



ESPN Thematic Report on retirement regimes for workers in arduous or hazardous jobs

Romania

2016

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European Social Policy Network (ESPN)

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hazardous jobs**

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Summary/Highlights

Romania has a long tradition of granting special retirement benefits to workers in arduous or hazardous jobs (WAHJ). Two major successive reforms of the pension system (in 2000 and 2010) changed the definition of such jobs, as a result of both transposing some EU regulations into national legislation and catching up with changing working conditions. The general tendency was to reduce the number of categories of work groups/conditions, along with the number of individual jobs, considered as arduous or hazardous. The legislation distinguishes between workers in normal, special and difficult working conditions (the latter two constituting WAHJ within the terms of this report).

The definition of 'special' work conditions is rather restrictive. A limited number of occupations are defined as being associated with them by default, while any other job has to be assessed and validated by means of a demanding methodology (and reassessed every five years), based on a list of 51 tasks/activities established by law. While the process is highly customized, it is also extremely difficult to document and financially burdensome for employers.

'Difficult' working conditions are a temporary category, defined as comprising jobs for which working conditions are in the process of being 'normalised', in accordance with a strict schedule set out in law.

The policy mix addressing WAHJ is biased towards measures favouring early retirement. WAHJ benefit from more favourable retirement conditions: a lower minimum pensionable age, shorter working life and higher accrual rates. The latter entitle them to pension benefits comparable to the pension obtained by a similar worker, working in a regular job, who retires after completing the statutory contributory period and reaching the standard pensionable age (SPA). In general the pension system rewards longer work careers with higher pension accruals: but the lack of any effective alternatives allowing WAHJ to make a smooth transition into other jobs at the end of their career encourages early retirement. Although medical problems arising from work conditions attract compensation, employment programmes do not specifically target WAHJ, and with unemployment among older workers increasing significantly in recent years their chances of prolonging their working life by moving to jobs with less demanding conditions have become very limited. This has resulted in many older workers using early retirement and invalidity retirement as strategies to cope with the challenges of the labour market.

Despite a generous replacement rate for WAHJ pension benefits, early retirement imposes costs on both employers and the long-term incomes of WAHJ pensioners themselves. Employers have to support the system through higher social insurance contributions (which often leads to increased debts to the social insurance budget). Many companies with WAHJ are consequently forced to downsize their activities (e.g. the mining sector). Favourable retirement rules may artificially encourage workers to remain in their jobs, further hampering their chances of moving to other ones before retirement. Given the increasing importance of the defined-contribution pension benefit, which is granted through the mandatory pre-funded Pillar II, early retirement is therefore also detrimental in the long run to the future incomes of WAHJ pensioners, at least in comparison with other workers, despite the pension enhancements involved.

In order to encourage WAHJ to work longer, it is crucial to develop employment programmes aimed at increasing their occupational mobility and at smoothing the transition from special/difficult work conditions to retirement. Incentives for WAHJ to enrol in various occupational training and counselling programmes before reaching pensionable age and full pension entitlement should be jointly supported by the Employment Agency and the National House for Public Pensions. The first step towards facilitating effective policies in this regard is to arrange for the provision of readily available and timely statistical data (administrative or survey-based) regarding the number, dynamics and structure of WAHJ and WAHJ pensioners.

1 Overall description of the policy mix targeted at workers in arduous or hazardous jobs

In regard to workers in arduous or hazardous jobs (WAHJ), Romanian legislation distinguishes between working conditions that are **normal, special ('conditii speciale') and difficult ('conditii deosebite')**, as defined and regulated through pension legislation (Law 263/2010). Hazardous work conditions can also be defined through collective agreements, but the way of assessing and defining them varies from the methodology set out in pension law. Collective agreements grant special income benefits to WAHJ, but not retirement entitlements.

The general criterion for defining **special work conditions** is the occurrence at the workplace (for at least 50% of work time) of risk factors that could affect workers' health and security at work. In concrete terms, the law specifies two criteria for defining special work conditions. The first one refers to a set of *occupations* defined by default as implying 'special work conditions'. The second one refers to a *list of tasks* that confer eligibility for a job to be associated with special work conditions, regardless of the industry or occupation.

The *list of occupations* considered by default as involving special work conditions is limited to: (1) miners working underground for more than 50% of normal working time; (2) workers in the nuclear industry exposed to high or very high levels of radiation; (3) several categories of artists who cannot carry out their work after a certain age¹; (4) air navigation personnel, provided that a certain number of monthly flight hours is completed; and finally (5) certain activities carried out by military and police personnel².

The law also establishes a list of 51 tasks, based on which the status of 'special working conditions' may be ascribed to a certain job. While these tasks are not industry-specific, most of the tasks on the list are carried out mainly in manufacturing industry. Provided that a job is eligible, the employer or the employees' representatives have to initiate, and financially support, a process of assessment and accreditation. Several criteria have to be met in the process of validation, including measurements of the risk factors and records of the adverse effects of work-related factors on workers' health and/or security (which have to be documented over a 15-year period). The law also (L263/2010) sets out a *list of jobs/ categories of jobs* that have already been validated through the above-mentioned accreditation process; all these jobs have to be reassessed every five years in order to maintain this status (L325/2015, Annex 3). The list comprises 147 firms, which provide approximately 374 (categories of) jobs with special work conditions. The metal and non-metal manufacturing industry, along with the petroleum/oil industry, water navigation services and mining, account for more than 80% of the total (see Fig.1).

Difficult work conditions are defined as workplaces where the exposure to risk factors can be up to 100% of a person's work hours, also subject to a validation process. This category was deemed as temporary, since all the jobs with difficult work conditions were supposed to be 'normalised' before 2007 (according to GD 261/2001). However, as not all the employers concerned succeeded in improving work conditions, the transitional period has been prolonged in law on several occasions³. In 2015 approximately 30,000 people (working mainly in the health, mining and energy sectors) were classified as working in difficult conditions (GEO 65/2015), though the number decreased rapidly after 2007 (see Fig.2).

¹ Pensions legislation recognizes the work of the following categories of artists as arduous or hazardous: ballet dancer, acrobat, clown, juggler, circus rider, wild animal charmer, wind instrumentalist, singer of opera and operetta (L263/2010).

² Since 2015, air navigation staff and military and police personnel fall under separate service pension schemes, being thus granted special, more generous conditions of retirement. As the service pension schemes fall outside the scope of the present report, these two categories will not be included in the analysis.

³ GD 246/2007; GD 1173/2014, GD 1014/2015.

The current typology of work conditions is the result of a **series of reforms that changed the definition of hardship (penibilitate)**. The general tendency was to reduce the number of work groups, as well as of jobs, considered to be arduous or hazardous. As a result, many jobs no longer considered as arduous or hazardous were redefined as being associated with 'difficult' conditions on a temporary basis, while a transition was effected to 'normal' work conditions. Others have been redefined as having 'normal' conditions (e.g. auxiliary personnel on ambulances, and drivers on heavy duty vehicles). Although the changes reflected an improvement in work conditions, they triggered discontent among workers and unions, some of which have already expressed their intention to petition the government on this issue⁴.

Although there are no readily available data (survey or administrative), the number of WAHJ is small and decreasing. This is both the result of a new and more restrictive legislative framework as well as of a steady decline of the economic sectors with WAHJ over recent years. For example, employment levels in the mining sector, typically considered as the industry associated with the hardest and most dangerous work conditions, decreased by over 30% between 2008 and 2014 (Fig.3). In addition, manufacturing industry scaled down significantly, with employment in some sub-sectors (such as the manufacture of petroleum products, basic metals and other non-metal mineral products) falling between 2008 and 2014 by more than 30% in each case (Table 1).

The demanding methodology for determining work conditions and validating the existence of arduous or hazardous jobs, along with the regular reassessments required by law, ensures a more customised approach and should enhance effective coordination between policies and the changing needs of WAHJ. However, making the list of eligible tasks and activities more restrictive entails the risk of leaving out some jobs that, in fact, might prove risky and even dangerous, with a negative impact on workers' rights. According to the 2013 European Labour Force Survey ad hoc module on work accidents and work-related health problems (LFS AHMs, 2013), the highest proportion of workers perceiving their activities as being exposed to risk factors is among construction workers (over 60%, Fig.4), a sector that is barely represented in the list of eligible tasks⁵. Administrative records of accidents at work are consonant with the survey data (see Fig.5). Other problems associated with the current legislative framework include the costs imposed upon employers and the possibility of errors in personal work history records⁶.

Although the legislation is restrictive in the way jobs associated with special or difficult work conditions are defined, it provides generous rules regarding the retirement of WAHJ and clearly defined provisions regarding compensation for work-related medical problems. On the other hand it contains rather weak provisions aimed at prolonging working lives.

⁴ As in the case of auxiliary personnel on ambulances, whose work lost recognition as arduous with Law 19/2000. Recently, some local unions expressed their intention to petition the government in order to regain this status. <http://www.mesageruldecovasna.ro/stiri/ambulantierii-cer-sa-se-revina-la-statutul-de-angajat-in-conditii-speciale-de-munca/>. Another group in this situation are professional drivers on heavy duty vehicles and buses. The latter case is described in detail in the study *Better Understanding of 'Arduous Occupations' within the European Pension Debate*, ETUC et al. (2014).

⁵ For construction, the list of eligible tasks for special working conditions refers only to those activities that are carried out underground (according to annex 2 of L263/2010).

⁶ Proving the arduous or hazardous nature of a job is an important source of lawsuits against The National House for Public Pensions, as its current president stated in a recent interview (<http://www.ziare.com/pensii/sistemul-pensii/sefa-casei-de-pensii-in-romania-barbatii-sunt-discriminati-la-calcularea-pensiilor-1259496>). Errors mainly occur due to a failure to initiate reassessment procedures by employers or workers' representatives or when the work history archives have been lost or damaged.

Compared with the provisions for workers in 'normal' jobs, the pension system awards WAHJ more favourable conditions of retirement. Recent reforms aimed at consolidating the pension budget (L263/2010) have only indirectly affected WAHJ, by increasing the standard pensionable age and the minimum contribution period.

Besides the generous pension rules, there are no other provisions explicitly addressing the WAHJ category. However, there are *three other general schemes*, not specifically addressed to WAHJ, ensuring protection on a case-by-case basis: social and medical insurance in the case of work accidents and occupational diseases; invalidity pension for work-related diseases or other injuries; and finally, employment programmes falling under the authority of the regional Employment Agencies.

In Romania there are currently no employment programmes, active measures or work-retirement transition measures explicitly targeting WAHJ. Groups that are specifically addressed by active labour market programmes, or that are considered risk groups, are unemployed people over the age of 45 years, respectively over 55 years of age. The measures addressing these groups – e.g. targeted active measures, subsidized employment for five years before reaching the pensionable age – are aimed at preventing early retirement and prolonging work life. These measures could also benefit those WAHJ who are about to reach pensionable age and a complete contribution period, yet they target unemployed people exclusively. Extending the target group to include some occupational categories with WAHJ – while these are still in the labour market – and increasing the programme's capacity to reach out to these groups, could benefit both social insurance expenditure and workers' welfare.

2 Pension rules for workers in arduous or hazardous jobs

Faced with gloomy demographic prospects and under budgetary constraints, the Romanian pension system has been significantly changed through successive reforms in recent years. An important reform concerned the introduction of two pre-funded pillars (pillar II and pillar III) in addition to the main pay-as-you-go (PAYG) pillar (pillar I). Pillar II was legislated for in 2004 (L411/2004) and came into force in 2008: participation is mandatory for people under 35 who are insured under the main PAYG pillar⁷. It is funded from a part of employees' social contributions for pension (i.e. 6% out of 10.5% of the taxable income⁸). It is privately managed and complementary to the PAYG pillar, granting defined-contribution benefits starting in 2030, when it will reach maturity. The third pillar consists of voluntary private pensions (L204/2006), supported by some special fiscal provisions designed to stimulate participation. In addition, following a reform enacted in 2010⁹, the standard pensionable age was increased to 63 years for women, respectively to 65 years for men, the difference between men's and women's standard pensionable age decreased, and the contributory period required for a full pension increased, at the same time as the conditions for early retirement and invalidity pensions were tightened. The reform also tried to unify all the special service pension schemes under the main public scheme, but more recent political developments have led to their restoration¹⁰.

Whereas the 2010 reform changed retirement conditions for all workers, the special rules for WAHJ within the mainstream PAYG pillar (regarding the level of social contributions and conditions of retirement) were maintained. In return for higher levels of social contributions, WAHJ benefit from a full pension at a lower retirement age, with a shorter contributory period and a higher accrual rate.

⁷ Law 411/2004 on privately managed pension funds, with further amendments.

⁸ The contribution to the privately managed mandatory pillar was scheduled to increase progressively from 2% of gross income in 2008 to 6% in 2016. As a result of budgetary constraints the increase followed a slower pace, with the maximum of 6% being rescheduled for 2017.

⁹ Reforms are rooted in Law 263/2010 regarding the unitary public pension system.

¹⁰ Several special service pension schemes have been recreated.

Under pension legislation, **early retirement** is possible for most people only when they are not more than five years younger than the standard pensionable age and, even under these circumstances, it is not an easy path. Unless retirement occurs after a very long contributory period (i.e. at least eight years longer than the statutory full contributory period), it attracts penalties as high as approximately 9% for each missing year. By contrast, *WAHJ are entitled to retire at younger ages on full pension*, provided they have a complete contributory record (after taking into account years worked under special or difficult conditions). However, the rules vary according to the category of work conditions (special or difficult) and the occupation concerned (miners, artists and people working in nuclear industry are subject to different rules to those for other WAHJ) (Table 2).

For people working under special conditions, starting with the second year, the **pensionable age** is lowered by six months for each year of work, the total reduction ranging from one to 13 years. For difficult work conditions, the reduction is less: six months for every two years, ranging in total from one to eight years, beginning with the sixth year of work (Table 3). Whereas the reduction in the pensionable age does not depend on gender, differences in standard pensionable age for men and women result in different minimum retirement ages for WAHJ (i.e. 52 for men and 50 for women working in special conditions).

Miners and artists who work for more than 20 years are rewarded with a further decrease in the retirement age (up to a maximum of 20 years for miners, 15 years for artists). Those in the nuclear industry who work for more than 15 or 17 years (depending on the degree of exposure to radiation) are entitled to retire regardless of age (Table 2). For these categories of workers, the latter, longer careers effectively entitle men and women to equal conditions of early retirement¹¹.

The **complete contributory period** in respect of a full pension for an insured person working under normal conditions is currently 35 years¹². For WAHJ, each year worked under special conditions is treated as equivalent to 1.5 regular work years, and each year worked under difficult conditions is treated as equivalent to 1.25 years. Thus, the complete contributory period is achieved after 23.4 years by workers in jobs with special conditions and 28 years by workers in jobs with difficult conditions. Longer careers ensure shorter contribution periods for miners, artists and workers exposed to high levels of nuclear radiation (Table 2).

Finally, WAHJ benefit from **additional pension points**. The old-age insurance benefit is based on a pension points system, which reflects the worker's earnings throughout their lifetime work history¹³. The pension benefit is calculated by multiplying the value of one pension point¹⁴ by the average number of accumulated points. WAHJ receive a 50% increase in pension points if working under special conditions, and a 25% increase if working under difficult conditions (L263/2010).

As the final number of pension points is the ratio between the lifetime accumulated number of points and the length of the statutory contributory period (i.e. 35 years), working fewer years means a lower number of pension points. Thus, increasing the number of pension points for WAHJ acts as a means to counterbalance the potential

¹¹ With the exception of ballet dancers and acrobats, for which the minimum retirement age is 45 for men and 40 for women. For miners the minimum retirement age is 45 regardless of gender, whereas for artists the minimum age is 50.

¹² Currently, the full contribution period is lower for women compared with men. It will equalise with that of men (i.e. 35 years) by 2030.

¹³ For each month of activity, the number of pension points is calculated by dividing the individual's taxable income (up to a limit of five times national average incomes) by the national average income for that month. An average number of points is calculated each year, whereas the final number of pension points will be found by dividing the total yearly pension points by the number of years in the mandatory full contributory period.

¹⁴ Currently, a pension point amounts to 871.7 RON – approximately 190 EUR.

losses resulting from having a shorter contributory period. Two people with the same income and a full contribution record – one working under normal conditions (contribution period is 35 years) and the other a WAHJ (contribution period is 23.4 years) – will therefore retire at the standard pensionable age with comparable pension benefits. However, the pension for a worker in special conditions will increase (up to 150%) compared to the pension of a worker in normal working conditions if he/she works longer than the minimum contributory period and the reduced SPA required for a full pension for the category of special work conditions.

The **funding of WAHJ pensions** is covered through the PAYG pillar and, theoretically, supported by higher social contributions for hazardous and arduous jobs. Whereas social contributions are in general divided between employers and employees, for WAHJ only the employer has to pay higher contributions¹⁵. Currently, the contributions payable by employers represent 25.8% of taxable incomes for special work conditions, 20.8% for difficult work conditions and 15.8% for normal work conditions. The general tendency in recent years has been for the level of social contributions to decrease, but the differential between categories of working conditions (5% and 10% as above) remains.

Higher social contributions should ensure the sustainability of a system that offers more generous retirement conditions for WAHJ. But a significant percentage of employers with WAHJ are state-owned companies. According to the 2015 annual report of the Fiscal Council, companies with majority state ownership are the biggest debtors to the pension budget. In 2013 the debts were recorded at 6.1 billion RON (around 1.34 billion EUR), which represented 1% of GDP, while in 2014 was 5.7 billion RON (around 1.26 EUR), amounting to 0.8% GDP (Fiscal Council, 2015). Given this situation, imposing higher levels of social contributions for WAHJ increases the risk of accumulating debts to the pension budget. Equally important, granting more generous retirement conditions can threaten the sustainability of the pension system in the long term. The sustainability problem is even more evident for air navigation staff and military and police personnel, two occupational categories that are treated as having hazardous and arduous conditions under service pension schemes, but are not covered by this report. In their case, the mismatch between contributions and pension value is necessarily covered from extra-budgetary sources¹⁶.

As additional social contributions are transferred by employers only to the PAYG pillar, the existence of WAHJ has no direct impact on the second, privately managed pillar. As with the mainstream public scheme, the privately managed pension benefit can be withdrawn when all the retirement conditions for the PAYG pillar are fulfilled. Once the second-pillar scheme has reached maturity, and provided that the transfer of social contributions is completed without accumulating debts, it is estimated that the pre-funded mandatory schemes will provide approximately one-third of pension benefits by 2053 (European Commission, 2015a). Encouraging early retirement and shortening effective contributory periods will therefore – in the end – be detrimental to the future pension incomes of WAHJ, in the sense that their potential total pension will be lower than that of other workers.

¹⁵ The social contributions payable by employers are calculated as a percentage of the total taxable incomes paid in the company, subject to a maximum of five times national average salaries multiplied by the average number of employees (Law 263/2010 on the pension system).

¹⁶ According to Law 83/2015, amending law 223/2007, regarding the status of air navigation personnel. The law stipulates that if the value of the service pension is higher than the value of the old-age pension, the difference is to be covered by transfers from the state central budget.

3 Retirement patterns and retirement income of workers in arduous or hazardous jobs

Over the last decade, Romania has been confronted with low employment rates, especially among the older population and women, along with a significant increase in the number of pensioners. The employment rate among the 55-64 age group is more than 20 percentage points lower than for the overall working population (20-64), while the gender gap is significantly higher than the gap at European level (19% compared with 13.5% in 2014¹⁷). Romania is among the few European countries in which the duration of working life decreased between 2001 and 2005 (European Commission, 2015a, p. 103), reaching its lowest value of 31.1 years in 2005. As mentioned in Section 1, some sectors with WAHJ were especially affected by shrinking economic activity and employment. This situation was due to collective redundancies affecting high numbers of employees, as a result of the restructuring of a highly inefficient economy¹⁸. However, the number of collective dismissals declined in 2014 and 2015 (see Fig.6), while the indicators related to employment started to reverse: the duration of working life increased by 1.7 years between 2005 and 2014 (in 2014 still being under the 2001 value), whereas the employment rate was 3.8 percentage points higher in 2014 compared with 2011.

In a downsizing economy the pension system has been used, for many years now, as a buffer for the problems of the labour market. The number of state-insured pensioners grew, yet the percentage of old-age pensioners on full pension consistently represented around two-thirds of the total number of state pensioners¹⁹. Early retirement and retirement due to invalidity were frequently used as a way to cope with labour market problems, especially during the economic crisis; yet the number of early-retired and invalidity pensioners started to decline only after 2011, when new retirement rules were put in place. Invalidity pensioners represented 14% of total state-insured pensioners in 2001, grew to a peak of 20% in 2008, but decreased again to 14% in 2014. The number of early retirees also increased significantly in 2010 and 2011, but new penalties for pensioners with lower contributory periods²⁰ resulted in a 26% reduction in the number of pensioners taking up partial early retirement between 2011 and 2014²¹. While data regarding the dynamics of early or invalidity-based retirement among WAHJ is not available, this category of workers was systematically encouraged – by the lack of any other alternatives – to retire on full pension at lower ages.

The **average retirement age** has consistently been below the standard pensionable age in recent years. Survey data collected in the last LFS module on the transition from work to retirement (2012) indicate an average effective retirement age of 56 for women and 58 for men, values among the lowest in Europe. This is the result of multiple factors, among which are: a relatively low standard pensionable age compared with other European countries; the rather insignificant proportion of the working population who remain active in the labour market after the standard pensionable age; and a significant number of early retirements among WAHJ.

¹⁷ The analysis of employment used in this part of the report is based on statistics issued by Eurostat.

¹⁸ The mining sector, for example, continues to be targeted by collective lay-offs resulting in thousands of fired workers. A GD issued in May 2015 approved the dismissal of 3 000 miners from The Energy Complex *Oltenia* by 2018.

¹⁹ This part of the analysis is based on statistics available on the site of the National House for Public Pensions (www.cnpp.ro), as well as in the quarterly statistical bulletins issued by the Ministry of Labour, Family, Social Protection and Elderly (<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>).

²⁰ The law distinguishes between early retirement (when the contributory period exceeds the statutory contributory period by at least eight years) and partial early retirement (a contributory period exceeding the statutory contributory period by eight years or less). For the latter category, the pension benefit can be reduced by up to 45%.

²¹ Conversely, the smaller category of pensioners taking up early retirement after longer careers (at least eight years longer than the statutory contributory period) increased continuously over this period, given that no benefit reductions apply in this case.

With a higher standard pensionable age for men and an increasing one for women, **unemployment** will become a more common experience for WAHJ as they make the transition into retirement. This is particularly relevant given that an important segment of older workers (aged 55-64) are concentrated in sectors with a high proportion of WAHJ: manufacturing with 16.6% of older workers, and construction with 6.4%. Fewer older workers are involved in the mining sector (0.7%), but the proportion is higher than at European level (0.4%). Only 22% of the older workers in mining, construction and manufacturing are women, most of them employed in the manufacture of clothing.

Registered unemployment²² among the population over 55 increased in both absolute and relative terms over the last decade, accounting for approximately 16% of total unemployment in 2015. Conversely, the number of those over 55 employed through employment programmes decreased by 50% in 2015 compared with 2014 (29,420 in 2015 compared with 60,326 in 2014). Besides the small scale of these programmes, there is also an obvious difficulty in reaching out to the older unemployed. The overwhelming majority of unemployed people over 45 find employment solely as a result of labour mediation services, whereas some more active measures such as work subsidies or professional training are rather residual in importance (Fig.7). The number of unemployed people who are within five years of retirement age who receive a work subsidy is extremely low (0.07% of all unemployed people in 2015), whereas the efficiency of training programmes is even more hindered by a traditional mismatch between the type of training offered and labour market demand.

Summing up, the pension system is the sole way in which an attempt is made to find an equitable solution to the situation of WAHJ. There is no labour market programme that seeks to ensure an extended working life, a smoother transition to retirement or active measures for older unemployed who previously worked under special conditions. Retirement at younger ages (at the minimum pensionable age set for the various categories of WAHJ) remains the most reasonable solution at hand under the current policy mix.

Overall, the Romanian pension system ensures a good replacement of incomes through pension benefits²³; yet the value of the benefit varies widely, depending on the type of pension. WAHJ are not discriminated against within the pension system; on the contrary, the higher accrual rate, in the form of a higher number of pension points accumulated within a shorter work life, ensures an equitable outcome for WAHJ. The pension benefits received by a former WAHJ who meets the relevant retirement conditions (legally reduced age and contributory period) are comparable (for similar income levels) to the benefits received by a retired person formerly working under normal conditions who meets the standard requirements for a full pension.

In 2015, excluding pensioners in the agriculture sector, the pension benefit amounted to between 20% of net average income for the minimum guaranteed pension to 55% for the early retirement benefit. With more relaxed retirement conditions, WAHJ are probably

²² Statistics related to unemployment were taken from the quarterly statistical bulletins issued by the Ministry of Labour, Family, Social Protection and Elderly, on employment, unemployment and the social protection of the unemployed (<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>).

²³ For example, the median disposable income of people aged 65 or above is more than 100% of that for those aged below 65 (the relative median income ratio), while the aggregate replacement rate²³ is one of the highest in the EU level (0.64 compared with the European average of 0.56).

to a greater extent eligible to take up full old-age pensions, with averages standing at a high level in relation to net average income (53% in 2015). There is a wide gender gap, as women's average pension is approximately 24% lower than the overall average benefit. Although WAHJ benefit from higher pension accrual rates, they can increase their pension benefits by prolonging their working life. Yet there is no system in place to ensure they can make a smoother transition to retirement.

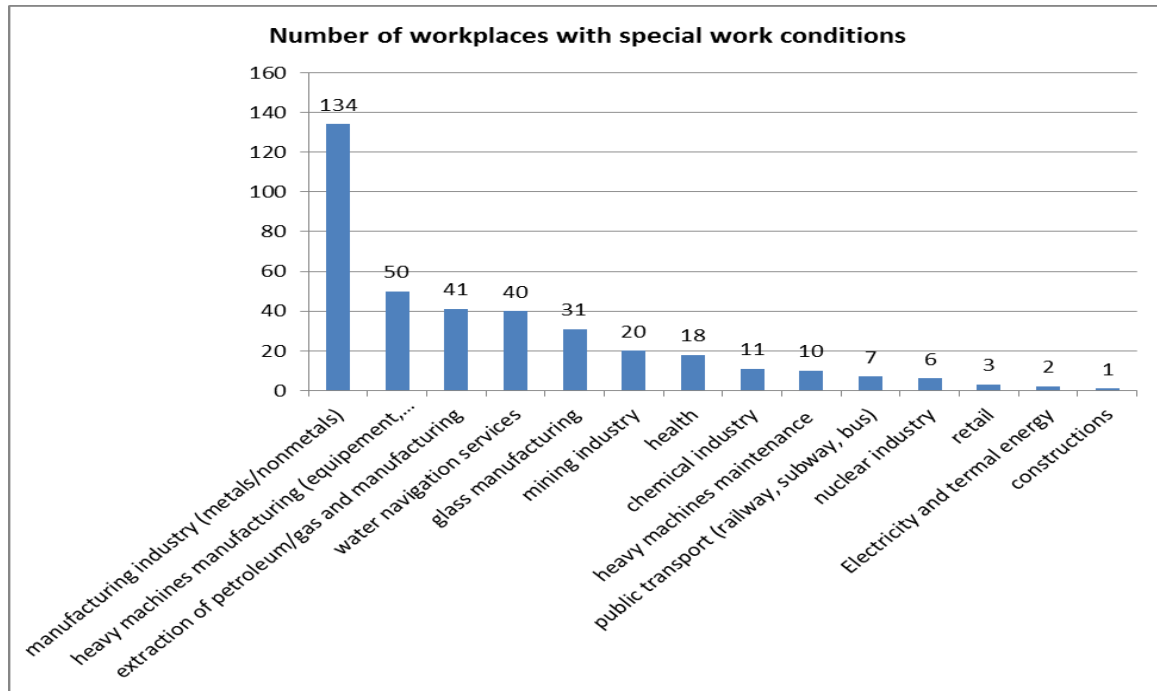
Summarizing, the Romanian pension system grants WAHJ a full pension at earlier retirement ages than other workers, but also rewards longer working careers with higher pension replacement rates. However, in the context of a labour market confronted with shrinking economic activity in key areas and weak employment programmes, early retirement remains a better end-of-career option for WAHJ.

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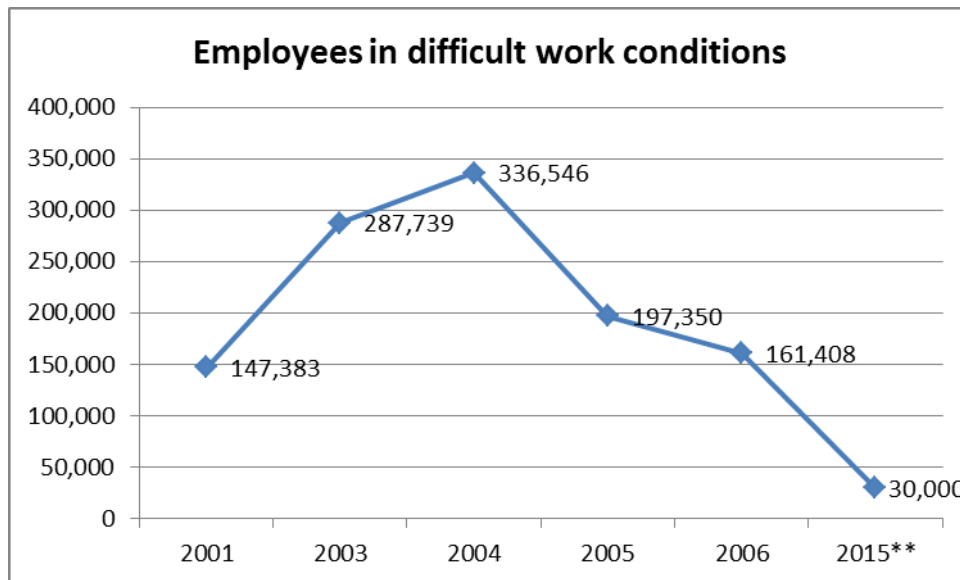
Annex

Figure 1



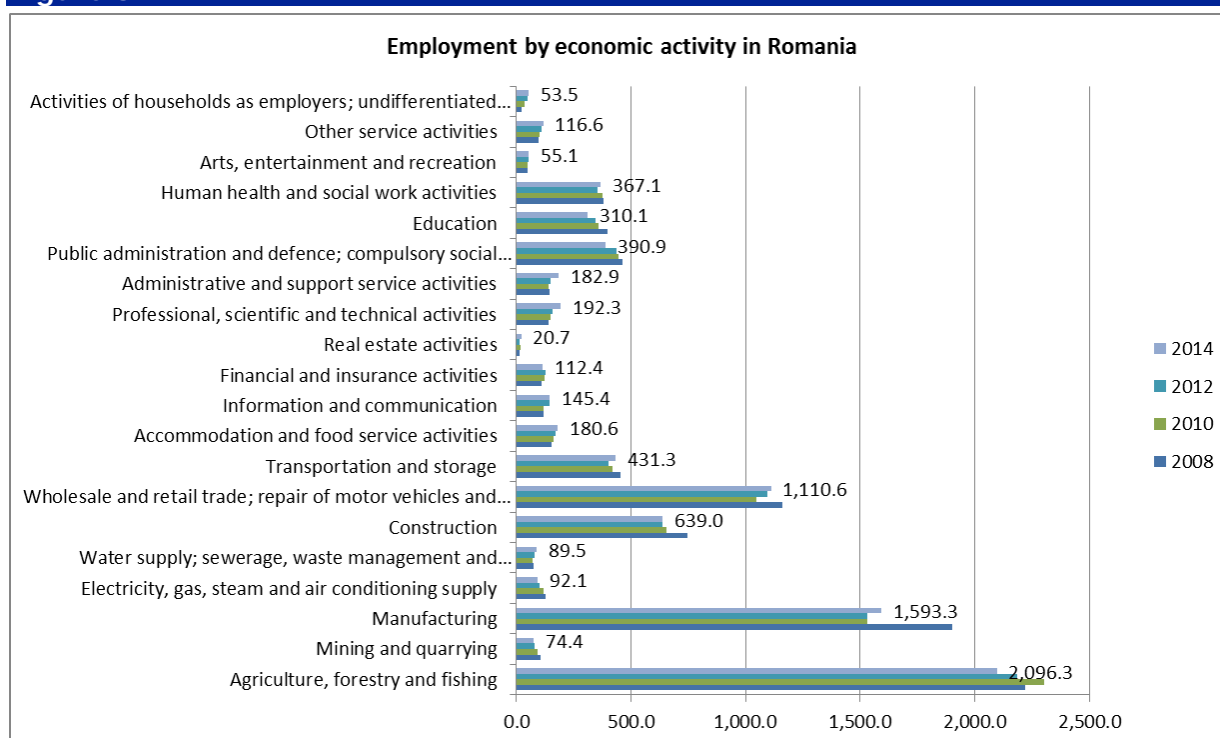
Source: Law 263/2010 on the public pension system, Annex 3

Figure 2



Source: <http://www.ufsatlas.ro/legi/Grupele%20de%20munca.pdf>, accesed 5.04.2016,

**GEO 65/2015 on amending the law 263/2010

Figure 3

Source: Eurostat, Labor Force Survey, (lfsa_egan2)

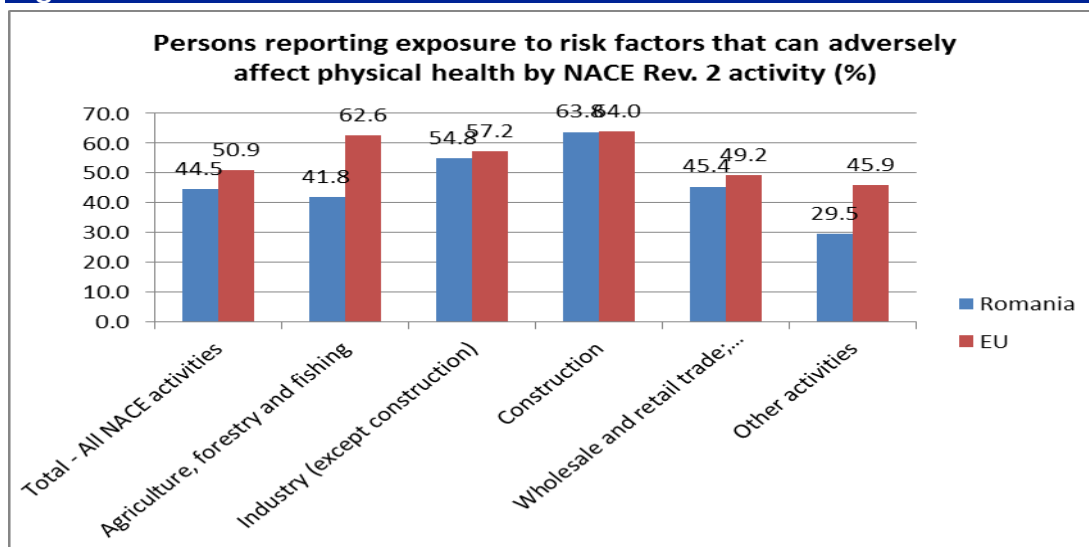
Table 1: ROMANIA: Employment by detailed economic activity – selected economic sectors comprising potential hazardous and arduous jobs (thousands people)

	2008	2014		2008	2014
Forestry and logging	49.1	47.3	Manufacture of basic metals	96.5	54.5
Mining of coal and lignite	38.1	29.2	Manufacture of fabricated metal products, except machinery and equipment	132.7	117.5
Extraction of crude petroleum and natural gas	28.7	29.0	Manufacture of computer, electronic and optical products	41.7	56.9
Other mining and quarrying	9.0	8.3	Manufacture of electrical equipment	101.4	71.5
Mining support service activities	28.4	:	Manufacture of machinery and equipment n.e.c.	96.5	59.8
Manufacture of textiles	72.2	52.6	Manufacture of motor vehicles, trailers and semi-trailers	128.3	175.3
Manufacture of leather and related products	100.0	77.9	Manufacture of other transport equipment	48.0	51.4
Manufacture of wood and of products of wood and cork, except	107.6	81.8	Electricity, gas, steam and air conditioning	125.2	92.1

furniture; manufacture of articles of straw and plaiting materials			supply		
Manufacture of paper and paper products	17.3	11.2	Water collection, treatment and supply	35.9	39.9
Manufacture of coke and refined petroleum products	16.5	8.1	Land transport and transport via pipelines	348.8	346.0
Manufacture of chemicals and chemical products	39.2	32.4	Water transport	16.2	12.5
Manufacture of basic pharmaceutical products and pharmaceutical preparations	9.5	10.0	Air transport	7.3	6.5
Manufacture of rubber and plastic products	56.2	45.0	Human health activities	292.4	294.5
Manufacture of other non-metallic mineral products	77.7	53.9	Creative, arts and entertainment activities	14.9	18.4

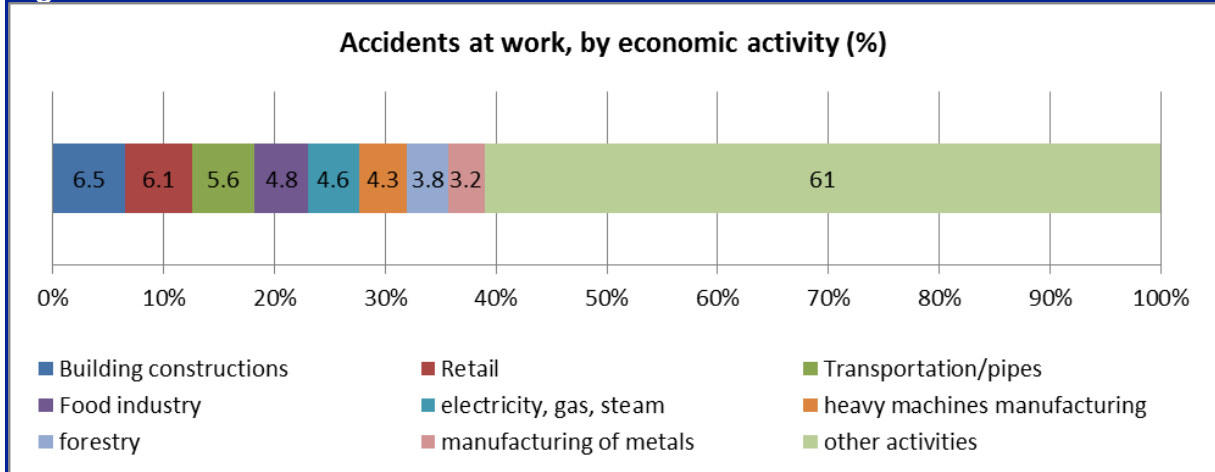
Source: Eurostat, Labour Force Survey (lfsa_egan22d)

Figure 4



Source: LFS-AHMS, 2013, [hsw_exp6b]

Figure 5



Source: Ministry of Labor, Family, Social Protection and Elderly (MLFSPE), statistical bulletin, 2015

Table 2: Retirement rules for WAHJ in special working conditions

Types of jobs in special working conditions	Minimum pensionable age (years)	Required service length (years)	Full statutory contribution period (years)	Reduction in SPA maximum (years)
Miners	45	20	30	20
Artists	50 (40 for women and 45 for men in case of acrobats and ballet dancers)	20	30	15
People working in the nuclear industry exposed to high level of radiation	No limit	15 years for level I radiation 17 years for level II radiation	22.5 level I 25.5 level II	-
Other types of WAHJ	52 (men) 50 (women)	26 for maximum reduction in SPA 23.3 for completing the statutory contribution period	35	13

Source: Law 263/2010 on the public pension system

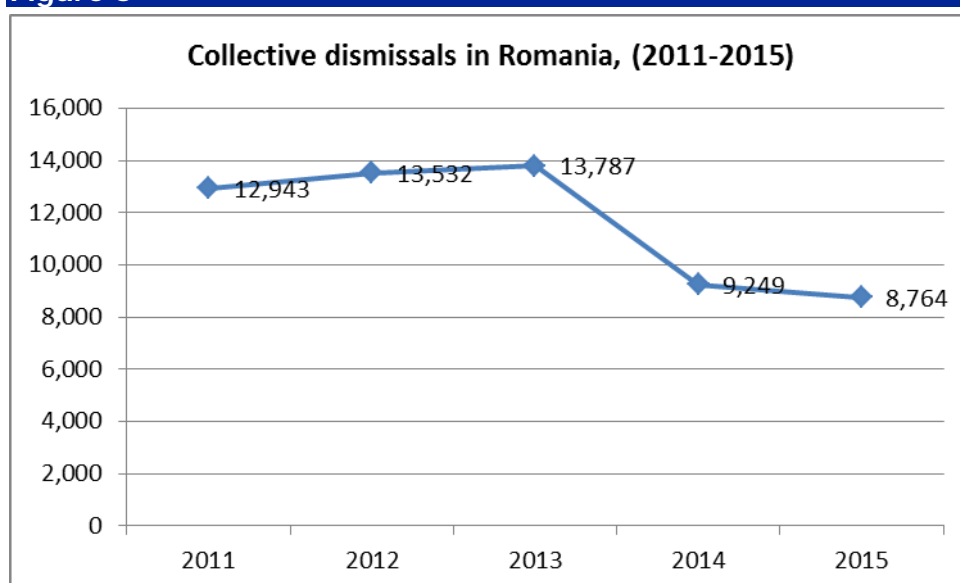
Note: SPA = standard pensionable age

Table 3: Retirement age reduction for workers under special and difficult work conditions

Workers working under special conditions				Workers working under difficult conditions	
Years of special work conditions	SPA reduction in years	Years of special work conditions	SPA reduction in years	Years of difficult work conditions	SPA reduction in years
2	1	14	7	6	1
3	1.5	15	7.5	8	1.5
4	2	16	8	10	2
5	2.5	17	8.5	12	2.5
6	3	18	9	14	3
7	3.5	19	9.5	16	3.5
8	4	20	10	18	4
9	4.5	21	10.5	20	4.5
10	5	22	11	22	5
11	5.5	23	11.5	24	5.5
12	6	24	12	26	6
13	6.5	25	12.5	28	6.5
		26	13	30	7

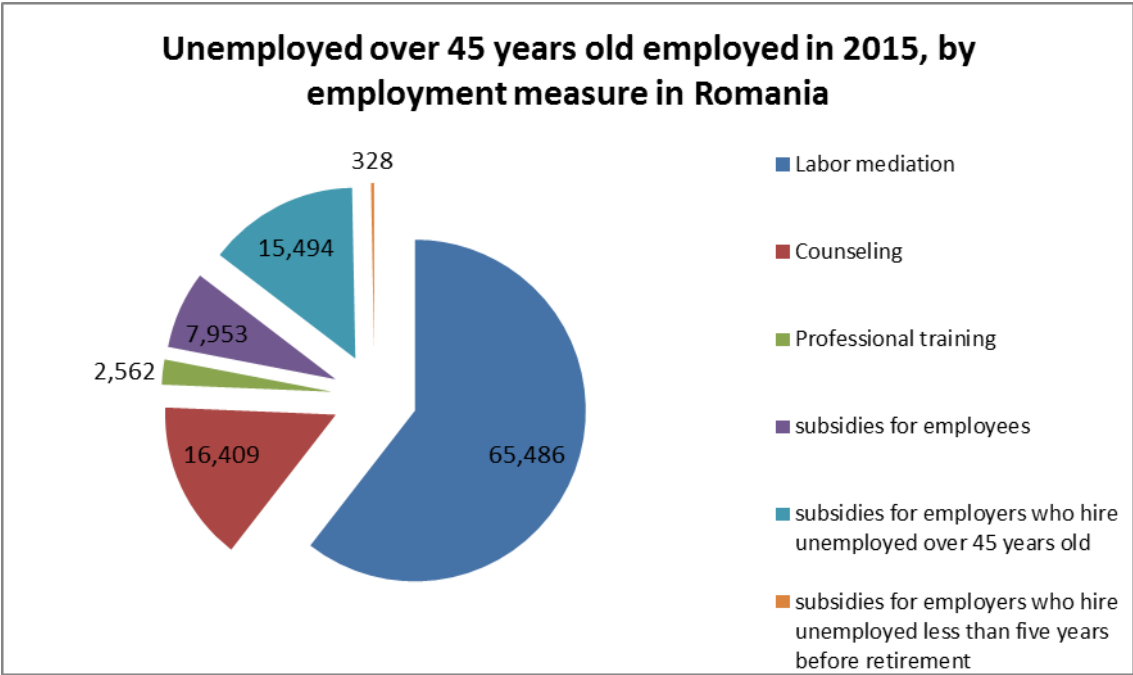
Source: L263/2010, on the public pension system

Note: SPA = standard pensionable age

Figure 6

Source: Ministry of Labor, Family, Social Protection and Elderly (MLFSPE), statistical bulletins

Figure 7



Source: Ministry of Labor, Family, Social Protection and Elderly (MLFSPE), statistical bulletin, 2015

