

Republic of Macedonia

FWF Country Study





Table of Contents

| | |
|--|----|
| Summary | 3 |
| 1. How to read this FWF country study | 4 |
| 2. General country information | 6 |
| 2.1.Economic indicators | 6 |
| 2.2.Social, political & governance indicators | 6 |
| 2.3.Income and poverty | 6 |
| 2.4.General human rights situation | 6 |
| 3. Stakeholders..... | 8 |
| 4. Garment industry..... | 11 |
| 5. Industrial relations | 13 |
| 6. Implementation of the FWF Code of Labour Practices | 17 |
| 6.1.Employment is freely chosen | 17 |
| 6.2.No discrimination | 18 |
| 6.3.No child labour..... | 19 |
| 6.4.Freedom of association and the right to collective bargaining | 20 |
| 6.5.Payment of a living wage | 21 |
| 6.6.No excessive working hours..... | 27 |
| 6.7.Occupational health & safety..... | 28 |
| 6.8.Legally binding employment relationship | 31 |
| Appendix 1. Indicators..... | 34 |
| Appendix 2. Legal situation regarding the FWF Code of Labour Practices | 38 |
| Appendix 3. Detailed stakeholder comments..... | 52 |

Summary

Garments constitute an important part of the Republic of Macedonia's¹ export. On a global scale Macedonia is a small garment exporter with less than 1 percent of the global exports. Several of its neighbouring countries like Bulgaria, Albania and Serbia have larger textile exports. The industry in Macedonia has been in a slow but steady decline over the last years and was recently hit by the recession. However, there are signs of recovery and analysts predict that the country's export will stabilise.

Macedonia's level of development, as measured by the UN human development index (HDI), is among the lowest of the garment producing countries in Europe. Only Turkey, Ukraine and Moldova rank lower on the UN HDI. Other economic measures such as purchasing power parity adjusted GDP also put Macedonia at the bottom within Europe. Low wages in the country's garment industry reflect this. The average monthly wages of Macedonian garment workers are well below the living wage level as set by local stakeholders.

The legal framework in Macedonia is well-developed. It covers the labour standards of the FWF Code of Labour Practices with the exception of some limitations on the right to strike. General human rights violations reported in Macedonia concern discrimination against Roma, conduct of elections, independence of the judiciary, police accountability and prison conditions.

The level of unionisation is relatively high in Macedonia compared to other garment exporting countries. There is a national collective bargaining agreement for all private sector workers as well as a sectoral agreement for the garment industry. However, on factory level, collective bargaining agreements are often not signed and updated. The International Trade Union Confederation, finally, has reported dismissals because of union activities. These cases usually take two to three years to resolve legally.

FWF has been carrying out factory audits in Macedonia since 2004. The outcomes of these audits show some general areas of concern. Documentation is often not kept properly making it hard to assess if workers have received correct benefits. This also holds true for working hours, which are frequently not recorded correctly. Compounding the problem is the fact that workers seldom know how their wages are calculated and are therefore not in a position to verify that they have been paid correctly.

Most of the problems found concern health and safety. Factory audits often point out problems with fire safety, ranging from faulty or absent fire detection system to no fire trainings. Another recurring problem is that most factories do not have health and safety representatives and when they do, they are not aware of their duties. Neither are employees usually trained on health and safety in general. Most audits also report missing (or unused) personal protective equipment and ergonomic problems at the work places. Temperature regulation in the factories is often a problem as well as poor electrical safety.

¹ Officially called 'The Former Yugoslav Republic of Macedonia' by the UN, the country will in this study be referred to simply as 'the Republic of Macedonia' or 'Macedonia' for the sake of brevity.

1. How to read this FWF country study

This country study should provide a clear and concise picture of labour law, labour conditions and industrial relations within the textile/garment industry. By dividing the information in several parts, the reader can choose what level of detail they wish to read. For finding specific laws or compliance with certain parts of the FWF Code of Labour Practices, the country study can be used as a reference sources.

For a general overview of the situation in Macedonia, the summary above is the starting point, followed by chapter 2 (General country information). More information on the country's garment industry can be found in chapter 4 (Garment industry), while chapter 5 (Industrial relations) will give an overview of the way the local systems work. The rest of the country study can be used as a reference to find specific information. Below you can find a short description of the content of each chapter.

The **summary** gives a general picture of the level of development, the outlook for the industry in the country and the major challenges when it comes to implementing the FWF Code of Labour Practices.

Chapter 2, *General country information* describes the economic, social, political & governance as well as the general human rights situation using international indicators and comparing with other garment producing countries. Appendix 1 lists and explains these indicators more closely.

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

Chapter 4, *Garment industry*, gives an overview of the situation for the garment industry in the country, areas of production, products and outlook for the industry.

Chapter 5, *Industrial relations*, gives a description of the trade union situation in the country, both in general and for the garment industry specifically. This chapter gives important information essential for understanding the how well challenges regarding working conditions could be and actually are handled through social dialogue in the country.

In Chapter 6, *Implementation of the FWF Code of Labour Practices*, the implementation of every part of the FWF Code of Labour Practices is assessed through official statistics on compliance (where available), laws and regulations, as well as different stakeholders' views on implementation. Text in *italics* is quotes from relevant laws.

For more detail on the *Implementation of the FWF Code of Labour Practices*, see Appendix 2 for details on local laws relevant for the FWF Code of Labour Practices and Appendix 3 for a more detailed description of what the different stakeholders have said about code compliance. These 2 appendices go into quite specific detail regarding the different aspects of code compliance and can be useful when facing specific issues in a factory or as a support when auditing.



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Sources used in the country study

The study was prepared by gathering information about national laws and local stakeholders' views on labour issues in the garment industry in Macedonia. This information was gathered by Ms Biljana Solakovska Mihajlovska. Apart from this information, FWF has also gathered information from international recognised sources on the economic, social, political and human rights situation in the country.

The following stakeholders, representing public authorities, employers, trade unions and NGOs, were consulted by Ms Biljana Solakovska Mihajlovska in writing this country study:

I. Government/public authorities

Ministry of Economy - Nikolina Trajanovska
www.economy.gov.mk

II. Employers

Organisation of employers of Macedonia - Svetlana Ristovska - Antik
www.orm.org.mk

III. Trade unions

Federation of Trade Unions SSM - Elizabeta Gelevska (Secretary of the Trade Union for textile, leather and shoe industry)
www.ssm.org.mk

Union of Independent Autonomous Trade Unions of Macedonia - Slobodan Antovski
Vasil Gorgov 39, 1000 Skopje,

IV. Labour related NGOs

Consumers Organisation of Macedonia - Marijana Loncar Velkova
www.opm.org.mk

Macedonian occupational safety and health Association MOSHA - Milan Petkovski
www.mzzpr.org.mk

Permaculture Peacebuilding centre PPC-Stip - Katerina Milenkova-Trajkovska
www.ppcst.org.mk

Center for Institutional Development - Katerina Spasovska
www.cira.org.mk

2. General country information

Macedonia is located in the heart of south-central Europe. It shares borders with Greece to the south, Bulgaria to the east, Serbia and Kosovo to the north, and Albania to the west. The country had an estimated 2,050,000 inhabitants in 2009. Macedonia has significant exports of steel, textile products, chromium, lead, zinc, nickel, tobacco, sheep meat and wine.

The global economic and financial crisis, especially during the second half of 2008, has negatively affected the Macedonian economy and the manufacturing industry. The negative effects of the global crisis were first felt by the industry of basic metals and textiles. Some of the consequences were reduction of production, factory closures and massive lay-off of workers or mandatory unpaid leave.

Source: Ministry of economy

2.1. Economic indicators

Macedonia's level of development, as measured by the UN human development index (HDI), is among the lowest of the garment producing countries in Europe. Only Turkey, Ukraine and Moldova rank lower on the UN HDI. Other economic measures such as purchasing power parity adjusted GDP also put Macedonia at the bottom within Europe. Compared to the big garment producing countries in Asia however, Macedonia is a big step ahead. Macedonia is ranked as 72 on the HDI compared to Bangladesh 148, China 99 and India 134. Also when looking at GDP per capita (PPP US\$), this is almost double for Macedonia as compared to Bangladesh, China and India.

2.2. Social, political & governance indicators

A prerequisite for sustainable good labour conditions is a stable and conducive social and political environment. Compared to the other garment producing countries in central and eastern Europe regarding rule of law and corruption, the country is ranked in the middle. Also in these areas Macedonia is clearly ahead of the big garment producers in Asia, but in these areas the gap is smaller. Transparency International ranks Romania 71, exactly the same as Bulgaria and Romania, while Bangladesh (139), China (79) and India (84). Turkey on the other hand is ranked above Macedonia when it comes to corruption (61). Although ranked higher than most Asian and several European production countries, these indicators show that for Macedonia, effective labour law enforcement, social dialogue and good governance cannot be taken for granted.

2.3. Income and poverty

As in all European garment producing countries, the population living below the 2\$ a day international poverty level of the UN is very small. However, looking at the percentage of the people living below the national poverty line, Macedonia is revealed as a country with a high proportion living below the poverty line. About 22% are living below poverty line as compared to 13% in Bulgaria and 29% in Romania.

2.4. General human rights situation

Amnesty International highlights a number of issues in its report on Macedonia for 2009 and 2010, including violent confrontations between different political parties, prison conditions and ill-treatment by the police. The Amnesty report also concludes that little progress has been made to address discrimination against Roma. The report 2009 goes



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on to quote concerns by international bodies regarding the human rights situation in the country.

“In November the European Commission reported that Macedonia had not yet met the criteria for membership of the EU. Reforms, including on the conduct of elections, independence of the judiciary, police accountability and prison conditions, as set out in a Stabilisation and Association Agreement, were not fully implemented. Consequently no date was set for accession talks.”

Both reports raise concerns about treatment of police brutality and ill treatment of prisoners. The UN Human Rights Committee has also raised concerns about the authorities' failure both to guarantee Romani children education in their own language, and to prevent the continued high drop-out rate, segregation and harassment of Romani school children.

The authorities reported increasing numbers of internally trafficked people. The country is working to resolve these issues and has now ratified the Council of Europe Convention on Action against Trafficking in Human Beings.

Source: Amnesty International Report 2009 and 2010

3. Stakeholders

In this section a number of stakeholders, active in the garment/textile industry are briefly presented. The focus is on stakeholders who have actual impact on labour conditions or play an active role in monitoring the situation for workers in the industry.

Governmental institutions

Ministry of Economy

The Ministry of Economy is responsible for the preparations and implementations of governmental strategies for economy and social policy development.

www.economy.gov.mk

Labour Inspectorate of Republic of Macedonia

Labour Inspectorate of Republic of Macedonia is responsible for Protecting labour rights compliance with Macedonian Labour laws and regulations.

www.mtsp.gov.mk

Ministry of Labour and Social Policy

Ministry of Labour and Social Policy carries out activities related to labour relations, recruitment, employment, protection of workers at work, wages and living standards, social policy and promoting gender equality.

www.mtsp.gov.mk

Employers organisations

Organisation of employers of Macedonia (OEM)

The Organization of Employers of Macedonia (OEM) consists of more than 15 industries, employing nearly 70,000 workers in 1,012 enterprises from the private sector in the country. The Organisation of employers of Macedonia works to represent the interest of the employers in general, especially in the part of establishment of social partnership. Special emphasis is on taking care of the rights and freedoms that comes from collective bargaining. The Organisation of employers of Macedonia tries to support the employers in the processes of implementation of general collective bargaining agreements on the national level as well as supporting them during implementation of sectoral collective bargaining agreements.

www.orm.org.mk

Textile Trade Association – Cluster of Textile (TTA-CT)

The Textile Trade Association – Cluster of Textile (TTA-CT) is a business association, whose primary goal is improving companies' competitiveness. TTA-CT is carrying out activities to promote the development of members own brand development; supporting export-oriented activities of producers; improvement of productivity, efficiency and management skills and searching for new opportunities in world markets.

<http://www.tta.org.mk>

Business Confederation of Macedonia (BCM)

The Business Confederation of Macedonia (BCM) represents more than 5.500 enterprises via direct membership and via collective members. BCM provides services to the members with the aim to defend their interests. In addition BCM has set-up an external OSH service. BCM has signed collective bargaining agreements in several



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sectors, however, none in the textile and garment sector.
www.cerm.com.mk

Trade Unions

Federation of Trade Unions of Macedonia (SSM)

The Federation of Trade Unions of Macedonia (SSM) is the biggest national trade union center in the Republic of Macedonia. Principal activities are focused on achievement of workers' rights by protecting their constitutional, legal and statutory position. It is the successor to the official trade unions of the former Yugoslavian era. The SSM is not affiliated at the international level, but holds observer status with the European Trade Union Confederation. The federation has 17 affiliated sectoral unions. One of the 17 is the Trade Union for Textile, leather and shoe industry.

The Trade Union of textile, leather and shoe industry has 12 000 – 15 000 members in the textile industry. SSM is the most active trade union in the garment sector. Its main aims are protection of the workers, social justice, social security, health protection, pension and invalidity insurance, legal protection, proper housing conditions and policy training and specialisation for the workers.

Activities related to labour are:

- Negotiating and signing of collective bargaining agreements on all levels (national, sectoral (branch) and company level)
- Promoting common and/or individual interests of its members
- Promoting and defending trade unions rights and freedoms
- Improvement of working conditions and occupational health and safety
- Activities to increase the number of unionised workers

www.ssm.org.mk

Union of Independent Autonomous Trade Unions of Macedonia (UNASM)

The UNASM appeared on the Macedonian scene in 1991 separating from SSM. It was established by the Trade Union of Mining factories and Railway stations from Skopje and the Independent Group of Machine Workers from Macedonian Railway stations. After 6 months the Autonomous trade Union of Agricultural products from Kocani joined them. The main goals for UNASM are employment protection, protection of the rights of employment and dismissal, the right to employment, protection from any kind of violence, protection from abuse in the workplace, and social and health care of the workers.

UNASM has 140 independent municipal unions and four regional centres, which have over 6 000 members. The union is not very active in the textile sector. UNASM is a member of the International Confederation of Free Trade Unions (ICFTU) and collaborates with several European and global unions.

The Confederation of Free Trade Unions of Macedonia (KSS)

The Confederation of Free Trade Unions of Macedonia (KSS) was founded in December 2005. According to the trade unions home page, they have around 70 000 members and nine branch unions affiliated to it. It describes itself as a democratic and independent trade union movement free from interference of political parties or employers.

www.kss.mk



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Labour NGOs

Permaculture Peacebuilding centre (PPC Shtip)

Permaculture and Peacebuilding Centre Shtip (PPC Shtip), is a non profit, non government organisation with no political affiliation. PPC Shtip wants to make an active contribution to the development of democracy, the development of the economy with special focus on the informal economy, and ecology and permaculture, through delivering grassroots programs and projects. PPC Shtip targets marginalised groups such as garment workers, informal workers, (home based workers, farmers), unemployed, neighbourhood councils and youth.

www.ppcst.org.mk

Macedonian Occupational Safety and Health Association (MOSHA)

The Macedonian Occupational Safety and Health Association (MOSHA) works to create safe and humane work places in Macedonia through implementation of occupational health and safety standards.

www.mzzpr.org.mk

Consumers' Organisation of Macedonia (OPM)

The Consumers Organisation of Macedonia's (OPM) main goal is to improve consumer protection in Republic of Macedonia and providing guidance to consumers. Principal activities are to support harmonisation with EU consumer law and implementation of the legal framework in the domain of consumer protection through informing and educating citizens.

OPM works to support the institutionalisation of consumer protection in the local government units and to improve the legal framework of the consumer protection in domain of services of public interest.

www.opm.org.mk

Center for Institutional Development CIRa- Skopje

The mission of the Center for Institutional Development (CIRa) is to strengthen the capacity of civil society and local communities to achieve community changes. CIRa strives to achieve its aims through strengthening the capacity and promoting public participation to solve local issues on a community level. Development of CSR in Republic of Macedonia is one of the main goals, towards which CIRa works on establishing the first Business leader's forums in order to contribute to promoting CSR.

www.cira.org.mk

4. Garment industry

Organisation of the garment industry in Macedonia

The textile industry plays a significant role in the economy of the Republic of Macedonia and is the most widespread branch of the Macedonian economy. The textile industry in Macedonia has a long tradition and is located all over the country. Every large municipality has a company connected with the garment industry.

With the advent of the post quota era from January 2005 and emergence of China, Bangladesh, Vietnam, India and many other cost-competitive Asian countries, the industry, like its other European counterparts, started floundering. The first to be affected were the small and medium sized manufacturing units.

Lately it has been the recession of 2008 and 2009 that has hurt the industry. According to industry reports, many Macedonian textile and garment units are on the verge of closure or are downsizing their operations, putting employment of over 20,000 employees in jeopardy.

The government is trying to help the sector but their measures may not be adequate. They have released a package that contains ten preventive measures aimed at getting the Macedonian firms back into shape. The plan includes writing off or restructuring debts and accumulated interest of companies which arose due to unpaid pension insurances, value-added tax, personal and income tax and health insurance contributions. In addition, the government has also decreased taxes on profits and custom duties.

Source: Organisation of employers of Macedonia, Ministry of economy, and "Strategy for textile industry" published by the ministry of Economy (www.economy.gov.mk)

Main exports from garment industry

Clothing constitutes the largest part of the national exports of Republic of Macedonia, making up 22 % of the total export in 2009.²

The Macedonian textile exports portfolio is not very diverse. Eight types of products comprise about 72% of the textile exports portfolio. The following products make up the majority of Macedonian textile exports:

- Blouses, shirts and shirt-blouses, women's' or girls', not knitted or crocheted (20 % of total textile exports),
- Shirts of cotton, (16 %),
- Trousers, bib and brace overalls, women breeches and shorts (10 %).

Despite the fact that these eight product types belong to the end of the textile production chain, they do not bring about a high added value. This is because the production of the ready garment is made by few operations on semi-final imported products that require intensive labour.

Source: State Statistical Office Commodity international exchange in the Republic of Macedonia, 2007 - ISBN 978-9989-197-81-9-, Annual review

² Bulletin December 2009, Ministry of Finance of the Republic of Macedonia - www.finance.gov.mk



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Main areas for garment production

A total of 535 registered garment companies are located all over the country. According to PPC Stip, this number is probably lower in reality since owners often register the same factory more than once because of tax reasons.

Around 50 percent of the companies are located in the eastern part of the country, 20 percent in the western part and the other 30 percent in the central part. The main locations are: Stip (73 registered companies) and then some sub-centres such as Bitola (South), Delcevo / Vinica / Valandovo and Gevgelija (East), Tetovo (West), Skopje (North).

Source: State Statistical Office and PPC Stip

% employed in garment industry

34 percent of the total number of employees in the manufacturing industry in the country are employed in the textile industry (43,619 workers out of 128,421 persons working in the manufacturing industry).³ The garment industry alone accounts for as much as 6.7 % of all jobs in the country (total number of people employed: 642,541).

Source: State Statistical Office

Social composition of the garment workforce

More than 85 % of the people employed in the garment sector are women. Over 70 % of them have secondary or primary education. Although the workers are not well educated, long experience in the textile/garments and footwear industry has created and continues to generate a qualified workforce. Development of the private sector in the production of shirts and tops has emphasised further qualification of this class of employees. Yet, this does not hold true for professions that require higher qualification, such as engineers, designers, managers, market researchers, marketing specialists, chemists etc. The low wages in the garment industry keep away the more qualified personnel needed, such as managers, designers, marketing specialists, engineers and chemists.

Source: SSM and Ministry of economy (Strategy for textile industry)

³ Data published by the State Statistical Office for the 3rd quarter of 2009

5. Industrial relations

Organisation of employers and trade unions in the garment sector

Much of the conditions in the Macedonian garment and textile industry are decided in the sectoral collective bargaining agreement for this industry. This collective bargaining agreement is concluded between the representative employers' association and the representative trade union. A new collective bargaining agreement for the garment sector in Republic of Macedonia was signed in November 2009, between the Trade union for textile, leather and shoe industry of the Federation of Trade Unions (SSM) and the Association of the textile employers of the Employer's association.

In Macedonia, the Federation of Trade Unions (SSM) is legally recognised as a major representative trade union and has signatory role in the process of collective bargaining. Together with the Organisation of employers of Macedonia, the SSM is directly responsible for signing the CBA on the national and/or branch level.

SSM has 27 local offices across the country where workers can consult legal advisors on labour issues. These legal advisors also work in the field, as monitors of labour conditions in different branches and to support and advise workers in submitting disputes to the courts.

Recent activities of SSM are aimed at increasing employers' awareness of the fact that signing a CBA on company level must be done with a genuine trade union. There are cases when companies sign CBAs with trade unions that only exist on paper and in fact have been initiated, and are organised and led by the owners or managers of the company. In these cases the workers do not know that there is a trade union in their company, and do not understand their legal rights on this issue.

SSM also provides training for workers (members of SSM) in order to make them aware about their legal rights. As workers in the garment sector generally have little formal education, some are not even aware that they have labour rights.

The trade union federation UNASM is trying to improve the cooperation between the trade unions. It has initiated activities in order to increase the mutual cooperation between three trade unions (UNASM, SSM and KSS) and to encourage them to act more independently from political parties. Efforts are also being made to strengthen sectoral collective bargaining agreements as a basis for bi-partite social dialogue.

During the period 2006 to 2008, there were at least eight strikes within the garment and textile sector in Macedonia. Violations of basic labour rights, unpaid salaries and contributions (pension and disability insurance and health insurance), overtime work and food and transport allowance were the most common reasons for the strikes.

Source: SSM, UNASM and "3rd report on the implementation of the European Social Charter"⁴

General situation on trade union rights

According to the International Trade Union Confederation's Annual Survey of Trade Union Violations 2009, one of the main concerns in Macedonia is that the right to strike is seriously limited. The International Trade Union Confederation (ITUC) also reports

⁴ 3rd report on the implementation of the European Social Charter submitted by THE GOVERNMENT OF "THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA" (Articles 2, 5 and 6 for the period 01/01/2005 – 31/12/2008)



that dismissals because of union activities are common, although never acknowledged as such by companies. Furthermore, dismissal cases, when taken to court, usually take two to three years to be resolved. There are also reports of some companies trying to interfere in trade union elections.

In 2008, the European Commission reported that the dialogue between the government and civil servants' organisations, as well as the tripartite dialogue, remained weak and to a large extent pro forma. The same year, under pressure from the International Financial Institutions, parliament amended labour laws without consulting trade unions or employers' organisations. As it considered the law to be unconstitutional, the Federation of Trade Unions (SSM) brought a case before the Constitutional Court.

Freedom to form trade unions in Macedonia is guaranteed by the Constitution. However, for some public servants, the right to organise may be restricted (members of the armed forces, the police and administrative bodies).

The Labour Relations Law protects the right to organise in trade unions without prior authorisation and prohibits discrimination based on trade union membership or activities. Employers are also obliged to provide necessary facilities for company-level trade unions. However, if several unions are present, only the most representative one is entitled to facilities.

The Labour Relations Law provides for the right to bargain collectively and stipulates the obligation to negotiate in good faith. Collective bargaining is restricted to representative trade unions, that is, those representing at least 20 percent of the employees at the level at which the agreement is concluded (company, sector or country) or that belong to an association that is representative at a higher level. Several unions can join forces to meet the 20 percent criterion, but only where no single representative union exists.

Strikes are permitted, including solidarity strikes. However, there are several restrictions that are incompatible with international standards. Trade unions are required to specify the length of a strike in advance. The strike must be organised in such a way that workers who do not participate in the strike can continue working, and the entrance to company premises must remain unobstructed.

Production must be maintained if the employer requests it, regardless of what kind of company or workplace is affected by the strike. If the trade union and the employer do not agree on how the maintenance of production is to be organised, the employer as well as the trade union may unilaterally request arbitration. In addition, the Labour Relations Law gives employers the right to suspend up to 2 percent of those participating in a strike throughout its duration if they exhibit violent or "non-democratic" behaviour. This provision has reportedly been used to extract "inconvenient" trade union leaders from negotiations. If a court has declared a strike illegal, the participants can be dismissed and sued for damages.

Source: ITUC's Annual Survey of Trade Union Violations 2009 and 2010

Union density and CBA coverage in Macedonia

According to SSM, around 60 percent of all employees are members of a trade union. However, during the transition from the communist period, bargaining power of trade unions has declined at the national, branch and enterprise level. In the public sector and in large privatised companies, unions remain important and wages tend to be determined mostly through collective bargaining. In the private sector there has been a sharp decline in unionisation rate to only 45 percent of paid workers.



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60 percent of employees are covered by a CBA, or 35 percent of companies, according to the Organisation of employers and SSM's latest estimates.

Two collective bargaining agreements are concluded at country level, one for the private sector and one for the public sector. On top of that, separate collective bargaining agreements can be made at branch (sectoral) level and at the level of the individual employers.

The law protects the right of employees to bargain collectively, and most branch and local unions have collective bargaining agreements. While collective bargaining does take place, employees have little practical negotiating power, due to the country's weak economic situation.

Macedonian law provides separate systems for sector-level agreements in the public sector on the one hand and in the private sector on the other. The parties involved are obliged by law to negotiate. If they fail to come to an agreement, arbitration may be sought to resolve the issues under dispute.

Collective bargaining is restricted to the trade unions registered in accordance with the law that are representative. This means they should represent at least 10 percent of the total labour force, and at least 20 percent of the employees at the level at which the agreement is concluded (company, sector or country). The trade union must also be recognized at national level and have registered members in at least a fifth of the municipalities in the country. Several unions can join forces to meet the 20 percent criterion, but only where no single representative union exists.

Employers' associations are considered representative if their members represent at least 10 percent of total number of employers in the branch or activity for which the collective bargaining agreement is concluded or at least its member employees at least 10% of the total number employees in the private sector. Also regionally need to have members from at least a fifth of the municipalities in the country.

If none of the trade unions and/or employers' association fulfil the legal representational conditions, the trade unions and/or employers' associations may join together to reach the required number of members needed for concluding the collective bargaining agreement.

The special collective bargaining agreement for a branch and/or activity shall be concluded between the representative trade union and the representative employers' association at the level of branch and/or activity.

The collective bargaining agreement may be concluded for a period of two years, with possibility of extension by written consent of the contracting parties.

Source: Labour Relations Law, Organisation of employers of Macedonia, SSM

Union density and CBA coverage in the garment industry

Around 35 percent of the workers in the garment industry are members of a trade union. Due to the economic crises, many companies have closed down, reducing the numbers of workers employed in the garment sector. These recent changes make it hard to give a precise estimation of union density.

The CBA coverage in the garment sector is around 30 percent, according to the employers' association. The figures are not very precise and are estimated from the number of companies that are members of the Employers' association.

Source: SSM, Employers' association



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Local grievance mechanisms for workers

Workers can ask a trade union to assistance in filing a complaint to the court. SSM has appointed legal advisors at 27 local offices across the country, but their role is more to support and give advice. When workers want to complain they can contact the union's local offices to receive legal help during the process of complaining to the local or national courts. Trade unions and their associations, finally, may claim damages in court in the event of anti-union activities.

Source: SSM

State role in industrial relations

Other than the courts, there is no conciliation mechanism to settle labour disputes. The court system consists of a Supreme Court, a Constitutional Court, and local and appeals courts. The State Judicial Council monitors the ethical conduct of judges and recommends to parliament the election of judges. The Supreme Court is the highest court in the country and its judges are appointed by parliament. The Constitutional Court is responsible for the protection of constitutional and legal rights and for resolving conflicts of power between the three branches of government. An independent Public Prosecutor is appointed by parliament.

The Labour Inspectorate may also receive complaints, but the owners of factories often prefer to pay the fine instead of making the required changes. If the Labour inspectorate finds irregularities, it has the right to file a lawsuit against the company responsible.

Sources: SSM, PPC Stip

6. Implementation of the FWF Code of Labour Practices

In this chapter, the implementation of every part of the FWF Code of Labour Practices is examined by looking at official statistics on compliance (where available), laws and regulations, as well as different stakeholders' opinions and analysis on implementation. Each section starts with quoting the FWF Code of Labour Practices. Text in *italics* is quotes from relevant laws.

6.1. Employment is freely chosen

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

Laws and Regulations

The Labour Relations Law of Macedonia corresponds with the FWF Code of Labour Practices on the freedom of employment. The conventions 29 and 105 are ratified by the Macedonian government and covered by the statute of the Republic of Macedonia and into Macedonian Labour legislation, which guarantees the right to choose employment freely. According to the Statute, workers' rights are regulated through law and collective bargaining agreements. The definition of employment relation is stipulated in the Labour Relations Law, Article 5:

"Labour relation" is a contractual relation between the employee and the employer whereby the employee is voluntarily included in the employer's organised working process, in which he for remuneration continuously carries out work in person according to the Instructions and under supervision of the employer.

The start of an employment relationship is regulated by article 62 in the Labour Relations Law which stipulates that these issues be determined by signing a mandatory employment contract. The employee may not commence work prior to the signing of the employment contract and registration for mandatory social insurance.

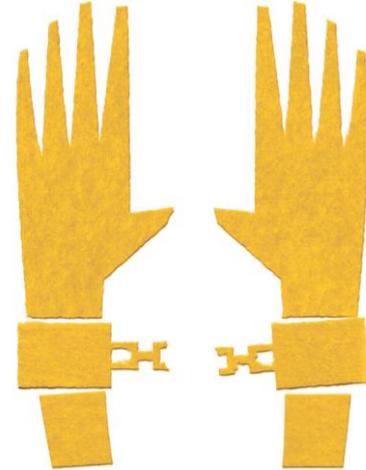
The termination of an employment relationship is also regulated by the Labour Relations Law, which lists in detail the reasons admissible for terminating a labour contract.

When terminating an employment relationship, both parties must take into account the minimum period of notice stipulated by law, the branch and/or the collective bargaining agreement. If the employment contract is terminated by the employee, the notice period shall be one month. The employment contract or the collective bargaining agreement may stipulate a longer period of notice, but it may not exceed three months.

If the employment contract is terminated by the employer, the period of notice shall be at least one month in the case of an individual employee or a small number of employees, and at least two months when termination concerns more than 150 employees or 5 percent of the total number of employees with the employer prior to the termination.

Stakeholders' opinion and analysis

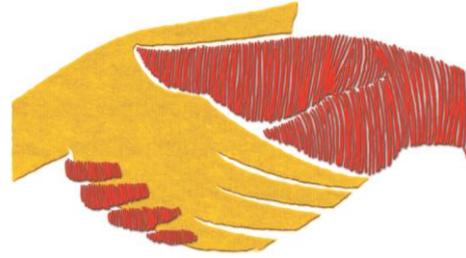
Bonded or forced labour is not an issue in Macedonia according to the consulted stakeholders. However, several of the stakeholders point out that high unemployment



and economic situation forces many to stay in jobs where they themselves think working conditions are not good.

6.2. No discrimination

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



Official statistics on compliance

Macedonia is ranked 62 in the UN gender related development index rank which is slightly after other countries in the region, such as Bulgaria (50) and Romania (52). It is however substantially better than Asian garment producing countries like Bangladesh (123), China (75) and India (114). In the wage equality for similar work rank in the Global Gender Gap, Macedonia comes on the top of the garment producing countries where FWF is active getting ranked at 10th place..

Laws and Regulations

ILO Conventions 100 and 111 have been ratified by Macedonian government. The FWF Code of Labour Practices section on non discrimination corresponds with article 6 from the collective bargaining agreement for the textile industry, as well as with articles 6 and 7 from the Labour Relations Law.

Article 9 of the Constitution of the Republic of Macedonia states that all citizens are equal in their freedoms and rights, regardless of sex, race, colour of skin, national and social origin, political and religious beliefs, property and social status. The Constitution prescribes that limitation may not be discriminatory based on sex, race, colour of skin, language, religion, national or social origin, property or social status.

On discrimination, the Labour Relations Law has been harmonised with the several European Union directives to implement the principle of equal treatment between men and women regarding access to employment, vocational training and promotion, and working conditions, indirect discrimination, harassment as a form of discrimination, the burden of proof in cases of discrimination based on sex, the principle of equal salaries for women and men, the health and safety at work of pregnant workers and workers who have recently given birth or are breastfeeding and on parental leave.

The statute of Republic of Macedonia guarantees the right to freely choose religious beliefs and to free and public expression of religious beliefs, either individually or jointly. Religion is a private personal right and religious behaviour is neither a topic in the Labour Law, nor of labour agreements.

In compliance with article 165 of the Labour Law, female employees are entitled to a continuous nine-month paid leave during pregnancy, childbirth and maternity. In case of the birth of more than one child (twins, triplets etc.) the maximum continuous paid leave is one year. The maternity leave may start 45 days, and must start at least 28 days before the expected childbirth.

Macedonia has a law which regulates special conditions for employment and work of people with disabilities⁵. The Law also stipulates measures for the improvement of the conditions for employment and work of the person with a disability.

Stakeholders' opinion and analysis:

Most of the cases of discrimination mentioned by stakeholders are based on political conviction and are mostly a problem during the process of recruitment, especially in the public administration. In the eastern part of the country there are examples of ethnical discrimination towards other than Macedonian ethnic groups and in the western part of the country discrimination against Macedonian ethnicity.

6.3. No child labour

"There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." (ILO Convention 182)



Official statistics on compliance

6% percentage of children (5 to 14 years) work in Macedonia according to the state of the World's Children 2009 (Unicef). This is at about the same level as Turkey and Ukraine. For most garment producing countries where FWF is active, the prevalence of child work is much higher, in Bangladesh (13%) and India (12%) for example.

Laws and Regulations

ILO Conventions 138 and 182 are ratified in by the Republic of Macedonia and covered in the Macedonian Labour Relations Law as well as in the Statute of the country. Relevant laws and regulations regarding child labour in the Labour Relations Law are in line with the FWF Code of Labour Practices.

Article 18 from the Labour Law sets the minimum age for working at 15 years. The employers are required to verify age of the applicant before signing the employment contract. Required documents are: birth certificate, identification document and residence registration which are legally endorsed by the state. The employer is obligated to keep copies of all these documents in the personal file of its employees.

According to article 44 of the Statute of the Republic of Macedonia every person has right to attend school and primary school is mandatory and free. The normal age for finishing school is 14 years.

Stakeholders' opinion and analysis

In Macedonia child labour is not a concern in the garment sector according to all stakeholders consulted. The reason for the relatively high level of child labour reported

⁵ Official Gazette of the Republic of Macedonia No. 44/2000

by UNICEF is due to child labour in the agricultural sector and in small family businesses.

6.4. Freedom of association and the right to collective bargaining

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



Laws and Regulations

The Labour Relations Law of Macedonia corresponds with the FWF Code of Labour Practices on freedom of association. ILO Conventions 87, 98 and 135 are covered in the National Labour Relations Law, in the statute of the country and in the law for Civic Associations.

The Labour Relations Law protects the right to organise in trade unions without prior authorisation and prohibits discrimination based on trade union membership or activities. The law clearly states that the employee must not be put in less favourable position than other employees due to trade union membership. Trade unions may claim damages in court in the event of anti-union activities. Trade unions shall independently decide on the manner of their representation at the employer. Employers are obliged to provide adequate facilities, including premises, for company-level trade unions. If several unions are present, only the most representative one is entitled to facilities.

The Labour Relations Law allows unions to conduct their activities without interference. The law protects the right of employees to bargain collectively, and most branch and local unions have collective bargaining agreements (CBAs).

The employer should also enable the trade unions and their representatives timely and efficient exercise of the rights and access to data important for exercising that right.

According to the law, two CBAs should be concluded at country level: a general CBA for the commercial and a general CBA for the public sector. Further CBAs may be concluded at branch level and/or at the level of the individual employer.

The general CBAs at country level apply directly and are binding for employers that are members of the employers' association, signatories of the CBA and those employers that joined the association additionally. These CBAs stipulate the rights and obligations of the parties that concluded them and may also include legal regulations regarding the employment relationship and other matters related to labour relations.

The CBA is negotiated and concluded between the employer or the representative employers' association and the representative trade union. Individual CBAs at company level are concluded between the representative trade union at the employer and a person authorised by the employer.

A CBA is concluded for a set period of two years, with the possibility of extension by written consent of all contracting parties.

Stakeholder opinion and analysis

Stakeholder opinions on the situation for freedom of association vary widely. The employers' association and the ministry of economy say that the law guarantees

freedom of association and the biggest problem is that a lot of workers have lost faith in the unions over the last 15 years.

Both the trade unions SSM and UNASM as well as some of the NGOs say that workers are poorly informed, not aware of or familiar with their right to form and join trade unions. Employees often wrongly believe that a factory union needs the employer's approval. Employees do not believe that the trade union can improve their labour conditions, or protect their rights.

The biggest trade union, SSM, which is also the union that signs the collective bargaining agreements on national level and for the textile industry, also mentions cases where companies sign CBAs with trade unions that only exist on paper, initiated, organised and led by the owners or managers of the companies.

The UNASM union points out that workers may also be influenced as to which trade union they join. Workers are often not familiar with the possibility and their right to choose between the different trade unions that officially exist in the country. Unions are not required to belong to the Confederation of Trade Unions of Macedonia (SSM), which maintains close ties with government officials. Several new unions have been formed outside of the SSM in recent years.

UNASM points out many cases where workers from factories around Macedonia, especially in textile factories, are forbidden to organise and are not allowed to strike. Several other organisations confirm that there is a negative attitude among employers towards trade unions. Employers often try to work against any union as much as they can without breaking the law, for example by saying they do not care how the employees organise themselves but will not allow such activities during working hours. Workers in the garment sector are afraid to organise because they think this may reduce their chance of keeping their jobs.

Several of the stakeholders quoted the country's communist past and the high concentration of trade unions in the public sector as prohibiting factors in the establishment of good labour relations.

6.5. Payment of a living wage

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income" (ILO Conventions 26 and 131, the Universal Declaration of Human Rights, art 23(3) and art 25(1)). "Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period."



Official statistics on compliance

28.7 percent of the people in the Macedonia live below the national poverty line. 58 percent of these live in households with five or more members, making large households the most vulnerable group. 43 percent of all poor people are unemployed.

56.6 percent of the poor live in households where the level of education of the head of the household does not exceed primary education.

State Statistical Office data 2008

Table: Average paid net salary for 2009 in the production of textile and garment product compared with average paid net salary in the manufacturing production

In MKD; 1 Euro = 61,4 MKD

| Sector/Month | Average net salary for each month 2009 | |
|--------------|--|------------------------------------|
| | For all manufacturing industries | For production of textile products |
| JAN | 13.424 | 9.042 |
| FEB | 13.001 | 9.000 |
| MARCH | 13.479 | 9.108 |
| APRIL | 13.612 | 9.003 |
| MAY | 13.637 | 8.984 |
| JUNE | 14.066 | 9.264 |
| JULY | 13.965 | 9.449 |
| AUG | 13.965 | 9.449 |
| SEPT | 13.690 | 8.737 |
| OCT | 14.107 | 9.147 |
| NOV | 14.340 | 9.295 |
| DEC | / | n/a |

Source: State Statistical Office

Table: Comparison between total average net salary in Macedonia and the consumer basket

In MKD; 1 Euro= 61,4 MKD

| Average Gross salary | Average Net Salary | Consumer basket | Consumer basket/ net salary |
|----------------------|--------------------|-----------------|-----------------------------|
| 29.767 | 19.867 | 11.825 | 59,5% |

Source: State Statistical Office, August 2009

Table: Subjective opinion about the level of minimum monthly incomes needed to cover basic needs of a family

| Percentage who thinks the indicated income range can support the basic needs of a family | According to people in all households | According to people in agricultural households | According to people in mixed households | According to people in non-agricultural households |
|--|---------------------------------------|--|---|--|
| Less than 5.000 MKD | 0.4 | - | 0.3 | 0.5 |
| 5.001 - 10.000 MKD | 8.3 | 6.6 | 5.2 | 9.3 |
| 10.001 - 14.000 MKD | 3.7 | 7.7 | 3.2 | 3.8 |
| 14.001 - 18.000 MKD | 13.2 | 29.9 | 11.6 | 13.2 |
| 18.001 - 23.000 MKD | 14.3 | 26.1 | 14.2 | 14.0 |
| 23.001 - 30.000 MKD | 27.5 | 20.8 | 30.3 | 26.8 |
| Over 30.001 MKD | 32.5 | 8.8 | 35.2 | 32.4 |

Table shows percentage of people divided in agricultural, mixed and non-agricultural households who think the income range indicated can cover the basic needs of a family.

Source: State Statistical Office

Laws and regulations

Macedonian law clearly sets rules for payment of wages. ILO Convention 131 is ratified by the Macedonian government and is incorporated in the national Labour Relations Law and in the national collective bargaining agreement as well as into collective bargaining agreements at branch level.

Macedonian legislation does not define a living wage, but rather sets a minimum wage. The minimum wage is used as the basic salary on which additions such as performance based wages and other extra payments are added. The employee's salary for carrying out full-time work shall not be lower than the minimum salary determined by law and collective bargaining agreement. Payment records, compensations and allowances should be kept on employer's premises.

The Labour Relations Law of Macedonia states that the salary shall be composed of the basic salary and on top of that salary based on performance of the individual worker. The basic salary shall be set according to the level of difficulty of work. The job performance part of the wage should be determined according to the business-like conduct, quality and volume of the performed work, for which the employee has concluded the employment contract.

Extra payments should be paid in situations such as work in shifts, split work, night work, overtime work, Sunday work, and work on statutory holidays and extra payment for years of service.

Salary shall be paid for periods that must not be longer than one month. Salary shall be paid not later than 15 days after expiration of the payment period. If the payday is a non-working day, salary shall be paid at the latest on the first following working day.



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The employer should pay salary compensation for annual leave, paid special leave, additional training, statutory holidays and days off work and in cases when the employee does not carry out the work due to reasons on the side of the employer.

The employer also has to pay salary in case of an employee's incapability to work due to disease or injury for a period of up to 21 days. If the absence lasts for more than 21 days, the salary compensation shall be paid to the debit of the health insurance.

If the employee is not able to perform his work due to force majeure, he is entitled to half the salary he would have received if he was working – calculated as the average salary over the past 12 months.

If the operating process is interrupted for business reasons, for example, no orders coming in, the employer is allowed to reduce the employee's salary to 70% for a maximum period of three months per year and after proper notification of employees.

The employee is entitled to compensation for a number of expenses related to work, including food allowance during work and transport to and from work.

The employee can be entitled to different bonus payments, for example upon retirement. The amount, basis and period of calculating and giving out these compensations is regulated by collective bargaining agreement.

The compensation that is paid to the apprentices is regulated through article 45 of the Collective Bargaining Agreement for the textile industry, which dictates that this compensation (or salary) cannot be lower than 70% of the minimum salary for the job position for which he is being trained.

Stakeholders' opinion and analysis

Stakeholders agree that the minimum wage in the new collective bargaining agreement for the textile industry, 5 550 MKD (less the 90 Euros), does not come close to a living wage. The estimates of a living wage range from 12 500 MKD to 36 000 MKD (see table above).

The lowest estimate comes from the organisation of employers. According to them, their members pay their employees a decent wage.

In Macedonia, "living wage" is not generally recognised as a concept. For comparing wage levels to cost of living the official "consumer basket" is often used. The cost of a consumer basket with food and beverages for a four-member household was 12 105 MKD (196 Euro) in October 2010. The average paid net salary in the country was 20 541 MKD in August the same year. This makes the cost of the consumer basket 59 percent of the average net salary in the country. However, the consumer basket only shows costs for food and beverages for a four-member household. It does not include costs for housing, education, health, socialising, clothing, etc.

90 percent of garment factories pay wages on the basis of piece rates. The piece rate is determined by management and varies from factory to factory. In practise, the management pays the legally prescribed minimum wage, supplementing it with a piece-rate based wage calculated at the end of each month.

Some stakeholders point out that employers do try to bargain for better prices with the buyers, but faced with competition from the far east and due to a lack of management skills, they end up cutting the employees' salaries to meet buyers' demands.

Stakeholders point out that workers sometimes do not receive paid holidays, only compensation for overtime days. Or they are given a holiday only when orders are low, in the week of 26 July to 2 August – a national holiday.

Table: Estimations on living wage by interviewed stakeholders

| | |
|---|------------|
| Trade Union (SSM) | MKD 20 000 |
| Trade Union (UNASM) | MKD 30 000 |
| Organisation of employers of Macedonia | MKD 12 500 |
| Consumers organisation of Macedonia | MKD 20 000 |
| Macedonian Occupational Safety and Health Association (MOSHA) | MKD 25 000 |
| Permaculture Peacebuilding centre (PPC Shtip) | MKD 36 000 |
| Center for Institutional Development (CIRa) | MKD 30 000 |

Wage ladder for Macedonia

| Source | Wage measure | Net figures in MKD | Time |
|---|---|--------------------|---------------|
| PPC Stip | Living wage estimate | 36 000 | January 2010 |
| Trade union (UNSAM) and CIRa | Living wage estimate | 30 000 | January 2010 |
| MOSHA | Living wage estimate | 25 000 | January 2010 |
| Trade union (SSM) and Consumers organisation of Macedonia | Living wage estimate | 20 000 | January 2010 |
| State statistical office | Average salary | 21 029 | January 2011 |
| Organisation of employers of Macedonia | Living wage estimate | 12 500 | January 2010 |
| State statistical office | Consumer basket with food and beverages for a four-member household | 12 342 | December 2010 |
| State statistical office | Average salary garment industry | 10 034 | January 2011 |
| Collective bargaining | Minimum wage | 5 550 | November 2009 |



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| | | | |
|-----------|--|--|--|
| agreement | | | |
|-----------|--|--|--|

6.6. No excessive working hours

"Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate." (ILO Convention 1)



Laws and Regulations

Macedonian law is stricter on working hours than the FWF Code of Labour Practices. Relevant laws and regulations regarding working hours are part of the Labour Relations Law. The regular working time per week is 40 hours and maximum 10 hours overtime per week.

According to article 116 from this law, a full-time work week cannot exceed 40 hours a week and a regular working week lasts five working days. Working hours for a full work week can be shorter than 40 hours if agreed in a collective bargaining agreement, but should not be less than 36 hours per week (with some exceptions for special jobs). Overtime cannot exceed 10 hours per week.

The employer is obliged to keep complete records of working hours. Employer with more than 25 employees at a single location are required to keep electronic records of regular working hours and overtime hours.

Overtime payment is regulated in the Labour Relations Law and through the collective bargaining agreements. The labour law guarantees higher payment in accordance with the collective bargaining agreement for work during public holidays, for night shift work and for overtime hours. Each hour of overtime should be paid by 35 percent above the regular payment per hour.

Stakeholders' opinion and analysis:

All consulted stakeholders agree that overtime and excessive working hours are an issue in the garment industry in Macedonia.

According to the employers' organisation, overtime work occurs very often in the garment sector – more than in other industries – but it is regulated by the Labour Relations Law and through the branch (sectoral) CBA, articles 39, 46, 50, 51, 52 and 66. In the garment sector the employers often complain that they are not in a position to reduce overtime due to the nature of the industry and the global competition.

Stakeholders report that workers are often not paid the legal amount for their overtime hours and are not free to deny requests by the employer to work overtime hours. One reason for this is that employees are not familiar with their rights regarding overtime or what they should be paid for overtime. A lot of overtime work is not registered, even in factories with a clock card machine (time registering system). There are many cases of double bookkeeping, intended to mislead auditors and law enforcers. In the garment sector, quantitative targets are often too high, so employees cannot fulfil them within regular working hours and feel pressured to work extra hours.

Trade unions report that most of the complaints they receive by workers concern working hours, specifically overtime work during national holidays. During 2008 there were many cases where the trade unions and employees reacted against overtime

working hours, especially during state holidays – which is against the Labour Relations Law.

Stakeholders see excessive overtime as a product of many causes, including short deadlines imposed by the buyers, delay in transport of materials, large numbers of absent workers, small orders, and non existence of the annual/periodical planning of production.

6.7. Occupational health & safety

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155).

"Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited."



Official statistics on compliance

Table: Number of reported accidents

| | 2004 | 2005 | 2006 | 2007 |
|---|-------|-------|-------|-------|
| Number of actions taken by the Labour Inspectorate to improve health and safety at workplaces | 6.487 | 6.523 | 4.689 | 3.009 |
| No. of serious injuries at work | 112 | 115 | 160 | 176 |
| No. of collective injures at work ⁶ | 8 | 6 | 3 | 4 |
| No. of occupational deceases at work | 18 | 7 | 4 | 18 |
| Adopted decisions for ban at work | 578 | 650 | 556 | 335 |
| Number of requests to initiate (violation) proceedings by the Labour Inspect. | 644 | 735 | 738 | 446 |
| Submitted criminal charges by the Labour Inspectors | 6 | 7 | 9 | 9 |

Source: www.mtsp.gov.mk, Social picture of Republic of Macedonia, 2008, Ministry of labour and social policy

Total number of reported accidents in the country for 2007 is 315, whereof 155 are in the processing industry (SSM).

⁶ Single accidents when more than one worker is hurt.

Laws and Regulations

Macedonian laws regarding health and safety cover the intent of the FWF Code of Labour Practices in this area and ILO convention 155 is ratified by the Macedonian Government. The relevant laws are: Occupational safety and health law 92/07 (transposed from the 1989 Health and Safety Directive, COUNCIL DIRECTIVE 89/391/EEC) and contains sub-laws on the following areas:

- Regulation on Personal protective equipment which employees use on work
- Safety and Health Regulation on equipment for work
- Safety and Health signs
- Keeping OSH records
- OSH regulation for employees exposed to noise
- Minimal OSH requirements on temporary construction sites
<http://mtsp.gov.mk/WBStorage/Files/rizik.doc>
- Minimal OSH requirements of the working space
- OSH regulation on manual load handling
- OSH regulation on mechanical vibration exposed employees
- Minimal OSH requirements on employees exposed to explosive atmospheres
- Minimal OSH requirements for the employees exposed on asbestos
- Fire safety law

A company is obligated to keep records (OSH law Art. 41) for :

- Occupational training and preparing the workers for safe work;
- Checks of the working tools
- Checks of physical, chemical and biological risks at the place of work
- Periodical medical examinations of the workers
- Injuries at work that cause temporal disability for work for more than 3 days, diseases in connection with the job and death at work.

In general a first aid kit should be equipped with (more precise requirements are set in regulations for specific industries):

- Sterile dressings to stop bleeding.
- Cleansing agent/soap and antibiotic toweletes to disinfect.
- Antibiotic ointment to prevent infection.
- Adhesive bandages in a variety of sizes.

Health and safety training is mandatory by law (OSH law art 25 & 26). The company must also appoint workers in charge to carry out the defined measures for protection at work, the preventive measures against fire, evacuation of workers and first aid (OSH law art 24.6).

If the employer employs more than 10 workers, a representative for protection at work should be elected among the workers at the trade union meeting of the majority trade union (Art 46/47). The function can be passed to the representative of the majority trade union.



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The employer is required to keep medical data for each employee. This data should contain information about previous medical exams, which every employee should perform before starting the job, plus data from periodical medical exams performed on an annual basis. One copy of these medical exams is kept within the medical facility that performed the medical exams. The employer is required to keep another copy of these exams (the Occupational Safety and Health Law (13/98)).

For accidents there is standard "Accident Reporting form" which is the same for entire Macedonia. When an accident happens, this form is filled out in four copies. Three of them are submitted to the Social Security and Pension Fund, which is responsible for covering expenses of the injured worker during the recovery period. The form is usually accompanied with additional documents such as accident report issued by the police, medical certificate issued by the medical institution that treated the injured, or with the report from the local branch of the Labour Inspectorate.

Fire extinguishers must be appropriate for the types of possible fires in the various areas of the factory, regularly maintained and charged, must display the date of their last inspection, and be mounted on the walls and columns throughout the factory so they are visible and accessible to workers in all areas. Authorised persons should check the extinguishers every year and mark this on the cylinder. The company that installed the fire systems should give a certificate for maintenance of the system.

Stakeholders' opinion and analysis

Although the occupational safety and health law was introduced in 2007, many employers have not been informed about the legal requirements. Occupational safety and health is considered an expense rather than a preventive measure by employers. Stakeholders talk of a poor occupational safety and health culture on national level. Most of the accidents at work that occur, especially in the garment sector, are not recorded by the employers. Injured workers that need to stay at home, usually do not use any sick leave, i.e. stay home without any forms of compensation.

Awareness regarding OHS is also very low among employees. They are not familiar with hazards in their workplace that can cause accidents or injuries. Secondly, when accidents do happen they do not know how to deal with it. Consulted trade unions confirm that workers do not know about the advantages of using protective equipment, although it is required to wear protection when performing some operations. During the last two years, training programmes on OHS were offered to all members of SSM in the garment factories. This resulted in a decrease of the reported number of injuries and accidents in the workplace. Many workers were trained on recognising potential hazards and problems in the factories.

SSM supports its members in submitting complaints to the courts if an accident occurs. Lack of hygiene and fresh air, as well as systems for regulating temperature are among the most common complaints by workers.

The expense workers incur because of an accident at work is covered by the Macedonian National Fund, but the process for receiving funds is very bureaucratic and takes a lot of time. The injured worker often cannot wait that long and instead covers the expenses himself until the funds are finally received.

Most of the employees suffer from diseases related to the nature of their job, such as back pain, spondylosis, problems with the cardiovascular system within the elderly population, hypertension etc.

Among the common non-compliances with the law is the absence of a workers' representative for health and safety. There is no institution that will support or control the

processes of election and/or nomination of OSH representatives, or check whether they work in compliance with the law. The law is quite unspecified about this.

Due to bad conditions, absenteeism in the factories can vary from average 7% to as much as 20%. Mostly this absenteeism is related to the very high temperatures during the summer period in the factories rising up to 37° C, or in winter below 13° C. High absenteeism in turn leads to higher pressure on the remaining employees, causing lot of overtime work, decreasing the quality of the final product and losing credibility with the buyers.

6.8. Legally binding employment relationship

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

Official statistics on compliance

The most recent statistics on employment in the informal economy as % of total employment in the ILO database (KILM) is from 1999 and puts the informal employment at 27.8% which is quite a high figure.



Laws and Regulations

Employment relationships are regulated by the Labour Relations Law, through collective bargaining agreements and the employment contract. The Labour Relations Law regulates labour relations which are entered into on the basis of an employment contract concluded between the employees and the employers. According to the Macedonian Labour Relations Law, an employment contract is mandatory.

According to article 13 of the Labour Relations Law, the labour relation between the employee and employer is entered into by signing an employment contract. If the date of commencement of work is not determined, the date of signing the employment contract shall be considered the date of commencement of work. The rights, obligations and responsibilities arising from the labour relation should start on the date of commencement of work, even if the employee does not begin to work on that date due to justified reasons.

The employer has to register the employee for the obligatory social insurance (pension, disability, health and unemployment insurance). The employee should get a certified photocopy of the registration within 3 days of commencing work.

In Macedonia there are now two private pension funds next to the old state pension fund. Every employee has the right to choose and establish a contract with one of the pension funds without informing his employer, in order to avoid any pressure by a third party. Regardless the new structure of the pension funds, the legislation and obligation of the employers to pay the pension and social contributions for the workers, are regulated by the Labour Relations Law and Pension and Disability insurance Law, and has not been changed. This means that the contributions are still paid to the State Pension Fund, which in turn makes the relevant contribution to one of the two private funds depending on the worker's selection.

Disability insurance is obligatory for individuals who are employed or self-employed. The employer is responsible for contributions to the disability insurance.

Medical insurance is regulated by the Health Insurance Law. Medical insurance is obligatory for everyone. Additional insurance is possible for services not covered by the



obligatory insurance. The obligatory insurance is handled by the Fund for Medical Care Insurance of the Republic of Macedonia.

Labour relations are based on the employment contract between employer and employee and should be in written form and be verified by the local employment centres (which are part of National Employment Agency). The contract should be stored in the employer's offices. A specimen of this contract is given to the employee. The contract should contain the following legal provisions:

1. details about the contracting parties including their residence or registered office;
2. date of commencement of work;
3. title of the position or details about the type of work for which the employee is contracted, including a brief description of the work he is to carry out;
4. location where the work is to be carried out. If no location is stated, it shall be presumed that the employee carries out the work at the employer's registered office;
5. duration of the employment, when a fixed-term employment contract is concluded;
6. stipulation stating whether the employment will work part-time or full-time;
7. stipulation on regular daily or weekly working hours and the allocation of working hours;
8. stipulation on the amount of the basic salary the employee shall receive as remuneration for carrying out work in accordance with the law, collective bargaining agreement(s) and the employment contract;
9. stipulation on other compensations the employee is entitled to for carrying out work according to the law and collective bargaining agreement(s);
10. stipulation the manner of determining the annual leave;
11. list of official company documents/general provisions or acts (procedure and manuals) which stipulate the employee's conditions of work.

The employment contract may also contain other rights and obligations laid down in law, or through a collective bargaining agreement. For issues not covered in the contract, the law and/or collective bargaining agreement(s) apply.

The employer shall keep records of monthly calculations of tax contributions which are conveyed to the Public Revenue Office. To transfer the salary through the bank, the employer has to prepare the calculations and to cover the contribution for pension and invalidity insurance, medical insurance, contribution for employment and contribution for professional injuries. If the records have not been prepared, submitted to and approved by the Public Revenue Office, the bank can't accept payment of wages.

For the purposes of the labour inspection, tax inspection, and for audit and control of the social laws, the employers are obliged to keep following registers and files:

- Legal acts for registration of the company;
- tax number;
- name of the bank+ bank account number;
- personal records of the employees, including:



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- (copies of) personal documents of workers (such as birth certificate, copy of identity card, bank account number)
- labour contract
- forms M1 & M2 (which are proof of official registration of employment)
- decisions concerning annual holidays, sick leave, maternity leave.
- records of attendance of workers and records for working hours;
- calculations for salaries and contributions;
- reports of actions taken to comply with legal minimum technical conditions in working rooms;
- register of financial documents that can be used for verifying the payment of tax contributions (such as bank statements, calculation and payment of salaries, payment orders).

Stakeholders' opinion and analysis

Local stakeholders agree that all obligations of employers which refer to legally binding working relationship are clearly regulated through the Labour Relations Law. Employers are required by law to keep documentation regarding their employees. As these documents are always required by the Labour Inspectorate, they are usually kept in good order.

The main concern of stakeholders is the legally prescribed contributions by the employers. To avoid paying contributions some employers fail to register workers. This has led to a large numbers of non-registered workers in Macedonia, especially in the textile sector. These workers do not have a legal contract, or are forced to sign a blank contract, with no mention of their rights and their wages. Recently there have been cases where workers are made to sign an undated letter before being hired, in which they agree to their dismissal. Some workers receive part of their salaries 'black', with no insurances paid.

Stakeholders report that stricter government control and penalties in the area of legal binding employment relationships has decreased the number of workers informally employed in the industry.

Appendix 1. Indicators

Economic indicators

| Name of indicator | Macedonia | How to interpret value / information | Source of indicator / information |
|---|-----------|---|--|
| Human development index (HDI) rank | 72 | A composite index of life expectancy at birth, knowledge (adult literacy rate and combined enrolment ratio), and decent standard of living (the adjusted per capita income in PPP US\$). Comparison: Germany 22 China 99 | Human development report, 2009 |
| GDP per capita | \$ 4 281 | Comparison: Germany \$ 40 875 China \$ 6 546 | IMF estimate, World Economic Outlook Database, 2009 |
| GDP per capita (PPP) | \$ 9 096 | GDP calculated by purchasing power parity (PPP) to make comparisons between countries more fair. Comparison: Germany \$ 34 401 China \$ 5 383 | IMF estimate, World Economic Outlook Database, 2009 |
| GPD rank minus HDI rank | 8 | A positive figure indicates that resources in a country are effectively used to meet the needs of the population. Comparison: Germany 2 China 10 | Human development report, 2009 (data from 2007) |
| Industry percentage of GDP | 30% | Gives indications of industrial development in country. Comparison: China 49 % | World Development Indicators database, 2008 |
| Strength of auditing and reporting standards rank | 83 | Gives measurement of institutions based on opinion polls amongst business people. Ranking countries from 1 to 134. Comparison: Germany 15 China 72 | Global Competitiveness Report (World Economic Forum), 2009 |
| Ethical behaviour of | 107 | It gives measurement of institutions based on opinion polls amongst business people | Global Competitiveness Report (World |

| | | | |
|------------|--|--|--------------------------|
| firms rank | | ranking. Ranking countries from 1 to 134. Comparison: Germany 14 China 54 | Economic Forum), 2009 |
|------------|--|--|--------------------------|

Social, political & governance indicators

| Name of indicator | Macedonia | How to interpret value/ information | Source of indicator / information |
|------------------------------------|------------------|--|--|
| Rule of law | 45.5 | The quality of contract enforcement, the police, and the courts and likelihood of crime and violence. Percentile rank 0-100. Comparison: Germany 93.3 China 45.0 | World Banks governance indicators, 2008 |
| Democracy index, rank | 72 | The state of democracy in 167 countries focusing on: electoral process and pluralism, civil liberties, functioning of government, political participation and political culture. Comparison: Germany 20 China 136 | The Economist, 2009 |
| Control of corruption | 54.6 | Measuring the exercise of public power for private gain, including both petty and grand corruption and state capture. Percentile rank 0-100. Comparison: Germany 93.2 China 41.1 | World Banks governance indicators, 2009 |
| Control of corruption, rank | 71 | The annual Corruption Perceptions Index (CPI) ranks 180 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. Comparison: Germany 14 China 79 | Transparency International, 2009 |
| Government effectiveness | 50.7 | Measuring the competence of the bureaucracy and the quality of public service delivery. Percentile rank 0-100. Comparison: Germany 93.4 China 63.5 | World Banks governance indicators, 2009 |

Income and poverty

| Name of indicator | Macedonia | How to interpret value/ information | Source of indicator / information |
|--|-----------|--|--|
| Gini index | 21.7 | The Gini index is a way to measure Income Equality. A value of 0 represents absolute equality and 100 absolute inequality. According to the global labour survey less income inequality correlates with effective pro-labour institutions. Comparison: China 2.8 | Human Development Report, 2009 |
| Population in poverty defined as 2\$ per day (%) | 3.2% | Comparison: China 36.3% | Human Development Report 2009, 2000 - 2007 |
| Population living below the national poverty line (%) | 21.7% | Comparison: China 2.8% | Human Development Report 2009 and World Bank Country data 2000 -2006 |

Discrimination

| Name of indicator | Macedonia | How to interpret value/ information | Source of indicator / information |
|---------------------------------------|-----------|---|---|
| Gender related development index rank | 62 | Shows the inequalities between men and women in the following areas: long and healthy life, knowledge, and a decent standard of living. Comparison: Germany 20 China 75 | Human Development Report, 2009 (data from 2007) |
| The Global Gender Gap Index Rankings | 53 | Assesses countries on how resources are divided and opportunities among their male and female populations, regardless of overall levels of resources and opportunities. Ranking countries from 1 to 130. Comparison: Germany 12 China 60 | Global Gender Gap Report 2009 (WEF) |
| Wage equality for similar work (rank) | 10 | Ranking countries from 1 to 130, based on survey. Comparison: Germany 101 China 45 | Ibid |



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Child Labour

| Name of indicator | Macedonia | How to interpret value/ information | Source of indicator / information |
|-------------------|-----------|--|---|
| Child labour | 6% | Percentage of children 5 to 14 years who work. | State of the World's Children 2009 (Unicef) |

Employment in the informal economy

| Name of indicator | Macedonia | How to interpret value/ information | Source of indicator / information |
|------------------------------------|-----------|---|---|
| Employment in the informal economy | 27.8% | Employment in the informal economy as % of total employment | KILM 6 th edition, 2009 (data from 1999) |

Appendix 2. Legal situation regarding the FWF Code of Labour Practices

Employment is freely chosen

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

Laws and Regulations

The Labour Relations Law of Macedonia corresponds well with this section of the FWF Code of Labour Practices. The conventions 29 and 105 are ratified by the Macedonian government and covered by the statute of Republic of Macedonia and into Macedonian Labour legislation.

Relevant law and regulations which are in force and relevant to this standard are: Statute of Republic of Macedonia, Labour Relations Law and Collective bargaining agreements.

One of the basic rights in the Statute of Republic of Macedonia is the rights of the worker. The statute guarantees the right to choose employment freely. According to the Statute of Republic of Macedonia the rights of the employees and their working position are regulated with law and collective bargaining agreements

Definition for employment relation is stipulated in Labour Relations Law, Article 5:

"Labour relation" is a contractual relation between the employee and the employer whereby the employee is voluntarily included in the employer's organised working process, in which he for remuneration continuously carries out work in person according to the Instructions and under supervision of the employer.

Starting and ending of a labour contract is regulated by the Labour Relations Law which regulates these issues through the signing (obligatory) of employment contract.

Article 13, paragraph (4, 5, 6 and 7)

(4) If the date of commencement of work is not determined, the date of signing the employment contract shall be considered the date of commencement of work.

(5) The employee may not commence to work prior to the conclusion of the employment contract and prior to the moment when the employer registers him to the obligatory social insurance.

(6) The rights, obligations and responsibilities based on carrying out work arising from the labour relation and registration in the obligatory social insurance on the basis of the labour relation shall start being exercised on the date of commencement of work, even in case the employee does not begin to work on that date due to justified reasons.

(7) According to this Law, justified reasons due to which the employee does not begin to work on the date determined by the employment contract are cases when the employee is excusably absent from work pursuant to law, collective bargaining agreement and the employment contract.

Ending of labour contract is regulated with the Labour Relations Law, with the article 62:

Article 62: *The employment contract shall be terminated:*

1. *upon the expiration of the period for which it was concluded;*
2. *upon the death of the employee or the employer (natural person);*
3. *due to proceedings by which the employer ceased to exist in accordance with law;*
4. *with a consensual cancellation;*
5. *with a notice of dismissal;*
6. *by a court judgement; and*
7. *in other cases stipulated by law.*

Each of these bullets are precisely defined in the Labour Relations Law with articles 64, 65, 66, 69, 70, 71, 81, 82, 83.

The employee and the employer may terminate the employment contract within a legally or contractually stipulated notice period. When making the decision the parties must take into account the minimum period of notice stipulated by law, the branch and/or the collective bargaining agreement.

Minimum Period of Notice is regulated with article 88, which stipulates as follows:

- (1) *If the employment contract is terminated by the employee, the notice period shall be one month. The employment contract or the collective bargaining agreement may stipulate a longer period of notice, but it may not exceed three months.*
- (2) *If the employment contract is terminated by the employer to an individual employee or to a smaller number of employees, the period of notice shall be one month, and it shall be two months in case of termination of employment contracts to more than 150 employees or 5 percent of the total number of employees with the employer prior to termination of the labour relation.*

No discrimination

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

Laws and Regulations

ILO Conventions 100 and 111 are ratified by Macedonian government implemented into the labour legislation. This part of the Code of Labour Practices also corresponds with article 6 from the collective bargaining agreement for the textile industry, as well as with Articles 6 and 7 from the Labour Relations Law.

Article 9 of the Constitution of the Republic of Macedonia states that all citizens are equal in their freedoms and rights, regardless of sex, race, colour of skin, national and social origin, political and religious beliefs, property and social status. The Constitution prescribes that limitation may not be discriminatory based on sex, race, colour of skin, language, religion, national or social origin, property or social status.

On discrimination, the Labour Relations Law has been harmonised with the several European Union directives to implement the principle of equal treatment between men and women as regards access to employment, vocational training and promotion, and working conditions, indirect discrimination, harassment as a form of discrimination, the burden of proof in cases of discrimination based on sex, the principle of equal salaries



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for women and men, the health and safety at work of pregnant workers and workers who have recently given birth or are breastfeeding and on parental leave.

Labour Relations Law:

Article 6:

- (1) *The employer must not treat unequally the job seeker (hereinafter referred as the applicant) in gaining employment or the employee on the basis of race, colour of skin, gender, age, health or disability, religious, political or other conviction, membership in trade unions, national or social origin, family status, property and financial situation, sexual orientation or other personal circumstances.*
- (2) *Women and men must be provided equal opportunities and equal treatment in access to employment, promotion, training, education, retraining, salaries, and other income arising from the employment, absence from work, working conditions, working hours, and termination of the employment contract.*

Particularly regarding payment and access to jobs, article 7

- (1) *Direct discrimination, in terms of paragraph (1) of this Article, shall be any action that is subject to grounds referred to in Article 6 of this Law by which the person was, is or could be treated less favourably in comparison with other persons in similar cases.*
- (2) *Indirect discrimination, in terms of this Law, shall be when an apparently neutral provision, criterion or practice, puts or would put the applicant or employee in more unfavourable position in respect to the other persons due to a certain distinction, status, orientation or conviction referred to in Article 6 of this Law.*
- (3) *Discrimination, in terms of Article 6 of this Law, shall be banned in respect to the following:*
 - 1) *Employment requirements, including the criteria and requirements for selection of the candidates for performance of a certain work, in any type of business and at all levels of professional hierarchy,*
 - 2) *Promotion at work,*
 - 3) *Access to all types and levels of professional training, retraining and further improvement of skills,*
 - 4) *Operational and working conditions and all labour relation rights and rights pertaining to labour relation, including equality of salaries,*
 - 5) *Termination of the employment contract, and*
 - 6) *Rights of the members and the activities in the associations of employees and employers or in any other professional organisation, including the privileges resulting from that membership.*
- (4) *The provisions of the collective bargaining agreements and the employment contracts that determine discrimination of some of the grounds referred to in Article 6 of this Law shall be null and void.*

The statute of Republic of Macedonia guarantees the right to freely choose religious beliefs and to free and public expression of religious beliefs, either individually or jointly. Religion is a private personal right and religious behaviour is not a subject in the Labour Law, neither a subject of labour agreements.

In compliance with article 165 of the Labour Law, female employees are entitled to a continuous nine-month paid leave during pregnancy, childbirth and maternity. In case of the birth of more than one child (twins, triplets etc.) the maximum continuous paid leave is one year. The maternity leave may begin 45 days, and obligatorily, 28 days before the childbirth. The female employee who adopts a child is entitled to a maternity leave until the child reaches the age of nine months. If more than one child, is adopted the maximum maternity leave is one year. The female employee, who adopts a child, is entitled to paid leave during the period of the child's adaptation, in accordance with the regulations on family.

Macedonia has a Law on employment of people with disabilities⁷ which regulates special conditions for employment and work of people with disabilities. The Law also stipulates measures for the improvement of the conditions for employment and work of the person with a disability as follows:

- granting of non-refundable assets for the employment of a non-employed person with a disability for indefinite period, adaptation of the job position at which the person with disability will work if such adaptation is necessary and procurement of equipment in accordance with the criteria in a manner defined under an act of the Minister of Labour and Social Politics;
- release from the payment of taxes and provisioning of assets for contributions and financial support in the operation.

No child labour

"There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." (ILO Convention 182)

Laws and Regulations

ILO Conventions 138 and 182 are ratified in by the Republic of Macedonia and converted in to the Macedonian Labour Relations Law as well as in the statute of the country. Relevant laws and regulations which are in force and refer to the obligation of children to attend school are in the Labour Relations Law and are in line with the FWF Code of Labour Practices.

Article 18 from the Labour Law sets the minimum age for working to 15 years.

(1) An employment contract may be concluded by a person who has reached the age of 15 and is in a good state of health.

(2) An employment contract concluded with a person who has not reached the age of 15 shall be considered null and void.

With labour relations law are regulated following forms of proof of age:

Birth certificate

Identification document

The employers are obligated to verify age of the applicant before signing the employment contract. Required documents are: Birth certificate, Identification document and residence registration which are legally endorsed by the country. The employer is obligated to keep copies of all these documents in the personal file of its employees.

According to the article 44 of the statute of the Republic of Macedonia every person has right to attend school, therefore primary school is obligatory and free. Regular finishing school is on the age of 14 years.

⁷ Official Gazette of the Republic of Macedonia No. 44/2000

Freedom of association and the right to collective bargaining

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

Laws and Regulations

ILO Conventions 87, 98 and 135 are converted into the National Labour Relations Law, in the statute of the country and in the law for Civic Associations. Labour Relations Law corresponds with this standard.

Freedom to form trade unions is guaranteed by the Constitution to "citizens", however the right to organise may be restricted for members of the armed forces, the police and administrative bodies. Trade unions are entitled to form federations and confederations and to join international organisations.

The Labour Relations Law protects the right to organise in trade unions without prior authorisation and prohibits discrimination based on trade union membership or activities. Trade unions and their associations may claim damages in court in the event of anti-union activities. Employers are obliged to provide necessary facilities for company-level trade unions. However, if several unions are present, only the most representative one is entitled to facilities.

Article 37 in the statute of the country stipulates that *"the citizens have right to establish trade union for the protection of their labour rights and collective bargaining."*

The Labour Relations Law allows unions to conduct their activities without interference; however, the government did not always actively enforce these laws in practice. The law protects the right of employees to bargain collectively, and most branch and local unions had collective bargaining agreements.

The employer's right to form unions is prescribed with the new Labour Relations Law in the articles **184 and 185**. In the article **186** protection of the Trade Union and Employers'

Association are defined:

(1) The trade union and/or employers' association may not be dismissed or their activity may not be ceased by administrative measures, if they are constituted and perform their activity in compliance with law.

(2) The activity of the trade union and its representative may not be limited by the employer's enactment, if it is in compliance with law and collective bargaining agreement.

Article 198

(1) The employee must not be put in less favourable position than other employees due to trade union membership, and particularly it shall not be allowed:

1) To conclude employment contract with a particular employee under the condition that that employee does not join the trade union or resign from the trade union,

2) To cancel the employment contract or in another manner put the employee in a less favourable position than the other employees due to his membership in the trade union or participation in trade union activities after the working time and also within the working time by employer's consent.



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(2) The membership in the trade union or participation in trade union activities must not be basis for the employer's decision on concluding employment contract, on changing the position and/or work place, professional training, promotion, payments, social insurance contributions and termination of employment contract.

(3) The employer, the manager or any other body and employer's representative must not use forced measures against any trade union.

Article 199

(1) Trade unions shall independently decide on the manner of their representation at the employer.

(2) Trade unions that have members employed by certain employer may appoint or elect one or more trade union representatives to represent them at that employer.

(3) Trade union representatives shall be entitled to protect and promote the rights and interests of trade union members at the employer. The employer shall be obliged to provide adequate premises to the most numerous representative trade union for performing its activities.

(5) The employer shall be obliged to enable the trade unions and their representatives timely and efficient exercise of the rights referred to in paragraph (3) of this Article and access to data important for exercising that right.

(6) The trade union representative shall be obliged to exercise the right referred to in paragraph (3) of this Article in a period and manner in accordance with collective bargaining agreement.

(7) The trade union shall be obliged to notify the employer on the appointment of the trade union representative.

Collective bargaining is regulated with the articles 203 – 235 of the Labour Relations Law in Republic of Macedonia.

Article 203

Collective bargaining agreement is concluded as general at a country level, as separate at a branch level and as individual at employer level.

Article 204

At the level of the Republic of Macedonia shall be concluded:

- 1) General collective bargaining agreement for economy; and*
- 2) General collective bargaining agreement for public sector.*

Application and Validity of the Collective bargaining agreements is prescribed in the Article 205 where it is stipulated:

(1) The general collective bargaining agreement shall apply directly and shall be obligatory for employers that are members of employers' association, signatories of the collective bargaining agreement or those that joined the association additionally.

(2) The branch collective bargaining agreement shall apply directly and shall be obligatory for employers that are members of employers' association, signatories of the collective bargaining agreement or those that joined the association additionally.

Article 206

(1) The collective bargaining agreements stipulate the rights and obligations of the contracting parties which concluded that agreement and they may also include legal

regulations stipulating the conclusion, contents and termination of labour relations and other matters arising from or related to labour relation

Legal standards incorporated in the collective bargaining agreement shall apply directly and shall be obligatory for all parties to which the collective bargaining agreement is applied, in accordance with the provisions of Labour Relations Law.

(1) The collective bargaining agreement shall be binding for all parties that concluded it and for all parties that at the time of concluding the collective bargaining agreement had been or additionally became members of associations that concluded the collective bargaining agreement.

(2) The collective bargaining agreement shall also be binding for all parties that joined it and for all parties that additionally became members of the associations which joined the collective bargaining agreement.

(3) The individual collective bargaining agreement shall also be binding – valid for the employees who are not members of a trade union or of the trade union - signatory of the collective bargaining agreement.

It is compulsory for the collective bargaining agreement to be concluded in written form.

Article 210

(1) The collective bargaining agreement is concluded between the employer or the representative employers' association and the representative trade union.

(2) The participants in concluding collective bargaining agreement shall be obliged to negotiate.

(3) If in the course of the negotiations referred to in paragraph (2) of this Article consent for conclusion of a collective bargaining agreement is not reached, the participants may establish arbitration to settle the disputable issues.

Contracting parties:

- The contracting parties of a General Collective bargaining agreement are the representative employers' association and the representative trade union for the territory of the Republic of Macedonia.

- The Contracting Parties of a Special Collective bargaining agreement for Branch and/or Activity will be concluded between the representative trade union and the representative employers' association at the level of branch and/or activity.

- And in the end the Contracting Parties of Individual Collective bargaining agreement are prescribed in the article 219:

(1) Individual collective bargaining agreement shall be concluded between the representative trade union at the employer and a person authorised by the employer.

(2) If several representative trade unions participate in concluding the collective bargaining agreement referred to in paragraph (1) of this Article, a negotiation board shall be established.

(3) The members of the board referred to in paragraph (2) of this Article shall be appointed by the representative trade unions.

The time frame of the collective bargaining agreement may be concluded for a definite period of time of two years, with possibility of its extension by written consent of the contracting parties.

Payment of a living wage

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income" (ILO Conventions 26 and 131, the Universal Declaration of Human Rights, art 23(3) and art 25(1)). "Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period."

Laws and Regulations

ILO Convention 131 is ratified by the Macedonian government and is incorporated into the national Labour Relations Law, and into the General (National) Collective Bargaining agreement as well as into sectoral (branch) collective bargaining agreements. Macedonian legislation does not define "living wage", but sets a "minimum wage", or literally translated "lowest wage". The lowest wage is used as the basic salary on which additions such as performance based wages and other extra payments are added, unless otherwise stipulated by another law.

The legal right of payment is also stipulated in the Labour Relations Law of Macedonia, which says that the salary shall comprise basic salary, part of the salary can be based on performance of the individual worker, unless otherwise stipulated by another law.

Article 106 stipulates:

The basic salary shall be laid down according to the level of difficulty of work for which the employee has concluded the employment contract.

The job performance of the employee shall be determined according to the business-like conduct, quality and volume of the performed work, for which the employee has concluded the employment contract.

Extra payments shall be laid down for special working conditions, arising from the distribution of working time, such as work in shifts, split work, night work, overtime work, Sunday work, and work on statutory holidays and extra payment for years of service.

Relevant law concerning legal minimum wage prescribes in the **Article 107** that the employee's salary for carrying out full-time work may not be lower than the minimum salary determined by law and collective bargaining agreement.

Article 108

The employer shall be obliged to pay equal salary to employees for equal work with equal responsibilities at the position, regardless of their gender. The provisions of the employment contract, collective bargaining agreement, and/or general enactment of the employer, which are contrary to paragraph (1) of this Article, shall be null and void.

Article 109

Salary shall be paid for periods that must not be longer than one month. Salary shall be paid not later than 15 days after expiration of the payment period. If the payday is a non-working day, salary shall be paid at the latest on the first following working day. The employer shall be obliged to notify the employees previously in writing of the payday and of every change in the payday.

Article 112

(1) The employee shall be entitled to salary compensation for the whole period of absence in cases and duration stipulated by law, as well as in cases when he does not carry out the work due to reasons on the side of the employer.

(2) The employer shall be obliged to pay salary compensation in cases of absence from work due to use of annual leave, paid extraordinary leave, additional training, statutory holidays and days off work and in cases when the employee does not carry out the work due to reasons on the side of the employer.

(3) The employer shall pay salary compensation also in cases of employee's incapability to work due to disease or injury for a period of up to 21 days, and if the absence lasts for more than 21 days, the salary compensation shall be paid to the debit of the health insurance. In case of starting new sick leave within three days after the expiration of the previous sick leave, the employer shall be entitled to request from the first instance medical commission to confirm the new sick leave or to extend the previously expired sick leave.

(4) The employer may pay salary compensation to the debit of the other liable institution, also in case if determined by law or other regulation.

(5) If the employee is not able to perform his work due to force majeure, he shall be entitled to half of the salary, which he would have received if he was working.

(6) Unless stipulated otherwise by this or another law, the employee shall be entitled to salary compensation in the amount of his average salary during the past 12 months. If the employee was not receiving salary within that period, he shall be entitled to salary compensation in the amount of the minimum salary.

(7) The employer shall be obliged to pay salary compensation to the employee for the days and the number of hours that correspond to the employee's working hours when he does not work due to justified reasons.

(8) In case of interruption of the operating process due to business reasons, the employer shall be obliged to hand down the employee a decision and to pay him 70% of the salary during a period of three months in the current year.

Payment records, compensations and allowances should be kept in the working premises of the employer.

Payment is regulated according to announcements of the Ministry of Labour. Every month the ministry publishes statistics on the average wage in the sector, this cannot be lower than the official minimum wage in the sector and is the base for determining taxes and contribution of payments.

Article 113:

The employee shall be entitled to compensation for the following expenses related to work:

- 1. food allowance during work, if disbursed in money;*
- 2. transport to and from work, if disbursed in money;*
- 3. business trip;*
- 4. field allowance;*
- 5. use of private vehicle for business trips;*
- 6. separation allowance and*

7. *death of the employee or of a member of his family.*

The employee is entitled to severance pay at the time of going into retirement, as well as to jubilee awards (bonus for having worked in the company for a long time). The amount, basis and period of calculating and disbursing these compensations shall be regulated by collective bargaining agreement.

The compensation that is paid to the apprentices (as salary) is regulated with article 45, from Collective Bargaining Agreement for the textile industry, where is prescribed that this compensation (or salary) cannot be lower than 70% of the salary that is estimated as minimum salary for the job position for which he has been trained.

No excessive working hours

"Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate." (ILO Convention 1)

Laws and Regulations

The Macedonian law is stricter than the FWF Code of Labour Practices on working hours. Relevant laws and regulations which are in force regarding working hours is the Labour Relations Law. According to the article 116 from this law, it is prescribed that:

- (1) *Full working time must not exceed 40 hours a week.*
- (2) *As a rule, the working week lasts five working days.*
- (3) *The law and/or collective bargaining agreement may stipulate the working time which is shorter than 40 hours a week, however not shorter than 36 hours a week, as full working time.*
- (4) *The Law or other regulations in accordance with law or collective bargaining agreement may stipulate the full working time for jobs incorporating greater danger from injuries or health deterioration to be shorter than 36 hours a week.*
- (5) *If the full working time is not stipulated by law or collective bargaining agreement, the working time of 40 hours per week shall be considered as full working time.*
- (6) *The employer shall be obliged to keep records of the full working time.*
- (7) *The employer that employs over 25 employees, and its operation process is performed at one location, shall be obliged to keep electronic recording of the full working time and overtime work.*

The schedule of working hours shall be determined by the employer.

The calculation of working hours is stipulated in the article 126, where: *the employee who, due to redistribution of working hours, and who in the time prior to termination of the labour relation during a calendar year, accumulates more working hours at work than it is determined for a full-time work, may request to have his surplus hours converted into fulltime working time. The calculated days shall be included in the employee's years of service, as if he had spent them at work. The total period of service in the course of one calendar year must not exceed 12 months.*

Over time payment is regulated in the Labour Relations Law and with collective bargaining agreements. The labour law guarantees higher payment in accordance with the collective bargaining agreement for public holidays, for night shift work, for overtime



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over the regular 40 working hours per week. Each hour of overtime should be paid by 35 percent above the regular payment per hour.

Occupational health & safety

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

Laws and Regulations

ILO convention 155 is ratified by the Macedonian Government and the Macedonian laws in this area covers the intention of this part of the FWF Code of Labour Practices. The laws relevant are: Occupational safety and health law 92/07 (transposed from the EU directive 391/89)

Sub laws:

- Regulation on Personal protective equipment which employees use on work
- Safety and Health Regulation on equipment for work
- Safety and Health signs
- Keeping OSH records
- OSH regulation for employees exposed to noise
- Minimal OSH requirements on temporary construction sites
<http://mtsp.gov.mk/WBStorage/Files/rizik.doc>
- Minimal OSH requirements of the working space
- OSH regulation on manual load handling
- OSH regulation on mechanical vibration exposed employees
- Minimal OSH requirements on employees exposed to explosive atmospheres
- Minimal OSH requirements for the employees exposed on asbestos
- Fire safety law

Specific H&S issues:

(OSH law Art. 41) The company is obligated to keep records for:

- Occupational training and preparing the workers for safe work;
- Examinations of the working tools
- Examinations of physical, chemical and biological risks at the place of work
- Periodical medical examinations of the workers

Injuries at work that cause temporal disability for work for more than 3 days, diseases in connection with the job and death at work.



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First aid kit:

- In general a first aid kit should be equipped with:
- Sterile dressings to stop bleeding.
- Cleansing agent/soap and antibiotic towelettes to disinfect.
- Antibiotic ointment to prevent infection.
- Adhesive bandages in a variety of sizes.

More precise requirements are set in regulations for specific industries.

H&S training - Training is obligatory by law (OSH law art 25 & 26).

Responsible persons- (OSH law art 24.6)- The company must appoint workers in charge to carry out the defined measures for protection at work, the preventive measures against fire, evacuation of workers and first aid.

Art 46/47: At each employer who employs more than 10 workers a representative for protections at work is elected among the workers at the trade union meeting of the majority trade union. The function can be passed to the representative of the majority trade union.

Medical records -According to the Occupational Safety and Health Law (13/98), the employer is required to keep medical data for each employee. These data should contain information about Previous Medical Exams, which every employee should perform before starting with the job, plus data from periodical medical exams performed on annual basis. One copy of these medical exams is kept within the medical facility that performed the medical exams. The employer is obligated to keep another copy of these exams.

For the accident report, there is standard "Accident Reporting form" which is the same for entire Macedonia. When accident happens this form is filled out in four copies and three of them are submitted to the Social Security and Pension Fund, which is responsible for covering expenses of the injured worker during the recovery period. The form is usually accompanied with additional documents such as accident report issued by the police, medical certificate issued by the medical institution that treated the injured, or with the report from the local branch of the Labour Inspectorate. The process for receiving funds by the National Fund is very bureaucratic and takes a lot of time. The injured worker often cannot wait that long and instead covers the expenses himself. Although it takes a long time, the funds at the end are eventually received.

Fire safety - Fire extinguishers must be appropriate for the types of possible fires in the various areas of the factory, regularly maintained and charged, display the date of their last inspection, and be mounted on the walls and columns throughout the factory so they are visible and accessible to workers in all areas. Authorised persons should check the extinguishers every year and mark this on the cylinder. The company that installed the fire systems should give a certificate for maintenance of the system.

Legally binding employment relationship

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

Laws and Regulations

The labour relations in Republic of Macedonia are regulated by Labour Relations Law and by collective bargaining agreements. According to the Macedonian Labour Relations Law an employment contract is obligatory.



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The labour relation is regulated by the Labour Relations Law (LRL), the collective bargaining agreement and the employment contract. The Labour Relations Law regulates labour relations which are entered into on the basis of an employment contract concluded between the employees and the employers.

According to the article 13, labour relation between the employee and employer is entered into by signing an employment contract.

Paragraph (2) The rights, obligations and responsibilities based on the performance of work arising from the labour relation and the inclusion in the obligatory social insurance based on the labour relation will begin to be exercised on the day of commencement of work agreed in the employment contract. If the date of commencement of work is not determined, the date of signing the employment contract shall be considered the date of commencement of work

Paragraph (6) The rights, obligations and responsibilities based on carrying out work arising from the labour relation and registration in the obligatory social insurance on the basis of the labour relation shall start being exercised on the date of commencement of work, even in case the employee does not begin to work on that date due to justified reasons.

Social Security is regulated with Labour Relations Law, Collective bargaining agreements, Pension and Invalidity insurance Law, Occupational Safety and Health Law and Employment Law.

In accordance with special regulations, the employer has to register the employee for the obligatory social insurance (pension, disability, health and unemployment insurance). The employee should get a certified photocopy of the registration within 3 days from commencing work.

In January 2006 the pension fund was reconstructed and privatised. Now there are two private pension funds next to the old state pension fund. Every employee has right to chose and establish a contract with one of the pension funds without informing his employer, in order to avoid any pressure by a third party.

Regardless the new structure of the pension funds, the legislation and obligation of the employers to pay the pension and social contributions for the workers, are regulated by the Labour Relations Law and Pension and Invalidity insurance Law, and has not been changed. This means that the contributions are still paid to the State Pension Fund where the contribution to one of the two private funds depending on the workers selection is made.

Invalidity insurance is obligatory for individuals who are employed or self-employed. The employer is responsible for contributions to the invalidity insurance.

Medical care insurance is regulated by the Health Insurance Law of Republic of Macedonia. Medical Care insurance is obligatory for everyone. Additional insurance is possible for services not covered by the obligatory insurance. The obligatory insurance is handled by the Fund for Medical Care Insurance of Republic of Macedonia.

Employment Contract is regulated with the articles 13, 14,15,16,17,18,19,20 and 21.

Labour relation is based on the employment contract between employer and employee. It is in written form and should be verified by the local employment centers (which are part of National Employment Agency). The contract should be stored in the employer's offices. A specimen of this contract is given to the employee. The contract should contain the following legal provisions:

1) *data on the contracting parties including their residence or registered office;*



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- 2) *date of commencement of work;*
- 3) *title of the position or data on the type of work for which the employee concludes the employment contract including a brief description of the work he is to carry out pursuant to the employment contract;*
- 4) *place where the work is to be carried out. If the exact place is not stated, it shall be presumed that the employee carries out the work at the employer's registered office;*
- 5) *duration of the employment, when a fixed-term employment contract is concluded;*
- 6) *stipulation stating whether the employment is part or full-time;*
- 7) *stipulation on regular daily or weekly working hours and the organisation of working hours;*
- 8) *stipulation on the amount of the basic salary the employee shall receive as remuneration for carrying out work in accordance with law, collective bargaining agreement and employment contract;*
- 9) *stipulation on other compensations the employee is entitled to for carrying out work according to law and collective bargaining agreement;*
- 10) *stipulation on annual leave, i.e. the manner of determining the annual leave; and*
- 11) *list of the employer's general enactments which stipulate the employee's conditions of work.*

The employment contract may also contain other rights and obligations laid down in this law, other laws or collective bargaining agreement. The employment contract may also refer to laws, collective bargaining agreements and employer's enactments. For issues not covered in the contract the law and/or collective bargaining is used as referent regulation.

There should be a record of monthly calculations for tax contributions which are conveyed to the Public Revenue Office. To transfer the salary through the bank, the employer has to calculate and to cover the contribution for pension and invalidity insurance, medical care insurance, contribution for employment and contribution for professional injuries. If the company have not prepared, submitted to the Public Revenue Office, and approved by them the bank can't accept payment of wages.

For the purposes of the labour inspection, tax inspection, and for audit and control of the social laws, the employers are obliged to keep following registers and files:

- Legal acts for registration of the company
- Tax number
- Name of the bank
- Bank account number
- Personal record of the employees
- Book for recording the presence and absence of the workers and for working hours
- Calculation for salaries and contribution
- Reports for performed legal minimum technical conditions in working rooms
- Register of documents for all economic transactions used for tax calculation

Appendix 3. Detailed stakeholder comments

Employment is freely chosen

In Republic of Macedonia employment is freely chosen. It is a very small country and so far is not recorded any signs or cases of existence of forced, including bonded or prison, labour.

Sources: UNASM, SSM, Organisation of employers of Macedonia, Organisation of consumers, Ministry of economy

Due to the very high number of un-employed workers in Macedonia and the very weak (or none existing) role of the trade unions, employees are faced with rules created by the employers, which in some situations are quite opposite from the guidance provided by the national legislation. One example of this is non-payment of the long overtime hours. On the other hand, the main complaint from the employers is that they cannot find "loyal" skilled employees that will not leave them for a bit bigger salary in the neighbouring factory. But maybe the biggest problem is that there is no real bi-partite communication on company level. Specific issues to the country referring this standard are:

- Very high number of un-employed workers
- No active trade unions
- No bi-partite (tri-partite) communication

Source: MOSHA

Bonded labour is not reported to be a problem in Macedonia. Unless you count the harsh social and economic conditions that make workers take any job and not being really free in their choices. There are occasionally some loans to the workers made by the employer, but this is not misused to create situations of bonded labour.

Source: CIRa

There are clear procedures and the format for the employment contract is in the law. The economic situation in the country influences the possibility to choose the job, which forces workers to stay on at the same job even if the conditions are not decent.

Source: PPC Stip

No discrimination

Discrimination regarding to labour is regulated within the Labour Relations Law. In the recent period most of the cases of discrimination are mainly discrimination on grounds of political convictions during the process of recruitment of new employees, especially in the public administration. In the garment sector it is not an issue. It can be said that due to the complexity of the work there exists positive gender discrimination, considering that 90 percent of the workers are female. But so far in the garment sectors we have not recorded any complaints by the trade union members on any kind of discrimination.

Source: SSM

Equal opportunities are mainly ensured during the process of employment and recruitment of workers in the garment sector. The most sensitive and common issue in the country regarding discrimination is discrimination based on political affiliation.



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According to recent complaints by employees in public administration there are cases filled as discriminated when employees are not free to choose union membership. Some of them have been forced to become members of KSS (Confederation of Free Trade Unions of Macedonia) to increase its membership in order to make it a representative Trade union in this sector. Considering that this trade union works close with the government the employees felt pressured to cooperate on this issue.

Source: UNASM

There are parts in Republic of Macedonia where there is discrimination in the employment process, mainly political discrimination. In the eastern part of the country there are also some examples of ethnical discrimination toward other than Macedonian ethnic groups. This also happens in the western part of the country with discrimination against Macedonian ethnicity.

Source: Organisation of consumers

In most of the garment sector discrimination mainly exists in the process of employment and it is not recognised as discrimination at workplace. There are also some cases of positive discrimination towards women during the employment process, especially in the garment sector, but that means discrimination toward men. Discrimination is forbidden according to law and job applicant can start a trial for discrimination and be compensated with money if it is found the person was discriminated against. However, this does not mean that the person will be employed.

The textile industry is considered a women's industry and so far there has not been a gender balance in this sector. Almost 90 percent of garment workers are women. There is labour market segregation and less women are employed at higher position.

There is migration from smaller towns to bigger towns where garment industry is developed, but workers organise own accommodation. Regarding the situation of vulnerable groups, we don't see any discrimination against them.

Source: PPC Stip

Discrimination at work place is not very present in the garment sector. We have political discrimination during employment process in the public administration, but this is not an issue in the garment industry.

Migrant labour almost doesn't exist in the Macedonian textile industry today. This might change though as the textile industry is starting to suffer from a serious personnel deficit in the last years.

Source: CIRa

Discrimination is regulated with the CBA for textile industry in the article 6, and it is followed by all employers, at least members of Organisation of employers of Macedonia considering that they have signed CBA on the branch level. There is no evidence that discrimination toward workers exists or any complaints conveyed recently.

Source: Organisation of employers of Macedonia

Discrimination in work place, especially in the textile industry is not common. You could even say there is positive discrimination towards women. Seeing that more than 85 percent of the workers employed in the textile industry are women it can be classified as a female industry. Discrimination based on sex, race, colour of skin, language, religion, national or social origin, property or social status is not an issue.

Source: Miss. Nikolina Trajanovska, Ministry of economy



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There are not any specific issues regarding discrimination in the country.

Source: MOSHA

No child labour

According to the new law for education, secondary education is obligatory for Macedonian citizens. Considering that children complete their education at 18, which is compulsory there is not much space for work for them. In Macedonia child labour is not a concern.

With the new law for secondary education, attending secondary school is obligatory for children that complete primary school when they are 14 years old. According to the Macedonian education system the pupils attend secondary school from age 14 to 18. Completing secondary school in Macedonia takes four school years.

Source: SSM

In Macedonia child labour is not a concern.

Sources: UNASM, Organisation of employers of Macedonia, Ministry of economy, CIRa, Organisation of consumers, PPC Stip, MOSHA

Freedom of association and the right to collective bargaining

There are cases when companies sign CBAs with trade unions only existing on paper, initiated, organised and lead by the owners or managers of the companies. In these cases the workers don't know that there is a trade union in their company, and don't understand their legal rights on this issue. Recent activities of SSM are aimed toward increasing the awareness of employers that when they sign CBA on the company level, they must do so with a genuine trade union.

SSM is also giving trainings for the workers (members of SSM) in order to make them aware about their legal rights. The composition of the workers in the garment sector consist is mainly with workers little education and there are cases where they do not even know that they have labour rights.

Source: SSM

UNASM believes that there is a big political influence on workers in the processes of unionisation. This is mainly to influence workers on which trade union to join.

There are two main concerns regarding freedom of association and the right of collective bargaining. The first is that workers are not informed, not aware or familiar with their right to form and join trade unions.

The second concern is that the workers are not familiar with the possibility and their right to choose between the three different trade unions that officially exist in the country. Workers are also afraid of forming any kind of trade union, this fear is enforced by the employers, especially owners of private companies. Considering that in Macedonia the unemployment rate is very high, dismissing a worker is very easy because workers can easily be replaced.

Although the Labour Relations Law protects workers the right to organise in trade unions without prior authorisation, we witnesses many cases where workers from factories around Macedonia, especial in textile factories, are forbidden to organise in trade unions and are not allowed to strike. These cases have been published in the media, so the government is expected to take actions to eliminate this violation of the law.

Source: UNASM



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The right to organise is recognised in the law. However, the employees often wrongly believe that the employer has to approve a trade union in the factory. The employees do not believe that the trade union can improve their labour conditions, or can protect their rights. Workers in the garment sector are also afraid to organise in trade union. In most of the cases they are frightened by the employers that membership in any kind of organisations will negatively influence their chances of keeping their jobs.

Source: PPC Stip

Besides signing collective bargaining agreements, the major trade unions should promote active measures for supporting the workers, especially in the manufacturing industry. Recently not much has been done which makes the trade union weaker. One of the reasons for the weakness of the biggest trade union in the country (SSM) is their concentration in the public sector. Nowadays unionisation is on a very low level, especially in the textile industry. The employers are afraid of trade unions in their companies thus gently ignore this issue or try to work against it while staying inside the boundaries of the law.

Employees don't see or understand the advantage of organising in a trade union and also feel threatened that will lose their jobs if try to organise.

In general the legislation is quite favourable for trade unions. The law provides the right to form and join unions, and workers did so in practice more often previously.

Unions are not required to belong to the Confederation of Trade Unions of Macedonia (SSM), which maintained close ties with government officials. Several new unions have been formed outside of the SSM in recent years, including autonomous unions.

Source: CIRa

Freedom of the workers to organise in trade unions is prescribed within the Labour Relations Law and is also guaranteed with collective bargaining agreements. In the Republic of Macedonia the SSM (Federation of Trade Unions) is involved in the processes of negotiation regarding labour issues. Due to the many crises that Macedonian workers have been through during a period of more than 15 years, many Macedonian employees have lost their belief in the trade unions.

Source: Employment Association, Ministry of economy

The idea of trade unions is not popular among the employers since the general perception is that trade union activists are the laziest and most problematic of all workers.

Publicly, employers will always embrace/support the idea for association of the employees, even if it is in a form of a trade union, but in reality they will do nothing to support it. In many occasions employers say that they do not care how the employees organise themselves but will not allow during any such activities during working hours.

Employees do not see the benefit in unions, so the idea of organising has no support within the workers in many Macedonian companies, especially in the private sector. This is because of the negative experience from the previous political system in the country. Then the workers were the owners of the companies and in the same time they were part of the trade union, which was one of the absurdities of the system. Faced with the inability to do its work, the trade unions did other things like providing dairy and nourishment products for discounted price, and completely neglecting their mission.

Source: MOSHA



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Payment of a living wage

In the new collective bargaining agreement for the textile industry the minimum net wage is set at 5 550 MKD (less the 90 Euros). The average paid net salary in the country for August 2009 was 19 867 MKD. The cost of a consumer basket with food and beverages for a four-member household was 11 825 MKD (194 Euro) in the same month. This makes the cost of the consumer basket 59,5 percent of the average net salary in the country. This might not seem very bad, but the consumer basket only shows costs for food and beverages for a four-member household. It does not include costs for education, health, socialising, clothing, etc. SSM is now undertaking activities in order to redefine the category Consumer basket to come closer to a Living Wage with more precise indicators that will comprise real situation in the country.

Source: SSM

With the new collective bargaining agreement for the textile industry the minimum net wage is set at 5 550 MKD (less the 90 Euros), which is not acceptable to UNASM as a realistic minimum wage. Although in reality the wages are higher than the minimum wage in the garment sector, around 7 000 MKD (114 Euros). This is still very low and is not enough for a decent live. According to a personal estimation the living wage should be around 30.000 MKD (500 Euros).

Sources: UNASM

The wages of the workers at the factories of members of the Organisation of employers is a decent one according to our experience. In 2009 the base for calculation net wage was 2 795 MKD (46 Euro), and gross salary for 2009 was 6 701 MKD (110 Euro). With the new collective bargaining agreement that was signed in November 2009 the lowest prescribed salary for the garment industry was increased to 5 500 MKD (less the 90 Euros). There are also wage addition coefficients for complexity of work, past experience.

Source: Organisation of employers of Macedonia

The average net salary in the country is not sufficient for a decent living standard. This even though according to the National Statistical bureau the value of the consumer basket for food and beverages was 11 887 MKD (195 Euro) in July 2009. Our estimation of a living wage is about 20 000 MKD (325 Euros) per person.

In Macedonia living wage is not generally recognised as a concept. The "Consumer basket" can be compared to it and is can be considered as a base to calculate living costs.

Although the minimum salary has been increased, the wages in the Macedonian garment industry are recognised as very low. They are never enough for covering basic needs. 90 percent of garments factories pay wages on basis of piece rate. Usually the piece rate is set up by the management and varies from factory to factory

In practise the management pays the amount of legally prescribed minimum wage. The rest of the amount that it is paid to the employees as a wage at the end of the month is calculated only on the base of piece rate.

Source: CIRa

The minimum wage is regulated by the Collective bargaining agreement for the garment industry. The minimum net wage prescribed by the CBA is about 5 500 MKD; this is not enough for decent living conditions.



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The real living wage including costs (rent, food, travel, utilities, hitting, education, health, holiday, theatre, and cinema) for a four member household is approximately 600 Euro.

Source: PPC Stip

The average gross wages in Macedonia are very low and according to the Bureau of Statistic they start at 300 to 350 euro. So compared to the prices of consumer goods (e.g. 1 litre of petrol is 1 euro; one MW/h electricity 50 Euro; heating, water, telephone 50 euro and house rent 100 euro) this wage cannot be considered as appropriate, or as a living wage.

Employers do try to bargain better prices with the buyers, but faced with unfair competition from east and lack of management skills, they cut at the only cost they know to, i.e. the employees' salaries.

Source: MOSHA

No excessive working hours

Excessive working hours occurs very often in the textile industry. Although they should be paid according to the law, the workers are not paid the legal amount for the overtime. Workers don't have any choice to deny requests by the employer to stay overtime at work. Employees are not very familiar with their rights regarding overtime or what they should be paid for overtime. The regular working time per week is 40 hours and maximum 10 hours overtime per week.

A lot of overtime work is not registered, even in the factories with a clock card machine (time registering system). There are many cases where double bookkeeping exists. In garment sector the piece rate target is often too high, so the employees cannot fulfil it in time and feel pressured to stay overtime to accomplish it.

Source: PPC Stip

Overtime working hours exists in different sectors, but the situation especially bad in the garment sector. What is more worrying is that no particular measures are taken by governmental institutions in order to decrease the overtime and protect the workers. Although the working hours are regulated with the Labour Relations Law and are limited to 40 hours per week, this is not respected by the employers.

Sources: UNASM

Overtime work occurs very often in the garment sector, more than in other industries, but it is regulated by the Labour Relations Law and with the branch (sectoral) CBA with articles 39, 46, 50, 51,52 and article 66. From our experience member companies of Organisation of Employers works in compliance with prescribed legal provisions.

Source: Organisation of employers of Macedonia

Most of the complaints received by workers are regarding working hours, specifically overtime work during the national holidays. During 2008 there were many cases where the trade unions and employees reacted against overtime working hours, especially working during state holidays which is against the Labour Relations Law.

Overtime work is typical for the garment industry, but SSM is undertaking activities to get its members to work together on reducing the overtime work. The role of SSM is to alert to the employers that the law and the CBA must be followed. SSM has conducted many meetings with the Association of employers and with individual employers on this issue. In the garment sector the employers complain that are in a position when they don't have the choice to reduce the overtime. In other words overtime exists, and it is a public secret in the country.



Source: SSM

One of the key problems in the garment industry is excessive and non-paid overtime. This problem, according to the information I have, cannot be resolved in the near future. In order to get to the root of the problem, a bigger and more in detailed study has to be made.

The conclusion is that excessive OT exists, and is a product of many causes (e.g. short deadlines imposed by the buyers, delay in transport of materials, big number of absent workers, small series, non existence of the annual/periodical planning of the production etc.), and in many cases it is hidden and not paid.

Source: MOSHA

Overtime work exists especially in the garment sector. Although the working hours are regulated with Labour Relations Law and the CBA on general and branch level, there are still many cases where overtime is hidden and not paid according to the law.

Source: CIRa, Organisation of Consumers

Occupational health & safety

Although the occupational safety and health law was introduced in 2007, many employers have not been informed about the requirements of the law. One of the common non-compliance to the law is non existence of a worker's health and safety representative. There is no institution that will support or control the processes of election and/or nomination of OSH representatives, or follow if they work in compliance to the law. The law also gives a vague explanation on this topic.

Occupational safety and health is considered as "expense" rather than preventive measure, and it is the first item to be "cut" when budget is rebalanced. There is a poor occupational safety and health culture on national level

Also high numbers of the occupational accidents are not reported and they are considered as "goes with the territory". The number of occupational illness cannot be estimated since they according to the official data do not exist.

Due to the minimal or below minimal working conditions the absenteeism in the companies can vary from average 7 percent to astonishing 20 percent. Mostly this absenteeism is related to very high temperatures during the summer period in the factories rising up to 37° C, or in winter below 13° C. This leads to the remaining employees having to take on more work causing lot of overtime work, decreased quality of the final product and loosing the credibility with the buyers.

Most of the employees suffer from diseases related to the nature of their job, such as back pain, spondilosis, problems with the cardiovascular system at the elderly population, hypertension etc.

Employers cannot cope with the competition from China (or Middle / Far East) and they are forced to close deals on very small orders (up to 10 pieces) which is very skill demanding. With every new order buyers are trying to decrease the price or take the business elsewhere. Faced with this pressure they cannot negotiate back and that pressure they are passing toward the workers, which again results in overtime hours that are not paid (in many cases) and very big displacement among the employees.

Source: MOSHA

Most of the accidents at work that occurs, especially in the garment sector, are not recorded by the employers. Usually injured workers go home without using any sick leave. It is terrifying situation on this issue in the textile industry. Also the workers do not



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know about the advantages of using protective equipment, although it is required to wear protection when performing some operations.

Source: PPC Stip

During the last two years trainings on OHS were conducted for all members of SSM in the garment factories. This resulted in a decrease of the reported number of injures and accidents in the workplace. Also many workers were trained on recognising potential hazardous spots in the factories.

SSM supports its members in submitting complaints to the courts if an accident occurs. Hygiene and fresh air, as well and systems for regulating the temperatures things the workers complain about.

Source: SSM

The awareness of employees regarding OHS is on a very low level. Firstly they are not familiar with hazards in their work place that can cause accidents or injuries. Secondly, if accident happens they don't know how to deal with it. Around 99 percent of injures at work are not recorded by employees or employers. It is significant that during the year 2009, 17 people died on their workplace in the construction industry.

Sources: UNASM

Legally binding employment relationship

The process of establishing labour relationship is common for the industry as it is prescribed in the Labour Relations Law. Special terms for establishing labour relationship are described in the collective bargaining agreement on branch level, while control and monitoring of fulfilments of the regulations inside the companies are regulated with the collective bargaining agreement on the company level. The manner of legally binding employment relationship to all employers is in compliance with Labour Relations Law and Collective bargaining for the textile industry of the county.

Source: SSM

All obligations of employers which refer to legally binding working relationship are clearly regulated with the Labour Relations Law. The main concern on this standard is that the legally prescribed contribution for the employers is very high. The employers are in the position where they can't pay highly contributions, so they don't officially register workers in order to avoid payments. This leads to the problem with the black economy. There are large numbers of non-registered workers in Macedonia, especially in the textile sector.

Sources: UNASM

Employers should keep documentation required by the law which will provide complete information regarding employees. Personal files of the workers should be kept in good order and should be comprised of:

- Personal documents of worker (such as birth certificate, copy of identification card, account number)
- Labour Contract
- Templates M1 & M2 (which are prove for official registration for employment)
- Decisions referring annual holidays, sick leaves, maternity leaves.

Considering that these documents are required always by the Labour Inspectorate usually is kept in very good order



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Workers sometimes receive part of their salaries 'black', no insurances are paid on that amount. Workers may not have a legal contract, or sometimes are obliged to sign a blank contract, with no mention of their rights and their wages. In the past period there are cases where they have to sign an undated letter in advance agreeing to their dismissal.

Workers sometimes do not receive paid holidays, only compensation for overtime days. Or they are given a holiday only for the week of 26 July – 2 August, when orders are low and the 2nd of August is a national holiday. Paid sick leave and maternity leave are legal rights that are often not granted.

The employee should be employed the first day he/she starts the job. The Labour contract must contain: the names of the employer and employee, the addresses, the personal registration number, the wage rate, the working hours, the right for annual leave etc.

Source: PPC Stip

There is no place for manipulation on contribution payment with the new changes in the Labour Relations Law and with the new concept of gross salary. In compliance with the Labour Relations Law the labour inspectorate can close the company and forbidden them in fulfilment of their everyday activities if determinate use of any kind of activity that are breaking the laws or CBA.

Source: Organisations of employers, Ministry of economy

Republic of Macedonia is poor country with very high rate of unemployment, 31,7 percent according to the statistical office. This leads to an increased number of workers who are doing a job, but are not officially registered as employees. Due to recent measures undertaken by the government regarding penalties for employers and for the employees, the number of workers that are not officially employed has decreased. These days we can say that more than 85 percent of workers have signed a written labour contract in accordance with the local law.

Source: CIRa

There are no specific concerns regarding legally binding employment relationship in the country

Source: Organisation of Consumers, MOSHA