

ROMANIA

Trade Union Monitor

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POLITICAL, ECONOMIC AND SOCIAL FRAMEWORK

POLITICAL CONTEXT

Following a two-month-long governmental crisis, a ruling coalition was formed in November 2021 between three political parties: the left-wing Social Democratic Party (PSD), the right-wing National Liberal Party (PNL) and the Hungarian minority party Democratic Alliance of Hungarians in Romania (UDMR). Despite its ideological heterogeneity, the new coalition was able to maintain political stability throughout 2022. Numerous tensions surfaced between the two main parties in the coalition, the PSD and PNL, but these never escalated, as the preservation of a stable government was considered a lofty imperative in the new regional security context emerging after Russia's invasion of Ukraine.

The coalition parties worked efficiently and capably to find an emergency solution to the Ukrainian refugee crisis. Over three million Ukrainian refugees had entered Romania between the start of the Russian invasion until the end of 2022, 107,241 of whom have remained in the country. The response came in two phases: in the initial phase there was an emergency response, followed by a second phase centring on protection and inclusion of Ukrainian refugees. Over 20 pieces of legislation have been enacted to meet the refugees' needs. Over 106 million euros in public funds have been spent on accommodation and food, with an additional 12 million euros going to transportation. The main challenges have been related to labour market integration of refugees, support services for the elderly and the disabled and the enrolment of Ukrainian children in the education system.

More recent social and economic developments, such as soaring inflation and mounting energy prices, posed serious challenges to a new government facing the risk of a rapid erosion of public trust. The result was simmering tensions between the main coalition parties, the PSD and PNL, that came to a head several times. In the first months of 2022, the two parties called upon one another to find effective solutions to

the energy crisis. The Social Democrats blamed the Liberals, who held the office of Minister of Energy, while the Liberals, for their part, asserted that any solution would have to be crafted by the entire government, not just one minister. In the end, the two parties agreed to extend the scheme to cap energy prices, launched back in 2021, until August 2023.

In autumn, a new dispute inside the government coalition ignited in connection with the Social Democrats' proposal to increase the minimum wage and pensions beginning in January 2023. While both parties agreed pensions should be increased, the PNL proposed a uniform 15 per cent rise, while the PSD insisted on a 10 per cent increase plus bonuses to be paid to low-income pensioners. In the end, the coalition agreed upon a uniform 12.5 per cent increase and cash payments to low-income pensioners.

Several proposals made by the Social Democrats in the fiscal area, such as a property tax, progressive income tax, etc., triggered heated reactions from the Liberal Party and were not implemented.

Finally, after one year of holding the reins of power, the two major ruling parties, the PSD and PNL, lost several percentage points in a series of opinion polls, while the extreme right-wing party, the AUR, went up in the polls. The results must be seen in a context in which 59.5 per cent of Romanians state that their financial situation had worsened compared to the previous year and 55 per cent expected the situation to get worse in the future.

ECONOMIC AND SOCIAL SITUATION

The Romanian economy continued on its trajectory of recovery from the pandemic throughout 2022, but the invasion of Ukraine by Russia slowed down the process, creating uncertainty and risks for economic activity. Luckily, the impact on the labour market was limited – both employment (63.4 per cent) and the unemployment rate (5.4 per cent) remained stable compared to 2021. Although Romania's economic

growth was one of the highest in the EU (4.8 per cent), and it performed much better than expected at the start of the year, this growth decelerated compared to the previous year (5.8 per cent). The biggest difference compared to 2021 was that, in terms of the structure of growth, the balance between consumption and investments shifted significantly in favour of the latter.

Inflation reached the record level of 15.69 per cent in 2022, hitting the population hard and negatively impacting purchasing power and living standards. Inflation was greater for food prices (21.5 per cent), particularly for some basic food-stuffs such as potatoes (39 per cent), food-grade oil (40 per cent) or sugar (60 per cent). Power and gas prices surged 41 per cent and 47 per cent, respectively. Wages did not keep up with inflation. Although the nominal average wage increased by 13.6 per cent compared to the same period in 2021, the real wage index only reached 97.3 per cent of the previous year.

Against this background, the government took a series of measures aiming to maintain the purchasing power of the population and to prevent the situation of the most vulnerable social strata from becoming more precarious. Beginning in March 2023, all social benefits have been increased as a result of the Reference Social Indicator (RSI) being indexed with the average inflation rate. The value of the RSI has remained unchanged since 2008.

Energy prices were capped in November 2021 for individual households, but also for small businesses, schools and hospitals up to certain levels of consumption. The measure was extended in March 2022 and later in November 2022 and now applies until August 2023.

In April 2022, the government launched the Support for Romania programme, providing a package of social and economic measures amounting to approximately 3.5 billion euros (1.3 per cent of GDP). The package provides for companies affected by the war in Ukraine to receive grants from the state. Low-income strata of the population are offered basic food vouchers worth 50 euros every two months. Vouchers are also granted to students who receive “social scholarships”; 30 euros are provided for each month in which instruction takes place.

In spite of the increased need for public spending, Romania ended 2022 at a public-spending rate of 5.68 per cent of GDP, which was below the estimate in the latest budget revision and one percentage point less than the amount recorded in 2021. This is the result of a 21 per cent increase in budget revenues in nominal terms year-on-year; nevertheless, Romania’s public spending remains one of the lowest in the EU.

TRADE UNION CONTEXT

The number of nationally active trade unions remained the same as in 2021, with no significant changes occurring in the structure or number of sectoral trade union federations.

The social dialogue was marked by the same low level of collective bargaining as in the previous years, especially at sectoral level. Most collective bargaining remains concentrated at the company level – a total of 5,344 collective agreements were concluded at the company level in the first nine months of 2022, which was more than in 2021 (3,690); this positive trend is the result of the “re-launch” of collective bargaining after the state of emergency ended in March 2021. A total of 11 multi-employer collective agreements were concluded in 2022, almost three times as many as in 2021 (4). One of the most important of these was concluded for a group of entities from the banking and insurances sector, covering approximately 22,000 employees from nine big companies. The collective agreement was negotiated between the Employers’ Federation of Financial Services in Romania and the Federation of Insurance and Bank Unions (FSAB).

No collective agreement at sectoral level was concluded in 2022, indicating a systemic problem at this bargaining level that has persisted since 2011, when social dialogue legislation was amended and new conditions for bargaining were imposed.

But, following repeated attempts by the trade unions to amend social dialogue legislation in order to strengthen collective bargaining and workers’ rights, the Romanian Parliament passed the new Social Dialogue Act at the end of 2022, which entered into force on 25 December. Through this new law (367/2022), legislators have opted to expressly repeal the Law on Social Dialogue No. 62/2011, which was repeatedly criticised by trade unions since its adoption (2011).

The new law reduces the number of employees that are required to set up a trade union to ten (from 15), changes thresholds for representativeness from 50 per cent to 35 per cent for company trade unions and from seven per cent to five per cent for sectoral trade unions. Collective bargaining at national level, which was abolished in 2011, has been reinstated and collective bargaining is mandatory at both company and sectoral levels. The new law also amends the definition of collective labour disputes and extends the right to initiate a labour dispute during the term of the collective agreement. One feature of the new regulation is that strikes to protest against the government’s social and economic policy can be declared by representative trade union federations and confederations. Law No. 367/2022 also lays down additional obligations relating to informing employees.

The law is expected to encourage a social dialogue and to increase collective bargaining coverage, but its impact remains to be seen in the ensuing period.

TRADE UNIONS IN ROMANIA – FACTS AND FIGURES

HISTORICAL OVERVIEW

Although trade unions were legally allowed before 1989, in most cases they functioned as an adjunct 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 which operate at national level at present were founded in the ensuing years, following a series of splits and mergers that characterised trade union history at the beginning of the 1990s. CNS Cartel Alfa was created in 1990, National Trade Union Bloc (Blocul National Sindical, BNS) in 1991, CNSLR Brotherhood (CNSLR Frăția) in 1993, while CNS Meridian and the National Democratic Trade Unions Confederation (Confederația Sindicatelor Democratice din Romania, CSDR) were both founded in 1994.

As in many Central and Eastern European countries, the most notable feature of Romanian trade unions after 1990 was a constant decline in their membership – the level of organisation in the former “transmission belt between party and 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, structural mutations accompanying the transition from a planned economy to a market economy, numerous privatisations of former state-owned companies and the legitimacy crisis afflicting trade unions have been among the main reasons for declining union membership rates. 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 the 2000s culminated in the

reform of labour and social dialogue legislation in 2011, resulting in a flexibilisation of labour relations and the degradation of the social dialogue.

TRADE UNION LANDSCAPE

There are five representative national trade union confederations, with there being no 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 (approximately 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.

The union landscape has changed significantly at the sectoral level, both as an effect of economic restructuring in the 1990s–2000s and of legislative reforms of the social dialogue in 2011, which restructured economic sectors. In 2002, trade union density in the manufacturing industry was over 75 per cent, while in the food industry it was around 50 per cent. The greatest union density was in the metal-working industry (83 per cent). Today, the highest degree of unionisation is to be found in the public sector, especially in health care and medical assistance (Sanitas Federation, with 84,000 members) and education (Federatia Sindicatelor din Invățământ Spiru Haret/“Spiru Haret” Education Un-

Table 1
Main trade union confederations in Romania

| Trade Union Confederation | Chair and Vice Chair | Members | International Membership |
|--|---|-------------------|--------------------------|
| Confederația Națională Sindicală “Cartel Alfa”, CNS Cartel Alfa (National Trade Union 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, CNSLR Brotherhood) | Chair: Sorin Barascu Vice Chair: Florin Bercea | 304 842 (2020) | ETUC, ITUC |
| Blocul Național Sindical, BNS (National Trade Union Bloc, NTUB) | Chair: Dumitru Costin Vice Chair: Victor Florescu | 259 428 (2019) | ETUC, ITUC |
| Confederația Sindicală Națională Meridian, CNS Meridian (Meridian National Trade Union Confederation, NTUC meridian) | 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, CDTUR) | 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 |
|---|-----------------|---|----------------|---------------------------|
| Federația Sindicatelor Libere din Invatamant, FSLI (Federation of Free Unions in Education) | CSDR | Chair: Simion Hănescu Vice Chair: Cornelia Popa-Stavari | 149 170 (2021) | ETUCE, EI |
| Federația Sanitas (Sanitas Federation) | CNSLR Fratia | Chair: Leonard Barascu Vice Chair: Iulian Pope | 84 490 (2020) | EPSU, PSI |
| Federația Sindicatelor Independente Spiru Haret (Federation of Independent Trade Unions "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", Federația AGROSTAR (National Federation of Trade Unions in Agriculture, Food, Tobacco and Connected services Agrostar) | BNS | Chair: Ștefan Niculae Secretary General: Neata Toader Imparatu | 10 921 (2020) | EFFAT, IUF |
| Sindicatul Național al Politistilor și Personalului Contractual din Romania (National Trade Union of Police and Contractual Staff of Romania) | CNS Cartel Alfa | Chair: Marius Ionescu Secretary General: Neculae Isache, | 28 847 (2022) | EPU |
| Federația Sindicală IndustriAll BNS (Trade Union Federation IndustriAll BNS) | BNS | – | 32 500 (2020) | IndustriAll |
| Federația "Solidaritatea Sanitară" din România (Federation Solidaritatea Sanitara) | CNS Cartel Alfa | Chair: Viorel Rotilă | 19 205 (2021) | Eurofedop, CESI |
| Federația Sindicatelor "Gaz România" (Trade Union Federation Gaz Romania) | CNSLR Fratia | Chair: Eugen Luha Vice Chair: Cătălin Musoi | 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 |
| Federația Sindicatelor din Asigurari si Banci (Union Federation of Insurances and Banks) | CNS Cartel Alfa | Chair: Constantin Paraschiv | 13 000 (2019) | UNI Europa, UNI |
| Federația Națională Feroviara Miscare / Comercial Vagoane (National Federation Railway Movement / Commercial Wagon) | BNS | Chair: Grigore Mare | 21 862 (2019) | – |

ions Federation with 70,000 members and Federația Sindicatelor Libere din Invățământ/National Federation of Free Unions in Education with 162,000 members). The unions in the public sector (health and education) are also the only ones that have concluded sectoral collective agreements since the 2011 legislative reform.

The most recent available data (2014) on union representativeness at sectoral level indicate that representative trade union federations were present in 21 sectors of the economy (out of 29 sectors in total). The eight sectors without representative trade unions are the textile indus-

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

Since the legislative changes in social dialogue legislation in December 2022, a trade union organisation can be founded at company level by a minimum of ten employees (instead of 15 under the previous legislation) working at the

same establishment or in the same branch of collective bargaining, while collective bargaining is compulsory by law in establishments with a minimum of ten employees (instead of 21). These changes are expected to increase collective bargaining coverage by adapting legal provisions to the realities of the economic structure – data from 2022 shows that there were 40,473 companies with more than 21 employees (out of a total of over 1.1 million companies).

WORKING CONDITIONS OF TRADE UNIONS

Freedom of association is guaranteed by the Romanian Constitution. However, between 2011–2022, Romanian legislation limited the right to join a trade union to employees with an individual employment contract. Legislative changes in 2022 extended this right to independent workers, such as self-employed persons. The Social Dialogue Act adopted in December 2022 (Law 367/2022) provides that a trade union at company level can be founded by a minimum of ten employees working in the same establishment or the same branch of collective bargaining. Previous legislation applying until December 2022 provided that a minimum of 15 employees, all working at the same establishment, is required in order to set up a trade union. Romanian trade unions argued repeatedly that this provision constitutes a limitation on the freedom of association, and that 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. In its technical memorandum from January 2011, the International Labour Organisation (ILO) criticised the law's provisions for non-compliance with core international labour standards. The legislative amendment of the Social Dialogue Act in December 2022 was part of the Romanian Recovery and Resilience Plan (RRP), which envisages, among other things, a set of social reforms with an estimated budget of 196.74 million euros.

TRADE UNIONS AND THEIR CORE TASKS

The Social Dialogue Law 62/2011 abolished collective bargaining at national level, as a result of which a national collective agreement covering all employees has been concluded every year since then. In the wake of 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. The legislative amendment that went into force in December 2022 reintroduces collective bargaining at national level, but the law stipulates that it may not include clauses relating to national minimum wages, as used to be the case up until 2011; it may, instead, include minimum wage coefficients by occupational standards.

According to the new Social Dialogue Act collective bargaining is legally binding at company level for companies with at least ten employees. In order to engage in collective bargaining at company level, a trade union must be representative (membership of a minimum of 35 per cent + one employees).

The new law also makes collective bargaining compulsory at sectoral level (the sector in charge of collective bargaining). Either the employer or employees can take the initiative to commence collective bargaining, as opposed to previous legal provisions, which reserved this right for employers. Collective bargaining at sectoral level depends on the representativeness of social partners (5 per cent of the sectoral workforce for trade union federations and 10 per cent for employers' organisations).

The new Social Dialogue Law was adopted with the aim of increasing collective bargaining coverage, which had been constrained by legislation enacted in 2011. The provisions written into law in 2011 triggered a drastic decline in the number of collective agreements in the ensuing years. Since the legislative reform, the only sectors for which a sectoral collective agreement has been concluded have been the public health and public pre-university education sectors. The abolition of national collective bargaining and the decline in collective bargaining at sectoral level have had a negative impact on 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 on the part of trade unions, namely relying mostly on the social and political capital of trade union leaders in the pursuit of their goals, caused a weakening of ties with individual members and/or affiliated organisations. Over time, this translated into 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 roll-back in the area of labour and social legislation, the unions were not able to oppose the reforms. The attempt to organise protests exposed the weak internal mobilisation capacities of the unions, undermining trade union leaders' efforts to exert political pressure. Finally, after repeated attempts, the Social Dialogue legislation was amended in December 2022.

Although the trade unions are involved in tripartite bodies and attend parliamentary debates over legislation bearing relevance to their constituencies, their capability to influence the legislative process is modest.

Internal weaknesses are accompanied by a lack of legitimacy and a low level of public trust. Cases of corruption and disclosure of trade unions' assets by the media have worsened an already negative public opinion of the unions.

Efforts by the trade unions in recent years have centred on changing the legislative framework underlying the social dialogue; while this is a crucial aspect if the social dialogue is to

be improved, trade unions also need to focus on their structural problems while at the same time pushing ahead with internal reforms as they build new social alliances that could boost their legitimacy and their public image.

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