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Vienna, 09 September 2014

Dear Mr. Ponta,

Our group did start to invest in Romania in 2002 with great pleasure in an attractive environment for international investors in the wood working industry. Including our recent investment into a state of the art wood processing factory in Reci/Covasna our **total Romanian investment** amounts to **778 Mio EUR** producing a yearly **turnover of 510 Mio EUR in 2013** (estimated 700 Mio EUR in 2015). One third of our yearly log consumption is already imported from neighboring countries. 75 % of our products are deeply further processed and are bearing a high degree of value added.

We are currently **employing** in Sebes, Radauti, Siret and Comanesti **2.600 Romanian people** and will **increase this to 3.150 Romanian direct employees** by February 2015 with the start up in Reci. Indirectly in up- and downstreaming industries we secure additionally more than 10.000 Romanian jobs. We did pay **28 Mio EUR taxes and social contributions** in 2013.

Recently we have learned that there is a parliamentary discussion going on in order to amend the Forestry Code where there is proposed **Article 63 paragraph (5) letter f)** which says:

A company (economic operator) or a group of companies cannot purchase / process more than 30% of the volume from an industrial assortment from each species, that is determined as the average of the last 3 years based on the commercialization documents that are authorized for exploitation and exploited at national level. (*in Romanian: un operator economic / grup de operatori economici nu poate achizitiona / procesa mai mult de 30 % din volumul dintr-un sortiment industrial de masa lemnoasa din fiecare specie, stabilit ca media ultimilor 3 ani in baza actelor de punere in valoare autorizate la exploatare si exploatare la nivel national*).

This mentioned article comprises a **state aid component** and **violates** the fundamental principle stated in the **Treaty on the Functioning of the European Union – TFEU**. Due to the fact that the Romanian state will abuse his dominant market position **Romania will be sued upon the initiative of the European Commission for contract violation of the TFEU**. There is no EU member state which is limiting the free trade in such a manner to limit the sales and purchase of raw material with a barrier in percent.

Further on this article will definitely harm the **bilateral investment treaty between Austria and Romania** and Austria as the originating country from the investor and therefore **Romania will be brought in front of the International Center of Settlement of Investment Disputes in Washington**. A realization of this article might cause us to **lay off all employees** which might not be a desirable scenario neither for Romania as a potential target of foreign direct investment neither for the acting investors on the field. As a consequence the log price generated by Romanian State Forests will drop dramatically as there is only low demand for these logs anymore.

Alternatively we have to reallocate our purchase areas to the private owned forests in Romania paying so extra ordinary high prices that especially in areas with a high share of private forests (eg **Bistrita, Harghita, Covasna**) all local small and medium sized processors will have to closed down their production facilities as they are not able to match the purchase price anymore. **This will cause huge turmoil amongst the small and medium sized industry as well as amongst the population.**

The total potential damage from a close down of the production units of this investor for the Romanian State Budget amounts to more than 150 Mio EUR per year (directly affecting several lines of business severely eg. transportation services (trucking as well as rail), sea ports, different service industries etc.).

Knowing all that we kindly ask you for an urgent meeting in order to discuss this delicate issue and we are looking forward to your opinion on this topic.

Best Regards,

Gerald Schweighofer
CEO,
SC Holzindustrie Schweighofer s.r.l.

