

Effects of the Covid-19 Pandemic on the Labour Market

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Abstract: The crisis caused by the COVID-19 pandemic has tragic consequences for the health as well as for the lives of hundreds of thousands of people around the world. The restrictive measures taken by national governments in response to the pandemic affect the professional activity of millions, or even billions, of people. The major economic consequences of the crisis caused by the COVID-19 pandemic can be seen in particular in the labour market, as the impact is both on the supply side (manufacturing) and on the demand side (consumption). Some short-term effects, which are already being observed and analyzed, include massive job losses, reduced work time for employees and measures implemented by governments to financially support companies in difficulty. The current crisis has led to a transformation of the labour market. An immediately visible change is the sudden shift to work from home in which companies and organizations had to develop / impose work from home policies. In addition to the increase in home-based work, and the increase in digitalisation in relations with state institutions, this crisis is expected to trigger, in the future, some permanent changes in the labour market and economic restructuring processes imposed by the vulnerabilities highlighted by the pandemic at country level. This paper presents a brief comparative analysis of the effects of the COVID-19 pandemic on the labour market worldwide and in Romania.

Keywords: pandemic, labour market, unemployment, impact

1. Introduction

To reduce the spread of Coronavirus and protect people's lives, most countries have taken unprecedented measures. Social distancing and general lockdown are becoming a part of everyday life in many countries, with major repercussions on labour markets and people's ways of living.

The COVID-19 crisis has a substantial impact on all aspects of our lives. Immediate attention and continued priority are inevitable and rightfully on public health and they are likely to remain so for the coming weeks and months.

Regarding the labour market, many millions of workers in a very large number of countries have been directly affected by the measures taken by each country. The dramatic decline in employment during the COVID-19 crisis, in terms of the number of jobs and aggregate working hours, was due to strong and unforeseen reductions in economic activity.

Some continued their work through teleworking or remoteref working arrangements. There were many who, through these measures, suffered a reduction or a complete loss of livelihood. But others, such as health, public security or social assistance workers, have experienced another type of activity, namely a huge increase in the workload against the crisis.

Production disruptions occurred initially in Asia, then extended to supply chains around the world. All businesses, regardless of size, face serious challenges, especially those in the aviation, tourism and hospitality industries, with a real threat of significant declines in revenues, insolvencies and job losses in certain sectors. Supporting business operations will be particularly difficult for small and medium-sized enterprises (SMEs).

As a result of travel bans, crossings / border closures and quarantine measures, many workers are unable to move, which has a negative effect on income, especially for people who work informally. Consumers in many economies are unable or reluctant to purchase certain goods and services. Given the current environment of uncertainty and fear, companies are tempted to delay investments, purchases of goods and employment.

The only effective measures in attenuating or suppressing the spread of the virus, in the absence of specific previously validated treatments or vaccines, is, according to epidemiologists, social distancing. Stringent measures, taken and implemented over a relatively long period of time, result in a prolonged supply and demand shock, which can be more difficult to manage than a normal recession. The problems that arise in this conjuncture are practically two: "flattening" the epidemic curve or "flattening" the recession curve

(Robalino, April 2020). Solving both problems simultaneously is unlikely and in this context some compromises need to be found to get out of the crisis.

The outbreak of the COVID-19 crisis only a few years after the economic and financial crisis of 2007-2009 makes developing countries less prepared to deal with the consequences of a new economic crisis and thus may not be able to cope. It can allow policies of "social distancing" for long periods. It is possible for countries to allow citizens, especially young people, to resume their normal activities as soon as possible, but at the same time to focus on protecting the lives of the most vulnerable, but also jobs and incomes (Oswald & Powdthavee, April 2020).

1. The impact of the COVID-19 pandemic on the labour market - comparative analysis

According to estimates made by the International Labour Organization (ILO) (ILO Monitor) in April 2020, measures to completely or partially block economic activity have affected about 2.7 billion workers (representing about 81% of the world's workforce).

The most affected enterprises were those in the tourism, accommodation, hotels and restaurants, food services, retail and production sectors, where a large part of the labour force became vulnerable to layoffs.

The measures adopted had a sudden and drastic impact on workers and companies. Globally, according to ILO (ILO Monitor), estimates, 81% of the global workforce lives in countries that have taken mandatory closure measures.

The effects of the COVID-18 pandemic on employment are significant and unprecedented in their way of action. Usually, the labour market's response to economic contractions is somewhat delayed (for example, the rise in the unemployment rate following the global economic and financial crisis of 2009). But, in the current context, lockdowns and other measures adopted have simultaneously affected both economic growth and employment.

Thus, the April estimates of various international bodies show that working hours may decrease in the second quarter of 2020 by approximately 6.7% (the equivalent of 195 million full-time employees (48-hour working week). In the large geographical regions of the Earth, the Arab States and Europe will be most affected by this crisis (Figure 1).

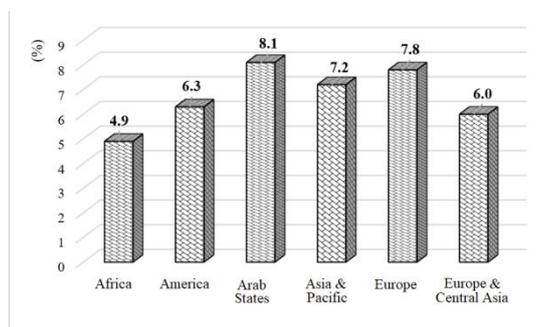


Figure 1: Estimates of reduced working hours due to the COVID-19 pandemic
Data sourcer: ILO Monitor: COVID-19 and the world of work. Second edition, Updated estimates and analysis, 7 April 2020, www.ilo.org

The sectors with the highest risk of restriction / closure of the activity and implicitly of reducing the number of employees are: Accommodation units and food services; Real estate transactions; Commercial and administrative activities; Manufacturing industry; Wholesale and retail trade; Repair of motor vehicles and motorcycles. In these sectors of activity, before COVID-19, 124.6 million people were active, which accounts for 37.4% of the total number of employees worldwide.

The coronavirus pandemic also threatens up to 75 million jobs in the global tourism and travel sector, making its overall impact more than five times the effects of the 2008 crisis.

Depending on the situation in each country, the level of spread of COVID-19, the measures and restrictions taken by them, the employees of these sectors of activity face a drastic reduction of the work schedule, revenue reductions and layoffs. For example, the analysis of the data provided by OpenTable, for the period February 18-April 23 highlights the drastic decline of this sector of activity (Figure 2). In this context, they are likely to account for most of the people in the labour market affected by the COVID-19 crisis.

The latest data show that the total value added of Chinese industrial enterprises decreased by 13.5% in the first two months of 2020, which was reflected in the disrupted activity of global and regional supply chains.

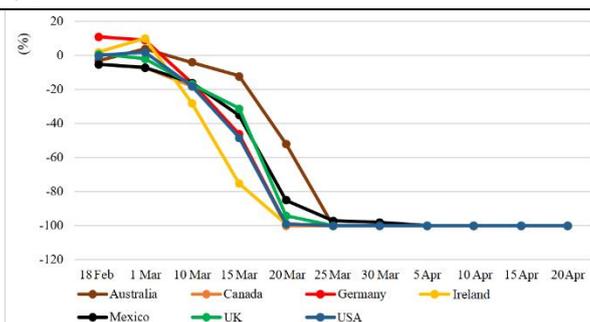


Figure 2: The evolution of the number of restaurants between February 18 and April 23, 2020
 Data source: OpenTable statistics, <https://www.opentable.com>

The transport, storage and communications industry, together with entertainment, cultural and recreational activities and other services, account for 385 million jobs worldwide (11.5% of total employment worldwide). Of these, airline pilots and crew members are adversely affected by the measures taken by the suspension of flights, others (drivers, postmen and other delivery workers, as well as people working in warehouses and supporting transport and global supply chains) continue to meet the increased demand of online retail. Due to the fact that each of these economic sectors has subsectors that will respond differently to the crisis generated by COVID-19, we can consider them as areas of activity a **medium to high risk**.

The medium risk class includes the Construction, Financial and Insurance Activities and Extractive Industry sectors, which with approximately 331 million jobs account for 10% of the total employed population.

Agriculture is the economic sector with the largest number of workers: 880.4 million people (representing 26.5% of the total employed population) and the one on which the crisis generated by COVID-19 did not have an immediate impact. But, as the isolation measures were applied, the borders were closed, totally or partially, the effects of the pandemic will be felt by this sector of activity. Also, another risk that can seriously disrupt the activity in this sector derives from its location: the occurrence of the virus in rural areas can have a more aggressive spread.

Relatively little effects of this crisis are expected to be recorded in the Education, Public Administration and Defense sectors; Social insurance in the public system, Utilities (with a total of 348 million jobs (representing 10.4% of the total number of employees worldwide)), which, by the nature of the activities they carry out, will suffer less due to the COVID-19 crisis.

Many of those still working, especially health workers, are fighting the virus. It is the economic sector in which the number of employees will probably increase.

At the level of large regions of the Earth, the share of employment in economic sectors at high risk of reducing their activity varies from 26.4% in Africa, 33.2% in the Arab States, 37.1% in Asia and the Pacific, 42.1% in Europe and Central Asia, and 43.2% in America. Significant differences are highlighted in terms of the level of social protection coverage: from 17.8% in Africa to 84.1% in Europe.

At European level, some 58.8 million jobs could be affected by the COVID 19 crisis, either by reducing the number of working hours, or wages, temporary leave or layoffs (Chinn, et al, 2020), ie 26% of the total workforce in the 27 EU and UK countries, the risk varying from one industry to another and from one country to another. *The least affected jobs, with the lowest risk of disappearing during the COVID 19 crisis*, will include about 160.5 million workers who by the specificity of the activity do not work near others such as: accountants, architects, journalists or those that provide essential services such as: doctors, ambulances, ambulance drivers, medical service managers, police officers, food industry producers, education, water, utilities, public transport. *Medium-risk occupations* include, according to estimates, 14.7 million workers who work in close proximity to others but do not interact with the public, such as: machine operators, construction workers, psychologists and the *highest-risk occupations* include about 54.8 million workers who work close to each other and have a high risk of exposure to the public such as: store cashiers, chefs, actors.

According to the study by Chinn et al. (2020), the highest risk occupations are those that use less skilled labour (primary and secondary education and less university education) and are found in the hotel and restaurant sectors (74% of the 8.4 million jobs, given that only 14% have a university degree), art and entertainment (50% of the 1.7 million jobs, although here the share of university studies is higher), retail (44% of the 14.6 million jobs, given that only 17% have higher education) (Figure 3).

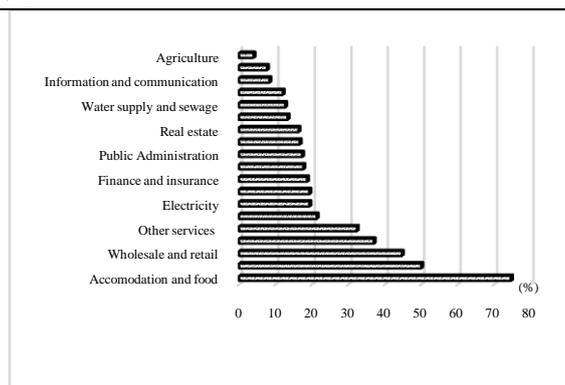


Figure 3:The risk potential of European jobs in the economy, %share of total sector employment
 Source:Chinn, D., Klier, J., Stern, S., Tesfu, S., (2020), Safeguarding Europe’s livelihoods: Mitigating the employment impact of COVID-19, figure 2, p.3

In March 2020, according to data provided by the US Bureau of Labour Statistics(March 2020), the labour force participation rate reached 62.7%, down 0.7 pp compared to February 2020.Number of people employed on a part-time basis due to economic reasons, reaching 5.8 million people, increasing by 1.4 million compared to February 2020.

Data provided by international statistics on labour market indicators shows that many of these employees will face a loss of income and deeper poverty, even if substitution activities can be found (eg return to agriculture in rural areas).

Informal workers are among the groups most at risk of losing their jobs and income. By their status, they do not have secure employment contracts and therefore they do not benefit from social or trade union protection. This phenomenon is particularly widespread in agriculture and rural sectors, where over 80% of employees are informal, as well as all family workers (where women are overrepresented). According to the International Organization for Migration (World Migration Report,2018), in developing countries, over 90% of agricultural workers are informal. They are already among the poorest workers and are often employed on a seasonal, occasional or temporary basis, making them even more vulnerable to the economic shocks of the COVID-19 pandemic.

By closing the opportunities for selling/buying agricultural products, closing schools and at the same time students' feeding programs, the demands of agricultural work are reduced, with a negative impact on informal workers in rural areas.

Other factors that may have a negative effect on informal work include:

- The seasonality characteristic of agriculture that influences the demand for labour. In conditions where lockdowns and restrictions overlap with periods that require planting / harvesting works, then employment opportunities are lost;
- Traffic restrictions prevent rural people from moving to urban centers in search of alternative employment opportunities.

Specific groups of workers, including women, young people, children, indigenous people and migrant workers, who are overrepresented in the informal economy, will experience an aggravation of their vulnerability.

➤ **The impact of the COVID-19 pandemic on unemployment**

Estimates made by the World Labour Organization in March 2020 have shown a significant increase in both unemployment and underemployment as a result of the COVID 19 pandemic. estimates of rising unemployment have also resulted. Three scenarios were made:

- In the “optimistic” scenario, a decrease in GDP by 2% is considered, which will lead to an increase in the number of unemployed, on average, by 5.3 million people (with a lower limit of 3.5 million and the upper one of 7 million);
- In the “moderate” one, the decrease of the GDP by 4 pp will generate the increase of the number of unemployed that can vary between 7.7 - 18.3 million people (with an average of 13 million people). For the countries with high incomes, it is possible to increase the number of unemployed by 7.4 million people;

- In the “pessimistic” scenario, it is considered that the GDP will decrease by 8 pp, which implies a very high unemployment on the labour market: a variation between 13 million and 36 million people).

On March 27th, 2020, Guy Ryder, Director-General of the World Labour Organization, stated that "IOM estimates that 25 million people could become unemployed, equivalent to a loss of workers' incomes of up to \$ 3.4 billion", but it is possible that these figures underestimate the magnitude of the impact of COVID-19.

The unemployment rate has risen sharply in a number of developed economies:

- employment in Canada decreased by 5.3% in March 2020 compared to the previous month, so that the total number of Canadians who were affected, either by job loss or reduced work schedule, was of 3.1 million people. The unemployment rate rose from 5.6% to 7.8% (Statistics Canada, 2020). After March 16, half a million workers in Canada applied for unemployment benefits (Hagan and Bolongaro, 2020);
- In Norway, the unemployment rate in March 2020 was 10.9%, almost five times higher than at the end of February (Solsvik, 2020). The Norwegian Parliament has approved loans, tax deferrals and additional spending of up to DKK 280 billion (\$ 25.25 billion) to mitigate the impact of the crisis, while the central bank has reduced its benchmark interest rate in two stages, from 1.5% to a minimum level of 0.25%;
- in Austria, the unemployment rate reached 12.2% (in February 2020 it was 4.4% (Murphy and King, 2020)). The large number of unemployed came primarily from the tourism sector, where the (winter) season effectively ended with the closure of businesses in mid-March. In an attempt to maintain the functioning economy and prevent as many redundancies as possible, the Government has announced an aid package of up to 38 billion euros, about 9.5% of economic production in 2019;
- In France, about 4 million people applied for unemployment benefits in the second half of March. At the beginning of April, there were 4 million unemployed in France and their number increased to 8.7 million by April 14;
- The Israeli unemployment rate, which was less than 4% at the end of 2019, rose to a record 24.1% (Staff, 2020). The National Employment Service said the number of unemployed was at 1004316 at the end of March. Employees are granted up to 75% of their earnings for a limited period of time, but the self-employed are not entitled to unemployment benefits. For approximately 175,000 people in the last category of workers, the Government is working on a package of measures that will grant them a subsidy of up to 1675 US dollars;
- Spain had the largest job loss in March, with 834,000 people becoming unemployed and thus the number of unemployed reached 6.5 million people (Badka et al, 2020). The most affected sectors of activity were: Services sector (with an increase of 206016 unemployed) followed by Construction (unemployment rate increased by 22.92%) and Agriculture (unemployment rate increased by 4.26%);
- According to a March 2020 forecast (Statista Research Department, April 2020), the unemployment rate in Italy could reach 11.2% in 2020, due to the impact of the coronavirus outbreak. It is estimated that it will decrease to 9.6% in 2021;
- In Romania, according to international statistics, the unemployment rate in February 2020 was 3.9%, and 3.1% in March. The Ministry of Labour and Social Protection announced an unemployment rate of 2.95% in February and 2.88% in March (these decreases can also be explained by the fact that in March, as a result of the increase in online orders, the number of employees increased for distribution). The data presented by the National Institute of Statistics in the Press Release of April 28, 2020, indicate that, for the next three months, it is estimated a decrease in the number of employees: the short term balance is -40% of total manufacturing industry, -10% in construction, -25% in retail and -37% in the services sector;
- As a result of space-spacing measures to reduce the spread of COVID-19, it is estimated that between 1.9 and 3.4 million people in Australia are not active during the implementation of the measures. It is expected that the unemployment rate will increase between 10 and 15% (Coates, et al, 2020);
- According to the US Bureau of Labour Statistics, employment fell by 701,000 in March and the unemployment rate rose to 4.4%. The number of unemployed rose by 1.35 million to 7.14 million in March.
- In Russia, it has been estimated that a 5pp increase in employment rates can lead, on average, to an increase in the number of unemployed by 2.5 million people (Melkadze A., Apr 7, 2020);

The estimates made by the International Monetary Fund (World Economic Outlook, April 2020) on the evolution of the unemployment rate in various countries highlight the fact that the unemployment rate for 2020 will be increasing in all selected countries. The highest increases will be recorded in Norway (+9.3 pp), Israel (+8.2 pp), Portugal (+7.4 pp) and Ireland (7.1 pp) (Table 1 in Annex 1).

In this global context, underemployment is expected to increase on a large scale. From the lessons of the recent economic and financial crisis it can be said that the shock on labour demand will materialize through significant downward adjustments in wages and work schedules.

The quarantine measures and the decrease of the economic activity led to the loss of jobs and implicitly to a decrease or even a loss of income (for unprotected workers). The International Labour Organization (ILO Monitor 1st Edition, 18 March 2020) predicted general losses of labour revenues of between \$ 860 and \$ 3.440 billion, which will have the immediate effect of reducing the consumption of goods and services.

In this context, it is possible that labour poverty will increase significantly. The pressure on incomes resulting from declining economic activity will most affect those workers who are already close to or even below the poverty line. If the ILO estimates for the working poor in 2020 were 5.2 million people without COVID-19, in the current context, the number of working poor may vary, worldwide, between 14 million people (in the most optimistic version) to 35 million people (in the pessimistic version).

Worldwide, there are approximately 1.273 billion young people between the ages of 15 and 24. Their insertion on the labour market has long-term impacts both on their lives and on the socio-economic development of the countries in which they live. Of these, approximately 429 million young people were employed in 2019, 68 million were unemployed, 507 million young people were in the education system and 267 million in the NEET category.

Worldwide, unemployment affects 67.6 million young women and men, representing 13.6% of the youth workforce. Forecasts for the youth unemployment rate for 2020 and 2021 (Global Employment Trends for Youth 2020), before the outbreak of the COVID-19 pandemic, indicated high values of this indicator in North Africa and the Arab States (Figure 4).

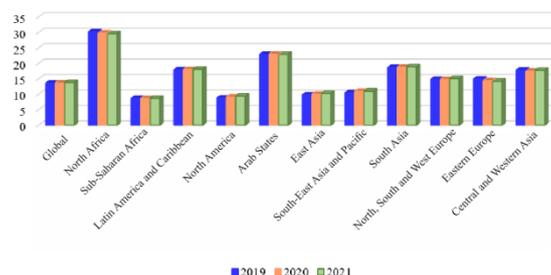


Figure 4: Evolution of the unemployment rate among young people (15-24 years old), during 2019-2021, (%)
 Data source: *Global Employment Trends for Youth 2020: Technology and the future of jobs*, International Labour Office – Geneva: ILO, 2020, www.ilo.org

The diagrams in Figure 4 show that, under normal conditions, the unemployment rate for this segment of the population had insignificant variations in all regions of the Earth.

Although the World Health Organization has warned that older people appear to be more vulnerable to serious illness, health experts warn the public about the possibility of the disease affecting anyone with pre-existing medical conditions, such as asthma, diabetes and heart disease or some populations with particularly harsh substance use disorders (National Institute on Drug Abuse, March 12, 2020).

With an estimated 5.3 to 24.7 million increase in the number of unemployed worldwide due to the COVID-19 pandemic, the impact on youth employment is likely to be insignificant. It is also based on the fact that the number of young people aged 15-24 is already three times higher than the unemployed adults (the risk of losing their job is the highest (41%) for young people in the age segment 15 -24 years, with a decreasing trend to 25% for those aged 25-54 years, to 23% for those aged 55-64 years and 20% over 65 years).

COVID-19 shocks to the labour market can also have an impact on the quality of employment for young people, either in the form of a "zero-hour" contract, or part-time, informal employment, etc., these forms of employment. employment being much more common among young people.

Young people who are employed in the service sector and/or in jobs that do not require manual activities are exposed to the risks of illness because they cannot work remotely.

Public school closures have affected a total of 1.52 billion children and young people, accounting for 87% of all enrolled students (and are expected to increase as the pandemic spreads and more countries implement the closure). schools at national level).

These measures have a strong impact on disadvantaged children and young people who have fewer educational opportunities outside school (lack of access to distance learning tools and the internet) and who relied on free or reduced school meals for a healthy diet. Also, extending the school closure period can lead to increased dropout rates, illiteracy rates and functional illiteracy.

In fact, under normal conditions of the educational process, **Romania** obtained disastrous results in the PISA tests in 2018, ranking 50th among the countries that participated in the PISA tests. Their results, presented in 2019, show that Romania obtained 428 points in reading, 430 in mathematics and 426 in science, below the European average in terms of student performance in reading (487 points), mathematics (489 points) and science (489 points). Disastrous results for Romania in the latest PISA tests. In fact, Romania is among the few participating countries where the results of students in mathematics have decreased dramatically over four years.

2. The effects of the COVID-19 pandemic on the Romanian labour market

In Romania, the COVID-19 crisis started late, being generated by the arrival in the country of Romanians working in other countries already affected by the COVID-19 pandemic: Italy, Spain, Germany, France, Great Britain, etc. Significantly, the evolution was slow in the first half of March with an acceleration after March 16 when social distancing measures were decided in Romania in order to prevent an uncontrolled infection with a deepening of the health crisis.

Significant is the fact that the evolution was different in the country, 26% of counties (Suceava with 2733 cases, Bucharest with 1255, Arad with 550, Hunedoara with 492, Neam \square with 461, Bihor and Timi \square with 449, Botoşani with 446, Mure \square with 423, Gala \square i with 362, Cluj with 325), registering the most cases, ie 66.3% of the total infected on April 30, 2020. It should be mentioned that these counties are also the largest providers of labour for other countries, in particular Italy, Spain, Germany, Austria, France and the United Kingdom. In fact, in these countries the highest number of infected Romanians was also registered (1247 in Italy, 560 in Spain, 269 in Germany, 70 in Great Britain, 29 in France, 4 in Austria) out of the total of 2205 Romanians abroad confirmed with COVID-19 at the end of April 2020.

The evolution of confirmed cases, deaths and of the new confirmed cases is shown in Figure 5.

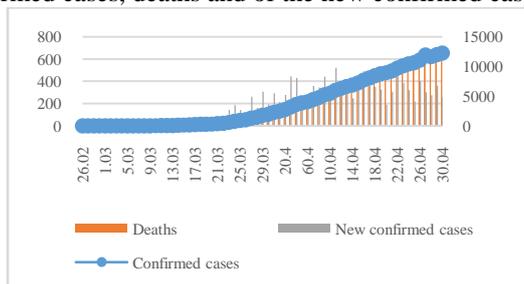


Figure 5: The evolution of COVID cases in Romania until April 30, 2020

Source: Processing of press release data , COVID Information -19, Strategic Communication Group, Ministry of Internal Affairs February 26-April 28, 2020, <https://www.mai.gov.ro/>

The evolution of diseases suggests that the upward trend continues, but the rulers have applied a first stage of relaxation of the restrictions of gradual social distancing, starting with May 16, 2020, according to the announcement of the President of Romania on April 27, 2020. the population was ahead of the relaxation period, paid less attention to social distancing measures, as evidenced by the subsequent evolution of cases of COVID 19, as can be seen from the graph in Figure 6, which will be reflected in both costs for the health system as well as in the activity of some economic agents directly related to these new diseases (Figure 6).

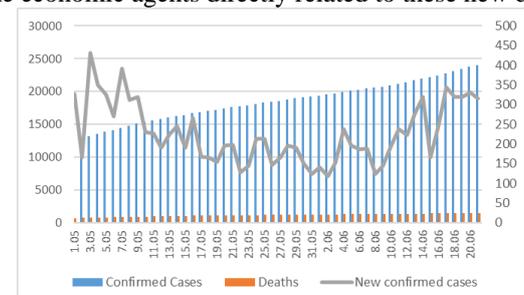


Figure 6: The evolution of COVID cases in Romania between May 1 and June 16, 2020

Source: Processing of press release data , COVID Information -19, Strategic Communication Group, Ministry of Internal Affairs February 26-April 28, 2020, <https://www.mai.gov.ro/>

It should be noted that the social distancing measures had the effect of reducing the number of new cases below 200 people per day, to a minimum of 119 people on June 2, 2020, with fluctuations from one day to another. However, individual relaxation was more pronounced than expected, so that after May 16, 2020, when the first official stage of relaxation began, with the transition from emergency to alert, the number of new cases increased, reaching a level of over 200 daily cases after June 10, 2020.

The evolution of COVID-19 cases has also led to imposing in Romania, starting March 16th, 2020, social distancing measures with a direct impact on the labour market. Thus, according to the Ministry of Labour and Social Protection, the unemployment rate in March 2020 was 2.88% compared to 2.95% in February and 2.98% in January 2020 and 2.97% in December 2019. It should be mentioned that as of March 31, 2020, out of the 250,882 registered unemployed, 193,082 were unpaid unemployed, compared to 257,865 unemployed in December 2019 of which 199,529 were not compensated, while the number of active employees on March 31, 2020 was 5,607,150 persons. .

According to the Ministry of Labour and Social Protection in March 2020 the number of registered unemployed was 250,882 people, 8,035 people less compared to January 2020, about 77% of the total number of unemployed being unpaid unemployed.

In March, the first month affected by social distancing measures, the situation changed, of the 250,882 unemployed, 28.3% were those with primary education and without education (about 10% without education), 30.8% with gymnasium studies, 18.3% with high school studies, about 16% with professional, trades and vocational arts studies and 5.4% with university studies.

By counties, the most affected by unemployment were the counties: Dolj (17,131 unemployed), Suceava (10,389 unemployed), Galați (10,247 unemployed); Buzău (10,990 unemployed), Bacău (10,983) Bucharest (14,996 unemployed).

Compared to January 2020, the month that was not affected by the COVID 19 crisis, of the 258,917 unemployed, most (about 28.2%) were aged 40-49, an important share being recorded among the unemployed over 55 years (19.7%), and between 50-55 years about 18.85%. Thus, the unemployment rate at the end of January 2020 was 2.98%. By levels of education, the least affected category was those with higher education (5.35%), compared to 28.86% for those with secondary education and 28.57% for those without education or only with primary education.

In April, the number of paid unemployed reached 73,667 out of a total of 25,194, most unemployed being registered in Dolj counties (18,140 of which 15,144 unpaid), Bucharest (15,186 of which 12,159 unpaid), Buzău (11,242 of which 9614 not compensated) Bacău, Galați, Suceava (with over 10000 of which most of them are not compensated).

Labour Minister Violeta Andrei (Ziare.com, 24th April 2020) announced that between March 16-31 over 600,000 Romanian employees were supported by providing technical unemployment representing 75% of the gross salary plus 50,000 professionals, the funds allocated for March payments being paid in full by Monday, April 27, 2020.

Due to the COVID-19 pandemic, starting with the second half of March 2020, some of the employees were sent home either unemployed, with terminated employment contracts or with suspended employment contracts. The evolution of the number of terminated employment contracts by days and categories of activities, according to the reports of the Ministry of Labour is presented in Figure 6.

As of April 30, 276,459 individual employment contracts were terminated, their number increasing by 55.39% to a level of 42,955 on May 28, 2020, the last date for which this data was reported. As of 28 May 2020, most (17.81%) were in the field of wholesale and retail trade, repair of motor vehicles and motorcycles (by 0.712 percentage points less than 30 April 2020) and in the manufacturing industry (17.65%) and 15.03% in the construction field (increasing by one percentage point compared to April 30), the most affected fields representing about 50.5% of total terminated employment contracts.

It should be mentioned that the number of these contracts fluctuated from day to day, on a continuous upward trend, as can be seen from the data in the graph in Figure 6.

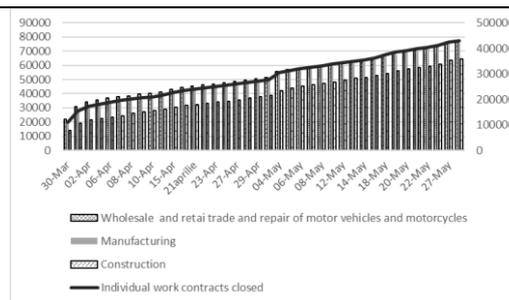


Figure 6: Evolution of employment contracts terminated by days and activities during the COVID-19 pandemic in Romania

Source: data from Press Releases, Ministry of Labour and Social Protection, Status of suspended / terminated individual employment contracts

Another 725,200 employment contracts suspended between March and April 30, 2020 add to the above with a maximum level of 104,6527 on April 13, 2020, followed by a period of increases and decreases during April, with a much more pronounced decrease trend after May 15th when the state of alert replaced the state of emergency. Thus, if on March 30 there were 498,778 suspended employment contracts, on April 29 their number had increased to over 1 million, and on May 15 this number was cut down to 634,709 suspended contracts. During the alert period, the number of suspended employment contracts fluctuated from day to day in a much narrower level (579,000-601,000, with a sharp downward trend after June 1, so that on June 16, 2020 only 146,614 suspended employment contracts were registered, noting that by fields, the maximum number of suspended contracts was registered on different dates as follows: on April 23, 2020 for the manufacturing industry (332,746 contracts, ie 32.13% of the total suspended contracts), 13th April 2020 for wholesale and retail trade, repair of motor vehicles and motorcycles (198,588 contracts ie 18.98% of the total suspended contracts which also recorded a maximum of 1,046,527 on this day compared to the whole period analyzed) and 4 May 2020 for hotels and restaurants (165,771 accounting for 18.36% of total suspended contracts). The share of these sectors in total suspended contracts was about 58.4% on it is April 30, of 57.23% on May 15, 2020 (end of the emergency period) and of 52.82% at the end of the first stage of relaxation (May 16-June 16, 2020) (Figure 7).



Figure 7. Evolution of employment contracts suspended by days and activities during the COVID-19 pandemic in Romania

Source: data from Press Releases, Ministry of Labour and Social Protection, Status of suspended / terminated individual employment contracts

It is noteworthy that the most affected areas of activity were also in Romania Wholesale and repair of cars and motorcycles, Construction and Manufacturing, employees affected by the health crisis triggered by COVID-19 will be supported by the state by paying aid unemployment and technical unemployment. Employees in the hotel and restaurant industry were, for the most part, only suspended during the pandemic without their employment contract being interrupted, as in other areas. It is noted that after April 28, the manufacturing industry hesitatingly resumed its activity, the number of those in technical unemployment decreasing by 146,857 people, ie by 44.7% in April 30 compared to April 28 when a maximum of 328,381 employees were registered in technical unemployment.

On May 17, the Ministry of Labour and Social Protection published the MLSP published the Order on measures to prevent contamination with the new coronavirus SARS COV-2 at work, during the state of alert, and the Guide to return to work safely for employees and employers.

In order to support the re-employment, on May 29, 2020 the Government (Press Release, Ministry of Labour and Social Protection) announced that employees who benefited from technical unemployment in the context of the SARS-COV-2 pandemic and whose employment relationships are maintained after the resumption of activity by employers until 31 December 2020, with the exception of seasonal workers, benefits, for a period of three months, through the employer, from the payment of 41.5% of the basic salary corresponding to the job held, but not more than 41.5% of the average earnings gross provided by the Law no. 6/2020 on the state social insurance budget for 2020. Moreover, for people over 50 years old as well as for those aged 16-29 who will be employed indefinitely and full time from June 1 to December 31, 2020, employers receive monthly, for a period of 12 months, 50% of the employee's salary, but not more than 2,500 lei.

It should be mentioned that a number of 1,118,865 employees benefited from the technical unemployment allowance in the two months of state of emergency, granted at the request of 129,149 employers.

Given the COVID-19 pandemic, estimates show for Romania an unemployment rate of 10.1% in 2020 and a decrease in GDP of 1.9% for this year and an increase of only 1.5% for the next year, according to the Global Economic Forecast presented by the IMF (2020).

The forecast of the National Commission of Strategy and Forecast (Forecast of the Main Macroeconomic Indicators 2020 - preliminary version) estimates for 2020 an unemployment rate of 3.4% compared to 3% in 2019 and a number of 295 thousand unemployed at the end of the year, with a decrease in the number of employees by 1.3%, which means 5,087 thousand people. The ILO unemployment rate is slightly higher being estimated at 4.4% in 2020 compared to 3.9% in 2019. Also according to AMIGO the number of employees is estimated at 6,475 thousand people compared to 6,577.10 thousand people in 2019, thus a decrease of 1.6%.

Conclusion

The crisis caused by the COVID-19 pandemic affected both the active people, with legal forms on the labour market of the society and implicitly important segments of the population dependent on them, as well as the informal workers.

To save lives, social distancing procedures were extreme but necessary, helping to control the spread of coronavirus and flatten the curve. The impact of the crisis generated by COVID-19 will certainly not be the same for all workers. The difference ranges from front-line health workers to the many tele-working professionals to the overwhelming number of workers who have already lost their jobs and are (perhaps temporarily) unemployed. As a result of the pandemic, all employees worldwide have suddenly faced significant changes, both in the family and in their professional activity. Unfortunately, those who have suffered the most will be low-wage workers and those who do not have access to social protection.

Based on available data on the impact of COVID-19 on economic growth (GDP), ILO and other international bodies have developed a series of scenarios to obtain an image of the impact of COVID-19 on the labour market. Thus, in the three scenarios of decreasing the GDP by 2%, 4%, respectively 8%, the number of unemployed increased on average, by 5.3 million people, 13 million people, respectively 24.5 million people.

Even though many people are beginning to adapt to the new working conditions, they still face a high degree of uncertainty about the future. Thus, in the literature the negative impact on general health caused by the effects of quarantine, isolation and economic recession is also analyzed, along with the impact of the virus on human health. However, these negative consequences can be offset by a sustainable investment in social support and the creation of safe and healthy jobs for all.

This pandemic is unique in many ways, but there are still lessons to be learned from previous economic crises (the 2008 global crisis) as well as epidemics (bird and swine flu, SARS, MERS, Ebola - EVD), which highlights the central role of employment, social protection and social dialogue in mitigation and recovery policies.

Globally, measures to reduce the effects of COVID-19 have affected about 2.7 billion workers, with unemployment estimates indicating a doubling in many parts of the Earth.

The highest risk occupations are those that use less skilled labour and are found in the hotel and restaurant and retail sectors, and the most affected categories of the population are young people aged 15-24 for whom the risk of employment work is the highest (41%).

The crisis caused by the COVID-19 pandemic severely affected the extremely fragile balance of the Romanian labour market.

Changing the work regime (work at home / remote working), suspending or terminating a significant number of individual employment contracts, reducing working time were just some of the effects generated by the COVID-19 crisis.

Thus, in Romania, the number of active employees decreased by over 900 thousand people in April 2020, compared to December 2019 and approximately 1 million individual employment contracts were suspended.

Most suspended employment contracts were registered in the manufacturing industry; Wholesale and retail trade, repair of motor vehicles and motorcycles and Hotels and restaurants. These categories of people employed, along with self-employed workers, the 2.2 million people in the care of other people or the state, the housewives, are the most vulnerable groups to this crisis.

In order to reduce the negative effects on the economy and, mainly on the labour market, Romania, as well as other countries, resorted to a series of measures specific to this period aiming at both job conservation and financial support for those whose incomes have been reduced due to the pandemic (either by reducing the number of hours worked, temporarily suspending work or losing jobs).

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Annex 1

Table 1. The evolution of the unemployment rate during the period 2019-2021

Unemployment rate (%)	2019	2020	2021	Unemployment rate (%)	2019	2020	2021	Unemployment rate (%)	2019	2020	2021
Albania	12.0	11.8	11.5	Germany	3.2	3.9	3.5	Portugal	6.5	13.9	8.7
Algeria	11.4	15.1	13.9	Greece	17.3	22.3	19	Romania	3.9	10.1	6.0
Argentina	9.8	10.9	10.1	Hungary	3.4	5.4	4.0	Russian Federation	4.6	4.9	4.8
Armenia	17.7	19.0	18.4	Island	3.6	8.0	7.0	Serbia	10.9	13.4	13.0
Australia	5.2	7.6	8.9	Ireland	5.0	12.1	7.9	Slovakia	5.8	8.0	7.4
Austria	4.5	5.5	5.0	Israel	3.8	12.0	7.6	Slovenia	4.6	9.0	6.0
Belgium	5.4	7.3	6.8	Italia	10.0	12.7	10.5	Spain	14.1	20.8	17.5
Bosnia & Herzegovina	15.7	18	16.5	Japan	2.4	3.0	2.3	Sweden	6.8	10.1	8.9
Brazil	11.9	14.7	13.5	Latvia	6.3	8.0	6.3	Switzerland	2.3	2.7	2.6
Bulgaria	4.2	8.0	4.5	Lithuania	6.3	8.9	8.1	Turkey	13.7	17.2	15.6
Canada	5.7	7.5	7.2	Luxemburg	5.4	7.7	6.8	Ukraine	8.5	10.1	9.3
China	3.6	4.3	3.8	Malta	3.4	5.0	4.4	United Kingdom of Great Britain and Northern Ireland	3.8	4.8	4.4
Croatia	7.8	11.5	8.0	Mexico	3.3	5.3	3.5	USA	3.7	10.4	9.1
Cyprus	7.1	8.8	7.4	Moldavia	3.0	3.0	5.0	Developed Economies	4.8	8.3	7.2
Czech Rep.	2.0	7.5	6.0	Netherlands	3.4	6.5	5.0	Eurozone	7.6	10.4	8.9
Denmark	5.0	6.5	6.0	New Zealand	4.1	9.2	6.8	G7 Economies	4.3	7.8	6.9
Estonia	4.4	6.0	4.7	Northern Macedonia	17.3	20.4	19	Other Developed Economies	4.0	6.2	5.7
Finland	6.7	8.3	8.4	Norway	3.7	13.0	7.0				
France	8.5	10.4	10.4	Poland	3.3	9.9	8.0				

Data source: IMF-Statistics, <https://www.imf.org>