

The logo for TUCA ZBARCEA ASOCIATII is displayed in white text on a blue background. The text is arranged in three lines: 'TUCA ZBARCEA' on the top line, 'ASOCIATII' on the bottom line, and a diagonal slash '/' between them. The background of the logo is a blue-tinted photograph of people walking on a sidewalk, with a red diagonal stripe cutting across the scene.

Introduction

With the World Health Organization (WHO) announcing a COVID-19 global pandemic in March 2020, the Romanian Government was quick to impose restrictions in all the areas of social and economic life, under the umbrella of an initial “state of emergency”, followed by a “state of alert”. New regulations were adopted in the commercial, banking, social security and taxation fields, including a series of stimulus measures, mostly temporary, to protect the business environment.

To date, Romania is still in a state of alert. At the time of this writing, Government officials are announcing a slow return to “normal” starting with 1 June 2021 allowing for a gradual lifting of some of the restrictions, and stating that this recovery depends upon the rate of anti-COVID-19 serums intake among the general population.

Meanwhile, the Romanian economy is struggling to cope with the effects of the restrictions, with industries such as hospitality, leisure, entertainment, and tourism being amongst the worst hit sectors. Last year, the GDP contraction stood at 3.9%.

This year, however, projections are more optimistic. Recently, the International Monetary Fund (IMF) has improved its forecast for Romania’s GDP growth from 4.4% to 6% under the latest World Economic Outlook (WEO) report issued on 6 April 2021. According to the IMF’s projections, Romania’s growth would be the second-fastest in the European Union. Romania is soon to start negotiations on the National Recovery and Resilience Plan (PNRR) with the European Commission. The current form of the PNRR includes investments worth over EUR 41 billion that Romania wants to finance with EU funds, while the EU funds allotted to Romania for this plan are around EUR 30 billion. This is widely considered to represent a window of opportunity for Romania to boost economic recovery and accelerate reforms in the upcoming years.

The business sector, however, is far less hopeful. According to various surveys, such as the 2021 CEO Outlook Pulse Survey compiled by KPMG, “only one-third (31%) of the CEOs of the world’s most influential companies are anticipating a return to normal in 2021, nearly half (45%) expect normality to resume in 2022. Significantly, 24% of leaders say that their business has changed forever.”

With that in mind, and being well aware of the challenges facing companies today to surviving in the current environment and finding a path forward from the current crisis, we decided to launch the 2021 edition of the “Better Business in Romania” publication to guide you through the maze of regulations and provide you with basic information on the legal amendments brought about by the COVID-19 crisis that are likely to affect your business nowadays.

As always, our team is ready to help you better navigate these uncharted waters. Our COVID-19 related Task Force offers strategic advice on crisis-specific matters: corporate restructuring, review and (re)negotiation of agreements (including collective bargaining agreements and individual employment contracts), performance of the contracts which are affected by force majeure and hardship, unblocking pre-litigation relationships, advice with respect to potential discriminatory acts in the context of vaccination campaigns etc. Additional legal resources (such as legal analysis of the legislative, doctrinal and jurisprudential news issued amid the COVID-19 outbreak, as well as a series of podcasts under the label – “Law in the Time of Corona”) are available in our dedicated section on the firm’s website.

We hope that you will find the current edition of our Better Business in Romania compendium useful, and we are all really looking forward to meeting you all in person soon.

Until next time... we wish you and your families, your colleagues and business partners good health, and all the best.

Your friends at Țuca Zbârcea & Asociații