



## A VIEW ON THE ROMANIAN TEXTILE INDUSTRY IN THE EUROPEAN CONTEXT

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**Abstract:** *The textile market of the European Union is a highly competitive one, being recognised at an international level as one of the most important players in this domain. An important factor that has led to this achievement was the creation of the EU Single Market, which provided the fundamental principle of free movement of goods. Also, the European legislative acts had a crucial role by aligning national laws regarding textiles. The Romanian textile industry is traditionally well-known for its quality, but in these new circumstances, has to face other forces and to struggle to maintain a certain position. There have been observed decreases in the production of textile products, even though the manpower in Romania is one of the cheapest in the European Union. The intense use of the “lohn” system, first considered as a ramp rescue for the textile industry, has contributed to the loss of identity of the Romanian companies. However, there can be identified several means of refreshing this industry, first of all by the awareness of the current situation, and then by having the courage to move forward, to start creating our own brands, to not lose sight of the quality factor and mainly by innovating.*

**Key words:** *EU single market, regulation, production, lohn, innovation.*

### 1. INTRODUCTION

The sector of textile and clothing is one of the most important areas in the European manufacturing industry. At the level of the European Union, there are approximately 1.7 million people working in this specific field, a fact which has the ability to generate a turnover of EUR 166 billion [1].

The first European acts regarding the textiles were [2]:

- Directive 96/74/EC of the European Parliament and the Council of 16 December 1996 - on textile names;
- Commission Directive 97/37/EC of 19 June 2007 – adapting to technical progress Annexes I and II to Directive 96/74/EC of the European Parliament and of the Council on textile names;
- Directive 96/73/EC of the European Parliament and of the Council of 16 December 1996 - on certain methods for the quantitative analysis of binary textile fibre mixture;



- Directive 2008/121/EC of the European Parliament and of the Council of 14 January 2009 on textile names (recast);
- Council Directive of 26 February 1973 on the approximation of the laws of the Member States relating to the quantitative analysis of ternary fibre mixture.

## **1. THE INTERNAL TEXTILE MARKET OF THE EUROPEAN UNION**

The Regulation (EU) No 1007/2011 of the European Parliament and of the Council of 27 September 2011 on textile fibre names and related labelling and marking of the fibre composition of textile products and repealing Council Directive 73/44/EEC and Directives 96/73/EC and 2008/121/EC of the European Parliament and of the Council had the role to align laws in all the member countries, in order to enable the correct and safe functioning of their internal markets and also to ensure that every citizen takes act of his rights and obligations, which are, by this mean, both guaranteed and protected.

It is possible that the question “why it was so important for the European Union to adopt an act which had the ability to align the names of the textiles?” arises. The answer is very simple and it implies the knowledge of an essential principle that is fundamental for a proper textile-market between the borders of the Union: free movement of goods within the European single market. To be more specific, different textile fibre names would have caused a tremendous prejudice in trading and at the same time it would have affected the rights of the consumer. The free movement of goods, the first of the four fundamental freedoms of the internal market is guaranteed by the abolition of custom duties and quantitative restrictions and also by the prohibition of measures having equivalent effect. The principle of mutual recognition, eliminating physical and technical barriers, by promoting standardization, was added for the completion of the internal market [3].

As it was pointed out before, the first acts regarding textiles were Directives and the newest one is a Regulation. It is important to mention that there are many differences between these two types of European acts, even though they are both part of the secondary legislation of the European Union (because the Treaties form the primary one). The regulation is a legislative act which has to be applied across all member states, being compulsory in all its elements as it is adopted. On the other hand, the directive is an act that sets a goal which has to be achieved by the European countries, using means and methods that are chosen by each member state; the receiving state is obliged to transpose the Directive within a certain period and until that moment the act does not create rights and obligations for the citizens. So, it is far more useful for the textile industry that the provisions related to it are gathered in a Regulation.

The proper functioning of the internal market for the textile sector involves some of the following highlights:

- Harmonize requirements for the name, composition and labeling textile products;
- Protecting the consumer’s interests by providing correct information;
- Instructions on the use of dangerous chemicals in the treatment of textiles;
- Harmonization of rules that protect the designs;
- Environmental protection;
- State aid for the synthetic fibres industry.

## **2. THE TEXTILE MARKET IN ROMANIA**

In Romania, the textile and clothing field is also very spread, but lately the industry is facing a problem regarding issues related to significant decreases in production. For example, during the period January – November 2015, in comparison with the same period of time in 2014, the sector of



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manufacture of textiles has decreased by 9,3%; also, if we take into consideration the industrial branches in which an accentuated downward slope of the labor productivity has been observed, in the exact period of time as above, the percentage of the manufacture of textiles is -16,3% [4].

The industrial output indices of the manufacture of textiles (unadjusted series) for the period 2014/2015, in our country, are shown below [4]:

*Table 1: The industrial output indices - unadjusted*

Year/ Month	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
2014	140,5	143,8	139,4	120,8	139,6	125,0	119,8	90,0	131,3	134,8	133,1	109,7
2015	122,3	126,3	130,3	111,4	99,5	104,4	114,5	78,0	127,0	136,5	129,5	-

The industrial output indices of the manufacture of textiles (adjusted series for number of working days) for the period 2014/2015, in our country, are [4]:

*Table 2: Industrial output indices - adjusted*

Year/ Month	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
2014	144,8	148,3	147,5	119,0	143,9	126,4	117,1	95,3	129,3	131,8	138,2	116,1
2015	129,4	130,3	134,3	112,7	105,5	105,7	111,7	80,6	125,0	137,1	134,9	-

Beside this, the exports of textile products generated an outcome of 796,5 mil. EURO in January – September 2015, which represents 104,3% against the same period of 2014 [4].

### 3. CONCLUSIONS

Romania, as a member state of the European Union, should exploit better the advantages of its status, and apply all the favorable conditions that the membership created for the country.



However, there are some issues that have to be highlighted and which seriously affect the textile industry in our country:

- The instability of the economic policies and the unpredictability in this domain;
- The bureaucracy, right from the beginning of taking the decision to create a company;
- The great amount of taxes and fees that the state requires;
- The lack of information (like training-classes, for example) regarding accessing European funds in this area;
- A poor infrastructure, the lack of highways that would facilitate the transport of goods;
- The inflation.

If we take into consideration the manpower, which is the most used in the textile industry, it is well known that the workforce in Romania is one of the cheapest in the European Union. Despite this, there has to be specified the fact that the employees in our country are highly trained

Along with trade liberalization and then the fact that Romania joined the European Union, the textile industry in our country was forced to compete with stronger forces in this area, such as China, India, Turkey, countries that possess significant resources of raw materials and in which the State strongly supports manufactures [5]. The Romanian textile industry had to cross a difficult period of adaptation to a continuously in change market. This situation generated the use of the “lohn” system. The “lohn” can be defined as a specific type of international contract, widely practiced in countries with cheap labor force, whereby a producer undertakes to execute a product at the order of a beneficiary, gaining remuneration [6].

At a first glance, it may look like the use of the “lohn” system might develop considerably the textile industry in our country. In fact, this practice has led to the loss of the identity of the manufacturing companies in Romania. These companies use the patterns of the foreign ones and so, even if the products made in Romania reach the whole European Union, the client does not know this.

As a final conclusion, for Romania to be an international player in this industry, in and out the borders of the European Union, it is important that the Romanian companies trade products with their own brand, and keeping them at a high quality from the perspective of the European legislation. Of course, it would be of great help if the Government would support the textile industry. On the other hand, to be competitive on a very “wild” market it is essential to innovate, to always come with new projects, new ideas and to be able to create links with other areas such as medicine.

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