

Romania: Improved social dialogue and higher minimum wages

January 2023

Following four years of discussion, Romania's parliament has adopted a legislative proposal on social dialogue which gives new rights and powers for trade unions vis-à-vis employers and political authorities. The country's president promulgated the law just before Christmas. If implemented correctly, the new law can be a real game changer in a country where sectoral collective bargaining was dismantled by the Troika through the austerity measures imposed after the 2008-09 financial crisis.

This long-awaited reform is part of the positive change of narrative on the added value of collective bargaining, after decades of attacks against it. It comes one year after the labour reform in Spain which also corrected some of the damage made by the Troika's austerity. The recent European Directive on Adequate Minimum Wages is part of this trend, as it foresees that Member States whose collective bargaining coverage is below 80%, should put in place an Action Plan to reach this threshold.

There is hope for a new development in Romania which heralds a new era of social dialogue in a broader context in the CEECs. Now there could be a momentum in favour of higher minimum wages and collective bargaining. However, the struggle for sectoral agreements continues.

Some main changes of the new reform are the following:

- ✓ The minimum number of workers required to form a union in a company has been reduced from 15 to 10
- ✓ The threshold for declaring a strike in the absence of a representative union has been lowered to ¼ of the workers in a company
- ✓ Solidarity strikes can be launched by workers belonging to the same group of units or collective bargaining sector.
- ✓ Better possibilities for political strikes.
- ✓ Collective bargaining can start 60 days before the expiration of the agreement in force. Trade unions may be assisted in negotiations by third parties designated by them.
- ✓ In companies without trade unions, the employer is obliged at least once a year to allow for an information session on the individual and collective rights of workers, at the request of the sectoral union.
- ✓ The threshold to be representative at sectoral level has been reduced from 7% to 5%. At unit level, the threshold for representativeness drops from 50% to 35% of the total number of workers.
- ✓ Self-employed workers will be allowed to join existing unions or new ones, if they have at least 20 people from the same sector of activity
- ✓ Unemployed workers can join unions or remain members after losing their jobs.
- ✓ The leadership of trade unions may access any production plant where they have members
- ✓ Discrimination based on trade union membership is better defined
- ✓ Persons holding management positions within trade unions benefit from protection against any form of coercion, conditioning, or limitation in the exercise of their duties

- ✓ Trade unions can provide consultancy in the areas specific to the negotiation sectors and carry out professional certification, training and conversion activities.
- ✓ Consultation and information are better defined and structured, already becoming an annual obligation of the employer, and the right of trade unions is clearly established
- ✓ Companies without a union have the obligation at least once a year to allow for an information session for their employees regarding individual and collective rights
- ✓ Social dialogue will be carried out according to clearer rules and periodically

Following another set of negotiations, the government and social partners have agreed to raise the minimum wage as of 01 January 2023 by 17.6%. In application of the European Directive on adequate minimum wages, Romania's minimum level will hopefully reach 50% of the country's average wage and be €610 gross per month. One part of the increase will be exempt from taxes and social security contributions. In Romania around 850,000 workers currently receive the guaranteed minimum wage. Many of these workers can be found in the TCLF sectors. The country's minimum wage was previously one of the lowest in the EU, just ahead of Latvia and Bulgaria. This latest increase will bring it up to the same level as Poland and Slovakia.

The minimum wage discussion is not officially closed as the partial tax exemption is still disputed. The same goes for the minimum wage level as consumer prices have gone up by almost 20% in twelve months.

Trade unions find that the changes all in all are favourable to workers even if the Romanian labour code still has serious shortcomings. The employers have voiced concerns as they fear the changes will lead to more strikes. At present, the government and the social partners are discussing how to implement the new law in the different sectors.

Edited by industriAll Europe