DEFENSE AND SECURITY MARKET REPORT:
ROMANIA
JUNE 2018

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HISTORY/OVERVIEW

- Founding member of Warsaw Treaty

    - Interest in NATO since 1990

    - Granted membership to NATO in 2004

- Revised Constitution 2003

- Extensive work with NATO and US forces

    - Home to US military bases

    - Close work with US in modernization efforts

- Military to be finalized in 2025 for full integration into NATO and EU

GOVERNING BODIES/INSTITUTIONS

National Defense / Armed Forces

- Supreme Defense Council (CSAT)
- Ministry of National Defense (MoD)
- Defense Staff
- Romanian Army
- Military Police
- Air Force
- Ground/Special Forces
- Naval Forces

Homeland Security

- Ministry of the Interior
- Romanian Intelligence Service (SRI)
- Romanian Police
- Romanian Border Police
- Municipal Police

GOVERNING BODIES/INSTITUTIONS

- Ranked 40th in military strength (out of 136)

    - Requires heavy reliance on NATO in case of attack

    - Heavy cooperation/investment with U.S. and EU coalitions

- Army has decreased constantly over years

    - 2017: **60,000 personnel**

- Navy: **6,600 personnel** (smallest)

    - Active on Black Sea and Danube River

    - Lags behind Turkey and Russia

    - Comparable to Bulgaria

    - Significantly ahead of Ukraine and Georgia

- One of the top 5 shipbuilding countries in Europe

    - 9 active shipyards

    - Shipbuilding industry = 1% of GDP and 5% of the European ship production

MILITARY BUDGET/SPENDING

- NATO Requirements
  - MoD Budget: 2% of GDP
  - Equipment Expenditures: 20% of MoD Budget
- Romania's Expenditures:
  - MoD Budget: 1.8% of GDP
  - Equipment Expenditures: 33.2% of MoD Budget (#1 in NATO)
- Imports and Exports
  - Imports: Mainly from EU and US
  - Exports: over EUR 180m, and increasing steadily
    - United States (eur 67.34m); Bulgaria (eur 19.74m); Saudi Arabia (eur 19.4m); UAE (eur 15.26m); Israel (eur 14.9m)

MODERNIZATION AND ARMAMENT STRATEGY

Mostly EU and US companies compete for opportunities in the Romanian defense market.

Approximately EUR 10 billion has been planned for investment from 2016 to 2026. Expected purchases are outlined below:

- Multifunctional corvette

- Mobile missile launch system

- Modernization of MLI-84M

- C4I systems with ISTAR integration capabilities

- PATRIOT high-range surface-to-air missile (HSAM) systems

- Integrated Weapon System

- Multiple Rocket Launcher

Romania has also signed an agreement with the US Government for the purchase of High Mobility Artillery Rocket System and Guided Multiple Launch Rocket Systems.

PHYSICAL SECURITY MARKET

- The alarm and video surveillance market has been growing

- The legal framework in Romania states the need for companies to provide a certain minimum level of security to their employees

- In 2018, numerous city halls announced their intention to invest in modernizing video surveillance systems:

  - Bucharest: purchase of 373 video cameras

  - Iasi: purchase of a surveillance system which includes 866 video cameras – digital integrated surveillance system, using video cameras and IP communications network; will also provide real-time traffic surveillance and license-plate recognition

  - Oradea: purchasing 216 IP cameras providing HD images; "zoom in" on the areas of potential danger; real-time traffic surveillance and license-plate recognition

CYBER DEFENSE AND SECURITY

- In 2016, the Romanian National Computer Security Incident Response Team processed 110,194,890 cyber security alerts.

- In response to increasing cyber threats, the Government adopted a national action plan to implement the National Cyber Security System (SNSC).

- The IT industry has expressed a need for enhanced cyber security in sectors such as business analytics, mobile computing, cloud computing, and social business.

- The Romanian Intelligence Service (SRI) and the National Cyber Security Incident Response Center (CERT-RO) will each receive EUR 30 million from European funds and from the state budget for two cyber projects.

  - SRI in partnership with the Special Telecommunications Service (STS) will carry out a project updating and developing the national system of protection of ICT infrastructure with critical valences for national security against cyber threats.

  - CERT-RO will carry out a project called "Early Alert System and Real-Time Information".

PUBLIC PROCUREMENT SYSTEM

There are 9 possible procurement procedures stipulated by Act No. 98/2016. The following are the most frequently used:

- Open Procedure – a one-stage procedure; any interested company can submit their offer in response to a tender notice

- Restricted Procedure – consists of two stages, and only bidders selected by the contracting authority at the first stage will be invited to submit bids in the second stage

Procurement procedures according to Government Ordinance No. 114/2011:

- Restricted procedure – any bidder can submit a request to participate in the tender but only selected bidder have the right to actually submit their bid; usually two stages

- Competitive Dialogue – any party can submit a request; contracting authority conducts a dialogue with selected participants; after finding the most convenient solution, the contracting authority calls for the submission of bids

- Negotiated procedure w/ publishing – two stages; selecting candidates who have submitted a request; negotiating the contract with selected candidates

- Negotiated procedure w/out publishing – applies only if the restricted procedure, competitive dialogue, negotiation w/ publishing or call for tenders resulted in a situation where no bid was submitted or all bids were irrelevant or inappropriate

- Simplified procedure – one-stage procedure; contracting authority requests bids from several parties

ENTERING THE ROMANIAN MARKET

Opportunities exist especially in the military field as Romania has begun modernizing and upgrading its equipment and technologies

Suggested Products/Services:

- Armored vehicles

- Infantry weapons/ammunition

- Artillery systems

- Replacement parts/services

- Defense training and consultation

Romania is also a member of the EU and WTO, requiring both organizational and national regulations

Channels of Entry to Defense/Security mkt.

1. Direct Export

2. Establishing a branch in-country

3. Contracting local importers/distributors

4. Acquisition of a local company

*Having a local partner with connections is a valuable advantage