

# BARMETAL



## Country Report: ROMANIA

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# Methodological Note

Qualitative research, primary & secondary data analysis & interpretation

- Desk research (document research and content analysis)
- Personal interviews based on provided Interview Guides

Table 1. Overview of conducted interviews

# interviews	Organization	Profile of respondents
4 interviews	LEBARIO (supplier)	Management representatives; Workers (No trade union)
11 interviews	FORD Automobile Craiova Union	Trade union representatives; Workers
5 interviews	DACIA Trade Union	Trade union representatives; Workers
1 interview	National Trade Union Confederation MERIDIAN	General secretary
<b>TOTAL</b>	<b>21 interviews</b>	
on site	15 interviews	
on-line	6 interviews	

# Romania: National Level Overview

## New Law on Social Dialogue (# 367, December, 2022; Amended EGO #42, September, 2023)

- Replaced a restrictive law on social dialogue (# 62/2011)
- In its pursuit of attracting capital and foreign investments, the Romanian government has overlooked the rights of employees to engage in social dialogue (*Interview #21*)
- Adopted mainly in the context of the EU Directive on minimum wages and the intense promotion of collective bargaining on sectorial level at EU level
- The improvement of social dialogue and the establishment of a legal framework for determining minimum wages have been formalized as conditions for receiving funding from the European Commission through the National Plan for Recovery and Resilience.

Table 2. Evolution of main indicators related to social dialogue in Romania

Indicators	2000	2020
Trade union density (% of employees)	35	21.4
Employer organizations' density (% of employees)	80	60
Bargaining coverage (% of employees with the right to bargain)	100	15
Predominant level of bargaining	Sectoral level & Company level	

# Romania: National Level Overview

- In March 2023, 58 sectors of collective bargaining were established by Governmental Decision (#171/1.03.2023).
- 5 nationally representative trade union confederations (Table 3)
- 2 nationally representative Employers' unions
  - CONCORDIA
  - The National Council of SMEs
- Employers are not willing to affiliate with federations and confederations. This poses a problem, as social dialogue is conducted between partners of equal standing within a specific sector.

Table 3. Nationally representative trade union confederations in Romania

Confederations	Representativeness
• National Trade Union Bloc (BNS)	It has 30 member federations and trade unions The member federations have a number of 935 trade unions. Represents 280,387 workers (2023), 5.5 % of Romanian workers Covers geographically all 42 counties of Romania
• National Confederation of Trade Unions (CNS Cartel Alfa)	It has 39 member federations and trade unions Covers geographically all 42 counties of Romania Represents 258,099 workers (2019)
• National Confederation of Free Trade Unions from Romania (CNSLR Fratia)	It has 14 member federations and trade unions Covers geographically all 42 counties of Romania Represents 304,842 workers (2020)
• Confederation of Democratic Trade Unions in Romania (CSDR)	It has 20 member federations and trade unions Represents 262,663 workers (2020)
• Meridian National Trade Union Confederation (CNS Meridian)	It has 29 member federations and trade unions Covers geographically 33 counties of Romania Represents 254,280 workers (2020)

## Some Labour Statistics

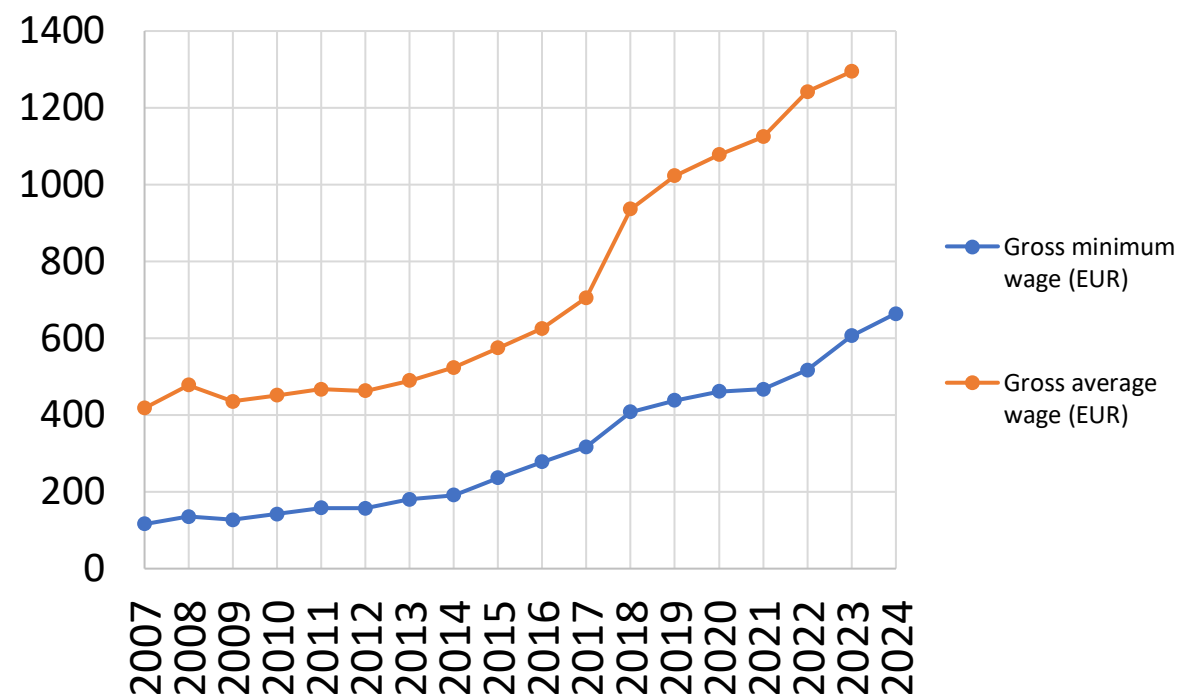
- Population of Romania: 19,778,750 people (2023)
- Total workforce of / in Romania: 5,113,200 workers (2023)
- Romanian workers abroad: 5,700,000 (Ministry of Foreign Affairs, 2022)
- Unemployment rate = 5.44 % (2022), slight decline
- Average monthly gross salary (2022) = 1,225 euro
- The average monthly net salary (2022) = 760 euro
- Youth unemployment rate (2022) = 22.8 %
- Highest NEET rate ("neither in employment nor in education and training") in EU = 19.8% (EC, 2023)
- The job vacancy rate of 0.9% is the lowest in EU (EC, 2023)



## Labour Market Key Characteristics

- Significant labour and skills deficit
- A notable mismatch between the supply and demand for skills
- Increase of flexible work
- Slow pace of digitalization
- Rapid wage growth
  - The technology sector, in particular, has seen significant wage increases as demand for skilled workers in IT and related fields has risen.
  - The government is updating the minimum wage to keep up with inflation. It is estimated that a number of 1,867,000 employees (36.5% of workforce) are paid with the minimum wage in the economy. (Table 3)
- Low labour productivity

Figure 1. Evolution of gross minimum and average wages since joining the EU



# Industrial Relations

- In the last 10 years, industrial relations in Romania have been marked by *shortcomings in the legislative framework* (Interview #21). The quality of industrial relations has been adversely affected by a series of issues, among which we mention:
  - *Inadequate protection for workers* (insufficient protection for workers' rights, unfavourable working conditions, lack of job security, and challenges in addressing workplace grievances).
  - *Insufficient adaptation to changing work environments* (failure to address new forms of employment, technological advancements, or changing industry dynamics).
  - *Legislative voids* (missing legislation / methodological notes for enforcement of legislation).
  - *Limited collective bargaining opportunities*. Until recently, the legislation restricted or inadequately supported collective bargaining between employers and trade unions.
  - *Inconsistent enforcement* (weak and inconsistent enforcement mechanisms, authorities' lack the resources or commitment to enforce industrial relations laws consistently)
  - *Complex and bureaucratic procedures*. This bureaucracy may discourage both employers and employees from engaging in constructive dialogue.
  - *Inadequate consideration of Social Dialogue input* (resulted in laws that do not adequately address the needs of all parties involved).
- Governments *strong orientation towards attracting foreign capital* and their *inability to create jobs* have led to the tilting of the **balance of bargaining power in favour of private employers**, to the detriment of employees and social dialogue. A main consequence is the exodus of labour across the border.

# Industrial Relations

- Significant difference between public sector and private sector.
- *"In the public sector, everything that could have been obtained, was obtained"* (Interview RO21)
- In the private sector, social dialogue is weak at all levels
- The legislation on social dialogue created to favour the employer

At national level, *"symbolic"* social dialogue

At sectoral level, the social dialogue is *"pending"* (CB sectors organized by New Law on Social Dialogue 2022, Sept. 2023).

- No social dialogue in metal sector at sectoral level
- Employers are not interested to associate and negotiate ( employers' reluctance )

At company level

- In large companies, workers are intensely unionized (it was a requirement in the old law) & TU have members also from suppliers
- In SMEs,
  - Relationships are informal, dependent on individual relations between top management and TU representatives
  - Informal agreement with workers;
  - There is a low interest from workers to establish TU or elect employee representatives (even if now it's a legal requirement for SMEs>10 employees)



## DAD Industrial Relations

DAD not included directly in collective bargaining

- Low interest of TU in DAD related issues, except for basic worker rights
- DAD not perceived to threaten employment
- Gradually implemented into production processes, displaced labour has been easily absorbed given the situation of labour shortage
- Perceived positive effect of new jobs with higher value
- Younger workers associate DAD with positive transformation
- Decisions regarding DAD are seen as **strategic business decisions**, Trade Unions are informed, not consulted on DAD implementation

DAD has been included indirectly by:

- Skill formation, training & requalification
  - Intense training plans
- Compensation in case of job displacement (general measure, not strictly related to DAD)

# Industry Level Overview

- *Collective bargaining sectors* (CBS) of interest to this research are: Sector 16 (Metallurgical industry), Sector 17 (Metal construction and machine building industry) and Sector 18 (Automotive and metal construction industry).
- So far, no employer, trade union or federation has registered with the Social Dialogue Commission of the Labour Ministry to conduct collective bargaining in these sectors.
- NACE Sectors C24, C25 and C29 = 5% of the total labour force in Romania

Table 4. Evolution of the number of employees in the metal sector (thousand persons)

<b>NACE category</b>	<b>Dec 2022</b>	<b>May 2023</b>
C24 - Manufacture of basic metals	29.5	29.7
C25 - Manufacture of fabricated metal products, except machinery and equipment	72.4	74.3
C29 - Manufacture of motor vehicles, trailers, and semi-trailers	161.1	163.0
<b>Total</b>	<b>263</b>	<b>267</b>
<b>% of total workforce of the country</b>	<b>5.19</b>	<b>5.22</b>

# Transformative Processes

## Digitalization

### Advances

- High internet penetration rate: 88.9% (2023) (Statista, 2023).
- High mobile phone penetration rate: 145.4 % (2023) (Datareportal, 2023)
- Among the top 20 countries in terms of software development (Business review, 2022)
- Over 200,000 software developers (2023)
- Strong IT education

### Delays:

- e-Governance
- population digital skills

### Policy measures & Actions

- National Cyber Security Strategy (2013)
- eCommerce (2019)
- Electronic Signature (2020)
- Digital Identity System (project, 2020)
- The Ministry of Research, Innovation and Digitalization (2020)
- The Authority for the Digitization of Romania (2020)
- National Interoperability Platform (2022)
- Infrastructures and cloud IT public services (2022)

## Automation

- Low automation degree of industrial production
- Industrial robot density of 21 robots per 10,000 employees (5 times lower than the European average)
- 3,555 industrial robots operating in Romania (2018) #
- The majority of robots in Romania are used in the automotive industry.
- Automation did not determine loss of jobs. Replaced employees were transferred to other positions within the unit.
- Is seen as a positive process that compensates for: the increase in wages in the metal sector, for the relative lack of qualified personnel and the need to assimilate products with high added value into production. It improves working conditions.
- New jobs are emerging due to automation (e.g. operation and maintenance of robotic arms).

## Decarbonisation

- Transition toward green economies
- Just transition (European Commission, 2020)
- The automotive industry needs to keep pace with the transition to the hybrid and full-electric cars in order *to comply with legislation*.
- Electromobility is a major challenge for governments and businesses.
- It creates *new global value chains*. Electric cars require different raw materials and materials, lighter, composite materials, which replace metal. Batteries for electric cars need rare earths, which currently come from China (97%).
- Government employs various strategies *to change consumer behaviour* and stimulate electric mobility: infrastructure development, public fleet electrification programs, zoning & free parking for EVs, environmental taxation.
- *Taxation in relation to environmental issues*: carbon pricing mechanisms, green tax incentives, eco-labelling and tax breaks, renewable energy incentives, plastic taxes, environmental impact reporting requirements, shift from income tax to consumption tax.

Transformative processes (D.A.D.) *have not been the subject of collective bargaining* so far and have not had an impact on the contractual dimension. They are seen as strictly business decisions, which so far have not negatively affected employment. More so, D.A.D. triggered training that increased workers' competences and qualifications.

# Main Benefits & Challenges of DAD in the Automotive Sector

Table 5. Main benefits & challenges of DAD in the automotive sector

	Main benefits	Main challenges
Companies' Perspective	<ul style="list-style-type: none"> <li>• Cost &amp; time optimization</li> <li>• Access to data</li> <li>• Supply chain disruptions</li> <li>• Shortening the decision time</li> <li>• Increased productivity</li> <li>• Production diversification</li> <li>• Access to a wider talent pool</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of competent work force</li> <li>• Retaining trained staff, highly attractive on the labour market</li> <li>• Managing increasing complexity</li> <li>• High dependency on technology and cybersecurity</li> </ul>
Workers' Perspective	<ul style="list-style-type: none"> <li>• Higher productivity</li> <li>• Lower physical effort</li> <li>• Improved operating time</li> <li>• Lower exposure to heavy or dangerous tasks</li> <li>• Contribution to more technologically advanced products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Training / Upskilling / Re-skilling</li> <li>• Developing digital dexterity and mindset</li> <li>• Concerns regarding the possibility of job loss due to production relocalization abroad</li> <li>• Overcontrol</li> <li>• Increased complexity of work</li> <li>• Private life &amp; Right to disconnect</li> </ul>

## Top skills expected to increase due to DAD

### Software utilization

Complex problem solving

### System analysis

Operations & control

Installation

### Instructing

Service orientation

Persuasion

Technology Design

# Proposed Bargaining Adaptations in light of DAD

- Educate, create mentality, and raise awareness among all social actors for actively engaging in social dialogue;
- Facilitating dialogue between the government and social partners to formulate political and legislative measures for social protection;
- Generating (updated) statistics regarding the atypical forms of employment / new forms of employment created by digitalization;
- Reassessing traditional industrial relations in the new contexts of DAD;
- Exploring novel organizational approaches utilizing emerging technologies, such as online coordination of workers;
- Innovating to adapt to these changes through mandatory professional training within Collective Labor Agreements (CCMs) as a right of workers, enabling them to acquire the skills demanded by the digitization of various sectors;
- Ensuring workforce skills through public and private investments, professional information dissemination, lifelong learning initiatives, the exchange of best practices to generalize positive experiences, and the regular updating of educational programs;
- Implementing protective measures to safeguard the personal lives of workers, including restrictions on the widespread availability of workers and the prevention of being contacted at any time;
- Advocating for collective negotiations at all levels, especially within sectors and companies influenced by digitization;