



USTDA recently awarded a grant to fund technical assistance in the modernisation and restructuring of the civil aviation system in Romania. Pictured here at the ceremony where the grant was conferred are USTDA Chief of Staff Carl B. Kress (left) and His Excellency Miron Tudor Mitrea, Romanian Minister of Public Works, Transport and Housing (right).



ROMANIA RISING

The US Trade and Development Agency (USTDA) recently named Romania as its 2003 Country of the Year. With growth and investment up across the region and a big-bang expansion of the European Union all but complete, the award is yet another indication that the region is coming of age, as USTDA's Ned Cabot explains

USTDA uses grants for technical assistance and other planning studies to both stimulate economic development in the countries in which the agency operates, and to help create opportunities for American companies to do business in those countries. Romania was granted Country of the Year status because of the marked success of the agency's program in that country during 2003. USTDA believes that Romanian public and private sector officials have worked well with the agency to develop a creative and effective grant program. That grant program appears to be having the desired result, as the Romanians have a good record of putting the assistance they have received to good use. USTDA's Director, Thelma Askey, noted when making the announcement that the selection of Romania as Country of the Year had been based on "the strong and diverse relationship USTDA enjoys with Romania, the successful impact of the agency's activities in Romania, and the country's impressive economic performance."

The story of Romania's economic performance in recent years is among the most interesting – and most exciting – in Central Europe. An unstable

political environment in the transition years and a brutal three-year recession at the end of the 1990s has today given way to macroeconomic stability and strong economic growth. Inflation is down, the stock market and foreign direct investment are up, and economic growth may top five per cent in 2003. At the same time, Romanian membership in the Euro-Atlantic institutions, such as the North Atlantic Treaty Organisation (NATO) and the European Union (EU), is in sight. While there is much more to accomplish, Romania's achievements have been impressive.

Throughout this period, Romania has looked outward to strengthen its economic and strategic partnership with the United States. The country has been particularly adept at partnering with USTDA in pursuit of that objective.

That partnership has a long and productive track record. In fiscal year 2003, Romania was the leading USTDA grant recipient in Europe for the second year running, with 19 activities totalling USD 3.1m. This portfolio included investments in the information technology, telecommunications, electricity, petrochemicals,



oil and gas, and transportation sectors.

Most importantly, the USTDA partnership with Romania is yielding benefits for both Romania's economic development and American exporters. In fact, the total number of successful USTDA projects in Romania doubled during the past year alone. That means, the recommendations made in USTDA-funded studies and technical assistance activities are being implemented in a way that advances both Romania's economic development objectives and includes the participation of American companies.

This success can be attributed significantly to the encouraging macroeconomic environment in Romania and to the Government's successful efforts toward privatisation and economic reform. Equally important to USTDA is that Romania has learned how to make effective use of the agency's limited available funds. Recipients of USTDA grants in Romania are targeting the assistance at priority, near-term challenges, and they have made sure the assistance is delivered in a way that is relevant to their needs. That has put the grantees in a position to rely on the



assistance they receive from USTDA when making critical capital investment decisions.

USTDA's activities in Romania – both new investments in 2003 and the successful results of past activities – are concentrated in four sectors: environment, information technology, energy and transportation.

Environment

USTDA funded a pilot project a year ago to examine technologies to reduce the risks and damages of flooding. As a result of this early planning assistance, Lockheed Martin Corporation of Bethesda, Maryland has signed a USD 46m commercial contract, a first step towards implementation of the Destructive Waters (DESWAT) project. USTDA has provided a second grant this year to assist the Government of Romania in building on the DESWAT project by integrating the system into the full range of possible data sources in the country.

The DESWAT project fits well with USTDA's strategy for supporting projects in the environmental sector generally. The agency is focused on high technology environmental projects, which are not

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Left: In June 2003, USTDA sponsored an orientation visit to the United States on the Romanian energy sector. The visit included participation by the Romanian Minister of Industry and Resources, His Excellency Dan Ioan Popescu, as well as representatives of all major public and private sector energy companies in Romania. Pictured here is Minister Popescu addressing US firms attending a briefing on business opportunities in the Romanian energy sector.

Below: The National Dispatch Centre (NDC) in Romania is currently implementing a major SCADA investment with the assistance of a USTDA grant. Pictured here (left to right) on a tour of the NDC are: Jean Constantinescu, Director General of the NDC; Carl Kress, USTDA Chief of Staff; Ned Cabot, USTDA Regional Director for Europe; and Razvan Purdila, Director of the Project Management Unit at NDC.

likely to be covered under EU assistance programs. USTDA remained active in the Romanian environmental sector during 2003 by supporting a forestry-related cadastre feasibility study for the Ministry of Agriculture, Forests, Waters and Environment. This system will improve the management of Romanian forests using geographic information system (GIS) technology.

Information Technology

Romania is moving forward on a large number of technology-related investments. Prominent among them is the Government's effort to improve its e-Government profile. This topic was the focus of a USTDA-sponsored visit to the United States by a Romanian delegation of government officials responsible for developing the country's impressive e-Government infrastructure. USTDA also provided feasibility study grant support in the IT sector this year by assisting the municipality of Bucharest with the development of a city-wide administrative communications system. This was the second IT-related grant USTDA has made to the Bucharest municipal government.

USTDA believes that information technology is one of the best sectors for US companies seeking opportunities in Central Europe, and the successes the agency recorded in 2003 prove that thesis. USTDA's most recent grant to Bucharest was made, in part, because of the municipality's successful implementation of a related grant during the previous year. As a result of that activity, US companies are now providing more than USD 2.4m in IT equipment to help implement the city's first round of new IT investments. In another project, USTDA-financed consultants worked with Romania and the European Bank for Reconstruction and Development (EBRD) to prepare a loan that would



improve the telecommunications systems of the transmission company Transelectrica. US exporters have now provided more than USD 3.2m in equipment and services under that energy sector loan.

Energy

Perhaps the most enduring focus for the agency in Romania has been in the energy sector. The highlight of USTDA's Romania program in 2003 was an orientation visit (OV) for a delegation of Romanian energy officials, led by Romanian Minister of Economy and Commerce Dan Ioan Popescu. The OV also included the heads of every major state-owned energy company in the country and a large delegation of Romanian private sector leaders. This year also saw several new feasibility study grants in the energy sector, including two separate activities for the transmission company Transelectrica: one looking at a transmission substation and a second at a telecommunications plan. Other USTDA-funded activities in Romania include refinery modernisation studies for Petrom and Rompetrol, the leading Romanian public and private sector oil refiners, respectively, and an examination of a possible new underground gas storage facility to be developed in a joint venture between a US investor and the Romanian firm Romgaz.

USTDA has had great success in the





USTDA Regional Director for Europe Ned Cabot and the Romanian Minister of Public Works, Transport and Housing, His Excellency Miron Tudor Mitrea, shake hands following a USTDA grant signing ceremony in the civil aviation sector in July 2003.



energy sector in Romania in terms of US company participation in priority Romanian projects. As a result of a previously funded feasibility study, Rompetrol recently awarded a contract to Houston-based FMC Technologies to build a new in-line blending unit at the company's Petromedia refinery. In a separate contract, FMC was successful in using the contacts it developed through the USTDA energy sector OV to win a contract to build a truck and rail car marketing terminal for Petrom's Petrobrazi refinery.

Transportation

Finally, transportation is an important focus of USTDA assistance in Europe and around the world. In 2003, for example, USTDA provided a grant to assist the Romanian Ministry of Transportation and Communications in evaluating the security systems at most major airports in the country.

In summary, USTDA continues to believe that Romania is an outstanding environment for the agency's special brand of commercially-oriented development assistance, given the breadth of development assistance opportunities in the country. The business climate in Romania, and throughout the region, is not without its challenges, but attractive trade and investment opportunities together with pending EU accession indicate that now is

an excellent time for US companies to focus on this market. USTDA plans to maintain a strong commitment to Romania's development and all the countries of Southeast Europe during the coming year.

The US Trade and Development Agency (USTDA) advances economic development and US commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with US firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from US exports of goods and services.

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