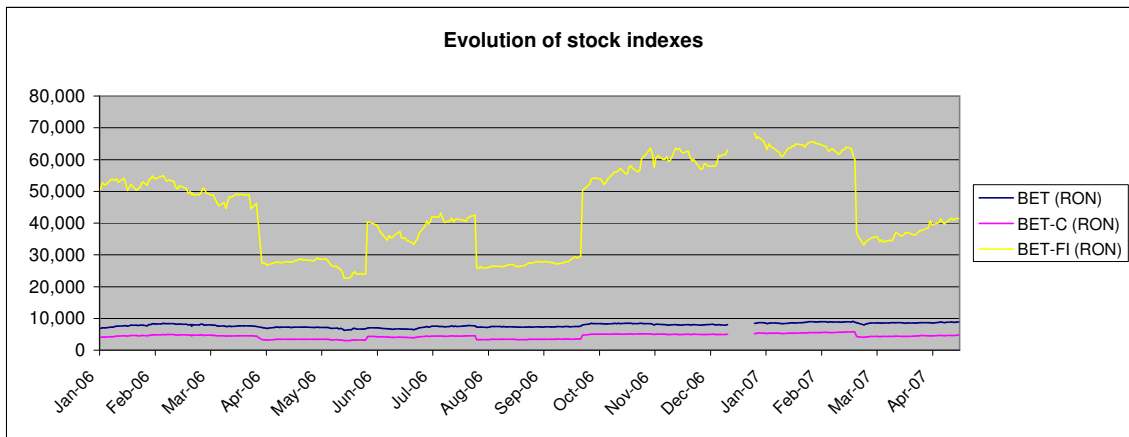
Index	Amount RON	Change mo-to-mo (%)	Company symbol	Closing price RON	Average price RON	Volume no	Amount transacted RON	Change mo-to-mo by closing price (%)
BSE Capitalisation	82,701.71 mil. RON		SNP	0.5550	0.5529	2,039,283	1,127,469	-2.6%
BET <sup>1)</sup>	8,780.96	2.73%	TLV	1.1000	1.0994	3,371,281	3,706,345	3.8%
BET-C <sup>2)</sup>	5,943.35	6.89%	RRC	0.1040	0.1036	33,715,092	3,491,441	7.2%
BET-FI <sup>3)</sup>	65,792.17	11.08%	SIF2	3.1700	3.1735	2,039,213	6,471,372	8.6%

1) Bucharest Exchange Trading

2) Bucharest Exchange Trading - Composite Index

3) Bucharest Exchange Trading - Investment Funds

Source: Bucharest Stock Exchange



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Indicators	2004	2005	2006*	2007*	2008*
GDP real (yoy, in %)	8.4	4.1	7.2	5.7	5.4
Industrial Output (real, yoy, in %)	5.3	2.2	6.5	5.5	5.1
Gross fixed capital formation (real, yoy, in %)	10.8	13.0	12.5	13.0	13.4
Consumer prices (yearly average)	11.9	9.0	7.0	5.8	4.5
Unemployment (yearly average)	6.7	5.8	5.7	5.5	5.3
Budget balance (in % of GDP)	-1.1	-0.8	-2.2	-2.3	-2.4
Merchandise exports (in EUR mn)	18,935	22,255	26,067	30,797	35,979
Merchandise imports (in EUR mn)	24,258	30,061	37,468	46,156	55,431
Current account (in % of GDP)	-8.4	-8.7	-10.0	-9.5	-8.5
FDI (inflow, net in % of GDP)	8.5	6.6	8.2	4.7	3.9
Gross foreign debt (in % of GDP)	30.1	31.0	29.4	27.8	27.3
Average exchange rate: RON/EURO	4.05	3.62	3.52	3.47	3.45
Reference rate, eop	17.00	7.50	9.00	9.00	8.50
Total loans ( yoy, in %)	32.5	43.7	40.7	24.3	16.2
Total deposits ( yoy, in %)	40.8	34.2	17.6	16.1	15.2

\*forecast

**Fiscal indicators**

Gross minimum wage:	390 RON
Gross average wage:	1,270 RON

**Social charges**

## I. Employer's contributions:

(1) Social security contribution: for normal work conditions	19.5%
(2) Health fund contribution:	6.0%
(3) Unemployment fund contribution:	2.0%
(4) Medical leave contribution:	0.85%
(5) Guarantee for salary payment contribution:	0.25%

## II. Employee's contribution:

(1) Social security contribution:	9.5%
(2) Health fund contribution:	6.5%
(3) Unemployment fund contribution:	1.0%

**News on Romania****Romania will have a budgetary deficit of 3.2% of GDP in 2007, according to the Euro-peon methodology**

Romania will have this year a budgetary deficit of 3.2% of GDP, above the limit of 3% provided in the Treaty of Maastricht, according to the calculation based on the European methodology, the data being already submitted to Bruxelles. According to the methodology of the European System of Accounts ESA '95, the budgetary deficit planned this year for Romania will amount to 12.61 billion lei. GDP will amount to 391.8 billion lei, according to the assessment of the National Commission for Prognosis. This value is used by both Euro-stat, the EU-office of statistics, and the Romanian authorities for the fundament of the budgetary deficit as percentage of PIB. By using these values, the budgetary deficit will reach 3.2% as percentage of PIB, above the Government's target of 2.8%. Last year, the budgetary deficit of Romania according to the European methodology amounted to 6.5 billion lei, the equivalent of 1.9% of GDP. This percentage is superior to 1.7%, announced by the Romanian authorities, but calculated based on a different methodology. For this year, the authorities from Bucharest set for the budgetary deficit a limit of 2.8% of GDP. Last year, the limit amounted to 2.5% of GDP, after the Government increased twice the deficit target, from an initial level of 0.5% of GDP, in order to supplement the infrastructure investment expenses. To adopt the European currency the countries have to fulfill several criteria according to the Treaty of Maastricht, among which keeping the budgetary deficit under 3%. Romania aims at adopting Euro in 2014. The criteria set by the Treaty of Maastricht for adoption of Euro refer, besides the budgetary deficit, to the public debt, inflation and long term interests. The states desiring to adopt the unique currency should have a public debt less than 60% of GDP and reduced rates of long term interests and inflation, in correlation with the EU-members with the three highest levels of these indicators. Moreover, the states adopting Euro shall assure the stability of the national currencies by the exchange mechanism ERM2. Within this mechanism, the currency quotation shall be maintained within a fixed interval to Euro for a period of at least two years.

**The direct foreign investments will continue increasing during the next two – three years**

The direct foreign investment will constantly increase during the next three years, asserted last Wednesday the Vicegovernor of the National Bank of Romania (BNR) Cristian Popa. The economic growth and the program for the adoption of Euro shall have their contribution to the advance of investments, said Popa. "Before the program for the adoption of Euro appeared, Romania had no other post-adhesion program. The adoption of Euro shall coordinate the efforts of the decision-makers", added Popa. Among the challenges Romania shall face during the next years, there are the increase of the salaries and of the degree of the financial intermediation, according to Popa. "It is difficult to manage certain issues as long as the inflation has to decrease", Popa said. He added that, in order to observe the program for the adoption of Euro, the inflation from Romania shall be, in 2010, of about 3% or under this level. The Romanian Agency for Foreign Investments estimates that the direct foreign investments will amount this year to seven billion EUR, compared to 9.1 billion EUR in 2006, as Banca Comercială Română, the largest credit institution of Romania, was privatized. The stock of the direct foreign investments at the end of the last year amounted to 30.89 billion EUR. The foreign investments increased in 2006 by 41.2%, compared to 33.8% in 2005, according to the data recently presented by the National Institute of Statistics. During the first eight month of the year, the direct foreign investments reached a total amount of 870 billion EUR, decreasing by 13% compared to the similar period of the last year, according to the data from BNR.

**Disinflation goes further**

Three consecutive month of significant decrease – from 4.87% (Dec. 2006/Dec. 2005) to 4.01% (Jan. 2007/Jan. 2006), then to 3.81% (Feb. 2007/ Feb. 2006) and finally to 3.66% (March 2007/March 2006) – of the annual inflation rate is a new confirmation of the continuity of the disinflation curve. The increase by only 0.07% of the prices of the consumption goods and services for the population, in March compared to February this year, maintained the annual inflation rate on a descendant course, at the level of 3.66% from March 2007, i.e. by 1.21% less than in December 2006. Under this context is also the motivation of BNR TO correlate the interest rate of the monetary policy – the limit of the interest rates for which BNR attracts one-month deposits from the inter-banking monetary market – with the new levels of the inflation rate.