

January 2012

**Annual Review
2011
on Labour Relations and Social Dialogue in South East Europe:
Romania**

By Stefania Barbuceanu*

Content

- **Summary**
- **Socio-economic developments**
- **Governmental policies and legislation**
- **Industrial relations**
- **Tripartite social dialogue**
- **Forecasts**

Annex - Information about:

- **Collective bargaining, social dialogue, social security, education & vocational training, employment, wages**
- **Trade unions and employer organizations**

* **Stefania Barbuceanu**, Economist

© Friedrich-Ebert-Stiftung
Regional Project for Labour Relations and
Social Dialogue in South East Europe
Tadeusa Kosciuska 8/5
11000 Belgrade, Serbia

E-Mail: fes@fessoe.de
Internet: www.fessoe.de

The text is available online:

www.fessoe.de

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung or of the organization for which the author works.

1. Summary

In 2011, economic growth has returned in Romania, Q2/11 being the third consecutive quarter of positive growth, but the economic recovery faces the risks of the recent developments in Europe that are expected to have a negative effect in the second part of the year. Overall, GDP is expected to grow by 1.5% by the end of the year. Budget deficit was kept under the IMF target, at 2.5% of GDP in Jan-Sept 2011. In March 2011

was signed a precautionary stand-by arrangement with IMF so Romania can continue to benefit from the economic expertise of the IMF in order to proceed with its structural reform, with no intention to withdraw the money available. Therefore, Romania pursues further the reforms undertaken when signed the agreements, among others: to reduce arrears and start privatization, mainly in the energy sector, but also affecting the national train freight company, post and telecommunication. According to ILO, unemployment rate did not change compared to the end of 2010, remaining at the level of approximately 7%. On the other hand, inflation decreased at 3.5% due to the elimination in the formula of the 2010 VAT increase in the prices while minimum nominal wages increased by 12%, compared to 2010.

2011 was characterized by several changes in the ministry of labour, the Minister itself being changed twice. Labour legislation was changed as the new Labour Code, based on Law No. 53/2003, was approved at the beginning of the year, followed by the enacting of the Labour Social Dialogue Code (Law 62/2011), also approved by the Romanian Government. The new laws have changed substantially the basis of the Romanian labour and social legislation and policies. The new Labour Code abolishes the provisions regarding the national and the economic divisions' collective agreements. Therefore, the new legislations have abolished the national unique collective agreement which has been used to govern collective bargaining since 1991 and the collective agreements will now be negotiated at sectoral levels, which have yet to be defined by the government. Putting this together with the fact that: unions can be organized at a company level only if they are at least 15 employees from the same company, and workers representatives can be organized only if the company has more than 20 employees, and 90% of Romanians companies have less than 9 employees, this has put collective bargaining in Romania to a standstill. Small steps in order to change the situation are being made with the help of ILO and also with the common action of Unions Confederations and Employers Confederation which signed a National Agreement that pushed the Government to create the National Tripartite Council.

2. Socio-economic developments

In 2011, economic growth has returned in Romania, Q2/11 being the third consecutive quarter of positive growth. GDP has increased by 1.6% in the first semester of 2011 compared to the same period in 2010, but the economic recovery faces the risks of the recent developments in Europe that are expected to have a negative effect in the second part of the year. Overall, GDP is expected to grow by 1.5% by the end of 2011. On March 25, 2011 the Executive Board of the IMF agreed to Romania's request for a new EUR 3.6bn Stand-By Arrangement, precautionary in nature, and will also be supplemented by funds from the EU and World Bank. The 2-year arrangement was signed, thus Romania can continue to benefit from the economic expertise of the IMF in order to proceed with its structural reform, with no intention to withdraw the money available. Foreign direct investments stood at EUR 1,126mn in January-August 2011, down 52% as compared to Jan-Aug 2010. In Jan-Aug 2011 balance of payments current account posted a deficit of EUR 3,296mn, 20% lower than in the same period of 2010, due largely to the 12% year-on-year decrease in trade deficit and the 20% increase in current transfer surplus. The state consolidated budget recorded in 9m/11 a deficit of RON 13.7bn, 2.5% of the GDP, below the deficit target of 4.4% of the GDP. Public debt is at a relative low level, and is expected to reach 31.5% of GDP by the end of the year.

A main issue in the government budget plan are the arrears, reducing them being one of the targets in the SBA with IMF. In 2011, arrears decreased in the central government and social security sectors but they are still increasing in the state owned companies, therefore the arrears of these companies, monitored by the IMF, measure 3.6% of GDP. Privatization is another reform followed by the state, mainly in the energy sector.

The state is planning to sell part of its shares in companies such as Transelectrica, Transgaz, Romgaz, Petrom, Nuclearelectrica, TAROM, CFR Marfa or even sell (Electrica Serv) or proceed to bankruptcy where it is the case (Termoelectrica). Companies which will remain to be majority owned by the state will be led by private management teams.

Annual inflation fell faster than expected, down to 3.55% year-on-year in October 2011, reflecting a decrease in food prices and the elimination of the 2010 VAT increase from the index. The unemployment rate continued to decrease, compared to the end of 2010, reaching 4.93% in October 2011 from 6.87% from December 2010, according to the institute of statistics. A more representative figure is given though by ILO, measuring unemployment at 7.2% in July 2011, compared to 7.3% in December 2010. The minimum wage increased in 2011 compared to 2010 reaching approximately EUR 153 level from EUR 137. The sharp reduction in public employment has created room for partial restoring the salary funds, which will be brought gradually to the initial value by the end of 2012 as mandated by the Constitutional Court. Therefore, wages in the public sector were increased by 15% at the beginning of the year, but will remain subject to the target set up for total wage to bill at 7.5% of GDP in 2011 and 7.2% of GDP in 2012, down from 9.5% of GDP in 2009. The percentage of the population living below the national poverty line, which is the poverty line deemed appropriate by the national authorities stands at 13.8%. The Gini-coefficient reported by the United Nations Development Programme stood at 31.5 in 2011.

3. Governmental policies and legislation

2011 was characterized by several changes in the ministry of labour, while pressure at the beginning of the year continued on Boc Government's, which survived an eighth no-confidence vote. The Minister of Labour was changed twice, putting pressure on the business continuity in the ministry. Labour legislation was also changed as the new Labour Code, based on Law No. 53/2003, was approved at the beginning of the year, followed by the enacting of the Labour Social Dialogue Code, also approved by the Romanian Government. The new laws have changed substantially the basis of the Romanian labour and social legislation and policies. The new Labour Code was mainly defined to suit the new commitments undertaken by the Romanian government in respect to the SBA signed with IMF. The public statements of the government promotes the Labour Code as aiming to encourage fixed-term and temporary employment, extend probation periods, to increase the flexibility of working hours and discourage black market employment. Since May, when it was enacted, 600,000 new contracts have been registered, according to IMF report.

On the other side, the new Labour Code abolishes the provisions regarding the national and the economic divisions' collective agreements. Therefore, the new legislations has abolished the national unique collective agreement which had been used to govern collective bargaining since 1991 and the collective agreements will now be negotiated at a sectoral level, which have yet to be defined by the government, instead of being negotiated at a branch of the national economy level, which were already defined in the national collective agreement. According to the new social dialogue Act 62/2011, as of May 2011, these agreements are covered by law, the same law that controls trade unions, employer organisations, CES (Economic and Social Council), social dialogue committees and labour conflicts. Apart from this, a new important change was made in respect to creating trade unions, possibility which has been diminished considerably, by limiting the formation of a trade union: now it has to be realized by 15 employees from the same company instead of 15 employees working in the same economic branch. Both the recognized trade unions and employers' associations criticized the proposals. Trade unions have expressed their common view on these changes,

saying that by the way the laws are being applied; they are dismantling the tripartite social dialogue, blocking the collective agreements, and preventing the social partners to acquire their representativeness. The social partners claimed that the Government had not followed the procedures concerning consultations established in the existing social dialogue law and, consequently, they initially refused to consider the draft laws in the Economic and Social Council. Although social dialogues meetings were held, they did not lead to major change in the laws. Here we can mention some modifications in the criteria of representativeness of trade unions (especially confederations) and increasing the notice period for dismissal.

Due to poor social dialogue, where the Government did not take into consideration the unions opinions, nor the fact that the new laws contravene with ILO conventions, on the 23rd of September, the main five trade unions Confederația Națională Sindicală „Cartel ALFA”, Blocul Național Sindical, Confederația Sindicatelor Democratice from România, Confederația Națională a Sindicatelor Libere from România - FRĂȚIA and Confederația Sindicală Națională MERIDIAN, wrote a letter to the Romanian Government addressed to the Prime Minister, Emil Boc, saying that they suspend themselves, for an unlimited period, from all the social dialogues committees and from the Economic and Social Council, established in accordance with the new Social Dialogue Law Act 63/2011. Also, the union's confederations and employers confederations signed together a National Agreement, which pushed the Government to create the National Tripartite Council.

4. Industrial relations

The concept of a national collective bargaining agreement was abolished. The former agreement expired at the end of 2010 and since 1991, the national unique collective agreement was used to set the main terms of reference on minimum rights and obligations to all employees, such as national minimum wage, working time and conditions, even if they were not covered by other collective agreements. Therefore, all the economic branch collective agreements that are now in force will remain valid until they are set to expire. New collective agreements can be signed, but, according to the new law, will be valid until the end of 2011. This is due to the fact that the collective agreements must be conducted at a sector level, not at a branch economic level, though the government did not yet establish the sectors. Putting this together with the fact that: unions can be organized at a company level only if they are at least 15 employees from the same company, and workers representatives can be organized only if the company has more than 20 employees, and 90% of Romanians companies¹ have less than 9 employees, this has put collective bargaining in Romania to a standstill. Alongside with these drastic changes, Trade Unions pursued common actions. Therefore, as a reaction, Trade Unions have written about these issues to the International Labour Organization, placing Romania on the list of special cases. In their letter they've stipulated that the new Labour Code contravenes with ILO conventions no. 87, 98, 135 and 143, mainly related to the diminishing the role of the trade union (art. 224, 225, 226) and to the abolishment of the regulation that protected the work places of union leaders (art. 223). Also, the two major international trade unions, ITUC and ETUC, support Romania's trade unions in their approach to the new proposed laws.

At the beginning of January 2011, informal consultations were held between the Government and some of the social partners on a part of the proposed aspects. Another common action was the national movement taken on the 21st of February, as the five national trade unions called a meeting attended by 350 union leaders. Between 26 February and 18 March protest rallies were held in six counties every day. Despite the

¹ According to the National Institute of Statistics, 90% of the total number of companies in Romania has less than 10 employees. The historical percentage for the last 5 years stays at almost the same level ~90%

rallies, the government adopted the new amendment on 8 March, which faced a no confidence vote from the opposition, establishing 16 March as the date of debate. A new rally took place on that day, but with only approximately 10,000 protesters, instead of 50,000 protesters as it was expected. The debates continued, though with no success in regards to changing the amendments.

In June, ILO noted the response to trade unions that Convention 98, regarding the right to organise and collective bargaining, is violated. ILO has expressed its firm hope that the Romanian Government will review the legislative measures recently adopted by modifying the labour laws, with the help of ILO's technical assistance and in full consultation with the social partners, through tripartite intensive dialogue, in order to ensure full respect of the principle mentioned above. It also mentioned that the collective bargains shouldn't exclude the public service workers, as the new law amends. ILO asked the Government to offer detailed information and statistics regarding to the effects of the recent changes in the labour code, so it can evaluate if progresses will be made due to this changes. No progress was made so far, as thus, the five national trade unions decided to suspend themselves, for an unlimited period, from all the social dialogues committees and from the Economic and Social Council. On the 17th of October, a National Agreement was signed between trade unions and employers' confederations in order to promote, among others, the bipartite social dialogue, to return to their decision regarding the suspension from the social dialogues only if CES operations will be depoliticized and if a National Tripartite Council will be constituted, to promote changes to the new Labour Code and the Social Dialogue Code.

At a sectoral level, the Ministry of Administration and Interior Affairs announced in March 2011 that it will lay-off 10,000 workers. As a consequence, the National Union of Police Workers and Ancillary Personnel with the police personnel protested on the streets. Nevertheless the conflict began in September 2010, when 8,000 police workers protested for a 25% cut in their salaries. The cut in the expenses for the ministry employees continued also in 2011. After four protest meetings the government agreed on two of the several requests from the unions, namely to examine the possibility of career breaks for a limited period which could reduce redundancies and to reimburse school fees for the graduates from the police school who decide to leave the system voluntarily, as for a part of 2011 graduates a work place was not offered, despite the initial schedule promised. In the education sector several strikes took place during 2011. Unions blame the state for wage cuts, as according to court decision, they should recover 33.4% of their monthly payments.

Social assistance successes were achieved thanks to union's successful dialogue. The military pensions of up to 3,000 RON will not be decreased, but instead they will increase as the government accepted to revise the process, resulting in an increase of more than 90% of the total pensions. Also, the minimum pension was not decreased by 15% as the Government wanted; maintaining its level of 350 RON.

Government budget has to be revised due to poor tax collection in the country. Therefore, the amount of money allocated to ministries is being revised downwards, for the second time this year. As a consequence the Minister of Health resigned from his position to draw a warning sign to the very poor condition of the health system in the country. This ministry will be the only one who will not be affected by budget reductions, in order to be able to pay its arrears, even having a planned increase in the 2012 budget. Even though collective agreements were put on a standstill, in July 2011, unions from the health system successfully signed a collective labour agreement valid for 2011. Also, an agreement was signed by the Health Minister with Federatia Sanitas, by which the state promised to support a wage recovery from the reduction in 2010, depending on the economic development in 2012. In the textile confections and the constructions

industry the national labour agreements at branch level were prolonged until the end of 2011, instead of the initial validity of the end of 2010.

Corruption among trade unions is a serious problem in Romania. According to some trade unionists, there are unions that organize staged strikes, in agreement with the Government, or drop charges by obtaining several personal advantages from the ruling party. There are connections and interest between trade unionists leaders and the Government, as they pursue a political career. Also, sometimes strikes are not organized due to the fact that trade union leaders are also the managers of the unionists. This issue goes back to the communism area when being part of a TU was mandatory and huge funds have accumulated over time. These funds were after that distributed to the well known five TU that are now present on the market, but some of the funds do not show in on own account. CNSLR-Fratia former leader, Marius Petcu, was arrested in March 2011 due to allegedly accepting bribe from a business man who wanted to perform work at a centre for trade unions. Therefore, Petcu was using unions' assets in his personal interest, this case not being the single one. The present leader of Fratia, Liviu Luca, is famous for his fortune and has also been recently preventively arrested due to his alleged connections to the Petromservice controlled bankruptcy and with the controversially business man Ovidiu Vantu. Is worth mentioning that Liviu Luca was and still holds the title of the union leader in Petrom, company which owned Petromservice, and he is also member of the European Economic and Social Council.

In September 2011, four employers organizations: Conpirom, Patronatul Roman, Uniunea Nationala a Patronatului Roman (UNPR) and UGIR-1903, have formed a new structure e Independent Employers Union from Romania PatroRom (Uniunea Confederatiilor Patronale Independente din Romania) aiming to represent Romania's business people in discussion with the authorities and the foreign financial institutions. According to the four organizations, the PatroRom unites 62% of all the active labour force in Romania and the turnover of the member companies count for 65% of GDP. Currently, there are 13 nationally representative employers' organizations in Romania. The official statistics do not provide data regarding the number of companies and employees for each employer representative organization.

5. Tripartite social dialogue

Several steps in order to improve the tripartite social dialogue were made in 2011. On the 26th of January a tripartite meeting with the labour market institutions was held, organized by ILO, where the IMF, ILO, EC, Ministry of Labour and social partners were present. The scope of the meeting was to encourage tripartite discussions on the new proposed laws, suggesting to the Government to accord more time for the social partners and for ILO to examine the new laws. On the other hand, together with the changes brought by the Labour Code, the role of the Economic and Social council, which facilitates tripartite dialogue, has been changed. CES role is covered by the new social dialogue Act 62/2011, as of May 2011, being somehow diminished, as it is not anymore compound of government representatives, its role being currently defined as a tripartite, autonomous, public institution, established for the national social dialogue. Along with this change, the council has increased its transparency in its actions, publishing its weekly and annually activity. On 27th of April CSN Meridian launched the project "Together for developing the social dialogue in Romania", project co-financed by the European Social Fund through the Operational Programme Human Resources Development 2007-2013, and will be held for a period of 3 years.

As a response to the National Agreement signed by the trade unions on 17th of October, on the 27th of October the National Tripartite Council was constituted and on the 1st of November the first meeting was held. Nevertheless, the negative trend continues.

Social dialogue itself is limited. Unions communicate the lack of presence of the members of government for the appointed meetings for social dialogue². Even though discussions take place, union proposals are not taken into account by the government when making decisions.

6. Forecasts

According to major institutions, GDP is expected to increase by 2% in 2012, revised downwards due to more difficult environment in Europe. The budget deficit is expected to remain below the level of 5% in both 2011 and 2012, while inflation is expected to remain around 3%. Continued fiscal consolidation has improved Romania's credibility.

The ILO unemployment rate is expected to remain at the 7% level in 2012 (7.3% in 2012 compared to 7.5% in 2011), although further privatizations and dismissals are anticipated in the energy sector and in the national train freight company. Labour market is gradually stabilizing and wages, in nominal terms, are starting to increase, though real wages and unit labour costs are still declining. If lower public employment creates sufficient space, the authorities may consider a modest wage increase later in the year, while remaining within their original wage bill limit.

Collective negotiations will hardly begin in the first part of the year 2012. Government will adopt, with delay, the legislative enactment which establishes the business sectors, based on which the unions will be organized. Still, organizing on that framework and under strict laws that were recently changed will make the process very slow. New collective agreements will have to be negotiated and the process itself will be new and therefore will run very difficult. Confederations will put further pressure on the Government regarding the violation of trade union representativeness, but given the difficult economic situation in Europe, which also has effects over Romania, the Government will not focus on that social aspect. Creating the National Tripartite Council is a beginning for a more productive social dialogue, but it is too early to incline in a certain direction.

Annex of data

Collective bargaining system

In 2011 the national collective bargaining system has changed. Since 1991, the national unique collective agreement was used to set the main terms of reference on minimum rights and obligations to all employees, such as national minimum wage, working time and conditions, even if they were not covered by other collective agreements. According to the new social dialogue Act 62/2011, as of May 2011, these agreements are covered by law, the same law that controls trade unions, employer organisations, CES (Economic and Social Council), social dialogue committees and labour conflicts. The collective agreements will now be negotiated at a sectoral level, which have yet to be defined by the government, instead of being negotiated at a branch of the national economy level, which were already defined in the national collective agreement. Also, under the new regulation, the collective agreement will only apply to the companies which are members of employer organisations signatories to the agreement, in comparison to the old regulation, where the agreement settled at a branch level included all the companies in that level. Therefore, all the economic branch collective agreements that are now in force will remain valid until they expire, new collective agreements can be signed but will be valid until the end of 2011. The

² Data according to trade union communiqués

negotiation of a collective agreement is only mandatory when a company has more the 21 employees. Also, according to the new law, unions have to comprehend at least 15 employees accounting for at least 50% of the employees within the same company. An important factor to mention is that 90% of the Romanian firms have less than 10 employees. Thus collective bargaining at sector level has not begun as the sectors were not yet established by the government, putting collective bargaining in Romania to a standstill.

By establishing the National Tripartite Council, this will provide the framework for establishing the national minimum wage, which will be finally approved and communicated by the Government.

System of tripartite social dialogue

In the new framework, the tripartite social dialogue is facilitated by the Economic and Social Council (Law no. 62/2011) and by the National Tripartite Council, founded on October 27. According to the new law on the social dialogue, CES is a public institution of national interest, tripartite, autonomous, having as objective to achieve national social dialogue between employers, unions and government and to keep the social climate stabile and peaceful. The Council role has been diminished, as according to the previous law that regulated its organization, CES was also composed by government representatives, which currently it is not the case. CES has now 45 members: 15 representatives from trade unions, 14 representatives from employers' organizations and 15 representatives from the civil society. The Council can approve regulations regarding to its scope of work, has to single to the Government when it is the case to follow upon new regulations due to special economic and social changes and it also has to follow that ILO conventions are ratified properly. Following these changes and as a request of the social partners (trade unions) the Government decided on the 27th of October to form the National Tripartite Council which has representatives from the Government, named by the prime minister, at least at the level of Secretary of State, representatives from trade unions leaders, a representative from the Romania's' National Bank, CES president. The main tasks of the National Tripartite Council include providing consultation to establish the national minimum wage, discuss and analyze the projects and strategies from the government level, develop and support the strategies, programs, methodologies and standards in social dialogue, settlement of social and economic disputes through tripartite dialogue, analyze and approve requests regarding the extension of collective agreements at sectoral level.

Social security systems

All employees (and employers) are obliged by the law to pay a percentage of total earnings for social security and therefore they all benefit of health social insurance, pensions insurance and unemployment benefits. Unemployment benefits come in force after the unemployed registers at the National/County Agency for Employment. Employee dependents also benefit from health social insurance. There are no statistics data available in this direction. Social taxes that have to be paid by the employers are one of the highest in EU (more than 40%), putting a huge burden on the shoulders of the employers and encouraging the informal economy.

Registered unemployed beneficiaries of money rights

| Period | Sept 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-----------|---------|---------|---------|---------|---------|
| Unemployed beneficiaries of money rights (per- | 153,812 | 329,640 | 435,497 | 143,549 | 121,510 | 166,833 |

| | | | | | | |
|--|-----|-----|-----|-----|-----|-----|
| sons) | | | | | | |
| Percentage of the total number of unemployed persons | 35% | 52% | 61% | 36% | 33% | 34% |

Source: National Institute of Statistics INSSE

Pensioners

| Period | Q2 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------------------|---------|-------|-------|-------|-------|-------|
| Pensioner (thousand persons) | 5,597 | 5,675 | 5,676 | 5,685 | 5,726 | 5,785 |

Source: National Institute of Statistics INSSE

Education and vocational training

The framework of vocational training was not changed as a result of the new amendments brought to the labour law. In Romania, the continuous vocational training system has been organized as a network of national, local and sectoral structures of the authorities in charge. The system, however, does not operate at maximum potential for lack of financial resources. According to the Labour Law, art 189, vocational training may be provided to employees in any of the following forms: attendance of training courses organized by employers or by suppliers of vocational training services; vocational on-the-job training for new-entrants to a position or work place; probationary and post-graduate training in Romania and abroad; on-the-job vocational training; coaching; other forms of training agreed upon between employer and employee. Employers of more than 20 employees are bound by law to prepare and provide, every year vocational training schemes. Employers of 21 or less employees must provide vocational training schemes at least once every 3 years. When the employer fails to comply with the obligation to provide the funds for the vocational training of an employee, such employee is entitled to a paid leave of up to 10 working days or up to 80 working hours, for vocational training purposes.

The Ministry of Labour, Family and Equal Opportunities (MMFES), in cooperation with the ministries and other relevant bodies, elaborates the policies and strategies for the continuous vocational training. MMFES closely cooperates with the Ministry of Education, Research and Youth in order to articulate the correspondence between the initial and the continuous vocational training. The National Council for the Vocational Training of Adults (Consiliul Național pentru Formarea Profesională a Adulților, CNFPA) is also the national authority for the classification of professions (a tripartite body). ANOFM, also a tripartite body, carries out the active measures for the stimulation of employment, including vocational counselling, guidance, and training, and allocates the required financial resources from the unemployment fund.

According to Eurostat, the percentage of adult population aged 25-64 participating in education and training whether or not relevant to the respondent's current or possible future job was 1.3% in Romania in 2010, decreasing from 1.5% in 2009, while the European average for 27 countries reaches the level of 9.1%.

Trade unions make steps to improve the situation in this respect. For example, in November, BNS launched the project "Catalysts for training" cofunded by the European Social Fund through the Sectoral Operational Program for developing Human Resources 2007-2013, focusing on the mining and energy sectors.

Education in Romania is poorly funded, reaching only 3.1% of GDP in 2009. According to the 2011 Human Development Report of UNDP the adult literacy rate was 97.7% in Romania. The school expectancy, which corresponds to the expected years of education over a lifetime and has been calculated adding the single-year enrolment rates for all ages, stood at 16.6% in 2009 in Romania, while EU average was 17.2%. According to the Academic Ranking of World Universities, up to 2011 no Romanian university was included in the first 500 top universities worldwide.

Employment rate

| Period | Q2 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------|------------|------|------|------|------|------|
| Employment rate (%) | 58.8 | 58.8 | 58.6 | 59 | 58.8 | 58.8 |

Source: Eurostat: This employment rate is calculated by dividing the number of persons aged 15 to 64 in employment by the total population of the same age group.

According to the 2011 Human Development Report of UNDP Romania's Gender Inequality Index representing a composite measure reflecting inequality in achievements between women and men in three dimensions: reproductive health, empowerment and the labour market stays at 0.333 being ranked the 55th country in the world (as a comparison, Sweden which ranks 1st worldwide has an index of 0.049)

Average net monthly salaries (in €)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2011 | 334 | 333 | 358 | 365 | 355 | 351 | 347 | 342 | | | | |
| 2010 | 344 | 343 | 369 | 348 | 342 | 335 | 318 | 316 | 314 | 313 | 321 | 349 |
| 2009 | 320 | 317 | 327 | 336 | 325 | 327 | 330 | 320 | 321 | 321 | 319 | 350 |
| 2008 | 350 | 325 | 310 | 320 | 352 | 341 | 348 | 365 | 362 | 357 | 354 | 361 |
| 2007 | 271 | 278 | 301 | 308 | 308 | 317 | 332 | 320 | 311 | 323 | 323 | 359 |

Source: National Institute of Statistics INSSE

* Nominal earnings comprises salaries, respectively money rights and rights in kind of employees for the effectively done work (including overtime), according to the salary type applied, benefits and indemnities granted as salary percentage or in fixed amounts, other legal rises of salary, amounts paid for the non working time (indemnities for rest and study leaves, holidays, other days-off, amounts paid from salary fund for medical leaves), prizes, holiday bonuses and other amounts paid from salary fund according to normative documents or collective labour contracts, amounts paid from the net profit and other funds (including the equivalent value of lunch tickets).

Gender pay gap

The labour market still displays a certain degree of gender segregation by professions; for example some professions are dominated by women (such as health, education, public administration, etc.), while others are largely served by men (heavy-duty industry, army, etc.). This professional segregation between men and women leads to pay differences between one gender and the other, due to the fact that, in the strongly 'feminine' sectors, pay is, generally speaking, lower than in the predominantly masculine sectors.

The Law no. 202/2002 stays at the basis of equality opportunities between woman and man. As a result of the austere measures taken by the government the 'National Strategy regarding Equal Opportunities between Women and Men for the period 2010 –

2012' prepared at the initiative of the National Agency for Equal Opportunities between Women and Men (Agenția Națională pentru Egalitatea de Șanse între Femei și Bărbați, ANES) was abolished as ANES agency was abolished by the government. There are other few agencies (CAUP – The centre of Humanitarian assistance and social protection – Equal opportunities; CPE – Center for Partnership and Equality) that fight for equal opportunities but they are specialized in differences between women and man, their programs in this respect are not clearly defined or projected. Trade Unions are making steps in this direction, but except the initiative taken by BNS regarding ESTHR project (opened a centre dedicated to promoting equal opportunities and helping women who want to start their own small business), future plans in this direction are poorly defined.

The difference between average earnings of male and female employees as percentage of earnings of male employees increased in 2010 compared to the previous years – 2008 and 2009. Considering the trend, the percentage of 89% from 2010 returned to the 89% from 2007, therefore only during the years 2008 and 2009 the difference was reduced.

Minimum wage (in €)

| Period – bi-annual data | S2 2011 | S1 2011 | S2 2010 | S1 2010 | S2 2009 | S1 2009 | S2 2008 | S1 2008 | S2 2007 | S1 2007 |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Minimum wage (€) | 157.89 | 157.2 | 137.3 | 141.63 | 142.61 | 149.16 | 137.31 | 138.59 | 124.44 | 115.27 |

Source: Eurostat

Actual weekly working hours

Weekly working time set by law is 40 hours while it may exceed 48 hours, but this average must be maintained over a four-month reference period (modified in 2011, as it was first set up at a three month reference period) – the reference period may be up to 12 months in 11 specified sectors of the economy. The legal annual paid leave is for 21 working days + 7 days of public holiday. In 2010, the average actual weekly working hours of the full-time employees in Romania were 41.3, the highest in Europe. Working hours are set by Labour Code as of 2011, instead of the abolished tripartite national collective agreement, which provides a minimum basic framework for employment conditions, but no sectoral agreement exists.

Normal work /atypical work (normal work means fulltime employment with permanent contract and contributions to social insurances)

| Year | Q1 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total employees ¹ | 9,068,683 | 9,239,390 | 9,243,457 | 9,369,121 | 9,353,326 | 9,313,267 |
| Full time employees ² | 90% | 89% | 90% | 90% | 90% | 90% |
| Part-time employees ³ | 10% | 11% | 10% | 10% | 10% | 10% |

Source: National Institute of Statistics

¹ Employment comprise, according to the methodology of Statistical household labour force survey, all persons aged 15 years and over who have carried out an economic

activity producing goods or services of at least one hour in the reference period (one week), in order to get income as salary, payment of a kind or other benefits. In the case of the self-employed and contributing family workers from agriculture, the minimum duration is 15 hours.

² Full-time employment is considered the segment of employment which, according to their statement, is performing an economic activity in full-time. Generally, for the employees it is considered that the full time program is the program of full-time work, as it is stipulated by the collective labour contract (normal duration).

³ Part-time employment is considered the segment of employment which, according to their statement, is performing an economic activity in part-time. Generally, part time program for the employees is considered to be the program whose duration stipulated by the individual labour contract is significantly lower than normal duration.

*Employees having a labour contract on an indefinite period of time are considered as employees with permanent working regime. Employees having a labour contract on a definite (limited) period of time are considered as employees with temporary working regime.

Unemployment rate

| Period | Q1 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------------|---------|------|------|------|------|------|
| ILO Unemployment rate | 7.6 | 7.3 | 6.9 | 5.8 | 6.4 | 7.3 |

Source: National Institute of Statistics

ILO unemployment rate represents the ratio of the ILO unemployed in economically active population.

Migration

| Year | 2009 | 2008 | 2007 | 2006 |
|--|-------|--------|------|-------|
| Emigrants - Immigrants (number of persons) | 1,605 | -1,291 | -745 | 6,483 |

Source: National Institute of Statistics

*More recent data has not yet been published

HDI

| Year | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------|-------|-------|-------|-------|-------|
| HDI - Value | 0.781 | 0.767 | 0.764 | 0.765 | 0.754 |

Source: UNDP

2011 International Ranking: High Human Development

Gini-coefficient (table) (index; international ranking)

| Year | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------|------|------|------|------|------|
| Gini Coefficient | 31.5 | 33.3 | 34.9 | 36 | 37.8 | 33 |

Source: Eurostat

Collective agreement coverage

The National Collective agreement was abolished when the new labour code was enacted. Some of the articles stipulated in the National Agreement were transposed in the labour code, but as of 2012 sectoral agreements have to be signed. Unfortunately the government decided to reorganize the economic branches at which level the agreements have to be signed but did not communicated the final classification. Also, according to the new law, unions have to comprehend at least 15 employees accounting for at least 50% of the employees within the same company. Considering that 90% of the Romanian firms have less than 10 employees, combined with the above, negotia-

tions have come to a standstill and for now agreements can be signed but with validity until the end of 2011.

Ongoing important collective bargaining agreements

As of May 2011, the Labour Code and the Social Dialogue Code proposed in 2010 were enacted. The new Labour Code contravenes with ILO conventions no. 87, 135 and 143, mainly related to the abolishment of the regulation that protected the work places of union leaders (art. 223), and to the diminishing the role of the trade union (art. 224, 225, 226).

Under the new regulation, the collective agreement will only apply to the companies which are members of employer organisations signatories to the agreement, in comparison to the old regulation, where the agreement settled at a branch level included all the companies in that level. A new measure that limits the possibility of creating a trade union, enhances that now, it takes 15 employees in the same company, and at least 50% of the company's workers, to establish an union, in comparison to the previous regulation which stipulated that 15 employees working in the same economic branch were required to set up an union, irrespective if they were from the same or from different companies. Considering that, in Romania, 90% of the companies have maximum nine employees, setting up a trade union will be almost impossible. Therefore, all the economic branch collective agreements that are now in force will remain valid until they expire, new collective agreements can be signed but will be valid until the end of 2011, and thus collective bargaining at sector level has not begun as the sectors were not yet established by the government, putting collective bargaining in Romania to a standstill. As a response, ILO urges the Romanian Government to revise the points where the conventions are violated, offering its technical assistance. The first step taken by the Government, as a request from the TU which suspended themselves from CES, was to create a National Tripartite Council. A first meeting was held but no relevant actions or decisions were revealed.

At this point, social partners have negotiated the activity sectors but the government postpones publishing them according to law. BNS is drafting a report based on the international agreements ratified by Romania and severely violated in the new Labour Code and in the new Social Dialogue code. After completion, which is foreseen in 2012, the project will be launched for parliamentary debate, parliament initiative or even legislative initiative.

Unions still sustain that Law 62/2011 should be repealed and a new regulation should be adopted.

Trade union density

National statistics provides no information on the number of trade union members and the representativeness of trade union organisations. According to the ICTWSS Database³ union density in Romania stood at 33.7% in 2007, calculated as the net union membership as a proportion of salary workers. No other recent data was published. Public declarations of the confederations, set the national representativeness at around 50%, but this figure has not changed for several years. According to the latest data provided by a part of the confederations regarding the number of members, it can be seen a significant decrease compared to their data before the crisis, but their statements are still above ITUC's data.

The number of members might continue to decrease in 2012 as restructuring measures are foreseen in the energy sector, train freight, naval shipping, mining, post and telecommunications.

³ Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts compiled by the Amsterdam Institute for Advanced Labour Studies AIAS of University of Amsterdam

Employer's organizations density

At present, there are 13 nationally representative employers' organisations. The official statistics does not provide data regarding the number of companies and employees for employer's organisation.

Workplace representation

Workers' representation at the workplace is through the unions, although legislation does provide for workers' representatives to be elected if there are no union members. Workplace union structures potentially play a key role in collective bargaining but they also have significant consultation rights. Union organisations at the workplace are the main body for workers' representation. And, although by law, workers' representatives can be elected where there are 20 employees and no union is present, in practice this is very rare. The arrangements for workers' representation at workplace level are governed by legislation in the labour code. One of the key roles of the workplace trade unions is in negotiating collective agreements, but they also have rights to be informed and consulted, and in some areas they need to agree before changes can be made. The workplace union is also entitled to support union members in dispute with the employer and the union can represent them in court. The tasks of workers' representatives, who can only be elected if there are no union members, are to ensure that workers' rights are complied with, to participate in drawing up the company's rules and generally to promote the interests of the workers. The specific consultation rights of the workplace union organisation also pass to the workers' representatives, where they exist.

Trade unions

National Trade Union Confederations

| National Trade Union Confederation | Number of individual members – provided by the Trade Union Confederations* | Number of individual members – provided by ITUC | International affiliation |
|--|--|---|---------------------------|
| Confederatia Nationala a Sindicatelor Libere din Romania-Frația (CNSLR – Frația, National Confederation of Free Trade Unions of Romania-Brotherhood) | 800,000 | 520,000 | ETUC, ITUC |
| Blocul National Sindical (BNS, National Trade Union Bloc) | 270,000 (in 36 out of 41 districts) | 150,000 | ETUC, ITUC |
| Confederatia Sindicatelor Democratice din Romania (CSDR, Democratic Trade Union Confederation of Romania) | 300,000 (in 20 out of 41 districts) | 101,000 | ETUC, ITUC |
| Cartel Alfa (National Trade Union Confed- | 800,000 (in 39 out of 41 districts) | 1,000,000 | ETUC, ITUC |

| | | | |
|--|-------------------------------------|---|---|
| eration "Cartel Alfa") | | | |
| Meridian (National Trade Union Confederation "Meridian") | 170,000 (in 41 out of 41 districts) | - | - |

*The data regarding the number of members are provided by the trade union confederations.

Trade Union Federations by selected branches

| Trade Union Federation by branch | Number of individual members | Affiliation to national confederations | International affiliations |
|---|------------------------------|--|----------------------------|
| <i>Metal/electrical industries</i> | | | |
| Federatia Nationala a sindicatelor Solidaritatea Metal (SMETAL) – National Unions Federation "Metal Solidarity" | 20.000 | CNS Cartel Alfa | EMF |
| Federatia Sindicala a Siderurgistilor METAROM (FSS METAROM "METAROM") - Trade Union Federation of Steel Workers | | CNS Cartel Alfa | EMF, IMF |
| Federatia Sindicala a Lucratorilor din Industrie - METAL (FSLI-Metal) – Union Federation for the industrial workers | | BNS | EMF |
| <i>Textile/clothing industry</i> | | | |
| UNICONF Federatia Sindicala - Trade Union Central of Light Industry | | | ITGLWF, ETUF-TCL |
| CRAIMODEX CRAIOVA – Sector Textile | | | ITGLWF |
| Federatia Sindicatelor din Confectii Textile Tricotaje (MARA) – Federa- | | | ITGLWF, ETUF-TCL |

| | | | |
|---|--------|--|------------------|
| tion of Unions of knitwear garments | | | |
| Peltricontex-FRATIA | | | ITGLWF, ETUF-TCL |
| <i>Timber industry/ silviculture, plastic industry</i> | | | |
| Federatia Generale a Sindicatelor "FAMILIA" – General Federation of Unions | | | BWI, EFBWW |
| FGS FAMILIA ("FAMILIA") - General Union Federation | | | |
| Federatia Sindicatelor Libere din Industria Lemnului - Unions Federation of Wood Industry | 46.500 | | BWI, EFBWW |
| FSLIL - Federation of Free Trade Unions in the Wood Industry | | | |
| FSFMR - Romanian Federation of Forest and Furniture Workers | | | BWI |

Employer's Organisations

| Employer's Organisations | Number of individual members | International affiliation |
|---|------------------------------|---------------------------|
| The General Union of Romanian Industrialists 1903 - UGIR 1903 (Uniunea Generala a Industriasilor din Romania) | 850,800 employees | N.A. |
| The Employer Confederation of Romanian Industry CONPIROM (Confederatia Patronala din Industrie, Agricultura, Constructii si Servicii din Romania) | 687,261 employees | N.A. |
| The Romanian Employers PR (Patronatul Român) | 54,000 companies | N.A. |
| The National Union of Romanian Employers (Uniunea Națională a Patronatu- | 10 employer organisations | N.A. |

| | | |
|---|---|------|
| Iui Român) UNPR | | |
| The National Confederation of Romanian Employers (Confederația Națională a Patronatului Român, CNPR) | 350,000 employees | N.A. |
| The National Council of Private Small and Medium Enterprises (Consiliul Național al Întreprinderilor Private Mici și Mijlocii din România, CNIPMMR) | 70.000 104 territorial organisations | N.A. |
| The National Council of Romanian Employers (Consiliul Național al Patronilor din România, CoNPR) | | N.A. |
| The Romanian National Employers (Patronatul Național Român, PNR); | | N.A. |
| The Romanian Association of Building Entrepreneurs (Asociația Română a Antreprenorilor din Construcții, ARACO) | 350,000 employees | N.A. |
| The Employers Confederation for Industry, Services and Commerce (Confederația Patronala a Industriei, Serviciilor și a Comerțului, CPISC) | 370,000 employees | N.A. |
| The National Union of Employers with Private Capital in Romania (Uniunea Națională a Patronatelor cu Capital Privat din România, UNPCPR) | 70 territorial employer organisations | N.A. |
| The CONCORDIA Employers Confederation (Confederația Patronală CONCORDIA, CP CONCORDIA). | Four employer organizations | N.A. |

* The official statistics do not provide data regarding the number of companies and employees for each employer representative organization.