

## FOCUS AREA:

### The North-East Romania • City of Iași

#### The North-East Development Region

The North-East (Nord-Est) is one of those 8 development regions of Romania, that covers the north-east area of the country, being a part of the old historical region of Moldavia. With more than 3 millions inhabitants, Nord-Est is still the most populated region in the country.

The region is made up of 6 administrative units, so-called counties: Suceava (1), Botoșani (2), Neamț (3), Iași (4), Bacău (5) and Vaslui (6). The 6 counties contribute in a different measure to regional GDP formation, only 2 of them – Iași and Bacău - having significant economic performances, clearly superior to those of Suceava, Neamț, Botoșani or Vaslui.



The North-East region - as it appears in the statistics of recent years - seems to be the realm of a story woven out of paradoxes. It is the 5th poorest development region in the European Union, but, also, the birthplace of some of the most remarkable domestic entrepreneurial businesses, such as: the largest entrepreneurial business in Romania - Dedeman (retailer of home improvement and gardening, with business worth over 1 billion euros) or Gemini CAD System (one of the 4 global suppliers of CAD/CAM technology for industries working with flexible materials, such as textile or leather).

Having a GDP per capita at about 2/3 of the national average (the lowest in Romania), it is one of the most affected regions by the phenomenon of migration - more of its people moving away from abroad or other domestic regions in search of better jobs – but, it is also the 2nd development region as number of homes built in the last years, according to the National Institute of Statistics (INS).

The regional economy is mixed, with significant structural differences among region's counties. Thus, Botoșani and Vaslui have a very developed agricultural sector, while the construction sector is almost irrelevant, Iași has the most developed service sector, but, also, several well represented processing industries, Suceava and Neamț have higher values for wood, textile & clothing and food industries, while Bacău has the best values for the construction sector. (source: RIS3 NE)

The main cities of the Nord-Est region are:

- **Iași**, the former capital of Moldavia and the largest city in Nord-Est, has a strong industrial and ICT base and is one of Romania's main university, cultural, arts and business centers;
- **Bacău** is a dynamic industrial and commercial center;
- **Suceava** (the medieval capital of Moldavia) and **Piatra Neamț** are industrialized centers and also important historical and tourism based cities;
- **Botoșani** and **Vaslui** are traditional developed trade and agriculture centers and with well developed textile and food processing sectors.
- **Bârlad**, **Roman**, **Onești** and **Pașcani** are other important industrial based cities in the region.

The low costs and skilled labor make the North East Romania one of the most cost-effective investment locations in Europe. Autoliv Romania, the well-known American-Swedish automotive safety manufacturer (with over 10,000 employees across the country), BMT Aerospace, the Belgium producer of elements for the aerospace industry or Delphi Diesel System, the automotive components

manufacturer, are only a few examples of large industrial investors which have opened important production capacities in the North East region, in recent years.

The sectoral analysis carried out the North-East Romanian Development Agency (ADR NE), in 2016, has identified the key economic sectors in the North-East Region, with competitive potential, where the activity of the economic agents is strong and the results can be maximized by innovation and smart specialization: **Agro-food, Textile & Clothing, Forestry & Furniture, Biotechnology, IT & C, Tourism and Environment.**

### The Textile and Clothing (T&C) sector of the North-East Region

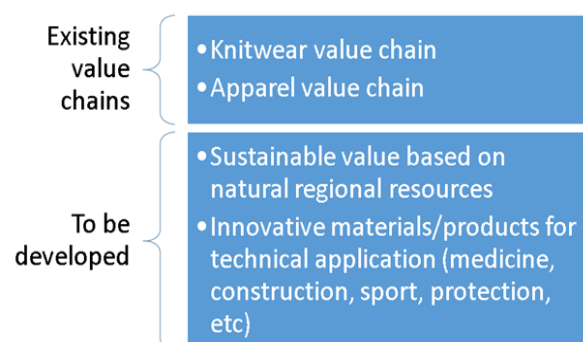
The T&C industry is one of the most dynamic economic sector in North-East Romania, with over 940 companies, 30.000 employers and a share of 19% of the total exports of textile goods at nationally, being also the 2<sup>nd</sup> regional exporter. The regional textile industry includes companies producing yarns (acrylic, wool, viscose, hemp or fancy yarns), woven and knitted fabrics, knitwear, clothing, decorative textiles and technical textiles. The North-East Region is the national leader in yarns, knitwear and garments manufacturing.

Apart from large companies (representing approx. 5% of the total number), the rest are SME's, of which, more than 70% are involved in apparel production, mainly based on CMT manufacturing for large European fashion brands. A small number of companies produce household or technical textiles. At regional level, there is a textile cluster (Astrico NE - including producers of yarns and knitwear) and an association for innovation and sustainable development in textile (Reginnova NE). North-East region is one of the leading member of RegioTex, the new initiative launched by EURATEX and Textile ETP in 2016 to boost innovation and accelerate the emerging industrial renewal in traditional manufacturing regions across Europe.

A strong point is the presence in the region of the Faculty of Textile, Leather and Industrial Management of the *Gheorghe Asachi* Technical University of Iasi, which is the most important provider of education, knowledge, research and innovation in textile at nationally. The faculty has a centre of research for advanced textile materials, gathering 12 research laboratories covering all textile domains and a doctoral school. A license program Textile Art & Design is led by the Visual Arts&Design of the *George Enescu* Art University of Iasi.

A positive evolution of the turnover, number of companies and exports of the regional T&C industry, as well as, an increasing of the automation level of textile processes and use of CAD/CAM systems for design and manufacturing of textile materials and clothing are observed in the last years. Also, a significant number of companies have started to develop emerging niche markets and innovative business models in the field of T&C.

The primary regional targeted value chains in the T&C sector are<sup>1</sup>:



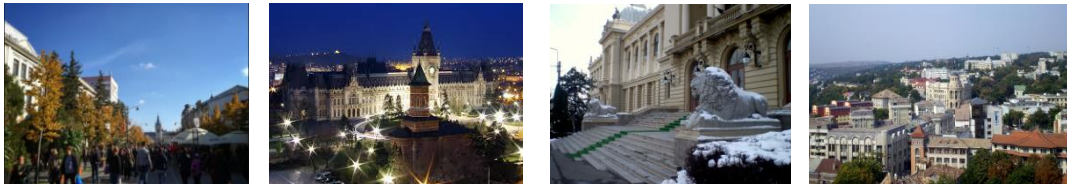
<sup>1</sup> RegioTex Regional Action Plan of North-East Region Romania, ADR NE, 2017

## IAȘI CITY

**Iași**, also referred to as **Jassy** or **lassy**, is the seat of Iași county and one of the leading centers of Romanian political, economical, cultural, academic and artistic life. With a population of over 370.000 people (2017) and more than 500,000 people living within its peri-urban area, Iasi is nowadays the second-largest city in Romania and the main cultural, economic and business centre of the Moldavian region of Romania, still referred to as *The Moldavian Capital*.



Home to the oldest Romanian university (*Alexandru I. Cuza University*) and to the 1<sup>st</sup> engineering school (*Gh. Asachi Technical University*), Iași is one of the most important education and research centers of the country, and accommodates over 60,000 students in 5 public universities.



The local business environment in Iasi is dominated by businesses active in the services sector, 79% of the companies in Iasi are operating in this sector, compared to 18% in the manufacturing and construction field.

The most important service sectors are related to education, health care, banking, research, culture, government and tourism. With large shopping malls and commercial centers located in the area, Iași also has a well-developed retail business.



An estimated workforce of more than 35,000 employees is active in the local **industrial sector**. The most representative industries are:

- ✚ manufacture of basic pharmaceutical products (e.g. Antibiotice, Fiterman Pharma, Ircon),
- ✚ automotive (e.g. Delphi, Lear, Tess Conex, Terox Prod),
- ✚ textile and clothing industry (e.g. CIM, Siorom, Iasi Tex, Michael Com, Nelmar, Katty Fashion, Cristian ABC, StefiTex, NCN Collection, Maison Chouchou).
- ✚ metallurgical production (e.g. Arcelor Mittal, Technosteel LBR)
- ✚ food (e.g. Compan, Panifcom, Zeelandia, M & R)
- ✚ power distribution (e.g. E.ON Moldova Distribuție, Veolia Energie),
- ✚ civil and industrial constructions (e.g. Brikston, Conest, Constructii Hidrotehnice SA)
- ✚ industrial equipment (e.g. Agmus, ASAM, Fortus).

The city is also an important **information technology** sector center, with the presence of several large multinational companies (Amazon, Oracle, Continental, Xerox, Accenture, Capgemini) and many other local and foreign companies, as well as 2 universities which offer specific degree programs. ). Also, a leading global supplier of CAD/CAM technology develops and implements software, hardware and workflow solutions for apparel and automotive industries (Gemini CAD Systems). Industry forecasts expect the Iași ITC workforce to grow from the 16,000 (end of 2016) employees to more than 33,000, by 2030.