



An exhibition of live, tropical butterflies has opened at the Grigore Antipa Museum in Bucharest. The exhibition includes butterflies from Costa Rica, Malesia, India or the Philipines.

- **The European Commission (EC) has proposed an increase in the European funds allotted for Romania's operational programmes in the period 2021-2027 and the sum could reach about €30.6bn up from €22.5bn in the 2014-2020 period,** said EU funds minister Roxana Minzatu. Romania is close to the European average in terms of EU funds absorption in the 2014-2021 period, with a rate of 29%. The Government's goal is to spend all the money Romania has at its disposal for the 2014-2020 period by the end of 2023.

- ✓ The deal between AEW Europe and Morgan Stanley for America House, a 27,500 sqm office building in Bucharest's Victoriei Square, could be signed this summer after negotiations that took over two years. A shopping mall held by AEW in Transylvania might be part of the deal, as well. Morgan Stanley would pay AEW less than €90 m. Back in 2007, the developer of America House, GTC, sold the building to the French division of real estate investment manager AEW Europe, part of US group Natixis, for €120m. At that time, the yield of the deal was only 5.6%. As initially announced, the deal between AEW and Morgan Stanley could also include a shopping mall in Târgu Mureş (Transylvania), Promenada Mall, initially known as European Retail Park Târgu Mureş. Belgian group BelRom developed the 51,530 sqm mall with an investment of €60m and sold it to AEW for €92m, in January 2008.



- The prosecutors of the National Anticorruption Directorate (DNA) announced that they sent to court the former treasurer of the Social Democratic Party (PSD), Mircea Draghici, for alleged embezzlement and misappropriation of public funds. On April 2, the DNA announced that the PSD treasurer was a suspect in an embezzlement investigation. The



prosecutors believe that he illegally took €380,000 from the subsidies PSD received from the State through a rental agreement. Draghici signed on behalf of PSD a 10-year lease on a property that he ended up owning.

- The Japanese Rating Agency has affirmed Romania's rating for long-term foreign currency and local currency debt (BBB / BBB+), maintaining a stable outlook. Entities listed



under BBB (BBB+ included) are seen as demonstrating an adequate level of certainty to honor the financial obligations. The relatively stable economic situation and low level of public debt are the main factors contributing to the confirmation of the country's rating. For the years 2019 and 2020, the agency forecasts an economic growth rate of around 3%, amid slowing growth in the EU, Romania's main trading partner, but expects a revival of investment in the context of rising absorption of European funds. The Japanese agency also comments on the additional increase in wages in the public sector that was implemented in 2019, with a planned increase in pensions for September (a 15% increase in pensions as of September). "The Government is planning to fund these measures through additional taxes in specific industries, including banking (referring to emergency ordinance 114/2018), dividends from state-owned companies, revenues from the sale of 5G licenses and improved tax collection," the document reads.

- Romania's unemployment rate, seasonally adjusted and calculated under the methodology of the International Labour Statistics (ILO) decreased to a record low of 3.9% in May, according to data from the [National Statistics Institute](#). It is less than the European Union's average of 6.3%, but not the lowest among Union's country: the unemployment rate was 2.2% in Czech Republic, 3.1% in Germany and 3.3% in the Netherlands.

The EU countries with the highest unemployment rates in May were Greece (40.4% in March 2019, latest available data), Spain (31.7%) and Italy (30.5%). Compared to May 2018, the unemployment rate declined in most EU Member States, remained stable in Austria and increased in Denmark (from 5% to 5.1%), Luxembourg (from 5.6% to 5.7% %), Poland (from 3.7% to 3.8%) and Sweden (from 6.2% to 6.3%). **The number of ILO unemployed persons in Romania (aged 15-74 years, actively seeking jobs) estimated for May 2019 was of 351,000 thousand persons, decreasing from 390,000 one year earlier.**

About 20.4% of Romania's young people (730,000 people) aged between 20 and 34 are neither employed nor going to school, quoting data from the same statistics. This is the fourth highest share among European Union member states.

"These young people are a partially inactive population, not all of them -- in the sense that many of them are undeclared "freelancers", meaning that they carry out an activity that is not reported and which does not necessarily involve qualified work.....," said Sorin Faur, founder of human resources consultancy firm HR Academy.

- ✓ **Bucharest's Gara De Nord (Northern Railway Station), the main train station of the Romanian capital, will be refurbished with EU funds.** The project, which requires an investment of over € 100 m, will kick off next month. Gara de Nord was built between 1868-1872 and in 2004 was declared a historic monument.



- **Romania went up 20 places in the 2019 edition of Future Brand Country Index and ranks 42nd among 75 world economies.** The index takes into account a variety of elements, including the business potential, life quality, heritage and culture, tourism, and security. Romania's climb in the ranking comes after an improvement in tourists and business people's perception on the main indicators taken into account in the survey. It is the second highest climb compared to the 2014 edition of the index after that of Slovakia, a country ranked 35th in this year's edition. Romania ranks between India (41st place, up 9 places) and Chile (43rd, up 3 spots). In the region, Hungary went up to the 38th place, while Poland to the 44th. **Japan leads the ranking, having kept its top spot.** It is followed by Norway, up 4 places, Switzerland, Sweden, Finland, Germany, Denmark, Canada, Austria, Luxembourg, New Zealand, United States, Netherlands, Italy, Australia, UAE, France, Singapore, Great Britain and South Korea in the top 20.

- The market share of the foreign retail chains in Romania has jumped to over 50% in each region of the country.
- The market share varies strongly from one region to another: ranging from 54% in Moldova to 80% in the capital city Bucharest.
- Bucharest hosts 10-15% of the country's population, with average earnings of more than 30% higher than the national average net salary. The unemployment in Bucharest is also below the national average.



- Romania is not facing the activation of the Article 7 of the EU Treaty, said Justice Commissioner Vera Jourová on June 19, while attending the EU-US ministerial meeting on justice and home affairs in Bucharest.

"I have been here at a time when the reform was going in the wrong direction. At the same time, I am glad about the useful meeting between prime minister Viorica Dăncilă and [EC

President Jean-Claude] Juncker. Commitments were voiced by the Romanian party to return to the path of reforms that we have recommended [...] Article 7 exists for moments when we find that the situation in a country is serious and that there may be a systemic breach in the rule of law. This is not the case for Romania at this moment," she said in a statement to the press. Asked whether the Magistrates' Investigation Section should be dismantled, Jourová replied that this is a decision of the authorities in Bucharest. "We only recommend principles," she said.

- The European Court of Justice on June 18 canceled a European Commission decision dating 2015, which established that Romania's payment of compensation to Romanian-Swedish investors loan and Viorel Micula constituted illegal state aid. The European Commission also ordered the Romanian Government to recover the money already paid to the investors following an international court's decision. The European Court's rule is not final and can be appealed. The decision seems to be in favor of the Micula brothers since it opens the door for the enforcement of a ruling by the World Bank's arbitration court, which decided they should get compensation worth €200m. Notably, the European Court of Justice (in first instance) did not rule on the request of compensation, but canceled the Commission's decision on the grounds that it was not competent to establish its incompatibility with EU law since the relevant legal facts

took place prior to Romania's EU accession, law experts explained. The investors asked for €85m worth of compensations and approached ICSID invoking a bilateral agreement between Romania and Sweden for the mutual protection of foreign investors. At the same time, the Miculas' firms owed money to the state budget (some €76m). While ICSID consistently ruled in their favor and supported their claims for up to €200m (principal plus interest and penalty) in 2015, the European Commission has banned the payment of compensations and urged the Romanian state to recover the €76m debts the respective companies owed to the budget.