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Publisher:<!--BEGIN-OF-PUBLISHER-->Euromoney Institutional Investor PLC<!--END-OF-PUBLISHER--><!--END-OF-FILE-LIST--></div><p> </p><p>For nearly half a century Romania experienced the communist political system accompanied by the state controlled economy, both imposed by the former Soviet Union. After the old system collapsed in 1989, Romania faced the challenges of a long and difficult transition to a democratic system and to a free market economy. The communist inheritance consisted of a bankrupt economy, a bureaucratic state apparatus and a population in poverty.

The newly elected authorities had to deal with difficult tasks, such as the huge industrial complexes built in the heavy industry which were inefficient, lacking in débouchés and energy consuming; an agriculture developed on concepts contrary to the country's traditions; and a poor and underdeveloped infrastructure. </p> <p>The first decade of the post-communist period was characterised by incoherent and sometimes unrealistic reform measures, social convulsions and the reluctance of the old state bureaucracy to change. </p> <p>Nevertheless, after Romania started the negotiations for joining the European Union, a comprehensive reform programme was implemented by the state authorities, with a view to opening, restructuring and modernising the economy, to implementing EU institutions and to developing the infrastructure and the administrative capacity to manage the European funds. </p> <p>A new legal framework was adopted, comprising regulations in privatisation, PPP, concessions and public procurement fields. Although the legislation enacted in these domains is still characterised by conflicting interpretations in enforcement by the governmental authorities, the private sector participation in the economy, especially via privatisation, has increased dramatically. The largest operators in telephony and telecommunications, the main manufacturers and distributors in steel, oil, textile and pharmaceutical industries, are currently private entities, as well as most of the gas and energy distributors, the shipyards and all car manufacturers. </p> <p>In the context of steady growth in the economy and significant pressure of foreign capital, 2005 recorded the privatisation of Banca Comercial? Român? - the largest Romanian commercial bank. The bank passed into the portfolio of Austrian Erste Bank, one of the most important banks in Central and Eastern Europe. </p> <p> Nevertheless, the development of the infrastructure and of public utilities is still far behind the general trend. Therefore, as Romania's economy became significantly linked to foreign investment and foreign trade and, especially, to European partners, new approaches had to be taken into consideration with a view to covering the needs in this field. The solution was the implementation of PPP and concession, as well as PFI-like concepts. </p> <p>To read the entire article, please download the .pdf attached. </p> <p>
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