



Romania
country study
2021

FAIR
WEAR

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List of abbreviations

ANOFM	National Agency for Employment
BTI	Bertelsmann Transformation Index
CBA	Collective Bargaining Agreement
CCC	Clean Clothes Campaign
CES	Economic and Social Council
CMT	Cut, Make & Trim
CNCD	National Council for Combating Discrimination
CNTDS	National Tripartite Council for Social Dialogue
COE	Council of Europe
CoLP	(Fair Wear's) Code of Labour Practices
COVID-19	Coronavirus disease caused by the SARS-CoV-2 virus
CPI	Corruption Perception Index
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECI	Economic Complexity Index
EU	European Union
EUR	Euro
EU-SILC	European Union Statistics on Income and Living Conditions
FEPAIUS	The Federation of Employers of Textiles, Clothing and Leather
FES	Friedrich-Ebert Stiftung
Fair Wear	Fair Wear Foundation
GDI	Gender Development Index
GDP	Gross Domestic Product
GGGI	Global Gender Gap Index
GII	Gender Inequality Index
GNI	Gross National Income
GR	Government of Romania
HDI	Human Development Index
ILO	International Labour Organization
IMF	International Monetary Fund
INS	National Institute for Statistics
LC	Labour Code
LDS	Law on Social Dialogue

LW	Living Wage
MMPS	Ministry of Labour and Social Protection
NACE	Statistical classification of economic activities in the European Community
NGO(s)	Non-Governmental Organisation(s)
OECD	Organisation for Economic Co-operation and Development
OG	Government Ordinance
OHS	Occupational Health and Safety
OT	Overtime
PPP	Purchasing Power Parity
PPS	Purchasing Power Standard
RON	Romanian Leu (national currency)
SME(s)	Small and Medium-Sized Enterprise(s)
TCLF	Textile, Clothing, Leather, and Footwear
UN	United Nations
UNDP	United Nations Development Programme
WEF	World Economic Forum
WEP	(Fair Wear's) Workplace Education Programme

Introduction

Romania has been a member of the European Union since 2007 and is classified as a high-income country, with a GNI per capita of \$12,536 or more.¹ It is an emerging market with a developing economy², with a dynamic private sector fuelled by foreign investment, but there are still significant bureaucratic and infrastructure challenges³.

The country's labour legislation is up to date to comply with EU laws and labour standards, and Romania has ratified all International Labour Organization (ILO)⁴ conventions referred to in the Fair Wear Code of Labour Practices, with the exception of ILO Convention 26 (C026 - Minimum Wage-Fixing Machinery Convention) and ILO Convention 15⁵ (C155 - Occupational Safety and Health Convention).

The textile, clothing, leather, and footwear (TCLF) industry has a long tradition in Romania. Some companies have operated for several decades⁵ with an export orientation of 80% of the production⁶. The TCLF industry accounted for 4.15% of the total workforce in Romania, attracting 214,577 workers in 8,190 companies in 2019.⁷

Table 1: Overview of the TCLF sector in Romania

TCLF	2019 Workforce distribution	2020 Average gross salary*
Textiles	18.63%	3,889 RON (Romanian Leu)
Clothing	54.90%	3,058 RON
Leather Products and Footwear	26.47%	3,475 RON

Due to the fact that TCLF salaries are among the lowest in the country compared to the national average (5,452 RON), this sector is not attractive to young people, contributing to one of the sector's main problems of labour shortages.⁹

Two inspection campaigns were held by the Labour Inspection (a specialised body of the central public administration that monitors the implementation of rules and regulations in the field of labour relations and health and safety at work) in 2019, targeting companies in TCLF industries regarding working hours and rest periods. A total of 1,575 companies were inspected, with 362 law violations and 1,396,900 RON in fines reported, while 88 people were caught performing illegal work. The Labour Inspection constantly checks working conditions in factories. In 2020, its operations focused on preventing infection with COVID-19.¹⁰

1. The World Bank, "World Bank Country and Lending Groups"

2. IMF, "World Economic Outlook"

3. EBRD (2020), "Strategia de țară a României 2020-2025", p. 4

4. The World Bank, "World Bank Country and Lending Groups"

5. Textil Technology Show, "FEPAIUS: Cum arata radiografia industriei romanesti de textile"

6. Textil Technology Show, "FEPAIUS: Cum arata radiografia industriei romanesti de textile"

7. INS, "Statistici"

8. INS (2020), "Câștigul salarial mediu lunar: octombrie 2020"

9. Textil Technology Show, "FEPAIUS: Cum arata radiografia industriei romanesti de textile"

10. MMPS, "Buletin statistic în domeniul muncii și protecției sociale 2019", p. 10

The COVID-19 crisis has had a significant impact on the Romanian economy, which will require considerable efforts for recovery.¹¹ The garment industry was badly affected as well, with a decline in orders and production. Some companies began to produce protective masks, which increased liquidity in the short term, and many had to resort to accepting governmental subsidies.

Fair Wear Foundation in Romania

Fair Wear Foundation (Fair Wear) has been active in Romania since 2006 as part of its work in the Eastern Europe Region. The focus for this country remains on improving purchasing practices through higher wages, ensuring better occupational health and safety (OHS) conditions, and promoting social dialogue. There are currently 21 active Fair Wear member brands that source from 54 Romanian suppliers. The core of the country activities include the continued monitoring of working conditions through audits, a working complaint helpline, and the Workplace Education Programme (WEP) basic training. Findings from Fair Wear audits show that low wages, poor worker representation, and fire safety issues remain the main prominent violations of workers' rights. Factories are still far from paying living wages, even though labour force interest in remaining in the sector is low. There are still persistent problems such as: poor worker representation, poor knowledge of the role of worker representatives, lack of a collective bargaining agreement (CBA), lack of proper training for worker representatives, and undemocratic appointments instead of the election of representatives. Another recurring problem is that most factories only meet the bare minimum of legal requirements relating to OHS, and only to demonstrate compliance during labour inspection visits to the premises. Few employers make an effort to create both a positive work environment and a preventive safety culture.

WEP was introduced in 2014 in Romania, and training sessions are held with factory management and workers to raise awareness of workers' rights, local labour laws, and the Fair Wear complaints helpline.

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear notifies members sourcing from the factory in question and investigates the complaint. All complaints are posted on the Fair Wear website. To date, seven complaints have been investigated and resolved or closed.

11. EBRD, "Strategia de țară a României 2020-2025", p. 4

1. How to read this country study

This country study aims to provide a clear and concise picture of the labour laws, labour conditions, and industrial relations within the Romanian garment industry. The readers can choose what level of detail they wish to read. This study can be used as reference regarding specific laws or compliance with certain parts of the Fair Wear Code of Labour Practices.

For a general overview of the situation in Romania, the above Introduction is the starting point. The summary gives a general picture of the level of development, the outlook for the industry in the country, and the major challenges when it comes to implementing the Fair Wear Code of Labour Practices.

› **Chapter 2, General country information**, provides an overview of the current economic, social, political and governance situations, as well as human rights concerns, in Vietnam. The overview is conducted using standard international indicators, as well as by comparing the country to other garment-producing countries.

› **Chapter 2: General country information** describes the economic, social, political, governance, and general human rights situation using international indicators and comparing them to other garment-producing countries. The section serves to gain an overview of the business environment in the country and may be of interest to new investors as well as researchers.

› **Chapter 3: Stakeholders** briefly presents the main stakeholders who are active in the garment industry. The focus is on stakeholders who have actual impact on labour conditions or play an active role in monitoring the situation for workers in the industry. This chapter serves as a reference point for those who want to engage with or consult a local stakeholder in finding further information regarding their activities in the country.

› **Chapter 4: Garment industry** gives an overview of the situation of the country's garment industry, including areas of production, major products, total employment, and social composition of the sector. This chapter provides an updated starting point for further multi-stakeholder initiatives.

› **Chapter 5: Industrial relations** describes the trade union situation in the country, both in general and specifically for the garment industry. This chapter provides important information essential for understanding how challenges regarding working conditions in the country are handled through social dialogue.

› **Chapter 6: Implementation of the Fair Wear Code of Labour Practices** assesses the implementation of every part of the Fair Wear Code of Labour Practices through official statistics on compliance (where available), laws and regulations, and various stakeholder views on their implementation. The main Fair Wear audit findings over the last three years and examples of complaints received by Fair Wear are also presented for each standard. Auditors and brands can use this section as a reference resource for their monitoring activities.

This country study examines the situation in Romania using statistics from 2020 and the past three years, as well as stakeholders' opinions. This study was written in during the COVID-19 outbreak and its impact on the industry and the country has been taken into consideration whenever relevant. Fair Wear will continue to provide up-to-date information at <https://www.fairwear.org/> and will update this country study on a periodic basis in the future.

2. General country information

Romania is located in South-East Europe, bordering Bulgaria, Moldova, Ukraine, Hungary, and Serbia, with access to the Black Sea. As of July 1, 2019, the population of Romania was 19,375,835¹², with a decreased trend over the years due to a negative birth rate and emigration. The largest minority in Romania are Hungarians, who are particularly strongly represented in Eastern Transylvania.

The transition from the communist regime to democracy and a market economy consisted of economic and social reforms and industrial restructuring. Romania had a fast-growing but very volatile economy that was easily influenced by both internal and external factors.¹³ In the Economic Complexity Index (ECI) ranking, Romania ranked 25 out of 133 countries in 2018, more complex than expected for its income level in terms of productive knowledge. As a result, the economy is projected to grow moderately.¹⁴

GDP per capita rose from 30% of the EU average in 1995 to 69% in 2019.¹⁵ After a 5.3% decline in 2020 due to the COVID-19 pandemic, GDP is expected to grow by 2% in 2021 and 4.4% in 2022 with the support of EU programmes, but deteriorating labour market conditions and a likely rise in bankruptcies in 2021 will hamper the recovery.¹⁶

The Romanian labour market benefited from strong economic growth in recent years. In 2019, the employment rate was 66.7%, compared to the EU average of 74%.¹⁷ The unemployment rate in Romania is one of the lowest among EU countries. Due to the COVID-19 pandemic, it was estimated to increase from 3.7% in January 2020 to 5.1% by November 2020.¹⁸ However, inactivity remains one of the highest in the EU, especially among women. Income inequality is increasing, while the redistributive effect of taxes and benefits is below the EU average. Romania is the EU country with the highest proportion of poor people (a quarter of the population), with a high concentration of poverty in rural areas. For many citizens, health and social security, job security, and cost of living are among the most pressing issues to be addressed.¹⁹

Romania is a major player in the European garment industry. The total turnover of the TCLF sector in 2019 was about €4.4 billion, representing about 2% of GDP, with a 7% share of total exported goods.²⁰

In 2019, several factories and brands closed and/or relocated their production capacity to countries considered cheaper. The relocation caused the industry to lose around €145 million in revenue. The real figures will only become visible with the 2020 official results, as many later filed for insolvency or bankruptcy.²¹

12. INS, "Statistici"

13. ILO, "About the ILO in Romania"

14. Harvard University (2018), "Atlas of Economic Complexity"

15. ILO, "About the ILO in Romania"

16. OECD, "Romania Economic Snapshot. Economic Forecast Summary 2020"

17. ILO, "About the ILO in Romania"

18. Eurostat (2020)

19. ILO, "About the ILO in Romania"

20. Rosca (2019), "Industria textilă europeană are nevoie de 400.000 de muncitori până în 2030"

21. Rosca (2020), "Industria textilă a pierdut 150.000 de locuri de muncă din 2008 până azi"

COVID-19 impact

The COVID-19 pandemic had a major impact on the TCLF industry, predominantly affected by delays in the supply of raw materials since the beginning of the pandemic in China. After the factories in China were closed, many brands and retailers moved production to Turkey. During the state of emergency (16 March 2020 – 14 May 2020), a stagnation of production was registered, with a 30% reduction in the export capacity of factories. Since the beginning of the pandemic, a decrease in orders of more than 40% compared to the previous year was registered, at the same time there was a decrease in production capacity due to layoffs in about 30% of factories.

According to the Federation of Employers of Textiles, Clothing and Leather (FEPAIUS), the negative effects of the COVID-19 pandemic were reflected on several levels. There were difficulties in the supply of raw materials and accessories both due to the decrease in transport between Romania and Italy, China, and due to the cessation of activity of many Italian manufacturers, while Romania's exports to Italy amount to 4.7 billion RON.²²

The immediate negative impact of the pandemic is the increase in the unemployment rate to 5.1% in November, compared to the January 2020 rate of 3.7%. The current unemployment rate is a setback, equal to what it was in the spring of 2016. One positive note is that the increase in the unemployment rate is slowing. It appears that more men are unemployed than women.²³ A peak in job insecurity was reached during the lockdowns, when about 15% of employment contracts were suspended and 4% were terminated.²⁴

Nearly 20% of businesses in Romania were forced to either reduce or cease operations during the COVID-19 pandemic. Only 19% of companies in Romania did not suspend their activity and had money to pay salaries. Of the companies still active, 10% were not able to pay their employees.²⁵

The Romanian government has attempted to mitigate the effects of the pandemic with the following measures:

- 】 The Romanian National Bank cut the key interest rate by 0.5 percentage points at the end of March and by 0.25 percentage points to 1.75% on 2 June 2020. The main purpose was to create liquidity for financial institutions and to announce the purchase of government bonds on the secondary market.
- 】 A short-term debt repayment allowance was introduced for companies and individuals negatively affected by the pandemic. Consequently, the legislature introduced a relaxation of macro prudential regulation for credit institutions.
- 】 A fiscal package for wage subsidies for temporarily laid-off employees and increased spending on medical equipment, amounting to about 1.2% of GDP (part of which was financed with EU funds).
- 】 Tax deferrals, government loan guarantees with subsidised interest rates for small-to-medium enterprises (SMEs), and the extension of payment periods for utilities and rent.

These measures mainly targeted the impact of the lockdown, although there is a lack of confidence that the impact will reach vulnerable people, especially those working in the informal sector.²⁶ The government also launched a fiscal package of over €1 billion in EU grants for Romanian businesses affected by the pandemic.²⁷

22. FWF (2020), "Covid-19 impact and responses: Romania"

23. DIgi 24 (2020), "Ce spune rata șomajului din România despre starea economiei"

24. OECD (2020), "OECD Economic Outlook"

25. Statista (2020), "Consequences of the coronavirus (COVID-19) pandemic on company activities in Romania in 2020"

26. OECD (2020), "OECD Economic Outlook"

27. Romania Journal (2020), "Up To 1 Bln. EUR COVID Scheme Funds For Pandemic Affected Romanian Businesses"

2.1. ECONOMIC INDICATORS

Romania's economy is a service-based economy, while industry accounts for about one-third of the total economy. Romania's economy ranks 35th in the world, with an annual economic output of \$585 billion based on purchasing power parity (PPP). In recent years, Romania has had some of the highest growth rates in the EU: 4.8% in 2016, 7.1% in 2017, 4.4% in 2018, and 4.1% in 2019.²⁸ In 2019, GDP per capita in purchasing power standards rose to 70% of the European Union average, compared to 52% in 2008.²⁹

2.2. SOCIAL, POLITICAL, AND GOVERNANCE INDICATORS

In 2019, Romania was ranked 49th out of 189 countries in the Human Development Index (HDI) of the United Nations Development Programme, placing it in the "high development" category. The HDI measures average performance in three key dimensions of human development: living a long and healthy life, being knowledgeable, and having a decent standard of living.³⁰

In 2020, there was no room for major reforms in Romania, as politicians were more focused on the pandemic and the political battles ahead of the two rounds of elections (local elections in September and parliamentary elections in December). At the end of 2020, a new parliamentary majority was confirmed with a coalition of the National Liberal Party, USR Plus Alliance, and Hungarian Democratic Union of Romania. This pushed the Social Democratic Party into the opposition. On the judiciary front, where the European Commission expected Romania to change some of the controversial laws passed by the former Social Democratic government, progress was slow. The judiciary only had a marginal place on the public agenda.³¹

The most important issue to be addressed in Romania remains corruption. Transparency International's Corruption Perceptions Index (CPI) ranks countries according to the perceived level of corruption in the public sector, as determined by expert assessments and opinion polls. In 2020, Romania ranked 69th out of 179 countries on the CPI, on par with Bulgaria (69th) but higher than China (78th), Turkey (86th) and North Macedonia (111th).³²

The Bertelsmann Transformation Index (BTI) assesses countries in their process of transformation to democracy based on five criteria (statehood, political participation, rule of law, stability of democratic institutions, and political and social integration), which in turn are derived from expert assessments of 18 indicators. Romania ranks 22 out of 137 countries (22 for political transformation, 18 for economic transformation, and 74 for governance). Compared to other countries this is lower than Bulgaria (18th), but higher than Macedonia (30th), Turkey (77th), and China (114th).³³

28. Wikipedia (2020), "Economy of Romania"

29. Eurostat (2020), "GDP per capita in PPS"

30. UNDP (2020), "Human Development Report 2020"

31. Chirileasa (2020), "Romania's political year in review: A lost year, amid the pandemic and two election rounds"

32. Transparency International (2019), "Corruption Perceptions Index Romania"

33. BertelsmanStiftung (2020), "BTI 2020 Romania"

Several other indicators show Romania's progress over the years. The GINI index (measuring inequality) has improved from 39 in 2006 to 36 in 2017.³⁴ On the Gender Equality Index, Romania ranks 25th in the EU, with a score of 54.5 out of 100. Between 2005 and 2017, Romania's score increased by 4.6 points (+2.1 points compared to 2015). Romania has improved more slowly than other Member States in terms of gender equality, with its rank falling by one place since 2005.³⁵

2.3. INCOME AND POVERTY

The percentage of poverty (\$5.5 PPP) decreased from 25.4% in 2015 to 23.8% in 2019 (using EU-SILC data). Private consumption was the driver of economic growth in 2019, supported by increases in public sector wages, the minimum wage and pensions, and tax reduction. All this had the effect of increasing the disposable income of middle and poorer households.

Since March 2020, the impact of the COVID-19 pandemic on the health sector, businesses, households, and the labour market has been enormous. The latest World Bank figures 'show a significant increase in the share of the population at risk of poverty in April 2020, as income-generating opportunities for the working poor and near-poor declined and nearly a third of households reported income losses'.³⁶ In 2019, 3% of the Romanian population lived with a daily income of less than \$2 per day.³⁷

2.4. GENERAL HUMAN RIGHTS SITUATION

Romania was ranked 63rd out of 167 countries in the Democracy Index for 2019 and is described as a 'flawed democracy', similar to other countries in Central or Eastern Europe. It ranks ahead of North Macedonia (77th), Turkey (110th), China (153rd), but lower than Bulgaria (47th).³⁸ In Romania, human rights are generally respected, but there are allegations of police brutality, abuse of the Roma minority, government corruption, poor prison conditions, and limited judicial independence.

Romania has a highly skilled workforce. At the same time, there are still gaps between women and men, as shown in the table below, which represents the Global Gender Gap Index (GGGI) rank for 2020.

34. Trading Economics (2017), "Romania - GINI Index"

35. European Institute for Gender Equality (2019), "Gender Equality Index 2019: Romania"

36. The World Bank, "Romania"

37. Stirile Pro TV (2020), "Peste 31% din populația României, expusă riscului de sărăcie și excluziune socială"

38. Wikipedia (2019), "Democracy Index"

Table 2 Global Gender Gap Index 2020 (WEF (2019), "Global Gender Gap Report 2020")

Global Gender Gap Index 2020		Economic participation and opportunity		Educational attainment		Health and survival		Political empowerment		
Country	Rank	Score 2020	Rankings	Score 2020	Rankings	Score 2020	Rankings	Score 2020	Rankings	Score 2020
Romania	55	0.724	44	0.728	52	0.997	1	0.98	76	0.19
Bulgaria	49	0.727	52	0.715	85	0.989	41	0.979	60	0.225
North Macedonia	70	0.711	100	0.635	87	0.988	89	0.973	52	0.248

According to World Economic Forum 2020 (WEF), "The Global Gender Gap Index 2020", the regional rankings between the three countries are in the same range: Bulgaria 10th, Romania 11th, and North Macedonia 16th (out of 26 countries in Eastern Europe and Asia).

Significant improvements have been made in the area of gender equality. The legal framework is largely in line with EU legislation and has started to be updated after the ratification of the Istanbul Convention.³⁹ Romania was the 14th country to ratify the Istanbul Convention in March 2016 through Law 30/2016 and the instrument of ratification was deposited with the Council of Europe in May 2016. On 1 September 2016, the Convention entered into force in Romania. Separate laws have been drafted for the implementation of the Istanbul Convention: Law No. 174/2018 amending and updating Law 217/2003 on preventing and combating violence in the family, and Law No. 178/2018 amending and updating Law 202/2002 on equal opportunities and treatment of women and men (regulating the concept of gender-based violence).

39. COE (2011), "Convention on preventing and combating violence against women and domestic violence"

3. Stakeholders

In this section, several stakeholders active in the TCLF industry are briefly presented. The focus is on stakeholders who have an actual impact on labour conditions or who play an active role in monitoring the situation of labour rights in the textile industry.

3.1. GOVERNMENT INSTITUTIONS AND PUBLIC AUTHORITIES

[Ministry of Economy, Entrepreneurship and Tourism](#) – The Ministry deals with strategic policymaking, regulation, and implementation in the business sector, and supports the development of the internal market and internationalisation for economic growth.

[Ministry of Labour and Social Protection](#) – Some of its functions are: developing programs in the fields of labour, social security and cohesion; harmonisation of the legal framework with EU regulations; formulation of strategic objectives for labour and social protection; state authority for vocational training, etc.

[Labour Inspection](#) – A specialised body of the central public administration that controls the implementation of general and specific rules and regulations in the field of labour relations and health and safety at work.

[The National Agency for Employment \(ANOFM\)](#) – ANOFM develops policies to reduce unemployment and provides vocational training services. The agency applies all national policies and strategies for the employment and vocational training of persons seeking employment.

3.2. EMPLOYERS' ORGANISATIONS

The [Federation of Employers of Textiles, Clothing and Leather \(FEPAIUS\)](#) – FEPAIUS is the only federation recognised in Romania representing the business community in the TCLF sectors. It was founded in 1992 and includes six associated employers' organisations.

[National Council of Private Small and Medium Enterprises in Romania \(CNIPMMR\)](#) – CNIPMMR is a nationally representative confederation of public utility that uniformly represents the interests of SMEs nationally and internationally.

3.3. TRADE UNIONS

[National Union Block \(BNS\)](#) – Established in 1991, the BNS is a nationally representative trade union confederation that includes TCLF workers and companies. It comprises a total of 40 federations and 320,000 members in all counties from various sectors.

[National Trade Union Confederation "Cartel ALFA"](#) – Cartel Alfa's aim is to strengthen Romanian democratic society, to protect and promote workers' interests and social justice, and to negotiate decent working conditions and wages.

[National Confederation of Free Trade Unions of Romania – Fratia \(CNSLR-Fratia\)](#) – With over 325,000 members, CNSLR-Fratia aims to lobby for better labour conditions.

[National Federation of Trade Unions in Light Industry \(UNICONF\)](#) – Trade union representative for TCLF workers, affiliated to IndustriALL Global Union.

[Federation of Trade Unions Textile–Wearing Apparel \(CONFTEX\)](#) – Federation in the TCLF sector affiliated to IndustriALL Global Union.

[Light Industry Workers Federation \(CONFPELTEX\)](#) – Federation of light industry workers affiliated to IndustriALL Global Union.

3.4. RESEARCH INSTITUTES

[The Research Institute for Quality of Life \(ICCV\)](#) – ICCV is the leading research institute in the field of quality of life and social policy in Romania. The Institute was founded in 1990 and focuses on research in various fields: Quality of life, social policy, health, education, employment, working conditions, housing, family, poverty, standard of living, public services, social development, social economy, etc.

[The National Research & Development Institute for Textiles and Leather \(INCDTP\)](#) – INCDTP has a mission to develop as a competitive institute at national and international level through research and development activities at a high scientific and multidisciplinary level in the field of TCLF. The Institute also publishes scientific journals, through its own publishing house, CERTEX: scientific journal [Textile Industry](#) and the [Journal of Leather and Shoes](#).

[National Institute for Scientific Research in the Field of Labour and Social Protection - INCSMPS](#) – INCSMPS' objective is to carry out studies and research of a theoretical-applicable nature in areas of national interest relating to human resources management, social development, and social protection in Romania.

[National Institute for Research-Development for Occupational Health "Alexandru Darabont" \(INCDPM\)](#) – INCDPM carries out studies and research in the field of prevention of occupational risks, concretisation of the legal framework of occupational safety and development of the training system, and provides practical solutions and technical assistance to companies to improve their working environment.

3.5. NON-GOVERNMENTAL ORGANISATIONS

[Syndex Romania](#) – The Romanian arm of the Syndex Group since 2010, providing consultancy, expert, and facilitation services to trade unions, worker representatives and employee organisations. Syndex experts have proposed a living wage estimate that is relevant at national level.

[Friedrich Ebert Foundation \(FES\)](#) – Active in Romania since 1994, FES aims to promote democracy, social justice, the rule of law, and the development of an active civil society. Its three priorities are: 1) democracy, participation, and the rule of law; 2) economic, social, and environmental policy; and 3) labour relations, social dialogue, and labour. FES supports European ideals as well as regional and global cooperation. To achieve its goal, the organisation provides policy education and analysis through trainings, conferences, workshops, research, publications, expert meetings, and international exchange programmes.

[Sectoral Committee in the Textile-Wearing Apparel Branch \(COMITEX\)](#) – COMITEX is an association created to develop the human resources and train employees in the TCLF industry.

[Romanian Cluster Association](#) – Created to transform economic policy into a ‘four clover’ model: bringing together businesses; universities and research Institutes; local and regional public authorities; and consultancies specialising in technology transfer, innovation, and Technology Transfer Centres.

[Romanian Textile Concept](#) – A professional association established in 2011 through the unconditional agreement between 10 companies, manufacturing companies with long traditions in the TCLF industry from the Bucharest-Ilfov area.

3.6. INTERNATIONAL STAKEHOLDERS

[IndustriALL Global Union](#) – IndustriALL represents 50 million workers in 140 countries in the mining, energy, and manufacturing sectors and is a force in global solidarity, taking up the fight for better working conditions and trade union rights around the world. Six Romanian organisations from various economic sectors, with an estimated 72,000 employees, are affiliated to IndustriALL.⁴⁰

40. 1. National Federation of Chemical-Petrochemistry Trade Unions LAZAR EDELEANU (“Federatia Nationala a Sindicatelor din Chimie-Petrochimie LAZAR EDELEANU”) approx. 7,903 members; 2. Trade Union Federation of Siderurgists METAROM - FSS-METAROM (“Federatia Sindicala a Siderurgistilor METAROM - FSS-METAROM”) – 6709 members; 3. Federation of Trade Unions – UNICONF (“Federatia Sindicatelor – UNICONF”) – 645 members; 4. Federation of Free Trade Unions in Chemistry and Petrochemistry FSLCP (“Federatia Sindicatelor Libere din Chimie Si Petrochimie FSLCP”) – 8,000 members; (5) Federation of Free and Independent Trade Unions - Oil - EnergyPetrom – Energy (“Federatia Sindicatelor Libere si Independente - Petrol - EnergiePetrom – Energie”) – 15,630 member; (6) IndustriALL-BNS (“IndustriAll Blocul National Sindical”) – 32,500 members

4. The garment industry

ORGANISATION OF THE GARMENT INDUSTRY

The garment sector is an important industry for Romania, with the export value of garments among the top five, after machinery, metal, food, and vehicles.⁴¹ According to the National Competitiveness Strategy for 2015-2020, the TCLF sector is among the five sectors with an important economic role and influence on employment.⁴²

The TCLF sector consists of all enterprises engaged in the following divisions according to the Statistical Classification of Economic Activities in the European Community (NACE): 13 manufacture of textiles, 14 manufacture of wearing apparel, and 15 manufacture of leather and related products. TCLF is part of the manufacturing sector and is classified as light industry. In 2019, the average number of employees in textile manufacturing was 39,980, while there were 117,791 in wearing apparel manufacturing, and 56,806 in leather and allied products manufacturing.⁴³

During Romania's socialist period, the garment sector was well established and was a significant creator of jobs for underdeveloped parts of the country. It was also one of the first sectors to be privatised during the transition period. However, most garment factories in traditional sectors such as wool and silk production closed down after the socialist period ended. Mostly sewing departments survived, transforming from state-owned or collectively-owned to privatised garment factories.⁴⁴

Contrary to the desired innovation in creating a domestic identity on the market (in terms of brand image and visual identity), the most important feature of the garment industry in Romania was the development of the cut, make & trim (CMT) production system, in which Romanian companies became subcontractors of foreign companies.⁴⁵

MAIN EXPORTS FROM THE GARMENT INDUSTRY

Over the years, goods processed under the CMT system have accounted for the largest share of the textile industry.⁴⁶ Products for export include knitted or crocheted garments, textiles, lingerie, underwear, footwear, and accessories. The Romanian TCLF industry has a solid tradition of producing and supplying foreign markets, due to its proximity to major Western importers. An advantage for potential investors is that the conditions for companies to engage in genuine competition on the market are in place.⁴⁷

Some important facts about the Romanian textile and garment industry⁴⁸:

- › Total imports of textile and garments by Romania from other countries: €1.49 billion (2018).
- › Total exports of textile and garments by Romania to other countries: €0.81 billion (2018).

41. Ministerul Economiei, Energiei și Mediului de Afaceri (2020), "Rezultatele Comerțului Internațional al României în perioada 01.01.2020", p. 3

42. Hotărârea nr. 775/2015 privind aprobarea Strategiei naționale pentru competitivitate 2015-2020

43. INS, "Statistici"

44. Pro TV News (2017), "Dintr-un fost mare jucator pe piata matasii, Romania a ajuns sa cumpere din China"

45. Pena (2018), "O călătorie în jurul lumii în 3236 de cuvinte"

46. D.P. (2012), "Știați că 3% din țre exportatori au realizat 75% din totalul exporturilor României? Dar ca 1% dintre importatori acopera 80% din totalul importurilor României"

47. Cotton Textiles Export Promotion Council (2020), "Cover Story: Textile Industry in Romania"

48. Embassy of India, Bucharest (2020), "2020 Textile industry in Romania", p. 5

- Major items of import: synthetic fibres, cotton and cotton yarns, cotton and cotton fabrics, wool and wool type fabrics, silk fabrics, knitwear, socks and stockings (2018).
- Major items of export: knitwear, synthetic fibres, wool yarn and wool type, and synthetic yarn fabrics.
- Top countries from where textile and garments are imported by Romania: Italy, Poland, UK, Germany, and Spain.
- Top countries to which Romania exports textile and garments: Italy, France, Germany, Austria, Macedonia, and Moldova.

MAIN AREAS FOR GARMENT PRODUCTION

The garment industry in Romania is an economic sector with tradition, some companies having been active for over 100 years. The garment companies are spread evenly throughout the country, with some concentration in traditional garment production areas such as Timiș, Sibiu, Iași, Mureș, and Bucharest.

In macroeconomic terms, Romania's economy is divided into four macro-regions: #1 North-West & Centre, #2 North-East & South-East, #3 South Muntenia & Bucharest Ilfov, and #4 South-West & West. At the end of 2019, Romania's active workforce was distributed across the four regions as follows: 26.41% in macro-region #1; 22.02% in macro-region #2, 33.49% in macro-region #3, and 18.08% in macro-region #4. Macro-regions #1 and #3 have better infrastructure, whereas macro-regions #2 and #4 are poorer.

The following table shows the concentration of the active workforce in the garment industry at the end of 2019. Macro-region #1 North West & Centre employs the most workers in the manufacture of textiles and leather goods. The highest number of workers in garment manufacturing is located in macro-region #2 North-East & South-East, which is one of the areas with the highest density of vocational training in Romania. The proximity to the western borders and also to a better infrastructure provides a higher concentration of leather and related products manufacturing in macro-regions #1 and #4 than in the other regions.

Table 3 Concentration of the TCLF industry, based on the active workforce in the industry at the end of year 2019 (INS, "Statisticii").

	Macro-region 1 (North-West & Centre)	Macro-region 2 (North-East & South-East)	Macro-region 3 (South Muntenia & Bucharest, Ilfov)	Macro-region 4 (South-West & West)
TOTAL active workforce of Romania	26.41%	22.02%	33.49%	18.08%
Manufacture of textiles	32.45%	22.22%	24.05%	21.28%
Manufacture of wearing apparel	25.76%	36.98%	22.26%	15.00%
Manufacture of leather and related products	55.91%	13.34%	12.70%	18.05%

There is a significant difference between working conditions and wages in companies in the western part of the country (with the exception of some areas such as Bucharest) and other cities with a tradition in the garment industry. Poverty levels are higher and unemployment is more widespread, especially in the north-eastern part of the country. Consequently, wages in the garment industry are among the lowest and working conditions are quite precarious, especially in small and remote village workshops.⁴⁹

PERCENTAGE EMPLOYED IN THE GARMENT INDUSTRY

In December 2019, the textile industry employed 214,577 people (about 4.15% of the total active workforce), compared to 327,449 in December 2008. This represented a decrease of more than 34.47% in the total number of hires in the garment sector compared to the same period in 2008. The largest decrease in the workforce was registered in the sub-sector of manufacture of wearing apparel, with a decrease of 44.24% in the total number of employees. The following table shows the evolution of the workforce in the three TCLF sectors between 2008 and 2019.⁵⁰

Table 5 Workforce evolution in the TCLF sectors between 2008 and 2019 (INS, "Statisticii")

	Year 2008	Year 2019	Difference	
NACE Rev.2 (activities of national economy)	No persons	No persons	In gross value	In %
TOTAL active workforce of Romania	5,046,317	5,164,471	118,154	2.34%
13 Manufacture of textile	35,329	39,980	4,651	13.16%
14 Manufacture of wearing apparel	211,241	117,791	-93,450	-44.24%
15 Manufacture of leather and related products	80,879	56,806	-24,073	-29.76%
TOTAL TCLF (NACE 13, 14 & 15)	327,449	214,577	-112,872	-34.47%

SOCIAL COMPOSITION OF THE GARMENT WORKFORCE

At the end of 2019, the structure of the workforce in the TCLF sectors was: 20.48% men (43,948 workers) and 79.52% women (170,629 workers). The following table presents the workforce breakdown in the TCLF sectors in 2019.⁵⁰

Table 6 Sub-sectors in the garment industry (INS, "Statisticii")

Sub-sector in the garment industry	Total employees	Men	Women
Manufacture of textiles	39,980	11,563	28,417
Manufacture of wearing apparel	117,791	16,115	101,676
Manufacture of leather and related goods	56,806	16,270	40,536

49. Rosca (2020), "Industria textilă a pierdut 150.000 de locuri de muncă din 2008 până azi"

50. INS, "Statisticii"

From the audits conducted between 2019 and 2020, collected data shows that most people working in the apparel industry are, on average, between 25 and 55 years old. At the same time, the workforce is aging and young people are less interested in working in this industry. In terms of demographics, most workers in the TCLF sector are Romanians. However, the Romanian TCLF sector is attractive to migrant workers, mainly from China and Turkey, but also from Moldova, Vietnam, and the Philippines.

5. Industrial relations

Romania's transition from communism to democracy brought a positive change in social dialogue. Although many enterprises were privatised and jobs were cut, the conflict situations that arose in the process led to a significant decline in trade union membership. Over time, after the conflicts were resolved, social dialogue became more consensus-oriented with a focus on collective bargaining. The advantage of trade unions at the national and sectoral level was based on the know-how and the personnel involved. Until 2012, the legal minimum national wage was heavily dependent on negotiations conducted through national and sectoral collective agreements.⁵¹

Since 2011, collective bargaining has been mandatory only at the company level. It is possible at company and industry level, but not at national level. The Law on Social Dialogue (62/2011) creates the framework for the functioning of social dialogue in Romania, through the establishment of a trade union or employers' organisation and representativeness criteria for employers' organisations and trade unions. This law raised the representativeness threshold for both trade unions and employers' federations and abolished national collective bargaining along with the single national collective agreement.⁵² One of the consequences of the reforms is that regulation through collective bargaining has been significantly weakened in Romania. Several of the terms of employment and working conditions, including the national minimum wage, had previously been negotiated and set by a national collective agreement that applied to all workers in the country.⁵³

According to the EU 2020 Country Report, social dialogue in Romania remains largely formalistic. Changes to the legal framework have been stalled for several years and the involvement of social partners in policy-making remains limited. The draft amendment to the law has been in the parliamentary process since June 2018 and the situation of collective bargaining at sectoral level has not changed. The main purpose of updating the law would include more permissive provisions for industrial action and the unblocking of collective bargaining, especially at the sectoral level. Sector delineation still does not allow for adequate workers or employers representation in most sectors, and there are no immediate plans for improvement. The authorities report a higher collective bargaining coverage rate of 45% in 2020, which may be related to collective bargaining becoming temporarily mandatory for all employers following the shift of social security contributions from employers to employees at the end of 2017. Although there is no objective mechanism yet, the January 2021 minimum wage increase has been linked to certain economic indicators such as inflation or labour productivity. The implementation of the Minimum Inclusion Income Law adopted in 2016 continues to be postponed time and again, so there has been no progress here.

THE ROLE OF EMPLOYERS' ORGANISATIONS

Employers are free to form or join an employers' organisation. An employers' organisation can only be affiliated to a hierarchically superior employers' organisation (federation, then confederation). It has become more difficult for trade unions and employers' organisations to operate effectively since the reforms of the

51. Eurofond (2020), "Living and working in Romania"

52. Eurofond (2020), "Living and working in Romania"

53. Hayter, Vargha and Mihes (2013), "The impact of legislative reforms on industrial relations in Romania", p. IX

Law on Social Dialogue. Under the law, employers' organisations seeking national representativeness must represent at least 7% of the total workforce in the economy (minus public sector employees) through their affiliates. Employers' organisations, through their affiliates, must represent at least 10% of the total workforce in the relevant industry.⁵⁴ As a result, the number of representative employers' organisations has decreased. The same goes for the number of nationally representative confederations, which has decreased from 12 in 2011 to six in 2018. In 2018, six employers' organisations were recognised as representative.⁵⁵

The [Federation of Employers of Textiles, Clothing and Leather \(FEPAIUS\)](#) is the only organisation recognised in Romania that represents the business community and operators of textile, knitwear, garments, leather, and footwear. This organisation is present in all Social Dialogue Commissions at ministerial level.⁵⁶

TRADE UNIONS

The right to join a trade union is limited only to those workers who have an individual employment contract, which prevents workers engaged in atypical forms of work from joining a trade union. In addition, Law 62/2011 provides that a trade union can be formed by at least 15 founding members, all of whom are employed in the same enterprise, which prevents workers in enterprises with fewer employees from forming a trade union. Previous legislation provided that 15 workers from different enterprises but with the same occupation could form a trade union.

In addition, it is no longer possible for more than one union to be accredited as a representative in the same company, although this has helped to strengthen collective bargaining at the company level in the past. Workers can also approach workers' representatives without effective unions, but this creates confusion due to seemingly contradictory provisions in both the social dialogue and labour code laws. Workers are not encouraged to act, either by the employer or the legislature. Workers' confidence in trade unions and their membership have declined over the years.⁵⁷

Currently, the five nationally representative confederations: the [National Union Block \(BNS\)](#), [National Trade Union Confederation "Cartel ALFA"](#), [National Confederation of Free Trade Unions of Romania - Fratia \(CNSLR-Fratia\)](#), [Democratic Trade Union Confederation of Romania \(CSDR\)](#) and [National Trade Union Confederation MERIDIAN](#), publish their official documents on the website of the Ministry for Labour and Social Protection. Together, they account for 1.39 million members out of 6.5 million employees (as of October 2018), indicating a trade union density of 23%. There is some difficulty in assessing the accuracy of estimation, since data are unreliable and often conflicting, depending on the source.

UNION DENSITY

Union density appears to vary widely at the sectoral level - in some sectors such as public administration, education, and health, union density is over 50%, while in manufacturing, clothing and commerce it is much

54. Legea dialogului social nr. 62/2011, republicată art. 72

55. Eurofond (2020), "Living and working in Romania"

56. COMITEX (2019), "Analiza diagnostic privind reglementările actuale în domeniul calificării, ocupării, standardelor ocupaționale din sectorul textil", p. 2

57. Turp-Balazs (2019), "Sindicatelor la masa negocierilor"

lower. One of the main reasons for this is the high number of companies with less than 15 employees, which by law cannot be unionised.

Since the reforms to the Law on Social Dialogue, it has become harder for trade unions and employers' organisations to operate effectively. The reform imposed tougher conditions on the structure and function of organisations and, as a result, trade union membership has declined and the number of employers' organisations that can obtain 'representative' status under the new legal criteria has fallen significantly.⁵⁸

Achieving representativeness appears to be more difficult at sectoral and firm level. Data from late 2015 show that representative trade union federations exist in 21 economic sectors out of a total of 29 economic sectors. Large sectors such as textiles and commerce, which together account for about one million workers, have no representative federations. Research shows that the actual representativeness threshold for some sectors is much higher than the legal threshold - 13.3% for the trade sector, 10.4% for construction, 8.7% for IT &C.

COLLECTIVE BARGAINING AGREEMENT (CBA) COVERAGE IN THE COUNTRY

The Law on Social Dialogue 62/2011 abolished collective bargaining at the national level. At the same time, the new legislation replaced branch collective bargaining with sectoral collective bargaining. The new legal framework decentralised collective bargaining by increasing the importance of collective agreements at company level. In the period 2011-2018, collective bargaining was mainly conducted at the enterprise level, but it is not mandatory to reach a collective agreement as a result of the bargaining. Collective bargaining is only legally binding at company level and only in companies with at least 21 employees.

In January 2016, Law No. 1/2016 amended the Law on Social Dialogue (No. 62/2011) provided that in companies where the trade union is not representative (50%+1 of the company's employees), the collective agreement may be concluded by the representative trade union federation to which the respective company trade union is affiliated. In such situations, the trade union federation is also entitled to conclude the collective agreement at company level. This legal provision, combined with the new minimum membership thresholds and the abolition of the CBA at national level, effectively excludes more than half of the total workforce in Romania from collective bargaining, as most companies have fewer than 10 employees.

In summary, since the 2011 reform, there has been a significant decrease in collective bargaining at the industry and company level, and the provisions in the signed agreements cover fewer workers and provide less protection compared to previous agreements.

COLLECTIVE BARGAINING AGREEMENT OVERAGE IN THE GARMENT INDUSTRY

Currently, there is no collective bargaining agreement for the garment industry. The last CBA for the textile and garment industry was signed in 2007 and finally expired in 2011 after being extended by an addendum.

After the reform of the legal framework for social dialogue in 2011, Romania moved from a centralised to a decentralised collective bargaining system. In theory, collective bargaining at the sectoral level should play an

⁵⁸. Hayter, Vargha and Mihes (2013), "The impact of legislative reforms on industrial relations in Romania", p. IX

important role, as the provisions of the sectoral collective agreement are binding (under certain legal conditions) on all enterprises belonging to the given sector, but in practice sectoral collective bargaining is blocked. As a result, collective bargaining at the local level (enterprise level and group of units) is more important.

Collective agreements are negotiated at the factory level, in line with social dialogue reforms. The main issues in collective bargaining in Romania are wages and the payment of overtime.

Although there are some collective agreements at the company level, there is no such agreement that covers the entire sector. Even though some trade unions are well organised, they lack interlocutors from employers with whom they can negotiate. This lack of employers' organisations makes it difficult, if not impossible, to negotiate national agreements at sector level. Such agreements would provide more protection for workers and halt the course of the deterioration of working conditions described above by setting minimum standards at the national level for the TCLF sector. Collective labour contracts, such as those negotiated in some industrial sub-sectors in certain countries, are rarely found in the Romanian TCLF sector.⁵⁹

LOCAL GRIEVANCE MECHANISMS FOR WORKERS

The legal conditions for acquiring representativeness have also diminished the power of trade unions to effectively initiate and carry out collective action, including strikes. By law, a warning strike must be held before a strike is called. Labour disputes can be resolved through conciliation, mediation, or arbitration. The Labour Code was amended in 2020. Employees can now be represented in labour disputes by an external advisor specialising in labour law.⁶⁰

The main government institution to which employees can turn if they have a complaint against their employer is the local "Labour Inspectorate" (Inspectoratul Teritorial de Munca). All complaints must be made in writing and the complainant is given a registration number. Replies are sent by mail to the address of the complainant.

STATE ROLE IN INDUSTRIAL RELATIONS

The active institutions in the field of industrial relations are summarised below:

- 1) The consultative body at the national level, which includes representatives of trade unions and employers' organisation representatives as well as representatives of the government, the National Bank, and the Economic and Social Council, is embodied in the National Tripartite Council for Social Dialogue ("Consiliul National Tripartit pentru Dialogue Social" - CNTDS).
- 1) In the case of legislative changes affecting the economic, social, and fiscal spheres, the Economic and Social Council (CES) must be consulted, which is a national institution composed of representatives of civil society, trade unions, and employers' organisations. The activity of this institution was on hold for several years due to unclear legal provisions, and the CES only resumed work in 2017.

⁵⁹. www.worker-participation.eu, "Collective Bargaining"

⁶⁰. LC, art. 17, paragraph 6

- › The authority responsible for social protection, employment, and labour mobility is the Ministry of Labour and Social Justice. Its specific tasks include: the elaboration of policies and strategies related to social inclusion, social protection, employment and the labour market, and the coordination of public bodies responsible for working conditions: Labour Inspection, National Agency for the Employment of the Labour Force, and the National House of Public Pensions.
- › The implementation of employment strategies and vocational training, as well as social protection for the unemployed, is monitored by the National Agency for the Employment of the Workforce (ANOFM).
- › The implementation of labour legislation by employers in relation to working conditions, health and safety at work, and other legal requirements are reviewed and monitored by the Labour Inspection office.
- › Settlement of labour disputes can be done by initiating judicial actions through the regular courts. In Romania there are no distinct labour courts. There is a mandatory provision in the Civil Code, which requires that all parties involved in a labour dispute must be informed about the benefits of mediation. They can choose whether to proceed with the mediation process or take their case to court.
- › The legal framework for occupational health and safety is established by the Labour Code and Law 319/2006. Companies with more than 50 employees are obliged to appoint health and safety committees. In a given company with less than 50 employees, if the nature of the activities and the risks associated with the workplace require a committee, the Labour Inspectorate has the power to require the establishment of a health and safety committee. The committees are composed of representatives of employers, employees, and labour medicine specialists, and must coordinate and monitor the implementation of health and safety regulations.
- › The Ministry of Labour and Social Protection is the national institution that oversees occupational health and safety, develops strategies and policies, monitors legislation, and certifies companies/ individuals that provide prevention and protection services in the area of occupational health and safety. Other responsibilities of the Ministry of Health include issuing regulations in the field of occupational health and safety and it acts as the main actor in the field of public health promotion. The Ministry of Health also monitors workers' health and is responsible for professional training in occupational health.
- › Labour Inspection is responsible for the implementation of OHS legislation through the implementation of programmes regarding occupational risks, conducting reviews, and imposing sanctions.
- › The National Institute for scientific research in the field of Labour and Social Protection provides scientific research that consolidates policies in the field of health and safety at work.

In Romania, deregulation regarding rights has occurred as a direct negative impact of social dialogue legislation. Due to the significant reduction of protection provided by the collective bargaining system based on coordination and centralisation, there are currently many low-wage workers in Romania.⁶¹

61. Enache (2015), "The economic and social situation in Romania", p. 16

WORKERS REPRESENTATION IN THE FACTORIES

Romanian labour law uses the term "workers' representatives". The representatives should be freely elected and authorised by the workers, with the purpose of representing them, in organisations with more than 21 workers who do not have trade union affiliation. Representatives should be elected by at least half of the votes of the workers.⁶²

Although the representatives should, among other tasks, protect the rights of the workers, they do not have voting rights in the business council of the company.⁶³

^{62.} LDS art. 129

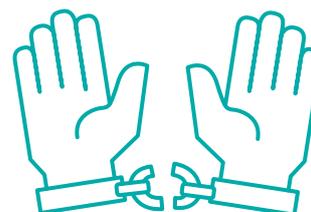
^{63.} LC art. 221-226

6. Implementation of the Fair Wear Code of Labour Practices

In this chapter, the implementation of each standard of the Fair Wear Code of Labour Practices is examined by looking at official statistics on compliance (where available), laws and regulations, different stakeholders' opinions, analyses on implementation, audit findings, and worker complaints received by Fair Wear. Each section starts by quoting the Fair Wear Code of Labour Practices.

6.1. EMPLOYMENT IS FREELY CHOSEN

“There shall be no use of forced, including bonded or prison, labour”.
(ILO Conventions 29 and 105)



Modern slavery is used as an umbrella term over legally defined terms such as forced labour, debt bondage, forced marriage, slavery, slavery-like practices, and human trafficking, and describes exploitation that cannot be avoided through threats, force, coercion, deception, and/or abuse of power.⁶⁴

Forced or bonded labour today usually arises not from physical violence, but from economic bondage: workers cannot leave their jobs because, for example, they have paid a recruitment fee to the company or an employment agent or have other insurmountable debts to the company. Also, and often related to the foregoing, the employer may retain the worker's ID. In addition, workers may be placed in dormitories (which may be provided by the employer) from which they are not free to leave. The latter is often the case for migrants who only work in the industry for a few years. However, there may also be other forms of bonded labour.

Official statistics on compliance

According to the Global Slavery Index 2018, modern slavery affected 4.3 out of every 1,000 people in Romania in 2016, or around 86,000 victims. Romania ranks 19th out of 50 countries in Europe and Central Asia in terms of prevalence of modern slavery, with a lower prevalence than Bulgaria (16th) and North Macedonia (3rd).⁶⁵ Moreover, Romania is classified as a net sending country.⁶⁶

Romania is the main source of trafficking victims among EU member states and, although national authorities implement measures to limit trafficking, they are insufficient. Romanians are trafficked in the country and abroad and a limited number of foreigners are trafficked in Romania. In 2019, 698 victims of trafficking were identified by authorities and NGOs, of which 138 were trafficked for forced labour (which includes begging and theft). Romania is the destination of a smaller number of trafficking victims from Africa and Southeast Asia, who are usually exploited in the construction, hospitality, and food industries.⁶⁷

64. ILO and Walk Free Foundation (2017), "Global estimates of modern slavery: Forced labour and forced marriage", p. 16

65. Walk Free Foundation (2018), "The Global Slavery Index", p. 96

66. Walk Free Foundation (2018), "The Global Slavery Index", p. 176

67. USA Department of State (2020), "Trafficking in Persons Report 20th Edition", pp. 417-419

Laws and regulations

Romanian laws and regulations are in line with the Fair Wear CoLP on freedom of employment. The relationship between the employer and the employees is regulated by the individual employment contract, the CBA, the Labour Code, other national laws and secondary regulations, EU legislation, and the ratified international treaties. Romania has ratified ILO Conventions 29 (Forced Labour Convention) and 105 (Abolition of Forced Labour Convention) and their specific provisions are integrated in the labour legislation. In addition, the Romanian Constitution explicitly prohibits forced labour.

The main law governing the employment relationship is the Labour Code. The individual employment contract is the main institution of the Labour Code and is regulated by the second title, articles 10-110. It is defined as 'the contract on the basis of which a natural person, called an employee, undertakes to perform work for and under the authority of an employer - a natural or legal person - in exchange for remuneration, called wages'.⁶⁸ The authority of the employer can never violate the main principles laid down in Articles 3-4, which clearly prescribe the freedom of employment and the prohibition of forced labour.

As a rule, the individual employment contract is concluded for an indefinite period, exceptionally for a definite period, subject to the conditions expressly laid down by law. It is concluded on the basis of the written agreement of the parties not later than one day before the employee starts work.

The Labour Code clearly states that workers cannot forfeit or accept any restrictions on their legally recognised rights: the right to a salary, to daily and weekly rest periods, to annual leave, to equal opportunities and treatment, to dignity, to health and safety at work, to vocational training, to information and consultation, to participation in the determination and improvement of working conditions and the working environment, to protection against dismissal, to collective and individual bargaining, to participation in collective action, to form and join a trade union, and other rights provided for by law or the applicable CBAs. Therefore, the legislation provides protection against abuse, even if the employee would accept such abuse. Another protection offered by the law against forced labour and other forms of abuse is the amicable amendment of the individual employment contract.

Protection against unlawful termination is also provided, although the law limits the conditions under which the employer can unilaterally terminate an individual employment contract. The notice period for dismissed employees may not be shorter than 20 working days. On the other hand, an employee may also terminate without cause, with a notice period of no more than 20 working days for executive positions and no more than 45 days for managerial positions.

With regard to overtime, the Labour Code clearly states that it should be voluntary, with the exception of force majeure and urgent work necessary to prevent or mitigate the consequences of an accident.

According to Emergency Ordinance no. 97/2005 on the registration, residence, stay and identity documents of Romanian citizens, employers or other persons may not retain the identity documents of employees as a guarantee.

Employers may not retain sums of money from employees, whether as a guarantee or for any other reason or purpose than those permitted by law (e.g. pecuniary liability). An exception is made for inventory operators who, under the terms of Law No. 22/1969 on the employment of inventory operators, the establishment of guarantees and the responsibility for managing the assets of companies and public authorities or institutions, must provide guarantees amounting to a maximum of 1/10 of the monthly salary.

⁶⁸. LC art. 10, our translation

Stakeholders' opinion and analysis on implementation

According to labour-related NGOs, workers in the textile industry report being bullied, harassed, yelled at, and constantly threatened with dismissal. To meet production targets, workers are not allowed to talk to each other or take breaks, and often have to find a substitute worker to take bathroom breaks. Sometimes, if production quotas are not met, managers will cut bonuses as a penalty. Since the basic wage is extremely low, workers strive to get all the bonuses they can, making any extra essential to their livelihood.

No unusual non-compliance was reported during the COVID-19 pandemic regarding this standard.

Fair Wear main audit findings over the last three years

The most recent Fair Wear audit reports did not find any significant issues related to the freedom of employment. In recent years, Fair Wear audits did not reveal original identity papers being retained in the workers' files, nor did it show loans being given to workers or fees having to be paid by workers in order to gain employment. However, one recent audit has identified a practice of unreasonable notice requirements and financial penalties for quitting (paying back the transportation costs incurred by the company in the past 3-12 months prior to their resignation).

Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been no worker complaints regarding the free choice of employment.

6.2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

“The right of all workers to form and join trade unions and bargain collectively shall be recognised.” (ILO Conventions 87 and 98) “Workers’ representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions”. (ILO Convention 135 and Recommendation 143)



In order for a social category to have a voice and have its rights brought to the table of discussions, it must be represented. Romanian legislation is very specific in terms of representativeness and the extent to which any type of trade union organisation can propose and negotiate legislation or represent its members.

Official statistics on compliance

There are no official statistics on the level of unionisation in the sector, and the National NGO Register does not give a clear picture on this aspect.⁶⁹ The current state of industrial relations in the TCLF sector was described in detail in Chapter 5.

Laws and regulations

The Labour Code and related legislation are in line with the Fair Wear CoLP on freedom of association. ILO Conventions 87 (C087 - Freedom of Association and Protection of the Right to Organise Convention), 98 (C098 - Right to Organise and Collective Bargaining Convention), and 135 (C135 - Workers' Representatives Convention) are implemented by the Constitution (Constitution, Art. 40), the Labour Code (LC), the Law on Social Dialogue No. 62/2011 (LDS), and Government Ordinance 26/2000 on Associations and Foundations.

The Law on Social Dialogue No. 62/2011 regulates both the right to join trade unions and collective bargaining. At the national level, the main tasks for social dialogue are legally referred to the National Tripartite Council for Social Dialogue, a consultative body composed of representatives of employers' organisations and trade unions, representatives of the government, and representatives of other social partners such as the National Bank of Romania, the President of the Economic and Social Council etc. It is chaired by the Prime Minister. Among others, the Tripartite Council has the following tasks: (1) ensuring the consultation framework for setting the minimum wage, (2) creating opportunities for discussion and analysis of programmes and projects promoted by the government, and (3) developing, negotiating, and supporting the implementation of social dialogue policies, programmes, methods, and standards.

At least 15 employees of the same company are required to form a union. A person can only belong to one union at a time with the same employer. Minor employees aged 16 and over may become members of a trade union without the prior consent of their legal representatives. With regard to minimum trade union membership, the ILO Committee of Experts on the Application of Conventions 'requests the Government, in full consultation with the most representative workers and employers' organizations, to review the minimum membership criteria taking into consideration the high prevalence of small and medium-sized enterprises in the country so as to ensure the right of all workers to form and join the organizations of their own choosing. The Committee requests the Government to provide information on progress made in this respect'.⁷⁰

Union organisations are trade unions, federations, confederations, and territorial unions. Two or more trade unions from the same sector may form federations. Two or more federations from different sectors may form confederations. A trade union can only be affiliated to a federation and a federation can only be affiliated to a confederation. Federations and confederations may establish territorial unions. Similar conditions apply to employers' organisations.

To be representative, union organisations must: consist of at least 5% of the total national employees (national representativeness), consist of at least 7% of the employees in a particular sector or group of companies (sector/group representativeness), consist of at least 50% plus 1 of the number of employees of a company (company-level representativeness). Employers' organisations have higher percentages for representativeness (7% of the employees for national representativeness and 10% of the employees in the given sector, excluding public employees, for sectoral representativeness).

⁶⁹. LC art. 10, our translation

⁷⁰. ILO (2020), "Application of International Labour Standards 2020. Report of the Committee of Experts on the Application of Conventions and Recommendations", p. 172

The law also protects union leaders from coercion, wrongful discharge, wrongful modification of individual employment contracts, and other actions that may be provided for in the CBA. In addition, union leaders are allowed to perform union duties during working hours without a reduction in pay, and the number of paid days set aside for union activities is specified in the CBA.

Trade unions have the right to use certain means such as negotiations, dispute resolution through conciliation, mediation, arbitration, petitions, picketing, protests, rallies, and demonstrations or strikes as provided by law. Trade unions defend the rights of their members before the courts or other government authorities. Trade union confederations that are representative at the national level may also submit proposals for relevant legislation to the competent authorities.

CBA's can be concluded at the level of a company, a group of companies or for a specific sector of activity. Affiliation to a particular sector of activity is determined on the basis of the main object of the activity, which is registered in the Trade Register under the code NACE. Collective bargaining is mandatory only at the company level and only for companies with 21 or more employees. However, the conclusion of a CBA is not compulsory and is not punishable by law if neither the employer nor the employees initiate collective bargaining.

The initiative for collective bargaining comes from either the employer or the employers' organisation and must be notified at least 45 calendar days before the expiration of collective bargaining agreements. Collective bargaining may not last longer than 60 calendar days, unless the parties have agreed otherwise.

Under Romanian law, only multinational companies and groups are required to form works councils. The law that regulates works councils is Law No. 217/2005 on the establishment, organisation, and functioning of the European Works Council.

Stakeholders' opinion and analysis on implementation

There are no official statistics on the level of unionisation in Romania. In 2017, the total light industry (which includes the TCLF sector) included about 280,000 workers, with a unionisation rate of about 15%.⁷¹ This low union density is partly due to legislation that requires a union to consist of at least 15 workers from the same employer, while 60% of companies in light industry have fewer than 20 employees.

There has been no valid CBA for the TCLF sectors since 2012. According to a labour NGO, this is not politically desired. Discussions are also blocked at the sectoral level because company level organisation is not representative. Where unions are formed, workers are better protected as they can receive additional benefits such as transport and an increase in the value of meal vouchers. However, there is a lack of trust in unions, as history shows that some have used unions as a stepping stone into politics or higher positions in government institutions.

In companies without a union, employee representatives participate in the CBA negotiation. Although the Law on Social Dialogue does not provide for incompatibilities between a leadership position in a trade union and a leadership position in a company (in the case of private entities), some stakeholders bring into the discussion who the workers' representatives are and whether they are really well informed, capable, and willing to discuss at the same level with management.

No unusual non-compliance was reported during the COVID-19 pandemic regarding this standard.

71. Turp-Balazs (2019), "Sindicatetele la masa negocierilor"

Fair Wear main audit findings over the last three years

In general, the unionisation rate in audited factories is very low. Moreover, low awareness of benefits of having trade unions was observed on the part of workers, worker representatives, and employers alike. Among the common findings were: a lack of or insufficient training for worker representatives (7/16 factories), a lack of records of meetings between management and worker representatives (6/16 factories), a lack of knowledge of who the representatives are (3/16 factories), a lack of knowledge about the union and its function (3 factories), and the non-democratic election and/or appointment of worker representatives (4/16 factories).

Audit results show that five of the 16 audited factories do not have a CBA in force, while one factory had inconsistencies in the execution of the CBA. Workers at factory level are generally not aware about the content of the CBA.

Fair Wear highly recommends that Fair Wear member companies promote WEP implementation at factory level to stimulate dialogue between factory management and workers.

Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There has been one complaint in 2017 related to this standard. This complaint was closed on 5 August 2019. More details can be found [here](#).

6.3. THERE IS NO DISCRIMINATION IN EMPLOYMENT

“In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps”. (ILO Conventions 100 and 111)



Discrimination often springs from the wider society and cannot always be solved in a particular factory. Factories, however, can always take steps toward reducing discrimination. For this labour standard, it is particularly important to examine what initiatives exist in the wider society to reduce discrimination and to find out how corrective measures in the factory can fit in with these initiatives.

Official statistics on compliance

Romania is ranked 55th out of 153 countries in the Global Gender Gap Index (GGGI). It is positioned lower than Bulgaria (49th) but higher than North Macedonia (70th). The GGGI measures national gender gaps based on criteria such as economics, education, health, and politics.⁷²

According to the Gender Inequality Index (GII), Romania ranks 61st, behind North Macedonia (37th) and Bulgaria (48th). According to its methodology, the GII measures gender inequalities in three aspects of development - reproductive health (maternal mortality rate and adolescent birth rate), empowerment (share of parliamentary seats held by women and share of adult women and men aged 25 and older with at least some secondary education), and economic status (labour market participation, measured by the labour force participation rate of the female and male population aged 15 and older).

Another UNDP index is the Gender Development Index (GDI), which measures gender gaps in achievements by taking into account disparities between women and men in three dimensions of development - health, knowledge, and living standards. This index positions Romania in the first group (low gender disparities).

In 2018, Romanian women earned on average 2% less than men, with the average gross monthly earnings of women being 4,314 RON (compared to 4,395 RON for men) and the average net monthly earnings of women being 2,615 RON (compared to 2,666 RON for men).⁷³

The 2019 report of the National Council for Combating Discrimination (CNCD) shows that the number of complaints of discrimination gradually increased since 2017, from 682 to 904 complaints. The grounds for complaints were as follows: social category, disability, nationality, ethnicity, age, gender, and language. The same report shows that the main grounds for complaints were access to a job or profession, access to public services, and personal dignity.

Laws and regulations

The government has ratified ILO Conventions 100 (C100 - Equal Remuneration Convention) and 111 (C111 - Discrimination (Employment and Occupation) Convention). Anti-discrimination provisions are found in the Constitution, which states that there are no differences between citizens on the basis of race, nationality, ethnic origin, language, religion, gender, opinions, political views, property, or social origin. Furthermore, citizens are equal before the law, without privilege or discrimination, while Article 30 (paragraph 7) states that incitement to discrimination is prohibited.

The Labour Code further distinguishes the categories of persons vulnerable to discrimination in labour relations: race, citizenship, ethnicity, colour, language, religion, social origin, genetic characteristics, sex, sexual orientation, age, disability, non-contagious chronic disease, HIV infection, political affiliation, marital status or responsibility, union membership or activity, and membership in a disadvantaged class. With the 2020 amendments, the Labour Code now distinguishes between direct discrimination, indirect discrimination, discrimination by association, harassment, and victimisation.

Amendments from 2020, introduced in Government Ordinance 137/2000 on preventing and sanctioning all forms of discrimination, now prohibit moral harassment at work, defining it as an act that has the purpose or

⁷². World Economic Forum, "Global Gender Gap Report 2020"

⁷³. INS, "Căstigurile salariale și costul for ei de muncă, în anul 2018", p. 21

effect of worsening working conditions by affecting a person's dignity, physical or mental health, or professional future, and manifests itself in hostile or unwanted behaviour, verbal remarks, actions, or gestures. In addition, stress and physical exhaustion are included in the definition of moral harassment. According to the Equal Opportunities and Treatment Law (updated in 2020), moral harassment at work on the basis of sex is now prohibited. In cases of discrimination or moral harassment, the victim can claim compensation or compensatory or moral damages. Given the legislative changes recently introduced to recognise and prohibit violence and harassment, it is hoped that Romania will ratify Convention 190 (C190 - Violence and Harassment Convention).

According to Law No. 489/2006 on religious freedom and general regulation of religious cults, there are 18 officially recognised religious cults in Romania. Labour legislation does not specifically refer to religious practices during working hours, as Romania is a secular state according to the Constitution. Public holidays for non-Christian workers include two days for each of the three annual religious festivals.

Employees cannot be dismissed on the basis of the following situations: pregnancy of an employee (on condition that the employer is aware of this fact before issuing the dismissal decision); during the period of maternity leave; during parental leave; during leave to care for a sick child or during care for children with disabilities and/or special needs.

Stakeholders' opinion and analysis on implementation

Although discrimination is relatively high in Romania, there is little discrimination in the garment factories. The legislation has been changed and now there are more penalties for the companies that do not comply with the law. In Romanian legislation, in case of discrimination, the employer has to prove that he follows the rule of equal opportunities among employees, while in cases of harassment, the employee has to prove such an act. Therefore, there are still weaknesses in the legislation.

No unusual non-compliance was reported during the COVID-19 pandemic regarding this standard.

Fair Wear main audit findings over the last three years

Fair Wear audit reports show the following problems related to discrimination in the workplace: the absence or incompleteness of written policies related to discrimination (three factories), the absence of a professional training plan (one factory), the absence of a performance assessment system (one factory), and discrimination in terms of wages paid in the case of personnel considered unqualified who performed highly skilled tasks (one factory). As can be seen, most of the findings do not actually relate to existing discrimination, but to the lack of appropriate measures to prevent it.

Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been no worker complaints regarding discrimination.

6.4. NO EXPLOITATION OF CHILD LABOUR

“There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years.” (ILO Convention 138)

“There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals”. (ILO Convention 182)



Children are particularly vulnerable to forced labour, due to their mental and physical inferiority. According to statistics, in 2016 there were 25 million people in forced labour worldwide, one fourth of which were children.

Official statistics on compliance

The 2019 verification campaign of Labour Inspection in TCLF sectors found no evidence of child labour (1,575 employers working in NACE Divisions 13, 14 and 15 were verified). At the national level, two cases of child labour were found in seasonal activities on the Black Sea coast⁷⁴.

Romania lacks up-to-date, comprehensive data on the nature and extent of child labour in the country, including activities in agriculture, street work and commercial sexual exploitation.

Laws and regulations

Romania has ratified ILO Conventions 138 (C138 - Minimum Age Convention) and 182 (C182 - Worst Forms of Child Labour Convention) and harmonised them with the Constitution and Labour Code. The relevant laws and regulations on child labour are in line with the Fair Wear Code of Labour Practices.

Government Decision No. 600/2007 on the Protection of Young People at Work establishes the specific legal conditions for the employment of children and adolescents applicable to any person under 18 years of age who performs work on the basis of an individual employment contract concluded within the framework of the applicable legal conditions. The minimum legal age for employment is 16 years. The employment of persons younger than 15 years of age is prohibited. Fifteen-year-olds may enter into employment with the consent of their legal guardians, and only for activities that correspond to that person's physical abilities, skills and knowledge, and if such employment does not jeopardise the person's health, personal development, and professional training.

Government Decision No. 867/2009, which prohibits hazardous work for children, prescribes the list of types of hazardous work for children: activities/work that expose children to agents (physical, biological, and/or

74. Inspectia Muncii (2020), "Raport de activitate în domeniul relațiilor de muncă", p. 5

chemical) that are hazardous to safety and health; activity methods and/or work processes that are hazardous to safety and health; working conditions that are detrimental to safety, health, and morals; or any work/activity that prevents a child from receiving education.

A 2019 amendment to the Law of National Education has changed the limits of compulsory education to include the last year of kindergarten and the years of upper secondary education (grades IX - XII/ XIII) from 2020, which means that compulsory education will continue until the age of 18 years, instead of 16 years.

Law No. 272/ 2004 on the Protection and Promotion of the Rights of the Child, republished in 2014, stipulates that a child has the right to receive an education that enables him or her to develop his or her abilities and personality, without any form of discrimination. The child's parents have a primary right to choose the type of education to be given to their child and are obliged to enrol the child in school and ensure his or her regular attendance at school courses. For children over 14 years of age, court permission may be required for a change of educational path.

Other protective provisions for minors set out in the Labour Code are: maximum working hours are six hours/day and 30 hours/week; if the daily working time exceeds 4.5 hours, a break of 30 minutes, which is not included in the working time, is compulsory; no overtime is allowed; no night work is permitted; and three additional days of annual leave apply.

Upon employment, a range of data is entered into a national electronic register (the General Employee Register), including surname, first name, and Personal Identification Number (a unique number assigned on birth registration). These are based on the documents required for employment - identity and civil status documents, copies of which must be kept in the employee's file. This information is sent to the Labour Inspectorate and is easily verifiable.

Stakeholders' opinions and analysis on implementation

Poverty and child labour still exist in Romania outside the factories (beggars on the streets, children working in households etc.). However, this is not a country issue, as it is well regulated by law. According to the law, only people over the age of 16 can be employed and stakeholders have not reported incidents in factories, which carry heavy fines.

No non-compliance was reported during the COVID-19 pandemic regarding this standard.

Fair Wear main audit findings over the last three years

The most recent Fair Wear audit reports did not find any significant problems related to child labour, other than the lack of formal policies regarding the employment of young workers and apprentices (two factories).

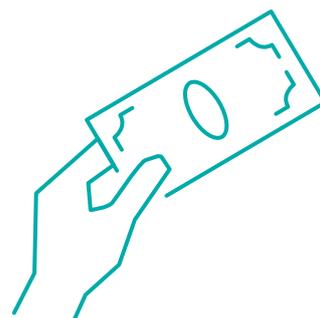
Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been no worker complaints regarding child labour.

6.5. PAYMENT OF A LIVING WAGE

“Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income” (ILO Conventions 26 and 131, the Universal Declaration of Human Rights, art 23(3) and art 25(1))”.



“Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period”.

How the amount of a living wage is to be determined in a given context is still a matter of debate. Pending a workable definition, Fair Wear Foundation argues that where unions are in a bargaining position, salaries should be negotiated through collective bargaining. Negotiated salaries in different sectors can also be taken as a reference point. Whether unions are actually in a position to negotiate and whether collective agreements are implemented and in the real interest of workers is an issue discussed under the previous labour standards. Where collective bargaining does not exist, incremental wage increases must be determined in consultation with the relevant and competent local authorities, trade unions, business associations, and NGOs.

Although there is no legal concept of a ‘living wage’, Romanian legislation includes the concept of a ‘minimum expenditure basket’, which according to Emergency Ordinance No. 217/2020, amended by Law No. 174/ 2020, should be the main element in setting the minimum wage and wage policy.

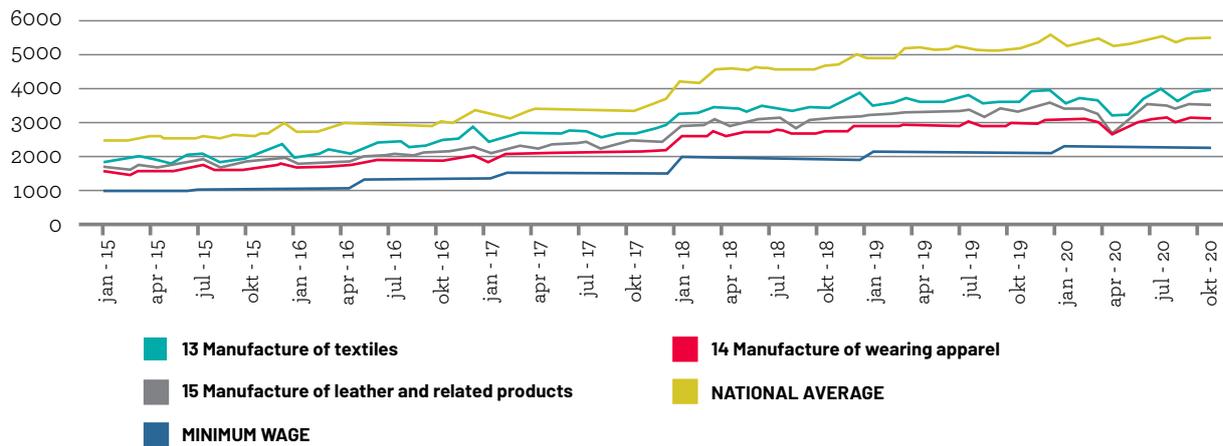
Official statistics on compliance

According to Eurostat, in July 2020 Romania belonged to Group 1 of the countries where the national minimum wage was below PPS (purchasing power standard) 1.000, but had a higher purchasing power than Bulgaria and Hungary. The poverty risk and social exclusion rate has decreased from 37.4% in 2015 to 31.2% in 2019, with women at slightly higher risk than men. The poverty line has increased from 6,172 RON in 2015 to 10,753 RON for a single person per year in 2019.⁷⁵

The following charts show an analysis of the evolution of gross and net earnings in Romania in the three divisions of NACE which are part of the TCLF sector, compared to the minimum wage and the national average. They are based on data series generated from the website of the National Institute of statistics.

75. INS, "Statisticii"

Figure 1 Average gross earnings (in RON)

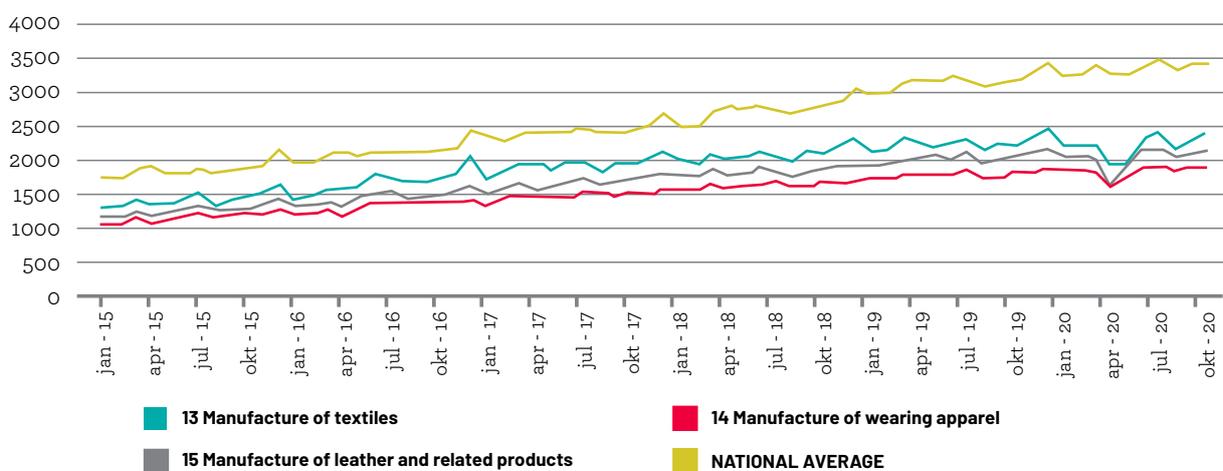


Average gross earnings 2015-2020

The charts are quite informative and clearly show: the minimum wage thresholds, that earnings in textile manufacturing (NACE division 13) are higher than in leather goods manufacturing (NACE division 15) and apparel manufacturing (NACE division 14), and depict the decline in earnings in April 2020 due to the work stoppage during the COVID-19 pandemic. In addition, the charts show peaks in earnings at the end of each year when bonuses are awarded.

Most worrying, however, is the fact that the gap between average national earnings and average industry earnings is widening. For comparison, in October 2020, the average wage was 2,366 RON net (3,889 RON gross) in textile manufacturing, 1,871 RON net (3,058 RON gross) in garment manufacturing, 2,129 RON net (3,475 RON gross) in leather and related products manufacturing, while the national average was 3,343 RON net (5,452 RON gross).

Figure 2 Average net earnings in RON

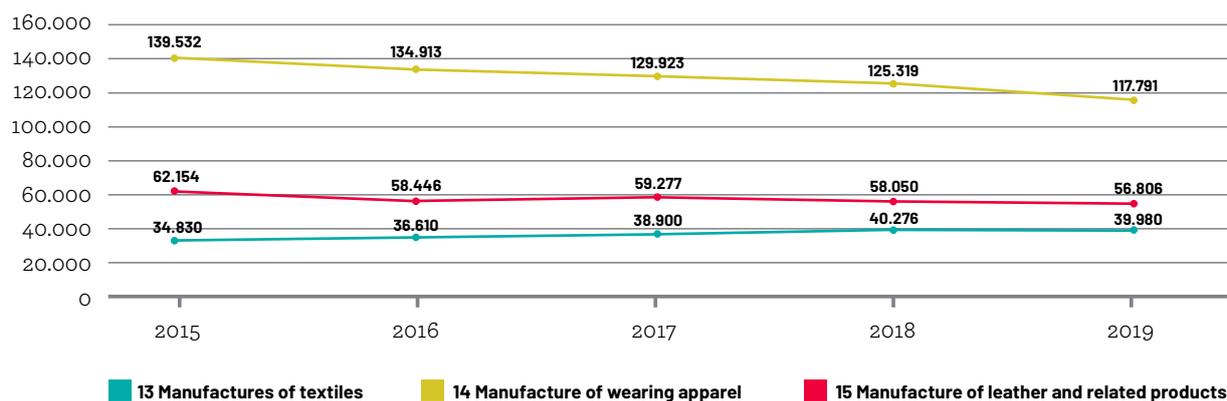


Average net earnings 2015-2020

The following figure shows a comparison in the number of workers in each of the three subsectors. It is observed that the more workers are employed in a sub-sector, the lower the wage. While the average gross wage was 62.71% of the national average in January 2015 in the sub-sector of wearing apparel manufacturing, it was 56.09% of the national average in October 2020.

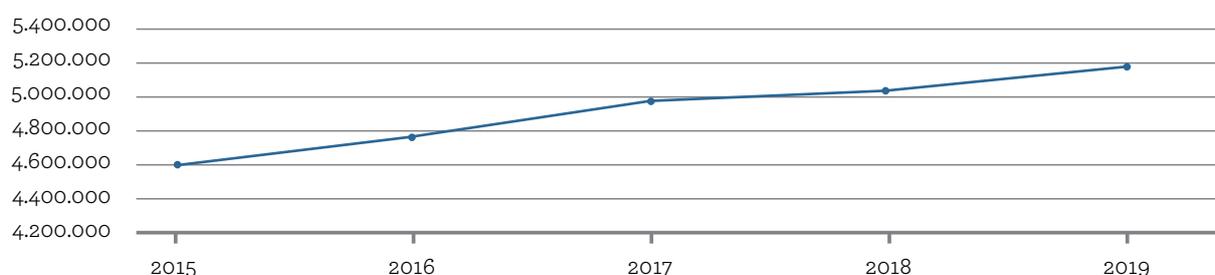
Moreover, the total number of employees in the TCLF sector is decreasing, while the total number of employees in the economy is increasing.

Figure 3 Employees in the TCLF sector, 2015-2019



Employees in the TCLF sector, 2015-2019

Figure 4 Total employees, 2015-2019



Total employees, 2015-2019

Laws and regulations

Romanian laws establish clear rules for the payment of wages. ILO Convention 131 (C131 - Minimum Wage Fixing Convention) has been ratified and included in the Labour Code. However, Romania has not ratified ILO Convention 26 (Co26 - Minimum Wage-Fixing Machinery Convention), under which it would undertake

to 'establish or maintain a mechanism by which minimum wages may be fixed for workers employed in certain trades or parts of trades (and in particular in home working trades) in which there are no arrangements for the effective regulation of wages by collective agreements or otherwise and in which wages are exceptionally low' (Co26 Art. 1). Given the above analysis regarding low wages in TCLF sectors and the fact that there has been no collective agreement in force for these sectors since 2012, they would fall into the category affected by Convention 26.

The gross minimum wage in Romania is 43% of the average wage and 58% of the median wage in the EU. About 20% of full-time employees receive the minimum wage, resulting in a highly compressed wage distribution and most likely a high incidence of envelope wages (undeclared or unofficial wages).⁷⁶

Minimum wages are set by Government Decision, which should usually be adopted in December for the following year. There have been several adjustments to the gross minimum wage, from €210 in 2015 to €470 in 2021. The evolution of the gross minimum wage was as follows:

- › 975 RON from January 2015,
- › 1,050 RON from July 2015,
- › 1,250 RON from May 2016,
- › 1,450 RON from February 2017,
- › 1,900 RON from January 2018,
- › 2,080 RON from January 2019,
- › 2,230 RON from January 2020,
- › and 2,300 RON from 13 January 2021.

According to the authorities, the latest increase was based on a formula that took into account several economic indicators such as the inflation rate and labour productivity. The decision was preceded by discussions with the social partners. However, an objective mechanism for setting the minimum wage is not yet in place.

As mentioned above, though Romanian legislation includes a 'minimum expenditure basket' in lieu of a concept of living wage, this was not taken into account in the Government Programme 2020-2040. The annual value of the minimum expenditure basket is determined by the National Institute of Statistics.

The Labour Code requires that wages be paid at least once a month, with the date specified in the individual employment contract, the CBA, or internal rules. Wages may be paid by transfer to a bank account. Payment of part of the wages in kind is possible only if the applicable collective agreement or the individual employment contract expressly provides for it. Wages include basic salary, allowances, bonuses, and other supplements to basic salary. The payment of wages is evidenced by the signature on the payroll and other probatory documents, which the employer must keep for 50 years in accordance with the law.

⁷⁶. EC, "Country Report Romania 2020", p. 35

Stakeholders' opinion and analysis on implementation

Stakeholders interviewed raised several concerns about wages in the garment industry. Romanian garment workers are typically paid the minimum wage or other amounts just above the minimum wage, which often includes overtime (10-15 hours of overtime per week on average), raising concerns that workers are not paid the legal minimum wage for their regular working hours.⁷⁷ According to local organisations, workers in 50% of the factories surveyed told interviewers that they had worked overtime in previous months to meet their production quota, without receiving additional compensation. If overtime had not been included in their wages, they would not have been able to earn the legal minimum wage that should be paid for their regular working hours.

In addition, despite a spectacular increase in the gross minimum wage, i.e. from 1,450 RON / €310 in 2017 to 1,900 RON / €407 in 2018, there was not much difference in what workers' ended up with in their pockets, as the increase in gross wages was surpassed by an increase in social contributions paid by the employees from 16.5% in 2017 to 35% in 2018. Wages cover 14% of a living wage, so working in the garment industry creates poverty instead of eradicating it.⁷⁸

Although social security contributions are among the highest in the EU, trade unions are still actively involved in negotiating workers' financial rights, including the weekend bonus, the value of meal vouchers etc. There is also a lack of differentiation in workers' pay levels according to education, work experience, and career progression, which is justified by lawmakers on the basis of the freedom to negotiate the employment contract.

Wages are usually paid by bank transfer. If the companies are located in remote villages, cash payments are possible, as problems also arise related to workers having to pay bank charges, e.g. for withdrawing cash from a bank other than their own.

Many employers revert to under-the-table payments, in order to reduce the tax burden on themselves and their employees. For this reason, the amount of undeclared work is high. To counter this trend, in 2017 the government raised taxes on part-time contracts to the level of full-time contracts. Checks were carried out in sectors prone to unreported work, including the garment sector.⁷⁹ The verification campaigns conducted by the Labour Inspectorate in 2019 in TCLF sectors in 1,575 companies, identified 88 individuals performing undeclared work. Several sanctions and fines were imposed for undeclared work and for non-compliance with regulations regarding working hours.⁸⁰

The law on the minimum expenditure basket is not taken into account when determining the annual adjustment of the legal minimum wage, and there are rumours that the authorities intend to repeal the law. The last adjustment of the statutory minimum wage was 41 RON net and almost only covered inflation. On 29 December 2020, the CNS "Cartel ALFA" began a series of protests regarding wages, demanding that the minimum wage be set at 2,400 RON.⁸¹

Below is a benchmark of statistical data that can be used to determine the living wage.

77. US Mission Romania, "2019 Country Reports on Human Rights Practices: Romania"

78. Ajder, Musiolek and Stoiciu, "Country Profile Romania 2018", p. 3

79. US Mission Romania, "2019 Country Reports on Human Rights Practices: Romania"

80. Inspectia Muncii (2020), "Raport de activitate în domeniul relațiilor de muncă", p. 5

81. Cartel Alfa (2020), "CNS Cartel ALFA declanșează o serie de acțiuni de protest pentru creșterea veniturilor lucrătorilor"

Table 7 Wage benchmarks in the Romanian garment industry

Wage Benchmark Name	Amount (RON/month, net)	Valid from	Observations	Source
Criteria for reasonable living in the insolvency procedure of natural persons	Rural area: 644 RON – adult 473 RON – child over 14 years 339 RON – child under 14 years Urban area: 797 RON – adult 587 RON – child over 14 years 419 RON – child under 14 years	2019, 16 Jan	Applicable in the insolvency procedure of natural persons.	(Decizia nr. 7/2018 privind aprobarea Criteriilor generale pentru stabilirea nivelului de trai rezonabil)
Poverty line	896.08 RON – 1 adult 1,881.75 RON – 2 adults and 2 children younger than 14	2019, 1 Jan	10,753 RON/ €2,310 per person per year. 22,581 RON/ €4,852 per family of 2 adults and 2 children younger than 14 per year.	(INS, "Statistici"; Eurostat, "At-risk-of-poverty thresholds - EU-SILC and ECHP surveys")
Minimum wage	1,386 RON	2021, 13 Jan	1,413 RON net (2,350 RON gross) for positions requiring higher education and at least 1 year seniority in the field of higher education studies.	(Hotărârea nr. 4/2021 pentru stabilirea salariului de bază minim brut pe tară garantat în plată)
Average wage in the TCLF industry	1,871 RON	2020, Oct	NACE division 14 Manufacture of wearing apparel.	(INS, "Statistici")
CCC - first step towards a living wage	1,960 RON*	2020, Jan	Calculated as 60% of average national wage of 2020, defined by CCC as basic net wage. *Data available for January – October 2020.	(CCC (2015), "Living Wage Now!", p. 17)
Average wage in the TCLF industry	2,129 RON	2020, Oct	NACE division 15 Manufacture of leather and related products.	(INS, "Statistici")
Average wage in the TCLF industry	2,366 RON	2020, Oct	NACE division 13 Manufacture of textiles.	(INS, "Statistici")
Minimum expenditure basket	2,552 RON – 1 adult 4,146 RON – 2 adults 5,551 RON – 2 adults and 1 child 6,762 RON – 2 adults and 2 children	2018, Sep	Friedrich Ebert Stiftung	(Guga, Mihailescu and Spatar, "Coșul minim de consum lunar pentru un trai decent pentru populația României", p. 43)
Minimum expenditure basket	2,818 RON – 1 adult 4,597 RON – 2 adults 6,194 RON – 2 adults and 1 child 7,278 RON – 2 adults and 2 children	2020, Sep	Friedrich Ebert Stiftung	(FES (2020), "Coșul minim pentru un trai decent, actualizat pentru anul 2020", p. 2)
Average national wage	3,343 RON	2020, Oct	FOM106D – Average monthly net wage earnings by activities (sections and divisions) of national economy NACE Rev. 2.	(INS, "Statistici")
CCC living wage estimate	3,500 RON – 2 adults and 2 children	2017 /2018	Net amount for a family of 4, based on interviews with workers by CCC in 2017/2018.	(Ajder, Musiolek and Stoiciu, "Country Profile Romania 2018", p. 2)
Collective bargaining agreements (CBAs)	N/A	2012, 1 Jan	There has not been a national CBA for the TCLF sectors since 2012 in Romania.	(MMFPS, "Actul nr. 400/2011 adițional la Contractul Colectiv de Muncă la nivelul Ramurii Industriei Textile și Produselor Textile pe anii 2007-2010")

All employers who reduced or interrupted their activity, totally or partially, as a result of the effects of the COVID-19 pandemic, but only during the state of emergency, were eligible to receive state aid to pay employees in technical unemployment. Employees received a compensation of 75% of the basic salary corresponding to the workplace occupied, but not more than 75% of the average gross wage forecasted for 2020 – respectively 5,429 RON, according to Law no. 6/2020 of the state social insurance budget for 2020 (FWF (2020), "Covid-19 impact and responses: Romania").

Fair Wear main audit findings over the last three years

Paying the living wage is a common challenge for all factories in Romania. The living wage, as valued by local stakeholders, is a high bar that factories struggle to meet. Another key finding that runs through all the audits is that there are no clear records or transparent wage systems. Many inconsistencies were observed in the documents, mainly due to the avoidance of paying wage taxes, but also some of the factories prefer to provide inconsistent documentation rather than show non-compliance with laws.

Fair Wear's audit reports show the following problems in relation to living wages:

- › Wages paid are generally below living wage estimates (16/16 factories audited).
- › There are issues around transparency of wage records and workers' understanding of how wages are calculated (5/16 factories audited).
- › Overtime premium is not paid as required by law (1/16 factories).
- › Workers do not receive payslips (1/16 factories).

According to worker interviews, factory wages do not cover the basic cost of living for a four-person household.

Worker complaints

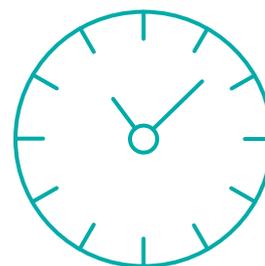
Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been three complaints since 2016 related to this standard. Two of them are resolved and one is closed due to the resignation of the complainant. More details can be found [here](#)⁸².

82. FWF, "Complaints"

6.6. REASONABLE HOURS OF WORK

“Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate”. (ILO Convention 1)



The aspect of keeping reasonable working hours has implications for the other standards. For example, it can affect the health and safety of employees and their overall earnings. If overtime is not paid, is not paid at a premium, or is paid under the table, it will affect the social contributions paid on behalf of the employee and, in addition, the pension rights and other entitlements of employees. When overtime is not voluntary, it infringes upon the freedom of employment standard.

Official statistics on compliance

The average number of actual weekly hours worked on a main job in EU countries in 2019 was 36.3 hours. In Romania, it was 38.9 hours, lower than in Bulgaria and North Macedonia, but showing a slightly increasing trend since 2015. In manufacturing, the average working week in Romania was 40.5 hours in 2019, higher than the national average, but with a slightly decreasing trend since 2015. Men generally work between 0.1 and 0.2 hours more per week than women.⁸³

Laws and regulations

Romania has ratified ILO Convention 1. The national legislation is stricter than the provisions of the Convention and the Fair Wear Code of Labour Practices regarding working hours.

According to the Labour Code, working time is defined as the period during which the employee performs work in accordance with the applicable individual employment contract, CBA, and/or legislation. For employees who are employed on a full-time basis, the normal working time is eight hours per day and 40 hours per week. For young people up to the age of 18, the working time is six hours per day and 30 hours per week. The distribution of working time during the week is normally even: eight hours per day for five days and two days of rest. Depending on the specific activity of the company or the specificity of the work, the employer may opt for an uneven distribution of working time, on condition that the normal working time of 40 hours per week is respected. The maximum statutory length of working time may not exceed 48 hours per week, including overtime. An exception is that working time (including overtime) may be extended beyond 48 hours per week, on condition that the average working hours calculated over a reference period of four calendar months do not exceed 48 hours per week. The weekly rest period consists of 48 consecutive hours.

⁸³. Eurostat (2020), "Average number of actual weekly hours of work in main job, by sex, professional status, full-time/part-time and economic activity (from 2008 onwards, NACE Rev. 2) - hours"

Overtime must be compensated with days of paid leave within the following 60 days from the date of the overtime. If compensation is available, the employer must pay wages commensurate with the overtime hours worked. If the employer cannot provide paid compensatory leave within the next 60 days, beginning with the following month, the employer is required to pay an additional amount after negotiations. This may be included in the collective agreement or, if applicable, in the individual employment contract and may not be less than 75% of the employee's basic salary. There are no special legal provisions for the payment of overtime that apply to piece rate workers, only clear general rules on working hours and the cumulative conditions for how overtime can legally be worked and paid.

Overtime must be negotiated and clearly regulated by CBAs or, if not applicable, by the internal rules on: night work, workloads, rest periods, lunch breaks and daily rest periods, weekly rest periods, public holidays, annual and other employee leaves, and professional development leave.

Annual leave is a minimum of 20 working days, as negotiated in the CBA. National holidays are not included in annual leave. Certain categories of employees are entitled to additional vacation days as provided by law. The remuneration for the period during which the employee was on leave may not be less than the daily average of the salary entitlements in the three preceding months, multiplied by the number of days of leave.

The employer is required by Article 119 of the Labour Code to keep records of hours worked (including starting and ending time) for each employee and to submit these records for inspection by labour inspectors upon request. Government Decision no. 488/2017 prescribes the organisation and functioning of the Labour Inspection and the establishment of organisational measures, as the competent authority to verify employment relationships in any aspect.

Table 8 Overview of legal framework on working time

Standard workday	8 hours
Regular working hours per week	40 hours
Maximum working days per week	5 days (exception maximum 14 consecutive work days, followed by cumulated free days, with the authorisation of the Labour Inspectorate and the agreement of the union/worker representatives)
Maximum overtime per week (as an exception, 8 hours per week as average of the past 4 or 6 months)	8 hours
Premium for night work (% of hourly pay)	25% or reduction of schedule by 1 hour
Premium for work on weekly rest day and public holiday (% of hourly pay)	100%
Premium for overtime work (% of hourly pay)	75%
Restrictions on night work?	yes
Non-pregnant and non-nursing women permitted to work same night hours as men?	yes
Restrictions on weekly holiday work?	No, but if the schedule is set at the weekend, a premium is paid.
Restrictions on overtime work?	yes
Paid annual leave for a worker with 1 year of tenure (in working days)	20 or more, as negotiated

Stakeholders' opinion and analysis on implementation

According to union representatives, overtime is generally not excessive and, where appropriate, the union helps workers either get the extra pay or rearrange production so that there is no overtime. However, research by labour-related NGOs shows that information on overtime is not printed on the payslip. Normally, wages are paid on a piecework basis, with regular hours and overtime paid at the same piecework rate. Half of the factories surveyed do not pay their employees overtime. Where overtime was paid in addition to regular wages, workers reportedly earned an additional 100-250 RON (€21-53) net per month in both 2017 and 2018.

Workers interviewed reported that they are expected to meet high quotas that are difficult or impossible to achieve within given deadlines and regular working hours. Often, increases in the minimum wage are accompanied by higher quotas. In addition, refusal to work overtime can lead to tensions between employees and management or supervisors.

Working time registers have gaps and information deficits regarding effective working hours, unequal distribution of weekly working hours, and overtime pay. Usually, statistics refer to data officially submitted by companies to the Labour Inspection, but in fact many statistical accounts are misused: unfair interpretations of certain legal provisions related to working time (there is no condition that the total number of hours worked under different employment contracts carried out at the same time must not exceed the established maximum duration of working time), overtime and/or overtime pay, or cumulative jobs for the same worker.⁸⁴

The verification campaigns conducted by the Labour Inspection in 2019 in the TCLF sectors in 1,575 companies ended with the imposition of sanctions and fines for non-compliance with the rules regarding working hours.

According to the weekly reports published by the Labour Inspection, the lack of working time registers indicating the start and end time for each worker and non-compliance with the rules on weekly rest are among the most common violations generally found during the inspections, including during the COVID-19 pandemic.

Fair Wear main audit findings over the last three years

Overtime registration and overtime pay continue to be important findings in audit reports. Overtime is not excessive in most factories. It mainly occurs on Saturdays or after regular working hours, and is usually within the legal limits of accepted overtime. Unfortunately, in some cases this overtime is not paid at a premium rate or is not properly documented.

One of the most common findings is that the overtime reported by workers did not always match the documentation (payslips) that was audited. This inconsistency causes confusion in workers' overtime pay. There is no accurate calculation of overtime pay for factory workers who are paid on a piece rate basis. This is a common challenge in the industry.

Fair Wear audit reports show the following issues related to overtime:

- 1) Factories are not transparent about overtime. In these cases, overtime is not registered or inconsistently registered in the official books (five out of 16 factories). This also means that overtime is not paid at all or at least not in accordance with the law.

⁸⁴. Chivu, Ciutacu and Dimitriu, "The impact of legislative reforms on industrial relations in Romania", p. 32

- There is no clear policy regarding overtime, which is particularly relevant for pieceworkers (four out of 16 factories).
- The total working time per week is occasionally over 60 hours (one out of 16 factories).

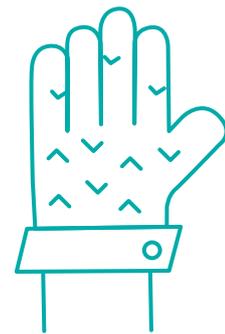
Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been three complaints since 2016 related to this standard. Two of them are resolved and one is closed due to the resignation of the complainant. More details can be found [here](#).⁸⁵

6.7. SAFE AND HEALTHY WORKING CONDITIONS

"A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155...) Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited."



This standard is particularly interesting because non-compliance with the principles and rules can have a direct and immediate impact on the livelihood and welfare of workers.

Official statistics on compliance

In the table below we have summarised the statistical data on accident frequency provided by the Ministry of Labour and Social Protection in its statistical bulletins. It is noteworthy that the level of incidence is lower than the national average calculated by Labour Inspection.

⁸⁵ FWF, "Complaints"

Table 9 Accident incidence in the TCLF sectors 2017-first half of 2020 (MMPS, "Buletin statistic în domeniul muncii și protecției sociale")

	1st half of 2020				2019				2018				2017			
	Fatal		Temporary disability		Fatal		Temporary disability		Fatal		Temporary disability		Fatal		Temporary disability	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Textile	0	0	7	7	0	0	27	22	0	0	41	27	0	1	21	19
Apparel	0	0	12	0	0	1	51	4	0	1	41	5	0	1	36	7
Leather and Footwear	0	0	10	3	0	0	27	10	1	0	27	15	0	0	26	22
TOTAL	0	0	29	10	0	1	105	36	1	1	109	47	0	2	83	48

2020 was an atypical year due to the COVID-19 pandemic. During the state of emergency and alert, some businesses were temporarily closed or operated with a reduced number of employees. This also explains the lower number of accidents reported.

In July and September 2019, the Labour Inspectorate organised inspection operations at enterprises in the TCLF sector (NACE divisions 13, 14, and 15). Inspections were done on 1,407 enterprises and 84,427 workers, with 2,506 violations detected.

Laws and regulations

Romania has not ratified ILO Convention 155 (C155 - Occupational Safety and Health Convention). However, Romanian legislation is in line with EU legislation. The Constitution establishes the right to health protection, the right to a healthy environment, and the social protection of labour.

The Law for Occupational Safety and Health no. 319/2006 prescribes the general framework for the improvement of working conditions in terms of workers' safety and health. The law establishes the general principles regarding the prevention of occupational risks, the protection of workers' health and safety, the elimination of risk and accident factors, the informing, consultation, balanced participation, and training of workers and their representatives. Article 6 of the Law establishes the principle of the employer's responsibility for ensuring the health and safety of workers. The directions in which the employer must act to meet this responsibility are: ensuring the safety and health of workers, preventing occupational hazards, informing and training workers, and ensuring the organisational framework and means necessary for safety and health at work.

Chapter X of the Law lays down the institutions with responsibilities in the field OHS. The competent authority in this field is the Ministry of Labour, Social Solidarity and Family, which has regulatory, approval, monitoring, and coordination responsibilities. The Ministry of Public Health deals with the occupational health aspect. Labour Inspection is the competent authority for reviewing and monitoring the application of OHS legislation.

Law 319 is accompanied by Government Decision no. 1425/2006 on the methodological rules for the application of this law. There are other specific laws for different aspects related to the health and safety of workers.

Government Decision No. 355/2007 establishes the minimum requirements for monitoring the health of workers against risks of occupational diseases, for the prevention of illnesses caused both by harmful chemical, physical, chemical, and biological agents (which are characteristics of workplaces), and by the overload of various organs or systems of the human body during work. It establishes the prophylactic medical services necessary for the development of working conditions. Another notable legislation is Government Decision No. 1146/2006 on the minimum safety requirements for the use of work equipment, Government Decision No. 1048/2006 on the minimum health and safety requirements for the use of personal protective equipment, and Government Decision No. 1091/2006 on the minimum health and safety requirements for the workplace.

The Law for Civil Protection No. 481/2004, republished in 2008, establishes the attributions of insuring civil protection in the workplace. Civil protection refers to the prevention of disasters and the mitigation of the effects of emergency situations or armed conflicts.

The Law on Fire Protection No. 307/2006 defines fire protection as an integrated ensemble of specific activities aimed at preventing and reducing fire hazards and ensuring operational interventions to limit and extinguish fires, evacuate, rescue, and protect people at risk, and protect property and the environment from the effects of emergency situations caused by fires. Another significant piece of legislation that regulates fire safety in the workplace is Regulation No. 163/2007 on the adoption of the general standards for protection against fires.

From another perspective, the Law on Guarding Targets, Goods, Values and for the Protection of Persons No. 333/2003, republished in 2014, prescribes the security and protection of targeted objectives, goods, and values against any illegal act that affects their material existence, as well as the protection of persons against any hostile act that may endanger life, physical integrity, or health.

Stakeholders' opinion and analysis on implementation

The critical aspects of the legislation are broadly respected in Romania, although companies do so less out of actual concern for workers' health than to avoid being penalised financially. Conditions are guaranteed at a minimum level. One problem expressed by stakeholders is that 50% of factories operate in buildings without proper ventilation and air conditioning. According to the respondents, they have to cope with stifling heat inside during the summer months; sometimes there are no windows and only one air conditioning unit for the entire factory. Fainting spells are quite common among the workers. Adequate amounts of drinking water are not provided in the summer.

During the COVID-19 pandemic, the Labour Inspection has constantly conducted verifications and information campaigns on OHS, based on Law No. 55/2020 on some measures to prevent and eliminate the effects of the COVID-19 pandemic. Although a full report for 2020 is not yet available, statistics are published weekly, which can be consulted [here](#).

Fair Wear main audit findings over the last three years

Awareness of OHS is very low among employees. First, they are not familiar with the hazards in their workplace that can lead to accidents or injuries. Secondly, when accidents happen, they do not know how to react. Workers are unaware of the benefits of using personal protective equipment (PPE), even though wearing protection is mandatory for certain jobs. Many workers have been trained to recognise potential hazards and problems in factories, but do not take the risks seriously.

Safety issues related to electrical hazards, fire alarms, and inadequate (or unmaintained) fire extinguishers, improper storage of chemicals and hazardous materials, and inadequate/inappropriate ventilation are among the most recurring findings in recent audit reports. Ergonomics is also a recurring issue at both the micro and factory levels.

Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There have been three complaints since 2014 related to this standard. Two of them are resolved and one is closed due to the resignation of the complainant. More details can be found [here](#).

6.8. LEGALLY BINDING EMPLOYMENT RELATIONSHIP



“Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected”.



This labour standard generally means that workers have a written employment contract that complies with local law. There is no specific ILO convention that addresses this issue. However, there is ILO terminology that we will use in this chapter. It defines informal economy as ‘all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements’.⁸⁶ The term does not cover illegal activities.

Work in the informal economy ‘is often characterized by small or undefined work places, unsafe and unhealthy working conditions, low levels of skills and productivity, low or irregular incomes, long working hours and lack of access to information, markets, finance, training and technology’.⁸⁷ Workers in the informal economy are not recognised, registered, regulated, or protected by labour laws and social protections.

86. ILO (2002), "Resolution concerning decent work and the informal economy", p. 25

87. ILO, "13. Informal Economy"

Official statistics on compliance

The International Monetary Fund definition of the shadow economy (legal economic and productive activities that, if recorded, would contribute to the national GDP, excluding illegal or criminal activities, do-it-yourself, or other household activities) is in line with the ILO terminology described above. In 2017, Romania had the fourth largest shadow economy among the 31 European countries studied, after Bulgaria, Turkey, and Croatia, with a share of 26.3% of GDP, macro-series. In the period 1991-2015, it ranked 45th out of 91 countries studied, but the share of the shadow economy in Romania's GDP had a decreasing trend over the years.⁸⁸

The tax wedge (taxation in general and labour taxation in particular, especially social contributions) is an important determinant of the size of the informal economy. In Romania, the tax wedge (the difference between the total costs of the employer and the net earnings of the employee) is 36.7%, the seventh highest in the EU and the highest in Central and Eastern Europe, while the European average is 32.5%. The basic criteria influencing the size of the informal economy are: the control of corruption, the effectiveness of government, the rule of law, and the quality of regulation.⁸⁹

Laws and regulations

There are a variety of definitions and criteria for describing and classifying the informal economy. Perhaps it is easiest to think of it in terms of marketability and legality. Non-marketable activities include, for example, domestic work and volunteering, and marketable activities include day/seasonal work, internships, residencies, apprenticeships, undeclared work, moonlighting, the black economy, tax fraud, and criminal activities.

Formal work, defined as work covered by formal agreements, is largely regulated by the Labour Code, which primarily covers full-time and permanent work, as well as temporary, agency, part-time, and home-based work. The main body of the Labour Code is the individual employment contract, which must not contain provisions that conflict with or fall below the minimum statutory or collective agreement provisions. The individual employment contract should contain at least the provisions set out in Art. 17 (3) of the LC, which can be consulted [here](#).

Certain categories of persons and certain types of relationships are additionally regulated by adjacent laws. Law No. 78/2014, which regulates volunteering in Romania, states that volunteering is based on a contract concluded in writing in Romanian between the volunteer and the host organisation, which must be registered in the volunteer register and kept by the host organisation in accordance with its internal regulations. Other legally binding conditions are established by Law No. 52/2011 on activities carried out occasionally by daily workers, according to which the employment of the worker by the beneficiary is established by agreement of the parties, without the conclusion of a written individual employment contract (but the worker still needs to be listed in the Register of Day Workers).

The Law on Apprenticeship at Work No. 279/2005 stipulates that apprenticeship contracts must comply with all the general rules provided for in the Labour Code for fixed-term contracts and payment correlative to the time actually worked. The basic monthly salary established by the apprenticeship contract must be at least equal to the gross minimum wage in the country.

88. Medina and Schneider (2018), "IMF Working Paper: Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?", p. 18

89. Dumitru (2018), "Economia neobservata in Romania - cauze si consecinte"

Employers must notify vacancies to the county employment offices, as required by the Law of the System for Unemployment Insurance and Employment Stimulation No. 76/2002. This law also states that in Romania every person is guaranteed the right to freely choose an occupation and a job, as well as the right to unemployment insurance.

In case of an inspection by the Labour Inspection, companies must provide a number of documents. The list of indicative documents can be found [here](#). Extra documents may be required.

Law No. 263/2010 on the unitary public pension system stipulates the following pension categories: old-age pension, early retirement, partial early retirement, disability pension, and survivor's pension. This law is in force until 31 August 2021, when Law No. 127/2019 on the public pension system will come into force.

The pension insurance system is based on three pillars: compulsory state fund, compulsory private fund, and voluntary private fund. The insurance rate is 25% of the gross salary, which is divided between the private and state compulsory funds, with 3.75% of the gross salary insured in the private fund and 21.25% of the gross salary insured in the state fund. The minimum period of service is 15 years.

The Law on Health Care Reform No. 95/2006 stipulates that health insurance operates as a unified system. Participation in the Unique National Health Insurance Fund is compulsory.

Law No. 227/2015 on the Fiscal Code regulates the following compulsory social contributions: pension contributions to the state social insurance budget, health insurance contributions to the unique national health insurance fund, and the insurance contribution for labour to the general consolidated budget. The share of individual social insurance contributions also includes the contribution rate related to private pension funds, which was established by Law No. 411/2004 on Private Pension Funds, republished in 2007.

Below is a brief example of the calculation of social security contributions. For the 2021 minimum wage of 2,300 RON, an employee without dependents receives 1,386 RON, while the total cost to the employer is 2,352 RON.

Table 10 Example of social contributions calculations at the level of the 2021 minimum wage, in RON (Calculator Salarii)

Total gross entitlements (base salary plus additions, overtime and bonuses)	Pension	Health	Deduction (0 dependents)	Tax	Total contributions and tax (employee)	Net wage	Insuring contribution for labour (Employer)	Total contributions and tax (Employee+ Employer)	Total cost
A	B	C	D	E	F	G	H	I	J
	25.0% A	10% A	Art. 77 of Fiscal Code	10% (A-B-C-D)	B+C+E	A-F	2.25% A	F+H	G+I
2,300	575	230	405	109	914	1,386	52	966	2,352

Stakeholders' opinion and analysis on implementation

Since work without legally binding relations is an unregistered activity, the occurrence of this phenomenon can only be estimated by local stakeholders. Increasing efforts are being made to capture informal work, through legislation and the registration of informal work in special databases. Although there have been positive effects after strengthening the sanctioning measures and enlargement of the role and functions of the labour inspectors, the general opinion is that undeclared work is generated and fostered, among other things, by bureaucracy, high levels of fees, taxes, and social contributions payable by both employee and employers. In practice, labour relations are masked by concluding types of contracts other than labour contracts, which do not accurately reflect the real situation and have different legal effects. Another serious concern is that in many cases, employees are not even aware of the consequences.

No non-compliance was reported during the COVID-19 pandemic regarding this standard.

Fair Wear main audit findings over the last three years

All audited factories pay social security contributions as required by law. Unregistered workers were not found to be a problem during the audits. All audited factories employ workers according to the Labour Code, and only one out of 16 factories had violations. No other violations were found under this standard.

Of the 16 factories audited, only one had findings under this standard:

- › The Internal Regulations contains rules that exceed the limits of labour laws.
- › Most job descriptions for production positions do not describe in detail the tasks that workers are required to perform according to skill level, complexity of tasks, etc.
- › The professional evaluation criteria for workers in the company are not documented in an officially adopted systematic way.

Worker complaints

Fair Wear's complaints procedure serves as a safety net. When a complaint is filed, Fair Wear informs the member sourcing from the factory in question and investigates the complaint. All the complaints are published on the Fair Wear website.

There were two complaints in 2019 related to this standard. They are both closed due to the resignation of the complainant. More details can be observed [here](#).

Sources used in this country study

This information was gathered by Haricleea Spaler and Lavinia Istratie-Macarov. The study was prepared by gathering information about national laws and local stakeholders' views on labour issues in the garment industry in Romania. In addition, local stakeholders were consulted, however, due to the COVID-19 pandemic there were limitations in their personal responsiveness. The following stakeholders were approached:

EMPLOYERS' ORGANISATIONS

Federation of Employers of Textiles, Clothing and Leather - FEPAIUS

Mihai Pasculescu, President, +40 21 311 29 81-82

WORKERS' ORGANISATIONS

National Trade Union Federation in Light Industry Uniconf

Daniel Năstase, President,

+40 734 287 05, uniconf@gmail.com

LABOUR-RELATED NGOS

Syndex Romania,

Marcel Spatari, Manager,

0731.297.353

Friedrich Ebert Stiftung Office Romania

Victoria Stoiciu, Programme coordinator

+40 732 845 987; victoria.stoiciu@fes.ro

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