

# ROMANIA

## Trade Union Monitor

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### POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

#### POLITICAL DEVELOPMENT

2020 was an electoral year, with two rounds of elections taking place during the year – local elections were organised on 25 September and general elections on 5 December.

Initially scheduled for June 2020, the emergence of the COVID-19 pandemic led the Government of Romania to postpone local elections to a date no later than 31 December 2020. Using the first past the post system, the elections for mayors resulted in 34.58 per cent votes for the National Liberal Party (PNL), 30.34 per cent for the Social-Democratic Party (PSD), 6.58 per cent for the Alliance USR-Plus and a similar distribution for local council votes (PNL 32.88 per cent, PSD 28.40 per cent, USR-Plus 6.85 per cent) and for county councils (PNL 30.76 per cent, PSD 22.32 per cent, USR-Plus 6.65 per cent). Other smaller parties, like the People's Movement Party (PMP) or the Democratic Union of Hungarians in Romania (UDMR) have barely passed the electoral threshold (5 per cent).

The general elections, held on 5 December, inverted the results of the local ones – the PSD won most of the votes (28,90 per cent), followed by the PNL (25,19 per cent) and the Alliance USR-PLUS (15,37). The biggest surprise was the performance of the Alliance for the Unity of Romanians (AUR), a right-wing populist party created only a few months before the local elections, which got 9 per cent of the votes, positioning itself as the fourth biggest parliamentary party, followed by the Romania Democratic Union of Hungarians in Romania (UDMR, 5,74 per cent). Following the elections, a new center-right government coalition, formed by PNL, Alliance USR-PLUS and UDMR and led by prime minister Florin Ciu was formed.

The main political debates of the year revolved around the measures undertaken by the Government in response to the COVID-19 crisis. Several measures found approval in a

cross-party consensus, especially in the first months of the pandemic and during the state of emergency: an indemnity for so-called technical employment, a compensation and days off for parents caring for their children during temporary closure of schools, etc.

The electoral campaign has intensified competition between the right-wing government led by Prime Minister Ludovic Orban (PNL) and the left-wing PSD, which holds most seats in Parliament, and ended the cross-party consensus prevailing in the first months of the pandemic. Taking advantage of their majority inside the Romanian Parliament, the PSD initiated and adopted several bills with significant social impact, whose implementation would result in an increase in Government expenditures and put additional pressure on the state budget, already heavily burdened by the COVID-19 crisis. Amid the electoral battle, on 22 September 2020, five days ahead of the local elections, a bill that forces an immediate 40 per cent hike in statutory pensions, superseding a milder 14 per cent increase proposed by the Government was adopted by the Romanian Parliament. The law did not enter into force since it was challenged by the Government before the Constitutional Court.

In October, the Parliament voted a bill that would result in a gradual doubling of social benefits over the next three years (2021–2023). After being challenged by the PNL before the Constitutional Court, which ruled that the bill is constitutional, the law was sent back to Parliament for revision by President Klaus Iohannis.

The the Living Wage Act, which provides that a living wage shall be the main criteria in setting the national minimum wage was voted for by Parliament in June 2020. The law was opposed by PNL, who challenged it before the Constitutional Court, which again ruled the bill to be constitutional. The law entered into force in August 2020. Calculations show that the living wage for one person would be 2,818 RON in 2020 (575 Euro), double the net minimum wage of 1,346 RON (275 Euro). Although the law entered into force, the Government did not consider it when setting the minimum

wage for 2021, citing methodological concerns in the calculation of the living wage.

During 2020, a draft law initiated by PSD aiming to amend the Social Dialogue Act (162/2011) and to enhance the unions' rights was the object of a heated controversy among social partners. The bill had the support of the trade unions but faced opposition from employers' organisations. Ultimately, the law was not submitted to Parliament for a vote.

## ECONOMIC AND SOCIAL SITUATION

After several years of sustained economic growth (40,15 per cent between 2012 and 2019), the Romanian economy contracted by 4,5 per cent in the first nine months of 2020 compared to the same period of 2019. The state of emergency, imposed from March until May 2020 and followed by a continuous state of alert during the entire year, was accompanied by a series of restrictions, that had a negative impact on economic activity. The final consumption, which in the past used to be the main contributor to economic growth, had a negative impact in 2020 (-2 per cent).

In this situation of declining economic activity, the Government designed a series of measures aiming to boost the economy such as tax breaks, deferrals of payments, state guaranteed loans, and state aid for several sectors. This led to an increase in government expenditures, which amounted to 40,8 per cent of GDP up from 34,9 per cent in 2019. As a result, the budgetary deficit reached 9,79 per cent of GDP in 2020. Romania's public debt rose by 22 per cent in the first 9 months of the year, reaching 457 bln. RON (approx. 93 bln Euro). The debt to GDP ratio grew to 44 per cent up from 35.2 per cent at the end of 2019.

The employment rate reached 65.8 per cent in 2019, following a moderate increase after 2012 (6.5 per cent between 2012 and 2019), but the COVID-19 induced crises stopped this positive trend. In the first three quarters of 2020, overall employment declined by 185,000 compared to the same period of 2019; overall employment amounted only to 97 per cent of the employment level of the previous year. Unemployment reached 5.2 per cent in the first nine months of 2020, compared to 3.8 per cent in the same period of the previous year. Youth unemployment reached 19.2 per cent, with significantly higher proportions in urban areas (24.5 per cent) as compared to rural areas (16.7 per cent). An even more rapid rise in unemployment as result of the corona crisis was prevented by several state measures, such as the technical unemployment indemnity, which offered to those employees whose contracts had been suspended a compensation worth 75 per cent of their gross wage but no more than 75 per cent of the gross average wage. In total, the government spent 4.25 bln RON (approx. 815 million Euro) on technical unemployment indemnity.

Despite the economic crisis, the average national wage increased by 8.4 per cent in December 2020 compared to the same month in 2019, reaching 3,620 RON (approx. 724 Euro).

However, a significant share (42 per cent) of the labor contracts were on minimum wage (1,346 RON or approx. 275 Euro). In the private sector, the share of labor contracts on minimum wage was 47 per cent, while in the public sector it represented only 25 per cent.

## TRADE UNION CONTEXT

A significant part of national trade union activity during 2020 related to their involvement in the design of government measures aiming to mitigate the impact of COVID-19 on the labour force, such as the introduction of »Kurzarbeit« (short-time work), technical unemployment, indemnities for child care during times of school closing, etc. The trade unions criticised the initial draft of the emergency ordinance which introduced and regulated short-time working schemes, arguing that it offers the employers the right to change work schedules at any moment without consulting with the employees/unions. Following several consultations and a threat to organise protests, the unions succeeded in introducing several employee friendly amendments in the final version of the bill.

In the context of the rise in unemployment, national confederations have unsuccessfully demanded an increase in unemployment benefits, whose amount has remained largely unchanged since 2008. They argued claiming that according to ILO convention 168/1988, ratified by Romania, the unemployment benefit should be a minimum of 50 per cent of the minimum wage for employees without unemployment insurance and 50 per cent of the last wage for those covered by unemployment insurance.

During the year, the unions were involved in consultations on the draft law aiming to amend the Social Dialogue Act (162/2011), actively advocating for several amendments that would revitalize collective bargaining, enhance the freedom of association and relax the criteria for organising an industrial action/strike.

The number of nationally representative trade unions remained the same as in 2019. Social dialogue was marked by the same low level of multi-employer collective bargaining. Only five multi-employer collective agreements were concluded in 2020, compared to nine in 2019. Two collective agreements at sectoral level concluded in 2019 and valid until 2021 are still active in public health care and pre-university education.

In the first months of 2020, until the declaration of the state of emergency, three labour disputes were registered, two times less than in the same period of 2019. No labour dispute was registered in the period March-June because during the state of emergency all collective agreements were prolonged automatically, and no collective bargaining took place. In the third quarter of the year, only three labor disputes were registered, compared to six in the same period of 2019; the number of employees involved in labour disputes has dropped from 2,501 to 1,471.

## TRADE UNIONS IN ROMANIA – FACTS AND FIGURES

### HISTORICAL OVERVIEW

Although trade unions were legally allowed before 1989, in most cases they functioned as mere annex to the Romanian Communist Party. Romanian trade unions as we know them today nowadays emerged after 1990, after the communist General Trade Unions' Union (Uniunea Generală a Sindicatelor din România (UGSR) was dissolved (December 1990). The five trade union confederations existing at present and which operate at national level had been founded after a series of splits and mergers that marked trade union history at the beginning of the 90s. CNS Cartel Alfa was created in 1990, the National Trade Union Bloc (Blocul Național Sindical, BNS) in 1991, CNSLR Brotherhood (CNSLR Frăția) in 1993, while CNS Meridian and the National Democratic Trade Unions Confederation (Confederatia Sindicatelor Democratice din Romania, CSDR) were both founded in 1994.

As in many Central and Eastern European countries, the most notable feature of Romanian trade unions after 1990 is the constant decline in their membership – the level of organisation of the former »transmission belts from the party to society« dropped from over 90 per cent at the beginning of the 1990s to around 23 per cent nowadays. De-industrialization on a large scale after the 1990s, the structural mutations accompanying the transition from a planned to a market economy, numerous privatizations of former state companies and the legitimacy crisis of trade unions have been among the main reasons for falling union membership. However, despite declining membership, Romanian trade unions remained in-

fluent before the 2008 economic crisis. Their support to gradual economic reforms in the 1990s and 2000s and their connection to political parties enabled them to play a key role in establishing one of the most favourable legal frameworks for employees in the region before 2008. The gradual erosion of unions' influence that set in at the end of 2000s culminated in the reform of the labour and social dialogue legislation in 2011, which resulted in the flexibilization of labor relations and the degradation of social dialogue.

### TRADE UNION LANDSCAPE

There are five representative national trade union confederations, without significant differences in terms of doctrine, affiliated sectors or composition. Despite a radical legislative reform of social dialogue, which abolished national collective bargaining and deprived the confederations of their main role in 2011, the structure of the umbrella organisations has remained largely unchanged. Together, the five national representative confederations account for 1,339,312 members (approx. 23 per cent), a figure largely stable in the last decade, indicating that no significant loss in union density has taken place since 2011.

The union landscape has changed significantly at the sectoral level, both as an effect of economic restructuring in the 1990–2000s and of social dialogue legislative reforms in 2011, which redefined economic sectors. In 2002, trade union density in industry was over 75 per cent, while in the food industry it was around 50 per cent; the highest union density was in the metal industry (83 per cent). Today, the highest union membership is to be found in the public sector, especially in health

Table 1  
Main trade union confederations in Romania

Trade Union Confederation	Chair and Vice Chair	Members	International Memberships
Confederația Națională Sindicală »Cartel Alfa«, CNS Cartel Alfa (National Trade Unions Confederation »Cartel Alfa«)	Chair: Bogdan Hossu Vice Chair: Liviu Apostoiu	258,099	ETUC, ITUC
Confederația Națională a Sindicatelor Libere din România Frăția, CNSLRF Frăția (National Confederation of Free Trade Unions from Romania Frăția)	Chair: Sorin Barascu Vice Chair: Florin Bercea	304,842	ETUC, ITUC
Blocul Național Sindical, BNS (National Trade Union Bloc)	Chair: Dumitru Costin Vice Chair: Victor Florescu	259,428	ETUC, ITUC
Confederația Sindicală Națională Meridian, CNS Meridian (Meridian National Trade Union Confederation)	Chair: Ion Popescu Vice Chair: Gabriel Rodrigo Maxim	254,280	CESI
Confederația Sindicatelor Democratice din România, CSDR (Confederation of Democratic Trade Unions in Romania)	Chair: Iacob Baciu	262,663	ETUC, ITUC

Table 2  
Main branch federations and individual trade unions in Romania

Branch federation / Trade Union	Confederation	Chair and Vice Chair	Members	International Memberships
Federatia Sindicatelor Libere din Invatamant, FSLI (Federation of Free Unions from Education)	CSDR	Chair: Simion Hancescu Vice Chair: Cornelia Popa-Stavari	162,194	ETUCE, EI
Federatia Sanitas (Sanitas Federation)	CNSLR Fratia	Chair: Leonard Barascu Vice Chair: Iulian Pope	101,248 (2019)	EPSU, PSI
Federatia Sindicatelor Independente, FSI Spiru Haret (Federation of Independent Trade Unions, FSI Spiru Haret)	CNSLR Fratia	Chair: Marius Ovidiu Nistor Vice Chair: Maria Popa	72,662	ETUCE, EI
Sindicatul National al Politistilor si Personalului Contractual din Romania (National Trade Union of Police and Contractual Staff of Romania)	CNS Cartel Alfa	Chair: Marius Ionescu Secretary General: Neculae Isache	43,975	EPU
Federația Națională a Sindicatelor din Agricultură, Alimentație, Tutun, Domenii și Servicii Conexe »AGROSTAR«, Federatia AGROSTAR (National Federation of Trade unions from Agriculture, Food, Tobacco and Connected services Agrostar)	BNS	Chair: Stefan Niculae Secretary General: Neata Toader Imparatu	63,251	EFFAT, IUUF
Federatia Sindicatelor din Constructii de Masini Infratirea, FSCMI Infratirea (Federation of Unions of Automotive Manufacturing »Infratirea«)	n. d.		22,720	
Federatia Sindicatelor »Gaz Romania«, FS Gaz Romania (Federation of Trade Unions »Gas-Romania«)	CNSLR Fratia	Chair: Eugen Luha Vice Chair: Musoi Catalin	18,000	IndustriAll Europe, IndustriAll
Federatia Asigurari si Banci (Federation of Insurance and Banks)	CNS Cartel Alfa	Chair: Constantin Paraschiv	13,000	UNI Europa, UNI

care and medical assistance (Sanitas Federation, with 101,000 members) and education (Federatia Sindicatelor din Invatamant Spiru Haret/»Spiru Haret« Education Unions Federation with 66,000 members and Federatia Sindicatelor Libere din Invatamant/National Federation of Free Unions in Education with 162,000 members). The unions in the public sector (health and education) are also the only ones that have concluded sectoral collective agreements after the 2011 legislative reform.

The most recent available data (2014) on union representativeness at sectoral level indicate that representative trade union federations existed in 21 sectors of the economy (out of 29 sectors in total). The eight sectors without representative trade unions are the textile industry, wood-processing, postal services, commerce, industrial and civil construction, tourism, assistance and consulting services, sport activities and gambling. It is worth mentioning that two of these sectors, com-

merce and the textile sector, account together for almost 1 million employees; in addition, the remuneration level in the two sectors is among the lowest in Romania.

At company level, a trade union organisation can be founded by a minimum 15 employees working in the same establishment, while collective bargaining is compulsory by law only in establishments with a minimum of 21 employees. These two conditions make unionization difficult in small companies. Data show that in 2019, there were 43,664 companies with more than 21 employees (out of 591,259 companies in total).

## WORKING CONDITIONS OF TRADE UNIONS

Freedom of association is guaranteed by the Romanian Constitution. However, in Romanian legislation the right to join a trade union is limited only to employees with an individual em-

ployment contract. Thus, atypical workers, such as self-employed persons, for example, are excluded from the right to join a union. In addition, the Social Dialogue Act (Law 162/2011) provides that a trade union at company level can be founded by a minimum of 15 employees working in the same establishment, which prevents employees of small companies from forming an union. Before 2011, legislation provided that a trade union can be founded by 15 employees working in the same profession, but from different companies. Romanian trade unions argued repeatedly that this provision constitutes a limitation on the freedom of association and the number of employees needed to form a trade union should be decreased to reflect the structure of the Romanian economy, which is dominated by small enterprises, with less than 10 employees. In its technical memorandum from January 2011, the International Labour Office (ILO) criticised the new law's provisions for non-compliance with international core labour standards. The ILO also pointed out that the Social Dialogue Act's definition of a worker as an individual who is a party to an individual labour contract and performs work for and under the authority of a private employer could not capture the variety of emerging patterns of work organisation and it is going to be increasingly difficult to establish whether or not an employment relationship exists between the parties based on the sole criterion that the work is performed under the authority of an employer. The ILO states that the provision requiring a minimum of workers from the same enterprise to establish a union is not in itself incompatible with Convention No. 87, but the Committee on Freedom of Association stated that the number should be fixed at a reasonable level and should take into account the proportion of small enterprises in the country.

## TRADE UNIONS AND THEIR CORE TASKS

Social Dialogue Law 62/2011 abolished collective bargaining at national level, as a result of which a national collective agreement covering all employees was concluded every year. Following the legislative reform, Romania moved from a centralized to a decentralized collective bargaining system, with the main level of collective bargaining being at company level.

Collective bargaining is legally binding only at company level and only in companies with at least 21 employees. In order to engage in collective bargaining at company level, a trade union must be representative (membership of a minimum of 50 per cent +1 of the employees); since 2016, the law provides that in those units where the trade union is not representative, the collective agreement can be concluded by the representative trade union federation to which the respective company union is affiliated.

Data from the Labour Inspectorate indicate that in 2020 the number of active collective agreements at company level was 16,600, covering 2,113,237 employees and thus a collective bargaining coverage through company collective bargaining of 32 per cent. The two sectoral collective agreements concluded in 2019 are covering in addition approx. 700,000 employees; i.e. approx. 300,000 in the pre-university education

and approx. 400,000 in the public health care sector. In total, this results in a collective coverage of about 45 per cent.

Collective bargaining at sectoral level is conditioned by the representativeness of social partners (7 per cent of the sectoral workforce for trade union federations and 10 per cent for employers' organisations). In order for a collective agreement to be extended to the entire sector, the law provides that both signatory parties must account for more than half of the employees in the sector. Otherwise, the collective agreement is applicable only to the group of units that are affiliated with the signatory organisations.

These provisions introduced in 2011 caused a drastic decline in the number of collective agreements in the following years. Since the legislative reform, the only sectors for which sectoral collective agreements have been concluded are the public health and the public pre-university education sectors. The abolition of national collective bargaining and the decline in collective bargaining at sectoral level have had a negative impact on the wages and working conditions negotiated at company level, because provisions negotiated at upper levels are mandatory for the lower levels of the bargaining system.

## TRADE UNIONS AND THEIR (POLITICAL) WEIGHT

At the beginning of the 90s and 2000s, the trade unions' links to political parties enabled them to play a key role in establishing one of the most favorable legal frameworks for employees in the region. This strategy of the trade unions, relying mostly on the social and political capital of trade union leaders for pursuing their goals led to the weakening of the ties with individual members and/or affiliated organisations. Over time, this resulted in legitimacy issues, declining membership and weak mobilization capacity. The loss of internal legitimacy and organisational weakness have slowly eroded the unions' political capital. As a result, in 2010–2011 when the Government announced a series of structural reforms, which included changes in labour and social legislation, unions were not able to oppose the reforms. The attempt to organise protests valed the weak internal mobilization of the unions undermining the trade union leaders' efforts to exert political pressure.

The situation has not changed since 2011. Despite repeated efforts and political alliances aiming to amend social dialogue legislation, the trade unions have failed in their effort. Although the trade unions are involved in tripartite bodies and attend parliamentary debates on relevant legislation, their capability to influence the legislative process is modest.

Internal weaknesses are accompanied by a lack of legitimacy and low levels of public trust. Cases of corruption and the disclosure of misuse of trade union sets by the media have deepened the negative public attitude towards the unions.

Efforts of the trade unions in recent years have focused on changing the legislative framework underlying social dia-

logue; while this is a crucial aspect for future relations in the world of work, trade unions must also focus on their structural problems and at the same time push ahead with internal reform, they build new social alliances that could boost their legitimacy and their public image.

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