

Study on business co-operation potential and opportunities in the sector of car components

- ROMANIA -

- 1.- General information of Romania.
- 2.- Market information of Romania. Economy- Overview.
- 3.- Overview of the car- parts sector in Romania.

Statistical indicators for auto transportation

Market profile

Car producers and importers.

Categories and supplies of spare parts

Legal frame

Organisations

Auto Spare Parts Industry in Romania

Auto parts exports to double in 2004

Who are the main players?

- 4.- Promising plans for the future and Business opportunities.

Sources.

1.- General information of Romania

Geographic localization: Southeastern Europe, bordering the Black Sea, between Bulgaria and Ukraine; with coordinates: 46 00 N, 25 00 E.

Area: total: 237,500 sq km, from which land - 230,340 sq km and water - 7,160 sq km.

Land boundaries: total: 2,508 km

border countries: Bulgaria 608 km, Hungary 443 km, Moldova 450 km, Serbia and Montenegro 476 km, Ukraine (north) 362 km, Ukraine (east) 169 km

Coastline: 225 km

Climate: temperate; cold, cloudy winters with frequent snow and fog; sunny summers with frequent showers and thunderstorms.

Natural resources: petroleum (reserves declining), timber, natural gas, coal, iron ore, salt, arable land, hydropower

Land use: arable land: 40.82%, permanent crops: 2.25%, other: 56.93%.

Population: with 22,355,551 (July 2004 est.), Romania is the 10th European state by this category.

Age structure: 0-14 years 16.2%, 15-64 years 69.4%, 65 years and over 14.4%. Median age: total 36.1 years, male 34.7 years and female 37.5 years (2004 est.). Population growth rate: - 0.11% (2004 est.); birth rate:

10.69 births/1,000 population (2004 est.) ; death rate:

11.69 deaths/1,000 population (2004 est.).

2.- Market information of Romania. Economy - overview

Romania began the transition from Communism in 1989 with a largely obsolete industrial base and a pattern of output unsuited to the country's needs. The country emerged in 2000 from a punishing three-year recession thanks to strong demand in EU export markets. Despite the global slowdown in 2001-02, strong domestic activity in construction, agriculture, and consumption have kept growth above 4%. An IMF Standby Agreement, signed in 2001, has been accompanied by slow but palpable gains in privatization, deficit reduction, and the curbing of inflation. The IMF Board approved Romania's completion of the standby agreement in October 2003, the first time Romania has successfully concluded an IMF agreement since the 1989 revolution.

GDP: purchasing power parity – Eur 155 billion (2004 est.)

GDP - real growth rate 4.9% (2004 est.)

GDP - per capita: purchasing power parity – Eur 5,700 (2004 est.)

GDP - composition by sector: agriculture 13.1%, industry 38.1%, services 48.8% (2003);
Investment (gross fixed): 22.5% of GDP (2004 est.).

The total amount of foreign capital invested in Romania is Eur 12 billion, from which Eur 1,617 billion in 2004.

The total number of companies with foreign capital is 105.000; there are 8.000 new establish foreign companies in the year 2004.

The average foreign capital invested per company is around Eur 114.000.

Business opportunities

Agriculture – main products: wheat, corn, barley, sugar beets, sunflower seed, potatoes, grapes; eggs, sheep.

Main industries: textiles and footwear, light machinery and auto assembly, mining, timber, construction materials, metallurgy, chemicals, food processing, petroleum refining.

Industrial production growth rate: 2.3% (2004 est.)

Exports: Eur 15.7 billion (2004 est.)

Exports - commodities: textiles and footwear (25,3%), metals and metal products (12,9%), machinery and equipment (15,7%), minerals and fuels (8,5%), chemicals (6,1%), agricultural products (3,2%).

Regarding the grows of exports in the field of transportation machines and equipments, these showed an increase with 8,2% in 2003 comparative with 2002 (from which a plus of 67,9 million euro on autovehicles and auto parts).

Exports - partners: Italy 24.3%, Germany 15.7%, France 7.4%, UK 6.7%, Turkey 5.1%.

Imports: Eur 21.2 billion f.o.b. (2004 est.)

Imports - commodities: machinery and equipment (22,9%), fuels and minerals (12,8%), chemicals (8,4%), textile and products (16,4%), basic metals (7,4%), agricultural products (3,0%).

The imports of transport vehicles rose with 8,7 million euro comparative with the year 2002.

Imports - partners: Italy 19.6%, Germany 14.9%, Russia 8.3%, France 7.3%.

3- Overview of the car parts sector in Romania.

Statistical indicators for auto transportation

<i>Indicator</i>	<i>2002</i>	<i>2003</i>
Length of public roads (km):	78896	79001
from which European roads:	5568	5827
Scooters registered (no.):	130519	132880
Motocycles registered (no.):	100605	102970
Autobuses registered (no.):	26672	25829
Minibuses registered (no.):	14089	16118
Automobiles registered (no.):	2970931	3087628
Trucks registered (no.):	444470	463099
Special autovehicles registered (no.):	50020	51077
Agricultural tractors registered (no.):	198438	239992
Trailers and semi-trailers registeres (no.):	184829	195953
Auto-caravans registered (no.):	1102	1045
Combinated autovehicles (no.):	68771	78144

Market profile

The history of the automotive sector in Romania started in early 1900 with imported vehicles. The real production activities started in 1918 with bus manufacturer Astra in Arad.

After an obscure period between the two world wars Romanian automotive sector re-vamped: ARO (Russian license), ROMAN and ROCAR (MAN license) have been established in late '50s, followed by DACIA (Renault license) in late '60s and OLTCIT (Citroen license) in late '70s.

Old former communist horizontal and vertical sub-sectors are struggling to rehabilitate either on their own or by forming joint ventures.

The today automotive sector in Romania is medium-high developed, with DACIA Works (acquired by Group Renault) as market leader on sales of new cars, followed by Renault, VW-Skoda and Daewoo, which has a factory in Romania. Minibuses (e.g. Iveco) are assembled in Romania following a recent huge demand for such cars.

ROMAN is a truck manufacturer that started with a **MAN license** 30 years ago; nowadays the company is looking for a strong investor to survive. **ROCAR buses and minibuses** production has been reduced dramatically. **ARO**, the sole manufacturer of off-road vehicles is struggling to survive, being supported by state orders.

Several companies, mainly German, Italian, Korean and American, relocated part of their activities (e.g. Leoni-Lucas) to Romania or started production activities as J-V (e.g. Bilstein shock absorbers), the western Romania being known for its automotive related production activities. Recently suppliers of Renault have been considering establishing in Romania as well. **Continental and Michelin** have factories in Romania and American companies **Johnson Controls and Walbridge Aldinger** will soon start activities in Romania.

After 1989 Romania has been a very **emerging market for second hand car imports** with over 1,000,000 cars imported until now (**the most common second hand imported car is the Opel Vectra**). This makes Romania an **important market for spare parts**.

The car manufacturing industry is rather focused on traditional suppliers, following the business culture of **Renault and Daewoo**, but **after-guarantee servicing might be an alternative for spare parts suppliers.**

The Romanian automotive industry of early 90' has been concentrated in several centres such as Bucharest (ROCAR), Arges county (DACIA, ARO), Craiova (DAEWOO), Brasov (ROMAN), but production of spare parts and components was present in other locations as well. Among these locations Prahova is known for its experience in **injection pumps** (Mefin Sinaia and a repairs centre in Campina), Urziceni for **break pads and clutches, lasi for plastic parts** (ASAM), Bistrita (Rombat) for **batteries**, etc. In time production was fully assimilated and a wide horizontal and vertical industry emerged. By the end of the day the communist policy has led to low quality products. Some of these companies were conscious of the impact of new technology (Asam Iasi, Rombat Bistrita, Gerom Buzau) and upgraded their equipment, others are now in position to be privatized as a last chance to survive (Mefin Sinaia).

Car producers and importers

Under the Renault umbrella Dacia follows its path to a new so called “the 5,000€ car” launched in 2004. Dacia remains **market leader with about 60% market share**, maintained mainly by introducing the Diesel engine for its pick up model.

Daewoo is under the menace of the unpredictable future of mother group. They are famous for supplying everything from Korean companies.

ARO is financially almost broke, after several attempts to upgrade their products (e.g. using Ford, Renault or Andoria engines, gear boxes, etc). Weak and artificial support consisting of **state orders aims to help them survive towards privatisation**. Apparently Renault and a Chrysler division might be interested in a take over; a former car dealer also expressed an interest.

Roman, the truck manufacturer and Rocar are in a similar situation like Aro.

Due to high fares and low quality of delivering the service railways failed to be the first choice for travelers. As a reaction, **minibuses** proved to be a successful choice and this sector have met an **incredible growth in the last 2 years. Following a huge demand for such cars, Iveco started a co-operation with Astra to assemble its vehicles in Romania.**

In 2002 and 2003 car dealers tried to catch as much as possible from a market of about 120,000 units, from which 60% represents the market share of the national car Dacia. **Most important importers are Renault, VW (incl. Skoda, Audi, Porsche), Mercedes, Peugeot, Toyota, etc. Rover brands and Mini are represented by the BMW agent.**

Although Romania's GDP is under \$2,000 per capita, in 2003 in Bucharest you may see latest models of Renault Vel Satis, VW Tuareg, even Jaguar, Ferrari or Masseratti. The presence of important dealers created the request for brand new service stations. This is an increasing business; therefore **suppliers of garage equipment may look for opportunities. For example, in Bucharest there are 5 Renault service facilities but you still need to book at least 3 days in advance even for basic maintenance.**

Categories and supplies of spare parts

In the meantime more manufacturers of spare parts have taken the opportunity to supply the market with low price and quality spare parts. Following the EU regulation Romania has established a national automotive registry – Registrul Auto Roman (RAR). Recent changes in

the legal system impose **strict procedures for quality control in spare parts production and distribution**. Euro 2 and consequently Euro 3 norm has reduced the number of second hand imports and reduced the average age of imported cars.

Spare parts importers are very active and a couple of them concentrate an important market share. Augsburg, **Meteor, Heba, Auto Net and Paneuro** are leading as **generalists** while others are specialised (e.g. suspension, exhausting, etc). **Cheap imports from Asian countries and particularly from Turkey account for an important market share, but this is expected to decrease in conjunction with the EU accession process.**

The car you drive is indeed a very emotional matter in Romania, that is why *tuning* is steady developing in Romania.

The **tires market** experienced a boom once **Michelin** bought a part of the Romanian manufacturer **Tofan Group**. **Continental** has set up a factory in western Romania. Various other manufacturers have agents in Romania (e.g. Good Year, Firestone, Sava, etc.) Once upon a time a very basic but flourishing business, tires repairs outlets become more professional in terms of equipment and materials. Second hand tires are still on demand, particularly for bigger sizes (e.g. over 200).

The quality of **batteries** has been low in the past. The Romanian entrepreneur **Caranda** has the idea of re-branding on its own the batteries supplied by Acumulatorul Bucuresti and has turned the business into a success while the original brand is now almost dead. The other major manufacturer **Rombat Bistrita** has survived and has an important market share. Once gain major producers are present in the market (e.g. **Varta, Tudor**).

The *car cosmetics* market is growing. Most wanted products are **screen-washing liquids and air fresheners**. Polishing is increasingly requested. The drivers use various others maintenance specific products (e.g. **additives, small repair kits**, etc). **Romanian producers might be interested to distributing or manufacturing such products under license.**

Engine oil of domestic origin used to be changed at every 1,500 km in the 80's. This explains its dramatic fall after 1989. The 90's has been dominated clearly by imported oils and **Shell** was the market leader, followed by **BP, Aral, Castrol**, etc. Recently **Texaco** took a serious advantage by supplying new Dacia cars. The domestic engine oil producer has been trying to re-brand an upgraded product but the result is still not very significant.

Legal frame

RAR- the Romanian Automotive Register set up in 1991 is empowered to certify the compliance of vehicles with the traffic safety and environment protection regulation, to check and certify garages' capability to perform technical inspections and to check compliance of vehicle usage with intended destination.

Since 1995 RAR carries out the certification (by type or individual) of vehicles imported in Romania. The Romanian procedure is harmonized with the CE one. Vehicles older than 7 years can not be imported in Romania. However Euro 3 norms are in place since 01.01.2003.

RAR is also in charge with certification of components, parts and accessories that have to be in accordance with producers' standards and specifications.

Technical inspection with accredited garages is requested every 2 years. Third party liability is mandatory and a number of insurers are certified every year.

Organisations

Academics related to Automotive industry are represented by the Faculty of Transports within the Technical University of Bucharest and by the Automotive department within the University of Brasov. Most of Technical universities have Thermic engines and/or Mechanics departments.

APIA is the trade association of producers and importers in the automotive sector. Although Romania has not a culture for trade associations APIA is among the very few good associations indeed. Well structured, APIA can offer valuable, up dated information such as various statistics, market reports, etc. Since 1993 APIA is organising Salonul Auto Bucuresti, the sole automotive major tradeshow in Romania, held every year usually in September. In 2003 the show is organised in collaboration with AMC Promotion, the promoter of Paris automotive trade show.

Various **magazines** cover subjects such as trucks and logistics (Cargo Romania), car retail and automotive hobbies (Auto Motor Sport), passenger vehicles (Bus), etc. Every single major TV station has its own automotive program (mainly on Saturday or Sunday). Important newspapers have special pages for the automotive industry.

Auto Spare Parts Industry in Romania

With a late start compared to other countries in Central and Eastern Europe, the Romanian automobile industry now has an important role to play.

As in majority of the former communism countries, Romania also showed weaknesses in coping with the black market in auto industry, mostly **in the 90', when over 50% of the trade with auto parts, accessories and engine oils was done in the subterranean industry; comparatively, the rate of the same sector in other European countries is situated in around 20% (source: Romanian Association of Fighting against Forgery); on the other side, lots of companies trading original auto parts were broke, because of the lack of clients.**

But the situation is getting better and better in last years, **the percentage of forged accessories is decreasing constantly and more and more certified auto parts are placed on the market.** The governmental authorities developed a legal frame and control bodies that enable only the authorized companies to enter the market and punish those that are working outside the law.

A summary review indicates that there are **three or four investors exceeding EUR 100 mln: Michelin, Continental, Lisa Draxlmaier and, more recently, INA Schaeffler from Germany, while Montupet from France is preparing to come on board.** There are a further dozen investors with over EUR 10 mln (shortly to be joined by others) and a slightly higher number of smaller local investors.

It is interesting to note that most of these foreign companies have chosen the **western part of the country** (Timisoara, Sibiu, Cluj, but also smaller cities) as their geographic location, or proximity to the Dacia factories in Pitesti. Exceptions are the Ploiesti industrial park and several locations in Oltenia (Slatina, Dragasani). But most of the money has made it to the western part of the country, and this geographic distribution is similar for other industrial branches, an indication of non-uniformity in terms of quality of business environments.

An overview of Romanian foreign trade in the automotive area **shows massive imports of cars, as well as increased exports of auto parts.** This includes **cablings, steering wheels, car upholstery, connectors, tire cords, and generally any part that involves an**

appreciable amount of physical labor, or anything that is unprofitable to produce in developed countries. Fortunately there are some exceptions, such as the investment of the **Siemens Group in Timisoara, which produces automotive software**. According to data from the Association of Producers and Importers of Automobiles (APIA), **30% more automobiles were sold in the first nine months of the year 2004 than the year before, while imports have risen by 33%**.

Last year the net **imports** of cars and other vehicles exceeded **exports** by EUR 652 million. The deficit increased to EUR 887 million in the first three quarters of 2004. Imports of automobiles increased by 91% compared to the same period last year, to EUR 1.3 bln, while exports rose by a mere 45%. Last year's exports of auto parts amounted to EUR 318 mln, only EUR 105 mln more than imports. In other words, Romania registered a EUR 0.65 bln surplus last year in terms of automobile trade, and a surplus of only EUR 0.1 bln for parts. Obviously we must produce more cabling, steering wheels, car upholstery and other accessories to ensure that we can afford increasing imports. Great hope for change is being pinned on Dacia's new Logan, and on increased activities of component producers (some of whose engines are just now revving up). Renault's anticipation for its new model is also coupled with the establishment of new production and assembly centers in other developing countries, such as Russia and Iran. Record sales anticipated in the coming years by the French producers will be counted as exports to these countries.

Auto parts exports to double in 2004

The export of auto parts doubled in the first half of this year, reaching EUR 436 mln. The rapid rate of growth, namely 106% for the first semester, is expected to continue for the duration of the year 2004 at about the same level.

The export dynamic of the entire branch has been explosive in the past few years, rising from EUR 90 mln in 1998 to over EUR 600 mln this year, even with some investments not yet having reached their optimum production cycle. Internal demand is similarly on the rise, sustained by Dacia's factories and others, although it stagnated somewhat and even manifested a tendency to regress in the past few years. The internal market rose from a modest EUR 441 mln in 2000-2001 to EUR 546 mln in 2003 due to Dacia's new models and the excellent performance by Daewoo. However, the ratio of imports on the internal market has risen constantly from 20% in 1997-1999 to 39% in 2003. Naturally the rapid rise in the number of foreign cars registered in foreign trade data has brought about imports of spare and maintenance parts.

Companies specializing in the distribution and import of auto parts have benefited from the development of the auto component market, with Augsburg International, Paneuro, Meteor imposing themselves as some of the major players. Products sold by Augsburg enjoy the international quality standards ISO 9001 and ISO 9002, and carry the prestigious company labels of leaders in the auto parts industry.

Who are the main players?

The actors on the Romanian auto parts market can be divided in two categories: **the national companies**, running with the local capital, which are owned by young entrepreneurs, most of them developing success businesses after their leaving from the old large auto factories, and the **new wave of foreign companies that are moving their production sites to Romania**.

On one hand, it can be said that more and more foreign prestigious auto parts companies invest in production and in Romanian market. **Michelin, Valeo, Toyo, BOSCH Automotive, Continental Automotive Products, ContiTech Power Transmission Systems, Freudenberg, INA Schaeffler, Kromberg & Schubert Romania, Kuhnke Relee, Leoni Wiring Systems, Lisa Draxlmaier Autopart Romania, RUD Ketten, Siemens VDO Automotive, ThyssenKrupp AG, Bilstein Compa, Pirelli, TRW, Eybl Products** – here is

only a shortlist of some of the biggest holdings of auto components producers that activate in Romania.

The **Germans dominate** the geographic origin of investors and it is natural that the **destination of exports of auto parts is mostly to that country**. Some 68% of exports last year went to Germany, **followed by Austria, Italy and France**. While the ratio of French investors is increasing with Renault's development plans, these are mostly aimed at the internal market, namely the Dacia factories, and then at exports, if a Dacia dedicated financial investment are not feasible. It is interesting that **most imports are also coming from Germany** (but only 30% in this case), reflecting the structure of the automotive park and possibly also Lohn production. **Korean imports, lead by Daewoo, have a 13% share**.

In 2001 **Michelin took over two tire factories** in Zalau and Floresti from the Tofan Group, including retreading activities, for an unspecified amount estimated by analysts as exceeding EUR 100 million. Another major tire producer, **Continental**, chose to invest EUR 140 mln in its own production capacity in Timisoara and Sibiu. We mention in passing that another major tire manufacturer, **Pirelli, intends to open a steel cord (tire reinforcement) factory** in Slatina, with Continental (as minority partner). To date, Pirelli (that also owns Telecom Italia) has only been producing **cables for the electronic and telecom industry**.

Lisa Draxlmaier has invested in several producers in Brasov, Timisoara, Pitesti, Satu Mare and Hunedoara, with the value of projects carried out since 1994 amounting to EUR 120 mln. The German company produces **mostly electronic components (cabling)**. With the exception of tire manufacturers, Draxlmaier is still the most important investor in this sector. It is an interesting case especially because the mother company in Bavaria is not a typical multinational, but a well-developed medium-sized company which has retained its flexibility and specialization in a well defined segment. Draxlmaier inaugurated a new cable production facility in Hunedoara this year worth EUR 7 mln. **The new production unit will supply cabling for the Mini cars produced by BMW**. It will initially create some 600 jobs, due to rise to 1,000 by the end of the year. This is the fifth production unit which the German company has established in Romania, following those in Brasov, Timisoara, Pitesti and Satu Mare, and the value of the investment carried out by this company to date exceeds EUR 120 mln. According to official statistics, Draxlmaier Romania holds first place among top Romanian exporters in Germany.

Ina Schaeffler (whose full name is INA Walzlager Schaeffler KG), also from Germany, shares the same development model as a well-developed, medium-sized, unlisted, privately held company (with sales estimated at EUR 7 bln). "What determined the decision to invest in the Brasov region was both the potential of the existing work force at an attractive cost, a good infrastructure, and the fact that the region has competitive suppliers," declared the representatives of the German Group this spring. They further explained that "the appearance of increasingly more automobile producer factories in Eastern Europe will lead to an above average development in the region."

Another German multinational company from Nuremberg, **Leoni Wiring Systems**, is nearing a EUR 100 mln investment threshold in Romania. The two units in Arad and Bistrita Nasaud, both producers of **electric cabling**, have planned investments worth EUR 55 mln this year and EUR 30 mln next year for their development. This year's sales were revised from the initially estimated EUR 28 mln to EUR 50 mln realized.

Eybl Textiles & Products is another important investor in the western part of Romania, their facilities located in Timis county absorb almost the entire labor force in the city of Deta, in order to **furnish textile and leather interiors for leading European car producers**.

Not only the Germans took advantage from the Romanian auto parts market, but the Japanese are also well-placed in their position. Speaking in general about the Japanese capital invested in Romania, the biggest part is deployed in automotive industry. There are several companies already working at their optimal level (from the 9 important companies with

Japanese capital, 7 are acting in the field of auto parts, exceeding Eur 120 million), others are in advanced stages of their investments. For example, **KOYO Alexandria makes different types of bearings, TAKATA-Petri produces a wide range of auto steering wheels and seat belts, YAZAKI – cables and electrical systems for automobiles, SEWS Romania in Orastia and Alba Iulia for cables, FUJIKURA – electrical cables for automobiles.** Even the Japanese companies confront with the Romanian different culture and mentality, the Romanian employees are very well appreciated because of their open to extend their skills thru the training sessions the companies keep with their working force. The Japanese companies are positive of their good results on the Romanian market in the future, too.

Another important investment in **all kind of auto electrical cables** is also positioned by one multi-national group, **Delphi Packard**, in the west part of the country. The large facilities in Sannicolau Mare have about 4000 thousand employees and recently celebrated 10 years from setting-up their investment.

4.- Promising plans for the future and Business opportunities.

In the fall of 2004, the French company **Montupet** decided to invest some EUR 120 mln in the production of **aluminum auto parts**. The Montupet project is the largest investment carried out by this company outside of France, and will generate an annual turnover of EUR 200 mln. The company, a world leader in the production of **cylinder heads**, has already signed a contract with the **Dacia-Renault factories**, the destination of the aluminum components. The investment is much greater than originally anticipated: ten times larger and expected to create five times more jobs.

The Tunisian company Coficab has decided to invest EUR 25 mln this fall in the production of **cabbling** for the automobile industry - a greenfield investment, to take place in stages until 2007, that will involve the construction of an auto cabbling factory. With a turnover of EUR 100 mln, Coficab is one of the main producers of auto cabbling in Europe and North Africa. Coficab is part of the Elloumi Group of companies.

German company **Ruvel** has announced it will invest EUR 75-80 mln in a project to produce **cabbling**, located in the Cluj Industrial Park. The company's CEO, Wilfried Sehner, declared that it is presently awaiting approval for the refinancing project from the European Investment Bank (EIB), which will cover 75% of the investment costs.

Auto Chassis International (ACI), a member of the French Group Renault, will invest EUR 68 mln in the coming years to develop a production unit near Mioveni (Arges) to produce auto parts (**chassis**) to be delivered to subsidiaries in Romania, Slovenia and Turkey. ACI has chosen to locate in the industrial area of the Dacia supplier and will also provide components for the Renault Clio and the Nissan Micra.

Autoliv, the Swedish producer of safety systems (safety belts, airbags), will transfer part of its production capacity from Germany to Romania by the end of 2005. The decision is part of a strategy to relocate to Southeastern Europe, due to lower workforce costs. Romania and Poland have been chosen for the relocation of activities in Germany, Estonia for activities from Sweden, and Poland and Spain will take over activities in Great Britain. Autoliv has been in Romania since 1997 and provides safety systems to the factories of Dacia and Daewoo.

On the other hand, the local Romanian companies activate with more or less success on the market; the local companies complete all domains of the auto parts industry, from auto repairs stations, gas companies to auto spare parts distribution. Some of them, the profitable ones, entered in partnerships with European companies of the same size, in this way it has been produced a transfer of new technologies and know-how that is the base of the business development. Some of them were took over by the bigger companies that saw there a good

potential for their business, and right now these companies are important suppliers for the national or foreign market, or even for the above mentioned giants.

But this is the case of the few of Romanian companies; most of them still need improvement in technology and quality management systems, in order to comply with the European standards of quality in auto parts field.

We identified **more than 3000 auto parts companies in Romania, they are covering the whole spectrum of activities in the business. The average size of a medium small or medium auto company is situated around 20-30 employees, with turnovers situated around hundreds of thousands euro per year.**

Looking at the figures of the car sells statistics in the last 3 years and considering that this is an important indicator for the power of the auto parts market, we can say that the prospects for the Romanian market are promising. All important car dealers exceeded their expectations in year 2004 comparing with 2003: the new cars market in Romania had an increase of 30% (the new imported cars sold in 2004 were more than 55.000 units, comparing with 42.000 units in 2003). Among the winners are Renault-Nissan Group with euro 170 mil. sells, Tiriac Auto euro 228 mil. (with 10 brands, but the best sold are Hyundai, Mercedes and Ford) and Porsche Romania with euro 300 mil. (with 65 dealers all over Romania) .

If we add the sells of the Romanian domestic brand Dacia (more than 95.000 units – euro 650 mil.) and the products of Daewoo Motors (still constant evolution on the market) and the whole developing trucks market, we have the complete picture of the future.

In conclusion, all the facts and figures presented above show the **great potential of the Romania in the field of parts market.** This, first, is led by a relatively big number of populations among the European states and the constant increase in the level of life living of the citizens.

To complete this picture and to highlight the strengths of the new boom in the car parts sector, we can add the increase in the **refining of the people's taste when speaking about the cars and thus the need for more and more quality and certified auto parts, complying with the European laws.** The recent evolutions in the political and economical plans in Romania, together with the close horizon of time to accession to EU, the stability of the free market and the very qualified labor that encouraged and continue to encourage the biggest producers of auto parts and automobiles to invest a lot of money in working sites and to make stable commitments with this country are only things that confirm this potential.

Romanian small and medium good companies in the auto parts industry could increase their results if they are assisted with **targeted business co-operation programmes and with access to know-how and technologies transfers.**

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