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**Annual Review
2012
on Labour Relations and Social Dialogue in South East Europe:
Macedonia
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1. Summary

Through reforms and harmonization of the legislation, Macedonia has brought laws of high quality, according to the EU legislation; now they **only** has to be effectuated in practice, reported national journalists during comments and discussions regarding the

latest Progress Report of EC for Macedonia. Apparently, the truth is that strengthening the rule of law, protecting freedom of expression of the media, together with reforms of public administration, improvements of election process and development of market economy are the key issues that the High Level Accession Dialogue (HLAD) with the EC has put in the focus during 2012. For the moment, those issues touch the areas with most serious problems in the society, areas that require immediate attention and fast actions for improvement. It was estimated as best Report for Macedonia, ever since rewording the status of candidate country. And progress was made indeed.

However, the overall political, social and economic situation is not tangibly (meaning noticeably) improved, particularly regarding the rule of law. Therefore, even best regulation is useless if not effectuated generally. If still weak capacities of the institutions are added, no wonder that the grounds for development of the industrial relations have remained weak too, in spite of some progress noticed. The main two union confederations in the country, beside the improved cooperation, started discussion in own bodies for possible merger, but appears that there is a lot of work to do before coming to concrete decisions.

2. Socio-economic developments

Macedonian economy is in recession, after the GDP declined in first two quarters of 2012 for -1.3% and -0.9% respectively. The downward trends started after the first quarter of 2011, although on annual level the overall result was positive, for 2.8%. This shows that the positive results after the 2008/2009 crises were of short breath and the after-shock takes its tolls. The national economy, being small, opened and closely related to European economies is, unfortunately, amenable to developments on related markets. The volume of industrial production is declining 14 months successively and for the ten months of 2012 is 9% lower than the same period previous year. However, according to the EC Progress report 2012, average per capita GDP in relation to the EU average improved from 35% in 2010 to 36% in 2011. This report concludes that the economic activity has decelerated since autumn 2011, although private consumption and investment remained rather resilient in view of markedly weaker international environment.

In the first half of 2012 the current account deficit was at about -2.8% of the estimated full year GDP, compared to -3.5% in the year before. Important contributing factor to this situation was the further increase of current transfers to about 10% of the estimated full year GDP. Overall, the current account deficit shrank, however its financing increasingly relied on foreign loans, leading to an increase in public gross external debt. The trade balance deteriorated slightly, reaching -12% of the estimated full year GDP, which is increase of one percent due to weaker export revenues. FDI inflows and other investment declined to about 1% of the estimated full-year GDP and 0.6% of GDP respectively, compared to 2% and 4% of GDP a year before. As a result, the current account deficit was less based on investment inflows but on external credits. Gross external debt rose slightly to 61.2% of GDP in the first quarter of 2012, compared to 59.7% a year before. The public external debt rose to 2.2 percentage points of the GDP, while private debt declined by 0.7 percentage points of GDP. Inflation rate was lower than a year before, with an average of 2.4% in the first eight months of 2012, compared to 4.4% in the same period 2011, although it has markedly accelerated in the third quarter to 5.3% (expected annual rate of 3.5% in 2012, compared to 3.9% in 2011). The main sources of increase lie in energy prices, but also in food and rent price growth. Prices of food and beverages account for about 40% of consumer basket.

The nominal average gross wage for the first nine months of 2012 is 0.2% higher than the same period previous year, reaching about 500 euro (340 euro in net amount).

However, the real average gross wage is 2.6% lower than same period previous year. The minimum wage was established through Law on minimum wage, at level of 39% of the average wage, in amount of about 200 euro gross (130 euro net) since January 2012. Only the textile sectors are given 3 years to adjust the minimum wage to the national level, starting with 80% in 2012 and gradually increasing to 100%. However, thus the level of wages was not shifted up and only 9% of employees are paid higher than national average. In September 2.2% of all employed has not received any payment.

The poverty rate has slightly decreased to 30.4% in 2011, compared to 30.9% previous year. In the structure, 46% of all poor are unemployed, but also almost 10% of all poor are employed. Taking the *Laeken poverty indicators*, according to the State Statistical Office, if the social transfers and pensions are excluded from total disposable income, than the at-risk-of-poverty-rate reaches 42.8%. Unemployment rate remained largely unchanged, at 31.2%, while the employment was 1% higher than year before. However, the youth unemployment increased from 54.6% in the second quarter of 2011 to 54.9% in the second quarter of 2012, increasing the share of young among unemployed population from 18.5% to 18.8%. Employment in the public sector increased in about 1%; however the share of public sector employment also declined for 1%. The overall situation on labour market remains weak, since the unemployment continues to be very high.

3. Governmental policies and legislation

A High Level Accession Dialogue (HLAD) was launched between Macedonian government and European Commission on March 15th 2012. The purpose of the HLAD is to inject new dynamism into the EU accession reform process, thereby strengthening the confidence and boosting country's European prospects in absence of opening the negotiation process. It focuses on five key areas: protecting freedom of expression in the media; strengthening the rule of law; reforming the public administration; improving the election process and developing the market economy. The accession process is put in the centre of the political agenda through government's own Roadmap for effective implementation of the HLAD.

The complex economic situation, negative GDP growth and increase of deficits created liquidity problems. The government debt ratio rose to about 30% of the GDP in July 2012, compared to 25% in the year before. Thus, the fiscal policy remained geared to meeting deficit target, which had to be raised in autumn 2012. Budgetary planning and execution have deteriorated and the quality of public spending continues to be low. At the same time, the budgetary process continues to be plagued by overly optimistic revenue estimates, with short-term oriented and non-transparent spending decisions and deterioration in public spending management, with results in weakened reliability of public sector accounts. This has quite negative knock-on effects on the liquidity situation of the private sector, while the amount of the public debt towards the private sector becomes best preserved confidential information.

The unions and the public in general accepted the Law on minimum wage, which came on power in January 2012 as a positive step towards protection of the labour on the labour market. However, control over the implementation has the labour inspection only, and not the tax authorities, as the unions demanded. Thus, the tax authorities control the gross-wage levels with regard to the tax and contributions only, since there is other (higher) base for minimum pension and health insurance than the minimum wage. The Law on labour relations was amended once more, but this time according to unions' demands. Namely, the local union organizations (on company level) have no longer legal entity, but the branch unions. This way the impact to further fragmentation

of unions has been stopped; the situation is back to branch-model of organizing and the unions went again through (costly) process of new registration as legal entities. The government does not administer specific austerity measures; however, the Law on employment and insurance in case of unemployment was amended in January 2012 cutting the maximum period of remuneration for unemployment (which was covering senior workers) from 60 to 18 months. With this, and in absence of any form of premature retirement, the most affected categories are industrial workers. They were very often redundant because of exhaustion and lower productivity and accepted the redundancy as early retirement. Moreover, the proposal for amending was submitted by the government without even informing the social partners. At the same time, the Law on health insurance was not amended, but the Health Fund changed some internal rules and regulations which resulted in cutting some rights of the insured with regard to seek-leave payments. New Law on pension insurance was brought (more for the sake of fair copy, after many amendments) in which, although no major changes, there are certain cut-backs for the future pensioners.

There was almost no respond from the unions to those events. Both representative confederations took the changes as inevitable and acceptable, even "forgiving" the government for skipping the tripartite dialogue in the case of the Law on employment and insurance in case of unemployment. The TU of Industry, Energy and Mining-SIER (SSM) stepped forward prior to amending of the Law on employment and insurance in case of unemployment arguing that not-raising the voice for such change is further undermining the position of union in the society. SIER looked for supporters within SSM, however remained alone in organizing protest on December 29th 2011.

4. Industrial relations

According to the Progress Report 2012, there has been progress as regards labour and trade union rights, however, the capacity of social partners remains weak. The trade unions lack stable finances and management capacity, the Report notes. This situation reflects to the industrial relations development. From union side point of view, during last year there has been some progress, and at the same time some deterioration as regards the labour and trade union rights. The progress particularly accounts for the change of Law on labour relations in the part that regulates registration of unions, as well as for the Law on minimum wage, health and safety at work, Law on European Works Councils. The deterioration particularly accounts for cuttings in benefits for unemployment, sickness, pensions etc.

The National Collective Agreement (NCA) for the private sector has been amended slightly and extended for one year in June 2012 (till June 2013). The National Collective Agreement for the public sector has not been concluded yet.

The introduction of minimum wage with Law on minimum wage (January 2012) is estimated as very positive development. This came after long struggle for establishing the minimum wage as category among the social partners. In the past, the unions and employers' organizations have never come to a joint solution, and the Government was putting pressure for unacceptably low amounts. The situation has changed after the lowest levels of salaries in the public sector overcame the lowest levels of salaries in the private sector and the government became more interested in introducing this category, particularly for the sake of implementation of taxation legislation. As result, the Law on minimum wage was prepared, discussed among the partners and adopted by the parliament. However, the unions were proposing higher level of minimum wage (50% of the average, which is basis for calculation of contributions to the wage), which was not accepted by the employers. The unions succeeded to amend the text of the law, so that the amount of minimum wage is the basic salary to which supplements are

added (and not total amount as the lawmaker proposed). At the moment, the textile/leather workers are lowermost paid. Therefore, 3-year period for adjustment of the salaries is given to this sector, which means that the minimum wage (with no supplements) in Macedonia since July 2012 is 39% of the average wage, while for the textile sector it will gradually increase up to 39% until 2014. Yet, the basis for calculation of contributions to the wage (pension, health and unemployment) is remaining 50% of the average wage in the country (more in the Annex of data). This practically means that worker who is paid minimum wage, has to pay more contributions to it. The tax-authorities are authorised to supervise the process and make compulsory collections, if necessary. Anyway, the level of wages is very low, with real value declining third year in row.

The Law on European Works Councils was enacted, however, its influence is very limited, since the number of companies that can be involved in European works councils is insignificant.

The cases of strikes were mainly sporadic, at employer's level, in case of not paying the wages for more than a month. In some cases, public protests were made, but with limited success. The government's practice is most often to stigmatize the protests as with political, instead of social background, and organized by the opposition against the politicians on power. This is the case not only when civil society organizations step forward, but also when unions organize activities. However, as mentioned, the amending of Law on unemployment and insurance in case of unemployment caused reaction only by the SIER, the leading industrial union, with major protest during the first reading of the amendments by the Parliament. The other unions' leaderships did not decide to join the protest, although the problem was affecting all employees, particularly the more senior ones.

At the moment major strike of doctors-specialists is going on since November 14th. They are organized in a separate union, which is not in any national confederation, and they are strongly against a model of payment proposed by the minister which is out of the collective agreement and introduces some kind of "payment by accord" for the doctors. The strike has more and more supporters in the health sector, regardless in which union they are organized. However, this strike is also declared as politically provoked; the minister simply ignores the strike and negotiates with the union which is not organizing it, calling upon its representativeness.

It is worth to mention that the remaining 850 workers in the biggest chemical industry OHIS (which is dominantly owed by the state, and ten attempts to privatize it were unsuccessful so far), who claim 15 wages, are protesting in front of the government estate organized by the union for 50 days (so far and they continue) without being paid any attention by the authorities. The problem is the long procedure of privatization, and being out of activity, with no social/health insurance and penniless. At the same time, no bankruptcy procedure is opened (perhaps out of political reasons) that would at least provide social protection; therefore the workers are in agony which seems endless.

During September discussions started in highest bodies of both confederations SSM and KSS for possible merger, with ambition of the leaderships to finish all procedures in two months. However, there was no progress in this process after the initial discussions whatsoever (KSS is having their congress in December and this issue is not on agenda). It seems that the idea, however good it was, was not elaborated enough and the necessary procedures, but also possible opposition and obstacles were not anticipated before opening the discussions, therefore everything seems to be on stand-by now.

All in all, this year was livelier in industrial relations development than the previous, with some positive developments in the legislation and slightly positive movements in unions' structures.

5. Tripartite social dialogue

According to the EC Progress Report, progress can be reported in the tripartite dialogue, since the ESC continued to meet regularly and has been strengthened as a forum for policy dialogue. The report notes that the ESC agreed on the minimum wage, before the Law on minimum wage was submitted to the Parliament. However, the trigger that provoked the protest against the amendments of Law on unemployment was exactly the absence of dialogue on this very important issue. Therefore, serious omissions occur in its work from time to time that indicate disrespect of the institution of tripartite dialogue. Further, the first three local Economic and Social Councils in municipalities have been established.

The bipartite and tripartite dialogue has improved slightly, the Report says, particularly in the private sector and especially for collective bargaining. However, regular participation by social partners in the policy-making process is limited to labour legislation issues only and the capacity of social partners remains weak. The Parliamentary Committee on labour and social issues invites representatives from the unions to all sessions when social and labour legislation is on agenda. The unions can use this opportunity to submit and defend their attitudes and arguments to the issues discussed. However, no amendment or proposal whatsoever that was not proposed by ruling majority (Government itself or governmental parties) has been adopted by the parliamentary bodies or by the Parliament itself.

6. Forecasts

Major expectations for the next year are related to the expected "pass" for opening accession negotiations. There is general feeling that the further progress in reform processes is strongly connected to opening negotiations, while any further postponing of this process might lead to stagnation or even deterioration. This applies to the political stability too, after it has been disrupted few times during the current year with different (interethnic) disturbances. This is objective, since the HLAD itself was launched in order to give new dynamism and positive energy to the whole reform process.

The prognosis regarding the economic development and growth are not optimistic too, since there are no feasible expectations for fast recovery at this stage, and the first positive signs might come in the second half. According to the business community, the industrial production is not expected to recover until this period too, while the business plans are uncertain. Therefore, more jobs might be at risk for redundancy.

Annex of data:

- **Collective bargaining system**

The collective bargaining system continued as once designed before the end of former joint state (Yugoslavia) in the last federal labour act. It was part of each labour law brought since then (1994 and 2005).

The existing Law on Labour Relations stipulates three levels of collective bargaining: national (for private and public sector, respectively); sectoral (branch) and single (for single employer). The national collective agreements are signed by representative confederations of unions and employers associations (for private sector) and by represen-

tative confederations of unions and minister of labour (for public sector). The sectoral (branch) collective agreements are signed by adequate and representative unions and employers organizations. The single collective agreements are signed between the (representative) union organization in the company and the employer.

According to the law, all levels of collective agreements are independent. However, since the unions negotiate them at all levels, it is generally accepted and implemented that each next level can stipulate only broader rights than the previous. This means that the single collective agreement usually stipulates broadest rights for the workers.

At the moment, in Macedonia the National Collective Agreement for the private sector is on power, as well as few branch collective agreements and more single collective agreements. However, since by law the national agreements are obligatory for all employers both in the private and public sector, the coverage of employees appears to be 100%.

• **System of tripartite social dialogue**

The system of tripartite social dialog is administered through the Economic Social Council - ESC, which is consultative body, established on basis of Agreement and composed of representatives of the social partners. The current ESC was established in September 2010 and now it is consisted of 4 representatives of each social partner: unions (by two from SSM and KSS), ORM (only representative employers' association) and the Government (ministries of labour, economy, finances and the vice-prime minister). It is governed by the minister of labour (no rotation in governing).

The tripartite social dialog did not give any results in the past; one can say the ESC existed only pro-form. It seemed that real chance was given to it with the last Agreement from September 2010. The ESC started to meet regularly during the last year and showed that the three social partners can develop dialog and reach mutually acceptable solutions. However, the last example of changes in the Law on employment and insurance in case of unemployment undermine the previous efforts and results. Particularly since the Agreement contains the issues for which the reconciliation at ESC is obligatory and this law is one of them.

• **Social security systems**

According to the Constitution, Macedonia is declared as a social country. Social security covers:

- employees, that pay insurance contributions;
- retired persons;
- children, whose parents are covered by insurance (until age of 26);
- unemployed persons that actively seek for job; etc.

Generally, only people with unsolved civil status are practically out of the system of social security.

However, the number of persons registered as insured (by the funds) is not compatible with number of employed by statistics (employment by survey). Number of insured that regularly pay insurance is 76% of employed by statistics, or 52,3% of the active population.

Table: labour force covered by insurance

active population	no. of employees (labour force survey)	no. of insured persons
936.256	642.809	489.608
100%	68.6%	52.3%

Source: State Statistical Office; State Pension Fund

There are no official statistics of grey economy, but it is estimated by some experts that it might go up to 40% of the GDP, which adequately reflects the number of persons which are not covered by the insurance.

The Programme for effectuation of social protection in 2011 of the Ministry of Labour and Social Affairs targets 18600 minors and 26000 adults of different categories for social welfare and health insurance. The categories of aid in case of energetic poverty and conditional aid for secondary education are additional and coordinated with the WB.

- Health

The health insurance rate is 8% from the gross wage and is in process of reducing until it reaches 7%. The employee is the only entity obliged to pay the contributions –obligee (for all contributions from gross wage, there is no distribution between the employer and employee), while the employer is obliged to calculate and pay the contributions on employee's behalf. So far, the payment of the insurance is proved with special coupons issued by the Fund; the insurant that has no coupon for the month (because their wages are delayed) has to pay the health services used in that month, and than to claim remuneration from the Fund, which takes months. The health insurance system is based on solidarity, but it works only for those insurants who pay the fee regularly. The delay of the wages, which is caused by problems on employer's side, makes the insurants victims of the situation. According to statistics, 3-4% of employees do not get their wages on time; hence have problems with their health security. The introduction of electronic evidence of insurance payment (and electronic health insurance card) started and will be finished until July 2013. The health system is in constant reforms for years. The deficit in the health fund is huge; it has risen more than 30 times in the last 5 years and is around 70million euro at the moment.

- Pension

The pension insurance system relies on 3 pillars:

- state obligatory fund
- private obligatory fund
- private voluntary fund.

The insurance rate is (at the moment) 18% of the gross wage (and will be reduced until 17%), which is divided between the private and state obligatory funds: 35% in the private and 65% in the state fund. The age for earning retirement pension is 64/62 (men/women), and the ultimate age is 65. The years of service are important for the level of the pension: full amount is paid if 40/35 years of service (men/women) are completed; if less, the pension is reduced proportionally. The Law on Pension and Insurance in Case of Disability regulates the family and disability pension rights.

- **Education and vocational training**

Table: Structure of labour force by education, second term 2011

	% of labour force	% in unemployed population
no education, incomplete primary school and lower secondary education	28.4%	34.9%
3 years secondary education	11.5%	11.7%
4 years secondary education	40.4%	38.2%
higher (industrial college) level education	2.8%	2.0%
academic university level education	16.7%	13.2%

Source: State statistical office, Labour force by education 2011

The table shows the situation regarding the existing education structure of labour force and unemployed population. The long-term unemployment is signal that obstacles to employment are of structural nature (Tevdovski 2011, p.4); however the inappropriate education structure is very important factor.

Life-long learning is mentioned in long-term strategies for employment and the education system is under constant upgrade changes. The universities started dispersed studies all over the country; secondary education is mandatory, etc. However, the interest for education in industrial jobs is decreasing year after year and the interest for education in non-industrial jobs is rising (particularly for medical, economy or judicial education). This has prolonged negative impact in terms of further increasing (instead of decreasing) the needs for re-qualification and inability to get suitable job. On the other hand, the industry needs skilled (young) workforce that is not available at the labour market; hence, the structural nature of the unemployment and inability to cope with such high unemployment rate. However, active labour market policies count measures for re-qualification and education too. According to the annual reports of the National Agency for Employment, the funds are allocated for those purposes, but sometimes remain unused because of lack of interest.

- **Employment rate**

Table: Dynamics of Employment rate

	2006	2007	2008	2009	2010	2011	2012*
active population	891,679	907,138	919,424	928,775	923,323	936,256	942,420
employed	570,404	590,234	609,015	629,901	627,129	642,809	648,200
activity rate	55.1	55.7	56.3	56.7	56.9	56.6	56.5
employment rate	35.2	36.2	37.3	38.4	38.7	38.8	38.8

Source: State Statistical Office

* Last published data: second quarter of 2012

Employed by economic status

	employed total	%	employee	%	employer	%	self-employed	%	unpaid family worker	%
2006	570,404	100	403,564	71	33,853	6	70,789	12	62,193	11
2007	590,234	100	426,662	72	32,655	6	71,245	12	59,672	10
2008	609,015	100	437,475	72	30,084	5	78,824	13	62,632	10
2009	629,901	100	453,031	72	32,469	5	80,053	13	64,349	10

2010	637,855	100	462,445	72	33,394	5	85,068	13	56,948	9
2011	642,809	100	454,428	71	42,227	7	81,118	13	65,036	10
2012*	648.200	100	462,991	71	29,529	4	101,136	16	54,545	8

Source: State Statistical Office

* Last published data: second quarter of 2012

- **Unemployment rate**

	2006	2007	2008	2009	2010	2011	2012*
Labour force	891,679	907,138	919,424	928,775	938,294	936,256	942,420
unemployed	321,274	316,905	310,409	298,873	300,439	293,448	297,351
unemployment rate	36,0	34,9	33,8	32,2	32,0	31,3	31,2

Source: State Statistical Office

* Last published data: second quarter of 2012

- **Average monthly salaries**

Monthly average by section of activity in €**

	2006	2007	2008	2009	2010	2011	2012
∅ total	375	394	428	488	503	498	501
∅ agriculture	318	286	283	315	353	348	366
∅ industry	384	390	415	473	499	518	521
∅ services	418	433	465	539	544	563	555

Source: State Statistical Office

* Last published data average wages 09/2011; State Statistical Office

** Own calculations in €, by middle exchange rate

The nominal wages increased for 0.2% for the 9 months of 2012, however, the real wages declined 2.6%.

- **Gender pay gap**

There is no official information of gender pay gap. The legislation on non-discrimination is on power; the equal opportunities are taken seriously and exist since the previous system. The salaries/wages are negotiated for groups of job complexity and make no gender discrimination. However, Macedonia is still very traditional society and the gender gap is more present in the opportunities for promotion or taking more responsible positions. The discrimination acts on gender grounds are rarely disclosed or appealed. The unions also do not have internal data on gender pay gap. Unofficially, according to the women lobby, the gender pay gap accounts for some 20%.

- **Monthly minimum salary**

The Law on Minimum Salary was brought in January 2012. The minimum salary was established as % of the average wage in the country (39%, contrary to the OECD recommendations) and at the moment is at gross amount of 200 euro. The minimum peg for payment of contributions, which was established on amount of 50% of the average salary few years ago remains. Therefore, in case of lower salary than 251 euro (gross amount) additional payment has to be made only in the contributions (not in the net amount). For the time being, the additional payment goes on account of the employer, although the employee is the oblige for the contributions.

Unions' demand was that the minimum salary is established in the same amount as the peg for contributions to the salary (251 euro in gross amount), but the employers strongly objected claiming that it would lead to job cuts and closure of businesses.

- **Actual weekly working hours**

Actual weekly working hours are 37.5. The ½ hour daily break is considered as part of working hours in 40 hours week. Collective agreements have no different stipulations. The legal possibility for shorter working hours on more (physically) wasting and risky jobs is not used in practice. The over-time is legally limited to maximum 8 hours per week and 190 hours per year. Having more than 150 over-time hours in the year (and not being on sick-leave more than 21 days), the worker is entitled to bonus in amount of one average monthly salary in the state. In spite of all limitations, actual over-time work is much longer than limited by law.

- **Normal work /atypical work**

year	number of contracts	%	normal contracts	%	atypical contracts	%
2005	147,965	100	85,033	57.5	62,932	42.5
2006	150,815	100	68,878	45.7	81,937	54.3
2007	191,468	100	88,393	46.2	103,075	53.8
2008	210,010	100	89,039	42.4	120,971	57.6
2009	245,314	100	101,292	41.3	144,022	58.7
2010	232,499	100	87,872	37.8	144,627	62.2
2011	225,347	100	86,085	38.2	139,262	61.8

Source: Agency of employment, annual reports

Atypical work is most often in forms of short-term employment contracts (from one month duration on), regardless whether it is for normal or seasonal work. The Law on Labour relations allows keeping short term-contracts for same or similar positions up to five years, when transformation into normal contract is obligatory.

The employments through agencies for temporary employment are not prevailing, and the global crisis has taken tolls in reducing agency work too. The total number of contracts concluded and the number of licensed agencies is given in the table:

year	Number of contracts	Number of agencies
2006	7,208	10
2007	43,513	20
2008	70,608	21
2009	93,303	24
2010	106,620	28
2011	77,741	20
2012*	67,867	20

Source: Association of Agencies for temporary employment

* 10 months of 2012

- **Migration**

Only external (from Macedonia to other countries) migration is observed. The number of persons that emigrated is as follows:

Year	2006	2007	2008	2009	2010	2011
Number of emigrants	1073	224	740	769	923	1,143

Source: State statistical office

According to official statistics, the migration to other countries is not a social problem, since in 2011 total of only 1,143 persons emigrated from Macedonia. Out of them, 213 are on age between 15 and 29; 771 are on age between 30 and 64. By qualifications, there were:

- 62 experts
- 55 technicians
- 70 clerks
- 92 service workers
- 107 craft and related trades
- 74 plant and machine operators
- 205 elementary occupations

However, official statistics is one, real life apparently something else. Unofficially, the brain-drain is severely in progress and young and best educated persons leave the country for better perspectives abroad.

- **Collective agreement coverage**

As explained, with changes of the Labour Law brought in November 2009, the national collective agreements became obligatory for all employers in private and in public sector, respectively. Therefore, by power of law the coverage became universal. Therefore, the coverage at the moment is:

- o Public sector 100%
- o Private sector 100%

However, the NCA for the public sector is not concluded yet. On the other hand, there is no full control to enforcement of the collective agreements, particularly in unorganized companies.

- **Ongoing important collective bargaining agreements**

After Law on labour relations was amended and national collective agreements became mandatory for all employers, the national collective agreement was re-signed for the private sector in June 2010. The one for the public sector has been prepared (as text), but not finalized yet. Just few important collective agreements were concluded after that: for agriculture; food industry and tobacco industry, as well as for employees in the Ministry of internal affairs (police). For textile sectors collective agreements are just expiring, as well as for public health and social protection. For the metal industry, there is no organization of employers registered. The union has been putting pressure and taking activities in attempt to accelerate formal registration of such organization, but without success so far. During 2011 special project was conducted, supported by EC, with Danish partner organization 3F, for decentralization of the social dialogue. Nevertheless, the interest on employers' side was weakest. Therefore, the collective agreements are signed at each employer's separately. There are sectors where representative organization of employers exists, but CA is not signed because of impossibility to come to commonly acceptable solutions, (e.g. in construction). Usually, the employers are in so different conditions that for part of them it is not possible to meet the optimal stipulations. On the other hand, it is not the best solution to minimize the stipulations to level that the worst can accept. Therefore, the unions would not accept signing *any* CA, but the one that meet some normal criteria and values.

- **Trade union density**

There are no changes with regard to the figures given on trade union density in the previous report (new data will be provided next year when the current certificates for representativeness will expire and procedure will be conducted again). These figures are taken from official documents issued after establishing representativeness. There is decrease in union density. Those official figures might be somewhat different from reality, because the law required proving membership both with signed membership forms and confirmation that the membership fee is paid regularly. This way, the members that are exempted from paying the fee out of different reasons (mainly because they don't earn the wage regularly) are not taken into account. Also, this way is impossible to keep as members people who lose their jobs, or retire. Overall, it means that the unions count more members than taken into account when establishing representativeness. However, officially the situation is as follows:

- Public sector: 54%
- Private sector: 31%

Or by separate sectors:

- | | |
|---------------------------------------|-----|
| ○ agriculture and food industry | 34% |
| ○ construction | 28% |
| ○ education and science | 80% |
| ○ metal and electro industry | 55% |
| ○ banks and related activities | 68% |
| ○ water supply and garbage disposal | 86% |
| ○ chemical and non-metal industry | 59% |
| ○ health and social care | 44% |
| ○ public administration and judiciary | 33% |
| ○ forestry and wood industry | 74% |

- **Employer's organizations density**

The Organization of Employers of Macedonia-ORM has proved representativeness in the private sector, since the employers- members of this organization employ 24% of all employees in the private sector. There is no data on number of companies (according to the labour law, the representativeness is counted only on basis of number of employees; the information on members of ORM is not publicly disclosed). There is also Confederation of Employers of Macedonia, which has not applied for establishing representativeness; hence, there is no data on density regarding this organization. This is organization where mostly micro and small companies are members.

- **Workplace representation**

There is no change in workplace representation situation during the observed period. Although expected, no changes in the legislation were made in that direction. Therefore, the workplace representation is covered by trade unions. If there is a local union organization organized at employer's site, the board of shop-stewards (elected by the members) is responsible to observe the implementation of laws and collective agreements, to react in case of violations or non-implementation of the legislation (regulation) etc. However, the trade union reacts only on behalf of the members (not of all employees). The employer will address the trade union for issues that require information and consultation. In case there is no local union organization at employer's (which is most typical for many small private employers) than there is practically no workplace representation. This is the situation so far. The demands of the unions go in direction of legal changes that would provide system of co-determination.

- **Trade unions**

- **National Trade Union Confederations:**

1. Sojuz na sindikati na Makedonija - SSM; Trade Union Federation of Macedonia 76.000 members, application for membership in ITUC and ETUC; 17 branch unions.
2. Konfederacija na slobodni sindikati na Makedonija - KSS; Confederation of Free Trade Unions of Macedonia 43.000 members, application for membership in international associations; 10 branch unions.
3. Unija na avtonomni sindikati na Makedonija - UNASM; Alliance of Autonomous Trade Unions of Macedonia; no data for membership; 5 branch organizations; member of ITUC.
4. Konfederacija na sindikalni organizacii na Makedonija - KOSOM Confederation of Trade Union Organizations of Macedonia; no data for membership; 2 branch unions; no data for international membership.

- **Trade Union Federations by branches:**

1. Sindikat na industrija, energetika i rudarstvo na Makedonija - SIER; Trade Union of Industry, Energy and Mining of Macedonia, 12,000 members; member of IndustriAll-global and IndustriAll-Europe.
2. Sindikat na rabotnicite od agroindustrijskiot kompleks na R.M. - Agro Sindikat; Trade Union of the workers from the Agricultural, Water, Tobacco and Food-Processing Complex of the Republic of Macedonia; (SSM) 8,000 members; member of IUF;
3. Sindikat za gradeznistvo, industrija i proektiranje na RM - SGIP; (SSM) Trade Union of civil engineering, industry and planning of Macedonia, 7,000 members, member of BWI and IndustriAll-global;
4. Sindikat za obrazovanie, nauka i kultura na Makedonija- SONK, Trade Union of Education, Science and Culture of Macedonia; (KSS) 28,000 members; member of EI;
5. Samostoeno sindikat za zdravstvo, farmacija i socijalna zaštita na RM; Autonomous Trade Union of Health care, Pharmaceuticals and Social Work; (SSM) 12,000 members; member of EPSU/PSI.

- **Employer's Organisations**

1. Organizacija na rabotodavači na Makedonija - ORM; Employers' Organization of Macedonia; members: employers that employ over 68.000 workers, member of SEEFF;
2. Konfederacija na rabotodavači na Makedonija - KERM; Confederation of Employers of RM; no data for membership (collective, like National Federation of Agencies for Temporary Employment, and individual); member of few European and SEE employers' associations (no data which).