UK/Romania Business

supported by Wolf Theiss

Building better defence industry partnerships

opportunities in the new geopolitics

with the assistance of

Preface

Russia's invasion of Ukraine brought war to Romania's border. The conflict has elevated the importance of states at NATO's eastern edge, and made the Western alliance rethink how – and how quickly – it prepares to fight.

Forced both by the reality of Putin's aggression, and the prospect the United States may no longer underwrite its defence, rearming Europe, and rebuilding European defence industrial capability, is now the continent's most pressing security challenge. This needs each nation to spend more on its military and recognise their new regional responsibilities.

In this evolving security order partnerships between frontline states and Europe's more powerful militaries take on new importance. Strengthening the UK/Romania bond is the subject of this report.

Exploring the geopolitical relevance of Romania – and commercial opportunities that flow from this – *Building better defence industry partnerships: opportunities in the new geopolitics*, examines what increased defence spending means, how a greater European interest in sovereign defence capability shapes this, and where the UK and Romania can build together for the changing nature of warfare and weapons systems.

It continues a series of studies by UK/Romania Business advocating for British companies and investors to reevaluate the importance of this emerging market, each offering a deep dive into one key strategic sector – technology, defence, energy/infrastructure and financial services.

Learn more about the mission of UK/Romania Business to reshape bilateral opportunity and join us to support its work.

Building better defence industry partnerships: opportunities in the new geopolitics was made possible thanks to the support of Wolf Theiss Romania.

Additional thanks to Horia-Răzvan Botiș, Air Flotilla General (ret.) Adrian Duță, Nicole Gradinaru, Iulia Jivănescu and George Scutaru for their assistance with and comments on this report.

The views expressed in this report are solely the authors own.

Contents

Foreword from General (ret.) Daniel Petrescu

Romanian security is built on four pillars: NATO, the European Union, its strategic partnership with the United States, and our own military capacity. Central to NATO's European core – if no longer a member of the EU – the United Kingdom remains an essential partner for us both within shared alliances and through direct bilateral dealings. It is a country whose strategic culture, professionalism, and reliability we deeply admire.

Romania has a strong history of working with the UK and solving many issues together. We valued its role as an alliance builder and mediator, ensuring better cooperation between NATO and the EU, and it continues to be an active voice in bringing coalitions together. None is more important now than our shared effort to defeat Russian aggression and support the people of Ukraine.

Following Putin's full-scale assault on the country the UK took a clear position of leadership, pushing other countries into action. As the anchor of NATO's eastern flank – and with our own recent memory of tyranny from Moscow – Romania was alongside it all the way even if sometimes our voice was restrained.

We are part of Operation Interflex, the British-led joint effort of 16 nations to provide training and support to the Armed Forces of Ukraine. We are delivering ammunition and weaponry to the country while working with industry to ramp up local production. And we are pleased to host and welcome UK armed forces for air policing missions, joint training exercises and more.

Critical to our future partnership, and to the containment of further Russian aggression, will be development of a new strategy for Black Sea security.

Part of the Russian joint operations area in attacking Ukraine, how we think about immediate dangers there – and the longer term threat – raises complex operational questions. There's the risk from mines, the protection of harbours and offshore gas fields, and the challenge to free navigation from the daily intrusions of drones, signal jamming and spoofing. We don't have all the solutions now, but working with Britain, and leaning on its strong maritime heritage and culture, together we can craft a robust regional response.

Much of Romania's current naval strength – two frigates and most recently two mine hunters – is built on deals we did with the UK. From joint operations and military education to capability development and procurement, UK/Romania cooperation has always been grounded in mutual respect and shared purpose.

Like many of our officers I trained in Britain learning not just tactics but ways of thinking. The UK values initiative, accountability, and getting things done. Romania brings its own unique experiences and knowledge. By working together – at military to military level, at government to government level, and by building better defence industry partnerships – we can create a new joint commitment to peace and security on NATO's eastern flank.

General (ret.) Daniel Petrescu
Chief of the Defence Staff, Romanian Ministry of Defence
December 2019-November 2023

1. Why Romania matters

UK/Romania Business

UK/Romania Business advocates for wider and deeper ties between the two countries, and in particular around four core commercial and strategic sectors: technology, defence, energy/infrastructure and financial services.

Often seen as an unimportant market our motivating thesis is that British business is overlooking commercial opportunity with Romania.

Defence, of course, is unique. While market opportunity might be a commercial calculation, arms sales and industry partnerships are fundamentally shaped by politics and inter-government relations.

For the buyer this will mean what amount of contract value can be captured locally and how might a purchase decision affect relationships with the producer country or those overlooked? For the seller, is a country sufficiently friendly and what technologies should be entrusted to it? A collective alliance like NATO adds a further layer – what defence capabilities should each partner be expected to contribute and which countries require greater attention due to their geographic or strategic significance.

To situate these current debates it helps to understand a little about Romania's place in the evolving geopolitics of the Black Sea region, and its significance both to NATO and for future UK/Romania defence partnerships.

1.1 History and Geopolitics – a flavour of Romania

The roots of Romania's contemporary relevance are teased across its history.[1]

Conquered by Rome in the Trajan Wars, gold, silver, copper and iron from the Dacian territories helped finance and equip its legions.[2] At the fringes, later, of Hapsburg, Ottoman and Russian empires their influences still feature in modern Romanian politics – for example the status of ethnic Hungarians and Saxons in Transylvania, or claims toward the territory of Moldova.

First recognised as a fully independent state in 1918, the growing power of fascism domestically pulled Romania into Axis orbit before entering the war on Hitler's side with his invasion of the Soviet Union. While defeat at the Battle of Stalingrad marked the effective end of its military contribution to the conflict, Romanian oil remained critical to the German war effort. In August 1944, and with Soviet forces pushing into the country, a coup led by deposed monarch King Mihai switched its allegiance to the allied powers and, in depriving Hitler of this vital resource, is said to have shortened the war by several months.

Occupied by Soviet armies – and ceded anyway by the West to Stalin at the October 1944 Moscow Conference – communism descended quickly on post-war Romania, but a break from Russian foreign policy under Nicolae Ceaușescu offered it independent influence in Western capitals. This quasi third party status helped the dictator broker Nixon's visit to China as well as mediate Arab-Israeli disputes. His diplomatic utility was recognised by a state visit to the United Kingdom in 1978 and the award of an honorary knighthood by Queen Elizabeth II.[3] That visit also brought agreement on a major aircraft manufacturing deal, ROMBAC, unique as a form of technology licensing between the UK and a communist state.

With the fall of Berlin Wall – and execution of Ceaușescu – a process to better align former Warsaw Pact nations with Western political, economic and security structures began. Romania became an associate partner of the Western European Union in 1994, opened accession talks with the EU in 1995 (joining in 2007), received a NATO Membership Action Plan in 2002 (acceding 2004), with Bucharest hosting the 2008 NATO summit – the meeting at which Membership Action Plans for Ukraine and Georgia were formally discussed but denied. Meanwhile American forces had been utilising the Mihail Kogălniceanu airbase since 1999 before ramping up presence at the facility to support actions in Afghanistan and Iraq.[4]

Romania's integration opened the way to military sales, including the purchase of two Royal Navy frigates from the UK in 2003 alongside a complex contract awarded to BAE Systems for their refurbishment and with provisions for part exchange of Romanian military equipment.[5] In 2010 a new bilateral agreement covered the upgrading of RAF Pumas with work delivered – at the time controversially – through Eurocopter's IAR Ghimbav subsidiary:

> "It's a good example of Smart Defence – how, as allies and partners in NATO and the EU, Britain and Romania can share our respective expertise in defence and in our defence industries to develop the kind of forces and capabilities we need for the future.

Romania is a trusted partner for the UK on security and defence, because Romania is prepared to play a full and

active part in NATO and EU operations. And the RAF has also been glad to entrust its fleet of Puma helicopters to Eurocopter Romania to kit them out for the joint challenges our armed forces will face in the years to come"[6]

Martin Harris, British Ambassador to Romania, 2010-2014

Rolls-Royce, initially present in Romania via the ROMBAC deal, also expanded its activity in the 2000s including new deals with Turbomecanica, Aerostar Bacău and the Romanian Navy for servicing of its two UK built frigates.

1.2 Romania in the new geopolitics

Russian invasions of Georgia (2008) and Ukraine (initially 2014) brought fresh attention to Black Sea security and an increasing importance for Romania in Western security architecture. For Romania itself Putin's criminal seizing of Crimea meant Russian controlled territory abutting directly on its airspace and territorial water – including the recently discovered Neptun Deep natural gas field.[7]

NATO's collective response included enhanced air policing of its southern flank – with frequent rotation of British jets to Mihail Kogălniceanu – alongside deployment of naval vessels to the Black Sea. Direct support for Ukraine focussed on training and capacity building e.g. the UK's Operation Orbital and also a plan to enhance Ukraine's naval capabilities (NCEP) with Babcock International the primary partner delivering the projects through UK Export Finance funding.[8]

In the same period the Deveselu military base in southern Romania became part of the US Aegis Ashore anti-missile defence[9] and American money was committed to the renovation of Câmpia Turzii air base near Turda in Transylvania "to secure regional stability, enhance interoperability between Romania and the United States, enable future joint exercises between our nations' forces, and, if the need should arise, fight, and win together."[10]

Russia's full-scale assault on Ukraine from March 2022 shifted the security debate further, its egregious use of force prompting additional measures to support Ukraine, broader efforts to shore up neighbouring states, and a reconsideration of European defence spending and military needs.
For Romania this means more frequent and heavier presence of allied air and land forces, for example the NATO Battle Group Forward Presence at Cincu, Exercise Steadfast Dart (spring 2025), and the start of work to enlarge Mihail Kogălniceanu – on track to be NATO's largest European facility by 2030.[11]

Across the alliance the war has highlighted limited stockpiles of munitions and lack of production capacity and prompting new investment in their manufacture. Publicly quiet about its contributions to arming Ukraine, Romania is closely involved here particularly through its supply of Warsaw Pact specification shells.[12] This existing infrastructure, and proximity to the conflict, makes the country a choice location for new munitions factories with both Rheinmetall and two UK companies now investing locally.[13]

More fundamentally Russian aggression is prompting a major rethink of military capabilities and force levels across the alliance. First manifesting as stricter adherence to the established 2% GDP spending target, an agreement at its June 2025 summit means NATO members should now track toward an updated 3.5% + 1.5% formula.[14]

If this commitment shows new determination in the West, it is accompanied by more worrying questions about continued American underpinning of the NATO alliance. Part legitimate frustration over Europe's longtime free-riding on US defence spending, Trump's America First signally – and capriciousness in his political and military support for Ukraine – is introducing a new transatlantic fault line.

The EU has responded with its ReArm Europe Plan/Readiness 2030 and €150bn Security Action for Europe (SAFE) financial mechanism. Its intent, and of which Romania is likely to be a major beneficiary, is to provide funds for rapid rearmament and to support development of a continent wide modern military-industrial base sufficiently detached from American dependencies.[15]
These winds also see looser coalitions of the willing commit to instruments like the UK administered International Fund for Ukraine and potentially to the policing of any future ceasefire in the conflict.[16]

Fighting in Ukraine is also demonstrating limitations of legacy weapons platforms, staleness of Western war fighting doctrine, and inflexibility of commissioning and procurement processes.

In particular the rise of autonomous air and sea vehicles, including low cost attritable variants, is spotlighting innovative defencetech, the value of rapid iteration at the frontline, and importance of high volume, short timeframe, production. If these new weapons are not replacements for complex and costly weapons platforms or the

infrastructure behind them, the vulnerability of multi-million dollar ships and tanks to products leveraging the smartphone supply chain invites new thinking on the needs of modern militaries. A reset moment, its an opportunity for new defence suppliers to emerge including from the UK and Romania.

The global security context aside, the war on Ukraine ripples into Romania in other ways.

Direct consequences include some 185,000 Ukrainian refugees arriving in the country since the start of the war, occasional violation of airspace, the threat of debris landing in its territory or mines damaging shipping, as well as greater attention to Romania's bilateral relationship with Moldova – itself a Russian target state.

Alongside this – and underscoring Romania's new geopolitical importance – it is the target of increased information warfare and cyber attack, likely directed by Russia and its proxies. Most notably this included apparent interference in the 2024 presidential election in support of Călin Georgescu, a right wing populist candidate critical of support for Ukraine and keen to rehabilitate the image of Romania's World War 2 fascist leaders.[17] This election was annulled by the Romanian Constitutional Court.

The reorganised contest saw hard fought victory for liberal reformer Nicușor Dan – a success underpinned by ethnic Hungarian and Saxon regions of Transylvania, and diaspora vote in Moldova[18] – but substantial presence of populist/nationalist forces in the Romanian parliament (~30%), together with a pressing need for tough economic adjustment, remain significant domestic political challenges.

This crisis highlights why a politically and economically resilient Romania is essential to NATO's eastern flank and is sharpening efforts now in support of its continued pro-West orientation. It means active engagement by international partners like the UK, and stronger institutional backing for those investing in the country.

1.3 The UK/Romania strategic partnership in defence and security

The UK stepped up the size and frequency of its military deployments to Romania following the invasion of Ukraine – actions emphasising its strategic importance as a frontline state. The RAF has participated in five air policing missions with a sixth anticipated in 2026, and the Royal Navy sending 11 warships between 2014-2021 (the Montreux Convention now preventing external deployments to the Black Sea). While these visits were carried out in the context of joint NATO operations, at a bilateral level the importance of the relationship is seen in November 2024's UK/Romania Defence Cooperation Agreement.

Superseding two previous Memorandums of Understanding for defence collaboration (1996 and 2019), the "new Agreement provides a legal basis for the continuation, and development, of the defence relationship between the UK and Romania, building on the progress made under the 2019 MoU on the 'Enhancement of Bilateral Defence Cooperation'... [and to] reflect the development of and increasing scope of the Parties' bilateral relationship. This is a genuine partnership from which both countries benefit. It enables an overarching strategic framework to reinforce the UK's bilateral defence relationship with a key NATO Ally and European partner, including an enhanced relationship on capability development. Both nations also benefit indirectly from the resultant enhanced operational effectiveness to face shared threats."[19]

Describing a three year rolling action plan – including annual defence talks – beyond its Status of Forces provisions, Article 2 of the Agreement sets out nine areas in which the two countries will enhance bilateral defence cooperation, and Article 4, 25 fields for this cooperation. Together they cover themes like improving the effectiveness and efficiency of defence policies and Armed Forces; better interoperability and capability for joint action; optimising use of defence resources; and achieving technological benefits and efficiency through developing capabilities related to defence procurement and equipment support. 2025 may also bring the signing of a General Security Agreement between the two countries.[20]

Positioning the Agreement politically British Ambassador to Romania, Giles Portman, observed:

> "in terms of what we want to do as the UK, it's really important we make sure Romania is the strongest possible NATO ally and able to defend itself and to defend the eastern flank of NATO... we want to see that Romania is able to provide the best possible support to Ukraine and to Moldova... and we want to see that Romania is able to support the UK's own objectives in Ukraine, the Black Sea, and Moldova... That's why we signed the new defence

> treaty at the end of 2024, and it's why the UK was by far the largest contingent when we had a really big NATO exercise in Romania, Steadfast Dart, earlier in 2025."[21]

HE Giles Portman, British Ambassador to Romania

The Defence Cooperation Agreement also sits alongside the six dialogues of a wider Romanian-British Strategic Partnership (March 2023).

Of the six, and in-keeping with the core focus of UK/Romania Business, we highlight aspects of two in particular, "defence and security"

- exploring co-operation on defence research, capability development, interoperability of armed forces, and outer space matters
- enhancing our defence, cyber and security procurement relationship, including greater cooperation between our respective industries

and, "promoting trade, investment and entrepreneurship"

- deepening bilateral economic cooperation, trade and investment links through the establishment of a working group for trade and investment, coordinated by the relevant institutions, with the aim of defining priority areas and opportunities of common interest and an action plan
- promoting dialogue between the startup communities in Romania and the UK, in order to focus on innovation and entrepreneurship and to better expose Romanian startups to UK investment funds
- facilitating collaboration within large-scale research infrastructures and research and innovation projects of mutual interest

This rare conjunction of geopolitical salience, increasing defence budgets, and drive for greater bilateral military and commercial collaboration, creates ideal conditions for UK companies to enter the Romanian market and for new industrial partnerships to be forged.

1.4 Emerging opportunities for British companies

Bilateral trade in defence and aerospace is based historically on supply chain integration and maintenance, repair and overhaul agreements, with British companies benefitting from Romania's lower costs.[22]

In regard to military sales the UK Defence Equipment Sales Authority brokered the transfer of two frigates and two minesweepers with British companies involved both in refitting the vessels pre-sale and servicing agreements after purchase. Beyond this, however, evidence of high-value UK defence exports to Romania is rare.

The new European political and security context, the UK/Romania Strategic Partnership, and now the Defence Cooperation Agreement may change that.

Part of that broader regional context includes evolution of the UK/EU post-Brexit settlement and specifically its Security and Defence Partnership clauses:

> "the most important element of this deal is the security and defence agreement and the recognition that Britain can be part of this rearmament investment process. The UK is the second largest state in terms of defence spending in Europe, we are world leaders in certain technologies, we are partners in the strongest consortia such as the Eurofighter Typhoon aircraft, so what is important is that when it will be the first round of projects in November [2025], the UK will be part of them and depending on what Romania proposes, we can collaborate."[23]

HE Giles Portman, British Ambassador to Romania

While the Security and Defence Partnership establishes a framework for UK/EU cooperation, the terms on which British defence companies can be involved in SAFE remain to be clarified. In September 2025 the European Council authorised the opening of negotiations with the UK and the expectation must be for substantive agreement to be reached in advance of its first project disbursements early in 2026.

Highlighting where some opportunities for British companies might lie, Ambassador Portman elsewhere notes "I think there is a lot of potential in terms of military satellites, the modernisation of the Romanian Navy, the modernisation of defence combat vehicles for the army, but also in terms of increasing artillery production."[24]

ReArm Europe/Readiness 2030

2025 has seen the European Commission start to emerge as a deliberate actor in defence procurement.

Driven variously by its new recognition of the Russian threat, a significant shift in German attitudes to defence spending, and questions over America's continued commitment to European security, the Commission has both adopted a new financial framework to strengthen the Union's defence technological and industrial base, and for the first time appointed a commissioner, Andrius Kubilius, to a defence and space brief.

Published in March 2025 this ReArm Europe Plan/Readiness 2030 allows greater fiscal flexibility for member state's in their defence spending, and through Security Action for Europe (SAFE), a €150bn loan mechanism to fund urgent investment in materiel and encourage more effective joint production and procurement practices across the European Union.

In September 2025 Romania was provisionally allocated €16.7bn in SAFE funding and while the specific programmes this is intended support were not public at time of writing (final proposals to be submitted by 30 November), it is believed 70% will go toward equipment purchases and 30% for infrastructure upgrades e.g. modernisation of Romanian roads and bridges to support the transportation of heavy military equipment.

SAFE allows participation of non-EU countries – defined as acceding countries, candidate countries, potential candidates and countries that have signed a Security and Defence Partnerships with the EU including the UK and Canada. Ukraine also receives preferential terms.

SAFE is the "first pillar of the European Commission's ReArm Europe Plan/Readiness 2030, which aims to leverage up to €800 billion in defence spending. The other pillars of the ReArm Europe Plan/Readiness 2030 are: boosting national defence funding by activating the Stability and Growth Pact's national escape clause; making EU instruments such as the cohesion funds more flexible to allow greater defence investment; complementing public funding with contributions from the European Investment Bank; and mobilising private capital."[26]

These point both to capabilities Romania is keen to acquire for itself, but also to the ramp up of European sovereign capability e.g. satellites and artillery. That broader opportunity is fundamental to the commercial success of future bilateral defence partnerships. Indeed, for all the increase in local defence spending and the expanded procurement pipeline this might bring, a far bigger market for British companies will come from building *in* Romania, but *for* Europe.

Equipment aside, the Romanian opportunity also includes upgrading of its transport infrastructure and programmes to enhance societal resilience. Additionally, the country's border with Ukraine makes it a critical logistical and security hub and one that will play a key role in the long-term reconstruction effort. Part of that effort will involve the decommissioning of weapons and de-mining of the country.

Widening the aperture, future commercial defence and security cooperation might also extend to new research, technology and innovation partnerships.

With proven IT excellence and solid engineering pedigree – and already an R&D hub for several global technology companies – Romania presents as an attractive location for outsourced activities yet one securely within the standards and frameworks of NATO. Here we highlight the DIANA accredited test centres at University Politehnica Bucharest and the National Institute for Aerospace Research (INCAS) together with the National Research and Development Institute for Gas Turbines (COMOTI).[25]

Partnerships on innovation also help broaden the pathway for British startups developing dual-use and defencetech solutions. Whether accessing Romanian technical talent, or building and testing closer to the Ukrainian frontline, tapping into the country's own emerging defencetech and dual-use ecosystem is likely to become a further competitive advantage. Such corridors will also support Romanian startups enter the UK market.

Photo credit: Victor Cozmei/HotNews.ro

2. Understanding Romanian defence production and procurement

UK/Romania Business

Defence budgets are on the rise across NATO and the wider Western coalition. It is our collective response to direct Russian aggression and implied Chinese threat. Prompted most immediately by Putin's unprovoked invasion of Ukraine, that conflict is also exposing failings both in how we plan for war and what we build for war.

If Ukraine is a specific kind of fight, it has revealed the need for a deeper, more flexible, defence industrial base, and a reimagining of how certain weapons systems are designed and delivered. Its also shown that basic capacity to manufacture munitions matters for battlefield success.

The new money – NATO's 5% defence/resilience spending aspiration; the €150bn allocated to SAFE by the EU – and sharpened security focus creates commercial and strategic opportunities in the new geopolitics. It invites military planners to strengthen and expand national capabilities and provides a route to reinvigorate squeezed defence contractors.

For the UK and for Romania these questions resolve as what they can build, what each should buy, and with whom it must partner to deliver those production and deployment objectives. It requires understanding of their respective defence industrial bases – expertise, capacity and short-comings – as well as joined up thinking on how they can contribute to new imperatives around European sovereign capability. We consider Romania's defence industry below.

2.1 An introduction to the Romanian defence industry

Driven by Ceaușescu's vision of national economic self-sufficiency – around 70% of its military equipment was domestically produced – and emphasis on export earnings, Romania developed a strong defence industrial base in the 1970s:

> "Romanian arms production included fighter aircraft, armoured combat vehicles, multiple rocket launchers, small arms and ammunition. Besides contributing to Romania's greater independence from the Soviet Union, domestic arms production boosted the country's exports and became a source of hard currency. In the early 1980s, arms exports averaged $620 million, making Romania the world's ninth largest arms exporter."[27]

The abrupt end to the dictator's rule, and later collapse of the Soviet Union and Warsaw Pact, saw that model implode and communist era enterprises quickly atrophy.

While requirements from the twin drivers of EU and NATO accession motivated some change – including successful privatisation of Aerostar Bacău and Turbomecanica in the late 1990s – Romania's non-aerospace defence manufacturers remained tightly under state control and where they lacked incentive for significant industrial or management reform.[28]

Established in 2000, and sitting under the authority of the (now) Ministry for the Economy, Digitalisation, Entrepreneurship and Tourism, ROMARM acts as a holding company for 15 state-owned defence producers, making it the main supplier of military equipment, ammunition and maintenance services in Romania.

Retaining state control has not, however, meant development of a clear vision for the national defence industrial base.

State-owned companies were maintained more for social and political reasons, not their technological capabilities or the needs of the Ministry of Defence. Starved of investment, factories have continued with decades old equipment and industrial processes, while Romania's favoured method of defence procurement – off-the-shelf equipment purchased through Foreign Military Sales – has both marginalised domestic producers and failed historically to carry the offset obligation needed to bring new skills and capital investment to its industry.

Those failures have been compounded by high levels of migration. Although its schools and universities continue to produce top technical and engineering talent, the salaries and opportunities available elsewhere in Europe has often left domestic industry reliant on an ageing labour force and worker mentality shaped in the communist era.

These factors are the backdrop against which Romania approaches the new defence industrial moment. The objective of its policymakers must be to capitalise on national proximity to the geopolitical spotlight, and use the influx of new funds to rekindle the country's military manufacturing tradition. Success here will require a reinvention of their approach both to defence procurement and to commercial partnerships.

2.2 In conversation: Horia-Răzvan Botiș

Horia-Răzvan Botiș is Director of International Affairs at the Romanian Defence Industry Shareholders Organisation (OPIA), Vice-Chairman of the NATO Industrial Advisory Group and Romania's national representative on the NATO DIANA Board.[29] In conversation we cover the shape of the defence sector in Romania, its shortcomings and where he thinks its future potential lies.

How would you describe the state of Romania's defence industrial base today? What are its strengths and challenges?

HRB: When we talk about the defence industry in Romania it's the factories, production lines, supply chains, workforce, contracts, and the way government engages with them.

During the Cold War, we were one of the world's top arms suppliers, producing not only Soviet-standard ammunition but tanks, 4x4s, 8x8 vehicles, and even some our own aircraft. Capabilities were there – built on a strong culture of engineering and hard sciences – the structure worked, but it relied on an integrated Warsaw Pact supply chain. Since its collapse after 1989 Romania has failed to reproduce it in a modern, sustainable, domestic form. It took us nearly ten years to produce our current defence industry strategy, something that was only published in 2024.

Political culture has been a factor here. Too many politicians, especially in the first decade after the revolution, wanted the prestige of power. They were in it for themselves and for their own status rather than thinking long-term and for the country as a whole. One of our presidents said bluntly in the 2000s that Romania couldn't yet function as a democracy because too many in senior positions were shaped under communism. That still lingers. Only now is a new generation, educated in NATO and Western institutions, starting to bring a different perspective and rising to positions that matter.

So we haven't really had serious reform to this point. Most of the legacy industry was parked under ROMARM in 2000, and much still remains state-owned and producing with outdated equipment or under Soviet-era licenses. If we're not manufacturing to NATO standards we can't compete in our major market so companies further stagnate. The one positive now is these Warsaw Pact era production lines are helping supply Ukraine with ammunition it desperately needs. Ironically it is this out-dated equipment that is atracting new external investment so there is some new hope for the longer term health of Romania's defence industry.

But here workforce is a factor. Many in SOEs are at the point of retirement and young people don't really see a viable career in the industry. A graduate engineer would start on about 2,500 lei (€500–600) per month. Compare that with IT – booming since 2004 thanks to tax breaks. Software companies in cities like Cluj, Timișoara, Iași, and Bucharest have thrived and universities have churned out graduates to service this demand. We should do the same for defence. I've proposed it through OPIA (the Romanian Defence Industry Shareholders Organisation), the NATO Industrial Advisory Group and DIANA, but it needs to be taken up and pushed through by politicians. Industry also needs to do more to make the case.

More generally government needs to rethink how it manages the defence industry. The current structure of ROMARM under the Ministry of Economy has proven ineffective so either partial privatisation via the stock exchange or transferring oversight to the Ministry of Defence (MApN) makes more sense. Alongside this MApN needs to learn to engage directly with industry. Too often, officers and officials avoid dialogue out of fear of accusations of bias or corruption. Other NATO countries manage this so why not us? Without that kind of exchange, the system cannot learn and update.

This can be started through joint ventures with international primes and using offset provisions more effectively. The most promising developments now come from private-sector partnerships with NATO allies who are willing to transfer licenses for local production. These collaborations are helping build new domestic capability and attract younger talent to sustain the sector. Aerostar Bacău is a good example – privatised, well-managed, and diversified into civil aviation as well as defence. It has become highly successful, but state-owned firms unable to win contracts or investment have steadily declined.

How are foreign defence companies perceived in Romania?

HRB: At first, there was suspicion that foreign companies were just here to take the money. But it is now recognised they bring real benefits – training our engineers, offering opportunities abroad, and showing how well-run companies operate. Our new offset law will require them to work with local partners and produce in Romania, not just ship parts for assembly. If implemented consistently, this can create the same horizontal industrial growth that we saw in automotive and bring the same kind of benefit. Indeed, there should be synergies between the two sectors with defence able to springboard off what the

automotive industry has already built.

But it needs incentives and clarity. In the past, Romania lost major opportunities because we didn't offer the support other countries did. Hungary, for instance, attracted projects with tax breaks and subsidies. If you don't demand local production and technology transfer from the outset, companies will simply sell you finished products and move on. And consistency is key. Defence is political by nature, but once a decision is made, it must be followed through. If each new government changes the rules companies may lose confidence in the country and scale back additional involvement.

Corruption has long surrounded defence procurement. Its a concern in the sector generally, but Romania has also ranked poorly on this. Is this perception stopping companies bidding for contracts in Romania or setting up there?

HRB: Corruption has been a risk, yes, but in my experience the bigger problem is lack of expertise. Many officials delay decisions not because they expect bribes, but because they don't understand the technical aspects and fear making a mistake. They don't want to sign contracts they can't evaluate. That creates paralysis and this disincentivises companies, especially smaller ones. The best way out is education and professionalisation. Civil servants need technical advisers they can trust, and long-term training in how this sector works. Without that, everything stalls. Romania needs to invest in this capacity not just for defence, but in all ministries dealing with large or complex projects.

With new technologies reshaping defence, where are Romania's opportunities?

HRB: We'll never build an F-35, but that doesn't mean we lack potential. Don't forget, in the 1970s Romania developed the IAR-93 and was working on the IAR-95 – the first supersonic jet in Eastern Europe. This showed what we could do if we invested seriously.

Today, the opportunity is in affordable, adaptable systems – drones, AI-driven recognition, distributed platforms. Ukraine has shown how quickly civilian drones can be turned into battlefield assets. They cost a few hundred dollars, but they can disable multi-million dollar systems. That kind of asymmetry is where countries like Romania can make a mark. If we support our innovators with proper R&D investment and incentives, we could develop dual-use systems that are valuable not only to us but across NATO.

I think we're seeing evidence of this emerging now in applications for NATO's DIANA programme. In its first year there were six Romanian applicants, in 2024 88 startups applied, this year 120 applications were received. None have yet been selected for a DIANA cohort but the growth in startups applying from Romania is encouraging to see. I'd also add that the DIANA initiative was driven by a Romanian, Mircea Geoană, during his time as NATO Deputy Secretary General, and that two British startups with Romanian co-founders, Grayscale AI and Aquark Technologies, were selected for DIANA's first cohort in 2024.

Is enough being done in Romania to support this innovation ecosystem or the work of agencies like INCAS and COMOTI?

HRB: Our research institutes are doing tremendous work. COMOTI has projects on naval overhauls and engines for the frigates. INCAS is a DIANA test centre and has advanced aviation studies, some with technology maturity above TRL7. But to succeed, you need three pillars working together: academia, industry (both SMEs and primes), and national institutes. If one is missing, you don't get products that meet market needs. Too often in Romania, research stays in the lab without being translated into production.

Funding is another barrier. We've promised for years to spend 1% of GDP on research, but we're stuck at 0.2%. That shortfall limits what our institutes can do. The solution is also to look outward – join European Defence Fund projects, collaborate with NATO partners, and build interoperability into everything we do. We should also look to examples like the UK and how it has built its innovation ecosystem.

How can defence procurement in Romania become more open to startups and SMEs?

HRB: Its about creating pathways and incentives for involving them in the process. Romania has promising examples – OVES Enterprise in AI, BlueSpace Technology in TEMPEST systems and vehicles – but they often find it easier to sell abroad than to the MApN. That tells you something about the obstacles at home.

Part of that, in the current moment at least, is our need to buy big systems out of urgency rather than looking at technologies maturing a few years down the line. They may also be products needing integrated into the weapons systems manufactured by others rather than ready for sale directly to the end user. For that intermediary stage DIANA's accelerator is a supportive model. Companies that complete it earn an alumni

badge, which gives them a boost in NATO tenders when partnered with larger primes. That's crucial, because many start-ups fail in the valley of death between prototype and first contract. But for sure, if Romanian domestic procurement doesn't become more accessible, we risk losing our most innovative founders to international markets.

How can the UK companies play a bigger role in Romania?

HRB: Romania has strong ties with the US and Israel and can access EU defence funds that Britain cannot. But the UK still has a lot to offer: advanced technology, experienced industry, and innovative financing. Romania, for its part, brings cost-effective production, a skilled and English-speaking workforce, access to EU grants, and geographic proximity to Ukraine. If we combine respective strengths in innovation and engineering together we can deliver NATO-standard systems faster, cheaper, and closer to the frontline.

I know of existing bilateral collaboration with Marshall and there are also innovative companies like Skyral seeking to enter the Romanian market. When we tender for the acquisition of an infantry fighting vehicle I think we will see strong UK interest here and given the likely size of the contract some technology transfer and opportunity to create local manufacturing for the export market.

To build this further the UK could learn from the example of the United States. Romania has joined its Foreign Military Finance programme (FMF) and benefits from direct loans and loan guarantees to enhance defence and security cooperation on the industrial side including co-production. So in the case of the US we not only have direct Foreign Military Sales – the large purchases like F35s and Patriots – but also clear mechanisms for technology transfer and joint ventures. The UK might seek to emulate this, perhaps through its Export Financing scheme.

Horia-Răzvan Botiș
Vice Chairman, NIAG

horia.botis@gpdefence.ro

Who to know in Romania

Government and executive agencies

Ministry of Economy, Digitalisation, Entrepreneurship and Tourism
Ministry of National Defence
ARCTIS Romania's newly reconstituted offset agency [website not yet in operation]
ROMARM main producer and direct exporter of military products in Romania
Romtehnica negotiates and signs contracts on behalf of the Romanian Ministry of Defence

Industry associations

ARIE Romanian helicopters' industry association
OPIA the defence industry shareholders organisation
OPIAR the association of Romanian aeronautical companies
Patromil Romanian employers' association of military equipment manufacturers

Think-Tanks

Aspen Institute Romania NGO dedicated to contributing to a free, just, and democratic society
Euro-Atlantic Resilience Centre centre of excellence in the field of resilience
I2DS2 an open community for national security
New Strategy Center think-tank specialising in foreign, defence and security policy

Selected conferences and exhibitions

Black Sea and Balkans Security Forum flagship annual conference organised by the New Strategy Center
Black Sea Defence and Aerospace Exhibition the largest defence and aerospace exhibition in the Black Sea region. Held biennially its next edition is 13-15 May 2026
Rațiu Dialogues on Democracy an annual conference to strengthen discussions and visions on democracy within Central and Eastern Europe and the Balkan region

Media

defenseromania.ro an online publication focussed on defence policy, military technology and events both domestically and internationally

2.3 The defence industrial strategy gap

Much of Romania's defence production predicament is down to the absence, until recently, of a defence industrial strategy – a policy to build and maintain a domestic defence and technology industry capable of contributing to national security, operational independence, and economic growth.

While lack of national vision and long-term thinking is not unique to this sector, shortcomings here are in sharper relief because of the country's sudden geopolitical salience.

That relevance also means its defence sector has been subject of several other new studies – most prominently KPMG's Romania Defence Market: opportunities and challenges - future directions, growth potential and strategic partnerships (January 2025) and Kearney's Romanian industrial defence capabilities assessment: development of a strong homegrown industry (March 2025). Observations from these, and similar recent commentary, tease out the interlinking challenges now faced around procurement, offset, and domestic production.

Resolving Romania's build versus buy question – the foundation of a defence industrial strategy – is complex and contextual.

A mid-size country, and emerging economy, its sovereign defence capabilities inevitably have a modest ceiling. Needing to buy major weapons platforms from abroad, decisions on acquisitions will typically revolve around balancing systems orientated solely toward territorial protection – multi-layered air defence for example – with those needed for power projection on the Black Sea or contributions to Combined Joint Task Forces.

A further factor is the political and commercial benefit in partnering with particular providers. If the current moment points to a rebalancing toward European producers, optionality, and the strength of Romania's existing ties to the United States, may soften that regional imperative. Lastly, while the Ukraine war impels urgency, the remedy – a rapid acquisition of equipment to enhance its ability to deter and, if necessary fight, a presumed Russian invader – does little to invigorate domestic production capabilities or capacities.

Navigating these trade-offs requires effective dialogue between the various international and domestic stakeholders involved in defence production and procurement. Managing such negotiations, however, is not an area where Romanian bureaucracy has previously demonstrated prowess.

Much of the problem comes from the division of responsibilities across multiple agencies and government departments:

> "the National Agency for Public Procurement supervises procurement policy, the Ministry of Defence oversees planning and execution, and the Ministry of Economy controls state defence companies. All contracts over €100 million require parliamentary approval… [Unclear jurisdiction] slows down decision-making, and foreign companies often find themselves navigating multiple bureaucratic layers… Romania needs to pick one ministry to handle defence acquisition and merge existing agencies with overlapping activities where possible."[30]
>
> Bogdan Cozma, GMF

This view is echoed in KPMG's study, "Despite progress, bureaucratic inefficiencies still hinder procurement processes. The prolonged approval procedures and lack of transparency often deter foreign investment. The sharing of responsibilities between the Ministry of the Economy and the Ministry of Defence contribute significantly to this challenge. Our view on this critical issue is that a superior structure at Government level with a supervision/coordination role would benefit the two ministries on defence acquisitions programs and the defence industry."[31]

A second consideration, rooted directly in the Ministry of Defence, surrounds how it sets its needs.

Multiple conversations for this report noted defence officials unwilling to speak with possible bidders when initiating and designing projects. This, it was said, could result in poorly articulated specifications when tenders were published, and in which vague or contradictory language often obscured requirements. The result was bidders struggling to interpret what was being asked of them, slowing down their responses, and raising the risk of mismatched expectations or cancellations once contracts were awarded. A widely expressed view was that increased openness and regular industry engagement sessions – a practice common across most NATO militaries – would deliver significant benefits for Romania, allowing for

more effective collaboration on solutions.

International contractors also interact with its offset laws – a regime intended to deliver domestic benefit as a condition of foreign equipment purchase; typically through technology transfer and the establishment of some in-country manufacturing or maintenance capability.

Used well, as in Poland, such a mechanism can drive investment and modernisation of a country's defence industrial base. Romania has not wielded its laws with the same level of success:

> "When I took over, offset legislation just wasn't being applied. I saw this mostly as concern across government about our law's compliance with EU obligations and their applicability to the government to government purchases we favoured. But since its formation in 2005, OCATS had also been moved out of Prime Ministerial control and over to the Ministry of the Economy. I found a staff of seven, about a quarter of the number designated. Offset just wasn't being treated as a development and investment instrument. There was no strategy for it."[32]
>
> Adrian Dita, President OCATS, 2017-2019

In conversation Dita recounted his efforts to mobilise support across government to update the law, "Each ministry had its own perspective and no one wanted to take responsibility. We went through several drafts and inter-ministerial committees, but every time it stalled." Meanwhile, he says "big companies were knocking on the door. These companies stressed Romania's strategic position and solid industrial base… I pushed hard to frame offset like Poland did – with high obligations that built long-term industry – but internally politics always interfered. Ministers changed, priorities shifted, and some argued offset was old-fashioned despite evidence elsewhere that it could work." He concludes, "a new offset law has since been adopted – one including many of the ideas I promoted like dual-use coverage. This is progress, but it will still require sustained political will for ARCTIS [the replacement for OCATS] to fulfil its potential as a tool of Romania's defence industrial strategy."

The nexus of military demand, international supply, and domestic production, offset-like instruments should serve as the vehicle to drive reform and modernisation of Romania's defence industry – both pushing change within the state-owned sector, and pulling private sector innovators into the supply-chain.

Their usefulness is certainly blunted in instances of rapid acquisition or off-the-shelf procurement, but the ongoing concern is the apparent lack of government appetite to utilise these tools and place technology transfer or domestic production obligations on international contractors, "there are sporadic cases in which Romania has managed to incorporate domestic production into defence programs. One example is the Piranha V infantry fighting vehicle, built entirely in Romania in cooperation with General Dynamics. Local companies are involved in the production process, further strengthening the industrial base. However, this is an isolated example, and it remains to be seen whether the procurement of other systems, the vast majority of which are not manufactured in Romania, will translate into a structural improvement of the defence industrial base."[33]

Greatest improvement is needed across its state owned enterprises, operating under the umbrella of ROMARM. Its 15 companies cover munitions, small arms, artillery and armoured vehicles. Maintained either for perceived strategic importance – or political pragmatism – their high residual debts and outdated technologies make them difficult to privatise. Insulated from commercial realities, several have fallen foul of poor governance, "inefficiencies within ROMARM are not merely operational; they are structural. Corruption scandals have further damaged its already precarious reputation, demonstrating that state ownership encourages political interference and financial mismanagement… These scandals have not only eroded public trust but are also emblematic of a culture in which political appointments and patronage flourish unchecked."[34]

At the same time, where privatisation has been possible, conditions attached to it are still hindering these enterprises from realising their full potential, "Romania's 50% state ownership requirement in defence privatisation is more restrictive than in many Western countries, which rely more on regulation and oversight rather than direct ownership. While this approach ensures strategic control, it also limits private investment and technological innovation, posing challenges to the modernisation of Romania's defence industry. Striking a balance between state control and private sector participation, as seen in countries like France or Poland, could enhance Romania's

defence capabilities and attract more investment."[35]

Although these state and semi-state owned companies form the core of Romania's defence industry, innovation is taking place at the margins.

Privately established companies like BlueSpace Technology, Interactive Software and OVES Enterprise are demonstrating international success with niche capabilities often designed to integrate into larger systems. But this success, as Costica Postolache of Interactive Software notes, is bitter sweet:

> "in most cases Romanian companies are seen as subcontractors by the MApN and then only through their relationship with foreign partners doing business in Romania. This happens because we lack a defence industrial strategy so the Romanian government allows large companies to sell their systems as is, with no local content or local IP… and locally produced innovations need first to be recognised internationally before they are seen as reliable products by the MApN. Our institutions are not qualified to evaluate innovative technologies or systems, but even if they were, there is no law that preferences domestically developed products in defence procurement."[36]
>
> Costica Postolache, Interactive Software

Constantin Pintilie, Founder of BlueSpace Technology, echoes this point, "It is absolutely necessary for a portion of the budget allocated to the Army to be directed toward developing Romanian-made products and solutions, manufactured by domestic companies. We need to reform the state defence industry and its operational approach. Trust must be placed in what can be produced within the country… From my perspective as a Romanian entrepreneur, the President of Romania should act as a catalyst – a force aligning applied research to develop advanced technologies, public procurement to secure strategic resources, and the state and private defence industries to ensure industrial independence."[37]

Moving Romania's defence industry further up the value chain – both creating enhanced domestic capacity, and new capabilities in design and manufacture – requires smart procurement and coherent national strategy. It also necessitates culture change across the several elements of government and state owned enterprise most involved in procurement and production. Addressing the first part of this is the objective of Romania's draft National Strategy for the Defence Industry 2024–2030:

> "One of the primary strengths of the strategy is its comprehensive approach to modernisation. Recognising the rapidly evolving nature of global threats, the strategy emphasises the need for cutting-edge technology and innovation. The focus on digital transformation, including investments in cybersecurity and artificial intelligence, aligns with the global shift toward more technologically advanced defence systems. By prioritising research and development, Romania aims to foster a homegrown defence industry that is both self-sufficient and export ready… It advocates strengthening alliances with NATO partners and other European Union countries and fostering a collaborative environment where the transfer of technology and exchange of knowledge is fluid."
>
> KPMG

As aspirations these are very much to be welcomed, and the benefit from delivering this would be substantial for Romania. Whether it can execute – particularly in the current context of rapid rearmament – is the far more challenging aspect.

Rebuilding its outdated and indebted State Owned Enterprises, and capturing greater domestic benefit from defence imports requires wholesale change. This is the focus of Kearney's study, *Romanian industrial defence capabilities assessment: development of a strong homegrown industry*, seeking to identify key steps needed to transform Romania's defence industry based on assessment of its underlying capabilities.

In the report they argue for focused initiatives to create robust national strategic capability, for example, flagship programmes to develop families of advanced technologies and systems to build military capabilities and create strategic technology advantage.

To do this, they say, Romania must urgently implement a structural strategy to transform its defence industry including establishing a central entity to regulate and drive domestic defence sector development as well as efforts to consolidate the industry and enable a local champion. Additionally they point to a need to adapt legislation to facilitate privatisation and public-private partnerships, and steps to boost supply chain localisation by supporting domestic Tier 3 and 4 suppliers:

> "Romania must prioritise investments in key production capacities to leverage ongoing acquisition programs while strictly enforcing offset fulfilment… As a second priority, Romania should invest in production capabilities for future major acquisition programs, aiming to localise production… We estimate that Romania should allocate ~4–9% of its defence budget to local manufacturing and R&D facilities (CAPEX) to jumpstart development efforts… The direct government investment will have a ripple effect in the economy, influencing not only directly, but also increasing GDP along the whole value chain. We estimate that every defence investment generates a total GDP impact multiplier of ~2.5–3x, depending on industry localisation, resulting in a total impact of €9–23.5bn"[38]
>
> Kearney

The huge potential win from reform notwithstanding, organisational resistance together with institutional capacity to manage change will inevitably hinder progress.

Despite widespread criticism of its efforts in the past, ROMARM's energetic new Chairman, Constantin Bodolan, suggests its continued central role, "In this ecosystem, ROMARM will act as the icebreaker – the leading entity that sets the tone for modernisation. With the right strategic partnerships and governance reforms, the new management team of ROMARM will leverage its position to drive innovation, facilitate joint ventures with global defence players, and become the anchor for a competitive and export-ready Romanian defence industry. Smart separation, strong coordination, and strategic foresight can turn Romania into a regional hub in defence manufacturing while fully meeting the evolving needs of our armed forces."[39]

Just a year into its mandate – and with a first six months marked by national political turmoil – it may be too early to judge any reformist initiatives by the new ROMARM Board, however incremental change, and a false dawn for local industry from sudden defence market buoyancy, will not satisfy the many advocating for radical action, "The question is not whether it should pursue reform, but how quickly it can transition to a free-market model… Privatising ROMARM and eliminating the mandatory 50% state ownership requirement in defence companies would eliminate inefficiency, corruption, and stagnation, paving the way for innovation, agility, and economic growth."[40]

While a critical step for long-term defence industrial health, privatisation inevitably means failure for many legacy companies. Framed instead as the opportunity to restart and rebuild entirely on commercial foundations, this approach would invite new international joint ventures including with British manufacturers – those keen to support Romania's military modernisation as backed by EU SAFE funds. Indeed, the certainty of these monies can be the trampoline for new private initiatives unburdened by the baggage of debt and rigid state control.

This move is a question of political courage, other changes to empower a new private sector are matters of practical necessity. SAFE will inject €16.7bn into Romanian defence coffers but "In 2023, only €6.2bn, around 80% of the [national] budget, was spent. Complex defence programs require experienced personnel and developed bureaucratic governance structures, which are underdeveloped within the ministry. Currently, the MApN does not have the resources to allocate the additional funds to new programs effectively."[41]

This absence helps explain favouring of off-the-shelf procurement over purchase and production deals involving complex offset agreements. These choices, however, further degrade the muscles needed to manage new procurement from European providers – itself an ecosystem with fewer ready to buy options available. Romania must tap

international expertise, for example from Britain, and build new capacity to absorb funds if its defence industry 2.0 is to be able to seize the moment.

And policy and legislation must make it easier for these companies to deliver to the domestic market.

Those that do show success – as with BlueSpace Technology, Interactive Software and OVES Enterprise – achieve this at international level not through being championed locally. This in turn makes them hesitant to invest in new capabilities that might elevate them to the next level, "The transfer of technology and intellectual property to the defence market in Romania is completely lacking. Romanian companies (with Romanian capital) cannot afford to acquire such assets because they have no guarantee that the Ministry of Defence will acquire the systems based on these technologies. The Ministry of Defence doesn't speak with them. Romanian authorities have no coherent policy in this regard."[42]

The challenge for local entrepreneurs is further complicated by general regulation and their fringe place in the ecosystem, "Private industry receives a very limited slice of any offset framework and struggles to raise independent capital. Most retail and investment banks will not work with private defence companies. American and European investors have begun to look at opportunities in Central and Eastern Europe. However, Romanians typically lack the connections to Wall Street, Silicon Valley, and the City of London that would be required to accelerate this process. The result is that private entrepreneurs finance defence industrial ventures from their own savings. This method, however, still faces banking access issues. It is impossible to secure a loan, or even a bank account in most cases, for a defence company with a Romanian retail bank, necessitating a years-long preparation process."[43]

For all its positive intention, the thinking behind Romania's emerging defence industrial strategy seems too bound by a vision for reviving State Owned Enterprise not expanding and empowering the private sector. It might instead think of sovereign capability as encouraging new enterprise within its borders rather than under its direct control.

This in part might be excused by the strategy pre-dating SAFE and the possibilities that emerge from the massive flow of funds it promises for the country. We wait, therefore, for revisions to the document under Romania's new president, Nicușor Dan.

But fundamentally – as the other barriers identified above suggest – it comes from a long-term national failure to think in terms of building blocks, their interrelation, and the critical role of innovation and private enterprise in strategic sectors like defence. Addressing this, as the Kearney report stresses, is both a critical and an urgent challenge:

> "An industrial transformation hinges on Romania's ability to coordinate change across the defence ecosystem. Currently, the institutional framework lacks the mandate, resources, and strategic authority to align public and private efforts effectively. [We call] for a stronger central coordinating body – shifting its role from administrative oversight to full ecosystem orchestration. This involves driving long-term strategic planning, shaping defence industrial policy, and ensuring the implementation, enforcement, and monitoring of localisation efforts and industrial agreements through clear, measurable performance indicators. An independent civilian agency with decision-making power and stable funding would be best positioned to manage R&D, enforce industrial cooperation agreements, and oversee the technology transfer – all critical enablers of national capability development."[44]
>
> Kearney

This must be executed in the context of extending existing international partnerships and building new ones – including with UK companies and using British expertise – as Romania now looks both to rearm and to reconstruct a modern defence industrial base in the face of current regional security threats.

Constantin Pintilie
CEO

www.bstech.ro

BlueSpace TECHNOLOGY

BlueSpace Technology: Defence innovation strengthening UK/Romania industrial ties

Founded in 2016, BlueSpace Technology is the fulfilment of founder Constantin Pintilie's vision to build a Romanian company able to truly innovate in the essential strategic industries of defence, cybersecurity, and electronic warfare, "when we started out our ambition was to locally produce advanced equipment and solutions, capable of competing with major international players. Our goal was to manufacture the first Romanian TEMPEST equipment – which we did – and today we are the only private company in Eastern Europe officially recognised for this by both NATO and the EU."

Developing a vertically integrated model that uniquely combines research, design, testing, and production under one roof, this approach has allowed BlueSpace Technology to rapidly evolve from a specialist in electromagnetic shielding to a producer of advanced systems that protect information, infrastructure, and personnel. The company has also invested in Romania's industrial sovereignty producing indoor firing ranges, ballistic protection systems and most recently VLAH, the country's only native 4×4 armoured vehicle, "VLAH is the first product of its kind designed and produced in Romania. It will be manufactured in collaboration with a factory under the Ministry of Economy, and as part of a unique public-private partnership, and is set to be launched at the end of 2025."

Each of these projects emphasise Pintilie's commitment to developing home-grown capability with export potential, something he contrasts with the country's legacy State Owned Enterprises:

> "The state-owned defence industry needs a serious shake-up, joint ventures with mature private companies from Romania or abroad should be established, and functional management methods and measures must be implemented – ones that follow competitive rules and workflows to ensure positive performance. However, perhaps the most critical need is the establishment of a Sales and Marketing Department to bring in contracts and oversee their implementation."

In 2024, BlueSpace Technology signed a Memorandum of Understanding with Marshall, one of the UK's leading aerospace and defence engineering companies. The agreement, announced at the Black Sea Defence & Aerospace (BSDA) exhibition in Bucharest, focuses on joint work in electromagnetic shielding and TEMPEST integration for containerised defence solutions. The collaboration links BlueSpace Technology's advanced electromagnetic protection technology with Marshall's experience in system integration and deployable infrastructure. Together, the two companies aim to develop secure, mobile units suitable for NATO and allied operations, "Our ambition has always been to design and manufacture in Romania while meeting the most demanding international standards... Working with UK partners allows us to combine British experience in system integration with Romanian innovation and agility."

The agreement highlights the potential for UK/Romania defence partnership, particularly with its private sector, and as British companies try to tap future SAFE funding, its an example of cross-border integration others can look to.

Interactive Software: a Romanian C4ISR specialist serving the needs of NATO

Interactive Software builds command-and-control (C2) and C4ISR solutions for defence and homeland security customers – the technology that ensures reliable interoperability of communications systems.

Founded in 1996 as a specialist engineering company, Romania's 2004 NATO accession lit up the path for it to develop solutions aligning the country's land forces to these new standards of operation as Deputy General Manager Costica Postolache explains, "in the years 2003-2010, the emphasis was on implementing NATO standards not just in Romania but across the other eight acceding states. It was a whole new market to tap and we managed to match the pace of larger corporations by reinvesting profit from existing contracts to develop specialist C4ISR solutions. The model remains the same for our company today. We reinvest our profits to keep us at the cutting edge and maintain a constant rate of growth."

Sustained growth means clear go to market strategy:

> "We target countries that don't prioritise development of specific C2 systems in their own national efforts. Its a niche market but one that allows us to develop true excellence. We're currently working on the next generation of our BC2A command-and-control product that incorporates cloud technologies to bring its advantages down to the tactical level, and we've also invested in internal R&D programmes to integrate AI technology for improving military decision-making processes."

It also means understanding where a small Romanian company can add most value within the wider defence ecosystem.

Indeed, with a product intended to integrate into complex systems, success required securing international partners from Day 1. Today Interactive Software can boast General Dynamics, Lockheed Martin and Northrop Grumman amongst this list. Through these relationships – and in particular its place in the PIRANHA V consortium – Interactive Software also finds itself indirectly present in Romania's domestic market, "large companies look for professional local partner who can support them in implementing programmes they want to carry out in Romania. Every time our company is evaluated it has obtained results in these audits that exceed expectations from business partners."

That entrepreneurial mindset is one that sets Interactive Software apart from most of Romania's defence industry – something that continues to frustrate Postolache. Part of his solution is the development of a stronger voice for those few private companies in the country's defence sector. This, he believes, is needed if the government is to be persuaded to direct more spending locally and support the development of further advanced capabilities. This is turn would make Romanian industry more attractive for international primes seeking highly qualified and capable partners.

Maj Gen (ret.) Costica Postolache
Deputy General Manager

www.isw.ro

INTERACTIVE

Mihai Filip
Founder and CEO

www.ovesenterprise.com

OVES Enterprise: redefining defence through AI innovation

OVES Enterprise a Cluj-based software development company, is spinning out new products at the intersection of artificial intelligence and national security.

At the core of this transformation is Nemesis AI – an intelligent platform enabling machines to see, understand, and act in complex operational environments where traditional sensors, radar, or GPS may fail. Initially developed to process real-time visual data using a fusion of RGB, thermal, and neuromorphic sensors, by integrating advanced neural networks and decision-making algorithms, Nemesis AI allows systems to autonomously detect, classify, and respond to threats. This innovation is helping position OVES Enterprise as a leader in AI-enabled defence technology with its solutions now embedded in cutting-edge weapons systems through partnerships with international companies like MSI Defense Solutions and Adler Aerospace.

While work with MSI focuses on integrating Nemesis AI into its EAGLS anti-drone and anti-missile platform, OVES' collaboration with Adler Aerospace takes this further. Built into the Atlas6 Shield System – Adler's counter-drone and electronic warfare platform – OVES aims to move from tactical integrations to providing full-scale autonomous systems.

> "The partnership with Adler Aerospace marks an important stage in the evolution of Nemesis AI – from tactical applications to large-scale platforms with high operational requirements. The goal is clear: autonomy, sustainability, and operational relevance in real-world scenarios."

The joint platform debuted in September 2025 at a NATO military exercise in Latvia.

Beyond Nemesis AI, OVES Enterprise involvement in the drone market extends both to its own in-house anti-mine product, Hyper Drone, and IXXERA, a blockchain and AI-based security platform for drone networks. Its ambitions also go further although as Founder and CEO, Mihai Filip notes, "developing technologies that address global challenges requires significant budgets. While we allocate considerable resources, an external partner would enable us to accelerate development and bring revolutionary products to market. We already have seven products in various stages of development, and in 2025, we aim to transform these ideas into fully-fledged complete solutions with immediate applicability."[45] This includes a new autonomous cruise missile, SAHARA, conceived as a complete assembly in which the hardware architecture and Nemesis AI are designed together. It was developed entirely in Romania with most components directly produced by OVES Enterprise itself.

Some of this innovation was on display in London at DSEI 2025. With no Romanian country pavilion this year, OVES Enterprise decided on a solo exhibition presence – something underscoring the importance to it of visibility in the UK including, perhaps, a future permanent local presence to sit alongside those already in Cluj, LA, Munich and Dubai.

Photo credit: **Royal Air Force**

3. International presence on the Romanian defence market

UK/Romania Business

In the previous section we covered some of the underlying challenges facing Romania's own defence industry, and how the country's procurement practices have contributed to this. Here we turn to further considerations for international companies, including from the UK, when selling into or setting up in the Romanian market i.e. what it buys, what it plans to buy, and how – and from whom – it may buy this.

3.1 Major military purchases and plans

Transitioning from Warsaw Pact era equipment to modern NATO platforms is an ongoing series of upgrades for the Romanian military. These sales, particularly at the high end, are inevitably dominated by the United States.

Post 2004 accession the first large-scale planned purchase was replacement of its MiG-21 fleet with a modern multi-role fighter, and choosing the American F-16. Initially sized as 48 aircraft (both second-hand transfers and new build), this was scaled back in the face of financial constraints with 12 eventually bought from the Portuguese government – with American transfer approval – in 2013 at a cost of €628m. Favourable tender proposals from Eurofighter Typhoon and Saab Gripen were also submitted, and while each included creation of several thousand new jobs in the country, Romania's strategic partnership with the United States was prioritised.[46] Those 12 F-16s have since been supplemented by 37 additional frontline aircraft, and in November 2025 a further 18 were transferred to Romania by the Netherlands to assist training of Ukrainian fighter pilots. In country maintenance and repair of its F-16 fleet is delivered through Aerostar Bacău.

In November 2024 an agreement was concluded to buy 32 Lockheed Martin F-35 aircraft through a $6.5bn US government Foreign Military Sale. The first of these are to be delivered in 2031.

Lockheed Martin is also present in Romania through the sale of both HIMARS and Black Hawk helicopters – these latter, in an example of well-implemented offset and defence industrial strategy, being manufactured in Poland by PZL Mielec. Offering some regional balance Aerostar Bacău, Romania's main aerospace success story, was certified by Lockheed as its first HIMARS sustainment centre in Europe and its first Black Hawk MRO service centre.

The longest standing and most significant European prime on the Romania market is Airbus operating through Airbus Helicopters Romania and Premium AEROTEC Romania, both in Brașov, and Airbus Defence and Space Romania in Bucharest. Discussions are ongoing about it providing a replacement for the army's helicopter fleet. The company is also active in space related tenders, which in the context of European sovereign defence capability – the development and operation of new, locally launched and operated, satellite networks – is becoming a strategic priority. Much of this effort is led by an Airbus subsidiary in the UK.

As a frontline state, effective air defence is also critical to Romania's security. In 2017 it purchased four Patriot batteries via RTX/Raytheon in a $4bn deal with more units expected, and is building out multi-layered capability following agreement in July 2025 with Rafael for purchase of its Spyder air defence system alongside the MBDA Mistral.

Upgrading its land forces is a major future objective for Romania and one that will bring a first significant test of its political allegiances. In 2023 it bought 54 American Abrams tanks (General Dynamics Land Systems) in the first phase of a modernisation programme. Phase II, with a budget of €6.5bn, plans for the purchase of 216 more. Sticking with Abrams, and with America, is the conservative choice, but challenge comes from Rheinmetall and its proposal to fund the purchase through SAFE and with some amount of work delivered in Romania. This is part of an aggressive push into the country by the German manufacturer including a joint venture with Pirochim Victoria (a ROMARM subsidiary) for a state-of-the-art ammunition powder plant. Wolf Theiss, a partner in this report, advised Rheinmetall on that deal.

Purchase of a new Infantry Fighting Vehicle is also in advanced consultation. Estimated at €2.5bn, the programme covers 246 vehicles to be delivered over 8 years with local assembly thought part of the contract requirement. Rheinmetall, again, are in pole position.

This was a deal where UK companies had strong interest with both BAE and the UK subsidiary of General Dynamics Land Systems in the running. It created a dilemma for the British government too – would it back BAE Systems, the country's flagship prime, or favour the Wales-based operation of GDLS and its long-term investment in the previously troubled Ajax programme.

Outside of the major EU and US providers, we also note recent deals between Turkish company Otokar and Automecanica Mediaș for the production of COBRA II Armoured Vehicles, and plans by Hanwha (South Korea)

to manufacture artillery pieces in Romania. Elbit (Israel) meanwhile operates at seven locations across the country with involvement stretching back to 1990. Most recently it has contracted for the sale of Watchkeeper X drones via its UK subsidiary and will take an interest in future tenders for UAVs.

Despite the importance of the Black Sea, Romania's navy has so far benefitted least from military modernisation. The two frigates and two minesweepers bought from the UK are its most significant upgrades after a 2019 deal to buy four corvettes from the French Naval Group was later, and controversially, cancelled. A 2025 agreement with Turkey for the transfer of up to four corvettes may provide a stop-gap solution but the date at which the first may enter service is unclear, and it alone will do little to support Romania's significant security needs. This includes protection of the Neptun Deep gas field and ensuring freedom of navigation for commercial shipping. The deal with Turkey, as understood, does little to support Romania's own naval shipyards although one of these facilities are thought to be a further acquisition target for Rheinmetall.[47]

3.2 UK defence industry presence

As noted elsewhere in this report UK defence sales and commercial dealings in Romania have primarily involved its naval forces. British companies connected with these purchases, ship modernisation, and servicing include Babcock International, BAE Systems, Leafield Logistics and Rolls-Royce.

Rolls-Royce also has a history with Aerostar Bacău, Romaero and Turbomecanica, supporting to various degrees their MRO certifications for Rolls-Royce engines.

Marshall Aerospace has recently concluded a strategic collaboration with Romaero providing a broad framework for current and future maintenance of C-130 Hercules aircraft operated by the Romanian Air Force. This sits alongside its 2024 MoU with BlueSpace Technology on the design, development and integration of electromagnetic shielding and TEMPEST capabilities within containerised solutions.

GKN Aerospace, in partnership with Fokker, cites Romania as one its major aerospace engineering hubs. The UK subsidiary of Plexus similarly has a significant footprint in Oradea in support of aerospace and defence activities, and Torman International is funding the reopening of Arsenal Reșița to produce 152mm artillery shells for Ukraine. BAE Systems, through its involvement in the F-35 programme if nothing else, will indirectly rekindle its local aerospace presence.

The selection of Rheinmettal for the IFV upgrade is a significant blow for the UK politically and commercially.

Not yet clear on the terms of their participation in SAFE, British companies were in a weaker position than their German rival, and the concerted effort of Rheinmetall to build out a multi-faceted partnership and presence in Romania is impressive. Yet this sits alongside recent cost-cutting measures at the UK Department for Business and Trade seeing it down-scale presence at many embassies and reorganise teams at headquarters in London. Where energy is applied – and we see success in both the recent £10bn frigate deal with Norway and £8bn Eurofighter sale to Turkey – British business is well-assisted, but without the right, or well-qualified, people in place – especially in long under-valued markets like Romania – the support offered to UK companies can be inconsistent. Britain also lacks strong incentive mechanisms equivalent to the US Foreign Military Sales or Foreign Military Financing programmes and this too puts it at a competitive and diplomatic disadvantage.

Beyond active in-country presence and background tenders, UK companies need to gain more visibility in Romania through their participation on trade missions, in conferences, and at exhibitions. In June 2025, ADS – the UK's leading trade association for the defence industry – led a 20 company mission to Bucharest following a similar delegation in 2024. Amongst these, intriguingly, was UK defencetech startup, Skyral, a company that builds advanced modelling and simulation technology for enterprise, defence, and national security. In June 2025 it announced a $20m Series A round spending some of this on sponsoring the annual King's Birthday Party hosted by the British Embassy in Bucharest. Airbus and BAE Systems separately supported the event.

In May 2026 the Black Sea Defence, Aerospace and Security International Exhibition, the region's leading defence showcase, returns in Bucharest. Held biennially, its 2024 catalogue lists 12 British exhibitors. A chance to introduce their own products, its also a place for UK companies to start building new local partnerships. In a sign of growing awareness, ADS is preparing for a larger British delegation to the event next year.

3.3 Building and managing local relationships

For primes particularly, selling to Romania should involve some element of in-country build or integration of local companies into their supply chain. Airbus and Rheinmetall are

the standout examples of this.

Airbus speaks of generating over 9000 direct and indirect jobs around its Brașov hubs and this year, 2025, celebrated 20 years of operation in the country. Rheinmetall similarly is placing local partnership at the heart of its expansive Romania strategy.

Only formally present since February 2024, “a cornerstone of Rheinmetall’s localisation efforts is the cooperation with key Romanian companies, including among others Uzina Automecanica Moreni, Interactive Software SRL and MarcTel-SIT. These partnerships will promote local procurement and assembly processes, and will foster the integration of Romanian expertise into the production chain… Rheinmetall’s investment in local production will make a significant contribution to the Romanian economy by creating hundreds of jobs in various sectors, including manufacturing, engineering and technical services. Cooperation with Romanian companies will also boost local supply chains, create additional business opportunities and promote industrial growth.”

Rheinmetall’s Romanian operations are in their early stages but it is leveraging its intent to be actively present in-country in subsequent bids for tank and IFV modernisation. If successful they together could capture almost €10bn of potential SAFE allocations.

The specific guarantees around political independence, technology transfer, work force training, local production or assembly required by these contracts are not yet clear, nor is the role of ARCTIS[48] – Romania’s newly reconstituted offset agency – in facilitating any agreements. The German proposals do, however, appear to support SAFE’s goal of greater European defence integration, and expanded regional manufacturing capacity to build military equipment at speed and volume. Locating new factories in a lower cost country and closer to the Russian threat also makes commercial and strategic sense.

If UK primes appear to have lost out in these big current tenders, the operations of Airbus and Rheinmetall offer a template of how to succeed in Romania. What works is treating local relationships not as a contractual burden, but as an opportunity to build lasting partnerships for sustained mutual benefit over a longer term. Doing this well also needs the UK to expand its government to government and military to military compacts with Romania to the support of commercial relations in key strategic sectors such as technology, defence and energy/ infrastructure. These are acknowledged as official priorities but future implementation needs to be more than superficial.

The speed and volume of defence money now flowing into Romania inevitably raises new concerns about corruption. A significant consideration in the past – and often cited by British companies as a deterrent to them entering the country – it is specifically identified as a vulnerability in the new National Defence Strategy (November 2025). Its shadow extends also to the suitability of appointees to some roles in State Owned Enterprises. Encouraging to see it so prominently referenced by President Nicușor Dan, international companies will be watchful of the seriousness of these efforts. In the meantime they must continue to diligence local partners and ensure their presence in Romania raises the standard of governance across all parts of the economy and public administration they touch.

3.4 Advice and assistance in Romania

Much as commercial success rests on building strong in-country partnerships with reliable local operators, navigating the challenges of market entry, mergers and acquisitions, and public procurement law depends on access to the high quality advice and assistance. To enrich this we tap the expertise of KPMG Romania, MGNG and Wolf Theiss, each of whom support the entry and presence of international defence companies in the country.

3.4.1 In conversation: Adrian Duță

Adrian Duță is a Senior Advisor for Defence and Security with the Deal Advisory Team at KPMG Romania, and Founder and CEO, Theon Business Consulting. He served as the Head of Intelligence, Surveillance and Reconnaissance Department, and Head of the Defence Intelligence Management Department at the Romanian Ministry of Defence. A pilot by training he retired from the Romanian Air Force with the rank of Air Flotilla General.

How, in practice, are procurement requirements set?

AD: Romania’s defence procurement process operates within a hybrid framework that combines military-driven requirements, political oversight, and industrial or supplier influence. While the formal structure is designed to ensure strategic alignment with NATO and EU standards, in practice, procurement decisions often reflect a balance between operational needs, budgetary constraints, and geopolitical considerations. The process is regulated by national legislation and harmonised with EU directives on defence and security procurement (Directive 2009/81/EC).

Key institutions involved in defence

procurement include:

- The Defence Staff (DS), who define operational and capability requirements based on threat assessments and NATO capability targets.
- The General Directorate for Armaments (GDArm), which translates military requirements into technical specifications, manages acquisition programmes, and oversees industrial participation.
- The Supreme Council of National Defence (CSAT), chaired by the President, which provides political authorisation for major acquisitions and ensures alignment with national defence strategy.
- Parliament's Defence Committee, which exercises budgetary and political oversight. Moreover, Parliament approves acquisitions programmes which exceed €100 million.

The process typically unfolds in several stages. The first is Capability Identification – the Defence Staff identifies capability gaps based on NATO Defence Planning Process (NDPP) targets and national threat assessments. The second is Operational Requirement Definition – military experts define performance parameters and mission needs. The third is Feasibility and Cost Analysis – the GDArm conducts market research and assesses possible procurement routes (domestic production, foreign purchase, or joint development). The fourth stage is Political Approval – large-scale programmes (e.g., fighter jets, missile systems) require CSAT and parliamentary approval, often influenced by strategic alliances. The fifth is Procurement Execution – the MApN launches tenders or government-to-government agreements, often favouring NATO-standard suppliers.

In practice, Romania's procurement decisions are shaped by three main factors: the first is military-driven requirements. The Defence Staff play the leading role in identifying needs, ensuring acquisitions meet operational demands and NATO interoperability. The second relates to political and strategic influence where political leadership (CSAT and government) often prioritise strategic alignment with the United States and NATO. Major acquisitions are typically government-to-government deals with allied nations, reflecting foreign policy objectives as much as military needs. The third main factor is industrial and supplier influence. Romania's limited domestic production capacity means foreign suppliers wield significant influence, particularly US and European defence firms. Offset and/or technological and industrial cooperation agreements are used to secure local participation, but these are often secondary to strategic partnerships. Suppliers with established local facilities sometimes have stronger leverage in shaping technical specifications and delivery models.

In reality, procurement requirements are military-initiated but politically finalised. The military defines the need, the political leadership determines the timing, budget, and partner country, while the supplier ecosystem shapes the technical and industrial aspects. This interplay often leads to strategic purchases through direct agreements rather than open tenders, especially for high-value systems. The result is a top-down, alliance-orientated procurement model, balancing national defence needs with geopolitical and industrial realities.

What separates international companies that succeed in building strong local partnerships from those that struggle?

AD: Successful international companies typically share a set of strategic, cultural, and operational traits that distinguish them from those that have struggled. Romania's dynamic market, skilled workforce, and evolving regulatory environment make local collaboration essential, but success depends on how well foreign firms adapt to the local business culture and institutional realities.

To understand the local context, successful companies invested time in understanding business culture, recognised the importance of local decision-making autonomy, allowing Romanian partners to adapt strategies to regional nuances, and navigated bureaucratic and regulatory complexities by engaging local legal and compliance experts early. Struggling companies imported rigid corporate models without adjusting to local norms and relied excessively on control from their headquarters, limiting local responsiveness.

In terms of partnership structure and governance, successful companies built joint ventures or strategic alliances with clear value-sharing mechanisms and transparent governance, ensured mutual capability development, offering technology or know-how while learning from local market insights, and also maintained regular communication and shared KPIs, aligning global objectives with local realities. Struggling companies made partnerships based on short-term cost advantages rather than strategic alignment, failed to establish clear accountability frameworks, leading to mistrust or misaligned incentives, and neglected to invest in relationship management, treating partnerships as transactional rather than collaborative.

For cultural and human capital integration, successful companies hired and empowered local leadership who could bridge global corporate culture with Romanian business practices, invested in training and cross-

cultural programmes to integrate teams effectively, and demonstrated respect for local expertise, fostering loyalty and shared ownership of outcomes. But struggling companies relied heavily on expatriates, creating cultural distance and communication barriers, ignored local talent development, leading to high turnover and low engagement, and misinterpreted directness or flexibility in Romanian communication styles as inconsistency.

How has Romania's approach to industrial partnerships evolved?

AD: Romania is showing a clear shift toward direct industrial partnerships and joint ventures rather than relying primarily on traditional offset arrangements. This evolution reflects broader trends in the country's economic development, defence modernisation, and integration into European industrial value chains.

Romania's deeper integration into EU and NATO frameworks has encouraged a move away from offset-based procurement toward technological and industrial cooperation models that emphasise technology transfer, R&D, co-production, and long-term capability building. EU regulations increasingly discourage traditional offset deals, favouring transparent, value-added partnerships that align with single market principles. NATO's focus on interoperability and local defence industry resilience has pushed Romania to seek partnerships that strengthen domestic production capacity rather than one-off compensatory arrangements.

Romania's government and private sector are prioritising industrial modernisation, and technology transfer, especially in the defence, automotive, and energy sectors. Joint ventures with Western and regional partners allow for direct technology transfer, local R&D activities, and integration into European supply chains. Examples include collaborations in defence manufacturing (e.g., armoured vehicles, aerospace components) and renewable energy infrastructure, where foreign firms establish local production or engineering hubs.

Romania's procurement strategy has evolved from offset obligations to industrial participation frameworks which emphasise sustainable partnerships. The Ministry of the Economy and the Ministry of Defence now encourage industrial cooperation clauses that promote local production, workforce training, and innovation. This approach aligns with the EU's Permanent Structured Cooperation (PESCO), the European Defence Fund (EDF), and ReArm Europe initiatives, positioning Romania as a credible co-developer rather than a passive buyer.

The main challenges to this initiative are bureaucratic inertia and slow regulatory adaptation that can delay partnership formation, capital and capability gaps that local firms are still facing, making equal participation difficult, and the fact that ensuring intellectual property protection and fair value distribution remains complex. Moreover, a foreign manufacturer currently lacks a clear way to identify potential Romanian partners and must undertake their own effort to discover them. This challenge could be addressed through a government platform where Romanian companies self-register, detailing their capabilities and capacities across relevant domains.

Why are UK defence companies less present in Romania?

AD: The relatively limited presence of UK defence companies in Romania comes from a combination of historical, strategic, and structural factors that have shaped both countries' defence-industrial priorities. While the UK and Romania maintain strong political and military ties within NATO, their industrial cooperation has not developed as deeply as that of Romania with other European or U.S. partners.

Romania's defence modernisation over the past decade has been heavily orientated toward US systems and suppliers, reflecting both interoperability goals and strategic reliance on the United States for security guarantees. Major acquisitions such as the Patriot air defence system, F-16 fighters, and HIMARS rocket systems have created a strong US industrial footprint. This dominance leaves limited space for UK firms, especially in areas where US platforms set the technological and logistical standards.

Romania has increasingly aligned its defence industrial cooperation with continental European partners, particularly Germany, France, and Italy, through EU frameworks such as the European Defence Fund (EDF) and PESCO. These programmes prioritise intra-EU industrial collaboration, where UK companies – post-Brexit – face limited access or more complex participation conditions. French and German firms (e.g., Airbus, Rheinmetall, and MBDA) have established local production or assembly partnerships, giving them a structural advantage in the Romanian market.

The UK's exit from the EU has created institutional distance between British and Romanian defence industries. UK firms no longer benefit from EU defence funding mechanisms or simplified procurement frameworks. Moreover, Romanian procurement authorities often favour suppliers integrated into EU industrial

ecosystems, which simplifies co-financing and compliance.

Unlike France or the US, the UK lacks a formal bilateral defence cooperation agreement with Romania focused on industrial collaboration. Defence cooperation remains primarily military-to-military (training, exercises, NATO operations) rather than industry-to-industry. Without structured frameworks or government-backed industrial diplomacy, UK firms face higher entry barriers and less institutional support.

UK defence companies often target larger or more mature markets (e.g., Saudi Arabia, Australia, Japan) where contract volumes justify extensive local investment. Romania, while strategically important, represents a medium-sized market with constrained defence budgets and strong competition from US and EU suppliers. At least up to now, British firms may have viewed Romania as part of a regional opportunity rather than a standalone priority.

Romania's industrial policy increasingly favours joint ventures and local co-production, but UK firms have been slower to establish local partnerships compared to continental competitors. French and German firms have leveraged existing EU networks to integrate Romanian companies into their supply chains. UK firms, lacking similar institutional pathways, often rely on direct export models, which are less aligned with Romania's current industrial participation goals.

However, opportunities remain. As Romania seeks to diversify its defence partnerships and expand its local industrial capacity, UK firms could re-engage through targeted joint ventures, technology partnerships in niche areas (cybersecurity, radar, unmanned and autonomous systems), and renewed government-level industrial diplomacy.

Where do you see future opportunities for bilateral commercial collaboration?

AD: Romania's rapidly expanding defence budget, driven by regional security concerns and NATO commitments, has created a window of opportunity for UK defence and technology firms to re-engage through industrial partnerships, R&D collaboration, and SME-level innovation. The market is shifting toward cost-effective, interoperable, and rapidly deployable systems, areas where UK firms have strong comparative advantages.

Key opportunity areas for Romania-UK defence cooperation include: low-cost precision and unmanned systems, C4ISR, Cyber, and Electronic Warfare, land systems and armoured vehicle upgrades, munitions, propulsion and materials, as well as space, surveillance and dual-use technologies, and SMEs and R&D collaboration.

Romania is investing significantly in unmanned aerial, ground, and maritime systems to enhance surveillance, reconnaissance, and strike capabilities. While UK strengths are tactical drones, autonomous navigation, swarm technology, and lightweight precision munitions, the main opportunities are joint development of tactical UAVs with Romanian SMEs, integration of AI-enabled targeting and ISR systems into NATO-compatible equipment, and collaboration on counter-UAS technologies, a growing Romanian priority.

The country's modernisation plans emphasise command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) and cyber resilience. UK strengths in this field are secure communications, electronic warfare (EW), and cyber-defence integration. The opportunities include partnering with Romanian cyber institutions (e.g., Cyber Command, CERT-RO) on joint R&D in threat detection and network defence, providing EW and SIGINT systems adaptable to NATO architectures, and establishing training and simulation centres for cyber and electronic warfare operations. It is upgrading its armoured vehicle fleet and artillery systems, emphasising mobility, survivability, and cost efficiency. The UK's strengths in this field include: modular vehicle design, armour composites, and advanced turret systems. The subsequent opportunities are supplying subsystems or upgrade kits for existing Romanian equipment (e.g. TR-85 tanks, MLI infantry vehicles), joint ventures for light armoured vehicles or remote weapon stations, leveraging Romanian manufacturing capacity, and collaboration with local companies (e.g. Uzina Mecanică București or Moreni) for co-production.

We are seeking to rebuild our ammunition and propulsion manufacturing base to ensure supply chain resilience. Using UK strengths like smart munitions, energetic materials, and propellant technologies, there are several opportunities that cannot be missed – technology partnerships with ROMARM subsidiaries for precision-guided munitions or rocket motor production, or joint R&D on next-generation energetics and sustainable propellants.

Romania's emerging space and satellite programmes (through ROSA and EU initiatives) create dual-use opportunities. UK strengths like small satellite design, ISR payloads, and space situational awareness could meet the opportunities such as co-developing low-cost observation satellites or ground control systems with Romanian research institutes/ companies, and supporting border surveillance and maritime field awareness

through space-based data integration.

Lastly, Romania's innovation ecosystem is growing, supported by EU Defence Fund (EDF) and NATO DIANA accelerator programmes. UK SMEs can partner with Romanian firms in joint bids to EDF calls, focusing on robotics, AI, and secure communications. Establishing joint R&D hubs in Bucharest, Cluj, Iași or Timișoara could leverage Romania's engineering talent and cost advantages. Collaboration with Romanian universities (e.g. Politehnica Bucharest, the Military Technical Academy etc.) can support prototype testing and applied research.

Adrian Duță
Deal Advisory Team - Defence & Security

adrianduta@kpmg.com

3.4.2 In conversation: Nicoleta Gradinaru

Nicoleta Gradinaru is a UK-based EU, NATO and Romanian market entry specialist at MGNG, active in the defence and security sectors. She previously worked for Marshall Land Systems and currently supports different projects with Skyral – a UK startup developing modelling and simulation solutions – as well as other SME clients across Europe.

What makes Romania attractive for UK defence companies?

NG: There are multiple drivers here. Obviously, the war in Ukraine draws focus to NATO's eastern flank and that means greater attention both to Romania's own defence needs and protecting the Black Sea region.

Even before the full-scale invasion of 2022 a modernisation of Romania's armed forces had been underway and now with new money from NATO and EU programmes the budgets available for defence and security related projects are significant. There's a clear market in Romania and British companies should be trying to supply it.

Beyond the immediate urgency – and Romania's geopolitical relevance – there's a longer-term determination within EU and NATO to rebuild allied armed forces and defence industrial capacity. Amongst its European members the intent is to bring much of this back to the continent and here again Romania is well-positioned. It has a defence manufacturing tradition and a workforce with high skills and lower salary costs than most EU states.

Building in Romania doesn't mean building just for Romania (or just for defence), and I think some of the primes already present are starting to realise this and so invest in the country as an export facility rather than just out of offset obligation.

Of course, the UK is no longer in the EU, and the terms of its involvement in some EU funded projects aren't yet wholly clear, but operating in a member state seems like sensible planning for a British company and Romania is a good destination for this.

Romania has historically tended to purchase from the Americans. If you're looking at Romania as a British company whether as a prime or an SME, do you think there is a gap for us? Do we build enough of the right systems? Should we think in terms of niches or opportunities for smaller companies rather than the primes?

NG: Romania's relationship with the United States is long and certainly important. Its been the anchor of Western security and the size and sophistication of its defence industry is unmatched. But Britain plays an important role in supporting Romania's security too and in the current shift toward European preferencing the commercial opportunity is growing.

An advantage UK companies have is their reputation for high quality products. I saw this with the recent ADS-led trade mission organised alongside the British Embassy in Bucharest, and I've seen this in my work with Marshall and others. There's a willingness to buy British if we bring the right solutions, but companies need to act and seize the moment and be visible to the MApN.

Outline the pathway and touchpoints for a UK company entering the Romanian defence market?

NG: This might be less obvious to startups or dual-use companies, but the first step is getting the UK side of things sorted. Support from DBT, FCDO and MOD in London is crucial for any security export.

Assuming the various UK licences and compliances are in place, working with the British Embassy in Bucharest is essential. I think we are very lucky in that regard right

now. We have a great Ambassador, Giles Portman, and his local DBT team are all excellent and very willing to help. British companies should ask for their assistance in opening doors to Romanian government ministries, for securing local accreditations, and finding local partners.

Depending on the type of project the offset agency, ARCTIS, might also be involved. Romania's offset regulations changed at the start of 2024. Its quite similar now to the UK approach – it's all about building locally, supporting Romania's industries but in a way attractive to the provider – but talk with the Ministry of Economy and ARCTIS, explain your proposal, and explore with them how it can implemented.

Offset is all about capturing value locally so you might need to find and diligence manufacturing partners in Romania. Visit the factories, build relationships. There are a lot of high quality, well-run private companies, many with surprisingly high capabilities or equipment. Again, the Embassy can help suggest some potential partnerships.

If bidding for a tender, ideally you want these local partnerships in place and ready to go. These partners will also understand the Romanian process better – and speak the language – removing some barriers. So companies need firstly to understand the market, work with local companies and build a supply chain network in Romania.

Brand visibility is also required. Businesses need to attend conferences like BSDA and trade missions. In fact, some of the conferences and trade missions are vital. These are places where you can have initial conversations with MApN officials, listen to their needs, and discuss possible solutions.

Secrecy is something you expect in national security, but the culture and bureaucracy surrounding the MApN seems excessive. Is that a fair assessment?

NG: There's certainly been a reluctance in the MApN to engage with industry – perhaps more than strictly required – but I think this is largely a generational thing.

There's 20 years of NATO membership now behind it, close to that in the EU. New officials are moving up the ladder and do seem to understand why processes need to change. Many have also studied or worked abroad and that will help to reform previous practices. We are starting to see a culture shift and recognition that early engagement with commercial providers ultimately saves time and money for both parties e.g by resolving product specifications or preventing cancellations and reissued tenders later.

Are there particular examples of frustrating process design you can point to?

NG: One lies in the design of the procurement platform itself. The UK's digital tendering systems are straightforward and automated but those in Romania can have some inconsistencies and be quite hard to navigate. Without prior knowledge of where to look it can be hard to find things and I'm proactively using novel AI tools to search out these opportunities and then trying to match appropriate client companies to them.

Romania's Ministry of Defence might borrow here from the tendering procedures of its Ministry of Internal Affairs which I've found to be a better experience.

Is UK Export Finance an important tool for British companies targeting Romania?

NG: Some British companies may see Romania as a risky prospect commercially but I don't think that is particularly the case now especially with all the money going into defence from EU and NATO programmes. That primes like Airbus, Leonardo and Thales have been present in Romania for many years should also be reassurance. I think where Export Finance can be valuable for a UK company is in helping them tap resources to scale production and meet projected demand as well as being an assistance in their dealings with commercial banks.

But really this is about creating and leveraging strong partnerships with UK government to give a company the best chance of success when it goes to Romania. Working closely with DBT – including Export Finance – MOD, FCDO and the British Embassy make for a stronger bid while being backed by the British government in some form is also a powerful signal to the buyer.

Nicoleta Gradinaru
Founder

nicole.gradinaru@mgng.co.uk

Strategic legal insights for defence partnerships

UK/Romania Business

Andreea Zvac
Partner

Contact Andreea

Cornelia Postelnicu
Counsel

Contact Cornelia

Wolf Theiss

At Wolf Theiss, we measure our success by the success of our clients. We align our goals with yours to ensure that your needs are being met in even the most complex of cross-border matters. This means that we know how to listen to you and help you use the assets you already have while finding opportunities.

Romania offers a highly attractive market for international defence companies, and success in this market increasingly hinges on mastering the legal architecture specific to defence and security procurement, translating industrial participation into viable projects and structuring partnerships with state-owned actors.

Rather than relying on a single framework, Romania's defence market operates under a layered procurement system: standard rules for defence and security acquisitions coexist with special cooperation mechanisms designed for strategic programmes. This mixed approach reflects an integrated legal and economic strategy in which the state is not only a purchaser but should also be a facilitator of a sustainable national defence industry.

While the legal framework is generally workable, certain provisions may require clarification and implementation challenges persist. Romanian Government is in process of amending various pieces of legislations with impact on the defence sector in order to establish a dedicated legal regime for investments that build, modernise, convert, or expand defence production and service capacities of strategic interest.

Collectively, the purpose of such upgrades in the legislation would be to create a secure, streamlined pathway to develop domestic defence capacities with clear state safeguards, mandatory strategic vetting, and accelerated access to public property. It would elevate qualifying investments to prioritised legal statuses to reduce procedural delays, while embedding governance controls and state step-in/pre-emption rights to protect Romania's essential security interests.

Procurement rules and strategic exceptions

At the core of Romania's defence buying is Government Emergency Ordinance No 114/2011, which transposes Directive 2009/81/EC. Open procedures are excluded; restricted/negotiated procedures, competitive dialogue and requests for quotations dominate, with enhanced security-of-information and security-of-supply requirements. Parliamentary pre-approval is mandatory for programmes at or above €100m, adding a critical timing and documentation milestone to any capture plan. A recent example is the SHORAD–VSHORAD acquisition conducted by Ministry of Defence through Romtehnica. The contract, valued at over €200m, was awarded through a restricted procedure, received parliamentary approval and was published in SEAP (the national e-procurement system) and the Official Journal of the European Union (OJEU). Its objective is to equip the armed forces with advanced air defence systems capable of countering drones and cruise missiles.
Romania can invoke Article 346 TFEU in limited, proportionate circumstances where essential security interests or classified elements require derogation; bidders should be prepared to justify and live with narrower competition and stricter information handling when this route is chosen.

In order to better prepared for such procurement procedures, the companies operating in the defence sector may take the following steps into considerations:

- stay in touch and early engagement with the relevant procurement agencies/ relevant ministry in order to start the preparation of the tender documentation even before the launch of the procedure
- be mindful of the fact that such contracts would impose "security of supply" and "secure by design" approach; such security requirements are part of the initial design, not an afterthought
- understand and be ready for export control requirements.

Wolf Theiss

Industrial participation (offset) framework has been upgraded

Government Emergency Ordinance No 124/2023 and Government Decision No 438/2024 establish a cooperation regime managed by the Romanian Agency for Technological and Industrial Cooperation for Security and Defence (ARCTIS), applicable also for government-to-government acquisitions.

According to this offset regulation currently in force technological and industrial cooperation operations may take the following forms:

- technology transfer, licensing and know-how: the transfer of knowledge, technical assistance, or other technology transfer activities that enable the acquisition of new capabilities or increase the competitiveness of existing ones
- research development and innovation activities: cooperation in systematic activities, based on existing knowledge acquired from research and/or practical experience, aimed at producing new materials, products, and installations, refining new processes, systems, and services, as well as substantially improving those already produced or installed
- subcontracting to a Romanian economic operator: that form of cooperation whereby a Romanian economic operator produces a part or component of the product, service, or work that is the subject of the public procurement contract and/or supplies products, provides services, or performs works that contribute to the proper implementation and/or operation of the respective products, services, and works;
- export of products, services, and works: the sale of products and services and the performance of works in the field of defence and security.

An offset agreement is concluded directly between ARCTIS and the relevant contractor, and it is concluded in the context of procurement contracts. From a legal perspective, the offset agreement is a separate agreement from the public procurement contract, and it must be signed prior to the respective public procurement contract. Most notably, the offset agreement must include as an annex the actual technological and industrial cooperation plan, which must be also approved by the Supreme Defence Council (CSAT). The period for fulfilling the offset obligations may not exceed 8 years, a period which may be extended by ARCTIS for sound reasons.

Partnership models matter

Romania's defence industrial base combines state-owned enterprises under the ROMARM umbrella with an expanding network of capable private suppliers. Alongside these, Romtehnica, the Ministry of Defence's acquisition arm, and ARCTIS play distinct roles in shaping procurement and partnerships.

International contractors should anticipate in-country collaboration through (i) joint ventures or special-purpose vehicles with state or mixed-ownership entities, where the state can hold only a minority participation, (ii) licensed production lines paired with long-term maintenance, repair and MRO commitments, and (iii) supply-chain integration with vetted private manufacturers. For programmes involving significant localisation, establishing joint ventures or special-purpose vehicles (SPVs) in partnership with state-owned enterprises is often the preferred route.

Each model must incorporate Romania's security requirements. Where production with a state counterparty is optimal, JV governance should align with parliamentary

approval thresholds, public procurement auditability and security-of-information standards, while safeguarding investor interests on IP, pricing, change control and dispute resolution.

In any case, from a regulatory and compliance perspective, the companies operating in the defence sector must be registered with the Directorate for Defence Industry of the Ministry of Economy and must meet specific requirements for the protection of classified information.

There are also process checkpoints that drive outcomes. A preliminary market assessment – both from a financial and practical regulatory perspective is essential in order for investors to set realistic expectations. Frustration often arises when this step is overlooked. Security accreditation for facilities and personnel should be planned early to avoid delays. Subcontractors must be declared upfront and may be subject to restrictions imposed by the contracting authority. It should be also considered that supply security, including contingency delivery plans, is closely scrutinised during evaluation and throughout contract performance.

Finally, the National Strategy for the Defence Industry 2024-2030 provides a clear mandate to embed industrial policy into tenders. Local content, lifecycle support within Romania, technology transfer, and R&D deliverables aligned with capability priorities are now decisive in award criteria – not optional extras.

The expanding collaboration between Rheinmetall and Romanian entities reflects a strategic direction for future defence partnerships in Romania. Its pipeline spans armoured vehicles, medium-calibre ammunition, and a major propellant powder facility, all tied to technology transfer, local manufacture, and long-term sustainment. Comparable models are already in use or emerging around wheeled platforms (e.g., Piranha V via General Dynamics, COBRA II via Otokar) and artillery (Elbit Systems–ROMARM/ATMOS), often with licensed production and local lifecycle support embedded into offset agreements. For UK and other international suppliers, the key takeaway is to consider Romanian partnerships in the context of European capacity requirements. This means investing and creating capabilities in Romania that can compete for NATO and EU demand.

Wolf Theiss

Conclusion

Romania’s National Strategy for the Defence Industry 2024-2030 sends a clear signal: the country is committed to consider industrial policy into defence procurement, creating a welcoming environment for international partners. Priorities such as local content, lifecycle support within Romania, technology transfer, and R&D aligned with capability needs are becoming decisive factors in awarding of contract or creating partnerships. For global contractors, this opens both opportunities and obligations. Investors' proposals that reflect these priorities stand a much better chance of success and can lay the groundwork for lasting partnerships. That said, success isn’t just about strategy; it depends on navigating formal legal steps and meeting critical compliance checkpoints. Companies that build these requirements into their planning and respect procedural milestones will be best positioned to thrive in Romania’s evolving procurement landscape.

Photo credit: **Sorasak**

4. The defence innovation opportunity in Romania

UK/Romania Business

The previous sections dealt with Romania's defence production and procurement process, and international presence – including from the UK – in its defence market. We considered the challenges facing its defence industrial base, general lack of vision for the industry, and historically ineffective use of offset as a means to encourage the investment and technology transfer its defence industry so badly needs.

If a new influx of funds in the face of Russian aggression offers the chance to restart domestic production, the war in Ukraine is also demonstrating a need to update assumptions on how we prepare for, build for and fight war. Its exposed a widespread complacency around munitions stocks and lack of capacity to replenish them. Its highlighted the illogic of relying on high-end missile systems to shoot down $500 drones – yet shown these same UAVs can neutralise advanced armour. And its demonstrated that fast iteration and rapid deployment to the frontline is a battlefield advantage.

While we must be careful not to over-read lessons from this one conflict – tactics and practices adopted from urgency and necessity are not effective military planning – as the nature of warfare changes so too must the defence industrial base behind it evolve. This elevates two linked but distinct ideas: redesigning defence commissioning models, and rethinking how we innovate for defence.

4.1 The need for innovation in defence

Romania's own defence industry challenges aside, production and procurement processes across NATO and the Western alliance were built for a different time.

> "Military strength is no longer measured solely in tanks and fighter jets, but also in code, algorithms, and advanced materials. Nations that lead in artificial intelligence, quantum computing, and autonomous systems will shape the future of global security—and right now, the West is at a tipping point."[49]
>
> Mircea Geoană and Andrei Iancu

Throughout the Cold War the strength of the West relied mostly on American ability to harness its scientific and manufacturing capacity to develop advanced weapons platforms and deliver them in sufficient numbers to deter any major conflict with the Warsaw Pact. Needs were defined in Washington with industry invited to tender to those specifications. The model worked on key measures – the Soviet Union collapsed – and while capable of birthing the B2 bomber it embedded bloat and inefficiency amongst prime contractors.

These drawbacks to the commissioning system are captured most clearly by Katherine Boyle in her 'American Dynamism' thesis.[50]

> "Years ago, the Pentagon abandoned market principles for Soviet-style central planning its acquisition system. It replaced bottom-up innovation for top-down five-year plans, non-commercial buying practices, and over 5,000 pages of regulations. This decision had dramatic consequences. It removed the profit motive for defence companies, killing incentives for innovation and efficiency. It rewarded bureaucrats, shunning builders and inventors. It made working with the Pentagon so difficult that the Defence Industrial Base has withered to a shell of its former self."[51]
>
> Katherine Boyle, a16z

Her mission, and that of fellow travellers like Alex Karp (Palantir), Palmer Luckey (Anduril) and Elon Musk (SpaceX), is to challenge the sclerosis they believe now hold back American innovation and threaten its long term security.

While recognising primes retain an essential role in producing what Boyle calls the very exquisite systems – F-35s, aircraft carriers and the like – American dynamism is about re-injecting permissionless innovation and the builder mindset of Silicon Valley into the defence industrial base, "The startup community has to fix this problem because it's not going to come from the traditional primes, it's not going to come from family-owned machine shops… You need hardware, you need software, but most importantly, you need people who understand how to build for production."[52]

The US is a unique example but breaking

apart the calcified symbiosis between defence procurement and production; and bringing new technologies, production methods, problem-solving and market approach to the industry are incentives without geographic bounds.

The UK's 2025 Strategic Defence Review and Defence Industrial Strategy both cover new ways of war, new ways of building for war, and how to better involve British startups and SMEs in the process. In 2025 it also established UK Defence Innovation to consolidate its defence innovation ecosystem under a single, coherent operating model.[53] Alongside this, Ploughshare – the entity dedicated to commercialising MOD innovation – has launched the Defence and Innovation Industry Alliance bringing together defence firms, academia, investors, accelerators and organisations from across the industry to unlock UK dual-use inventions.

The re-imagining of defence production doctrine offers countries like Romania a unique opportunity. As the fall of communism allowed many once captive nations to design administrative and physical infrastructure afresh, so too, as Niculae Iancu argues, might the current moment offer Romania a chance to set a new course for its defence industrial base, "ROMARM has had more than thirty years to prove its adaptability, competitiveness and market relevance. It has not. Not because of bad intent, but because it is structurally incapable of surviving in today's dynamic, innovation-driven, and geopolitically competitive defence environment. The solution is not to modernise ROMARM. The solution is to start from scratch."[54] He continues,

> "Romania must build a new national defence technological and industrial base, driven by cutting-edge technologies, flexible governance, and embedded in Euro-Atlantic and global partnerships…
>
> This shift requires a clean break from state-centric, publicly subsidised industrial models. Romania must embrace private capital and public-private synergies, EU integration and NATO interoperability standards, a culture of structural and technological innovation, competitiveness, export capacity, and above all, military relevance for contemporary and future warfare.
>
> What Romania needs is an ecosystem driven not by inherited structures, but by competence, technology, and strategy. The time has come to stop looking backwards, trying to salvage – or revitalise – structures that were never designed to meet today's challenges. The Romanian government must show the vision and political courage to build something new, something worthy of Romania's strategic location and Euro-Atlantic commitments."
>
> Niculae Iancu, I2DS2

4.2 Building defencetech and a defencetech ecosystem in Romania

Defencetech is the adoption, application and combination of diverse, cutting-edge, technologies and production processes for military use. As Romanian venture capitalist Bogdan Iordache writes, "new technologies allow for the creation of new weapons, and the existing players, some of them already manufacturing and selling a large number of diverse products, just cannot move fast enough."[55] Indeed,

> "with new AI/ML technology, computer vision, new intelligence sources, new propulsion systems, and XR/AR technology, many weapons are to be invented or re-invented, and will be further amplified by the latest developments in adjacent areas such as manufacturing and robotics, and the space industry.
>
> The drone is a good example, incorporating satellite intelligence, computer vision technology for autonomous flight and target acquisition, sometimes new propulsion systems, and XR/AR technology for guidance. In the case of the cheap drones used

> on the frontline, automated manufacturing is a big plus."
>
> Bogdan Iordache, Underline VC

While drones can be produced by traditional contractors – General Atomics MQ-9 Reaper being the most recognised example (estimated cost $33m) – defencetech is differentiated by the American Dynamism-like drivers propelling its builders: bottom-up not top-down innovation, and recognition that their company only survives if it can create, test, distribute and sell their products quickly.

If the Ukraine war now provides a unique opportunity for defencetech – both the geopolitical urgency to innovate and operational environment to test products – defence remains a difficult market for startups. Buyers are conservative, procurement cycles long, and general complexity means excessive administrative cost. Each are existential threats to small and under-resourced companies.

These challenges are compounded by the nature of the product. Military systems are tightly export controlled, so for a British or Romanian startup the international sales market is first limited to around 50 Western and allied governments, and where selling to those friendly states still means fighting against the national bias that protects their own defence industrial base.[56]

A second go-to-market route for defencetech is selling to those who sell to end-buyers – traditional defence primes and integrators – typically where a product enhances capabilities of in-house weapons systems. Ultimately some defencetech startups will be acquired by these clients although with the attendant risk new layers of corporate bureaucracy stifles future innovation.

But the fundamental nature of the startup environment means many will fail. The Ukraine war is a unique opportunity for defencetech but its hard to see long-term viability for the many drone companies currently serving this conflict's needs. A lesson of the war is also rapid iteration and adaptation, so a stockpile of older attritable UAVs is far less valuable than one of artillery shells.

What matters in the longer term – and where Romania's defence industry must adapt – is scalable productive capacity, flexible processes, and openness to experimentation i.e. building out the combined infrastructure for innovation as well as an evolution in the military mindset over what it buys and how it integrates technology in war fighting doctrine.

Here, as Samuel Burrell argues, Ukraine and Israel show the path forward:

> "Both Ukraine and Israel have embedded similar experimentation directly into their military frameworks. In Ukraine, this is driven by battlefield necessity. In Israel, it is a matter of long-term strategic culture.
>
> Instead of dedicating itself to increased production of artillery munitions, [Ukraine] invested heavily in unmanned systems. The country built a domestic drone industry almost from scratch, producing 300,000 drones in 2023, then 2.2 million in 2024. It aims to produce 4.5 million in 2025.
>
> Israel, by contrast, is not constrained by limited resources but driven by its unique security environment… Its defence and technology ecosystems are tightly intertwined. Programs like Talpiot and Unit 8200 recruit young people with exceptional technical ability and give them both academic education and military responsibility. These programs serve not only to develop military technologies but also to seed entire industries."[57]
>
> Sam Burrell, Expeditions Fund

Reforming Romanian military doctrine is well-beyond the scope of this report but it is a necessary element to secure a culture and ecosystem for defence innovation. Progress here also requires tackling the blockages and short-term thinking identified in our earlier section on defence production and procurement.

While the present moment offers a rare fork for the start of this reform, its long-term upside runs up against the urgent need to quickly upgrade and expand Romanian military capability in the face of current security threats – a buy versus build dilemma.

Of course, this is not binary.

Tech transfer from well implemented offset agreements and international partnerships

can help foster a more innovative local ecosystem, becoming the flywheel for further domestic technological advancement.

And defencetech is wider than just weapons. It is the AI, advanced materials and manufacturing, communications and intelligence, immersive technologies, navigation, quantum and space-based technologies touched by national security, many of which have wider dual-use application.

A model for how to encourage these dual-use technologies is provided by the NATO DIANA project, an initiative set up under former Deputy Secretary General, Mircea Geoană, and described in some detail by its first Chief Commercial Officer, Adrian Dan:

> "When NATO started exploring innovation nearly four years ago, no one expected things to move as quickly as they did. The NATO Innovation Fund and DIANA became two of the fastest-moving initiatives in NATO's history. Normally, standing up a new NATO agency – like DIANA – is a years-long process. But in this case, the nations recognised the urgency of integrating innovation into the defence ecosystem. And it wasn't just about traditional defence tech, but it was a broader shift."[58]
>
> Adrian Dan, former CCO, DIANA

DIANA's mission, he says, "was to bring in commercial innovation and dual-use technologies. That represented a big mindset shift – moving beyond just military solutions to also include sectors critical to societal resilience… That's the role of defence: to keep society secure, not just to prepare for war. Wars are often the result of insecurity. Ideally, we prevent them through strength and preparedness."

Importantly, Dan also situates the programme within a wider movement to reform procurement, "From a capability standpoint, NATO countries – and NATO itself – are trying to reduce procurement timeframes and move faster. But even for existing capabilities, we're still looking at years; nothing happens overnight. For DIANA, we have to balance a few things. One is supporting startups with strategic disruption potential – technologies that could be groundbreaking. If you look at areas like quantum or advanced processing, these could change the world, and that's part

NATO DIANA

DIANA is the Defence Innovation Accelerator for the North Atlantic, an organisation established by NATO to find and accelerate dual-use innovation capacity across the Alliance.

DIANA provides companies with the resources, networks and guidance to develop deep technologies to solve critical defence and security challenges, from operating in denied environments to tackling threats to our collective resilience.

DIANA works with more than 200 accelerator sites and test centres across the Alliance to deliver world-class training, networking and testing opportunities.

Through an Alliance-wide network of innovators, accelerators, test centres and end users, DIANA is solving critical defence, security and resilience challenges to support a more peaceful future.

Innovators selected through DIANA's Challenge Call may access:

- Contractual funding to support iteration of the solution, and participation in Phase 1 of the Accelerator Programme
- 17 accelerators across the Alliance, and pathways to market within the NATO enterprise and 32 allied markets
- Approximately 180 test centres across the Alliance where entrepreneurs can de-risk, demonstrate and validate their proposed dual-use technological solutions
- Mentoring from scientists, engineers, industry partners, end users, and government procurement experts
- A network of trusted investors with funding to enable scaling
- Opportunities to demonstrate technology in operational environments.

Learn more diana.nato.int

DIANA

of our mandate. But we also have a responsibility to create impact now... For us, it's about balancing short-term, iterative innovation with the long-term potential of truly disruptive technologies – those that could have an impact over the next three to five years."

Recruiting 44 startups in its first year and 73 in its second cohort, for its 2026 batch DIANA will admit 150 companies across ten challenge areas: energy and power; advanced communication technologies; contested electromagnetic environments; human resilience and biotechnology; critical infrastructure and logistics; operations in extreme environments; maritime operations; resilient space operations; autonomy and unmanned systems, and data assisted decision making.

No Romanian startup has yet reached the standard for DIANA admission but two UK-based startups with Romanian founders, Aquark Technologies and Grayscale AI were accepted in 2024.

Likewise while Romania has two DIANA affiliated test centres – the National Institute for Aerospace Research (INCAS) and International Centre of Excellence in Artificial Intelligence – University Politehnica Bucharest, the country has not yet been chosen to host a national accelerator programme.

Dan, a Romanian national, attributes this to several significant factors:

> "There needs to be a cultural and mindset shift in Eastern Europe regarding how we build companies and approach the ecosystem. It's not just about startup founders but also governments, investors, and the entire community. We need more VC investments, private equity involvement, and capital flowing into the system. Only then will people respond to that momentum.
>
> Some countries in Eastern Europe are doing better at this. For example, Estonia and Bulgaria are more active in the VC and investment space than Romania... If we could raise the overall level and learn from each other, we could improve the entire ecosystem. This would motivate founders and improve outcomes for DIANA-supported companies."
>
> Adrian Dan, former CCO, DIANA

Noting the decline of Romania's industrial ecosystem post-communism – and the barriers this creates for building hardware focussed solutions – he concludes that while the technical talent is present in Romania "the challenge is getting them to take the risk of setting up their own companies, especially in complex fields like quantum or robotics. There's a fear of failure because they don't feel supported in their ecosystems, and as a result, they hesitate to take that leap."

Similar themes are covered extensively by UK/Romania Business in its two earlier publications, *Technology Report: understanding and advancing the UK/Romania opportunity,* and *Research, technology and innovation partnerships: uncovering new bilateral opportunity*. Recommendations included local accelerators emphasising international growth mindset at earlier stages in the startup journey, and more sector-specific structuring of activities to move beyond generic teaching.

This is where the work of UK/Romania Tech Hub – a vertical of UK/Romania Business – and its partnership with Global Tech Connect is providing direct value for Romanian startups.

An example is their November 2025 Dual-Use Bootcamp, a co-organised programme to assist defencetech and dual-use startups understand the UK market opportunity, and connect them with leading investors, corporates and specialist ecosystem. The Bootcamp itself involved five promising Romanian startups – Ahead AI, BraveX, KFactory, Sky Hunter and Zetta Critical – with one, Zetta Critical selected for the GTC London delegation. We profile some of these later in this report.

While these international connections are essential, the work of building Romania's defencetech and dual-use ecosystem – including also spacetech – is something fundamentally to be done at national level. Here there are emerging signs of that community coming together.

The principal evangelist for this is Bogdan Iordache, a motivating force behind much of Romania's startup ecosystem, and now Founder and General Partner at Underline Ventures. Pushing the visibility of defencetech and dual-use locally through panels at the region's premiere tech conference, How to Web, he also curates a series of articles and interviews with leading

founders and investors in the sector, as well as building a fund investment thesis around four types of defencetech startup: next generation primes, category leaders; hyper-specialised producers and commoditisers.

A further driver is Activize and its founder, Mircea Vădan. Focussing currently on drones and robotics, in 2026 they will publish a new survey, Romanian Innovation and Tech Startups Report on Drones, Robots and Dual-Use/Defence to sit alongside ongoing work to strengthen ties within the local and regional drone manufacturing sector, and efforts to build supply-chain resilience and sovereignty.

A major local promoter of NATO DIANA, Techcelerator, was also the Romanian partner of the October 2025 EU Defence Innovation Scheme (EUDIS) Hackathon. An indication of growing interest in the topic in the country, the competition attracted 130 participants across 24 projects making Romania's the largest single participation of the eight nations involved. Its winner, Sky Hunter, went on to take part in the Global Tech Connect Dual-Use Bootcamp, helping it gain knowledge of the UK market.

Approaching the subject more from an industry angle rather than bubbling up from the startup ecosystem, two new consortia have also formed in 2025, the Transfer Center for Strategic and Dual-Use Technologies and Defence Network Romania.

Defence Network Romania's goal is to integrate the skills of the defence and security industry with the academic, commercial and industrial environment, for the development of research, development and innovation projects with dual-use applicability, and connect Romanian companies to European value chains, to dedicated R&D funds and to critical infrastructure transformation projects. The Transfer Center for Strategic and Dual-Use Technologies similarly sets out to identify and evaluate the most innovative defence and dual-use technologies worldwide and match these technology providers with the Romanian defence and economic ecosystem.

Lastly, within the think-tank community, defencetech and dual-use is rising up the agenda of Aspen Institute Romania. Led by former NATO Deputy Secretary General Mircea Geoană – a figure key to the creation of NATO DIANA – these subjects featured as a topic at the inaugural Aspen European Strategic Forum (September 2025) and subsequent roundtable events.[59]

These several efforts provide pillars around which the defencetech and dual-use community in Romania can develop. To fully succeed it will be necessary for them to draw in further voices – particularly from the country's universities and research institutes – and work to create a new engine for innovation built in part with their deeptech and engineering excellence.

Two institutions stand out here. The Romanian Research and Development Institute for Gas Turbines (COMOTI) is deeply involved in the space sector including through international partnerships on several European Space Agency projects. Likewise the National Institute for Aerospace Research (INCAS) is the anchor of a new Romanian government initiative for development and technological transfer of autonomous air and naval systems to the defence industry. Additionally we note the Bucharest Centre of Excellence in Research, Development and Innovation – founded in 2022 and under ROMARM – with a mission to carry out fundamental, applied and technological research in the defence industry, and to provide technology transfer services, consultancy, know-how and dissemination of research.

This core of organisations, and others clustering around Măgurele Science Park, demonstrate a depth of fundamental knowledge critical to building in defencetech and dual-use. What has been absent is the culture, ambition and know-how to spin innovation out of academia into new companies or marketable products.

Underline Ventures, Activize, Techcelerator and other startup focussed entities can help overcome this but the country must also do more to address the regulatory and organisational impediments to technology transfer. As we wrote in *Innovation Partnerships* this is where UK expertise and support can be particularly useful and it is a topic UK/Romania Business continues to press. In defence specifically we can look to the example of Ploughshare – a supporter of Global Tech Connect's Dual-Use Bootcamp – to unlock the potential of MOD inventions "turning cutting-edge defence innovations into market-ready solutions that save lives, strengthen industries, and solve global challenges – whether that's developing new spin-out startup companies, scaling breakthrough technologies, or creating new revenue streams from existing assets."

Where traditional British defence primes struggle to gain traction in Romania, we should look beyond those legacy pathways and seek to build better defence industry partnerships around encouraging innovation, defencetech and dual-use – the future tools of warfare.

Iulia Jivănescu
Founder and ESA Industrial Co-ordinator

www.betelgeuse.space

BETELGEUSE

Space and spacetech in Romania

Romania has been a full member of the European Space Agency (ESA) since 2011, after progressing through PECS (2007) and formal accession negotiations. ESA membership has catalysed a step-change in national capabilities over the last ~15 years, with ESA acting as partner, customer and mentor, embedding Romanian entities in major missions and supply chains across Europe.

Romania contributes to EU/ESA/EUSPA and is active at four governance levels – UN, ESA, EU, and NATO. The Romanian Space Agency (ROSA), founded in 1991, coordinates the national space policy, and represents Romania at ESA.

What ESA changed: industrialisation and geo-return

Romania's ESA participation follows the geo-return principle, translating national subscriptions into contracts for Romanian entities. Over 2015-2024, Romanian entities took part in 500+ ESA contracts, with ~250 entities registered with ESA by December 2024 and ~130 participating as prime or sub-contractors. Total ESA commitments to Romania over this period are on the order of ~€200 million. The portfolio has shifted from studies to flight-ready space segment production (~48%), signalling industrial maturation and readiness for delivery.

Romania benefited from the Romanian Industrial Incentive Scheme (RIIS) up to 2019, which provided targeted support to accelerate competitiveness and ensure a fair return in the early phase of membership, thus helping expand the supplier base and move teams from paper studies to hardware, software and operations deliverables.

Space ecosystem at a glance

Romania's industry is integrated into missions across all strategic domains – Earth Observation, Telecommunications, Launchers, Navigation, Exploration, and Planetary Defence (e.g., Galileo, Copernicus, HERA, JUICE, Euclid, PROBA-3, Ariane 6, Vega-E, BIOMASS, Lunar Gateway, Space Rider, etc.).

Romania's space industry now contributes across all major ESA segments. Upstream, deliverables include flight and ground software (GNC, flight dynamics, on-board processing, EGSE and ISVV), mechanical structures & MGSE (including 3D-printed metals and CFRP), propulsion R&D (green thrusters, turbopumps and test stands), thermal control (MLI, radiators), optics/opto-electronics, avionics & electronics (IPUs, FPGAs, TTEthernet), and RF/communications (antennas, SDR, GNSS resilience). These are backed by AIT & test assets – TVAC, shock, RF, and EGSE/MGSE. Downstream, Romania operates EO platforms and services at national-to-continental scale for agriculture, environment and security, alongside SST/STM and InSAR-based monitoring.

The ecosystem spans local SMEs (Terrasigna, CDS, RISE), R&D institutes (INCAS, ISS–INFLPR, COMOTI), local non-SMEs (AROBS, EMSIL, ICPE), international SMEs (S.A.B. Aerospace, HPS), and international groups (GMV, Terma Space, Sonovision, Deimos, CS Group, RARTEL, Thales, Akkodis, Excent). SMEs represent ~21% of country ESA commitments, while ~80% of ESA commitments are now executed by companies and ~19% by research organisations, showing a strong industrial centre of gravity.

ORISpace and SpaceTech: complementary enablers

ORISpace – The Romanian Space Industrial Organisation (patronal), and SpaceTech, the national innovation cluster, were established to provide unified representation and practical acceleration for companies and research institutes. ORISpace leads structured dialogue with Government, ESA and ROSA, and advances policy positions. SpaceTech convenes partnerships between firms, research and technology organisations and investors, and runs programmes for technology transfer, entrepreneurship and community building. Together, they form a coherent framework that connects representation and policy with the day-to-day innovation infrastructure the ecosystem needs to grow.

ROSPIN in the ecosystem

The Romanian Space Initiative (ROSPIN) is a non-governmental organisation building the future talent pipeline through hands-on projects and high-reach education (ROSPIN School/Academy), competitions and community events in 15+ cities, with ~2,000 learners engaged over four years and participation in ESA's Fly Your Satellite – Design Booster. ROSPIN strengthens workforce readiness and international links (including with UK partners in education and industry), complementing formal industry and research actors.

BETELGEUSE

Strategic framework and governance

Space is recognised as strategically relevant at the highest level by Romania's Supreme Council of National Defence (CSAT). The National Defence Strategy 2025-2030 calls for developing national space capabilities through investment in satellite equipment, technologies and ground infrastructure, alongside a national framework to operate and exploit them. A coherent National Space Strategy is still to be formalised, where industry consultation is recognised as essential, offering an opportunity to set priorities, align budgets and consolidate governance. Moreover, space is a cross-cutting domain with dual-use impact and should be coordinated at senior ministerial level, an approach already adopted in France and Germany and increasingly discussed in the UK.

Innovation and investment context

Romania's innovation ecosystem is still in an early stage of development relative to EU comparators, despite pockets of excellence (ICT, lasers, materials). This affects venture formation and growth finance availability.

- Venture capital: The VC sector for deep-tech/space remains underdeveloped, limiting scale-up velocity even as ESA work grows capabilities.
- Incubation gap: Establishing an ESA Business Incubation Centre (BIC) would address a clear missing link between lab-to-market and anchor-customer pull complementing ESA optional programmes.

Mircea Văidan
Co-founder

www.bravex.aero

BraveX: locally developed and manufactured UAVs for European sovereign resilience

BraveX designs and manufactures advanced fixed-wing VTOL drones for long-endurance, high-efficiency missions. With up to 4 hours of flight time, 250 km range, and a 7 kg payload capacity – significantly exceeding the typical specifications of multi-rotor drones – their electric UAVs support applications from infrastructure and environmental monitoring to emergency response, smart logistics, ISR operations and border monitoring.

Starting R&D in 2020, and now producing 70 units a year at a facility near Cluj, BraveX intends to deliver 500 annually by 2028 on its way to becoming by 2030 one of Europe's leading manufacturers of dual-use drones with enhanced autonomy and extended flight capacity, With €315,000 secured from investors in the Transylvania Angels Network in 2025, the company is planning for a further round next year to support this growth, and to expand its core portfolio of four electric models to a fifth, VIMANA – a high speed jet-powered drone interceptor.

A founding principal of the company has been to develop locally – from the design of the fuselage and the manufacture of structural components, to the integration of electronic systems and navigation software:

> "More and more users want to avoid using components from Asia. Designing and assembling in Romania means a buyer gains faster spares, traceable components and better control over lifecycle upgrades. For civil and emergency operators – mountain rescue teams, environmental agencies or border authorities – this means shorter repair cycles, clearer safety documentation and fewer single-source chokepoints."

BraveX's choices sit inside the larger European debate about industrial resilience and strategic autonomy. Drones – whether for civil protection, infrastructure inspection or defence training – are a product where local manufacturing and transparent sourcing matter both operationally and geopolitically. Building long-endurance UAVs on Romanian soil contributes both to strengthening European security and its supply-chain resilience, demonstrating how sovereignty and economic development can align, "Local production keeps jobs and technical know-how in Romania and supports more transparent auditing of component provenance and software integrity."

As Europe invests in resilient critical industries, domestically built UAVs are important capabilities for a secure, accountable logistics and defence ecosystem. BraveX is engineering suited to hard, long missions with an appeal that reaches beyond Romania to serve this appetite for regionally manufactured, more sovereign systems.

KFactory: accelerating AI-driven manufacturing transformation

Vlad Cazan
Co-founder and Sales Lead

www.kfactory.eu

Founded in 2020, KFactory is an end-to-end AI-powered platform built specifically for manufacturing companies. Its unique value lies in seamlessly integrating IoT data, IT systems, business insights, and AI agents to deliver real-time, actionable intelligence across the factory floor. With a global market expected to exceed $337bn by 2028, the company's mission is to help industrial leaders – from defence to large-scale civilian manufacturers – achieve greater efficiency, profitability, sustainability, and competitiveness.

They call their product "Virtual Engineers" – digital assistants to support operational teams across automation, maintenance, and quality assurance. The agents transform vast volumes of production data into insights and recommendations directly enhancing productivity and reducing downtime.

Co-founder, Vlad Cazan, describes the KFactory mission as driving the next phase of industrial digital transformation:

> "many factories, especially SMEs, are still at an early stage of digital adoption and have hesitated to invest in AI-driven platforms before first understanding tangible ROI. We know the inefficiencies they face – over 70% of factory data is unused for analytics; downtime can cost up to $50,000 per hour; and the skills gap causes over $1 trillion in productivity losses in the U.S. alone/ We're rapidly building compelling evidence of KFactory's impact through real-world case studies from our 1500 users."

Accepted into the UK Department for Business and Trade's Global Entrepreneur Programme (GEP) in 2024, KFactory has established a local base in Warwick, and is now preparing a new £2m funding round for 2026 to fuel further international expansion, "the UK offers a fertile market on which to base our growth. It has a strong industrial base, a vibrant innovation ecosystem, and clear government support for digital transformation in manufacturing and defence. If we can successfully demonstrate our dual-use capabilities here we'll have built the client base and reputation necessary to help us scale further."

Cazan is realistic about the task, "scaling internationally in the UK and EU defence/civilian sectors requires balancing product localisation, regulatory compliance, and building strong local partnerships. We're also competing against larger, established industrial software providers. Our challenge is not just technological, but also about accelerating trust and adoption in traditionally conservative industries."

K. FACTORY
all about operational performance

George Bara
Founder and Head of Strategy

www.zettacritical.ai

Zetta Critical AI: mission-critical agentic AI for defence, intelligence and law enforcement

Zetta Critical AI provides a sovereign, adaptable, and explainable agentic AI stack built for mission-critical environments. It runs fully on-premises and offline, enabling agencies to deploy advanced AI without internet connectivity or data exposure. Built to excel in voice, image, and language processing, its solutions are adaptable, user-driven, and resilient in what they believe are the most demanding environments.

The underlying technology combines natural language processing, computer vision, and large-scale machine learning into an agentic AI framework that can operate fully offline, within air-gapped government infrastructure.

> “Today’s defence and security agencies cannot use cloud-based, black-box AI. They need trusted, explainable, sovereign AI that adapts quickly to evolving missions — from counter-terrorism to cybercrime to intelligence analysis. Zetta Critical AI fills this gap by delivering a platform that is both policy-aligned (EU/NATO sovereignty requirements) and operationally adaptable.”

Launched in 2019 it has since secured multi-year contracts with European ministries of defence, intelligence agencies, and law enforcement (direct or through partners), while also expanding into dual-use deployments. They are also active in EU and NATO research programmes such as EDF, ISF-Police, and PNCDI, to validate both the Zetta Critical technology and its policy alignment.

Founder George Bara considers its biggest challenge now to be scaling internationally while maintaining the sovereign, trusted positioning that makes it unique, “we have seen consistent growth in deployments and contracts year-on-year, with an increasing share of recurring revenue driven by Zetta Factory. This trajectory confirms both market demand and our ability to deliver sovereign agentic AI at scale. In Europe, we are already embedded in defence and intelligence ecosystems, but expanding into the U.S. and allied markets requires navigating new procurement frameworks, building strategic partnerships with defence primes, and securing the certifications needed for mission-critical deployments. At the same time, we need to balance this with our dual-use expansion into regulated industries, ensuring that we keep our focus while scaling the team and partner network. The challenge is executing growth while staying true to our sovereignty-first model.”

In preparation for this next stage of growth financing, and with the support of UK/Romania Business, Zetta Critical joined Global Tech Connect’s Dual-Use Bootcamp a programme for startups exploring the UK market, “We see the UK as a strategic market for sovereign agentic AI – both as a close NATO ally and as a global leader in defence innovation. Our plans for scaling into the UK focus on building partnerships with defence primes and integrators active in the UK market, establishing pilot deployments with government and security agencies to validate our technology in UK mission context and leveraging the UK’s strong dual-use innovation ecosystem to expand into regulated industries such as energy, telecoms, and legal.”

Photo credit: Forțele Navale Române

5. Conclusion and recommendations

In his speech to the NATO Industry Forum in Bucharest, 6 November 2025, President Nicușor Dan pointed to Romania's strong history in defence manufacturing, and that while the industry had been neglected in recent years, it still had tremendous potential if management of these companies could be reformed ("under conditions of interesting management").[60]

It was an important – but curious – admission to make in the context of the event, and as his government prepares both to update its National Strategy for the Defence Industry, and to reveal its list of SAFE funded projects.[61] In the room were representatives from primes keen to be present in the country yet hesitant at the prospect of forced entanglement with State Owned Enterprises. Next to them stood leaders from the country's private sector and founders of its dual-use and defencetech startups. Was Dan inviting international companies to take over his SOEs, offering a teaser of new initiatives to overhaul their structures and liberate the defence industry, or sadly shrugging his shoulders in the face of the immutable?

This intrigue aside, after reaffirming his country's commitment to increased defence spending and production, the president continued, "a key element to ensure credible deterrents and effective defences is to work together, cooperatively produce the equipment that the allied armed forces need, collaborate between states, between governments and the private sector for a defence industry that fosters innovation and capitalises on emerging technologies, to ensure together and alongside our partners durable supply chains and the interoperability of the systems we use."

Where Romania and its defence industry fits within this jigsaw was obfuscated, but Dan's core message stressed the need for continuing dedication to the political and economic choices underpinning Western security architecture and the global order. It means backing Ukraine, confronting Russia where ever it might offer challenge, and making China take notice of our rearming for active deterrence. Delivering on this needs rededication to the transatlantic accord, rediscovery of Europe's warrior tradition and reconstruction of the defence industrial base in each nation of the Western alliance. And it requires a reinforcing of bilateral relations between countries – a strengthening of the sinews that support these overall structures.

Through the Romanian-UK Strategic Partnership (March 2023) and UK/Romania Defence Cooperation Agreement (November 2024) relations between the two countries are solidifying at the political and operational levels. There are some signs also of greater UK defence industry interest in the country but little yet translating to high value sales.

As noted at the outset of this report defence is a unique sector – deeply commercial but profoundly political. Romania's preference for American hardware, and SAFE eligibility complications for UK companies, add some drag but as Israeli, Korean and Turkish manufacturers are doing well there, we must look at our own failings.

British companies have often overlooked the potential of the Romanian market. Their heads may now be turned by the abundance of new money, but if they've failed to build good local relations this pot of cash might still be beyond them. Similarly, while Romania is not producing equipment it can sell to the world, the UK likewise may lack competitive platforms necessary to address Romania's defence capability gaps. Nor has the British government directed strong FMS and related support toward this and similar sized markets.

But its also the case Romania can make it unnecessarily complex to do business in its defence sector – considerations in focus through much of this report. In conversations with defence communities in both countries we heard repeatedly that it must bring industry directly and at early stage into discussions on procurement and equipment needs, and that the central role of ROMARM, and lack of delivery on defence industrial strategy, is holding the country back. Each of these frustrations contribute to weakened UK appetite to enter the market.

If our objective at UK/Romania Business is to foster greater bilateral awareness and commercial engagement, much of that comes from expanding general access – encouraging reforms to open up Romanian markets and promoting the new opportunities that flow from this to British companies. Below we offer a few actions the Romanian government might take to improve the operation of the defence sector, enhance its integration with global supply-chains and international contractors, and grow its importance within the national economy:

- Defence industry dialogue and procurement process reform
- Radical transformation of industry ownership
- Building a defencetech and dual-use innovation economy

1. Defence industry dialogue and procurement process reform

Meaningful engagement with industry – both domestic and international – improves discovery, investment decisions, and most importantly trust. This dialogue is sadly lacking in Romania.

A shift toward regular, open, and deliberate discussions with defence manufacturers will both help its military planners better identify and define needed capabilities, and give industry a chance to contribute their expert knowledge at points where it can make most meaningful difference. This requires a radical culture shift not just in defence but across the mentality of Romanian government.

It means building stronger mechanisms to develop medium and long-term plans – thinking beyond the temporary transactional relations that too often dominate national politics. It means establishing cross-industry consultation groups with clear cadence and clear competence. And it means recognising internal knowledge deficiencies and taking steps to build the muscle and expertise needed across government. Its standard practice elsewhere, it needs to be done in Romania too.

Greater internal confidence and capability in turn translates into reduced bureaucracy, simplified procurement processes and quicker decision-making. Its a win for the Ministry of Defence and a win for industry both foreign and domestic.

But this is only one part of the needed overhaul.

Romania looks set now to buy tanks and IFVs – expensive metal its army lacks the personnel to crew – yet little on the new technologies that will actually shape the future battlefield. Conversations with traditional primes alone will focus on spending at the legacy end of the spectrum, so a broader range of voices need to be included. That means Romania's SMEs, its defencetech and dual-use startups, and the wider innovation ecosystem must be in the room too.

Wider dialogue promotes clarity. If government better understands how the different pieces fit together, it gains new visibility on the choices needed to champion Romania's own future defence industry and how to grow the domestic ecosystems to support this. Its a fundamental building block of modern defence industrial strategy and a critical step needed to draw in international primes and neo-primes – including from the UK – for the long-term, not just the current budget bump.

2. Radical transformation of state ownership in the defence industry

The Ukraine war has radically shifted the defence debate in Europe drawing in huge new financial resources as we rearm in the face of unprovoked Russian aggression and atrocity.

Romania's defence budget is growing toward €10bn and €16.7bn in SAFE money is soon to land in its coffers. This second element must be used to transform its domestic defence industry.

Unlike allocation of its national defence budget in favour of off-the-shelf American systems, SAFE funds prioritise building in Europe. It is designed as assurance to defence companies across the continent giving them the certainty needed to invest for the long term.

But this incentive will pass.

When the war ends, Ukraine is set to become the undisputed defence industrial powerhouse of Central and Eastern Europe. The lessons it is learning about iteration and innovation from the conflict, the distributed and resilient infrastructure it is building, and the way in which its industry is becoming deeply entwined with both international primes, and the defence ministries of major economies, will catapult the country into the upper tier of armament manufacturers. Ukraine can rebuild its economy in no small part on this capability and capacity. Romania must rethink the handling of its own national producers if it is to be competitive alongside. SAFE gives it this chance.

The temptation for government will be to allocate these funds to projects involving State Owned Enterprises, hoping this boost can serve as the investment they sorely need.

This is short-term and flawed thinking.

Instead it might use the certainty of SAFE to seed new enterprises, not gesture at reanimating the old.

Be big, be bold – dissolve state-owned defence companies and start fresh. Absorb their workers and technical knowledge into new private companies unburdened by toxic management practices and an operating culture marinated in communism. Build these as joint ventures with international primes embedding best practice from the outset. Lean on the local knowledge and hard won experience of private sector success stories – Aerostar Bacău, BlueSpace Technology, Interactive Software and OVES Enterprise. Make the commercial imperative come first in a new national defence industrial compact.

Post Russia's war of aggression against Ukraine, there'll be a point at which Romania will switch from being a critical conduit on the eastern flank of NATO, to a country on the fringe of the region's true source of defence innovation and manufacturing excellence. If the government's approach now is to use SAFE only as a bandaid over the structural deficiencies of its legacy industry, these patched-up companies will be bulldozed in the years to come. Stop trying to make ROMARM happen.[62]

3. Encouraging a defencetech and dual-use innovation economy in Romania

UK/Romania Business is an initiative building more fully around its original Tech Hub project, adapting this model to three other core themes: defence, energy/infrastructure and financial services. Each was selected for its strategic significance, bilateral potential and their commercial synergies. Defence is an area where thematic overlap can be pronounced.

Startups, and the ecosystems that support them, are central to our expertise and so the steps to encourage and develop dual-use and defencetech more fully in Romania are areas where we can most practically and directly participate.

In our two previous publications, *Technology Report: understanding and advancing the UK/Romania opportunity* and, *Research, technology and innovation partnerships: uncovering new bilateral opportunity*, we explored how Romania can further develop its tech sector and inspire an innovation-led economy through closer partnership with the UK. This bilateral link is at least as valuable for defencetech and dual-use specifically. It is one UK/Romania Business is committed to strengthening including through planning a future joint initiative with European Defence Tech Hub, How to Web, Underline Ventures and others.

UK/Romania Business cab also directly champion Romania's defencetech and dual-use startups by involving them in Global Tech Connect initiatives like Dual-Use Bootcamp. Involving 32 startups – five Romanian – from 12 different nations the 2025 programme included dialogue with UK Defence Innovation, ADS, Airbus, Babcock International, GKN Aerospace, Helsing, Mishcon de Reya, Ploughshare, and leading defencetech investors like Archangel, Expeditions Fund, Future Planet Capital, MD ONE and the NATO Innovation Fund. Content is structured around helping selected startups understand the UK ecosystem, tune their business skills for the British market, and position their company for scaling and international growth.

A further benefit comes from the cross national blend Global Tech Connect cultivates e.g. mixing Romanian startups with Israeli (סַע יח לֵאָרְשִׁי) and Ukrainian (Слава Україні) counterparts and mentors, exposing them in this instance to the realities and cultures of defence innovation in two active conflict zones. We will grow these links further.

Activities directly aimed at supporting the defencetech and dual-use ecosystem will sit alongside continuing work by UK/Romania Business to encourage and grow tech communities in the country more generally, and deepen their ties with Britain. This includes regular events in London, conference panel appearances in Romania, and using the resources and network of the organisation – and of Global Tech Connect – to scale startups and connect them with international markets.

Additionally we will be promoting conferences and trade missions between the two countries, and developing new mechanisms and platforms as a catalyst for co-investment, and to enable stronger bilateral commercial and innovation ties.

Beyond just defence, the work of UK/Romania Business is now enhanced by the formation of a new International Advisory Board. It brings together senior figures from technology, defence, innovation and NGOs, each with deep subject matter experience and a commitment to strengthening bonds between the countries, and across the organisation's core areas of operation – technology, defence, energy/infrastructure and financial services.

We will develop this concept further with dedicated consulting groups for each of these four themes.

In past work UK/Romania Business has built better technology and innovation partnerships.

Through this report, the reforms, and practical measures it advances, UK/Romania Business is now building better defence industry partnerships.

6. Endnotes and acknowledgements

UK/Romania Business

Endnotes

[1] A lively account of Romania's 20th century history is found in Paul Kenyon's *Children of the Night: the strange and epic story of modern Romania*, Apollo (2021)

[2] The preservation of these Roman era mines were in turn a point of contention in recent attempts to develop the remaining natural resource at Roșia Montană – the largest unexploited gold deposit in Europe – culminating in a long-running dispute before the ICSID and its naming as a UNESCO world heritage site in 2021

[3] Ion Rațiu, a leader of the free Romania movement, was arrested outside Claridge's for protesting this visit. In 1979 he went on to establish the Rațiu Family Charitable Foundation whose work continues to this day in the form of projects like the Rațiu Centre for Democracy and the Rațiu Forum, a partnership with LSE IDEAS.. For more on the state visit see Gavin Bowd and Mioara Anton *Peak Dictatorship: Ceauşescu's State Visit to Great Britain, June 1978.* Slavonic and East European Review, Vol. 97, No. 4 (October 2019), pp. 711-737

[4] Mihail Kogălniceanu was also widely considered a part of the CIA black sites network. See Al Nashiri v. Romania, ECHR

[5] Renamed *Regele Ferdinand* and *Regina Maria* this recognises both Romania's most respected monarchs and historical ties between the two countries – Queen Marie being the British born grand daughter of Queen Victoria. Her marriage to King Ferdinand created the strongest direct link between the British and Romanian monarchies although King Charles III does speak of direct ancestry with Vlad Țepeș. The frigate deal itself was later subject to a bribery inquiry alongside wider investigation of corporate practices. See https://commonslibrary.parliament.uk/research-briefings/sn05367

[6] https://blogs.fcdo.gov.uk/martinharris/2012/09/24/more-power-to-the-pumas

[7] https://www.omvpetrom.com/en/our-business/exploration-and-production/neptun-deep

[8] https://commonslibrary.parliament.uk/research-briefings/sn07135

[9] Arguably a gesture of de-escalation with Russia, Deveselu was presented as guarding against missile threats from the Middle East and Iran and followed President Obama's 'reset' with Putin and the shelving of plans for additional missile defence infrastructure in Poland and the Czech Republic. That cancellation was announced on 17 September 2009 – the seventieth anniversary of Stalin's invasion of Poland…

[10] https://www.army.mil/article/270048/romanian_and_u_s_officials_in_campia_turzii_celebrate_new_facilities_at_air_base_71_part_of_more_than_100_million_in_u_s_investments_in_the_romanian_base

[11] https://thedefensepost.com/2024/03/21/largest-nato-europe-base-romania

[12] https://www.defenseromania.ro/ajutorul-militar-pentru-ucraina-mosteanu-le-am-dat-multe-cred-ca-e-ok-sa-spunem-patriot-si-ringtausch-doua-argumente-in-favoarea-publicarii-contributiei-romaniei_634646.html

[13] https://www.reuters.com/business/aerospace-defense/rheinmetall-build-626-million-ammunition-powder-factory-romania-2025-08-27

[14] https://www.nato.int/cps/en/natohq/topics_49198.htm

[15] https://defence-industry-space.ec.europa.eu/eu-defence-industry/safe-security-action-europe_en

[16] https://www.gov.uk/guidance/international-fund-for-ukraine-ifu

[17] https://www.romania-insider.com/romania-cancelled-presidential-elections-russia-general-prosecutor-2025

[18] https://prezenta.roaep.ro/prezidentiale18052025

[19] Explanatory Memorandum, UK/Romania: Defence Cooperation Agreement

[20] HE Giles Portman, interview for Ziarul Financiar, 13 August 2025

[21] HE Giles Portman speaking at the Rațiu Dialogues on Democracy, 6 September 2025. These opening remarks to the conference were broadcast on the Rațiu Forum Facebook page

[22] Rolls-Royce has been active here through its partnerships with companies such as Aerostar Bacău and Turbomecanica

[23] Interview for Ziarul Financiar, 13 August 2025

[24] Interview for Euronews, 3 October 2025

[25] COMOTI and INCAS are also part of the wider Măgurele Science Park innovation hub

[26] Defence investment: Council authorises negotiations with UK and Canada on their participation in SAFE

[27] Saferworld, "Beast Romania" p.1

[28] Privatised companies are still subject to a level of state control akin to a golden share and to ensure some guarantee of defence production capability

[29] Compiled from several conversations with the author, September 2025

[30] Bogdan Cozma, "How Can Romania Revitalize Its Defense Industry?" July 18, 2025, German Marshall Fund of the United States

[31] KPMG, "Romania Defence Market: opportunities and challenges – future directions, growth potential and strategic partnerships", p.23

[32] In conversation, 25 August 2025. Words attributed are summarised but approved by Mr Dita

[33] Jakob Grein, "Giving Dracula Some Teeth: Modernizing Romania's Military," Georgetown Security Studies Review, March 23, 2024

[34] Ivo Kesler, "The tradition of state ownership weighs like a nightmare on Romania's defence industry," European Policy Information Center, 13 August 2025

[35] KPMG, "Romania Defence Market: opportunities and challenges – future directions, growth potential and strategic partnerships", p.17

[36] In email exchange with the author

[37] https://bstech.ro/en/2024/11/18/forum-24-trends-for-2024-national-defense-a-nations-survival

[38] Executive Summary, "*Romanian industrial defence capabilities assessment: development of a strong homegrown industry"*. Made available to the author by Kearney

[39] Constantin Bodolan, LinkedIn, 19 July 2025

[40] Ivo Kesler, "The tradition of state ownership weighs like a nightmare on Romania's defence industry," European Policy Information Center, 13 August 2025

[41] Jakob Grein, "Giving Dracula Some Teeth: Modernizing Romania's Military," Georgetown Security Studies Review, March 23, 2024

[42] Costica Postolache, Deputy General Manager for Business Development, Interactive Software

[43] Harry Halem, "The Romanian defense industry and US policy," Middle East Institute, 5 September 2024

[44] Kearney Romania, "Romanian industrial defence capabilities assessment: development of a strong homegrown industry". March 2025

[45] Mihai Filip, CEO, OVES Enterprise https://business-review.eu/tech/oves-enterprise-accelerates-innovation-investments-allocating-e3-million-for-rd-in-2025-278034

[46] See https://www.defenceviewpoints.co.uk/articles-and-analysis/the-battle-for-romanias-fighter-aircraft-contract and https://aviationphotodigest.com/different-worlds-in-romania

[47] https://romania.europalibera.org/a/rheinmetall-interes-preluare-damen-mangalia/33564746.html

[48] Cristina Dragomirescu, ARCTIS vice-president, did not respond to our requests for interview

[49] Mircea Geoană and Andrei Iancu, Newsweek, 27 August 2025 "To Defend Nations, NATO Must Defend Innovation"

[50] "Building American Dynamism" was a January 2022 essay lamenting a stagnation evident across large parts of American industry and encouraged by state and federal bureaucracy. It contrasted the practices of legacy organisations with those of the Silicon Valley startup. While not specific to defence – and indeed a wider critique of gesture and activist politics – much of the essay's power comes from examples like Anduril developing new technological solutions for perceived security and defence challenges rather than waiting for some prolonged Pentagon tender process. Elaboration of these themes across other essays and interviews, and with specific recognition of threats posed by hostile states, is treated here as the American Dynamism thesis. While America in many ways stands unmatched as an engine of innovation, the lessons of American Dynamism are just as applicable to countries like the UK and Romania

[51] David Ulevitch, Katherine Boyle, Matt Cronin, "Why America needs dynamic defence reform"

[52] From a16z Podcast: Katherine Boyle on Shawn Ryan, 30 Aug 2025

[53] For a good summary see PUBLIC "Building an innovation pipeline into UK Defence: Industry Partnerships and the Strategic Defence Review"

[54] Niculae Iancu, "Stop Looking Back! It's Time to Build a Real Defence Industry"

[55] Bogdan Iordache, "The Time is Now"

[56] Taking a page from legacy primes US neo-primes Anduril and Palantir both have UK offices with Palantir recently announcing up to £1.5bn investment over five years to establish the UK as its European defence hub. ARX Robotics, Helsing, Tekever – three European defencetech companies – have also declared combined investments of £800m local facilities and R&D

[57] Sam Burrell, "Pete Hegseth, the Battle for Troy, and Remote Drone Operations"

[58] Adrian Dan in conversation with Bogdan Iordache for Underline Ventures, "Building the world's largest dual-use innovation accelerator"

[59] The Aspen European Strategic Forum panel on dual-use technologies was chaired by Dr David Webster, Founder, UK/Romania Business

[60] "in condițiile unui management interesant" https://www.presidency.ro/ro/media/discursuri/alocutiunea-sustinuta-de-presedintele-romaniei-nicusor-dan-cu-prilejul-participarii-la-nato-industry-forum

[61] On 12 November 2025, a draft document "Strategia națională de apărare a țării pentru perioada 2025-2030" was published ahead of being debated by the Supreme Council of National Defence, 24 November 2025, and presentation to parliament on 27 November. The document has little to say about Romania's defence industry specifically. ROMARM receives no mention

[62] Its not going to happen.

We thank the following people for contributing their time, knowledge, support or inspiration in the production of this report:

Alexandru Agatieni, CEO, How to Web
Dr. Anna-Maria Theodora Andreescu, Head of Launchers and In-Space Advanced Propulsion Department, COMOTI
Mirela Apostol, Director – Public Programmes and Events, Aspen Institute Romania
George Bara, Founder and Head of Strategy, Zetta Critical AI
Bob Blackman CBE MP, Past Chairman, All-Party Parliamentary Group for Romania
Constantin Bodolan, Chairman, ROMARM; Director for the Administration of State Shareholdings, Ministry of Economy, Digitalisation, Entrepreneurship and Tourism
Nick Bolan, UK Future Milsatcom Solution Lead, Airbus Defence and Space
Horia-Răzvan Botiș, Vice-Chairman of NATO-NIAG, Member, Board of Directors, DIANA
Samuel Burrell, Partner, Expeditions
Vlad Cazan, Co-founder, KFactory
Jana Chamrova, Strategic Business Development, Wolf Theiss
Dimitrie Cielecki, Imperial College London
Alexandru Ciobanu, CEO, Cube
Razvan Costea-Barlutiu, Co-founder and CEO, BraveX
Adrian Dan, former Chief Commercial Officer, NATO DIANA
Adrian Dita, former President, Romanian Office for Offsetting Special Technique Procurements
Dr Adrian Dumitrescu, Co-founder and Technical Director, ROSPIN; Co-founder, AIM Space
Dr Tessa Dunlop, historian and broadcaster
Air Flotilla General (ret.) Adrian Duță, Senior Advisor – Defence and Security, KPMG Romania; Founder and CEO, Theon Business Consulting
Liliana Filip, PhD, Founder and President, Political Research Group; Programme Director, Transfer Center for Strategic and Dual-Use Technologies
Mihai Filip, Founder and CEO, OVES Enterprise
Mircea Geoană, President, Aspen Institute Romania; former Deputy Secretary General, NATO
Nicoleta Gradinaru, Founder and Director of International Partnerships, MGNG UK
Daniel Hallett, former Director for Ukraine and Eastern Europe, Babcock International
Martin Head, Business Development and Capture Manager, Babcock International
Bogdan Iordache, General Partner, Underline Ventures; Founder, How to Web
Mădălin Ioniță, Executive Director, Măgurele Science Park Association
Ioan Istrate, former venture advisor, NATO DIANA
Bryan Jardine, Managing Partner, Wolf Theiss Romania
Iulia Jivănescu, Founder, Betelgeuse Space; Industrial Co-ordinator, European Space Agency
Paul Kenyon, author and journalist
LTG (ret.) Cătălin Moraru PhD, former Deputy Chief, Armaments Department, Romanian Ministry of National Defence
Gen (ret.) Daniel Petrescu, Chief, Romanian Defence Staff, 2019-2023
Constantin Pintilie, Founder and CEO, BlueSpace Technology
Iulian Popescu, Deputy Managing Partner, Mușat and Asociatii
Cornelia Postelnicu, Counsel, Wolf Theiss Romania
Major General (ret.) Costica Postolache PhD, Deputy General Manager for Business Development, Interactive Software
Valentin Preda, Founder, Transfer Center for Strategic and Dual-Use Technologies
Nicolae Rațiu MBE, Chairman, Rațiu Family Charitable Foundation
Shajjad Rizvi MBE, CEO, Resysten International
Steve Rowland, Head of Global Sales – Secure Connectivity, Airbus Defence and Space
Kalyan Sarma, VP Commercialisation – Climate, Energy and Sustainability, Ploughshare
Trisha Saxena, Senior Associate, NATO Innovation Fund
Marcus Scott, Key Account Manager – Romania, Airbus Defence and Space
George Scutaru, CEO, New Strategy Center
Andrei Secelean, Consultant, Kearney Romania
Keren Shurkin, Director, UK Israel-Tech Hub
Dr Simona Soare, Senior Lecturer, University of Lancaster; Senior Associate Fellow, RUSI
Adriana Spulber, Comms and Services, Underline Ventures
Muneebah Suleman, Business Development Manager – Central and Eastern Europe, BAE Systems
Florian Teleaba, Principal, Kearney Romania
Peter Watkins CB, CBE, Visiting Senior Fellow, LSE Ideas; Non-Executive Board Member, UK Space Agency
Mircea Vădan, Founder, Activize; Co-founder and Business Development Manager, BraveX
Oana Voda, Partner, Dentons Romania
Andreea Zvac, Partner, Wolf Theiss Romania

Cover images: Dynamic Wang

About the report partners and supporters

UK/Romania Business

Activize focuses on acceleration programmes, fundraising support, and reports about the startup ecosystem and startup scouting in Romania and Eastern Europe. Operating since 2012, our mission is to contribute to the growth of European tech and startups ecosystem by leveraging on the needs and strengths of various regional ecosystems and existing networks.

One of the most influential Eastern European startup conferences, How to Web has championed the regional tech entrepreneurship and innovation scene and has accelerated the adoption of the startup culture through leading events, programs, and knowledge. Every year, through initiatives such as How to Web Conference, Launch, HTW Institute, and more, we help thousands of founders and operators to create better startups, products, and teams, with the support of some of the leading tech companies, experts, and investors

KPMG is a leading UK provider of advisory, audit and tax services. Our clients have trusted us to make the difference for over 150 years. We work with them to overcome their biggest challenges and find new opportunities with our unique insights, fresh thinking and cutting-edge tech.

Underline Ventures is a founder-driven fund, that partners at the earliest stages with Eastern European founders building high-growth startups with global ambitions. We believe founders should be in control of the company they are building.

At Wolf Theiss, we build our reputation on unrivalled local knowledge, supported by strong international capabilities. With over 400 lawyers in 13 countries, more than 80% of the firm's work involves cross-border representation of international clients. We established our Bucharest office in 2005 which has since become a cornerstone of our regional presence. As one of the largest offices within our network, it continues to grow in line with Romania's dynamic business environment.

About the author

Dr David Webster is the Founder of UK/Romania Business and Co-founder and Managing Partner of Global Tech Connect. A government relations professional by background he first visited Romania in 1999. Since 2017 he has served as Secretariat to the All-Party Parliamentary Group for Romania. He also advises the Foundation for Jewish Heritage and the Rațiu Forum.

About UK/Romania Business

Anchored in London, UK/Romania Business concentrates on four themes – technology, energy/infrastructure, defence and. financial services – areas where its efforts can deliver the greatest commercial impact and where value is amplified through cross-sector synergies. Incubating UK/Romania Tech Hub – a network of startups, investors, corporates and mentors to support companies as they scale, and connect businesses with the innovation they need – it is adapting this approach to build communities and promote opportunities across its other key domains.

UK/Romania Business advisory board

Previous reports

Technology Report: understanding and advancing the UK/Romania opportunity explores ties between the technology ecosystems of the UK and Romania, and opportunities for their further strengthening.

Covering the Romanian tech diaspora in Britain, UK VC backing Romanian founders, partnerships in software engineering and outsourcing, and tech communities and verticals to watch, the publication provides a comprehensive examination of knowledge networks between the two countries, and the value they generate for both economies.

Uncovering insights into the UK/Romania tech relationship, and by evaluating its strengths and weaknesses, its purpose is to better understand and support bilateral tech entrepreneurship and to establish a framework and recommendations to enable the development of a UK/Romania Tech Hub as an integral part of the UK/Romania Business initiative.

Research, technology and innovation partnerships: uncovering new bilateral opportunity, develops on two of the earlier report's recommendations – those centred on "corporate innovation, outsourcing and research partnerships", and "nurturing an innovation culture".

This follow-up work is also informed by a parallel study commissioned by the UK Science and Technology Network, a joint initiative of the Department for Science, Innovation and Technology and the Foreign, Commonwealth and Development Office, *Technology and Innovation in Central and Eastern Europe: Mapping regional strengths and opportunities against the UK's Five Priority Technologies*, likewise an attempt to understand where future bilateral and regional collaborations might most usefully be forged.

Reflecting on these two reports, we explore how the UK and Romania work together in research, technology and innovation, where future collaborative opportunities might lie, and possible ways to make these partnerships more effective.

Find the reports here

UK/Romania
Business

hello@uk-romania.business