

## Executive summary

The OECD was asked by the Romanian government to carry out an independent policy assessment to identify rules and regulations that may hinder the competitive and efficient functioning of markets in three sectors: construction (including public procurement and building materials), freight transport and food processing.

The project proceeded in four stages. Stage 1 defined the exact scope of all three sectors. A list of all sector-relevant legislation was collected with the help of government experts. This list consisted of 895 pieces of legislation, such as laws, (emergency) government ordinances, government decisions and ministerial orders. In Stage 2 this legislation was screened to identify potential competition barriers using the OECD's *Competition Assessment Toolkit*. The review included both national provisions and pieces of legislation transposing EU directives as all three sectors are to a significant extent regulated by EU directives and regulations. We identified 227 potential restrictions of competition (95 in construction, 85 in transport and 47 in food processing). Additionally, we prepared an economic overview for each sector which contained important economic indicators such as output, employment and price trends. In Stage 3 we researched the policymakers' objective for each provision. An in-depth analysis was carried out qualitatively and, when possible subject to availability of data, also quantitatively. In Stage 4 we developed recommendations for those provisions which were found to restrict competition, taking into account EU legislation and relevant provisions in comparable countries, notably EU Member States. Finally, we held several workshops with ministerial experts and members of the Romanian Competition Council (RCC) to build up competition assessment capabilities in the Romanian administration.

As a result of this work the report makes 152 recommendations on specific legal provisions.

### Summary of the legal provisions analysed by sector

	Construction	Freight transport	Food processing
Legislation scanned	162	566	167
Prima facie restrictions found	95	85	47
Recommendations made	<b>72</b>	<b>46</b>	<b>34</b>

If the recommendations detailed in this report are implemented, benefits to consumers in Romania and to the Romanian economy should increase in all three sectors. Throughout the project, we have tried to identify the sources of those benefits and, where possible, provide quantitative estimates. More specifically, if our recommendations are implemented, the OECD has calculated a positive effect on the Romanian economy of around

EUR 434 million. This estimated amount stems from a small number of issues which we were able to quantify, so that the final benefits from full implementation could be larger.

In addition, the rationalisation of the body of legislation in these sectors will also positively affect the ability of businesses to compete in the longer term, provided that the recommendations are implemented fully. As a result, we consider that the cumulative, long-term impact on the Romanian economy of lifting all the restrictions identified as harmful, including those that were more technical in nature, will be significant. In this report we do not attempt to estimate this effect.

## Key recommendations by sector

### Construction

- Draft application guidelines for those legal provisions from procurement legislation, which are currently applied discretionarily by the contracting authorities and reduce the number of participants in public tenders;
- Apply the tender procedure for the concession of terrains to developers building houses for young people under the age of 35, to reduce the risk of differential treatment of competing developers;
- Abolish the maximum prices for sand and gravel;
- Exempt from the obligation to obtain a building permit all stalls which are directly affixed to the ground, without foundations or platforms and that only need to be supplied with electricity;
- Remove the national interdiction to execute construction or maintenance works in the coastal areas of the Black Sea, in seaside resorts and the area of tourist beaches, between 15 May and 15 September;
- Implement a code of conduct to eliminate conflicts of interest when professional associations are involved in the decision-making process and control the activity of public authorities;
- Abolish outdated restrictions with respect to the location of professional schools or medical centres;

### Freight transport

- Abolish unnecessary authorisations identified in the road freight sector, such as the authorisation to repair, adjust, reconstruct and dismantle vehicles and the certificate of professional competence for “abnormal load transport” (transport of goods with vehicles exceeding the applicable dimension and/or weight limits) drivers.
- Abolish the requirement for road transport freight operators to display on their vehicles a plate containing information on the dimensions and maximum weight authorised for the vehicle.
- Modify the requirements for obtaining a copy of the transport licence.
- Modify unclear provisions regarding access to railway infrastructure and the independence of the infrastructure manager in order to prevent possible discrimination of CFR SA against private operators.
- All tariffs set by the port authorities should be supervised and approved *ex ante* by an independent regulatory body.

- Port safety services, such as pilotage and towage, should not be granted directly by the port authority, but instead they should be tendered in an open and transparent procedure.

**Food processing**

- Eliminate 10 m<sup>2</sup> minimum areas in stores for the sale of bread and grant operators greater flexibility with respect to the conditions in which they sell bread, so long as they can ensure food safety.
- Apply rules concerning staff training.
- Review licence regimes in order to provide clear deadlines by which authorities must decide on applications for licences, and to ensure that the process of reviewing licence applications is free from potential conflict of interest.
- Review control regimes to eliminate double controls by different authorities.
- Clarify ambiguous legislative provisions to remove uncertainty for market operators and reduce the potential for arbitrary decisions and corruption.
- Repeal outdated legislation, especially domestic rules that are redundant in the light of EU regulations with the same regulatory content that became effective when Romania joined the European Union.





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