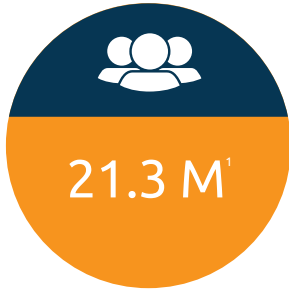


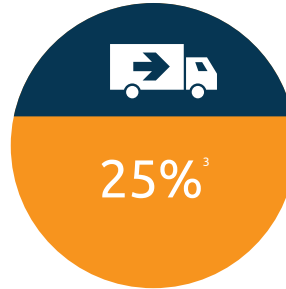
Population (2012)



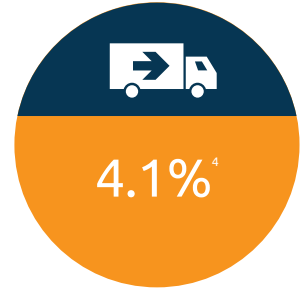
Employees in the textile and garment industry (2010)



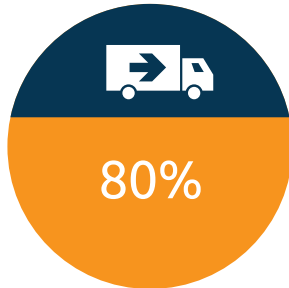
Share of garments and textiles in total exports (2011)



Share of clothing articles and accessories in total exports (2011)

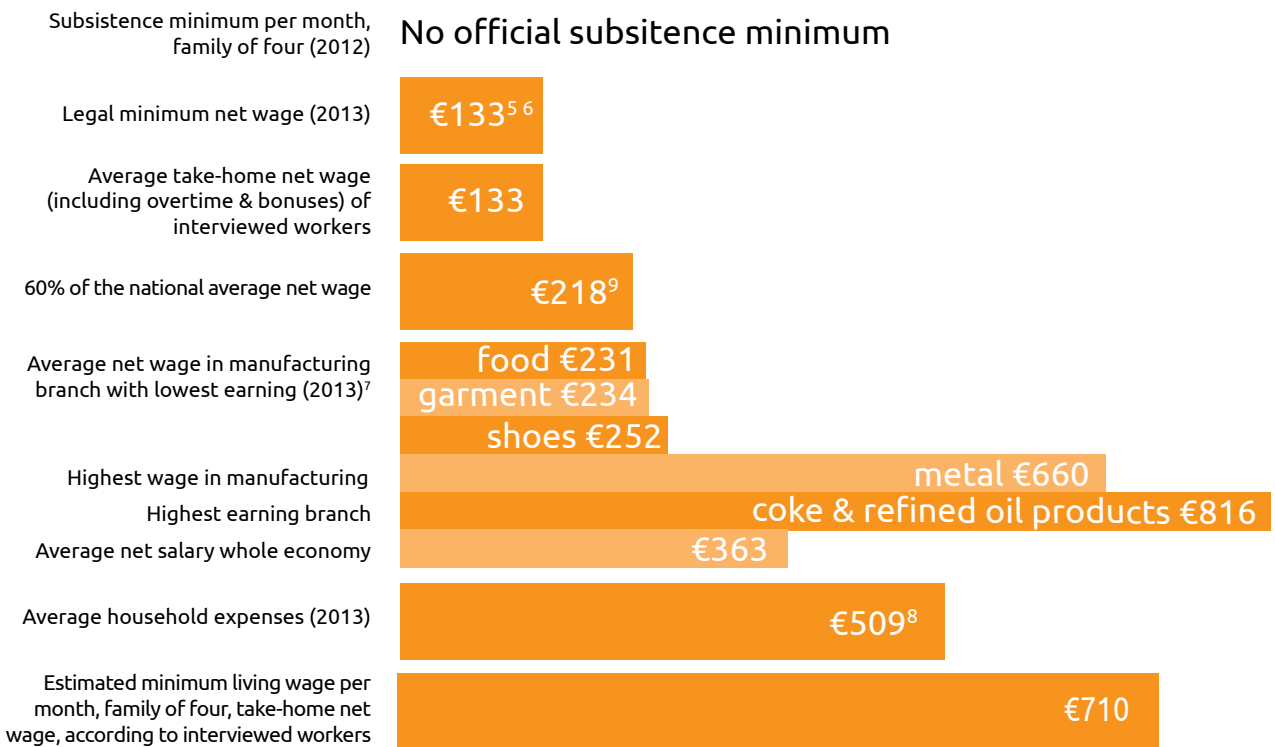


Share of export in produced garments



Asked how she can support her family from her wage, M. started to cry. "It is impossible. We work in continuous flux and I only come back with pennies at the end of the month. Only the monthly ticket for the bus and the phone and internet bill is taking half of my wage. I need to take an advance from the salary every month to pay them on time. How about pocket money for the children, or a visit to the dentist? It is unimaginable."

WAGE COMPARISON



DEMANDS TO BUYERS

- **As a first immediate step**, global buyers have to make sure that workers in Romania receive a basic net wage (without overtime and bonuses) of at **least 218 Euro** (60% of the national average wage). As a **further step**, the basic net wages have to be **increased towards the level of the estimated minimum living wage**.
- Buyers have to **analyse and adapt their price structure** in order to make sure that the actual price they pay to the supplier allows for these wage hikes.
- Immediately cease wage theft practices such as not paying overtime according to the law, stealing leave days and overtime to make up the minimum wage.
- Replace the quota-system with payment per hour as legally prescribed.

THE ROMANIAN GARMENT INDUSTRY – EUROPE’S CHEAP SWEATSHOP

After Turkey, Romania’s garment industry is the most important one in Central and Eastern Europe and it plays an important role in Romania’s own economy.

It reached its peak in 2004 with 450,000 employees. At that point, the sector made up 34% of all exports.¹⁴ The Romanian textile and garment employers association RomTextiles lists 527 apparel companies while all the other textile producers (including footwear, leather, home textiles, knitwear, yarn, fabrics, fashion accessories) together amount to 663; the latter making up about a third of the entire clothing production.¹⁵

Sewing is the main activity in the Romanian textile sector – and sewing under the “Lohn” system (Outward Processing Trade; OPT) for foreign customers from Germany or Italy is by far the prevailing system. Major foreign buyers are Dolce & Gabbana, Armani, Eugen Klein, H&M¹⁶, Zara, C&A, and Gerry Weber.¹⁷ As the OPT “Lohn” scheme is a trade scheme of and with the EU, the EU is automatically also the main destination of exported garments and textiles. In 2011, the share of “Lohn” production in textiles was 57% and in clothing 79%.¹⁸

The garment and food industries are the worst paid industrial sectors in Romania and yet they have a high rate of employability.¹⁹ One factory had planned to hire 400 new workers but could not find them due to infamously low wages in the industry. This is the main reason for a shortage of labour force, which has repeatedly been reported over the last 10 years. The strategy of employers and employment offices to cope with this shortage was to hire migrant workers from Asia.

Buyers of the researched factories that were mentioned on their websites include: Dolce & Gabbana, Eugen Klein, ROFA (work wear), Gerry Weber, Hucke, Basler, H&M, Delmod, Arcadia, Benetton, Inditex (brands: Zara, Bershka, Massimo Dutti, Stradivarius)

“I barely get the minimum salary, and one month I did not manage to reach the 800 RON (177 EUR) after working even on Saturdays. I have two children that I need to support and it is impossible to provide for them with this money.”

WAGE RELATED RIGHTS VIOLATIONS

- Wages far below a living wage
- Research showed that without overtime, the legal minimum wage can often not be reached. Without overtime, workers earn wages that are 25% below the minimum wage¹⁰.
- **Illegal overtime practices:** overtime is organised unofficially and does not figure on the official payslip, which only lists standard working hours. Overtime is not paid at the legally prescribed rate; it is paid as a continuation of the normal piece rate with a cash coupon of 2.10 Euro for Saturdays. ("The highest possible wage after a day of tiring work is 6.20 Euro. I just can't do more pieces.") Moreover: Refusal of overtime can create tensions with management or supervisors.
- **Theft of annual leave** is common in order to top-up the wage to the minimum wage.¹¹
- **Lack of strong unions** who encourage people to act. Even when there are unions, they are extremely timid and overly modest, e.g. just asking for € 10 more in wages.
- **Misuse of short-term contracts:** 6-12 months
- **Unhealthy workplace conditions** including intoxication with insecticide after cleaning the factory¹², lack of ventilation and overcrowding.¹³

FIELD RESEARCH FINDINGS²⁰

Including overtime the net salaries vary between 560 and 975 RON (124 - 216 EUR)

Many workers receive exactly the minimum wage of 133 Euro net including overtime. Older and slower workers often make below the legal minimum wage. Without overtime, many workers would only earn 111-133 Euro net.

Benefits provided are 20 lunch coupons per month. Other possible benefits include a bonus of 9.35 RON (2 Euro) at the end of a working week; a bonus of 9.50 RON (2.10 Euro) at the end of work on Saturdays; and twice-a-year holiday bonuses (Christmas and Easter) of 50 RON (11 Euro). A significant number of workers must buy a regional monthly transportation ticket of about 100-130 RON (22-29 Euro) or 16-20% of their net wage, as most workers commute from rural areas.

STEALING MONEY AND TIME

In the researched factories, overtime is organised twice a week on working days, and twice a month on Saturdays. Workers are paid by piece rate and receive the same wage as during normal working hours with the exception of a bonus of 9.50 RON (2.10 Euro) per day paid on Saturdays. Interviewed workers worked 54 hours per week on average. Although overtime can be refused, it is necessary in order to earn the minimum wage, thus workers see it as an opportunity to top up their income.

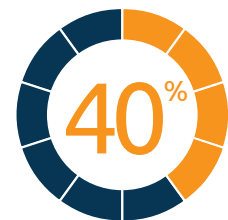
Research showed that in many cases, not even working overtime guarantees a minimum salary. In 2012, workers at the researched factory working overtime twice a week and on Saturdays managed to reach the minimum wage only two months out of twelve. As a matter of practice, in some cases where workers do not reach the minimum salary working overtime, paid annual leave is added to the monthly pay slip to lift the wage to the legal minimum wage. Workers are then unable to take annual leave when they want or need to. Workers stated that their families would need at least 333 Euro to cover food expenses.

THE AVERAGE NET WAGE of a garment worker cover



of a minimum living wage.

The average net wage of garment workers and the legal minimum wage cover



of the food costs for a family of four.

MISUSE OF SHORT-TIME LABOUR CONTRACTS

By law, a fixed term contract cannot exceed 36 months and is only allowed in certain exceptional cases like for seasonal work²¹ Short term contracts are common in the garment industry. Fixed and short-term contracts for 6-12 months or around a year are wide-spread. In fact, only three of the eleven interviewees in one factory had open ended contracts. Contracts can be extended upon evaluation from management of the factory. In some cases, short-term contracts pave the way to tax evasion and informal work: workers never have their contracts renewed while continuing to work for the factory informally.

LEGAL CHANGES WEAKEN WORKERS' RIGHTS

In 2011, the Labour Code was substantially amended and a new law on Social Dialogue was adopted. Collective bargaining at national level, which previously set minimum pay and conditions for the whole economy, was abolished. This decentralisation in collective bargaining has brought with it uncertainties and collective bargaining has come to a standstill.²² The new rules for bargaining at industry and company level have weakened the position of unions.²³

Changes that have a negative impact on workers include:

- There is no legislation that forbids sanctions on the grounds of union membership; whilst modification or termination of employment on the grounds of union membership or activity is prohibited, there is no legislation forbidding sanctions by the employer.
- Constitutional Court ruling overturning the law ensuring trade union officials have a right to a shorter work schedule for trade union activities without loss of pay. (No. 1276/2010)
- A cumulative membership of at least 5% of the labour force and territorial structures in more than half of the national municipalities are required to be considered representative at the national level.
- Membership of at least 50% plus one of the workers of the enterprise is required to be recognised as a bargaining agent.
- A lawful strike can only be called in defence of workers' economic interests and compulsory arbitration can be imposed where a strike lasts more than 20 days. Should a court declare a strike illegal, the trade union has to pay damages and its leaders may be dismissed.²⁴

There was one successful collective bargaining agreement (CBA) in the textile and garment industry which was signed in 2007²⁵. It established the minimum wage per industry (104 Euro/month, 19% higher than the legal minimum wage for 2007), payment of overtime work, and working conditions. The CBA was valid for 3 years and expired in 2010.

In October 2013, the National Confederation of Labour Unions, Cartel Alfa, put forward demands to raise the minimum wage from 177 Euro to 266 Euro (gross) until 2016. In other requests, the Confederation asked for 222 Euro (gross) until 2014²⁶. The union complained the current minimum salary is not enough to cover the most basic needs.

Poverty indicators in Romania include:

- heavy reliance on family and friends for agricultural products,
- inability to regularly pay for utility bills,
- extended rent payments due to inability to afford housing loans,
- owing money to relatives and friends,
- irregular or inexistent medical check-ups (especially dentist check-ups),
- poor hygiene,
- inability to pay for school uniforms and school supplies every year,
- lack of recreation/cultural activities,
- inability to travel outside of town.

Farming or selling of agricultural goods is common among single mothers working in the factories who make up around one third of factory employees

ALEXANDRA'S STORY – FACTORY WORKER FROM ROMANIA

"I started working in the factory after a small factory where I worked before went bankrupt. I knew the firm was going to move to a new location and heard it planned to get new equipment, so I thought it would pay better. But I found the same situation as everywhere else. This month, I was lucky I got the minimum, but many women don't manage. If you work 8 hours from 7.00 to 16.00, you can make perhaps 700 RON (155 Euro), maximum 800 RON (177 euro)."

With her monthly net wage, Alexandra struggles every day to cover her basic needs. "I have one child but my husband is a pensioner so I am the only one bringing income to the family. My child is 19 and unemployed and has a new-born son and I have to support him and his young family. They live with us. Just for the nappies I need to spend 200 RON (44 Euro) every month. It is very difficult."

From Monday to Friday and sometimes on Saturdays, Alexandra wakes up at 5.30 to take the minibus to the factory. She comes back in the evening. "Sometimes I stay from 6.00 to 18.00 to make a little bit more money. If I only stay 9 hours a day, I can't feed the family. But on Saturdays, I must stay home with the small child and watch him while his parents do some temporary work in a cafe. I tell my boss that sometimes I don't make the minimum if I don't come on Saturdays and he says: "Then come on Saturdays'."

Saving money for a new flat for her child's family is unthinkable when even providing daily meals is a challenge. "How do we live? On potatoes, vegetables, and sometime sausages. But even they are getting more and more expensive. We are lucky to have countryside relatives with a farm near Galati who help us with food – some cheese and milk once in a while. Going out in town is out of question – who can afford a coffee or tea with our salary?"

Alexandra is not optimistic. "These are the salaries in Romania in the industry. I have worked in the field for 25 years; in some places we did not even get lunch vouchers like here. Of course I need more money. When big suppliers come to visit our factory to talk to the boss, they see the new equipment and are content but never ask about how much we make."

"I look at some single mothers in our factory and really pity them for their situation. But even I do not have enough money to pay for medicine or for pocket money for my children. We have a house loan for which we pay € 300 a month. We always have to find money from family or even neighbours to pay for our expenses."

“Last month, after I worked overtime and on two Saturdays, I made less than the minimum, so they stole five days of my vacation to raise the sum to 800 RON (177 EUR). Another month my supervisor stole part of my work and added it to her favourite worker’s payslip. Only when I confronted her, she said it was a mistake. What if I had not checked? Many workers are in my situation.”

“What hurts me most is that women in the factory are too afraid to organise and challenge the management on the low payment. If we worked together, maybe we could change something, but workers are terrified to lose their jobs in this economy. But after all we are all in this situation together.”

¹ National Institute of Statistics: Romania in Figures 2013, p.9

² http://de.wikipedia.org/wiki/Wirtschaft_Rumäniens#cite_note-Yearbook-7 - last visited 26 Feb 2014

³ ibid

⁴ SC Comvinpex SRL, Report on the economic situation of the textile sector in Romania, year 2011, p. 8: www.ice.gov.it/paesi/europa/romania/upload/083/Romania%20-%20Nota%20macchine%20tessili%20%202011.pdf

⁵ All data in Euro according to exchange rate of www.oanda.com, 1 February 2014

⁶ 800 RON gross.

⁷ Institutul National de Statistica, Romania, Castigul salarial mediu in luna iulie 2013 - 4 September 2013, available at www.insse.ro/cms/files/statistici/comunicate/castiguri/a13/cs07r13.pdf

⁸ National Institute of Statistics, Veniturile si cheltuielile gospodariilor populatiei in trimestrul II 2013, No. 243 from 7 October 2013, available at: http://www.insse.ro/cms/files/statistici/comunicate/abf/ABF_II_r13.pdf. The expenses are based on 2.425 calorie/person/day and a share for food and non-alcoholic beverages of 43%. For one person it's 803 RON.

⁹ <http://www.insse.ro/cms/files/statistici/comunicate/castiguri/a13/cs07r13.pdf>

¹⁰ Interviews with workers revealed remuneration is paid by price per phase, which differs for different phases (sewing; ironing; etc). A worker doing 60 pieces in 2 phases per day: phase 1) 0.8500 RON/piece X 20 pieces = 17 lei; phase 2) 0.280 RON/ piece X 40 = 11.20 RON; total per day: 28.20 RON; total per month w/o bonus (20 working days, standard hours): 564 RON; bonus at the end of every week: 9.30 RON; total per month: 601.20 RON gross, or 200 RON less than minimum salary.

¹¹ Paid annual leave is included in the payslip in order to lift the salary up to the minimum wage, although, according to workers, no vacation days had been actually taken that month

¹² Romania Libera, 70 de angajate ale unei fabrici de confectii din Calafat, la spital cu intoxicatii, 3 May 2013, available at: www.romaniailibera.ro/actualitate/locale/update-70-de-angajate-ale-unei-fabrici-de-confectii-din-calafat-la-spital-cu-intoxicatii-300953.html

¹³ Romania TV, Amendă maxima pentru o firma de confectii care isi tinea angajatii in conditii inumane, 6 August 2013, available at: www.romaniatv.net/amenda-maxima-pentru-o-firma-de-confectii-care-isi-tinea-angajatii-in-conditii-inumane_92511.html

¹⁴ Fair Wear Foundation, Country study – Romania, October 2010, p. 3

¹⁵ SC Comvinpex SRL, Report on the economic situation of the textile sector in Romania, year 2011, p. 9: www.ice.gov.it/paesi/europa/romania/upload/083/Romania%20-%20Nota%20macchine%20tessili%20%202011.pdf

¹⁶ <http://about.hm.com/AboutSection/en/About/Sustainability/Commitments/Responsible-Partners/Supply-Chain/SupplierList.html>

¹⁷ Cristina Rosca, Ziarul Financiar, Harta celor mai mari producatori de imbracaminte si incaltaminte, 16 August 2012, available at: www.zf.ro/companii/harta-celor-mai-mari-producatori-de-textile-si-incaltaminte-9950483/

¹⁸ SC Comvinpex SRL, Note on the economic situation of the textile sector in Romania, year 2011, p.12: www.ice.gov.it/paesi/europa/romania/upload/083/Romania%20-%20Nota%20macchine%20tessili%20%202011.pdf

¹⁹ Capital.ro, Aproximativ 11.700 de locuri de muncă vacante, la nivel național, 4 October 2013, available at: www.capital.ro/detalii-articole/stiri/aproximativ-11700-de-locuri-de-munca-vacante-la-nivel-national-187278.html

²⁰ During October-November 2013, a total of 22 qualitative interviews with workers from 2 factories were conducted. All interviewees were women, in one factory all of them were seamstresses. They wanted to remain anonymous.

²¹ Labour Code of Romania, Law no. 53/2003, Article 83

²² International Trade Union Confederation, 2012 Annual Survey of Violations of Trade Union Rights - Romania, 6 June 2012, available at: www.refworld.org/docid/4fd8892a2d.html

²³ L. Fulton (2013) Worker representation in Europe. Labour Research Department and ETUI. Produced with the assistance of the SEEurope Network, online publication available at www.worker-participation.eu/National-Industrial-Relations.

²⁴ International Trade Union Confederation, 2012 Annual Survey of Violations of Trade Union Rights - Romania, 6 June 2012, available at: www.refworld.org/docid/4fd8892a2d.html

²⁵ Monitorul Oficial al Romaniei, part V no. 16 of 14.09.2007, Contract colectiv de muncă la nivelul ramurii industriei textile și a produselor textile pe anii 2007-2010 nr. 408/2007, available at: http://industriatextila.ro/index.php?option=com_content&view=article&id=15&Itemid=25

²⁶ InCont, Sindicalistii anunta declansarea protestelor pe termen nelimitat, cerand majorarea salariului minim la 1000 de lei si protectie sociala pentru disponibilizati, 30 September 2013, available at www.incont.ro/social/sindicalistii-anunta-declansarea-protestelor-pe-termen-nelimitat-cerand-majorarea-salariului-minim-la.html

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