

Romania - New State aid scheme supporting major investment

Government Decision No. 807/2014 was published on 30 September 2014 approving a new State aid scheme (the “**Scheme**”) meant to support investments with major economic impact. The Scheme, managed by the Ministry of Public Finance, is available to the majority of business sectors, with some notable exceptions, such as agriculture and fisheries, extraction of coal, petroleum, and gas, transportation, energy, constructions, communications and broadcasting, and certain manufacturing industries.

The Scheme supports investments for launching a new unit, extending the capacity of an existing unit, diversifying production by adding new products, or fundamentally changing the general production process of an existing unit. In the Bucharest-Ilfov region (the most developed region of Romania), the Scheme can be used for funding initial investment in a new economic activity, which must not be identical or similar to previous activities carried out in an existing unit. Beneficiaries will be able to use aid for constructing or procuring tangible or intangible assets, as well as for renting buildings for the purposes of the initial investment. Aid may not be granted for export or preferential use of domestic products over imported goods and may not be used to cover operational costs.

Eligibility to receive funding under the Scheme is limited to initial investments that 1) have an economically stimulating effect, 2) have a minimum value of EUR 10 million, and 3) demonstrate economic efficiency and viability throughout the investment period and the succeeding 5 years. In order to prove the required stimulating effect, a written application must be filed prior to launching the investment and the applicant must submit evidence showing that the investment would not be profitable or would not be undertaken by him in the target region, absent the requested aid. Additionally, aid beneficiaries must meet certain eligibility criteria and must secure financial contributions of at least 25% of the eligible cost from non-public sources. Investments shall not commence before the financing agreement is issued.

The Scheme restricts both the absolute value of aid available to an individual undertaking and the “intensity” or percentage of the investment costs that may come from State aid. As indicated in the charts below, aid restrictions vary depending on the timing and location of the investment.

Maximum aid amounts by region

Region	Maximum aid amount*	
	2014-2017	2018-2020
Bucharest	EUR 11.25 million	EUR 7.5 million
West Region and Ilfov Region	EUR 26.25 million	
North-West, Centre, North-East, South -East, South-	37.5 million	

Muntenia, South-West Oltenia		
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**granted in RON equivalent*

Maximum aid intensities by region

Region	Maximum intensity of the aid	
	2014-2017	2018-2020
Bucharest	15%	10%
West Region and Ilfov Region	35%	
North-West, Centre, North-East, South -East, South-Muntenia, South-West Oltenia	50%	

The overall budget for the Scheme is EUR 600 million, with a maximum annual budget of EUR 100 million. According to Romanian government estimates up to 150 companies could benefit under the Scheme. The Ministry of Public Finance expects to release aid approval agreements no later than 31 December 2020. Beneficiaries should receive aid payments between 2015 and 2023.

For further information, please contact:

Alexandrina Dospinescu
 Bucharest
[+40 21 407 3817](tel:+40214073817)

Ruxandra Georgescu
 Bucharest
[+40 21 407 3954](tel:+40214073954)