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PROJECT "BG RO MOBILITY", № 16.4.2.113, E-MS CODE: RO BG 155

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## **LABOUR MARKET STATUS ANALYSIS IN THE BULGARIA-ROMANIA CROSS-BORDER REGION**

This Report of Labour Market Status Analysis is elaborated in implementation of the "BG RO MOBILITY" Project No. 16.4.2.113, eMS CODE: ROBG - 155, implemented under the "Interreg V-A Romania-Bulgaria" Programme and co-funded by the European Union, through the European Regional Development Fund.

Principal: Non-Profit Association „European Centre in Support of Business”, as the Leading Beneficiary of the Project.



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## **I. INTRODUCTION**

### **1. Project Objectives**

This Analysis is carried out in implementation of the "BG RO MOBILITY" Project, №16.4.2.113, eMS CODE: ROBG - 155 under the "INTERREG VA Romania - Bulgaria" Programme, with Principal Non Profit Association "European Centre in Support of Business", in its capacity as the Leading Beneficiary.

The Project aims at encouraging the development of the cross-border integration of labour market in the Bulgaria-Romania border region, at creating a prerequisite for a joint co-operation between the business, the labour force, the local communities and the governments at national, regional and local level.

Through the implementation of this Project, the Beneficiary has set out a specific intention to promote the cross-border mobility of labour force, by means of the joint employment initiatives.

As a result of the implementation, it is expected:

- to facilitate the contact between the business and the labour force in the Bulgaria-Romania cross-border region;
- to increase awareness of stakeholders on all aspects of the labour market;
- to import public policies in the field of the cross-border labour market integration.

Several activities have been envisaged in order to achieve the tasks assigned, including this Labour Market Status Analysis.

### **2. Purpose and scope of the action**

The Labour Market Status Analysis of the Bulgaria-Romania cross-border region aims at identifying the current obstacles to the implementation of the cross-border mobility and to offer proposals for its promotion.

The analysis consists of the following components:

- Identifying the Strengths and Weaknesses, Opportunities and Threats related to cross-border mobility of the labour force market, based on the results of the Business and Labour Force Study;
- Studying the national legislations of the two countries - Bulgaria and Romania - in the scope of the labour, social, tax legislations;
- Identifying the principal institutions and organizations involved in the cross-border mobility and assisting stakeholders in its implementation;

- Comparing analysed Districts and Counties of the Bulgaria-Romania cross-border region in terms of legislation referred to the implementation of the cross-border mobility;
- Elaborating Public Policy Proposals that address proposals to the competent authorities of both countries on promoting and improving cross-border integration of labour market.

This analysis will cover all the 8 Districts (Dobrich, Silistra, Ruse, Veliko Tarnovo, Pleven, Vratsa, Montana and Vidin) and the 7 Counties (Constanta, Calarasi, Giurgiu, Teleorman, Olt, Dolj and Mehedinti) of the Bulgaria-Romania cross-border region; as well as both the European and national legislation of the two countries.

### **3. Abbreviations**

GDP	Gross Domestic Product
GVA	Gross Value Added
CBC	Cross-border Checkpoint
EEA	European Economic Area
EU	European Union
RN	Railway network
LGCEEI	Law to guarantee the claims of employees in the event of employer insolvency
ICT	Information and Communication Technologies
IT	Information Technology
LC	Labour Code
SMEs	Small and Medium Sized Enterprises
R&D	Research and Development
FDI	Foreign direct investment
LC	Labour Contract

## II. METHODOLOGY

This Methodology aims at defining a framework for the implementation of the Activities on:

**1. Analysing the results of the “Business and Labour Force Survey” carried out and identifying the Strengths and Weaknesses, Opportunities and Threats of the 8 Bulgarian Districts (Dobrich, Silistra, Ruse, Veliko Tarnovo, Pleven, Vratsa, Montana and Vidin) and the 7 Romanian Counties (Constanța, Calarasi, Giurgiu, Teleorman, Olt, Dolj and Mehedinti) of the cross-border region.**

The analysis of the results passes through the following stages:

- Identifying the main territorial, demographic, economic and social characteristics of each of these Districts/Counties. In implementation of this stage, official sources and national, regional and municipal strategic documents are used.
- Determining the Districts/Counties specific labour market dependencies. An analysis based on the results of “Business and Labour Force Survey” of the Bulgaria - Romania cross-border region.
- Preparing a SWOT Analysis taking into account the positive and negative impacts of the external and internal environment for each District/County individually over the period 2011-2015. Summarizing Strengths and Weaknesses, Opportunities and Threats in a Table SWOT analysis includes all factors that are prerequisite or impede the cross-border integration.

**2. Identifying and analyzing the European and national framework regarding the labour legislation in Bulgaria and Romania.** Analysis of the framework conditions of the cross-border cooperation in the field of labour market of both countries - Bulgaria and Romania.

The implementation of the Activity will include tracking of peculiarities under three hypotheses refracted through the prism of the labour market legislation, the tax and social requirements. Employment conditions are tracked. Key institutions and stakeholders are identified. Possible legislative, tax or social barriers are determined. Hypotheses, taken into consideration, are as follows:

- *A Bulgarian citizen who wants to work in Romania;*
- *A Romanian citizen who wants to work in Bulgaria;*
- *A Bulgarian employer who wants to hire a Romanian worker;*
- *A Romanian employer who wants to hire a Bulgarian worker.*

**3. Identifying the regulative differences between the legislation in Bulgaria and in Romania. Drawing conclusions and making recommendations.**

The Activity passes through the following stages:

- Identifying the differences in national legislation on social security, tax laws, levels of salaries etc. that affect the cross-border integration;
- Exploring the extent of the cross-border mobility of labour force market in the analysed cross-border regions and the principal obstacles and barriers affecting them;
- Common Strengths and Weaknesses, Opportunities and possible Threats associated with the cross-border mobility of labour force market in the analysed border regions and formulating of concrete proposals and recommendations.
- Gaps identified in the legislation of the two countries, analysed in the light of the European legal framework, will be addressed to the governments of Bulgaria and Romania in the form of a Public Policy Proposal elaborated in the next stage.

#### **4. Preparing an individual public policy proposal, respectively to the Bulgarian and Romanian Governments and the responsible authorities in the field of cross-border integration of the labour market.**

Principal topics involved in this analysis are summarized. Summaries, recommendations made and gaps in the regulatory framework referred to the cross-border mobility have been considered. The goal is to formulate solutions, by choosing an appropriate method of action, among various alternatives, to determine present and future solutions. The Policy is a plan that covers any common objectives and includes any acceptable procedures addressed to the competent authorities intended to solve specific problems and fill gaps in the regulatory framework. In elaborating the Public Policy Proposal, the principles applicable to assessing the public policies effectiveness will be observed:

- Coordination - aims at ensuring a sustainability of the proposed solutions by guaranteeing a harmonization of the objectives, views and opinions of the managing authorities at local and central level, taking into account the interests of all stakeholders;
- Definition of the parameters of desired state and the objectives of planned actions, oriented towards the achievement of the cross-border labour integration;
- the effects of the theoretical simulation of proposed solutions will be assessed compared to their social and economic impact on local communities as key beneficiaries of the proposed solutions.

Public policies will be proposed to the governments of both countries and the responsible bodies for consideration in observing the order in submitting proposals for public policies in both countries, respectively:

- Bulgaria - the legal framework related to the submission of proposals for resolving issues within the competence of the administrative bodies performing public-law functions, contained in Chapter VIII of the Administrative Procedure Code and the Structural Rules of the respective administrative bodies, to which the proposal is submitted. Thus, the prepared Public Policy Proposal will be submitted to the Minister of Labour and Social Policy with a copy to the Prime Minister, the Commission on Interaction with Non-Governmental Organizations and Citizens' Complaints to the National Assembly, the Ombudsman of the Republic of Bulgaria;
- Romania - the national regulation concerning the procedures for the elaboration, monitoring and evaluation of public policies at the central level will be observed.

### **III. SWOT ANALYSIS OF THE CROSS-BORDER REGION**

#### **1. SWOT ANALYSIS OF THE 8 BULGARIAN DISTRICTS AND THE 7 ROMANIAN COUNTIES IN THE CROSS-BORDER REGION**

Current studies of specialized literature clearly point to the fact that the development is inherently unbalanced, with some regions having a higher degree of development than others. There is an emphasized trend in the countries in the course of development, as in the case of Bulgaria and Romania, where the active population and the companies are concentrated in certain towns that become economic engines. This

model is in line with the **Theory of Polarized Development** by Francois Perroux, the Growth Pole Theory, where only some economic units play the role of developmental nuclei<sup>1</sup>. Thus, it starts from the assumption that the growth sustained in the developed areas of one country is usually pouring into the rest of the country - first to the one that is in the immediate vicinity, then gradually to the other.

*In contrast*, the **Endogenous Growth Theory** by John Friedman emphasizes on the so-called development of the main structural levels, on the mobilization of efforts to exploit the value of the local development potential. Nevertheless, there is countless evidence of projects to remedy the disequilibrium between developed and disadvantaged areas that did not have the expected results.

Thus, as seen in 2015 Eurostat statistics, the Romanian economy is specialized in relatively low-value sectors of activity characterized by a reduced productivity. Thus, with a percentage of 64.3%, at the 2015<sup>2</sup> level, Romania ranks last among the Member States in terms of labour productivity, with Spain and Cyprus at the opposite end - with levels above 200%.

This situation places Romania on the penultimate position (37.3%) among the EU Member States<sup>3</sup>, before Bulgaria (41.3%), with regard to the risk of poverty and social exclusion.

Similarly, the low salary level in Romania ranks it on the penultimate position among the European States, with an average of 7,200 euros per capita, before Bulgaria (5700 euros per capita), but at a considerable distance from the leaders of the old continent<sup>4</sup>.

In terms of the GDP per capita in the Counties of Romania, at the 2017 level (*as shown on the map of Romania below*), it can be noticed that the County of Teleorman, with a value of 4779 Euro, ranks last among the Counties on the border with Bulgaria, as it is a little above the County of Vaslui (4,093 Euro) and Botosani (4,304 Euro), at the national level. The County of Constanta is located on the opposite pole, with a value of 10,246 euros, being among the first performing Counties of the country from this point of view as well.

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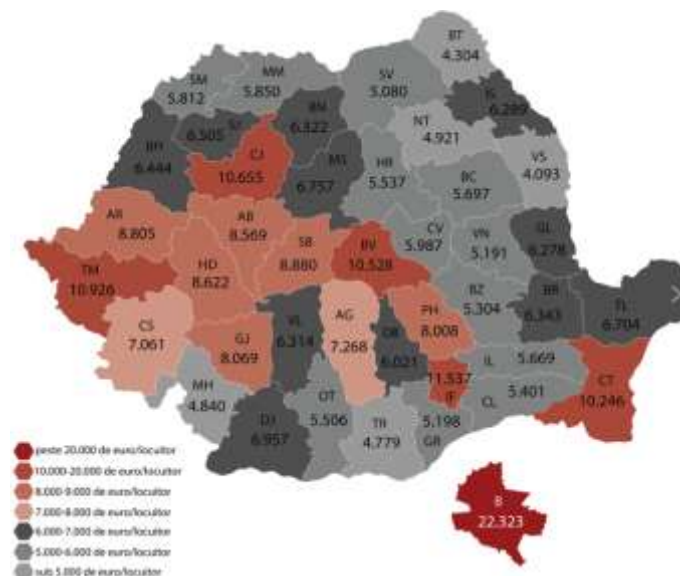
<sup>1</sup> „When you want to win a competition, you will send the best runners to compete” - “Global Development Report 2009: Remodeling the Economic Geography”, World Bank, 2009.

<sup>2</sup>Eurostat study takes as the reference year 2000.

<sup>3</sup>EU leaders are Sweden, 16% and the Czech Republic, with 14%.

<sup>4</sup>Luxembourg, with € 80,500 per capita and Switzerland, with € 57,100 per capita.

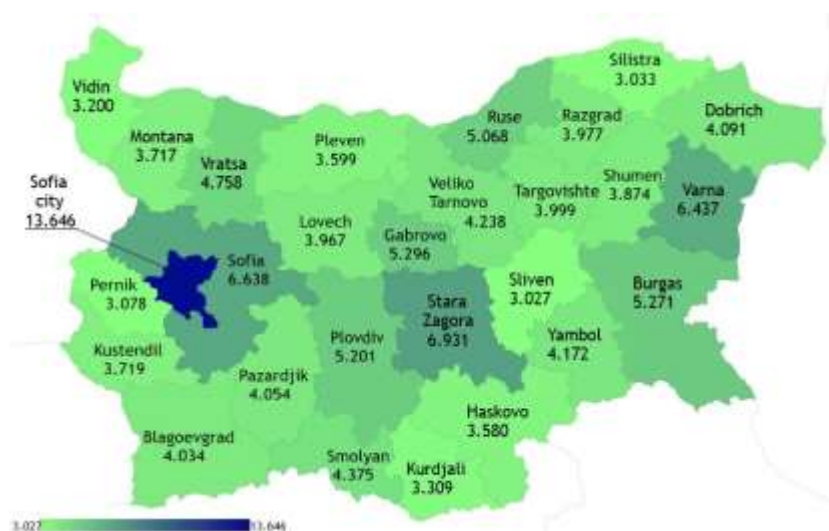
**Figure: GDP per capita at the Counties level in Romania (2017) - Euro**



*Source: National Commission for Prognosis*

In Bulgaria, in terms of GDP, the District having the lowest indicators at the national level is Sliven (3,027 euro), followed immediately by the Districts of Silistra (3,033) and Vidin (3,200), which are the poorest Districts not only in Bulgaria, but also in the cross-border region and across the European Union. For comparison, the GDP per capita in the City of Sofia is more than four times higher than that of Vidin, Silistra and Sliven.

**Figure: GDP per capita by Districts in Bulgaria (2015) - in Euro**



*Source: Infostate and own calculations*

In order to put into practice the Endogenous Development Theory in the case of these 7 Romanian Counties and 8 Districts of the cross-border region, we started from the analysis of the main economic and social characteristics of these Counties and Districts, of the specificity of labour force market at the local level in order to identify

the main obstacles that limit the cross-border mobility of labour market on the border between Romania and Bulgaria.

### **The main economic and social characteristics of the 7 Counties and the 8 Districts**

These 7 analyzed counties correspond to the 3 macro-regions of development as follows:

- **Mehedinti, Dolj and Olt** are part of the **Southwest Oltenia**<sup>5</sup> Development Region;
- **Teleorman, Giurgiu and Calaras** are part of the **South Muntenia**<sup>6</sup> Development Region;
- **Constanta** is part of the **Southeast**<sup>7</sup> Development Region.

These 8 analyzed districts correspond to the 3 macro-regions of development as follows:

- **Vidin, Montana, Vratsa and Pleven** are part of the **Northwest**<sup>8</sup> Development Region;
- **Veliko Turnovo, Ruse and Silistra** are part of the **North Central**<sup>9</sup> Development Region;
- **Dobrich** is part of the **North-East**<sup>10</sup> Development Region.

#### ***District of Dobrich***

District of Dobrich is part of the Northeast region of Bulgaria, located between the Black Sea, the County of Constanta of Romania and the Bulgarian Districts of Varna and Silistra. On the territory of the District, the third largest seaport in Bulgaria is operating, as Varna Port, Varna Airport and Silistra - Calarasi Ferry Terminal are located nearby.

Predominantly flat relief, fertile soils and favourable climatic conditions are characteristic of the District. Karst nature of earth mass is a prerequisite for the activity of many landslide processes that negatively affect the whole infrastructure.

By 2015, the number of population was 180,601 people, unevenly allocated on the territory of the District, as the average density was significantly lower than that of the country. Negative values for both natural and mechanical growth rates are due to the low birth rates and the migration processes. Despite the poor urbanization, the population is concentrated in the towns. Town of Dobrich is the largest economic centre and strongly dominates the rest of the towns, where most of the economic potential is concentrated and approximately half of the population of the District is living.

The District is known as "The Granary of Bulgaria". The production of grain and cereals is traditional in Dobrich and therefore, the variety of cultivated crops is gradually

<sup>5</sup> Counties of Gorj and Vâlcea are also part of the S-W Oltenia Development Region.

<sup>6</sup> Counties of Argeş, Prahova, Dâmboviţa and Ialomiţa are also part of the S-Muntenia Development Region.

<sup>7</sup> Counties of Brăila, Buzău, Galaţi, Tulcea and Vrancea are also part of the S-E Development Region.

<sup>8</sup> District of Lovech is also part of the North-West Development Region.

<sup>9</sup> District of Razgrad and Gabrovo are also part of the North Central Development Region.

<sup>10</sup> District of Varna, Targovishte and Shumen are also part of the North-East Development Region.

expanding. Tourism is also very popular because of the extensive coastline and rich cultural and historical heritage,.

Population is mostly employed in the Agriculture Sector, followed by Trade, Transport, Hotel and Restaurant Industry and the Industry Sector. Over the last years, in line with the technological progress on a global scale, a gradual introduction of innovations, a development of innovative solutions increasingly replacing the human labour with mechanization especially in Agriculture, were observed. This gives rise to some changes in the economic outlook of the District and according to the results of the “Business and Labour Force Survey of the Cross-border Region” carried out in the District of Dobrich the following high-tech and medium-high-tech sectors with development potential in terms of providing long-term employment were identified:

- Activities in the field of Information Technology;
- Manufacture of products of plastics;
- Manufacture of metal products for construction;
- Other metalworking;
- Manufacture of agricultural and forestry machinery

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Favourable climatic and natural conditions for the development of agriculture;</li> <li>• Exit to the Black Sea, well established Black Sea tourist areas;</li> <li>• Rich natural and cultural-historical heritage;</li> <li>• Existence of nature reserves and a number of protected natural sites;</li> <li>• Sustainable ecological environment due to the absence of large industrial pollutants in the District;</li> <li>• Full land border with the Romanian County of Constanta;</li> <li>• Two land border control checkpoints at the Village of Durankulak and at the Village of Yovkovo, as well as sea border control checkpoints at the Port of the Town of Balchik;</li> <li>• The third largest port in the country is located on the territory of the District of Dobrich;</li> <li>• Railway lines between Constanta and Varna;</li> <li>• The District of Dobrich is connected to the Trans-European</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of multiple landslides in the District, incl. large urbanized territories;</li> <li>• A lasting trend of population decreasing and aging;</li> <li>• Deterioration of the educational structure of population;</li> <li>• Lower share of working-age population than the average for the country;</li> <li>• Decrease in the economic activity in the District;</li> <li>• Workforce outflow to the District of Varna;</li> <li>• Unemployment rate above the country average;</li> <li>• Lower share of university graduates in working age than the average for the country;</li> <li>• Lack of qualified technicians;</li> <li>• Steadily increasing over the working age population;</li> <li>• Trend of decrease in under the working age population;</li> <li>• District of Dobrich is located aside from the main transport corridors "North-</li> </ul>

<p>Transport Network (TEN-T) via E-87;</p> <ul style="list-style-type: none"> <li>• Increase in production volume is reported;</li> <li>• Increase in investment activity in the District of Dobrich is reported;</li> <li>• Traditions in the production of renewable energy;</li> <li>• Stable growth of production output;</li> <li>• R&amp;D Development in the field of Agriculture;</li> <li>• Increase in GDP per capita;</li> <li>• Development of innovative activities mainly in the field of Tourism and Wind Power Parks;</li> <li>• The District is ranked first in the country by utilized agricultural area, 88% of the utilized agricultural area is arable land;</li> <li>• The largest producer of Black Sea mussels in Bulgaria is positioned in the District;</li> <li>• Existence of vocational secondary schools providing education in different fields;</li> <li>• Existence of higher education institutions in the District of Dobrich;</li> <li>• Decrease in the percentage of population living with material deprivation;</li> <li>• Increase in the average annual gross wage of employees;</li> <li>• Value of economic activity above the national average;</li> <li>• Decrease in the unemployment rates;</li> <li>• Increase in the employment rate;</li> <li>• The largest enterprise in the country for production of plastic products is positioned on the territory of the District;</li> <li>• Housing stock large capacity for long or short-term accommodations;</li> <li>• Good provision of general</li> </ul>	<p>South" and "East-West";</p> <ul style="list-style-type: none"> <li>• The only first-class road passes to the periphery of the District;</li> <li>• Amortized road infrastructure;</li> <li>• The lowest road density of all the Districts in the North-East region;</li> <li>• Highly amortized water supply network;</li> <li>• Lower GDP per capita compared to the country's GDP;</li> <li>• Poor level of urbanization due to the lack of developed economic centres;</li> <li>• Trend of sustainable decline in livestock development;</li> <li>• Shortage of key healthcare professionals;</li> <li>• Insufficient number of hospital accommodation;</li> <li>• Trend of decrease in the number of educational units due to the reduced number of students and shortage of qualified teachers;</li> <li>• Small number of large landlords have the rights to farm most of the agricultural land of the District;</li> <li>• Low relative share of people in employment in the Industrial Sector;</li> <li>• Unutilized development potential for the Tourism Services;</li> <li>• Limited funds to maintain cultural and historical heritage.</li> </ul>
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<p>practitioners;</p> <ul style="list-style-type: none"> <li>• Relatively low level of crime;</li> <li>• Low level of local taxes and fees on intellectual property and non-residential properties of legal entities;</li> <li>• High rating of transparency of local self-government;</li> <li>• Higher average yields per unit of agricultural land than the average for the country;</li> <li>• Higher price of agricultural land than the average for the country;</li> <li>• Agricultural Institute and the traditional Fair of Dobrich contribute to the scientific and technological transfer between the District and the rest of the country.</li> </ul>	
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Tourists services potential at the port in Balchik;</li> <li>• Improving the transport infrastructure;</li> <li>• Development of both land and sea transport sector;</li> <li>• Improving the energy infrastructure in order to increase the resource efficiency and to reduce the energy dependencies</li> <li>• Opportunity for economic convergence between the District of Dobrich and the County of Constanta;</li> <li>• Providing employment to personnel with specific qualifications in the field of tourism;</li> <li>• Developing the organic farming and livestock breeding;</li> <li>• Raising the agro-technical culture and market skills;</li> <li>• Facilitating the cross-border mobility because of the land borders, rail links and several cross-border checkpoints;</li> <li>• Creating new jobs as a result of the increasing manufacturing share in the</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal nature of employment in Tourism and Agriculture;</li> <li>• Difficulties for new landlords in entering the agricultural sector;</li> <li>• Economic and political impact of informal large landlords' associations;</li> <li>• Large differences in the development of some areas of the District;</li> <li>• Slow growth rates;</li> <li>• Difficulties in implementing the strategy to combat landslide processes due to the lack of funds;</li> <li>• Depopulation of small settlements;</li> <li>• Lack of investor interest due to degraded infrastructure;</li> <li>• Increasing unemployment;</li> <li>• Growth of the socially dependent population;</li> <li>• Closure of hospitals, due to the lack of narrow specialists;</li> <li>• Deterioration of public health;</li> <li>• Closure of production and abandonment of production structures.</li> </ul>

<p>District;</p> <ul style="list-style-type: none"> <li>• Providing jobs for R &amp; D personnel in the field of Agriculture;</li> <li>• Providing opportunities for development of green energy production;</li> <li>• Developing the food industry;</li> <li>• Providing conditions for the development of clusters in the field of Agriculture and Tourism;</li> <li>• Using new technologies and developing new crops in agriculture;</li> <li>• Increasing the degree of education of the population, creating specialists in the priority areas;</li> <li>• Providing an opportunity to attract young people to the District as a result of the existence of universities;</li> <li>• Attracting investors as a result of the low levels of local taxes and fees;</li> <li>• Providing long-term employment in the production of rubber and plastic products;</li> <li>• Providing long-term employment of persons with medical, veterinary and pedagogical education;</li> <li>• Favourable opportunities for setting up own business in the field of tourism, agriculture and information technologies;</li> <li>• Increasing competitiveness through the introduction of innovation in the District.</li> </ul>	
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### ***District of Silistra***

The District of Silistra is the only Bulgarian District that has both a land and a river border with Romania. There are 5 Towns on the territory of the District, as the largest one - Silistra - is an administrative and business centre. Most of the population is concentrated in the villages - 53.6% and therefore, Silistra is among the Districts with the lowest share of the urban population. In recent years, due to the negative natural growth and migration processes typical of all Bulgarian Districts of the cross-border region, there has been a steady trend of population decline. Consequently, the average age is higher than the national level. Population is disproportionally allocated on the territory of Silistra, there is a trend of lasting depopulation of certain regions of the District and the villages. Negative demographic trends are getting worse.

As a result of the regressive demographic movement, the decrease in the number of children has a negative impact on the educational infrastructure thus leading to the closure of kindergartens and schools, especially in rural areas. The pupils are concentrated in the Town of Silistra and many of them leave school early, mainly due to the unsuccessful integration of children of ethnic minority. There are two higher education institutions in the District - branches of the University of Ruse „Angel Kanchev” and of the Higher School of Plovdiv in Agribusiness and Development of the Regions, respectively.

Wages are the main source of income of the population in the District. The average annual salary is lower than the national average. Although an upward trend is observed, its intensity is too slow, which has a strong impact on the standard of living in Silistra. Economic activity in District is not high. The entrepreneurship level is significantly lower than the average of the country. Although the number of newly incorporated companies is increasing, these are primarily micro-enterprises without hiring any employees. The share and the number of micro-companies prevails (over 91%), while the number of all other categories of companies decreases. This hinders the economic development in the region, as the micro companies are not the carriers of technological progress and innovation, and furthermore, their contribution to increase the employment is lower. All companies operating in the Municipalities of Kaynardzha and Sitovo are micro and small; there are some medium-sized enterprises operating in the rest of the municipalities. Lack of any investment interest in the District.

Services Sector is the most developed sector in the District, which generates 58.2% of the Gross Added Value, followed by the Agricultural and the Industrial Sectors, with the largest share of population employed in the Agricultural Sector. Apricot and Agriculture Experimental Station, part of a system of institutes and experimental stations at the National Agricultural Academy, is the main driver of R&D in the District. Despite the negative trend in recent years, this District has traditions in the Industrial sector. According to the “Business and Labour Force Survey conducted in the Cross-border Region” carried out the following economic activities fall into the scope of the sectors with development potential in the District:

- Manufacture of rubber products;
- Manufacture of metal products for construction;
- Manufacture of other metal products;
- Manufacture of emitting electro-medical and therapeutic apparatus;
- Manufacture of other general purpose machinery.

It is impressive that, according to the results of the Survey, in the District of Silistra only, of the entire cross-border region, all sectors identified with a development potential fall into the scope of medium-high-tech production, while the high-tech sector is not represented by any industry.

This area is rich in natural and cultural-historical landmarks that provide opportunities for the development of all types of tourism. Nearly 2/3 of the territory of the Town of Silistra is declared a National Architectural and Archeological Reserve "Durostorum-

Drastar-Silistra", as "Srebarna" is the largest nature reserve in the District which is attractive for both researchers and tourists from all over the world with its rich flora and fauna and has been declared Unesco's World Heritage. However, at present, Tourism is not of significance for the economic sectors of the District.

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Land and river border with Romania;</li> <li>• Existence of road and port cross border checkpoints of Silistra-Calarasi;</li> <li>• Two ports of national importance, Silistra and Tutrakan;</li> <li>• Ferry connection of Silistra - Calarasi;</li> <li>• Good geographic location, Opportunities for implementation of large-scale infrastructure projects;</li> <li>• Five of the seven Municipalities in the District are located along the border;</li> <li>• Rich biodiversity, 24% of the District's territory are naturally protected areas;</li> <li>• Presence of many cultural and historical sites of national importance;</li> <li>• Islands formed along the Danube River, part of the District, suitable for recreation and tourist purposes;</li> <li>• No aggressive pollutants in the District; there is a tendency to reduce pollution;</li> <li>• Rich water resources, incl. of drinking and irrigation water;</li> <li>• Well-developed Agricultural Sector;</li> <li>• Personnel potential in the field of agriculture;</li> <li>• Traditions in the Industrial Sector;</li> <li>• Existence of affiliates of two of the largest universities in the country;</li> <li>• R&amp;D Development in the field of Agriculture;</li> <li>• Relatively large share of agricultural land compared to other areas in the country;</li> </ul>	<ul style="list-style-type: none"> <li>• Low share of urbanized territories;</li> <li>• Extremely low level of development and physical environment in some settlements the;</li> <li>• Lasting lack of funds at local level to maintain and upgrade the existing infrastructure;</li> <li>• Poor condition of transport infrastructure, irrational coverage of transport network;</li> <li>• Highly amortized water transmission network causing large losses;</li> <li>• Lack of large urban economic centres;</li> <li>• Disproportionate allocation of population within the District;</li> <li>• Limited provision of public services;</li> <li>• Aging of population and progressively reducing working-age population;</li> <li>• Increase in the number of population with primary and lower education;</li> <li>• Outdated model of education system, lack of specialists with pedagogical education trained in practice;</li> <li>• Insufficient access to quality education and health care;</li> <li>• Trend of growth in the number of persons other than, labour force';</li> <li>• The highest unemployment rate, compared to all the Districts and Counties in the cross-border region;</li> <li>• High relative share of unemployed "Specialists" up to 29 years of age;</li> <li>• More than 40% of the District's</li> </ul>

<ul style="list-style-type: none"> <li>• Easily accessible agricultural land, an adjusted model of agricultural activity in major crops;</li> <li>• Trend of growth in the share of industries, such as: Agriculture, Trade and Repair, Construction, Hotels and Restaurants.</li> </ul>	<p>population is at risk of poverty or social exclusion;</p> <ul style="list-style-type: none"> <li>• The last District by GDP per capita of the country;</li> <li>• Small share of foreign direct investment;</li> <li>• Unused opportunities for Cross-Border Business Cooperation;</li> <li>• Low economic activity;</li> <li>• Predominant number of Micro Companies and lack of large operating enterprises and significant natural habitats in the District;</li> <li>• Limited SMEs capital and capacity in the District;</li> <li>• Lack of investor interest;</li> <li>• Undeveloped logistics infrastructure (lack of industrial zones and parks);</li> <li>• High degree of dependence on the Agrarian Sector;</li> <li>• Reported decrease in the absolute number of vacancies, without taking into account the decrease in the unemployment rate;</li> <li>• Local customs, events and tourist products are not actively promoted by the Municipalities and local Communities;</li> <li>• Limited number of accommodations, almost all the capacity is concentrated in the Municipality of Silistra and the other Municipalities in the territorial core;</li> <li>• Lack of required tourist infrastructure and trained personnel in the field;</li> <li>• Unused development capacity of a year-round tourist package;</li> <li>• Ineffective use of the richness of water sources in the development of irrigated agriculture.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Potential of cross-border cooperation with the Romanian</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal nature of employment in AGRICULTURE and TOURISM;</li> </ul>

<p>municipalities close to the border;</p> <ul style="list-style-type: none"> <li>• Constructing a bridge over the Danube River to link Silistra and Calarasi;</li> <li>• Development of organic farming and livestock breeding;</li> <li>• Creating agricultural markets;</li> <li>• Creating methods of improvement and qualification of specialized personnel in the field of Tourism, Agriculture, Pedagogical Sciences, Medical Services;</li> <li>• Opportunities for exploiting and developing cost-effective sustainable tourism;</li> <li>• Restoring the industry and attracting domestic and foreign investors;</li> <li>• Development of water supply network and fully use natural water sources in the District;</li> <li>• Development of food industry;</li> <li>• Development of the provision of public services;</li> <li>• Development of the ICT-related networks and services;</li> <li>• Capacity to provide long-term employment of qualified staff in the field of tourism and medical services;</li> <li>• Capacity to provide long-term employment of qualified personnel in the field of medium-high-tech manufacturing;</li> <li>• Increasing the number of accommodations;</li> <li>• Creating and developing tourist attractions;</li> <li>• Opportunities for setting up cluster structures in agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>• Worsening of demographic problems associated with the natural and mechanical population growth;</li> <li>• Resilience of economic stagnation with long-lasting effect on the economic activity in the District;</li> <li>• Limited opportunities to finance projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of students leaving school due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Territorial units may be left without schools due to the decrease in the number of pupils;</li> <li>• Worsening of the problems related to the risk of poverty and social exclusion of population groups;</li> <li>• Missing effective measures for the development of the labour market;</li> <li>• Outflow of young and qualified specialists to the other Districts and abroad;</li> <li>• Competitive pressure from neighbouring areas to attract public and private investment.</li> </ul>
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### ***District of Ruse***

The District is located in the Eastern part of Northern Bulgaria and the Danube River divides it from Giurgiu and Teleorman. Its favourable location (Ruse borders with Silistra, Razgrad, Targovishte and Veliko Tarnovo) is beneficial to a wide range of opportunities of both cross-border and domestic cooperation.

Demographic trends in the District are the same as the entire cross-border region: negative natural and mechanical growth rates, aging population, and disproportionality in the age structure. There is a steady concentration of the population in towns and depopulation of villages.

Transport facilities are among the main competitive advantages of the District. Two of the nine European transport corridors are intersected on its territory - No. 7 Danube Waterway and No.9 Land transport corridor linking the Baltic and Aegean Seas. In addition, the Railway lines of Ruse-Podkova and Ruse-Kaspichan cross the District, thus creating a connection between the Danube River and the Black Sea. The connection between Ruse and Giurgiu is achieved through the first Bulgarian-Romanian Bridge across the Danube River - "The Bridge of Friendship", which provides rail and road transport. The location of the Town of Ruse is very strategic as it is only 72 km away from the Romanian capital city of Bucharest. Topography is relatively uniform, where lowland and plain hilly predominate, which is a prerequisite for the overall development of the technical infrastructure and agriculture.

At a national level, the economic situation of the District is relatively low, but compared to the other Districts in the cross-border region, Ruse stands out with a better potential. The Service Sector is the most developed sector of the District, followed by the Industry Sector, with a relatively small share of the Agriculture Sector. The relative share of the Agrarian sector in the Added Value of Economy in the District of Ruse decreases, at the expense of the Industrial sector, which relative weight increases. Over the period from 2011 to 2015, there was a steady increase in the production volume of the District. The largest number of people in employment is in the Industry Sector, followed by the Processing Industry. The number of people in employment in the Scientific Research Development Activities has increased almost twice over the period subject to the Study. Several major industrial zones operate in the District, which are concentrated in the Municipality of Ruse. Here, some of the largest enterprises in Bulgaria are located, although SMEs are the main engine of the economy. Following the "Business and Workforce Survey in the Cross-Border Region" carried out, the following Sectors with a development potential in the District were identified:

- Activities in the field of Information Technology;
- Manufacture of products of plastics;
- Manufacture of other metal products;
- Manufacture of other general purpose machinery;
- Manufacture of parts and accessories for automobiles.

It is important to note that one of the largest enterprises operates on the territory of Ruse with more than 1000 personnel, a manufacturer of aviation, artillery, engineering munitions and products designed for civil protection. Therefore, conditions to provide jobs for specialists in areas that require specific skills and qualifications are created in the District.

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Good natural-geographic location;</li> <li>• favourable climatic conditions for the agricultural development;</li> <li>• Good transport facilities, cross-roads of two European transport corridors - 7 and 9;</li> <li>• Available road and railway lines to Ruse - Giurgiu;</li> <li>• Existence of Airport in the village of Shtraklevo located at 17 km from the Town of Ruse;</li> <li>• Well established traditions and good practices in the field of cross-border cooperation;</li> <li>• Proximity to the Romanian capital Bucharest, access to an international airport;</li> <li>• The largest river port in Bulgaria;</li> <li>• Uniformly developed network of settlements;</li> <li>• Favourable educational structure of population, close to the average for the country;</li> <li>• Existence of two higher education institutions in the District;</li> <li>• Concentration of highly qualified resource and capacity for development of scientific and research activity;</li> <li>• Development potential for year-round of tourism;</li> <li>• Rich natural and cultural-historical heritage;</li> <li>• Ranked first of all Bulgarian Districts in the cross-border region in terms of GDP per capita;</li> <li>• Lasting trend of increase in the size of Gross Value Added of the District;</li> <li>• Stable growth in production output;</li> <li>• Relatively high FDI;</li> <li>• Existence of individual Industrial zones;</li> <li>• Good development of the Service</li> </ul>	<ul style="list-style-type: none"> <li>• Unfavourable demographic trends - negative natural and mechanical growth, increase in the average age of population, risk of depopulation of small settlements, etc.</li> <li>• Lack of resources for the restoration of the Airport in the Village of Shtraklevo;</li> <li>• Strong concentration of population in Towns;</li> <li>• Poorly developed Agricultural Sector compared to the other Districts of the cross-border region;</li> <li>• Lower average salary than the country average;</li> <li>• Small share of the Industrial sector in the economy of the District;</li> <li>• Lack of a highway or high-speed way to connect to the national road network;</li> <li>• Obsoleted transport network;</li> <li>• A trend of excluding the older population from the labour market due to poor professional adaptability to the current labour market characteristics;</li> <li>• Poorly development of the technical infrastructure;</li> <li>• Limited capacities of the Municipal Budget;</li> <li>• Low entrepreneurial activity;</li> <li>• Unused opportunities for development of cultural and alternative tourism;</li> <li>• Inefficient and insufficient interaction between business and education in the District;</li> <li>• Insufficient state funding for the cultural development in District;</li> <li>• Unutilized development potential for partnerships between business and public administration.</li> </ul>

<p>Sector with a variety of economic activities;</p> <ul style="list-style-type: none"> <li>• Traditions in industrial production;</li> <li>• Environment conducive to attract investment due to the low taxation, low labour costs, available qualified human resources;</li> <li>• Existence of large enterprises from the high-tech industries, providing Opportunities for work and development of narrow specialists;</li> <li>• Territorial prerequisites for diversified economic development;</li> <li>• Developed and operating industrial parks;</li> <li>• Trend of decrease in the total number of unemployment, unemployed youths and long-term unemployed (over 1 year);</li> <li>• High share of newly created jobs, due to the attracted project funding;</li> <li>• Well-developed cultural environment with an established calendar of cultural events, despite the lower standard of living in the District;</li> <li>• Increase in the number of newly opened enterprises in the field of information technologies.</li> </ul>	
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Opportunities for developing a unified tourism package;</li> <li>• Opportunities for developing a year-round tourist services;</li> <li>• Opportunities for developing and exploiting the airport in Shtruklevo;</li> <li>• Opportunities for ensuring long-term employment in the field of tourism;</li> <li>• Developing the agriculture, especially with regard to the organic production;</li> <li>• Opportunities for developing of logistic services;</li> <li>• Opportunities for developing a variety of activities, using the potential of</li> </ul>	<ul style="list-style-type: none"> <li>• Negative demographic trends are getting worse;</li> <li>• Depopulation of smaller settlements;</li> <li>• Continuously decreasing share of the Industrial sector;</li> <li>• Traffic deviation to Danube Bridge 2;</li> <li>• Economic inefficiency in the implementation of the cross-border projects or EU-funded projects;</li> <li>• Decrease in the investor's interest;</li> <li>• Lack of jobs for highly qualified young people;</li> <li>• Migration of young people to other</li> </ul>

<p>the Danube River - transport services, hydropower, tourism and in the field of cross-border cooperation;</p> <ul style="list-style-type: none"> <li>• Opportunities for developing the R&amp;D in the District with different thematic orientation;</li> <li>• Establishing a link between businesses in the District and the education system in order to ensure continuity;</li> <li>• Opportunities for specialists with specific qualifications for high-tech sectors in the District;</li> <li>• Increasing the international supply of goods and services produced in the District;</li> <li>• Providing a potential to attract foreign investment;</li> <li>• Providing good conditions for the development of economic cooperation between Bulgaria and Romania through the creation of joint SMEs in the region;</li> <li>• Developing the activities in the field of information technologies;</li> <li>• Providing an employment capacity in enterprises of national economic importance;</li> <li>• Opportunities for developing entrepreneurial ideas with different direction;</li> <li>• Providing a development potential for activities related to art and culture;</li> <li>• Developing public-private partnerships;</li> <li>• Providing a development potential for activities in the Industrial Sector due to the District traditions;</li> <li>• Providing a career development in a variety of economic activities.</li> </ul>	<p>areas or other countries;</p> <ul style="list-style-type: none"> <li>• The population, unable to adapt to the changes in the demand for labour resources, steadily drops out of the labour market.</li> </ul>
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### ***District of Veliko Tarnovo***

Veliko Tarnovo is located at almost equal distance from the three largest Bulgarian Towns of Sofia, Varna and Plovdiv. Therefore, almost all logistics companies operating at national level have their headquarters or warehouses in this District, which is

relatively centrally situated not only in the cross-border region but also on the territory of Bulgaria.

The three largest Towns of Veliko Tarnovo, Gorna Oryahovitsa and Svishtov are the engines of economic, social and cultural development where investment interest and qualified workforce are concentrated. The existence of "scattered" villages is typical of these settlements. These are former hamlets and cottage settlements with a population of less than 100 people, sometimes even less than 50 people, located in mountain areas, which makes it difficult to provide them with resources.

This District is known for the existence of cultural and historical heritage, which can be traced to four eras back in time. The District centre of Veliko Tarnovo has a particular importance of the Bulgarian national identity and historical memory. It was the Capital of the Second Bulgarian Kingdom and a symbol of the revival and establishment of the Post-Liberation of Bulgaria. Also, this District is known for the diversity of monasteries and churches from different ages. According to the concept of the „Cultural Corridors of Southeast Europe”, all the historic roads in the District meet at the Town of Veliko Tarnovo.

The District is an important educational centre, as the three higher education institutions operating on its territory, are considered to be among the best ones of the country - „St. Cyril and Methodius” University of Veliko Turnovo, "Vasil Levski" National Military University and „Dimitar Tsenov” Economic Academy in Svishtov. Veliko Tarnovo ranks first in terms of educational structure of the population among the Districts in the cross-border region.

Many young people graduate their education here, but unfortunately, a few of them stay to live and work here. The District is affected by the negative demographic trends that apply to the whole cross-border region - negative natural and mechanical growth, depopulation of small settlements, rising the average age.

Labour market characteristics are determined by the worsened demographic situation and the trend of growth in production and the investment interest in the District. Economic activity rate and employment of working-age people is steadily rising. Unemployment rate is declining and its indicators are more favourable than those at national level are. Although the average salary increases steadily, it remains below the country average. The number of people in employment in the Agricultural Sector is predominant, followed by the Trade, Transport, Hotel and Restaurant Industry and the Processing Industry. It is important to note that in terms of R&D, the District shows a steady growth in R&D expenditure and personnel.

Some of the largest Bulgarian companies operate in Veliko Tarnovo, among them in the Production Sector are the manufacturing of weapons and ammunition, the manufacturing of plastic products, enterprises from the food industry. According to the results of the "Business and Workforce Survey in the Cross-Border Region" carried out, the following high-tech and medium-high-tech technologies with development potential in the region were identified:

- Activities in the District of Information Technology;
- Manufacture of plastic products;
- Manufacture of metal products for construction;
- Other metalworking;
- Manufacture of other general purpose machinery.

Light industry is also well-covered, especially in food, textiles, paper production, alcoholic beverages, etc. There is a large variety of economic activities creating Opportunities for employment in Veliko Tarnovo.

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Good natural-geographic location;</li> <li>• Good environment quality;</li> <li>• Important availability of water resources - surface, mineral, karst and subsoil, favouring the development of tourism and agriculture;</li> <li>• Good transport facilities: two Pan-European transport corridors - 7 and 9;</li> <li>• Airport constructed in Gorna Oryahovitsa;</li> <li>• Existence of railway station in Gorna Oryahovitsa, connecting railway lines №4, №2 and international destinations of Sofia-Bucharest-Moscow and Istanbul-Bucharest;</li> <li>• Upgraded Port of Svishtov;</li> <li>• Existence of non-metallic minerals;</li> <li>• Extremely rich cultural and historical heritage;</li> <li>• Historical paths identified under the concept of the Cultural Corridors of Southeast Europe;</li> <li>• Existence of several Economic Centres in the District, contributing to the overall economic development - Veliko Tarnovo, Gorna Oryahovitsa, Svishtov;</li> <li>• The educational structure of the population is comparable to that of the national level and the most favourable of all Bulgarian Districts in the cross-border region;</li> <li>• There are three higher education institutions of different orientation on the</li> </ul>	<ul style="list-style-type: none"> <li>• Unfavourable demographic trends - rising the average age; depopulation of small settlements; sustainable decline in the number of population due to the negative natural and mechanical growth rates;</li> <li>• Concentration of landslide and collapsible areas in the District;</li> <li>• Existence of areas with flood risk;</li> <li>• Obsolete road infrastructure;</li> <li>• Lack of highway or high-speed roads in the District;</li> <li>• Obsolete and depreciated railway infrastructure;</li> <li>• Lack of well-functioning sewerage network for domestic and industrial needs;</li> <li>• Almost 50% of settlements in the District are of "slender" type (up to 200 inhabitants);</li> <li>• Lower average salary than the country average;</li> <li>• Shortage of financial resources to explore cultural heritage; Unused Opportunities in the field of tourism;</li> <li>• Lack of innovation in promoting and supplying tourism products;</li> <li>• Lack of joint projects between the different Municipalities in the District, regarding the tourism development;</li> <li>• Tourists interest is focus to key destinations, less known ones are neglected;</li> <li>• Outdated technical base in most of</li> </ul>

<p>territory of the District, which are among the best ones in the country and provide a wide variety of specialties;</p> <ul style="list-style-type: none"> <li>• Existence of professional and profiled schools that prepare staff in different sectors of the socio-economic sphere;</li> <li>• Sustainable trend of growth in the production manufactured within the District in parallel with the production volume and the Gross Value Added;</li> <li>• Increased investment activity and trend of increase in the foreign investment;</li> <li>• Sustainable growth in the economic activity rate and employment of working age people;</li> <li>• Sustainable decrease in the unemployment at rates which is more favourable than those at national level;</li> <li>• Sustainable growth in the average salary of the District;</li> <li>• Increase in the number of people in employment and R&amp;D expenditure;</li> <li>• R&amp;D development in the field of National Security, Defence and Military Affairs;</li> <li>• R&amp;D development in the field of Agriculture;</li> <li>• Well-developed Agrarian Sector with a predominance of plant growing;</li> <li>• The District is ranked second in the country (after Sofia) in terms of concentration of medium–high-tech production and market services;</li> <li>• Established traditions in the field of Agriculture;</li> <li>• Established traditions in the field of Tourism, an important branch of the District economy, not being of a seasonal nature;</li> <li>• Well-developed Hunting Tourism in District;</li> <li>• Well-developed accommodations</li> </ul>	<p>the tourist sites existing ever since the time of socialism;</p> <ul style="list-style-type: none"> <li>• Small share of medium and large enterprises in the Economy of the District;</li> <li>• Concentration of low-educated and illiterate people in small settlements.</li> </ul>
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<p>availability, nearly the half of all accommodations in shelters in the Northern Central Region, is concentrated in the District;</p> <ul style="list-style-type: none"> <li>• Existence of a sustainable tourism development programme in the District;</li> <li>• Concentration of various economic activities in Gorna Oryahovitsa, Veliko Tarnovo, Svishtov and Lyaskovets;</li> <li>• Highly developed food and beverage industry;</li> <li>• Existence of arms factory in Lyaskovets;</li> <li>• Identified industrial zones in Veliko Tarnovo, Gorna Oryahovitsa, Svishtov, Lyaskovets and Strazhitsa..</li> </ul>	
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Overall construction of Hemus Highway, connecting Sofia and Varna via Veliko Tarnovo;</li> <li>• Opportunities for producing electricity from renewable sources - water and the sun;</li> <li>• Expanding and restoring the Airport in Gorna Oryahovitsa aimed at serving regular passenger and freight flights;</li> <li>• Combining international transports due to the existence of Railway station and Airport in Gorna Oryahovitsa as well as the Port of Svishtov;</li> <li>• Opportunities for developing organic farming;</li> <li>• Potential for increasing the share of livestock breeding;</li> <li>• Opportunities for promoting the cross-border cooperation in the District of Svishtov, due to the Danube River;</li> <li>• Creating a finished tourist product that will combine separate elements in the District, grouped by two attributes: belonging to a topic and to a location of a common road;</li> <li>• Collabouration between</li> </ul>	<ul style="list-style-type: none"> <li>• Depopulation of entire regions in mountainous areas;</li> <li>• Population aggregation in larger Towns and Economic centres in the District;</li> <li>• Worsening of the demographic crisis;</li> <li>• Risks of unforeseen incidents in residential areas due to the peculiarities of the terrain - floods, landslides, landslips;</li> <li>• Delay/abandonment of the Project referred to the complete construction of Hemus Highrway, due to the lack of funds or other management-related reasons;</li> <li>• Worsening of the railway network;</li> <li>• Inability to provide jobs for students who have graduated their education in the District, outflow to other areas or countries;</li> <li>• Deterioration of the educational structure of population and the quality of education offered in the District;</li> <li>• Outflow of students to universities of the larger Towns in the country - Plovdiv, Sofia, Varna;</li> <li>• Limited financial resource for</li> </ul>

<p>municipalities for joint management of the cultural heritage in the District;</p> <ul style="list-style-type: none"> <li>• Promoting the historical, cultural and natural resources through innovative technical means;</li> <li>• Providing all-year employment in Tourism;</li> <li>• Providing jobs in light industry;</li> <li>• Good conditions for developing own business, especially in the field of information technologies;</li> <li>• Opportunities for employment in a variety of economic fields;</li> <li>• Employment in the field of R&amp;D;</li> <li>• Availability of qualified staff in the District.</li> </ul>	<p>investments in villages and small municipalities;</p> <ul style="list-style-type: none"> <li>• Deterioration of the standard of living in the District;</li> <li>• Obsolete accommodation facilities;</li> <li>• Destruction and loss of authenticity of cultural values due to the lack of funds for maintenance;</li> <li>• Ineffective management of cultural heritage and cultural life.</li> </ul>
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### ***District of Pleven***

The District of Pleven is located in the central part of Northern Bulgaria and is part of the North-East Planning Region. It borders with the Bulgarian Districts of Vratsa, Lovech and Veliko Tarnovo, and it is separated from the Romanian Counties of Ilt and Teleorman by the Danube River. Important transport links pass through the District. There are four small Ports along the River, and there is a ferry in the Town of Nikopol link to Turnu Magurele, Romania. An Airport base is located in the Town of Dolna Mitropoliya which is used for the training of pilots.

Topography of the District of Pleven is flat and hilly, with fertile soils typical of the Danube Plain and a large share of agricultural lands. Existence of large water sources contributes to the development of the Agrarian Sector. Thanks to the inclusion of the Fore-Balkan Mountains, predominantly the plane relief in the District is diversified with the Pleven Heights.

The District is known for its cultural and historical landmarks, which attract many tourists. However, in terms of number of tourists the District is not among the first ones of the country, which may be due to a targeted strategy for the promotion of tourist sites.

The number of population of the District is 251,986 people living mainly in the Towns. There is a lasting trend of depopulation of the settlements, as the demographic problems are strengthened in the Danube area of the District compared to its southern part.

The only higher education institutions in the Northwestern region are located in the District of Pleven - the Medical University of Pleven and the Faculty of Aviation at the National Military University "Vasil Levski". The District's educational structure includes

two State Colleges and one Private College where there is a steady increase in the number of students.

In terms of Economy, the Service Sector followed by the Industry and the Agrarian Sector is the most developed, respectively in terms of contribution to the generated Gross Value Added and number of employees.

In the Secondary Sector, the sewing and textile industry are best covered. It creates more than 4500 jobs in the District, summed up only in medium and large enterprises, of which the largest employers are Miziya -96 AD and Dimitrov OOD, providing more than 1000 jobs each.

Large-scale enterprises are also engaged in construction, plant and animal oils production, tobacco production, other metal products production and trade of machines, of which, the companies such as Oliva AD, Bulgartabac EAD Pleven, Sarten Bulgaria OOD, Ilinden EOOD and Palfinger Produktionstechnik Bulgaria EOOD are distinguished as organizations with the largest number of people.

Traditionally, in the District, permanent employment in the healthcare sector is achieved as a result of the students graduating from the Medical University and the Medical College in the Town of Pleven and the presence of many medical institutions.

The District of Pleven is also the only one in the cross-border region, where the research and development sector is highly covered. Several institutes, micro and small enterprises engaged in R&D in the agricultural sciences are also operating on the territory. The largest R&D employer in the District is the National Institute of Metrology and Hydrology, with more than two hundred jobs.

According to the results of the “Business and Labour Force Survey” carried out in the District of Pleven, sectors with development potential are also the manufacturing of metal products for construction and of products of plastics.

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"><li>• Favourable transport location, enabling to access all the Districts of the country and Romania;</li><li>• High density of road network.</li><li>• Transport corridor of international significance - No 7 (Rhine-Main-Danube) and a first-class road of national importance (Ruse - Sofia) pass through the territory of the District;</li><li>• Significant cultural and historical landmarks, some of which are included in the hundred national tourist sites;</li><li>• favourable conditions for the development of agriculture and livestock</li></ul>	<ul style="list-style-type: none"><li>• Lasting trend of decrease in the number of population;</li><li>• Aging of population;</li><li>• Outflow of population to larger towns of the country and abroad;</li><li>• Enhanced migration processes of young highly qualified specialists;</li><li>• Low standards of living;</li><li>• Lack of investor interest;</li><li>• Decline in the number of students in 2015 compared to 2014;</li><li>• Large number of unemployed youths;</li><li>• Instability of the labour market;</li></ul>

<p>breeding;</p> <ul style="list-style-type: none"> <li>• Biodiversity and fertile soils;</li> <li>• Mechanical soil degradation at acceptable levels;</li> <li>• Good management of social infrastructure and implementation of projects of public interest;</li> <li>• Increased investment in grain and vine growing;</li> <li>• Existence of higher education institutions;</li> <li>• Existence of health professionals with proven qualities;</li> <li>• Large building stock and accommodation facilities of health institutions;</li> <li>• Ranked First by number of organizations offering services in the field of human health and social work;</li> <li>• Existence of a large number of medium and large enterprises in different areas of the economy;</li> <li>• Traditions in the sewing and textile industry;</li> <li>• Existence of wastewater treatment plants in large towns;</li> <li>• Existence of conditions for the modernization of agriculture;</li> <li>• High percentage of population is employed in R&amp;D;</li> <li>• Existence of research centres carrying out innovations and research;</li> <li>• Existence of an airport for training purposes;</li> <li>• Existence of ferryboat complex;</li> <li>• Existence of buildings being former military facilities;</li> <li>• A large number of enterprises in the "Agriculture, Forestry and Fisheries" Sector, with the District ranked second in the cross-border region after the Granary of Bulgaria - District of Dobrich;</li> <li>• A large number of companies operates in the Transport, Warehousing</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of environmental problems in the larger towns of the District;</li> <li>• Insufficient supply of drinking water to all settlements;</li> <li>• Poor water quality in some of the municipalities;</li> <li>• Poor management of the transportation of drinking water;</li> <li>• Lack of sewerage network in some of the settlements;</li> <li>• Lack of wastewater treatment plants in some of the medium-sized settlements;</li> <li>• Inadequate waste management - no waste disposal sites in some of the settlements;</li> <li>• Lack of technological progress in some sectors of the economy;</li> <li>• Worsened Competitiveness of enterprises in the District;</li> <li>• High share of early school leavers, mostly of minority origin;</li> <li>• Poor development of livestock breeding;</li> <li>• Poor condition of the hydro-meliorative infrastructure;</li> <li>• Insufficient use of natural resources to produce energy;</li> <li>• Instability of structures in the Agrarian Sector;</li> <li>• Uniformity in growing agricultural crops. There is a strong dominance of grain production, followed by the cultivation of oilseeds;</li> <li>• Poor management of tourism. Shortage of accommodation and lack of information services in the field of Tourism in some municipalities.</li> <li>• Impaired road infrastructure quality;</li> <li>• Lack of policies to stimulate entrepreneurship and social creativity of young people;</li> </ul>
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<p>and Postal Sectors, some of which provide more than 100 job positions;</p> <ul style="list-style-type: none"> <li>• The most developed area in the Northwest region;</li> <li>• Stable increase in Gross Domestic Product per capita;</li> <li>• Increase in generated Gross Value Added;</li> <li>• Relatively high percentage of under the working age population close to that in the country;</li> <li>• High relative share of population with higher education, as the area ranks second in the cross-border regions in Bulgaria;</li> <li>• Increase in the number of students studying at colleges;</li> <li>• Employment growth in 2015 compared to 2014;</li> <li>• Decline in the number of people other than Labour Force;</li> <li>• Increase in the coefficient of economic activity;</li> <li>• Low relative share of people in employment with acquired primary and lower education;</li> <li>• Decrease in the number of unemployed youths;</li> <li>• Increase in the vacancies announced at the Labour Offices;</li> <li>• Increase in the Average gross salary;</li> <li>• Favourable environment with significant air and water cleanliness.</li> </ul>	<ul style="list-style-type: none"> <li>• Low GDP per capita compared to the country.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Opportunities for funding urban development projects through OPs;</li> <li>• Stimulating the population to increase natural growth and reduce migration using material, financial and social measures;</li> <li>• Improving the Infrastructure of the District;</li> <li>• Development of tourism, offering a unified tourist service, promoting tourist</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent demographic problems are established, such as: decrease in the number of population, aging, low natural growth and negative migration rates;</li> <li>• Depopulation of small settlements;</li> <li>• Accommodating the minority population in depopulated villages and its poor integration;</li> </ul>

<p>sites, improving the tourist base;</p> <ul style="list-style-type: none"> <li>• Development of new tourist services - eco, adventure, cruise, fishing and other types of tourism;</li> <li>• Establishing a targeted cooperation with Romania on environmental management;</li> <li>• Developing the cross-border cooperation with Romania;</li> <li>• Using the military building stock for other purposes, e.g. to build a museum with combat exhibitions;</li> <li>• Development of fishing activity;</li> <li>• Development of Organic farming;</li> <li>• Diversifying crops;</li> <li>• Improving the conditions for the development of livestock breeding;</li> <li>• Utilizing land of non-agricultural use;</li> <li>• Attracting investors;</li> <li>• Improving the technological infrastructure;</li> <li>• Utilizing European funds to improve the competitiveness of enterprises;</li> <li>• Creating vertical cluster structures in the agrarian sector and the food industry;</li> <li>• Modernization and expansion of the ferryboat complex in the Town of Nikopol;</li> <li>• Increasing the energy efficiency of residential and public buildings;</li> <li>• Attracting or building universities in Districts other than existing ones;</li> <li>• Attracting young people, being trained in higher education institutions;</li> <li>• Providing consultancy and assistance in the field of Entrepreneurship;</li> <li>• Improving the conditions for R&amp;D development;</li> <li>• Establishing low local taxes and incentives for business stimulation;</li> <li>• Construction of a second nuclear power plant in Bulgaria on the island of Belene.</li> </ul>	<ul style="list-style-type: none"> <li>• Aggregation of population in larger settlements;</li> <li>• Risk of natural disasters;</li> <li>• Ineffective use of funds granted to finance Projects under Operational Programmes;</li> <li>• Rising level of crime;</li> <li>• Lack of funds to improve infrastructure;</li> <li>• Lack of financial resources to respond to the incorporated European industries;</li> <li>• Increase in the unemployment rate;</li> <li>• Increase in the number of uneducated population;</li> <li>• Developing monopolistic structures in agriculture;</li> <li>• Poor management of natural and cultural-historical landmarks;</li> <li>• Withdrawal of the fewer foreign investors;</li> <li>• Closure of enterprises providing many jobs;</li> <li>• Lack of personnel in the clothing industry;</li> <li>• Closure of schools in depopulated areas;</li> <li>• Lack of researchers and other R&amp;D personnel.</li> </ul>
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## ***District of Vratsa***

The District of Vratsa is located in North-western Bulgaria, forming part of the North-East Planning Region. It is located between the Bulgarian Districts of Montana, Sofia, Lovech, Pleven, listed from the West to the East, and it is separated from the Romanian Counties of Dolj and Olt by the Danube River. A Ferryboat Complex in the Town of Oryahovo ensures the passing of the River by ferry. Important international transport corridors crossing the Districts of Vidin and Montana cross the District. The only Nuclear Power Plant operating in Bulgaria - Kozloduy NPP - is located in the District of Vratsa. The District proximity to the capital has both a positive and a negative impact, which are discussed below in the SWOT analysis.

The topography of the District varies, it is flat with fertile soils along the River valley, passing into hilly to the North, and it is mountainous including the Vratsa mountain to the South. The climate is moderate continental with pronounced hot summer and cold winters.

Territorial development of the settlement network is not highly urbanized. In terms of size there are 8 medium sized towns and 115 villages in the District. In terms of economy, the main significant Towns are Vratsa, which is also a regional centre, Mezdra, Kozloduy, Byala Slatina and Oryahovo.

The number of population is 172 007 people, almost evenly allocated between the towns and the villages, but larger towns remain the preferred place to live. The density of the population in the District is significantly higher than the average for the Northwest region, but still lower than the average for the country.

The huge tourist interest in the District is justified by the numerous natural, cultural and historical sights, as six of the 100 national tourist sites are located herein. The mountainous topography allows the development of adventure tourism, mountaineering and parachuting, and delta and paragliding.

In terms of economy, Industry is the most developed Sector, with the District generating nearly half of the Gross Value Added. Immediately afterwards, the Service Sector is ranked, and a very small share is seen in the Agrarian Sector. Targeted agricultural development policies can be implemented in the District as a result of the competitive advantages of agricultural land and the high share of the average usable agricultural area. Manufacturing of special purpose machines is well covered in the Industry Sector, as two of the largest companies in the District provide nearly 300 jobs. The existence of the only one Nuclear Power Plant in Bulgaria is located in the Town of Kozloduy, being of particular economic importance it provides jobs for more than 3500 workers and generates more than 30% of the country's energy. Several medium and large enterprises such as „Energoremont-Kozloduy” EOOD and „Interpitservice” OOD were established in order to provide maintenance of the power plant, thus providing jobs for nearly 350 people.

The District of Vratsa is known for its traditions in the production of measuring and testing equipment, and one of the companies operating in this District, provides more than 100 jobs and is a Member of the Mechatronics and Automation Cluster.

Since 1964, the "Ledenika" Brewery in the Town of Mezdra has been established providing jobs for more than 100 people.

Several clusters operate on the territory of the District and the only experimental station in the country for the reforestation is located herein.

Other sectors with a development potential as a result of the "Business and Labour Force Survey of the Cross-Border region" carried out are: "Activities in the District of Information Technology", "Manufacture of plastic products", "Manufacture of metal products for construction" and "Other metalworking".

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Key location;</li> <li>• Proximity to the capital;</li> <li>• Existence of transport links of national and international importance;</li> <li>• Enabling the use of different transport means for access to other countries - river, road, rail;</li> <li>• Existence of numerous and diverse cultural-historical and natural landmarks;</li> <li>• Traditions in the provision of tourist services;</li> <li>• Favourable environment;</li> <li>• Adequate utilization of funds from Operational Programmes;</li> <li>• High percentage of usable agricultural area;</li> <li>• High share of water resources;</li> <li>• Biodiversity;</li> <li>• Existence of the only one nuclear power plant in Bulgaria;</li> <li>• Green energy extraction - out of water and photovoltaic power plants;</li> <li>• Existence of a ferryboat complex in the Town of Oryahovo;</li> <li>• Sufficiently large building stock and industrial fleet;</li> <li>• High share of Industry Sector in the production manufactured in the District;</li> <li>• Existence of non-ore minerals - limestone;</li> <li>• Traditions in the production of building materials - cement, aggregates/crushed stone, gravel, sand and concrete;</li> </ul>	<ul style="list-style-type: none"> <li>• Trend of decrease in the number of population;</li> <li>• Negative natural and mechanical growth rates;</li> <li>• Trend of increase in the unemployment rates;</li> <li>• Lasting trend of decrease in the number of population in towns due to the demographic problems;</li> <li>• Decrease in the number of under the working age population and working-age population;</li> <li>• Lasting trend of decrease in the number of population in employment and low employment rates compared to other Districts in the cross-border region;</li> <li>• Trend of decrease in the number of employees;</li> <li>• Outflow of labour force to the capital;</li> <li>• Lack of technical specialists;</li> <li>• Lack of healthcare professionals in smaller settlements;</li> <li>• Low incomes of population compared to those in the country;</li> <li>• Low standard of living;</li> <li>• High percentage of the population is living in poverty;</li> <li>• Few Small and Medium Enterprises in the District compared to the country average;</li> <li>• Insufficient resources to implement R&amp;D;</li> </ul>

<ul style="list-style-type: none"> <li>• Well-developed textile and clothing industry;</li> <li>• Traditions in brewing - Ledenika Brewery.</li> <li>• Favourable conditions for the development of bio-products;</li> <li>• Existence of the only research centre in the country in the field of silviculture;</li> <li>• Increase in R&amp;D expenditure;</li> <li>• Increase in the number of people in employment in R&amp;D;</li> <li>• Implementation of an innovation policy in the field of mining and processing industry;</li> <li>• Growth in the average annual gross salary, the highest values for the Bulgarian Districts in the cross-border region, as these are close to those of the country</li> <li>• Trend of decrease in the number of registered unemployed youths in the labour offices;</li> <li>• Highest values of FTA acquisition costs compared to the Bulgarian Districts of the cross-border region;</li> <li>• Existence of cluster structures and companies of the District being their members such as: Textile Cluster "Silk"; "Cleantech Bulgaria", "Sim Net" Cluster of cable operators and "National Snail Cluster", Cluster for Public Private Partnership; "Mechatronics and Automation", "Financial Group SIS" etc.;</li> <li>• Register of the 200 most developed major companies in Bulgaria and Romania prepared under Project with partners: Vratsa Chamber of Commerce and Industry and Employers' Federation in Oltenia and the possibility of partnering;</li> <li>• Existence of several medium and large enterprises providing a large number of jobs;</li> <li>• Increasing the number of jobs registered in the labour offices;</li> <li>• Low cost of entrepreneurial activity;</li> <li>• High GDP per capita compared to other Bulgarian Districts in the cross-border region;</li> <li>• Provision of hospital care with medical facilities;</li> <li>• Developed educational network;</li> <li>• Well-organized social assistance and</li> </ul>	<ul style="list-style-type: none"> <li>• Amortized and obsolete technology base;</li> <li>• Inability to cope with the competitive pressure in the manufacturing sector;</li> <li>• Pronounced economic dependence on the largest enterprise in the District - Kozloduy NPP;</li> <li>• Insufficient investments in the development of the Tourist infrastructure;</li> <li>• Lack of agglomeration of farmers and working market;</li> <li>• Poor road infrastructure;</li> <li>• Insufficient drainage of the sewerage network;</li> <li>• Lack of purification stations in some settlements;</li> <li>• Poor organization of the transfer of drinking water;</li> <li>• Lack of higher education institutions;</li> <li>• Existence of large differences in the settlements in terms of labour market, income, standard, etc.;</li> <li>• Lack of funds to build additional locations for recreation and sport in the settlements and modernization of the existing ones;</li> <li>• Lack of funds for urban development projects;</li> <li>• Poor access to outpatient medical cares of small settlements;</li> <li>• Lack of and difficult access to schools in small settlements;</li> <li>• Lack of Internet access in small settlements;</li> <li>• Pollution of water sources and poor maintenance of gutters;</li> <li>• Pollution of lands as a result of the mining industry;</li> <li>• Decrease in the foreign investment and lack of new industries;</li> <li>• Unsustainable increase in some indicators such as: GDP, GDP per capita, GVA, costs of acquisition of FTA.</li> </ul>
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<p>social activities;</p> <ul style="list-style-type: none"> <li>• Existence of affiliates of higher education institutions - University of Veliko Turnovo „St. Cyril and St. Methodius” and Medical University - Sofia;</li> <li>• Trend of increase in the number of students;</li> <li>• Existence of the only one underground gas storage facility in Chiren;</li> <li>• Industrial gasification of larger Towns;</li> <li>• Existence of various sports clubs and developed sports facilities;</li> </ul>	
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Development of tourism - traditional, eco, adventure, hunting, fishing and others;</li> <li>• Offering a single integrated tourist service;</li> <li>• Upgrading of tourist sites and adjoining infrastructure;</li> <li>• Establishing a brand in the field of Tourism;</li> <li>• Construction of a bridge at Oryahovo to Romania;</li> <li>• Improving the sewerage network;</li> <li>• Upgrading and improvement of the transport infrastructure;</li> <li>• Enabling access to gasification of all settlements by building a gas network from the gas storage to them;</li> <li>• Attracting investors thanks to the constructed production base;</li> <li>• Modernization of productions;</li> <li>• Utilization of researchers' capacity to increase R&amp;D in the District;</li> <li>• Involvement in Projects to increase the competitiveness of enterprises;</li> <li>• Implementation of development projects for all settlements, including the smaller ones;</li> <li>• Developing the organic farming and implementation of policies for their promotion;</li> <li>• Opening higher education institutions;</li> <li>• Integration of the minority population;</li> <li>• Implementation of measures for the preservation of natural wealth and good</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of demographic problems;</li> <li>• Sustainable depopulation of settlements;</li> <li>• Inability to increase the energy output of Kozloduy NPP due to political interests or EU bans;</li> <li>• Emergency shutdown of the operation of the Nuclear Power Plant „Kozloduy”;</li> <li>• Ecological disaster in the case of Emergency of Kozloduy NPP;</li> <li>• Lack of interest of the foreign investors;</li> <li>• Political pressure on major economic structures;</li> <li>• Lasting trend of increase in the unemployment rate;</li> <li>• Deterioration of climatic conditions and disasters;</li> <li>• Extra costs to cover flood damage;</li> <li>• Poor management of water sources;</li> <li>• Lack of funds to improve infrastructure;</li> <li>• Outflow trend in Labour Force towards the Capital;</li> <li>• Lack of highly qualified employees;</li> <li>• Slow technological upgrading and lack of resources for innovation and research;</li> <li>• Increase in the minority population and its inefficient integration;</li> <li>• Raising crime by rising populations</li> </ul>

management of protected areas; <ul style="list-style-type: none"> <li>• Environmental management and popularization of conservation measures among the population and businesses;</li> <li>• Increasing the energy efficiency of the buildings - residential and industrial;</li> <li>• Opportunities for development of the cross-border cooperation with Romania;</li> <li>• Expanding the nuclear power of the Kozloduy NPP by putting into operation of Energy Units;</li> <li>• Investing funds to extend the lifetime of the operating nuclear power;</li> <li>• Increasing the number of youth, thanks to the branches of the higher education institutions;</li> <li>• Increasing the number of specialists with higher education;</li> <li>• Stimulation by financial, material and other means to solve the problems with the demographic development;</li> <li>• Implementing policies for the development of the labour market;</li> <li>• Establishing vertical clusters in the agricultural and food industry.</li> </ul>	living in poverty and minority groups; <ul style="list-style-type: none"> <li>• Deterioration of educational infrastructure due to the closure of schools in depopulated areas;</li> <li>• Outflow of tourists;</li> <li>• Risk of the formation of monopolistic structures in agriculture and lack of competition in the sector;</li> <li>• Intentional fires;</li> <li>• Closure of enterprises as a result of their inability to deal with competition;</li> <li>• Lack of measures to promote entrepreneurship.</li> </ul>
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### ***District of Montana***

The District of Montana is located in the Western part of Northern Bulgaria and is part of the North-western region. Its territory lies between the Bulgarian Districts of Vidin, Sofia and Vratsa, it borders with Serbia to Southwest and with Romania to North. Two of the trans-European corridors - Corridor No. 4 and Corridor No. 7 pass through the territory of District as in the District of Vidin. A major transport link that crosses the District is the one that connects the Port of Lom and the Port of Thessaloniki. Its advantage is that it provides the shortest land connection between the two ports.

A varied relief, most of it low-planar, is characteristic of the District. Altitude rises Southwards and Southwest-wards, at its highest point is 2 016 m. Although natural resources are not of particular economic significance, their existence is a development potential for the mining industry. On the territory of the District, there are several quarries for materials for the construction industry - limestone, sand, gravel, industrial minerals, granite, diabase, deposits of ferrous, nonferrous metals and lignite coal, as well as deposits of clay and marl.

Agricultural land covers the vast part of the territory, and a significant part is covered by Forests. Forrestral lands are mostly deciduous - hornbeam, oak, beech etc., and there are natural stands of chestnut in the area of Berkovitsa.

Many tourists are attracted by the District due to the natural landmarks, among which there are protected natural sites, including a reserve, numerous dams, as well as

mineral springs, waterfalls and the Marble Cave. Prerequisites for the development of hunting and fishing are the forest areas and water basins of the District of Montana.

In 2015, the number of population of the District of Montana was 137,188 people, almost equally distributed in towns and villages, with the predominance of the urban population. Network of settlements is unevenly distributed, there are 8 Towns and 122 villages.

The level of the Economic situation in the District of Montana is not satisfactory. There is little interest from investors, low economic activity and lack of entrepreneurship. Over the past years, an increase in the key economic indicators has been reported, but it is not enough for the District to catch up the developed Districts in Bulgaria and the cross-border region.

Despite the fact that the Industry is the main structurally identifying sector of the District, the Sector of Agriculture, Forestry and Fisheries is ranked first with the highest employment rate. As far as the production output indicator is concerned, the Processing Industry is a leader, with the highest share being the production of electrical equipment, followed by the food and beverage industry, the manufacture of metals and metal products. The manufacture of vehicle is also well established in the District, where the organizations „Kros” OOD and „Sprinter” OOD, manufacturers bicycle and parts thereof, are operating on the territory. One of the breweries in Bulgaria, creating jobs for more than 150 people is positioned in the Town of Lom. According to the results of the “Business and Workforce Survey in the Cross-Border Region” carried out, there are other sectors with a development potential in the District, namely the "Activities in the field of Information Technologies", "Manufacture of plastic products" and "Other metalworking".

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Favourable location with access to the Danube River;</li> <li>• Proximity to the capital of the country;</li> <li>• Important European transport links pass through the territory;</li> <li>• The shortest land connection between large ports in Lom and Thessaloniki;</li> <li>• Existence of the second largest river port in Bulgaria;</li> <li>• Existence of natural resources - limestone, sand, ballast, industrial mineral raw materials, granite, diabase, ferrous and non-ferrous metals, lignite coal, clay and marble;</li> <li>• Existence of tourist sites and natural landmarks;</li> <li>• Existence of mineral springs;</li> </ul>	<ul style="list-style-type: none"> <li>• Trend of decrease in the number of population;</li> <li>• Negative natural and mechanical growth rates;</li> <li>• Low share of working-age population;</li> <li>• Aging of population;</li> <li>• High share of minority population, which is not well integrated;</li> <li>• Low share of population with higher education compared to the country;</li> <li>• High unemployment rate</li> <li>• Decrease in the economic activity of working-age population;</li> <li>• The lowest value of Economic activity rate of the Bulgarian Districts of the cross-border region;</li> <li>• Low standard of living, high percentage of population living in</li> </ul>

<ul style="list-style-type: none"> <li>• Constructed water power plants;</li> <li>• Favourable sunshine and solar radiation to produce solar energy;</li> <li>• Mechanical growth rate is lower than the average for the country;</li> <li>• Access to the Internet is provided by all municipal structures in District;</li> <li>• Favourable environment;</li> <li>• Increase in the Value of GVA;</li> <li>• Relatively stable output growth;</li> <li>• Increase in the cost of acquisition of tangible fixed assets by more than 50% in 2015 compared to 2014</li> <li>• Two of the largest bicycle manufacturers in Bulgaria are operating on the territory of the District, creating a total of nearly 500 job positions;</li> <li>• Existence of enterprises in the Sector of "Mining industry";</li> <li>• Existence of medium and large enterprises in metal processing and production of other metal products, creating jobs for more than 500 people;</li> <li>• Traditions in brewing - Lomsko pivo;</li> <li>• Relatively young working-age population - between 35-44 years of age;</li> <li>• Growth of vacancies announced by the Labour Offices;</li> <li>• Growth in the average annual gross wages;</li> <li>• Low levels of local taxes and fees compared to those in the country;</li> <li>• Large number of accommodation facilities in hospital institutions.</li> </ul>	<p>poverty;</p> <ul style="list-style-type: none"> <li>• Average annual gross salary far below average for the country;</li> <li>• Nearly half lower value of GDP per capita compared to the country average;</li> <li>• Poor road infrastructure;</li> <li>• Lack of first-class roads;</li> <li>• Closure of many industrial enterprises;</li> <li>• Lack of cluster structures in agriculture and food industries;</li> <li>• Poor supply of tourist products;</li> <li>• Lack of higher education institution;</li> <li>• Deteriorated indicators of the economic environment - obsolete technological resources, inability to respond to the competition;</li> <li>• Unsatisfactory urban development in the settlements;</li> <li>• Lack of urbanization;</li> <li>• Unequal allocation of the territorial structure of economy;</li> <li>• Lack of research structures and low R&amp;D expenditure;</li> <li>• Low number of enterprises, mostly small and medium;</li> <li>• This District is ranked in the penultimate place, after Vidin, by number of enterprises in the sector of "Agriculture, forestry and fishery" compared to the other Districts in the cross-border region;</li> <li>• Decrease in the value of foreign direct investment in the District;</li> <li>• Lack of health professionals;</li> <li>• High levels of population morbidity;</li> <li>• High level of child mortality.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Funding opportunities through the European programmes, Projects to improve the quality of public services, infrastructure, tourism, agriculture and other of regional development significance;</li> <li>• Attracting investors in all sectors of the economy;</li> <li>• Elaborating and implementing of policies for the development of the labour market and inclusion of minority</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of migration processes and aggravation of demographic problems;</li> <li>• Lack of awareness and low involvement in projects funded by operational programmes;</li> <li>• Increase in unemployment rate;</li> <li>• Deterioration of road infrastructure;</li> <li>• Soil and water pollution due to the lack of sewerage system in many</li> </ul>

<p>population therein;</p> <ul style="list-style-type: none"> <li>• Improving road infrastructure;</li> <li>• Construction of a bridge linking the Town of Lom with Romania;</li> <li>• Improving the cross-border relations with Romania;</li> <li>• Improving the status and availability of the sewerage network;</li> <li>• Creating clusters in agriculture and food industry;</li> <li>• Realization of advertising campaigns to promote the District of Montana as a tourist destination;</li> <li>• Developing the hunting and fishing. Organizing events to attract hunting groups and fishermen;</li> <li>• Growing expensive fish for sale and extraction of caviar;</li> <li>• Construction and modernization of eco-paths;</li> <li>• Attracting higher education institutions to open their branches in the District of Montana;</li> <li>• Implementing policies to promote entrepreneurship and R &amp; D development;</li> <li>• Encouraging the development of the mining industry;</li> <li>• Promoting mineral springs in the District and developing the balneological and rehabilitation tourism;</li> <li>• Developing the Organic farming;</li> <li>• Construction of large solar parks;</li> <li>• Developing the generation of energy from renewable sources;</li> <li>• Potential for the development of high and medium-tech sectors.</li> </ul>	<p>settlements;</p> <ul style="list-style-type: none"> <li>• Slow growth rates of average annual gross wages;</li> <li>• Withdrawal of foreign investment;</li> <li>• Lack of funds for the implementation of infrastructure projects;</li> <li>• Increase in the population morbidity;</li> <li>• Increase in stagnation;</li> <li>• Increase in the population living in poverty;</li> <li>• Increase in the minority population and its poor integration;</li> <li>• Rising of crime;</li> <li>• Difficulties in attracting Romanian labour force due to the low pay;</li> <li>• Impairment of infrastructure due to the floods caused as a result of the poor management of artificial ponds;</li> <li>• Depletion of small settlements;</li> <li>• Closure of the activity of large enterprises;</li> <li>• Stagnation in the development of new technologies and R&amp;D;</li> <li>• Lack of actions targeted to the development of high and medium–high-tech sectors;</li> <li>• Cutting of forests and reducing the attractiveness of the District;</li> <li>• Suspending the operation of the existing Hydroelectric power plants and Photovoltaic plants;</li> <li>• Lack of policy to attract tourists and develop tourism;</li> <li>• Migration of young people due to the lack of a higher education institution;</li> <li>• Ineffective use of agricultural land;</li> <li>• Outflow of labour to the capital;</li> <li>• Deterioration of the educational structure.</li> </ul>
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### ***District of Vidin***

The District of Vidin is part of the North-western region of Bulgaria. To the West it borders with Serbia, to the East with the Bulgarian District of Montana, and the Danube River divides it from the Romanian Counties of Mehedinti and Dolj. There are two trans-European corridors passing through the District - No. 4 Craiova /R. Romania - Vidin - Sofia - Kulata/ and No. 7 Rhein-Main - Danube. Thanks to the construction of the New Europe Bridge there are three cross border checkpoints with Serbia - Bregovo,

Vrashka Chuka and Salash and one with Romania - Vidin. There is a Port centre with one terminal for passenger and cargo ships in the Town of Vidin.

The District is characterized by a varied topography, with a gradual increase in altitude from northeast to northwest. Most of the territory is covered by arable land. Thanks to the fertile soils, which are typical of the Danube River and the Archa-Orsoan lowlands, most of them are arable fields, followed by the meadows and pastures, thus favouring the development of livestock breeding. There are many natural landmarks, including protected areas and a reserve located on the uneven part of the territory.

In 2015, the number of population was 91 235 people, allocated on the area of 3 025 km<sup>2</sup>, which, in terms of density in the cross-border region and Bulgaria, is ranked last. In terms of demographic processes, a lasting trend for deterioration is observed, as the by negative natural and mechanical growth rates are characteristic of the District, which values are well below the national average. The population lives mainly in towns, although they are few. Almost half of the population living in the District is located in the Town of Vidin, which is a district and a business centre.

The District is a sought-after tourist destination blessed with numerous sights such as the caves "Magura", "Venets", Left and Right Dry Pech; the waterfalls of Borov Kamak, Petkov Tserak and Byalata voda. The most visited tourist destination and ranked seventy-seventh in the world's top seven wonders located on the territory of the District of Vidin, near the Town of Belogradchik are the Belogradchik Rocks. They attract many tourists every year, and there is an increase in their number every year.

Traditionally, the population of the cross-border region is predominantly engaged in Agriculture, followed by the Government, Education and Human Health and Social Work Sectors. Despite the glorious past of the District with the presence of large industrial plants for the production of polyamide fibers, pumps, tires, as well as the well developed dairy, tailoring industry etc., today, in terms of Employment, the manufacturing industry ranks fifth. The manufacturing of rubber products is still well covered and, according to the results of the "Business and Labour Force Survey in the Cross-Border region" carried out, it is one of the Sectors with a development potential. The other sectors identified therein are as follows: "Activities in the field of Information Technology", "Manufacture of plastic products", "Manufacture of metal products for construction" and "Manufacture of general purpose machinery".

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Key geographic location;</li> <li>• Enabling direct connections with all countries of the Danube Basin;</li> <li>• Entrance and exit artery of the country for Europe;</li> <li>• Existence of two trans-European corridors - No 4 Craiova (Romania - Vidin - Sofia - Kulata) and No 7 (Rhine - Main - Danube);</li> </ul>	<ul style="list-style-type: none"> <li>• Deterioration of the road infrastructure;</li> <li>• Low share of highways and first-class roads;</li> <li>• Low level of urbanization;</li> <li>• Lasting trend of decrease in the number of population;</li> <li>• Negative values of natural and mechanical growth;</li> </ul>

<ul style="list-style-type: none"> <li>• Existence of three cross border checkpoints with Serbia and one with Romania;</li> <li>• Existence of a road link with Romania, thanks to the "New Europe" bridge;</li> <li>• Existence of a port network with a passenger and cargo ships servicing terminal;</li> <li>• Existence of an Airport site with a runway and five adjacent buildings;</li> <li>• Existence of many natural landmarks, including the nominees for the seventh miracle of the world "Belogradchik Rocks";</li> <li>• Existence of natural resources - gypsum, marble, limestone, clay;</li> <li>• Existing and unexplored quarries for extraction of natural resources;</li> <li>• Existence of mineral springs;</li> <li>• Development of tourist activity;</li> <li>• Existence of fertile soils, which are a prerequisite for the agricultural development;</li> <li>• Increase in the GDP values;</li> <li>• Increase in the GVA values;</li> <li>• Increase in the foreign investment;</li> <li>• Increase in the levels of average annual gross wages;</li> <li>• Trend of increase in the economic activity;</li> <li>• Decreasing number of working age population other than 'Labour force';</li> <li>• Free building stock for the Industry;</li> <li>• Existence of two large enterprises for production of rubber products - VidaChim AD and Ris Rubber Bulgaria AD;</li> <li>• Increase in the share of Trade, Transport, Tourism, Education, Communications Sectors;</li> <li>• Low local taxes and fees;</li> <li>• The lowest average amount of the patent tax for retail trade;</li> <li>• Existence of a higher educational institution, branch of the University of Ruse;</li> <li>• Increase in the number of working age university graduates;</li> <li>• The highest relative share of</li> </ul>	<ul style="list-style-type: none"> <li>• Low percentage of population with higher education, compared to the average for the country;</li> <li>• Low number of foreign investments compared to the country;</li> <li>• Low GDP values in the cross-border region;</li> <li>• The lowest values of production outputs in the cross-border region;</li> <li>• The lowest net sales revenue in the cross-border region;</li> <li>• The lowest FTA in the cross-border region and the country;</li> <li>• Low standard of living;</li> <li>• High share of the population living with material deprivation and poverty;</li> <li>• The lowest average annual gross wage for the country;</li> <li>• The smallest number of enterprises in the cross-border region;</li> <li>• Worsened economy due to the lack of large enterprises and underdeveloped export policy;</li> <li>• High levels of unemployment;</li> <li>• The lowest levels of employment in the cross-border region and the country;</li> <li>• Decrease in the number of vacancies at the labour offices;</li> <li>• Insufficient promotion of organized cultural events;</li> <li>• Lack of key health professionals;</li> <li>• A small number of accommodations in hospitals;</li> <li>• Increase in the share of minority population and its poor integration;</li> <li>• Lack of sewage treatment plant;</li> <li>• Poor water and sewerage infrastructure;</li> <li>• Incapacity of the material base to cover the flood of tourists and their requirements;</li> <li>• Lack of large farms;</li> <li>• Deserting arable land;</li> <li>• Lack of research structures;</li> <li>• Decrease in the number of staff at VidaChim AD.</li> </ul>
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<p>people in employment with higher education in the Bulgarian Districts of the cross-border region;</p> <ul style="list-style-type: none"> <li>• High number of pedagogical specialists provided;</li> <li>• High number of general practitioners provided;</li> <li>• High Environmental Assessment.</li> </ul>	
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Development of different types of tourism - ethno, cultural, historical, rural, eco, balneological, adventure and others;</li> <li>• Promoting river cruises;</li> <li>• Provision of a larger number of port complex services;</li> <li>• Rehabilitation and modernization of the Airport of Inovo for the purpose of commissioning and servicing of passenger transport;</li> <li>• Creating Rehabilitation centres benefiting from the clean environment and available mineral springs;</li> <li>• Opportunity to promote significant events;</li> <li>• Opportunity to modernize and increase the Accommodation Base;</li> <li>• Providing appropriate training in the field of tourist services provision;</li> <li>• Attracting young people in the District, thanks to the branch of the University of Ruse;</li> <li>• Opening an additional cross border checkpoint to Serbia Salash - Novo korito;</li> <li>• Development of transport and logistics services thanks to the available trans-European corridors;</li> <li>• Development of the industry, using the key location and the free building stock;</li> <li>• Development of the mining industry, thanks to the availability of natural resources - gypsum, marble, limestone, clay and others and available careers on the territory of the District;</li> <li>• Effective use of natural water sources in the District;</li> <li>• Opportunities for the development of organic farming;</li> <li>• Attracting foreign investors, thanks</li> </ul>	<ul style="list-style-type: none"> <li>• Increasingly encountering of problems of extreme climate change;</li> <li>• Irrevocable worsening of demographic problems - aging of population and depopulation.</li> <li>• Enhancement of migration processes;</li> <li>• Inability to improve the level of unemployment;</li> <li>• Rising prices of energy sources;</li> <li>• Lack of funds to improve road infrastructure;</li> <li>• Lack of funds for municipal projects and public works in District;</li> <li>• Lack of interest by depositors due to the cumbersome and bureaucratic administrative system;</li> <li>• Decrease in foreign investment due to the poor infrastructure;</li> <li>• Bad policy of stimulating entrepreneurship in the District;</li> <li>• Lack of state aid to support lagging areas;</li> <li>• Inadequate political interference in the management of important industrial structures;</li> <li>• Loss of tourist interest;</li> <li>• Development of the extractive industry;</li> <li>• Exhaustion of natural resources;</li> <li>• Poor management of natural landmarks;</li> <li>• Loss of natural landmarks due to the natural disasters;</li> <li>• High competition;</li> <li>• Inability to finance public projects and co-finance projects under the operational programmes;</li> <li>• Deterioration of the population's health due to the lack of health professionals and small number of</li> </ul>

<p>to the low local taxes and fees;</p> <ul style="list-style-type: none"> <li>• Opportunities to establish lasting cross-border cooperation with Serbia and Romania;</li> <li>• Creating cluster structures in the agriculture and food industry;</li> <li>• Using the free specialists for the development of the chemical industry and the production of rubber products;</li> <li>• Creating Research centres;</li> <li>• Developing the dairy industry;</li> <li>• Development potential of Sectors such as: "Activities in the field of Information Technologies", "Manufacture of plastic products", "Manufacture of metal products for construction" and "Manufacture of general purpose machinery";</li> <li>• Development of the fishing and caviar production;</li> <li>• Developing the viticulture and wine production;</li> <li>• Opportunity to extract green energy.</li> </ul>	<p>hospital accommodation;</p> <ul style="list-style-type: none"> <li>• Rising of crime due to the high levels of poverty;</li> <li>• Depopulation of villages and settlement of suspected and criminal population therein;</li> <li>• Lack of response to accomplish the potential of the high and medium-high-tech sectors;</li> <li>• Lack of interest from a Romanian labour force to work in the District due to the low levels of pay.</li> </ul>
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### ***County of Constanta***

County of Constanta is located in the South-East extremity of Romania. To the North, it is separated from the County of Tulcea through a conventional line that winds up between the Danube River and the Black Sea, crossing the Kazimcha Plateau and the Limani Complex of Razim, Zmeica and Sinoe. To the South it borders the Romanian-Bulgarian state border, crossing the Plateau of Southern Dobrudzha between Ostrov (to the West) and Vama Veche (to the East). To the West, the Danube River separates the County of Constanta from the County of Calarasi, Ialomita and Braila. To the East, between the Gura Portiței and the settlement of Vama Veche, the Dobrudzha plateau is bathed by the waters of the Black Sea. Along the coastline of 12 nautical miles, the territory of the Romanian territorial waters extends, as established in accordance with the international conventions.

According to the Common Classification of Territorial Units for Statistics (NUTS), the County of Constanta is part of the **Southeastern Region** (NUTS II) and includes three Municipalities - Constanta, Medgidia and Mangalia, new towns, 58 Communes and 189 Villages. The South East Region, the second largest region in the country, includes the Counties of Braila, Buzau, Galati, Tulcea and Vrancea.

The County of Constanta has the following fluvio-maritime connections:

- through the Danube River (the ports of Cernavodă and Hârșova)
- through the Danube-Black Sea Canal (the ports of Medgidia, Murfatlar, Ovidiu and Agigea);

- through the intermediation of the Black Sea (the ports of Constanta, Agigea, Mangalia and Midia).

With an area of 7071.29 square kilometres, the County of Constanta holds 2.97% of the area of Romania and ranks 8<sup>th</sup>, by area, and 5<sup>th</sup>, by population, among the Counties of Romania.

With regard to the number and structure of the population, we have a total of approximately 684,000 inhabitants, more than 60% of which live in urban environments. Constanta ranks 6<sup>th</sup> at the Romania level and on the first place in the cross-border region.

From the educational perspective, the County of Constanta also ranks first place by number of higher education units in the cross-border region.

The specificity of the South-East Region is represented by the disproportion within the nuclei of concentration of the industrial activities and tertiary activities (Braila - Galati; Constanta - Navodari), the isolated complex industrial centers (Buzau, Focsani), the areas with specific tourism (coastal and the Danube Delta) and the vast areas of agricultural and wine-growing croplands. Thus, the Counties of Braila and Constanta are characterized by a higher rate of the population occupied in Industry and Construction, Buzau and Vrancea, by a higher percentages of the population occupied in Agriculture, Constanta and Galatz, in Services.

The region has a diversified industry: petrochemical industry, metallurgical, machine building, building materials industry, food and textile industries. In this region, important industrial centres are located: industrial complexes (steel, petrochemical), traditional shipyards (in Braila, Galati, Tulcea, Constanta and Mangalia), pulp and paper factories, a petrochemical industrial complex of Navodari and a nuclear power plant of Cernavodă. Another important sector for the region, with a significant number of employees, is the naval one.

The largest port of the Black Sea is located in the Municipality of Constanta, the port respectively being one of the largest ports in Europe, which makes it an extremely important geopolitical and strategic centre, and also economic one.

To present briefly the economy of the County of Constanta, we should note that, compared to the rest of the Counties in the cross-border region, the County of Constanta ranks second by number of active working-age inhabitants and first by level of labour force occupation, on the last place - with respect to the index - at the unemployment level.

With regard to the index of “labour force occupation”, at the County level, the Sector of „Agriculture, Forestry and Fish farming” ranks first, which represents 18.5% of the total number of persons occupied in all the economic sectors. Second place is occupied by the „Industrial” Sector with 17.9%, of the total number of occupied persons, and then the „Industry” Sector is distinguished by the processing industry, in which 13.97% of the total number of occupied persons are occupied. Another Sector that ensures a high level of labour force occupation is the Sector of „Wholesale and retail, repair and

maintenance of motor vehicles and motorcycles” with 16.87% of the total number of occupied persons.

For an overall comparative picture at the region level, the population occupied in the Sector of „Services” has a predominant share (44.5%), followed by the „Industry” and „Construction” by 30.4% and „Agriculture” by 25.1%.<sup>11</sup>

In the table below, we find a list of the 10 most popular occupations, at the 2017 level, both at the regional level and at the level of the County of Constanta. Thus, we can observe that the County of Constanta can be considered as **the engine of the development of the cross-border regions**, both from an economic and educational point of view, as the most popular occupations are those that do not imply the necessity of university training, but those corresponding to the occupations in the field of unskilled and medium-skilled labour force.

We can note, from this point of view, a synergy between the entire South-East region and the County of Constanta, which refers to occupations such as builders and installers of metal constructions, welders of autonomous welding and cutting machines, plumbers and pipe installers, occupations generated by the presence of the Shipyards in this County.

Region / County	Top 10 most popular professions
<b>South East Region</b>	<ol style="list-style-type: none"><li>1. Unskilled workers in the manufacturing industry</li><li>2. Merchants</li><li>3. Builders and fitters of metal structures</li><li>4. Cargo Workers</li><li>5. Welders of autonomous welding and cutting machines</li><li>6. Sales assistants in the store</li><li>7. Guards</li><li>8. Drivers of cars and vans</li><li>9. Unskilled workers in housing construction</li><li>10. Sales agents</li></ol>
<b>County of Constanta</b>	<ol style="list-style-type: none"><li>1. Builders and fitters of metal structures</li><li>2. Welders of autonomous welding and cutting machines</li><li>3. Plumbing and pipe fitters</li><li>4. Guards</li><li>5. Masons and similar</li><li>6. Unskilled workers in housing construction</li><li>7. Construction workers in concrete works and similar works</li><li>8. Bakery, pastry and confectionery</li><li>9. Painting, dying and similar</li><li>10. Cooks</li></ol>

Data source: National Agency for Labour force Employment

On the territory of the County of Constanta, industrial zones have been developed in all major towns /municipalities/, a technology park in Mangalia. There are also 13 research and development centres, in different fields, some of which being: nature

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<sup>11</sup>According to the Labor Force Balance, at 01.01.2017

and agriculture, marine geology and geo-ecology, navigation and maritime management, military equipment and technology, radioactivity, monitoring and environmental quality, pharmacy, medicine, molecular biology and cell biology, rail transport.

The geographical location of the County of Constanta is in part decisive for the sectors with development potential in the County.

As mentioned, one of the largest ports at European level is located in Constanta, which defines one of the sectors with high development potential of the County - the Shipyards for different types of boats and maritime vessels.

Among the great economics agents in the sector are the names of Daewoo Mangalia Heavy Industries SA, Naval Constanta SA, Argentinia SRL, Marman Comtrans SRL and Strong Systems Brothers SRL.

Among the sectors with development potential is the sector for the production of metal products for constructions and products of plastic mass. The number of small enterprises that operate in the manufacturing of plastic products is determined by the dimensions of the sector, the largest enterprise being Sterk Plast SRL. The situation with the production of metal products is similar, although nine medium-sized companies operate in the sector.

Another sector with development potential is the Telecommunications, in particular the activity through Fixed Network. The number of enterprises is 46, 41 being micro and small, 4 being medium and one is large.

The sector with the greatest development potential in the County is in the field of Information Technology, with a total of 225 micro and small enterprises operating on the territory of the County of Constanta.

The sectors with development potential in the County of Constanta fall within the following Economic Activity Codes: 620 "Activities in the field of Information Technology"; 611 "Telecommunications activities with fixed networks"; 301 "Shipbuilding construction"; 251 "Manufacture of metal products for construction"; 222 "Manufacture of plastics products".

In order to **identify the socio-economic opportunities at the level of the County of Constanta**, which will be closely correlated to the **promotion of the necessary public policies**, a **SWOT analysis** has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"><li>• The exit to the Black Sea and the Danube River gives it a great potential for fluvial-maritime transport;</li></ul>	<ul style="list-style-type: none"><li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li></ul>

<ul style="list-style-type: none"> <li>• The existence of 4 maritime ports of industrial significance Constanta, Agigea, Midia and Mangalia;</li> <li>• The existence of 2 river ports: Cernavodă and Hârşova</li> <li>• The land border with Bulgaria;</li> <li>• Direct transport link with the capital of Bucharest (A2 motorway)</li> <li>• Favourable geographic location, opportunities to achieve major infrastructure projects;</li> <li>• The huge energy potential of the nuclear power plant of Cernavodă and the wind energy projects in the Dobrogea plateau;</li> <li>• Giant terrestrial and marine biodiversity;</li> <li>• The presence of many archaeological sites of national importance that complement the touristic potential of the County;</li> <li>• The Romanian seaside area on the shores of County is the preferred destination for tourists in the summer season;</li> <li>• High agricultural potential, mainly determined by viticulture;</li> <li>• Traditional industrial sector, especially given by the Shipyards of Constanta and Agigea and the petroleum processing industry - the refinery of Petromidia;</li> <li>• Also, from the educational perspective, the County of Constanta ranks first by number of higher education units in the cross-border region.</li> </ul>	<ul style="list-style-type: none"> <li>• Road infrastructure developed insufficiently at the County level; Lack of highway of Constanta - Mangalia - Vama Veche that would make the connection with the European transport corridor to Bulgaria;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Predominant number of micro-enterprises, especially in the field of information technologies;</li> <li>• Lack of tourism infrastructure at high level in some southern coastal areas; as well as lack of staff skilled in tourism determined by the seasonality specific to the summer tourism.</li> <li>• Local tourism promoted insufficiently by the municipalities outside the Town of Constanta;</li> </ul>
<b>Opportunities (O)</b>	<b>Threats (T)</b>
<ul style="list-style-type: none"> <li>• Potential for cross-border cooperation between the Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</li> <li>• South-East Region 2014-2020 Regional Development Plan (RDP)<sup>12</sup>;</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal nature of labour force occupation in agriculture and tourism ;</li> <li>• Deepening demographic issues related to the natural and mechanical negative growth;</li> <li>• Economic stagnation with long-lasting</li> </ul>

<sup>12</sup>The Regional Development Plan (RDP) - a tool that supports the inclusion in the national strategies of investment objectives those that will contribute to the socio-economic development of the region, that lays the foundations of the fields of intervention and the necessity for financing from European funds in the

<ul style="list-style-type: none"> <li>• Developing organic crops and livestock farming;</li> <li>• Developing agricultural markets;</li> <li>• Creating educational and training programs for personnel specialized in the field of tourism and related services, shipbuilding, agriculture, medical services;</li> <li>• Developing new integrated tourism units;</li> <li>• Developing industrial capacities especially in the maritime field and attracting local and foreign investors;</li> <li>• Developing agriculture and food industry at the County level</li> <li>• Developing the industry of information technology</li> <li>• Capacity to ensure long-term employment, especially in the field of tourism and medical care, to ensure specialization and continuity</li> <li>• Creating and developing new tourist attractions;</li> <li>• Creating and developing large regional agricultural producers.</li> </ul>	<p>effect on the economic activity in the region;</p> <ul style="list-style-type: none"> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Migration of the labour force, especially young specialists, to other regions, including being also noted the phenomenon of “brain drain”.</li> <li>• Competitive pressure of the neighbouring areas to attract public and private investment.</li> </ul>
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### ***County of Calarasi***

The County of Calarasi is located in the South-East Muntenia region of Romania. To the East it is divided by the Danube River with the County of Constanta; To the North it is adjacent to the County of Ialomita; to the West we find 2 Counties namely Ilfov to the North-West, and in the South-West part - the County of Giurgiu. To the South it is bordered by the Bulgarian Districts of Silistra and Ruse with the Danube River.

According to the Common Classification of Territorial Units for Statistics (NUTS), the County of Calarasi is located in the **South Muntenia Region**, which includes 6 other Counties: Arges, Dambovită, Giurgiu, Ialomita, Prahova and Teleorman, and in its composition it has two Municipalities of rank II Calarasi and Oltenita, three Towns of rank III, 50 Communes and 60 Villages.

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2014-2020 programming period, and that includes a portfolio of strategic projects with regional and local impact. The elaboration of the RDP was a process based on partnership and public consultation with the representatives of the local public authorities, deconcentrated services, public institutions, employers and other relevant actors. The RDP is the tool through which the regions, starting from the regional socio-economic analysis and having as a framework the thematic objectives, the investment priorities and the key actions under the European Funds Regulations, promote their priorities and interests in the economic, social, etc. fields, by representing, at the same time, the contribution of each region to the elaboration of the Romania's National Development Strategy 2014-2020.

The total area of the County of Calarasi of 5,088 km<sup>2</sup> ranks it 28<sup>th</sup> by size in Romania and 6<sup>th</sup> in the cross-border region.

The County is part of the South part of the Bărăgan Plain, which makes it extremely important for the Agriculture, 84% of the area is agricultural land.

From the point of view of the demographic characteristics, the population of the Municipality of Calarasi is equal to 1.5% of the total population of Romania, by this index occupying 34<sup>th</sup> place in the country, but within the cross-border regions the County occupies 5<sup>th</sup> place. Although, a downward trend is observed in the number of population living in rural environment in 2015, it is almost 30% higher than the one living in urban environment. By this index, the County of Calarasi ranks 3rd in the cross-border region.

From the educational point of view, two branches of higher educational institutions operate in the County of Calarasi; not being the spearhead County, from this point of view, in the cross-border region.

Analyzing the labour force occupation by sectors, it is observed that persons occupied in the Sector of "Agriculture, Forestry and Fisheries" predominate - 44.6% of the total number of occupied persons. The Industrial Sector is ranked 2nd, the share of occupied population - 17.5%, 15% of which in the processing industry. Another sector which is distinguished by a high level of labour force occupation is the "Wholesale and retail, repair and maintenance of motor vehicles and motorcycles", in which approx. 10% of the active population operates.

In recent years, despite the large number of persons occupied in the Sector of "Agriculture, Forestry and Fisheries", a downward trend is observed in their number, simultaneously with an increase in the number of people occupied in the Industrial Sector. This trend can also be seen in the statistics for the "top 10 most popular professions" (*see the Table below*). We can also note in this case that the most popular professions are those that do not imply the necessity of university training but those corresponding to the professions in the field of unskilled and medium-skilled labour force.

Region/County	Top 10 most popular professions
South-Muntenia region	<ol style="list-style-type: none"><li>1. Unskilled workers in the manufacturing industry , not classified in previous core groups</li><li>2. Merchants</li><li>3. Drivers of trucks and heavy-duty vehicles</li><li>4. Sales assistants in the store</li><li>5. Builders and fitters of metal structures</li><li>6. Unskilled workers in housing construction</li><li>7. Drivers of cars and vans</li><li>8. Guards</li><li>9. Cargo Workers</li></ol>

Region/County	Top 10 most popular professions
	10. General Directors, executives and similar
County of Calarasi	1. Unskilled workers in the manufacturing industry , not classified in previous core groups 2. Operators of machinery and equipment for the garment industry 3. Financial Directors 4. Sales assistants in the store 5. Building carers 6. Builders and fitters of metal structures 7. Bus and tram drivers 8. Auxiliary accountants 9. Motor mechanics and repairers 10. Drivers of cars and vans

Data source: National Agency for Labour force Employment

The principal industrial branches in the County are: production of rare gases and biofuels (Calarasi and Lehliu Gară), prefabricated (Calarasi), food industry (Calarasi), textile industry (Calarasi, Budești and Oltenita). In the Calarashian industry the metallurgical industry (26.9%), the food and beverage industry (26.5%), the non-metallic mineral products processing industry (14.1%), the manufacture of chemicals and chemical products (12.7%) and the clothing manufacture (9.2%) predominate.

However, no active technology parks exist in the County. The industrial areas are few and the largest are located in the Municipality of the County's seat - Calarasi.

In the County of Calarasi, the research and development activity is carried out through two national institutes and a private organization and is related to the agricultural crops as well as to the scientific researches in the field of bio resources, bio technologies, agrochemicals, chemical technologies, petroleum.

In Calarasi, the sectors of high technologies are distinguished in the field of information technologies and telecommunications. A total of 33 microenterprises are develop activities related to the information technology, 24 of which provide telecommunication services through fixed networks, one of which being an important player at the regional level - Expertnet SRL.

Among the production sectors with development potential we enumerate the production of general purpose machines, the production of metal products for construction and the production of plastics products. The largest manufacturer of general purpose machines in Calarasi is Turbomm Romania SRL, with more than 600 employees in 2015.

Manufacturers of plastic products are micro and small enterprises, but a total of 29 companies operate in the manufacture of metal products for construction, 2 of which

having personnel between 50 and 249 people and the rest being micro and small enterprises.

The sectors being with development potential are the sectors with Code of Economic Activity (NACE): 222 "Manufacture of plastic products"; 251 "Manufacture of metal products for construction"; 282 "Manufacture of other general purpose machinery"; 611 "Telecommunication activities via fixed networks"; 620 "Information technology activities".

In order to **identify the socio-economic opportunities at the level of the County of Calarasi**, which will be closely correlated to the **promotion of the necessary public policies**, a **SWOT analysis** has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• The exit to the Danube River gives it a great potential for river transport;</li> <li>• The existence of the port of Silistra-Calarasi</li> <li>• Direct link of road transport with Bulgaria and partly with the capital Bucharest (highway A2)</li> <li>• Favorable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• High agricultural potential determined, in principle, by the geographical location of the County of (84% of the County's area occupied by agricultural land) and doubled by the fact that more than 40% of the population occupied is active in agriculture;</li> <li>• Silistra-Calarasi Ferryboat connection;</li> <li>• Favourable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• A county with traditions in agriculture, with qualified and experienced staff in the field.</li> <li>• A County with high research and development potential in agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li> <li>• Road infrastructure developed insufficiently at the County level;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Predominant number of micro enterprises generally in all industrial branches ;</li> <li>• Lack of tourism infrastructure at high level in some southern coastal areas; as well as lack of staff skilled in tourism determined by the seasonality specific to the summer tourism;;</li> <li>• Local tourism insufficiently promoted;</li> <li>• Low percentage of urban environment compared to rural environment;</li> <li>• Lack of powerful urban economic centres;</li> <li>• Insufficient access to education and health</li> <li>• Low percentage of foreign investment;</li> <li>• Low industrial activity at the County level;</li> <li>• Predominant number of micro-enterprises and lack of catalytic agents to contribute to the economic development subsequently at a local level;</li> </ul>

	<ul style="list-style-type: none"> <li>•Lack of investor interest;</li> <li>• Lack of industrial parks and areas;</li> <li>• High degree of dependence on the Agriculture Sector;</li> <li>•Lack of higher education institutions.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>•Potential for cross-border cooperation between Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</li> <li>• Regional Development Plan (RDP) 2014-2020 of South Muntenia Region;</li> <li>• Developing organic crops and livestock farming;</li> <li>• Developing agricultural markets;</li> <li>• Creating educational and training programs for personnel specialized in the agriculture, medical services; <ul style="list-style-type: none"> <li>• Developing new agricultural units with integrated capacity;</li> </ul> </li> <li>• Developing industrial capacities especially in the field of information technology and attracting local and foreign investors;</li> <li>• Creating and developing large regional agricultural producers.</li> <li>• Constructing a bridge across the Danube for Silistra and Calarasi road connection.</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal nature of labour force occupation in agriculture and tourism;</li> <li>• Deepening demographic issues related to natural and mechanical negative growth;</li> <li>• Economic stagnation with long-lasting effect on economic activity in the region;</li> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Migration of the labour force, especially young specialists, to other regions, including being also noted the phenomenon of “brain drain”.</li> <li>• The competitive pressure in neighbouring areas to attract public and private investment.</li> </ul>

### County of Giurgiu

The County of Giurgiu is located in the South-East part of Romania, on the border with Bulgaria, 65 km to the South of the capital Bucharest. It is located in the Danube meadow, on the left bank of the Danube River. To the East it is neighbouring the County of Calarasi, to the West with the County of Teleorman, to the North-East with the Municipality of Bucharest (through the County of Ilfov), to the North with the County of Dambovită, to the North-West with the County of Argeș, and to the South, along 72 km, the Danube River separates it from the Bulgarian Districts of Ruse and Silistra.

From the point of view of the Common Classification of Territorial Units for Statistics (NUTS), the County of Giurgiu consists of the Municipality of Giurgiu, 2 towns and 51

communes with 166 villages. It is part of the 7 Counties that are part of the Region of South Muntenia.

Having an area of .526 km<sup>2</sup>, the County of Giurgiu ranks 40th by size in Romania and on 12<sup>th</sup> place in the cross-border region of Bulgaria-Romania.

Important roads are located on the territory of the County - through the Danube River it is connected with the Black Sea and through the Danube Bridge with Bulgaria, the Balkan Peninsula and the Middle East. The bridge over the Danube River is one of the two bridges over the Danube River connecting Romania and Bulgaria.

From a demographic point of view, at the 2015 level, the population of the County occupies 36<sup>th</sup> place at the country level and 6<sup>th</sup> place at the cross-border level. Giurgiu is a rural County predominantly and this fact is also the result of the large number of people living in villages (rural environment). As a percentage relationship between rural and urban populations, the County of Giurgiu ranks first in the cross-border region by over 40%.

Unfortunately, in the County of Giurgiu there is no higher education institution, the closest universities being in the Capital.

The County of Giurgiu ranks 6<sup>th</sup> from the point of view of the population at active working-age in the cross-border region.

The level of labour force occupation is 50.7%. The County ranks last by this index in the cross-border region, and second by the index of "unemployment level".

By comparison, according to the Labour force Balance as of 01.01.2017, at the level of the South Muntenia Region, the occupied population represents 58.2%, as the unemployment rate registered as of 31 August 2017 was 5.5%.

In the County of Giurgiu, the largest number of occupied persons is in the Sector of "Agriculture, forestry, aquaculture". The second place is occupied by the Sector of "Industry", with 10.2% of which 7.2% belong to the persons occupied in the production enterprises. The third sector, in which a large number of the working-age population is active, is the Construction Sector with 9.2%.

In the case of the County of Giurgiu, we can not speak of a significant difference compared to the rest of the region with regard to the type of most popular professions. Thus, in the table below, we can note that the most popular professions, at the County level, are those that do not imply the necessity for university training, but those corresponding to the professions located in the field of unskilled and medium-skilled labour force, such as unskilled workers in the manufacturing industry, guards and truck drivers.

Region/County	Top 10 most popular professions
<b>South-Muntenia Region</b>	<ol style="list-style-type: none"> <li>1. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>2. Merchants</li> <li>3. Drivers of trucks and heavy-duty vehicles</li> <li>4. Sales assistants in the store</li> <li>5. Builders and fitters of metal structures</li> <li>6. Unskilled workers in housing construction</li> <li>7. Drivers of cars and vans</li> <li>8. Guards</li> <li>9. Cargo Workers</li> <li>10. General Directors, executives and similar</li> </ol>
<b>County of Giurgiu</b>	<ol style="list-style-type: none"> <li>1. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>2. Guards</li> <li>3. Drivers of trucks and heavy-duty vehicles</li> <li>4. Mechanic and repairers of agricultural and industrial machinery</li> <li>5. Sales assistants in the store</li> <li>6. Drivers of cars and vans</li> <li>7. Information and communication technology installers and repairers</li> <li>8. Assemblers not classified in previous core groups</li> <li>9. Welders of autonomous welding and cutting machines</li> <li>10. Construction workers in concrete works and similar works</li> </ol>

Data source: National Agency for Labour force Employment

Two industrial parks exist on the territory of the County and the most important Port Complex of Giurgiu. Also, in Giurgiu, 4 organizations operate with principal activity in the field of research and development.

The principal asset for development in the County is the principal river port on the Romanian side of the Danube River. In addition, the proximity of the Municipality of Giurgiu to Bucharest ensures a quick access to the main airport of the country - Otopeni.

The Romanian County is linked to the neighbouring Bulgarian District - Ruse via the Danube Bridge, the famous Bridge of Friendship, as this fact makes the Town of Ruse - Giurgiu to be able to establish a specific link and to form a specific region of the cross-border region.

The river transport, developed in the County, determines the necessity of developing the shipyards. This is also one of the sectors of high-tech potential for development in which 5 companies operate, the largest of which being the SHIPYARD ATG GIURGIU SRL. Traditionally, the other sectors with potential are in the field of the production of medium-high technology - manufacture of metal products in construction, plastics production, fields where predominantly small and medium-sized businesses are developing their business.

At the same time, also the activities in the field of information technologies have a development potential, following the general trend in the cross-border region.

The production of high technologies - electronic elements and digital plates, represented by two large and two medium-sided companies, the largest manufacturer of digital plates in Giurgiu being Reos Production SRL.

The sectors with development potential in the County of Giurgiu, by code of economic activity, are: 620 „Activities in the field of Information Technology “; 301 „Construction in shipbuilding sites “; 261 „Production of electronic components and digital plates“; 251 „Manufacture of metal products for construction“; 222 „Manufacture of products of plastic mass“.

In order to identify the socio-economic opportunities at the level of the County of Giurgiu, which will be closely correlated to the promotion of the necessary public policies, a SWOT analysis has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• The exit to the Danube River gives it a great potential for river transport;</li> <li>• Terrestrial border with Bulgaria; the Giurgiu - Ruse Bridge is part of the European road corridor that connects with southern Europe</li> <li>• Favourable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• High agricultural potential determined mainly by the southern area of the County;</li> <li>• High real estate potential determined mainly by the northern area of the County of the immediate vicinity of the capital;</li> <li>• Industrial sector with traditions especially due to the Giurgiu Shipyard</li> <li>• The only County in the cross-border region with a positive mechanical population growth</li> </ul>	<ul style="list-style-type: none"> <li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li> <li>• Insufficient road infrastructure developed at the County level;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Predominant number of micro enterprises generally in all industrial branches ;</li> <li>• Lack of tourism infrastructure at high level in some southern coastal areas; as well as lack of staff skilled in tourism determined by the seasonality specific to the summer tourism;</li> <li>• Local tourism insufficiently promoted;</li> <li>• Low percentage of urban territories compared to rural ones;</li> <li>• Lack of powerful urban economic centres;</li> <li>• Insufficient access to education and health</li> <li>• Low percentage of foreign investment;</li> <li>• Low industrial activity at the County level;</li> <li>• Predominant number of micro-</li> </ul>

	<p>enterprises and lack of catalytic agents to contribute to the economic development subsequently at a local level;</p> <ul style="list-style-type: none"> <li>•Lack of investor interest;</li> <li>• High degree of dependence on the Sector of Agriculture;</li> <li>• Low level of occupation of labour force. The County occupies the last place by this index in the Cross-border Region and the second place by the index of "Unemployment level".</li> <li>•Lack of higher education institutions.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>•Potential for cross-border cooperation between the Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</li> <li>• Regional Development Plan (RDP) 2014-2020 of South Muntenia Region;</li> <li>• Development of organic crops and livestock farming;</li> <li>• Development of agricultural markets;</li> <li>• Creation of educational and training programs for personnel specialized in the field of tourism and related services, shipbuilding, agriculture, medical services ;</li> <li>•Developing new integrated tourism units;</li> <li>• Developing industrial capacities especially in the field of river transport and attracting local and foreign investors;</li> <li>• Development of agriculture and food industry at the County level</li> <li>• Developing the industry of information technology</li> <li>• Capacity to ensure long-term employment, especially in the field of tourism and medical care, to ensure specialization and continuity</li> <li>• Creating and developing new tourist attractions;</li> <li>• Creating and developing large regional agricultural producers.</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal nature of labour force occupation in agriculture and tourism;</li> <li>• Economic stagnation with long-lasting effect on economic activity in the region;</li> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Migration of labour force, especially young specialists, to other regions, including being also noted the phenomenon of "brain drain".</li> <li>• The competitive pressure in neighbouring areas to attract public and private investment.</li> </ul>

## **County of Teleorman**

Teleorman is a County in the region of Muntenia, in the South of Romania, that is neighbouring to the East with Giurgiu, to the northeast with the County of Dambovită, to the north with the County of Argeș, to the west with the County of Ilt, to the south it is connected to the Bulgarian Districts of Ruse, Turnovo and Pleven via the Danube river.

Having an area of 5.789,8 km<sup>2</sup>, the County of Giurgiu ranks 40th by size in Romania and 3rd in the cross-border region Bulgaria - Romania.

According to the Common Classification of Territorial Units for Statistics (NUTS II), the County of Teleorman is located in the South Muntenia Region, including 3 Municipalities of rank II - Alexandria, Turnu Magurele and Rosiorii de Vede, two towns rank III, 92 communes and 231 villages.

The County of Teleorman ranks 26th by population in Romania and 4th in the cross-border region.

Unlike other counties or districts where the urban population is declining and the one in rural environment is increasing, here the population in the rural environment is decreasing more than in the urban environment. However, in terms of rural and urban populations, the County of Teleorman occupies the second place after the County of Giurgiu.

From the point of view of the higher education institutions, several faculties operate in the Municipality of Alexandria, offering in this respect high chances of access to the university environment.

With regard to the labour force occupation, the active population registers a downward trend. In addition, the level of labour force occupation indicates a relative share of persons occupied among the population of the same age, above the level of the other regions.

The level of unemployment follows an ascending trend, registering an increase of 3% in 2016 reported at the 2010 level. With an index value of 11.6%, the County ranks 5th in the region by high level of unemployment.

Similarly to the other Romanian cross-border Counties, in the County of Teleorman also the largest number of persons occupied exists in the Sector of „Agriculture, Forestry and Aquaculture”, followed by the Sector of „Industry”, followed by the Sector of „Wholesale and retail trade, repair and maintenance of motor vehicles and motorcycles”.

In 2015, compared to the Year 2014, the number of persons occupied in the Sector of „Agriculture, Forestry and Aquaculture”, has decreased by almost 14%, while in the other sectors analyzed an increase is observed in the degree of occupation, respectively in the Sector of "Industry" (growth of around 1.3%), in the Sector of “Wholesale and retail trade, repair and maintenance of motor vehicles and motorcycles” (growth of almost 1%).

In the case of the County of Teleorman, we distinguish the fact that the first two positions, in the top most popular professions, are those in the field of sales - an aspect that differs from the rest of the region. But it seems the distinctive feature begins to be outlined in the positioning, regardless of the type of profession, all of which are in the field of unskilled and medium-skilled workforce, although in this case we speak of sales assistants in a store or sales agents.

Region/County	Top 10 most popular professions
<b>South Muntenia Region</b>	<ol style="list-style-type: none"> <li>1. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>2. Merchants</li> <li>3. Drivers of trucks and heavy-duty vehicles</li> <li>4. Sales assistants in the store</li> <li>5. Builders and fitters of metal structures</li> <li>6. Unskilled workers in housing construction</li> <li>7. Drivers of cars and vans</li> <li>8. Guards</li> <li>9. Cargo Workers</li> <li>10. General Directors, executives and similar</li> </ol>
<b>County of Teleorman</b>	<ol style="list-style-type: none"> <li>1. Sales assistants in the store</li> <li>2. Sales agents</li> <li>3. Guards</li> <li>4. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>5. Drivers of cars and vans</li> <li>6. Cooks</li> <li>7. Plumbing and pipe fitters</li> <li>8. Cargo Workers</li> <li>9. Merchants</li> <li>10. Drivers of trucks and heavy-duty vehicles</li> </ol>

Data source: National Agency for Labour force Employment

As noted earlier, the population of the County of Teleorman is predominantly occupied in the Sector of "Agriculture", but over the last two years there has been a withdrawal of the labour force from the Sector of "Agriculture" and its re-directing to the Sector of "Production". It is not surprising that the sectors with development potential fall precisely in the group of high technology and medium-high technology sectors, except for the activities related to the information technology.

In the County, the production of chemicals is present, represented by a few small companies.

Other sectors with a specialized potential are the manufacturing of other metal products and the production of general purpose machinery. An attractive element represents the production of electric motors, of generators and of other equipment for the distribution of electricity that is not very common in the cross-border region, but in Teleorman it is represented by several micro-enterprises and a large company - Electrotel SA, which employs almost 500 employees.

There are no technological and industrial parks on the territory of the County, as the research and development activities are poorly represented.

The sectors with development potential in the County of Teleorman fall under the following Codes of Economic Activity: 201 "Production of basic chemical substances"; 259 "Manufacture of other metal products"; 271 "Production of electric motors, generators and transformers and apparatus for the management and distribution of electricity"; 281 "Production of general purpose machinery"; 620 „Activities in the field of Information Technology“.

In order to **identify the socio-economic opportunities at the level of the County of Teleorman**, which will be closely correlated to the **promotion of the necessary public policies**, a **SWOT analysis** has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• The exit to the Danube River gives it a great potential for river transport;</li> <li>• Favourable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• High agricultural potential determined mainly by the geographical location of the County and doubled by the fact that more than the larger part of the employed population is active in agriculture;</li> <li>• Favourable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• A county with a tradition in agriculture, with qualified and experienced staff in the field.</li> <li>• High real estate potential determined mainly by the northern area of the County located in immediate vicinity to the capital.</li> </ul>	<ul style="list-style-type: none"> <li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li> <li>• Insufficient road infrastructure developed at the County level;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Predominant number of micro enterprises generally in all industrial branches ;</li> <li>• Lack of tourism infrastructure and the unexploited tourism potential especially in the Danube area as well as the lack of qualified staff in tourism;</li> <li>• Local tourism insufficiently promoted;</li> <li>• Low percentage of urban territories compared to rural ones;</li> <li>• Lack of powerful urban economic centres;</li> <li>• Insufficient access to education and health</li> <li>• Low percentage of foreign investment;</li> <li>• Low industrial activity at the County level;</li> <li>• Predominant number of micro-enterprises and lack of catalytic agents to contribute to the economic development subsequently at a local level;</li> </ul>

	<ul style="list-style-type: none"> <li>• Lack of investor interest;</li> <li>• High degree of dependence on the Sector of Agriculture;</li> <li>• Low level of occupation of the labour force</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Potential for cross-border cooperation between the Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</li> <li>• Regional Development Plan (RDP) 2014-2020 of South Muntenia Region;</li> <li>• Development of organic crops and livestock farming;</li> <li>• Development of agricultural markets;</li> <li>• Making a fast road connections between the Municipality of Alexandria and the capital City of Bucharest</li> <li>• Creation of programs for training and preparation of specialized personnel in the field of tourism and related services, agriculture, medical services;</li> <li>• Developing new integrated tourism units;</li> <li>• Developing industrial capacities especially in the field of river transport and attracting local and foreign investors;</li> <li>• Development of agriculture and food industry at the County level</li> <li>• Developing the industry of information technology</li> <li>• Capacity to ensure long-term employment, especially in the field of tourism and medical care, to ensure specialization and continuity</li> <li>• Creating and developing new tourist attractions;</li> <li>• Creating and developing large regional agricultural producers.</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal nature of labour force occupation in agriculture and tourism;</li> <li>• Deepening demographic issues related to natural and mechanical negative growth;</li> <li>• Economic stagnation with long-lasting effect on economic activity in the region;</li> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Migration of the labour force, especially young specialists, to other regions, including being also noted the phenomenon of “brain drain”.</li> <li>• The competitive pressure in neighboring areas to attract public and private investment.</li> </ul>

### County of Olt

The County of Olt is a county in the Oltenia region (the part that is situated to the West of the River Olt, and Muntenia (the part that is situated to the East of the River Olt), in the South-West of Romania. It is situated in the South part of the country on the lower course of the river that gives it its name and that represents a major

economic resource and is part of the category of the Counties bordering the Danube River. Through the Danubian Port of Corabia, it has an exit to the Black Sea. To the North it is bordered by the County of Valcea, to the east - Arges and Teleorman, to the west - Dolj, to the south it has a 47 km border along the Danube river bank and through the river itself with the Bulgarian Districts of Vratsa and Pleven.

The total area of the County of Olt is 5498 km<sup>2</sup> or 2.3% of the territory of the country, a fact for which it ranks 22nd among the Counties of Romania and 4th in the Bulgarian-Romanian cross-border region.

According to the Common Classification of Territorial Units for Statistics (NUTS II), the County of Olt is part of the **South-West Oltenia Region**, having the principal administrative center in the Municipality of Slatina. The municipalities in the County are 6 in number. Corabia - a location with the status of a town is of great importance, due to the presence of the river port on the Danube, 104 communes and 377 villages.

From the point of view of the population, in 2015, the population in the County has increased to 418,463, 61% living in rural environment, 39% in urban environment. The average density is 76.12 inhabitants/km<sup>2</sup>, which means that this County ranks fifth in the entire cross-border region.

In the County of Olt no higher education institutions exist, the closest being the University of Craiova.

From the point of view of the degree of labour force occupation, the number of active population (15-64 years) in the County of Olt is 254,600 people. The County of Olt ranks 8th at the occupation degree level in the cross-border region.

In 2015, the largest number of occupied persons was registered in the Sector of "Agriculture, forestry and fisheries" - 64,800 people. The second place has occupied the "Industry", the employees in the Industrial Sector being 32,100 persons, 91% among which being occupied in the Production. The next sector, by number of workplaces in the country, has been the "Wholesale and retail, repair and maintenance of motor vehicles and motorcycles", the number of employed persons rising to 15,300 persons (approximately 10%).

By comparison, at the regional level, from the point of view of the participation in the main economic activities, the share of the population occupied in „Agriculture, Forestry and Fisheries” represents 30.5%, in the same time it is predominant in Services (39,6%) and 29.9% in Industry and Construction.

In the table below, we find a list of the 10 most popular professions, at the 2017 level, at both regional and county level. Thus, we can note that even in the case of the County of Olt, we can not speak of significant difference compared to the rest of the region of which it is part, with regard to the type of the most popular professions; however, with regard to the high percentage of the labour force implied in the field of Industry and Construction, the most popular professions are those of professions located in the field of unqualified labour force, such as unskilled workers in the Processing Industry and in Construction.

Region/County	Top 10 most popular professions
South-West Oltenia Region	<ol style="list-style-type: none"> <li>1. Stock-keeping officers</li> <li>2. Cargo Workers</li> <li>3. Sales assistants in the store</li> <li>4. Guards</li> <li>5. Builders and fitters of metal structures</li> <li>6. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>7. Merchants</li> <li>8. Welders of autonomous welding and cutting machines</li> <li>9. Sales agents</li> <li>10. Unskilled workers in housing construction</li> </ol>
County of Olt	<ol style="list-style-type: none"> <li>1. Unskilled workers in housing construction</li> <li>2. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>3. Merchants</li> <li>4. Plumbing and pipe fitters</li> <li>5. Welders of autonomous welding and cutting machines</li> <li>6. Drivers of cars and vans</li> <li>7. Sales agents</li> <li>8. Builders and fitters of metal structures</li> <li>9. Stock-keeping officers</li> <li>10. Drivers of trucks and heavy-duty vehicles</li> </ol>

Data source: National Agency for Labour force Employment

The single Industrial park in the County is located in the Municipality of Slatina, as the research and development activity has started with the partnership agreement between the Southwest Regional Development Agency - Oltenia, the University of Craiova, the Faculty of Mechanics, the Company "Ford" - Romania and Town Hall of Craiova for creating a Scientific Research and Development Center "South-West Oltenia Auto Center".

One among the most well-developed economic sectors in the County of Olt is the metallurgy, especially the processing of aluminum. In the administrative center of the County - the Town of Slatina, three prominent industrial zones have been created, one of which is dominated by the aluminum industry. In these two sectors, specialized micro and small enterprises exist, but reputable are the large manufacturers such as Bekaert Slatina SRL (over 560 employees), Prolyte Products Ro SRL (150 employees), M.T.D. Simflu Construct SRL (almost 100 employees).

În the County of Olt, a significant development potential is observed in the field of motor vehicle parts and accessories. In this field, two of the largest companies are operating in the County - Altur SA that provides workplaces for over 600 employees, as well as the International Automotive Components SRL with over 300 employees. Another sector with development potential, but this time predominantly because of the large number of small enterprises, is the production of plastic mass in which 49 companies are operating.

The sectors with development potential in the County of Olt fall under the following Codes of Economic Activity: 222 „Manufacture of products of plastic mass“; 251 „Manufacture of metal products for construction“; 259 „Manufacture of other metal products“; 293 „Production of auto parts and accessories“; 620 „Activities in the field of Information Technology “.

In order to **identify the socio-economic opportunities at the level of the County of Olt**, which will be closely correlated to the **promotion of the necessary public policies**, a **SWOT analysis** has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• The exit to the Danube, through the port of Corabia, gives it a great potential for river transport;</li> <li>• Favorable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• Huge hydropower potential given by the hydropower plant on the Olt River</li> <li>• Industrial sector with traditions especially in the metallurgy industry (aluminum production in Slatina)</li> </ul>	<ul style="list-style-type: none"> <li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li> <li>• Insufficient road infrastructure developed at the County level;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Predominant number of micro enterprises generally in all industrial branches ;</li> <li>• Lack of tourism infrastructure at high level in some southern coastal areas; as well as lack of staff skilled in tourism determined by the seasonality specific to the summer tourism;</li> <li>• Local tourism insufficiently promoted;</li> <li>• Low percentage of urban territories compared to rural ones;</li> <li>• Lack of powerful urban economic centers;</li> <li>• Insufficient access to education and health;</li> <li>• Low percentage of foreign investment;</li> <li>• Low industrial activity at the County level;</li> <li>• Predominant number of micro-enterprises and lack of catalytic agents to contribute to the economic development subsequently at a local level;</li> <li>• Lack of investor interest;</li> <li>• Low level of labour force occupation.</li> <li>• Lack of higher education institutions.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Potential for cross-border cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Deepening demographic issues related to</li> </ul>

<p>between the Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</p> <ul style="list-style-type: none"> <li>• South-West Oltenia Regional Development Plan (RDP) 2014-2020;</li> <li>• Implementing a fast road connection between the County of Olt and the Capital of Bucharest;</li> <li>• Creating programs for training and preparation of specialized personnel in the field of tourism and related services, agriculture, medical services;</li> <li>• Developing new tourism units with integrated capacity and exploiting the touristic potential on the Olt;</li> <li>• Developing industrial capacities especially in the field of river transport and attracting local and foreign investors;</li> <li>• Developing the agriculture and food industry at the County level</li> <li>• Developing the industry of information technology</li> <li>• Capacity to ensure long-term employment, especially in the field of tourism and medical care, to ensure specialization and continuity</li> <li>• Creating and developing new tourist attractions;</li> <li>• Creating and developing large regional industrial producers.</li> <li>• Potential for development in the production of parts and accessories for motor vehicles</li> </ul>	<p>natural and mechanical negative growth;</p> <ul style="list-style-type: none"> <li>• Economic stagnation with long-lasting effect on economic activity in the region;</li> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Migration of labour force, especially young specialists, to other regions, including being also noted the phenomenon of "brain drain".</li> <li>• The competitive pressure in neighboring areas to attract public and private investment.</li> </ul>
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### **County of Dolj**

The County of Dolj is located in the South-West of the historic region. Viewed in terms of the territorial integrity of Romania, Dolj has a South-Southwest position focused on the lower course of the Jiu River, from which it gets its name (Low Jiu or Doljiu).

Dolj is bordered by the Counties of: Mehedinti to the west, Gorj and Vâlcea to the north, Olt to the east and the Danube River to the south, about 150 km long, which is part of the natural border between Romania and Bulgaria that separates it from the Bulgarian Districts of Vidin, Montana and Vratsa.

The total area is 7 414 sq. km and represents 3.1% of the country's area. From this point of view, Dolj is situated on the 7<sup>th</sup> place among the administrative and territorial units of Romania. Similarly, this is the County with the largest area in the cross-border region.

According to the Common Classification of Territorial Units for Statistics (NUTS II), the County of Dolj is part of the South-West Oltenia Region, having a principal administrative center in the Municipality of Craiova, having an extremely important economic and social significance for the entire Oltenia region. In the County of Dolj there are 2 municipalities, 4 towns, 104 communes and 378 villages

From a demographic point of view, the County of Dolj has the most pronounced population declining trend compared to the rest of the Romanian Counties - with almost 100,000 people in the last 25 years. The decrease in the number of population is due to the negative values of the natural and mechanical growth. The only settlements in which a population growth has been registered in recent years are the Municipality of Craiova and the rural areas, where the population of Roma ethnicity predominates.

The ethnic structure is, in general, homogeneous, but the proportion of the Roma population is rising steadily. Almost 47% of the population live in rural areas, but a tendency is observed towards depopulation of smaller villages in the County.

The population with higher education is concentrated in the urban environment because there are 3 universities at the level of the Municipality of Craiova.

The active population at work was 406,700 in 2015, observing a decrease with more than 10% throughout the period 2011-2015. This potential is only apparent because the number of active persons at the County level is only 275,000 due to the high percentage of those working abroad, the seasonal and part-time workers, as well as the pensioners. The coefficient of economic activity is 67.

Traditionally, in the County, the largest number of occupied persons is in the Sector of "Agrarian" - 88,200 people, approximately 36%. Statistics show that the number of persons occupied in this Sector has dropped by more than 14,000 in just 1 year (2014-2015). The "Industry" Sector occupies second place with regard to the labour force occupation in 2015. The Sector of „Trade and repair of motor vehicles and motorcycles" ensures jobs for 35,700 people, with the third place in the ranking of the economic sectors that ensure jobs in the County of Dolj.

In the case of the County of Dolj, with regard to the list of the most popular professions, we identify the typical trends of the entire cross-border region. Thus, although the Municipality of Craiova is represented by a well-developed university center, this potential is not fully utilized because in this case the most popular professions are those that do not imply the necessity of university training but those corresponding to the professions in the field of unskilled and medium skilled labour force. We can note, from this point of view, the important role of Industrial Parks in Craiova, which engage in the industrial field such professions as Heat and Acoustic Insulation Installers, Plumbing and pipe fitters.

Region/County	Top 10 most popular professions
<b>South-West Oltenia Region</b>	<ol style="list-style-type: none"> <li>1. Stock-keeping officers</li> <li>2. Cargo Workers</li> <li>3. Sales assistants in the store</li> <li>4. Guards</li> <li>5. Builders and fitters of metal structures</li> <li>6. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>7. Merchants</li> <li>8. Welders of autonomous welding and cutting machines</li> <li>9. Sales agents</li> <li>10. Unskilled workers in housing construction</li> </ol>
<b>County of Dolj</b>	<ol style="list-style-type: none"> <li>1. Thermal and acoustic insulation installers</li> <li>2. Sales assistants in the store</li> <li>3. Cargo Workers</li> <li>4. Parquet floors, linoleum, mosaics and tiles</li> <li>5. Guards</li> <li>6. Construction engineers</li> <li>7. Cashiers and ticket sellers</li> <li>8. Women servicing in offices, hotels and other institutions</li> <li>9. Plumbing and pipe fitters</li> <li>10. Sales agents</li> </ol>

Data source: National Agency for Labour force Employment

In the administrative center of Craiova there are two large Industrial Park, Craiova 1 and High-Tech Park of Craiova, but from the point of view of the research and development activity, besides the University of Craiova and the University of Medicine and Pharmacy, two large centers for scientific research and development are operating. Four more large organizations are developing scientific research and development activities in the Municipality - in the field of medicine, political science, agriculture and electrical engineering.

Among the sectors with development potential, we can enumerate the activities in the field of the high technology and medium-high technology industries. Thus, the sector of information technology is distinguished as having the greatest development potential - over 200 micro and small businesses and 4 companies with more than 100 employees operate in this sector: IT SIX GLOBAL SERVICES SRL, SINTEC MEDIA SRL, NETROM SOFTWARE SRL and CS ROMANIA SA, all of which are located in the administrative center of the County of Craiova.

Together with the IT Services, a development potential exists in the field of hosting services, data processing and web portals, once again the size of the sector is determined by the micro enterprises, which are 51 in number, the largest employer in the field being COMDATA SERVICE SRL, a company that employs more than 2,000 people and has increased its staff by more than 57 times since its establishment (2008) until 2017.

In the field of productions of medium-high technologies, with development potential, we distinguish the Manufacture of plastics products, the largest employer being CASA NOASTRA SA (with staff of over 1000 people), the Manufacture of metal products for construction (with dozens of micro and small enterprises, six medium and one large).

Also, the sector of high technology productions is well represented at the County level, with a total of 25 companies (among which CUMMINS GENERATOR TECHNOLOGIES ROMANIA SA and ELECTROPUTERE SA), through the production of electric motors, generators and management devices and of distribution of electricity.

Although not included in the Sectors with development potential, it is worth mentioning that in the County of Dolj, more precisely in Craiova, the production of cars is present - there the Company FORD ROMANIA SA is operating that ensures jobs for over 2600 people.

The sectors with development potential established by this methodology in the County of Dolj fall under the following Codes of Economic Activity: 620 "Information technology activities"; 631 "Data processing, hosting and the like; web portals"; 222 "Manufacture of articles of plastics"; 251 "Manufacture of metal products for construction"; 271 "Manufacture of electric motors, generators and transformers, and apparatus for controlling and distributing electricity".

In order to **identify the socio-economic opportunities at the level of the County of Dolj**, which will be closely correlated to the **promotion of the necessary public policies**, a **SWOT analysis** has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• The exit to the Danube River gives it a great potential for river transport;</li> <li>• Favorable geographic location, opportunities to achieve some major infrastructure projects;</li> <li>• Industrial sector with traditions, especially in the automotive industry (Ford Craiova factories), which acts as a catalyst for other investors directly linked to the automotive industry</li> <li>• County with the largest area in the cross-border region;</li> <li>• Agricultural sector with a well-represented tradition;</li> <li>• The existence of 3 universities at the level of the Municipality of Craiova</li> </ul>	<ul style="list-style-type: none"> <li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li> <li>• Insufficient road infrastructure developed at the County level;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• The most pronounced trend of population decline across the cross-border region;</li> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Predominant number of micro enterprises generally in all industrial branches ;</li> <li>• Lack of tourism infrastructure at high level in some southern coastal areas; as well as lack of staff skilled in tourism determined by the seasonality specific to</li> </ul>

	<p>the summer tourism;</p> <ul style="list-style-type: none"> <li>• Local tourism insufficiently promoted;</li> <li>• Low percentage of urban territories compared to rural ones;</li> <li>• Lack of powerful urban economic centers outside the Municipality of Craiova;</li> <li>• Insufficient access to education and health</li> <li>• Positive natural growth in the case of the Roma population with the difficulties of specific social integration.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Potential for cross-border cooperation between Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</li> <li>• South-West Oltenia Regional Development Plan 2014-2020;</li> <li>• Development potential in the production of parts and accessories for motor vehicles</li> <li>• Implementing a fast road connection between the County of Dolj and the capital of Bucharest</li> <li>• Creating programs for training and preparation of specialized personnel in the field of auto industry, tourism and related services, agriculture, medical services;</li> <li>• Developing industrial capacities especially in the field of river transport and attracting local and foreign investors;</li> <li>• Development of agriculture and food industry at the County level</li> <li>• Developing the industry of information technology</li> <li>• Capacity to ensure long-term employment, especially in the field of tourism and medical care, to ensure specialization and continuity</li> <li>• Creating and developing new tourist attractions;</li> <li>• Creating and developing of large</li> </ul>	<ul style="list-style-type: none"> <li>• Deepening demographic issues related to natural and mechanical negative growth;</li> <li>• Economic stagnation with long-lasting effect on economic activity in the region;</li> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Migration of the labour force, especially young specialists, to other regions, including being also noted the phenomenon of "brain drain".</li> <li>• The competitive pressure in neighboring areas to attract public and private investment.</li> </ul>

regional industrial producers. • Potential for development in the production of parts and accessories for motor vehicles.	
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### ***County of Mehedinti***

The County of Mehedinti is located in the South-West part of Romania, having a natural border of 192 km, represented by the Danube River. It occupies an area of 4933 sq.m., meaning 2.1% of the country's territory and is neighbouring to the Counties of Caras-Severin to the West, Gorj to the North, Dolj to the South-East, to the South - Bulgaria (District of Vidin) and Serbia. The County ranks 6th in the cross-border region, as, by its area, it is one of the smallest Counties in Romania.

According to the Common Classification of Territorial Units for Statistics (NUTS II), in the County of Mehedinti 2 locations exist with a status of Municipalities, Drobeta-Turnu Severin representing the administrative center of the County, and Orșova, 3 other towns, 61 communes and 344 villages.

From a demographic point of view, the County's population is of 256,011 people, with predominating population in the rural environment compared to the urban environment - 54% compared to 46%. The average density is 51.90 inhabitants/km<sup>2</sup>, which means that this County occupies the 10th place in the entire cross-border region.

From the point of view of the higher education institutions in the Municipality of Drobeta-Turnu Severin, there are 2 faculties of the University of Craiova.

With regard to the labour force occupation, in 2015, the active population was 157,500 people. The County of Mehedinti ranks first in terms of unemployment rate among the Romanian Counties of the cross-border region (for example, over 13,000 unemployed registered between July and October 2015). These are the highest levels of unemployment reported over the period 2011-2015. One of the principal problems in the County is the lack of jobs in rural environment. Municipalities, at the local level, fail to create employment conditions because the region is not attractive to investors due to the demographic problems and poor infrastructure.

A special situation recorded in the County of Mehedinti was represented by the 7 large enterprises in Drobeta Turnu - Severin that made collective redundancies (a total of 1,935 redundancies in 2015). For these reasons, in 2015 the unemployment in Mehedinti has reached record values at state level.

Typically, for the Counties in South-West Oltenia, most occupied persons are in the Sector of Agriculture - 40% of the active population, 17% in the Trade and car repairs and motorcycles - with 11.5% occupied in the sector.

Although in the case of the County of Mehedinti we speak of a high level of unemployment (the highest level for cross-border region, on the Romanian side), we cannot speak of a significant difference compared to the rest of the region with regard to the type of the most popular occupations. It was anticipated that in this case, the

reconversion programs would, to a certain degree, make feel their presence and, as a result of these programs, in the top most popular professions, we find some new ones.

Unfortunately, however, in this case, the most popular professions are those that do not imply the necessity of university training but all those corresponding to the professions in the field of unskilled and medium-skilled workforce, such as: Builders and fitters of metal structures, Unskilled workers in housing construction. On the third place there is a Service related profession only, namely a 'Waiter', which may be as a result of professional reconversion in some cases, but which is not necessarily following the programs of socio-economic regional development.

Region/County	Top 10 most popular professions
<b>South-West Oltenia Region</b>	<ol style="list-style-type: none"> <li>1. Stock-keeping officers</li> <li>1. Cargo Workers</li> <li>2. Sales assistants in the store</li> <li>3. Guards</li> <li>4. Builders and fitters of metal structures</li> <li>5. Unskilled workers in the manufacturing industry , not classified in previous core groups</li> <li>6. Merchants</li> <li>7. Welders of autonomous welding and cutting machines</li> <li>8. Sales agents</li> <li>9. Unskilled workers in housing construction</li> </ol>
<b>County of Mehedinti</b>	<ol style="list-style-type: none"> <li>1. Builders and fitters of metal structures</li> <li>2. Unskilled workers in housing construction</li> <li>3. Waiters</li> <li>4. Welders of autonomous welding and cutting machines</li> <li>5. Electrical line fitters and repairers</li> <li>6. Drivers of cars and vans</li> <li>7. Parquet floors, linoleum, mosaic and tiles</li> <li>8. Engineers in industry and production</li> <li>9. Home care assistant</li> <li>10. Stock-keeping officers</li> </ol>

Data source: National Agency for Labour force Employment

Mehedinti is one of the eight Counties at the level of Romania that do not have industrial parks in their territory, and from the point of view of the research and development activities there are no large centers devoted to this activity.

Due to the weaker economic development of the County, it is observed that the total number of economic units operating in a particular sector is quite small.

Mehedinti is one of the few Counties of the cross-border region, where the sector of Information Technology is not among the sectors of high technology with development potential. Here, the production of high and medium-high technology are predominating.

Similar to Teleorman, Mehedinti is among the sectors with development potential in the field of "Production of basic chemicals", which is represented by one medium and one large enterprise.

Among the productions of high technologies with development potential in this County, we distinguish the Production of parts and accessories for cars, the Production of river vessels and the Production of locomotives, automotive and wagons. These three sectors are presented by large enterprises, with staff of more than 250 people. In the field of shipyards, we distinguish the SEVERNAV SA, SANTIERUL NAVAL ORSOVA SA - the largest enterprise in Orsova (more than 330 employees).

Sectors, identified with development potential, in the County of Mehedinti, are: 201 „Production of basic chemicals “; 251 „Manufacture of metal products for construction“; 293 „Production of auto parts and accessories “; 301 „Construction in shipbuilding sites “; 302 " Production of locomotives, automotive and wagons ".

In order to **identify the socio-economic opportunities at the level of the County of Mehedinti**, which will be closely correlated to the **promotion of the necessary public policies**, a **SWOT analysis** has been carried out, which reveals the following defining aspects:

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> <li>• Favorable geographic location, with opportunities to achieve major infrastructure projects;</li> <li>• Exit to the Danube River (the existence of 2 river ports on the territory of the County) gives the County a great potential for river transport;</li> <li>• Traditional industrial sector, especially due to the Shipyard of Orșova;</li> <li>• The presence of two European roads that cross the County;</li> <li>• High agricultural potential (agroforestry, vegetable growing, fruit growing) and animal friendly environment (cattle, sheep, goats, pigs, horses).</li> </ul>	<ul style="list-style-type: none"> <li>• Unexploited opportunities for cross-border cooperation;</li> <li>• Population aging and gradual decrease in the number of active population;</li> <li>• The level of the quality of life in the County is modest;</li> <li>• Insufficient health infrastructure (e.g.: the number of hospitals in the County is the lowest, relative to the situation in the region);</li> <li>• The quality of housing is low compared to the national level (e.g.: the household gas supply network is precarious - a single location is connected);</li> <li>• A persistent lack of funds at local level for the maintenance and development of the existing infrastructure;</li> <li>• Insufficient road infrastructure developed at the County level;</li> <li>• Lack of tourism infrastructure and the unexploited tourism potential especially in the Danube area, as well as lack of qualified tourism staff;</li> <li>• Local tourism insufficiently promoted;</li> <li>• Low percentage of urban territories</li> </ul>

	<p>compared to rural ones;</p> <ul style="list-style-type: none"> <li>• Lack of powerful urban economic centers;</li> <li>• Insufficient access to education and health</li> <li>• Low percentage of foreign investment;</li> <li>• Low industrial activity at the County level ;</li> <li>• Predominant number of micro-enterprises and lack of catalytic agents to contribute to the economic development subsequently at a local level;</li> <li>• Poor representation of partnerships in the field of agriculture;</li> <li>• Reduced labour productivity and reduced investment volume by the SMEs in the county;</li> <li>• Research-development-innovation activity (CDI) - there is a shortage of enterprises;</li> <li>• Low level of occupation of Labour Force<sup>13</sup>;</li> <li>• Lack of industrial parks and areas;</li> <li>• Density of public roads is below the regional average, reported in the County.</li> <li>• The access from the national roads to the center of the localities, the municipalities and the towns in the County, is inappropriate.</li> </ul>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> <li>• Potential for cross-border cooperation between Romanian and Bulgarian municipalities near the border (access to cross-border co-operation programs);</li> <li>• South-West Oltenia Regional Development Plan 2014-2020;</li> <li>• The availability of European funds dedicated to expanding and modernizing SMEs, internationalising them, increasing productivity and ensuring standardization, creating new jobs;</li> <li>• Capacity to ensure long-term employment, especially in the field of</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to restructure the economic sectors with low added value, which will generate significant staff redundancies;</li> <li>• The difficult integration of socio-professional categories that have been redounded;</li> <li>• Increasing the share of socially assisted persons and, implicitly, the budgetary effort to support them;</li> <li>• Seasonal nature of labour force occupation in agriculture and tourism;</li> <li>• Migration of skilled labour force and, especially, those with higher education</li> </ul>

<sup>13</sup> County of Mehedinți ranks first by level of unemployment in the cross-border region.

<p>tourism and medicine, in order to ensure specialization and continuity;</p> <ul style="list-style-type: none"> <li>• Development of agricultural markets (existence of Community Development Associations for joint access to community development projects);</li> <li>• Development of organic crops and livestock farming;</li> <li>• Creation of educational and training programs for personnel specialized in the field of tourism and related services, shipbuilding, agriculture, medical services ;</li> <li>• Implementation of several infrastructure projects for the Romanian sector of the Danube River, within the Danube Strategy (EU Strategy for the Danube Region)<sup>14</sup>;</li> <li>• Developing industrial capacities especially in the field of river transport and attracting local and foreign investors;</li> <li>• Preoccupation for increasing the surface of the forest fund, through forestation, in order to increase the quality of the environment;</li> <li>• Developing new integrated tourism units;</li> <li>• Creating and developing new tourist attractions.</li> </ul>	<p>("brain drain" phenomenon) to other regions or to other EU Member States where wage earnings and living standards are clearly higher;</p> <ul style="list-style-type: none"> <li>• Lack of coherent measures for the development of the labour market;</li> <li>• Economic stagnation with long-lasting effect on economic activity in the region;</li> <li>• Progressive increase in the number of school leavers due to the inability to integrate children from ethnic minorities;</li> <li>• Limited funding possibilities for projects related to the construction and maintenance of educational and social infrastructure;</li> <li>• Deterioration of the educational structure of the population;</li> <li>• The competitive pressure in neighboring areas to attract public and private investment.</li> </ul>
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## 2. KEY OBSTACLES LIMITING THE CROSS-BORDER MOBILITY ON THE LABOUR MARKET AT ROMANIA-BULGARIAN BORDER

Obstacles to cross-border mobility of the force are identified both at the institutional level - in terms of legislation and at the individual level - as the factors that generate them are both of endogenous and exogenous nature.

Among them, the lack of coherent sources of information on the status of the cross-border worker is the most common one /insufficient transparency of the principles governing the labour market (e.g. differences between tax and health insurance systems, recognition of qualifications), giving rise to concerns about any potential unfavourable outcome to work abroad, followed by any linguistic barriers (lack of knowledge/insufficient knowledge of Bulgarian/Romanian languages), cultural barriers and living cost barriers (transport, accommodation), etc..

<sup>14</sup>[http://ec.europa.eu/regional\\_policy/sources/docgener/panorama/pdf/mag37/mag37\\_ro.pdf](http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag37/mag37_ro.pdf)

With regard to the existing obstacles to cross-border mobility on the labour market at the border regions between Romania and Bulgaria, based on these aspects, a **SWOT analysis** of labour mobility was drawn up which outlined the relief of the following principal and common features:

A general principal feature is the extremely low level of cross-border mobility of the labour force in the border region between Romania and Bulgaria.

Strenghts	Weaknesses
<ul style="list-style-type: none"> <li>▪ Local initiatives exist at the level of the Counties (Romania) and the Districts (Bulgarian correspondent) being currently under implementation or at their project stage to support the promotion of the cross-border mobility of labour force<sup>15</sup>;</li> <li>▪ Danube River - an important resource for industry and tourism, including for the creation of new opportunities in terms of employment in related activities;</li> <li>▪ University centers that can generate partnerships and various other forms of academic cooperation (e.g. University of Craiova - one of the most important university centers in the country, University of Ruse - Bulgarian important university center);</li> <li>▪ Diversified tourism and cultural potential, protected areas, natural parks, caves, unpolluted rural areas, mineral waters and balneological centers, fishing, cultural attractions, monasteries, situated in picturesque areas;</li> </ul>	<ul style="list-style-type: none"> <li>▪ Structural problems on the labour force market;</li> <li>▪ Low level of salaries in both States compared to other European States;</li> <li>▪ High percentage of youth unemployment;</li> <li>▪ Poor/poorly developed local transport networks at cross-border level;</li> <li>▪ Lack of information on the level of integration of the labour force market at regional level in both States (it is not known whether what is lacking in from the point of view of the labour force and the qualifications in a certain Bulgarian District, for example, is being sought in another Bulgarian District)</li> <li>▪ Low level of labour mobility in intersectoral activities;</li> <li>▪ Low level of consulting to mobile workers (in terms of information necessary for making a decision to providing a cross-border remunerated activity);</li> <li>▪ Linguistic difficulties - for both countries;</li> <li>▪ Reduced capacity to attract foreign direct investment.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Strengthening the cross-border cooperation in terms of growth and entrepreneurship;</li> <li>▪ Creating an information network at</li> </ul>	<ul style="list-style-type: none"> <li>▪ Demographic aging and increasing pressure on pension systems;</li> <li>▪ Emigration of young people at the inner poles of economic development</li> </ul>

<sup>15</sup> Job club is a formal or informal group created for to job seekers. Job club's goal is to provide help, support, and counseling to job seekers. A formal Job club can be moderated by a career counselor or by another career expert. An informal Job club can be created by job seekers and its members help each other to find a job.

<p>the level of each Romanian county, respectively, each Bulgarian district, coordinated centrally by the national authorities of the two States, in order to standardize the information available to stakeholders (potential cross-border workers and employers) and to avoid discretionary interpretation of the applicable legal framework, in particular with regard to the tax and health insurance systems of both countries or the recognition of qualifications;</p> <ul style="list-style-type: none"> <li>▪ General monitoring of the level of labour market integration in the border regions of the two countries;</li> <li>▪ Increasing the potential for mountain, rural, spa, Danubian, religious, etc. types of tourism;</li> <li>▪ Forming industrial and educational clusters in border regions;</li> <li>▪ Significant EU funds provided through operational programs;</li> <li>▪ Using the best practice in the field following the model of other border regions between two Member States promoting projects on the cross-border mobility of labour force.</li> </ul>	<p>(for example, Romania there are towns such as Bucharest, Cluj, Sibiu; for Bulgaria - Sofia, Varna, Plovdiv), or in other European countries where salaries and quality of life are net higher which can lead to a depleted labour market;</p> <ul style="list-style-type: none"> <li>▪ Insufficiently well-developed cross-border cooperation in the field of labour market;</li> <li>▪ Poor training of local labour force and job seekers compared to international competition;</li> <li>▪ Poor correlation between the labour market and the education system (the gap between school and labour market requirements).</li> </ul>
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It is not uncommon for the national and local authorities, that have attributions in this area, to demonstrate a commitment, appropriate to the situation of the cross-border workers, to include this issue in the list of priorities of the political agenda.

This situation could be "explained" also from the point of view of the very small number of cross-border workers on both sides of the border between Romania and Bulgaria. Thus, this situation is a vicious circle because, as we have already indicated, the promoting of cross-border mobility of labour force requires an active involvement of public authorities in both countries.

In order to remedy this situation, it is necessary to strengthen the cooperation between the factors of decision-making in this scope and the civil society that has a well-defined role in formulating opinions and recommendations for improving the existing situation. These proposals are often transposed into public policy proposals.

### 3. PROPOSALS AND RECOMMENDATIONS

- To increase the volume of cooperation between social organizations, local actors and local authorities in both States in order to identify an innovative solution and offer more efficient, adaptable and personalized public services in the border area;

- To review and take into account the experience of other countries that could have a beneficial influence on the situation at the local level, and in this sense it is necessary to identify any potential providers of good practices (social organizations, local actors and public authorities from other EU Member States) in the field of integration of cross-border areas in terms of employment and mobility of labour force and the conclusion of partnerships for the transfer of models and best practice solutions (for example: expanding the specialization in the field of development and the implementation of new measures for cross-border mobility);

- To develop the cross-border activities of SMEs (encouraging cross-border entrepreneurship)

- To identify the main branches that can activate labour mobility and can then develop common strategies and plans.

- To establish partnerships with education and vocational education institutions in both countries;

- To develop the cross-border transport in order to facilitate the mobility of cross-border workers

- To improve the access to information for the target group (offering full and official information on social security, labour law and tax issues in border regions in Romania and Bulgaria through regular training sessions and relevant legal regulations in order to reduce the uncertainty of administrative units and employers on how to interpret and apply any specific regulations)

- To promote the training for the use of job search techniques (Job club)<sup>16</sup>

- To create a common database in order to provide mediation/placement services (correlation / match between demand and supply on the labour market).

- To establish and develop cross-border business incubators and virtual incubators in order to promote employment on both sides of the border (established companies with local services in the field of tourism - cultural, water, eco)

- To promote measures to support people belonging to disadvantaged groups (ethnic minorities, people with disabilities, etc.) as well as those who have a positive

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<sup>16</sup> Job club is a formal or informal group created for to job seekers. Job club's goal is to provide help, support, and counseling to job seekers. A formal Job club can be moderated by a career counselor or by another career expert. An informal Job club can be created by job seekers and its members help each other to find a job.

attitude towards professional reconversion and inactive people returning to the labour market to carry out a paid cross-border activity.

#### **IV. ANALYSIS OF THE LEGISLATION APPLICABLE IN THE FIELD OF THE LABOUR FORCE MARKET**

More than one third of the EU population lives in cross-border areas where the crossing of the border in the scope of work, tourism and recreational purposes or for the participation in any cultural events is part of the day-to-day life.

In accordance with the data delivered by the European Commission, the majority of transport flows are located in the north-west area of Europe, as well as in the border areas along internal borders between the EU-15 veterans and the new EU Member States (the borders between Austria and Hungary, Italy and Slovenia, Finland and Estonia) in the context of increasing the cross-border mobility of labour force.

According to the statistics of EURES, more than 600 000 people work in one European country different than the one in which they live.

The level of cross-border mobility of the labour force depends on different factors, endogenous and exogenous, which will be outlined below, in the chapters that follow. Among these factors, differences in the remuneration and the attractive labour opportunities are significant stimulations.

#### **1. THE EUROPEAN AND NATIONAL LEGISLATIVE FRAMEWORK IN THE FIELD OF THE FREE CIRCULATION OF LABOUR FORCE**

##### **European context of the free circulation of labour force**

The principle of free circulation of persons, one of the four fundamental freedoms and a foundation stone of the functioning of a United Market<sup>17</sup>, applies both to the European Union and the European Economic Area (EEA) and signifies the fact that the European citizen has the right to move to another Member State, to work or to search a place to work, benefiting from the higher net advantages compared to the other workers coming from third countries.

This is based on the European principle of non-discrimination on the basis of nationality, according to which a migrant/frontier worker must be treated in the same way as nationals in terms of access to the market of labour force, working and employment conditions at each workplace, remuneration, as well as the social and fiscal benefits.

With all of this, the cross-border workers confront a complex legislative framework, with a view to the fact that the national legislation in these matters of the Member States are not harmonized, in the same way as the legislations and regulations of the European Union are, despite their impressive dimensions, relatively modest in their intentions and results (especially in terms of taxation regimen), by focusing on establishing their fundamental rights and coordinating the legislative frameworks in certain areas.

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<sup>17</sup> Fundamental right guaranteed by Article 15 para. 2 of the Charter of Fundamental Rights of the European Union

Therefore, the rights and obligations of the cross-border workers of one Member State are not governed only by the legislations and regulations at the EU level, but also by the normative framework at national level of the State of Residence and/or the state in which the paid activity is carried out, as well as the agreements/conventions established at bilateral level of the two countries (for example, bilateral treaties in the field of the prevention of double taxation).

The legal basis for the free circulation of workers represents Article 45 of the Treaty on the Functioning of the European Union (TFEU).

In the case of cross-border workers and immigrants, the most important dispositions foreseen in the Treaty are:

- *Article 18 TFEU*, which stipulates what "any discrimination based on nationality is prohibited";
- *Article 20 TFEU* refers to the quality of the citizen of one EU Member State, with the rights and obligations conferred on it and envisaged in the Treaty, among which is "the right to move and reside in a free manner within the territory of the Member States";
- *Article 21 TFEU* comes to complement Art. 20 and stipulates that the EU citizens can benefit from this right, subject to the limitations and conditions provided in the Treaties and measures on their application;
- *Article 45 TFEU* clearly states that this freedom of circulation implies "the elimination of any discrimination on the grounds of nationality between workers of the Member States in the framework of work, remuneration and other conditions of work and on the scope of work". Furthermore, it specifies the rights of which workers in the Member States benefit, subject to the limitations justified on the grounds of public order, of public security or of public health: acceptance of offers of work taken; free circulation within the territory of the Member States in this scope; stay in a Member State in the scope of employment, in accordance with the dispositions that regulate the employment of nationals of the respective State, established by the national legislation; stay on the territory of a Member State after employment;
- *Article 46 TFEU* provides that European Parliament and the Council will adopt directives and/or regulations establishing measures necessary to ensure the free circulation of workers by:
  - Ensuring a consolidated cooperation between national services of labour force employment;
  - Elimination of administrative procedures and practices and the periods of qualification with regard to the eligibility for available work, and which may become an obstacle to the free circulation of workers;
  - Creating adequate mechanisms to interconnect the job offers for labour force demand and to facilitate the accomplishment of an equilibrium between such demand and offers on the labour force market, both in order to avoid threats at the level of living and the level of labour force in different regions and/or business sectors.

In Article 293 of the EC Treaty it is provided that, to the extent it is necessary, Member States should start negotiations with each other in order to ensure to the benefit of their own citizens, the elimination of double taxation within the Community. This article was not taken into consideration in the TEU, nor in the TFEU.

Following the above, the dispositions of Article 4 para. (3) of the EU Treaty contain a general provision according to which the Member States facilitate the implementation of the mission of the Union and refrain from any measure that could jeopardize the achievement of the objectives of the Union.

The rights conferred to immigrant and cross-border workers provided under these two Treaties are extensively discussed in detail in secondary legislation (regulations and directives), in particular:

- Regulation (EEC) No 1612/68 of the Council on the free circulation of workers within the Community - is based on the interdiction of discrimination on the grounds of nationality under Articles 18 and 20 of TFEU. As a condition for the application of Regulation 1612/68, the worker must be a national of one of the Member States of the European Economic Area (EEA = the Member States of the European Union plus Liechtenstein, Norway and Iceland). Regulation 1612/68 guarantees the equal treatment of EEA workers in the Member States with regard to: • the starting of an activity with a salary (Article 1); • the negotiation and conclusion of labour contracts (Article 2); • the access to the labour force market (Article 3), including any quantitative restrictions (Article 4); • the access to employment offices services (Article 5); • the conditions of engagement and employment (Article 6). Simultaneously, Article 7 of Regulation 1612/68 is of particular importance. This Article regulates the non-discrimination in terms of: • the working conditions and conditions of engaging; • the social and tax benefits; • the right to education, rehabilitation and reconversion; • the provisions of collective and individual labour contracts. By means of Art. 7, migrants and cross-border workers are conferred the right to the same social and tax advantages as national workers. Social and tax advantages include especially: the financing of studies for children, the payments in case of job cuts, the non-contributory unemployment benefits, the credits, indemnities for maternity<sup>18</sup> / indemnities for childbirth<sup>19</sup>, recognition of seniority<sup>20</sup>, access to collective private health insurance, etc. The coordination of state social security is regulated by Regulation 1408/71.
- Regulation No 883/2004 on the coordination of social security systems - establishes the Member State in which the migrants/cross-border workers benefit the social security. These norms establish the legislation in the scope of the social security that applies to the case in question, by impeding a mobile person from Europe (worker, pensioner, student, person performing an independent activity) not to be subjected to any social security system or two legal systems to be applied simultaneously. Article 11, paragraph (1) letter (a)

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<sup>18</sup> A family of Romanians lives in Germany. The father works in Austria. When a child is born, the family is entitled to Austrian maternity allowances, and Austria can not refuse payment on the grounds that the family lives in Germany. However, in the case that the father is an independent worker in Austria, the right to maternity allowances is not eligible, since Article 7 para. (2) No of Regulation No. 1612/68 applies only to employees with a salary and not to self-employed persons.

<sup>19</sup> A family of Romanians moves to Belgium, both spouses perform an activity for which they receive a remuneration in this country. At the birth of the child, they claim for a Belgian maternity allowance (birth allowance). This can not be refused on the grounds that they have a non-Belgian citizenship. Maternity benefits represent a "social benefit".

<sup>20</sup> For example: Verdict on the Case *Schöning-Kougebetopoulou C-15/96* - A Greek doctor goes to work in Germany after having worked on a similar position in Greece. According to the German collective labour contract, employees, including doctors, have the right to promotion on a higher salary after a period of many years of service in the German hospitals. The Court of Justice has found that the years of work (comparable) in Greece must be counted and treated equally with seniority in Germany..

provides that a person can be covered by the social security system in a single Member State. This is also known as the *principle of exclusivity*. Then, the workplace principle establishes the legislation on the social security.

Depending on the nature of the activities performed, we have many types of workers for each type being applicable to a specific provision, which establishes also the competent state, as follows:

1) A cross-border worker with the status of an employed or self-employed person - falls under the incidence of Article 11, para. 3 lit. a) of Regulation (EC) 883/2004, which means that the competent State is the State in which it carries out a professional activity;

❶ *A Portuguese citizen with residence in Portugal works in Spain but returns to Portugal at least once a week. This employee is a cross-border worker. He is subject to the social security system of the country in which he works, respectively in Spain.*

2) A worker in the public administration - falls within the scope of Article 11 para. 3, lit. b) of Regulation (EC) No 883/2004, which means that the competent State is the State which benefits from the services provided by him (the State of Employer);

3) Personnel employed on vessels - falls within the scope of Article 11 para. (4) of Regulation (EC) No. 883/2004 - as the competent State is the state that holds the respective flag or the State of Employer, if he has a residence in the respective State;

4) Seconded Personnel - falls within the scope of Article 12 of Regulation (EC) No 883/2004, in which case, the competent State being the Member State of Origin of the seconded person, under condition that the anticipated duration of such an activity does not exceed 24 months and that the employee is not sent to replace another person;

❶ *A Spanish company has seconded its Product Manager in Portugal for a period of twelve months. From the moment of the starting of the period of secondment, the employee falls under the incidence of the Spanish social security.*

5) A person engaged in the scope of work in two or more States, performing two or more activities under the part-time regime - falls under the incidence of Art. 13 para. 1 of Regulation (EC) 883/2004, a case in which we have the following situations:

- the competent State is the State of Residence if the worker performs a substantial part of his activities in this Member State;
- the competent State is the State of Residence if the worker is engaged by different enterprises or by diverse employers which registered offices or places of work are in different Member States;
- the competent State is the State in which the registered office or place of work of the enterprise or employer, that have engaged him, are situated, in which case he does not perform a substantial part of his activities in the Member State of Residence. A percentage of less than 25% of the total activities represents an indication that this is not a substantial activity<sup>21</sup>.

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<sup>21</sup> The 25% threshold is provided in Article 14 para. (8), Regulation (EC) No. 987/2009.

① A resident of Italy works for a French company, both in France (50%) and in Italy (50%). He is subjected to the social security in a single Member State, in this case Italy, where he lives and works. Consequently, the French employer must pay contributions to the social security in Italy.

6) A person who performs an independent activity in two or more Member States - falls within the scope of Article 13 para. (2) of Regulation (EC) 883/2004, as the competent State is the State of Residence if he performs a significant part of his activities in the respective Member State or the State in which the center of interests of its activities is located;

① An Austrian resident works as a maintenance engineer for a German company, but he also works in Italy and Switzerland. The employee is subject to the social security legislation of one single Member State, in this case Germany, where his employer is located.

7) A person who performs an activity for remuneration and performs, in parallel, other independent activities, in many Member States - falls within the scope of Article 13 para. (3) of Regulation (EC) No 883/2004: the competent State is the one in which he performs an activity in his capacity as an employed person.

① A resident of France is an independent worker in France and, in parallel, he has a part-time job in Germany. He is socially secured in the State of Employer, i.e. in Germany, as an employee, but also for his activity as an independent.

- REGULATION № 987/2009 establishes the procedures in application of Regulation (EC) No. 883/2004 on the coordination of social security systems.
- REGULATION № 1408/71 of the Council of 14 June 1971 on the application of the dispositions of the social security schemes for employers with salaries and their families moving within the EU and the Directives on the right of residence.

Secondary legislation defines certain rules and principles that come to guarantee that the application of the different national systems does not harm the persons who exercise their right to free circulation.

As we have said herein above, the EU legislation does not aim at harmonizing the different national systems, but only the coordination of the national legislations. This means the fact that their rights and obligations are guaranteed, in principle, by the intermediation of the EU legislations, but they are regulated by the national legislation of the Member-State/States where the remunerated activity is performed and/or they have their residence.

## European framework of the labour legislation

Labour legislation is a legislative framework that defines the rights and obligations of the employers and the employees at the work place.

A large part of the national labour legislation is influenced by the regulations at the EU level. European labour legislation is designated in the scope of Title 10 of the TFEU as

a right of “social policy” and it consists of a large number of documents that define the minimum requirements in the European Union with regard to:

- the conditions of labour, that include the time to work, the part-time work, employment for a fixed-term and the secondment of workers;
- the information and consultations to workers, especially in the case of collective redundancies and takeovers of enterprises.

The European Labour legislation is regulated by the secondary legislation, respectively the regulations and directives<sup>22</sup>.

The most important provisions of the Labour legislation at EU level are:

- Regulation (EO) № 44/2001 (“Brussels I”) on the competence, the recognition and enforcement of judicial decisions in civil and commercial matters.
- Regulation (EO) № 593/2008 (“Rome I”) on the law applicable to the contractual obligation DIRECTIVE 96/71/EC on the secondment of workers in the framework of the provision of services.

Regulation (EC) Regulation 44/2001 “establishes the EU regulations on the competence and the recognition of judicial decisions in civil and commercial matters. The present Regulation also applies to cross-border European workers.

With regard to the individual labour contracts, Article 19 “Competence on the individual labour contracts” of Regulation (EC) No 44/2001 stipulates: an employer with a domicile in a Member State may be sued in trial:

- (1) before the courts of the Member State it has its domicile; or
- (2) in another Member State:

a) in the courts of the place where the employee habitually performs activity or in the courts of justice for the last place of employment; or

b) in the case that an employee does not habitually perform in a single State, in the courts of the place where the employer is located.

*① A citizen of France works as a cross-border worker in Germany. One day he observes some irregularities related to his salary. The competent court is situated in Germany, as this cross-border worker has worked exclusively in Germany.*

*① A sales representative who lives in Italy is employed by a French employer to represent it in front of some clients in Italy. A dispute exists on the remuneration. An employee may bring proceedings only in the*

Furthermore, the Article 20 of the same normative act stipulates: “An employer may bring proceedings only in the courts of the Member State in which the employee is domiciled.”

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<sup>22</sup> In contrast to the Regulations that apply directly, Directives have to be transposed into the national legislation of the Member States room for maneuver in this respect and can establish more favorable rules for workers than those provided in the Directive. National authorities, including the courts, take into consideration the application of the national measures on transposition. Important Decisions of the European Court of Justice on the labour right, include: Viking, Laval, Rüffert and the Commission vs. Luxembourg.

① A citizen from Belgium works as a cross-border worker in Holland. In that State, an employee can only be dismissed if a Dutch court grants an authorization to such dismissal. In accordance with the Regulation (EC) No. 44/2001, art. 20 Paragraph 1, the employer can initiate an authorization procedure only in a Belgian court, by which the Belgian court must apply the Dutch law.

① A citizen from Belgium works as a cross-border worker in the Netherlands. In this State, an employee may be dismissed only if a Dutch court grants an authorization to such dismissal. In accordance with the Regulation (EC) No. 44/2001, art. 20, paragraph 1, however, the employer can not bring proceedings in this respect other than in the Belgian court. In accordance with Regulation (EC) No 44/2001. Article 21. the Dutch court

Regulation (EC) 593/2008 on the law applicable to the contractual obligations (Rome I) applies to the contractual obligations in civil and commercial matters relating to the legislation of two or more States. This Regulation transforms the Rome Convention of 1980 into a juridical instrument of the Union.

The question of the applicability of which legislation in the scope of labour occurs, in particular, in the situation in which a worker is temporarily seconded or permanently transferred in another country by his employer. If, however, a person wants to provide a cross border activity "on a voluntary basis", then the legislation on labour of the respective most often applies. However, many companies (especially multinational companies) opt for applying Article 3 (1) of Regulation (EC) No 593/2008, which provides a choice of applicable legislation. "A contract is regulated by the law chosen by the parties. The choice is made explicitly or clearly in the terms of the contract or in the circumstances of the case. By their choice, the parties may choose the law applicable to the whole contract or to only part of it. "

① A sales representative who lives in Austria is picked up by a French employer to represent him with customers in Italy. A possibility exists to choose between the Austrian, French and Italian labor legislation. However, the labour law of Lithuania can also be agreed.

The applicable law in the absence of choice differs depending on the situation, as follows:

- the contract is regulated by the law of the country in which the party required to provide the performance, characteristic of the contract, has the habitual residence.
- in the case in which, of all the circumstances of the case, it results that the contract is clearly more closely related to another country than the one mentioned in paragraph (1) or (2), the law of that other country applies.
- in the case in which the applicable law can not be determined in terms of paragraph (1) or (2), the contract is regulated by the law of the country with which it is most closely connected.

With regard to the individual labour contracts, Article 8 of Regulation (EC) 593/2008 provides:

(1) An individual labour contract is regulated by the law chosen by the parties in accordance with Article 3. This choice cannot, however, result in depriving the employee of the protection granted to him by the dispositions, cannot be derogated by

an agreement in terms of the laws that, in the absence of choice, would have been applicable in accordance with paragraphs 2, 3 and 4 of this Article.

(2) To the extent that the law applicable to the individual labour contract has not been chosen by the parties, the contract is regulated by the law of the country in which, the worker habitually performs his activity in executing the contract. The country in which the work is habitually performed is not considered to be changed if he is temporarily employed in another country.

(3) In the case that the applicable law can not be determined in accordance with para. (2), the contract is regulated by the law of the country in which the employer's registered office is situated.

(4) In the case that, in the circumstances as a whole, the contract is more closely connected to another country than that mentioned in paragraph (2) or (3), the law of the other country applies.

Together with *Regulation (EC) No. (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters* (Brussels I) and *Regulation (EC) 864/2007 on the law applicable to non-contractual obligations* (Rome II), the Regulation (EC) 593/2008 establishes a set of mandatory norms for the private international right on the contractual and non-contractual obligations in civil and commercial matters.

## **CROSS BORDER WORKERS**

### **Regulating the status of a cross-border workers at EU level**

Starting from the simple definition of 'cross-border workers' - an employee who works in one of the Member State (the State of Employer) but he has a residence in another State (the State of Residence), it must be underlined the fact that it is compulsory the domicile of the worker to be outside the borders of the State where he works. Otherwise, if the employee changes his domicile in the State where he works, he is transformed from a cross-border worker into a migrant.

Under the incidence of this definition, we find also a situation in which a resident moves to a neighboring country but continues to work in the country in which he has initial place of work.

A cross-border worker is a person who is employed in a Member State but lives in another country where he returns at least once a week.

① *A resident from Timisoara works as a car technician at a car sub-assembly factory in Hungary, and despite the fact that the factory has ensured an accommodation during the week, he decides not to move in the neighboring country. In this respect, the EU legislation comes to support his decision and, on the one hand, to guarantee him a free access to the labor market in Hungary, as well as on the other hand, to guarantee the preservation of social rights that he has previously acquired in Romania.*

*Obtaining the status of a 'cross-border worker' ensures the rights and obligations deriving from the legislation in force. It must also be mentioned that the definition of a 'cross-border worker' provided in the EU Regulations on the social security is extensive than the one mentioned in the Conventions on double tax avoidance, which can leave a confusion and erroneous conclusions. It is therefore very*

### **Social Securities / Social Security**

Regulation (EC) No 883/2004 provides certain special norms for cross-border workers, in particular, in particular with regard to the place in which such a worker must be treated in the event of sickness or of receiving benefits in the case of full unemployment. The Regulation (EC) No 883/2004 Article 1 (f) provides for who must be considered as a cross-border worker, namely the one who, in principle, returns to his State of Residence, every day and at least once a week.

The Article 1, lit. f) of Regulation (EC) No 883/2004, a "cross-border worker" means any person who performs an activity, with a salary or independent, in one Member State and who has a residence in another Member State in which returns, as a rule, on a daily basis or at least once a week; in the case in that he lives in principle in the State where he performs an activity and returns to his State of Origin less frequently than once a week, these are not considered to be cross-border workers. Unlike cross-border workers, they have no right to choose from where to request any benefits related to the health insurance. But they can choose from where they want to obtain the unemployment benefits. In the case of immediate return in the State of Origin, such a non-cross-border worker must register at the Unemployment Office and thus to benefit the financial support (unemployment benefits), which will be calculated in accordance with the rules applicable in the State of Residence. (Regulation (EC) No 883/2004, Article 65, paragraph 5, lit. a).

In other situations, in which the non-cross-border worker does not return to his country of origin, it is assumed that he should address to the Unemployment Office of the respective Member State of which the legislation applies, and on the basis of which the unemployment benefit will be calculated.

Also, a situation exists in which, the non-cross-border worker returns in the State of Residence after been registered with an Unemployment Office in the State where he has worked, in which case Article 64 of Regulation (EC) 883/2004 (the export of the unemployment benefits for a period of 3 months) applies.

## Access to the labour market

The Articles 1 to 6 of Regulation (EEC) 1612/68 guarantee the free circulation of labour force within the United Market. In this way, every citizen of the EU can work in another Member State without a work permit, although there are certain restrictions that apply to Bulgaria and Romania.

The Regulation (EEC) 1612/68 mentions the fact that the EU citizens who are employed within another Member State benefit from the same rights as the citizens of the respective State, irrespective of their nationality, as long as they are EU citizens. The Regulation on "free circulation of labour force" (EEC) No 1612/68 also applies to cross-border workers. It must be mentioned that labour force of a non-EU country does not benefit from this free circulation.

① *An employee who lives in Hungary with a Hungarian nationality can work in Austria without a work permit, even if he is not a resident in Austria. In this case, we are talking about 'migrant workers'. However, this right does not apply to the wife of Ukrainian nationality, unless she has acquired Hungarian citizenship and/or her family is not a resident in Hungary. In case of moving family, the right of the spouse work is guaranteed by Article 23 of Directive 2004/38 / EC.*

## Social assistance

### Applying the social assistance laws

With regard to the social assistance, a cross-border worker is protected by Regulation (EC) 883/2004 Article 11, para. 3, lit. a). In the case that he has paid contributions for the social security within a Member State, such as the one of Origin, then he will move from one social system to another by preserving the residence in the State of Origin.

With a view to the fact that a cross-border worker keeps close personal ties the State of Residence, periodically visiting his family, he can choose to spend any periods of sick leave and/or unemployment in the State of Residence. But this is not valid to cross-border workers. European legislation must also foresee such situations, because otherwise we could not talk about the free circulation of labour force.

Regulation (EC) 883/2004 is responsible for regulating such cases.

## Medical and maternity leaves

### The medical benefits

In general, cross-border workers will seek the medical services from that State where they pay contributions, and namely the State of Employer. But as the cross-border worker has strong ties with its State of Residence, he must be able to get medical assistance also here. In addition, insured family members can choose where to pay contributions to the health insurance - either in the State of Residence or in the State of Employer. In the case of illness, the State of Residence will decide who is recognized as a 'family member'.

According to art. 17 of Regulation (EC) No 883/2004, *"An insured person or members of his family, who have residence in another Member State than the competent Member State, receive in the Member State of Residence the benefits in kind provided, in the name of the competent institution, by the institution at the place of residence, in accordance with the dispositions of the legislation that it applies, as if they had been insured under that legislation. "*

In addition to the above comes also Article 18 para. 2 that regulates this rights both in the State of Origin as in the competent Member State during the stay. Thus, in the case that the Member State is part of the States listed in Annex III of Regulation (EC) No 883/2004, the family members of the cross-border workers may benefit from all the medical services that they need during their stay in the State of Employer.

① *A cross-border worker lives in Germany and works in Denmark (competent State). Family members of the cross-border are "registered to the Danish social security system". These have the right to benefits in kind in the State of Residence - Germany, but do not have any Danish benefits in kind because Denmark is mentioned in Annex II to Regulation (EC) No. 883/2004.*

② *A cross-border worker lives in Denmark and works in Germany (competent Member State). Family members of the cross-border are "registered to the German social security system". These have the right to Danish and German benefits in-kind because Germany is not included in Annex II to Regulation (EC) 883/2004.*

The Health Insurance Fund of the State of Employer (the competent Member State) will submit the Form S1 to the employee each year (a statement of his rights related to benefits during maternity and maternity leave), which the employee must submit to the Health Insurance Funds of his State of domicile.

The right to a choice according to the Regulation (EC) No 883/2004 is not applied in the case that a frontier worker has ceased to work in the State of Employer, precisely because he has received the status of unemployed person. The new Regulation (EC) 883/04 emphasizes the fact that the cross-border worker has the right to choose only in a limited number of situations.

In accordance with Article 27 of Regulation (EC) No 883/2004, a cross-border worker who retires and receives a pension only from the competent Member State (the State of Employer) has also the right to benefits in kind in that State if he opts for it and if the respective State is listed in Annex IV of the document.

① A pensioner with a German pension lives in Spain. He pays contribution for the health insurance and medical assistance in Germany. This pensioner has the right to benefits in kind in Spain and to Spanish cash benefits (care allowance). During the time of stay in the competent Member State (Germany) he has the right to all benefits in kind in Germany, because Germany is mentioned in Annex IV.

① A pensioner, having a Dutch pension, lives in France. He does not pay contributions for health insurance in Denmark, because the Danish social security system is funded by taxes. This pensioner has the right to benefits in kind in the French State. He does not pay contributions for health insurance in France, but can receive additional health insurance on a voluntary basis. Denmark reimburses the costs for benefits in kind received in France. During the time of his stay in the competent State (Denmark), he does not have the right to Danish benefits in kind without prior authorization from the Danish Health Insurance Fund, because Denmark is not listed in Annex IV (Art. Article 19 of Regulation (EC) 883/2004].

Article 28 of Regulation (EO) No. Regulation 883/2004 establishes the special rules for retired cross-border workers as follows:

(1) A cross-border retired worker shall have the right, in the event of illness, to continue to receive benefits in kind in the Member State where he performed his last activity in the capacity as an employee with salary or performed an independent activity, to the extent that this is a continuation of the treatment started in the respective Member State. The term "continued treatment" means continuing the investigation, diagnosis and treatment of a disease.

(2) A pensioner who, during the five years preceding the effective date of a retirement or invalidity pension, performs an activity with salary or an independent activity for at least two years in the capacity as a cross-border worker, has the right to benefits in the Member State in which he has performed such activity as a cross-border worker, in the case that this Member State and the Member State in which the competent institution responsible for the costs of the benefits in kind granted to the pensioner in his Member State of Residence, has opted for it and both are listed in the Annex in Annex V.

① *A cross-border worker lives in France and has worked in Germany for the time of 10 years. He becomes unfit to work and has the right to a German and French invalidity pensions (pro-rata). He has also the right to benefits in kind related to health in France, because both France and Germany are listed in Annex V.*

① *The cross-border worker has a residence in Holland and has worked in Germany for the time of 10 years. He becomes unfit to work and has the right to a German and Dutch old age pension (pro-rata). He does not have the right to benefits of medical assistance in Germany, because the Netherlands and Germany are not listed in Annex V.*

### **Benefits for the period of sick leave**

A cross-border worker is entitled to receive remuneration for sickness leave in the Member State where he contributed to the payment of social security and namely in the State of Employer. Certain Member States may have a certain period of grace until when they proceed to the payment of the remuneration of sick leave. This is the case for some countries such as Belgium, Denmark, Finland, France, Ireland, Norway, Austria etc. In this respect, Article 6 of Regulation (EC) 883/2004 protects the cross-border worker from such pauses in the payment of remuneration. That is why it is very important that the document S1 be transmitted in a timely manner.

Regulation (EC) No 883/2004 does not provide for the right to choose between the State of Residence and the State of Employer with regard to the right of remuneration related to the sickness leave. In accordance with Article 21 of Regulation (EC) 883/2004, cash payments and salaries will continue to be paid in another Member State (the State of the Employer). This means that the cross-border worker can remain without problems on the territory of his country of residence, while receiving a remuneration from the State of the Employer. Depending on the agreements concluded between these two States, the remuneration can be paid either directly by the Health Insurance Fund of the State of Employer or indirectly by the Health Insurance Fund of the State of Residence.

*In this regard, the Article 21 of Regulation (EC) No 883/2004 stipulates that "the insured person and family members who have a residence or are in a Member State, other than the competent Member State, have the right to cash remuneration provided by the competent institution in accordance with the legislation in force . By agreement between the competent institution and the institution of the State of Residence the State of Residence, this remuneration can nevertheless be provided by the institution of the place of residence at the expense of the competent institution, in accordance with the legislation of the competent authorities of the respective Member State."*

The procedures for the application of this Article, in particular with a view to the medical examination, are foreseen in Implementing Regulation (EC) No 987/2009, Articles 27 and 87. Article 27 " Remuneration relating to the incapacity for work in the case of residence in a Member State other than the competent Member State" (the

State of Employer) establishes the procedures for affiliates, the institutions of the Member State of Residence and competent institution.

### **Occupational diseases**

In the case of an accident or occurrence of an occupational disease, a cross-border worker is treated in the State in which they are insured. The remuneration is paid by the insurer in the State of Employment in accordance with the norms in force in that State.

However, a cross-border worker may also benefit from treatment in the State of Residence in the case of an accident at work or sickness. The provider medical services from the State of Residence (physician, hospital, etc.) invoices to the specialized department within the National Health Insurance Fund, which has the costs of treatment offset by the Health Insurance Fund in the State of Employment (assistance for services in kind, without money).

In order to benefit from a medical treatment for an accident at work, the evidence is, normally, accepted by an existing health insurance scheme (for example: the European Health Insurance Card - EHIC).

Document DA1 (formerly E123) in accident insurance on cashless medical services are issued in principle after an investigation of the accident and it is then sent to a specialized department in the State of Residence.

① *In the case that the receiving of an invoice from a provider of medical services for treatment of the consequences of an accident, it must be submitted to the insurance institution of the State of Employment or the specialized department in the State of Residence. They will verify if the costs can be covered by the accident insurance and if the sum invoiced corresponds to the rates in force. The recommendation is not to process the invoice yourself, because in the case of overcharging, you can not claim the amounts paid in addition from medical service providers.*

### **Unemployment and unemployment benefits**

In general, a cross-border worker can request unemployment support in the Member State in which he is obliged to pay contributions, i.e. the State of Employer. However, this does not apply to cross-border workers. The State of Residence must also immediately register the unemployed person in the local system of social securities. Other cross-border workers, and namely the workers who return to the State of Residence, less frequently than once a week, have the right to choose.

Certainly, a series of differences appear between the social security systems of the different countries. Different situations can be registered that could determine the periods of waiting - from partial payment in the State of Residence to the case in which no social benefits have ever been paid in the State of Residence. The Regulation (EC) 883/2004, Article 61 establishes as a consequence special norms on the

cumulative periods of social security, of independent activity or other similar situations.

In determining the right on unemployment benefits, as well as in determining their amount and the duration, the competent Member State (State of Residence) must always take into consideration the periods of social security in other Member States in order to ensure that the worker does not lose any of his rights. Form U1 (formerly E301) is required as an evidence of the fact that the worker has previously been registered with social securities in another Member State. Form U1, that is obtained from the competent authority of the State of Residence is a 'Statement of insurance periods to be taken into account when calculating an unemployment benefit'.

The unemployment benefits are calculated on the basis of Article 62 of Regulation (EC) No. 883/2004, based on the previous remuneration received at the last work place. Only in the case of full unemployment, a distinction must be made between the cross-border workers and the non-cross-border workers. In other cases of partial unemployment, such as a reduction in working time, this distinction should not be made.

#### **Partial or intermittent unemployment in the case of a cross-border workers**

According to art. 65 of Regulation (EC) No 883/2004, "*A person who is partially or intermittently unemployed and who, during his last activity with a salary or worker who performs an independent activity, had a residence in another Member State than the competent Member State shall make himself available to his employer or to the employment services in the Member State. He shall receive benefits in accordance with the legislation of the competent Member State as if he were residing in that Member State. These benefits shall be provided by the institution of the competent Member State.*"

① *A cross-border worker who lives in Portugal and works in Spain (the competent Member State) has the right to unemployment benefits from the Spanish State in the event of temporary unemployment. The Spanish Unemployment Benefit Fund must also take into consideration any social security periods completed in other Member States (for example: Portugal).*

① *A cross-border worker who lives in Portugal and works in Belgium (the competent Member State) has the right to unemployment benefit in Belgium in the event of temporary unemployment. The Belgian Unemployment Fund must also take into consideration any social security periods completed in other Member States (for example: Portugal).*

#### **Total or final unemployment in the case of cross-border workers**

In the case of a total interruption of employment relationships (total unemployment), the cross-border worker must contact the unemployment office in the State of Residence (Regulation (EC) No 883/2004, Article 65, paragraph 2).

Thus, according to art. 65, par. (2), sections 1 and 2 of Regulation (EC) No 883/2004, *"A person who is total unemployment, during his last activity as an employed or self-employed person, has resided in a Member State other than the competent Member State and who continues to live in this Member State or who returns to that Member State must make himself available to the employment services in the Member State of Residence. Without prejudice to Article 64, a wholly unemployed person may, as a supplementary step, make himself available to the employment services of the Member State in which he pursued his last activity as an employed or self-employed person."*

In accordance with Regulation (EC) No 883/2004, Article 11, 1c is subject to the legislation of the State of Residence, namely the unemployment benefits is calculated in accordance with the provisions applicable in the State of Residence (Article 65 (5) (a) of Regulation (EC) No 883/2004).

According to art. 65, par. (5) (a) of Regulation (EC) No 883/2004, the unemployed person mentioned in paragraph 2, subparagraph (1) and (2) benefit from the compensation in accordance with the legislation of the Member State of Residence as though he had been subject to this legislation during the time of his last activity with salary or worker performing an independent activity. These benefits are granted by the specialized institution of the State of Residence. In this case, we specify that it is considered the remuneration received in the last place of work in the other Member State (Article 65 of Regulation (EC) No 883/2004).

Also, the unemployed person will register as a jobseeker in the competent field of work in the Member State in which he has a residence, will be subject to the control procedure there and shall comply with the conditions established in accordance with the legislation of the respective Member State. In the case that he chooses to register as a jobseeker in the Member State in which he performed his last activity with salary or worker who performs an independent activity, he will comply with his obligations applicable in the respective State (see Article 65 (3) of Regulation (EC) No 883/2004).

① *A cross-border worker, who lives in France and works in Luxembourg, has the right to unemployment benefits from the French state in the case of permanent and final unemployment. This also applies in the case that he has never been registered with the social security system in France and/or has a Luxembourgish citizenship. The unemployment benefits are calculated on the basis of the remuneration received in Luxembourg.*

In addition, a cross-border worker can be registered as a jobseeker in the State in which he was employed for the last time (Regulation (EC) No 883/2004, Article 65 (2) Proposal 2). Registration in the State of Residence, however, is a priority (Regulation (EC) No 987/2009, Article 56 (2)).

Article 65 (2) of Regulation (EC) No 883/2004 clearly differentiates, in the sense that in a situation in which an unemployed person, other than a cross-border worker, does not return to his Member State of Residence, he will make himself available to the employment services of the Member State of his last place for work.

In addition, in the case that the legislation applicable in the Member States requires the implementation of certain obligations and/or job-seeking activities by the unemployed person, the priorities must be the obligations and/or job-seeking activities by the unemployed person in the Member State of residence.

① *The non-cross-border workers are those who live in principle in the State of work and who return to their State of origin less frequently than once a week. They have the right to choose between unemployment benefits of the State of residence or of the State of employment.*

*In the case of an immediate return to the State of residence, a worker who is not cross-border must register as a jobseeker at the local employment office (Unemployment Benefit Fund).*

*The non-cross-border have the right to unemployment benefits in accordance with the regulations applicable in the State of residence. These unemployment benefits are calculated in accordance with the norms applicable in the State of residence (Regulation (EC) No 883/2004, Article 65 (5) (a)).*

## **Tax regulations**

### **Rules on taxes and duties of cross-border workers**

The norms on taxation can be found in the applicable "Bilateral treaty on double taxation", in the sense that the State, in which the cross-border worker lives, has concluded with the State of Employer a convention on this topic. The Organization for Economic Cooperation and Development (OECD) Model Agreement adopts the principle of the State of Employer as a general rule (Article 15 para. (1) of OECD). If a cross-border worker also performs activities in the State of Employment, there is no exemption from this principle under the rule for 183 days (Article 15 (2) of OECD) and its income will be taxable in the State of Employer.

For a certain number of cross-border employees, the OECD Model Convention establishes specific norms. This applies, among others, to teachers, public sector employees, maritime or flight crew, in the sector of international transport etc.

Although there is none provision in the OECD Model Convention, neighboring countries, sometimes, but not always, decide to introduce special treaties in order to avoid double taxation, special rules for "cross-border workers". In this case, the income of a cross-border worker is not taxed in the State of Employment but in the State of Residence.

Not every cross-border worker receives this status. Double taxation conventions often contain stricter criteria than those applicable to the legislation on the social security [Article 1 (b) of Regulation (EC) 883/2004]. In addition to the regular returns to the State of Residence, the worker must live and work in a well-defined border area. The double taxation avoidance treaty makes it clear what should be understood under the 'border tax area'. Also, regulations exist in the case of which, an employee is taxed if

he lives and works in the border area, but also performs activities outside the areas for his employer (for example, when he is seconded elsewhere).

Although that in the case of the OECD model there is nothing specific mentioned that refers to cross-border workers, bilateral treaties between Member States on double taxation may provide for such situations, in which case a more strict definition will apply compared to what is used for social security (Article 1 (f) of Regulation (EC) No 883/2004). In addition to the usual criteria, such a definition includes certain geographical conditions that clearly delimit the cross-border region. The status of this special group of cross-border workers includes the rights and obligations that differ from the general principles applied in the State of Employer. Thus, they will be taxed in their State of Residence on income earned in the neighboring country.

### **Examples of taxation for cross-border workers**

#### **Treaty of double taxation between France and Germany**

The regime of taxation on cross-border workers is defined in the Treaty of avoiding double taxation concluded between France and Germany in July 1959, as last amended on 21 December 2001. This treaty provides that cross-border workers are generally taxed in their State of residence

From a fiscal point of view, the definition in this treaty is that a cross-border worker must live and work in a designated border area and must, in principle, return to his domicile every day. He loses his status as a cross-border worker if he works in the limited border area throughout the year, but does not return to his domicile for the official time of 45 days or if he works outside the mited border area for more than 45 days a year.

Cross-border workers of public services, in general, pay their taxes in the State of the employer.

#### **Treaty of double taxation between Switzerland and Germany**

In the treaty to avoid double taxation between Germany and Switzerland border areas are not clearly delineated. Accordingly, the relevant case-law presumes that a person is not a 'cross-border worker' in Germany who is subject to tax in Switzerland if:

- there is a legal obligation for the employee to live in Switzerland;
- the distance between the place of residence and the place of work is more than 110 km;
- the duration of daily trips is more than an hour and a half in each direction;
- the employer assumes the cost of accommodation in Switzerland.

A cross-border worker from Germany in Switzerland who, for professional reasons, do not return to his place of residence for more than 60 days per calendar year (the number of days is reduced for part-time) is taxable in Switzerland.

### **Advantages of taxations in the case of cross-border workers**

If a cross-border worker is taxed as a non-resident in the State of employment, the question is if the State of employment must grant the same tax advantages (tax-free allowances, deductions for partners and dependent children, professional expenses, etc.) as those granted to one national employee. The Court of Justice of the European Communities pronounced a relevant decision in the case of Schumacker (C-279/93). The State of Employment must do so only if the cross-border worker has insufficient (residual) income in his/her State of Residence.

For the coordination of the social security systems in the case of cross-border workers, Regulation (EC) No. 883/2004 applies. If, at the same time, a double taxation avoidance treaty is in place with the clause of a cross-border worker, he may face different taxation rules (the State of residence) and pay contributions to the social security (the State of employer).

In the situation of a lack of coordination, the application of different definitions may lead to certain situations where an employee is covered by the social security in the State of employer and is paying taxes in the State of Residence which has both benefits and shortcomings.

### **1993 Commission Recommendation on Non-Resident Workers**

On 21 December 1993, the Commission issued a Recommendation (94/079 of the EU) on taxation of certain items of income received by non-residents in a Member State other than that in which they have a residence. The Recommendation proposes to the Member States a Community system for taxation of the income of non-resident workers. The main characteristic is that a non-resident persons must benefit from the same tax treatment as residents if he earn a significant part of their total income in one Member State. In such situations, the Member State of Residence could reduce, correspondingly, the personal tax advantages in order to avoid double taxation of income. (The case-law of the Court of Justice on cross-border workers)

The principles of the Recommendation have been largely confirmed by the Court of Justice in its judgment of 14 February 1995 in the case of Schumacker (C-279/93). They were applied in subsequent judgments, such as: Case C-391/97 Gschwind [C-Decision Zurstrassen 87/99 Gerritse, Case C-234/01 Wallentin and Case C-329/05 Meindl. The Gschwind case suggests that non-residents who earn 90% or more of their total income in the State of employment should normally have the right to the same tax treatment as residents.

## **2. ANALYSIS OF THE BULGARIAN EMPLOYMENT LEGISLATION, REFERRED TO THE CROSS-BORDER MOBILITY**

Labour mobility in the cross-border region is a national priority for both Romania and Bulgaria, requiring special political attention and effective policy coordination in this field.

Daily cross-border cooperation in the border region between Bulgaria and Romania in the field of Labour is characterized by a number of difficulties that create barriers to cooperation and hamper cross-border labour mobility. In most cases, existing

information is limited in terms of content, scope, availability of different languages, etc.

The framework of the European Union (EU) and the European Economic Area (EEA) apply the principle of free movement of persons. This means, for any Bulgarian and Romanian, as well as for any European worker, that such worker has the right to move to another country to work or to search a job.

A 'Cross-border Worker/Employee' is a person who works in one EU Member State (Country of Employment) but lives in a different country (Country of Residence). This is important because a worker can keep its place of residence outside the Country of Employment. Where a Cross-border Worker moves to the Country of Employment, such worker is called a 'Migrant Worker'. A resident who moves to a neighbouring country but still continues to work in its initial Country of Employment ('migrant-resident') is also called a 'Cross-Border Worker' or a 'Frontier Worker'. The concept of 'normal place of residence' does not exclude the possibility for such cross-border employee to have a temporary accommodation in the Country of Employment. The concept of 'Cross-border Worker/Employee' also refers to persons who work in a country other than their families' place of residence but for only a short period of time (up to one year) or persons who work in a different country but return to their principal place of residence over a period of time.

Frontier Workers are persons who return to their principal country of residence, as a rule, on a daily basis or at least once a week. This definition was introduced by Regulation (EC) No 883/2004 specifying the specific Social Security rules for these workers and their families. Frontier Workers have equal rights with the local workers in terms of employment and working conditions as set out in Directive 2014/54/EU<sup>120</sup>.

For the purpose of this Survey, a comparative analysis of the demand/supply of Bulgarian and Romanian workers/employees and employers in terms of the cross-border labour market mobility shall be carried out.

Art. 45 of the Treaty on the Functioning of the European Union (TFEU) is the legal basis for the free movement of workers. Freedom of movement is a fundamental right guaranteed by Art. 15, §2 of the Charter of fundamental rights of the European Union. It is based on the Community principle of non-discrimination on the grounds of nationality. This means that Migrant Workers have equal rights with the citizens of the country in which they reside, including in terms of access to employment, working conditions and employment, social and tax benefits. The Directives in the European legislation governing the Freedom of Movement contain rules and principles to ensure that national laws do not violate the rights of persons exercising their right to free movement.

Therefore, the EU law does not seek to harmonize or unify national laws, but only to coordinate them. The practical effect for Bulgarian and Romanian cross-border workers consists of the fact that their rights and obligations are mainly guaranteed thanks to

the EU law but they continue to be determined by the national legislation of their country/countries of employment/residence.

## **BULGARIAN JOB SEEKER IN ROMANIA**

### **Search for a job**

Bulgarian citizens can enter and stay in Romania for up to 3 months with a valid identity document /ID card or passport/.

Bulgarian citizens have free access to the Labour Market in Romania and are recruited under the same terms and conditions as Romanian nationals, except for the civil servants for whom Romanian citizenship is required.

By using the EURES network, which acts as a cooperation network between the European Commission, the Public Employment Services (PES) in the EEA countries and in the Swiss Confederation a possibility of finding a job is provided.

EURES advisers in Bulgaria or Romania assist jobseekers in finding a job. Their contact details are published on the website of the two Employment Agencies. EURES Advisers on Living and Working Conditions in Romania work at the “Labour Office” Directorate in the Towns of Svishtov, Ruse and Montana and an EURES Assistant works at the “Regional Employment Service” Directorate in Lovech.

‘YOUR FIRST EURES JOB’ (YFEJ) Project is a European Union vocational mobility scheme that aims at helping young Europeans to find a job or training opportunities in a different EU Member State, Norway or Iceland. Young people aged between 18 and 35 years old have the right to support under this Project.

To help young people various measures have been included in the Mobility Package, such as additional assistance in relocating to another country, support for internships and support for recognition of qualifications.

Priority sectors are:

- Health (doctors, nurses, health assistants);
- Engineers (mechanics and automotive engineers, mechatronics, electrical engineers and power engineers, metalworking and welding engineers, civil engineers, computer scientists, IT application consultants, programmers and software developers);
- Tourism sector and services (including hospitality and catering industry);
- Wholesale, customer service;
- Logistics.

This initiative is funded by the European Commission and therefore, all the services offered are completely free of charge.

The financial support of ‘Your first EURES Job’ covers part of the costs of participants related to mobile employment activities such as:

1. Travel cost for an interview in other EEA countries
2. Cost to move to another country

3. Language training
4. Recognition of qualifications
5. Additional assistance in relocation
6. Pre-training

In addition to the financial support as described herein above, a language or other basic training courses are offered in order to enhance the general competencies and adaptability of applicants to their future use at work.

Detailed information on all the jobs announced by any employer (legal requirement) on the territory of Romania can be found on the website of the National Employment Agency /Section "Locuri de munca".

Another way of finding a job is through the private intermediation agencies, focused both to jobseekers and employers; the specialized internet sites; the press releases. Information on the private intermediaries working on the Romanian labour market can be found on the sites of the Regional Offices of the National Employment Agency. There, an option is provided for any employer to announce a vacancy by itself and to publish a CV.

## ROMANIAN JOB SEEKER IN BULGARIA

### Finding a job in Bulgaria

Knowing the labour legislation and the regulatory framework in Bulgaria, which governs all matters referred to the labour mobility, is a prerequisite for finding a job in Bulgaria by a foreign national. Bulgarian legislation in this area consists of the:

#### 1. Law on Labour Migration and Labour Mobility

The Law on Labour Migration and Labour Mobility (published in SG 33/26.04.2016) introduces the provisions of three new EU Directives in the national legislation: *Directive 2014/54/EU of the European Parliament and of the Council of 16 April 2014 on the measures facilitating the exercise of rights conferred on workers in the context of the freedom of movement for workers*, *Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers* and *Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer*. In addition, a codification of the existing legislation in the field of labour migration and labour mobility, which is fractured in different normative acts, is made by the Law on Labour Migration and Labour Mobility.

The General Provisions of the Law on Labour Migration and Labour Mobility explicitly define its scope, excluding the possibility of applying all constitutionally recognized forms of discrimination. The conditions under which the national policy on free movement of workers in the EU is formulated and those concerning the access to the Bulgarian labour market of foreigners, including freelance activities on the territory of the Republic of Bulgaria, have been also defined.

## **2. Law on Employment Promotion.**

The Law on Employment Promotion is directly related to the regulation and promotion of labour mobility in Bulgaria. It governs the public relations in:

1. promoting and preserving employment;
2. vocational guidance and adult education;
3. the mediation of information and employment in the Republic of Bulgaria and in other countries of:
  - Bulgarian citizens;
  - EU citizens;
  - nationals of States-Party to the Agreement on the European Economic Area and the Swiss Confederation;
  - mediation on information and employment of foreign nationals in the Republic of Bulgaria and regulation of their access to the labour market.

## **3. Labour Code.**

The Labour Code governs labour relations between the labour force and the employer, striving to *"ensure freedom and protection of work, fair and decent working conditions, and to conduct a social dialogue between the State, the Workers/Employees, the Employers and their organizations in order to settle labour relations and their immediate relationship."* (Art. 1 of the Labour Code)

In this sense, the Labour Code has a direct relation and is an instrument for impacting on the labour mobility.

The Labour Code governs the employment relationships between Bulgarian employers and Bulgarian citizens, nationals of Member States of the European Union, of countries-Parties to the Agreement on the European Economic Area or of the Swiss Confederation, as well as between foreign nationals from third countries, including in cases of employment outside Bulgaria.

## **4. Law on Foreign Nationals in the Republic of Bulgaria**

Law on Foreign Nationals in the Republic of Bulgaria has a direct relation to the labour mobility from abroad on the national labour market.

Law on Foreign Nationals in the Republic of Bulgaria defines the terms and conditions under which foreign nationals can enter, reside and leave the Republic of Bulgaria, as well as their rights and obligations (Art. 1 of the Law on Foreign Nationals in the Republic of Bulgaria).

The Law defines the concept of a 'Foreign National' by assuming that any person who is not a Bulgarian citizen is a foreigner and that foreigners in the Republic of Bulgaria have all rights and obligations under the Bulgarian laws and under any international treaties ratified, to which the Republic of Bulgaria is a Party, with the exception of these to which a Bulgarian citizenship is required.

## **5. Law on Labour Inspection**

The purpose of this Law is to create conditions for the effective and efficient control on the compliance with the working conditions by improving the coordination and the interaction of the bodies having control and alerting duties in the field of labour and social security relations.

Inspecting the Labour consists of controlling the compliance with the labour and social security legislation as well as a specialized control under the Law on Employment Promotion and the Law on Occupational Health and Safety.

## **6. Law on Vocational Education and Training**

This Law governs the organization, the institutions, the management and the financing of the Vocational Education and Training System.

In the Republic of Bulgaria, the Employment Agency (EA) is the Executive Agency to the Minister of Labour and Social Policy for implementation of the State policy on employment promotion by performing functions related to the labour market protection, the vocational guidance, the education of adults as well as any intermediary employment services.

In order to work in Bulgaria, Romanian citizens do not need a Work Permit. They can look for vacancies on the EURES portal; on the website of the Employment Agency, under the heading "e-Labour Exchange" and on the Bulgarian EURES microsite on the website of the Employment Agency, as well as in any division of the Employment Agency. Information on upcoming job exchanges can also be found on these e-mail addresses.

Romanian citizens who are actively seeking work and have reached 16 years of age can register and seek employment through the Employment Offices once they are in Bulgaria. Also members of their family who are not EU/EEA/Swiss citizens have the right to register at the 'Employment Office' Directorate. The following documents must be submitted for registration at the Employment Office: identity document: identity card or passport; document for address registration: certificate of address or residence permit - continuously or permanently; documents of general and/or professional experience, and/or length of service; certificate of capacity (if available). The last three documents should be legalized in the country of origin.

Every person, who is registered at the Employment Office, shall receive information, consultancy and mediation for work. Information on registered intermediary companies and enterprises providing temporary employment is published in Section "Private mediators" but only in Bulgarian. The same information can be obtained in English, German or French through the Bulgarian EURES Advisers. According to the Bulgarian legislation, the provision of mediation services on finding a job is free of charge for job seekers.

Another alternative to search for a job is through the press or private agencies providing mediation services.

## **Recognition of qualifications and diplomas**

Recognition of diplomas and professional qualifications is an important factor facilitating the mobility of people within the labour market. There are two types of recognition: for academic purposes and for professional purposes. The essence of

recognition for "Professional purposes" consists in granting access to the exercise of a profession (i.e. the recognition of qualifications). Holders of foreign professional qualifications in professions that are not regulated in Bulgaria have direct access to the labour market. The employers themselves shall be responsible for the recognition of such professional qualifications. To the exercise of professions that are regulated in Bulgaria, the provisions of Directive 2005/36/EC apply. The competent authority of the relevant regulated profession shall be responsible for the recognition of such professional qualifications. A list of regulated professions in the Republic of Bulgaria as well as other useful information can be found at the addresses of the National Information and Documentation Center (NACID).

### **Starting a job**

In Bulgaria, any employment and legal relations between a worker/employee and an employer are governed by mandatory Labour contract, signed in writing, before the worker/employee starts work, i.e. before the actual implementation of such contract starts.

The documents, which are necessary for concluding a Labour contract, are specified in Ordinance No. 4, as follows:

1. Identity document, which shall be returned immediately;
2. A document evidencing any acquired education, specialty, qualification, capacity, scientific degree or scientific level, if so required for the position or the work for which a person applies;
3. A document evidencing any work experience in the specialty, if so required for the position or the work for which a person applies;
4. A document evidencing a medical examination when a person starts work initially and upon termination of the employment under a labour relationship for more than 3 months;
5. A certificate of criminal record where a law or a statutory instrument requires the certification of criminal record;
6. A permission from the Labour Inspection Office if the person is aged under 16 years old or aged between 16 to 18 years old.

Occasionally, an employer may require the submission of additional documents, depending on the position occupied, such as a health card for work in a public catering establishment or a copy of a driving license if it refers to a driver's position.

The mandatory content of a Labour contract is regulated in the Labour Code, Art.66, Para. 1, as follows:

- 1) place of work;
- 2) job title and job nature;
- 3) date of signing and start date;
- 4) duration of the Labour contract;
- (5) amount of basic and extended paid annual leave and additional paid annual leave;

- (6) equal notice period for both parties upon termination of the Labour contract;
- 7) basic and additional fixed remuneration, as well as the periodicity of their payment;
- 8) duration of the working day or week.

The employer is obliged, within three days reckoned from the entering into the Contract, to submit a notification to the Territorial unit of the National Revenue Agency (NRA) for registering the Labour contract. The data contained in the notification and the procedure for its submission are specified in Ordinance No. 5 of 29.12.2002.

Job description is given to the worker/employee prior to starting work, including a copy of the Labour contract signed by both parties, a copy of a certified notification to the NRA is provided and also an initial instruction is made. No worker/employee has the right to be admitted to work by an employer before being provided with these documents.

The Start date of a Labour contract is the commencement of the actual fulfillment of the rights and obligations under the employment relationship - at the time when the worker/employee starts working. The starting of work is certified in writing as required by law. The deadline to start working is stipulated by law or agreed by the parties at the time of signing of the Labour contract. The statutory deadline to start working is within one week and starts running from the day following the date on which the worker/employee is provided with the copy of the Labour contract and a copy of the certified notification. The worker/employee may, within this time limit, start working at any time. In the event that the parties agree on a deadline to start working, the law does not stipulate any restrictions thereon, and this deadline may be shorter or longer than the statutory regulated 7-day period.

The different production sites and production modes of the labour force for appointment in the enterprise are regulated by Labour contracts:

- 1. normal mode of operation;
- 2. domestic work (Article 107б-107ж of Labour Code);
- 3. remote work (Article 107з-107н of Labour Code);
- 4. additional work with another employer (Article 111 of Labour Code);
- 5. through an enterprise providing temporary work (Article 107 п-107ч of Labour Code).

### **Types of Labour contracts**

There are two main types of Labour contracts in terms of their duration: an open-ended or a fixed term contracts. Art. 67, para. 1, item 1, of the Labour Code considers the so-called 'Labour Contract of Indefinite Duration', which is known in practice as an Open-ended Contract. It is considered that a Labour contract is of indefinite duration unless otherwise expressly agreed by the parties thereunder. According to Art. 67, para. 3 of the Labour Code, a 'Labour contract of indefinite duration' cannot be transformed into a 'Fixed term Contract', except with the express written desire of the Employee/Worker.

In practice, there are several types of fixed-term contracts used, which are regulated under Art. 68 et seq. of the Labour Code:

1. for a fixed-term, which can not exceed 3 years. An essential element of the content of this contract is the 'Duration' clause. The conditions, under which the conclusion of a Fixed-term Labour contract is admissible, are contained in the provisions of Art. 68, para. 3 and 4 of the Labour Code:

- a) in the case of execution of temporary, seasonal or short-term jobs and activities;
- b) in the case of newly-employed workers in companies that are in bankrupt or in liquidation;
- c) in the case of works and activities that have no temporary, seasonal or short-term character, a fixed-term labour contract for at least one year can be concluded "by way of exception".

In §1, item 8 of the Additional Provisions of the Labour Code, it is stipulated that "by way of exception" within the meaning of Art. 68, para. 4 exists for any specific economic, technological, financial, market and other objective reasons of a similar nature existing at the time of the signing of a Labour contract which are both specified therein and conditional upon its duration.

- d) in the case of works and activities that have no temporary, seasonal or short-term character and, if an exception exists and upon written request of the worker/employee, an employment contract may be concluded for a period shorter than one year.

In the case that a worker/employee continues to work after the agreed term of 5 or more working days without a written objection from the Employer and the job is vacant (Article 69 LC) a fixed-term Labour contract is transformed into an open-ended Labour contract.

## 2. to complete of a particular job

A fixed-term labour contract until the completion of a particular job under Art. 68, para. 1, item 2, the Labour Code is most often concluded in the construction and services industries. This is a particular type of a fixed-term contract, where the "Duration" clause refers to the time required to perform/completed a particular job (by type, volume, quality, etc.). Therefore, the duration of the contract under item 2 may continue for more than 3 years.

3. to substitute a worker/employee who is absent from work (Art. 68, para. 1, item 3). In the case of a fixed-term labour contract, the duration refers to the time required for the work performance of any worker/employee who is absent, regardless of the reason and the duration of such absence. Therefore, the duration of the contract under item 3 may continue for more than 3 years.

4. to work on a position which is subject to a competition - during the period until it shall be held by the winner of such competition

A fixed-term labour contract under Art. 68, para. 1, item 4 of Labour Code may be concluded for a work in a competitive position - throughout the period until it shall be held by the winner of the competition. Positions, which are subject to competition,

are determined by law, by decree of the Council of Ministers, by a minister or by the head of another institution, or by the employer.

Positions defined as 'Competitive Position' are taken only on the basis of a competition. Until the competition is held, the Position may be taken based on a fixed-term labour contract for the time until it is taken on the basis of the competition, (Article 90, paragraph 3 of the Labour Code).

The duration of the fixed-term labour contract is reckoned from the date of its conclusion until the date on which the winner of the competition starts work.

5. for a given mandate, if so established for the body concerned /Art. 68, para. 1, item 5). - Labour contracts for positions whose powers are exercised for a given mandate are concluded on this ground.

Workers/Employees under a Fixed-Term Labour Contract have the same rights and obligations as those under an Open-ended Contract. Labour Code envisages that a Fixed-Term Labour Contract may become an Open-ended Contract if the worker/employee continues to work after the expiration of the agreed term for 5 or more working days without a written objection from the Employer and if the job is vacant. In order for this hypothesis, it is necessary that the person has actually worked during these 5 days and not been on leave or absent on any other grounds.

### **Labour contract with a trial period**

The legal framework for the conclusion and termination of a Labour Contract with a trial period is stipulated under Art. 70 and Art. 71 of Labour code.

This contract is concluded in the case that the work requires verification of the worker/employee's fitness to perform it, and to allow the worker/employee to judge whether the work is suitable for him/her. This type of Contract is concluded in the case that the worker/employee starts initially working with the employer concerned. The Labour Contract with a trial period has a nature of a Preliminary Contract. At the time of its signing, it should be specified what is the nature of the final concluded contract-open-ended or fixed-term. The contract specifies in whose favor is the trial period agreed, and if not agreed, it is assumed that the term is agreed in favor of both parties.

The duration of the trial period is up to 6 months and includes only the actual time been worked out. Therefore, the trial period is extended by the time that the worker / employee is on statutory leave, is ill, or otherwise does not work. During the trial period, the parties have all rights and obligations, as in the case of a final labour contract. Labour contract with a trial period may be concluded only once for the same job with the same employee in the same enterprise .

The party benefiting from the trial period is entitled, at any time, until its expiry, to terminate it without notice. A Labour contract shall be deemed as a final if it is not terminated until the expiry of the trial period.

### **Labour contract for work on certain days of the month**

The provisions of Art. 114 of Labour code stipulate that a labour contract may also be concluded for work on certain days of the month. It is not possible to conclude a Labour contract under Art. 114 of the Labour Code for all the working days of the month.

The time during which a person works under a Labour contract pursuant to Art. 114 shall be considered as length of service.

A Worker/Employee has all rights under the Labour Code, including the right to leave, to additional remuneration for work experience and professional experience, etc. because the time of work under such a contract is considered as a length of service.

#### **Labour contract for short-term seasonal farm work**

The possibility to conclude a labour contract for short-term seasonal agricultural work is regulated in Art. 114a of Labour Code. the worker and the employer - a registered farmer are parties thereto. The registration of farmers is carried out according to Ordinance №3 of 29.01.1999 on establishing and maintaining a register of farmers.

Labour contract under Art. 114a of Labour code is concluded for work only for one day. The working time under this Labour contract is not considered as length of service. Labour contract for a total of no more than 90 days per calendar year may be concluded with one worker.

Employer pays remuneration to the worker in person, based on a receipt at the end of the business day.

#### **Amendment of legal labour relations**

A principle prohibition of unilateral modification of the employment relationship is established in Art. 118, para. 1 of Labour Code. The essence of this principle lies in the inadmissibility neither party to the legal relationship to be able to amend unilaterally without the consent of the other party any of the items of the content of the legal relationship.

the unilateral amendment is admissible under the exceptions established by the law - Art. 120 of Labour Code. The employer may, under certain conditions, unilaterally amend the place and nature of work. In case of production necessity, as well as during a stay, a worker/employee may be assigned, without his/her consent, to perform temporarily another job at the same or in another enterprise but in the same settlement or locality for up to 45 calendar days within one calendar year, and in cases of stay - until the stay continues. The other work assigned by the employer must correspond to the worker/employee's qualifications and health status.

Where the change is necessary due to compelling reasons, an employer may assign the worker/employee, without his/her consent, any work of another nature, although not in accordance with his/her qualifications.

Where a worker/employee is transferred to another job in the same enterprise is an exception where the change made by the employer is not considered to be a change in the employment relationship due to the insignificance of such change. The employer does change the workplace (the working room, the building, etc.) but the place of work, the position and the amount of the employee's basic salary defined in the Labour contract do not change.

An obligation for the employer to notify in the event of a change in the legal labour relationship is established in Art. 66, para. 5 of Labour Code. The employer is required to provide the worker/employee with written information upon any change in the legal labour relationship. The time limit for the employer's obligation is: as soon as possible or at the latest within one month after the entry into force of the change of the legal

labour relationship. This information should contain details of the changes made, i.e. the circumstances and the reasons for the amendment.

### **Secondment of workers/employees**

Secondment is an unilateral change in the workplace of the worker/employee without changing the nature of their job. Secondment is a permissible amendment of the legal labour relationship by the employer, established by law (Article 121 (1) and (2) of the Labour Code). The subordinate legislation is contained in the Ordinance on the Secondments in the country and in the Ordinance on the Business trips and specializations abroad. The employer issues an Order for a Secondment in the country or abroad on the basis of the above-mentioned regulations.

Secondment of a worker/employee may be carried out by the employer where the requirements of the enterprise require performance of his/her duties outside the place of his/her permanent work. Employer may second a worker/employee for an unlimited number of times within one calendar year. Employer is obliged to request the worker/employee's written consent when it is seconded continuously for more than 30 calendar days. In the case of Secondment, regardless of the length of time, a written consent of the worker/employee is necessary when a pregnant woman, a female worker/employee in an advanced stage of in vitro treatment or a mother of a child up to the age of 3 are seconded (Article 310 of Labour code).

### **Secondment and trips within the scope of providing services**

The conditions for Secondment and trips to within the scope of providing services are regulated in Art. 121a of Labour Code and the Ordinance on the terms and conditions for Secondment and trip of workers/employees within the scope of providing services.

Secondment of workers/employees within the scope of providing services exists where:

1. A Bulgarian employer second a worker/employee on the territory of another Member State of the EU/EEA/Switzerland:

- a) at its expenses and under its management, on the basis of a contract concluded between the employer and the user of services;
- b) an enterprise belonging to the same group of enterprises;

2. An employer registered under the legislation of another Member State of the EU/EEA/Switzerland or a third-country second a worker/employee on the territory of the Republic of Bulgaria:

- a) at its expenses and under its management, on the basis of a contract concluded between the employer and the user of services;
- b) an enterprise belonging to the same group of enterprises.

### **Amendment by mutual agreement**

The provision of Art. Article 119 of the Labour Code provides that an amendment to the legal labour relationship is admitted by written agreement between the parties for a fixed term or for an indefinite period of time.

Pursuant to Art. 119 of Labour code, one or more of the items of the content of an existing Labour contract (place of work, position, duration of the Labour contract,

amount of remuneration, amount of paid annual leave, duration of workday or week, etc.) may be amended with an additional written agreement.

In case of open-ended Labour contract (without a fixed-term), there is a special rule according to which such a Labour contract cannot become a Fixed-Term Labour Contract, except at the request of the employee expressed in writing.

### **Preserving the legal labour relationship in case of changing the employer**

Cases or reasons that may result in changing the employer are governed by law, Art. 123 of Labour code, namely: merging of enterprises; fusion of one enterprise into another; splitting of business of one enterprise between two or more enterprises; passing a separate part from one enterprise to another; changing the legal form of the enterprise; substituting the owner of one enterprise or a separate part thereof; assigning or transferring business from one enterprise to another, including transferring of tangible assets.

Liability for obligations towards the worker/employee arising prior to the change is borne by the employer- transferee when a change is as a result of a merger or fusion of companies and a change in the legal organizational form. In other cases of change, the employer-transferor and the employer-transferee are jointly and severally liable.

Liability for obligations towards the worker/employee arising prior to the change is borne by both employers. The liability towards the worker/employee is several.

### **Termination of legal labour relationship**

Employer is obliged to issue a dismissal order or another document, certifying its termination upon termination of a legal labour relationship under Art. 128a, para. 3 of Labour code.

Employer is obliged to enter the data relating to the termination into the book of length of service and to serve it immediately to the worker/employee.

Employer is obliged to file a notification to the relevant TD of the NRA within seven days after termination of the Labour contract.

Termination of legal labour relationship may be done on the basis of three grounds:

1. general grounds for termination
2. termination by the worker/employee
3. termination by the employer

The 'general grounds' for termination are provided in Art. 325, para. 1 of Labour code:

1. By mutual consent of the parties - either party may terminate the Labour contract on this ground without notice when they have reached to a mutual agreement expressed in writing. A party to which a proposal of termination of the Labour Contract is submitted should make a decision thereon and notify the other party, within 7 days of its receipt, whether it is accepted or declined. Failure to do so, a proposal is deemed not to have been accepted.

2. By recognizing the dismissal as unlawful - either party may terminate the Labour contract on this ground without notice when the dismissal of the worker/employee is unlawful or when a worker/employee reinstated to its previous job by the court has failed, within the statutory time, to appear in order to hold the position.

According to the provisions of Art. 345, para. (1) of Labour Code, in the case that a worker/employee is reinstated by the employer or by the court, he or she may hold the position, within a period of two weeks of receipt of the notice of reinstatement, he/she appears to work unless this deadline is not met for justified reasons. No worker/employee is obliged to return and hold its previous position as a result of the decision on the reinstatement. A worker/employee may, but is not obliged to do so. Should a worker/employee fail to appear within the prescribed 2-week period to hold the position to which he/she has been reinstated, the legal labour relationship is terminated;

3. upon expiration of the agreed term;
4. upon completion of the assigned job;
5. with the return of the substitute to work;
6. where the position is determined to be held by a pregnant woman or a redemployed person and an applicant, who is entitled to hold it, appears;
7. where a worker/employee, who is elected or won the competition, starts work;
8. if the employee is no longer able to perform the assigned job due to illness resulting in permanently reduced working capacity, or due to health contraindications based on the conclusion of an Expert Labour Medical Committee;
9. in the case of death of the person with whom the worker/employee has concluded the Labour contract in view of his/her personality;
10. in the case of death of the worker/employee;
11. due to the determination that a civil servant should be appointed;
12. upon termination of a long-term mission under the Law on Diplomatic Service.

Labour contract can be terminated by the worker/employee with prior notice and without prior notice.

### **Termination by the worker/employee with prior notice - Art. 326 of the Labour Code (LC)**

Worker/employee has the subjective right to terminate the contract unilaterally and the exercise of this right depends only on its will. The reasons why the worker / employee terminates the contract have no legal significance. Worker/employee is not obliged to motivate its will for termination. Labour contract may be terminated, whether it is concluded as an open-ended or fixed term contract or not.

Contract termination on this ground does not require the employer's consent.

Worker/employee exercises its right to termination by giving notice to the employer in writing. The term of notice for the termination of an open-ended labour contract is set to 30 days, unless a longer term is agreed by the parties, but no more than 3 months.

## **Termination by the worker/employee without prior notice - Art. 327 LC**

Worker/employee may exercise its right to termination only in the cases exhaustively listed in para. 1 (item 1 - item 12). Both an open-ended and a fixed-term Labour contract may be terminated On these grounds. Worker/employee exercises its right by a unilateral statement of intent made in writing.

As the termination is without prior notice, the time of termination of the contract coincides with the time when the employer receives the written statement of the worker/employee (Article 335 (2) (3) of Labour Code).

This type of termination of the contract occurs on the following grounds:

1. should the worker/employee be unable to perform the assigned job due to illness and the employer to provide with suitable work in accordance with the prescriptions of the health authorities;
2. should the payment of wages or compensation under the Labour Code or the Code of Social Security be delayed;
3. should the place or nature of work or the agreed remuneration change, except in cases when the employer has the right to make such changes as well as when the latter fails to fulfil other obligations stipulated by the Labour contract or the Collective Labour Contract or as established by a normative act;
4. should the working conditions of the new employer be considerably deteriorated as a result of a change under Art. 123, para. 1 and Art. 123a, para. 1 of Labour code;
5. should the worker/employee move to a paid election work or starts a scientific work based on a competition;
6. should the worker/employee continue its education at a school of full-time studies or be admitted to a full-time doctorate;
7. should the worker/employee work on a fixed-term contract and move to another job for an indefinite period;
8. should the worker/employee work under a labour contract with an enterprise that provides temporary work and conclude a labour contract with another employer, that is not an enterprise providing temporary job;
9. should the worker/employee be reinstated to start the job on which it is reinstated in accordance with the relevant procedure due to the recognition of a dismissal as unlawful,;
10. should the worker/employee start a civil service;
11. should the employer's activity be terminated;
12. should the employer provides the worker/employee with unpaid leave without its consent;
13. should the worker/employee has acquired the right to a Contributory Service and Retirement Age Pension. The worker/employee has this right, regardless of the type of Labour contract, whether an open-ended or a fixed-term, and regardless of the specific legal basis on which the Labour contract has been concluded. The

worker/employee has the right, without prior notice, to terminate the contract at any time during the performance of the legal labour relationship and regardless of the circumstance the entitlement to a Contributory Service and Retirement Age Pension has been acquired - prior to the conclusion of the contract or during its effect.

### **Termination of the Labour contract by the employer**

The employer may also terminate the Labour contract with prior notice or without prior notice.

### **Termination by the employer with prior notice - Art. 328 of the Labour Code (LC)**

The Employer has the right to terminate the Labour contract with prior notice which means that a due prior notice should be served to the worker/employee. The duration of the prior notice period depends on the type of Labour contract (an open-ended or a fixed term). The prior notice period starts running from the day following its receipt. The time of termination varies depending on whether the worker/employee shall fully work over the prior notice period or only partially.

Cases exist where an employer cannot serve a prior notice to a worker/employee - while using a leave, regardless of the type of leave (paid annual, unpaid, due to temporary incapacity for work, etc.) or in other cases, depending of the status of the worker/employee (mother of child up to 3 years of age, a redeployed person, etc.) without prior permission from the labour inspectorate. In such cases, the protection from dismissal under Art. 333 of Labour code.

The employer has the right to terminate the Labour contract even before the term of the prior notice of termination served has expired, in which case it owes the worker/employee compensation in the amount of its gross labour remuneration for failure to comply with the term of prior notice (Art. 220 (1) of Labour code). The employer's right not to comply with the prior notice period is not bound to the worker/employee's consent but to its obligation to pay the respective compensation for failure to comply with the term of prior notice.

Possible hypotheses for termination by the employer with notice are:

1. in case that the enterprise is closed- i.e. termination of its entire production and official activity. Closure of enterprise is made by resolution, following the procedure or by the authority or its founder and owner.

Should a Labour contract be terminated on this grounds, the protection from of dismissal under Art. 333 of Labour code does not apply.

2. in case that a part of the enterprise is closed or the position is cut;

3. in case that the volume of work decreases;

4. in case that work is suspended for more than 15 working days;

5. in case that the worker/employee's lacks qualities for the effective performance of work.

6. in case that the worker/employee does not have the required education or professional qualification for the performance of work;

7. in case that the worker/employee refuses to follow the enterprise or its affiliate, where it works, when it is moved to another settlement or place;
8. in case that the worker/employee should be discharged from the position held in order to reinstate an unlawfully dismissed employee who has held before that same position;
9. in case that the worker/employee acquires the right to a Contributory Service and Retirement Age Pension and age at the age of 65 - for professors, associate professors and doctors of sciences, except in the cases of § 11 of the Transitional and Concluding Provisions of the Law on Higher Education;
10. in case that the worker/employee is granted a Contributory Service and Retirement Age Pension to a reduced amount under Art. 68a of Social Security Code (SSC);
11. under Art. 328, para. 1, item 106 of Labour code - in case that the legal labour relationship arises after the worker/employee has acquired and exercised its right to a Contributory Service and Retirement Age Pension;
12. under Art. 328, para. 1, item 106b of Labour Code - in case that the legal labour relationship arises after the worker/employee has been granted a Contributory Service and Retirement Age Pension to a reduced amount under Art. 68a of the Social Security Code;
13. in case that the worker/employee does not meet the job performance requirements as a result of a change therein;
14. in case of objective inability to fulfill the Labour contract. The grounds for objective inability may be due to both the worker/employee and the employer. These reasons are not dependant on the will of the parties under a legal labour relationship.
15. due to the conclusion of a contract on the management of the enterprise.

### **Termination by the Employer without prior notice**

The right of the employer to terminate the Labour contract with the worker/employee without prior notice is established in the provision of Art. 330 of Labour Code. Grounds for termination are related to the personality and the behavior of the worker/employee. Employer is required to indicate the specific legal basis for the termination. A Labour contract may be terminated, regardless if it is concluded as an open-ended or a fixed-term contract.

Grounds:

1. where a worker/employee is arrested for execution of a sentence;
2. where a worker/employee is deprived of its right by virtue of a sentence or administrative order of its right to exercise a profession or hold office to which he/she is appointed;
3. where a worker/employee is deprived of the scientific degree, if the conclusion of the Labour contract has occurred in view of the acquired degree;
4. where a worker/employee is removed from the Registers of Professional Organizations under the Law on Professional Organizations of Doctors and Dentists, from the Register of Professional Organizations of the Master Pharmacists under the

Law on Professional Organization of Master Pharmacists, or the Register of the Bulgarian Association of Healthcare Professionals under the Law on Professional organizations of nurses, midwives and associated medical specialists;

5. where a worker/employee refuses to hold an appropriate job offered in case of its redeployment;

6. where a worker/employee is disciplinary dismissed;

7. where a worker/employee fails to comply with the obligation to notify incompatibility with the work performed by civil servants;

8. under Art. 330, para. 2, p. 9 of Labour code where a conflict of interests is established by an enacted act under the Law on Prevention and Disclosure of Conflict of Interests.

### **Termination at the employer's initiative in exchange of agreed compensation - Art. 331 of Labour Code**

Labour contract is terminated at the employer's initiative. The worker/employee who has been addressed a proposal for the termination of the Labour contract has to state its opinion with a written notice within 7 days. Failure to do so, the proposal shall be deemed not to have been accepted. Should the worker/employee accept the proposal, the employer shall pay compensation equal to not less than four times the amount of the last monthly gross remuneration received, unless a higher amount of compensation has been agreed by the parties.

The employer has the right to make a proposal for termination of both an open-ended and a fixed-term Labour contract.

The compensation under Art. 331 of Labour Code is subject to taxation.

### **Working hours**

Articles 136 - 139a of the Labour Code and the Regulation on the Working Hours, Rest and Leave stipulates the regulatory and legal framework.

Different types of working hours are regulated therein: in accordance with the duration of the working day /normal working hours, reduced working hours, part-time, extended working hours, working hours with variable limits/; in accordance with its allocation during the day /daily working hours, night work, shift work/; in accordance with the maximum working hours established under the Labour code /normal working hours, overtime/; in accordance with the specifics of the calculation of the working hours /daily calculation of the working hours, summarized calculation of working time/.

A working week consists of five days with a normal weekly working hours of up to 40 hours. Normal duration of working time is up to 8 hours.

For industrial reasons, an employer may, by a written order, extend the working time on some working days and offset by reducing it accordingly on others, after prior consultation with the trade union's representatives and the employees' representatives. The length of the extended working day may not exceed 10 hours, and for workers with reduced working hours - up to 1 hour over their reduced working time.

Employer is obliged to notify the Labour Inspectorate in case of any extension of working time. Employer is obliged to keep a special book to record such extension, respectively offsetting.

Reduced working time is set for workers/employees who perform any work under specific conditions and the risks to their lives and health cannot be eliminated or reduced despite the measures taken, but the reduction of the duration of the working time results in a reduction in the risks to their health.

## **Leaves**

The Labour Code governs the worker/employee's entitlement to various types of leave - basic and additional paid annual leave, unpaid, training, pregnancy, birth and maternity, temporary incapacity for work, etc. According to Art. 155, para. 1 of Labour Code, each worker/employee is entitled to a paid annual leave of 20 working days. Certain categories of employees, depending on the particular nature of work, are entitled to extended paid annual leave, which includes the leave under para. 4. Categories of worker/employee and minimum amount of this leave are determined by an Ordinance of the Council of Ministers. A larger amount may be negotiated additionally between the worker/employee. If a worker/employee starts work for the first time, he/she can use his/her paid annual leave after having acquired at least 8 months of length of service. Whether this length of service is acquired with one or more employers it is irrelevant. Once acquired, the right to paid annual leave is preserved until the end of the worker/employee's labour activity. A paid annual leave is used after a written permission from the employer. Workers/employees under the age of 18 years old and mothers of children up to 7 years old will be able to use their paid annual leave during the summer, upon their request at another time of the year. A worker/employee is also entitled to unpaid leave, regardless if any paid leave was used and regardless of the length of his/her length of service.

A worker/employee has the right to leave due to a general illness or occupational disease, an accident at work, as well as in case of sanatorium treatment, in case of urgent medical examination or tests, quarantine, to take care of sick family member. This leave is authorized by the health authorities. A worker/employee is paid cash benefits over the period of leave due to a temporary inability to work.

A worker/employee has the right to leave due to pregnancy, childbirth and adoption in the amount of 410 days for each child, compulsory 45 days of which prior to give birth. Where a mother and a father are married or living in one household, the father is entitled to a 15 days of leave in case of child birth reckoned from the date of discharge of the child from the medical establishment. The father/adopter may, with the consent of the mother/ adopter, after 6 months of age of the child, take leave instead of her for the remainder up to 410 days. A mother has the right to additional leave after using the leave due to pregnancy, childbirth and adoption.

The right to paid annual leave is the basic labour right of a worker/employee, and its purpose is recovery of the labour force. Therefore, the basic rule is that a paid annual leave is subject to use throughout the calendar year in which it is due.

## **Benefits**

Granting and payment of short-term benefits and state social security benefits are regulated in Chapter Four of the Social Security Code, as well as in the secondary legislation for its implementation.

Short-term cash benefits replace the loss of earned income for a certain period of time when the risks of "Temporary Disability", "Temporary Reduced Capacity to Work", "Maternity" and "Unemployment" occur. They are paid by the National Social Security Institute into the personal bank accounts declared by individuals.

The right of individuals to such benefits is justified by the scope and their participation in compulsory public social security over the periods prior to the occurrence of a specific risk.

The State Public Social Security Funds pay the following:

- Cash 'Temporary incapacity for work' benefits;
- Cash 'Redeployment' benefits;
- Cash 'Maternity' benefits;
- Cash 'Unemployment' benefits under the Social Security Code;
- Cash 'Unemployment' benefits under the Law on Defense and Armed Forces of the Republic of Bulgaria;
- Cash 'State Public Social Security' benefits.

National Social Security Institute also performs the assigned activity for granting and repaying the guaranteed receivables under the Law on Worker/Employee's Guaranteed Receivables in the event of Employer's Insolvency.

Control bodies of the National Social Security Institute control the compliance with the regulatory acts on the State Public Social Security and on the granting and repaying the guaranteed receivables.

National Social Security Institute is the competent Bulgarian institution and liaison office for implementing the provisions of Regulation (EC) No. 883/2004, Regulation (EC) No. 987/2009, Regulation (EEC) No. 1408/71, Regulation (EEC) No 574/72 and international treaties in the field of social security and social security with regard to: Sickness, maternity and death cash benefits; unemployment cash benefits; old age pensions, disability and survivors' pensions.

### **Benefits under the Social Security Code**

'Temporary incapacity for work' Benefits (Art. 40 of Social Security Code) The right to cash benefits in case of temporary incapacity for work is granted to persons who exercise a labour activity and are socially secured for general illness and maternity and for accidents at work and occupational disease with contributions to the "General Sickness and Maternity" Fund and the "Accident at Work and Occupational Disease" Fund under the State Public Social Security Funds

- a) persons who are socially secured for general illness and maternity have the right to cash benefits instead of remuneration for the period of leave due to a temporary incapacity for work and in the case of redeployment if they have been socially secured for at least 6 months for such risk. The requirement 'to have been socially secured for 6 months' does not apply to persons under the age of 18 years old;

- b) persons who are socially secured for accidents at work and occupational diseases have the right to cash benefits for an accident at work or occupational disease, as well as to benefits in case of redeployment in such cases regardless of the length of their social security period.

It does not matter when the required 6-month social security period was acquired, - immediately before the use of the compensation or earlier; also it does not matter whether the length of a social security period is interrupted or continuous, whether the length of a social security period was acquired with one or more employers.

A right to cash benefits for the period of leave due to temporary incapacity for work is granted under the following condition:

- a person is socially secured for general illness and maternity by the day of occurrence of temporary incapacity for work, i.e. it exercises a labour activity which is the basis for paying a social security, as well as any social security contributions are paid or payable on any received, accrued or uncharged labour remuneration;
- a person has at least 6 months of length of social security as a socially secured person for general illness and maternity. This requirement does not apply to persons under the age of 18 years old and to the acquisition of the right to cash benefit in respect of an accident at work and an occupational disease. The 6-month period of service may be interrupted or uninterrupted and may be acquired with different employers, not necessarily being acquired immediately before the person leaves due to a sick leave;
- a sick leave is permitted, i.e. a medical record has been issued by the medical expert bodies.

(Art. 40, Para. 1 and Para. 2 of the Social Security Code, Art. 162 of the Labour Code)

In the case of temporary incapacity for work, Benefits are determined based on the remuneration (Art. 41 of Social Security Code) as follows:

In the case of Temporary Incapacity for Work due to a 'General Illness', the daily cash benefits are calculated at the rate of 80 per cent; and in the case of Temporary Incapacity for Work due to an 'Accident At Work' or 'Occupational Disease' - at the rate of 90 per cent of the daily average gross salary or of the daily average socially secured income on which social security contributions have been paid; and in the case of self-employed persons - social security contributions have been paid for 'General illness' and 'Maternity' for the period of 18 calendar months preceding the month of occurrence of such Incapacity for Work. Daily cash benefits for Temporary Incapacity for Work due to a 'General Illness' may not exceed the daily average net remuneration for the period from which the benefits are calculated.

Cash 'Redeployment' benefits (Art. 47 of the Social Security Code)

In the case of redeployment due to a temporarily reduced working capacity as a consequence of a general illness, an accident at work or an occupational disease, a cash benefit is paid to the socially secured person if at the new job its labour remuneration is reduced.

Daily Cash benefits are to the amount of the difference between the average daily gross labour remuneration received over the period of 18 calendar months preceding

the month of redeployment, but not more than the average daily amount of the maximum monthly socially secured income and the earned average daily gross remuneration after redeployment.

Cash benefits are paid for the duration of the redeployment, but for no more than six months.

#### 'Pregnancy and Childbirth' benefits (Articles 48a, 49 and 50 of Social Security Code)

Persons who are socially secured for General Illness and Maternity have the right Cash benefits for Pregnancy and Childbirth instead of labour remuneration if they have been socially secured for a period of 12 months for this risk. Pregnancy and Childbirth cash benefits are paid for a period of 410 calendar days, of which 45 days before giving birth.

Daily Pregnancy and Childbirth cash benefits are at the rate of 90 per cent of the average daily gross labour remuneration or the average daily socially secured income on which social security contributions are paid or payable; and in the case of self-employed persons - social security contributions for General Illness and Maternity have been paid over a period of 24 calendar months preceding the month of occurrence of the temporary incapacity for work due to pregnancy and childbirth. The amount of the Daily Cash benefits may not be higher than the average daily net remuneration for the period from which the benefits are calculated and less than the minimum daily salary established for the country.

A father who is provided with a social security for General Illness and Maternity (adoptive parent) has the right to Cash benefit at the birth (adoption) of a child in the amount determined by the provisions of Art. 49, for a period up to 15 calendar days during the leave under Art. 163, para. 8 and 9 of the Labour Code in the case that the conditions under Art. 48 are fulfilled.

#### Cash 'Unemployment' Benefit (Article 54a of the Social Security Code)

The right to Cash Unemployment Benefit have persons who have their social security contributions paid or payable to the 'Unemployment' Fund for at least 9 months over the last 15 months prior to the termination of the social security and who:

1. have registered as unemployed persons at the Employment Agency;
2. have not acquired the right to a Contributory Service and Retirement Age Pension in the Republic of Bulgaria or to a Retirement Age Pension in another country; or do not receive a reduced amount of a Contributory Service and Retirement Age Pension under Art. 68a; or a Professional Pension under Art. 168;
3. do not exercise an activity for which they are subject to compulsory social security under this Code, except for the persons under Art. 114a, para. 1 of the Labour Code or the legislation of another country.

The time:

1. of paid and unpaid child-care leave;
2. of paid and unpaid leaves for Temporary Incapacity for Work and for Pregnancy and Childbirth, as well as the leave in the case of adoption of a child from 2 to 5 years of age;

3. of unpaid leave up to 30 working days within one calendar year;
4. which is considered as a socially secured period under the legislation of another country on the basis of an international treaty to which the Republic of Bulgaria is a Party is also considered to the entitlement of Cash benefits

### **Compensation under the Labour Code**

#### Compensation for preventing from work - Art. 213 of the Labour Code

In the case that a worker/employee is prevented from work, the Employer owes compensation at the amount of the gross labour remuneration for the position, reckoned from the day on which the worker/employee has appeared in order to start working until its actual allowing to work.

#### Compensation for Temporary Removal from Work - Art. 214 of the Labour Code

In the case that the removal from work was committed by the employer unlawfully, i.e. without having a legal basis for that a, compensation is due.

#### Compensation for Secondment - Art. 215 of the Labour Code

In the case of secondment, in addition to its gross salary, a worker/employee has the right to receive: travel, daily and accommodation expenses under the terms and conditions and to the amounts as specified in the Ordinance on Business Trips in the country and in the Ordinance on Business Trips and Specializations Abroad.

#### Compensation for Redeployment - Art. 217 of Labour Code

Redeployment is subject to prescriptions by health authorities. An employer is obliged, within 7 days of receipt of prescription, to move a worker/employee to the appropriate job. Failure to comply with this obligation, the employer owes a compensation under Art. 217 of Labour Code to the worker/employee.

#### Compensation for Termination of the Legal Labour Relationship

A party, who has the right to terminate an legal labour relationship with prior notice, may also terminate it prior to the expiry of the prior notice period, in which case, it owes to the other party a compensation in the amount of the gross labour remuneration of the worker/employee for the non-complied prior notice period.

A party, who has been notified of the termination of a legal labour relationship, may terminate it prior to the expiry of the prior notice period, in which case, it owes to the other party a compensation in the amount of the gross labour remuneration of the worker/employee for the non-complied prior notice period.

A worker/employee owes a compensation the employer in the event of termination of the legal labour relationship without prior notice, in the case of disciplinary dismissal and of dismissal due to conviction for a crime, which also constitutes a violation of the labour obligations.

In the case of termination of an open-ended legal labour relationship, the compensation is to the amount of the gross labour remuneration of the worker/employee for the prior notice period; and in the case of termination of a fixed-term legal labour relationship - to the amount of the actual damages (the gross labour remuneration of the worker/employee the time during which the employer is left

without the worker/employee for the same job but for no more than the remaining term of the legal labour relationship - Article 221 para. 4 item 2 of Labour Code).

These compensations are subject to taxation.

#### Compensation for staying out of work - Art. 222, para. 1 of Labour Code

This Compensation is paid to a worker/employee who, as a result of a termination of a Labour Contract by the employer on the grounds stated in the provision, has stayed out of work or who, after its dismissal, has started work, with a lower labour remuneration.

This Compensation is in the amount of the worker/employee's gross labour remuneration for the time during which he/she has stayed out of work, but for no longer than one month.

These compensations are subject to taxation.

#### Compensation for termination of a legal labour relationship due to illness - Art. 222, para. 2 of Labour code

This Compensation is due by the employer where a legal labour relationship is terminated due to illness of the worker/employee, and provided that its length of service is at least 5 years, and over the last 5 years no compensation for the same grounds has been received. This Compensation is in the amount of the worker/employee's gross labour remuneration for a period of 2 months.

#### Compensation for termination of a legal labour relationship after acquiring the right to a Contributory Service and Retirement Age Pension - Art. 222, para. 3 of Labour Code

In the case that the legal labour relationship is terminated, after the worker/employee has acquired the right to a Contributory Service and Retirement Age Pension, regardless of the grounds for the termination, the worker/employee has the right to a compensation from the employer in the amount of its gross labour remuneration for a period of 2 months; in the case that the worker/employee has been working with the same employer during the past 10 years of its length of service - to a compensation in the amount of its gross labour remuneration for a period of 6 months. This compensation can be paid only once.

#### Compensation for Unlawful Dismissal - Art. 225, para. 1 and 2 of the Labour Code

In the case of unlawful dismissal, a worker/employee has the right to a compensation from the employer in the amount of its gross labour remuneration for the period during which he/she has stayed out of work due to this dismissal but for not more than 6 months. In the case that, during the indicated period, a worker/employee has worked on a lower-paid job, it is entitled to the difference in the salaries.

A worker/employee has the right to challenge the lawfulness of a dismissal before the employer or the court and to seek:

- a) recognition of the dismissal as illegal and its cancellation;
- b) reinstatement at the previous job;

- c) compensation for the time during which he/she stayed out of work due to such dismissal.

The employer owes a compensation in the amount specified in the judgment entered into force.

Compensation for a period of more than 6 months may be provided by a collective agreement or by a labour contract.

### **Special Protection**

Protection against dismissal of workers/employees working on legal labour relationship is regulated in Art. 333 of Labour Code (LC).

Its purpose is for the employer to seek and to obtain the permission of the Labour Inspectorate or the consent of the Trade Union Body prior to terminate a legal labour relationship on any of the grounds expressly provided for in the provision. In cases that the prior consent of the Labour Inspectorate or a Trade Union Body is required in order to proceed to the dismissal and such consent has not been sought or given prior to dismissal, the court cancels the Dismissal Order as being unlawful on that ground only, without examining the labour dispute in substance. Pursuant to Art. 358, para. 1, item 2 and para. 2, item 1 of Labour Code, claims on labour disputes regarding the termination of legal labour relationships have to be brought within 2 months from the day of termination.

Upon termination of legal labour relationships the worker/employee is protected against dismissal on the following grounds: upon closure of part of the enterprise or cutting job positions; when the volume of work is reduced; in the absence of qualities of the worker/employee perform the job effectively; in the case of change in the performance requirements for the job, if a worker/employee does not meet them; and a disciplinary dismissal. The protection against dismissal does not apply to the other grounds for dismissal.

Protection against dismissal applies to certain categories of workers/employees. On a case-by-case basis, with the prior consent of the Labour Inspectorate only, an employer may dismiss:

1. a female worker who is a mother of a child up to the age of 3;
2. a redeployed worker/employee;
3. a worker/employee suffering from a disease defined in the Ordinance of the Minister of Health (Ordinance No 5 of 20.02.1987 on the diseases in which workers suffering from them have special protection under Article 333, para. 1 of Labour Code);
4. a worker/employee who starts using its permitted leave;
5. a worker/employee who is elected to be the workers/employees' representative under the procedure of Art. 7, para. 2 and Art. 7a of Labour Code, for the time being in such capacity;
6. a worker/employee who is elected as a representative of the Occupational Safety and Health Workers at a general meeting or at a meeting of their proxies for the time being in such capacity;

7. a worker/employee who is a member of a special negotiating body, of the European Works Council or a representative body of a European trade or Cooperative Society for as long as it performs its functions.

Art. 1, para. 1 of Ordinance No 5 of 20.02.1987 on the diseases in which the workers who suffer from them have special protection according to Art. 333, para. (1) of Labour Code provides that a worker/employee, who suffers from any of the following diseases, is protected against dismissal:

1. ischemic heart disease;
2. active form of tuberculosis;
3. oenological disease;
4. occupational disease;
5. mental illness;
6. diabetes.

Protection against dismissal is provided for pregnant female workers/employees.

According to Art. 333, para. 6 of the Labour Code, a worker/employee who has the right to leave for pregnancy, childbirth and adoption may be dismissed only in the case of closing the enterprise.

Protection under Art. 333 of the Labour Code applies at the time of service of the dismissal order.

### **Labour conditions**

Employer's principal obligations regarding the provision of Safety Health and Working Conditions are regulated by the Labour Code (Chapter XIII) and the Law on Safety-Health and Working Conditions (Chapter III).

Employer is obliged to provide Safety-Health and Working Conditions where work will be done, yet at the stage of the designing, construction (reconstruction, upgrading) and putting into operation; to provide its workers/employees with medical care by an Occupational Medicine Service; to provide an appropriate training on Safety-Health and Working Conditions to each working person; to make a Risk Assessment on the Safety and Health of workers/employees;

Persons working on their own account, alone or in association with other persons, are also obliged to make a Risk Assessment on the Safety and Health of working persons and to undertake the required measures in order to prevent or to reduce the risk.

Employer must take into account the specific hazards to workers/employees who need special protection, including those with limited work capacity, and to provide these persons with facilities at their workplaces in the performance of their duties; to establish, investigate, register and record every occurrence of an accident at work and an occupational disease;

Every employer must analyze the causes of any work-related accidents occurred in order to prevent such accidents.

Employer is obliged, in the event that a life-and health hazards exist, to insure its workers/employees for the risk of an 'Accident at work';

Employer has specific obligations, besides the obligations regulated by the Labour Code and the Law on Occupational Health and Safety, regulated by other laws and by-laws.

## **Pensions**

Legislation in the field of pensions consists of: the Social Security Code; Law on State Social Security Budget 2018; Ordinance on the items of remuneration and on the income subject to social security contributions; Ordinance on the social security of self-employed persons, Bulgarian citizens working abroad and seafarers; Ordinance on the social security funds; Ordinance on the granting and payment of cash unemployment benefits; Ordinance on the cash benefits and the state public social security benefits; Ordinance on the pensions and socially secured length of service; Ordinance on the procedure for choosing a social security, paying and distributing the compulsory social security contributions, the contributions to the "Guaranteed Receivables of Workers and Employees" Fund and on the exchange of information; Ordinance on the procedure for submission of data from medical records issued and decisions on their appeals to the National Social Security Institute; Decrees of the Council of Ministers.

Bulgarian social security legislation continuously improves in order to respond to the challenges that our country faces and seeks to find balanced and lasting solutions on a wide range of issues in order to increase the revenues to the social security system (which will guarantee its adequacy and sustainability) and to limit the costs therein. An important task is also the compliance of the pension system with the demographic and socio-economic characteristics of the country as well as the steady increase in income from pensions, in line with the rates of economic growth.

Undoubtedly, knowledge of social security legislation helps individuals to be able to protect their rights more effectively.

National Social Security Institute (NSSI) is a public institution that governs the public social security system in the Republic of Bulgaria. NSSI administers the compulsory social security for general illness and maternity, unemployment, occupational accidents and occupational disease, disability, old age and death. National Social Security Institute is the competent Bulgarian institution for applying the rules on the social security schemes coordination and the international social security treaties in regard to the cash benefits for sickness, maternity and death; cash unemployment benefits; pensions for old age, invalidity and survivors' pensions.

As of 1 January 2018, the percentage for each year of Contributory Service in the pension formula increases from 1,126 to 1,169, i.e. 3.8 per cent. As of 1 July 2018, pensions for labour activity granted until the end of the Year 2017 will be recalculated by the new percentage per year of Contributory Service, which will result in their increase by 3.8 per cent. As of that date, the minimum amount of the Contributory Service and Retirement Age Pension will increase to BGN 207.60, and the Social Retirement Age Pension will reach BGN 125.58. The maximum amount of one or more pensions received will be preserved at 35% of the maximum income subject to social security, i.e. BGN 910. It is foreseen that the average pension amount per pensioner in

2018 will reach BGN 362.97, which is close to BGN 20 or 5.5 per cent more than in 2017. As of 1 January, the amount of the social security contribution to the Pension Fund increased by one percentage point and reached 19.8 per cent for the individuals born prior to 1 January 1960; 11.02 per cent of which must be paid by the employer and 8.78 percent by the worker. For the individuals born after 31 December 1959, the amount of the Social Security contribution to the Pension Fund amount to 14.8 per cent.

Pensions for Labour Activities are:

Retirement and Age Pension;

Invalidity Pension due to an Accident at Work and to an Occupational Disease;

### **Contributory Service and Retirement Age Pension**

Women at the age of 61 years and 2 months old with a length of Contributory Service of 35 years and 6 months, and Men at the age of 64 years and 1 month old and 38 years and 6 months with a length of Contributory Service of 38 years and 6 months are entitled to a Contributory Service and Retirement Age Pension under Art. 68, para. (1) of the Social Security Code (SSC).

In the case that a person is not entitled to a pension under the above conditions, them, as of 01.01.2018, the right to a pension is estimated under the conditions shown in the following table.

The entitlement to a pension is extinguished by prescription. A person who has fulfilled the conditions entitling to a Contributory Service and Retirement Age Pension, within the previous year, will be able to retire at any subsequent moment also under those conditions that have already been fulfilled in subsequent years, regardless of the changes to the retirement conditions, if any. The receiving of a pension will be extinguished upon expiration of a 3-years limitation period as from 1 January of the year following the year to which it refers.

The gradual increase and gradual equalization of the retirement age envisaged under Art. 68, para. 1 of the Social Security Code (SSC) for women and men should end at the age of 65 years old for both sexes in 2037. Subsequently, the age under Art. 68, para. 1 of SSC will be bound to the increase in the average life expectancy according to Art. 68, para. 4 of SSC.

Required Contributory Service for retirement of third-category workers under Art. 68, para. 2 of SSC is also increasing by two months per year for women and men until it will reach 37 years for women and 40 years for men in 2027.

Required Old age will also increase gradually, as provided for in the SSC, increasing by two months per year until it will reach 67 years for women and for men in 2027.

### **Invalidity Pension due to an 'Accident at Work' and to an 'Occupational Disease'**

Persons, who are socially secured and have lost 50 or more per cent of their working capacity due to an Accident at Work and Occupational Disease, are entitled to an Invalidity Pension due to an Accident at Work and Occupational Disease, regardless of the length of their social security period.

The amount of the Invalidity Pension due to an Accident at Work and Occupational Disease may not be less, according to the degree of permanently reduced working capacity/type and degree of disability, as follows:

- over 90 per cent - 125 per cent of the minimum amount of the Contributory Service and Retirement Age Pension - from 1 January 2018 - BGN 250,00 and from 1 July 2018 - BGN 259,50;
- from 71 to 90 per cent - 115 per cent of the minimum amount of the Contributory Service and Retirement Age Pension - from 1 January 2018 - BGN 230,00 and from 1 July 2018 - BGN 238,74;
- from 50 to 70.99 per cent - 100 per cent of the minimum amount of the Contributory Service and Retirement Age Pension - from 1 January 2018 - BGN 200.00 and from 1 July 2018 - BGN 207.60.

The amount of the Invalidity Pension due to an Accident at Work and Occupational Disease may not be less than the amount calculated in terms of the Invalidity Pension due to a General Illness.

The granting of the pension is a matter of pension proceedings, namely an aggregation of consecutive legal actions aimed at granting, modifying, recalculating, suspending, terminating, reopening and reimbursement of the pension.

A pension can be paid in two ways - using a post office or a bank branch. It is not allowed a part of the pension to be paid by a post office and another part by transfer into an account at a bank branch.

In essence, mobile European workers can claim a pension from all Member States where they are registered to the Social Security. Appropriate pensions are proportional to the accumulated social security periods during which a worker was actually covered (partially or proportionally).

Article 45 of the application of Regulation (EC) No 987/2009 governs the receiving of a pension: a claimant may apply for a pension before the Institution of the Member State of residence or before the Institution of the Member State which legislation was applicable to him/her. This procedure is governed by Articles 46 to 48 of Regulation (EC) 98/2009.

Due to a lack of European cohesion, national pension systems differ significantly.

### **People with disabilities**

The National Disability Integration Policy implements a personally oriented approach based on human rights, aimed at ensuring the integration and full participation of people with disabilities in public life. This is possible by creating conditions and guarantees for equality, social integration and exercise of rights, support for people with disabilities and their families and their integration into the working environment. All efforts in this direction are focused on the need to ensure the full enjoyment of all human rights and fundamental freedoms for people with disabilities, without any discrimination.

Legislation in this area consists of the Law on Integration of Persons with Disabilities and the Regulations for its implementation; the Methodology for carrying out social assessment in determining the individual needs of people with disabilities, according to Art. 12, para. 1 of the Law on Integration of Persons with Disabilities; the Rules on the structure and activity of the National Council for Integration of People with Disabilities and the criteria for representativeness of the organizations of the people with disabilities; other by-laws.

An Agency for People with Disabilities was established with the Ministry of Labour and Social Policy.

Key strategic documents drawn up in the field of the integration of people with disabilities are: the National Strategy for People with Disabilities and the Action Plan for the period 2016-2018 in implementation of the National Strategy for People with Disabilities 2016-2020. The National Council for Social Inclusion adopted a Plan 2018-2021 for implementation of the National Long-Term Care Strategy. Its discussion at the Council of Ministers is forthcoming.

In 2012, Bulgaria ratified the United Nations Convention on the Rights of Persons with Disabilities and adopted an Action Plan of the Republic of Bulgaria on the implementation of the UN Convention on the Rights of Persons with Disabilities (2015-2020). People with disabilities remain one of the most risky target groups on the labour market, despite the antidiscrimination and incentive measures regulated by the Bulgarian legislation for providing jobs and employing persons with reduced working capacity.

## **BULGARIAN EMPLOYER, SEEKING FOR/HIRING ROMANIAN WORKERS**

### **Legislation, State bodies and institutions**

Law on Labour Migration and Labour Mobility introduces into the national legislation the provisions of three new EC directives: Directive 2014/54/EC of the European Parliament and the Council of 16 April 2014 on measures to facilitate the exercise of the rights conferred on workers in the context of freedom of movement for workers; Directive 2014/36/EC of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers; and Directive 2014/66/EC of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer. Furthermore, the Law on Labour Migration and Labour Mobility makes a codification of the existing legislation in the field of Labour migration and labour mobility, which is fractured in normative acts of a different nature.

According to Art. 3 of the Law on the policy of free movement of workers, the labour migration and integration of foreign nationals is carried out, in cooperation and after consultation at national level, with the representative organizations of employers and of workers/employees and with the representatives of other non-profit legal entities, registered under the procedure of Chapter Three of the Law on Non-Profit Legal Entities.

This cooperation and consultations are carried out by the National Council for Labour Migration and Labour Mobility. This Council is established by the Minister of Labour and Social Policy. This Council consists of an equal number of representatives of employers' and workers/employees' representative organizations at national level, as

well as of the representatives of ministries, agencies, committees, and local authorities. Representatives of international organizations and non-profit legal entities carrying out activities in the field of labour migration, labour mobility and the integration of foreigners may also be invited to participate in the council. This Council is chaired by the Minister of Labour and Social Policy.

### **Announcement**

A Bulgarian employer can announce job vacancies to be occupied by Romanian citizens. To do so, the labour mediators at the Labour Office Directorate at its Company's place of registration or directly EURES advisers of the country should be contacted to announce such vacancy.

EURES advisers provide employers with a form of application in English.

Employers are not entitled, when announcing a job, to define conditions on the basis of gender, age, nationality, ethnicity and state of health. Exceptions are only allowed in respect of gender, age and reduced work capacity where, owing to the nature of the job, an age or the health status would be an essential element.

Where an employer is willing to disseminate the application to the Labour Office Directorates all over the country, it is necessary to announce the vacancy in the Labour Office Directorate to its Company's place of registration and to indicate that its application should be disseminated through the EURES network.

Every Bulgarian employer can publish an application for a vacancy on the Employment Agency's website. The application will be available to jobseekers after verifying the compliance with the Bulgarian legislation with regard to the working and paying conditions and after its translating into Bulgarian.

The "Your first EURES job 5.0" Project (YfEj 5.0) is a European Job Mobility Scheme that also targets employers who offer Labour contracts to Romanian workers/employees lasting at least 6 months (3 months of internship), provided that both the remuneration and the conditions are in accordance with the national labour legislation.

The purpose of "Your first EURES job" is to help European employers in finding young workers from the European Union. The initiative also concerns internships contracts. In addition to the employment services, this Project also provides information and financial support to small and medium-sized enterprises. A Bulgarian employer can seek young Romanian workers (18 to 35 years old) if it is: a small or medium-sized enterprise, offers work, internship based on a written contract with a duration of 6 months or more, full-time or part-time (but not less than 50% of the full-time) in accordance with the national labour and social security legislation and provides adequate protection and financial incentives.

Small and medium-sized enterprises employing mobile job applicants, for internships can benefit a financial grant, being a flat-rate amount that covers some of the expenses for the integration programme of the newly employed young workers. This flat-rate amount is based on the country and the nature of the training provided.

### **Minimum Salary**

As of 1 January 2018, the guaranteed minimum monthly salary is to the amount of BGN 510.00 /EUR 260/. In 2018, the hourly minimum salary is set to BGN 3.07 by Decree of

the Council of Ministers №316/20.12.2017. The lowest net salary, after deduction of taxes and social security contributions, is BGN 395.75 /EUR 203.34/.

In Bulgaria, no employer can negotiate and determined a basic salary to their workers/employees that is below the minimum gross salary set for a full working day of 8-hour. Should the working time is less than 8 hours per day, the basic minimum salary is calculated on the basis of the minimum gross salary relative to the average monthly number of hours in accordance with the legally authorized working hours.

The Labour contract can specify the amount of the basic salary per month, per day or per hour. The monthly or daily amount of basic labour remuneration is determined by reporting the working hours on a daily basis.

In the case of summarised reporting of working hours and work on schedule, it is more rational to set an hourly rate of basic labour remuneration, which may also be per hour in daytime work and per hour in night shift.

Income subject to social security is the monthly income on which social security contributions are charged and paid.

The amount of social security contributions and the ratio in which they are distributed between an employer and a worker are annually specified in the Social Security Code. By law, Social Security contributions are distributed in a ratio of 60% for the employer and 40% for the worker.

Distribution of the social security contributions in the State Public Social Security Funds depends on the labour category and on two chronological periods - individuals born before and after the 1960s.

Ordinance on Categorization upon Retirement regulates three categories of work. Instruction No. 13 of 31 October 2000 on the application of this Ordinance defines its scope and requirements for Labour Categorization of persons working in activities, productions, job positions and professions.

The amount of the health insurance contribution is defined each year by the Law on Budget of the National Health Insurance Fund. In 2018, it is 8% and is in a ratio of 60:40.

### **Percentages and allocation of the social security contributions**

A person born before 01.01.1960, a third category of labour

<i>Social Security Type</i>	<i>%</i>	<i>At the expense of the employer (60)</i>	<i>At the expense of the worker/employee (40)</i>
"Pension" Fund	19.80%	11.02%	8.78%
"General Illness and Maternity" Fund	3.50%	2.10%	1.40%
"Unemployment" Fund	1.00%	0.60%	0.40%
"Additional Mandatory Pension Insurance" Fund	n.a.	n.a.	n.a.
"Health Insurance"	8.00%	4.80%	3.20%

Fund			
"Accident at Work and Occupational Disease" Fund	By activity, but not more than 1.1%	yes	Not due by the worker/ employee

A person born after 31.12.1959, a third category of labour

<i>Social Security Type</i>	<i>%</i>	<i>At the expense of the employer (60)</i>	<i>At the expense of the worker/ employee (40)</i>
"Pension" Fund	14.80%	8.22%	6.58%
"General Illness and Maternity" Fund	3.50%	2.10%	1.40%
"Unemployment" Fund	1.00%	0.60%	0.40%
"Additional Mandatory Pension Insurance" Fund	5.00%	2.80%	2.20%
"Health Insurance" Fund	8.00%	4.80%	3.20%
"Accident at Work and Occupational Disease" Fund	By activity, but not more than 1.1%	yes	Not due by the worker/ employee

In 2018, the minimum monthly amount of income subject to Social Security for self-employed persons is BGN 510.

The minimum monthly amount of income subject to Social Security of registered farmers and tobacco producers is BGN 350.

The Social Security contribution for "Accident at Work and Occupational Disease" Fund is set at 0.4 to 1.1 per cent in Annex 2 to the Law on State Social Security Budget 2018, according to the economic activity of the Social Security payer and is entirely at its own expenses, with the exception of seafarers for whom this contribution is entirely at their own expenses.

In 2018, the contributions to the "Guaranteed Receivables of Workers/Employees" Fund are not subject to payment.

The employer is obliged to pay all the social security and health insurance contributions due on behalf of the Worker/Employee.

In Bulgaria, there is a category of people called 'self-employed'. These are business owners, notaries, lawyers, chartered accountants, licensed assessors, court and prosecutorial experts, medical specialists, insurance agents, craftsmen, registered farmers etc., who are not employed by virtue of any other type of contract.

The obligation to pay social security contributions by self-employed persons arises from the day of commencement or of resuming a labour activity and continues until its interruption or termination. For these persons, payment of social security contributions for disability due to general illness, old age and death ("Pension" Fund) is compulsory. For these persons, payment of social security contributions for general illness and maternity is optional.

In 2018, the maximum social security threshold is set to BGN 2600. This means that even if the gross salary is fixed to a higher amount, the social security contributions shall be calculated on the amount of BGN 2600 only, and 10% of Tax on the total income only is due for any amount above it.

In order to be entitled to social benefits, the workers/employers pay the amounts in accordance with the respective scheme of the four major social security funds:

1. Pensions;
2. Sickness and maternity;
3. Accident at work and Occupational disease;
4. Unemployment

The Social Security Code (SSC) is the normative act regulating the activities of the National Social Security Institute.

Regulations in force within the European Union are also part of the group of documents that form the scope of activity of the NSSI. Some of them apply directly in the field of social security within the Union, generating rights and obligations for all entities, together with the synchronized national legislation of the Republic of Bulgaria.

It is compulsory for any Worker/Employee, who is employed for more than five business days or 40 hours within one calendar month, to be socially secured in all social security cases.

Social securities for disability, old age and death, an accident at work and an occupational disease are only required for persons working up to 40 hours during the calendar month.

The social security systems coordination /in Bulgaria and Romania/ is based on Regulation (EC) No. 883/2004 (the basic regulation) and new - for its implementation - Regulation (EC) No. 987/2009 in force for EU Member States as of 1 May 2010. The existing Regulations repeal Regulations (EEC) No 1408/71 and No 574/72 after the entry into force of the new Regulation.

Regulations (EC) No 883/2004 and 987/2009 do not replace the national legislation but coordinate the various systems of national social protection so that any persons wishing to exercise their right to free movement should not be sanctioned compared to any persons who have always resided and worked in one and the same country. The provisions of these coordinating regulations aim at eliminating any possible social security differences for mobile workers across Europe (workers, retirees, students, self-employed, etc.).

In practice, the effect on mobile workers is that their rights and obligations are guaranteed by EU law, but their rights and obligations continue to be governed by the national employment and/or residence legislation of their Member States.

The most important principles of coordination of Regulation 883/2004 are:

1. defining one applicable social security legislation;
2. mandatory aggregation of social security periods across the Member States for family benefits, sickness, disability, retirement and death benefits;

3. exporting a social security;
4. coordinating the calculation methods for social security services.

Regulation (EC) No.883/2004 does not include voluntary social security systems (company's pensions, private health insurance, additional private health insurance and invalidity insurance, etc.).

### ***Rules determining the applicable social security legislation***

Regulation (EC) No 883/2004 lays down the foundations of the social security legislation in force with regard to the free movement of workers within the European Economic Area (EEA) and Switzerland. These provisions define in which Member State, the European mobile workers are covered by the social security. Article 11, para. 1, stipulates that a person may be covered by the social security by one Member State only. This is known as the principle of exclusivity.

Then, the question arises which social security law applies to a given case, i.e. which Member State is considered to be the competent Member State. The principle of the State of Employment (lex loci labour is) is usually applied.

This general rule is derogated in a limited number of cases, for example in cases where an employee is sent to a business trip by its employer to another Member State for a short period of time (Regulation (EC) No 883/2004, Article 12 or Regulation (EEC) 1408/71, Article 14), or if the worker is active in several Member States simultaneously (Regulation (EC) No 883/2004, Article 13 or Regulation (EEC) No 1408/71, Article 14 (a)). According to Article 11 para. 3 of Regulation (EC) No 883/2004, pensioners are insured in their country of residence.

### **Taxes and taxation**

The terms and conditions for tax payment by natural persons and the labour taxation are laid down in the Law on Taxes on Incomes of Individuals. Taxation related matters are of the competence of the National Revenue Agency. The National Revenue Agency (NRA) is a specialized state body to the Minister of Finance. The main task of the NRA is to administer taxes and social security contributions, as well as to collect other public and private state receivables.

Income of local and foreign natural persons are subject to taxation under this Law. A local individual, irrespective of its nationality, is a person/persons who have a permanent address in Bulgaria or reside in the territory of Bulgaria for more than 183 days in each 12-month period or whose center of vital interest is in Bulgaria, or is sent abroad by the Bulgarian state, by its bodies and/or organizations, by the Bulgarian enterprises, and by the members of its family/and by the foreign natural persons.

Local natural persons are taxable on their income earned from sources in Bulgaria and abroad; and foreign natural persons are taxable on their income earned from sources in the Republic of Bulgaria. Both income from work done on the territory of Bulgaria or from a service provided in Bulgaria are charged as being acquired from a source in Bulgaria.

As of 2008, natural persons in the Republic of Bulgaria are taxable at the so-called 'flat rate' of 10%. This rate applies both to salaries under Labour contracts and to fees under Civil contracts, freelance contracts, craftsmen, farmers, performing artists.

Any self-employed person must pay an advance tax /10%/, as well as to fill in and to submit an Annual Tax Return.

Tax on the total income /income from work/ is deducted from the monthly salary and is paid by the employer. A person who is employed under legal labour relationship is not required to submit any documents to the NRA. Should a person have any income from sources other than those under a legal labour relationship, it is required to submit an Annual Tax Return to the National Revenue Agency. Although a non-taxable minimum does not exist, there are recognized regulatory costs that are deductible in determining the tax base.

Income from business activities of Sole Traders (ETs) is taxable at an annual rate of 15%, as the tax which has been deducted in advance and/or paid in the tax year for the relevant tax is deducted.

Corporate Income Tax under the Law Corporate Income Tax is payable on: the profit of a local legal entity; the profit of local legal entity that is not a trader, including religious organizations and the profits from rental of movable and immovable property; the profit of foreign legal entity from a permanent establishment in the Republic of Bulgaria. Persons running commercial activities as traders, within the meaning of the Law on Commerce, including sole traders, declare with their Annual Tax Return any taxes on costs that are payable and paid under the procedure of the Law on Corporate Income Tax. They also submit a financial statement and an audit certification with their Tax Returns.

The tax rate of corporation tax is 10 per cent.

The value added tax rate in Bulgaria is at the standard rate of 20%. A reduced tax rate of 7% applies to accommodations provided by a hotelier where it is part of an organized trip; and the deliveries specified by law (e.g., delivery associated with goods processing, delivery associated with international commodity traffic, etc.) are subject to a zero tax rate only.

### **Tax advantages for the cross-border workers**

The question is, where a cross-border worker is taxable as a non-resident in the Country of Employment, whether the employment principle provides it with the same tax advantages (excluding fees for quotas, deductions for partner and child support, professional expenses, etc.). The Court of Justice has delivered an appropriate judgment in Schumacker (C-279/93). Where a cross-border worker has insufficient (residual) income in the Member State of residence, the Country of Employment must do so only.

The principle of the work status applies to the coordination of the social security (Regulation (EC) No 883/2004). There are no exceptions for cross-border and frontier workers. If a clause on the taxation of a frontier worker is in force at the same time, a frontier worker may face different tax rules (the Member State of residence) and the payment of social security contributions (State of employment). Depending on the geographical direction in which one works, this may result in an advantage or in a disadvantage.

Supranational regulations at EU or EEA level on tax legislation exist unlike social security. Coordination of taxation is addressed in several hundred bilateral tax agreements with and between Member States.

Article 293 of the Treaty on EU provides that the Member States enter into negotiations with each other with a view to the abolition of the double taxation within the Community. However, the general provisions of Article 4, para. 3 of the TEU provide that the Member States will facilitate the achievement of the Union's tasks and refrain from any measure which could jeopardize the attainment of the Union's objectives.

International conventions designed to prevent double taxation in an effective way must apply the 4 basic principles of taxation, the principles of country of residence, source country, territoriality and worldwide income.

1. Should the principle of the Country of Residence be applied for tax purposes, then all persons, whether natural persons or legal entities, will be actually liable for the tax in the country where they have their place of residence or where they have adopted a permanent residence.

2. Should the principle of the Source Country go in the opposite direction: according to this principle, all persons, whether natural persons or legal entities, will be liable for the tax in the country of which they receive their income. In the case that their income derives from different countries, each taxpayer will be liable for the tax in the different countries concerned.

3. Another, albeit less widespread, principle of taxation is the principle of Territoriality, under which each taxpayer will be solely liable for the income earned in the territory of the country concerned.

4. In more than 100 countries worldwide, the principle of taxation of worldwide income is applied, according to which a taxation takes place at the place of residence, but not just on the income earned in that country, in fact it concerns all worldwide income of all persons, whether natural persons or legal entities, according to the concept of "worldwide income."

On 08 October 2015, the Convention between the Republic of Bulgaria and Romania for the avoidance of double taxation and the prevention of income tax evasion was ratified by law.

With respect to the Bulgarian law, the Convention applies to income tax on individuals and to corporate income tax.

Income taxes are all taxes levied on the total income or on some items of the income, including taxes on profits from the transfer of movable or immovable property, as well as taxes on the increased value of a property.

This Convention also applies to all identical or similar taxes which are introduced after the date of signing of the Convention as a substitution of in lieu of any existing taxes. Competent authorities of the Contracting States notify each other of any substantial changes made to their respective tax laws.

In the event that a natural person is a resident of both Contracting States, its status is determined as follows:

- a) It is deemed to be a resident only of the State in which it has a permanent home available to him; if it has a permanent home available to him/her in both States, it shall be deemed to be a resident only of the State with which it has closer personal and economic relations (centre of vital interests);

- b) if the State in which it has his/her centre of vital interests cannot be determined, or if it has not a permanent home available to him in either State, it is deemed to be a resident only of the State in which it has an habitual residence;
- c) if it has an habitual residence in both States or in neither of them, it is deemed to be a resident only of the State of which it is a national;
- d) if it is a national of both States or of neither of them, the Competent authorities of the Contracting States will settle the issue by mutual agreement.

In Bulgaria, double taxation is avoided as follows:

- (a) where a resident of Bulgaria earns income which, in accordance with the provisions of the Convention may be taxed in Romania, Bulgaria shall allow a deduction of an amount equal to the income tax paid in Romania from the income tax of that resident; however, such deduction will not exceed that part of the income tax, which has been calculated before the deduction which is attributable to the income, which may be taxed in Romania
- (b) where the income received by a resident of Bulgaria is exempt from taxation in Bulgaria in accordance with any provision of the Convention, Bulgaria may nevertheless take into account the exempted income in calculating the amount of tax on the remaining income of that resident.

Where a person considers that the actions of one or both of the Contracting States result in or will result in taxation for itself which is not in accordance with the provisions of the Convention, it may, without prejudice to the remedies provided for under the national laws of those States, submit its case to the competent authority of the Contracting State of which it is a resident.

Knowledge of the legal framework in the field of Bulgarian-Romanian cross-border labour mobility is an important prerequisite for its future development. Mobility is an important feature of modern societies. It is necessary for the global economy and its structure, for the working people around the world and for the Bulgarian-Romanian cross-border region under consideration. Mobility contributes from the point of view of human resources management, to increase the adaptability of the labour force; to a broader application of flexible employment forms; convergence of working and pay conditions, social security models and pension plans in individual countries. Mobility also contributes to the acquisition of skills for coping with intra-cultural differences, to the acquisition of new knowledge and skills, to the improvement of attitudes to lifelong learning, to increasing the tolerance.

### **3. ANALYSIS OF ROMANIAN EMPLOYMENT LEGISLATION REFERRED TO THE CROSS-BORDER MOBILITY**

#### **BULGARIAN CITIZEN WHO WANTS TO WORK ON THE TERRITORY OF ROMANIA**

##### **Conditions of employment of foreign citizens in Romania**

According to the Government Emergency Ordinance no. 102/2005 on the free circulation on the territory of Romania of foreign citizens of the Member States of the European Union, of the European Economic Area and of citizens of the Swiss Confederation, with the subsequent amendments and supplementations, a 'citizen of

the European Union' is every person who has a citizenship of one of the Member States of the European Union, other than Romania.

In this context, it is also important to clarify the term of 'foreign'. According to the Romanian law in force, by the term 'foreign national' is meant a person who does not have a Romanian citizenship, a citizenship of another Member State of the European Union or of the European Economic Area (EEA) or a citizenship of the Swiss Confederation (CS).

Below we will treat the situation of EU, EEA or CS citizens.

Unlike the foreign citizens, a citizen of one of the Member States EU, the EEA or the CS does not have an obligation to obtain a work permit, having a free access to the labour force market in Romania.

Citizens of the European Union, who enter on the territory of Romania, benefit from the right of residence for a period of three months from the date of their entry into the country, without needing to implement any additional conditions. By way of exception, citizens of the European Union, entering the Romanian territory and seeking employment, have the right to stay for six months from the date of their entry without additional conditions.

In contrast, European citizens, who have the status of a worker, have the right of residence for more than three months, under the condition for registration with the competent authorities of Romania.

#### **Formalities to be fulfilled before arriving in Romania**

In the case of conclusion of individual fixed-term labour contracts, respectively when the citizen of a Member States come to Romania for a limited period of time, it is indicated that he/she obtains from the competent authorities of the state of origin (the State where they have a tax domicil) the A1 Certificate, on the basis of which, over the period of staying in the country, continue to pay social contributions in the State of Origin. A1 Certificates are certificates that are issued for a limited period of time (maximum two years), but they may be prolonged for periods of one year.

#### **Formalities after arriving in Romania**

The documents necessary for the preparation of a file in order to obtain a **Registration Certificate**, depending on the status of the activity performed by the expatriate employee, are as follows:

##### **1). In the situation of employment:**

- a request - form;
- an identity card / passport (original and copy);
- a labour contract (original and copy) or a certificate issued by the employer (original);
- "Print Screen" from REVISAL, the Section where the data on the employment labour are contained, stamped and signed by the employer to confirm the authenticity of the document;
- Proof of payment of fees.

##### **2). In the situation of secondment:**

- a request - form;
- an identity card / passport (original and copy);

- a Contract of secondment and the address of secondment, translated and legalized according to the law and the address of the subsidiary / company in Romania, confirming the fact that he/she is seconded during the period stipulated in the Contract of secondment;
- Proof of payment of fees.

An expatriate employee is required to request by the employer a Certificate necessary is required to be registered with a family doctor in Romania, with a view to one of the information requested when CASS is declared is the one related to the Health Fund with which the employee is registered.

As a result of the submission of the documents listed above, in the case of citizens of EU, EEA and EC employed on the territory of Romania, the General Inspectorate for Immigration issues a *Registration Certificate*, valid for 1 to 5 years, and assigns a personal numerical code (PIN) <sup>23</sup> for every expatriate employee, a citizen of EU, EEA and EC, based on which he will be inserted by the employer in the 112 Declaration<sup>24</sup>, thus being registered in the social insurance system in Romania.

**i** *The Certificate of registration **only** certifies the residence in Romania. The passport or valid identity card issued in the State of origin will remain the document on the basis of which an European citizen will be identified.*

In the case of any modification of the workplace (i.e. respectively moving to another to another Romanian employer) or of the quality of the European citizen on Romanian territory (for example, instead of an employee to become a manager/partner of a Romanian company, etc.) it will be necessary to change the registration certificate again. Documents required for the change are:

- a request - form, that is obtained from the territorial structure of the General Inspectorate for Immigration;
- Identity card or passport (valid) in original and copy;
- the Certificate of Registration or a Residence card - in case of theft or loss, proof of loss or theft issued by the police department;
- proof of change occurred (except the address of residence that is declared);
- fees.

**i** *It is appropriate that between the date of signing the individual labor contract and the actual date of commencement of the activity with the Romanian employer, a sufficiently long period be provided in order to allow the European citizen to fulfill the necessary formalities.*

A special case is the '**situation of secondment**'. Depending on the *duration of secondment*, the State in which the seconded employee will pay social contributions is

<sup>23</sup>In Romania, natural persons are identified on the basis of their personal numerical code (CNP), a code which is used to pay both income tax and social contributions.

<sup>24</sup>Declaration 112 on the obligations to pay social contributions, income tax and nominal evidence of insured persons - according to the Joint Order of the Minister Of Public Finances no.1024/2017, the Minister of Labor, Family, Social Protection and Old People no.1582/2017 and Minister of Health no. 934/2017..

determined - Romania or the State of origin. One thing is certain, the income tax will be paid in Romania, because here is the place in which he performs the activities in remuneration (earning income). The taxation for citizens seconded on the territory of Romania is declared by Declaration 224 *on income in the form of salaries and similar to salaries - earned abroad by natural persons who performs activities in Romania and by the Romanian natural persons employed by diplomatic missions and consular offices accredited in Romania*. It is submitted or sent on a monthly basis to the National Agency for Tax Administration (ANAF).

**i** *Family members of European citizens benefit the same facilities as European citizens' employees, even if they are not employed but they must present different documents depending on the quality they have as family members (spouse, child, etc.).*

The Form that must be filed within a period of 30 days reckoned the date of the starting of the activity is the Form 020 - Tax Registration Statement/Statement of Remarks regarding Romanian or foreign individuals having a Personal Identification Number (NADA Decision 3698/2015, as amended by NADA Decision 371/2016), or Form 030 - Declaration of Tax Registration/Declaration of Mentions regarding Romanian and foreign natural persons who do not have a Personal Numeric Code (OPANAF Decision 3698/2015, as amended by OPANAF Decision 371/2016), which template can be found on the website of OPANAF.

### **Recognition of diplomas and professional qualifications at EU level**

As a basic principle, every EU citizen must be able to practice any profession in any Member State. Unfortunately, the practical implementation of this principle is often hampered by the national requirements regarding the access for exercising certain professions in the host country.

In the scope of overcoming these differences, the EU has established a system of recognition of professional qualifications. Under the conditions of the system, a distinction has been made between regulated professions (professions for which certain qualifications are legally required) and professions that are not regulated in the host country.

To overcome these differences in the national standards on the award of qualifications, of educational methods and of structures of professional training, the European Commission made available to the Member States a series of instruments, in the scope of ensuring a better transparency and recognition of diplomas, both academic and professional, for example: the European Qualifications Framework<sup>25</sup>, National Academic Recognition Information Centers (NARIC)<sup>26</sup>, European Credit Transfer System (ECTS)<sup>27</sup>, Europass<sup>28</sup>.

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<sup>25</sup> The European Qualifications Framework is the key priority of the European Commission in the process of recognition of professional competences. The main objectives of this framework are to establish links between different national qualifications systems and to ensure the simplification of the transfer and recognition of diplomas.

<sup>26</sup> NARIC advises on the recognition of study periods across borders. Located both in all Member States and in the EEA, NARIC plays an important role in the process of recognizing qualifications in the EU.

<sup>27</sup> The European Credit Transfer System aims to simplify the recognition of study periods across borders. It works by describing educational programs and attaching credits to related disciplines..

<sup>28</sup> Europass is a tool for ensuring the transparency of professional skills. It consists of 5 standard documents: Curriculum Vitae, linguistic passport, additional certificates, additional diplomas and the Europass Mobility document..

The Europass system simplifies the interpretation of competences and qualifications at EU level. In each EU and EEA country, the Europass national centers are the main information points on the Europass system.

### **Applying the principle of recognition of diplomas and professional qualifications in Romania**

Recognition of diplomas and professional qualifications for the professions regulated in Romania applies to every citizen of one Member State of the European Union or the European Economic Area who wants to work in Romania, either independently or as a hired employee. The institution responsible for the recognition of diplomas is the National Center for Recognition and Equivalence, the Ministry of Education, Research, Youth and Sport. Also, the Center recognizes diplomas and studies documents for foreign citizens who seek work authorization.

A diploma represents any document or a set of documents that attests the level of training. It must be issued by a competent authority of a Member State if it refers to a training acquired in the EU or EEA. Diplomas must also be recognized by the competent authority of the Member State with a level equivalent to the above mentioned, if they provide the same rights of access to a regulated profession in the Member State of origin.

### **The Labour contract - an integral part of the completion of the employment process**

The documents necessary for employment are strictly related to the function that the person must occupy, so the qualifications required by the COR and the criteria set by the employer are important in order to exercise the function for which the employment formalities are implemented,

Thus, besides the documents such as curriculum vitae containing the main biographical and professional data, civil status documents, identity papers, medical opinion, among the documents necessary for employment, the documents of study (certificates, diplomas, attestations, translated into Romanian language, possibly recognized or equivalent depending on the specificity of the activity) and/or of qualification, are necessary for the execution of the future tasks resulting from the job description, recommendations from previous jobs.

The individual labour contract is concluded on the basis of the written consent of the parties, in Romanian language. The obligation to conclude an individual labour contract in written form rests with the employer. The written form is obligatory for the valid conclusion of the contract.

The individual labour contract is signed in two counterparts, one for each party- one for the worker and one for the employer.

The labour contract may be for a fixed or indefinite period, with full-time or part-time work. For full-time employees full-time work is 8 hours a day (40 hours / 5 days a week).

The distribution of weekly work is usually regular, with 2 days off. Depending on the specifics of the company, it is possible to choose the unequal distribution of working time, respecting the normal duration of 40 hours a week.

The maximum legal duration of work can not exceed 48 hours per week, including overtime. Exceptions exist through which the maximum duration may be prolonged but they are strictly regulated by law.

Employers may require their employees to have a probationary period. The probationary period is of 90 calendar days for executive functions and no more than 120 calendar days for senior management positions. Persons who have graduated their higher educations will have an internship during the first 6 months. Exceptions are made to those professions where the internship is regulated by special laws. The probationary period is considered as a seniority.

An EU citizen can occupy any any position, except for a civil servant, this being conditional on the possession of Romanian citizenship.

Contracts of cooperation are called 'Contracts of Services provisions', as they are made only for activities of independent nature, for persons registered in the National Office of the Trade Register in legal form, for example, PFA (authorized natural person).

### **The wage regime in Romania**

Salary consists of a basic salary, benefits, allowances, and other bonuses. Salaries are paid in priority to all other employers' financial liabilities.

An employer is required to guarantee the payment of a gross monthly salary at least equal to the minimum gross national salary guaranteed in the payment.

Starting with January 1<sup>st</sup>, 2018 the national gross minimum salary is set to rise to 1900 lei per month (417 euro) for a full-time work program of 166,67 hours on average, or approximately 11.40 lei (2,50 euro) per hour, according to Government Decision no. 846/2017. For comparison in 2017, the minimum gross national salary established by Government Decision, was 1,450 lei per month (approximately 322 euros) for a full-time work program of 169.3 hours on average per month.

The salary system for staff within the framework of the public authorities and institutions financed entirely or mostly by the state budget, the social security budget of the state, the local budget and the budgets of the special funds, is established by law, after consultation with the representatives of representative trade union organizations.

The Gross nominal average earnings per country, in November 2016, was 3005 lei, the nominal average net earning being 2172 lei (approximately 483 euros).

In Romania, each employee and employer contributes to the social security budget, to the health fund, to the unemployment fund and to the state budget through the salary tax.

In the case that an employee benefits from unemployment benefit in his / her country of origin and wishes to maintain his / her right to payment thereof in Romania, he / she must ask the institution that pays the unemployment benefit to issue a European U2 form. In this case, he/she must register with the County Agency of Employment of the Labour Force at the place of domicile in Romania within 7 days from the date on which the unemployment benefit is paid.

### **Duration of working time and regulation of overtime**

The full-time program is of 8 hours a day and 40 hours a week. The maximum duration of the working time can not exceed 48 hours per week, including the hours of overtime. In the case of young people under the age of 18, the duration of the working time is 6 hours per day and 30 hours per week.

If the activity is performed in shifts, the duration of the working time can be prolonged to more than 8 hours per day and 48 hours per week, if the sum of the working hours

calculated for a maximum period of 3 weeks, will not exceed 8 hours per week day and 48 hours per week. By way of exception, the duration of the working time, which includes the hours of overtime, may be prolonged to more than 48 hours per week, provided that the average working hours, calculated over a reference period of 3 calendar months, will not exceed 48 hours per week.

For certain sectors of activity, units or professions, it may be established by negotiations, collective or individual or by specific normative acts, a daily duration of the working time of less than or more than 8 hours. The daily duration of the working time of 12-hours will be followed by a 24-hour rest period.

Additional work is compensated by free hours, paid over the next 60 calendar days reckoned after its is done, by giving an increase. In the case that the compensation with free hours paid is not possible within this period, the salary of the employee shall be increased by the corresponding amount of Additional work done. The increase for the Additional hours is established by negotiation, within the collective labour agreement or the individual labour contract, and may not be less than 75% of the basic salary.

A work done between 22h00 and 06h00 is considered as night work. The night-time worker performs night work for at least 3 hours of daily work time or performs night work at least 30% of the monthly working time. The normal duration of the working time for the night-time worker will not exceed an average of 8 hours per day, calculated over a reference period of up to 3 calendar months, in compliance with the legal provisions on weekly rest.

Employees who work at night, benefit:

- either a work program reduced by one hour than the normal duration of the working day, for the days on which they perform at least 3 hours of night work, without this leading to a decrease in the basic salary;
- or a salary increase of at least 25% of the basic salary if they have worked at least 3 hours at night of the normal working hours.

According to the Labour Code, periods of rest are: lunch break and daily rest, weekly rest, legal holidays.

In cases in which the daily duration of work time is more than 6 hours, employees have the right to rest for lunch and other breaks, under the conditions established by the applicable collective labour agreement or under the rules of the internal regulation. Young people under the age of 18 benefit from a lunch break of at least 30 minutes, in the case in which the daily duration of the working time is more than four and a half hours. Breaks, except as otherwise provided in the applicable collective labour agreement and the internal regulation, shall not be included in the normal daily duration of the working time. Weekly rest is granted in two consecutive days, usually on Saturdays and Sundays.

### **Regulation of the right to leave and of the type of it**

**The Paid leave in Romania is of the following types:** Paid Annual paid leave, Leave for vocational training, Medical leave, Unpaid leave.

***1) Paid annual rest leave*** is guaranteed to all employees; the minimum duration is 20 working days according to the provisions of the Labour Code or 21 working days according to the applicable Collective Labour Agreement. In addition to these 21 days, employees with disabilities also benefit from additional rest leave (3 days), blind

workers (6 days) and employees working in special conditions (minimum 3 days per year).

For the period of rest leave, the employee benefits from a leave indemnity, which can not be less than the basic salary, indemnities and bonuses of a permanent nature due for that period, stipulated in the individual labour contract. Rest leave indemnity is paid by the employer at least 5 working days prior the leave.

According to the Labour Code, *paid days off* - that are not included in the duration of the rest - are granted in the case of special family events. Thus, in Romania, employees have the right to paid days off for special events in the family or other situations, as follows: at the employee's marriage - 5 days; at the marriage of a child - 2 days; at the birth of a child - 5 days; death of husband, child, parents, fathers - 3 days; at the death of grandparents, brothers and sisters - 1 day; for blood donation - 1 day; to change the workplace within the same unit, when relocating to another settlement - 5 days.

The legal holidays established by law<sup>29</sup> are not included in the duration of the annual rest leave.

2) Vocational training leave - Employees have the right to benefit, upon request, a vocational training leave which may be granted with or without payment.

3) Medical leave and sickness insurance benefits which insured persons have the right to, are: medical leave and indemnities for temporary incapacity for work caused by ordinary illness or accidents other than labour; maternity leave and indemnities for illness prevention and recovery the capacity to work, exclusively for situations resulting from accidents at work and occupational diseases; sick leave and maternity indemnities, sick leave and sick child care indemnities, maternity leave and indemnities of maternal risk.

4) Unpaid leave - is granted, upon request, for resolving certain personal situations.

### **Regulations on terminating an labour relationship with a Romanian employer**

The individual labour contract may be terminated by law, as a result of the agreement of the parties, at the initiative of the employer or at the initiative of the employee.

The individual labour contract is terminated by law:

- at the date of the decision to retire, according to the law;
- as a result of conviction for the execution of a custodial sentence;
- as per the date of withdrawal by the competent authorities or bodies of the approvals, permits or attestations required for the exercise of the profession;
- as a result of a prohibition to exercise a profession or function, as a complementary measure of security or punishment from the date of entry into force of a court order ruling a deprivation of rights;
- as per the date of the expiration of the individual labour contract concluded for a fixed-term;
- as per the date of withdrawal of the consent of parents or legal representatives, in the case of employee at the aged between 15 and 16 years;
- as per the date of death of the employee or worker - natural person, or the dissolution of the employer, legal entity.

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<sup>29</sup> Legal holidays in Romania: 1<sup>st</sup> and 2<sup>nd</sup> January; 24 January; the first and the second day of Easter; 1<sup>st</sup> May; June 1<sup>st</sup>; Sunday of Pentecost and the next day; August 15; November 30; December 1<sup>st</sup>; the first and the second day of Christmas.

Dismissal is the termination of the individual labour contract at the initiative of the employer and may be disposed for reasons related to the employee or for reasons that are not related to the employee.

Dismissal for reasons that are not related to the employee may be individual or collective.

Individual dismissal is based on: serious misconduct of the employee from the labour discipline; the preventive arrest of the worker for more than 30 days; the physical and/or mental inability of the employee that does not allow the performance of the service tasks; professional incompatibility with the workplace.

‘Collective redundancy’ means a dismissal, within a period of 30 calendar days, of a certain number of employees, as established by law, directly proportional to the total number of employees of a company/institution.

The decision on dismissal is notified to the employee in writing and contains obligatory the following aspects: the reasons that have determined the dismissal; the duration of the prior notice (20 working days); the criteria for establishing the order of priorities (in the case of collective redundancies); the list of all the working places.

‘Resignation’ means the unilateral act of will of the employee who, by written notice, notifies the employer of the termination of the individual labour contract, after the expiration of the prior notice period. The terms of the prior notice is agreed by the parties in the individual employment contract or, as the case may be, the one stipulated in the applicable collective labour agreements, and may not exceed 20 calendar days for executive officers or 45 calendar days for senior management respectively.

**The attractiveness of employment in Romania based on the following aspects** that converge to create the image as a whole of the status of a cross-border employee: (a) remuneration and taxation, (b) cost of living, (c) cost of accommodation, (d) health insurance system; (e) transport infrastructure.

#### **a) remuneration and taxation**

Romanian Government establishes every year a basic minimum gross salary of the country guaranteed in payment. Thus, for the Year 2017, it amounted to 1,450 RON. Since January 1<sup>st</sup> 2018 the minimum gross salary has increased to 1900 lei per month (416,84 euro), according to Government Decision 846/2017. The average nominal gross salary in June 2017 was 3313 lei per month. The average nominal gross salary in the country, in November 2016, was 3005 RON (approx. 668 EUR), the average net nominal salary being 2172 RON (approx. 483 EUR) <sup>30</sup>.

As mentioned in the Chapter devoted to the analysis of the 7 Counties in Romania that are subject to the Study, significant differences exist from the point of view of the development between the Counties of the western and eastern areas; in this sense, the incomes are higher in the more developed Counties from the economic point of view, respectively the region of Bucharest - region of Ilfov, North -West region, West region, as the most substantial incomes are received in Bucharest, the capital of the country.

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<sup>30</sup> According to the National Statistical Institute, in November 2016, the highest values of the gross average earning were recorded in the information technology services - IT (7.241 RON) and the lowest in the hotel and restaurant industry (1.773 RON)

**In Romania till 31.12.2017, each employee and employer contribute to the social security budget, the health fund, the unemployment fund and the state budget, as follows:**

- **Social security contribution (for retirement):**
  - Individual contribution due by the employees is 10,5% of the gross monthly income, of which 5.1 % are distributed to pension funds privately administrated;
  - Contributions due by the employer are between 15.8% and 25.8% of the total monthly gross salary, depending on the labour conditions.
- **Contributions to the budget unemployment social , which means:**
  - Individual contribution, due by an employee, is 0.5% of the gross monthly salary;
  - Contribution due by the employer is 0.5% gross monthly salary fund;
  - Individual contribution due by the insured under an unemployment insurance contract is 1%;
  - Contribution to the Guarantee Fund for the payment of the salary debts due by the employee is 0.25%.
- **Health insurance contributions:**
  - Individual contribution payable by the employee is 5.5% of the gross monthly income earned;
  - Contribution due by employers is 5.2% of the total gross salary fund made by the employees.

Since 1 January 2018, amendments to the Fiscal Code have entered into force on social contributions transferred to employees. It should be noted that only 3 - CAS, CASS and the newly introduced insurance contribution for employment have remained of the contributions previously paid by the employee and the employer. Starting from January 2018, only the employer calculates, deducts and pays the social contributions. Employees have no obligation to do so.

**Obligatory contributions:**

- contributions for retirement in normal working conditions, with 25% share, which is covered by the employee. In case of special working conditions, the employer must cover additional 4% (29% in common, employer + employee) or 8% (33% in common, employer + employee), which is regulated by in the relevant normative act.
- 10% health insurance contribution, fully paid by the employee;
- the insurance contribution for employment of 2,25%, is responsibility of the employer. Romania is the only country in the European union, which transferred the social contributions to the employees. This is the most disputed change from the syndicates.

As far as the Employment Contribution for Employment (CAM) is concerned, it also includes the remaining four existing social contributions. In particular, the employment contribution consists of current unemployment, sickness, occupational and salary claims.

Starting in 2018 the employer in Romania has to pay minimum 37,25% (in normal working conditions), compared with - 39,25%, as it was till the end of 2017. For special working conditions, the total amount will reach 41,25% or 45,25%.

### **Income tax**

The taxes on salaries for each gross salary is 16% till 31.12.2017. Since January 1<sup>st</sup> 2018 it decreased by 10%. In addition to the tax on salaries, pensions are also taxed if they exceed a certain amount. Also, taxes on properties, vehicles, land, defined by municipalities, etc. are paid.

### **Rate of the Value Added Tax (VAT)**

The standard VAT rate in Romania is 19% , starting in the Year 2017. By way of exception, reduced VAT rates apply to the following categories:

- □     9% - medicines, water, hotel accommodation, food, restaurant and catering services ();
- □     5% - books, school textbooks, magazines, access to school or sports events, access to museums, monuments, fairs, exhibitions, for new homes which value does not exceed 450 000 RON, with a useful surface of more than 120 square meters; and the the land on which the house is built must be max. 250 square meters).

### **b) Costs of living**

The cost of living varies from one region to another depending on the residential environment of the citizens, urban or rural.

According to the National Institute of Statistics of Romania (INS), in 2017, the structure of total consumption expenditure by destinations showed that the larger part of the expenditure (40%) was made for the purchase of agri-food products and non-alcoholic beverages. Expenditure for the household, water, electricity and gas represented approx. 17% of the household consumption. Other destinations of household expenditure were: recreation and culture (7%), transport (7%), healthcare (5%), communications (5%), clothing and footwear (7%), furniture and home maintenance (5%), etc.

Approximate prices for some basic products, in the Year 2017, were: 1 Euro for 1 liter of milk, 1,5 euro for 1 kg of rice, 0,5 euro for 1 kg. of potatoes, 0,5 euro for bread, 1,1 euro for 1 liter of cooking oil, 1,5 euro for coffee, 10 euro a lunch menu for one person at the restaurant, 1,10 euro for 1 liter of gasoline, etc.

### **c) Costs of housing**

Finding a home can be done either by hiring or buying a property. Housing can be rented furnished or not. It is also possible to rent a room in a house where the owner lives. Rents are higher in Bucharest and major towns of the country (e.g. Timisoara, Iasi, Cluj), but they are lower in less developed areas in the south. Utilities bills, including water, electricity and heating, are not usually included in the rent and are paid periodically by the lessee.

The value of rent or the price of the purchased house depends on their location (in urban or rural areas, in the center or outskirts of the town, of the importance of the town or the tourist area), of the access roads, of the property condition, of the built-up area, the size of the land etc.

According to the index of realestate.ro, in October 2017, the average price per square meter for newly built houses varied between 1,200 euros for Bucharest and 300 euros for Giurgiu and Teleorman.

#### **d) The social health insurance system**

Every person insured according to the law is entitled to benefit from the services provided by the Romanian health system. The provision of these services is based on an insurance that consists in the payment of a contribution of a certain amount.

As an European citizen, in the case that a health problem appear during a temporary stay in Romania, you can benefit from any treatment that cannot be postponed until you return at home. An EU citizen has the right to the same medical cares of which the Romanian citizens benefit. It is preferable to present a European Health Insurance Card.

Affiliation to the social security system for citizens of EU Member States can be evidenced using the appropriate S form (former E).

Health insurance guarantees the access of any insured persons to a package of basic services. Social health insurances are mandatory.

The competent public institution for the administration of the health insurance budget is the National Health Insurance Fund (CNAS) and its territorial units. Certain categories of persons are insured without the obligation to pay the health insurance contribution:

- children under the age of 18 or persons under the age of 26, provided that they follow their higher education studies;
- People persecuted for political reasons, veterans, invalids and military widows;
- people with disabilities who do not have income;
- pregnant women and woman in labour, if they do not earn income or if their income is lower than the gross minimum wage in the economy.

All persons insured to the public health fund benefit from medical services, such as medical consultations, prescriptions and hospitalization. Some categories of people (for example, pensioners, people affected by cancer) benefit from compensated or free prescriptions, reductions in consultation costs.

First medical assistance is performed in the family medicine practices rooms. The family's physician room provides medical services to insured and uninsured patients. The family's physician room can provide essential medical services (e.g. first aid interventions necessary in the case of medical emergencies - surgical, current acute care assistance, chronic illness monitoring, preventive medical services); extended (e.g. family planning, procedures for small surgery) and additional (e.g. manipulations and techniques of medical practitioners which require special amenities).

Medicines that do not require prescription can be purchased from any pharmacy.

The private healthcare system also offers greater accessibility to high-quality medical specialists and equipment, as the private clinics offer, as a rule, two payment options: subscriptions and private health insurance.

#### **e) Transport infrastructure.**

Romania has an extensive network of railways, international, national and county roads, as well as airports.

Highways that can also be used are: Bucharest - Pitești, Sibiu - Virgo, Bucharest - Ploiești, Bucharest - Constanta and Arad - Timișoara. Other highways are currently under construction. Tolls on highways do not exist.

Between Romania and Bulgaria two modernized transport routes exist, such as the 'Bridge of Friendship' - the Danube Bridge that links Giurgiu with Ruse and the "Il Bridge over the Danube" that links Calafat and Vidin (the pan-European corridor). These two bridges are both railway bridges and road bridges. The construction of a third bridge that links the Bulgarian Town of Silistra to Calarasi is at its Project Phase, and even a new bridge modernized to the east by the current bridge linking the Town of Giurgiu to the Bulgarian Town of Marten and taking over the already over dimensioned traffic from the current bridge.

In order to cross these road bridges, Bulgarian and Romanian citizens must pay a bridge tax, unless otherwise regulated by the tax exemption agreement in the case of residents of the towns united by the respective bridges. Also, as it is known, to circulate on national roads or highways, owners of vehicles must pay a vignette. It is purchased for a period of 7 days, 30 days, 90 days or 12 months. For a car, the cost of a vignette for 7 days is 3 euro, for 30 days is 7 euro and 12 months - 28 euro.

The Romanian Road Code in force establishes the limits of the speed: on highways - 130 km/h; express roads or national European roads (outside localities) - 100 km/h, 90 km/h on the other road categories, while in the towns - 50 km/h.

Local urban transport is performed in all the towns of the country. Buses are the most common means of transport. In the big towns, trams and trolleybuses also exist. The price of one ticket for local buses is a decent one (approx. 2 RON per trip).

River traffic along on Danube and the maritime traffic on Black Sea, in the area of the counties included in this Study is served by port towns, such as: Constanta and Agigea.

## **ROMANIAN CITIZEN WHO WANTS TO WORK ON THE TERRITORY OF BULGARIA**

### ***The conditions of employment of foreign citizens in Bulgaria***

#### **The system of taxes and charges in Bulgaria**

This includes direct taxes (tax on the company's profit and on the income of natural persons), indirect taxes (VAT, excise and customs duties) and the tax on real estates.

The fiscal year coincides with the calendar year.

The single tax rate: From 1 January 2007, the profit level on the profit of the company established by law is 10% and for freelancers - 15%.

#### ***Income Tax on Natural Persons***

The Law on Income Tax on Natural Persons makes a difference between resident and non-resident persons, as residents are taxed for all the incomes (including from abroad), while at the same time non-residents are taxed only for the income earned in Bulgaria.

The tax base consists of income earned through labour-law relations and income from economic activities, including from agriculture, forestry and water, as well as other non-labour relations activities. The maximum base for other contributions is 2,000 BGN, after which only 10% is paid on income<sup>31</sup>.

#### **Health insurance**

Emergency medical assistance is ensured in State hospitals. European citizens will use health cards issued by national health insurance institutions or equivalent certificates.

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<sup>31</sup> <http://portal.nap.bg/en/page?id=514>

For those who are not registered in the national social security system, they are obliged to have a medical insurance with international validity issued by a medical insurance company.

### **IDENTIFYING THE POSSIBLE LEGISLATIVE, TAX, OR SOCIAL BARRIERS FOR POTENTIAL ROMANIANS AND BULGARIAN CROSS-BORDER WORKERS**

A complete harmonization of legislation is impossible in the near future and this is not desired by the Member States, even with the finalization of the United Market. Community legislation on the coordination of social security systems - in particular Regulation No 3, Regulation (EEC) No 1408/71 and Regulation (EC) 883/2004 - strengthens the rights of EU citizens in many ways to react promptly and adequately to the current social, administrative and legislative changes at national level.

- The level insufficient for the integration of the labour markets of the two States;
- Differences in what is foreseen on the social security systems and the tax systems in the two States;
- Uncertainty related to the consequences of the transport of cross-border passenger is an important obstacle to the cross-border mobility of the labour force. Consequently, the number of cross-border workers may be most probably higher in the case in which the potential cross-border workers could receive better information on the risks and characteristics of the work in another country;
- The eventual Romanian and Bulgarian cross-border workers have difficulty accessing the necessary information before making a decision to accept or look for a job in the neighboring country;
- One of the principal obstacles to the mobility is the insufficient knowledge of the language of the neighboring country;
- Prejudices, uncertainty about working conditions in a neighboring country and fear of discrimination are also factors with a considerable impact;
- The problem with the mutual recognition of qualifications and professional and scientific titles also exists. In fact, a directive of the European Commission exist that addresses this issue, but it only refers to a limited number of professions.

In order to make informed decisions about mobility, jobseekers and employers need information on a wide range of practical, legal and administrative questions.

### **ROMANIAN EMPLOYER THAT WANTS TO EMPLOY A CROSS-BORDER WORKER FROM BULGARIA**

In the situation in which a Romanian employer wants to employ a citizen of another another EU, EEA or EC Member State for stays longer than three months on the territory of Romania<sup>32</sup>, he must register the citizen at the territorial units to the General Inspectorate for Immigration (IGI) in the County in which the respective person will live during his stay in Romania.

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<sup>32</sup> For up to 3 months, registration of residence is not required.

① *Unlike the case of a citizen of the EU Member States, the European Economic Area or the Swiss Confederation, to employ on the territory of Romania a foreign non-EU citizen, the employer must obtain a Notice of Employment by the Territorial units of the Immigration General Inspectorate for Immigration in the County in which it has its registered office. For this purpose, he will deposit a number of documents and will pay a series of charges. A NON-EU citizen may only be employed in Romania with a single employer - a natural person or a legal entity. He, depending on the type of activity that he will undertake on the territory of Romania (permanent worker, intern or seasonal worker), can be employed with a Notice of Employment*

According to art. 17 of the Labour Code, before the conclusion or modification of the individual labour contract, the employer is obliged to inform the person selected with a view to the employment, as the case may be, the employee about the essential clauses which he intends to enter in the contract.

The obligation to inform the person selected with a view to the employment or the employee is considered to be fulfilled by the employer at the time of the signing of the individual labour contract. The elements of information, which must also be found in the content of the individual labour contract, refer to:

- the identity of the parties;
- the work place or, in the absence of a particular work place, the possibility that the employee will work in different locations;
- his registered offices or, if applicable, the domicile of the employer;
- the function/occupation according to the COR or other normative acts, as well as the job description, with a specification of the duties of the function;
- The criteria for evaluating the professional activity of the employee applicable at the level of the employer;
- job-specific risks;
- the date from which the contract is expected to produce its effects;
- in the case of signing a fixed-term employment contract or a temporary employment contract, their duration;
- the leave to which the employee is entitled
- the conditions for service of notification by the parties under the contract and its duration;
- the basic salary, other constitutive elements of the salary incomes, as well as the periodicity of payment of the salary to which the employee has the right to;
- the normal duration of work, expressed in hours/day and hours/week;
- indication of the collective agreement governing the employee's working conditions;
- duration of the probationary period.

The obligation to provide information on the essential clauses that it intends to enroll in the contract with the person selected for employment will be deemed to have been fulfilled by the employer at the time of signing the individual labour contract.

Prior to the commencement, the individual labour contract is recorded in the General Register of Employees Evidence, which is sent to the territorial labour inspectorate under the terms and conditions stipulated by Government Decision № 500/2011 regarding the general register of employees.

The employer is also obliged to provide the employee with a copy of the individual employment contract prior to the commencement of its activity and, according to art. 8 of the Government Decision no. 500/2011, to prepare a personal file for each employee, keep it in good condition, at the registered offices of the company and send it to the labour inspectors upon request.”

Para.2 of Article 8 of the H.G. no. 500/2011 enumerates the minimum documents that the employee's personal file should contain. Thus, the personal file prepared must contain at least the following documents:

- the documents necessary for employment;
- the individual labour contract;
- the additional agreements and other documents related to the modification, suspension and termination of individual labour contracts;
- the study documents/certificates of qualification;
- the obtaining of a right of residence for more than 3 months.

Each employer has the obligation, according to the Labour Code and the provisions of the Government Decision no. 500/2011 on the General Register of Employees Evidence, with the subsequent modifications and completions, to prepare (in electronic format) and send<sup>33</sup> to the Territorial Labour Inspectorate, the *General Register of Employees Evidence (REVISAL<sup>34</sup>)* and to submit it to the labour inspectors at their request. The register includes the identification elements of all employees, the date of employment, the position/occupation according to the specification of the Romanian Occupations Classification (COR) or other normative acts, the type of individual labour contract, the salary, the bonuses and the amount thereof, the period and the causes of suspension of the individual contract, the period of secondment and the date of termination of the individual labour contract.<sup>35</sup>

In the case of an individual labour contracts, the salary is calculated similarly to a resident employee, applying the Romanian legislation in force. Thus, the employer will calculate and retain social contributions and income tax in accordance with the legal provisions in force at the time the calculation is made. All these evidence that the contributions by the Romanian employer are paid in the name of the expatriate employee to the Romanian State and entered in Declaration 112 that must be submitted within the 25<sup>th</sup> day of the next month.

#### **4. ANALISIS OF THE FRAMEWORK CONDITIONS TO CROSS-BORDER COOPERATIONS**

**The juridical framework of cross-border cooperation between Romania and Bulgaria in the scope of the labour force market is regulated by the following three documents:** *The Convention between Romania and Bulgaria on the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital, the Agreement on cooperation in the field of working conditions and the protection of rights provided for by labour legislation and the Joint Declaration on cooperation on working conditions and protection of employees' rights.*

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<sup>33</sup> See Art. 5 of the Government Decision No 500/2011 on the General Register of Employees Evidence.

<sup>34</sup> See Art. 34 of the LC and Art. 2 and 3 of RP No 500/2011.

<sup>35</sup> See Art. 3 of Government Decision No 500/2011

# **1. *Convention between Romania and Bulgaria on the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital***

The first document signed by these two States in the scope of the regulation of the conditions, applicable to cross-border labour force, from the point of view of taxation, is the ***Convention of 1<sup>st</sup> June 1994 on the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and capital, ratified by to Romania through Law no. 5/1995***.

20 years later, on 24 April 2015, with a view to consolidating and extending cooperation in the field of taxation and to avoid situations of non-taxation or reduced taxation through tax evasion or avoidance of taxes payment, including through arrangements of abusive use of tax treaties, Romania and Bulgaria have signed a new ***Convention on the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income, ratified by Romania through Law no. 29/2016***.

On the basis of the Convention, the competent authorities of these two States exchange information necessary for applying the provisions of the Convention or for or for the administration or implementation of the internal legislations in respect of taxes of every kind and nature, levied on behalf of the two States or of the administrative-territorial units or local authorities in so far as the taxation to which it relates does is not contrary to the the Convention. Also, these the two States assist each other in collecting tax receivables.

## **Principal provisions of the Convention in force**

Where a natural person is a resident of the two Contracting States, its status is determined in the following manner:

- a. it is considered to be a resident of that Contracting State in which it has a permanent home available to him; if he has a permanent home in both Contracting States, he will be considered a resident of the State with which his personal and economic links are closer (the center of vital interests);
- b. if the State in which he has the center of vital interests cannot be determined or if he does not have available a permanent home in neither States, he will be considered a resident only of the State in which he lives habitually.

Subject to the provisions on the remuneration of members of management councils, professors and researchers and in the case of calculation of pensions and annuities, salaries and other similar remuneration, earned by a *resident of one Contracting State*<sup>36</sup> for an activity with salary, are taxable only in that Stat, except in the case where the activity with salary is exercised in the other Contracting State. Therefore, if the activity with salary is exercised in such a way, its remuneration is taxed in that other State.

By way of exception to the above mentioned, the remuneration - earned by a resident of one Contracting State for activity with salary exercised in the other Contracting State -are taxable only in the first-mentioned State, if:

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<sup>36</sup> "Resident of a Contracting State" means every person who, based on the legislation of the respective State, is subject to tax due at his domicile, his residence, his place of management, his place of registration, his place of incorporation or any other criterion of a similar nature; and also includes that State and any administrative-territorial unit or local authority thereof.

- (a) the beneficial owner is present in the other Contracting State for a period that does not exceed a total of 183 days in every period of twelve months beginning or ending in the tax year concerned;
- (b) the remunerations are paid by an employer or on behalf of an employer who is not a resident of the other country;
- (c) the remunerations are not borne by a permanent registered office which the employer holds in the other State.

Also, by way of exception to the above mentioned provisions, the remuneration earned for work done on board a ship, aircraft, rail or road vehicle operated in international traffic is taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

With a view to the provisions on the remuneration and other similar payments earned by a resident of a Contracting State in his capacity as a member of the council of directors of a company which is a resident of the other Contracting State, they are taxable in that other State.

In the situation in which the income relating to the personal activities of a performer or an athlete, in such capacity, does not come to the performer or to the athlete, but to another person (impresario, coach, etc.), those incomes, by way of derogation, are taxable in the Contracting State in which the activities of the performer or athlete are performed.

If the income related to the personal activities of a performer or a sportsman, being in this capacity, is not earned by the artist or sportsman itself, but by any another person (such as impresario, coach, etc.), those benefits may, by way of derogation, be taxed in the Contracting State in which the performer or sportsman is running its activity.

A special situation is where the incomes earned from the activities of performing artists or athletes in a Contracting State, then when a visit in that State is entirely financed by the public funds of that other State or by an administrative-territorial unit or local authorities thereof or by public agency thereof and the activity is not performed in the scope of obtaining a profit, are exempt from tax in the Contracting State in which those activities are performed.

A natural person who visits a Contracting State for a period that does not exceed two years only in the scope of teaching or to make researches at a university, college, school or other educational institutions in recognized that State, and who is or was a resident of that other Contracting State immediately prior to that visit, is exempt from tax in the first-mentioned State in respect for any remuneration received for such teaching or research, provided that such remuneration will be earned by him from outside that State.

The way to eliminate a double taxation, in Romania, follows the following route: Where a resident of Romania generates income that, in accordance with the provisions of the Convention, is taxed in Bulgaria, Romania will grant a deduction from the income tax of that resident, an sum equal to the income tax which has been paid in Bulgaria. This deduction cannot exceed that part of the income tax, as it has been calculated before the deduction to be granted, that is attributable to the income that are taxed in Bulgaria.

## ***2. Agreement on cooperation in the field of labour conditions and the protection of the rights provided under labour legislation***

In November 2010, Romania, Bulgaria and Greece have signed an *Agreement on cooperation in the field of labour conditions and the protection of the rights provided under labour legislation* in the scope of establishing a permanent framework for administrative cooperation and the exchange of information between the parties in the fields such as:

- the working conditions of seconded workers in accordance with Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 on the secondment of workers in the framework of the provision of services (OJ L 018/21.01.1997), hereinafter referred to as Directive 96/71/EC, and on the mutual provision of the necessary technical assistance with respect to reasoned requests, including information on specific cases of entrepreneurs with transnational problems and activities allegedly illegal;
- Occupational safety and health by exchanging information on entrepreneurs with central headquarters on the territory of the State of one of the Parties that operates on the territory of either of the other two States;
- Documents - presented by the employers or employees - that certify the aspects connected to labour relations, through mutual support regarding the actions for verification of their validity.

### ***3. Joint Declaration on cooperation on working conditions and protection of employees' rights***

Also, in October 2017, Romania and Bulgaria have signed a *Joint Declaration on cooperation on working conditions and protection of employees' rights*, a declaration through which these two countries have agreed to strengthen the exchange of information, experience and points of view on the policies and practices in the field of labour. The cooperation document are targeted to such fields as: Occupation of young people and the Mobility Package; Gender Equality and Combating Domestic Violence; Child protection; Safety and health at work; Social inclusion of the Roma minority; Social security models; Measures and good practices in the field of social inclusion; Combating undeclared work (by conducting joint inspections of competent labour inspection bodies); Policies and programmes in the field of employment and exchange of good practices between competent bodies in the field of employment.

Thus, Romania and Bulgaria continue their cooperation started in September 2010, when Bulgaria, Greece and Romania have signed in Sofia a Tripartite Cooperation Agreement on the labour conditions and protection of the rights stipulated by the labour legislation.

#### ***• Identification of institutions and actors, key stakeholders in the field of cross-border workforce***

European and EEA citizens looking for a job can contact the National Employment Agency (ANOFM) <sup>37</sup>, the Public Employment Service, contacting its territorial structures.

Given that in order to employ a citizen of the Member States of the Union, all formalities in terms of employment must be fulfilled, as in the case of a Romanian citizen - starting with the obtaining of a medical certificate from a medical specialized in occupational medicine, that attests that the future employee is fit to work and to be employed, until the employer has declared the individual employment contract with the **National Agency /County Agency for Labour Inspection and Social Security**.

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<sup>37</sup> ANOFM is subordinated to the Ministry of Labor, Family and Social Protection

Therefore, at the level of each County in Romania, a **County Agency for Employment (AJOFM)** exists, to which a number of local agencies are subordinated, depending on the case, as their number varies depending on the County. For example:

- At the level of the County of Constanta, the County Office for Employment has in subordination 1 local agency in the Town of Constanta and 3 working places in the towns of Medgidia, Mangalia and Navodari;
- At the level of the County of Calarasi, the Calarasi County Office for Employment, has in subordination 2 local agencies in the Towns of Calarasi and Oltenita.
- At the level of the County of Giurgiu, has in subordination 1 County Office for Employment located in the town of Giurgiu;
- At the level of the County of Teleorman, the Teleorman County Office for Employment, has in subordination 3 local agencies in Alexandria, Rosiori de Vede and Turnu Magurele, and 2 working places in the Towns of Zimnita and Vizele;
- At the level of the County of Olt, the Olt County Office for Employment, has in subordination 2 local agencies in the towns of Slatina and Karakal and 3 working places in the towns of Bals, Corabia and Draganest-Olt;
- At the level of the County of Dolj, the Dolj County Office for Employment, has in subordination 1 local agency in the town of Craiova and 5 working places in the towns of Bailest, Calafat, Bechet, Nowarcea, Filias;
- At the level of the County of Mehedinti, the Mehedinti County Office for Employment, has in subordination 1 local agency in the Town of Drobeta - Turnu Severin and 5 working places in Baia de Arama, Cujimir, Orsova, Strehaia and Vanju Mare.

Within each County Agency there is a EURES division/service. Therefore, we can affirm that, we can say that, just as with other EU instruments at the service of the European citizen (e.g. SOLVIT), EURES has a "local representation" at the level of each County in Romania.

❗ *It is recommended that between the date of signing the individual labor contract and the date of commencement of work with the Romanian employer be a sufficiently long period for the completion of the formalities required by the European citizen.*

The potential Bulgarian cross border worker, seeking a job in Romania, can address for information to the County Employment Agency in the County where he is interested to perform a remunerated activity by a Romanian employer and/or to the Local Employment Agencies of the town in which it is interested.

County Agencies offer information services, counseling and mediation for persons who are looking for a job or are unemployed, as well as information services and counseling for potential employers. Services are offered free of charge and are available to foreign citizens, as the necessary information can be provided in English language.

On the official website of each agency the following information is released:

- **Information and Professional consultancy:** being a set of free services for jobseekers aimed at:
  - a) providing information on the labour market and the occupancy evolution;
  - b) profiling and inclusion in the occupancy level: easy to occupy, environmentally friendly, hard to occupy and very difficult to occupy;

c) development of skill and the self-confidence of people in the search for a job, in order to make the decision on their own career;

d) training in search methods and techniques of finding a job ;

e) guidance during the process of socio-professional integration at the new job.

The services provided in accordance with paragraph (1) are accomplished within the Employment Agencies, as the services foreseen in paragraph (1) letter a), c)-e) can be accomplished by accredited public or private service providers.

- **Mediation of the labour force**

- Active measures for both employees and employers (Granting favorable credits, Tax incentives, Training programs for own employees, Job subsidies for employing the unemployed from different categories - young graduates, pupils and students during the holidays, unemployed who have 5 years to retire, disadvantaged groups) **and for persons who are looking for a job** (Qualification and/or re-qualification of non-employed persons, Evaluation and certification of vocational skills acquired in ways other than formal ones, Information and Professional Counseling, Work Mediation, *Stimulating Labour Force Mobility*).

With reference to the stimulation of labour mobility, there is a number of measures that are targeted to support the unemployed persons registered at the employment agencies and who, according to law, fall within a locality located a certain distance from the place where they have a domicile or reside, can benefit from the granting of a premium for classification or a premium for settling, as appropriate, depending on the respective distance or a premium for resettlement if they change their domicile or establish their residence in the locality where they were employed.

It is good to know that at a county and national level, a database of vacancies offered by Romanian employers exist because they are legally obliged to declare to the National Employment Agency all vacancies. The database can be consulted on the Agency's website in the Section "Jobs", on the following link <http://www.anofm.ro/locuri-de-munca-vacante-zilnice>. Unfortunately, however, in most cases, the details of offers are only displayed in Romanian language, but we do not consider this to be a real impediment to finding vacancies for Bulgarian citizens, who are actually interested.

## **V. COMPARATIVE ANALYSIS BETWEEN BULGARIAN AND ROMANIAN LABOUR LEGISLATION**

In the field of European Union legislation, a regularity is observed with respect to the ambition of the European legal framework to apply one and the same regulation in one and the same way to each Member State. That is the reason to integrate the EU law into the domestic law of the Member States, having, in principle, a supremacy over the national law. The tendency to strengthen the position of the supranational legal order vis-à-vis the national one is balanced by the Member States' aspirations to preserve their sovereign rights. Therefore, the legislations of the EU Member States differ, as the EU law does not aim at harmonizing or the complete unification of the national legislations, but only to coordinate them. The question of the place of the European Union law in the national legal systems of the Member States could not be unambiguously summarized as it is subject to involvement in time.

The differences between the Bulgarian and the Romanian legislation, in the context of this Study, can be found in the following directions:

- Documents required to conclude a labour contract

General documents for both countries: identity card; enclosed job description; document of acquired education, specialty, qualification, capacity, scientific title or scientific degree, where these are required for the position or the work for which the person applies; medical examination paper.

With a view to the medical certificate, there is a difference in the 2 legislations in terms of the payment: in Bulgaria, it is at the expenses of the worker, while in Romania the costs of the medical certificate are always borne by the employer.

In the Romanian legislation, in order to conclude a labour contract, it is required to provide documents attesting the civil status (civil marriage certificate) and copies of the child's birth certificate (if applicable).

Another distinction is the requirement for a Notice of Termination: a document required by those who were working before starting a new work. Some employers may also request letters of recommendations from previous job positions.

Also, a Declaration of Non-Disclosure is required. In Bulgaria, such a Declaration is signed in cases where the employer wishes to keep the confidentiality of a certain circumstance related to the exercise of the labour force.

- Procedure on imposing disciplinary sanctions in both countries

The Regulation on the Exercise of Disciplinary Liability by the Worker/Employee in Bulgaria is provided in Chapter IX, Section III, of the Labour Code. Disciplinary sanctions are imposed, under Art. 194, para. 1 of the Labour Code, no later than 2 months from the date of detecting a violation and no later than one year reckoned from the date of its occurrence.

In Romania, the sanctioning decision may be issued within one month of the date when the employer became aware of the violation but no later than six months after the date of the facts.

In Romania, the term for challenging the sanction is 30 days;

That is to say that in Romania, the deadlines for imposing the most severe disciplinary punishment -a dismissal, as well as their challenging, are half shorter than in Bulgaria.

- Leave due to pregnancy, birth and adoption, and maternity leave

It is worth noticing the different arrangements for this type of leave. In Bulgaria, a female worker/employee has the right to leave due to pregnancy, birth and adoption to the amount of 410 days for each child, of which 45 days must be compulsory taken before birth - Art. 163 of the Labour Code.

In Romania, maternity leave is a medical leave that covers a period of 126 calendar days and consists of:

- prenatal leave granted for a period of 63 days before delivery
- a post-natal leave that can be applied for a period of 63 days after birth. Of the 126 days of maternity leave, only the first 42 days after birth are mandatory. The remaining 84 can not be taken if they are not needed.

In a comparative analysis, not only with the Romanian legislation, but also with the legislation of the other European countries, it is positively worth noticing that Bulgaria has the longest maternity leave. The long duration of leave due to pregnancy and child birth in Bulgaria is among the exceptions in the world practice. Whether we make a comparison based on the amount of benefits or based on the period of motherhood, Bulgaria is among the countries offering the best conditions. The data obtained by the Organization for Economic Cooperation and Development (OECD) showed that Bulgaria ranks first in all surveyed countries on the duration of the paid leave due to pregnancy and childbirth. It is of 58.6 weeks (or 410 calendar days, of which 45 are taken before birth), which is more than three times the average for the OECD countries, i.e. 17.7 weeks. In countries where the leave is relatively long, the amount of compensation is lower. Bulgaria is also an exception here: a long duration of the leave and also a relatively high compensation granted, i.e. 90% of the previous income.

The International Labour Organization is insisting on 14 weeks of maternity, including an additional amount which should be not less than two-thirds of the mother's previous earnings. According to the organization, women require some form of protection to make sure they will not lose their jobs for pregnancy and maternity.

Relevant acts of EU legislation are the Directive 2010/18/EU of the Council of 8 March 2010 on the implementation of the revised framework agreement on parental leave concluded by the Confederation of European Business (BUSINESSEUROPE), the European Association of Craft and Small and Medium-Sized Enterprises (UEAPME) , the European Center of State-Owned Enterprises and Enterprises of General Economic Interest (CEEP) and the European Trade Union Confederation (ETUC) and repealing Directive 96/34/EC (Text with EEA relevance).

- Leave to perform civil, public and other duties

In Bulgaria, the Article 157 of the Labour Code stipulates that the employer is obliged to release from work the worker/employee: upon entering into marriage - 2 working days; in the case of the death of a parent, child, spouse, brother, sister and parent of the other spouse or other direct relatives - 2 working days.

In Romania, according to the Labour Code, paid days off - which are not included in the duration of the leave - are granted for special family events. Thus, in Romania, an employee has the right to paid days off in the case of special family events or other situations, as follows: marriage by the employee - 5 days; marriage by the child - 2 days; birth of a child - 5 days; death of a spouse, child, parents, fathers - 3 days; death

of grandparents, brothers and sisters - 1 day; when changing the workplace within the same unit, when moving to another settlement - 5 days.

With regard to this type of leave, it is worth noticing the different arrangements in both legislations for their payment and their duration. In Romania, they are paid, and in Bulgaria - this is as stipulated in the collective agreement or by agreement between the worker/employee and the employer. If that is not the case, this type of leave is not paid. The duration is also different, as in Romania it is more favorable for the employee - the duration is longer, and the leave to marry a child and to change the workplace within the same unit, and when moving to another location is legally regulated.

- Pay during leave

In Bulgaria, payment of remuneration for the time of using a legally established paid leave is received by the employee together with the labour remuneration due for the month during which the paid leave was used. Payment of salary is made, depending on the collective or individual labour contract, at the end of the current or in the month following that of the work done.

In Romania, the indemnity for the leave is paid by the employer at least 5 working days before the leave.

- Syndicate organization and Collective labour agreement

In Romania, the rules of association are extremely complex, as at least 15 people are required in order to establish a trade union.

A collective labour agreement - the main instrument for negotiating better working conditions - is also very hard to be achieved, at least 21 people are required. It is limited to employees in large companies or state-owned institutions, and more than 1.28 million employees are practically deprived of it.

In this way, a large proportion of Romanian workers do not have the right to collective agreements and must negotiate their remunerations individually with the employer.

In Bulgaria, a decision on the establishment of a trade union organization can be taken by workers/employees who hold a constituent assembly, with at least 3 /three/ founders. In the Labour Code, this figure is set to 5 people, but this threshold is only relevant when the national representation of the Confederation of Independent Trade Unions in Bulgaria (CITUB) is established. In the event that a union of three founders is established, this trade union organization will be legitimate and representative of the respective enterprise, and the members of its trade union management will enjoy the protection under Art. 333, para 3 of the Labour Code upon dismissal. Just if the founders are 3, and not 5, this organization will not be considered when establishing the CITUB's representativeness at national level. CITUB has long insisted that the right of trade union membership to be regulated in a special law that will also provide for penalties for those employers who persecute workers for union membership. It is assumed that the Conventions 89 and 98 of the International Labour Organization,

Geneva, act on this matter, which have been ratified by the Bulgarian State and have a direct application to protect the right of a person to form and join trade unions. The legal framework of the Collective Labour Agreement is contained in the provisions of Ch. IV of the Labour Code, as well as in a number of other provisions of the Code, which regulate the possibility of achieving more favourable working conditions in terms of salary, working hours, leaves, compensations, etc. Provisions relating to collective agreements are contained in Decree No 129 of the Council of Ministers of 5 July 1991 and in the Ordinance on Wage Negotiations adopted by it, in the Ordinance on Additional and Other Labour Remuneration, as well as in the Convention No. 98 on the right to organize and to collective negotiation.

According to Art.51a, para. 1 of the Labour Code, a Collective agreement in the enterprise is concluded between the employer and the trade union, i.e. there is no requirement for a certain number of members of the trade union.

- Duration of the probationary period

Labour legislation in Romania provides a probationary period of up to 90 days and, by way of exception, for senior management positions - up to 120 days.

In Bulgaria, the probationary period (Article 70 Labour Code) is up to 6 months. Setting the maximum, provided by law for a probationary period of six months, is widely used in practice. The legislator's desire is for a reasonably long period, which may give both employer and worker/employee an option to consider, in the process of work, whether it is suitable for them and if its performance in terms of quality and efficiency, would satisfy the employer. Unfortunately, the law case shows a tendency for employers to condemn the workers/employees to a failure of notification, in case of early termination, prior to the expiry of the six-month probationary period. In most cases, the indemnity for such a failure of notification, as evidenced by the case, is to the amount of three monthly salaries, which, together with the legal costs and in cases of compulsory enforcement with a private bailiff, reaches to an amount that a worker/employee could not afford.

- Citizenship of civil servants

In Romania, Bulgarian citizens have free access to the labour force market and are appointed to work under the same conditions as the Romanian citizens, except for the civil servants, where a Romanian citizenship is required.

In Bulgaria, a person who is a Bulgarian citizen, who is a national of another Member State of the European Union, of another State party to the Agreement on the European Economic Area or of the Swiss Confederation may be appointed as a civil servant under Art. 7, para 1 of the Law on Civil Servants.

The legal basis for the free circulation of workers is Article 45 of the Treaty on the Functioning of the European Union (TFEU). Free circulation is a fundamental right guaranteed by Art. 15, para. 2 of the Charter of Fundamental Rights of the EU. It is based on the Community principle of allowing no discrimination on the grounds of

nationality. This means that migrant workers have equal rights with the citizens of the State in which they reside, including in terms of access to employment. In the various legislations, the provision of the civil service is at constitutional and legal level. In individual countries, a special regulation exists governing the status of the civil servants. In some of them, this matter is regulated by a statutory instrument (Luxembourg, Hungary, Poland, etc.), while in others, the regulation exists in more than one law. By way of comparison, similar situations in the legislation could be established with regard to the civil servants, as well as the specific arrangements, including in the systematics of the laws. Requirements exist in the legislations of all States that the applicants for civil servants must meet in order to be recruited. In some countries, in line with the requirement of nationality, there are also age restrictions. Rules and principles are enshrined in the Directives in the European legislation which regulate the freedom of circulation and ensure that the national legislations do not violate the rights of any persons exercising their right to free circulation. That is why, the EU law does not seek to harmonize or to unify national legislations, but only to coordinate them.

- Minimum wage

In Romania, as of 1 January 2018, the gross minimum wage is 1900 RON per month (EUR 416,84) for full-time jobs of average 166,666 hours per month for 2018, i.e. 11,40 RON/hour (EUR 2,50), as per Government Decision 846/2017.

In Bulgaria, as of 1 January 2018, the minimum gross salary is of BGN 510 (EUR 260.76) for a working day of 8 hours set by Decree 316/2017 and in effect as of 01.01.2018. The lowest net salary after taxes and social securities is of BGN 395.75 (EUR 202.34).

The difference in the minimum wage is due not only to the better living standard in Romania but also to the advantages of the larger and more numerous economic centers at national level, which are the engine of the Romanian economy in general.

- Minimum social security thresholds per occupations

In Bulgaria, the so-called "Minimum Social Security Thresholds" exist. Minimum Social Security Thresholds are the minimum amount on which an employer is obliged to insure a worker, even if the amount recorded in its labour contract is lower.

In many industries, the real amount of the salaries are well above the Minimum Social Security Thresholds, but in others the salaries are lower. Every year, the Minimum Social Security Thresholds are negotiated between the Trade Unions and the employers on 85 of the economic activities and for those for which no agreement has been reached, the State represented by the Social Minister has the right to establish it in an administrative way.

The Minimum Thresholds for each occupation or job are set out in the Annex to the Law on the State Social Security Budget of 2018. This is in the form of a table containing the different professions by degrees of qualification and by field of activity.

In Bulgaria, there is a discussion on the question of the pros and the cons /benefits and harms/ of the Minimum Social Security Thresholds by occupations. The trade unions and Employers' representative organizations are in opposing positions.

The 'Industrial Capital' Association considers that the Minimum Social Security Thresholds only cause harms. Its representatives share the opinion that there is a problem with the workers' social security for the work process and not with the minimum social security benefits that should be eliminated and they insist on their cancellation.

On the other hand, the trade unions welcome the increase in the Minimum Social Security Income and believe that this will give impetus to the brightening of the business.

In Romania, no Minimum Social Security Thresholds exist for individual professions, functions, etc.

- Guaranteeing the payment of part of the labour remuneration

In Bulgaria, according to Art. 245 of the Labour Code, in the case of 'good faith performance' of labour obligations by the worker/employee, payment of the salary to the amount of 60 percent of the gross salary is guaranteed, but not less than the minimum wage. The difference to the full amount of labour remuneration remains payable and is additionally paid, at the statutory interest rate. In this case, a 'good faith performance' has nothing to do with the moral category of 'good faith'. Over the years, a persistent bad faith has been observed by some foreign and local employers who have reduced and delayed the payment of labour remuneration to workers. Unfortunately, the State proved to be unable to cope with this arbitrariness. The reasons for this are very different. Some of them are contained in the legislation itself. The wording of Article 245, paragraph 1 of the Labour Code contravenes Article 48, paragraph 5 of the Constitution, which states that the payment must be in line with what has been done. It also contravenes Article 48, paragraph 1 of the Constitution, which states that the State is taking care for the performance of work by the worker, which care includes also its full payment.

The option to pay only 60% of the labour remuneration is unlimited in time and allows the employer to abuse repeatedly, in violation of the statutory Liability for Monthly Reimbursement under Art. 128, paragraph 2 and Art. 270, par. 2 of the LC.

In the Romanian legislation, there is no such option to pay only a part of the labour remuneration due or a payment delay up to the total amount of the payment due.

- Social Security Weight

In Romania, the worker and the employer contribute to the social security budget, the health insurance fund, the unemployment fund and the state budget.

Starting on 1 January 2018, changes to the Tax Code concerning the social contributions to be transferred to employees have entered into force. It should be

noted that only 3 - CAS, CASS and the newly introduced employment contribution - of the contributions previously paid by the employee and the employer have remained. In 2018, only the employer calculates, deducts and pays the social security contributions. Employees are not required to do so.

Compulsory contributions:

- Pensions Contribution under normal working conditions, with a share of 25%, which is the sole responsibility of the employee - if there are special labour conditions, the employer will have an extra 4% (i.e. 29% in total, employee and employer) or 8% (i.e. 33% in total, employee and employer), detailed in the respective regulation act.

- Health Contribution of 10%, which is the sole responsibility of the employee;

- Employment Social Security Contribution of 2.25% is entirely the responsibility of the employer. Romania will become the only member of the European Union that has transferred the social security contributions from the employer entirely on the employees. This is also the most disputed change from the trade unions.

With a view to the Employment Social Security Contribution (CAM), it also includes the other four existing social contributions. In particular, the employment contribution consists of the current unemployment contributions, sick leave indemnities, professional risks and salaries claims.

From 2018, in Romania, the employer owes to the worker at least 37.25% (under normal conditions), for comparison as at the end of 2017 - 39.25%. For the harder work the total amount will reach 41.25% or 45.25%.

From 2018, in Bulgaria, the employer owes to the worker (under normal working conditions) a minimum of no more than 19.62%.

By way of comparison of the two laws, it is worth noticing the different arrangements for health insurance contributions. In Bulgaria, it is 8% and it is distributed between the employer and the employee in the ratio of 4.80% and 3.20%, respectively. In Romania it is 10% and it is entirely borne by the worker.

In Bulgaria, in order to have the right to social benefits, both workers and employers pay contributions under the corresponding scheme in the four main social security funds -pensions, sickness and maternity, work accidents and occupational diseases, and unemployment.

The distribution of social security contributions in state social security funds depends on the category of work and the two chronological periods - those born before and after the 1960s.

In Romania, there is no distinctive criterion for the distribution of social security contributions depending on the year of birth.

The national social security systems in Bulgaria and Romania, as well as in other Member States, differ significantly, but the EU provisions on social security coordination do not foresee their harmonization, i.e. there is no provision for the replacement of the national social security systems with a single European system. EU provisions foresee their coordination. Each Member State is free to decide who is subject to social security under its legislation, what kind of benefits would be granted and under what conditions. The provisions on coordination specify the general rules to be observed by all national social security institutions in order to guarantee the rights of the European citizens who work or have a residence in another Member State. From 1 May 2010, new European regulations on the coordination of social security systems (EC) No. 883/2004 and No. 987/2009 have been in force. There are four main principles:

1. For a certain period of time, European citizens are insured under the legislation of a one country, so they pay contributions only in one country. Social security institutions decide which is the legislation applicable to them. Citizens do not have the right to choose.
2. All European citizens have the same rights and obligations as the citizens of the country where they are insured. This is called a principle of equal treatment and non-discrimination.
3. When applying for compensation, previous periods of social security, length of service and residence in other countries are taken into account, if necessary.
4. If the right to cash compensation exist in a certain country, it can, in principle, be obtained even if the citizen lives in another country. This is called the principle of transferability.

The substantive scope of Regulation No 883/2004 includes sickness, maternity/paternity, disability, old age, death, accidents, occupational diseases, unemployment, pensions and family benefits.

Exchange of information between the competent institutions of the respective countries on the implementation of the social security rights of persons is done by electronic means through the use of a 'Structured Electronic Documents' (SED) or the so-called 'Portable Documents'. A 'Structured Electronic Document' is a document structured in a format for the electronic exchange of information between the Member States. A 'Portable Document' is one and the same throughout the European Union and is available in any of the official languages of the Union. However, it should be notice that the requirements for the use of different social security rights are not the same for all Member States. It is therefore necessary to monitor the specific social security requirements (time limits for acquiring rights, mandatory registrations, etc.) in order to allow beneficiaries to take advantage of the full amount of rights, recorded in the Portable documents.

Structured Electronic Documents (SEDs) replace the use of the eForms, which are issued under Regulation 883/04 and the Implementing Regulation 987/09 and serve as

a certificate of fact for the exercise of the rights provided for by those Regulations. They are exchanged only between the institutions of the Member States, they are not filled in, transferred and certified by private persons or by other state institutions not included in the application of the Regulations. During the transition period between 1 May 2010 and the introduction of the electronic document exchange system (ESSI), printed versions of SEDs can be used.

In consideration of the administrative files with a cross-border element, the social security institutions exchange information with the institutions of other Member States. Where such information is exchanged directly between the institutions, Structured Electronic Documents (SEDs) are used. Where the required information is issued by an institution of specific person concerned a Portable Document (PD) is used in the form of paper forms (as in the future it is planned to be replaced by an electronic one). In order to benefit from the Social Security Regulation - no. 883/04 and no. 987/09, as the person concerned must submit the relevant forms to the institution of the foreign Member State.

The portable documents issued by NSSI are:

- U1 - Statement of insurance periods to be taken into account when calculating an unemployment benefit;
- U2 - Retention of unemployment benefits;
- U3 - Circumstances likely to affect the entitlement to unemployment benefits;
- P1 - Summary of pension rights.

On the electronic pages of the National Agency for Fiscal Administration and the National Health Insurance Fund portable documents issued by these institutions are available.

Modernized coordination of social security in the EU affects all persons who are or have been subject to the legislation of one or more Member States - citizens of a Member State, stateless persons and refugees residing in a Member State, and their family members and survivors.

- Tax ratio

Taxes are paid for income earned from activities carried out on the territory of the Republic of Romania.

Taxes are deducted from the gross salary and are usually paid by the employer. Income tax fell from 16 to 10% from 01.01.2018, this includes earnings from wages, self-employment, loans, investments, pensions, agricultural activities, prizes and other benefits. It is noted that the pensions, exceeding a certain amount, are subject to taxation with an income tax, in Bulgaria pensions are exempt from taxes.

Also, since the beginning of the year, the tax regime has been changed for micro-enterprises, which will pay a 1% tax on income if their turnover is up to 1 million. The

'microenterprise' tax introduced instead of a 'corporate' tax is for all companies with an annual turnover of up to € 1 million. The tax will be 1% on the income instead of 16% on the profit. The 1% income tax for microenterprises will simplify the accounting, but will result in the taxing of such companies that have not been profitable so far and will therefore slow down their investment.

The standard VAT rate in Romania is 19% as of 2017. By way of exceptions, reduced VAT rates apply to the following categories: 9% - medicines, water, hotel accommodation, food, catering and catering services; 5% - books, textbooks, magazines, access to school or sports events, access to museums, monuments, fairs, exhibitions, for new homes the value of which does not exceed RON 450,000, with a useful area of maximum 120 m<sup>2</sup>, and the area of the landed property on which the house is built should be a maximum of 250 m<sup>2</sup>).

The value added tax in Bulgaria is at a standard rate of 20%. Accommodation provided by a hotelier is taxed with a reduced rate of 9%, when it is part of an organized trip but only the explicitly specified deliveries (for example: delivery of goods, delivery related to international commodity traffic, etc.) are subject to a zero tax rate.

Naturally and logically, when analyzing Bulgarian and Romanian legislation, similarities and differences are found in both national legal systems. We see the benefits of one compared to the other laws and compared to those in other European countries. There are also some disadvantages in the legislation that need to be changed or synchronized. In this study, it is important to avoid the irrefutable Roman presumption of "ignorance of law is harming" to be paraphrased as "ignorance of differences is harming".

The Bulgarian and Romanian legislation should focus their efforts on the maximum protection of the rights and dignity of the working people. In order to move from objective to reality, the Minister of Labour and Social Policy of Bulgaria and the Minister of Labour and Social Justice in Romania, in cooperation with the social partners, should organize a review of the legislation in force to develop programs for changing the labour law in order to ensure a more effective protection of labour rights and to increase the effectiveness of monitoring on their compliance, including extending the scope for intervention by control authorities. Protection of labour rights and dignity of the working people can not be achieved only at the legislative level. Employers' organizations, through the statutory established instrument in the conditions of an active and equal social dialogue, must look for timely solving of problems occurred, affecting the labour rights and civil rights resulting thereof, as well as for introducing the best practices. On the other hand, the labour market and labour force market and labour mobility in Bulgaria and Romania is directly related to the development of the economies of the two neighboring countries. In this respect, lawmakers from both countries should emphasize their efforts to create more favorable conditions for the development and prosperity of the business.

In order to improve the legislation and the conditions for the development of the business climate it is not enough only the active participation and the contribution of

the participants in the legislative, labour and economic processes. It is also necessary to involve the non-governmental sector, that, through its efforts in this direction, favors the acceleration and improvement of these processes. One of the possibilities in this direction is the participation in public policy making.

The contribution of non-governmental organizations (NGOs) to the public policy making consists in including them in areas such as problem detection, offering solutions, and provision of data such as interviews or surveys on the effectiveness of the solutions they offer. The cross-border business and labour study made of the cross-border region highlights the problems and trends of the labour force market in the Bulgarian-Romanian of the cross-border region.

## VI. PUBLIC POLICY PROPOSAL TO THE BULGARIAN GOVERNMENT

### The institutions concerned

*The Public Policy justifies the introduction of amendments to the regulations on labour legislation; the initiation of programmes and activities leading to cross-border integration of labour force and the introduction of measures to facilitate the conditions for cross-border mobility.*

*The adoption and implementation of the outlined Proposals is within the competence of the **Ministry of Labour and Social Policy**, the **Employment Agency** (in its capacity as an Executive Agency to the MLSP on Promotion of Employment) and the **Regional Employment Services**, giving priority to those activities that are developed on the territory of the cross-border region between Bulgaria and Romania.*

Attn. to:	The Minister of Labour and Social Policy
C/c:	The Prime Minister of the Republic of Bulgaria
	The Ombudsman of the Republic of Bulgaria
	The Committee on Interaction with Non-Governmental Organizations and the Complaints of Citizens
Engaged Institutions:	The Ministry of Labour and Social Policy The Employment Agency The Labour offices The Social Assistance Agency The General Labour Inspectorate Executive Agency The Disability Agency The National Institute for Reconciliation and Arbitration The Centre for Human Resource Development and Regional Initiatives The National Social Security Institute

### 1. Formulating the problem

*The existence of the normative, social and economic barriers that prevent the cross-border integration of the labour market and the labour mobility in the border region between Bulgaria and Romania, regarding:*

- The inconsistencies in the regulatory framework regarding the full payment of guaranteed remuneration of labour;
- The territorial specialization of the labour force, which requires to provide additional labour resources in the area concerned;

- The unfavourable conditions for day-to-day crossing of the Bulgarian-Romanian border related to labour mobility.

## 2. General Objectives and Specific Objectives

*The main objectives of the Public Policy Proposal are focused on overcoming, in a sustainable manner, the problem identified in all its aspects, respectively, at:*

- Creating equal conditions for the protection of the employees' right to remuneration on the territory of the Republic of Bulgaria, regardless of whether it refers to a Bulgarian citizen or to a cross-border worker;
- Encouraging and facilitating the cross-border integration of the labour market in the border region of Bulgaria-Romania, in compliance with the principle of free movement of persons within the EU and EEA;
- Improving the joint cooperation between business, labour force, local communities, and national, regional and local governments of both countries, by creating the conditions for maintaining a sustainable and effective communication.

*The identified Proposals are specifically aimed at addressing different aspects of the problem and aimed at achieving the **specific objectives**, namely:*

- Ensuring the consistency between the basic constitutional law and the principles of its implementation regulated by the Labour Code;
- Guaranteeing the principle of the Rule of Law;
- Harmonizing the conditions for guaranteeing the receivables of employees and workers;
  - minimizing abusive opportunities by the employers towards the employees they appoint;
- establishing traditions of a cross-border labour market cooperation;
- creating a sustainable relationship between the businesses and the educational system;
  - exchanging experience, know-how and good practices between the businesses in Bulgaria and the businesses in Romania;
- incorporating those persons that are discouraged, unemployed and long-term unemployed into the labour market;
- facilitating the cross-border mobility conditions;
- creating conditions of close cooperation between the regional employment offices of Bulgaria and Romania in the cross-border region;
- identifying future opportunities and threats to the labour market in the cross-border area;
- adapting the education system to the real needs of the business for qualified personnel;
- facilitating the traveling conditions of the cross-border workers;
- achieving sustainability in the cross-border mobility;
- establishing the traditions of cooperation between Bulgaria and Romania;

- overcoming any negative trends in the labour market, in particular the shortage of skilled labour;
- increasing the resource efficiency in enterprises in the cross-border region.

### 3. Target groups

*The Groups, being direct or indirect beneficiaries of the proposed amendments on the cross-border integration and labour mobility, have been identified.*

Direct	Indirect
<ul style="list-style-type: none"> <li>• The population of the eight Bulgarian Districts in the cross-border region</li> <li>• The population of the seven Romanian Counties in the cross-border region</li> <li>• Organizations operating on the territory of the Bulgarian part of the cross-border region</li> <li>• Organizations operating on the territory of the Romanian part of the cross-border region</li> </ul>	<ul style="list-style-type: none"> <li>○ The population of the Republic of Bulgaria</li> <li>○ The population of the Republic of Romania</li> <li>○ Labour offices in the territory of both border countries</li> <li>○ Higher education institutions in the cross-border region</li> <li>○ Labour exchanges operating in the cross-border region</li> </ul>

### 4. Suggestions for overcoming the identified problems

*The essence of the Public Policy Proposal consists in offering options to modify and improve the existing conditions affecting the cross-border labour integration and labour mobility.*

*Each of these proposals has been tied to the problem identified, to all its aspects and objectives, providing opportunities for improving the existing situation, for overcoming the specific inconsistencies and innovative approaches, for improving the interaction at the local level between the institutions of the two countries.*

*The SWOT Analysis results of the Districts and the Counties in the cross-border region, as well as the analysis of legal framework of the Republic of Bulgaria, the Republic of Romania and the European Union on issues related to the cross-border mobility presented in the Report on the “Analysis of the labour market situation in the cross-border region of Bulgaria-Romania” have been used as a basis for formulating the guidelines.*

*Upon the implementation of the proposed measures, a sustainable cooperation between the business, the population and the administration at the level of the cross-border region - Bulgaria and Romania will be ensured, which would have a positive impact on the long-term economic development of the poorest regions within the European Union.*

## Measure 1: To amend and supplement Art. 245 (2) of the Labour Code

Art. 245. <sup>38</sup> In the good-faith fulfillment of labour obligations by the worker/employee, the payment of remuneration in the amount of 60 per cent of its gross salary, but not less than the minimum salary for the country, is guaranteed.

(2) The difference up to the full amount of the remuneration of labour remains payable and paid additionally, together with a statutory interest.

The Constitution of the Republic of Bulgaria (Article 48 (5)) guarantees the right of every worker/employee to receive a minimum remuneration of labour and pay in accordance with the work actually done. The interpretation of this provision contains within itself the assumption that the subjective right of each person to receive a pay is proportionate to the results achieved and to the mental and physical efforts invested. The pay criterion is the 'work done', which is assessed by its volume, terms of execution, difficulty, professional qualifications, knowledge, experience, abilities and personal qualities. Art. 48 (5) is a provision of the Basic Law of the Republic of Bulgaria and, as the supreme provision, its discrepancy with other laws is inadmissible.

The above quoted Article of the Labour Code creates a conflict with the constitutional provision, by putting the employees at risk of abuse by unscrupulous employers, allowing only 60% of the gross remuneration to be paid, without giving an objective reason and justification for delaying the full pay of the 'work done'. The discrepancy between the two laws gives rise to a legal confusion - in case that an employee has conscientiously fulfilled its obligations, an employer has both the obligation to pay as agreed the full remuneration under Art. 128, item 2 of Labour Code, as well as the right to reduce it to 60%, according to Art. 245 (1) of Labour Code.

The remainder of the remuneration may be postponed indefinitely in time, as there is no deadline foreseen for repayment of the full amount of payables to the employees. Also, there is a contradiction arising with the provision of Art. 270 (2) of the Labour Code which provides that employers are required to pay their employee's earnings on a monthly basis, unless otherwise stated in the labour contract. The essence of the proportionality between the 'work done' and the remuneration received for it, consists in the principle of justice - to receive the due. By itself, 'Justice' is a normative value and a moral regularity the basis of which is the natural law, the law and its implementation, which should not be neglected in a Rule of Law such as the Republic of Bulgaria<sup>39</sup>.

<sup>38</sup> Labor Code, Prom. SG. Issue No.26 of 1.04.1986, am. and supp. SG. Issue No. 7 of 19.01.2018.

<sup>39</sup> Stated in the Preamble and Art. 4 (1) of the Constitution of the Republic of Bulgaria .

The presented Proposal is aimed at harmonizing the regulatory framework governing the fair remuneration of labour, which is an essential precondition for the development of the labour market in our country, including in the field of the cross-border integration. The determination of the employer's subjective rights, which have a negative effect on employees and workers, has an influence on the reputation of the country as a guarantor of the rights of all citizens and foreigners living in the territory of the Republic of Bulgaria (Article 26 of the Constitution).

A Romanian cross-border worker who is employed in Bulgaria is automatically placed at less favourable conditions, as there is no provision in the Romanian and European legislation to provide the possibility for partial payment of remuneration to workers/employees, especially without reasonable assumptions about it. In addition, obligations towards workers/employees have a repayment priority over any liabilities to all other stakeholders in the event of financial turmoil in the organization.

In such cases, both points of view should be taken into account. The opportunity for employers to delay the full payment of their employees' gross earnings makes sense in case of difficulties and problems arising due to any unforeseen circumstances in the implementation of the key activities (delays in making payments by customers, accidents, macroeconomic shocks, etc.). The "rescheduling" option provides a grace period for the organization to seek solutions and exit from the situation, whether due to technical, financial, managerial or other issues. At the same time, this should not have a lasting impact on the standard of living of the personnel, as the risks faced by the organization are committed by the owners and managers, and it is not permissible for employees to be direct bearers of the consequences.

The essence of this Proposal consists in amending the text of Art. 245 (2) of the Labour Code, indicating a specific term within which the employer is obliged to pay the full amount due of the gross remuneration of each employee. The goal is to provide a grace period in which the organization has an opportunity to solve the problems that have prevented the payment of labour remunerations, without affecting the long-term standard of living of employees. At the same time, the full payment of the remuneration of workers/employees will be guaranteed, which, in case of delay, will be compensated by the amount of a legal interest accrued on the amount of any delayed receivables.

Taking into account the proposed amendments, the amended text of Art. 245 (2) of the Labour Code is specified herein below:

*AMENDED ART. 245 (2) The difference to the full amount of the remuneration due shall remain payable and shall be paid additionally together with the statutory interest by the employer within 30 (thirty) calendar days from the deadline for payment of the remuneration specified in the employee's Labour contract.*

This Proposal to set a deadline under Art. 245 (2) offers a solution of the legal case arisen, taking into account the interests of both parties, respectively:

- the full payment of the work done by the worker is guaranteed, with an option for rescheduling - 60% of the gross remuneration, but not less than the minimum salary will be paid within the time limit for receiving the salary specified in the Labour Contract, the outstanding amount up to 100% will be paid within 30 days reckoned from the last day of the period for payment of the salary specified in the employee's Labour Contract;
- The "grace period" granted until the final payment of the labour remunerations due, gives the employer an opportunity to get out of the crisis situation in which the organization has fallen.

The text of Art. 245 (2) of Labour code is required in cases where, for whatever reason, the remuneration of labour has not been paid in full or the payment has been delayed. Logically, the difference up to the full amount of the remuneration remains due and its payment is due additionally, together with the statutory interest, but the law should not tolerate any delay indefinitely in time of subsequent payment of the remuneration due up to its full size, the main reason for the proposal to supplement the statutory provision with a specifically fixed term.

Amending the regulatory framework is essential to ensure the security of employees working on the territory of the country, whether a cross-border worker or a citizen of the Republic of Bulgaria.

#### Economic impact:

- Ensuring the minimum monthly income of employees;
- Reducing poverty and promoting social inclusion;
- providing sustainable human resource management;
- increasing resource efficiency;
- increasing productivity with the opportunity for employers to keep qualified employees and workers;
- providing a grace period for solving the financial difficulties of the organization;
- providing an opportunity for organizations to operate with a free resource for a certain period of time.

#### Social impact:

- security in the performance of official duties;
- preventing demotivation of employees/workers and the bad faithful performance of their duties;
- improving the reputation of the Bulgarian employers;
- improving the reputation of the institutions concerned;
- limiting employability abuses;
- respecting the rule of law.

## ❖ Measure 2: To create a cooperation programme between the territorial divisions of the National Employment Agencies of Bulgaria and Romania

The surveys on the business and labour force conducted in the cross-border region have shown distinct differences in the economic outlook of each district/county. There is a clear territorial specialization in the sectors of the national economy due to several main reasons:

- The traditions established in certain economic activities;
- the presence of universities in the field that prepare specialists;
- the presence of large enterprises, major regional employers operating in a particular sector and creating conditions for long-term employment;
- the natural and geographic conditions conducive to the development of specific activities of the national economy;
- the availability of natural resources - renewable and non-renewable - which predetermine the territorial specialization in some regions.

As a result, in some of the Bulgarian districts/Romanian counties, a need rises for staff holding a specific qualification that the population in the region can not offer or the presence of narrow specialists for whom there are no suitable job positions. Thus, for example, at the University of Ruse, engineers with a "Transport equipment and technologies" profile are trained but in the area, the production of internal combustion engines or automobile production is not covered. Meanwhile, a Ford plant is operating in the County of Mehedinti, but no higher educational institutions exist to train specialists in the respective direction.

The territorial divisions of the National Employment Agencies for Bulgaria and Romania in cross-border regions can exchange information on vacancies announced for which they can not provide employment from the available labour resources within the respective district/county due to lack of relevant staff and after declaring the employer's willingness and opportunity to employ a cross-border worker. The development cooperation program between the territorial divisions of the Employment Agency, respectively, in Romania and Bulgaria, will be beneficial for the cross-border integration of human resources in economic and social point of view.

### Economic impact:

- overcoming the problems of lack of staff;
  - opportunities for more precise recruitment;
  - reducing the cost of initial training;
  - increasing labour productivity;
- Possibilities of using best practices and know-how based on past experience of cross-border workers

## Social impact

- strengthening the cooperation in the cross-border area;
- improving the working conditions and providing a higher standard of living for cross-border workers;
- acquiring valuable experience and building staff in an international and intercultural environment.

### **❖ Measure 3: To promote the Erasmus + programme and the EURES network among the population living in the Bulgaria-Romania cross-border region and actively seek partners from employers**

Programs promoting the free movement of citizens are popular in Central and Western Europe, mainly associated with student exchanges. In fact, “Erasmus +” Programme is intended for people of different ages, helping them to develop experience, gain new knowledge in institutions and organizations from different countries. The EURES network creates a prerequisite for labour mobility for all EU citizens. This kind of programmes are little known in the country, although they offer a chance to enhance the qualification and to find fulfillment.

This creates a number of opportunities for individuals as well as for organizations and institutions that need qualified staff. Information on the Erasmus + and EURES programmes should be available at the labour offices, the higher educational institutions and colleges, to implement cost-effective advertising campaign by placing advertising posters and billboards in key locations, as well as by means of mass media advertising. Labour consultants at the Labour Offices can direct citizens who are unemployed and/or permanently discouraged to seek employment opportunities through these programmes. In educational institutions, assistance and information of students and graduates can be provided by employees in sectors offering first place / internship / career support.

Promoting these programs should be a priority for public employment services at local level and higher education institutions, especially in those areas where there is a high youth unemployment rate, long-term unemployed and discouraged people. Thus, creating a prerequisite for the return of whole groups to the labour market, the opportunity to emulate European business models and to implement them at national level and to increase the economic activity of the population. The inclusion of many people in initiatives of a similar nature would have a lasting impact on the economic and social long term processes by extending horizons and changing the mentality of the individual.

## Economic impact:

- Reducing the share of unemployed and discouraged persons;
- increasing the economic activity;
- increasing the possibilities for providing labour resources.

#### Social impact:

- integration into European practices;
- encouraging intercultural exchange;
- transferring knowledge and experience;
- expanding horizons, changing mentality and thinking;
- improving cross-border integration in the labour market.

#### **❖ Measure 4: To establish a practice of organizing events on which the labour force will meet the business in the cross-border region of Bulgaria-Romania**

Direct communication between the business and the labour force would favor the successful and sustainable integration of cross-border mobility as a way to ensure a better standard of living for the worker and additional labour resources for the business.

The essence of the proposal is to promote a traditional forum for career development in the cross-border region, implemented each year at the same time under the aegis of the Ministry of Labour and Social Policy. The aim is to ensure a direct contact between employers and potential stakeholders, including the participation of local university students and representatives of the competent authorities (the Labour Offices). It is expected that natural persons and legal entities, involved as participants, should be residents of the Romanian counties and the Bulgarian districts in the cross-border region in order to promote the cross-border integration. The role of public sector experts is to clarify issues, problems and opportunities concerning labour mobility. The direct relationship between businesses and universities will outline future trends in labour market developments and create opportunities for students to gain practical experience either in the process of learning or immediately after acquiring an educational and qualification degree.

Thus, in addition to receiving specific job offers, stakeholders will be able to obtain additional information on the conditions, opportunities and requirements for starting work as a cross-border worker. Every year, it will be possible to follow up on the needs of the labour market by creating a prerequisite for identifying sustainable trends, challenges, opportunities and threats to the business and the workforce.

Involvement of long-term unemployed and discouraged persons as participants in such events can be beneficial to their personal motivation to start work or acquire an additional qualification.

This is a valuable Proposal due to the sustainability of the career development forum in the cross-border region, which annual organization would ensure the achievement of the results. The amendments are expected to lead to:

#### Economic impact:

- Reducing the number of unemployed persons;
- Increasing the economic activity;
- Increasing the labour productivity by employing highly qualified staff;

- Increasing the value of Gross Domestic Product.

#### **Social impact:**

- Motivation to improve knowledge and gain experience;
- Facilitating the access to skilled labour resources;
- Saving time resource for recruiting /seeking a job;
- Promoting a brand and strengthening the image of employers;
- Creating opportunities for accessible labour market research and orientation on labour skills;
- Providing face-to-face communication between employers and the labour force;
- Investigating the competition between employers and jobseekers.

#### **❖ Measure 5: To facilitate the conditions for transport and tolls for the movement of cross-border workers between Bulgaria and Romania**

Cross-border mobility implies the possibility of free movement of citizens, including by crossing the territory from one country to another. The taxes due at the crossing of the Bulgarian-Romanian border have a significant impact on the transport costs for traveling to and from the workplace.

A frontier worker who lives in the Town of Byala (District of Ruse) works in Romania and travels with its own car, has the opportunity to cross the Ruse-Giurgiu Bridge or use the Svishtov-Zimnic ferry connection. In both cases, it will pay a fee for crossing to Bulgaria to Romania. In addition, in order to move seamlessly across the territory of both countries, the vehicle should have both a Bulgarian and a Romanian vignette.

In order to stimulate cross-border mobility within border regions, citizens, who work under a contract in a neighboring country without a temporary or permanent address there, should receive preferential travel arrangements. If transport costs are covered by the employer, he should also use preferential terms in order to have a motivation to hire cross-border workers.

#### **Economic impact:**

- increasing the passenger flow of the two bridges and the ferry connections between Bulgaria and Romania, generating additional revenues;
- optimizing transport costs for the worker and the employer;
- a prerequisite for hiring more cross-border worker.

#### **Social impact:**

- improving the cross-border integration;
- increasing the flow of cross-border workers;
- consolidating the exchange of experience;
- stimulating the economic activity of the population.

## VII. PROPOSAL FOR PUBLIC POLICY ON PROMOTING MOBILITY OF THE LABOUR FORCE WITHIN THE CROSS-BORDER AREA BETWEEN ROMANIA AND BULGARIA

Council Regulation No. 1612/68/EEC of 15 October 1968 on freedom of movement for workers within the Community provides in the preamble: „Mobility of labour within the Community must be one of the means by which the workers is guaranteed the possibility of improving his living and working conditions and and promoting his social advancement. " According to Eurostat, Romania ranks last among the EU Member States in terms of the amount of government funds allocated to support public policies in the field of labour, with a share of 0.224% of GDP.

Government Decision no. 775/2005 *on the approval of the Regulation on procedures for the elaboration, monitoring and evaluation of public policies at central level*, applies to those public policies which implementation is achieved through the adoption of normative acts. The elaboration procedures presented in this normative act are applied by ministries and other specialized bodies of the central public administration<sup>40</sup> that initiate draft normative acts.

From the point of view of the public policy classification, proposed as a result of this study, according to Government Decision no. 775/2005, starting from the major areas of socio-economic life, this is a social public policy regarding the employment of the labour force. As an approach, the proposed policy falls within the type of public policy focused on issues, distributive<sup>41</sup>.

### Policy Name:

PUBLIC POLICY ON PROMOTING MOBILITY OF THE LABOUR FORCE WITHIN THE CROSS-BORDER AREA BETWEEN ROMANIA AND BULGARIA

### FORMULATING THE PROBLEM

By analyzing the entire Romanian-Bulgaria cross-border region, some common features can be identified, which focus primarily on the high unemployment rate, the major percent of the active population employed in the field of agriculture (with the exception of the District of Ruse where production is evidenced), the lack of economic and social development, and in particular of the activities related to the industrial branches, the lack of centers and centers and research and development activities, low incomes, and, last but not least, difficult access to education, especially with regard to the higher education institutions.

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<sup>40</sup> Units specialized in public policy, hereinafter referred to as the public policy units, constituted at the level of the ministries and other specialized bodies of the central public administration.

<sup>41</sup> *Distributive policies* imply the allocation of resources and services to different segments of the population - people, groups, communities. Some types of distributive policies only grant benefits to a limited number of beneficiaries. Other policies address a large number of people, as is the case with agricultural subsidy programs, the free educational programs, etc. Distributive type of policies typically imply the use of public funds in favor of groups, communities and economic activities. Potential beneficiaries do not compete directly, as the granted benefits do not constitute direct costs for a specific group.

By taking into account all the socio-economic aspects listed herein above, it is important to respond to the needs of an inclusive cross-border labour market that allow for new economic opportunities and improved economic perspectives. This vision starts from the assumption that all citizens can be included under the umbrella of the labour market, each according to the possibilities and qualifications.

This priority, being horizontal, is important for the public authorities, the citizens and employees/future employees/citizens, since an efficient labour market is the center of a healthy economy.

In addition, this vision presumes that each EU Member State can dispose of human resources existing in other Member States, taking into account that specializations and professional qualifications are transferable and that labour conditions follow the principles and standards of employment approved by the EU bodies. However, employers have to provide a prove of great flexibility in terms of the salary forms and levels, a flexible work program (eg encouraging and promoting various forms of work such as: part-time work contracts, remote or part-time work, short-term or project contracts), formation/training of new employees, etc., especially with regard to the cross-border workers.

Therefore, the challenge is also to change the perception of stakeholders about the size of the market and to reduce the barriers between the education system and employers, the employees and companies, and the most important - of the two border areas.

An integrated labour market based on intelligent networks, continuous learning and training with greater availability of economic activities, legal and strategic information, is the foundation stone for an efficient and quality employment.

## SCOPE OF THE PROPOSAL

(Developing a cross-border integrated labour market) by:

Integrating the cross-border areas on the matters of employment and mobility of labour force, by ensuring a better access to and improving the quality of information services, by organizing joint initiatives in the field of employment and of the training, and through the development of consulting services.

## GENERAL OBJECTIVES / SPECIFIC OBJECTIVES

The **general objective** is to connect **people looking for a job**, the local communities, the private sector and the authorities in the Bulgarian-Romanian cross-border region in the common development, in order to promote the cross-border labour market integration.

The **specific objective** is to encourage the integration of the cross-border area in terms of employment and labour mobility by implementing joint employment initiatives based on two guidelines:

- *Promoting job sustainability and quality of labour force and supporting labour mobility through the integration of cross-border labour markets;*
- *Supporting joint local initiatives in the field of employment of the labour force, information and counseling services, as well as joint training programs.*

## BENEFICIARIES

### Direct Beneficiaries:

The target group consists of people looking for a job on the labour market, especially young people, Romanian and Bulgarian citizens from the cross-border area, but also Romanian and Bulgarian employers (private companies, NGOs, etc.) looking for people looking for a job, in order to increase labour productivity and decrease the migration of the active population.

Indirect beneficiaries: tional public authorities and those at the local level

## SOLUTIONS OPTIONS

### Option 1:

Increasing the extent of cross-border cooperation as a whole between social organizations, local actors and public authorities in both countries with a view to identifying innovative solutions and delivering more efficient, adaptable and personalized public services in the cross-border region in order to achieve the defined scope of integrating the whole cross-border area in terms of employment and mobility of labour, by providing both short and medium-term and long-term measures, by organizing joint initiatives in the field of employment of the labour force.

*Long-term measures* are those that ensure the sustainable development of the cross-border region as a whole, and should therefore be taken into account as priorities of the entire strategy applied to achieve the proposed objectives.

Thus the principal areas of development of the cross-border region are represented by:

- developing the cross-border activities of SMEs (encouraging cross-border entrepreneurship);
- identifying the principal economic branches that can activate labour force mobility and developing common strategies and plans, consequently;
- establishing partnerships with educational and professional training institutions in both countries;
- creating and developing cross-border business incubators.

The principal short- and medium-term measures focused, in direct and restricted mode, to the issue of cross-border workers' mobility both from the logistical point of view as well as from the point of view of access to information, as follows:

- developing the cross-border transport to facilitate the mobility of cross-border workers;

- improving access to information for the target group;
- establishing a common database to provide mediation/placement services (correlation/matching between supply and demand).

### Estimating the impact of the proposal

Economic impact	Social Impact	Ecological impact
intensifying the economic activity;	encouraging the economic activity of the population	Increasing the level of pollution in the region (with the increase in economic activity)
optimizing transport costs for cross-border workers;	increasing the flow of cross-border workers;	
reducing poverty and promoting social inclusion.		

### Financing the proposed measures

Funding will be provided from the state budget and through European funds, by accessing projects funded by European non-reimbursable funds

### Option 2

Support granted to jobseekers to find information on cross-border employment and training opportunities and to receive guidance on cross-border work on the one hand, support granted to employers to find suitable employees and to receive guidance on their employment and improvement, on the other hand. The project aims at removing obstacles to cross-border transport by implementing a set of interconnected and complementary activities:

- ♦ Improving the search processes for cross-border jobs and the search processes for employees, translating information on the available vacancies, providing guidance to cross-border jobseekers and employers;
- ♦ Reuniting jobseekers, employers and providers of professional training at cross-border job fairs, thus promoting employment of labour force and improving the labour force, and developing an active cross-border labour market
- ♦ Promoting the support services on the employment of labour force available to cross-border travellers and employers (information days and workshops for job seekers and the unemployed persons, newsletters for citizens, foreign languages courses, support for mentors of employees), increasing the number of people benefiting from project activities, removing mental barriers and promoting sustainable cross-border employment.

### Estimating the impact of the proposal

Economic impact	Social Impact	Ecological impact
reducing the cost of information for people interested in finding a cross-border job;	establishing the prime link between future employees and employers thereof;	<i>Not applicable</i>

reducing, in part or in full, recruitment costs for employers;	removing obstacles to cross-border transport both for cross-border workers (direct beneficiaries) and for other categories of people who will benefit from these advantages.	
reducing poverty through the search for a cross-border job.		

### Financing the proposed measures

Financing will be provided from the State budget and through European funds, by accessing projects funded by European non-reimbursable funds

### THE IMPLEMENTATION AND CONSULTATION PROCESS (CO-OPTING FACTORS)

In view of formulating a strategy on the mobility of cross-border workforce, comprehensive and coherent, that is feasible in the long term and is necessary to co-opt many actors have the right to vote in this respect:

- decision-making factors, such as public authorities and institutions;
- proficiency factors (universities, research organizations/institutions, think-thanks etc.);
- interest groups;
- Information and communication transfer factors (mass media, resource centers).

### Ministry of Labour, Family and Social Protection

- a particularly important role in drafting proposals for legislative regulations and in formulating of general and specific policies in the field;
- role of analysis, prognosis, strategic planning, monitoring and evaluation of interventions;

### National Agency for Employment of Labour Force (ANOFM)

- the central body to implement policies and programs related to the labour market;
- intervenes through the *Employment Program*, the *National Vocational Training Plan* and through participation in various financing projects through which people in different situations of unemployment, inactive, etc. are formed and included on the labour market.
- providing administrative data on registered unemployment, vacancies communicated by employers and the implementation of employment incentives

**County Agency for Employment of Labour force (AJOFM)** - a decentralized public institution, being the most important body at territorial level in implementing policies and programs related to the labour market (application of strategies in the field of employment and training); an important role in institutionalizing the social dialogue in the field of employment and training

**Labour Inspection** - responsible for monitoring the conditions created by employers at the workplace

**National Agency for Social Benefits (ANPS)** - through the territorial agencies, pays the social assistance rights

**National House of Pensions and Other Social Insurance Rights** - through territorial agencies, pays pension rights and other social security rights

**De-concentrated services/county and local administrations** - can provide a feed-back on the efficiency and shortcomings of legislative regulations and programs to stimulate micro-enterprise development/job creation by attracting investors

**Ministry of Regional Development and Tourism (MDRT)** - by intervening in national programs and supporting local programs of infrastructure development, contributes to attracting investment and direct creation of workplaces in construction and road development and other investment works.

**Ministry of Education, Research, Youth and Sport (MECTS)** - by funding programs through POS-DRU, in collaboration with MMFPS or other institutional actors, intervenes through: training programs, creation of mechanisms for recognition of acquired competencies, formal and non-formal learning -formal, stimulating lifelong learning.

**Actors in the tertiary education system** (state and private universities) -

- by developing and implementing training programs appropriate to the requirements of the current labour market and with the tendencies of transforming the labour model in future years;
- through the capacity to support through scholarships and other support programs (in cooperation with other institutions - state or private) training of those who are interested in providing cross-border work, especially young people

**Actors in the continuous training system** (state and private actors) - through the quality of the training programs, the adequacy of these programs with the requirements of the current labour market and with the tendencies of transforming the labour model in the future years; through the capacity to attract and support through scholarships, subsidies and other support programs (in cooperation with other institutions - state, local, private) potential cross-border workers / people without qualifications from disadvantaged environments.

**Ministry of Economy, Commerce and Business Environment** - intervenes by stimulating the establishment and development of micro-enterprises, supporting the development of business incubators

**Ministry of Agriculture and Rural Development** - intervenes through the *National Program for Rural Development (PNDR)*, which provides and supports measures for the installation of young farmers, support for the creation and development of micro-enterprises and encouragement of tourist activities

## **Social actors - employers, trade unions, civil society organizations**

- *Employers' and Trade unions* - have an important contribution to the regulation of the labour market through collective labour agreements that set wage levels and by supporting the creation of conditions to integrate the people without experience or difficult to integrate (accepting and sustaining apprenticeship, internship, flexible work schedules, programs to adapt the workplace for people with disabilities, etc.)
- *NGOs, Think-thanks* - intervene in formulating proposals for legislative regulations and formulating general and specific policies. Through studies and analyzes made through ongoing or in-service funding programs, they can evidence problems and obstacles arising in implementing the programs at the national or local level, can contribute by formulating recommendations/proposals for strategies or public policies to be forwarded to decision-making factors with a view of analyzing and using, and can provide much more quantitative and qualitative data than those provided by statistical institutes on the labour market situation of different social categories

**Factors of Information and Communication Transfer (mass-media - press and tv, resource centers)** - through their capacity as influencing factors of public opinion and their capacity to disseminate information on a large scale

### **RECOMMENDED SOLUTION OPTION - OPTION No. 1**

The proposal aims at increasing the dimensions of cross-border of cooperation as a whole across social organizations, local actors and public authorities in both countries in order to identify innovative solutions and deliver more efficient, adaptable and personalized public services in the cross-border region for achieving the defined scope of integrating the entire cross-border area on matters of employment and labour force mobility by providing both short and medium-term and long-term measures through joint initiatives in the field of employment.

Long-term measures are those that ensure the sustainable development of the entire cross-border region, and should therefore be taken into account as priorities of the entire strategy applied to achieve the proposed objectives.

Thus, the principal areas of development of the cross-border region are represented by:

1. developing the cross-border activities of SMEs, prin:
  - Encouraging the cross-border entrepreneurship by providing government funds to local private initiatives and/or granting tax incentives to employers of cross-border workers on both sides of the border - exemption from taxes to the local budget or taxes from ANAF for employers who provide evidence of the employment of cross-border workers in the last year;
  - Facilitating the network of employers in the cross-border region, thus promoting the business activity in the cross-border region by conducting strategic research on the business environment of the cross-border area;

- Construction of industrial, IT or research parks having as sources of funding both European funds, investment funds of local public authorities, but also attraction of private investment through tax incentives granted;

## 2. identifying the principal economic branches that can activate labour force mobility and developing common strategies and plans

The principal asset of the cross-border region is its geographical location along the Danube River. Thus, the identification of the main economic branches for development seems to be easy by capitalizing the huge potential still unexploited to present.

As we have seen in the proposed analysis, the entire cross-border region engages most of the active population in the agriculture, the industry or services being underdeveloped, generating much of the socio-economic imbalances of the region.

Therefore, it is necessary to capitalize the potential of the Danube River from the point of view of the river transport (modernization or extension of the existing shipyards and/or the construction of new facilities) and from the tourism point of view by capitalizing the tourism potential of the entire river route from the Danube Gorge „Danube at Cazane” and and up to the mouth of the Danube Delta..

Given the fact that the active population is already massively engaged in agriculture, measures must be taken aimed at facilitating the new investments in the field, by exploiting the huge region's fishery potential by building, for example, fish farms along the river course .

## 3. establishing partnerships with educational and professional training institutions in both countries including the training and preparation of new generations on both sides of the border.

Thus, by establishing partnerships between the higher education institutions or even the vocational training environment, joint training programs need to be developed that are related to the development of the cross-border region in terms of new industrial and economic requirements. The construction of industrial, IT or research parks will have to be carried out simultaneously with the training of new specialists by developing common curricula designed specifically to develop these new requirements on the market of labour force.

The specific proposals aimed at the educational institutions should focus on strengthening the research and development cores that represent a common nursery of the cross-border region in terms of human capital (as we have shown that future specialists can be recruited directly on the faculty's banks by direct contracts with the local economic actors) and on the other hand, on creating mixed business incubators (higher education - local authorities - business environment) to help the development as a whole of the cross-border region.

An important aspect deriving from the very characteristic of the cross-border region is the absence of higher education institutions in certain counties/districts. In this

sense, the advantage should be exploited where it exists, where it exists, to facilitate the enrollment of Romanian or Bulgarian students in the academic environment across the border taking into account the following measure:

- Informing by means of local communication on the educational programs of the higher education institutions in the neighboring country;
- Allocation of additional places for admission intended for the Bulgarian foreign students, respectively Romanian;
- Providing accommodation facilities in the hostels (subsidized rents) as well as special scholarships;
- Including bilingual courses in the curriculum and encouraging cross-border teacher mobility.

The principal short and medium-term measures aimed, in direct and restricted way, to the issues of the mobility of cross-border workers both from a logistic point of view and by point of view of access to information, as follows:

(1) The development of the cross-border transport system is a sine qua non condition for the emergence and the development of an integrated cross-border area from the point of view of the transport and/or friendly in terms of mobility. Thus, the development of the transport system must be built in terms of clear, well-defined, achievable measures, with well-appointed responsible persons, which would interfere with both short-term objectives related to actions that can be implemented quickly, which aims to design transport routes based on existing resources, as well as long-term ones related to the development of transport infrastructure

The design of transport routes based on the existing resources prsumes some measures for implementing that belong to the local public authorities either at the level of the local public transport or by facilitating the crossing of the border by its own means. Thus, we can distinguish the following categories of measures:

- Improving the local public transport in the cross-border area by creating transport routes dedicated exclusively to cross-border traffic between tempestuous towns that serve for easy access to industrial areas or to connect with other local means of transport by serving the principle of time management;
- Granting facilities from the point of view also of tge cost of travel for citizens of both countries who prove their employment of cross-border workers;
- Harmonizing the transport timetables between cross-border towns with bilingual display of departure/arrival times, route followed, travel costs, place of departure and arrival, etc.
- Granting facilities from the point of view of border taxes, bridge taxes, vignettes, etc. in the case of own transport means of the citizens of both countries who prove their employment of cross-border workers.

As far as the development of transport infrastructure is concerned, it is aimed, on the one hand, at actions such as:

- upgrading and rehabilitation of existing means (road / railway);

- Extension of the existing infrastructure through the realization of new projects facilitating the transit of the cross-border region to the European transport corridors, given the specificity of the region related to the presence of the Danube river. (road / rail bridges, embarkation points for crossing etc.).
- Encouraging environmentally friendly means of transport by building bicycle tracks, shelters/car parks.

## **(2) improving the access to information for the target group**

Offering full and official information on the status of cross-border workers regarding any social security, labour law and tax issues in the Romanian and Bulgarian border regions through regular training sessions and relevant legal regulations to reduce the uncertainties of administrative units and employers in how to interpret and apply any specific regulations)

## **(3) establishing partnerships between education and training institutions in both countries**

- Offering special free Bulgarian/Romanian language courses for cross-border workers and jobseekers in eligible areas;
- Developing special joint professional/vocational training programs in economic sectors where specific skills are lacking.

## **Benefit / risk**

Each of the two solutions options presented was evaluated according to 6 distinct criteria, the recommended option being selected following the correlation of the obtained results, as follows:

<b>Evaluation Criterion</b>	<b>Qualitative assessment</b>	
	<b>Option 1</b>	<b>Option 2</b>
<b>Costs</b> (financial, human, informational, and time) - <i>the ideal option is the one marked as distinct and corresponding to the value 1</i>	2	1
<b>Efficiency</b> - <i>the ideal option is the one marked as distinct and corresponding to the value 2</i>	2	1
<b>Effectiveness</b> - <i>the ideal option is the one marked as distinct and corresponding to the value 2</i>	2	1
<b>Administrative Feasibility</b> - <i>the ideal option is the one marked as distinct and corresponding to the value 2</i>	1	2
<b>Sustainability</b> - <i>the ideal option is the one marked as distinct and corresponding to the value 2</i>	2	1
<b>Risks generated by the initiator's implementation capacity</b> - <i>the ideal option is the one marked as distinct and corresponding to the value 1</i>	2	1

\* Legend: Prioritization score  
1 = minimum; 2 = maximum

Taking into account the score, we have opted for Option 1 that meets the criteria for sustainable development and will generate long-term effects.

### **Impact in detail**

*From the point of view of budgetary resources*, the implementation of the recommended option implies the financing of activities both in the short, medium and long term (in the post-implementation period), when the authorities and public institutions involved are expected to support, each in turn, the proposed measures that will meet the regional development programs.

*In social terms*, as presented herein above, the proposal comes to meet the public administration policies, central and local, of the regional development), resulting in the facilitation of the efforts of the Romanian and Bulgarian citizens from the cross-border region looking for a cross-border place of work.

### **Target groups**

- Romanian and Bulgarian citizens, potential cross-border workers, who, during the implementation of public policy, will be a barometer for evaluating the measures proposed for implementation through the public policy, with regard to the information process, the education and, last but not least, their status as cross-border workers.
- Employers - encouraging engagement in the recruitment of foreign employees and facilitating the bureaucratic process by making available the information necessary to conclude an employment contract with a Bulgarian citizen (going through each of the necessary steps), knowledge of the legal provisions in the field.

### **Methods and timing of monitoring / evaluation**

The implementation of the public policy proposal will be monitored / evaluated as follows:

- *in the first 12 months* from the starting of the proposed activities, based on the specific procedures corresponding to the monitoring / evaluation system for the implementation of the public policy measures;
- *ex-post* - in the scope of identifying the success or failure factors, the sustainability of the results and their impact, to draw conclusions that can be generalized for other actions and to formulate recommendations and proposals.

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Project „BG-RO MOBILITY“, № 16.4.2.089, e-Ms code: ROBG 155 is co-funded by the European Union through the European Regional Development Funds under the Interreg V-A Romania-Bulgaria programme.

**Association European Centre in Support of Business**

January 2018



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