

ROMANIA

Trade Union Monitor

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POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

POLITICAL CONTEXT

2021 was marked by considerable political instability and political tensions, which overshadowed other controversies. The tensions inside the governing coalition formed by the National Liberal Party (Partidul Național Liberal, PNL), the Union to Save Romania (Uniunea Salvați România, USR-PLUS) and the Democratic Union of Hungarians in Romania (Uniunea Democrată Maghiară din România, UDMR) were a constant during the entire year, but escalated in the second half of 2021. In September 2021, all ministers from the USR-PLUS party submitted their resignations from the Romanian coalition government led by prime minister Florin Cîțu. USR-PLUS was the second largest member of the coalition in power since December 2020. The resignation of the USR-PLUS ministers took place following repeated tensions between the partners of the alliance, which came to a head when the PNL Prime Minister Florin Cîțu sacked USR Justice Minister Stelian Ion. The withdrawal of the USR ministers left a PNL-UDMR minority government in place, ushering in a political crisis amid the intensification of COVID-19 infections and deaths and diminishing the government's capacity to produce an adequate response.

The political crisis escalated further when in October the PNL-UDMR minority government lost a vote of no-confidence, initiated by the opposition centre-left Social Democratic Party (Partidul Social Democrat, PSD) and supported by the right-wing populist Alliance for the Unity of Romanians (Alianța pentru Unirea Românilor, AUR) and ex-coalition partner USR-PLUS.

The negotiations to form a new government dragged on almost two months, amidst a public health-care crisis as Romania reached a historic high in COVID-19 deaths accompanied by rising energy prices. The new government, led by the PNL-politician Nicolae Ciucă, was appointed on 25 November 2021. PNL and UDMR were joined by PSD, until then PNL's rival and bitterly opposed by President Klaus Iohannis.

The main political debates revolved around a few issues, such as the National Recovery and Resilience Plan (PNRR), rising inflation and rising energy prices. Following several rounds of negotiations, in September 2021 the European Commission issued a positive assessment of Romania's recovery and resilience plan. The PNRR provides for substantial investments in green transition, digital transformation as well as an extensive set of reforms and investments addressing the economic and social challenges faced by Romanian society.

To confront the crisis surrounding energy prices, in September 2021 the Romanian Parliament adopted a law providing for measures to protect socially vulnerable energy consumers. An estimated number of 500,000 households are to receive up to RON 500 (EUR 100) per month to pay bills during the cold season. One month later, in October the Parliament passed a law (Law no. 259/2021) establishing a compensation scheme for electricity and natural gas consumption for the 2021–2022 winter season. The law capped electricity and gas prices and imposed a windfall tax on producers. Under the law, prices billed to end consumers are to be capped and the difference between the average and maximum price will be compensated from the budget of the Ministry of Energy. The law also provided compensation for small and medium-sized companies, professions such as individual physicians' surgeries, hospitals, schools, kindergartens, etc.

ECONOMIC AND SOCIAL SITUATION

After contracting 3.9 per cent in 2020, one of the mildest economic slumps in the EU, Romania's economy recovered strongly, with GDP surging 7.4 per cent on an annual basis in the third quarter of 2021. Economic growth was fuelled mainly by private consumption and investment. Private consumption, which contracted in 2020, rose in 2021, encouraged by a weakening of COVID-19 restrictions and wage increases.

To support economic activity and to mitigate the impact of the COVID-19 pandemic, the government continued with the implementation of several measures initiated in 2020,

such as payment deferrals, fiscal facilities, state aid, etc. Government expenditures caused the public debt to soar, reaching 48.5 per cent of GDP in December 2021, according to the National Institute of Statistics (up from 44 per cent in 2020 and 35 per cent in 2019). The state budget deficit, which reached 9.61 per cent in 2021, has since then fallen to 6.72 per cent of GDP.

The cumulative effect of rising aggregate demand, government spending and sharp increase in energy prices in 2021 fanned inflation, which climbed to 8.2 per cent.

Although the situation in the labour market was largely stable, it did not fully recover from the impact of the Corona crisis. As in 2020, further deterioration of the labour market was prevented by continuing the technical employment programme (which was interrupted only between July and October), offering an indemnity of 75 per cent of gross wages, but no more than 75 per cent of the national gross wage to all employees whose employment contracts were suspended due to state-of-alert-related restrictions. According to Eurostat, the employment rate was 62.3 per cent in the third quarter of 2021, a decline in comparison with the same period of the previous years (66 per cent in 2020 and 66.7 per cent in 2019). Overall unemployment was 5.3 per cent in the first nine months of the year, slightly lower than in the same period of the previous year (5.7 per cent), but higher compared to the pre-pandemic period (4.4 per cent in the third quarter of 2019). In contrast, youth unemployment rose to 21.5 per cent – two percentage points more than in 2020 (19.2 per cent). Rising youth unemployment was accompanied by labour shortages – in the third quarter of 2021, the number of vacancies was 0.95 per cent, a slightly increase over 2020 (+0.14 percentage points).

The average wage increased by 6.9 per cent in November 2021 compared to the same month of the previous year, according to the National Institute of Statistics. However, rising inflation outpaced growth, which in real terms was negative – the average wage in November 2021 was only 99.2 per cent of the level in November 2020. The wage increase was extremely uneven, according to the data presented on the website of the National Trade Union Block. In half of the counties (21), the real average wage was 10 per cent lower in June 2021 than in June 2019. Except for one county (Cluj), the wage gap between Bucharest and the rest of the country has widened in the last 2 years.

TRADE UNION CONTEXT

The number of nationally representative trade unions remained the same as in 2020. The social dialogue was marked by the same low level of multi-employer collective bargaining. Only one sectoral collective agreement was concluded in 2021, for the pre-university education sector, between the education trade unions Federația Sindicatelor Libere din Învățământ and Federația Sindicatelor din Educație Spiru Haret on the labour side and the Ministry of Education on the other. Four multi-employer collective agreements were concluded

in 2021, compared to five in 2020 and nine in 2019. Single-employer collective agreements continue to predominate with regard to collective bargaining coverage.

Trade unions were involved in several forms of protests. Among the most important industrial actions in 2021 were the protests organised in December 2021 by the trade unions responsible for the health care and education sectors, with each of them demanding a greater and fairer wage increase. Also in December 2021, 1,500 employees of the National Railways Company (CFR) went on strike, demanding wage hikes. Despite this, only one labour dispute was registered in the first nine months of 2021 compared to three in 2020. The decline in labour disputes is the result of a legislative provision (Law 55/2020) which extends the terms of collective agreements during the state of alert. Under this provision, the number of collective bargaining agreements has declined and the number of labour disputes has steadily diminished since the law only allows labour disputes during collective bargaining.

No progress was made by the trade unions in their attempt to amend the Social Dialogue Act (62/2011), a process initiated back in 2019 and which is considered a key element in the revival of the social dialogue and collective bargaining, especially at sector level. The trade unions have advocated several amendments that would revitalise collective bargaining, improve the freedom of association, and relax the criteria for organising industrial actions/strikes. A draft law along these lines was last debated in Parliament in 2020 and no progress has been made since then.

National trade unions were involved in the consultations regarding the minimum wage in the framework of the National Tripartite Council for Social Dialogue. Although trade unions called for a linkage between the living wage and minimum wage, the government set the minimum wage only based on the indexes of labour productivity, inflation and economic growth. As a result, the gross minimum wage was increased by 10.9 per cent, from RON 2,300 to RON 2,550 (from EUR 460 to EUR 510). The measure will have a positive impact on the income of 1,970,000 employees whose gross wages are lower than RON 2,550.

TRADE UNIONS IN ROMANIA – FACTS AND FIGURES

HISTORICAL OVERVIEW

Although trade unions were legally allowed before 1989, in most cases they functioned as an annex to the Romanian Communist Party. Romanian trade unions as we know them today emerged after 1990, when the communist General Trade Unions' Union (Uniunea Generală a Sindicatelor din România, UGSR) was dissolved (December 1990). The five trade union confederations existing at present which operate at national level were founded in the following years, after a series of splits and mergers that marked trade union history at the beginning

of the 1990s. The National Trade Unions Confederation 'Cartel Alfa' (Confederația Națională Sindicală 'Cartel Alfa', CNS Cartel Alfa) was created in 1990, the National Trade Union Bloc (Blocul Național Sindical, BNS) in 1991, the CNSLR Brotherhood (Confederația Națională a Sindicatelor Libere din România Frăția, CNSLR Frăția) in 1993, while the National Trade Union Confederation Meridian (Confederația Sindicală Națională Meridian, CNS Meridian) and the National Democratic Trade Unions Confederation (Confederația Sindicatelor Democratice din România, CSDR) were both founded in 1994.

As in many Central and Eastern European countries, the most notable feature of Romanian trade unions after 1990 is the constant decline in their membership – the level of organisation of the former »transmission belts from the party to society“ dropped from over 90 per cent at the beginning of the 1990s to around 23 per cent at present. De-industrialisation on a large scale after the 1990s, the structural mutations accompanying the transition from a planned economy to a market economy, numerous privatisations of former state companies and the legitimacy crisis of trade unions have been among the main reasons for the falling union membership rate. Despite declining membership, Romanian trade unions remained influential before the 2008 economic crisis – their support for gradual economic reforms in the 1990s and 2000s and the connection between the trade unions and political parties enabled them to play a key role in establishing one of the most favourable legal frameworks for employees in the region before 2008; the gradual erosion of unions' influence that set in at the end of 2000s culminated in the reform of labour and social dialogue legislation in 2011, resulting in a flexibilisation of labour relations and degradation of the social dialogue.

TRADE UNION LANDSCAPE

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

However, the union landscape has changed significantly at the sectoral level, both as an effect of economic restructuring in the 1990s–2000s and of social dialogue legislative reforms in 2011, which restructured economic sectors. In 2002, trade union density in manufacturing industry was over 75 per cent, while in the food industry it was around 50 per cent; the highest union density was in the metal-working industry (83 per cent). Today, the highest union membership is to be found in the public sector, especially in health care and medical assistance (Sanitas Federation, with 101,000 members) and education (Federatia Sindicatelor din Invățământ Spiru Haret, »Spiru Haret« Education Unions Federation with 70,000 members and Federatia Sindicatelor Libere din Invățământ, National Federation of Free Unions in Education with 140,000 members). The unions in the public sector (health and education) are also the only ones that have concluded sectoral collective agreements since the 2011 legislative reform.

Table 1

Main trade union confederations in Romania

Trade Union Confederation	Chair and Vice Chair	Members	International Memberships
Confederația Națională Sindicală »Cartel Alfa«, CNS Cartel Alfa (National Trade Unions Confederation »Cartel Alfa«)	Chair: Bogdan Hossu Vice Chair: Liviu Apostoiu	258,099 (2019)	ETUC, ITUC
Confederația Națională a Sindicatelor Libere din România Frăția, CNSLRF Fratia (National Confederation of Free Trade Unions from Romania Frăția)	Chair: Sorin Barascu Vice Chair: Florin Bercea	304,842 (2020)	ETUC, ITUC
Blocul Național Sindical, BNS (National Trade Union Bloc)	Chair: Dumitru Costin Vice Chair: Victor Florescu	259,428 (2019)	ETUC, ITUC
Confederația Sindicală Națională Meridian, CNS Meridian (Meridian National Trade Union Confederation)	Chair: Ion Popescu Vice Chair: Gabriel Rodrigo Maxim	254,280 (2020)	CESI
Confederația Sindicatelor Democratice din România, CSDR (Confederation of Democratic Trade Unions in Romania)	Chair: Iacob Baciu	262,663 (2020)	ETUC, ITUC

Table 2
Main branch federations and individual trade unions in Romania

Branch federation / Trade Union	Confederation	Chair and Vice Chair	Members	International Memberships
Federatia Sindicatelor Libere din Invatamant, FSLI (Federation of Free Unions from Education)	CSDR	Chair: Simion Hancescu Vice Chair: Cornelia Popa-Stavari	149,170 (2021)	ETUCE, EI
Federatia Sanitas (Sanitas Federation)	CNSLR Fratia	Chair: Leonard Barascu Vice Chair: Iulian Pope	101,248 (2019)	EPSU, PSI
Federatia Sindicatelor Independente, FSI Spiru Haret (Federation of Independent Trade Unions, FSI Spiru Haret)	CNSLR Fratia	Chair: Marius Ovidiu Nistor Vice Chair: Maria Popa	70,298 (2022)	ETUCE, EI
Federația Națională a Sindicatelor din Agricultură, Alimentație, Tutun, Domenii și Servicii Conexe »AGROSTAR«, Federatia AGROSTAR (National Federation of Trade unions from Agriculture, Food, Tobacco and Connected services Agrostar)	BNS	Chair: Stefan Niculae Secretary General: Neata Toader Imparatu	63,251 (2020)	EFFAT, IUF
Sindicatul National al Politistilor si Personalului Contractual din Romania (National Trade Union of Police and Contractual Staff of Romania)	CNS Cartel Alfa	Chair: Marius Ionescu Secretary General: Neculae Isache	43,975 (2018)	EPU
Federația Sindicală IndustriAll BNS (Trade Union Federation IndustriAll BNS)	BNS	n. d.	32,500 (2020)	IndustriAll
Federația "Solidaritatea Sanitară" din România (Federation Solidaritatea Sanitara)	CNS Cartel Alfa	Chair: Viorel Rotilă	19,205 (2021)	Eurofedop, CESI
Federatia Sindicatelor »Gaz Romania«, FS Gaz Romania (Federation of Trade Unions »Gas-Romania«)	CNSLR Fratia	Chair: Eugen Luha Vice Chair: Musoi Catalin	18,042 (2020)	EPSU, PSI
Federația Națională Sindicală »Alma Mater« (National Federation Alma Mater)	CNS Cartel Alfa	Chair: Anton Hadar Vice Chair: Mihai Butu	17,551 (2021)	ETUCE, EI
Federatia Sindicatelor din Asigurari si Banci (Federation of Insurance and Banks)	CNS Cartel Alfa	Chair: Constantin Paraschiv	13,306 (2016)	UNI Europa, UNI

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

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

At company level, a trade union organisation can be founded by a minimum of 15 employees working in the same establishment, while collective bargaining is compulsory by law only in establishments with a minimum of 21 employees. These two conditions make unionisation difficult in

small companies. Data show that in 2019 there were 43,664 companies with more than 21 employees (out of a total of 591,259 companies).

WORKING CONDITIONS OF TRADE UNIONS

Freedom of association is guaranteed by the Romanian Constitution. However, in Romanian legislation the right to join a trade union is limited only to employees with an individual employment contract. Thus, atypical workers, such as self-employed persons, for example, are excluded from the right to join a union. In addition, the Social Dialogue Act (Law 62/2011) provides that a trade union at company level can be founded by a minimum of 15 employees working in the same establishment, which prevents employees from small companies from forming a union. Before 2011, legislation provided that a trade union can be founded by 15 employees working in the same profession, but from different companies. Romanian trade unions argued repeatedly that the new provision constitutes a limitation on the freedom of association and the number of employees needed to form a trade union should be decreased to reflect the structure of the Romanian economy, which is dominated by small enterprises with less than 10 employees.

In its technical memorandum from January 2011, the International Labour Office (ILO) criticised the new law's provisions for non-compliance with core international labour standards. The ILO also pointed out that the Social Dialogue Act's definition of a worker as an individual who is a party to an individual labour contract and performs work for and under the authority of a private employer could not capture the variety of emerging patterns of work organisation. It is going to be increasingly difficult to establish whether or not an employment relationship exists between the parties based on the sole criterion that the work is performed under the authority of an employer. The ILO states that the provision requiring a minimum of workers from the same enterprise to establish a union is not in itself incompatible with Convention No. 87, but the Committee on Freedom of Association stated that the number should be stipulated at a reasonable level and should take into account the proportion of small enterprises in the country.

TRADE UNIONS AND THEIR CORE TASKS

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

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

the collective agreement can be concluded by the representative trade union federation to which the respective company union is affiliated.

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

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

TRADE UNIONS AND THEIR (POLITICAL) WEIGHT

At the beginning of the 1990s and 2000s, trade unions' links to political parties enabled them to play a key role in establishing one of the most favourable legal frameworks for employees in the region. This strategy of the trade unions, namely relying mostly on the social and political capital of trade union leaders in pursuing their goals, led to a weakening of ties with individual members and/or affiliated organisations. Over time, this resulted in legitimacy issues, declining membership, and weak mobilisation capacity. The loss of internal legitimacy and organisational weakness have slowly eroded unions' political capital. As a result, in 2010-2011, when the Government announced a series of structural reforms, which included a change in labour and social legislation, the unions were not able to oppose the reforms. The attempt to organise protests revealed the weak internal mobilisation of the unions, undermining trade union leaders' efforts to exert political pressure.

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

Internal weaknesses are accompanied by a lack of legitimacy and low level of public trust. Cases of corruption and disclosure of trade unions' assets by the media have deepened the negative public attitude towards the unions.

Recent years' efforts by the trade unions have focused on changing the legislative framework underlying the social dialogue; while this is a crucial aspect in improving the social di-

ologue, trade unions must also focus on their structural problems and at the same time push ahead with internal reform as they build new social alliances that could boost their legitimacy and their public image.

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