

# **RESTRUCTURING IN THE ROMANIAN CHEMICAL SECTOR – An employees' point of view**

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Comparison of industrial  
transition models

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# Who am I?

- My name is Angela Pop. I am representing Free Union “Terapia” Cluj-Napoca, Romania.
- I am the Leader of Women Committee and Chance Equality Committee in “TERAPIA” Company.
- “TERAPIA” S.A. A Ranbaxy Company, is a Romanian drugs producer, and it is one of the first ten pharmaceutical company in Romania.
- “TERAPIA” S.A. became a private company in 1995, when the Association of employees together with the Terapia Board bought 51 % from the shares of the company. The other 49 % of the shares was taken by the small shareholders which get this advantage from the “Great privatization”.
- The model we followed, TERAPIA Union and TERAPIA Company, was atypically for Romanian Pharmaceutical and Chemical Industry because TERAPIA Union was the promoter of the TERAPIA privatization.
- Now, TERAPIA S.A. became part of the multinational company Ranbaxy India.

# Restructuring in the Romanian chemical sector – An employees' point of view

## Stage I – between 1990 – 1991

### LEGISLATION:

- Law 15/1990 – through which were set up the Independent Administration
- Law 31/1990 – through which were set up the Commercial Societies with private capital of 100 % or with the mixed capital
- Law regarding the anticipated retirement.
- Law regarding the Free Initiative

# Restructuring in the Romanian chemical sector – An employees' point of view

## CONSEQUENCES:

- The First Big Economical and Social Restructuring in Romania which went to:
  - The migration of surplus Labor from the state sector to private sector.
  - Anticipate retirement of the employees' which had benefits of the work groups (they work in hard condition, toxicity).
- There were affected industrial branches like: chemistry, mining metallurgy, construction and engineering, so:
  - It was lost 16 % from the active labors.
  - For instance, in Chemical industry in 1990 we had 200,000 employees and after the first restructuring there were left only 160,000 employees'.
- There were no Social Measures provided by laws.
- There were no Collectives Labor Agreements.

# Restructuring in the Romanian chemical sector – An employees' point of view

## Stage II – between 1991 – 1998

### LEGISLATION:

- Privatization law – which allows the selling and buying of the shares and state assets by private individuals or legal persons.
- The appearance of specialized institutions: The State Property Fund and Private Property Fund.
- The Great Privatization: the state gave to the population Property Certificates, which let them to obtained shares to different companies.
- The appearance of the Collectives Labor Agreements, with protection measures for employees' in case of collective removals and with financial compensation measures.

# Restructuring in the Romanian chemical sector – An employees' point of view

## CONSEQUENCES:

- The lack of information regarding the shares and the market economy that made the population sell the shares and producing a concentration of the shares.
- The “Strategically Investors” appeared and were interested in immediate profits without investments.
- So, in 1995 more than half of the Romanian Industry were still functioning in acceptable conditions, besides this a lot of companies reduced drastically the production capacity or were closed because they didn't have raw materials or market.
- In the Chemical Industry the year 1995 brought:
  - The second wave of massive restructuring because of the anticipate retirements for the employees' with labor groups.
  - The disappearance of traditional market for colorings substances, threads and man-made fibers', plastics, bio-protein and fertilizers.
  - In 1995 from 160,000 of employees' they remain only 120,000 employees'.
  - Big companies were closed: fertilizer – ARCHIM ARAD, bio-protein BIOPROTEINS CALAFAT and CURTEA DE ARGES, plastic companies; starts the problems for the great fertilizer producers because they were large consumer of energy and because of the old machinery/technology.

# Restructuring in the Romanian chemical sector – An employees' point of view

STAGE III – between 1998 – present  
LEGISLATION:

- Accelerate Privatization Law 137/2002 with compensation measures which there were to be applied in case of collective removals or other kind of social restructuring, measures which completed the compensation financial from Collective Agreements.
- The appearance of the social institution: The Agency of Occupation and Labor Formation and the National Council for Professional developing of the mature adult person.
- New Labor Code

# Restructuring in the Romanian chemical sector – An employees' point of view

## CONSEQUENCES:

- Even, if the Unions wanted to reduce the rate of the restructuring , by the compensation measures, they still preferred the pecuniary compensation instead of other social active measures: to create new jobs/ reconversion and professional reinsertion.
- The small salaries went to:
  - Work Labor migration to Western market;
  - Relocation and extension of Multinational companies.
- The lack of work labor went to re-employ of the pensioner, for the employer was more economically.
- The lack of interest of possible potentials went to the loss of a lot of the Professionals Forming Programs.
- In present Romania has serious problems with the work labor, which can be solved through:
  - Receiving cheap work labor from outside European Union (India, China, Philippine);
  - Government strategies for coming back of the emigrants.



## Restructuring in the Romanian chemical sector – An employees' point of view

**“Did the sector’s position and importance in the economy improve or rather decline?”**

- After all I presented to you, I can say that:
  - The Chemical Industry declined
  - The number of employees has been reduced
  - There are still some non-privatized companies because of the lack of interest or because the Union and the Employee together opposed to privatization (fear of restructuring)

## Restructuring in the Romanian chemical sector – An employees' point of view

### “How did employment develop?”

- The few companies that remained, with private capital or mixed capital implemented specific measures for:
  - Improvement of the Labor condition
  - Health and security at work (The Labor Protection law obliged the employer to assure health condition and security in work for all employees)
  - They realized investments for growing the productivity and the quality of their products according the International regulations (according UE Directions)
  - They assured the Environment Protection measures according to the International regulations.

## Restructuring in the Romanian chemical sector – An employees' point of view

**“How did commercial relations evolve with Western Europe, the rest of the world and with other previous socialist countries?”**

- *Commercial relations with the Western Europe:* taking into consideration the high standards of the West European countries, the company who made investment in quality (Terapia is an example) succeed to fill in the West European market; of course in the condition negotiated through Adhesion Treaty with European Union.
- *With the rest of the world and with other previous socialist countries:* Commercial relationship with all of the world, today, have the same rules as with the Western Europe, if you made investment in quality and work Labor you succeed.
- *I come again to TERAPIA model:* The Union sustained restructuring, we implemented the quality rules Good Manufacturing Practice, we made important investment, we maintain our commercial relationship with Russia and Ukraine, we gain new markets.

## Restructuring in the Romanian chemical sector – An employees' point of view

### **“Evaluation of the sectoral development during the preparatory phase of EU-membership and since accession to EU-membership!”**

- I presented the situation until the accession moment, unfortunately after accession to the EU the situation is the same.
- The growth of the utility price (gas, electricity, fuels generally) went to the closing of some production facilities (especially the fertilizer production for which predominance raw materials is gas).
- The negotiation of a small quantity of pollutant transmission in Adhesion Treaty on the environmental protection went to closing of some companies, which didn't make the investment on environmental protection.
- The migration/lack of work labor.
- Probably, the Rich Regulations will create serious problems in the near future.

## Restructuring in the Romanian chemical sector – An employees' point of view

**“Key factor's that have lead to success of the chemistry sector”**

- Investments in modern equipments in order to assure the International quality standards
- Restructuring/Professional reconversion of the employees' and continuously development of employees
- Changing the employees' mentality
- Investment in Environmental Protection
- Orientation to “customer”, custom products
- The Unions must sustain the restructuring and the development of the company.

## Restructuring in the Romanian chemical sector – An employees' point of view

In the end I want to thank you for listening to me and I hope the information that I shared with you will be useful!

Angela Pop