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Annual Review of
Labour Relations and Social Dialogue in South East Europe:
Montenegro
By Alexandra Visnjic*

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* **Alexandra Visnjic**, independent consultant

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Regional Project for Labour Relations and
Social Dialogue in South East Europe
Tadeusa Kosciuska 8/5
11000 Belgrade, Serbia

E-Mail: fes@fessoe.de
Internet: www.fessoe.de

The text is available online:

www.fessoe.de

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1. Summary

EU accession negotiations began with Montenegro in June 2012 and set up a new and intensive phase for the country on its path to EU membership. Since the focus was on the preparation and adoption of comprehensive action plans regarding reform of the rule of law (Chapters 23 & 24) the European Commission recommended the opening of these chapters and the country was invited to submit its negotiation position in September. Negotiations on chapters: 'Sci-

ence and Research' and 'Education and Culture' have been provisionally completed and opening benchmarks have been set for six further chapters: 'Free movement of goods'; 'Right of establishment and freedom to provide services'; 'Competition policy'; 'Agriculture and Rural Development'; 'Food safety', 'Veterinary and Phytosanitary policy'; and 'Regional Policy and coordination of structural instruments'.

After two years of moderate growth and entering recession in 2012, the country came out of it in 2013, with real GDP expanding by 1.1% in the first quarter and 3.4% in the second quarter due to positive trends in tourism, FDI and an increase of electricity power export. The privatisation plan for the aluminium conglomerate KAP failed and it became bankrupt in July. Due to the considerable size of its contingent liabilities it imposed a burden to the public finances. The average inflation rate measured by the consumer prices index was 2.6% while the average monthly gross wage decreased by 2.5% and to 721€. The budget deficit remained high, at 5.6% GDP due to lower growth rates, activation of state guarantees (12% GDP) and accumulated tax arrears. Public debt reached 52.2% GDP in August.

The Government policy focused on strengthening fiscal and financial stability as a prerequisite for economic growth based on market economy foundations. Law on Social and Child Protection was adopted and bills on Strikes, Amendments to Labour Law and Amendments to Law on Social Council are in procedure but adoption of the General Collective Agreement is still pending. There has been no tangible improvement in terms of the labour market situation and unemployment levels slightly increased. The government provided employment programmes for secondary school and university graduates without work experience as a temporarily measure. Ad hoc early retirement measures for dismissed caseloads continued imposing additional burden on the public finances. Compared to the previous year there were no large-scale strikes or workers' protests, but still intensity and frequency of strikes was high all over the country.

2. Socio-economic developments

The macroeconomic trends for the first nine months of 2013 indicate a projected 2.6% economic growth in 2013 is a realistic achievement as the real GDP increase was 2.4% for the first half of 2013. Mid-term GDP growth projections are at the level of 3.6% for 2014; 3.5% for 2015 and 3.8% for 2016. Tourism, accompanied with retail trade and transport, SME and electric energy remain the leading economic growth sectors.

In period January – September 2013, net direct foreign investment (DFI) inflow was 275.6 million € i.e. 14.8% less than in September 2012, reaching 8.3% of the estimated GDP (3.311mil. €). Total DFI outflow was 75.4 million € or 19.3% lower than in 2012. According to the World Bank Doing Business Report 2014, Montenegro ranked at 44th position among 189 countries i.e. it scored seven positions better than the year before. Improvement is registered in areas of construction permits (+70), real estate registration (+19) and access to loans (+1).

External trade deficit for the first nine months of 2013 was 994.4mil.€ i.e. 6.3% lower compared to the 2012 referent period and is a result of an export of goods increase of 3.8% and decrease of imports at 4.1%. External trade deficit decrease is a result of a significant increase of export of electrical power and decrease of electrical power import of 60% compared to data from 2012.

For the period January - October, 2013 public budget revenues amounted to 9,936.6mil. € or 30% of estimated GDP. Public spending was at a level of 33.3% of estimated GDP (1,104mil. €) and it increased to 6.8% compared to the same period in 2012. Public sector deficit is 110.4 mil € or 3.3% GDP¹.

Generally speaking, the privatization process was not executed in accordance with the Privatisation Plan for 2013 and its execution is being delayed. Contracts (8.075 mil € and investments to the amount of 13.5mil € for purchase of 62% of the capital of the Container Terminals and General Cargo company was signed with Turkish company Global Ports Holding. Belgian company BESIX Group is selected for construction for the 1st phase of the apartment complex Lus-tica Bey and local company KIPS for Polimka. Tenders valorisation of: for military-tourist com-

¹ The Autumn Analysis of Macroeconomic Trends and Structural Reforms in 2013, Ministry of Finance of Montenegro, November 2013.

plex Mediteran-Zabljak, Bigovo-Traste, island Lastavica, Ecolodge Vranjina and Radoje Dakic, Zabljak are in the advertising phase of preparation. In public-private partnership, procedures are to be set up for valorisation of tourist locations: Ada Bojana, Velika Plaza, Bjelasica-Komovi, etc. Tender for sale of the New Tobacco Company was not successful. Tenders to follow are: Pobjeda, Insitute Simo Milosevic, Montecargo, Montenegro Airlines, Hotel companies Budvanska Rivijera and Ulcinjska Rivijera.

Average inflation rate, measured by the consumers prices index, for period January – October, 2013 was 2.6% which was below the projected rate. The average monthly gross wage in October 2013 was 721€; a decrease of 2.5% compared to October 2012. The average monthly gross wage in October 2013 was 721€; a decrease of 2.5% compared to October 2012. The average monthly gross wage in October 2013 was 721€; a decrease of 2.5% compared to October 2012 and real wages decreased for 4.3% compared to the same period in 2012.

The unemployment rate² was 14.3% in October 2013; slightly higher (1.6%) compared to October 2012 (12.7%), according to administrative data of the Employment Office of Montenegro for labour active population. On the other hand, according to the LMS for the 2nd quarter of 2013, the activity rate was 50.5%; employment rate 40.9% and unemployment rate was 19.2%. Measured by the activity rate of the population aged 15-64, the activity rate was 59.7%, employment rate 48.2% and unemployment rate 19.3%³

Latest available data on the absolute poverty line for Montenegro comes from the year 2012 - 182.43 € per equivalent adult. Share of the population with equivalent consumption below the absolute poverty threshold increased from 9.3% in 2011 to 11.3% in 2012. Poverty depth, poverty severity and the poverty gap increased, too. The level of inequality also slightly increased from 25.9 in 2011 to 26.5% in 2012, measured by the Gini coefficient.

3. Governmental policies and legislation

Government policy focused on strengthening fiscal and financial stability as a prerequisite for long-term economic growth based on market economy foundations. The government enforced fiscal consolidation through fiscal measures, including a freeze on pensions at 2012 levels (i.e. no adjustments in 2013) and limits on salary increases for public enterprises and members of Parliament. Law on amendments on Pension and Insurance law (valid until August 30, 2013) envisaged more convenient retirement terms for redundant employees with 30 years of service in the aluminium industry.

As regards indirect taxation, amendments to VAT law were adopted to raise the general rate from 17% to 19%, expand the tax base and stamp out informal the economy by introducing higher rate sanctions for tax offenders along with some other lower scale tax measures including coffee, cigarettes taxes, one € tax on all SIM cards and cable and internet connections as temporarily measure. On the direct taxation side, in February 2013 a temporary measure (by the end of 2013) was introduced for a personal income tax increase from 9% to 15% on gross monthly salaries exceeding 720 € monthly. Law on the prevention of illegal businesses was adopted in June as illegal economy and undeclared work continued to be an obstacle for regular employment increase.

The EU Progress Report for Montenegro generally, positively addresses the area of labour legislation in terms of aligning it with *acquis*. On the other hand, it is stated that enforcement and implementation remains a challenge and that the capacities of the Directorate for Inspection Affairs, including the Labour Inspectorate are not adequate due to limited financial resources and lack of an information system. The training of labour inspectors and social partners engaged in occupational safety and awareness-raising activities has continued. The Report also states that further efforts are expected in the area of the right of establishment and freedom to provide services. Also, it is needed to align the legislation and implement of *acquis* on mutual recognition of professional qualifications.

² Labor Market Survey data for 3rd quarter of 2013 were not available at the time of the report production.

³ Labor Market Survey (2nd quarter 2013), MONSTAT, 2013

A Law on Social and Child Protection was adopted in June 2013. It brings some but not major changes in social transfers/benefits re-design. Most of amounts of the social transfers/benefits are fixed and remain at the same level with exception of the compensation of salary during maternity leave that now is means tested and limited to nine months for work able beneficiaries. The law reforms the system of social services, both institutional and non-institutional/community based, enabling ground for further decentralisation of the social protection system. Law on Social Housing Social is adopted while drafting of the law on Social Enterprise is postponed.

Bills of laws on strike action, Amendments to Labour Law and Amendments to Law on Social Council are in their Parliamentary procedure stages. Occupational Health and Safety Law is drafted. Adoption of the General Collective Agreement is pending due to disputes of the two trade union confederations over the funds for workers prevention of labour disability and free of charge annual leave in the resorts (the so-called 'solidarity fund').

In 2013, there has been no tangible improvement in terms of labour market situation. Measured by activity of the population (15-64 age) the activity rate was 59.7%, the employment rate was 48.2% and the unemployment rate was 19.3% (LMS 2nd quarter 2012, MONSTAT). High regional gaps in activity, employment and unemployment and poverty levels persist as well as a skills mismatch. One third of the unemployed receive unemployment benefits as a passive measure. The financial allocations to active labour market measures were significantly reduced but a variety of active labour market programs remain. In spite of these high unemployment rates remain and there has been a reduction in work permits quota – to 16.500 in 2013 for foreign citizens, however their overall employment ratio increased to 15.4% and exceeded the set quota.

In accordance with the national strategy for Employment and Human Resource Development 2012 – 2015 that was passed in 2012, the National Action Plan for Employment for 2013 was adopted. Focus was on stimulation of youth employment. In line with the Law on vocational training of university graduates (and the accompanied programme that provides paid internship for young unemployed professionals without work experience as a kind of active labour market program) 10 mil € was allocated for year 2013 and 4.112 persons have been employed so far. The Project '*Employ Our Youth in Seasonal Jobs*' provided employment subventions for employers. Estimates are that there is a high percentage (26%, ISSP 2011) earning a living or an additional income as unregistered workers. The Government is trying to implement an Operational Plan for Combating the Informal Economy and Unregistered Working.

Changes to the provisions on fixed-term contracts should contribute to reducing labour market duality (labour law). The provision of the Labour law limits the length of fixed-term consecutive contracts to two years and should be enforced as of 22nd of December. Employers request that this time limit should be extended and already instruct employers to reemploy the workers through the employment mediation agencies. The unions strongly oppose and have announced the possibility of general strike organisation in January 2014.

Employers continue to complain about the lack of university graduates with the right set of skills while further reform of the education and vocational training system has been delayed due to budgetary constraints. This year the government provided subsidies for employers to recruit young secondary school and university graduates without work experience as a temporarily measure. High numbers of early retired workers and projections that there would be more early retirements remains an issue for the sustainability of public finances.

4. Industrial Relations

Compared to the previous year there were no major scale strikes and protests. Still, intensity and frequency of strikes was high all over the country - Aluminium Plant, Podgorica, Still mill Niksic, Boxite mine Niksic, Autoprevozno (transport) Niksic, Albona Niksic, Metalac, Niksic, etc.. A number of employees of The Confederation of Trade Unions of Montenegro also went on strike and submitted a number of criminal charges against the leadership of the union accusing them of misusing funds and mobbing. Persons with disabilities due to work related accidents from Bjelo Polje protested on a few occasions requesting more agreeable old age pension requirements (retirement age of 55 for man 50 for women and 15 years of service) and other

more convenient entitlements. The Union of Free Trade Unions protested against the introduction of the VAT increase (or so called 'crises tax').

Upon two consecutive extensions of validity of the General Collective Agreement (June 30, 2012 and September 30, 2012, *Official Gazette of Montenegro* No. 37/11) the social partners seemed to be close to an agreement even at the very end of last year. Still, the General Collective Agreement has not been verified yet due to disputes between the two representative trade union confederations. The Law on strike-action was passed in 2013.

The Social Council, through its bipartite Commissions, monitors and evaluates enforcement of the *Agreement on Wage Policy of Employees* financed by the budget 2012 – 2015 covering 45.000 public servants. The Agreement was a compromise solution agreed by the social partners and it envisages no trade union action in the period of the validity of the Agreement. It sets negotiations and benchmarks for the government and the representatives of public servants to negotiate wages depending on GDP trends and the official inflation rate. The Agreement also defines severance policy and envisages the funds for work performance motivation and improvement of working and living conditions.

The Confederation of Trade Unions of Montenegro held its 15th Congress on November 15, 2013 with 254 delegates attending. There were initially ten candidates for the position of Secretary General. Voting was organized into two circles and Marko Nikcevic, the President of Trade Union of Police, won the elections with 113 votes against Secretary General Zoran Masonic who won 98 votes of the delegates. In his speech Nikcevic promised reform and modernisation of the Confederation.

The Union of Free Trade Unions retained the membership at pretty much the same level as the year before with a slight increase. They established a new branch trade union of workers in media. The Confederation of Free Trade Unions reported that their membership is at the same level as year before.

5. Tripartite Social Dialogue

The Minister of Labour and Social Welfare was appointed President of the Council early this year. The Social Council has not succeeded in getting its capacities improved in 2013 and due to funding constraints, setting up of its secretariat (required by the law) has been postponed. However, the Social Council regularly meets throughout the year and it invested efforts to perform its consensus-building role for many important pieces of legislation and issues, but its role is still limited. Although the social partners seem to be very close to the consensus on the General Collective Agreement even a year ago it did not materialize due to a dispute between the two trade union confederations over the so-called 'solidarity fund'. Labour and trade union rights are generally respected. In July amendments to the law on representatives were adopted, aiming at improving transparency in procedures.

Out of 17 social councils at local level only couple of them seem to operate optimally and have cooperation with the national Social Council. Bipartite social dialogue remains underdeveloped. Draft law on Trade Union Representativeness (2012) is expected to bring further improvements in procedural matters i.e. improve the consistency of the procedure to determine representativeness at different levels (national and branch level), remove employers' insight into trade union membership, address personal data protection issues and avoid lengthy, costly court procedures. The Agency for Peaceful Settlement of Labour Disputes continues to operate successfully and it deals more intensively with public servant's disputes.

6. Forecasts

The government's macroeconomic real GDP growth projections for the 2014-2016 period are, as follows: 3.6% in 2014; 3.5% in 2015 and 3.8% in 2016. These projections are based on the GDP's 2012 performance, positive macroeconomic trends and estimated foreign investment expectations (3,847 mil € i.e. on average 15.7% GDP). Projected growth rates for the 2014-16 period are: 2.9%, 2.5% and 2.5% respectively. Public finances deficit is at 1.3% of projected GDP in 2014, in 2015 it should be in balance and in 2016 -0.7% GDP surplus. The budget defi-

cit should from a projected 1.98% in 2014, reducing to 0.7% in 2015 while in 2016 it should be in balance. For the sake of sustainable public finances in mid-term, public spending levels should drop to 41.6% GDP and in 2014 to 37.2% in 2016. State debt participation in GDP is projected at 56.9% in 2014, 55.3% in 2015 and 52.3% in 2016.

EU accession remains a priority and the country needs to intensify efforts to overcome the inherited structural weaknesses. Government policy focuses on strengthening fiscal and financial stability, as a prerequisite for sustainable economic growth. Slow pace of economic recovery, high levels of informal economy participation and unfavorable labour market trends are likely to continue. The Government could increase the budget for the active labour measures but on the other hand, regional disparities, dismissals, low employment rates in the seasonal jobs, 'freezing' public sector salaries and pensions' levels, early retirement caseloads, etc. would remain.

Annex of data

- **Collective bargaining system**

In Montenegro, the collective bargaining system takes place on national level, on sector/branch level and at enterprise level. The most advanced is national, tripartite-based collective bargaining that takes place institutionally in the tripartite Social Council that was established by a separate law as an independent entity. Aside of the national Social Council, there are 17 local (municipality level) Social Councils established at local level but not all of them operate optimally. Bipartite bargaining systems at the local and enterprise level are rather underdeveloped and coverage of workers in business sector remains an issue.

The National Collective Agreement further elaborates the provisions of the Labour Law. It regulates elements for determining salaries, wage compensation, other employees' compensations entitlements, and it determines the scope of labour rights and obligations, in accordance with the Labour Law. After two consecutive extensions of validity of the National Collective Agreement it expired this year. A National Collective Agreement is delayed due to a dispute between the two national trade union confederations over article 60 which defines allocation of funds for the prevention of labour disability and vacations for employees (so-called Solidarity Fund).

- **System of tripartite social dialogue**

Nationally recognized social partners are The Union of Employers of Montenegro, The Confederation of Trade Unions of Montenegro, the Union of Free Trade Unions of Montenegro and the government. According to the law on Social Council, the Social Council is an independent entity, founded on a tripartite basis. The Social Council is a legal entity, constituted by the nationally recognized social partners on the basis of equal membership. Social dialogue at the national level mostly takes place in the Social Council and in its task-force groups. Despite staff shortages, the Social Council met regularly throughout 2012 and it provided opinions and recommendations on a number of pieces of legislation: the draft National Collective Agreement, the bill on the Law on Strikes, and it established a working group for drafting law on the Labour Inspectorate. The Council agreed an increase in the minimal wage from 30% to 40% (193 €) of the average salary. The Council discussed effects of the measures for stamping out the shadow economy and unregistered employment⁴, implementation of the Agreement of wages policy of budget funded employees, the VAT increase, an initiative for enhancing domestic employment for seasonal jobs and so on, while the social partners, supported by ILO started with the project initiative House of Social Dialogue.

The Union of Employers initiated changes to the Labour law regarding the provision defining that employers have to issue indefinite/fix term contract for employers employed for two years on definite term contract/s or dismiss them. This provision should be enforced as of December 23, 2013. Unions insist that these provisions should be enforced and oppose the employers' initiative to either postpone enforcement of these provisions or to re-employ the same employees through employment agencies.

⁴ The Government founded a national Commission and sub-commissions for stamping out shadow economy and unregistered work.

- **Social security systems**

Social security	2010	2011	2012	2013 October
Old-age pensions	46.024	53.550	53.188	56.289
Disability pensions	24.277	24.762	23.758	23.252
Family pensions	28.272	29.688	28.529	28.714
Disability benefit	6.413	6.209	6.764	5.606
Care & assistance benefit	1.394	1.323	1.552	1.130

The government enforced fiscal consolidation through fiscal measures, including a freeze on pensions at 2012 levels (i.e. no adjustments in 2013) and it is likely that this measure will be extended to 2014. The index ratio of an average pension (276.52 €) compared with an average net salary (475 €) was 58.21% in October 2013, according to the public Pension and Disability Insurance Fund data. The average old age pension was 318.35 €.

- **Education and vocational training**

Skills mismatch remains a serious issue that needs to be addressed in the long run. According to the data of the Employment Agency of Montenegro, there is evidence of an increase in participation of the unemployed within higher education. Although the funds for vocational training and active labour market policies are drastically reduced, some 40% of the registered unemployed benefited from active labour measures support including vocational training but there is no impact analysis in place. A Law on Vocational Training of University Graduates (July 2012) and its accompanying programme (10 mil € allocated for 2013) provides paid internship for young unemployed professionals without working experience. So far 4.112 graduates have been employed. The programme is expected to generate new employment for youth university graduates. A new model for implementation of the Programme for Vocational training for university graduates for 2013-14 has been adopted and its implementation has begun. According to the 2011 census, 48% of the population is computer illiterate.

Enrolment in vocational education courses at the secondary school level, which have higher unit costs, remains high. According to the Ministry of Education data, more than two-thirds of students in secondary education are in vocational education, although the number of students enrolled in three-year programs has decreased over the past five years. In spite of this, skills mismatches and lack of experience is an issue. In response, the government introduced reforms to the vocational education and training (VET) system in secondary education. These reforms included (i) a modernized curricula and a move towards a modular system whereby students can move through a hierarchy of qualifications or pick up qualifications as they go through working life; and (ii) changes to entry for higher education to give greater access to this level of education for graduates from secondary VET programs.

- **Employment rate**

Year	Total
2010.	40,3%
2011.	39.1%
2012.	46.1%
2013. (2 nd quarter)	48.2%

- **Unemployment rate⁵**

Year	Unemployment rate
2010.	12.01%
2011.	12.7%
2012.	12.2%
2013. (2 nd quarter)	14.3%

⁵ Source: Employment Agency of Montenegro. See: www.zzzcg.org.

- **Average monthly salaries**

Year	Net salary, in €
2010.	473.00
2011.	477.00
2012.	478.00
2013.(October)	475.00

- **Gender pay gap**

All former socialist countries, including Montenegro, were characterised by relatively high levels of economic activity of women. However, this changed during the transition, resulting in lower economic activity of women, the same time lower wages. Though women are better educated, average earnings of women amounted to 86.8% compared to the earnings of men⁶ - in spite of the new provisions of the Labour Law that prescribe equal pay for equal work or for the work of the same value done for employer⁷. In case of violation of this right, an employee has a right to request compensation in the amount of the underpaid part of salary. The decision of an employer or an agreement with an employee which is not in accordance with this provision shall be considered void by law.

The gender pay gap is partly caused by the structure of occupations taken by women in certain sectors. Statistics show that women are better paid if engaged in: agriculture, hunting and forestry (average earnings of women compared to the average earnings of men - 123.9%), transportation, warehousing and communications (113.5%) and real estate (106.2%). On the other hand, men earn more than women in the manufacturing industry (average earnings of women compared to average earnings of men is 66.5%). In addition, one can notice higher employment of women in less profitable and less well-paid sectors, while management positions and entrepreneurial activities are dominated by the male population.

- **Monthly minimum wage⁸**

Employees are entitled to a minimum wage for standard performance and full-time working hours, or working hours that are equal to the full-time working hours. The minimum wage rate has increased this year from 30% to 40% (193 €) compared to the average wage in Montenegro for the previous six months according to the official data published by the statistic authority. According to the amendments to the Labour Law (2011), the minimum wage is proposed by the Social Council of Montenegro and then adopted by the Government of Montenegro on a semi-annual bases.

- **Actual weekly working hours**

The Labour Law defines that full-time working hours extend to 40 working hours a week. An employment contract can be concluded with less than full-time working hours depending on the nature and organization of the work, but not less than ¼ (10 hours) of full-time working hours. The Law provides for the possibility of concluding an employment contract with part-time working hours for employees who work in particularly difficult and/or unhealthy occupations, but not less than 36 hours per working week. These employees enjoy the same labour rights as full-time employees but they can not work overtime hours on such jobs nor can they have employment contract with another employer. Overtime for the full-time employed should not exceed ten overtime hours weekly. According to MONSTAT LMS for the 2nd quarter of 2013, the vast majority employees work full-time (91.9%) while the average working hours per week are 42.8. The lowest average weekly working hours are in the agriculture sector 33.3 compared to 42.6 in the non-agriculture sector with the highest weekly working hours being in the service sector 43.3.

⁶ Source: MONSTAT "Women and men in Montenegro 2012", p. 99

⁷ The work of same value hereby implies the work that requires the same level of education, or qualification of level of education, or professional qualification, responsibility, skills, conditions of work and work results.

⁸ As the minimum wage methodology changed, it is not possible to provide comparative data for last four years period.

- **Normal work /atypical work**

According to the LFS for the 2nd quarter of 2013, 32.3 of employees are not covered by some kind of employment contract with employer. Indefinite (permanent) term contracts cover 50.2% of employees while 46.5% are on fix-term contracts. The Law on Amendments to the Labour Law (2011) favours indefinite employment contracts in order to prevent practices of issuing continuous fix/definite term contracts as in the previous period 'encouraged' by the 2008 Labour Law. Definite term labour contracts are limited to up to two years (up to 23rd December, 2013) and could be either extended in a form of indefinite contract or terminated in the case of the substitute of an absent employee or work on particular time limited projects.

- **Migration**

According to the 2011 census data, there are 625,266 inhabitants or some 27.000 more inhabitants in the country compared to 20 years ago⁹. Internal economic migrations are high and the negative migration balance was recorded in all municipalities in the north causing growth in the population in Podgorica (18.000 more compared to 2003 census data) and on the coast. The process of granting status of *foreign citizens with permanent residence* to displaced persons/refugees in Montenegro is in its finalization stage and its application process is closing at the end of this year.

The Montenegro labour market is characterised by higher employment of migrant workers than residents. In spite of high unemployment rates and reduced work permits quotas (16.500 in 2013) for foreign citizens, their employment increased to 15.4%. By October 7th, the national Employment Office issued 18.490 work permits to nonresident workers i.e. beyond the quota. These migrant workers are mostly coming from countries of the region and in most cases found seasonal employment in Montenegro.

- **HDI (Human Development Index)**

Montenegro ranked 52nd out of 187 countries and territories in 2012 by the level of Human Development Index, and it belongs to the group of countries with high levels of human development. HDI 2013 data will be available early next year.

2010.	2011.	2012.	2013.
0.769	0.771	0.791	/

- **Gini-coefficient**

The level of inequality slightly increased from 24.3% in 2010 to 25.9% in 2011, measured by the Gini coefficient¹⁰. The Gini coefficient increased from 23.1% to 24.6% for urban areas and from 22% to 24.2% for rural areas in 2011 i.e. The Gini coefficient in 2011 is slightly higher for urban than for rural areas. *Note:* No data on Gini coefficient is available since 2011.

2010.	2011.	2012.	2013.
24.3%	25.9%	/	/

- **Collective agreement coverage**

The General Collective Agreement has national coverage and there are eighteen branch collective agreements in place. There is no reliable data on coverage and it is estimated that these cover about 50% of the total number of employees. Also, there is no official data on the percentage of coverage of the labour force by some Branch Collective Agreements.

⁹ According to 2003 census there were 620,145, compared to 1991 census when there were 593,504 inhabitants, source: www.monstat.org

¹⁰ Source: MONSTAT, 2012 - Poverty analysis in Montenegro for the year of 2011.

- **Ongoing important collective bargaining agreements**

Negotiations over the new National Collective Agreement in Montenegro took almost three years. Although late last year it seemed that the social partners were close to reaching consensus, the Agreement has not been adopted yet due to a dispute between the two national confederations over the 'solidarity fund'. For public sector employees, an agreement was signed among the social partners on the modes of calculating wages for the period 2012-2015, which implies that the changes of the salaries in the public sector will follow GDP trends. This agreement implies that the salaries of the employees in the public sector will rise in the case of GDP growth of 3.5%, and decreased in the case of GDP growth lower than 2.5%. Also, social partners agreed that within this period they will not organize a strike as a means of solving labour disputes, should the changes of the salaries follow the situation of the GDP as previously described.

- **Trade union density**

Based on the Law on Representation of Trade Unions, the representativeness of two trade union confederations was determined at state level: the Confederation of Trade Unions of Montenegro and the recently established Union of Free Trade Unions of Montenegro. The Union of Free Trade Unions affiliates around 22,000 members (19,000 paying affiliation fees), which is 12.5% of the total number of employees. A positive trend is that the Union of Free Trade Union managed to affiliate members from the private sector. The rest of their membership comes from the field of education, University, health, etc. However, similar to collective agreement coverage percentages, precise data on trade union density are not available.

- **Employer's organizations density**

The national representative employers' organization is the Union of Employers of Montenegro, whose members are entrepreneurs, small and medium enterprises and large industrial systems. Members of the Union of Employers account for around 80% of the total GDP of the Montenegrin economy and employ more than 50% of the workforce in the economy. The Union is a member of the IOE, the biggest global employers' network that affiliates employer's organisations from over 140 countries.

- **Workplace representation**

The Labour Law of Montenegro envisages participation in decision-making through the registered, official trade union organisations. According to the Law on representativeness of trade unions, a representative organization is one that organizes a minimum of 20% of employees at the enterprise level. A representative trade union is entitled to the right to collective bargaining and to conclude collective agreements at the appropriate level; the right to participate in collective labour dispute resolution; the right to participate in the work of the Social Council and other tripartite and multipartite bodies at the appropriate level, as well as other rights that are by specific laws intended for an authorized union organization. In this section we can say that it is an undisputed exclusive right of a representative union to bargain collectively, to conclude collective agreements and participate in tripartite based entities. Somewhat, disputable is the exclusive right of representative trade unions in collective labour dispute resolution procedures. The law allows the establishment of the work councils but there is evidence of progress in regard to the work councils' establishment of functioning.

- **Trade unions**

- **National Trade Union Confederations**

Name	English	No. of members	International affiliation
Savez sindikata Crne Gore	Confederation of Trade Unions of Montenegro	46.878	International Trade Union Confederation-ITUC European Trade Union Federation – ETUC (observer)
Unija slobodnih sindikata Crne Gore	Union of Free Trade Unions of Montenegro	21.825	European Trade Union Confederation – ETUC (observer)

Both the Confederation of Trade Unions of Montenegro and the Union of Free Trade Unions of Montenegro joined a regional initiative, and together with seven other trade union confederations from ex-Yugoslavia, established a Regional Trade Union Council "Solidarnost" (eng. solidarity) in Slovenia in April 2011. On this occasion all nine confederations signed the Foundation Chapter that defines the scope of work and the terms and conditions of the regional structure. In April 2013, a four-day workshop on social dialogue and labour law was held in Zagreb, Croatia as the first of a cycle of workshops which will be held in 2013 and 2014. This EU-funded project from the ETUC initiative is designed to support trade union organizations in Bosnia and Herzegovina, Serbia, Former Yugoslav Republic of Macedonia, Montenegro, participating in the Regional Trade Union Council Solidarnost, and Kosovo to achieve European standards. The next workshop was held in July in Belgrade, Serbia. The exchange of information and knowledge within the project should enable the organizations to play their role in the European integration process as relevant partners of the respective governments and the EU Commission.

o **Trade Union Federations by branches**

Name	English	No. of members	National confederation	International affiliation
Sindikata Metalaca	Trade Union of Metalworkers	2.250	Confederation of Trade Unions of Montenegro	Industrial Global Union, Industrial European Trade Union
Sindikata građevinarstva i IGM	Trade Union of Construction and IBM	1.100	Confederation of Trade Unions of Montenegro	Building and Wood Workers International - BWI
Sindikata poljoprivrede, prehrambene i duvanske industrije	Trade Union of Agriculture, Food and Tobacco Industries	1.080	Confederation of Trade Unions of Montenegro	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association – IUF European Federation of Food, Agriculture and Tourism - EFFAT
Sindikata saobraćaja	Trade Union of Road Transport	1.520	Confederation of Trade Unions of Montenegro	-
Sindikata sporta	Trade Union of Athletes	520	Confederation of Trade Unions of Montenegro	FIFPro
Sindikata finansijskih organizacija	Trade Union of Financial Organizations of Montenegro	1.580	Confederation of Trade Unions of Montenegro	International Christian Union
Sindikata kulture Crne Gore	Trade Union of Culture	1.300	Confederation of Trade Unions of Montenegro	-
Sindikata energetike Crne Gore	Trade Union of Energy	2.500	Confederation of Trade Unions of Montenegro	EPSU/PSI
Sindikata uprave I pravosuđa	Trade Union of Public Administration and Judiciary	4.650	Confederation of Trade Unions of Montenegro	EPSU/PSI
Sindikata Vojske Crne Gore	Trade Union of the Army of Montenegro	513	Confederation of Trade Unions of Montenegro	-
Sindikata turizma i ugostiteljstva	Trade Union of Tourism and Catering	6.500	Confederation of Trade Unions of Montenegro	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association - IUF European Federation of Food, Agriculture and Tourism - EFFAT
Sindikata Uprave policije	Trade Union of Police	4.680	Confederation of Trade Unions of Montenegro	EUROPOL
Sindikata pomorstva	Trade Union of Seafarers and Dockers	980	Confederation of Trade Unions of Montenegro	International Transport Federation –ITF; European Transport Federation - ETF
Sindikata trgovine	Trade Union of Commerce	1.870	Confederation of Trade Unions of Montenegro	-

Sindikats MUP-a	Trade Union of Ministry of Internal Affairs	360	Confederation of Trade Unions of Montenegro	-
Sindikats infor.,graf. i izdav. djelatnosti	Trade Union of Informative, Graphical and Publishing Professions	1.750	Confederation of Trade Unions of Montenegro	-
Sindikats tekst., kože, obuće i hem.ind.	Trade Union of Textile, Leather, Shoes and Chemical Industry	1.420	Confederation of Trade Unions of Montenegro	Industrial Global Union
Sindikats ANB	Trade Union of Agency for National Security	Not available	Confederation of Trade Unions of Montenegro	-
Sindikats obrazovanja	Trade Union of Education	1.340	Confederation of Trade Unions of Montenegro	-
Sindikats željezničara	Trade Union of Railway Workers	940	Confederation of Trade Unions of Montenegro	-
Sindikats Stambeno komunalne privrede	Trade Union of Housing and Utilities	4.590		EPSU/PSI
Sindikats šumarstva i drvoprerade	Trade Union of Forestry	500	Confederation of Trade Unions of Montenegro	Building and Wood Workers International - BWI
Sindikats zdravstva i socijalne zaštite	Trade Union of Health and Social Protection	4.200	Confederation of Trade Unions of Montenegro	-
Sindikats pošte	Trade Union of Post	735	Confederation of Trade Unions of Montenegro	-
Sindikats metalnih radnika Crne Gore	Trade Union of Metal Workers of Montenegro	1.134	Union of Free Trade Unions of Montenegro	-
Sindikats radnika zdravstva Crne Gore	Health Trade Union of Montenegro	2.936	Union of Free Trade Unions of Montenegro	-
Sindikats banaka Crne Gore	Trade Union of Banks of Montenegro	772	Union of Free Trade Unions of Montenegro	-
Sindikats radnika trgovine Crne Gore	Trade Union of Trade Workers of Montenegro	1.302	Union of Free Trade Unions of Montenegro	-
Sindikats prosvjete Crne Gore	Trade Union of Education of Montenegro	9.900	Union of Free Trade Unions of Montenegro	Education International
Sindikats Univerziteta Crne Gore	Trade Union of the University of Montenegro	1.125	Union of Free Trade Unions of Montenegro	-
Crnogorski sindikat telekomunikacija	The Montenegrin Telecommunication Union	903	Union of Free Trade Unions of Montenegro	-
Strukovni sindikat vatrogasaca	Trade Union of fire-fighters of Montenegro	171	Union of Free Trade Unions of Montenegro	-
Ostali članovi koji nijesu granski organizovani	Other non-branch organized members	3.582	Union of Free Trade Unions of Montenegro	-

• **Employer's Organizations**

Name	English	No. of members	International affiliation
Unija poslodavaca Crne Gore	Montenegrin Employers Federation	- 1020 individual members; - 38 associations (collective membership)	International Organization of Employers (IOE) - Association of employers' organizations of Europe (Business Europe) - Centre for the employers of the Adriatic region (CEPOJAR) ¹¹

¹¹ Montenegrin Employers Federation is one of the founders of the Centre for employers of the Adriatic region (CEPOJAR), with its headquarters in Zagreb.