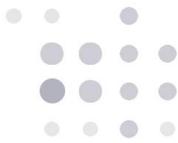


2016

Annual Review of Labour Relations and Social Dialogue Romania

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- In 2016, Romania continued the economic growth trend that started in 2012 but the macro-economic recovery has not been accompanied by a similar social recovery and hides deep social inequalities and a high poverty rate. Starting on 1 May 2016 the minimum wage increased from 1,050 RON (€ 233) to 1,250 RON (€ 277), an increase that was felt by approximately 25 percent of the country's employees who are paid at the minimum wage, but the hike does not have any impact on the poorest Romanians who are excluded from the formal labour market, are inactive in the labour market or are working as self-employed in agriculture.
- Romania had two rounds of elections in 2016 – local elections on the 5 June and parliamentary elections on 11 December. Social dialogue and industrial relations have been often tied to the electoral process, influencing its dynamics and outcome. Following several protests and a general strike organised by the trade unions from the health care and social assistance sectors, the Parliament approved a 15 per cent wage increase in the health care and education sectors in the aftermath of the December parliamentary elections.
- 2016 was marked by social unrest and an unexpected increase in labour disputes, many of which were triggered by debates around the draft law of the unique pay system in the public sector. Tackling wage inequalities in the public system was one of the main objectives of the technocratic government, but one year after its installation in November 2015 the situation is far from being resolved and most probably the discussion on the draft law will continue in 2017.
- Five years after the legislative reform of social dialogue in 2011, the collective bargaining system is still bearing the consequences of the modifications. The collective bargaining coverage declined from 99 per cent in 2010 to 28 per cent in 2015 according to data from the Labour Inspection. The decline in collective bargaining coverage could be one of the explanations for the ever-declining share of employees' compensation in GDP.

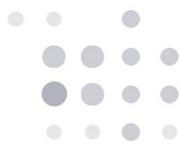


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1. SOCIO-ECONOMIC DEVELOPMENTS

Following years of budgetary austerity and fiscal consolidation, Romania entered on a path of solid economic growth in 2013, a trend that continued in 2016. According to a first estimate released by the Statistics Institute on 15 November, GDP grew 4.4 per cent in Q3 over the same quarter last year, but down from 6.0 per cent in Q2. As in the past year, in 2016 the growth was driven mostly by consumption that is import-based – household consumption increased from 6.1 per cent in 2015 to 8 per cent in 2016, mostly due to a significant cut in VAT (from 24 per cent to 20 per cent starting on 1 January 2016) and to increased salaries. The first months of the year saw stagnation in exports, followed by a quick recovery in the second half, but the trade balance remained negative, with a trade deficit of €7.9 billion in October 2016 over the first ten months and a 23 per cent increase in the trade deficit compared to the same period of 2015. The volume of foreign direct investment continued to increase – in the first 10 months, the total amount of FDI reached €3.5 million, slightly higher than in the same period of the previous year (€ 3.1 million)¹ but the figure is still far from the pre-crisis level (€9.5 billion in 2008).

The macro-economic situation seems well-balanced – the budgetary deficit for the first nine months of the year was – 0.49 per cent of GDP. In 2015, the budgetary deficit in Romania was among the lowest in EU at – 0.8 per cent.² The public debt was 37.9 per cent of GDP in 2015 and according to European Commission estimates it will reach 38.9 per cent at the end of 2016.³ The inflation rate in 2016 was - 0,5%, slightly lower than in the previous year (-0,6), due to the cut in the Value Added Tax starting with January 1st 2016.

The macro-economic recovery has not been accompanied by a similar social recovery and hides deep social inequalities and a high poverty rate, although some social indicators have slightly improved. In December 2016, the unemployment rate was 4, 77 per cent compared to 4.64 per cent in December

2015. The highest unemployment is registered in rural areas (2/3) and the unemployment among men (5.17%) is higher than unemployment among women (4, 29%). The youth unemployment rate remained high, at 20.3 per cent in October 2016 compared to 20.9 per cent in October 2015.⁴ Employment growth continued its positive trend that started in 2012. The overall number of employees was 4, 749,100 in October 2016, with 150,000 more than in the same month of 2015.⁵ The employment figure is getting closer to the pre-crisis level, when it was the highest in Romania (4,383,400 employees in October 2008)

The percentage of working poor in 2015 was 18.6 per cent, 2 more percent points than before the crisis (16.5 per cent in 2007) and the highest in the EU-28.⁶ In 2015 the share of persons at risk of poverty and social exclusion slightly declined to 37.4 per cent from 40 per cent in 2014.⁷ In the same time period, the Gini coefficient increased in 2015 by 2 percentage points compared to 2014, reaching 37.4 per cent.⁸

The increase in the minimum wage, although important, does not have any impact on the poorest 20 per cent of Romanians, most of them excluded from the labour market or working as self-employed in agriculture. In 2016, the minimum wage increased from 1,050 RON (233 Euro) to 1,250 RON (277 Euro) starting with 1 May 2016. According to the data from Labour Inspections, almost 25 per cent of the employees are paid at the minimum wage. But despite the increase in the minimum wage, economic growth has not been fairly distributed – despite the increase in employment, the compensation of employees was 32.8 per cent of GDP in 2015, far from the 2008 level (39. 8 per cent) and below the EU-28 average of 47.4 per cent.⁹

¹ National Romanian Bank, www.bnr.ro

² National Institute of Statistics, www.insse.ro

³ Dora Vulcan, "Alerta a CE despre Romania: majorarile salariale pot deteriora dinamica datoriei publice", in *Revista* 22, 16.11.2016

⁴ National Institute of Statistic, Press Release from 29.11.2016, available at

http://www.insse.ro/cms/sites/default/files/com_presa/com_pdf/somaj_bim_oct16r_0.pdf

⁵ Ministry of Labor, www.mmuncii.ro

⁶ Eurostat, Code [ilc_iw01]

⁷ Eurostat, Code [ilc_peps01]

⁸ Eurostat, [ilc_di12]

⁹ Eurostat, Code: tec00013



2. STATE POLICIES

In 2016, Romania had a caretaker technocratic government installed in November 2015 that promised to tackle some of the most sensitive issues on the public agenda – payment in the public sector, public administration reform, and reform of the social assistance system. The year was marked by two successive election rounds – local elections in June 2016 and parliamentary elections in December 2016, both resulting in a clear victory by the Social Democratic Party. Thus, many of the state policies were discussed and shaped in the light of the forthcoming elections.

One of the most important measures was the attempt to reform public employees' wage system. A draft of an emergency ordinance put into public debate in April 2016 triggered discontent among the government and trade unions, resulting in the resignation of the Minister of Labour, Ana-Claudia Costea, in mid-April. The need for the adoption of the new regulations was made in consideration of the fact that since the framework law on salaries in the public sector (Law 284/2010) came into force the minimum national statutory wage had doubled, creating several inequities in terms of wages in relation to the level of education and professional activity. The government aimed at aligning the salaries for employees occupying the same positions in different institutions and to grant wage increases for several categories – about 30 per cent of the public employees will benefit from salary increases. The emergency ordinance was finally adopted on 8 June 2016 (EO20/2016) but its final version did not meet the expectations of all public employees, especially of those from the healthcare and local administration sector. Following the trade unions' discontent, the government adopted a new draft law for a unitary salary system in the public sector, finalized in November 2016. However, the government announced that the project will not be adopted in 2016 and would be left to the next government. The new law requires an allocation of €4.33 billion RON (almost €1 billion) by 2022 to resolve all salary inequities in the public system, according to the government's calculations. Rewriting the unitary salary law was one of the technocrat government's priorities and led to the first

departure from the technocratic government but it is unclear whether the new government will take it into consideration and adopt it. Currently, there are 1,217,000 employees in the public sector, out of the total number of employees in Romania of 4,700,000, according to the National Institute of Statistics.

In March 2016, the government passed the draft law on the minimum inclusion income, aiming to strengthen and simplify social assistance to the lowest income families and to better tackle poverty. The law integrates the three existing kinds of social benefits (the minimum guaranteed income, benefits to support poor families and heating assistance) into one single benefit, called Minimum Inclusion Income. The new law is expected to encourage parents to send children to school, to stimulate employment and to ensure meeting the objective of diminishing the number of poor persons by 580,000 by 2020 under the Europe 2020 Strategy. The law intends to expand the benefits from the poorest 5 per cent to the poorest 20 to 30 per cent of the population and the Ministry of Labour estimates that the number of inclusion aid recipients and monthly allowances will grow, involving a budgetary effort of at least 2.087 billion RON (€ 440 million) in 2018 when the law will start to be applied.

New efforts to reconcile family and work life have been made. A new law (57/2016) concerning the legal procedure for adoption of children provides a new type of leave: accommodation leave, granted to employees who have adopted a child. During the accommodation leave, the parent is entitled to a monthly allowance of 1700 RON (about €380). Another law (66/2016) that entered into force in July 2016 provides for a significant increase of the minimum monthly amount of the allowance, which will not be reported any longer to the Reference Social Indicator (RSI) but to the gross minimum wage (from 600 RON (about €150) to 1,062.5 RON (about €240)). The parental leave can last a maximum 2 years and the allowance for this period is 85 per cent of the average net income received in the last 12 months, without a maximum limit as before and 78,000 persons who were receiving the minimum allowance benefited from the increase. One month after the law entered into force, an imbalance in the equitable distribution of



resources allocated for payment of parental leave allowances appeared – according to the Ministry of Labour, the impact of the legislative change was that 0.17 per cent of the beneficiaries (242 persons) were consuming 1/3 of the total disposable budget for parental allowances.

The government continued its efforts against undeclared work. The new Tax Code, which entered into force on 1 January 2016, removed the possibility to (legally) provide activities, as self-employed, for individuals who are not registered as such. Any activity may be legally carried out only under an employment contract or under a civil code contract, but in the latter case the provider must be registered as self-employed (an authorized natural person). This presumably will lead to a reduction in the amount of undeclared work.

As a response to Directive 2014/67/EU on enforcement of Directive 96/71/EC concerning the posting of workers, the government approved the draft of the transposing law, followed by its submission to Parliament for debate and adoption. The new law strengthens the administrative cooperation of competent authorities of the member states, introduces liability in the subcontracting chains with respect to any outstanding net remuneration corresponding to the minimum rates of pay and/or contributions due to common funds, and facilitates the trans-border application of administrative penalties and fines for non-compliance with the legal provisions regarding the posted workers.

3. INDUSTRIAL RELATIONS

a. Collective bargaining

The 2011 decentralization of social dialogue led to the concentration of collective bargaining at the company level, a situation perpetuated in 2016. Data from the Labour Inspection indicate that in 2015 only 1,099,809 employees (less than 25 per cent of the overall number) were covered by a collective agreement. Previous data were pointing that following abolishment of national collective bargaining in 2011, the collective bargaining cover-

age had declined from almost 100 per cent in 2010 to approximately 35 per cent in 2013.¹⁰

At the company level 8,702 collective agreements were concluded in 2015, compared to 9,477 in 2014.¹¹ No collective agreements at the sectorial level/group of units' level were concluded in 2016, which contrasts sharply with the situation prior to the social dialogue legislative reform of 2011 when in 2010 14 sectorial/group of units' collective agreements were concluded and 11 were concluded in 2009).¹² Only two collective agreements valid at the groups of units' level were in place in 2016 – in the health care and social assistance sector and in the education sector. Both agreements expired in November 2016. The trade unions from the health care sector tried to initiate new collective bargaining but the Ministry of Health refused, arguing that the law does not allow any collective bargaining before approval of a new budget for 2017. The refusal by the Health Ministry led to a wave of protests organised by the representative trade union, Sanitas Federation.

Among the most important collective bargaining agreements concluded in 2016 are those from Dacia and Ford, two companies from the automotive sector. Collective bargaining in both companies was strenuous but it resulted in collective agreements concluded in the first months of 2016 and provided for wage increases and bonuses for the employees. The context of the bargaining was very tense as management announced partial relocation of production to Morocco and possible layoffs triggered by an estimated increase of automation from 5 per cent in 2015 to 20 per cent in 2018. Ford took over the Craiova facility in 2008 and since then low demand has led to repeated work stoppages while the number of employees decreased from 7,000 in 2008 to 2,648 in 2016. In March 2016, Ford announced it would spend roughly \$224 million (€200 million) to move production of its Eco-

¹⁰ National Strategy for Social Dialogue, available at http://www.mmuncii.ro/j33/images/Documente/Proiecte_in_dezbatere/2015/2015-nov_Strategie_dialog_social.pdf

¹¹ Statistics Bulletin on labour and social protection for the fourth quarter of 2015, issued by the Ministry of Labour, available at http://www.mmuncii.ro/j33/images/buletin_statistic/conditii_an2015.pdf

¹² Ștefan Guga și Camelia Constantin, Analiza impactului noii legislații a dialogului social adoptate în 2011. Cercetare sociologică și juridică, Asociația Conect, 2015,



Sport small SUV from India to its assembly plant in Craiova, Romania, but so far there are no prospects for increasing the number of employees and the company expects to keep its current staffing levels in Romania. The automotive sector dominates in the biggest exporters' ranking, with six of the top 10 companies coming from this sector and contributing about 12 per cent to Romania's GDP. The annual labour cost in the sector is the lowest in the EU – €7,700 per employee.

A two-year collective agreement (2016-2017) was concluded in ArcelorMittal Galati and provides for small wage increases and other bonuses. Arcelor Mittal SA is the largest steel company in Romania with several operating facilities in Galati, Iasi, Roman and Hunedoara, accounting for about half of the steel sector's employment (9,000 employees) and a production capacity of about 6 million tonnes. Among these facilities, Arcelor Mittal Galati is the largest, with 6,504 employees (in 2015) and with a production capacity of 3 million tonnes of steel. Although affected by the crisis, the steel production sector represents an important pillar of Romanian industry.

b. Labour disputes and protest actions

Data of the Ministry of Labour indicate a sharp increase of labour disputes in 2015 compared to previous years as 35 labour disputes were registered in 2015, involving 30,236 employees¹³ compared to only 19 in 2014 (involving 7,818 employees)¹⁴ and 22 in 2013 (involving 7,678 employees).¹⁵ Official statistics for 2016 are not available yet but it seems that the trend of rising conflicts seen in 2015 continued, with a series of protests and strikes organised by several trade unions.

¹³ Statistics Bulletin on labour and social protection for the fourth quarter of 2015, issued by the Ministry of Labour, available at http://www.mmuncii.ro/j33/images/buletin_statistic/conditii_an2015.pdf

¹⁴ Statistics Bulletin on labour and social protection for the fourth quarter of 2014, issued by the Ministry of Labour, available at http://www.mmuncii.ro/j33/images/buletin_statistic/conditii_2014.pdf

¹⁵ Statistics Bulletin on labour and social protection for the fourth quarter of 2013, issued by the Ministry of Labour, available at http://www.mmuncii.ro/j33/images/buletin_statistic/Conditii_anul_2013.pdf

The discussions on the law of unitary pay in the public sector triggered a lot of controversies, culminating with street actions and protests. The trade unions from the education sector protested against a proposal providing for a wage increase of 10 per cent starting on 1 August 2017. The unions asked for a 5 per cent increase starting on 1 August 2016 and another 5 per cent increase on 1 January 2017. Their requests were rejected by the government and on 1 June 10,000 people protested in Bucharest. The trade unionists claim that education is the lowest paid sector of those remunerated from the state budget. The average wage in education is 1,960 RON (about €434), which is 100 RON (€22) below the national average wage. The protesters also asked for allocating 6 per cent of GDP for education. According to Eurostat, Romania spends less than 3 per cent of its GDP on education, ranking last among EU member states regarding total public expenditures on education.

In mid-July, following the approval by the government of EO20/2016 on unitary pay in the public sector, the National Federation of Administration Trade Unions (FNFA) opened a nationwide labour conflict and announced an open-ended strike starting on 19 July 2016. The FNFA demanded a 25 per cent increase in the basic wage and other bonuses and allowances. Following repeated negotiations and the government's engagement to tackle the protester's demands, the conflict was resolved.

Sanitas Federation, the representative trade union federation from the health sector submitted a document to both chambers of the Romanian Parliament requesting amendments to the Emergency Ordinance 20/2016, menacing with protests in events their demands would not be met. Following Parliament's refusal to take into consideration the amendments, a series of protests were organized in the autumn of 2016, culminating with a general strike that involved 82,000 employees from the health care and social assistance sector. The strike was declared illegal by the Bucharest Tribunal, as it had not fulfilled the legal requirements for starting a strike. Nevertheless, following the general strike, Parliament approved an amendment to EO 20/2016 and increased wages by 15 per



cent in both the health care and education sectors starting on 1 January 2017.

c. Internal developments of the social dialogue partners

Five years after the legislative reform of social dialogue (Law 62/2011) that increased the representativeness threshold for both trade unions and employers' federations, Romanian trade unions have striven to become representative at sectorial and company levels. In 2014, representative trade union federations existed in 21 economic sectors (out of 29 economic sectors in total). The eight economic 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. About 730,000 employees work in the commercial sector and about 170,000 in the textile industry, counting together for almost one-fourth of the overall number of employees; both sectors have among the lowest average wages.¹⁶ The highest union membership is reported in the public sector, especially in education (Federatia Sindicatelor din Invatamanat Spiru Haret – "Spiru Haret" Education Unions Federation with 66,000 members, Federatia Sindicatelor Libere din Invatamanat - National Federation of Free Unions of Education with 179,000 members) and in health care and social assistance (Sanitas Federation, with 105,000 members).

Representativeness of the national trade unions was not affected as the threshold remained unchanged, but the union confederation has complained about the negative effects of the abolishment of national collective agreements. Three out of five trade union confederations received in the first months of 2016 a renewal of their representativeness until 2020 – CNS Cartel Alfa, BNS and CNS Meridian. The representativeness of the other two national union confederations (CNSLR Fratia and CSDR) expires in 2017. According to data submitted by the confederations for renewal of representativeness, CNS Cartel Alfa had 259,443 members, BNS had

253,227 and CNS Meridian had 264,811. Altogether, the five national confederations currently account for less than 1.5 million members out of a total of approximately 4,500,000 employees (National Statistics Institute). This points to trade union density of about 30 per cent.

The situation of employers' organisations remained unchanged compared to the previous year, although the overall number of representative organisations declined dramatically after the legislative reform of 2011. Currently, there are six employers' organisations with representative status at the national level. CNIPMMP (*Consiliul National al Intreprinderilor Private Mici si Mijlocii*) renewed their representativeness until 2020 in June 2016.

4. TRIPARTITE SOCIAL DIALOGUE

Tripartite social dialogue is expected to improve after a fresh start in the activity of the Economic and Social Council (ESC), a national tripartite consultative body created in 1997 that approves all important legislation in the field of taxation, social policy, education and labour relations. On 28 June 2016, the Romanian government passed an emergency ordinance (30/2016) regulating the law on the functioning of the Economic and Social Council (ESC). The ordinance provides for new procedures regarding the repartition of the seats within the Council and for the formation of a new plenary for the eventuality in which the representative organizations cannot reach a consensus. The ordinance is expected to relaunch ESC activity, which was de facto blocked since 2013.

More exactly, in 2011, the new Social Dialogue Act replaced the representatives of the government with representatives of civil society (non-governmental organizations). According to this law, the Council has 45 members (15 from each part – civil society, employers and trade unions) with a 4-year mandate. In 2013, the 15 representatives of the government should have been replaced by the representatives of civil society and a new plenary should have been formed. Although the government nominated 15 civil society representatives and the mandates of all 45 ESC members had expired, the Council failed to renew its plenary and continued to function

¹⁶Draft Strategy for Social Dialogue, available at http://www.mmuncii.ro/j33/images/Documente/Proiecte_in_dezbatere/2015/2015-nov_Strategie_dialog_social.pdf



with the representatives of two groups – employers' organizations and trade unions. This was possible due to a legislative gap that stated that until the setting up of the new plenary the former plenary would continue its activity and allowed the Council to perform its activity with at least 24 members. In September 2015, the government again appointed 15 representatives of civil society but they could not start their activity in the Council since the representatives of the government did not resign until January 2016 and effectively left the Council only in May 2016. The new emergency ordinance is expected to unblock the situation – according to it the current ESC members will be laid off within 30 days from the date the emergency ordinance becomes effective and a new plenary will be formed within this period.

5. FORECASTS

Following the parliamentary elections on 11 December 2016, Romania has a new government in 2017, led by the Social Democrat Party. The Social Democratic Party also has the majority in both legislative chambers. If the electoral promises will be kept, one can expect significant changes in the taxation of both labour and capital, with an impact on the budgetary revenues and government expenditures. The Social Democrats also have proposed a re-industrialization plan of €10 billion and the establishment of a state investment fund, the Sovereign Fund for Development and Investment or SFDI, which is to be created from the assets owned by the state in 200 companies. It is expected that all these

measures will trigger vivid reactions from the social partners.

The draft law on unitary pay in the public sector, which was at the origin of the social unrest in 2016, is far from being resolved and will remain on the top of the agenda in 2017. Past experience shows that continuity is not a peculiarity of Romanian politics – when in government in 2015 the Social Democrats had elaborated their own draft law on unitary pay in the public sector that was rejected in 2016 by the new technocratic government, which started work on their own draft. A new draft law on pay of public employees could be the Pandora's Box in 2017 as well.

It is expected that the efforts of the unions in bringing amendments to the labour and social dialogue legislation will continue in 2017. A legislative initiative for changing the Labour Law, initiated by the National Trade Union Block (BNS) in 2014 is still in legislative procedure in the Romanian Parliament and the process is on-going.

There is no evidence that social dialogue will improve in the year to come – in fact after the 2011 legislative reform the trend is going in the opposite direction, marked by a declining share of the collective bargaining coverage and weakened trade unions. If no significant social-dialogue legislative change will be undertaken in the most important directions, such as easing collective bargaining at sectorial level, one should expect that the current legislation will only deepen the already existing structural problems of the social partners, with immediate results on employees' welfare and social justice.



ANNEX OF DATA

• Collective bargaining system

No significant change in the collective bargaining system occurred in 2016.

The Social Dialogue Law 62/2011 abolished collective bargaining at the national level in 2011. Simultaneously, the new legislation replaced branch collective bargaining with sectorial collective bargaining. The new legal framework decentralized collective bargaining by increasing the importance of collective agreements at the company level and at the sectorial level. Collective bargaining is legally binding only at the company level and only in companies with at least 21 employees.

Following abolishment of national collective bargaining in 2011, coverage of collective bargaining agreements declined from almost 100 per cent in 2010 to approximately 35 per cent in 2013.¹⁷ Data from the Labour Inspection indicate collective bargaining coverage of 25 per cent in 2015. The abolishment of national level collective bargaining left uncovered approximately 1.2 million employees working in 450,000 companies with less than 21 employees because for these companies collective bargaining is not compulsory by law.¹⁸

• System of tripartite social dialogue

Tripartite social dialogue is organised at the national, territorial and sectorial levels. In an attempt to reform social dialogue at all levels, the composition of the Social and Economic Council (CES), a tripartite body for the social dialogue at the national level, was modified in 2011 and the government withdrew from CES, to be replaced by representatives of

civil society. CES is a consultative forum and it must be consulted on all draft laws in its area of competence (economy, taxes, labour, social protection, health, education, research, culture, wages). Since many blockages occurred in the functioning of CES, mostly due to legislative gaps that allowed controversial interpretations, a series of amendments to the CES law were made during 2016. The changes are aimed at improving the functional capacity of the institution and to avoid the creation of future obstacles in the body's activity.

Another body for tripartite dialogue, the National Tripartite Council for Social Dialogue (Consiliul National Tripartit pentru Dialog Social, CNTDS), plays an important role in national tripartite social dialogue. CNTDS is a tripartite consultative body formed by representatives of the employers' organisations, trade union organisations, the government, the National Bank and the president of the CES. The CNTDS is the consultative forum for recommending the minimum wage at the national level, for analysing government strategies and programmes and for resolving, via tripartite dialogue, economic and social disputes. In December 2015 and December 2016 the social partners were consulted within the framework of CNTSD on the next year minimum wage level.

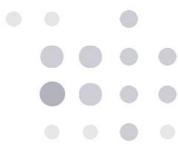
At a local level, social dialogue commissions are established at the prefecture level. The participants are representatives of local administration, representatives from employers' organizations, from each nationally-representative trade union confederation as well as other relevant stakeholders that may take part if their presence is agreed upon.

At the sectorial level, Social Dialogue Tripartite Committees are formed within 17 public authorities and institutions, such as the Ministry of Labour, the Ministry of Finance, the Ministry of Health, and so forth.

¹⁷ National Strategy for Social Dialogue, available at http://www.mmuncii.ro/j33/images/Documente/Proiecte_in_dezbatere/2015/2015-nov_Strategie_dialog_social.pdf

¹⁸ Chivu, L., Ciutacu, C., Dimitriu, R., Ticlea, T. (2013) *The impact of legislative reforms on industrial relations in Romania*, International Labour Office, *Industrial and Employment Relations Department (DIALOGUE)*, issued by Decent Work Technical Support Team and

Country Office for Central and Eastern Europe. Budapest: ILO



- **Education and vocational training**

At the national level, the public authority responsible for the organization and implementation of professional training and skills formation is the National Agency for Labour Force Employment (ANOFM, Agenția Națională pentru Ocuparea Forței de Muncă). The social partners are represented in ANOFM, which coordinates the activity of eight regional training centres. It has reported the training of 36,923 persons in the first ten months of 2015.¹⁹

The Romanian legislation provides that employers have the obligation to ensure all employees' professional training at least every 2 years for companies with a minimum of 21

employees and every three years for companies with less than 21 employees. For the professional trainings initiated by the employer, the related expenses are covered by the employer and the employee benefits with paid time off for the training. However, data from the European Company Survey (ECS) in 2013 show that the share of employees receiving paid time off for training is minimal.²⁰ The highest proportion of employees receiving paid time off for professional training was found in small and medium-sized companies. Also, Romania had one of the lowest shares of training costs (0.4 per cent of all labour costs of an employee) and the lowest participation rate based on an adult education survey of employed people participating in non-formal education and training (20 per cent in 2010).²¹

¹⁹ *Buletin Informativ Octombrie 2015*, issued by ANOFM, available at <http://www.anofm.ro/files/Buletin%20informativ%20OCTOMBRIE%202015.pdf>

²⁰ European Company Survey 2013, <https://www.eurofound.europa.eu/ro/surveys/ecs/2013/>

²¹ Statistical Office of the European Communities, 2013. EUROSTAT: *Continuing vocational training statistics*. Luxembourg: Eurostat, available at http://ec.europa.eu/eurostat/statistics-explained/index.php/Continuing_vocational_training_statistics



- **Employment rate (%)**

Period	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q2
Employment rate	59.0	58.6	60.2	59.3	60.2	60.1	61.0	61.4	61.8

Source: Eurostat. [lfsa_ergan] and [lfsq_egan]; last update: 22-11-201.

- **Unemployment rate (%)**

Period	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Q2
Age 15-64 years	7.6	6.8	6.1	7.2	7.3	7.5	7.1	7.4	7.1	7.0	6.1
Age 15-24 years	21.4	20.1	18.6	20.8	22.1	23.9	22.6	23.7	24.0	21.7	19.4

Source: Eurostat, (lfsa_urgan) and [lfsq_urgan], Last update: 08-09-2016

- **Average net monthly salaries (in €)**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual average
2005	-	-	-	-	-	-	-	-	-	-	-	-	206
2006	-	-	-	-	-	-	-	-	-	-	-	-	246
2007	-	-	-	-	-	-	-	-	-	-	-	-	312
2008	-	-	-	-	-	-	-	-	-	-	-	-	355
2009	-	-	-	-	-	-	-	-	--	-	-	-	321
2010	319	315	337	321	319	318	303	299	299	299	308	334	331
2011	318	316	334	335	326	329	329	325	327	325	333	358	341
2012	328	329	345	347	342	347	348	343	344	347	352	379	338
2013	346	347	361	371	360	359	365	358	359	361	369	393	358
2014	363	363	381	388	376	377	384	376	381	383	391	419	381
2015	388	390	412	421	406	407	417	410	414	421	431	469	457
2016	431	435	459	466	459	461	463	466	470	-	-	-	-

Source: National Institute of Statistics INSSE for wage values, National Bank of Romania for exchange rates.

Nominal earnings comprise salaries, respective money rights and in-kind rights of employees for effective work done (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 non-working time (indemnities for rest and study-

leave, holidays, other days off, amounts paid from salary fund for medical leave), prizes, holiday bonuses and other amounts paid from the 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**

According to European statistics, it appears that Romania experienced a positive evolution in the last ten years. The unadjusted

gender gap pay dropped from 16 per cent in 2002 to 4.5 per cent in 2014. This is a smaller gap than the overall EU-28 average of 16.7 per cent (2014).

Year	2002	2006	2007	2008	2009	2010	2011	2012	2013	2014
Unadjusted gender pay gap	16	7.8	12.5	8.5	7.4	8.8	9.6	6.9	4.9	4.5

Source: Eurostat, Code: tsdsc340, last up-date: 15.12.2016

• **Minimum wage (in €)**

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Jan-Dec	Jan-Sept, Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Feb-June, Jul-Dec	Jan-June, Jul-Dec	Jan-June, July-Dec	May
National (gross)	117	150, 162	141	141	158	156	170, 181	191, 202	219, 238	277

Source: Ministry of Labour, Family, Social Protection and Elderly for wage values, National Bank of Romania for exchange rates

• **Actual weekly working hours**

Full-time working hours are defined as eight hours per day and 40 hours per week and these may not exceed 48 hours per week including overtime. Overtime can be compensated either by paid time off within the following 30 days or by granting additional pay. The value of the additional pay is set under the terms of the collective employment contract and may not be lower than 75 per cent of the base salary. The premium for night work (per cent of hourly pay) is set at 25 per cent. The legal annual paid leave for 2015 consisted of the generally provided 20 working days plus 9

of the 12 holidays (given that three of the declared holidays fell during weekends). It should be mentioned that the number of days of annual leave does not increase with the employee's years of tenure unless it is specifically agreed upon in a collective employment contract.

According to 2015 data from Eurostat, Romanians work on average 40.4 hours a week, compared to 41.4 on average in the EU-28. Also, Romania ranks third in the EU-28 with regard to the number of working hours performed weekly by part-time workers – 23.6 hours.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Full-time	41.5	41.4	41.1	41	41.1	40.9	40.8	40.8	40.7	40.5	40.4	40.4
Part-time	26.5	26.6	26.6	25.7	24.4	23.9	23.7	23.4	23.3	23.2	23.6	22.9

Source: Eurostat, Code: tps00070, last up-date 15.12.2016



• **Normal work / atypical work** (in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015
Total employment	8,882.2	8,804.7	8,306.7	8,139.4	8,221.6	8,178.9	8,254.4	8,234.8
Part-time employment	765.0	750.0	823.4	770.2	763.7	739.8	722.2	725.0
Full-time employment	8,117.2	8,054.6	7,483.3	7,369.3	7,457.9	7,439.1	7,532.1	7,509.8
Total number of employees	6,308.3	6,206.2	5,643.8	5,690.6	5,726.3	5,737.2	5,841.3	6,050.2
Part-time employees	34.6	38.3	34.6	45.2	45.0	42.3	40.5	45.9
Full-time employees	6,273.7	6,167.9	5,609.1	5,645.3	5,681.4	5,694.9	5,800.8	6,004.3
Total self-employment	1,619.7	1,623.2	1,688.3	1,512.2	1,554.6	1,537.4	1,522.0	1,452.3
Part-time self-employment	437.3	437.4	473.2	416.3	415.0	408.6	401.3	404.8
Full-time self-employment	1,182.4	1,185.8	1,215.1	1,095.9	1,139.5	1,128.8	1,120.8	1,047.5
Total contributing family workers	954.2	975.3	974.6	936.7	940.7	904.3	891.0	732.4
Part-time contributing family workers	293.1	274.4	315.5	308.6	303.7	288.8	280.4	274.4
Full-time contributing family workers	661.1	700.9	659.1	628.1	637.0	615.5	610.6	458.0
Temporary employment	78.9	62.5	58.3	81.4	88.1	82.0	87.1	84.3

Source: Eurostat, LFS series, Detailed Annual Survey results, (lfsa) [lfsa_empt], last update: 08-09-2016 and [lfsa_etgaed], last update: 20-09-2016



- **Migration (in thousands)**

Migration	2010	2011	2012	2013	2014	2015
Romania	-2.4	-2.4	-1.1	-0.4	-0.8	-1.8
EU-28 average	1.5	1.4	1.5	3.4	2.1	3.7

Source: Eurostat, *Crude rate of net migration plus adjustment /1 000 inhabitants*, Code: tsdde230

- **Human Development Index**

HDI rank	Country	2010	2011	2012	2013	2014
52	Romania	0.785	0.786	0.788	0.791	0.793

Source: United Nations Development Programme, *Human Development Index Trends, 1980-2015*.²²

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

Year	2010	2011	2012	2013	2014	2015
Romania Index	33.3	33.2	33.2	34	34.7	37.4
EU-28 Average	30.5	30.8	30.4	30.5	30.9	31.0

Source: Eurostat, *Gini-coefficient of equivalent disposable income (Source: SILC)*

- **Collective agreement coverage**

Most recent data point to a sharp decline in collective agreements coverage. ILOSTAT data from 2013 indicate 35 per cent coverage

in 2013, as compared to a 98 per cent coverage in 2010, prior to the legislative changes, while the data of the Labour Inspection indicate 23 per cent coverage in 2015.

Collective agreement coverage in Romania 2010-2013

Year	2010	2013	2015
As a percentage of total employees	98%	37%	23%

Source: ILOSTAT for 2010 and 2013, Labour Inspection for 2015

- **Ongoing important collective bargaining agreements**

Currently, there are no collective agreements concluded at sectorial level in Romania. The collective agreements are concluded at company level or group of units' level. Among the most important on-going collective agreements, are:

The collective agreement for the medical and veterinary activities sector, concluded in 2014 and valid until the end of 2016. The agreement covers about 80 per cent of the sector's employees.

The collective agreement from CN Posta Romana (postal services), covering about

²² United Nations Development Programme, Human Development Reports, Table 2: Human Development Index Trends, 1980-2013, <http://hdr.undp.org/en/content/table-2-human-development-index-trends-1980-2013>



32,000 employees and valid for period of 10 years: 2008-2018.

The collective agreement at Renault Dacia Automotive, signed in January 2016 and valid for one year. Dacia Automotive is the automotive sector's biggest employers and the third biggest at the national level (14,000 employees). In 2015, the average gross wage in the company was 4400 RON, almost double the national average wage.

The collective agreement at Ford Craiova, signed in February 2016 and valid for two years and covering about 3,500 employees. The average gross wage at Ford Craiova is 2,900 RON, in line with the average wage in the automotive sector.

The collective agreement at Arcelor Mittal SA Galati, valid for one year (2016-2017) and covering 6,500 employees (about 1/3 of the steel sector's employees).

The collective agreement at CFR Calatori, the Romanian state railway company, valid for the period 2015-2017. The agreement covers about 13,000 employees.

The collective agreement from OMW Petrom, valid for two years (2016-2017) and covering 22,000 employees.

- **Trade union density**

There are no national statistics on trade union density in Romania. The European Trade Union Institute (ETUI) relies on the "Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts, in 34 countries between 1960 and 2012, compiled by Jelle Visser²³, putting union density in Romania at 32.8 per cent in 2008. This percentage had decreased from the 33.7 per cent density in 2007.

A reliable but incomplete source is the documents provided by the Ministry of Labour's website that include the official documents that each confederation submitted for obtaining representativeness status. According to this source, the five national representative

confederations (BNS, Cartel Alfa, CNSLR Fratia, CSDR and Meridian) account for about 1,333,000 members out of approximately 4,700,000 employees, which corresponds to trade union density of approximately 28 per cent.

- **Employer's organizations density**

The effect of the 2011 legislative change was a drop in the number of nationally representative confederations. Until 2007, 12 employers' organizations were recognized as representative and were entitled to national collective bargaining. In 2016, the number of nationally representative employers' confederations dropped to six from eight in 2014.

- **Workplace representation**

Representation of employees at a workplace is accomplished by trade union organizations organized at the company level. There are no Works Councils or other bodies at the company level in Romania that would ensure representation of employees. However, a trade union cannot be founded in a company with less than 15 employees, leaving workers employed by small companies without any legal representation. In companies with more than 20 employees where no representative trade union organization is established the workers are represented by so-called employees' representatives, elected by vote of the company's employees, who can also negotiate and sign collective agreements. A trade union is representative at the establishment level if it has members at the level of at least 50 per cent + 1 of the overall number of employees at the establishment.

²³ Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts, in 34 countries between 1960 and 2012, compiled by Jelle Visser, at the Amsterdam Institute for Advanced Labor Studies AIAS, University of Amsterdam, Version 4, April 2013



	ECS 2013	ECS 2013
	% of employees covered	% of establishments covered
Trade unions	37%	8%
Employees' representatives	67%	52%

Source: ECS 2013. Private sector establishments with more than 10 employees

As mentioned before, there has been a strong tendency after the 2011 labour legislation to replace collective agreements signed at company level by representative trade unions with those signed by employees' repre-

sentatives. This indicates a shift from trade union power to representatives of employees, without ensuring that the latter representatives enjoy the legal protection afforded to trade union leaders.

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total number of agreements	12,206	11,729	10,569	7,718	7,473	8,783	8,726	9,477	8,702
Signed by unions	12,206	11,729	10,569	10,569	1,050	1,235	1,226	1,332	-
Signed by employees' representatives	-	-	-	-	6,423	7,548	7,500	8,145	

- **Trade unions**
 - **National Trade Union Confederations**

National Trade Union Confederation	Number of individual members – provided on the Ministry of Labour website official documents	International affiliation
Confederatia Nationala a Sindicatelor Libere din Romania-Frația (CNSLR – Fratia, National Confederation of Free Trade Unions of Romania – Brotherhood)	306,486	ETUC, ITUC
Blocul National Sindical (BNS, National Trade Union Bloc)	253,227	ETUC, ITUC
Confederatia Sindicatelor Democratice din Romania (CSDR, Democratic Trade Union Confederation of Romania)	249,264	ETUC, ITUC
Cartel Alfa (National Trade Union Confederation “Cartel Alfa”)	259,443	ETUC, ITUC
Confederatia Sindicala Nationala Meridian (National Trade Union Confederation “Meridian”)	264,811	-

Source: Website of the Ministry of Labour, 2016



o **Trade Union Federations (selection of the main trade union)**

Trade Union Federation by branch	Number of individual members	Affiliation to national confederations	International affiliations
Metal/electrical industries			
<i>Federatia Nationala a Sindicatelor Solidaritatea Metal (SMETAL) – National Unions Federation “Metal Solidarity”</i>	4,055*	CNS Cartel Alfa	IndustriAll-Europe
<i>Federatia Sindicala a Siderurgistilor METAROM (FSS METAROM “METAROM”) - Trade Union Federation of Steel Workers</i>	5,722*	CNS Cartel Alfa	IndustriAll-Europe and Global
<i>Federatia Sindicala a Lucratorilor din Industrie - METAL (FSLI-Metal) – Union Federation for Industrial Workers</i>	6,340	BNS	IndustriAll-Europe
<i>Federatia Sindicatelor Automobilului Romanesc (FSAR) – Union Federation for Romanian Automobile</i>	21,539*	BNS	
<i>Federatia Sindicatelor din Constructii de Masini Infratirea – Federation of Unions of Automotive Manufacturing “Infratirea”</i>	21,123 *		
Energy sector			
<i>Federatia Gaz Romania – Romania Gas Federation</i>	19,296*	CNSLR Fratia	IndustriAll-Europe, EPSU
<i>Federatia Nationala Mine si Energie – National Federation of Mines and Energy</i>	1,535*	Cartel Alfa	
<i>Federatia Sindicatelor Libere din Chimie si Petrochimie – Free Union Federation in Chemicals and Petrochemicals</i>	8,580*	Cartel Alfa	IndustriAll-Europe
<i>Federatia Nationala a Sindicatelor din Electricitate UNVIERS – National Union Federation for Electricity UNVIERS</i>	24,824 *	BNS	
<i>Federatia Sindicatelor Libere Independente Energetica – Free Trade Unions Federation Energetica</i>	14,329*	BNS	
Constructions			
<i>FGS Familia – General Trade Union Federation Familia</i>	3,174 *	Cartel Alfa	
<i>Federatia “Navalistul” a Sindicatelor Libere din Constructia de Nave – Federation “Navalistul” of the Trade Unions from Navy Constructions</i>	3,000	BNS	



Public Sector			
<i>Federatia Sanitas – Sanitas Federation</i>	105,000	Fratia	EPSU
<i>Federatia Solidaritatea Sanitara – Federation Sanitary Solidarity</i>	16,465*	Cartel Alfa	
<i>Federatia de Transporturi si Servicii Publice ATU – Public Service and Transportation Federation ATU</i>	22,537 *	Fratia	EPSU
<i>Federatia Nationala a sindicatelor din Administratie - National Federation of Administration Unions</i>	19,542*	Cartel Alfa	EPSU
<i>Federatia Sindicatelor din Invatamanat Spiru Haret – "Spiru Haret" Education Unions Federation</i>	61,884	CNSLR Fratia	
<i>FSN ale Politistilor si Personalului Contractual din Romania – Federation of Police Officers and Contractual Staff</i>	41,000 *	Cartel Alfa	
<i>Federatia Sindicatelor Libere din Invatamant - National Federation of Free Unions of Education</i>	172,336	CSDR	
<i>Federatia Nationala Sindicala Alma Mater – National Federation Alma Mater</i>	12,923*	Cartel Alfa	
<i>Federatia Sindicatelor Democratice a Politistilor din Romania "Alexandru Ioan Cuza" – Federation of Police's Democratic Trade Unions "Alexandru Ioan Cuza"</i>	15,200 *	BNS	
<i>Uniunea Sindicatelor Functionarilor Publici si Personalului Contractual "Forta Legii" – Federation of Trade Unions of Public Employees and Public Employees "Forta Legii"</i>	14,829*	CNS Meridian	
<i>Federatia Sindicatelor din Administratie Publica si Asistenta Sociala Publisind – Federation of Trade Unions from Public Administration and Social Assistance Publisind</i>	19,023*	BNS	EFPSU
<i>Federatia Nationala "Ambulanta" din Romania – National Federation "Ambulanta" of Romania</i>	8,594	BNS	
<i>Federatia Sindicatelor din ADMINISTRATIA Publica Centrala si Locala din Romania "Columna" – Federation of Unions from Central and Local Administration "Columna"</i>	1,295*	CNSLR Fratia	



Textile/clothing industry			
Media & Culture			
<i>Federatia Cultura si Mass media FAIR-Media Sind – Federation of Culture and Mass Media “FAIR-MediaSind”</i>	8,000	Meridian	
Timber industry/ silviculture, plastic industry			
<i>Federatia Sindicatelor Libere din Industria Lemnului - Unions Federation of Wood Industry</i>	8,729*	CNSLR	BWI, EFBWW
<i>Federatia Generala a Sindicatelor FAMILIA “Anghel Saligny – General Union Federation Family “Anghel Saligny”</i>	4,000	Cartel Alfa	EFBWW
Commerce			
<i>Federatia Sindicatelor din Comert – Federation of Commerce Unions</i>	11,599	Cartel Alfa	UNI
Banking sector			
<i>Federatia Asigurari si Banci – Federation of Insurance and Banks</i>	16,000	Cartel Alfa	UNI
<i>Federatia Sindicatelor Libere a Salariatilor CEC Bank Romania – Federation of Free Trade Union of the Employees of CEC Bank</i>	4,050	BNS	
Agriculture and Food Products			
<i>FNSATDSC Agrostar – Agrostar</i>	63,251	BNS	
Forestry			
<i>Oganizatia “Consilva” – Organisation “Consilva”</i>	28,000		
<i>Federația Sindicatelor din Silvicultură SILVA – Trade Union Federation SILVA</i>	15,365*		
Telecommunication			
<i>Federația Sindicatelor din Telecomunicații – Telecommunication Trade Union Federation</i>	5,174*	BNS	UNI
<i>Federația Sindicatelor din Poștă și Comunicații – Postal and Communication Trade Union Federation</i>	19,093*	BNS	UNI
<i>Alianța Sindicatelor din Tehnologia Informațiilor și Comunicații ANTIC – Alliance of Trade Unions from Information Technology and Communications ANTIC</i>	6,149 *		
Transportation			
<i>Liga Sindicatelor din Transporturi – Ligue of Trade Unions from Transportations</i>	20,466*		

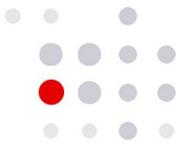
Source: Website of the Ministry of Labour, * data from 2016



- **Employers' Organizations**

National Confederation	Size (employees)	International affiliation
1.UGIR - General Union of Romanian Industrialists (<i>Uniunea Generală a Industriașilor din România</i>)	-	Business Europe,
2.CNPR - National Confederation of Romanian Employers (<i>Confederația Națională a Patronatului Român</i>)	318.279	Business Europe
3. CNIPMMR - National Council of Private Small and Medium Enterprises (<i>Consiliul Național al Întreprinderilor Private Mici și Mijlocii din România</i>)-	327,433	ECSB, WASME, UEAPME
5.PNR - Romanian National Employers Organization (<i>Patronatul National Român</i>)	246.566	
5.CP CONCORDIA - CONCORDIA Employers Confederation (<i>Confederația Patronală CONCORDIA</i>)	230.343	
6.CONPIROM - Employers Confederation from Industry, Agriculture, Constructions and Services (<i>Confederația Nationala din Industrie, Agricultură, Construcții și Servicii din România – CONPIROM</i>)	260. 412	

Source: Website of the Ministry of Labour



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