

NEWSLETTER

INTERNATIONAL

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ROMANIA



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"ALMOST EVERY GERMAN COMPANY IS SATISFIED WITH ROMANIA AS A BUSINESS LOCATION"

What are the anticipated economic implications of Romania's recent political developments?

Political unrest always affects the economy, usually by reducing investor confidence and causing businesses to adopt a wait-and-see approach. We are currently experiencing these effects as well—companies are postponing decisions on expansions or investments, or in extreme cases, abandoning investment plans altogether. There is a certain level of uncertainty, but this is not solely due to political events. The financial situation, specifically, the budget deficit, is also creating uncertainty regarding future fiscal policy.

Perhaps two concrete examples: First, after the first round of the Romanian presidential elections in November 2024, the Bucharest stock market suffered a downturn due to concerns regarding the economic policies of the election winner. Second, in December, the rating agency Fitch downgraded Romania's outlook from "stable" to "negative."

Naturally, political developments in Berlin are also significant to us. Germany is Romania's most important trading partner, with a trade volume of over 42 billion euros last year. German companies are particularly active in key sectors such as the automotive industry, IT, retail, and energy.

In summary, nothing has changed: political stability and a reliable, confidence-building economic policy are essential for sustainable growth and investment.

Romania recently joined the Schengen Area. How has this affected German business in Romania?

First and foremost, Romania's Schengen accession sends a positive signal and facilitates travel. The Romanian population has long anticipated this step.

The now completely "free" movement of goods also brings economic advantages for logistics providers and the business environment in general. The main benefit is the elimination of border controls at land crossings, which significantly reduces waiting times and transportation costs. This streamlines and accelerates the movement of goods between Germany and Romania, lowers costs, and boosts trade. Some companies are reassessing their logistics strategies, and are considering measures such as location consolidation, to enhance efficiency and adaptability.



Sebastian Metz

Executive board member of the German-Romanian Chamber of Industry and Commerce (AHK Romania), Bucharest

Furthermore, the Schengen integration, along with the resulting ease of travel, may encourage even more German companies to invest in Romania. The mobility of the workforce is improved, which supports the exchange of skilled professionals and employees.

The Schengen accession could also have positive effects on tourism. Entering Romania is now easier, but the country still needs to do much more to promote itself as a tourist destination abroad.

How would you assess the impact of the current political developments on relations between Germany and Romania, particularly in terms of economic cooperation and investment?

Political stability in both countries is crucial for investor confidence and business planning security. The trade relations between Germany and Romania remain strong. Despite global economic challenges, Romania has solidified its position among Germany's top 20 trading partners—a clear indication of the strength of our bilateral economic ties.

However, growth has been more moderate compared to previous years, mainly due to the current economic situation in Germany and the EU. Strong growth impulses can only be generated again if we focus on increasing competitiveness. This includes lowering energy prices, reducing bureaucracy for businesses, improving the environment for innovation—which also involves developing the necessary skills—and deepening the EU single market by eliminating existing barriers.

As AHK Romania, we welcome the continued investment in Romania's economic infrastructure but also call for education and research spending to be raised to the European average, at the very least. Additionally, Europe must focus on quickly finalizing international trade agreements with other regions around the globe to compensate for a possible deterioration in relations with traditional trading partners. Diversifying trade partners is a key strategy to reduce dependencies and, therefore, risks. The Romanian government can also push for this at the European level.

What factors speak for and against Romania as a business location?

In general, we can say that almost every German company that has invested in Romania is satisfied with its choice of location.

Romania is an extremely attractive investment destination for German companies due to its competitive cost structure, well-qualified workforce, strong growth dynamics, and access to EU funding. However, there are also challenges, particularly, in the form of inadequate transport infrastructure, bureaucratic hurdles, and, in some economic hubs, a shortage of skilled workers.

The decision to invest in Romania and the specific location within the country depends on the industry and the company's ability to manage these structural and administrative challenges.

In this context, AHK Romania provides valuable support to German companies looking to invest in Romania or expand their business activities. AHK Romania is a competent partner and advisor, not only guiding companies as they enter the Romanian market but also assisting with site selection and establishment of production facilities, identifying potential suppliers, and building networks. With in-depth knowledge of local conditions and a broad range of services covering legal, economic, and cultural aspects, AHK Romania plays a crucial role in facilitating market entry and ensuring the long-term business success of German companies in Romania.

"MORE MANAGERS ARE CONSIDERING RELOCATION"

What kind of positions are you currently recruiting to in Romania?

At CT Executive Search, we primarily recruit senior executives in Romania for international companies, mostly with Western European or U.S. roots. Our clients are predominantly from the upper mid-market segment, alongside major corporations.

Romania remains an attractive location for companies in both the consumer and capital goods sectors—serving as a sales market, as well as a production hub. Consequently, most of our mandates focus on leadership positions in sales and manufacturing.

The majority of our assignments are centered in Bucharest, where many international companies have established their Romanian subsidiaries. However, we are also frequently engaged in key industrial locations such as Braşov, Râmnicu Vâlcea, and Slatina.

Filling production-related roles, in particular, requires extensive research. Here, we rely on the expertise of our team in Bucharest, which has extensive experience supporting German mid-sized companies.

What is your prognosis for future Western European investment in Romania?

Romania already hosts a significant number of foreign production facilities. Given the existing global overcapacity in some industries, such as automotive manufacturing, we do not anticipate a major expansion in the short term. However, Romania continues to gain traction as a destination for IT, research and development, and shared service centers.



Christian Tegethoff

Managing Director
of CT Executive Search

At the same time, "nearshoring" is more than just a buzzword. For cost-sensitive industries, Romania remains an attractive low-cost production site, with strong logistical ties to Western and Central Europe. That said, infrastructure remains a challenge—while progress is being made, continued investment is necessary, supported in part by EU funding programs.

What trends are currently shaping the Romanian labor market?

Like many Eastern European countries, Romania faces a significant labor shortage. Structural factors contribute to this issue, particularly, the emigration of skilled professionals to other EU countries. Currently, around three million Romanians live in Italy, Spain, and Germany, with a notable presence in other European markets as well.

For companies seeking talent, this expatriate pool presents an interesting opportunity. Many Romanians living abroad are open to returning, if they are offered compelling career prospects.

Salaries in Romania remain competitive compared to Western Europe, but they are steadily rising. According to Statista, real wages increased by 5.3% last year.

What makes the Romanian executive market unique?

Romania boasts a strong talent pool of well-educated executives, many of whom hold internationally recognized qualifications such as MBAs. Over the years, international companies have made significant investments in training and developing their local workforce.

As a result, leadership styles have evolved. While locally owned, often family-run businesses still tend to favor a more autocratic and hierarchical management approach, executives trained in international companies adopt a more modern, participative leadership style.

For many professionals, decision-making autonomy and career progression are key factors when choosing an employer.

The competition for talent remains intense in IT and shared services. However, in the manufacturing sector, companies planning new sites or expanding existing facilities currently have strong hiring opportunities.

With fewer executive-level vacancies available in certain industries, more managers are now open to relocating for the right career opportunity—something companies can strategically leverage in their recruitment efforts.

Romania's Investment Landscape:

ADAPTING TO NEW LEGISLATION ON FOREIGN INVESTMENT APPROVAL

Foreign investments are a key component of Romania's national economic development, significantly impacting job creation, innovation, international trade, and financial flows. In this context, Romania regulates the approval process for such investments through Emergency Ordinance No. 46/2022 (with subsequent amendments, hereinafter "EO 46"), which sets the conditions under which foreign direct investments require prior approval.

Context

EO 46 was adopted in response to an international trend toward stricter regulation of foreign direct investments, aiming to mitigate risks to national security and economic stability. Under Romanian law, foreign investments—including those from EU countries—are subject to review and, if necessary, approval by a specialized Commission for the Examination of Foreign Investments (the "Commission"), which operates under the Romanian Competition Council.

Since April 2022, foreign (i.e., non-EU) investors have been required to notify the Commission before implementing their investment and await approval (the so-called "standstill obligation").

On December 6, 2023, EO 46 and the Competition Law were amended by Emergency Ordinance No. 108/2023. According to the newly enacted Article 1(4) of EO 46, the ordinance now also applies to EU investors.

On December 20, 2024, EO 46 and the Competition Law were further amended by Emergency Ordinance No. 152/2024, extending the scope of EO 46 to Romanian investors as well.

In February 2025, the Competition Council published a draft regulation for public consultation, which aims to provide guidelines on investment value calculation and clarify issues related to the concept of control and the notification procedure under EO 46.

Foreign Investments

A foreign investment is defined as any type of investment made by a foreign or EU investor to establish or maintain long-term and direct relationships between the investor and the business entity in Romania, ensuring capital for ongoing economic activities. This includes investments that grant actual participation in the management or control of an enterprise engaged in economic activities.



Gabriel Popa

Partner,
STALFORT Legal. Tax. Audit.

Additionally, investments leading to the acquisition of a minority stake may also fall under the approval process, if they allow the investor to participate actively in the management of the business, even without control. The scope of this definition is broad, encompassing activities such as granting loans, increasing the share capital of Romanian companies, and other forms of investment.

Conditions Triggering a Notification Requirement

Three categories of investments require notification and approval by the Commission:

(i) Foreign direct investments, (ii) EU investments, and (iii) New investments.

These investments must be reported if they cumulatively meet the following conditions:

- a. The investment is made in one of the sectors listed in Article 2 of Decision No. 73/2012 of the Supreme Council for National Defense (Consiliul Suprem de Aparare a Tarii, hereinafter "CSAT") (see below).
- b. The investment exceeds €2 million (the calculation method will be determined by a subsequent order of the Competition Council).

If an investment (whether from an EU or non-EU investor) leads to a change in control over one or more companies in the sectors outlined in point (a), including the establishment of a joint venture, the investor must seek approval from the Commission regardless of whether the investment qualifies as a notifiable economic concentration under competition law.

Approval must be obtained before implementing the investment. Any investment carried out without the Commission's authorization is prohibited and subject to fines of up to 10% of the investor's global turnover.

If the Commission identifies an investment that was not duly notified, it may initiate an ex officio review process. Should the review determine that the investment threatens Romania's security, public order, or EU projects/programs, the investment may be annulled.

Critical Sectors

The sectors outlined in Article 2 of CSAT Decision No. 73/2012 include:

- a. Public and community security
- b. Border security
- c. Energy security
- d. Transportation security
- e. Security of essential supply systems
- f. Critical infrastructure security
- g. IT and communication system security

- h. Security of financial, tax, banking, and insurance activities
- i. Security of arms, ammunition, explosives, and toxic substances manufacturing and trade
- j. Industrial security
- k. Disaster prevention and response
- l. Agricultural and environmental protection
- m. Protection of the privatization and management of state-owned enterprises

The vague definition of these sectors gives the Commission broad discretion in its assessments.

Approval Process

The approval process consists of several stages:

1. Submission of an approval request.
2. Assessment of national security risks. The Commission evaluates the potential economic and geopolitical risks associated with the investment.
3. Approval or rejection of the request. Based on the assessment, the Commission may approve or deny the investment, depending on the identified risks and alignment with national economic policies.
4. Additional measures. If the Commission identifies risks, it may impose additional security measures, such as managerial oversight, restrictions on technology transfers, or limitations on access to sensitive information.

The Commission evaluates applications based on the criteria in Article 4 of Regulation (EU) 2019/425 and may decide to:

- Approve the investment (if it does not threaten Romania's security, public order, or EU projects/programs).
- Conditionally approve the investment (by imposing behavioural or structural commitments on the investor).
- Reject the investment (if it poses a risk to security, public order, or EU interests).

A fee of €10,000 must be paid to the Commission upon application. If the Commission determines that the investment does not require approval, the fee will be refunded.

Deadlines

Under EO 46, the approval process follows these deadlines and milestones:

- Proposal issuance by the Commission: 60 days from the date the application is deemed complete.
- Final decision by the Competition Council: 30 days (in practice, the Council often issues decisions before the deadline).
- Consultation with relevant authorities (e.g., Romanian Intelligence Service): 20 days from application submission.
- Opinion from CSAT: 90 days from application submission.

Conclusion

EO 46, along with its subsequent amendments, provides an essential legal framework for regulating foreign investments in Romania, balancing economic and security concerns. While the approval process may seem bureaucratic, it plays a critical role in safeguarding Romania's national and economic interests, while ensuring that the country remains attractive to investors.



EXECUTIVE SEARCH

EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

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