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**JOINT STUDY OF THE EUROPEAN SOCIAL PARTNERS  
“THE IMPLEMENTATION OF FLEXICURITY AND THE ROLE OF THE  
SOCIAL PARTNERS”**

**NATIONAL FICHE:**

**ROMANIA**

PREPARED BY: Eckhard Voss  
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## Contents

Preface .....	3
1 The economic and social context.....	4
Economic crisis and recovery.....	4
Labour market indicators and trends .....	5
Flexicurity in the labour market and labour market policy.....	5
Conclusion.....	7
2 Flexibility and security in recent labour market and social policy reforms .....	7
Introduction and overview .....	7
Lifelong learning and the mobility of workers .....	7
External/internal flexicurity and contractual arrangements .....	8
Active labour market policy .....	8
Supportive social security systems .....	9
High quality and productive workplaces.....	9
Gender equality .....	9
Financial sustainability .....	9
Conclusion: Strengths, weaknesses and challenges .....	10
3 The role of the social partners .....	10
General remarks on the role of social partners .....	10
Main instruments and levels of influence.....	11
Recent changes and challenges .....	12
Cases of good practice in the field of labour market flexibility and security.....	13
4 Key points arising .....	14
Sources and references.....	15
Replies to the questionnaire survey and other contributions .....	15
Further resources.....	15

## Preface

This national fiche is part of the EU Social Partners’ Study “The implementation of flexicurity and the role of social partners” carried out in the context of the EU Social Dialogue Work Programme 2009-2011, which includes “*Jointly monitoring the implementation of the common principles of Flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons*”.

To implement this task in the best possible way and to involve national member organisations actively in the gathering of data and information, the study applies a methodology that consists of multiple levels of analysis using a variety of instruments to be implemented with the help of a team of experts:<sup>1</sup>

- The expert team, with the advice of European Social Partners, agreed on a *set of selected statistical indicators* in the field of employment and economic and social development with labour market relevance.
- National social partners were asked to participate in a *questionnaire-based survey* focussing on the relevance of the flexicurity concept within national labour markets, the role of the social partners in policy implementation and their views of the flexicurity concept. To complement the research, the expert team visited a number of countries and carried out interviews with national social partners.<sup>2</sup>
- Based on the two sources above and a review of available written materials and information, the expert team prepared *29 national “fiches”* on the implementation of the flexicurity principles and the role of social partners in the respective national contexts.
- Results of the questionnaire survey and main findings of the national analyses were discussed at four “*country cluster seminars*” that were organised by the European Social Partners with the help of national sections in Warsaw (November 2010), Lisbon (December 2010), Paris (31<sup>st</sup> January-1<sup>st</sup> February 2011) and The Hague (8<sup>th</sup> February 2011).
- In the light of the overall study results and the comments received by national social partners in the contexts mentioned above, the expert team has prepared a *comparative synthesis report* on “Social Partners and Flexicurity in Contemporary Labour Markets” that was presented and discussed at a *EU-level synthesis seminar* on 31<sup>st</sup> March and 1<sup>st</sup> April 2011 in Brussels.

This national fiche aims to present a broad overview on the economic and social context and the state of play with regard to flexibility and security in the labour market and current social security arrangements (sections one and two). Secondly, the report describes the role of the social partners and social dialogue in the implementation of policies and practices that can be considered under the broad umbrella of “flexicurity” (section three), also summarising inputs provided by national social partners to the questionnaire, from interviews carried out and other contributions made in the context of the study. Section three also presents brief descriptions of cases of good practice as has been indicated by the national social partners.

The text was originally prepared as draft report in the autumn of 2010 in order to facilitate the discussion at the cluster seminar on 9<sup>th</sup> and 10<sup>th</sup> December 2010 in Lisbon. The original dossier has been reviewed and revised to take into account the comments and discussions that took place during the seminar or received afterwards.

However, it should be stressed that this report is presented as an “independent expert report”. It represents the views of the individuals involved in its preparation and does not purport to represent the views, either individually or collectively, of the social partners’ representatives that contributed to it, or those of the European level social partner organisations that were responsible for its commissioning.

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<sup>1</sup> Expert team: Eckhard Voss (co-ordinator), Alan Wild, Anna Kwiatkiewicz and Antonio Dornelas.

<sup>2</sup> The following countries were visited in the context of the project between May and July 2010: Denmark, France, Ireland, Italy, Czech Republic, Poland, Germany, Portugal and the Netherlands.

# 1 The economic and social context

## Economic crisis and recovery

With an average annual real GDP growth of 6.8% between 2004 and 2008, Romania was one of the fastest growing EU Member States. However, according to the assessments of the EU Commission (EU Commission 2010) this strong growth went hand in hand with growing external and fiscal imbalances.

The effects of the global economic and financial crisis on Romania became obvious in the fourth quarter of 2008. By the end of the year, a budget deficit of 5.4% of GDP was recorded, and the forecasts for 2009 were alarming, mirroring the downward trend of the economy. The financial crisis resulted in a drastic decrease in capital inflows and the exchange rate of the RON against the euro depreciated by more than 30% between August 2007 and January 2009. The problems in the access to financing, currency depreciation, and the sharp decline in exports due to the slump in global trade resulted in a strong contraction of real GDP, which fell by 7.1% in 2009. The contraction in economic activity led to an increase of the unemployment rate from 5.8% in 2008 to 6.9% in 2009.

As a result, Romania was forced to ask for assistance, which it received from the International Monetary Fund, the World Bank and the European Commission in the form of an aggregated support package of about €20 billion. In return, the Romanian government in May 2010 announced a drastic package of austerity measures, which resulted in major social protest (for more details see chapter 3 of this report).

According to the EU Commissions' autumn economic forecast of 2010 real GDP growth was still expected to decrease and is expected to recover gradually by accelerating to 1.5% in 2011. The expected improvement in economic conditions in 2011 is due to a recovery of external demand and foreign direct investment. Private consumption growth is not expected to recover firmly until later in the year, because of slower wage increases, the continued high rate of unemployment and difficult access to credit. Similarly, investment should remain weak, being held back by low capital utilisation rates, credit constraints and market uncertainty. All this implies that the recovery is likely to remain moderate, at least during the current calendar year.

### ROMANIA - MAIN ECONOMIC INDICATORS AND OUTLOOK

	2007	2008	2009	2010	2011
<b>GDP</b> – annual percentage change	6.3	7.3	-7.1	-1.9	1.5
<b>Employment</b> - annual percentage change	0.4	0.0	-2.0	-0.8	0.1
<b>Unemployment rate</b> (Eurostat definition)	6.4	5.8	6.9	7.5	7.4
<b>General government balance</b> (as percentage of GDP)	-2.6	-5.7	-8.6	-7.3	-4.9
<b>General government gross debt</b> (as percentage of GDP)	12.6	13.4	23.9	30.4	33.4

Source: European Commission: Autumn 2010 Economic Forecast.

For 2010, it is anticipated that the private sector would be able to compensate for the expected job losses in the public sector, at least towards the end of the year. However, a reduction in the unemployment rate is not envisaged at this early stage of the economic recovery. Given the usual lag between the recovery in economic activity and the decrease in the unemployment rate, the latter is still expected to inch up to 7.5% on average in 2010 and come down only slightly in 2011.

## Labour market indicators and trends

Though Romania has made some progress in recent years, the country is still clearly lagging behind the European employment rates targets of the Lisbon 2010 strategy: with a total employment rate of below 59% (EU target 70%), a female employment rate of 52% (EU target 60%) and an older workers employment rate of 43% (EU target 50%), the employment rate still is significantly lower than at the beginning of the 1990s, when it stood at 70%.

The main reason for low employment rates is the broad decrease in the number of employees – since 1990 some 3.5 million individuals (more than 40%) left the labour market. Also the development after 2000 was characterised – in contrast to the EU 27 average – by a contraction in employment of around 4.2 % (Ciuca/Mladen 2008, p. 13). This development may be partly explained by the external migration of the labour force and by the significant weight of undeclared work (around 20 percentage of GDP).

Against this Romania is characterised by a comparatively low unemployment rate. For 2008, the official rate was only 5.8% and below the EU27 average before it went up in the context of the 2008 crisis (see above). However, this low rate was mainly due to emigration, in particular of young people, which in Romania suffer from an above the EU average unemployment rate. The significant share of informal economy and hidden unemployment in the agriculture sector can also be accounted for this situation.

### ROMANIA - MAIN LABOUR MARKET INDICATORS 2008 IN COMPARISON TO EU27

	Romania	EU27
Employment rate – % population aged 15 – 64	58.6	64.6
Employment rate older people – % population aged 55-64	42.6	46.0
Self employed - % total population	28.8	15.5
Employment in services - % total employment	40.9	70.4
Employment in industry - % total employment	31.3	24.1
Employment in agriculture - % total employment	27.8	5.6
Unemployment rate - % labour force 15+	6.9	8.9
Youth unemployment rate - % labour force 15-24	20.8	19.6
Long term unemployment rate - % labour force	2.2	3.0
Inequalities of income distribution (2008)	7.0	5.0

Source: Eurostat, *Employment in Europe Report 2010*.

Further characteristics of the Romanian labour market development are a comparatively high share of agricultural employment (nearly 28% 2008, as compared to a EU27 average of only 5.6%) and a relatively low share of service sector employment (about 41% as compared to the EU average of 70% in 2006). At the same time the rate of self employed persons in Romania has been significantly higher than in the EU average.

## Flexicurity in the labour market and labour market policy

Apart from educational attainment figures - Romania is slightly above the EU average while comparing the share of the population having completed at least an upper secondary education there is a clear gap between Romania and the EU27 average with regard to flexicurity indicators such as part-time employment rate, access to flexitime, participation in continuous vocational training or lifelong learning.

As EU comparative figures show, also the expenditure on active labour market policy as a share of the GDP in Romania was very low: 0.06% of GDP compared to an EU average that was nearly seven times higher..

## ROMANIA- FLEXICURITY INDICATORS IN COMPARISON

	Romania	EU27
<b>Total population having completed at least upper secondary education (population aged 25-64, %), 2009</b>	74.7	72.0
<b>Part-time employment - % total employment, 2009</b>	9.8	18.8
<b>Fixed-term contracts - % total employees, 2009</b>	1.0	13.5
<b>Access to flexitime, % total employees aged 15-64, 2004</b>	10.8	31.3
<b>Percentage of employees (all enterprises) participating in CVT courses , 2005</b>	17.0	33
<b>Lifelong learning participation – percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey, 2009</b>	1.5	9.3
<b>Job satisfaction – percentage of workers that are either very satisfied or satisfied with working conditions in their main paid job (EWCS 2010)</b>	75.4	84.3
<b>Strictness of employment protection – regular employment, 2008</b>	n.a.	2.11*
<b>Strictness of employment protection – temporary employment, 2008</b>	n.a.	2.08*
<b>Strictness of employment protection – collective dismissals, 2008</b>	n.a.	2.96*
<b>Public expenditure on <i>passive</i> labour market policies (categories 8-9) - % of GDP, 2008</b>	0.17	0.96
<b>Public expenditure on <i>active</i> labour market policies (categories 2-7) - % of GDP, 2008</b>	0.06	0.46
<b>Persons at-risk-of-poverty after social transfers - % of total population, %, 2009</b>	22.4	16.3

Source: Eurostat; Employment in Europe Report 2010; Eurofound (European Working Conditions Survey 2010); OECD. \*OECD average

Though Eurostat figures on strictness of employment protection or public expenditure on active labour market policy are not available, a recent Romanian study (Ciuca et.al. 2009) has tried to fill in the gap (?) with regard to these indicators (see quote below). However, it should be noted that this assessment is based on 2003 figures.

*Making a parallel regarding the value of the EPL Indicator for 24 countries, one may see that Romania is ranked the 20th, having the same value of the EPL index as Lithuania. The high value of the index reflects that Romania has quite a rigid labour legislation, which, in reality, reduces employment and labour productivity and the companies cannot quickly adapt to the globalisation process and technological changes. (Ciuca et.al. 2009, p. 169)*

When it comes to flexicurity as a guiding principle of labour market policy in Romania, the 2008 Implementation Report of the Romanian Government in the European Growth and Jobs Strategy summarised a number of activities carried out aiming at translating the flexicurity concept into the reality of the Romanian labour market: according to the report (Romanian Government 2008, p. 108) a broad debate on the issue of flexicurity was started within the *National Observatory of Employment and Vocational Education of Labour Force* under the coordination of the Ministry of Labour, Family and Equal Opportunities including representatives of relevant public institutions for labour and social affairs, national level employers' organizations and trade unions, business environment and academics, as well as non-governmental organizations.

Apart from quite a broad number of reform initiatives in policy fields such as labour market administration and policy, education and training as well as social policy (see chapter 2), the government is summarizing the Romanian pathway of flexicurity as follows:

*Essential feature for developing an integrated approach of all flexicurity elements is a more efficient administrative system of labour and social affairs. Ministry of Labour, Family and Equal Opportunities is promoting an institutional and informational reform based on a strategic document to be approved by the*

*Romanian Government. The draft strategy sets up the following priorities: creating an integrated IT system for MMFES and institutions under its supervision or authority; amending the existing legislation for simplifying the procedures. The flexicurity issues are critical for achieving a balance in terms of rights and duties of employers and employees. The social dialogue and collective bargaining are essential tools in development and implementation of any type of labour market reform. (Romanian Government 2008, p. 108)*

## Conclusion

In the analysis of the current state of with regard to flexibility and security in the Romanian labour market as quoted above (Ciuca et.al. 2009) the following conclusions are drawn in view of the position of the country in comparison to the European average: referring to the new member states Romania and Bulgaria, the study argues:

*“In general, their labour market is a rigid one, characterised by low mobility, high long-term unemployment rate and low employment rate for the population aged 55 and over. Also, these countries are facing low social protection, and very low participation in education and training programmes for the population, including lifelong learning. All these converge to a relatively low adaptability of labour markets, the idea being that there is a need for these countries to focus on labour market flexibility and increase in employment security, in general.” (Ciuca et.al. 2009, p. 180/181)*

## 2 Flexibility and security in recent labour market and social policy reforms

### Introduction and overview

As in other EU member states, the flexicurity concept was only introduced in the debate on labour market and social policy in direct reference to EU level initiatives, in particular following the European Council Conclusions on Common Principles of Flexicurity and the inclusion of the flexicurity concept into the Lisbon Reform Strategy. Against this it is of course hard or even impossible to talk about a specific “Romanian flexicurity model”. However, the Romanian case also illustrates an example of quite comprehensive labour market and social policy reform initiatives, which were justified by policy makers not only by structural weaknesses of the existing systems and policies, but also in direct reference to the flexicurity principles and objectives. When evaluating the official government reports on recent labour market and social policy reforms in Romania (in particular Romanian Government, 2008), one could even talk about flexicurity being some kind of guiding principle of reforms in various policy areas.

The following passages are summarizing main reform projects carried out in recent years as documented in the reports of the Romanian Government in the context of the Lisbon Strategy (Romanian Government 2008 and 2009).

### Lifelong learning and the mobility of workers

Although there has been slight progress in Romania between 2000 and 2006 in regard to the participation in lifelong learning, the overall participation rate still is very low (see table on flexicurity indicators above). Against this the Romanian government has started to develop concrete ideas and approaches in improve the situation in the context of EU projects such as the IDENTIFY project (“Identifying success factors for implementing national strategies for lifelong learning through collaboration and transfer of expertise”) or the “Strategy for Human Resources Development 2009-2020”.

On a sectoral basis, the 2007-2013 “Sectoral Operational Programme for the Development of Human Resources” has also provisions, to “enhance the adaptability of both labour and enterprises, develop partnerships, stimulate corporations’ ownership, and develop awareness of the need for continuous training” (quoted in Eurofound 2009).

## External/internal flexicurity and contractual arrangements

In the context of EU membership and the adoption of the *acquis communautaire*, Romania in 2003 implemented a comprehensive reform of the labour code that set out an entirely new framework for labour relations. This harmonization of labour legislations with EU standards also introduced more flexibility to labour relationships and a reduction of administrative pressures on employers, for example by less rigid rules for entering into new employment contracts, part-time employment, fixed-term contracts, temporary agency work or a broader range of lay-off procedures.

Regarding part-time work, even if this type of work had always been possible under Romanian legislation, the Labour Code that came into force in 2003 provided, for the first time, the possibility to conclude individual labour contracts for part-time work. Part-time contracts can be concluded for an indefinite term or a fixed term. Employees hired under a part-time contract enjoy the same rights as full-time employees.

After 2003, the Labour Code was amended again in 2005 and 2006 in order to increase contractual flexibility along with relaxing some restrictions on the duration and manner of employment contracts. Currently, the maximum duration of fixed-term contracts is 24 months and there can be no more than three successive fixed-term contracts signed within this period, after which the employer must fill the vacancy with an indefinite-duration employment contract. Also, in order to make individual dismissal and collective redundancies more flexible, a number of changes have been made, e.g. by increasing the minimum number of redundant employees in the context of defining a collective redundancy situation, shortening the period of notification regarding communication of redundancy decisions to trade unions (from 45 to 30 days) or abolishing the requirement that the employer has to present a programme of social security, training and development measures for employees affected by collective redundancies.

## Active labour market policy

Training and retraining measures for the unemployed were put into place in Romania at the beginning of the transition from planned to market economy. The new legal framework of labour market policy introduced in 2002 provided quite a broad range of ALMP that comprise training programmes, employment subsidies aiming at encouraging employers to hire individuals from various weak groups considered as marginalized or disadvantaged on the labour market, temporary employment for community work, counseling, job fairs and job exchanges, incentives for territorial mobility of the labour force and subsidized credits for employment generation.

However, the effectiveness of the Romanian labour market policy and ALMP instruments has been questioned for example by the EU Commission in its recommendations to Romania and the implementation of the Lisbon National Reform Programme:

*“The Council recommended Romania to tackle low activity, employment and productivity levels in an integrated manner. Progress to date remains limited. Many initiatives are prepared, but are often insufficiently targeted to the needs of the labour market, and of different groups, in particular vulnerable people, the largest share of which are the Roma. Greater attention is now given to life-long learning and active labour market measures. However, the lifelong learning strategy has yet to be adopted, and the downsizing of the Public Employment Service will limit its capacity to improve and expand its services, particularly against the background of increasing inflows into unemployment.” (EU Commission 2009, p. 93)*



## Supportive social security systems

A major objective of social security reforms carried out in recent years by the Romanian government was to reduce the contributions of both employers and employees to the state budget (by introducing a flat tax rate on both salaries and profits), the social security and the unemployment funds. Another major reform was the introduction of private pension funds, now being compulsory for employees up to the age of 35.

Romania has a system for setting up the national minimum wage as well as the possibility to establish/negotiate financial compensation for the loss of employment. Periodically, the reference basis for the calculation of the national minimum wage is resized, as a basis for negotiating collective employment agreements. For example the minimum wage set by the Government for the year 2007 was RON 390 (around 120 €), the national minimum wage negotiated by the social partners was RON 440, in construction it was RON 500 and in transport RON 620 (Eurofound 2009).

## High quality and productive workplaces

According to recent surveys (e.g. Eurofound 2010) the lack of a decent standard of employment and working conditions still is a major challenge in Romania. The relative broadness of non-standard employment, particularly due to undeclared work and subsistence agriculture, is a particularly striking problem, which has been addressed especially by trade union organisations. Although progress has been made towards the regulation of the labour market, promotion of workers' rights, and guaranteeing health and safety at work, the implementation of certain quality standards in employment in certain sectors of the economy and, in particular, in rural areas remains a challenge.

For example, in the debates on the “National Reform Programme”, the trade unions' view was that the greatest challenge of the Romanian labour market was the *“transfer of the self-employed persons working in agriculture or in unpaid activities towards a decent form of employment”* (quoted in Eurofound 2010).

## Gender equality

According to data provided by the National Statistic Institute, in October 2008, the average gross monthly wage earnings of women stood at 92.2% of male counterpart earnings, as against only 76% in 1996 and 80% in 1998. These figures put Romania with regard to the gender pay gap in a top position of those (few) EU member states characterised by a pay gap below 10%.

In Romania, the concept of equal opportunities for men and women is promoted by specialised institutions, through multi-annual strategies and plans of action. The national social partners have been concerned in the past years with creating the framework for equal opportunities, which is why their recent agenda includes talks on new stipulations to this effect in the collective agreements, provisions that surpass the current legal requirements aimed at discouraging discrimination and ensuring equal treatment of both men and women.<sup>3</sup>

## Financial sustainability

As in other countries, the Romanian government has adopted various initiatives to improve the financial sustainability, in particular of the social security system. One example has been the introduction of private pension funds, which today are obligatory for younger workers.

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<sup>3</sup> For more details see the EIRO article „Addressing the gender pay gap: Government and social partner actions – Romania”, Dublin, 27.4.2010.

Many of the measures and reforms projects described above in the field of active labour market policy, lifelong learning and vocational education and training are funded or co-funded by European funds.

### Conclusion: Strengths, weaknesses and challenges

Romania seems to be a case of country where labour market and social policy reforms in the aftermath of EU membership and modernizing labour and social relations has been closely connected to the concept of flexicurity. At least, as documented in the reporting of the Romanian government in the context of the Lisbon Reform Strategy or in projects related to flexicurity<sup>4</sup>, the concept is regarded as a guiding principle of reform during recent years. There is no evidence that would allow to judge whether this principle has become a reality, and, if yes, to what extent.

However, while the flexicurity discussion has resulted in a number of reforms improving flexibility in the labour market and other objectives such as financial sustainability of the social security system, concrete reforms in other fields, in particular related to skills development, lifelong learning and continuous training still are at a stage of development and reflection. Moreover, the element of security in the Romanian labour market seems to be a major challenge. Here, the Romanian trade unions are of the opinion that the *“improvement of working conditions in Romania is a matter that requires urgent action, particularly due to the fact that greater flexibility has led to the worsening of working conditions, as surveys have revealed”* (quoted in Eurofound 2010).

## 3 The role of the social partners

Unfortunately, the Romanian social partners have not responded to the questionnaire survey of the European Social Partners on flexibility and security in current labour market and social policy reform. Therefore, it is difficult to analyse and assess the role of social partners in Romania in this regard. Also, existing surveys such as the EIRO comparative survey on flexicurity and industrial relations have been not very helpful (Eurofound 2009) since the results regarding the role of social partners in various flexicurity policy fields are described very general and global (*“Both employer organisations and trade unions have contributed substantively to the implementation of these new policies.”*).

### General remarks on the role of social partners

Industrial relations in Romania have changed fundamentally in the aftermath of the ending of the centralised economy of the communist regime and the opening up of the country to the market economy and EU membership. Privatisation and economic restructuring have been accompanied in the political sphere by the implementation of a new labour code, governing the formation of trade unions, employers’ organisations, collective bargaining and labour disputes and social dialogue structures.

#### ROMANIA - MAIN SOCIAL DIALOGUE INDICATORS

	Romania	EU27
Collective bargaining coverage, 2006	60%	63%
Trade union density, 2006*	50%	25%
Employer organization density, 2006	n.a.	n.a.

\* based on trade union estimations

Sources: EU Industrial Relations Report 2008.

<sup>4</sup> See for example the project „POFLEXSEC”, the website of the government sponsored project “Mechanisms to promote the flexibility and security (“Flexicurity”) and labour market segmentation reduction policy” – [www.flexicurity.ro](http://www.flexicurity.ro)

The organisational landscape of social partners in Romania is characterised by a strong pluralism, not only with regard to the main trade union organisations, but in particular with view on the employers' interest organisation: there are five trade union confederations<sup>5</sup>, which are regarded as being nationally representative according to the collective agreements law. Four of the confederations are members of the European Trades Union Congress ETUC.<sup>6</sup> Although not official figures exist, trade union membership still is rather high in Romania (50%, based on trade union information). The organisation of employers interest is even more fragmented with 13 different organisations regarded as nationally representative. Nine employer organisations representative at national level founded in May 2006 the “Alliance of Employer Confederations in Romania” (*Alianța Confederațiilor Patronale din România*, ACPR) as their umbrella organisation which is also the Romanian member of BUSINESSEUROPE.<sup>7</sup>

One member of the Alliance (CNIPMMR) also is a member of UEAPME. The “National Employers' Federation of the Public Services Operators of Romania” FNPSPR an umbrella organisation of around 20 public Romanian employers in various sectors - is a member of CEEP.

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

All employer organisations representative at national level provide consultancy and assistance for the employer organisations and individual company members and are involved in tripartite dialogue and bargaining, e.g. the “*Tripartite agreement on minimum wage rises for 2008-2014*”, which was signed by all 13 organisations. Eleven of the 13 employer organisations are signatory of '*the Unique collective agreement at national level for 2007-2010*'.

## Main instruments and levels of influence

The Romanian social partners are involved in a number of tripartite institutions and formal social dialogue covering various policy fields: all trade unions and 11 of the employers confederations are represented in the national Economic and Social Council (*Consiliul Economic și Social*, CES) and participate as members in the social dialogue commissions at ministry and county level. The CES has played an important role as a consultative body in the context of the reform of the labour code and subsequent reforms in labour relations and social policy.

In addition, the social partners are members in the boards of the “National Agency for Employment” (*Agenția Națională pentru Ocuparea Forței de Muncă*, ANOFM) and the “National Council for Adult Vocational Training” (*Consiliul Național pentru Formarea Profesională a Adulților*, CNFPA). The CNFPA is composed of 15 members, of which five are appointed by the government, five designated by the employers organisations and five by the national trade union confederations. Social dialogue in vocational training and education also plays a role at the company level: the law provides every

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<sup>5</sup> The National Trade Union Confederation ‘Cartel Alfa’ (*Confederația Națională Sindicală ‘Cartel Alfa’*, Cartel Alfa), established in 1990; the National Trade Union Bloc (*Blocul Național Sindical*, BNS) in 1991; the National Confederation of the Free Trade Union Fraternity of Romania (*Confederația Națională a Sindicatelor Libere din România Frăția*, CNSLR Frăția) in 1993; the Democratic Trade Union Confederation of Romania (*Confederația Sindicatelor Democratice din România*, CSDR) in 1994 and the National Trade Union Confederation ‘Meridian’ (*Confederația Sindicală Națională Meridian*, CSN Meridian) in 1994.

<sup>6</sup> These are: BNS, CARTEL ALFA, CNSLR-Fratia and CSDR.

<sup>7</sup> These organisations are ARACO, CNPR, CPISC, CNIPMMR, CoNPR, PNR, UGIR, UNPCPR and CP CONCORDIA. In this new alliance also four professional associations are represented (Romanian Businessmen’s Association AOAR, the Romanian Banks Organisation ARB, the Romanian Initiative of Business Environment IEMA and the Turkish Businessmen’s Association TIAD. While CNIPMMR is the Romanian member organisation of UEAPME.

employer to cooperate with the employees and their representatives to jointly elaborate the vocational training programme for the workforce (Eurofound 2009).

According to the Romanian Government (2008, p. 107-108), in early 2008, successive tripartite discussions were held with the purpose to ensure a better functioning of the labour market and hereby also to implement the flexicurity principles in Romania. According to the government, measures were agreed in order to optimise the legislation and the institutional framework with regard to quite a comprehensive number of topics such as:

- ensuring a legislative framework favorable to participation in lifelong learning;
- developing the National Authority for Qualifications, including the organization, operation and financial framework of the sectoral committees;
- increasing the capacity of Public Employment Service to provide training tailored to the beneficiary needs, including strengthening PES capacity at local level, and ensuring an adequate implementation of active employment measures and the introduction of new active measures;
- simplifying procedures of employment agencies for granting financial facilities funded by the unemployment insurance budget to increase the attractiveness of employment incentives;
- increasing support for vulnerable groups on the labour market;
- ensuring a legislative and administrative system favorable to job creation and reducing undeclared work.

However, according to the Romanian government report, the priority policy areas agreed by the social partners upon the implementation of flexicurity pathway are lifelong learning and development of active labour market policies. From the point of view of the social partners it is particularly important here to increase the access to quality lifelong learning systems, with emphasis on providing the skills required by the labour market, development of tools for long-term forecast of occupations and skills; and strengthening the system of career information and counselling in schools and public employment services. With view on active labour market policy, the social partners are demanding the implementation of more targeted active labour market policies, by carrying out impact assessment of active measures; drafting new active measures and new activation schemes for disadvantaged groups. A crucial precondition for this is to strengthen the institutional capacity of Public Employment Service for developing its function of active inclusion (for reducing the inactivity rate).

### Recent changes and challenges

The effects of the global financial and economic crisis after September 2008 have been the most important challenge to the role of social partners and social dialogue in current labour and social relations in Romania.

The Romanian social partners have developed quite a number of joint initiatives in response to the economic crisis. For example, in June 2009, trade union confederations and employer organisations at national level called on the government to join efforts for implementing the ILO ‘Global Jobs Pact’, in order to counteract the effects of the global economic crisis. Most of the trade unions and employers hold the common view that openness to social dialogue with the aim of finding the best ways to maintain and create jobs would enable Romania to contribute to the success of the pact.

After the Romanian government has entered tripartite consultation on anti-crisis measures taken in the first half of 2009, the social dialogue situation worsened in the aftermath with the economic and financial situation of Romania becoming more and more difficult:

After about six months of negotiations, the Romanian government in November 2009 implemented a new framework of a uniform public employees’ pay law, which were opposed by employee organisations in particular in education, health and public administration. A total of 11 trade union federation representatives in the public sector set up an alliance and carried out a series of protests, culminating in a one-day general strike on 5 October 2009.<sup>8</sup>

In an effort to reduce the budget deficit, the Romanian government adopted, in November 2009, a new act providing for substantial reorganisation and rationalisation measures in the public sector.

The new law provides for significant job cuts, along with the possibility of compulsory unpaid leave of 10 days for public sector employees and reduced working hours. Trade unions as well as opposition parties have been strongly opposed to the law.<sup>9</sup>

Following an agreement by the Romanian government and the International Monetary Fund on austerity measures taking effect from 1 June 2010, the five national trade union confederations have set up a crisis committee in order to oppose the severe financial cuts foreseen in the package, e.g. the reduction of all public sector wages by 25%, and all pensions, unemployment benefits and subsistence allowances by 15%. The agreement also plans to cut 37,000 public sector jobs and will include cuts in child allowances for mothers and in other welfare benefits. More than 140,000 public sector employees will be made redundant by the beginning of next year.

In reaction to the IMF agreement, the unions have withdrawn their representatives from all tripartite bodies, and have organised the picketing of government buildings. In May 2010, mass rallies were organised in Bucharest and in June a general strike was organised.

After the employer organisations initially had agreed with the cuts, two of the largest employer organisations (CONPRIOM and UGIR 1903) withdrew their support arguing that lowering individual earnings would only worsen the recession. They have now asked the government to institute measures to create jobs and generate economic growth.<sup>10</sup>

### Cases of good practice in the field of labour market flexibility and security

Although no direct responses were made by the Romanian social partners to the flexicurity questionnaire survey, the following example of working time flexibility and security in the construction sector taken from a recent Eurofound report on industrial relations and flexicurity in Romania (Eurofound 2009) may serve as a case of good practice in the context of implementing flexibility and security in the labour market with the help of the social partners.

The Romanian labour law provides for quite a flexible organisation of the weekly working time: the legal working time is 8 hours/day and 40 hours/week. However, subject to collective bargaining at company level, the working time may vary between 36 and 44 hours, provided that the monthly average working time of a week be 40 hours. If the specific needs of a company so require, the daily working time may fluctuate, provide that it never exceeds 10 hours/day. The law does not allow for more than 48 hours/week over a reference period of three months but, by way of exception, there are 11 branches where the maximum working time of 48 hours/week may be measured for a reference period of more than 3 months, but no more than 12 months. For special working conditions, working time shall be 6 hours/day and 30 hours/week at company level. The company may rule on matters like part-time work, daily working time segments, flexible working hours, and the amount of overtime (no more than 120 hours/year) only subject to negotiations and with the consent of the employee(s) concerned.

<sup>8</sup> See EIRO article <http://www.eurofound.europa.eu/eiro/2009/12/articles/ro0912019i.htm>

<sup>9</sup> See EIRO article <http://www.eurofound.europa.eu/eiro/2010/02/articles/ro1002049i.htm>

<sup>10</sup> See EIRO article: <http://www.eurofound.europa.eu/eiro/2010/05/articles/ro1005019i.htm>

In the construction sector, the daily normal working time is 10 hours/day and 48 hours/week, as an annual average for the period April - October. In the time between November and March, construction workers take their annual leaves, and, for another three months at the most, when the weather conditions are too severe for outdoor work, they get 75% of the average basic monthly salary of the past three months. Also in construction work, the law allows for part-time (minimum 2 hours/day) employment contracts, which attach the same rights, pro-rata to the effective working time.

The social partners in the Romanian construction sector have developed a specific institutional framework that regulates the balance between flexibility and security. One of these institutions is the Construction Workers' Welfare Office (*Casa Socială a Constructorilor, CASOC*), which draws its budget from the monthly contributions of the employees (1% of the gross basic salary) and employers (1.5% of the monthly turnover). Other such institutions are the Construction Workers' Guild (*Casa de Meserii a Constructorilor, CMC*); the Sectoral Committee for Vocational Training (*Comitetul Sectorial de Formare Profesională*), the Office for Safety of Working Environment (*Casa pentru Siguranța Mediului de Muncă*); the Construction Workers' Leave Office and the Construction Workers' Pension Office (*Casa de Concedii a Constructorilor și Casa de Pensii a Constructorilor*).

## 4 Key points arising

From the point of view of the author of this report the following key points are arising with regard to flexicurity in Romania.

- *Until the economic, social and political disruption Romania experienced in the aftermath of the global economic and financial crisis, labour market and social policy reform processes seem to have been guided by the European principle of flexicurity. Also the implementation of flexibility and (to a lesser degree) security principles seems to have been carried out with an active involvement of the Romanian social partners.*
- *Against this, the question arises whether or not the Romanian social partners regard the flexicurity concept as a suitable concept for the specific situation of structural change and necessary reforms in their country and which are the main strength and weaknesses of this concept.*
- *With regard to the current situation and, in particular, the severe austerity programme implemented as a result of the IMF agreement, the big question is, which impact these measures will have on labour market flexibility, social security and in particular the eight common principles of flexicurity as defined by the European Social Partners.*

## Sources and references

### Replies to the questionnaire survey and other contributions

There were not any questionnaire replies from the Romanian social partner organisations. However, representatives of the Romania social partners took part in the cluster seminar in Lisbon and contributed to the revision of this report.

### Further resources

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